



## Metalfrío 2Q08: Net revenue R\$ 234.0mn (+65.4% YoY); Adjusted EBITDA R\$ 20.4mn (+214.0% YoY).

– São Paulo, Brazil, August 5, 2008

In this release **Metalfrío Solutions S.A.** (“Metalfrío” – Bovespa: **FRIO3**), one of the world’s largest manufacturers of plug-in commercial refrigeration equipment, reports **results for second quarter 2008 (2Q08)**. Unless otherwise stated, financial and operational information is given in accordance with Brazilian corporate legislation and in Reais (R\$). Comparisons are with 2Q07 or as indicated.

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### Conference Call on Results

#### **In Portuguese**

Date: **August 6, 2008 (Wednesday)**  
Time: 10 a.m. Brasília time  
= 9 a.m. New York time

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#### **In English**

Date: **August 6, 2008 (Wednesday)**  
Time: 11 a.m. Brasília time  
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### Highlights of the period

- ❖ Our net sales revenue in **2Q08**, of **R\$ 234.0mn**, was **65.4% higher than in 2Q07** (R\$ 141.5mn). The number of units sold in the quarter, at 203,300, was 65.6% higher than in 2Q07.
- ❖ We had in this quarter our highest gross margin and EBITDA margin since our IPO. Our gross profit was R\$40.2 million (16.8% gross margin), compared to R\$17.3 million in 2Q07, (132.4% y-o-y growth). Our adjusted<sup>1</sup> EBITDA for 2Q08 was **R\$ 20.4mn** (with adjusted EBITDA margin of 8.7%). This EBITDA is **214.0% higher** than our 2Q07 adjusted EBITDA of R\$ 6.5mn.
- ❖ In the first half of 2008 (1H08), our adjusted EBITDA was **R\$30.7 million, 167.0% growth** compared to the same period in 2007 (1H07).
- ❖ We posted in the 2Q08 Cash Earnings<sup>2</sup> (net profit excluding goodwill amortization of Senocak/Klimasan and the accounting effect of the appreciation of the Real in the consolidation of our investments abroad) of R\$11.1 million (5.2% margin) compared to R\$3.9 million in 1Q08, 184.6% growth.

<sup>1</sup> EBITDA was adjusted in 2Q08 with R\$ 4.5mn of tax incentive and R\$ 8,5mn of accounting effect of the appreciation of the Real in the consolidation of our investments abroad.

<sup>2</sup> Cash Earnings considers R\$ 4.5mn of tax incentive.



## Consolidated result - highlights

### Net sales revenue and units sold

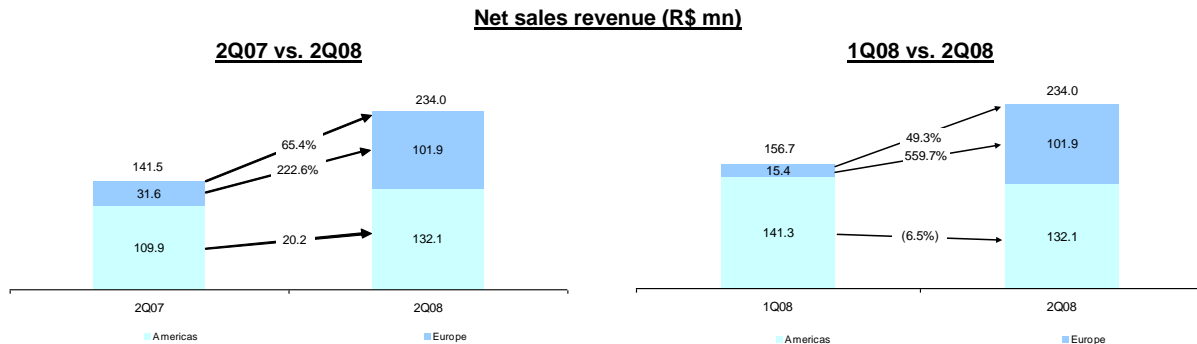
Our net sales revenue in 2Q08, at R\$ 234.0mn, was 65.4% higher than our 2Q07 net sales revenue of R\$ 141.5mn, and 49.3% higher than our net sales revenue for 1Q08, of R\$ 156.7mn.

*Sales volume:* We sold 203,300 units of equipment in 2Q08, 65.6% more than our sales of 122,800 units in 2Q07 and 40.5% more than our sales of 144,700 units in 1Q08.

The operation in the Americas posted 2Q08 net revenue of R\$ 132.1mn, 20.2% more than its 2Q07 net revenue of R\$ 109.9mn, and sold 103,800 units, 15.6% more than its 89,800 units sold in 2Q07.

Consolidation of the Turkish group Senocak/Klimasan (Senocak Holding A.S. and its subsidiaries) added net revenue of R\$ 77.4mn (33.1% of total revenue), resulting in total revenue from our European operation of R\$ 101.9mn (3.2 times its 2Q07 net revenue of R\$ 31.6mn).

Senocak/Klimasan added 70,000 units sold, bringing total unit sales of the European operation to 99,600 units (3.0 times the 2Q07 units sold of 33,100).





### The Americas

Our operation in the Americas (Metalfrío Brazil, Life Cycle Brazil, Mexico, and the US) posted net revenue of R\$ 132.1mn in 2Q08, 20.2% more than its 2Q07 revenue of R\$ 109.9mn, and 6.5% less than its 1Q08 revenue of R\$ 141.3mn, due to the seasonality effect (winter in Brazil).

Unit volume: We sold 103,800 units in 2Q08, 15.6% more than our 2Q07 sales of 89,800 units.

### Europe

Our operation in Europe (Senocak/Klimasan/Lider Metalfrío, Russia and Denmark), produced net sales revenue of R\$ 101.9mn in 2Q08, 3.2 times our 2Q07 net revenue of R\$ 31.6mn, and 6.6 times our 1Q08 net revenue of R\$ 15.4mn.

Our European operation sold 99,600 units in 2Q08, 3.0 times its 2Q07 sales volume of 33,100 units – and 5.4 times its 1Q08 sales volume of 18,500 units.

The result in Europe reflects consolidation of the operations of the Senocak/Klimasan group, of which we acquired control on March 26 of this year. The Senocak/Klimasan group is the holding company of the Turkish company Klimasan and three other companies providing commercial refrigeration sales, commercial representation and technical assistance, located in Turkey, Ukraine and Russia. Consolidation of Senocak/Klimasan added R\$ 77.4mn in net revenue, and 70,000 units sold in the quarter.

This table gives our consolidated revenue and units sold:

NET SALES REVENUE AND UNITS SOLD	2Q07	3Q07	4Q07	1Q08	2Q08 <sup>3</sup>	Change % 2Q08/ 2Q07	Change % 2Q08/ 1Q08
Net sales revenue, total (R\$ mn)	141.5	148.9	172.0	156.7	234.0	+65.5%	+49.3%
Units sold, total (thousands)	122.8	126.5	156.4	144.7	203.3	+65.6%	+40.5%

<sup>3</sup> Senocak/Klimasan was consolidated only in this quarter. Comparison of consolidated figures for 2Q08 with those of 2Q07 should take into consideration that the 2Q07 results of Metalfrío Solutions S.A. did not include consolidation of the operations of the Turkish group **Senocak/Klimasan**. In 2Q08 we consolidate the balance sheet of **Senocak Holding S.A.**, and the results of its operations, whereas in 1Q08 we consolidated its **balance sheet**, but **did not consolidate the results of its operations**.



## Cost of goods sold, gross profit and gross margin

Gross profit in 2Q08 was R\$ 40.2mn, 132.4% more than R\$ 17.3mn in 2Q07, and 81.0% more than our 1Q08 gross profit of R\$ 22.2mn.

Consolidated gross margin in 2Q08 was 17.2%, which compares with 12.2% in 2Q07, and 14.2% in 1Q08.

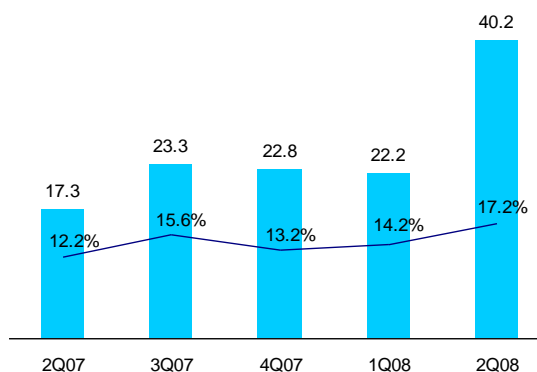
Gross margin of the Americas operation in 2Q08 was 15.3%, which compares with 14.9% in 2Q07, and 16.7% in 1Q08.

Gross margin of the European operation in 2Q08 was 19.5%, which compares with 2.8% in 2Q07, and 8.6% negative in 1Q08.

During this quarter we transferred most of the Brazilian vertical equipment manufacturing line to our plant at Três Lagoas, in the state of Mato Grosso do Sul, expansion of which was completed at the end of 1Q08. This transfer called for duplication of some industrial costs on personnel and outsourced services that totaled R\$ 1.5mn in non recurring costs in 2Q08.

In 2Q08 we finalized transfer of production of the Queretaro plant to our plant at Celaya in Mexico. Costs associated with Queretaro plant (rental of the plant, cost of some employees and other contracted services) amount R\$ 0.4 million per year.

**Gross profit (R\$ mn) and Consolidated gross margin (%)**





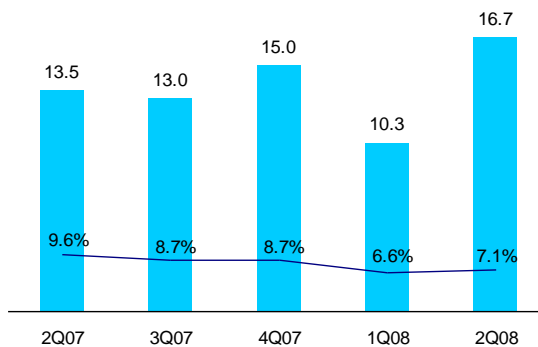
**Operational expenses (SG&A)**

**Selling expenses**

Our 2Q08 selling expenses were R\$ 16.7m, 23.7% greater than in 2Q07 (R\$ 13.5mn), and 62.1% more than in 1Q08 (R\$ 10.3mn). They were 7.1% of net sales revenue in the quarter, compared with 9.6% in 2Q07.

In the Americas we incurred selling expenses of R\$ 9.7mn in 2Q08, 13.4% less than our selling expenses of R\$ 11.2mn in 2Q07.

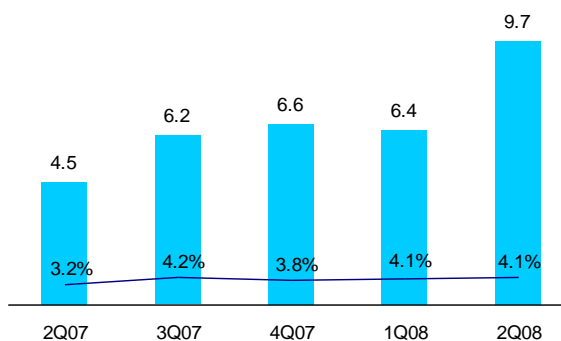
**Selling costs (2Q08 vs. 2Q07, 3Q07, 4Q07 and 1Q08)**  
**R\$ mn, % of Net revenue)**



**General and administrative expenses**

Our G&A expenses in 2Q08 were R\$ 9.7mn, R\$ 5.2mn more than in 2Q07, and R\$ 3.3mn more than in 1Q08. As a percentage of net sales, these expenses were 4.1% in 2Q08, vs. 3.2% in 2Q07 and 4.1% in 1Q08.

**General and administrative expenses**  
**2Q08 vs. 2Q07, 3Q07, 4Q07 and 1Q08**  
**R\$ mn, % of Net revenue)**





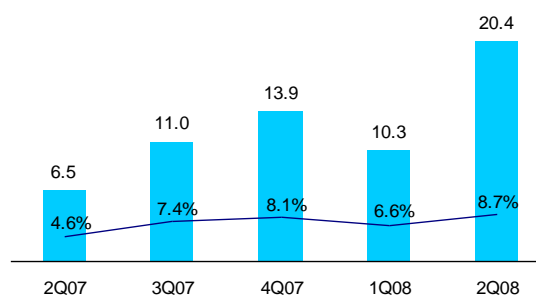
## EBITDA and EBITDA margin

Our adjusted EBITDA after non-recurring items in 2Q08 was R\$ 20.4mn, which compares with R\$ 6.5mn in 2Q07 and R\$ 10.3mn in 1Q08. Our adjusted EBITDA after non-recurring items in the first half of 2008 (2H08) was R\$ 30.7mn, which compares with R\$ 11.5mn in 2H07, 167.0% y-o-y growth.

Adjustments in 2Q08 include R\$ 4.5mn of tax benefits arising from the activities of our plant in Três Lagoas, in Mato Grosso do Sul, Brazil, and an adjustment of R\$ 8.5mn for the accounting effect of the appreciation of the Real in the consolidation of our investments abroad.

Adjusted EBITDA for our operations in the Americas was R\$ 11.7mn, with EBITDA margin of 8.8%. In Europe our EBITDA was R\$ 8.7mn, with margin of 8.6%. The change of level in the European operation was due, in this quarter, principally to consolidation of the operations of Senocak/Klimasan which contributed EBITDA of R\$ 12.7mn, with EBITDA margin of 16.5%.

**Adjusted EBITDA after non-recurring items**  
**2Q08 vs. 2Q07, 3Q07, 4Q07 and 1Q08**  
**R\$ mn. % of Net revenue**



Reconciliation of EBITDA and adjusted EBITDA after non-recurring items:

EBITDA (R\$ mn) consolidated	2Q07	3Q07	4Q07	1Q08	2Q08	LTM <sup>4</sup>
Operational revenue (expenses)	-31.6	3.5	6.0	5.6	-0.1	15.0
Depreciation and amortization	2.7	2.8	2.6	2.8	7.5	15.7
<b>EBITDA</b>	<b>-28.9</b>	<b>6.3</b>	<b>8.7</b>	<b>8.4</b>	<b>7.3</b>	<b>30.8</b>
Tax benefit	1.7	1.7	2.3	2.8	4.5	11.3
IPO expenses	18.4	1	0.4	0	0	1.4
FX variation on foreign subsidiaries	0.9	1.5	2.2	-0.9	8.5	11.3
<b>Adjusted EBITDA</b>	<b>-8.0</b>	<b>10.5</b>	<b>13.5</b>	<b>10.3</b>	<b>20.4</b>	<b>54.7</b>
FX variation – pre-exports (ACC)	1.5	0.5	0.4	0	0	0.9
Non-recurring expenses: Brazil freight and importation	0.3	0	0	0	0	0
Non-recurring expenses: Denmark closure	11.4	0	0	0	0	0
Adjustment of Denmark acquisition price	1.1	0	0	0	0	0
Adjustment of Mexico acquisition price	0.2	0	0	0	0	0
<b>Adjusted EBITDA after non-recurring items</b>	<b>6.5</b>	<b>11.0</b>	<b>13.9</b>	<b>10.3</b>	<b>20.4</b>	<b>55.6</b>
<b>Adjusted EBITDA margin (%)</b>	<b>-5.6%</b>	<b>7.0%</b>	<b>7.9%</b>	<b>6.6%</b>	<b>8.7%</b>	<b>7.7%</b>
<b>Adjusted EBITDA margin after non-recurring items (%)</b>	<b>4.6%</b>	<b>7.4%</b>	<b>8.1%</b>	<b>6.6%</b>	<b>8.7%</b>	<b>7.8%</b>

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LTM = last twelve months. Last twelve months do not consider R\$ 4.0mn of EBITDA generated by Senocak/Klimasan which was not consolidated in that quarter.





### Financial revenue (expenses)

In 2Q08 we posted net financial revenues of R\$ 3.0mn, which compares with net financial revenues of R\$ 6.9mn in 2Q07 and R\$ 0.5mn in 1Q08. The decrease in net financial revenues, compared to 2Q07, is mainly due to a higher net debt associated with the acquisition of Senocak/Klimasan.

### Net profit

Our Cash Earnings was R\$11.1 million (5.2% margin) compared to R\$3.9 million in 1Q08 (184.6% growth). Cash Earnings is our net result for 2Q08 (R\$ 4.6mn loss) adjusted for the tax benefit of R\$4.5mn, for the accounting effect of the appreciation of the Real in the consolidation of our investments abroad of R\$8.5mn and for the amortization of the goodwill of Senocak/Klimasan of R\$2.7mn.

The accounting effect of the appreciation of the Real in the consolidation of our investments abroad above were caused by a 9% appreciation of the Real against the Dollar in this quarter. Metalfrio has investments of US\$ 66.0mn outside of Brazil.



## Working capital

Net working capital at the end of 2Q08 was R\$ 357.4mn, compared to R\$ 350.2mn at the end of 1Q08. Excluding cash and short-term debt, this amount was relatively stable, decreasing R\$3.0mn.

Compared to the balances for 1Q08, when we were already consolidating the items in the balance sheet of Senocak/Klimasan, accounts receivable from clients was R\$ 26.1mn higher (R\$ 262.7mn at the end of 2Q08, vs. R\$ 236.6mn at the end of 1Q08). Inventories, of R\$ 144.7mn at the end of 2Q08, were R\$ 18.9mn lower than our total of R\$ 163.6mn at the end of 1Q08.

In our European operations, where sales payment periods are longer, net working capital typically peaks in 2Q08.

WORKING CAPITAL R\$ mn	2Q07	3Q07	4Q07	1Q08	2Q08	Change \$ 2Q08 vs. 1Q08	Change \$ 2Q08 vs.2Q07
Current assets:							
Cash and cash equivalents	267.4	219.8	213.3	115.4	116.1	0.7	-151.3
Accounts receivable from clients	109.1	126.9	148.8	236.6	262.7	26.1	153.6
Inventory	95.6	124.7	114.7	163.6	144.7	-18.9	49.1
Others	26.5	29.4	22.2	45.7	34.2	-11.5	7.7
<b>A) Total</b>	<b>501.6</b>	<b>500.8</b>	<b>499.0</b>	<b>561.3</b>	<b>557.7</b>	<b>-3.7</b>	<b>56.1</b>
<b>B) Current assets (less cash)</b>	<b>231.2</b>	<b>281.0</b>	<b>285.7</b>	<b>446.0</b>	<b>441.6</b>	<b>-4.3</b>	<b>210.4</b>
Current liabilities:							
Suppliers	64.0	65.3	63.6	87.2	79.1	-8.1	15.1
Short-term bank debt	39.1	44.1	42.1	73.9	64.4	-9.5	25.3
Other	42.1	45.5	39.9	50.1	56.9	6.8	14.8
<b>C) Total</b>	<b>145.2</b>	<b>154.9</b>	<b>145.6</b>	<b>211.2</b>	<b>200.3</b>	<b>-10.8</b>	<b>55.1</b>
<b>D) Current liabilities (less debt)</b>	<b>106.1</b>	<b>110.8</b>	<b>103.5</b>	<b>137.3</b>	<b>136.0</b>	<b>-1.3</b>	<b>29.9</b>
Net working capital (A-C)	356.4	345.9	353.4	350.2	357.4	7.2	4.0
NWC less net cash (B-D)	125.1	170.1	182.2	308.7	305.7	-3.0	180.6
Receivables, days	57	60	59	101	81	-20	+22
Inventories, days	69	89	69	110	67	-42	+5
Suppliers, days	46	47	38	58	37	-22	-9
<b>Cash cycle, days</b>	<b>80</b>	<b>103</b>	<b>89</b>	<b>153<sup>5</sup></b>	<b>112</b>	<b>-41</b>	<b>+36</b>
Current liquidity	3.5x	3.2x	3.4x	2.7x	2.8x	n/a	n/a

<sup>5</sup> Cash cycle calculation was impacted by the consolidation of Senocak/Klimasan balances in 1Q08, without the corresponding consolidation of the results in that quarter. On a stand-alone basis (without the consolidation of Senocak/Klimasan balance sheet), the 1Q08 days of receivables, inventory, suppliers and cash cycle would have been respectively, 74, 85, 42 and 118.





### **Cash and equivalents**

At the end of 2Q08 we had a cash balance of R\$ 116.1mn, which compares with R\$ 115.4mn at the end of 1Q08.

The main use of cash in 2Q08 was related to capex of R\$ 13.0mn, principally related to the operations of the plants at Três Lagoas, Brazil (R\$ 8.0mn) and the Klimasan plant at Manisa (R\$ 5.0mn).

The greater part of our cash is still held in short-term investments in Brazil and Turkey. At the end of 2Q08 we had R\$ 63.5mn (54.7% of the total) invested in Brazil – vs. R\$ 77.8mn (67.4% of the total) at the end of 1Q08, and R\$ 20.2mn (17.4% of the total) invested in Turkey, vs. R\$ 29.3mn (25.4% of the total) at the end of 1Q08.

### **Accounts receivable from clients**

Our average days' receivable<sup>6</sup> decreased in 2Q08 to 81 days, compared to 101 days in 1Q08.

Accounts receivable from clients were R\$ 26.1mn higher at the end of 2Q08 than at the end of 1Q08 (R\$ 262.7mn at 2Q08 vs. R\$ 236.6mn at 1Q08).

### **Inventories**

Our average inventory period<sup>7</sup> in 2Q08 decreased to 67 days, compared to 110 days in 1Q08.

Total inventories at the end of 2Q08, at R\$ 144.7mn, were R\$ 18.9mn lower than at the end of 1Q08 (R\$ 163.6mn).

Inventories in the Americas were R\$ 7.2mn lower, at R\$ 73.7mn, at the end of 2Q08, than at the end of 1Q08 (R\$ 80.9mn).

Our inventories in Europe at the end of 2Q08 were R\$ 11.8mn lower, at R\$ 71.0mn, than at the end of 1Q08 (R\$ 82.8mn).

### **Suppliers**

Our average suppliers' period<sup>8</sup> in 2Q08 was 37 days compared to 58 days in 1Q08.

Our balance owed to suppliers at the end of 2Q08 was R\$ 79.1mn, compared to R\$ 87.2mn in 1Q08, a reduction of R\$ 8.1mn.

In the Americas this balance was R\$ 1.0mn lower, at R\$51.9mn, at the end of 2Q08 than in 1Q08 (R\$ 52.9mn).

In Europe our balance with suppliers at the end of 2Q08 was R\$ 7.1mn lower, at R\$ 27.2mn, than at the end of 2Q08 (R\$ 34.3mn).

<sup>6</sup> Average days' receivables: calculated as the **balance of Accounts receivable from clients at the end of the period** divided by the **gross revenue for the period**, multiplied by the **number of days in the period**.

<sup>7</sup> Average days' inventories: calculated as the **final balance of inventories** divided by the **cost of goods sold for the period**, multiplied by the **number of days in the period**.

<sup>8</sup> Average days' suppliers: calculated as the **final balance of suppliers** divided by the **cost of goods sold for the period**, multiplied by the **number of days in the period**.



## Investments

### Property, plant and equipment

Our PP&E increased by R\$ 15.6mn in 2Q08.

Principal investments in fixed assets were in our plants at Três Lagoas to increase its capacity (R\$ 8.0mn) and Manisa (Klimasan), (R\$ 5.0mn).

FIXED ASSETS (R\$ mn)	2Q07	3Q07	4Q07	1Q08	2Q08	Chg \$ 2Q08/ 1Q08
Investments	1.8	20.8	27.1	111.7	100.8	-9.7%
PP&E	51.7	65.3	69.7	111.6	127.2	+14.0%
Intangible	9.1	8.6	8.6	9.9	9.0	-8.6%
Deferred	6.7	9.1	11.4	13.5	13.6	+1.0%
<b>Total</b>	<b>69.4</b>	<b>103.8</b>	<b>116.9</b>	<b>246.7</b>	<b>250.8</b>	<b>+1.6%</b>

We are projecting additional capex of R\$ 13mn by the end of the year, for total estimated 2008 capex of R\$ 35mn.

### Intangible

The balance on this account diminished by R\$ 0.9mn due to amortization.

### Deferred

Deferred assets increased by R\$ 0.1mn, mainly reflecting expenses in development of projects in our Três Lagoas plants.

### Investments

This balance, made up of goodwill generated in acquisition of investments, diminished by R\$ 10.9mn, due to negative effects of variations in exchange rates of R\$ 9.5mn, goodwill amortization of R\$ 2.7mn, and addition to the goodwill of Senocak/Klimasan of R\$ 1.6mn related to acquisition expenses.



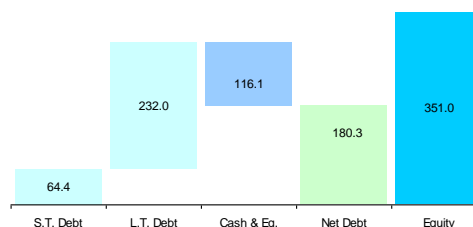
## Capitalization and liquidity

At the end of 2Q08 we had net debt of R\$ 180.3mn, compared with net debt of R\$ 178.3mn at the end of 1Q08.

Our cash balance increased by R\$ 0.7mn, to R\$ 116.1mn at the end of 2Q08.

The principal use of cash in 2Q08 was for capex of R\$ 13.0mn, mainly on operations of the plants at Três Lagoas (R\$8.0mn) and Manisa–Klimasan (R\$ 5.0mn).

**Net debt and Stockholders' equity**  
**2Q08, R\$ million**



LIQUIDITY INDICATORS (R\$ mn)	2Q07	3Q07	4Q07	1Q08	2Q08	Chg \$ 2Q08/ 1Q08	Chg \$ 2Q08/ 2Q07
Cash and equivalents	267.4	219.8	213.3	115.4	116.1	0.7	-151.3
Short-term debt (ST)	39.1	44.1	42.1	73.9	64.4	-9.5	25.3
Long-term debt (LT)	90.9	108.6	117.5	219.8	232.0	12.1	141.1
Debt in US\$	121.0	133.3	122.7	278.3	212.5	-65.8	91.5
Debt in R\$ or other currencies	9.0	19.5	36.9	15.4	83.8	68.4	74.8
Gross debt	130.0	152.8	159.6	293.7	296.3	2.6	166.3
Net cash/net debt	137.4	67.0	53.7	-178.3	-180.3	-2.0	-317.7
Stockholders' equity (SE)	332.0	344.5	353.6	355.6	351.0	-4.6	19.0
( Cash and equivalents ) / ( ST debt )	6.8x	5.0x	5.1x	1.6x	1.8x	n/a	n/a
( ST ) / ( ST + LT )	30.1%	28.9%	26.4%	25.2%	21.7%	n/a	n/a
( Net cash (net debt) ) / SE	0.4x	0.2x	0.2x	-0.5x	-0.5x	n/a	n/a
( Net debt ) / ( Net debt + SE )	n/a	n/a	n/a	33.1%	33.9%	n/a	n/a

### Financial debt

At the end of 2Q08 our total debt was R\$ 296.3mn, vs. R\$ 293.7mn at the end of 1Q08. Of this total, R\$ 87.3mn relates to the consolidation of Senocak/Klimasan.

Our **short-term debt** changed from R\$ 73.9mn at the end of 1Q08 to R\$ 64.4mn at the end of 2Q08, a reduction of R\$ 9.5mn. Our short-term debt in Senocak/Klimasan, of R\$ 46.0mn, is largely trade related, therefore, peaking in the second quarter due to sales seasonality.

Our **long-term debt** changed from R\$ 219.8mn at the end-1Q08 to R\$ 232.0mn at end-2Q08, an increase of R\$ 12.1mn.

### Stockholders' equity

Stockholders' equity changed from R\$ 355.6mn at the end of 1Q08 to R\$ 351.0mn at the end of 2Q08, a decrease of R\$ 4.6mn reflecting our net loss in the quarter (due to goodwill amortization of Senocak/Klimasan and the accounting effect of the appreciation of the Real in the consolidation of our investments abroad).

The gain of R\$ 4.5mn in tax benefits was accounted as Future Earnings in Non-Current Assets, in accordance with Law 11638 and CVM Instruction 469.



## About Metalfrío

**Metalfrío Solutions S.A. (Bovespa: FRI03)** is one of the world's largest manufacturers of plug-in commercial refrigeration equipment. We have a product portfolio of hundreds of models of vertical and horizontal plug-in refrigerators and freezers, for refrigeration of beers, soft drinks, ice creams and frozen foods, and cooled products in general. Through direct distribution or through distributors and representatives, we provide our products to clients that are among the world's largest manufacturers of cooled and frozen beverages and foods. We now operate plants in Brazil, Mexico, Turkey, and Russia – and our own distribution center in the United States.



## Consolidated income statements

INCOME STATEMENT ( R\$ mn)	2Q07	% of net rev.	3Q07	% of net rev.	4Q07	% of net rev.	1Q08	% of net rev.	2Q08	% of net rev.
<b>Gross revenue</b>	<b>172.8</b>	<b>122.2%</b>	<b>189.2</b>	<b>127.1%</b>	<b>228.0</b>	<b>132.6%</b>	<b>210.0</b>	<b>134.0%</b>	<b>290.8</b>	<b>124.3%</b>
Domestic Brazilian sales	109.6	77.5%	141.0	94.7%	200.6	116.6%	189.3	120.8%	234.7	100.3%
Export sales	63.2	44.7%	48.1	32.3%	27.4	15.9%	20.7	13.2%	56.1	24.0%
<u>Deductions from revenue:</u>										
Taxes on sales	(29.7)	-21.0%	(38.3)	-25.8%	-53.8	-31.3%	-48.2	-30.8%	-53.8	-23.0%
Returns and discounts	(1.6)	-1.1%	(1.9)	-1.3%	-2.4	-1.4%	-5.0	-3.2%	-3.1	-1.3%
<b>Net revenue from products and services</b>	<b>141.4</b>	<b>100.0%</b>	<b>148.9</b>	<b>100.0%</b>	<b>172.0</b>	<b>100.0%</b>	<b>156.7</b>	<b>100.0%</b>	<b>234.0</b>	<b>100.0%</b>
Costs of products sold and services provided	(124.2)	-87.8%	(125.6)	-84.4%	-149.2	-86.8%	-134.5	-85.8%	-193.8	-82.8%
<b>Gross profit</b>	<b>17.3</b>	<b>12.2%</b>	<b>23.3</b>	<b>15.6%</b>	<b>22.8</b>	<b>13.2%</b>	<b>22.2</b>	<b>14.2%</b>	<b>40.2</b>	<b>17.2%</b>
<u>Operational expenses:</u>										
Selling expenses	(13.5)	-9.6%	(13.0)	-8.7%	-15.0	-8.7%	-10.3	-6.6%	-16.7	-7.1%
General and administrative expenses	(4.5)	-3.2%	(6.2)	-4.2%	-6.6	-3.4%	-6.3	-4.0%	-9.7	-4.1%
Fees – Directors	(0.3)	-0.2%	(0.4)	-0.2%	-0.3	-0.6%	-0.9	-0.6%	-0.9	-0.4%
Other operational expenses	(30.6)	-21.6%	(0.3)	-0.2%	5.1	3.1%	0.9	0.6%	-13.1	-5.6%
<b>Total operational expenses</b>	<b>(48.9)</b>	<b>-34.6%</b>	<b>(19.8)</b>	<b>-13.3%</b>	<b>-16.7</b>	<b>-9.7%</b>	<b>-16.6</b>	<b>-10.6%</b>	<b>-40.3</b>	<b>-17.2%</b>
<b>Operational profit before financial revenue (expenses)</b>	<b>(31.6)</b>	<b>-22.3%</b>	<b>3.5</b>	<b>2.3%</b>	<b>6.0</b>	<b>3.5%</b>	<b>5.7</b>	<b>3.6%</b>	<b>-0.1</b>	<b>-0.1%</b>
Net financial revenue (expenses)	6.9	4.9%	13.1	8.8%	10.5	6.1%	0.5	0.3%	3.0	1.3%
<b>Operational profit (loss)</b>	<b>(24.7)</b>	<b>-17.5%</b>	<b>16.5</b>	<b>11.1%</b>	<b>16.5</b>	<b>9.6%</b>	<b>6.2</b>	<b>3.9%</b>	<b>2.9</b>	<b>1.2%</b>
Non-operational revenue (expenses)	16.1	11.4%	0.0	0.0%	0.4	0.2%	-0.2	-0.1%	0.1	0.0%
<b>Profit before income tax and Social Contribution</b>	<b>(8.6)</b>	<b>-6.1%</b>	<b>16.6</b>	<b>11.1%</b>	<b>16.9</b>	<b>9.8%</b>	<b>6.0</b>	<b>3.8%</b>	<b>2.9</b>	<b>1.3%</b>
Income tax and Social Contribution	(1.3)	-0.9%	(5.9)	-3.9%	-7.6	-4.4%	-4.0	-2.6%	-3.1	-1.3%
<b>Net profit for the period before minority interests</b>	<b>(9.9)</b>	<b>-7.0%</b>	<b>10.7</b>	<b>7.2%</b>	<b>9.3</b>	<b>5.4%</b>	<b>2.0</b>	<b>1.3%</b>	<b>-0.2</b>	<b>-0.1%</b>
Minority interests	0.0	0.0%	(0.0)	0.0%	0.1	0.0%	0.0	0.0%	-4.4	-1.9%
<b>Net profit for the period</b>	<b>(9.9)</b>	<b>-7.0%</b>	<b>10.7</b>	<b>7.2%</b>	<b>9.4</b>	<b>5.4%</b>	<b>2.0</b>	<b>1.3%</b>	<b>-4.6</b>	<b>-2.0%</b>





## Consolidated balance sheet

BALANCE SHEET (R\$ mn)	2Q07	3Q07	4Q07	1Q08	2Q08	Change % 2Q08/ 1Q08	Change % 2Q08/ 2Q07
<b>Assets</b>							
Cash and cash investments	267.5	219.8	213.3	115.4	116.1	0.58%	-56.62%
Accounts receivable from clients	109.1	126.9	148.8	236.6	262.7	11.05%	140.83%
Inventories	95.6	124.7	114.7	163.6	144.7	-11.57%	51.37%
Taxes recoverable	18.8	20.9	16.1	26.4	18.7	-29.19%	-0.38%
Deferred income tax and Social Contribution	3.2	2.6	1.4	1.9	3.3	72.37%	2.34%
Related parties	0.0	0.0	0.0	0.0	0.0	n/a	n/a
Other accounts receivable	4.4	6.3	4.7	17.2	12.2	-29.23%	176.66%
<b>Total. current assets</b>	<b>498.6</b>	<b>501.2</b>	<b>499.1</b>	<b>561.2</b>	<b>557.7</b>	<b>-0.62%</b>	<b>11.85%</b>
Deferred income tax and Social Contribution	1.5	2.1	1.6	1.8	2.1	19.04%	42.85%
Taxes recoverable	4.5	6.3	5.8	6.0	10.1	67.78%	125.46%
<b>Total. long-term assets</b>	<b>6.0</b>	<b>8.4</b>	<b>7.3</b>	<b>7.8</b>	<b>12.3</b>	<b>56.60%</b>	<b>104.80%</b>
Investments	1.8	20.8	27.1	111.7	100.8	-9.72%	5502.64%
PP&E, net	51.7	65.3	69.7	111.6	127.2	14.00%	146.09%
Intangible	9.1	8.6	8.6	9.9	9.0	-8.86%	-0.57%
Deferred	6.7	9.1	11.4	13.6	13.6	0.25%	103.49%
<b>Total, fixed assets</b>	<b>69.4</b>	<b>103.8</b>	<b>116.9</b>	<b>246.8</b>	<b>250.8</b>	<b>1.59%</b>	<b>261.32%</b>
<b>Total assets</b>	<b>574.0</b>	<b>613.3</b>	<b>623.3</b>	<b>815.9</b>	<b>820.7</b>	<b>0.60%</b>	<b>42.98%</b>
<b>Liabilities and stockholders' equity</b>							
Suppliers	64.0	65.3	63.6	87.2	79.1	-9.30%	23.58%
Loans and financings	39.1	44.1	42.1	73.9	64.4	-12.87%	64.59%
Tax obligations	7.0	11.2	14.2	19.2	26.2	36.40%	274.14%
Payroll and payroll charges	7.3	6.9	5.1	9.8	9.6	-1.65%	32.03%
Sundry provisions	20.4	18.1	10.2	7.4	12.1	62.42%	-40.74%
Deferred income tax and Social Contribution	3.3	2.9	2.7	2.9	2.6	-10.13%	-21.02%
Dividends	0.0	0.0	2.6	2.6	0.0	n/a	n/a
Related parties	0.0	0.0	0.0	0.0	0.0	n/a	n/a
Other accounts payable	4.1	6.3	5.0	8.2	6.4	-22.83%	55.12%
<b>Total. current liabilities</b>	<b>145.2</b>	<b>154.8</b>	<b>145.6</b>	<b>211.2</b>	<b>200.3</b>	<b>-5.17%</b>	<b>37.97%</b>
Loans and financings	90.9	108.6	117.5	219.8	232.0	5.52%	155.18%
Tax obligations	1.6	0.7	0.5	0.2	0.0	-100.00%	-100.00%
Deferred income tax and Social Contribution on revaluation	2.4	2.3	3.2	3.0	3.0	1.54%	26.92%
Provision for contingencies	0.5	0.5	0.4	2.2	2.5	12.03%	392.94%
Other accounts payable	1.1	1.9	2.4	2.7	2.3	-14.54%	106.89%
<b>Total. long-term liabilities</b>	<b>96.5</b>	<b>114.0</b>	<b>124.0</b>	<b>227.9</b>	<b>239.7</b>	<b>5.21%</b>	<b>148.44%</b>
Future earnings	0.0	0.0	0.0	2.8	7.3	160.09%	n/a
Minority interests	0.2	0.0	0.0	18.4	22.3	n/a	n/a
Registered capital	340.0	340.0	340.0	340.0	340.0	0.00%	-0.01%
Capital reserves	4.0	5.7	8.1	8.1	8.1	0.00%	102.50%
Profit reserve	0.0	0.0	0.1	0.1	0.1	n/a	n/a
Revaluation reserve	6.1	5.8	5.5	5.2	5.0	-3.44%	-17.35%
Retained profit (loss)	-18.1	-7.0	0.0	2.2	-2.2	0.00%	-88.04%
<b>Stockholders' equity</b>	<b>332.0</b>	<b>344.5</b>	<b>353.7</b>	<b>355.6</b>	<b>351.0</b>	<b>-1.28%</b>	<b>5.73%</b>
<b>Liabilities + stockholders' equity</b>	<b>574.0</b>	<b>613.3</b>	<b>623.3</b>	<b>815.9</b>	<b>820.7</b>	<b>0.59%</b>	<b>42.98%</b>





## Consolidated cash flow

CASH FLOW (RS mn)	2Q07	2Q08
Net profit for the period	(18.7)	(2.6)
<u>Items not affecting working capital:</u>		
Depreciation and amortization	4.1	10.3
Provision for contingencies	0.1	-
Sundry provisions	16.0	1.9
FX variations on long-term loans	-	10.1
Residual value of permanent assets written off	-	0.5
Subvention for investments	1.7	7.3
Deferred income tax and Social Contribution	(2.9)	(2.7)
	0.3	24.8
<b>(INCREASE) REDUCTION IN ASSETS</b>		
<u>Current:</u>		
Accounts receivable from clients	(19.0)	(24.3)
Inventories	(27.0)	(12.9)
Taxes recoverable	(8.1)	(2.2)
Accounts receivable from related parties	(1.5)	-
Other accounts receivable	(2.5)	2.0
<u>Long term:</u>		
Recoverable taxes	-	(0.3)
	(58.1)	(37.7)
<b>INCREASE (REDUCTION) IN LIABILITIES</b>		
<u>Current:</u>		
Suppliers	10.8	(1.3)
Taxes and contributions	(2.6)	1.2
Payroll and payroll charges	1.7	3.1
Short-term interest and FX variations	(2.4)	1.5
<u>Long-term assets:</u>		
Tax obligations	(0.2)	(0.3)
Other accounts payable	(1.2)	(0.7)
	6.0	3.5
<b>NET CASH FROM OPERATIONS</b>	-2.4	-132.0
<b>INVESTMENT ACTIVITIES</b>		
Fixed assets	(2.2)	(11.2)
Intangible assets	(0.4)	(0.5)
Deferred assets	(0.8)	(1.6)
Acquisition of investments	-	(109.2)
<b>NET CASH USED IN INVESTMENT ACTIVITIES</b>	(3.3)	(122.5)
<b>FINANCING ACTIVITIES</b>		
Increase (reduction) of short-term loans	2.9	22.5
Principal payments: short-term	(2.8)	(44.1)
Funding from long-term loans	29.1	74.4
Increase in registered capital	315.2	-
Payment of dividends	(25.5)	(2.6)
Other	0.0	2.7
<b>NET CASH DISBURSED (INVESTED) IN FINANCING ACTIVITIES</b>	318.9	52.9
<b>NET INCREASE (REDUCTION) IN CASH AVAILABLE</b>	194.5	(97.2)
Final balance of cash, cash equivalents and cash investments	267.4	116.0
Initial balance of cash, cash equivalents and cash investments	72.9	213.3
<b>COMPLEMENTARY INFORMATION</b>		
Payment of Interest on Equity	3.4	4.8
Payment of income tax and Social Contribution	2.7	4.3



Information in this report on performance that is not directly derived from financial statements, such as, for example, information about the market, quantities produced and sold, production capacity, or calculation of EBITDA, adjusted EBITDA and adjusted EBITDA after non-recurring items, has not been the subject of special review by our external auditors.

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