

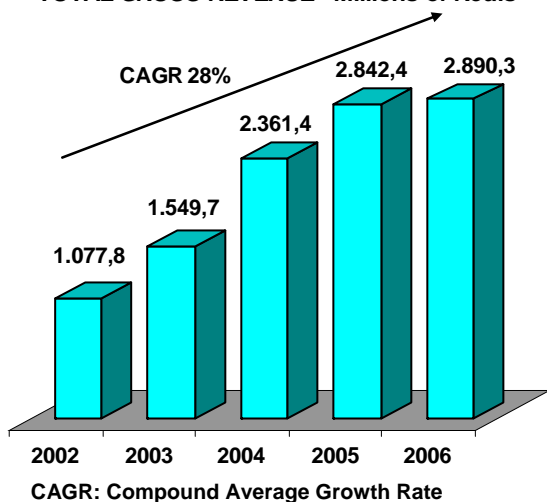


ANNUAL REPORT / 2006

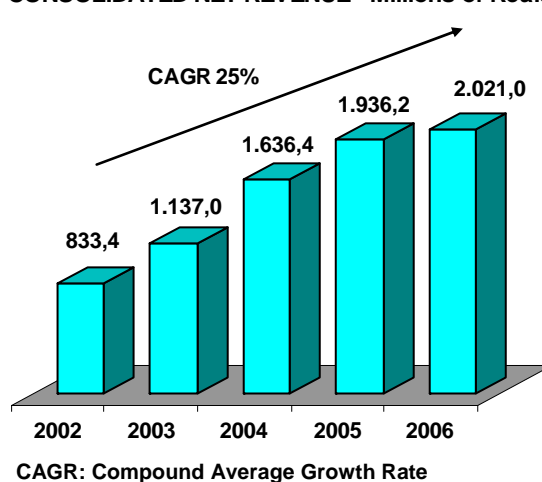
PERFORMANCE INDICATORS - EVOLUTION

Randon S.A. Implementos e Participações – Consolidated

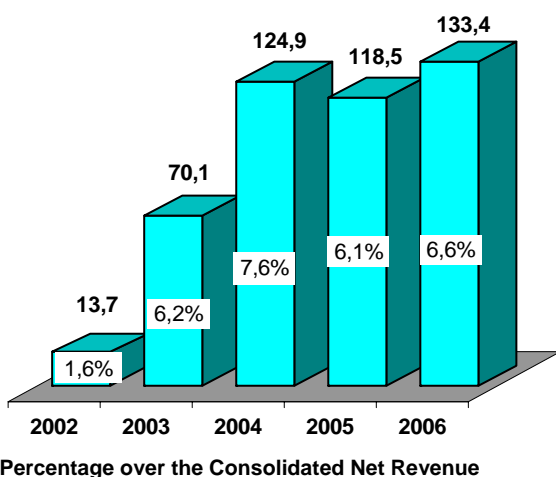
TOTAL GROSS REVENUE - Millions of Reais



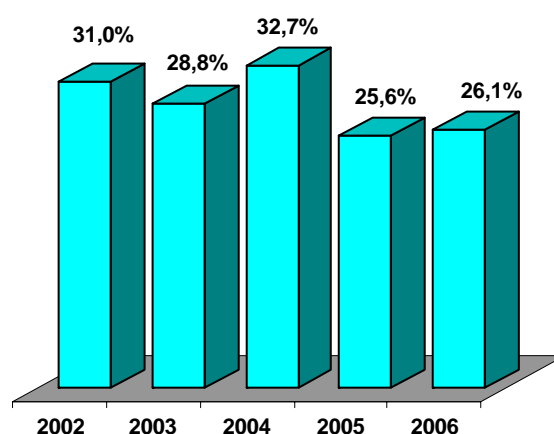
CONSOLIDATED NET REVENUE - Millions of Reais



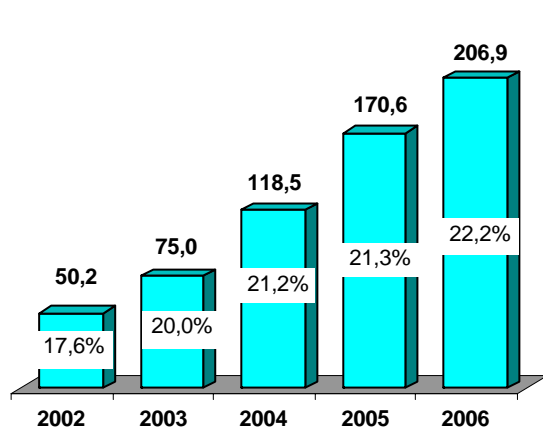
CONSOLIDATED NET PROFIT - Millions of Reais AND NET MARGIN



CONSOLIDATED GROSS MARGIN OVER NET REVENUE

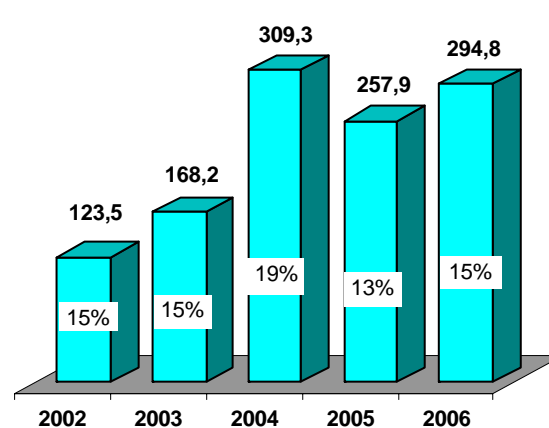


CONSOLIDATED EXPORTS - Millions of Dollars

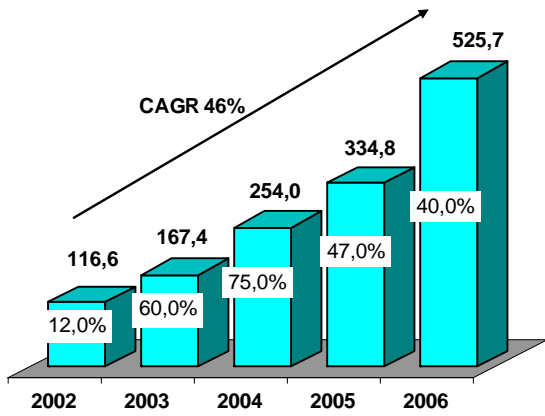


Percentage over the Consolidated Net Revenue
It does not consider sales made by our units abroad

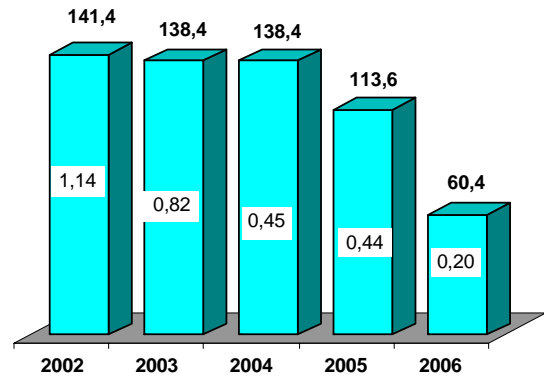
CONSOLIDATED EBITDA - Millions of Reais AND EBITDA % OVER NET REVENUE



CONSOLIDATED NET EQUITY - Millions of Reais AND ROE



CONSOLIDATED NET BANK INDEBTEDNESS - Millions of Reais AND OVER EBITDA



ROE: Return on Net Equity (Net Profit/Net Equity)
 CAGR: Compound Average Growth Rate

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A WORD FROM THE CHAIRMAN

Dear Shareholders:

These Management Report and Financial Statements for the period ended December 31, 2006 include the accounts of Randon Companies, individually, and the consolidated figures as well, and are accompanied by the Opinion of the Independent Auditors and Audit Board. On doing so, we consider the following information relevant:

When the year began, sector and macroeconomic factors led us to believe that 2006 would be a good year. If maintained and materialized, these positive factors would allow our company to expand its activities and achieve the expected results. Fortunately, this came to pass and our companies showed positive figures in terms of revenues and results.

Factors such as the growth of the Brazilian economy – albeit at rates lower than those we expected or were necessary for an emerging country -, our success in going progressively international, and the performance of the primary, industrial and credit sectors in Brazil have enabled us to achieve our goals.

In line with this process of growth, our Five-Year Investment Planning continued. Through it, technology, innovation, expansion, modernization and replacement of assets will allow us to strengthen our position as the leading company in the Brazilian market, while increasing our competitiveness in the global market, where Randon Companies` presence is becoming more and more relevant.

We thus view this scenario of confidence in the future as the foundation of strengthened activities to create wealth, jobs, taxes and social inclusion, in a legitimate exercise of good citizenship and sustainable development. Together, we contribute to make Randon Companies perennial.

This performance, associated to the best practices of Corporate Governance, were important factors for the success of our Public Offering of Shares, concluded in May 2006. The Offering not only enabled us to allocate new resources for investments, but also provided additional liquidity to our securities traded at the Stock Exchange.

We especially mention the sequence of awards and distinctions received throughout the year, since they ratify the positive public image of Randon.

In 2006, another step was taken in the consolidation process of the Brazilian democracy. In free elections, the President of Brazil, along with governors, senators and the Federal and State Chamber of Deputies, were re-elected for a new term.

In addition to the electoral process itself, we hope that during this new term steps will be taken that will allow our country to resume growth. We also expect to see the necessary reforms in place in the political, tax, labor, and social-security areas, thus meeting the expectations of the Brazilian society which longs for fairer welfare standards.

Finally, we would like to thank our shareholders, customers and suppliers for their confidence in our company. We especially thank our employees for their performance and commitment to the success of Randon Companies.

Caxias do Sul, fevereiro de 2007.

Raul Anselmo Randon
Chairman

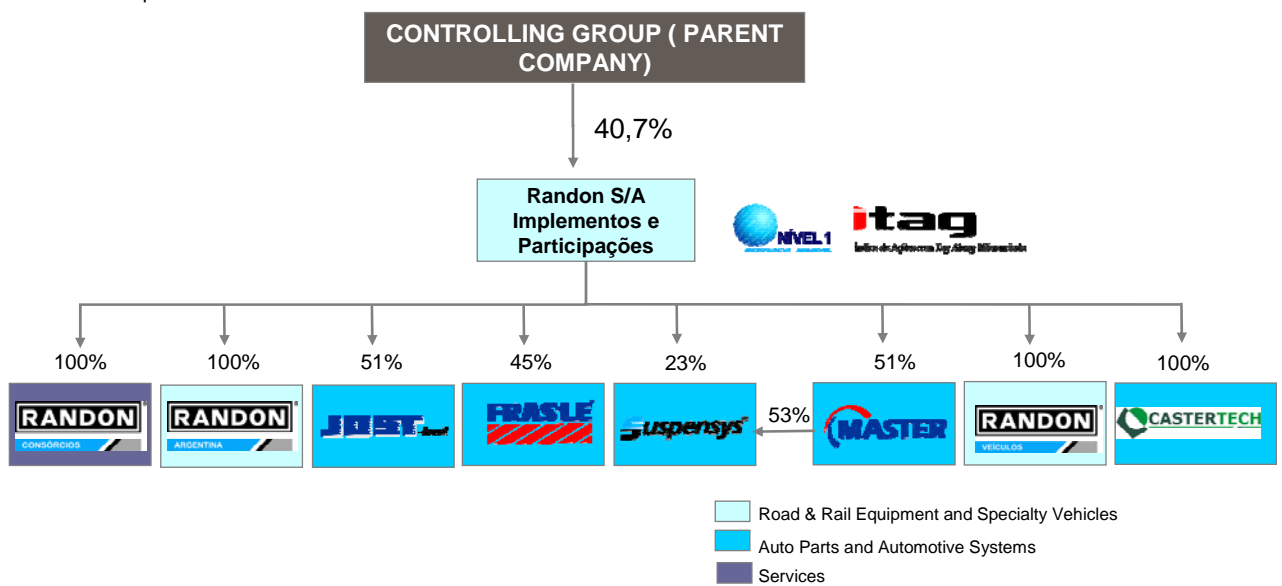
CORPORATE OVERVIEW

The Randon Company conglomerate is formed by the controlling company Randon S.A. Implementos e Participações and eight other controlled companies operating within the road equipment segment (trailers / semi-trailers), railway cars and specialty vehicles, as well as auto parts, automotive systems, and services.

Randon, a global brand with world-class strategic partners, is among the largest private Brazilian companies and is the market leader in all its segments, exporting to over 100 countries.

Altogether, Randon Companies have one of the broadest product portfolios in cargo transportation, whether within the road equipment sector, railway sector, or off-the-road vehicles sector, and are ranked among the ten largest companies worldwide within their segments.

% Over Total Capital



GENERAL OVERVIEW – Randon in the World

Randon has increasingly expanded its reach internationally by setting up trade offices, industrial plants, distribution centers and CKD assembly units that seek to meet each region's needs and resources.



- USA – Randon (Miami/Florida) and Fras-le (Farmington Hills – Michigan)
- Mexico – México City /DF
- Chile – Santiago
- Argentina – Randon (Rosário) and Fras-le (San Martín – Province of Buenos Ayres)
- Germany – Gelsenkirchen
- Morocco – Casa Blanca
- Algeria – Argel
- Kenya – Nairobi
- South Africa – Johannesburg
- China – Shanghai
- India – Bangalore
- Dubai – Jebel Ali Free Zone

2006 CONSOLIDATED GENERAL PERFORMANCE

General Comment

Randon S.A. Implementos e Participações ended the fiscal period with a record consolidated net profit of R\$ 133,4 million.

The diversification of Randon's road equipment portfolio, with product lines for practically all economic segments, was instrumental in the recovery of its market share and growth. The sales of products with more added value offset the reduced demand for products related to agribusiness, which historically has been more representative in the total sales. Here we highlight the demand for products for the sugar-alcohol sector, whose sales are expected to set a new record as a result of a boosted bioenergy chain. We also experienced a gradual recovery in the farming sector, reflecting our high estimates for the 2007 crop. Equally relevant was the positive performance of the railway sector during the first period of the year, although there are not clear signs of how this sector will behave in the upcoming business period.

The auto parts and systems segments achieved positive results in exports. In the domestic market, however, this segment followed the decreased demand for trucks, ending the fiscal period with a performance falling short of the expectations we had at the beginning of the period.

Generally speaking, the low interest rates, the increased availability of financing mechanisms, the growth of the economy, albeit slow, the growth of exports, the pursuit of alternative supply sources in the international market, and the stability of raw-material prices, played an important role in delivering the good consolidated performance of the Company during the fiscal period.

Revenues

The total gross revenue (with no elimination of inter-company sales) reached R\$ 2,89 billion in 2006, an increase of 1,7% as compared to 2005. The consolidated net revenue totaled R\$ 2,02 billion, a 4.4% rise over the previous fiscal period.

Composition of the Consolidated Net Revenue - JAN-DEC/2006

The inter-company sales represented 11,8% of the total net revenue, against 13,7% in the previous year.

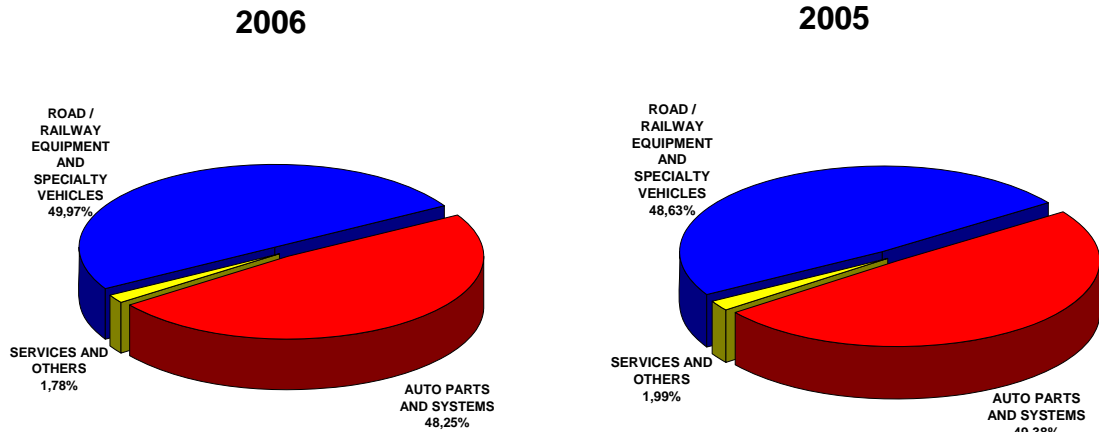
For 2007, we expect a reduction of about 2% in inter-company sales as a result of changes in internal logistics. The sales of spare parts will be decentralized: each company will invoice directly to the customer. Randon Argentina's local production is also being expanded, since some items previously produced in Brazil will now be produced locally.

In thousand of Reais

COMPANIES	NET REVENUE	INTER-COMPANY SALES	CONSOLIDATED NET REVENUE	%
Randon S.A. Implem. e Partic.(Controlling Company)	952.945	51.538	901.407	44,5
Master Sist. Autom. Ltda	260.518	42.869	217.649	10,8
Randon Veículos Ltda	68.465	(24)	68.489	3,4
Fras-Le S.A. (Consolidated)	391.550	14.197	377.353	18,7
Jost do Brasil Ltda	112.598	34.395	78.203	3,9
Suspensys Sist. Autom. Ltda	430.298	128.326	301.972	14,9
Randon Adm. de Consórcios Ltda	35.954	0	35.954	1,8
Randon Argentina S.A.	40.014	0	40.014	2,0
Randon Middle East	382	382	0	0,0
TOTAL:	2.292.724	271.683	2.021.041	100,0

Revenue Distribution by Segment

The road equipment segment performed better than the auto parts and systems segments in 2006, resulting in a slight increase in the consolidated net revenue as compared to 2005.



Net Result

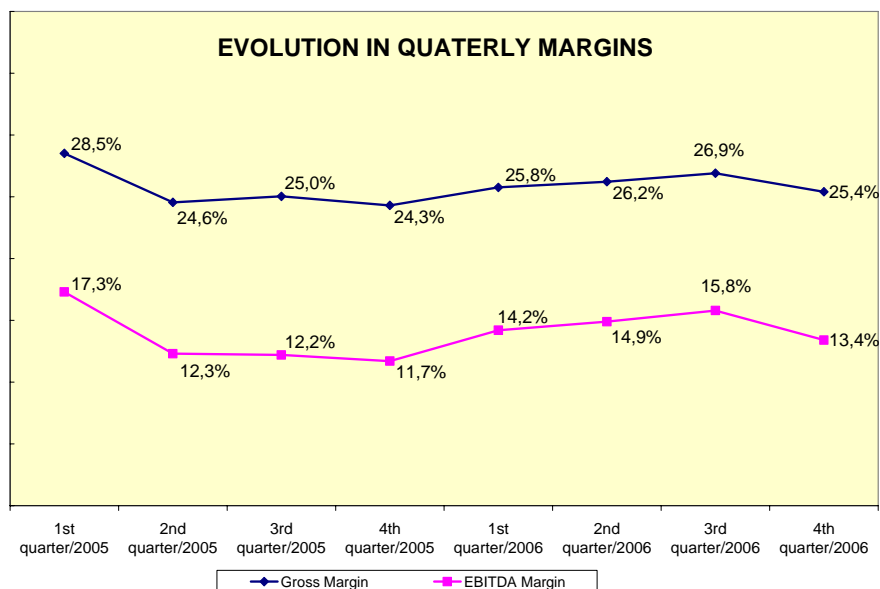
The company posted a record consolidated net profit of R\$ 133,4 million, 12,6% higher than 2005. This represented a rise in the net margin (net profit vs net revenues), ending by 6,6% against 6,1% in the previous year.

Gross Margin and EBITDA

The accrued consolidated gross profit in 2006 was 26,1% over the net revenue, against 25,6% in the previous year.

The EBITDA (gross cash generation) totaled R\$ 294,9 million or 14,6% over the net revenue in the period, compared to R\$ 257,9 million in 2005, or 13,3% over the net revenue.

Increased prices of steel and iron and the appreciation of the Real in a very short period between 2004 and 2005 caused the profit margins to gradually recover throughout each quarter of 2006. The last quarter of 2006 featured a series of non-recurring factors such as book adjustments and provisions, in addition to decreased sales on account of the general vacation period. These factors were responsible for reduced margins in this quarter, without, however, representing a trend.



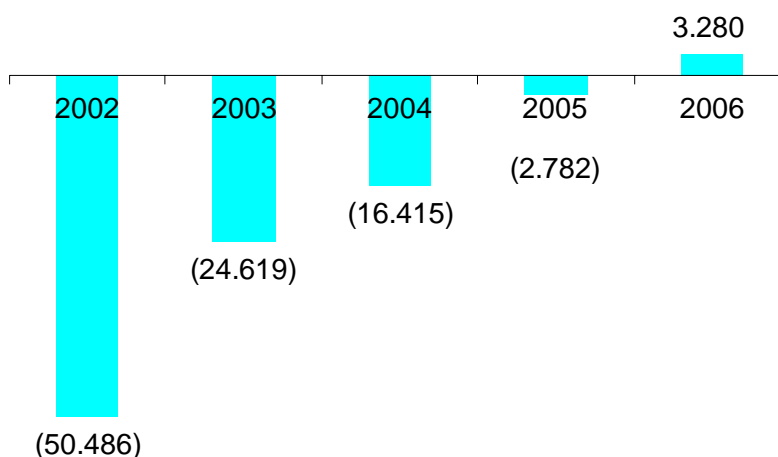
Commercial and Administrative Expenses

The 2006 accrued administrative and commercial expenses maintained the same percentage of 13,4% over the accrued consolidated net revenue reached in 2005, totaling R\$ 270,7 million.

Financial Result

The consolidated net financial expenses (revenues less expenses) significantly improved during the period, going from R\$ 2,8 negative million in 2005 to R\$ 3,3 positive million in 2006.

Net Financial Result – In thousands of Reais



The net bank indebtedness decreased from R\$ 113,6 million in December 2005 to R\$ 60,4 million in 2006, which is equivalent to one multiple of EBITDA's 0,20. This reduction was the result of an increased generation of the company's existing cash and incoming resources from the primary public offering of shares (R\$ 99 million) carried out during the first period of the year.

Overall Performance Chart

Main Indicators (in thousands of Reais)	2006	2005	Var. %
Total Gross Revenue - without eliminations	2.890.358	2.842.420	1,7
Consolidated Net Revenue	2.021.041	1.936.143	4,4
Consolidated Net Profit	133.383	118.488	12,6
Consolidated Gross Profit	527.148	494.978	6,5
Own Operating Profit (EBIT) - Consolidated	250.940	217.584	15,3
Consolidated EBITDA	294.852	257.920	14,3
Consolidated Net Financial Indebtedness	60.391	113.636	(46,9)
Consolidated Net Financial Result (Financial Earnings - Financial Expenses)	3.280	(2.782)	
Consolidated Administrative and Commercial Expenses	(270.706)	(259.971)	4,1
Consolidated Profit per Share (In Reais)	0,82	0,79	4,3

Exports

In 2006, Randon Companies continued to focus on the growth of their exports, despite the exchange rate at the current levels. To overcome this challenge, several measures were taken, such as: budget constraints, import of raw-materials, price adjustments, utilization of hedge mechanisms, and several strategies to operate internationally. All these measures were aimed at boosting sales and making their brands increasingly known. Among these latter measures, we can cite:

- Intensification of activities for the development of new markets such as Africa, the Middle East and Central America;

- Customized market strategies that respect the economic, cultural, technical and logistical aspects of each country;

- Expansion of distribution channels, which was instrumental in the growth of our exports. Outsourced assembly units were set up in conjunction with local entrepreneurs to assemble, sell and distribute Randon products in Algeria, Morocco, and Kenya. New branches / trade offices were opened in Dubai, Chile, Germany, Mexico, and the United States, in addition to the subsidiary Randon Automotive (Pty) Ltd. in Johannesburg, and a business office in Shanghai (China) and India by our controlled company Fras-le S.A;

- Export of products in SKD and CKD (semi and completely knock down products, respectively). This allowed us to optimize costs (with sea freights) and delivery times for the end user. More recently, in September 2006, the semi-trailers sold by our controlled company Randon Argentina S.A. began to be assembled locally, in Argentina, by the company itself. Instead of importing finished products from the plant in Caxias do Sul, the products are now delivered in CKD to Rosario and assembled in their plant in Argentina.

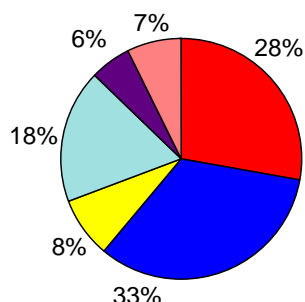
Exports are already a tradition in the segment of auto parts, mainly friction materials and brake / suspension components, which are delivered to all the continents. Other destinations are the markets operated by our partner ArvinMeritor, such as China and the European Union, which are becoming increasingly stronger. The most recent opportunity being explored - having ArvinMeritor as the facilitator – is the OEM market (original equipment manufacturer), which started from such a partnership with ArvinMeritor, already consolidated in the domestic market, and progressed into the international market.

Therefore, the consolidated exports, without eliminations, reached US\$ 206,9 million in 2006, which represents an increase of 21,3% over 2005.

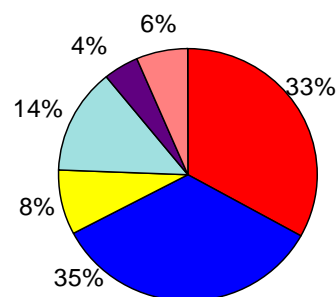
COMPANIES (In Dollars Thousand)	2006	2005	Δ %
Randon S/A Impl. e Partic.	85.330	69.278	23,2
Master	32.768	22.411	46,2
Randon Veículos	3.244	3.913	(17,1)
Jost	3.186	1.741	83,0
Fras-le	68.033	64.916	4,8
Suspensys	14.338	8.339	71,9
TOTAL:	206.899	170.598	21,3

Exports by Economic Bloc

2006



2005



Consolidated Investments

In 2006, R\$ 154,3 million were spent in investments. These investments are included in the Five-Year Planning, officially announced in August 2006 for the period 2005/2006.

Besides the additional working capital, the investments to be made by Randon Companies include diverse areas such as: maintenance, replacement of assets, expansion of industrial units, modernization of the industrial park, technological development and environment. Resources are also being allocated in processes related to the integration of the supply chain through the setup of an uncoiling and steel cutting line, as well as through the setup of Castertech Fundação e Tecnologia Ltda. This new controlled company, formed on September 1, 2006, will have its facilities built at the Interlagos Industrial Complex and will initially produce cast iron parts to meet the needs of the Company and its affiliates.

The funds to implement the Five-Year Investment Plan will come from the company's own resources, generated in the first period of 2006 (cash flow generation and resources from shareholders) from governmental credit and developmental institutions such as the BNDES (National Bank for Economic and Social Development), IFC, and FINEP (Financing Agency for Studies and Projects), and from FUNDOPEM-RS - Fundo Operação Empresa, (Tax Incentive Rio Grande do Sul State).

Below are the investments made in 2006:

FIXED ASSETS (In thousands of Reais)	Randon	Fras-le	Master	Jost	Suspensys	Veículos	Consórcio	Argentina	Middle East	Total
Machines	29.143	27.225	18.876	122	6.898	5		215		82.484
Buildings	14.363	678	3.083	247	2.583	14		61		21.029
Land	2.883									2.883
Tooling	1.536	53	1.129	514	1.731	3				4.966
Buildings improvements	8.946		100		245	75				9.366
Vehicles	1.025	364	101		93	(37)	77			1.623
Furniture & Fixtures	803	208	127	183	22	4	22	2	60	1.431
Lab equipment	36				470					506
Computer hardware and software	1.443	1.148	135	68	616	51	1.996	38		5.495
Others (Deferred and others)	783		782	128	2.834	174	6			4.707
TOTAL:	60.961	29.676	24.333	1.262	15.492	289	2.101	316	60	134.490
INVESTMENTS (*) - (In thousands of Reais)	19.780	70								19.850
GRAND TOTAL (In thousands of Reais)	80.741	29.746	24.333	1.262	15.492	289	2.101	316	60	154.340

(*) It takes in account the Castertech investments in the value of R\$ 14.669 thousand through the acquisition of fixed assets, the remaining value being in shares from controlled companies.

PERFORMANCE BY SEGMENT

1) Road / Railway Equipment & Specialty Vehicles

In 2006, this segment accounted for 50,0% of the consolidated net revenue. It is represented by the companies Randon S.A. Implementos e Participações, which operates within the segments of road & railway equipment, Randon Argentina S.A., which also operates within the segment of road equipment, and by Randon Veículos Ltda., which is present in the segment of specialty and off-road vehicles

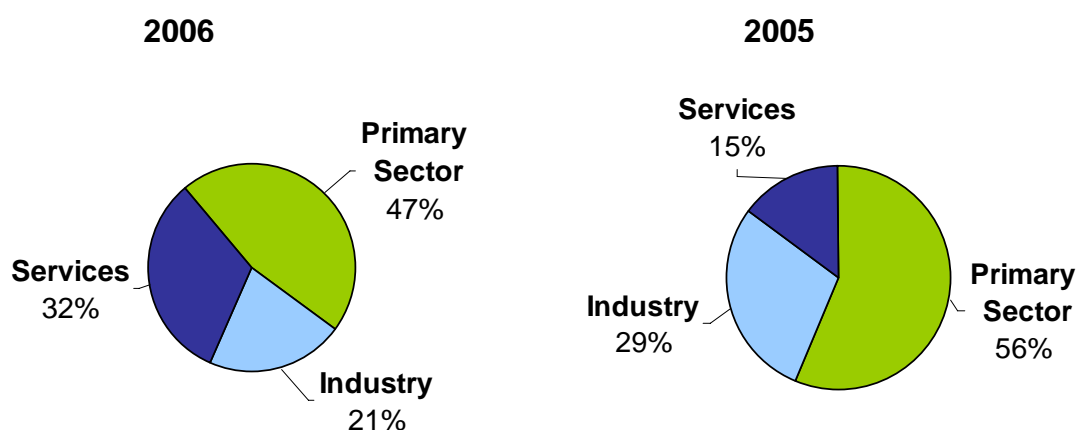
Randon S.A. Implementos e Participações

As the leader in the Brazilian market and one of the leading companies worldwide in the manufacturing of trailers and semi-trailers, Randon S.A. had a domestic market share of 38% in 2006, in addition to contributing to 46% of the national production (Source: Abradir/Fenabrave).

The positive growth indicators in the period were a net revenue increase of 7,1% compared with the fiscal period 2005, and a monthly order intake volume of 1,543 units in 2006 compared with a monthly average order of 1,240 units of trailers and semi-trailers in 2005. At the end of 2006, the company had an order-book enough to cover the entire first quarter of 2007.

The segment of road equipment maintained a positive performance throughout the period thanks to the strong performance of areas in connection with the transportation of industrial cargo, sugar-cane, general cargo, and, primarily, home appliances, electro-electronics, beverages, and others. The sector of grains - which had been delivering performance levels below the historical mean due to successive crises in the farming sector – showed a slight recovery and is signaling important opportunities for 2007. Another reason for optimistic prospects for 2007 is the excellent performance of the sugar-cane sector that – in view of the strong demand experienced already within the last quarter of 2006 – shows signs of an unprecedented growth for this segment.

Sales Break Down by Sector – Road Equipment



The exports accounted for 19,5% of the company's net revenue in 2006, a growth rate of 23,2% in relation to the previous year. The main markets were countries from the Mercosur, Africa, and the Middle East.

In the railway sector, business transactions were concentrated in the first six months of the year and represented a market share of approximately 20%, according to data from Simefre (Sindicato Interestadual da Indústria de Materiais e Equipamentos Ferroviários e Rodoviários). The

prospects for the sector show signs of stabilization in the demand for the upcoming fiscal periods, at a rate below that experienced in 2005. This is due to the limitation imposed by railways, that need to be expanded, and to the reduced investment level of some customers that concentrated the renewal of their fleets in 2004 and 2005.

Randon S.A. Implementos e Participações	2006	2005	Var. %
Semi-trailers / trailers (units sold)	15.235	14.543	4,8
Wagons (units sold)	581	494	17,6
Net Revenue (in thousands of Reais)	952.945	889.890	7,1
Net Profit (in thousands of Reais)	133.990	119.026	12,6

Randon Argentina S.A.

Randon Argentina is one of the oldest affiliate companies of Randon abroad. The Argentinean GDP has shown growing figures, investments have increased in civil constructions and public works, and the strong performance of the primary sector has brought a positive response for the company in terms of products within these segments. Products such as semi-trailers for cereal transportation, dump trailers/ semi-trailers, and silo trailers and semi-trailers for cement are the ones that deliver the best performance. In the industrial area, Randon Argentina has taken over the production and assembly of trailers for cereal transportation since 2005. In 2006, the company started to assemble platform semi-trailers – flat model – from CKD kits coming from Brazil. This measure was taken to increase the company's competitiveness, profitability and access to financing sources applicable to vehicles "made in Argentina".

Randon Argentina S.A.	2006	2005	Var. %
Semi-Trailers (un.)	728	665	9,5
Net Revenue (in thousands of Reais)	40.014	32.871	21,7
Net Profit (in thousand of Reais)	549	(569)	196,5

Randon Veículos Ltda.

The results of this company were in line with the estimates we made at the end of 2005, despite a performance level below our expectations in some areas, mainly in the line of off-road trucks connected to the infrastructure and mining sectors. The civil construction area, more precisely small hydroelectric power stations, showed a slight reaction during the period. Products connected to forest mechanization – which is showing high growth levels – and the segment of backhoe loaders, whose market grew by 52% in 2006 due to customers such as the public sector, city halls, etc. – have had an increased participation in the total sales of the company. The company constantly renews its product line and has introduced a series of technological innovations in ergonomics, handling, robustness and lightness. The cost increase of copper and gold, and a higher demand for iron will stimulate the Brazilian mining companies to expand into this area in the next fiscal period.

Randon Veículos Ltda.	2006	2005	Var. %
Off-road trucks (un.)	91	148	(38,5)
Backhoe loaders (un.)	190	155	22,6
Net Revenue (in thousands of Reais)	68.465	79.513	(13,9)
Net Profit (in thousands of Reais)	5.442	5.379	1,2

2) Auto Parts

In 2006, this segment accounted for 48,2% of the consolidated net revenue. It is represented by the companies Fras-le S.A., Master Sistemas Automotivos Ltda., Jost Brasil Sistemas Automotivos Ltda. and Suspensys Sistemas Automotivos Ltda.

Fras-le S.A.

Fras-le S.A. delivered a better economic-financial performance in this period as compared to the previous period, despite the current unfavorable exchange rates and a slight reduction in the volumes sold to the foreign market.

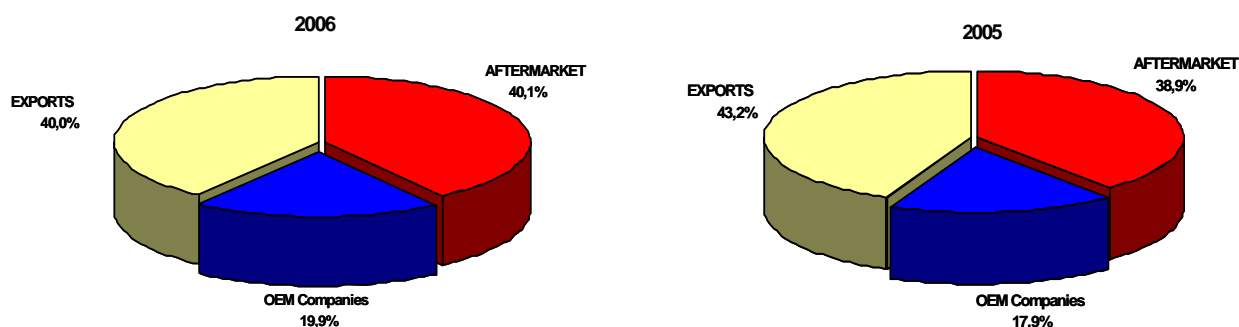
The decreased sales volumes resulted from a decline in the market of brake blocks, which was compensated by a boosted sale of brake linings for the national aftermarket and by increased business transactions with OEM companies.

The improved results in 2006, in both revenues and profits of the Company, derived from the new markets the Company gained during the period and from a tight control of operating expenditure. Improvements implemented in the production processes also played an important role, resulting in considerable gains in profitability through reduced losses.

These factors generated a positive evolution in the profitability margins as compared to those of the previous period. The EBITDA margin also rose, which enabled the company to make all investments foreseen for the period.

In the aftermarket, a decline in the demand for grain transportation equipment and a lower circulation of fleets on the road caused sales to go down in the first period of 2006 (mainly brake linings for semi-trailers), which were 5% down from that of 2005. In terms of brake pads, Fras-le faced a high level of competitiveness. One of the measures taken to address this issue was the launch of the brand Lonaflex, an alternative product that is more competitive. The adjustment of this new product to stocks and sale by distributors demanded, however, a certain length of time.

Break Down by Market



Fras-le S.A.	2006	2005	Var. %
Friction Materials (Ton.)	50.493	51.389	(1,7)
Net Revenue (in thousands of Reais)	391.550	373.642	4,8
Net Profit (in thousand of Reais)	40.782	33.342	22,3

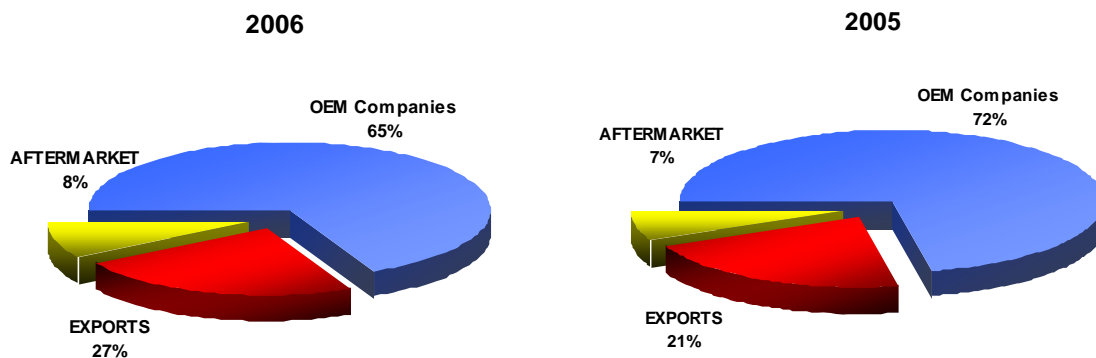
Master Sistemas Automotivos Ltda.

In 2006, Master celebrated its 20th anniversary. During this time, the company became a benchmark for reliability in brakes, anchoring its leadership position in the Brazilian air brakes market for commercial vehicles. To extend its reach worldwide, the company focused on strategies that have been developed throughout its history: technology, product and process innovation, and constant development of its personnel. In addition to its exporting profile, Master also expanded its geographic presence in the world through its partnership

with ArvinMeritor, which plays an important role in generating new business and accelerating Master's consolidation process in the foreign market.

In 2006, Master's domestic sales performance was not as expected as a consequence of a drop in sales of trucks in its main OEM customers. In the foreign market, sales were boosted mainly due to the sale of its new Quadraulic brake – export model – whose demand is growing. The exports of brake shoes to ArvinMeritor also increased.

Break Down by Market



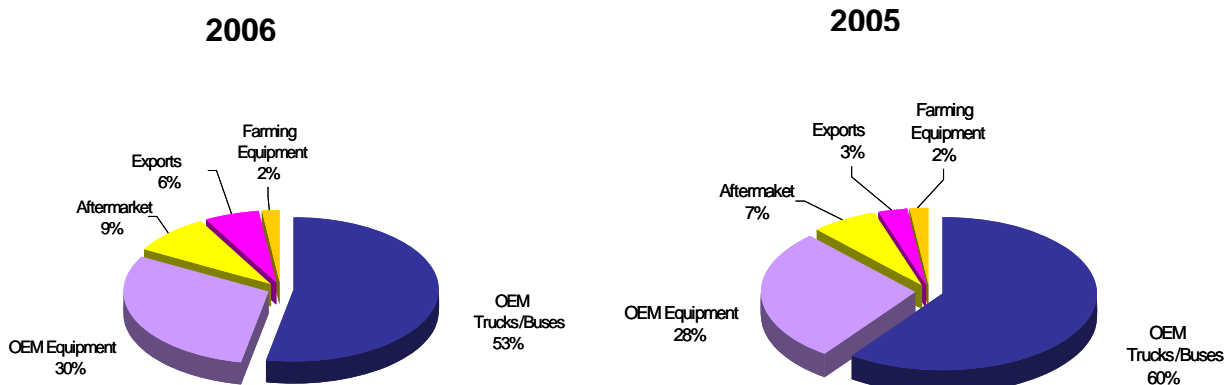
Master Sist. Automotivos Ltda.	2006	2005	Var. %
Brakes (un.)	451.999	489.731	(7,7)
Net Revenue (in thousand of Reais)	260.518	260.026	0,2
Net Profit (in thousand of Reais)	36.926	29.486	25,2

Jost Sistemas Automotivos Ltda.

Following the trend of the auto parts segment, Jost's sales were also affected by the low performance of the truck industry and by the devaluation of some commodities, with reflections in the sale of road equipment designed for the agricultural segment. Some isolated segments such as those connected with sugar-cane – which are stimulating a series of investments – and segments related to road equipment for general cargo are developing very positively

Several measures were taken to relieve the decreased sales and preserve profitability. Among those measures were re-negotiations or change of suppliers, imports of some items previously purchased from the domestic market, creation of alternative products, a tighter control of expenses, and stock reductions.

Break Down by Market



Jost Sist. Automotivos Ltda.	2006	2005	Var. %
------------------------------	------	------	--------

Truck tractor kit (un.)	8.216	13.450	(38,9)
Landing Gear (un.)	26.461	23.797	11,2
Total of fifth-wheels (un.)	34.745	37.170	(6,5)
Net Revenue (in thousands of Reais)	112.598	124.366	(9,5)
Net Profit (in thousands of Reais)	11.709	12.080	(3,1)

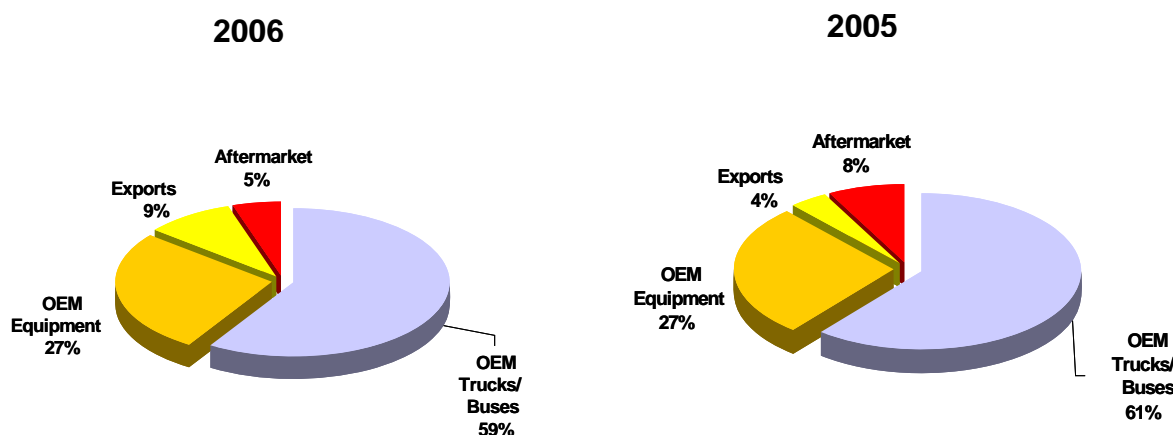
Suspensys Sistemas Automotivos Ltda.

In the domestic market, the company suffered the impact of the low demand for trucks. This drop also affected the sale of products to the OEM equipment companies.

Suspensys is the newest member of Randon Companies. Despite this fact and the current levels of the exchange rate, Suspensys has successfully operated in the international market anchored by the experience of Randon S.A.- Implementos e Participações and by its partner ArvinMeritor, enabling it to expand its geographic present to all continents. This strategy, which involves exchange of knowledge between both engineering areas, and Suspensys' technological base provide its products with a world-class standard level.

Beams, axles and suspensions that are produced at the Suspensys plant in Caxias do Sul (RS), for example, are assembled at ArvinMeritor in Europe, and from there they are delivered to the end user throughout the European continent. These products are designed to meet specific and severe working conditions. Through ArvinMeritor Trailer Systems Europe, the products reach Europe (the United Kingdom and Scandinavia), Africa, and the Oceania. The Suspensys beams, axles and suspensions also run across Asia through sales for customers located in Russia, Malaysia, Korea, Japan and Thailand. ArvinMeritor Europe also does business with the largest manufacturer of semi-trailers in China. Since 2004, beams with aggregated supports and brakes have been delivered to China, where they are used in skeletal semi-trailers for containers.

Break Down by Market



Suspensys Sist. Automotivos Ltda.	2006	2005	Var. %
Suspensions (un.)	46.318	47.219	(1,9)
Hub / Drum (un.)	160.998	178.289	(9,7)
Net Revenue (in thousands of Reais)	430.298	445.041	(3,3)
Net Profit (in thousand of Reais)	35.079	29.477	19,0

3) Services

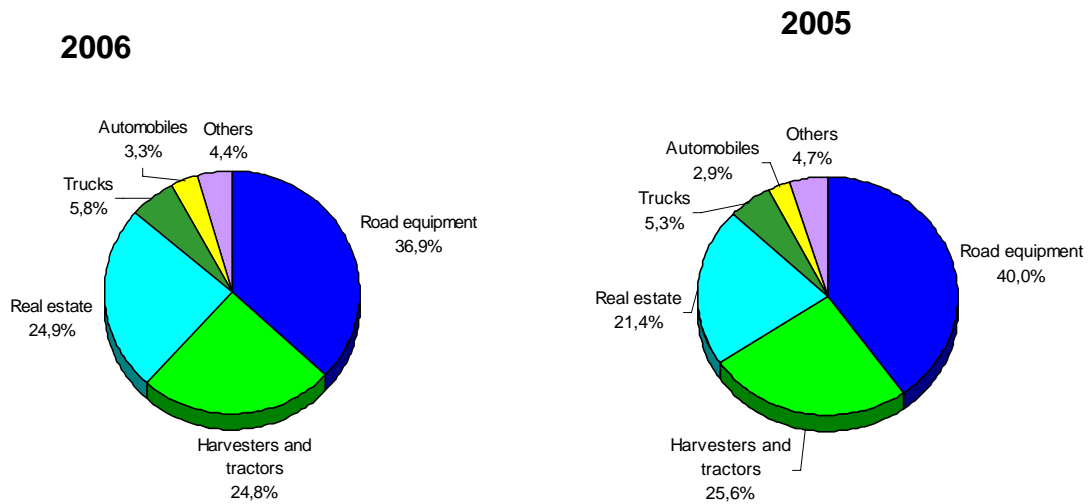
In 2006, this segment accounted for 1,8% of the consolidated net revenue. It is represented by the company *Randon Administradora de Consórcios Ltda.*

Randon Administradora de Consórcios Ltda.

In almost two decades of existence, Randon Consórcios has signed partnerships with worldwide-known companies. Today, the company manages coop-payment plans for road equipment, farming machines and equipment, buses, trucks, mini-buses, automobiles, and real estate. Data from Banco Central (Central Bank) shows that Randon Consórcios is the second largest company offering payment plans for heavy vehicles, and is among the ten largest companies in the segment of real estate (the Brazilian market is formed by 340 payment plans managing companies). Competing with other financing methods, this type of financing has significantly grown throughout the country. In 2006, Randon Consórcios traded 6,024 new quotas and currently manages a backlog of 24 thousand quotas.

In 2006, the segment of road equipment and tractors declined, affected by the low performance of the agribusiness and cancellations of quotas above average. The segment of real estate developed very positively, and shall grow in 2007 with the opening of new franchisees.

Break Down by Segment



SUSTAINABILITY

Quality

At Randon Companies, the pursuit of excellence is part of the company's Principles, among which is that of "develop, adopt and improve creative, innovative and competitive technology", and "Quality, everybody's commitment". All activities carried out by each one of Randon Companies conglomerate focus on adhering to these principles. Under different names, the programs developed by each company seek to attain the same goal: foster the culture of quality in a global company that seeks to position itself as a world-class company.

At Randon S.A. – Road Equipment Division, the pursuit of excellence takes place through several focal points. An example of this is the qualification of Randon Distributors with the goal of improving their management skills.

At Jost, the most recent action was the *Continuous Improvement Program* launched in June 2006. The program aims to continuously improve processes and waste elimination programs that involve the whole workforce of the company.

Master develops training programs directed to quality, with an emphasis on hands-on experience and practical work. The program is implemented through regular meetings organized to analyze problems, work towards their solutions, and establish goals.

The program *Quality is in the Blood*, which was recently launched at Suspensys, includes concepts that are already applied in the company through the certifications ISO/TS16949, ISO 14001, OH-SAS18001 and SA8000.

At Fras-le, the *Fras-le Production System*, which aims to achieve excellence, started a year ago and is already bearing fruits, in addition to boosting competitiveness through continual improvement.

At Randon Veículos, the pursuit of excellence gains momentum through layout improvements, and constant renewal of the 5S Process. The Kaizen methodology involves both the administrative and the industrial areas.

Randon Companies increasingly seek to integrate their activities. The actions towards quality started in each one of the companies have become one shared action. In 2006, the first event of the Randon Companies Quality Week took place with the goal of disseminating the culture of the diverse applications of the term Quality, recognize the importance of each process, environment, health, safety, improve communication, relationships, and quality of life, in addition to integrating and valuing the human being.

Environment

Promoting ecological awareness is part of the environmental policy of Randon Companies. Among the actions scheduled to take place is the participation of the corporation in the *Environmental Week*, which is promoted by the Environmental Body of the city of Caxias do Sul. Educational folders containing information on the environment, clues on preservation, reduction of resources wastage in the workplace and at home, and the ecological proposal of the 3 Rs (Reduce, Re-use, and Recycle) are internally passed on to the community. The employees get involved in the thematic decoration, distribution of pamphlets, plant seedlings, plastic garbage bags and educational folders on environmental preservation, in addition to presenting works on environmental education, which are prepared by the students of the *Florescer* Program.

Several actions are implemented to preserve the environment at Randon Companies. Below are some of them:

- Implementation of a system on safety, health and environment;
- Reduction in the loss of painting;
- Reutilization of solvents and change in the insulation system of painting processes;
- Delivery of paper for recycling;
- Disposition of class II non-recyclable residue in embankments, in compliance with the strict safety rules of protection and insulation determined by the current environmental law;
- Physical=chemical and biological treatment of industrial liquid effluents at the Effluents Treatment Stations (ETS), and biological at the ETS Mud Compounding Project. Cost reduction in the disposition and re-utilization of the compound, which is used as fertilizer in the internal areas of the company, is also sought;
- The internal goals of reutilization of solid residue (exhaust powder) reached 317 tons, generating cost reductions in disposing and transporting the material.

People Management

Randon Companies ended the fiscal period with 7,556 employees, and are aware of the role that social responsibility and human resources play in organizations. In line with this, Randon Companies have increasingly committed themselves to its different constituencies. Through social programs and actions, the Company walks towards sustainable growth.

The *Florescer* Program has the mission of preparing children and teenagers with fewer social and economic opportunities to exercise citizenship through different pedagogical activities during outside school activities. The Program has already completed four years and is helping 365 children from 7 to 14 years of age who participate in the program;

The Qualifying Program currently assists 30 students who are receiving basic training, and 40 learners at the *Centro de Educação Profissional SENAI/Randon*. Twenty new vacancies for learners will be added in 2007;

The companies also continued their educational programs, that not only provide professional development but also offer new professional opportunities;

The Companies also maintain regular programs directed to a better quality of life through healthy practices.

Randon Companies are at the forefront of benefits that allow the employees to develop their activities with health, safety and welfare. Among these benefits are: health plan, private pension plan, cooperative of credit, profit sharing, gymnastics at the workplace, transportation, and meals.

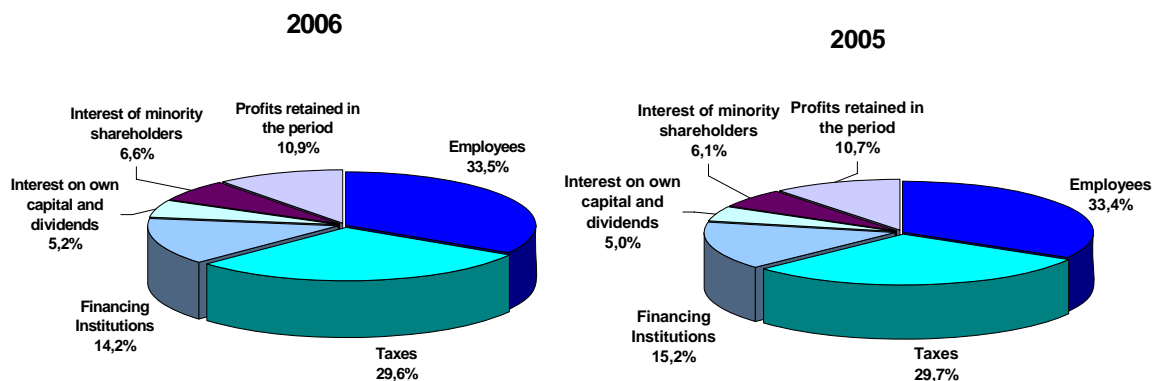
In their pursuit of sustainable growth, Randon Companies continually focus on the community, both in the area of environmental education and culture / leisure as well.

In 2006, the Company published the *Randon Companies Code of Conduct and Ethics*. The Code sets the values of the company and establishes the guidelines for professional activities in order to guarantee a transparent and harmonious relationship with its shareholders, customers, suppliers, employees, government and the society. The document shows how the principles governing the organization must be applied on a day-to-day basis between Randon Companies and their constituencies.

Further information and details on Randon Companies` diverse social responsibility programs are included in the Company's 2005/2006 Social Report.

Added Value

The added value in 2006 (R\$ 827,5 million) and in 2005 (R\$ 758,1 million) are distributed as follows:



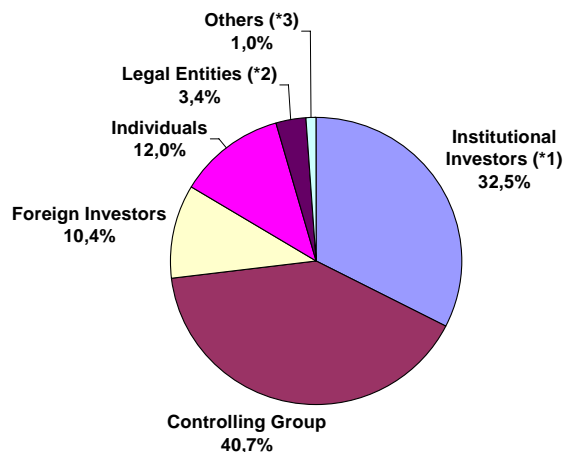
Complete data is contained in the explanatory notes accompanying these financial statements.

CORPORATE GOVERNANCE

Performance of Shares

The preferred shares of Randon S.A.- Implementos e Participações have appreciated by 25,5% during the 2006 fiscal year ending the month of December at 9,60 per share. In this same period (Jan-Dec/2006), 32,823 trades involved R\$ 101,6 million of preferred shares of the Company at Bovespa - Bolsa de Valores de São Paulo (São Paulo Stock Exchange) (Spot Market). The average traded volume a day was R\$ 3,3 million against R\$ 1,2 million in 2005 (Source: Bovespa).

Our shareholders are currently distributed as follows:



*1 – Funds and Investment Clubs

*2 – Companies and legal entities in general

*3 – Banks, stockbrokers, associations

Shares Performance Overall Chart – Spot Market

Variables	Jan-Dec/2006	Jan-Dec/2005
Traded quantity (Pref.)-	101.561.500	45.716.700
No, of Trades	32.823	14.075
Daily Average Shares per Trade	412.852	183.601
Daily Average of Trades	133	57
Variance of Randon shares (%)	25,5%	2,4%
Variance of IBOVSPA (%)	38,0%	27,7%
Share Book Value	3,24	2,23
Stock Market Value	9,60	7,65
Daily Average Traded Volume (in Millions of)	3.342,6	1.202,1
Company`s Market Value (in Millions of Reais)	1.560,2	1.151,5

(Source: Bovespa: Bolsa de Valores de São Paulo)(São Paulo Stock Exchange)

Relevant Facts

Public Offering of Shares

Randon S.A. Implementos e Participações ended the process of primary and secondary public offering of shares in May 2006. The total offering was closed in R\$ 235,0 million. Of a total of 26,5 million of preferred shares allotted to investors, 10 million shares were from the primary offering through the issuance of new shares, representing an incoming gross amount of R\$ 99 million to the Company. This amount also included the issuance of 2,0 million common shares which were mostly subscribed by the controlling group. The remaining 16,5 million of shares were related to the secondary offering, profiting R\$ 136,0 million to sales shareholders. The controlling group maintained, through the holding DRAMD, a participation of 78% in the voting stock capital and 40% in the total stock capital.

New Companies

According to deliberation of the Board of Directors on May 24, 2006, the company Randon Automotive (Pty) Ltda. was established on September 22, 2006. This company is

wholly-owned by Randon S.A.-Implementos e Participações, headquartered in Johannesburg, South Africa, where commercial activities will be developed. The main purpose of this new company is to intensify the operations of Randon Companies in that territory, within the globalization process of the Company.

The Board of Directors' meeting held on August 7, 2006 (and according to Relevant Fact of the same data) authorized the setup of a foundry industry. This new controlled company was established on September 1, 2006 at the Interlagos Industrial Complex, near the other companies of the Group. The company will initially produce cast iron parts to supply the needs of the Company and of the other Randon Companies, thus covering part of the needs of these companies in their production processes. The company's interest in this new enterprise will be 99,99% and the investments estimated for its implementation (which are provisioned in the 2005-2009-Five-Year Strategic Planning under "Integration of the Supply Chain") are about R\$ 100,0 million, to be made within 24 months. The investment was already referred to in the 2005 Annual Report and in the Prospectus for the Public Offering of Shares, registered at CVM (Securities Commission) on April 26, 2006.

Acquisition of Company's Shares

Based on the approval at the Board of Directors' Meeting Minutes, held on July 26, 2006, and Relevant Fact published on the same date, the Company began a process of shares acquisition to be held in treasury for future sale or cancellation. The shares are issued by the Company itself. On the occasion, the Company was authorized to purchase up to 1,000,000 preferred shares within a maximum term of 180 days. The acquisition was made in the period between August 11th and October 2nd, 2006, at an average price of R\$ 6,86 per share, representing an amount of R\$ 6,8 million. This acquisition was certainly an important investment opportunity for the Company if it is taken into account the current quotation rate of preferred shares at the Stock Exchange and also the good practices of corporate governance.

Investor Relations

In 2006, the Company held meetings and participated in several events with members from the financial market, stock market, shareholders, potential investors and the Press. Below are some of the main events:

In January 2006, Randon Companies were invited to participate in the 10th Latin-American Conference, promoted by Banco Santander, in Acapulco, México. The theme of the conference focused on the Economic Prospects for Latin America.

According to the agenda of corporate events 2006, the Company promoted on March 7th the fourth event with the Press and some guests, when the Company disclosed its 2005 Results.

The Company also held a Non-Deal Road Show in Brazil, the United States and Europe, as well as meetings with analysts and investors at the premises of APIMEC in São Paulo, Rio de Janeiro and Porto Alegre. The events were largely attended by analysts, investors and by other institutions.

Shareholders Remuneration

The Company paid R\$ 30,9 million as interest on own capital for fiscal period 2006. Of this amount, R\$ 15,3 million (R\$ 0,0942400 per common and preferred share) was paid in July 2006 and R\$ 15,6 million (R\$ 0,0966400 per common and preferred share) was paid in January 2007. The management is proposing that such an interest on existing capital be attributed to the dividends at the net value of income withholding tax. Such a proposal is being made to the Ordinary General Meeting to be held in April 2007. According to the proposal, the remaining value to shareholders would be R\$ 11,9 million (R\$ 0,07370138 per common and preferred share). Therefore, the dividends added to the interest on the net existing capital referring to the 2006 fiscal period amount R\$ 38,2 million, which represent 30% of the adjusted net profit, or R\$ 0,23644530 per share.

CVM no. 381 Instructions – Independent Auditors

In compliance with Instruction no. 381/03, of Comissão de Valores Mobiliários, (Securities Commission), the following information is provided:

In December 2005, Randon S.A. Implementos e Participações hired the services of KPMG Risk Advisory Services Ltda, specialized in Financial Consulting and Risks, to assess the financial procedures of Randon Companies. The services were provided as a complement to the routine legal audits and did not show any conflicting result. The services were provided for 12 (twelve) months and the respective remuneration, paid during the 2006 fiscal period, was R\$ 110 thousand.

The above value accounted for 10,62% of the total value paid for the services of external audit. The auditors were totally independent from those working on the legal and mandatory external audit. The services related to the external audit – the legal ones – represented in the 2006 fiscal period 89,38% or R\$ 926 thousand.

According to its policy, Randon and its controlled companies ensure that the services provided by the independent auditors do not include any conflict of interest, loss of independence or objectivity with the services not related to the external audit.

AWARDS AND DISTINCTIONS

In 2006, Randon Companies received several awards and distinctions, among which are highlighted below:

- Award *Exportação ADVB-RS 2006*, 34th event, granted to Randon Companies for their performance in the 2005 consolidated exports;
- Randon and its controlled company Fras-le are again ranked among the 100 Best Companies to Work For in Latin America 2006. It is the second time that Fras-le has been included in the ranking, while Randon was ranked for the third time. The assessment was made by the Great Place to Work For Institute, which assessed 1183 companies from Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay and Venezuela;
- Sectoral Distinction, granted by Abrasca (Associação Brasileira das Companhias Abertas) (Brazilian Association of Listed Companies). The award was given to Randon for the positive financial performance achieved by Randon Companies in 2005;
- Quality Award RS 2006 – conferred by the Programa Gaúcho de Qualidade e Produtividade (PGQP) (Productivity and Quality Program of the State of Rio Grande do Sul) to two of the seven Randon Companies. Suspensys Sistemas Automotivos Ltda. received the silver Trophy and Randon Veículos Ltda. received the Bronze Trophy;
- Prize The Best and the Largest Companies, organized by *Exame Magazine 2006*. Randon S.A. received the prize in the category Industry Regional Sector – South;
- For the fifth consecutive time, Randon Companies were included in the ranking organized by *Exame Magazine / Você S.A.* The prize recognizes the 150 Best Companies to Work For in Brazil. In the 2006 edition, Fras-le ranked 8th and Randon S.A. was among the 150 best companies;
- Randon S.A., received the prize *Preference in Transport* for the 10th consecutive time. The prize is promoted by the *Sindicato das Empresas de Transportes de Carga no Estado do RS (Setcergs)*.(Association of Cargo Transport Companies in the State of RS);
- Suspensys received the excellence prize “Supply Award” from Volkswagen Caminhões e Ônibus”, in the categories *Performance in Negotiation and Competence in Development*. In both indications, the company was chosen as the best supplier in the metallic group;
- Randon Companies took 8th in the ranking for *The Great and Leading Companies of 2006*. The assessment was made among the 100 largest companies in the State of Rio Grande do Sul and was promoted by the magazine *Amanhã*, with the technical support of the consulting company Price Waterhouse Coopers.

- A Randon S.A. Implementos e Participações also ranked 8th in the ranking *The Great and the Leading Companies in the State of Rio Grande do Sul*, organized by the Magazine *Amanhã*. The Company also took the 103th place in the Brazilian ranking organized by *Revista Valor Grandes Grupos Edição 2006*, being considered the 20th Best Company in Equity Profitability.

Caxias do Sul, February 2007.

The Management

Board of Directors

Raul Anselmo Randon – Chairman
David Abramo Randon - Vice-Chairman
Ery José Bernardes – Board Member
João Luiz de Moraes – Board Member
Ricardo Alves da Conceição – Board Member

Audit Board

Benilda Waschow
Jessé Souto Amaral
Sérgio Ricardo Miranda Nazaré
Werner Bornholdt
Zulmar Neves

Executive Board

Raul Anselmo Randon – President
Alexandre Randon – CEO
Astor Milton Schmitt – CFO
Erino Tonon – COO

Investor Relations Director

Astor Milton Schmitt

Financial & Investor Relations Corporate Manager
Geraldo Santa Catharina

Corporate Administrative Manager
Maria Tereza Casagrande

Ieda Maria Onzi Perosa – Accountant : CRC/RS 49886/O-3

ADDRESSES AND CONTACTS

Investor Relations

Director: Astor Milton Schmitt

Manager: Geraldo Santa Catharina

Phone: (55) (54) 3209.2536

Fax: (55) (54) 3209.2566

Email: geraldo@randon.com.br

Home Page: www.randon.com.br

Shareholders Services

Banco Itaú S.A

Address: Rua Boa Vista, 176 - 1º Subsolo - Centro, São Paulo - SP

Independent Auditors

KPMG Auditores Independentes

Newspapers

Diário Oficial do Estado do Rio Grande do Sul

O Pioneiro - Caxias do Sul

Gazeta Mercantil - Regional São Paulo