RANDON

RANDON S.A. IMPLEMENTOS E PARTICIPAÇÕES
INTERIM MANAGEMENT REPORT
3rd Quarter /2006

Dear Shareholders:

Presented below is information relative to the activities of the Company and its affiliates, as well as the summarized financial statements for the quarter ended September 30, 2006.

General Performance

The third quarter of 2006 showed positive results in several segments and economic factors, improving the overall prospects of good results for Randon Companies in the upcoming months.

The road equipment segment continued along the positive trend from the first six months of the year with contributions from the performance of the areas connected to the transportation of industrial cargo, sugar-cane, general cargo, especially home appliances and electro electronics, beverages, and others. The grain sector remained below the historical average, causing a variation in the products mix with preference for products with a higher added value, resulting in the positive growth of revenues.

During the third quarter of 2006, the sectors that were performing very well did not decline. However, there was a significant reversion in the trend of the primary sector. The sugar-cane sector continued strong and is expected to not only double its demand in relation to previous years, but to anticipate the beginning of orders for the third quarter. This trend benefits the manufacturing schedule for the Christmas period, which is traditionally a weaker period.

Even more relevant was a progressive recovery in grain semi-trailers. After a decline in their historical mix participation from over 45% to below 20% in 2006, they had a revival in the months of August, September and October, after the end of the quarter, with a participation close to 30%. This performance was the result of favorable factors such as more availability of credit, lower interest rates, the “El Niño”, which presumably will bring more rain to the south of the country, and the positive prospect that the next crop will be at least as good as the previous one. The reduction in the TJLP (Long-Term Interest Rate) produced easier financing of the products.

Exports have also reported improvements in the segment of road equipment, resulting from partnerships in the assembly of products in CKD. These partnerships contributed to an increase of 22.4% in dollars traded for the third quarter of 2006, as compared to the same period last year. Year-to-date exports were even higher, reaching 36%.

These factors have contributed to a rather significant order-book that extends into the first quarter of 2007, leading to an excellent beginning of the 2007 fiscal period.

The segment of specialty vehicles, that was having a poor performance in some areas, reacted very well in the quarter, with orders 8% higher than the same quarter last year.

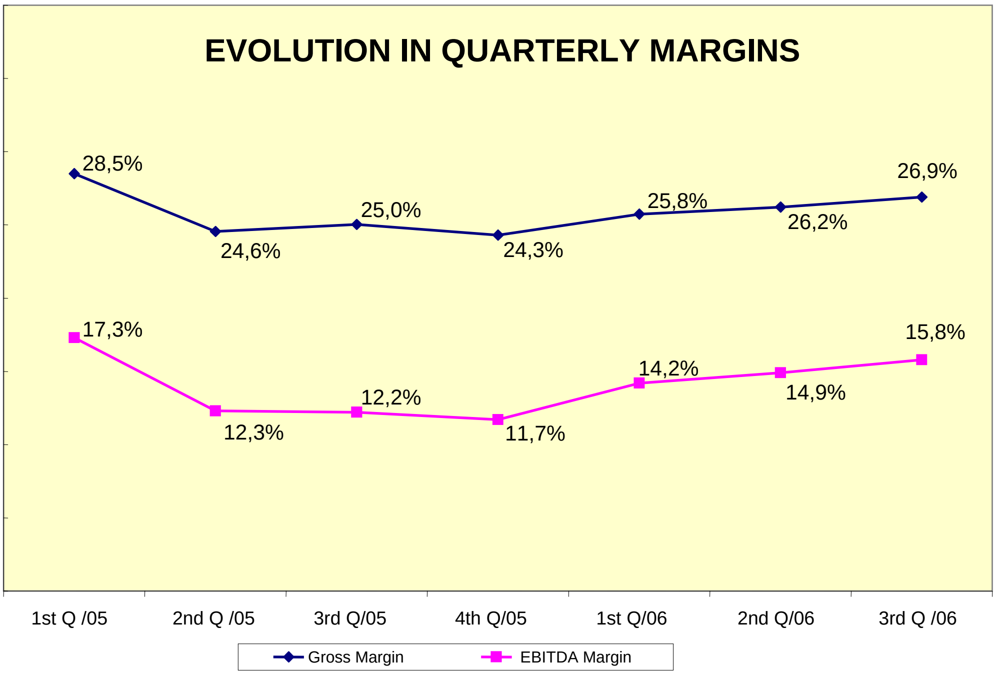
Indications are that the 10.8% drop in the volume of physical units sold in the first nine months of the year may be reverted by the end of the year.

The railways area remained constant in the third quarter, with an accrued annual production of 581 units, representing a market share of 20%, according to data from Simefre (Interstate Association of the Railway and Roadway Material and Equipment Industry). The Company indicates that this sector may remain at current levels or record moderate growth rates due to the limitation of the railway network, which needs expansion. Additionally, decreased investments by some buyers, who generally renewed and expanded their fleets in 2004 and 2005, determined a movement outside the demand curve during that period.

No significant changes were found in the auto parts sector within the year-to-date scenario. While in the third quarter exports grew fast in the area of brakes, suspension and articulation / coupling systems (except for friction materials that had a slight decline in the period), the domestic market delivered a performance below the last period, due to below-average sales of trucks. According to ANFAVEA`s bulletin (National Association of Vehicle Manufacturers), published in September 2006, the prospects for a recovery expected by the sector and the media have not been translated into figures yet.

In this context, Randon S.A. Implementos e Participações ended the third quarter with an accrued consolidated net revenue of R$ 1,53 billion, which was an increase of 4,8% over the accrued value in the same period last year (R$ 1,46 billion). The total accrued consolidated gross revenue, with taxes and before consolidation, reached R$ 2,17 billion in the period Jan-Sept/2006 compared to the R$ 2,16 billion for the same period in 2005. The accrued consolidated net profit reached R$ 90,4 million, representing an increase of 0,6% over September /2005 (R$ 89,9 million). The consolidated gross margin in the period Jan/Sept/2006 reached 26,3%, while the accrued gross cash generation by EBITDA reached R$ 229,2 million or 15,0% over the consolidated net revenue (13,8% in the period Jan-Sept 2005).

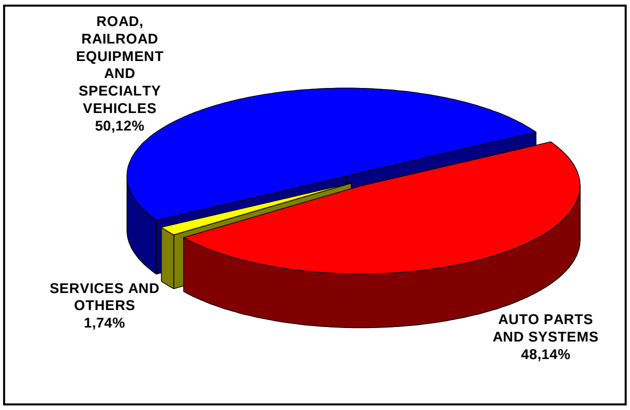
Factors such as stability in the cost of materials, a better control of expenses, and a greater industrial efficiency are contributing to a gradual recovery in the expected margins.



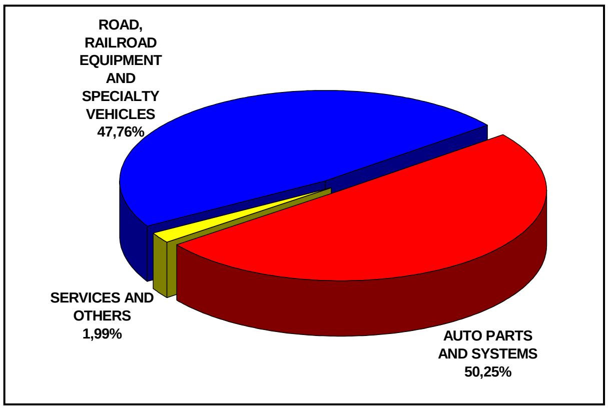
The road equipment's performance was better than auto parts and systems in the period, determining a slight expansion in the consolidated revenue.

Revenue Breakdown per Segment

JAN-SEPT/2006



JAN-SEPT/2005



Participation by Company in the Consolidated Net Revenue

Inter-company sales accounted for 11,5% of the total net revenue accrued in the period.

COMPANIES	NET REVENUE	INTER-COMPANY SALES	CONSOLIDATED NET REVENUE	%
Randon S.A. Implem. e Partic.(Controladora)	725.153	34.800	690.353	45,1
Master Sist. Autom. Ltda	202.508	31.714	170.794	11,1
Randon Veículos Ltda	49.447	(28)	49.475	3,2
Fras-Le S.A. (Consolidado)	294.388	11.235	283.153	18,5
Jost do Brasil Ltda	83.207	24.651	58.556	3,8
Suspensys Sist. Autom. Ltda	321.603	96.508	225.095	14,7
Randon Adm. de Consórcios Ltda	26.600	0	26.600	1,7
Randon Argentina S.A.	28.128	0	28.128	1,8
Randon Middle East	250	250	0	0,0
TOTAL:	**1.731.284**	**199.130**	**1.532.154**	**100,0**

Higher added value in the equipment sold during the period determined an increase in the revenues, despite the stability in the physical volumes. The segment of auto parts and systems continues to deliver good performance in exports and is expected to grow again as the sales of trucks recover.

Unit Sales

SEGMENTS	3rd Quarter/2006	3rd Quarter/2005	/\ %	Jan-Sept/2006	Jan-Sept/2005	/\ %
Road Equipment (trailers/semi-trailers)	3.832	3.790	1,1	11.104	11.140	(0,3)
Specialty vehicles	81	75	8,0	199	223	(10,8)
Off-road trucks	*30*	*29*	*3,4*	*54*	*106*	*(49,1)*
Backhoe Loaders	*51*	*46*	*10,9*	*145*	*117*	*23,9*
Brakes	118.621	117.085	1,3	340.384	379.159	(10,2)
Fras-le Friction Materials (Ton.)	12.371	12.305	0,5	38.432	39.745	(3,3)
Landing Gears	7.016	5.575	25,8	18.535	18.522	0,1
Total of fifth-wheels	9.646	9.074	6,3	26.605	28.890	(7,9)
Hubs/drums	39.720	44.342	(10,4)	119.248	135.327	(11,9)
Suspensions	12.243	11.264	8,7	34.520	37.322	(7,5)
Wagons	0	104	(100,0)	581	266	118,4

Exports

The strong appreciation of the Real against the dollar in the short period of time between 2005 and 2006 had undoubtedly a negative impact on the foreign competitiveness in the sector, due to concomitant price realignment in the price of metallic commodities, nationally and internationally.

Randon Companies have overcome the challenge by reducing expenses, increasing imports of materials, and using foreign exchange hedge instruments, among others. As a result, the Company has preserved and strengthened its export expansion project within the overall revenues.

The costs of materials are presently steady or in some cases dropping. Management is already planning the 2007 budget based on exchange stability at current levels. We understand that difficulties in the exchange area may trigger an inflationary process in the production chain of our market segments, causing unsteadiness in the strategies of growth already formulated by Randon Companies, even though this may not happen in other economic sectors. Subsequently, we will continue to adopt healthy and conservative policies of exchange hedge, as well as strategies to improve our foreign competitiveness by working on controllable variables such as costs, technology and distribution channels.

The consolidated exports reached US$ 159,2 million dollars in the period Jan-Sept/2006, a 26.8% increase as compared with the same period in 2005..

Exports by Company – US$ 1,000

COMPANIES	Jan-Sept/06	Jan-Sept/05	/\ %	3rd Q/2006	3rd Q/2005	/\ %
Randon S/A Impl. e Partic.	67.295	49.476	36,0	27.929	22.813	22,4
Master	26.651	18.045	47,7	10.249	5.324	92,5
Randon Veículos	2.798	3.054	(8,4)	1.438	1.308	9,9
Jost	2.210	1.215	81,9	745	440	69,3
Fras-le	51.497	48.581	6,0	15.028	16.260	(7,6)
Suspensys	8.770	5.219	68,0	3.277	1.831	79,0
TOTAL:	159.221	125.590	26,8	58.666	47.976	22,3

Financial Operating Performance – 3rd Quarter/ 2006

Total Gross Revenue
The total gross revenue with taxes and before consolidation reached R$ 728,5 million in the third quarter of 2006, a 2.8% increase compared with to the same period a year ago, reaching an accrued value of R$ 2,17 billion in the period Jan-Sept/2006.

Consolidated Net Revenue
In the third quarter, the consolidated net revenue was R$ 501,4 million, a 3.5% increase in relation to the same quarter in 2005, reaching R$ 1,53 billion in the period Jan-Sept-2006, i.e., a variation of 4.8% over the accrued value reported in the same period last year. The higher variation in the net revenue, compared with the total revenue, resulted from a drop in the inter-company sales ratio which represented, in September 2005, 14% of the total revenues, while it currently represents around 11%.

Cost of Products Sold
The cost of products sold accounted for 73.1% of the consolidated net revenue, or R$ 366,6 million in the third quarter of 2006, a 1.0% increase over the R$ 363,1 million reported in the same period in 2005, 75.0% of the net revenue. Some important materials such as steels and chemical products had their prices adjusted in the third quarter, but were offset by other important materials that reported a negative variation and by the reduced general expenses, resulting in internal cost inflation close to zero.

Gross Profit
The gross profit in the third quarter of 2006 was R$ 134,9 million, representing 26,9% of the consolidated net revenue, an increase of 11.2% as compared to the third quarter in 2005, when the profit totaled R$ 121,3 million, or 25.0% of the consolidated net revenue.

Other Expenses / Operating Revenues
The net result related to other expenses / operating incomes were in the third quarter R$ 830 thousand negative against R$ 2,2 million negative in the same period in 2005, a reduction of 62.9%. Gains from lawsuits, re-classification of accounts launched in 2005 in the non-operating result and today launched in the operating result, and other eventual earnings, were factors that contributed to improved results.

Net Financial Expenses
The net financial expense in the third quarter of 2006 improved by 71.5% in relation to the third quarter of 2005, decreasing from R$ 4,9 million to R$ 1,4 million. Earnings from financial investments were positively impacted by resources resulting from the public offering of shares occurred in May 2006.

Non-Operating Result

In the third quarter of 2006 the non-operating result was positive: R$ 626 thousand against R$ 5,6 million in the third quarter of 2005, a reduction of 88,9%. The reason for this variation was a re-classification in the account that was restated as operating result.

Income Tax and Social Contribution

Income tax and social contribution reached R$ 22,2 million in this third quarter (R$ 15,6 million in the same period last year) against a profit of R$ 66,4 million before income tax (R$ 47,8 million in the same period in 2005).

Net Result

The consolidated net result in this third quarter was R$ 29,1 million (R$ 0,18015 per share), an increase of 34,2% if compared with the same period in 2005 (R$ 21,7 million).

Gross Cash Generation (EBITDA)

The EBITDA posted in this third quarter an increase of 34.7% compared with the same period in 2005, reaching R$ 79,4 million (15,8% over the consolidated net revenue) against the R$ 58,9 million in the same quarter of 2005, or 12,2% over the consolidated net revenue.

Indebtedness

The net financial indebtedness (gross debt less cash) reached R$ 62,6 million late in September 2006, or 0.2x of the EBITDA in the last 12 months. In this same period last year, this value was R$ 162,6 million, or 0,6x of the EBITDA. One of the key-drivers of this reduction were resources of R$ 99,0 million referring to the Primary Public Offering of Shares initiated in the first quarter of 2006 and ended in the second quarter.

Comparative Performance

Consolidated (In thousands of Reiais)	3rd Q/2006	3rd Q/2005	Var. %	Jan-Setp/2006	Jan-Setp/2005	Var. %
Total Gross Revenue - without eliminations	728.520	708.798	2,8	2.175.424	2.167.698	0,4
Total Consolidated Net Revenue	501.453	484.408	3,5	1.532.155	1.462.218	4,8
Consolidated Net Profit	29.100	21.678	34,2	90.391	89.854	0,6
Own Operating Profit -EBIT	68.338	48.290	41,5	196.914	172.223	14,3
EBITDA	79.363	58.920	34,7	229.219	202.466	13,2
Net Financial Indebtedness	-	-	-	62.555	162.636	(61,5)
Net Financial Result (Financial Earnings - Financial Expenses)	(1.395)	(4.897)	71,5	(5.514)	(317)	1.639,4
Adm./Commercial Expenses	65.712	70.745	(7,1)	198.403	194.571	2,0

Investments

On August 8th, at a ceremony held on the premises of the Government of the State of Rio Grande do Sul, the Company officially announced an Expansion Plan around R$ 800 million for the period 2005-2009. Of this total, R$ 100 million was invested in 2005. In 2006, an investment around R$ 150 million is expected to be made, of which R$ 106,3 million has already been made in these last nine months.

The investments include the Randon Companies (Randon S.A – Road Equipment Division, Randon Veículos, Fras-le, Master, JOST and Suspensys) and will be realized in different areas. Besides an additional working capital, investments will increase the maintenance levels, the replacement of assets and the expansion of industrial units, involving both the segment of OEM and auto parts. The production capacity shall increase from 20,000 units/year of trailers and semi-trailers to 36,000 units in 2009. They will also include the modernization of Randon Companies, benefiting technological, innovative and environmental programs. Resources will also be allocated to processes that will integrate the sourcing chain through the setup of a line of steel uncoiling and cutting, as well as the setup of a foundry unit, which is the object of the Relevant Fact published on August 8, whose details and further information are given in this report.

The resources to be allocated come from the company's own revenues and from third parties. The company's own resources come from cash generation and shareholders in the first half of the year as a result of the Primary Public Offering of Shares. The resources from third parties will be pooled with governmental institute ions or with credit and development multilateral institutions such as BNDES National Bank for Economic and Social Development), IFC, and FINEP (Studies and Projects Financing Agency). Other resources such as Fundopem-RS (Corporate Operation Fund) may also be used.

Below we present the investments by company in the period Jan-Sept 2006.

COMPANY	TOTAL
RANDON S/A IMPL. E PARTIC.	47.862.648
MASTER	20.369.436
CONSÓRCIO	1.527.805
SUSPENSYS	11.657.122
RANDON VEÍCULOS	280.973
JOST	650.381
FRAS-LE	23.714.296
RANDON ARGENTINA	198.030
RANDON MIDDLE EAST	54.035
TOTAL	106.314.726

Corporate Governance

Performance of Shares

The preferred shares of Randon Participações S.A. ended the month of September quoted at R$ 7,24 per share, representing a devaluation of 5.4% in the period Jan-Sept 2006. The liquidity of securities continued the same good performance as delivered in the first period of the year, and the daily average volume of trades reached R$ 2,9 million against R$ 981,2 thousand in the same period in 2005. In the period Jan/Sept 2006, 69,2 million preferred shares were traded on the spot market in 22,117 trades.

Purchase of Company's Shares

As approved in the minutes of the Board of Directors Meeting held on July 26, 2006, and Relevant Fact published on the same date, the Company began a purchase process of its own shares to remain in treasury for future sale or cancellation. On the occasion, the purchase of up to 1,000,000 preferred shares within a maximum period of 180 days was authorized. The purchases have already been made from August 11 to October 2, 2006, at an average price of R$ 6,85 per share, representing a reimbursement of R$ 6.852.031,00 for the Company. Considering the current quotation of preferred shares on the Stock Exchanges and the good practices of corporate governance, this purchase represents an investment opportunity for the Company.

Investor Relations

In August, the Company held meetings with analysts, shareholders and investors at the headquarters of APIMEC (Brazilian Association of Capital Market Professionals) in São

Paulo, Rio de Janeiro and Porto Alegre. The meetings were highly attended by the related public.

<u>New Subsidiary Company</u>
In the Board of Directors` meeting held on August 7, 2006, and according to Relevant Fact of the same date, the Company authorized the Executive Board to set up a foundry industry. This new affiliate subsidiary company was established on September 1, 2006 at the Interlagos industrial complex, near the other Randon companies. The new company will initially produce cast parts to supply the needs of the Company and of the other Randon Companies, representing one part of the iron castings used by such companies in their production processes. The Company's interest in the new company will be 99,99% and the investments estimated to implement this industrial unit are around R$100.000.000,00 to be realized within 24 months. Such investments are included in the Company's Five-Year Strategic Planning (2005-2009) under the category "Changes in the Sourcing Chain", which has already been reported by the Company in its Annual Report 2005 and in the Prospectus for Public Offering of Shares, registered at CVM (Securities Exchange Commission) on April 26, 2006.

Awards and Distinctions

– For the fifth consecutive time, Randon Companies are ranked in the ranking organized by the *Exame* Magazine / Você S/A, that distinguishes the 150 Best Companies to Work For in Brazil. In the 2006 edition, Fras-le was ranked 8th and Randon S/A. is among the 150 Best Companies;
– Randon S/A. achieved the Award "Preference in Transports" for the 10th consecutive time. The award is promoted by the *Sindicato das Empresas de Transportes de Carga no Estado do RS (Setcergs);*
– Suspensys achieved the excellence prize "Supply Award da Volkswagen Caminhões e Ônibus", in the categories of Performance in Negotiation and Competence in Development. In both indications, the company was chosen as the best supplier in the metallic group;
– Randon Companies ranked 8th among the 100 largest companies in the State of Rio Grande do Sul, in the ranking The Largest and Leading Companies 2006, promoted by the magazine *Amanhã,* with technical support from the consulting company Price Waterhouse Coopers.

Caxias do Sul, November 2006.

The Management

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

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

Executive Board
Raul Anselmo Randon – President-Director
Alexandre Randon – Vice-President Director
Astor Milton Schmitt - Director
Erino Tonon – Director

Investor Relations Director
Astor Milton Schmitt

Corporate Financial and Investor Relations Manager
Geraldo Santa Catharina

Corporate Administrative Manager
Maria Tereza Casagrande

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