RELIABLE ON THE ROAD.

02

HALF-YEAR REPORT AS OF JUNE 30, 2012

Key Figures

EUR million	Q1–Q2/2012	Q1–Q2/2011	Q2/2012	Q2/2011
Sales	440.3	417.9	223.7	215.5
Cost of sales	-359.9	-341.2	-182.4	-176.8
Gross profit	80.4	76.7	41.3	38.7
as a percentage of sales	18.3	18.4	18.5	18.0
Adjusted result for the period	15.6	11.9	9.7	7.0
as a percentage of sales	3.5	2.8	4.3	3.2
Adjusted EPS in EUR[1]	0.38	0.37	0.24	0.17
Adjusted EBITDA	36.1	37.0	18.5	18.8
as a percentage of sales	8.2	8.9	8.3	8.7
Adjusted EBIT	28.9	30.0	14.9	15.4
as a percentage of sales	6.6	7.2	6.7	7.1
Operating cash flow[2]	23.6	23.6	17.5	12.8

1) Adjusted result / weighted average number of ordinary shares outstanding in the period under review.

2) Operating cash flow is the cash flow from operating activities before income tax payments.

Sales by Region

EUR million	Q1–Q2/2012	Q1–Q2/2011	Q2/2012	Q2/2011
Europe	227.4	235.1	115.2	124.2
North America	185.2	163.9	94.3	82.1
Other	27.7	18.9	14.2	9.2
Total	**440.3**	**417.9**	**223.7**	**215.5**

Sales by Business Unit

EUR million	Q1–Q2/2012	Q1–Q2/2011	Q2/2012	Q2/2011
Trailer Systems	242.8	241.8	121.9	127.3
Powered Vehicle Systems	81.7	73.8	40.9	36.5
Aftermarket	115.8	102.3	60.9	51.7
Total	**440.3**	**417.9**	**223.7**	**215.5**

Other Financial Information

	06/30/2012	03/31/2012	12/31/2011
Total assets (EUR million)	563.8	552.4	536.5
Equity ratio (%)	36.8	35.3	35.8

	Q1–Q2/2012	Q1–Q2/2011
Employees (average)	3,143	3,061
Sales per employee (kEUR)	140.1	136.5

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ADDITIONAL INFORMATION

Foreword from the Management Board

Ladies and Gentlemen,
Dear Shareholders,

For SAF-HOLLAND, the second quarter of 2012 continued in the same way the year had begun: Our company remained on a path to success. With an increase of EUR 22.4 million, Group sales at the end of the first six months grew to EUR 440.3 million and, at the same time, an operating margin of 6.6% was achieved.

Business in North America developed particularly well. In this important core market, which accounts for more than 40% of our total sales, we were able to increase sales by 13% and gain significant market share. We benefited from both a positive market environment and from consistently increasing interest in our technologies and products. The expansion of the product range and the development of local manufacturing possibilities were thus clearly confirmed. In the North American market, SAF-HOLLAND is perceived as a premium supplier with a broad product range. In the trailer industry we are now well-positioned as a supplier with an extensive portfolio.

In the emerging BRIC countries, SAF-HOLLAND grew rapidly with a sales increase of a good 46% in the first half of the year. In Europe, where the market for commercial vehicles is currently burdened by the economic and financial policy environment, business development was more restrained. The outlook for the transport industry, however, is just as promising here as it is in all the other regions in the world because with global increase in transport volumes, demand for commercial vehicles grows – also in Europe.

Our growth path has been structured to take advantage of the opportunities that arise from growth in goods transport. At the same time, we seek to bring out the highest possible degree of independence for the company from economic cycles. Both of these objectives can be achieved when we focus on international expansion and the development of the generally stable aftermarket business. The first six months have shown that this strategy is working. With our activities in North America and in the emerging markets, we were able to more than compensate for influences from weaker market development in Europe.

In order to be properly equipped for growing transport volumes, freight forwarders and fleet operators want to modernize their fleets – both in North America and Europe. To date, however, corresponding investments have been postponed due to general economic uncertainties. In North America, the tide has turned: The process of reducing the bottleneck has begun. In Europe, too, end users want to invest in trucks and trailers but are currently acting with a greater degree of hesitation than their American colleagues. We assume that this situation will soon change because the future prospects for the trans-

Detlef Borghardt,
Chief Executive Officer (CEO)

port industry are very promising. As soon as confidence in a solution to the debt crisis begins to take hold, European fleet operators will also begin to invest. This could be the case as early as 2013.

For the coming year, the German Automobile Industry Association has forecast growth in the European commercial vehicles market. The most recent registration figures from the industry association ACEA point to a reversal of the trend. The number of new registrations in several European countries made a strong upward turn in June. In Germany, growth of 8.8% was achieved as compared to the same month in the previous year.

As is the case with all companies, business development for SAF-HOLLAND is also subject to developments in connection with the European sovereign debt crisis. We expect that policy makers will find a way to solve the crisis and that confidence in continuing economic development will gain steam. From this perspective, we view the further business development of SAF-HOLLAND positively. The favorable development of the first months of the year will continue in 2012; however, the second half of the year is traditionally not as strong as the first as a result of vacation plant closings among our OEM customers. For the full year 2012 we anticipate growth in Group sales to about EUR 850 million with stable earnings development.

Our thanks go out to our global customers, business partners, worker representatives and employees for the trusting cooperation and to our shareholders for their solidarity with SAF-HOLLAND.

Best regards,

Detlef Borghardt
Chief Executive Officer (CEO)

Overview of Share Price Development

SAF-HOLLAND SHARE PRICE INCREASES BY 25%

In the first half of 2012, SAF-HOLLAND's share price grew at a rate greater than that of the SDAX index. On the last day of trading, June 29, our share price closed at EUR 4.43. Compared to the closing price at the end of 2011, the share recorded a gain of 25%. The SDAX increased by 9% in the same period.

Developments on the stock market – and thus also the price development of our share – reflected uncertainties in the financial policy situation and changing assessments of measures aimed at alleviating the European debt crisis. Expectations which at the beginning of the year were relatively positive thus increasingly dampened from the beginning of April onward, correspondingly impacting developments on the stock exchanges: share prices turned sharply downward. The SAF-HOLLAND share price, which in the first quarter had increased by 78% to EUR 6.34, yielded somewhat but nevertheless continued to hold at a high level. Within the reporting period, our share reached its high of EUR 6.82 on March 19.

MARKET CAPITALIZATION OVER EUR 180 MILLION

On the basis of the half-year closing price, market capitalization amounted to EUR 182.7 million. The average trading volume in the reporting period was 495,771 shares per day.

As decided by shareholders at the Annual General Meeting on April 26, 2012, no dividend was paid out for financial year 2011. Our dividend policy calls for 40 - 50% of the available net earnings to be paid out to shareholders as soon as the annual financial statements show an equity ratio of about 40%. At the end of the first half of the year, the ratio was already at 36.8%.

COMPREHENSIVE INTERNATIONAL FINANCIAL COMMUNICATION

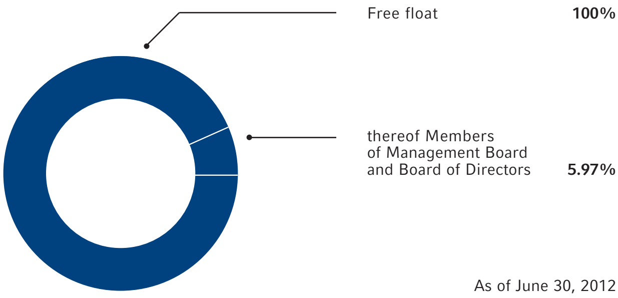
The SAF-HOLLAND share is listed on the regulated market of the Frankfurt Stock Exchange and has been a component of the SDAX index since 2010. We meet the strict transparency criteria of the Prime Standard and are committed to a timely and ongoing dialog with the capital markets within the scope of intensive investor relations efforts. We place particular emphasis on regular contact with investors and analysts.

In the first half of 2012, management held a number of roadshows, conferences and roundtable discussions. Corporate presentations were carried out in Germany as well as in Belgium, the United Kingdom, the Netherlands, Austria, Switzerland and the United States. We round out the spectrum of our financial communications with extensive press and media activities as well as telephone conferences and individual meetings. There are currently nine recent estimates of our share from bank analysts and brokers. Of these, seven have given the share a "buy" rating, one has given it a "hold" rating and the last rates it as "outperform".

Current analysts estimates

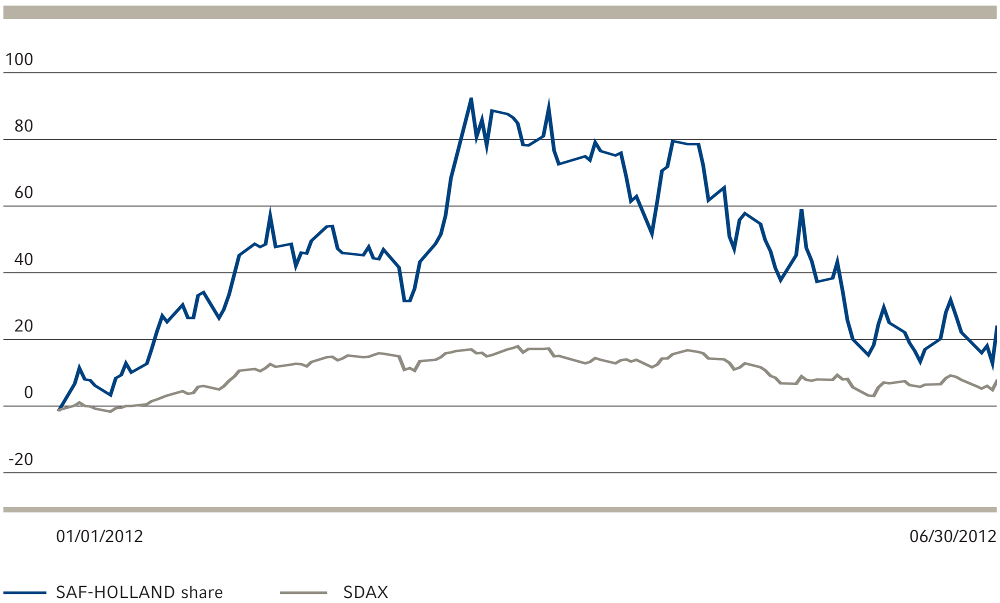
August 14, 2012	**Deutsche Bank AG**	**hold**
August 3, 2012	**Commerzbank AG**	**buy**
May 24, 2012	**Kepler Capital Markets**	**buy**
May 24, 2012	**Montega AG**	**buy**
May 24, 2012	**Viscardi AG**	**buy**
May 24, 2012	**WestLB AG**	**buy**
May 23, 2012	**Equinet Bank AG**	**buy**
March 15, 2012	**Steubing AG**	**buy**
January 16, 2012	**Cheuvreux S.A.**	**outperform**

Shareholder structure 2012 in %



As of June 30, 2012

Development of the SAF-HOLLAND share price vs. SDAX in %



Group Interim Management Report

FINANCIAL POSITION AND FINANCIAL PERFORMANCE

GENERAL FRAMEWORK CONDITIONS

Overall economic development

The economic crisis in the Euro zone is having an increasing impact on the world economy: Growth trends that were recognizable at the beginning of the year lost steam in the second quarter. The Kiel Institut für Weltwirtschaft (Institute for the World Economy) expects an increase in the world economy of 3.4% this year and 3.8% for the following year.

Uncertainties in connection with the difficulties of the Euro burdened the economy particularly in Europe. Added to this are concerns that raw material prices could once again increase. Economic growth started to stagnate in the Euro zone back in the first quarter and weakened further in the following months. Germany counted among the strongest economies: Here, price-adjusted gross domestic product (GDP) increased by 1.7% as compared to the previous year.

The generally fragile environment also hampered the upswing in the United States. According to estimates of the Bureau of Economic Analysis, the real GDP increased by 1.9% in the first quarter. It therefore did not meet original expectations. For the rest of the year, a slight increase is expected for the U.S. economy, which should particularly benefit from private household spending.

Emerging economies continue to display strong growth. Weaker foreign trade will be more than compensated by higher domestic demand. Among the important BRIC countries, only Brazil experienced a noteworthy decline. Stimulus from monetary and financial policies is expected to once again increase the country's economic growth within the current year. Russia benefited from high raw material prices and had a GDP increase of 4.9% within one year as of the first quarter. In India, GDP increased by 7% in comparison to the previous year, principally supported by monetary policy and private consumption. The Chinese economy generated growth of 7.4%, which is expected to improve further in future.

Economic development 2012 and 2013 in important markets

	2012	2013
European Union	-0.1%	1.2%
Euro zone	-0.4%	0.9%
Germany	0.9%	1.7%
United States of America	2.1%	2.0%
Brazil	2.0%	4.0%
Russia	4.5%	3.5%
India	7.0%	8.0%
China	8.0%	8.0%

Source: World Economy in Summer 2012, Institute for World Economy (June 2012)

Industry-specific development

The global market for commercial vehicles remains on a growth path. According to the Verband der Automobilindustrie (German Automotive Industry Association), 3.27 million trucks over 6 tons will be sold worldwide in 2012. That's 5% more than in the previous year. For the US market the German Automotive Industry Association expects growth of about one-fifth to 366,000 units. For class 8 trucks, ACT Research currently expects annual growth of 13% to 288,183 vehicles for North America. The trailer market is expected to experience even stronger growth with ACT forecasting growth of more than 19% to 264,700 units.

In Europe, the commercial vehicles industry was burdened by the general economic downturn in the first half of the year. From January to June, the industry association ACEA recorded new registrations of 931,432 units, 10.3% less than the prior year period. Demand declined primarily for the lighter weight classes, which lost significantly more than the segment of heavy trucks that are the focus of SAF-HOLLAND. For Western Europe, the German Automotive Industry Association expects the volume of new registrations of trucks over 6 tons to decrease by 2–4% for the full-year. The year 2013 is expected to once again bring increased demand for the Euro zone and stimulate growth in the European market.

As regards the BRIC countries, mid-term signs still point to expansion. The commercial vehicle industries in Brazil and China, however, are expected to slow temporarily in the current year according to the German Automotive Industry Association. But the association does expect further market growth in 2012 for India and Russia.

OVERVIEW OF BUSINESS DEVELOPMENT

SAF-HOLLAND moved forward with positive business development in the second quarter following a successful start to the year. In the core market of North America as well as in the BRIC countries, we further increased sales volumes and gained market share. Here the Company recorded much stronger growth than regional industry peers. This is a clear indication of the success of our strategy, with which, in addition to growth, we intend to achieve the greatest possible independence from economic cycles. Overall, Group sales increased in the first half of the year while retaining a good EBIT margin of 6.6%.

Significant Events in the First half of 2012

The MidAmerica Trucking Show, which took place in Louisville, Kentucky, once again proved that the US market is increasingly moving towards the adoption of disc brake technology. We are leading this area in Europe and see good opportunities of establishing SAF-HOLLAND as a significant provider of axle systems with disc brakes in North America as well. SAF-HOLLAND also presented its suspension systems for trailers at the world's most important trade fair for heavy trucks and trailers. Due to significant weight reductions, excellent durability and the ability to sustain high loads, demand for these systems is continuously increasing among American customers.

Changes to the Board of Directors

At the Annual General Meeting on April 26, 2012 it was decided to approve and renew the Board of Directors mandate of Detlef Borghardt until the Annual General Meeting 2014. Furthermore, shareholders elected Anja Kleyboldt as a member of the Board of Directors. She succeeds Gerhard Rieck, who retired from the board as planned in 2011. Anja Kleyboldt is the Director of Supply-Chain Strategies & WFG Opel/Vauxhall at Adam Opel AG in Rüsselsheim, Germany, and will contribute her extensive experience in the industry to the board.

The Extraordinary General Meeting on June 4, 2012 approved an increase in authorized capital and simplifications to the Articles of Incorporation, as well as the framework conditions for company share buybacks. Further information on the resolutions of the Extraordinary General Meeting can be found in the Notes chapter 10 to the Consolidated Interim Financial Statements.

EARNINGS SITUATION

Group sales increase to EUR 440.3 million

SAF-HOLLAND increased sales worldwide in the first half of 2012 by 22.4 million to EUR 440.3 million (previous year: EUR 417.9 million). For the comparison to the prior year period, it should be taken into consideration that a major portion of a significant project had expired as planned in 2011. The corresponding sizable share of sales lost could be more than compensated for in the first half of the year.

Sales development by region

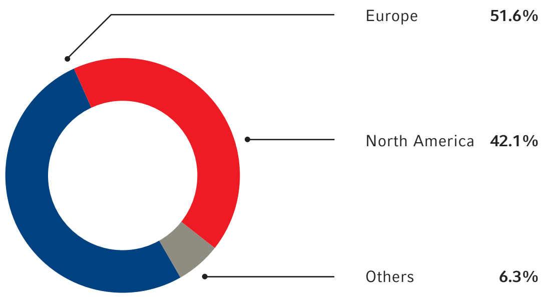
EUR million	Q1–Q2/2012		Q1–Q2/2012 exchange rate-adjusted		Q1–Q2/2011	
Europe	227.4	51.6%	227.4	53.5%	235.1	56.3%
North America	185.2	42.1%	171.5	40.3%	163.9	39.2%
Other	27.7	6.3%	26.3	6.2%	18.9	4.5%
Total	**440.3**	**100.0%**	**425.2**	**100.0%**	**417.9**	**100.0%**

EUR million	Q2/2012		Q2/2012 exchange rate-adjusted		Q2/2011	
Europe	115.2	51.5%	115.2	54.2%	124.2	57.6%
North America	94.3	42.2%	84.4	39.7%	82.1	38.1%
Other	14.2	6.3%	13.1	6.1%	9.2	4.3%
Total	**223.7**	**100.0%**	**212.7**	**100.0%**	**215.5**	**100.0%**

In North America, SAF-HOLLAND increased the business by 13.0% in the first half of the year to EUR 185.2 million (previous year: EUR 163.9 million). In contrast to the slight weakening of the North American commercial vehicles industry, the demand for our products continued to grow during the year. The ongoing positive order situation confirms the increasing interest in our products, but also the remaining pent-up demand for investments in new trucks and trailers. The modernization of vehicle fleets has in fact already set in, but it is far from over. Against this backdrop, we perceive the present situation of less dynamic growth in the North American market as a sideways drift that has leveled off from the extreme boom in demand in the second half of 2011.

In continental Europe, SAF-HOLLAND generated sales in the half year of EUR 227.4 million, which corresponds to a slight decrease of 3.3% as compared to the previous year period. With a share of total sales equal to 51.6% (previous year: 56.3%), Europe remains our strongest region in terms of sales. In contrast to North America, the pent-up investments of the past financial and economic crisis have not yet been realized, so that a high level of potential still remains. The operational business of SAF-HOLLAND is only marginally affected by the development of the crisis in the southern European countries: Greece does not have a significant commercial vehicles industry meaning that noteworthy sales cannot be generated in this country. The commercial vehicles industries in Spain and Italy declined substantially several years ago during the financial and economic crisis, and have remained at a low level to date. As a result, these locations similarly offer only limited opportunities.

Share of Group sales by region (1st half-year 2012) in %



Outside of our core markets, sales increased by 46.6% in the first half of the year to EUR 27.7 million. We especially recorded progress in Russia. Provided favorable conditions continue, the local annual sales will continue to grow. In China, the company benefited from our production volume of landing legs for trailers which once again increased. The business development in Brazil was in line with our expectations. Major increases cannot be made as the fleet operators had already made their new purchases in the previous year with a view to the emissions regulations that were increased in 2012. The market should return to normal in the second half of 2012.

Earnings development

Income statement

EUR million	Q1–Q2/2012		Q1–Q2/2011	
Sales	440.3	100.0%	417.9	100.0%
Cost of sales	-359.9	-81.7%	-341.2	-81.6%
Gross profit	**80.4**	**18.3%**	**76.7**	**18.4%**
Other income	0.4	0.1%	0.4	0.1%
Selling expenses	-26.7	-6.1%	-24.0	-5.7%
Administrative expenses	-20.4	-4.7%	-19.5	-4.7%
Research and development costs	-8.9	-2.0%	-7.2	-1.7%
Operating result	**24.8**	**5.6%**	**26.4**	**6.4%**
Finance result	-6.6	-1.5%	-18.0	-4.3%
Share of net profit of investments accounted for using the equity method	0.4	0.1%	0.2	–
Result before tax	**18.6**	**4.2%**	**8.6**	**2.1%**
Income tax	-6.9	-1.5%	5.8	1.4%
Result for the period	**11.7**	**2.7%**	**14.4**	**3.5%**
Number of shares[1]	41,237,375		31,768,412	
Earnings per share in EUR	**0.28**		**0.45**	

1) Weighted average number of shares issued in the period under review (see Note 11).

Gross profit increased to EUR 80.4 million (previous year: EUR 76.7 million) in the half year under review. The gross margin thus reached 18.3% (previous year: 18.4%). As planned, expenses for expanding the business increased. Consequently, selling expenses increased by EUR 2.7 million as compared to the first half of 2011 to EUR 26.7 million (previous year: EUR 24.0 million). Research and development costs increased from EUR 7.2 million to EUR 8.9 million.

The financial result of EUR -6.6 million (previous year: EUR -18.0 million) is primarily a reflection of lower interest expenses. It thereby highlights the significant successes of our initiatives for the optimization of financing. With a positive EUR 10.0 million, the result before taxes was more than doubled as compared to the first half of 2011. The result for the period of EUR 11.7 million (previous year: EUR 14.4 million) was characterized by the normalization of the tax burden: In the first half of 2012, income taxes amounted to EUR -6.9 million as compared to earnings of EUR 5.8 million in the prior year period. This difference is primarily attributable to the recognition of deferred taxes on unrecognized interest carry-forwards of previous years carried out for the first time in 2011, which led to positive tax effects of EUR 9.4 million in 2011.

Reconciliation of adjusted earnings figures

EUR million	Q1–Q2/2012	Q1–Q2/2011	Q2/2012	Q2/2011
Result for the period	11.7	14.4	7.8	6.7
Income tax	6.9	-5.8	4.1	1.8
Finance result	6.6	18.0	1.1	5.4
Depreciation and amortization from PPA[1]	3.2	3.2	1.6	1.6
Restructuring and integration costs	0.5	0.2	0.3	-0.1
Adjusted EBIT	**28.9**	**30.0**	**14.9**	**15.4**
as a percentage of sales	6.6	7.2	6.7	7.1
Depreciation and amortization	7.2	7.0	3.6	3.4
Adjusted EBITDA	**36.1**	**37.0**	**18.5**	**18.8**
as a percentage of sales	8.2	8.9	8.3	8.7
Depreciation and amortization	-7.2	-7.0	-3.6	-3.4
Finance result	-6.6	-18.0	-1.1	-5.4
Restructuring and integration costs[2]	0.2	5.2	0.2	0.1
Adjusted result before taxes	**22.5**	**17.2**	**14.0**	**10.1**
Income tax[3]	-6.9	-5.3	-4.3	-3.1
Adjusted result for the period	**15.6**	**11.9**	**9.7**	**7.0**
as a percentage of sales	3.5	2.8	4.3	3.2
Number of shares[4]	41,237,375	31,768,412	41,237,375	41,237,375
Adjusted earnings per share in EUR	**0.38**	**0.37**	**0.24**	**0.17**

1) Purchase price allocation (PPA) from the acquisition of the SAF Group and Holland Group in 2006 as well as Austin-Westran Machinery Co., Ltd. and the current SAF-HOLLAND Verkehrstechnik GmbH in 2008.

2) From an initiated bond issue. In the previous year one-time effects from the early repayment of bank loans and interest swaps.

3) A uniform tax rate of 30.80% was assumed for the adjusted result for the period. One-time effects from the recognition of deferred tax assets on previously unrecognized interest carry-forwards in the amount of EUR 9.4 million are not considered.

4) Weighted average number of shares outstanding in the period under review.

The adjusted result for the period rose to EUR 15.6 million in the first half of the year (previous year: EUR 11.9 million) and thereby represented 3.5% (previous year: 2.8%) of Group sales. Adjusted EBIT for the Group decreased slightly to EUR 28.9 million (previous year: EUR 30.0 million). In relation to sales, this results in an adjusted EBIT margin of 6.6% (previous year: 7.2%). In a comparison with the previous year period, it should be taken into consideration that the major portion of the aforementioned project expired as anticipated and a significant earnings contribution ceased as a result. If the contribution from the project is not considered for the previous year, an improvement in the adjusted EBIT margin of approx. 0.3 percentage points was achieved in the 2012 reporting period as compared to the previous year.

Adjusted earnings per share amounted to EUR 0.38 (previous year: EUR 0.37) in the reporting period even though as a result of the capital increase at the end of March 2011, the average number of shares outstanding increased to 41.2 million shares (previous year: 31.8 million shares).

Performance of the Business Units

Overview of the Business Units

EUR million	Trailer Systems Business Unit Q1–Q2/2012	Trailer Systems Business Unit Q1–Q2/2011	Powered Vehicle Systems Business Unit Q1–Q2/2012	Powered Vehicle Systems Business Unit Q1–Q2/2011	Aftermarket Business Unit Q1–Q2/2012	Aftermarket Business Unit Q1–Q2/2011	Adjust-ments/ Elimi-nations Q1–Q2/2012	Adjust-ments/ Elimi-nations Q1–Q2/2011	Total Q1–Q2/2012	Total Q1–Q2/2011
Sales	242.8	241.8	81.7	73.8	115.8	102.3	–	–	440.3	417.9
Cost of sales	-218.1	-219.1	-69.6	-59.9	-72.2	-62.1	–	-0.1	-359.9	-341.2
Gross profit	**24.7**	**22.7**	**12.1**	**13.9**	**43.6**	**40.2**	**–**	**-0.1**	**80.4**	**76.7**
as a percentage of sales	10.2	9.4	14.8	18.8	37.7	39.3	–	–	18.3	18.4
Other income and expense	-17.0	-15.0	-5.2	-6.3	-27.1	-23.6	-2.2	-1.8	-51.5	-46.7
Adjusted EBIT	**7.7**	**7.7**	**6.9**	**7.6**	**16.5**	**16.6**	**-2.2**	**-1.9**	**28.9**	**30.0**
as a percentage of sales	3.2	3.2	8.4	10.3	14.3	16.2	–	–	6.6	7.2

Trailer Systems

The Trailer Systems Business Unit slightly increased its half-year sales to EUR 242.8 million (previous year: EUR 241.8 million). As the largest segment of SAF-HOLLAND, the Business Unit contributed 55.1% (previous year. 57.8%) of Group sales in the first half of the year. In North America, the business was particularly driven by the pent-up demand for investments by fleet operators as well as the increasing interest in our suspension and axle systems. Due to the strong demand, we will double our North American production capacities to 80,000 axles per year by the end of 2012. In Europe, the Business Unit benefited from the withdrawal of Meritor, one of our competitors, among other things: The US company abandoned its European original equipment business in 2011, which resulted in a vacant share in the market for trailer axles estimated at less than 10%.

The segment's gross profit increased by 8.8% to EUR 24.7 million (previous year: EUR 22.7 million), which resulted in an improvement in the gross margin from 9.4% to 10.2%. In the course of our internationalization strategy, we are looking into the establishment of a production line for trailer axles with air suspension systems in Turkey. We intend to supply not just the Turkish market with this line, but also take steps towards Central Asia. The economic upswing of these countries rich in raw materials, including Kazakhstan, Uzbekistan and Turkmenistan, is mirrored in the dynamic growth of transport volumes. Kazakhstan, for example, estimates that road transportation will double within the period from 2010 to 2020. The Central Asian countries also serve as a bridge between Europe and China for road transportation. In Afghanistan, the gradual withdrawal of the US military is causing an increased need for truck transportation.

Powered Vehicle Systems

The Powered Vehicle Systems Business Unit increased its sales by 10.7% in the first half year to EUR 81.7 million. The aforementioned project attributable to this Business Unit was thereby more than compensated for in terms of sales. Sales volume saw particularly strong growth in North America. SAF-HOLLAND was able to take disproportionate advantage of the still high level of demand and clearly exceed the growth of the market. In Europe, as expected, sales were weaker than the previous year period in the generally declining market environment. In order to optimally prepare the segment for pending European market growth in 2013, we will further optimize the European headquarters of the Business Unit in Singen, Germany.

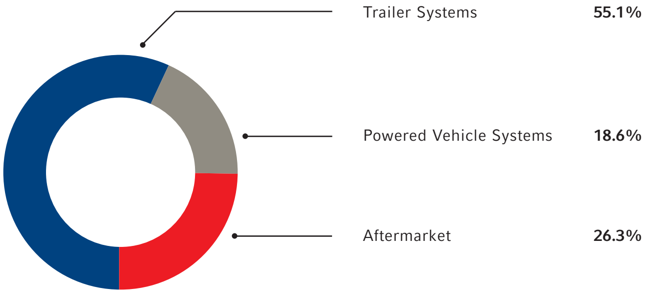
As a result of sales growth in the Powered Vehicle Systems Business Unit, its share of Group sales increased by nearly one percentage point to 18.6% (previous year: 17.7%). Gross profit totaled EUR 12.1 million (previous year: EUR 13.9 million) in the first half of the year. The resulting gross margin of 14.8% (previous year: 18.8%) was under the corresponding figure of the previous year as expected. It reflects the missing contribution to gross margin from the aforementioned project.

Aftermarket

In the Aftermarket business, we generated sales growth of 13.2% to EUR 115.8 million (previous year: EUR 102.3 million) in the first half year. This segment, which is largely independent of the economy, contributed 26.3% (previous year: 24.5%) of Group sales; the first contribution of over one-quarter. Initially selling under the brand "Sauer Quality Parts" in Russia and the Middle East, our new spare parts program contributed to the growth in sales. For SAF-HOLLAND, the program opens up the spare parts market for used trailers.

There has been a positive start to activities at the international subsidiary in Dubai founded in 2011. The company expands our business in the Middle East as well as in North and Central Africa. The sales achieved here are above our planned figures, and the subsidiary has already made a positive contribution to earnings. As part of our geographic expansion, we are currently looking into the establishment of a Parts Distribution Center (PDC) in Mexico meant to accelerate future sales of spare parts in Central and South America. It is also planned to establish an additional PDC at the end of 2012 or the beginning of 2013 in the Far East, preferably in Malaysia or Singapore. The Aftermarket Business Unit once again proved its strength as a source of earnings in the first half of the year with gross profit increasing from EUR 40.2 million to EUR 43.6 million.

Share of Group sales by Business Unit (1st half-year 2012) in %



FINANCIAL SITUATION

Financing

We continued to press forward with the optimization of the financing structure in the reporting period. Consequently, the existing credit lines were reduced by EUR 5.0 million in the first quarter and by a further EUR 5.9 million in the second quarter. The credit line amounted to EUR 218.4 million as of June 30, 2012. Net debt on the same reporting date totaled EUR 157.9 million (December 31, 2011: EUR 159.7 million).

The interest rate margin for the remaining credit lines is tied to the development of certain key debt figures. As a result of improved performance the margin was reduced to 3.0% (December 31, 2011: 3.5%). Interest expenses in connection with interest bearing loans and borrowings decreased to EUR 6.6 million (previous year: EUR 11.3 million).

We concluded a non-recourse factoring agreement with Commerzbank at a volume of EUR 3.9 million in the second quarter. Over the course of the year, factoring volume is expected to increase to EUR 10.0 million. As part of the agreement, the bank assumes prepayment of our customer receivables as well as the corresponding default risk. The resulting factoring costs are below the current refinancing conditions. Factoring thereby offers SAF-HOLLAND not only advantages in terms of liquidity, but also in terms of wider-reaching and more economical refinancing.

The financing of our growth path is secured until September 2014. We are accordingly looking into options, in order to further improve and diversify borrowing, with due care and no time pressure. As pertains to the potential issue of a capital market instrument, the interest of investors in a bond from SAF-HOLLAND was investigated at the end of April 2012. The selected date proved itself to be unfavorable, however, as several unforeseeable events caused uncertainty at the same point in time, namely: the results of the French presidential primary elections; the collapse of the minority government in the Netherlands; and new information on the precarious economic situation in Spain. Moods quickly dimmed on the capital markets – stock markets were on the decline and the formerly opportune moment for the issue of a bond was over almost immediately. As a consequence, we have temporarily put the issue of a capital market instrument on hold in order to take advantage of more favorable conditions in the future.

Liquidity

Receivables and payables increased with the growth in business volume. At the same time, we increased inventories in order to secure supplies in the face of increased business volume. Both factors affected the cash flow from operating activities before income tax payments, which amounted to EUR 23.6 million in the half year under review as in the previous year period. Operating cash flow is also affected by the following one-time effects. In the second quarter, the non-recourse factoring agreement that was concluded lead to the pre-payment of our customer receivables in the amount of EUR 3.9 million. Furthermore, some customers moved their payments to SAF-HOLLAND forward in December 2011, which resulted in a correspondingly lower cash inflow at the beginning of 2012. The resulting one-time effect amounts to EUR 6.0 million.

Net working capital amounted to EUR 89.8 million as of June 30, 2012 (December 31, 2011: EUR 78.2 million), corresponding to 10.0% (previous year: 9.6%) of Group sales. We have thereby reached our goal of a maximum ratio of 10% of sales. Days of inventory outstanding amounted to 47 days as of June 30 (previous year: 44 days / December 31, 2011: 48 days), which was slightly above our target figure of 45 days.

Primarily due to higher investments in property, plant and equipment as well as investments for the ongoing SAP project, cash flow from investing activities amounted to EUR -8.1 million (previous year: EUR -3.9 million). Cash flow from financing activities amounted to EUR -5.3 million (previous year: EUR -13.5 million) in the first half of the year. It should be considered here that the figure from the same period in the previous year was characterized by the capital increase carried out in March 2011 as well as the following partial repayment of the credit line. Interest paid in the reporting period amounted to EUR 5.8 million (previous year: EUR 23.8 million). Payments in the previous year include PIK interest deferred until April 2011 in the amount of EUR 14.3 million.

Investments

During the period under review, SAF-HOLLAND invested EUR 8.5 million (previous year: EUR 4.9 million). As planned, capital expenditure was higher than the previous year's expenses but remained within our target range of a maximum of 2%. In both North America and Europe, the expenditure predominately served to expand axle production. By the end of the year in Europe, a new friction welding system, among other things, will be installed, which can take over back up functions and enable capacities to be expanded.

Another focus of investment includes the merger of our SAP systems used on both continents. This project, which will last until 2013, is currently in the blueprint phase which means employees from both regions are jointly working out common processes. The integration of IT architectures creates advantages for us in terms of data availability and increased transparency, and it also increases the productivity of processes at the same time.

ASSETS

Equity ratio

Primarily as a result of the ongoing optimization of financing, equity increased to EUR 207.7 million (December 31, 2011: EUR 192.2 million). The equity ratio continued to develop positively and amounted to 36.8% as of June 30, 2012 (December 31, 2011: 35.8%).

Asset structure

As of the reporting date of June 30, 2012, total assets rose to EUR 563.8 million (December 31, 2011: EUR 536.5 million). Non-current assets reached EUR 329.4 million (December 31, 2011: EUR 327.8 million). Current assets increased to EUR 234.4 million (December 31, 2011: EUR 208.7 million). This is primarily a result of increased trade receivables of EUR 108.7 million (December 31, 2011: EUR 95.4 million) and expanded inventories with a value of EUR 94.8 million (December 31, 2011: EUR 90.4 million). This also reflects the cash available as a liquidity reserve of EUR 21.3 million (December 31, 2011: EUR 15.3 million). Including the agreed credit facility, overall liquidity amounted to EUR 64.5 million as of June 30, 2012 (December 31, 2011: EUR 70.7 million).

Two years ago SAF-HOLLAND purchased a welding facility which could not be put in to operation due to technical defects. The requested repayment of the purchase price was recorded as a receivable from the producer in the 2010 annual financial statements. In the first quarter of 2012, SAF-HOLLAND took legal action on the matter. At the end of the second quarter of 2012, settlement negotiations began. The figure in question is in the low double-digit million Euro area.

On the liabilities side, current liabilities increased the most from EUR 124.4 million to EUR 131.6 million, which was particularly affected by increased trade payables in the amount of EUR 92.9 million (December 31, 2011: EUR 86.0 million). Non-current liabilities amounted to EUR 224.5 million as of June 30, 2012 (December 31, 2011: EUR 219.9 million).

Employees: Commitment to a secure future

SAF-HOLLAND had an average of 3,143 employees (previous year: 3,061) in the Group in the first half of the year. As of June 30, 2012, the number of employees Group-wide was 3,167 (previous year: 3,158), including temporary employees – just over half were in North America and more than one-third in Europe. Sales per employee totaled kEUR 140.1 (previous year: kEUR 136.5) in the first half of the year.

Development of employee numbers by region

	June 30, 2012	June 30, 2011
Europe	1,154	1,146
North America	1,597	1,626
Other	416	386
Total	**3,167**	**3,158**

A 2011 company agreement gives our German production facilities the flexibility to adjust the work-force according to fluctuations in the market. Among other options, employees can be hired on a temporary basis. Due to the positive order situation, it is planned to offer permanent contracts to employees with temporary contracts that expire in November. We plan to ensure market-appropriate and flexible personnel structures in the coming years by way of fixed-term contracts and temporary workers.

The staff at SAF-HOLLAND received a bonus payment in the second quarter in recognition of their extraordinary commitment in 2011. At the same time, holiday bonuses that employees had waived in the context of the general economic crisis were settled on a voluntary basis.

R&D activities further technical edge

In the first half of 2012, we intensified research and development activities further. Ongoing R&D is essential for ensuring that our products and components continue to be innovative and appropriate for the market and that our Company can utilize these innovative products to grow worldwide. SAF-HOLLAND, for example, is a leader in durable lightweight systems that create weight advantages for commercial vehicles. The components allow fleet operators and trucking companies to load more freight or sustainably reduce their fuel consumption.

In order to accelerate our R&D strengths, we initiated a targeted expansion of staff starting in crisis year 2008 which is now complete. Overall, the number of R&D employees increased by over 40% to a current worldwide total of 164 employees.

Expenditure for research and development was increased to EUR 9.5 million (previous year: EUR 7.7 million) as planned; of that amount, EUR 0.6 million was capitalized as costs as in the previous year period. The R&D ratio, which shows the share of expenses to sales, amounted to 2.2% (previous year: 1.9%).

OPPORTUNITIES AND RISK REPORT

Compared with the opportunities and risk profile at the end of financial year 2011, as outlined in the Annual Report, the Group has recorded no changes. Overall, the risks are manageable and sufficient provisions have been made for known risks.

EVENTS AFTER THE BALANCE SHEET DATE

Effective as of July 1, 2012, SAF-HOLLAND Equipment Limited, Norwich, Ontario, Canada, was merged into SAF-HOLLAND Canada Limited, Woodstock, Ontario, Canada. No further material events have occurred since the reporting date.

OUTLOOK

SAF-HOLLAND is still benefiting from high demand and the equally urgent need for replacement components among fleet operators and trucking companies in both of the core markets. In Europe, a clear reduction in the investment bottleneck is expected in 2013; in the North American commercial vehicles sector this process has already begun. Further opportunities arise from the US Department of Transportation reduced stopping distance mandate for heavy commercial vehicles which takes effect in mid 2013. In contrast to Europe, the majority of trucks and trailers in the USA are equipped with drum brakes. As a result of the increased regulations, disc brake technology will gain importance and create a favorable situation for increasing the sales volume of our products.

The conditions required for the sustainable growth of the commercial vehicles industry are still present in view of the increasing transport volumes worldwide. This is also particularly true for the BRIC countries, whose transport industries will grow at a disproportionate rate with the dynamic economic upswing. SAF-HOLLAND follows a strategy that focuses on international expansion and the expansion of the Aftermarket business in order to take advantage of promising growth opportunities.

The further development in 2012 will depend on whether the fleet operators are confident with the appropriate conditions for their investments in our core markets of North America and Europe. A favorable development in financial and economic matters is an important factor here.

GENERAL STATEMENT ON FUTURE BUSINESS DEVELOPMENT

The development of the business in the first six months lays a good foundation for the full financial year 2012. It also showed us that our strategy aiming at stability and independence effectively accelerates the growth of the business. Current economic and political indicators cannot rule out a tendency toward increased uncertainties on the markets in the months to come. And so the overall economic environment remains challenging. However, we expect that politicians will be able to manage the European sovereign debt crisis and that trust in the general economic development will once again be on the rise. Based on this, we look positively toward SAF-HOLLAND's further business development.

From today's perspective, the favorable performance of the first six months will continue in 2012 although the second half of the year traditionally offers less potential due to vacation plant closings among our customers. For the full-year 2012, we expect Group sales of approximately EUR 850.0 million that will come in connection with a stable development of earnings. As compared to the previous year, this would correspond to growth in sales of more than 2%, or 5% adjusted for the project concluded in the previous year. Provided the appropriate framework conditions, we expect profitable growth for the business of SAF-HOLLAND in 2013 as well.

Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

kEUR	Notes	Q1–Q2/2012	Q1–Q2/2011	Q2/2012	Q2/2011
Result for the period					
Sales	(5)	440,321	417,906	223,699	215,544
Cost of sales		-359,882	-341,153	-182,359	-176,723
Gross profit		**80,439**	**76,753**	**41,340**	**38,821**
Other income		432	374	164	289
Selling expenses		-26,722	-24,022	-13,532	-12,037
Administrative expenses		-20,431	-19,491	-10,505	-9,637
Research and development costs		-8,903	-7,162	-4,670	-3,570
Operating result	(5)	**24,815**	**26,452**	**12,797**	**13,866**
Finance income	(6)	2,258	740	1,837	54
Finance expenses	(6)	-8,927	-18,865	-2,970	-5,532
Share of net profit of investments accounted for using the equity method		409	208	212	107
Result before tax		**18,555**	**8,535**	**11,876**	**8,495**
Income tax	(7)	-6,868	5,831	-4,050	-1,790
Result for the period		**11,687**	**14,366**	**7,826**	**6,705**
Other comprehensive income					
Exchange differences on translation of foreign operations	(10)	4,022	-5,430	4,973	-1,216
Changes in fair values of derivatives designated as hedges, recognized in equity	(10/13)	-309	3,118	-39	-1,666
Income tax effects on items recognized directly in other comprehensive income	(10)	79	-900	2	480
Other comprehensive income		**3,792**	**-3,212**	**4,936**	**-2,402**
Comprehensive income for the period		**15,479**	**11,154**	**12,762**	**4,303**
Attributable to equity holders of the parent		**15,479**	**11,154**	**12,762**	**4,303**
Basic and diluted earnings per share in EUR	(11)	**0.28**	**0.45**	**0.19**	**0.16**

CONSOLIDATED BALANCE SHEET

kEUR	Notes	06/30/2012	12/31/2011
Assets			
Non-current assets		**329,423**	**327,788**
Goodwill		47,151	46,311
Intangible assets	(8)	140,023	139,012
Property, plant, and equipment		101,451	100,746
Investments accounted for using the equity method		8,634	8,225
Other non-current assets		4,828	4,885
Deferred tax assets	(7)	27,336	28,609
Current assets		**234,382**	**208,699**
Inventories		94,842	90,400
Trade receivables		108,667	95,352
Income tax assets		111	144
Other current assets		9,413	7,458
Cash and cash equivalents	(9)	21,349	15,345
Total assets		**563,805**	**536,487**
Equity and liabilities			
Equity attributable to equity holders of the parent	(10)	**207,711**	**192,232**
Subscribed share capital		412	412
Share premium		245,661	245,661
Legal reserve		22	21
Other reserve		435	232
Retained earnings		-39,858	-51,341
Accumulated other comprehensive income		1,039	-2,753
Non-current liabilities		**224,538**	**219,869**
Pensions and other similar benefits		12,803	12,600
Other provisions		5,252	4,695
Interest bearing loans and borrowings	(12)	167,553	163,504
Finance lease liabilities		46	14
Other financial liabilities	(13)	6,056	5,693
Other liabilities		263	286
Deferred tax liabilities	(7)	32,565	33,077
Current liabilities		**131,556**	**124,386**
Pensions and other similar benefits		1,686	2,237
Other provisions		4,760	5,410
Interest bearing loans and borrowings	(12)	11,662	11,530
Finance lease liabilities		70	67
Trade payables		92,907	86,038
Income tax liabilities		4,325	3,428
Other financial liabilities	(13)	135	99
Other liabilities		16,011	15,577
Total equity and liabilities		**563,805**	**536,487**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2012						
	Attributable to equity holders of the parent						
kEUR	Subscribed share capital	Share premium	Legal reserve	Other reserve	Retained earnings	Accumulated other comprehensive income	**Total equity** (Note 10)
As of 01/01/2012	**412**	**245,661**	**21**	**232**	**-51,341**	**-2,753**	**192,232**
Comprehensive income for the period	–	–	–	–	11,687	3,792	15,479
Other reclassifications	–	–	1	203	-204	–	–
As of 06/30/2012	**412**	**245,661**	**22**	**435**	**-39,858**	**1,039**	**207,711**

	2011						
	Attributable to equity holders of the parent						
kEUR	Subscribed share capital	Share premium	Legal reserve	Other reserve	Retained earnings	Accumulated other comprehensive income	**Total equity** (Note 10)
As of 01/01/2011	**207**	**106,454**	**21**	**–**	**-77,911**	**-3,844**	**24,927**
Comprehensive income for the period	–	–	–	–	14,366	-3,212	11,154
Issue of share capital	205	143,540	–	–	–	–	143,745
Transaction costs	–	-4,333	–	–	–	–	-4,333
Other reclassifications	–	–	–	232	-232	–	–
As of 06/30/2011	**412**	**245,661**	**21**	**232**	**-63,777**	**-7,056**	**175,493**

CONSOLIDATED CASH FLOW STATEMENT

kEUR	Notes	Q1–Q2/2012	Q1–Q2/2011
Cash flow from operating activities			
Result before tax		**18,555**	**8,535**
- Finance income	(6)	-2,258	-740
+ Finance expenses	(6)	8,927	18,865
- Share of net profit of investments accounted for using the equity method		-409	-208
+ Amortization, depreciation of intangible assets and property, plant, and equipment		10,398	10,258
+ Allowance of current assets		1,376	1,591
+/- Loss/Gain on disposal of property, plant, and equipment		10	-188
- Gain on disposal of subsidiaries	(4)	-125	–
+ Dividends from investments accounted for using the equity method		23	22
Result before change of net working capital		**36,497**	**38,135**
- Change in other provisions and pensions		-1,034	-153
- Change in inventories		-3,558	-22,998
- Change in trade receivables and other assets		-13,823[1]	-23,578
+ Change in trade payables and other liabilities		5,532	32,217
Cash flow from operating activities before income tax paid		**23,614**	**23,623**
- Income tax paid	(7)	-4,655	-2,451
Net cash flow from operating activities		**18,959**	**21,172**
Cash flow from investing activities			
- Purchase of property, plant, and equipment		-6,070	-3,982
- Purchase of intangible assets		-2,444	-889
+ Proceeds from sales of property, plant, and equipment		69	982
+ Proceeds from sales of subsidiaries net of cash	(4)	270	–
+ Interest received		105	35
Net cash flow from investing activities		**-8,070**	**-3,854**
Cash flow from financing activities			
+ Proceeds from capital increase	(10)	–	143,745
- Payments for transaction costs relating to the capital increase	(10)	–	-6,068
- Payments for expenses relating to amended finance agreement		–	-3,289
- Repayments of Management and Board of Directors loan		–	-1,098
- Payments for finance lease		-21	-75
- Interest paid		-5,747	-23,821[2]
- Repayments of current and non-current financial liabilities[3]	(12)	-10,929	-89,100
- Change in drawings on the credit line and other financing activities	(12)	11,379	-33,813
Net cash flow from financing activities		**-5,318**	**-13,519**
Net increase in cash and cash equivalents		**5,571**	**3,799**
Net foreign exchange difference		433	-421
Cash and cash equivalents at the beginning of the period	(9)	**15,345**	**8,546**
Cash and cash equivalents at the end of the period	(9)	**21,349**	**11,924**

1) As of June 30, 2012, trade receivables in the amount of EUR 3.9 million were sold in the context of a factoring contract. Assuming the legal validity of the receivables, no further rights of recourse exist against SAF-HOLLAND from the sold receivables.

2) Including kEUR 14,272 from the repayment of the accrued PIK interest.

3) Repayments Facility A1 and A2.

Notes to the Consolidated Interim Financial Statements

For the period January 1 to June 30, 2012

1 CORPORATE INFORMATION

SAF-HOLLAND S.A. (the "Company") was incorporated on December 21, 2005 under the legal form of a "Société Anonyme" according to Luxembourg law. The registered office of the Company is in Luxembourg. The shares of the Company are listed in the Prime Standard of the Frankfurt Stock Exchange. They have been included in the SDAX since 2010.

2 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of SAF-HOLLAND S.A. and its subsidiaries (the "Group") have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and in effect as of the reporting date.

The consolidated interim financial statements for the first half of 2012 have been prepared in accordance with IAS 34 "Interim Financial Reporting". Unless expressly indicated otherwise, the same accounting policies and consolidation methods were applied as in the Group's annual financial statements for the financial year 2011. Therefore, the consolidated interim financial statements should be read in conjunction with the Group's annual financial statements as of December 31, 2011.

In preparing the consolidated interim financial statements, management has made assumptions and estimates that affect the reported amounts of assets, liabilities, income, expenses, and contingent liabilities as of the reporting date. In certain cases, actual amounts may deviate from these assumptions and estimates.

Expenses and income incurred irregularly during the financial year were anticipated or deferred if it would also be appropriate to do so at the end of the financial year.

The consolidated interim financial statements and the Group Interim Management Report have neither been audited nor reviewed by an auditing firm.

3 SEASONAL EFFECTS

Seasonal effects during the year can result in variations in sales and the resulting profits. Please see the Group Interim Management Report for further details regarding earnings development.

4 SCOPE OF CONSOLIDATION

SAF-HOLLAND Denmark ApS, Denmark, was sold in February 2012 and deconsolidated as of this date.

5 SEGMENT INFORMATION

For management purposes, the Group is organized into customer-oriented Business Units based on their products and services. The three reportable operating segments are the Business Units Trailer Systems, Powered Vehicle Systems, and Aftermarket. There has been no change in the division of operating segments since December 31, 2011. For more information, please see the notes of the 2011 annual report.

Management assesses the performance of the operating segments based on adjusted EBIT. The reconciliation from operating result to adjusted EBIT is provided as follows:

kEUR	Q1–Q2/2012	Q1–Q2/2011
Operating result	24,815	26,452
Share of net profit of investments accounted for using the equity method	409	208
EBIT	**25,224**	**26,660**
Additional depreciation and amortization from PPA	3,186	3,218
Restructuring and integration costs	501	167
Adjusted EBIT	**28,911**	**30,045**

Information on segment sales and earnings for the period from January 1 to June 30:

	2012				
	Business Units				
kEUR	Trailer Systems	Powered Vehicle Systems	Aftermarket	Adjustments/ eliminations	**Consolidated**
Sales	242,795	81,689	115,837	–	**440,321**
Adjusted EBIT	7,659	6,857	16,561	-2,166	**28,911**

	2011				
	Business Units				
kEUR	Trailer Systems	Powered Vehicle Systems	Aftermarket	Adjustments/ eliminations	**Consolidated**
Sales	241,753	73,819	102,334	–	**417,906**
Adjusted EBIT	7,766	7,580	16,615	-1,916	**30,045**

Adjustments and eliminations include expenses of the parent company as well as other expenses and income which are not allocated to any Business Unit.

Please see the Group Interim Management Report regarding earnings development of the segments.

6 FINANCE RESULT

Finance income and expenses consist of the following:

Finance income

kEUR	Q1–Q2/2012	Q1–Q2/2011
Foreign exchange gains on foreign currency loans	1,779	–
Finance income due to derivatives	–	506
Finance income due to pensions and other similar benefits	186	198
Interest income	112	21
Other	181	15
Total	**2,258**	**740**

Finance expenses

kEUR	Q1–Q2/2012	Q1–Q2/2011
Interest expenses due to interest bearing loans and borrowings	-6,649	-11,339
Transaction costs	-178	-4,466
Amortization of transaction costs	-1,261	-1,085
Finance expenses due to pensions and other similar benefits	-324	-383
Finance expenses due to derivatives	–	-699
Other	-515	-893
Total	**-8,927**	**-18,865**

Foreign exchange gains on foreign currency loans primarily comprises unrealized foreign exchange gains on foreign currency loans translated at the closing rate.

Interest expenses from interest bearing loans and borrowings decreased as a result of the partial repayment of bank loans in April 2011 and the corresponding improvement in the interest rate margin.

In the previous year transaction costs of kEUR 4,466 were incurred from the partial repayment of bank loans.

7 INCOME TAXES

The major components of income taxes are as follows:

kEUR	Q1–Q2/2012	Q1–Q2/2011
Current income taxes	-6,567	-3,963
Deferred income taxes	-301	9,794
Income tax reported in the result for the period	**-6,868**	**5,831**

The effective income tax rate in the second quarter of 2012 was 37%. The difference between the effective income tax rate and the Group's income tax rate (30.8%) primarily results from non-deductible expenses and unused tax loss carry forwards. In the corresponding period of the previous year, the Group recognized deferred income tax of kEUR 9,437 on interest carry-forwards unrecognized in previous years.

8 INTANGIBLE ASSETS

The increase in intangible assets primarily result from the capitalized expenses of kEUR 1,599 associated with the project of consolidation of existing SAP systems in Europe and North America.

9 CASH AND CASH EQUIVALENTS

kEUR	06/30/2012	12/31/2011
Cash at banks and on hand	21,343	15,127
Short-term deposits	6	218
Total	**21,349**	**15,345**

10 EQUITY

As of June 30, 2012, the Company's subscribed share capital of EUR 412,373.75 is unchanged from December 31, 2011. It consists of 41,237,375 ordinary shares with a par value of EUR 0.01 and is fully paid-in.

In the second quarter, the Annual General Meeting on April 26, 2012 resolved to appropriate EUR 203,750.00 to other reserves that are subject to restrictions on distribution. This allowed the Group to adhere to specific requirements under Luxembourg tax law. Furthermore, due to legal requirements, EUR 1,039.22 was appropriated to the legal reserve.

At an Extraordinary General Meeting on June 4, 2012, shareholders approved the Company's proposal to increase the Company's authorized capital from EUR 0.00 to EUR 206,187.00 consisting of 20,618,700 shares with a par value of EUR 0.01 per share. This approval is limited to a period of five years and begins with the publication of the certificate.

Furthermore, the implementation of a share buyback program was approved. The maximum buy-back amount is 10% of the share capital existing on the day of this resolution. This approval is limited to a period of five years and begins with the date at the Extraordinary General Meeting on June 4, 2012.

In the previous year, SAF-HOLLAND S.A. decided to issue an additional 20,535,100 ordinary shares with a par value of EUR 0.01 each on March 24, 2011. The shares were placed at an offer price of EUR 7.00 per share. Directly attributable transaction costs in the amount of kEUR 4,333 (after income tax benefits) were deducted from the share premium.

Changes in accumulated other comprehensive income consist of the following:

	Before tax amount		Tax income/expense		Net of tax amount	
kEUR	Q1–Q2/2012	Q1–Q2/2011	Q1–Q2/2012	Q1–Q2/2011	Q1–Q2/2012	Q1–Q2/2011
Exchange differences on translation of foreign operations	4,022	-5,430	–	–	4,022	-5,430
Changes in fair values of derivatives designated as hedges, recognized in equity	-309	3,118	79	-900	-230	2,218
Total	**3,713**	**-2,312**	**79**	**-900**	**3,792**	**-3,212**

11 EARNINGS PER SHARE

		Q1–Q2/2012	Q1–Q2/2011
Result for the period	**kEUR**	**11,687**	**14,366**
Weighted average number of shares outstanding	thousands	41,237	31,768
Basic and diluted earnings per share	**EUR**	**0.28**	**0.45**

Basic earnings per share are calculated by dividing the result for the period attributable to shareholders of SAF-HOLLAND S.A. by the average number of shares outstanding. New shares issued during the period are included pro rata for the period in which they are outstanding.

In the first half of 2012, the weighted average number of shares remained unchanged at 41,237,375.

In the corresponding period of the previous year, the weighted average number of shares increased due to the issue of 20,535,100 new shares as part of the capital increase on March 24, 2011. The weighted average number of shares for the corresponding period of the previous year is determined as follows:

	Par value (EUR)	Number	Days	Weighted number
01/01/2011–03/23/2011	0.01	20,702,275	83	1,718,288,825
03/24/2011–06/30/2011	0.01	41,237,375	97	4,000,025,375
Total			**180**	**5,718,314,200**
Average		**31,768,412**		

Earnings per share can be diluted by potential ordinary shares. No dilutive effects occurred during the reporting period or in the comparison period for 2011.

12 INTEREST BEARING LOANS AND BORROWINGS

kEUR	Non-current 06/30/2012	Non-current 12/31/2011	Current 06/30/2012	Current 12/31/2011	Total 06/30/2012	Total 12/31/2011
Interest bearing collateralized bank loans	166,230	164,468	12,029	11,811	**178,259**	**176,279**
Transaction costs	-5,139	-6,298	-1,179	-1,152	**-6,318**	**-7,450**
Bank overdrafts	15	40	58	91	**73**	**131**
Success fee	6,119	4,795	–	–	**6,119**	**4,795**
Accrued interests	–	–	396	456	**396**	**456**
Other loans	328	499	358	324	**686**	**823**
Total	**167,553**	**163,504**	**11,662**	**11,530**	**179,215**	**175,034**

In November 2009, an agreement was signed with a banking syndicate to extend the existing credit agreement dated February 19, 2008 to September 2014. In March 2011, comprehensive changes and improvements were included in the credit agreement as part of the capital increase. Further details of the financing agreement are described in the annual report as of December 31, 2011.

The current interest bearing collateralized bank loans include the agreed repayments in the coming 12 months.

The following table summarizes the determination of overall liquidity defined as available undrawn credit lines measured at the initial borrowing exchange rate plus available cash and cash equivalents:

	06/30/2012				
kEUR	Amount drawn valued as at the period-end exchange rate	Amount drawn valued as at the borrowing date exchange rate	Agreed credit lines valued as at the borrowing date exchange rate	Cash and cash equivalents	Total liquidity
Facility A1	14,567	14,567	14,567	–	–
Facility A2	18,083	15,019	15,019	–	–
Facility B	145,609	145,609	188,800[1]	21,349	64,540
Total	**178,259**	**175,195**	**218,386**	**21,349**	**64,540**

1) The available credit lines from facility B include the separately agreed credit line for SAF-HOLLAND do Brasil Ltda. in the amount of EUR 3.8 million.

	12/31/2011				
kEUR	Amount drawn valued as at the period-end exchange rate	Amount drawn valued as at the borrowing date exchange rate	Agreed credit lines valued as at the borrowing date exchange rate	Cash and cash equivalents	Total liquidity
Facility A1	22,692	22,692	22,692	–	–
Facility A2	20,179	17,419	17,419	–	–
Facility B	133,408	133,408	188,800[1]	15,345	70,737
Total	**176,279**	**173,519**	**228,911**	**15,345**	**70,737**

The collateral granted for the credit line is described in the Annual Report as of December 31, 2011.

In April 2012, as part of a road show, management once again surveyed the interest of investors for a bond. Due to uncertainties based on the budget problems of several European countries, it was decided, however, to postpone the placement of a bond or another suitable capital market instrument until a time when the financial, economic and political framework conditions are more favorable. The credit line of EUR 90 million arranged in July 2011 in connection with the successful placement of a bond was canceled for this reason as of April 30, 2012.

13 OTHER FINANCIAL LIABILITIES

	01/01/2012				06/30/2012
kEUR	**Fair value**	Changes recognized in equity (before tax)	Changes recognized in profit or loss (before tax)	Foreign currency translation	**Fair value**
Interest rate swaps EUR	**-4,336**	-442	–	–	**-4,778**
Interest rate swaps USD	**-1,357**	133	–	-54	**-1,278**
Total	**-5,693**	**-309**	**–**	**-54**	**-6,056**

	01/01/2012	06/30/2012
kEUR	**Fair value**	**Fair value**
Forward exchange transaction	**-99**	**-135**

Any gain or loss resulting from the measurement of financial assets and other financial liabilities is recognized immediately in profit or loss unless the derivative is designated and effective as a hedging instrument in hedge accounting.

Only interest rate swaps, which are used as cash flow hedges, meet the criteria for hedge accounting in the Group. They are used to hedge the exposure to variability of cash flows. Changes in market values must therefore be recognized directly in equity, if the hedging relationship is effective.

14 RELATED PARTY DISCLOSURES

MANAGEMENT BOARD AND BOARD OF DIRECTORS

At the Annual General Meeting on April 26, 2012, it was decided to approve and renew the Board of Directors mandate of Detlef Borghardt until the Annual General Meeting 2014. In addition, the appointment of Anja Kleyboldt to the Board of Directors until the Annual General Meeting 2015 was approved.

The Board of Directors now consists of the following members as of April 26, 2012:

- Bernhard Schneider (Chairman)
- Ulrich O. Sauer (Deputy Chairman)
- Detlef Borghardt
- Anja Kleyboldt
- Samuel Martin
- Richard W. Muzzy

TRANSACTIONS WITH RELATED PARTIES AND COMPANIES IN WHICH THE KEY MANAGEMENT PERSONNEL OF THE GROUP HOLD KEY MANAGEMENT POSITIONS

	Sales to related parties		Purchases from related parties	
kEUR	Q1–Q2/2012	Q1–Q2/2011	Q1–Q2/2012	Q1–Q2/2011
SAF-HOLLAND Nippon, Ltd.	390	325	–	–
Lakeshore Air LLP	–	–	84	61
FWI S.A.	–	–	15,649	14,945
Irwin Seating Company[1]	584	515	–	–
Madras SAF-HOLLAND Manufacturing (I) P. Ltd.	35	–	–	–
Total	**1,009**	**840**	**15,733**	**15,006**

1) The Irwin Seating Company is a company in which a member of the Group's management holds a key management position.

	Amounts owed by related parties		Amounts owed to related parties	
kEUR	06/30/2012	12/31/2011	06/30/2012	12/31/2011
SAF-HOLLAND Nippon, Ltd.	228	56	188	183
Lakeshore Air LLP	–	–	27	12
FWI S.A.	–	–	2,977	331
Irwin Seating Company[1]	207	18	–	–
Madras SAF-HOLLAND Manufacturing (I) P. Ltd.	187	146	–	–
Total	**622**	**220**	**3,192**	**526**

15 CASH FLOW STATEMENT

Please see the Group Interim Management Report for further explanations of the cash flow statement.

16 EVENTS AFTER THE BALANCE SHEET DATE

Effective as of July 1, 2012, SAF HOLLAND Equipment Limited, Norwich, Ontario, Canada, was merged into SAF HOLLAND Canada Limited, Woodstock, Ontario, Canada.

No additional material events have occurred since the reporting date.

Responsibility Statement

To the best of our knowledge, and in accordance with all applicable financial principles for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group's interim management report provides a fair review of the development and performance of the Group's business and position, together with a description of the principal opportunities and risks associated with the expected development of the Group over the remainder of the fiscal year.

Luxembourg, August 16, 2012
SAF-HOLLAND S.A.

Bernhard Schneider
Chairman of the Board of Directors

Financial Glossary

Adjusted EBIT: Earnings before interest and taxes (EBIT) is adjusted for special items, such as depreciation and amortization from purchase price allocations, impairment of goodwill and intangible assets, reversal of impairment of intangible assets as well as restructuring and integration costs.

Business Units: For management purposes, the Group is organized into customer-oriented Business Units (Trailer Systems, Powered Vehicle Systems, and Aftermarket).

Days inventory outstanding: Inventory / cost of sales per day (cost of sales of the quarter / 90 days).

Effective income tax rate: Income tax / earnings before tax x 100.

Equity ratio: Equity / total assets x 100.

Fair value: Amount obtainable from the sale in an arm's length transaction between knowledgeable, willing parties.

Gross margin: Gross profit / sales x 100.

IFRS/IAS (International Financial Reporting Standards/International Accounting Standards):
The standard international accounting rules are intended to make company data more comparable. Under the EU resolution, accounting and reporting at exchange-listed companies must be done in accordance with these rules.

Net working capital: Current assets less cash and cash equivalents less current and non-current other provisions less trade payables less other current liabilities less income tax liabilities.

MDAX: The mid-cap-DAX (MDAX) comprises 50 companies that rank immediately below DAX securities in terms of market capitalization and order book volume.

Non-recourse factoring: Factoring where the factor takes on the the bad debt risk.

Purchase Price Allocation (PPA): Distribution of the acquisition costs of a business combination to the identifiable assets, liabilities and contingent liabilities of the (acquired) company.

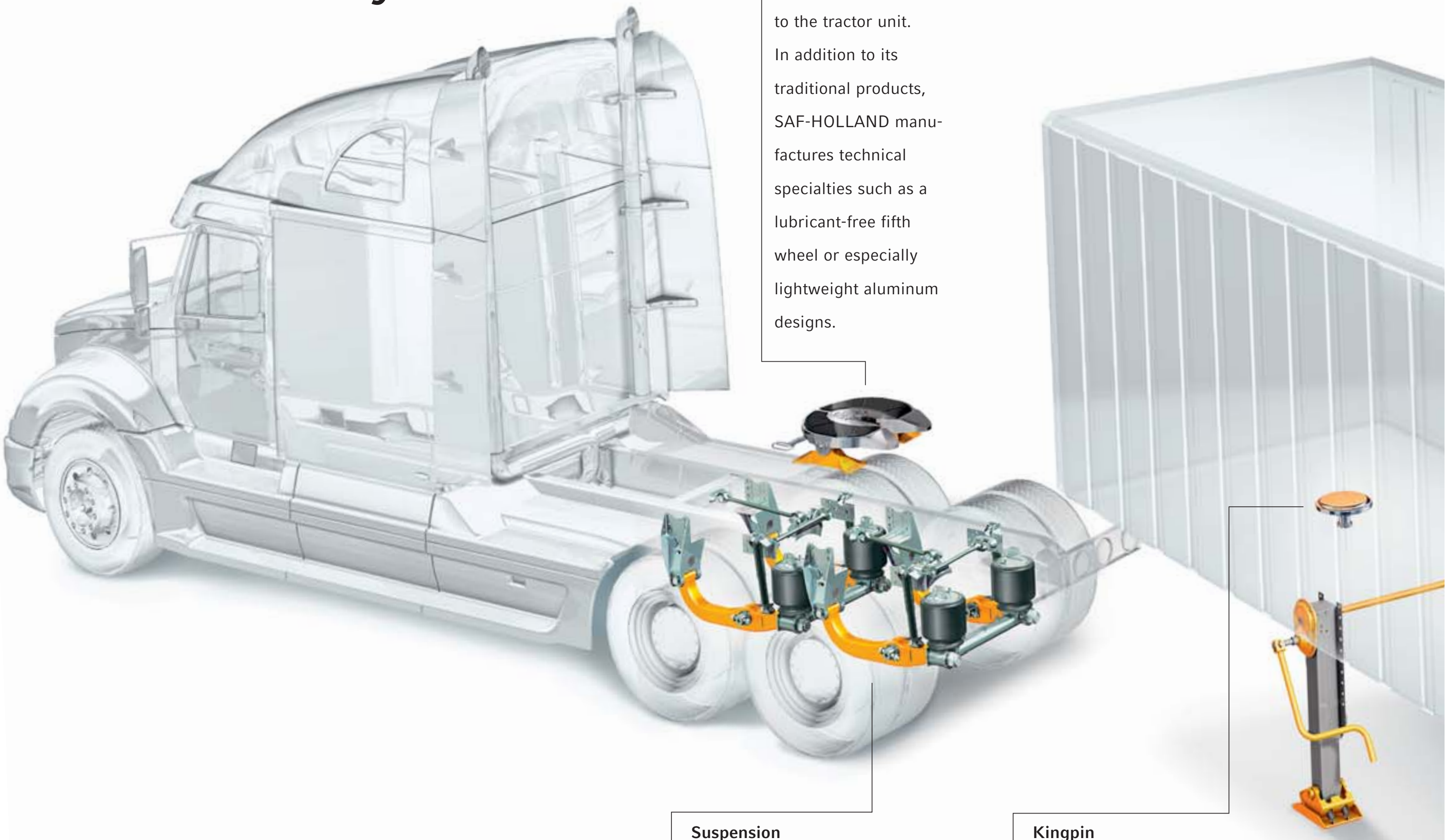
Prime Standard: Prime Standard is a market segment of the German Stock Exchange that lists German companies which comply with international transparency standards.

R&D ratio: R&D cost and capitalized development cost / sales x 100.

Sales per employee: Sales / average number of employees (including temporary employees).

SDAX: The small-cap-DAX (SDAX) comprises 50 companies that rank immediately below mid-cap-DAX (MDAX) securities in terms of market capitalization and order book volume. As is the case with DAX, TecDAX and MDAX, the SDAX belongs to the Prime Standard.

Technical Glossary



Fifth Wheel
Mounts with the kingpin and serves to secure the semi-trailer to the tractor unit. In addition to its traditional products, SAF-HOLLAND manufactures technical specialties such as a lubricant-free fifth wheel or especially lightweight aluminum designs.

Suspension
The suspension creates the link between the axle and the vehicle in order to compensate for road irregularities and improve maneuverability. The SAF-HOLLAND suspension system with its modular design can be used for up to three interlinked powered axles. Each axle is suspended individually. Suitable for gross vehicle weights of between 10 and 40 tons.

Kingpin
Mounts on the semi-trailer and couples with the tractor fifth wheel. SAF-HOLLAND products are sold around the world and are among the safest on the market.

Landing Gear
Retractable legs that support the front of a semi-trailer when it is not secured to the tractor unit. SAF-HOLLAND landing gear has a special coating that increases their service life significantly.

Axle System

The axle system for trailers consists in general of the axle itself with either a disk brake or a drum brake and the air suspension system.

List of Abbreviations

ACEA	Association des Constructeurs Européens d'Automobiles (European automobile manufacturers' association)
BRIC	Brasil, Russia, India and China
CEO	Chief executive officer
DAX	Deutscher Aktienindex (German stock index)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes and depreciation/amortization
EUR	Euro
GDP	Gross domestic product
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IfW	Institut für Weltwirtschaft (German economic organisation)
kEUR	thousand Euro
Mio.	Million
OEM	Original equipment manufacturer
PDC	Part Distribution Center
PPA	Purchase price allocation
R&D	Research and development
SDAX	Small-Cap-DAX
SWAP	Hedging instrument in which two counterparties agree to exchange contractual rights and obligations against another (to swap) to a definite existing period of time in the future and to defined conditions
USA	United States of America
VDA	Verband der Automobilindustrie (German Automotive Industry Association)

Financial Calendar and Contact Information

Financial Calendar

November 8, 2012	Report on Q3 2012 Results
November 12–14, 2012	German Equity Forum, Frankfurt

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This report is also available in German.

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