Driven by performance

Press release regarding to the second quarter of 2011of MAHLE Metal Leve S.A.

Mogi Guaçu (State of SP), August 12, 2011 - MAHLE Metal Leve S.A. (BM&FBOVESPA: LEVE3), a leading manufacturer in the production of engine components in Brazil, announces today the results for the second quarter of the fiscal year 2011. The Company's operating and financial information, except where otherwise indicated, is presented in consolidated basis and in BRL, according to the Corporation Law.

MAHLE Metal Leve S.A. reports net revenues from sales of R$569.1 million in 2Q2011 and EBITDA of R$92.8 million.

Net Revenues from Sales up 27.4% from 2Q2010 (R$446.6 million)

EBITDA was **R$92.8 million**, up 48.2% from 2Q2010 (R$62.6 million), representing an **EBITDA margin** of **16.3%**, up 2.3 p.p. from 2Q2010 (EBITDA margin of 14.0%).

Gross income totaled R$165.7 million, up 45.5% from 2Q2010 (R$113.9 million).

Net Income was **R$39.0 million,** up 151.6% from net income for 2Q2010.

2T11	
Share Price (08/11/2011) LEVE3	
R$/share	36.50
US$/share	22.38
Shares Outstanding (08/11/2011)	
Total Shares	42,769,500
Free Float	27.84%
Market Capitalization (11/08/2011)	
R$ 1,561 billion	
US$ 0,957 billion	
Shareholder benefit	
(2010)	
R$ 2,76 per preferred share	
R$ 2,51 per ordinary share	
Indicators (Jun/11)	
Book Value	32.08
Price/Book Value	1.13

Investor Relations

Heiko Pott
heiko.pott@br.mahle.com

João Antônio Passos Carvalho
joao.carvalho@br.mahle.com

Tel.: (55-11) 3787-3520
Fax.: (55-11) 3787-3524

relacoes.investidores@br.mahle.com
http://ri.mahle.com.br

Driven by performance

Management report for the first half of 2011

1 Macroeconomic scenario 3

1.1 Performance of the Brazilian automotive industry 4

1.2 Performance of the Argentinean automotive industry 9

2 Financial and economic performance of the Company 10

2.1 Net sales revenue 10

2.2 Summary of income statements 13

2.3 Gross profit and gross margin 14

2.4 Selling expenses 15

2.5 General and administrative expenses 15

2.6 Technology and product development expenses 15

2.7 Other operating income (expenses), net 16

2.8 Operating income measured by EBITDA 16

2.9 Pro-forma financial information 17

2.10 Financial Management / Net Financial Expenses 19

2.11 Indebtedness 19

2.12 Net income 20

2.13 Capital expenditures 20

3 Completion of Corporate Restructuring of MAHLE Group South America 21

4 Human Resources 22

5 Independent Auditors 22

6 Outlook 22

1. Macroeconomic scenario

The tight monetary policies adopted at the end of 2010 to constrict spending and curb inflation began to produce effect in the second quarter of 2011 and have led to lower economic growth. In the second quarter, domestic demand grew at a more moderate pace but continues to grow on the back of heated labor market and rising income of the people, which maintain the purchasing power.

At the beginning of June 2011, the Brazilian Institute of Geography and Statistics (IBGE) announced the Gross Domestic Product (GDP) for the first quarter of 2011. GDP increased by 1.3% compared to the last quarter of 2010, and by 4.2% compared to the same quarter of the prior year.

The global economic recovery is advancing at different speeds. The countries of the Euro zone continues to be strongly asymmetric, because while certain economies continue to be impacted by insolvency risks and are subject to strong fiscal adjustments, there is economic expansion in other regions, such as Germany. Emerging countries will continue to grow, with inflation pressures emerging and tight monetary policies in several economies.

According to the Central Bank of Brazil, the exchange rate quote of the U.S. dollar to the Brazilian real was R$ 1.56 at the end of the first half of 2011 (R$ 1.63/US$ at the end of the first quarter of 2011), down 6.6% against R$ 1.67 at the end of 2010, substantially affecting competitiveness and profitability of the Brazilian industry in the international market.

According to the information provided by the Ministry of Development, Industry and Foreign Trade, in the first half of 2011 Brazil reported a trade surplus of US$ 13.0 billion (US$ 19.3 billion in the same period of the prior year). Exports rose to a record US$ 118.3 billion, representing a growth of 31.6% compared to the first half of 2010. Imports totaled US$ 105.3 billion, representing a growth of 28.5% compared to the same period of the prior year.

1.1 Performance of the Brazilian automotive industry

The automotive industry hit record production and sales in the first half of 2011, as a result of the strong domestic demand as commented above, but also because the 2010 comparison base is weak due to the expiration of the tax incentive (reduction in the rate of IPI – federal VAT) at that time. However, in the period the penetration of imported cars in the domestic market rose to 22.4% of the total vehicles sold.

Total vehicle sales to the domestic market

In thousand units

Segment	2Q11	2Q10	Var.	1H11	1H10	Var.
Light vehicles (automobiles and light commercials)	860.3	745.1	15.5%	1,638.0	1,495.5	9.5%
Trucks	43.4	39.8	9.0%	82.9	71.0	16.8%
Buses	8.3	6.8	22.1%	16.3	13.2	23.5%
Total automotive vehicles	912.0	791.7	15.2%	1,737.2	1,579.7	10.0%
Source: Anfavea.						

Sales of domestic and imported vehicles to the domestic market in the second quarter of 2011 totaled 912.0 thousand units, representing an increase of 15.2% compared to the same quarter of the prior year and 19% compared to the first quarter of 2011.

Sales in the first half of 2011 totaled 1,737.2 thousand units, an increase of 10% as compared to the same period of the prior year. Of

total vehicles sold in the first half of the year, the increase in domestic vehicles was 3.9%, totaling 1,347.2 thousand units, and the increase in imported vehicles was 38.0%, totaling 390.0 thousand units. In the first half of the year there has also been an increase in sales of vehicles equipped with over 1,0L engines.

Credit sales, which accounted for 68% of sales in the second half of the prior year, now account for 62%, and default on financing is rising.

In monetary terms, sales of **light vehicles** in the second quarter increased by 15.5% (3.6% in the prior quarter). Automakers' and dealers' vehicle inventory averaged 33 days' sales and approximates a high level for the industry, above 35 days.

After posting a growth of 26.8% in the first quarter, the **truck** segment grew 9.0% in the second quarter. This segment has benefited from the Investment Support Program that is intended to stimulate production, acquisition and export of capital goods and technological advancement. The IPI (federal VAT) exemption for the heavy vehicle segment, which was effective by the end of 2011, has been recently extended to the end of 2012.

Domestic sales of **buses** remained strong, with a growth of 23.9% in the first quarter and 22.1% in the second quarter, closing the six-month period with a growth of 23.5%, when compared to the same periods of the prior year.

Despite record sales in the first half of 2011, Brazil is no longer the world's fourth largest car market and currently ranked fifth after Germany that recovered the fourth position lost in 2010.

Export of assembled vehicles

Exports of vehicles totaled US$ 7.2 billion in the first half of 2011, representing an increase of 24.9% compared to the same period of the prior year. This increase was due to a gradual recovery of sales in the international car markets, in addition to other factors such as change in the mix of exported products and increased number of spare parts for existing fleet abroad. Despite gradual recovery, since the global crisis of 2009 prices of products and services in the export market are below historical levels.

Export sales of assembled vehicles in units grew by 3.1% in the first half of the year and by 8.0% in the second quarter, compared to the same periods of the prior year. Vehicle exports consisted principally of light vehicles (automobiles and light commercial vehicles), accounting for 94.1% of total exports of assembled vehicles.

According to the Brazilian Association of Motor Vehicle Manufacturers (Anfavea), the ports are full to and beyond capacity because of the end of the automatic import licenses for Brazilian vehicles imported by Argentina and have no storage space for more vehicles, with 99 thousand licenses pending approval, which has taken 15 to 20 days.

Export of assembled vehicles						In thousand units
Segment	2Q11	2Q10	Var.	1H11	1H10	Var.
Light vehicles (automobiles and light commercials)	120.9	113.6	6.4%	233.7	229.5	1.8%
Trucks	7.2	5.0	44.0%	12.6	9.1	38.5%
Buses	2.3	2.1	9.5%	3.7	4.0	-7.5%
Total automotive vehicles	130.4	120.7	8.0%	250.0	242.6	3.1%
Source: Anfavea.						

Vehicle imports

The entry of imported cars in the domestic market is driven by strong domestic demand and favorable exchange conditions for imports. The National Consumer Satisfaction Index (INSC) published by Escola Superior de Propaganda e Marketing (ESPM) indicates that Brazilians are increasingly unsatisfied with domestic vehicles (rate of 79% in April and 62% in May). According to ESPM, one of the reasons for decline in consumer satisfaction with domestic vehicles was the offensive of Chinese and Korean brands that offer cars with a wide array of accessories at attractive prices.

Vehicles imports						In thousand units
Import	2Q11	2Q10	Var.	1H11	1H10	Var.
Light vehicles (automobiles and light commercials)	208.1	141.0	47.6%	390.0	282.6	38.0%
% share of imports to total sales to domestic market	22.8%	17.8%		22.4%	17.9%	
Source: Anfavea.						

In the first half of the year the share of imported vehicle sales to the total sales in the domestic market grew by 4.5 percentage points compared to the first half of the prior year, to 22.4% share. The import of vehicles in the second quarter of 2011 recorded a growth of 14.4% compared to the first quarter that totaled 181.9 thousand units. The light vehicle segment accounts for 99.6% of the total imported vehicles.

The trade balance of vehicles in the first half of 2011 was unfavorable, with a difference of 140.0 thousand units (40.0 thousand units in the first half of 2010).

Vehicle production

Vehicle production (light vehicles, trucks and buses) totaled 1.71 million units, up 4.1% from the first half of the prior year. The rate of variation for the first half of the year is higher than the rate of 1.1% forecast by Anfavea at the beginning of the year for production of vehicles in Brazil in 2011. However, the increase in production in the first half of the year (of 4.1%) was lower than the increase in sales to the domestic market (of 10%), as a result of a significant increase in imports (of 38.0%).

The increase in vehicle production in the second quarter of 2011 was 3.3% compared to the second quarter of the prior year and 6% compared to the first quarter of 2011.

Although vehicle production in the first half of the year has surpassed Anfavea's estimates, it could have been even better if the production of automakers in Brazil that have their headquarters in Japan had not been hit by supply shortages after the earthquake in Japan in March 2011.

Production of assembled vehicles by segment

In thousand units

Segment	2Q11	2Q10	Var.	1H11	1H10	Var.
Light vehicles (automobiles and light commercials)	816.9	797.5	2.4%	1,588.9	1,533.3	3.6%
Trucks	55.4	47.2	17.4%	99.5	88.7	12.2%
Buses	12.4	11.4	8.8%	22.1	21.2	4.2%
Total automotive vehicles	884.7	856.1	3.3%	1,710.5	1,643.2	4.1%
Source: Anfavea.						

Sales and production of agricultural machines

Sales and production of agricultural machines in the domestic market fell 6.9% and 7.2%, respectively, in the first half of the year compared to the same period of the prior year. This fall was due to the slowdown of

agriculture incentive programs such as the *Mais Alimentos (More Food)* Program. This segment's sales to export market grew by 5.3%.

1.2 Performance of the Argentinean automotive industry

The economic activity in Argentina in the first half of 2011 remained strong and the automotive industry posted significant production and sales increase in both domestic and export market.

The information about sales and production of vehicles in Argentina is based on the data provided by the Argentinean Automakers Association (ADEFA).

Sales and production						In thousand units
Segment	2Q11	2Q10	Var.	1H11	1H10	Var.
Sales to domestic market	220.5	164.5	34.0%	405.5	318.6	27.3%
Sales to export market	141.7	112.1	26.4%	242.2	187.5	29.2%
Vehicle production	232.8	182.1	27.8%	392.3	306.5	28.0%
Source: Adefa.						

Sales to domestic market – Sales in the first half of the year posted an increase of 6.8% compared to 379.7 thousand units sold in the same period of 2010.

Sales to export market – Sales in the second quarter grew by 41.0% compared to the first quarter, which of them totaled 100.5 thousand units.

Of total exports in the first half of the year, 80.4% were destined to Brazil, equivalent to 194.7 thousand units. The share of exports to Brazil felt 4.3 percentage points in the second quarter when compared to the first quarter, from 82.9 % in the first quarter to 78.6% in the second quarter.

Automakers established in Argentina began to accumulate large inventories of vehicles due to the difficulties arising after the end of the automatic import licenses in Brazil. To adjust inventory levels to demand, some automakers established in Argentina sent workers on collective vacation. The Argentinean ports are congested with cars and have no storage space for more vehicles.

2. Financial and Economic Performance of the Company

The consolidated income for 2011 includes the operating activities of MAHLE Participações Ltda. (piston rings business) that was acquired in November of 2010, which have a significant influence in the Company's performance analysis.

The result of the Company's operating activities for the first half of 2011 was better than the performance of the Brazilian automotive industry. This result was achieved through the acquisition of MAHLE Participações, continuous cost control and rationalization of production and administrative processes despite a series of unfavorable factors, especially in the second quarter, such as Brazilian currency over appreciation and moderate growth of the major global economies.

2.1 Net Sales Revenue

Net sales revenue for the second quarter was R$ 569.1 million, representing an improvement of 27.4% compared to the same period of the prior year and 6.5% compared to the first quarter of 2011.

The Company posted consolidated net sales revenue of R$ 1,103.5 million in the first half of 2011, which represents an increase of 30.8% compared to R$ 843.7 million in the same period of 2010, up 21.5% in the domestic market and 50.9% in the export market.

Consolidated net sales revenue, excluding revenues of MAHLE Participações, grew by 10.4% in the second quarter and 12.4% in the first half of 2011 when compared to the same periods of the prior year.

Sales by segment								R$ million
2nd quarter	2Q11 (a)	% Share	2Q10 (b)	% Share	% (a/b)	MAHLE Par 2Q11 (c)	Adjusted consol. Revenue w/o MAHLE Par 2Q11 d=(a-c)	% (d/b)
Domestic market								
.Original equipment	230.3	40.5%	195.6	43.8%	17.7%	23.6	206.7	5.7%
.Aftermarket	131.9	23.2%	110.4	24.7%	19.5%	15.9	116.0	5.1%
Total	**362.2**	**63.6%**	**306.0**	**68.5%**	**18.4%**	**39.5**	**322.7**	**5.5%**
Export market								
.Original equipment	184.5	32.4%	124.1	27.8%	48.7%	27.7	156.8	26.3%
.Aftermarket	22.4	3.9%	16.5	3.7%	35.8%	8.7	13.7	-17.0%
Total	**206.9**	**36.4%**	**140.6**	**31.5%**	**47.2%**	**36.4**	**170.5**	**21.3%**
TOTAL	**569.1**	**100.0%**	**446.6**	**100.0%**	**27.4%**	**75.9**	**493.2**	**10.4%**

1st half	1H11 (a)	% Share by market	1H10 (b)	% Share by market	% (a/b)	MAHLE Par 1H11 (c)	Adjusted consol. Revenue w/o MAHLE Par 1H11 d=(a-c)	% (d/b)
Domestic market								
.Original equipment	441.9	40.0%	367.5	43.6%	20.2%	47.5	394.4	7.3%
.Aftermarket	260.4	23.6%	210.2	24.9%	23.9%	35.7	224.7	6.9%
Total	**702.3**	**63.6%**	**577.7**	**68.5%**	**21.6%**	**83.2**	**619.1**	**7.2%**
Export market								
.Original equipment	353.8	32.1%	235.6	27.9%	50.2%	53.4	300.4	27.5%
.Aftermarket	47.7	4.3%	30.4	3.6%	56.9%	19.3	28.4	-6.6%
Total	**401.5**	**36.4%**	**266.0**	**31.5%**	**50.9%**	**72.7**	**328.8**	**23.6%**
TOTAL	**1,103.8**	**100.0%**	**843.7**	**100.0%**	**30.8%**	**155.9**	**947.9**	**12.4%**

Original equipment sales to domestic market

Original equipment sales to domestic market in the second quarter increased by 17.7% in relation to the same quarter of the previous year, and by 8.8% in relation to the first quarter of this year. Disregarding sales of MAHLE Participações (piston rings business), the increase when compared with the same base as of June 30, 2010 was of 7.3%

(5.7% in the second quarter of 2011). This growth is in line with the automotive industry performance, in all vehicle segments.

Aftermarket sales to domestic market

Aftermarket sales to domestic market in the second quarter recorded an increase of 19.5% compared to the same period of the previous year, and an increase of 2.9% compared to the first quarter of this year. The sales growth disregarding the sales in the first half of 2011 of MAHLE Participações (piston rings unit), in relation to the sales as of June 30, 2010 was of R$ 6.9% (5.1% in the second quarter of 2011), due to the market evolution.

Original equipment sales to export market

Original equipment sales to export market totaled R$ 184.5 million in the second quarter, and R$ 353.8 million in the first half of 2011. Disregarding sales of MAHLE Participações (piston rings business) in the first half of 2011, the growth when compared with the same base as of June 30, 2010 was of 27.5% (26.3% in the second quarter of 2011). This increase was due to a gradual resumption of supply to the automotive industry in the major markets in which the Company operates.

Aftermarket sales to export market

Disregarding sales of MAHLE Participações (piston rings business) in the first half of 2011, record decrease when compared with the same base as of June 30, 2010 was of 6.6% (17.0% in the second quarter of 2011). This result is due to the exchange variation with depreciation of the US dollar, affecting the competitiveness in exports resulting in slight reduction in volumes.

Consolidated exports by geographic region:					R$ million
Period	Europe	Central and North America	South America	Africa, Asia, Oceania and Middle East	Total
2Q11	94.9	85.6	16.7	9.7	206.9
2Q10	57.6	68.4	7.4	7.2	140.6
1H11	171.5	171.5	29.9	28.6	401.5
1H10	108.4	129.0	13.7	14.9	266.0

2.2 Summary of income statements

2nd Quarter	2Q11	2Q10	%	MAHLE Par 2Q11 (*)	Adjusted consol. Revenue w/o MAHLE Par 2Q11	%
Operational Performance	(a)	(b)	(a/b)	(c)	d=(a-c)	d/b
Net sales recenue	**569.1**	**446.6**	**27.4%**	**110.1**	**493.3**	**10.5%**
Cost of goods sold	(403.4)	(332.7)	21.3%	(72.5)	(309.9)	**-0.5%**
Gross profit	**165.7**	**113.9**	**45.5%**	**37.6**	**162.4**	**42.6%**
Selling expenses	(36.4)	(29.8)	22.1%			
General and administrative expenses	(39.4)	(26.9)	46.5%			
Tech and product development expenses	(16.8)	(10.8)	55.6%			
Other operating income and expenses:	(6.5)	(14.3)	-54.5%			
.Deemed cost	(11.2)	(11.3)				
.Other operating income	4.7	(3.0)				
Financial income (expenses), net	(5.1)	(6.3)	-19.0%			
Operating income	**61.5**	**25.8**	**138.4%**			
Net income	**39.0**	**15.5**	**151.6%**			
EBITDA	**92.8**	**62.6**	**48.2%**	**24.9**	**67.9**	**8.5%**
Margins:						
Gross margin	29.1%	25.5%	3.6 p.p.	36.3%	32.9%	1.8 p.p.
Operating margin	10.8%	5.8%	5.0 p.p.			
Net margin	6.9%	3.5%	3.2 p.p.			
EBITDA margin	16.3%	14.0%	2.3 p.p.	21.8%	13.8%	1.4 p.p.

(*) After the acquisition, business transactions by and between MAHLE Participações and the Company's aftermarket unit, which until October 2010 were recognized in the income statement of MAHLE Participações as sales revenue, started to be recognized as transfers. Please note that for EBITDA calculation purposes this recognition representing R$ 34.3 million has no longer accounting effect on the calculation of the consolidated income.

1st Half	1H11	1H10	%	MAHLE Par 1H11 (*)	Adjusted consol. Revenue w/o MAHLE Par 1H11	%
Operational Performance	(a)	(b)	(a/b)	(c)	d=(a-c)	d/b
Net sales recenue	**1,103.8**	**843.7**	**30.8%**	**227.3**	**947.8**	**12.3%**
Cost of goods sold	(775.2)	(628.0)	23.4%	(152.9)	(622.3)	**-0.9%**
Gross profit	**328.6**	**215.7**	**52.3%**	**74.4**	**254.2**	**17.8%**
Selling expenses	(68.8)	(54.7)	25.8%			
General and administrative expenses	(74.7)	(46.1)	62.0%			
Tech and product development expenses	(32.6)	(20.9)	56.0%			
Other operating income and expenses:	(22.3)	(30.3)	-26.4%			
.Deemed cost	(27.7)	(23.2)				
.Other operating income	5.4	(7.1)				
Financial income (expenses), net	(7.4)	(12.0)	-38.3%			
Operating income	**122.8**	**51.7**	**137.5%**			
Net income	**79.5**	**33.6**	**136.6%**			
EBITDA	**187.6**	**124.5**	**50.7%**	**48.5**	**138.8**	**11.5%**
Margins:						
Gross margin	29.8%	25.6%	4,2 p.p.	32.7%	26.8%	0,8 p.p.
Operating margin	11.1%	6.1%	5,0 p.p.			
Net margin	7.2%	4.0%	3,2 p.p.			
EBITDA margin	17.0%	11.3%	2,2 p.p.	21.3%	14.6%	1,2 p.p.

(*) After the acquisition, business transactions by and between MAHLE Participações and the Company's aftermarket unit, which until October 2010 were recognized in the income statement of MAHLE Participações as sales revenue, started to be recognized as transfers. Please note that for EBITDA calculation purposes this recognition representing R$ 71.3 million has no longer accounting effect on the calculation of the consolidated income.

2.3 Gross profit and gross margin

Consolidated gross profit for the second quarter of 2011 totaled 165.7 million, representing a gross margin of 29.1%, a growth of 3.6 percentage points compared to the same quarter of the previous year. The gross margin for the half was 29.8%, a growth of 4.2 percentage points compared to the same half of 2010. This positive result is due, among other factors, to MAHLE Participações (piston ring business), which recorded a gross margin of 36.3% in the second quarter and 33.8% in the first half of 2011, good performance of sales to domestic and export markets and control over operating expenses.

In the quarter gross margin had a decrease of 1.3 percentage points compared to the first quarter, changing from 30.4% to 29.1%, due to the

effects of the exchange rate variation jointly with higher international market sales, depreciated prices in international markets and the difference between the increase in raw material prices and transfer (not always immediate) to the prices of products.

2.4 Selling expenses – In the first half of this year these expenses represented 6.2% of the net sales revenue (6.5% in the same half of the previous year). Such decrease occurred due to a higher sales volume and a reduction of expensive transportation freights.

2.5 General and administrative expenses – In relation to the net sales revenue in the second quarter of 2011, these expenses represented 6.9% of the net sales revenue, up 0.9 p.p. in relation to the same period in the last year, and results basically from the increase in the Profit Sharing amount distributed to all Company's employees and bonus paid according to performance to the management level, totaling R$ 20.0 million in the second quarter, and R$ 36.0 million in the first half of 2011 (R$ 10.4 million in the second quarter and R$ 17.3 million in the first half of 2010).

2.6 Technology and product development expenses – These expenses totaled R$ 16.8 million in the quarter and R$ 32.6 million in the half, representing 3.0% of net sales revenue in both periods (2.5% in the first half of 2010). This increase is due to the return of research and development expenditures to adequate level, according to the policy adopted by the Company.

2.7 Other operating income (expenses), net – In the second quarter net expenses totaled R$ 6.5 million (R$ 14.3 million in the same quarter of the previous year) resulting from depreciation of deemed cost of property, plant and equipment, in the amount of R$ 11.2 million (R$ 11.3 million in the second quarter of 2010).

In the first half of 2011 net expenses totaled R$ 22.3 million (R$ 30.3 million in the same half of 2010). These expenses basically also comprise depreciation relating to deemed cost of property, plant and equipment, of R$ 27.7 million (R$ 23.2 million in the same half of 2010), as well as other operating income and expenses in the net amount of R$ 5.4 million, as shown in Explanatory Note 30 as part of the financial statements.

2.8 Operating income measured by EBITDA

Consolidated operating cash flow generation in the second quarter of 2011, measured by EBITDA (earnings before interest, taxes, depreciation and amortization) totaled R$ 92.8 million, an increase of 48.5% compared to the same quarter of 2010, recording EBITDA margin of 16.3%, which represents an increase of 2.3 percentage points (R$ 62.5 million and EBITDA margin of 14.0% in the same quarter of 2010). This result is mainly due to the acquisition of MAHLE Participações (piston rings business) that contributed with EBITDA of R$ 24.9 million.

Compared to the first quarter, it had a drop of 1.4 percentage points mainly due to the increase in the administrative expenses, as mentioned in item “General and administrative expenses” mentioned above.

The exchange rate evolution in the second quarter with the Brazilian exchange rate appreciation had a negative impact, partially offset for the result with derivatives arising from the hedge policy, in the amount of R$ 16.4 million in the first half of 2011, within exchange rate variation in item Net financial expenses according to the Explanatory Note 29 – Net financial result as part of the financial statements.

In the first half of 2011, EBITDA totaled R$ 187.3 million, recording EBITDA margin of 17.0%, which represents an increase of 2.2 percentage points (R$ 124.5 million and EBITDA margin of 14.8% in the same half of 2010).

2.9 Pro-forma financial information

With the aim of a better comprehension about the Company's results the operating activities of MAHLE Participações Ltda. (piston rings business) that was acquired in November of 2010 are been considered, and pro-forma financial information non-audited for the periods in the charts are disposed as follows.

Second Quarter	2Q11	2Q10 MML + MBR Pro-forma	%
Operating Performance	(a)	(b)	(a/b)
Net sales revenue	**569.1**	**512.9**	**11.0%**
Cost of goods sold	(403.4)	(377.0)	7.0%
Gross profit	**165.7**	**135.9**	**21.9%**
Selling expenses	(36.4)	(33.2)	9.4%
General and administrative expenses	(39.4)	(31.6)	24.8%
Tech and product development expenses	(16.8)	(11.2)	50.4%
Other operating income (expenses)	(6.5)	(18.5)	-65.1%
Financial income (expenses), net	(5.1)	(3.9)	32.0%
Operating profit	**61.5**	**37.5**	**63.8%**
Net income	**39.0**	**39.1**	**-0.2%**
EBITDA	**92.8**	**78.7**	**17.8%**
Margins			
Gross margin	29.1%	26.5%	
Operating margin	10.8%	7.3%	
Net Martin	6.9%	7.6%	
EBITDA margin	16.3%	15.3%	

First Half	1H11	1H10 MML + MBR Pro-forma	%
Operating Performance	(a)	(b)	(a/b)
Net sales revenue	**1,103.5**	**968.2**	**14.0%**
Cost of goods sold	(775.2)	(701.1)	10.6%
Gross profit	**328.3**	**267.1**	**22.9%**
Selling expenses	(68.8)	(61.6)	11.7%
General and administrative expenses	(74.7)	(53.6)	39.4%
Tech and product development expenses	(32.6)	(22.8)	43.2%
Other operating income (expenses)	(22.3)	(39.1)	-42.9%
Financial income (expenses), net	(7.4)	(7.6)	-2.4%
Operating profit	**122.4**	**82.5**	**48.4%**
Net income	**79.5**	**54.1**	**46.9%**
EBITDA	**187.3**	**164.6**	**13.8%**
Margins			
Gross margin	29.8%	27.6%	
Operating margin	11.1%	8.5%	
Net Martin	7.2%	5.6%	
EBITDA margin	17.0%	17.0%	

2.10 Financial Management

Net Financial Expenses

In the first half of 2011 net financial expenses amounted to R$ 7.4 million, with an improvement of R$ 4.6 million compared to the financial expenses of R$ 12.0 million reported in the same half of the previous year. This is mainly due to a decrease in net interest charges of R$ 6.0 million. The positive result of hedging transactions, mentioned in the item Operating income measured by EBITDA also contributed for reaching this result.

Net financial result			R$ million
	1H11	1H10	Variation
Interests, net	(2.9)	(8.9)	6.0
Adjustment for inflation, net	(9.2)	(5.0)	(4.2)
Exchange rate variation, net	6.5	2.7	3.8
Result with derivatives	(0.5)	(0.3)	(0.2)
Other	(1.3)	(0.5)	(0.8)
Financial income (expenses), net	**(7.4)**	**(12.0)**	**4.6**

2.11 Indebtedness

Consolidated net indebtedness as of June 30, 2011 was R$ 234.1 million, a decrease of R$ 87.7 million compared to the net indebtedness of R$ 321.8 million reported at the end of the fiscal year 2010. This decrease in net indebtedness results from the Company's operating cash flow generation.

The increase in financing as of June 30, 2011 is due to a new line of Export-Import (Exim) BNDES financing, totaling R$ 150 million.

Net indebtedness		R$ million
Liabilities	**6/30/2011**	**12/31/2010**
Financings:	780.5	637.6
.short term	332.5	168.6
.long term	448.0	469.0
Assets:		
Cash / banks / cash investments	(546.4)	(315.8)
Net indebtedness	**234.1**	**321.8**

2.12 Net Income

Net income for the first half of 2011 was R$ 79.5 million, R$ 40.5 million of which refers to the first quarter and R$ 39.0 million to the second quarter. Other point worth highlighting is the calculation base for distribution of dividends for the first half of 2011, disregarding the deemed cost adjustment net of taxes in the amount of R$ 17.2 million, and statutory reserve of R$ 3.9 million, sets an amount of R$ 92.3 million.

Net margin reported in the half a year correspond to 7.2%, being 3.2 percentage points above the margin reported in the same half of the previous year.

This result is due to the operational activities of MAHLE Participações, the favorable performance of the Brazilian economic activity, which remained heated, the results of operations in international markets, as well as continuous cost control.

2.13 Capital expenditures

Capital expenditures made in the Group in the first half of 2011 totaled R$ 33.6 million. The capex budget approved in 2011 for MAHLE Metal Leve S.A. (parent company) amounts to R$ 106,1 million, and will be

channeled into: a) new products and processes; b) production streamlining; c) machinery and equipment; d) quality; e) construction and information technology; f) intangibles, and g) other.

3 Completion of Corporate Restructuring of MAHLE Group South America

The last two phases of the corporate restructuring of MAHLE Group South America have been completed, consisting of a secondary public offering for distribution of shares and the Company's listing on Novo Mercado segment of BM&FBOVESPA. On June 15, 2011 these phases started with the disclosure of a Market Release containing information about the offering, which was completed on August 9, 2011 with the publication of the Announcement of Completion of the share distribution.

The offering addressed a secondary public distribution of 6,563,230 ordinary shares regarding the follow-on, as well as considering the green-shoe option of 984,485 ordinary shares, totaling 7,457,715 ordinary shares held by MAHLE Industriebeteiligungen GmbH. The offering was coordinated by Banco Itaú BBA S.A. (leader coordinator), Banco Fator S.A. and Deutsche Bank S.A. – Banco Alemão. MAHLE Indústria e Comércio Ltda., direct controlling shareholder of the Company, acquired 834,412 ordinary shares.

The price per Share under the Offering was set at R$ 41.00, based on the share price and bookbuilding procedure, resulting in the total distribution amount of about R$306 million.

For more information on the secondary public offering, please refer to the final prospectus available at the Company's investor relations website (http://ri.mahle.com.br).

On July 5, 2011 the Company adhered to Novo Mercado listing segment of BM&FBOVESPA, the listing segment with the most advanced corporate governance practices.

After the Offering, the Company's current shareholding structure is as follows:

Shareholding structure after the offering		
Shareholder	**Ordinary shares**	**%**
MAHLE Indústria e Comércio Ltda.	26,006,353	60.81%
MAHLE Industriebeteiligungen GmbH	4,856,709	11.36%
Directors	19	0.00%
Other shareholders (free float)	11,906,419	27.84%
Total capital stock	**42,769,500**	**100.00%**

4 Human Resources

As of June 30, 2011 the Company and its controlled companies had 11,870 employees, representing an increase of 4.9% compared to 11,319 employees as of December 31, 2010.

5 Independent Auditors

Since April 4, 2011 BDO Auditores Independentes, a legal entity set up in Brazil and licensed under contract to use the international brand BDO, has belonged to KPMG professional service audit firms, and the former name of BDO Auditores Independentes was changed to KPMG Auditores Associados.

6 Outlook

The global economic scenario has become more uncertain over the last days, with the intensification of the crisis in Europe and the United States, specially with the downgrading of the long term sovereign credit rating. In this scenario the market expects a deceleration of the global economic activity in the next months.

The uncertainties generated by the deterioration of the international scenario led Anfavea not to review the targets for the Brazilian automotive industry, since it is still unable to measure the effects of this unfavorable international scenario.
According to its prospects before international crisis that happens, the estimates for 2011 are sales growth of 5% and production growth of 1.1% compared to the previous year.

To mitigate the damages of this unfavorable scenario, the federal government disclosed in the beginning of August a new Brazilian industrial policy plan - *Plano Brasil Maior*, establishing its industrial, technological, service and foreign trade policy for the period between 2011 and 2014. The plan intends to stimulate innovation and domestic production to leverage the competitiveness of the Brazilian industry in domestic and export markets. The measures cover the areas of foreign trade, industry defense and domestic market as well as incentives to investment and innovation. The details of such measures still depend on regulations, and the analysis of potential impacts is merely preliminary.

Company

In view of the foregoing, the Company' Management relies on the Brazilian market, however, it is not possible to measure the effects of the uncertainties described above. For the aftermarket, stability and growth of the existing fleet are expected. For the original equipment manufacturer market, it is expected that the current growth of heavy-duty segment should continue due to the major infrastructure projects for the next years, continuity of the Growth Acceleration Program (PAC), as well as improvements in product mix. Management remains committed to eliminate low profitability exports.

BALANCE SHEETS

(In thousands of BRL)	06.30.2011	12.31.2010
ASSETS	**2,861,614**	**2,578,157**
Current assets	**1,315,928**	**996,691**
Cash and cash equivalents	34,062	36,389
Financial investments	512,376	279,408
Trade accounts receivable	377,660	331,917
Inventories	318,111	278,566
Recoverable taxes	42,787	49,312
Other assets	30,932	21,099
Noncurrent assets	**1,545,686**	**1,581,466**
Deferred taxes	109,709	114,738
Accounts receivable from related parties	10,221	11,637
Other asses	16,707	10,772
Invesments in subsidiaries and subs. Joined	371	371
Property, plant and equipment	708,510	742,413
Intangible assets	700,168	701,535
LIABILITIES	**2,861,614**	**2,578,157**
Current liabilities	**690,743**	**481,549**
Salaries, accrual for vacation and social charges	114,685	83,231
Trade accounts payable	82,672	77,791
Obrigações fiscais	26,515	21,085
Financings	332,515	168,621
Other liabilities	73,529	66,717
Provisions	60,827	64,104
Non current liabilities	**746,376**	**748,772**
Financings	448,043	468,944
Other liabilities	19,367	15,352
Diferred taxes	127,007	108,409
Provisions	151,959	156,067
Consolidated sharehoder's equity	**1,424,495**	**1,347,836**
Stock capital	966,255	966,255
Income reserves	248,784	244,836
Lucros/prejuízos acumulados	90,538	-
Other comprehensive income	115,793	130,246
Accumulated conversion adjustments	(12,400)	(8,469)
Minority	15,525	14,968

INCOME STATEMENT

(In thousands of BRL, except EPS)	1H2011	1H2010	Var
Net sales revenue	**1,103,497**	**843,703**	**30.8%**
Cost of goods sold and services rendered	(775,236)	(627,960)	23.5%
Gross income	**328,261**	**215,743**	**52.2%**
Operating income (expenses)	**(198,399)**	**(151,986)**	**30.5%**
Selling expenses	(68,761)	(54,744)	25.6%
General and administrative expenses	(74,667)	(46,067)	62.1%
Other operating income	17,702	3,982	344.6%
Other operating expenses	(72,673)	(55,157)	31.8%
Income before financial result, equity pick up and taxes	**129,862**	**63,757**	**103.7%**
Financial result	(7,427)	(11,979)	-38.0%
Income before income and social contribution taxes	**122,435**	**51,778**	**136.5%**
Income and social contribution taxes	**(42,937)**	**(18,172)**	**136.3%**
Current	(20,583)	(31,919)	-35.5%
Deferred	(22,354)	13,747	-262.6%
Net income for the period	**79,498**	**33,606**	**136.6%**
Controlling sharehoders	**78,970**	**32,810**	140.7%
Minority	**528**	**796**	-33.7%
Basic and diluted earnings per share issued in BRL			
Ordinary shares	1.84639	1.01664	81.6%
Preferred shares	-	1.11830	-

MAHLE

Driven by performance

STATEMENT OF CASH FLOW

(In thousands of BRL)	06.30.2011	06.30.2010
Net cash flow from operating activities	**137,682**	**135,576**
Cash flow from operating activities	**167,994**	**107,135**
Net income for the period	78,970	32,810
Depreciation and amortization	57,419	60,775
Interests and exchange and monetary variations	23,818	20,227
Result on property, plant and equipment sold	(17)	(353)
Deferred income and social contribution taxes	22,337	(13,747)
Allowance for debtful accounts	(1,273)	1,425
Provision for contingencies and legal obligations	(13,444)	4,140
Provision for warranties	(3,419)	(141)
Other provisions	142	(2,636)
Provision for losses with property, plant and equip.	180	(2)
Losses with derivative financial instruments	2,753	3,841
Provision for losses on inventories	528	796
Decrease (increase) in assets	**(30,312)**	**28,441**
Trade accounts receivable	(32,739)	(29,622)
Accounts receivable from related parties	(9,729)	2,951
Inventories	(32,164)	(11,343)
Recoverable taxes	592	28,768
Other accounts receivable	(10,260)	(2,709)
Trade accounts payable	4,881	9,381
Salaries, accrual for vacation and soc. charges	31,454	29,348
Taxes and contributions payable	5,450	704
Accounts payable to related parties	15,380	(1,675)
Other liabilities and judicial depositsw	(3,177)	2,638
Net cash used in investing activities	**(32,013)**	**(14,754)**
Cash paid for the acquisition of subsidiary, net o cash	-	24
Additions to property, plant and equipment	(33,574)	(15,722)
Additions to intangible assets	(407)	(136)
Proceeds from sales of property, plant and equipment	1,968	1,080
Cash flows from financing activities	**124,973**	**79,972**
Inflow of financing	186,747	193,709
Amortization of financing-principal amounts	(42,003)	(58,343)
Amortization of financing-interest	(17,700)	(11,810)
Advances from customers	(113)	(80)
Cash dividends and interest on equity paid	(1,987)	(43,504)
Minority on cash dividends and interst on equity	29	-
Increase (decrease) in cash and cash equiv., net	**230,642**	**200,794**
Cash and cash equiv. at the beginning of the period	315,797	167,766
Cash and cash equiv. at the end of the period	546,439	368,560