



SAF-HOLLAND S.A.

**Half-Year Financial
Report**

As of June 30, 2007

3 **Group Figures at a Glance**

Group Interim Management Report

4	MARKET ENVIRONMENT
4	SALES AND EARNINGS PERFORMANCE
8	FINANCIAL POSITION
9	PERSONNEL
10	ENVIRONMENT
10	RESEARCH & DEVELOPMENT
10	OPPORTUNITIES AND RISKS
11	SUBSEQUENT EVENTS
13	OUTLOOK

Group Interim Financial Report

14	INTERIM CONSOLIDATED INCOME STATEMENT
15	INTERIM CONSOLIDATED BALANCE SHEET
16	INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
18	INTERIM CONSOLIDATED CASH FLOW STATEMENT
20	NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
29	Responsibility Statement
30	Contacts
30	Financial Calendar

Group Figures at a Glance

(€ MM)	FY 2006 Pro Forma ¹	H1/2007	H1/2006 Pro Forma ¹	Change in %	Q2/2007	Q2/2006 Pro Forma ¹	Change in %
Sales	777.8	411.6	399.1	3	199.1	199.5	-
<i>Δ% currency-adjusted</i>				7			8
Operating profit	55.0	15.9	31.2	-49	1.8	15.7	-88
Profit /loss before tax	23.6	5.6	15.7	-65	-1.9	7.8	-125
Profit/loss for the period	13.1	3.1	8.1	-62	-1.4	3.7	-137
Earnings per share (EPS) in € ²	13.83	3.25	8.53	-62	-1.44	3.93	-137
EBIT	55.7	16.3	31.2	-48	2.0	15.6	-87
<i>EBIT margin</i>	7.2%	4.0%	7.8%		1.0%	7.8%	
Adjusted EBIT ³	65.1	30.3	37.0	-18	12.3	17.4	-29
<i>EBIT margin</i>	8.4%	7.4%	9.3%		6.2%	8.7%	
EBITDA	74.5	25.5	40.1	-37	6.6	19.4	-66
<i>EBITDA margin</i>	9.6%	6.2%	10.0%		3.3%	9.7%	
Adjusted EBITDA ⁴	77.0	36.2	42.4	-15	15.2	19.4	-22
<i>EBITDA margin</i>	9.9%	8.8%	10.6%		7.7%	9.7%	
Cash Flow from operating activities	n/a	22.3	n/a		16.5	n/a	
Free Cash Flow	n/a	-3.4	n/a		1.2	n/a	
Employees (Number as of June 30)	-	2,949	2,913	1			

The following remarks apply to the complete financial report:

¹SAF-Holland S.A. acquired SAF-HOLLAND GmbH with effective date March 31, 2006 and SAF-HOLLAND Holdings (USA) Inc. with effective date December 18, 2006. Therefore the first six months and the second quarter 2007 can only be compared with the second quarter 2006 on a pro forma basis. Pro forma represents figures for the year 2006 as if the two subgroups would have been acquired as of January 1, 2007.

²EPS based on number of shares before share split into €0.01 shares

³Adjusted EBITDA is defined as EBITDA plus additional step up inventory costs from purchase price allocation (PPA) as well as transaction costs.

⁴Adjusted EBIT is defined as EBIT plus any additional depreciation, amortization and step up inventory costs from purchase price allocation (PPA) as well as transaction costs.

Group Interim Management Report

MARKET ENVIRONMENT

Stable development of world economy

The global economy showed an overall growth in the first half of 2007. In Europe the positive development continued with specifically Germany contributing to the upward trend. The US economy was impacted by the current trends in the US housing market as well as a weaker truck and car industry. According to the IMF (International Monetary Fund), the economic climate is generally expected to remain positive in the further course of the year with a growth rate of the world economy of 4.9% in 2007.

Market development in trailer business driven by Europe

Driven by the stable upturn in Europe, trailer manufacturers have been faced with a sustained high market demand, resulting in a strong surge in demand for axles. It is expected that this trend will continue for the Fiscal Year 2007. North American trailer builds have been affected by the economic downturn in the housing market, leading to lower freight-related demand. The overall market development in the truck business has additionally been impacted by the US. As a consequence of a new engine emissions law, which took effect as of January 1, 2007, and customers' pre-buying of new trucks in 2005 and 2006 prior to the new emissions law, North American truck builds have been weak in the first six months. This is a trend also expected for the entire year 2007.

SALES AND EARNINGS PERFORMANCE

SAF-HOLLAND S.A. acquired SAF-HOLLAND GmbH based in Germany on March 31, 2006 and SAF-HOLLAND Holdings (USA) Inc., USA, on December 18, 2006, respectively. Due to these transactions, figures for the first half of 2006 do not represent an accurate comparable basis for the current reporting period. As a consequence, the following financial information for the year 2006 is being presented on a pro forma (PF) basis as if the two subgroups would have been acquired as of January 1, 2006.

Group sales rise by 3%, currency-adjusted by 7%

In the first six months of the year, SAF-HOLLAND posted a sales growth of 3% to €411.6 million (H1/2006 PF: €399.1 million). Adjusted for negative currency effects resulting from the weak US Dollar, sales increased by 7%.

On a regional basis, the growth was driven by Europe, where sales increased from €199.6 million in the prior year period to €252.4 million in the first half of 2007, representing a significant plus of 27%. In North America, sales amounted to €160.7 million, a decline of 19% on a pro forma basis. Adjusted for exchange rate effects, sales were down by 13%. The primary reasons for this decrease in sales were the pre-buying trend in the years 2005 and 2006 due to the new engine emissions regulations as of January 1, 2007, which impacted the Group's sales in the truck industry. Additionally, sales related to trailers slowed down as a consequence of the weakening housing market in North America.

Sales break down by region H1/2007:

(€ MM)	H1/2007	H1/2006 Pro Forma ¹	Change in %	Change in % currency- adjusted
North America	160.7	199.5	-19	-13
Europe	252.4	199.6	27	27
Elimination due to inter-segment sales	-1.5	0	-	-
Total	411.6	399.1	3	7

Sales break down by region Q2/2007:

(€ MM)	Q2/2007	Q2/2006 Pro Forma ¹	Change in %	Change in % currency- adjusted
North America	73.8	98.2	-25	-11
Europe	126.2	101.3	25	25
Elimination due to inter-segment sales	-0.9	0	-	-
Total	199.1	199.5	-	8

Trailer Systems sales increased by 13% to €273.3 million in the first half of 2007 from €242.5 million pro forma in the comparable prior-year period. On a currency-adjusted basis, the growth rate was 15%. The exceptionally strong demand of SAF-HOLLAND axle systems in the European market clearly over-compensated the decrease in North America.

Sales in the Business Unit Powered Vehicle Systems decreased by 26% (currency-adjusted -20%) to €45.1 million (H1/2006: €61.2 million) as a result of the prescribed market developments in the US in advance of new emissions regulations.

The Business Unit Aftermarket Sales showed a slight decline of 2% despite a dynamic sales development in Europe (+23%), posting a sales volume of €93.2 million in the first six months of the year (H1/2006: €95.4 million). Adjusted for currency-effects, Aftermarket Sales achieved a slight growth 3%.

The following table represents the sales development by Business Unit in H1/2007:

(€ MM)	H1/2007	H1/2006 Pro Forma ¹	Change in %	Change in % currency- adjusted
Trailer Systems	273.3	242.5	13	15
Powered Vehicle Systems	45.1	61.2	-26	-20
Aftermarket	93.2	95.4	-2	3
Total	411.6	399.1	3	7

The following table represents the sales development by Business Unit in Q2/2007:

(€ MM)	Q2/2007	Q2/2006 Pro Forma ¹	Change in %	Change in % currency- adjusted
Trailer Systems	134.0	123.2	9	14
Powered Vehicle Systems	20.0	30.6	-35	-23
Aftermarket	45.1	45.7	-1	12
Total	199.1	199.5	-	8

Earnings development

Gross profit for the first six months ended June 30, 2007, decreased by 5% to €74.0 million or 18.0% of total sales from €78.1 million or 19.6% of total pro forma sales of €399.1 million for the prior year. The gross margin development was impacted by an increase in raw material prices of around 1% on average in the period under review. In addition, facilities in North America were not fully utilized, an effect which could not be fully compensated by European production operating at full capacity. As a result of sales price increases and cost cutting programs, an improvement of the gross margin is expected in the second half of the year.

The following table represents the gross profit development by Business Unit in H1/2007:

(€ MM)	Trailer Systems	Powered Vehicles	After- market Sales	Total
Total sales	273.3	45.1	93.2	411.6
Cost of sales	236.8	38.6	62.2	337.6
Total Gross profit %	13.4	14.2	33.3	18.0

The following table represents the gross profit development by Business Unit in H1/2006:

(€ MM)	Trailer Systems	Powered Vehicles	After-market Sales	Total
Total sales	242.5	61.2	95.4	399.1
Cost of sales	204.6	52.9	63.5	321.0
Total Gross profit %	15.7	13.4	33.5	19.6

In the reporting period, the integration of the SAF and HOLLAND subgroups and the listing (IPO) of the Company at the Frankfurt Stock Exchange on July 26, 2007, have caused additional costs and partly one-off effects. The additional cost for the integration and the IPO (transaction costs) amounted to €9.5 million in the period under review.

In order to enhance the understanding of operating results, SAF-HOLLAND reports adjusted EBITDA and EBIT figures. The adjustments relate to the acquisition of SAF and HOLLAND subgroups and include additional depreciation and amortization as well as an inventory step up resulting from the purchase price allocation (PPA). In the first half of 2007, these effects amounted to a total of €4.5 million in addition to the transaction costs amounted to €9.5 million.

(€MM)	H1/2007	H1/2006 Pro Forma ¹	Change in %	Q2/2007	Q2/2006 Pro Forma ¹	Change in %
EBITDA	25.5	40.1	-36	6.6	19.4	-66
<i>EBITDA margin (in %)</i>	6.2	10.0		3.3	9.7	
Additional Cost of Sales PPA	1.2	2.3	-48	0	0	-
Transaction Costs	9.5	0	-	8.6	0	-
Adjusted EBITDA	36.2	42.4	-15	15.2	19.4	-22
<i>EBITDA margin adjusted (in %)</i>	8.8	10.6		7.6	9.7	

(€MM)	H1/2007	H1/2006 Pro Forma ¹	Change in %	Q2/2007	Q2/2006 Pro Forma ¹	Change in %
EBIT	16.3	31.2	-48	2.0	15.6	-87
<i>EBIT margin (in %)</i>	4.0	7.8		1.0	7.8	
Additional Depreciation PPA	3.3	3.5	-6	1.7	1.8	-6
Additional Cost of sales PPA	1.2	2.3	-48	0	0	-
Transaction Costs	9.5	0	-	8.6	0	-
Adjusted EBIT	30.3	37.0	-18	12.3	17.4	-29
<i>EBIT margin adjusted (in %)</i>	7.4	9.3		6.2	8.7	

FINANCIAL POSITION

Significant investments to expand capacity

In the first six months of the year, SAF-HOLLAND spent €7.8 million for capital expenditure. Investments were focused mainly on rationalization measurements and expansion of existing capacities. This included a new automated Welding Line and additional Welding Robots for the production as well as the construction of a shop for servo-hydraulic testing equipment (Hydropulser).

Liquidity and Cash Flow

The positive business development is also reflected in the cash flow from operating activities, which amounted to €22.3 million in the first six months of 2007.

In connection with the acquisition of the former HOLLAND subgroup in the US new financing arrangements were made for the Group. In this regard, existing long-term loans were partly repaid through own funds and partly replaced by new long-term loans of €286.7 million as of December 18, 2006. The new loans run for eight and nine years respectively. The Company's long-term financing is based on loan agreements, partly in US Dollar and in Euro. To cover risks from variable interest, the Company concluded two interest rate hedges in March 2007 to hedge the three-month EURIBOR and the LIBOR respectively. In total, approximately 85% and 65%, respectively, of the interest exposure have been fixed.

Due to the positive business performance, the working capital credit lines of €25 million were only utilized by approximately 25% in the first six months of the year. Some free funds were invested as time deposits.

Solid Balance Sheet Structure

As of June 30, 2007, the SAF-HOLLAND Group reported total assets of €569.9 million, up from €544.1 million at December 31, 2006. The increase is mainly related to higher inventories which rose from €84.5 million to €93.1 million as a result of the considerably increased business volume. In addition, trade receivables rose by €10.7 million to €101.3 million, also reflecting the operating business development. Other current assets increased from €4.3 million as of December 31, 2006 to €11.2 million as of June 30, 2006. This is mainly attributable to an increase in the fair value of the two interest rate swap agreements and the accrued costs related to the IPO.

Accumulated other comprehensive income increased from €0.1 million at the end of the prior year to €3.9 million as of June 30, 2007, mainly due to exchange rate effects.

The equity ratio as of June 30, 2007 is 2.9% (Dec. 31, 2006: 1.7%). As of the end of the first half 2007, financial net debt amounts to €327.3 million compared to €320.9 million at December 31, 2006.

€ MM	ASSETS			EQUITY & LIABILITIES			
	06/30/07	%	12/31/06	06/30/07	%	12/31/06	
Non-current assets	338.8	59.4	337.9	Equity	16.4	2.9	9.4
Current assets	231.1	40.6	206.2	Accruals & Liabilities	192.9	33.8	176.1
				Pension Accruals	14.8	2.6	15.7
				Financial debt	345.8	60.7	342.9
Total	569.9	100.0	544.1	Total	569.9	100.0	544.1

PERSONNEL

As of June 30, 2007 SAF-HOLLAND employed a global workforce of 2,949, including temporary personnel (Dec. 31, 2006: 3,050). The number of employees has slightly decreased in comparison to year-end 2006. The employee structure in the first half of 2007 represents an average length of service of SAF-HOLLAND employees of 13 years, emphasizing the strong identification with the Company.

ENVIRONMENT

All legal and ecological provisions relating to the use and handling of environmentally dangerous substances were reviewed in the first half of 2007. In North America the Group has adopted and adheres to ISO-14001 environmental standards, with 10 of its 16 manufacturing and warehousing facilities already certified.

RESEARCH AND DEVELOPMENT

Research and development (R&D) expenses represented to 1.4% of sales, amounting to €5.9 million in the first half of 2007. This reflects the Company's efforts in developing new and innovative products. As an example, the new "ALL-IN" axle-aggregate was launched as scheduled in the first half of 2007. It guarantees the end-customer free maintenance for 48 or 60 months. Going forward, the adoption of products from the former HOLLAND subgroup on the standards of the European markets as well as the adoption of axles to the standards of the North American market will be a top priority of the R&D activities.

OPPORTUNITIES AND RISKS

Like all other companies, the SAF-HOLLAND Group is exposed to risks which vary in intensity and dimension through both external and internal influences. 50% of the sales structure is depending on approximately 10 major customers. Should one of these customers or some of the sales to one of the major customers reject, this could have a significant impact on the net assets, financial position and results of operations of the Group. For this reason, the Company has concluded multiple-year purchase agreements with most of its key accounts.

Besides risks on the sales side, like other manufacturing companies the Company is exposed to risks on the procurement side. These include both the risk of fluctuations in commodities prices and the risk of supply bottlenecks due to the improved order situation. For this reason, the Company has negotiated supply contracts in advance to support the future planning of suppliers as well as to get as stable a price structure as possible.

As a manufacturing company, the Group is exposed to the risk of quality defects and resulting recall campaigns and guarantee claims. To deal with expenses arising in this regard, the Company has concluded an insurance policy covering product recall costs and has also established appropriate reserves. The risk of loss of reputation and customer dissatisfaction, however, cannot be covered.

By systematically identifying and actively managing risks, SAF-HOLLAND reduces the probability of these risks occurring and thus endeavors to keep avoidable damage as low as possible. Business risks are analyzed in particular at regular Management meetings where measures are defined to eliminate and mitigate risks. The Management did not identify any risks, which could endanger the continued existence of the Company.

SUBSEQUENT EVENTS

Market development

Due to the extremely high demand for axles and axle systems in the European market, orders on hand increased in the first six months of the year 2007. As a consequence, the Group has not been able to fully cater the demand despite having increased capacity. This can be observed in the entire industry. Therefore, SAF-HOLLAND has introduced both short- and medium-term measures in order to boost the capacity in Europe significantly.

Management Team

On June 20, 2007 the following Management Team members were elected:

Rudi Ludwig, Chief Executive Officer

Samuel Martin, Chief Operating and Chief Administrative Officer

Wilfried Trepels, Chief Financial Officer

Detlef Borghardt, Head of Trailer Systems Business Unit

Tim Hemingway, Head of Aftermarket Business Unit

Jack Gisinger, Head of Powered Vehicle Systems Business Unit and Head of Group Engineering

Steffen Schewerda, Head of Group Operations

Board of Directors

On June 18, 2007 the following members of the Board of Directors were elected:

Dr. Rolf Bartke*, Chairman
Ulrich Otto Sauer, Vice Chairman
Siegfried Goll*, Board Member
Rudi Ludwig, Board Member
Richard Muzzy, Board Member
Gerhard Rieck*, Board Member
Bernhard Schneider*, Board Member
Martin Schwab, Board Member

* Indicates an independent director

Initial Public Offering (IPO)

The SAF-HOLLAND S.A. began trading on the Prime Standard of the Frankfurt Stock Exchange on July 26, 2007. The Company's shares are now listed under the symbol 'SFQ' (ISIN is LU0307018795). In preparation of the IPO, a shareholder resolution dated June 18, 2007 decided to split the 109,739 ordinary shares of the Company with a par-value of €1.25 each into 13,717,375 ordinary shares with a par-value of €0.01 each.

German Corporate Tax Reform Bill 2008

On July 6, 2007, the German Bundesrat, the Upper House of the German Parliament, approved the German Corporation Tax Reform Bill 2008. As a result of the new overall tax rate in Germany there will be a decrease in the tax burden of the SAF-HOLLAND Group. Based on the rules set out in IFRS, the future corporation tax rate of 15% should be applied in determining the calculation of deferred tax liabilities in Germany from the third quarter of 2007. This will have a positive impact on the net assets and net income of the Group.

Other

Apart from the events mentioned above, there have been no significant events for the Group between the end of the reporting period on June 30, 2007 and the publication of the Group interim financial statements.

OUTLOOK

SAF-HOLLAND expects a sustained high market demand in Europe in the further course of 2007. In North America, the markets should remain weak during 2007 as expected and then rebound in 2008. Additional international growth is expected through the establishment of the Brazilian subsidiary, which started its operations in March 2007. The production of axles in North America, intended to start in the fourth quarter of 2008, should further support the international growth course.

For the Fiscal Year 2007, SAF-HOLLAND expects a continued positive sales trend in Europe and a continued weak development in the US. Overall, sales for the Group are expected to grow slightly to c. €800 million in 2007. Based on reduced volumes in the US and the existing cost base, the adjusted EBIT is expected to be c. €60 million for 2007 and thus as expected EBIT margin will be slightly lower than in the prior year 2006. However, the perspectives for 2008 and 2009 remain positive, with sales coming back to a double-digit growth rate and adjusted EBIT to be approximately in line with the 2006 margin for the fiscal year 2008.

Group Interim Financial Report

INTERIM CONSOLIDATED INCOME STATEMENT

For the period January 1, respectively April 1, 2007 to June 30, 2007

(k€)	Notes	01/01/07	12/21/05	04/01/07	04/01/06
		06/30/07	06/30/06	06/30/07	06/30/06
		-	-	-	-
Sales	(3)	411,645	101,294	199,055	101,294
Cost of sales		-337,648	-83,604	-163,787	-83,604
Gross profit		73,997	17,690	35,268	17,690
Other income		203	622	-103	627
Selling expenses		-23,555	-6,823	-11,910	-6,823
Administrative expenses		-28,865	-4,460	-18,417	-4,422
Research and development costs		-5,910	-1,204	-3,031	-1,204
Other expenses		0	0	0	0
Operating profit	(3)	15,870	5,825	1,807	5,868
Finance income		2,716	243	2,197	243
Finance expenses		-13,437	-3,846	-6,118	-3,525
Share of profit of associates		409	86	178	86
Profit/loss before tax		5,558	2,308	-1,936	2,672
Income tax expense	(5)	-2,476	-1,880	571	-1,986
Profit/loss for the period		3,082	428	-1,365	686
Attributable to equity holders of the parent		3,082	428	-1,365	686
Basic earnings per share (EPS)¹	(8)	3.25	0.79		
Diluted earnings per share	(8)	0.44	0.23		

¹ EPS based on number of shares before share split into €0.01 shares

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

INTERIM CONSOLIDATED BALANCE SHEET (as of June 30, 2007)

(k€)	Notes	06/30/07	12/31/06
ASSETS			
Non-current assets		338,770	337,866
Goodwill		71,526	72,113
Intangible assets		123,903	127,051
Property, plant and equipment		107,151	106,497
Investments in associates		13,624	13,139
Financial assets		2,607	3,952
Other non-current assets		2,685	2,429
Deferred tax assets		17,274	12,685
Current assets		231,118	206,259
Inventories		93,055	84,452
Trade receivables		101,261	90,597
Other current assets		11,240	4,322
Income tax assets		7,045	4,950
Cash and cash equivalents	(7)	18,517	21,938
Total assets		569,888	544,125
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent		16,405	9,369
Subscribed share capital		1,184	1,184
Share premium		109	109
Retained earnings		3,969	811
Convertible preferred equity certificates		7,233	7,193
Accumulated other comprehensive income		3,910	72
Non-current liabilities		417,892	417,928
Interest bearing loans and other financial liabilities from shareholders		63,695	60,664
Pensions and other post-employment benefit plans		12,193	12,903
Other provisions		4,319	4,244
Financial liabilities		277,050	279,947
Finance lease liabilities		919	898
Other liabilities		221	227
Deferred tax liabilities		59,495	59,045
Current liabilities		135,591	116,828
Pensions and other post-employment benefit plans		2,605	2,795
Other provisions		9,174	9,332
Income tax liabilities		5,174	5,199
Financial liabilities		5,131	2,323
Finance lease liabilities		381	466
Current tax payable		746	0
Trade and other payables		104,112	89,517
Other liabilities		8,268	7,196
Total liabilities and equity		569,888	544,125

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period January 1, 2007 to June 30, 2007

	Attributable to equity holders of the parent					Total Equity
	Subscribed share capital	Share premium	Retained Earnings	Convertible preferred equity certificates	Accumulated other comprehensive income	
(k€)						
As at Jan. 1, 2007	1,184	109	811	7,193	72	9,369
Foreign currency Translation	-	-	-	-	3,838	3,838
Total income and expense for the period recognised directly in equity	-	-	-	-	3,838	3,838
Profit for the period	-	-	3,082	-	-	3,082
Total income and expense for the period	-	-	3,082	-	3,838	6,920
Issue of convertible preferred equity certificates	-	-	-	40	-	40
Share-based payment compensation	-	-	76	-	-	76
As at June 30, 2007	1,184	109	3,969	7,233	3,910	16,405

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period December 21, 2005 to June 30, 2006

(k€)	Attributable to equity holders of the parent					
	Subscribed share capital	Share premium	Retained Earnings	Convertible preferred equity certificates	Accumulated other comprehensive income	Total Equity
As at Dec. 21, 2005	125	0	0	0	0	125
Foreign currency translation	-	-	-	-	-120	-120
Total income and expense for the period recognised directly in equity	-	-	-	-	-120	-120
Profit for the period	-	-	428	-	-	428
Total income and expense for the period	-	-	428	-	-120	308
Issue of share capital	-	-	38	-	-	38
Share-based payment compensation	1,451	-	-	-	-	1,451
Reclassification due to contractual arrangements	-404	-	-	-	-	-404
Issue of convertible preferred equity certificates	-	-	-	2,948	-	2,948
As at June 30, 2006	1,172	-	466	2,948	-120	4,466

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the period January 1, 2007 to June 30, 2007

(k€)	Notes	01/01/07 — 06/30/07	12/21/05 — 06/30/06
Cash flow from operating activities			
Profit/loss before tax		5,558	2,308
+ Expenses relating to the IPO		3,287	0
- Finance income		-2,716	-243
+ Finance expenses		13,437	3,846
-/+ Share of profit of associates		-409	-86
+ Amortisation and depreciation of intangible and tangible assets		9,620	2,048
- Allowance and write-up of current assets		-132	0
-/+ Loss on disposal of property, plant and equipment		147	0
+ Expense for share based payments		76	38
		28,868	7,911
+/- Change in other provisions and pensions		-986	-694
+/- Change in inventories		-8,220	-919
+/- Change in trade receivables		-9,766	-1,911
+/- Change in income tax assets and other current and non-current assets		-6,385	-476
+/- Change in trade other payables		16,384	11,799
+/- Change in other current and non-current liabilities		9,099	-4,082
Net cash flow from operations		28,994	11,628
- Income tax paid		-6,727	-1,307
Net cash flow from operating activities		22,267	10,321
Cash flow from investing activities			
- Acquisition of subsidiaries net of cash acquired	(10)	-7,220	-146,666
- Purchase of property, plant and equipment	(6)	-7,528	-816
- Purchase of intangible assets		-289	-79
- Purchase of financial assets		-253	0
+ Proceeds from sales of property, plant and equipment		264	100
+ Interest received		305	-82
Net cash flow from investing activities		-14,721	-147,543

(k€)	Notes	01/01/07 — 06/30/07	12/21/05 — 06/30/06
Net cash flow from financing activities			
+ Proceeds from capital increase		41	4,157
+ Proceeds from shareholders' loans		99	45,002
- Payments for expenses relating to the IPO		-3,800	0
- Payments for finance lease		-255	-121
- Interest paid		-9,920	-2,692
- Repayments of current and non-current financial liabilities		-3,998	-2,204
+ Proceeds from current and non-current financial liabilities		6,567	101,584
Net cash flow from financing activities		-11,266	145,726
Net decrease/increase in cash and cash equivalents		-3,720	8,504
Effect of foreign exchange rate changes on cash and cash equivalents		299	0
Cash and cash equivalents at the beginning of period		21,938	0
Cash and cash equivalents at the end of period		18,517	8,504
Net decrease/increase in cash and cash equivalents		-3,421	8,504

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period January 1, 2007 to June 30, 2007

1 Corporate information

SAF-HOLLAND S.A. (formerly PAMPLONA PE HOLDCO 3 S.A.) (the “Company” or the “Group”) is a commercial company incorporated in Luxembourg on December 21, 2005, under the legal form of a “Société Anonyme”. The registered office of the Company is at 68-70, boulevard de la Pétrusse, L-2320 Luxembourg. The Company is registered with the Register of Commerce of Luxembourg under the section B number 113.090.

On April 19, 2007 an extraordinary general meeting resolved unanimously to change the name from PAMPLONA PE HOLDCO 3 S.A. in SAF-HOLLAND S.A.

SAF-HOLLAND S.A. and its subsidiaries mainly operate in Europe in the sector of manufacturing and selling of non-driven axles and axle systems for heavy truck-trailers and semi-trailers and in North America in the sector of manufacturing of fifth wheels, landing gears, slides, suspensions, kingpins and coupling devices for the heavy duty transportation industry.

SAF-HOLLAND S.A. acquired SAF-HOLLAND GmbH with effective date March 31, 2006 and SAF-HOLLAND Holdings (USA) Inc. with effective date December 18, 2006. Therefore the first six months and the second quarter 2007 cannot be compared with the first six months and the second quarter 2006.

2 Accounting and valuation principles

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2007 have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as of December 31, 2006.

The interim condensed consolidated financial statements are presented in Euro and all values are rounded to the nearest thousand (k€) except when otherwise indicated.

The interim Group financial statements have neither been audited nor reviewed by the Group auditors, Ernst & Young S.A.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended December 31, 2006, except for the adoption of new Standards and Interpretations, noted below. Adoption of these Standards and Interpretations did not have any material effect of the financial position or performance of the Group.

- IFRIC 8 “Scope of IFRS 2”
- IFRIC 9 “Reassessment of embedded derivatives”
- IFRIC 10 “Interim Financial Reporting and Impairment”
- IFRIC 11 “IFRS 2 – Group and Treasury Share Transactions”
- IFRIC 12 “Service Concession Arrangements”
- IFRIC 13 “Customer Loyalty Programmes”
- IFRIC 14 “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”

As of January 1, 2007 the following standards e.g. IFRS 7 „Financial Instruments: Disclosures“, additions to IAS 1 „Presentation of Financial Statements“ as well as the revised interpretation IFRS 4 “Insurance Contracts” must apply compulsively. These standards do neither impact the financial nor asset nor profit position situation of the company. However these standards require changed respectively extended disclosure in the consolidated financial statements as of December 31, 2007.

3 Segment information

The Company was incorporated on December 21, 2005 for the purpose of acquiring the entire share capital of SAF-HOLLAND GmbH (“SAF”), a transaction completed on March 31, 2006. Subsequently the Group acquired the entire share capital of SAF-HOLLAND Holdings (USA) Inc. (“HOLLAND”) on December 18, 2006. Prior to the acquisition transactions, SAF and HOLLAND were each independent leading developers and suppliers of premium heavy duty vehicle systems and products in their core markets – Europe for SAF, and North America for HOLLAND – with both also being active in other key markets.

As a result of the above transactions the Group now controls the two former subgroups – SAF and HOLLAND. Therefore the geographical units “Europe” and “North America” had been determined as primary segments, which correspond to the former sub groups. The Company is currently developing a new reporting system that shall be finally operating by January 1, 2008.

In Europe SAF-HOLLAND manufactures and sells axles and air suspensions for trailers and semi-trailers. The company provides also replacement components to the aftermarket for all trailer systems and powered vehicle systems.

In North America SAF-HOLLAND manufactures and sells key components for the trailer, truck, bus, and recreational vehicle industries. In particular, SAF-HOLLAND is strongly positioned in the field of fifth wheels, kingpins and leading legs. In addition, the company is the second largest supplier of trailer suspensions.

The company sells through a broad network of distributors, OES (aftermarket sector of OEM) and dealers to provide after-sale support and service to purchasers of powered vehicle and trailer systems.

Segment information by geographical markets as at June 30, 2007:

	Europe	North America	Elimination	Group
Sales				
(k€)				
- Sales to external customers	250,936	160,709	-	411,645
- Inter-segment sales	1,501	-	- 1,501	0
Operating profit	9,146	6,724		15,870

Segment information by geographical markets as at June 30, 2006:

	Europe	North America	Elimination	Group
Sales				
(k€)				
- Sales to external customers	101,294	-	-	101,294
- Inter-segment sales	-	-	-	-
Operating profit	5,825			5,825

4 Dividends paid and proposed

No dividends have been paid nor proposed.

5 Income tax expense

The major components of the income tax expense in the interim consolidated income statement are:

	01/01/07 – 06/30/07	12/21/05 – 06/30/06
(k€)		
Current income taxes	-4,601	-2,472
Deferred income taxes relating to origination and reversal of temporary differences	2,125	592
Total	-2,476	-1,880

6 Assets

The Group acquired property, plant and equipment amounting to k€ 7,528 for the period from January 1 to June 30 2007, whereas k€ 4,634 resulted in the second quarter.

In the second quarter 2007 there were no significant disposals.

7 Cash and cash equivalents

For the purpose of the interim consolidated cash flow statement, cash and cash equivalents are comprised of the following:

(k€)	06/30/07	06/30/06
Cash at banks and on hand	8,537	3,500
Short-term deposits	9,980	5,004
Total	18,517	8,504

8 Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to equity holders of the parent by the average number of shares outstanding. This figure may become diluted by potential shares (primarily CPECs). When determining diluted earnings per share, CPECs are taken into account if they have a diluting effect.

Earnings per share		June 30, 2007	June 30, 2006
Profit/loss for the period	(k€)	3,082	428
Number of shares outstanding (weighted average)	thousands	947	544
Weighted average number of shares outstanding (diluted)	thousands	7,041	1,901
Earnings per share			
Basic	€	3.25	0.79
Diluted	€	0.44	0.23

9 Related party disclosures

The financial statements include the financial statements of SAF-HOLLAND S.A., its subsidiaries and associates listed in the following chart:

Subsidiaries	Country of incorporation	% equity interest
SAF-HOLLAND GROUP GmbH	Germany	100.0
SAF-HOLLAND TECHNOLOGIES GmbH	Germany	100.0
SAF-HOLLAND GmbH	Germany	100.0
SAF-HOLLAND Polska SP Z.O.O.	Poland	100.0
SAF-HOLLAND France S.A.S.	France	100.0
SAF-HOLLAND Austria GmbH	Austria	100.0
SAF-HOLLAND Czechia spol.s.r.o.	Czech Republic	100.0
SAF-HOLLAND Espana S.L.U.	Espana	100.0
SAF-HOLLAND Slovakia s.r.o.	Slovakia	100.0
SAF-HOLLAND Italia s.r.l. unipersonale	Italia	100.0
SAF-HOLLAND Romania SRL	Romania	100.0
SAF-HOLLAND Holdings (USA) Inc.	USA	100.0
SAF-HOLLAND Inc.	USA	100.0
Holland USA Inc.	USA	100.0
Holland Hitch of Canada Ltd.	Canada	100.0
Holland Equipment Ltd.	Canada	100.0
Holland International Inc.	USA	100.0
Holland Pacific Inv. Inc.	USA	100.0
Holland Hitch (Aust.) Pty. Ltd.	Australia	100.0
Holland Transtrade Malaysia	Malaysia	100.0
Holland Transtrade Thailand	Thailand	100.0
Holland Europe GmbH	Germany	100.0
Holland Eurohitch Ltd.	UK	100.0
Holland Int. De Mexico SDE R.L.	Mexico	100.0
Holland Int. Services DE MEXICO	Mexico	100.0
Holland Int. Inv. Hong Kong	Hong Kong	100.0
QSI Air Ltd.	USA	100.0

Associates	Country of incorporation	% equity interest
SAF-AL-KO Vehicle Technology Yantai Co. Ltd.	China	49.0
Jinan SAF AL-KO A. Co. Ltd.	China	48.5
Nippon Holland Ltd.	Japan	50.0
Lakeshore Air LLP	USA	50.0
FWI SA	France	34.1

Currently, the key management is comprised of nine members. The table below sets forth the names and positions of the current members of the key management:

Name	Position
Rudi Ludwig	Chief Executive Officer
Wilfried Trepels	Chief Finance Officer
Samuel Martin	Chief Operating Officer and Chief Administrative Officer
Detlef Borghardt	Head of Trailer Systems Business Unit
Steffen Schewerda	Head of Group Operations
Tim Hemingway	Head of Aftermarket Business Unit
Jack Gisinger	Head of Powered Vehicle Systems Business Unit Head of Group Engineering
Richard W. Muzzy	Member of the Board of Directors
Ulrich Otto Sauer	Member of the Board of Directors, Vice Chairman

As of June 30, 2007 ordinary shares amounting to k€ 41, preferred shares amounting to k€ 1,451 and Preferred Equity Shares (PECs) amounting to k€ 11,007 were held by the management.

In the period from January 1, 2007 to June 30, 2007 expenses arising from equity-settled share-based payments granted to key management personnel amounted to k€ 76.

	01/01/07	01/01/06
	–	–
	06/30/07	06/30/06
(k€)		
Interest on PECs for the management	596	281

The interest on PECs for the management was accrued as liability.

Shareholders with a significant influence over the group:

Pamplona Capital Partner I, LP
Ulrich Otto Sauer

Ulrich Otto Sauer, member of the Board of Directors, provides certain business consultancy services to SAF-HOLLAND GmbH. For services rendered in the second quarter 2007 Ulrich Otto Sauer received k€ 37, in total k€ 75 in the first six months. Additionally, SAF-HOLLAND GmbH paid k€ 12 for rental fees to Ulrich Otto Sauer.

Richard Muzzy, member of the Board of Directors, provides certain business consultancy services to SAF-HOLLAND Inc. For services rendered in the second quarter 2007 Richard Muzzy received kUS\$ 35 totaling to kUS\$ 70 in the first six months.

Sales to and purchases from related parties as of June 30, 2007:

(in k€)	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Jinan SAF AL-KO A. Co. Ltd.	241	-	254	-
SAF AL-KO V.T. Yantai Co. Ltd.	12	-	354	-
Nippon Holland Ltd.	266	-	80	-
Lakeshore Air LLP	-	126	-	25
FWI SA	-	13,810	-	771
Irwin Seating Company	799	-	211	-
	<u>1,318</u>	<u>13,936</u>	<u>899</u>	<u>796</u>

Sales to and purchases from related parties as of June 30, 2006:

(in k€)	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Jinan SAF AL-KO A. Co. Ltd.	119	-	448	-
SAF AL-KO V.T. Yantai Co. Ltd.	-	-	279	-
	<u>119</u>	<u>-</u>	<u>727</u>	<u>-</u>

Due to the fact that the SAF-HOLLAND S.A. acquired SAF on March 31, 2006 and Holland on December 18, 2006 related parties as of June 30, 2006 were only Jinan SAF AL-KO A. Co. Ltd. and SAF AL-KO Vehicle Technology Yantai Co. Ltd.

The sales to and purchases from related parties are made at normal market prices. Outstanding balances ending December 31, 2007 are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2006, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

10 Cash flow statement

The cash flow statement was prepared in accordance with the provisions of IAS 7 and is broken down by cash flows from operating, investing and financing activities.

Cash flows from operating activities are disclosed using the indirect method; cash flows from investing activities are disclosed using the direct method. Cash flows are used to generate income in the long term, generally for more than one year. Cash flows from financing activities are also disclosed using the direct method. These cash flows comprise cash flows from transactions with shareholders and from the raising or redemption of financial liabilities.

Acquisitions of subsidiaries net of cash acquired amounting to k€7,220 results from incidental expenses for the acquisition of HOLLAND at December 18, 2006 which were paid in the first quarter 2007.

11 Financial instruments

The Group has a significant amount of long-term floating rate debt outstanding under the senior secured credit facility and is exposed to interest rate fluctuations from these debt instruments. To mitigate the effect of interest rate changes on interest paid on our floating rate debt according to banks, the Group entered into two new interest rate swap agreements and one option for an interest rate swap dated March 8, 2007. As of June 30, 2007 these swaps and the option had a fair value of €2,855,845 which is recorded in other current assets.

The following table shows the contractual maturities of the interest rate swaps:

Start	End	Nominal volume	Reference rate
March 8, 2007	March 9, 2010	€107.3 m	EURIBOR
March 8, 2007	March 9, 2010	US\$139.4 m	LIBOR

The following table shows the contractual maturities of the option:

Start	End	Nominal volume	Reference rate
March 8, 2007	March 9, 2010	€68.3 m	EURIBOR

12 Events after the balance sheet date

On July 26, 2007 the IPO of SAF-HOLLAND proceeded. On the Frankfurt stock exchange the shares had been issued. At the end of the first trading day, the stock price was up 1.3% on the offering price of €19. The major share of the emission amounting to €97.3 million is intended to reduce the indebtedness of the SAF-HOLLAND Group and to pay the expenses relating to the IPO.

RESPONSIBILITY STATEMENT BY MANAGEMENT

Responsibility Statement pursuant to § 37 y of the German Securities Trading Act (WpHG) in conjunction with § 37 w (2) no. 3 WpHG

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the group includes a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.”

Luxembourg, August 31, 2007

Dr. Rolf Bartke, Chairman

Rudi Ludwig, Board Member

FINANCIAL CALENDAR

Report on Q3 2007 Results: November 2007

Report on Fiscal Year 2007: March 2008

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This report is also available in German.

Legal Disclaimer:

This report contains certain statements that are neither reported financial results nor other historical information. These forward-looking statements are subject to risk and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. SAF-HOLLAND Group does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.