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

Indústrias Romi S.A.

Interim Financial Statements for the Quarter Ended March 31, 2007 and Independent Accountants' Limited Review Report

Deloitte Touche Tohmatsu Auditores Independentes

Deloitte.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

1. We have performed a special review of the accompanying interim financial statements of Indústrias Romi S.A. and subsidiaries, consisting of the individual (Company) and consolidated balance sheets as of March 31, 2007, the related statements of income for the quarter then ended and the performance report, all expressed in Brazilian reais and prepared in accordance with Brazilian accounting practices under the responsibility of the Company's management.

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

3. Based on our special review, we are not aware of any material modifications that should be made to the interim financial statements referred to in paragraph 1 for them to be in conformity with Brazilian accounting practices and standards established by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of mandatory interim financial statements.

4. Our special review was conducted for the purpose of issuing a review report on the interim financial statements referred to in paragraph 1 taken as a whole. The accompanying individual and consolidated statements of cash flows (Appendix I) for the quarters ended March 31, 2007 and 2006 are presented for purposes of additional analysis and are not a required part of the basic interim financial statements. Such information has been subjected to the review procedures described in paragraph 2 and, based on our special review, we are not aware of any material modifications that should be made to these interim financial statements for them to be fairly stated in all material respects in relation to the interim financial statements for the quarters ended March 31, 2007 and 2006 taken as a whole.

5. We had previously audited the individual and consolidated balance sheets as of December 31, 2006 and reviewed the individual and consolidated statements of income for the quarter ended March 31, 2006, presented for comparative purposes, and issued unqualified opinion thereon and review report thereon, dated February 7, 2007 and April 28, 2006, respectively.

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

Campinas, April 18, 2007

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Walbert Antonio dos Santos
Engagement Partner

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INDÚSTRIAS ROMI S.A.

BALANCE SHEETS AS OF MARCH 31, 2007 AND DECEMBER 31, 2006
(In thousands of Brazilian reais - R$)

ASSETS	Note	Company 2007	Company 2006	Consolidated 2007	Consolidated 2006
CURRENT ASSETS					
Cash and banks		13,531	7,069	13,999	7,461
Temporary cash investments	4	45,369	65,336	59,984	79,461
Trade accounts receivable	5	40,937	39,719	45,289	46,265
Transfer of FINAME manufacturer financing	6	178,334	170,908	178,334	170,908
Intercompany receivables	10	14,299	14,047	-	-
Inventories	7	163,399	160,546	174,289	169,790
Recoverable taxes	8	6,507	6,622	6,901	7,032
Deferred income and social contribution taxes	19	1,544	1,033	1,544	1,033
Other receivables		4,368	2,914	4,510	2,047
Total current assets		468,288	468,194	484,850	483,997
NONCURRENT ASSETS					
Trade accounts receivable	5	834	-	834	-
Transfer of FINAME manufacturer financing	6	277,635	259,578	277,635	259,578
Recoverable taxes	8	7,632	7,105	7,632	7,105
Deferred income and social contribution taxes	19	5,280	5,069	5,280	5,069
Other receivables		2,444	3,223	2,444	3,223
Total investments in subsidiaries, goodwill and negative goodv	9	21,441	20,063	9	9
Property, plant and equipment	11	148,944	146,454	158,516	156,015
Total noncurrent assets		464,210	441,492	452,350	430,999
TOTAL ASSETS		932,498	909,686	937,200	914,996

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Company 2007	Company 2006	Consolidated 2007	Consolidated 2006
CURRENT LIABILITIES					
Financing	12	15,813	5,777	15,813	5,788
FINAME manufacturer financing	13	158,569	149,240	158,569	149,240
Trade accounts payable		21,851	17,701	22,181	18,151
Payroll and related charges	14	18,949	25,869	18,956	25,880
Taxes payable	15	8,685	8,587	8,832	8,884
Advances from customers		7,280	4,472	7,396	4,628
Dividends, interest on capital and profit sharing	17	32,788	84,340	32,857	85,329
Other payables		3,360	2,239	3,496	2,337
Intercompany payables	9	1,843	2,372	-	-
Total current liabilities		269,138	300,597	268,100	300,237
NONCURRENT LIABILITIES					
Financing	12	42,605	23,816	42,605	23,825
FINAME manufacturer financing	13	251,800	232,154	251,800	232,154
Deferred income and social contribution taxes on revaluation reserve	11	7,188	7,389	7,188	7,389
Taxes payable		596	-	596	-
Reserve for contingencies	16	1,715	4,429	1,715	4,429
Total noncurrent liabilities		303,904	267,788	303,904	267,797
Negative goodwill in subsidiaries	9	-	-	4,199	4,199
MINORITY INTEREST		-	-	1,541	1,462
SHAREHOLDERS' EQUITY					
Capital	17	260,000	260,000	260,000	260,000
Capital reserve	17	2,052	2,052	2,052	2,052
Revaluation reserve	17	30,015	30,405	30,015	30,405
Profit reserve	17	67,389	48,844	67,389	48,844
		359,456	341,301	359,456	341,301
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		932,498	909,686	937,200	914,996

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

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INDÚSTRIAS ROMI S.A.

STATEMENTS OF INCOME FOR THE QUARTERS
ENDED MARCH 31, 2007 AND 2006
(In thousands of Brazilian reais – R$, except earnings per share)

		Company		Consolidated	
	Note	2007	2006	2007	2006
GROSS OPERATING REVENUE					
Domestic market		126,849	112,858	128,305	113,334
Foreign market		23,636	10,604	22,486	12,240
		150,485	123,462	150,791	125,574
Taxes on sales		(25,317)	(22,371)	(25,380)	(22,398)
NET OPERATING REVENUE		125,168	101,091	125,411	103,176
Cost of sales and services		(75,348)	(61,780)	(73,915)	(62,814)
GROSS PROFIT		49,820	39,311	51,496	40,362
OPERATING INCOME (EXPENSES)					
Selling expenses		(13,510)	(11,645)	(11,775)	(11,401)
General and administrative expenses		(9,809)	(8,677)	(11,437)	(10,388)
Research and development expenses		(4,788)	(4,433)	(4,788)	(4,433)
Management compensation		(1,277)	(1,037)	(1,307)	(1,327)
Tax expenses		(1,593)	(1,052)	(1,593)	(1,052)
Equity in subsidiaries	9	1,556	74	-	-
Total operating expenses		(29,421)	(26,770)	(30,900)	(28,602)
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)		20,399	12,541	20,596	11,761
FINANCIAL INCOME (EXPENSES)					
Financial income		6,034	3,384	6,155	3,770
Financial expenses		(1,078)	(558)	(1,080)	(648)
Exchange gains		910	1,031	910	1,031
Exchange losses		(777)	(1,565)	(777)	(1,565)
Exchange variation on foreign investments	9	(178)	279	-	-
Total financial income (expenses)		4,911	2,571	5,208	2,588
INCOME FROM OPERATIONS		25,310	15,112	25,804	14,349
NONOPERATING INCOME (EXPENSES), NET		393	(26)	215	301
INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		25,703	15,086	26,019	14,650
INCOME AND SOCIAL CONTRIBUTION TAXES					
Current	19	(8,270)	(4,552)	(8,507)	(4,794)
Deferred	19	722	539	722	539
INCOME BEFORE MANAGEMENT PROFIT SHARING AND MINORITY INTEREST		18,155	11,073	18,234	10,395
Management profit sharing		-	-	-	-
Minority interest		-	-	(79)	(28)
NET INCOME		18,155	11,073	18,155	10,367
Earnings per share - R$		2.77	1.69		

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTERS ENDED MARCH 31, 2007 AND 2006
(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

1. OPERATIONS

Indústrias Romi S.A. (the "Company") is engaged in the manufacture and sale of machine tools, metal cutting machines, plastic injection molding machines, industrial equipment and accessories, tools, castings and parts in general, IT equipment and peripherals, systems analysis and development of data processing software related to the production, sale, and use of machine tools and plastic injectors, manufacturing and sale of rough cast parts and machined cast parts, export and import, representation on own account or for the account of third parties, and provision of related services, as well as holding interests in other commercial or civil companies, holding interests in other commercial or civil companies, as partner or shareholder, and the management of own and/or third-party assets. The Company's industrial facilities consist of nine plants divided into three units located in the city of Santa Bárbara d'Oeste, in the State of São Paulo. The Company also holds equity interests in subsidiaries in Brazil and abroad, as described in Note 3.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The individual and consolidated interim financial statements (ITR) have been prepared and are presented in conformity with Brazilian accounting practices and standards established by the Brazilian Securities Commission (CVM). These interim financial statements are consistent with the accounting practices adopted in the preparation of the individual and consolidated financial statements for the year ended December 31, 2006, and should be analyzed together with those statements.

Additionally, in order to improve the information disclosed to the market, we have included as supplemental information in Appendix 1, the individual and consolidated statements of cash flows for the quarters ended March 31, 2007 and 2006, prepared in accordance with the standards issued by IBRACON (NPC 20).

3. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as of March 31, 2007 and 2006 include the accounts of the Company and its subsidiaries, as follows:

Subsidiary	Country	Main activity
Rominor Comércio, Emprendimentos e Participações S.A. (“Rominor”)	Brazil	Ventures and equity interests in general
Romi Machine Tools, Ltd. (“Romi Machine Tools”)	United States of America	Distribution of machine tools and cast and machined products in North America
Interocean Com. Importadora e Exportadora S.A. (“Interocean”)	Brazil	Trading company, not operating in the periods or years presented
Romi Europa GmbH (“Romi Europa”)	Germany	Technical assistance and support to resellers in Europe, Asia, Africa, and Oceania
Favel S.A. (“Favel”)	Uruguay	Sales representation for Latin America

The financial statements of the subsidiaries Interocean, Romi Europa and Favel are not presented because of the immateriality of the balances. The summary table below shows the main captions of the consolidated operating subsidiaries’ balance sheets as of Mach 31, 2007 and December 31, 2006 and statements of income for the quarters ended March 31, 2007 and 2006:

	Rominor		Romi Machine Tools	
	2007	2006	2007	2006
Assets				
Current assets	14,207	13,782	15,729	15,316
Noncurrent assets	9,176	9,243	166	124
Total assets	23,383	23,025	15,895	15,440
Liabilities and shareholders’ equity				
Current liabilities	1,141	1,920	13,836	13,426
Shareholders’ equity	22,242	21,105	2,059	2,014
Total liabilities and shareholders' equity	23,383	23,025	15,895	15,440
	2007	2006	2007	2006
Net operating revenue	1,658	714	5,538	4,213
Gross profit	1,591	714	1,070	760
Income (loss) from operations	1,373	579	136	(413)
Income (loss) before taxes	1,373	619	136	(413)
Net income (loss) for the quarter	1,137	401	135	(436)

The financial statements of foreign subsidiaries for the quarters ended March 31, 2007 and 2006, prepared as of the same dates as the Company's balance sheets, were conformed to Brazilian accounting practices, when applicable, and translated into Brazilian reais at the exchange rates in effect on the balance sheet dates. Intercompany balances and transactions were eliminated in consolidation using the following main procedures:

a) Elimination of intercompany balances;

b) Elimination of inventory profits generated from intercompany transactions, when significant;

c) Elimination of the Company's investments with the subsidiaries' balances of capital, reserves and retained earnings, and reclassification of negative goodwill of the subsidiary Rominor to liabilities;

d) Elimination of revenues, costs and expenses arising from intercompany transactions;

e) Disclosure of minority interest in a separate caption in the consolidated interim financial statements.

The balances of net income and shareholders' equity as of March 31, 2007 and shareholders' equity as of December 31, 2006, included in these interim financial statements for comparative purposes, do not present significant differences between Company and consolidated.The table below shows the reconciliation of the Company's net income with consolidated net income for the quarter ended March 31, 2006:

	Net income for the quarter ended 03/31/2006
Company	11,073
Elimination of unrealized profits arising from Company sales to its subsidiaries, net of income and social contribution taxes	(706)
Consolidated	10,367

4. TEMPORARY CASH INVESTMENTS

Type	03/31/2007	12/31/2006
Bank certificates of deposit (CDB)	29,129	39,185
Cash investments backed by debentures	13,516	21,269
Treasury bills (LFT)	2,673	4,841
Investment funds (FIF)	51	41
Total - Company	45,369	65,336
Bank certificates of deposit (CDB)	4,877	4,073
Cash investments backed by debentures	3,931	3,555
Treasury bills (LFT)	4,057	4,175
Investment funds (FIF)	932	1,540
Other	818	782
Total - subsidiaries	14,615	14,125
Total consolidated	59,984	79,461

Cash investments, including those backed by debentures, are maintained with prime financial institutions and their yield is substantially linked to the Interbank Deposit Rate (CDI). Cash investments have immediate liquidity.

5. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	03/31/2007	12/31/2006	03/31/2007	12/31/2006
Current assets				
Domestic customers	33,661	33,615	38,013	33,615
Foreign customers	11,224	10,398	11,224	16,944
Allowance for doubtful accounts	(1,440)	(1,397)	(1,440)	(1,397)
Discounted trade notes and other	(2,508)	(2,897)	(2,508)	(2,897)
	40,937	39,719	45,289	46,265
Noncurrent assets				
Domestic customers	834	-	834	-

As of March 31, 2007, the Company has R$5,046 (R$6,127 as of December 31, 2006) in vendor financing transactions with its customers. In these transactions the Company has joint liability. In the event of the customer's default, the Company is liable for the payment and the equipment pledged to the financing agent is transferred to the Company.

6. TRANSFER OF FINAME MANUFACTURER FINANCING

	Company and consolidated	
	03/31/2007	12/31/2006
Current assets		
FINAME falling due	163,582	158,650
FINAME awaiting release (a)	5,245	3,954
FINAME past-due (b)	9,507	8,304
	178,334	170,908
Noncurrent assets		
FINAME awaiting release:	26,830	27,678
FINAME falling due	250,805	231,900
	277,635	259,578

Transfer of FINAME manufacturer financing consists of amounts linked to financing agreements - FINAME manufacturer financing (see Note 13), receivable from financed customers, to be fully transferred to the bank intermediating the transaction.

FINAME manufacturer financing refers to financing linked to sale operations, with maturities of up to 60 months, grace period of up to 12 months and interest of 4% to 7.5% per year + TJLP (Brazilian long-term interest rate), and these terms and conditions are established by the BNDES (National Bank for Economic and Social Development), according to the customer's characteristics. Funds are released by the BNDES after identifying the customer and the sale, and defining the customer's eligibility under Circular nº. 195, of July 28, 2006, issued by the BNDES, through a financial agent, with formalization of the agreement on behalf of the Company and acceptance by the financed customer. Financing amounts, terms and interest are fully reflected in the amounts receivable to be transferred to the bank intermediating the agreement, with retention of title to the equipment financed by the Company.

Transfer of FINAME manufacturer financing is as follows:

a) FINAME awaiting release: Refers to FINAME manufacturer financing transactions that have already been qualified and approved by the parties, including preparation of documentation, issuance of the sales invoice, and delivery of the products to the customer. As of the balance sheet dates, the agent bank had not deposited the related funds in the Company's checking account because of the usual operating times of the agent bank.

b) FINAME past-due: Refers to receivables not settled by the customers by the due date, considering the balance sheet dates. The Company did not recognize an allowance for possible losses on the realization of this balance due to the retention of title to the machinery sold (collateral).

7. INVENTORIES

	Company		Consolidated	
	03/31/2007	12/31/2006	03/31/2007	12/31/2006
Finished products	49,275	50,680	60,165	59,924
Work in process	69,820	66,487	69,820	66,487
Raw materials and components	53,787	51,504	53,787	51,504
Imports in transit	2,980	3,556	2,980	3,556
Provision for inventory losses	(12,463)	(11,681)	(12,463)	(11,681)
	163,399	160,546	174,289	169,790

8. RECOVERABLE TAXES

	03/31/2007	12/31/2006
Current assets		
IRRF (withholding income tax) on temporary cash investments	254	524
IPI (federal VAT), PIS and COFINS (taxes on revenue)	3,269	3,335
ICMS on property, plant and equipment	1,773	1,660
PIS and COFINS on property, plant and equipment	1,211	1,103
Company	6,507	6,622
Recoverable taxes in subsidiaries	394	410
Consolidated	6,901	7,032
Noncurrent assets		
PIS and COFINS on property, plant and equipment	3,635	3,311
ICMS on property, plant and equipment	3,997	3,794
Company and consolidated	7,632	7,105

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

9. INVESTMENTS

	March 31, 2007					
	Romi Europa	Rominor	Romi Machine Tools	Interocean	Favel	Total
Number of shares held		6,191,156	3,000	78	13,028	
Ownership interest	100%	93.0711%	100%	100%	100%	
Shareholders' equity of subsidiary	968	22,242	2,059	26	1,877	27,172
Investment opening balance	884	19,643	2,007	26	1,693	24,253
Equity in subsidiaries	110	1,058	134	-	254	1,556
Exchange variation on foreign investments	(26)	-	(82)	-	(70)	178)
Equivalent book value - closing balance	968	20,701	2,059	26	1,877	25,631
Negative goodwill - Rominor						(4,199)
Goodwill - Rominor						9
Investments in subsidiaries						21,441

	December 31, 2006					
	Romi Europa	Rominor	Romi Machine Tools	Interocean	Favel	Total
Number of shares held		6,191,156	3,000	78	13,028	
Ownership interest	100%	93.0711%	100%	100%	100%	
Shareholders' equity of subsidiary	884	21,105	2,007	26	1,693	25,715
Investment opening balance	846	17,010	2,540	26	1,503	21,925
Equity in subsidiaries	54	3,680	(151)	-	59	3,642
Exchange variation on foreign investments	(16)	-	(382)	-	131	(267)
Proposed dividends		(1,070)				(1,070)
Purchase of shares		23				23
Equivalent book value - closing balance	884	19,643	2,007	26	1,693	24,253
Negative goodwill - Rominor						(4,199)
Goodwill - Rominor						9
Investments in subsidiaries						20,063

Negative goodwill results from the acquisition in 1992 of another company by the subsidiary Rominor with book value higher than acquisition value. There was a downstream merger of Rominor into this acquired company, which adopted the corporate name of the former, and the negative goodwill remained in the resulting company. Because this negative goodwill is based on economic reasons other than asset appreciation and future profitability, it is not being amortized as determined by Brazilian accounting practices. In the consolidated balance sheet, the negative goodwill is reclassified to liabilities, after the group "noncurrent".

10. RELATED-PARTY TRANSACTIONS

Balances as of March 31, 2007 and December 31, 2006 and transactions with related parties as of March 31, 2007 and 2006 are as follows:

	Company - 03/31/2007								
	Balances					Transactions			
	Accounts receivable	Dividends receivable	Loan receivable	Accounts payable	Loan payable	Sales	Selling expenses	Financial income	Financial expenses
Romi Europa	-	-	-	-	-	136	1,396	-	-
Rominor	-	920		88	-	-	265	-	-
Romi Machine Tools	10,479	-	2,900	898	-	5,976	-	47	-
Favel	-	-	-	-	857	-	245	-	13
	10,479	920	2,900	986	857	6,112	1,906	47	13

	Company - 12/31/2006								
	Balances					Transactions			
	Accounts receivable	Dividends receivable	oan receivab	Accounts payable	Loan payable	Sales	Selling expens	Financial income	Financial expenses
Romi Europa	-		-	-	-	189	2,134	-	-
Rominor	-	920	-	89	-	-	1,069	-	-
Romi Machine Tools	10,072		3,055	1,407	-	13,297	-	181	-
Favel	-			75	801	-	476	-	13
	10,072	920	3,055	1,571	801	13,486	3,679	181	13

Transactions with subsidiaries are carried out under usual conditions of the markets where they are located.

Loans receivable and loans payable have predetermined, short-term maturities, and bear interest of 1.5% per year plus six-month LIBOR and exchange variation. Intercompany loan agreements entered into by the Company and Romi Machine Tools are basically intended to increase working capital and provide financial support to this subsidiary. As of March 31, 2007, the Company held a receivable from Romi Machine Tools of approximately R$ 2,900 (R$ 3,055 as of December 31, 2006), falling due on December 31, 2007. The balance payable as of March 31, 2007 amounting to R$ 857 (R$ 801 as of December 31, 2006) refers to intercompany loan agreements entered into by the Company and Favel basically intended to pay expenses related to international fairs and events initially defrayed by this subsidiary, totaling R$ 857 (R$ 109 as of March 31, 2006).

The subsidiary Rominor is the guarantor of part of the FINAME manufacturer financing transactions carried out by the Company by issuing promissory notes and sureties (see Note 13).

The Company has no related-party transactions of a nature different from the operations described above. Management makes decisions related to transactions between the Company and subsidiaries.

11. PROPERTY, PLANT AND EQUIPMEN

		Company				Consolidated			
		03/31/2007			12/31/2006	03/31/2007			12/31/2006
	Depreciation rate - %	Cost	Accumulated depreciation	Net	Net	Cost	Accumulated depreciation	Net	Net
Buildings	4	110,246	(55,824)	54,422	33,450	115,143	(58,903)	56,240	35,338
Machinery and equipment	10	189,978	(133,457)	56,521	49,244	190,434	(133,755)	56,679	49,278
Furniture and fixtures	10	7,131	(4,514)	2,617	1,640	7,251	(4,577)	2,674	1,761
Information technology	20	11,041	(8,234)	2,807	2,951	11,595	(8,707)	2,888	3,000
Vehicles	20	1,509	(1,101)	408	353	1,729	(1,279)	450	406
Yards and paths	10	2,488	(2,448)	40	42	2,488	(2,448)	40	42
		322,393	(205,578)	116,815	87,680	328,640	(209,669)	118,971	89,825
Land		30,726	-	30,726	30,726	38,142	-	38,142	38,142
Construction in progress		851	-	851	22,668	851	-	851	22,668
Advances to suppliers		552	-	552	5,380	552	-	552	5,380
		354,522	(205,578)	148,944	146,454	368,185	209,669	158,516	156,015

In 1988 and 1994, the captions “land”, “buildings”, and “machinery and equipment” were revalued and the revaluation write-up was recorded under the caption “revaluation reserve” in shareholders’ equity. The revaluation reserve is realized through depreciation and write-off of revalued assets and the related realization is added to net income at the end of each period or year to calculate mandatory minimum dividends. In the quarter ended March 31, 2007, realization through depreciation and write-off of revalued assets was R$ 390 (R$ 391 in 2006), net of taxes. The Company did not perform a review of the recorded revaluations, based on CVM Resolution nº. 183/95.

Taxes on revaluation reserves as of Mach 31, 2007 and December 31, 2006 are recorded as follows:

	Company and consolidated	
	03/31/2007	12/31/2006
Current liabilities	803	803
Noncurrent liabilities	7,188	7,389
Total	7,991	8,192

As of March 31, 2007, the Company has approximately R$ 13,691 and R$ 34,724 of net book value referring to land and buildings, respectively, whose operating continuity is being studied in connection with the plans for expansion of activities. These amounts remained recorded under the caption “property, plant and equipment” because there is not yet clear guidance on their final destination.

Because of the financing agreements with the BNDES for investment in property, plant and equipment, as of March 31, 2007, approximately R$ 15,974,000 of property, plant and equipment items is pledged as collateral. These items are fully represented by machinery and equipment.

The Company and its subsidiaries did not capitalize financial charges in the quarter presented because of the immateriality of these amounts, since investments were substantially made with the Company’s own funds.

12. FINANCING

	Current		Noncurrent		2007			
	2007	2006	2007	2006	Maturity	Amortization	Financial charges	Guarantees
Working capital - foreign currency								
Import financing - US$	8,234	-	-	-	03/12/2008	Annual	Interest of 0.25% to 0.80% per year + LIBOR + exchange variation	Promissory note/surety
Export financing	177	-	20,504	-	02/09/2010	Semiannual	0.80% per year + LIBOR	Promissory note/surety
Working capital - local currency	3,041	1,712	2,170	3,417	08/21/2008	Monthly beginning Sept 21, 2007	Interest of 2.5% per year + TJLP, paid monthly together with amortization of principal	Rominor’s surety in the amount of R$ 3,232
Property, plant and equipment - local currency	95	54	10,018	10,006	11/18/2013	Monthly beginning Jun 15, 2007	Interest of 2% per year + TJLP, paid quarterly through May 2008 and monthly thereafter.	Financed machinery, with book value of R$ 15,974.
FINAME sundry	4,266	4,011	9,913	10,393	10/17/2011	Monthly beginning Nov 15, 2005	Interest of 2% to 4% per year + TJLP, paid monthly together with amortization of principal	Financed machinery
Company	15,813	5,777	42,605	23,816				
Romi Machine Tools, Ltd. - working capital	-	11	-	9	07/11/2008	Semiannual	Interest of 6.31% to 6.39% per year	Promissory note/surety
Consolidated	15,813	5,788	42,605	23,825				

As of March 31, 2007 the Company pledged, as financing collateral, machinery and equipment with book value of R$ 15,974 (see Note 11).

13. FINAME MANUFACTURER FINANCING

	Company and Consolidated	
	03/31/2007	12/31/2006
Current		
FINAME manufacturer financing	158,569	149,240
Noncurrent		
FINAME manufacturer financing	251,800	232,154

FINAME manufacturer financing agreements are guaranteed by promissory notes and sureties, and the main guarantor is the subsidiary Rominor. The balances of “FINAME manufacturer financing” are directly linked to the balances of “Transfer of FINAME manufacturer financing” (see Note 6), considering that financing transactions are directly linked to sales to specific customers. The contractual terms and conditions related to the amounts, charges and financed terms in the program are fully transferred to financed customers, and monthly receipts arising from the caption “Transfer of FINAME manufacturer financing” are fully used to repay the related financing agreements. Therefore, the Company is the transferor of the funds to the banks intermediating the financing transactions, although it remains as the principal debtor of this financing.

FINAME manufacturer financing” obtained and transferred to customers have maturities of up to 60 months, with the option of grace period of up to 12 months and interest of 4% to 7.5% per year + TJLP (Brazilian long-term interest rate), and these terms and conditions are established by the BNDES, according to the customer’s characteristics. The balances of “FINAME manufacturer financing” and, consequently, the balances of “Transfer of FINAME manufacturer financing” (see Note 6) as of March 31, 2007 and December 31, 2006 were monetarily adjusted through the balance sheet date. The R$ 45,600 difference as of March 31, 2007 (R$ 49,092 as of December 31, 2006) between the balance of “Transfer of FINAME manufacturer financing” and the balance of “FINAME manufacturer financing” refers to past-due trade notes, renegotiations in progress because of default and FINAME transactions not yet released by the agent bank.

14. PAYROLL AND RELATED CHARGES

	03/31/2007	12/31/2006
Payroll	2,460	2,385
Accrued vacation and related charges	9,359	9,561
Payroll charges	7,130	4,325
Profit sharing (Law nº. 10101/2000)	-	9,598
Total - Company	18,949	25,869
Salaries payable in subsidiaries	7	11
Total consolidated	18,956	25,880

15. TAXES PAYABLE

	03/31/2007	12/31/2006
COFINS (tax on revenue)	1,279	1,870
PIS (tax on revenue)	212	411
ICMS (state VAT)	1,803	2,912
Income and social contribution taxes	5,266	3,323
Other taxes	125	71
Total - Company	8,685	8,587
Taxes payable in subsidiaries	147	297
Total consolidated	8,832	8,884

16. RESERVE FOR CONTINGENCIES

Company's management and legal counsel classified lawsuits according to the risk of an unfavorable outcome, as follows (Company and consolidated):

	Classification of lawsuits – amounts as of March 31, 2007			Reserve recognized	
	Remote	Possible	Probable	03/31/2007	12/31/2006
Tax	8,988	1,019	2,747	2,747	4,612
Civil	1,814	205	290	290	290
Labor	3,610	174	949	949	576
Escrow deposits	-	-	(2,271)	(2,271)	(1,049)
Total	14,412	1,398	1,715	1,715	4,429

Management recognized a reserve for contingencies for lawsuits whose likelihood of an unfavorable outcome was classified as probable by the Company's legal counsel. Changes in the year ended March 31, 2007 are shown below:

	Company and consolidated				
	12/31/2006	Additions	Uses/reversals	Monetary adjustment	03/31/2007
Tax	4,612	1,200	(3,099)	34	2,747
Civil	290	-	-	-	290
Labor	576	331	-	42	949
	5,478	1,531	(3,099)	76	3,986
(-) Escrow deposits	(1,049)	(1,237)	15	-	(2,271)
Total	4,429	294	(3,084)	76	1,715

The subsidiaries are not parties to any ongoing lawsuit and there are no contingencies to be considered in the subsidiaries based on the assessment made by Management and its legal counsel.

As of March 31, 2007, the nature of the main lawsuits, whose likelihood of unfavorable outcome was classified by Management as probable based on the opinion of its legal counsel, and whose amounts were therefore included in the reserve for contingencies, is as follows:

a) Tax lawsuits

Refer to PIS and COFINS on ICMS on sales in the amounts of R$ 400 (R$ 186 in 2006) and R$ 1,841 (R$ 855 in 2006), respectively, and social security charges (INSS) on services provided by cooperatives in the amount of R$ 506 (R$ 506 in 2006). As of December 31, 2006, the Company recognized a reserve for COFINS related to the increase in the tax basis on financial income and other revenues, in the amount of R$ 3,065. The amount of R$ 3,099 of this reserve was reversed in the quarter ended March 31, 2007 to the caption “financial income” because there was a final and unappealable court decision favorable to the Company in the period.

b) Civil lawsuits

Refer to contractual review claims filed in courts by customers.

c) Labor lawsuits

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

Civil and labor lawsuits whose likelihood of unfavorable outcome is classified as possible involve matters similar to those above. Company’s management believes that the outcome of ongoing lawsuits will not result in Company disbursements higher than those recognized in this reserve.

17. SHAREHOLDERS’ EQUITY

Pursuant to the Minutes of the Extraordinary Shareholders' Meeting held on February 15, 2007, the conversion of all preferred shares issued by the Company into common shares was approved at the ratio of nine (9) common shares for each ten (10) preferred shares, upon the prior approval of the shareholders holding more than half of the preferred shares issued by the Company, during the special shareholders' meeting held on the same date, in conformity with article 136, paragraph 1, of Law nº. 6404/76.

Accordingly, as of March 31, 2007, capital is R$ 260,000, represented by 62,361,828 common shares, without par value, all entitled to the same rights and advantages as the common shares previously issued by the Company.

As of December 31, 2006, capital is R$ 260,000, divided into 6,545,471 shares, consisting of 3,452,589 common shares and 3,092,882 preferred shares, all of which are book entry and without par value.

Corporate governance:

In connection with this initiative, on March 23, 2007 the Company adopted the corporate governance concepts set forth by the Novo Mercado, regulated by the São Paulo Stock Exchange (BOVESPA).

18. SUBSEQUENT EVENT

Pursuant to the Minutes of the Board of Directors' meeting held on April 11, 2007, a capital increase of R$ 180,000 was approved, from R$ 260,000 to R$ 440,000, through the issuance of 12,000,000 common shares for public subscription, from 62,362,828 to 74,361,828 common shares without par value. This capital increase was paid up on April 17, 2007.

19. INCOME AND SOCIAL CONTRIBUTION TAXES

a) The table below shows the reconciliation of the tax effect on the Company's income before income and social contribution taxes by applying the prevailing tax rates as of March 31, 2006 and 2007.

	03/31/2007	03/31/2006
Income before income and social contribution taxes	25,703	15,086
Statutory tax rate (income and social contribution taxes)	34%	34%
Income and social contribution tax expense at statutory tax	8,739	5,129
Reconciliation to the effective rate:		
Equity in subsidiaries	(466)	(120)
Other additions (deductions), net	(3)	(457)
Income and social contribution taxes - current	8,270	4,552
Income and social contribution taxes - deferred	(720)	(539)
Income and social contribution tax expense	7,548	4,013
Provision for income and social contribution taxes - Company	7,548	4,013
Effective income and social contribution tax rate - Company	32%	30%
Income tax charges - subsidiaries	237	242
Provision for income and social contribution taxes - consolidated	7,785	4,255
Effective income and social contribution tax rate - consolidated	30%	30%

b) Breakdown of income and social contribution tax benefits and charges:

	03/31/2007		03/31/2006	
	Subsidiary	Consolidated	Subsidiary	Consolidated
Current (item “a”)	8,270	8,507	4,552	4,794
Deferred (item “c”)	(722)	(722)	(539)	(539)
Total	7,548	7,785	4,013	4,255

c) Deferred income and social contribution tax credits

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

	03/31/2007				12/31/2006	
Temporarily nondeductible differences on assets	Temporary differences	Income tax	Social contribution tax	Total	Temporary differences	Deferred taxes
Adjustments to market value or other:						
Provision for inventory losses	12,463	3,101	1,122	4,223	11,681	3,957
Repossession of machinery	570	142	51	193	633	214
Investments	429	107	39	146	429	146
Adjustments to present value: trade accounts receivable and payable	593	148	53	201	562	190
Total	14,055	3,498	1,265	4,763	13,305	4,507
Temporarily nondeductible differences on liabilities						
Reserve for contingencies	3,843	956	345	1,301	977	331
Commissions	596	148	54	202	439	148
Suspended taxes	2,241	558	-	558	3,193	837
Management profit sharing	-	-	-	-	3,100	279
	6,680	1,662	399	2,061	7,709	1,595
Deferred income and social contribution taxes, net	20,735	5,160	1,664	6,824	21,014	6,102
Current				1,544		1,033
Noncurrent				5,280		5,069

The recorded asset is limited to amounts whose offset is supported by future taxable income projections, approved by Management.

Future taxable income projections include several estimates related to the performance of the Brazilian and global economies, the choice of exchange rates, sales volume and price, and tax rates, among others, which may differ from actual amounts.

As the result of income and social contribution taxes depends not only on taxable income, but also on the tax and corporate structure of the Company and its subsidiaries in Brazil and abroad, the expected realization of temporarily nondeductible differences, the existence of non-taxable revenues, nondeductible expenses, and other variables, there is no direct correlation between the net income of the Company and its subsidiaries and the result of income and social contribution taxes. Accordingly, changes in the realization of temporarily nondeductible differences should not be considered indicative of future results of the Company and its subsidiaries.

20. PENSION PLAN

The Company has defined contribution pension plans managed by an authorized pension plan entity, effective since October 1, 2000, for all its employees and management, which are referred to as “Plano Gerador de Benefício Livre (PGBL)” and “Fundo Gerador de Benefícios (FGB)”.

The nature of the plan allows the Company, at any time and at its sole and exclusive discretion, to suspend or permanently discontinue its contributions to the plan.

The plan is funded by the Company and its participants, according to the type of benefit for which they are eligible.

The Company’s contributions for this quarter were R$ 738 (R$ 714 in 2006).

21. INSURANCE

The insured amounts are determined and contracted on a technical basis and are considered sufficient to cover potential losses arising from permanent assets and inventories. It is the policy of the Company and its subsidiaries to maintain insurance coverage for assets exposed to risks in amounts considered sufficient by Management to cover potential losses, according to the nature of activities and the risk guidance by specialized consultants. As of March 31, 2007, insurance coverage is as follows:

Coverage	Effective period	Coverage amount
Fire, windstorm, and electrical damage:		
Buildings	01/01-12/31/07	16,613
Machinery and equipment	01/01-12/31/07	43,750
Inventories	01/01-12/31/07	32,520

22. FINANCIAL INSTRUMENTS AND OPERATING RISKS

As of March 31, 2007 and December 31, 2006, the carrying amounts of financial instruments, consisting principally of temporary cash investments, trade accounts receivable, trade accounts payable and financing, approximate their fair value.

The main market risk factors affecting the Company's business are as follows:

Exchange risk: This risk arises from the possibility of the Company and its subsidiaries incurring losses or cash constraints because of exchange rate fluctuations, increasing the balances of foreign currency-denominated liabilities. The Company and its subsidiaries protect themselves against this risk through a natural hedge, i.e., holding foreign currency-denominated assets and liabilities in the same proportion and with the same liquidity. As of March 31, 2007 and December 31, 2006, the Company has no derivative transactions.

Risk related to temporary cash investments: the Company's cash investments are basically those backed by CDBs, linked to the CDI, maintained with prime financial institutions and with high liquidity.

Interest rate risk: This risk arises from the possibility of the Company and its subsidiaries incurring losses because of interest rate fluctuations that increase their interest expenses on loans and financing.

Credit risk - concentration: Credit risk is reduced by diversifying the customer portfolio and the Management control procedures that monitor such risk.

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

23. INFORMATION BY BUSINESS SEGMENT - COMPANY AND CONSOLIDATED

The information of results by segment refers to the business of the Company and its subsidiaries and has been identified based on their operating and management structure, as well as internal management information.

The transactions of the business segments have been carried out under market terms and conditions, according to a profit margin considered reasonable by the Company's management.

Results by segment consider revenues, costs, and expenses directly linked to each segment and those that can be reasonably allocated. As accepted by Brazilian accounting practices, the information on results by business segment is presented in accordance with SFAS 131, which introduced the concept of “management approach” in information by segment, which must be based on the internal process used by decision makers to assess segment performance and decide on how to allocate resources to the segments. The purpose of SFAS 131 is for information by segment to be disclosed as it is used by Management to make decisions. However, in cases in which there are differences between information by segment and accounting reports, it is necessary to include a reconciliation (see below, represented by the column eliminations between segments) comparing the figures as per Brazilian accounting practices, as shown below:

	03/31/2007						
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Company	Subsidiaries	Consolidated
Gross operating revenue	99,373	20,969	30,143	-	150,485	306	150,791
Taxes on sales	(15,640)	(3,742)	(5,935)	-	(25,317)	(63)	(25,380)
Net operating revenue	83,733	17,227	24,208	-	125,168	243	125,411
Cost of sales and cost of services	(46,940)	(8,195)	(20,213)	-	(75,348)	1,433	(73,915)
Transfers remitted	3,061		5,808	(8,869)	-	-	-
Transfers received	(4,181)	(1,835)	(2,853)	8,869	-	-	-
Gross profit	35,673	7,197	6,950		49,820	1,676	51,496
Operating revenues (expenses):							
Selling expenses	(9,919)	(2,202)	(1,389)		(13,510)	1,735	(11,775)
General and administrative expenses	(6,940)	(1,294)	(1,575)		(9,809)	(1,628)	(11,437)
Research and development	(3,773)	(1,015)	-		(4,788)	-	(4,788)
Management fees	(904)	(168)	(205)		(1,277)	(30)	(1,307)
Tax expenses	(1,127)	(210)	(256)		(1,593)	-	(1,593)
Equity in subsidiaries				1,556	1,556	(1,556)	-
Income from operations before financial income (expenses)	13,010	2,308	3,525	1,556	20,399	197	20,596
Inventories	126,280	21,646	12,493	2,980	163,399	10,890	174,289
Property, plant and equipment	70,652	42,109	2,412	33,771	148,944	9,572	158,516

	03/31/2006						
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments and other	Company	Subsidiaries	Consolidated
Gross operating revenue	82,101	20,650	20,711		123,462	2,112	125,574
Taxes on sales	(14,309)	(3,715)	(4,347)		(22,371)	(27)	(22,398)
Net operating revenue	67,792	16,935	16,364		101,091	2,085	103,176
Cost of sales and cost of services	(35,827)	(10,224)	(15,729)		(61,780)	(1,034)	(62,814)
Transfers remitted	2,405		5,902	(8,307)	-	-	-
Transfers received	(4,172)	(1,958)	(2,177)	8,307	-	-	-
Gross profit	30,199	4,753	4,359	-	39,311	1,051	40,362
Operating revenues (expenses):							
Selling expenses	(8,699)	(2,240)	(706)		(11,645)	244	(11,401)
General and administrative expenses	(6,189)	(1,337)	(1,151)		(8,677)	(1,711)	(10,388)
Research and development	(3,466)	(967)			(4,433)	-	(4,433)
Management fees	(747)	(167)	(123)		(1,037)	(290)	(1,327)
Tax expenses	(757)	(170)	(125)		(1,052)		(1,052)
Equity in subsidiaries	-	-	-	74	74	(74)	-
Income from operations before financial income (expenses)	10,341	(128)	2,254	74	12,541	(780)	11,761
Inventories	130,030	23,973	10,739	1,364	166,106	9,964	176,070
Property, plant and equipment, net	40,409	3,186	40,564	26,876	111,035	9,184	120,219

11.01 NOTES

As additional information, approximately 90% of the subsidiaries' transactions, revenues, and costs refer to the operations of the machine tools production unit, since the subsidiary Romi Machine Tools, which operates in this business segment, has the highest operations volume.

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

INDÚSTRIAS ROMI S.A.

STATEMENTS OF CASH FLOWS FOR THE QUARTERS ENDED MARCH 31, 2007 AND 2006
(In thousands of Brazilian reais - R$)

	Note	Company 2007	Company 2006	Consolidated 2007	Consolidated 2006
Cash flows from operating activities:					
Net income		18,155	11,073	18,155	10,367
activities					
Depreciation	11	3,112	2,666	3,208	2,764
Allowance for doubtful accounts		26	17	26	17
dividends					
received from subsidiaries	9	(1,378)	(203)	-	-
Loss (gain) on sale of property, plant and equipment	11	(386)	58	(377)	330
Interest and exchange variation on related-party transactions,					
trade accounts receivable, trade accounts payable and financing		(10,009)	(976)	(10,010)	(875)
Deferred income and social contribution taxes	19	(722)	(539)	(722)	(539)
Reserve for contingencies, net	16	(2,714)	153	(2,714)	153
Minority interest				79	15
Increase (decrease) in operating assets:					
Trade accounts receivable	5	(1,744)	12,762	450	16,534
Intercompany receivables	10	(252)	3,993	-	-
Transfer of FINAME manufacturer financing	6	(25,483)	(24,605)	(25,483)	(24,605)
Inventories	7	(2,853)	(12,545)	(4,499)	(11,412)
Recoverable taxes, net	8	(412)	(766)	(396)	(848)
Other receivables		(675)	(931)	(1,684)	(419)
Increase (decrease) in operating liabilities:					
Trade accounts payable		4,009	2,492	3,889	2,461
Payroll and related charges	14	(6,920)	(7,451)	(6,924)	(7,348)
Taxes payable	15	694	(1,621)	544	(1,390)
Advances from customers		2,808	(1,614)	2,768	(1,614)
Other payables		1,121	626	1,159	(500)
Intercompany payables	10	(529)	(713)	-	-
Income and social contribution taxes on realization of revaluation reserve	11	(201)	(200)	(201)	(200)
Net cash provided by (used in) operating activities		(24,353)	(18,324)	(22,732)	(17,109)
Cash flows from investing activities:					
Purchase of property, plant and equipment	11	(5,858)	(6,165)	(5,974)	(6,220)
Sale of property, plant and equipment	11	642	38	642	157
Net cash provided by investing activities		(5,216)	(6,127)	(5,332)	(6,063)
Cash flows from financing activities:					
Interest on capital paid	17	(51,552)	-	(52,472)	11
Increase in new loans and financing	12	30,006	-	30,006	-
Repayment of financing	12	(1,409)	(11,608)	(1,428)	(12,648)
Increase in FINAME manufacturer financing	13	74,902	15,027	74,902	15,027
Repayment of FINAME manufacturer financing	13	(35,883)	-	(35,883)	-
Net cash provided by (used in) financing activities		16,064	3,419	15,125	2,390
Decrease in cash and banks and temporary cash investments		(13,505)	(21,032)	(12,939)	(20,782)
Cash and banks and temporary cash investments - beginning of period		72,405	67,363	86,922	78,198
Cash and banks and temporary cash investments - end of period		58,900	46,331	73,983	57,416
Supplemental information:					
Income and social contribution taxes paid	19	5,255	4,962	5,491	5,180
Interest paid in the period		524	798	524	884
Payables to suppliers related to purchase of property, plant and equipment		270	300	270	300

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