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

Indústrias Romi S.A. and Subsidiaries

Individual and Consolidated Financial Statements for the Year Ended December 31, 2011 and Independent Auditors' Report

Deloitte Touche Tohmatsu Auditores Independentes

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INDEPENDENT AUDITORS´ REPORT

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

We have audited the accompanying individual and consolidated financial statements of Indústrias Romi S.A. (the "Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheets as of December 31, 2011, and the statements of comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and the consolidated financial statements in accordance with International Financial Reporting Standards - IFRSs, issued by the International Accounting Standards Board - IASB, and in accordance with accounting practices adopted in Brazil, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Individual Financial Statements

In our opinion, the individual financial statements present fairly, in all material respects, the financial position of Indústrias Romi S.A. as of December 31, 2011, its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Indústrias Romi S.A. as of December 31, 2011, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards - IFRSs, issued by the International Accounting Standards Board - IASB, and accounting practices adopted in Brazil.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which states that the individual financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Indústrias Romi S.A. these accounting practices differ from the IFRSs, applicable to separate financial statements, only with respect to the measurement of investments in subsidiaries, associates and joint ventures by the equity method of accounting, which, for purposes of IFRSs would be measured at cost or fair value. Our opinion is not qualified in respect of this matter.

Other Matters

Statements of Value Added

We have also audited the individual and consolidated statements of value added ("DVA"), for the year ended December 31, 2011, prepared under the responsibility of the Company's Management, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRSs that does not require a presentation of DVA. These statements were subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

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

Campinas, February 7, 2012

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Edgar Jabbour
Engagement Partner

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

INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

BALANCE SHEETS AS OF DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
		BR GAAP		IFRS and BR GAAP	
ASSETS	Note	2011	2010	2011	2010
CURRENT ASSETS					
Cash and cash equivalents	3	83,467	60,687	162,813	246,935
Trade accounts receivable	4	73,525	76,091	86,938	87,364
Onlending of FINAME manufacturer financing	5	341,688	350,935	341,688	350,935
Inventories	6	272,678	228,223	314,355	263,460
Intercompany receivables	8	20,681	12,466	-	-
Recoverable taxes		10,894	11,698	11,854	14,090
Other receivables		31,292	12,517	32,700	13,924
Total current assets		834,225	752,617	950,348	976,708
NON-CURRENT ASSETS					
Trade accounts receivable	4	13,208	14,544	13,208	14,544
Onlending of FINAME manufacturer financing	5	478,991	500,103	478,991	500,103
Intercompany receivables	8	14,194	13,876	-	-
Recoverable taxes		2,383	6,718	2,383	9,943
Deferred income and social contribution taxes	14.b	35,001	19,996	35,001	19,996
Escrow deposits	12	30,669	24,466	30,669	24,466
Other receivables		12,568	18,009	13,866	19,064
Investments in subsidiaries	7	105,781	211,538	-	-
Property, plant and equipment, net	9	263,407	271,819	280,796	289,018
Intangible assets	7	6,115	5,333	8,132	7,350
Total non-current assets		962,317	1,086,402	863,046	884,484
TOTAL ASSETS		1,796,542	1,839,019	1,813,394	1,861,192

		Company		Consolidated	
		BR GAAP		IFRS and BR GAAP	
LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2011	2010	2011	2010
CURRENT LIABILITIES					
Loans and financing	10	112,322	23,370	113,038	24,927
FINAME manufacturer financing	11	307,734	303,579	307,734	303,579
Trade accounts payable		36,403	39,572	41,172	48,323
Payroll and related taxes		23,735	33,046	26,546	36,422
Taxes payable		4,966	9,983	6,505	11,305
Advances from customers		9,322	7,223	10,131	7,579
Dividends and interest on capital		81	9,369	306	9,602
Profit sharing		322	2,590	322	2,590
Other payables		5,857	4,761	7,170	5,842
Provision for shareholders' deficit - subsidiary	7	3,548	2,561	-	-
Intercompany payables	8	380	165	-	-
Total current liabilities		504,670	436,219	512,924	450,169
NON-CURRENT LIABILITIES					
Loans and financing	10	123,776	212,451	123,776	212,615
FINAME manufacturer financing	11	447,020	454,304	447,020	454,304
Taxes payable		4,761	4,721	4,761	4,721
Reserve for tax, labor and civil claims	12	33,061	26,429	33,061	26,429
Other payables		4,187	3,562	4,347	3,612
Deferred income and social contribution taxes	14.b	1,291	1,291	7,761	7,325
Total non-current liabilities		614,096	702,758	620,726	709,006
TOTAL LIABILITIES		1,118,766	1,138,977	1,133,650	1,159,175
SHAREHOLDERS' EQUITY					
Capital	13	489,973	489,973	489,973	489,973
Capital reserve	13	2,052	2,052	2,052	2,052
Treasury shares	13	(4,599)	-	(4,599)	-
Retained earnings	13	195,598	225,656	195,598	225,656
Cumulative foreign currency translation adjustments		(5,248)	(17,639)	(5,248)	(17,639)
		677,776	700,042	677,776	700,042
NON-CONTROLLING INTERESTS		-	-	1,968	1,975
TOTAL SHAREHOLDERS' EQUITY		677,776	700,042	679,744	702,017
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,796,542	1,839,019	1,813,394	1,861,192

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

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

INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$ - except earnings per share expressed in Reais)

		Company		Consolidated	
		BR GAAP		IFRS and BR GAAP	
	Note	2011	2010	2011	2010
NET OPERATING REVENUE	20	591,197	623,404	631,054	673,529
COST OF SALES	21	(436,136)	(399,878)	(458,442)	(430,776)
GROSS PROFIT		155,061	223,526	172,612	242,753
OPERATING INCOME (EXPENSES)					
Selling	21	(62,724)	(56,455)	(74,933)	(62,687)
General and administrative	21	(64,133)	(56,422)	(73,416)	(69,168)
Research and development	21	(24,700)	(23,489)	(26,085)	(24,838)
Management profit sharing and compensation	8 and 21	(8,143)	(9,676)	(8,276)	(9,809)
Tax expenses	21	(1,926)	(1,533)	(1,970)	(1,829)
Equity in subsidiaries	7	(9,219)	(1,857)	-	-
Other operating income, net	23	663	1,970	1,004	2,479
Total		(170,182)	(147,462)	(183,676)	(165,852)
(LOSS) INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME		(15,121)	76,064	(11,064)	76,901
FINANCIAL INCOME (EXPENSES), NET					
Financial income	22	22,883	23,712	25,383	26,050
Financial expenses	22	(15,896)	(16,407)	(16,076)	(16,520)
Exchange gain (loss), net		1,497	(5,301)	1,529	(5,283)
Total		8,484	2,004	10,836	4,247
OPERATING (LOSS) INCOME		(6,637)	78,068	(228)	81,148
INCOME TAX AND SOCIAL CONTRIBUTION	14	10,205	(10,139)	4,554	(12,398)
Current		(4,800)	(14,517)	(10,451)	(16,776)
Deferred		15,005	4,378	15,005	4,378
NET INCOME		3,568	67,929	4,326	68,750
Attributable to:					
Controlling interests		3,568	67,929	3,568	67,929
Non-controlling interests		-	-	758	821
		3,568	67,929	4,326	68,750
BASIC AND DILUTED EARNINGS PER SHARE - R$		0.05	0.91		

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

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INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	BR GAAP		IFRS and BR GAAP	
	2011	2010	2011	2010
NET INCOME	3,568	67,929	4,326	68,750
COMPREHENSIVE INCOME (LOSS)				
Currency translation on foreign investments	3,381	(13,165)	3,381	(13,165)
NET COMPREHENSIVE INCOME	6,949	54,764	7,707	55,585
NET COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Controlling interests	6,949	54,764	6,949	54,764
Non-controlling interests	-	-	758	821
	6,949	54,764	7,707	55,585

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

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INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

		Attributable to controlling interests										
					Earnings reserve							
	Note	Capital	Capital reserve	Treasury shares	Retained earnings	Legal reserve	Total	Cumulative foreign currency translation adjustments	Profit for the year	Controlling interests	Non-controlling interests	Total
BALANCE AS OF DECEMBER 31, 2009		489,973	2,052	-	157,667	37,438	195,105	(4,474)	-	682,656	1,997	684,653
Net income for the year		-	-	-	-	-	-	-	67,929	67,929	821	68,750
Foreign currency translation adjustments	7	-	-	-	-	-	-	(13,165)	-	(13,165)	-	(13,165)
Total comprehensive income for the year		-	-	-	-	-	-	(13,165)	67,929	54,764	821	55,585
Legal reserve	13	-	-		-	3,396	3,396	-	(3,396)	-	-	-
Interest on capital - Law 9249/95	13	-	-	-	(11,657)	-	(11,657)	-	(25,721)	(37,378)	-	(37,378)
Proposed dividends (equivalent to R$1.54 per share)		-	-	-	-	-	-	-	-	-	(843)	(843)
Retained earnings	13	-	-	-	38,812	-	38,812	-	(38,812)	-	-	-
BALANCE AS OF DECEMBER 31, 2010		489,973	2,052	-	184,822	40,834	225,656	(17,639)	-	700,042	1,975	702,017
Net income for the year		-	-	-	-	-	-	-	3,568	3,568	758	4,326
Foreign currency translation adjustments	7	-	-	-	-	-	-	3,381	-	3,381	-	3,381
Total comprehensive income for the year		-	-	-	-	-	-	3,381	3,568	6,949	758	7,707
Legal reserve	13	-	-		-	178	178	-	(178)	-	-	-
Shares buyback	13	-	-	(4,599)	-	-	-	-	-	(4,599)	-	(4,599)
Interest on capital - Law 9249/95	13	-	-	-	(24,616)	-	(24,616)	-	-	(24,616)	-	(24,616)
Currency exchange on capital decrease of foreign subsidiary	7	-	-	-	(9,010)	-	(9,010)	9,010	-	-	-	-
Proposed dividends (equivalent to R$1.99 per share)		-	-	-	-	-	-	-	-	-	(765)	(765)
Retained earnings	13	-	-	-	3,390	-	3,390	-	(3,390)	-	-	-
BALANCE AS OF DECEMBER 31, 2011		489,973	2,052	(4,599)	154,586	41,012	195,598	(5,248)	-	677,776	1,968	679,744

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

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

INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
		BR GAAP		IFRS and BR GAAP	
	Note	2011	2010	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES:					
Net income for the year		3,568	67,929	4,326	68,750
Adjustments to reconcile net income to net cash provided by operating activities:					
Current and deferred income and social contribution taxes		(10,205)	10,139	(4,554)	12,398
Financial income and expenses and foreign exchange currency results, net		6,810	(3,291)	6,912	(3,868)
Depreciation and amortization		28,073	23,313	28,795	24,041
Allowance for doubtful accounts and other receivables		19,097	12,299	19,490	12,692
Loss (gain) on disposal of property, plant and equipment		(617)	(1,534)	(563)	(1,526)
Equity in subsidiaries and provision for shareholders' deficit , net of dividends received		19,501	13,192	-	-
Provision for inventory losses		14,350	(2,609)	14,360	(3,216)
Reserve for tax, labor and civil claims		7,361	7,005	7,361	7,005
CHANGES IN OPERATING ASSETS					
Trade accounts receivable		11,325	(17,292)	9,690	(14,884)
Intercompany receivables		(7,202)	(6,221)	-	-
Onlending of FINAME manufacturer financing		79,178	18,187	79,178	18,187
Inventories		(58,805)	(20,393)	(63,295)	(20,137)
Recoverable taxes, net		5,139	1,732	6,884	1,180
Escrow deposits		(6,203)	(6,467)	(6,203)	(6,467)
Other receivables		(28,382)	(13,096)	(27,149)	(14,161)
CHANGES IN OPERATING LIABILITIES					
Trade accounts payable		(5,347)	10,355	(9,911)	13,596
Intercompany payables		151	40	-	-
Payroll and related taxes		(10,040)	11,955	(10,915)	13,430
Taxes payable		(6,035)	(2,038)	(6,430)	(2,728)
Advances from customers		2,099	78	2,499	43
Other payables		(1,697)	201	(1,593)	(4,996)
Cash provided by operating activities		62,119	103,484	48,882	99,339
Income tax and social contribution paid		(3,742)	(10,621)	(5,684)	(12,456)
Net cash provided by operating activities		58,377	92,863	43,198	86,883
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(18,407)	(28,769)	(18,743)	(29,239)
Proceeds from sale of property, plant and equipment		1,516	3,463	1,996	3,463
Capital decrease in foreign subsidiary		154,135	-	-	-
Increase in intangible assets		(545)	(1,311)	(545)	(1,311)
Capital increase in subsidiary	7	(63,511)	(170,579)	-	-
Net cash provided by (used in) investing activities		73,188	(197,196)	(17,292)	(27,087)
CASH FLOW FROM FINANCING ACTIVITIES					
Interest on capital and dividends paid	13	(34,184)	(32,589)	(34,957)	(33,432)
Shares buyback	13	(4,599)	-	(4,599)	-
New loans and financing	10	21,532	26,043	21,532	26,043
Payments of loans and financing	10	(21,091)	(20,943)	(22,017)	(21,391)
Interests paid		(16,060)	(14,862)	(16,282)	(15,206)
New loans in FINAME manufacturer financing		319,700	363,071	319,700	363,071
Payment of FINAME manufacturer financing		(323,777)	(292,415)	(323,777)	(292,415)
Interests paid - FINAME manufacturer financing		(50,408)	(56,532)	(50,408)	(56,532)
Net cash used in financing activities		(108,887)	(28,227)	(110,808)	(29,862)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		22,678	(132,560)	(84,902)	29,934
Exchange variation changes on foreign cash and cash equivalents		102	-	780	(8,912)
Cash and cash equivalents at beginning of year		60,687	193,247	246,935	225,913
Cash and cash equivalents at end of year		83,467	60,687	162,813	246,935

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

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INDÚSTRIAS ROMI S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
		BR GAAP		IFRS and BR GAAP	
	Note	2011	2010	2011	2010
1. Revenues		701,931	754,156	743,950	806,269
Sales of products and services		720,365	763,769	762,436	815,644
Allowance for doubtful accounts and other receivables		(19,097)	(11,583)	(19,490)	(11,854)
Other operating income, net		663	1,970	1,004	2,479
2. Inputs purchased from third parties		(359,367)	(342,574)	(377,698)	(370,298)
Materials used		(298,520)	(298,316)	(301,462)	(311,976)
Others costs of products and services		(21,683)	(19,695)	(40,004)	(36,534)
Eletric power, outside service and other expenses		(39,164)	(24,563)	(36,232)	(21,788)
3. Retentions		(28,073)	(23,313)	(28,795)	(24,041)
Depreciation and amortization	9	(28,073)	(23,313)	(28,795)	(24,041)
4. Wealth created by the Company (1+2+3)		314,491	388,269	337,457	411,930
5. Value added received in transfer		15,161	16,554	26,912	20,767
Equity in subsidiaries and dividends from investments	7	(9,219)	(1,857)	-	-
Financial income, including exchange gains		24,380	18,411	26,912	20,767
6. Wealth for distribution (4+5)		329,652	404,823	364,369	432,697
7. Distributions of wealth					
Employees		176,131	187,225	202,649	211,231
Payroll and related charges		161,645	163,346	188,030	187,829
Sales commissions		3,692	2,342	3,692	1,732
Manegement and profit sharing compensation		8,143	9,676	8,276	9,809
Employee profit sharing		108	10,134	108	10,134
Pensions plans		2,543	1,727	2,543	1,727
Taxes		104,683	131,004	111,755	134,980
Federal		89,577	110,194	96,649	114,170
State		14,228	19,884	14,228	19,884
Municipal		878	926	878	926
Lenders		20,654	18,665	20,258	17,736
Interest		15,896	16,407	16,076	16,520
Rental		4,758	2,258	4,182	1,216
Dividends and interest on capital paid	13	24,616	25,721	25,381	26,542
Retained earnings		3,568	42,208	4,326	42,208
		329,652	404,823	364,369	432,697

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

1. OPERATIONS

Indústrias Romi S.A. (the "Company"), listed in the "New Market" of BOVESPA since March 23, 2007, is engaged in the manufacture and sale of machine tools, metal cutting machines, plastic injection molding machines, industrial equipment and accessories, tools, castings and parts in general, IT equipment and peripherals, systems analysis and development of data processing software related to the production, sale, and use of machine tools and plastic injectors, manufacturing and sale of rough cast parts and machined cast parts, export and import, representation on own account or for the account of third parties, and provision of related services, as well as holding interests in other commercial or civil companies, as partner or shareholder, and the management of own and/or third-party assets. The Company's industrial facilities consist of eleven plants divided into three units located in the city of Santa Bárbara d'Oeste, in the State of São Paulo, and two in Turin, Italy. The Company also holds equity interests in subsidiaries in Brazil and abroad, as described in Note 7.

2. PRESETATION OF THE FINANCIAL STATEMENTS

2.1. Declaration of conformity

The financial statements of the Company and its subsidiaries include:

- The Parent's individual financial statements prepared and presented in accordance with accounting practices adopted in Brazil, which include the provisions of the Brazilian Corporate Law and standards set forth by the Brazilian Securities and Exchange Commission ("CVM"), as amended by Laws 11638/07 and 11941/09.

- The consolidated financial statements prepared in accordance with the International Financial Reporting Standards - IFRSs issued by the International Accounting Standards Board - IASB and the accounting practices adopted in Brazil, identified as Consolidated.

The accounting practices adopted in Brazil embrace those included in the Brazilian corporate law and the pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee ("CPC") and approved by CVM.

In the individual financial statements, investments in subsidiaries, joint ventures and associates are stated under the equity method, as required by the legislation prevailing in Brazil. Therefore, these individual financial statements are not fully compliant with IFRSs, which requires that these investments be stated at fair value or acquisition cost.

Since there is no difference between the consolidated shareholders' equity and the consolidated net income attributable to the Company's shareholders recorded in the consolidated financial statements prepared under IFRSs and the Brazilian accounting practices, the Company elected to present the individual and the consolidated financial statements as a single set in the side-by-side comparison format.

2.2. Basis of preparation

The financial statements have been prepared based on the historical cost, except for certain financial instruments measured at their fair values, as described in the following accounting practices. The historical cost is generally based on the fair value of the consideration given in exchange for an asset.

The main accounting practices adopted in preparing the financial statements for the years ended December 31, 2011 and 2010 are as follows.

2.3. Translation of foreign currency balances

Assets and liabilities are translated, except for investment, from foreign currency into local currency (R$) at the exchange rate prevailing at the balance sheet dates. Gains and losses resulting from the difference between the translation of assets and liabilities in foreign currency at the balance sheet and original transaction dates are recognized as income or expense in the statement of income.

a) Functional currency of the subsidiaries

The financial statements are presented in Brazilian real (R$), which is the functional currency of the Company and its subsidiaries located in Brazil.

The functional currency of foreign subsidiaries is determined based on the primary economic environment in which they operate, and when functional currency is different from reporting currency, subsidiaries´ financial statements will be translated into real (R$) by the prevailing exchange rate at the balance sheet date.

- Transactions and balances

  The transactions in foreign currency are translated into the functional currency using the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated by the exchange rate of the functional currency at the balance sheet dates. Gains and losses resulting from the difference between the translation of assets and liabilities in foreign currency at the date of the consolidated financial statements and the translation of transaction amounts are recognized in the statement of income. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates in effect on the date that the fair value was determined.

- Translation of the financial statements of foreign subsidiaries

  Assets and liabilities from foreign subsidiaries are translated at the exchange rate prevailing at the balance sheet dates. Income and expense accounts are translated at the exchange rate in effect on the transaction date.

  All exchange rate translation differences are recognized in shareholders` equity, under the caption “Foreign currency translations adjustments”.

2.4. Financial Assets

a) Cash and cash equivalents

Comprise cash, banks and short-term investments which can be redeemed within 90 days from the investment date and these short-term investments are highly liquid and stated at cost, plus income earned through the reporting date.

b) Loans and receivables

The Company considers the following classes of financial assets and liabilities as part of the category of loans and receivables: cash and cash equivalents, trade accounts receivable, loans, FINAME manufacturer financing, receivables - onlending of FINAME manufacturer financing, and other receivables. Loans and receivables are financial liabilities and assets with fixed or determinable payments and are not quoted in an active market. An allowance for doubtful accounts is calculated based on the analysis of risks on receivables, which includes the history of losses, individual customer’s situation, the situation of the economic group they belong to, the collateral for the debts and legal advisors' opinion , and is considered sufficient to cover potential losses on receivables.

c) Impairment of financial assets

Financial assets are assessed based on impairment indicators at the balance sheet date. Financial assets are considered impaired when there is evidence that, as a result of one or more events occurred after their initial recognition, estimated future cash flows of the investment were impacted.

2.5. Inventories

Stated at the lower of net realizable value (estimated sale value in the normal course of business minus estimated cost of sale) and average production or acquisition cost. Provisions for slow-moving or obsolete inventories are recorded when considered necessary by Management. The Company determines the cost of its inventory by using the absorption method based upon the weighted average cost.

2.6. Property, plant and equipment

Stated at cost less depreciation, except for land, which is not depreciated, plus interest capitalized during the period of construction of the main new units. Depreciation is calculated under the straight-line method, based upon the estimated useful lives of the assets.

Subsequent costs are added to the residual value of property, plant and equipment or recognized as a specific item, as appropriate, only if future economic benefits associated to these items are probable and the amounts can be reliably measured.

The residual balance of the replaced is written off. Other repairs and maintenance are directly recognized in income for the year when incurred.

The residual value and useful life of the assets are reviewed and adjusted, if necessary, at the fiscal year end.

The residual value of property, plant and equipment is immediately written off at their recoverable value when the residual balance exceeds the recoverable value.

2.7. Investments in subsidiaries

a) Parent Company:

Investments in subsidiaries are recognized by the equity method from the date that its control is acquired. According to this method, investments in subsidiaries are recognized in the financial statements at the acquisition cost and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss of the investee, in the investor’s statement of income, except for the foreign subsidiaries exchange rate variations which are recorded in the shareholders' equity as “Foreign currency translation adjustments”. These effects are recognized in income and expenses when selling or writing-off of investment.

After reducing to zero the balance value of investor share, additional losses are considered, and a liability (provision for unfunded liabilities) is recognized only to the extent in which the investor has incurred into legal or constructive obligations (not formalized) to make payments on behalf of the subsidiary.

On acquisition of the investment any difference between the cost of the investment and the investor’s share of the net fair value of the associate’s identifiable and liabilities accounted is treated as goodwill. Additionally, investment balance may be reduced by the recognition of impairment losses (see Note 2.8).

Dividends received from subsidiaries are recorded as a reduction of investment balance.

b) Consolidated:

The Company has fully consolidated the financial statements of the Company and all of its subsidiaries. Control is considered to exist when the Company holds, directly or indirectly, the majority of voting rights in the General Assembly or has the power to rule the financial and operating policies in order to obtain benefits from its activities.

Third-party participation in equity and in net income of subsidiaries is separately presented in the consolidated balance sheet and consolidated statement of income, respectively, in the "Non-controlling Interest".

For acquisitions made from January 1, 2006, the date of transition to IFRSs by the Company, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the acquisition date. Any excess of cost over the fair value of identifiable net assets acquired is recorded as goodwill and is classified as “intangible”. In cases in which the acquisition cost is less than the fair value of identifiable net assets, the difference is recorded as a gain in profit for the year in which the acquisition occurs.

Transactions and balances between the subsidiaries were eliminated in the consolidation process and any gains or losses on these transactions are also eliminated. Where necessary, adjustments are made to the subsidiaries´ financial statements to comply with accounting practices applied by the Company.

2.8. Intangible

Measured at acquisition cost, less accumulated amortization and losses by reducing the recoverable amount, when applicable. Intangible assets primarily consist of purchased rights to the sale of machine projects, which have finite useful life and are amortized over their effective use or a method that reflects the economic benefit of the intangible asset. The residual value of intangible assets is immediately written off to its recoverable amount if the balance exceeds the recoverable amount (note paragraph 2.9.).

Intangible assets acquired in a business combination are recorded at fair value, less accumulated amortization and impairment losses, when applicable. Intangible assets that have indefinite useful life are amortized over their useful lives using an amortization method that reflects the economic benefit of the intangible asset.

Intangible assets are annually reviewed for the purpose of measuring the non-recoverability of losses, or if events or changes in circumstances indicate that the carrying value may not be recoverable.

The Company reviews the amortization period and amortization method for intangible assets with finite lives to the end of each year.

2.9. Provision for impairment of assets and reversals of any provision made

On the date of each financial statement, the Company assess whether there is evidence that the carrying value of an asset will not be recovered. If such evidence is identified, the Company estimates the recoverable amount of the asset.

The recoverable amount of an asset is defined as the greater between: (a) its fair value less costs that would be incurred to sell it, and (b) its value in use. Value in use is equal to the discounted cash flow (before taxes) derived from the continued use of the asset until the end of its useful life.

Regardless of the existence of non-recovery book value, balance of goodwill arising from business combinations and intangible assets with indefinite useful lives are tested for recovery at least once a year in December. When the carrying amount of the asset exceeds its recoverable amount, the Company recognizes a reduction in the carrying value of this asset (impairment), and any reduction in the recoverable value of assets is recorded in the statement of income.

Except with respect to the reduction in value of goodwill, reversal of previously recognized losses is allowed. The reversal in these circumstances is limited to the depreciated balance of the asset at the date of the reversal, assuming that the reversal has not been registered.

2.10. Financial liabilities and equity instruments issued by the Company

a) Classification as financial liabilities and capital

Debt and equity instruments are classified as financial liabilities or capital in accordance with the substance of the contractual arrangement.

b) Financial liabilities

Recognized at the amount initially recognized less cumulative amortization. Additionally, they are stated at net cost of transaction incurred and are subsequently measured at amortized cost using the effective interest rate.

c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

2.11. Adjustment to present value

The Company calculates the present value mainly for current trade accounts receivable and current trade accounts payable by using a discount rate that reflects the best evaluations of the market. The discount rate used was approximately 10.9% (10.5% as of December 31, 2010), per annum, which is based on the average rate published by the National Association of Investments Banks (“ANBID”). Measuring the present value adjustment was performed in "pro rata die" exponential basis, from the origin of each transaction.

The effects of such calculation are recorded in the statement of income, under line item “Financial expenses”.

2.12. Income tax and social contribution - current and deferred

The expense for income tax and social contribution is calculated in accordance with the legal tax basis existing on the date of financial statements presentation in countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in relation to tax matters which are subject to interpretation and recognizes a provision when there is an expectation of payment of income tax and social contribution in accordance with tax bases. Current tax is the tax payable or receivable on the expected taxable profit or loss for the year, the tax rates in effect on the date of the financial statements.

Deferred tax liabilities are recognized for taxable temporary differences associated to investments in subsidiaries, except when the Company is able to control the reversal of temporary differences and when it is probable that this reversal will not occur in a foreseeable future. Deferred tax assets arising from deductible temporary differences related to these investments will only be recognized when it is probable that there will be a sufficient taxable income against which temporary difference benefits may be utilized and when its reversal in a foreseeable future is probable.

The expense or revenue from income tax and social contribution comprises current and deferred income. Current tax and deferred tax are recognized in income unless they are related to the business combination, or items directly recognized in equity or in other comprehensive income.

The Company only recognizes a provision on fiscal matters if a past event origins a present obligation. The Company determines whether a present obligation exists at year end taking into consideration all available evidence, including, for example, the legal counsel´s. The Company also considers whether there is an outflow of assets if a reliable estimate can be made.

2.13. Employee benefits

The Company has several employees benefit plans, including pension, healthcare, dental care and profit sharing plans. The main plans granted to the Company’s employees are described in Note 15.

Post-employment pension plan is characterized as a defined contribution plan, for which the Company has no legal obligations in case the plan does not have sufficient assets to pay the benefits obtained by the employees as a result of past services.

Contributions to defined contribution pension plans are recognized as expenses when actually incurred, i.e., when the services of the Company’s employees are provided.

2.14. Other current and non-current assets and liabilities

Recorded at realizable amounts (assets) and at known or estimated amounts plus accrued charges and inflation adjustments incurred (liabilities), when applicable.

2.15. Interest capital

Considered as payment of dividends since such interest has the feature of a dividend for financial statement presentation purposes. The amount of interest on capital was calculated as a percentage of the Company's shareholders' equity, using the Long-term Interest Rate ("TJLP"), established by the Brazilian government and, as required by law, was limited to 50% of the net income for the year or 50% of the balance of retained earnings before net income for the year, whichever is higher. In addition, as permitted by Law 9249/95, withholding income tax calculated at the rate of 15% due on payment or on recording of the related compensation was considered as deductible for income tax purposes.

2.16. Revenue recognition of product sales

Sales revenue is presented net of taxes and discounts. Sales taxes are recognized when sales are invoiced and sales rebates when known. Revenue from product sales is recognized when the sales value is reliably measurable, the Company has no longer control over the goods sold, or otherwise related to this property, the costs incurred or to be incurred in respect of the transaction can be reliably measured, it is probable that economic benefits will be received by the Company and the risks and benefits of the products were fully transferred to the buyer. The freight on sales is recorded as selling expenses.

2.17. Provisions

Recognized when an entity has a present obligation (legal or constructive) as a result of a past event, with probable outflow of resources, and the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the settlement amount at the end of the reporting period, considering the risks and uncertainties related to the obligation. When the provision is measured based on the estimated cash flow to settle the current obligation, its value is determined using the present value of these cash flows.

When the economic benefit required to settle a provision is expected to be received from third parties, this amount receivable is recorded as an asset only when reimbursement is virtually certain and can be reliably estimated.

Warranties

Accrued warranty costs are recognized on the date of the sale, based on Management's best estimate of the costs to be incurred for the settlement of the Company's obligation.

2.18. Application of judgment and critical accounting policies when preparing financial statements

The elaboration process of financial statements involves the use of estimates. The determination of these estimates took into account the experiences of past and current events, assumptions concerning future events, and other objective and subjective factors. Significant items subject to such estimates and assumptions include:

a) Life of long-lived assets.

b) Test for reduction of the recoverable value of long-lived assets.

c) Conducting and obsolescence of inventories.

d) Credit risk analysis to determine the allowance for doubtful accounts.

e) Measurement of the fair value of financial instruments.

f) Deferred income tax asset on tax losses and negative basis of social contribution, as well as the analysis of other risks to determine other provisions, including contingencies arising from administrative and legal litigations and other assets and liabilities at the balance sheet date.

g) Valuation of assets acquired and liabilities assumed in business combinations.

The settlement of transactions involving these estimates may result in values different from those recorded in the financial statements due to inaccuracies inherent in the estimation process. These estimates and assumptions are periodically reviewed.

2.19. Statement of Value Added ("SVA")

The purpose of this statement is to present 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 part of its individual financial statements and as supplemental information to the consolidated financial statements, since it is not considered nor required by the IFRSs.

The SVA was prepared based on information obtained in the accounting records that serve as a basis for the preparation of financial statements and in accordance with the provisions in technical pronouncement CPC 09 - Statement of Value Added. In its first part, the SVA presents the wealth created by the Company, represented by the revenues (gross revenue from sales, including taxes, other revenues and the effects of the allowance for doubtful accounts), the inputs acquired by third parties (cost of sales and purchase of materials, electric power and third-party services, including taxes levied at the time of purchase, the effects of losses, recovery of assets, and depreciation and amortization) and the value added received from third parties (equity in subsidiaries, financial income and other revenues). The second part of the SVA presents the distribution of wealth among employees, taxes and contributions, compensation to third parties and shareholders.

2.20. Changes in accounting practices

a) The following standards, interpretations and changes in accounting standards were issued and were in force on December 31, 2011; however, they had no impact on the Company's financial statements.

Accounting Pronouncements Committee ("CPC"):

CPC N°	Subject	Deliberation CVM N°
15(R1)	Business combination	665/11
19(R1)	Investments in joint ventures	666/11
20(R1)	Costs of financing	672/11
21(R1)	Interim financial statement	673/11
35(R1)	Separate statement	667/11

IFRSs:

Standards	Subject
IAS 24	Related-party Disclosures
IAS 32	Financial Instruments Presentation
IFRIC 14 e IAS 19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Improving in IFRSs (2010)	Changes in seven pronouncements including, IFRS 3, IAS 27 and IFRIC 13, and another disclosures in financial statements
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

b) Standards, interpretations and amendments to existing standards that will take effect from 1 January 2013, and were not taken in advance by the Company.

Standards	Subject
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement

Considering the current operations of the Company and its subsidiaries, Management does not expect that these new standards, interpretations and amendments have a material effect on the financial statements from adoption.

The CPC has not yet issued their pronouncements and changes related to new and revised IFRSs presented previously. Due to the commitment of the CPC and the CVM to keep updated set of rules issued based on the updates made by the IASB, it is expected these pronouncements and changes to be edited by the CPC and approved by the CVM to the date of his compulsory.

3. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	2011	2010	2011	2010
Cash	5,072	3,565	57,160	9,792
Bank Deposit Certificates (“CDBs”) (a)	64,025	41,078	75,295	52,099
Short-term investments backed by debentures (a)	14,203	13,616	28,315	27,771
Short-term investments in foreign currency - US$ (time deposit)	-	2,271	1,876	157,109
Other	167	157	167	164
Cash and cash equivalents	83,467	60,687	162,813	246,935

(a) These investments are substantially pegged to the Interbank Deposit Certificate (“CDI”).

4. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	2011	2010	2011	2010
Current:				
Domestic customers	66,944	73,403	67,948	74,641
Foreign customers	7,873	4,295	24,393	14,601
Allowance for doubtful accounts	(1,292)	(1,607)	(5,403)	(1,878)
Total	73,525	76,091	86,938	87,364
Non-current:				
Domestic customers	11,649	13,588	11,649	13,588
Foreign customers	2,005	956	2,005	956
Allowance for doubtful accounts	(446)	-	(446)	-
Total	13,208	14,544	13,208	14,544

The Company’s maximum exposure to credit risk is the balance of trade notes receivable previously mentioned.

The Company has R$1,659 as of December 31, 2011 (R$5,289 as of December 31, 2010) in sale financing transactions with its customers. In these transactions the Company is jointly liable for the financing repayment. In the event of the customer’s default, the Company is liable for the payment and the equipment pledged to the financial institution is transferred to the Company. The balance of trade accounts receivable is presented net of sale financing transactions.

The balance of trade accounts receivables from domestic customers as of December 31, 2011 and 2010 is as follows:

	2011	2010
Current	60,217	66,067
Past due:		
1 to 30 days	3,232	2,906
31 to 60 days	470	420
61 to 90 days	434	1,889
91 to 180 days	892	452
181 to 360 days	1,076	428
Over 360 days	623	1,241
	6,727	7,336
Total current (Company)	66,944	73,403
Subsidiaries balances	1,004	1,238
Total current (Consolidated)	67,948	74,641

The balance of trade accounts receivable from foreign customers as of December 31, 2011 and 2010 is as follows:

	2011		2010	
	Company	Consolidated	Company	Consolidated
Current	7,360	17,930	3,444	10,226
Past due:				
1 to 30 days				
31 to 60 days	239	1,236	627	1,695
61 to 90 days	58	296	32	174
91 to 180 days	13	685	-	214
181 to 360 days	29	178	27	362
Over 360 days	40	105	101	131
Current	134	3,963	64	1,799
	513	6,463	851	4,375
Total trade accounts receivables - current	7,873	24,393	4,295	14,601

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

	Company and Consolidated	
	2011	2010
Beginning balance - Company	1,607	248
Receivables accrued in the year	143	1,387
Receivables definitively written off	(12)	(28)
Balance as of December 31, 2011 - Company	1,878	1,607
Receivables accrued in the year - Subsidiaries	3,971	271
Balance as of December 31, 2011 - Consolidated	5,849	1,878

5. ONLENDING OF FINAME MANUFACTURER FINANCING

	Company and Consolidated	
	2011	2010
Current:		
FINAME falling due	317,634	317,058
FINAME awaiting release (a)	3,890	5,163
FINAME past due (b)	31,548	36,665
	353,072	358,886
Allowance for doubtful accounts	(11,384)	(7,951)
	341,688	350,935
Non-current assets:		
FINAME falling due	457,438	469,127
FINAME awaiting release (a)	23,338	30,976
	480,776	500,103
Allowance for doubtful accounts	(1,785)	-
	478,991	500,103
Total	820,679	851,038

Onlending of FINAME manufacturer financing refers to sales to customers financed by funds from the National Bank for Economic and Social Development ("BNDES") through a credit line named FINAME manufacturer financing (see Note 11).

FINAME manufacturer financing refers to funds specifically linked to sales transactions, with terms of up to 60 months, option of up to 12 months grace period and interest between 4.0% and 8.0% per annum, prefixed or increased by the TJLP, in accordance with financing program defined by BNDES at the time of the transaction. Additionally, the financing terms established by the BNDES are based on the customer's characteristics. Funds are released by the BNDES by identifying the customer and the sale, and the fulfillment, by the customer, of the terms of Circular 195, as 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 terms related to 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 has title to the financed equipment until the final settlement of the obligation by the customer.

Amounts receivable - onlending of FINAME manufacturer financing are represented by:

(a) FINAME awaiting release: refers to FINAME manufacturer financing transactions already fulfilling the specified terms and approved by the involved parties, including the preparation of documentation, issuance of sales invoice, and delivery of equipment to customer. The credit of the related funds to the Company’s account by the agent bank was pending on the date of the interim financial statements, in view of the normal operating terms of the agent bank.

(b) FINAME past-due: refers amounts receivable not settled by customers on the due date. The Company records provisions for possible losses on realization of that surplus in the amount of difference between the expected value of the sale of the machine recovered as a result of the implementation of the reserve clause domain of machines sold (collateral) and the value of accounts received from the client defaults. For cases in which the real guarantee is located, full provision for loss is made on the balance of accounts receivable. The machines seized as part of the implementation process are recorded at book value, which does not exceed its market value, under the caption “Other receivables”, pending the final decision of justice, when they are transferred to and repossessed group of stocks.

As of December 31, 2011 and 2010, the balances of “Onlending of FINAME manufacturer financing”, Company and Consolidated, are as follows:

	Company and Consolidated	
	2011	2010
Current	321,524	322,221
Past due:		
1 to 30 days	6,488	5,734
31 to 60 days	3,612	3,742
61 to 90 days	2,657	3,397
91 to 180 days	5,078	6,250
181 to 360 days	5,233	8,021
Over 360 days	8,480	9,521
	31,548	36,665
Total current	353,072	358,886

Expected realization of non-current receivables as of December 31, 2011, Company and Consolidated, is as follows:

	Company and Consolidated
Non-current	
2013	260,501
2014	160,824
2015	56,070
2016 and thereafter	3,381
Total – non-current	480,776

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

	Company and Consolidated	
	2011	2010
Beginning balance	7,951	4,069
Receivables accrued in the year	5,227	3,882
Receivables definitively written of	(9)	-
Ending balance	13,169	7,951

6. INVENTORIES

	Company		Consolidated	
	2011	2010	2011	2010
Finished products	86,309	61,036	105,777	80,209
Work in process	91,511	90,155	99,384	94,771
Raw materials and components	90,923	72,745	105,154	84,078
Import in transit	3,935	4,287	4,040	4,402
Total	272,678	228,223	314,355	263,460

Inventory balance, Company and Consolidated, is net of the amount of R$31,984 and R$38,127, respectively (R$17,633 and R$23,766 as of December 31, 2010, respectively) of the provision for slow-moving materials and components with remote probability of being realized through sale or use.

Changes in the provision for inventory losses and adjustment to net realization value, Company and Consolidated, are shown bellow:

Company	Company	Consolidated
Balance as of December 31, 2009	20,242	20,441
Inventories permanently written off	(12,529)	(13,428)
Allowance recognized	9,920	16,753
Balance as of December 31, 2010	17,633	23,766
Inventories permanently written off	(12,425)	(13,305)
Allowance recognized	26,776	27,666
Balance as of December 31, 2011	31,984	38,127

7. INVESTMENTS AND INTAGIBLE ASSETS

The list below shows the equity that the Company has in its subsidiaries, which is presented as investments in the financial statements, and was consolidated in the consolidated financial statements:

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 Comércio Importadora e Exportadora S.A. ("Interocean")	Brazil	Trading company, not operating in the periods presented
Romi A.L. S.A. ("Romi A.L.")	Uruguay	Sales representation for Latin America
Helen Acquisition Corp.	United States of America	Nonoperational holding engaged in holding equity interests in other entities
Romi Europa GmbH ("Romi Europa")	Germany	Technical assistance and support to dealers in Europe, Asia, Africa and Oceania
Sandretto Mexico - S. de RL. de CV (a)	Mexico	Distribution of machinery, equipment for the processing of plastic raw materials and distribution of machine tools into this marketplace
Romi Itália S.r.l. ("Romi Itália")	Italy	Development of projects, production and sales, technical assistance, distribution, import and export of machinery, equipment for the processing of plastic raw materials and distribution of machine tools
Romi Itália subsidiaries:		
Sandretto UK Ltd.	United Kingdom	Distribution of machinery for plastics, spare parts services and technical assistance
Sandretto Industries S.A.S.	France	
Metalmecanica Plast B.V.	The Netherlands	
Italprensas Sandretto S.A.	Spain	

(a) Subsidiary incorporated on August 5, 2011 with paid up capital of $1,200,000 Mexican pesos (equivalent to R$161).

	2011								
	Romi Itália	Romi Europa	Rominor	Romi Machine Tools	Interocean	Romi A.L.	Sandretto México	Helen Acquisition Corp. (d)	Total
Investments:									
Number of shares held	(a)	(a)	6,191,156	3,000	78	13,028	1,188,000	100	-
Ownership interest	99.999%	100%	93.0711%	100%	100%	100%	100%	100%	-
Current assets	48,701	51,237	25,769	9,440	24	1,996	17	-	-
Non-current assets	11,773	852	5,852	210	-	-	-	-	-
Current liabilities	22,068	205	3,210	7,212	12	-	-	-	-
Non-current liabilities	14,367	627	-	5,986	-	-	-	-	-
Shareholders' equity (provision for deficit) of subsidiary as of December 31, 2011	24,039	51,257	28,411	(3,548)	12	1,996	17	-	-
Changes in investments:									
Balance as of December 31, 2010	26,800	1,104	26,534	(2,561)	17	1,430	-	153,636	206,960
Exchange rate changes of foreign investments	2,773	304	-	(400)	-	223	2	479	3,381
Capital increase (b)	13,767	49,692	-	-	-	-	52	-	63,511
Proposed and paid dividends (c)	-	-	(10,282)	-	-	-	-	-	(10,282)
Equity in subsidiaries and provision for shareholders' deficit of subsidiary	(19,301)	157	10,191	(587)	(5)	343	(37)	20	(9,219)
Capital decrease (b)	-	-	-	-	-	-	-	(154,135)	(154,135)
Book value - balance as of December 31, 2011	24,039	51,257	26,443	(3,548)	12	1,996	17	-	-
Investment in subsidiaries	24,039	51,257	26,443	-	12	1,996	17	-	103,764
Goodwill - JAC Indústria Metalúrgica Ltda. ("JAC")									2,017
Investments - Company									105,781
Provision for shareholder's deficit of subsidiary	-	-	-	(3,548)	-	-	-	-	(3,548)
Intangible:									
Goodwill - JAC Indústria Metalúrgica Ltda. ("JAC")									655
Industrial property - Digmotor									703
Industrial property - Lazzati									2,563
Industrial property - PFG S.r.l.									416
Industrial property - Litz Hitech Corp.									1,778
Intangible - Company									6,115
Goodwill - JAC Indústria Metalúrgica Ltda. ("JAC")									2,017
Intangible - Consolidated									8,132

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	2010							
	Romi Itália	Romi Europa	Rominor	Romi Machine Tools	Interocean	Romi A.L.	Helen Acquisition Corp. (d)	Total
Investments:								
Number of shares held	(a)	(a)	6,191,156	3,000	78	13,028	100	-
Ownership interest	99,999%	100%	93,0711%	100%	100%	100%	100%	-
Current assets	46,869	1,006	25,602	7,986	23	1,444	153,792	-
Non-current assets	14,246	769	6,245	219	-	-	-	-
Current liabilities	20,906	671	3,338	10,745	6	14	156	-
Non-current liabilities	13,409	-	-	21	-	-	-	-
Shareholders' equity (provision for deficit) of subsidiary as of December 31, 2010	26,800	1,104	28,509	(2,561)	17	1,430	153,636	-
Changes in investments:								
Balance as of December 31, 2010	33,946	2,496	26,834	(2,182)	20	1,624	-	62,738
Exchange rate changes of foreign investments	(3,062)	(692)	-	135	-	(58)	(9,488)	(13,165)
Capital increase (b)	7,842	-	-	-	-	-	162,737	170,579
Proposed and paid dividends (c)	-	-	(11,335)	-	-	-	-	(11,335)
Equity in subsidiaries	(12,002)	(624)	11,035	-	(3)	(136)	387	(1,343)
Provision for shareholders' deficit of subsidiary	-	-	-	(514)	-	-	-	(514)
Gain (loss) on ownership interest change	76	(76)	-	-	-	-	-	-
Book value – balance as of December 31, 2010	26,800	1,104	26,534	(2,561)	17	1,430	153,636	206,960
Investment in subsidiaries	26,800	1,104	26,534	-	17	1,430	153,636	209,521
Goodwill - JAC Indústria Metalúrgica Ltda., ("JAC")	-	-	-	-	-	-	-	2,017
Investments - Company								211,538
Provision for shareholders' deficit of subsidiary	-	-	-	(2,561)	-	-	-	(2,561)
:								
Intangible:								1,309
Goodwill - JAC Indústria Metalúrgica Ltda., ("JAC")								1,041
Industrial property - Digmotor								2,702
Industrial property - Lazzati								281
Intangible - Company								5,333
Goodwill - JAC Indústria Metalúrgica Ltda., ("JAC")								2,017
Intangible - Consolidated								7,350

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(a) Pursuant to the Company's corporate acts, capital is not divided into quotas or shares.

(b) The Company proceeds the following capital increase in its subsidiaries, as follows:

Romi Itália:

- 2010 - €3,952, totaling R$7,842.
- 2011 - €5,692, totaling R$13,767.

Sandretto México: During the third and fourth quarters, the Company transferred cash in the amount of US$29 (equivalent to R$52) for the newly created company Sandretto Mexico, as described in Note 7.a.

Romi Europa: in December 2011, the Company increased capital in Romi Europa GmbH in the amount of €20,500 (equivalent to R$49,692), as described in Note 24.

(c) In 2010, dividends were distributed according to the Annual Shareholders' Meeting held on March 15, 2010, in the amount of R$9,362, of which R$8,713 according to the Company's ownership interest related to the retained earnings from prior years. The amount of R$2,815, of which R$2,622 are according to the Company's ownership interest, relates to the mandatory minimum dividends proposed on the income for the year ended December 31, 2010. In 2011, the distributed dividends are according to the Annual Shareholders' Meeting held on March 14, 2011, which approved the distribution of R$8,447, of which R$7,862 are according to the Company's ownership interest related to the retained earnings from the year ended December 31, 2010. Where proposed mandatory dividends amounting to R$2,602, being R$2,420 related to the Company's participation.

(d) The Company's Management decided, on February 24, 2011, to reduce Helen's capital throughout cash remittance to the Company, which has been invested in financial assets substantially pegged to the CDI, which has been liquidated.

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8. RELATED-PARTY TRANSACTIONS

The balances and transactions with related parties as of December 31, 2011 and 2010 are as follows:

	Due from related parties		Loans receivables - non-current		Total receivable		Due to related parties	
Balances	2011	2010	2011	2010	2011	2010	2011	2010
Direct control:								
Romi Europa	60	25	627	576	687	601	207	51
Rominor	2,421	2,621	-	-	2,421	2,621	96	91
Romi Itália	11,870	5,542	7,581	7,182	19,451	12,724	-	-
Romi Machine Tools	6,330	4,272	5,986	6,118	12,316	10,390	-	-
Interocean	-	6	-	-	-	6	-	-
Romi A.L.	-	-	-	-	-	-	77	23
Total	20,681	12,466	14,194	13,876	34,875	26,342	380	165

	Revenue on sale of products		Operating expenses		Financial expenses	
Transactions	2011	2010	2011	2010	2011	2010
Direct control:						
Romi Europa	198	194	1,095	468	-	-
Rominor	-	-	1,046	1,004	-	-
Romi Machine Tools	8,159	691	-	-	135	125
Romi Itália	10,180	7,923	-	-	172	106
Romi A.L.	-	-	399	169	-	-
Total	18,537	8,808	2,540	1,641	307	231

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Loans receivable have predetermined maturities, are payable in the current and long terms and bear semiannual LIBOR plus interest of 1% per annum and exchange variation. Loan agreements between the Company and subsidiaries are basically intended for working capital of these subsidiaries.

The subsidiary Rominor is the guarantor of part of the FINAME manufacturer financing transactions carried out by the Company and the financing is collateralized by promissory notes and sureties (see Note 11). The Company has property lease agreements with subsidiary Rominor S.A.

The Company has no transactions with related parties of any kind other than those specified above. The decisions relating to transactions between the Company and its subsidiaries are made by Management. Management compensation for the years ended December 31, 2011 and 2010 is as follows:

Short-term benefits	2011	2010
Fees and charges	7,417	6,645
Profit sharing	132	2,513
Private pension plan	498	434
Healthcare plan	96	84
Company	8,143	9,676
Fees and charges of subsidiaries	133	133
Consolidated	8,276	9,809

The amount shown above is in conformity with the limits established by the Board of Directors. The amount proposed for profit sharing is subject to approval at the Annual Shareholders' Meeting to be held on March 13, 2012.

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9. PROPERTY PLANT AND EQUIPMENT

a) Changes in the Company´s property, plant and equipment are as follows:

Cost of property, plant and equipment	Land	Buildings and yards	Machinery and equipment	Furniture and fixtures	Vehicles	Information technology	Constructions in progress	Advances	Total
Balance as of January 1, 2010	20,101	159,578	189,550	7,942	2,048	18,754	2,717	3,389	404,079
Additions	-	-	15,952	213	407	2,463	16,300	(2,552)	32,783
Sales	(515)	(1,311)	(2,875)	(330)	(54)	(1,326)	(56)	-	(6,467)
Transfers	-	4,495	5,472	3	15	979	(10,964)	-	-
Balance as of December 31, 2010	19,586	162,762	208,099	7,828	2,416	20,870	7,997	837	430,395
Additions	-	88	11,974	195	204	1,096	6,223	(415)	19,365
Sales	(138)	-	(4,470)	(49)	(84)	(178)	-	-	(4,919)
Transfers	-	704	1,151	79	-	2,644	(4,578)	-	-
Balance as of December 31, 2011	19,448	163,554	216,754	8,053	2,536	24,432	9,642	422	444,841
Accumulated depreciation									
Balance as of January 1, 2010	-	26,598	96,644	5,235	1,523	11,407	-	-	141,407
Depreciation	-	7,102	11,473	445	274	2,413	-	-	21,707
Sales	-	(548)	(2,296)	(324)	(51)	(1,319)	-	-	(4,538)
Transfers	-	-	92	3	(83)	(12)	-	-	-
Balance as of December 31, 2010	-	33,152	105,913	5,359	1,663	12,489	-	-	158,576
Depreciation	-	8,364	14,776	454	284	3,002	-	-	26,880
Sales	-	-	(3,714)	(48)	(85)	(175)	-	-	(4,022)
Transfers	-	-	-	(8)	-	8	-	-	-
Balance as of December 31, 2011	-	41,516	116,975	5,757	1,862	15,324	-	-	181,434
Property, plant and equipment, net									
Balance as of January 1, 2010	20,101	132,980	92,906	2,707	525	7,347	2,717	3,389	262,672
Balance as of December 31, 2010	19,586	129,610	102,186	2,469	753	8,381	7,997	837	271,819
Balance as of December 31, 2011	19,448	122,038	99,779	2,296	674	9,108	9,642	422	263,407

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b) Summary of changes in property, plant and equipment consolidated:

Cost of property, plant and equipment	Land	Buildings and yards	Machinery and equipment	Furniture and fixtures	Vehicles	Information technology	Constructions in progress	Advances	Total
Balance as of January 1, 2010	27,055	172,743	193,973	8,626	2,729	20,259	2,717	3,389	431,491
Additions	-	-	16,344	225	430	2,506	16,300	(2,552)	33,253
Sales	(515)	(1,311)	(2,885)	(330)	(120)	(1,365)	(55)	-	(6,581)
Transfers		4,493	5,948	4	(460)	980	(10,965)	-	-
Foreign exchange rates	(207)	(1,068)	(1,254)	(136)	410	(404)	-	-	(2,659)
Balance as of December 31, 2010	26,333	174,857	212,126	8,389	2,989	21,976	7,997	837	455,504
Additions	-	110	12,197	244	204	1,140	6,223	(415)	19,703
Sales	(333)	(293)	(5,283)	(428)	(294)	(373)	-	-	(7,004)
Transfers	-	704	1,151	79	-	2,644	(4,578)	-	-
Foreign exchange rates	152	840	361	64	58	177	-	-	1,652
Balance as of December 31, 2011	26,152	176,218	220,552	8,348	2,957	25,564	9,642	422	469,855
Accumulated depreciation									
Balance as of January 1, 2010	-	30,354	99,215	5,866	2,084	12,611	-	-	150,130
Depreciation	-	7,356	11,788	464	321	2,506	-	-	22,435
Sales	-	(548)	(2,305)	(324)	(113)	(1,354)	-	-	(4,644)
Transfers	-	-	93	3	(84)	(12)	-	-	-
Foreign exchange rates	-	(288)	(583)	(131)	(58)	(375)	-	-	(1,435)
Balance as of December 31, 2010	-	36,874	108,208	5,878	2,150	13,376	-	-	166,486
Depreciation	-	8,608	15,123	476	315	3,080	-	-	27,602
Sales	-	(41)	(4,458)	(422)	(295)	(355)	-	-	(5,571)
Transfers	-	-	-	(8)	-	8	-	-	-
Foreign exchange rates	-	87	206	55	52	142	-	-	542
Balance as of December 31, 2011	-	45,528	119,079	5,979	2,222	16,251	-	-	189,059
Property, plant and equipment, net									
Balance as of January 1, 2010	27,055	142,389	94,758	2,760	645	7,648	2,717	3,389	281,361
Balance as of December 31, 2010	26,333	137,983	103,918	2,511	839	8,600	7,997	837	289,018
Balance as of December 31, 2011	26,152	130,690	101,473	2,369	735	9,313	9,642	422	280,796

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In view of the financing agreements with the BNDES for investment in property, plant and equipment, approximately R$52,492 (R$58,404 as of December 31, 2010) of property, plant and equipment items are pledged as collateral. These items are fully represented by machinery and equipment.

The Company has not capitalized during the year ended December 31, 2011 financial charges under the caption "Constructions in progress" due to the immateriality of the amount involved. On December 31, 2010, the amount of R$56 was capitalized.

c) Depreciation rates

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

	Depreciation rates - %
Buildings	4
Machinery and equipment	10 a 15
Furniture and fixture	10
Information technology	20
Vehicles	20
Yards	10

During the year, the Company revised the recoverable value of long-lived assets and, as a result, no impairment losses were identified.

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10. LOANS AND FINANCING

	Current		Non-current			Amortization	2011	
	2011	2010	2011	2010	Maturity	of principal	Financial charges	Guarantees
Export financing - US$	76,128	355	17,298	75,703	12/16/2013	Single installment	4.5% p.a.	Promissory note (1)
Property, plant and equipment - local currency	30,385	17,413	97,870	125,176	11/15/2017	Monthly	TJLP + interest of 1.3% to 2% p.a.	Financed machinery and mortgage on properties and land
FINAME sundry - local currency (a)	4,483	4,395	7,600	10,917	06/15/2020	Monthly	TJLP of 12.5% p.a. + Interest of 1.3% p.a., paid monthly with the amortization of principal	Financed machinery / surety / promissory note
Refinanced drafts - local currency	1,326	1,207	1,008	655	06/15/2013	Monthly	LIBOR + 1% of spread	Customer pledge agreement
Company	112,322	23,370	123,776	212,451				
Romi Machine Tools - working capital - US$	24	48	-	21	06/30/2012	Semiannual	Interest of 6.31% to 6.39% p.a. + exchange variations	Promissory note / surety
Romi Itália (Sandretto UK Ltd.) - working capital - Sterling pound	692	1,509	-	143	11/30/2012	Semiannual	LIBOR + Interest of 1.65% p.a.	Financed machinery
Consolidated	113,038	24,927	123,776	212,615				

(a) The Company pledged as collateral for the financing, as of December 31, 2010, machinery and equipment as mentioned in Note 9.

The maturities of the financing recorded in non-current liabilities as of December 31, 2011 are as follows:

	Company and Consolidated
2013	51,781
2014	25,562
2015	18,562
2016	14,837
2017 and thereafter	13,034
Total	123,776

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1) The Company undertakes to export until the settlement date of the contract, the equivalent the contracted amount in local currency converted to U.S. dollars at the exchange rate of the date of the contract, totaling US$50 million until December 16, 2013. In the event of failure to export within the stipulated period, penalty will be required corresponding to 10% on the value defaulted. The Company expects to meet export requirements set out in the contract.

2) During 2011, the Company signed a contract amendment with BNDES, replacing financial guarantees for mortgages on properties owned by the Company with the equipment installed therein.

11. FINANCING - FINAME MANUFACTURER

	Company and Consolidated	
	2011	2010
Current	307,734	303,579
Non-current	447,020	454,304

The agreements related to FINAME manufacturer financing are guaranteed by promissory notes and surety, and the main guarantor is the subsidiary Rominor. The balances are directly related to the balances of the line item “Amounts receivable - onlending of FINAME manufacturer financing” (see Note 5), considering that the financing are directly linked to sales to specific customers. Contractual terms related to amounts, charges and periods financed under the program are fully passed on to the financed customers, and monthly receipts from the line item “Amounts receivable - onlending of FINAME manufacturer financing” are fully used for amortization of the related financing agreements. The Company, therefore, acts an agent bank for the financing, but remains as the main debtor of this transaction.

The FINAME manufacturer financing obtained and passed on to customers have terms of up to 60 months, with option of up to 12 months grace period and the following interest: (a) between 4.0% and 5.8% per annum, plus TJLP; (b) 4.5% per annum, prefixed, according Circular nº 79, as of July 10, 2009, for transactions carried out between July 27, 2010 and June 30, 2009; and (c) 5.5% per annum, prefixed, according Circular nº 27, as of May 27, 2010, for transactions carried out between July 1, 2010 and March 31, 2011. Such financing terms are established by the BNDES, based on the customer's characteristics. The balances of the line item “FINAME manufacturer financing” and, consequently, of line items “Amounts receivable - FINAME manufacturer financing” as of December 31, 2011 and 2010, were monetarily restated through the financial statement closing date. The difference of R$65,925 as of December 31, 2011 (R$93,155 as of December 31, 2010) between these balances refers to past-due trade notes, renegotiations in progress, and FINAME transactions not yet released by the agent bank. Management understands that there are no risks of realization of these receivables, since the amounts are collateralized by the machinery sold.

The maturities of FINAME manufacturer financing recorded in non-current liabilities as of December 31, 2011 are as follows:

	Company and Consolidated
2013	251,601
2014	147,964
2015	45,514
2016	1,941
Total	447,020

12. RESERVE FOR TAX, LABOR AND CIVIL CLAIMS

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

	Classifications of lawsuits amounts as of December 31, 2011			Company and Consolidated Recognized reserve	
	Remote	Possible	Probable	2011	2010
Tax	425	4,360	32,813	32,813	26,409
Civil	3,595	2,994	495	495	379
Labor	11,873	1,272	2,227	2,227	1,386
Total	15,893	8,626	35,535	35,535	28,174
Current balance				2,474	1,745
Non-current balance				33,061	26,429

As of December 31, 2011, the main lawsuits, which were classified by Management as probable loss based on the legal counsel´s opinion and, therefore, were included in the reserve for contingencies, are as follows:

	Company and Consolidated				
	2010	Additions	Use/ reversals	Inflation adjustments	2011
Tax	26,409	6,323	-	81	32,813
Civil	379	216	(143)	43	495
Labor	1,386	2,083	(1,414)	172	2,227
	28,174	8,622	(1,557)	296	35,535

In subsidiaries, there are no ongoing litigations or contingency risks to be considered, according to assessment made by Management and its legal counsel.

As of December 31, 2011, the main lawsuits, which were classified by Management as probable loss based on the legal counsel´s opinion and, therefore, were included in the reserve for contingencies, are as follows:

a) Tax lawsuits

Refer to reserve for PIS and COFINS (taxes on revenue) on ICMS (state VAT) on sales in the amount of R$5,491 (R$4,401 as of December 31, 2010) and R$25,294 (R$20,273 as of December 31, 2010), respectively, and the INSS (social security contribution) on services provided by cooperatives in the amount of R$2,002 (R$1,710 as of December 31, 2010) and R$26 and R$26 relating to income tax withholding by the government body, offset in the statement of income tax, but rejected by the authority. The Company is depositing in escrow PIS and COFINS on ICMS on sales, and the amount recorded as of December 31, 2011 was R$30,669 (R$26,466 as of December 31, 2011).

b) Civil Lawsuits

Refer to contractual review claims filed in courts by customers.

c) Labor lawsuits

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

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

13. SHAREHOLDERS´ EQUITY

Capital

Subscribed and paid up capital as of December 31, 2011 and 2010 is represented by 74,757,547 common shares all without par value and with the same rights and advantages.

Legal reserve

The legal reserve balance, as provided for in article 193 of Law 6404/76, refers to the amount set up, equivalent to 5% of net income for the period, limited to 20% of the capital. As of December 31, 2011, the Company recorded R$178 (R$3,396 as of December 31, 2010).

Interest on capital

In 2011, the Company elected to pay interest on capital, totaling R$24,616 (R$37,378 as of December 31, 2010) with withholding of income tax in the amount of R$2,773 (R$4,224 as of December 31, 2010). On December 31, 2010, the interest compounds mandatory minimum dividends.

During 2011 and 2010, the Company´s Board of Directors approved above that interest on capital was allocated to mandatory dividends. The distribution of interest on capital during the year 2011 is presented below:

		Amount			
Proceeds	Event - date	Gross	Net of withholding income tax	Amount per share - R$ gross	Payment date
2011					
Interest on capital	BDM - 03/15/2011	8,971	7,962	0.12	04/20/2011
Interest on capital	BDM - 06/07/2011	8,223	7,298	0.11	07/20/2011
Interest on capital	BDM - 09/13/2011	7,422	6,583	0.10	10/21/2011
Total		24,616	21,843		
2010					
Interest on capital	BDM - 03/16/2010	8,971	7,956	0,12	04/20/2010
Interest on capital	BDM - 06/08/2010	8,971	7,956	0.12	07/20/2010
Interest on capital	BDM - 09/14/2010	8,971	7,952	0.12	10/18/2010
Interest on capital	BDM - 12/07/2010	10,465	9,292	0.14	01/21/2011
Total		37,378	33,156		

Dividends

The Company's bylaws provide for the distribution of mandatory minimum dividend equivalent to 25% of the adjusted net income under Corporate Law. Management's proposal to the Annual Shareholders´ Meeting, for distribution of dividends and recognition of profit reserve, is as follows:

	2011	2010
Net income	3,568	67,929
(-) Recognition of legal reserve	(178)	(3,396)
Income subject to distribution	3,390	64,533
Interest on capital related to net income	-	(25,721)
Recognition of profit reserve	3,390	38,812
Composition of the interest on capital:		
Interest on capital related to net income for the current year	-	25,721
Interest on capital related to profit reserve from prior years	24,616	11,657
	24,616	37,378
Interest on capital, net of withholding income tax	21,843	33,156

Earnings per share

a) Changes in the numbers of shares

Shares issued	Common	Total
Shares as of December 31, 2011 and 2010	74,757,547	74,757,547

b) Earnings per share

In compliance with technical pronouncement CPC 41, approved by CVM 636, on August 6, 2010, the following table reconciles the net income to the amounts used to calculate the basic and diluted earnings per share:

	2011	2010
Company:		
Net income attributable to controlling interests	3,568	67,929
Weighted average of shares issued (in thousands)	74,518	74,758
Basic and diluted earnings (loss) per share	0.048	0.909

Profit reserve

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

Share buyback

The Board of Directors at its meeting held on August 22, 2011 approved the share buyback program (“Program”), to be held in treasury for subsequent disposal or cancellation, without reduction of capital under its bylaws, the CVM Instructions No. 10/80 and No. 268/97 and the other provisions of law.

The Company's goal with the program is to maximize value creation for its shareholders through the implementation of part of its financial resources available within the total amount of earnings and capital.

Under the program, the acquisitions of shares will be held between August 22, 2011 and February 18, 2012 (180 days). The amount of shares to be acquired will be up to 3,000,000 (three million), representing 7.64% of outstanding common shares on the market. Until December 31, 2011, 742,400 shares were acquired in the amount of R$4,599, representing an average purchase of R$6.19 per share. These shares acquired impacted the calculation of earnings per share for the year.

Foreign currency cumulative translation adjustments

The Company recognized under this line item the cumulative effect of the translation of the financial statements of its subsidiaries that maintain their accounting records in a functional currency different from the functional currency of the parent. These effects started being recognized after the IFRSs implementation date. In the statement of changes in shareholders’ equity, balance sheet and statement of comprehensive income, this amount is allocated to “Other comprehensive income”.

This cumulative effect is reversed to the statement of income as gain or loss in the event of disposal or write-off of the investment.

14. INCOME TAX AND SOCIAL CONTRIBUTION

Income tax is calculated at the rate of 15%, plus of 10% surtax on annual taxable income exceeding R$240. Social contribution is calculated at the rate of 9% on taxable income, except for subsidiary Rominor, which adopted the deemed income regime during the reporting periods.

The table below shows the reconciliation of tax changes between effective and statutory rates:

	Company		Consolidated	
	2011	2010	2011	2010
Income (loss) before income tax and social contribution	(6,637)	78,068	(228)	81,148
Statutory rate (income tax and social contribution)	34%	34%	34%	34%
Expected income tax and social contribution expenses at statutory rate	2,257	(26,543)	78	(27,590)
Reconciliation to statutory rate:				
Equity in subsidiaries and provision for shareholders' deficit	(3,134)	(631)	-	-
Interest on capital	8,369	12,709	8,369	12,709
Profit sharing	(70)	(855)	(70)	(855)
Other (additions) deductions, net (*)	2,783	5,181	(3,823)	3,338
Income tax and social contribution expenses - current and deferred	10,205	(10,139)	4,554	(12,398)

(*) This amount basically refers to the difference in the calculation of income tax and social contribution between the actual taxable and deemed income regimes, as subsidiary Rominor paid income tax under the deemed income regime during the reporting periods; the benefit relating to technological innovation used by the Company, and the non-recognition of deferred income tax on the tax losses of foreign subsidiaries.

a) Income tax and social contribution credits and expenses

	2011		2010	
	Company	Consolidated	Company	Consolidated
Current	(4,800)	(10,451)	(14,517)	(16,776)
Deferred (item “c”)	15,005	15,005	4,378	4,378
Total	10,205	4,554	(10,139)	(12,398)

b) Deferred income tax and social contribution

	2011				2010			
	Temporary differences	Income tax	Social contribution	Total	Temporary differences	Income tax	Social contribution	Total
Assets (i):								
Provision for inventory losses	31,984	7,989	2,878	10,867	17,634	4,402	1,587	5,989
Repossession of machinery	26,180	6,539	2,356	8,895	11,110	2,773	1,000	3,773
Tax loss	6,231	1,212	561	1,773	-	-	-	-
Investments	601	150	54	204	602	150	54	204
Adjustments to present value: trade accounts receivable and payable	1,948	487	175	662	2,364	590	213	803
Reserve for tax, civil and labor claims	35,535	8,876	428	9,304	28,174	7,034	315	7,349
Commissions	340	85	31	116	144	36	13	49
Management profit sharing	322	-	29	29	2,590	-	233	233
Other temporary differences	9,274	2,316	835	3,151	4,698	1,173	423	1,596
Deferred income tax and social contribution - Company and Consolidated	112,415	27,654	7,347	35,001	67,316	16,158	3,838	19,996
Liabilities (ii):								
Differences temporarily nondeductible liabilities								
Write-off of negative goodwill on acquisition of subsidiary	4,199	943	348	1,291	4,199	943	348	1,291
Deferred income tax and social contribution - Company	4,199	943	348	1,291	4,199	943	348	1,291
Write-off of negative goodwill on acquisition of subsidiary	19,029	1,713	4,757	6,470	17,416	1,674	4,360	6,034
Deferred income tax and social contribution - liabilities	23,228	2,656	5,105	7,761	21,615	2,617	4,708	7,325

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

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

As of December 31, 2011, the expected realization of deferred income tax and social contribution, recorded in non-current assets, Company and Consolidated, is as follows:

	Company and Consolidated		
	2011		
	Income tax	Social contribution	Total
2012	10,669	3,997	14,666
2013	3,617	1,304	4,921
2014	2,473	891	3,364
2015	10,819	1,128	11,947
2016	76	27	103
Total	27,654	7,347	35,001

c) Breakdown and changes in deferred income tax and social contribution

	Balance in 2010	Impact on net income (loss)	Balance in 2011
Provision for inventory losses	5,989	4,878	10,867
Repossession of machinery	3,773	5,122	8,895
Investments	204	-	204
Tax loss	-	1,773	1,773
Adjustments to present value: trade accounts receivable and payable	803	(141)	662
Other temporary differences	1,596	1,555	3,151
Commissions	49	67	116
Reserve for tax, civil and labor claims	7,349	1,955	9,304
Management profit sharing	233	(204)	29
Deferred income tax and social contribution assets	19,996	15,005	35,001

15. PENSION PLAN

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

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

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

The amount of contributions made by the Company in the year ended December 31, 2011 was R$2,543 (R$2,161 in the year ended December 31, 2010). The amount incurred on private pension plan was recorded in the statements for the years ended December 31, 2011 and 2010 under line items "Cost of sales and services", "Selling expenses", and "General and administrative expenses", in view of the reference cost center of each employee.

16. INSURANCE

The insured amounts are determined and contracted on a technical basis and are considered sufficient to cover potential losses arising from permanent assets and inventories. It is the policy of the Company and its subsidiaries to maintain insurance coverage for assets exposed to risks in amounts considered sufficient by Management to cover potential losses, according to the nature of activities and the risk assessment by specialized consultants. As of December 31, 2011, with effective period to December, 2012, insurance coverage is as follows:

Coverage	Coverage amount
Fire, windstorm, and electrical damage:	
Buildings	129,448
Machinery and equipment	281,691
Inventories	283,208

17. FINANCIAL INSTRUMENTS AND OPERATIONAL RISKS

a) General considerations

The Company enters into transactions with financial instruments whose risks are managed by means of financial position strategies and risk exposure limits. All financial instruments are recorded in the accounting books and mainly consist of:

- Cash and cash equivalents: recognized at amortization cost plus income earned through the balance sheet date, which approximate their fair values.
- Trade accounts receivable: commented and presented in Notes 4 and 5.
- Loans and financing : commented and presented in Notes 10 and 11.

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

b) Risk factors that could affect the Company's business

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

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

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

The Company has financial instruments pegged to the U.S. dollar and euro. Instruments exposed to foreign currency risks are represented by trade receivables, direct investments, import and export financing, trade payables and loan agreements with subsidiaries located in the United States of America and Europe.

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

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

Liquidity risk: the Company's debt and cash management policy considers the use of credit facilities, backed or not by export receivables, to maintain adequate liquidity levels in the short, medium and long terms. The maturity of the non-current portion of the borrowings is presented in Notes 10 and 11.

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

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

Foreign currency sensitivity analysis

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

As of December 31, 2011 and 2010, the balances denominated in foreign currency were subject to exchange rate changes. The effects of appreciation or depreciation in the exchange rate are as follows:

	Gain or loss	
	2011	2010
Net assets in foreign currency converted into Brazilian reais (R$)	33,923	11,847
Appreciation or depreciation - 10%	3,392	1,185
Appreciation or depreciation - 25%	8,481	2,962
Appreciation or depreciation - 50%	16,961	5,924

Additionally, the Company has assets classified as cash and cash equivalents (see Note 3), which, despite of having their impacts directly recorded in "Effect of translation to foreign currency ", in shareholders' equity, are subject to exchange rate changes. The effects of an appreciation or depreciation are as follows:

	Shareholders´ equity
	2011
Cash and cash equivalents in foreign currency converted into Brazilian reais (R$)	53,901
Appreciation or depreciation - 10%	5,390
Appreciation or depreciation - 25%	13,475
Appreciation or depreciation - 50%	26,951

Interest rate sensitivity analysis

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

As of December 31, 2011 and 2010, three scenarios for increase or decrease in the interest rate were estimated. The effects of decrease or increase in financial expenses or income are as follows:

Increase or decrease in the	2011		2010	
Interest rate	Increase	Decrease	Increase	Decrease
10%	457	(457)	785	785
25%	1,143	(1,143)	4,205	4,205
50%	2,285	(2,285)	9,905	9,905

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

c) Financial instruments by category

The main financial assets and financial liabilities, Company and Consolidated, are show below:

Financial assets	Book value 2011	Book value 2010	Fair value 2011	Fair value 2010
Loans and receivables:				
Cash and cash equivalents	162,813	246,935	162,813	246,935
Trade notes receivable - current	86,938	87,364	86,938	87,364
Onlending of FINAME manufacturer financing - current	341,688	350,935	341,688	350,935
Trade notes receivable - non-current	13,208	14,544	13,208	14,544
Onlending of FINAME manufacturer financing - non-current	478,991	500,103	478,991	500,103
Escrow deposits	30,669	24,466	30,669	24,466
Financial liabilities to amortized cost:				
Financing - current	113,038	24,927	113,038	24,927
Finame manufacturer financing - current	307,734	303,579	307,734	303,579
Finame manufacturer financing - non-current	447,020	454,304	447,020	454,304
Trade accounts payable - current	41,172	48,323	41,172	48,323
Other payables - current	7,170	5,842	7,170	5,842
Financing - non-current	123,776	212,615	123,776	212,615
Other payables - non-current	4,347	3,725	4,347	3,725

The measurement method used for calculating the fair value of financial assets and liabilities was the discounted cash flow with the ANBID benchmark index, considering the expected settlement or realization of assets and liabilities and the market rates prevailing at the information cut-off dates.

18. SEGMENT REPORTING

To manage its business, the Company is organized into three business units, on which the Company's segment reporting is based. The main segments are machine tools, plastic injectors and cast and machined products. Segment reporting for the year ended December 31, 2011 and 2010 is as follows:

2011	Machine tools	Plastic Injection machines	Cast and machined products	Eliminations between segments	Consolidated
Operating revenue, net	407,107	126,336	97,611	-	631,054
Cost of sales	(262,192)	(77,794)	(118,456)	-	(458,442)
Transfer remitted	21,332	-	30,301	(51,633)	-
Transfer received	(24,641)	(16,305)	(10,687)	51,633	-
Gross profit (loss)	141,606	32,237	(1,231)	-	172,612
Operating income (expenses):					
Selling expenses	(43,654)	(28,349)	(2,930)	-	(74,933)
General and administrative expenses	(49,495)	(17,379)	(6,542)	-	(73,416)
Research and development expenses	(18,247)	(7,838)	-	-	(26,085)
Management profit sharing and compensation	(6,054)	(1,389)	(833)	-	(8,276)
Tax expenses	(1,426)	(347)	(197)	-	(1,970)
Others income (expenses)	811	193	-	-	1,004
(Loss) income from operations before financial results	23,541	(22,872)	(11,733)	-	(11,064)
Inventories	206,550	87,013	20,792		314,355
Depreciation and amortization	16,151	3,110	9,534	-	28,795
Property, plant and equipment, net	156,939	12,221	111,636	-	280,796
Goodwill	4,757	3,375	-	-	8,132

	Europe	North America	Latin America	Africa and Asia	Total	Europe
Net operating revenue per geographical region	43,315	20,532	12,435	554,767	5	631,054

	2010				
	Machine tools	Plastic Injection machines	Cast and machined products	Eliminations between segments	Consolidated
Operating revenue, net	427,104	179,413	67,012	-	673,529
Cost of sales	(239,349)	(95,277)	(96,150)	-	(430,776)
Transfer remitted	19,166	-	39,453	(58,619)	-
Transfer received	(24,682)	(25,643)	(8,294)	58,619	-
Gross profit (loss)	182,239	58,493	2,021	-	242,753
Operating income (expenses):					
Selling expenses	(40,448)	(19,904)	(2,335)	-	(62,687)
General and administrative expenses	(42,371)	(22,457)	(4,340)	-	(69,168)
Research and development expenses	(16,980)	(7,858)	-	-	(24,838)
Management profit sharing and compensation	(6,781)	(2,249)	(779)	-	(9,809)
Tax expenses	(1,079)	(627)	(123)	-	(1,829)
Others income (expenses)	1,989	490	-	-	2,479
(Loss) income from operations before financial results	76,569	5,888	(5,556)	-	76,901
Inventories	179,679	66,757	17,024	-	263,460
Depreciation and amortization	14,066	3,132	6,843	-	24,041
Property, plant and equipment, net	165,262	11,765	111,991	-	289,018
Goodwill	2,702	4,648	-	-	7,350

	Europe	North America	Latin America	Africa and Asia	Total	Europe
Net operating revenue per geographical region	38,391	14,144	4,895	614,752	1,347	673,529

19. FUTURE COMMITMENTS

On January 26, 2012, the Company and Centrais Elétricas Cachoeira Dourada S.A. - CDSA, belonging to Endesa, decided to ammend the contract to purchase electricity entered into on May 1, 2007, aiming to adjust the volume of electricity originally hired to current needs of the Company. As a result of this adjustment period, the supply of electricity has been extended for another year, until December 31, 2014, and began to reflect the following values which are adjusted annually by the General Market Price Index(“IGP-M”).

Year to supply	Amount
2012	9,471
2013	10,833
2014	8,587
Total	28,891

20. NET OPERATING REVENUE

The net operating revenue for the year ended December 31, 2011 and 2010 has the following breakdown:

	Company		Consolidated	
	2011	2010	2011	2010
Internal market	680,901	745,204	691,410	758,486
Foreign market	44,725	20,193	76,287	58,786
Gross operating revenue	725,626	765,397	767,697	817,272
(-) Tax on sales	(129,168)	(140,365)	(131,382)	(142,115)
(-) Others reductions	(5,261)	(1,628)	(5,261)	(1,628)
Net operating revenue	591,197	623,404	631,054	673,529

21. EXPENSE BY NATURE

As required by technical pronouncement CPC 26 and IAS 1, the detailed disclosure of expenses by nature is as follows:

	Company		Consolidated	
	2011	2010	2011	2010
Depreciation and amortization	28.073	23,313	28,795	24,041
Personnel expenses	188,149	177,836	214,534	202,319
Raw material and consumable supplies	335,660	284,408	338,923	297,739
Freight	13,383	10,653	14,604	11,901
Other expenses	32,497	51,243	46,266	63,107
Total	597,762	547,453	643,122	599,107
Classified as:				
Cost of sales	436,136	399,878	458,442	430,776
Selling expenses	62,724	56,455	74,933	62,687
General and administrative expenses	64,133	56,422	73,416	69,168
Research and development expenses	24,700	23,489	26,085	24,838
Management profit sharing compensation	8,143	9,676	8,276	9,809
Tax expenses	1,926	1,533	1,970	1,829
Total	597,762	547,453	643,122	599,107

22. FINANCIAL INCOME AND (EXPENSE)

	Company		Consolidated	
	2011	2010	2011	2010
Financial income				
Interest on short-term investments	15,292	5,239	15,432	7,808
Interest on trade notes receivable	10,235	9,691	9,951	9,460
Interest on recoverable taxes (a)	-	8,782	-	8,782
Total	22,883	23,712	25,383	26,050
Financial expenses:				
Interest on financing	(15,370)	(15,518)	(16,062)	(15,631)
Others	(526)	(889)	(14)	(889)
	(15,896)	(16,407)	(16,076)	(16,520)

a) This is a lawsuit that sought the return of social security contributions collected on payments to individuals and managers from October 1989 to July 1994. After the definitive decision and abdication of judicial enforcement of the court decision, in March 2010 the Company applied for credit with the Internal Revenue Service of Brazil, which was granted in June 2010. These values were fully compensated with social security contributions generated in 2010.

23. OTHER OPERATING INCOME

	Company		Consolidated	
	2011	2010	2011	2010
Gain on sale of assets	663	1,970	1,004	2,479

24. SUBSEQUENT EVENTS

On January 31, 2012, Romi found, through its wholly owned subsidiary of Romi Europe, located in Germany, the acquisition of all shares representing the capital of Fertigungssysteme Burkhardt Weber GmbH (“B+W”).

The acquisition was paid in full on the date of the conclusion above, with its own resources. The transaction value was €20.5 million.

Due to the outcome of the acquisition occurs close to the approval of these financial statements, it was not practicable to determine the effects of this acquisition, as well as include the disclosures required by IFRS 3 - Business Combination, and technical pronouncement CPC 15, Business Combinations, in the financial statements.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The Company’s Board of Directors approved the financial statements on February 7, 2012.