

MAHLE Metal Leve announces 2Q08 results

Mogi Guaçu, August 14, 2008 - **MAHLE Metal Leve S.A. (BOVESPA: LEVE3, LEVE4)**, a leading manufacturer in the production of engine components in Brazil, announces today the results for the second quarter of 2008. The Company's operating and financial information, except where otherwise indicated, is presented on a consolidated basis and in BRL, according to the Corporate Law.

Axel Erhard Brod
Vice-President and Investor Relations
Officer

João Antônio Passos Carvalho
Investor Relations Supervisor

relacoes.investidores@br.mahle.com
Tel: (11) 3787-3520

<http://ri.mahle.com.br>

Company Economic and Financial Performance

The Company throughout the first six months maintained a positive performance, presented on consolidated basis a net sales revenue of R\$ 888.9 million, with an 8.8% increase, due to the positive effect caused by the good sales growth in the domestic market, although it has presented a profit decrease in Brazilian *Reais* in the export market, due to the continuous appreciation of domestic currency before the North-American Dollar.

MAHLE Metal Leve S.A. is a company of the MAHLE Group. The MAHLE Group is among the top 30 automotive suppliers globally and is the world market leader for combustion engine components, systems and peripherals.

Breakdown of sales in the Parent Company and in the Consolidated R\$ million

	1 st Sem 08	1 st Sem 07
PARENT COMPANY		
Domestic Market	461.9	391.3
Export Market	290.8	331.5
Total	752.7	722.8
CONSOLIDATED		
Domestic Market	551.7	440.4
Export Market	337.2	376.4
Total	888.9	816.8

Sales percentage variation in the 1st Semester (08/07)

	% Variation	
Market	Parent Company	Consolidated
Domestic	18.0	25.3
Export	-12.3	-10.4
Total	4.1	8.8

Performance on the Stock Exchange

In 2008, the Company's preferred shares (LEVE4) presented a good performance, closing the first semester at R\$ 38.98 per share, with a positive market price variation of 21.8%, whereas the Bovespa Index closed the same period with a positive variation of 3.51%. In the second quarter, the performance was even better, with a positive variation of 25.7% in the company, quite above the 3.57% obtained by the Bovespa Index.

Net Income in the 1st Semester

The net income for the first semester of 2008 was R\$ 63.7 million, a 51.8% increase in relation to the net income of R\$ 41.9 million presented in the same semester in 2007, which contributed to this result, among other factors, the sales increase in the domestic and export market (in

spite of the North-American Dollar exchange rate devaluation), the operating profitability, the continuous efforts in the control of expenses in the operations and the increments in the products portfolio and market mix. The consolidated net margin was 7.2%, which represents 2.1% p.p. gain in comparison to the 5.1% for the first semester 2007.

Net Income in the 2nd Quarter

In the second quarter there was an 11.8% increase in the net income in comparison to the same quarter from the previous year. As declared in the previous quarter, due to the high comparison basis, which was already expected for the second quarter of 2007, the result of this quarter was substantially lower. The increase of financial expenses, stated in the item "Financial Result", also impacted the result for the period.

Sales to the Domestic Market

The sales to the domestic market on consolidated basis from January to June of 2008 totaled R\$ 551.7 million, with a 25.3% increase. In the parent company, the net sales revenue increased 18.0%. The increase was due to the heating up of original equipment and aftermarket segments, as a consequence of the favorable economic conditions of the country that reflected positively in the performance of original equipment for the automotive industry, larger increment in transportation and agricultural services, which results in the sales heating up of engines, components and peripherals, naturally propitiating the maintenance of automotor vehicles and agricultural machines fleet, with predominance of trucks and tractors. This result is also a consequence of the investments made by the company over the last two years, previously cited, specially aiming the enlargement of its products line to reinforce its leading position in the market in which the company operates. The interest of sales to the domestic market on consolidated basis corresponded, in this semester, to 59% of the net sales revenue (53% in the first semester of 2007).

Sales to the Export Market

Due to the continuous appreciation of the domestic currency in comparison to the North-American currency and due to the disappointing performance of the main international economies, highlighting the automotive industry in the developed countries, especially the United States, the net sales revenue at the export market on consolidated basis presented a 10.4% decrease in Brazilian *Reais* in the first semester of the current year, in comparison to the same period in 2007. The sales, when analyzed in North-American Dollar, presented a 7.8% increase in the accumulated result for the semester. The pace of succeeding decrease of North-American Dollar in comparison to the domestic currency has substantially compromised the company's sales to the export market, when the two analyzed semesters are compared. The dollar calculated by the daily average presented a 17% decrease.

Operating Income and Gross margin

The operating income on consolidated basis presented a 61% increase in the first semester, with marginal gain of 3.7 p.p. in comparison to the same semester from the previous year. This quarter presented a decrease in the income, when compared to the immediately previous quarter, partly due to the comparison base that was rather expressive in

the beginning of the previous year, because the acceleration in the vehicle production and sales has been intensively effective as of second quarter of 2007, as well as the increase of net financial expenses, discussed as follows. The improvement in the operating income in this semester is a result of a more expressive gross margin on consolidated basis of 27.8%, compared to the 25.6% for the first semester of the previous year, due to the sales growth - original equipment and aftermarket - to the domestic market, of the increments in products portfolio and market mix, of the continuous efforts in the costs control and the constant pursuit of operational productivity gain, among other factors.

Net Financial Result

The net financial result in the first semester 2008 presented R\$ 17.4 million expenses on the consolidated basis, comprised of R\$ 6.4 million revenues in the first quarter and R\$ 23.8 million expenses in the second quarter. In the second quarter, the financial expenses had a bigger impact, due to the result of transactions with derivatives commodities, and the continuous appreciation of Brazilian *Real* before the North-American currency. These transactions incurred R\$ 11.5 million expenses registered in the account result with derivatives, from which R\$ 2.1 million gains accounted as cash-effect, and R\$ 13.6 million regarding the provision for future negative adjustments. Although the accumulated result of hedge transactions for the aluminum, nickel and copper in the semester resulted in a positive accounting adjust of R\$ 2.7 million, from which the R\$ 2.5 million gain was accounted as cash-effect and R\$ 0.2 million regarding the provision for future positive adjustments. The positive result for the hedge of commodities transactions for the first quarter, which produced R\$ 14.2 million gain, discussed in the previous quarter, enabled a safety margin for the exchange gain in this semester, due to the proper dollar devaluation estimative in comparison to the Brazilian *Real*.

Net financial result for the first semester:

	R\$ million		
	Consolidated		
	1st Sem 08	1st Sem 07	Var. - R\$
Monetary variations	(5.1)	(4.6)	(0.5)
Net exchange exposure	(1.2)	(5.7)	4.5
Net Interests	(11.3)	(5.8)	(5.5)
Result with derivatives commodities	2.7	-	2.7
Results with derivatives on balances in foreign currency	0.5	-	0.5
Other net financial revenues (expenses)	(3.0)	(6.3)	3.3
Net financial result	(17.4)	(22.4)	5.0

The increment in the account interest expenses was due to the increasing of net indebtedness and the change in the company's financings profile.

The net indebtedness on consolidated basis was 367.4 million on June 30, 2008, and it is basically composed of financings made with BNDES under the Exim modality, destined to the exportation financings, which are bound in warranties. In comparison to the same period of the previous year, the consolidated net indebtedness presented R\$ 44.0 million increase, mainly due to the inclusion of MAHLE HIRSCHVOGEL FORJAS S.A. financings, whose balance on June 31, 2008 is R\$ 34.1 million.

R\$ million

Liabilities	Consolidated	
	06/30/2008	06/30/2007
Financings	453.7	378.4
Discounted drafts	64.6	74.9
Assets		
Cash/ banks/ short-term investments	150.9	129.9
Net Indebtedness	367.4	323.4

Summary of Income Statements

R\$ million

	Parent Company			Consolidated		
	1 st sem. 08	1 st sem. 07	% Var.	1 st sem. 08	1 st sem. 07	% Var.
Net Sales Revenue						
-Domestic Market	461.9	391.3	18.0%	551.7	440.4	25.3%
-Export Market	290.8	331.5	-12.3%	337.2	376.4	-10.4%
Total	752.7	722.8	4.1%	888.9	816.8	8.8%
-Export in US\$ million	171.9	162.3	6.1%	199.1	184.6	7.9%
Gross Income	199.6	168.0	18.8%	247.3	209.5	18.0%
-gross margin	26.5%	23.2%	3.3 p.p.	27.8%	25.6%	2.2 p.p.
Operating Income	91.1	55.4	64.4%	100.1	62.2	60.9%
-oper. margin	12.1%	7.7%	4.4 p.p.	11.3%	7.6%	3.7 p.p.
Net Income	63.7	41.9	52.0%	63.7	41.9	52.0%
-net margin	8.5%	5.8%	2.7 p.p.	7.2%	5.1%	2.1 p.p.
EBITDA	147.5	125.1	17.9%	163.7	135.5	20.8%
-EBITDA margin	19.6%	17.3%	2.3 p.p.	18.4%	16.6%	1.8 p.p.

Operating Performance measured by EBITDA

In the first semester of 2008, the operating performance provided an EBITDA (earnings before interest, taxes, depreciation and amortization) of R\$ 147.5 million in the parent company and R\$ 163.7 million on consolidated basis, with an increase of 17.9% and 20.8%, respectively, in comparison to the same period of the previous year. The EBITDA margin in the parent company was 19.6%, and 18.4% on the consolidated, with a gain of 2.3 p.p. and 1.8 p.p., respectively. In the second semester, the EBITDA growth on consolidated basis was 13.5% in comparison to the same quarter of the previous year, and 4.1% in comparison to the immediately previous quarter.

Company Perspectives

Company Management, before the perspective of both national and international scenario and the projections of the automotive industry,

plans for the second semester the maintenance of sales volume, next to the levels presented in the first semester of 2008. However, there is a concern regarding the cooling off degree of domestic market, with the return of the restrictive monetary policy, which aims to put a stop to the inflationary pressure, caused by the expansion of demand levels, as well as the cooling off degree of international markets, especially the United States market, caused by the effect of oil prices, the metallic commodities, and the possible increase of basic interest rates in international markets. Consequently, the increase in metallic products and electric power prices in the first semester, which achieved up to 80%, in some cases, and that cannot be absorbed by the Company, should be negotiated again with the clients, establishing the biggest challenge for the second semester.

Investments

On April 30, 2008, the Company's shareholders approved the investment budget for the fiscal year 2008, in the amount of R\$ 169.5 million, destined to the following projects: operations; research and development; capacity enlargement; quality; intangibles; new projects (customer projects); MAHLE Argentina S.A. stock capital increase (former MAHLE Válvulas de Argentina) for the purpose of acquiring new businesses in Argentina; investments in subsidiaries; and acquisition of the company Forjas Brasileiras S.A. Indústria Metalúrgica.

Performance of the Brazilian Automotive Industry

The Brazilian automotive industry recorded strong expansion during the second quarter this year, closing the semester with high levels of production and domestic sales, exceeding the expectations of automakers as projected early in the year. The automotive sector was mainly benefited by higher consumer income, credit expansion and longer financing maturities, although these factors are now on an opposite trend, after the hike of interest rates and monetary squeeze. Although the market perspective is of an increase in the figures of production and sales of vehicles for 2008, the growth pace for the second semester may decelerate when compared to the first semester.

Sales of Vehicles to the Domestic Market

In view of the favourable macroeconomic stability, the domestic market showed consistent expansion in all segments. In the second quarter, national vehicle sales to the domestic market amounted to 664.9 thousand units of automobiles, light commercials, trucks and buses, or a 24.7% increase, as compared to the same quarter of the previous year. Sales amounted to 1,232.0 thousand units in the semester, recording a 26.3% increase. The favourable moment for the agribusiness, after the record of agricultural harvest occurred in 2007, the expectation of new harvest record for 2008, derived by the upward trend of commodities prices, as well as the good performance of mining and civil construction sectors have boasted the segments of heavy vehicles and agricultural machines.

Sales of Vehicles to the Export Market

Automotive vehicle exports showed a 4.4% decline in the quarter and 2.8% in the accumulated period during the semester, as compared to the

same periods in the previous year. There was improvement in the segment of semi-light and heavy trucks and agricultural machines, in the semester, as a result of the dramatic increase in agricultural harvest transportation in South American countries. The decline in exported volumes has been caused by the continuous US dollar depreciation against the Real, partly offset by exports of higher value-added vehicles. Exports of metropolitan buses increased by 23%, and exports of semi-light and heavy trucks rose by 12%, in the first six months of 2008 as compared to the same period in 2007.

Vehicle Production

Compelled by the domestic market, vehicle production in the second quarter was 894.2 thousand units, and 1,681.0 thousand units in the accumulated period during the semester, which accounted for 22.7% and 21.3% increases, respectively, as compared to the same periods in the previous year, showing increase in all vehicle segments (light vehicles, trucks, specially due to the acceleration of the civil construction, and buses), including in the segment of agricultural machines.

Production and Sales of Automotive Agricultural Machines

During the semester, the segment of automotive agricultural machines showed a 38.8% production increment, while sales to the domestic market increased by 52.4%. These figures resulted from the above mentioned macroeconomic factors, as well as from increased agricultural crop, and fast expansion of mechanized sugar cane harvest. In the export market, even with an unfavourable exchange scenario and higher raw material costs, which forced companies to raise their product prices, a high volume of agricultural machines was exported to Latin America, Africa and Middle East countries, recording a 26.5% increase in the semester.

Importation of Vehicles

Within a market context, with the continuous US dollar devaluation and credit expansion, imported vehicles started to have higher interest in the sales volume. The importation of vehicles in the first semester of 2008 added up to 175.2 thousand units, which accounted for a 64.4% increase as compared to the 106.5 thousand units, imported in the same semester of 2007, representing a 15% interest in relation to the total of national light vehicles sold to the domestic market.

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

BALANCE SHEETS - ASSETS
June 30, 2008 and March 31, 2008
(In thousands of BRL)

ASSETS	Parent Company		Consolidated	
	06.30.2008	03.31.2008	06.30.2008	03.31.2008
Current assets				
Cash and cash equivalents	79,891	107,585	150,914	154,155
Trade accounts receivable	191,878	176,322	289,318	247,375
Accounts receivable from related parties	171,502	152,623	77,628	79,016
Discounted exchange bills	(63,531)	(33,788)	(64,555)	(35,827)
Allowance for doubtful accounts	(5,384)	(5,360)	(10,176)	(6,777)
Inventories	171,372	170,410	252,880	231,043
Recoverable taxes	21,517	32,279	30,999	39,828
Deferred income and social contributions taxes	13,513	3,419	17,621	5,601
Cash dividends and interest on shareholder's equity receivable	-	8,598	-	-
Other assets	25,776	24,329	33,481	29,929
Total current assets	606,534	636,417	778,110	744,343
Noncurrent assets				
Long-term receivables				
Deferred income and social contribution taxes	38,869	36,948	48,073	39,039
Recoverable taxes	12,216	10,829	17,334	15,244
Other assets	1,226	59	1,351	192
Permanent assets				
Investments in subsidiaries	85,430	76,068	-	-
Other investments	371	371	371	371
Property, plant and equipment	399,208	396,410	487,929	444,366
Intangible assets	109,105	73,874	120,940	87,135
Deferred charges	1,200	857	1,200	857
Total noncurrent assets	647,625	595,416	677,198	587,204
Total assets	1,254,159	1,231,833	1,455,308	1,331,547

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

BALANCE SHEETS - LIABILITIES AND SHAREHOLDER'S EQUITY
June 30, 2008 and March 31, 2008
(In thousands of BRL)

LIABILITIES	Parent Company		Consolidated	
	06.30.2008	03.31.2008	06.30.2008	03.31.2008
Current liabilities				
Trade accounts payable	59,305	64,934	89,592	80,058
Financings	273,366	270,747	334,512	297,432
Salaries, accrual for vacation and social charges payable	59,660	44,718	73,066	50,224
Taxes and contributions payable	17,955	10,428	26,353	14,590
Accounts payable to related parties	25,807	22,800	29,645	36,266
Unrealized losses on derivatives	10,838	7,559	10,868	7,611
Advances from customers	3,740	3,764	5,138	3,816
Interest on shareholder's equity payable	202	19,627	2,594	19,627
Cash dividends proposed	-	10,000	-	13,684
Other provisions	9,397	12,365	20,217	19,912
Other liabilities	28,327	21,547	36,114	27,389
Total current liabilities	488,597	488,489	628,099	570,609
Non current liabilities				
Financings	99,193	112,988	119,138	117,276
Provision for warranties	7,106	3,866	7,241	3,974
Provision for capital deficiency in subsidiary	49	-	-	-
Provision for contingencies and legal obligations related to judicial proceedings	79,644	73,368	93,859	76,401
Other liabilities	4,467	4,467	15,155	5,194
Total noncurrent liabilities	190,459	194,689	235,393	202,845
Minority interests	-	-	16,713	9,438
Shareholder's equity				
Capital	352,755	352,755	352,755	352,755
Income reserves	161,874	158,075	161,874	158,075
Accumulated Profits/Losses	60,474	37,825	60,474	37,825
Total shareholder's equity	575,103	548,655	575,103	548,655
Total liabilities and shareholder's equity	1,254,159	1,231,833	1,455,308	1,331,547

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

STATEMENTS OF INCOME
 Quarters ended on June 30, 2008 and 2007
 (In thousands of BRL, except EPS)

STATEMENTS OF INCOME	Parent Company		Consolidated	
	06.30.2008	06.30.2007	06.30.2008	06.30.2007
Gross sales of goods and services	929,513	865,879	1,096,382	982,230
Taxes and sales deductions	(176,772)	(143,110)	(207,469)	(165,400)
Net sales and services	752,741	722,769	888,913	816,830
Cost of goods sold and services rendered	(553,130)	(554,790)	(641,583)	(607,337)
Gross income	199,611	167,979	247,330	209,493
Selling expenses	(39,216)	(39,639)	(56,473)	(50,794)
Management fees	(1,696)	(1,838)	(1,696)	(1,838)
General and administrative expenses	(37,542)	(48,073)	(43,311)	(51,489)
Financial result, net	(16,871)	(21,852)	(17,420)	(22,429)
Equity pick-up	9,860	15,144	-	-
Reversal of provision for capital deficiency in subsidiary	(49)	2,139	-	-
Expenses with technology and product development	(20,057)	(15,466)	(23,201)	(19,193)
Other operating income (expenses), net	(2,925)	(2,954)	(5,172)	(1,527)
Operating revenue (expenses)	(108,496)	(112,539)	(147,273)	(147,270)
Operating income	91,115	55,440	100,057	62,223
Nonoperating result	866	494	(3,194)	(66)
Income before income and social contribution taxes and minority interest	91,981	55,934	96,863	62,157
Current income and social contribution taxes	(30,503)	(16,047)	(34,011)	(20,386)
Deferred income and social contribution taxes	2,180	2,050	2,095	2,229
Income before minority and reversal of interest on shareholder's equity	63,658	41,937	64,947	44,000
Minority interest	-	-	(1,289)	(2,063)
Net income for the period	63,658	41,937	63,658	41,937
Earnings per share issued at the semester in BRL	2.09	1.38	2.09	1.38
Number of shares issued at the end of the semester (in thousands)	30,454	30,454		

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

STATEMENTS OF CASH FLOW
Quarters ended on June 30, 2008 and 2007
(In thousands of BRL)

STATEMENTS OF CASH FLOW	Parent Company		Consolidado	
	06.30.2008	06.30.2007	06.30.2008	06.30.2007
Cash flows from operating activities				
Net income for the semester	63,658	41,937	63,658	41,937
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	39,466	47,832	46,176	50,906
Equity pick-up	(9,860)	(15,144)	-	-
Amortization of goodwill in the acquisition of subsidiary	-	-	24	-
Minority interest	-	-	1,289	2,063
Interest and exchange and monetary variations, net	10,744	(18,354)	10,073	(20,199)
Result on permanent assets sold	(526)	(513)	(318)	(1,048)
Deferred income and social contribution taxes	748	(2,567)	1,197	(2,484)
Reversal of allowance for doubtful accounts	193	31	293	609
Provision for income and social contributions taxes	1,037	-	(649)	1,754
Set up (reversal) of provision for contingencies and legal obligations	3,653	(1,635)	5,734	(1,809)
Set up (reversal) of provision for warranties	465	-	2	(34)
Set up (reversal) of other provisions	(3,434)	2,738	(61)	2,858
Set up (reversal) of provision for capital deficiency in subsidiary	49	(2,139)	-	-
Decrease (increase) in assets				
Trade accounts receivable	(27,511)	(20,723)	(42,666)	(28,518)
Accounts receivable from related parties	(22,837)	(7,385)	653	(16,251)
Inventories	(26,642)	(25,236)	(33,322)	(29,687)
Recoverable taxes	23,916	10,015	16,902	9,017
Other assets	(5,639)	(20,301)	(9,627)	(27,635)
Decrease (increase) in liabilities				
Trade accounts payable	5,344	11,987	12,325	15,816
Salaries, accrual for vacation and social charges payable	14,466	14,005	15,503	15,787
Taxes and contributions payable	3,303	3,743	5,907	3,856
Accounts payable to related parties	4,941	(1,930)	3,352	(3,253)
Unrealized gains on derivatives	(21,542)	-	(21,695)	-
Other liabilities and judicial deposits	303	31,481	1,380	32,100
Net cash provided by operating activities	54,295	47,842	76,110	45,785
Cash flows from investing activities				
Cash spent on the acquisition of subsidiary, net of cash received	(41,122)	(81,286)	(39,188)	(82,444)
Dividends and interest on subsidiary's equity	9,889	-	-	-
Additions to investments	(22,722)	(4,706)	-	-
Additions to property, plant and equipment	(41,397)	(49,672)	(53,236)	(53,704)
Additions to intangible assets	(1,606)	-	(6,521)	-
Additions to deferred charges	(342)	-	(342)	-
Proceeds from permanent assets sold	1,519	1,413	1,630	3,288
Net cash used in investing activities	(95,781)	(134,251)	(97,657)	(132,860)
Cash flows from financing activities				
Inflow of Financing	343,424	179,199	375,133	196,296
Amortization of financing-principal amounts	(239,884)	(33,655)	(263,452)	(43,922)
Amortization of financing-interest	(12,469)	(6,267)	(13,441)	(6,670)
Discounted accounts receivable	29,083	3,962	28,221	3,962
Advances from customers	70	(319)	(640)	(170)
Cash dividends and interest on shareholder's equity paid	(29,425)	(41,641)	(31,270)	(45,643)
Expired dividends	-	73	-	73
Net cash generated by (used in) financing activities	90,799	101,352	94,551	103,926
Increase (decrease) in cash and cash equivalents, net	49,313	14,943	73,004	16,851
Cash and cash equivalents at the beginning of the semester	30,578	93,962	77,910	113,058
Cash and cash equivalents at the end of the semester	79,891	108,905	150,914	129,909
Additional information:				
Payment of income and social contribution taxes	20,557	9,428	22,661	11,408