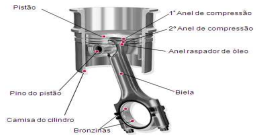
Driven by performance






# MAHLE Metal Leve S.A. reports net revenues from sales of R$1,823.4 million in 2010 and Ebitda of R$269.7 million.

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**Mogi Guaçu, March 30, 2011 - MAHLE Metal Leve S.A. (BM&FBOVESPA: LEVE3)**, a leading manufacturer in the production of engine components in Brazil, announces today the results for the Fiscal Year 2010. The Company's operating and financial information, except where otherwise indicated, is presented in consolidated basis and in BRL, according to the Corporation Law.

**MAHLE Metal Leve S.A.**

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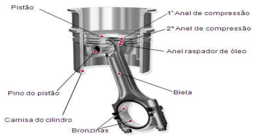
COMPANHIA LISTADA
LEVE 3

BM&FBOVESPA
A Nova Bolsa

## Highlights in 2010:

- ✓ **Net revenues from sales** was **R$1,823.4 million,** up 22.8% from 2009 (R$1,771.5 million).
- ✓ **EBITDA** was **R$269.7 million**, up 24.2% from 2009 (R$217.2 million).
- ✓ **Gross income** was R$491.4 million, up 47.3% from 2009 (R$333.7 million).
- ✓ **Net income of R$83.7 million** increased 265.5% from 2009, as adjusted for the accounting practice switch to IFRS (R$22.9 million).
- ✓ In November, 2010 **the business of MAHLE Participações Ltda. was acquired**, the leading manufacturer of piston rings in Mercosur.






## Summary of income statements

R$ million

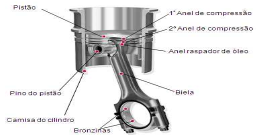
| | 2010 | 2009 (*) | Var.% |
|---|---|---|---|
| **Net revenues from sales** | | | |
| -Domestic market | 1,226.0 | 1,036.8 | 18.2% |
| -Export market | 597.4 | 447.8 | 33.4% |
| **Total** | **1,823.4** | **1,484.6** | **22.8%** |
| **Gross income** | **491.4** | **333.7** | 47.3% |
| - gross margin | 26.9% | 22.5% | 4.4p.p. |
| **Operating income (before interest on equity)** | **108.6** | **36.0** | 201.7% |
| **-** operating margin | 6.0% | 2.4% | 3.6 p.p. |
| **Net income** | **83.7** | **22.9** | 265.5% |
| - net margin | 4.6% | 1.5% | 3.1 p.p. |
| **EBITDA** | 269.7 | 217.2 | 24.2% |
| - EBITDA margin | 14.8% | 14.6% | 0.2 p.p. |

(*) The reconciliation of the result of the fiscal year 2009 regarding the accounting practice changing adjustments (that generated a net income of R$ 53.7 million in 2009 and changed for R$ 22.9 million) are comprised in information detailed in the Explanatory Note 2 of the financial statements. The changes that shattered the result of 2009 were: effects of the deemed cost in the fixed assets, and consequent income and social contribution taxes differed, and change in the criterion of consolidation of the subsidiary MAHLE Hirschvogel Forjas S.A.

## Macroeconomic scenario

Brazilian economy experienced strong growth in 2010. Economic activity has been sustained mainly by domestic demand, which is driven by credit, employment and income growth. Gross Domestic Product (GDP) closed the year with growth of 7.5%, according to the Brazilian Institute of Geography and Statistics (IBGE). The strong growth has given rise to inflation pressures due to unbalanced supply and demand, which resulted in a large increase in imports in several economic sectors, including the sector in which the Company operates. All these factors together have led the Brazilian government to remove the tax and monetary incentives granted to certain sectors during the global financial crisis. According to IBGE, Brazil's manufacturing production expanded at a rate of about 10%. This expansion has been supported largely by increased financing for manufacturing activity by public financial institutions.

The global economy is continuing its gradual recovery and the OECD leading indicators point to an increasing pace of economic expansion in the US and France and stable pace of expansion for the other G7 countries, except Japan. The economic outlook for the Euro zone seems quite asymmetric since doubts remain about the solvency of certain peripheral economies while the pace of expansion remains robust in Germany. China's economy overheating may raise inflation pressures in Brazil and the main driver is the price of commodities. This risk has been minimized since the Chinese government announced monetary tightening measures to subdue inflation.






## Company's economic and financial performance

### Initial considerations

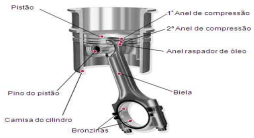
**Effective first-time adoption of International Financial Reporting Standards**– The accounting standard adopted in Brazil by publicly traded companies starting with the financial statements for the year ended December 31, 2010 consolidates the process of convergence to the International Financial Reporting Standards (IFRS), regulated in Brazil by technical pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Securities and Exchange Commission of Brazil (CVM). The comparative data for 2009 (including quarterly information (ITRs) for 2010) will be restated for the market based on the new accounting standards. The performance report for fiscal year 2010 marks the BR GAAP-IFRS transition period. The main impacts include significant changes in accounting concepts, with effects of the deemed cost on property, plant and equipment, change in consolidation principle for subsidiary MAHLE Hirschvogel Forjas S.A., and increased disclosure requirement.

**Potential impacts** – The effects of the change to international standards introduced in Brazil by Law 11,638/07 and their regulation by means of technical pronouncements (CPCs) approved by CVM may change shareholders' equity and net income of the Company, although they result in no change in strategy, performance or cash flows from operations.

### Corporate Restructuring

The corporate restructuring of MAHLE Group South America was approved on November 30, 2010. The Corporate Restructuring was divided into the following steps: (a) Mahle Componentes de Motores do Brasil Ltda. merger into the parent company Mahle Participações Ltda.; (b) Company's acquisition of quotas in Mahle Participações Ltda. from Mahle Industriebeteilingungen GmbH; (c) Mahle Participações Ltda. merger into the Company; (d) conversion of Company's preferred stock to common stock; (e) capital increase by means of private stock subscription; (f) conducting of studies of a possible secondary public offering of stock; and (f) Company's adherence to the Novo Mercado listing segment of BM&FBovespa.

Acquisition of MAHLE Participações Ltda. – The acquisition of all shares of MAHLE Participações Ltda. for R$ 818.0 million, was paid as follows: R$ 204.5 million in cash and the remaining balance of R$ 613.5 million, by capitalization of receivables, with issue by the Company of 12,315,930 registered common shares without par value, all of which were subscribed by MAHLE Industriebeteiligungen GmbH, as the holder of the receivable arising from the sale of all shares in MAHLE Participações Ltda.




**Company's performance**

The positive results reported by the automotive and auto parts industry, which were driven by the strong performance of the domestic market and the gradual recovery of the global economy, were also obtained by the Company and had a positive impact on the production and sales increase in the domestic and export market. The positive results have also derived from an ongoing cost control and rationalization of production and administrative processes.

The consolidated result for 2010 includes the statements of income for two months (November and December) of MAHLE Participações Ltda., which was merged into the Company, as stated in section "Acquisition and merger".

**Net revenues from sales**

Consolidated net revenues from sales for 2010 was R$ 1,823.4 million (R$ 1,771.5 million – consolidated, without considering the merger of MAHLE Participações Ltda. into the Company, which represented R$ 51.9 million), up 22.8% from 2009, with 18.2% in the domestic market and 33.4% in the export market. Without considering said merger, growth would have been 19.3% from 2009, representing 16.0% in the domestic market and 27.1% in the export market.

**Sales by market:**

R$ million

| **Total sales** | 2010 | 2009 | % |
|---|---|---|---|
| Domestic market | 1,226.0 | 1,036.8 | 18.2% |
| Export market | 597.4 | 447.8 | 33.4% |
| Total | 1,823.4 | 1,484.6 | 22.8% |

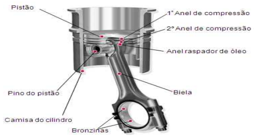
**Consolidated sales and original equipment market**

Original equipment sales were R$ 1,286.6 million, which represented a 31.1% increase compared to prior year levels. Without considering the merger of MAHLE Participações Ltda. into the Company, growth would have been 28.2% from 2009. This market accounted for 71% of consolidated total sales, representing a 24.7% increase in the domestic market and a 41.6% increase in the export market (in 2009 accounted for 66% of total sales). Original equipment sales include the merged company's net revenue of R$ 28.2 million, of which R$ 12.1 million refers to the domestic market and R$ 16.1 million refers to the export market.

**Sales by market:**

R$ million

| **Original equipment** | 2010 | 2009 | % |
|---|---|---|---|
| Domestic market | 762.2 | 611.3 | 24.7% |
| Export market | 524.4 | 370.3 | 41.6% |
| Total | 1,286.6 | 981.6 | 31.1% |






**Domestic market** - Original equipment sales to the domestic market increased 24.7% from 2009, due to more favorable economic conditions that stimulated strong growth of the automotive industry in all segments, especially in the truck and bus segments.

**Export market** - Original equipment sales to the export market were R$ 524.4 million, up 41.6% from 2009, due to upsurging growth. The Company's strategy was to maintain the presence of its products on the back of the recovery of these markets to return to pre-crisis levels.

**Consolidated sales and aftermarket**

Aftermarket sales were R$ 536.8 million, up 6.7% from 2009. Without considering the merger of MAHLE Participações Ltda. into the Company, growth would have been 2.0% from 2009. The aftermarket accounted for 29% of consolidated total sales (in 2009 accounted for 34% of total sales). Aftermarket sales include the merged company's net revenue of R$ 23.7 million, of which R$ 11.5 million refers to the domestic market and R$ 12.2 million refers to the export market.

**Sales by market:**

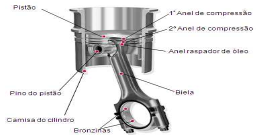
R$ million

| **Aftermarket** | 2010 | 2009 | % |
|---|---|---|---|
| Domestic market | 463.8 | 425.5 | 9.0% |
| Export market | 73.0 | 77.6 | -5.9% |
| Total | 536.8 | 503.1 | 6.7% |

**Domestic market** – Aftermarket sales to the domestic market increased 9.0% compared to 2009. This increase was due to an upturn in market, increased activity in transportation and agricultural services, maintenance services for heavy vehicles, such as agricultural machinery, trucks and tractors, and for light vehicles as well in view of the increase in vehicles fleet in circulation.

**Export market** – Aftermarket exports, when analyzed in foreign currency, were US$ 57.8 million in 2010, representing an increase of about 12% compared to the prior year. However, exports, when expressed in local currency, fell 5.9%.

**Gross margin** – Consolidated gross income in 2010 was R$ 491.4 million (R$ 474.6 million – consolidated, without considering the merger of MAHLE Participações Ltda. into the Company), representing growth of 47.3% from 2009, with gross margin increasing from 22.5% to 26.9%, up 4.4 percentage points. Without considering said merger, growth would have been 42.2% compared to 2009 levels, with gross margin increasing from 22.5% to 26.8%. This increase was due to the increase in domestic and export market sales, continuing control over operating expenses, recovery of demand for heavy vehicles and merger with MAHLE Participações Ltda.






**Selling expenses** - Selling expenses as a percentage of net revenues from sales increased to 6.8% in 2010 from 6.0% in 2009. This increase was due to larger share of exports in total sales with a rise in international freight costs to historical levels and freight costs to meet extraordinary orders.

**General and administrative expenses** – General and administrative expenses in relation to net revenues from sales changed from 4.2% in 2009 to 4.4% in 2010. This growth is due, among other things, to the increase in the Profit Sharing amount distributed to all Company's employees.

**Other operating income (expenses), net** – net expenses of R$ 109.9 million (R$ 42.8 million in 2009), including the application of deemed cost for property, plant and equipment, pursuant to CVM resolution 619/2009, which approved Technical Interpretation ICPC 10, generating depreciation expenses of R$ 60.3 million in 2010, represented by realization of deemed cost of property, plant and equipment of R$ 44.0 million (R$ 51.2 million in 2009) and realization of fair value of R$ 16.3 million, as described in the explanatory note 25 of the financial statements. The depreciation of the deemed cost of property, plant and equipment, net of deferred income and social contribution taxes under the transition tax regime (RTT), is R$ 29.1 million (R$ 33.8 million in 2009), as stated in explanatory note 32.

Other operating income (expenses), net also include sundry provisions and other income and expenses, generating net expenses of R$ 49.6 million, versus income of R$ 8.4 million in 2009, due to the reversion of part of the provisions for contingencies, taxes and product losses.

**Operating income measured by EBITDA** - In 2010 EBITDA (earnings before interest, tax, depreciation and amortization) totaled R$ 269.7 million, an increase of 24.2% compared to 2009, generating a margin (EBITDA / net revenues) of 14.8%, representing an increase of 0.2 percentage points compared to 2009, regardless of the increase in operating expenses previously mentioned.

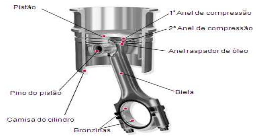
Without considering the effect of the merger of MAHLE Participações Ltda. into the Company, EBITDA would be R$ 259.1 million, representing an increase of 19.3% compared to 2009, generating a margin of 14.6%, such as the previous year.

R$ million

| | 2010 | 2009 | Var.% |
|---|---|---|---|
| Net revenues from sales (Net sales) | 1,823.4 | 1,484.6 | 22.8% |
| Cost of goods sold | (1,332.0) | (1,150.9) | 15.8% |
| **Gross income** | **491.4** | **333.7** | 47.1% |
| Operating expenses / income (*) | (372.2) | (239.0) | |
| **EBIT** | **119.2** | **94.7** | 25.9% |
| (+) Depreciation and fair value depreciation | 150.5 | 122.5 | |
| **EBITDA** | **269.7** | **217.2** | 24.2% |
| **EBITDA margin (EBITDA/Net sales)** | 14.8% | 14.6% | 0.2 p.p. |

(*) (Selling, administrative) operating income and expenses, R&D, and other net operating income and expenses.






## Financial Management

### Net financial income (expenses)

R$ million

| | 2010 | 2009 | Variation |
|---|---|---|---|
| Interest, net | **(10.0)** | **(43.7)** | 33.7 |
| Monetary variation | **(12.1)** | **(10.0)** | (2.1) |
| Currency variation, net | **13.2** | **-** | 13.2 |
| Result with derivatives | **-** | **(3.1)** | 3.1 |
| Other | **(1.7)** | **(1.9)** | 0.2 |
| | | | |
| **Net financial expenses** | **10.6** | **58.7** | **48.1** |

In 2010 net financial expenses amounted to R$ 10.6 million, a drop of R$ 48.1 million compared to the amount of R$ 58.7 million in 2009. This is due to a reduction in the result on net interest caused by a reduction in the indebtedness level over the year, reduction of costs until the corporate restructuring, reduction of exchange variation on investments abroad and positive result on financial instruments.

### Indebtedness

Consolidated net indebtedness in 2010 was R$ 321.8 million, an increase of R$ 84.5 million compared to 2009. This increase is basically due to the acquisition of MAHLE Participações Ltda. at the end of November 2010 with part of the payment in currency, in the amount of R$ 204.5 million in the process of corporate restructuring of MAHLE Brasil Group.

R$ million

| **Liabilities** | 12.31.10 | 12.31.09 |
|---|---|---|
| Financings | **637.6** | **405.1** |
| -short-term | 168.6 | 85.1 |
| -long-term | 469.0 | 320.0 |
| **Assets** | | |
| Cash/ banks/ financial investments | (315.8) | (167.8) |
| **Net indebtedness** | **321.8** | **237.3** |

### Net income

Net income for 2010 was R$ 83.7 million (R$ 22.9 million in 2009). This result comes from a favorable economic scenario, with significant increase in domestic sales and recovering of sales to export markets, bringing positive effects on the Company's operations. Without considering the effect of MAHLE Participações Ltda. merger into the Company, net income would be R$ 95.7 million. The negative result of the merged company is due to accounting changes for the transition to the International Financial Reporting Standards (IFRS), which resulted in an increase of R$ 16.3 million in depreciation expenses due to the fair value adjustment of inventories and property, plant and equipment.

Such accounting changes brought impacts on consolidated income of R$ 60.3 million, of which R$ 16.3 million refers to the merged company; R$ 40.4 million refers to the realization of deemed cost for the Company's property, plant and equipment (R$ 51.2 million in 2009); and R$ 3.6 million refers to the realization of deemed cost of controlled company.

**Capital expenditures**

- **Property, plant and equipment** – Consolidated capex in property, plant and equipment in 2010 totaled R$ 67.2 million (R$ 35.0 million in 2009). The resources were employed in new products and processes, production streamlining, machinery and equipment, quality and information technology.

- **Investments in subsidiaries** – Such investments, as commented in "Corporate Restructuring" above, amounted to R$ 204.5 million.

**Human Resources**

As of December 31, 2010 the Company and its controlled companies had 11,319 employees (7,790 employees as of December 31, 2009). The increase is due to the acquisition of MAHLE Componentes de Motores Ltda. (2,623 employees) and the growth in the production and sales volume (906 employees).

**Benefits to Shareholders**

In 2010 the Company distributed interest on equity and cash dividends in accordance with the Board of Directors' Meeting held on November 9, 2010, as follows:

- Interest on equity in the gross amount of R$ 25.2 million, paid on December 2, 2010, corresponding to the amounts of R$ 0.66494951 per common share and R$ 0.73144446 per preferred share, net of income tax.

- Interim cash dividends of R$ 55.8 million, corresponding to R$ 1.72942561 per common share and R$ 1.90236817 per preferred share, paid on the same date.

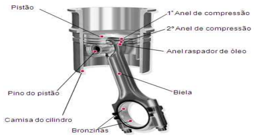
The balance of retained earnings, of R$ 26.7 million, shall be allocated to the "reserve for expansion and modernization" account, pursuant to the capital budget approved by Management.

**Election of the Investor Relations Officer**

The Board of Directors' Meeting held on November 9, 2010 elected Mr. Heiko Pott to hold the position of Investor Relations Officer.

**Company's stock capital increase**

The Extraordinary Shareholders' Meeting held on November 30, 2010 approved a company's stock capital increase due to the acquisition and merger of MAHLE Participação Ltda. This increase refers to the payment to MAHLE Industriebeteilingungem GmbH of the portion referring to 75% of the acquisition price of MAHLE Participação Ltda. through the issuance by the Company of 12,315,930 new common shares at the issue price of R$ 49.81353418 per share, totaling R$ 613,500,000.00. The newly-issued common shares were subscribed and paid by Mahle Industriebeteiligungen GmbH through capitalization of credit in the same amount of the






capital increase approved, due by the Company to Mahle Industriebeteiligungen GmbH by virtue of the acquisition of Mahle Participações Ltda., subject to the preemptive rights of the Company's shareholders. The same Shareholders' Meeting approved the conversion of all preferred shares issued by the Company to common shares. The Company's stock capital changed from R$ 352,754,684.00 to R$ 966,254,684.00, fully paid-in, represented by 42,769,500 common shares without par value. Itaú Unibanco S.A., a financial institution which provides share bookkeeping services to the Company, informed that during the period of exercise of the preemptive rights (between January 10 and February 8, 2011) 1,506 common shares were subscribed, totaling R$ 75,019.07. Accordingly, the number of shares subscribed by MAHLE Industriebeteiligungen GmbH totals 12,314,424, which corresponds to R$ 613,424,980.94.

**Market outlook**

**Forecast for the automotive industry in Brazil** – According to the Brazilian Association of Motor Vehicle Manufacturers (Anfavea) the automotive industry should follow the growth of the Brazilian's GDP. A major challenge for the next government includes eliminating the infrastructure obstacles for the sector to grow above the GDP over the next years and reach 4.8 million vehicles by 2015.

Also according to Anfavea, in 2011 the forecast is moderate growth in the production of Brazilian vehicles due to greater share of imported vehicles in the domestic market and fall in exports due to the exchange rates.

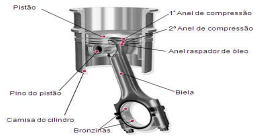
The domestic market will continue supporting the automotive sector. This sector will not count this year on the reduced IPI (federal VAT) rate nor various incentive programs of BNDES for heavy vehicles, including the Program for Investment Maintenance (PSI), which will be valid until next March, and it has yet to face a more restricted credit framework due to the measures adopted by the Central Bank.

**Domestic market sales** – In 2011 sales to the Brazilian market should grow less than the previous years – around 5%, which corresponds to 3.69 million of vehicles (light vehicles, trucks and buses), according to Anfavea.

According to the Brazilian Association of Auto Parts Manufacturers (Sindipeças), the heavy vehicle sales forecast is to maintain the upward trend and reach 7% in 2011, with more significant sales in the next three years, from 2012 to 2014, due to large infrastructure projects to meet the World Cup (2014) and the Olympic Games (2016), and several economic sectors should be kept heated, including the civil construction and durable consumer goods industries, specially for commercial vehicles and trucks and renewal of fleet of road and urban buses in Brazil.

**Sales to export market** – According to Anfavea's estimates, export sales of Brazilian cars should fall by 4.7% in 2011, to 730 thousand units due to the low competitiveness resulting from the exchange rates. On the other hand, according to Anfavea, imported vehicle sales to Brazil total 800 thousand units and should account for an increase of approximately 21% compared to 2009.

**Vehicle production** – Anfavea estimates that the Brazilian vehicle production will increase 1.1%, changing to 3.68 million units (automobiles, light vehicles, trucks and buses) in relation to 2010, a volume below the total sales to the domestic market, due to



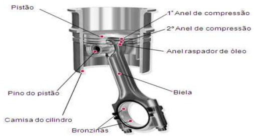



the significant increase in sales of imported vehicles. According to Sindipeças' forecast, the production of heavy vehicles (trucks and buses) should reach 250 thousand units, another record for the sector, with an increase of around 5% compared to 237.2 thousand units recorded in 2009.

**Engine production –** The forecast for engine production in Brazil in 2011 is a growth of approximately 5% compared to 2010, corresponding to 4.1 million units (3.9 million in 2010), according to Sindipeças, due to estimates of heated domestic demand and gradual recovery of the main countries of operations.

**Argentinean automotive industry**
As expected by the Argentinean Automakers Association (Adefa), the Argentinean automotive industry estimates the maintenance of growth of production and sales of vehicles in 2011 and consequently new record sales, although at a slower pace in comparison with the previous year. According to Adefa, the vehicle production should close the year with around 810 thousand units and an increase of approximately 12% in relation to 2010. Also According to Adefa, sales of vehicles to domestic market should increase approximately 5% and exports, 12%.

**Company**
Historically, the Company's performance has accompanied the changes in the volumes of sales of the automotive sector. Considering the aforementioned factors, the Company's Management will focus on business opportunities to boost the aftermarket segment and maximize the use of possible synergies resulting from the merger of the piston ring business of MAHLE Participações Ltda. seeking to improve its operational performance.






## MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

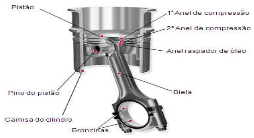
### BALANCE SHEETS - ASSETS
December 31, 2010 and December 31, 2009
(In thousands of BRL)

| ASSETS | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 12.31.2010 | 12.31.2009 | 12.31.2010 | 12.31.2009 |
| **Current assets** | | | | |
| Cash and cash equivalents | 277,476 | 98,658 | 315,797 | 167,766 |
| Trade accounts receivable | 222,436 | 164,947 | 291,156 | 223,970 |
| Accounts receivable from related parties | 93,625 | 109,267 | 40,761 | 35,563 |
| Inventories | 198,099 | 126,043 | 278,566 | 184,412 |
| Recoverable taxes | 34,996 | 39,529 | 49,312 | 49,592 |
| Cash dividends and interest on shareholder's equity receivable | 6,250 | 1,184 | - | - |
| Gains unrealized with derivative financial instruments | 13,070 | 9,732 | 13,223 | 9,926 |
| Other assets | 7,491 | 5,079 | 7,876 | 9,248 |
| **Total current assets** | **853,443** | **554,439** | **996,691** | **680,477** |
| | | | | |
| **Noncurrent assets** | | | | |
| **Long-term receivables** | **114,931** | **74,839** | **137,147** | **85,998** |
| Accounts receivable from related parties | 7,826 | 0 | **11,637** | - |
| Deferred income and social contribution taxes | 97,225 | 65,633 | 114,738 | 75,649 |
| Recoverable taxes | 8,784 | 8,944 | 9,678 | 10,087 |
| Other assets | 1,096 | 262 | 1,094 | 262 |
| **Permanent assets** | **1,441,460** | **795,120** | **1,444,319** | **800,320** |
| Investments in subsidiaries and subsidiaries joined | 83,416 | 85,872 | - | - |
| Other investments | 371 | 371 | 371 | 371 |
| Property, plant and equipment | 661,137 | 596,514 | 742,413 | 680,902 |
| Intangible assets | 696,536 | 112,363 | 701,535 | 119,047 |
| **Total noncurrent assets** | **1,556,391** | **869,959** | **1,581,466** | **886,318** |
| | | | | |
| **Total assets** | **2,409,834** | **1,424,398** | **2,578,157** | **1,566,795** |

## MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

### BALANCE SHEETS - LIABILITIES AND SHAREHOLDER'S EQUITY
December 31,2010 and December 31, 2009
(In thousands of BRL)

| LIABILITIES | Controladora | | Consolidado | |
|---|---|---|---|---|
| | 31.12.2010 | 31.12.2009 | 31.12.2010 | 31.12.2009 |
| **Current liabilities** | | | | |
| Financings | 119,204 | 49,538 | 168,621 | 85,067 |
| Trade accounts payable | 61,902 | 35,255 | 77,791 | 50,098 |
| Taxes and contributions payable | 18,156 | 15,319 | 21,085 | 18,451 |
| Salaries, accrual for vacation and social charges payable | 72,280 | 32,191 | 83,231 | 42,063 |
| Unrealized losses with derivative financial instruments | 373 | 2,681 | 375 | 2,684 |
| Advances from customers | 4,636 | 1,874 | 6,730 | 2,704 |
| Interest on shareholder's equity payable | 173 | 43,816 | 2,275 | 44,356 |
| Accounts payable to related parties | 11,988 | 14,879 | 25,800 | 20,718 |
| Other provisions | 45,847 | 25,071 | 52,887 | 31,664 |
| Provision for warranties | 10,478 | 9,002 | 11,217 | 9,697 |
| Other liabilities | 25,401 | 20,118 | 31,537 | 27,932 |
| **Total current liabilities** | **370,438** | **249,744** | **481,549** | **335,434** |
| | | | | |
| **Non current liabilities** | | | | |
| Financings | 449,288 | 300,281 | 468,944 | 320,035 |
| Provision for capital deficiency in subsidiary | 2,165 | 1,190 | - | - |
| Provision for contingencies and legal obligations related to judicial proceedings | 142,371 | 72,717 | 156,067 | 84,929 |
| Deferred income and social contribution taxes | 102,801 | 75,923 | 108,409 | 82,234 |
| Social contribution taxes payable | 9,838 | 7,008 | 10,905 | 7,470 |
| Other liabilities | 65 | 65 | 4,447 | 5,018 |
| **Total noncurrent liabilities** | **706,528** | **457,184** | **748,772** | **499,686** |
| **Shareholder's equity** | | | | |
| Stock Capital | 966,255 | 352,755 | 966,255 | 352,755 |
| Income reserves | 244,836 | 214,010 | 244,836 | 214,010 |
| Other comprehensive income | 121,777 | 150,705 | 121,777 | 150,705 |
| **Controlling shareholder's equity** | **1,332,868** | **717,470** | **1,332,868** | **717,470** |
| | | | | |
| **Minority shareholder's equity** | - | - | **14,968** | **14,205** |
| | | | | |
| **Shareholder's equity** | **1,332,868** | **717,470** | **1,347,836** | **731,675** |
| | | | | |
| **Total liabilities and shareholder's equity** | **2,409,834** | **1,424,398** | **2,578,157** | **1,566,795** |

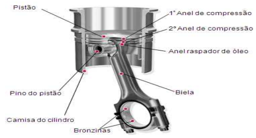





## MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

### INCOME STATEMENT
**Fiscal Years ended on December 31, 2010 and 2009**
**(In thousands of BRL, except EPS)**

| INCOME STATEMENT | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 12.31.2010 | 12.31.2009 | 12.31.2010 | 12.31.2009 |
| **Net revenues from sales and services** | **1,525,784** | **1,198,123** | **1,823,397** | **1,484,623** |
| Cost of goods sold and services rendered | (1,109,789) | (925,602) | (1,331,969) | (1,150,935) |
| **Gross income** | **415,995** | **272,521** | **491,428** | **333,688** |
| Selling expenses | (87,602) | (60,068) | (123,389) | (88,424) |
| General and administrative expenses | (82,965) | (60,263) | (94,504) | (70,447) |
| Expenses with technology and product development | (40,854) | (30,856) | (44,509) | (37,347) |
| Other operating income (expenses), net | (98,895) | (29,052) | (109,872) | (42,773) |
| **Operating revenue (expenses)** | **(310,316)** | **(180,239)** | **(372,274)** | **(238,991)** |
| **Income before financial result, equity pick up and taxes** | **105,679** | **92,282** | **119,154** | **94,697** |
| Result of equity pick-up | 10,050 | (15,984) | - | - |
| Provision for capital deficiency in subsidiary | (975) | (889) | - | - |
| **Income before financial result and taxes** | **114,754** | **75,409** | **119,154** | **94,697** |
| Net financial result | (3,555) | (45,691) | (10,600) | (58,730) |
| **Income before income and social contribution taxes** | **111,199** | **29,718** | **108,554** | **35,967** |
| **Income and social contribution taxes** | **(28,348)** | **(9,047)** | **(24,841)** | **(13,021)** |
| Current | (45,742) | - | (50,583) | (4,033) |
| Deferred | 17,394 | (9,047) | 25,742 | (8,988) |
| **Net income for the year** | **82,851** | **20,671** | **83,713** | **22,946** |
| **Untitled to:** | | | | |
| **Controlling shareholder's interest** | 82,851 | 20,671 | 82,851 | 20,671 |
| **Minority shareholder's interest** | - | - | 862 | 2,275 |
| **Basic and diluted earnings per share issued in BRL** | 2.50 | 0.64 | 2.52 | 0.71 |
| Number of shares issued (in thousands) | 42,770 | 30,454 | 42,770 | 30,454 |






## MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

### STATEMENT OF CASH FLOW
**Fiscal Years ended on December 31, 2010 and 2009**
**(In thousands of BRL)**

| STATEMENT OF CASH FLOW | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 12.31.2010 | 12.31.2009 | 12.31.2010 | 12.31.2009 |
| **Cash flows from operating activities** | | | | |
| **Net income for the year** | **82,851** | **20,671** | **83,713** | **22,946** |
| **Adjustments to reconcile net income to cash provided by operating activities** | | | | |
| Depreciation and amortization | 110,110 | 105,978 | 123,759 | 122,477 |
| Realization of fair value on inventories | 14,400 | - | 14,400 | - |
| Result of Equity pick-up | (10,050) | 15,984 | - | - |
| Provision for capital deficiency in subsidiary | 975 | 889 | - | - |
| Interest and exchange and monetary variations, net | 35,935 | 52,028 | 42,851 | 59,654 |
| Losses with derivative financial instruments | 236 | (72,380) | 276 | (75,388) |
| Result on property, plant and equipment sold | (953) | (505) | (485) | (311) |
| Deferred income and social contribution taxes | (17,394) | 9,047 | (25,742) | 8,988 |
| Allowance for debtful accounts | 1,483 | (1,289) | 1,924 | (4,123) |
| Provision for contingencies and legal obligations | 10,211 | (19,517) | 10,537 | (20,174) |
| Provision for warranties | 657 | 591 | 701 | 780 |
| Other provisions | 10,514 | (12,694) | 10,961 | (18,690) |
| Provision for losses with property, plant and equipment and intangible assets | 16,591 | 5,332 | 16,589 | 7,446 |
| Provision for losses on inventories | (691) | 4,631 | (993) | 2,633 |
| **Decrease (increase) in assets** | | | | |
| Trade accounts receivable | (31,736) | (19,033) | (41,619) | (5,266) |
| Accounts receivable from related parties | 48,546 | 93,982 | 36,505 | 31,957 |
| Inventories | (22,910) | 54,620 | (41,493) | 102,514 |
| Recoverable taxes | 10,047 | 10,344 | 6,050 | 23,392 |
| Other accounts receivable | 679 | 5,205 | 4,464 | 3,145 |
| **Decrease (increase) in liabilities** | | | | |
| Trade accounts payable | 1,201 | (9,050) | 2,247 | (13,192) |
| Salaries, accrual for vacation and social charges payable | 22,172 | (10,034) | 23,250 | (8,104) |
| Taxes and contributions payable | 5,632 | 8,628 | 6,039 | 10,329 |
| Accounts payable to related parties | (8,934) | 818 | (17,441) | (12,114) |
| Other liabilities and judicial deposits | 3,591 | 4,397 | 659 | 7,033 |
| **Net cash provided by operating activities** | **283,163** | **248,643** | **257,152** | **245,932** |
| **Net cash used in investing activities** | | | | |
| Subsidiary's stock capital increase | - | (35,924) | - | - |
| Cash paid for the acquisition of subsidiary, net of cash received | 16,677 | (1,067) | 25,852 | (1,067) |
| Cash dividends and interest on equity received of subsidiaries | 5,025 | 21,124 | - | - |
| Additions to property, plant and equipment | (50,353) | (24,755) | (65,385) | (32,259) |
| Additions to intangible assets | (1,619) | (1,872) | (1,841) | (2,338) |
| Proceeds from sales of property, plant and equipment | 1,615 | 966 | 2,014 | 1,350 |
| **Net cash used in investing activities** | **(28,655)** | **(41,528)** | **(39,360)** | **(34,314)** |
| **Cash flows from financing activities** | | | | |
| Inflow of Financing | 171,272 | 474,421 | 246,783 | 574,251 |
| Amortization of financing-principal amounts | (101,110) | (563,195) | (168,051) | (697,434) |
| Amortization of financing-interest | (24,596) | (44,898) | (29,799) | (54,235) |
| Discounted exchange bills | - | (13,725) | - | (14,802) |
| Advances from customers | 2,761 | 155 | 3,860 | (374) |
| Minority interest on interest on shareholder's equity | - | - | (99) | (2,359) |
| Prescribed dividends | 686 | - | 686 | - |
| Cash dividends and interest on shareholder's equity paid | (124,703) | (11,620) | (123,141) | (11,920) |
| **Net cash provided by (used in) financing activities** | **(75,690)** | **(158,862)** | **(69,761)** | **(206,873)** |
| **Increase (decrease) in cash and cash equivalents, net** | **178,818** | **48,253** | **148,031** | **4,745** |
| Cash and cash equivalents at the beginning of the period | 98,658 | 50,405 | 167,766 | 163,021 |
| Cash and cash equivalents at the end of the period | 277,476 | 98,658 | 315,797 | 167,766 |
| **Additional information:** | | | | |
| Payment of income and social contribution taxes | (50,626) | (5,514) | (56,715) | (8,717) |
| Shareholder's equity valuation adjustments, net of taxes | 3,464 | 108,649 | 3,464 | 108,861 |