Driven by performance

Performance regarding to the second quarter of 2012 of MAHLE Metal Leve S.A.

Mogi Guaçu, SP, August 6, 2012 - MAHLE Metal Leve S.A. (BM&FBOVESPA: LEVE3), a leading manufacturer of engine components in Brazil, announces today its results for the period ended on June 30, 2012. The Company's operating and financial information, except where otherwise indicated, is presented on a consolidated basis in BRL, according to Brazilian Corporation Law.

Performance

Net Sales Revenue was **R$ 1,118.1 million in the six-month period from January to June 2012** (R$ 566.4 million for the second quarter of 2012), up1.3% over the same six-month period of 2011 and down 0.5% from the second quarter of 2011, recovering from a reduction in the domestic original equipment manufacturer market, mainly in the truck segment, that was offset by a strong export performance.

EBITDA was **R$ 168.8 million in the six-month period from January to June 2012** (R$ 85.3 million for the second quarter of 2012), representing an **EBITDA margin** of **15.1**% (EBITDA margin of 15.1% for the second quarter of 2012). Regarding to the same period of the last year, although the gross margin was maintained, there was a negative impact caused by the other operating income and expenses along this year.

Net Income was **R$ 72.4 million in the six-month period from January to June 2012 (**R$ 36.8 million for the second quarter of 2012), representing a **net margin** of **6.5%** in the same period (6.5% for the second quarter of 2012).

Share Price	August 3, 2012
LEVE3	
R$/share	22.67
US$/share	11.16

Shares Outstanding	
June-12	
Total Shares	128,308,500
Free Float	30%

Market Capitalization	July 30, 2012
R$	2.909 Bi
US$	1.432 Bi

Shareholder benefits in 2Q 2012	
R$/ação	0.4767
US$/ação	0.2347

Key drivers

Technology and innovation
Market mix
Pay out
Dividend yield

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The Second Quarter 2012 Earnings Release Conference Call will be held on August 8, 2012 at 11:00 a.m. (in Portuguese) and at 12:00 p.m. (in English) [local time in Brazil] (Please visit the Investor Relations website at http://ir.mahle.com.br)

MAHLE

Driven by performance

Management report for the second quarter of 2012

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1 Macroeconomic scenario

Economic activity in Brazil was weaker than expected over the second quarter of 2012. The Brazilian Institute of Geography and Statistics (IBGE) released at the beginning of June information on GDP for the first quarter of 2012. The economic activity grew by 0.8% compared to the same quarter of the prior year and 0.2% in relation to the last quarter of 2011. Accordingly, the growth rate for four quarters slowed to 1.9%, confirming that the economy has grown below its potential. The physical volume of industrial production fell 3.4% from January to May 2012, and 1.8% over twelve months in the same period, reflecting the unfavorable performance mainly of the capital goods and consumer durable goods industries.

From April to June the Brazilian government introduced a series of measures to improve conditions for a favorable macroeconomic environment, in view of the effects on the Brazilian economy of an unfavorable international scenario, especially in the Eurozone, amid worsening economic indicators and uncertainties stemming from the sovereign debt crisis. Such measures will be described in the section 1.1.

At the end of May, the Brazilian Monetary Policy Committee (Copom) unanimously decided to cut Selic rate to 8.50% per year, without bias, going ahead with the process of adjusting monetary conditions. The cut in interest rates has been influenced domestically by the prospect of continued expansionary monetary policy, more moderate pace of economic activity, favorable price index figures, fall in inflation forecasts and GDP as per Central Bank report (*Focus* report).

Inflation, as measured by the variation in the Extended Consumer Price Index (IPCA), reached a high of 2.32% until June 2012 and 4.92% over twelve months, according to data released by IBGE. Twelve-month inflation began to decline in the last quarter of the prior year and is trending down to the Central Bank's target that is 4.5% per year ± 2 p.p.

Brazilian trade balance showed a surplus of US$ 7.1 billion in the six-month period ended June 30, 2012 (US$ 13 billion in the same period of 2011), with US$ 117.2 billion in exports and US$ 110.1 billion in imports, reflecting a fall of 1.7% in exports and a rise of 3.7% in imports.

The U.S. dollar and the euro were quoted at R$ 2.02/US$ and R$ 2.56/€, respectively, at the end of the second quarter of 2012 (at the end of the first quarter they were quoted at R$ 1.82/US$ and R$ 2.43/€, respectively). The table below shows average exchange rates for the U.S. dollar and the euro for the quarters of 2011 and the first two quarters of 2012 and the closing rates for these currencies at the end of the second quarter of 2012 and on the business day prior to the date of this release (using the offer exchange rate calculated by the Central Bank – PTAX).

Exchange rate variations for the USD (US$) and EUR (€)							
Currency	Year	Average exchange rate in the quarter				Exchange rate on	
		4Q	3Q	2Q	1Q	June 29, 2012	August 3, 2012
R$/US$	2012			1.96	1.77	**2.02**	**2.03**
	2011	1.80	1.64	1.60	1.67		
R$/€	2012			2.52	2.32	**2.56**	**2.52**
	2011	2.42	2.31	2.30	2.28		

Fonte: Bacen.

Despite Brazilian government efforts in the second quarter to improve vehicle financing conditions (payment terms and interest rates), the delinquency rate led banks to cut back granting of new loans. Prior to the measures announced in May, only 30% of loan applications were approved, and after said measures, loan approval rose to 60%. According to the Central

Bank, the delinquency rate for loan operations, corresponding to delays of over ninety days, fell to 5.8% in June, after a reduction of 0.1 percentage point (p.p.) from the prior month. Consumer loans totaled R$ 268 billion, up 2% and 17.7% on the same comparison basis.

1.1 Evolution of the Brazilian automotive industry

In consequence of the evolution below the expectations, the Federal Government announced in the second quarter of 2012 a series of governmental incentives measures to the sector.

The most important measures were:

Second release of the Bigger Brazil Plan ("Plano Brasil Maior"): aiming to increase the competition in the Brazilian manufacturing industry, the federal government announced in early April the second release of the Bigger Brazil Plan, comprising the new Brazilian automotive regime, in order to ensure technological innovation, and adopting a table of points that will determine the IPI (federal VAT) rate to be levied on vehicles sold in the Country. The new automotive regime aims to spur industrial investments in Brazil. The new measures comprises a comprehensive industry stimulus package, including tax measures (payroll tax relief and IPI rate reduction, postponement of social taxes PIS and COFINS); stimulus to domestic production (government purchases); foreign trade finance; and credit line measures (new conditions for the Investment Support Program PSI-4).

Government measures including the Reduction in IPI rate: in the third week of May the federal government launched a series of measures to prop the automotive and capital goods industries. The measures for the automotive industry included financial measures (increase in the volume of loans, reduction in down payment rate, increase in payment installments and cut in interest rates); tax measures (reduction in IPI rate and reduction of IOF for individual loans from 2.5% to 1.5%); and measures for the private sector (discounts on current car price lists, special sales and agreement for non-dismissal of workers). Many measures will be valid until August 31, 2012.

PAC Equipament Program: at the end of June the federal government announced the expansion of the Growth Acceleration Program (PAC) through government purchases, denominated PAC Equipment in the amount of R$ 8.43 billion and include, among other equipment, trucks and buses.

The table below shows the performance of the Brazilian automotive industry in the period from January to June 2012 in relation to the same period of the prior year.

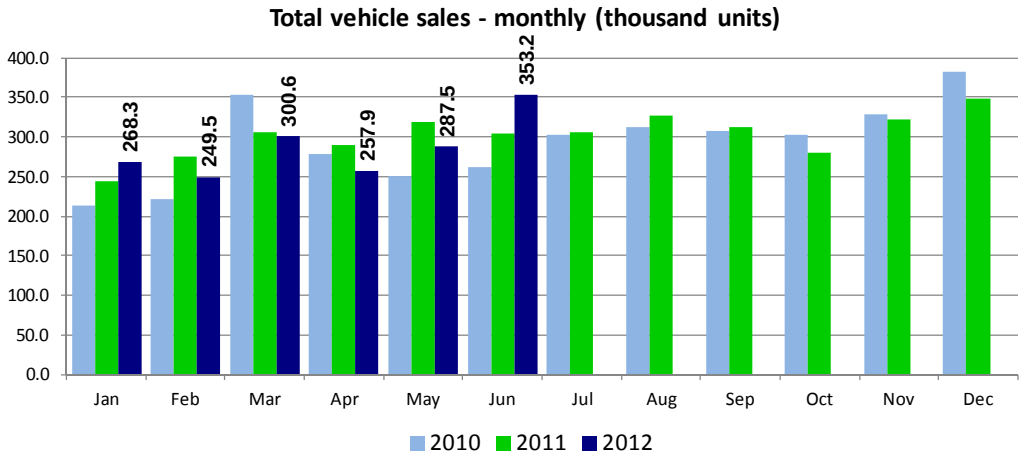
Brazilian automotive industry			In units
Total vehicle sales (locally-manufactured and imported)	**Jan-Jun 2012**	**Jan-Jun 2011**	**Var.**
Automobiles (1)	1,277,672	1,273,528	0.3%
Light commercials (2)	354,076	364,516	-2.9%
Light vehicles (1+2)	1,631,748	1,638,044	-0.4%
Trucks (3)	70,405	82,936	-15.1%
Buses (4)	14,763	16,237	-9.1%
Medium and heavy-duty vehicles (3+4)	85,168	99,173	-14.1%
Total vehicle sales (1+2+3+4)	**1,716,916**	**1,737,217**	**-1.2%**
Exports	223,154	254,121	-12.2%
Imports	393,549	389,962	0.9%
Automotive trade balance	**(170,395)**	**(135,841)**	**25.4%**
Vehicle stock variation in the period **(*)**	(6,757)	(113,391)	-87.8%
Total vehicle production (5+6)	**1,553,278**	**1,714,767**	**-9.4%**
Light vehicle production (5)	1,474,460	1,587,531	-7.1%
Trucks and buses production (6)	78,818	127,236	-38.1%
Agricultural machinery production	41,764	40,337	3.5%

(*) Vehicle stock $_{\text{beginning}}$ **(-) vehicle stock** $_{\text{end}}$ = sales (-) production (+) exports (-) imports.

Source: Anfavea.

Total vehicle Sales (loccaly-manufactured and imported) to the domestic market

The table below presents the month-by-month sales performance for domestic and imported vehicles in 2012, pointing out sales made in the first six months of the year, in addition to showing a month-by-month breakdown of sales for the last two years.



Source: Anfavea

From January to June 2012 sales in the domestic vehicle market fell 1.2% compared to the same period of the prior year.

Vehicle sales in the second quarter improved 9.80% in relation to the first quarter. At the beginning of the second quarter vehicle sales were poor due to a more selective vehicle financing as a result of a rise in default rate and holidays. Vehicle sales improved in May but still at levels that did not effectively reflect the industry stimulus measures announced by the

federal government in the second half of this month. However, in June vehicle sales were strong, effectively reflecting the stimulus measures announced by the government in May, such as IPI rate reduction. Recovery has not yet reached the truck segment because the impact of change in emission legisltation to Euro 5, as well as this segment has a slower and bureaucratic sale process.

Brazilian automotive trade balance

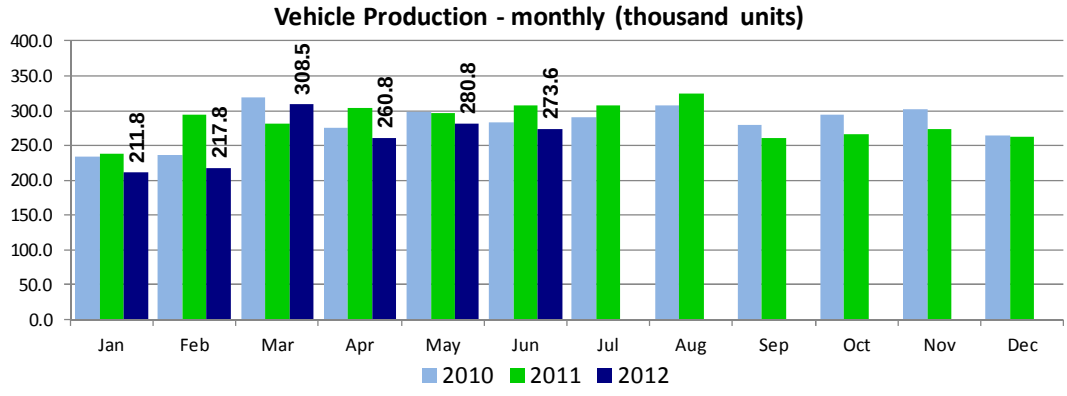
The trade deficit in the automotive industry increased 25.4% from January to June 2012 compared to the same period of the prior year, mainly due to the reduced volume of exported vehicles and a slight increase in imports, although indicating a downward trend.

Vehicle stock variation in the quarter

According to the Brazilian Association of Motor Vehicle Manufacturers (Anfavea), the vehicle stock at the beginning of 2012 was equivalent to 30 days, at the end of the first quarter of 2012 to 35 days, and at the end of the second quarter, 29 days.

Vehicle production

The table below presents the month-by-month performance of vehicle production in 2012, pointing out the production of vehicles in the first six months of the year, in addition to showing the month-by-month breakdown for the last two years.



Source: Anfavea

According to the table of the Brazilian automotive industry, there was a 9.4% decline in vehicle production in the six-month period from January to June 2012 in relation to the same period of the prior year.

The vehicle production in the second quarter was up 10.4% from the first quarter. Production were poor at the beginning of the second quarter due to holidays. Vehicle production improved in May but still at levels that did not effectively reflect the industry stimulus measures announced by the federal government in the second half of this month. Vehicle production in June was down 2.6% from the prior month, not showing recovery as with vehicle sales in June. However, vehicle consumption stimulus measures reduced vehicle stock to usual levels and consumers are back to vehicle dealerships.

1.2 Evolution of the Argentinean automotive industry

In the six-month period from January to June 2012, sales performance and vehicle production in Argentina fell 1.9% and 15.4%, respectively, compared to the same period of the prior year.

The poor performance of the Brazilian vehicle market also impacted Argentinean vehicle production in April, since Brazil is among Argentina's major exports destinations. According to Adefa, an Argentinean Automakers Association, another reason for the poor performance in production was the change in product lines in three vehicle manufacturers that are preparing to launch new models in the next months. In June vehicle production fell 34.4% compared to June 2011. This result was influenced directly by the reduction in demand from the Brazilian market, coupled with stricter trade barriers imposed by Brazil.

The table below shows the Argentinean automotive industry's performance in the six-month period from January to June 2012 compared with the same period of the prior year.

Argentinean automotive industry			In units
Total vehicle sales (locally-manufactured and imported)	**Jan-Jun 2012**	**Jan-Jun 2011**	**Var.**
Automobiles (1)	290,299	308,887	-6.0%
Light commercials (2)	95,734	81,495	17.5%
Light vehicles (1+2)	386,033	390,382	-1.1%
Trucks and buses (3)	11,842	15,069	-21.4%
Total vehicle sales (1+2+3)	**397,875**	**405,451**	**-1.9%**
Exports	173,472	242,225	-28.4%
Imports	241,409	265,073	-8.9%
Automotive trade balance	**(67,937)**	**(22,848)**	**197.3%**
Vehicle stock variation in the period **(*)**	(1,860)	(9,695)	-80.8%
Total vehicle production (5+6)	**331,798**	**392,298**	**-15.4%**
Light vehicles production (5)	329,667	390,068	-15.5%
Trucks and buses production (6)	2,131	2,230	-4.4%

(*) Vehicle stock $_{beginning}$ **(-) vehicle stock** $_{end}$ = sales (-) production (+) exports (-) imports.

Source: Adefa.

1.3 Summary of automotive industry in the MERCOSUR and evolution of the main markets in which the Company operates

The table below consolidates the figures of vehicle production in the Common Southern Market (MERCOSUR), considering Brazil and Argentina only. This region corresponds to the domestic market in which the Company operates.

Vehicle production in MERCOSUR (*)			In units
Vehicle production	**Jan-Jun 2012**	**Jan-Jun 2011**	**Var.**
Light vehicles production	1,804,127	1,977,599	-8.8%
Trucks, buses and agricultural machinery production	122,713	169,803	-27.7%
Total vehicle production	**1,926,840**	**2,147,402**	**-10.3%**

(*) Considering Brazil and Argentina.

Sources: Anfavea and Adefa.

Regarding to the Company's major exports markets, in the United States of America the vehicle production in the six-month period from January to June 2012 grew 21% compared with the same period of the prior year, with growth of 21% in light vehicles and 18% in heavy-duty

vehicles. In the Eurozone while light vehicle production fell 6% in the first six months of 2012 compared with the same period of the prior year, the production of heavy-duty vehicles remained virtually stable, with a slight decline of 0.3%. The United States of America and the Eurozone together showed a growth of 4% in this period compared with the same period of the prior year.

2 Excellence and Technological Innovation

The Tech Center (TC) in the city of Jundiaí, State of Sao Paulo, in 2012, prepared itself for developing components that meet new requirements for fuel saving and CO_2 emission reduction. In the second quarter of 2012, a new engine test cell called floating cylinder liner engine was installed, which is capable of measuring the friction caused by the piston rings moving inside the cylinder liners and the effect on the friction of different coatings and finishings, both in piston rings and cylinder liners. The first results have indicated ways to innovative products and changes to current products that will contribute to reduce fuel consumption and wear of components.

In addition, a new equipment capable of measuring with extreme accuracy the oil consumption of each cylinder liner individually while the engine is running, on line, this will allow knowing the factors that influence the oil consumption, permitting new advances in this field.

Eleven new products are scheduled for launch by the end of the year. In the same period twenty-one new patent applications will be filed.

The engine, calibration and instrumentation laboratories, accredited by INMETRO (National Institute of Metrology, Standardization and Industrial Quality), will have a dynamometer installed for homologation of heavy-duty engines, thus extending the range of services offered by MAHLE Powertrain.

The objectives of the new automotive regime, as part of the new measures of the Bigger Brazil Plan announced by the federal government at the beginning of April, include ensuring expenditures in research, development and innovation; increasing expenditures in engineering and Basic Industrial Technology (TIB); and improving the energy efficiency of vehicles by reducing emissions of pollutant gases, using vehicle labeling (INMETRO program). These initiatives offer the Tech Center an opportunity to increase its activities in partnership with customers.

3 Economic and financial performance of the Company

The economic and financial performance in the second quarter of 2012 was mainly impacted by the evolution of the domestic original equipment, with the weak performance of the heavy-duty segment and the evolution of the sales to export markets, with the increase in exports in consequence of the exchange effect regarding the Brazilian currency depreciation.

Despite these factors, the second quarter of 2012 ended the period with a sales performance better than the previous quarter and the same period of last year, and with a gross income at the same level compared to equivalent periods.

3.1 Net sales revenue

The sales performance in the second quarter of 2012 was almost the same of the first quarter of 2012. The lower performance of the domestic market was offset by an improved export performance, providing a balance to the company's sales.

The table below shows the variations of the net sales revenue in the second quarter of 2012 and in the period from January to June 2012 in relation to the same periods of the previous year for the domestic and export markets of original equipment and aftermarket.

Performance of the net sales revenue by market (R$ million)	2Q12 (a)	% Share by market	2Q11 (b)	% Share by market	% (a/b)	Accum 2012 (jan-Jun) (a)	% Share by market	Accum 2011 (jan-Jun) (b)	% Share by market	%
Domestic market										
.Original equipment	197.2	34.8%	228.4	40.1%	-13.7%	396.6	35.5%	442.9	40.1%	-10.5%
.Aftermarket	139.7	24.7%	129.3	22.7%	8.0%	276.0	24.7%	254.6	23.1%	8.4%
Total	**337.0**	**59.5%**	**357.7**	**62.9%**	**-5.8%**	**672.6**	**60.2%**	**697.5**	**63.2%**	**-3.6%**
Export market										
.Original equipment	198.3	35.0%	185.0	32.5%	7.2%	390.9	35.0%	352.6	32.0%	10.9%
.Aftermarket	31.2	5.5%	26.4	4.6%	18.1%	54.5	4.9%	53.4	4.8%	2.2%
Total	**229.4**	**40.5%**	**211.3**	**37.1%**	**8.6%**	**445.5**	**39.8%**	**406.0**	**36.8%**	**9.7%**
Grand total	**566.4**	**100.0%**	**569.1**	**100.0%**	**-0.5%**	**1,118.1**	**100.0%**	**1,103.5**	**100.0%**	**1.3%**

Sales to domestic market – original equipment manufacturer

The sales result in this market is due to the reduction in the production of heavy-duty vehicles, with the change in the emission legislation to Euro 5. Taking into consideration the drop in the vehicle production in MERCOSUL, especially production of medium and heavy-duty vehicles where the Company holds a significant sales breakdown (approximately 40% of its net sales revenue), the Company's sales performance was offset by new projects with its clients (connecting rods and cylinder liners).

Sales to domestic market - aftermarket

This increase is basically associated with the change in the mix of products and the increase in the sales volume.

Sales to export market – original equipment manufacturer

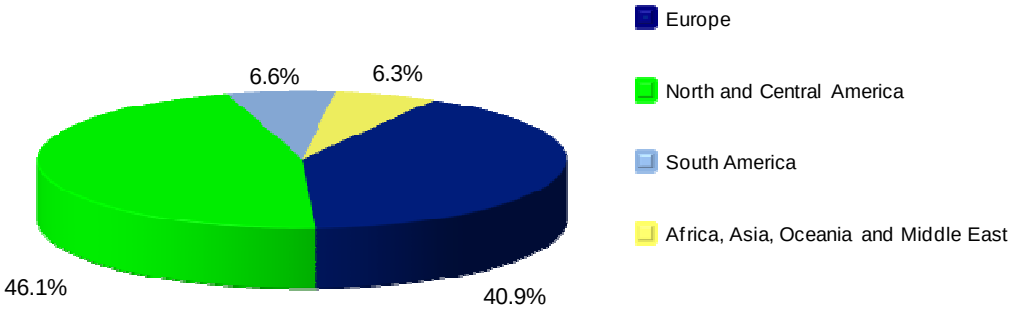
This growth was mainly due to the gradual recovery of the international markets, which increased the export volume, especially to the United States of America, and the positive exchange rate effect throughout the second quarter of 2012 compared to the same period of the previous year, increasing the profitability of this market. Consequently, this market has now greater relevance in relation to net sales revenue for the second quarter of 2012 over the same quarter of the previous year.

Sales to export market - aftermarket

This result was primarily due to the positive exchange rate effect recorded over the first six months of 2012.

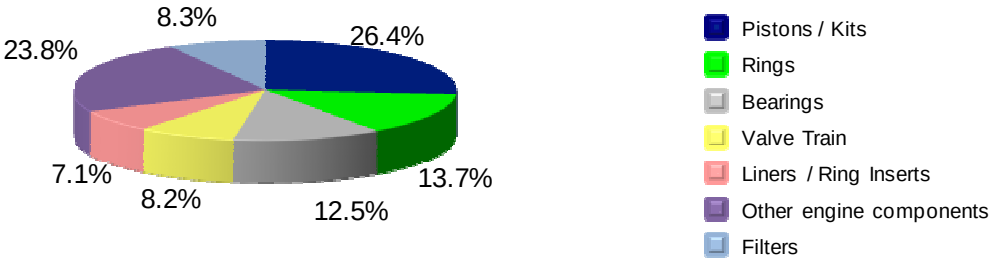
Consolidated exports by region

The graph below shows sales by region for the period from January to June 2012.



Net sales revenue by product

The graph below shows total sales by product for the period from January to June 2012.



3.2 Summary of statements of income

Summary of Statements of Income (R$ million)	1Q12	1Q11	%	Acumm 2012 Jan-Jun	Acumm 2011 Jan-Jun	%
Operational Performance	(a)	(b)	(a/b)	(c)	(d)	(c/d)
Net sales revenue	**566.4**	**569.1**	**-0.5%**	**1,118.1**	**1,103.5**	**1.3%**
Cost of goods sold	(425.4)	(429.5)	**-1.0%**	**(843.0)**	**(830.7)**	**1.5%**
Gross income	141.0	139.6	**1.0%**	**275.0**	**272.8**	**0.8%**
Selling expenses	(39.0)	(37.7)	**3.6%**	**(74.1)**	**(71.0)**	**4.3%**
General and administrative expenses	(27.5)	(22.2)	**23.9%**	**(49.4)**	**(43.3)**	**14.1%**
Tech and product development expenses	(16.9)	(17.9)	**-5.6%**	**(32.2)**	**(34.1)**	**-5.6%**
Other operating income (expenses)	(4.6)	5.8	**-179.6%**	**(11.4)**	**6.4**	**-277.1%**
Financial income (expenses), net	(3.5)	(6.1)	**-42.8%**	**(5.0)**	**(8.4)**	**-41.0%**
Operating income	**49.5**	**61.5**	**-19.5%**	**103.0**	**122.4**	**-15.9%**
Net income	**36.8**	**38.8**	**-5.0%**	**72.4**	**79.0**	**-8.4%**
EBITDA	**85.3**	**93.8**	**-9.1%**	**168.8**	**188.3**	**-10.4%**
Margins:			(a-b)			(c-d)
Gross margin	24.9%	24.5%	0.4 p.p.	24.6%	24.7%	-0.1 p.p.
Operating margin	8.7%	10.8%	-2.1 p.p.	9.2%	11.1%	-1.9 p.p.
Net margin	6.5%	6.8%	-0.3 p.p.	6.5%	7.2%	-0.7 p.p.
EBITDA margin	15.1%	16.5%	-1.4 p.p.	15.1%	17.1%	-2 p.p.
SG&A expenses to Net sales revenue	11.7%	10.5%	1.2 p.p.	11.0%	10.4%	0.7 p.p.

Gross income and gross margin

Gross income was influenced by a change in the mix of markets and products. There was a negative impact due to the low level of production in the segment of heavy-duty vehicles in the domestic market of original equipment, offset by the positive effects of the increase in export volumes, favorable exchange rates over the period, and favorable variations in the cost of raw materials compared to the same period of the previous year.

Despite these variations, gross margin was relatively steady, with a growth of 0.4 percentage points in the second quarter of 2012 in relation to the same quarter of the previous year, and a reduction of 0.1 percentage point in margin for the period of January to June 2012 compared to the same period of last year, due to the slight margin decrease in the first quarter of the year.

Selling, general and administrative expenses

Selling expenses, which mainly consist of freights and sales personnel expenses, accounted for 6.9% of net sales revenue for the second quarter of 2012, a slight increase compared to the same period of the previous year. Selling expenses accounted for 6.6% of net sales revenue in the period of January to June 2012. A part of this increase regarding the same period of the prior year is due to the beginning of the trademark contract with the controlling shareholder MAHLE GmbH. This increase also refers to the freights regarding the growth of the exportations that was offset by the reduction of special freights transportations.

General and administrative expenses, which basically consist of administrative staff expenses, accounted for 4.8% of net sales revenue in the second quarter of 2012, and it registered an increase compared to the same period of the previous year. The reason of such deviation was a reversal of the provision for insurances occurred in the second quarter of the previous year. General and administrative expenses accounted for 4.4% of net sales revenue in the period of January to June 2012, representing 3.9% in the same period of the previous year.

Technology and product development expenses

Technology and product development expenses, which mainly consist of R&D personnel expenses, accounted for 2.9% of net sales revenue in the period of January to June 2012 (3% in the second quarter of this year). There was a reduction regarding the same period of the last year that refers partially to the expiration in February of the piston production technology agreement with MAHLE GmbH.

Other operating income (expenses), net

In the second quarter of 2012 the Company accounted for R$ 4.6 million in other operating expenses, net, with a negative variation of R$ 10.4 million compared to the same period of the previous year. In the period of January to June 2012 the Company recorded R$ 11.4 million in other operating expenses, net, a negative variation of R$ 17.9 million in the same period of the previous year.

This result includes the following negative impacts: an increase for the labor contingency provision, due to a higher volume of new lawsuits in the first months of the year, as consequence of dismissals occurred in the last 24 months; a higher provision for warranty of products that are under analysis by the client; and a higher provision for impairment of intangibles arising from the stake of MAHLE Argentina (R$ 4.5 million in the second quarter and in the period accumulated of January to June of this year) due to the change in future results planning caused by the macroeconomic scenario in Argentina, with high inflation, without exchange rate adjustments.

Whereas there was a positive impact resulting from a tax benefit under the *Reintegra* program (a special tax recovery regime for export companies), which entitles the Company, until the end of this year, to a tax credit of 3% on export revenues, net of social taxes PIS/COFINS, representing revenues of R$ 5.5 million in the second quarter, and revenues of R$ 10.3 million in the period from January to June 2012.

For more information, see Note 33 to the financial statements.

Operating income measured by EBITDA

EBITDA for the second quarter of 2012 totaled R$ 85.3 million, representing a margin of 15.1%. In the period of January to June 2012 EBITDA totaled R$ 168.8 million, corresponding to a margin of 15.1%. EBITDA margin was impaired by the increase in other operating income (expenses), net regarding to the same period of the prior year.

3.3 Financial management

Net financial income (expenses)

The net financial result was positively impacted by the effects of the exchange rate variation on assets because of the depreciation of the Brazilian real against foreign currencies, and negatively impacted by the payment of a higher net interest.

The increase is due to a lower financial income on interests received from a lower volume of financial investments at lower rates, as well as a higher cost of loans and financing from the National Bank for Economic and Social Development (BNDES).

Net financial result (R$ million)	1Q12	1Q11	Var.	Accum 2012 (jan-Jun)	Accum 2011 (jan-Jun)	Var.
Interests, net	(6.8)	(1.5)	(5.3)	(9.0)	(2.9)	(6.1)
Adjustment for inflation, net	(4.3)	(5.0)	0.7	(8.2)	(9.2)	1.0
Exchange rate variation, net	9.7	2.3	7.4	14.7	6.0	8.7
Other	(2.1)	(1.9)	(0.2)	(2.5)	(2.4)	(0.1)
Financial income (expenses), net	**(3.5)**	**(6.1)**	**2.6**	**(5.0)**	**(8.5)**	**3.5**

Indebtedness

Beyond a positive operating cash generation, the amortization of financings marked the period. Consequently, the long term financings decreased. For the extension of the indebtedness structure the Company is in process of funding with BNDES in the amount of R$ 162.5 million.

Detailed information on "Cash and Cash Equivalents" and "Loans and Financing" is described on notes 8 and 19, respectively, to the financial statements.

Net indebtedness			R$ million
Liabilities	**As of 06/30/2012**	**As of 12/31/2011**	**As of 06/30/2011**
Financings:	559.2	692.5	780.6
.short term	522.4	488.8	332.5
.long term	36.8	203.6	448.0
Assets:			
Cash / banks / cash investments	(238.2)	(342.2)	(546.4)
Net indebtedness	**321.0**	**350.3**	**234.1**

3.4 Net income

The decrease in net income as compared to the same period of the previous year is due to the increase in other operating income (expenses), net.

The basis for calculating distribution of dividends or interest on equity accumulated in the second quarter 2012, excluding deemed cost depreciation net of deferred taxes, in the amount of R$ 8.5 million, and statutory reserve of R$ 3.6 million, results in the amount of approximately R$ 77.3 million, by which R$ 38.5 was already approved under the form of interest on equity, according to section 4.

3.5 Capital Expenditures

The consolidated realized capital expenditures totaled R$ 45.5 million million in the period accumulated of January to June of 2012.

The capital expenditures planned in the company's budget for 2012 were in the amount of R$ 123.5 million, channeled mainly into new products and processes, machinery and equipment. In the Board of Directors' Meeting held on last August 1, the Capex were increased in the amount of R$ 7.9 million, related to the implementation of a new product line for piston rings Large Bore, increasing the Capex of the current year to the amount of R$ 131.5 million.

The total accumulated depreciation in the second quarter of 2012 amounted to R$ 54.8 million, and includes normal depreciation (R$ 37.9 million) and deemed cost depreciation of property, plant and equipment (R$ 16.9 million), regarding the adoption of the International Financial Reporting Standards (IFRS) related accounting adjustment, therefore, in line with the capital expenditures for maintenance and expansion of the production capacity planned for 2012.

4 Investor Relations and Capital Market

Investor Relations

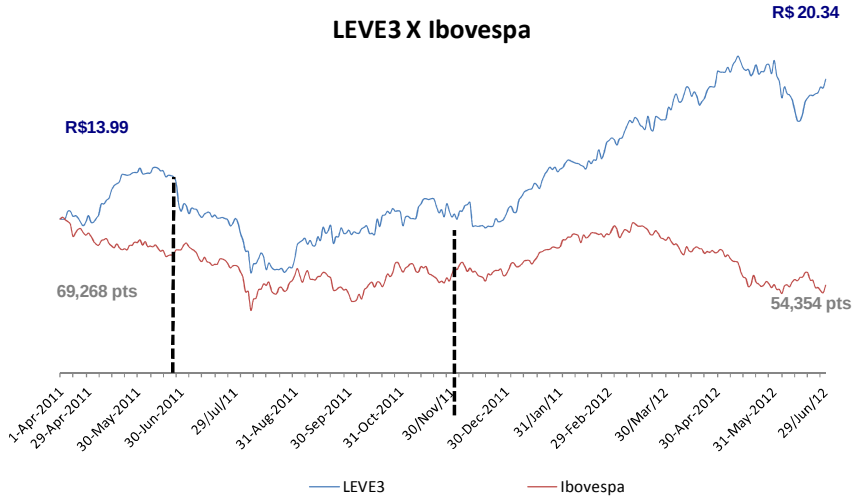
In the second quarter of 2012 the investor relations department was involved in a series of activities to improve the relationship with investors and analysts, by increasing the number of meetings given the demand for further information, prospecting new equity analysts' coverages, or carrying out a series of Non-deal Road Shows (NDRS) in Brazil and abroad.

Distribution of benefits to shareholders

The Board of Directors' Meeting held on March 6, 2012 approved the distribution of interest on equity regarding the first quarter 2012, in the amount of R$ 16.7 million, paid on April 20, 2012. On August 1, 2012 the Board of Directors approved the distribution of interest on equity regarding April to July 2012, in the amount of R$ 21.8 million, payable on August 24, 2012.

Stock performance

The table below shows the quotes, the Average Daily Trading Volume (ADTV) and the ADTV turnover in relation to the free-float market capitalization for three periods: (I) 2011, prior to the Company's adhension on the *Novo Mercado* listing segment of BM&FBovespa, on July 5, 2011; (II) 2011, from the Company's adhension on *Novo Mercado* listing segment until the hiring of a market maker, on December 8, 2011; and (III) from this date until June 29, 2012.



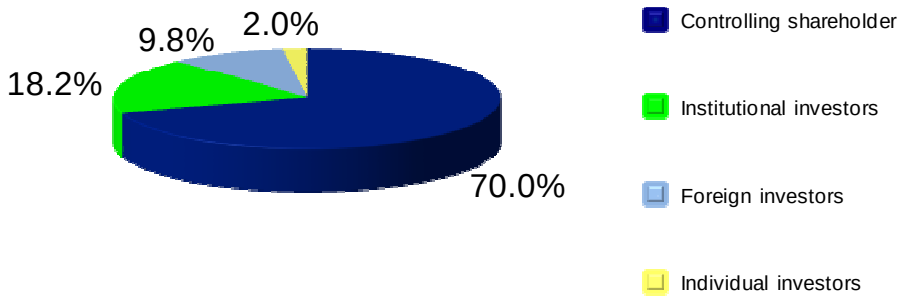
Change	
LEVE3	45.39%
Ibovespa	-21.53%

Source: Economatica.

Average Daily Trading Volume (ADTV) and ADTV turnover to Free-Float Mkt Cap		
Period	Trading Volume (R$ million)	Turnover (%)
(I)	0.7	0.30%
(II)	1.5	0.34%
(III)	4.7	0.68%

Shareholders' profile

As of June 30, 2012, the shareholders' profile regarding to the number of company's shares was represented as follows:



5 Human Resources

The Company and its controlled companies, as well as its joint-venture subsidiaries had 10,702 employees as of June 30, 2012 (11,093 employees as of March 31, 2012, and 11,229 employees as of December 31, 2011), representing a decrease in the quarter of 391 employees (527 employees in the first half of 2012). This reduction was aimed at adjusting the production pace of the Company and its subsidiaries to the lower demand in the domestic market along the year.

6 Independent Auditors

In accordance with Brazilian SEC Instruction 381/03, the Company and its subsidiaries have adopted the procedure to ensure that the provision of other services by auditors will not create a conflict of interest and affect the independence and objectivity necessary for independent audit services.

During the second quarter of 2012, the Company contracted KPMG Tax Advisors Ltd. ("KPMG Asssessores Tributários Ltda.") to perform tax advisory and review of the Statement of Economic and Tax Information for legal person ("Declaração de Informações Econômico Fiscais da Pessoa Jurídica" - DIPJ) regarding the companies of the MAHLE Group.

7 Outlook

Macroeconomic scenario

Although the expansion of the domestic market has been moderate, the outlook for the economic activity in the next months is favorable, with certain asymmetry among the different industries.

A positive perspective for the next years is maintained, with large ongoing infrastructure and construction projects mainly focused on the World Cup (2014) and the Olympic Games (2016), and a series of major projects, such as *Minha Casa, Minha Vida* (a housing financing program), the Growth Acceleration Program (PAC), among others.

The outlook for the global economy worsened due to the continuity of the European crisis, the slowdown in China and uncertainty about the sustainability of growth in the USA. Given the deterioration of the global macroeconomic scenario, the central banks of the major economies have opted for adopting new measures for expansionary monetary policy.

Despite the environment of high uncertainty, there was a reduction in risk aversion in financial markets. The end of the electoral process in Greece and the measures announced by the European Union Summit at the end of June – more flexible rules allowing the use of the European Financial Stability Facility (EFSF), and later, the European Stability Mechanism (ESM), to direct bank capitalization and purchase of sovereign bonds in the secondary market – more than offset the signs of weakness of the banking system in Spain. The relief in the markets favored the appreciation of euro and the currencies of emerging countries against dollar, while the annual return from the US and Germany 10-year bonds increased compared to the minimum historical returns of May.

Automotive industry

The disclosure by Anfavea of the automotive industry's results for the first half of 2012 brought different opinions and interpretations about the figures of the first six months of the year. While the National Federation of Motor Vehicle Distribution (Fenabrave) reduced its estimates, which now indicate an automotive market in 2012 almost stable, with a small reduction, Anfavea maintained its projections and believes that reaching its total domestic vehicle sales growth target of 4% to 5% is still feasible, with sales of 3.77 million to 3.81 million of vehicles, and an increase of 2% in vehicle production, reaching 3.48 million of vehicles. According to Anfavea, before the final figures of August, the date scheduled for the end of the IPI rate reduction, a change in the projections would be hasty.

Company

Anfavea maintained its estimates for the domestic market in 2012. After a second quarter with a higher level of activity in the automotive industry compared to the previous quarter, however with recovery slower than it was estimated, the Company expects that the market will recover in the second half, and that the Brazilian automotive market should be close to Anfavea's estimates, especially with the recovery of the heavy-duty vehicle segment given the decrease in the vehicle stock levels, and the transport of the grain harvest in the second half of the year. In the export markets, the scenario does not address the occurrence of extreme events but, at the same time, the recent developments indicate the postponement of a final solution for the European financial crisis, which are offset by a positive outlook in NAFTA region, despite the recent moderation of the activities in the United States of America.

In view of this scenario, Company's Management maintains its estimates for the performance in 2012, with stable operational performance and margins in line with the previous year.

The federal government's measures regarding to the monetary policy, with reductions in the basic interest rates, together with the measures of incentive to the automotive industry and the economy announced over the year, in addition to large infrastructure and construction projects already in place, have a positive impact in short and medium term, and potential for improvement in the coming years.

Acknowledgments

Company's Management thanks its shareholders, customers, suppliers and employees for the support and trust during the second quarter of 2012.

Company's Management

BALANCE SHEETS (CONSOLIDATED)

(In thousands of BRL)	30-Jun-12	30-Jun-11
ASSETS	**2,606,288**	**2,861,613**
Current assets	**1,084,484**	**1,315,928**
Cash and cash equivalents	44,664	34,062
Financial investments	193,580	512,376
Trade accounts receivable	425,344	377,660
Inventories	324,994	318,111
Recoverable taxes	67,731	42,787
Other assets	28,171	30,932
Noncurrent assets	**1,521,804**	**1,545,685**
Deferred taxes	124,915	109,709
Accounts receivable from related parties	10,003	10,221
Other assets	21,801	16,706
Invesments in subsidiaries and subs. joined	371	371
Property, plant and equipment	727,581	708,510
Intangible assets	637,133	700,168
LIABILITIES	**2,606,288**	**2,861,613**
Current liabilities	**870,962**	**690,743**
Salaries, accrual for vacation and social charges	111,637	114,684
Trade accounts payable	107,458	123,852
Tax obligations	34,063	26,515
Financings	522,403	332,515
Other liabilities	47,903	32,350
Provisions	47,498	60,827
Non current liabilities	**353,477**	**746,376**
Financings	36,801	448,043
Other liabilities	26,268	19,367
Diferred taxes	138,607	127,007
Provisions	151,801	151,959
Consolidated sharehoder's equity	**1,381,849**	**1,424,494**
Stock capital	966,255	966,255
Income reserves	257,886	248,784
Accumulated profit/losses	60,627	90,538
Other comprehensive income	87,596	115,792
Accumulated conversion adjustments	(4,012)	(12,400)
Minority	13,497	15,525

INCOME STATEMENT (CONSOLIDATED)

(In thousands of BRL, except EPS)	30-Jun-12	30-Jun-11	Var.
Net sales revenue	**1,118,071**	**1,103,497**	**1.3%**
Cost of goods sold and services rendered	(843,027)	(830,660)	1.5%
Gross income	**275,044**	**272,837**	**0.8%**
Operating income (expenses)	**(167,055)**	**(141,955)**	**17.7%**
Selling expenses	(74,074)	(71,009)	4.3%
General and administrative expenses	(49,365)	(43,271)	14.1%
Expenses with technology and products development	(32,208)	(34,117)	-5.6%
Other operating income	25,077	53,560	-53.2%
Other operating expenses	(36,485)	(47,118)	-22.6%
Income before financial result, equity pick up and taxes	**107,989**	**130,882**	**-17.5%**
Financial revenues	33,596	33,337	0.8%
Financial expensives	(38,579)	(41,784)	-7.7%
Income and social contribution taxes	**103,006**	**122,435**	**-15.9%**
Current	(17,620)	(20,583)	-14.4%
Deferred	(13,148)	(22,354)	-41.2%
Net income for the period	**72,238**	**79,498**	**-9.1%**
For the ownership of controlling sharehoders	72,357	78,970	-8.4%
For the ownership of non-controlling sharehoders	(119)	528	-122.5%
Basic and diluted earnings per share issued in BRL (*)	**0.5639**	**0.6155**	**-8.4%**

(*) Notice: in the calculation of basic and diluted earnings per share was utilized the same quantity of shares after the corporate actions regarding reverse stock split and stock split occured in May of this year.

STATEMENT OF CASH FLOW (CONSOLIDATED)

(In thousands of BRL)	30-Jun-12	30-Jun-11
Net Cash from Operating Activities	**123,317**	**138,087**
Cash Flow from operating activities	**173,370**	**166,713**
Net income for the fiscal year	58,478	79,498
Depreciation and amortization	56,327	57,419
Interest and monetary and exchange variations, net	31,051	24,222
Losses on derivative financial instruments	(2,563)	2,753
Result on property, plant and equipment sold	420	(17)
Deferred income and social contribution taxes	14,202	22,337
Allowance for debtful accounts	2,217	(1,273)
Provision for contingencies and legal obligations	2,681	(13,444)
Provision for guarantees	3,531	(3,419)
Other provisions	5,182	142
Provision for losses with property, plant and equipment, and intangibles	(255)	180
Provision for losses on inventories	2,098	(1,685)
Decrease (increase) in assets	**(50,052)**	**(28,626)**
Trade accounts receivable	(64,380)	(32,739)
Accounts receivable from related parties	(7,233)	(9,729)
Inventories	4,034	(30,479)
Recoverable taxes	2,043	592
Other accounts receivable	(6,869)	(10,258)
Trade accounts payable	4,825	4,881
Salaries, accrual for vacation and social charges	25,367	31,454
Taxes and contributions payable	3,560	5,450
Accounts payable to related companies	(5,220)	15,380
Other liabilities and legal deposits	(6,179)	(3,177)
Net Cash from Investing Activities	**(44,545)**	**(32,014)**
Additions to property, plant and equipment	(44,853)	(33,574)
Additions to intangible assets	(626)	(407)
Proceeds from sales of property, plant and equipment	935	1,968
Net Cash from Financing Activities	**(183,495)**	**124,972**
Inflow of funding	81,158	186,747
Amortization of financing-principal amounts	(217,713)	(42,003)
Amortization of financing interest	(20,622)	(17,700)
Advances from customers	(1,087)	(113)
Minority on cash dividends and interest on equity	-	29
Dividends prescribed	38	-
Dividends and interest on equity paid	(25,269)	(1,987)
Increase (Decrease) in cash and cash equivalent, net	**(104,723)**	**231,046**
Cash and cash equiv. at the beginning of the period	342,190	315,797
Effects of the exchange rates variation on cash and cash equivalents	777	(404)
Cash and cash equiv. at the end of the period	238,244	546,439