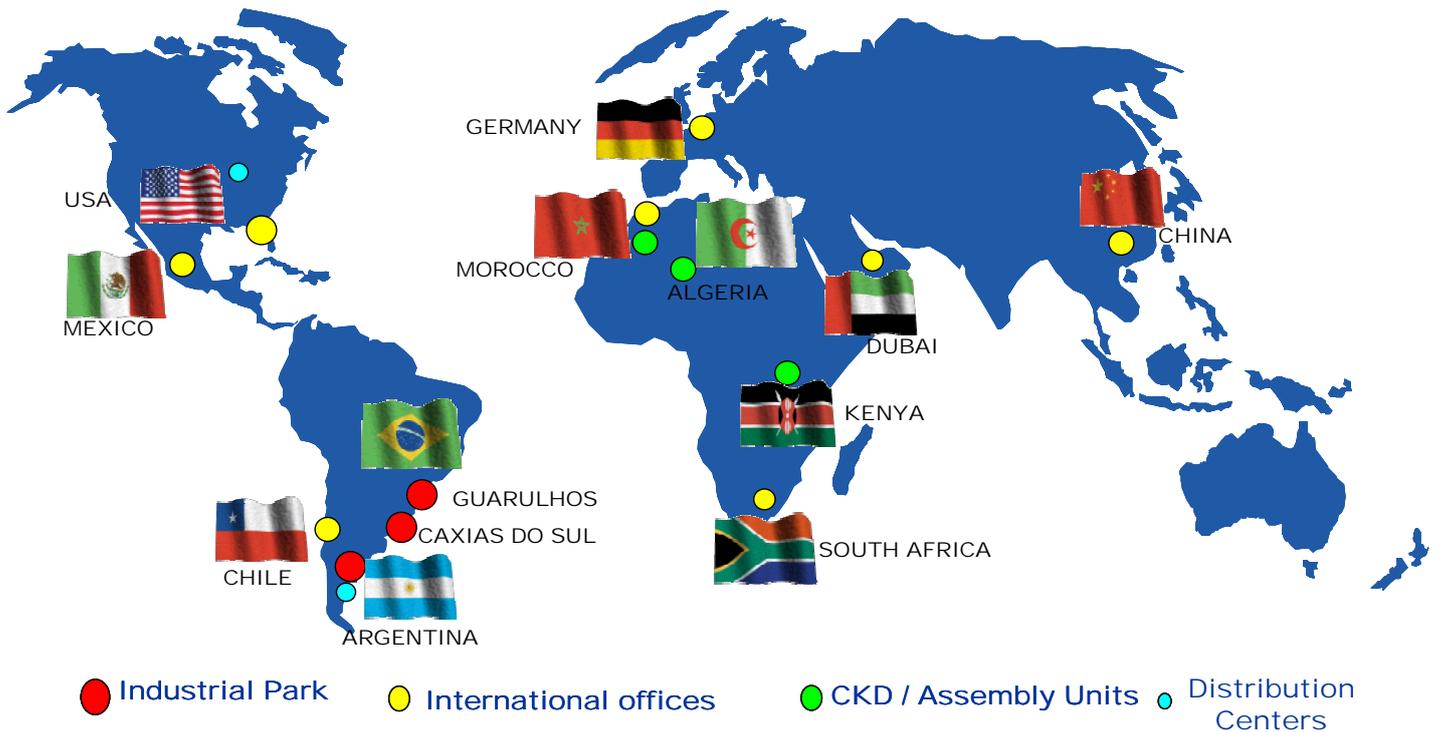




ANNUAL REPORT 2007

Randon across the world



USA – Randon (Miami/Florida) and Fras-le (Farmington Hills – Michigan)

Mexico – Mexico City/DF

Chile – Santiago

Argentina – Randon (Rosário) and Fras-le (San Martín – Province of Buenos Aires)

Germany – Gelsenkirchen

Morocco – Casa Blanca

Algeria – Algiers

Kenya – Nairobi

South Africa – Johannesburg

China – Shanghai

Dubai – Jebel Ali Free Zone

MAIN INDICATORS

Financial Margins	2006	2007	Var. %
Gross Margin	26.1	26.5	1.7
Net Margin	6.6	6.9	3.9

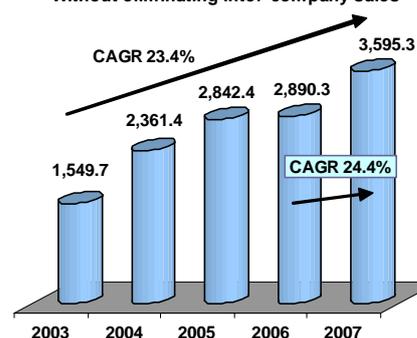
Stock Market	2006	2007	Var. %
Dividends + Interest on own capital (R\$ per share)*	0.2709	0.3289	21.4
Dividend Yield (%)**	3.54	3.43	(3.1)
Return on Net Equity (%)***	39.8	33.0	(17.1)
Market Value on Dec 31, 2007 (R\$ billion)	1.56	2.80	79.5

* Fiscal Year Deliberations.

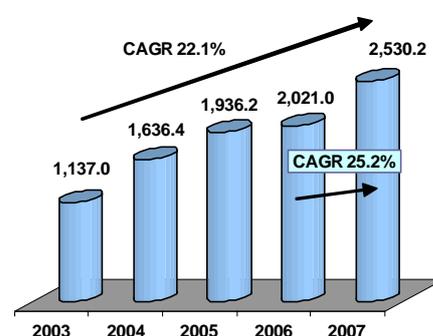
** Fiscal Year deliberations per share and quotation at the last day of the year before the fiscal year under analysis.

*** Ratio between the consolidated net profit and net equity.

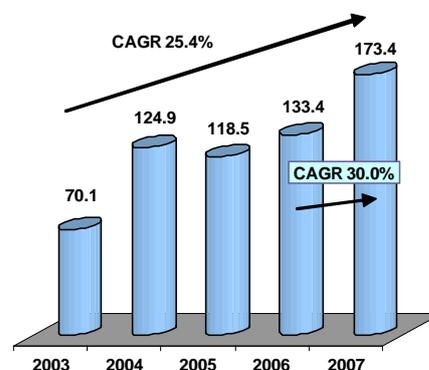
TOTAL GROSS REVENUE - Million of Reais
Without eliminating inter-company sales



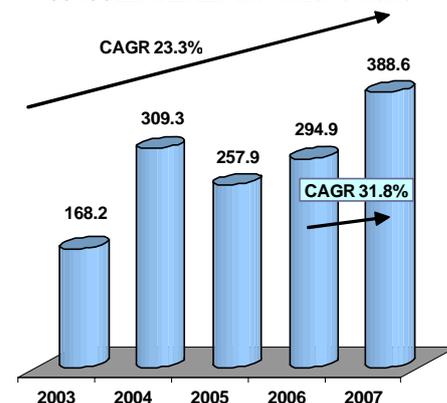
CONSOLIDATED NET REVENUE - Million of Reais



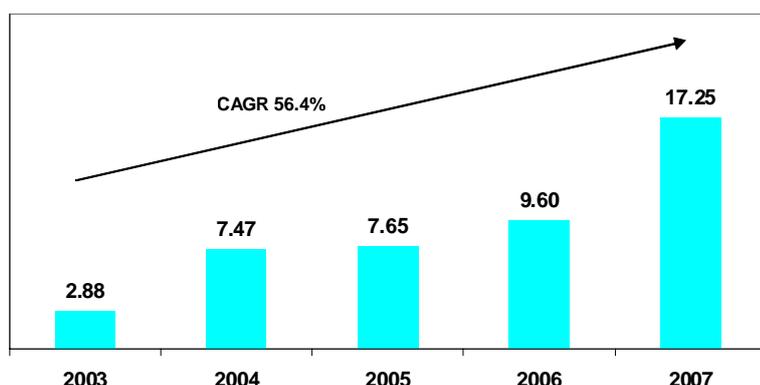
CONSOLIDATED NET PROFIT - Million of Reais



CONSOLIDATED EBITDA - Million of Reais



Share Quotation at Bovespa on Dec 31 (RAPT4 Code) – In R\$ per share



- Level 1 of Corporate Governance

- Tag Along 80%

Indexes comprising:

- IGC (Corporate Governance Stock Index)

- IBRX 100

	2006	2007	Var. %
Number of employees	7,556	8,983	18.9

Amounts in current Reais
CAGR = Compound Average Growth Rate

CONTENTS

- Chairman's Review
- Profile
- 2007 Consolidated General Performance
- Performance by Segment
- Sustainability
- Stock Market
- Awards and Distinctions
- Summarized Financial Statements
- Management
- Addresses and Contacts

CHAIRMAN`S REVIEW

Dear shareholders,

We are pleased to present the Management Report and the individual and consolidated Financial Statements of Randon Companies, accompanied by the Independent Auditor's Report and Fiscal Report, for the year ended December 31, 2007. On doing so, we deem it relevant to make the following considerations:

The year 2007 gave us a nice overview of the current economic situation: the world economy is consistently growing, Brazil is growing at a brisk pace and, as a result, good winds are blowing in the entire automotive chain. This scenario – institutionally stable and democratic – has also been responsible for improved social indicators, albeit at a slow pace. We have no doubts that we are reaping what we grew.

Randon Companies, which have been in existence for 58 years, are attuned to this scenario. 2007 was one of their best years ever, if not the best year in their history. We certainly should acknowledge the talent, persistence and determination of Randon Companies personnel.

The primary sector showed continued good performance along the year, driven by a recovery in the agribusiness and bioenergy sectors and by good behavior in the consumption of durable and non-durable goods, the result of a growing personal income and credit offering. This continuing good moment, with global effects, continues to create business opportunities in exports, thus consolidating our process of international reach.

Our investments in innovation, expansion, modernization, replacement of assets and strategic integration into the supply chain will continue, allowing us to maintain and extend our reach in the Brazilian market and our competitiveness in the global market, where Randon Companies` presence is becoming more and more relevant.

The beginning of Castertech` construction work, our captive foundry unit, will certainly be one of the most relevant facts in this process.

In terms of sustainability, our interaction with the community, by supporting social and cultural events; with the environment, by expanding and improving the treatment of residue and effluents, and by carrying out activities aimed at preserving the flora and fauna, gives us a feeling of achievement and a vision of perpetuity, of which we are all responsible.

We should also make mention of the awards and prizes we have received during the year, which not only confirm the good public image of Randon Companies but also award the talent, persistence and determination of our personnel.

The current momentum brings about good prospects and good expectations for the near future. However, it is worth noting that we still have to face some well-known problems (energy, infrastructure, tax policy...). We also have some concerns with the crisis of the *sub-primes* and its impact in the growth and liquidity on a world basis. In Brazil, the progressively selective credit grant and a decline in the process of renewing the national fleet of trailers and semi-trailers have to be constantly monitored and pro-acted by us and by our institutional leaders represented by our authorities. We trust that our authorities, like us, wish a more fair and equitable country, with improved welfare for all its citizens.

We are thankful for the trust of our valued shareholders, customers and suppliers. We especially thank our employees for their performance and commitment to the success of Randon Companies.

Caxias do Sul, January 2008.

Raul Anselmo Randon
Chairman

PROFILE

Established in 1949, the conglomerate of Randon Companies operates, through its several companies, within the segments of road, railroad and off-road transport, in addition to auto parts and services. The complex consists of nine companies, being Randon S/A - Implementos e Participações the controlling company. Additionally, there are eight directly-controlled companies: Fras-le S.A., Randon Argentina S.A., Randon Veículos Ltda., Randon Consórcios Ltda., Master Sistemas Automotivos Ltda., Jost Brasil Sistemas Automotivos Ltda., Suspensys Sistemas Automotivos Ltda and Castertech Tecnologia e Fundação Ltda.

The controlling interest is held by DRAMD Administração e Participações Ltda., which, together with its partners' individual interests, holds 40.6% of the total capital.

Today, Randon is a global benchmark company with world-class strategic partners. It is among the largest private Brazilian Companies and leads all segments operated by it, in addition to exporting to all continents. Randon is also part of Level 1 of BOVESPA's Corporate Governance.

As a whole, Randon Companies produce one of the broadest product portfolios in the segment of commercial vehicles – linked to the road, railroad or off-road transport system - when compared to similar companies worldwide.

Randon S.A. - Implementos e Participações produces trailers, semi-trailers, and railroad wagons. Randon Veículos Ltda. produces off-road trucks, forest equipment and backhoe loaders.

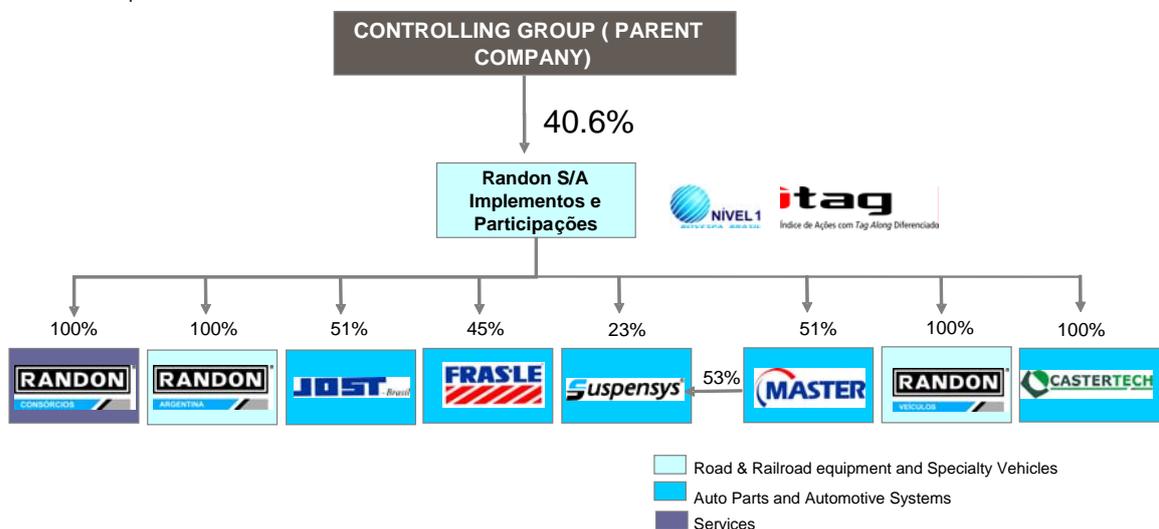
The production of auto parts and systems intends to meet the captive demand of Randon Implementos and Randon Veículos, in addition to acting as a system provider for the main OEM companies producing trucks, buses, trailers/ semi-trailers, and light commercial vehicles throughout the country. Randon also provides systems for passenger, airway, waterway and railway vehicles. A relevant portion goes to the domestic aftermarket and to the foreign market as well, with both, brand-new products and spare parts for the aftermarket.

Fras-le produces brake linings and pads that become part of the brake sets produced by Master. The brake sets integrate the axles and suspensions produced by Suspensys. Jost produces articulating and coupling systems that connect the tractor-truck to the trailer.

Castertech will be producing and supplying components in nodular cast iron to Randon Companies.

Lastly, Randon Consórcios markets and manages groups of coop-payment plans as a way to provide financing to the customers of finished products.

% Over Total Capital



2007 CONSOLIDATED GENERAL PERFORMANCE

General Overview

The year 2007 was an outstanding year in Randon Companies history, with positive records in terms of results and growth. Our total gross revenue (without eliminating inter-company sales) reached R\$ 3.6 billion, our consolidated EBITDA was R\$ 388.6 million and our consolidated profit was R\$ 173.4 million. All this reflects our constant pursuit of excellence within a favorable economic scenario that brings positive prospects for the automotive chain.

Freight transport and logistics are present in most economic sectors and Randon benefits from these acceleration movements, as a result of its high product and market diversification.

We again highlight the continued process of business expansion in the primary, agribusiness, mining and bioenergy sectors, as well as in the Brazilian durable and non-durable consumer goods.

Concurrently, OEM companies are not only announcing investments in the expansion of their production capacity, but are also establishing Brazil as an export platform in this segment.

The also continuous positive growth in the world economy, especially in the emerging countries, has been pushing for a permanent expansion of business, which can be measured by the growing performance of our exports.

All these variables are translated into the comments and performance indicators presented in this report, as follows:

Sales

The total gross revenue (without eliminating inter-company sales) reached R\$ 3.6 billion in 2007, a growth rate of 24.4% over 2006 (R\$ 2.9 billion).

The consolidated net revenue of Fiscal Year 2007 achieved R\$ 2.5 billion, 25.2% higher than that reached in fiscal year 2006 (R\$ 2.0 billion).

Consolidated Net Revenue Composition - JAN-DEC/2007

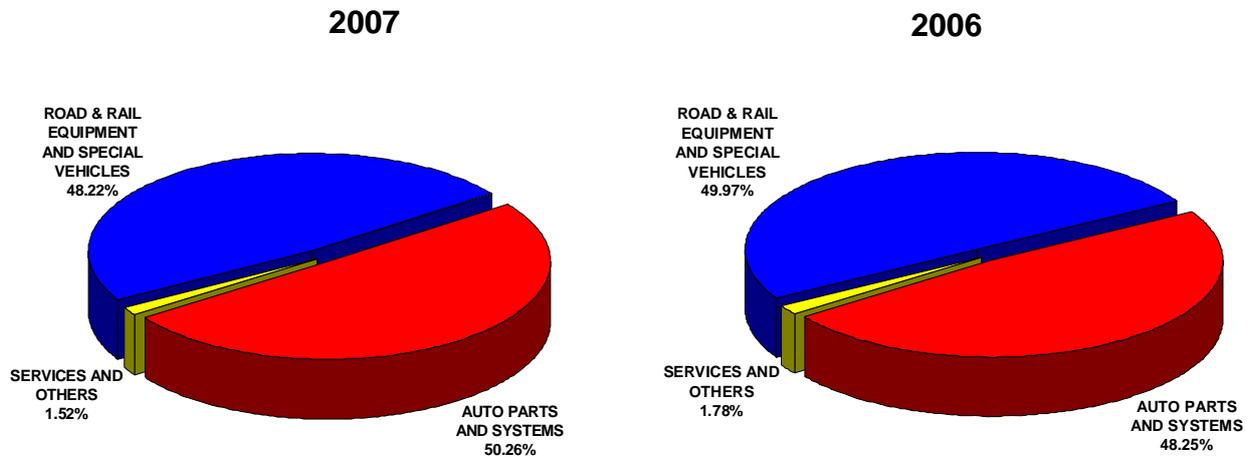
The inter-company sales account for 10.7% of the total net revenue, against 11.8% in the previous year.

In thousands of Reais

COMPANIES	NET REVENUE	INTER-COMPANY SALES	CONSOLIDATED NET REVENUE	%
Randon S.A. Impl. e Participações (Parent Company)	1,130,934	49,363	1,081,571	42.7
Master Sist. Automotivos Ltda	297,609	47,645	249,964	9.9
Randon Veículos Ltda	95,225	(1)	95,226	3.8
Fras-Le S.A. (Consolidated)	419,911	12,341	407,570	16.1
Jost Brasil Sistemas Automotivos Ltda	158,975	40,653	118,322	4.7
Suspensys Sistemas Automotivos Ltda	646,191	150,316	495,875	19.6
Randon Administradora de Consórcios Ltda	38,352	0	38,352	1.5
Randon Argentina S.A.	43,343	0	43,343	1.7
Randon Middle East	496	496	0	0.0
Randon Automotive Pty Ltd.	1,285	1,285	0	0.0
TOTAL:	2,832,321	302,098	2,530,223	100.0

Revenue Breakdown by Segment

In 2007, all market segments delivered a positive performance, with no relevant variation in the overall revenue share.



Cost of Sold Products

The cost of sold products represented 73.5% of the consolidated net revenue, or R\$ 1.9 billion in Fiscal Year 2007, an increase of 24.4% over the R\$ 1.5 billion referring to the same period in 2006, which represented 73.9% of the net revenue.

Gross Profit

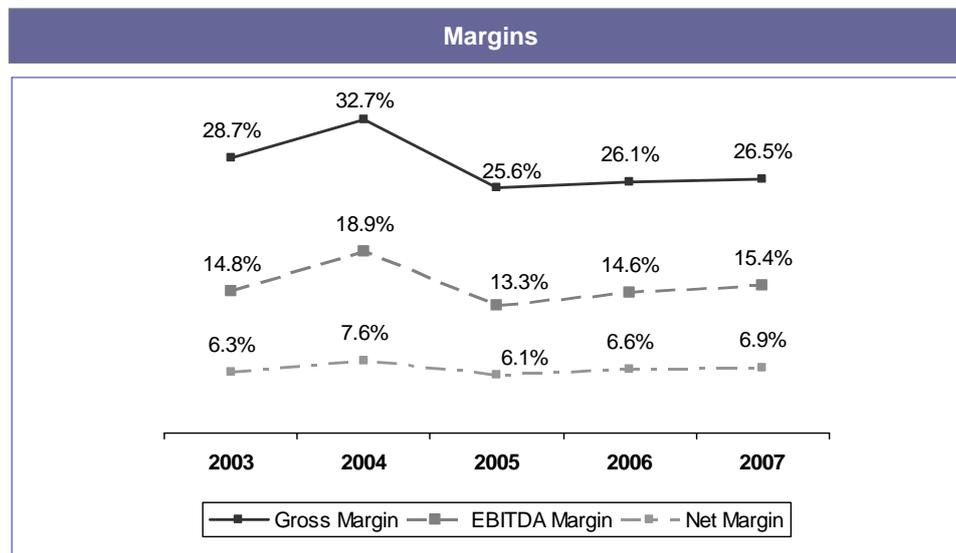
The gross profit reached R\$ 671.1 million in the 2007 accrued result, representing 26.5% of the consolidated net revenue, a rise of 27.3% in relation to the same period in 2006, when the gross profit amounted to R\$ 527.1 million, 26.1% of the consolidated net revenue.

Operating Expenses (Administrative/ Sales/ Others)

The operating expenses in 2007 represented 13.2% of the consolidated net revenue, against 13.7% in 2006, resulting in R\$ 334.6 million (R\$ 276.2 million in 2006). As mentioned in our quarterly interim reports, some of these expenses such as commissions, freight costs, and profit sharing have increased during the period due to also increased revenue and results. In percentage terms, the 0.5 percentage point's reduction resulted from budgetary controls and programs aimed at reducing costs and expenses.

Cash Gross Generation (EBITDA)

The EBITDA (cash gross generation) totaled R\$ 388.6 million, 15.4% over the net revenue of the period, against R\$ 294.9 million in 2006 (14.6% over the net revenue). The profit margins continued to gradually recover towards historic levels, despite some cost increases in steel and iron, labor cost, and despite the appreciation of the Real.



Financial Result

The consolidated net financial result (financial revenues less financial expenses) decreased from R\$ 3.3 positive million in 2006 to R\$ 0.6 million positive in 2007.

The consolidated net bank debt, which was R\$ 60.4 million in 2006, rose to R\$ 128.1 million in December 2007, equivalent to one multiple of 0.33 of EBITDA. This increase resulted from investments made in the period, within the previously reported 5-Year Investments Plan.

Non-Operating Result

The non-operating result in 2007 reached the positive value of R\$ 5.2 million against the positive value of R\$ 2.0 million in 2006. A significant portion of this value refers to an asset sale of our controlled company Fras-le, made in the first quarter of 2007.

Income Tax and Social Contribution

The income tax and the social contribution reached R\$ 89.7 million in the accrued result of 2007 (R\$ 62.4 million in 2006) for a before-tax profit of R\$ 342.3 million (R\$ 256.2 million in 2006).

Net Result

The consolidated net profit reached R\$ 173.4 million in the Fiscal Year 2007, 30.0% more than that of 2006, representing a net margin growth rate (net profit x net income) of 6.6% from the prior year to 6.9% in 2007.

Overall Performance Chart

Main Indicators (In thousands of Reais)	2007	2006	Var. %
Total Gross Revenue - Without eliminations	3,595,303	2,890,358	24.4
Consolidated Net Revenue	2,530,223	2,021,041	25.2
Consolidated Gross Profit	671,112	527,148	27.3
Consolidated Net Profit	173,359	133,383	30.0
Own Operating Profit (EBIT) - Consolidated	336,553	250,940	34.1
Consolidated EBITDA	388,618	294,852	31.8
Consolidated Net Financial Indebtedness	128,124	60,391	112.2
Consolidated Net Financial Result (financial earnings - financial expenses)	571	3,280	(82.6)
Consolidated Administrative and Commercial Expenses	(311,143)	(270,706)	14.9
Consolidated Profit per Share (In reais)	1.08	0.83	30.1

Exports

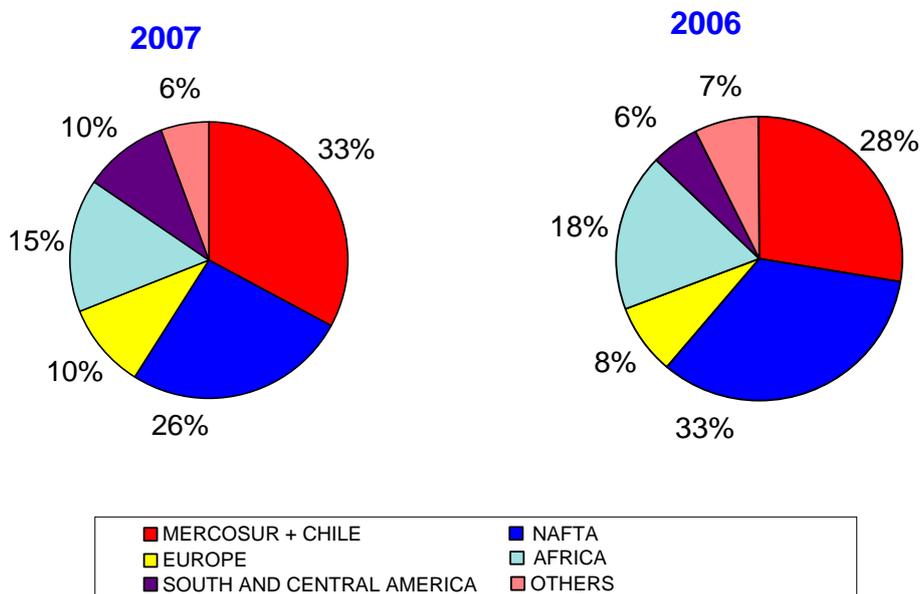
In 2007, the consolidated exports reached US\$ 235.0 million, an increase of 13.6% in relation to the previous year. With the world economy rising, especially in the emerging countries, our exports not only continued to grow but also reached the target we had established for the year.

Reduced costs, increased import of materials, adjustments in foreign prices, utilization of hedge instruments and loans in dollars were all measures taken to offset the appreciation of the Real.

Exports by Company

COMPANIES (US\$ thousand)	2007	2006	Var. %
Randon S.A. Impl. e Partic.	103,397	85,330	21.2
Master	22,769	32,768	(30.5)
Randon Veículos	3,481	3,244	7.3
Jost	6,910	3,186	116.9
Fras-le	76,881	68,033	13.0
Suspensys	21,514	14,338	50.0
TOTAL:	234,952	206,899	13.6

Exports by Economic Bloc



Consolidated Investments

In 2007, our investments achieved R\$ 196.6 million, according to the 5-Year Investment Plan officially announced in 2006 for the 2005/2009 period. The plan estimated an increase of 89% in the gross sales, rising from R\$ 2.36 billion in 2004 to R\$ 4.47 billion in the 2009/2010 period. So far, our results have met this goal.

The current sources of resources come from our own funds, through our own cash generation, or from governmental or multilateral credit and development institutions such as BNDES, IFC and Finep, and others.

Below are the total investments we made in 2007:

ACCRUED INVESTMENTS - 2007

FIXED ASSETS (In thousands of Reais)	Randon	Fras-le	Master	Jost	Suspensys	Veículos	Consórcio	Argentina	Randon Middle East	Randon Automotive	Castertech	Total
Machines	48,071	15,826	5,692	702	7,157			165			23,563	101,176
Buildings	26,313	4,475	3,068	208	452	44					4,392	38,952
Land	14,848										2	14,850
Tooling	4,568	5,260	1,824	525	2,201	108		298			62	14,846
Building Improvements	3,471							35				3,506
Vehicles	2,238	154	608		37		160	20				3,217
Furniture & Fixtures	867	685	61	249	106	26	9	14	4	3	17	2,041
Lab Equipment	144			46	103							293
Computer hardware and software	2,587	1,288	293	180	624	117	174	40			17	5,320
Others	5,915		95		818	139	1,288	(4)			3,073	11,324
TOTAL:	109,022	27,688	11,641	1,910	11,498	434	1,631	568	4	3	31,126	195,525
INVESTMENTS (Thousands of Reais)	153	872										1,025
GRAND TOTAL (Thousands of Reais)	109,175	28,560	11,641	1,910	11,498	434	1,631	568	4	3	31,126	196,550

PERFORMANCE BY SEGMENT

1) Road / Railroad Equipment & Specialty Vehicles

In Fiscal Year 2007, the segment of road & rail equipment and specialty vehicles accounted for 48.2% of the consolidated net revenue of Randon Companies. This segment is represented by Randon S.A. - Implementos e Participações, Randon Argentina S.A. and Randon Veículos Ltda.

Randon S.A. Implementos e Participações

At the forefront of the Brazilian market of trailers and semi-trailers, Randon Implementos ended 2007 with a domestic market share of 37% and with 43% of the national production – a historic rate of 20,325 units (*Source: Anfir/Fenabrave*). This figure – a relevant one in the global market – also place the Company among the 10 largest manufacturers worldwide (*Source: Trailerbodybuilders.com / Holding Randon / Fras-le*).

The monthly purchase orders in 2007 grew 43% in relation to the previous year, contributing for a record backlog in the history of the Company.

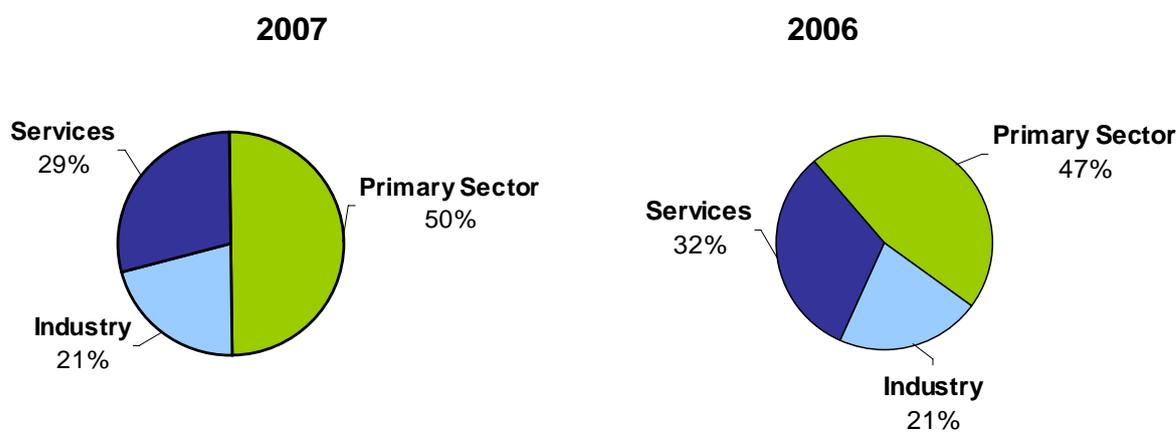
A boom in the agribusiness contributed for a positive performance in the segment of trailers/semi-trailers. New investments in the fleet renewal and expansion were necessary to meet the demand caused by a record harvest of 131.1 million tons of grains (soybean, rice, beans, corn, cotton, pulp, paper and wheat – *Source: Conab/IBGE*) and to meet the demand of the sugar-alcohol segment, which recorded strong growth in 2007. Additionally, the increases in credit offering and lower interest have helped the market to grow.

The products designed for the mining sector, civil construction and infrastructure also delivered a good sales performance during the Fiscal Year, reflecting the good momentum of the economy in the domestic market.

With regard to exports, the MERCOSUR, Latin American and African countries continued to be the major markets. Foreign sales accounted for 17.6% of the company's net revenue in 2007, a growth rate of 21.2% when compared to 2006.

Unlike the performance of trailers and semi-trailers, the railroad sector showed a strong decline and no unit was manufactured during the period. However, a batch of railroad cars was sold in the third quarter of 2007, with delivery estimated for the first quarter of 2008. This is the first sale in the segment of broad-gauge wagons, a segment that represents 16.5% of the Brazilian railroads. (Source: ANTT) and that offers plenty of business opportunities. During the period, the Company has developed specific products that will be evaluated by the main customers of the segment. This is in fact an anticipation of a future demand and the company consolidates as an important center of research and development in this area. The rail car industry estimates that 3,000 units will be manufactured in 2008, indicating an important market recovery in this sector.

Sales Breakdown by Sector



Randon S.A. Implementos e Participações (Parent Company)	2007	2006	Var. %
Semi-Trailers/Trailers (units sold)	20,325	15,235	33.4
Rail cars (units sold)	0	581	(100.0)
Net Revenue (In thousands of Reais)	1,130,934	952,945	18.7
Net Profit (In thousands of Reais)	172,625	133,990	28.8

Randon Argentina S.A.

The growing economy of Argentina is also attracting new business opportunities for Randon Argentina, the leading company in that country in its sector. During Fiscal Year 2007, 982 units were sold, a growth rate of 35% as compared to 2006. The main product continued to be the general-cargo semi-trailer.

The 2007 newly-elected government has already stated it will maintain investments in civil construction and public works. Attention has to be given to energy supply-capacity problems and inflation control.

In the agricultural sector, the crops of soybean, corn and wheat have had increased productivity levels on account of the good world scenario. There has also been a revival in the fleet renewal of traditional semi-trailers comprised of truck bodies, trailers, and semi-trailers with higher load capacities. Compositions that are already traditional in Brazil, such as interlink semi-trailers, continue under analysis in Argentina.

Randon Argentina S.A.	2007	2006	Var. %
Semi-Trailers/Trailers (units sold)	982	728	34.9
Net Revenue (In thousands of Reais)	43,343	40,014	8.3
Net Profit (In thousands of Reais)	1,134	549	106.6

Randon Veículos Ltda.

The mining and infrastructure areas have contributed to the good results of Randon Veículos in 2007 Fiscal Year. 434 units of specialty vehicles were sold. The surge in demand for these vehicles was due to the intense demand for ore, foreign investments in mining, and the continuation of the works related to PCHs (small hydroelectric power plants), as well as public works and urban projects.

The company also recorded an increased market share in the segment of backhoe loaders. More units were sold to the private area due to a revival in the segment of civil construction, which is expected to grow even more in the next Fiscal Year. Moreover, an increase in credit offering and lower interest rates triggered a rise on the demand for this type of equipment.

In terms of exports, we highlight the recovery in the forest equipment business on account of the beginning of mechanized forest harvests in Mercosur countries.

The PAC-related works (Growth Acceleration Program), the intensified activity in the civil construction sector and the strong demand for ore are expected to boom the company's business for the next Fiscal Year.

Randon Veículos Ltda.	2007	2006	Var. %
Specialty Vehicles (units sold)	434	281	54.4
Net Revenue (In thousands of Reais)	95,225	68,465	39.1
Net Profit (In thousands of Reais)	8,527	5,442	56.7

2) Auto Parts

Randon's presence in the Brazilian automotive market is strongly represented by its auto parts companies, Fras-le, Jost, Master and Suspensys. This segment accounted for 50.3% of the period's net consolidated revenue as a result of the good performance of the domestic market in the segment of commercial vehicles, comprised of trucks, buses, trailers/ semi-trailers.

Fras-le S.A.

Fiscal Year 2007 demonstrated Fras-le's capacity to deal with unfavorable exchange rates. With a strong global presence, Fras-le had increased volumes of exports when compared to the prior year. A variety of improvements were carried out in production processes, enabling the company to maintain its levels of profitability and competitiveness.

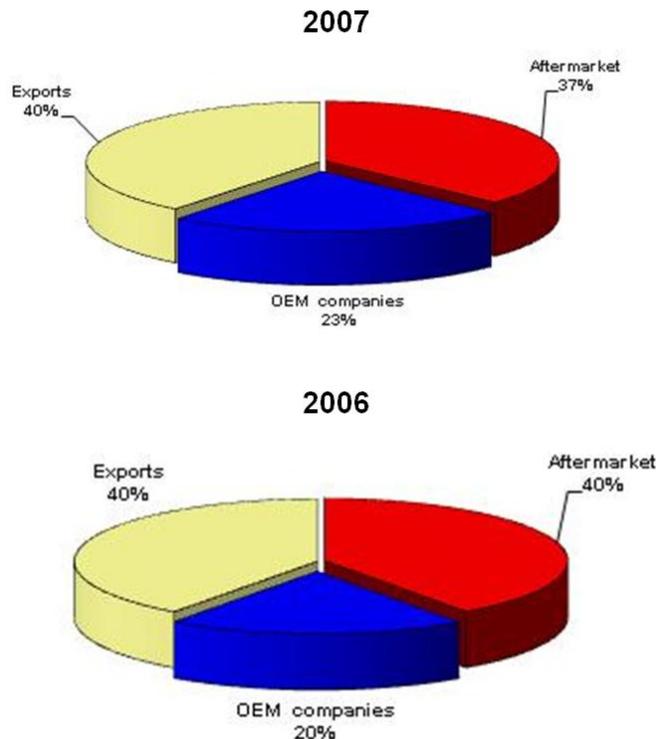
As a result of decreased losses and increased productivity levels, the Company received the FINEP Award in Technological Innovation – South Region, in the *Product* category, through the study of the case "Developing Friction Materials with Recycled Materials".

The company increased its business deals with the OEM companies of automobiles, trucks, buses and trailers. The result of these operations offset difficulties related to the overvalued Real.

In the commercial vehicles aftermarket, which depends on the growth of the primary sector, Fras-le saw a surge in new businesses. In the Light Line, Lonaflex products were responsible for an increased market share in the segment.

Committed to management excellence criteria, Fras-le received the National Quality Award, conferred by *Fundação Nacional da Qualidade* (National Quality Foundation), FNQ. The award is the greatest one nationwide. It highlights the World Class Quality standard and the management practices of the Company.

Breakdown by Market



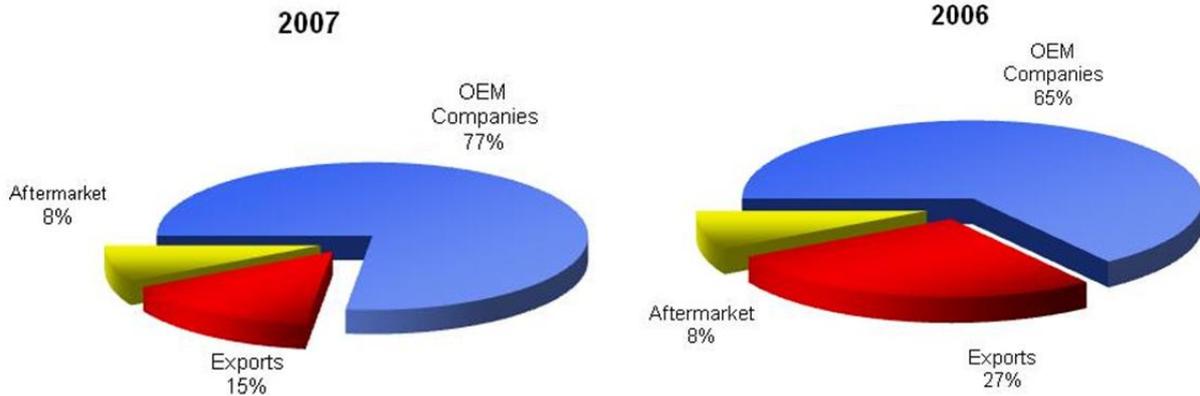
Fras-le S.A.	2007	2006	Var. %
Friction Materials (Tons sold)	55,300	50,493	9.5
Net Revenue (In thousands of Reais)	419,911	391,550	7.2
Net Profit (In thousands of Reais)	41,006	40,782	0.5

Master Sistemas Automotivos Ltda.

Attuned to the business of Randon Companies, Master celebrated, in 2007 the good results of its growing share in the domestic market. The company leads the Brazilian market of air brakes for commercial vehicles. During the period, 704 thousand brakes were sold, an increase of 19% in relation to the volume sold in 2006. This results in scale economy and consolidates the company's position in the market.

In the aftermarket, the results relative to the integration of its technical and commercial field team, the "Field Force" of Fras-le/ Master, indicated that the strategy is correct. In terms of exports, the partnership with ArvinMeritor has enabled Master to gain footholds in new markets, even though a downturn was experienced in terms of volumes in relation to the prior year, caused mainly by the postponement until 2008 of supply agreements for the American OEM companies.

Breakdown by Market



Master Sist. Automotivos Ltda.	2007	2006	Var. %
S-Cam/ Z-Cam/ Quadraulic Brakes (units sold)	703,576	593,401	18.6
Net Revenue (In thousands of Reais)	297,609	260,518	14.2
Net Profit (In thousands of Reais)	55,303	36,926	49.8

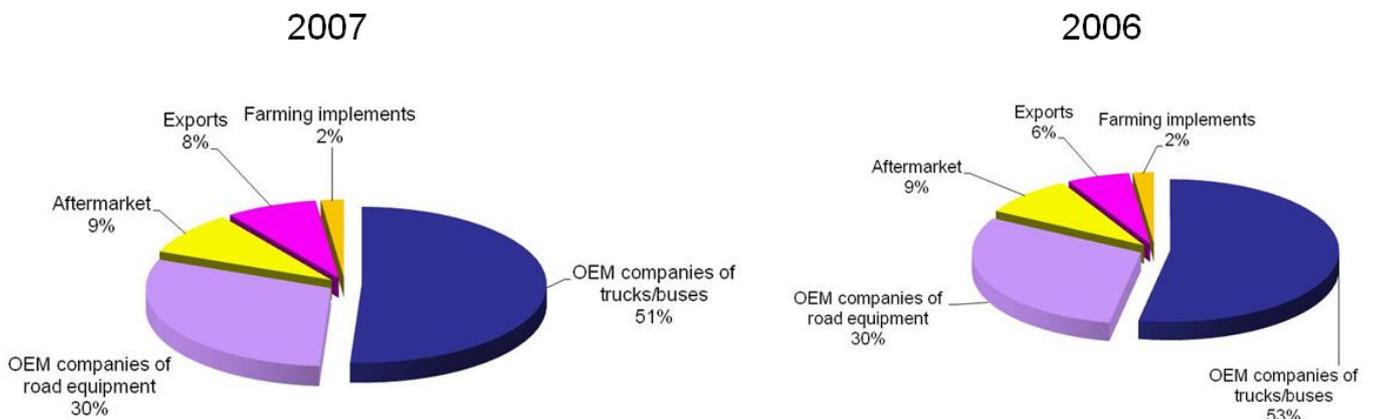
Jost Sistemas Automotivos Ltda.

“Responding to the market needs”. This is the basis upon which Jost has grown in its businesses. Its product offer has been expanded in the last years, resulting in increased income and better results. The company takes advantage of the OEM’s (trucks) specific needs and aggregates components that complement the sale of its flagship product: the fifth-wheel.

In Fiscal Year 2007, the company benefited from a recovery in the production of farming tractors and from the record production of trailers/ semi-trailers and trucks. The sugar-alcohol and agricultural sector experienced a strong upturn, promoting a rise in the sales of the company’s products.

In the aftermarket, the company expanded not only its own distribution base but also the assistance given to it through a dedicated field team that works in conjunction with Suspensys. Product adjustments aimed at increasing competitiveness and assistance to this market are challenges posed to continued growth.

Breakdown by Market



Jost Sist. Automotivos Ltda.	2007	2006	Var. %
Landing Gear (units sold)	35,050	26,461	32.5
Total of fifth-wheels (units sold)	46,588	34,745	34.1
Net Revenue (In thousands of Reais)	158,975	112,598	41.2
Net Profit (In thousands of Reais)	19,682	11,709	68.1

Suspensys Sistemas Automotivos Ltda.

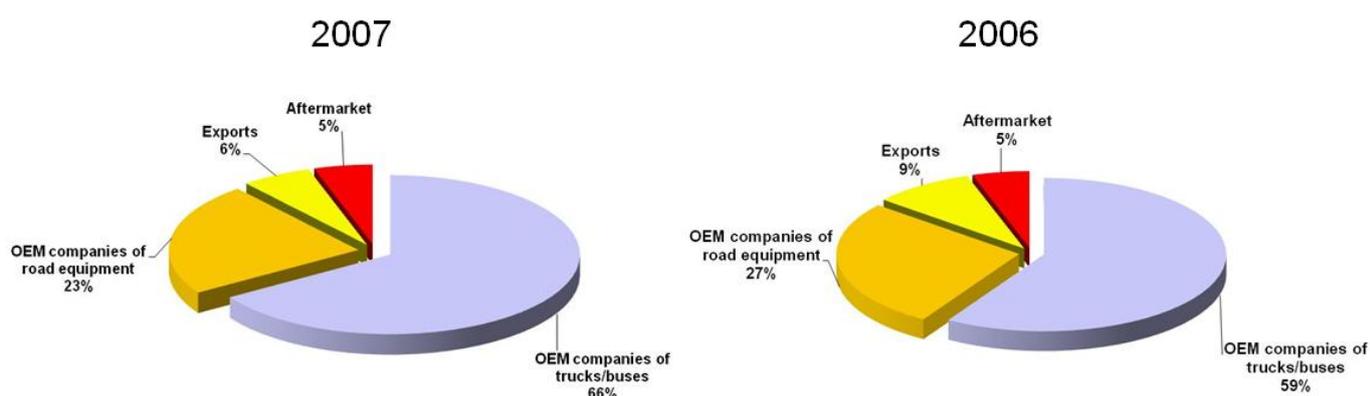
The Fiscal Year 2007 marked the five years of the joint-venture agreement signed between ArvinMeritor and Randon for the establishment of Suspensys. This period was characterized by great advancements and results. The constant concern with product and process innovation has resulted in the consolidation of the company's leadership in the segment of suspensions and driving systems for commercial vehicles, as well as in the recognition by the main world OEM companies of the segment.

Suspensys' business benefited from an increased GDP (which was 29% higher than that of 2006 (Source: ANFAVEA newsletter, Jan-08) and from the historic record production of trucks and semi-trailers (38.2% higher (Source: Anfir/Fenabrave) as compared to 2006). These results, higher than the market indexes, derive from the company's product mix that is linked to the industry segments that delivered the best performance, such as that of 6x4 and 6x2 trucks, ranked as semi-heavy and heavy.

The company also grew in other markets such as the aftermarket, which showed increased sales during the period as a result of a strong expansion strategy in its sales network and of the emphasis placed on the launch of new products.

Suspensys increased its global market share by delivering its products to different continents. The strategy of technological integration, which involves the exchange of knowledge between the engineering areas of ArvinMeritor and Suspensys, continues to help the company launch new products and participate in the launch platforms of the supplied chain.

Breakdown by Market



Suspensys Sist. Automotivos Ltda.	2007	2006	Var. %
Suspensions (units sold)	71,148	46,318	53.6
Hub/ Drum (units sold)	225,714	160,998	40.2
Net Revenue (In thousands of Reais)	646,191	430,298	50.2
Net Profit (In thousands of Reais)	54,400	35,079	55.1

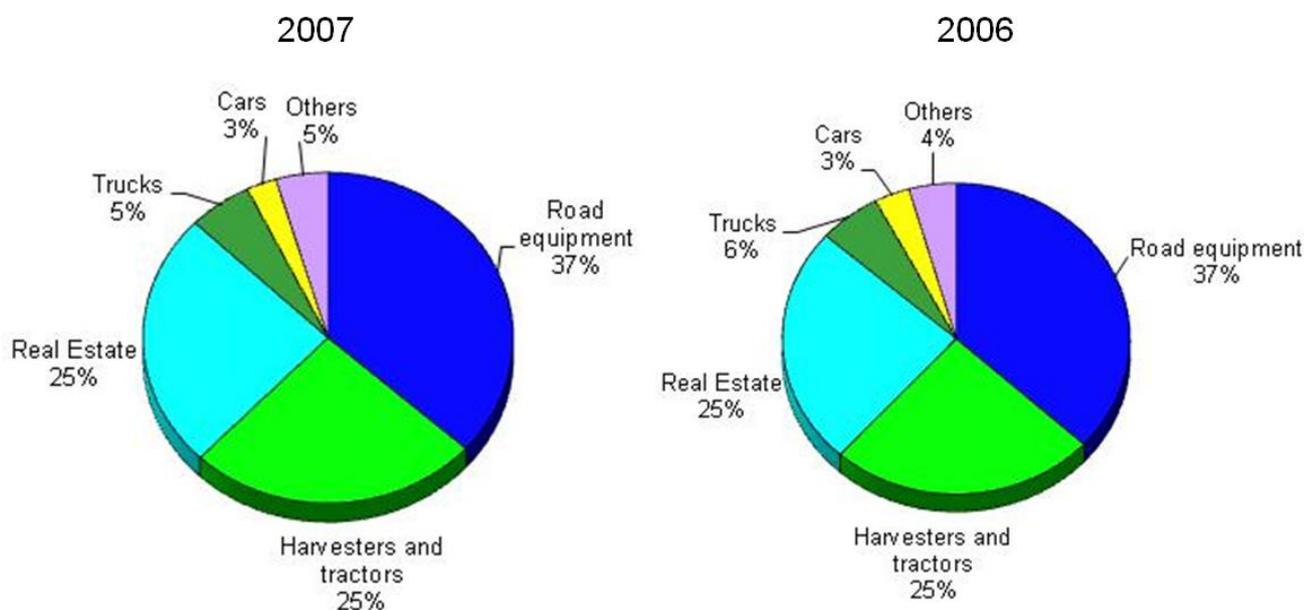
3) Services

Randon Administradora de Consórcios Ltda.

Randon Consórcios was created to offer a fund option in the sales of the trailers/ semi-trailers manufactured by Randon S.A.- Implementos e Participações. With the good results achieved, the company expanded into other segments such as real estate, automobiles, trucks, buses and farming implements. Today, Randon Consórcios has a nationwide reach through its sales network.

The year 2007 marked the 20 years of the company, one of the largest companies in the country, with more than 24 thousand active quotas. In these two decades, Randon Consórcios has delivered more than 42 thousand goods to “Consórcio” buyers across the country, totaling R\$ 3 billion. This represents more than 86 thousand sold quotas.

During the period, the sales of farming implements and road equipment picked up as a result of the good performance of the agribusiness sector, and the level of quotas cancellation dropped. In the segment of real estate and cars, we continued with our plan of setting up new franchisees as a strategy to expand our sales network.



SUSTAINABILITY

Quality

"Quality is everybody's commitment" is one of the principles of Randon Companies, which encourage the pursuit of excellence by developing and absorbing creative, innovative and competitive technology in line with the companies' guidelines, and by adjusting Randon Companies Management Model to the Excellence Criteria of *PNQ*[®] - *Prêmio Nacional da Qualidade* (National Quality Award). All activities of each Randon company are carried out with this in mind.

Therefore, in 2007, all Management Practices of each Randon company had the same goal: foster the culture of excellence by seeking to position itself as a world-class Company.

At **Randon S.A. Divisão Implementos**, excellence is pursued in different manners. As an example, we highlight the restructuring of the Quality Area, which is under the management of the Technology, Manufacturing and Quality Division, and is responsible for all quality aspects applicable to the company's processes. Randon's excellence in this concern earned it the Silver Trophy of the *PQRS-Prêmio Qualidade RS*, an award granted by the PGQP- Programa Gaúcho da Qualidade e Produtividade (Quality and Productivity Program of the State of Rio Grande do Sul).

In 2007, **Fras-le** received the most important award of the PNQ®, being the winner in the 16th Edition of the National Quality Award. Fras-le was ranked as a World-Class Company. This represents the organization's recognition of the SGF – Sistema de Gestão Fras-le (Fras-le Management System) for harmoniously meeting the eight criteria of excellence in management: leadership, strategies and plans, customers, society, information and knowledge, personnel, processes, and results.

Focused on the pursuit of excellence, **Randon Veículos** is continuously seeking the improvement of its processes. Cost reduction actions, implementation of KANBAN, and a review of the internal auditing methodology were some of the relevant activities developed in 2007.

At **Jost**, the continuous improvement of its management system in the pursuit of excellence resulted in the re-certification of the standards: ISO/TS 16949:2002 (Automotive Quality Management) and ISO 14001:2004 (Environmental Management). Jost's efforts towards this goal are rewarded by the customers in the form of awards. Ex: the *Supply Award*, granted by VW in the category "Product Quality" and in the sub-category: "Performance in Field Quality".

The strengthening of the partnership between **Randon Consórcios** and its suppliers is one of the activities aimed at the pursuit of excellence. The Suppliers Meeting - held annually with the main suppliers of the company - is one of these activities. In 2007, the 5th consecutive meeting was held. It is also worth noting the 6S Program – a program that continually innovates. The Program disseminates the concepts of the senses by means of the MultiS.

Suspensys began in 2007 its Suspensys Production System (SPS). The System is aimed at pursuing excellence through continuous improvement. Other relevant facts were the implementation of the *MOSS - Metric Operation System* – at a strategic and operational level. This system improves the management and control of Suspensys indicators. Also worth mentioning is the SGS – Suspensys Management System – which includes the Standards ISO TS 16949:2002, ISO 14001:2004, OHSAS 18001:1999 and SA 8000:2001.

Excellence at Master is recognized by customers focused on quality performance. In 2007, the company received several awards, such as the VW - *Supply Award* and the ArvinMeritor - *Prêmio Fornecedor Qualidade Assegurada (Assured Quality Supplier Award)*, in addition to the re-certification to the automotive Standard ISO TS 16949:2002, which demonstrate the company's commitment with the improvement of its management system.

Environment

Randon Companies target their activities and actions towards sustainable growth. Among the objectives and goals included in the environmental management system of Randon Companies is that of streamlining and avoiding environmental impacts resulting from the use of natural resources and residue generation. Accordingly, some indicators have been established for the monitoring and planning of actions aimed at meeting these objectives and goals: consumption of water and power generators (electric power, natural gas, firewood and diesel), volume of generated effluents, and quantity of residue aimed for re-processing. We highlight the main actions implemented in this process of continuous improvement:

- Reutilization of effluents, after treated, thus reducing the consumption of drinkable water;
- Creation of a Paint Distribution Area where returnable paint jars will be re-used, lower generation of paint-related residue, and reduction of impacts and risks in the case of possible leaks or accidents;
- In 2007, in addition to sending hazardous residues for re-processing, non-hazardous residue (previously sent to embankments) will be likewise re-processed;

As a compensatory measure for the construction of the Castertech plant, a Forest Reserve of 4.5 hectares was created; 2,340 seedlings of the Brazilian pine “araucaria”, and 2,755 seedlings of native specimens were planted; and epiphytes and xaxim were transplanted.

Also included in the calendar of actions attuned to our environmental policy are educational lectures on the theme “Global Warming”, promoted in conjunction with the Elisabetha Randon Institute, in addition to a cultural contest and visits to promote the adopted practices.

People Management

“Joyful and innovative people working together towards results that will perpetuate Randon Companies”.

This is the vision that guides the People Management Policy of Randon Companies. Creating a healthy environment where the employees develop themselves and constantly innovate has been the purpose of our leaders.

The Growing Program has the mission to provide permanent education to employees by developing and strengthening their technical and behavioral competencies through different modules such as incentive to formal education, technical training, team development, development of leaders and education at a distance. We highlight the following corporate programs held in company:

- Post graduate studies in Automotive Engineering, in partnership with the University of Caxias do Sul, designed for engineers;
- Technological Development Program in Production Engineering, in partnership with *Produttare Consultores Associados*, designed for managers of the production area. The Program focuses on the implementation of the Randon production system;
- Leadership Basic Module, in partnership with *Proativa Brasil*, designed for coordinators of Randon Companies and for the analysts of the Management Succession Program, aimed at the development of behavioral competencies and techniques necessary for the formation of leaders;
- Qualification of employees through a variety of training courses in partnership with SENAI (National Service for Industrial Training);

A total of 697,000 hours of training and development have been given so far through the Growing Program on all levels of the organization, averaging 78 hours of training per employee. Most of the courses are given within the company’s facilities.

The *New Paths Program*, which prepares the employees for their retirement, continued throughout the year with the participation of 126 employees who are preparing themselves to continue their careers after they retire from the company.

Life is appreciated through the *Handling Life Well Program*, which encourages healthy habits and attitudes focused on drugs prevention. A variety of activities focused on health were carried out in the individual, social and professional areas, at work and in the family.

The *Management Succession Program* aims at identifying professionals with potential to fill strategic positions within Randon Companies. The Program was consolidated in 2007 and has a Bank of Potential People for the positions of Coordinator, Manager and Director.

Satisfied and happy people are much more prone to thinking and offering innovative alternatives. This is the reason why we systematically carry out satisfaction surveys on the organization atmosphere. The 2007 results showed that 79.50% of our employees are happy and satisfied with their jobs. We also implement activities aimed at improving the organizational environment on the items which showed lower satisfaction levels.

Randon Companies have approximately 9,000 employees. In 2007 alone, 1,500 new jobs were created within the companies.

Community

The *Florescer* Program has the mission of preparing children and teenagers with fewer social and economic opportunities for citizenship. The Program offers them a better quality of life and a more promising future. 330 youngsters from 7 to 14 years of age are benefiting from the Program, where they are involved in pedagogic activities in the shift opposite to their regular school hours. The classes are given in an Educational Center free-of-charge, in two locations within Randon Companies.

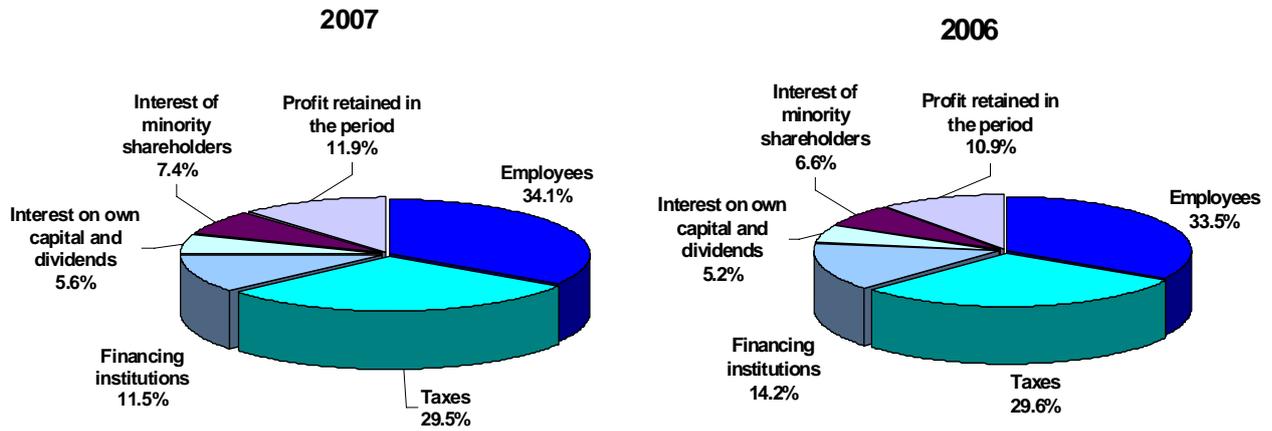
The Qualifying Program aims at preparing young people for the labor market in the technical and human areas and thus promote their social inclusion. The program started in 2005 with the creation of the Randon Center of Professional Education in partnership with SENAI (National Service for Industrial Training). The classes are given within Randon Companies premises and assists students from 14 to 18 years of age. The Qualifying Program also offers basic education to the students finishing their training at the *Florescer* Program, as a way to prepare them for the labor market.

The Program *Being a Volunteer* encourages the employees to volunteerism as a way to being sympathetic to the causes of the community where we live.

Through the Incentive to Culture Law, more than 40 projects were sponsored and supported in 2007, totaling incentives of about R\$ 1.06 million.

Added Value

The Added Value breakdown in 2007 (R\$ 983.2 million) and in 2006 (R\$ 827.6 million) is:



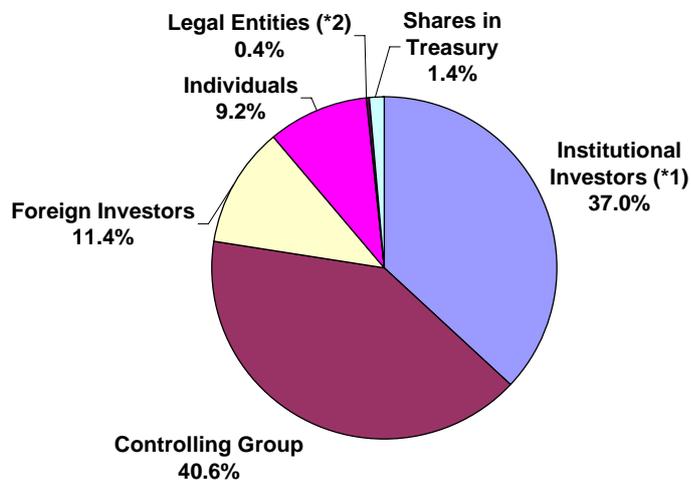
Complete data is contained in the notes to the financial statements.

STOCK MARKET

Performance of Shares

From January to December 2007 the preferred shares of the Company valued 79.7% and ended the period at R\$ 17.25 per share. 85 million of preferred shares were traded in 52,905 trades on the spot market. The average traded volume was R\$ 5.2 million against R\$ 3.3 million in the same period in 2006 (*Source: Bovespa – São Paulo Stock Market*).

Currently, our shareholders are distributed as follows:



*1 Funds and Investments Clubs – *2 Companies, Banks, Stockbrokers and Associations

Shares Performance Overall Chart – Spot Market

Variables	Jan-Dec/2007	Jan-Dec/2006
Number of shareholders -	6,550	4,680
Traded quantity (Pref.)-	84,793,800	101,561,500
No. of Trades	52,905	32,823
Daily Average Shares per Trade	346,097	412,852
Daily Average of Trades	216	133
Variance of Randon Shares (%)	79.7	25.5
Variance of IBOVESPA (%)	43.6	32.9
Share Book Value	3.84	3.24
Stock Market value	17.25	9.60
Daily Average Traded Volume (Million of Reais)	5,231.2	3,342.6
Company's Market Value (Million of Reais)	2,803.5	1,560.2

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

Investor Relations

In 2007, the Company participated in meetings and in several events involving people from the financial market, stock market, shareholders, prospective investors and the press. Below we inform some of these events:

- In January, the Company participated in the 11th Latin-American Conference, promoted by Santander Bank, in Acapulco, Mexico (small caps).
- According to the agenda of corporate events 2006, the Company promoted on February 28th the 5th meeting with the media and guests, when the 2006 results were disclosed.
- In April, the Company organized a visit of more than 80 analysts of Apimec Sul to the industrial facilities of Randon Companies.
- In May and June, a Non-Deal Road Show was held in the United States and Europe;
- In August, the Company participated in the 8th Annual Conference Brasil Santander, in Campos do Jordão;
- In August/ September, meetings were held with analysts and investors at the headquarters of APIMEC (Association of Capital Market Investment Analysts and Professionals) in São Paulo, Rio de Janeiro and Porto Alegre);
- In November, the company participated in the 4th Annual Merrill Lynch Latin America Small-Mid Cap Investor Conference.

Shareholders Remuneration

The Company paid R\$ 40.8 million as interest on own capital for fiscal year 2007. Of this amount, R\$ 16.7 million (R\$ 0.10380000 per common and preferred share) was paid in July 2007 and R\$ 24.1 million (R\$ 0.15047000 per common and preferred shares) was paid in January 2008. The management is proposing that such interest on own capital be attributed to 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 2008. According to the proposal, the remaining value to shareholders would be R\$ 14.5 million (R\$ 0.09070920 per common and preferred share). Therefore, the dividends added of interest on the net own capital for fiscal year 2007

amounted to R\$ 49.2 million, representing 30% of the adjusted net profit, or R\$ 0.30713925 per share.

Acquisition of Shares Issued by the Company

As approved by the Board of Directors Meeting held on April 26, 2007 and Relevant Fact published on April 27, 2007, the Company purchased 1,300,000 (one million and three hundred thousand) preferred shares of its own issuance to be kept in treasury and for future sale or cancellation. The acquisitions started on May 11, 2007, and ended on July 3, 2007 (post-conclusion period of the analyzed quarter) at the average price of R\$ 15.98 per share, totaling R\$ 20.8 million.

Relevant Fact

During a meeting held on December 12, 2007, the Board of Directors authorized the Executive Board to refer to Banco Central do Brasil an application for authorization to set up a Multiple Bank, which is expected to start operating with a capital estimated at R\$ 25,000,000.00 (Twenty-five million Reais). The financial institution's goal will be to develop financial products and services aimed at leveraging the businesses of Randon Companies and thus increase the satisfaction level of its customers and suppliers.

The initiative was started for different reasons such as the trend to set up "market niche" financial institutions, high values at the account "clients" raising the working capital, opportunity of fiscal economy, experience with management of credit to customers and credit via coop-payment plants, opportunity for leveraging the companies of the group, and attractive financial return.

At the moment, the authorization application, accompanied by the respective project, is being registered at *Banco Central* (Central Bank) for evaluation.

CVM no. 381 Instruction – Independnet Auditors

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

The amount paid by Randon Companies for the routine accounting audit services was R\$ 715 thousand. During the Fiscal Year 2007, the company did not hire audit services but those required by mandatory legal audits.

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 2007, Randon Companies received several awards and distinctions, of which we highlight:

- ✓ Randon Companies are again included in the ranking of the 2006 Innovation Champions, organized by the Magazine *Amanhã*, being the leading companies in the Southern Region in the segment Transport Material;

- ✓ Trophy *The Largest Exporters of the Southern Region* – Transport Material Category, granted to Randon S.A.- Implementos e Participações by *Editora Expressão*, as one of the great exporting companies of the South Region;
- ✓ Export Award ADVB-RS 2007, in the *Master Category*, granted to Randon Companies for their performance in their 2006 consolidated exports;
- ✓ Randon S.A. Implementos e Participações and its controlled companies *Suspensys Sistemas Automotivos Ltda.* and *Randon Veículos Ltda* received the Silver Trophy of the RS Quality Award, granted by *Programa Gaúcho de Qualidade e Produtividade (PQRS)* (Quality and Productivity Program of the State of Rio Grande do Sul);
- ✓ Randon S.A. Implementos e Participações was recognized by the Mechanic Brazilian Trade Show for its policy related to the preservation of nature, through the *Prêmio Febramec Meio Ambiente* (Febramec Environmental Award), in the category *Large Companies*, with the case “Water and Effluents”;
- ✓ *Abrasca Award*: Randon S.A. Implementos e Participações became prominent among the companies which provided the higher profit to their shareholders in their segments, in 2006;
- ✓ Randon S.A. Implementos e Participações was ranked as the no. 1 company in the group of the 100 Most Traded Shares (IBrX100/Bovespa) at the end of the five first months of the year;
- ✓ For the sixth consecutive time, the controlled company Fras-le S.A. was included in the ranking organized by Revista Exame/ Você S.A. The ranking recognizes the 150 Best Companies to Work For in Brazil, 2007 Edition;
- ✓ The controlled company Jost Sistemas Automotivos Ltda. was included in the group of the 100 Best Companies to Work For in Brazil, according to the criteria of the survey promoted by the Great Place to Work Institute, in partnership with *Época Magazine*.
- ✓ Randon S.A. Implementos e Participações won, for the 10th consecutive time, the award *Preference in Transport*, promoted by the *Sindicato de Empresas de Transportes de Carga no Estado do RS (Setcergs)* (Association of Trucking Companies of the State of Rio Grande do Sul);
- ✓ The controlled companies Jost and Master received the Supply Award 2006, a distinction conferred by *Volkswagen Caminhões e Ônibus*. Jost received the award in the category *Product Quality* and in the sub-category *Field Quality Performance*. Master received the prize as the best supplier in the category *Commercial Excellence*.
- ✓ Randon Companies took 7th among the 100 Largest Companies in the State of Rio Grande do Sul, in the ranking *Great and Leading Companies 2007*, organized by the magazine *Amanhã*;
- ✓ The controlled company Fras-le S.A. won the award FINEP Technological Innovation – South Region, in the Product category, with the case “Developing Friction Materials with the Utilization of Recyclable Materials”;
- ✓ The controlled company Fras-le was included among the five awarded companies in the most important quality distinction in Brazil: the National Quality Award (PNQ), for its excellence in management;

✓ Randon S.A. Implementos e Participações and Fras-le S.A. are included among The 100 Best Companies in Human and Organizational Development – IDHO, promoted by the magazine *Gestão & RH Editora*;

✓ The NTC Transport Suppliers Award, promoted by *NTC & Logística (Associação Nacional do Transporte de Carga e Logística)* was conferred to Randon S.A.- Implementos e Participações in the category *Manufacturers of Truck Bodies or Trailers*;

✓ Randon S.A.- Implementos e Participações was included in the ranking The Largest & the Best in Transport and Logistics 2007, organized by the magazines *Transporte Moderno* and *Technibus*, in the category *Transport Industry – Truck Bodies and Truck Trailers*.

Caxias do Sul, January 2008.

The Management

Board of Directors

Raul Anselmo Randon – Chairman
David Abramo Randon - Vice-Chairman
Ery José Bernardes – Board member
Hugo Eurico Irigoyen Ferreira – Board member
José Maria Rabelo – 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

Holding Division Financial Director
Geraldo Santa Catharina

Corporate Administrative Manager
Maria Tereza Casagrande

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

ADRESSES AND CONTACTS

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Holding Division Financial Director: Geraldo Santa Catharina
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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