

Indústrias Romi S.A.

Quarterly information (ITR) at

March, 31 2017

and reporting on review of quarterly information

Independent auditor's review report on quarterly financial information

Introduction

We have reviewed the individual and consolidated interim financial information of Indústrias Romi S.A. (Company) contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2017, comprising the statement of financial position at March 31, 2017, and the related statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this financial information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the interim individual and consolidated financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

We also reviewed the individual and consolidated statements of value added (SVA), for the three-month period ended March 31, 2017, prepared under the responsibility of Company management, whose presentation in the interim financial information is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in a manner consistent with the overall accompanying individual and consolidated interim financial information.

Audit and review of prior-year corresponding figures

The individual and consolidated statements of financial position at December 31, 2016, and the individual and consolidated statements of income, comprehensive income, changes in equity, cash flows and value added, for the three-month period ended March 31, 2016, were audited and reviewed by other independent auditors, who issued an auditor's report on February 7, 2017, with an unmodified auditor's opinion as well as a review report on the quarterly information on April 26, 2016 with an unmodified review conclusion.

Campinas, April 25, 2017.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/F-6



Luís Alexandre Marini
Accountant CRC-1SP182975/O-5

INDÚSTRIAS ROMI S.A.
BALANCE SHEET

In thousands of reais unless otherwise stated

		Company		Consolidated				Company		Consolidated	
	Note	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016		Note	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
ASSETS						LIABILITIES					
CURRENT						CURRENT					
Cash and cash equivalents	3	54.305	60.671	87.214	101.510	Borrowings	12	94.739	96.221	94.952	99.435
Financial investments	3	21.365	20.831	21.365	20.831	FINAME manufacturer financing	13	62.025	67.177	62.025	67.177
Trade accounts receivable	4	79.397	60.227	113.469	94.216	Trade accounts payable		19.940	28.165	26.828	34.482
Onlending of FINAME manufacturer financing	5	95.668	102.356	95.668	102.356	Payroll and related taxes		16.227	15.548	21.765	19.013
Inventories	6	165.509	182.215	250.036	264.587	Taxes payable		888	1.172	1.759	2.596
Related parties	8	36.130	36.566	-	-	Advances from customers		7.227	8.318	53.665	53.787
Taxes recoverable		18.089	21.980	21.879	24.402	Dividends and interes on capital		232	158	232	158
Other receivables		13.876	12.852	16.193	14.472	Other payables		5.778	5.713	13.621	14.241
						Related parties	8	889	758	-	-
		<u>484.339</u>	<u>497.698</u>	<u>605.824</u>	<u>622.374</u>			<u>207.945</u>	<u>223.230</u>	<u>274.847</u>	<u>290.889</u>
NONCURRENT						NONCURRENT					
Trade accounts receivable	4	11.466	11.996	11.466	11.996	Borrowings	12	81.694	87.761	93.621	100.338
Onlending of FINAME manufacturer financing	5	58.447	67.323	58.447	67.323	FINAME manufacturer financing	13	54.406	62.953	54.406	62.953
Taxes recoverable		671	777	671	777	Taxes payable		539	539	539	539
Deferred income tax and social contribution	15	55.681	56.232	57.040	58.053	Provision for tax, labor and divil risks	14	609	713	1.439	1.920
Judicial deposits	14	2.087	2.115	2.087	2.115	Other payables		18	-	113	96
Other receivables		9.215	8.806	9.462	9.065	Deferred income tax and social contribution	15	-	-	25.331	25.853
		<u>137.567</u>	<u>147.249</u>	<u>139.173</u>	<u>149.329</u>			<u>137.266</u>	<u>151.966</u>	<u>175.449</u>	<u>191.699</u>
Investment in subsidiary and associated companies	7	118.471	122.505	-	-	TOTAL LIABILITIES		<u>345.211</u>	<u>375.196</u>	<u>450.296</u>	<u>482.588</u>
Property, plant and equipment	10	190.719	193.721	246.344	252.033	EQUITY					
Investment properties	9	13.227	13.227	18.588	17.538	Capital	16	492.025	492.025	492.025	492.025
Intangible assets	11	1.313	758	42.298	42.846	Profit reserve	16	90.243	90.243	90.243	90.243
		<u>461.297</u>	<u>477.460</u>	<u>446.403</u>	<u>461.746</u>	Profit for the period	16	2.015	-	2.015	-
						Cumulative translation adjustments	16	16.142	17.694	16.142	17.694
TOTAL ASSETS		<u>945.636</u>	<u>975.158</u>	<u>1.052.227</u>	<u>1.084.120</u>			<u>600.425</u>	<u>599.962</u>	<u>600.425</u>	<u>599.962</u>
						NON CONTROLLING INTEREST		<u>-</u>	<u>-</u>	<u>1.506</u>	<u>1.570</u>
						TOTAL EQUITY		<u>600.425</u>	<u>599.962</u>	<u>601.931</u>	<u>601.532</u>
						TOTAL LIABILITIES AND EQUITY		<u>945.636</u>	<u>975.158</u>	<u>1.052.227</u>	<u>1.084.120</u>

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

INDÚSTRIAS ROMI S.A.
**STATEMENT OF INCOME
QUARTERS ENDED MARCH 31**

In thousands of reais unless otherwise stated

		Company		Consolidated	
		2017	2016	2017	2016
	Note				
Net Operating revenue		108.070	95.334	146.525	129.810
Cost of sales and services		(83.418)	(76.498)	(110.281)	(103.582)
Gross profit		24.652	18.836	36.244	26.228
Operation income (expenses)					
Selling		(8.139)	(9.033)	(14.659)	(14.978)
General and administrative		(6.919)	(9.202)	(12.906)	(19.162)
Research and development		(4.052)	(4.134)	(4.052)	(4.134)
Management profit sharing and fees	8	(1.430)	(1.163)	(1.453)	(1.186)
Equity income	7	(954)	(6.629)	-	-
Other operating income, net		150	697	142	661
		(21.344)	(29.464)	(32.928)	(38.799)
Operating profit (loss)		3.308	(10.628)	3.316	(12.571)
Financial income					
Financial income		3.764	3.915	4.285	4.192
Financial expenses		(3.713)	(3.619)	(4.067)	(3.741)
Foreign exchange gains, net		(738)	(1.415)	(735)	(1.777)
		(687)	(1.119)	(517)	(1.326)
Profit (loss) before taxation		2.621	(11.747)	2.799	(13.897)
Income tax and social contribution		(606)	1.782	(735)	3.988
Profit (loss) for the period		2.015	(9.965)	2.064	(9.909)
Attributable to:					
Controlling interests				2.015	(9.965)
Non-controlling interests				49	56
				2.064	(9.909)
Basic and diluted earnings (loss) per share (R\$)	16	0,03	(0,14)		

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

INDÚSTRIAS ROMI S.A.**STATEMENTS OF COMPREHENSIVE INCOME
QUARTERS ENDED MARCH 31**

In thousands of reais unless otherwise stated

	<u>Company</u>		<u>Consolidated</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit (loss) for the period	2.015	(9.965)	2.064	(9.909)
Foreign currency translation effects	<u>(1.552)</u>	<u>(7.053)</u>	<u>(1.552)</u>	<u>(7.053)</u>
Comprehensive profit (loss) for the period	<u>463</u>	<u>(17.018)</u>	<u>512</u>	<u>(16.962)</u>
Attributable to:				
Controlling interests			463	(17.018)
Non-controlling interests			<u>49</u>	<u>56</u>
			<u>512</u>	<u>(16.962)</u>

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

INDÚSTRIAS ROMI S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

In thousands of reais unless otherwise stated

	Attributable to he controlling interests										
	Capital social	Capital reserve	Theasuty share	Reitaned Earning	Profit reserve legal reserve	Total	Other comprehensive income	Reitaned earnings profit (loss) accumulated	Total	Non- controlling Interests	Total
At January 1, 2016	492.025	2.052	(5.078)	98.966	41.755	140.721	43.051	-	670.719	2.276	672.995
Profit (loss) for the period	-	-	-	-	-	-	-	(9.965)	(9.965)	56	(9.909)
Foreign currency translantion effects	-	-	-	-	-	-	(7.053)	-	(7.053)	-	(7.053)
Total comprehensive income for the period	-	-	-	-	-	-	(7.053)	(9.965)	(17.018)	56	(16.962)
Purchase of treasury shares	-	-	(522)	-	-	-	-	-	(522)	-	(522)
Proposed dividends	-	-	-	-	-	-	-	-	-	(819)	(819)
Total contributions by and distributions to controlling interests	-	-	(522)	-	-	-	-	-	(522)	(819)	(1.341)
At March 31, 2016	492.025	2.052	(5.600)	98.966	41.755	140.721	35.998	(9.965)	653.179	1.513	654.692
At January 1, 2017	492.025	-	-	48.488	41.755	90.243	17.694	-	599.962	1.570	601.532
Profit for the period	-	-	-	-	-	-	-	2.015	2.015	49	2.064
Foreign currency translantion effects	-	-	-	-	-	-	(1.552)	-	(1.552)	-	(1.552)
Total comprehensive income for the period	-	-	-	-	-	-	(1.552)	2.015	463	49	512
Proposed dividends	-	-	-	-	-	-	-	-	-	(113)	(113)
Total contributions by and distributions to controlling interests	-	-	-	-	-	-	-	-	-	(113)	(113)
At March 31, 2017	492.025	-	-	48.488	41.755	90.243	16.142	2.015	600.425	1.506	601.931

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

INDÚSTRIAS ROMI S.A.

STATEMENT OF CASH FLOWS
QUARTERS ENDED MARCH 31

In thousands of reais unless otherwise stated

	Company		Consolidated	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit (loss) before the taxation	2.621	(11.747)	2.799	(13.897)
Adjustments from:				
(Revenue), finance expenses and exchange rate	2.673	4.735	2.478	3.434
Depreciation and amortization	6.040	6.959	7.513	8.942
Allowance for doubtful accounts and for other receivable	407	316	420	975
Provision for inventory losses	(1.963)	1.254	(2.475)	309
Cost of property, plant and equipment and disposals of intangible assets	(383)	(422)	(297)	(269)
Equity pickup	954	6.629	-	-
Provision for contingent liabilities	(3.150)	(233)	(3.511)	(16)
Change in operating assets and liabilities				
Financial investments	(534)	(16.437)	(534)	(16.437)
Trade accounts receivables	(18.034)	(3.267)	(18.130)	14.118
Related parties (assets and liabilities)	580	5.358	-	-
Onlending of FINAME manufacturer financing	16.305	10.711	16.305	10.711
Inventories	18.669	(6.400)	17.028	(2.410)
Taxes recovable	3.960	2.301	3.642	(1.567)
Judicial deposits	(578)	(71)	(578)	(71)
Other receivables	(745)	4.380	(1.430)	3.659
Trade accounts payable	(8.090)	10.229	(7.519)	7.626
Payroll and related taxes	2.568	2.434	4.641	3.556
Taxes payable	309	(723)	(1.252)	86
Advances from customers	(1.091)	(2.954)	(122)	(9.100)
Other payables	1.720	(645)	1.043	(3.772)
Cash provided by operations	22.238	12.407	20.021	5.877
Income tax and social contribution paid	(593)	-	(842)	(629)
Net cash provided by operating activities	21.645	12.407	19.179	5.248
Cash flow investment activities				
Purchases of property, plant and equipment	(3.091)	(1.357)	(3.394)	(2.425)
Intangibles increase	(613)	-	(671)	(87)
Disposals of property, plant and equipment	494	664	494	664
Dividends received	1.528	11.002	-	-
Net cash provided (used) by investment activities	(1.682)	10.309	(3.571)	(1.848)
Cash flow from financing activities				
Interest on capital and dividends paid	-	-	(113)	(819)
Purchase of treasury shares	-	(522)	-	(522)
New borrowing	1.801	4.656	1.801	14.992
Payment of the financing	(9.841)	(9.886)	(12.823)	(13.312)
Interest paid	(2.894)	(3.274)	(3.363)	(3.518)
New FINAME - manufacturer financing	4.759	7.018	4.759	7.018
Payment of FINAME - manufacturer financing	(18.497)	(24.275)	(18.497)	(24.275)
Interest paid - FINAME manufacturer financing	(1.657)	(1.994)	(1.657)	(1.994)
Net cash used in financing activities	(26.329)	(28.277)	(29.893)	(22.430)
Decrease in cash and cash equivalents	(6.366)	(5.561)	(14.285)	(19.030)
Cash and cash equivalents at the beginning of the period	60.671	99.917	101.510	141.918
Foreign exchange losses of cash equivalents of foreign subsidiaries	-	-	(11)	(290)
Cash and cash equivalents at the end of the period	54.305	94.356	87.214	122.598

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

INDÚSTRIAS ROMI S.A.
**STATEMENT OF VALUE ADDED
QUARTERS ENDED MARCH 31**

In thousands of reais unless otherwise stated

	Company		Consolidated	
	2017	2016	2017	2016
Revenues				
Sales of products and services	123.934	110.871	162.406	145.460
Allowance for doubtful accounts and for the other receivables	(482)	(281)	(482)	(281)
	<u>123.452</u>	<u>110.590</u>	<u>161.924</u>	<u>145.179</u>
Inputs acquired from third parties				
Materials used	(55.101)	(48.844)	(69.271)	(60.163)
Others costs of products and services	(5.082)	(4.547)	(7.777)	(8.798)
Electricity, third party services and other expenses	(6.448)	(6.822)	(8.487)	(8.794)
	<u>(66.631)</u>	<u>(60.213)</u>	<u>(85.535)</u>	<u>(77.755)</u>
Gross value added	56.821	50.377	76.389	67.424
Depreciation and amortization	(6.040)	(6.959)	(7.513)	(8.942)
Net value added generated by the Company	<u>50.781</u>	<u>43.418</u>	<u>68.876</u>	<u>58.482</u>
Value added received through transfers				
Equity in the earnings of subsidiaries	(954)	(6.629)	-	-
Financial income and net foreign exchange gain	(688)	(1.119)	(517)	(1.326)
Total value added to distribute	<u>49.139</u>	<u>35.670</u>	<u>68.359</u>	<u>57.156</u>
Distribution of value added				
Employees				
Payroll and related changes	28.109	28.058	46.600	49.104
Sales commission	889	930	889	930
Managment profit sharing and fess	1.430	1.163	1.453	1.186
Pensions plans	199	83	199	83
Taxes				
Federal	11.675	10.493	11.940	10.788
State	17	274	17	274
Municipal	541	432	628	432
Interests	3.713	3.619	4.067	3.741
Rentals	551	583	551	583
Non-controlling interests	-	-	(49)	(56)
Profit (loss) for the period	<u>2.015</u>	<u>(9.965)</u>	<u>2.064</u>	<u>(9.909)</u>
Value added distributed	<u>49.139</u>	<u>35.670</u>	<u>68.359</u>	<u>57.156</u>

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

Indústrias Romi S.A.

Notes to the quarterly information (ITR)

At March 31, 2017

In thousands of reais, unless otherwise stated

1 General information

Indústrias Romi S.A. (Company) and its subsidiaries (together referred to as Consolidated), has been listed on the "New Market" of the São Paulo Stock Exchange (BM&FBOVESPA since March 23, 2007, and is headquartered in Santa Bárbara d'Oeste, São Paulo. The Company is engaged in the manufacture and sale of capital goods in general, including machine tools, plastic injection molding machines, industrial equipment and accessories, tools, castings and parts, as well as providing system analysis and developing data processing software related to the production, sale, and use of machine tools and plastic injectors; the manufacture and sale of raw cast parts and machined cast parts; the export, import and representation on its own account or on behalf of third parties; and the provision of related services. It also holds interest in other companies as partner, shareholder or member in other civil or business entities, business ventures of any nature, in Brazil or abroad, as well as the management of its own and/or third party assets.

The Company's industrial facilities consist of 11 plants in three units located in the city of Santa Bárbara d'Oeste, in the State of São Paulo, and one located in the city of Reutlingen, Germany. The latter is a high precision tooling machine manufacturer. The Company also holds investments in subsidiaries in Brazil and abroad.

This quarterly information was approved by the Company's Board of Directors and authorized for issue on April 25, 2017.

2 Basis of preparation and accounting policies

The financial information for the quarter ended March 31, 2017 for the Company has been prepared in accordance with CVM Ruling No. 673, dated October 20, 2011, which approved accounting standard CPC 21 (R1) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The accounting policies adopted by the Company in the preparation of the Company and consolidated quarterly financial information are the same as those used in the preparation of the financial statements for the year ended December 31, 2016 and, therefore, should be read in conjunction with those financial statements.

The Company and consolidated quarterly financial information has been prepared in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by Brazil's FASB (CPC), as well as in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and contains all material information specific to the quarterly information, which is consistent with that used by management.

The Company's management has reassessed its criteria for classification of financial instruments that are pledged as collateral for borrowing transactions and concluded that the best presentation of these assets would be as financial investments and no longer as cash and cash

Indústrias Romi S.A.

Notes to the quarterly information (ITR)

At March 31, 2017

In thousands of reais, unless otherwise stated

equivalents. Therefore, the amounts that meet the aforementioned criteria have been classified as financial investments in the quarterly financial information and the comparative periods have been reclassified for a better comparability between them.

As there is no difference between the consolidated equity and consolidated profit and loss (P&L) attributable to Company shareholders, disclosed in the consolidated quarterly information prepared in accordance with IFRS and accounting practices adopted in Brazil, and the Company's equity and P&L disclosed in the its individual, quarterly financial information prepared in accordance with accounting practices adopted in Brazil, the Company elected to present Company and consolidated quarterly information in a single set of statements

The purpose of the statement of value added is to disclose the wealth created by the Company and its distribution during a certain period, and is presented by the Company, as required by Brazilian Corporate Law, as an integral part of its individual quarterly information, and as supplementary information to the consolidated financial statements. That statement is not provided for, or required by IFRS.

(a) Notes included in the financial statements as at December 31, 2016, not included in this quarterly information

The quarterly information is presented in accordance with accounting pronouncements CPC 21 and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB). The preparation of this quarterly information involves judgment by the Company's management on the relevance and changes that should be disclosed in the accompanying notes. Accordingly, this quarterly information includes selected notes and does not comprise all notes presented in the year ended December 31, 2016. As permitted by Circular Letter 03/2011 of the Brazilian Securities Commission (CVM), the following notes are not presented:

- Basis of preparation and accounting policies (Note 2);
- Pension plan (Note 17);
- Insurance (Note 18);
- Financial instruments and operating risks (Note 19);
- Net operating revenue (Note 22);
- Expenses by nature (Note 23);
- Finance income (expenses) (Note 24); and
- Other operating income, net (Note 25).

Indústrias Romi S.A.

Notes to the quarterly information (ITR)

At March 31, 2017

In thousands of reais, unless otherwise stated

3 Cash and cash equivalents and financial investments

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Cash and banks	1,742	3,474	16,061	19,594
Bank deposit certificates ("CDBs") (a)	18,256	25,854	34,849	43,431
Short-term investments backed by debentures (a)	22,675	21,435	24,634	23,491
Investment funds DI and fixed income	11,277	7,913	11,277	7,913
Short-term investments in foreign currency - US\$ (Time deposit)	317	1,955	317	7,025
Other	37	40	76	56
Total cash and cash equivalents	<u>54,305</u>	<u>60,671</u>	<u>87,214</u>	<u>101,510</u>
Bank deposit certificates ("CDBs") (b)	3,004	17,841	3,004	17,841
Short-term investments backed by debentures (b)	<u>18,361</u>	<u>2,990</u>	<u>18,361</u>	<u>2,990</u>
Total assets held for trading	<u>21,365</u>	<u>20,831</u>	<u>21,365</u>	<u>20,831</u>

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

(b) These investments are substantially pegged to the Interbank Deposit Certificate ("CDI") rate and are pledged as guarantee of commitments assumed.

Indústrias Romi S.A.

Notes to the quarterly information (ITR)

At March 31, 2017

In thousands of reais, unless otherwise stated

4 Trade accounts receivable

	Company		Consolidated	
	March	December	March	December
	31,	31,	31,	31,
	2017	2016	2017	2016
Current				
Domestic customers	75,371	59,169	75,371	59,170
Foreign customers	6,786	3,601	43,643	40,473
Allowance for doubtful accounts	(2,760)	(2,543)	(5,545)	(5,427)
	<u>79,397</u>	<u>60,227</u>	<u>113,469</u>	<u>94,216</u>
Noncurrent				
Domestic customers	10,307	10,959	10,307	10,959
Foreign customers	1,284	1,268	1,284	1,268
Allowance for doubtful accounts	(125)	(231)	(125)	(231)
	<u>11,466</u>	<u>11,996</u>	<u>11,466</u>	<u>11,996</u>

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

The balance of current trade notes receivable as at March 31, 2017 and December 31, 2016, Company and consolidated, is distributed as follows:

	Company		Consolidated	
	March	December	March	December
	31,	31,	31,	31,
	2017	2016	2017	2016
Not yet due	73,464	50,792	102,874	75,096
Past due:				
1 to 30 days	1,274	6,742	2,867	12,609
31 to 60 days	857	378	1,932	1,796
61 to 90 days	1,563	76	2,613	793
91 to 180 days	722	469	1,061	965
181 to 360 days	728	677	1,202	2,013
Over 360 days	3,549	3,636	6,465	6,371
	<u>8,693</u>	<u>11,978</u>	<u>16,140</u>	<u>24,547</u>
Total	<u>82,157</u>	<u>62,770</u>	<u>119,014</u>	<u>99,643</u>
Allowance for doubtful accounts	<u>(2,760)</u>	<u>(2,543)</u>	<u>(5,545)</u>	<u>(5,427)</u>
Total – current	<u>79,397</u>	<u>60,227</u>	<u>113,469</u>	<u>94,216</u>

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The balance of noncurrent trade accounts receivable as at March 31, 2017, Company and consolidated, is distributed as follows:

	Company and consolidated
Not yet due:	
2018 (9 months)	8,995
2019	2,439
2020	157
Allowance for doubtful accounts	(125)
Total - noncurrent	11,466

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

	Company	Consolidated
As at December 31, 2016	2,774	5,658
Allowance recognized in the period	161	165
Receivables written off	(50)	(112)
Foreign exchange gains (losses)	-	(42)
As at March 31, 2017	2,885	5,670

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5 Receivables - onward lending of FINAME manufacturer financing

	Company and Consolidated	
	March	December
	31,	31,
	2017	2016
Current		
FINAME not yet due	68,561	74,828
FINAME awaiting release (a)	347	339
FINAME past due (b)	40,087	39,622
	108,995	114,789
Allowance for doubtful accounts	(13,327)	(12,433)
	95,668	102,356
Noncurrent		
FINAME not yet due	57,679	67,073
FINAME awaiting release (a)	1,387	1,357
	59,066	68,430
Allowance for doubtful accounts	(619)	(1,107)
	58,447	67,323
Total	154,115	169,679

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

The FINAME *manufacturer* credit line refers to financing specifically linked to sales transactions with terms of up to 48 months, with grace periods of up to three months and estimated cost of 13.1% per year, in accordance with the terms defined by the BNDES at the time of the financing.

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

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The difference between onward lending of FINAME *manufacturers'* financing receivables and payables include:

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

The machines seized as part of the execution process are recorded at their carrying amount, not exceeding their fair value, under the category of "Other receivables", pending a final and unappealable court decision, after which they are repossessed and transferred to inventories. As at March 31, 2017, the balance of repossessed machinery, included under the line item of "Other receivables", Company and consolidated, amounted to R\$ 3,572 (R\$ 4,015 as at December 31, 2016) in current assets and R\$ 8,650 (R\$ 8,246 as at December 31, 2016) in noncurrent assets.

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As at March 31, 2017 and December 31, 2016, the balances of "Receivables - onward lending of FINAME manufacturer financing Company and consolidated, were as follows:

	Company and Consolidated	
	March	December
	31,	31,
	2017	2016
Not yet due	68,908	75,167
Past due:		
1 to 30 days	1,678	2,070
31 to 60 days	1,234	1,292
61 to 90 days	1,148	1,346
91 to 180 days	3,190	3,633
181 to 360 days	5,600	5,295
Over 360 days	27,237	25,986
	40,087	39,622
Total – current	108,995	114,789

The expected realization of the noncurrent receivables relating to the onward lending of FINAME manufacturer financing, Company and consolidated, is as follows:

	Company and consolidated
Not yet due:	
2018 (9 months)	38,165
2019	16,794
2020	4,070
2021	37
Total - Noncurrent	59,066

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

	Company and consolidated
As at December 31, 2016	13,540
Allowance recognized (or written off) during the period	406
As at March 31, 2017	13,946

6 Inventory

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Finished products	36,986	38,077	66,577	70,461
Used machines	18,990	22,939	18,990	22,940
Goods in process	52,446	62,146	89,329	94,964
Raw materials and components	55,818	57,487	73,871	74,656
Imports in transit	1,269	1,566	1,269	1,566
Total	165,509	182,215	250,036	264,587

The inventory balances, Company and consolidated, as at March 31, 2017 are net of the amounts of R\$ 45,279 and R\$ 48,186 respectively (R\$ 47,242 Company and R\$ 50,662 Consolidated as at December 31, 2016) corresponding to the provision for slow-moving inventories and inventories posing a remote probability of being realized through sale or use.

The changes in the provision to bring inventories to their net realizable value, Company and consolidated, are as follows:

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	<u>Company</u>	<u>Consolidated</u>
As at January 1, 2017	47,242	50,662
Inventory sold or written off	(6,311)	(6,371)
Provision recorded	3,500	4,015
Foreign exchange gains (losses)	-	(968)
Transfer of provisions resulting from machines repossessed during the period	<u>848</u>	<u>848</u>
As at March 31, 2017	<u><u>45,279</u></u>	<u><u>48,186</u></u>

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

	<u>Company</u>		<u>Consolidated</u>	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Finished products	3,633	2,894	6,541	6,314
Used machines	16,413	19,565	16,413	19,565
Goods in process	5,434	5,602	5,434	5,602
Raw materials and components	<u>19,799</u>	<u>19,181</u>	<u>19,799</u>	<u>19,181</u>
Total	<u><u>45,279</u></u>	<u><u>47,242</u></u>	<u><u>48,186</u></u>	<u><u>50,662</u></u>

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7 Investments in subsidiaries and associates

Company investments in its subsidiaries are as follows:

	Subsidiary	Country	Main activity
1.	Romi Itália S.r.l. ("Romi Italy")	Italy	Sale of machine tools, spare parts and technical support.
1.1	Romi Machines UK Ltd. (indirect subsidiary – 100% interest)	United Kingdom	Sales of machinery for plastics and machine tools, spare parts and technical support.
1.2	Romi France SAS (indirect subsidiary – 100% interest)	France	Sale of machinery for plastics and machine tools, spare parts and technical support
1.3	Romi Máquinas España S.A. (indirect subsidiary – 100% interest)	Spain	Sales of machinery for plastics and machine tools, spare parts and technical support.
2.	Romi Europa GmbH ("Romi Europe")	Germany	Distribution of machine tools, spare parts and technical support.
2.1	Burkhardt + Weber Fertigungssysteme GmbH ("B+W") (indirect subsidiary – 100% interest)	Germany	Production and sale of large tooling machines with high technology, precision and productivity, as well as machinery for specialized applications.
2.1.1	Burkhardt + Weber / Romi (Shanghai) Co., Ltd (indirect subsidiary – 100% interest)	China	Sale of machine tools produced by B+W and provision of services (spare parts and technical support).
2.1.2	Burkhardt + Weber LLC	United States of America	Sale of machine tools produced by B+W and provision of services (spare parts and technical support).
3.	Rominor Comércio, Empreendimentos e Participações S.A. ("Rominor")	Brazil	Real estate activity, including purchases and sales, lease of company-owned properties, exploration of real estate rights, intermediation of real estate businesses, and provisions of sureties and guarantees.
4.	Romi Machine Tools, Ltd. ("Romi Machine Tools")	United States of America	Sales of machine tools, spare parts, technical support and cast and machined products in North America.
5.	Romi Empreendimentos Imobiliários S.A. (formerly named INTEROCEAN).	Brazil	Interest in real estate ventures.
6.	Romi A.L. S.A. ("Romi A.L.")	Uruguay	Sales representation for operations in the foreign market.
7.	Irsa Maquinas Mexico S. de R. L. de C.V. (formerly named Sandretto México).	Mexico	Sales of machinery for plastics and machine tools, spare parts and technical support.

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	March 31, 2017							
	Romi Italy and subsidiaries(1)	Romi Europe and subsidiaries(2)	Rominor (3)	Romi Machine Tools (4)	Romi Empreend. (5)	Romi A.L. (6)	IRSA Máq México (7)	Total
Investments:								
Number of shares held	(a)	(a)	6,191,156	3,000,000	78	13,028,000	1,188,000	
Ownership interest	100.0%	100.0%	93.1%	100.0%	100.0%	100.0%	100.0%	
Current assets	31,832	86,395	21,453	12,445	2,422	5,660	5,116	
Non-current assets	5,716	91,081	522	267	-	-	-	
Current liabilities	22,305	61,277	243	11,819	5	1	4,295	
Non-current liabilities	9,934	33,053	-	-	-	-	-	
Equity	5,309	83,146	21,732	893	2,417	5,659	821	
Changes in investment:								
Investment balance as at December 31, 2016	5,566	85,025	21,093	1,530	2,423	5,747	1,121	122,505
Foreign exchange variations on foreign investments	(219)	(1,095)	-	(45)	-	(159)	(34)	(1,552)
Dividends proposed and paid (b)	-	-	(1,528)	-	-	-	-	(1,528)
Share of profit (loss) of subsidiaries	(38)	(784)	661	(592)	(6)	71	(266)	(954)
Equivalent value - closing balance	5,309	83,146	20,226	893	2,417	5,659	821	118,471

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

(b) Payment of dividends by the subsidiary ROMINOR, approved by the Board of Directors at the meeting held on February 15, 2017, in the amount of R\$ 1,643, related to 2016. From such payment, the Company received R\$ 1,528.

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8 Related party transactions and balances

The balances and transactions with related parties as at March 31, 2017 and December 31, 2016 are as follows:

(i) Statement of financial position accounts – Company

	Receivables		Payables	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Direct subsidiaries				
Romi Europe	4,274	4,553	317	168
Romi Italy	3,831	2,273	-	-
Romi Machine Tools	11,293	12,326	-	-
Romi A.L.	-	-	572	566
Irsa Máquinas Mexico	2,539	2,663	-	-
Rominor	4	3	-	24
Indirect subsidiaries				
B+W - Burkhardt+Weber	454	337	-	-
Romi France S.A.S.	2,464	2,986	-	-
Romi Máquinas España S.A.	1,797	1,578	-	-
Romi Machines UK	9,474	9,847	-	-
Total	36,130	36,566	889	758

(ii) Transactions

The main balances and transactions with the aforementioned related parties refer to trading transactions between the Company and its subsidiaries.

The subsidiary Rominor is the guarantor of some of the FINAME manufacturer financing transactions involving the Company, and the financing is collateralized by promissory notes and sureties (Note 13). The Company has property lease agreements with its subsidiary Rominor, involving four properties, which are used by the sales branch operations in Brazil. These rentals were priced according to market practices.

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

The Company provides administrative services, mainly accounting and legal services, to its parent company Fênix Empreendimentos S.A. The accumulated revenue until March 2017 was R\$ 39 (2016 – R\$ 48).

The Company makes donations to Romi Foundation at amounts set in the agreement approved by the State Prosecutor Office. Donations in 2017 totaled R\$ 223 (2016 – R\$ 211).

As from 2014, the Company adopted the Policy for Transactions with Related Parties (available at www.romi.com) the main purpose of which is to ensure transparency and compliance with market practices in these transactions.

Management compensation for the periods ended March 31, 2017 and 2016 was as follows:

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	March 31, 2017	March 31, 2016
Fees and charges	1,257	1,078
Profit sharing	75	-
Private pension plan	56	50
Healthcare plan	42	35
Parent company	1,430	1,163
Fees and charges of subsidiaries	23	23
Consolidated	1,453	1,186

The amounts shown above comply with the limits established by the Board of Directors and approved at the Annual General Meeting of Shareholders held on March 14, 2017.

9 Investment property

During the year ended December 31, 2012, Management decided, based on the completion of the property register review and regularization, as well as the perspectives of short and medium term expansion of operations, to classify certain property as "Investment Property" for future rental income and capital appreciation. The amounts classified as investment property are R\$ 13,227 (R\$ 13,227 – as at December 31, 2016) at the Company and R\$ 18,588 (R\$ 17,538 – as at December 31, 2016) in the consolidated statements.

The investment property is stated at historical cost, and for fair value disclosure purposes the Company contracted an independent expert, who applied a methodology accepted by the Brazilian Institute of Engineering Appraisals which also uses market evidence related to transaction prices for similar property and assessed the fair value less cost to sell that property at R\$ 50,245 at the Company and R\$ 143,048 consolidated.

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10 Property, plant and equipment

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

	Company	Consolidated
Net book amount at December 31, 2016	193,721	252,033
Additions	3,091	3,394
Disposals	(111)	(124)
Transfers, net	-	(1,051)
Depreciation	(5,982)	(7,251)
Foreign exchange gains (losses)	-	(657)
Net book amount at March 31, 2017	<u>190,719</u>	<u>246,344</u>
As at March 31, 2017		
Total cost	502,762	599,973
Accumulated depreciation	<u>(312,043)</u>	<u>(353,629)</u>
Net book amount	<u>190,719</u>	<u>246,344</u>

Due to the financing agreements with the BNDES for investments in property, plant and equipment, the Company pledged as collateral machinery and equipment amounting to R\$ 163,297 as at March 31, 2017 (R\$ 168,228 as at December 31, 2016). These items refer to land, buildings, facilities, machinery and equipment.

11 Intangible assets

Changes in intangible assets Company and consolidated are as follows:

	Company	Consolidated
Net book amount as at December 31, 2016	758	42,846
Additions	613	671
Disposals	-	(73)
Amortization	(58)	(262)
Foreign exchange gains (losses)	-	(884)
Net book amount as at March 31, 2017	<u>1,313</u>	<u>42,298</u>
Total cost	9,228	62,508
Accumulated amortization	<u>(7,914)</u>	<u>(20,210)</u>
Net book amount	<u>1,313</u>	<u>42,298</u>

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12 Borrowings

Changes in borrowings Company and consolidated are as follows:

	Company			Consolidated
	Local	Local	Foreign	Total
	currency	currency	currency	
Borrowing balances at				
December 31, 2016	183,982	183,982	15,791	199,773
New borrowing	1,801	1,801	-	1,801
Repayment of principal	(9,841)	(9,841)	(2,982)	(12,823)
Payment of interest	(2,894)	(2,894)	(469)	(3,363)
Exchange and monetary variations (principal and interest)	462	462	(200)	262
Interest at the end of the period	2,923	2,923	-	2,923
Borrowing balances at				
March 31, 2017	<u>176,433</u>	<u>176,433</u>	<u>12,140</u>	<u>188,573</u>
Current	94,739	94,739	213	94,952
Noncurrent	<u>81,694</u>	<u>81,694</u>	<u>11,927</u>	<u>93,621</u>
	<u>176,433</u>	<u>176,433</u>	<u>12,140</u>	<u>188,573</u>

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The maturities of financing recorded in noncurrent liabilities as at March 31, 2017, in the Company and consolidated are as follows:

	Company	Consolidated
2018 (9 months)	48,177	48,802
2019	12,456	13,620
2020	8,102	18,240
2021	6,035	6,035
2022 onwards	6,924	6,924
Total	81,694	93,621

13 FINAME manufacturer financing

	Company and consolidated	
	March 31, 2017	December 31, 2016
Current		
FINAME manufacturer financing	62,025	67,177
Noncurrent		
FINAME manufacturer financing	54,406	62,953
Total	116,431	130,130

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

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The balances of the line item “FINAME manufacturer financing” and, consequently, of the line item “Receivables - onward lending of FINAME manufacturer financing” as at March 31, 2017 and December 31, 2016, were adjusted for inflation up to the end of the reporting period. The difference of R\$ 37,684 between these line items as at March 31, 2017 (R\$ 39,549 as at December 31, 2016) 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 to the realization of these receivables, in addition to the amount of the allowance for doubtful accounts already recorded, since the amounts are collateralized by the financed machinery.

The noncurrent maturities of the FINAME manufacturer financing as at March 31, 2017, Company and consolidated were as follows:

	Company and consolidated
2018 (9 months)	28,646
2019	19,341
2020	6,245
2021	174
Total	54,406

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14 Provision for tax, labor and civil contingencies

Company management based on the opinion of legal counsel, classified the legal proceedings in accordance with the likelihood of loss as follows:

	Company		Consolidated	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Tax	51,780	51,278	52,459	51,965
Civil	2,241	2,177	2,392	2,380
Labor	2,315	4,204	2,315	4,513
(-) Judicial deposits	(51,171)	(50,565)	(51,171)	(50,565)
Total	5,165	7,094	5,995	8,293
Current liabilities	4,556	6,381	4,556	6,373
Noncurrent liabilities	609	713	1,439	1,920
	5,165	7,094	5,995	8,293

For legal proceedings classified as probable losses, Management recognized a provision for losses. The changes in the provision in the period ended March 31, 2016 are as follows:

	December 31, 2016	Additions	Utilizations/ reversals	Monetary restatement	March 31, 2017
Tax	51,278	606	(113)	9	51,780
Civil	2,177	2	(3)	65	2,241
Labor	4,204	183	(2,120)	48	2,315
(-) Judicial deposits	(50,565)	(606)	-	-	(51,171)
Total Company	7,094	185	(2,237)	123	5,165
Proceedings at subsidiaries	1,199	-	(361)	(8)	830
Total Consolidated	8,293	185	(2,598)	114	5,995

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As at March 31, 2017, the main legal proceedings which were classified by management as probable losses based on the opinion of its legal counsel and, therefore, included in the provision for contingencies are as follows:

(a) Tax proceedings

Refer to the provisions for:

- (i) Social Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS) related to State VAT (ICMS) on sales, which amounted to R\$ 9,128 (R\$ 9,020 as at December 31, 2016) and R\$ 42,043 (R\$ 39,532 as at December 31, 2016), respectively.
- (ii) The other tax proceedings total R\$ 609 (R\$ 713 as at December 31, 2016).

(b) Civil proceedings

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

(c) Labor claims

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

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

(d) Judicial deposits

The Company has judicial deposits amounting to R\$ 48,560 (R\$ 48,588 as at December 31, 2016), of which R\$ 46,473 (R\$ 46,473 as at December 31, 2016) refers to PIS and COFINS levied on ICMS on sales, as mentioned in item (a), and (i) the other deposits are of a different nature and are classified in noncurrent assets.

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15 Income and social contribution taxes

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

The reconciliation of the tax effect on the Company's profit (loss) before income tax and social contribution through application of the prevailing tax rates as at March 31, 2017 and 2016 is as follows:

	Company		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Income (loss) before income and social contribution taxes	2,621	(11,747)	2,799	(13,897)
Statutory rates (income and social contribution taxes)	34%	34%	34%	34%
Income and social contribution tax expenses at statutory rates	(891)	3,994	(952)	4,725
Reconciliation with the effective rate:				
Equity pickup	(324)	(2,254)	-	-
Unrecorded deferred income and social contribution taxes at subsidiaries	-	-	(494)	(1,028)
Research and development	597	-	597	-
Provision for inventory losses	(668)	427	(668)	427
Management profit sharing	(25)	-	(25)	-
Other additions (deductions), net (a)	(510)	(385)	807	(136)
Current and deferred income and social contribution tax income (expense)	(606)	1,782	(735)	3,988

- (a) The amounts in the Consolidated financial statements refer basically to the differences in the calculation of income and social contribution taxes between taxable profit based on accounting

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records < *lucro real* > and profit computed as a percentage of the Company's gross revenue < *lucro presumido* > , due to the fact that the subsidiaries Rominor and Romi Empreendimentos opted to calculate tax based on *lucro presumido* during the periods presented, and due to the non-recognition of deferred income taxes on the tax losses at foreign subsidiaries, with the exception of BW.

The changes in deferred tax assets and liabilities, Company and consolidated, for the period ended March 31, 2017 were as follows:

	<u>Asset</u>		<u>Liability</u>
	<u>Company</u>	<u>Consolidated</u>	<u>Consolidated</u>
As at December 31, 2016	56,232	58,053	25,853
Changes in the period:			
Additions	-	120	-
Realization	(551)	-	(152)
Foreign exchange gains (losses)	-	(1,133)	(370)
As at March 31, 2017	<u>55,681</u>	<u>57,040</u>	<u>25,331</u>

16 Equity

Capital

As at March 31, 2017, the Company's subscribed and paid-up capital amounts to R\$ 492,025 (R\$ 492,025 as at December 31, 2016) was divided into 62,857,647 (62,857,647 as at December 31, 2016) book-entry, registered common shares, without par value, all with the same rights and benefits.

Legal reserve

As required by Article 193 of Law 6404/76, the balance of the line item "Legal reserve" is equivalent to 5% of the profit for the year, limited to 20% of the share capital.

Earnings (losses) per share

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

Indústrias Romi S.A.

Notes to the quarterly information (ITR) at March 31, 2017

All amounts in thousands of reais unless otherwise stated

	March 31, 2017	March 31, 2016
Profit (loss) for the period attributable to the controlling shareholders	2,015	(9,965)
Weighted average number of shares outstanding in the period (in thousands)	62,858	68,758
Basic and diluted earnings (losses) per share	0.03	(0.02)

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

Indústrias Romi S.A.

Notes to the quarterly information (ITR) at March 31, 2017

All amounts in thousands of reais unless otherwise stated

17 Segment reporting - Consolidated

To manage its business, the Company is organized into three business units, and the net revenue by geographic region, the business units on which the Company reports its primary information by segment are: Romi Machinery, Burkhardt+Weber Machinery and Cast and Machined Products and the geographic regions on which the Company reports its net revenue are: Europe, North America, Latin America and Asia. The segment reporting for the quarters ended March 31, 2017 and 2016 is as follows:

	March 31, 2017				
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	59,313	29,869	57,343	-	146,525
Cost of sales and services	(37,563)	(23,479)	(49,239)	-	(110,281)
Transfers remitted	1,500	-	1,529	(3,030)	
Transfers received	(1,529)	-	(1,500)	3,030	
Gross profit	21,721	6,390	8,133	-	36,244
Operating (expenses) income:					
Selling expenses	(10,842)	(2,497)	(1,320)	-	(14,659)
General and administrative expenses	(5,067)	(3,955)	(3,884)	-	(12,906)
Research and development	(4,052)	-	-	-	(4,052)
Management fees	(642)	-	(811)	-	(1,453)
Other operating income (expenses), net	142	-	-	-	142
Operating profit (loss) before finance income (costs)	1,260	(62)	2,118	-	3,316
Inventory	179,409	53,256	22,210	-	254,875
Depreciation and amortization	3,174	1,334	3,005	-	7,513
Property, plant and equipment, net	131,558	14,717	100,069	-	246,344
Intangible assets	1,313	40,985	-	-	42,298
	<u>Europe</u>	<u>Latin America</u>	<u>North America</u>	<u>Africa and Asia</u>	<u>Total</u>
Net operating revenue per geographical region	18,515	98,159	4,803	25,048	146,525

Indústrias Romi S.A.

Notes to the quarterly information (ITR) at March 31, 2017

All amounts in thousands of reais unless otherwise stated

	March 31, 2016				
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	67,573	21,727	40,510	-	129,810
Cost of sales and services	(44,562)	(21,420)	(37,600)	-	(103,582)
Transfers remitted	1,450	-	3,324	(4,774)	-
Transfers received	(3,324)	-	(1,450)	4,774	-
Gross profit	21,138	307	4,784	-	26,228
Operating (expenses) income:					
Selling expenses	(11,309)	(2,830)	(839)	-	(14,978)
General and administrative expenses	(10,247)	(5,932)	(2,983)	-	(19,162)
Research and development	(4,134)	-	-	-	(4,134)
Management fees	(808)	-	(378)	-	(1,186)
Other operating income (expenses), net	661	-	-	-	661
Operating profit (loss) before finance income (costs)	(4,699)	(8,455)	584	-	(12,571)
Inventory	204,196	40,454	25,238	-	269,888
Depreciation and amortization	3,791	1,807	3,344	-	8,942
Property, plant and equipment, net	107,809	63,385	96,541	-	267,735
Intangible assets	366	51,488	-	-	51,854
	<u>Europe</u>	<u>Latin America</u>	<u>North America</u>	<u>Africa and Asia</u>	<u>Total</u>
Net operating revenue per geographical region	24,227	86,528	3,290	15,765	129,810

Indústrias Romi S.A.

Notes to the quarterly information (ITR) at March 31, 2017

All amounts in thousands of reais unless otherwise stated

18 Future commitments

On June 15, 2014, the Company and Centrais Elétricas Cachoeira Dourada S.A. - CDSA, belonging to Endesa, decided to amend the agreement for the supply of electric energy entered into on May 1, 2007, which intended to contract a volume of electric energy according to the current needs of the Company. As a result, the supply of electric energy has been extended for another four years, up to December 31, 2018, and reflects the following commitments that will be adjusted annually by the Extended Consumer Price Index (IPCA):

Year of supply	Amount
2017 (9 months)	7,274
2018	7,607
Total	14,881

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

*

*

*

**ROMI**

WWW.ROMI.COM



April 25, 2017 1Q17 Earnings Release

March 31, 2017

Share Price

ROMI3 - R\$3.66 per share (on 04/24/2017)

Market capitalization

R\$230.1 million

US\$72.6 million

Number of shares

Common: 62,857,647

Total: 62,857,647

Free Float = 45.7%**Investor Relations Contact****Fábio B. Taiar**

Investor Relations Officer

Telephone: +55 (19) 3455-9418

dri@romi.com

April 26, 2017

Earnings Conference Call

Time: 10:00 am

Dial-in numbers:

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

Access code: Romi

Earnings Conference Call in English

Time: 12:00 pm (São Paulo)

4:00 pm (London)

11:00 am (New York)

Dial-in numbers:

USA +1 (786) 924-6977

Brazil +55 (11) 3193-1001

Other + 1 (888) 700-0802

Access code: Romi



Santa Bárbara d'Oeste – SP, April 25, 2017 – Indústrias Romi S.A. ("Romi" or "Company") (BM&FBovespa: ROMI3), domestic market leader in the Machine Tools and Plastic Processing Machines markets, as well as an important producer of Raw and Machined Cast Iron Parts, announces its results for the first quarter of 2017 ("1Q17"). Except where otherwise stated, the Company's operating and financial information is presented on a consolidated basis, in accordance with International Financial Reporting Standards (IFRS).

Highlights

EBIT grows and EBITDA Margin reaches R\$10.8 million in 1Q17

- The Romi machines unit, in 1Q17, reached a positive EBITDA margin of 7.5%, an improvement of 8.8% compared to 1Q16, as result of the operating adjustments and cost and expense reduction carried out in 2016;
- The German subsidiary B+W, in 1Q17, reported a growth in gross and operating margins of 20.0 and 38.7 percentage points, respectively, when compared to 1Q16, due to a better volume of production and revenues;
- In 1Q17, compared to the same period of 2016, the Raw and Machined Cast Iron Parts Business Unit presented a growth of 41.6% in operating revenues, and improvement of 2.4 percentage points in gross margin.
- The orders entry in 1Q17 compared to 1Q16 posted a growth of 17.3%, especially the Romi Machines Business Unit and the Raw and Machined Cast Iron Parts Business Unit, which posted a growth of 15.0% and 21.4%, respectively.

R\$'000	Quarter				
	1Q16	4Q16	1Q17	Chg.	Chg.
Revenues Volume				1Q17/4Q16	1Q17/1Q16
Machines (units)	170	214	162	-24.3%	-4.7%
Burkhardt + Weber (units)	3	7	6	-14.3%	100.0%
Raw and Machined Cast Iron Parts (tons)	4,240	5,174	5,784	11.8%	36.4%
Net Operating Revenue	129,810	153,730	146,525	-4.7%	12.9%
Gross margin (%)	20.2%	16.2%	24.7%		
Operating Income (EBIT)	(12,571)	(20,883)	3,316	-115.9%	-126.4%
Operating margin (%)	-9.7%	-13.6%	2.3%		
Net Income	(9,909)	(20,175)	2,064	-110.2%	-120.8%
Net margin (%)	-7.6%	-13.1%	1.4%		
EBITDA	(3,629)	(12,630)	10,829	-185.7%	-398.4%
EBITDA margin (%)	-2.8%	-8.2%	7.4%		
Investments	2,425	3,027	4,065	34.3%	67.7%

EBITDA = Earnings before interest, taxes, depreciation and amortization.

Corporate Profile



Romi, founded in 1930, is the leader in the Brazilian industrial machinery and equipment market, and an important manufacturer of raw and machined cast iron parts.

The Company is listed on BM&FBovespa's "New Market", which is reserved for companies with a higher level of corporate governance. Romi manufactures machine tools (Conventional Lathes, CNC (Computerized Numerical Control) Lathes, Lathing Centers, Machining Centers, Vertical and Horizontal Heavy and Extra-Heavy Lathes and Drilling Mills), Plastic Injection or Blow Molding Machines, and ductile or CDI gray cast iron parts, which may be supplied in raw or machined form. The Company's products and services are sold around the world and used by various industrial segments, such as the automotive (light and heavy), agricultural machinery, capital goods, consumer goods, tools, hydraulic equipment and wind power industries, among many others.

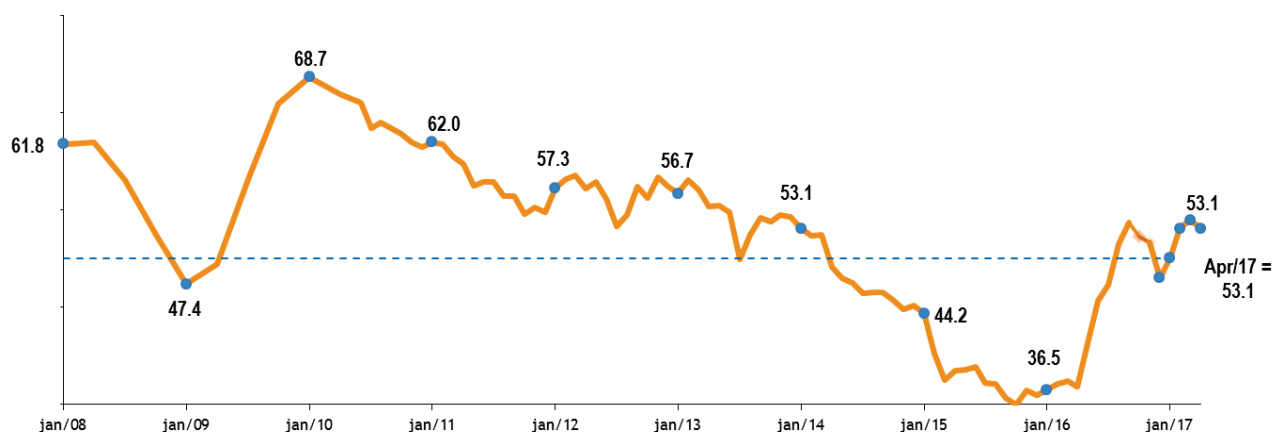
The Company has eleven manufacturing units, four of which are dedicated to the final assembly of industrial machinery, two foundries, three units for component machining, one unit for the manufacture of steel sheet components, and one plant for the assembly of electronic control panels. Of these, nine are located in Brazil and two in Germany. The Company has installed capacity to produce approximately 3,500 industrial machines and 50,000 tons of castings per year.

Current Economic Scenario

The beginning of 2017 still shows a poor economic activity, however, a few signs of a possible recovery of the Brazilian economy, although slow and gradual, could be noticed, such as the evolution of confidence indexes presented below.

In April 2017, the Industrial Entrepreneur Confidence Index – ICEI reached 53.1, after reaching its lowest index at the beginning of 2016, of 36.5 points, as shown below:

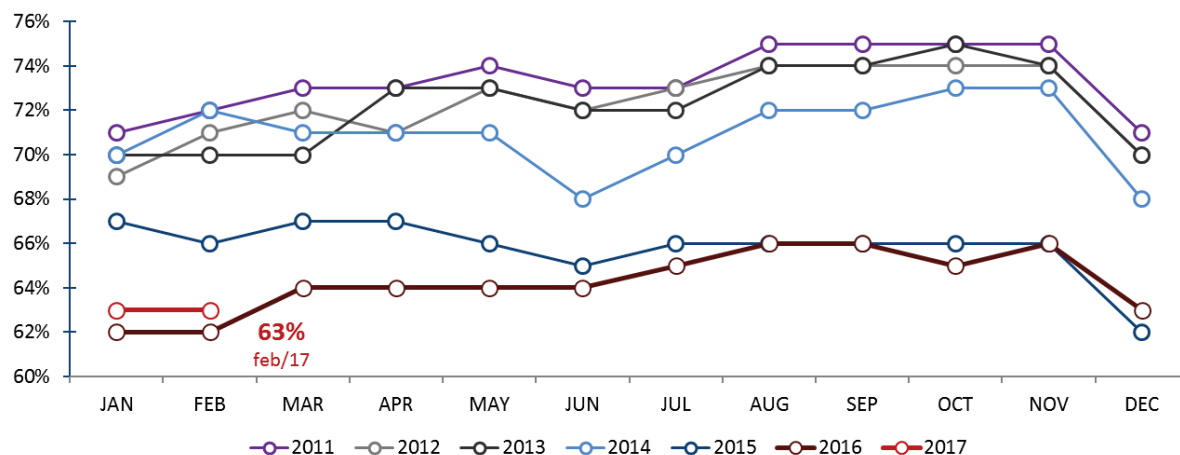
Industrial Entrepreneur Confidence Index - ICEI



Source: CNI – UCI, April 2017.

The index of Installed Capacity Utilization – UCI for Brazilian industry in general, as released by the National Industrial Confederation – CNI, continues at quite low levels, reaching percentages slightly higher than those for 2016, which recorded the lowest percentage of the monthly series (beginning in January 2011), demonstrating the challenging time faced by the Brazilian economy.

Average installed capacity utilization



Source: CNI – ICEI, February 2017.

This scenario, with a high level of uncertainty and volatility, discourages business expansion and impacts negatively the country's investment levels. However, the perspective of controlled inflation and a more competitive interest rate, which foster an adequate return of investments, start creating a more favorable environment for investments, even in a slow and gradual manner.

On the other hand, the appreciation of the Brazilian Real (R\$) against the US Dollar (US\$) increased the competitiveness of imported equipment, parts and components when compared to those produced locally, affecting the national industry. Such scenario also impacted export margins and the competitiveness of Romi products, which have as main competitors imported equipment.

With this scenario of uncertainties and high volatility, Romi continues to take actions to streamline its structure and the planning and manufacturing process, and respond quickly to the volatility of demand. In 2016 we performed additional optimizations, mainly in indirect structures, reinforced the focus on cost and expense reduction projects and invested in automation and productivity, with the objective of increasing the profitability in 2017, even in a scenario of poor economic activity. The impacts of these measures can already be noticed in the profitability levels of the Company in this first quarter of 2017.

Market

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

Order Entry (R\$ 000)					
Gross Values, sales taxes included	1Q16	4Q16	1Q17	Chg. 1Q17/4Q16	Chg. 1Q17/1Q16
Romi Machines	58,956	55,612	67,773	21.9%	15.0%
Burkhardt+Weber Machines	8,958	30,679	9,711	-68.3%	8.4%
Rough and Machined Cast Iron Parts	52,435	49,194	63,647	29.4%	21.4%
Total	120,349	135,485	141,131	4.2%	17.3%

The volume of orders placed in 1Q17 was 17.3% higher than 1Q16, due to the following main factors: (i) growth of 15.0% in order entries in the Romi Machines Business Unit, from the moderate improvement at the beginning of 2017; and (ii) growth of 21.4% in order entry of the Raw and Machined Cast Iron Parts Business Unit.

Order Book (R\$ 000)					
Gross Values, sales taxes included	1Q16	4Q16	1Q17	Chg. 1Q17/4Q16	Chg. 1Q17/1Q16
Romi Machines	75,862	53,339	64,304	20.6%	-15.2%
Burkhardt+Weber Machines	57,062	125,774	109,251	-13.1%	91.5%
Rough and Machined Cast Iron Parts	103,277	72,943	74,808	2.6%	-27.6%
Total *	236,201	252,057	248,363	-1.5%	5.1%

* The orders backlog figures do not include parts, service nor resales.

As at March 31, 2017, the orders backlog amounted to R\$248.4 million, 5.1% higher than the backlog at the end of 1Q16 and 1.5% below the amount posted in 4Q16. The decrease in the backlog at the end of 1Q17, when compared to 4T16, was mainly due to the German subsidiary B+W, which delivered backlog machines, according to the revenue schedule.

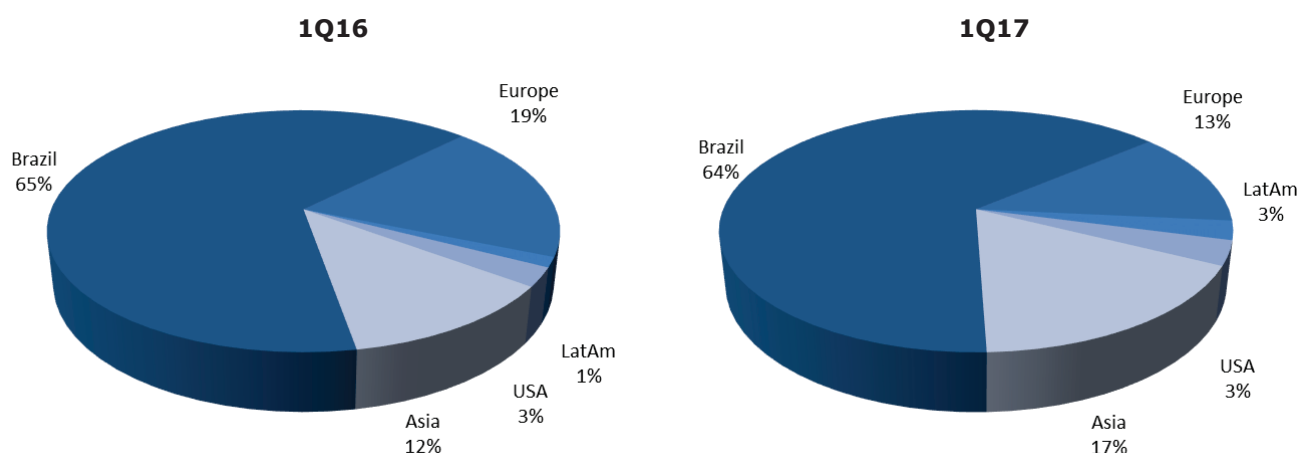
Operating Performance

NET OPERATING REVENUES

Net operating revenues posted by the Company in 1Q17 reached R\$146.5 million, 12.9% higher than in 1T16. This increase was mainly due to the revenues of the German subsidiary B+W, which ended 2016 with a relevant growth in its backlog of orders, which are being delivered in 2017, and the Raw and Machined Cast Iron Parts Business Unit which has been increasing its revenue volume since the beginning of 2016.

Net Operating Revenue (R\$ 000)	Quarter				
	1Q16	4Q16	1Q17	Chg. 1Q17/4Q16	Chg. 1Q17/1Q16
Romi Machines	67,573	67,197	59,313	-11.7%	-12.2%
Burkhardt+Weber Machines	21,727	33,050	29,869	-9.6%	37.5%
Raw and Machined Cast Iron Parts	40,510	53,483	57,343	7.2%	41.6%
Total	129,810	153,730	146,525	-4.7%	12.9%

The domestic market accounted for 64% of Romi's consolidated revenues in 1Q17, very similar to 1Q16 (65%). Regarding the foreign market, Asia represented 17% of revenues in 1Q17 due to a significant delivery of machines from the German subsidiary B+W to China. Considering the revenue obtained in the foreign market, which takes into account the sales by Romi's subsidiaries abroad (Germany, Asia, United States, Italy, United Kingdom, France, Mexico and Spain) the breakdown of Romi's total revenue, by geographical region, was:



Below, we show the revenues obtained in the foreign market, in Brazilian Reais (R\$) and US Dollars (US\$):

Foreign Sales	Quarter				
	1Q16	4Q16	1Q17	Chg. 1Q17/4Q16	Chg. 1Q17/1Q16
Net Sales (R\$ million)	45.5	59.9	52.1	-13.0%	14.7%
Net Sales (US\$ million)	12.8	18.4	16.5	-10.5%	28.8%

Romi Machinery

The net operating revenues of this Business Unit reached R\$59.3 million in 1Q17, a decrease of 12.2% compared to 1Q16, showing that the domestic scenario is still presenting a low investment level. Foreign market revenues are still showing expansion, and increased 28.8%, in US Dollars, in 1Q17, when compared to 1T16.

Burkhardt+Weber Machinery

Revenues of the German subsidiary B+W in 1Q17, when compared to 1Q16, increased 37.5%. Such increase in revenue volume is within the expectation and revenue schedule for 2017, which demonstrates a solid backlog order of this subsidiary for 2017.

Raw and Machined Cast Iron Parts

In 1Q17, the net operating revenues of this Business Unit were R\$57.3 million, which represents an increase of 41.6% compared to 1Q16, showing a good volume of activity for this Business Unit, driven by large castings and machined parts

OPERATING COSTS AND EXPENSES

The gross margin achieved in 1Q17, of 24.7%, posted an increase of 4.5% compared to 1Q16, as a result of the operating adjustments carried out in 2016. Such adjustments also positively impacted the operating margin (EBIT), which in 1Q17, when compared to 1Q16, presented growth of 11.9 percentage points.

	Quarter				
	1Q16	4Q16	1Q17	Var. p.p. 1Q17/4Q16	Var. p.p. 1Q17/1Q16
Gross Margin					
Romi Machines	31.3%	19.0%	36.6%	17.6	5.3
Burkhardt+Weber Machines	1.4%	22.7%	21.4%	(1.3)	20.0
Raw and Machined Cast Iron Parts	11.8%	8.6%	14.2%	5.6	2.4
Total	20.2%	16.2%	24.7%	8.5	4.5

	Quarter				
	1Q16	4Q16	1Q17	Var. p.p. 1Q17/4Q16	Var. p.p. 1Q17/1Q16
EBIT Margin					
Romi Machines	-7.0%	-33.1%	2.1%	35.2	9.1
Burkhardt+Weber Machines	-38.9%	7.1%	-0.2%	(7.3)	38.7
Raw and Machined Cast Iron Parts	1.4%	-1.9%	3.7%	5.6	2.3
Total	-9.7%	-13.6%	2.3%	15.9	11.9

Romi Machinery

The gross and operating margins of this Business Unit, in 1Q17, reported an increase of 5.3 and 9.1 percentage points when compared to 1Q16, due to the operating adjustments carried out in 2016. On the other hand, the appreciation of the Brazilian currency (Real) throughout 2017 impacted the export margins in 1Q17.

Burkhardt+Weber Machinery

In this Business Unit, the gross margin in 1Q17 was 21.4%, which represents an increase of 20.0% in relation to 1Q16, due to the greater operation and revenue volume.

Raw and Machined Cast Iron Parts

The gross margin of this Business Unit in 1Q17 was 14.2%, an increase of 2.4% in relation to 1Q16, mainly due to a greater revenue volume.

EBITDA AND EBITDA MARGIN

In 1Q17, the operating cash generation as measured by EBITDA was R\$10.8 million, representing an EBITDA margin of 7.4% in the quarter, as shown in the table below:

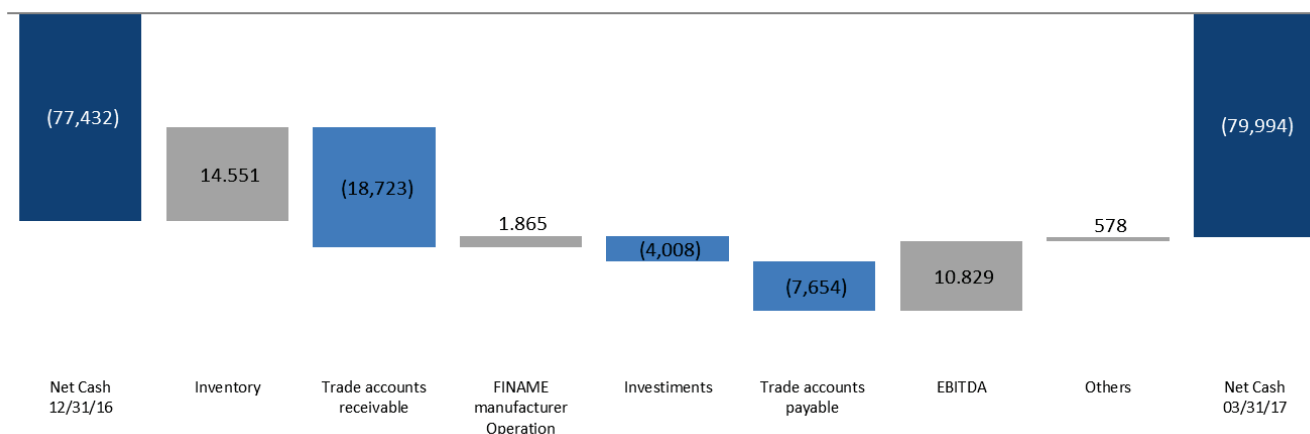
Reconciliation of Net Income to EBITDA (R\$ 000)	Quarter				
	1Q16	4Q16	1Q17	Chg. 1Q17/4Q16	Chg. 1Q17/1Q16
Net Income	(9,909)	(20,175)	2,064	-110.2%	-120.8%
Income tax and social contributions	(3,988)	(2,321)	735	-131.7%	-118.4%
Net Financial Income	1,326	1,613	517	-67.9%	-61.0%
Depreciation and amortization	8,942	8,253	7,513	-9.0%	-16.0%
EBITDA	(3,629)	(12,630)	10,829	-185.7%	-398.4%
EBITDA Margin	-2.8%	-8.2%	7.4%	0.16	0.10
Total Net Operating Revenue	129,810	153,732	146,525	-4.7%	12.9%

PROFIT FOR THE PERIOD

Profit was R\$2.1 million in 1Q17.

Evolution of net cash (debt) position

The main changes in the net debt position during 1Q17 are described below in R\$'000:



The balances of "FINAME Manufacturer Financing" are not used to calculate the Company's net debt.

Inventories

The variation in inventories was caused mainly by the efforts and actions to reduce inventory levels in the Brazilian operation.

Trade accounts receivable

The increase was mainly due to the increase in revenue volume of the Raw and Machine Cast Iron Parts Unit.

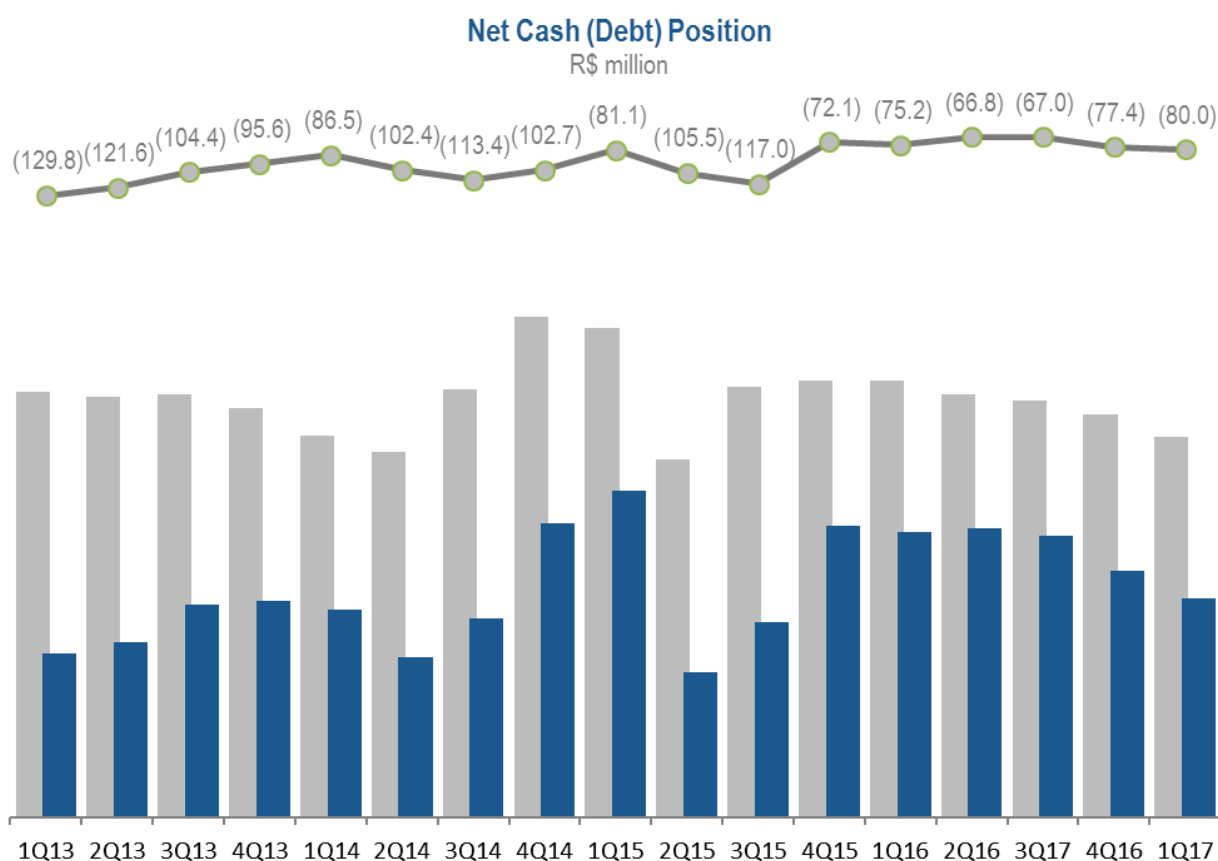
Trade accounts payable

Projects of leadtime reduction, with a better production planning, resulted in a decrease in purchase volume.

Financial Position

Short-term investments, including those backed by debentures, are made with financial institutions with low credit risk and their yield is substantially indexed to the interbank deposit rate ("CDI"). The consolidated position of cash and cash equivalents (debt) as at March 31, 2017 was R\$80.0 million.

The Company's borrowings are used mainly in investments in the modernization of the industrial facilities, research and development of new products, and financing of exports and imports. As at March 31, 2017, the financing in local currency amounted to R\$176.4 million, and in foreign currency to R\$12.1 million, totaling R\$188.6 million.

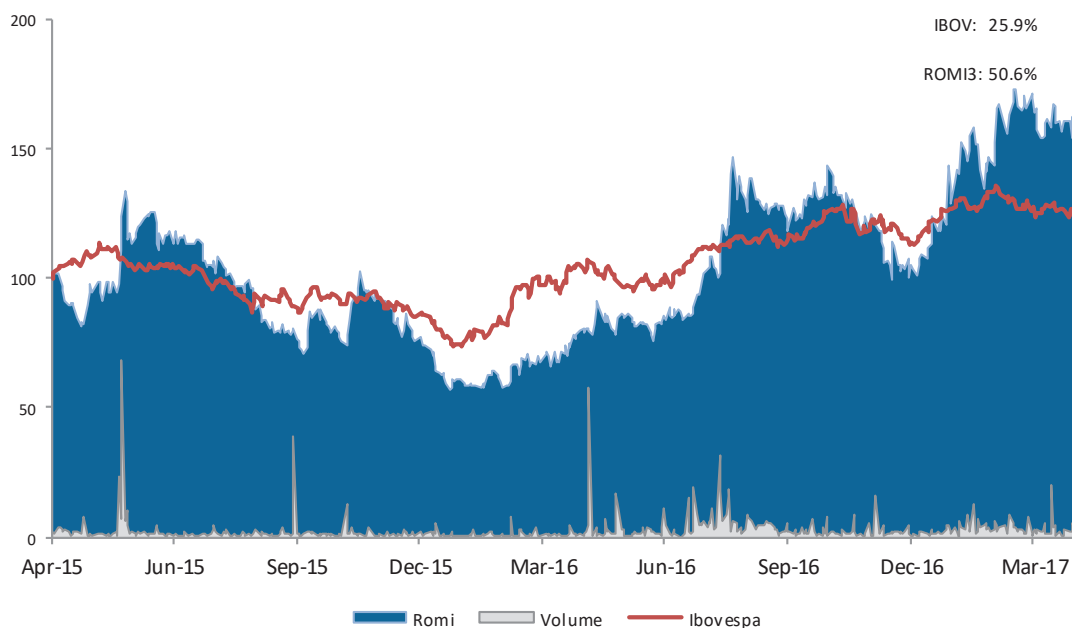


The balances of "FINAME Manufacturer Financing" are not used to calculate the Company's net debt. As at March 31, 2017, the Company did not have any derivative transactions.

Capital Market

Share Performance ROMI3 vs. Ibovespa

From 04/01/2015 to 04/24/2017



Source: BM&FBovespa.

At April 24, 2017, Romi's common shares (ROMI3) were traded at R\$3.66, posting appreciation of 38.1% since December 31, 2016 and 136.1% since March 31, 2016. The BM&FBovespa Index posted appreciation of 8.1% and 28.6% in the same period.

The Company's market capitalization as at April 24, 2017 was R\$230.1 million. The average daily trading volume in 1Q17 was R\$317.5.

Consolidated Balance Sheet

(R\$ 000)

ASSETS	03/31/16	12/31/16	03/31/17
CURRENT	675,509	622,374	605,824
Cash and Cash equivalents	122,598	101,510	87,214
Financial investments	19,100	20,831	21,365
Trade accounts receivable	106,029	94,216	113,469
Onlending of FINAME manufacturer financing	116,600	102,356	95,668
Inventories	269,888	264,587	250,036
Recoverable taxes	20,514	24,402	21,879
Other receivables	20,780	14,472	16,193
NON CURRENT	501,600	461,746	446,403
Trade accounts receivable	8,751	11,996	11,466
Onlending of FINAME manufacturer financing	93,113	67,323	58,447
Recoverable taxes	982	777	671
Deferred income and social contribution taxes	52,935	58,053	57,040
Escrow Deposits	2,698	2,115	2,087
Other receivables	6,532	9,065	9,462
Investments			
Property, Plant and Equipment	267,735	252,033	246,344
Investment Property	17,000	17,538	18,588
Intangible assets	51,854	42,846	42,298
TOTAL ASSETS	1,177,109	1,084,120	1,052,227

LIABILITIES AND SHAREHOLDER'S EQUITY	03/31/16	12/31/16	03/31/17
CURRENT	242,746	290,889	274,847
Loans and financing	51,819	99,435	94,952
FINAME manufacturer financing	76,020	67,177	62,025
Trade accounts payable	35,831	34,482	26,828
Payroll and related taxes	24,374	19,013	21,765
Taxes payables	3,515	2,596	1,759
Advances from customers	28,751	53,787	53,665
Other payables	22,436	14,399	13,853
NON CURRENT	279,671	191,699	175,449
Long-term liabilities	-	-	-
Loans and financing	165,087	100,338	93,621
FINAME manufacturer financing	81,564	62,953	54,406
Deferred income and social contribution taxes	31,025	25,853	25,331
Taxes payable	539	539	539
Reserve for contingencies	1,006	1,920	1,439
Other payables	450	96	113
SHAREHOLDER'S EQUITY	653,179	599,962	600,425
Capital	492,025	492,025	492,025
Retained earnings	140,721	90,243	90,243
Profit (loss) for the period	(9,965)	-	2,015
Treasury shares	(5,600)	-	-
Cumulative translation adjustments	35,998	17,694	16,142
NON CONTROLLING INTERESTS	1,513	1,570	1,506
TOTAL SHAREHOLDER'S EQUITY	654,692	601,532	601,931
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	1,177,109	1,084,120	1,052,227

Consolidated Income Statement

(R\$ thousand)

	1Q16	4Q16	1Q17	Chg. 1Q17/4Q16	Chg. 1Q17/1Q16
Net Operating Revenue	129,810	153,732	146,525	-4.7%	12.9%
Cost of Goods Sold	(103,582)	(128,836)	(110,281)	-14.4%	6.5%
Gross Profit	26,228	24,896	36,244	45.6%	38.2%
<i>Gross Margin %</i>	<i>20.2%</i>	<i>16.2%</i>	<i>24.7%</i>	<i>8.5%</i>	<i>4.5%</i>
Operating Expenses	(38,799)	(45,779)	(32,928)	-28.1%	-15.1%
Selling expenses	(14,978)	(20,582)	(14,659)	-28.8%	-2.1%
Research and development expenses	(4,134)	(6,282)	(4,052)	-35.5%	-2.0%
General and administrative expenses	(19,162)	(16,445)	(12,906)	-21.5%	-32.6%
Management profit sharing and compensation	(1,186)	(1,327)	(1,453)	9.5%	22.5%
Other operating income, net	661	(1,143)	142	-112.4%	-78.5%
Operating Income before Financial Results	(12,571)	(20,883)	3,316	-115.9%	-126.4%
<i>Operating Margin %</i>	<i>-9.7%</i>	<i>-13.6%</i>	<i>2.3%</i>	<i>15.8%</i>	<i>11.9%</i>
Financial Results, Net	(1,326)	(1,613)	(517)	-67.9%	-61.0%
Financial income	4,192	4,940	4,285	-13.3%	2.2%
Financial expenses	(3,741)	(5,248)	(4,067)	-22.5%	8.7%
Exchange gain (loss), net	(1,777)	(1,305)	(735)	-43.7%	-58.6%
Operations Operating Income	(13,897)	(22,496)	2,799	-112.4%	-120.1%
Income tax and social contribution	3,988	2,321	(735)	-131.7%	-118.4%
Net income	(9,909)	(20,175)	2,064	-110.2%	-120.8%
<i>Net Margin %</i>	<i>-7.6%</i>	<i>-13.1%</i>	<i>1.4%</i>	<i>14.5%</i>	<i>9.0%</i>
Net profit concerning:					
Controlling interests	(9,965)	(20,231)	2,015	-110.0%	-120.2%
Non controlling interests	56	56	49	-12.5%	-12.5%
EBITDA	(3,629)	(12,630)	10,829	-185.7%	-398.4%
Loss for the period	(9,909)	(20,175)	2,064	-110.2%	-120.8%
Income tax and social contribution	(3,988)	(2,321)	735	-131.7%	-118.4%
Financial income, net	1,326	1,613	517	-67.9%	-61.0%
Depreciation and amortization	8,942	8,253	7,513	-9.0%	-16.0%
<i>EBITDA Margin %</i>	<i>-2.8%</i>	<i>-8.2%</i>	<i>7.4%</i>	<i>15.6%</i>	<i>10.2%</i>
Nº of shares in capital stock (th)	68,758	62,858	62,858	0.0%	-8.6%
Profit (loss) per share - R\$	(0.14)	(0.32)	0.03	-110.0%	-122.1%

Consolidated Cash Flow Statement

(R\$ thousand)

	1Q16	4Q16	1Q17
Cash from operating activities			
Net Income	(13,897)	(22,498)	2,799
Financial expenses and exchange gain	3,434	2,526	2,478
Depreciation and amortization	8,942	8,253	7,513
Allowance for doubtful accounts and other receivables	975	(243)	420
Proceeds from sale of fixed assets and intangibles	(269)	1,173	(297)
Provision for inventory realization	309	(9,776)	(2,475)
Reserve for contingencies	(16)	4,851	(3,511)
Change on operating assets and liabilities			
Financial Investments	(16,437)	(628)	(534)
Trade accounts receivable	14,118	9,193	(18,130)
Onlending of Finame manufacturer financing	10,711	12,914	16,305
Inventories	(2,410)	17,047	17,028
Recoverable taxes, net	(1,567)	(2,566)	3,642
Escrow deposits	(71)	254	(578)
Other receivables	3,659	5,261	(1,430)
Trade accounts payable	7,626	(2,631)	(7,519)
Payroll and related taxes	3,556	(11,215)	4,641
Taxes payable	86	1,282	(1,252)
Advances from customers	(9,100)	848	(122)
Other payables	(3,772)	(8,075)	1,043
Cash provided by (used in) operating activities	5,877	5,970	20,021
Income tax and social contribution paid	(629)	(516)	(842)
Net Cash provided by (used in) operating activities	5,248	5,454	19,179
Purchase of fixed assets	(2,425)	(2,762)	(3,394)
Sales of fixed assets	664	671	494
Increase in intangible assets	(87)	(257)	(671)
Net cash Used in Investing Activities	(1,848)	(2,348)	(3,571)
Interest on capital paid	(819)	-	(113)
Share Repurchase	(522)	-	-
New loans and financing	14,992	9,076	1,801
Payments of loans and financing	(13,312)	(14,323)	(12,823)
Interests paid (including Finame manufacturer financing)	(5,512)	(4,819)	(5,020)
New loans in Finame manufacturer	7,018	7,622	4,759
Payment of Finame manufacturer financing	(24,275)	(19,188)	(18,497)
Net Cash provided by (used in) Financing Activities	(22,430)	(21,632)	(29,893)
Decrease in cash and cash equivalents	(19,030)	(18,526)	(14,285)
Exchange variation changes on cash and cash equivalents abroad	(290)	518	(11)
Cash and cash equivalents - beginning of period	141,918	119,518	101,510
Cash and cash equivalents - end of period	122,598	101,510	87,214

Annex I – DRE by Business Unit

Income Statement by Business Units - 1Q17

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	59,313	29,869	57,343	146,525
Cost of Sales and Services	(37,563)	(23,479)	(49,239)	(110,281)
Business Units Transfers	1,500	-	1,529	3,030
Business Units Transfers	(1,529)	-	(1,500)	(3,030)
Gross Profit	21,721	6,390	8,133	36,244
<i>Gross Margin %</i>	<i>36.6%</i>	<i>21.4%</i>	<i>14.2%</i>	<i>24.7%</i>
Operating Expenses	(20,461)	(6,452)	(6,015)	(32,928)
Selling	(10,842)	(2,497)	(1,320)	(14,659)
General and Administrative	(5,067)	(3,955)	(3,884)	(12,906)
Research and Development	(4,052)	-	-	(4,052)
Management profit sharing	(642)	-	(811)	(1,453)
Other operating revenue	142	-	-	142
Operating Income before Financial Results	1,260	(62)	2,118	3,316
<i>Operating Margin %</i>	<i>2.1%</i>	<i>-0.2%</i>	<i>3.7%</i>	<i>2.3%</i>
Depreciation and amortization	3,174	1,334	3,005	7,513
EBITDA	4,434	1,272	5,123	10,829
<i>EBITDA Margin %</i>	<i>7.5%</i>	<i>4.3%</i>	<i>8.9%</i>	<i>7.4%</i>

Income Statement by Business Units - 1Q16

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	67,574	21,727	40,510	129,810
Cost of Sales and Services	(44,562)	(21,420)	(37,600)	(103,582)
Business Units Transfers	1,450	-	3,324	4,774
Business Units Transfers	(3,324)	-	(1,450)	(4,774)
Gross Profit	21,138	307	4,784	26,227
<i>Gross Margin %</i>	<i>31.3%</i>	<i>1.4%</i>	<i>11.8%</i>	<i>20.2%</i>
Operating Expenses	(25,837)	(8,762)	(4,200)	(38,799)
Selling	(11,309)	(2,830)	(839)	(14,978)
General and Administrative	(10,247)	(5,932)	(2,983)	(19,162)
Research and Development	(4,134)	-	-	(4,134)
Management profit sharing	(808)	-	(378)	(1,186)
Other operating revenue	661	-	-	661
Operating Income before Financial Results	(4,699)	(8,455)	584	(12,571)
<i>Operating Margin %</i>	<i>-7.0%</i>	<i>-38.9%</i>	<i>1.4%</i>	<i>-9.7%</i>
Depreciation and amortization	3,791	1,807	3,344	8,942
EBITDA	(908)	(6,648)	3,928	(3,629)
<i>EBITDA Margin %</i>	<i>-1.3%</i>	<i>-30.6%</i>	<i>9.7%</i>	<i>-2.8%</i>

Annex II – Financial Statements of B+W

Balance Sheet B+W

	(€ 000)		
ASSETS	03/31/16	12/31/16	03/31/17
CURRENT	17,134	23,072	24,567
Cash and Cash equivalents	91	2,897	1,683
Trade accounts receivable	6,773	5,863	6,431
Inventories	9,108	13,193	15,009
Recoverable taxes	966	745	987
Related Parties	34	219	181
Other receivables	162	155	275
	-	-	-
NONCURRENT	28,367	27,201	26,859
Long-Term Assets	-	-	-
Other receivables	-	-	-
Investments			
Property, Plant and Equipment, net	15,639	14,911	14,717
Investment in Subsidiaries and Associate Companies	24	46	46
Intangible assets	12,704	12,244	12,096
TOTAL ASSETS	45,501	50,274	51,426
LIABILITIES AND SHAREHOLDER'S EQUITY	03/31/16	12/31/16	03/31/17
CURRENT	9,974	15,935	17,355
Loans and financing	1,799	-	-
Trade accounts payable	545	1,166	1,347
Payroll and related taxes	800	551	1,183
Taxes payable	146	157	-
Advances from customers	4,817	12,515	13,084
Other payables	1,844	1,447	1,588
Related Parties	24	98	153
	-	-	-
NON CURRENT	9,313	8,521	8,338
Long-term liabilities	-	-	-
Loans and financing	4,317	3,659	3,520
Deferred income and social contribution taxes	4,996	4,862	4,817
	-	-	-
SHAREHOLDER'S EQUITY	26,213	25,818	25,733
Capital	7,025	7,025	7,025
Capital reserve	505	505	505
Accumulated deficit	18,683	18,288	18,203
	-	-	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	45,501	50,274	51,426

B+W Income Statement

	(€ 000)		
	1Q16	4Q16	1Q17
Net Operating Revenue	5,052	9,360	8,937
Cost of Goods Sold	(4,971)	(7,238)	(7,026)
Gross Profit	81	2,122	1,911
<i>Gross Margin %</i>	<i>1.6%</i>	<i>22.7%</i>	<i>21.4%</i>
Operating Expenses	(2,034)	(1,454)	(1,926)
Selling expenses	(665)	(593)	(747)
General and administrative expenses	(1,369)	(861)	(1,179)
Operating Income before Financial Results	(1,953)	668	(15)
<i>Operating Margin %</i>	<i>-38.7%</i>	<i>7.1%</i>	<i>-0.2%</i>
Financial Results, Net	(30)	(58)	(105)
Operations Operating Income	(1,983)	610	(120)
Income tax and social contribution	573	(321)	35
Net income	(1,410)	289	(85)
<i>Net Margin %</i>	<i>-27.9%</i>	<i>3.1%</i>	<i>-1.0%</i>
EBITDA	(1,425)	1,175	492
Net income / loss for the period	(1,410)	289	(85)
Income tax and social contribution	(573)	321	(35)
Financial income, net	30	58	105
Depreciation and amortization	528	507	507
<i>EBITDA Margin %</i>	<i>-28.2%</i>	<i>12.6%</i>	<i>5.5%</i>

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