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

# ***Indústrias Romi S.A.***

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

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

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

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

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

4. Brazilian accounting practices differ, in certain material aspects, from accounting practices of the international accounting standards issued by the IASB. Information related to the nature and effect of these differences is presented in note 4 to the condensed consolidated financial statements.

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

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

Campinas, July 28, 2009

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Walbert Antonio dos Santos
Engagement Partner

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

INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

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

| ASSETS | Note | 2009 | 2008 |
|---|---|---|---|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 94,676 | 135,224 |
| Temporary cash investments: | | | |
| Trading securities | 5 | 5,237 | 53,721 |
| Trade accounts receivable | 6 | 51,397 | 79,591 |
| Onlending of FINAME manufacturer financing | 7 | 343,635 | 306,892 |
| Inventories | 8 | 286,057 | 285,344 |
| Recoverable taxes | 9 | 13,973 | 17,742 |
| Other receivables | | 6,993 | 7,247 |
| Total current assets | | 801,968 | 885,761 |
| NONCURRENT ASSETS | | | |
| Long-term assets: | | | |
| Trade accounts receivable | 6 | 3,730 | 3,700 |
| Onlending of FINAME manufacturer financing | 7 | 418,030 | 479,371 |
| Recoverable taxes | 9 | 20,031 | 18,245 |
| Deferred income and social contribution taxes | 19 | 16,173 | 12,731 |
| Escrow deposits | 16 a) | 15,515 | 13,803 |
| Other receivables | | 6,795 | 6,634 |
| Property, plant and equipment, net | 10 | 282,012 | 256,340 |
| Intangible assets | | 4,491 | 2,843 |
| Goodwill | | 2,017 | 1,496 |
| Total noncurrent assets | | 768,794 | 795,163 |
| TOTAL ASSETS | | 1,570,762 | 1,680,924 |

| LIABILITIES AND SHAREHOLDERS' EQUITY | Note | 2009 | 2008 |
|---|---|---|---|
| CURRENT LIABILITIES | | | |
| Loans and financing | 11 | 30,050 | 28,503 |
| FINAME manufacturer financing | 12 | 288,827 | 270,028 |
| Trade accounts payable | | 22,076 | 31,136 |
| Payroll and related charges | 14 | 25,362 | 33,845 |
| Taxes payable | 15 | 5,440 | 7,357 |
| Advances from customers | | 5,992 | 14,082 |
| Dividends interest on capital | | 250 | 11,777 |
| Profit sharing | | 900 | 4,500 |
| Other payables | | 12,232 | 15,160 |
| Total current liabilities | | 391,129 | 416,388 |
| NONCURRENT LIABILITIES | | | |
| Loans and financing | 11 | 81,263 | 70,957 |
| FINAME manufacturer financing | 12 | 384,743 | 453,323 |
| Reserve for contingencies | 16 | 8,898 | 15,876 |
| Deferred income and social contribution taxes | 19 | 3,578 | 7,947 |
| Taxes payable | 15 | 17,766 | 3,578 |
| Other payables | | 6,092 | 9,626 |
| Total noncurrent liabilities | | 502,340 | 561,307 |
| SHAREHOLDERS' EQUITY | | | |
| Capital | | 505,764 | 505,764 |
| Capital reserve | | 2,209 | 2,209 |
| Profit reserve | | 169,046 | 187,071 |
| Cumulative foreign currency translation adjustments | | (1,526) | 5,649 |
| Shareholders' equity of controlling | | 675,493 | 700,693 |
| NON-CONTROLLING INTEREST | | 1,800 | 2,536 |
| TOTAL SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTEREST | | 677,293 | 703,229 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 1,570,762 | 1,680,924 |

(Reviewed by independent accountants to the extent described in the report dated July 28, 2009)
The accompanying notes are an integral part of these condensed consolidated financial statements.

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INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

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

| | | Six-month ended | | Quarters ended | |
|---|---|---|---|---|---|
| | Note | 2009 | 2008 | 2009 | 2008 |
| OPERATING REVENUE | | 179,845 | 330,119 | 104,076 | 177,263 |
| COST OF SALES | 24 | (123,340) | (195,369) | (72,864) | (103,645) |
| GROSS PROFIT | | 56,505 | 134,750 | 31,212 | 73,618 |
| OPERATING INCOME (EXPENSES) | | | | | |
| Selling expenses | 24 | (27,312) | (30,202) | (13,594) | (16,022) |
| General and administrative expenses | 24 | (30,514) | (24,961) | (13,263) | (12,797) |
| Research and development expenses | 24 | (11,746) | (13,745) | (5,010) | (7,121) |
| Management profit sharing and compensation | 24 | (3,096) | (7,431) | (1,239) | (4,021) |
| Tax expenses | 24 | (1,065) | (1,193) | (562) | (420) |
| Other operating income (expenses) | 24 | 5,292 | 786 | 5,277 | (73) |
| Total | | (68,441) | (76,746) | (28,391) | (40,454) |
| (LOSS) INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME | | (11,936) | 58,004 | 2,821 | 33,164 |
| Financial income | 26 | 8,678 | 17,627 | 2,983 | 9,579 |
| Financial expenses | 26 | (2,173) | (2,850) | (1,514) | (1,396) |
| Exchange rates, net | | (3,586) | 410 | (2,527) | 34 |
| | | 2,919 | 15,187 | (1,058) | 8,217 |
| INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES | | (9,017) | 73,191 | 1,763 | 41,381 |
| INCOME AND SOCIAL CONTRIBUTION TAXES | 19 | 1,684 | (14,512) | (1,258) | (8,638) |
| Current | | (1,339) | (16,560) | (575) | (9,132) |
| Deferred | | 3,023 | 2,048 | (683) | 494 |
| NET INCOME | | (7,333) | 58,679 | 505 | 32,743 |
| COMPREHENSIVE (LOSS) INCOME | | | | | |
| Currency translation on foreign investments | | (7,175) | 116 | (6,290) | 116 |
| NET COMPREHENSIVE (LOSS) INCOME | | (14,508) | 58,795 | (5,785) | 32,859 |
| NET INCOME (LOSS) ATTRIBUTED TO: | | | | | |
| Owners of the parent | | (7,831) | 58,280 | 269 | 32,544 |
| Non controlling interest | | 498 | 399 | 236 | 199 |
| | | (7,333) | 58,679 | 505 | 32,743 |
| NET COMPREHENSIVE (LOSS) INCOME ATTRIBUTED TO: | | | | | |
| Owners of the parent | | (15,006) | 58,396 | (6,021) | 32,660 |
| Non controlling interest | | 498 | 399 | 236 | 199 |
| | | (14,508) | 58,795 | (5,785) | 32,859 |
| Basic and diluted (loss) earnings per share - R$ | 18 | (0.10) | 0.74 | | |

(Reviewed by independent accountants to the extent described in the report dated July 28, 2009)
The accompanying notes are an integral part of these condensed consolidated financial statements.

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INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

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

| | | Attributable to shareholders' interest | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Profit reserve | | | | | | | |
| | Note | Capital | Capital reserve | Profit reserve | Legal reserve | Total | Cumulative foreign currency translation adjustments | Retained earnings | Shareholders' equity of controlling | Non-controlling interest | Total |
| BALANCES AS OF DECEMBER 31, 2007 | | 505,764 | 2,209 | 86,062 | 31,185 | 117,247 | (968) | - | 624,252 | 1,871 | 626,123 |
| Net income | | - | - | - | - | - | - | 58,280 | 58,280 | 399 | 58,679 |
| Foreign currency translation adjustments | | - | - | - | - | - | 116 | - | 116 | - | 116 |
| Allocations: | | | | | | | | | | | |
| Interest on capital - Law 9249/95 | | - | - | - | - | - | - | (19,388) | (19,388) | - | (19,388) |
| BALANCES AS OF JUNE 30, 2008 | | 505,764 | 2,209 | 86,062 | 31,185 | 117,247 | (852) | 38,892 | 663,260 | 2,270 | 665,530 |
| BALANCES AS OF DECEMBER 31, 2008 | | 505,764 | 2,209 | 150,238 | 36,833 | 187,071 | 5,649 | - | 700,693 | 2,536 | 703,229 |
| Net loss of period | | - | - | - | - | - | - | (7,831) | (7,831) | 498 | (7,333) |
| Foreign currency translation adjustments | | - | - | - | - | - | (7,175) | - | (7,175) | - | (7,175) |
| Repurchase of shares | 18 | - | - | (10,194) | - | (10,194) | - | - | (10,194) | - | (10,194) |
| Allocations: | | | | | | | | | | | |
| Interest on capital - Law No. 9249/95 | 18 | - | - | - | - | - | - | | - | (1,234) | (1,234) |
| BALANCES AS OF JUNE 30, 2009 | | 505,764 | 2,209 | 140,044 | 36,833 | 176,877 | (1,526) | (7,831) | 675,493 | 1,800 | 677,293 |

(Reviewed by independent accountants to the extent described in the report dated July 28, 2009)
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INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

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

| | Note | 2009 | 2008 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net (loss) income | | (7,333) | 58,679 |
| Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities: | | | |
| Current and deferred income and social contribution taxes | 19 | (1,684) | (14,512) |
| Depreciation | | 9,252 | 7,002 |
| Allowance for doubtful accounts | | 2,372 | 1,362 |
| Gain on sale of property, plant and equipment | | (4,134) | (825) |
| Financial expenses | | (3,885) | 3,070 |
| Provision for inventory losses | | 4,653 | (1,225) |
| Reserve for contingencies, net | | 175 | 63 |
| Increase (decrease) in assets: | | | |
| Temporary cash investments in trading securities | | 48,482 | 48,183 |
| Trade accounts receivable | | 25,477 | 6,793 |
| Onlending of FINAME manufacturer financing | | 62,058 | (50,087) |
| Inventories | | (6,537) | (26,373) |
| Recoverable taxes, net | | (1,304) | (3,804) |
| Other receivables | | (1,158) | (1,422) |
| Increase (decrease) in liabilities: | | | |
| Trade accounts payable | | (9,409) | 14,497 |
| Payroll and related charges | | (8,459) | (4,491) |
| Taxes payable | | 1,559 | 21,891 |
| Advances from customers | | (8,035) | 5,544 |
| Other payables | | (8,236) | (1,753) |
| Cash provided by (used in) operationg activities | | 93,854 | 62,592 |
| Income taxes paid | | (1,786) | (3,987) |
| Interests paid | | (3,440) | (7,141) |
| Net cash provided by (used in) operating activities | | 88,628 | 51,464 |
| Cash flows from investing activities: | | | |
| Purchase of property, plant and equipment | | (39,788) | (31,220) |
| Sale of property, plant and equipment | | 3,546 | 1,011 |
| Acquisition of investment in subsidiary, net of chash balance acquired | | - | (3,324) |
| Increase in intangible assets | | 567 | - |
| Net cash provided by (used in) investing activities | | (35,675) | (33,533) |
| Cash flows from financing activities: | | | |
| Interest on capital and dividends paid | | (12,876) | (10,600) |
| New loans and financing | | 26,575 | 14,207 |
| Payments of loans and financing | | (11,279) | (27,407) |
| Increase in FINAME manufacturer financing | 12 | 80,056 | 164,133 |
| Payment of FINAME manufacturer financing | 12 | (167,297) | (128,262) |
| Repurchase of shares | 17 | (10,194) | - |
| Net cash provided by (used in) financing activities | | (95,015) | 12,071 |
| (Decrease) increase in cash and cash equivalents and temporary cash investments | | (42,062) | 30,002 |
| Exchange variation on cash balance of foreign subsidiaries | | 1,514 | - |
| Cash and cash equivalents and temporary cash investments - beginning of period | | 135,224 | 189,010 |
| Cash and cash equivalents and temporary cash investments - end of period | | 94,676 | 219,012 |

(Reviewed by independent accountants to the extent described in the report dated July 28, 2009)
The accompanying notes are an integral part of these condensed consolidated financial statements.

## 1. GENERAL INFORMATION

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- IAS 7 (amended), Statement of Cash Flows. Effective for annual reporting periods starting on or after July1, 2009 and January 1, 2010. Currently, this interpretation does not apply to the Company;

- IAS 17 (amended), Leases. Effective for annual reporting periods starting on or after July1, 2009 and January 1, 2010. Currently, this interpretation does not apply to the Company;

- IAS 36 (amended), Impairment of Assets. Effective for annual reporting periods starting on or after July1, 2009 and January 1, 2010. Currently, this interpretation does not apply to the Company;

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

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

- IFRIC 17, Distributions of Non-cash Assets to Owners. Effective for annual reporting periods starting on or after July1, 2009. Currently, this interpretation does not apply to the Company;

- IFRIC 18, Transfers of Assets from Customers. Effective for annual reporting periods starting on or after July1, 2009. Currently, this interpretation does not apply to the Company.

## 3. CONSOLIDATED FINANCIAL STATEMENTS

3.1. The following practices were adopted in the preparation of the condensed consolidated financial statements:

### 3.1.1. Subsidiaries

The Company fully condensed and consolidated the financial statements of all its subsidiaries. There is control when the Company holds, directly or indirectly, most of the voting rights at the Shareholders' Meeting or has the power to determine the financial and operational policies, to obtain benefits from its activities.

| Subsidiary | | Country | Main activity |
|---|---|---|---|
| Rominor - Comércio, Empreendimentos e Participações S.A. ("Rominor") | | Brazil | Ventures and equity interests in general |
| Romi Machine Tools, Ltd. ("Romi Machine Tools") | | United States of America | Distribution of machine tools and cast and machined products in North America |
| Interocean Comercial Importadora e Exportadora S.A. ("Interocean") | | Brazil | Trading company, not operating in the reporting periods |
| Favel S.A. ("Favel") | | Uruguay | Sales representation for Latin America |
| Romi Europa GmbH ("Romi Europe") | | Germany | Technical assistance and support to dealers in Europe, Asia, Africa, and Oceania |
| Romi Itália S.R.l. (Romi Italy) | (*) | Italy | Development, design, production and sale, distribution, import and export of machinery and equipment for processing of plastic raw materials |
| Subsidiaries of Romi Italy | (*) | | |
| Sandretto UK Ltd. | | United Kingdom | Distribution of plastic molding machines and spare part services |
| Sandretto Industries S.A.S. | | France | |
| Metalmecanica Plast B.V. | | Netherlands | |
| Italprensas Sandretto S.A. | | Spain | |

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

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

As of June 30, 2009, the Company records under "Other payables", in current and noncurrent liabilities, the remaining balance of € 3,325,000 (equivalent to R$ 9,105), related to the acquisition price that will be paid in three semiannual installments of € 1,125,000 (equivalent to R$ 3,080), with the next installment falling due in July 2009. This balance is adjusted at the rate of 3% p.a., as determined in the agreement.

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

Net revenue and loss of this subsidiary considered in the condensed consolidated statement of income for the period ended June 30, 2009 are R$ 13,825 and R$ 6,370, respectively.

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

| | Romi Europe and Subsidiaries | | Rominor | |
|---|---|---|---|---|
| | 06/30/2009 | 12/31/2008 | 06/30/2009 | 12/31/2008 |
| Assets | | | | |
| Current | 55,730 | 57,348 | 19,433 | 34,044 |
| Noncurrent | 17,572 | 20,317 | 6,776 | 6,461 |
| Total assets | 73,302 | 77,665 | 26,209 | 40,505 |
| Liabilities | | | | |
| Current | 35,483 | 28,111 | 239 | 3,922 |
| Noncurrent | 9,961 | 45,512 | - | - |
| Shareholders' equity | 27,858 | 4,042 | 25,970 | 36,583 |
| Total liabilities and shareholders' equity | 73,302 | 77,665 | 26,209 | 40,505 |
| | 06/30/2009 | 06/30/2008 (*) | 06/30/2009 | 06/30/2008 |
| Net operating revenue | 13,825 | - | 7,322 | 5,672 |
| Gross profit | 5,027 | - | 7,286 | 5,636 |
| Income (loss) from operations | (6,368) | - | 8,503 | 6,707 |
| Income (loss) before taxes | (6,368) | - | 8,503 | 6,875 |
| Net income (loss) | (6,370) | - | 7,169 | 5,747 |

(*) The subsidiary Romi Itália started operations in July 2008.

Intercompany balances and transactions have been eliminated in consolidation using the following main procedures:

(a) Elimination of intercompany balances.

(b) Elimination of intercompany inventory profits, when material.

(c) Elimination of the Company's investments with the subsidiaries' capital, reserves and retained earnings balances.

(d) Elimination of intercompany transactions.

(e) Recording of minority interest in a separate caption in the consolidated financial statements.

## 4. RECONCILIATION BETWEEN IFRS AND BRGAAP

The company filed the Information Quarterly or consolidated, prepared in accordance with accounting practices adopted in Brazil (BRGAAP) and therefore below presents the reconciliation of the main differences between the IFRS and BRGAAP that affect the Company's shareholders equity for the first quarter ended June 30, 2009 and December 31, 2008. The income statements for the six-month period ended June 30, 2009 and 2008:

Shareholders' Equity Reconciliation - BRGAAP X IFRS as of June 30, 2009

| | | 06/30/2009 | 12/31/2008 |
|---|---|---|---|
| Shareholders' equity under BRGAAP | | 657,854 | 679,243 |
| Adjustments under IFRS: | | | |
| Reversal of negative goodwill of subsidiary Rominor | (a) | 4,199 | 4,199 |
| Recognition in net income of the gain obtained in a foreign subsidiary as a result of the acquisition of subsidiaries | (b) | 19,316 | 19,316 |
| Deferred income tax and social contribution on adjustments above | (a) (b) | (7,947) | (7,947) |
| Amortization of intangible assets for IFRS purposes, arising from acquisition of JAC Indústria Metalúrgica Ltda. ("JAC"), less deferred taxes | | (31) | - |
| Foreign currency translation adjustments | (b) | 2,102 | 5,882 |
| Participation of owners of the Parent | | 675,493 | 700,693 |
| Non Controlling interests | | 1,800 | 2,536 |
| Shareholders' equity | | 677,293 | 703,229 |

(a) Negative goodwill on business acquisition: Under IFRS 3, differently from BRGAAP, there is no provision for maintenance of the negative goodwill arising from the acquisition of its subsidiary Rominor in 1992, in view of the investment acquisition value being lower than the book value. Therefore, such amount was adjusted, net of taxes, to the shareholders' equity as of January 1, 2006.

(b) Refers to gain on preliminarily determined fair value in excess of book value of assets acquired and liabilities assumed in relation to the purchase price. Under BRGAAP this amount is classified as Negative Goodwill, in the non current liabilities.

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

| | 06/30/2009 | 06/30/2008 |
|---|---|---|
| BRGAAP net income (loss) | (7,800) | 58,679 |
| Adjustments under IFRS: | | |
| Amortization of intangible assets for IFRS purposes, arising from acquisition of JAC Indústria Metalúrgica Ltda. ("JAC"), less deferred taxes | (47) | - |
| Deferred income tax and social contribution on the adjustment above | 16 | - |
| Net income (loss) attributed to controlling shareholders | (7,831) | 58,280 |
| (-) Non-controlling interests | 498 | 399 |
| IFRS Net Income (loss) | (7,333) | 58,679 |

## 5. CASH AND CASH EQUIVALENTS AND TITLES HELD FOR TRADING

Cash and cash equivalents include cash, banks and short-term, highly liquid investments with original maturities of 90 days or less and low risk of variation in market value.

| | | 06/30/2009 | 12/31/2008 |
|---|---|---|---|
| Cash | | 17,994 | 15,635 |
| Bank certificates of deposits (CDB) | | 47,289 | 75,891 |
| Short-term investments backed by debentures | | 27,823 | 39,242 |
| Treasury bills (LFT) | | - | 2,818 |
| Other | | 1,570 | 1,638 |
| Cash and cash equivalents | (a) | 94,676 | 135,224 |

| | | 06/30/2009 | 12/31/2008 |
|---|---|---|---|
| Bank certificates of deposits (CDB) | | 5,100 | 46,055 |
| Short-term investments backed by debentures | | 137 | 7,666 |
| Total titles held for trading | (b) | 5,237 | 53,721 |

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

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

As result as of the current economic scenario, the Company changed its intention regarding trading securities and as a result of this change investments whose grace period has expired have been reclassified to cash and cash equivalents as of June 30, 2009.

## 6. TRADE ACCOUNTS RECEIVABLE

| | 06/30/2009 | 12/31/2008 |
|---|---|---|
| Current assets: | | |
| Domestic customers | 34,574 | 38,168 |
| Foreign customers | 21,234 | 44,075 |
| Allowance for doubtful accounts | (4,411) | (2,652) |
| | 51,397 | 79,591 |
| Noncurrent assets: | | |
| Domestic customers | 1,831 | 1,233 |
| Foreign customers | 1,899 | 2,467 |
| | 3,730 | 3,700 |

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

The credit risk of trade receivables arises from the possibility that the Company does not receive the amounts resulting from sales transactions. To mitigate this risk, the Company adopts the procedure of analyzing in detail the financial position of its customers, establishing a credit limit and constantly monitoring their balances. The allowance for doubtful accounts is calculated based on a risk assessment, which considers historical losses, customers’ financial position and the financial position of the economic group to which they belong, guarantees and legal counsel’s opinion, and is considered sufficient to cover any losses on accounts receivable.

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

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

| | 06/30/2009 | 12/31/2008 |
|---|---|---|
| Current | 29,408 | 22,294 |
| Past-due: | | |
| 1 to 30 days | 304 | 8,097 |
| 31 to 60 days | 926 | 2,264 |
| 61 to 90 days | 455 | 411 |
| 91 to 180 days | 1,511 | 571 |
| 181 to 360 days | 1,248 | 3,895 |
| Over 360 days | 722 | 636 |
| Total past-due | 5,166 | 15,874 |
| Total trade accounts receivable | 34,574 | 38,168 |

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

| | 06/30/2009 | 12/31/2008 |
|---|---|---|
| Current | 14,598 | 36,226 |
| Past-due: | | |
| 1 to 30 days | 2,518 | 4,756 |
| 31 to 60 days | 772 | 424 |
| 61 to 90 days | 1,151 | 664 |
| 91 to 180 days | 1,039 | 1,173 |
| 181 to 360 days | 269 | 482 |
| Over 360 days | 887 | 350 |
| Total past-due | 6,636 | 7,849 |
| Total trade accounts receivable | 21,234 | 44,075 |

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

| | |
|---|---|
| Balance as of December 31, 2008 | 2,652 |
| Receivables accrued in the year | 1,968 |
| Receivables definitively written off | (209) |
| Balance as of June 30, 2009 | 4,411 |

7. ONLENDING OF FINAME MANUFACTURER FINANCING

| | | 06/30/2009 | 12/31/2008 |
|---|---|---|---|
| Current assets: | | | |
| FINAME falling due | | 290,431 | 279,968 |
| FINAME awaiting release | (a) | 5,657 | 4,427 |
| FINAME past-due | (b) | 47,547 | 22,497 |
| | | 343,635 | 306,892 |
| Noncurrent assets: | | | |
| FINAME awaiting release | (a) | 384,089 | 452,807 |
| FINAME falling due | | 33,941 | 26,564 |
| | | 418,030 | 479,371 |
| Total | | 761,665 | 786,263 |

Onlending of FINAME manufacturer financing arises from sales to customers that will be financed by funds obtained by the Company from the FINAME (National Equipment Financing Authority) (see note 12).

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 5.8% per year + TJLP (Brazilian long-term interest rate), and these terms and conditions are established by the BNDES (National Bank for Economic and Social Development), according to the customer's characteristics. After identifying the customer and the sale and defining the customer's eligibility under BNDES Circular 195, of July 28, 2006, the BNDES, through a financial institution, releases the funds, under an agreement in the name of the Company and acceptance by the customer that will receive the financing. The amounts, terms and interest of the financing are fully reflected in the amounts receivable by the Company to be transferred to the financial institution. The Company had retention of title to the financed equipment.

Onlending of FINAME manufacturer financing is as follows:

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

b) FINAME past-due: Refers to receivables not settled by the customers by the due date, considering the financial statement dates. The Company did not recognize an allowance for possible losses on the realization of this balance due to the retention of title to the machinery sold (collateral). The Company believes that in case of customer's default the value of the machinery would be sufficient to cover the total amount due by the customer.

On February 20, 2009, BNDES, through letter SUP/AC 002/2009 SUP/AOI 016/2009, approved by letter SUP/AC 005/2009 SUP/AOI 071/2009 of May 25, 2009, allowed FINAME financing agreements to be renegotiated between the manufacturer and financial agents (financial institutions), thus increasing the payment term to 36 months for micro and small-sized companies and 12 months for medium-sized companies, including a six-month grace period from the refinancing date. BNDES also established that the refinancing may include not only falling due installments but also the four last past-due installments, from the date the refinancing request is submitted to BNDES. These installments will be adjusted for inflation and returned to the manufacturer (Company). As of June 30, 2009, 548 Company's customer agreements were under renegotiation, with past-due installments for the last four months totaling R$ 12,044. Out of such amount, the Company received approximately R$ 4,500 through June 30, 2009. The Company expects to receive the remaining amount in the next months.

In July 2009, the Company submitted approximately 400 FINAME additional agreements to financial agents to conduct the renegotiation. The amount of past-due installments of these additional agreements totals approximately R$ 8,000.

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

| | 06/30/2009 | 12/31/2008 |
|---|---|---|
| Current | 296,088 | 284,394 |
| Past-due: | | |
| 1 to 30 days | 8,757 | 5,536 |
| 31 to 60 days | 6,886 | 2,941 |
| 61 to 90 days | 6,133 | 2,339 |
| 91 to 180 days | 11,128 | 4,250 |
| 181 to 360 days | 8,918 | 3,815 |
| Over 360 days | 5,725 | 3,617 |
| | 47,547 | 22,498 |
| Total Current | 343,635 | 306,892 |
| 2010 | 122,532 | 121,679 |
| 2011 | 175,226 | 197,769 |
| 2012 | 89,614 | 109,575 |
| 2013 | 28,973 | 41,870 |
| 2013 thereafter | 1,685 | 8,478 |
| Total noncurrent | 418,030 | 479,371 |

## 8. INVENTORIES

| | 06/30/2009 | 12/31/2008 |
|---|---|---|
| Finished products | 120,644 | 93,274 |
| Work in process | 87,209 | 92,996 |
| Raw materials and components | 77,217 | 91,336 |
| Imports in transit | 987 | 7,738 |
| | 286,057 | 285,344 |

Inventory balance is net of the amount of R$ 20,137 (R$ 15,484 as of December 31, 2008) of the provision for the realization of inventories of slow-moving materials and components with remote probability of being realized through sale or use.

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

| | |
|---|---|
| Balance as of December 31, 2008 | 15,484 |
| Inventories permanently written off | (1,735) |
| Allowance recognized | 7,056 |
| Reversal | (668) |
| Balance as of June 30, 2009 | 20,137 |

## 9. RECOVERABLE TAXES

| | 06/30/2009 | 12/31/2008 |
|---|---|---|
| Current assets: | | |
| IRRF (withholding income tax) on temporary cash investments | 1,813 | 1,303 |
| IPI (federal VAT), PIS and COFINS (taxes on revenue) | 2,367 | 4,025 |
| ICMS (state VAT) on property, plant and equipment items | 3,979 | 5,545 |
| PIS and COFINS on property, plant and equipment items | 4,698 | 4,978 |
| Other | 1,116 | 1,891 |
| Total | 13,973 | 17,742 |
| Noncurrent assets: | | |
| PIS and COFINS on property, plant and equipment items | 9,025 | 8,176 |
| ICMS on property, plant and equipment items | 6,531 | 6,006 |
| Taxes on recoverable income of subsidiaries | 4,475 | 4,063 |
| Total | 20,031 | 18,245 |

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

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

| | |
|---|---|
| 2010 | 3,987 |
| 2011 | 6,704 |
| 2012 | 4,689 |
| 2013 | 2,418 |
| 2014 and therefore | 2,233 |
| Total | 20,031 |

## 10. PROPERTY, PLANT AND EQUIPMENT

| | 06/30/2009 | | | 12/31/2008 |
|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Net | Net |
| Buldings and yards | 167,331 | (27,770) | 139,561 | 69,882 |
| Machinery and equipment | 190,744 | (94,209) | 96,535 | 68,781 |
| Furniture and fixtures | 8,657 | (5,701) | 2,956 | 3,232 |
| Information technology | 19,339 | (11,635) | 7,704 | 7,473 |
| Vehicles | 3,449 | (2,065) | 1,384 | 808 |
| Land | 25,545 | - | 25,545 | 28,754 |
| Constructions in progress | 7,004 | - | 7,004 | 73,623 |
| Advances to suppliers | 1,323 | - | 1,323 | 3,787 |
| Total | 423,392 | (141,380) | 282,012 | 256,340 |

In view of the financing agreements with the BNDES for investment in property, plant and equipment, approximately R$ 54,455 as of June 30, 2009 (R$ 60,959 as of December 31, 2008) of property, plant and equipment items is pledged as collateral. These items are fully represented by machinery and equipment.

During the first quarter of 2009, the Company capitalized financial charges in the amount of R$ 672 (R$ 415 during the six-month period ended June 30, 2008), recorded under the caption construction in progress.

a) Depreciation rates

The Company depreciates property, plant and equipment items under the straight-line method using the following depreciation rates:

| | Depreciation rate (%) |
|---|---|
| Buildings | 4 |
| Machinery and equipment | 10 |
| Furniture and fixtures | 10 |
| Information technology | 20 |
| Vehicles | 20 |
| Yards | 10 |

## 11. LOANS AND FINANCING

| | Current | | Noncurrent | | Maturity | Amortization | 2009 | Guarantees |
|---|---|---|---|---|---|---|---|---|
| | 06/30/2009 | 12/31/2008 | 06/30/2009 | 12/31/2008 | | | Financial charges | |
| Export financing - US$ | 5,382 | 6,197 | - | 5,842 | 02/09/2010 | Semiannual | 0.80% per year + LIBOR + exchange variation | Promissory note/surety |
| Property, plant and equipment - local currency | 12,576 | 10,185 | 67,673 | 54,909 | 05/15/2016 | Monthly | Interest of 1,3% to 2% per year + TJLP | Financed machinery |
| FINAME sundry | 5,853 | 5,014 | 11,829 | 7,777 | 05/15/2013 | Monthly | Interest of 1.3% to 12.5% per year + TJLP, paid monthly together with amortization of principal | Financed machinery |
| Refinanced drafts | 2,063 | 2,128 | 1,423 | 2,013 | 11/01/2010 | Monthly | LIBOR + 1% spread | Customer collateral |
| Romi Machine Tools, Ltd. - Working capital - US$ | 49 | 56 | 107 | 158 | 06/30/2012 | Semiannual | Interest of 6.31% to 6.39% per year + exchange variation | Promissory note/surety |
| Romi Europe and subsidiaries - Working capital - € | 4,127 | 4,923 | 231 | 258 | 11/30/2012 | Monthly | Interest of 1.65% per year + Libor | Property, plant and equipment |
| Total | 30,050 | 28,503 | 81,263 | 70,957 | | | | |

As of June 30, 2009, as collateral for the financing the Company pledged machinery and equipment with book value of R$ 54,455 (R$ 60,959 as of December 31, 2008) see note 10.

The maturities of financing recorded in non current liabilities as of June 30, 2009 are as follows:

| | |
|---|---|
| 2010 | 16,153 |
| 2011 | 21,199 |
| 2012 | 21,866 |
| 2013 | 20,621 |
| 2014 and therefore | 1,424 |
| Total | 81,263 |

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

## 12. FINAME MANUFACTURER FINANCING

| | 06/30/2009 | 12/31/2008 |
|---|---|---|
| Current liabilities: | | |
| FINAME manufacturer financing | 288,827 | 270,028 |
| Noncurrent liabilities: | | |
| FINAME manufacturer financing | 384,743 | 453,323 |

FINAME manufacturer financing agreements are collateralized by promissory notes and sureties, and the main guarantor is the subsidiary Rominor. The balances of FINAME manufacturer financing are directly linked to the balances of “Onlending of FINAME manufacturer financing” (see Note 7), considering that financing transactions are directly linked to sales to specific customers. The amounts, charges and periods of the financing are fully transferred to the customers receiving the financing, and monthly receipts arising from the caption “Onlending of FINAME manufacturer financing” are fully used to repay the related financing agreements. Therefore, the Company is the transferor of the funds to the banks intermediating the financing transactions, although it remains as the principal debtor of this financing.

FINAME manufacturer financing obtained and transferred to customers have maturities of up to 60 months, with the option of a grace period of up to 12 months and interest of 4% to 5,8% per year + TJLP (Brazilian long-term interest rate), and these terms and conditions are established by the BNDES, according to the customer’s characterisics. The balances of FINAME manufacturer financing and, consequently, the balances of Onlending of FINAME manufacturer financing (see Note 7) as of June 30, 2009 were monetarily adjusted through the financial statement date. The difference of R$ 88,095 as of June 30, 2009 (R$ 62,912 as of December 31, 2008) between the balance of Onlending of FINAME manufacturer financing and the balance of FINAME manufacturer financing refers to past-due trade notes, renegotiations in progress for past-due accounts and FINAME transactions not yet released by the financial institution. Management believes that there are no collection risks associated with these receivables because they are collateralized by the financed machinery.

The maturities of FINAME manufacturer financing recorded in non current liabilities as of June 30, 2009 are as follows:

| | Company and Consolidated |
|---|---|
| 2010 | 135,366 |
| 2011 | 156,006 |
| 2012 | 73,358 |
| 2013 | 19,793 |
| 2014 | 220 |
| Total | 384,743 |

13. FINANCIAL INSTRUMENTS

(a) General considerations

The Company and its subsidiaries enter into transactions with financial instruments whose risks are managed by means of financial position strategies and exposure limit controls. All financial instruments are recorded in the accounting books and consist mainly of:

- Cash and cash equivalents and held-for-trading securities: recognized at amortization cost plus income earned through the balance sheet date, which approximate their fair values and presented in notes 5;
- Trade accounts receivable: commented and presented in notes 6 and 7;
- Loans and financing: commented and presented in notes 11 and 12.

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

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

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

Interest rate risk: this risk arises from the possibility of losses (or gains) due to fluctuations in interest rates applicable to the assets/investments and liabilities of the Company. In order to minimize possible impacts resulting from interest rate fluctuations, the Company has alternated between fixed rates and variable rates, such as Libor and the interbank deposit rate (CDI) and periodically renegotiated their contracts to adjust them to the market.

Exchange rate risk: this risk arises from the possibility of fluctuations in exchange rates affecting financial expenses or income and the liability or asset balance of contracts denominated in a foreign currency. In addition to trade receivables arising from exports from Brazil and investments abroad, which form a natural hedge against currency fluctuations, the Company assesses its exchange exposure.

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

| | Carrying amount | | Market value | |
|---|---|---|---|---|
| | 06/30/09 | 31/12/08 | 06/30/09 | 31/12/08 |
| Liabilities in foreign currency: | | | | |
| Financing | (13,382) | (21,576) | (13,382) | (21,576) |
| Foreign suppliers | (10,097) | (5,731) | (10,097) | (5,731) |
| Payables (acquisition of subsidiaries) | (9,674) | (14,772) | (9,674) | (14,772) |
| Assets in foreign currency: | | | | |
| Trade accounts receivables | 23,133 | 44,075 | 23,133 | 44,075 |
| Other | - | 2,056 | - | 2,056 |
| Net exposure | (10,020) | 4,052 | (10,020) | 4,052 |

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

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

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

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

Capital management risk: arises from the Company's option to adopt a financing structure for its operations. The Company manages its equity structure, which consists of a ratio between financial debts and equity (shareholders' equity, retained earnings and profit reserves), based on internal policies and benchmarks.

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

Foreign currency sensitivity analysis:

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

As of June 30, 2009, the balances denominated in foreign currency were subject to exchange rate changes. We estimate that a ten percent appreciation or depreciation in the exchange rate in relation to the local currency would have resulted in an expense or income of R$ 1002. As of December 31, 2008, based on the same assumption, a ten percent appreciation or depreciation in the exchange rate in relation to the local currency would have resulted in an income or expense of R$ 405.

Interest rate sensitivity analysis:

Income from short-term investments and financial expenses arising from the Company's loans and financing are impacted by interest rate variations, such as TJLP and CDI.

As of June 30, 2009, an estimated ten percent increase or decrease in interest rates would increase or decrease financial income by R$ 238, (R$ 1,667 as of December 31, 2008). This amount was calculated considering the impact of hypothetical increases or decreases in interest rates on outstanding short-term investments and financing.

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

(c) Financial instruments per category

The main assets and liabilities instruments are as follow:

| Financial assets | 06/30/2009 | 12/31/2008 |
|---|---|---|
| Fair value: | | |
| Titles held for trading | 54,823 | 53,721 |
| Loans and receivables: | | |
| Cash and cash equivalents and short-term investments | 45,090 | 135,224 |
| Trade accounts receivables | 51,397 | 79,591 |
| Onlending of FINAME manufacturer financing | 343,635 | 306,892 |
| Trade accounts receivable - non current | 3,730 | 3,700 |
| Onlending FINAME manufacturer financing - non current | 418,030 | 479,371 |
| Escrow deposits | 15,515 | 13,803 |

| Financial liabilities | 06/30/2009 | 12/31/2008 |
|---|---|---|
| Other liabilities: | | |
| Financing | 30,050 | 28,503 |
| FINAME manufacturer financing | 288,827 | 270,028 |
| Trade accounts payable | 22,076 | 31,136 |
| Other payables | 12,232 | 15,160 |
| Financing - non current | 81,263 | 70,957 |
| FINAME manufacturer financing - non current | 384,743 | 453,323 |
| Other payables - non current | 6,092 | 9,626 |

## 14. PAYROLL AND RELATED CHARGES

| | 06/30/2009 | 12/31/2008 |
|---|---|---|
| Salaries | 2,990 | 4,204 |
| Accrued vacation, 13th salary and related charges | 14,886 | 8,863 |
| Payroll charges | 6,721 | 7,762 |
| Provision for profit sharing | 765 | 13,016 |
| Total | 25,362 | 33,845 |

Employee profit sharing was recorded in the statements of income for the six-month period ended June 30, 2009 and 2008, under the captions “cost of sales and services”, “selling expenses”, and “general and administrative expenses”, according to the cost center of each employee.

## 15. TAXES PAYABLE

| | 06/30/2009 | 12/31/2007 |
|---|---|---|
| COFINS (tax on revenue) | 1,180 | 1,600 |
| PIS (tax on revenue) | 454 | 349 |
| ICMS (state VAT) | 2,968 | 1,953 |
| Income and social contribution taxes on net income | 410 | 2,424 |
| Other taxes | 428 | 1,031 |
| Total | 5,440 | 7,357 |
| | | |
| Non current | | |
| Others | 3,578 | 3,578 |

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

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

## 16. RESERVE FOR CONTINGENCIES

The Company’s and subsidiaries’ management, along with the legal counsel, classified lawsuits according to the risk of an unfavorable outcome, as specified below:

| | Classification of lawsuits - amounts as of June 30, 2009 | | | Recorded reserve | |
|---|---|---|---|---|---|
| | Remote | Possible | Probable | 06/30/2009 | 12/31/2008 |
| Tax | 353 | 4,071 | 15,817 | 15,817 | 14,153 |
| Civil | 1,550 | 71 | 294 | 294 | 285 |
| Labor | 2,710 | 931 | 3,122 | 3,122 | 1,736 |
| Total | 4,613 | 5,073 | 19,233 | 19,233 | 16,174 |
| | | | | | |
| Current balance | - | - | - | 17,766 | 15,876 |
| Non current balance (a) | - | - | - | 1,467 | 298 |

(a) Refers to labor reserve under the captions “Salaries and related charges”

Management recognized a reserve for contingencies for lawsuits whose likelihood of an unfavorable outcome was classified as probable by the Company’s legal counsel. Changes in the period ended June 30, 2009 are shown below:

| | 12/31/2008 | Additions | Uses/ reversals | Monetary adjustment | 06/30/2009 |
|---|---|---|---|---|---|
| Tax | 14,153 | 1,664 | - | - | 15,817 |
| Civil | 285 | - | (8) | 17 | 294 |
| Labor | 1,736 | 977 | (215) | 624 | 3,122 |
| | 16,174 | 2,641 | (223) | 641 | 19,233 |

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

As of June 30, 2009, the main lawsuits, which were classified by Management as probable loss based on the opinion of legal counsel and, therefore, were included in the reserve for contingencies, are as follows:

(b) Tax lawsuits

Refer to reserve for PIS and COFINS (taxes on revenue) on ICMS (state VAT) on sales in the amounts of R$ 2,732 (R$ 2,434 as of December 31, 2008) and R$ 12,580 (R$ 11,213 as of December 31, 2008), respectively, and INSS (social security contribution) on services provided by cooperatives in the amount of R$ 506 (R$ 506 as of December 31, 2008). The Company is depositing in escrow PIS and COFINS on ICMS on sales, the amount recorded is R$ 15,515 (R$ 13,803 as of December 31, 2008).

(c) Civil lawsuits

Refer to contractual review claims filed in courts by customers.

(d) Labor lawsuits

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

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

## 17. SHAREHOLDERS’ EQUITY

Capital

Subscribed and paid-up capital as of June 30, 2009 and December 31, 2008, adjusted for inflation as required by IAS 29, is represented by 78,557,547 registered common shares, without par value, all with the same rights and advantages.

Legal reserve

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

Profit reserve

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

Share buyback plan

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

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

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

Cumulative foreign currency translation adjustments

The Company recognizes under this caption the cumulative effect from the translation of financial statements of its subsidiaries that maintain accounting records in a currency different from the parent's currency. These effects are recognized after the IFRS implementation date.

The cumulative effect will be reversed to income as a gain or loss in the event of sale or write-off of the investment.

## 18. EARNINGS PER SHARE

a) Changes in the number of shares

| Shares issued | Common | Total |
|---|---|---|
| Shares as of December 31,2008 | 78,557,547 | 78,557,547 |
| Shares as of June 30,2009 | 74.757.547 | 74.757.547 |

b) (Loss) Earnings per share

In compliance with IAS No. 33, *Earnings per Share*, the following tables reconcile the net income with the amounts used to calculate the basic and diluted earnings (loss) per share.

| | 06/30/2009 | 06/30/2008 |
|---|---|---|
| Net (loss) income | (7,831) | 58,280 |
| Weighted average of shares issued (in thousands) | 74,999 | 78,557 |
| Basic and diluted (loss) earnings per share | (0.104) | 0.742 |

## 19. INCOME AND SOCIAL CONTRIBUTION TAXES

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

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

| | 06/30/2009 | 06/30/2008 |
|---|---|---|
| (Loss) income before income and social contribution taxes | (9,017) | 73,191 |
| Statutory rate (income and social contribution taxes) | 34% | 34% |
| Expected income and social contribution tax charges at statutory rate | 3,066 | (24,885) |
| | | |
| Reconciliation to the effective rate: | | |
| Interest on capital | - | 6,592 |
| Other additions (deductions), net | (1,382) | 3,781 |
| Income and social contribution tax charges | 1,684 | (14,512) |
| | | |
| Provision for income and social contribution taxes | 1,684 | (14,512) |
| Effective income and social contribution tax rate | - | 20% |

a) Deferred income and social contribution taxes:

| | 06/30/2009 | | | | 12/31/2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Temporary differences | Income tax | Social contribution tax | Total | Temporary differences | Income tax | Social contribution tax | Total |
| Assets: | | | | | | | | |
| Adjustments to market value or other: | | | | | | | | |
| Provision for inventory losses | 20,007 | 4,973 | 1,802 | 6,775 | 15,684 | 3,912 | 1,393 | 5,305 |
| Repossession of machinery | 2,234 | 557 | 201 | 758 | 1,621 | 404 | 156 | 550 |
| Investments | 625 | 156 | 56 | 212 | 437 | 109 | 39 | 148 |
| Adjustments to present value: trade accounts receivable and payable | 482 | 120 | 43 | 163 | 321 | 80 | 29 | 109 |
| Tax losses carryforward | 5,178 | 17 | 466 | 483 | - | - | - | - |
| Commissions | 218 | 54 | 20 | 74 | 780 | 194 | 70 | 264 |
| Reserve for contingencies | 19,233 | 4,815 | 357 | 5,172 | 16,174 | 4,034 | 228 | 4,262 |
| Provision for profit sharing (Law 10101/00) | 2,931 | 731 | 264 | 995 | - | - | - | - |
| Allowance for warranty of machines | 3,042 | 759 | 274 | 1,033 | 3,680 | 918 | 331 | 1,249 |
| Performance-based compensations | 26 | 6 | 2 | 8 | 1,294 | 323 | 116 | 439 |
| Management profit sharing | 900 | - | 81 | 81 | 4,500 | - | 405 | 405 |
| Goodwill arising on upstream merger of JAC | 1,232 | 308 | 111 | 419 | - | - | - | - |
| Deferred income and social contribution taxes, net | 56,108 | 12,496 | 3,677 | 16,173 | 44,491 | 9,974 | 2,757 | 12,731 |
| Liabilities: | | | | | | | | |
| Write off of negative goodwill on acquisition of subsidiary | 23,515 | 5,831 | 2,116 | 7,947 | 23,515 | 5,831 | 2,116 | 7,947 |
| Goodwill from the upstream merger of JAC | 2,796 | 699 | 252 | 951 | - | - | - | - |
| | 26,311 | 6,530 | 2,368 | 8,898 | 23,515 | 5.831 | 2,116 | 7,947 |

i) The recorded asset is limited to amounts whose utilization is supported by future taxable income projections, approved by Management. Future taxable income projections include several estimates related to the performance of the Brazilian and global economies, selection of exchange rates, sales volume and price, tax rates, among others, which may differ from actual amounts. As the result of income and social contribution taxes depends not only on taxable income, but also on the tax and corporate structure of the Company and its subsidiaries in Brazil and abroad, the expected realization of temporarily nondeductible differences, the existence of non-taxable income, nondeductible expenses, and other variables, there is no direct correlation between the net income of the Company and its subsidiaries and the result of income and social contribution taxes. Accordingly, changes in the realization of temporarily nondeductible differences should not be considered indicative of future profits of the Company and its subsidiaries.

ii) Income and social contribution tax liabilities refer to the write-off of negative goodwill arising from acquisition of a subsidiary as part of the application of the IFRS. Tax payable on gain arising from the write-off of negative goodwill will be deferred when the negative goodwill is realized, which will occur when the investment is sold or impaired.

As of June 30, 2009, the expected realization of deferred income and social contribution taxes, recorded in non current assets, is as follow:

| | 06/30/2009 | | |
|---|---|---|---|
| | Income taxes | Social contribution | Total |
| 2010 | 8,425 | 2,204 | 10,629 |
| 2011 | 1,897 | 684 | 2,581 |
| 2012 | 1,844 | 665 | 2,509 |
| 2013 | 18 | 6 | 24 |
| 2014 | 9 | 2 | 11 |
| After 2014 | 303 | 116 | 419 |
| Total | 12,496 | 3,677 | 16,173 |

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

| | Balance at 12/31/2008 | Impact on net income (loss) | Impact on goodwill | Balance at 06/30/2009 |
|---|---|---|---|---|
| Provision for inventory losses | 5,305 | 1,489 | - | 6,794 |
| Repossession of machinery | 550 | 208 | - | 758 |
| Investments | 148 | 64 | - | 212 |
| Tax losses carryforward | - | 483 | - | 483 |
| Adjustments to present value: trade accounts receivable and payable | 109 | 54 | - | 163 |
| Allowance for warranty of machines | 1,249 | (216) | - | 1,033 |
| Performance-based compensations | 439 | (431) | - | 8 |
| Commissions | 264 | (190) | - | 74 |
| Reserve for contingencies | 4,262 | 1,886 | - | 6,148 |
| Management profit sharing | 405 | (324) | - | 81 |
| Income tax and social contribution on goodwill | - | - | 419 | 419 |
| Deferred income tax and social contribution assets | 12,731 | 3,023 | 419 | 16,173 |
| | | | | |
| Gain on acquisition of subsidiary | (7,947) | - | (7,947) | (7,947) |
| Income tax and social contribution on goodwill | - | - | (951) | (951) |
| Income tax and social contribution liabilities | (7,947) | - | (951) | (8,898) |

## 20. PENSION PLAN

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

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

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

The Company's contributions as of June 30, 2009 amounted to R$ 266 (R$ 2,491 in six-month period ended June 30, 2008).

## 21. INSURANCE

The insured amounts are determined and contracted on a technical basis and are considered sufficient to cover potential losses arising from permanent assets and inventories. It is the policy of the Company and its subsidiaries to maintain insurance coverage for assets exposed to risks in amounts considered sufficient by Management to cover potential losses, according to the nature of activities and the risk assessment by specialized consultants. As of June 30, 2009, insurance coverage is as follows:

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

## 22. SEGMENT REPORTING

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

| | 06/30/2009 | | | | |
|---|---|---|---|---|---|
| | Machine tools | Plastic injection machines | Cast and machined products | Eliminations between segments and other | Consolidated |
| Operating revenue | 114,964 | 44,266 | 20,615 | - | 179,845 |
| Cost of sales | (73,189) | (22,592) | (27,559) | - | (123,340) |
| Transfers remitted | 5,776 | - | 5,974 | (11,750) | - |
| Transfers received | (4,382) | (5,167) | (2,201) | 11,750 | - |
| Gross profit | 43,169 | 16,507 | (3,171) | - | 56,505 |
| Operating income (expenses): | | | | | |
| Selling expenses | (16,907) | (8,585) | (1,820) | - | (27,312) |
| General and administrative expenses | (18,613) | (10,413) | (1,488) | - | (30,514) |
| Research and development expenses | (8,872) | (2,874) | - | - | (11,746) |
| Management profit sharing and compensation | (2,289) | (601) | (206) | - | (3,096) |
| Tax expenses | (714) | (291) | (60) | - | (1,065) |
| Other income | 5,693 | (401) | - | - | 5,292 |
| (Loss) income from operations before financial income (expenses) | 1,467 | (6,658) | (6,745) | - | (11,936) |
| Financial income | - | - | - | - | 8,678 |
| Financial expenses | - | - | - | - | (2,173) |
| Foreign exchange loss, net | - | - | - | - | (3,586) |
| Total financial income | - | - | - | - | 2,919 |
| (Loss) income before income and social contribution taxes | - | - | - | - | (9,017) |
| Income and social contribution taxes | - | - | - | - | 1,684 |
| Net (loss) income | - | - | - | - | (7,333) |

| | 06/30/2009 | | | | |
|---|---|---|---|---|---|
| | Machine tools | Plastic injection machines | Cast and machined products | Eliminations between segments and other | Consolidated |
| Attributed to: | | | | | |
| Owners of the parent | - | - | - | - | (7,831) |
| Non controlling interests | - | - | - | - | 498 |
| Inventories | 193,552 | 75,865 | 16,640 | - | 286,057 |
| Depreciation | 6,494 | 915 | 1,843 | - | 9,252 |
| Property, plant and equipment, net | 163,789 | 14,263 | 103,960 | - | 282,012 |
| Intangible assets | - | 4,491 | - | - | 4,491 |
| Goodwill | - | 2,017 | - | - | 2,017 |

| | Europe | North America | Latin America | Africa and Asia | Total |
|---|---|---|---|---|---|
| Net operating income per geographical region | 17,416 | 10,717 | 151,463 | 249 | 179,845 |

| | 06/30/2008 | | | | |
|---|---|---|---|---|---|
| | Machine tools | Plastic injection machines | Cast and machined products | Eliminations between segments and other | Consolidated |
| Operating revenue | 211,644 | 56,476 | 61,999 | - | 330,119 |
| Cost of sales | (112,631) | (26,064) | (56,674) | - | (195,369) |
| Transfers remitted | 12,322 | - | 17,711 | (30,033) | - |
| Transfers received | (14,141) | (10,278) | (5,614) | 30,033 | - |
| Gross profit | 97,194 | 20,134 | 17,422 | - | 134,750 |
| Operating income (expenses): | | | | | |
| Selling expenses | (19,903) | (7,013) | (3,286) | - | (30,202) |
| General and administrative expenses | (17,549) | (3,413) | (3,999) | - | (24,961) |
| Research and development expenses | (11,415) | (2,330) | - | - | (13,745) |

| | 06/30/2008 | | | | |
|---|---|---|---|---|---|
| | Machine tools | Plastic injection machines | Cast and machined products | Eliminations between segments and other | Consolidated |
| Management profit sharing and compensation | (5,316) | (934) | (1,181) | - | (7,431) |
| Tax expenses | (783) | (199) | (211) | - | (1,193) |
| Other income | 786 | - | - | - | 786 |
| Income from operations before financial income (expenses) | 43,014 | 6,245 | 8,745 | - | 58,004 |
| Financial income | - | - | - | - | 17,627 |
| Financial expenses | - | - | - | - | (2,850) |
| Foreign exchange loss, net | - | - | - | - | 410 |
| Total financial income | - | - | - | - | 15,187 |
| Income before income and social contribution taxes | - | - | - | - | 73,191 |
| Income and social contribution taxes | - | - | - | - | (14,512) |
| Net income | - | - | - | - | 58,679 |
| Attributed to: | | | | | |
| Owners of the parent | - | - | - | - | 58,280 |
| Non controlling interests | - | - | - | - | 399 |
| Inventories | 167,844 | 24,977 | 18,421 | - | 211,242 |
| Depreciation | 4,839 | 208 | 1,955 | - | 7,002 |
| Property, plant and equipment, net | 113,459 | 4,030 | 39,310 | - | 156,799 |
| Intangible assets | - | 2,843 | - | - | 2,843 |
| Goodwill | - | 1,496 | - | - | 1,496 |

| | Europe | North America | Latin America | Africa and Asia | Total |
|---|---|---|---|---|---|
| Net operating income per geographical region | 11,885 | 19,147 | 298,097 | 990 | 330,119 |

| | Second quarter period ended 06/30/2009 | | | | |
|---|---|---|---|---|---|
| | Machine tools | Plastic injection machines | Cast and machined products | Eliminations between segments and other | Consolidated |
| Operating revenue | 64,634 | 28,859 | 10,583 | - | 104,076 |
| Cost of sales | (44,219) | (16,134) | (12,511) | - | (72,864) |
| Transfers remitted | 2,928 | - | 2,411 | (5,339) | - |
| Transfers received | (1,573) | (2,282) | (1,484) | 5,339 | - |
| Gross profit | 21,770 | 10,443 | (1,001) | - | 31,212 |
| Operating income (expenses): | | | | | |
| Selling expenses | (8,677) | (4,090) | (827) | - | (13,594) |
| General and administrative expenses | (7,347) | (5,148) | (768) | - | (13,263) |
| Research and development expenses | (3,645) | (1,365) | - | - | (5,010) |
| Management profit sharing and compensation | (799) | (341) | (99) | - | (1,239) |
| Tax expenses | (345) | (183) | (34) | - | (562) |
| Other income | 5,695 | (418) | - | - | 5,277 |
| (Loss) income from operations before financial income (expenses) | 6,652 | (1,102) | (2,729) | - | 2,821 |
| Financial income | - | - | - | - | 2,983 |
| Financial expenses | - | - | - | - | (1,514) |
| Foreign exchange loss, net | - | - | - | - | (2,527) |
| Total financial income | - | - | - | - | (1,058) |
| Income before income and social contribution taxes | - | - | - | - | 1,763 |
| Income and social contribution taxes | - | - | - | - | (1,258) |
| Net income | - | - | - | - | 505 |
| Attributed to: | | | | | |
| Owners of the parent | - | - | - | - | 269 |
| Non controlling interests | - | - | - | - | 236 |

| | Second quarter period ended 06/30/2009 | | | | |
|---|---|---|---|---|---|
| | Machine tools | Plastic injection machines | Cast and machined products | Eliminations between segments and other | Consolidated |
| Inventories | 193,552 | 75,865 | 16,640 | - | 286,057 |
| Depreciation | 3,085 | 409 | 876 | - | 4,370 |
| Property, plant and equipment, net | 163,789 | 14,263 | 103,960 | - | 282,012 |
| Intangible assets | - | 4,491 | - | - | 4,491 |
| Goodwill | - | 2,017 | - | - | 2,017 |

| | Europe | North America | Latin America | Africa and Asia | Total |
|---|---|---|---|---|---|
| Net operating income per geographical region | 9,665 | 2,396 | 91,823 | 192 | 104,076 |

| | Second quarter period ended 06/30/2008 | | | | |
|---|---|---|---|---|---|
| | Machine tools | Plastic injection machines | Cast and machined products | Eliminations between segments and other | Consolidated |
| Operating revenue | 114,911 | 29,802 | 32,550 | - | 177,263 |
| Cost of sales | (62,240) | (13,845) | (27,560) | - | (103,645) |
| Transfers remitted | 6,419 | - | 8,841 | (15,260) | - |
| Transfers received | (7,154) | (5,311) | (2,795) | 15,260 | - |
| Gross profit | 51,936 | 10,646 | 11,036 | - | 73,618 |
| Operating income (expenses): | | | | | |
| Selling expenses | (10,796) | (3,862) | (1,364) | - | (16,022) |
| General and administrative expenses | (9,199) | (1,512) | (2,086) | - | (12,797) |
| Research and development expenses | (5,906) | (1,215) | - | - | (7,121) |
| Management profit sharing and compensation | (3,095) | (419) | (507) | - | (4,021) |
| Tax expenses | (274) | (71) | (75) | - | (420) |
| Other income | (73) | - | - | - | (73) |
| Income from operations before financial income (expenses) | 22,593 | 3,567 | 7,004 | - | 33,164 |

| | Second quarter period ended 06/30/2008 | | | | |
|---|---|---|---|---|---|
| | Machine tools | Plastic injection machines | Cast and machined products | Eliminations between segments and other | Consolidated |
| Financial income | - | - | - | - | 9,579 |
| Financial expenses | - | - | - | - | (1,396) |
| Foreign exchange loss, net | - | - | - | - | 34 |
| Total financial income | - | - | - | - | 8,217 |
| Income before income and social contribution taxes | - | - | - | - | 41,381 |
| Income and social contribution taxes | - | - | - | - | (8,638) |
| Net income | - | - | - | - | 32,743 |
| Attributed to: | | | | | |
| Owners of the parent | - | - | - | - | 32,544 |
| Non controlling interests | - | - | - | - | 199 |
| Inventories | 167,844 | 24,977 | 18,421 | - | 211,242 |
| Depreciation | 2,429 | 105 | 982 | - | 3,516 |
| Property, plant and equipment, net | 113,459 | 4,030 | 39,310 | - | 156,799 |
| Intangible assets | - | 2,843 | - | - | 2,843 |
| Goodwill | - | 1,496 | - | - | 1,496 |

| | Europe | North America | Latin America | Africa and Asia | Total |
|---|---|---|---|---|---|
| Net operating income per geographical region | 5,850 | 8,686 | 161,841 | 886 | 177,263 |

## 23. FUTURE COMMITMENTS

On May 1, 2007, the Company entered into an electric power supply agreement with the concessionaire Centrais Elétricas Cachoeira Dourada S.A. - CDSA, which belongs to the Endesa Group, effective between January 1, 2008 and December 31, 2012, under the "free consumer" system. This agreement is annually adjusted based on the IGP-M (general market price index) and distributed as follows:

| Year of supply | Amount |
|---|---|
| 2009 | 7,281 |
| 2010 | 10,579 |
| 2011 | 11,574 |
| 2012 | 12,105 |
| Total | 41,539 |

Management estimates that this agreement is consistent with the required electric power consumption for the agreement period.

Commitments assumed on the acquisition of a group of assets and rights named "Complexo Empresarial" from Sandretto Industries S.r.l. are described in note 1.

## 24. EXPENSES BY NATURE

The Company elected to report the Consolidated Statement of Income by function. As required by the IFRS, we present below the Consolidated Statement of Income detailed by nature:

| | Six-month period ended | |
|---|---|---|
| | 06/30/2009 | 06/30/2008 |
| Depreciation and amortization | 9,252 | 7,002 |
| Personal expenses | 89,977 | 94,240 |
| Raw material and consumable supplies | 69,887 | 148,941 |
| Freight | 4,270 | 6,608 |
| Other expenses | 23,687 | 16,110 |
| Total | 197,073 | 272,901 |
| Classified as: | | |
| Cost of sales | 123,340 | 195,369 |
| Selling expenses | 27,312 | 30,202 |
| General and administrative expenses | 30,514 | 24,961 |
| Research and development expenses | 11,746 | 13,745 |
| Management profit sharing compensation | 3,096 | 7,431 |
| Tax expenses | 1,065 | 1,193 |
| Total | 197,073 | 272,901 |

| | Quarter period ended | |
|---|---|---|
| | 06/30/2009 | 06/30/2008 |
| Depreciation and amortization | 4,370 | 3,516 |
| Personal expenses | 40,246 | 50,625 |
| Raw material and consumable supplies | 48,668 | 72,791 |
| Freight | 1,914 | 3,338 |
| Other expenses | 11,334 | 13,756 |
| Total | 106,532 | 144,026 |
| Classified as: | | |
| Cost of sales | 72,864 | 103,645 |
| Selling expenses | 13,594 | 16,022 |
| General and administrative expenses | 13,263 | 12,797 |
| Research and development expenses | 5,010 | 7,121 |
| Management profit sharing compensation | 1,239 | 4,021 |
| Tax expenses | 562 | 420 |
| Total | 106,532 | 144,026 |

## 25. OTHER OPERATING INCOME (EXPENSES), NET

| | Six-month period ended | |
|---|---|---|
| | 06/30/2009 | 30/06/2008 |
| Gain on sale of assets (a) | 5,882 | - |
| Other operating income | (590) | 786 |
| Total | 5,292 | 786 |

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

## 26. FINANCIAL INCOME AND EXPENSE

| | Six-month period ended | | Quarter ended | |
|---|---|---|---|---|
| | 06/30/2009 | 06/30/2008 | 06/30/2009 | 06/30/2008 |
| Financial Income: | | | | |
| Interest on short-term investments | 6,026 | 14,956 | 2,036 | 8,400 |
| Interest on trade notes receivables | 2,652 | 2,671 | 947 | 1,179 |
| Total | 8,678 | 17,627 | 2,983 | 9,579 |
| Financial Expenses: | | | | |
| Interest on financing | (2,173) | (2,850) | (1,514) | (1,396) |

## 27. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Company’s Board of Directors on July 28, 2009.