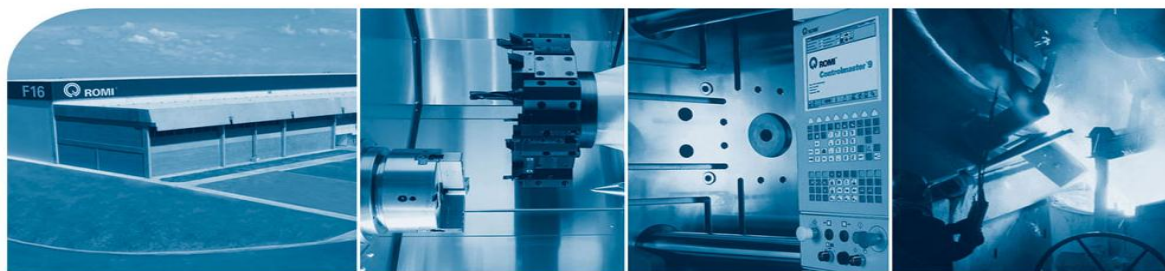




**ROMI**®

A TRADITION OF INNOVATION



**October 25, 2011**

**3Q11 Earnings Release**

**October 26, 2011**

**Meeting with Analysts - APIMEC-SP  
(Webcasted)**

**Hour: 04:00 pm (Brazil)**

**Location: Blue Tree Towers Faria Lima  
Av. Brigadeiro Faria Lima, 3989**

**Confirmation of attendance:**

Telephone: (11) 3107-1571

E-mail: apimecsp@apimecsp.com.br

**Share Price (9/30/2011)**

ROMI3 – R\$ 6.84/share

**Market Capitalization (9/30/2011)**

R\$511 million

US\$276 million

**Number of shares (9/30/2011)**

Common: 74,757,547

Total: 74,757,547

**Free Float = 51.6%**

**Earnings Conference Call in English**

Hour: 12:00 pm (São Paulo)

3:00 pm (London)

10:00 am (New York)

Tel.: USA +1 (888) 700 0802

Brazil +55 (11) 4688 6361

Others + 1 (786) 924 6977

Access code: romi

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Santa Bárbara d'Oeste, SP, October 25, 2011 - Indústrias Romi S.A. (Bovespa: ROMI3), 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 third quarter of 2011 (3Q11). Except where otherwise stated, the Company's operating and financial information is presented on a consolidated basis, in accordance with International Financial Reporting Standards (IFRSs), and monetary values are expressed in thousands of Reais.

## New Orders and Net Operating Revenue of Rough and Machined Cast Iron Parts increased 37.2% and 52.3% over 3Q10, respectively

### Highlights

- Net Operating Revenue reaches R\$167.5, consistent with the 2Q11 and 3Q10 figures;
- The net operating revenue of the Rough and Machined Cast Iron Parts business unit increased to 28.6% and 52.3% as compared to 2Q11 and 3Q10, respectively;
- The New Orders of the Machine Tools business unit increased 4.1% in 9M11 as compared to 9M10;
- The net operating revenue of the Machine Tools business unit increased 5.1% in 3Q11 as compared to 3Q10 and was similar to 2Q11;
- In 3Q11, revenue from foreign market sales grew 22.0% as compared to 2Q11;
- The New Orders for 3Q11 totaled R\$174.2 million, aligned with the new orders for the same period in prior year. The 9M11 also posted a sound and consistent new orders as compared to 9M10.

ROMI - Consolidated	Quarter					Accumulated		
	3Q10	2Q11	3Q11	Chg. % 3Q/3Q	Chg. % 3Q/2Q	9M10	9M11	Chg. % 9M/9M
In Thousand Reais								
<b>Sales Volume</b>								
Machine Tools (units)	556	572	519	(6.7)	(9.3)	1,620	1,532	(5.4)
Plastic Machines (units)	112	129	96	(14.3)	(25.6)	314	326	3.8
Rough and Machined Cast Iron Parts (tons)	3,403	3,850	5,299	53.7	35.8	8,852	12,389	39.2
<b>Net Operating Revenue</b>	<b>169,552</b>	<b>172,780</b>	<b>167,516</b>	(1.2)	(3.0)	<b>482,316</b>	<b>479,038</b>	(0.7)
Gross margin (%)	38.5%	29.5%	29.3%			36.7%	30.0%	
<b>Operating Income (EBIT)</b>	<b>23,726</b>	<b>2,700</b>	<b>2,724</b>	(88.5)	0.9	<b>55,397</b>	<b>8,006</b>	(85.5)
Operating margin (%)	14.0%	1.6%	1.6%			11.5%	1.7%	
<b>Net Income</b>	<b>25,302</b>	<b>4,980</b>	<b>8,668</b>	(65.7)	74.1	<b>51,088</b>	<b>21,545</b>	(57.8)
Net margin (%)	14.9%	2.9%	5.2%			10.6%	4.5%	
<b>EBITDA</b>	<b>30,518</b>	<b>10,114</b>	<b>10,086</b>	(67.0)	(0.3)	<b>72,796</b>	<b>29,773</b>	(59.1)
EBITDA margin (%)	18.0%	5.9%	6.0%			15.1%	6.2%	
<b>Investments</b>	<b>8,204</b>	<b>5,714</b>	<b>3,331</b>	(59.4)	(41.7)	<b>21,112</b>	<b>12,927</b>	(38.8)

EBITDA = earnings before interest, 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 operate two foundries, three units for the machining of components, one unit for the manufacture of steel sheet components and a plant for the assembly of electronic control panels. The Company has an annual installed capacity for the production of approximately 3,900 industrial machines and about 50,000 tons in castings.

The Machine Tools Business Unit, which accounted for 64.6% of the Company's 3Q11 revenue, comprises lines for Conventional Lathes, CNC (computerized numerical control) 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 17.8% and 17.6%, respectively, of the revenue in the period.

## Current Economic Scenario

In the third quarter of 2011 the global economy underwent a high turbulence period, especially due to the current scenario in Europe and the United States. As a result, Brazilian Government, in view of a downturn in the global economy and, consequently, the domestic economy, using monetary policy tools, initiated a policy rate reduction process.

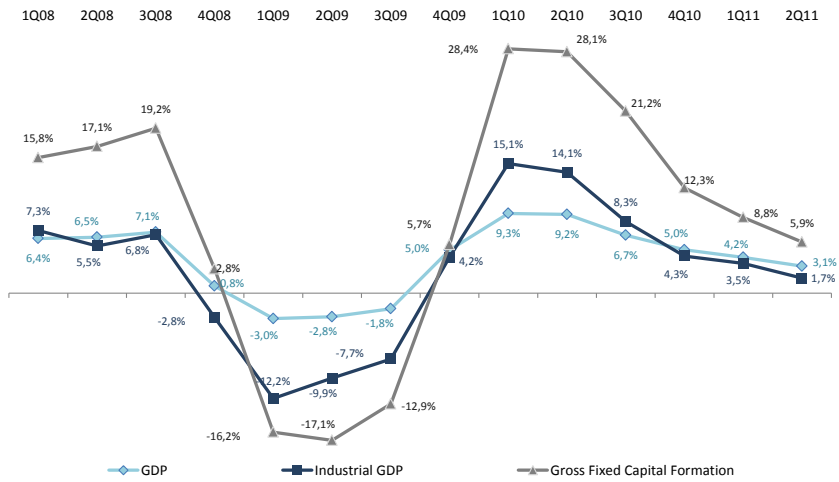
For Romi, this scenario generates a deal of uncertainty in the capital goods market. If on one hand the decrease in Brazil's interest rate could foster the investment in machinery and the depreciation of the local currency could make domestic manufacturers, many of which Romi's customers, more competitive, on the other hand the decrease in economic growth prospects in Brazil could impact Romi sales.

The most recent economic data, for the second quarter of 2011 (as compared to the same period of the previous year), disclosed by IBGE (Brazilian Statistics Bureau), pointed to a 3.1% increase of the Brazilian GDP and a 1.7% increase of the Industrial GDP, and a Gross Fixed Capital Formation (GFCF) of 5.9%, at an investment-to-GDP ratio of 17.8%, which is lower than the ratio for the same period in 2010 (18.2%).

Always looking for new market opportunities, Romi is seeking to minimize the impacts of an economic downturn by launching new products. To date, Romi has posted revenues consistent with revenue generated in 2010 despite the downturn of the investment-to-GDP since 3Q10.

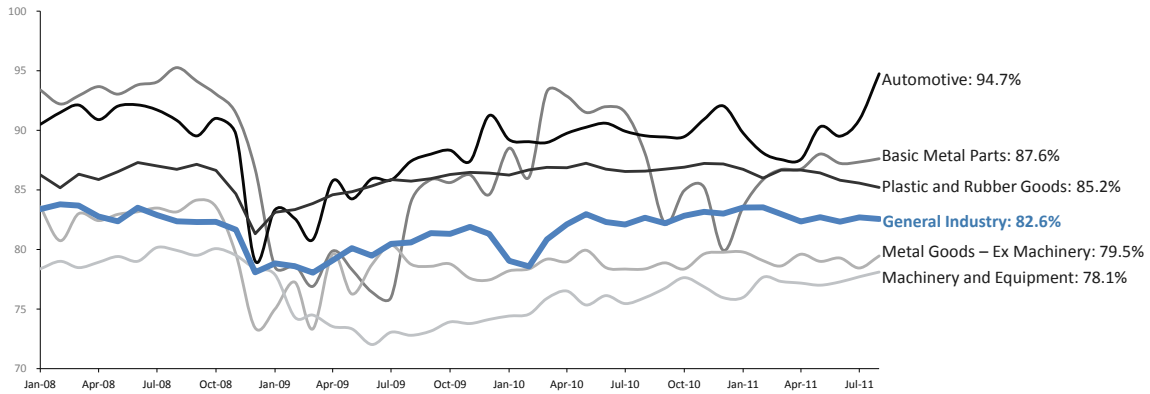
Additionally, the Federal Government is showing signs that it intends to strengthen local manufacturing through several incentives to competitiveness. These incentives include the following:

- The *Brasil Maior* (Greater Brazil) plan, which in addition to increasing the competitiveness of Romi's customers extends BNDES (Brazilian development bank) Investment Sustainability Plan (PSI) through December 2012, thus maintaining the interest rates on machinery and equipment financing facilities at 6.5% to 8.7% per year;
- Introduction of a 65 % local content ratio for automobiles to grant carmakers that reach this ratio a 30 % decrease of the Federal VAT (IPI), so that their prices become more competitive comparing with those of imported vehicles. This provision becomes effective in December 2011.



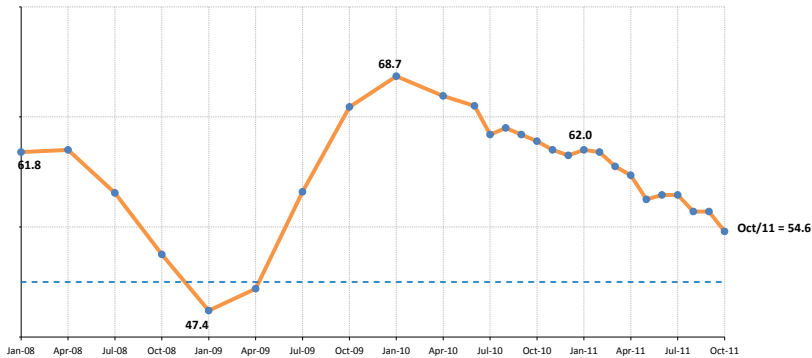
Source: IBGE (quarter this year vs. quarter last year)

The FBKF indicator should be analyzed together with the installed capacity utilization ratio (NUCI), prepared and released by the São Paulo State Federation of Industries (Fiesp), as shown in the graph below. We highlight below the main industries that demand Romi's products:



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

The Industrial Executive Confidence Index (ICEI) disclosed by the Brazilian Industry Confederation (CNI) is still favorable, even though a drop in optimism is noticed as compared to 2010.



Source: CNI - ICEI (Industrial Executives' Confidence Index)



## Market

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

### New Orders (gross amounts, including taxes)

Order Entry (R\$ thousand)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	Chg 3Q/2Q	Chg 3Q/3Q
Machine Tools	94,084	132,784	111,777	99,194	110,370	129,179	113,057	-12.5%	1.1%
Plastic Machines	42,138	53,187	43,865	32,127	30,418	37,846	27,861	-26.4%	-36.5%
Rough and Machined Cast Iron Parts	21,968	22,065	24,276	13,729	38,149	21,186	33,304	57.2%	37.2%
<b>Total</b>	<b>158,190</b>	<b>208,036</b>	<b>179,918</b>	<b>145,050</b>	<b>178,937</b>	<b>188,211</b>	<b>174,222</b>	<b>-7.4%</b>	<b>-3.2%</b>

New Orders (R\$ thousand)	9M10	9M11	Chg 9M/9M
Machine Tools	338,645	352,606	4.1%
Plastic Machines	139,190	96,125	-30.9%
Rough and Machined Cast Iron Parts	68,309	92,639	35.6%
<b>Total</b>	<b>546,144</b>	<b>541,370</b>	<b>-0.9%</b>

In 3Q11, Romi posted a volume of new orders 3.2% lower than in 3Q10. In the first nine months of 2011, new orders totaled R\$541.4 million, an amount 0.9% lower than in the order received for the same period in 2010.

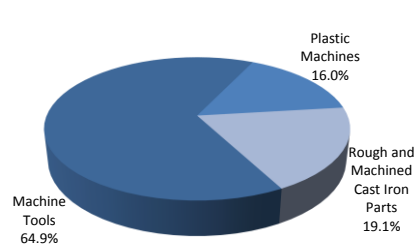
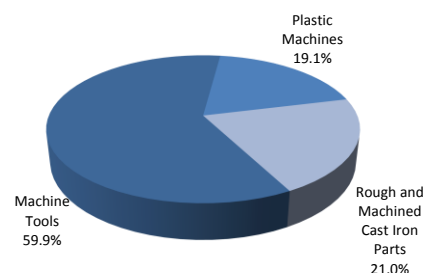
As compared to 3Q10, the new orders of the Machine Tools business unit were 1.1% higher. The new orders of the Plastic Processing Machines business unit dropped mainly due to the increase of competitiveness in the domestic market.

In the Rough and Machined Cast Iron Parts segment, a growing demand in trucks, agricultural, and wind power industries were noticed since the beginning of 2011. These industries should maintain a strong demand in the coming months and the estimates are that demand for parts for the wind power mills will post good growth rates with the increase in the number of wind farms.

During 2011 the sales of this business unit have grown, consistently increasing the entry of new orders, and increasing its importance in the Company's portfolio, with the development of new products and the acquisition of new customers, especially in the wind power and commercial vehicles industries.

As part of its international expansion, Romi participated at EMO Hannover 2011, Germany. EMO is the main machine tools fair in the world, bringing together more than 2.000 exhibitors from 38 different countries. The Company's perception during the trade fair, after visiting many high end technology manufacturers, was that the demand for engineered products with a higher automation level is still increasing. The labor costs have increased worldwide and, consequently, companies have been looking for products with a higher level of automation that brings them productivity. Although the demand for those products is small in the Brazilian market, Romi has already considered in its development plan products that can deliver a higher level of automation.

Even though the current period is a moment of economic instability, new orders have remained sound since the beginning of the year.

**Order Entry**  
(3Q11)**Order Book**  
(3Q11)

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

Order Book (R\$ thousand)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	Chg 3Q/2Q	Chg 3Q/3Q
Machine Tools	107,763	128,434	124,310	82,656	95,269	103,986	92,277	-11.3%	-25.8%
Plastic Machines	80,528	77,228	66,470	47,564	41,876	33,139	29,789	-10.1%	-55.2%
Rough and Machined Cast Iron Parts	21,066	19,779	22,543	21,457	43,313	36,530	33,612	-8.0%	49.1%
<b>Total</b>	<b>209,357</b>	<b>225,441</b>	<b>213,323</b>	<b>151,677</b>	<b>180,458</b>	<b>173,655</b>	<b>155,678</b>	<b>-10.4%</b>	<b>-27.0%</b>

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

## Operating Performance

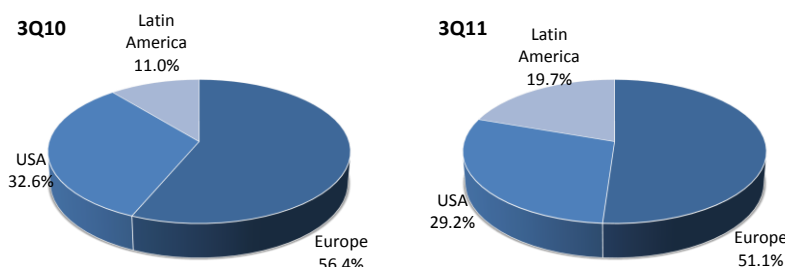
### Net Operating Revenue

The Net Operating Revenue posted by the Company in 3Q11 reached R\$167.5 million or 1.2% lower than in 3Q10 and 3.0% lower than in 2Q11. Net Operating Revenue for the first nine months of 2011 was R\$479.0 million, an amount similar to the one posted in the same period of 2010.

The comparative figures both for the quarter and the nine-month period show a growth in the Machine Tool and the Rough and Machined Cast Iron Parts business units, and a decrease in revenue from the Plastic Processing Machines business unit, which is facing strong competition from imports, especially from China.

In 3Q11, revenue from foreign market sales totaled R\$19.9 million, an amount 48.5% higher than in 3Q10 (R\$13.4 million). Measured in United States dollars, revenue from foreign market sales in 3Q11 reached US\$11.9 million, or an increase of 52.6% as compared to 3Q10 (US\$7.8 million).

In 9M11, revenue from foreign market sales represented 11.0% (US\$32.2 million) of the Net Operating Revenue, against 8.2% (US\$22.4 million) in 9M10. During this period in 2011, Europe accounted for 58.4% (66.6% in 9M10), the USA accounted for 25.1% (24.5% in 9M10), and Latin America 16.5% (8.4% in 9M10), where the latter doubled its share of the exports portfolio as compared to 9M10.



In this quarter, Europe accounted for 51.1% of revenue from foreign market sales. As compared to the same period of the prior year, the United States decreased their share in Romi's sales portfolio and now account for 29.2% of total net revenue. As for Latin America, its share increased to 19.7%. This performance in Latin America is mainly due to the demand for machinery for the automotive and agricultural industries in Argentina.

### Net Operating Revenue (R\$'000)

Romi - Consolidated	Quarter			Accumulated		
	3Q10	3Q11	Chg % 3Q/3Q	9M10	9M11	Chg % 9M/9M
<b>Net Operating Revenue</b>						
Machine Tools	102,952	108,170	5.1%	301,916	303,895	0.7%
Plastic Machines	46,998	29,488	-37.3%	129,588	103,877	-19.8%
Rough and Machined Cast Iron Parts	19,602	29,858	52.3%	50,812	71,266	40.3%
<b>Total</b>	<b>169,552</b>	<b>167,516</b>	<b>-1.2%</b>	<b>482,316</b>	<b>479,038</b>	<b>-0.7%</b>

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

## Machine Tools

The net operating revenue of this unit reached R\$108.2 million in 3Q11, a 5.1% increase as compared to 3Q10.

The physical sales of the Machine Tools unit for 3Q11 totaled 519 units, a 6.7% decrease as compared to 3Q10 (556 units) and 9.3% decrease as compared to 2Q11 (572 units). In 2010, this unit made a large delivery of conventional lathes to technical schools, which have unit price lower than the average price of machinery in Romi's portfolio. That explains the increase in net operating revenue despite the decrease in the number of units sold.

In the domestic market, the main customers of the business unit were the milling service industry, machinery and equipment manufacturers, and the automotive, tooling, hydraulic, and oil industries.

This segment is impacted by the investments in the oil extraction in pre-salt layers. Since 2007, when the country's need for heavy machinery was identified, Romi has made investments in the development of heavy machine tools, widely used by this industry. In 2011, the Company has received specific orders from this industry, which can become more significant in the coming years.

## Plastic Processing Machines

The net revenue of the Plastic Processing Machines business unit for 3Q11 totaled R\$29.5 million, a 37.3% decrease as compared to 3Q10. This decrease is basically due to the need to grant discounts to maintain a significant market share due to the competition from imported machinery, especially from China.

The physical sales of the Plastic Processing Machines business unit for 3Q11 totaled 96 units, a 14.3% decrease as compared to 3Q10 (112 units) and 25.6% decrease as compared to 2Q11 (129 units).

The industries with the highest demand for this business unit's products were the packaging, service, automotive, household appliances, furniture, and construction industries.

## Rough and Machined Cast Iron Parts

In 3Q11, this business unit's physical sales totaled 5,299 tons or a 55.7% increase as compared to the 3,403 tons billed in 3Q10, especially due to the demand from segments whose own production has been increasing, such as the commercial vehicle (truck), agricultural machinery, wind power, and capital goods industries.

The share of this business unit in the Company's total sales has been steadily increasing each quarter and reached 17.8% in 3Q11.

There is a clear governmental incentive policy to renewable energies that has a positive impact on the Company since Romi has technical capacity to supply components to the wind power industry. In May 2011, Brazil reached the 1000 MW landmark of installed wind power capacity, generated by 49 wind farms, and it's likely that by 2013 the wind power sold in energy auctions in Brazil will increase by another 4,200 MW. It is expected that by 2013 this industry will invest R\$18 billion in building new wind farms and that by 2020 2000 MW of wind power will be sold annually in energy auctions, which would increase the wind power industry's share of the Brazilian energy market to 20% to 15%.

## Operating Costs and Expenses

The gross margin for 3Q11 decreased by 920 bps as compared to 3Q10 mainly due to the sales volume reached in the period combined with the higher discounts granted to customers to ensure that Romi maintained the competitiveness of its products, in light of the Brazilian currency appreciation and the volume of investments made in Brazil in 2011.

In addition, in 2Q11, the Company has adjusted the machinery production program based on the new demand forecasts for 2011, which led to an adjustment to the number of employees in 3Q11, causing an impact of approximately R\$2.4 million.



Romi - Consolidated	Quarter			Accumulated		
Gross Margin (%)	3Q10	3Q11	Chg bps 3Q/3Q	9M10	9M11	Chg bps 9M/9M
Machine Tools	45.0	36.3	-870	43.0	37.1	-590
Plastic Machines	36.2	27.9	-830	34.4	28.5	-590
Rough and Machined Cast Iron Parts	9.5	5.4	-410	5.3	1.6	-370
<b>Total</b>	<b>38.5</b>	<b>29.3</b>	<b>-920</b>	<b>36.7</b>	<b>30.0</b>	<b>-680</b>

Romi - Consolidated	Quarter			Accumulated		
EBIT Margin (%)	3Q10	3Q11	Chg bps 3Q/3Q	9M10	9M11	Chg bps 9M/9M
Machine Tools	19.5	8.3	-1120	17.5	8.8	-870
Plastic Machines	8.2	-16.0	-2420	4.3	-11.8	-1610
Rough and Machined Cast Iron Parts	-1.2	-5.1	-390	-5.9	-9.3	-340
<b>Total</b>	<b>14.0</b>	<b>1.6</b>	<b>-1240</b>	<b>11.5</b>	<b>1.7</b>	<b>-980</b>

### Machine Tools

The gross margin of this business unit was 36.3% in 3Q11, which represents an 870 bps drop as compared to 3Q10. Due to the pressure of costs and expenses, especially labor costs, combined with the low investment volume in Brazil in 2011, which resulted in a flat activity level as compared to 2010, Romi was not able to materially dilute costs and expenses. Also, the Company has been pressured to offer higher discounts than the discounts granted in 2010 and in the first half of 2011.

### Plastic Processing Machines

The gross margin of this business unit in 3Q11 reached 27.9%, a drop of 830 bps as compared to 3Q10. As previously mentioned, this segment has been facing a strong competition from Chinese machinery, offered at prices lower than those of Romi. This led to a decrease in the volume sold, which prevented the dilution of overhead, and Romi now offers discounts higher than those offered in 2010 and in the first half of 2011.

It is worth reminding that the profit both for 2Q11 and 9M11 have been impacted by the restructuring of Romi Italy, amounting to R\$2.9 million on gross profit and R\$5.5 million on operating profit.

### Rough and Machined Cast Iron Parts

The high investments made in the expansion of this business unit have been impacting its profits due to the high volume of depreciation expenses. In addition, the price pressure arising from domestic competition in heavier parts has also had an adverse impact on this business unit's profits.

## EBITDA and EBITDA Margin

In 3Q11, operating cash generation as measured by EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) was R\$10.1 million, representing an EBITDA margin of 6.0%. These indicators presented the following performance:

Reconciliation of Net Income to EBITDA	Quarter			Accumulated		
R\$ thousand	3Q10	3Q11	Chg % 3Q/3Q	9M10	9M11	Chg % 9M/9M
<b>Net Income</b>	<b>25,302</b>	<b>8,668</b>	<b>-65.7%</b>	<b>51,088</b>	<b>21,545</b>	<b>-57.8%</b>
Net Financial Income	(8,568)	(4,802)	-44.0%	(5,503)	(10,861)	97.4%
Income tax and social contributions	6,992	(1,142)	-116.3%	9,812	(2,678)	-127.3%
Depreciation and amortization	6,792	7,362	8.4%	17,399	21,767	25.1%
<b>EBITDA</b>	<b>30,518</b>	<b>10,086</b>	<b>-67.0%</b>	<b>72,796</b>	<b>29,773</b>	<b>-59.1%</b>
<b>EBITDA Margin</b>	<b>18.0%</b>	<b>6.0%</b>		<b>15.1%</b>	<b>6.2%</b>	



All the impacts mentioned in the section 'Operating Costs and Expenses' have also impacted Romi's third quarter EBITDA.

## Profit for the Quarter

Profit for the third quarter of 2011 was R\$ 8.7 million, as a result of the operating effects commented above and the positive impact of exchange rate changes on finance costs for 3Q11 and deferred income tax recognized on temporary differences.

## Profit Distribution

As decided by the Board of Directors at the meeting held on September 13, 2011, on October 21, 2011 interest on capital attributable to the 2011 mandatory minimum dividends was paid, in the gross amount of approximately R\$7.4 million, representing R\$0.10 per share.

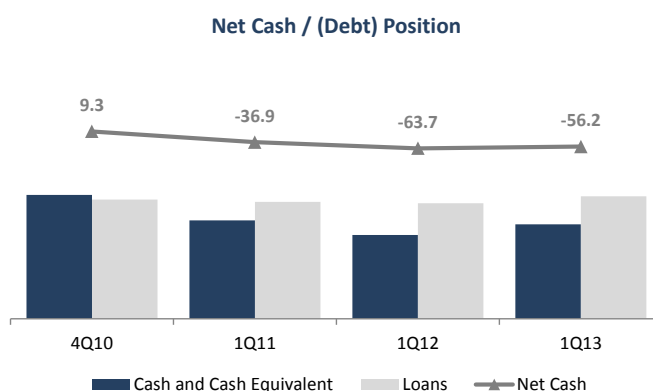
## Investments

Investments in 3Q11 totaled R\$3.3 million and were basically allocated to maintenance, plant productivity and upgrading, and information technology.

## Financial Position

Short-term investments, including those backed by debentures, are made with prime financial institutions and their yield is pegged to the interbank deposit rate ("CDI"), or time deposit rates (TD) when made abroad. The consolidated position of cash and cash equivalents as at September 30, 2011 was R\$188.1 million, of which R\$1.8 was in foreign currency and the remaining amount in local currency.

Romi's borrowings are used mainly in investments to expand plant capacity and upgrading, and financing exports and imports. As of September 30, 2011, the amount of financing in local currency was R\$244.3 million. In the first nine months of 2011 the cash position was impacted by the use of working capital, especially in inventories, currently in a higher level than the management expectations. This scenario arises from the expected growth in investments in Brazil and, as a result, in demand for machinery that did not materialize in 2011. With the adjustment of the production program, the decrease in these inventories should take place in the coming quarters.



As at September 30, 2011, the Company did not conduct any derivative transactions.

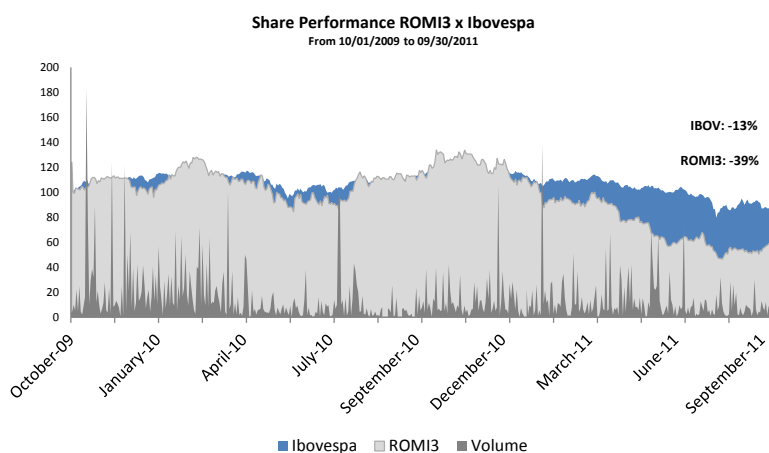


## Share Buyback Program

On August 22, 2011, the Board of Directors approved the common shares buyback program. The share buyback transactions will be conducted from August 22, 2011 to February 18, 2012 (180 days), and the number of common shares to be purchased is capped at 3,000,000, representing 7.64% of the free float common shares. Until September 30, 2011, 705,000 shares were purchased in the amount of R\$ 4,371,000, representing an average value of \$ 6.20 per share. These impacted the calculation of earnings per share for the period.

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

## Stock Market



Source: BMF&Bovespa

At the end of 3Q11, Romi's common shares (ROMI3) were traded at R\$6.84 and posted a 0.9% depreciation in the quarter (3Q11 to 2Q11) and a 46.9% as compared to share quotation at the end of 3Q10. The Bovespa index depreciated by 16.2% as compared to the end of 2Q11 and 24.6% as compared to the end of 3Q10.

The Company's market value at September 30, 2011 was R\$511.3 million and the average daily amount traded in 3Q11 was R\$439,000.

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



## Financial Statements

### Consolidated Balance Sheet

(R\$ thousand)

ASSETS	09/30/2010	06/30/2011	09/30/2011
<b>CURRENT</b>	<b>980,942</b>	<b>946,457</b>	<b>991,637</b>
Cash and Cash equivalents	252,195	166,756	188,059
Trade accounts receivable	70,171	77,615	85,879
Onlending of FINAME manufacturer financing	359,970	348,571	347,732
Inventories	272,055	317,994	331,386
Recoverable taxes	8,590	15,054	13,474
Other receivables	17,961	20,467	25,107
<b>NONCURRENT</b>	<b>864,254</b>	<b>884,696</b>	<b>875,577</b>
<b>Long-Term Assets</b>	<b>571,968</b>	<b>593,221</b>	<b>587,081</b>
Trade accounts receivable	6,810	12,303	12,125
Onlending of FINAME manufacturer financing	493,553	503,044	493,062
Recoverable taxes	15,204	7,289	6,466
Deferred income and social contribution taxes	20,585	25,411	29,166
Escrow Deposits	22,888	27,471	29,238
Other receivables	12,928	17,703	17,024
<b>Investments</b>			
Property, Plant and Equipment, net	284,059	284,951	282,406
Intangible assets	8,227	6,524	6,090
<b>TOTAL ASSETS</b>	<b>1,845,196</b>	<b>1,831,153</b>	<b>1,867,214</b>

**Consolidated Balance Sheet**

(R\$ thousand)

LIABILITIES AND SHAREHOLDER'S EQUITY	09/30/2010	06/30/2011	09/30/2011
<b>CURRENT</b>	<b>445,483</b>	<b>439,592</b>	<b>508,242</b>
Loans and financing	23,587	31,323	94,148
FINAME manufacturer financing	297,999	302,694	307,075
Trade accounts payable	42,022	42,662	41,249
Payroll and related taxes	39,763	31,738	33,433
Taxes payable	15,619	7,397	8,626
Advances from customers	10,964	10,263	10,834
Interest on capital, dividends and participations	10,042	8,092	7,701
Other payables	5,487	5,423	5,176
<b>NON CURRENT</b>	<b>701,662</b>	<b>693,767</b>	<b>661,207</b>
<b>Long-term liabilities</b>			
Loans and financing	218,155	199,030	150,167
FINAME manufacturer financing	441,474	448,508	462,448
Deferred income and social contribution taxes on negative goodwill	8,656	7,218	7,773
Taxes payable	4,389	5,061	5,358
Other payables	4,532	3,910	4,098
Reserve for contingencies	24,456	30,040	31,363
<b>SHAREHOLDER'S EQUITY</b>	<b>696,083</b>	<b>695,991</b>	<b>695,788</b>
Capital	505,764	489,973	489,973
Capital reserve	2,209	2,052	2,052
Treasury Stock	-	-	(4,371)
Retained earnings	202,599	211,916	212,988
Other accumulated comprehensive income	(14,489)	(7,950)	(4,854)
<b>NON CONTROLLING INTERESTS</b>	<b>1,968</b>	<b>1,803</b>	<b>1,977</b>
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>698,051</b>	<b>697,794</b>	<b>697,765</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>1,845,196</b>	<b>1,831,153</b>	<b>1,867,214</b>



## Consolidated Income Statement

(R\$ thousand)

	3Q10	3Q11	Chg.% 3Q/3Q	9M10	9M11	Chg.% 9M/9M
<b>Net Operating Revenue</b>	<b>169,552</b>	<b>167,516</b>	<b>(1.2)</b>	<b>482,316</b>	<b>479,038</b>	<b>(0.7)</b>
Cost of Goods Sold	(104,306)	(118,385)	13.5	(305,277)	(335,558)	9.9
<b>Gross Profit</b>	<b>65,246</b>	<b>49,131</b>	<b>(24.7)</b>	<b>177,039</b>	<b>143,480</b>	<b>(19.0)</b>
<i>Gross Margin %</i>	<b>38.5%</b>	<b>29.3%</b>		<b>36.7%</b>	<b>30.0%</b>	
<b>Operating Income</b>	<b>(41,520)</b>	<b>(46,407)</b>	<b>11.8</b>	<b>(121,642)</b>	<b>(135,474)</b>	<b>11.4</b>
Selling expenses	(15,980)	(18,591)	16.3	(45,873)	(54,234)	18.2
Research and development expenses	(6,370)	(6,218)	(2.4)	(17,790)	(20,166)	13.4
General and administrative expenses	(16,145)	(18,808)	16.5	(50,904)	(52,934)	4.0
Management profit sharing and compensation	(2,788)	(2,429)	(12.9)	(7,424)	(6,902)	(7.0)
Tax expenses	(593)	(432)	(27.2)	(1,576)	(1,321)	(16.2)
Other operating income, net	356	71	(80.1)	1,925	83	(95.7)
<b>Operating Income before Financial Results</b>	<b>23,726</b>	<b>2,724</b>	<b>(88.5)</b>	<b>55,397</b>	<b>8,006</b>	<b>(85.5)</b>
<i>Operating Margin %</i>	<b>14.0%</b>	<b>1.6%</b>		<b>11.5%</b>	<b>1.7%</b>	
<b>Financial Income</b>	<b>8,568</b>	<b>4,802</b>	<b>(44.0)</b>	<b>5,503</b>	<b>10,861</b>	<b>97.4</b>
Financial income	12,384	7,242	(41.5)	22,481	19,638	(12.6)
Financial expenses	(3,646)	(4,197)	15.1	(11,347)	(11,982)	5.6
Exchange gain (loss), net	(170)	1,757	(1,133.5)	(5,631)	3,205	(156.9)
<b>Operating Income</b>	<b>32,294</b>	<b>7,526</b>	<b>(76.7)</b>	<b>60,900</b>	<b>18,867</b>	<b>(69.0)</b>
Income tax and social contribution	(6,992)	1,142	(116.3)	(9,812)	2,678	(127.3)
<b>Net income</b>	<b>25,302</b>	<b>8,668</b>	<b>(65.7)</b>	<b>51,088</b>	<b>21,545</b>	<b>(57.8)</b>
<i>Net Margin %</i>	<b>14.9%</b>	<b>5.2%</b>		<b>10.6%</b>	<b>4.5%</b>	
<b>Net profit concerning:</b>						
Controlling interests	25,092	8,494	(66.1)	50,469	20,958	(58.5)
Non controlling interests	210	174	(17.1)	619	587	(5.2)
<b>EBITDA</b>	<b>30,518</b>	<b>10,086</b>	<b>(67.0)</b>	<b>72,796</b>	<b>29,773</b>	<b>(59.1)</b>
Net income	25,302	8,668	(65.7)	51,088	21,545	(57.8)
Income tax and social contribution	6,992	(1,142)	(116.3)	9,812	(2,678)	(127.3)
Financial income	(8,568)	(4,802)	(44.0)	(5,503)	(10,861)	97.4
Depreciation	6,792	7,362	8.4	17,399	21,767	25.1
<i>EBITDA Margin %</i>	<b>18.0%</b>	<b>6.0%</b>		<b>15.1%</b>	<b>6.2%</b>	
Nº of shares in capital stock (th)	74,758	74,758	-	74,758	74,758	-
Net income per share - R\$	0.34	0.12	(65.7)	0.68	0.29	(57.8)



## Appendix I

### Consolidated Cash Flow Statement (R\$ thousand)

	3Q10	2Q11	3Q11	9M10	9M11
<b>Cash from operating activities</b>					
<b>Net Income</b>	<b>25,302</b>	<b>4,980</b>	<b>8,668</b>	<b>51,088</b>	<b>21,545</b>
Current and deferred income and social contribution taxes	6,992	1,050	(1,142)	9,812	(2,678)
Depreciation and amortization	6,792	7,414	7,362	17,399	21,767
Allowance for doubtful accounts and other receivables	2,936	6,943	5,851	6,419	15,687
Proceeds from sale of fixed assets	48	78	1	(1,473)	84
Financial expenses and exchange gain	(8,164)	1,145	727	(4,378)	2,435
Provision for inventory losses	703	2,732	3,166	830	10,090
Reserve for contingencies	1,297	2,212	1,036	4,750	5,204
<b>Change on operating assets</b>					
Trade accounts receivable	(1,691)	482	(7,019)	9,062	9,678
Onlending of FINAME manufacturer financing	38,638	(2,191)	29,057	49,384	47,856
Inventories	(10,507)	(14,210)	(15,077)	(31,716)	(76,056)
Recoverable taxes, net	(126)	4,538	2,830	1,446	4,621
Escrow deposits	(1,523)	(1,601)	(1,767)	(4,889)	(4,772)
Other receivables	(2,438)	(8,799)	(10,332)	(8,321)	(18,891)
<b>Change on operating liabilities</b>					
Trade accounts payable	3,387	(3,811)	(3,453)	9,062	(8,229)
Payroll and related taxes	7,106	3,020	1,733	16,929	(3,569)
Taxes payable	(2,743)	22	116	(5,395)	(7,438)
Advances from customers	1,342	(58)	522	3,420	3,202
Other payables	(2,719)	(75)	(158)	(6,093)	(2,038)
<b>Cash provided by (used in) operating activities</b>	<b>64,632</b>	<b>3,871</b>	<b>22,121</b>	<b>117,336</b>	<b>18,498</b>
Income tax and social contribution paid	(692)	(472)	(1,964)	(1,596)	(4,200)
<b>Net Cash provided by (used in) operating activities</b>	<b>63,940</b>	<b>3,399</b>	<b>20,157</b>	<b>115,740</b>	<b>14,298</b>
Purchase of fixed assets	(9,220)	(6,032)	(3,331)	(20,270)	(11,967)
Proceeds from sale of fixed assets	645	240	-	2,137	240
Increase in intangible assets	(48)	(28)	(5)	(906)	(55)
<b>Net cash used in investing activities</b>	<b>(8,623)</b>	<b>(5,820)</b>	<b>(3,336)</b>	<b>(19,039)</b>	<b>(11,782)</b>
Interest on capital paid	(5,811)	(8,142)	(7,307)	(25,367)	(25,314)
New loans and financing	5,645	3,344	17,331	25,657	21,532
Payments of loans and financing	(4,399)	(5,459)	(4,091)	(16,956)	(15,001)
Interests paid (including FINAME manufacturer financing)	(18,496)	(16,742)	(16,098)	(54,097)	(49,851)
New loans in FINAME manufacturer	109,121	80,140	101,176	265,999	255,143
Payment of FINAME manufacturer financing	(117,298)	(80,854)	(83,019)	(256,630)	(244,576)
Share Repurchase	-	-	(4,371)	-	(4,371)
<b>Net Cash provided by (used in) financing activities</b>	<b>(31,238)</b>	<b>(27,713)</b>	<b>3,621</b>	<b>(61,394)</b>	<b>(62,438)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>24,079</b>	<b>(30,134)</b>	<b>20,442</b>	<b>35,307</b>	<b>(59,922)</b>
Exchange variation changes on cash and cash equivalents abroad	(6,776)	741	861	(9,025)	1,046
<b>Cash and cash equivalents - beginning of period</b>	<b>234,892</b>	<b>196,149</b>	<b>166,756</b>	<b>225,913</b>	<b>246,935</b>
<b>Cash and cash equivalents - end of period</b>	<b>252,195</b>	<b>166,756</b>	<b>188,059</b>	<b>252,195</b>	<b>188,059</b>



### Income Statement by Business Units - 9M11

R\$ thousand	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Net Operating Revenue</b>	<b>303,895</b>	<b>103,877</b>	<b>71,266</b>	<b>479,038</b>
<b>Cost of Sales and Services</b>	(186,435)	(60,610)	(88,513)	(335,558)
Business Units Transfers	16,686	-	26,417	43,103
Business Units Transfers	(21,438)	(13,631)	(8,034)	(43,102)
<b>Gross Profit</b>	<b>112,708</b>	<b>29,637</b>	<b>1,136</b>	<b>143,481</b>
<i>Gross Margin %</i>	<i>37.1%</i>	<i>28.5%</i>	<i>1.6%</i>	<i>30.0%</i>
<b>Operating Expenses</b>	<b>(85,872)</b>	<b>(41,865)</b>	<b>(7,738)</b>	<b>(135,475)</b>
Selling	(31,397)	(20,657)	(2,180)	(54,235)
General and Administrative	(34,462)	(13,769)	(4,703)	(52,934)
Management profit sharing	(14,201)	(5,965)	-	(20,166)
Research and Development	(4,865)	(1,318)	(719)	(6,902)
Taxation	(918)	(267)	(136)	(1,321)
Other operating revenue	(29)	112	-	83
<b>Operating Income before Financial Results</b>	<b>26,836</b>	<b>(12,228)</b>	<b>(6,602)</b>	<b>8,006</b>
<i>Operating Margin %</i>	<i>8.8%</i>	<i>-11.8%</i>	<i>-9.3%</i>	<i>1.7%</i>
	12,243	2,447	7,077	21,767
<b>EBITDA</b>	<b>39,079</b>	<b>(9,781)</b>	<b>475</b>	<b>29,773</b>
<i>EBITDA Margin %</i>	<i>12.9%</i>	<i>-9.4%</i>	<i>0.7%</i>	<i>6.2%</i>

### Income Statement by Business Units - 9M10

R\$ thousand	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Net Operating Revenue</b>	<b>301,916</b>	<b>129,588</b>	<b>50,812</b>	<b>482,316</b>
<b>Cost of Sales and Services</b>	(168,467)	(67,495)	(69,315)	(305,277)
Business Units Transfers	14,300	-	27,610	41,910
Business Units Transfers	(18,018)	(17,482)	(6,410)	(41,910)
<b>Gross Profit</b>	<b>129,731</b>	<b>44,611</b>	<b>2,697</b>	<b>177,039</b>
<i>Gross Margin %</i>	<i>43.0%</i>	<i>34.4%</i>	<i>5.3%</i>	<i>36.7%</i>
<b>Operating Expenses</b>	<b>(76,894)</b>	<b>(39,055)</b>	<b>(5,693)</b>	<b>(121,642)</b>
Selling	(29,639)	(14,563)	(1,671)	(45,873)
General and Administrative	(30,411)	(17,201)	(3,292)	(50,904)
Management profit sharing	(12,465)	(5,325)	-	(17,790)
Research and Development	5,026	1,784	614	7,424
Taxation	(952)	(508)	(116)	(1,576)
Other operating revenue	1,599	326	-	1,925
<b>Operating Income before Financial Results</b>	<b>52,837</b>	<b>5,556</b>	<b>(2,996)</b>	<b>55,397</b>
<i>Operating Margin %</i>	<i>17.5%</i>	<i>4.3%</i>	<i>-5.9%</i>	<i>11.5%</i>
	10,585	2,289	4,525	17,399
<b>EBITDA</b>	<b>63,422</b>	<b>7,845</b>	<b>1,529</b>	<b>72,796</b>
<i>EBITDA Margin %</i>	<i>21.0%</i>	<i>6.1%</i>	<i>3.0%</i>	<i>15.1%</i>



## Income Statement by Business Units - 3Q11

R\$ thousand	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Net Operating Revenue</b>	<b>108,170</b>	<b>29,488</b>	<b>29,858</b>	<b>167,516</b>
<b>Cost of Sales and Services</b>	(66,170)	(16,729)	(35,487)	(118,385)
Business Units Transfers	5,858	-	10,210	16,068
Business Units Transfers	(8,557)	(4,530)	(2,980)	(16,067)
<b>Gross Profit</b>	<b>39,301</b>	<b>8,229</b>	<b>1,601</b>	<b>49,132</b>
<i>Gross Margin %</i>	<b>36.3%</b>	<b>27.9%</b>	<b>5.4%</b>	<b>29.3%</b>
<b>Operating Expenses</b>	<b>(30,322)</b>	<b>(12,956)</b>	<b>(3,129)</b>	<b>(46,407)</b>
Selling	(10,920)	(6,852)	(819)	(18,592)
General and Administrative	(12,935)	(3,906)	(1,967)	(18,808)
Management profit sharing	(4,374)	(1,844)	-	(6,218)
Research and Development	(1,752)	(386)	(291)	(2,429)
Taxation	(306)	(74)	(51)	(432)
Other operating revenue	(36)	107	-	71
<b>Operating Income before Financial Results</b>	<b>8,979</b>	<b>(4,727)</b>	<b>(1,527)</b>	<b>2,724</b>
<i>Operating Margin %</i>	<b>8.3%</b>	<b>-16.0%</b>	<b>-5.1%</b>	<b>1.7%</b>
	4,211	723	2,428	7,362
<b>EBITDA</b>	<b>13,190</b>	<b>(4,004)</b>	<b>901</b>	<b>10,086</b>
<i>EBITDA Margin %</i>	<b>12.2%</b>	<b>-13.6%</b>	<b>3.0%</b>	<b>6.0%</b>

## Income Statement by Business Units - 3Q10

R\$ thousand	Machine Tools	Plastic Machines	Rough and Machined Cast Iron Parts	Total
<b>Net Operating Revenue</b>	<b>102,952</b>	<b>46,998</b>	<b>19,602</b>	<b>169,552</b>
<b>Cost of Sales and Services</b>	(57,427)	(23,443)	(23,436)	(104,306)
Business Units Transfers	5,212	-	7,962	13,174
Business Units Transfers	(4,384)	(6,526)	(2,264)	(13,174)
<b>Gross Profit</b>	<b>46,353</b>	<b>17,029</b>	<b>1,864</b>	<b>65,246</b>
<i>Gross Margin %</i>	<b>45.0%</b>	<b>36.2%</b>	<b>9.5%</b>	<b>38.5%</b>
<b>Operating Expenses</b>	<b>(26,232)</b>	<b>(13,194)</b>	<b>(2,094)</b>	<b>(41,520)</b>
Selling	(10,251)	(5,144)	(585)	(15,980)
General and Administrative	(9,651)	(5,283)	(1,211)	(16,145)
Management profit sharing	(4,243)	(2,127)	-	(6,370)
Research and Development	8,259	2,825	976	12,060
Taxation	(326)	(221)	(46)	(593)
Other operating revenue	32	324	-	356
<b>Operating Income before Financial Results</b>	<b>20,121</b>	<b>3,835</b>	<b>(230)</b>	<b>23,726</b>
<i>Operating Margin %</i>	<b>19.5%</b>	<b>8.2%</b>	<b>-1.2%</b>	<b>14.0%</b>
	3,793	1,056	1,943	6,792
<b>EBITDA</b>	<b>23,914</b>	<b>4,891</b>	<b>1,713</b>	<b>30,518</b>
<i>EBITDA Margin %</i>	<b>23.2%</b>	<b>10.4%</b>	<b>8.7%</b>	<b>18.0%</b>