Indústrias Romi S.A.

Quarterly Information (ITR) at
March 31, 2019
and reporting on review of quarterly information

Edifício Trade Tower
Av. José de Souza Campos, 900
1º e 3º andares - Nova Campinas
13092-123 – Campinas, São Paulo, Brazil
Tel: +55 19 3322-0500
Fax: +55 19 3322-0559
ey.com.br

Independent auditor's review report on quarterly financial information

To the shareholders of
Indústrias Romi S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Indústrias Romi S.A. for the quarter ended March 31, 2019, comprising the statement of financial position as of March 31, 2019 and the related statements of profit or loss and of comprehensive income for the three-month period then ended, and of changes in equity and of cash flows for the three month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (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 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). 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.

Basis for qualified conclusion

Reversal of provision for ICMS tax on sales included in the PIS and COFINS calculation bases

As disclosed in Note 14, during the quarter ended at March 31, 2019, as a result of favorable final decision on the lawsuit, the Company reversed the provision related to the effect of the exclusion of State VAT (ICMS) from the Contribution Tax on Gross Revenue for Social Integration Program (PIS) and the Contribution Tax on Gross Revenue for Social Security Financing (COFINS) bases, which were not collected from November 2006 to March 2019 but were deposited in court. Considering the manifestation of the Federal Supreme Court (STF) of March 15, 2017, regarding the general repercussion effect, which understood that the ICMS tax is not to be included in the PIS and COFINS contribution tax bases and based on the guidelines of the CPC 25 / IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, we understood that it was no longer probable that an outflow would be required to settle this obligation and, therefore, this provision should have been reversedin that year . As a consequence, at March 31, 2019, individual and consolidated net income for the three-month period then ended are overstated by R$ 56.302 thousand, and the individual and consolidated noncurrent assets, total assets, and equity at December 31, 2018, presented for comparison purposes, are understated by R$85.306 thousand and R$56.302 thousand.

Modified conclusion on the individual and consolidated interim financial information

Based on our review, except for the effects of the matter described in the “Basis for qualified conclusion” section of our report, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

We have also reviewed the individual and consolidated statement of value added (SVA) for the three-month period ended March 31, 2019, prepared under Company’s Management responsibility, whose presentation in the interim financial information is required by rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information Form (ITR), and as supplementary information by the International Financial Reporting Standards (IFRS), which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, except for the effects of the matter described in the “Basis for qualified conclusion” section nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Campinas, April 23, 2019.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP034519/O-6

José Antonio de A. Navarrete
Accountant CRC 1SP198698/O-4

INDÚSTRIAS ROMI S.A.

STATEMENT OF FINANCIAL POSITION
(In thousands of reais unless otherwise stated)

		Parent		Consolidated	
ASSETS	Note	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
CURRENT					
Cash and cash equivalents	3	36,758	67,284	67,512	100,428
Short-term investments	3	659	489	659	489
Trade accounts receivable	4	78,179	82,006	133,094	168,213
Onlending of FINAME manufacturer financing	5	88,431	87,482	88,431	87,482
Inventories	6	222,848	203,133	346,931	300,547
Related parties	8	53,953	60,397	-	-
Taxes recoverable		36,171	22,614	43,012	25,267
Judicial deposits	14 (a)	86,579	-	86,579	-
Other receivables		16,742	12,574	20,116	14,931
		620,320	535,979	786,334	697,357
Trade accounts receivable					
NON-CURRENT					
Trade accounts receivable	4	12,341	13,618	12,341	13,618
Related parties	8	-	-	-	-
Taxes recoverable		52,292	18,998	52,292	18,998
Deferred income tax and social contribution	15	23,487	43,595	27,597	43,948
Judicial deposits	14 (a)	2,126	2,110	2,126	2,110
Other receivables		2,011	1,849	2,335	2,172
		218,663	208,754	223,097	209,430
Investment in subsidiary and associated companies	7	133,164	147,669	-	-
Property, plant and equipment	10	188,335	187,860	264,842	258,921
Investment properties	9	13,500	13,500	18,398	18,398
Intangible assets	11	801	879	55,959	57,981
TOTAL ASSETS		1,174,783	1,094,641	1,348,630	1,242,087

		Parent		Consolidated	
LIABILITIES AND EQUITY	Note	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
CURRENT					
Borrowings	12	93,454	90,419	107,295	102,547
FINAME manufacturer financing	13	65,772	63,326	65,772	63,326
Trade accounts payable		39,315	26,853	60,959	44,261
Payroll and related taxes		17,678	21,858	25,563	27,504
Taxes payable		19,508	6,799	21,619	7,847
Advances from costumers		13,848	14,824	84,490	71,466
Dividends and interes on capital		-	2,195	-	2,195
Profit sharing		25,805	23,785	25,805	23,785
Other payables		3,309	2,978	18,454	19,821
Related parties	8	1,174	4,472	-	-
Provision for net capital deficiency - subsidiary	7	3,559	2,653	-	-
		283,422	260,162	409,957	362,752
NON-CURRENT					
Borrowings	12	18,414	20,118	28,964	31,438
FINAME manufacturer financing	13	118,759	116,278	118,759	116,278
Provision for tax, labor and divil risks	14	2,061	2,100	2,061	2,100
Other payables		3	6	4,128	130
Deferred income tax and social contribution	15	-	-	31,133	31,786
		139,237	138,502	185,045	181,732
TOTAL LIABILITIES		422,659	398,664	595,002	544,484
EQUITY	16				
Capital		492,025	492,025	492,025	492,025
Reitaned reserve		217,929	160,218	217,929	160,218
Cumulative translation adjustments		42,170	43,734	42,170	43,734
		752,124	695,977	752,124	695,977
NON CONTROLLING INTEREST		-	-	1,504	1,626
TOTAL EQUITY		752,124	695,977	753,628	697,603
TOTAL LIBILITIES AND EQUITY		1,174,783	1,094,641	1,348,630	1,242,087

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)

		Parent		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
Net Operating revenue	22	94,882	100,106	120,766	132,647
Cost of sales and services	6	(74,739)	(75,784)	(97,215)	(97,888)
Gross profit		20,143	24,322	23,551	34,759
Operation income (expenses)					
Selling		(9,608)	(9,067)	(18,558)	(16,153)
General and administrative		(7,964)	(6,141)	(17,435)	(13,367)
Research and development		(4,760)	(3,883)	(4,760)	(3,883)
Management profit sharing and fees	8	(1,475)	(1,433)	(1,498)	(1,456)
Equity in earnings of subsidiaries	7	(11,569)	(3,702)	-	-
Other operating income, net		75,143	958	75,143	744
		39,767	(23,268)	32,892	(34,115)
Operating profit		59,910	1,054	56,443	644
Financial income (expenses)					
Financial income		63,090	3,050	63,825	3,478
Financial expenses		(579)	(2,040)	(1,176)	(2,601)
Foreign exchange gains, net		(1,164)	300	(1,294)	304
		61,347	1,310	61,355	1,181
Profit before taxation		121,257	2,364	117,798	1,825
Income tax and social contribution	15	(34,004)	(565)	(30,498)	11
Profit for the period		87,253	1,799	87,300	1,836
Attributable to:					
Controlling interests				87,253	1,799
Non-Controlling interests				47	37
				87,300	1,836
Basic and diluted earnings per share (R$)	16	1.39	0.03		

The accompanying notes are na 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)

	Parent		Consolidated	
	2019	**2018**	**2019**	**2018**
Profit for the period	87,253	1,799	87,300	1,836
Foreign currency translation efects	(1,564)	3,052	(1,564)	3,052
Comprehensive profit for the period	85,689	4,851	85,736	4,888
Attributable to:				
Controlling interests			85,689	4,851
Non-Controlling interests			47	37
			85,736	4,888

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INDÚSTRIAS ROMI S.A.

STATEMENT OF CHANGES IN EQUITY
(In thousands of reais unless otherwise stated)

	Attributable to the controlling interests								
		Income reserve							
	Capital	Reitaned reserve	Legal reserve	Total	Other comprehensive income	Profit for the year	Total	Non-controlling interests	Total
At December 31, 2017	**492,025**	**75,322**	**43,638**	**118,960**	**30,984**	**-**	**641,969**	**1,531**	**643,500**
Profit for the year	-	-	-	-	-	1,799	1,799	37	1,836
Foreign currency translation effects	-	-	-	-	3,052	-	3,052		3,052
Total comprohensive income for the period	-	-	-	-	3,052	1,799	4,851	37	4,888
Dividends paid by subsidiary	-	-	-	-	-	-	-	(75)	(75)
At March 31, 2018	**492,025**	**75,322**	**43,638**	**118,960**	**34,036**	**1,799**	**646,820**	**1,493**	**648,313**
At December 31, 2018	**492,025**	**112,380**	**47,838**	**160,218**	**43,734**	**-**	**695,977**	**1,626**	**697,603**
Profit for the period	-	-	-	-	-	87,253	87,253	47	87,300
Foreign currency translation effects	-	-	-	-	(1,564)	-	(1,564)	-	(1,564)
Total comprehensive income for the year	-	-	-	-	(1,564)	87,253	85,689	47	85,736
Mandatory dividends	-	-	-	-	-	(29,542)	(29,542)	-	(29,542)
Dividends paid by subsidiary	-	-	-	-	-	-	-	(169)	(169)
At March 31, 2019	**492,025**	**112,380**	**47,838**	**160,218**	**42,170**	**57,711**	**752,124**	**1,504**	**753,628**

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

INDÚSTRIAS ROMI S.A.

STATEMENT OF CASH FLOW
FOR THE QUARTERS ENDED MARCH 31
(In thousands of reais unless otherwise stated)

	Parent		Consolidated	
	2019	**2018**	**2019**	**2018**
Cash flows from operating activities				
Profit before taxation	**121,257**	**2,364**	**117,798**	**1,825**
Adjustments from:				
Finance expenses (revenue) and exchange rate	(60,219)	(78)	(60,409)	448
Depreciation and amortization	5,404	6,426	8,262	8,248
Allowance for doubtful accounts and for other receivables	(642)	(319)	(3,297)	(737)
Provision for inventory losses	1,397	(1,042)	1,363	(839)
Cost of property, palnt and equipment and disposals of intangible assets	(239)	(684)	(238)	(684)
Equity in earnings of subsidiaries	11,569	3,702	-	-
Provision for contingent liabilities	(56,746)	1,553	(56,746)	1,553
Change in operating assets and liabilities				
Financial investments	(170)	726	(170)	726
Trade accounts receivable	3,049	(7,196)	36,996	3,043
Related parties (assets and liabilities)	3,149	(5,945)	-	-
Onlending of Finame manufacturer financing	(1,288)	11,737	(1,288)	11,737
Inventories	(21,112)	(11,600)	(47,746)	(30,502)
Taxes receivable	(34,864)	(2,226)	(8,802)	(2,321)
Judicial deposits	8,540	(1,132)	8,540	(1,132)
Other credits	2,574	1,063	1,556	731
Trade accounts payable	10,765	9,819	15,001	13,664
Payroll and related taxes	(4,336)	(3,273)	(2,097)	(1,610)
Taxes payable	15,284	(2,983)	(18,409)	(2,448)
Advances from costumers	(976)	(2,741)	13,024	(3,601)
Other payables	(2,508)	(1,471)	(6,492)	(1,014)
Cash from operations	(112)	(3,300)	(3,154)	(2,913)
Income tax and social contribuition paid	(2,575)	(193)	(2,772)	(279)
Net cash from operations	(2,687)	(3,493)	(5,926)	(3,192)
Cash flow from investing activities				
Purchase of property, plant and equipment	(5,831)	(8,106)	(7,157)	(8,800)
Intangible increase	-	-	(581)	(8)
Unrealized profit	-	-	-	-
Disposal of property, plant and equipment	269	769	269	769
Dividends received	2,278	1,001	-	-
Capital increase	-	-	-	-
Net cash used in investing activities	(3,284)	(6,336)	(7,469)	(8,039)
Fluxos de caixa das atividades de financiamento				
Interest on capital and dividends paid	(27,555)	(8,230)	(23,922)	(8,305)
New borrowings	11,185	5,572	13,967	5,572
Financing repaid	(9,030)	(8,773)	(10,083)	(9,436)
Interest paid	(384)	(1,540)	(977)	(2,106)
New Finame - manufacturer financing	20,459	11,764	20,459	11,764
Payment of Finame - manufacturer financing	(15,377)	(14,736)	(15,377)	(14,736)
Interest paid of Finame - manufacturer financing	(3,853)	(2,848)	(3,853)	(2,848)
Net cash used in financing activities	(24,555)	(18,791)	(19,786)	(20,095)
Decrease in cash and cash equivalents	(30,526)	(28,620)	(33,181)	(31,326)
Cash and cash equivalents at the beginning of the period	67,284	69,806	100,428	105,682
Foreign exchange gains (losses) of cash equivalents of foreign subsidiaries	-	-	265	(268)
Cash and cash equivalents at the end of the period	36,758	41,186	67,512	74,088

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

STATEMENT OF VALUE ADDED
FOR THE YEARS ENDED DECEMBER 31
(In thousands of reais unless otherwise stated)

	Parent		Consolidated	
	2019	**2018**	**2019**	**2018**
Revenues				
Sales of products and services	113,525	117,635	139,432	150,193
Allowance for doubtful accounts and for other receivables	(994)	230	1,774	230
Other operating revenues, net	75,143	958	75,143	744
	187,674	118,823	216,349	151,167
Inputs acquired from third parties				
Materials used	(86,106)	(55,635)	(89,366)	(63,006)
Other costs of products and services	(3,239)	(2,858)	(8,379)	(5,998)
Elecritcy, third-party services and other expenses	(9,271)	(6,588)	(12,115)	(7,423)
	(98,616)	(65,081)	(109,860)	(76,427)
Gross value added	89,058	53,742	106,489	74,740
Depreciation and amortization	(5,404)	(6,426)	(8,262)	(8,248)
Net value added generated by the Company	83,654	47,316	98,227	66,492
Value added received through transfers				
Equity in earnings of subsidiaries	(11,569)	(3,702)	-	-
Finance income (costs) and net foreign exchange gains	61,928	3,348	62,531	3,782
Total value added to distribute	134,013	46,962	160,758	70,274
Distribution of value added				
Employees				
Payroll and related changes	24,702	24,158	50,132	46,044
Sales commission	637	1,120	637	1,120
Managment profit sharing and fees	1,475	1,433	1,498	1,456
Gain sharing	164	201	164	201
Taxes	18,664	15,885	18,847	16,131
Interests	579	2,040	1,176	2,601
Rentals	539	326	1,173	922
Declared and not yet distributed dividends	29,542	-	29,542	-
Non-controlling interests	-	-	(122)	(37)
Profit for the period	57,711	1,799	57,711	1,836
Value added distributed	134,013	46,962	160,758	70,274

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

1 General information

Indústrias Romi S.A. (Parent) and its subsidiaries (jointly referred to as “Company” or “Consolidated”), listed on the "New Market" of B3 S.A. - Brasil, Bolsa, Balcão, since March 23, 2007, and headquartered in Santa Bárbara d’Oeste, São Paulo, are 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 a 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 13 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 large tolling machine manufacturer. It also holds interest in subsidiaries in Brazil and abroad.

This quarterly information was approved by the Company’s Board of Directors and authorized for issue on April 23, 2019.

2 Basis of preparation and accounting policies

The Company’s interim financial information for the quarter ended March 31, 2019 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).

Except for the adoption of the new standard commented below in item b, the accounting practices adopted by the Company in the preparation of the Parent and consolidated quarterly financial information are the same as those used in the preparation of the financial statements for the year ended December 31, 2018 and, therefore, should be read in conjunction with those financial statements.

The presentation of the Parent and consolidated statements of value added is required by the Brazilian corporate law and the accounting practices adopted in Brazil for listed companies, but is not required by IFRS. Therefore, under IFRS, these statements are presented as supplementary information, and not as part of the set of financial statements.

(a) Notes included in the financial statements as at December 31, 2018 not included in this quarterly information

The quarterly information is presented in accordance with accounting pronouncement 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 materiality and changes that should be disclosed in the accompanying notes. Accordingly, this quarterly information includes selected notes and does not comprise all notes presented for the year ended December 31, 2018. As permitted by Circular Letter 03/2011 of the Brazilian Securities and Exchange Commission (CVM), the following notes are not presented:

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

(b) New and revised standards applied for the first time in 2019

<u>IFRS 16 - Leases</u>

CPC 06 (R2) - Leases issued by CPC is equivalent to the international standard IFRS 16 - Leases, issued in January 2016 in replacement of the previous version of said standard (CPC 06 (R1)), equivalent to the international standard IAS 17). CPC 06 (R2) sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under CPC 06 (R1). The standard includes two recognition exemptions for lessees - leases of low value assets (i.e. personal computers) and short-term leases (that is, leases with a period of 12 months or less). At the beginning of a lease, the lessee recognizes a liability for the payments (a lease liability) and an asset representing the right to use the underlying asset over the lease term (a right-of-use asset). The lessees should record separately the interest expenses on the lease liability and the depreciation expense of the right-of-use asset. The impacts were analyzed and the effect is recorded and disclosed in note 10 - property, plant and equipment.

(In thousands of reais, unless otherwise stated)

3 Cash and cash equivalents and financial investments

	Parent		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Cash and banks	3,012	2,957	29,799	23,923
Bank deposit certificates (“CDBs”) (a)	1,328	1,312	3,962	13,485
Short-term investments backed by debentures (a)	19,528	53,249	20,867	53,249
Investment funds DI and fixed income	11,264	9,672	11,264	9,672
Short-term investments in foreign currency - US$ (Time deposit)	1,558	-	1,558	-
Other	68	94	62	99
Total cash and cash equivalents	36,758	67,284	67,512	100,428
Bank deposit certificates (“CDBs”) (a)	659	489	659	489
Total assets held for trading	659	489	659	489

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

(In thousands of reais, unless otherwise stated)

4 Trade accounts receivable

	Parent		Consolidated	
	March 31, 2019	**December 31, 2018**	**March 31, 2019**	**December 31, 2018**
Current				
Domestic customers (Brazil)	68,543	70,897	69,399	72,140
Foreign customers	10,113	11,532	66,381	101,481
Allowance for doubtful accounts	(477)	(423)	(2,686)	(5,408)
	78,179	82,006	133,094	168,213
Non-current				
Domestic customers (Brazil)	8,975	9,477	8,975	9,477
Foreign customers	3,380	4,149	3,380	4,149
Allowance for doubtful accounts	(14)	(8)	(14)	(8)
	12,341	13,618	12,341	13,618

Trade accounts receivable are recorded at their amortized costs, which approximate their fair values.

The balance of current trade accounts receivable as at March 31, 2019 and December 31, 2018, parent and consolidated, is distributed as follows:

(In thousands of reais, unless otherwise stated)

	Parent		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Falling due	67,237	72,619	115,819	145,388
Past due:				
1 to 30 days	7,371	6,490	9,459	14,843
31 to 60 days	633	321	1,672	1,432
61 to 90 days	603	220	1,705	388
91 to 180 days	203	68	2,339	1,905
181 to 360 days	216	249	1,180	1,868
Over 360 days	2,407	2,462	3,606	7,797
	11,433	9,810	19,961	28,233
Total	78,670	82,429	135,780	173,621
Allowance for doubtful accounts	(491)	(423)	(2,686)	(5,408)
Total current	78,179	82,006	133,094	168,213

The balance of noncurrent trade accounts receivable as at March 31, 2019, parent and consolidated, is distributed as follows:

	Parent and Consolidated
Falling due:	
2020 (9 months)	8,180
2021	3,014
2022	650
2023 onward	511
Allowance for doubtful accounts	(14)
Total - noncurrent	12,341

Changes in allowance for doubtful accounts, parent and consolidated, are as follows:

(In thousands of reais, unless otherwise stated)

	Parent	**Consolidated**
At December 31, 2018	431	5,408
Losses recognized for the period	1,554	1,725
Receivables written off	(1,494)	(4,321)
Foreign exchange difference	-	(112)
At March 31, 2019	491	2,700

5 Onlending of FINAME manufacturer financing

	Parent and Consolidated	
	March 31, 2019	**December 31, 2018**
Current		
FINAME falling due	68,073	65,344
FINAME awaiting release (a)	1,496	1,944
FINAME past due (b)	25,022	27,005
	94,591	94,293
Allowance for doubtful accounts	(6,160)	(6,811)
	88,431	87,482
Non-current		
FINAME falling due	119,608	117,994
FINAME awaiting release (a)	6,983	10,713
	126,591	128,707
Allowance for doubtful accounts	(185)	(123)
	126,406	128,584
Total	214,837	216,066

The item “Onlending of FINAME manufacturer financing" refers to sales to customers financed by funds from the Brazilian Development Bank ("BNDES") (Note 13) which are carried at their amortized costs, which approximate their fair values.

FINAME manufacturer is a line used by Romi with terms of up to 60 months with a grace period of up to six months, in accordance with the terms defined by the BNDES at the time of the financing.

The financing terms are also based on 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.

The differences between onlending of FINAME manufacturer financing receivables 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 the provision 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 (machines) recovered through the enactment of covenant regarding reservation of title over the machinery sold (security interest) and the value of the receivables from defaulting customers. In instances in which the security interest cannot be located, a full loss provision is made for the balance of the receivable.

The machinery seized as part of the execution process are recorded at their carrying amount, not exceeding its fair value, under the category of “Other receivables”, pending a final and unappealable court decision, after which it is repossessed and transferred to inventories. As at March 31, 2019, the balance of repossessed machinery, included under the line item of “Other receivables”, parent and consolidated, amounted to R$5,816 (R$6,594 as at December 31, 2018) in current assets and R$1,060 (R$1,173 as at December 31, 2018) in noncurrent assets.

(In thousands of reais, unless otherwise stated)

As at March 31, 2019 and December 31, 2018, the balances of "Onlending of FINAME manufacturer financing", parent and consolidated, were as follows:

		Parent and Consolidated
	March 31, 2019	**December 31, 2018**
Falling due	69,569	67,288
Past due:		
1 to 30 days	884	914
31 to 60 days	356	565
61 to 90 days	346	473
91 to 180 days	1,042	1,208
181 to 360 days	2,025	2,883
Over 360 days	20,369	20,962
	25,022	27,005
Total - current	94,591	94,293

The expected realization of noncurrent receivables relating to the onlending of FINAME manufacturer financing, parent and consolidated, is as follows:

	Parent and Consolidated
Falling due:	
2020 (9 months)	44,477
2021	48,936
2022	28,432
2023 onward	4,746
Total - noncurrent	126,591

(In thousands of reais, unless otherwise stated)

Changes in allowance for doubtful accounts, parent and consolidated, are as follows:

	Parent and Consolidated
At December 31, 2018	6,934
Allowance recognized (or written off) for the period	(589)
At March 31, 2019	6,345

6 Inventory

	Parent		**Consolidated**	
	March 31, 2019	**December 31, 2018**	**March 31, 2019**	**December 31, 2018**
Finished products	34,579	22,160	74,366	69,696
Used machinery	11,702	12,271	11,702	12,271
Work in progress	67,000	61,388	123,197	85,183
Raw materials and components	108,355	105,233	133,364	129,571
Imports in transit	1,212	2,081	4,302	3,826
Total	222,848	203,133	346,931	300,547

The inventory balances, parent and consolidated, as at March 31, 2019 are net of R$31,215 and R$36,111 (R$29,818 Parent and R$34,748 Consolidated as at December 31, 2018), respectively, 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, parent and consolidated, are as follows:

(In thousands of reais, unless otherwise stated)

	Parent	Consolidated
At January 1, 2019	29,818	34,748
Inventory sold or written off	(2,863)	(5,473)
Provision recorded	2,068	2,068
Foreign exchange difference		2,576
Transfer of provision resulting from machines repossessed during the period	2,192	2,192
At March 31, 2019	31,215	36,111

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

	Parent		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Finished products	2,985	2,890	7,881	7,820
Used machinery	10,137	9,488	10,137	9,488
Work in progress	5,053	4,859	5,053	4,859
Raw materials and components	13,040	12,581	13,040	12,581
Total	31,215	29,818	36,111	34,748

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 machines for plastics and machine tools, spare parts and technical support.
1.1	Romi Machines UK Ltd.	United Kingdom	
1.2	Romi France SAS France	France	
1.3	Romi Máquinas España S.A.	Spain	
2.	Romi Europa GmbH ("Romi Europe")	Germany	
2.1	Burkhardt + Weber Fertigungssysteme GmbH ("B+W")	Germany	Production and sale of large tooling machinery with high technology, precision and productivity, as well as machinery for specialized applications.
2.1.1	Burkhardt + Weber / Romi (Shangai) Co., Ltd	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	Sale of machine tools, spare parts, technical support and cast and machined products in North America.
5.	Rominor Empreendimentos Imobiliários S.A. (formerly named Romi Empreendimentos).	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 Mexico)	Mexico	Sale of machines for plastics and machine tools, spare parts and technical support.

(In thousands of reais, unless otherwise stated)

								March 31, 2019
	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 Mexico (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	51,283	130,888	21,336	13,819	2,441	7,810	7,990	
Noncurrent assets	7,567	119,750	522	51	-	-	185	
Current liabilities	41,241	123,700	154	16,846	-	9	8,758	
Noncurrent liabilities	11,774	30,052	-	-	-	-	-	
Equity (equity deficit) of subsidiary	5,835	96,886	21,704	(2,976)	2,441	7,801	(583)	
Changes in investment:								
Investment balance as at December 31, 2018	7,576	108,010	21,845	(2,108)	2,449	7,789	(545)	145,016
Foreign exchange differences on foreign investments	233	(1,805)	-	(41)	-	46	3	(1,564)
Dividends proposed and paid (b)	-	-	(2,278)	-	-	-	-	(2,278)
Equity pick-up	(1,974)	(9,319)	634	(827)	(8)	(34)	(41)	(11,569)
Unrealized gain	-	-	-	-	-	-	-	-
Equivalent value - closing balance	**5,835**	**96,886**	**20,201**	**(2,976)**	**2,441**	**7,801**	**(583)**	**129,605**
Investment in subsidiaries	5,835	96,886	20,201	-	2,441	7,801	-	133,164
Provision for equity deficit - subsidiaries	-	-	-	(2,976)	-	-	(583)	(3,559)

(a) The subsidiaries' capital is not divided into units of interest or shares in their articles of organization.
(b) Payment of dividends by subsidiary ROMINOR, approved by the Board of Directors at the meeting held on February 12, 2019, in the amount of R$2,448, related to the second half of 2018. From such payment, the Company received R$2,278.

(In thousands of reais, unless otherwise stated)

8 Related party transactions and balances

The balances and transactions with related parties as at March 31, 2019 and December 31, 2018 are as follows:

(i) Statement of financial position accounts – Parent

	Receivables		Payables	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Direct subsidiaries				
Romi Europe	774	783	338	263
Romi Italy	8,606	9,672	-	-
Romi Machine Tools	14,925	17,034	-	-
Romi A.L.	-	-	805	934
Irsa Máquinas Mexico	7,634	6,787	31	-
Rominor	4	-	-	-
Indirect subsidiaries				
B+W - Burkhardt+Weber	1,917	1,803	-	3,275
Romi France S.A.S.	6,727	7,393	-	-
Romi Máquinas España S.A.	3,765	3,464	-	-
Romi Machines UK	9,601	13,461	-	-
Total	53,953	60,397	1,174	4,472

(ii) Transactions

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

The Company entered into trading transactions with certain subsidiaries for the supply and purchase of equipment, parts and pieces, but it does not have material transactions with related parties other than those described above. Decisions regarding transactions between the parent 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 the parent Fênix Empreendimentos S.A.. The revenue until March 2019 was R$51 (2018 – R$37).
The Company makes donations to Romi Foundation at amounts set in the agreement approved by the State Prosecutor's Office. Donations until March 2019 totaled R$231(2018 – R$229).

Management compensation for the periods ended March 31, 2019 and 2018 was as follows:

(In thousands of reais, unless otherwise stated)

	March 31, 2019	**March 31, 2018**
Fees and charges	1,351	1,236
Profit sharing	-	90
Private pension plan	62	57
Healthcare plan	62	50
Parent	1,475	1,433
Fees and charges of subsidiaries	23	23
Consolidated	1,498	1,456

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 19, 2019.

9 Investment property

In 2012, the Company's 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 capital appreciation. The amounts classified as investment property are R$13,500 (R$13,500 – as at December 31, 2018) at the parent and R$18,398 (R$18,602 – as at December 31, 2018) in the consolidated financial 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 use market evidence related to transaction prices for similar property and assessed the fair value less cost to sell of that property at R$44,982 for the parent and R$127,320 for the consolidated financial statements.

On November 28, 2018 and December 21, 2018, through its subsidiary Rominor Comércio, the Company entered into an agreement for purchase and sale of property with third parties, involving the sale of the property (land and buildings) owned by Rominor, with a total area of 336m² and 866,7m², located in Manaus-AM (BR) and Contagem- MG (BR), for R$420 and R$1,200, respectively. Up to the issue date of these financial statements, R$780 had been received and the remaining amount is classified in the line item of trade accounts receivable in current assets. The proceeds from the sale were classified in the line item of other operating income, with an impact of R$1,276 on operating income (expenses) and R$1,232 on profit (loss) for the year, disclosed on the standard financial statements for 2018.

(In thousands of reais, unless otherwise stated)

10 Property, plant and equipment

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

	Parent	Consolidated
Balance at December 31, 2018, net	187,860	258,921
Additions	5,831	13,440
Disposals	(30)	(31)
Depreciation	(5,326)	(7,603)
Foreign exchange difference	-	115
Balance at March 31, 2019, net	188,335	264,842
Total cost	528,188	658,319
Accumulated depreciation	(339,853)	(393,477)
Net balance	188,335	264,842

The carrying amount of the property, plant and equipment under finance leases at March 31, 2019 amounted to R$5,889, recognized as described in note 2 (b).

Due to the financing agreements with the BNDES for investments in property, plant and equipment, the Company pledged as collateral machines and equipment amounting to R$71,713 as at March 31, 2019 (R$68,195 as at December 31, 2018). These items refer to land, buildings, facilities, machinery and equipment.

(In thousands of reais, unless otherwise stated)

11 Intangible assets

Changes in intangible assets, parent and consolidated, are as follows:

	Parent	Consolidated
Balance at December 31, 2018, net	879	57,981
Additions	-	581
Amortization	(78)	(659)
Foreign exchange difference	-	(1,944)
Balance at March 31, 2019, net	801	55,959
Total cost	9,338	87,586
Accumulated amortization	(8,537)	(31,627)
Net balance	801	55,959

(In thousands of reais, unless otherwise stated)

12 Borrowings

Changes in borrowings, parent and consolidated, are as follows:

	Parent			Consolidated		
	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total
Borrowing balance at						
December 31, 2018	29,352	81,185	110,537	29,352	104,633	133,985
New borrowing	-	11,185	11,185	-	13,967	13,967
Repayment of principal	(3,059)	(5,970)	(9,029)	(3,059)	(7,024)	(10,083)
Payment of interest	(309)	(75)	(384)	(309)	(668)	(977)
Exchange and monetary difference (principal and interest)	(655)	(380)	(1,035)	(655)	(572)	(1,227)
Interest at the end of the period	330	264	594	330	264	594
Borrowing balance at						
March 31, 2019	25,659	86,209	111,868	25,659	110,600	136,259
Current	7,245	86,209	93,454	7,245	100,050	107,295
Non-current	18,414	-	18,414	18,414	10,550	28,964
	25,659	86,209	111,868	25,659	110,600	136,259

The maturities of financing recorded in noncurrent liabilities as at March 31, 2019, parent and consolidated, are as follows:

	Parent	Consolidated
2020 (9 months)	4,947	5,699
2021	6,394	7,605
2022	6,130	7,341
2023	906	2,117
2024 onward	37	6,202
Total	18,414	28,964

13 FINAME manufacturer financing

(In thousands of reais, unless otherwise stated)

	Parent and Consolidated	
	March 31, 2019	**December 31, 2018**
Current		
FINAME manufacturer financing	65,772	63,326
Noncurrent		
FINAME manufacturer financing	118,759	116,278
Total	184,531	179,604

The agreements related to FINAME manufacturing financing are guaranteed by promissory notes and sureties, and the main guarantor is the subsidiary Rominor. Balances are directly related to the balances of "Onlending 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 on-lent in full to the financed customers and amounts received on a monthly basis under the line item "Amounts receivable - onlending of 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 this transaction.

The balances of the line item "FINAME manufacturer financing" and, consequently, of the line item "Onlending of FINAME manufacturer financing" as at March 31, 2019 and December 31, 2018, were adjusted for inflation through the end of the reporting period. The difference of R$30,303 between these line items as at March 31, 2019 (R$36,462 as at December 31, 2018) 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, 2019, parent and consolidated, were as follows:

(In thousands of reais, unless otherwise stated)

	Parent and Consolidated
2020 (9 months)	42,108
2021	46,725
2022	26,176
2023 onward	3,750
Total	118,759

14 Provision for tax, labor and civil risks

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

		Parent and Consolidated
	March 31, 2019	December 31, 2018
Tax	418	57,916
Civil	302	332
Labor	3,195	3,039
(-) Judicial deposits / other receivables	-	(57,334)
Total	3,915	3,953
Current liabilities	1,854	1,853
Noncurrent liabilities	2,061	2,100
	3,915	3,953

(In thousands of reais, unless otherwise stated)

For legal proceedings classified as probable losses, the changes in the provision for the period ended March 31, 2019 are as follows:

	March 31, 2018	**Additions**	**Utilizations/ reversals**	**Monetary restatement**	**December 31, 2019**
Tax	57,916	809	(58,307)	-	418
Civil	332	-	(39)	9	302
Labor	3,039	190	(112)	78	3,195
(-) Judicial deposits / other receivables	(57,334)	(442)	57,776	-	-
Total Parent and Consolidated	**3,953**	**557**	**(682)**	**87**	**3,915**

As at March 31, 2019, the main legal proceedings which were classified by management as probable losses or as legal obligation are as follows:

(a) Tax proceedings

Refer to the provisions for:

(i) Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS) related to State VAT (ICMS) on sales, which amounted to R$65 (R$10,322 as at December 31, 2018) and R$301 (R$47,543 as at December 31, 2018), respectively.

On October 24, 2006, the Company filed a common civil action challenging the constitutionality of the inclusion of ICMS on sales in the PIS and COFINS tax base, as well as for refund for overpayment retroactively to 5 years.

On March 15, 2017, when judging Extraordinary Appeal No. 574.706/PR, regarding the general repercussion effect, the Federal Supreme Court (STF), by majority of votes, decided that the ICMS is not to be included in the PIS and COFINS tax bases since it is intended to the State and, therefore, is not included in the concept of revenue. However, on October 19, 2017, the National Treasury Attorney General's Office (PGFN) filed Motions to Clarify in view of the Court Decision published on October 2, 2017 by the STF. In this motion, PGNF requests the correction of alleged errors in the Court Decision. The most significant ones are as follows: (i) modulation of judgment effects (ii) lack of clarity on the ICMS to be excluded (whether the tax calculated or paid), which reflects on the determination of tax credit to be recovered as well as the future exclusion procedure; and (iii) material error regarding the analysis of gross and net revenue concepts brought by Law 6,404/76, the motions to clarify are pending analysis by the STF. In view of these facts, Management decided to maintain the present obligation derived from past events in the financial statements for the year ended December 31, 2018.

On March 13, 2019, the Company obtained a favorable final decision on the lawsuit on the subject. As a result, the then present obligation derived from a past event was no longer considered as an obligation and, therefore, the Company recorded in the financial statements for the first quarter of 2019 the effects of the favorable outcome on such lawsuit, amounting to R$138,008, before taxes, of which R$74,321 recorded in line item "Other operating income (expenses), and R$63,868 in line item "Finance income". The impact on the profit for the period was R$105,564, already considering the effects of income tax and social contribution on the gain, which was reduced by the use of the interest on capital, proposed in March 2019, as per the Shareholder Notice dated March 26, 2019.

(ii) The other tax proceedings total R$51 (R$51 as at December 31, 2018).

(b) Tax proceedings (Plano Verão)

In 2017, the Company obtained a favorable outcome in the proceeding in which the Company was the plaintiff and the Federal Government is the defendant, which claims for the right to monetarily restate the statement of financial position for the calendar year 1989 by reference to the inflation for January and February of that year and to dismiss the inflation indexes of the legislation then in force (Summer Plan). On September 6, 2017, the Company filed a request with the Federal Revenue Office for use of the respective credit. On April 9, 2018, the Federal Revenue Office approved the request regarding this credit, authorizing the Company to utilize it to offset future federal taxes. The Company recognized in the financial statements of 2Q18 the effects from the favorable outcome on the tax proceeding "Summer Plan", which impacted the profit or loss in 2Q18 as follows: (i) EBITDA: reduced by R$1,623, due to the recognition of attorney's fees, in line item "Other operating income (expenses), net"; (ii) finance income (costs): increased by R$32,115, due to the monetary restatement of the original amount of the credits; (iii) income tax and social contribution: increased by R$10,740, regarding the original amount of the credits; and (iv) profit for the year: increased by the impact from the net gain of R$40,073, already including the effects of income tax and social contribution on the gain, which was reduced by the use of the interest on capital, proposed in April 2018, as per the Shareholder Notice dated April 17, 2018.

(c) Civil proceedings

These refer to civil proceedings in which the Company is the 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.

(d) 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, civil and labor proceedings assessed as representing possible losses involve matters similar to those above. The Company 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.

(e) Judicial deposits

The Company has judicial deposits amounting to R$88,705 (2018 – R$50,357), of which R$86,579 (2018 - R$48,247) refers to PIS and COFINS levied on ICMS on sales, as mentioned in item (a) (i) and the other deposits are of different nature and classified in noncurrent assets.

15 Income tax and social contribution

Income tax is calculated at the rate of 15% on the taxable profits plus a 10% surtax on taxable profit exceeding R$240, and social contribution is calculated at the rate of 9% on taxable profits, except for subsidiaries Rominor and Rominor Empreendimentos, which pay income tax and social contribution based on a percentage of gross revenue.

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, 2019 and 2018 is as follows:

(In thousands of reais, unless otherwise stated)

	Parent		Consolidated	
	2019	**2018**	**2019**	**2018**
Profit before income tax and social contribution	121,257	2,364	117,798	1,825
Statutory rates (income tax and social contribution)	34%	34%	34%	34%
Income tax and social contribution expense at statutory rates	(41,227)	(804)	(40,051)	(621)
Reconciliation to the effective rate:				
Interest on capital	10,045	1,332	10,045	1,332
Research and development	658	386	658	386
Equity pickup	(3,933)	(1,259)	-	-
Unrecorded deferred income tax and social contribution at subsidiaries	-	-	(1,729)	(1,005)
Management profit sharing	-	(31)	-	(31)
Other additions (deductions), net	453	(189)	579	(50)
Current and deferred income tax and social contribution	(34,004)	(565)	(30,498)	11

(a) The amount in the consolidated financial information refers basically to the difference in the calculation of income tax and social contribution between taxable profit based on accounting records <lucro real> and profit computed as a percentage of the Company's gross revenue <lucro presumido>, due to the fact that subsidiaries Rominor and Rominor Empreendimentos opted to calculate tax based on lucro presumido in the years presented, and for non-recognition of deferred income taxes on the tax losses of foreign subsidiaries, except for BW.

Changes in deferred tax assets and liabilities, parent and consolidated, for the period ended March 31, 2019 were as follows:

(In thousands of reais, unless otherwise stated)

		Asset	Liability
	Parent	**Consolidated**	**Consolidated**
Balance at December 31, 2018	43,595	43,948	31,786
Changes in the period			
Additions	957	4,625	-
Realization	(21,065)	(21,065)	(192)
Foreign exchange difference		89	(461)
Balance at March 31, 2019	23,487	27,597	31,133

16 Equity

Capital

As at March 31, 2019 and December 31, 2018, the Company's subscribed and paid-up capital amounting to R$492,025 is represented by 62,857,647 book-entry, registered common shares, without par value, all with the same rights and benefits.

Income reserve

a) Legal reserve

As required by Article 193 of Law 6,404/76, 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. As at March 31, 2019 and December 31, 2018, the legal reserve amounted to R$47,838.

b) Retained earnings reserve

According to the notice to the market on March 26, 2019, approval was given for the distribution of interest on capital, to be attributed to the mandatory dividends for 2019 in the gross amount of R$29,543, for payment on March 31, 2020. The excess amount not distributed (R$57,111) is included in the reserve balance and awaits allocation to be defined at the shareholders' meeting.

Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of outstanding common shares in the period, excluding common shares purchased by the parent and held as treasury shares.

	March 31, 2019	March 31, 2018
Profit for the period attributable to the controlling shareholders	87,253	1,799
Weighted average number of shares outstanding in the period (in thousands)	62,858	62,858
Basic and diluted earnings (loss) per share	1.39	0.03

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

(In thousands of reais, unless otherwise stated)

17 Segment reporting - consolidated

To manage its business, the Company is organized into three business units on which the Company reports its primary information by segment, namely: Romi Machinery, Burkhardt+Weber Machinery and Cast and Machined Products. The information for the period ended March 31, 2019 was prepared and is being presented on a comparative basis with the period ended March 31, 2018, according to the Company's new segments:

					March 31, 2019
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	68,919	17,716	34,131	-	120,766
Cost of sales and services	(35,005)	(20,942)	(41,268)	-	(97,215)
Transfers remitted	417	-	6,508	(6,925)	
Transfers received	(6,508)	-	(417)	6,925	
Gross profit (loss)	27,823	(3,226)	(1,046)	-	23,551
Operating (expenses) income:					
Selling expenses	(14,497)	(2,690)	(1,371)	-	(18,558)
General and administrative expenses	(9,071)	(5,948)	(2,416)	-	(17,435)
Research and development	(4,392)	-	(368)	-	(4,760)
Management fees	(1,051)	-	(447)	-	(1,498)
Other operating income (expenses), net	54,333	-	20,810	-	75,143
Operating profit (loss) before finance income (costs)	53,145	(11,864)	15,162	-	56,443
Inventory	243,429	74,011	29,491	-	346,931
Depreciation and amortization	2,840	2,397	3,025	-	8,262
Property, plant and equipment, net	134,744	15,158	114,940	-	264,842
Intangible assets	782	55,158	19	-	55,959

	Europe	Latin America	North America	Africa and Asia	Total
Net operating revenue per geographical region	32,580	82,787	4,802	597	120,766

(In thousands of reais, unless otherwise stated)

					March 31, 2018
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	61,913	29,077	41,657	-	132,647
Cost of sales and services	(37,548)	(24,036)	(36,304)	-	(97,888)
Transfers remitted	940	-	3,265	(4,205)	
Transfers received	(3,265)	-	(940)	4,205	
Gross profit	22,040	5,041	7,678	-	34,759
Operating (expenses) income:					
Selling expenses	(13,077)	(2,177)	(899)	-	(16,153)
General and administrative expenses	(5,200)	(5,367)	(2,800)	-	(13,367)
Research and development	(3,883)	-	-	-	(3,883)
Management fees	(803)	-	(653)	-	(1,456)
Other operating income (expenses), net	744	-	-	-	744
Operating profit (loss) before finance income (costs)	(179)	(2,503)	3,326	-	644
Inventory	191,402	55,009	26,822	-	273,233
Depreciation and amortization	3,175	1,694	3,379	-	8,248
Property, plant and equipment, net	136,790	15,158	109,032	-	260,980
Intangible assets	1,047	51,881	-	-	52,928

	Europe	Latin America	North America	Africa and Asia	Total
Net operating revenue per geographical region	17,607	87,064	2,928	25,048	132,647

(In thousands of reais, unless otherwise stated)

18 Future commitments

On April 10, 2017, the Parent 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 Company's needs. As a result, the supply of electric energy has been extended for further two years, up to December 31, 2020, and has reflected the following commitments that will be adjusted annually by the General Market Price Index (IGP-M).

Year of supply	**Amount**
2019 (9 months)	6,448
2020	8,597
Total	15,045

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

* * *

ROMI | WWW.ROMI.COM

April 23, 2019
1Q19 Earnings Release

March 31, 2019

Share price
ROMI3 - R$9.93 per share (on 04/22/2019)

Market value
R$ 624.2 million
US$ 159.1 million

Number of shares
Common: 62,857,647
Total: 62,857,647

Free Float = 46.8%

Investor Relations Contact

Fábio B. Taiar
Investor Relations Officer
Telephone: (19) 3455-9418
dri@romi.com

April 24, 2019

Earnings Conference Call
Time: 10:30 a.m.
Dial-in numbers:
+55 (11) 3193-1001 or (11) 2820-4001
Access Code: Romi

Earnings Conference Call in English
Time: 12:00 (noon) (São Paulo)
4:00 p.m. (London)
11 a.m. (New York)
Dial-in numbers:
USA +1 (800) 492-3904
Brazil +55 (11) 3193-1001
Other + 1 (646) 828-8246
Access Code: Romi

ROMI3 NOVO MERCADO BOVESPA BRASIL

Índice de Ações com Tag Along Diferenciado ITAG

Índice de Ações com Governança Corporativa Diferenciada IGC

Santa Bárbara d'Oeste - SP, April 23, 2019 - Indústrias Romi S.A. ("Romi" or "Company") (B3: 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 2019 ("1Q19"). 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

Order Entry of Romi machines grows 47.3% over 1Q18

▪ The order entry of the Romi Machines Unit in 1Q19 increased by 47.3% in relation to the same quarter of the previous year, as a consequence of the launch of new products and the gradual recovery of the domestic economy;

▪ The order backlog at the end of 1Q19 showed a growth of 29.3% compared to the backlog at the end of 1Q18, with highlights to the Romi Machines and Burkhardt+Weber Machines Units;

▪ In 1Q19, the Romi Machines Business Unit posted a 11.3% increase in net operating revenue in relation to 1Q18 and an increase of 4.8 percentage points in gross margin, due to the higher volume of operations and reduction of costs and expenses incurred in recent years;

▪ The Company, on March 13, 2019, obtained a favorable final outcome regarding the legal proceeding on the exclusion of ICMS (state tax) from the PIS and COFINS (federal taxes) tax base, the pre-tax amount of which is approximately R$ 135 million (R$ 105.6 million net of taxes and other costs). The effects of this gain were recognized in the financial statements in 1Q19 and are detailed throughout this report and in the section "Success in Judicial Proceedings".

	Quarter				
R$'000	1Q18	4Q18	1Q19	Chg.	Chg.
Revenues Volume				**1Q19/4Q18**	**1Q19/1Q18**
Machines (units)	144	270	137	-49.3%	-4.9%
Burkhardt + Weber (units)	3	13	2	-84.6%	-33.3%
Raw and Machined Cast Iron Parts (tons)	4,592	3,469	3,567	2.8%	-22.3%
Net Operating Revenue	**132,647**	**246,742**	**120,766**	-51.1%	-9.0%
Gross margin (%)	*26.2%*	*28.1%*	*19.5%*		
Operating Income (EBIT)	**644**	**29,883**	**56,443**	88.9%	8664.4%
Operating margin (%)	*0.5%*	*12.1%*	*46.7%*		
Operating Income (EBIT) - adjusted (*)	**644**	**29,883**	**(17,878)**	-159.8%	-2876.1%
Operating margin (%) - adjusted (*)	*0.5%*	*12.1%*	*-14.8%*		
Net Income	**1,836**	**21,040**	**87,300**	314.9%	4654.9%
Net margin (%)	*1.4%*	*8.5%*	*72.3%*		
Net Income - adjusted (*)	**1,836**	**21,040**	**(18,264)**	-186.8%	-1094.8%
Net margin (%) - adjusted (*)	*1.4%*	*8.5%*	*-15.1%*		
EBITDA	**8,892**	**38,208**	**64,705**	69.3%	627.7%
EBITDA margin (%)	*6.7%*	*15.5%*	*53.6%*		
EBITDA - adjusted (*)	**8,892**	**38,208**	**(9,616)**	-125.2%	-208.1%
EBITDA margin (%) - adjusted (*)	*6.7%*	*15.5%*	*-8.0%*		
Investments	**8,621**	**7,280**	**7,157**	-1.7%	-17.0%

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

* As described in the "Success in Legal Proceedings" section of this report, the Company recognized in the financial statements of 1Q19 the effects of success in the tax proceeding (judicial proceeding on the exclusion of ICMS from the PIS and COFINS tax base) from the favorable final outcome for this proceeding, as such, the then present obligation arising from a past event was no longer considered an obligation and therefore, the Company recognized in the financial statements for the 1Q19, the effects of success in this judicial proceeding, which totaled R$ 138,008, before taxes, of which R$ 74,321 in "Other operating income (expenses)" and R$ 63,686 in "Financial income" headings. The impact on net profit for the period was R$ 105,564, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of interest on equity, declared in March 2019, according to the Notice to Shareholders dated March 26, 2019.

Corporate Profile

Romi, founded in 1930, is a 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 B3's "New Market", which is reserved for companies with a higher level of corporate governance. Romi manufactures machine tools (Conventional Lathes, Computerized Numerical Control (CNC) 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.

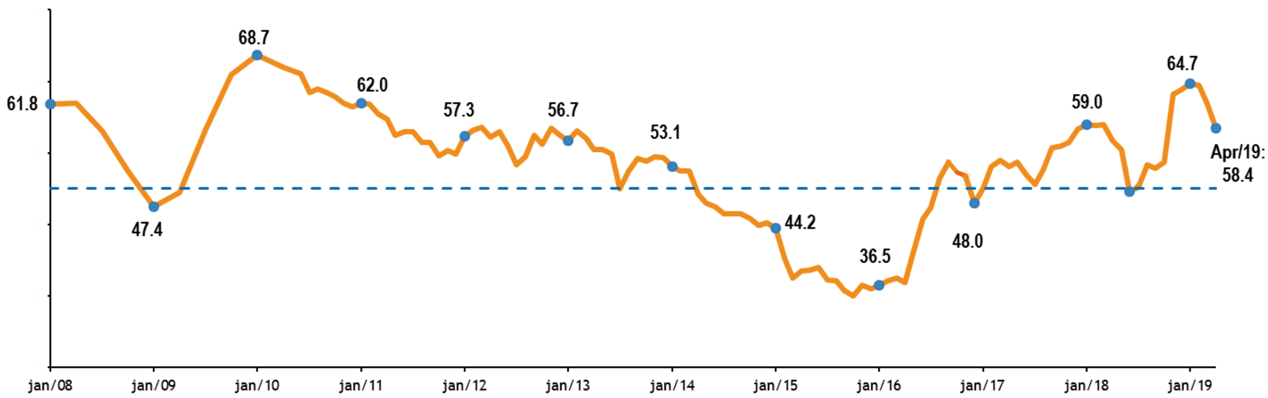
The Company has thirteen manufacturing units, four of which for final assembly of industrial machinery, two foundries, three units for machining of mechanical components, one unit for manufacture of steel sheet components and one unit for assembly of electronic panels. Of these, eleven are located in Brazil and two in Germany. The installed capacity of industrial machines and casting production is of, respectively, about 2,900 units and 80,000 tons per year.

Current Economic Scenario

2019 began with the continuity of the economic recovery and, mainly, with a good level of optimism in the industry. Some macroeconomic data also continue to indicate recovery signs in the Brazilian economy, such as the improvement in the confidence indexes and in the utilization of installed capacity when compared to the last three years, presented below. This improvement in macroeconomic data begins to materialize in the Romi Machines business unit, which, faced with a more stable scenario, encourages customers to resume their investments.

In April 2019, as shown below, the Industrial Entrepreneur Confidence Index (ICEI) reached 58.4, a level that shows the improvement of the index in 2019 when compared to the previous three years; in line with the gradual improvement of the economy.

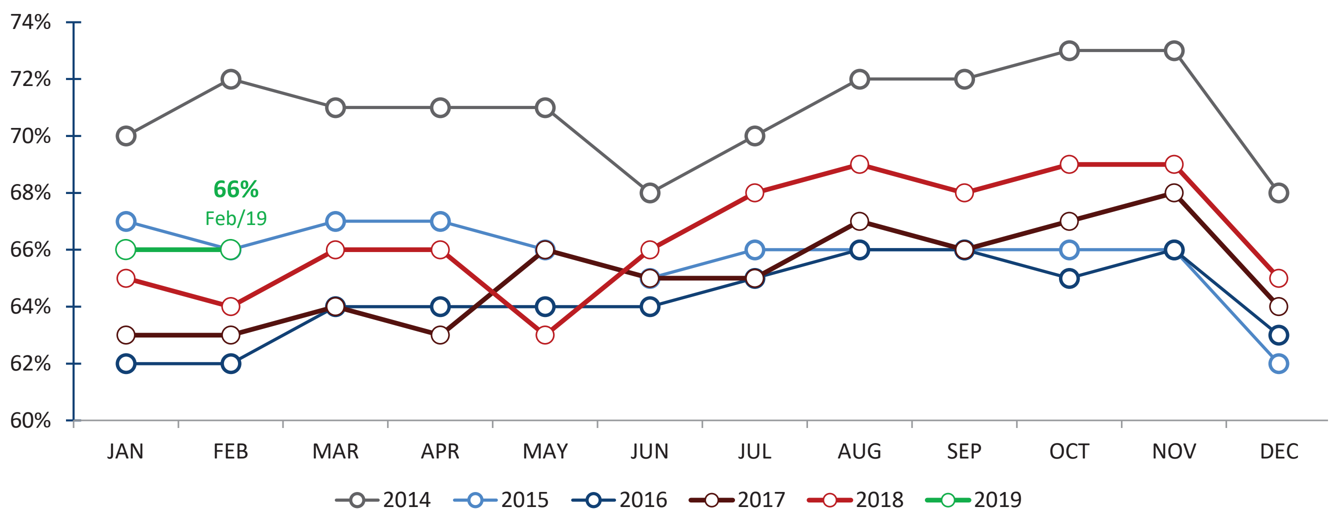
Industrial Entrepreneur Confidence Index – ICEI



Source: CNI – ICEI, April 2019.

The Installed Capacity Utilization (UCI) index of the Brazilian industry in general, as released by the National Confederation of Industries (NCI), has consolidated at an important growth level, when compared to the last years, showing an important recovery of the Brazilian economy.

Average Installed Capacity Utilization (UCI)



Source: CNI – UCI, February 2019.

Romi continues to implement actions to streamline its structure and the planning and manufacturing process, to respond quickly to the demand volatility. Over the past few years we have made several optimizations, especially in indirect structures. We reinforced the focus on cost and expense reduction projects and invested in automation and productivity, focusing on the increase of profitability, which can be noted since 2017. Strategically, we have defined the launching of new product generations as a priority, and the first lines are already successful in the domestic and international markets. This gives us great confidence that we are very well prepared for the rekindling of the domestic economy.

Market

The Company's main leading edges in the market; namely, products with cutting-edge technology, own nationwide distribution network, own ongoing technical assistance, availability of attractive customer credit facilities in local currency, and short product 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**	1Q18	4Q18	1Q19	Chg. 1Q19/4Q18	Chg. 1Q19/1Q18
Romi Machines	48,864	65,981	71,956	9.1%	47.3%
Burkhardt+Weber Machines	35,065	55,296	32,199	-41.8%	-8.2%
Rough and Machined Cast Iron Parts	63,489	33,700	37,078	10.0%	-41.6%
Total *	**147,418**	**154,977**	**141,233**	**-8.9%**	**-4.2%**

* The order entry figures do not include parts and services.

The order entry volume in the Romi Machine Unit in 1Q19 showed a growth of 47.3% compared to 1Q18, demonstrating that in 2019 an economic recovery and a good level of optimism are observed, which encourage investments.

In the German subsidiary B+W, order entry in 1Q19 was 8.2% lower when compared to 1Q18, but at an expected level, as it can be seen in the solid order book at the end of the first quarter of 2019, which presented a 43% growth in relation to the amount presented at the end of the first quarter of 2018.

The Raw and Machined Cast Iron Parts Unit presented 41.6% lower order entry in 1Q19 than in 1Q18, a result of the decrease in the volume of large cast iron parts demanded started in the second half of 2018.

Order Book (R$ 000) **Gross Values, sales taxes included**	1Q18	4Q18	1Q19	Chg. 1Q19/4Q18	Chg. 1Q19/1Q18
Romi Machines	60,595	77,527	96,324	24.2%	59.0%
Burkhardt+Weber Machines	130,806	166,576	187,107	12.3%	43.0%
Rough and Machined Cast Iron Parts	66,471	49,705	50,100	0.8%	-24.6%
Total *	**257,872**	**293,808**	**333,531**	**13.5%**	**29.3%**

* The order entry figures do not include parts and services.

At March 31, 2019, the order book totaled R$ 333.5 million, amount 29.3% higher than in the same period last year. The increase in the portfolio at the end of 1Q19 at Romi Machines and B+W Machines Units was due to the important volume of new orders made during the first quarter of 2019.

Operational Performance

NET OPERATING REVENUE

Net operating revenue posted by the Company in 1Q19 reached R$ 120.8 million, 9.0% lower than in 1Q18 and 51.1% lower than in 4Q18.

By Business Unit

	Quarter				
Net Operating Revenue (R$ 000)	**1Q18**	**4Q18**	**1Q19**	**Chg. 1Q19/4Q18**	**Chg. 1Q19/1Q18**
Romi Machines	61,913	128,752	68,919	-46.5%	11.3%
Burkhardt+Weber Machines	29,077	83,251	17,716	-78.7%	-39.1%
Raw and Machined Cast Iron Parts	41,657	34,739	34,131	-1.8%	-18.1%
Total	**132,647**	**246,742**	**120,766**	**-51.1%**	**-9.0%**

Romi Machines

The net operating revenue of this Business Unit reached R$ 68.9 million in 1Q19, posting an increase of 11.3% when compared to the same period in 2018, reflecting the gradual economic recovery started in 2018.

Burkhardt+Weber Machines

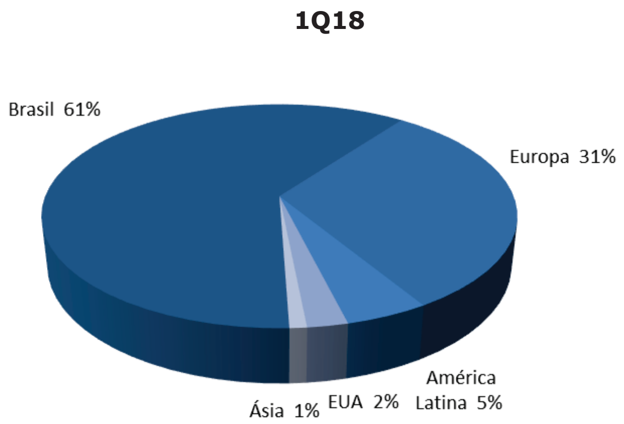
In 1Q19, revenue of the German subsidiary B+W, in Reais, was 39.1% lower than in 1Q18, due to the deadlines for the delivery of orders in the portfolio being concentrated in the second quarter.

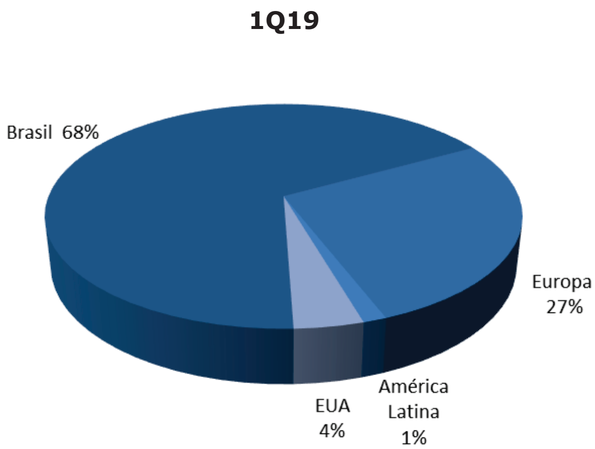
Raw and Machined Cast Iron Parts

The net operating revenue of this Business Unit was R$ 34.1 million in 1Q19, representing a 18.1% decrease compared to 1Q18, chiefly due to the reduction in the volume of large raw and machined cast iron parts.

By Geographic Region

The domestic market accounted for 68% of Romi's consolidated revenue in 1Q19 (61% in 1Q18). Considering the revenue in foreign markets, which takes into consideration sales by Romi subsidiaries abroad (Germany, China, United States, Italy, United Kingdom, France, Mexico and Spain) and direct sales to other markets, the distribution of Romi's total revenue by geographic region was the following:





OPERATING COSTS AND EXPENSES

The gross margin of 19.5% obtained in 1Q19 decreased 6.7 pp in relation to 1Q18, as a result of the decrease in the revenue of the B+W and Raw and Machined Cast Iron Parts Business Units, and restructuring expenses, which represented an impact of 4.6 pp. The operating margin (EBIT) when compared to 1Q18 presented an increase of 46.3 pp, due to the judicial proceeding on the exclusion of ICMS from the PIS and COFINS tax base (see details in the "Success in Judicial Proceeding" section of this report). If we exclude the impact of this judicial proceeding, the operating margin (EBIT), in 1Q19, would have decreased 15.3 pp in relation to 1Q18, as a result of the decrease in revenues and restructuring expenses, which represented an impact of 4.8 pp in the EBIT.

	Quarter				
Gross Margin	1Q18	4Q18	1Q19	Chg. p.p. 1Q19/4Q18	Chg. p.p. 1Q19/1Q18
Romi Machines	35.6%	42.8%	40.4%	(2.4)	4.8
Burkhardt+Weber Machines	17.3%	17.9%	-18.2%	(36.1)	(35.5)
Raw and Machined Cast Iron Parts	18.4%	-1.7%	-3.1%	(1.4)	(21.5)
Total	**26.2%**	**28.1%**	**19.5%**	**(8.6)**	**(6.7)**

	Quarter				
EBIT Margin	1Q18	4Q18	1Q19	Chg. p.p. 1Q19/4Q18	Chg. p.p. 1Q19/1Q18
Romi Machines	-0.3%	23.5%	77.1%	53.6	77.4
Burkhardt+Weber Machines	-8.6%	4.9%	-67.0%	(71.9)	(58.4)
Raw and Machined Cast Iron Parts	8.0%	-13.0%	44.4%	57.5	36.4
Total	**0.5%**	**12.1%**	**46.7%**	**34.6**	**46.3**

	Quarter				
EBIT Margin - Adjusted	1Q18	4Q18	1Q19	Chg. p.p. 1Q19/4Q18	Chg. p.p. 1Q19/1Q18
Romi Machines	-0.3%	23.5%	-0.5%	(24.0)	(0.2)
Burkhardt+Weber Machines	-8.6%	4.9%	-67.0%	(71.9)	(58.4)
Raw and Machined Cast Iron Parts	8.0%	-13.0%	-16.5%	(3.5)	(24.5)
Total	**0.5%**	**12.1%**	**-14.8%**	**(26.9)**	**(15.3)**

Romi Machines

The gross margin of this Business Unit in 1Q19 increased by 4.8 percentage points when compared to 1Q18 due to the Company's focus on profitability improvement projects and on revenue increase, which contributes to the dilution of fixed costs. Operating margin also increased by 77.4 percentage points over the same comparison period for the same reasons mentioned above. Excluding impacts of the judicial proceeding on the exclusion of ICMS from the PIS and COFINS tax base, EBIT, would have been stable in 1Q19 when compared to the same quarter of the previous year.

Burkhardt+Weber Machines

In this Business Unit, gross and operating margins in 1Q19 decreased 35.5 pp and 58.4 pp, respectively, in relation to 1Q18, due to the decrease in net operating revenue, which did not allow diluting the unit's fixed costs; nevertheless, this decreased revenue was already expected, as machine deliveries are planned to take place as from 2Q19.

Raw and Machined Cast Iron Parts

The gross margin of this Business Unit decreased by 21.5 pp in 1Q19 in relation to 1Q18, due to the decrease in net operating revenue in this quarter, change in the product mix with reduction of larger parts and restructuring costs. Operating margin increased by 36.4 percentage points over the same comparison period for the same reasons mentioned above. Excluding the impact of the judicial proceeding on the exclusion of ICMS from the PIS and COFINS tax base, EBIT, in 1Q19, would have decreased 24.5 pp in relation to the same quarter of the previous year, due to the decrease in volume and restructuring costs.

EBITDA AND EBITDA MARGIN

In 1Q19, the operating cash generation as measured by EBITDA amounted to R$64.7 million, representing an EBITDA margin of 53.6% in the quarter. On the other hand, the EBITDA adjusted of the impact of the legal proceeding on the exclusion of ICMS in the calculation basis of PIS and COFINS, in 1Q19, was negative in the amount of R$ 9.6 million, representing a margin of -8.0%, as indicates the following table, as shown in the table below:

Reconciliation of Net Income to EBITDA					
(R$ 000)	**1Q18**	**4Q18**	**1Q19**	**Chg. 1Q19/4Q18**	**Chg. 1Q19/1Q18**
Net Income	1,836	21,040	87,300	314.9%	4654.9%
Income tax and social contributions	(11)	11,152	30,498	173.5%	-277354.5%
Net Financial Income	(1,181)	(2,309)	(61,355)	2557.2%	5095.2%
Depreciation and amortization	8,248	8,325	8,262	-0.8%	0.2%
EBITDA	8,892	38,208	64,705	69.3%	627.7%
EBITDA Margin	6.7%	15.5%	53.6%	2.46	6.99
EBITDA - Adjusted (*)	8,892	38,208	(9,616)	-125.2%	-208.1%
EBITDA Margin - Adjusted (*)	6.7%	15.5%	-8.0% -	1.51 -	2.19
Total Net Operating Revenue	**132,647**	**246,742**	**120,766**	**-51.1%**	**-9.0%**

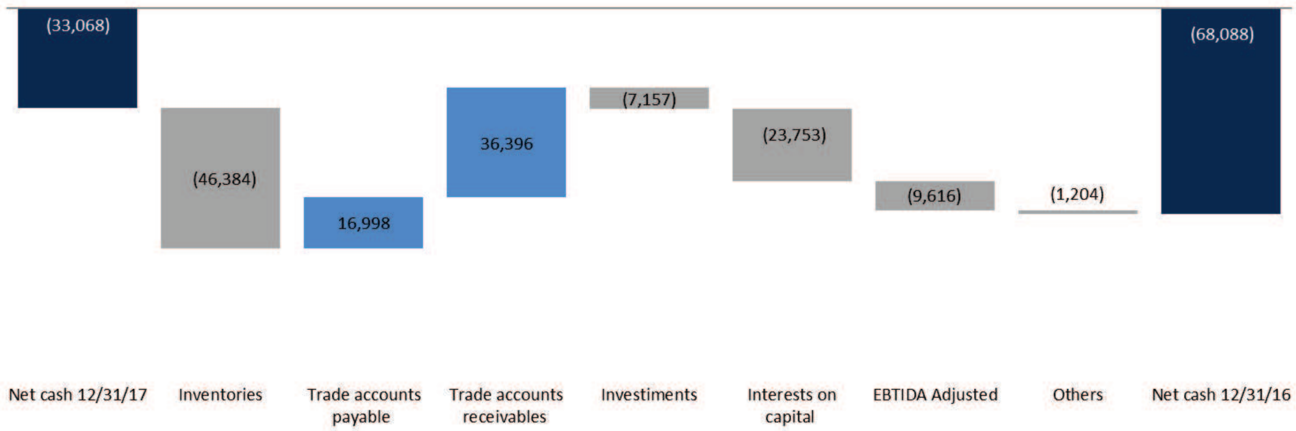
(*) As described in the "Success in Legal Proceedings" section of this report, the Company recognized in the financial statements of 1Q19 the effects of success in the tax process (judicial process on the exclusion of ICMS in the PIS and COFINS calculation base) from obtaining of the final outcome of this action. The present obligation arising from a past event was no longer considered an obligation and therefore, the Company recognized in the financial statements for the 1Q19 the effects of success in this tax process, which totaled R$ 138,008 before taxes, of which R$ 74,321 in the caption "Other operating income (expenses)" and R$ 63,686 under "Financial income". The impact on net income for the period was R$ 105,564, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of interest on capital declared in March 2019, according to Notice to Shareholders dated of March 26, 2019.

PROFIT FOR THE PERIOD

The profit for the period amounted to R$87.2 million in 1Q19, representing a net margin of 72.3%. As mentioned in this report, net profit for 1Q19 is impacted by success in the judicial proceeding on the exclusion of ICMS from the PIS and COFINS tax base, in the net amount of R$ 105.6 million, with the net income adjusted loss in 1Q19 of R$18.3 million.

Evolution of the Net Cash (Debt) Position

The main variations in the net debt position during 1Q19 are described below in R$’000:



“Investment” balances are net of the impacts recognized in accordance with IFRS 16 - Leases.

Net debt growth in 1Q19 is due to the following main aspects:

a) Increase in inventory level due to higher volume of purchases in order to ensure adequate availability of products for customers and fulfillment of the scheduled orders, which increased in relation to December 2018.

b) Trade accounts receivables – during the 1Q19, were received amounts regarding delivered machines in the 4Q18, mainly in the German subsidiary B+W.

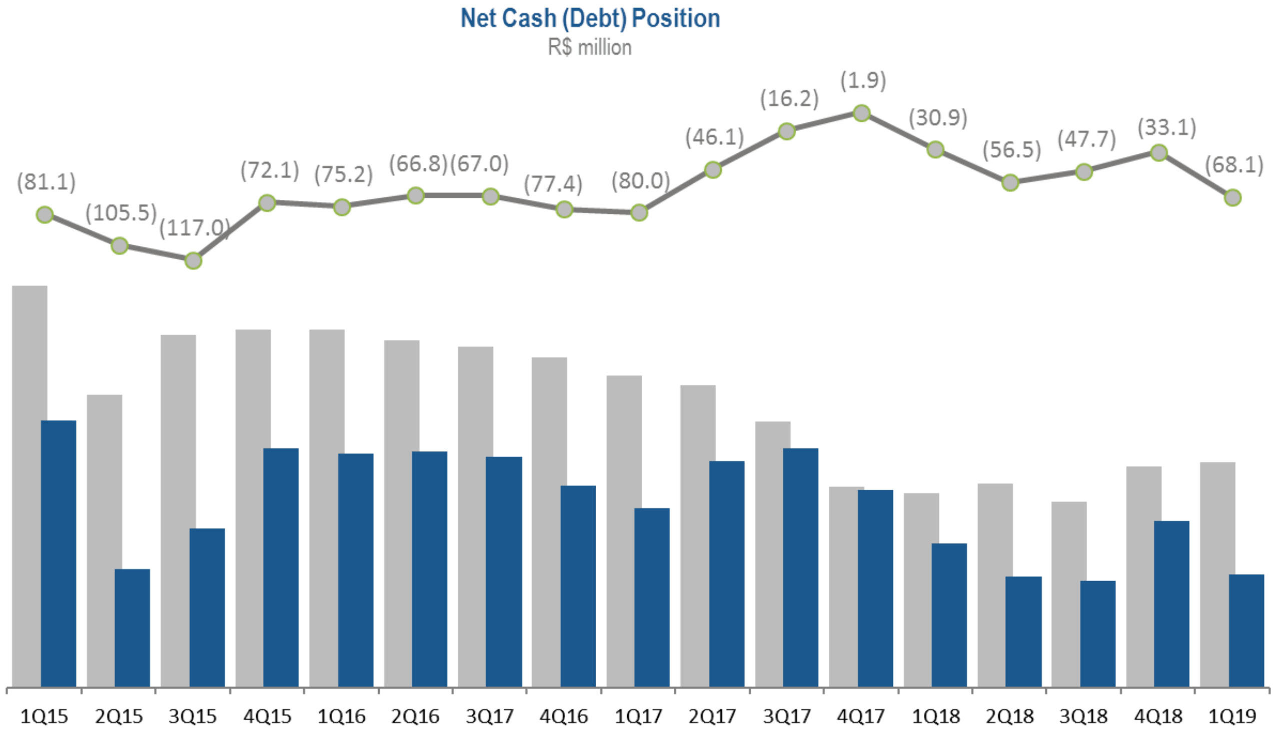
c) Payment of interest on capital declared in April 2018 and paid in March 2019, in the total net amount of R $ 23.8 million; and

d) Investments made during 1Q19, most of them for the installation of an automatic molding machine for the Raw and Machined Cast Iron Parts Business Unit. The other investments were allocated in part to maintenance as well as to improve productivity, flexibility and competitiveness of the other industrial units, all of them pursuant to the investment plan already scheduled for the year.

Financial Position

Short-term financial investments, including those backed by debentures, are made with prime financial institutions with low credit risk and their yield is mainly pegged to the Interbank Certificate of Deposit (CDI) interest. The consolidated net cash (debt) position at March 31, 2019 was negative R$68.1 million.

The Company's borrowings are used mainly in investments for the modernization of the industrial facilities, research and development of new products and financing of exports and imports. At March 31, 2019, the amount of borrowings in local currency was R$ 25.7 million, and in foreign currency, R$ 110.6 million, totaling R$136.3 million.



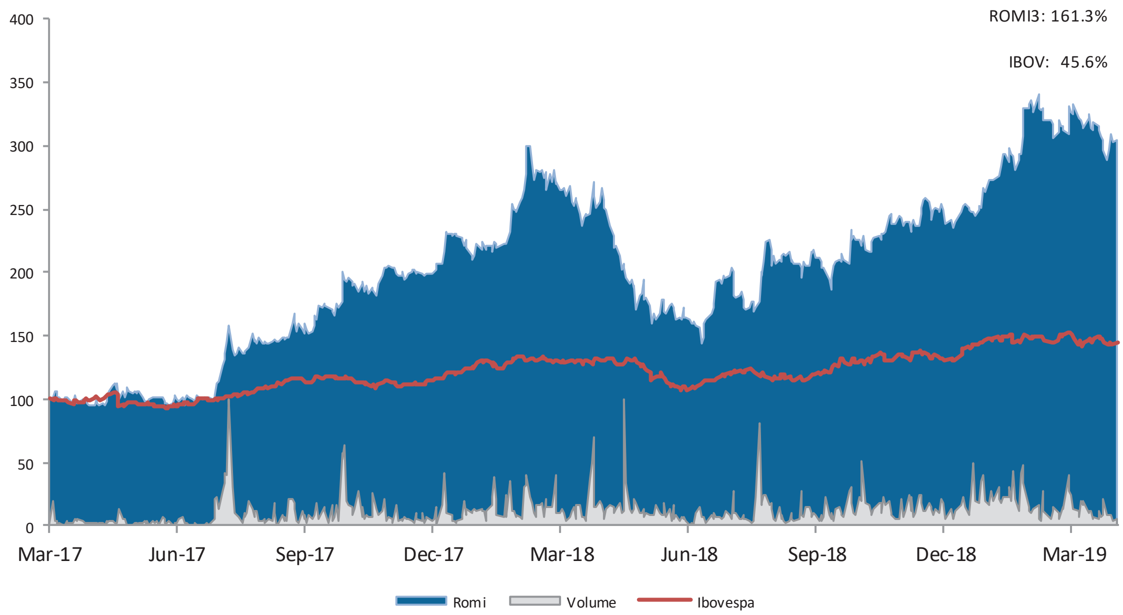
The balances of "Finame Manufacturer Financing" are not used in the calculation of net debt of the Company.

At March 31, 2019, the Company did not have any derivative transactions.

Capital Market

Share Performance ROMI3 vs. Ibovespa

From 03/31/2017 to 04/22/2019



Source: B3.

On April 22, 2019, the Company's common shares (ROMI3), which were quoted at R$9.93, posted appreciation of 17.8% since December 31, 2018 and 161.3% since December 31, 2017. Ibovespa recorded appreciation of 7.6% and 45.6% in the same periods.

The Company's market capitalization on April 22, 2019 was R$624.2 million. The average daily trading volume during 1Q19 was R$2.0 million.

Success in Legal Proceeding

Judicial Proceeding For Exclusion Of Icms Levied On Sales From The Pis And Cofins Tax Base

As disclosed in note 14 of the Quarterly Information for the first quarter of 2019, on October 24, 2006, the Company filed a claim in which it questioned the constitutionality of the inclusion of ICMS (state tax) on sales in the PIS and COFINS (federal taxes) calculation basis, as well as the repetition of such tax overpayment retroactively for 5 (five) years.

The Company, on March 13, 2019, obtained a favorable final outcome on its individual ordinary lawsuit about the matter. As a consequence of such final outcome on its individual lawsuit, the then present obligation arising from a past event was no longer considered an obligation and therefore, the Company recognized in the financial statements for the first quarter of 2019, the effects of success in this judicial proceeding, which totaled R$ 138,008, before taxes, of which R$ 74,321 was recorded in “Other operating income (expenses)” and R$ 63,686 in “Financial income”. The impact on net profit for the period was R$ 105,564, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of interest on equity, declared in March 2019, according to the Notice to Shareholders dated March 26, 2019.

Consolidated Balance Sheet

(R$ 000)

ASSETS	31/03/18	31/12/18	31/03/19
CURRENT	**588,232**	**697,357**	**786,334**
Cash and Cash equivalents	74,088	100,428	67,512
Financial investments	12,944	489	659
Trade accounts receivable	119,832	168,213	133,094
Onlending of FINAME manufacturer financing	82,131	87,482	88,431
Inventories	273,233	300,547	346,931
Recoverable taxes	13,436	25,267	43,012
Judicial Deposits	-	-	86,579
Other receivables	12,568	14,931	20,116
NON CURRENT	**150,940**	**209,430**	**223,097**
Trade accounts receivable	11,852	13,618	12,341
Onlending of FINAME manufacturer financing	76,272	128,584	126,406
Recoverable taxes	894	18,998	52,292
Deferred income and social contribution taxes	49,975	43,948	27,597
Judicial Deposits	2,092	2,110	2,126
Other receivables	9,855	2,172	2,335
Investments			
Property, Plant and Equipment	260,980	258,921	264,842
Investment Properties	18,602	18,398	18,398
Intangible assets	52,928	57,981	55,959
TOTAL ASSETS	**1,071,682**	**1,242,087**	**1,348,630**

LIABILITIES AND SHAREHOLDER'S EQUITY	31/03/18	31/12/18	31/03/19
CURRENT	**277,153**	**362,752**	**409,957**
Loans and financing	75,039	102,547	107,295
FINAME manufacturer financing	54,161	63,326	65,772
Trade accounts payable	47,697	44,261	60,959
Payroll and related taxes	26,929	27,504	25,563
Taxes payables	2,470	7,847	21,619
Advances from customers	52,911	71,466	84,490
Other payables	17,946	45,801	44,259
NON CURRENT	**146,216**	**181,732**	**185,045**
Loans and financing	42,912	31,438	28,964
FINAME manufacturer financing	71,404	116,278	118,759
Deferred income and social contribution taxes	30,573	31,786	31,133
Taxes payable	1,214	2,100	2,061
Reserve for contingencies	113	130	4,128
Other payables	-	-	-
SHAREHOLDER'S EQUITY	**646,820**	**695,977**	**752,124**
Capital	492,025	492,025	492,025
Retained earnings	120,759	160,218	217,929
Cumulative translation adjustments	34,036	43,734	42,170
NON CONTROLLING INTERESTS	**1,493**	**1,626**	**1,504**
TOTAL SHAREHOLDER'S EQUITY	**648,313**	**697,603**	**753,628**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**1,071,682**	**1,242,087**	**1,348,630**

Consolidated Income Statement

(R$ thousand)

	1Q18	4Q18	1Q19	Chg. 1Q19/4Q18	Chg. 1Q19/1Q18
Net Operating Revenue	**132,647**	**246,742**	**120,766**	**-51.1%**	**-9.0%**
Cost of Goods Sold	(97,888)	(177,401)	(97,215)	-45.2%	-0.7%
Gross Profit	**34,759**	**69,341**	**23,551**	**-66.0%**	**-32.2%**
Gross Margin %	*26.2%*	*28.1%*	*19.5%*		
Operating Expenses	**(34,115)**	**(39,458)**	**32,892**	**-183.4%**	**-196.4%**
Selling expenses	(16,153)	(22,097)	(18,558)	-16.0%	14.9%
Research and development expenses	(3,883)	(4,575)	(4,760)	4.0%	22.6%
General and administrative expenses	(13,367)	(15,059)	(17,435)	15.8%	30.4%
Management profit sharing and compensation	(1,456)	(2,040)	(1,498)	-26.6%	2.9%
Other operating income, net	744	4,313	75,143	1642.2%	9999.9%
Operating Income before Financial Results	**644**	**29,883**	**56,443**	**88.9%**	**8664.4%**
Operating Margin %	*0.5%*	*12.1%*	*46.7%*		
Financial Results, Net	**1,181**	**2,309**	**61,355**	**2557.2%**	**5095.2%**
Financial income	3,478	2,153	63,825	2864.5%	1735.1%
Financial expenses	(2,601)	(1,645)	(1,176)	-28.5%	-54.8%
Exchance gain (loss), net	304	1,801	(1,294)	-171.8%	-525.7%
Operations Operating Income	**1,825**	**32,192**	**117,798**	**265.9%**	**6354.7%**
Income tax and social contribution	11	(11,152)	(30,498)	173.5%	-277354.5%
Net income	**1,836**	**21,040**	**87,300**	**314.9%**	**4654.9%**
Net Margin %	*1.4%*	*8.5%*	*72.3%*		
Net profit concerning:	€ -	€ -	€ -		
Controlling interests	1,799	20,912	87,253	317.2%	4750.1%
Non controlling interests	37	128	47	-63.3%	27.0%
	0.0%	*0.0%*	*0.0%*	0.0%	0.0%
EBITDA	**8,892**	**38,208**	**64,705**	**69.3%**	**627.7%**
Profit for the period	1,836	21,040	87,300	314.9%	4654.9%
Income tax and social contribution	(11)	11,152	30,498	173.5%	-277354.5%
Financial income, net	(1,181)	(2,309)	(61,355)	2557.2%	5095.2%
Depreciation and amortization	8,248	8,325	8,262	-0.8%	0.2%
EBITDA Margin %	*6.7%*	*15.5%*	*53.6%*		
Nº of shares in capital stock (th)	62,858	62,858	62,858	0.0%	0.0%
Profit per share - R$	0.03	0.33	1.39	317.2%	4750.1%

Consolidated Cash Flow Statement

(R$ thousand)

	1Q18	4Q18	1Q19
Cash from operating activities			
Net Income before taxation	**1,825**	**32,192**	**117,798**
Financial expenses and exchange gain	448	(2,369)	(60,409)
Depreciation and amortization	8,248	8,325	8,262
Allowance for doubtful accounts and other receivables	(737)	(2,131)	(3,297)
Proceeds from sale of fixed assets and intangibles	(684)	1,035	(238)
Provision for inventory realization	(839)	(3,560)	1,363
Reserve for contingencies	1,553	(1,366)	(56,746)
Change on operating assets and liabilities			
Financial Investments	726	(8)	(170)
Trade accounts receivable	3,043	(37,044)	36,996
Onlending of Finame manufacturer financing	11,737	(28,492)	(1,288)
Inventories	(30,502)	53,252	(47,746)
Recoverable taxes, net	(2,321)	20,672	(8,802)
Judicial deposits	(1,132)	(1,026)	8,540
Other receivables	731	6,299	1,556
Trade accounts payable	13,664	(17,773)	15,001
Payroll and related taxes	(1,610)	(7,413)	(2,097)
Taxes payable	(2,448)	(8,674)	(18,409)
Advances from customers	(3,601)	(16,063)	13,024
Other payables	(1,014)	3,990	(6,492)
Cash provided by operating activities	**(2,913)**	**(154)**	**(3,154)**
Income tax and social contribution paid	(279)	(87)	(2,772)
Net Cash provided by (used in) operating activities	**(3,192)**	**(241)**	**(5,926)**
Purchase of fixed assets	(8,800)	(7,612)	(7,157)
Sales of fixed assets	769	-	269
Increase in intangible assets	(8)	(417)	(581)
Unrealized profit	-	451	-
Net cash Used in Investing Activities	**(8,039)**	**(7,578)**	**(7,469)**
Interest on capital paid	(8,305)	(13,758)	(23,922)
New loans and financing	5,572	43,279	13,967
Payments of loans and financing	(9,436)	(19,158)	(10,083)
Interests paid (including Finame manufacturer financing)	(4,954)	(2,765)	(4,830)
New loans in Finame manufacturer	11,764	51,070	20,459
Payment of Finame manufacturer financing	(14,736)	(14,890)	(15,377)
Net Cash provided by Financing Activities	**(20,095)**	**43,778**	**(19,786)**
Increase (decrease) in cash and cash equivalents	**(31,326)**	**35,959**	**(33,181)**
Exchange variation changes on cash and cash equivalents abroad	(268)	518	265
Cash and cash equivalents - beginning of period	**105,682**	**63,951**	**100,428**
Cash and cash equivalents - end of period	**74,088**	**100,428**	**67,512**

Attachment I – Income Statement by Business Unit

Income Statement by Business Units - 1Q19

R$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	**68,919**	**17,716**	**34,131**	**120,766**
Cost of Sales and Services	(35,005)	(20,942)	(41,268)	(97,215)
Business Units Transfers	417	-	6,508	6,925
Business Units Transfers	(6,508)	-	(417)	(6,925)
Gross (loss) Profit	**27,823**	**(3,226)**	**(1,046)**	**23,551**
Gross Margin %	*40.4%*	*-18.2%*	*-3.1%*	*19.5%*
Operating Expenses	**25,322**	**(8,638)**	**16,208**	**32,892**
Selling	(14,497)	(2,690)	(1,371)	(18,558)
General and Administrative	(9,071)	(5,948)	(2,416)	(17,435)
Research and Development	(4,392)	-	(368)	(4,760)
Management profit sharing	(1,051)	-	(447)	(1,498)
Other operating revenue	54,333	-	20,810	75,143
Operating Income (loss) before Financial Results	**53,145**	**(11,864)**	**15,162**	**56,443**
Operating Margin %	*77.1%*	*-67.0%*	*44.4%*	*46.7%*
Operating loss before Financial Results - Adjusted (*)	**(366)**	**(11,864)**	**(5,648)**	**(17,878)**
Operating Margin % - Ajusted (*)	*-0.5%*	*-67.0%*	*-16.5%*	*-14.8%*
Depreciation and amortization	2,840	2,397	3,025	8,262
EBITDA	**55,985**	**(9,467)**	**18,187**	**64,705**
EBITDA Margin %	*81.2%*	*-53.4%*	*53.3%*	*53.6%*
EBITDA - Adjusted (*)	**2,474**	**(9,467)**	**(2,623)**	**(9,616)**
EBITDA Margin % - Adjusted (*)	*3.6%*	*-53.4%*	*-7.7%*	*-8.0%*

Income Statement by Business Units - 1Q18

R$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	**61,913**	**29,077**	**41,657**	**132,647**
Cost of Sales and Services	(37,548)	(24,036)	(36,304)	(97,888)
Business Units Transfers	940	-	3,265	4,205
Business Units Transfers	(3,265)	-	(940)	(4,205)
Gross Profit	**22,040**	**5,041**	**7,678**	**34,759**
Gross Margin %	*35.6%*	*17.3%*	*18.4%*	*26.2%*
Operating Expenses	**(22,219)**	**(7,544)**	**(4,352)**	**(34,115)**
Selling	(13,077)	(2,177)	(899)	(16,153)
General and Administrative	(5,200)	(5,367)	(2,800)	(13,367)
Research and Development	(3,883)	-	-	(3,883)
Management profit sharing	(803)	-	(653)	(1,456)
Other operating revenue	744	-	-	744
Operating Income before Financial Results	**(179)**	**(2,503)**	**3,326**	**644**
Operating Margin %	*-0.3%*	*-8.6%*	*8.0%*	*0.5%*
Depreciation and amortization	3,175	1,694	3,379	8,248
EBITDA	**2,996**	**(809)**	**6,705**	**8,892**
EBITDA Margin %	*4.8%*	*-2.8%*	*16.1%*	*6.7%*

Attachment II – Financial Statements of B+W

Balance Sheet B+W

(€ 000)

ASSETS	03/31/18	12/31/18	03/31/19
CURRENT	**20,882**	**26,223**	**28,462**
Cash and Cash equivalents	828	1,136	774
Trade accounts receivable	4,844	11,925	7,051
Inventories	14,151	12,069	18,215
Recoverable taxes	492	-	907
Deferred income and social contribution taxes	189	80	940
Related Parties	82	877	170
Other receivables	296	136	404
Investments			
Property, plant and equipment	15,158	14,579	14,539
Investment in subsidiaries	59	59	59
Intangible assets	12,707	12,868	12,611
TOTAL ASSETS	**48,806**	**53,729**	**55,670**

LIABILITIES AND SHAREHOLDER'S EQUITY	03/31/18	12/31/18	12/31/18
CURRENT	**15,388**	**21,650**	**25,820**
Loans and financing	-	2,349	2,249
Trade accounts payable	1,788	3,216	4,232
Payroll and related taxes	1,939	894	1,406
Taxes payable	-	9	315
Advances from customers	10,173	12,425	15,600
Other payables	1,284	2,143	1,338
Related Parties	204	614	681
NON CURRENT	**7,795**	**7,054**	**6,871**
Loans and financing	2,966	2,551	2,412
Deferred income and social contribution taxes	4,829	4,504	4,459
SHAREHOLDER'S EQUITY	**25,623**	**25,025**	**22,979**
Capital	7,025	7,025	7,025
Capital reserve	505	505	505
Profit reserve	18,093	17,495	15,449
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**48,806**	**53,729**	**55,670**

B+W Income Statement

	1Q18	4Q18	1Q19
Net Operating Revenue	**7,214**	**19,697**	**4,120**
Cost of Goods Sold	(5,976)	(16,235)	(4,887)
Gross Profit (loss)	**1,238**	**3,462**	**(767)**
Gross Margin %	*17.2%*	*17.6%*	*-18.6%*
Operating Expenses	**(1,892)**	**(2,477)**	**(2,019)**
Selling expenses	(546)	(1,128)	(629)
General and administrative expenses	(1,346)	(1,349)	(1,390)
Operating Income before Financial Results	**(654)**	**985**	**(2,786)**
Operating Margin %	*-9.1%*	*5.0%*	*-67.6%*
Financial Results, Net	**(111)**	**(67)**	**(121)**
Operations Operating Income	**(765)**	**917**	**(2,907)**
Income tax and social contribution	189	(318)	861
Net income	**(576)**	**599**	**(2,046)**
Net Margin %	*-8.0%*	*3.0%*	*-49.7%*
EBITDA	**(121)**	**1,547**	**(2,243)**
Net income / loss for the period	(576)	599	(2,046)
Income tax and social contribution	(189)	318	(861)
Financial income, net	111	67	121
Depreciation and amortization	533	563	543
EBITDA Margin %	*-1.7%*	*7.9%*	*-54.5%*

Statements contained in this release related to the Company'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.