

2008 Interim Financial Report

Enabling a better automotive world



BOARD OF DIRECTORS

Thierry Morin

Chairman and Chief Executive Officer

Bedhdad Alizadeh

G rard Blanc ⁽¹⁾

Daniel Camus ⁽¹⁾

Pascal Colombani

J r me Contamine ⁽²⁾

Pierre-Alain De Smedt ⁽¹⁾

Philippe Gu don ⁽²⁾

Lord Jay of Ewelme

Helle Kristoffersen

Georges Pauget ⁽²⁾

Erich Spitz

(1) Member of the Audit Committee

(2) Member of the Nomination and Remuneration Committee

STATUTORY AUDITORS

PricewaterhouseCoopers Audit

Represented by Mr Serge Villepelet and

Mr Jean-Christophe Georghiou

Salustro Reydel, member of KPMG International

Represented by Mr Jean-Pierre Cruzet and

Mr Emmanuel Paret

CONTENT

Key consolidated figures	2
Interim Management Report	3
Stock market data	9
Consolidated Financial statements	12
Auditors' report	25

Consolidated key figures

(in euro million)	1st half 2008	1st half 2007	% change 2008/2007
Net sales	4,842	4,944	- 2.1%
Other revenues	72	62	+ 16.1%
Total operating revenues	4,914	5,006	- 1.8%
Gross margin	791	771	+ 2.6%
% of sales	16.3%	15.6%	
Operating income	182	167	+ 9.0%
% of total operating revenues	3.7%	3.3%	
Net income attributable to equity holders of the Company	100	71	+ 40.8%
% of total operating revenues	2.0%	1.4%	2.0%
Basic earnings per share (in euro)	1.30	0.92	+ 41.3%
Net cash from operating activities	403	346	+ 16.5%
Capex and intangibles	307	288	+ 6.6%
Headcount at 30 June	59,700	72,300**	na

** incl. Valeo Connective Systems

(in euro million)	30 June 2008	30 June 2007	% change
Stockholders' equity inc. minority interest	1,782	1,836	- 2.9%
Net debt	621	940	- 33.9%
Gearing	35%	51%	- 16 pts

<u>Quarterly trends</u> (in euro million)*	Q1-2008	Q2-2008
Total operating revenues	2,470	2,444
Gross margin	388	403
% of sales	15.9%	16.7%
Operating income	86	96
% of total operating revenues	3.5%	3.9%

* Unaudited

INTERIM MANAGEMENT REPORT

1. REVIEW OF OPERATIONS

1.1. Valeo's activity compared to overall automotive production

At €4,914 million for the first half of 2008, **total operating revenues** fell by 1.8% compared to the first half of 2007¹. Changes to the consolidation scope² had no significant impact on the change in total operating revenues. Changes in exchange rates had a negative impact of 2.5%. On a like-for-like basis, total operating revenues were up 0.6%, compared to estimated growth of 1.4% in the Group's automotive production benchmark³.

Sales for the half year reached €4,842 million (€4,944 million for the first half of 2007), comprising €4,026 million from the original equipment segment (83% of the total) and €816 million for the aftermarket (17%). The comparable figures for the first half of 2007 were €4,091 million (83%) and €853 million (17%).

Half-yearly sales for **Europe** came to €3,260 million, or 67% of total consolidated sales (66% in 2007). They fell by 3.3% (3.4% on a like-for-like basis). At the same time, it is estimated that local production of small cars rose by 4.8%, reflecting a 0.5% decline in Western Europe, and a 20.1% rise in Central Europe.

In **North America**, Valeo posted half-yearly sales of €575 million (12% of total consolidated sales), down 15.1%. On a like-for-like basis, sales fell by 2.5%, while local automobile production plunged 11.7%.

Half-yearly sales for **Asia, the Middle East, Oceania and Africa** came to €693 million, or 14% of total consolidated sales. In Asia, sales rose by 10.9% (up 19.1% on a like-for-like basis). On a like-for-like basis, billings increased by 35.1% in China, 18.3% in Japan and 14.9% in Korea. The Group estimates that light vehicle production increased by 7.5% in Asia, reflecting in particular growth of 16.2% in China and 3.3% in Japan, and a fall of 4.3% in Korea.

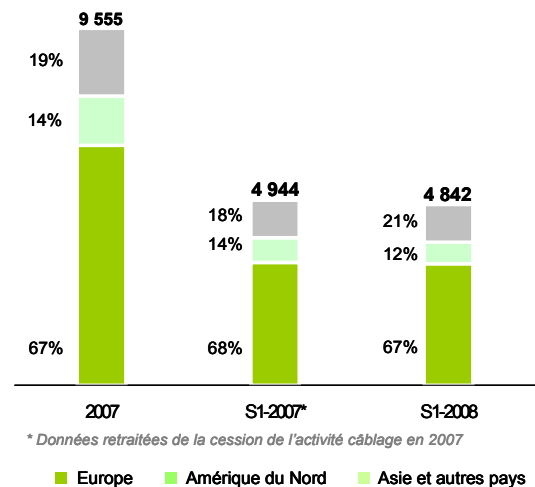
Sales generated in **South America** totaled €314 million (6% of the total), up 24.1% compared to the first half of 2007. On a like-for-like basis, the growth rate was 20.5%, in line with the rise in local automotive production.

¹ The figures for the first half of 2007 presented in this report were restated to take account of the contribution of the wiring business, sold in December 2007.

² Consolidation of the Security Systems business in India and of Connaught Electronics as of July 1, 2007 and September 1, 2007 respectively, and deconsolidation of the Truck Engine Cooling business as of June 1, 2008.

³ Change in production of light vehicles in Europe, North America, South America and Asia as estimated by JD Power and weighted by the contribution of each region to consolidated sales.

En millions d'euros et en % du chiffre d'affaires



1.2. New orders

The ratio of orders to sales in the original equipment sector was 1.3 for the first half of 2008, compared to 1.2 at June 30, 2007. The proportion of new products in total new orders was stable at 26%.

1.3. Commercial successes and customer awards

Major progress was achieved in terms of innovation, which is at the heart of the Group's strategy.

The **Powertrain Efficiency Domain**, whose purpose is to promote more economical and environmentally friendly vehicles, achieved further commercial success, and increased its growth potential.

The StARS micro-hybrid system, based on a starter-alternator technology, took a new step in its commercial development. Launched as a world first in 2004 on the Citroën C2 and C2 models, StARS is factory fitted on the Smart Fortwo mhd (micro-hybrid drive), which arrived on the market at the end of last year. StARS also equips Mercedes' new A and B Class, offering average fuel savings of 9%, although this figure can rise to 25% in heavy urban traffic. Finally, the Group signed a contract with PSA Peugeot Citroën to equip more than a million vehicles with its Stop-Start technology by 2011. Valeo expects this technology to become standard worldwide, and should sign new contracts this year.

Alongside these promising developments for Stop-Start, Valeo has signed a contract with OSEO, the French public body dedicated to supporting business innovation, to fund Valeo's LO_wCO₂Motion™ research program, which focuses on improving automotive engine efficiency and helping to reduce CO₂ emissions. This funding was authorized by the European Commission on June 17.

The LO_wCO₂Motion™ program represents a cost of €211.6 million between 2007 and 2011 for Valeo and its partners. As part of the contract signed with OSEO, Valeo will receive up to €54.8 million (€19 million in direct grants and the remainder in loans).

The LO_wCO₂Motion™ research program is based on two of Valeo's major innovations:

- The Camless system, in which the camshaft in engines is replaced by electromagnetic actuators that operate each valve independently. This technology should reduce fuel consumption and pollutant emissions by up to 20% on gasoline engines. Consumers will therefore benefit from enhanced performance and driving comfort, due in particular to an increase in low-end engine torque.
- The second innovation, compatible with the Camless system, is a new-generation mild hybrid based on Valeo's StARS+X technology. In addition to the Start-Stop function which cuts off the engine when the vehicle is at a standstill, this system recovers energy generated during braking. The program includes the development of a new high-power alternator and ultracapacitor technology, enabling a 10% to 15% reduction in fuel consumption.

In the **Driving Assistance Domain**, the Park4U™ park assist system won a prestigious PACE⁴ Award in 2008 in the European Products category. This is Valeo's fourth award of this kind after the Blind Spot Detection System in 2007, the StARS micro-hybrid system in 2006, and the LaneVue™ lane departure warning system in 2005⁵. Park4U™ also won the 2008 Genius Safety Prize from the insurance company Allianz, for its contribution to the prevention of accidents that occur during parking, and the significant reduction in repair costs for drivers and insurers.

Developed by Valeo, as the world leader in the ultrasonic sensor market, the system seeks out available parking spaces by scanning both sides of the road. Once a space has been identified, the driver stops and puts the car in reverse, thereby activating the automated steering. Assisted by the front and rear ultrasonic sensors, the driver releases the steering wheel but remains in charge of accelerating and braking, during a maneuver which can be interrupted at any time by braking or simply taking over the steering wheel.

Available as an option on the Volkswagen Touran, a world first since the first half of 2007, and currently available on the Volkswagen CrossTouran, Tiguan, Passat and Passat Variant, the system will equip 16 models by 2010.

Automotive manufacturers continued to recognize the high standard of the Group's services, particularly in Quality.

Valeo received an Excellent Quality Performance Award from Toyota, at the international convention of the group's suppliers, which was held in Nagoya on February 29. The very strict application of the Group's 5 Axes methodology and its QRQC (Quick Response Quality Control) principles saw a spectacular rise in the quality of Valeo's products, reflected in the rate of 10 ppm (faulty parts per million) at the end of 2007, a figure that has been divided by 20 in five years.

This prestigious award follows those handed out by Toyota Motor Europe last year (five prizes, including two for the Group

as a whole, for Sourcing Management, Project Management, and Cost and Quality Management).

Other awards received during the period included the Prince Felipe Prize for Business Competitiveness, awarded to Valeo's Lighting and Signaling factory in Martos, Spain; Renault's 2007 Supplier Quality Prize for the excellent quality of the engine cooling products supplied by the European Division, as well as the Group's responsiveness and performance in terms of customer satisfaction; the Silver Trophy awarded at Fiat's first international supplier conference to Valeo Security Systems for the quality of its products, its contribution to the development process and its sales performance; Volkswagen's prizes in Excellence in Development and Entrepreneurial Achievement, awarded to the Engine Cooling site at San Luis Potosi in Mexico; and the Appreciation Award from GM Daewoo to the Valeo Transmissions site in South Korea, for its contribution to the successful launch of the HydraMatic 6-gear automatic transmission, whose unit supplies the GF6 torque converter.

1.4. Industrial rationalization

Valeo continues to optimize its industrial facilities in order to support its customers' growth and ensure a competitive cost base.

- At June 30, 2008, the Group was operating 122 industrial sites, compared to 125 sites at December 31, 2007. During the first half of 2008, two sites were opened, two were closed (including Rochester in the United States in the second quarter) and three sites were sold. At June 30, 2008, 45% of the Group's sites were located in low-cost countries.
- At June 30, 2008, the Group employed 59,700 people, compared to 72,300 at June 30, 2007 (including 11,900 at Valeo Connective Systems, which was sold on December 31, 2007, and 1,000 in the truck engine cooling business, sold on May 31, 2008). On a like-for-like basis, headcount decreased by 300, reflecting a reduction of 1,800 in high-cost countries, and an increase of 1,500 in low-cost countries. At June 30, 2008, 48% of the production workforce was located in low-cost countries, compared to 45% at June 30, 2007 (excluding Valeo Connective Systems).

1.5. Strategic operations

Valeo's acquisitions/disposals strategy is designed to reinforce the Group's three Domains and increase its organic growth potential.

With a view to focusing its engine cooling activity on passenger cars and light utility vehicles, on May 31, 2008, Valeo sold its truck engine cooling division to EQT, an investment fund based in Northern Europe. Employing 900 people across three production sites (two in Sweden and one in the United States), this division achieved sales of €172 million in 2007.

The strategic links with Ichikoh, one of the leaders in automotive lighting in Japan, in which Valeo holds a stake of 32%, were strengthened with the signing of a new agreement on operational management and corporate governance. Ichikoh is now led by two Chief Executive Officers chosen from the members of its Board of Directors. They both have equal executive authority. In addition, Valeo boosted its presence in Ichikoh's operational management by taking responsibility for

⁴ PACE Awards recognize the best innovations by automotive suppliers in terms of technological advance and commercial performance. The prizes are awarded in partnership with Automotive News, Microsoft, SAP and the Transportation Research Center.

⁵ At the beginning of July, Nissan gave Valeo a Global Innovation Award for its contribution to the automaker's lane departure prevention technology. The system is fitted on the Infiniti EX, FX and M models.

quality, electronic engineering, purchasing, financial auditing and several industrial sites. Valeo also increased its presence on the Board of Directors, with three directors out of a total of nine, reduced from 19. The six remaining directors were nominated by Ichikoh.

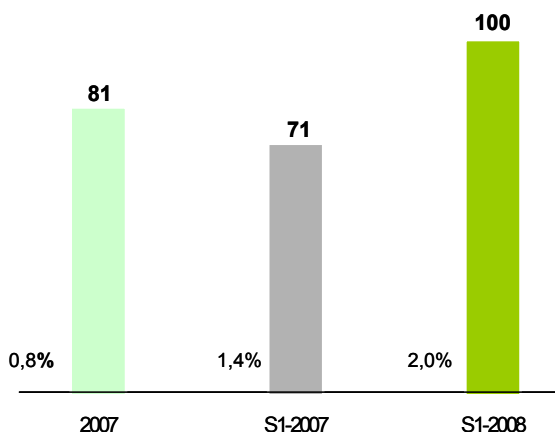
During the first half, Valeo laid the groundwork for its first site in Russia by signing an agreement to form a 95%-owned joint venture with the Russian company Itelma, a supplier to Russian automakers. The new entity, called Valeo Climate Control Tomilino LLC, will produce heating, ventilation and air conditioning systems. Valeo intends to deploy all of its product lines on the Russian market, where production is growing at an annual rate of 20%, and should represent a volume of 4 million vehicles by 2015.

2. FINANCIAL REVIEW

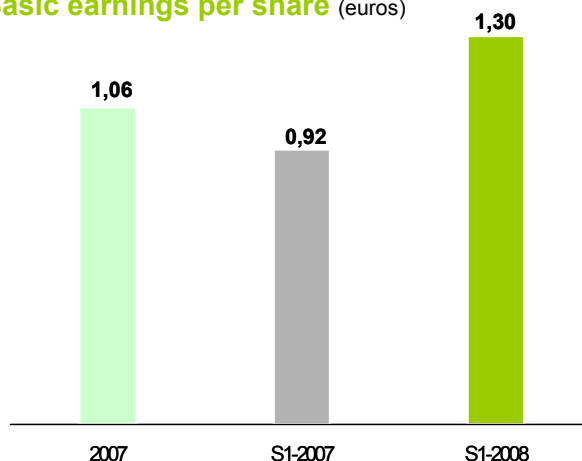
2.1. Income statement

The income due to the Group's shareholders totaled €100 million for the first half of 2008, compared to €71 million for the first half of 2007. Net income per share was €1.30 (including a loss of €0.02 per share accountable to non-strategic activities), compared to €0.92 (including a loss of €0.05 accountable to non-strategic activities).

Net income attributable to the company's shareholders (in millions of euros and as % of total operating revenues)



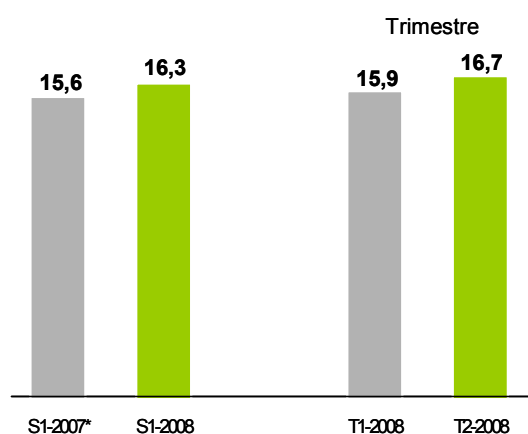
Basic earnings per share (euros)



2.1.1. Gross margin

The gross margin for the first half year amounted to €791 million, compared to €771 million for the same period in 2007 (up 2.6%). It represented 16.3% of sales, up 0.7 points from the first half of 2007. The margin was improved by the slight fall in the cost of raw materials, as well as productivity gains achieved over both quarters.

Gross margin
(in % of sales)



* Données retraitées de la cession de l'activité câblage en 2007

2.1.2. Operating costs excluding production

In the first half, the Group benefited from the positive impact of OSEO funding and the increase in research tax credit, which allowed it to maintain its R&D efforts at a level in line with its strategic objectives and profitability. At €342 million, **R&D costs** for the half year rose by just 0.3% compared to the first half of 2007, and their share of total operating revenues increased by 0.2 percentage points to 7.0%. In addition, Group R&D continued to benefit from customer funding, recorded under Other Operating Revenues, up 16.1% over the first half to €72 million.

Selling expenses fell by 3.1% to €94 million and represented 1.9% of operating revenues, as for the first half of 2007.

Administrative expenses grew by 2.8% to €224 million, representing 4.6% of operating revenues (up 0.2 percentage points compared to the first six months of 2007).

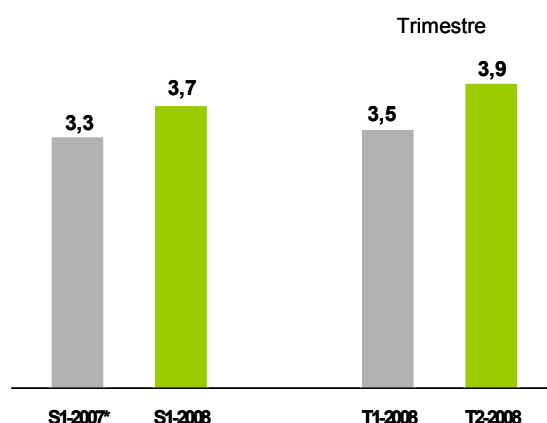
Taking into account other operating revenues⁶ of €72 million (€62 million for the first half of 2007), the consolidated **operating margin**⁷ amounted to €203 million (4.1% of total operating revenues), representing growth of 14.7% compared to the €177 million posted for the first half of 2007 (3.5% of operating revenues).

Other income and expenses produced a net expense of €21 million (including €13 million for restructuring, €17 million for the loss of value on fixed assets, and revenues of €18 million following the disposal of the truck engine cooling business). Other net expenses amounted to €10 million for the first half 2007 (including income of €22 million—with no impact on cash resources—following the resolution of a legal dispute, €26 million relating to restructuring costs and €16 million due to loss of value on tangible assets).

Half-year **operating income** came to €182 million, up 9.0% compared to the first half of 2007. This represented 3.7% of operating revenues, an increase of 0.4 percentage points compared to 2007.

Operating income

(in % of total operating revenues)



* Données retraitées de la cession de l'activité câblage en 2007

2.1.3. Other items in the income statement

The **cost of the net financial debt** for the half year fell by €3 million to reach €22 million for the first half of 2008. This decline reflects the reduction in average debt, partly limited by a rise in the cost of the Group's debt by 0.3% percentage points to 4.8%.

Other financial income and expenses resulted in an expense of €6 million for the first half of 2008, compared to an expense of €20 million for the first half of 2007, mainly due to the change in the net exchange rate effect, which swung from a loss of €1 million to a gain of €11 million.

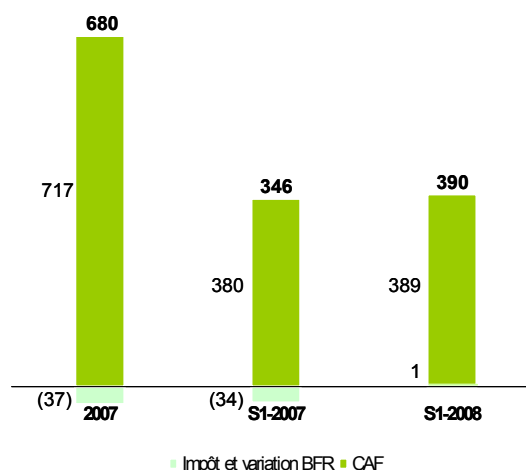
⁶ Primarily from the sale of prototypes and contributions from customers to development expenses.

⁷ Operating income before other revenues and expenses, one of the main financial performance indicators used by the Group.

Including its share in the income of associated companies (€7 million, up €2 million), the Group's **pre-tax income** stood at €161 million, a rise of 26.8% compared to the first half of 2007. The half-year **tax charge** amounted to €56 million (representing an effective tax rate of 36.4%) compared to €47 million in 2007 (38.5%).

Net operating cash flow

(in millions of euros and as % of total operating revenues)



2.2. Cash flow and balance sheet items

Net debt fell from €799 million at December 31, 2007 to €621 million at June 30, 2008⁸. This decrease of €178 million was largely due to the following factors:

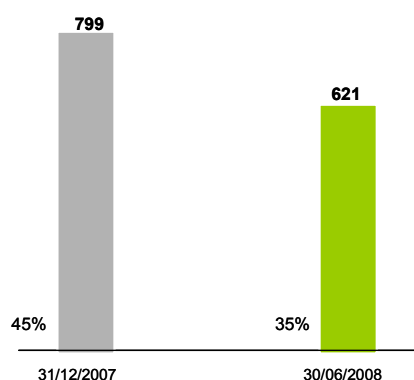
- The generation of free cash flow⁹ of €89 million after investments in net tangible and intangible assets of €298 million
- The disposal of the line of engine cooling products for heavy-duty trucks, for €77 million

⁸ before taking account of the payment of the interim dividend (€92 million on July 1)

⁹ Cash flow from operations less tax, less change in working capital requirement, less financial expenses, plus subsidies, less net tangible and intangible assets.

Net debt

(in million euros and as % of shareholders' equity)



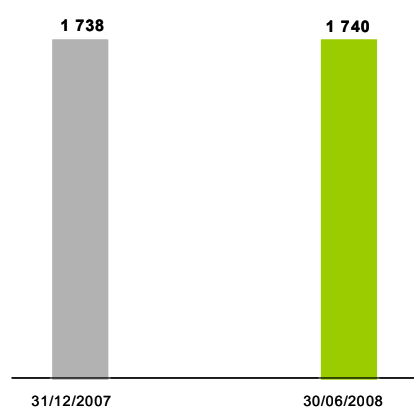
At June 30, 2008, after taking account of income for the period (€104 million) and the dividend for 2007 (€92 million), **Group consolidated shareholders' equity** totaled €1,782 million, unchanged since December 31, 2007.

Net debt represented 35% of consolidated shareholders' equity, compared to 45% at the end of 2007.

Provisions totaled €973 million at June 30, 2008, compared to €1,102 million at December 31, 2007. These include €526 million for pensions and other employee benefits, compared to €608 million at December 31, 2007. This reduction is partly due to the change in actuarial assumptions following the increase in interest rates during the period (impact of €37 million before tax).

Stockholders' equity

(in millions of euros)



3. PROSPECTS

Operating conditions are expected to worsen during the second half of the year.

Year on year, automotive production should stabilize in Europe, as the anticipated decline in production in Western Europe should be offset by growth in the east of the continent, although at a slower pace than in the first half. In North America, where

Group sales reached €311 million with the Big 3¹⁰, during first half, the decline in production is expected to continue, but to slacken off compared to the first six months of the year. Progress in Asia is expected to be lower than that registered in the first half (decline in Japan and slowdown in China), while a stabilization at high levels is expected in South America.

Raw material prices are likely to be under pressure because of the full effect on the half-year period of the steep rise in steel prices, starting in the second half, while prices of non-ferrous metals should remain high.

In this context, Valeo will take the steps necessary to ensure the growth of its 2008 annual results in line with its commitments.

4. TRANSACTIONS WITH RELATED PARTIES

The first half of 2008 saw some noteworthy developments in terms of relations with third parties:

- On May 22, 2008 an agreement was signed between the Group and one of its shareholders, the investment fund Pardus, leading to the appointment of Behdad Alizadeh, a director of Pardus, to the Board of Directors.
- The agreement signed with Ichikoh, as described in paragraph 1.5

5. SIGNIFICANT EVENTS SINCE JUNE 30, 2008

-

¹⁰ GM, Ford and Chrysler

STOCK MARKET DATA

1. SHARE PRICE

During the first half of 2008, the share's average closing price was 24.47 euros with a high of 28.60 euros on January 2 and a low of 19.80 euros on June 30. It decreased by 27.7% from 28.20 euros on December 31 2007 to 20.40 euros at closing on June 30.

The share underperformed the CAC 40 index with relative growth of -6.7%. However it outperformed the DJSTOXX Auto index by 2%.

2. CHANGE IN SHAREHOLDER STRUCTURE

At June 30 the Company's share capital was made up of 78,209,617 shares, unchanged since the end of 2007. The corresponding number of voting rights was 78,727,211, based on the total number of voting rights, and 80,399,681 based on the number of voting rights published in accordance with Article 223-11 et seq. of the French Financial Market Authority's regulations (i.e. including treasury shares).

To the best of the Company's knowledge, the main shareholders were Pardus Investment Sarl (ex-Pardus European Special Opportunities Master Fund (19.7% of the capital and 19.6% of the voting rights), the Caisse des Dépôts et Consignations Group (6.0% and 8.6%), Morgan Stanley & Co. International (4.8% and 4.7%), Brandes Investment

Partners LP (4.6% and 4.5%), and Franklin Resources, Inc. (3.1% and 3.1%). At June 30, 2008, Valeo held 1,672,470 of its own shares (2.1% of the share capital without voting rights) compared to 1,432,804 shares at December 31, 2007 (1.8%).

Contact:

Rémy Dumoulin

Investor Relations Director

Valeo

43, rue Bayen

F-75848 Paris Cedex 17

France

Tél : + 33 (0) 1 40 55 20 39

Fax : +33 (0) 1 40 55 20 40

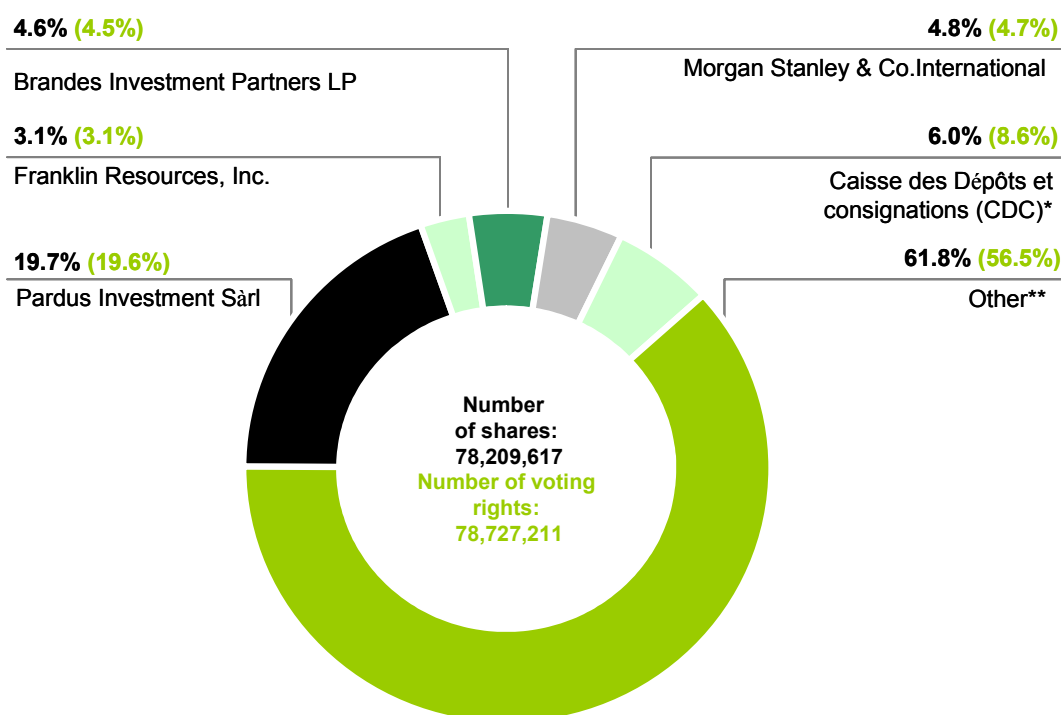
E-mail : remy.dumoulin@valeo.com

Provisional schedule for the communication of results

- Third quarter 2008 results: October 21, 2008
- 2008 annual results: first half of February 2009
- First quarter 2009: April 2009
- First half 2009: July 2009.

3. OWNERSHIP STRUCTURE AT JUNE 30, 2008

In % of equity (in % of voting rights)



*Own account

**Including 1,672,470 treasury shares (2.1% of the capital).

4. STOCK MARKET DATA

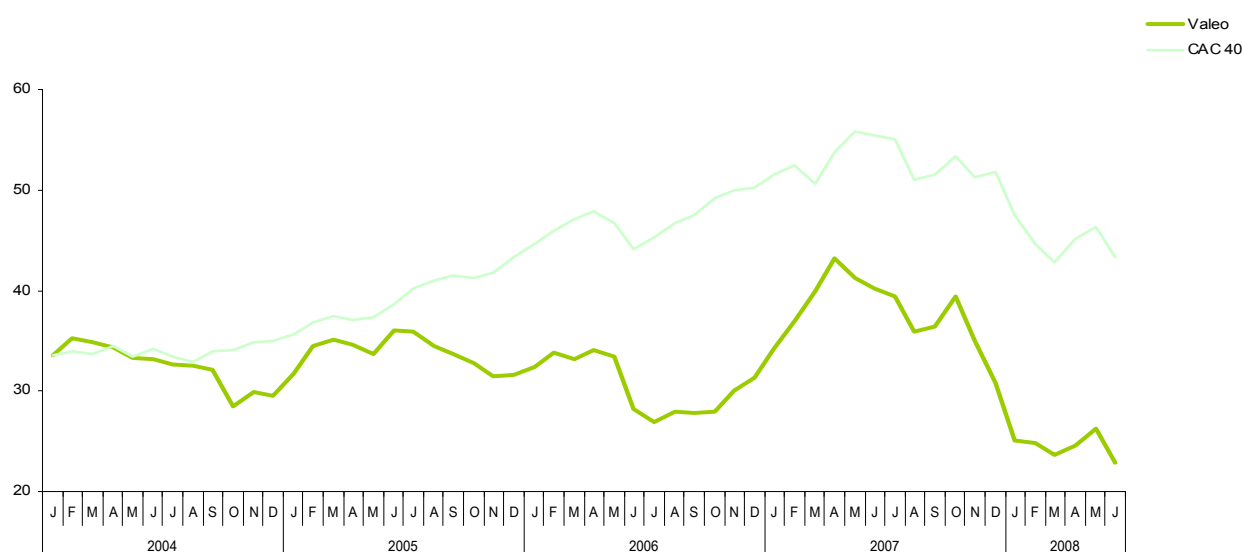
	1st half: 2008	2007	2006	2005	2004
Market capitalization at year-end (in billion euros)	1.60	2.21	2.45	2.43	2.58
Number of shares	78,209,617	78,209,617	77,580,617	77,510,357	83,709,024
Highest share price (in euros)	28.60	45.89	35.40	38.20	38.35
Lowest share price (in euros)	19.80	27.75	25.00	30.25	27.22
Average price* (in euros)	24.47	37.71	30.58	33.79	32.47
Share price at end of period* (in euros)	20.40	28.20	31.53	31.41	30.80

*Closing

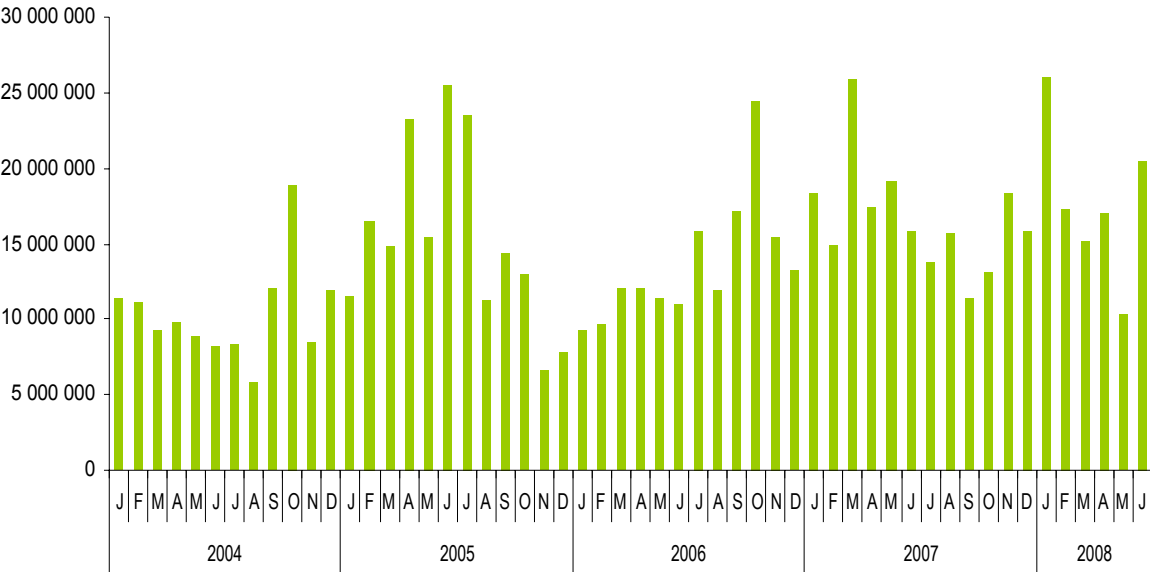
5. DATA PER SHARE

(in euros)	1st half: 2008	2007	2006	2005
Basic earnings per share	1.30	1.06	2.10	1.80
Dividend	-	1.20	1.10 ⁽¹⁾	1.10 ^{**}

**Amount eligible for the 40% credit (fiscal years 2005 and 2006) provided for by article 158-3-2° of the French General Tax Code).



7. MONTHLY TRADING VOLUME



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2008

CONTENTS

- CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2008.....12
- CONTENTS.....12
- CONSOLIDATED STATEMENTS OF INCOME.....13
- CONSOLIDATED BALANCE SHEETS14
- CONSOLIDATED STATEMENTS OF CASH FLOWS15
- STATEMENTS OF RECOGNIZED INCOME AND EXPENSES16
- CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY17
- NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS.....18
 - 1. Accounting policies.....18
 - 2. Changes in the scope of consolidation18
 - 2.1. Transactions carried out in first-half 2008.....18
 - 2.2. Transactions carried out in 200719
 - 3. Notes to the statements of income and balance sheets19
 - 3.1. Operating revenues19
 - 3.2. Other income and expenses.....19
 - 3.3. Cost of net debt.....20
 - 3.4. Other financial income and expenses.....20
 - 3.5. Provisions for pensions and other employee benefits21
 - 3.6. Notes to the statements of cash flows21
 - 4. Segment reporting.....22
 - 4.1. Reporting by geographic area22
 - 4.2. Research and development costs by domain of innovation23
 - 4.3. Sales by product family.....23
 - 5. Restatement of prior period financial information24
- STATUTORY AUDITORS' REVIEW REPORT ON THE 2008 INTERIM FINANCIAL INFORMATION25
- STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2008 INTERIM FINANCIAL REPORT26

CONSOLIDATED STATEMENTS OF INCOME

(In millions of euros)	First-half 2008	First-half ⁽¹⁾ 2007	Full-year 2007
NET SALES	4,842	4,944	9,555
Other operating revenues	72	62	134
TOTAL OPERATING REVENUES	4,914	5,006	9,689
Cost of sales	(4,051)	(4,172)	(8,058)
GROSS MARGIN ⁽²⁾	791	771	1,497
% of net sales	16,3%	15,6%	15,7%
Research and development expenditure	(342)	(341)	(668)
Selling expenses	(94)	(97)	(193)
Administrative expenses	(224)	(218)	(424)
Other income and expenses	(21)	(10)	(27)
OPERATING INCOME	182	167	319
% of total operating revenues	3,7%	3,3%	3,3%
Interest expense	(34)	(42)	(82)
Interest income	12	17	31
Other financial income and expenses	(6)	(20)	(46)
Equity in net earnings of associates	7	5	8
INCOME BEFORE INCOME TAXES	161	127	230
Income taxes	(56)	(47)	(83)
INCOME FROM CORE ACTIVITIES	105	80	147
% of total operating revenues	2,1%	1,6%	1,5%
Income/(loss) from non-strategic activities	(1)	(4)	(59)
NET INCOME FOR THE PERIOD	104	76	88
Net income attributable to equity holders of the company	100	71	81
Minority interests	4	5	7
Income from core activities attributable to equity holders of the company			
• Basic earnings per share (in euros)	1,32	0,97	1,82
• Diluted earnings per share (in euros)	1,28	0,96	1,81
Net income attributable to equity holders of the company			
• Basic earnings per share (in euros)	1,30	0,92	1,06
• Diluted earnings per share (in euros)	1,26	0,92	1,05

⁽¹⁾ The statement of income for first-half 2007 was restated from that published in July 2007 following the sale of the Wiring Harness business (see note 2.2.1).

⁽²⁾ Gross margin represents net sales (excluding other operating revenues) less cost of sales.

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

CONSOLIDATED BALANCE SHEETS

(In millions of euros)	June 30, 2008	Dec. 31, 2007	June 30, 2007
ASSETS			
Goodwill	1,098	1,165	1,403
Other intangible assets	513	514	534
Property, plant and equipment	1,743	1,790	1,854
Investments in associates	105	103	102
Non-current financial assets	34	18	40
Deferred tax assets	88	99	115
Non-current assets	3,581	3,689	4,048
Inventories	647	622	646
Accounts and notes receivable	1,742	1,699	2,064
Other current assets	319	292	322
Taxes recoverable	45	72	39
Other current financial assets	13	4	13
Assets held for sale	4	7	6
Cash and cash equivalents	801	771	737
Current assets	3,571	3,467	3,827
TOTAL ASSETS	7,152	7,156	7,875
LIABILITIES AND EQUITY			
Share capital	235	235	235
Additional paid-in capital	1,402	1,402	1,400
Retained earnings	103	101	156
Stockholders' equity	1,740	1,738	1,791
Minority interests	42	44	45
Stockholders' equity including minority interests	1,782	1,782	1,836
Provisions - long-term portion	692	778	821
Long-term debt	1,280	1,283	1,278
Deferred tax liabilities	24	21	22
Non-current liabilities	1,996	2,082	2,121
Accounts and notes payable	1,912	1,836	2,126
Provisions - current portion	281	324	401
Taxes payable	73	72	74
Other current liabilities	926	750	874
Current maturities of long-term debt	9	29	11
Other current financial liabilities	21	21	13
Short-term debt	152	260	419
Current liabilities	3,374	3,292	3,918
TOTAL LIABILITIES AND EQUITY	7,152	7,156	7,875

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of euros)	First-half 2008	First-half ⁽¹⁾ 2007	Full-year ⁽¹⁾ 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period	104	76	88
Equity in net earnings of associates	(7)	(5)	(8)
Net dividends received from associates	1	2	2
Other expenses (income) with no cash effect	217	229	479
Cost of net debt	23	28	57
Income taxes (current and deferred)	57	50	91
Gross operating cash flows	395	380	709
Income taxes paid	(41)	(38)	(85)
Changes in working capital	49	4	(42)
Net cash provided by operating activities	403	346	582
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows relating to acquisitions of intangible assets	(75)	(77)	(138)
Outflows relating to acquisitions of property, plant and equipment	(232)	(211)	(435)
Inflows relating to disposals of property, plant and equipment	9	39	47
Net change in non-current financial assets	(16)	(13)	(3)
Impact of changes in scope of consolidation	76	(8)	208
Net cash provided by (used in) investing activities	(238)	(270)	(321)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to parent company stockholders ⁽²⁾	-	(85)	(85)
Dividends paid to minority interests in consolidated subsidiaries	(3)	-	(4)
Equalization tax on dividends ⁽³⁾	27	-	-
Issuance of share capital	1	18	20
Sale (purchase) of treasury shares	(13)	3	(26)
Issuance of long-term debt	4	1	22
Grants and contributions received	18	22	57
Net interest paid	(34)	(41)	(47)
Repayments of long-term debt	(7)	(29)	(35)
Net cash provided by (used in) financing activities	(7)	(111)	(98)
Effect of exchange rate changes on cash	(20)	9	4
NET CHANGE IN CASH AND CASH EQUIVALENTS	138	(26)	167
Net cash and cash equivalents at beginning of period	511	344	344
Net cash and cash equivalents at end of period	649	318	511
Of which: • Cash and cash equivalents	801	737	771
• Short-term debt	(152)	(419)	(260)

⁽¹⁾ Cash flows relating to non-strategic activities are described in note 3.6.3.

⁽²⁾ The 2007 dividend approved by the June 2008 Annual General Meeting was paid in July 2008.

⁽³⁾ Corresponding to the reimbursement by the French State of the equalization tax on dividends paid by Valeo in 2000, in accordance with the ruling handed down by the administrative court in December 2007.

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

STATEMENTS OF RECOGNIZED INCOME AND EXPENSES

(In millions of euros)	First-half 2008	First-half 2007	Full-year 2007
Translation adjustment	(40)	4	(17)
Actuarial gains on defined benefit plans	37	73	79
Cash flow hedges:			
• gains (losses) taken to equity	5	3	(12)
• (gains) losses transferred to income for the period	8	(6)	(6)
Net investment hedges			
• gains (losses) taken to equity	-	-	-
Remeasurement of available-for-sale financial assets ⁽¹⁾	(1)	(4)	(5)
Income taxes on items recognized directly in equity	(6)	-	(11)
Income and expenses recognized directly in equity	3	70	28
Net income for the period	104	76	88
Total recognized income and expenses for the period	107	146	116
Of which:			
• Attributable to equity holders of the company	103	141	109
• Attributable to minority interests	4	5	7

⁽¹⁾ This heading includes the impact of the fair value adjustments of available-for-sale financial assets held by associates.

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Number of shares	(In millions of euros)	Share capital	Additional paid-in capital	Translation adjustment	Retained earnings	Stockholders' equity	Minority interests	Stockholders' equity including minority interests
76,893,913	Stockholders' equity at December 31, 2006	233	1,387	74	20	1,714	38	1,752
	Dividends	-	-	-	(85)	(85)	-	(85)
82,990	Treasury stock	-	-	-	3	3	-	3
	Capital increase	-	-	-	-	-	3	3
569,112	Share-based payments	2	13	-	3	18	-	18
	Income and expenses recognized directly in equity	-	-	4	66	70	-	70
	Net income for the period	-	-	-	71	71	5	76
	Other movements	-	-	-	-	-	(1)	(1)
77,546,015	Stockholders' equity at June 30, 2007	235	1,400	78	78	1,791	45	1,836
	Dividends	-	-	-	-	-	(4)	(4)
(829,090)	Treasury stock	-	-	-	(29)	(29)	-	(29)
	Capital increase	-	-	-	-	-	-	-
59,888	Share-based payments	-	2	-	7	9	-	9
	Income and expenses recognized directly in equity	-	-	(21)	(21)	(42)	-	(42)
	Net income for the period	-	-	-	10	10	2	12
	Other movements	-	-	-	(1)	(1)	1	-
76,776,813	Stockholders' equity at December 31, 2007	235	1,402	57	44	1,738	44	1,782
	Dividends	-	-	-	(92)	(92)	(3)	(95)
(239,666)	Treasury stock	-	-	-	(13)	(13)	-	(13)
	Capital increase	-	-	-	-	-	1	1
	Share-based payments	-	-	-	4	4	-	4
	Income and expenses recognized directly in equity	-	-	(40)	43	3	-	3
	Net income for the period	-	-	-	100	100	4	104
	Other movements	-	-	-	-	-	(4)	(4)
76,537,147	Stockholders' equity at June 30, 2008	235	1,402	17	86	1,740	42	1,782

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements of the Valeo Group for the six months ended June 30, 2008 include the accounts of Valeo, its subsidiaries and the Group's share of associates and jointly controlled entities.

Valeo is an independent Group fully focused on the design, production and sale of components, systems and modules for the automobile sector. It is one of the world's leading automotive suppliers.

Valeo is a French legal entity, listed on the Paris Stock Exchange, whose head office is located at 43, rue Bayen, 75017 Paris. Valeo's condensed interim consolidated financial statements were authorized for issue by the Board of Directors on July 28, 2008.

1. ACCOUNTING POLICIES

The Valeo Group's consolidated financial statements for the year ended December 31, 2007 were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Boards (IASB), as adopted by the European Union. The IFRS as adopted by the European Union may be consulted on the European Commission website.¹

The condensed interim consolidated financial statements for the six months ended June 30, 2008 were prepared in accordance with IAS 34 – Interim Financial Reporting. As permitted by IAS 34, this condensed set of financial statements includes only selected explanatory notes. These notes may be read in conjunction with the consolidated financial statements included in the Group's 2007 registration document.² The accounting principles used to prepare the condensed interim consolidated financial statements for the six months ended June 30, 2008 are identical to those used to prepare the 2007 consolidated financial statements.

- Standards, amendments and interpretations adopted by the European Union whose application is mandatory for financial periods beginning on or after January 1, 2008

None of the new standards, amendments or interpretations whose application is mandatory as of January 1, 2008 had any impact on the condensed interim consolidated financial statements for the six months ended June 30, 2008.

- Standards, amendments and interpretations published by the IASB and adopted by the European Union at January 1, 2008, whose application is mandatory for financial periods beginning on or after January 1, 2009

Only IFRS 8 – Operating Segments, whose application is mandatory for financial periods beginning on or after January 1, 2009, is likely to have an impact on the Group's consolidated financial statements. The Group has decided not to early adopt this standard. Its potential impacts on the Group's consolidated financial statements are currently being analyzed by management.

- Standards, amendments and interpretations published by the IASB but not yet adopted by the European Union at January 1, 2008

The impacts of the following standards that are not yet part of IFRS as adopted by the European Union are currently being analyzed:

- Amendment to IAS 23 – Borrowing Costs, effective as of January 1, 2009;
- Revised IFRS 3 – Business Combinations, applicable for financial periods beginning on or after July 1, 2009;
- Revised IAS 27 – Consolidated and Separate Financial Statements, applicable for financial periods beginning on or after July 1, 2009.

Preparation of the financial statements requires Valeo to make estimates and assumptions which could have an impact on the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions concern both risks specific to the automotive supply business such as those relating to quality and safety, as well as more general risks to which the Group is exposed on account of its industrial operations across the globe. Whenever the Group must exercise its own judgment regarding these risks, it does so based on past experience and other factors considered to be reasonable in the circumstances. These estimates and assumptions are reviewed on a continuous basis. The definitive amounts that will be stated in Valeo's future financial statements may be different from the amounts currently estimated.

2. CHANGES IN THE SCOPE OF CONSOLIDATION

2.1. Transactions carried out in first-half 2008

- Creation of Valeo Climate Control Tomilino LLC in Russia

On June 18, 2008, Valeo signed an agreement to create a Russia-based entity 95%-held by Valeo and 5%-owned by Russian company Itelma. The new entity was named Valeo Climate Control Tomilino LLC, and will produce heating, ventilation and air conditioning systems. The full consolidation of this entity did not have a material impact on the Group's first-half 2008 financial statements.

¹ http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission

² This document may be viewed on the Group's website (www.valeo.com) or the AMF's website (www.amf-france.org). Copies may be obtained on request from the Group at the above address.

- Sale of the Heavy-Duty Truck Engine Cooling business

On May 30, 2008, Valeo sold its HDT Engine Cooling business to Swedish company EQT for an amount of 77 million euros. This transaction generated a post-tax capital gain of 18 million euros recorded under "Other income and expenses". The HDT Engine Cooling business contributed 76 million euros to consolidated net sales for the first five months of 2008 (172 million euros for the year ended December 31, 2007).

2.2. Transactions carried out in 2007

2.2.1. Sale of the Wiring Harness business to the Leoni Group

In December 2007, the Valeo Group sold its Wiring Harness business to German Group Leoni for an amount of 143 million euros. The impact of this transaction on income for 2007 was a capital loss of 51 million euros after tax, which was recorded in the consolidated statement of income under "Income/(loss) from non-strategic activities".

In 2007, this business generated net sales of 551 million euros and operating income of 3 million euros. In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the after-tax profit from the Wiring Harness business was presented in aggregate on a separate line under "Income/(loss) from non-strategic activities" in the 2007 statement of income.

2.2.2. Acquisition of Connaught Electronics Ltd. (CEL)

In July 2007, the Group acquired Irish Group Connaught Electronics Ltd (CEL) which manufactures electronic equipment

for the automotive industry. The full consolidation of this entity did not have a material impact on the Group's consolidated balance sheet at December 31, 2007 or statement of income for the year then ended. Identification of the assets acquired and liabilities assumed in the acquisition will be finalized in July 2008, in accordance with the period allowed under IFRS 3 – Business Combinations. The contribution of Connaught Electronics Ltd to consolidated net sales was 15 million euros in the first half of 2008.

2.2.3. Creation of two new joint ventures in India

In May 2007, Valeo formed a joint venture specializing in automotive security systems with the Minda Group, one of India's leading automotive equipment suppliers. The consolidation of this entity using the proportional method does not have a material impact on the Group's 2007 or first-half 2008 financial statements.

On July 24, 2007, Valeo and the Minda Group created another joint venture to produce starters and alternators for private passenger vehicles, 66.7%-owned by Valeo and 33.3%-owned by Minda. In view of the agreements between Valeo and Minda, this entity is fully consolidated. The first-time consolidation of this entity did not have a material impact on the Group's 2007 or first-half 2008 financial statements.

2.2.4. Ichikoh

Valeo raised its interest in Ichikoh, one of Japan's largest lighting systems suppliers, from 29.4% at December 31, 2006 to 31.6% at December 31, 2007. The Group's percentage interest in this company remained unchanged at June 30, 2008, and the investment is accounted for by the equity method in Valeo's consolidated financial statements.

3. NOTES TO THE STATEMENTS OF INCOME AND BALANCE SHEETS

To enable a meaningful comparison between the three periods presented, the figures for first-half 2007 published in July 2007 have been restated to reflect the sale of the Wiring Harness business (see note 2.2.1).

3.1. Operating revenues

Operating revenues for the period fell by 1.8%, from 5,006 million euros in first-half 2007 to 4,914 million euros in the first half of 2008. Changes in the scope of consolidation had no impact on this movement.

Total operating revenues for the period advanced by 0.6% on a comparable Group structure and exchange rate basis.

3.2. Other income and expenses

(In millions of euros)	First-half 2008	First-half 2007 As restated	Full-year 2007
Claims and litigation	1	25	25
Restructuring costs	(13)	(26)	(37)
Impairment of fixed assets	(17)	(16)	(26)
Other	8	7	11
Other income and expenses	(21)	(10)	(27)

3.2.1. Claims and litigation

In the six months ended June 30, 2007 and December 31, 2007, the Group recognized a gain of 22 million euros with no cash effect following the settlement of a commercial dispute.

3.2.2. Restructuring costs

Restructuring costs are essentially linked to streamlining measures and to the closure of industrial sites, mainly in western Europe.

3.2.3. Impairment of fixed assets

Property, plant and equipment and intangible assets whose recoverable values cannot be estimated individually are grouped together into Cash-Generating Units (CGUs).

The recoverable amount is equal to the higher of fair value less costs to sell and value in use. In practice, the Group applies value in use (unless otherwise specified) to calculate the recoverable amounts of CGUs, using five-year cash flow projections prepared on the basis of budgets and medium-term plans. At June 30, 2008, cash flows were discounted using a post-tax rate of 7.5%, unchanged on the rate used at December 31, 2007.

As a result of these tests, the Group recognized impairment losses of 17 million euros in first-half 2008. These reflect changes to medium-term business forecasts as a result of a more pessimistic or uncertain sales outlook amid current economic conditions.

In the first half of 2008, impairment losses were principally recognized against one CGU in each of the Climate Control, Compressors and Wiper Systems product families.

3.2.4. Other

In the first half of 2008, this item notably includes the capital gain on the sale of the HDT Engine Cooling business in the amount of 18 million euros, and also includes costs relating to strategic transactions.

In first-half and full-year 2007, this item notably included capital gains on disposals of property assets.

3.3. Cost of net debt

(In millions of euros)	First-half 2008	First-half 2007 As restated	Full-year 2007
Interest expense	(34)	(42)	(82)
Interest income	12	17	31
Cost of net debt	(22)	(25)	(51)

3.4. Other financial income and expenses

(In millions of euros)	First-half 2008	First-half 2007 As restated	Full-year 2007
Interest expense on unwinding of discount on pension obligations	(24)	(25)	(48)
Expected return on pension plan assets	10	11	21
Currency gains (losses) on cash flow hedges	-	-	-
Currency gains (losses) on other transactions	11	(1)	(9)
Ineffective portion of cash flow hedges (commodities)	-	-	-
Charges to provisions for credit risk	(1)	(2)	(4)
Unwinding of discount on provisions (excluding pension obligations)	(1)	(2)	(4)
Miscellaneous	(1)	(1)	(2)
Other financial income and expenses	(6)	(20)	(46)

Currency gains on other transactions in first-half 2008 chiefly arose on operations carried out by the Group in Eastern Europe and Turkey.

3.5. Provisions for pensions and other employee benefits

The increase in interest rates during the first half of 2008 led the Group to adjust provisions for pensions and other long-term employee benefits at June 30, 2008 with respect to France, Germany, the United Kingdom and the United States.

The discount rates applied at June 30, 2008 for the countries concerned are as follows:

	June 30, 2008 (%)	June 30, 2007 (%)	Dec. 31, 2007 (%)
Eurozone	6,3	5,3	5,3
United Kingdom	6,8	5,7	5,8
United States	6,8	6,4	6,3

This change in actuarial assumptions led to the recognition for the period of a net actuarial gain on pension and other long-term employee benefit obligations in an amount of 63 million euros (before the deferred tax effect), which was recorded directly in equity in accordance with the option available under IAS 19. In parallel, at June 30, 2008, the fair values of plan assets (in the United States, the United Kingdom and Japan) were adjusted on the basis of current market rates, which reduced actuarial gains recognized in equity by 26 million euros.

These adjustments to actuarial gains and losses led to the recognition of 4 million euros in deferred tax liabilities during the period.

Provisions for pensions and other employee benefits amounted to 542 million euros at June 30, 2008, versus 608 million euros at December 31, 2007.

3.6. Notes to the statements of cash flows

3.6.1. Expenses (income) with no cash effect

(In millions of euros)	First-half 2008	First-half 2007	Full-year 2007
Expenses (income) with no cash effect			
Depreciation, amortization and impairment	317	321	615
Net charges to/(reversals from) provisions	(64)	(54)	(117)
Customer contributions	(26)	(26)	(56)
Losses (gains) on sales of non-current assets	(11)	(14)	30
Expenses related to share-based payments	4	4	11
Other expenses (income) with no cash effect	(3)	(2)	(4)
TOTAL	217	229	479

3.6.2. Changes in working capital

(In millions of euros)	First-half 2008	First-half 2007	Full-year 2007
Changes in working capital			
Inventories	(42)	1	(22)
Accounts and notes receivable	(88)	(222)	(40)
Accounts and notes payable	108	194	35
Other receivables and payables	71	31	(15)
TOTAL	49	4	(42)

3.6.3. Cash flows from non-strategic activities

Cash flows from non-strategic activities for first-half and full-year 2007 break down as follows:

(In millions of euros)	First-half 2007	Full-year 2007
Cash flows from operating activities – non-strategic activities	18	7
Cash flows used in investing activities – non-strategic activities	(11)	(15)
Cash flows used in financing activities – non-strategic activities	(2)	(9)
Net change in cash and cash equivalents	5	(17)

4. SEGMENT REPORTING

The Valeo Group comprises a single business segment ("Automotive equipment"). The Group's secondary reporting level – geographical areas – corresponds to production areas. Additional information is provided based on an appropriate breakdown to permit a more accurate analysis of the Group's business.

4.1. Reporting by geographic area

(In millions of euros)	Net sales by market	Net sales by production area	Total assets at period-end	Capital expenditure for the period	Number of employees
First-half 2008					
Europe ⁽¹⁾	3,291	3,506	3,696	208	40,376
North America	575	523	395	29	5,871
South America	314	294	292	26	4,360
Asia	662	663	768	49	9,093
Eliminations	-	(144)	(142)	-	-
TOTAL	4,842	4,842	5,009	312	59,700
First-half 2007 ⁽²⁾					
Europe ⁽¹⁾	3,402	3,606	4,065	194	53,417
North America	677	651	537	34	6,908
South America	253	236	245	13	3,801
Asia	612	612	763	37	8,174
Eliminations	-	(161)	(151)	-	-
TOTAL	4,944	4,944	5,459	278	72,300
Full-year 2007					
Europe ⁽¹⁾	6,458	6,873	3,645	365	41,397
North America	1,293	1,224	457	64	6,826
South America	559	522	253	32	4,206
Asia	1,245	1,264	778	92	8,771
Eliminations	-	(328)	(144)	-	-
TOTAL	9,555	9,555	4,989	553	61,200

⁽¹⁾ Including Africa.

⁽²⁾ External sales by market and by production area do not include the Wiring Harness business, which was sold in December 2007.

Total segment assets reconcile to total Group assets as follows:

(In millions of euros)	June 30, 2008	June 30, 2007	Dec. 31, 2007
Total segment assets	5,009	5,459	4,989
Assets held for sale	4	6	7
Financial assets	953	892	896
Deferred tax assets	88	115	99
Goodwill	1,098	1,403	1,165
TOTAL	7,152	7,875	7,156

Goodwill balances cannot be broken down by geographic area as they are allocated to groups of Cash-Generating Units which belong to several areas.

4.2. Research and development costs by domain of innovation

(In millions of euros)	First-half 2008	First-half 2007 As restated	Full-year 2007
Driving Assistance	105	98	193
Propulsion Efficiency	118	118	230
Comfort Enhancement	119	125	242
Other	-	-	3
TOTAL	342	341	668

4.3. Sales by Product Family

(In millions of euros)	First-half 2008	First-half 2007 As restated	Full-year 2007
Transmissions	409	400	784
Climate Control	723	739	1,436
Engine Cooling	586	610	1,353
Lighting Systems	624	627	1,198
Electrical Systems	589	595	1,154
Wiper Systems	515	546	1,052
Security Systems	373	379	726
Interior Controls	514	512	983
Compressors	212	207	414
Engine Management Systems	168	189	339
Other and eliminations	129	140	116
TOTAL	4,842	4,944	9,555

5. RESTATEMENT OF PRIOR PERIOD FINANCIAL INFORMATION

IFRS requires previously published comparative periods to be retrospectively restated in the event of:

- operations meeting the criteria set out in IFRS 5;
- business combinations (recognition of the definitive fair value of assets acquired and liabilities and contingent liabilities assumed if fair value had been estimated on a provisional basis at the previous balance sheet date);
- changes in accounting policies (subject to the transitional provisions applicable upon first-time adoption of new standards); and
- corrections of accounting errors.

In accordance with IFRS 5, the statement of income for the six months ended June 30, 2007 published in July 2007 has been restated to reflect the sale of the Wiring Harness business (see note 2.2.1), in order to provide a meaningful comparison between the three periods presented.

STATUTORY AUDITORS' REVIEW REPORT ON THE 2008 INTERIM FINANCIAL INFORMATION

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, and in accordance with the requirements of articles L. 232-7 of the French Commercial Code (*Code de commerce*) and L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Valeo, for the six months ended June 30, 2008;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I – Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

II – Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Paris La Défense, July 28, 2008

Neuilly-sur-Seine, July 28, 2008

SALUSTRO REYDEL
MEMBER OF KPMG INTERNATIONAL

PRICEWATERHOUSECOOPERS AUDIT

Jean-Pierre Crouzet

Emmanuel Paret

Serge Villepelet

Jean-Christophe Georghiou

STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2008 INTERIM FINANCIAL REPORT

"I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the six-month period ended June 30, 2008 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and the undertakings in the consolidation taken as a whole, and that the accompanying interim financial review gives a fair description of the material events that occurred in the first six months of the financial year and their impact on the financial statements, as well as a description of the principal risks and uncertainties for the remaining six months of the year."

Paris, July 28, 2008

Thierry Morin
Chairman and Chief Executive Officer



43, rue Bayen - 75848 Paris cedex 17, France / Tel.: 33 (0)1 40 55 20 20 - Fax: 33 (0)1 40 55 21 71
Valeo French "Société Anonyme" with a capital of 234 628 851 euros - 552 030 967 RCS Paris
valeo.com