

**Appraisal Report of the Net Equity using the Book Value Method**

**Randon S.A.- Implementos e Participações**

June 8, 2009



Centro Empresarial Mostardeiro  
Av. Mostardeiro, 322  
10º Andar - Moinhos de Vento  
90430-000 - Porto Alegre, RS, Brasil

Tel.: (5551) 2104-2050  
Fax: (5551) 2104-2059  
www.ey.com.br

## **Appraisal Report of the Net Equity using the Book Value Method**

### **To:**

**Randon S.A.- Implementos e Participações**  
**Av. Abramo Randon, 770**  
**Caxias do Sul – RS**

1. ERNST & YOUNG AUDITORES INDEPENDENTES S/A., a private legal entity with place of business in São Paulo (SP), on Presidente Juscelino Kubitschek Av., no. 1830, Torre 1, 5<sup>th</sup> and 6<sup>th</sup> floors, enrolled with the General Taxpayers` Registry under no. 61.366.936/0001-25, originally registered at *Conselho Regional de Contabilidade do Estado de São Paulo* (Regional Accounting Council) under no. 2SP 015.199/O-6, with its Articles of Association registered at 1<sup>st</sup> *Ofício de Registro de Títulos e Documentos and Civil de Pessoa Jurídica da Cidade de São Paulo*, State of São Paulo, under no. 122.272, on August 09, 1989, being the latter one dated June 27, 2008, registered and microfilmed under no. 35266, on April 8, 2009, represented by its undersigned partner, Mr. Américo Franklin Ferreira Neto, Brazilian, married, accountant, bearer of the Identity card no. 13.208.495-8/SSP/SP, enrolled with the Private Taxpayers` Registry under no. 045.379.898-58, and at the *Conselho Regional de Contabilidade do Estado de São Paulo* (Regional Accounting Council) under no. 1SP 192.685/O-9, resident and domiciled in the city of Porto Alegre, RS, with offices in this city on Mostardeiro Ave., 322, 10<sup>th</sup> floor, appointed by Randon S.A.- Implementos e Participações to perform the appraisal of the book net equity, on May 31, 2009, of its controlled company Randon Veículos Ltda., pursuant the accounting practices adopted in Brazil, presents below the result of its Appraisal Report:

### **Objective of this Appraisal Report**

2. The objective of this Appraisal Report is to determine Randon Veículos Ltda`s equity book value as of May 31, 2009, as well as the assets and liabilities of the incorporated company, with the purpose of being incorporated into the incorporating company.

### **Scope**

3. The Appraisal Report of the net equity book value is being issued in connection with the audit examination of the Balance sheet as of May 31, 2009, prepared under the responsibility of the Company`s management.

4. Our examination was conducted in accordance with the usual financial statements independent auditing procedures applicable in Brazil, and consisted, among other procedures, of: (a) planning of the work, taking into account the relevance of the balances, volume of transactions, and the Company's internal accounting systems and controls; (b) the verification, based on tests, of the evidence and records supporting the accounting values and information which were made available; and (c) the appraisal of the accounting practices and estimates adopted by the Company's management.

## Conclusion

5. In view of the examinations and analyses performed, we conclude that the value of the assets, rights and obligations integrating the net equity book value of Randon Veículos Ltda., in conformity with the Balance Sheet ended as of May 31, 2009, summarized in the Exhibit, is R\$ 44.077.586,04 (Forty-four million, seventy-seven thousand, five hundred and eighty-six Reais, plus four cents), which is recorded on the Accounting Books in accordance with the accounting practices adopted in Brazil.

In compliance with the requirements of the Brazilian Securities Commission, we inform that:

- (a) Pursuant the professional rules established by the Federal Accounting Council, we are not aware of any direct or indirect conflict of interest, nor of any other relevant circumstances that represent a conflict of interests regarding the services provided by us and described above; and
- (b) We are not aware of any action by the controlling company or by any administrator of the Company, aiming to direct, limit, or hinder, or practice any acts that have or may have compromised the access, the utilization or knowledge of information, assets, documents, or work methodology relevant to the quality of the respective conclusion.

Porto Alegre, June 8, 2009

ERNST & YOUNG  
Auditores Independentes S/A.  
CRC-2 SP 15.199/O-6/F/RS

Américo Franklin Ferreira Neto  
Accountant – CRC1SP192685/O-9/S-RS

## EXHIBIT 1

Exhibit to the Appraisal Report of the net equity book value calculated by means of the accounting books of Randon Veículos Ltda., for the purpose of incorporation by its controlling company Randon S.A.- Implementos e Participações:

	R\$
<b>ASSETS</b>	
Current Assets	
Cash and Banks	1,641,523.25
Financial Investments	10,764,056.95
Trade accounts receivable	21,937,782.13
Inventories	22,161,245.13
Taxes recoverable	3,213,216.88
Advances on payroll	122,017.51
Deferred taxes	1,782,855.05
Advances – Randon Companies	36,626.88
Other accounts receivable	34,905.03
Expenses to carry forward to next period	8,465.91
	<u>61,702,694.72</u>
Noncurrent assets	
Long term assets	
Receivables from Parent Company	23,526.34
Deposits	171,392.41
Taxes recoverable	47,328.37
Advances – Randon Companies	<u>103,205.77</u>
	345,452.89
Permanent Assets	
Investments	15,306.62
Property, plant and equipment	1,843,585.91
Intangible	<u>210,239.72</u>
	<u>2,069,132.25</u>
	<u>2,414,585.14</u>
<b>TOTAL ASSETS</b>	<u><u>64,117,279.86</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Trade accounts payable	4,209,621.21
Salaries and wages payable	255,742.76
Income tax and CSSL (Social Contribution on Net Income)	120,845.05
Taxes and contributions	713,343.12
Advances from customers	6,603,772.01
Provision for vacation and related charges	570,700.03
Commissions payable	861,427.80
Interest on capital payable	4,340,737.46

Interests payable	350,000.00
Other payables	<u>1,208,985.71</u>
	19,235,175.15
Non-current Liabilities	
Long-term liabilities	
Financial Institutions	717,418.67
Other noncurrent liabilities	<u>87,100.00</u>
	804,518.67
Shareholders` Equity	
Capital	15,000,000.00
Profit reserves	27,226,027.57
Accrued profits and losses	(1,080,226.36)
Total Income for the Period	<u>2,931,784.83</u>
	44,077,586.04
TOTAL LIABILITIES	<u><u>64,117,279.86</u></u>

## EXHIBIT II – DESCRIPTION OF THE ASSET

A piece of land in an urban area, comprised of Lot no. 88, of block 2007, derivating from the spinoff of Lot no. 01, in the same block, with boundary line to the east facing Rua Desembargador Bernardo de Medeiros Jr. and Av. Abramo Randon, located on the corner of both streets, in the block formed by the cited streets, and Ruben Bento Alves Avenue, Attilio Andreazza St., Armando de Carli St., Elvira Cruz Neto St., Salustiano R. da Luz, and limit of blocks 1161, 1162, 1163 and 1153, with area of 11,570,25m<sup>2</sup>, containing an industrial pavilion serving as storeroom of spare parts, with building area of 2,494,98m<sup>2</sup>, located on Abramo Randon Av., said lot having the following measures and boundary lines: on the North, 111,85m, with Abramo Randon Ave; on the South by two lines, which, beginning on the North, are, the first line of 49,50m with lot no. 01 of Randon S.A. Implementos e Participações; and the second of 60,00m with Armando de Carli St., on the odd side; on the East by 129,22m, with Desembargador Bernardo de Medeiros Jr.St., on the odd side; and on the West side, by two lines that, beginning on the North, are, the first with 75.00m, and the second with 54.27m, both with lot no. 01 of Randon S.A. implementos e Participações. Registry no. 70.211, dated June 6, 1997, Book no. 2 – General Registry, Notary's Office of the *1ª Zona de Caxias do Sul*.