

(A free translation of the original in Portuguese)

**Indústrias Romi S.A.**  
**Quarterly information (ITR) at**  
**June 30, 2014**  
**and report on review of**  
**quarterly information**



## **Report on Review of Quarterly Information**

To the Board of Directors and Shareholders  
Indústrias Romi S.A.

### **Introduction**

We have reviewed the accompanying parent company and consolidated interim accounting information of Indústrias Romi S.A., included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2014, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and six-month periods then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

### **Scope of review**

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

### **Conclusion on the parent company interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.



Indústrias Romi S.A.

**Conclusion on the consolidated  
interim information**

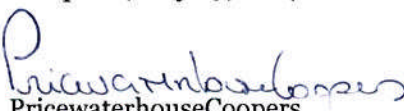
Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

**Other matters**

**Statements of value added**

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2014. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under International Financial Reporting Standards (IFRS), which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Campinas, July 29, 2014

  
PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

  
Marcos Roberto Sponchiado  
Contador CRC 1SP175536/O-5

# Indústrias Romi S.A.

## Balance sheet

All amounts in thousands of reais unless otherwise stated

	Company		Consolidated			Company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013		June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
ASSETS					LIABILITIES AND EQUITY				
CURRENT					CURRENT				
Cash and cash equivalents	39,150	63,834	79,115	107,232	Borrowings	97,899	51,262	100,776	54,169
Trade accounts receivable	72,393	96,535	94,351	120,371	FINAME manufacturer financing	169,869	210,429	169,869	210,429
Onlending of FINAME manufacturer financing	206,551	243,434	206,551	243,434	Trade accounts payable	41,333	46,979	45,852	43,392
Inventories	244,061	220,826	313,134	274,066	Payroll and related taxes	26,059	20,765	30,863	23,960
Related parties	17,557	15,307	535	643	Borrowings	1,535	10,980	3,153	16,364
Taxes recoverable	12,665	12,247	15,651	13,932	FINAME manufacturer financing	15,552	18,275	61,412	54,836
Other receivables	19,821	20,944	23,090	25,118	Dividends and interes on capital	16	359	16	396
	612,198	673,127	732,427	784,796	Profit sharing	384	373	384	373
					Other payables	8,587	7,350	14,777	9,269
NON-CURRENT					Provision for net capital deficiency - subsidiary	21,002	19,530		
Trade accounts receivable	8,056	10,814	8,056	10,814	Related parties	588	1,065	442	198
Onlending of FINAME manufacturer financing	156,774	190,712	156,774	190,712		382,824	387,367	427,544	413,386
Related parties	42,675	45,617			NON-CURRENT				
Taxes recoverable	2,185	1,267	2,185	1,267	Borrowings	67,401	135,704	80,741	148,704
Deferred income tax and social contribution	52,368	50,487	52,368	50,487	FINAME manufacturer financing	138,002	172,274	138,002	172,274
Judicial deposits	1,394	1,465	1,394	1,465	Borrowings	2,364	2,214	2,364	2,214
Other receivables	35,435	36,268	36,274	37,771	Provision for tax, labor and divil risks	8,077	7,829	8,920	7,829
					Other payables	452	431	684	823
Investment in subsidiary and associated companies	99,328	108,334	2,176	2,327	Deferred income tax and social contribution	-	-	24,017	25,977
Property, plant and equipment	217,188	217,387	274,043	272,559		216,296	318,452	254,728	357,821
Investment properties	14,211	14,211	19,619	19,989		599,120	705,819	682,272	771,207
Intangible assets	3,490	4,365	44,861	48,943	TOTAL LIABILITIES				
	633,104	680,927	597,750	636,334					
					EQUITY				
					Capital	489,973	489,973	489,973	489,973
					Capital reserve	2,052	2,052	2,052	2,052
					Profit reserve	140,784	140,784	140,784	140,784
					Accumulated deficit	2,059	-	2,059	
					Other comprehensive income	11,314	15,426	11,314	15,426
						646,182	648,235	646,182	648,235
					NON CONTROLLING INTEREST			1,723	1,688
					TOTAL EQUITY	646,182	648,235	647,905	649,923
TOTAL ASSETS	1,245,302	1,354,054	1,330,177	1,421,130	TOTAL LIABILITIES AND EQUITY	1,245,302	1,354,054	1,330,177	1,421,130

The accompanying notes are integral part of these Interim financial statements

# Indústrias Romi S.A.

## Statement of income

### Quarters and Semesters ended June 30

All amounts in thousands of reais unless otherwise stated

	Company			
	Current quarter 01/04/2014 to 30/06/2014	Accumulated for current year ending 01/01/2014 to 30/06/2014	Same quarter for prior year ended 01/04/2013 to 30/06/2013	Accumulated for prior year ended 01/01/2013 to 30/06/2013
<b>Operations</b>				
Net Operating revenue	120,827	247,325	130,965	247,147
Cost of sales and services	(88,105)	(178,872)	(96,745)	(184,284)
<b>Gross profit</b>	<b>32,722</b>	<b>68,453</b>	<b>34,220</b>	<b>62,863</b>
<b>Operation income (expenses)</b>				
Selling	(13,297)	(27,507)	(14,942)	(27,126)
General and administrative	(9,923)	(20,486)	(10,588)	(25,240)
Research and development	(4,998)	(10,162)	(4,820)	(9,371)
Management profit sharing and fees	(1,437)	(3,035)	(1,515)	(2,981)
Equity in the earnings of subsidiaries	(2,549)	(3,262)	786	14
Other operating income, net	(7)	(88)	(121)	59
	(32,211)	(64,540)	(31,200)	(64,645)
<b>Operating profit (loss)</b>	<b>511</b>	<b>3,913</b>	<b>3,020</b>	<b>(1,782)</b>
<b>Financial income (expenses)</b>				
Financial income	2,832	6,742	3,476	6,036
Financial expenses	(3,257)	(6,374)	(4,470)	(9,334)
Foreign exchange gains, net	(1,531)	(2,702)	3,179	2,289
	(1,956)	(2,334)	2,185	(1,009)
<b>Profit (loss) before taxation</b>	<b>(1,445)</b>	<b>1,579</b>	<b>5,205</b>	<b>(2,791)</b>
<b>Income tax and social contribution</b>				
Current	553	480	(194)	2,134
Deferred	(209)	(2,029)	(212)	(212)
	762	2,509	18	2,346
<b>Profit (loss) for the quarter</b>				
Profit (loss) for continued operations	(892)	2,059	5,011	(657)
Profit (loss) for discontinued operations			(8,918)	(11,304)
<b>Profit (loss) for the quarter</b>	<b>(892)</b>	<b>2,059</b>	<b>(3,907)</b>	<b>(11,961)</b>

The accompanying notes are integral part of these Interim financial statements

# Indústrias Romi S.A.

## Statement of income

### Quarters and Semesters ended June 30

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	Current quarter 01/04/2014 to 30/06/2014	Accumulated for current year ending 01/01/2014 to 30/06/2014	Same quarter for prior year ended 01/04/2013 to 30/06/2013	Accumulated for prior year ended 01/01/2013 to 30/06/2013
<b>Operations</b>				
Net Operating revenue	143,576	294,306	151,406	291,721
Cost of sales and services	(103,836)	(210,890)	(109,013)	(213,156)
<b>Gross profit</b>	<b>39,740</b>	<b>83,416</b>	<b>42,393</b>	<b>78,565</b>
<b>Operation income (expenses)</b>				
Selling	(17,259)	(35,684)	(17,987)	(34,099)
General and administrative	(16,585)	(32,767)	(14,496)	(33,345)
Research and development	(4,998)	(10,162)	(4,853)	(9,428)
Management profit sharing and fees	(1,472)	(3,101)	(1,548)	(3,046)
Equity in the earnings of subsidiaries				
Other operating income, net	1,885	3,345	(120)	77
	(38,429)	(78,369)	(39,004)	(79,841)
<b>Operating profit (loss)</b>	<b>1,311</b>	<b>5,047</b>	<b>3,389</b>	<b>(1,276)</b>
<b>Financial income (expenses)</b>				
Financial income	4,460	10,172	3,793	7,669
Financial expenses	(4,594)	(9,580)	(4,722)	(10,865)
Foreign exchange gains, net	(1,532)	(2,707)	3,180	2,286
	(1,666)	(2,115)	2,251	(910)
<b>Profit (loss) before taxation</b>	<b>(355)</b>	<b>2,932</b>	<b>5,640</b>	<b>(2,186)</b>
<b>Income tax and social contribution</b>				
Current	(366)	(606)	(505)	1,775
Deferred	(1,127)	(3,246)	(523)	(835)
	761	2,640	18	2,610
<b>Profit (loss) for the quarter</b>				
Profit (loss) for continued operations	(721)	2,326	5,135	(411)
Profit (loss) for discontinued operations			(8,918)	(11,304)
<b>Profit (loss) for the quarter</b>	<b>(721)</b>	<b>2,326</b>	<b>(3,783)</b>	<b>(11,715)</b>

The accompanying notes are integral part of these Interim financial statements

## Indústrias Romi S.A.

### Statement of comprehensive income

#### Quarters and Semesters ended June 30

All amounts in thousands of reais unless otherwise stated

	Company			
	Current quarter 01/04/2014 to 30/06/2014	Accumulated for current year ending 01/01/2014 to 30/06/2014	Same quarter for prior year ended 01/04/2013 to 30/06/2013	Accumulated for prior year ended 01/01/2013 to 30/06/2013
<b>Profit (loss) for the quarter</b>	(892)	2,059	(3,907)	(11,961)
Foreign currency translation effects	(1,703)	(4,112)	7,661	4,269
<b>Comprehensive income (loss) for the quarter</b>	<u>(2,595)</u>	<u>(2,053)</u>	<u>3,754</u>	<u>(7,692)</u>

The accompanying notes are integral part of these Interim financial statements

## Indústrias Romi S.A.

### Statement of comprehensive income

#### Quarters and Semesters ended June 30

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	Current quarter 01/04/2014 to 30/06/2014	Accumulated for current year ending 01/01/2014 to 30/06/2014	Same quarter for prior year ended 01/04/2013 to 30/06/2013	Accumulated for prior year ended 01/01/2013 to 30/06/2013
<b>Profit (loss) for the quarter</b>	(721)	2,326	(3,783)	(11,715)
Foreign currency translation effects	(1,703)	(4,112)	7,661	4,269
<b>Comprehensive income (loss) for the quarter</b>	<u>(2,424)</u>	<u>(1,786)</u>	<u>3,878</u>	<u>(7,446)</u>

The accompanying notes are integral part of these Interim financial statements



## Indústrias Romi S.A.

### Statement of changes in shareholders' equity

All amounts in thousands of reais unless otherwise stated

	Attributable to owners of the parent										
				Earnings reserve							
	Capital	Capital reserve	Treasury share	Retained earnings	Legal reserve	Total	Other comprehensive income	Retained earnings	Controlling interests	Non-controlling interests	Total
At January 1, 2013	489,973	2,052	(17,850)	116,579	41,012	157,591	3,761		635,527	1,743	637,270
Profit (loss) for the period								(11,961)	(11,961)	246	(11,715)
Foreign currency translation effects							4,269		4,269		4,269
Total comprehensive income for the quarter							4,269	(11,961)	(7,692)	246	(7,446)
Purchase of treasury shares			17,850	(17,850)		(17,850)					
Proposed dividends (R\$ 0.6677 per share)										(287)	(287)
At June 30, 2013	489,973	2,052		98,729	41,012	139,741	8,030	(11,961)	627,835	1,702	629,537
At January 1, 2014	489,973	2,052		99,704	41,080	140,784	15,426		648,235	1,688	649,923
Profit for the period								2,059	2,059	267	2,326
Foreign currency translation effects							(4,112)		(4,112)		(4,112)
Total comprehensive income for the quarter							(4,112)	2,059	(2,053)	267	(1,786)
Proposed dividends (R\$ 0.53866 per share)										(232)	(232)
At June 30, 2014	489,973	2,052		99,704	41,080	140,784	11,314	2,059	646,182	1,723	647,905

The accompanying notes are integral part of these Interim financial statements

# Indústrias Romi S.A.

## Statement of cash flow

Semesters ended June 30

All amounts in thousands of reais unless otherwise stated

	Company		Consolidated	
	2014	2013	2014	2013
<b>Cash flows from operating activities</b>				
<b>Profit (loss) before taxation from Continued Operations</b>	1,579	(2,791)	2,932	(2,186)
<b>Loss before taxation from Discontinued Operations</b>		(11,304)		(11,304)
Adjustments from:				
Financial income and expenses and foreign exchange variations	3,999	365	363	2,408
Depreciation and amortization	14,529	15,413	17,668	17,564
Allowance for doubtful accounts and for other receivables	1,316	7,693	1,316	7,693
Provision for inventories losses	1,826	4,365	1,714	5,158
Cost of property, plant and equipment disposals		417	1,837	541
Equity in subsidiaries and provision for net capital deficiency, net of dividends received	3,262	11,290		
Provision for tax, labor and civil risks	2,116	1,824	2,959	1,824
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable	29,354	23,876	31,232	33,995
Related parties	(5,777)	(6,728)	151	
Onlending of FINAME manufacturer financing	77,707	99,608	77,707	99,608
Inventory	(36,316)	11,910	(52,036)	(390)
Taxes recoverable	3,173	(1,009)	(1,878)	(421)
Judicial deposits	71	(57)	71	(57)
Other receivables	4,954	(315)	4,794	3,759
Suppliers	(4,333)	9,367	3,773	6,439
Related parties	(409)	(126)		
Payroll and related taxes	3,426	5,109	5,035	6,543
Taxes payable	(3,746)	(4,856)	(10,224)	(7,608)
Advances from customers	(2,723)	1,807	6,576	5,288
Other payables	1,273	1,056	5,981	(5,388)
Changes in operating assets and liabilities from discontinued Operations				8,743
<b>Cash provided by operations</b>	95,281	166,914	99,971	172,209
Income tax and social contribution paid	(7,578)	(1,300)	(8,155)	(1,886)
<b>Net cash provided by operating activities</b>	87,703	165,614	91,816	170,323
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment	(13,463)	(9,722)	(15,852)	(20,663)
Intangible increase	(91)		(91)	
Venda de imobilizado	99		261	
Received dividends	3,104	3,848		
Capital increase in foreign subsidiary		(55)		
<b>Net cash used in investing activities</b>	(10,351)	(5,929)	(15,682)	(20,663)
<b>Cash flows from financing activities</b>				
Interest on capital and dividends paid	(369)	304	(970)	(291)
New borrowings	13,029	10,053	17,803	11,589
Payment of other financing	(35,075)	(24,473)	(38,225)	(26,978)
Interest paid	(4,789)	(7,443)	(4,896)	(7,550)
New FINAME manufacturer financing	53,970	45,357	53,970	45,357
Payment of FINAME manufacturer financing	(120,183)	(150,652)	(120,183)	(150,652)
Interest paid - FINAME manufacturer financing	(8,619)	(14,842)	(8,619)	(14,842)
<b>Net cash used in financing activities</b>	(102,036)	(141,696)	(101,120)	(143,367)
<b>Increase (decrease) in cash and cash equivalents</b>	(24,684)	17,989	(24,986)	6,293
<b>Cash and cash equivalents for continued and discontinued operations - at the beginning of the quarter</b>	63,834	45,110	107,232	82,320
<b>Foreign exchanges losses of cash equivalents of foreign subsidiaries</b>		(58)	(3,131)	(1,925)
<b>Cash and cash equivalents for continued operations - at the end of the quarter</b>	39,150	63,041	79,115	86,688

The accompanying notes are integral part of these Interim financial statements

# Indústrias Romi S.A.

## Statements of value added

### Semesters ended June 30

All amounts in thousands of reais unless otherwise stated

	<b>Company</b>		<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>				
Sales of products and services	300,233	299,600	349,101	347,250
Allowance for doubtful accounts and for other receivables	(1,049)	(6,316)	(1,048)	(7,231)
	<u>299,184</u>	<u>293,284</u>	<u>348,053</u>	<u>340,019</u>
<b>Inputs acquired from third parties</b>				
Material used	(110,677)	(125,967)	(120,768)	(136,564)
Other costs of products and services	(9,802)	(10,365)	(15,649)	(11,951)
Electricity, third party services and other expenses	(20,022)	(18,080)	(21,686)	(28,021)
	<u>(140,501)</u>	<u>(154,412)</u>	<u>(158,103)</u>	<u>(176,536)</u>
<b>Gross value added</b>	158,683	138,872	189,950	163,483
Depreciation and amortization	(14,531)	(15,413)	(16,611)	(18,250)
<b>Net value added generated by the Company</b>	<u>144,152</u>	<u>123,459</u>	<u>173,339</u>	<u>145,233</u>
<b>Value added received through transfers</b>				
Equity in the earnings of subsidiaries	(3,263)	(11,290)		
Financial income and net foreign exchange gains	4,042	8,314	4,042	9,978
	<u>(3,263)</u>	<u>(11,290)</u>	<u>4,042</u>	<u>9,978</u>
<b>Total value added to distribute</b>	<u>144,931</u>	<u>120,483</u>	<u>177,381</u>	<u>155,211</u>
<b>Distribution of value added</b>				
Employees				
Payroll and related charges	79,184	65,468	110,887	97,966
Sales commission	1,632	1,235	1,632	1,235
Management profit sharing and fees	3,036	2,981	3,099	3,046
Pension plans	1,192	951	1,192	951
Taxes				
Federal	40,840	38,355	41,524	38,753
State	7,696	10,461	7,696	10,461
Municipal	945	898	945	898
Interests	6,373	9,334	6,373	11,101
Rentals	1,974	2,761	1,974	2,761
Distributed dividends and interest on net equity				
	<u>2,059</u>	<u>(11,961)</u>	<u>2,059</u>	<u>(11,961)</u>
<b>Profit (loss) for the quarter</b>	<u>2,059</u>	<u>(11,961)</u>	<u>2,059</u>	<u>(11,961)</u>
<b>Value added distributed</b>	<u>144,931</u>	<u>120,483</u>	<u>177,381</u>	<u>155,211</u>

The accompanying notes are integral part of these Interim financial statements

# **Indústrias Romi S.A.**

## **Notes to the quarterly information (ITR)**

**at June 30, 2014**

**All amounts in thousands of reais unless otherwise stated**

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### **1 General information**

Indústrias Romi S.A. (the "Parent company" and/or "Company") and its subsidiaries (together referred to as the "Company" and/or as "Consolidated"), has been listed on the "New Market" of the São Paulo Stock Exchange ("Bovespa") since March 23, 2007, and is based in Santa Barbara D'Oeste, São Paulo. The company is engaged in the assembly and sale of capital goods in general, including machine tools, plastic injection molding machines, industrial equipment and accessories, tools, castings and parts, as well as providing systems analysis and developing data processing software related to the production, sale, and use of machine tools and plastic injectors; the manufacture and sale of raw cast parts and machined cast parts; export and import, and representation on its own account or on account of third parties, and the provision of related services. It also holds investments in other companies, and manages its own and/or third party assets.

The Company's industrial facilities consist of eleven plants in three units located in the city of Santa Bárbara D'Oeste, in the State of São Paulo, and one located in the city of Reutlingen, Germany. The last one is a high-precision tooling machine manufacturer, which was acquired by the Company on January 31, 2012. The Company also holds investments in subsidiaries in Brazil and abroad.

This quarterly information was approved by the Company's Board of Directors and authorized for issue on July 29, 2014.

### **2 Basis of preparation and accounting policies**

The financial information for the quarter ended June 30, 2014 of the Company and its subsidiaries has been prepared in accordance with CVM Resolution 673, of October 20, 2011, which approves accounting standard CPC 21 (R1) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The accounting policies adopted by the Company in the preparation of the parent company and consolidated quarterly financial information are the same as those used in the preparation of the financial statements for the year ended December 31, 2013 and, therefore, both should be read together.

The parent company financial information presents the measurement of investments in subsidiaries by the equity method of accounting, pursuant to prevailing Brazilian legislation. Accordingly, this parent company financial information is not considered as being in accordance with the International Financial Reporting Standards ("IFRS"), which require the measurement of such investments in the separate financial statements of the parent at their fair value or at cost.

As there is no difference between the consolidated equity and consolidated profit attributable to the owners of the Company, disclosed in the consolidated quarterly information prepared in accordance with IFRS and accounting practices adopted in Brazil, and the Company's equity and profit disclosed in the parent company financial information prepared in accordance with accounting practices adopted in Brazil, the Company elected to present this parent company and consolidated quarterly information in a single set.

## **Indústrias Romi S.A.**

### **Notes to the quarterly information (ITR)**

**at June 30, 2014**

**All amounts in thousands of reais unless otherwise stated**

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The purpose of the statement of value added is to disclose the wealth created by the Company and its distribution during a certain period, and is presented by the Company, as required by the Brazilian Corporate Law, as an integral part of its parent company quarterly information, and as supplementary information to the consolidated quarterly information, since this statement is not required by IFRS.

**(a) Standards, interpretations and amendments to existing standards effective as at June 30, 2014 and that did not have a material impact on the Company's financial statements**

The interpretations and amendments to existing standards were issued and were effective as at June 30, 2014. However, they did not have a material impact on the Company's financial statements.

**IFRS:**

<b>Standard</b>	<b>Subject</b>
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Jointly Controlled Entities

**(b) Notes included in the financial statements as at December 31, 2013 not included in this quarterly information**

The quarterly information is presented in accordance with accounting standard CPC 21 and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB). The preparation of this quarterly information involves judgment by the Company's management on the relevance and changes that should be disclosed in the notes. Accordingly, this quarterly information includes selected notes and does not comprise all notes presented in the year ended December 31, 2013. As permitted by Circular Letter 03/2011 of the Brazilian Securities Commission (CVM), the following notes are not presented:

- Summary of significant accounting policies (Note 2);
- Business combinations (Note 3);
- Investment property (Note 10);
- Pension plan (Note 18);
- Insurance (Note 19);
- Financial instruments and operating risks (Note 20);
- Net operating revenue (Note 23);
- Expenses by nature (Note 24);
- Finance income (costs) (Note 25); and
- Other operating income, net (Note 26).

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

### 3 Cash and cash equivalents

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Cash	2,578	2,633	22,711	27,375
Bank Deposit Certificates ("CDB") (a)	28,779	50,038	48,611	68,694
Short-term investments backed by debentures (a)	7,460	7,948	7,460	7,948
Short-term investments in foreign currency -US\$ (Time deposit)	-	2,810	-	2,810
Other	333	405	333	405
Total	39,150	63,834	79,115	107,232

(a) These investments are substantially pegged to the Interbank Deposit Certificate (CDI) interest rate.

### 4 Trade receivables

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Current				
Domestic customers	69,595	90,914	69,595	91,334
Foreign customers	4,654	7,329	32,807	37,411
Allowance for doubtful accounts	(1,856)	(1,708)	(8,051)	(8,374)
	72,393	96,535	94,351	120,371
Non-current				
Domestic customers	7,866	10,334	7,866	10,334
Foreign customers	636	967	636	967
Allowance for doubtful accounts	(446)	(487)	(446)	(487)
	8,056	10,814	8,056	10,814

The Company's maximum exposure to credit risk is the balance of trade accounts receivable.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

The balance of current trade accounts receivable as at June 30, 2014 and December 31, 2013, parent company and consolidated, is distributed as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Not yet due	57,962	80,460	77,119	100,134
Past due:				
1 to 30 days	8,820	13,656	9,736	15,319
31 to 60 days	1,901	424	2,603	2,525
61 to 90 days	1,027	133	2,081	1,045
91 to 180 days	1,130	966	1,521	1,206
181 to 360 days	1,166	494	1,362	887
Over 360 days	<u>2,243</u>	<u>2,110</u>	<u>7,980</u>	<u>7,629</u>
	16,287	17,783	25,283	28,611
Total	<u>74,249</u>	<u>98,243</u>	<u>102,848</u>	<u>128,745</u>
Allowance for doubtful accounts	<u>(1,856)</u>	<u>(1,708)</u>	<u>(8,051)</u>	<u>(8,374)</u>
Total - current	<u>72,393</u>	<u>96,535</u>	<u>94,351</u>	<u>120,371</u>

The balance of non-current trade accounts receivable as at June 30, 2014, parent company and consolidated, is distributed as follows:

	<b><u>Parent company and consolidated</u></b>
Not yet due:	
2015 (6 months)	4,252
2016	3,609
2017	<u>195</u>
Total - non-current	<u>8,056</u>

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2014 All amounts in thousands of reais unless otherwise stated

The changes in the allowance for doubtful accounts, parent company and consolidated, are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
As at December 31, 2013	<u>2,195</u>	<u>8,861</u>
Additional allowance recorded	530	548
Receivables written off	(423)	(480)
Foreign exchange rate variations	<u>-</u>	<u>(432)</u>
As at June 30, 2014	<u><u>2,302</u></u>	<u><u>8,497</u></u>

## 5 Receivables - onward lending of Finame manufacturer financing

	<u>Parent company and consolidated</u>	
	<u>June</u>	<u>December</u>
	<u>30,</u>	<u>31,</u>
	<u>2014</u>	<u>2013</u>
Current		
FINAME not yet due	182,817	221,585
FINAME awaiting release (a)	1,490	2,285
FINAME past due (b)	<u>35,293</u>	<u>32,297</u>
	219,600	256,167
Allowance for doubtful accounts	<u>(13,049)</u>	<u>(12,733)</u>
	<u><u>206,551</u></u>	<u><u>243,434</u></u>
Non-current		
FINAME not yet due	153,303	185,188
FINAME awaiting release (a)	<u>6,455</u>	<u>9,140</u>
	159,758	194,328
Allowance for doubtful accounts	<u>(2,984)</u>	<u>(3,616)</u>
	<u><u>156,774</u></u>	<u><u>190,712</u></u>
Total	<u><u>363,325</u></u>	<u><u>434,146</u></u>

The item "Receivables - onward lending of FINAME manufacturing financing" refers to sales to customers financed by funds from the National Bank for Economic and Social Development ("BNDES") (Note 13).



## **Indústrias Romi S.A.**

### **Notes to the quarterly information (ITR)**

**at June 30, 2014**

**All amounts in thousands of reais unless otherwise stated**

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FINAME manufacturer financing refers to funds specifically linked to sales transactions, with terms of up to 48 months, with the option of a grace period of up to 6 months and interest of between 2.5% and 6.5% per year, prefixed or increased by the Long-term Interest Rate ("TJLP"), in accordance with the terms defined by the BNDES at the time of the transaction. As part of the measures adopted by the federal government to foster investment and consumption, the Investment Support Program ("PSI") line of the National Bank for Economic and Social Development (BNDES) that finances capital goods, investments and technology, was extended to December 31, 2014, with interest rate of 4.5% and 6% per year, depending on the Company's revenue volume.

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

Receivables - onward lending of FINAME manufacturer financing include:

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

The machines seized as part of the implementation process are recorded at their book value, not exceeding their market value, under the category of "Other receivables", pending a final court decision, following which they are repossessed and transferred to inventories. As at June 30, 2014, the balance of repossessed machinery, included under the caption "Other receivables", parent company and consolidated, amounted to R\$ 12,973 (R\$ 15,105 as at December 31, 2013) in current assets and R\$ 33,967 (R\$ 35,311 as at December 31, 2013) in non-current assets.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

As at June 30, 2014 and December 31, 2013, the balances of "Receivables - onward lending of FINAME manufacturer financing", parent company and consolidated, were as follows:

	<b>Parent company and consolidated</b>	
	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Not yet due	184,307	223,870
Past due:		
1 to 30 days	4,717	5,469
31 to 60 days	3,055	2,419
61 to 90 days	2,412	2,247
91 to 180 days	6,005	4,354
181 to 360 days	5,996	5,368
Over 360 days	13,108	12,440
	<u>35,293</u>	<u>32,297</u>
Total - current	<u>219,600</u>	<u>256,167</u>

The expected realization of the non-current receivables relating to the onward lending of FINAME manufacturer financing, parent company and consolidated, is as follows:

	<b>Parent company and consolidated</b>
Not yet due:	
2015 (6 months)	56,194
2016	65,495
2017	33,344
2018 and thereafter	<u>4,725</u>
Total - non-current	<u>159,758</u>

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

The changes in the allowance for doubtful accounts, parent company and consolidated, are as follows:

	<b>Parent company and consolidated</b>
	<b>June 30, 2014</b>
Opening balance	16,349
Allowance written off during the period	(316)
Closing balance	<u>16,033</u>

## 6 Inventories

	<b>Parent company</b>	<b>Consolidated</b>
	<b>June 30, 2014</b>	<b>June 30, 2014</b>
Finished products	46,186	69,170
Used machines	27,648	27,648
Work in progress	80,417	115,792
Raw materials and components	84,854	95,170
Imports in transit	4,956	5,354
Total	<u>244,061</u>	<u>313,134</u>

The inventories balances, parent company and consolidated, as at June 30, 2014 are net of the amounts of R\$ 59,765 and R\$59,842 respectively (R\$ 55,540 and R\$ 55,729 respectively as at December 31, 2013) corresponding to the provision for slow-moving inventories with a remote probability of being realized through sale or use.

The changes in the provision to bring inventories to their net realizable value, parent company and consolidated, are as follow:

	<b>Parent company</b>	<b>Consolidated</b>
As at December 31, 2013	55,540	55,729
Inventories sold or written off	(14,899)	(14,899)
Provision recorded	12,775	12,663
Transfer of provision resulting from machines repossessed during the period	6,349	6,349
As at June 30, 2014	<u>59,765</u>	<u>59,842</u>

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

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

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Finished products	3,751	3,316	3,828	3,505
Used machines	27,600	25,201	27,600	25,201
Work in progress	10,101	10,545	10,101	10,545
Raw materials and components	18,313	16,478	18,313	16,478
Total	59,765	55,540	59,842	55,729

# Indústrias Romi S.A.

## Notes to the quarterly information (ITR) at June 30, 2014 All amounts in thousands of reais unless otherwise stated

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### 7 Investments in subsidiaries and associates

The following list shows the investments of the Company in its subsidiaries:

Subsidiary	Country	Main activity
Rominor Comércio, Empreendimentos e Participações S.A. ("Rominor")	Brazil	Ventures and investments in general
Romi Machine Tools, Ltd. ("Romi Machine Tools")	United States of America	Sale of machine tools, spare parts, technical assistance and cast and machined products in North America
Interocean Comércio Importadora e Exportadora S.A. ("Interocean")	Brazil	Trading company, not operating during the periods presented
Romi A.L. S.A. ("Romi A.L.") -	Uruguay	Sales representation for operations in the foreign market
Romi Europa GmbH ("Romi Europe")	Germany	Distribution of machine tools, spare parts and technical assistance
IRSA MÁQUINAS MÉXICO S. de R. L. de C.V.	Mexico	Sale of machinery for plastics and machine tools, spare parts and technical assistance
Romi Machines UK Ltd.	United Kingdom	Sale of machinery for plastics and machine tools, spare parts and technical assistance
Romi France SAS	France	Sale of machinery for plastics and machine tools, spare parts and technical assistance
Metalmecanica Plast B. V.	The Netherlands	Sale of machinery for plastics and machine tools, spare parts and technical assistance
Romi Máquinas España S.A.	Spain	Sale of machinery for plastics and machine tools, spare parts and technical assistance
Subsidiaries of Romi Europe: Burkhardt + Weber Fertigungssysteme GmbH ("B+W")	Germany	Production and sale of large scale tooling machines with high technology, precision and productivity, as well as machinery for specialized applications
Associate B+W: Riello Sistemi (Riello Shangai) Trade Co.,Ltd	China	Sale of machine tools produced by B+W and provision of services (spare parts and technical assistance).
Subsidiary of B+W: Burkhardt + Weber / Romi (Shangai) Co., Ltda.	China	Sale of machine tools produced by B+W and provision of services (spare parts and technical assistance).
Romi Itália S.r.l. ("Romi Italy") (i)	Italy	In process of liquidation.

- (i) On April 23, 2013, the Company's management approved the beginning of the voluntary liquidation of the subsidiary Romi Itália S.r.l., in which part of the assets and liabilities were disposed of/transferred on September 18, 2013.

# Indústrias Romi S.A.

## Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

	June 30, 2014							
	Romi Italy and subsidiaries	Romi Europe and subsidiaries	Rominor	Romi Machine Tools	Interocean	Romi A.L.	IRSA Maquinas México	Total
<b>Investments:</b>								
<b>Number of shares held</b>	(a)	(a)	6,191,156	3,000,000	78,000	13,028,000	1,188,000	
<b>Ownership interest</b>	100.0%	100.0%	93.1%	100.0%	100.0%	100.0%	100.0%	
Current assets	33,814	75,535	20,301	7,519	11	3,168	316	
Non-current assets	10,312	90,267	5,544	311	-	-	1	
Current liabilities	6,319	61,071	968	212	11	18	6	
Non-current liabilities	50,667	32,228	3	15,759	-	-	-	
Equity (net capital deficiency) of subsidiary	(12,860)	72,718	24,874	(8,142)	1	3,149	310	
<b>Changes in investment:</b>								
<b>Opening balance as at December 31, 2013</b>	(12,083)	82,363	22,669	(7,447)	5	3,229	68	88,804
Foreign exchange variations on foreign investments	828	(5,218)	-	492	-	(199)	(15)	(4,112)
Dividends proposed and paid (b)	-	-	(3,104)	-	-	-	-	(3,104)
Share of profits (losses) of subsidiaries	(1,605)	(4,427)	3,585	(1,187)	(4)	119	257	(3,262)
<b>Equivalent value - closing balance</b>	(12,860)	72,718	23,150	(8,142)	1	3,149	310	78,326
<b>Investments in subsidiaries</b>		72,718	23,150		1	3,149	310	99,328
<b>Provision for net capital deficiency of subsidiary</b>	(12,860)			(8,142)				(21,002)
<b>Investments in associates</b>								
30% interest in Riello Sistemi (Shangai) Trade Co.,Ltd acquired through a business combination.								2,176
<b>Total investments in associates – consolidated</b>								2,176

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

(b) The Annual General Meeting of shareholders of subsidiary Rominor, held on March 17, 2014, approved the distribution of dividends of R\$3,335, of which R\$3,104 relate to the Company's ownership.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

## 8 Related party transactions

The balances and transactions with related parties as at June 30, 2014 and December 31, 2013 are as follows:

### (i) Balances

	Receivables (current)		Loan receivable (non-current)		Total receivable		Payables (current)	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Direct subsidiaries:								
Romi Europe	2,693	1,385	1,262	1,350	3,955	2,735	44	55
Romi Italy	-	1,304	34,478	36,952	34,478	38,256	-	-
Romi Machine Tools	8,805	7,431	6,924	7,305	15,729	14,736	67	71
Interocean	-	-	11	10	11	10	-	-
Romi A.L.	-	108	-	-	-	108	350	353
Rominor	-	3	-	-	-	3	127	122
Indirect subsidiaries:								
BW - Burkhardt+Weber	-	-	-	-	-	-	-	-
Romi France S.A.S.	446	1,065	-	-	446	1,065	-	464
Romi Máquinas España S.A.	-	-	-	-	-	-	-	-
Romi Machine UK Ltd.	5,613	4,011	-	-	5,613	4,011	-	-
Total	17,557	15,307	42,675	45,617	60,232	60,924	588	1,065

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

#### (ii) Transactions

	Sales revenue		Operating expenses		Finance income	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Direct subsidiaries:						
Romi Europe	1,169	176	127	179	39	(53)
Rominor	3	-	350	666	-	-
Romi Italy	-	3,497	-	-	1,031	(2,030)
Romi Machine Tools	1,060	3,788	-	-	161	(607)
Romi A.L.	-	-	76	149	-	-
Romi Machine UK Ltd.	976	-	-	-	-	-
Romi Máq. Espãna	8	-	-	-	-	-
Total	3,216	7,461	553	994	1,231	(2,689)

In the consolidated quarterly information, receivables and payables refer to trading transactions between B+W and its associate Riello Shangai.

Loans receivable have predetermined maturities, are payable in the short and long terms and bear semi-annual LIBOR plus interest of 1% per annum and foreign exchange variations. The loan agreements between the Company and its subsidiaries are generally intended to increase working capital so as to provide financial support to these subsidiaries.

The subsidiary Rominor is the guarantor of some of the FINAME manufacturing financing transactions involving the Company, and the financing is collateralized by promissory notes and sureties (Note 13). The Company has seven buildings rented to its subsidiary Rominor, which are used by the sales branch operations in Brazil.

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



## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

Management compensation for the periods ended June 30, 2014 and 2013 was as follows:

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Fees and charges	2,762	2,727
Profit sharing	76	-
Private pension plan	148	215
Healthcare plan	49	39
Parent company	3,035	2,981
Fees and charges of subsidiaries	66	65
Consolidated:	3,101	3,046

The amounts shown above comply with the limits established by the Board of Directors and approved at the Annual General Meeting of Shareholders held on March 18, 2014.

## 9 Investment property

During the year ended December 31, 2012 Management decided, based on the completion of the property register review and regularization, as well as the perspectives of short and medium-term expansion of operations, to classify certain property as "Investment Property" for future rental income and capital appreciation. The amounts classified as investment property are R\$ 14,211 (R\$ 14,211 – as at December 31, 2013) in the parent company and R\$ 19,619 (R\$ 19,989 – as at December 31, 2013) in the consolidated.

The investment property is stated at historical cost, and for fair value disclosure purposes the Company contracted an independent expert, who applied a methodology accepted by the "Brazilian Institute of Engineering Appraisals" as well as recent transactions with similar property and assessed the fair value less cost to sell this property at R\$ 117,681 in the parent company and R\$ 159,140 in the consolidated.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

#### 10 Property, plant and equipment

Changes in property, plant and equipment in the parent company and consolidated information are as follows:

	<b>Parent company</b>	<b>Consolidated</b>
Net book amount as at December 31, 2013	217,387	272,559
Additions	13,463	15,852
Disposals	(99)	(261)
Depreciation	(13,563)	(16,397)
Foreign exchange rate variations	-	2,290
Net book amount as at June 30, 2014	<u>217,188</u>	<u>274,043</u>
As at June 30, 2014		
Total cost	469,148	553,270
Accumulated depreciation	<u>(251,960)</u>	<u>(279,227)</u>
Net book amount	<u>217,188</u>	<u>274,043</u>

Due to the financing agreements with the BNDES for investments in property, plant and equipment, the Company pledged as collateral machinery and equipment amounting to R\$55,463 as at June 30, 2014 (R\$55,463 as at December 31, 2013). These items refer to land, facilities, machinery and equipment.

#### 11 Intangible assets

Changes in intangible assets in the parent company and consolidated information are as follows:

	<b>Parent company</b>	<b>Consolidated</b>
Net book amount as at December 31, 2013	4,365	48,943
Changes in the period:		
Additions	91	91
Amortization	(966)	(1,271)
Foreign exchange rate variations	<u>-</u>	<u>(2,902)</u>
Net book amount as at June 30, 2014	<u>3,490</u>	<u>44,861</u>
As at June 30, 2014		
Total cost	10,810	61,435
Accumulated amortization	<u>(7,320)</u>	<u>(16,574)</u>
Net book amount	<u>3,490</u>	<u>44,861</u>

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

#### 12 Borrowings

Changes in borrowings in the parent company and consolidated information are as follows:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>Local currency</b>	<b>Local currency</b>	<b>Foreign currency</b>	<b>Total</b>
Borrowing balance at December 31, 2013	186,966	186,966	15,907	202,873
New borrowing	13,029	13,029	4,774	17,803
Repayment of principal	(35,075)	(35,075)	(3,150)	(38,225)
Payment of interest	(4,789)	(4,789)	(107)	(4,896)
Exchange and monetary variations (principal and interest)	757	757	(1,207)	(450)
Interest for the period	4,412	4,412	-	4,412
Borrowing balance at June 30, 2014	<u>165,300</u>	<u>165,300</u>	<u>16,217</u>	<u>181,517</u>
Current	97,899	97,899	2,877	100,776
Non-current	67,401	67,401	13,340	80,741
	<u>165,300</u>	<u>165,300</u>	<u>16,217</u>	<u>181,517</u>

The maturities of financing recorded in non-current liabilities as at June 30, 2014 in the parent company and consolidated information were as follows:

	<b>Parent company</b>	<b>Consolidated</b>
2015 (6 months)	13,496	15,632
2016	28,170	30,157
2017	15,478	22,673
2018	3,843	5,865
2019 and thereafter	<u>6,414</u>	<u>6,414</u>
Total	<u>67,401</u>	<u>80,741</u>

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2014 All amounts in thousands of reais unless otherwise stated

#### 13 FINAME manufacturer financing

	<b>Parent company and consolidated</b>	
	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Current		
FINAME manufacturer financing	169,869	210,429
Non-current		
FINAME manufacturer financing	138,002	172,274
Total	<u>307,871</u>	<u>382,703</u>

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

The balances of the line item "FINAME manufacturer financing" and, consequently, of the line items "Receivables - onward lending of FINAME manufacturer financing" as at June 30, 2014 and December 31, 2013, were adjusted for inflation through the end of the reporting period. The difference of R\$55,454 between these line items as at June 30, 2014 (R\$51,443 as at December 31, 2013) refers to past-due trade notes, renegotiations in progress, and FINAME transactions not yet disbursed by the agent bank. Management understands that there are no risks to the realization of these receivables since the amounts are collateralized by the financed machinery.

The non-current maturities of the FINAME manufacturer financing as at June 30, 2014, parent company and consolidated, are as follows:

	<b>Parent company and consolidated</b>
2015 (6 months)	50,450
2016	56,745
2017	27,719
2018	3,088
Total	<u>138,002</u>

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

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

The management of the Company and its subsidiaries, based on the opinion of legal counsel, classified the lawsuits according to the risk of loss, as follows:

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Tax	50,983	48,135	50,983	48,135
Civil	1,886	1,673	2,020	1,673
Labor	3,735	1,866	4,444	1,866
( - ) Judicial deposits	(42,906)	(40,288)	(42,906)	(40,288)
Total	13,698	11,386	14,541	11,386
Current liabilities	5,621	3,557	5,621	3,557
Non-current liabilities	8,077	7,829	8,920	7,829
	13,698	11,386	14,541	11,386

The management of the Company and its subsidiaries, based on the opinion of its legal counsel, classified the tax, civil and labor lawsuits, involving risks of loss classified by management as possible, for which no provision was recognized as follows:

	June 30, 2014	December 31, 2013
Tax		
ICMS on the activation of machinery	165	158
Social security contributions - Cooperatives	2,221	2,042
Offsetting of IRPJ - 2002 and 2003	1,267	1,267
Civil		
Losses and damages	3,759	3,543
Labor	1,208	1,109
Total	8,620	8,119

For lawsuits classified as probable losses, Management recognized a provision for losses. The changes in the provision in the period ended June 30, 2014 are as follow:

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

	Parent company				
	December 31, 2013	Additions	Utilizations/ reversals	Inflation adjustment	June 30, 2014
Tax	48,135	2,546	-	302	50,983
Civil	1,673	105	-	108	1,886
Labor	1,866	1,765	(145)	249	3,735
( - ) Judicial deposits	(40,288)	(2,618)	-	-	(42,906)
	<u>11,386</u>	<u>1,798</u>	<u>(145)</u>	<u>659</u>	<u>13,698</u>
	Consolidated				
	December 31, 2013	Additions	Utilizations/ reversals	Inflation adjustment	June 30, 2014
Tax	48,135	2,546	-	302	50,983
Civil	1,673	239	-	108	2,020
Labor	1,866	2,474	(145)	249	4,444
( - ) Judicial deposits	(40,288)	(2,618)	-	-	(42,906)
	<u>11,386</u>	<u>2,641</u>	<u>(145)</u>	<u>659</u>	<u>14,541</u>

As at June 30, 2014, the main lawsuits, which were classified by management as probable losses based on the opinion of legal counsel and, therefore, included in the provision for risks, are as follow:

#### (a) Tax lawsuits

Refer to the provisions for:

- (i) Social Integration Program ("PIS") and Social Contributions on Revenues ("COFINS") related to State Value-Added Tax ("ICMS") on sales, which amounted to R\$7,419 (R\$ 7,190 as at December 31, 2013) and R\$ 35,134 (R\$ 33,116 as at December 31, 2013), respectively.
- (ii) National Institute of Social Security ("INSS") contributions on services provided by cooperatives, amounting to R\$ 2,726 (R\$ 2,548 as at December 31, 2013).
- (iii) During the year ended December 31, 2012, the Company was assessed by the tax authorities, who disallowed part of the offsetting during the period from June to September 2010, related to social security contribution unduly paid on the directors' fees and independent contractors' fees in the period from October 1989 to July 1994. The authorities alleged that the calculations for the period between the payment date judged undue to the credit offset was performed in disagreement with the requirements of the court and the law. Although the Company's management has presented a defense at the lower administrative court, grounded on the expectation of probable losses, it decided to accrue the amount of R\$ 4,330 (R\$ 4,153 as at December 31, 2013), based on the best estimates of the outcome of these assessments.

## **Indústrias Romi S.A.**

### **Notes to the quarterly information (ITR)**

**at June 30, 2014**

**All amounts in thousands of reais unless otherwise stated**

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- (iv) The other tax lawsuits total R\$ 1,374 (R\$ 1,128 as at December 31, 2013).

**(b) Civil lawsuits**

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

**(c) Labor lawsuits**

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

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

**(d) Judicial deposits**

The Company has judicial deposits amounting to R\$ 44,286, of which R\$ 42,906 (R\$ 40,288 as at December 31, 2013) refers to PIS and COFINS levied on ICMS on sales, as mentioned in item (a) (i) and the other deposits are of different nature and classified in non-current assets.

# Indústrias Romi S.A.

## Notes to the quarterly information (ITR) at June 30, 2014

All amounts in thousands of reais unless otherwise stated

### 15 Income tax and social contribution

Income tax is calculated at the rate of 15% on the taxable profits plus a 10% surcharge on taxable profit exceeding R\$240, and social contribution is calculated at the rate of 9% on taxable profits. The subsidiary Rominor pays income tax and social contribution on a presumed profit basis.

The table below shows a reconciliation of the tax effect on the parent company's profit (loss) before income tax and social contribution by applying the prevailing tax rates as at June 30, 2014 and 2013:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Profit (loss) before income tax and social contribution	1,579	(2,791)	2,932	(2,186)
Standard rates (income tax and social contribution)	34%	34%	34%	34%
Income tax and social contribution at standard rates	(537)	949	(996)	743
Reconciliation with the effective rate:				
Share of the profits (losses) of subsidiaries and provision for the net capital deficiency of subsidiary	(1,109)	5	-	-
Deferred income tax and social contribution of subsidiaries	-	-	(2,413)	(1,091)
Research and development	2,191	1,221	2,191	1,221
Interest on capital	110	-	-	-
Management profit sharing	(26)	-	(26)	-
Other additions (deductions), net (a)	(149)	(41)	638	902
Current and deferred income tax and social contribution, net	<u>480</u>	<u>2,134</u>	<u>(606)</u>	<u>1,775</u>

- (a) The amounts in the consolidated information refer basically to the differences in the calculation of income tax and social contribution between the actual taxable profit and presumed profit basis, due to the fact that the subsidiary Rominor is a taxpayer on a presumed profit basis during the reporting periods, and due to the non-recognition of deferred taxes on the tax losses of foreign subsidiaries.

The changes in deferred tax assets and liabilities, parent company and consolidated, for the quarter ended June 30, 2014 were as follows:

	<b>Parent company</b>	<b>Asset Consolidated</b>	<b>Liability Consolidated</b>
As at December 31, 2013	50,487	50,487	25,977
Changes in the period:			
Additions	2,507	2,507	-
Realization	(626)	(626)	(275)
Foreign exchange rate variations			(1,685)
As at June 30, 2014	<u>52,368</u>	<u>52,368</u>	<u>24,017</u>



## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

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#### 16 Equity

##### Share capital

As at June 30, 2014 and December 31, 2013, the Company's subscribed and paid-up capital amounting to 489,973 is represented by 71,757,647 book-entry, registered common shares, without par value, all with the same rights and benefits.

##### Legal reserve

As required by Article 193 of Law 6,404/76, the balance of the line item "Legal reserve" is equivalent to 5% of profit for the year, limited to 20% of the share capital.

##### Earnings (losses) per share

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

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Profit (loss) for the period attributable to the controlling shareholders	2,059	(11,061)
Weighted average number of shares outstanding (in thousands)	<u>71,758</u>	<u>71,758</u>
Basic and diluted earnings (losses) per share (parent company and consolidated)	<u>0.03</u>	<u>(0.17)</u>

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

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

#### 17 Segment reporting - consolidated

To manage its business, the Company is organized into three business units, on which the Company's segmented reporting is based. The main segments are: machine tools, plastic injectors and cast and machined products. The segment reporting for the six-month periods ended June 30, 2014 and 2013 is as follows:

					June 30, 2014
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	197,867	52,293	44,146		294,306
Cost of sales and services	(123,674)	(27,840)	(59,376)		(210,890)
Transfers remitted	2,839	-	12,390	(15,229)	-
Transfers received	(10,210)	(5,009)	(10)	15,229	-
Gross profit	66,822	19,444	(2,850)	-	83,416
Operating (expenses) income:					-
Selling expenses	(24,906)	(8,965)	(1,813)		(35,684)
General and administrative expenses	(23,568)	(5,976)	(3,223)		(32,767)
Research and development	(7,204)	(2,958)	-		(10,162)
Management fees	(2,071)	(549)	(481)		(3,101)
Other operating income (expenses), net	3,163	182	-		3,345
Operating profit (loss) before financial income (expenses)	12,236	1,178	(8,367)	-	5,047
Inventories	243,096	50,154	19,884		313,134
Depreciation and amortization	10,316	1,228	6,124		17,668
Property, plant and equipment, net	158,107	14,602	101,334		274,043
Intangible assets	43,874	987	-		44,861
	Europe	North America	Latin America	Africa and Asia	Total
Net operating revenue per geographical region	36,486	1,867	238,840	17,113	294,306

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

					June 30, 2013
	Machine tools	Plastic injection machines	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	198,296	40,760	52,665		291,721
Cost of sales and services	(132,869)	(23,712)	(56,575)		(213,156)
Transfers remitted	5,702	-	8,540	(14,242)	-
Transfers received	(6,849)	(3,869)	(3,524)	14,242	-
Gross profit	64,280	13,179	1,106	-	78,565
Operating (expenses) income:					-
Selling expenses	(23,721)	(8,524)	(1,854)		(34,099)
General and administrative expenses	(24,058)	(5,385)	(3,902)		(33,345)
Research and development	(6,486)	(2,942)	-		(9,428)
Management fees	(2,132)	(453)	(461)		(3,046)
Other operating income (expenses), net	76	1	-		77
Operating profit (loss) before financial income (expenses)	7,959	(4,124)	(5,111)	-	(1,276)
Inventories	220,482	46,094	15,827		282,403
Depreciation and amortization	10,570	657	6,337		17,564
Property, plant and equipment, net	172,014	5,430	93,491		270,935
Intangible assets	41,562	4,361	-		45,923
	Europe	North America	Latin America	Africa and Asia	Total
Net operating revenue per geographical region	32,725	2,890	240,202	15,904	291,721

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2014

All amounts in thousands of reais unless otherwise stated

#### 18 Future commitments

On January 26, 2012, the Company and Centrais Elétricas Cachoeira Dourada S.A. - CDSA, belonging to Endesa, decided to amend the contract for the supply of electricity entered into on May 1, 2007, in order to adjust the volume of electricity originally contracted to the current needs of the Company. As a result, the supply of electricity has been extended for another year, up to December 31, 2014, and reflects the following commitments which will be adjusted annually by the General Market Price Index ("IGP-M").

<b>Year of supply</b>	<b>Amount</b>
2014 (6 months)	4,531
Total	4,531

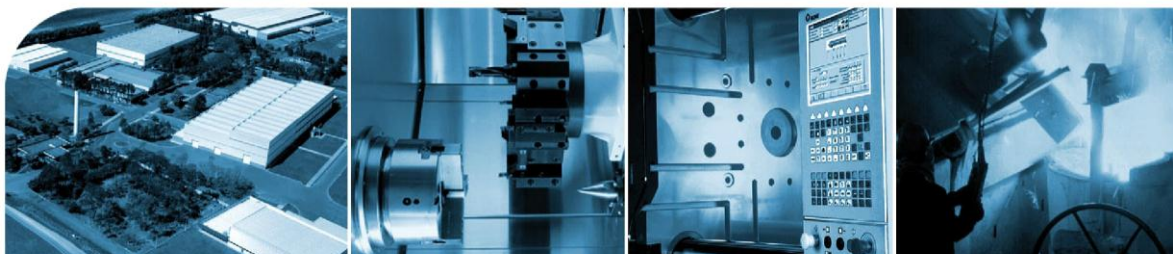
The Company's management believes that this agreement is compatible with the electricity requirements for the contracted period.

\* \* \*



**ROMI**®

TRADIÇÃO EM INOVAR



## July 29, 2014 2Q14 Earnings Release

### June 30, 2014

#### Share Price

ROMI3 – R\$ 4.49/share

#### Market Capitalization

R\$ 322.2 million

US\$ 146.3 million

#### Number of Shares

Common: 71,757,647

Total: 71,757,647

**Free Float = 50.8%**

### Investor Relations Contact

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Investor Relations Officer

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#### Juliana Mendes Calil

I.R. Coordinator

Phone: (19) 3455-9514

jcalil@romi.com

### July 30, 2014

#### Earnings Conference Call

Time: 10:00 a.m. (Brazil)

Dial-in numbers:

+55 (11) 3193 1001 or (11) 2820 4001

Access code: Romi

#### Earnings Conference Call in English

Time: 12:00 noon (São Paulo)

4:00 p.m. (London)

11:00 a.m. (NY)

Dial-in numbers:

US +1 (786) 924 6977

Brazil +55 (11) 3193 1001

Other + 1 (888) 700 0802

Access code: Romi



Santa Bárbara d'Oeste, SP, July 29, 2014 – Indústrias Romi S.A. (BM&FBovespa: ROMI3), domestic market leader in the Machine Tools and Plastic Processing Machines markets, as well as an important producer of Raw and Machined Cast Iron Parts, announces its results for the second quarter of 2014 (2Q14). Except where otherwise stated, the Company's operating and financial information is presented on a consolidated basis, in accordance with International Financial Reporting Standards (IFRS), and monetary amounts are expressed in thousands of Reais.

## HIGHLIGHTS

**With net revenue of R\$ 143.6 million, Romi reaches EBITDA of R\$ 10.1 million, with a margin of 7.0% for 2Q14**

- Net operating revenue of R\$ 143.6 million for 2Q14, representing a fall of 5.2% in relation to 2Q13. In the first half of 2014, net operating revenue reached R\$ 294.3 million, 0.9% over the revenue obtained in the same period of 2013;
- Gross margin reached 27.7% for 2Q14, steady as compared with 2Q13. For 1H14 gross margin was 28.3%, 1.4 percentage points over the margin for 1H13;
- EBITDA margin for 2Q14 was 7.0%, 0.7 pp down from 2Q13. For 1H14, the margin was 1.9 pp up from 1H13;
- For 2Q14 loss came in at R\$ 0.7 million, due to the slowdown of the country's industrial activity in the period, which resulted in a revenue for the quarter below the historical average;
- The volume of order entry was R\$ 168.4 million for the quarter, 34.3% down from 2Q13. For 1H14, the amount was 16.3% down from 1H13, reaching R\$ 342.7 million;
- The order backlog remains solid, totaling R\$ 320.0 million as at June 30, 2014.

	Quarter					Accumulated		
R\$'000	1Q13 <sup>(1)</sup>	1Q14	2Q14	Chg. %	Chg. %	1H13	1H14	Chg. %
<b>Sales Volume</b>				<b>2Q/2Q</b>	<b>2Q/1Q</b>			<b>14/13</b>
Machine Tools (units)	304	245	281	(7.6)	14.7	704	526	(25.3)
Plastic Machines (units)	61	53	38	(37.7)	(28.3)	105	91	(13.3)
Raw and Machined Cast Iron Parts (tons)	4,436	3,564	3,571	(19.5)	0.2	8,034	7,135	(11.2)
<b>Net Operating Revenue</b>	<b>151,406</b>	<b>150,730</b>	<b>143,576</b>	<b>(5.2)</b>	<b>(4.7)</b>	<b>291,721</b>	<b>294,306</b>	<b>0.9</b>
Gross margin (%)	28.0%	29.0%	27.7%			26.9%	28.3%	-
<b>Operating Income (EBIT)</b>	<b>3,389</b>	<b>3,736</b>	<b>1,311</b>	<b>(61.3)</b>	<b>(64.9)</b>	<b>(1,276)</b>	<b>5,047</b>	<b>(495.6)</b>
Operating margin (%)	2.2%	2.5%	0.9%			-0.4%	1.7%	-
<b>Continued Operations Net Income</b>	<b>5,135</b>	<b>3,046</b>	<b>(722)</b>	<b>(114.1)</b>	<b>(123.7)</b>	<b>(411)</b>	<b>2,325</b>	<b>(666.1)</b>
Discontinued Operations Net Income	-	-	-	-	-	(11,305)	-	(100.0)
<b>Net Income</b>	<b>5,135</b>	<b>3,046</b>	<b>(722)</b>	<b>(114.1)</b>	<b>(123.7)</b>	<b>(11,716)</b>	<b>2,325</b>	<b>(119.8)</b>
Continued Operations Net margin (%)	3.4%	2.0%	-0.5%			-0.1%	0.8%	-
<b>EBITDA</b>	<b>11,725</b>	<b>12,610</b>	<b>10,104</b>	<b>(13.8)</b>	<b>(19.9)</b>	<b>16,288</b>	<b>22,715</b>	<b>39.5</b>
EBITDA margin (%)	7.7%	8.4%	7.0%			5.6%	7.7%	-
<b>Investments</b>	<b>11,651</b>	<b>8,451</b>	<b>7,493</b>	<b>(35.7)</b>	<b>(11.3)</b>	<b>11,415</b>	<b>15,944</b>	<b>39.7</b>

*EBITDA = earnings before interest, taxes, depreciation and amortization.*

- <sup>(1)</sup> The results obtained by Romi Italy, the Company's Italian subsidiary, which is in liquidation, is being presented as "discontinued operations net income" in the periods respectively identified above.

## CORPORATE PROFILE

Indústrias Romi S.A., founded in 1930, is the leader in the Brazilian industrial machinery and equipment market, and an important manufacturer of raw and machined cast iron parts. The Company is listed on BM&FBovespa's "New Market", which is reserved for companies with a higher level of corporate governance. Romi manufactures machine tools (Conventional Lathes, CNC (Computerized Numerical Control) Lathes, Lathing Centers, Machining Centers, Vertical and Horizontal Heavy and Extra-Heavy Lathes and Drilling Mills), plastic injection and blow molding machines, and nodular or vermicular gray cast iron parts, which may be supplied in raw or machined form. The Company's products and services are sold around the world and used by various industrial segments, such as the automotive (light and heavy), agricultural machinery, capital goods, consumer goods, tools, hydraulic equipment and wind energy industries, among many others.

The Company has 11 manufacturing units, four of which are dedicated to the final assembly of industrial machinery. Romi also operates two foundries, three units for component machining, one unit for the manufacture of steel sheet components, and a plant for the assembly of electronic control panels. Of these, nine are located in Brazil and two in Germany. The Company has installed capacity for the production of approximately 3,450 industrial machines and 50,000 tons of castings per year.

The Machine Tools business unit accounted for 67.2% of the Company's revenue for the first six months of 2014. The Plastic Processing Machines and Raw and Machined Cast Iron Parts business units contributed 17.8% and 15.0%, respectively, of the revenue for the period.

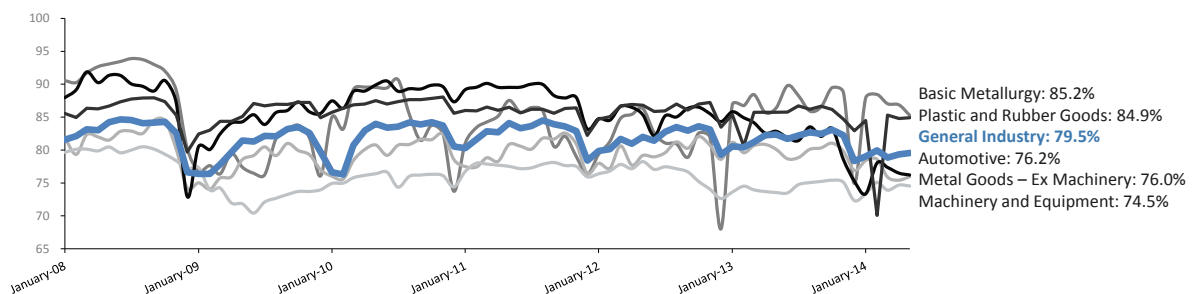
## CURRENT ECONOMIC SCENARIO

Marked by the poor economic activity due to the uncertainty surrounding the market since the beginning of the year, the second quarter of 2014 brought moderate results to the industrial sector. This scenario is a consequence of the growing economic and political uncertainties that result in volatility and disincentive to investments.

The Brazilian industrial activity posted a slowdown for the third consecutive month in June 2014, obtaining the worst result since July last year. This scenario is a result of the persistent worsening of the domestic demand.

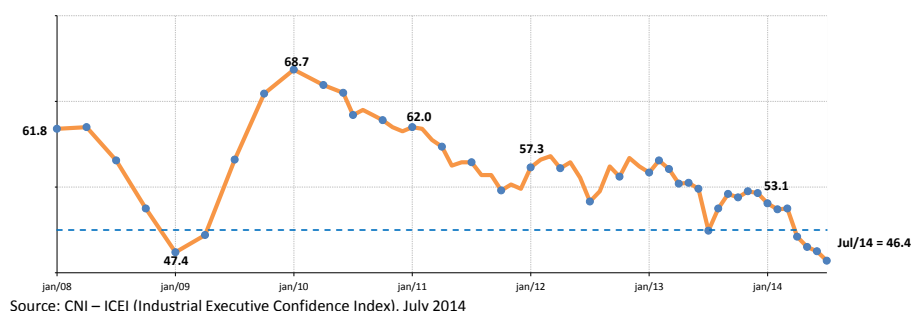
The category of capital goods is the most affected in these cases, with reduced production and low executive confidence levels.

The level of installed capacity utilization (NUCI) of industry in general in São Paulo state, measured by the São Paulo State Federation of Industries (FIESP), continues showing stability in 2014 in comparison with 2013, and investments in 2014 will have greater focus on increasing productivity and not on expanding installed capacity:



Source: Fiesp - INA Activity Level Indicator - NUCI (Level of Utilization of Installed Capacity), May 2014

The graph below shows the Industrial Executive Confidence Index (ICEI), released by the National Confederation of Industry (CNI), which reached 46.4 points in July 2014, lower than the level reached in the peak of the financial crisis in 2008. The index remained below 50 points for the fourth consecutive month, showing lack of confidence in the business community during the second quarter of 2014:



Numbers below 50.0 points represent lack of confidence, according to the CNI.

Directly responsible for nearly 20% of Brazilian industrial GDP, and indirectly for an additional considerably portion, the automotive industry should produce in 2014 less than in 2013, according to data of the National Association of Automotive Vehicle Manufacturers (Anfavea). The entity also pointed out that production fell in the first half of 2014 in relation to the same period of 2013, by 16.8% in light vehicles, 18.8% in trucks, 11.1% in buses, and 16.5% in agricultural machinery. These segments are significant for Romi's operations, both for the Machines and the Raw and Machined Cast Iron Parts Business Units.

As regards the machines segment, data from the ABIMAQ (Brazilian Machinery and Equipment Industry Association) show that the apparent consumption (sum of sales of domestic and imported machinery and equipment) of machinery and equipment in Brazil fell 11% in the first five months of 2014 in comparison with the same period of the prior year. Excluding the foreign exchange effect, the fall is of 18%. The revenue of the Brazilian machinery and equipment industry was R\$ 28.6 billion from January to May 2014, 13.6% down from the same period of 2013.

The Dollar, whose average rate in Reais is 13.0% in 1H14 in relation to 1H13, is also an important factor for the local industry's competitiveness. In addition to stimulating exports, it makes imported products, the main competitors of Romi's products in the Brazilian market, less attractive. It should be noted, however, that the impact of this variation in the second quarter in relation to the first quarter, is the opposite. The average dollar rate in the second quarter was 5.7% lower than the average dollar rate in the first quarter of 2014.

Aware of the difficulties faced by the Brazilian industry, the Federal government launched, on June 18, 2014, an incentive measures package, which includes the extension of the PSI Program and the return of the Reintegra Program, among others. These are positive measures, although they do not yet have immediate effects.

One of the most important measures for Romi is that it extends the PSI – The Investment Sustaining Program, which offers credit line from the National Bank of Economic and Social Development (BNDES) for purchase of capital goods (machinery, equipment, trucks and buses used in production), until the end of 2015, with very attractive rates, currently between 4.5% and 6.0% per year, depending on the size of the contracting company.

Despite the challenging scenario, due to the operational optimizations made in the last years, which lowered operating costs and expenses, Romi managed to achieve EBITDA of R\$ 10.1 million in the second quarter of 2014, representing an EBITDA margin of 7.0%. These amounts represent a consistent performance of the Company, demonstrating that the budget planning, considering a moderate growth scenario for 2014 and targeting to increase profitability and cash generation, have been adequate. This process is part of an ongoing method of assessing the demand and the results of the Company, whose main goal is to adapt in an agile way, Romi's structure the market Romi. Within this process, timely actions will be taken when necessary.





## MARKET

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

Order Entry (R\$ 000) Gross Values, sales taxes included	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	Chg 2Q14/2Q13	Chg 2Q14/1Q14
Machine Tools	84,479	173,368	144,518	119,676	119,538	117,411	-32.3%	-1.8%
Plastic Machines	25,462	45,484	25,686	35,170	18,337	24,100	-47.0%	31.4%
Rough and Machined Cast Iron Parts	43,071	37,495	35,949	25,940	36,447	26,899	-28.3%	-26.2%
<b>Total</b>	<b>153,012</b>	<b>256,347</b>	<b>206,154</b>	<b>180,786</b>	<b>174,321</b>	<b>168,410</b>	<b>-34.3%</b>	<b>-3.4%</b>

Order Entry (R\$ 000) Gross Values, sales taxes included	1S13	1S14	Chg 2014/2013
Machine Tools	257,847	236,948	-8.1%
Plastic Machines	70,946	42,437	-40.2%
Rough and Machined Cast Iron Parts	80,565	63,346	-21.4%
<b>Total</b>	<b>409,358</b>	<b>342,731</b>	<b>-16.3%</b>

Romi has worked on more assertively on meeting the demand of its customers. More than offering quality products, the Company has sought to develop and provide products that meet the needs of its customers, fostering the competitiveness of the Brazilian industry.

In spite of this, in 2Q14 the Company obtained an order entry volume 34.1% below the amount obtained in 2Q13 and 3.0% lower than in 1Q13, in view of the scenario presented in the section "Current Economic Scenario" of this report. Excluding B+W's, order entry in 2Q14 was 32.4% down from 2Q13, showing that B+W's operations remain stable.

In the first half of 2014, B+W's order entry reached R\$ 35.7 million, 4.1% over the same period of 2013.

Occurred between 20 and 24 May 2014, in São Paulo, the International Mechanical Fair, the main event in the Brazilian metal-mechanical sector, held biennially. At the event, Romi reinforced its commitment to providing innovative solutions for customers to be more productive, through the exhibition of updated machine tools and machinery for plastics processing. Incoming orders for machinery came below the levels achieved in the past editions of the event, indicating the low business confidence in making investments.

The Machine Tools Business Unit posted, for 2Q14, performance 31.9% lower than in 2Q13, reflecting the instability and volatility of the Brazilian economic situation, which weighs down on demand for investments.

The Plastic Processing Machines Business Unit, whose consumer markets are those with the greatest relation with consumption, had a fall of 47% in its orders entry in the second quarter in comparison with the same period of 2013. In spite of the improvement of 31.4% in the comparison of the second quarter with the first quarter, the comparison of the first half of 2014 with the first half of 2013 shows a fall of 40.2%.

The Raw and Machined Cast Iron Parts Business Unit's demand was 28.3% down in the second quarter of 2014 in relation to the same period of 2013, impacted by the diminishing production volume of the commercial automotive and agricultural sectors, the two main segments served by this business. Given the challenging conditions of the market, the wind energy segment should not have in 2014 the same share it had in 2013. Its share in the unit's revenue decreased from 33% in 2013 to 17% in the first half of 2014.

Order Book (R\$ 000) Gross Values, sales taxes included	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	Chg 2Q14/2Q13	Chg 2Q14/1Q14
Machine Tools	176,377	246,312	254,591	238,522	227,486	248,174	0.8%	9.1%
Plastic Machines	31,209	45,969	49,219	41,345	38,233	35,819	-22.1%	-6.3%
Rough and Machined Cast Iron Parts	37,026	37,846	35,505	29,556	38,388	35,979	-4.9%	-6.3%
<b>Total</b>	<b>244,612</b>	<b>330,127</b>	<b>339,315</b>	<b>309,423</b>	<b>304,107</b>	<b>319,971</b>	<b>-3.1%</b>	<b>5.2%</b>

Note: The order backlog figures do not include parts, services and resales.

As at June 30, 2014, the order backlog totaled R\$ 320.0 million, 5.2% greater than the backlog at the end of the first quarter of 2014 and 3.1% lower than the volume observed at the end of the second quarter of 2013, pointing towards consistency for the coming quarters, in spite of the uncertainties.

## OPERATING PERFORMANCE

### NET OPERATING REVENUE

The Company's net operating revenue for 2Q14 reached R\$ 143.6 million, 5.2% down from 2Q13, especially due to the decreased revenue of the Raw and Machined Cast Iron Parts Business Unit.

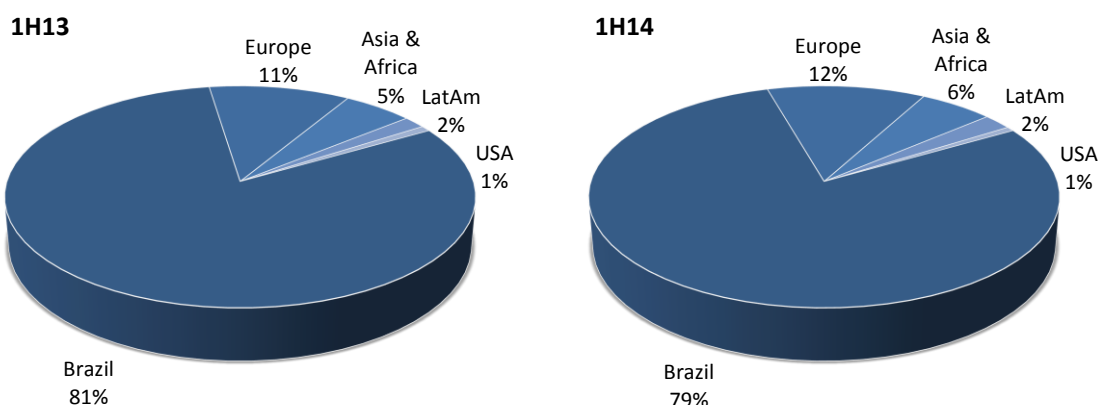
In the first half of 2014, net operating revenue was R\$ 294.3 million, 0.9% up from the first half of 2013.

Net Operating Revenue (R\$ 000) <sup>(2)</sup>	Quarter					Accumulated		
	2Q13	1Q14	2Q14	Chg 2Q/2Q	Chg 2Q/1Q	1H13	1H14	Chg 14/13
Machine Tools <sup>(3)</sup>	99.425	101.298	96.569	-2,9%	-4,7%	198.296	197.867	-0,2%
Plastic Machines	23.311	27.829	24.464	4,9%	-12,1%	40.760	52.293	28,3%
Raw and Machined Cast Iron Parts	28.670	21.603	22.543	-21,4%	4,4%	52.665	44.146	-16,2%
<b>Total</b>	<b>151.406</b>	<b>150.730</b>	<b>143.576</b>	<b>-5,2%</b>	<b>-4,7%</b>	<b>291.721</b>	<b>294.306</b>	<b>0,9%</b>

<sup>(2)</sup> The income statements by business unit and B+W's financial statements are presented in the appendices to this report.

<sup>(3)</sup> R\$ 16.4 million of the Machines Tools revenue for 2Q14 are attributed to B+W.

The domestic market accounted for 78.9% of Romi's revenue for 1H14. Considering the revenue obtained in the foreign market, which takes into account sales by Romi's subsidiaries abroad (Mexico, US, UK, France, Germany, Spain and B+W), the breakdown of Romi's total revenue, by geographical region, was:



Below, we show the revenue obtained in the foreign market, in Reais and Dollars:

Foreign Sales	Quarter					Accumulated		
	2Q13	1Q14	2Q14	Chg % 2Q/2Q	Chg % 2Q/1Q	1H13	1H14	Chg 14/13
Net Sales (R\$ million)	26.8	32.7	30.8	15.0%	-5.7%	56.8	63.6	11.9%
Net Sales (US\$ million)	13.0	13.8	13.8	6.8%	-0.1%	28.7	27.7	-3.4%

The Company has increasingly invested in its operations outside Brazil since it believes in the consuming potential of its machinery, which offer quality, performance and highly competitive prices.

### Machine Tools

This unit's net operating revenue reached R\$ 96.6 million for 2Q14, of which R\$ 16.4 million refers to the consolidation of B+W's net operating revenue. This consolidated amount

represented a 2.9% decrease compared with the same period of 2013. Considering only Romi's machine tools, the decrease was 1.5%.

In 1H14, this business unit's revenue was R\$ 197.9 million, 0.2% down from 1H13. Considering only Romi's machine tools, the decrease was 1.8%. B+W's revenue for 1H14 was R\$ 40.8 million, 6.6% greater than for 1H13. It is important to highlight that, for consolidation purposes, we did not consider R\$ 4.1 million of this amount, which represent sales of equipment manufactured by B+W for Romi plant in Brazil.

Upon observing B+W's order backlog for 2014, it can be noted that, as in 2013, there will be a greater concentration of revenue in the second half of the year, especially in the fourth quarter.

In the second quarter of 2014, 281 new machines were sold, 7.6% down from the same period of the prior year (304 units). In the first six months of 2014, 526 new machines were sold, 25.3% down from the same period of the prior year (704 units). This scenario is a consequence of the industrial situation in Brazil, showing that large infrastructure projects, which demand larger machinery, present a better performance than the small and medium-sized industries, whose production has remained stable or diminished in relation to 2013.

In the first half of 2014, the most recurring segments among those served by this business unit included services, machinery and equipment, automotive (light and heavy), education, tooling and agricultural machinery.

### **Plastic Processing Machines**

In 2Q14, the Plastic Processing Machines Business Unit's net operating revenue totaled R\$ 24.5 million, 4.9% up from 2Q13. In 1H14, this business unit's revenue reached R\$ 52.3 million, 28.3% up from 1H13.

In the second quarter of 2014, 38 new machines were sold, 37.7% down from the same period of 2013 (61 machines). Despite this significant decline, revenue was 4.9% greater, due to the mix of products invoiced, with larger machinery. In the first six months of 2014, 91 new machines were sold, 13.3% down from the same period of 2013 (105 machines).

The segments with the greatest demand for this unit's products in the first three months of 2014 were: packaging, automotive, furniture and real estate.

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

In 2Q14, this business unit's net operating revenue was R\$ 22.5 million, representing a 21.4% drop in relation to the same period of 2013, due to a decline in the pace of production in the commercial automotive (trucks) and wind energy sectors, commented upon in the "Current Economic Scenario" section. On the other hand, in relation to 1Q14, this business unit's revenue, whose distribution is linear in the four quarters of the year, was 4.4% greater than in 1Q41, indicating that the wind energy segment begins to resume its orders.

In 2Q14, 3,571 tons of raw and machined cast iron parts were sold, 19.5% down from 2Q13 (4,436 tons). In 1H14, 7,135 tons of raw and machined cast iron parts were sold, 11.2% down from 1H13 (8,034 tons).

### **OPERATING COSTS AND EXPENSES**

The gross margin of 27.7% obtained in 2Q14 was 32 basis points lower than that obtained in 2Q13, and 130 bps down from that obtained for the immediately preceding quarter. Disregarding B+W in this scenario, gross margin would have been 28.5%.

In 1H14, the gross margin was 28.3%, 140 bps up from 1H13.

The gradual recovery of prices, associated with operating efficiency measures, and the constant initiatives to contain costs, have been the main factors responsible for the consistent results achieved by the Company.



	Quarter					Accumulated		
Gross Margin	2Q13	1Q14	2Q14	Chg bps 2Q/2Q	Chg bps 2Q/1Q	1H13	1H14	Chg bps 14/13
Machine Tools	33.8%	34.2%	33.3%	(50)	(91)	32.4%	33.8%	140
Plastic Machines	32.2%	37.3%	37.0%	487	(27)	32.3%	37.2%	490
Raw and Machined Cast Iron Parts	4.5%	-6.4%	-6.5%	(1,103)	(12)	2.1%	-6.5%	(860)
<b>Total</b>	<b>28.0%</b>	<b>29.0%</b>	<b>27.7%</b>	<b>(32)</b>	<b>(130)</b>	<b>26.9%</b>	<b>28.3%</b>	<b>140</b>

	Quarter					Acumulado		
EBIT Margin	2Q13	1Q14	2Q14	Chg bps 2Q/2Q	Chg bps 2Q/1Q	1H13	1H14	Chg bps 14/13
Machine Tools	7.5%	6.7%	5.7%	(180)	(100)	4.0%	6.2%	220
Plastic Machines	-8.5%	4.0%	0.3%	880	(370)	-10.1%	2.3%	1,240
Raw and Machined Cast Iron Parts	-7.2%	-19.1%	-18.8%	(1,160)	30	-9.7%	-19.0%	(930)
<b>Total</b>	<b>2.2%</b>	<b>2.5%</b>	<b>0.9%</b>	<b>(130)</b>	<b>(160)</b>	<b>-0.4%</b>	<b>1.7%</b>	<b>210</b>

Meanwhile, operating margin came in at 0.9% for 2Q14, 130 bps down from 2Q13 and 160 bps down from the immediately preceding quarter. Disregarding B+W in this scenario, operating margin would have been 2.9%.

In 1H14, the operating margin was 1.7%, 210 bps up from 1H13.

The level of utilization of operational assets, still low, has a negative effect on faster recovery of Romi's margins. Furthermore, as Romi's operating expenses have more fixed than variable characteristics, in spite of the strict control of costs and expenses established at the Company, the decrease in the invoiced volume has negative impact on margins.

### Machine Tools

This business unit's gross margin was 33.3% for 2Q14, presenting a slight worsening of 50 bps in relation to 2Q13 and of 91 bps in relation to 1Q14. In 2Q14, the unit's gross margin was 33.8%, 140 bps up from 1Q13.

The operating margin for this business unit, in the second quarter of 2014, was 5.7%, 180 bps down from 2Q13 and 100 bps down from 1Q14, due to lower revenue reported by the unit in the quarter, which impairs the dilution of costs and expenses. In 1H14, this business unit's operating margin was 6.2%, 220 bps up from 1H13.

Initiatives geared towards flexibilization and consequent agility of Romi's production have been continuously conducted. The purpose of these initiatives is to allow that situations of volatility of revenue, as the one that occurred in the quarter, cause an increasingly reduced impact on the business unit's results.

### Plastic Processing Machines

In this business unit, the gross margin reached 37.0% for 1Q14, representing 487 bps improvement in relation to 2Q13 and 27 bps worsening in relation to the immediately preceding quarter. In 1H14, the unit's gross margin was 37.2%, 490 bps up from 1H13.

Meanwhile, the business unit achieved an operating margin of 0.3%, 880 bps up from 2Q13 and 370 down from 1Q14, as a result of the volume invoiced in the quarter. In 1H14, this business unit's operating margin was 2.3%, 1,240 bps up from 1H13, due to the gradual recovery of the product prices in the period and the increase in the volume invoiced.

### Raw and Machined Cast Iron Parts

This business unit's gross margin was negative by 6.5% for 2Q14, presenting a fall of 1,103 bps in relation to 2Q13 and of 12 bps in relation to 1Q14. In 2Q14, the unit's gross margin was negative by 6.5%.

As commented upon previously, the drop in revenue, or low utilization of installed capacity, which prevents a greater dilution of fixed costs and expenses in the period, along with inflationary pressures on the business unit's costs, had negative impacts on the results obtained for the first half of 2014.



## EBITDA AND EBITDA MARGIN

In 2Q14, the operating cash generation as measured by EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) was R\$ 10.1 million, representing an EBITDA margin of 7.0% for the period, as shown in the table below:

Reconciliation of Net Income to EBITDA	Quarter					Accumulated		
(R\$ 000)	2Q13	1Q14	2Q14	Chg 2Q/2Q	Chg 2Q/1Q	1H13	1H14	Chg 14/13
<b>Net Income</b>	<b>5,135</b>	<b>3,046</b>	<b>(722)</b>	<b>-114.1%</b>	<b>-123.7%</b>	<b>(411)</b>	<b>2,325</b>	<b>-666.1%</b>
Income tax and social contributions	505	240	366	-27.5%	52.5%	(1,775)	606	-134.1%
Net Financial Income	(2,251)	449	1,667	-174.1%	271.3%	910	2,116	132.5%
Depreciation and amortization	8,336	8,875	8,793	5.5%	-0.9%	17,564	17,668	0.6%
<b>EBITDA</b>	<b>11,725</b>	<b>12,610</b>	<b>10,104</b>	<b>-13.8%</b>	<b>-19.9%</b>	<b>16,288</b>	<b>22,716</b>	<b>39.5%</b>
<b>EBITDA Margin</b>	<b>7.7%</b>	<b>8.4%</b>	<b>7.0%</b>			<b>5.6%</b>	<b>7.7%</b>	

All the factors and effects mentioned in the "Operating Expenses and Costs" section also affected Romi's EBITDA in the period.

## RESULT

The result was negative by R\$ 0.7 million for 2Q14 and positive by R\$ 2.3 million for 1H14.

## CHANGES IN CASH AND CASH EQUIVALENTS

The main changes occurred in the net debt position during 2Q14 are described below in R\$ 000:



## Inventories

The variation in the volume of inventories in the period is mainly due to two factors: (i) increase in the volume of machines to be sold during the Machinery Trade Fair, the country's most important event of the machinery sector, and (ii) the concentration of B+W's revenue in the second half of the year.

In the case of Romi Brazil, the increase amounted to R\$ 8.6 million, especially of work in progress, between March 31 and June 30, 2014. It is important to note, however, that the operational changes conducted in the last years also aimed at a greater flexibility in offering of machinery and, therefore, this inventory will be used in the next periods to produce the machines included in the backlog.

In the case of B+W's inventories, the increase amounted to R\$ 8.4 million between March 31 and June 30, 2014, due to the increase in production for delivery in the second half of this year.

The Company expects that during the second half of 2014 the inventory levels will return to the 2013 levels.

## Financing

The payments in the quarter, in the amount of R\$ 14.0 million, refer mainly to expansion projects carried out in 2008 and 2009.

During the quarter the Company announced the contracting of financing from FINEP to make investments in innovation and technology, with the purchase of equipment and development of new machining processes, in the amount of R\$ 17.6 million. Of these, R\$ 5.1 million were added to the Company's cash during the second quarter of 2014.

## Investments

Investments totaled R\$ 7.5 million for 2Q14, which were partly used for maintenance, productivity and modernization of the industrial facilities within the investment plan for the year 2014.

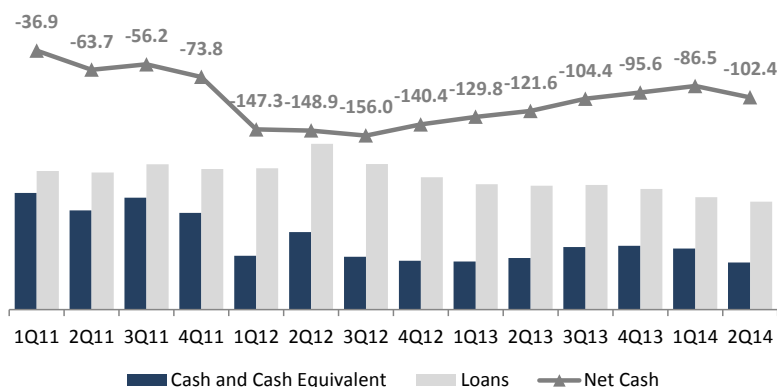
## FINANCIAL POSITION

Short-term investments, including those backed by debentures, are made with financial institutions with low credit risk and their yield is substantially pegged to the interbank deposit rate ("CDI"). The consolidated position of cash and cash equivalents as at June 30, 2014 was R\$ 79.1 million.

The Company's borrowings are used mainly in investments to expand plant capacity and upgrading, and financing exports and imports. As at June 30, 2014, the amount of financing in local currency was R\$ 165.3 million, and in foreign currency, R\$ 16.2 million, totaling the amount of R\$ 181.5 million.

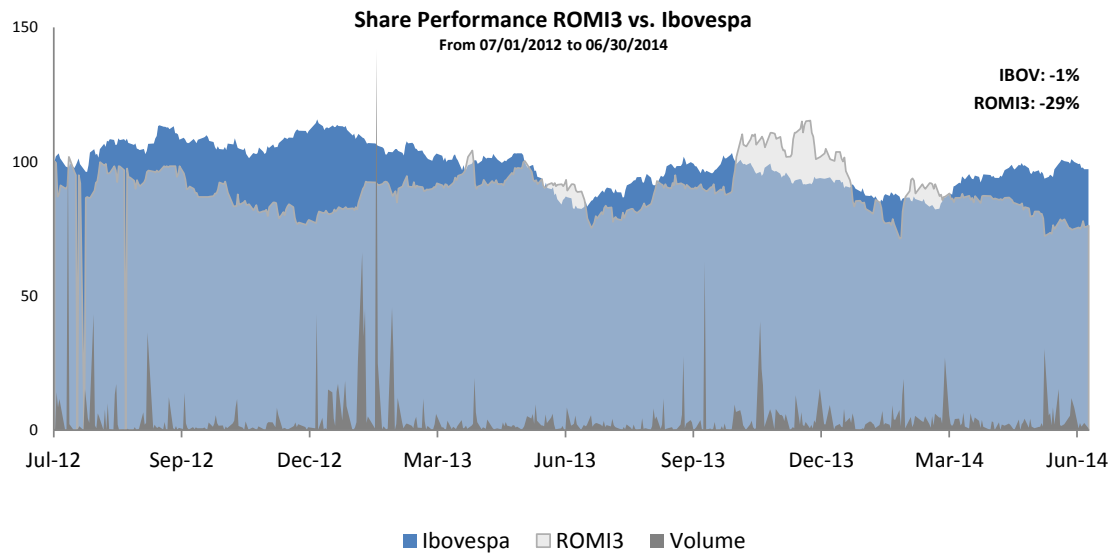
The Company's net debt in the second quarter of 2014 increased due to the contracting of financing from FINEP for innovation projects, in the amount of R\$ 17.6 million.

Net Cash (Debt) Position



As at June 30, 2014, the Company did not have any derivative transactions.

## CAPITAL MARKETS



Source: BMF&Bovespa

At the end of the second quarter of 2014, Romi's common shares (ROMI3) were traded at R\$ 4.49, posting depreciation of 12.0% for the quarter (2Q14 vs. 1Q14), and of 16.9% for the 12-month period. The BM&FBovespa Index posted an appreciation of 5.5% in the quarter and of 12.6% since July 1, 2013.

The Company's market capitalization as at June 30, 2014 was R\$ 322.2 million. The average daily trading volume for 2Q14 was R\$ 293 thousand, and for the 12-month period through June, R\$ 323 thousand.

# FINANCIAL STATEMENTS

## Consolidated Balance Sheet

(R\$ 000)

ASSETS		06/30/13	03/31/14	06/30/14	LIABILITIES AND SHAREHOLDER'S EQUITY		06/30/13	03/31/14	06/30/14
<b>CURRENT</b>		<b>790,650</b>	<b>761,983</b>	<b>732,427</b>	<b>CURRENT</b>		<b>473,780</b>	<b>395,693</b>	<b>427,544</b>
Cash and Cash equivalents		88,194	102,779	79,115	Loans and financing		73,491	48,797	100,776
Trade accounts receivable		98,595	94,989	94,351	FINAME manufacturer financing		252,334	191,332	169,869
Onlending of FINAME manufacturer financing		280,497	225,946	206,551	Trade accounts payable		47,971	49,415	45,852
Inventories		282,404	295,389	313,134	Payroll and related taxes		27,782	25,893	30,863
Recoverable taxes		11,453	16,146	15,651	Taxes payable		5,790	6,827	3,153
Related Parties		611	682	535	Advances from customers		41,271	57,992	61,412
Other receivables		28,897	26,052	23,090	Interest on capital, dividends and participations		407	441	400
					Other payables		14,688	14,805	14,777
<b>NONCURRENT</b>		<b>707,458</b>	<b>617,446</b>	<b>597,750</b>	Related Parties		579	191	442
<b>Long-Term Assets</b>		<b>377,734</b>	<b>275,034</b>	<b>257,051</b>	Accounts Payables for Discontinued Operation		9,466	-	-
Trade accounts receivable		10,907	8,553	8,056					
Onlending of FINAME manufacturer financing		241,796	175,014	156,774	<b>NON CURRENT</b>		<b>394,790</b>	<b>333,408</b>	<b>254,728</b>
Recoverable taxes		518	2,104	2,185	<b>Long-term liabilities</b>				
Deferred income and social contribution taxes		54,138	51,651	52,368	Loans and financing		134,843	140,472	80,741
Escrow Deposits		1,754	1,360	1,394	FINAME manufacturer financing		226,785	157,062	138,002
Other receivables		36,030	36,352	36,274	Deferred income and social contribution taxes		23,433	24,972	24,017
Assets fo Discontinued Operation		32,591	-	-	Taxes payable		1,780	2,305	2,364
					Reserve for contingencies		7,573	7,978	8,920
<b>Investments</b>					Other payables		376	619	684
Property, Plant and Equipment, net		265,618	273,642	274,043					
Investment in Subsidiaries and Associate Companies		2,080	2,249	2,176	<b>SHAREHOLDER'S EQUITY</b>		<b>627,835</b>	<b>648,777</b>	<b>646,182</b>
Investment Property		16,103	19,798	19,619	Capital		489,973	489,973	489,973
Intangible assets		45,923	46,724	44,861	Capital reserve		2,052	2,052	2,052
					Retained earnings		(3,931)	140,784	140,784
<b>TOTAL ASSETS</b>		<b>1,498,108</b>	<b>1,379,430</b>	<b>1,330,177</b>	Income (loss) for the period		-	2,951	2,059
					Other accumulated comprehensive income		139,741	13,017	11,314
					<b>NON CONTROLLING INTERESTS</b>		<b>1,702</b>	<b>1,552</b>	<b>1,723</b>
					<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>629,537</b>	<b>650,329</b>	<b>647,905</b>
					<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>1,498,108</b>	<b>1,379,430</b>	<b>1,330,177</b>





## Consolidated Income Statement

(R\$ thousand)

	2Q13	1Q14	2Q14	Chg % 2Q/2Q	Chg % 2Q/1Q	1H13	1H14	Chg % 14/13
<b>Continued Operation Net Operating Revenue</b>	<b>151,406</b>	<b>150,730</b>	<b>143,576</b>	<b>(5.2)</b>	<b>(4.7)</b>	<b>291,721</b>	<b>294,306</b>	<b>0.9</b>
Cost of Goods Sold	(109,013)	(107,054)	(103,836)	(4.7)	(3.0)	(213,156)	(210,890)	(1.1)
<b>Continued Operation Gross Profit</b>	<b>42,393</b>	<b>43,676</b>	<b>39,740</b>	<b>(6.3)</b>	<b>(9.0)</b>	<b>78,565</b>	<b>83,416</b>	<b>6.2</b>
<i>Continued Operation Gross Margin %</i>	<i>28.0%</i>	<i>29.0%</i>	<i>27.7%</i>			<i>26.9%</i>	<i>28.3%</i>	
<b>Operating Expenses</b>	<b>(39,004)</b>	<b>(39,940)</b>	<b>(38,429)</b>	<b>(1.5)</b>	<b>(3.8)</b>	<b>(79,841)</b>	<b>(78,369)</b>	<b>(1.8)</b>
Selling expenses	(17,987)	(18,425)	(17,259)	(4.0)	(6.3)	(34,099)	(35,684)	4.6
Research and development expenses	(4,853)	(5,164)	(4,998)	3.0	(3.2)	(9,428)	(10,162)	7.8
General and administrative expenses	(14,496)	(16,182)	(16,585)	14.4	2.5	(33,345)	(32,767)	(1.7)
Management profit sharing and compensation	(1,548)	(1,629)	(1,472)	(4.9)	(9.6)	(3,046)	(3,101)	1.8
Other operating income, net	(120)	1,460	1,885	(1,670.8)	29.1	77	3,345	4,244.2
<b>Continued Operation Operating Income before Financial Results</b>	<b>3,389</b>	<b>3,736</b>	<b>1,311</b>	<b>(61.3)</b>	<b>(64.9)</b>	<b>(1,276)</b>	<b>5,047</b>	<b>(495.6)</b>
<i>Continued Operation Operating Margin %</i>	<i>2.2%</i>	<i>2.5%</i>	<i>0.9%</i>			<i>-0.4%</i>	<i>1.7%</i>	
<b>Continued Operations Financial Results, Net</b>	<b>2,251</b>	<b>(449)</b>	<b>(1,667)</b>	<b>(174.1)</b>	<b>271.3</b>	<b>(910)</b>	<b>(2,116)</b>	<b>132.5</b>
Financial income	3,793	5,712	4,459	17.6	(21.9)	7,669	10,171	32.6
Financial expenses	(4,722)	(4,986)	(4,594)	(2.7)	(7.9)	(10,865)	(9,580)	(11.8)
Exchange gain (loss), net	3,180	(1,175)	(1,532)	(148.2)	30.4	2,286	(2,707)	(218.4)
<b>Continued Operations Operating Income</b>	<b>5,640</b>	<b>3,287</b>	<b>(356)</b>	<b>(106.3)</b>	<b>(110.8)</b>	<b>(2,186)</b>	<b>2,931</b>	<b>(234.1)</b>
Income tax and social contribution	(505)	(240)	(366)	(27.5)	52.5	1,775	(606)	(134.1)
<b>Income (loss) for Continued Operation</b>	<b>5,135</b>	<b>3,046</b>	<b>(722)</b>	<b>(114.1)</b>	<b>(123.7)</b>	<b>(411)</b>	<b>2,325</b>	<b>(666.0)</b>
Income (loss) for Discontinued Operation	-	-	-	-	-	(11,305)	-	(100.0)
<b>Net Income</b>	<b>5,135</b>	<b>3,046</b>	<b>(722)</b>	<b>(114.1)</b>	<b>(123.7)</b>	<b>(11,716)</b>	<b>2,325</b>	<b>(119.8)</b>
<i>Continued Operation Net Margin %</i>	<i>3.4%</i>	<i>2.0%</i>	<i>-0.5%</i>			<i>-0.1%</i>	<i>0.8%</i>	
<b>Net profit concerning:</b>								
Controlling interests	(3,908)	2,951	(893)	(77.2)	(130.3)	(11,962)	2,058	(117.2)
Non controlling interests	125	96	171	36.8	78.1	246	267	8.5
<b>EBITDA for Continued Operation</b>	<b>11,725</b>	<b>12,610</b>	<b>10,104</b>	<b>(13.8)</b>	<b>(19.9)</b>	<b>16,288</b>	<b>22,715</b>	<b>39.5</b>
Net income / loss for the period	5,135	3,046	(722)	(114.1)	(123.7)	(411)	2,325	(666.0)
Income tax and social contribution	505	240	366	(27.5)	52.5	(1,775)	606	(134.1)
Financial income, net	(2,251)	449	1,667	(174.1)	271.3	910	2,116	132.5
Depreciation	8,336	8,875	8,793	5.5	(0.9)	17,564	17,668	0.6
<i>Continued Operation EBITDA Margin %</i>	<i>7.7%</i>	<i>8.4%</i>	<i>7.0%</i>			<i>5.6%</i>	<i>7.7%</i>	
Nº of shares in capital stock (th)	71,758	71,758	71,758	-	-	71,758	71,758	-
Continued Operation Net income per share - R\$	0.07	0.04	(0.01)			(0.01)	0.03	(665.99)

## Consolidated Cash Flow Statement

(R\$ thousand)

	2Q13	1Q14	2Q14	1H13	1H14
<b>Cash from operating activities</b>					
<b>Net Income Continued Operations</b>	<b>5.640</b>	<b>3.286</b>	<b>(354)</b>	<b>(2.186)</b>	<b>2.932</b>
<b>Net Income Discontinued Operations</b>	<b>(8.917)</b>	<b>-</b>	<b>-</b>	<b>(11.304)</b>	<b>-</b>
Financial expenses and exchange gain	637	818	(455)	2.408	363
Depreciation and amortization	8.216	8.875	8.793	17.564	17.668
Allowance for doubtful accounts and other receivables	1.394	2.456	(1.140)	7.693	1.316
Proceeds from sale of fixed assets	328	-	1.837	541	1.837
Provision for inventory realization	2.647	1.551	163	5.158	1.714
Reserve for contingencies	2.306	149	942	1.824	1.091
<b>Change on operating assets</b>					
Trade accounts receivable	10.458	29.675	1.557	33.995	31.232
Related Parties	-	78	73	-	151
Onlending of FINAME manufacturer financing	45.845	34.534	43.173	99.608	77.707
Inventories	(6.124)	(29.241)	(22.795)	(390)	(52.036)
Recoverable taxes, net	1.875	(2.336)	2.206	(421)	(130)
Escrow deposits	1	105	(34)	(57)	71
Other receivables	4.060	2.835	1.959	3.759	4.794
<b>Change on operating liabilities</b>					
Trade accounts payable	(772)	6.786	(3.013)	6.439	3.773
Payroll and related taxes	4.159	1.933	4.970	6.543	6.903
Taxes payable	(2.313)	(6.359)	(5.613)	(7.608)	(11.972)
Advances from customers	9.722	3.156	3.420	5.288	6.576
Other payables	(4.081)	5.730	251	(5.388)	5.981
Change on assets and liabilities of Discontinued Operation	8.743	-	-	8.743	-
<b>Cash provided by (used in) operating activities</b>	<b>83.824</b>	<b>64.031</b>	<b>35.940</b>	<b>172.209</b>	<b>99.971</b>
Income tax and social contribution paid	(264)	(6.356)	(1.799)	(1.886)	(8.155)
<b>Net Cash provided by (used in) operating activities</b>	<b>83.560</b>	<b>57.675</b>	<b>34.141</b>	<b>170.323</b>	<b>91.816</b>
Purchase of fixed assets	(9.012)	(8.360)	(7.492)	(20.663)	(15.852)
Sales of fixed assets	-	162	99	-	261
Increase in intangible assets	-	(91)	-	-	(91)
<b>Net cash used in investing activities</b>	<b>(9.012)</b>	<b>(8.289)</b>	<b>(7.393)</b>	<b>(20.663)</b>	<b>(15.682)</b>
Interest on capital paid	-	(969)	(1)	(291)	(970)
New loans and financing	4.234	7.962	9.841	11.589	17.803
Payments of loans and financing	(8.247)	(22.827)	(15.398)	(26.978)	(38.225)
Interests paid (including FINAME manufacturer financing)	(11.339)	(6.598)	(6.917)	(22.392)	(13.515)
New loans in FINAME manufacturer	22.940	31.203	22.767	45.357	53.970
Payment of FINAME manufacturer financing	(74.431)	(60.942)	(59.241)	(150.652)	(120.183)
<b>Net Cash provided by (used in) financing activities</b>	<b>(66.843)</b>	<b>(52.171)</b>	<b>(48.949)</b>	<b>(143.367)</b>	<b>(101.120)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>7.705</b>	<b>(2.785)</b>	<b>(22.201)</b>	<b>6.293</b>	<b>(24.986)</b>
Exchange variation changes on cash and cash equivalents abroad	(2.029)	(1.668)	(1.463)	(1.925)	(3.131)
<b>Cash and cash equivalents - beginning of period</b>	<b>81.012</b>	<b>107.232</b>	<b>102.779</b>	<b>82.320</b>	<b>107.232</b>
<b>Cash and cash equivalents - end of period</b>	<b>86.688</b>	<b>102.779</b>	<b>79.115</b>	<b>86.688</b>	<b>79.115</b>

## Appendix I – Income Statements by Business Unit

### Income Statement by Business Units - 2Q14

R\$ 000	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Continued Operations Net Operating Revenue</b>	<b>96.569</b>	<b>24.464</b>	<b>22.543</b>	<b>143.576</b>
<b>Cost of Sales and Services</b>	(59.441)	(13.106)	(31.289)	(103.836)
Business Units Transfers	1.301	-	7.283	8.584
Business Units Transfers	(6.281)	(2.297)	(6)	(8.584)
<b>Continued Operations Gross Profit</b>	<b>32.148</b>	<b>9.061</b>	<b>(1.469)</b>	<b>39.740</b>
<i>Continued Operations Gross Margin %</i>	<i>33,3%</i>	<i>37,0%</i>	<i>-6,5%</i>	<i>27,7%</i>
<b>Operating Expenses</b>	<b>(26.669)</b>	<b>(8.998)</b>	<b>(2.762)</b>	<b>(38.429)</b>
Selling	(12.269)	(4.118)	(872)	(17.259)
General and Administrative	(11.738)	(3.196)	(1.651)	(16.585)
Research and Development	(3.572)	(1.426)	-	(4.998)
Management profit sharing	(975)	(258)	(239)	(1.472)
Other operating revenue	1.885	-	-	1.885
<b>Continued Operations Operating Income before Financial Results</b>	<b>5.479</b>	<b>63</b>	<b>(4.231)</b>	<b>1.311</b>
<i>Continued Operations Operating Margin %</i>	<i>5,7%</i>	<i>0,3%</i>	<i>-18,8%</i>	<i>0,9%</i>
Depreciation	5.233	564	2.996	8.793
<b>Continued Operations EBITDA</b>	<b>10.712</b>	<b>627</b>	<b>(1.235)</b>	<b>10.104</b>
<i>Continued Operations EBITDA Margin %</i>	<i>11,1%</i>	<i>2,6%</i>	<i>-5,5%</i>	<i>7,0%</i>

### Income Statement by Business Units - 2Q13

R\$ 000	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Continued Operations Net Operating Revenue</b>	<b>99.425</b>	<b>23.311</b>	<b>28.670</b>	<b>151.406</b>
<b>Cost of Sales and Services</b>	(65.165)	(13.732)	(30.116)	(109.013)
Business Units Transfers	2.881	-	4.321	7.202
Business Units Transfers	(3.542)	(2.080)	(1.580)	(7.202)
<b>Continued Operations Gross Profit</b>	<b>33.599</b>	<b>7.500</b>	<b>1.294</b>	<b>42.393</b>
<i>Continued Operations Gross Margin %</i>	<i>33,8%</i>	<i>32,2%</i>	<i>4,5%</i>	<i>28,0%</i>
<b>Operating Expenses</b>	<b>(26.171)</b>	<b>(9.471)</b>	<b>(3.360)</b>	<b>(39.003)</b>
Selling	(11.844)	(5.157)	(986)	(17.986)
General and Administrative	(9.859)	(2.155)	(2.094)	(14.108)
Research and Development	(3.327)	(1.526)	-	(4.853)
Management profit sharing	(1.020)	(248)	(280)	(1.548)
Other operating revenue	(121)	1	-	(120)
<b>Continued Operations Operating Income before Financial Results</b>	<b>7.428</b>	<b>(1.972)</b>	<b>(2.066)</b>	<b>3.391</b>
<i>Continued Operations Operating Margin %</i>	<i>7,5%</i>	<i>-8,5%</i>	<i>-7,2%</i>	<i>2,2%</i>
Depreciation	5.198	128	3.010	8.336
<b>Continued Operations EBITDA</b>	<b>12.626</b>	<b>(1.844)</b>	<b>944</b>	<b>11.727</b>
<i>Continued Operations EBITDA Margin %</i>	<i>12,7%</i>	<i>-7,9%</i>	<i>3,3%</i>	<i>7,7%</i>

### Income Statement by Business Units - 1H14

R\$ 000	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Continued Operations Net Operating Revenue</b>	<b>197.867</b>	<b>52.293</b>	<b>44.146</b>	<b>294.306</b>
<b>Cost of Sales and Services</b>	(123.674)	(27.840)	(59.376)	(210.890)
Business Units Transfers	2.839	-	12.390	15.229
Business Units Transfers	(10.210)	(5.009)	(10)	(15.229)
<b>Continued Operations Gross Profit</b>	<b>66.822</b>	<b>19.444</b>	<b>(2.850)</b>	<b>83.416</b>
<i>Continued Operations Gross Margin %</i>	<i>33,8%</i>	<i>37,2%</i>	<i>-6,5%</i>	<i>28,3%</i>
<b>Operating Expenses</b>	<b>(54.586)</b>	<b>(18.266)</b>	<b>(5.517)</b>	<b>(78.369)</b>
Selling	(24.906)	(8.965)	(1.813)	(35.684)
General and Administrative	(23.568)	(5.976)	(3.223)	(32.767)
Research and Development	(7.204)	(2.958)	-	(10.162)
Management profit sharing	(2.071)	(549)	(481)	(3.101)
Other operating revenue	3.163	182	-	3.345
<b>Continued Operations Operating Income before Financial Results</b>	<b>12.236</b>	<b>1.178</b>	<b>(8.367)</b>	<b>5.047</b>
<i>Continued Operations Operating Margin %</i>	<i>6,2%</i>	<i>2,3%</i>	<i>-19,0%</i>	<i>1,7%</i>
Depreciation	10.316	1.228	6.124	17.668
<b>Continued Operations EBITDA</b>	<b>22.552</b>	<b>2.406</b>	<b>(2.243)</b>	<b>22.715</b>
<i>Continued Operations EBITDA Margin %</i>	<i>11,4%</i>	<i>4,6%</i>	<i>-5,1%</i>	<i>7,7%</i>

### Income Statement by Business Units - 1H13

R\$ 000	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Continued Operations Net Operating Revenue</b>	<b>198.296</b>	<b>40.760</b>	<b>52.665</b>	<b>291.721</b>
<b>Cost of Sales and Services</b>	(132.869)	(23.712)	(56.575)	(213.156)
Business Units Transfers	5.702	-	8.540	14.242
Business Units Transfers	(6.849)	(3.869)	(3.524)	(14.242)
<b>Continued Operations Gross Profit</b>	<b>64.280</b>	<b>13.179</b>	<b>1.106</b>	<b>78.565</b>
<i>Continued Operations Gross Margin %</i>	<i>32,4%</i>	<i>32,3%</i>	<i>2,1%</i>	<i>26,9%</i>
<b>Operating Expenses</b>	<b>(56.321)</b>	<b>(17.303)</b>	<b>(6.217)</b>	<b>(79.841)</b>
Selling	(23.721)	(8.524)	(1.854)	(34.099)
General and Administrative	(24.058)	(5.385)	(3.902)	(33.345)
Research and Development	(6.486)	(2.942)	-	(9.428)
Management profit sharing	(2.132)	(453)	(461)	(3.046)
Other operating revenue	76	1	-	77
<b>Continued Operations Operating Income before Financial Results</b>	<b>7.959</b>	<b>(4.124)</b>	<b>(5.111)</b>	<b>(1.276)</b>
<i>Continued Operations Operating Margin %</i>	<i>4,0%</i>	<i>-10,1%</i>	<i>-9,7%</i>	<i>-0,4%</i>
Depreciation	10.570	657	6.337	17.564
<b>Continued Operations EBITDA</b>	<b>18.529</b>	<b>(3.467)</b>	<b>1.226</b>	<b>16.288</b>
<i>Continued Operations EBITDA Margin %</i>	<i>9,3%</i>	<i>-8,5%</i>	<i>2,3%</i>	<i>5,6%</i>

## Appendix II – Financial Statements for B+W

### Balance Sheet B+W

		(€ 000)		
ASSETS		06/30/13	03/31/14	06/30/14
<b>CURRENT</b>		<b>21,623</b>	<b>22,255</b>	<b>24,043</b>
Cash and Cash equivalents		65	4,147	3,698
Trade accounts receivable		4,808	3,063	4,270
Inventories		15,456	11,820	14,668
Related Parties		212	2,090	175
Other receivables		1,082	1,136	1,233
<b>Investments</b>				
Property, Plant and Equipment, net		13,807	15,185	15,468
Investment in Subsidiaries and Associate Companies		722	722	722
Intangible assets		14,109	13,859	13,699
<b>TOTAL ASSETS</b>		<b>50,261</b>	<b>52,021</b>	<b>53,932</b>
		(€ 000)		
LIABILITIES AND SHAREHOLDER'S EQUITY		06/30/13	03/31/14	06/30/14
<b>CURRENT</b>		<b>16,959</b>	<b>17,123</b>	<b>19,495</b>
Loans and financing		108	142	-
Trade accounts payable		1,803	825	948
Payroll and related taxes		1,470	1,320	1,416
Taxes payable		9	972	82
Advances from customers		11,610	11,863	15,188
Other payables		1,758	1,800	1,388
Related Parties		201	201	474
<b>NON CURRENT</b>		<b>9,722</b>	<b>9,162</b>	<b>9,243</b>
<b>Long-term liabilities</b>				
Loans and financing		4,250	3,808	3,933
Deferred income and social contribution taxes		5,472	5,354	5,310
<b>SHAREHOLDER'S EQUITY</b>		<b>23,580</b>	<b>25,735</b>	<b>25,194</b>
Capital		7,025	7,025	7,025
Capital reserve		505	505	505
Accumulated deficit		16,050	18,205	17,664
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>50,261</b>	<b>52,021</b>	<b>53,932</b>

### Income Statement B+W

		€ 000							
		2Q13	1Q14	2Q14	Chg % 2Q/2Q	Chg % 2Q/1Q	1H13	1H14	Chg % 14/13
<b>Net Operating Revenue</b>		<b>6,673</b>	<b>7,542</b>	<b>5,373</b>	<b>(19.5)</b>	<b>(28.8)</b>	<b>14,373</b>	<b>12,915</b>	<b>(10.1)</b>
Cost of Goods Sold		(5,289)	(5,902)	(4,237)	(19.9)	(28.2)	(11,689)	(10,140)	(13.3)
<b>Gross Profit</b>		<b>1,384</b>	<b>1,639</b>	<b>1,136</b>	<b>(17.9)</b>	<b>(30.7)</b>	<b>2,685</b>	<b>2,775</b>	<b>3.4</b>
<i>Gross Margin %</i>		<i>20.7%</i>	<i>21.7%</i>	<i>21.1%</i>			<i>18.7%</i>	<i>21.5%</i>	
<b>Operating Income (Expenses)</b>		<b>(1,482)</b>	<b>(1,905)</b>	<b>(1,905)</b>	<b>28.5</b>	<b>(0.0)</b>	<b>(3,492)</b>	<b>(3,809)</b>	<b>9.1</b>
Selling expenses		(446)	(584)	(572)	28.3	(2.0)	(1,314)	(1,156)	(12.1)
General and administrative expenses		(1,037)	(1,321)	(1,333)	28.5	0.9	(2,178)	(2,654)	21.8
<b>Operating Income before Financial Results</b>		<b>(98)</b>	<b>(265)</b>	<b>(769)</b>	<b>681.2</b>	<b>189.5</b>	<b>(808)</b>	<b>(1,034)</b>	<b>28.0</b>
<i>Operating Margin %</i>		<i>-1.5%</i>	<i>-3.5%</i>	<i>-14.3%</i>			<i>-5.6%</i>	<i>-8.0%</i>	
<b>Financial Results, Net</b>		<b>(77)</b>	<b>(113)</b>	<b>(73)</b>	<b>(5.7)</b>	<b>(35.7)</b>	<b>(171)</b>	<b>(186)</b>	<b>9.2</b>
<b>Operating Income</b>		<b>(176)</b>	<b>(379)</b>	<b>(841)</b>	<b>379.0</b>	<b>122.1</b>	<b>(978)</b>	<b>(1,220)</b>	<b>24.7</b>
Income tax and social contribution		(82)	-	-	(100.0)	-	18	-	(100.0)
<b>Net income</b>		<b>(257)</b>	<b>(379)</b>	<b>(841)</b>	<b>226.9</b>	<b>122.1</b>	<b>(961)</b>	<b>(1,220)</b>	<b>27.0</b>
<i>Net Margin %</i>		<i>-3.9%</i>	<i>-5.0%</i>	<i>-15.7%</i>			<i>-6.7%</i>	<i>-9.4%</i>	
<b>EBITDA</b>		<b>273</b>	<b>12</b>	<b>(465)</b>	<b>(270.8)</b>	<b>(4,084.6)</b>	<b>135</b>	<b>(454)</b>	<b>(436.8)</b>
Net income / loss		(257)	(379)	(841)	226.9	122.1	(961)	(1,220)	27.0
Income tax and social contribution		82	-	-	(100.0)	-	(18)	-	(100.0)
Financial Results, Net		77	113	73	(5.7)	(35.7)	171	186	9.2
Depreciation		371	277	303	(18.3)	9.4	942	580	(38.4)
<i>EBITDA Margin %</i>		<i>4.1%</i>	<i>0.2%</i>	<i>-8.7%</i>			<i>0.9%</i>	<i>-3.5%</i>	

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