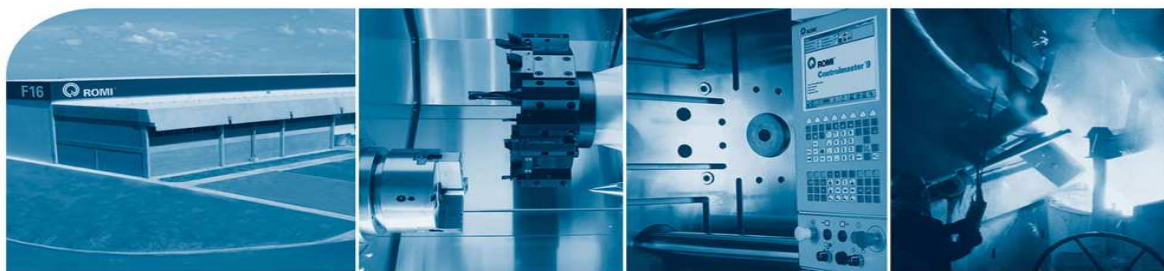




**ROMI**®

A TRADITION OF INNOVATION



**July 27, 2010**

## 2Q10 Earnings Release

**July 28, 2010**

**Share price (06/30/2010)**

ROMI3 – R\$ 11.23/share

**Market Capitalization (06/30/2010)**

R\$ 840 million

US\$ 466 million

**Number of shares (06/30/2010)**

Common: 74,757,547

Total: 74,757,547

Free Float = 52.56%

**Earnings Conference Call**

Time: 10:30 a.m. (Brazil)

Telephone:

(55 11) 4688-6361

Access code: romi

**Earnings Conference Call in English**

Time: 12:00 p.m. (Brazil)

4:00 p.m. (London)

11:00 a.m. (New York)

Tel.: USA – 1 888 700 0802

Brazil – 55 11 4688 6361

Others – 1 786 924 6977

Access code: romi

**Investor Relations Contact:**

Luiz Cassiano R. Rosolen

Investor Relations Officer

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**Website:**

www.romi.com





Santa Bárbara d'Oeste, SP, July 27, 2010 – Indústrias Romi S.A. (Bovespa: ROMI3), a domestic market leader in Machine Tools and Plastic Processing Machines and an important producer of Rough and Machined Cast Iron Parts, announces its results for the second quarter of 2010 (2Q10). Except where otherwise stated, the Company's operating and financial information is presented on a consolidated basis, in accordance with IFRS standards, and monetary values are expressed in thousands of Reais.

**In 2Q10 new orders grow 81.3% as compared to 2Q09 and reach R\$ 208 million. In relation to 1Q10 growth was 31.5%**

## Highlights

- **Net operating revenue reaches R\$ 167.6 million in 2Q10, an increase of 61.1% over 2Q09 and of 15.5% over 1Q10, the result of the solid resumption of the industrial activity;**
- **Orders backlog remains steady, to the tune of R\$ 225.4 million in 2Q10, with growth of 7.7% over 1Q10 and 133.4% in relation to 2Q09, evidencing the recovery of the economic activity level in the domestic's industrial sectors;**
- **EBITDA stands at R\$ 23.7 million in 2Q10, with margin of 14.1% and growth of 27.7% over 1Q10, evidencing the Company's capacity for maintenance and cash generation;**
- **Strong growth in revenue from Plastic Processing Machines, with an increase of 86.2% as compared to the previous quarter, due to the growth in demand for consumer goods;**
- **Romi reaches the mark of 150,000 machines produced in its manufacturing units, reflecting the Company's production capacity and solidity in its 80 years of operation.**

ROMI - Consolidated	Quarter			Accumulated		
	2Q09	2Q10	% Chg.	1H09	1H10	% Chg.
In Thousand Reais						
<b>Sales Volume</b>						
Machine Tools (units)	319	538	68.7	565	1,064	88.3
Plastic Machines (units)	61	119	95.1	86	201	133.7
Rough and Machined Cast Iron Parts (tons)	1,952	3,016	54.5	3,778	5,449	44.2
<b>Net Operating Revenue</b>	<b>104,076</b>	<b>167,632</b>	<b>61.1</b>	<b>179,845</b>	<b>312,764</b>	<b>73.9</b>
Gross margin (%)	30.0%	35.6%		31.4%	35.7%	
<b>Operating Income (EBIT)</b>	<b>2,821</b>	<b>17,740</b>	<b>528.9</b>	<b>(11,936)</b>	<b>31,671</b>	<b>365.3</b>
Operating margin (%)	2.7%	10.6%		-6.6%	10.1%	
<b>Net Income</b>	<b>505</b>	<b>15,223</b>	<b>2,914.5</b>	<b>(7,333)</b>	<b>25,786</b>	<b>451.6</b>
Net margin (%)	0.5%	9.1%		-4.1%	8.2%	
<b>EBITDA</b>	<b>7,244</b>	<b>23,711</b>	<b>227.3</b>	<b>(2,684)</b>	<b>42,278</b>	<b>1,675.2</b>
EBITDA margin (%)	7.0%	14.1%		-1.5%	13.5%	
Investments	7,869	8,106		39,318	12,908	

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

## Corporate Profile

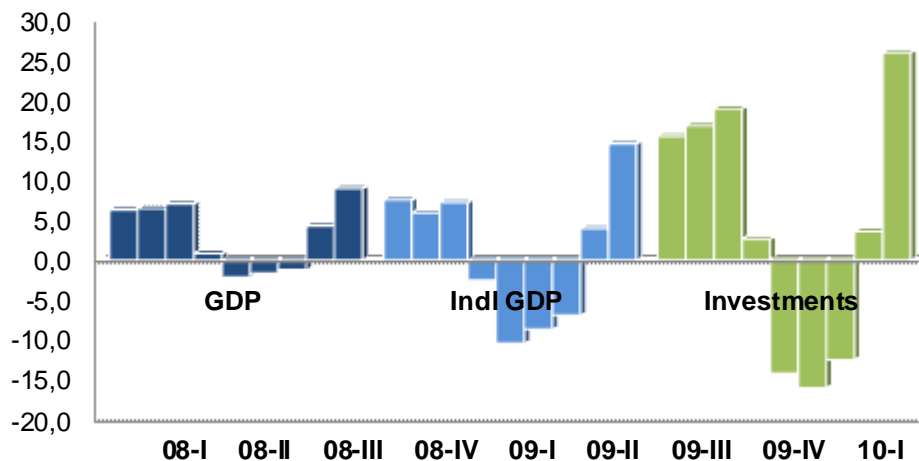
**Romi** is the leading Brazilian manufacturer of Machine Tools and Plastic Processing Machines. It also has an important share of the Rough and Machined Cast Iron Parts market. The Company's main customer segments are automotive (light and heavy), agricultural machinery, capital goods, consumer goods, tooling, hydraulic equipment, among many others.

The Company has eleven industrial units, four of which are dedicated to the final assembly of industrial machinery. Romi also operates two foundries, three units for the machining of components, one unit for the manufacture of sheet metal components and a plant for the assembly of electronic control panels. The Company has an annual installed capacity of approximately 3,900 industrial machines and about 50,000 tons in castings.

The Machine Tools Business Unit, which accounted for 57.3% of the Company's 2Q10 revenue, comprises lines for Conventional Lathes, CNC Lathes, Machining Centers and Vertical and Horizontal Heavy and Extra-Heavy Lathes. The Rough and Machined Cast Iron Parts and Plastic Processing Machines business units, the latter comprising plastic injection and blow molding machines, contributed 10.6% and 32.1%, respectively, to the revenue in the quarter.

## Current Economic Scenario

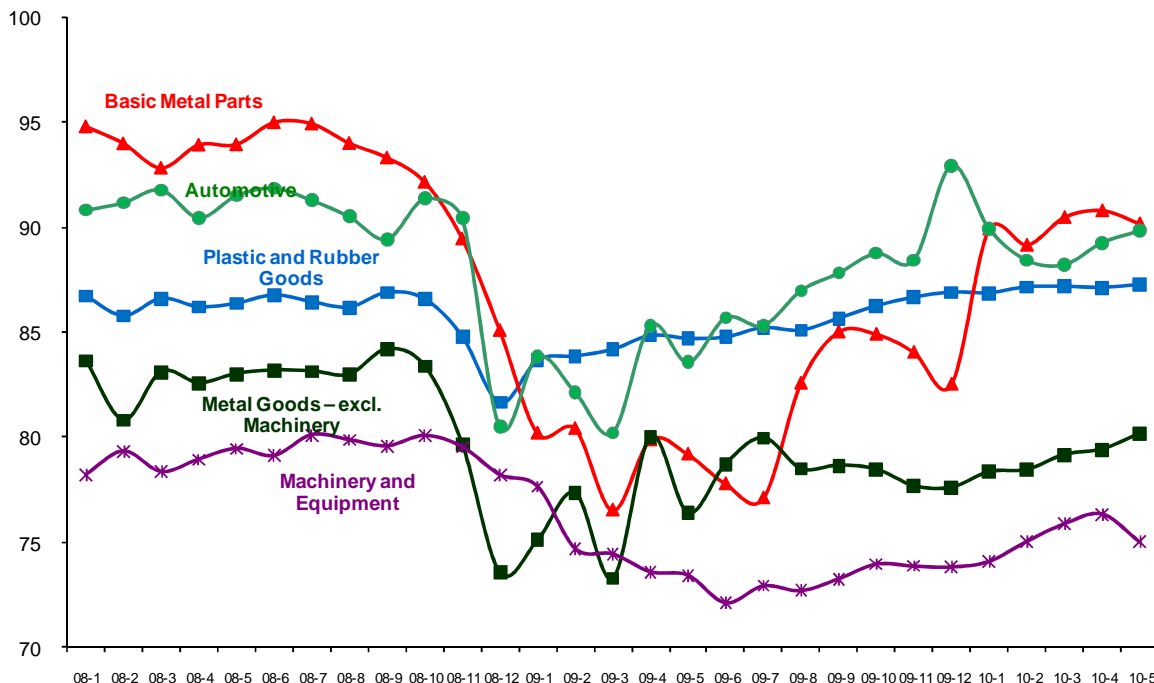
The capital goods industry, given its cyclical characteristics and the fact that it is correlated with the level of investments of other industries, is normally the first to suffer the effects of drops in demand and the slowest to return to normal levels. Even so, as we have already described in previous reports, the Company has been experiencing a gradual and consistent recovery in its business since the second half of 2009, mainly due to the following aspects: (i) reduction in the interest rate for fixed capital investments, as carried out by the Brazilian Economic and Social Development Bank (BNDES) in July 2009 and extended through December 2010, (ii) improvement in the industry confidence level; and (iii) replenishing of inventories in the economy.



Source: IBGE (quarter x previous year quarter)

Economic data for the first quarter of 2010 (as compared to the first quarter of 2009), disclosed by the Brazilian Statistics Bureau (IBGE) in June 2010, indicates a 14.6% growth of Industrial GDP, with a highlight on the 17.2% increase in value added of the Transformation Industry. Gross Fixed Capital Formation (FBKF) posted a strong growth of 26.0%, resulting from the growth of internal production of machinery and equipment.

The following graph prepared by the São Paulo State Federal of Industries (Fiesp) shows the FBKF in juxtaposition with the level of installed capacity utilization (NUCI). The principal sectors to which we sell our products underwent an important increase in installed capacity utilization, as from the second half of 2009 we can see an improvement in these indicators and in some cases already a return to historical levels of utilization.



Industrial GDP and Gross Fixed Capital Formation are important drivers of our Company's growth.

## Market

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

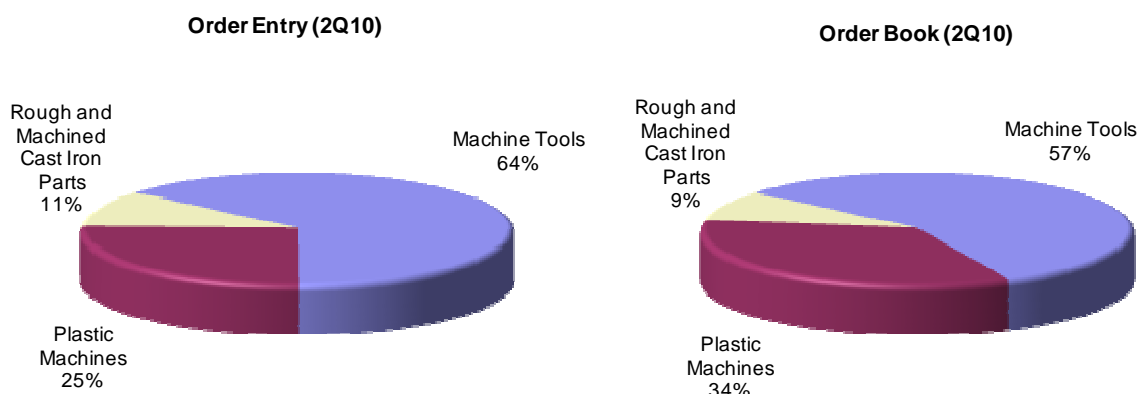
### New Orders (gross values, including sales taxes)

Order Entry (R\$ thousands)	1Q10	2Q10	% Chg.	2Q09	2Q10	% Chg.
Machine Tools	94,084	132,784	41.1	73,964	132,784	79.5
Plastic Machines	42,138	53,187	26.2	31,441	53,187	69.2
Rough and Machined Cast Iron Parts	21,968	22,065	0.4	9,332	22,065	136.4
<b>Total</b>	<b>158,190</b>	<b>208,036</b>	<b>31.5</b>	<b>114,737</b>	<b>208,036</b>	<b>81.3</b>

Order Entry (R\$ thousands)	1H09	1H10	% Chg.
Machine Tools	108,004	226,868	110.1
Plastic Machines	46,600	95,325	104.6
Rough and Machined Cast Iron Parts	12,953	44,033	239.9
<b>Total</b>	<b>167,557</b>	<b>366,226</b>	<b>118.6</b>

In 2Q10, we posted a rise of 81.3% over the same period of 2009, due to the effects of the economic crisis at that time. In relation to 1Q10, growth was 31.5% we highlight that the greater sales volume of machines is due to the good performance of our products at the International Mechanics Fair in May 2010.

In the Rough and Machined Cast Iron Parts unit, the recovery of the sectors related to agricultural machinery and trucks resulted in stability of new orders in relation to the immediately preceding quarter and an increase of 136.4% over 2Q09.



### Order Backlog (gross values, including sales taxes at the end of each period)

Order Book (R\$ thousands)	2Q09	2Q10	% Chg.
Machine Tools	65,358	128,434	96.5
Plastic Machines	26,711	77,228	189.1
Rough and Machined Cast Iron Parts	4,510	19,779	338.6
<b>Total</b>	<b>96,579</b>	<b>225,441</b>	<b>133.4</b>

The recovery of the domestic economy, with the acceleration of the industrial activity, allied with the improvement in the industry confidence level and the replenishing of inventories, reflected positively on the order backlog for our products, generating a rise of 133.4% in the comparison with the same period of 2009.

Order Book (R\$ thousands)	1Q10	2Q10	% Chg.
Machine Tools	107,763	128,434	19.2
Plastic Machines	80,528	77,228	(4.1)
Rough and Machined Cast Iron Parts	21,066	19,779	(6.1)
<b>Total</b>	<b>209,357</b>	<b>225,441</b>	<b>7.7</b>

In the comparison with the immediately preceding period, the order backlog rose by 7.7%. The growth posted in the Machine Tools unit evidences that the opportunities that arose were efficiently captured by the Company; in the other business units the order backlog had a slight drop.

*Note: The order backlog figures do not include parts, services and resale business.*

## Operating Performance

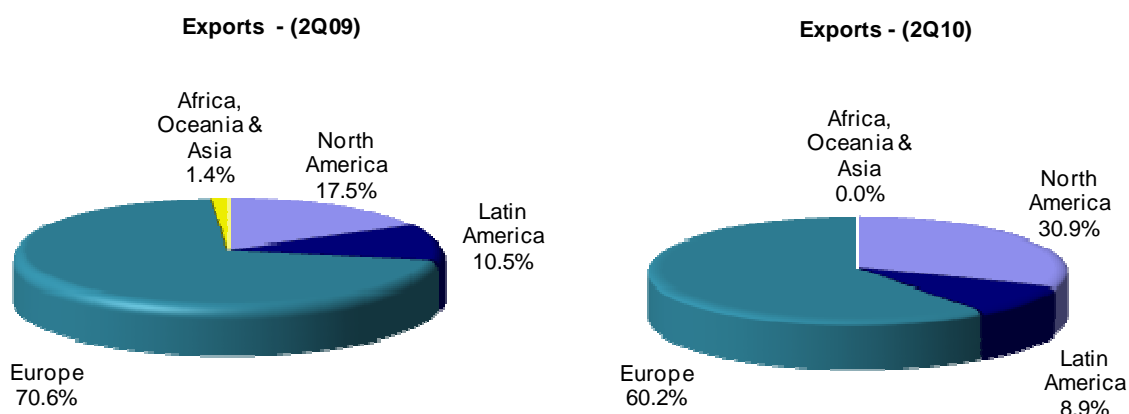
### Net Operating Revenue

The Company's Net Operating Revenue in 2Q10 reached R\$ 167.6 million, representing growth of 61.1% in relation to 2Q09 (R\$ 104.1 million).

In comparison with the previous quarter, Net Operating Revenue was up 15.5%. This growth is basically due to the good general performance of its operations and the positive performance of the industrial activity in Brazil in the last quarters.

In YTD terms, Net Operating Revenue for the 1H10, of R\$ 312.8 million, exceeded by 73.9% Net Operating Revenue for the first half of 2009, an increase within the Company's expectations.

In 2Q10 foreign market revenue amounted to R\$ 15.0 million, an increase of 9.7% in relation to 2Q09 (R\$ 13.7 million). In Dollar terms, 2Q10 sales totaled US\$ 8.4 million, representing an increase of 22.2% against the US\$ 6.8 posted in 2Q09, the relatively low amounts still evidence the economic difficulties faced by the world economy. The Company's foreign market revenue accounted for 9.0% of Net Operating Revenue, as compared with the 13.2% achieved in 2Q09.



Exports in 2Q10 accounted for 9.0% of revenue (13.2% in 2Q09). Europe is our main buying market, representing 60.2% of revenue (70.6% in 2Q09), followed by the United States with 30.9% (17.5% in 2Q09), Latin America with 8.9% (10.5% in 2Q09), other continents did not have any share this quarter (0.8% in 2Q09).

In 1H10, exports accounted for 8.4% (US\$ 14.6 million) of Net Operating Revenue, as compared to 17.3% (US\$ 14.4 million) in 1H09. In the half, Europe accounted for 59.2% (55.9% in 1H09), the United States accounted for 33.1% (34.4% in 1H09), Latin America 7.0% (8.9% in 1H09), and other countries 0.7% (0.8% in 1H09).

### Net Operating Revenue (R\$ thousand)

Romi - Consolidated	Quarter			Accumulated		
	2Q09	2Q10	% Chg.	1H09	1H10	% Chg.
<b>Net Operating Revenue (R\$ `000)</b>						
Machine Tools	64,634	96,084	48.7	114,964	198,964	73.1
Plastic Machines	28,859	53,729	86.2	44,266	82,590	86.6
Rough and Machined Cast Iron Parts	10,583	17,819	68.4	20,615	31,210	51.4
<b>Total</b>	<b>104,076</b>	<b>167,632</b>	<b>61.1</b>	<b>179,845</b>	<b>312,764</b>	<b>73.9</b>





Romi - Consolidated	Quarter						
	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	% Chg.
<b>Net Operating Revenue (R\$ `000)</b>							
Machine Tools	50,330	64,634	77,698	118,010	102,880	96,084	(6.6)
Plastic Machines	15,407	28,859	32,057	43,536	28,861	53,729	86.2
Rough and Machined Cast Iron Parts	10,032	10,583	12,250	12,038	13,391	17,819	33.1
<b>Total</b>	<b>75,769</b>	<b>104,076</b>	<b>122,005</b>	<b>173,584</b>	<b>145,132</b>	<b>167,632</b>	<b>15.5</b>

**Note: See income statement by Business Unit in Appendix I.**

### Machine Tools

The net operating revenue of this unit reached R\$ 96.1 million in 2Q10, posting an increase of 48.7% in relation to 2Q09. Compared with the immediately preceding period, we noted a slight decrease of 6.6%, variation within the Company's expectations.

Volume sales at the Machine Tools Business Unit in 2Q10 totaled 538 units, a growth of 68.7% in relation to 2Q09 (319 units), while in comparison with the immediately preceding period (526 units) there was an increase of 2.3%. The differences between the variation in revenue and volume is the result of the product mix, since in 1H10 we began delivery of many conventional lathes and CNC light lathes, products that have a lower value.

The Business Unit's major domestic customers were from the machining services, automotive, machinery and equipment, oil, technical school, tooling, hydraulic and casting industries.

### Plastic Processing Machines

In 2Q10, volume sales at the Plastic Processing Machines Unit totaled 119 units, up 95.1% over 2Q09 (61 units) and, in the comparison with the immediately preceding period (83 units), there was an increase of 43.4%.

The net revenue of this unit reached R\$ 53.7 million in 2Q10, representing growth of 86.2% in relation to 2Q09 and also in relation to 1Q10. This growth is due to the resumption of the economic activity, reflected in the consumer goods and packaging segments.

The industries that presented the highest demand for products of this Business Unit were packaging, automotive, service, real estate, and home appliances.

### Rough and Machined Cast Iron Parts

Volume sales of this Business Unit in 2Q10 amounted to 3,016 tons, a rise of 54.5% over the 1,952 tons sold in 2Q09. In comparison with the immediately preceding period, there was an increase of 24.5%, which evidences the recovery of some of the segments that buy our products.

The sales volume still below historical levels is the result of the economic slump over the course of 2009, mainly in heavy and extra-heavy parts, many of them for export to developed markets. This unit had a 10.6% share in the Company's total revenue in 2Q10 (10.2% in 2Q09).

Demand during the period came principally from the commercial veichules (trucks) and agricultural machinery segments.

## Operating Costs and Expenses

The gross margin achieved in 2Q10 shows an improvement of 5.6 p.p. in relation to 2Q09 and a gradual recovery over the course of last year, due to the increased productivity of the manufacturing units, with a significant rise in production volume.

The operating margin for 2Q10 recovered by 7.9 p.p. in relation to 2Q09 and 1 p.p. in relation to 1Q10.

The main drivers for the improvement of margins were the dilution of fixed costs in view of a greater volume of production and sales, as well as a strict control over operating expenses, which were within the Company's budget planning.

Romi - Consolidated	Quarter			Accumulated	
	2Q09	1Q10	2Q10	1H09	1H10
<b>Gross Margin (%)</b>					
Machine Tools	33.7%	41.2%	42.7%	37.6%	41.9%
Plastic Machines	36.2%	31.6%	34.4%	37.3%	33.4%
Rough and Machined Cast Iron Parts	-9.5%	5.4%	0.6%	-15.4%	2.7%
<b>Total</b>	<b>30.0%</b>	<b>36.0%</b>	<b>35.6%</b>	<b>31.4%</b>	<b>35.7%</b>

Romi - Consolidated	Quarter			Accumulated	
	2Q09	1Q10	2Q10	1H09	1H10
<b>Operating Margin (%)</b>					
Machine Tools	10.3%	16.1%	16.8%	1.3%	16.4%
Plastic Machines	-3.8%	-5.6%	6.2%	-15.0%	2.1%
Rough and Machined Cast Iron Parts	-25.8%	-7.6%	-9.8%	-32.7%	-8.9%
<b>Total</b>	<b>2.7%</b>	<b>9.6%</b>	<b>10.6%</b>	<b>-6.6%</b>	<b>10.1%</b>

### Machine Tools

The gross margin of this Business Unit reached 42.7% in 2Q10, a rise of 1.5 p.p. in relation to 1Q10, due to the increase in production volume, generating greater efficiency. Compared with 2Q09 there was a growth of 9.0 p.p.

The operating margin for the second quarter of 2010 recovered 6.5 p.p. in relation to 2Q09 and 0.7 p.p. in relation to 1Q10. Since Romi's operating expenses are more fixed than variable, the volume of revenue explains the fluctuations in the operating margin.

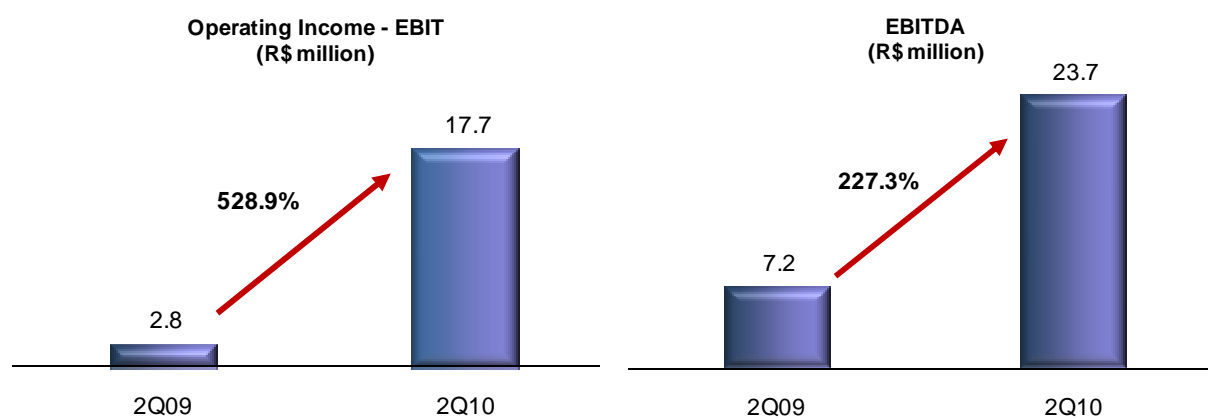
### Plastic Processing Machines

The gross margin in 2Q10 reached 34.4%, recovering 2.8 p.p. in relation to 1Q10, although in comparison with 2Q09 there was a decrease of 1.8 p.p. The greater production volume contributed to this gross margin gain.

The same positive performance was noted in the recovery of operating margin of this unit.

### Rough and Machined Cast Iron Parts

This unit has been more intensively impacted by low production volume, posting negative margins in 2009. Certain operating adjustments implemented by the Company have resulted in a gradual improvement in gross and operating margins in the first two quarters of 2010.





## EBITDA and EBITDA Margin

In 2Q10, our operating cash flow as measured by EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) was R\$ 23.7 million, representing an EBITDA margin of 14.1%.

Reconciliation of Net Income to EBITDA R\$ thousands	Quarter					
	2Q09	2Q10	% Chg.	1H09	1H10	% Chg.
<b>Net Income</b>	<b>505</b>	<b>15,223</b>	<b>2,914.5</b>	<b>(7,333)</b>	<b>25,786</b>	<b>451.6</b>
Net Financial Income	1,058	(11)	(101.0)	(2,919)	3,065	205.0
Income tax and social contributions	1,258	2,528	101.0	(1,684)	2,820	267.5
Depreciation and amortization	4,423	5,971	35.0	9,252	10,607	14.6
<b>EBITDA</b>	<b>7,244</b>	<b>23,711</b>	<b>227.3</b>	<b>(2,684)</b>	<b>42,278</b>	<b>1,675.2</b>
<b>EBITDA Margin</b>	<b>7.0%</b>	<b>14.1%</b>		<b>-1.5%</b>	<b>13.5%</b>	

## Net Income

Net income was R\$ 15.2 million in 2Q10, a result that represents an improvement over that posted in 2Q09 (0.5 million) and 44.1% over the R\$ 10.6 million posted in 1Q10.

The financial result in 1H10 was impacted by the exchange variation on cash overseas. In 1Q10 the Company remitted to its New York bank account the amount of US\$ 74 million and, in 2Q10 (beginning of April), remitted an additional US\$ 18 million, totaling US\$ 92 million. The strategy for remitting such amounts overseas was the high cost of hedging and the availability of Company cash. The amount is for supporting the acquisition of companies abroad as opportunities arise.

## Earnings Distribution

As decided by the Board of Directors at the meeting held on June 8, 2010, payment was made of interest on capital attributable to the mandatory minimum dividend for 2010, in the gross amount of approximately R\$ 9.0 million, representing R\$ 0.12 per share.

## Investments

In 2Q10 investments totaled R\$ 8.1 million, which represents an increase of 3.0% in relation to the amounts invested in 2Q09 (R\$ 7.9 million). In 2010, funds have basically been earmarked for the maintenance of the plants.

## Financial Position

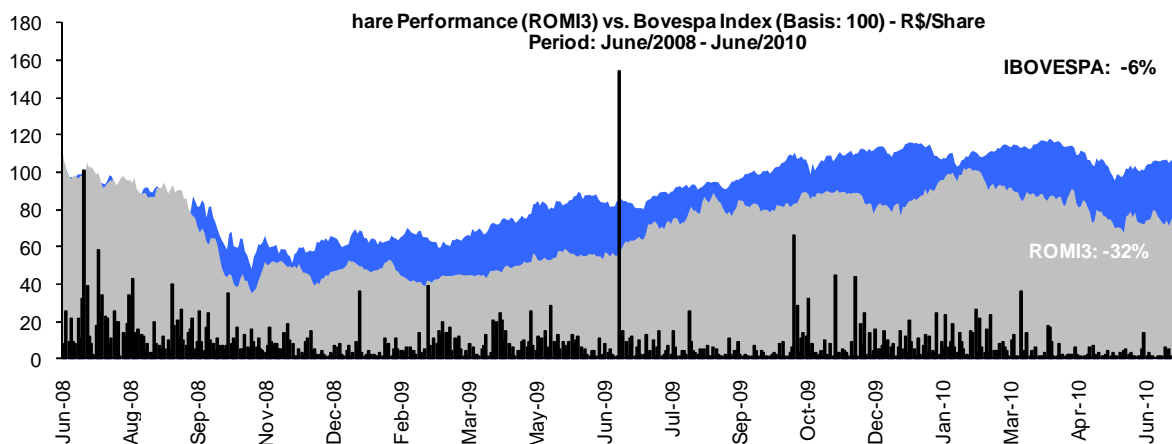
Investments, including those backed up by debentures, are made with prime financial institutions and their yield is substantially linked to the Interbank Certificate of Deposit ("CDI") or time deposit (TD), when abroad. The consolidated position of the Company's cash and cash equivalents at June 30, 2010 was R\$ 235 million.

Loans taken out by the Company are basically intended for investments in expansion and modernization of plants, and financing of exports and imports. At June 30, 2010, local currency financing was R\$ 238 million and foreign currency financing amounted to R\$ 3 million, totaling R\$ 241 million.

At June 30, 2010, the Company has not entered into any derivative transactions.



## Capital Markets



Source: Bovespa (São Paulo Stock Exchange)

At the end of 2Q10, the Company's common shares (ROMI3) were quoted at R\$ 11.23 and were down by 10.2% in the quarter (2Q10 x 1Q10) and up by 27.6% in relation to the end of 2Q09, respectively. The Bovespa index in the same period posted loss of 13.4% and gain of 18.4%, respectively.

The Company's market capitalization at June 30, 2010 was R\$ 840 million and the average daily trading volume in 2Q10 was R\$ 416 thousand.

## IFRS

As already disclosed, as from December 31, 2007 the Company has reported its financial statements in accordance with International Financial Reporting Standards (IFRS). Below we show the impacts of the differences between IFRS and Generally Accepted Accounting Principles in Brazil (BRGAAP) at June 30, 2010.

Amounts in R\$ thousand	<u>06/30/10</u>
Shareholders' equity under BRGAAP	688,841
Adjustments under IFRS:	
Amortization of intangible asset arising on acquisition of JAC Indústria Metalúrgica Ltda recorded for IFRS purposes ("JAC")	(616)
Deferred taxes relating to amortization of the intangible asset above	210
Other differences	(116)
Controlling interests	<u>688,319</u>
Non-controlling interests	<u>1,758</u>
Shareholders' equity under IFRS	<u>690,077</u>
Net income for the period under BRGAAP	25,973
Adjustments under IFRS:	
Amortization of intangible asset arising on acquisition of JAC Indústria Metalúrgica Ltda recorded for IFRS purposes ("JAC")	(284)
Deferred taxes relating to amortization of the intangible asset above	97
Net income under IFRS	<u>25,786</u>

## NEWS

We regret to inform the death, on May 20, 2010, of Mr. Carlos Chiti, co-founder and chairman of the Company's Advisory Board. Mr. Chiti, 96 years old, held several positions in the Company and definitely contributed to the prominent position achieved by Indústrias Romi.

In June, Romi reached the mark of 150 thousand machines produced in its plants. To celebrate the fact, Romi, which in 2010 completes 80 years of operation, held an event at Manufacturing Unit 16, in Santa Bárbara d'Oeste, for equipment delivery.

*Statements contained in this release related to the Company's business prospects, projections for operating and financial results, and references to the Company's growth potential are mere forecasts and were based on Management's expectations regarding its future performance. These expectations are highly dependent upon market behavior and the economic situation of Brazil, the industry and the international markets. Therefore, they are subject to changes.*

## Financial Statements

### Consolidated Balance Sheet IFRS (R\$ thousand)

ASSETS	06/30/09	12/31/09	06/30/10
<b>CURRENT</b>	<b>801,968</b>	<b>914,546</b>	<b>948,212</b>
Cash and Cash equivalents	94,676	225,913	234,892
Marketable securities	5,237	-	-
Trade accounts receivable	51,397	75,935	68,564
Trade accounts receivable - Finame Manufacturer	343,635	342,155	353,514
Inventories	286,057	243,651	263,542
Recoverable taxes	13,973	15,937	11,544
Other assets	6,993	10,955	16,156
<b>NON CURRENT</b>	<b>768,794</b>	<b>825,036</b>	<b>840,569</b>
<b>Long-Term Assets</b>	<b>480,274</b>	<b>537,452</b>	<b>550,190</b>
Trade accounts receivable	3,730	4,468	5,442
Trade accounts receivable - Finame Manufacturer	418,030	477,737	483,322
Recoverable taxes	20,031	14,126	14,604
Deferred income taxes	16,173	16,166	18,304
Escrow Deposits	15,515	17,999	21,365
Other assets	6,795	6,956	7,153
<b>Investments</b>			
Property, Plant and Equipment	282,012	281,361	281,490
Intangible	4,491	4,206	6,872
Goodwill	2,017	2,017	2,017
<b>TOTAL ASSETS</b>	<b>1.570,762</b>	<b>1.739,582</b>	<b>1.788,781</b>



**Consolidated Balance Sheet**  
IFRS (R\$ thousand)

<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>06/30/09</b>	<b>12/31/09</b>	<b>06/30/10</b>
<b>CURRENT</b>	<b>391,129</b>	<b>406,125</b>	<b>423,098</b>
Loans	30,050	25,538	23,153
Liabilities - Finame Manufacturer	288,827	284,390	289,935
Trade accounts payable	22,076	32,926	40,205
Payroll and related charges	25,362	22,402	32,148
Taxes payable	5,440	10,259	9,294
Advances from customers	5,992	7,584	9,643
Interest on capital, dividends and participations	1,150	10,406	9,118
Other liabilities	12,232	12,620	9,602
<b>NON CURRENT</b>	<b>502,340</b>	<b>648,920</b>	<b>675,606</b>
<b>Long-term liabilities</b>			
Loans	81,263	207,123	217,638
Liabilities - Finame Manufacturer	384,743	405,967	416,900
Deferred income taxes	8,898	8,930	8,704
Taxes payable	3,578	3,642	4,082
Other liabilities	6,092	2,935	4,506
Provision for contingencies	17,766	20,323	23,776
<b>SHAREHOLDER'S EQUITY</b>	<b>675,493</b>	<b>682,540</b>	<b>688,319</b>
Capital	505,764	505,764	505,764
Capital reserves	2,209	2,209	2,209
Profit reserves	169,046	179,041	161,101
Income for the period	-	-	25,377
Other accumulated comprehensive income	(1,526)	(4,474)	(6,132)
<b>NON CONTROLLING INTERESTS</b>	<b>1,800</b>	<b>1,997</b>	<b>1,758</b>
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>677,293</b>	<b>684,537</b>	<b>690,077</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>1.570,762</b>	<b>1.739,582</b>	<b>1.788,781</b>



## Consolidated Statement of Income

IFRS (R\$ thousand)

R\$ Thousand	2Q09	2Q10	% Chg.	1H09	1H10	% Chg.
<b>Net Operating Revenue</b>	<b>104,076</b>	<b>167,632</b>	<b>61.1</b>	<b>179,845</b>	<b>312,764</b>	<b>73.9</b>
Cost of sales and services	(72,864)	(108,035)	48.3	(123,340)	(200,971)	62.9
<b>Gross Profit</b>	<b>31,212</b>	<b>59,597</b>	<b>90.9</b>	<b>56,505</b>	<b>111,793</b>	<b>97.8</b>
<i>Gross Margin %</i>	<i>30.0%</i>	<i>35.6%</i>		<i>31.4%</i>	<i>35.7%</i>	
<b>Operating Expenses</b>	<b>(28,391)</b>	<b>(41,857)</b>	<b>47.4</b>	<b>(68,441)</b>	<b>(80,122)</b>	<b>17.1</b>
Selling	(13,594)	(16,651)	22.5	(27,312)	(29,893)	9.5
General and administrative	(13,263)	(18,210)	37.3	(29,902)	(34,759)	16.2
Management profit sharing	(1,239)	(2,648)	113.7	(3,708)	(4,636)	25.0
Research and development	(5,010)	(5,641)	12.6	(11,746)	(11,420)	(2.8)
Taxation	(562)	(215)	(61.7)	(1,065)	(983)	(7.7)
Other operating revenue, net	5,277	1,508	(71.4)	5,292	1,569	(70.4)
<b>Operating Income before Financial Results</b>	<b>2,821</b>	<b>17,740</b>	<b>(528.9)</b>	<b>(11,936)</b>	<b>31,671</b>	<b>365.3</b>
<i>Operating Margin %</i>	<i>2.7%</i>	<i>10.6%</i>		<i>(6.6%)</i>	<i>10.1%</i>	
<b>Financial Results</b>	<b>(1,058)</b>	<b>11</b>	<b>(101.0)</b>	<b>2,919</b>	<b>(3,065)</b>	<b>(205.0)</b>
Financial income	2,983	3,674	23.2	8,678	10,097	16.4
Financial expenses	(1,514)	(3,908)	158.1	(2,173)	(7,701)	254.4
FX changes, net	(2,527)	245	(109.7)	(3,586)	(5,461)	52.3
<b>Operating Income</b>	<b>1,763</b>	<b>17,751</b>	<b>(906.9)</b>	<b>(9,017)</b>	<b>28,606</b>	<b>417.2</b>
Income tax and social contribution	(1,258)	(2,528)	101.1	1,684	(2,820)	(267.5)
<b>Net income</b>	<b>505</b>	<b>15,223</b>	<b>(2,914.5)</b>	<b>(7,333)</b>	<b>25,786</b>	<b>451.6</b>
<i>Net Margin %</i>	<i>0.5%</i>	<i>9.1%</i>		<i>(4.1%)</i>	<i>8.2%</i>	
Owners of the parent	269	15,024	(5,485.1)	(7,831)	25,377	424.1
Non controlling interest	236	199	15.7	498	409	(17.9)
<b>EBITDA</b>	<b>7,244</b>	<b>23,711</b>	<b>(227.3)</b>	<b>(2,684)</b>	<b>42,278</b>	<b>1,675.2</b>
<b>Net income</b>	<b>505</b>	<b>15,223</b>		<b>(7,333)</b>	<b>25,786</b>	
Income tax and social contribution	1,258	2,528		(1,684)	2,820	
Financial results	1,058	(11)		(2,919)	3,065	
Depreciation	4,423	5,971		9,252	10,607	
<i>EBITDA Margin %</i>	<i>7.0%</i>	<i>14.1%</i>		<i>(1.5%)</i>	<i>13.5%</i>	
Nº of shares in capital stock (th)	74,758	74,758		74,758	74,758	
Net income per share - R\$	0.01	0.20		(0.10)	0.34	
Book value per share - R\$	9.04	9.21		9.04	9.21	





## Consolidated Statement of Cash Flows

IFRS (R\$ thousand)

R\$ thousands	2Q09	2Q10	1H09	1H10
<b>Cash from operating activities</b>				
<b>Net (Loss) Income</b>	<b>505</b>	<b>15,223</b>	<b>(7,333)</b>	<b>25,786</b>
Income tax - current and deferred	1,258	2,528	(1,684)	2,820
Depreciation and amortization	4,423	5,971	9,252	10,607
Provision for doubtful accounts and others receivables	1,613	1,651	2,372	3,483
Gain on sale of fixed assets	(4,258)	(1,576)	(4,134)	(1,521)
Financial expenses and FX changes	(3,259)	(1,600)	(3,885)	3,786
Provision for inventory devaluation	3,438	(564)	4,653	(127)
Provision for contingencies	832	1,777	1,887	3,453
<b>Change on operating assets</b>				
Purchase of trading securities	36,903	-	48,482	-
Trade accounts receivable	(9,942)	2,342	25,477	10,753
Trade accounts receivable - Finame Manufacturer	19,090	3,909	62,058	10,746
Inventories	14,692	1,092	(6,537)	(21,209)
Recoverable taxes, net	5,403	1,411	(1,304)	1,572
Escrow deposits	(776)	(1,823)	(1,712)	(3,366)
Other current and long term assets	(520)	(3,715)	(1,158)	(5,883)
<b>Change on operating liabilities</b>				
Trade accounts payable	(4,436)	(1,814)	(9,409)	5,675
Payroll and related charges	1,906	6,907	(8,459)	9,823
Taxes payable	3,232	1,324	1,559	(2,652)
Advances from customers	(3,280)	2,406	(8,035)	2,078
Other current and long term liabilities	(4,574)	236	(8,236)	(3,374)
<b>Cash provided by (used in) operating activities</b>	<b>62,250</b>	<b>35,685</b>	<b>93,854</b>	<b>52,704</b>
Income taxes paid	(849)	-	(1,786)	(904)
<b>Net Cash provided by (used in) operating activities</b>	<b>61,401</b>	<b>35,685</b>	<b>92,068</b>	<b>51,800</b>
Acquisitions of fixed assets	(10,583)	(6,821)	(39,788)	(11,050)
Receivables related to sale of assets	3,546	1,492	3,546	1,492
Intangible	1,262	(729)	(567)	(858)
<b>Cash flow used in investment operations</b>	<b>(5,775)</b>	<b>(6,058)</b>	<b>(35,675)</b>	<b>(10,416)</b>
Interest on capital paid	(569)	(10,889)	(12,876)	(19,556)
New loans and financing	19,663	2,569	26,575	20,012
Payments of loans	(5,477)	(5,347)	(11,279)	(12,557)
Interests paid (included Finame Manufacturer)	(19,576)	(17,682)	(39,651)	(35,601)
New loans - Finame Manufacturer	39,134	67,382	80,056	156,878
Payments of loans Finame Manufacturer	(67,862)	(70,759)	(131,086)	(139,332)
Repurchase of shares	(3)	-	(10,194)	-
<b>Cash flow from financial activities</b>	<b>(34,690)</b>	<b>(34,726)</b>	<b>(98,455)</b>	<b>(30,156)</b>
<b>Net Cash Flow</b>	<b>20,936</b>	<b>(5,099)</b>	<b>(42,062)</b>	<b>11,228</b>
Exchange rate of cash and cash equivalents of foreign investments	483	2,799	1,514	(2,249)
<b>Cash and cash equivalents - beginning of period</b>	<b>73,257</b>	<b>237,192</b>	<b>135,224</b>	<b>225,913</b>
<b>Cash and cash equivalents - end of period</b>	<b>94,676</b>	<b>234,892</b>	<b>94,676</b>	<b>234,892</b>



## Appendix I

## Income Statement by Business Units - 2Q10

R\$ '000	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Net Operating Revenue</b>	<b>96,084</b>	<b>53,729</b>	<b>17,819</b>	<b>167,632</b>
Cost of Sales and Services	(52,752)	(29,659)	(25,624)	(108,035)
Business Units Transfers	5,089	-	10,225	15,314
Business Units Transfers	(7,396)	(5,602)	(2,316)	(15,314)
<b>Gross Profit</b>	<b>41,025</b>	<b>18,468</b>	<b>104</b>	<b>59,597</b>
<i>Gross Margin %</i>	<i>42.7%</i>	<i>34.4%</i>	<i>0.6%</i>	<i>35.6%</i>
<b>Operating Expenses</b>	<b>(24,860)</b>	<b>(15,139)</b>	<b>(1,858)</b>	<b>(41,857)</b>
Selling	(10,318)	(5,887)	(446)	(16,651)
General and Administrative	(10,183)	(6,851)	(1,176)	(18,210)
Management profit sharing	(1,716)	714	(218)	(2,648)
Research and Development	(4,071)	(1,570)	-	(5,641)
Taxation	(76)	(121)	(18)	(215)
Other operating revenue	<b>1,504</b>	4	-	1,508
<b>Operating Income before Financial Results</b>	<b>16,165</b>	<b>3,329</b>	<b>(1,754)</b>	<b>17,740</b>
<i>Operating Margin %</i>	<i>16.8%</i>	<i>6.2%</i>	<i>(9.8%)</i>	<i>10.6%</i>

## Income Statement by Business Units - 2Q09

R\$ '000	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Net Operating Revenue</b>	<b>64,634</b>	<b>28,859</b>	<b>10,583</b>	<b>104,076</b>
<b>Cost of Sales and Services</b>	<b>(44,219)</b>	<b>(16,134)</b>	<b>(12,511)</b>	<b>(72,864)</b>
Business Units Transfers	2,928	-	2,411	5,339
Business Units Transfers	(1,573)	(2,282)	(1,484)	(5,339)
<b>Gross Profit</b>	<b>21,770</b>	<b>10,443</b>	<b>(1,001)</b>	<b>31,212</b>
<i>Gross Margin %</i>	<i>33.7%</i>	<i>36.2%</i>	<i>(9.5%)</i>	<i>30.0%</i>
<b>Operating Expenses</b>	<b>(15,118)</b>	<b>(11,545)</b>	<b>(1,728)</b>	<b>(28,391)</b>
Selling	(8,677)	(4,090)	(827)	(13,594)
General and Administrative	(7,347)	(5,148)	(768)	(13,263)
Management profit sharing	(799)	(341)	(99)	(1,239)
Research and Development	(3,645)	(1,365)	-	(5,010)
Taxation	(345)	(183)	(34)	(562)
Other operating revenue	5,695	(418)	-	5,277
<b>Operating Income before Financial Results</b>	<b>6,652</b>	<b>(1,102)</b>	<b>(2,729)</b>	<b>2,821</b>
<i>Operating Margin %</i>	<i>10.3%</i>	<i>(3.8%)</i>	<i>(25.8%)</i>	<i>2.7%</i>



## Income Statement by Business Units - 1H10

R\$ '000	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Net Operating Revenue</b>	<b>198,964</b>	<b>82,590</b>	<b>31,210</b>	<b>312,764</b>
Cost of Sales and Services	(111,040)	(44,052)	(45,879)	(200,971)
Business Units Transfers	9,088	-	19,648	28,736
Business Units Transfers	(13,634)	(10,956)	(4,146)	(28,736)
<b>Gross Profit</b>	<b>83,378</b>	<b>27,582</b>	<b>833</b>	<b>111,793</b>
<i>Gross Margin %</i>	<i>41.9%</i>	<i>33.4%</i>	<i>2.7%</i>	<i>35.7%</i>
<b>Operating Expenses</b>	<b>(50,662)</b>	<b>(25,861)</b>	<b>(3,599)</b>	<b>(80,122)</b>
Selling	(19,388)	(9,419)	(1,086)	(29,893)
General and Administrative	(20,760)	(11,918)	(2,081)	(34,759)
Management profit sharing	(3,233)	(1,041)	(362)	(4,636)
Research and Development	(8,222)	(3,198)	-	(11,420)
Taxation	(626)	(287)	(70)	(983)
Other operating revenue	1,567	2	-	1,569
<b>Operating Income before Financial Results</b>	<b>32,716</b>	<b>1,721</b>	<b>(2,766)</b>	<b>31,671</b>
<i>Operating Margin %</i>	<i>16.4%</i>	<i>2.1%</i>	<i>(8.9%)</i>	<i>10.1%</i>

## Income Statement by Business Units - 1H09

R\$ '000	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Net Operating Revenue</b>	<b>114,964</b>	<b>44,266</b>	<b>20,615</b>	<b>179,845</b>
<b>Cost of Sales and Services</b>	<b>(73,189)</b>	<b>(22,592)</b>	<b>(27,559)</b>	<b>(123,340)</b>
Business Units Transfers	5,776	-	5,974	11,750
Business Units Transfers	(4,382)	(5,167)	(2,201)	(11,750)
<b>Gross Profit</b>	<b>43,169</b>	<b>16,507</b>	<b>(3,171)</b>	<b>56,505</b>
<i>Gross Margin %</i>	<i>37.6%</i>	<i>37.3%</i>	<i>(15.4%)</i>	<i>31.4%</i>
<b>Operating Expenses</b>	<b>(41,702)</b>	<b>(23,165)</b>	<b>(3,574)</b>	<b>(68,441)</b>
Selling	(16,907)	(8,585)	(1,820)	(27,312)
General and Administrative	(18,001)	(10,413)	(1,488)	(29,902)
Management profit sharing	(2,901)	(601)	(206)	(3,708)
Research and Development	(8,872)	(2,874)	-	(11,746)
Taxation	(714)	(291)	(60)	(1,065)
Other operating revenue	5,693	(401)	-	5,292
<b>Operating Income before Financial Results</b>	<b>1,467</b>	<b>(6,658)</b>	<b>(6,745)</b>	<b>(11,936)</b>
<i>Operating Margin %</i>	<i>1.3%</i>	<i>(15.0%)</i>	<i>(32.7%)</i>	<i>(6.6%)</i>