

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

MAHLE METAL LEVE S.A.

**QUARTERLY INFORMATION FOR THE QUARTER ENDED
MARCH 31ST, 2008 AND SPECIAL REVIEW REPORT**

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

MAHLE METAL LEVE S.A.

QUARTERLY INFORMATION FOR THE QUARTER ENDED MARCH 31st, 2008.

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SPECIAL REVIEW REPORT

To Shareholders, Board Members and Managers of
MAHLE METAL LEVE S.A.
Mogi Guaçu - SP

1. We have performed a special review of the accompanying individual and consolidated Quarterly Information (ITR) of MAHLE Metal Leve S.A. consisting of the balance sheet as of March 31, 2008, and the related statement of income, performance report and relevant information for the quarter then ended, prepared under the responsibility of the Company's management..
2. Our review was performed in accordance with specific standards set forth by IBRACON - Independent Auditors Institute of Brazil, together with the Federal Accounting Council - CFC and 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 controlled companies.
3. Based on our special 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 established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of Quarterly Information, including CVM Instruction No. 469/08.
4. As mentioned under explanatory note 2.1 on December 28th, 2007, the Law no. 11.638 was promulgated and is in force from January 1st, 2008 on. Such Law amended, revoked and introduced new provisions to the Law no. 6.404/76 (Corporate Law) and caused changes on the accounting practices adopted in Brazil. Although such Law is already in force, some changes it introduced depend on the regulation by the regulating bodies in order to be applied by the companies. Therefore, in this transition stage, CVM, through the CVM Instruction no. 469/08, authorized the non-use of all provisions under Law no. 11.638/07 on the preparation of the Quarterly information - ITR. Thus, the accounting information contained in the Quarterly information - ITR related to the quarter concluded on March 31st, 2008 were prepared according to the CVM specific instructions and it does not contain all the changes on the accounting practices introduced by Law no. 11.638/07.



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SPECIAL REVIEW REPORT

To Shareholders, Board Members and Managers of
MAHLE METAL LEVE S.A.
Mogi Guaçu - SP

5. The Balance Sheet prepared on December 31st, 2007 and the statement of income for the quarter ended on March 31st, 2007, presented for comparison purposes, were audited and reviewed, respectively, by other independent auditors. The opinion and special review report thereon, dated February 1st, 2008 and May 4th, 2007, respectively, are unqualified.
6. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, May 08th, 2008

A handwritten signature in blue ink, appearing to read 'Esmir de Oliveira'.

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 MARCH 31, 2008 AND DECEMBER 31, 2007

(in thousands of Brazilian reais)

	Company		Consolidated			Company		Consolidated	
	3/31/2008 (unaudited)	12/31/2007	3/31/2008 (unaudited)	12/31/2007		3/31/2008 (unaudited)	12/31/2007	3/31/2008 (unaudited)	12/31/2007
ASSETS					LIABILITIES				
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (note 4)	107.585	30.579	154.155	77.910	Loans and financing (note 14)	270.747	210.586	297.432	243.888
Trade accounts receivable (note 5)	176.322	164.367	247.375	222.211	Trade accounts payable (note 13)	64.934	53.962	80.058	65.582
Accounts receivable from related parties (note 8)	152.623	148.665	79.016	76.749	Taxes and contributions payable	10.428	14.652	14.590	18.383
Discounted exchange bills	(33.788)	(34.447)	(35.827)	(35.375)	Salaries, accrual for vacation and social charges payable (note 15)	44.718	45.194	50.224	52.242
Allowance for doubtful accounts	(5.360)	(5.191)	(6.777)	(6.423)	Accounts payable to related parties (note 8)	22.800	20.866	36.266	26.293
Inventories (note 6)	170.410	144.731	231.043	199.929	Unrealized losses on derivatives	7.559	18.574	7.611	18.544
Recoverable taxes (note 7)	32.279	43.766	39.828	48.457	Advances from suppliers	3.764	3.670	3.816	4.505
Deferred income tax and social contribution (note 9 c)	3.419	9.399	5.601	10.129	Cash dividends proposed and interest on shareholder's equity payable	29.627	29.627	33.311	33.864
Cash dividends and interest on shareholder's equity receivable	8.598	9.889	-	-	Other provisions (note 16)	12.365	12.832	19.912	17.925
Derivatives	14.101	-	14.125	-	Other accounts payable	21.547	26.988	27.389	32.183
Other accounts receivable	10.228	6.289	15.804	7.238					
	636.417	518.047	744.343	600.825		488.489	436.951	570.609	513.409
NON CURRENT ASSETS					NON CURRENT				
LONG TERM RECEIVABLES					LONG TERM LIABILITIES				
Deferred income tax and social contribution (note 9 c)	36.948	38.423	39.039	41.392	Loans and financing (note 14)	112.988	68.919	117.276	72.385
Recoverable taxes (note 7)	10.829	10.429	15.244	11.604	Provision for warranties (note 17)	3.866	5.509	3.974	5.591
Other accounts receivable	59	1.213	192	1.348	Provision for contingencies and legal obligations related to law suits (note 18)	73.368	68.670	76.401	71.786
	47.836	50.065	54.475	54.344	Other accounts payable	4.467	2.056	5.194	2.634
PERMANENT ASSETS						194.689	145.154	202.845	152.396
Investments in controlled companies (note 10)	76.068	49.906	-	-	Minority interest	-	-	9.438	8.308
Other investments	371	371	371	371	SHAREHOLDERS' EQUITY				
Property, Plant and Equipment (note 11)	396.410	395.696	444.366	441.208	Capital Stock	352.755	352.755	352.755	352.755
Intangible assets (note 12)	73.874	75.800	87.135	85.145	Profits Reserve	195.900	156.084	195.900	156.084
Deferred charges	857	1.059	857	1.059		548.655	508.839	548.655	508.839
	547.580	522.832	532.729	527.783					
TOTAL ASSETS	1.231.833	1.090.944	1.331.547	1.182.952	TOTAL LIABILITIES AND NET EQUITY	1.231.833	1.090.944	1.331.547	1.182.952

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

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SCHEDULE 2

MAHLE METAL LEVE S.A. AND CONTROLLED COMPANIES

**STATEMENT OF INCOME
FOR THE YEARS ENDED MARCH 31, 2008 AND 2007
(in thousands reais, except net profit per share)**

	Company		Consolidated	
	3/31/2008 (unaudited)	3/31/2007	3/31/2008 (unaudited)	3/31/2007
Gross sales and services income	436.186	409.830	514.660	459.435
Gross income deductions	(80.285)	(64.779)	(90.850)	(75.370)
NET OPERATING INCOME	355.901	345.051	423.810	384.065
Cost of sales and services	(258.343)	(267.001)	(303.786)	(287.577)
GROSS PROFIT	97.558	78.050	120.024	96.488
(EXPENSES) OPERATING INCOME				
Sales expenses	(18.287)	(19.453)	(26.042)	(23.615)
General and administrative expenses	(18.375)	(24.825)	(21.060)	(25.299)
Net financial expenses (Note 20)	7.278	(7.608)	6.426	(7.947)
Technology and development expenses	(9.338)	(7.060)	(11.059)	(8.776)
Equity Earnings From Affiliates	4.051	8.644	-	-
Other net operating income (expenses) (Note 21)	(5.191)	(161)	(4.467)	(577)
	(39.862)	(50.463)	(56.202)	(66.214)
OPERATING PROFIT	57.696	27.587	63.822	30.274
NON OPERATING PROFIT	362	325	(3.214)	439
PROFIT BEFORE INCOME TAX, SOCIAL CONTRIBUTION AND MINORITY INTEREST	58.058	27.912	60.608	30.713
INCOME TAX AND SOCIAL CONTRIBUTIONS				
Current	(11.379)	(8.646)	(13.409)	(10.540)
Deferred	(6.863)	1.354	(6.251)	1.459
PROFIT BEFORE SHAREHOLDERS REMUNERATION MINORITY INTEREST	39.816	20.620	40.948	21.632
Minority interest	-	-	(1.132)	(1.012)
NET PROFIT AT YEAR-END	39.816	20.620	39.816	20.620
Earning per share (in reais)	1	1	1	1
Quantity of outstanding shares (in thousands)	30.454	30.454	30.454	30.454

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

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SCHEDULE 3

MAHLE METAL LEVE S.A. AND CONTROLLED COMPANIES

**CASH FLOW STATEMENTS
FOR THE QUARTERS ENDED MARCH 31, 2008 AND 2007
(in thousands reais)**

	Company		Consolidated	
	3/31/2008 (unaudited)	3/31/2007	3/31/2008 (unaudited)	3/31/2007
Operating cash flow				
Net income for the quarter	39.816	20.620	39.816	20.620
Adjustments to reconcile the net income to the cash generated by operational activities				
Depreciation and Amortization	20.441	22.825	22.797	23.825
Equity Earnings From Affiliates	(4.075)	(6.505)	-	-
Participation of minority shareholders	-	-	1.130	1.012
Interests and monetary and exchange variations, net	6.554	(4.891)	6.631	(5.312)
Income from sale of permanent assets	(93)	264	(27)	262
Deferred income tax and social contribution	9.866	(1.477)	9.522	(498)
Reversion of allowance for doubtful accounts	169	(10)	354	(90)
Reversion of provision for contingencies and legal liabilities	712	(514)	(649)	(578)
Reversion of guarantees provision	96	8	(123)	(34)
Reversion of other provisions	(466)	(371)	1.986	(422)
Reversion of provision for shareholders interest devaluation	-	(2.139)	-	-
Decrease (increase) of assets accounts				
Trade accounts receivable	(11.955)	(8.213)	(25.164)	(10.344)
accounts receivable from related parties	(3.958)	(1.445)	(2.267)	(4.994)
Inventories	(25.679)	(22.280)	(31.114)	(23.719)
Recoverable taxes	11.087	3.155	4.989	2.188
Other accounts receivable	(2.758)	(9.962)	(7.385)	(18.306)
Increase (decrease) of liabilities accounts				
Trade accounts payable	10.972	9.017	14.476	20.957
Salaries, accrual for vacation and social charges payable	(476)	6.394	(2.018)	7.025
Taxes and contributions payable	(4.225)	(357)	(3.793)	52
Accounts payable to related parties	1.934	269	9.973	(4.239)
Unrealized gains with derivatives	(25.116)	-	(25.058)	-
Other accounts payable and judicial deposits	5.443	9.485	(4.874)	9.095
Net cash provided by operational activities	17.403	13.873	10.746	16.500
Cash flows from investing activities				
Expended cash for stake control acquisition, net cash received	-	(81.286)	-	(82.444)
Dividends and interests on own capital received from controlled company	1.291	-	-	-
Additions to investments	(22.722)	(4.706)	-	-
Additions to property, plant and equipment	(19.312)	(26.057)	(24.599)	(28.512)
Additions to intangible assets	-	-	(3.821)	-
Proceeds from permanent assets sales	378	1.569	434	1.775
Net cash used in investment activities	(40.365)	(110.480)	(27.986)	(109.181)
Cash flows from financing activities				
Loans funding	240.469	179.837	248.282	189.576
Amortizations of financing - principal amounts	(135.138)	(2.425)	(148.844)	(7.575)
Amortizations of financing interests	(4.799)	(2.686)	(5.163)	(2.823)
Discounted trade bills	(659)	(57.375)	452	(57.375)
Advance from customers	95	(1.199)	(689)	(1.180)
Cash dividends and interest on shareholder's equity paid	-	(21.639)	(553)	(23.711)
Lapsed dividends	-	73	-	73
Net cash generated (used in) financing activities	99.968	94.586	93.485	96.985
Net increase (decrease) in cash and cash equivalents	77.006	(2.021)	76.245	4.304
Cash and cash equivalents at the beginning of the quarter	30.579	93.962	77.910	113.058
Cash and cash equivalents at the end of the quarter	107.585	91.941	154.155	117.362
Additional information:				
Payment of income tax and social contribution	1.333	6.951	2.140	10.515

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

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MAHLE METAL LEVE S.A.

**EXPLANATORY NOTES TO THE QUARTERLY INFORMATION - ITRs
FOR THE QUARTER ENDED MARCH 31ST, 2008.**

**(Amounts expressed in thousand of reais [T.N.: Brazilian currency Real, pl. reais],
except as otherwise mentioned)**

1. OPERATIONAL CONTEXT

The research, development, manufacture, and marketing are the Company's preponderant activities, in the country and abroad, on parts and accessories to the internal combustion engines, which are sold to several industries and activities fields such as automakers (automobile, trucks, tractors, etc), aftermarket, aviation engine industry, stationary and others.

The products manufactured by the Company are pistons, piston pins, camshafts, bearing shell, bushings, valve tappet, rocker arm, connecting rod, rings-inserts, valve guides and seats, cylinder liner and filters.

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

The company realized the acquisition of operational net assets on March 9th, 2007 related to the bearing shell unit of the company Dana Indústria Ltda., located in the city of Gravataí, State of Rio Grande do Sul, for the amount of R\$ 3.135.

On March 20th, 2007, the Company and its fully owned MAHLE Metal Leve GmbH realized the acquisition of all shares (1,400,000 common shares) held by the companies Graceland Limited Company LLC, organized according to the laws of Delaware, USA and Dinansen Inversora S.A., organized according to the laws of the Republic of Argentina, on the company Establecimientos Metalúrgicos Edival S.A. (herein referred to as "Edival") with main office in the city of Rafaela, Republic of Argentina, aiming to entering the products developed by Edival (valves for combustion engines) to the products range offered by the company in the internal market as well as abroad, for the amount of US\$ 41.2 million. In respect to such amount, the Company paid the amount of US\$ 39.1 million equivalent to R\$ 81,286. Firstly, an R\$ 64,916 premium was calculated based on the future profitability of the business. After the recalculation performed in view of the accounting adjustment related to the deferred income tax, which was not recognized by the Argentinean company on the acquisition base date, originally resulted on an effective premium of R\$ 61,805, holding (R\$ 65,471 in consolidated), which has been amortized on the same proportion of the profits generated by subsidiary.

On June 12th, 2007, the Company acquired the share control of the company Filtroil Empreendimentos e Participações S.A. for the amount of R\$ 5,261. The R\$ 5,110 premium was verified based on the future profitability of business, which has been amortized on the same proportion of the profits generated by subsidiary. On November 22nd, 2007, such company was incorporated by subsidiary MAHLE Filtroil Indústria e Comércio de Filtros Ltda., created in 2006, which purpose is to manufacture filters, fluid separators, and similar products for all industrial purposes.

The acquisition by subsidiary MAHLE Argentina S.A. was approved on the Special General Meeting - AGE of January 28th, 2008 for the activities of distributing pistons, cylinders, and aftermarket currently performed by the Argentinean subsidiary of this company's indirect subsidiary MAHLE S.A. de Argentina, for the amount of US\$ 8.5 million.

2. BASIS OF PREPARATION AND PRESENTATION OF THE QUARTERLY INFORMATION

The quarterly information is under the management responsibility and was prepared according to the provisions contained in the Corporate Law and Security Commission rules.

The process to prepare the Financial Statements involves using the accounting estimates. Such estimates were based on the objective and subjective factors and based on the management judgment to determine the proper amount to be recorded on the quarterly information. The estimates and premises are used to select the useful life of fixed assets and the analysis of its recovery in the operations, the credit risk analysis to determine the provision for doubtful credits as well as the analysis of other risks in order to determine other provisions, including the contingencies and guarantees, and the financial instruments and other assets and liabilities evaluation on the date of the quarterly information.

The transactions settlement involving such estimates might result on amounts significantly different from those recorded on the Financial Statements in view of the inaccuracy inherent to the estimative process. The Company reviews its estimates and premises at least quarterly.

The assets and liabilities are classified as current when the realization or settlement will likely occur in the next twelve months. Otherwise, they are stated as non-current. The currency assets and liabilities designed in foreign currency were converted into reais by the exchange rate on the date the quarterly information is closed. In addition, the long term assets and liabilities, if applicable, are showed as adjusted to the current amount based on the discount rates that reflect the best market current evaluations in respect to the money value in time and specific risks. The differences resulting from the currency conversion and the current amount were recognized in the operational income statement.

In order to improve the information rendered to the market, the Company is also presenting the statement of cash flow as complementary information, which was prepared according to the Accounting Norms and Procedures - NPC 20 of the Independent Auditors Institute of Brazil - IBRACON, taking into account the main operations influencing the Company and controlled companies availabilities and equivalent amounts. Such statement is subdivided into the operational, investment and financing activities.

a. Amendment of the Brazilian Corporation Law in force from January 2008 on.

On December 28, 2007, the Law no. 11.638 was promulgated, which amends, revokes and introduces new provisions to the Corporation law, mainly in respect to XV Chapter, regarding the accounting issue, which is in force on the year beginning on January 1st, 2008. Such Law's purpose was mainly to update the Brazilian corporation law to enable the convergence process of the accounting practices adopted in Brazil and those contained in the international accounting norms (IFRS) and allow the issuance of new norms and accounting procedures by the Securities Commission - CVM according to the international accounting standards.

The company's management chooses to immediately apply all accounting provisions contained in the Law no. 11.638, 2007 on the Quarterly information - ITR of 2008, as mentioned under the 2nd article of the CVM Instruction no. 469 of May 2nd, 2008. Some changes were applied during the year and are valid for the annual financial statements, as already expressed by the Securities Commission (CVM), while others depend on the regulation by the regulating bodies.

Based on the impacts evaluation caused by the changes introduced in its financial statements, mentioned hereunder, and taking into account the current operations, processes and accounting records, the company concluded the changes cause no relevant impact, which could affect substantially its equity, financial and economical position in the current year and subsequent years.

The main changes are summarized hereunder, which could affect the Company's financial statements at the years' end:

- Replacement of the statement of origins and appropriation funds by statement of cash flow already presented by the Company.
- Inclusion of the added value statement, applicable to the publicly-held companies, which demonstrates the value added by the Company as well as such values origin and appropriation composition.
- The possibility of maintaining separately the transactions entries in order to comply with the tax law and subsequently the adjustments needed to adapt to the accounting practices.
- Creating a new intangible account subgroup, which includes the premium, in order to be shown in the balance sheet. Such account will record the rights which purpose is the immaterial assets intended to the Company's maintenance or performed thereto, including the acquired goodwill.
- The rights record obligatoriness in the fixed assets which subject is the material assets intended to maintain the Company's activities, including those arising from the operations transferring to the Company the benefits, risks and assets control (for example: financial leasing).

- Change on the concept to amounts recorded in the deferred. Only the pre-operational expenses and the reorganization expenses that will effectively contribute to increase the operational income in more than one corporate year which do not feature only the costs reduction or increase on the operational efficiency.
- The Company is obliged to analyze from time to time the ability in recovering the amounts recorded in the fixed, intangible and deferred assets in order to ensure: (i) the loss for such non-recovery of assets is recorded as the decisions result in order to discontinue the activities related to such assets or when evidence exists that the operations income are not enough to ensure the realization of such assets; and (ii) the criteria used to determine to estimate the useful life remaining to such assets in order to record the depreciation, amortization and weariness is reviewed and adjusted.

Such issue was already regulated by the CVM Decision no. 527 of January 1st, 2007.

- The requirements to record the investments in the financial instruments, including the derivative for: (i) its market amount or equivalent amount, when referring to the investments intended to the negotiation and availability to sale; and (ii) the acquisition cost amount or issuance amount, which is updated according to the legal or contractual provisions and adjusted to the likely realization amount, if it is lower.
- Creating a new account subgroup, adjustments of the equity evaluation, on net worth in order to allow (i) the record of certain assets evaluation at market price, mainly the financial instruments; (ii) recording directly on the net worth account whenever the accounting pronouncement so requires; and (iii) assets and liabilities adjustments at the market price in view of merge or incorporation occurred between non-related parties which are effectively bound to the control transfer.
- Introducing the adjustment concept at the current amount for the long-term assets and liabilities operations and those relevant in the short term.
- Requiring the assets and liabilities of the Company to be incorporated and resulting from the transactions involving the incorporation, merge or split up between independent parties and bound to the effective transfer of control are booked by the market amount.

In addition, the elements adjustment integrating the long term assets and liabilities which were subject to evaluation and adjusted by the current amount, if applicable, based on methodology of knowing the amount to be deducted, realization dates (assets) and settlement (liabilities) as well as using the discount rates that reflect the Company's best estimative by taking into account the money value in time and the country specific risks, among the changes introduced by the CVM Instruction no. 469 of May 2nd, 2008 and the impact comprised by the Company's quarterly information on March 31st, 2008. The Company understands that a significant part of its long-term assets and liabilities have been already presented, considerably, at the current amount according to the market rates and the adjustment to be performed at the current amount has no significant impact. On December 31st, 2007, based on the 8th article of the CVM Instruction no. 469, the adjustment amount at the current value that has reduced the Company's net worth was R\$ 2.607. The adjustment at current amount was R\$ 1,447 in the quarter concluded on March 31st, 2008, which caused a positive effect on the net worth and the Company's income in the period was R\$ 1,160.

Effects on the balance sheet on December 31st, 2007:

	12/31/2007 (Before Law 11.638)		Adjustments*		12/31/2007 (After Law 11.638)	
	Holding	Consolidated	Holding	Consolidated	Holding	Consolidated
Current Assets	518,047	600,825	-	-	518,047	600,825
Non-current Assets	579,247	588,477	(6,350)	(6,350)	572,897	582,127
Total Assets	1,097,294	1,189,302	(6,350)	(6,350)	1,090,944	1,182,952
Current Liabilities	436,951	513,409	-	-	436,951	513,409
Non-current liabilities	148,897	156,139	(3,743)	(3,743)	145,154	152,396
Non-controlling stockholders interests	-	8,308	-	-	-	8,308
Net worth	511,446	511,446	(2,607)	(2,607)	508,839	508,839
Total Liabilities and Net Worth	1,097,294	1,189,302	(6,350)	(6,350)	1,090,944	1,182,952

In view of the above-mentioned changes, which are deemed as changes on the accounting practice and base on the CVM Decision no. 506, the Company adjusted the balance sheet of December 31st, 2007, informed for comparison purposes. The following accounts groups are adjusted:

- (*) The adjustments were performed in the accounts: "Deferred Income Tax and Social Contributions - Non-current Assets" in the amount of R\$ 2,896, "Tax Recoverable - Non-current Assets" in the amount of R\$ 3,454 and "Provision to guarantees - Non-current Liabilities" and "Others - Non-current Liability" in the amount of R\$ 3,743.

Effects on the net worth and income in the period ended on March 31st, 2008:

The positive effect of the adjustment at current amount verified in the net worth in the period concluded on March 31st, 2008, as formerly commented is R\$ 1,160.

b. CVM Decision no. 534 of January 29th, 2008.

CVM issued the Decision no. 534 on January 29th, 2008, which approves the CPC-02. Such Decision is in force on the date it is published on the Official Gazette of the Union and is applicable to the years ended from December 2008 on.

The CPC-02 purpose is to determine how to include the foreign currency transactions and operations abroad in the financial statements of an entity in Brazil and how to convert the financial statements of the entity abroad to the currency the financial statements are presented in Brazil, for the purposes of recording the equity adjustment, the entire or proportional consolidation of the financial statements; and also how to convert the financial statement of an entity in Brazil to other currency. CPC 02 also introduces the concept of functional currency, which has not been met formerly by the accounting practices adopted in Brazil.

The Company has investments abroad on controlled companies, direct and indirect, which are not deemed as independent entities maintained by the Company. The Company defined as its functional currency the Real - R\$ by means of the analysis of its operations and taking into account the main economical environment it is inserted on, that is, analyzing which currency reflects the main reference that the cash fund and disbursement transactions are performed.

Thus, this will be the functional currency when adopting the CPC-02. As this accounting pronouncement was recently issued (January 29th, 2008), the Company is still evaluating the effects and the very adoption of such Pronouncement to its equity and financial position. The preliminary analysis does not indicate that relevant effects and/or changes might occur on the Company's financial statements.

3. SUMMARY OF THE MAIN ACCOUNTING PRACTICES

The accounting practices adopted to prepare the quarterly information are consistent to those disclosed on the financial statements of December 31st, 2007.

Consolidation

The quarter-consolidated information was prepared according to the basic consolidations principles provided by the Corporate Law and the Securities Commission rules and present the accounts balances from all subsidiary companies. The consolidation incorporates the assets, liabilities, and operational income total accounts and distinguishes the non-controlling shareholders share in the balance sheet and the consolidated operational income statement corresponding to the interest percentage in controlled companies.

The consolidation process comprises eliminating the investments proportionally to the holding interest in the controlled companies net worth, the equity accounts balances, the non-realization of operational income in inventory and incomes and expenses among the consolidated companies.

We highlight hereunder the consolidated companies:

	Interest in total capital - %			
	1st Quarter 2008		1st Quarter 2007	
	Direct	Indirect	Direct	Indirect
MAHLE Metal Leve Miba Sinterizados Ltda.	70	-	70	-
MAHLE Argentina S.A. (former Establecimientos Metalúrgicos Edival S.A.)	96	4	95	5
MAHLE Filtróil Ind. e Com. de Filtros Ltda.	60	-	-	-
MAHLE Metal Leve GmbH (abroad)	100	-	100	-
MAHLE Metal Leve International NV (abroad)	-	100	-	100

4. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	03.31.2008	12.31.2007	03.31.2008	12.31.2007
Cash and Banks	22,618	13,044	28,170	19,060
Investments	25,063	-	64,155	40,831
Amounts waiting for the exchange closing	59,904	17,535	61,830	18,019
	<u>107,585</u>	<u>30,579</u>	<u>154,155</u>	<u>77,910</u>

The amounts waiting for exchange closing refer to the investments received in foreign currency from customers located abroad, which exchange closing has not occurred up to the date the year was closed, and are bound to the exports financing operations (BNDES-Exim) and derivative financing instruments.

The investments refer considerably to the Certificate of Bank Deposit - CDB, rewarded at 100.3% rate (100% in 12.31.2007), the Certificate of Interbank Deposits - CDI, and investments in foreign funds secured on the North American and English governments bonds and rewarded between 1.34% and 3.60% rates. (1.83% and 2.80% per year on 12.31.2007).

5. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	03.31.2008	12.31.2007	03.31.2008	12.31.2007
Market				
Domestic	125.756	115.306	148.162	130.695
Abroad	50.566	49.061	99.213	91.516
	<u>176.322</u>	<u>164.367</u>	<u>247.375</u>	<u>222.211</u>

The Company and its controlled companies have the domestic credit insurance - commercial risk contracted alongside the institution SECREB - Seguradora de Crédito do Brasil S.A.. The indemnity limit encompasses the forecasted exports volume in the US\$100 million policy. The policy was renewed on August 2007, which is valid for one year.

6. INVENTORIES

	Company		Consolidated	
	03.31.2008	12.31.2007	03.31.2008	12.31.2007
Finished Products	71,931	61,397	102,87	89,877
Work in progress	72,177	64,530	81,043	71,064
Raw Materials	24,293	18,341	31,416	26,182
Auxiliary Materials	7,548	6,885	13,525	8,316
Imports in progress	4,351	3,835	16,020	19,056
Provision for inventory losses	(9,890)	(10,257)	(13,831)	(14,566)
	<u>170,410</u>	<u>144,731</u>	<u>231,043</u>	<u>199,929</u>

7. RECOVERABLE TAXES

	Company		Consolidated	
	03.31.2008	12.31.2007	03.31.2008	12.31.2007
Income Tax and Social Contribution (note 9.b)	12,325	10,611	13,790	11,026
Income tax on investments	-	9,238	-	9,556
Income Tax and Social Contribution on rendering of services	-	810	-	811
ICMS on fixed assets acquisition	14,815	15,679	15,951	16,928
ICMS and IPI	7,139	8,133	14,997	10,105
PIS	1,758	1,934	1,919	2,137
COFINS	8,083	8,896	8,824	9,830
Other taxes	973	2,347	1,576	3,121
	<u>45,093</u>	<u>57,648</u>	<u>57,057</u>	<u>63,514</u>
Adjustment to current amount	<u>(1,985)</u>	<u>(3,453)</u>	<u>(1,985)</u>	<u>(3,453)</u>
	<u>43,108</u>	<u>54,195</u>	<u>55,072</u>	<u>60,061</u>
Current	(32,279)	(43,766)	(39,828)	(48,457)
Non-current	<u>10,829</u>	<u>10,429</u>	<u>15,244</u>	<u>11,604</u>

The ICMS, PIS and COFINS on the fixed assets acquisition is compensated at 1/48 and 1/24 month proportion.

MAHLE Metal Leve S.A.

8. RELATED PARTIES

Companies	Balances on 03.31.2008					Transactions in 1st Quarter 2008				
	Assets current	Liabilities current	Sales/ income			Purchases				
			Products	Services	Commissions	Products	Services	Fixed Assets	Commissions	Royalties
MAHLE Metal Leve Miba Sinterizados Ltda.	279	622	-	760	-	1,332	66	-	-	-
MAHLE Componentes de Motores do Brasil Ltda.	3,058	12,791	84	5,511	1,602	31,420	263	2	-	-
MAHLE Indústria e Comércio Ltda.	-	167	-	-	-	70	151	-	-	-
MAHLE Filtroil Indústria e Comércio Ltda.	251	-	132	86	-	1	-	-	-	-
MAHLE Componentes de Motores S.A.	319	-	-	200	-	-	-	-	-	-
MAHLE S.A. de Argentina	6,978	40	2,022	-	-	67	-	-	-	-
MAHLE Industries, Inc	-	-	-	-	-	-	-	-	-	-
MAHLE S.A.	-	-	-	-	-	-	-	-	-	-
MAHLE Componenti Motori Itália SpA	-	-	-	-	-	-	-	-	-	-
MAHLE GmbH	398	6,374	524	-	-	-	-	735	-	3,519
MAHLE France SARL	957	-	627	-	-	-	-	-	-	-
MAHLE Filtersysteme GmbH	1,632	1,786	697	-	-	5,016	-	-	-	-
MAHLE Argentina S.A.	4,002	20	3,922	-	-	10	-	-	-	-
MAHLE Componentes de Motores de México, S. de R.L. de C.V.	171	-	-	-	-	-	-	-	-	-
MAHLE Engine Components (Thailand) Co. Ltd.	-	-	-	-	-	-	-	-	-	-
MAHLE, Inc.	618	44	295	-	-	-	-	-	30	-
MAHLE Polska Spolka. z o.o.	400	1	390	-	-	-	-	-	-	-
MAHLE Motorkomponenten Schweiz AG	-	139	-	-	-	130	-	-	-	-
MAHLE Motorkomponenten GmbH	-	156	-	-	-	148	-	-	-	-
MAHLE König GmbH	-	-	-	-	-	-	-	-	-	-
MAHLE Technology, Inc.	25	-	-	-	-	-	-	-	2	-
MAHLE Metal Leve International N.V.	129,913	-	81,935	-	-	-	-	-	-	-
MAHLE Engine Components Australia Pty Ltd.	35	11	-	-	-	11	-	-	-	-
MAHLE Engine Components Japan Corporation	-	112	110	-	-	133	-	-	-	-
MAHLE Sistemas de Filtración S.L.	-	-	-	-	-	-	-	-	1	-
MAHLE Ventiltrieb GmbH	54	-	58	-	-	6	-	-	-	-
MAHLE Aftermarket GmbH	862	262	828	-	-	230	-	-	24	-
MAHLE Bearings (Yingkou) Co., Ltd.	262	-	37	-	-	-	-	-	-	-
MAHLE Engine Components (Nanjing) Co., Ltd.	584	-	584	-	-	-	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	99	-	-	-	276	-	-	-	-
MAHLE Vöcklabruck GmbH	1,457	-	1,574	-	-	-	-	-	-	-
MAHLE Migra Private Ltd.	-	-	-	-	-	26	-	-	-	-
MAHLE Trading (Shanghai) Co., Ltd.	-	5	-	-	-	9	-	-	6	-
MAHLE Trading Japan Co., Ltd.	6	-	5	-	-	-	-	-	-	-
MAHLE Japan Ltd.	54	-	-	-	-	-	-	-	-	-
MAHLE Composants Moteur France SAS	78	-	-	-	-	-	-	-	-	-
MAHLE Powertrain Ltd.	142	-	-	-	-	-	-	-	-	-
MAHLE Ventiltrieb Brandenburg GmbH	-	-	-	-	-	-	-	-	-	-
MAHLE Engine Components USA, Inc.	56	-	-	-	-	2	-	-	-	-
MAHLE Technologies Company (China) Co., Ltd.	-	-	-	-	-	-	-	-	-	-
MAHLE Engine Systems UK Ltd.	-	164	-	-	-	278	-	-	-	-
MAHLE International GmbH	17	-	-	-	-	-	-	-	-	-
Glacier Vandervell Italy S.r.l.	3	-	-	-	-	-	-	-	-	-
MAHLE Filtersysteme France SAS	12	-	9	-	-	-	-	-	-	-
MAHLE Filter Systems Wednesbury Ltd.	-	2	-	-	-	-	-	-	2	-
MAHLE Filter Systems Japan Corporation	-	5	-	-	-	18	-	-	-	-
Total	152,623	22,800	93,862	6,557	1,602	39,183	480	737	65	3,519

MAHLE Metal Leve S.A.

		Company (2007)								
		Balances on 12.31.2007			Transactions in 1st Quarter 2007					
Companies	Assets current	Liabilities current	Sales/ income			Purchases				
			Products	Services	Commissions	Products	Services	Fixed Assets	Commissions	Royalties
MAHLE Metal Leve Miba Sinterizados Ltda.	279	482	-	631	-	1,116	-	-	-	-
MAHLE Componentes de Motores do Brasil Ltda.	2,615	9,974	100	4,076	1,262	22,592	440	-	-	-
MAHLE Indústria e Comércio Ltda.	166	5	-	-	-	-	-	-	-	-
MAHLE Filtroil Indústria e Comércio de Filtros Ltda.	185	-	-	-	-	-	-	-	-	-
MAHLE Componentes de Motores S.A.	46	1,339	262	-	-	-	-	-	-	-
MAHLE S.A. de Argentina	9,084	-	4,696	-	-	138	-	-	-	-
MAHLE Industries, Inc.	-	58	-	-	-	-	-	-	-	-
MAHLE S.A.	-	1,388	-	-	-	-	-	-	-	-
MAHLE Componenti de Motori Itàlia SpA.	-	-	-	-	-	64	-	-	-	-
MAHLE GmbH	321	4,565	752	-	-	2,715	-	972	-	3,411
MAHLE France SARL	677	-	221	-	-	-	-	-	-	-
MAHLE Filtersysteme GmbH	1,819	1,586	886	-	-	841	-	-	5	-
MAHLE Argentina S.A.	-	-	-	-	-	-	-	-	-	-
MAHLE Componentes de Motores de México, S. de R.L. de C.V.	12	-	-	-	-	12	-	-	-	-
MAHLE Engine Components (Thailand) Co. Ltd.	-	-	72	-	-	-	-	-	-	-
MAHLE, Inc.	264	258	17,822	-	-	6	-	-	268	-
MAHLE Polska Spolka. z o.o.	86	-	-	-	-	-	-	-	-	-
MAHLE Motorkomponenten Schweiz AG	-	20	-	-	-	84	-	-	-	-
MAHLE Motorkomponenten GmbH	34	256	3,300	-	-	228	-	-	-	-
MAHLE König GmbH	-	-	-	-	-	-	-	-	-	-
MAHLE Technology, Inc.	-	-	-	-	-	-	-	-	-	-
MAHLE Metal Leve International N.V.	128,698	-	91,399	-	-	-	-	-	-	-
MAHLE Engine Components Australia Pty Ltd.	39	19	54	-	-	-	-	-	1	-
MAHLE Engine Components Japan Corporation	-	26	3	-	-	-	-	-	-	-
MAHLE Sistemas de Filtración S.L.	-	2	-	-	-	-	-	-	1	-
MAHLE Ventiltrieb GmbH	70	1	72	-	-	2,514	-	-	-	-
MAHLE Aftermarket GmbH	1,322	240	2,093	-	-	367	-	-	33	-
MAHLE Bearings (Yingkou) Co.,Ltd.	372	-	82	-	-	-	-	-	-	-
MAHLE Engine Components (Nanjing) Co., Ltd.	280	-	686	-	-	-	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	136	-	-	-	153	-	-	-	-
MAHLE Vöcklabruck GmbH	864	-	1,229	-	-	-	-	-	-	-
MAHLE Migma Private Ltd.	-	-	-	-	-	1,166	-	-	-	-
MAHLE Trading (Shanghai) Co.,Ltd.	-	10	-	-	-	93	-	-	4	-
MAHLE Trading Japan Co., Ltd.	-	-	-	-	-	-	-	-	-	-
MAHLE Japan Ltd.	2	-	-	-	-	-	-	-	-	-
MAHLE Composants Moteur France SAS	28	-	-	-	-	-	-	-	-	-
MAHLE Powertrain Ltd.	27	-	-	-	-	-	-	-	-	-
MAHLE Ventiltrieb Brandenburg GmbH	-	-	-	-	-	-	-	-	-	-
MAHLE Engine Components USA, Inc.	20	18	-	-	-	-	-	-	-	-
MAHLE Technologies Company (China) Co., Ltd.	-	-	-	-	-	-	-	-	-	-
MAHLE Engine Systems UK Ltd.	-	483	-	-	-	-	-	-	-	-
MAHLE International GmbH	16	-	-	-	-	-	-	-	-	-
Glacier Vandervell Italy S.r.l.	1,339	-	-	-	-	-	-	-	-	-
Total	148,665	20,866	123,729	4,707	1,262	32,089	440	972	312	3,411

MAHLE Metal Leve S.A.

Consolidated (2008)

Companies	Balances on 03.31.2008		Transactions in 1st Quarter 2008							
	Assets current	Liabilities current	Sales/ income			Purchases				
			Products	Services	Commissions	Products	Services	Fixed Assets	Commissions	Royalties
MAHLE Componentes de Motores do Brasil Ltda.	3,058	14,220	84	5,511	1,602	31,420	263	2	-	-
MAHLE Indústria e Comércio Ltda.	-	167	-	-	-	70	151	-	-	-
MAHLE de México S.de R.L. de C.V.	-	-	-	-	-	-	-	-	-	-
MAHLE Componentes de Motores S.A.	4,494	-	3,212	200	-	-	-	-	-	-
MAHLE S.A. de Argentina	7,589	10,478	2,242	259	-	18,203	724	-	-	-
MAHLE Industries, Incorporated	-	-	-	-	-	-	-	-	-	-
MAHLE S.A.	36	-	34	-	-	-	-	-	-	-
MAHLE Componenti Motori Italia SpA.	5,884	4	4,188	-	-	-	-	-	-	-
MAHLE GmbH	6,042	6,374	7,311	-	-	-	-	735	-	3,519
MAHLE France SARL	20,424	-	14,493	-	-	-	-	-	-	-
MAHLE Filtersysteme GmbH	1,632	1,831	697	-	-	5,194	-	-	-	-
MAHLE Pistons France SARL	-	-	645	-	-	-	-	-	-	-
MAHLE Componentes de Motores de México, S. de R.L. de C.V.	4,407	-	3,373	-	-	-	-	-	-	-
MAHLE Engine Components (Thailand) Co., Ltd.	-	-	718	-	-	-	-	-	-	-
MAHLE, Inc.	6,294	82	6	-	-	-	-	3,952	39	-
MAHLE Polska Spolka. z o.o.	400	-	390	-	-	-	-	-	-	-
MAHLE Motorkomponenten Schweiz AG	-	139	-	-	-	130	-	-	-	-
MAHLE Motorkomponenten GmbH	8,184	1,020	6,971	-	-	148	-	-	-	-
MAHLE König GmbH	-	-	-	-	-	-	-	-	-	-
MAHLE Industries, Incorporated	-	-	-	-	-	-	-	-	-	-
MAHLE Sud America N.V.	18	-	-	31	-	-	-	-	-	-
MAHLE Engine Components Australia Pty Ltd.	67	11	29	-	-	11	-	-	-	-
MAHLE Engine Components Japan Corporation	-	112	110	-	-	133	-	-	-	-
MAHLE Sistemas de Filtración S.L.	-	-	-	-	-	-	-	-	1	-
MAHLE Ventiltrieb GmbH	107	-	108	-	-	6	-	-	-	-
MAHLE Aftermarket GmbH	5,274	262	7,112	46	-	230	-	-	24	-
MAHLE Bearings (Yingkou) Co.,Ltd.	982	-	36	-	-	-	-	-	-	-
MAHLE Engine Components (Nanjing) Co., Ltd.	584	-	584	-	-	-	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	99	-	-	-	276	-	-	-	-
MAHLE Vöcklabruck GmbH	1,456	4	1,574	-	-	-	-	-	-	-
MAHLE Migma Private Ltd.	5	-	-	-	-	26	-	-	-	-
MAHLE Trading (Shangai) Co., Ltd.	-	5	-	-	-	9	-	-	7	-
MAHLE Trading Japan Co., Ltd.	6	-	5	-	-	-	-	-	-	-
MAHLE Japan Ltd.	54	-	-	-	-	-	-	-	-	-
MAHLE Composants Moteur France SAS	78	-	-	-	-	-	-	-	-	-
MAHLE Powertrain Ltd.	1,795	-	1,511	-	-	-	-	-	-	-
MAHLE Ventiltrieb Brandenburg GmbH	10	-	-	-	-	-	-	-	-	-
MAHLE Engine Components USA, Inc.	56	-	-	-	-	2	-	-	-	-
MAHLE Technologies Company (China) Co., Ltd.	-	-	-	-	-	-	-	-	-	-
MAHLE Engine Systems UK Ltd.	-	164	-	-	-	278	-	-	-	-
MAHLE International GmbH	17	211	-	-	-	-	125	-	-	-
Glacier Vandervell Italy S.r.l.	3	-	-	-	-	-	-	-	-	-
MAHLE Clevite Inc	-	-	-	-	-	-	-	-	-	-
MAHLE Technology Inc.	25	1,076	-	-	-	-	-	-	140	-
MAHLE Filtersysteme France SAS	12	-	9	-	-	-	-	-	-	-
MAHLE Filter Systems Japan Corporation	23	5	-	-	-	18	-	-	-	-
MAHLE Filter Systems Wednesbury Ltd.	-	2	-	-	-	-	-	-	2	-
MAHLE Metal Leve International N.V.	-	-	-	-	-	-	-	-	-	-
Total	79,016	36,266	61,436	6,047	1,602	56,154	1,263	4,689	213	3,519

MAHLE Metal Leve S.A.

Consolidated (2007)

Companies	Balances on 12.31.2007					Transactions in 1st Quarter 2007				
	Assets current	Liabilities current	Sales/ income			Purchases				
			Products	Services	Commissions	Products	Services	Fixed Assets	Commissions	Royalties
MAHLE Componentes de Motores do Brasil Ltda.	2,615	9,974	100	4,076	1,262	-	440	-	-	-
MAHLE Indústria e Comércio Ltda.	166	5	-	-	-	-	-	-	-	-
MAHLE de México S.de R.L. de C.V.	-	-	-	-	-	-	-	-	-	-
MAHLE Componentes de Motores S.A.	4,145	1,339	3,024	-	-	22,592	-	-	-	-
MAHLE S.A. de Argentina	9,089	-	4,695	-	-	138	-	-	-	-
MAHLE Industries, Incorporated	-	58	-	-	-	-	-	-	-	-
MAHLE S.A.	-	1,388	-	-	-	-	-	-	-	-
MAHLE Componenti Motori Itàlia SpA.	3,136	-	3,841	-	-	64	-	-	-	-
MAHLE GmbH	7,695	4,565	10,433	-	-	2,715	-	972	-	3,411
MAHLE France SARL	14,386	32	15,225	-	-	-	-	-	-	-
MAHLE Filtersysteme GmbH	1,865	1,778	886	-	-	841	-	-	5	-
MAHLE de México, S. de R.L. de C.V.	-	-	612	-	-	12	-	-	-	-
MAHLE Componentes de Motores de México, S. de R.L. de C.V.	3,757	2	3,198	-	-	12	-	-	-	-
MAHLE Engine Components (Thailand) Co., Ltd.	-	-	72	-	-	-	-	-	-	-
MAHLE, Inc.	7,021	500	28,232	-	-	6	-	-	280	-
MAHLE Polska Spolka. z o.o.	86	-	-	-	-	-	-	-	-	-
MAHLE Motorkomponenten Schweiz AG	-	20	-	-	-	84	-	-	-	-
MAHLE Motorkomponenten GmbH	6,929	1,925	10,433	-	-	228	-	-	-	-
MAHLE König GmbH	-	-	-	-	-	-	-	-	-	-
MAHLE Industries, Incorporated	-	3,331	-	-	-	-	-	-	-	-
MAHLE Sud America N.V.	33	12	-	14	-	-	-	-	-	-
MAHLE Engine Components Australia Pty Ltd.	71	51	54	-	-	-	-	-	1	-
MAHLE Engine Components Japan Corporation	-	26	3	-	-	-	-	-	-	-
MAHLE Sistemas de Filtración S.L.	-	39	-	-	-	-	-	-	1	-
MAHLE Ventiltrieb GmbH	70	1	72	-	-	2,514	-	-	-	-
MAHLE Aftermarket GmbH	5,876	489	5,470	-	65	367	-	-	-	-
MAHLE Bearings (Yingkou) Co.,Ltd.	1,170	-	82	-	-	-	-	-	-	-
MAHLE Engine Components (Nanjing) Co., Ltd.	280	-	685	-	-	-	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	136	-	-	-	153	-	-	-	-
MAHLE Vöcklabruck GmbH	864	-	1,229	-	-	-	-	-	-	-
MAHLE Migma Private Ltd.	5	-	-	-	-	1,166	-	-	-	-
MAHLE Trading (Shangai) Co., Ltd.	-	10	-	-	-	93	-	-	4	-
MAHLE Trading Japan Co., Ltd.	-	-	-	-	-	-	-	-	-	-
MAHLE Japan Ltd.	2	12	-	-	-	-	-	-	-	-
MAHLE Composants Moteur France SAS	28	-	-	-	-	-	-	-	-	-
MAHLE Powertrain Ltd.	2,917	-	1,621	-	-	-	-	-	-	-
MAHLE Ventiltrieb Brandenburg GmbH	-	-	-	-	-	-	-	-	-	-
MAHLE Engine Components USA, Inc.	20	18	-	-	-	-	-	-	-	-
MAHLE Technologies Company (China) Co., Ltd.	-	-	-	-	-	-	-	-	-	-
MAHLE Engine Systems UK Ltd.	-	483	-	-	-	-	-	-	-	-
MAHLE International GmbH	16	71	-	-	-	-	-	-	-	-
Glacier Vandervell Italy S.r.l.	1,339	-	-	-	-	-	-	-	-	-
MAHLE Clevite Inc	3,168	28	-	-	-	-	-	-	-	-
Total	76,749	26,293	89,967	4,090	1,327	30,985	440	972	291	3,411

The mercantile transactions with the related parties refer considerably to the products and services acquisition and sales directly related to its operational activities and are performed in conditions similar to those practiced with the non-related parties.

The Company maintains the technology transfer agreement with its indirect holding shareholder in Germany, which renders feasible its access to the pistons technology thus facilitating its penetration in the industrial market. The royalties expenses were accounted under "Expenses with technology and development" heading for R\$ 4,020 in 1st quarter of 2008 (R\$ 3,618 in first quarter of 2007).

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

9. INCOME TAX AND SOCIAL CONTRIBUTION

The income tax and social contributions on profit were calculated at the rates in force.

a. Conciliation of the income tax and social contribution expense

The conciliation of the expense calculated by the application of the combined nominal tax rates and income tax and social contribution expense that was recorded in the operational income is shown hereunder:

	Company		Consolidated	
	03.31.2008	03.31.2007	03.31.2008	03.31.2007
Profit before Income Tax and Social Contribution	58,058	27,912	60,608	30,713
Exclusion from the equity adjustment operational income and the provision to devaluation	(3,439)	(8,078)	-	-
Exclusion from the foreign subsidiary operational income	-	-	(4,335)	(5,717)
Adjusted profit before Income Tax and Social Contribution	54,619	19,834	56,273	24,996
IRPJ and CSSL at nominal rate (34%)	(18,570)	(6,744)	(20,583)	(8,499)
Adjustment to calculate the effective rate:				
Effects on the permanent differences				
"Transfer pricing"	-	-	-	-
Others, net	(236)	(550)	(248)	(569)
Effects on the temporary differences				
Provisions	7,427	(1,352)	7,422	(1,472)
Current Income tax and social contributions	(11,379)	(8,646)	(13,409)	(10,540)
Deferred Income tax and social contributions	(6,863)	1,354	(6,251)	1,459
Total Income tax and social contributions	(18,242)	(7,292)	(19,660)	(9,081)
Effective rate	33.4%	36.8%	34.9%	36.3%

b. Income tax and social contributions recoverable

	<u>Company</u>		<u>Consolidated</u>	
	<u>03.31.2008</u>	<u>12.31.2007</u>	<u>03.31.2008</u>	<u>12.31.2007</u>
Income tax on the year profit	8,357	11,795	9,846	16,861
Social Contribution on the year profit	3,022	8,274	3,563	10,083
	11,379	20,069	13,409	26,944
Compensation against the anticipations and tax incentives	(23,704)	(28,362)	(24,758)	(35,627)
Social contribution credit on the assets depreciation which were acquired for the fixed	-	(2,411)	-	(2,411)
Others	-	93	(2,441)	68
Balance in taxes recoverable (note 7)	<u>(12,325)</u>	<u>(10,611)</u>	<u>(13,790)</u>	<u>(11,026)</u>

c. Balance composition of the deferred Income tax and social contributions

The deferred income tax and social contributions were calculated on the provisions temporarily non-deductible, as follows:

	<u>Company</u>		<u>Consolidated</u>	
	<u>03.31.2008</u>	<u>12.31.2007</u>	<u>03.31.2008</u>	<u>12.31.2007</u>
Temporary differences				
Provision for contingencies and guarantees	30,240	29,661	31,022	30,473
Provisions for inventory loss	7,264	7,141	9,025	9,141
Provisions for doubtful debts	1,266	1,208	1,510	1,257
Provision for losses on other assets performance	3,789	3,782	3,916	3,782
Commission on sales and other provisions temporarily non-deductible	779	8,927	2,138	9,765
	43,338	50,719	47,611	54,418
Adjustment to current amount	<u>(2,971)</u>	<u>(2,897)</u>	<u>(2,971)</u>	<u>(2,897)</u>
	40,367	47,822	44,640	51,521
Current	<u>(3,419)</u>	<u>(9,399)</u>	<u>(5,601)</u>	<u>(10,129)</u>
Non-current	<u>36,948</u>	<u>38,423</u>	<u>39,039</u>	<u>41,392</u>

According to the projections the Company's management has performed, the deferred income tax and social contributions classified under the non-current assets on March 31st, 2008, were performed in the following terms:

Year	Company	Consolidated
2009	4,487	5,071
2010	11,284	12,227
2011	3,314	3,546
2012	4,651	4,727
2013 up to 2015	8,245	8,367
2016 up to 2018	4,967	5,101
	36,948	39,039

d. Balance composition of the deferred Income tax and social contributions - continued

According to the projections the Company's management has performed, the deferred income tax and social contributions classified under the non-current assets on December 31st, 2007, were performed in the following terms:

Year	Company	Consolidated
2009	6,569	7,939
2010	11,079	11,475
2011	3,247	3,560
2012	4,555	4,603
2013 up to 2015	8,100	8,746
2016 up to 2018	4,873	5,069
	38,423	41,392

10. INVESTMENTS IN CONTROLLED COMPANIES

							03.31.2008
Subsidiary information						Interests	
Investimentos:	Net Worth	Quarter Operational Income	%	In Net Worth	In Quarter Operational Income	Reverting the Provision	
MAHLE Metal Leve Miba Sinterizados Ltda.	31,268	3,892	70.00	21,888	2,725	-	
MAHLE Argentina S.A.	36,626	(2,698)	96.00	35,161	(2,590)	(1,663)	
MAHLE Metal Leve GmbH	18,932	3,971	100.00	18,932	3,971	1,051	
MAHLE Filtröil Ind. e Com. de Filtrös Ltda.	145	(91)	60.00	87	(55)	-	
				<u>76,068</u>	<u>4,051</u>	<u>(612)</u>	

							12.31.2007
Information on Subsidiary						Interests	
Investimentos:	Net Worth	Quarter Operational Income	%	In Net Worth	In Quarter Operational Income	Reverting the Provision	Exchange variation on investment
MAHLE Metal Leve Miba Sinterizados Ltda.	27,376	14,452	70.00	19,163	10,117	-	
MAHLE Argentina S.A. (former Establecimientos Metalúrgicos Edival S.A.)	17,569	934	95.00	16,691	887	-	(3,677)
MAHLE Metal Leve GmbH	13,910	11,956	100.00	13,910	9,817	2,139	(614)
MAHLE Filtröil Ind. e com. de Filtrös Ltda.	236	(15)	60.00	142	(9)		
				<u>49,906</u>	<u>20,812</u>	<u>2,139</u>	<u>(4,291)</u>

							03.31.2007
Information on subsidiaries						Interests	
Investments:	Net Worth	Quarter Operational Income	%	In Net Worth	In Quarter Operational Income	Reverting the Provision	Exchange variation on investment
MAHLE Metal Leve Miba Sinterizados Ltda.	41,914	3,373	70.00	29,340	2,361	-	
MAHLE Argentina S.A. (former Establecimientos Metalúrgicos Edival S.A.)	16,864	188	95.00	16,021	179	-	(527)
MAHLE Metal Leve GmbH	8,633	6,104	100.00	8,633	3,965	2,139	(39)
				<u>53,994</u>	<u>6,505</u>	<u>2,139</u>	<u>(566)</u>

During the year ended on December 31st, 2007, the provision for the MAHLE Metal Level GmbH unsecured liabilities was reverted for R\$ 2,139 under the "Reversion (Constitution) of the permanent equity interest devaluation" in the operational income statement.

The corporate name of the company Establecimientos Metalúrgicos Edival S.A. was changed to MAHLE Válvulas de Argentina S.A. on the Ordinary and Special General Meeting held on September 11th, 2007.

The corporate name of the company MAHLE Válvulas de Argentina S.A. was changed to MAHLE Argentina S.A. on the Special General Meeting held on January 28th, 2008.

11. PROPERTY, PLANT AND EQUIPMENT

	Annual Depreciation rates (%)	Company		Consolidated	
		03.31.2008	12.31.2007	03.31.2008	12.31.2007
Lands	-	6,266	6,266	7,182	7,075
Buildings and constructions	4	134,052	93,548	143,586	102,368
Machines, equipments and installations	Oct-20	882,676	835,096	992,179	934,635
Furniture and fixtures	10	16,629	16,287	18,546	19,311
Transportation assets	20-40	17,053	16,688	18,781	18,127
Expenses with software acquisition and installation	20	28,322	28,220	29,176	29,049
Others	20	-	339	-	348
Fixed assets in progress	-	3,646	63,417	9,077	75,056
Advances to suppliers	-	15,595	30,447	15.76	30,869
(-) Provision to fixed assets losses		(3,319)	(3,457)	(3,319)	(3,457)
		1,100,920	1,086,851	1,230,968	1,213,381
Accrued Depreciation		(704,510)	(691,155)	(786,602)	(772,173)
		<u>396,410</u>	<u>395,696</u>	<u>444,366</u>	<u>441,208</u>

The works in progress and advances to suppliers on March 31st, 2008 and December 31st, 2007 refers to assets under the acquisition and/or installation stage as well as several civil constructions to enlarge and remodel several segments in the Company's industrial park as well as its controlled companies. The building of the Company's new Technology Center is among the projects in progress, which will be concluded on the year 2008.

12. INTANGIBLE ASSETS

	Annual amortization rates (%)	Company		Consolidated	
		03.31.2008	12.31.2007	03.31.2008	12.31.2007
Premium on the acquisition of the subsidiary MAHLE MMG Indústria e Comércio Ltda.	20	108,382	108,382	108,382	108,382
Premium on the acquisition of the subsidiary MAHLE Argentina S.A.	-	61,805	61,805	65,628	65,471
Premium on the acquisition of the subsidiary P.F.S. II Ind. e Com. de Peças Automotivas	20	2,236	2,236	2,236	2,236
Premium on the acquisition of the subsidiary T.C.V. Ind. e Com. de Peças Automotivas Ltda.	20	6,674	6,674	6,674	6,674
Premium on the acquisition of the subsidiary Filtroil Empreendimentos e Participações S.A.	-	5,110	5,110	5,110	5,110
Others	20	5,213	4,672	16,187	10,383
Provision for intangible losses		(1,821)	(1,821)	(1,821)	(1,821)
		187,599	187,058	202,396	196,435
Accrued amortization		(113,725)	(111,258)	(115,261)	(111,290)
		<u>73,874</u>	<u>75,800</u>	<u>87,135</u>	<u>85,145</u>

13. TRADE ACCOUNTS PAYABLE

	Company		Consolidated	
	03.31.2008	12.31.2007	03.31.2008	12.31.2007
Domestic	54,996	48,399	63,243	55,032
Foreign	9,938	5,563	16,815	10,550
	<u>64,934</u>	<u>53,962</u>	<u>80,058</u>	<u>65,582</u>

14. LOANS AND FINANCING

Financial charges	Company		Consolidated	
	03.31.2008	12.31.2007	03.31.2008	12.31.2007
Domestic currency				
Finame –TJLP variation plus the annual interests from 1.0% up to 4.5%.	5,668	6,243	5,668	6,243
Finame – annual interests from 10.5 up to 11.5%.	9,961	10,888	9,961	10,888
Working Capital–TJLP variation plus from the annual interests of 2.5%.	2,305	3,635	5,499	8,127
Working Capital– annual interests of 102.6% of CDI.	35,076	31,665	35,076	31,665
Guaranteed Account– annual interests from 102.0% up to 103.0% of CDI	635	-	635	1,227
Others	-	92	-	92
Foreign Currency				
Interests provision on deducted withdrawals	333	392	350	399
Working capital – exchange variation plus annual interests from 6.35% up to 8.0% (4.25% up to 5.9% on 12.31.2007)	-	-	26,476	28,327
BNDES-Exim (US\$40 million):				
100% debt balance indexed by TJLP variation plus the annual interests of 2.07%.	73,197	72,949	73,197	72,949
BNDES-Exim (US\$50 million):				
100% debt balance indexed by TJLP variation plus the annual interests of 2.07%.	91,167	-	91,167	-
BNDES-Exim (US\$20 million):				
100% debt balance indexed by TJLP variation plus the annual interests of 2.23%.	35,294	-	35,294	-
BNDES-Exim (US\$30 million):				
80% debt balance indexed by TJLP variation plus the annual interests of 2.60%.	31,153	52,644	31,153	52,644
20% debt balance indexed by exchange variation plus the annual interests of 9.37%.	6,320	10,841	6,320	10,841
Swap indexed by exchange variation plus the annual interests of 4.52% .	(5,697)	(9,429)	(5,697)	(9,429)
BNDES-Exim (US\$55 million):				
80% debt balance indexed by TJLP variation plus the annual interests of 2.95%.	93,790	93,755	93,790	93,755
20% debt balance indexed by exchange variation plus the annual interests of 10.14%.	19,652	19,907	19,652	19,907
Swap indexed by exchange variation plus the annual interests of 5.50% .	(15,119)	(14,077)	(15,119)	(14,077)
Others	-	-	11	2,715
	383,735	279,505	414,708	316,273
Current	(270,747)	(210,586)	(297,432)	(243,888)
Non current	112,988	68,919	117,276	72,385

Finame financing were obtained from the machines and equipments acquisition and are guaranteed by the board of directors' guarantee and fiduciary alienation of the financed assets. There is no guaranteed conferred for the working capital financing and BNDES-Exim.

Finame financing has the early maturity date clause on the covenants financing mainly related to: (a) the project non-realization that is subject of the financing or; (b) using the granted resources in a purpose other than the one provided by the Credit Agreements Contracts executed with the financial institutions. The Company has no default situation in the quarter ended on March 31st, 2008 and December 31st, 2007.

The Company had two Swap agreements in the first quarter of 2008 and December 31st, 2007 with interest rates for the BNDES-Exim operations, which were intended to finance its exports, in the following amounts and conditions:

- US\$30 million: Original operation contracted with the indexation of TJLP variation added of 2.60% annual interests for 80% of its amount, and the exchange variation plus 9.37% annual interests for the 20% remaining, payable in five monthly installments, equal and successive between February 15th and June 16th, 2008. In View of the Swap operation the loan was indexed by exchange variation plus the annual interests of 4.52% and
- US\$55 million: Original operation contracted with the indexation of TJLP variation added of 2.95% annual interests for 80% of its amount, and the exchange variation plus 10.14% annual interests for the 20% remaining, payable in five monthly installments, equal and successive between May 15th and September 15th, 2008. In View of the Swap operation, the loan was indexed by exchange variation plus the annual interests of 5.50%.

The Company's management is always committed before the financial institution in order to find competitive sources to finance its operations.

The Company had one Swap agreement in the first quarter in December 31st, 2006, with exchange rates and interests for the US\$ 100 million BNDES-Exim operation. Original operation contracted with the indexation of TJLP variation added of 2.75% annual interests for 80% of its amount, and the exchange variation plus 10.0% annual interests for the 20% remaining, which maturity date was November 15th, 2007. In View of the Swap operation, the loan was indexed by exchange variation plus the annual interests of 4.30%.

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

	Company		Consolidated	
	03.31.2008	12.31.2007	03.31.2008	12.31.2007
2009	108,529	64,448	112,817	67,914
2010	3,575	3,574	3,575	3,574
2011	783	783	783	783
2012	101	114	101	114
	<u>112,988</u>	<u>68,919</u>	<u>117,276</u>	<u>72,385</u>

15. SALARIES, ACCRUAL FOR VACATION AND SOCIAL CHARGES

	Company		Consolidated	
	03.31.2008	12.31.2007	03.31.2008	12.31.2007
Vacation and 13th salary	27,152	21,320	30,707	23,917
Social charges	8,759	10,242	10,100	13,518
Employees' profit sharing	8,807	13,632	9,417	14,807
	<u>44,718</u>	<u>45,194</u>	<u>50,224</u>	<u>52,242</u>

16. OTHER PROVISIONS

	Company		Consolidated	
	03.31.2008	12.31.2007	03.31.2008	12.31.2007
Provision for futures losses	9,867	9,139	10,136	9,786
Provision for restructuring	997	2,600	3,509	2,600
Provision for quality control	683	771	1,767	1,327
Provision for royalties and patents	-	-	740	747
Provision for professional services	-	-	1,924	1,751
Other	818	322	1,836	1,714
	<u>12,365</u>	<u>12,832</u>	<u>19,912</u>	<u>17,925</u>

Provision for restructuring

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

Provision for futures losses

Set up at the amount deemed sufficient to cover the losses on sales agreements already signed which the Management expects to incur in the negative margins.

17. PROVISION FOR WARRANTIES

	<u>Company</u>		<u>Consolidated</u>	
	<u>03.31.2008</u>	<u>12.31.2007</u>	<u>03.31.2008</u>	<u>12.31.2007</u>
Provision for Warranties	2,510	2,324	2,618	2,406
Warranty expenses already identified	<u>4,316</u>	<u>4,316</u>	<u>4,316</u>	<u>4,316</u>
	6,826	6,640	6,934	6,722
Adjustment to current amount	<u>(2,960)</u>	<u>(1,131)</u>	<u>(2,960)</u>	<u>(1,131)</u>
	<u><u>3,866</u></u>	<u><u>5,509</u></u>	<u><u>3,974</u></u>	<u><u>5,591</u></u>

The Company and its controlled companies ensure to their customers the products quality and undertaking the responsibility for eventual 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:

a. Provision for Warranties

It is calculated on the product sales based on the expenses historical percentages.

b. Warranty expenses already identified

They refer to the cases already identified. In this respect, the Company estimates to spend funds on the products replacement and repair, including the recalls.

18. PROVISION FOR CONTINGENCIES AND LEGAL OBLIGATIONS RELATED TO JUDICIAL PROCEEDINGS.

The Company and its controlled companies are part on civil, labor and tax proceedings. Such issues are discussed on administrative and judicial level, which are supported by judicial deposits, if applicable. The respective provisions for contingencies were established taking into account the legal advisors' estimate which loss chance was deemed probable in the respective conclusion. Management believes that such issues solution will not cause an effect significantly different from the provisioned amount.

The contingent risks are described hereunder on March 31st, 2008 and December 31st, 2007, according to the legal advisors' opinion:

	Company		Consolidated	
	03.31.2008	12.31.2007	03.31.2008	12.31.2007
Social and labor	56,132	55,323	57,818	56,238
Tax	33,012	31,551	34,425	33,818
Less:				
Judicial Deposits	(15,228)	(15,592)	(15,294)	(15,658)
Adjustment to current amount	(548)	(2,612)	(548)	(2,612)
	73,368	68,670	76,401	71,786

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

The tax contingencies are represented mainly by the state and federal tax assessment notices which proceedings are being judged. The discussions are mainly related to the proper interpretation of the tax law.

In addition to the previously mentioned amounts, the amounts of R\$ 45,893 (R\$ 43,620 in 12.31.2007) were not included on the above amounts, which result from the labor civil and tax proceedings, which are deemed with low change of loss by the Company's legal advisors, therefore such amount was not recorded by the management in the Financial Statements.

According to the law in force, the tax returns delivered in the last ten years are subject to a review by the tax authorities. Several other statements related to federal and city taxes and contributions, social security contributions and other similar charges related to variable periods are subject to review in respect to variable periods. However, according to the Company's management opinion, all taxes and charges were paid or are duly provisioned in the balance sheet and there is no significant proceedings known against the Company on March 31st, 2008 and December 31st, 2007. The contingencies that might arise from eventual inspections could not be set forth now. Accordingly, the Company has no record for the contingencies provision.

19. SHAREHOLDERS' EQUITY

a. Corporate Capital

The subscribed and paid-up corporate capital is represented for the following shares with no par value on March 31st, 2008 and December 31st, 2007:

	<u>Shares quantity</u>
Common Shares	12,260,373
Preferred Shares	<u>18,193,197</u>
Total shares issued	<u>30,453,570</u>

The Company's preferred shares are not entitled to vote and are assured the priority on the capital reimbursement and the payment of non-cumulative minimum dividends. Such shares will acquire the voting right if the Company fails to pay the minimum dividends during three consecutive years they are entitled according to the Bylaws. Moreover, the dividends right is ensured to the preferred shares on amounts 10% higher than the common shares.

b. Legal reserve

It was set up according to the corporation law based on 5% of net income and meeting the 20% limit of the paid corporate capital or 30% the corporate capital plus capital reserve. The appropriations to such reserve are not mandatory over such limits. The legal reserve will only be used to corporate capital increase or absorption of losses.

c. Dividends distributions

The shareholders are entitled to receive the 25% annual minimum dividend on the net income of the year as determined by the Bylaws.

The dividend distribution related to the year 2007 totaled R\$ 37,866 which results on R\$ 1.056402087 by common share and R\$ 1.162042295 by preferred share after deducing the IRRF assessed on interests of the corporate capital hereunder mentioned. The gross amount of R\$ 27,866 paid as interests on capital on 12.20.2007 will be deducted from the approved dividends, which after deducting the IRRF totaled the net amount of R\$ 24.093 which is R\$ 0.746544491 by common share and R\$ 0.821198940 by preferred shares, ascribed to the mandatory dividend amount and statutory dividend of the preferred shares, and such amount made up the dividend amount distributed by the Company for all legal effects. The payable amount of R\$ 10,000 still remains equivalent to R\$ 0.309857595 by common share and R\$ 0.340843355 by preferred share, which will be paid from May 20th, 2008 on.

20. NET FINANCIAL INCOME

	<u>Company</u>		<u>Consolidated</u>	
	<u>03.31.2008</u>	<u>03.31.2007</u>	<u>03.31.2008</u>	<u>03.31.2007</u>
Financial expenses				
Interests	(6,524)	(4,057)	(6,836)	(4,304)
Monetary variations, liabilities	(1,616)	(2,485)	(1,694)	(2,862)
Derivative losses with commodities	-	-	-	-
Others	(945)	(2,530)	(1,940)	(2,596)
	<u>(9,085)</u>	<u>(9,072)</u>	<u>(10,470)</u>	<u>(9,762)</u>
Financial income				
Interests	731	2,321	932	2,690
Monetary variations, assets	53	71	53	72
Derivative gain with commodities	14,249	-	14,249	-
Others	31	33	33	36
	<u>15,064</u>	<u>2,425</u>	<u>15,267</u>	<u>2,798</u>
Sub total	<u>5,979</u>	<u>(6,647)</u>	<u>4,797</u>	<u>(6,964)</u>
Exchange variation, liabilities	(5,132)	(9,179)	(10,606)	(9,673)
Exchange variation, assets	14,012	13,937	20,108	14,411
	8,880	4,758	9,502	4,738
Income from derivative operations on the positions in foreign currency	<u>(8,741)</u>	<u>(5,719)</u>	<u>(9,033)</u>	<u>(5,721)</u>
Adjustment to current amount	1,160	-	1.16	-
Net Financial Income	<u>7,278</u>	<u>(7,608)</u>	<u>6,426</u>	<u>(7,947)</u>

On March 31st, 2008, the amounts of R\$ 8.741 (R\$ 5,719 on 03.31.2008) in holding and R\$ 9,033 (R\$ 5,721 on 03.31.2007) in Consolidated, related to the derivative operations income are derived from the financial management policy adopted in 2007, to protect against the fluctuations in the assets and liabilities exchange rates designed in foreign currency, as explained under note 22.b

21. OTHER OPERATIONAL INCOMES (EXPENSES), NET

	Company		Consolidated	
	03.31.2008	03.31.2007	03.31.2008	03.31.2007
Recovered Taxes	236	283	267	342
Provision for contingencies and others	(5,427)	(444)	(4,734)	(919)
	(5,191)	(161)	(4,467)	(577)

22. FINANCIAL INSTRUMENTS

The Company is exposed to the market risks deriving from its operations. Such risks involve mainly: Credit risk; exchange rate risk, as the Company has significant obligations and receivable amounts designed mainly in North American dollars; the risk resulting from the changes on the aluminum, copper and nickel prices; and the interest rate risk. The Company uses the derivative instruments in order to minimize such risks. The derivatives are not used for speculative purposes.

The risk management activities follow the risk formal management policy under the management supervision. The Company maintains the operational policy and strategies aiming the liquidity, profitability and security, as well as the procedures to monitor the financial instruments balances. In addition to the banks operations, which comply with the financial solidity and reliability requirements, according to the Management criteria.

a. Credit Risk

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

In respect to the aftermarket sales and/or markets where the management considers the default risk is higher, the letters of credit, prepayment or other guarantee forms are requested previously to the sales performance. In such market, each customer share in respect to the sales is much diluted. There is no customer representing individually more than five percent of the sales.

On March 31st, 2008, the vendor operations signed by the Company reached R\$ 315 (R\$ 288 in 12.31.2007), having up to 45 days as maturity date. The risks involved on contracting such operations are mainly the credit. They are managed by the criterions' analysis of the customers' credit limits, which the Company and its controlled companies maintain such operations.

b. Exchange rate risk

The Company and its controlled companies exposure to the foreign currency variations on March 31st, 2008 an 2007 are as follows:

	Company		Consolidated	
	03.31.2008	03.31.2007	03.31.2008	03.31.2007
Assets				
Trade accounts receivable	50,566	40,583	99,213	89,844
Financial investments	-	-	34,891	4,526
Commercial paper discounted	(33,788)	(13,578)	(35,827)	(13,578)
Accounts receivable from related parties	149,035	157,220	75,958	109,866
Doubtful accounts provision	(1,648)	(1,732)	(3,046)	(2,175)
	164,165	182,493	171,189	188,483
Liabilities				
Financing	(330,090)	(371,218)	(357,869)	(371,218)
Suppliers	(9,938)	(7,900)	(16,815)	(15,622)
Provision for Warranties	(664)	(786)	(664)	(786)
Accounts payable to related parties	(9,220)	(10,669)	(21,879)	(16,189)
Other liabilities	(675)	(924)	(675)	(939)
	(350,587)	(391,497)	(397,902)	(404,754)
Exchange exposure, net	<u>(186,422)</u>	<u>209,004</u>	<u>(226,713)</u>	<u>(216,271)</u>

The risks occur due to the exchange rates fluctuations that generate significant effects on the assets and liabilities balances in foreign currency. The Company in order to protect partially its incomes and cash flow against such fluctuations uses the following derivatives:

- Transactions involving the sale of NDF - Non Deliverable Forward contract (US dollars and Euros) which generate the net loss in the first quarter 2008 of R\$ 138 (net gains of R\$ 42,791 in 12.13.2007), booked in the "Financial Income, net" heading at holding. The net losses totaled R\$ 131 (net gain of R\$ 43,145 in 12.31.2007) at consolidated.
- Transactions involving the purchase of NDF - Non Deliverable Forward contract (US) to protect the currency swap operations on the financing contracted with BNDES resulted in the first quarter 2008 on a net loss of R\$ 22,307 (net loss of R\$ 62,402 on 12.31.2007) booked in the "Financial Income, net" heading at holding and consolidated.

c. Raw material price risk

Starting on August 2007, the Company contracted the derivative operations to reduce the risks of the prices fluctuation related to nickel, aluminum and copper commodities, used to manufacture its products. Such derivatives refer to the swaps of the financial income between such metals price and the exchange variation. Such operations generates a net gain in the first quarter of 2008 for R\$ 14,249 (net loss of R\$ 2,347 in 12.31.2007) booked under "Financial income, net" heading.

d. Interest rate risk

The Company monitors the fluctuation of several interest rates connected to its monetary assets and liabilities and the Company might operate with the derivatives in order to minimize such risks, in the event of increased volatility of such rates. The Company operated with no interest rate derivatives on March 31st, 2008 and December 31st, 2007 expect those mentioned under note 14.

e. Market values

The market values of the availabilities and equivalent amounts, accounts receivable and payable are near the amounts recorded on the financial statements on March 31st, 2008 and December 31st, 2007 in view of its short-term nature. Regarding the loans and financing, the respective market amount is near the amount recorded on the financial statement as such financial instruments are subject to a variable interest rate.

The Company shows hereunder the market value (mark-to-market method - MTM) of the derivative operations on March 31st, 2008 and December 31st, 2007 in comparison to the accounting value recorded under "Unrealized losses with derivatives - current liabilities" heading.

ON 03.31.2008

<u>Object</u>	<u>Transaction type</u>	<u>Position</u>	<u>Foreign Currency</u>	<u>NDF Currency</u>	<u>NDF volume on 03/31/08</u>	<u>Profit (loss)</u>	
						<u>Accounted "accrual" pro-rata temporis</u>	<u>Mark to market "MTM"</u>
Loans	NDF	Buy	USD	BRL	\$75,390,000.00	(2,972)	(2,456)
Export	NDF	Sell	USD	BRL	\$73,930,000.00	2,286	1,633
Exports	NDF	Sell	EUR	BRL	€25,405,000.00	(3,678)	(4,122)
						<u>(4,364)</u>	<u>(4,945)</u>

MAHLE Metal Leve S.A.

						Profit (loss)	
<u>Object</u>	<u>Transaction type</u>	<u>Position</u>	<u>Foreign Currency</u>	<u>NDF Currency</u>	<u>NDF volume on 03/31/08</u>	<u>Accounted "accrual" pro-rata temporis</u>	<u>Mark to market "MTM"</u>
Nickel	Swap/zero cost collar	Buy	USD	BRL	744 tons	4,495	2,608
Copper	Swap	Buy	USD	BRL	1.900 tons	5,574	5,814
Aluminum	Swap	Buy	USD	BRL	975 tons	837	715
						10,906	9,137

ON 12.31.2007

						Profit (loss)	
<u>Object</u>	<u>Transaction type</u>	<u>Position</u>	<u>Foreign Currency</u>	<u>NDF Currency</u>	<u>NDF volume on Dec 31, 07</u>	<u>Accounted "accrual" pro-rata temporis</u>	<u>Mark to market "MTM"</u>
Loans	NDF	Buy	USD	BRL	\$85.000.000,00	(21,594)	(21,421)
Exports	NDF	Sell	USD	BRL	\$69.000.000,00	5,265	4,272
Exports	NDF	Sell	EUR	BRL	22015000	677	299
						(15,652)	(16,850)

						Profit (loss)	
<u>Object</u>	<u>Transaction type</u>	<u>Position</u>	<u>Foreign Currency</u>	<u>NDF Currency</u>	<u>NDF volume on Dec 31, 07</u>	<u>Accounted "accrual" pro-rata temporis</u>	<u>Mark to market "MTM"</u>
Nickel	Swap/zero cost collar	Buy	USD	BRL	840 tons	(1,352)	(1,302)
Copper	Swap	Buy	USD	BRL	2.275 tons	(1,345)	52
Aluminum	Swap	Buy	USD	BRL	1.300 tons	(225)	(246)
						(18,574)	(18,346)

The values of derivatives markets were sourced with financial institutions.

23. EMPLOYEES BENEFITS

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

During the first quarter 2008, the Company and its controlled companies granted their employees with a profit sharing based on an agreement entered into with the Labor Union in the amount of R\$5,097 (R\$4,987 in the first quarter 2007), in the Controlling Company and R\$5,463 (R\$5,260 in the first quarter 2007), in the consolidated. The criteria fixed for the payment of the profit sharing followed the same rules set for the collective labor agreement, that sets determined 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. PRIVATE PENSION PROGRAM - PRE-DEFINED CONTRIBUTION

In September 2006, the Company joined the private pension plan Bradesco - PGBL - Free Benefits Pension Plan, managed by Bradesco Vida e Previdência, offering option to all employees to participate.

The contributions are defined according to the framing into the salary level above R\$5, the contribution percentage ranging from 2% to 4% by the contributor and the company. For the contributors under the salary level below R\$5, the company shall contribute with a nominal wage every 10 years length 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 eventual readjustments in the contribution levels. The contributions by the company and by the employees commenced as from October 2006, the Company having contributed with R\$701 (R\$647 in the first quarter 2007) during the first quarter 2008.

25. SUBSEQUENT EVENTS - MATERIAL FACT

On May 8, 2008, the Company initiated studies of synergy with the company Forjas Brasileiras S/A Indústria Metalúrgica, with head office in the city of Queimados, State of Rio de Janeiro, with operated in the forging process of the following product lines: connecting rods, slip joint pointers, fuel injection systems, crossarms, shafts, arms, links for conveyor belts, wheel rims, among other products distributed in the local and foreign markets.

MAHLE METAL LEVE S.A.

COMMENT ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER CLOSED ON MARCH 31, 2008

The Brazilian Macroeconomic Scenario

The growth pace of the Brazilian industrial production kept on the rise during the first quarter 2008, with a highlight to durable and non durable goods sectors, especially in the automotive segment. This scenario was pushed by the expansion in the domestic consumption market, resulting from the continued environment of favorable economic stability, with credit offer, longer financing payment terms, formal employment growth and increase of salary level.

In the foreign scenario, the emphasis continues on the Real valuation compared to dollar, with direct effects on the Brazilian exports, which sharply affected the country's balance trade. On the other hand, new investments have been encouraged in machinery and equipment, thus expanding the installed capacity with the purpose of supplying the local demand. The world growth continues at low levels, namely led by the weak performance of the North American economy, which has been featuring growing uncertainty.

The basic interest rate (Selic - Special System for Settlement and Custody) kept unchanged during the quarter, at the level of 11.25% per year, a material factor for the expansion of consumption credit, and the inflation measured by IPCA (Amplified Consumer Price Index) recorded an accrued rate of 1.52%, above the 1.26% recorded in the same quarter 2007, due to the increase in food and transportation. The North American dollar continues falling down compared to local currency, quoted at R\$ 1.749 at the end of the first quarter 2008, compared to R\$ 1.771 recorded at the closing of 2007.

Despite having presented a positive balance, the Brazilian trade balance has been recording decreases, due to the reduced growth pace of exports and material increase in imports, resulting from the dollar instability and the strong domestic demand.

During the first quarter 2008, the result of the trade balance presented an increase of 13.8% in exports and 41.9% in imports, even so presenting a commercial surplus, although 67.8% lower than the figure recorded in that same period in 2007.

	US\$ billion		
<u>Trade Balance</u>	<u>Jan to Mar 08</u>	<u>Jan to Mar 07</u>	<u>Var. %</u>
Exports	38.7	34.0	13.8
Imports	35.9	25.3	41.9
Balance	<u>2.8</u>	<u>8.7</u>	<u>(67.8)</u>

Performance of the Brazilian Automotive Industry

The automotive industry continues growing significantly, a result that is mainly due to the country's macroeconomic stability, which grants an offer of high credit volume and longer financing terms, this modality corresponding to about 70% of industry sales in this first quarter of 2008.

Composition of vehicles sales and production per market segment:

<u>Vehicles</u>	Thousand units		
	<u>Jan to Mar 08</u>	<u>Jan to Mar 07</u>	<u>Var.%</u>
Domestic sales	567.1	442.6	28.1
Exports	178.2	182.1	(2.1)
Total	<u>745.3</u>	<u>624.7</u>	<u>19.3</u>
Production	783.1	656.5	19.3

Sales of Vehicles in the Domestic Market

In the first quarter of 2008, the sales of national vehicles to the domestic market amounted to 567.1 thousand units, with an increase of 28.1% in relation to same quarter of the previous year. Individually, in addition to the sales of automotive agriculture machinery, the segments of light vehicles, trucks and buses had a significant performance.

<u>Sales in the Domestic Market - national vehicles</u>	Variation %
	<u>1st Quarter (08/07)</u>
Light vehicles (automobiles and light commercial vehicles)	28.3
Trucks	28.7
Buses	<u>15.1</u>
Total vehicles	<u>28.1</u>
automotive agriculture machinery	54.6

Sales of Vehicles in the Foreign Market

The exports of automotive vehicles, including assembled and disassembled vehicles, amounted to 178.2 thousand units in the quarter, with a decrease of 2.1% in relation to the same period of 2007. This drop in the exported volume, both for assembled and disassembled vehicles, resulted from the continued valuation of the domestic currency in relation to the North- American currency.

The sector has been compensating part of the drop in units, as above mentioned, by exporting more vehicles with high aggregated value, such as trucks and buses.

Vehicle Production

The vehicle production in this first quarter of 2008 was of 783.1 thousand units, representing a growth of 19.3% in relation to same quarter of previous year. The increase in automotive industry production was generated by a good performance obtained by the sector in sales to domestic market within all segments of vehicles (light vehicles, trucks and buses), including agriculture machinery. However, this quarter was compared to a less significant base, because the acceleration in the pace of vehicle production was effective from May 2007 on.

	Variation %
<u>Production per segment</u>	<u>1st Quarter (08/07)</u>
Light vehicles (automobiles and light commercial vehicles)	18.6
Trucks	32.5
Buses	<u>26.8</u>
Total automobiles	<u>19.3</u>
Automotive agricultural machinery	56.2

Production and Sales of Automotive Agriculture Machinery

The segment of automotive agriculture machinery presented an increase of 56.2% in production, 54.6% in domestic market, and 40.3% in export market. This result was generated by the macroeconomic factors mentioned above, as well as by an increase in the rural income, due to a record crop plus a high increase in prices of agriculture commodities.

Vehicle Imports

Vehicle Imports in the first quarter of 2008 amounted to 80.8 thousand units, representing a growth of 60% in relation to same quarter of 2007. This increase was basically focused on light vehicles, with a participation of 15% in relation to total domestic light vehicles sold to domestic market.

Economic and Financial Performance of the Company

The Company closed the first quarter of 2008 with a positive performance, stimulated by the growth of sales to domestic market, both of original equipment and aftermarket, as a result of a favorable economic context, which has granted a consistent performance to the automotive industry in markets of original equipment and aftermarket. This result comes also from a higher physical volume traded and also from an increase in the Company's portfolio, through the acquisition of companies and operating assets in March of previous year and in January of current year.

Net Sales Revenue

The net sales revenue in first quarter of 2008 was R\$ 355.9 million for the controlling company and R\$ 423.8 million for the consolidated, representing a growth of 3.1% and 10.3%, respectively, as compared to the same period of the previous year.

Breakdown of sales per market for 1st quarter of 2008 versus 2007

	R\$ million			
	<u>Controlling Company</u>		<u>Consolidated</u>	
	<u>1st Quarter 08</u>	<u>1st Quarter 07</u>	<u>1st Quarter 08</u>	<u>1st Quarter 07</u>
Market	A	B	C	D
Domestic	218.4	180.3	243.6	200.9
Foreign	137.5	164.8	180.2	183.2
Total	<u>355.9</u>	<u>345.1</u>	<u>423.8</u>	<u>384.1</u>

	Variation	
	<u>Controlling Company</u>	<u>Consolidated</u>
Market	A/B	C/D
Domestic	21.1%	21.3%
Foreign	<u>-16.6%</u>	<u>-1.6%</u>
Total	<u>3.1%</u>	<u>10.3%</u>

Sales to Domestic Market

Sales to domestic market in the first quarter amounted to R\$ 218.4 million for the Controlling Company and R\$ 243.6 million for the consolidated, with a growth of 21% both for the Controlling Company and for the consolidated, mainly as a result of the country economic conditions, which reflected positively in the automotive industry performance of original equipment and in the aftermarket.

The participation of sales in the domestic market in this quarter corresponded to 61.4% of net sales revenue of the Controlling Company (52.2% in the same quarter of 2007). In the consolidated, the participation of sales to domestic market went from 52.3% to 57.5%.

Sales to Export Market

The continuing valuation of the domestic currency in relation to the North- American currency represented in the quarter a drop in sales to export market in the parent company and in the consolidated, in Reais, of 16.6% and 1.6%, respectively, in relation to same period of previous year.

This result was mainly due to the pace of successive drops in dollar in relation to domestic currency, quoted by the end of this quarter at R\$ 1.749, representing a valuation of 14.7% of the Real in relation to the rate of R\$ 2.050 by the end of 1st quarter of 2007.

However, when sales are analyzed in U.S. dollar, they presented a growth of 1.1% in the parent company and 20.0% in the consolidated. In consolidated, the significant increase in dollar was mainly due to an increase in the portfolio of new products, such as: valves, valve-guides and valve-seats, and in the activities for distribution of pistons, cylinders and aftermarket acquired from the controlled company of the controlling shareholder of the parent company, MAHLE S.A. de Argentina.

Breakdown of sales to the export market in the 1st quarter of 2008 versus 2007

	US\$ million	
1st quarter	<u>Controlling Company</u>	<u>Consolidated</u>
2008	79.2	104.2
2007	<u>78.3</u>	<u>86.8</u>
Var. %	<u>1.1%</u>	<u>20.0%</u>

Operating Income and Gross Margin

The consolidated operating income was R\$ 63.8 million, with a growth of 110.6% in relation to R\$ 30.3 million recorded in the same quarter of 2007. Contributing to this result were, among other factors, the growth in sales, the operating profitability, the continuing efforts to control operating expenses, the increases in portfolio of products and market mix, and especially the decrease in net financial expenses, caused by the result in hedging with commodities, as commented below.

The consolidated gross margin has been presenting an improvement, as commented in financial statements for 2007, closing the first quarter of 2008 with a margin of 28.3%, against 25.1% in the same quarter of 2007, with a gain of 3.2 percentage points.

Financial Management

The consolidated net financial result went from R\$ 7.9 million negative in the first quarter of 2007 to R\$ 6.4 million positive. This positive result was mainly due to hedging transactions with commodities aluminum, nickel and copper, which generated in this quarter a gain of R\$ 14.2 million, recorded to the account results with derivatives, of which R\$ 0.4 million was effectively recorded as cash effect, and R\$ 13.8 million related to a provision for future positive adjustments. The values recorded were computed by the difference between the average monthly closing price of LME - London Metal Exchange and the value existing on March 31, 2008 for contracted transactions.

This result occurred basically by virtue of the global macroeconomic changes, among which highlighted a repressed offer of some commodities, therefore increasing their prices; a demand from global investors for assets representing a higher reserve of value; uncertainties in the economic route of USA and worldwide; and the low remuneration of North-American government securities. Such factors stimulated the global investors to migrate their financial resources to assets with higher profitability and immediate liquidity, such as commodities.

Net financial result	R\$ million					
	Controlling Company			Consolidated		
	1st Quarter 08	1st Quarter 07	Var.	1st Quarter 08	1st Quarter 07	Var.
Exchange variation	8.9	4.7	4.2	9.4	4.7	4.7
Monetary variation	(16)	(2.4)	0.8	(17)	(2.8)	1.1
Results with derivatives on balances in foreign currency	(8.7)	(5.7)	(3.0)	(9.0)	(5.7)	(3.3)
Net interests	(5.8)	(17)	(4.1)	(5.8)	(16)	(4.2)
Result with derivatives commodities	14.2	-	14.2	14.2	-	14.2
Adjustments to present value	12	-	12	12	-	12
Others	(0.9)	(2.5)	16	(19)	(2.5)	0.6
Net financial (expenses)	7.3	(7.6)	14.9	6.4	(7.9)	14.3

Total debt

The net indebtedness at the end of quarter in the parent company was R\$ 309.9 million and R\$ 296.3 million in the consolidated, mainly due to financings with BNDES, under Exim modality, directed to export financings, which are bound to guarantees. When comparing to same quarter of previous year, net indebtedness decreased R\$ 8.7 million in the parent company and R\$ 28.9 million in the consolidated.

	R\$ million			
	<u>Controlling Company</u>		<u>Consolidated</u>	
<u>Liabilities</u>	<u>03/31/2008</u>	<u>03/31/2007</u>	<u>03/31/2008</u>	<u>03/31/2007</u>
Financings	383.7	396.9	414.7	429.0
Discounted exchange bills	33.8	13.6	35.8	13.6
<u>Assets</u>				
Cash/ banks/ short term investments	107.6	91.9	154.2	117.4
Net debt	<u>309.9</u>	<u>318.6</u>	<u>296.3</u>	<u>325.2</u>

The financing operations recorded in the consolidated as of March 31, 2008 amounted to R\$ 414.7 million, of which R\$ 297.4 million as short-term and R\$ 117.3 million as long-term.

Summary of Income Statements

	In million reais					
	Controlling Company			Consolidated		
	1st Quarter 08	1st Quarter 07	Var. %	1st Quarter 08	1st Quarter 07	Var. %
Net sales revenues						
Domestic market	218.4	180.3	21.1%	243.6	200.9	21.3%
Foreign Market	137.5	164.8	-16.6%	180.2	183.2	-1.6%
Total	355.9	345.1	3.1%	423.8	384.1	10.3%
Foreign market in US\$ million	79.2	78.3	1.1%	104.2	86.8	20.0%
Gross Income	97.6	78.1	25.0%	120.0	96.5	24.3%
gross margin	27.4%	22.6%	4.8 p.p.	28.3%	25.1%	3.2 p.p.
Operating Income	57.7	27.6	109.1%	63.8	30.3	110.6%
operational margin	16.2%	8.0%	8.2 p.p.	15.1%	7.9%	7.2 p.p.
Net Profit	39.8	20.6	93.2%	39.8	20.6	93.2%
net margin	11.2%	6.0%	5.2 p.p.	9.4%	5.4%	4.0 p.p.
EBITDA	70.9	58.0	22.2%	80.2	62.0	29.3%
EBITDA margin	19.9%	16.8%	3.1 p.p.	18.9%	16.1%	2.8 p.p.

Operating Performance measured by EBITDA

As a result of the above positive factors, the operating performance presented by EBITDA (income before interests, taxes, depreciation and amortization) was a growth of 22.2% in the quarter for the parent company and 29.3% for the consolidated, with a gain in margins of 3.1 p.p. and 2.8 p.p., respectively, in relation to same quarter of 2007.

Net Income

The net income for the first quarter of 2008 was R\$ 39.8 million, a result 93.2% over the same period of previous year (R\$ 20.6 million). Consolidated net margin was 9.4%, representing a gain of 4.0 p.p. in relation to 5.4% in first quarter of 2007.

Shareholders' equity and earnings per share presented a growth of 18.3% and 92.6%, respectively, in relation to same quarter of previous year.

Shares	1st Quarter 08	1st Quarter 07	Var. %
Quantity of shares / thousand	30,453	30,453	-
Shareholders' Equity per share - (R\$)	18.02	15.23	18.3%
Net earnings per share - (R\$)	1.31	0.68	92.6%

Investments

Investment Budget for 2008

At the Shareholders' Annual General Meeting ("AGO") held on April 30, 2008, the Company's shareholders approved the investment budget for 2008, in the amount of R\$ 169.5 million, equivalent to US\$ 95.5 million, directed to the following projects: a) Operations; b) Research and Development; c) Increase in Capacity; d) Quality; e) Others; f) Intangibles; g) New Projects; h) Increase in Capital Share of MAHLE Válvulas de Argentina S.A. and, i) Investment in controlled companies.

Human Resources

At the end of the first quarter 2008, the staff of the Company accounted with 7,344 employees engaged in the Controlling Company, and 8,875 in the consolidated.

In the consolidated, the benefits and the profit sharing of the company's results with the employees amounted to R\$ 20.5 million in the first quarter 2008, allocated in: 26.6% in profit sharing, 21.3% in social and medical assistance, 27.8% in food and meal, 9.3% in transportation, 5.6% in training and 9.4% in other benefits.

Environment

During the 1st quarter 2008, the Environment Management System of the company implemented several improvements in its business units, aiming to the continuation of the environment, social and economic efforts in line with the Environment Policy. The more important projects encompass the safe management of chemical products and wastes, through the utilization of the SAP system for the Environment Management System, enabling the control, traceability and utilization of indicators for the rationalization of waste generation and the rationalization and responsible use of water, saving 1 (one) million liters of potable water in its operations, through investments in improvements in production processes, industrial reuse, training and environment education of its employees. At the Mogi Guaçu, SP unit, there was a rationalization of water consumption through the investment in a cold tower (Tecnodry), aiming to the reduction of 30% in the water consumption, equivalent to 2.3 million liters/year. In the Technology Center in the city of Jundiaí, SP, at the Components and Engine Tests Laboratories, the chlorine solvents were replaced by the consumption of 6,000 liters/year of perchloroethylene with alkaline solvents, guaranteeing the quality of the process and the environment protection.

Corporate Governance

At the AGO held on April 30, 2008, the Company's shareholders approved a distribution of cash dividends related to 2007, in the amount of R\$ 37.9 million. From the amount of dividends approved, it was deducted a gross amount of R\$ 27.9 million (net of R\$ 24.1 million for withholding income tax ("IRRF"), paid in December 2007 as interest on shareholder's equity. Beginning on May 20, 2008, the remaining amount of R\$ 10.0 million will be distributed to shareholders.

Interests on shareholder's equity and dividends per share in Reais

<u>Payment to shareholders</u>	<u>Total in R\$ million</u>	<u>R\$ per common shares</u>	<u>R\$ per preferred share</u>	<u>Payment date</u>
Interests on shareholder's equity (net of IRRF)	24.1	0.746544	0.821199	20.12.07
Dividends	10.0	0.309858	0.340843	20.05.08
Total	<u>34.1</u>	<u>1.056402</u>	<u>1.162042</u>	<u>-</u>

Services provided by the external Auditors

In compliance with Resolution CVM nº 381/03, we describe below the information in respect of other services, in addition to the external audit, provided by BDO Trevisan and its related parties during the first quarter 2008, to MAHLE Metal Leve S.A., controlled companies and entities belonging to the same group of the Company:

<u>Nature</u>	<u>Engagement Date</u>	<u>Duration</u>
External audit services rendered to companies belonging to the same group of the Company	April 02, 2008	Jan to Dec 2008

The engaged fee amounted to R\$ 97 thousand and represented 25% of the fees corresponding to the external audit services provided and to be provided to MAHLE Metal Leve S.A. and its controlled companies in 2008.

The policies of the Company and its controlled companies prohibit the engagement of their independent auditors to provide services that cause conflict of interests, loss of their objectivity or independence.

The Management of MAHLE Metal Leve S.A. and its controlled companies, during a discussion with their independent auditors, concluded that the above mentioned jobs do not represent any threat to the independence of the audit company, as the job does not feature the actual or assumed loss of its integrity.

Subsequent Event

On May 8, 2008, the Company initiated studies of synergy with the company Forjas Brasileiras S/A Indústria Metalúrgica, with head office in the city of Queimados, State of Rio de Janeiro, with operated in the forging process of the following product lines: connecting rods, slip joint pointers, fuel injection systems, crossarms, shafts, arms, links for conveyor belts, wheel rims, among other products distributed in the local and foreign markets.

Perspectives

Macroeconomic scenario

The macroeconomic projection of the country continues indicating the same growth level of activities. On the other hand, there is forecast to resume the cycle of high interest rates - Selic, with the purpose of partially decrease the strong domestic demand and thus control inflation. In April, the Selic rate increased by 0.5%, reaching 11.75% per year, after nearly 3 consecutive years of reductions and decisions to keep the rate at the same level. The inflation measured by the IPCA during the past twelve months, closed in March, reached 4.73% above the target of 4.50%. The GDP Gross Domestic Product is estimated for approximately 4.5% against 5,4% last year, as a result of the above mentioned factors and the decrease in the growth rate of the international market, especially the North American economy.

In the international market, the exports of manufactured products continue to be affected by the unfavorable exchange rate, strongly affecting the trade balance, the competitiveness and the profitability of the Brazilian companies.

The Brazilian Automotive Industry

According to data released by Anfavea, the National Association of Vehicle Manufacturers, the automotive industry estimates a production of 3.3 million vehicles (light commercial vehicles, trucks and buses) in 2008, therefore presenting an increase of approximately 10%. The growth rate for the upcoming quarters must be lower than the rate reported in this first quarter 2008 due to the fact that the comparison basis is more significant as from May 2007.

According to the new Government Industrial Policy, the automotive industry accounts with an investments program up to 2010, aiming to the expansion of the production capacity to 3.85 million units in 2008 and 4 million units up to 2009.

The Company

Company Management, having as parameter the performance obtained in the first quarter of 2008, the automotive industry forecasts, and the continuity of a favorable domestic macroeconomic scenario, projects for next quarter a sales volume to domestic market of original equipment and aftermarket close to the obtained in the first quarter of 2008. However, due to the extraordinary effects of the first quarter of 2008, compared to the first quarter of 2007, previously commented, of which highlights a less significant comparison base, because the acceleration in the production pace of vehicles was effective from May 2007 on, and a high inflationary stress together with a trend of increasing interest rates, as well as the punctual gain generated by derivative transactions with commodities in the first quarter of 2008, the perspective of performance in results for next quarter tends not to follow the same growth rate presented in the first quarter.

As to the international market, the forecast for next quarter, in sales volume, is to maintain the same levels obtained in previous quarter, although profitability shall continue affected by the fluctuations in foreign exchange rates. There is also a Company concern with respect to the level of decrease in the growth pace of North-American economy and its reflections in the global economy.

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