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

Indústrias Romi S.A.

Condensed Consolidated Financial Statements for the Nine-Month Period Ended September 30, 2008 and Independent Accountants' Review Report

Deloitte Touche Tohmatsu Auditores Independentes

Deloitte.

Deloitte Touche Tohmatsu
Av. Dr. José Bonifácio Coutinho
Nogueira, 150 - 5º - Sala 502
13091-611 - Campinas - SP
Brasil

Tel: +55 (19) 3707-3000
Fax: +55 (19) 3707-3001
www.deloitte.com.br

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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

1. We have performed a review of the accompanying condensed consolidated financial statements of Indústrias Romi S.A. ("Company") and subsidiaries, consisting of the condensed consolidated balance sheet as of September 30, 2008, the related condensed consolidated statements of income, changes in shareholders' equity's and cash flows for the three - and nine-month periods ended September 30, 2008, the performance report, and the notes to the condensed consolidated financial statements, all expressed in Brazilian reais and prepared in accordance with the international accounting standards issued by the International Accounting Standards Board (IASB), under the responsibility of the Company's management.

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

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

4. Brazilian accounting practices differ, in certain material respects, from international accounting standards issued by the International Accounting Standards Board (IASB). Information related to the nature and effect of these differences is presented in note 4 to the consolidated interim financial statements.

5. We had previously audited the balance sheet as of December 31, 2007, prepared under the international accounting standard issued by the International Accounting Standards Board (IASB), and issued an unqualified report thereon, dated February 12, 2008.

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

Campinas, October 21, 2008

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Walbert Antonio dos Santos
Engagement Partner

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

INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2008 AND DECEMBER 31, 2007
(In thousands of Brazilian reais - R$)

ASSETS	Note	2008	2007
CURRENT ASSETS			
Cash and cash equivalents	5	136,762	189,010
Temporary cash investments:			
Trading securities		119,278	111,512
Trade accounts receivable	6	83,955	64,244
Onlending of FINAME manufacturer financing	7	280,589	223,221
Inventories	8	256,782	183,044
Recoverable taxes	9	19,432	11,537
Other receivables		6,065	3,479
Total current assets		902,863	786,047
NONCURRENT ASSETS			
Long-term assets:			
Trade accounts receivable	6	5,186	2,136
Onlending of FINAME manufacturer financing	7	483,970	409,896
Recoverable taxes	9	9,046	5,391
Deferred income and social contribution taxes	18 b)	12,512	8,016
Escrow deposits		12,112	7,087
Other receivables		5,731	2,928
Property. plant and equipment. net	10	204,481	129,666
Intangible assets		4,496	-
Goodwill	3.2	1,496	-
Total noncurrent assets		739,030	565,120
TOTAL ASSETS		1,641,893	1,351,167

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2008	2007
CURRENT LIABILITIES			
Loans and financing	11	26,544	30,854
FINAME manufacturer financing	12	243,408	192,884
Trade accounts payable		43,932	25,193
Payroll and related charges	13	41,257	35,934
Taxes payable	14	18,596	8,013
Advances from customers		18,382	9,702
Dividends. interest on capital and profit sharing		15,117	6,775
Other payables		19,780	4,640
Total current liabilities		427,016	313,995
NONCURRENT LIABILITIES			
Loans and financing	11	63,084	50,293
FINAME manufacturer financing	12	411,111	348,710
Reserve for contingencies	15	14,209	8,746
Deferred income and social contribution taxes on negative goodwill	18 b)	7,947	1,404
Taxes payable		3,146	1,896
Other payables		8,186	-
Total noncurrent liabilities		507,683	411,049
SHAREHOLDERS' EQUITY			
Capital		505,764	505,764
Capital reserve		2,209	2,209
Profit reserve		117,247	117,247
Retained earnings		78,448	-
Cumulative foreign currency translation adjustments		1,024	(968)
Shareholders' equity of controlling		704,692	624,252
MINORITY INTEREST		2,502	1,871
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTEREST		707,194	626,123
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,641,893	1,351,167

(Reviewed by independent accountants to the extent described in the report dated October 21, 2008)

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

INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE NINE AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(In thousands of Brazilian reais - R$)

		FOR THE THREE-MONTH PERIODS ENDED		FOR THE NINE-MONTH PERIODS ENDED	
	Note	09/30/2008	09/30/2007	09/30/2008	09/30/2007
Domestic market		210,041	179,199	569,501	474,175
Foreign market		30,235	19,847	70,642	59,700
GROSS OPERATING REVENUE		240,276	199,046	640,143	533,875
TAXES ON SALES		(40,440)	(34,532)	(110,188)	(90,717)
NET OPERATING REVENUE		199,836	164,514	529,955	443,158
COST OF SALES		(116,347)	(91,416)	(311,716)	(250,003)
GROSS PROFIT		83,489	73,098	218,239	193,155
OPERATING INCOME (EXPENSES)					
Selling expenses		(17,129)	(15,006)	(47,331)	(42,317)
General and administrative expenses		(16,069)	(6,925)	(41,030)	(27,578)
Research and development expenses		(7,450)	(7,091)	(21,195)	(19,308)
Management profit sharing and compensation		(4,399)	(6,241)	(11,830)	(9,868)
Tax expenses		(694)	(1,258)	(1,887)	(5,191)
Other operating income		19,977	300	20,763	870
Total		(25,764)	(36,221)	(102,510)	(103,392)
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME		57,725	36,877	115,729	89,763
Financial income		10,767	7,812	28,394	21,153
Financial expenses		(1,311)	(1,130)	(4,161)	(3,554)
Exchange gains		(1,347)	1,269	1,561	4,948
Exchange losses		1,830	(1,075)	(668)	(3,146)
		9,939	6,876	25,126	19,401
INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		67,664	43,753	140,855	109,164
INCOME AND SOCIAL CONTRIBUTION TAXES	18 a)	(17,561)	(6,817)	(32,073)	(17,635)
Current		(20,009)	(6,132)	(36,569)	(19,546)
Deferred		2,448	(685)	4,496	1,911
NET INCOME		50,103	36,936	108,782	91,529
ATTRIBUTED TO					
Controlling shareholders' interest		49,871	36,776	108,151	91,149
Minority interest		232	160	631	380
		50,103	36,936	108,782	91,529
Basic and diluted earnings per share - R$	17	0.635	0.468	1.377	1.249

(Reviewed by independent accountants to the extent described in the report dated October 21, 2008)

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

INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE -MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(In thousands of Brazilian reais - R$)

		Attributable to shareholders' interest									
				Profit reserve							
	Note	Capital	Capital reserve	Profit reserve	Legal reserve	Total	Cumulative foreign currency translation adjustments	Retained earnings	Shareholders' equity of controlling	Minority interest	Total
BALANCES AS OF DECEMBER 31, 2006		275,791	2,209	41,263	25,737	67,000	(267)	-	344,733	1,462	346,195
Net capital increase with issuance of shares		229,973	-	-	-	-	-	-	229,973	-	229,973
Net income		-	-	-	-	-	-	91,149	91,149	380	91,529
Foreign currency translation adjustments		-	-	-	-	-	(579)	-	(579)	-	(579)
Allocations:											
Interest on capital - Law 9249/95	16	-	-	-	-	-	-	(27,779)	(27,779)	-	(27,779)
Dividends paid		-	-	(31,158)	-	(31,158)	-	-	(31,158)	-	(31,158)
BALANCES AS OF SEPTEMBER 30, 2007		505,764	2,209	10,105	25,737	35,842	(846)	63,370	606,339	1,842	608,181
BALANCES AS OF DECEMBER 31, 2007		505,764	2,209	86,062	31,185	117,247	(968)	-	624,252	1,871	626,123
Net income		-	-	-	-	-	-	108,151	108,151	631	108,782
Foreign currency translation adjustments		-	-	-	-	-	1,992	-	1,992	-	1,992
Allocations:											
Interest on capital - Law No. 9249/95	16	-	-	-	-	-	-	(29,703)	(29,703)	-	(29,703)
BALANCES AS OF SEPTEMBER 30, 2008		505,764	2,209	86,062	31,185	117,247	1,024	78,448	704,692	2,502	707,194

(Reviewed by independent accountants to the extent described in the report dated October 21, 2008)

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

INDÚSTRIAS ROMI S.A. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE -MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(In thousands of Brazilian reais - R$)

	Note	2008	2007
Cash flows from operating activities:			
Net income		108,782	91,529
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Current income and social contribution taxes		36,569	19,546
Financial expenses		4,161	3,554
Depreciation	10 a)	10,711	8,609
Allowance for doubtful accounts		1,322	246
Gain on sale of property, plant and equipment		(824)	(464)
Interest on trade accounts receivable, trade accounts payable, and loans and financing		(33)	(2,076)
Exchange variation on trade accounts receivable, trade accounts payable, and loans and financing		(4,496)	(1,911)
Provision for inventory losses		(2,621)	(1,192)
Reserve for contingencies, net		436	(2,799)
Gain on acquisition of interest in subsidiaries		(19,316)	-
Increase (decrease) in assets:			
Temporary cash investments in trading securities		(7,766)	(61,793)
Trade accounts receivable		(7,736)	(9,773)
Onlending of FINAME manufacturer financing		(131,442)	(127,927)
Inventories		(51,695)	(20,614)
Recoverable taxes, net		(10,987)	(3,079)
Other receivables		(650)	(993)
Increase (decrease) in liabilities:			
Trade accounts payable		13,187	3,301
Payroll and related charges		4,358	6,253
Income and social contribution taxes paid		(14,075)	(15,688)
Interest paid		(5,974)	(2,491)
Income and social contribution taxes payable		(5,680)	316
Advances from customers		8,628	2,496
Other payables		3,987	1,511
Net cash used provided in operating activities		(71,154)	(113,439)
Cash flows from investing activities:			
Purchase of property, plant and equipment		(70,147)	(19,787)
Sale of property, plant and equipment		1,041	3,590
Acquisition of investment in subsidiary		(5,883)	-
Cash balance of subsidiaries acquired		4,200	-
Increase in intangible assets		(1,653)	-
Net cash provided by (used in) investing activities		(72,442)	(16,197)
Cash flows from financing activities:			
Capital increase with issuance of shares		-	229,973
Interest on capital and dividends paid		(26,308)	(97,768)
Borrowings		31,157	43,697
Repayment of loans and financing		(27,407)	(6,798)
Increase in FINAME manufacturer financing		212,209	217,401
Repayment of FINAME manufacturer financing		(99,284)	(120,350)
Net cash provided by financing activities		90,367	266,155
Increase in cash and cash equivalents and temporary cash investments		(53,229)	136,519
Exchange variation on cash balance of foreign subsidiaries		981	-
Cash and cash equivalents and temporary cash investments - beginning of period		189,010	71,069
Cash and cash equivalents and temporary cash investments - end of period		136,762	207,588

(Reviewed by independent accountants to the extent described in the report dated October 21, 2008)

1. GENERAL INFORMATION

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

On July 24, 2008, through the Agreement for Assignment of Interest and Complexo Empresarial ("sale agreement"), the Company, through its indirect subsidiary Romi Itália S.R.l. (Romi Italy), which is a direct subsidiary of Romi Europa GmbH ("Romi Europa"), acquired for the amount of € 7,900,000 (equivalent to R$ 19,529 on the agreement date) a group of assets and rights named Complexo Empresarial ("enterprise complex") from Sandretto Industrie S.l.r. ("Sandretto Itália"), a company with a single partner under Extraordinary Administration, whose head office is located in Grugliasco, in the city of Turin, Italy. The new subsidiary is primarily engaged in engineering activities, manufacture and sale of plastic injection molding machines. The amount paid corresponds to (translated to Brazilian reais at the exchange rate prevailing on the agreement date):

a) € 2,480,500.00 (equivalent to R$ 6,131) related to a 100% ownership interest in the following subsidiaries:

   i. € 1,323,000.00 (equivalent to R$ 3,270) by the English subsidiary Sandretto UK Limited;

   ii. € 266,500.00 (equivalent to R$ 659) by the French subsidiary Sandretto Industrie SAS;

   iii. € 846,500.00 (equivalent to R$ 2,092) by the Spanish subsidiary Italprensas Sandretto S.A., and interest of 50% in Sandretto Centro S.A. and Sandretto Norte S.A., both located in Spain; and

   iv. € 44,500.00 (equivalent to R$ 110) by the Dutch subsidiary Metalmeccanica Plast B.V..

b) € 5,419,500.00 (equivalent to R$ 13,397), related to Sandretto Italy's enterprise complex, divided as follows:

   i. € 2,447,500.00 (equivalent to R$ 6,050) for lands and buildings;

   ii. € 2,400,000.00 (equivalent to R$ 5,933) for inventories;

   iii. € 572,000.00 (equivalent to R$ 1,414) for all tangible and intangible assets.

The acquisition was paid as follows:

a) The amount of € 1,000,000.00 (equivalent to R$ 2,472) was paid on July 14, 2008;

b) € 4,500,000.00 (equivalent to R$ 11,124) to be paid in four semiannual installments of € 1,125,000.00 (equivalent to R$ 2,781), the first of which to mature on January 17, 2009;

c) € 2,400,000.00 (equivalent to R$ 5,933), to be paid on November 14, 2008.

The amounts were recorded in the consolidated under other payables, R$ 11,495 in short-term and R$ 5,562 in long-term liabilities.

The Company, pursuant to the acquisition agreement, commits to, for at least two years from the agreement date, to maintain the business activities in the manufacturing units of Grugliasco and Pont Canavese, both located in Turin, Italy, and, for the same period, maintain no less than 250 employees ("guarantees"). If these guarantees are not complied with, the Company commits to pay a fine in the amount of € 1,375,000.00 (equivalent to R$ 3,398).

For further information, see note 3.2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

The Condensed Consolidated Financial Statements of the Company for the nine-month period ended September 30, 2008, have been prepared in accordance with accounting practices consistent with IFRS and IAS 34, "Interim Financial Reporting". These condensed consolidated financial statements are consistent with the accounting practices adopted for the consolidated financial statements for the year ended December 31, 2007, which have been prepared in accordance with International Financial Reporting Standard issued by the International Accounting Standards Board ("IASB").

The following new pronouncements, amendments or interpretations are required for the first time for the year or period beginning January 1, 2008 but are not currently relevant or applicable to the Company:

- IFRIC 11, "IFRS 2 - Group and Treasury Share Transactions";
- IFRIC 12, "Service Concession Arrangements";
- IFRIC 14, "IAS19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

- IFRIC 15, "Agreements for the construction of real estate";
- IFRIC 16, "Hedges of a net investment in a foreign operation".

The following new pronouncements, amendments or interpretations were issued but are not effective for the year or period beginning on January 1, 2008 and were not adopted earlier:

- IFRS 8, "Operating Segments", effective for years beginning on or after January 1, 2009. IFRS8 replaces IAS14, "Segment Reporting", and requires management's focus to report information per segment in the same basis as for internal report purposes;
- IAS23 (amendment), "borrowing costs", effective for years beginning on or after January 1, 2009;
- IFRS2 (amendment), "share-based payment", effective for years beginning on or after January 1, 2009;
- IFRS3 (amendment), "business combination" and consequent amendments to IAS27 "Consolidated and separate financial statements", IAS28 "Investments in associates" and IAS31 "Interests in joint ventures", effective prospectively for business combinations whose acquisition date was on or after the start of the first year beginning on or after January 1, 2009. The Company's management is analyzing the impact of new requirements related to accounting for acquisitions, consolidation and associates in the group;
- IAS1 (amendment), "Presentation of financial statements", effective for years beginning on or after January 1, 2009;
- IAS32 (amendment), "Financial instruments: presentation", and amendments arising from IAS 1, "Presentation of financial statements", effective for years beginning on or after January 1, 2009;
- IFRIC13, "Customer loyalty programmes", effective for years beginning on or after July 1, 2008.

3. CONSOLIDATED FINANCIAL STATEMENTS

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

3.1.1. Subsidiaries

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

The condensed consolidated financial statements as of September 30, 2008 and December 31, 2007 include the accounts of the Company and its subsidiaries, as follows:

Subsidiary		Country	Main activity
Rominor - Comércio, Empreendimentos e Participações S.A. ("Rominor")		Brazil	Ventures and equity interests in general
Romi Machine Tools, Ltd. ("Romi Machine Tools")		United States of America	Distribution of machine tools and cast and machined products in North America
Interocean Comercial Importadora e Exportadora S.A. ("Interocean")		Brazil	Trading company, not operating in the reporting periods
Favel S.A. ("Favel")		Uruguay	Sales representation for Latin America
J.A.C. - Indústria Metalúrgica Ltda.	(a)	Brazil	Manufacture of plastic blowers
Romi Europa GmbH ("Romi Europe")		Germany	Technical assistance and support to dealers in Europe, Asia, Africa, and Oceania

Subsidiary of Romi Europe		Country	Main activity
Romi Itália S.R.l. (Romi Italy)	(b)	Italy	Development, design, production and sale, distribution, import and export of machinery and equipment for processing of plastic raw materials
Subsidiaries of Romi Italy	(c)		
Sandretto UK Ltd.		United Kingdom	Distribution of plastic molding machines and spare part services
Sandretto Industries S.A.S.		France	
Metalmecanica Plast B.V.		Netherlands	
Italprensas Sandretto S.A.		Spain	

(a) This subsidiary was acquired on January 25, 2008. See details in note 3.2.

(b) Limited liability company incorporated on May 22, 2008 with a capital of € 300,000, fully subscribed by the only shareholder Romi Europe.

(c) As mentioned in note 1, these subsidiaries were acquired as part of the Agreement for the Assignment of Interest and "Complexo Empresarial" entered into with Sandretto Industrie S.r.l.

The table below shows the main captions of the balance sheets as of September 30,2008 and December 31, 2007 and statements of income for the nine-month periods ended September 30, 2008 and 2007 of the consolidated operating subsidiaries. The financial statements of the subsidiaries Interocean, Favel and J.A.C. are not presented because of the immateriality of the balances.

	Romi Europe and Subsidiaries		Rominor		Romi Machine Tools	
	09/30/2008	12/31/2007	09/30/2008	12/31/2007	09/30/2008	12/31/2007
Assets						
Current	48,256	1,426	30,407	22,985	16,377	18,185
Noncurrent	15,732	190	6,479	6,624	415	368
Total assets	63,988	1,616	36,886	29,519	16,792	18,553
Liabilities						
Current	35,140	525	658	2,253	16,398	17,142
Noncurrent	12,823	-	-	-	141	162
Shareholders' equity	16,025	1,091	36,228	26,996	253	1,249
Total liabilities and shareholders' equity	63,988	1,616	36,886	29,519	16,792	18,553
	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007
Net operating revenue	8,837	3,336	9,033	6,317	9,955	12,615
Gross profit	5,335	2,990	8,979	6,182	1,288	2,131
Income (loss) from operations	18,548	1,326	10,747	6,444	(973)	(350)
Income (loss) before taxes	19,102	1,326	10,915	6,444	(969)	(350)
Net income (loss)	12,387	1,326	9,108	5,478	(969)	(350)

As a result of the acquisition of ownership interest in the subsidiaries on July 24, 2008, through its direct subsidiary Romi Europa, as mentioned in note 1, the financial statements of Romi Europa as of September 30, 2008 are presented on a consolidated basis. The financial information of Romi Italy and its subsidiaries as of September 30, 2008, and the net income for the period from the acquisition date to this base date are as follows.

	Romi Itália
	09/30/2008
Assets:	
Current	45,841
Noncurrent	15,559
Total assets	61,400
Liabilities and shareholders' equity:	
Current	34,812
Noncurrent	12,823
Shareholders' equity	13,765
Total liabilities and shareholders' equity	61,400
	09/30/2008
Net operating revenue	5,686
Gross profit	2,730
Income from operations	17,571
Income before taxes	18,030
Net income	11,306

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

a) Elimination of intercompany balances.

b) Elimination of intercompany inventory profits, when material.

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

d) Elimination of intercompany transactions.

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

3.1.2. Goodwill

Goodwill represents the excess of acquisition cost over the net fair value of a subsidiary's, jointly-owned subsidiary's or affiliate's identifiable assets, liabilities and contingent liabilities on the acquisition date, in conformity with IFRS 3. As a result of the exception set forth by IFRS 1, the Company applied the provisions of IFRS 3 only to acquisitions made after January 1, 2006 (IFRS transition date).

Goodwill of subsidiaries is recognized as an asset and included in line item "Goodwill". Goodwill is not amortized and is annually tested for impairment or whenever there are indications of loss of equity value. Any impairment loss is immediately recognized as cost in the statement of income for the period, and cannot be subsequently derecognized.

On the disposal of a subsidiary, jointly-owned subsidiary or affiliate, the related goodwill is included in the determination of the gain or loss on disposal.

3.2. Acquisitions

Aquisição da JAC

On January 25, 2008, the Company acquired, for R$ 5,531, all shares in J.A.C. Indústria Metalúrgica Ltda. ("JAC"). JAC is a traditional manufacturer of plastic blowers with headquarters and operations in the city of Americana, state of São Paulo, and its acquisition is in line with the Company's strategy to expand its line of products and its activities related to production and sale of plastic processing machines, which until then were concentrated in the injection segment.

The transaction was approved by the Company's Board of Directors at the meeting held on January 25, 2008, and its approval by the Shareholders' Meeting was waived according to Article 256 of Law No. 6404/76.

The Company made a estimate of the fair value of assets acquired and liabilities assumed as follows:

Net assets (liabilities) acquired

Current assets	1,605
Noncurrent assets	6,053
Goodwill	1,496
Current liabilities	(3,330)
Noncurrent liabilities	(293)
Total	5,531
Total purchase price	5,531

This company's net revenue and net income recorded in the consolidated statement of income from the acquisition date to September 30, 2008 is R$ 4,504 and R$ 493, respectively.

Acquisition of Complexo Empresarial and Interest of Sandretto Industrie S.r.l.

As mentioned in note 1, the acquisition of interest in Sandretto Itália generated a gain of € 7,822,000 (equivalent to R$ 19,316 at the exchange rate prevailing on the acquisition date), recorded under "Other operating income", as a result of the fact that the amount paid is lower than the preliminary estimate of the fair value of the subsidiaries' assets acquired and liabilities assumed, as follows.

Net assets (liabilities) acquired	€ thousand	R$
Current assets (includes cash balance of € 1,664,000, equivalent to R$ 4,111)	11,738	28,993
Noncurrent assets	2,517	6,217
Current liabilities	(3,953)	(9,763)
Noncurrent liabilities	-	-
Net assets acquired	10,302	25,447
Total price in the purchase of interest in subsidiaries	(2,480)	(6,131)
Negative goodwill on acquisition	7,822	19,316

As the acquisition was completed in the third quarter, the Company has not yet concluded the fair value of assets and liabilities assumed ("fair value"), and, as allowed by IFRS 3, the Company has up to one year from the acquisition date to record the final adjustments to determine the fair value. Accordingly, the amounts presented above may differ from final amounts. As of September 30, 2008, the fair value is estimated based on the related book value.

As mentioned in note 1, the Company acquired Complexo Empresarial, comprised of tangible and intangible assets and ownership interest in Sandretto Italy's subsidiaries, which, at the time of acquisition, was under Extraordinary Administration (intervention by the Italian government). Therefore, the Company's management understands that, due to the following factors that makes impossible to read this proforma financial statements as an operation occurred in the normal course of business, it is not practicable to present the consolidated pro-forma income as if the transaction had been conducted on January 1:

a) The acquisition of Sandretto Italy's Complexo Empresarial, comprised of tangible and intangible assets, does not provide the information required for the preparation of a report on its performance;

b) As Sandretto Italy and its subsidiaries were under Extraordinary Administration, its income and expenses did not reflect an operation occurred in the normal course of business.

4. RECONCILIATION BETWEEN IFRS AND BRGAAP

The company filed the Information Quarterly or consolidated, prepared in accordance with accounting practices adopted in Brazil (BRGAAP) and therefore below presents the reconciliation of the main differences between the IFRS and BRGAAP that affect the Company's shareholders equity and net income as of for the nine month the period ended September 30,2008.

SHAREHOLDERS' EQUITY RECONCILIATION - BRGAAP X IFRS AS OF SEPTEMBER 30, 2008

Shareholders' equity under BRGAAP		687,378
Adjustments under IFRS:		
Reversal of negative goodwill of subsidiary Rominor	(a)	4,199
Recognition in net income of the gain obtained in a foreign subsidiary as a result of the acquisition of subsidiaries	(b)	19,316
Deferred income tax and social contribution on adjustments above	(a) (b)	(7,947)
Foreign currency translation adjustments		1,746
Shareholders' equity (excluding minority interest) under IFRS		704,692
Minority interest		2,502
Shareholders' equity		707,194

RECONCILIATION OF NET INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 9, 2008

Net income under BRGAAP		96,009
Adjustments under IFRS:		
Recognition in net income of the gain obtained in a foreign subsidiary as a result of the acquisition of subsidiaries	(b)	19,316
Deferred income tax and social contribution on the adjustment above	(b)	(6,543)
Net income under IFRS		108,782

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

(b) Refers to gain on preliminarily determined fair value in excess of book value of assets acquired and liabilities assumed in relation to the purchase price.

5. CASH AND CASH EQUIVALENTS

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

	09/30/2008	12/31/2007
Cash and banks	10,821	16,174
Temporary cash investments	125,941	172,836
	136,762	189,010

6. TRADE ACCOUNTS RECEIVABLE

	09/30/2008	12/31/2007
Current assets:		
Domestic customers	53,229	44,182
Foreign customers	36,609	21,681
Allowance for doubtful accounts	(5,883)	(1,619)
	83,955	64,244
Noncurrent assets:		
Domestic customers	2,749	889
Foreign customers	2,437	1,247
	5,186	2,136

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

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

The Company has R$ 11,322 as of September 30, 2008 (R$ 2,017 as of December 31, 2007) in sale financing transactions with its customers. In these transactions the Company is jointly liable for the financing repayment. In the event of the customer's default, the Company is liable for the payment and the equipment pledged to the financial institution is transferred to the Company.

7. ONLENDING OF FINAME MANUFACTURER FINANCING

		09/30/2008	12/31/2007
Current assets:			
FINAME falling due		250,527	200,726
FINAME awaiting release	(a)	12,672	10,551
FINAME past-due	(b)	17,390	11,944
		280,589	223,221
Noncurrent assets:			
FINAME awaiting release	(a)	76,032	63,304
FINAME falling due		407,938	346,592
		483,970	409,896
Total		764,559	633,117

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

FINAME manufacturer financing refers to financing linked to sale operations, with maturities of up to 60 months, grace period of up to 12 months and interest of 4% to 5.8% per year + TJLP (Brazilian long-term interest rate), and these terms and conditions are established by BNDES (National Bank for Economic and Social Development), according to the customer's characteristics. After identifying the customer and the sale and defining the customer's eligibility under BNDES Circular No. 195, of July 28, 2006, BNDES, through a financial institution, releases the funds, under an agreement in the name of the Company and acceptance by the customer that will receive the financing. The amounts, terms and interest of the financing are fully reflected in the amounts receivable to be transferred to the financial institution. The Company has retention of title to the financed equipment.

Onlending of FINAME manufacturer financing is as follows:

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

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

8. INVENTORIES

	09/30/2008	12/31/2007
Finished products	84,584	55,014
Work in process	91,982	71,404
Raw materials and components	93,999	65,273
Imports in transit	7,000	1,606
Provision for inventory losses	(20,783)	(10,253)
	256,782	183,044

The amount of the provision for inventory losses refers to slow-moving materials and components with remote likelihood of sale or use.

9. RECOVERABLE TAXES

	09/30/2008	12/31/2007
Current assets:		
IRRF (withholding income tax) on temporary cash investments	1,817	2,354
IPI (federal VAT), PIS and COFINS (taxes on revenue)	5,455	3,915
ICMS (state VAT) on property, plant and equipment items	4,997	3,019
PIS and COFINS on property, plant and equipment items	3,416	2,172
Other	3,747	77
Total	19,432	11,537
Noncurrent assets:		
PIS and COFINS on property, plant and equipment items	5,074	2,675
ICMS on property, plant and equipment items	3,972	2,716
Total	9,046	5,391

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

10. PROPERTY, PLANT AND EQUIPMENT

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

	Nine-month period ended		Twelve-month period ended
	09/30/2008	09/30/2007	12/31/2007
Net amount, balance at beginning of period	129,666	117,294	117,294
Acquisition	70,147	19,787	27,716
Acquisition of subsidiary's property, plant and equipment	14,346	-	-
Write-offs	(217)	(3,126)	(3,489)
Depreciation	(10,711)	(8,609)	(11,855)
Exchange variation	1,250	-	-
Net amount, balance at end of period	204,481	125,346	129,666

(a) In the last quarter the Company started to invest in the construction of new casting and machining plants with investments estimated at R$ 110 million and R$ 120 million, respectively, to be funded by the Company and new financing. The project will be implemented in two stages between 2008 and 2011. The new plants will be built in an area near the current industrial facilities of the Company in Santa Bárbara d'Oeste and each plant will have an additional production capacity of 40,000 tons per year.

In view of the financing agreements with BNDES and other Institutions for investment in property, plant and equipment, approximately R$ 50,756 as of September 30, 2008 (R$ 15,974 as of December, 31 of 2007) of property, plant and equipment items is pledged as collateral. These items are represented by machinery and equipment, buildings and land.

In the year ended September 30, 2008, the Company capitalized interest in the amount of R$ 1,145 , recorded under the caption construction in progress.

(b) Depreciation rates

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

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

11. LOANS AND FINANCING

	Current		Noncurrent		Maturity	Amortization	Financial charges	Guarantees
	09/30/2008	12/31/2007	09/30/2008	12/31/2007			2008	
Working capital – foreign currency								
Import financing - US$	-	14,906	-	-	04/06/2008	Annual	Interest of 0.25% to 0.80% per year + LIBOR + exchange variation	Promissory note/surety
Export financing - US$	9,425	4,859	4,786	13,285	09/02/2010	Semiannual	0.80% per year + LIBOR + exchange variation	Promissory note/surety
Working capital - local currency	-	3,648	-	-	21/08/2008	Monthly beginning 09/21/2007	Interest of 2.5% per year + TJLP, paid monthly together with amortization of principal	Rominor's surety in the amount of R$ 3,232
Property, plant and equipment - local currency	6,446	1,557	49,046	27,672	15/09/2014	Monthly beginning 06/15/2008	Interest of 2% per year + TJLP, paid quarterly through May 2008 and monthly thereafter.	Financed machinery, with book value of R$ 50,756, and property mortgage
FINAME sundry	4,449	4,489	6,883	8,187	16/07/2012	Monthly	Interest of 2% to 4% per year + TJLP, paid monthly together with amortization of principal	Financed machinery
Refinanced drafts	1,919	1,356	2,048	987	01/11/2010	Monthly	LIBOR + 1% spread	Customer collateral
Romi Machine Tools, Ltd. - Working capital - US$	45	39	141	162	09/30/2012	Semiannual	Interest of 6.31% to 6.39% per year + exchange variation	Promissory note/surety
Romi Europe and subsidiaries - Working capital - €	4,260	-	180	-	06/30/2009	Annual	Interest over the base rate	Property, plant and equipment
Total	26,544	30,854	63,084	50,293				

As of September 30, 2008, as collateral for the financing the Company pledged machinery and equipment with book value of R$ 50,756 (see note 10).