Indústrias Romi S.A.

Quarterly Information (ITR) at
September 30, 2018
and reporting on review of quarterly information

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Independent auditor's review report on quarterly financial information

Introduction

We have reviewed the individual and consolidated interim financial information of Indústrias Romi S.A. (Company) contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2018, comprising the statement of financial position at September 30, 2018, and the related statements of profit or loss and of comprehensive income for three and nine-month periods then ended, and the statements of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this financial information in accordance 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 *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and *ISRE 2410* - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). 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.

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Basis for qualified conclusion

Reversal of provision for ICMS tax on sales included in the PIS and COFINS calculation bases

As disclosed in Note 14, as at September 30, 2018, the Company recorded in its Provision for tax, labor and civil contingencies the amount of R$ 56,549 thousand (R$53,736 thousand as of December 31, 2017) related to the effect of the exclusion of State VAT (ICMS) from the Contribution Tax on Gross Revenue for Social Integration Program (PIS) and the Contribution Tax on Gross Revenue for Social Security Financing (COFINS) bases, which were not collected from November 2006 to September 2018 but were deposited in court in that period. In a high-profile decision handed down by the Federal Supreme Court (STF) on March 15, 2017, the STF justices understood that the ICMS tax is not to be included in the PIS and COFINS contribution tax bases. Accordingly, based on the guidelines set down in CPC 25/IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, we understand that it is no longer probable that an outflow of resources that incorporate future economic benefits will be required to settle this obligation and, therefore, this provision should have been reversed at the statement of financial position date. As a consequence, at September 30, 2018, the amount of individual and consolidated noncurrent assets and total assets are understated by R$ 83,817 thousand (R$ 81,320 thousand at December 31, 2017), whilst equity at September 30, 2018 are understated by R$55,319 thousand (R$ 53,671 thousand at December 31, 2017) and individual and consolidated net income for the three-month and nine-month periods then ended are understated by R$ 667 thousand and R$ 1,648 thousand, respectively, net of tax effects.

Modified conclusion on the interim individual and consolidated financial information

Based on our review, except for the effects of the matter described in the “Basis for qualified conclusion” section of our report, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

We also reviewed the individual and consolidated statements of value added (SVA), for the nine-month period ended September 30, 2018, prepared under the responsibility of Company management, whose presentation in the interim financial information is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR) and are considered supplementary information under 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, in a manner consistent with the overall accompanying individual and consolidated interim financial information.

Campinas, October 23, 2018.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP034519/O-6

José Antonio de A. Navarrete
Accountant CRC 1SP198698/O-4

INDÚSTRIAS ROMI S.A.

STATEMENT OF FINANCIAL POSITION
(In thousands of reais unless otherwise stated)

ASSETS	Note	Parent September 30, 2018	Parent December 31, 2017	Consolidated September 30, 2018	Consolidated December 31, 2017
CURRENT					
Cash and cash equivalents	3	37,164	69,806	63,951	105,682
Short-term investments	3	481	13,670	481	13,670
Trade accounts receivable	4	78,481	70,359	134,184	120,303
Onlending of FINAME manufacturer financing	5	80,479	88,114	80,479	88,114
Inventories	6	213,213	162,517	350,239	241,891
Related parties	8	64,790	42,052	-	-
Taxes recoverable		32,033	7,119	36,671	11,780
Other receivables		9,983	8,594	15,554	10,753
		516,624	462,231	681,559	592,193
NON-CURRENT					
Trade accounts receivable	4	12,526	11,310	12,526	11,310
Onlending of FINAME manufacturer financing	5	104,737	79,819	104,737	79,819
Taxes recoverable		20,495	778	20,495	778
Deferred income tax and social contribution	15	48,984	49,426	51,719	49,426
Judicial deposits	14	2,129	2,057	2,129	2,057
Other receivables		5,705	10,835	6,045	11,125
		194,576	154,225	197,651	154,515
Investment in subsidiary and associated companies	7	147,735	137,727	-	-
Property, plant and equipment	10	187,925	190,852	263,610	257,939
Investment properties	9	13,500	13,500	18,602	18,602
Intangible assets	11	957	1,124	61,119	52,174
		544,693	497,428	540,982	483,230
TOTAL ASSETS		1,061,317	959,659	1,222,541	1,075,423

LIABILITIES AND EQUITY	Note	Parent September 30, 2018	Parent December 31, 2017	Consolidated September 30, 2018	Consolidated December 31, 2017
CURRENT					
Borrowings	12	64,227	71,246	75,061	74,170
FINAME manufacturer financing	13	55,931	55,463	55,931	55,463
Trade accounts payable		46,123	27,405	64,702	33,802
Payroll and related taxes		27,691	20,484	35,351	28,148
Taxes payable		1,603	4,918	2,826	5,896
Advances from costumers		15,923	12,755	87,529	56,512
Dividends and interes on capital		1,612	1,551	1,612	1,551
Profit sharing		37,542	8,335	37,542	8,335
Other payables		5,588	5,802	19,338	16,649
Related parties	8	8,608	778	-	-
Provision for net capital deficiency - subsidiary	7	2,474	664	-	-
		267,322	209,401	379,892	280,526
NON-CURRENT					
Borrowings	12	24,597	34,748	37,106	47,066
FINAME manufacturer financing	13	87,928	72,770	87,928	72,770
Provision for tax, labor and divil risks	14	666	768	666	1,561
Other payables		8	3	236	115
Deferred income tax and social contribution	15	-	-	34,419	29,885
		113,199	108,289	160,355	151,397
TOTAL LIABILITIES		380,521	317,690	540,247	431,923
EQUITY	16				
Capital		492,025	492,025	492,025	492,025
Capital reserve		139,306	118,960	139,306	118,960
Cumulative translation adjustments		49,465	30,984	49,465	30,984
		680,796	641,969	680,796	641,969
NON CONTROLLING INTEREST		-	-	1,498	1,531
TOTAL EQUITY		680,796	641,969	682,294	643,500
TOTAL LIBILITIES AND EQUITY		1,061,317	959,659	1,222,541	1,075,423

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

INDÚSTRIAS ROMI S.A.

STATEMENT OF INCOME
FOR THE PERIOD OF NINE THREE AND NINE MONTHS ENDED SEPTEMBER
(In thousands of reais unless otherwise stated)

	Note	Current quarter 07/01/2018 to 09/30/2018	Acumullated for current year 01/01/2018 to 09/30/2018	Current quarter 07/01/2017 to 09/30/2017	Parent Acumullated for current year 01/01/2017 to 09/30/2017
Operations					
Net Operating revenue		141,262	366,696	119,151	348,954
Cost of sales and services		(99,996)	(268,843)	(84,996)	(255,050)
Gross profit		41,266	97,853	34,155	93,904
Operation income (expenses)					
Selling		(13,424)	(33,124)	(10,483)	(28,674)
General and administrative		(6,258)	(19,961)	(5,952)	(20,500)
Research and development		(4,377)	(12,804)	(4,112)	(12,586)
Management profit sharing and fees	8	(2,148)	(5,734)	(1,660)	(4,838)
Equity in earnings of subsidiaries	7	(598)	(8,223)	903	729
Other operating income, net		302	(766)	717	1,194
		(26,503)	(80,612)	(20,587)	(64,675)
Operating profit		14,763	17,241	13,568	29,229
Financial income (expenses)					
Financial income		905	40,379	3,281	11,142
Financial expenses		(1,416)	(5,405)	(3,412)	(10,449)
Foreign exchange gains, net		963	4,602	(845)	1,539
		452	39,576	(976)	2,232
Profit before taxation		15,215	56,817	12,592	31,461
Income tax and social contribution	15	674	6,272	(3,509)	(8,614)
Profit for the period		15,889	63,089	9,083	22,847
Basic and diluted earnings per share (R$)	16	0.25	1.00	0.14	0.36

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INDÚSTRIAS ROMI S.A.

STATEMENT OF INCOME
FOR THE PERIOD OF NINE THREE AND NINE MONTHS ENDED SEPTEMBER
(In thousands of reais unless otherwise stated)

					Consolidated
	Note	Current quarter 07/01/2018 to 09/30/2018	Acumullated for current year 01/01/2018 to 09/30/2018	Current quarter 07/01/2017 to 09/30/2017	Acumullated for current year 01/01/2017 to 09/30/2017
Operations					
Net Operating revenue		205,954	496,720	168,018	478,318
Cost of sales and services		(145,400)	(359,682)	(119,448)	(346,130)
Gross profit		60,554	137,038	48,570	132,188
Operation income (expenses)					
Selling		(23,498)	(57,704)	(16,935)	(49,146)
General and administrative		(15,406)	(44,241)	(12,175)	(38,604)
Research and development		(4,377)	(12,804)	(4,112)	(12,586)
Management profit sharing and fees	8	(2,171)	(5,806)	(1,683)	(4,911)
Other operating income, net		305	(320)	710	3,052
		(45,147)	(120,875)	(34,195)	(102,195)
Operating profit (loss)		15,407	16,163	14,375	29,993
Financial income (expenses)					
Financial income		1,316	41,587	4,098	12,827
Financial expenses		(2,114)	(7,186)	(4,220)	(11,925)
Foreign exchange gains, net		796	4,413	(836)	1,560
		(2)	38,814	(958)	2,462
Profit before taxation		15,405	54,977	13,417	32,455
Income tax and social contribution	15	526	8,233	(4,295)	(9,352)
Profit for the period		15,931	63,210	9,122	23,103
Attributable to:					
Controlling interests		15,889	63,089	9,083	22,847
Non-Controlling interests		42	121	39	256
		15,931	63,210	9,122	23,103

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

INDÚSTRIAS ROMI S.A.

STATEMENT OF INCOME
FOR THE PERIOD OF NINE THREE AND NINE MONTHS ENDED SEPTEMBER
(In thousands of reais unless otherwise stated)

				Parent
	Current quarter 07/01/2018 to 09/30/2018	Acumullated for current year 01/01/2018 to 09/30/2018	Current quarter 07/01/2017 to 09/30/2017	Acumullated for current year 01/01/2017 to 09/30/2017
Profit for the period	15,889	63,089	9,083	22,847
Foreign currency translation efects	15,429	18,481	8,600	7,048
Comprehensive profit for the period	31,318	81,570	17,683	29,895

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INDÚSTRIAS ROMI S.A.

STATEMENT OF INCOME
FOR THE PERIOD OF NINE THREE AND NINE MONTHS ENDED SEPTEMBER
(In thousands of reais unless otherwise stated)

				Consolidated
	Current quarter 07/01/2018 to 09/30/2018	**Acumullated for current year 01/01/2018 to 09/30/2018**	**Current quarter 07/01/2017 to 09/30/2017**	**Acumullated for current year 01/01/2017 to 09/30/2017**
Profit for the period	15,931	63,210	9,122	23,103
Foreign currency translation efects	15,429	18,481	8,600	7,048
Comprehensive profit for the period	31,360	81,691	17,722	30,151
Attributable to:				
Controlling interests	31,318	81,570	17,683	29,895
Non-Controlling interests	42	121	39	256
	31,360	81,691	17,722	30,151

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INDÚSTRIAS ROMI S.A.

STATEMENT OF CHANGES IN EQUITY
(In thousands of reais unless otherwise stated)

	Attributable to the controlling interests								
		Income reserve							
	Capital	Reitaned reserve	Legal reserve	Total	Other comprehensive income	Profit for the period	Total	Non-controlling interests	Total
At December 31, 2016	**492,025**	**48,488**	**41,755**	**90,243**	**17,694**	**-**	**599,962**	**1,570**	**601,532**
Profit for the period	-	-	-	-	-	22,847	22,847	256	23,103
Foreign currency translation effects	-	-	-	-	7,047	-	7,047	-	7,047
Total comprohensive income for the period	-	-	-	-	7,047	22,847	29,894	256	30,150
Dividends paid by subsidiary	-	-	-	-	-	-	-	(331)	(331)
Transfers between reserves	-	22,847	-	22,847	-	(22,847)	-	-	-
Total contribuitions by and dristibuitions to controlling interests		22,847	-	22,847		(22,847)	-	(331)	(331)
At September 30, 2017	**492,025**	**71,335**	**41,755**	**113,090**	**24,741**	**-**	**629,856**	**1,495**	**631,351**
At December 31, 2017	**492,025**	**75,322**	**43,638**	**118,960**	**30,984**	**-**	**641,969**	**1,531**	**643,500**
Profit for the period	-	-	-	-	-	63,089	63,089	121	63,210
Foreign currency translation effects	-	-	-	-	18,481	-	18,481	-	18,481
Total comprehensive income for the period	-	-	-	-	18,481	63,089	81,570	121	81,691
Mandatory dividends	-	-	-	-	-	(42,743)	(42,743)	-	(42,743)
Dividends paid by subsidiary	-	-	-	-	-	-	-	(154)	(154)
Transfers between reserves	-	20,346	-	20,346	-	(20,346)	-	-	-
Total contribuitions by and dristibuitions to controlling interests	-	20,346	-	20,346		(63,089)	(42,743)	(154)	(42,897)
At September 30, 2018	**492,025**	**95,668**	**43,638**	**139,306**	**49,465**	**-**	**680,796**	**1,498**	**682,294**

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INDÚSTRIAS ROMI S.A.

STATEMENT OF CASH FLOW
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER
(In thousands of reais unless otherwise stated)

	Parent		Consolidated	
	2018	**2017**	**2018**	**2017**
Cash flows from operating activities				
Profit before taxation	**56,817**	**31,461**	**54,977**	**32,455**
Adjustments from:				
Finance expenses (revenue) and exchange rate	(36,607)	4,334	(34,525)	5,771
Depreciation and amortization	18,710	17,892	24,961	22,579
Allowance for doubtful accounts and for other receivables	(1,679)	3,536	(1,808)	(1,682)
Provision for inventory losses	(1,659)	(4,450)	1,308	(4,471)
Cost of property, palnt and equipment and disposals of intangible assets	(867)	(2,137)	(645)	(4,014)
Equity in earnings of subsidiaries	8,223	(729)	-	-
Provision for contingent liabilities	3,100	(162)	2,260	(688)
Change in operating assets and liabilities				
Financial investments	13,189	4,239	13,189	4,239
Trade accounts receivable	4,805	(10,025)	(825)	(13,762)
Related parties (assets and liabilities)	(15,608)	(5,081)	-	-
Onlending of Finame manufacturer financing	(13,519)	23,449	(13,519)	23,449
Inventories	(49,037)	20,833	(109,655)	5,732
Taxes receivable	(37,912)	7,421	(46,901)	15,007
Judicial deposits	(2,962)	(2,245)	(2,962)	(2,245)
Other credits	45,484	6,271	42,027	5,428
Trade accounts payable	16,352	457	28,534	(159)
Payroll and related taxes	7,117	10,583	7,113	14,361
Taxes payable	(5,463)	766	7,751	(6,013)
Advances from costumers	3,168	4,298	31,017	18,581
Other payables	(1,622)	512	1,396	1,521
Cash from (used in) operations	10,030	111,223	3,693	116,089
Income tax and social contribuition paid	(3,545)	(854)	(3,747)	(1,575)
Net cash from operations	6,485	110,369	(54)	114,514
Cash flow from investing activities				
Purchase of property, plant and equipment	(15,674)	(12,033)	(17,267)	(13,338)
Intangible increase	(69)	(649)	(2,796)	(707)
Disposal of property, plant and equipment	994	3,019	977	5,370
Capital increase	2,060	4,442	-	-
Net cash used in investing activities	(12,689)	(5,221)	(19,086)	(8,675)
Cash flow from financing activties				
Interest on capital and dividends paid	(7,848)	-	(8,002)	(331)
New borrowings	41,171	9,597	50,475	9,597
Financing repaid	(61,822)	(48,558)	(65,760)	(48,882)
Interest paid	(4,118)	(8,711)	(4,118)	(10,266)
New Finame - manufacturer financing	59,697	31,893	59,697	31,893
Payment of Finame - manufacturer financing	(44,543)	(54,263)	(44,543)	(54,263)
Interest paid of Finame - manufacturer financing	(8,975)	(5,670)	(8,975)	(5,670)
Net cash used in financing activities	(26,438)	(75,712)	(21,226)	(77,922)
Increase (decrease) in cash and cash equivalents	(32,642)	29,436	(40,366)	27,917
Cash and cash equivalents at beginning of period	69,806	60,671	105,682	101,510
Foreign exchange losses of cash equivalents of foreign subsidiaries	-	-	(1,365)	(1,007)
Cash and cash equivalents at end of period	37,164	90,107	63,951	128,420

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

INDÚSTRIAS ROMI S.A.

STATEMENT OF VALUE ADDED
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER
(In thousands of reais unless otherwise stated)

	Parent		Consolidated	
	2018	**2017**	**2018**	**2017**
Revenues				
Sales of products and services	432,541	404,179	562,621	533,590
Allowance for doubtful accounts and for other receivables	37	(1,364)	(703)	(1,364)
Other operating revenues, net	(766)	-	(320)	-
	431,812	402,815	561,598	532,226
Inputs acquired from third parties				
Materials used	(201,417)	(205,625)	(240,679)	(256,864)
Other costs of products and services	(12,697)	(14,898)	(23,838)	(25,439)
Elecritcy, third-party services and other expenses	(28,584)	(21,772)	(33,133)	(27,942)
	(242,698)	(242,295)	(297,650)	(310,245)
Gross value added	189,114	160,520	263,948	221,981
Depreciation and amortization	(18,710)	(17,892)	(24,961)	(22,579)
Net value added generated by the Company	170,404	142,628	238,987	199,402
Value added received through transfers				
Equity in earnings of subsidiaries	(8,223)	729	-	-
Finance income (costs) and net foreign exchange gains	44,978	12,680	43,888	14,387
Total value added to distribute	207,159	156,037	282,875	213,789
Distribution of value added				
Employees				
Payroll and related changes	79,672	80,868	151,127	135,254
Sales commission	3,263	3,146	3,263	3,146
Managment profit sharing and fees	5,734	4,838	5,806	4,908
Gain sharing	508	518	508	518
Taxes	47,913	31,446	48,500	32,364
Interests	5,405	10,449	7,186	12,827
Rentals	1,575	1,925	3,396	1,925
Dividendos declarados e ainda não distribuídos	42,743	-	42,743	-
Non-controlling interests	-	-	(79)	(256)
Profit for the period	20,346	22,847	20,425	23,103
Value added distributed	207,159	156,037	282,875	213,789

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

1 General information

Indústrias Romi S.A. (Parent) and its subsidiaries (jointly referred to as "Company" or "Consolidated"), listed on the "New Market" of B3 S.A. - Brasil, Bolsa, Balcão, since March 23, 2007, and headquartered in Santa Bárbara 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 a 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 tooling machine manufacturer. It also holds interest in subsidiaries in Brazil and abroad.

This quarterly information was approved by the Company's Board of Directors and authorized for issue on October 23, 2018.

2 Basis of preparation and accounting policies

The Company's interim financial information for the quarter and nine-month period ended September 30, 2018 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's and consolidated quarterly financial information are the same as those used in the preparation of the financial statements for the year ended December 31, 2017 and, therefore, should be read in conjunction with those financial 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 under IFRS.

(a) Notes included in the financial statements as at December 31, 2017 not included in this quarterly information

The quarterly information is presented in accordance with accounting pronouncement 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's 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, 2017. 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 sales revenue (Note 22);
- Expenses by nature (Note 23);
- Finance income (costs) (Note 24); and
- Other operating revenue, net (Note 25).

(b) New and revised standards applied for the first time in 2018

The Company applied for the first time certain amendments to standards, effective for annual periods beginning on or after January 1, 2018. The nature and impact of each of these new standards and amendments are as follows:

<u>IFRS 15 - Revenue from Contracts with Customers</u>

IFRS 15 (CPC 47 – Revenue from Contracts with Customers) was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The adoption is required for annual periods beginning on or after January 1, 2018 and the method known as cumulative effect will be adopted.

- Romi Machinery and B+W Machinery: Under these contracts the main performance obligation is expected to be the delivery of machines. The identification of other performance obligations such as the installation/technical delivery and training on the adoption of IFRS 15 have no significant effects on the Company's financial statements for the quarter and nine-month period ended September 30, 2018.

(In thousands of reais, unless otherwise stated)

- Cast and Machined Products: Under these contracts, the sale of equipment is generally expected to be the only performance obligation. Therefore, the adoption of IFRS 15 has no material impact on the Company's revenue and profit or loss.

3 Cash and cash equivalents and financial investments

	Parent		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Cash and banks	2,528	2,899	16,794	14,545
Bank deposit certificates ("CDBs") (a)	9,306	10,839	21,827	29,380
Short-term investments backed by debentures (a)	20,313	19,445	20,313	19,442
Investment funds DI and fixed income	4,942	34,774	4,942	34,774
Short-term investments in foreign currency - US$ (Time deposit)	-	1,819	-	7,511
Other	75	30	75	30
Total cash and cash equivalents	37,164	69,806	63,951	105,682
Bank deposit certificates ("CDBs") (b)	481	13,670	481	13,670
Total assets held for trading	481	13,670	481	13,670

(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 collateral for commitments assumed.

(In thousands of reais, unless otherwise stated)

4 Trade notes receivable

	Parent		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Current				
Domestic customers (Brazil)	68,178	63,443	68,196	64,243
Foreign customers	10,966	8,017	71,513	61,283
Allowance for doubtful accounts	(663)	(1,101)	(5,525)	(5,223)
	78,481	70,359	134,184	120,303
Noncurrent				
Domestic customers (Brazil)	8,484	8,399	8,484	8,399
Foreign customers	4,049	2,912	4,049	2,912
Allowance for doubtful accounts	(7)	(1)	(7)	(1)
	12,526	11,310	12,526	11,310

The Company's maximum exposure to credit risk is the balance of trade notes receivable.
The balance of current trade notes receivable as at September 30, 2018 and December 31, 2017, Parent and consolidated, is distributed as follows:

(In thousands of reais, unless otherwise stated)

	Parent		Consolidated	
	September 30, 2018	**December 31, 2017**	**September 30, 2018**	**December 31, 2017**
Falling due	70,419	56,453	112,187	97,023
Past due:				
1 to 30 days	4,980	8,203	8,331	14,073
31 to 60 days	558	1,371	2,637	2,745
61 to 90 days	203	662	1,553	1,182
91 to 180 days	405	816	5,546	2,259
181 to 360 days	216	1,201	558	1,527
Over 360 days	2,363	2,754	8,897	6,717
	8,725	15,007	27,522	28,503
Total	79,144	71,460	139,709	125,526
Allowance for doubtful accounts	(663)	(1,101)	(5,525)	(5,223)
Total current	78,481	70,359	134,184	120,303

The balance of noncurrent trade notes receivable as at September 30, 2018, parent and consolidated, is distributed as follows:

	Parent and Consolidated
Falling due:	
2019 (3 months)	3,492
2020	7,760
2021	1,281
Allowance for doubtful accounts	(7)
Total - noncurrent	12,526

(In thousands of reais, unless otherwise stated)

Changes in allowance for doubtful accounts, Parent and Consolidated, are as follows:

	Parent	Consolidated
Balance at December 31, 2017	1,102	5,224
Receivables recognized for the period	4,103	4,013
Receivables written off	(4,535)	(4,602)
Foreign exchange difference	-	897
Balance at September 30, 2018	670	5,532

5 Receivables - onward lending of FINAME manufacturer financing

	Parent and Consolidated	
	September 30, 2018	December 31, 2017
Current		
FINAME falling due	58,771	60,903
FINAME awaiting release (a)	2,448	1,635
FINAME past due (b)	28,224	36,174
	89,443	98,712
Allowance for doubtful accounts	(8,964)	(10,598)
	80,479	88,114
Noncurrent		
FINAME falling due	90,022	73,862
FINAME awaiting release (a)	14,816	6,540
	104,838	80,402
Allowance for doubtful accounts	(101)	(583)
	104,737	79,819
Total	185,216	167,933

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).

The FINAME manufacturer credit line refers to financing specifically linked to sales transactions, with terms of up to 60 months and a grace period of up to six months, in accordance with the terms defined by the BNDES at the time of the financing.

The financing terms are also based on 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 holds title to the financed equipment until the final settlement of the obligation by the customer.

The differences between onward lending of FINAME manufacturer financing receivables 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 the 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 is 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 September 30, 2018, the balance of repossessed machinery, included under the line item of “Other receivables”, Parent and Consolidated, amounted to R$1,350 (R$1,699 as at December 31, 2017) in current assets and R$7,522 (R$10,404 as at December 31, 2017) in noncurrent assets.

(In thousands of reais, unless otherwise stated)

As at September 30, 2018 and December 31, 2017, the balances of "Receivables - onward lending of FINAME manufacturer financing", Parent and Consolidated, were as follows:

		Parent and Consolidated
	September 30, 2018	December 31, 2017
Falling due	61,219	62,538
Past due:		
1 to 30 days	848	1,496
31 to 60 days	373	1,082
61 to 90 days	450	885
91 to 180 days	1,481	2,718
181 to 360 days	2,614	4,579
Over 360 days	22,458	25,414
	28,224	36,174
Total – current	89,443	98,712

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

	Parent and Consolidated
Falling due:	
2019 (3 months)	13,479
2020	44,495
2021	32,646
2022 onward	14,218
Total – noncurrent	104,838

(In thousands of reais, unless otherwise stated)

Changes in allowance for doubtful accounts, Parent and Consolidated, are as follows:

	Parent and Consolidated
Balance at December 31, 2017	11,181
Allowance recognized (or written off) for the period	(2,116)
Balance at September 30, 2018	9,065

6 Inventories

	Parent		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Finished products	27,616	27,389	78,051	56,620
Used machinery	14,297	16,501	14,297	16,501
Work-in-process	67,378	57,515	123,419	88,709
Raw materials and components	101,602	58,806	127,303	77,499
Imports in transit	2,320	2,306	7,169	2,562
Total	213,213	162,517	350,239	241,891

The inventory balances, Parent and Consolidated, as at September 30, 2018 are net of R$32,252 and R$38,308 (R$33,911 - Parent and R$37,000 - Consolidated as at December 31, 2017), respectively, corresponding to the provision for slow-moving inventories and inventories posing a remote probability of being realized through sale or use.

The changes in the provision to bring inventories to their net realizable value, Parent and Consolidated, are as follows:

(In thousands of reais, unless otherwise stated)

	Parent	**Consolidated**
As at January 1, 2018	33,911	37,000
Inventory sold or written off	(12,888)	(13,558)
Provision recorded	6,086	6,052
Foreign exchange difference		3,671
Transfer of provision resulting from machines repossessed in the period	5,143	5,143
Balance at September 30, 2018	32,252	38,308

The changes in the provision for inventory losses by class of inventory are as follows:

	Parent		**Consolidated**	
	September 30, 2018	**December 31, 2017**	**September 30, 2018**	**December 31, 2017**
Finished products	2,239	1,852	8,295	4,941
Used machinery	11,356	14,542	11,356	14,542
Work-in-process	4,706	4,520	4,706	4,520
Raw materials and components	13,951	12,997	13,951	12,997
Total	32,252	33,911	38,308	37,000

(In thousands of reais, unless otherwise stated)

7 Investments in subsidiaries and affiliates

Company investments in its subsidiaries are as follows:

	Subsidiary	Country	Main activity
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 France (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, use 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	Sale of machinery for plastics and machine tools, spare parts and technical support.

(In thousands of reais, unless otherwise stated)

September 30, 2018

	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 Mexico (7)	Total
Investments:								
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	64,542	136,874	21,225	16,826	2,396	8,252	6,166	
Noncurrent assets	7,359	126,324	522	88	-	-	104	
Current liabilities	53,105	117,863	126	19,326	-	12	6,332	
Noncurrent liabilities	12,597	34,558	-	-	-	-	-	
Equity (equity deficit) of subsidiary	6,199	110,777	21,621	(2,412)	2,396	8,240	(62)	
Changes in investment:								
Investment balance as at December 31, 2017	6,258	101,862	20,565	(664)	2,405	6,403	234	137,063
Foreign exchange differences on foreign investments	836	16,565	-	(336)	-	1,401	15	18,481
Dividends proposed and paid (b)	-	-	(2,060)	-	-	-	-	(2,060)
Equity pick-up	(895)	(7,650)	1,618	(1,412)	(9)	436	(311)	(8,223)
Equivalent value - closing balance	**6,199**	**110,777**	**20,123**	**(2,412)**	**2,396**	**8,240**	**(62)**	**145,261**
Investment in subsidiaries	6,199	110,777	20,123	-	2,396	8,240	-	147,735
Provision for equity deficit - subsidiaries	-	-	-	(2,412)	-	-	(62)	(2,474)

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

(b) Payment of dividends by subsidiary ROMINOR, approved by the Board of Directors at the meetings held on February 6, 2018 and July 24, 2018, in the amounts of R$1,075 and R$1,138, related to the second half of 2017 and first half of 2018, respectively. From such payments, the Company received R$1,001 and R$1,059, respectively.

(In thousands of reais, unless otherwise stated)

8 Related party transactions and balances

The balances and transactions with related parties as at September 30, 2018 and December 31, 2017 are as follows:

(i) Statement of financial position accounts – Parent

	Receivables		Payables	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Direct subsidiaries				
Romi Europe	154	3,217	550	175
Romi Italy	11,716	5,648	-	-
Romi Machine Tools	17,680	12,944	891	-
Romi A.L.	-	-	958	603
Irsa Máquinas Mexico	5,349	3,335	-	-
Rominor Com.	4	4	6,209	-
Indirect subsidiaries				
B+W - Burkhardt+Weber	2,078	173	-	-
Romi France S.A.S.	9,081	5,855	-	-
Romi Máquinas España S.A.	3,632	2,896	-	-
Romi Machines UK	15,096	7,980	-	-
Total	64,790	42,052	8,608	778

(ii) Transactions

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

Subsidiary Rominor is the guarantor of some of the FINAME manufacturer financing transactions involving the Parent and the financing is collateralized by promissory notes and sureties (Note 13).

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

(In thousands of reais, unless otherwise stated)

The Company provides administrative services, mainly accounting and legal services, to its parent company Fênix Empreendimentos S.A. The accumulated revenue until September 2018 was R$109 (2017 – R$116).

The Company makes donations to Romi Foundation at amounts set in the agreement approved by the State Prosecutor's 'Office. Donations until September 2018 totaled R$687 (2017 – R$669).

In 2014, the Company adopted the Policy for Transactions with Related Parties (available at 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 September 30, 2018 and 2017 was as follows:

	September 30, 2018	September 30, 2017
Fees and charges	3,787	3,706
Profit sharing	1,611	845
Private pension plan	173	153
Healthcare plan	163	134
Parent	5,734	4,838
Fees and charges of subsidiaries	72	73
Consolidated	5,806	4,911

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 13, 2018.

(In thousands of reais, unless otherwise stated)

9 Investment property

In the period 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$13,500 (R$13,500 – as at December 31, 2017) at the Parent and R$18,602 (R$18,602 – as at December 31, 2017) in the Consolidated financial information.

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 this property at R$51,357 for the Parent and R$147,194 for the Consolidated financial information.

10 Property, plant and equipment

Changes in property, plant and equipment, Parent and Consolidated, are as follows:

	Parent	Consolidated
Balance as at December 31, 2017, net	190,852	257,939
Additions	15,674	17,267
Disposals	(127)	(332)
Depreciation	(18,474)	(22,849)
Foreign exchange difference	-	11,585
Balance as at September 30, 2018, net	187,925	263,610
	187,925	263,610
As at September 30, 2018		
Total cost	523,041	656,086
Accumulated depreciation	(335,116)	(392,476)
Property, plant and equipment, net	187,925	263,610

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$70,663 as at September 30, 2018 (R$77,920 as at December 31, 2017). These items refer to land, buildings, facilities, machinery and equipment.

(In thousands of reais, unless otherwise stated)

11 Intangible assets

Changes in intangible assets, Parent and Consolidated, are as follows:

	Parent	Consolidated
Balance as at December 31, 2017, net	1,124	52,174
Additions	69	2,796
Amortization	(236)	(2,112)
Foreign exchange difference	-	8,261
Balance as at September 30, 2018, net	957	61,119
Total cost	9,336	88,511
Accumulated amortization	(8,379)	(27,392)
Intangible assets, net	957	61,119

(In thousands of reais, unless otherwise stated)

12 Borrowings

Changes in borrowings, Parent and Consolidated, are as follows:

	Parent			Consolidated		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Borrowing balance at						
December 31, 2017	91,720	14,274	105,994	91,720	29,516	121,236
New borrowing	-	41,171	41,171	-	50,475	50,475
Repayment of principal	(40,673)	(21,149)	(61,822)	(40,673)	(25,087)	(65,760)
Payment of interest	(3,721)	(397)	(4,118)	(3,721)	(397)	(4,118)
Exchange and monetary difference (principal and interest)	-	3,704	3,704	-	6,439	6,439
Interest at the end of the period	3,385	510	3,895	3,385	510	3,895
Borrowing balance at						
September 30, 2018	50,711	38,113	88,824	50,711	61,456	112,167
Current	26,114	38,113	64,227	26,114	48,947	75,061
Noncurrent	24,597	-	24,597	24,597	12,509	37,106
	50,711	38,113	88,824	50,711	61,456	112,167

The maturities of financing recorded in noncurrent liabilities as at September 30, 2018, in the Parent and Consolidated, are as follows:

	Parent	Consolidated
2019 (3 months)	2,672	4,077
2020	8,460	9,903
2021	6,392	7,680
2022	6,130	7,418
2023 onward	943	8,028
Total	24,597	37,106

13 FINAME manufacturer financing

(In thousands of reais, unless otherwise stated)

	Parent and Consolidated	
	September 30, 2018	**December 31, 2017**
Current		
FINAME manufacturer financing	55,931	55,463
Noncurrent		
FINAME manufacturer financing	87,928	72,770
Total	143,859	128,233

The FINAME manufacturer financing agreements are guaranteed by promissory notes and collateral signatures, and the main guarantor is the subsidiary Rominor. The 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 on-lent in full to the financed customers and amounts received on a monthly basis under the line item 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 September 30, 2018 and December 31, 2017, were adjusted for inflation up to the end of the reporting period. The difference of R$41,357 between these line items as at September 30, 2018 (R$39,700 as at December 31, 2017) 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 September 30, 2018, Parent and Consolidated, were as follows:

Parent and Consolidated

(In thousands of reais, unless otherwise stated)

2019 (3 months)	11,843
2020	38,731
2021	28,000
2022 onward	9,354
Total	87,928

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 probable likelihood of loss, as follows:

		Parent		Consolidated
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Tax	56,600	53,805	56,600	54,598
Civil	1,953	1,986	1,953	1,986
Labor	3,473	3,383	3,473	3,383
(-) Judicial deposits / other receivables	(56,289)	(53,399)	(56,289)	(53,399)
Total	5,737	5,775	5,737	6,568
Current liabilities	5,071	5,007	5,071	5,007
Noncurrent liabilities	666	768	666	1,561
	5,737	5,775	5,737	6,568

(In thousands of reais, unless otherwise stated)

For legal proceedings classified as probable losses, the changes in the provision for the period ended September 30, 2018 are as follows:

	December 31, 2017	Additions	Utilizations/ Reversals	Monetary restatement	September 30, 2018
Tax	53,805	2,813	(33)	15	56,600
Civil	1,986	30	(147)	84	1,953
Labor	3,383	824	(1,254)	520	3,473
(-) Judicial deposits / other receivables	(53,399)	(2,890)	-	-	(56,289)
Total Parent	**5,775**	**777**	**(1,434)**	**619**	**5,737**
Proceedings at subsidiaries	793	-	(840)	47	-
Total Consolidated	**6,568**	**777**	**(2,274)**	**666**	**5,737**

As at September 30, 2018, the main legal proceedings which were classified by management as probable losses or as legal obligation are as follows:

(a) Tax proceedings

Refer to the provisions for:

(i) Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS) related to State VAT (ICMS) on sales, which amounted to R$10,087 (R$9,585 as at December 31, 2017) and R$46,462 (R$44,151 as at December 31, 2017), respectively. As at September 30, 2018, the amount of R$260 was classified in “taxes payable” and will be reclassified to “Judicial deposits” upon payment.

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 base. On March 15, 2017, when judging Extraordinary Appeal No. 574.706/PR, regarding the general repercussion effect, the Federal Supreme 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, on October 19, 2017, the National Treasury Attorney General’s Office (PGFN) filed Motions to Clarify in view of the Court Decision published on October 2, 2017 by the STF. In this motion, PGNF requests the correction of alleged errors in the Court Decision. The most significant ones are as follows:

(i) modulation of judgment effects; (ii) lack of clarity on the ICMS to be excluded (whether the tax calculated or paid), which reflects on the determination of the tax credit to be recovered as well as the future exclusion procedure; and (iii) material error regarding the analysis of gross and net revenue concepts brought by Law 6404/76. To the date of this report, the motions to clarify were pending analysis by the STF. In view of these facts, based on the opinion of its legal counsel, supported by external opinions of legal experts, which reinforce that in a lawsuit of a large economic and financial repercussion there was a modulation without evidencing the lawsuit in which the matter was being discussed, Management, also supported by the opinion of a professional reference in the accounting area, believes that it is more likely than not that, because of the modulation, there will be an outflow of resources. Therefore, Management decided to maintain the present obligation arising from past events in the financial statements. At the moment there is any new fact that changes Management's understanding regarding the likelihood of a future outflow of resources, it will recognize the accounting impacts in the financial statements for the period in which the fact occurs. As the Company elected to make judicial deposits for this proceeding, in the event the final decision is unfavorable, the monetary restatement of the aforementioned amounts will have no impact on the profit for the year and on the cash flow. As at September 30, 2018, the amount recognized in the financial statements as payables for tax risks, in noncurrent liabilities, was R$56,549 (R$53,736 as at December 31, 2017), and the Company made judicial deposits for such proceeding that, as at that date, amounted to R$47,478 (R$46,741 as at December 31, 2017).

At the end of the reporting period, management's best estimate of the restated amount of this proceeding was R$92,864 (R$87,600 as at December 31, 2017), of which R$83,817 (R$81,218 as at December 31, 2017) related to judicial deposits and R$9,047 (R$6,656 as at December 31, 2017) to tax credits.

(ii) The other tax proceedings total R$50 (R$70 as at December 31, 2017).

(b) Tax proceedings (Summer Plan)

In 2017, the Company obtained a favorable outcome in the proceeding in which the Company was the plaintiff and the Federal Government is the defendant, which claims for the right to monetarily restate the statement of financial position for the calendar year 1989 by reference to the inflation for January and February of that year and to dismiss the inflation indexes of the legislation then in force (Summer Plan). On September 6, 2017, the Company filed a request with the Federal Revenue Office for use of the respective credit. On April 9, 2018, the Federal Revenue Office approved the request regarding this credit, authorizing the Company to utilize it to offset future federal taxes. The Company recognized in the financial statements of 2Q18 the effects from the favorable outcome on the tax proceeding "Summer Plan", which impacted the profit or loss in 2Q18 as follows: (i) EBITDA: reduced by R$1,623, due to the recognition of attorney's fees, in line item "Other operating income (expenses), net"; (ii) finance income (costs): increased by R$32,115, due to the monetary restatement of the original amount of the credits; (iii) income tax and social contribution: increased by R$10,740, regarding the original amount of the credits; and (iv) profit for the period: increased by the impact from the net gain of R$40,073, already including the effects of income tax and social contribution on the gain, which was reduced by the use of the interest on capital, proposed in April 2018, as per the Shareholder Notice dated April 17, 2018.

(c) Civil proceedings

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

(d) Labor claims

The Company has recorded a provision for contingencies for labor claims in which it figures as 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.

(e) Judicial deposits

The Company has judicial deposits amounting to R$49,606 (R$48,799 as at December 31, 2017), of which R$47,478 (R$46,741 as at December 31, 2017) refers to PIS and COFINS levied on ICMS on sales, as mentioned in item (a) (i) and the other deposits are of a different nature and are classified in noncurrent assets.

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, and social contribution is calculated at the rate of 9% on taxable profits, except for subsidiaries Rominor and Rominor Empreendimentos, which pay income and social contribution taxes based on a percentage of gross revenue.

The reconciliation of the tax effect on the Company's profit before income and social contribution taxes through application of the prevailing tax rates as at September 30, 2018 and 2017 is as follows:

(In thousands of reais, unless otherwise stated)

		Parent		Consolidated	
	Note	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Profit before income and social contribution taxes		56,817	31,461	54,977	32,455
Statutory rates (income and social contribution taxes)		34%	34%	34%	34%
Income and social contribution tax income (expense) at statutory rates		(19,318)	(10,697)	(18,692)	(11,035)
Reconciliation to the effective rate:					
Equity pickup		(2,796)	248	-	-
Unrecorded deferred income tax and social contribution taxes at subsidiaries		-		(1,885)	(916)
Research and development		2,181	1,930	2,181	1,930
Interest on capital		15,864	-	15,864	-
Management profit sharing		(548)	287	(548)	287
IR/CSLL Tax proceedings (Summer Plan)	14	10,741	-	10,741	-
Other additions (deductions), net		148	(382)	572	382
Current and deferred income and social contribution tax income (expense)		6,272	(8,614)	8,233	(9,352)

(a) The amount in the Consolidated quarterly information refers basically to the difference 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 for non-recognition of deferred income taxes on the tax losses of foreign subsidiaries, except for BW.

Changes in deferred tax assets and liabilities, Parent and Consolidated, for the period ended September 30, 2018 were as follows:

(In thousands of reais, unless otherwise stated)

	Asset		Liability
	Parent	**Consolidated**	**Consolidated**
Balance at December 31, 2017	49,426	49,426	29,885
Changes in the period			
Additions	2,833	5,241	-
Realization	(3,275)	(3,275)	(577)
Foreign exchange difference	-	327	5,111
Balance at September 30, 2018	48,984	51,719	34,419

16 Equity

Capital

As at September 30, 2018, the Company's subscribed and paid-up capital amounting to R$492,025 (R$492,025 as at December 31, 2017) comprised 62,857,647 (62,857,647 as at December 31, 2017) book-entry, registered common shares, without par value, all with the same rights and benefits.

Profit reserve

a) 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. As at September 30, 2018, the legal reserve amounted to R$43,638 (R$43,638 as at December 31, 2017).

b) Retained earnings reserve

At the meetings held on April 17, 2018 and September 11, 2018 by the Board of Directors, approval was given for distribution of interest on capital, to be attributed to the mandatory dividends for 2018 in the gross amounts of R$27,029 and R$15,714, for payment on March 29, 2019 and November 30, 2018, respectively. The exceeding amount not distributed (R$ 20,346) is included in the reserve balance and awaits allocation to be defined at the shareholders' meeting.

Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of outstanding common shares in the period, excluding common shares purchased by the Company and held as treasury shares.

	September 2018	September 2017
Profit for the period attributable to the controlling shareholders	63,089	22,847
Weighted average number of shares outstanding in the period (in thousands)	62,858	62,858
Basic and diluted earnings per share	1.00	0.36

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

(In thousands of reais, unless otherwise stated)

17 Segment reporting - consolidated

To manage its business, the Company is organized into three business units on which the Company reports its primary information by segment, namely: Romi Machinery, Burkhardt+Weber Machinery and Cast and Machined Products. The information for the period ended September 30, 2018 was prepared and is presented on a comparative basis with the period ended September 30, 2017, according to the Company's new segments:

					September 30, 2018
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	237,265	117,581	141,874		496,720
Cost of sales and services	(125,939)	(98,863)	(134,880)		(359,682)
Transfers remitted	2,737	-	18,942	(21,679)	-
Transfers received	(18,942)	-	(2,737)	21,679	-
Gross profit	95,121	18,718	23,199	-	137,038
Operating (expenses) income:					
Selling expenses	(43,899)	(10,011)	(3,794)		(57,704)
General and administrative expenses	(17,133)	(17,337)	(9,771)		(44,241)
Research and development	(12,804)	-	-		(12,804)
Management fees	(3,001)	-	(2,805)		(5,806)
Other operating income (expenses), net	(320)	-	-		(320)
Operating profit (loss) before finance income (costs)	17,964	(8,630)	6,829	-	16,163
Inventory	247,721	77,865	27,836		353,422
Depreciation and amortization	9,427	5,866	9,668		24,961
Property, plant and equipment, net	138,830	14,711	110,069		263,610
Intangible assets	937	57,529	20		58,486

	Europe	Latin America	North America	Africa and Asia	Total
Net operating revenue per geographical region	139,457	316,738	13,036	27,489	496,720

(In thousands of reais, unless otherwise stated)

					September 30, 2017
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	196,509	105,978	175,831		478,318
Cost of sales and services	(119,842)	(84,330)	(141,957)		(346,130)
Transfers remitted	4,274	-	10,750	(15,025)	-
Transfers received	(10,750)	-	(4,274)	15,025	-
Gross profit	70,190	21,648	40,350	-	132,188
Operating (expenses) income:					
Selling expenses	(35,261)	(9,212)	(4,673)		(49,146)
General and administrative expenses	(14,639)	(12,444)	(11,521)		(38,604)
Research and development	(12,586)	-	-		(12,586)
Management fees	(2,074)	-	(2,837)		(4,911)
Other operating income (expenses), net	3,052	-	-		3,052
Operating profit (loss) before finance income (costs)	8,682	(8)	21,319	-	29,993
Inventory	177,507	63,292	22,528		263,327
Depreciation and amortization	9,372	4,273	8,934		22,579
Property, plant and equipment, net	131,918	14,360	100,431		246,709
Intangible assets	1,198	44,073	-		45,271

	Europe	Latin America	North America	Africa and Asia	Total
Net operating revenue per geographical region	83,887	314,810	18,299	61,322	478,318

(In thousands of reais, unless otherwise stated)

18 Future commitments

On April 10, 2017, the Parent 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 two years, up to December 31, 2020, and has reflected the following commitments that will be adjusted annually by the General Market Price Index (IGP-M).

Year of supply	**Amount**
2018 (3 months)	1,902
2019	8,597
2020	8,597
Total	19,096

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

* * *

WWW.ROMI.COM

October 23, 2018
3Q18 Earnings Release

September 30, 2018

Share price
ROMI3 - R$7.56 per share (on 10/22/2018)

Market capitalization
R$475.2 million
US$ 128.8 million

Number of shares
Common: 62,857,647
Total: 62,857,647

Free Float = 45.5%

Investor Relations Contact

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

October 24, 2018

Meeting with APIMEC-SP Analysts
Time: 5:00 pm (São Paulo)
Location: Blue Tree Faria Lima
Av. Brig. Faria Lima, 3.989
Web streamed,
with access *link* at www.romi.com

Earnings Conference Call in English
Time: 11:00 am (São Paulo)
3:00 pm (London)
10:00 am (New York)
Dial-in numbers:
USA +1 (786) 924-6977
Brazil +55 (11) 3193-1001
Other + 1 (888) 700-0802
Access Code: Romi

ROMI3 NOVO MERCADO BOVESPA BRASIL

Índice de Ações com Tag Along Diferenciado ITAG

Índice de Ações com Governança Corporativa Diferenciada IGC

Santa Bárbara d'Oeste, SP, October 23, 2018 – Indústrias Romi S.A. ("Romi" or "Company") (B3: 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 third quarter of 2018 ("3Q18"). 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

Order entry in 3Q18, when compared to 3Q17, increased by 40.5%

▪ Order entry in 3Q18, when compared to 3Q17, increased by 40.5%, especially in the Romi Machines Business Unit, which increased by 49.6%, as a result of the release of new products and the gradual economic recovery in 2018;

▪ In 3Q18, the Romi Machines Business Unit posted a 35.3% increase in net operating revenue in relation to 3Q17 and 9.6 p.p. and 9.8 p.p. in gross and operating margin, respectively, in the same period of comparison, due to the higher volume of operations of this business unit in 2018;

▪ In the B+W Machines Business Unit, order entry in the first nine months of 2018 increased by 44.4% over the same period in 2017, as a result of the release of new product lines in 2017 and the development of solutions to serve new segments;

▪ The Company's net debt decreased BY R$8.8 million in 3Q18, reflecting the increase in machine deliveries in this quarter;

	Quarter					Accumulated		
R$'000	3Q17	2Q18	3Q18	Chg.	Chg.	9M16	9M17	Chg.
Revenues Volume				3Q18/2Q18	3Q18/3Q17			2018/2017
Machines (units)	195	183	227	24.0%	16.4%	498	554	11.2%
Burkhardt + Weber (units)	5	4	9	125.0%	80.0%	17	16	-5.9%
Raw and Machined Cast Iron Parts (tons)	5,773	5,453	5,520	1.2%	-4.4%	17,824	15,565	-12.7%
Net Operating Revenue	**168,018**	**158,119**	**205,954**	30.3%	22.6%	**478,318**	**496,720**	3.8%
Gross margin (%)	*28.9%*	*26.4%*	*29.4%*			*27.6%*	*27.6%*	
Operating Income (EBIT)	**14,375**	**112**	**15,407**	13656.3%	7.2%	**29,989**	**16,163**	-46.1%
Operating margin (%)	*8.6%*	*0.1%*	*7.5%*			*6.3%*	*3.3%*	
Net Income	**9,122**	**45,443**	**15,931**	-64.9%	74.6%	**23,100**	**63,210**	173.6%
Net margin (%)	*5.4%*	*28.7%*	*7.7%*			*4.8%*	*12.7%*	
EBITDA	**21,877**	**8,346**	**23,886**	186.2%	9.2%	**52,573**	**41,124**	-21.8%
EBITDA margin (%)	*13.0%*	*5.3%*	*11.6%*			*11.0%*	*8.3%*	
Investments	**5,104**	**4,542**	**4,139**	-8.9%	-18.9%	**14,033**	**17,302**	23.3%

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

* As described in the "Success in Judicial Proceedings (Plano Verão)" section of this report, the Company recognized in the 2Q18 financial statements the effects of the favorable outcome of tax proceedings (Plano Verão), which impacted the quarterly P&L as follows: (i) EBITDA: decreased by R$1.6 million, due to the recognition of expenses with legal fees, under "Other operating income (expenses), net"; (ii)b finance income (costs): increased by R$32.1 million, related to monetary restatement of the original amount of the tax credits; (iii) income tax and social contribution: increased by R$10.7 million, referring to the original amount of the tax credits; and (iv) profit: increased by the impact of the net gain of R$40.1 million, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of interest on equity, proposed in April 2018, as per Notice to Shareholders dated April 17, 2018.

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 B3'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.

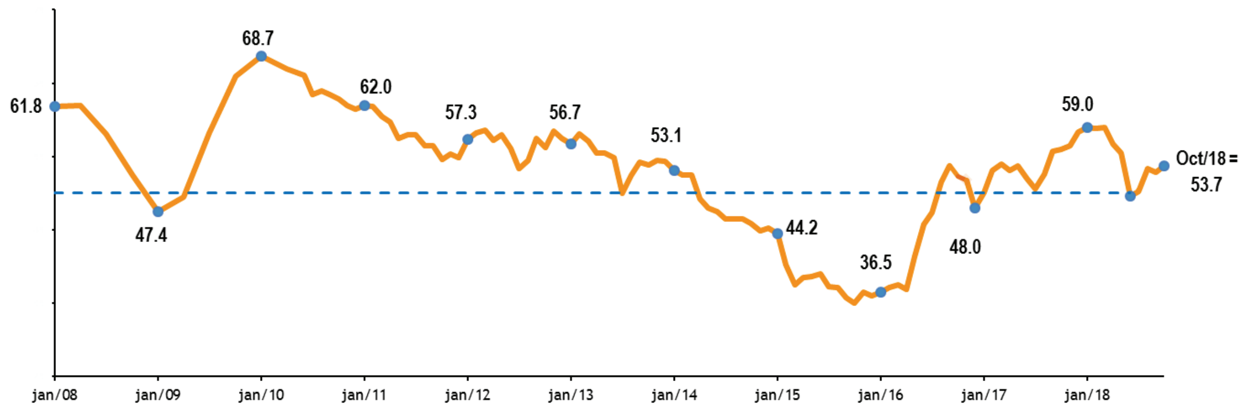
The Company has eleven manufacturing units, four of which for final assembly of industrial machinery, two foundries, three units for machining of mechanical components, one unit for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, nine are located in Brazil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

Current Economic Scenario

The year 2018 is showing significant economic recovery, and despite a first two-month period of poor economic activity, there is a significant acceleration in the number of opportunities and businesses generated as from March. Some macroeconomic data indicate solid recovery signs in the Brazilian economy, such as the improvement in the confidence indexes and in the utilization of installed capacity when compared to the last three years, presented below. This improvement in macroeconomic data begins to materialize in the Romi Machines business unit, which, faced with a more stable scenario, encourages customers to resume their investments.

In October 2018, as shown below, the Industrial Entrepreneur Confidence Index (ICEI) reached 53.7, a level that shows the evolution of the index in 2018 when compared to the previous three years; in line with the gradual resumption of the economy.

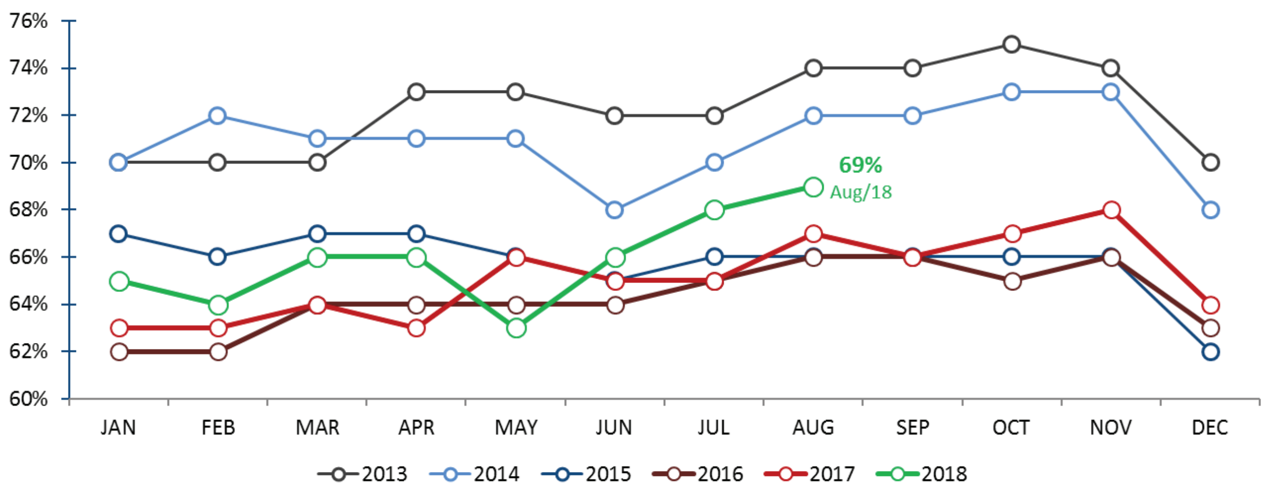
Industrial Entrepreneur Confidence Index – ICEI



Source: CNI – ICEI, October 2018.

The Installed Capacity Utilization (UCI) index of the Brazilian industry in general, as released by the National Confederation of Industries (CNI), has consolidated at an important growth level, when compared to the last 3 years, except for the month of May 2018, due to the truckers' strike, showing an important recovery of the Brazilian economy.

Average Installed Capacity Utilization(UCI)



Source: CNI – UCI, August 2018.

Romi continues to implement actions to streamline its structure and the planning and manufacturing process, to respond quickly to the demand volatility. During the last years we have carried out a number of optimizations, mainly in indirect structures, reinforced the focus on cost and expense reduction projects and invested in automation and productivity, focusing on the increase of profitability, which can be noted since 2017. Strategically, we have defined the release of new product generations as a priority, and the first lines are already successful in the domestic and international market. This gives us great confidence that we are very well prepared for the resumption of the domestic economy.

Market

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

Order Entry (R$ 000) Gross Values, sales taxes included	3Q17	2Q18	3Q18	Chg. 3Q18/2Q18	Chg. 3Q18/3Q17	9M17	9M18	Chg. 9M18/9M17
Romi Machines	72,806	119,045	108,944	-8.5%	49.6%	204,156	276,853	35.6%
Burkhardt+Weber Machines	41,090	22,270	78,231	251.3%	90.4%	93,884	135,566	44.4%
Rough and Machined Cast Iron Parts	40,238	51,668	29,408	-43.1%	-26.9%	156,224	144,565	-7.5%
Total *	**154,134**	**192,983**	**216,583**	**12.2%**	**40.5%**	**454,264**	**556,984**	**22.6%**

* The order entry figures do not include parts and services.

The order entry volume at the Romi Machines Unit observed in 3Q18 was 49.6% higher than in 3Q17, as a result of the adequate strategy of developing new product generations released in 2018. Moreover, the more solid and gradual recovery of the industry has positively reflected the volume of new orders. This growth was also due to exports, which in the same period of comparison also continued to show growth.

At the German subsidiary B+W, order entry in the first nine months of 2018 was 44.4% higher than in the same period of the previous year. The release of new product lines in 2017, coupled with the development of solutions for new segments such as aerospace and oil and gas, boosted the volume of new businesses, demonstrating consistency and solidity in its operations. The number of projects currently in progress and the portfolio orders volume are in a strong pace, which allows us to keep the good expectation regarding future profitability levels.

The Raw and Machined Cast Iron Parts Unit presented in 3Q18 an order entry 26.9% lower when compared to 3Q17. In the last months of the year there is a seasonal deceleration of this business unit, which impacts the order volume in 3Q18. In 2018, there was a reduction of 7.5% in order entry when compared to the same period of 2017, due to the reduction of orders for large wind turbine parts. On the other hand, there was a significant increase in the volume of orders for parts for the commercial automotive, agricultural and earth moving machinery segments, which offset part of the decline in the large cast iron parts segment.

Order Book (R$ 000) Gross Values, sales taxes included	3Q17	2Q18	3Q18	Chg. 3Q18/2Q18	Chg. 3Q18/3Q17
Romi Machines	90,189	97,848	154,635	58.0%	71.5%
Burkhardt+Weber Machines	141,676	154,944	199,841	29.0%	41.1%
Rough and Machined Cast Iron Parts	37,595	60,325	41,217	-31.7%	9.6%
Total *	**269,460**	**313,118**	**395,693**	**26.4%**	**46.8%**

* The order entry figures do not include parts and services.

At September 30, 2018, orders portfolio totaled R$395.7 million, amount 46.8% higher than in the same period last year. The increase in the portfolio at the end of 3Q18 at Romi Machines and B+W Machines Units was chiefly due to the increase in the volume of orders of 2018 previously mentioned.

Operational Performance

NET OPERATING REVENUE

Net operating revenue posted by the Company in 3Q18 reached R$206.0 million, 22.6% higher than in 3Q17 and 30.3% higher than in 2Q18.

By Business Unit

	Quarter					Accumulated		
Net Operating Revenue (R$ 000)	3Q17	2Q18	3Q18	Chg. 3Q18/2Q18	Chg. 3Q18/3Q17	9M17	9M18	Chg. 9M18/9M17
Romi Machines	72,084	77,840	97,512	25.3%	35.3%	196,509	237,265	20.7%
Burkhardt+Weber Machines	41,774	29,681	58,823	98.2%	40.8%	105,978	117,581	10.9%
Raw and Machined Cast Iron Parts	54,160	50,598	49,619	-1.9%	-8.4%	175,831	141,874	-19.3%
Total	**168,018**	**158,119**	**205,954**	**30.3%**	**22.6%**	**478,318**	**496,720**	**3.8%**

Romi Machines

The net operating revenue of this Business Unit reached R$97.5 million in 3Q18, posting an increase of 35.3% when compared to the same period in 2017, reflecting the increase in new orders since 2Q18. This increase in the volume of orders and, consequently, net operating revenue shows that there is a solid and gradual economic and industrial recovery, in addition to the continued consolidation of Romi's brand in the foreign market.

Burkhardt+Weber Machines

In 3Q18, revenue of the German subsidiary B+W presented a volume 40.8% higher than that recorded in 3Q17 (13.6% when the comparison is made in Euros), as machine deliveries, in 2018, are even more concentrated throughout the second half of this year.

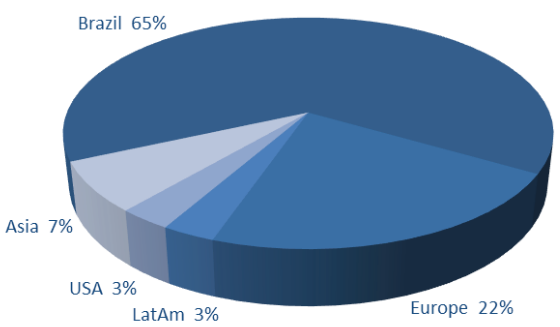
Raw and Machined Cast Iron Parts

The net operating revenue of this Business Unit was R$49.6 million in 3Q18, representing a 8.4% reduction compared to 3Q17, chiefly due to the reduction in the volume for large raw and machined cast iron parts. On the other hand, part of this reduction is being offset by the improvement in the volume of demand created in 2018 by the commercial automotive and earth moving machinery sectors.

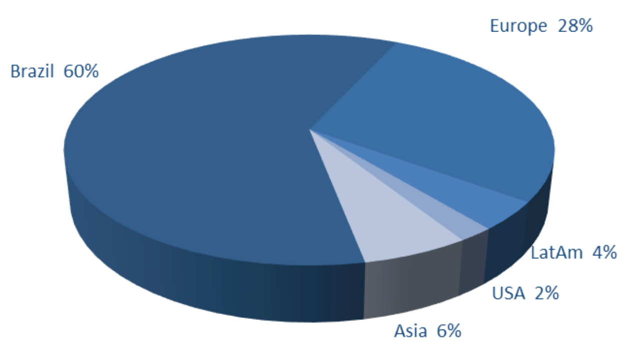
By Geographical Region

The domestic market accounted for 60% of Romi's consolidated revenue in 9M18 (65% in 9M17). Considering the revenue in foreign markets, which takes into consideration sales by Romi subsidiaries abroad (Germany, China, United States, Italy, United Kingdom, France, Mexico and Spain) and direct sales to other markets, the distribution of Romi's consolidated revenue by geographic region was the following:

9M17



9M18



Below we show the revenue obtained in the foreign market, in Brazilian reais (R$) and US dollars (US$):

Foreign Sales	Quarter					Accumulated		
	3Q17	2Q18	3Q18	Chg. 3Q18/2Q18	Chg. 3Q18/3Q17	9M17	9M18	Chg. 2017/2016
Net Sales (R$ million)	68.2	56.5	90.2	59.5%	32.3%	178.3	198.8	11.5%
Net Sales (US$ million)	21.5	14.7	22.5	53.6%	4.7%	55.5	52.9	-4.8%

OPERATING COSTS AND EXPENSES

The gross margin of 29.4% obtained in 3Q18 presented a growth of 0.5 percentage points in relation to 3Q17. The operating margin (EBIT), when compared to 3Q17, presented a drop of 1.1 percentage points.

	Quarter					Accumulated		
Gross Margin	3Q17	2Q18	3Q18	Chg. p.p. 3Q18/2Q18	Chg. p.p. 3Q18/3Q17	9M17	9M18	Chg. pp 2018/2017
Romi Machines	33.9%	39.3%	43.5%	4.2	9.6	35.7%	40.1%	4.4
Burkhardt+Weber Machines	22.5%	6.0%	20.2%	14.2	(2.3)	20.4%	15.9%	(4.5)
Raw and Machined Cast Iron Parts	27.1%	18.5%	12.5%	(6.0)	(14.6)	22.9%	16.4%	(6.6)
Total	**28.9%**	**26.4%**	**29.4%**	**3.0**	**0.5**	**27.6%**	**27.6%**	**(0.0)**

	Quarter					Accumulated		
EBIT Margin	3Q17	2Q17	2Q17	Chg. p.p. 3Q18/2Q18	Chg. p.p. 3Q18/3Q17	9M17	9M18	Chg. pp 2018/2017
Romi Machines	6.0%	3.4%	15.8%	12.4	9.8	4.4%	7.6%	3.2
Burkhardt+Weber Machines	3.1%	-20.2%	-0.2%	20.0	(3.3)	0.0%	-7.3%	(7.3)
Raw and Machined Cast Iron Parts	16.2%	6.8%	0.2%	(6.6)	(16.0)	12.1%	4.8%	(7.3)
Total	**8.6%**	**0.1%**	**7.5%**	**7.4**	**(1.1)**	**6.3%**	**3.3%**	**(3.0)**

Romi Machines

The gross margin of this Business Unit in 3Q18 increased by 9.6 pp when compared to 3Q17 due to the focus that the Company has adopted on profitability improvement projects and the higher revenue volume, which contributes to the dilution of fixed costs. Operating margin also increased by 9.8 percentage points over the same comparison period for the same reasons mentioned above.

Burkhardt+Weber Machines

In this Business Unit, gross and operating margins in 3Q18 decreased by 2.3 and 3.3 percentage points, respectively, in relation to 3Q17, due to the inflationary pressure on costs and product mix, which in 3Q18 presented a larger number of smaller machines.

Raw and Machined Cast Iron Parts

The gross and operating margins of this Business Unit in 3Q18 decreased by 14.6 and 16.0 percentage points in relation to 3Q17, due to the 21.3% reduction in net operating revenue in this quarter. However, even in the face of lower sales volume than in 2017, profitability levels in the first nine months of 2018 remain positive and within the levels expected by Management considering current revenue levels.

EBITDA AND EBITDA MARGIN

In 3Q18, the operating cash generation as measured by EBITDA amounted to R$23.9 million, representing an EBITDA margin of 11.6% in the quarter, as shown in the table below:

Reconciliation of Net Income to EBITDA	Quarter					Accumulated		
(R$ 000)	3Q17	2Q18	3Q18	Chg. 2Q18/1Q18	Chg. 2Q18/2Q17	9M17	9M18	Chg. 2018/2017
Net Income	9,122	45,443	15,931	-64.9%	74.6%	23,100	63,210	173.6%
Income tax and social contributions	4,295	(7,696)	(526)	-93.2%	-112.2%	9,352	(8,233)	-188.0%
Net Financial Income	958	(37,635)	2	-100.0%	-99.8%	(2,462)	(38,814)	1476.5%
Depreciation and amortization	7,502	8,234	8,479	3.0%	13.0%	22,579	24,961	10.5%
EBITDA	21,877	8,346	23,886	186.2%	9.2%	52,571	41,124	-21.8%
EBITDA Margin	13.0%	5.3%	11.6%	119.7%	-10.9%	11.0%	8.3% -	0.25
Total Net Operating Revenue	**168,018**	**158,119**	**205,954**	**30.3%**	**22.6%**	**478,318**	**496,720**	**3.8%**

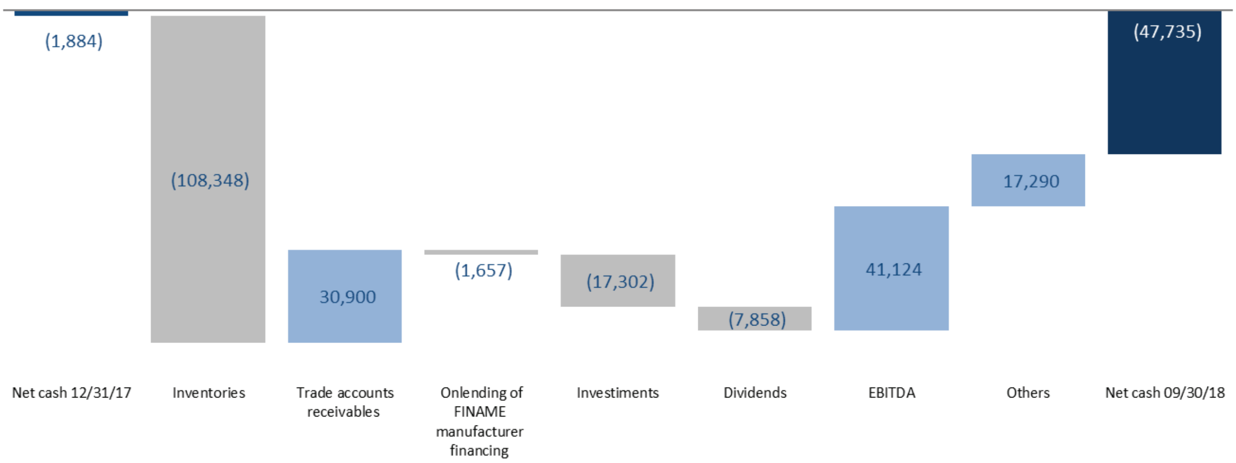
(*) As described in the "Success in Judicial Proceedings (Plano Verão)" section of this report, the Company recognized in the 2Q18 financial statements the effects of the favorable outcome of tax proceedings (Plano Verão), which impacted the quarterly P&L as follows: (i) EBITDA: decreased by R$1.6 million, due to the recognition of expenses with legal fees, under "Other operating income (expenses), net"; (ii)b finance income (costs): increased by R$32.1 million, related to monetary restatement of the original amount of the tax credits; (iii) income tax and social contribution: increased by R$10.7 million, referring to the original amount of the tax credits; and (iv) profit: increased by the impact of the net gain of R$40.1 million, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of interest on equity, proposed in April 2018, as per Notice to Shareholders dated April 17, 2018.

PROFIT FOR THE PERIOD

The profit for the period amounted to R$15.9 million in 3Q18, representing a net margin of 7.7%.

Evolution of Net Cash (Debt) Position

The main variations in the net debt position during 9M18 are described below in R$'000:



The balances of "Finame Manufacturer Financing" are not used in the calculation of net debt of the Company.

Net debt growth in 9M18 is due to the following main aspects:

a) Increase in inventory levels in Brazil and abroad, due to the growth in the volume of operations in Brazil, the higher concentration of deliveries by the German subsidiary B+W in the fourth quarter of 2018, as well as the devaluation of the real against the dollar and the euro.

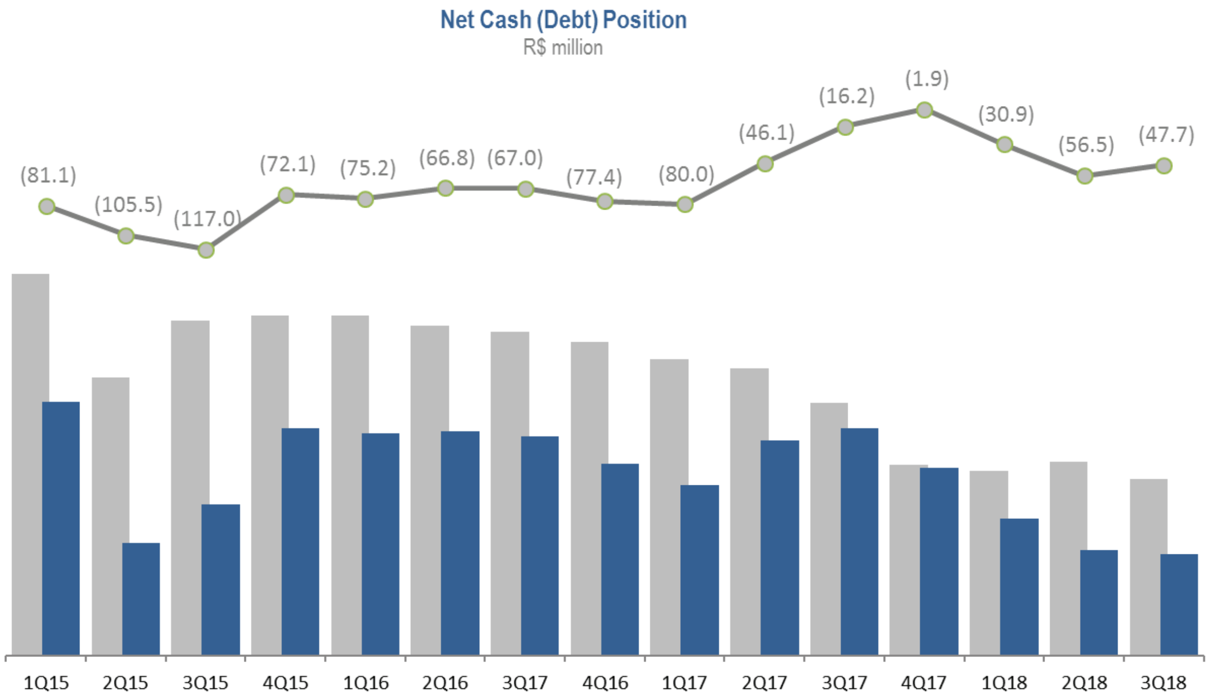
b) Investments made during 2018, most of them for the installation of an automatic molding machine for the Raw and Machined Cast Iron Parts Business Unit. The other expenses were allocated in part to the maintenance, productivity, flexibility and competitiveness of the other units of the industrial park, all within the investment plan already planned for the year.

c) Distribution of profits for the year 2017, in the total amount of R$7.9 million.

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 Certificate of Deposit (CDI). The consolidated net cash (debt) position at September 30, 2018 was negative R$47.7 million.

The Company's borrowings are used mainly in investments in the modernization of the industrial facilities, research and development of new products and financing of exports and imports. At September 30, 2018, the amount of financing in local currency was R$50.7 million, and in foreign currency, R$61.5 million, totaling R$112.2 million.



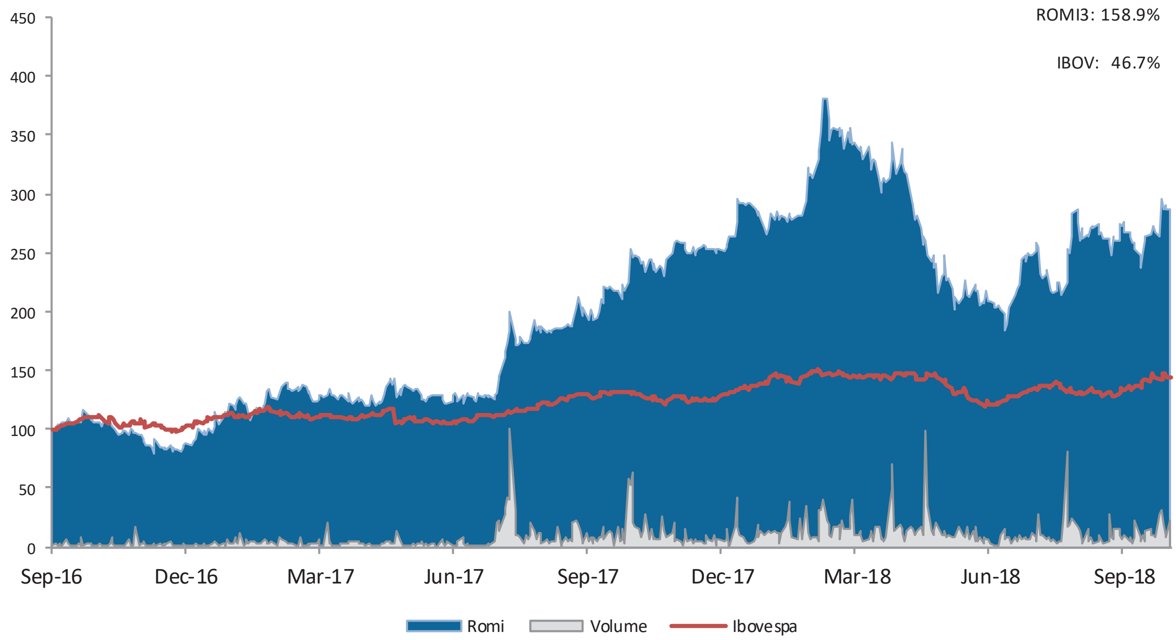
The balances of "Finame Manufacturer Financing" are not used in the calculation of net debt of the Company.

At September 30, 2018, the Company did not have any derivative transactions.

Capital Market

Share Performance ROMI3 vs. Ibovespa

From 09/30/2016 to 10/22/2018



Source: B3.

On October 22, 2018 the Company's common shares (ROMI3), which were quoted at R$7.56, posted appreciation of 31.9% since September 30, 2017 and 158.9% since September 30, 2016. Ibovespa recorded appreciation of 15.2% and 46.7% in the same period.

The Company's market capitalization on October 22, 2018 was R$475.2 million. The average daily trading volume during 3Q18 was R$1.1 million.

Success in Legal Proceeding ("Plano Verão")

In 2017, the Company was successful in the legal proceeding in which it is the plaintiff and the Federal Government is the defendant, whose object is the right to adjust for inflation the balance sheet of the calendar year 1989, in accordance with the inflation for the months of January and February of that year, and exclude the inflation indexes of the legislation then in force ("Plano Verão"). In September 2017, the Company filed with the Federal Revenue Service a request for utilization of this credit. In April 2018 the Federal Revenue granted the request to utilize this credit, allowing the Company to utilize it for offset against future federal taxes. As a result of the granting of the tax credit, the Company recognized in the 2Q18 financial statements the effects of the favorable outcome of tax proceedings (Plano Verão), which impacted the quarterly P&L as follows: (i) EBITDA: decreased by R$1.6 million, due to the recognition of expenses with legal fees, under "Other operating income (expenses), net"; (ii)b finance income (costs): increased by R$32.1 million, related to monetary restatement of the original amount of the tax credits; (iii) income tax and social contribution: increased by R$10.7 million, referring to the original amount of the tax credits; and (iv) profit: increased by the impact of the net gain of R$40.1 million, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of interest on equity, proposed in April 2018, as per Notice to Shareholders dated April 17, 2018.

These tax credits are being used for offset against federal taxes, and the estimated offset period will depend on federal taxes generated in the future, which cannot be estimated at this point. The remaining balance is restated by the inflation adjustment indexes recognized by the courts.

Consolidated Balance Sheet

(R$ 000)

ASSETS	09/30/17	12/31/17	06/30/18	09/30/18
CURRENT	**633,631**	**592,193**	**641,680**	**681,559**
Cash and Cash equivalents	128,420	105,682	66,455	63,951
Financial investments	16,592	13,670	475	481
Trade accounts receivable	117,583	120,303	128,819	134,184
Onlending of FINAME manufacturer financing	82,231	88,114	78,705	80,479
Inventories	263,327	241,891	326,354	350,239
Recoverable taxes	12,471	11,780	26,600	36,671
Other receivables	13,007	10,753	14,272	15,554
NON CURRENT	**143,749**	**154,515**	**189,919**	**197,651**
Trade accounts receivable	10,962	11,310	13,476	12,526
Onlending of FINAME manufacturer financing	63,797	79,819	84,925	104,737
Recoverable taxes	645	778	28,267	20,495
Deferred income and social contribution taxes	55,109	49,426	50,762	51,719
Judicial Deposits	2,102	2,057	2,119	2,129
Other receivables	11,134	11,125	10,370	6,045
Investments				
Property, Plant and Equipment	246,709	257,939	264,617	263,610
Investment Property	18,602	18,602	18,602	18,602
Intangible assets	45,271	52,174	59,517	61,119
TOTAL ASSETS	**1,087,962**	**1,075,423**	**1,174,335**	**1,222,541**

LIABILITIES AND SHAREHOLDER'S EQUITY	09/30/17	12/31/17	06/30/18	09/30/18
CURRENT	**320,205**	**280,526**	**351,410**	**379,892**
Loans and financing	108,208	74,170	83,414	75,061
FINAME manufacturer financing	54,261	55,463	52,074	55,931
Trade accounts payable	34,387	33,802	61,648	64,702
Payroll and related taxes	32,330	28,148	31,475	35,351
Taxes payables	2,578	5,896	4,362	2,826
Advances from customers	72,368	56,512	75,744	87,529
Other payables	16,073	26,535	42,693	58,492
NON CURRENT	**136,405**	**151,397**	**144,719**	**160,355**
Loans and financing	53,057	47,066	40,006	37,106
FINAME manufacturer financing	54,277	72,770	70,201	87,928
Deferred income and social contribution taxes	27,635	29,885	33,500	34,419
Taxes payable	539	-	-	-
Reserve for contingencies	784	1,561	792	666
Other payables	113	115	220	236
SHAREHOLDER'S EQUITY	**629,857**	**641,969**	**676,671**	**680,796**
Capital	492,025	492,025	492,025	492,025
Retained earnings	113,090	118,960	139,131	139,306
Cumulative translation adjustments	24,742	30,984	45,515	49,465
NON CONTROLLING INTERESTS	**1,495**	**1,531**	**1,535**	**1,498**
TOTAL SHAREHOLDER'S EQUITY	**631,352**	**643,500**	**678,206**	**682,294**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**1,087,962**	**1,075,423**	**1,174,335**	**1,222,541**

Consolidated Income Statement

(R$ thousand)

	3Q17	2Q18	3Q18	Chg. 3Q18/2Q18	Chg. 3Q18/3Q17	9M17	9M18	Chg. 2018/2017
Net Operating Revenue	**168,018**	**158,119**	**205,954**	**30.3%**	**22.6%**	**478,318**	**496,720**	**3.8%**
Cost of Goods Sold	(119,448)	(116,394)	(145,400)	18.9%	0.0%	(346,130)	(359,682)	3.9%
Gross Profit	**48,570**	**41,725**	**60,554**	**20.0%**	**-11.9%**	**132,188**	**137,038**	**3.7%**
Gross Margin %	*28.9%*	*26.4%*	*29.4%*	0.0%	0.0%	*27.6%*	*27.6%*	0.0%
Operating Expenses	**(34,195)**	**(41,613)**	**(45,147)**	**22.0%**	**18.6%**	**(102,197)**	**(120,875)**	**18.3%**
Selling expenses	(16,935)	(18,053)	(23,498)	11.8%	2.9%	(49,146)	(57,704)	17.4%
Research and development expenses	(4,112)	(4,544)	(4,377)	17.0%	2.8%	(12,586)	(12,804)	1.7%
General and administrative expenses	(12,175)	(15,468)	(15,406)	15.7%	14.4%	(38,604)	(44,241)	14.6%
Management profit sharing and compensation	(1,683)	(2,179)	(2,171)	49.7%	22.8%	(4,911)	(5,806)	18.2%
Other operating income, net	710	(1,369)	305	-284.0%	-162.3%	3,052	(320)	-110.5%
Operating Income before Financial Results	**14,375**	**112**	**15,407**	**-82.6%**	**-99.1%**	**29,992**	**16,163**	**-46.1%**
Operating Margin %	*8.6%*	*0.1%*	*7.5%*	0.0%	0.0%	*6.3%*	*3.3%*	0.0%
Financial Results, Net	**(958)**	**37,635**	**(2)**	**3086.7%**	**855.9%**	**2,462**	**38,814**	**1476.5%**
Financial income	4,098	36,793	1,316	957.9%	727.9%	12,827	41,587	224.2%
Financial expenses	(4,220)	(2,471)	(2,114)	-5.0%	-32.1%	(11,925)	(7,186)	-39.7%
Exchance gain (loss), net	(836)	3,313	796	989.8%	5.8%	1,560	4,413	182.9%
Operations Operating Income	**13,417**	**37,747**	**15,405**	**1968.3%**	**132.5%**	**32,455**	**54,977**	**69.4%**
Income tax and social contribution	(4,295)	7,696	526	69863.6%	-278.1%	(9,352)	8,233	-188.0%
Net income	**9,122**	**45,443**	**15,931**	**2375.1%**	**281.4%**	**23,103**	**63,210**	**173.6%**
Net Margin %	*5.4%*	*28.7%*	*7.7%*	0.0%	0.0%	*4.8%*	*12.7%*	0.0%
Net profit concerning:								
Controlling interests	9,083	45,401	15,889	2423.7%	286.5%	22,846	63,089	176.1%
Non controlling interests	39	42	42	13.5%	-75.0%	256	121	-52.7%
	0.0%	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
EBITDA	**21,877**	**8,346**	**23,886**	**-6.1%**	**-58.0%**	**52,571**	**41,124**	**-21.8%**
Profit (loss) for the period	9,122	45,443	15,931	2375.1%	281.4%	23,102	63,210	173.6%
Income tax and social contribution	4,295	(7,696)	(526)	69863.6%	-278.1%	9,352	(8,233)	-188.0%
Financial income, net	958	(37,635)	2	3086.7%	855.9%	(2,462)	(38,814)	1476.5%
Depreciation and amortization	7,502	8,234	8,479	-0.2%	8.9%	22,579	24,961	10.5%
EBITDA Margin %	*13.0%*	*5.3%*	*11.6%*	0.0%	0.0%	*32.5%*	*8.3%*	0.0%
Nº of shares in capital stock (th)	62,858	62,858	62,858	0.0%	0.0%	62,858	62,858	0.0%
Profit per share - R$	0.14	0.72	0.25	2423.7%	286.5%	0.37	1.00	170.9%

Consolidated Cash Flow Statement

(R$ thousand)

	3Q17	2Q18	3Q18	9M17	9M18
Cash from operating activities					
Net Income before taxation	**13,417**	**37,747**	**15,405**	**32,455**	**54,977**
Financial expenses and exchange gain	3,597	(35,598)	625	5,771	(34,525)
Depreciation and amortization	7,502	8,234	8,479	22,579	24,961
Allowance for doubtful accounts and other receivables	(2,199)	582	(1,653)	(1,682)	(1,808)
Proceeds from sale of fixed assets and intangibles	(1,110)	754	(715)	(4,014)	(645)
Provision for inventory realization	430	5	2,142	(4,471)	1,308
Reserve for contingencies	1,544	2	705	(688)	2,260
Change on operating assets and liabilities					
Financial Investments	(1,895)	12,469	(6)	4,239	13,189
Trade accounts receivable	1,279	(2,127)	(1,741)	(13,762)	(825)
Onlending of Finame manufacturer financing	5,842	(4,694)	(20,562)	23,449	(13,519)
Inventories	(6,716)	(54,030)	(25,123)	5,732	(109,655)
Recoverable taxes, net	3,488	(41,324)	(3,256)	15,007	(46,901)
Judicial deposits	(864)	(553)	(1,277)	(2,245)	(2,962)
Other receivables	5,942	34,352	6,944	5,428	42,027
Trade accounts payable	(759)	12,432	2,438	(159)	28,534
Payroll and related taxes	4,497	4,640	4,083	14,361	7,113
Taxes payable	(4,050)	9,005	1,194	(6,013)	7,751
Advances from customers	12,695	22,833	11,785	18,581	31,017
Other payables	(3,058)	559	1,851	1,521	1,396
Cash provided by operating activities	**39,582**	**5,288**	**1,318**	**116,089**	**3,693**
Income tax and social contribution paid	(535)	(243)	(3,225)	(1,575)	(3,747)
Net Cash provided by (used in) operating activities	**39,047**	**5,045**	**(1,907)**	**114,514**	**(54)**
Purchase of fixed assets	(5,104)	(4,363)	(4,104)	(13,338)	(17,267)
Sales of fixed assets	1,757	208	-	5,370	977
Increase in intangible assets	(11)	(2,119)	(669)	(707)	(2,796)
Net cash Used in Investing Activities	**(3,358)**	**(6,274)**	**(4,773)**	**(8,675)**	**(19,086)**
Interest on capital paid	(217)	382	(79)	(331)	(8,002)
New loans and financing	4,383	11,507	33,396	9,597	50,475
Payments of loans and financing	(25,737)	(9,512)	(46,812)	(48,882)	(65,760)
Interests paid (including Finame manufacturer financing)	(5,490)	(5,177)	(2,962)	(15,936)	(13,093)
New loans in Finame manufacturer	14,292	11,925	36,008	31,893	59,697
Payment of Finame manufacturer financing	(16,930)	(14,972)	(14,835)	(54,263)	(44,543)
Net Cash provided by Financing Activities	**(29,699)**	**(5,847)**	**4,716**	**(77,922)**	**(21,226)**
Increase (decrease) in cash and cash equivalents	**5,990**	**(7,076)**	**(1,964)**	**27,917**	**(40,366)**
Exchange variation changes on cash and cash equivalents abroad	(136)	(557)	(540)	(1,007)	(1,365)
Cash and cash equivalents - beginning of period	**122,566**	**74,088**	**66,455**	**101,510**	**105,682**
Cash and cash equivalents - end of period	**128,420**	**66,455**	**63,951**	**128,420**	**63,951**

Attachment I – Income Statement by Business Unit

Demonstração do Resultado Consolidado por Unidade de Negócio - 3Q18

R$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	**97,512**	**58,823**	**49,619**	**205,954**
Cost of Sales and Services	(48,077)	(46,939)	(50,384)	(145,400)
Business Units Transfers	866	-	7,857	8,723
Business Units Transfers	(7,857)	-	(866)	(8,723)
Gross Profit	**42,444**	**11,884**	**6,226**	**60,554**
Gross Margin %	*43.5%*	*20.2%*	*12.5%*	*29.4%*
Operating Expenses	**(27,031)**	**(12,013)**	**(6,103)**	**(45,147)**
Selling	(16,385)	(5,416)	(1,697)	(23,498)
General and Administrative	(5,514)	(6,597)	(3,295)	(15,406)
Research and Development	(4,377)	-	-	(4,377)
Management profit sharing	(1,060)	-	(1,111)	(2,171)
Other operating revenue	305	-	-	305
Operating Income (loss) before Financial Results	**15,413**	**(129)**	**123**	**15,407**
Operating Margin %	*15.8%*	*-0.2%*	*0.2%*	*7.5%*
Depreciation and amortization	3,095	2,334	3,052	8,481
EBITDA	**18,508**	**2,205**	**3,175**	**23,888**
EBITDA Margin %	*19.0%*	*3.7%*	*6.4%*	*11.6%*

Income Statement by Business Units - 3Q17

R$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	**72,084**	**41,774**	**54,160**	**168,018**
Cost of Sales and Services	(43,290)	(32,366)	(43,793)	(119,449)
Business Units Transfers	1,203	-	5,531	6,734
Business Units Transfers	(5,531)	-	(1,203)	(6,734)
Gross Profit	**24,466**	**9,408**	**14,695**	**48,569**
Gross Margin %	*33.9%*	*22.5%*	*27.1%*	*28.9%*
Operating Expenses	**(20,154)**	**(8,117)**	**(5,926)**	**(34,197)**
Selling	(11,813)	(3,627)	(1,496)	(16,936)
General and Administrative	(4,259)	(4,490)	(3,426)	(12,175)
Research and Development	(4,112)	-	-	(4,112)
Management profit sharing	(679)	-	(1,004)	(1,683)
Other operating revenue	709	-	-	709
Operating Income before Financial Results	**4,312**	**1,291**	**8,769**	**14,372**
Operating Margin %	*6.0%*	*3.1%*	*16.2%*	*8.6%*
Depreciation and amortization	3,065	1,505	2,933	7,503
EBITDA	**7,377**	**2,796**	**11,702**	**21,875**
EBITDA Margin %	*10.2%*	*6.7%*	*21.6%*	*13.0%*

Income Statement by Business Units - 9M18

R$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	**237,265**	**117,581**	**141,874**	**496,720**
Cost of Sales and Services	(125,939)	(98,863)	(134,880)	(359,682)
Business Units Transfers	2,737	-	18,942	21,679
Business Units Transfers	(18,942)	-	(2,737)	(21,679)
Gross Profit	**95,121**	**18,718**	**23,199**	**137,038**
Gross Margin %	*40.1%*	*15.9%*	*16.4%*	*27.6%*
Operating Expenses	**(77,157)**	**(27,348)**	**(16,370)**	**(120,875)**
Selling	(43,899)	(10,011)	(3,794)	(57,704)
General and Administrative	(17,133)	(17,337)	(9,771)	(44,241)
Research and Development	(12,804)	-	-	(12,804)
Management profit sharing	(3,001)	-	(2,805)	(5,806)
Other operating revenue	(320)	-	-	(320)
Operating Income (loss) before Financial Results	**17,964**	**(8,630)**	**6,829**	**16,163**
Operating Margin %	*7.6%*	*-7.3%*	*4.8%*	*3.3%*
Depreciation and amortization	9,427	5,866	9,668	24,961
EBITDA	**27,391**	**(2,764)**	**16,497**	**41,124**
EBITDA Margin %	*11.5%*	*-2.4%*	*11.6%*	*8.3%*

Income Statement by Business Units - 9M17

R$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	**196,509**	**105,978**	**175,831**	**478,318**
Cost of Sales and Services	(119,842)	(84,330)	(141,957)	(346,130)
Business Units Transfers	4,274	-	10,750	15,025
Business Units Transfers	(10,750)	-	(4,274)	(15,025)
Gross Profit	**70,190**	**21,648**	**40,350**	**132,188**
Gross Margin %	*35.7%*	*20.4%*	*22.9%*	*27.6%*
Operating Expenses	**(61,508)**	**(21,656)**	**(19,031)**	**(102,195)**
Selling	(35,261)	(9,212)	(4,673)	(49,146)
General and Administrative	(14,639)	(12,444)	(11,521)	(38,604)
Research and Development	(12,586)	-	-	(12,586)
Management profit sharing	(2,074)	-	(2,837)	(4,911)
Other operating revenue	3,052	-	-	3,052
Operating Income before Financial Results	**8,682**	**(8)**	**21,319**	**29,993**
Operating Margin %	*4.4%*	*0.0%*	*12.1%*	*6.3%*
Depreciation and amortization	9,372	4,273	8,934	22,579
EBITDA	**18,054**	**4,265**	**30,253**	**52,572**
EBITDA Margin %	*9.2%*	*4.0%*	*17.2%*	*11.0%*

Attachment II – Financial Statements of B+W

Balance Sheet B+W

(€ 000)

ASSETS	12/31/17	06/30/18	09/30/18
CURRENT	**20,810**	**25,828**	**27,198**
Cash and Cash equivalents	1,587	511	1,875
Trade accounts receivable	7,011	5,878	6,273
Inventories	11,372	17,644	17,488
Recoverable taxes	527	874	680
Related Parties	99	99	103
Other receivables	214	823	780
NONCURRENT	**28,235**	**27,941**	**27,703**
Investments			
Property, plant and equipment	15,308	14,889	14,711
Investment in subsidiaries	59	59	59
Intangible assets	12,868	12,993	12,933
TOTAL ASSETS	**49,045**	**53,769**	**54,901**

LIABILITIES AND SHAREHOLDER'S EQUITY	12/31/17	06/30/18	09/30/18
CURRENT	**14,868**	**21,620**	**23,048**
Trade accounts payable	953	3,133	3,056
Payroll and related taxes	1,613	1,647	1,305
Advances from customers	10,690	13,515	15,005
Other payables	1,528	1,173	1,342
Related Parties	84	651	840
NON CURRENT	**7,979**	**7,612**	**7,429**
Loans and financing	3,105	2,828	2,689
Deferred income and social contribution taxes	4,874	4,784	4,740
SHAREHOLDER'S EQUITY	**26,198**	**24,537**	**24,424**
Capital	7,025	7,025	7,025
Capital reserve	505	505	505
Profit reserve	18,668	17,007	16,894
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**49,045**	**53,769**	**54,901**

B+W Income Statement

(€ 000)

	3Q17	2Q18	3Q18	9M17	9M18
Net Operating Revenue	**11,241**	**6,912**	**12,765**	**29,520**	**26,891**
Cost of Goods Sold	(8,712)	(6,514)	(10,199)	(23,548)	(22,688)
Gross Profit	**2,529**	**398**	**2,566**	**5,972**	**4,203**
Gross Margin %	*22.5%*	*5.8%*	*20.1%*	*20.2%*	*15.6%*
Operating Expenses	**(2,184)**	**(1,815)**	**(2,597)**	**(6,102)**	**(6,304)**
Selling expenses	(974)	(562)	(1,162)	(2,578)	(2,269)
General and administrative expenses	(1,210)	(1,253)	(1,435)	(3,524)	(4,034)
Operating Income before Financial Results	**345**	**(1,417)**	**(31)**	**(130)**	**(2,100)**
Operating Margin %	*3.1%*	*-20.5%*	*-0.2%*	*-0.4%*	*-7.8%*
Financial Results, Net	**(106)**	**(69)**	**(83)**	**(304)**	**(264)**
Operations Operating Income	**239**	**(1,486)**	**(115)**	**(434)**	**(2,364)**
Income tax and social contribution	(163)	399	2	32	590
Net income	**76**	**(1,087)**	**(113)**	**(402)**	**(1,774)**
Net Margin %	*0.7%*	*-15.7%*	*-0.9%*	*-1.4%*	*-6.6%*
EBITDA	**859**	**(880)**	**583**	**1,409**	**(415)**
Net income / loss for the period	76	(1,087)	(113)	(402)	(1,774)
Income tax and social contribution	163	(399)	(2)	(31)	(590)
Financial income, net	106	69	83	304	264
Depreciation and amortization	514	537	615	1,538	1,685
EBITDA Margin %	*7.6%*	*-12.7%*	*4.6%*	*4.8%*	*-1.5%*

Statements contained in this release related to the Company'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.