(Convenience translation into English form the original previously issued in Portuguese)

MAHLE METAL LEVE S.A.

QUARTERLY INFORMATION FOR THE QUARTER AND SIX-MONTH PERIOD ENDED JUNE 30, 2009 AND REVIEW REPORT OF THE INDEPENDENT AUDITORS

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(Convenience translation into English from the original previously issued in Portuguese)

MAHLE METAL LEVE S.A.

QUARTERLY INFORMATION
FOR THE SIX-MONTH PERIOD AND QUARTER ENDED JUNE 30, 2009

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(Convenience translation into English from the original previously issued in Portuguese)

To the Shareholders, Board Members and Management of
MAHLE Metal Leve S.A.
Mogi Guaçu - SP

1. We have performed an independent auditors' review of the accompanying quarterly information (Company and Consolidated) of MAHLE Metal Leve S.A. (the "Company") and controlled companies as of June 30, 2009, consisting of the balance sheet and the related statements of operations, changes in shareholders' equity, and cash flows for the quarter and six-month period then ended, all expressed in Brazilian reais, and prepared under the responsibility of the Company's management.

2. Our review was performed in accordance with specific standards established by IBRACON (Brazilian Institute of Independent Auditors) together with the CFC (Federal Association of Accountants), which consisted principally of: (a) inquiry of and discussion with the managers responsible for the accounting, financial and operating areas as to the main criteria adopted in preparing the Quarterly Information and b) review of the information and subsequent events that have or may have material effects on the financial situation and operations of the Company and its controlled companies.

3. Based on our review, we are not aware of any material modifications that should be made to the Quarterly Information referred to in paragraph 1 for it to be in conformity with Brazilian accounting practices and standards established by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of Quarterly Information.

4. According to note 2.2, due to the changes in Brazilian accounting practices during 2008, the statements of operations and cash flows for the quarter and six-month period ended June 30, 2008, presented for comparative purposes, were adjusted and are now being republished pursuant to NPC 12 - Accounting Practices, Changes in Accounting Estimates and Correction of Errors, approved by the Brazilian Securities and exchange Commission (CVM) Resolution No. 506/06.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

To the Shareholders, Board Members and Management of
MAHLE Metal Leve S.A.
Mogi Guaçu - SP

5. The Quarterly Information has accounting data for the quarter ended March 31, 2009 which was reviewed by us, and our independent auditors' review report thereon, dated May 8, 2009, was unqualified. The statements of operations and cash flows for the quarter and six-month period ended June 30, 2008 were reviewed by us, and our independent auditors' review report thereon, dated May 8, 2009, was unqualified.

6. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, August 5, 2009

Esmir de Oliveira
Engagement Partner
BDO Trevisan Auditores Independentes

(Convenience translation into English from the original previously issued in Portuguese)

SCHEDULE 1

MAHLE METAL LEVE S.A. AND CONTROLLED COMPANIES

BALANCE SHEETS AS OF JUNE 30, 2009 AND MARCH 31, 2009
(In thousands of Brazilian reais)

	Company		Consolidated	
	30/6/2009	31/3/2009	30/6/2009	31/3/2009
ASSETS	(not audited)	(not audited)	(not audited)	(not audited)
CURRENT ASSETS				
Cash and cash equivalents (note 4)	173,437	184,321	257,511	276,826
Trade accounts receivable (note 5)	158,587	165,978	227,013	245,916
Intercompany receivables (note 8)	107,709	137,202	42,667	46,937
Advance on exchange contracts	(32,383)	(53,909)	(32,957)	(55,758)
Allowance for doubtful accounts	(4,284)	(4,317)	(7,440)	(8,427)
Inventories (note 6)	134,860	161,022	204,333	251,725
Recoverable taxes (note 7)	41,062	45,024	54,071	62,932
Deferred income and social contribution taxes (note 9 c)	53,372	80,422	57,197	85,262
Dividends and interest on controlled company's capital receivable	1,018	16,803	-	-
Derivatives	2,769	2,241	3,073	2,343
Other accounts receivable	12,528	13,196	14,180	14,606
	648,675	747,983	819,648	922,362
NON-CURRENT ASSETS				
LONG-TERM ASSETS				
Deferred income and social contribution taxes (note 9 c)	49,677	50,597	64,410	65,431
Recoverable taxes (note 7)	6,423	8,278	8,347	10,472
Other accounts receivable	1,228	1,230	1,354	1,355
	57,328	60,105	74,111	77,258
PERMANENT ASSETS				
Investments in controlled companies (note 10)	63,505	63,106	-	-
Other investments	371	371	371	371
Property, plant and equipment (note 11)	386,717	398,230	473,829	494,265
Intangible assets (note 12)	112,187	117,139	120,607	129,822
Deferred charges	848	905	848	905
	563,628	579,751	595,655	625,363
TOTAL ASSETS	1,269,631	1,387,839	1,489,414	1,624,983

	Company		Consolidated	
	30/6/2009	31/3/2009	30/6/2009	31/3/2009
LIABILITIES	(not audited)	(not audited)	(not audited)	(not audited)
CURRENT LIABILITIES				
Loans and financing (note 14)	375,166	429,131	476,910	537,766
Trade accounts payable (note 13)	33,771	32,629	45,146	46,512
Taxes payable	13,271	11,216	17,862	15,874
Salaries, social charges, accrued vacation pay and Christmas bonus payable (note 15)	46,330	39,234	55,993	46,339
Intercompany payables (note 8)	19,252	12,955	27,305	30,747
Provision for income and social contribution taxes (note 9.b)	-	-	-	-
Unrealized derivative losses	29,407	132,478	29,697	134,297
Customers' advances	1,710	1,706	2,582	2,600
Proposed dividends and interest on equity capital payable	20,804	20,804	22,032	21,252
Sundry provisions (note 16)	33,410	35,070	44,530	48,406
Other accounts payable	12,776	11,342	20,522	18,522
	585,897	726,565	742,579	902,315
NON-CURRENT LIABILITIES				
LONG-TERM LIABILITIES				
Loans and financing (note 14)	76,169	96,971	98,372	118,410
Provision for warranties (note 17)	8,401	8,307	9,133	9,065
Provision for contingencies and liabilities related to legal proceedings (note 18)	87,529	86,292	107,611	106,250
Taxes payable	-	-	-	-
Provision for shareholders' deficit - controlled companies	845	832	-	-
Other accounts payable	7,540	7,541	17,735	17,761
	180,484	199,943	232,851	251,486
Non-controlling interest	-	-	10,734	9,851
SHAREHOLDERS' EQUITY				
Capital stock	352,755	352,755	352,755	352,755
Income reserves	153,221	148,592	153,221	148,592
Asset and liability valuation adjustments	(11,456)	(56,420)	(11,456)	(56,420)
Cumulative translation adjustments	8,730	16,404	8,730	16,404
	503,250	461,331	503,250	461,331
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,269,631	1,387,839	1,489,414	1,624,983

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English from the original previously issued in Portuguese)

SCHEDULE 2

MAHLE METAL LEVE S.A. AND CONTROLLED COMPANIES

STATEMENT OF OPERATIONS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
(In thousands of Brazilian reais, except earnings (losses) per share)

	Company		Consolidated	
	30/6/2009 (not audited)	30/6/2008 (not audited)	30/6/2009 (not audited)	30/6/2008 (not audited)
Gross revenue	673,580	929,513	909,490	1,119,976
Gross revenue deductions	(150,568)	(176,772)	(214,901)	(208,707)
NET REVENUE	523,012	752,741	694,589	911,269
Cost of goods sold and services rendered	(428,112)	(550,640)	(569,784)	(655,823)
GROSS INCOME	94,900	202,101	124,805	255,446
OPERATING REVENUES (EXPENSES)				
Selling expenses	(26,891)	(39,216)	(40,397)	(57,818)
General and administrative expenses	(33,622)	(39,238)	(40,244)	(45,442)
Financial losses, net (note 20)	(41,037)	(15,453)	(51,297)	(18,530)
Technology and product development expenses	(15,801)	(20,057)	(18,535)	(23,397)
Equity in earnings (loss) of controlled companies, subsidiaries and affiliates	(14,082)	9,811	-	-
Other operating revenues (expenses), net (note 21)	(1,863)	(2,059)	(10,471)	(9,534)
	(133,296)	(106,212)	(160,944)	(154,721)
INCOME (LOSS) BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES AND MINORITY INTEREST	(38,396)	95,889	(36,139)	100,725
INCOME AND SOCIAL CONTRIBUTION TAXES				
Current	-	(30,503)	(1,491)	(34,011)
Deferred	6,926	2,247	6,570	2,208
INCOME (LOSS) BEFORE MINORITY INTEREST	(31,470)	67,633	(31,060)	68,922
Minority interest	-	-	(410)	(1,289)
NET INCOME (LOSS)	(31,470)	67,633	(31,470)	67,633
Earnings (losses) per share (In Brazilian reais)	(1.03336)	2.22082	(1.03336)	2.22082
Number of outstanding shares (in thousands)	30,454	30,454	30,454	30,454

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English from the original previously issued in Portuguese)

SCHEDULE 3

MAHLE METAL LEVE S.A. AND CONTROLLED COMPANIES

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2009 AND 2008
(In thousands of Brazilian reais)

	Company	
	30/6/2009	30/6/2008
	(not audited)	(not audited)
Cash flows from operating activities		
Net income (loss) for the six-month period	(31,470)	67,633
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	31,730	39,466
Equity in earnings (losses) of controlled companies, subsidiaries and affiliates	13,538	(9,860)
Amortization of goodwill resulting from the acquisition of controlled company	-	-
Minority interest	-	-
Interest and exchange and monetary variations, net	32,059	6,638
Gains on permanent asset sales	(467)	(526)
Deferred income and social contribution taxes	(6,926)	(2,247)
Reversal (recognition) of allowance for doubtful accounts	(622)	193
Provision for (reversal of) income and social contribution taxes	-	1,037
Reversal (recognition) of provision for legal obligations and contingencies	379	3,653
Reversal (recognition) of provision for warranties	(11)	465
Reversal (recognition) of sundry provisions	(4,355)	(3,434)
Reversal (recognition) of investment valuation allowance	-	-
Reversal (recognition) of impairment loss on property, plant and equipment	5,344	49
Provision of impairment loss on investments	544	-
Exchange variation on investment in controlled companies	-	-
Decrease (increase) in assets		
Trade accounts receivable	(9,056)	(27,511)
Intercompany receivables	95,540	(22,837)
Inventories	41,608	(26,642)
Recoverable taxes	11,332	23,916
Dividends and interest on equity capital received from controlled company	-	-
Other accounts receivable	(4,752)	(5,123)
Increase (decrease) in liabilities		
Trade accounts payable	(10,534)	5,344
Salaries, social charges, accrued vacation pay and Christmas bonus	4,105	14,466
Taxes payable	3,974	3,303
Provision for income and social contribution taxes	-	-
Intercompany payables	5,191	4,941
Derivatives	(54,750)	(21,343)
Other accounts payable and escrow deposits	130	2,714
Net cash provided by operating activities	122,531	54,295
Cash flows from investing activities		
Cash paid for the acquisition of controlled company, net of cash received		
Dividends and interest on equity capital received from controlled company	15,785	9,889
Additions to investments	(11,769)	(22,722)
Additions to property, plant and equipment	(4,241)	(41,397)
Additions to intangible assets	(268)	(1,606)
Reversal of allowance for doubtful accounts	682	1,519
Caixa desp.aquis.control., líq.cx receb.	(1,058)	(41,122)
Additions to deferred charges	-	(342)
Proceeds from sales of permanent assets	-	-
Gains on investments	(205)	-
Proceeds from sales of permanent assets	-	-
Net cash used in investing activities	(1,074)	(95,781)
Cash flows from financing activities		
Proceeds from financing	210,896	343,424
Repayments of the principal of financing obligations	(202,718)	(239,884)
Repayment of financing interest	(23,533)	(12,469)
Advance on exchange contracts	18,658	29,083
Customers' advances	(9)	70
Minority interest in interest on equity capital	-	-
Dividends and interest on equity capital paid	(1,719)	(29,425)
Proposed dividends	-	-
Net cash provided by financing activities	1,575	90,799
Increase (decrease) in cash and cash equivalents, net	123,032	49,313
Cash and cash equivalents at beginning of six-month period	50,405	30,578
Cash and cash equivalents at end of six-month period	173,437	79,891

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English from the original previously issued in Portuguese)

SCHEDULE 4

MAHLE METAL LEVE S.A. AND CONTROLLED COMPANIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE QUARTER ENDED JUNE 30, 2009
(In thousands of Brazilian reais)

	Capital stock	Income reserves	Asset and liability valuation adjustments	Retained earnings/ Accumulated losses	Total
Balances as of March 31, 2009 - not audited	352,755	184,691	(40,016)	(36,099)	446,528
Net income	-	-	-	4,629	(36,099)
Asset and liability valuation adjustments	-	-	34,564	-	50,902
Balances as of June 30, 2009 - not audited	352,755	184,691	(2,726)	(31,470)	503,250

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English from the original previously issued in Portuguese)

MAHLE METAL LEVE S.A.

NOTES TO THE QUARTERLY INFORMATION
FOR THE SIX-MONTH PERIOD AND QUARTER ENDED JUNE 30, 2009
(Amounts in thousands of Brazilian reais, unless otherwise stated)

1. OPERATIONS

Mahle Metal Leve S.A. (the "Company") is engaged in the research, development, manufacturing, and marketing of parts and accessories for internal combustion engines, which are sold to several industries and business segments such as automakers (automobile, trucks, tractors, etc), aftermarket, aviation engine industry, stationary and others in Brazil and abroad.

The products manufactured by the Company are: pistons, piston pins, camshafts, bearing shells, bushings, valve tappets, rocker arms, connecting rods, ring-inserts, valve guides and seats, cylinder liners and filters.

Other activities are developed by the controlled companies, which include the production of sintered metal pieces, valves for combustion engines and forged parts, as well as the marketing and selling of products and rendering of technical assistance in the international market.

At the Extraordinary Annual Meeting held on January 28, 2008 shareholders approved the acquisition by controlled company MAHLE Argentina S.A. of the piston and cylinder distribution and aftermarket activities currently performed by the Argentinean subsidiary of this Company's indirect parent company MAHLE Componentes de Motores Argentina S. A. (formerly MAHLE S.A. de Argentina) for US$8.5 million.

On May 19, 2008 the Company acquired a controlling interest in Forjas Brasileiras S.A. Indústria Metalúrgica (current name: MAHLE HIRSCHVOGEL FORJAS S.A.), an expert company that has the technology for forged products, buying 51.00% of the common shares and 51.00% of the preferred shares owned by various shareholders for the amount of R$42.7 million. A goodwill of R$35,8 million was calculated according to the future profitability of the business, which is being amortized in proportion to the income generated by the controlled company until December 31, 2008.

After the enactment of Executive Act No. 449 of December 4, 2008 the management of the Company and its controlled companies decided to opt for the Temporary Tax Regime with the purpose of nullifying the effects of the changes in Brazilian accounting practices introduced by Law No. 11,638/07.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The Quarterly Information is the responsibility of management and has been prepared in accordance with provisions set forth on Brazilian Corporate Law and standards issued by the Brazilian Securities and Exchange Commission.

The preparation of quarterly information requires the use of accounting estimates. These estimates are based on objective and subjective factors and management's judgment for determining the proper value to be recorded in the quarterly information. Estimates and assumptions are made to determine the useful lives of property, plant and equipment, include testing them for impairment, analyzing the client's credit standing to determine the allowance for doubtful accounts, as well as assessing other risks to recognize other provisions, including provisions for contingencies and warranties, and valuing financial instruments and other assets and liabilities at the quarterly information date.

Transaction settlement involving those estimates may result in amounts significantly different from those recorded in the financial statements, due to the inherent inaccuracy of the estimates. The Company reviews these estimates and assumptions at least every three months.

Assets and liabilities are classified as current when their realization or settlement is expected to occur in the following twelve months. Otherwise they are stated as non-current. Monetary assets and liabilities denominated in foreign currencies were translated into Brazilian reais at the exchange rate of the quarterly information date. In addition, long-term assets and liabilities are discounted to present value, when applicable, using discount rates that reflect the best current market assessments of the value of money over time and specific risks. Differences arising from currency translation and the discounted present value were recognized in the statement of operations.

2.2. CHANGES IN BRAZILIAN CORPORATE LAW IN EFFECT AS FROM JANUARY 2008

On December 28, 2007 and December 3, 2008, Law No. 11,638/07 and Executive Act No. 449, converted into Law NO. 11,941/09, were enacted changing, revoking and introducing new articles to the Brazilian Corporate Law, particularly in chapter XV on accounting matters, and come into effect from the year starting January 1, 2008. Their main purpose was to update Brazilian corporate legislation to allow the convergence of Brazilian accounting practices and international financial reporting standards and the issue by the Brazilian Securities and Exchange Commission (CVM) of accounting standards and procedures in accordance with international accounting standards upon the approval of the technical pronouncements issued by the Committee of Accounting Pronouncements (CPC).

On December 17, 2008, CVM Resolution No. 565 was issued approving Technical Pronouncement CPC No. 13, which addresses the initial adoption of Law No. 11,638/07 and Executive Act No. 449/08. The Company and its controlled companies based on item 10(a) of that pronouncement, opted for transaction date of January 1, 2008, therefore not changing the previous financial statements resulting from the change in accounting practice.

Among the mains changes in accounting practices as from January 1, 2008, those that affect the Company and its controlled companies are:

a. adjustment resulting from the translation of the financial statements of foreign investments in directly or indirectly controlled companies, which are not independent entities held by the Company, in accordance with Technical Pronouncement CPC 02, approved by CVM Resolution No. 534/2008. As of December 31, 2007, the amount of cumulative translation adjustment which was segregated from retained earnings in shareholders' equity is R$4,291. The adjustment resulting from the Company's 2008 movements is R$14,268, reaching an accumulated total as of December 31, 2008 of R$18,559. The impact of this adjustment on the net income (loss) for the first six-month period of 2008, due to the change in accounting practice was a loss of R$4,106, totaling an accumulated gain as of June 30, 2008 of R$8,397, presented in a comparative manner.

b. adjustment resulting from the change in accounting practices related to the recognition, measurement and evidencing of financial instruments, in accordance with Technical Pronouncement CPC 14, approved by CVM Resolution No. 566/2008. The adjustment resulting from the Company's and its controlled companies' 2008 movements which had an impact on the "Asset and liability valuation adjustments" equity caption was R$109,477, net of deferred income and social contribution taxes. As of December 31, 2007 the adjustment was not material. The impact of this adjustment on net income (loss) and "Asset and liability valuation adjustments" equity caption in the first half of 2008 due to the change in accounting practices was a gain of R$131, net of deferred income and social contribution taxes, presented in a comparative manner.

c. elimination of the group of non-operating revenues and expenses, reclassified to the group of other operating revenues and expenses. This issue has already been regulated by Executive Act No. 449/08 and CPC Guideline Technical Pronouncement No. 02.

d. discount to present value of long-term assets and liabilities and current material items; This issue has already been regulated by CVM Resolution No. 564/2008. On December 31, 2007, the quarters ended March 31, 2008, June 30, 2008, December 31, 2008 and the quarters ended March 31, and June 30, 2009, management calculated the discount to present value of ICMC (State VAT), PIS and COFINS (taxes on sales) credits taken for the acquisition of property, plant and equipment. No material adjustments were found which could have an impact on the quarterly information. On March 31, 2008 the management of the Company and its controlled companies, following CVM Regulatory Instruction No. 469/2008, made some adjustments about this issue, fully reversed on June 30, 2008 due to the reconsideration of the adopted understanding and procedure.

e. reclassification of the Software caption from Property, plant and equipment to Intangible assets, due to CPC Technical Pronouncement No. 04 – Intangible Assets, approved by CVM Resolution No. 553/2008.

f. mandatory periodic testing for impairment of deferred and intangible assets, property, plant and equipment as per CVM Resolution No. 527/2007. The Company and its controlled companies made the testing for the year ended December 31, 2008 and did not find significant adjustments. The impairment test for 2009 will be made by December 31, 2009.

g. substitution of the statement of cash flows, already disclosed by the Company on December 31, 2008 and 2007, for the statement of changes in financial position. Given the changes in the preparation of interim forms for the Quarterly Information, in accordance with Circular Letter No. 002/2009, the statement of cash flows has become a part of the disclosure form in the quarters ended March 31, June 30 and September 30 in a comparative manner.

For comparison purposes, reclassifications and adjustments were made in the balances of the information for the first half of 2008 to align them with the accounting practices adopted in the first half of 2009, according to items (a), (b), (c) and (e) mentioned above, as follows:

	1st six-month period of 2008 (originally disclosed)		Comparison adjustments and reclassifications		1st six-month period of 2008 (after adjustments and reclassifications)	
	Company	Consolidated	Company	Consolidated	Company	Consolidated
Assets						
Non-current assets						
Property, plant and equipment	399,208	487,929	(9,051)	(9,327)	390,157	478,602
Intangible assets	109,106	120,941	9,051	9,327	118,157	130,268
			-	-		
Shareholders' equity						
Reserve for expansion and modernization	107,921	107,921	4,291	4,291	112,212	112,212
Retained earnings/accumulated losses	60,474	60,474	3,975	3,975	64,449	64,449
Cumulative translation adjustments	-	-	(8,397)	(8,397)	(8,397)	(8,397)
Asset and liability valuation adjustment	-	-	131	131	131	131
			-	-		
Income (loss)						
Gross revenue	929,513	1,096,382	-	23,594	929,513	1,119,976
Sales deductions	(176,772)	(207,469)	-	(1,238)	(176,772)	(208,707)
Cost of goods and/or services sold	(553,130)	(641,583)	2,490	(14,240)	(550,640)	(655,823)
Selling, general and administrative expenses	(78,454)	(101,480)	-	(1,780)	(78,454)	(103,260)
Financial loss	(14,111)	(14,660)	(1,072)	(3,600)	(15,183)	(18,260)
Derivative gains (losses)	(2,760)	(2,760)	2,490	2,490	(270)	(270)
Other operating revenues	13,580	13,580	(11,034)	(9,372)	2,546	4,208
Other oeprating expenses	(36,562)	(41,953)	11,900	4,814	(24,662)	(37,139)
Revenues- non-operating income (loss)	896	1,006	(896)	(1,006)	-	-
Expenses - non-operating income (loss)	(30)	(4,200)	30	4,200	-	-
Deferred income tax	2,180	2,095	67	113	2,247	2,208
	84,350	98,958				
			3,975	3,975		

The management of the Company and its controlled companies, also based on CPC Technical Pronouncement No. 13, opted to maintain deferred charges until their full amortization, subject to impairment testing in accordance with CPC Technical Pronouncement No. 1 – Impairment Charge, approved by CVM Resolution No. 527/2007.

In 2009 new Technical Pronouncements were issued to be effective as from January 1, 2010. The Company and its controlled companies are analyzing those that have an impact on its financial statements for the year ending December 31, 2009. Among the Accounting Pronouncements issued by CPC and approved by CVM in 2009, the following may affect the Company and its controlled companies:

a. the evaluation, measurement and recording of business combinations made as from January 1, 2009, with the purpose of disclosing the financial statements for the year ending December 31, 2010 and in a comparative manner with the financial statements of the year ending December 31, 2009, according to CVM Resolution No. 580/2009.

b. the analysis of the recorded inventories and the adequacy of the classification of these assets recorded in the statement of operations which do not generate future revenues for the Company and its controlled companies according to CVM Resolution No. 575/2009.

c. the allocation of loan costs related to qualifiable assets upon acquisition, construction or production, according to CVM Resolution No. 577/2009. A qualifiable asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

d. the disclosure of information per operating segment of the Company and its controlled companies, according to CVM Resolution No. 582/2009. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

e. valuation of property, plant and equipment and determination of the useful lives of the assets that generate economic benefit for the Company and its controlled companies, according to CVM Resolution No. 583/2009.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

a. Results of Operations

Results of operations are recorded on the accrual basis. Sales revenue is recognized in the statement of operations when all the product’s risks and benefits are transferred to the buyer. Revenue whose realization is uncertain is not recognized.

b. Cash and Cash Equivalents

Cash and cash equivalents include the balances of bank accounts and financial investments redeemable within up to 90 days from the balance sheet date, recorded at cost, plus income earned to the balance sheet date, which does not exceed market value.

c. Allowance for Doubtful Accounts

The allowance for doubtful accounts is set up according to estimated losses and in an amount deemed sufficient by management to cover possible losses on the realization of accounts receivable.

d. Inventories

Inventories are stated at the average purchase or production cost, which are lower than replacement or realizable values.

e. Investments

Investments in controlled companies in Brazil and abroad are accounted for on the equity method according to the respective shareholders' equity calculated on the same date, as explained in note 10.

The financial statements of controlled companies headquartered abroad are translated into Brazilian reais using the following criteria:

- Assets and liabilities at the closing exchange rate;
- Specific equity accounts at the historic rates of transactions or movements;
- Statement of operations accounts at the average monthly exchange rate.

Exchange variations in the financial statements of controlled companies located abroad translated into Brazilian reais are recorded under "Cumulative translation adjustments", a Company equity account. These exchange variation adjustments are realized as the investment is realized, in other words: receipt of dividends, disposal, and spoilage.

These financial statements are adapted, when applicable, to Brazilian accounting practices.

f. Property, Plant and Equipment

Property, plant and equipment are stated at acquisition or construction cost, less accumulated depreciation. Depreciation is calculated under the straight-line method at the rates mentioned in note 11, according to the estimated useful lives of the assets.

g. Intangible Assets

They basically refer to goodwill resulting from acquisitions of equity interest, grounded in the future profitability of investments.

h. Technology and Product Development Expenses

Technology and product development expenses, as well as other expenses incurred with new products, are recorded as operating expenses. Those expenses on the development of new products linked to a future benefit until December 31, 2007 were recorded in deferred charges and amortized for the maximum period of 10 years.

i. Impairment Charges – Property, Plant and Equipment, Intangible Assets and Deferred Charges

An impairment charge is recognized if the book value of an asset or its cash generating unit, if it is a property, plant or equipment item, exceeds its recoverable value. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment charges are recognized in the statement of operations and may not be reversed when related to intangible assets.

j. Other Current and Non-Current Assets

These are stated at cost plus related earnings and monetary variation, where applicable, and reduced by allowances to reflect realizable value, if necessary.

k. Liabilities

Liabilities are recognized in the balance sheet when the Company and its controlled companies have a legal obligation or as a result of past events and settlement is expected to result in an outflow of resources. Some liabilities involve uncertainties regarding periods and amounts. They are estimated as incurred and are recorded as provisions. Provisions are recorded based on the best estimates of risks involved.

l. Taxation

Sales and service revenues are subject to the following taxes and rates:

	State of São Paulo	Other States
ICMS (State VAT)	18%	7% or 12%
IPI (Federal VAT)	4%-16%	4%-16%
PIS (tax on sales)	1.65%	2.3%
COFINS (tax on sales)	7.6%	7.6%
ISS (service tax)	2%-5%	2%-5%

These charges are recognized as sales deductions in the statement of operations. Credits resulting from the non-cumulativeness of PIS/COFINS are accounted for by reducing the cost of sales in the statement of operations.

Income and social contribution taxes are levied on income. Income tax is levied on taxable income at the rate of 15%, plus a 10% surtax on taxable income exceeding R$240 in the period of 12 months, while social contribution tax is levied on taxable income at the rate of 9%. Both are recognized on the accrual basis and therefore the add-backs of temporarily non-deductible expenses to book income to calculate current taxable income generate deferred tax credits.

Prepayments or amounts available for offsetting are recorded as current assets or non-current assets, according to their expected realization.

m. Derivatives

In order to hedge the balance of the exchange exposure of the Company's and its controlled companies' foreign currency accounts receivable and payable to fluctuations in exchange rates and nickel, copper, aluminum and lead prices, the Company and its controlled companies use derivatives. These instruments basically consist of sales and purchases of currency forward contracts.

Derivative contracts are initially carried at fair value. Attributable transaction costs are recognized in the statement of operations when incurred. After the initial recognition and measurement, derivatives are measured again and changes are recorded in the statement of operations, except under the circumstances described below to account for hedge transactions.

A hedging instrument is one or more derivative contracts entered into with third parties with the purpose of compensating, in whole or in part, the risks resulting from exposure to variations in cash flows or the fair value of any asset, liability, commitment or forecast transaction.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that may have an impact on the entity's results, as in the case of provisions for item to be hedged, of which the following stand out: Accounts receivable and payable transactions, sales to be made and commodities to be acquired. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity. If the hedge is not considered effective the gain or loss from the change in fair value of the hedging instrument is recognized immediately in the statement of operations. The gain or loss accumulated in equity under the caption "Asset and liability valuation adjustments" is realized at the same time that the hedged item is realized in operations, or when the hedge no longer meets the hedge accounting criteria and hedge accounting is discontinued.

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability when the recognition of the fair value of this instrument matches the accounting effects of the asset or liability, as for example settlements with a cash effect on the hedged items, among which: Accounts receivable and payable transactions, sales made, commodities acquired and loans settled by the Company. Fair value is the amount that the financial instrument could be purchased or sold for at the date of the quarterly information, i.e. the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The gain or loss from the change in fair value of the hedging instrument is recognized immediately in the statement of operations. The hedged item is also stated at fair value in relation to the risk to be covered. The gain or loss that is attributable to the hedged risk is recognized in the statement of operations and is presented as an adjustment of the carrying amount of the hedged item.

CONSOLIDATION

The consolidated quarterly information was prepared according to the basic consolidation principles set forth by Brazilian Corporate Law and the standards issued by the Brazilian Securities Commission and include the account balances of all controlled companies. The consolidated financial statements include all asset, liability and income (loss) accounts and include minority interest as a separate component of the consolidated balance sheet and statement of operations in proportion to the percentage of the Company's equity in controlled companies.

The consolidation process comprises the elimination of the investments proportionally to the interest of the parent company in the controlled companies' equity, the balance sheet account balances, the unrealized inventory results and intercompany revenues and expenses.

We list below the consolidated companies:

	Interest in total capital(%)			
	1st half of 009		1st half of 2008	
	Direct	Indirect	Direct	Indirect
MAHLE Metal Leve Miba Sinterizados Ltda.	70	-	70	-
MAHLE Argentina S.A. (formerly Establecimentos Metalúrgicos Edival	97.14	2.86	96	4
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60	-	60	-
MAHLE Metal Leve GmbH (abroad)	100	-	100	-
MAHLE Metal Leve International NV (abroad)	-	100	-	100
MAHLE HIRSCHVOGEL FORJAS S.A.	51	-	49.77	-

4. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Cash and banks	508	2,280	9,199	27,935
Short-term investments	161,259	169,892	234,472	231,552
Amounts awaiting the setting of the exchange rate	11,670	12,149	13,840	17,339
	173,437	184,321	257,511	276,826

The amounts awaiting the exchange rate to be set are export receivables whose conversion into local currency had not been made by the balance sheet date. They are linked to export financing transactions (BNDES-Exim) and derivative financial instruments.

Short-term investments basically refer to Certificates of Bank Deposit – CDB, bearing interest at the Certificate of Interbank Deposits – CDI rate, and investments in foreign funds backed by HSBC Bank Brasil S.A. bonds.

5. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Market				
Domestic	122,603	117,843	162,703	154,584
Foreign	35,984	48,135	64,310	91,332
	158,587	165,978	227,013	245,916

The Company and its controlled companies have taken out export credit insurance – commercial risk from SECREB – Seguradora de Crédito do Brasil S.A. The indemnity limit encompasses an export volume of US$100 million provided for in the policy. The policy was renewed in August 2008 and is valid for one year.

6. INVENTORIES

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Finished goods	62,124	74,778	99,612	128,807
Work in process	55,131	60,956	69,365	75,998
Raw materials	21,741	29,723	34,623	45,492
Subsidiary materials	5,688	6,569	13,374	14,928
Imports in transit	3,665	748	8,508	6,248
Inventory valuation allowance	(13,489)	(11,752)	(21,149)	(19,748)
	134,860	161,022	204,333	251,725

7. RECOVERABLE TAXES

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Income and social contribution taxes (note 9.b)	21,500	21,117	23,921	24,146
Income tax on financial investment yields	650	153	707	241
Income and social contribution taxes on rendered services	495	248	4,345	5,293
ICMS (State VAT) on fixed asset acquisition	11,855	12,824	14,355	15,581
ICMS (State VAT) and IPI (Federal VAT)	6,203	6,443	9,815	13,097
PIS (tax on sales)	982	1,306	1,126	1,595
COFINS (tax on sales)	4,509	11,056	5,510	12,450
Other	1,291	155	2,639	1,001
	47,485	53,302	62,418	73,404
Current	(41,062)	(45,024)	(54,071)	(62,932)
Non-current	6,423	8,278	8,347	10,472

The ICMS, PIS and COFINS on the acquisition of fixed assets are offset at the rate of 1/48 and 1/24 monthly.

8. RELATED-PARTY TRANSACTIONS

	Consolidated										
			Transactions in the 1st half of 2009								
	Balances as of June 30, 2009		Sales/revenues				Purchases				
Companies	Current assets	Current liabilities	Products	Services	Fixed assets	Commissions	Products	Services	Fixed assets	Commissions	*Royalties*
MAHLE Componentes de Motores do Brasil Ltda.	3,709	17,545	121	11,141	-	2,835	34,336	436	-	-	-
MAHLE Filtroil Ind. e Com. Ltda.	-	-	1	-	-	-	-	-	-	-	-
MAHLE Componentes de Motores S.A.	2,747	364	5,087	709	-	-	-	-	-	-	-
MAHLE Componentes de Motores Argentina S.A.	1,167	-	1,277	518	-	-	5,965	526	48	-	-
MAHLE Argentina S.A.	665	-	1,387	-	-	-	1	-	-	-	-
MAHLE GmbH	5,228	3,945	13,127	9	-	-	2,117	116	3,878	-	5,030
MAHLE France SARL	7,729	2	16,460	-	-	-	-	-	-	-	-
MAHLE Filtersysteme	1,697	2,144	1,078	-	-	-	1,581	-	-	3	-
MAHLE Pistons France SARL	1,093	-	4,388	-	-	-	-	-	-	-	-
MAHLE Pistoni Italia SPA	1,734	22	2,366	-	-	-	-	-	-	-	-
MAHLE Componentes de Motores de México, S. de R.L. de C.V.	5,858	47	10,101	165	-	-	-	-	-	-	-
MAHLE Componente de Motor SRL	1,261	-	993	-	-	-	-	-	-	-	-
MAHLE Engine Components (Thailand) Co. Ltd.	118	-	318	-	-	-	-	-	-	-	-
MAHLE, Inc.	100	417	2,652	9	-	-	-	-	-	-	-
MAHLE Motorkomponenten Schweiz AG	-	8	-	-	-	-	8	-	-	-	-
MAHLE Motorkomponenten GmbH	679	243	2,231	-	-	-	51	-	-	-	-
MAHLE Technology, Inc.	2	576	-	-	-	-	-	-	-	-	-
MAHLE Sud America N.V.	28	-	-	80	-	-	-	-	-	-	-
MAHLE Engine Components Australia Pty Ltd.	-	3	-	-	-	-	-	-	-	1	-
MAHLE Engine Components Japan Corporation	12	-	14	67	-	-	-	-	-	-	-
MAHLE Sistemas de Filtracion S.L.	-	-	-	-	-	-	-	-	-	1	-
MAHLE Ventiltrieb GmbH	33	612	14	-	-	-	-	34	-	-	-
MAHLE Aftermarket GmbH	4,197	655	9,800	95	-	-	359	75	-	22	-
MAHLE Aftermarket Ltd	-	2	-	-	-	-	-	-	-	-	-
MAHLE Bearings (Yingkou) Co.,Ltd.	749	-	95	-	311	-	-	-	-	-	-
MAHLE Engine Components (Yingkou) Co., Ltd.	37	-	1,128	-	-	-	-	-	-	-	-
MAHLE Engine Comp. Slovakia	43	-	45	-	-	-		-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	285	-	-	-	-	685	-	-	-	-
MAHLE Vöcklabruck GmbH	115	-	919	-	-	-	-	-	-	-	-
MAHLE Migma Private Ltd.	31	-	-	-	-	-	-	-	-	-	-
MAHLE Trading Shangai Co., Ltd.	-	24	-	-	-	-	22	-	-	13	-
MAHLE Powertrain Ltd.	686	8	953	95	-	-	-	-	-	-	-
MAHLE Aftermarket SAS	27	24	30	-	-	-	-	-	-	11	-
MAHLE Brockhaus GmbH	-	2	-	-	-	-	-	-	-	-	-
MAHLE Powertrain LLC	-	-	-	-	-	-	-	-	-	-	-
MAHLE Ventiltrieb Brandenburg GmbH	12	28	-	-	-	-	-	-	-	-	-
MAHLE Engine Components USA, Inc.	1,665	63	2,038	-	-	-	11	-	-	-	-
MAHLE Engine Components (Chongqing) Co. Ltd.	-	-	240	-	-	-	-	-	-	-	-
MAHLE Engine Systems UK Ltd.	136	10	102	11	-	-	11	-	-	-	-
MAHLE International GmbH	15	196	-	-	-	-	-	54	-	-	-
MAHLE Valve Train Italia S.r.l.	-	3	-	-	-	-	3	-	-	-	-
MAHLE Mopisan	154	3	-	-	179	-	-	-	-	5	-
MAHLE Composants Moteur France	22	-	23	-	-	-	-	-	-	-	-
Glacier Vendervell Italy S.r.l.	2	10	53	-	-	-	10	-	-	-	-
MAHLE Clevite, Inc	916	64	2,037	156	-	-	34	-	-	81	-
MAHLE AKO GmbH	-	-	-	-	-	-	20	-	-	-	-
MAHLE IPL Limited	-	-	17	-	-	-	-	-	-	-	-
Other	-	-	2	-	-	-	-	-	-	-	-
Total	42,667	27,305	79,097	13,055	490	2,835	45,214	1,241	3,926	137	5,030

	Company										
			Transactions in the 1st half of 2009								
	Balances as of June 30, 2009		Sales/revenues				Purchases				
Companies	Current assets	Current liabilities	Products	Services	Fixed assets	Commissions	Products	Services	Fixed assets	Commissions	Royalties
MAHLE Metal Leve Miba Sinterizados Ltda.	289	797	-	1,505	-	-	2,440	-	-	-	-
MAHLE Componentes de Motores do Brasil Ltda.	3,709	10,941	120	11,141	-	2,834	31,734	436	-	-	-
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	46	5	2	185	-	-	59	-	-	-	-
MAHLE HIRSCHVOGEL FORJAS S.A.	621	1,547	41	700	-	-	4,584	-	-	-	-
MAHLE Componentes de Motores S.A.	38	364	-	709	-	-	-	-	-	-	-
MAHLE Componentes de Motores Argentina S.A.	1,056	-	-	391	-	-	4	-	-	-	-
MAHLE GmbH	9	3,210	-	9	-	-	2,117	-	3,878	-	5,030
MAHLE France SARL	701	-	742	-	-	-	-	-	-	-	-
MAHLE Filtersysteme	1,640	1,533	1,780	-	-	-	1,417	-	-	3	-
MAHLE Argentina S.A.	19,558	12	8,839	503	-	-	838	-	-	-	-
MAHLE Componentes de Motores de México, S. de R.L. de C.V.	3,191	1	3,564	165	-	-	-	-	-	-	-
MAHLE, Inc.	33	-	80	9	-	-	-	-	-	-	-
MAHLE Motorkomponenten GmbH	51	78	-	-	-	-	51	-	-	-	-
MAHLE Motorkomponenten Schweiz AG	-	-	-	-	-	-	8	-	-	-	-
MAHLE Technology, Inc.	2	-	-	-	-	-	-	-	-	-	-
MAHLE Metal Leve International N.V.	74,324	-	96,591	581	-	-	-	-	-	-	-
MAHLE Engine Components Australia Pty Ltd.	-	3	-	-	-	-	-	-	-	1	-
MAHLE Engine Components Japan Corporation	12	-	14	67	-	-	-	-	-	-	-
MAHLE Sistemas de Filtracion S.L.	-	-	-	-	-	-	-	-	-	1	-
MAHLE Aftermarket GmbH	112	281	1,190	-	-	-	359	-	-	22	-
MAHLE Bearings (Yingkou) Co.,Ltd.	669	-	10	-	310	-	-	-	-	-	-
MAHLE Engine Components (Yingkou) Co., Ltd.	37	-	1,128	-	-	-	-	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	285	-	-	-	-	685	-	-	-	-
MAHLE Vöcklabruck GmbH	115	-	920	-	-	-	-	-	-	-	-
MAHLE Trading Shangai Co., Ltda.	-	24	-	-	-	-	22	-	-	13	-
MAHLE Powertrain Ltd.	30	8	-	95	-	-	-	-	-	-	-
MAHLE Aftermarket SAS	27	-	30	-	-	-	-	-	-	-	-
MAHLE Aftermarket Ltd	-	2	-	-	-	-	-	-	-	-	-
MAHLE Brockhaus GmbH	-	2	-	-	-	-	-	-	-	-	-
MAHLE Clevite Inc.	66	30	-	156	-	-	-	-	-	56	-
MAHLE Engine Components USA, Inc.	-	64	186	-	-	-	11	-	-	-	-
MAHLE Engine Components (Chongging) Co. Ltd.	-	-	240	-	-	-	-	-	-	-	-
MAHLE Engine Systems UK Ltd.	80	10	42	11	-	-	11	-	-	-	-
MAHLE International GmbH	15	41	-	-	-	-	-	-	-	-	-
MAHLE Pistoni Italia SPA	8	-	19	-	-	-	-	-	-	-	-
MHALE Componente de Motor SRL	1,261	-	993	-	-	-	-	-	-	-	-
MAHLE Composants Moteur France	9	-	10	-	-	-	-	-	-	-	-
MAHLE Mopisan	-	4	-	-	-	-	-	-	-	5	-
MAHLE Industries Inc	-	-	2	-	-	-	-	-	-	-	-
Glacier Vendervell Italy S.r.l.	-	10	53	-	-	-	10	-	-	-	-
Total	107,709	19,252	116,596	16,227	310	2,834	44,350	436	3,878	101	5,030

	Company										
			Transactions in the 1st half of 2009								
	Balances as of June 30, 2009		Sales/revenues				Purchases				
Companies	Current assets	Current liabilities	Products	Services	Fixed assets	Commissions	Products	Services	Fixed assets	Commissions	Royalties
MAHLE Metal Leve Miba Sinterizados Ltda.	372	681	1	1,545	-	-	2,513	-	-	-	-
MAHLE Componentes de Motores do Brasil Ltda.	2,628	5,654	140	11,193	-	2,878	46,423	708	-	-	-
MAHLE Indústria e Comércio Ltda.	-	77	-	-	-	-	-	305	-	-	-
MAHLE Filtroil Ind. E Com. De Filtros Ltda.	69	4	849	94	-	-	2	-	-	-	-
MAHLE HIRSCHVOGEL FORJAS S.A.	791	924	-	-	-	-	1,313	-	-	-	-
MAHLE Componentes de Motores S.A.	20	-	-	391	-	-	12	-	-	-	-
MAHLE Componentes de Motores Argentina S.A.	1,208	-	2,143	-	-	-	214	-	-	-	-
MAHLE Componenti Motori Italia SpA	19	-	-	-	-	-	-	-	-	-	-
MAHLE GmbH	10	2,380	1,082	-	-	-	7,831	-	7,822	-	7,440
MAHLE France SARL	816	-	1,335	-	-	-	-	-	-	-	-
MAHLE Filtersysteme	1,925	967	1,701	-	-	-	2,851	-	-	3	-
MAHLE Argentina S.A.	21,143	796	9,129	95	-	-	31	-	-	-	-
MAHLE Componentes de Motores de México, S. de R.L. de C.V.	898	8	-	-	923	-	-	-	-	1	-
MAHLE, Inc.	314	-	539	54	-	-	-	-	-	88	-
MAHLE Motorkomponenten GmbH	61	12	-	-	-	-	270	-	-	-	-
MAHLE Technology, Inc.	20	-	-	-	-	-	-	-	-	-	-
MAHLE Metal Leve International N.V.	102,865	-	175,026	-	-	-	-	-	-	-	-
MAHLE Engine Components Australia Pty Ltd.	-	1	58	-	-	-	-	-	-	1	-
MAHLE Engine Components Japan Corporation	83	1,074	680	-	-	-	315	-	-	-	-
MAHLE Sistemas de Filtracion S.L.	-	1	-	-	-	-	-	-	-	5	-
MAHLE Ventiltrieb GmbH	-	1	43	-	-	-	73	-	-	-	-
MAHLE Aftermarket GmbH	1,107	211	2,275	-	-		576	-	-	40	-
MAHLE Bearings (Yingkou) Co.,Ltd.	-	-	50	-	-	-	-	-	-	-	-
MAHLE Engine Components (Yingkou) Co., Ltd.	779	-	-	-	-	-	-	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	91	9	-	-	-	-	-	-	-	-
MAHLE Vöcklabruck GmbH	1,052	-	3,485	-	-	-	-	-	-	-	-
MAHLE Migma Private Ltd.	2	-	-	-	-	-	26	-	-	-	-
MAHLE Trading Shangai Co., Ltd.	-	10	-	-	-	-	153	-	-	9	-
MAHLE Powertrain Ltd.	35	-	-	-	-	-	-	-	-	-	-
MAHLE Aftermarket SAS	30	-	-	-	-	-	-	-	-	-	-
MAHLE Brockhaus GmbH	-	2	-	-	-	-	-	-	-	-	-
MAHLE Powertrain LLC	83	-	-	-	-	-	-	-	-	-	-
MAHLE Clevite Inc	98	50	-	-	-	-	-	-	-	-	-
MAHLE Engine Components USA, Inc.	184	-	305	-	-	-	-	-	2	-	-
MAHLE Engine Components (Chongqing) Co. Ltd.	390	-	-	-	-	-	-	-	-	-	-
MAHLE Engine Systems UK Ltd.	133	11	27	-	-	-	625	-	923	-	-
MAHLE International GmbH	13	-	-	-	-	-	-	-	-	-	-
Glacier Vendervelí Italy S.R.L.	54	-	-	-	-	-	-	-	-	-	-
Diversos	-	-	1,740	-	-	-	602	-	-	2	-
Total	137,202	12,955	200,617	13,372	923	2,878	63,830	1,013	8,747	149	7,440

Consolidated

Transactions in the 1st half of 2008

Companies	Balances as of March 31, 2009		Sales/revenues				Purchases				
	Current assets	Current liabilities	Products	Services	Fixed assets	Commissions	Products	Services	Fixed assets	Commissions	*Royalties*
MAHLE Componentes de Motores do Brasil Ltda.	2,628	11,227	140	11,193	-	2,878	46,424	708	-	-	-
MAHLE Indústria e Comércio Ltda.	-	77	-	-	-	-	-	305	-	-	-
MAHLE Componentes de Motores S.A.	4,716	-	7,369	392	-	-	12	-	-	-	-
MAHLE Componentes de Motores Argentina S.A.	4,209	11,109	2,352	567	-	-	11,610	1,107	-	-	-
MAHLE S.A.	2,019	-	34	-	-	-	-	-	-	-	-
MAHLE Componenti Motori Italia SpA	1,410	-	5,221	-	-	-	1	-	-	-	-
MAHLE GmbH	3,909	3,151	17,440	-	-	-	7,831	-	7,822	-	7,440
MAHLE France SARL	8,068	-	30,199	-	-	-	-	-	-	-	-
MAHLE Filtersysteme	1,924	1,205	1,697	-	-	-	3,279	-	-	3	-
MAHLE Pistons France SARL	908	-	-	-	-	-	-	-	-	-	-
MAHLE Componentes de Motores de México, S. de R.L. de C.V.	3,665	8	7,464	-	923	-	-	-	-	1	-
MAHLE Engine Components (Thailand) Co. Ltd.	-	-	2,074	-	-	-	-	-	-	-	-
MAHLE, Inc.	1,442	492	7,905	55	-	-	-	-	3,766	88	-
MAHLE Motorkomponenten Schweiz AG	-	521	-	-	-	-	130	-	-	-	-
MAHLE Motorkomponenten GmbH	1,854	12	14,555	-	-	-	271	-	-	-	-
MAHLE Technology, Inc.	20	472	-	-	-	-	-	-	-	-	-
MAHLE Sud America N.V.	10	-	73	-	-	-	-	-	-	-	-
MAHLE Engine Components Australia Pty Ltd.	-	1	58	-	-	-	-	-	-	1	-
MAHLE Engine Components Japan Corporation	83	1,074	680	-	-	-	315	-	-	-	-
MAHLE Ventiltrieb GmbH	-	628	93	-	-	-	73		-	-	-
MAHLE Aftermarket GmbH	4,332	356	16,806	-	-		576	-	-	40	-
MAHLE Bearings (Yingkou) Co.,Ltd.	315	2	50	-	-	-	-	-	-	-	-
MAHLE Engine Components (Yingkou) Co., Ltd.	779	-	-	-	-	-	-	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	91	9	-	-	-	465	-	-	-	-
MAHLE Vöcklabruck GmbH	1,052	-	3,485	-	-	-	-	-	-	-	-
MAHLE Migma Private Ltd.	23	-	-	-	-	-	26	-	-	-	-
MAHLE Trading Shangai Co., Ltd.	-	10	-	-	-	-	153	-	-	9	-
MAHLE Powertrain Ltd.	607	-	-	-	-	-	-	-	-	-	-
MAHLE Aftermarket SAS	30	-	-	-	-	-	-	-	-	-	-
MAHLE Brockhaus GmbH	-	2	-	-	-	-	-	-	-	-	-
MAHLE Powertrain LLC	83	-	-	-	-	-	-	-	-	-	-
MAHLE Powertrain Ltd.	-	-	3,012	-	-	-	-	-	-	-	-
MAHLE Ventiltrieb Brandenburg GmbH	1	-	15	-	-	-	-	-	2	-	-
MAHLE Engine Components USA, Inc.	969	-	305	-	-	-	-	-	-	-	-
MAHLE Engine Components (Chongging) Co. Ltd.	390	-	-	-	-	-	-	-	-	-	-
MAHLE Engine Systems UK Ltd.	134	69	27	-	-	-	625	-	922	-	-
MAHLE International GmbH	19	100	-	-	-	-	-	-	-	-	-
MAHLE Sistemas de Filtracion de México S.A. de C.V.	51	-	-	-	-	-	-	-	-	5	-
Glacier Vendervell Italy S.r.l.	54	8	8	-	-	-	-	-	-	-	-
MAHLE Clevite, Inc	1,233	132	2,522	-	-	-		-	-	0	-
Other	-	-	2,265	-	-	-	6	-	-	2	-
Total	46,937	30,747	125,858	12,207	923	2,878	71,797	2,120	12,512	149	7,440

Related-party transactions basically refer to the acquisition and sale of products and services directly related to the Company's operating activities and are conducted in conditions similar to those stipulated with non-related parties.

The Company has a technology transfer agreement with its indirect controlling shareholder in Germany, which allows its access to the pistons technology thus facilitating its entrance in the industrial market. Royalty expenses were recorded under the caption "Technology and development expenses" in the amount of R$5,030 in the first half of 2009 (R$7,440 in the first half of 2008).

Commissions refer to the commercial representation services performed to or by related parties. Prices are calculated by taking into account the profit margins regularly practiced in the market for similar transactions.

MANAGEMENT COMPENSATION

R$1,639 (Company) was paid to the Board of Directors and Management in the first half of 2009 (R$1,634 in the first half of 2008) and R$1,643 (Consolidated) was paid in the first half of 2009 (R$1,635 in the first half of 2008).

9. INCOME AND SOCIAL CONTRIBUTION TAXES

INCOME AND SOCIAL CONTRIBUTION TAXES WERE CALCULATED AT APPLICABLE RATES.

a. Reconciliation of Income and Social Contribution Tax Expenses

Reconciliation of tax charges between effective and statutory rates is as follows:

	Company		Consolidated	
	06.30.2009	06.30.2008	06.30.2009	06.30.2008
Income (loss) before income and social contribution taxes	(38,396)	95,889	(36,139)	100,725
Add-back (deduction) of the equity in losses of controlled companies, subsidiaries and affiliates and valuation allowance	14,082	(9,810)	-	-
Deduction of loss borne by controlled companies	-	-	17,748	(10,313)
Adjusted income before income and social contribution taxes	(24,314)	86,079	(18,391)	90,412
IRPJ (income tax) and CSSL (social contribution tax) at statutory rate (34%)	8,267	(29,267)	6,253	(30,740)
Adjustments to calculate the effective rate:				
Effects on permanent differences				
Other, net	(648)	110	(1,518)	(1,181)
Effects on temporary differences:				
Tax losses	(16,345)	-	(16,898)	-
Provisions	8,726	(1,346)	10,672	(2,090)
Current income and social contribution taxes	-	(30,503)	(1,491)	(34,011)
Deferred income and social contribution taxes	6,926	2,247	6,570	2,208
Total income and social contribution taxes	6,926	(28,256)	5,079	(31,803)
Effective rate	28.5%	32.8%	27.6%	35.2%

b. Recoverable Income and Social Contribution Taxes

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Income tax	-	-	1,023	176
Social contribution tax	-	-	378	61
	-	-	1,401	237
Other (negative balance of 2008 income and social contribution taxes)	(21,500)	(21,117)	(25,322)	(24,383)
Balance of recoverable taxes (note 7)	(21,500)	(21,117)	(23,921)	(24,146)

c. Breakdown of the Balance of Deferred Income and Social Contribution Taxes

Deferred income and social contribution taxes were calculated on temporarily non-deductible provisions, as follows:

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Temporary differences				
Income and social contribution tax losses	16,345	14,838	21,599	20,619
Provision for contingencies and warranties	33,789	33,550	40,491	40,148
Inventory valuation allowance	12,913	13,777	16,201	17,275
Allowance for doubtful accounts	900	911	1,628	1,923
Allowance for losses on realization of other assets	5,457	3,720	5,653	3,916
Commissions on sales, derivatives and other temporarily nondeductible provisions	12,713	12,358	21,004	13,885
Derivative transactions	20,932	51,865	15,031	52,927
	103,049	131,019	121,607	150,693
Current	(53,372)	(80,422)	(57,197)	(85,262)
Non-current	49,677	50,597	64,410	65,431

According to projections of the Company's management, the deferred income and social contribution taxes classified as non-current assets as of June 30, 2009 and March 31, 2009 will be realized in the following terms:

	06.30.2009	
Year	Company	Consolidated
2010	4,782	7,173
2011	16,170	20,707
2012	4,025	6,262
2013	5,296	8,015
2014-2016	13,842	15,780
2017-2019	5,562	6,473
	49,677	64,410

	03.31.2009	
Year	Company	Consolidated
2010	6,818	8,846
2011	16,998	21,489
2012	3,973	6,260
2013	5,230	8,086
2014-2016	12,073	14,348
2017-2019	5,505	6,402
	50,597	65,431

10. INVESTMENTS IN CONTROLLED COMPANIES

	06.30.2009						06.30.2008						
	Information about controlled companies		Interest				Information about controlled companies		Interest				
	Shareholders' equity (shareholders' deficit)	Net income (loss)	%	In shareholders' equity	In shareholders' deficit	In net income (loss) for the six-month period	Shareholders' equity	Net income (loss)	%	In shareholders' equity	In shareholders' deficit	In net income (loss) for the six-month period	Exchange variation on investment
MAHLE Metal Leve Miba Sinterizados Ltda.	37,938	4,729	70	26,557	-	3,310	34,206	6,830	70	23,944	-	4,781	-
MAHLE Argentina S.A.	20,975	(15,166)	97.14	20,375	-	(14,612)	36,922	(650)	96	35,445	-	(624)	(3,344)
MAHLE Metal Leve GmbH	16,573	(1,674)	100	16,573	-	(1,674)	19,618	6,471	100	19,618	-	6,471	(763)
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	(927)	(426)	60	-	(556)	(256)	(81)	(317)	60	-	(49)	(190)	-
MAHLE HIRSCHVOGEL FORJAS S.A.	(566)	(1,712)	51	-	(289)	(851)	12,905	(1,260)	49.77	6,423	-	(627)	-
				63,505	(845)	(14,082)				85,430	(49)	9,811	(4,107)

As of June 30, 2009, interest in shareholders' deficit of MAHLE Filtroil Ind. e Com. de Filtros Ltda. in the amount of R$556 and in shareholders' deficit of MAHLE HIRSCHVOGEL FORJAS S.A. in the amount of R$289, is recorded in non-current liabilities under the caption "Provision for shareholders' deficit - controlled companies".

In April 2009, the Company contributed funds to MAHLE Argentina S.A. in the amount of R$11,769, generating a capital gain of R$120 recorded under the caption "Other operating revenues (expenses), net" and an accumulated exchange loss of R$325, which was recorded as "Cumulative translation adjustment", in equity.

In April 2009, the Company acquired 3.73%, including preferred shares of the former shareholders of MAHLE HIRSCHVOGEL FORJAS S.A., which generated goodwill of R$1,067.

The Company and its controlled companies monitor the risk of discontinuation of subsidiaries' operations (particularly in Argentina) due to the sharp fall in sales this six-month period.

	12.31.2008					
	Information about controlled companies			Interest		
	Shareholders' equity (shareholders' deficit)	Net income (loss)	%	In shareholders' equity	In shareholders' deficit	In net income (loss)
MAHLE Metal Leve Miba Sinterizados Ltda.	32,541	7,585	70	22,779	-	5,309
MAHLE Argentina S.A.	30,967	(17,472)	96	29,728	-	(16,773)
MAHLE Metal Leve GmbH	21,360	16,055	100	21,360	-	16,055
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	(500)	(737)	60	-	(300)	(442)
MAHLE HIRSCHVOGEL FORJAS S.A. (*)	1,146	(13,018)	49.77	570	-	(6,479)
				74,437	(300)	(2,330)

(*) Net income (loss) for the months from June to December 2008

11. PROPERTY, PLANT AND EQUIPMENT

		Company 06.30.2009			Consolidated 06.30.2009		
	Annual depreciation rates (%)	Cost	Depreciation	Net	Cost	Depreciation	Net
Plots of land	-	6,122	-	6,122	7,627	-	7,627
Buildings and constructions	4	127,541	(47,462)	80,079	138,187	(52,466)	85,721
Machinery, equipment and facilities	10-20	948,287	(667,020)	281,267	1,157,042	(802,183)	354,859
Furniture and fixtures	10	17,453	(11,585)	5,868	20,960	(13,828)	7,132
Transportation goods	20-40	16,481	(12,128)	4,353	18,660	(13,313)	5,347
Construction in progress*	-	630	-	630	1,640	-	1,640
Advances to suppliers	-	12,206	-	12,206	15,311	-	15,311
(-) Allowance for losses on property, plant and equipment	-	(3,808)	-	(3,808)	(3,808)	-	(3,808)
		1,124,912	(738,195)	386,717	1,355,619	(881,790)	473,829

		Company 03.31.2009			Consolidated 03.31.2009		
	Annual depreciation rates (%)	Cost	Depreciation	Net	Cost	Depreciation	Net
Plots of land	-	6,122	-	6,122	7,768	-	7,768
Buildings and constructions	4	127,902	(46,390)	81,512	139,282	(51,486)	87,796
Machinery, equipment and facilities	10-20	943,232	(657,389)	285,843	1,158,986	(793,175)	365,811
Furniture and fixtures	10	17,411	(11,337)	6,074	21,158	(13,683)	7,475
Transportation goods	20-40	16,568	(11,802)	4,766	18,962	(12,985)	5,977
Construction in progress*	-	3,870	-	3,870	6,149	-	6,149
Advances to suppliers	-	14,821	-	14,821	18,067	-	18,067
(-) Allowance for losses on property, plant and equipment	-	(4,778)	-	(4,778)	(4,778)	-	(4,778)
		1,125,148	(726,918)	398,230	1,365,594	(871,329)	494,265

(*) Construction in progress and advances to suppliers as of June 30, 2009 and March 31, 2009 refer to assets being acquired and/or installed as well as several civil construction works to enlarge and remodel several segments of the Company's and its controlled companies' industrial complex. Among the ongoing projects are investments in projects to increase capacity, optimize industrial processes and modernize industrial plants.

The Company and its controlled companies pledged property, plant and equipment items as collateral for loans and financing and tax and labor lawsuits in the amount of R$64,072, Consolidated, as of June 30, 2009 (R$47,263 as of March 31, 2009). All these items are machinery and equipment.

12. INTANGIBLE ASSETS

	Annual amortization rates %	Company		Consolidated	
		06.30.2009	03.31.2009	06.30.2009	03.31.2009
Goodwill resulting from the merger of controlled companies:					
P.F.S. II Ind. e Com. de Peças Automotivas	20	2,236	2,236	2,236	2,236
T.C.V. Ind. e Com. de Peças Automotivas Ltda.	20	6,674	6,674	6,674	6,674
Goodwill resulting from the acquisition of controlled companies:					
MAHLE Argentina S.A.	-	60,462	60,462	64,428	64,948
MAHLE HIRSCHVOGEL FORJAS S.A.	-	35,751	34,684	35,751	34,684
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	-	5,110	5,110	5,110	5,110
Expenses on software acquisition and installation	20	31,480	31,442	33,180	33,064
Trademarks and patents	-	4,677	4,677	4,917	4,917
Other	0-20	2,847	2,847	9,321	14,991
Allowance for losses on intangible assets		(5,444)	(334)	(5,453)	(343)
		143,793	147,798	156,164	166,281
Accumulated amortization		(31,606)	(30,659)	(35,557)	(36,459)
		112,187	117,139	120,607	129,822

13. TRADE ACCOUNTS PAYABLE

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Domestic	31,238	26,401	38,971	37,354
Foreign	2,533	6,228	6,175	9,158
	33,771	32,629	45,146	46,512

14. FINANCING AGREEMENTS

	Company		Consolidated	
Finance charges	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Local currency				
Finame – Variation of TJLP (long-term interest rate) plus annual interest ranging from 1.0% to 4.5%.	2,780	3,360	2,780	3,360
Finame – Annual interest ranging from 10.5 to 11.5%.	4,950	6,004	4,950	6,004
Overdraft protection – (working capital) Annual interest ranging from 116.50% to 138,50% of the certificate of interbank deposit (CDI) rate	-	-	3,434	5,640
Overdraft protection – (working capital) Annual interest of 100% of the certificate of interbank deposit (CDI) rate plus	-	-	-	1,570
Leasing – Annual interest from 12.42% to 24.83%	-	-	3,381	3,867
Finame – Variation of TJLP plus annual interest of 8.5%	-	-	-	42
Bank credit note (working capital) – Annual interest at the CDI rate plus 0.87%-2.43%	-	-	19,831	22,324
Bank credit note (working capital) – Annual interest of 123%-138.50%	115,408	121,403	146,775	141,646
Bank credit note (working capital) – Annual interest of 15.39%	-	-	-	1,470
BNDES-Exim (US$20 million): - 100% of the debt balance indexed to the TJLP variation plus annual interest of 2.20%.	28,226	35,478	28,226	35,478
BNDES-Exim (US$10 million): - 100% of the debt balance indexed to the TJLP variation plus annual interest of 2.40%.	10,082	17,021	10,082	17,021
BNDES-Exim (US$10 million): - 100% of the debt balance indexed to the TJLP variation plus annual interest of 2.18%.	10,082	17,015	10,082	17,015
BNDES-Finem (R$45 million): - 100% of the debt balance indexed to the TJLP variation plus annual interest of 2.30%.	39,188	41,415	39,188	41,415
BNDES-Exim (US$6 million): - 100% of the debt balance indexed to the TJLP variation plus annual interest of 2.20%.	-	-	8,414	10,576
BNDES-Exim (US$20 million): - 100% of the debt balance indexed to the TJLP variation plus annual interest of 2.28%.	33,189	33,161	33,189	33,161
BNDES-Exim (US$40 million): - 100% of the debt balance indexed to the TJLP variation plus annual interest of 2.07%.	-	14,580	-	14,580
BNDES-Exim (US$50 million): - 100% of the debt balance indexed to the TJLP variation plus annual interest of 2.07%.	-	54,196	-	54,196
BNDES-Exim (US$20 million): - 100% of the debt balance indexed to the TJLP variation plus annual interest of 2.23%.	14,191	35,457	14,191	35,457
BNDES-Exim (US$20 million): - 100% of the debt balance indexed to the TJLP variation plus annual interest of 2.20%.	33,771	33,743	33,771	33,743
BNDES-Exim (US$24 million): - 100% of the debt balance indexed to the TJLP variation plus annual interest of 5.75%.	45,396	-	54,851	-
BNDES-Exim (US$30 million): - Annual interest of 15.92%	65,858	65,859	65,858	65,859
BNDES-Exim (US$20 million): - Annual interest of 16.54%	46,262	46,164	46,262	46,164
Other	573	446	578	781

	Company		Consolidated	
Finance charges	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Foreign currency				
Accrued interest on advances on receivables	1,379	800	1,389	882
Working capital – Exchange variation plus annual interest ranging from 11.1% to 22.5%.	-	-	20,231	14,988
Import financing – EURIBOR plus annual interest ranging from 1.00% to 2.70%.	-	-	5,842	7,219
ACC – annual interest from 13.75% to 12.0%	-	-	21,977	41,718
	451,335	526,102	575,282	656,176
Current	(375,166)	(429,131)	(476,910)	(537,766)
Non-current	76,169	96,971	98,372	118,410

The purpose of Finame financing was to purchase machinery and equipment. These agreements are collateralized by director's signatures and a chattel mortgage on financed assets. They include earlier maturity clauses for the non realization of the project and/or acquisition of the financed good. Exim financing facilities include earlier maturity clauses for investments of the funds with a purpose different from the one provided for in the Credit Agreement entered into with financial institutions. No guarantee is offered for the working capital and BNDES-Exim financing agreements.

The Company and its controlled companies are not in noncompliance with any of the clauses of Finame, BNDES-Exim, BNDES-Finem and working capital loan agreements in the quarter ended June 30, 2009 and March 31, 2009.

The management of the Company and its controlled companies strives diligently to obtain competitive sources of financing for its transactions from financial institutions.

The amounts related to non-current liabilities have the following composition by year of maturity:

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
2010	39,372	72,325	51,174	85,507
2011	23,111	10,968	32,528	18,014
2012	10,290	10,284	11,041	11,233
2013	3,396	3,394	3,629	3,656
	76,169	96,971	98,372	118,410

15. SALARIES, SOCIAL CHARGES, ACCRUED VACATION PAY AND CHRISTMAS BONUS PAYABLE

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Vacation pay and Christmas bonus	18,983	13,546	22,915	16,284
Social charges	7,014	9,891	10,419	12,325
Employee profit sharing	20,333	15,797	22,659	17,730
	46,330	39,234	55,993	46,339

16. SUNDRY PROVISIONS

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Allowance for future losses	24,488	28,767	27,608	31,885
Provision for restructuring	3,819	1,623	4,153	1,852
Provision for commercial bonuses	3,335	3,308	3,335	3,308
Provision for employee benefits	827	447	936	512
Provision for quality control	759	743	1,179	1,241
Provision for royalties and patents	-	-	824	977
Provision for professional services	-	-	3,358	3,252
Provision for corporate expenses	-	-	-	787
Other	182	182	3,137	4,592
	33,410	35,070	44,530	48,406

ALLOWANCE FOR FUTURE LOSSES

Set up in an amount deemed sufficient to cover the losses on sales agreements already signed and for its loss estimates, on which management expects to incur losses.

PROVISION FOR RESTRUCTURING

Set up in an amount deemed sufficient to cover the expenses related to the project to relocate the pistons production line.

17. PROVISION FOR WARRANTIES

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Provision for warranties	3,383	3,306	3,973	4,064
Warranty expenses already identified	5,018	5,001	5,160	5,001
	8,401	8,307	9,133	9,065

The Company and its controlled companies guarantee the quality of their products to customers, assuming the responsibility for possible replacements and repairs resulting from failures. Based on the estimates that take into account the historical data of similar expenses and sales, among other factors, the Company recognizes the following provisions:

PROVISION FOR WARRANTIES

Calculated on the product sales based on historical expense percentages.

WARRANTY EXPENSES ALREADY IDENTIFIED

Refer to the cases already identified. In this respect, the Company and its controlled companies estimate to spend funds on the replacement and repair of products, including the recalls.

18. PROVISION FOR CONTINGENCIES AND LIABILITIES RELATED TO LEGAL PROCEEDINGS

The Company and its controlled companies are parties to civil, labor and tax proceedings. These issues are discussed at the administrative and judicial levels, and are supported by escrow deposits, when applicable. The respective provisions for contingencies were established taking into account the legal counsel's estimate for cases whose chances of unfavorable outcome were considered probable and other unrelated legal liabilities. Management believes that the solution of these issues will not cause an effect significantly different from the accrued amount.

Contingent risks as of June 30, 2009 and March 31, 2009 are described hereunder according to the legal advisors' opinion:

	Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Civil and labor	64,635	64,513	69,164	69,309
Tax	40,231	39,765	55,884	55,021
Escrow deposits	(17,337)	(17,986)	(17,437)	(18,080)
	87,529	86,292	107,611	106,250

Civil and labor contingencies comprise mainly the employees' claims related to the amounts arising from employment relationship and several indemnity requests.

Tax contingencies are represented mainly by state and federal assessments of deficiency whose proceedings are being judged or not. Discussions are mainly related to the proper interpretation of tax law.

In addition to the amounts previously mentioned, the amounts above did not include R$9,905 (R$9,691 as of March 31, 2009) related to labor, civil and tax lawsuits whose likelihood of unfavorable outcome is considered by the Company's and its controlled companies' legal counsels to be possible, and for this reason management did not record it in the quarterly information.

Under prevailing legislation, income tax returns for the last ten years are open to review by tax authorities. Various other statements referring to federal and municipal taxes and contributions, as well as social security contributions and other similar charges regarding variable periods are subject to review for different periods. However, in the opinion of the Company's and its controlled companies' management, all taxes and charges were paid or are duly accrued for in the balance sheet as of June 30, 2009 and March 31, 2009 and there are no material proceedings known to have been filed against the Company and its controlled companies. Determining the contingencies that might arise from possible assessments of tax deficiency is not possible at this moment. Therefore, the Company and its controlled companies did not set up provisions of this nature.

19. SHAREHOLDERS' EQUITY

a. Capital Stock

Subscribed and paid-in capital stock as of June 30, 2009 and March 31, 2009 is represented by the following numbers of shares, with no par value:

	Number of shares
Common shares	12,260,373
Preferred shares	18,193,197
Total shares issued	30,453,570

The Company's preferred shares are not entitled to vote and are assured liquidation preference and the payment of non-cumulative minimum dividends. These shares will acquire the voting right if the Company fails during three consecutive years to pay the minimum dividends they are entitled to according to the by-laws. Moreover, preferred shares are entitled to dividends in amounts 10% higher than those granted to common shares.

b. Income Reserve

Statutory reserve

The statutory reserve was set up according to Brazilian corporate law at 5% of net income and meeting the 20% limit of the realized capital stock or 30% of the capital stock plus capital reserves. Appropriations to such reserve are not mandatory over these limits. The statutory reserve may only be used for capital stock increase or absorption of losses.

Income reserve for expansion and modernization

Its is set up for expected investments in capital budget in accordance with article 196 of Brazilian Corporate Law. At the Annual Shareholders' Meeting held on April 30, 2009 the allocation of net income for the year ended December 31, 2008 in the amount of R$27,178 was approved to appropriated retained earnings to meet the investment demands for that year and the others. The Annual Shareholders' Meeting held on April 30, 2009 approved the allocation of R$63,073 to appropriated retained earnings.

20. FINANCIAL LOSSES, NET

	Company		Consolidated	
	06.30.2009	06.30.2008	06.30.2009	06.30.2008
Financial expenses				
Interest	(26,668)	(14,487)	(34,533)	(16,262)
Monetary variation losses	(5,848)	(5,076)	(6,785)	(5,220)
Exchange variation losses	(29,694)	(27,198)	(47,244)	(35,391)
Other	(2,724)	(1,326)	(4,398)	(3,373)
	(64,934)	(48,087)	(92,960)	(60,246)
Financial revenues				
Interest	6,170	2,862	7,547	4,906
Monetary variation gains	128	133	128	133
Exchange variation gains	5,613	24,919	19,062	31,708
Other	71	63	184	65
	11,982	27,977	26,921	36,812
Sub Total	(52,952)	(20,110)	(66,039)	(23,434)
Exchange variation on derivatives:				
Derivative losses on loans	-	(14,148)	-	(14,148)
Derivative income (losses) (Exports/Imports)	23,027	18,733	23,865	18,980
	23,027	4,585	23,865	4,832
Derivative losses on commodities	(8,749)	72	(8,749)	72
Derivative losses on export revenues	(2,363)	-	(374)	-
	(11,112)	72	(9,123)	72
Subtotal on derivatives	11,915	4,657	14,742	4,904
Financial losses, net	(41,037)	(15,453)	(51,297)	(18,530)

In the six-month period ended June 30, 2009, gains on derivative transactions totaled R$11,915 (R$4,657 as of June 30, 2008), Company, and R$14,742 (R$4,904 as of June 30, 2008), Consolidated. They result from the financial management policy adopted in 2007 by the Company for hedging its transactions against fluctuations: (a) in international commodity prices; (b) exchange rates of foreign-currency denominated assets and liabilities; and (c) futures contracts on export revenues, as mentioned in note 22.

21. OTHER OPERATING REVENUES (EXPENSES)

	Company		Consolidated	
	06.30.2009	06.30.2008	6.30.2009	06.30.2008
Other operating revenues				
Gains on the sale of assets	492	896	608	1,010
Recovered taxes	544	692	717	776
Recovery of losses on casualties	392	373	269	384
Other revenues	762	585	1,978	2,038
	2,190	2,546	3,572	4,208
Other operating expenses				
Allowance for lossed on intangible assets	(5,110)	-	(5,110)	-
Tax provision (reversal)	(1,878)	(677)	(1,964)	(1,546)
Provision for (reversal of) quality	(223)	(263)	(1,371)	(3,037)
Provision for (reversal of) environmental liabilities	-	(4)	(35)	(427)
Provision for (reversal of) warranties	269	(465)	375	(465)
Sundry provisions (reversals)	139	(1,050)	(2,320)	(2,356)
Provision for (reversal of) product losses	4,046	4,753	4,046	5,130
Allowance for (reversal of) doubtful accounts	(244)	(347)	(2,203)	(381)
Losses on the sale of assets	(108)	(403)	(287)	(443)
Provision for (reversal of) contingencies	176	(4,022)	(9)	(4,041)
Other expenses	(1,120)	(2,127)	(5,165)	(6,176)
	(4,053)	(4,605)	(14,043)	(13,742)
Other operating revenues (expenses), net	(1,863)	(2,059)	(10,471)	(9,534)

22. FINANCIAL INSTRUMENTS

The Company and its controlled companies enter into financial instruments recorded in balance sheet accounts to meet its operational needs, manage its exposure to financial risks, particularly credit, currency, interest rate and exchange rate risks and those related to changes in the prices of metallic materials used for manufacturing its products. The Company follows a formal risk management policy which includes implementing control systems and determining position limits. The Company does not enter into financial instruments for speculative purposes.

As of June 30, 2009, the composition of balances with impacts related to derivative financial instruments, in accordance with the recognition and measurement criteria provided for in CPC Technical Pronouncement No. 14, per financial statement caption, is as follows:

		06.30.2009		03.31.2009	
Provisions		Company	Consolidated	Company	Consolidated
					Financial income (losses), net
Derivative gains (losses) (Exports/Imports)					
Provisions					
Transactions with accounts receivable and payable		2,630	2,925	1,541	1,641
Reversal of 2008 provisions for transactions with accounts receivable and payable		26,567	26,931	26,567	26,931
Cash effect					
Transactions with accounts receivable and payable		(6,170)	(5,991)	(17,091)	(17,333)
	Note 20	23,027	23,865	11,017	11,239
Derivative gains (losses) on commodities					
Provisions					
Commodity transactions		(6,234)	(6,234)	(17,235)	(17,235)
Reversal of 2007 provision for commodity transactions		11,487	11,487	11,487	11,487
Cash effect					
Commodity transactions		(14,002)	(14,002)	(8,405)	(8,405)
	Note 20	(8,749)	(8,749)	(14,153)	(14,153)
Derivative gains (losses) on export revenues					
Provisions					
Transactions with sales to be made in 2009		(3,613)	(3,798)	(21,334)	(22,615)
Reversal of 2008 provision for sales to be made		26,016	28,472	26,017	28,472
Cash effect					
Transactions with sales made from January to June 2009		(24,766)	(25,048)	(16,274)	(16,478)
	Note 20	(2,363)	(374)	(11,591)	(10,621)
TOTAL DERIVATIVE TRANSACTIONS - FINANCIAL INCOME (LOSSES), NET		11,915	14,742	(14,726)	(13,535)
					Shareholders' equity
Provisions					
Transactions with sales to be made in 2009		(9,498)	(9,518)	(64,748)	(65,290)
Commodity transactions		(7,886)	(7,886)	(20,810)	(20,810)
Deferred income and social contribution taxes		5,929	5,949	29,139	29,681
TOTAL DERIVATIVE TRANSACTIONS - SHAREHOLDERS' EQUITY		(11,455)	(11,455)	(56,420)	(56,420)
					Gross loss
Gross sales					
Transactions with sales to be made in 2009		(1,094)	(1,132)	(6,282)	(6,481)
Settlements with cash effect		(25,255)	(26,003)	(9,878)	(10,223)
		(26,349)	(27,135)	(16,160)	(16,704)
Cost of goods sold					
Transactions with sales to be made in 2009		(969)	(969)	(1,224)	(1,224)
Settlements with cash effect		(6,301)	(6,301)	(6,301)	(6,301)
		(7,270)	(7,270)	(7,525)	(7,525)
TOTAL DERIVATIVE TRANSACTIONS - GROSS LOSS		(33,619)	(34,405)	(23,685)	(24,229)

CREDIT RISK

The Company and its controlled companies operate in two different markets, that is, original equipment (OEM) and replacement (aftermarket). The possibility of the Company and its controlled companies incurring losses in view of financial problems with their OEM customers is reduced, due to such customers' profile (automakers and other companies operating worldwide).

In respect to the aftermarket sales and/or markets in which management considers the default risk is higher, letters of credit, prepayments or other guarantees are requested previously to sales. In such market, each customer share in sales is much diluted, there being no customer accounting individually for more than five percent of sales.

As of June 30, 2009, there were no outstanding vendor financing contracts.

a. Exchange Rate Risk

The risks occur due to the exchange rate fluctuations that generate significant effects on the balances of assets and liabilities in foreign currency.

In order to protect its income and cash flows against these fluctuations, the Company and its controlled companies adopt the policy of entering into nondeliverable forward contracts on the US dollar and euro. The Company's and its controlled companies' outstanding transactions as of June 30, 2009 are backed in the following manner:

1. the net balance of exports and imports outstanding as of June 30, 2009, whose bills of exchange will be settled upon the respective maturity of transactions. At the end of the quarter the Company's balance of foreign currency exposure (nondeliverable forward contracts on the US dollar and euro, equivalent in US dollars) was US$16,772 thousand, Company and US$17,146 thousand, Consolidated, as shown below:

Exchange rate exposure of the balance of foreign-currency denominated accounts receivable and payable
as of June 30, 2009

	Company	Consolidated
	Amounts in USD thousand	Amounts in USD thousand
(+) Accounts receivable	47,323	48,753
(+) Cash in transit	5,063	5,667
(-) Advance on exchange contracts	(11,919)	(11,919)
(-) Imports	(1,212)	(1,676)
(-) Currency forwards - Sale	(28,918)	(30,210)
(=) Net balance of exchange rate exposure	10,337	10,615
	Amounts in EUR thousand	Amounts in EUR thousand
(+) Accounts receivable	18,306	18,764
(+) Cash in transit	126	216
(-) Advance on exchange contracts	(3,832)	(3,832)
(-) Imports	0	0
(-) Currency forwards - Sale	(10,016)	(10,496)
(=) Net balance of exchange rate exposure	4,584	4,652
	Net balance of exchange rate exposure in US dollar and EURO thousand equivalent	
	16,772	17,146

The Company and its controlled companies follow the policy of entering into forward currency contracts in the exact amount of their currency exposure. Minor fluctuations, whether positive or negative, may be due to exports or imports made on the last business day of the month for which forward currency contracts are entered into on the first subsequent business day.

2. the net balance of exports minus imports to be made for the period from July to January 2010 whose bills of exchange will be pledged upon maturities in the same period and settled when the amounts are received from customers. As of June 30, 2009 these transactions totaled US$101,575 thousand and EUR21,863 thousand (Company) (US$103,275 thousand and EUR22,448 thousand, Consolidated).

As of June 30, 2009, the Company's and its controlled companies' outstanding balance of sales of nondeliverable forward contracts on the US dollar and euro, corresponding to each of the items 1, 2 and 3 mentioned above, and their respective weighted average rates for settlement upon maturity (between July 2009 and January 2010) were as follows:

	Company			
	Transactions in USD		Transactions in EUR	
Exports minus imports	Notional value (thousands)	Weighted average rate - Maturity	Notional value (thousands)	Weighted average rate - Maturity
(1) Made and outstanding as of June 30, 2009	28,918	2.0870	10,016	2.8941
(2) To be made from July to December 2009	101,575	1.8849	21,863	2.7051
TOTAL	130,493	1.9296	31,879	2.7645

	Consolidated			
	Transactions in USD		Transactions in EUR	
Exports minus imports	Notional value (thousands)	Weighted average rate - Maturity	Notional value (thousands)	Weighted average rate - Maturity
(1) Made and outstanding as of June 30, 2009	30,210	2.0913	10,496	2.8951
(2) To be made from July to December 2009	103,275	1.8849	22,448	2.7039
TOTAL	133,485	1.9316	32,944	2.7649

The positive or negative adjustments in transactions of item 2 above result only from a mismatch between the settlement date of transactions and the settlement date of the net balance of exports minus imports so that results are determined using the weighted average rates shown in the table above.

As of June 30, 2009 outstanding transactions in compliance with CPC Technical Pronouncement No. 14 led to the recognition of an allowance for loss in the Company and its controlled companies as follows:

	Company - Provisions in R$ thousands - "Fair market value"				
Exports minus imports	Transactions in USD	Weighted average USD/BRL exchange rate - Amount for settlement as of June 30, 2009	Transactions in EUR	Weighted average EUR/BRL exchange rate - Amount for settlement as of June 30, 2009	TOTAL
(1) Made and outstanding as of June 30, 2009	1,923	2.0181	706	2.8103	2,629
(2) To be made from July to December 2009	(11,885)	1.8346	(2,292)	2.6350	(14,177)
TOTAL	(9,962)	1.7992	(1,586)	2.5570	(11,548)

	Consolidated - Provisions in R$ thousands - "Fair market value"				
Exports minus imports	Transactions in USD	Weighted average USD/BRL exchange rate - Amount for settlement as of June 30, 2009	Transactions in EUR	Weighted average EUR/BRL exchange rate - Amount for settlement as of June 30, 2009	TOTAL
(1) Made and outstanding as of June 30, 2009	2,174	2.0236	751	2.8114	2,925
(2) To be made from July to December 2009	(12,087)	1.8346	(2,373)	2.6342	(14,460)
(3) Reversal of 2009 overhedging	0	0.0000	0	0.0000	0
TOTAL	(9,913)	1.7931	(1,621)	2.5521	(11,535)

The amounts above were calculated applying the fair market value criterion, i.e. the difference between the present value of the weighted forward exchange rate for the settlement of each contract on June 30, 2009, minus the *Ptax* exchange rate for selling US dollars and euros, disclosed by the Central Bank of Brazil. (The *Ptax* exchange rate for selling US dollars and euros is that of June 30, 2009 for Plain Vanilla transactions and the average *Ptax* rate for selling US dollars and euros of June 2009 for Asian transactions).

The weighted forward exchange rate for the settlement of each contract on June 30, 2009 is calculated considering the fixed rate in Brazilian reais for each 30-day period and in relation to each contract's maturity. Fixed rates in Brazilian reais are those disclosed by Bloomberg on June 30, 2009.

The recognition of the amounts above, including the cash effects of the transactions settled in the first half of 2008, is shown in the table below:

	January-June 2009 - Company				January-June 2009 - Company			
	R$ thousand referring to transactions in USD and EURO				R$ thousand referring to transactions in USD and EURO			
Exports minus imports	Cash effect	Provision as of 30/06/2009	Reversal of 2008 provision	Total	Cash effect	Provision as of 30/06/2009	Reversal of 2008 provision	Total
(1) Made and outstanding as of June 30, 2009	(6,170)	2,629	26,568	23,027	(5,991)	2,925	26,932	23,866
(2) To be made from July to December 2009	(47,221)	(14,177)	153,952	92,554	(48,250)	(14,460)	157,115	94,405
(3) Reversal of 2009 overhedging	(2,600)	-	-	(2,600)	(2,800)	-	-	(2,800)
	(56,191)	(11,548)	180,520	112,781	(57,041)	(11,535)	184,047	115,471

Under CPC Technical Pronouncement No. 14 the provision for the net balance of exports minus imports to be made between July and December 2009 (R$14,177, Company and R$14,460, Consolidated) was accounted for in two captions:

- R$9,470 (Company) and R$61 (Controlled company) were recorded as offsetting entries in the Company's equity and refer to a portion of the nondeliverable forward contracts on the US dollar and euro on the net balance of exports minus imports to be made between July and December 2009. On June 30, 2009 the Company's and controlled company's books of accounts showed to which customers/suppliers the respective products/input would be sold to or purchased from. As sales and purchases, as well as the respective non-deliverable forward contracts on the US dollar and euro are effectively made and settled, this effect will be reversed and accounted for under the caption "Financial losses, net".

- R$3,613 (Company) and R$3,798 (Consolidated) were directly recorded as "Financial losses, net". They refer to the balance of non-deliverable forward contracts on the US dollar and euro on the net balance of exports minus imports to be made between April and December 2009, considered as over hedging, i.e. excess transactions which as of June 30, 2009 are not backed during 2009.

- R$1,094 (Company) and R$1,132 (Consolidated) were directly recorded as "Export revenues". They refer to the balance of non-deliverable forward contracts on the US dollar and euro on the net balance of exports minus imports to be made between July and December 2009, considered as effective.

Under CPC Technical Pronouncement No. 14, the accounting classification of actual gains (losses) (cash disbursement) on non-deliverable forward contracts on the US dollar and euro on exports minus imports in the first half of 2009 was segregated in two parts: (i) R$25,255, Company (R$26,003, Consolidated) were accounted for under the caption "Export Revenue". This amount corresponded to the backup for these transactions of exports minus imports made in the first quarter of 2009; (ii) R$24,766 (Company), R$25,048 (Consolidated) was accounted for as "Financial losses, net", because they were not backed by exports minus imports in the first half of 2009 ("over hedge").

b. Raw Material Price Risk

In August 2007 the Company and its controlled companies started to enter into derivative contracts to reduce the risks of price fluctuations of nickel, aluminum, copper and tin used to manufacture their products. These derivatives refer to hedges against fluctuations in prices of those metals and exchange rates.

The cash effect and the provision for these transactions which had an effect on the first half of 2009 were recorded under the caption “Financial losses, net”, according to the table below:

January-June 2009 - Company				January-June 2009 - Consolidated			
R$ thousand for commodity transactions				R$ thousand for commodity transactions			
Cash effect	2009 provision	Reversal of 2008 provision	Total	Cash effect	2009 provision	Reversal 2008 provision	Total
(20,303)	(15,089)	48,677	13,285	(20,303)	(15,089)	48,677	13,285

The provision for derivative transactions was calculated using the fair market value, i.e. the settlement price as of June 30, 2009 disclosed by the London Metal Exchange, minus the forward price for the settlement of each contract, multiplied by *Ptax* exchange rate at June 30, 2009 for selling US dollars.

Under CPC Technical Pronouncement No. 14 the provision for outstanding commodity transactions as of June 30, 2009 was accounted for in two captions:

- R$7,886 was recorded as an offsetting entry in the Company’s equity and refers to the part of the commodity transactions which as of June 30, 2009 had the suppliers from which the respective raw materials will be bought disclosed in the financial statements. As purchases, as well as the respective commodity transactions, are made and settled, this effect will be reversed and accounted for under the caption “Financial losses, net”.

- R$6,234 was directly recorded under the caption “Financial losses, net” (Company and Consolidated). It refers to part of the commodity transactions which as of June 30, 2009 was considered as over hedge, i.e. in excess transactions which at the balance sheet date are not backed during the second quarter of 2009.

- R$969 was directly recorded in the “Cost of goods sold” account (Company and Consolidated) and refers to the operating provision for contracts which mature on July 2, 2009. However, the accrual period is June 2009.

Under CPC Technical Pronouncement No. 14, the accounting classification of actual gains (losses) (cash disbursement) on commodity transactions was segregated in two parts: (i) R$6,301 was accounted for as “Cost of goods sold”, which corresponded to the backup for these transactions for the purchases in the first quarter of 2009; (II) R$14,002 was recorded as “Financial losses, net”, given that purchases in the first half of 2009 were not backed by any instruments (“over hedge”).

Total tons for these outstanding transactions as of June 30, 2009 are backed by purchases of raw materials as from 2009 for a period of 18 months. As a consequence, the balance of the respective raw materials in inventory does not show a physical backup in tons for these transactions. This reserve will be realized upon the respective maturities as purchases are made.

c. Interest Rate Risk

The Company and its controlled companies monitor the fluctuations of several interest rates linked to its monetary assets and liabilities and, if the volatility of these rates increases, it may enter into derivative contracts to minimize these risks. As of June 30, 2009 and December 31, 2008, the Company and its controlled companies did not have interest-rate derivatives.

d. Sensitivity Analysis – Result of Currency Forward Contracts

According to CVM Instruction No. 475/08 and Resolution No. 550/08, the Company and its controlled companies present below the sensitivity table with impacts on the statement of operations for 2009 of non-deliverable forward contracts on US dollars and euros, considering three levels of US and euro exchange rates, as follows: (i) USD/BRL 2,2000 as the average exchange rate considered the most probable by the Company's and its controlled company's management for 2009; (ii) USD/BRL 2.7500, considering a devaluation of 25% on the rate of item (i) above; and (ii) USD/BRL 3.3000, considering a devaluation of 50% on the rate of item (i) above. For the euro the USD/EUR exchange rate of 1.4000 was considered for each of the scenarios above.

Company's sensitivity table of the derivative NDF transactions in Euro and USD on the net balance between exports/imports to be made in 2009

Scenario	USD/BRL exchange rate for the settement of transactions	Notional amount in USD (thousands) Nocional	Weighted average rate - maturity	Adjustment in R$ thousands	EUR/BRL exchange rate for the settement of transactions(USD/ EUR exchange rate of 1.4000)	Notional amount in EURO (thousands)	Weighted average rate - maturity	Adjustment in R$ thousands	Total adjustment in R$ thousands	Total effect on net sales R$ thousands	Net effect on income (loss) R$ thousands
Realistic	2.2000	101,575	1.8849	(32,011)	2.9005	21,863	2.7051	(4,272)	(36,282)	(28,386)	(7,897)
Worst 25%	2.7500	101,575	1.8849	(87,877)	3.6256	21,863	2.7051	(20,125)	(108,002)	(84,496)	(23,506)
Worst 50%	3.3000	101,575	1.8849	(143,743)	4.3507	21,863	2.7051	(35,978)	(179,721)	(140,607)	(39,115)

Consolidated sensitivity table of the derivative NDF transactions in Euro and USD on the net balance between exports/imports to be made in 2009

Scenario	USD/BRL exchange rate for the settement of transactions	Notional amount in USD (thousands) Nocional	Weighted average rate - maturity	Adjustment in R$ thousands	exchange rate for the settement of transactions(USD/ EUR exchange rate of 1.4000)	Notional amount in USD (thousands)	Weighted average rate - maturity	Adjustment in R$ thousands	Total adjustment in R$ thousands	Total effect on net sales R$ thousands	Net effect on income (loss) R$ thousands
Realistic	2.2000	103,275	1.8849	(32,543)	2.9005	22,448	2.7039	(4,412)	(36,954)	(28,557)	(8,397)
Worst 25%	2.7500	103,275	1.8849	(89,344)	3.6256	22,448	2.7039	(20,689)	(110,033)	(85,030)	(25,003)
Worst 50%	3.3000	103,275	1.8849	(146,145)	4.3507	22,448	2.7039	(36,967)	(183,112)	(141,503)	(41,609)

The Company and its controlled companies also applied the rates above to calculate the impact on the net balance of exports minus imports to be made between July and December 2009, considering the same percentage applied to account for provisions as of June 30, 2009 for the gains (losses) on these transactions in « Financial losses, net » and "Shareholders' equity" (21.76% and 78.24%, respectively – Company, and 22.72% and 77.28%, respectively - Consolidated) to determine the volume of backup and the respective impact on net revenues.

The same rates of the previous table were applied to the net balance of exchange rate exposure of exports minus imports made and outstanding as of June 30, 2009. This had the following net impacts (settlement rate minus the exchange rate at the shipping date):

		Company			Consolidated		
	USD/BRL exchange rate for the settlement of advances on exchange contracts	Net balance of exchange rate exposure	*Average rate of advances on exchange contracts	Total	Net balance of exchange rate exposure	*Average rate of advances on exchange contracts	Total
Realistic	2.3100	13,984	2.2861	335	14,123	2.2861	338
25% worst	2.8875	13,984	2.2861	8,410	14,123	2.2861	8,494
50% worst	3.4650	13,984	2.2861	16,486	14,123	2.2861	16,650

*Average shipping rate which makes up the net balance of exchange rate exposure

Regarding swap contracts for commodity purchases, except for nickel transactions, all the remaining transactions (copper, tin and aluminum) had a 100% backup for 2009 maturities.

Sensitivity analysis of gains (losses) on the purchases of commodity swap contracts - Company and Consolidated

Commodity	Number of tons	Settlement price - maturity	Weighted average price - maturity	USD/BRL exchange rate for the settlement of transactions	Total adjustment R$ thousands	Total effect on purchases of commodities R$ thousands
Nickel						
Realistic		14,960		2.2000	(12,781)	7,214
Worst 25%		11,968		2.7500	(21,555)	12,166
Worst 50%	678	9,974	23,529	3.3000	(30,329)	17,118
Copper						
Realistic		5,014		2.2000	(1,575)	1,575
Worst 25%		4,011		2.7500	(2,658)	2,658
Worst 50%	250	3,343	7,878	3.3000	(3,742)	3,742
Aluminum						
Realistic		1,574		2.2000	(3,277)	3,277
Worst 25%		1,259		2.7500	(5,135)	5,135
Worst 50%	1,200	1,049	2,815	3.3000	(6,993)	6,993
Tin						
Realistic		14,986		2.2000	(525)	525
Worst 25%		11,989		2.7500	(1,233)	1,233
Worst 50%	70	9,990	18,395	3.3000	(1,941)	1,941

Total		
Realistic	(18,158)	12,591
Worst 25%	(30,581)	21,192
Worst 50%	(43,005)	29,794

Net effect (Hedge · Cost of goods sold)	
Realistic	(5,567)
Worst 25%	(9,389)
Worst 50%	(13,211)

The prices disclosed as most probable by the management of the Company and its controlled companies for 2009 are presented in the table below, with a drop of 25% and 50%.

23. EMPLOYEE BENEFITS

The benefits offered by the Company and its controlled companies to its employees basically refer to the benefits granted on a monthly basis, and therefore are accounted for. There are no post-job benefits, pension funds or other benefits that might require specific accounting treatment.

During the first half of 2009, the Company and its controlled companies granted their employees profit sharing in accordance with an agreement entered into with the Labor Union in the amount of R$11,016 (R$12,200 in the first half of 2008), Company, and R$11,881 (R$13,192 in the first half of 2008), Consolidated. The criteria established for the payment of the profit sharing followed the same rules set for the collective labor agreement, which sets certain goals to be reached, summarized as follows: (i) comply with the production targets for a pre-defined number of employees; (ii) maintenance of the absenteeism level up to the annual average rate of hours / absences, previously defined, in relation to the standard worked hours; and (iii) maintenance of the scrap level up to the annual average rate previously defined, in relation to the number of produced parts.

24. DEFINED CONTRIBUTION PENSION PLAN

In September 2006 the Company and its controlled companies joined Bradesco pension plan (plan similar to a life insurance), managed by Bradesco Vida e Previdência, offering all employees the option to participate.

Contributions are defined according to framing into the salary brackets above R$5,000.00, with the contribution percentage ranging from 2% to 4% by the employee and the Company. For the employees earning salaries below R$5,000.00, the Company shall contribute with a nominal wage every 10 years of service upon the retirement, not including the periods before September 2006. Every year, the administrator carries out the actuarial evaluation of the pension plan in order to determine possible adjustments in contribution levels. The contributions by the Company and the employees started in October 2006, the Company and its controlled companies having contributed with R$1,372 in the first half of 2009 (R$1,403 in the first half of 2008).

25. INSURANCE

As of June 30, 2009 and March 31, 2009, the Company and its controlled companies had insurance coverage against fire and sundry risks for its property, plant and equipment and inventories, at amounts deemed sufficient by management to cover possible losses.

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MANAGEMENT REPORT ON THE CONSOLIDATED QUARTERLY INFORMATION FOR THE QUARTER ENDED JUNHO 30, 2009

MACROECONOMIC SCENARIO

Brazilian economy, after a slowdown caused by the global crisis, has been showing more consistent signs of recovery since the second quarter of 2009, particularly in the segments of durable and semi-durable goods due to a range of factors, of which the following stand out: growing demand, government tax relief measures for some business segments, consumer credit, inflation control and continued reduction in benchmark interest rates.

However, Brazilian industrial production in the first half of 2009 was affected by the effects of the crisis. The accumulation and maintenance of inventory levels in the industrial sector and distribution chains of various segments during the first two months of this year have caused this result. With domestic sales slowly bouncing back, inventories run out proportionately and Brazilian economy's main business segments are going through the crisis without facing a major drop in local demand. At the current demand, industries will have to increase production in the second half, although at a level lower than the one before the crisis.

The crisis had a major impact on investments and exports (capital goods and construction), causing a mismatch between industry and trade and significant impacts on the industrial sector. Despite the decoupling of the Brazilian economy from the developed world, which enabled it to keep domestic demand strong, the fall in global demand, particularly in Latin America, which is a major purchaser of Brazilian manufactures goods of higher added value, has caused a significant reduction in the companies' sales and profitability.

INTEREST, INFLATION AND US DOLLAR

Based on macroeconomic indicators, the Monetary Policy Committee (Copom) continued to cut interest rates, which fell by 4.50 p.p. in the first half from annual 13.75% at the end of 2008 to annual 9.25% on June 30, 2009. The accumulated inflation rate (IPCA – Extended Consumer Price Index) in the first half of 2009 was 2.57%, lower than the 3.64% reported in the same period in 2008. The US dollar, after a high caused by the global crisis, became unstable and fell repeatedly in the second quarter, closing the period at R$1.95, down 17% compared with the rate of R$2.34 reported at the end of 2008.

TRADE BALANCE

In the first half of 2009 Brazilian trade balance had a surplus of US$14.0 billion, up 23.8% compared with the same period last year. This result is due to the sharp fall in imports when compared with exports, especially of capital goods, fuels and imported goods.

US$billion

Trade Balance	First half of 2009	First half of 2008	Variation %
Exports	70.0	90.6	-22.7
Imports	56.0	79.3	-29.4
Balance	14.0	11.3	23.8

According to data from the Foreign Trade Department (Secex) of the Ministry of Development, Industry and Foreign Trade0 three groups of products reported falls in the first half of 2009: manufactured goods, -30.6%; semi manufactured goods, -26.9% and stable goods, -7.4%. Exports of the following manufactured goods fell: cargo vehicles, -50.3%; auto parts, -40.1%; and automobiles, -37.9%.

Brazilian exports to Argentina, our main market for auto parts, dropped 42% in the first half of 2009 and imports by 19%, causing a trade deficit of US$48 million which had not been reported since 2003. This result is due to protectionist measures adopted by the Argentinean government and a strong slowdown in demand in the car market, although cars face no trade barriers.

PERFORMANCE OF THE BRAZILIAN AUTO PARTS INDUSTRY

In the first half of 2009 the auto parts industry's sales was 24.8% lower than in the same period in 2008. Brazil's deficit in the period from January to June reached US$997 million, up 7.6% compared with the same period in 2008, according to Secex data consolidated by Sindipeças (Brazilian Auto Parts Manufacturers' Association). Exports totaled US$ 2.8 billion, down 44.4%. Imports of US$3.8 billion were down 36.3%.

PERFORMANCE OF THE BRAZILIAN AUTOMOTIVE INDUSTRY

After a first quarter when domestic sales fell, particularly in January and February, the Brazilian automotive industry reported a growth in sales caused by the extension of the IPI (Federal VAT) rate reduction, which turned out to be efficient to boost sales of light vehicles and should help keep demand strong in the third quarter. The industry's performance was also boosted by more credit lines, longer financing terms and lower interest rates. However, despite those demand-boosting measures sales of trucks and buses remained low due to the slow rhythm of economic recovery in Brazil caused by the low level of public and private investment.

SALES OF VEHICLES IN THE DOMESTIC MARKET – IN UNITS

In light of the above, the automotive industry had a slight recovery in the second quarter do 2009. Sales reached 679.9 thousand units (light vehicles, trucks and buses), up 1.8% compared with the same quarter in 2008. In the second quarter sales were up 20.2% when compared with the previous quarter. 1,240.5 thousand units were sold in the first half of 2009, up 0.7% compared with the same period last year.

Light vehicles stood out, with sales up 3.2% in the quarter and 1.8% in the first half of 2009 compared with the same period in 2008. However, sales of trucks and buses fell 19.6% and 14.7%, respectively, in the first half of 2009 compared with the first half of 2008.

Unit thousand

Domestic market sales	2nd quarter of 2009	2nd quarter of 2008	% Variation	1st half of 2009	1st half of 2008	% Variation
Light vehicles (light automobiles and passenger cars)	647.8	627.6	3.2	1,186.0	1,165.0	1.8
Trucks	23.8	30,6	-22.2	44.4	55.3	-19.6
Buses	5.3	6.8	-22.1	10.1	11.8	-14.7
Total automobiles	676.9	664.9	1,8	1,240.5	1,232.1	0.7
Self-propelled agricultural machinery	12.2	14.2	-14.1	23.1	25.4	-9.1

SALES OF VEHICLES IN THE FOREIGN MARKET – IN UNITS

Foreign sales of agricultural machines and vehicles remain low due to the effects of the global crisis. Foreign sales of vehicles in the second quarter of 2009 reached 113.1 thousand units, down 43.7% from the same quarter in 2008. Sales of self-propelled agricultural machinery fell by 60% in the second quarter.

Unit thousand

Foreign market sales	2nd quarter of 2009	2nd quarter of 2008	% Variation	1st half of 2009	1st half of 2008	% Variation
Light vehicles (light automobiles and passenger cars)	107.7	186.7	-42.3%	188.5	355.1	-46.9%
Trucks	2.9	10.0	-71.0%	6.1	18.7	-67.5%
Buses	2.5	4.1	-39.0%	4.5	7.5	-39.9%
Total automobiles	113.1	200.8	-43.7%	199.1	381.2	-47.8%
Self-propelled agricultural machinery	3.2	8.0	-60.0%	7.3	14.8	-50.4%

From January to June 2009 exports in units fell by 47.8% (vehicles) and by 50.4% (self-propelled agricultural machinery) compared with the first half of 2008. This drop is due to the flagging global demand, particularly in Argentina and Mexico in Latin America, which together buy a significant portion of the Brazilian automotive industry's products and services.

VEHICLE PRODUCTION

The measures announced by the federal government to boost domestic sales helped to increase production of light vehicles in the second quarter when compared with the prior quarter. However, they were not able to reverse the downward trend of domestic sales of trucks, buses and agricultural machinery. An increase in vehicle production is limited by the sluggish foreign demand.

Unit thousand

Vehicle production (assembled and CKD)	2nd quarter of 2009	2nd quarter of 2008	% Variation	1st half of 2009	1st half of 2008	% Variation
Light vehicles (light automobiles and passenger cars)	766.1	845.7	-9.4%	1,393.8	1,590.6	-12.4%
Trucks	29.4	42.1	-30.2%	53.6	79.3	-32.4%
Buses	8.2	12.6	-34.9%	16.3	23.4	-30.0%
Total automobiles	803.7	900.4	-10.7%	1.463.7	1,693.2	-13.6%
Self-propelled agricultural machinery	13.7	20.8	-34.1%	28.4	39.9	-28.8%

In the second quarter of 2009, vehicle production (light vehicles, trucks and buses) totaled 803.7 thousand units, down 10.7% and down 34.1% for agricultural machinery from the same quarter in 2008.

From January to June 2009 production of vehicles fell 13.6% and production of agricultural machinery fell 28.8%.

The demand-boosting measures caused vehicle production to increase by 21.8% in the second quarter when compared with the prior quarter, basically concentrated in the segment of light vehicles.

IMPORTATION OF VEHICLES

104.6 thousand vehicles were imported in 2009, up 10.9% from the same quarter in 2008. From January to June, growth reached 19.5%, totaling 209.3 thousand vehicles. This increase was basically due to the sale of light vehicles, which accounted for 17.4% of the total Brazilian light vehicles sold in the local market (14.9% in the first half of 2008). Sales of imported models (including vehicles brought by car makers with production facilities in Brazil) rose significantly in the first half of 2009 compared with the sales of Brazilian models, i.e. 19.5% against 0.7%, respectively.

PERFORMANCE OF THE AUTOMOTIVE INDUSTRY IN ARGENTINA

Given the continued political and economic instability in Argentina the situation of its auto parts industry gives cause for concern. The auto parts industry is strongly affected by the drop in both domestic and foreign sales. The low level of investments in Argentina has made the federal government's efforts to boost the industry useless. The government has launched a long-term financing plan for retail sales and imposed a non-automatic licensing procedure to control the importation of a list of auto parts to protect local manufacturers against a supposed invasion of Chinese products. Argentina has also been affected by the lack of financing facilities for the production sector and a more efficient fiscal stimulus like the reduction in the Federal VAT rate offered by the Brazilian government, among other measures. The Argentinean government did not lower taxes and the program to encourage vehicles purchases has not had the expected effects on the population due to the red tape and the level of uncertainty about the direction of the economy.

PRODUCTION AND SALES OF THE ARGENTINEAN AUTOMOTIVE INDUSTRY

Unit thousand

Segments	2nd quarter of 2009	2nd quarter of 2008	% Variation	1st half of 2009	1st half of 2008	% Variation
Vehicle production	124.6	161.9	-23.0	196.1	286.3	-31.5
Domestic market sales	50.0	66.9	-25.2	91.1	126.1	-27.8
Exports	79.1	89.4	-11.5	116.5	157.9	-26.3

Production of vehicles – In the second quarter of 2009, 124.6 thousand vehicles were produced in Argentina, down 23.0% from the same quarter in 2008. In this period from January to June 196.1 thousand vehicles were produced, down 31.5% from the first half of 2008.

Domestic sales – In this quarter, domestic sales of vehicles in Argentina fell 25.2%, and 27.8% in the first half of 2009, compared with the same periods in 2008. Compared with the prior quarter, sales increased by 21.6%.

Foreign sales –The sales of vehicles in the foreign market dropped 11.5% in the quarter. In the accumulated period from January to June exports dropped 26.3%, when compared with the same periods in 2008. When compared with the previous quarter exports increased 111%. 88.7% of exports are shipped to Brazil.

COMPANY'S ECONOMIC AND FINANCIAL PERFORMANCE

Due to the effects of the global crisis, the Company's orders fell in the main markets where it operates in the first quarter of 2009. In the second quarter performance improved due to the Action Plan formulated by the Company's management to mitigate the effects of the crisis, the growing demand and domestic sales in the auto parts and automotive industries, as well tax relief government measures to boost local demand in these segments.

NET REVENUE

Consolidated net revenue in the second quarter of 2009 reached R$361.0 million, up 8.2% compared with the previous quarter, due to the increase in domestic sales of light vehicles as a result of more favorable economic conditions, up 16.4% (local market) and down 9.7% (foreign market). This increase in local market sales is a recovery amidst a global crisis. However, resumed sales were not sufficient for a more satisfactory performance in the first half of 2009, as shown below, due to the slow and gradual recovery in international markets and the low performance in the first quarter in the local market.

Consolidated net revenue in the first half of 2009, as shown below, includes the negative effects of derivative losses in the amount of R$27.1 million.

Million Brazilian reais

Sales	1st half of 09	1st half of 08	Variation%
Domestic market	494.8	562.7	-12.1
Foreign market	199.8	348.6	-42.7
Total	694.6	911.3	-23.8

Domestic Market Sales – Consolidated sales in the first half of 2009 totaled R$494.8 million, down 12.1% compared with the first half of 2008. This drop was due to a significant reduction in supplies to the automotive industry, especially to the segments of heavy vehicles and agricultural machinery, which suffered the impact of the global crisis. Although the replacement parts market remained sluggish in the first half of 2009, there were signs of recovery due to the increase in the number of vehicles over the last four years and the drop in sales of new vehicles as from the fourth quarter of 2008, with an impact on the automotive replacement production chain.

In the second quarter of 2009 the original equipment and replacement parts market had a slight recovery, with an increase in sales of 16.2% compared with the previous quarter, a result of more favorable economic conditions and the upswing of the automotive industry which was benefitted by the extended reduction in IPI rate.

Foreign Market Sales – Consolidated foreign market sales totaled US$199.8 million in the first half of 2009, down 42.7% from the first half of 2008. This sharp drop was due to the continued economic recession in the main international, with a slowdown in exports.

SUMMARY OF THE STATEMENTS OF OPERATIONS

	Consolidated R$million		
	1st half of 2009	1st half of 2008	% Variation
Net revenue			
Domestic market	494.8	562.7	-12.1%
Foreign market	199.8	348.6	-42.7%
Total	694.6	911.3	-23.8%
Sales – Domestic market in US$million	91.2	205.9	-55.7%
Gross income	124.8	255.4	-51.1%
gross margin	18.0%	28.0%	-10.0p.p.
Operating income (loss)	(36.1)	100.7	-135.8%
operating margin	(5.2%)	11.1%	-16.3 p.p.
Net income	(31.5)	67.6	-146.6%
net margin	(4.5%)	7.4%	-11.9 p.p.
EBITDA	56.5	165.4	-65.8%
EBITDA margin	8.1%	18.1%	-10.0 p.p.

GROSS MARGIN

Consolidated gross income totaled R$124.8 million in the first half of 2009, down 51.1% compared with the R$255.4 million reported in the first half of 2008. This decreased margin is basically due to the non-absorption of the Company's fixed costs into its operations, given the reduction in sales caused by the factors previously mentioned.

In the second quarter gross income was up 44.7% when compared with the previous quarter, and the gross margin from 15.3% to 20.4% due to the sales rebound in the original equipment and replacement parts segments.

	Consolidated Brazilian real - million		
	1st quarter of 2009	2nd quarter of 2009	Variation%
Net revenue	333.6	361.0	8.2%
Gross income	51.0	73.8	44.7%
Gross margin	15.3%	20.4%	5.1 p.p.

The consolidated cost of goods sold in the first half of 2009 includes the negative effects of derivative losses in the amount of R$7.3 million.

FINANCIAL MANAGEMENT

Financial losses, net

	Consolidated R$million			
	2nd quarter of 2009	1st quarter of 2009	2nd quarter of 2008	1st quarter of 2008
Interest, net	(13.0)	(14.0)	(5.5)	(5.9)
Monetary variations	(3.6)	(3.1)	(3.5)	(1.6)
Currency exposure, net	(5.0)	0.7	-	1.1
Gains (losses) on over hedging	15.6	(24.7)	(2.8)	2.9
Other	0.6	(4.8)	(2.4)	(0.8)
Financial losses, net	(5.4)	(45.9)	(14.2)	(4.3)

	Consolidated R$million		
	1st half of 2009	1st half of 2008	Variation
Interest, net	(27.0)	(11.4)	(15.6)
Monetary variations	(6.7)	(5.1)	(1.6)
Currency exposure, net	(4.3)	1.1	(5.8)
Gains (losses) on over hedging	(9.1)	0.1	(8.8)
Other	(4.2)	(3.2)	(1.0)
Financial losses, net	(51.3)	(18.5)	(32.8)

In the second quarter of 2009 although financial losses reached R$5.4 million, they were significantly lower than those reported in the previous quarter, showing the Company's recovered risk management performance. The indebtedness management in the second quarter managed to keep net interest and even decrease it slightly, including indebtedness itself, which is under control and in a downward trend. The Brazilian currency’s recent performance compared with the US dollar and euro approximated the level hedged by the Company. As a result of the exchange rate fall, overhedge forecasts could be reversed in the second quarter leading to a positive balance of R$15.6 million.

The net financial losses of R$51.3 million reported in the first half of 2009 still reflects the financial performance of the first quarter of 2009 resulting from the factors already mentioned in the previous quarter.

INDEBTEDNESS

	Consolidated R$million	
	June 30, 2009	June 30, 2008
Liabilities		
Financing agreements	575.3	453.6
Advance on exchange contracts	33,0	64,5
Assets		
Cash, banks and financial investments	257,5	150,9
Net indebtedness	350,8	367,2

Net indebtedness was reduced by R$16.4 million, when compared with the same period in 2008, despite the negative effects of the hedging instrument and the increase in interest rates, due to the Company's efforts to reduce working capital and investments and the implementation of an aggressive cost cutting program. Net indebtedness fell by 19% (R$84.4 million) when compared with the previous quarter.

OPERATING PERFORMANCE MEASURED BY EBITDA

In the first half of 2009 consolidated operating performance measured by EBITDA (income before interest, taxes, depreciation and amortization) was R$56.5 million (R$165.4 million in the first half of 2008). The worsened operating performance measured by EBITDA is due to factors already described in the "Gross margin" item, reported in the first quarter of 2009.

EBITDA was up 98.4% in the second quarter compared with the previous quarter, a margin gain of 4.7 p.p.

	Consolidated R$million		
	1st quarter of 2009	1st quarter of 2009	Variation%
EBITDA	18.9	37.5	98.4%
EBITDA margin	5.7 %	10.4	4.7 p.p.

NET INCOME (LOSS) FOR THE FIRST HALF OF 2009

In the first half of 2009, the Company reported net loss of R$31.5 million (net income of R$67.6 million in the first half of 2008), consisting of a net losses in the first quarter of R$36.1 million and net income of R$4.6 million in the second quarter.

The first quarter performance was due to pent-up demand caused by the global crisis, drop in sales and production volumes both in the domestic and foreign markets, particularly in the segments of heavy vehicles and agricultural machinery, high inventories of vehicles at the beginning of the year, as well as the effect of the overhedge on financial instrument contracts entered into for exports and raw materials.

In the second quarter the Company had satisfactory results amidst the crisis and managed to have financial balance due to the more favorable economic conditions in Brazil, tax relief government measures, which had a positive impact on the automotive industry's performance, together with the Action Plan formulated by the Company's management to mitigate the effects of the crisis.

Consolidated results in the first half of 2009 include employee termination costs of R$8.0 million due to the reduction in production to adjust the Company's activities to the economic situation.

INVESTMENT

The main projects carried out in the first half of 2009 reached R$7.2 million. The investment budget for 2009 totaled R$29.4 million earmarked for the following projects: new products, tools, quality, research and development, information technology, environment and others.

HUMAN RESOURCES

As of June 30, 2009, the Company and its controlled companies had 7,781 employees, down 12% from December 31, 2008 (8,812 employees). This drop was meant to adjust the Company's and its controlled companies' production levels to the demand and economic situation.

AWARDS

The Company was granted the Best in the Environment Area Award at the beginning of July to celebrate 25 years of the Brazilian Association of the Automotive Industry (AEA) with a diesel technology study on "innovative valves for maximum recirculation rates of removal gases". The Company received an OTTO Technology honorable mention "Low-Friction Piston Rings". The works submitted to the organizers were judged by a panel made up of representatives from government agencies, trade associations, press, universities and AEA's technical department.

SERVICES RENDERED BY INDEPENDENT AUDITORS

As per CVM Instruction No. 381/03, information about other services, in addition to external auditing, provided by BDO Trevisan Auditores Independentes and its related parties during the first half of 2009 to MAHLE Metal Leve S.A., controlled companies and companies belonging to the same group:

Nature	Engagement Date	Term	Fees R$
External audit services to the companies belonging to the same group of the Company	First quarter of 2009	January-December 2009	33.4
Training and diagnosis - IFRS	September 2008	January-March 2009	44.9

Agreed-upon fees totaled R$78.3 thousand and accounted for 18% of the fees corresponding to the external audit services rendered and to be rendered to MAHLE Metal Leve S.A. and its controlled companies in 2009.

Under the policies of the Company and its controlled companies they are prohibited from hiring their independent auditors to render services that lead to conflicts of interest, loss of objectivity or independence.

Management of MAHLE Metal Leve S.A. and its controlled companies, in a discussion with their independent auditors, concluded that the works listed above do not represent any threat to the audit firm's independence, given that they do not lead to a real or supposed loss of its objectivity and integrity.

OUTLOOK

Macroeconomic – Signs of mild recovery in activities level of the industrial segment, arising from favorable economic indicators, among which: Inflation under control, interest rates dropping, increased availability of credit to consumers, and the government actions to reduce the tax burden on some economy segments are not being enough to prevent that more recent GDP estimates to be close to zero growth. This estimate is better in comparison to what was expected by the beginning of year, result of a more consistent recovery in the country's economy activity. The market expects that interest rate (Selic) reaches 8.75% by the end of the year. In the international scenario there is no perspective of new reductions in interest rates in the short term.

The projection for foreign trade in 2009 is of a decrease by 26% in exports, while a 17.6% drop was expected by the beginning of the year. The current scenario is being strongly affected by the continuity of the world crisis in the main countries receiving the production of manufactured goods. The prices of commodities continue to rise, and China is responsible for this recovery, and for the demand for manufactured goods.

Brazilian Automotive Industry – The perspectives of the automotive industry for the second half of 2009 is growth in comparison with the first half, mainly regarding the sales of automobiles and light commercial vehicles in the domestic market. With the extended reduction in IPI rate, it is expected that by the end of 2009 the sales of vehicles to domestic market be increased by 6% in comparison to 2008, some improbable before the reduction in IPI rate. Besides the reduction in the tax, there was an improvement in consumers' trust. In the segment of agricultural machinery the projection is a decrease by 14% in comparison with 2008.

The tax relieve programs announced by the federal government for some industries will allow a more positive scenario in medium term to the domestic market of new and used heavy vehicles.

The projection for the production of vehicles in 2009 is of 3.05 million units, including trucks and buses; a drop of 5% in comparison with 2008, according to data disclosed by Anfavea (National Association of Vehicle Manufacturers) in the beginning of July. The previous projection was of a 12% drop. This improvement was due to the increase in sales of light vehicles to the domestic market as from March of the current year.

In foreign market the impact of world crisis in the activities was stronger. The new estimate disclosed by Anfavea showed a worst scenario, from a 32% drop in sales of vehicles in the beginning of year to a 40% drop, in comparison with 2008, given the market slow down mainly in Nafta area and Europe. Vehicles exports in 2008 should be of about 440 thousand units. Last year 735 units were sold.

Other demand-boosting measures – The segment of trucks is also being boosted by the Pro truck-driver program sponsored by BNDES, which has extended the maximum financing term, reduced interest rates from 13.5% p.a. to 4.5% p.a. (meaning zero interest rates). The federal government will contribute R$4 billion to set up a fund to offer credit for medim and smalls-ized companies for the acquisition of capital goods, including the truck segment. Financing second-hand trucks will also be possible in up to 15 years (the limit use dot be 8 years) as well as using the credit fund to back the activities of self-employed carriers, which will also have positive effects in sales of new vehicles.

Company – The Company expects a more consisten reaction of sales in the local market in the second half of 2009.

However, in the international scenario, together with the diminished expectations for the automotive eindustry and the expected continued economic slowdown cause dby the global crisis, the Company expects a slow recovery scenario in the second half of 2009, with sales volumes approximating those reported in the first half of 2009. However, the US market was stable in the second quarter of 2009, up 1% compared with the previous quarter, but still 32% lower than in the same period last year. In addition, vehicles sales picked up in Europe with government incentives. After fourteen months of sluggish activity they increased 2.4% in June compared with the same month last year, particularly led by Germany and France, according to information from the Association of European Automotive Makers, located in Brussels.

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