Interim report 2008

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As of July 1, 2008

PSA Peugeot Citroën is a world-class European automobile manufacturer, supported by two broadline marques, Peugeot and Citroën.

With marketing operations in 150 countries, the Group generates one third of its unit sales outside Western Europe and is actively expanding its business in such fast growing markets as China, the Mercosur region and Russia.

PSA Peugeot Citroën is building its growth on a powerful concept—two marques, each with its own brand identity and core values but sharing the same manufacturing, technological and management expertise and capabilities. This synergy between Peugeot and Citroën enhances the efficiency of a manufacturing base aligned around a unified production system.

Already Europe's leading manufacturer of low-emission cars, the Group is constantly innovating to offer customers cars that are both environmentally friendly and a pleasure to drive. In addition, a large proportion of its R&D budget is allocated to improving safety for everyone on the road. The Group also takes an innovative approach to employee relations, whose policies, based on social dialogue and mutual responsibility, are applied to all of its 207,800 team members in every host country around the world.

PSA Peugeot Citroën is involved in three other major businesses: automotive finance with Banque PSA Finance, automotive equipment manufacturing with Faurecia, and transportation and logistics with Gefco.

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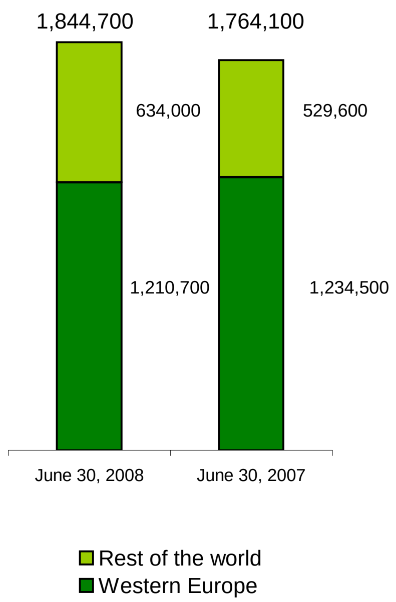
(in units)



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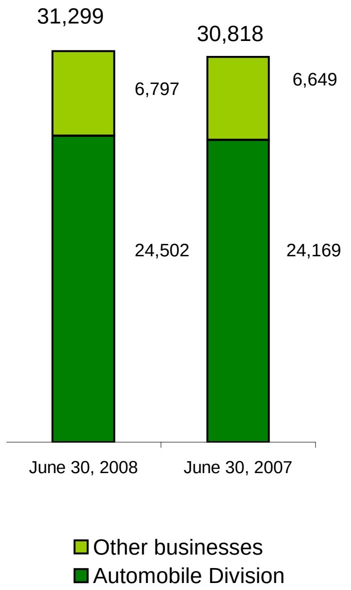

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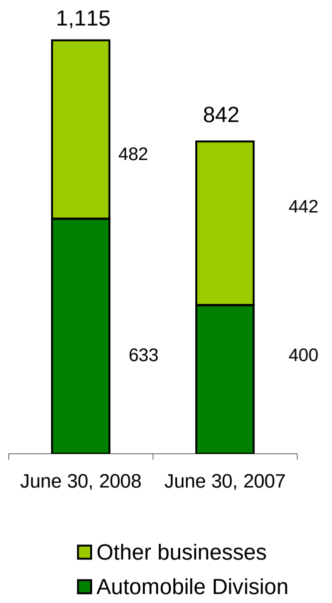

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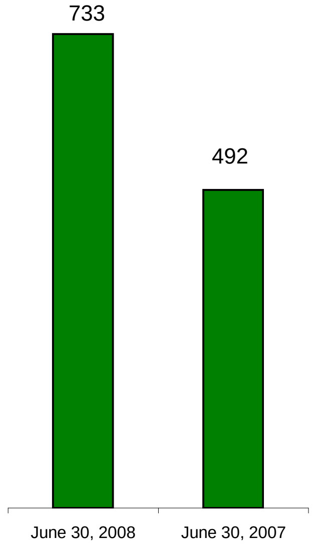

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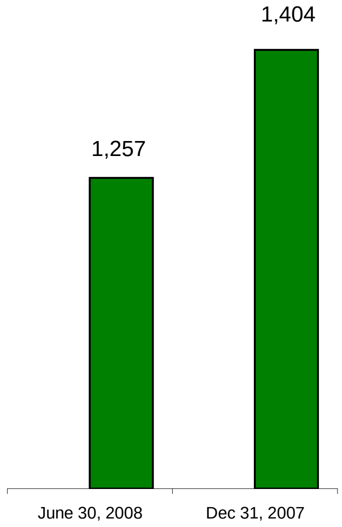

Message from the Chairman of the Managing Board

After a watershed year in 2007, the Group's restored competitiveness was confirmed in the first half of 2008, which saw further progress in improving quality, reducing costs, refreshing the model line-up and accelerating the pace of international expansion. The CAP 2010 program to drive growth and improve competitiveness, which was launched in February 2007, has created a very positive dynamic that is of considerable value to the Group in a challenging environment.

Consolidated recurring operating income increased to €1,115 million from €842 million in first-half 2007, representing 3.6% of sales and revenue versus 2.7%. The 32.4% gain was achieved despite an environment shaped by a 3% decline in the European automobile market, the euro's appreciation against the British pound and the rise in raw material prices. As in 2007, the bulk of the improvement came from the Automobile Division, which posted a 58.3% increase in recurring operating income. Faurecia, Gefco and Banque PSA Finance also improved their contributions to recurring operating income. In addition, unlike in 2007, profits were not dampened by significant impairment losses and restructuring costs, helping to drive a sharp 49% rise in net profit to €733 million.

The Automobile Division's market share in Western Europe stabilized at 14.0%, compared with 14.1% in first-half 2007 and 13.5% in the second half. Outside Western Europe, the Group continued to enjoy double-digit growth, while strengthening its presence in Russia, where the cornerstone of the new plant in Kaluga was laid in June. Sales were up 14.5% in the priority markets of China, Latin America, Russia and Eastern Europe, as prior-year investments began to deliver their full benefits.

The first half also saw a further reduction in costs. The results of the CAP 2010 program have been feeding through rapidly, with lower fixed costs and warranty costs representing aggregate savings for the period of €484 million. At the same time, ongoing deployment of the PSA Peugeot Citroën production system shaved €398 million from production costs.
The program to cut overheads by 30% between 2007 and 2010 is also being pursued, while natural attrition and the voluntary separation plan led to a 9,800-person reduction in headcount in Western Europe over the twelve months to June 2008.
In all, competitiveness initiatives lifted recurring operating income by €882 million, offsetting the €461 million negative impact of cost inflation (raw materials, wages and salaries), changes in exchange rates and higher R&D spending.

The pace of quality improvement was also stepped up during the period. The results are already visible, with launch quality at a record high for new models, with the Citroën C5 and Peugeot 308. To enhance the impact of these improvements, a plan has been introduced to increase the number, reliability and performance of pre-launch road tests.

The new Peugeot and Citroën models have built a strong franchise. The Peugeot 308 sedan and SW and the Citroën C5 sedan and tourer are perfectly aligned with the expectations of their target markets, which is promising for the second half of this year and for 2009. The Peugeot 206 and 207 maintained their leadership of the compact segment in Western Europe for the second year in a row, while the Citroën C4 Picasso went from strength to strength and, along with the Xsara Picasso, enabled Citroën to remain Europe's biggest-selling brand in the compact MPV segment.
The Group confirmed its leadership of Europe's light commercial vehicle market, with the first-half 2008 launch of two compact models, the Citroën Nemo and Peugeot Bipper, along with

new versions of the Citroën Berlingo and Peugeot Partner.
The Group also continued to invest heavily to maintain its environmental leadership in Western Europe. After selling over one million vehicles with emissions of less than 140g/km CO_2 in 2006 and 2007, this year the Group sold 568,000 vehicles in this category in Europe in the first half alone. Its strength in the low CO_2 segment represents an increasingly decisive competitive advantage.

For the second half of the year PSA Peugeot Citroën should continue launching successful new models and accelerate the drive towards greater competitiveness.
Nine new models will be introduced during the period. In Western Europe, new passenger car versions of the Peugeot Bipper and Citroën Nemo will further extend the Group's leadership of the compact MPV segment, while the offer outside Western Europe will be expanded with the launch of seven new models tailored to local markets.

The implementation and deployment of CAP 2010 projects is being pursued with determination. Some 180 action plans have been defined and are being executed on schedule, under the close supervision of senior management.

The business environment remains challenging, with the European market expected to contract by around 4% over the year, higher raw materials prices forecast to have a negative impact of around €300 million to €350 million and the euro set to stay strong against the British pound at GBP 0.80. Thanks to all its competitive strengths, however, PSA Peugeot Citroën is holding firm to its 2008 targets of roughly 5% growth in worldwide sales and consolidated operating margin of 3.5%.

Management **Report**

Business review

In the first half of 2008, the automobile market was shaped by a slowdown in Western Europe and sustained growth in high-potential regions.

The **Western European** market remained highly competitive during the period, with unit sales declining by 3% overall compared with the year-earlier period to 8,761,700 cars and light commercial vehicles. While the French and German markets held up well, expanding 4.6% and 3.9% respectively, demand in Spain, Italy and the United Kingdom contracted by 19.0%, 11.2% and 1.4%.

The **Eastern European** market grew 8.3% to 606,000 registrations overall. In the six main Central European countries (Poland, Hungary, the Czech Republic, Slovenia, Croatia and Slovakia), demand was up 10.3% for the period.

In **Russia**, the market continued to expand rapidly, growing 32.9% to 1,496,900 registrations, with increases of 47.0% for foreign manufacturers and 7.8% for local carmakers.

In the **Mercosur** countries, automobile markets continued to enjoy double-digit growth, with gains of 30.2% in Brazil and 12.9% in Argentina.

The market in **China** continued to expand, rising 14.3% over the period.

In this environment, PSA Peugeot Citroën's vehicle and CKD sales rose 4.6% to 1,844,700 cars and light commercial vehicles, including 1,079,500 Peugeots and 765,200 Citroëns.

Excluding CKD units, vehicle sales were up 0.5% to 1,679,300 units.

In **Western Europe**, first-half 2008 sales eased back 1.9% to 1,210,700 units, including 638,600 Peugeots (down 0.7%) and 572,100 Citroëns (down 3.3%). Peugeot and Citroën registrations amounted to 1,225,800 cars and light commercial vehicles. European market share was unchanged at 14.0%, with 7.5% for Peugeot and 6.5% for Citroën, reflecting the positive contributions of the Peugeot 207, Citroën C4 Picasso and Peugeot 308 models, as well as those of the light commercial vehicle range.

In France, the Group consolidated its market leadership with 438,700 registrations for a 31.8% share, versus 31.6% in the prior-year period. In Spain, market share held firm at 19.8% despite a decrease in registrations to 159,700 for the period. In the United Kingdom, in an environment shaped by the sharp fall in the pound sterling against the euro, registrations declined 7.9% to 139,800, representing a market share of 9.8% versus 10.5% in first-half 2007. In Italy's sharply contracting market, registrations came to 140,700 units for a stable share of 10.2%. In Germany, registrations totaled 100,500 units, lifting market share to 5.7% from 5.6% in first-half 2007.

Outside Western Europe, total sales including CDK units rose by 19.8% in the first half to 633,900 units, of which 440,800 Peugeots (up 23.5%) and 193,100 Citroëns (up 11.8%). These sales represented 34.4% of the Group total, compared to 30.0% in first-half 2007. Sales of CKD units in first-half 2008, primarily to the Group's manufacturing partners in Iran, increased substantially to 165,300 units.

In **Eastern Europe**, Group sales rose 1.9% to 70,000 units for market share of 11.2%. In the six main Central European countries (Poland, Hungary, the Czech Republic, Slovenia, Croatia and Slovakia), market share stood at 11.3%.

In **Russia**, where the number of dealerships grew considerably in the last twelve months, sales climbed 56.0% to 26,000 units.

In the **Mercosur** region, new model launches drove a 32.2% increase in sales to 124,100 units. In Brazil, unit sales rose by 43.7% to 79,700, for a market share of 5.7%, while in Argentina, sales were up 15.7% at 44,500 units and market share was stable at 15.2%.

In **China**, Dongfeng Peugeot Citroën Automobile (DPCA) reported a 1.2% increase in sales to 103,800 units and a market share of 3.5%. DPCA renewed its line-up in the first half of 2008 with the launch of the Peugeot 307 Sedan and

Citroën C-Elysée models for the Chinese market. Restructuring of the Citroën dealer network and expansion of the Peugeot network will help to support the Group's sales in China.

In first-half 2008, sales by both Peugeot and Citroën were boosted by range extensions and new model launches.

In line with 2008 targets, 150,700 **Peugeot 308** sedans were sold in the first half, confirming the model's success. Total sales for the year will be further lifted by the impact of the new SW version launched in the first half.
Combined sales of the 307 and 308 came to 250,100 units for the period, up 13% from 220,000 in the prior-year period.

The **Peugeot 207**, available in a full range of versions since first-half 2007, generated sales of 276,000 units in the first half of 2008.
Combined worldwide sales of the 206 and 207 came to 430,800 units, up 1.0% over the year-earlier period. The models maintained their leadership of the compact segment in Western Europe for the second year in a row, with a combined market share of 11.5%.

Orders for the **new Citroën C5** sedan and tourer launched during the first half came to 52,000 units. The C5 has proved very successful and is expected to beat its 2008 sales targets.

The **Citroën C4 Picasso** maintained the momentum enjoyed since launch, with first-half sales up 28.8% to 119,000 units. In Western Europe, the Xsara Picasso and C4 Picasso had a combined market share of 22.7% for the period, versus 19.0% in first-half 2007, making Citroën Europe's biggest-selling brand in the compact MPV segment for the second year running.

Sales of the **Citroën C1** and **Peugeot 107** were up 6.9% over the first six months of 2007.

Sales of the **Citroën C2, C3 and C3 Pluriel** totaled 180,000 units. The C3 line-up was extended by the launch of the Citroën C3 Mercosur notchback in the Mercosur countries.

Sales of the **Citroën C4 sedan and coupé** represented 116,000 units. The C4 Sedan is now being sold in Argentina and the C4 Pallas Sedan has been introduced in Brazil.

Light commercial vehicle sales rose an aggregate 13.6% to 253,400 units, including 128,300 Peugeots (up 14.6%) and 125,100 Citroëns (up 12.5%). The first-half launch of two compact models, the Citroën Nemo and Peugeot Bipper, along with new versions of the Citroën Berlingo and Peugeot Partner, expanded the Group's offering in the light commercial vehicle market, in which it is the leading player in Europe with a market share of 19.6%.

During the period, the Group consolidated its leadership of the energy-efficient, low carbon emissions segment, selling 568,000 vehicles emitting less than 140g/km CO_2 in Western Europe, including 426,200 emitting less than 130g and over 296,200 emitting less than 120g.

Consolidated sales and revenue came to €31,299 million, up 1.6% compared with first-half 2007, reflecting increases of 2.3% in the first quarter (to €15,212 million) and 0.9% in the second quarter (to €16,087 million).

Automobile Division sales came to €24,502 million versus €24,169 million in the prior-year period. New cars sales accounted for €18,207 million, reflecting the 0.4% increase in unit sales of assembled vehicles, excluding China (where operations are accounted for by the equity method), the 1.1% favorable price effect and the 1.0% positive impact of changes in the product mix. This last factor was due to the launch of the Peugeot 308 and the new C5, growing sales of the Citroën C-Crosser and the Peugeot 4007 and the continued strong performance of the Citroën C4 Picasso. The 1.2% negative currency effect was primarily due to the decline in the British pound against the euro.

Banque PSA Finance's revenue – corresponding primarily to gross interest income on loans – increased by 8.6% to €1,059 million. The Bank turned in a resilient performance, with strong business growth outside Western Europe. Retail financing was provided for 444,600 vehicles. This was roughly the same number as in first-half 2007, with the 1.7% decline experienced in Western Europe offset by a 19.5% increase in the Bank's other host countries. New vehicle financing was up 0.6% at 345,100 units. In all, Banque PSA Finance financed 25.5% of the Peugeots and Citroëns sold in the Bank's host countries, versus 25.2% in first-half 2007. The aggregate amount of new vehicle financing extended during the period rose 1.2% to €4,075 million. The average loan amount remained stable.The volume of used vehicle financing dipped 1.2% to 99,500 units. Aggregate new and used vehicle retail financing

extended during the period came to €4,824 million versus €4,785 million in first-half 2007.
The retail loan book at June 30, 2008 stood at €18,382 million versus €17,861 million a year earlier, an increase of 2.9%. Total wholesale financing at the same date amounted to €6,008 million, versus €5,643 million at June 30, 2007. In all, the Banque PSA Finance loan book grew 3.8% over the 12-month period, totaling €24,390 million at June 30, 2008.

Sales of insurance, maintenance services, extended warranties and other financing-related services contributed €79 million to revenue, an increase of 3.9%.

Gefco revenue totaled €1,904 million, up 6.0%. Revenue from services performed for other Group companies rose 8.7% to €1,191 million, while revenue from services sold to external customers edged up 1.7% to €713 million. Excluding the effects of the restructuring in Germany, where the domestic groupage business was discontinued in 2007, external revenues were up 8.2%.

Volumes expanded rapidly in Eastern Europe, as well as in Russia (up 31%) and the Mercosur countries (up 44%). In Western Europe however, including France, the growth rate slowed, particularly in the second quarter. The increase in transportation costs was primarily due to the surge in diesel prices. A third of the growth in Automotive revenue was generated in Eastern Europe and in Russia, both from contracts with General Motors and Dacia and from the increase in local PSA Peugeot Citroën sales.

Faurecia reported sales of €6,601 million. Sales to other Group companies were up 0.8% and external sales were 1.5% higher, at €5,168 million. Excluding monoliths, the currency effect and changes in scope of consolidation, the increase was 2.7%. The period was shaped by a slight decline in the performance in Western Europe and by rapid growth outside Western Europe, particularly in North America, South America and Asia.

Car seat sales totaled €2,762 million, up 3.0% on a reported basis and 4.7% at constant exchange rates. Sales in North America rose by a very strong 28.6%.

Sales of other interior modules dipped 0.3% to €1,796 million. At constant exchange rates and scope, the decline was just 0.2%, reflecting the net effect of a 5.9% falloff in sales in Western Europe and strong growth outside Western Europe, with North America up 28.5%, Asia up 15.8% and South America up 17.4%.

Exhaust system sales totaled €1,542 million, an increase of 5.2% at constant exchange rates. Excluding catalytic converters and the currency effect, the increase was 1.5%, reflecting favorable developments in North America and Asia.

At €503 million, front-end module sales were up 4.9% at constant exchange rates.

Recurring operating income

First-half **recurring operating income** rose 32.4% to €1,115 million, representing 3.6% of sales and revenue.

Automobile Division recurring operating income surged 58.3% to €633 million from €400 million in the year-earlier period, representing 2.6% of sales versus 1.7%.

The net improvement in Automobile Division income can be explained as follows:
- The CAP 2010 "Cost Reduction" programs accounted for €882 million of the improvement.
Productivity gains in purchasing and manufacturing shaved €398 million from costs, and the period also saw further reductions in warranty costs and overheads, generating an overall cost saving of €484 million.

- Mercosur and the other business units contributed €89 million to the improvement in recurring operating income.

- Cost inflation and increased research and development spending reduced recurring operating income by €461 million.
Changes in exchange rates, particularly for the British pound, had a negative impact of €179 million.
Higher raw materials prices – mainly for steel and precious metals – had a €143 million unfavorable effect. In first-half 2008, the Group hedged its aluminum, platinum and lead purchases.
Personnel costs were €90 million higher.

Banque PSA Finance's recurring operating income rose 2.3% to €308 million from €301 million in first-half 2007. This represented 2.6% of average net loans.

The increase can be explained as follows:
- Growth in average net loans boosted recurring operating income by €16.3 million.
- Higher margins, mainly on services, had a €3.0 million positive impact.
- Charges to provisions for loan losses represented a higher proportion of outstanding loans than in the year-earlier period, reducing recurring operating income by €7.2 million, of which €3.4 million related to wholesale financing and €3.8 million to retail financing.
- The fall in the British pound against the euro led to a significant unfavorable currency effect related to UK operations.

Gefco reported recurring operating income of €79 million compared with €76 million in first-half 2007, representing 4.1% of revenue versus 4.2%.

Strong international growth combined with reductions in operational expenses and overheads helped to offset the effects of sluggish growth in Western Europe and higher purchasing costs due to the rise in diesel prices and other cost factors.

Faurecia's recurring operating income stood at €90 million, or 1.4% of sales, versus €63 million and 1.0% in first-half 2007, and €58 million in the second half of 2007. The improvement was attributable to lower production costs, a favorable shift in the product mix and the renegotiation of certain contracts in North America.

Aggregate recurring operating income in the other businesses represented €9 million.

Consolidated profit for the period

Non-recurring operating income and expense represented net expense of €86 million for the period, compared with net expense of €287 million for first-half 2007. The total mainly comprised rationalization costs of €94 million, including €61 million for the Automobile Division and €31 million for Faurecia.

Finance costs net of interest income amounted to €70 million, compared with €4 million in first-half 2007.

Profit before tax and share in net earnings of companies at equity amounted to €959 million versus €551 million in first-half 2007. Estimated income taxes came to €293 million compared with €91 million, representing 30.6% of profit before tax versus 16.5%.

Companies at equity made a positive contribution of €65 million compared with €23 million in first-half 2007. The total includes the Group's €23 million share of the profit of Toyota Peugeot Citroën Automobiles (TPCA) and its €23 million share of the profit of Dongfeng Peugeot Citroën Automobile (DPCA).

Net profit attributable to equity holders of the parent amounted to €733 million for the period, a sharp improvement over the €492 million reported in first-half 2007, and represented 2.3% of sales and revenue, versus 1.6% in the prior-year period.

Earnings per share came to €3.21, compared with €2.15 for the year-earlier period.

Financial position

Working capital provided by operations of the manufacturing and sales companies rose 17.9% to €2,158 million from €1,830 million in first-half 2007, and represented 7.1% of sales, versus 6.1%.

Working capital requirement of the manufacturing and sales companies rose by €417 million, after declining €924 million in first-half 2007.

The change in working capital requirement in first-half 2008 includes a €711 million increase in trade receivables (€586 million for the Automobile Division, €73 million for Faurecia and €27 million for Gefco), and a €1,142 million increase in trade payables (€830 million for the Automobile Division, €191 million for Faurecia and €93 million for Gefco).

Inventories were €993 million higher, including increases of €937 million for the Automobile Division and €48 million for Faurecia.

New vehicle inventories (excluding joint ventures)

(in units)	June 30, 2007	December 31, 2007	**June 30, 2008**
Manufacturer	267,000	215,000	296,000
Captive dealer network	62,000	60,000	70,000
Group total	**329,000**	**275,000**	**366,000**
Independent dealerships	290,000	329,000	302,000
Total	**619,000**	**604,000**	**668,000**

Net cash from operating activities of the manufacturing and sales companies amounted to €1,741 million in first-half 2008 versus €2,754 million in the year-earlier period.

Gross capital expenditure by the manufacturing and sales companies amounted to €1,022 million, representing more than the €953 million spent in first-half 2007.

Additions to intangible assets by the manufacturing and sales companies, in the amount of €481 million versus €387 million, consisted mainly of product development costs capitalized in accordance with IFRS for €464 million (€382 million for the Automobile Division and €82 million for Faurecia) versus €373 million (€287 million for the Automobile Division and €86 million for Faurecia) in first-half 2007.

In all, net cash used in investing activities of the manufacturing and sales companies came to €1,607 million versus €1,370 million in first-half 2007. The manufacturing and sales companies generated free cash flow of €134 million, down from €1,384 million in the year-earlier period.

Cash flows used in financing activities of the manufacturing and sales companies consisted mainly of 2007 dividends of €342 million paid to Peugeot S.A. stockholders in June 2008 and of €5 million paid to minority stockholders of subsidiaries. They also include, as intragroup transactions, the 2007 dividend paid by Banque PSA Finance to Peugeot S.A. in the amount of €168 million, representing 40% of the Bank's consolidated net profit for the year. No shares were bought back in first-half 2008. At the end of the period, the Group held 6,074,714 shares in treasury, corresponding to 2.59% of the capital. The total breaks down as 5,843,214 shares held for allocation on exercise of employee stock options and 231,500 shares bought back with a view to being canceled.

Based on these movements, as of June 30, 2008, the net financial position of the manufacturing and sales companies amounted to €1,257 million compared with €1,404 million at December 31, 2007 and €1,364 million at June 30, 2007.

Related party transactions

The nature of related party transactions and their financial implications over the last three years are detailed in Note 42 to the 2007 consolidated financial statements. Related parties primarily include companies in which the Group holds interests of between 20% and 50% through cooperation agreements particularly with Renault, Fiat, Toyota and Dongfeng and over which PSA Peugeot Citroën has significant influence and which are therefore accounted for by the equity method. The majority are manufacturing and sales companies whose purpose is to produce either equipment and parts for car manufacturing or fully assembled vehicles.

In the first half of 2008, there were no material changes in the nature, scale or scope of related party transactions compared with the disclosures made at year-end 2007.

Outlook

In the second half of 2008, PSA Peugeot Citroën will reap the benefits of its successful new models, including the Peugeot 308 and 308 SW, the Citroën C5 sedan and tourer, the Peugeot Bipper, Peugeot Partner, Citroën Nemo and Citroën Berlingo light commercial vehicles, and the models recently introduced in emerging markets.
Sales will also be strengthened by the additional product launches scheduled for the period in Europe, the Mercosur countries and China.

The Group will also leverage its leadership of the energy-efficient, low carbon emissions segment, as well as its top ranking in the light commercial vehicles segment.

Over the full year, the Group expects the Western European market to decline by around 4% and markets in high-potential regions to expand by around 15%. Based on this outlook, the Group is maintaining its objective of around 5% growth in vehicle and CKD sales.

Taking into account the negative impact of higher raw materials prices, estimated at around €300 million to €350 million for the year, and the fall in the British pound against the euro to GBP 0.80, the Group confirms its 2008 target of 3.5% consolidated operating margin.

Statistics

PSA Peugeot Citroën Group - Worldwide sales

(passenger cars and light commercial vehicles)	June 30, 2008		June 30, 2007	
Western Europe	**1,210,700**		**1,234,500**	
Peugeot		638,600		643,000
Citroën		572,100		591,600
Eastern Europe*	**70,000**		**68,600**	
Peugeot		35,900		36,300
Citroën		34,100		32,300
Russia	**26,000**		**16,700**	
Peugeot		22,300		11,500
Citroën		3,700		5,200
Mercosur **	**124,100**		**93,900**	
Peugeot		74,600		65,100
Citroën		49,500		28,800
China	**103,800**		**102,600**	
Peugeot		49,600		43,600
Citroën		54,200		59,000
Rest of the world	**144,700**		**154,400**	
Peugeot		102,300		114,100
Citroën		42,400		40,300
Total assembled vehicles	**1,679,300**		**1,670,700**	
Peugeot		285,339		913,600
Citroën		756,000		757,200

Total CKD units	**165,400**		**93,400**	
Peugeot		156,200		86,300
Citroën		9,200		7,100

Total assembled vehicles and CKD units	**1,844,700**		1,764,100	
Peugeot		441,539		999,900
Citroën		765,200		764,300

* Croatia, Hungary, Poland, Czech Republic, Slovakia, Slovenia, Lituania, Latvia, Estonia, Cyprus, Malta
** Brazil, Argentina

PSA Peugeot Citroën Group - Worldwide sales by model

(passenger cars and light commercial vehicles)	**June 30, 2008**	June 30, 2007
Peugeot Marque		
107	56,400	54,600
1007	7,700	11,200
206	154,700	158,700
207	276,000	267,700
307	99,400	220,300
308	150,700	-
405	117,100	61,100
406	1,400	1,400
407	49,100	76,200
607	2,300	4,300
807	8,500	11,500
4007	8,000	-
Bipper	14,300	-
Expert	21,600	20,400
Partner	79,900	85,100
Boxer	32,100	25,900
Others	300	1,500
Total	**1,079,500**	**999,900**
of which diesel-powered versions	511,000	483,500
	47.3 %	*48.4 %*
of which passenger cars	951,200	888,000
of which light commercial vehicles	128,300	111,900
Citroën Marque		
C1	57,200	51,700
C2	39,000	52,700
C3	141,000	142,700
ZX	35,400	28,400
Xsara	45,300	70,900
C4	235,000	222,400
C5	35,000	29,300
Xantia	7,300	5,300
C6	1,700	4,200
C8	5,100	7,500
C-Crosser	6,900	-
Nemo	16,200	-
Jumpy	22,200	19,200
Berlingo	86,800	100,300
Jumper	31,000	28,800
Others	100	800
Total	**765,200**	**764,200**
of which diesel-powered versions	450,900	435,000
	58.9 %	*56.9 %*
of which passenger cars	640,100	653,000
of which light commercial vehicles	125,100	111,200
Total PSA PEUGEOT CITROËN	**1,844,700**	**1,764,100**
of which diesel-powered versions	961,900	918,500
	52.1 %	*52.1 %*
of which passenger cars	1,591,300	1,541,000
of which light commercial vehicles	253,400	223,100

PSA Peugeot Citroën Group - Passenger cars registrations in Europe by country

	June 30, 2008		June 30, 2007	
	Units	Market share (%)	Units	Market share (%)
France	**353,200**	31.3	336,000	31,1
Austria	**14,900**	8,9	15,000	9,1
Belgium-Luxembourg	**66,700**	18,5	64,900	19,2
Denmark	**16,100**	18,9	15,500	20,1
Finland	**6,600**	7,5	7,400	9,5
Germany	**89,700**	5,5	84,200	5,3
Greece	**12,800**	8,0	16,000	10,1
Iceland	**200**	2,2	200	2,8
Ireland	**6,000**	4,8	7,900	5,2
Italy	**127,600**	10,1	146,600	10,3
Netherlands	**39,400**	13,1	37,300	12,6
Norway	**4,300**	7,0	5,800	8,8
Portugal	**16,300**	14,3	18,400	17,1
Spain	**128,600**	18,3	157,600	18,5
Sweden	**10,800**	7,7	13,800	9,1
Switzerland	**13,100**	8,6	13,600	9,3
United Kingdom	**117,400**	9,4	130,900	10,3
Total Western Europe (18 countries)	**1,023,700**	**13.2**	**1,071,100**	**13,5**

PSA Peugeot Citroën Group - Light commercial vehicle registrations in Europe by country

	June 30, 2008		June 30, 2007	
	Units	Market share (%)	Units	Market share (%)
France	**85,500**	34,0	80,900	33,9
Austria	**2,200**	11,9	1,700	10,3
Belgium-Luxembourg	**11,700**	28,0	10,400	24,9
Denmark	**2,700**	14,0	3,900	11,1
Finland	**700**	7,0	600	6,5
Germany	**10,800**	9,2	9,600	8,9
Greece	**600**	5,1	400	3,5
Iceland	**100**	3,5	100	3,0
Ireland	**1,600**	6,5	2,200	6,6
Italy	**13,100**	11,3	11,200	8,8
Netherlands	**5,700**	11,1	4,500	10,1
Norway	**2,600**	13.5	2,900	13,1
Portugal	**6,000**	20,8	7,900	19,3
Spain	**31,100**	29,4	42,300	29,0
Sweden	**3,100**	14,4	3,000	13,6
Switzerland	**2,300**	16,3	1,800	13,4
United Kingdom	**22,400**	12,8	20,800	11,9
Total Western Europe (18 countries)	**202,200**	**19.7**	**204,200**	**18,8**

PSA Peugeot Citroën Group - Passenger car and light commercial vehicle registrations in Europe by country

	June 30. 2008		June 30. 2007	
	Units	Market share (%)	Units	Market share (%)
France	**438,700**	31.8	417,000	31.6
Austria	**17,100**	9,2	16,700	9.2
Belgium-Luxembourg	**78,400**	19,5	75,300	19.8
Denmark	**18,900**	18,0	19,400	17.3
Finland	**7,200**	7,5	8,100	9.2
Germany	**100,500**	5,7	93,800	5.6
Greece	**13,400**	7,8	16,400	9.6
Iceland	**200**	2,4	300	2.8
Ireland	**7,600**	5,1	10,100	5.4
Italy	**140,700**	10,2	157,800	10.2
Netherlands	**45,100**	12,8	41,800	12.3
Norway	**6,900**	8,5	8,700	9.9
Portugal	**22,300**	15,6	26,300	17.7
Spain	**159,700**	19,8	199,800	20,0
Sweden	**13,900**	8,6	16,800	9.7
Switzerland	**15,400**	9,3	15,400	9.7
United Kingdom	**139,800**	9,8	151,700	10.5
Total Western Europe (18 countries	**1,225,800**	**14,0**	**1,275,400**	**14.1**

Workforce

	June 30. 2008	December 31. 2007
Automotive	**132,200**	**134,100**
Of which:		
* France	86,600	89,200
* Other countries	45,600	44,900
Banque PSA Finance	**2,400**	**2,300**
Gefco	**9,900**	**9,900**
Faurecia	**60,800**	**59,800**
Other businesses and holding company	**1,600**	**1,700**
Total PSA Peugeot Citroën	**206,900**	**207,800**
Of which:		
* France	110,400	113,700
* Other countries	96,500	94,100

Contents

PSA PEUGEOT CITROËN Group

Interim Consolidated Financial Statements for the six months ended June 30, 2008

INTERIM CONSOLIDATED **STATEMENTS OF INCOME**

	Six months ended June 30, 2008			
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Sales and revenue	**30 470**	**1 059**	**(230)**	**31 299**
Cost of goods and services sold	(24 598)	(588)	230	(24 956)
Selling, general and administrative expenses	(4 040)	(163)	-	(4 203)
Research and development expenses (note 4)	(1 025)	-	-	(1 025)
Recurring operating income	**807**	**308**	**-**	**1 115**
Non-recurring operating income and (expenses) (note 5)	(86)	-	-	(86)
Operating income	**721**	**308**	**-**	**1 029**
Interest income	161	-	-	161
Finance costs	(157)	-	-	(157)
Other financial income and (expenses), net	(73)	(1)	-	(74)
Income before tax of fully consolidated companies	**652**	**307**	**-**	**959**
Income taxes (note 6)	(190)	(103)	-	(293)
Share in net earnings of companies at equity (note 8.3)	65	-	-	65
Consolidated profit for the period	**527**	**204**	**-**	**731**
Attributable to equity holders of the parent	*530*	*203*	-	*733*
Attributable to minority interests	*(3)*	*1*	-	*(2)*

(in euros)	
Basic earnings per €1 par value share (note 7)	3,21
Diluted earnings per €1 par value share (note 7)	3,21

Six months ended June 30, 2007				Year ended December 31, 2007			
Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
30 056	**975**	**(213)**	**30 818**	**59 069**	**1 999**	**(455)**	**60 613**
(24 335)	(509)	213	(24 631)	(47 826)	(1 064)	455	(48 435)
(4 148)	(165)	-	(4 313)	(8 027)	(327)	-	(8 354)
(1 032)	-	-	(1 032)	(2 072)	-	-	(2 072)
541	**301**	**-**	**842**	**1 144**	**608**	**-**	**1 752**
(287)	-	-	(287)	(632)	-	-	(632)
254	**301**	**-**	**555**	**512**	**608**	**-**	**1 120**
138	-	-	138	283	-	-	283
(138)	-	-	(138)	(306)	-	-	(306)
(3)	(1)	-	(4)	(16)	(1)	-	(17)
251	**300**	**-**	**551**	**473**	**607**	**-**	**1 080**
10	(101)	-	(91)	(116)	(186)	-	(302)
23	-	-	23	48	-	-	48
284	**199**	**-**	**483**	**405**	**421**	**-**	**826**
294	198	-	492	467	418	-	885
(10)	1	-	(9)	(62)	3	-	(59)
			2,15				3,88
			2,15				3,86

INTERIM CONSOLIDATED BALANCE SHEETS – **ASSETS**

		June 30, 2008		
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Goodwill	1 479	75	-	1 554
Intangible assets	3 966	94	-	4 060
Property, plant and equipment	14 818	44	-	14 862
Investments in companies at equity (note 8)	790	12	-	802
Investments in non-consolidated companies	37	9	-	46
Other non-current financial assets (note 9)	835	47	-	882
Other non-current assets	150	1	-	151
Deferred tax assets	490	35	-	525
Total non-current assets	**22 565**	**317**	**-**	**22 882**
Operating assets				
Loans and receivables – finance companies (note 10)	-	24 246	(236)	24 010
Short-term investments – finance companies	-	2 323	-	2 323
Inventories (note 11)	7 905	-	-	7 905
Trade receivables – manufacturing and sales companies	3 544	-	(281)	3 263
Current taxes	80	55	(33)	102
Other receivables	2 065	802	(84)	2 783
	13 594	**27 426**	**(634)**	**40 386**
Current financial assets (note 9)	**1 290**	**-**	**-**	**1 290**
Cash and cash equivalents	**5 310**	**990**	**(247)**	**6 053**
Total current assets	**20 194**	**28 416**	**(881)**	**47 729**
Total assets	**42 759**	**28 733**	**(881)**	**70 611**

INTERIM CONSOLIDATED BALANCE SHEETS – **EQUITY AND LIABILITIES**

		June 30, 2008		
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Equity				
Share capital				234
Treasury stock (note 12)				(270)
Retained earnings and other accumulated equity, excluding minority interests				14 660
Minority interests				313
Total equity				**14 937**
Non-current financial liabilities (note 14)	4 073	-	-	4 073
Other non-current liabilities	3 226	-	-	3 226
Non-current provisions (note 13)	1 031	23	-	1 054
Deferred tax liabilities	1 800	389	-	2 189
Total non-current liabilities	**10 130**	**412**	**-**	**10 542**
Operating liabilities				
Financing liabilities (note 15)	-	24 382	(245)	24 137
Current provisions (note 13)	2 088	30	-	2 118
Trade payables	11 717	-	(31)	11 686
Current taxes	115	75	(33)	157
Other payables	4 588	913	(367)	5 134
	18 508	**25 400**	**(676)**	**43 232**
Current financial liabilities (note 14)	**2 105**	**-**	**(205)**	**1 900**
Total current liabilities	**20 613**	**25 400**	**(881)**	**45 132**
Total equity and liabilities				**70 611**

(in millions of euros)	December 31, 2007 Manufacturing and sales companies	Finance companies	Eliminations	Total
Goodwill	1 488	75	-	1 563
Intangible assets	3 885	94	-	3 979
Property, plant and equipment	14 652	44	-	14 696
Investments in companies at equity (note 8)	725	12	-	737
Investments in non-consolidated companies	47	3	-	50
Other non-current financial assets (note 9)	1 121	47	-	1 168
Other non-current assets	126	1	-	127
Deferred tax assets	428	37	-	465
Total non-current assets	**22 472**	**313**	**-**	**22 785**
Operating assets				
Loans and receivables – finance companies (note 10)	-	23 393	(170)	23 223
Short-term investments – finance companies	-	3 310	-	3 310
Inventories (note 11)	6 913	-	-	6 913
Trade receivables – manufacturing and sales companies	2 857	-	(157)	2 700
Current taxes	169	37	(44)	162
Other receivables	1 782	772	(134)	2 420
	11 721	**27 512**	**(505)**	**38 728**
Current financial assets (note 9)	**1 483**	**-**	**-**	**1 483**
Cash and cash equivalents	**5 185**	**943**	**(149)**	**5 979**
Total current assets	**18 389**	**28 455**	**(654)**	**46 190**
Total assets	**40 861**	**28 768**	**(654)**	**68 975**

(in millions of euros)	December 31, 2007 Manufacturing and sales companies	Finance companies	Eliminations	Total
Equity				
Share capital				234
Treasury stock (note 12)				(271)
Retained earnings and other accumulated equity, excluding minority interests				14 282
Minority interests				310
Total equity				**14 555**
Non-current financial liabilities (note 14)	4 294	-	-	4 294
Other non-current liabilities	2 886	1	-	2 887
Non-current provisions (note 13)	1 109	23	-	1 132
Deferred tax liabilities	1 689	364	-	2 053
Total non-current liabilities	**9 978**	**388**	**-**	**10 366**
Operating liabilities				
Financing liabilities (note 15)	-	24 670	(148)	24 522
Current provisions (note 13)	2 132	29	-	2 161
Trade payables	10 600	-	(29)	10 571
Current taxes	158	55	(44)	169
Other payables	4 241	732	(292)	4 681
	17 131	**25 486**	**(513)**	**42 104**
Current financial liabilities (note 14)	**2 091**	**-**	**(141)**	**1 950**
Total current liabilities	**19 222**	**25 486**	**(654)**	**44 054**
Total equity and liabilities				**68 975**

INTERIM CONSOLIDATED **STATEMENTS OF CASH FLOWS**

	Six months ended June 30, 2008			
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit for the period	**527**	**204**	**-**	**731**
Adjustments for:				
- Depreciation, amortization and impairment	1 664	7	-	1 671
- Non-current provisions	(43)	-	-	(43)
- Changes in deferred tax	53	27	-	80
- (Gains) losses on disposals and other	(10)	-	-	(10)
Share in net (earnings) losses of companies at equity, net of dividends received	(45)	-	-	(45)
Revaluation adjustments taken to equity and hedges of debt	12	-	-	12
Working capital provided by operations	**2 158**	**238**	**-**	**2 396**
Changes in operating assets and liabilities (note 16)	(417)	(2)	(35)	(454)
Net cash from (used in) operating activities	**1 741**	**236**	**(35)**	**1 942**
Proceeds from disposals of shares in consolidated companies	-	-	-	-
Proceeds from disposals of investments in non-consolidated companies	1	-	-	1
Acquisitions of shares in consolidated companies	-	-	-	-
Investments in non-consolidated companies	(4)	(9)	-	(13)
Proceeds from disposals of property, plant and equipment	34	5	-	39
Proceeds from disposals of intangible assets	-	-	-	-
Investments in property, plant and equipment	(1 022)	(7)	-	(1 029)
Investments in intangible assets	(481)	(4)	-	(485)
Change in amounts payable on fixed assets	(50)	-	-	(50)
Other	(85)	5	-	(80)
Net cash from (used in) investing activities	**(1 607)**	**(10)**	**-**	**(1 617)**
Dividends paid:				
- To Peugeot S.A. shareholders	(342)	-	-	(342)
- Intragroup	168	(168)	-	-
- To minority shareholders of subsidiaries	(5)	(2)	-	(7)
(Purchases) sales of treasury stock	1	-	-	1
Changes in other financial assets and liabilities	174	-	(63)	111
Other	-	3	-	3
Net cash from (used in) financing activities	**(4)**	**(167)**	**(63)**	**(234)**
Effect of changes in exchange rates	(2)	(12)	-	(14)
Net increase (decrease) in cash and cash equivalents	**128**	**47**	**(98)**	**77**
Net cash and cash equivalents at beginning of period	5 143	943	(149)	5 937
Net cash and cash equivalents at end of period (note 18)	**5 271**	**990**	**(247)**	**6 014**

Six months ended June 30, 2007				Year ended December 31, 2007			
Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
284	**199**	**-**	**483**	**405**	**421**	**-**	**826**
1 874	6	-	1 880	3 559	14	-	3 573
(139)	1	-	(138)	(227)	1	-	(226)
(83)	5	-	(78)	(114)	38	-	(76)
(85)	-	-	(85)	(94)	-	-	(94)
(23)	-	-	(23)	(46)	-	-	(46)
2	2	-	4	32	1	-	33
1 830	**213**	**-**	**2 043**	**3 515**	**475**	**-**	**3 990**
924	63	9	996	920	37	134	1 091
2 754	**276**	**9**	**3 039**	**4 435**	**512**	**134**	**5 081**
-	-	-	-	-	-	-	-
10	-	-	10	11	-	-	11
-	-	-	-	-	-	-	-
(2)	-	-	(2)	(7)	(3)	-	(10)
114	4	-	118	148	9	-	157
5	-	-	5	8	-	-	8
(953)	(6)	-	(959)	(1 924)	(13)	-	(1 937)
(387)	(8)	-	(395)	(789)	(14)	-	(803)
(93)	-	-	(93)	(132)	-	-	(132)
(64)	-	-	(64)	(148)	1	-	(147)
(1 370)	**(10)**	**-**	**(1 380)**	**(2 833)**	**(20)**	**-**	**(2 853)**
(309)	-	-	(309)	(309)	-	-	(309)
157	(157)	-	-	157	(157)	-	-
(8)	-	-	(8)	(11)	-	-	(11)
36	-	-	36	(23)	-	-	(23)
289	-	(22)	267	(559)	-	8	(551)
-	-	-	-	-	-	-	-
165	**(157)**	**(22)**	**(14)**	**(745)**	**(157)**	**8**	**(894)**
29	1	2	32	(22)	(12)	1	(33)
1 578	**110**	**(11)**	**1 677**	**835**	**323**	**143**	**1 301**
4 308	620	(292)	4 636	4 308	620	(292)	4 636
5 886	**730**	**(303)**	**6 313**	**5 143**	**943**	**(149)**	**5 937**

INTERIM CONSOLIDATED **STATEMENTS OF EQUITY**

(in millions of euros)	Equity	Minority interests	Share capital	Treasury stock	Retained earnings and other accumulated equity, excluding minority interests	Retained earnings, excluding minority interests	Revaluations – excluding minority interests: Cash flow hedges	"Available-for-sale" securities	Translation adjustment
At December 31, 2006	**14 106**	**388**	**235**	**(261)**	**13 744**	**13 417**	**32**	**219**	**76**
Consolidated profit (loss) for the period	483	(9)	-	-	492	492	-	-	-
Revaluations taken to profit or loss	-	-	-	-	-	-	-	-	-
Revaluations taken to equity	71	-	-	-	71	(5)	19	15	42
Measurement of stock options	5	-	-	-	5	5	-	-	-
Comprehensive income*					***568***				
Effect of changes in scope of consolidation	5	5	-	-	-	-	-	-	-
Treasury stock	36	-	-	32	4	4	-	-	-
Dividends paid (€1.35 per €1 par value share)	(317)	(8)	-	-	(309)	(309)	-	-	-
At June 30, 2007	**14 389**	**376**	**235**	**(229)**	**14 007**	**13 604**	**51**	**234**	**118**
Consolidated profit (loss) for the period	343	(50)	-	-	393	393	-	-	-
Revaluations taken to profit or loss	(22)	-	-	-	(22)	-	(22)	-	-
Revaluations taken to equity	(85)	1	-	-	(86)	(2)	14	(46)	(52)
Measurement of stock options	7	1	-	-	6	6	-	-	-
Comprehensive income*					***291***				
Effect of changes in scope of consolidation	(15)	(15)	-	-	-	-	-	-	-
Treasury stock	(59)	-	(1)	(42)	(16)	(16)	-	-	-
Dividends paid	(3)	(3)	-	-	-	-	-	-	-
At December 31, 2007	**14 555**	**310**	**234**	**(271)**	**14 282**	**13 985**	**43**	**188**	**66**
Consolidated profit (loss) for the period	731	(2)	-	-	733	733	-	-	-
Revaluations taken to profit or loss	(58)	-	-	-	(58)	-	(58)	-	-
Revaluations taken to equity	45	6	-	-	39	-	60	(56)	35
Measurement of stock options	6	-	-	-	6	6	-	-	-
Comprehensive income*					***720***				
Effect of changes in scope of consolidation	6	6	-	-	-	-	-	-	-
Treasury stock	1	-	-	1	-		-	-	-
Dividends paid (€1.50 per €1 par value share)	(349)	(7)	-	-	(342)	(342)	-	-	-
At June 30, 2008	**14 937**	**313**	**234**	**(270)**	**14 660**	**14 382**	**45**	**132**	**101**

** Comprehensive income includes all changes in equity resulting from transactions with non-shareholder third parties.*

NOTES TO THE **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

for the six months ended June 30, 2008

NOTE 1 - ACCOUNTING POLICIES

The interim consolidated financial statements of the PSA Peugeot Citroën Group for the six months ended June 30, 2008 have been prepared using the same accounting policies as those used to prepare the consolidated financial statements for the year ended December 31, 2007.
The Group's consolidated financial statements for the year ended December 31, 2007 were prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union.
No new standards or interpretations have been adopted by the European Commission since December 31, 2007. IFRS 8 – Operating Segments was adopted by the Group in 2007 ahead of its effective date.

The interim consolidated financial statements for the six months ended June 30, 2008 have been prepared in accordance with IAS 34 – Interim Financial Reporting, which provides for the presentation of a selected number of explanatory notes. These condensed interim consolidated financial statements should be read and understood in conjunction with the 2007 consolidated financial statements.
The interim consolidated financial statements and accompanying notes for the six months ended June 30, 2008 were authorized for issue by the Managing Board of Peugeot S.A. on July 17, 2008.

NOTE 2 - SCOPE OF CONSOLIDATION

No material changes in the scope of consolidation occurred during the first half of 2008.

NOTE 3 - SEGMENT INFORMATION

In accordance with IFRS 8 — Operating Segments, segment information is presented in line with the indicators used internally by Management to measure the performance of the Group's different business segments. The Group's main performance indicator is recurring operating income.
Business segments are detailed in the notes to the 2007 consolidated financial statements.

3.1. SEGMENT INFORMATION

June 30, 2008 *(in millions of euros)*	Automobile	Automotive Equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	**Total**
Sales and revenue							
- third parties	24 480	5 168	713	829	109	-	**31 299**
- intragroup, intersegment	22	1 433	1 191	230	142	(3 018)	**-**
Total	**24 502**	**6 601**	**1 904**	**1 059**	**251**	**(3 018)**	**31 299**
Recurring operating income	**633**	**90**	**79**	**308**	**9**	**(4)**	**1 115**
Restructuring costs	(61)	(31)	(1)	-	(1)	-	**(94)**
Impairment losses	-	-	-	-	(1)	-	**(1)**
Other non-recurring operating income and (expenses)	3	4	-	-	2	-	**9**
Operating income	**575**	**63**	**78**	**308**	**9**	**(4)**	**1 029**
Net financial income (expense)		**(48)**		**(1)**		**(21)**	**(70)**
Income taxes		(39)		(103)		(151)	**(293)**
Share in net earnings (loss) of companies at equity	61	5	-	-	(1)	-	**65**
Consolidated profit (loss) for the period		**(19)**		**204**			**731**
Segment assets	29 712	6 538	1 367	28 733	(843)	(2 083)	63 424
of which investments in companies at equity	*746*	*35*	*3*	*12*	*6*	*-*	*802*
Segment liabilities	(21 560)	(3 714)	(990)	(25 812)	249	2 125	(49 702)
Capital employed (note 19)	**8 152**	**2 824**	**377**	**2 921**	**(594)**	**42**	**13 722**
Capital expenditure (excluding sales with a buyback commitment)	**1 245**	**238**	**19**	**11**	**1**		**1 514**

June 30, 2007 *(in millions of euros)*	Automobile	Automotive Equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	**Total**
Sales and revenue							
- third parties	24 146	5 090	701	762	119	-	**30 818**
- intragroup, intersegment	23	1 422	1 096	213	126	(2 880)	**-**
Total	**24 169**	**6 512**	**1 797**	**975**	**245**	**(2 880)**	**30 818**
Recurring operating income	**400**	**63**	**76**	**301**	**5**	**(3)**	**842**
Restructuring costs	(123)	(40)	(1)	-	-	-	**(164)**
Impairment losses	(216)	-	-	-	-	-	**(216)**
Other non-recurring operating income and (expenses)	92	1	-	-	-	-	**93**
Operating income	**153**	**24**	**75**	**301**	**5**	**(3)**	**555**
Net financial income (expense)		**(43)**		**(1)**		**40**	**(4)**
Income taxes		(22)		(101)		32	**(91)**
Share in net earnings of companies at equity	22	1	-	-	-	-	**23**
Consolidated profit (loss) for the period		**(40)**		**199**			**483**
Segment assets	28 995	6 796	1 321	28 248	(357)	(1 937)	63 066
of which investments in companies at equity (1)	*664*	*51*	*3*	*12*	*-*	*-*	*730*
Segment liabilities	(21 763)	(3 758)	(912)	(25 529)	(17)	2 070	(49 909)
Capital employed	**7 232**	**3 038**	**409**	**2 719**	**(374)**	**133**	**13 157**
Capital expenditure (excluding sales with a buyback commitment)	**1 089**	**224**	**24**	**3**	**14**		**1 354**

(1) including the reclassification of goodwill relating to Dongfeng Peugeot Citroën Automobile which was previously classified on the goodwill line

December 31, 2007 *(in millions of euros)*	Automobile	Automotive Equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	**Total**
Sales and revenue							
- third parties	47 408	10 028	1 403	1 544	230	-	**60 613**
- intragroup, intersegment	48	2 633	2 151	455	266	(5 553)	**-**
Total	**47 456**	**12 661**	**3 554**	**1 999**	**496**	**(5 553)**	**60 613**
Recurring operating income	**858**	**121**	**155**	**608**	**10**	**-**	**1 752**
Restructuring costs	(229)	(105)	(42)	-	(4)	-	**(380)**
Impairment losses	(216)	(61)	-	-	(12)	-	**(289)**
Other non-recurring operating income and (expenses)	97	(60)	-	-	-	-	**37**
Operating income (loss)	**510**	**(105)**	**113**	**608**	**(6)**	**-**	**1 120**
Net financial income (expense)		**(115)**		**(1)**		**76**	**(40)**
Income taxes		(13)		(186)		(103)	**(302)**
Share in net earnings of companies at equity	46	2	-	-	-	-	**48**
Consolidated profit (loss) for the period		**(231)**		**421**			**826**
Segment assets	27 544	6 228	1 203	28 768	(560)	(1 847)	61 336
of which investments in companies at equity	*677*	*45*	*3*	*12*	*-*	*-*	*737*
Segment liabilities	(20 040)	(3 415)	(844)	(25 874)	141	1 855	(48 177)
Capital employed (note 19)	**7 504**	**2 813**	**359**	**2 894**	**(419)**	**8**	**13 159**
Capital expenditure (excluding sales with a buyback commitment)	**2 182**	**472**	**53**	**27**	**6**		**2 740**

3.2. STATEMENTS OF RECONCILIATION WITH THE CONSOLIDATED BALANCE SHEET

(in millions of euros)	**June 30, 2008**	June 30, 2007	Dec. 31, 2007
Segment assets at end of period	**63 424**	**63 066**	**61 336**
Other non-current financial assets	835	1 319	1 121
Current financial assets	1 290	870	1 483
Cash and cash equivalents[(1)]	5 062	7 919	5 035
Assets as per the consolidated balance sheet	**70 611**	**73 174**	**68 975**
Segment equity and liabilities at end of period	**49 702**	**49 909**	**48 177**
Equity	14 937	14 389	14 555
Non-current financial liabilities	4 073	3 795	4 294
Current financial liabilities[(1)]	1 899	5 081	1 949
Equity and liabilities as per the consolidated balance sheet	**70 611**	**73 174**	**68 975**

(1) including eliminations

NOTE 4 - RESEARCH AND DEVELOPMENT EXPENSES

(in millions of euros)	**June 30, 2008**	June 30, 2007	Dec. 31, 2007
Total expenditure	(1 118)	(1 045)	(2 074)
Capitalized development expenditure	464	373	754
Non-capitalized expenses	**(654)**	**(672)**	**(1 320)**
Amortization of capitalized development expenditure	(371)	(360)	(752)
Total	**(1 025)**	**(1 032)**	**(2 072)**

NOTE 5 - NON-RECURRING OPERATING INCOME AND EXPENSES

Non-recurring operating income and expenses include:

(in millions of euros)	**June 30, 2008**	June 30, 2007	Dec. 31, 2007
Impairment loss taken on Automobile CGUs (note 5.1)	-	(216)	(216)
Impairment loss taken on Faurecia group CGUs and other Faurecia group assets (note 5.2)	-	-	(65)
Provisions for contingencies and charges (Faurecia group)	1	-	(56)
Impairment loss taken on CGUs from other businesses	(1)	-	(12)
Restructuring costs (note 5.3)	(94)	(164)	(380)
Proceeds from disposals of property (note 5.4)	7	93	95
Other	1	-	2
Total	**(86)**	**(287)**	**(632)**

5.1. IMPAIRMENT LOSS TAKEN ON AUTOMOBILE CGUs

In the year ended December 31, 2007, impairment losses were taken on two Automobile CGUs in an amount of €216 million. No further write-downs were necessary based on impairment testing at June 30, 2008.

5.2. IMPAIRMENT LOSS TAKEN ON FAURECIA GROUP CGUs

In 2007, these impairment tests led to the recognition of a €61 million write-down on fixed assets. As no further indication of impairment was identified in first-half 2008, no additional impairment tests were carried out. These tests will be conducted as planned in the second half of the year.

5.3. RESTRUCTURING COSTS

Automobile Division
Restructuring costs relating to the Automobile Division amounted to €61 million in the six months to June 30, 2008 and essentially break down as follows:

On May 9, 2007, Management in France presented its workforce streamlining plan to the Central Works Committee. The net cost of the plan, which concerned an estimated 6,217 employees, represented €211 million in 2007. An update of plan costs and the number of affected employees (48 additional departures) was carried out at June 30, 2008 resulting in the recognition of an additional €31 million cost.

On January 15, 2008, a new workforce streamlining plan was presented to the Central Works Committee. Under the new plan, employees taking statutory or early retirement will not be replaced and assistance will be given to employees wishing to take up another position either within or outside the Group. At June 30, 2008, the estimated net cost of this plan recorded by the Group was €8 million in respect of 281 voluntary departures.

Automotive Equipment Division (Faurecia group)
Restructuring costs attributable to the Faurecia group amounted to €31 million in the six months to June 30, 2008 and include €27 million in streamlining costs relating to 1,298 employees.

5.4. NET GAINS ON DISPOSALS OF PROPERTY

In 2007, net gains on disposals of property include €85 million from the sale of a site at Ryton, UK. No material gains or losses on property disposals were recognized in the first half of 2008.

NOTE 6 - INCOME TAXES

Income taxes for the period are calculated on the basis of pre-tax profit by tax jurisdiction, multiplied by the estimated effective tax rate for the full year. The tax impacts of specific transactions are recorded in the period during which the transactions occur.

The theoretical tax expense can be reconciled to the tax expense as reported in the consolidated statements of income as follows:

(in millions of euros)	**June 30, 2008**	June 30, 2007	Dec. 31, 2007
Income before tax of fully consolidated companies	**959**	**551**	**1 080**
French statutory income tax rate for the period	*34,4%*	*34,4%*	*34,4%*
Theoretical tax expense for the year based on the French statutory income tax rate	**(330)**	**(190)**	**(372)**
Permanent differences	17	29	30
Income taxable at reduced rates	25	26	46
Tax credits	10	28	42
Effect of differences in foreign tax rates and other	25	60	66
Unrecognized deferred tax assets and impairment losses	(40)	(44)	(114)
Income taxes	**(293)**	**(91)**	**(302)**
Effective tax rate applicable to the Group	***30,6%***	*16,5%*	*28,0%*

At June 30, 2007, permanent differences include the positive impact of the tax treatment applying to the capital gain recorded on the sale of the Ryton site in the UK.

Unrecognized deferred tax assets and impairment losses essentially concern the Faurecia group.

As indicated in note 13.3 of the 2007 annual report, research-based tax credits meeting the definition of subsidies have been classified as recurring operating income since December 31, 2007.

NOTE 7 - EARNINGS PER SHARE

Earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period concerned.

The average number of shares outstanding is calculated by taking into account the number of shares issued and canceled during the period and the number of shares held in treasury stock. The dilutive effect of stock options is calculated using the "treasury stock" method, as follows:

	June 30, 2008	June 30, 2007	Dec. 31, 2007
Average number of €1 par value shares outstanding	228 200 751	228 571 417	228 349 123
Dilutive effect of stock options, calculated using the "treasury stock" method	140 968	749 769	861 186
Diluted average number of shares	**228 341 719**	**229 321 186**	**229 210 309**

Earnings per share are shown at the foot of the consolidated income statements.
In view of the terms of the stock option plans and Peugeot S.A.'s average share price, only the 2000 and 2003 plans have a dilutive impact in first-half 2008. In 2007, the plans implemented from 1999 through 2006 were dilutive.

NOTE 8 - INVESTMENTS IN COMPANIES AT EQUITY

Most companies accounted for by the equity method are manufacturing and sales companies that manufacture either automotive parts and components or fully assembled vehicles.

8.1. CHANGES IN THE CARRYING VALUE OF INVESTMENTS IN COMPANIES AT EQUITY

(in millions of euros)	June 30, 2008	Dec. 31, 2007
Opening balance	**737**	**699**
Dividends and profit transfers	(20)	(2)
Share of net earnings	65	48
Newly consolidated companies[(1)]	7	3
Capital increase	-	-
Disposals	6	-
Translation adjustment	7	(11)
Closing balance	**802**	**737**
o/w goodwill relating to Dongfeng Peugeot Citroën Automobile	55	56

(1) For first-half 2008, this line corresponds to Jinan Qingqi Peugeot Motorcycles Co Ltd.

8.2. SHARE IN NET ASSETS IN COMPANIES AT EQUITY

(in millions of euros)	Latest % interest	June 30, 2008	Dec. 31, 2007
Renault cooperation agreement			
Française de Mécanique	50%	20	22
Société de Transmissions Automatiques	20%	3	3
Fiat cooperation agreement			
Sevelnord	50%	85	73
Gisevel	50%	20	18
Sevelind	50%	19	19
Sevel SpA	50%	98	95
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	170	137
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile [(1)]	50%	324	303
Dongfeng Peugeot Citroën Automobile Finance Company	25%	12	12
Other			
Other, excluding Faurecia		16	10
Faurecia group companies		35	45
Total		**802**	**737**

(1) Including Dongfeng Peugeot Citroën Automobile goodwill.

8.3. SHARE IN NET EARNINGS IN COMPANIES AT EQUITY

(in millions of euros)	Latest % interest	June 30, 2008	Dec. 31, 2007
Renault cooperation agreement			
Française de Mécanique	50%	(3)	(27)
Société de Transmissions Automatiques	20%	-	-
Fiat cooperation agreement			
Sevelnord	50%	12	11
Gisevel	50%	2	3
Sevelind	50%	-	3
Sevel SpA	50%	3	9
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	23	14
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50%	23	31
Dongfeng Peugeot Citroën Automobile Finance Company	25%	-	-
Other			
Other, excluding Faurecia		-	1
Faurecia group companies		5	3
Total		**65**	**48**

NOTE 9 - CURRENT AND OTHER NON-CURRENT FINANCIAL ASSETS

	June 30, 2008		Dec. 31, 2007	
(in millions of euros)	Non-current	Current	Non-current	Current
Loans and receivables	116	176	131	497
Investments classified as "available-for-sale"	197	-	254	-
Investments "accounted for using the fair value option"	494	1 066	724	948
Derivative instruments	75	48	59	38
Total financial assets, net	**882**	**1 290**	**1 168**	**1 483**

The fall in the value of current loans and receivables reflects the repayment during the first half of 2008 by Calyon of loans granted by GIE PSA Trésorerie in the amount of €300 million.
The carrying amount of available-for-sale securities includes an unrealized gain of €134 million at June 30, 2008 (€191 million at January 1, 2008).
Changes in derivative instruments reflect the fair value measurement of new options contracted on sterling.

NOTE 10 - LOANS AND RECEIVABLES - FINANCE COMPANIES

(in millions of euros)	**June 30, 2008**	Dec. 31, 2007
Net loans and receivables outstanding		
Credit sales	10 515	10 550
Long-term leases	4 397	4 031
Leases subject to buyback commitments	2 434	2 295
Other receivables	803	760
Guarantee deposits on leases	(59)	(57)
Total net loans and receivables outstanding	**18 090**	**17 579**
Net wholesale finance receivables outstanding		
Wholesale finance receivables	6 098	5 689
Guarantee deposits on wholesale finance receivables	(90)	(83)
Total net wholesale finance receivables outstanding	**6 008**	**5 606**
Ordinary accounts	177	168
Retail and lease finance receivables at amortized cost	114	103
Remeasurement of interest rate hedged portfolios	(143)	(63)
Eliminations	(236)	(170)
Total	**24 010**	**23 223**

Retail and lease finance receivables represent loans made by finance companies to Peugeot and Citroën customers for the purchase or lease of cars.

Wholesale finance receivables represent amounts due to Peugeot and Citroën by their dealer networks and certain European importers which have been transferred to the Group finance companies, and working capital loans made by the finance companies to the dealer networks.

Retail and lease finance receivables include €3,620 million in securitized finance receivables that are still carried on the balance sheet at June 30, 2008 (€3,823 million at December 31, 2007). The Banque PSA Finance group carried out several securitization transactions through the French Auto ABS umbrella fund (FCC) set up in June 2001 and the Italian Auto ABS S.r.l. fund set up in July 2007. During first-half 2008, compartment 2002-1 of the umbrella fund was wound up following the purchase by Banque PSA Finance of the related receivables.
Liabilities corresponding to securities issued by securitization funds are shown in note 15.

NOTE 11 - INVENTORIES

(in millions of euros)	**June 30, 2008**	June 30, 2007	Dec. 31, 2007
Raw materials and supplies	730	774	716
Semi-finished products and work-in-progress	893	905	733
Goods for resale and used vehicles	1 228	1 016	1 468
Finished products and replacement parts	5 054	4 651	3 996
Total, net	**7 905**	**7 346**	**6 913**
o/w gross	8 377	7 772	7 406
o/w allowances	(472)	(426)	(493)

NOTE 12 - SHARE BUYBACK PROGRAMS

(number of shares)	Authorizations	Transactions June 30, 2008	Transactions Dec. 31, 2007
Opening balance		**6 097 714**	**6 534 475**
Share buybacks			
AGM of May 23, 2007	16 000 000	-	1 250 000
AGM of May 28, 2008	17 000 000	-	-
Share cancellations			
AGM of May 23, 2007	10% of capital	-	(337 968)
AGM of May 28, 2008	10% of capital	-	-
Share sales			
On exercise of stock options		(23 000)	(1 348 793)
Closing balance		**6 074 714**	**6 097 714**
Shares held for allocation on exercise of stock options		5 843 214	5 866 214
Shares held for cancellation		231 500	231 500

The Extraordinary General Meeting of May 23, 2007 authorized the Managing Board to grant Group management and certain employees stock options in Peugeot S.A. shares acquired through a buyback, up to an aggregate ceiling of 2,500,000 shares.

NOTE 13 - CURRENT AND NON-CURRENT PROVISIONS

13.1. CHANGES IN NON-CURRENT PROVISIONS

(in millions of euros)	June 30, 2008	Dec. 31, 2007
Opening balance	**1 132**	**1 406**
Movements taken to profit or loss		
Charges	59	108
Releases (utilizations)	(107)	(236)
Releases (surplus provisions)	(6)	(102)
	(54)	**(230)**
Other movements		
Translation adjustment	(30)	(42)
Change in scope of consolidation and other	6	(2)
Closing balance	**1 054**	**1 132**
o/w provision for pensions and other post-employment benefit obligations	818	885

13.2. CHANGES IN CURRENT PROVISIONS

(in millions of euros)	June 30, 2008	Dec. 31, 2007
Opening balance	**2 161**	**1 785**
Movements taken to profit or loss		
Charges	659	1 725
Releases (utilizations)	(566)	(1 174)
Releases (surplus provisions)	(120)	(149)
	(27)	**402**
Other movements		
Translation adjustment	(18)	(30)
Change in scope of consolidation and other	2	4
Closing balance	**2 118**	**2 161**
o/w standard warranty provision	1 211	1 246

Due to a fall in warranty expenses, €114 million was written back from the corresponding provision. The write-back was based on the company's past experience.

NOTE 14 - FINANCIAL LIABILITIES - MANUFACTURING AND SALES COMPANIES

	June 30, 2008		Dec. 31, 2007	
	At amortized cost or fair value		At amortized cost or fair value	
(in millions of euros)	Non-current	Current	Non-current	Current
Bonds	2 490	-	2 476	-
Employee profit-sharing fund	24	6	32	41
Finance lease liabilities	329	60	314	70
Other long-term debt	1 229	202	1 471	82
Other short-term financing and overdraft facilities	-	1 619	-	1 737
Derivative instruments	1	13	1	20
Total financial liabilities	**4 073**	**1 900**	**4 294**	**1 950**

NOTE 15 - FINANCING LIABILITIES - FINANCE COMPANIES

(in millions of euros)	June 30, 2008	Dec. 31, 2007
Securities issued by securitization funds	3 811	4 088
Other bond debt	413	413
Other debt securities	10 184	12 165
Bank borrowings	9 481	7 626
	23 889	**24 292**
Customer deposits	493	378
	24 382	**24 670**
Amounts due to Group manufacturing and sales companies	*(245)*	*(148)*
Total	**24 137**	**24 522**

NOTE 16 - CHANGES IN OPERATING ASSETS AND LIABILITIES

16.1. MANUFACTURING AND SALES COMPANIES

(in millions of euros)	June 30, 2008	June 30, 2007	Dec. 31, 2007
(Increase) decrease in inventories	(993)	(483)	(116)
(Increase) decrease in trade receivables	(711)	(853)	153
Increase (decrease) in trade payables	1 142	1 481	190
Change in current allowances and provisions	(29)	344	409
Change in income taxes	46	31	57
Other changes	128	404	227
	(417)	**924**	**920**
Net flows with Group finance companies	*126*	*50*	*(106)*
Total	**(291)**	**974**	**814**

16.2. FINANCE COMPANIES

(in millions of euros)	June 30, 2008	June 30, 2007	Dec. 31, 2007
(Increase) decrease in finance receivables	(961)	(456)	(700)
(Increase) decrease in short-term investments	986	(181)	(579)
Increase (decrease) in financing liabilities	(174)	756	1 612
Change in current allowances and provisions	2	(2)	(7)
Change in income taxes	3	22	(1)
Other changes	142	(76)	(288)
	(2)	**63**	**37**
Net flows with Group manufacturing and sales companies	*(161)*	*(41)*	*240*
Total	**(163)**	**22**	**277**

NOTE 17 - NET FINANCIAL POSITION OF MANUFACTURING AND SALES COMPANIES

(in millions of euros)	June 30, 2008	Dec. 31, 2007
Financial assets and liabilities of manufacturing and sales companies		
Cash and cash equivalents	5 310	5 185
Other non-current financial assets	835	1 121
Current financial assets	1 290	1 483
Non-current financial liabilities	(4 073)	(4 294)
Current financial liabilities	(2 105)	(2 091)
Net financial position of manufacturing and sales companies	**1 257**	**1 404**
o/w external loans and borrowings	1 215	1 396
o/w financial assets and liabilities with finance companies	42	8

NOTE 18 - NET CASH AND CASH EQUIVALENTS AS PER THE CASH FLOW STATEMENTS

(in millions of euros)	June 30, 2008	juin 30, 2007	Dec. 31, 2007
Net cash and cash equivalents as per the cash flow statements	**6 014**	**6 313**	**5 937**
Payments issued (1)	39	2 337	42
Cash and cash equivalents as per the consolidated balance sheets	**6 053**	**8 650**	**5 979**

(1) This item corresponds to payments issued but not yet debited on bank statements due to a non-working day for banks. The matching entry is an increase in cash and cash equivalents under assets.

NOTE 19 - CAPITAL EMPLOYED

Capital employed corresponds to the operating assets or liabilities employed by the Group. The definition of capital employed depends on whether it relates to manufacturing and sales companies or finance companies.

Capital employed is defined as representing:

- all non-financial assets, net of non-financial liabilities, of the manufacturing and sales companies, as reported in the consolidated balance sheet;
- the net assets of the finance companies.

Based on the above definition, capital employed breaks down as follows:

(in millions of euros)	June 30, 2008	Dec. 31, 2007
Goodwill	1 479	1 488
Intangible assets	3 966	3 885
Property, plant and equipment	14 818	14 652
Investments in companies at equity	790	725
Investments in non-consolidated companies	37	47
Other non-current assets	150	126
Deferred tax assets	490	428
Inventories	7 905	6 913
Trade receivables – manufacturing and sales companies	3 544	2 857
Current tax assets	80	169
Other receivables	2 065	1 782
Other non-current liabilities	(3 226)	(2 886)
Non-current provisions	(1 031)	(1 109)
Deferred tax liabilities	(1 800)	(1 689)
Current provisions	(2 088)	(2 132)
Trade payables	(11 717)	(10 600)
Current tax liabilities	(115)	(158)
Other payables	(4 588)	(4 241)
Net assets of the finance companies	2 921	2 894
Accounts between the manufacturing and sales companies and the finance companies	42	8
Total	**13 722**	**13 159**

NOTE 20 - MARKET RISKS

The impact of market risks on the Group is discussed in the section on recurring operating income in the interim management report.

NOTE 21 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

No significant changes in off-balance sheet commitments or contingent liabilities have occurred since December 31, 2007.

NOTE 22 - SUBSEQUENT EVENTS

No events have occurred since June 30, 2008 that could have a material impact on these interim financial statements.

Statement by the Person Responsible for the
2008 Interim Financial Report

“We hereby declare that, to the best of our knowledge, the condensed interim consolidated financial statements included in the interim financial report have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the PSA Peugeot Citroën Group and that the interim management report on pages 5 to 11 includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, a description of the the main related-party transactions and a discussion of the principal risks and uncertainties for the remaining six months of the year.”

Christian Streiff
Chairman of the Managing Board

Statutory auditors’ review report on the 2008 interim financial information

(Period from January 1, 2008 to June 30, 2008)

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 French Commercial Law (“*Code de commerce”*) and L. 451-1-2 III of the 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 Peugeot S.A., for the six months ended June 30, 2008,
- the verification of information contained in the interim management report.

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

1. 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.

2. Specific verification

In accordance with professional standards applicable in France, 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.

Neuilly-sur-Seine and Paris-La-Défense, July 22, 2008

The Statutory Auditors

French original signed by

Mazars & Guérard	PricewaterhouseCoopers Audit
Loïc Wallaert	Pierre Riou

Notes

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