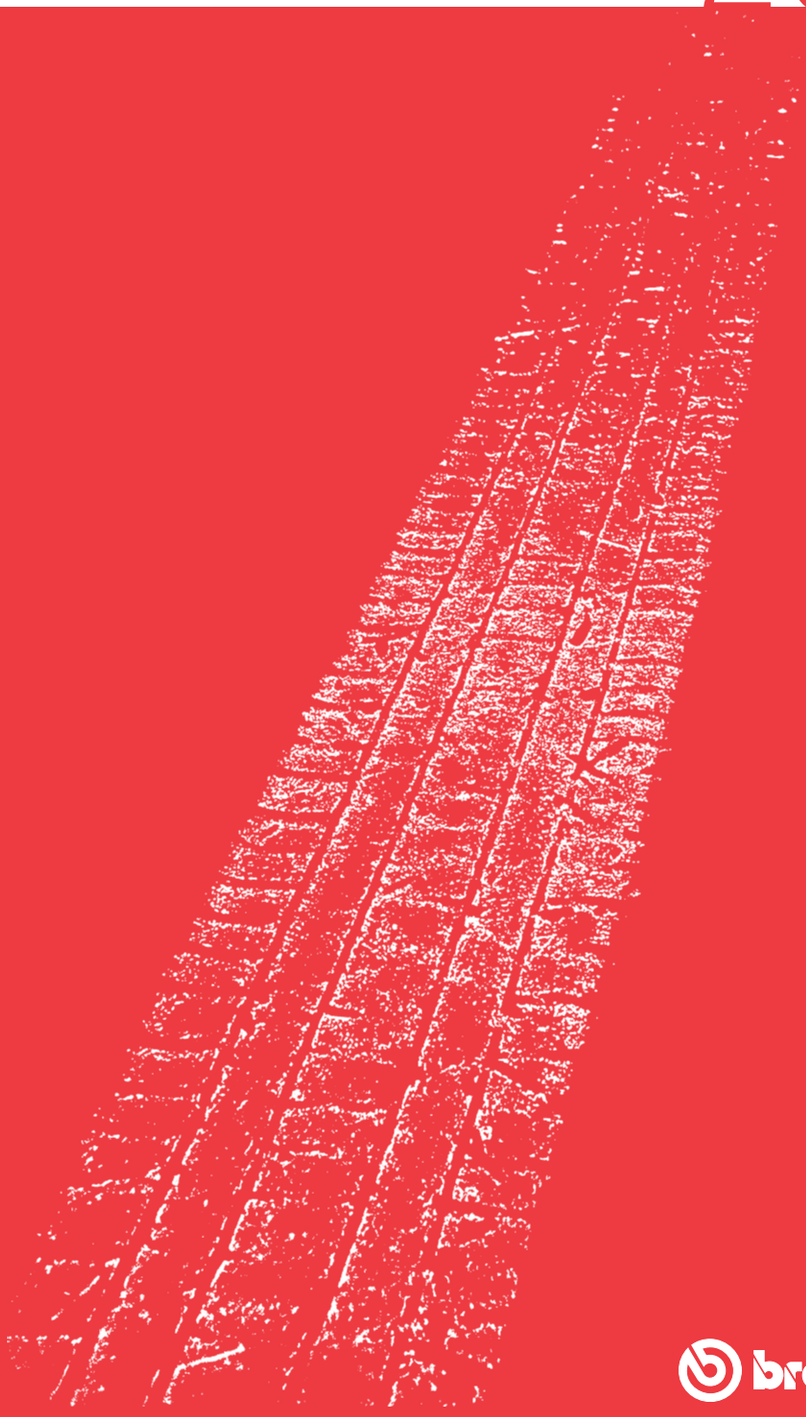
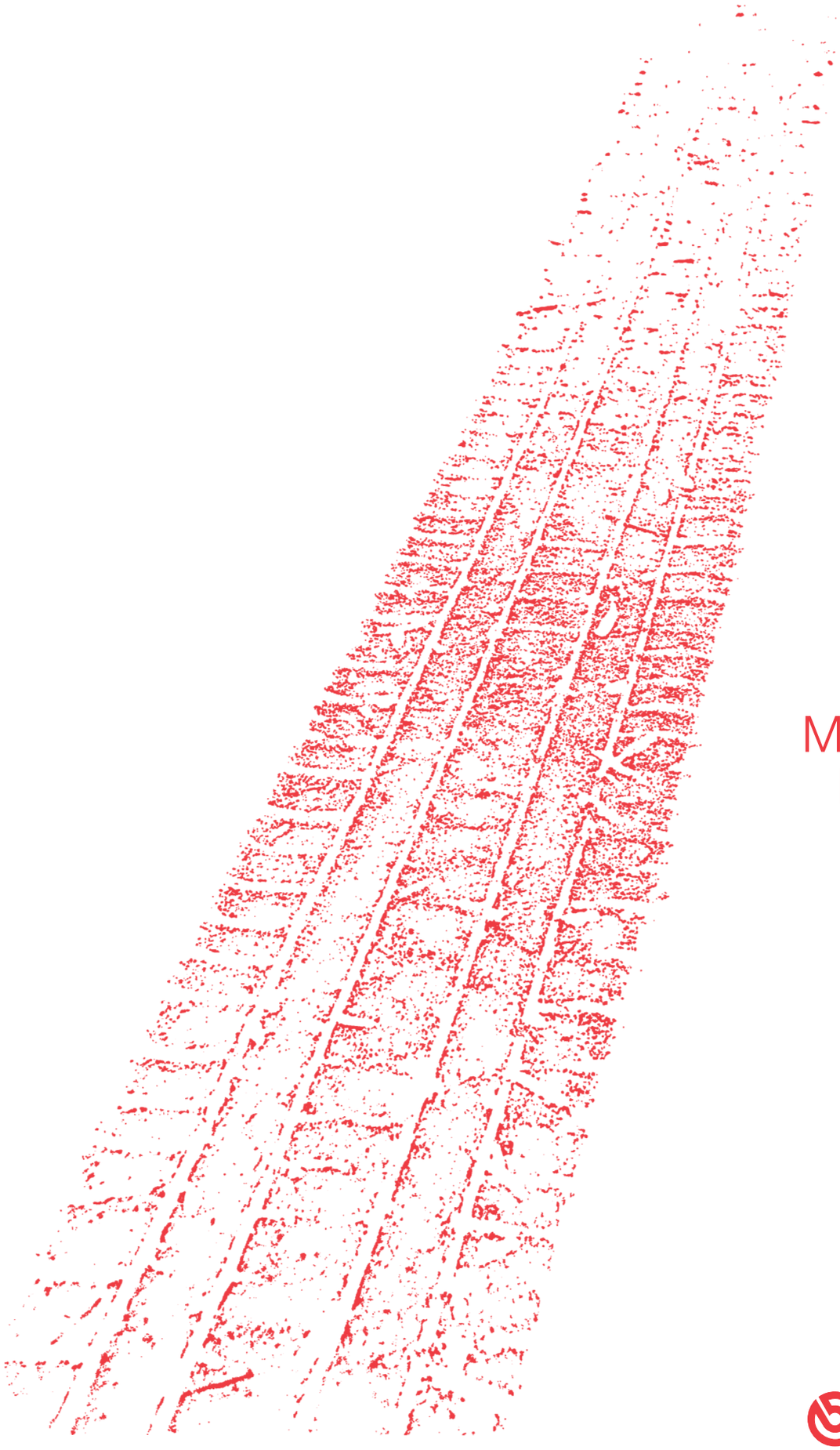
SIX MONTHLY REPORT 2010



brembo.

This Six Monthly Report is a translation provided only for the convenience of foreign readers.
The Italian version will prevail.



SIX MONTHLY REPORT 2010

brembo

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COMPANY OFFICERS

The Shareholders' Meeting of the Parent Company Brembo S.p.A., held on 29 April 2008, passed a resolution in favour of the reappointment of Company Officers for the following three-year period (2008-2010). On 27 April 2010, the Shareholders' Meeting appointed Bruno Saita to the Board of Directors (as a non-executive and non-independent director). Bruno Saita had previously been co-opted onto the Board of Directors on 15 March 2010 following Mauro Pessi's resignation from the positions of Director and Managing Director (non-independent executive director).

At 30 June 2010, Company Officers included:

Board of Directors

Chairman and Managing Director	Alberto Bombassei [1] [5]
Directors	Cristina Bombassei [3] [5] [7] Giovanni Cavallini [2] Giancarlo Dallera [2] Giovanna Dossena [2][10] Umberto Nicodano [4] Pasquale Pistorio [2] [6] Giuseppe Roma [2][10] Bruno Saita [4] Pierfrancesco Saviotti [2] Matteo Tiraboschi [3] [5] [9]

Board of Statutory Auditors

Chairman	Sergio Pivato
Auditors	Enrico Colombo Daniela Salvioni
Alternate Auditors	Gerardo Gibellini Mario Tagliaferri

Independent Auditors	PricewaterhouseCoopers S.p.A. [8]
Manager in Charge of the Company's Financial Reports	Matteo Tiraboschi [9]

Committees

Audit Committee	Giuseppe Roma **(Chairman)** Giancarlo Dallera Giovanna Dossena
Remuneration Committee	Umberto Nicodano **(Chairman)** Giovanni Cavallini Pierfrancesco Saviotti
Supervisory Committee	Giovanna Dossena **(Chairwoman)** Giancarlo Dallera Alessandra Ramorino Pierfrancesco Saviotti

(1) The Chairman and Managing Director is the Company's legal representative and has powers of ordinary management, within the limits of the law.

(2) Independent and non-executive Directors, as per Borsa Italiana Regulations, Art. 2.2.3. They also comply with independence requirements set out by Brembo S.p.A. Corporate Governance Manual.

(3) This Director also holds offices in several Group companies.

(4) Non-executive Directors.

(5) Executive Directors.

(6) This Director also holds the position of Lead Independent Director.

(7) This Director also holds the position of Executive Director in charge of overseeing the functioning of the Internal Control System.

(8) The Shareholders' Meeting held on 27 April 2007 extended the mandate until financial year 2012.

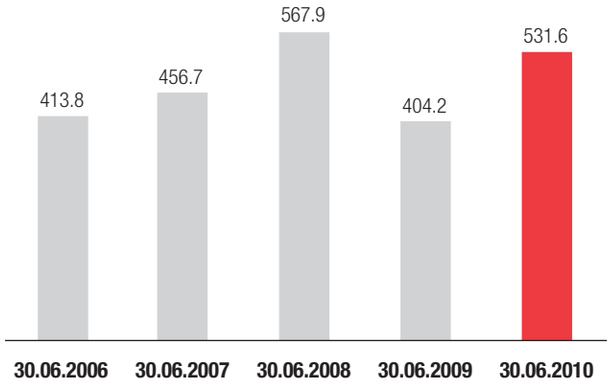
(9) Appointed by the Board of Directors on 14 May 2009. He also holds the position of Investor Relator.

(10) At 30 June 2010, Brembo confirmed the independent status of Directors Giovanna Dossena and Giuseppe Roma pursuant to letter l), paragraph 3 of Article 2.2.3 of the Rules of the Market. During its self evaluation activity, the Board confirmed the Directors' independent status in light of the professionalism and independent judgement demonstrated by them as well as her fulfilment of the conditions set out in Article 3.C.1. of the Corporate Governance Code and paragraphs 2 and 3 of Article IA.2.13.6 of the Instructions and based on the number of independent directors who for years have comprised the Board (more than required by current regulations).

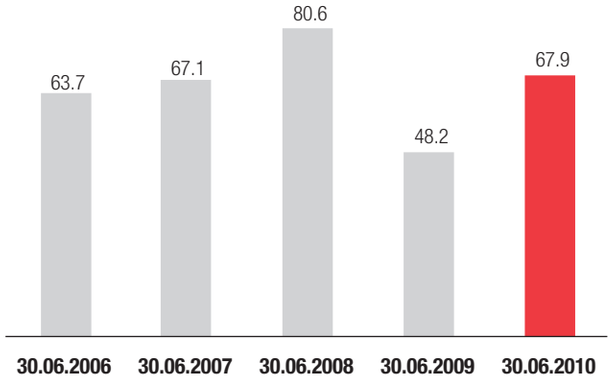
Brembo S.p.A. Registered offices: CURNO (Bergamo) – Via Brembo, 25
Share capital: €34,727,914.00 – Bergamo Register of Companies – Tax Code (VAT Code) No. 00222620163

BREMBO: SUMMARY OF GROUP RESULTS

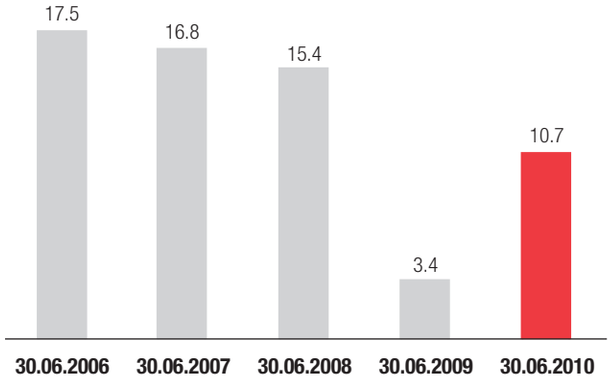
SALES OF GOODS AND SERVICES
(euro million)



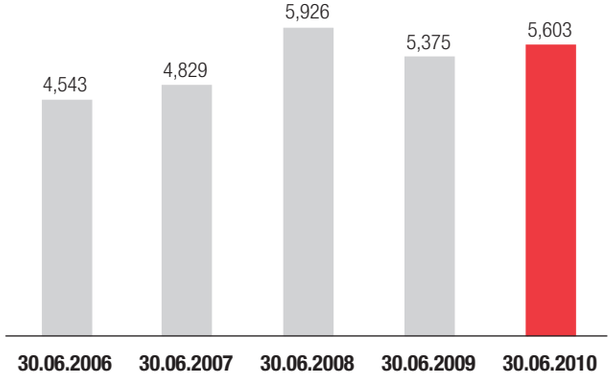
GROSS OPERATING INCOME
(euro million)



ROI
(percentage)



PERSONNEL AT END OF PERIOD
(No.)



Economic results

(euro thousand)	30.06.2006	30.06.2007	30.06.2008	30.06.2009 (1)	30.06.2010	% 2010/2009
Sales of goods and services	413,798	456,682	567,938	404,193	531,587	*31.5%*
Gross operating income	63,675	67,113	80,628	48,224	67,917	*40.8%*
% on sales	*15.4%*	*14.7%*	*14.2%*	*11.9%*	*12.8%*	
Net operating income	44,952	45,126	51,516	10,096	31,843	*215.4%*
% on sales	*10.9%*	*9.9%*	*9.1%*	*2.5%*	*6.0%*	
Income before taxes	39,531	40,917	43,624	3,221	26,612	*726.2%*
% on sales	*9.6%*	*9.0%*	*7.7%*	*0.8%*	*5.0%*	
Net income (loss)	23,158	26,926	30,566	(481)	18,650	*-3,977.3%*
% on sales	*5.6%*	*5.9%*	*5.4%*	*-0.1%*	*3.5%*	

Financial results

(euro thousand)	30.06.2006	30.06.2007	30.06.2008	30.06.2009 (1)	30.06.2010	% 2010/2009
Net invested capital (2)	517,867	542,070	674,442	600,814	601,915	*0.2%*
Equity	245,417	284,509	321,493	275,213	312,270	*13.5%*
Net financial debt (2)	244,041	232,852	330,206	303,401	268,782	*-11.4%*

Personnel and investments

	30.06.2006	30.06.2007	30.06.2008	30.06.2009 (1)	30.06.2010	% 2010/2009
Personnel at end of period (No.)	4,543	4,829	5,926	5,375	5,603	*4.2%*
Turnover per employee (euro thousand)	91.1	94.6	95.8	75.2	94.9	*26.2%*
Investments (3) (euro thousand)	37,700	34,660	68,625	28,421	33,837	*19.1%*

Main ratios

	30.06.2006	30.06.2007	30.06.2008	30.06.2009 (1)	30.06.2010
Net operating income/Sales	*10.9%*	*9.9%*	*9.1%*	*2.5%*	*6.0%*
Income before taxes/Sales	*9.6%*	*9.0%*	*7.7%*	*0.8%*	*5.0%*
Investments/Sales	*9.1%*	*7.6%*	*12.1%*	*7.0%*	*6.4%*
Net financial debt/Equity	*99.4%*	*81.8%*	*102.7%*	*110.2%*	*86.1%*
Interest expense/Sales	*1.3%*	*0.9%*	*1.1%*	*1.7%*	*0.8%*
Interest expense/Net operating income	*11.9%*	*9.6%*	*12.4%*	*68.0%*	*12.9%*
ROI (4)	*17.5%*	*16.8%*	*15.4%*	*3.4%*	*10.7%*
ROE (5)	*19.7%*	*19.4%*	*18.9%*	*-0.8%*	*11.9%*

(1) For comparison purposes, it should be noted that some figures in the 2009 Condensed Consolidated Six Monthly Financial Statements were revised following the completion of the purchase price allocation process for Brembo SGL Carbon Ceramic Brakes GmbH, acquired in May 2009 by Brembo SGL Carbon Ceramic Brakes S.p.A., a company measured using the equity method.

(2) A breakdown of these items is provided in the reclassified Balance Sheet on page 32.

(3) The item includes acquisitions of property, plant, equipment and intangible assets and increases deriving from the change in the consolidation area.

(4) Net operating income / Net invested capital X annualisation factor (days in the year/days in the period).

(5) Net income (loss) before minority interests / Equity X annualisation factor (days in the year/days in the period).

INTERIM DIRECTORS' REPORT ON OPERATIONS

BREMBO AND THE MARKET

Macroeconomic Context

To assess the Group's performance in the first half of the year, it is essential to consider the world macroeconomic scenario, specifically for the markets in which the Group operates.

The G8 summit held in Canada in late June 2010 ended with an acknowledgement that the economic recovery has begun, yet remains fragile.

Encouraging signs also emerged from the International Monetary Fund (IMF), which, on the strength of a first half of the year that exceeded expectations, revised its global economic growth estimates for 2010 upwards to 4.6% from 4.2% in April. According to the IMF, the world economy is highly unlikely to lapse into another period of recession.

However, the global scenario remains extremely uneven, showing a two-speed performance: on the one hand, mature markets are slowly seeking a return to normality while remaining in a state of real weakness (burdened by debt and pensions in particular), while on the other, emerging markets are having difficulty managing booming growth in some cases, such as that of China. In further detail, there are also very different situations to be found within these two macro-areas: for example, estimates call for Japan and the United States to lead the recovery in the mature markets, while Europe will also grow, albeit at a much slower rate.

The main decision reached at the G20 summit, which was also held in Canada in late June 2010, regards the goal of halving budget deficits by 2013. However, the various countries involved did not agree on common methods of reforming the fiscal and monetary policies in support of economic recovery that are still in force in many of the countries in question.

According to the International Monetary Fund, inflation rates in mature economies should remain around 1.5%, during both the current year and 2011. In addition, there continues to be a risk of deflation in some advanced economies due to slow growth. Conversely, inflation in emerging economies is estimated to exceed 6% in 2010 and reach around 5% in the following year.

In Europe, as mentioned briefly above, the recovery is proving slower than in the other mature markets. Following the cases of excess deficits and the ensuing risk of default in Greece and Portugal, the budgets of all Eurozone countries now require stricter supervision. This situation has brought to light a certain degree of inadequacy inherent in the instruments currently available to the monetary union. Consequently, a meeting of top-level European representatives identified the need for new entities capable of supervising the true state of financial wellbeing of the sixteen countries that make up the Euro Area. The high unemployment rate also remains a cause for severe concern. According to Eurostat, the average unemployment rate at the European level remained stable at 10% in April and May, with a peak of 19.9% in Spain. Compared to May of the previous year, the unemployment rate for men rose from 9.2% to 9.9%, whereas the rate for women went from 9.5% to 10.2%. The rate for those under 25 years of age was cause for greater concern: the European average was 19.9% in May 2010. The highest rate for this age bracket was also in Spain (40.5%), whereas it was 29.2% in Italy. All of this limits the growth of domestic demand, which in turn appears unable to provide the desired impetus for the Eurozone's economy. According to figures released by the IMF in July 2010, estimates for the Euro Area call for GDP growth of a mere 1% in 2010 and 1.3% in the following year. In June, the Eurozone's inflation trend rate stood at 1.4% compared to the 1.6% reported in May.

The macroeconomic scenario in the European Union, Brembo's

primary market of operation, is certainly influenced by the performance of the automotive market. The industry witnessed a further decline in car registrations in the second quarter of 2010. The figures for the last three months show a severe decline in the German market (-33% in the second quarter and -32.3% in June), which ended the first half of the year at -28.7%. Italy also continues to experience a double-digit downtrend with -19.1% in June, bringing the figure for the six months to +2.9% (-15.8% in the second quarter of 2010 alone). The president of the Italian Automotive Industry Association (ANFIA) recently commented on the performance of Italy's automotive market by stating that "We are witnessing the continuation of the downtrend that began in April with the depletion at the end of March of the order backlog accumulated over the last few months of 2009 as a result of incentives." Order figures remain alarming, while showing a slight recovery compared to the -30% reported at the end of the first half of 2009: in Italy orders fell by 17.5% compared to the same period of 2009, bringing the decline in contracts signed at the end of the first half of the year to -24.1%. In the EU27 area, the second quarter of 2010 witnessed a 7.6% decline compared to the same period of 2009, thus ending the first half of the year with practically zero growth (+0.2%).

According to information released by the Department of the Treasury, in the United States the federal deficit decreased by more than 27% (USD 68.4 billion) at the end of the second quarter of the current year compared to the same period of 2009. However, it also marked the 21st consecutive month of deficits for the United States, although the deficit accumulated since the beginning of the financial year is smaller than that recorded during the same period of 2009. At the end of the first half of 2010, the Federal Reserve cut the GDP growth estimates for 2010 and 2011: this year, U.S. growth should reach 3.3-3.5% (the previous estimate predicted a wider range: 3.2-3.7%), whereas growth of 3.5-4.2% is projected for the following year (compared to the previously estimated 3.4-4.5%). This revision of estimates, along with the serious condition of the job market, will almost certainly require new economic stimulus measures. The unemployment rate also remains the weak point of the U.S. economy: estimates for the three-year period 2010-2012 have been revised upwards, despite the decline reported in May (from 9.9% to 9.7%).

According to the most recent assessments by the IMF, in 2010 Japan's GDP is expected to grow by 2.4% compared to 2009. Positive signs have emerged from the consumer confidence index, calculated on the basis of the perception of general economic wellbeing, income growth, the job market and the intention to purchase durable goods. In June, the index stabilised at 43.5 points compared to 42 points in April. This is the highest level recorded since September 2007.

The Japanese government has continued to pursue the tax reform with the aim of reducing the public debt, which has been subsidised by a high household savings rate, which was not the case in Greece. As the population ages, there is growing concern that they may begin to use those savings, forcing Japan to rely on foreign investors and thus creating potential market instability. Deflation also continues, with prices down to -0.9% in June, and this issue, along with the high level of public debt, is also slowing the recovery of the Japanese economy.

In the main emerging nations, as mentioned above, already high domestic demand was accompanied by a recovery of export in the second quarter of 2010.

In Brazil, according to the quarterly report on inflation prepared by the country's central bank, GDP will rise by 7.1% in 2010, driven by investments and domestic demand, and will thus remain unaffected by the discontinuation of tax incentives.

According to the IMF's latest estimates, Russia's GDP is expected to rise by 4.3% in 2010, following on a 7.9% decline in 2009.
The Indian economy has continued to grow at a rapid pace. The July estimates call for GDP to grow by 9.4% in 2010, representing further progress compared to the 7.7% estimated in March.
Due to 1.7% growth compared to the previous month, the year-on-year inflation rate exceeded the 10% threshold in May.
Lastly, China's growth slowed slightly in the second quarter of the year to 10.3% (compared to 11.9% in the first quarter), bringing the growth rate for the first six months of the year to 11.1%. The latest available estimates call for a growth rate of 10.5% at the end of 2010, with a further slowdown (to 9.6%) in the following year. Once more, as other countries continue to deal with problems relating to the economic crisis, China's problem is how to handle its rapid growth. The inflation rate stood at 2.9% in June (compared to 3.1% in May). Growth in the first half of the year may be attributed primarily to industrial output (+17.5%), government investments in infrastructure (+25.5%) and retail sales (+18.2%), all of which showed very high growth rates. The figures for June also continue to show very strong export growth (+43.3% compared to one year earlier). The figure seems to reinforce the idea that unpegging the value of China's currency from the U.S. dollar did not have a powerful impact. The gap between the two currencies has remained minimal since the G20 summit in Toronto and it is likely that appreciation of the Chinese currency against the U.S. dollar will, at least in the near term, remain under 3%, or at most 5%, to limit possible negative consequences on the Asian giant's exports to the greatest degree possible.
Turning to commodities markets, the average price of a barrel of WTI (West Texas Intermediate) fell by 3.8% during the first six months of 2010 compared to the beginning of the year. The second quarter showed a markedly volatile performance, with an initial sharp increase in April (to 84.5 dollars a barrel for WTI), followed by a decline of nearly 13 percentage points in May (to 73.7 dollars a barrel) and, lastly, a renewed slight recovery in June (to 75.4 dollars). This performance was driven primarily by heightened uncertainty concerning global growth prospects.
The International Energy Agency (IEA) estimates that global oil demand will rise more than projected from 2010 to 2015. In addition, there is concern that the BP disaster in the Gulf of Mexico may lead to the postponement of new drilling projects, possibly resulting in reduced supply. Furthermore, the events in the Gulf of Mexico are slowing the economy: the damages caused are disproportionate and the costs of compensation create severe difficulties for the oil giant and uncertainty for its competitors. However, this issue remains open and difficult to interpret from the standpoint of a macroeconomic evaluation.
The average price of non-energy commodities in dollars has risen slightly over the past three months compared to the first quarter of the year.
The global light vehicle sales market has continued to expand, albeit at less than half the rate of the first three months of the year. In the second quarter of 2010 alone, global light vehicle sales rose by 11.7%, bringing growth for the first half of the year to +16.8% (compared to +22.5% in the first quarter). According to this trend, the final figure for 2010 is still expected to be positive, albeit showing growth of a mere 8.8 percentage points, compared to the 9.5% estimated based on the performance reported in the first quarter of the year alone. In Western Europe, uncertainty continues to surround the discontinuation of incentive campaigns: the first quarter of the year, supported by the high number of orders received in late 2009, ended with a positive final registrations figure, whereas registrations were

down sharply in the second quarter of 2010. The second quarter also witnessed a significant slowdown in the Chinese market, although the growth rates reported in April and May were considerably above 20% and thus enough to offset the decline in mature markets.

Currency Markets

In the first six months of 2010, the U.S. dollar appreciated constantly against the euro due to the numerous disturbances in the Eurozone, primarily arising from the issues surrounding Greece's public debt situation. From over 1.45 in the first few days of the year, the exchange rate reached a half-yearly low of 1.1942 on 8 June: the euro's lowest value against the dollar since 2005. The average value for the period was about 1.328.
Turning to the currencies of Brembo's main markets of operation at the industrial and commercial level, the pound fluctuated during the first few months of the year and then began to appreciate constantly against the euro in March, bringing the euro to a low against the British currency of 0.8104. The Japanese yen, a strong currency during this period, initially appreciated from 134 to stabilise around an average value of 121.32 from February to April. The euro began to depreciate further against the yen in May, reaching a low for the half-year of 108.31 on 29 June. In the first quarter, the Polish zloty appreciated to 3.8349, whereas in the second quarter, characterised by high volatility, it lost value against the European currency, which returned to a high of 4.195. After initial depreciation in January, the Brazilian real appreciated to reach 2.1749 on 22 June, after which it fell slightly. The Mexican peso appreciated constantly to reach 15.3922 in June.

Group Activities and Reference Market

Brembo is the world leader and acknowledged innovator of the brake disc technology for automotive vehicles. It operates in 14 countries on 3 continents, with 35 production and business sites and employs about 5,600 people. The Group's operations are conducted from 9 industrial-commercial facilities in Italy and 26 in other countries. Manufacturing plants are located in Italy, Spain (Zaragoza), Poland (Czestochowa and Dabrowa), the United Kingdom (Coventry), the Slovak Republic (Zilina), Germany (Meitingen), Mexico (Puebla and Apodaca), Brazil (Betim and São Paulo), China (Nanjing), India (Pune), and the United States (Homer). Moreover, other Brembo companies located in Sweden (Göteborg), France (Levallois Perret), Germany (Leinfelden-Echterdingen), the United Kingdom (London), the United States (Costa Mesa, California and Plymouth, Michigan), China (Beijing and Qingdao) and Japan (Tokyo) carry out distribution and sales activities.

Brembo's reference market is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes. Constant focus on innovation, as well as technological and process development, factors that have always been fundamental to Brembo's philosophy, have earned the Group a strong international leadership position in the research, design and production of high-performance braking systems for a wide range of road and racing vehicles. Brembo operates in both the original equipment market and the aftermarket. Brembo's range of products for the car application and the commercial vehicle application includes brake discs, brake callipers, the side-wheel

module and increasingly often the complete braking system, including integrated engineering services. All of these back the development of new models produced by vehicle manufacturers. Manufacturers of motorbikes are also offered brake discs, brake callipers, brake master cylinders, light-alloy wheels and complete braking systems.

In the car aftermarket, Brembo offers in particular a vast range of brake discs: over 1,600 product codes allow the company to meet the needs of nearly all European vehicles. The Group also specialises in the design and manufacture of clutch systems for racing vehicles and over the past few years it entered the passive safety segment (seats, seat belts and accessories).

In the first half of 2010, Brembo's consolidated net sales totalled €531,587 thousand, up 31.5% compared to the same period of the previous year.
Information on the performance of the separate applications and their related markets is provided under the following headings.

Car Applications

The global car market reported a 16.8% increase in registrations in the first half of 2010. However, it must be remembered that the first half of 2009 was characterised by a sharp decrease in car sales volumes (-15.1%). In addition, the annual sales rate decreased further in the last four months, falling from 9.5% in March to the estimated 8.8% at the end of the first half of 2010. At the end of the six-month period, following the severe contraction in the second quarter of the year as the order backlog related to incentives was depleted on some markets, the Western European market remained substantially stable compared to the same period of the previous year (+0.2%).
Among the Group's main target markets, figures for the first six months show that Germany reported an overall decrease in sales of 28.7% compared to the same period of 2009, whereas there was slight growth in both France (+5.4%) and Italy (+2.9%). In these countries, however, the failure to renew incentives has had a markedly worrisome effect on sales in recent months. In Italy in particular, the downtrend reached double digits for the entire second quarter. Conversely, sales continued to rise in the United Kingdom (+19.9%) and Spain (+39.5%).
Eastern Europe recorded a combined decrease in registrations of approximately 14% in the first half of 2010.
Sales rose by a total of 16.7% in the United States and by 21.4% in Japan compared to the first half of 2009, a period which, however, saw very severe contractions in both countries (-35.1% and -49%, respectively).
Brazil and Argentina also continued to grow throughout the second quarter of 2010, reporting overall sales growth of 17.1% in the first six months of the year. The growth of the Chinese market, while slowing slightly, seems to know no limits, and registrations increased by 46.2% in the first half of the year compared to the same period of 2009. Among the emerging countries, the Indian market also continues to show a highly positive performance, posting 33.6% growth in the first quarter.

Within this scenario, Brembo reported €348,038 thousand in net sales for car applications in the first half of 2010, representing 65.5% of the Group's turnover, up by 42.3% compared to the same period of 2009.

Motorbike Applications

Europe, the United States and Japan are Brembo's three most important markets in the motorbike sector.
In Europe, motorbike registrations showed an overall decline of 10.4% in the first half of 2010 compared to the same period of 2009. The only European market to report growth compared to the first half of the previous year was Spain (+21.7%). Conversely, sales continued to decline in France (-12.9%), Germany (-10.3%), the United Kingdom (-15.8%) and Italy, where the decline for the first six months was -19.2% following a first quarter of more moderate losses. The U.S. market for motorbikes, scooters and ATVs (all-terrain vehicles) did not show any sign of a recovery as sales fell by 18.3% in the first half of 2010, confirming the downtrend in registrations that occurred throughout 2009 and continued in the first quarter of 2010. The decrease for motorbikes alone was 14.7%. The Japanese market also remains weak: in the first six months of 2010 it showed a further slight decrease (-5.6%) compared to the same period of the previous year.

Brembo's net sales of motorbike applications amounted to €59,916 thousand in the first half of 2010, up by 2.6% compared to the first half of 2009.

Commercial and Light Commercial Vehicle Applications

The commercial vehicle market in Europe, Brembo's main market of operation, after a period of crisis of nearly two years, showed an initial slight recovery in the first half of 2010, yielding total growth of 4.6% compared to the same period of 2009, owing chiefly to the light commercial vehicle segment. However, this positive result should be compared with the figure at the end of the first half of the previous year, a period that witnessed a severe decline in registrations (-37.2%).
Total sales of light commercial vehicles (up to 3.5 tonnes) increased 8.4%, overall. Of the main markets of operation in Western Europe, Spain showed the greatest growth (+24.1%), followed by the UK and Italy, which expanded by 15.6% and 14.8%, respectively. Slightly more moderate growth was reported in France (+10.5%) and Germany (+12.1%). Conversely, Eastern European markets did not show any signs of a recovery as the downtrend continued throughout the half-year, resulting in an overall decrease of 33.9% compared to the same period of the previous year.
In Europe, the segment consisting of commercial vehicles over 3.5 tonnes yielded an overall decrease in sales of 13.7% compared to the first half of 2009, despite some positive signs in May and June 2010. The decrease in registrations in the main target markets in Western Europe appears more moderate than in the same period of the previous year: registrations dropped by 19.7% in France, 19% in Italy, 16% in the United Kingdom and 3.2% in Germany. Spain's performance ran counter to the trend, showing slight growth during the reporting period (2.3%).

As a result of the increase of commercial and industrial vehicle registrations, Brembo's sales of applications increased more for this segment than any other in the first half of 2010, with net sales of €73,874 thousand, up 41.7% compared to €52,138 thousand for the same period of the previous year.

Racing Applications

Brembo is present in the racing sector with three leading brands: Brembo Racing, with braking systems for race cars and motorbikes; AP Racing, with braking systems and clutches for race cars; Marchesini, with magnesium and aluminium wheels for racing motorbikes. Brembo is the long-time leader in this segment, claiming more than 200 world championships won to date.

However, the economic problems at the global level also affected this sector, and Brembo's results for the first half of 2010 showed a 2.2% decrease in sales and net revenues of €33,953 thousand.

Passive Safety

Brembo began operating in the passive safety segment with the acquisition of Sabelt S.p.A in 2008. The company operates in three segments: in the racing segment, it manufactures and sells safety belts, FIA-approved seats and car racing accessories; in the original equipment segment, it manufactures and sells special seats for sports road cars; in the child safety segment, it produces car seat restraint systems that are marketed to high-end customers.

While Brembo's traditional segments – the original equipment and racing markets – are still suffering, albeit at a lower extent, from the impact of the economic crisis, consumer saving had a more restrained impact on household purchases of passive safety items. Global child seat sales are on the rise at world level, as a result of increasingly stringent legislation in this area.

This sector posted net sales of €11,114 thousand in the first half of 2010, marking a decrease of 13.2% compared to the same period of the previous year owing to the negative impact of the racing sector.

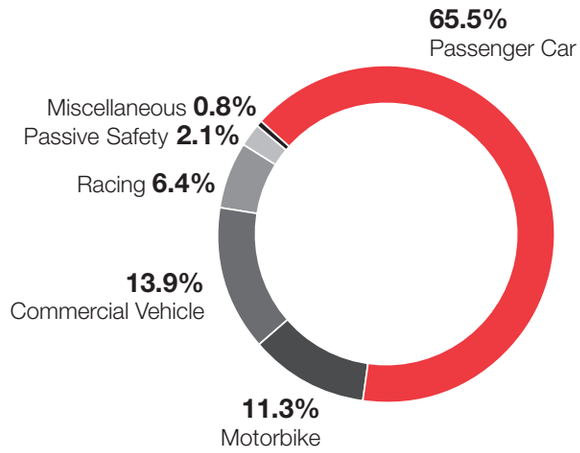
SALES BREAKDOWN BY APPLICATION AND GEOGRAPHICAL AREA

The two following tables respectively list net sales broken down by application and by geographical area of destination [1].

Net Sales Breakdown by Application

(euro thousand)	30.06.2010	%	30.06.2009	%	2010/2009	% 2010/2009
Passenger Car	348,038	65.5%	244,605	60.5%	103,433	42.3%
Motorbike	59,916	11.3%	58,421	14.5%	1,495	2.6%
Commercial Vehicle	73,874	13.9%	52,138	12.9%	21,736	41.7%
Racing	33,953	6.4%	34,703	8.6%	(750)	-2.2%
Passive Safety	11,114	2.1%	12,808	3.2%	(1,694)	-13.2%
Miscellaneous	4,692	0.8%	1,518	0.3%	3,174	209.1%
Total	**531,587**	**100.0%**	**404,193**	**100.0%**	**127,394**	**31.5%**

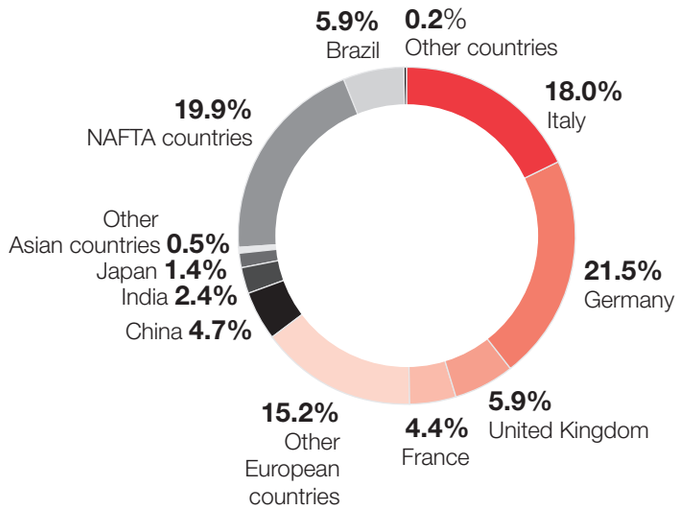
Net Sales Breakdown by Application
(percentage)



Net Sales Breakdown by Geographical Area

(euro thousand)	30.06.2010	%	30.06.2009	%	2010/2009	% 2010/2009
Italy	95,833	18.0%	92,387	22.9%	3,446	3.7%
Germany	114,073	21.5%	81,312	20.1%	32,761	40.3%
United Kingdom	31,518	5.9%	23,160	5.7%	8,358	36.1%
France	23,175	4.4%	18,154	4.5%	5,021	27.7%
Other European countries	80,651	15.2%	61,188	15.1%	19,463	31.8%
China	24,737	4.7%	11,173	2.8%	13,564	121.4%
India	12,659	2.4%	8,983	2.2%	3,676	40.9%
Japan	7,214	1.4%	9,424	2.3%	(2,210)	-23.5%
Other Asian countries	2,398	0.5%	2,905	0.7%	(507)	-17.5%
NAFTA countries (USA, Canada, Mexico)	105,819	19.9%	71,029	17.6%	34,790	49.0%
Brazil	31,209	5.9%	23,119	5.7%	8,090	35.0%
Other countries	2,301	0.2%	1,359	0.4%	942	69.3%
Total	**531,587**	**100.00%**	**404,193**	**100.0%**	**127,394**	**31.5%**

Net Sales Breakdown by Geographical Area
(percentage)



(1) In line with CONSOB notice No. 980804143 of 27 October 1998 and as required by IFRS 8, segment reporting is provided in the Explanatory Notes, in accordance with the same IFRS 8. The above information completes the information provided in the Explanatory Notes, thus meeting the requisites of IFRS 8. For the purposes of more detailed information, as at 31 December 2009 it was deemed preferable to present revenues net, and not gross, of discounts and allowances and to expand information concerning breakdown by geographical area. Revenues in the first half of 2009 have thus also been presented on a net basis and the associated information has been added accordingly.

RESEARCH AND DEVELOPMENT

All of Brembo's research and development activities may be attributed to the concept of the "friction system" while maintaining the specific qualities of the various Divisions and Business Units.

According to this concept, each component (callipers, discs, pads, suspension) is complementary to the others in optimising the braking function (the "friction system" as an element that integrates all of the components). Braking function is optimised in all respects, i.e., not merely in terms of pure performance, but also of comfort, duration, aesthetics, etc.

In the field of cast-iron discs, work has continued successfully on optimising the parameters that allow a disc's vibration characteristics to be manipulated so that a disc's properties may be managed as early as the planning stage in order to improve the system's comfort performance. The ability to manage these parameters during the design stage, along with subsequent control during production, represents an advantage over the competition.

Work on cast-iron discs for heavy commercial vehicles is aimed at optimising mass characteristics and cooling/ventilation capacity while continuing to deliver the required performance.

In the field of carbon-ceramic discs, the incorporation in 2009 of the joint venture with the SGL Group allowed the Group to continue to improve the technical offering of this product and thus to apply it to segments other than high-end racing.

In this context, Brembo has also developed a carbon-ceramic disc for racing applications designated CCM-R, which combines the technique used to make carbon-carbon discs for the most advanced racing applications (F1, MotoGP, etc.) with carbon-ceramic discs for road use. The result is a light disc with very high durability that is optimal for GT racing applications.

Brembo has begun to develop and manufacture innovative friction material (brake pads) specific to its own applications, particularly racing and road applications with carbon-ceramic discs. The Ferrari 599 GTO is the first standard production vehicle to use a specific material developed and manufactured by Brembo.

In this area, collaboration with Hitachi Chemical will lead to further results and the corresponding growth of specific skill sets.

Research and development work on standard production callipers is also focused on the concept of the friction system and aimed at optimising comfort and performance.

INVESTMENTS

On 15 January 2010, Brembo Nanjing Foundry Co. Ltd. (100% held by Brembo SpA) and Donghua Automotive Industrial Co. Ltd. (part of the Saic Group, China's top manufacturer of cars and commercial vehicles) finalised agreements for the purchase of a foundry plant for a total value of €10 million, at the exchange rate of 30 June.
The project envisages the gradual creation of an integrated production centre in Nanjing, including a foundry and a production facility for brake callipers and discs (for cars and commercial vehicles) that will be able to offer the Chinese market braking systems built to meet Brembo's standards of performance, style and comfort.
To this end, in late 2009 Brembo S.p.A. incorporated a new fully-owned subsidiary under the name Brembo Nanjing Foundry Co. Ltd. with share capital of CNY 100 million (equivalent to approximately €10 million).

On 12 March 2010, Brembo announced that it will invest €82 million in Poland from 2010 to 2014, to expand the production capacity of the Dabrowa Gornicza integrated industrial hub (manufacture of brake discs for cars and commercial vehicles).
The investment made in the second quarter of 2010 is aimed at acquiring a growing share in the European brake disc market, which even now is guaranteed to exploit the capacity of the foundry under construction to the full. The project will be financed with cash generated by the Group, bank loans and partly with grants from the European Union (€13.5 million); it will also benefit from tax breaks, as part of the Katowice Economic Special Zone.

The creation of the new Brembo brand "BYBRE" (acronym for "By Brembo"), conceived for the manufacture and marketing in India of brake systems for motorbikes and scooters under 600 cc, was also announced in March in Pune, India.

Brembo kept its other investments at a low level in the first half of 2010, in keeping with efforts to reduce costs and investments. Total other investments in intangible assets and property, plant and equipment sustained by the Group, excluding the foregoing investments relating to the Chinese foundry, amounted to €25,413 thousand for all business units and consist of €15,876 thousand in property, plant and equipment and €9,537 thousand in intangible assets.

Investments were concentrated primarily in Italy (43%), Poland (18% - the figure also includes the first investments towards the construction of the new foundry) and the United States (7%), in addition to China, as mentioned above.

Development costs in the first half of 2010 amounted to €5,998 thousand and were incurred primarily by the parent company Brembo S.p.A.

RISK MANAGEMENT POLICY

Effective risk management is a key factor in maintaining the Group's value over time. The management of opportunities and risks is an integral part of Brembo's governance system and is not allocated to a separate organisational unit or function. Risks are monitored at meetings held on at least a monthly basis, where results, opportunities and risks are analysed for each business unit and geographical region in which Brembo operates. The meetings also focus on determining the actions required to mitigate any risks. Brembo's general risk-management policies and the bodies charged with risk evaluation and monitoring are included in the Corporate Governance Manual, in the Organisation, Management and Control Model (as per Italian Legislative Decree 231/01) and in the reference layout for preparing accounting documents (as per Article 154-bis of TUF). The guidelines established by the Board of Directors to ensure proper risk management, which are enforced by the Executive Director charged with supervising the Internal Control System, are based on the principles of prevention, cost effectiveness and continuous improvement. Brembo has developed a model for identifying and classifying risks that allows the company to identify and classify the risk categories on which it should focus. The model groups risk classes by type based on the managerial level or corporate function from which they originate or that is responsible for monitoring and managing them.
Internal Audit evaluates the effectiveness and efficiency of risk management and the overall internal control system on a regular basis and reports the results to the Audit Committee, the Chairman and the Managing Director with reference to specific risks connected with compliance with Legislative Decree No. 231/2001.

Brembo has identified the following types of risks:

1. strategic risks;
2. operating risks;
3. financial risks;
4. legal and compliance risks.

The international model used by Brembo as a reference is the COSO (Committee of Sponsoring Organizations), which defines internal control as "a process, effected by an entity's Board of Directors, management, and all personnel, designed to provide reasonable assurance regarding the achievement of objectives of effectiveness and efficiency of operating activities, the reliability of financial reporting and compliance with applicable laws and regulations."
The risks to which Brembo is exposed (classified into the above categories) are discussed below. The order in which they are discussed does not imply classification in terms of probability of occurrence or possible impact.

Strategic Risks

Brembo is exposed to risks associated with the evolution of technology, in other words, the risk that competing products will be developed that are technically superior because they are built based on innovative technologies. While this risk cannot be eliminated, Brembo minimises it by investing sizeable resources in research and development, with regard to both existing technologies and technologies that will likely be applied in the future, e.g., "mechatronics". For additional information, see the "Research and Development" section in the Report on Operations.

Product and process innovations — those currently being used as well as those that may be used in production in the future — are patented to protect the Group's technological leadership.
Brembo targets the Luxury and Premium segments of the automotive sector and, in terms of geography, generates most of its sales from mature markets (Europe, North America and Japan). To mitigate the risk of segment/market saturation, the Group has long ago implemented a strategy aimed at diversifying into the geographical areas where the highest growth rates are reported and anticipated (China, India and Brazil) and is broadening its product range.
Investments in certain countries may be influenced by substantial changes to the local legislative framework, which may result in a change in the economic conditions in effect when the investment was made. For this reason, before making investments, Brembo thoroughly reviews country risk over the short, medium and long term. M&A activities must be accurately coordinated in all their aspects in order to mitigate any investment risks.

Operating Risks

The main operating risks to which Brembo is exposed are associated with the price and availability of raw materials, the international economy, issues involving health, job safety and the environment and, to a lesser extent, the regulatory framework of the countries in which the Group operates.
Risks associated with raw materials include price volatility and even limited availability. Brembo is exposed to risks resulting from its reliance on strategic suppliers who, if they were to unexpectedly discontinue their supplier relationships, could create problems for Brembo's production process and its ability to process customer orders on schedule. To mitigate this risk, the Purchasing Department identifies alternate suppliers to ensure the availability of critical materials. The supplier selection process, including an assessment of suppliers' financial solidity — an aspect that is taking on growing importance in the current scenario — has been reinforced. By diversifying its sources, Brembo can also reduce its risk exposure to price increases (a risk that is however partially offset by reflecting price increases in sales prices).
Brembo decided to deal with the risk generated by the unfavourable international economic situation by adopting extraordinary measures aimed at bringing production into line with demand trends. In 2009, steps taken to cut the workforce at various plants in Italy and the Group's foreign companies contributed to mitigate such risk.
The current economic situation has increased the risk of customer insolvency and late payments, and the Group has responded to this risk with an increased focus on its debt recovery procedures.
Due to the current economic conditions, greater importance is now attached to management of industrial relations in both Italy and India (albeit for different reasons), as well as to the risk associated with retaining key human resources, especially in the technical area.
The primary risks relating to health, on-the-job safety and the environment include the following risks:

- inadequate protection of employee health and safety, which can lead to serious accidents or work-related illnesses;
- environmental pollution resulting from sources such as uncontrolled emissions, inadequate waste disposal or the spreading of dangerous substances on the ground;
- partial or non-compliance with laws and regulations governing the sector.

The occurrence of these could result in substantial criminal and/or administrative penalties or pecuniary fines against Brembo. Furthermore, in particularly serious cases, the activities of public entities in charge of assessing the situation could interfere with Brembo's normal production activities, even causing production lines to halt or forcing the production facility to close.
Brembo manages this type of risk by carrying out ongoing and systematic evaluations of its exposure to specific risks and by reducing or eliminating those considered unacceptable. This procedure is organised within a Management System (which is compliant with international standards ISO 14001 and OHSAS 18001 and certified by an independent body) that covers health, job safety and environmental aspects.
Brembo implements the activities necessary to allow it to effectively monitor and manage these aspects while scrupulously complying with applicable laws.

Some examples of activities that are currently underway include the definition and yearly review of:

- "Management Plans" for Safety and the Environment that define the objectives to be achieved;
- "Supervisory Plans", which list the activities to be carried out under the laws governing the sector or regulations imposed by the Group (e.g., authorisation renewals, periodic controls, reports to public entities, etc.);
- "Audit Plans", which monitor the extent to which the System is being applied and encourage continuous improvement. In summary, although accidents and mistakes can happen, the Group has implemented systematic rules and management procedures that allow it to minimise the number of accidents as well as the impact they may have. A clear-cut assignment of responsibility at all levels, the presence of independent internal control bodies that report to the company's highest officer and the application of the highest international management standards are the best way to guarantee the company's commitment to health, job safety and the environment.

Financial Risks

In conducting its business, the Brembo Group is exposed to various financial risks, including, in particular, the main components of market risk: interest rate fluctuations and fluctuations in the foreign currencies in which the company operates. Financial risk management is the responsibility of the Parent Company's Central Treasury Department, which, together with the Finance Department, evaluates all the company's main financial transactions and the related risk management policies.

Interest Rate Risk Management

Since most of the Group's financial debt is subject to variable interest rates and it is exposed to the risk of interest-rate fluctuations, to partially reduce this risk, the Group has entered into hedging contracts with counterparties considered to be financially reliable or fixed-rate loans.
Specifically, at 30 June 2010 Interest Rate Swap agreements hedged approximately 19% of the Group's debt. Under these agreements, the Group receives a variable interest rate from the financial intermediary while paying a fixed rate. The objective is to eliminate the variability of the borrowing costs associated with a portion of debt and benefit from fixed rates set through hedging contracts.

The IRS hedging contracts are set to expire in October 2010. The new loans contracted bear interest primarily at fixed rates in order to continue to ensure the stability of borrowing costs.
Considering all interest rate swap contracts and the fixed-rate portion of debt, the overall amount of the net financial position that presents stable interest expenses represents 50% of the total (or 30% of the total if the interest rate swaps nearing expiry are excluded).
The Group is reviewing its debt structure both to finance its new investments and to deal with the maturity of the €50 million Banca Intesa bond in October 2010. In further detail, in June 2010 Brembo S.p.A. contracted two medium-/long-term loans in the total amount of €80 million. Other medium-/long-term loans to be contracted in the second half of the year are currently being determined.

The Group's goal is to achieve greater balance of its debt, with 70% maturing in the medium/long term and 30% in the short term. At the end of June 2010, due to the two new medium-/long-term loans, the Group's debt was 66% medium-/long-term and 34% short-term loans.

Exchange Rate Risk Management

As Brembo operates in international markets, it is exposed to exchange rate risks. To mitigate this risk, the Group uses natural hedging (offsetting receivables and payables) and hedges only positions in foreign currency, using mostly short-term financing denominated in the currency to be hedged. Other hedging instruments used by the company, where advisable, include forward contracts, which are also used to offset differences between receivables and payables. This policy reduces exchange risk exposure.

Further information on other types of financial risks is reported below:

- **Credit risk:** credit risk is the probability that a customer or one of the parties to a financial instrument will cause a financial loss by failing to perform an obligation. Exposure to credit risk arises mainly in relation to trade receivables. Most parties with which Brembo does business are leading car and motorbike manufacturers with strong credit standing; the current macroeconomic situation requires that Brembo continuously monitor the creditworthiness of its customers in order to anticipate situations where customers are unable to pay or must pay late.
- **Liquidity risk:** liquidity risk can arise from a company's inability to obtain the financial resources necessary to guarantee its operation. The Central Treasury and Credit Department implements the main measures indicated below in order to minimise such risk:
  - it constantly assesses financial requirements to ensure the appropriate measures are taken in a timely manner (obtaining additional credit lines, capital increases, etc.);
  - obtains adequate credit lines;
  - optimises liquidity, where feasible, through cash-pooling arrangements;
  - ensures that the composition of net financial debt is adequate for the investments carried out;
  - ensures a proper balance between short- and long-term debt.

Legal and Compliance Risks

Brembo is exposed to risks arising from the failure to rapidly comply with changing laws and new regulations in the sectors and markets in which it operates. To mitigate this risk, each business unit stays abreast of relevant regulations, with the assistance of outside consultants, where necessary.
The Corporate Legal Department monitors the progress of existing and potential litigations and determines the most appropriate steps to take in managing them.
The Group works with dedicated personnel within the Quality Department regarding risks arising in relation to employee safety and environmental protection. These risks are often associated with factors that are "external" to the Group, making it only partially possible to organise or define activities that can minimise their impact.

These "external" factors, which underlie some of the major risks facing the company, include:

- the complexity of laws and regulations;
- the lack of clarity of laws and regulations, which leaves too much room for interpretations;
- the uncertain, and often lengthy, period of time needed to obtain the necessary authorisations to allow production.

The risks associated with these issues mainly arise from the fact that the incorrect interpretation of a law or failure to recognise all the laws that govern a specific matter could lead to an unintentional lack of compliance on the part of the Group.
To minimise this risk, the Group makes a constant effort to research and obtain updated information about legislative matters, with the support of specialised companies and Confindustria (Italian Manufacturers' Association).
For information concerning compliance risks, including those arising from participation in the Star Segment of Borsa Italiana, refer to the Corporate Governance and Ownership Structure Report (in accordance with Article 123-bis of the Consolidated

Finance Law, available on the Company's website). Compliance risks include the reporting risk, which is the risk that the financial information reported by the Group is not sufficiently accurate and reliable. To improve its internal control system (especially with regard to subsidiaries) as well as the quality, promptness and comparability of information provided by its consolidated companies, Brembo has initiated a project aimed at deploying the same ERP (Enterprise Resource Planning) application across all Group companies. The project began in 2006 and is scheduled for completion in 2011.

Risk Management: Insurance Coverage

Where available and financially feasible, the Group obtains insurance coverage to minimise financial impacts of any damage or liability. To analyse its risk exposure and determine the appropriate coverage, the Group works with its insurance broker Jardine Lloyd Thompson, which provides such service through its international organisation and handles any claims on behalf of the Group.

Brembo's changing needs through the years have been specifically reflected in its insurance coverage, which has been optimised to significantly decrease the company's exposure, especially to possible damages arising from the manufacturing and sale of its products. This has been achieved through risk mapping, risk analysis and risk management, which have allowed critical areas to be identified and analysed, such as the risks associated with countries whose laws are detrimental for manufacturers of consumer goods.

To summarise, all Brembo Group Companies are covered against the following risks: liability insurance, product liabilities, product recalls, directors liabilities, property-all risks/interruption of operations. Additional coverage has been arranged locally based on the requirements of local legislation or collective labour contracts and/or corporate agreements or regulations.

HUMAN RESOURCES AND ORGANISATION

Organisational considerations in the first half of 2010 were primarily directed to business units in Italy and abroad and chiefly affected the Performance Group sector, ensuring the required coverage of activities with a view towards synergy between the various Group companies and divisions/business units.
In the Racing, HP (High Performance) and Speciality OE market, the Performance Group's units based in the Curno facility (Brembo Racing, Marchesini S.p.A. and Brembo Performance S.p.A.) have been transferred into the new organisational unit designated "Brembo Performance", which is responsible for coordinating all Marketing, Technical Development and Operations activities for the Racing, HP and Speciality OE markets at the global level. In addition, new top management of Sabelt S.p.A. was appointed with a view towards greater coordination with Brembo Performance's new structure.
At international level, the first half of 2010 witnessed a reorganisation of Brembo North America's structure in continuity with the process that began in 2009. The aim was to simplify and align its organisation with the structures of the divisions/business units in question. In further continuity with 2009, in China, following the acquisition of the foundry by Brembo Nanjing Foundry Co. Ltd., top management was appointed to work with the team already operating at the site. They will focus on managing industrial activities and meeting the significant challenges posed by the Chinese market and the general strategic scenario.

The training activities called for under the 2009/2010 Training Plan and funded by the Fondimpresa account were concluded at the end of May 2010. The monitoring of activities through feedback questionnaires and efficacy assessment tools has shown that the Plan satisfied users (the satisfaction rate was 95%) in terms of teaching, course types, organisation and management of activities, while also meeting the goals that the organisation had set for itself in terms of the efficacy of the activity.
A total of 411 workers participated in 55 actions, all of which were valid for reporting under the Fondimpresa Plan.
Courses were organised in such a way as to satisfy employees' various needs and focused on multiple issues, aiming to develop technical-specialist, business and more strictly personal skills.

The Brembo Academy continued to conduct its activity with a view towards spreading the Company's know-how among its employees. This activity takes the form of short courses taught by internal teachers with a strong interactive component aimed at supporting growth and development of employees and promoting initiatives in which they then act as trainers.

Leadership and internal talent development initiatives included the continuation of individual coaching and counselling processes for professionals and managers who work in various professional areas, in conjunction with Development Center activities for both groups and individuals aimed at specific populations.

Overall, 222 training initiatives were implemented in the first half of 2010 for a total of 139 courses, 13,520 training hours and 1,364 participants.

ENVIRONMENT, SAFETY AND HEALTH

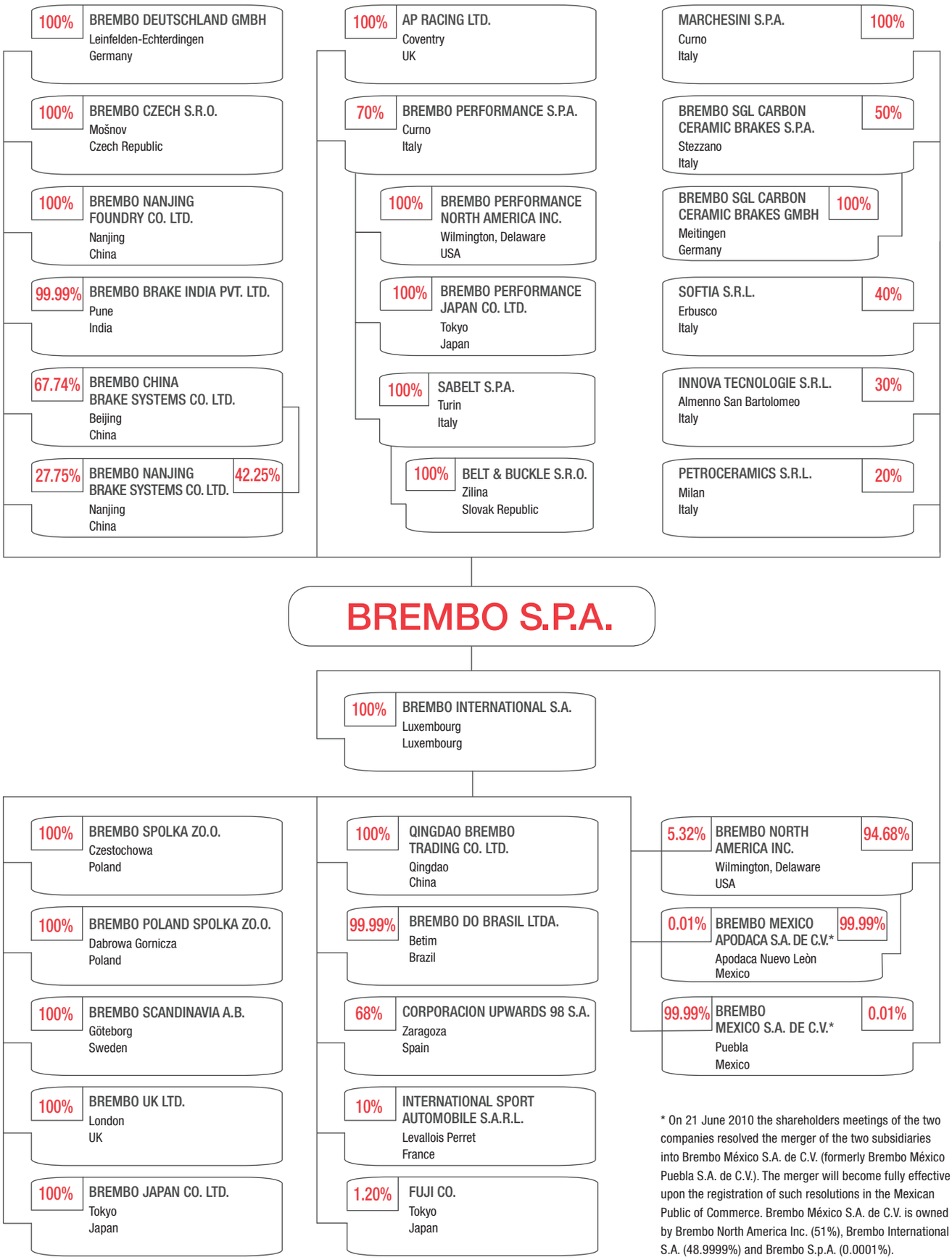
Various activities relating to the issues of Safety and the Environment were undertaken in the first few months of 2010.
The decision regarding the certification of the Safety Management System was an important first step: all of the manufacturing facilities of Brembo S.p.A. will be required to obtain OHSAS 18001 certification by December 2011.
The Management System has been fully applied at the various facilities for many years and the experience has yielded tangible results in terms of spreading a culture of safety, reducing accident phenomena, and attention throughout all Company levels. Certification of the System by an independent entity represents further progress towards the most objective possible attestation not only that the System exists on paper, but that it has actually been implemented and is effective within the Company. This is a crucial issue when seeking to comply with the requirements of Legislative Decrees Nos. 231/01 and 81/08: having a validly implemented Management System compliant with OHSAS 18001 requirements "results in exemption from administrative liability for the company under Legislative Decree No. 231/01" as set forth in Article 30 of Legislative Decree No. 81/08.
In terms of scheduling, two of the four manufacturing facilities that have yet to be certified will obtain certification by the end of 2010, followed by the others in 2011.
Another area in which important innovations were achieved in early 2010 is that of legislative audits.
Full compliance with applicable law is one of the basic principles on which Brembo has always founded its way of doing business. This requirement is fundamental when dealing with issues relating to the management of the Environment, Health and Safety in the workplace in order to ensure that those who work with Brembo are protected and that environmental resources are used properly. Conversely, inadequate or incomplete attention to provisions of law would not only expose the staff to inevitable risks, but would also expose Brembo and its top management to the risk of administrative and/or criminal penalties that might have a severe negative impact on the Company.
Common rules applicable to all of the Group's facilities have thus been set so as to establish consistent methods for conducting such audits and ensure that results are easier to aggregate. Each manufacturing unit will therefore be required to respect precise criteria regarding the following issues when conducting audits of compliance with applicable law in 2010:

- choice of auditor;
- conduct of the audit;
- classification of any cases of non-compliance detected;
- drafting of the report summarising the activity carried out.

The Group's Quality & Environment Department and Safety & Environment Body are responsible for coordinating the planned activities.

BREMBO STRUCTURE

Compared to 31 December 2009, the Group's structure remained virtually unchanged: on 21 June 2010, the shareholders' meetings of the two Mexican firms Brembo México S.A. de C.V. (formerly Brembo México Puebla, S.A. de C.V.) and Brembo México Apodaca S.A. de C.V. authorised a merger into Brembo México S.A. de C.V. The merger will only enter into force and become enforceable on third parties after the legal formalities have been completed in México by entering the deed into public registers. Brembo México S.A. de C.V. is 51% held by Brembo North America Inc., 48.9999% by Brembo International S.A. and 0.0001% by Brembo S.p.A.



* On 21 June 2010 the shareholders meetings of the two companies resolved the merger of the two subsidiaries into Brembo México S.A. de C.V. (formerly Brembo México Puebla S.A. de C.V.). The merger will become fully effective upon the registration of such resolutions in the Mexican Public of Commerce. Brembo México S.A. de C.V. is owned by Brembo North America Inc. (51%), Brembo International S.A. (48.9999%) and Brembo S.p.A. (0.0001%).

This table complies with Art. 125 of Consob Resolution No. 11971 dated 14 May 1999.

BREMBO'S CONSOLIDATED PERFORMANCE

The main indicators of Brembo's consolidated balance sheet, income statement and cash flow statement at 30 June 2010 and the relevant comparison data are given in the table below.

Income Statement

(euro thousand)	30.06.2010	30.06.2009 (1)	Change	%
Sales of goods and services	**531,587**	**404,193**	**127,394**	**31.5%**
Cost of sales, operating costs and other net charges/income (2)	(356,106)	(261,755)	(94,351)	36.0%
Personnel expenses	(107,564)	(94,214)	(13,350)	14.2%
GROSS OPERATING INCOME	**67,917**	**48,224**	**19,693**	**40.8%**
% on sales	*12.8%*	*11.9%*		
Depreciation, amortisation and other write-downs	(36,074)	(38,128)	2,054	-5.4%
NET OPERATING INCOME	**31,843**	**10,096**	**21,747**	**215.4%**
% on sales	*6.0%*	*2.5%*		
Interest income (expense) from investments	(5,231)	(6,875)	1,644	-23.9%
INCOME BEFORE TAXES	**26,612**	**3,221**	**23,391**	**726.2%**
% on sales	*5.0%*	*0.8%*		
Taxes	(8,120)	(4,278)	(3,842)	89.8%
INCOME/(LOSS) BEFORE MINORITY INTERESTS	**18,492**	**(1,057)**	**19,549**	**-1,849.5%**
% on sales	*3.5%*	*-0.3%*		
Minority interests	158	576	(418)	-72.6%
NET INCOME (LOSS)	**18,650**	**(481)**	**19,131**	**-3,977.3%**
% on sales	*3.5%*	*-0.1%*		
Basic and diluted earnings per share (in euro)	**0.29**	**(0.01)**		

(1) For comparison purposes, it should be noted that some figures in the 2009 Condensed Consolidated Six Monthly Financial Statements were revised following the completion of the purchase price allocation process for Brembo SGL Carbon Ceramic Brakes GmbH, acquired in May 2009 by Brembo SGL Carbon Ceramic Brakes S.p.A., a company measured using the equity method.

(2) The item is the sum of the following items of the consolidated income statement: "Other revenues and income", "Costs for capitalised internal works", "Raw materials, consumables and goods" and "Other operating costs".

The market uptrend in the final months of 2009 continued into the first half of 2010, which witnessed further signs of a recovery. Nonetheless, the global scenario remains highly uneven, with severe disparities of economic performance between the world's various geographical areas, where emerging markets, and especially China, have shown decisive growth.
Conversely, the first half of 2009 was characterised by a highly negative market situation with very modest production levels at nearly all car manufacturers.

Although Brembo posted a recovery in orders and sales in the first half of 2010 in line with the general market performance, the Group continues to implement strict measures aimed at limiting working capital and containing costs.
Net revenues for the first half of 2010 amounted to €531,587 thousand, marking a significant increase compared to the same period of 2009 (+31.5%). The two periods do not offer a consistent basis of comparison due to the change in the scope of consolidation, and net sales would have increased by 29.3% on a like-for-like basis. Car applications for the Chinese market benefited from the change.
In general, the greatest growth was shown by those applications that in the first half of 2009 were most severely affected by the crisis situation, namely commercial vehicles (+41.7%) and cars (+42.3%).
Motorbike applications yielded only a slight rise in sales (+2.6%), whereas declines were posted by both the racing segment (-2.2%) and, more markedly, the passive safety segment (-13.2%) during the half-year.
At geographical level, growth was significant in nearly all of the countries in which the Group operates, and was especially strong in emerging countries. China grew 121.4%, also thanks to the acquisitions carried out (+42.9% on a like-for-like basis), Brazil grew 35% and India 40.9%. Turning to traditional markets, Germany showed a 40.3% increase in sales and now represents the Group's number-one target market accounting for 21.5% of total sales. The United Kingdom and the NAFTA Area performed strongly, yielding growth of 36.1% and 49%, respectively. Strong growth figures were also posted by France (+27.7%) and Europe as a whole, whereas the Italian market, which was affected by the performance of the racing and motorbike segments, yielded more modest growth (+3.7%).
During the first six months of 2010, the cost of sales and other net operating costs amounted to €356,106 thousand, with a ratio of 67% to sales, as against 64.8% for the same period in the previous year. Despite the recovery of sales and the concurrent continuing implementation of a strict cost-control policy, the weight of this item in the first half of 2010 exceeded that of the first half of 2009, inasmuch as in the first half of 2009 the item "Other revenues and income" included an indemnity of €4,000 thousand from a supplier and the €3,874 thousand capital gain on the sale of 50% of Brembo SGL Carbon Ceramic Brakes S.p.A. Moreover, subsidies for research investments, which amounted to €1,240 million in the first half of 2009, were not present in 2010. Development costs capitalised as intangible assets amounted to €5,833 thousand compared to €5,900 thousand in the first half of 2009.
Personnel costs in the first half of 2010 amounted to €107,564 thousand, with a 20.2% ratio to income, slightly lower with respect to the same period last year (23.3%). The half-year benefited from the curtailment effect following the changed conditions of the English company pension fund, which amounted to €1,132 thousand.
At 30 June 2010, Brembo employed 5,603 staff (5,417 staff at 31 December 2009 and 5,375 at 30 June 2009). The increase compared to year-end 2009 is linked to the acquisition of the foundry in China.

Gross operating income in the first half of 2010 was €67,917 thousand (12.8% of sales) compared to €48,224 thousand in the first half of 2009 (11.9% of sales).

Net operating income amounted to €31,843 thousand, compared to €10,096 thousand reported for the first half of 2009, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets amounting to €36,074, compared to depreciation and amortisation amounting €38,128 thousand (including write-downs amounting to €3,796 thousand) in the first half of 2009.

Net interest expenses were €4,107 (€6,863 in the first half of 2009) and included an exchange rate gain of €10 thousand (compared to an exchange rate loss of €671 thousand in the first half of 2009) and interest expenses of €4,117 thousand (€6,192 in the first half of 2009). The sharp fall in interest expenses (-33.5%) is due to the lower level of average debt and especially to the reduction in the interest rates applied.

Income before taxes was €26,612 thousand compared to €3,221 thousand in the first half of 2009.
Based on tax rates applicable for the year under current fiscal regulations, estimated taxes amounted to €8,120 thousand (€4,278 thousand in the first half of 2009). The tax rate for the period was 30.5%. Group net income amounted to €18,650 thousand, net of minority interests totalling €-158 thousand.

Balance Sheet

(euro thousand)	30.06.2010	31.12.2009	Change
Property, plant and equipment	314,109	311,838	2,271
Intangible assets	110,366	103,294	7,072
Net financial assets	42,400	42,905	(505)
(a) Fixed capital	*466,875*	*458,037*	*8,838*
			1.9%
Inventories	160,811	142,867	17,944
Trade receivables	225,545	161,663	63,882
Other receivables and current assets	32,875	26,707	6,168
Current liabilities	(266,654)	(203,812)	(62,842)
Provisions / deferred taxes	(17,537)	(17,101)	(436)
(b) Net working capital	*135,040*	*110,324*	*24,716*
(c) NET INVESTED CAPITAL (a)+(b)	**601,915**	**568,361**	**33,554**
			5.9%
(d) Equity	*312,270*	*291,465*	*20,805*
(e) Employees' leaving entitlement and other funds for personnel	*20,863*	*21,906*	*(1,043)*
Medium/long-term net financial debt	177,234	122,593	54,641
Short-term net financial debt	91,548	132,397	(40,849)
(f) Net financial debt	*268,782*	*254,990*	*13,792*
(g) COVERAGE (d)+(e)+(f)	**601,915**	**568,361**	**33,554**
			5.9%

The Group's balance sheet reflects reclassifications of the consolidated accounting statements reported in the following pages.
More specifically:

- property, plant and equipment also include "Non-current assets held for sale and discontinued operations";
- net financial assets include the following items: "Shareholdings valued using the equity method", "Other financial assets" (less derivatives, which were reclassified in medium-/ long-term financial debt), "Receivables and other non-current assets", "Deferred tax assets", "Current financial assets and derivatives" (less derivatives reclassified under short-term financial debt), and "Other non-current liabilities";
- liabilities are comprised of: "Trade payables", "Tax payables" and "Other current liabilities";
- net financial debt includes current and non-current payables to banks and other financial liabilities, net of cash and cash equivalents and derivative assets and liabilities.

Net Invested Capital at the end of the quarter amounted to €601,915 thousand. At 31 December 2009, it was €568,361, with an increase of €33,554.
Net debt was €268,782 thousand at 30 June 2010 compared to €254,990 thousand at 31 December 2009.
During the reporting period, net debt increased by €13,792 thousand, chiefly due to the combination of the following factors:

– the upturn in the market allowed the company to achieve a gross operating income of €67,917 thousand, though it also caused a €28,303 thousand decrease in working capital;
– investment activities resumed, although to a limited extent, totalling €34,281 thousand (net of divestments and including the investment in the Chinese foundry), €10,000 thousand of which (at the exchange rate at 30 June 2010) was related to the acquisition of the Chinese foundry from DAI Co. Ltd., as commented upon above;
– the Parent Company paid €14,703 thousand in dividends in May;
– the tax position absorbed €5,498 thousand.

As stated above, two medium-/long-term loans in the total amount of €80 million were obtained during the reporting period. Other, smaller loans were obtained for a combined amount of about €4 million.

The Notes to the Condensed Consolidated Six Monthly Financial Statements provide detailed information on the financial position and specifically its assets and liabilities items.

Cash Flow Statement

(euro thousand)	30.06.2010	30.06.2009
Net financial position at beginning of period (*)	**(254,990)**	**(337,443)**
Net operating income	**31,843**	**10,096**
Depreciation, amortisation and impairment losses	36,074	38,128
Gross operating income	**67,917**	**48,224**
Investments in property, plant and equipment	(15,876)	(16,462)
Investments in intangible assets	(9,537)	(8,960)
Investments in financial assets	(30)	0
50% deconsolidation of BSCCB S.p.A.	0	(26,522)
Acquisition of assets from Sawem Industrial Ltda. (**)	0	(2,999)
Acquisition of foundry in China from DAI Co. Ltd. (***)	(10,000)	0
50% disposal of BSCCB S.p.A.	0	22,647
Disposals	1,163	1,384
Net investments	**(34,281)**	**(30,913)**
Change in inventories	(16,961)	33,257
Change in trade receivables and receivables from companies valued using the equity method	(64,971)	24,962
Change in trade payables and payables to companies valued using the equity method	48,452	(29,776)
Change in other liabilities	11,958	(969)
Change in receivables from others and other assets	(6,781)	14,726
Change in working capital	**(28,303)**	**42,200**
Change in provisions for employee benefits and other provisions	(416)	960
Operating Free Cash Flow	**4,917**	**60,471**
Interest income and expense	(3,341)	(6,711)
Translation reserve not allocated to specific items	4,834	3,221
Acquisition of own shares	0	0
Dividends received	0	6
Tax income and expense	(5,498)	(8,000)
Other changes	0	1
Cash flows before dividends	**911**	**48,988**
Dividends paid	(14,703)	(14,703)
Net cash flows	**(13,792)**	**34,285**
Net financial position of BSCCB S.p.A. at deconsolidation date	0	(243)
Net financial position at end of period	**(268,782)**	**(303,401)**

(*) See Note 13 of the Explanatory Notes of the Condensed Consolidated Six Monthly Financial Statements for a reconciliation with financial statement data.
(**) Translated using the exchange rate at 30 June 2009.
(***) Translated using the exchange rate at 30 June 2010.

PERFORMANCE OF BREMBO COMPANIES

The following figures were taken from the six monthly financial statements prepared by the companies in accordance with IAS/IFRS and approved by the respective Boards of Directors:

BREMBO S.P.A.
CURNO (ITALY)

Activities: analysis, design, development, application, production, assembly and sale of braking systems, light alloy castings for various sectors, including the car and motorbike industries.

The first half of 2010 ended with sales of goods and services of €277,297 thousand, up by 20.2% compared to the €230,707 thousand in the first half of 2009. The recovery of sales is attributable in general to all applications, although sales for car applications had the most significant impact, rising by 30%. International sales represented a large portion of the total (about 76%), more than in the first half of 2009, with sales primarily concentrated in a mature market, Europe, but rapidly growing on emerging markets.
When comparing the item "Other revenues and income", which amounted to €8,528 thousand in the first half of 2010 compared to €14,393 thousand in 2009, it must be remembered that at 30 June 2009 the Company had obtained an indemnity of €4,000 thousand from a supplier and benefited from the contribution of a research tax credit of €1,042 thousand.
Capitalised development costs during the year amounted to €5,750 thousand, in line with the previous year.
Gross operating income went from €22,663 thousand (9.8% of revenues) in the first half of 2009 to €22,858 thousand (8.2% of sales) in the same period of 2010, whereas net operating income, after deducting depreciation, amortisation and impairment of property, plant and equipment and intangible assets of €20,339 thousand, closed at €2,518 thousand compared to €954 thousand.
Financial transactions yielded net interest expenses of €2,875 thousand compared to €5,506 thousand reported in the first half of 2009, benefiting especially from the decrease in interest rates.
Provisions for taxes (IRES, corporate income tax and IRAP, regional tax on production activities) amounted to €1,688 thousand.
At 30 June 2010, the workforce numbered 2,736, virtually unaltered compared to 2,731 at 30 June 2009.

Companies Consolidated on a Line-by-Line Basis

AP RACING LTD.
COVENTRY (UNITED KINGDOM)

Activities: production and sale of braking systems and clutches for road and racing vehicles.

AP Racing is the market leader in the production of brakes and clutches for racing cars and motorbikes.
The company designs, assembles and sells cutting-edge, high-tech products throughout the world for the main Formula 1, GT, Touring and Rally teams. It also produces and sells original equipment brakes and clutches for prestige car manufacturers.
Net sales amounted to GBP 15,449 thousand (€17,757 thousand) in the first half of 2010, compared to GBP 12,781 thousand (€14,298 thousand) in the first half of 2009. During the reporting period, the Company earned a net income of GBP 2,824 thousand (€3,246 thousand) up compared to the same period of 2009, in which net income was GBP 1,270 thousand (€1,420 thousand), owing in part to the positive effect relating to the revision of the pension fund liability following changes in the plan's rules of operation.

At 30 June 2010, the workforce numbered 113, four less than at the end of June 2009.

BELT & BUCKLE S.R.O.

ZILINA (SLOVAK REPUBLIC)

Activities: processing of seatbelts for children's seats and jumpsuits for the racing industry.

Fully owned by Sabelt S.p.A., this company joined the Brembo Group in 2008.
It engages in the sewing of seatbelts for children and jumpsuits for the racing industry manufactured on behalf of the direct parent company, Sabelt.
At 30 June 2010, net sales (entirely intra-Group) amounted to €2,591 thousand (compared to €1,871 thousand in the same period of 2009) and net income for the period was €23 thousand (compared to a net loss of €4 thousand in the first half of 2009).
At 30 June 2010, the workforce numbered 87, compared to 68 at 30 June 2009.

BREMBO BRAKE INDIA PVT. LTD.

PUNE (INDIA)

Activities: development, production and sale of braking systems for motorbikes.

The joint venture is based in Pune, India, and was originally held in equal stakes by Brembo S.p.A. and the Indian company Bosch Chassis Systems India Ltd. The company has been wholly owned by Brembo S.p.A. since November 2008.
The company's name, formerly KBX Motorbike Products Private Ltd., was changed in early 2009 to Brembo Brake India Ltd.
In the first half of 2010, net sales amounted to INR 795,319 thousand (€13,081 thousand) and net income was INR 66,740 thousand (€1,098 thousand). In the same period of 2009 net sales totalled INR 615,169 thousand (€9,384 thousand) and net income was INR 46,241 thousand (€705 thousand).
At 30 June 2010, the workforce numbered 314, ninety more than at the end of the first half of the previous year.

BREMBO CHINA BRAKE SYSTEMS CO. LTD.

BEIJING (CHINA)

Activities: production and sale of brake discs for cars. Promotion and development of the Chinese market.

The company operates in the industrial area of Beijing. It was formed in 2005 and is owned 67.74% by Brembo S.p.A. and 32.26% by Simest, a public-private merchant bank that promotes the internationalisation of Italian companies. At the end of April 2008, Brembo China acquired a 42.25% stake in Nanjing Yuejing Automotive Brake System Co. (now Brembo Nanjing Brake System Co. Ltd.).
From 2010 the company has started to run promotion and development initiatives in the Chinese market, following reorganisation of the Group's operations in China.
At 30 June 2010, net sales amounted to CNY 9,722 thousand (€1,072 thousand), compared to CNY 36,713 thousand (€4,033 thousand) in the first half of 2009.
The net loss reported at 30 June 2010 amounted to CNY 13,774 thousand (€1,519 thousand), compared to a loss of CNY 8,181 thousand (€898 thousand) for the same period of 2009.
At 30 June 2010, the workforce numbered 5, twelve less than at June 2009.

BREMBO CZECH S.R.O.
MOŠNOV (CZECH REPUBLIC)

Activities: production and sale of braking systems.

The company was formed on 15 July 2009 and is still in its start-up phase.
It did not report any sales in the first half of 2010, and closed the period with a net loss of CZK 878 thousand (€34 thousand).
The company currently has no employees, but uses outside consultants.

BREMBO DEUTSCHLAND GMBH
LEINFELDEN – ECHTERDINGEN (GERMANY)

Activities: purchase and resale of vehicles, technical and sales services.

The company, which is 100% owned by Brembo S.p.A., was formed in 2007 and specialises in buying cars for tests and encouraging and simplifying communication between Brembo and its German customers in the various phases of planning, purchase, development and project management. In 2009, due to the difficult economic situation, the company halted the technical-organisational activities and assurance of quality of relations with customers in the German area providing support to Brembo S.p.A.; these operations have not yet resumed.
At 30 June 2010, net sales amounted to €37 thousand, and net loss was €42 thousand.
The company has no employees, but uses outside consultants.

BREMBO DO BRASIL LTDA.
BETIM (BRAZIL)

Activities: production and sale of brake discs and flywheels for original equipment and the aftermarket.

The company is headquartered in Betim, Minas Gerais, and promotes the presence of Brembo in the South American original-equipment market for car braking systems.
In January 2009, the company acquired assets for the production and marketing of flywheels for the car industry from the Brazilian company Sawem Industrial Ltda. Flywheels are manufactured in São Paulo.
Net sales for the first half of 2010 amounted to BRL 73,848 thousand (€30,940 thousand) and net income to BRL 3,776 thousand (€1,582 thousand). In the first half of 2009, sales amounted to BRL 68,795 thousand (€23,547 thousand) and net income was BRL 2,582 thousand (€884 thousand).
At 30 June 2010, the workforce numbered 359, twelve more than on the same date of the previous year.

BREMBO INTERNATIONAL S.A.
LUXEMBOURG (LUXEMBOURG)

Activities: holding company.

The company operates as a development holding aimed at strengthening financial activity. It holds a majority stake in Brembo Group's foreign companies.
Fully owned by Brembo S.p.A., the company closed the first half of 2010 with net income of €7,523 thousand, mainly as a result of dividends received from Brembo Spolka Zo.o. and Brembo Scandinavia A.B.

BREMBO JAPAN CO. LTD.
TOKYO (JAPAN)

Activities: sale of braking systems for the racing sector and original equipment for cars.

Brembo Japan Co. Ltd. is Brembo's commercial company that handles the Japanese racing market. Through the Tokyo office, it also provides first technical support to the OEM customers in the area. It also renders services to the other companies in the Brembo Group operating in Japan.
Net sales for the first half of 2010 amounted to JPY 173,044 thousand (€1,424 thousand), down 15.8% compared to JPY 205,628 thousand for the first half of 2009 (€1,617 thousand). Net income decreased 25% from JPY 11,474 thousand (€90 thousand) in the first half of 2009 to JPY 8,600 thousand (€71 thousand) in the first half of 2010.
At 30 June 2010, the workforce numbered 13, unchanged from the end of the first half of 2009.

BREMBO MÉXICO S.A. DE C.V. (FORMERLY BREMBO MÉXICO PUEBLA S.A. DE C.V.)
PUEBLA (MEXICO)

Activities: production and sale of brake discs for cars.

The company has been fully owned by Brembo from July 2009 and is based in Puebla, an industrial town about 100 kilometres south of Mexico City. In 2009, the company gradually discontinued its manufacturing operations in order to devote itself to the marketing of brake discs for the original equipment market and the aftermarket in the car sector.
It was resolved to change the company's name to Brembo México, S.A. de C.V. on 2 June 2010, whereas the merger with Brembo México Apodaca S.A. de C.V. took place on 21 June 2010. The merger will only enter into force and become enforceable with respect to third parties after the legal formalities have been completed in Mexico by entering the deed into the public registers. As a result of the merger, Brembo México S.A. de C.V. is 51% held by Brembo North America Inc., 48.9999% by Brembo International S.A. and 0.0001% by Brembo S.p.A.;
Net sales for the first half of 2010 amounted to MXN 28,803 thousand (€1,712 thousand), compared to MXN 175,984 thousand (€9,547 thousand) for the first half of 2009. The sharp drop in sales was due to restructuring actions implemented by the Group already in 2009.
Net loss at 30 June 2010 amounted to MXN 35,795 thousand (€2,127 thousand), compared to a net income of MXN 449 thousand (€24 thousand) for the first half of 2009.
At 30 June 2010, the workforce numbered 11, fifty less than at the end of the first half of 2009.

BREMBO MÉXICO APODACA S.A. DE C.V.
APODACA NUEVO LEÓN (MEXICO)

Activities: production and sale of brake discs and drums for the original equipment market.

The company joined the Brembo Group at the end of 2007, following the acquisition of the Brakes Division of Hayes Lemmerz International Inc. by Brembo North America Inc., which held a 99.9% stake.
In 2008, it changed its name to Brembo México Apodaca S.A. de C.V. A merger with Brembo México, S.A. de C.V. (formerly Brembo México Puebla, S.A. de C.V.) was authorised on 21 June 2010.
Sales for the first half of 2010 amounted to USD 29,774 thousand (€22,413 thousand) compared to USD 9,282 thousand (€6,968 thousand) for the first half of 2009; net income for the period

amounted to USD 2,914 thousand (€2,194 thousand), compared to a net loss of USD 1,290 thousand (€968 thousand) for the same period of the previous year.
The company operates a manufacturing facility that employed a workforce of 141 at 30 June 2010, 44 more than at the end of the first half of 2009.

BREMBO CHINA BRAKE SYSTEMS CO. LTD.
NANJING (CHINA)

Activities: production and sale of braking systems for cars and commercial vehicles.

The company, a joint venture between Brembo S.p.A. and the Chinese group Nanjing Automobile Corp., was formed in 2001. The Brembo Group acquired control over the company in late April 2008. In 2009, the company changed its name from Nanjing Yuejin Automotive Brake System Co. Ltd. to Brembo Nanjing Brake Systems Co. Ltd.
Net sales at 30 June 2010 amounted to CNY 140,214 thousand (€15,463 thousand), with a net income of CNY 5,368 thousand (€592 thousand); in the first half of 2009, net sales amounted to CNY 102,046 thousand (€11,210 thousand), with a net income of CNY 3,181 thousand (€349 thousand).
At 30 June 2010, workforce numbered 231, a decrease of 61 compared to the end of the first half of 2009.

BREMBO NANJING FOUNDRY CO. LTD.
NANJING (CHINA)

Activities: development, production and sale of foundry products for the automotive market, including the aftermarket.

The company, set up in September 2009 and 100% held by Brembo S.p.A., acquired the foundry activities on 15 January 2010 from the Chinese company Donghua, belonging to the SAIC group, the leading Chinese car and commercial vehicle manufacturer. The project envisages the gradual development of an integrated industrial hub, including foundry and manufacture of brake callipers and discs for the car and commercial vehicle market.
Net sales at 30 June2010 amounted to CNY 79,493 thousand (€8,767 thousand), with a net loss of CNY 28,067 thousand (€3,095 thousand).
At 30 June 2010, the company had a workforce of 142.

BREMBO NORTH AMERICA INC.
WILMINGTON (USA)

Activities: production and sale of brake discs for original equipment and the aftermarket and of braking systems for the racing sector.

Brembo North America Inc. operates in the United States (Plymouth, Michigan) producing and selling brake discs for the original equipment market and the aftermarket and, in its Moresville operational base (Moresville, North Carolina), high performance brake systems for racing cars and motorbikes. The company is backed by technical staff from Brembo S.p.A. and the local offices, in the development and supply of new solutions in terms of materials and design for the US market.

The products are manufactured for the main carmakers and several component manufacturers operating in the United States. Net sales for the first half of 2010 amounted to USD 58,832 thousand (€44,287 thousand). In the same period of the previous year, the company reported net sales of USD 33,246 thousand (€24,956 thousand).
The significant increase in sales was tied to the recovery of the North American automotive market, in addition to the results of internal reorganisation measures and the acquisition of new clients.
Net income at 30 June 2010 was USD 5,013 thousand (€3,774 thousand), compared to a net loss of USD 8,007 thousand (€6,010 thousand) for the first half of 2009.
The company's workforce numbered 203 at the end of the period, 47 more than at the end of the first half of 2009.

BREMBO PERFORMANCE S.p.A.

CURNO (ITALY)

Activities: design, manufacturing, and sale of components and accessories for both road and racing cars and vehicles.

The company is 70% held by Brembo S.p.A. and operates, also through the subsidiary Sabelt S.p.A., in the production and sale of passive safety components (seat belts, seats, protective racing wear, child safety systems) and special car and motorbike accessories.
Net sales for the first half of 2010 amounted to €5,877 thousand, slightly down (-3.1%) compared to the first half of 2009, with a net operating margin of €145 thousand (2.5% of revenues) and a net loss of €2,413 thousand. The result was mainly affected by the impairment loss recognised for the shareholding in Sabelt S.p.A.
At 30 June 2010, the workforce numbered 23, three more than at the end of June 2009.

BREMBO PERFORMANCE JAPAN CO. LTD.

TOKYO (JAPAN)

Activities: production, and sale of components and accessories for road and racing cars and motorbikes.

Fully owned by Brembo Performance S.p.A. since 2008, the company was formed on 6 November 2007. Its activities are related to the performance upgrade of cars and motorbikes in Japan and the Asia area.
The High Performance Kit division of Brembo Japan Co. Ltd. was transferred into the company in 2008.
At 30 June 2010, net sales amounted to JPY 124,037 thousand (€1,021 thousand), down 40.3% compared to JPY 207,835 thousand for the first half of 2009 (€1,634 thousand). Net income for the year amounted to JPY 20,408 thousand (€168 thousand), compared to JPY 25,242 thousand (€198 thousand) for the first half of 2009.
At 30 June 2010, the workforce numbered 4, compared to 7 in the first half of 2009.

BREMBO PERFORMANCE NORTH AMERICA INC.

WILMINGTON (USA)

Activities: design and sale of components and accessories for road and racing cars and motorbikes.

Fully owned by Brembo Performance S.p.A. since 2008, the company was incorporated on 10 October 2007 and operates out of its operating facility in Plymouth, Michigan. The business unit High Performance Kit of Brembo North America Inc. was contributed to the company in April 2008. Net sales at 30 June 2010 amounted to USD 315 thousand (€237 thousand) and net loss was USD 104 thousand (€78 thousand). In the same period of the previous year, net sales amounted to USD 434 thousand

(€325 thousand), with a net loss of USD 243 thousand (€182 thousand).
At 30 June 2010, the workforce numbered 3, two less than at the end of the first half of 2009.

BREMBO POLAND SPOLKA ZO.O.
DABROWA GÓRNICZA (POLAND)

Activities: production and sale of brake discs for cars and commercial vehicles.

The company has a foundry for the production of cast-iron discs destined for use in its own production plant or by other Group companies.
As mentioned above in the chapter devoted to Investments (page 19), an investment of €82 million is planned for this company between 2010 and 2014 in order to increase the production capacity of the integrated industrial hub located in Dabrowa Górnicza. The investment made in the first half of 2010 is aimed at acquiring a growing share in the European brake disc market, which even now is guaranteed to exploit the capacity of the foundry under construction to the full.
Net sales for the first half of 2010 amounted to PLN 233,706 thousand (€58,388 thousand), compared to PLN 185,649 thousand (€41,487 thousand) for the first half of 2009, up 25.9%.
Net income at 30 June 2010 was PLN 52,426 thousand (€13,098 thousand), with a sharp increase compared to PLN 23,813 thousand (€5,322 thousand) for the same period of the previous year.
The company's workforce numbered 665 at the end of the period, 14 more than 651 at the end of the first half of 2009.

BREMBO SCANDINAVIA A.B.
GÖTEBORG (SWEDEN)

Activities: promotion of the sale of car brake discs.

The company promotes the sale of brake discs for the car sector, destined exclusively for the aftermarket.
Net sales for the period amounted to SEK 4,033 thousand (€412 thousand), with a net income of SEK 1,246 thousand (€127 thousand), compared with SEK 3,577 thousand (€329 thousand) and SEK 995 thousand (€92 thousand) for the first half of 2009.
There was 1 employee on the payroll at 30 June 2010, unchanged from the same date of the previous year.

BREMBO SPOLKA ZO.O.
CZESTOCHOWA (POLAND)

Activities: production and sale of braking systems for commercial vehicles.

The plant located in Czestochowa produces brake discs and braking systems for the original equipment of commercial vehicles.
Net sales for the first half of 2010 amounted to PLN 180,172 thousand (€45,014 thousand) compared to PLN 125,083 thousand (€27,953 thousand) in the first half of 2009.
Net income at 30 June 2010 was PLN 22,724 thousand (€5,677 thousand), with an increase compared to PLN 21,060 thousand (€4,706 thousand) in the same period of the previous year.
At period-end, the workforce numbered 375, a decrease compared to 383 at the end of the first half of 2009.

BREMBO UK LTD.
LONDON (UNITED KINGDOM)

Activities: sale of brake discs for the aftermarket.

The company sells aftermarket discs in the UK.
Net sales went from GBP 557 thousand (€623 thousand) at 30 June 2009 to GBP 547 thousand (€629 thousand) at 30 June 2010. Net income was GBP 4 thousand (€5 thousand), compared with a net income of GBP 14 thousand (€16 thousand) for the same period of the previous year.
At 30 June 2010, the workforce numbered 2, unchanged compared to the end of the first half of 2009.

CORPORACION UPWARDS '98 S.A.
ZARAGOZA (SPAIN)

Activities: production and sale of brake discs and drums for cars, distribution of the brake shoe kits and pads.

The company has phased out productive activities, to focus only on sales activities.
Net sales for the first half of 2010 amounted to €10,725 thousand, compared to €11,172 thousand for the first half of 2009. Net loss amounted to €440 thousand compared to a net loss of €2,208 thousand for the first six months of 2009.
At 30 June 2010, the workforce numbered 94, compared to 107 at the end of June 2009.

MARCHESINI S.p.A.
CURNO (ITALY)

Activities: design and sale of lightweight alloy wheels for motorbikes.

The company has an important position in the design, manufacturing, and marketing of light-alloy wheels for road and racing motorbikes.
The company was hard hit by the economic crisis and significant restructuring initiatives had to be carried out at the end of 2009, with the transfer of operations from Jerago con Orago to Curno.
Net sales for the first half of 2010 were €1,977 thousand, compared to €1,503 thousand in the first half of 2009.
Net loss amounted to €69 thousand for the period, with a sharp improvement compared to the loss of €412 thousand for the same period of the previous year.
At 30 June 2010, the workforce numbered 12, four less than at the same date of the previous year. The company is receiving extraordinary redundancy fund benefits.

QINGDAO BREMBO TRADING CO. LTD.
QINGDAO (CHINA)

Activities: logistics and sales activities in the economic and technological development hub of Qingdao.

In December 2009, Brembo's operations in China strengthened further, with the incorporation of the company Qingdao Brembo Trading Co. Ltd., 100% held through Brembo International S.A..
The company carries out logistic activities within the Qingdao technological hub.
In the first half of 2010, net sales amounted to CNY 82,689 thousand (€9,119 thousand), with a net income of CNY 724 thousand (€80 thousand).
At 30 June 2010, the company had 9 employees.

SABELT S.P.A.
TURIN (ITALY)

Activities: design, manufacture, assembly and sale of accessories and components for the car industry, including footwear and articles of apparel in general for the racing market.

Fully owned by Brembo Performance S.p.A., the company joined the Brembo Group in 2008. Its operating offices are located in Moncalieri (Turin), Italy.
At 30 June 2010, net sales amounted to €13,084 thousand and net loss was €1,708 thousand, compared to €14,193 thousand and €1,306 thousand, respectively, for the first half of 2009.
At 30 June 2010, the workforce numbered 76, compared to 78 in the first half of 2009.

Companies Valued Using the Equity Method

BREMBO SGL CARBON CERAMIC BRAKES GMBH
MEITINGEN (GERMANY)

Activities: design, development, production and sale of carbon ceramic brake discs.

The company was formed in 2001. On 28 May 2009, in executing the joint venture agreement between Brembo and SGL Group, Brembo SGL Carbon Ceramic Brakes S.p.A. acquired 100% of the company.
Net sales for the first half of 2010 amounted to €24,878 thousand, with a net loss of €281 thousand, a sharp improvement compared to the previous year.
At 30 June 2010, the workforce numbered 217.

BREMBO SGL CARBON CERAMIC BRAKES S.P.A.
STEZZANO (ITALY)

Activities: design, development, production and sale of carbon ceramic brake discs.

The company was formed in 2004, as a joint venture of Brembo S.p.A. and the German company Daimler AG. It designs, develops, manufactures and sells braking systems in general and, specifically, ceramic carbon brake discs for the original equipment of top-performance cars. The company carries out research and development of new materials and applications. In accordance with agreements between Brembo and Daimler AG, Brembo S.p.A. acquired 100% of the company at the end of September 2008. On 28 May 2009, following the joint-venture agreement between Brembo and SGL Group, Brembo's investment in Brembo Ceramic Brake Systems S.p.A. (now Brembo SGL Carbon Ceramic Brakes S.p.A. - "BSCCB S.p.A.") decreased from 100% to 50%. BSCCB S.p.A. also acquired 100% of Brembo SGL Carbon Ceramic Brakes GmbH, a SGL Group company specialised in the manufacture of carbon-ceramic discs.
Net sales amounted to €14,494 thousand at 30 June 2010, substantially stable compared to the same period of the previous year, resulting in a net loss of €503 thousand. The first half of 2009 benefited from the capital gain on Brembo's sale of patents and closed with a net income of €1,258 thousand.
At 30 June 2010, the workforce numbered 108, a decrease compared to 126 at the end of June 2009.

INNOVA TECNOLOGIE S.R.L.
ALMENNO SAN BARTOLOMEO (ITALY)

Activities: development, promotion, construction, renovation, leasing and sub-leasing of real estate.

The company was formed on 18 March 2008, has its registered office in the Province of Bergamo, and is 30% owned by Brembo S.p.A.
In the first half of 2010, it reported a net loss of €61 thousand, compared to a loss of €31 thousand for the same period of the previous year.

PETROCERAMICS S.R.L.
MILAN (ITALY)

Activities: research and development of innovative technologies for the production of technical and advanced ceramic materials, geomaterial processing and rock mass characterisation.

Brembo S.p.A. acquired 20% of this company by subscribing a capital increase in November 2006.
Net sales for the first half of 2010 amounted to €698 thousand, with a net income of €57 thousand. In the first half of 2009 net sales amounted to €518 thousand and net loss was €3 thousand.

SOFTIA S.R.L.
ERBUSCO (ITALY)

Activities: Internet-oriented information technology management.

The company is 40%-owned by Brembo. It operates in the sector of information technology and develops software products for effective communication between the ERP software environments and the Internet.
In the first half of 2010 net income €74 thousand, compared to a net loss of €2 thousand for the same period of 2009.

Other Group Companies

INTERNATIONAL SPORT AUTOMOBILE S.A.R.L.
LEVALLOIS PERRET (FRANCE)

Activities: sale of products for racing cars and motorbikes.

International Sport Automobile S.a.r.l. is 10% held by Brembo International S.A. The company is engaged in the distribution of products for cars and motorbikes in the French racing sector.

TRANSACTIONS WITH RELATED PARTIES

Detailed information on the company's transactions with related parties is provided in a specific section of the Explanatory Notes to the Consolidated Financial Statements (Note 31). During the period under review no atypical or unusual transactions were carried out with related parties. Furthermore, the commercial transactions with related parties other than the Group companies were carried out at arm's length conditions and total amount was not material.

The financing transactions undertaken during the period with related parties are also discussed in Note 31 to the Condensed Consolidated Six Monthly Financial Statements.

FURTHER INFORMATION

Significant Events During the Six-Month Period

- As stated above, on 15 January 2010 the contracts between Brembo Nanjing Foundry Co. Ltd. (100% Brembo S.p.A.) and Donghua Automotive Industrial Co. Ltd (a member of the SAIC Group, China's leading manufacturer of cars and commercial vehicles) governing the purchase of a foundry were definitively executed. The project envisages the gradual creation of an integrated production hub in Nanjing, including a foundry and a production facility for brake callipers and discs (for cars and commercial vehicles) that will be able to offer the Chinese market braking systems built to meet Brembo's standards of performance, style and comfort.
- On 1 February 2010, Brembo signed a strategic agreement with TMD Friction for the distribution of friction products on the Spanish market under the Textar, Mintex and Don brands for applications in vehicles for tourism and industrial vehicles.
- In February 2010, Brembo reached agreements with Yamaha Parts and Accessories Division, USA, to sell Brembo products for the Yamaha YZF-R6 and YZF-R1 applications through the network of authorised Yamaha dealers.
- On 12 March 2010, Brembo announced that it will invest €82 million in Poland from 2010 to 2014, to expand the production capacity of the Dabrowa Gornicza integrated industrial hub (manufacture of brake discs for cars and commercial vehicles). The investment is aimed at acquiring a growing share in the European brake disc market, which even now is guaranteed to exploit the capacity of the foundry under construction to the full. The project will be financed with cash generated by the Group, bank loans and partly with grants from the European Union (€13.5 million); it will also benefit from tax breaks, as part of the Katowice Economic Special Zone.
- The creation of the new Brembo brand "BYBRE" (acronym for "By Brembo"), conceived for the manufacture and marketing in India of brake systems for motorbikes and scooters under 600 cc, was announced in March 2010 in Pune, India.
- On 27 April 2010, the Shareholders' Meeting of Brembo S.p.A. approved the financial statements for the year ended 31 December 2009 and the distribution of a gross dividend of €0.225 per share outstanding at the ex-dividend date, excluding treasury shares. The remainder was allocated to reserves. The Shareholders' Meeting also appointed a new Director, already co-opted by the Board of Directors at the meeting held on 15 March 2010: Bruno Saita, who accepted the position of non-executive director following years of collaboration with the Group. The Shareholders' Meeting also approved a new plan to purchase and sell treasury shares and authorised the three-year incentive plan for Executive Directors and Top managers for the period 2010-2012.
- Leading financial institutions approved medium-/long-term loans sufficient to allow Brembo to bring the long-term share of its debt to approximately 66% of the total.
- Brembo North America's new headquarters in Plymouth, Michigan (USA) was inaugurated on 24 June.

The facility, which also hosts the new Research and Development Center, will offer North American customers a full range of services from design to development, engineering and product sale and distribution.
Brembo has had a presence in the NAFTA area since 1998, where it operates two facilities located in Homer, Michigan, and Apodaca, Mexico, in addition to the Plymouth location.
On 24 June, the Company also announced that the Homer plant will begin to manufacture and assemble callipers and full side-wheel modules for high-performance motor vehicles in late 2010.

Buy-back Plan for Brembo S.p.A. Shares

As stated above, at the Shareholders' Meeting of Brembo S.p.A. held on 27 April 2010 approved a new plan to purchase and sell treasury shares up to the maximum number of 2,680,000 purchasable shares, representing 4.01% of the Company's share capital. The minimum price of purchase is €0.52 and the maximum €10.00. The maximum potential purchase outlay is €26,800,000. The authorisation to purchase treasury shares is valid for 18 months from the date of the shareholders' resolution and is justified by the following goals: undertaking possible investments, including those aimed at supporting the stock's liquidity on the market, thereby fostering the regular conduct of trades beyond the normal variations relating to market performance; implementing possible share-based incentive plans reserved for the directors, employees and independent contractors of the Company and/or its subsidiaries; and pursuing possible share swap transactions as part of industrial projects.
At 4 August 2010, the company held a total of 1,440,000 own shares, representing 2.16% of the share capital, for an overall value of €11,435,811 at a weighted average price of €7.94 per share.
No treasury shares were purchased or sold in the first half of 2010.

Three-year Incentive Plan (2010/2012) for Executive Directors and Top Managers

The Shareholders' Meeting held on 27 April 2010 authorised the three-year incentive plan for Executive Directors and Top Managers for the period 2010-2012, based on earnings and financial performance targets for the Group and equity instruments.
The potential beneficiaries of the Plan have been identified as 31 persons who serve in executive positions within the Group and have the power to make management decisions that may affect the Company's development and prospects for the future.

SIGNIFICANT EVENTS AFTER 30 JUNE 2010

On 3 August 2010, Brembo S.p.A. and the minority-interest shareholders of Brembo Performance S.p.A entered into a new agreement (consensually terminating that dated 19 February 2008). Under this new agreement, Brembo S.p.A. undertakes to acquire 30% of the shares of Brembo Performance S.p.A. Thereafter, Brembo will transfer 35% of Sabelt S.p.A to the former minority-interest shareholders of Brembo Performance S.p.A. The net effect of the transaction will be a cash inflow of approximately €5 million for the Brembo Group.

There are no further significant events to report after 30 June 2010 and up to 4 August 2010.

FORESEEABLE EVOLUTION

The results achieved in the first half of 2010 and the orders received justify expectations of a significant improvement in terms of sales and margins during the current year.

Brembo will continue to take strict measures aimed at limiting working capital and costs while nonetheless increasing its investment expenditures in order to support the Group's international growth.

Stezzano, 4 August 2010

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

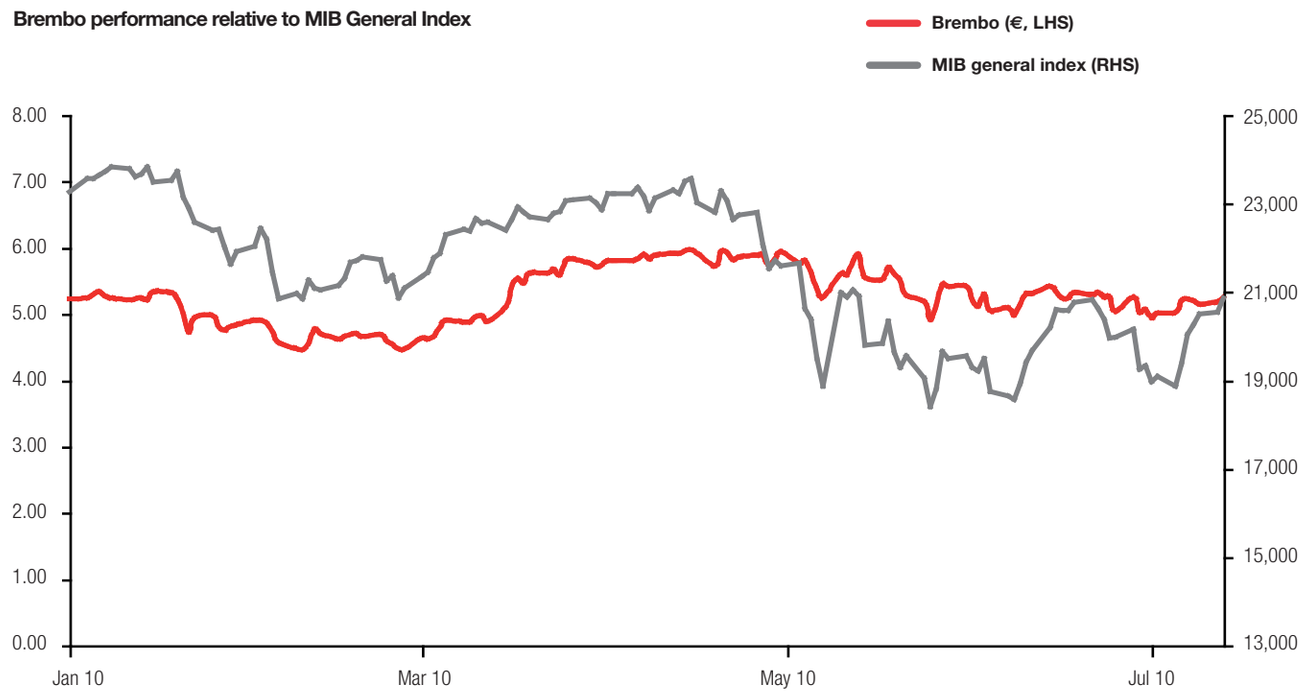
BREMBO S.P.A. STOCK PERFORMANCE

Brembo's stock ended the first half of 2010 at €5.05, down by 3.4% compared to the beginning of the year, but up by 20.5% compared to 30 June 2009. The stock far outperformed the Italian FTSE MIB index, which at 30 June 2010 was among the worst in Europe with an 18% loss since the beginning of the year, 14 percentage points below Brembo.

The first few months of 2010 witnessed the continuation of the bull stock market performance that had already begun in 2009. The index for the European automotive industry (DJ Stoxx600 Automobiles & Parts) slightly underperformed the Eurostoxx 50 index (representative of the most important stocks on European exchanges) in the first quarter, after which the trend was reversed: while European markets began to decline in late April, the automotive industry continued to grow, outperforming the European index in the first half of 2010.

Brembo's stock reached a high for the half-year of €5.95 on 15 April, 13.8% higher than at the beginning of the year. Following the market correction beginning in April, a phenomenon that was especially marked in Italy, Brembo also gave ground from its peak, finding a level of technical stability at €5, where it has now remained for several months.

In a general market scenario that features low volumes and high volatility, Brembo slightly underperformed the industry index in the first half of the year, in which investors focused on securities with larger capitalisations and more liquidity.



Source: Thomson Financial Datastream

An overview of stock performance of Brembo S.p.A. at 30 June 2010 is given below and compared with that at 31 December 2009.

	30.06.2010	31.12.2009
Share capital (euro)	34,727,914	34,727,914
No. of ordinary shares	66,784,450	66,784,450
Equity (excluding net income for the year) (euro)	175,749,899	169,092,465
Trading price (euro)		
Minimum	4.45	2.22
Maximum	5.95	6.00
Period end	5.05	5.22
Stock Exchange capitalisation (euro million)		
Minimum	298	147
Maximum	398	401
Period end	338	347
Gross dividend per share	NA	0.225

Based on the Shareholders' Register, available information and communications received pursuant to article 120 of TUF, shareholders who hold shares with voting rights exceeding 2% of the share capital are:

	% ownership
Nuova FourB S.r.l.	56.52%
Goodman & Company Investment Counsel Ltd.	2.483%

Figures at 20 July 2010.

Further information and updates regarding stock performance and recent corporate information are provided on Brembo's website at: www.brembo.com, Investor Relations section.

Investor Relator: Matteo Tiraboschi.

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

CONDENSED CONSOLIDATED SIX MONTHLY FINANCIAL STATEMENTS AT 30 JUNE 2010

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2010

Consolidated Balance Sheet at 30 June 2010

Assets

(euro thousand)	Notes	30.06.2010	*of which with related parties*	31.12.2009	*of which with related parties*	Change
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	314,109		311,838		2,271
Development costs	2	40,675		39,786		889
Goodwill and other indefinite useful life assets	2	45,733		40,947		4,786
Other intangible assets	2	23,958		22,561		1,397
Shareholdings valued using the equity method	3	23,384		24,479		(1,095)
Other financial assets (investments in other companies and derivatives)	4	153		154		(1)
Receivables and other non-current assets	5	1,474		983		491
Deferred tax assets	6	18,121		17,695		426
TOTAL NON-CURRENT ASSETS		**467,607**		**458,443**		**9,164**
CURRENT ASSETS						
Inventories	7	160,811		142,867		17,944
Trade receivables	8	225,545	*3,620*	161,663	*3,639*	63,882
Other receivables and current assets	9	32,875		26,707		6,168
Financial current assets and derivatives	10	650		71		579
Cash and cash equivalents	11	70,918	*2,758*	64,653		6,265
TOTAL CURRENT ASSETS		**490,799**		**395,961**		**94,838**
NON-CURRENT ASSETS HELD FOR SALE AND/OR DISPOSAL GROUPS AND/OR DISCONTINUED OPERATIONS		**0**		**0**		**0**
TOTAL ASSETS		**958,406**		**854,404**		**104,002**

Equity and Liabilities

(euro thousand)	Notes	30.06.2010	*of which with related parties*	31.12.2009	*of which with related parties*	Change
GROUP EQUITY						
Share capital	12	34,728		34,728		0
Other reserves	12	129,507		106,834		22,673
Retained earnings/(losses)	12	121,552		131,917		(10,365)
Profit/(loss) for the period	12	18,650		10,528		8,122
TOTAL GROUP EQUITY		**304,437**		**284,007**		**20,430**
MINORITY INTERESTS		**7,833**		**7,458**		**375**
TOTAL EQUITY		**312,270**		**291,465**		**20,805**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	150,423	*40,000*	95,970		54,453
Other non-current financial payables and derivatives	13	26,811		26,623		188
Other non-current liabilities	14	1,108	*179*	477		631
Provisions	15	7,067		6,086		981
Provisions for employee benefits	16	20,863	*41*	21,906	*40*	(1,043)
Deferred tax liabilities	6	10,470		11,015		(545)
TOTAL NON-CURRENT LIABILITIES		**216,742**		**162,077**		**54,665**
CURRENT LIABILITIES						
Current payables to banks	13	102,683	*9,845*	136,063		(33,380)
Other current financial payables and derivatives	13	60,057	*1,000*	60,987	*1,000*	(930)
Trade payables	17	207,813	*8,544*	159,361	*5,657*	48,452
Tax payables	18	5,941		1,263		4,678
Other current payables	19	52,900	*763*	43,188	*2,546*	9,712
TOTAL CURRENT LIABILITIES		**429,394**		**400,862**		**28,532**
TOTAL EQUITY AND LIABILITIES		**958,406**		**854,404**		**104,002**

Consolidated Income Statement at 30 June 2010

(euro thousand)	Notes	30.06.2010	*of which with related parties*	30.06.2009 (*)	*of which with related parties*	Change
Sales of goods and services	20	**531,587**	*2,287*	**404,193**	*1,722*	**127,394**
Other revenues and income	21	5,482	*1,870*	14,877	*344*	(9,395)
of which non-recurring transactions	*21*	*0*		*3,874*		*(3,874)*
Costs for capitalised internal works	22	5,833		5,900		(67)
Raw materials, consumables and goods	23	(269,955)	*(24,643)*	(200,159)	*(2,849)*	(69,796)
Other operating costs	24	(97,466)	*(1,490)*	(82,373)	*(1,246)*	(15,093)
Personnel expenses	25	(107,564)	*(299)*	(94,214)	*(1,181)*	(13,350)
GROSS OPERATING INCOME		**67,917**		**48,224**		**19,693**
Depreciation, amortisation and impairment losses	26	(36,074)		(38,128)		2,054
NET OPERATING INCOME		**31,843**		**10,096**		**21,747**
Interest income	*27*	*10,481*		*19,084*		*(8,603)*
Interest expense	*27*	*(14,588)*		*(25,947)*		*11,359*
Net interest income (expense)	27	(4,107)	*(119)*	(6,863)	*(19)*	2,756
Interest income (expense) from investments	28	(1,124)		(12)		(1,112)
INCOME BEFORE TAXES		**26,612**		**3,221**		**23,391**
Taxes	29	(8,120)		(4,278)		(3,842)
INCOME/(LOSS) BEFORE MINORITY INTERESTS		**18,492**		**(1,057)**		**19,549**
Minority interests		158		576		(418)
GROUP NET INCOME/(LOSS)		**18,650**		**(481)**		**19,131**
BASIC/DILUTED EARNINGS PER SHARE	30	**0.29**		**(0.01)**		

(*) For comparison purposes, certain amounts in the condensed consolidated six monthly financial statements for 2009 were revised upon completion of the purchase price allocation process for Brembo SGL Carbon Ceramic Brakes GmbH, which was acquired in May 2009 by Brembo SGL Carbon Ceramic Brakes S.p.A., a company measured using the equity method.

Comprehensive Consolidated Income Statement at 30 June 2010

(euro thousand)	Notes	30.06.2010	*of which with related parties*	30.06.2009 (*)	*of which with related parties*	Change
INCOME/(LOSS) BEFORE MINORITY INTERESTS		**18,492**		**(1,057)**		**19,549**
Effect of hedging accounting (cash flow hedge) of derivatives		332		(595)		927
Effect of valuation of shareholdings using the equity method		0		58		(58)
Change in tax rate for deferred tax assets recognised on subsidised income		0		2		(2)
Change in translation adjustment reserve		16,765		(680)		17,445
Tax effects on other components of comprehensive income		(81)		153		(234)
COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**35,508**		**(2,119)**		**37,627**
Of which attributable to:						
- the Group		*35,133*		*(1,648)*		*36,781*
- Minority Interests		*375*		*(471)*		*846*

(*) For comparison purposes, certain amounts in the condensed consolidated six monthly financial statements for 2009 were revised upon completion of the purchase price allocation process for Brembo SGL Carbon Ceramic Brakes GmbH, which was acquired in May 2009 by Brembo SGL Carbon Ceramic Brakes S.p.A., a company measured using the equity method.

Consolidated Cash-Flow Statement at 30 June 2010

(euro thousand)	30.06.2010	*of which with related parties*	30.06.2009 (*)	*of which with related parties*
Cash and cash equivalents at beginning of period (**)	**(34,376)**		**(101,272)**	
Consolidated net income for the period before taxes	**26,612**		**3,221**	
Depreciation, amortisation/Impairment losses	36,074		38,128	
Capital gains/losses	(98)		(662)	
Write-ups/Write-downs of shareholdings	1,124		18	
Gain from the disposal of 50% of BSCCB S.p.A.	0		(3,874)	
Income from shareholdings	0		(6)	
Financial portion of provisions for defined benefits and payables for personnel	514		594	
Long-term provisions for employee benefits	(336)	*16*	470	*40*
Other provisions net of utilisations	1,503		2,162	
Cash flows generated by operations	**65,393**		**40,051**	
Paid current taxes	(5,498)		(8,000)	
Uses of long-term provisions for employee benefits	(1,580)	*(1)*	(1,669)	
(Increase) reduction in assets				
inventories	(16,961)		33,257	
financial assets	(578)		93	
trade receivables and receivables from companies valued using the equity method	(64,971)	*19*	24,962	*(1,998)*
receivables from others and other assets	(6,477)		14,786	*10*
Increase (reduction) in liabilities:				
trade payables and payables to companies valued using the equity method	48,452	*(2,887)*	(29,776)	*7,031*
payables to others and other liabilities	10,269	*1,604*	(1,489)	*382*
Translation differences on current assets	7,333		1,479	
Net cash flows from / (for) operating activities	**35,382**		**73,694**	

(euro thousand)	30.06.2010	*of which with related parties*	30.06.2009 (*)	*of which with related parties*
Investments in:				
intangible assets	(9,537)		(8,960)	
property, plant and equipment	(15,876)		(16,462)	
financial assets - shareholdings	(30)		0	
Acquisition of foundry in China from DAI Co. Ltd. (***)	(10,000)		0	
Acquisition of assets from Sawem Industrial Ltda. (****)	0		(2,999)	
Price for disposal, or reimbursement value of fixed assets	1,261		2,044	
Net cash flows from / (for) investing activities	**(34,182)**		**(26,377)**	
Dividends paid in the period	(14,703)	*(8,502)*	(14,703)	*(8,502)*
Dividends received in the period	0		6	
Acquisition of own shares	0		0	
Loans and financing granted by banks and other financial institutions in the period	85,788	*49,845*	26,864	
Repayment of long-term loans	(22,624)		(19,484)	
Net cash flows from / (for) financing activities	**48,461**		**(7,317)**	
Total cash flows	**49,661**		**40,000**	
Cash and cash equivalents of BSCCB S.p.A. at deconsolidation date	**0**		**(243)**	
CASH AND CASH EQUIVALENTS AT END OF PERIOD (**)	**15,285**	*2,758*	**(61,515)**	

(*) For comparison purposes, certain amounts in the condensed consolidated six monthly financial statements for 2009 were revised upon completion of the purchase price allocation process for Brembo SGL Carbon Ceramic Brakes GmbH, which was acquired in May 2009 by Brembo SGL Carbon Ceramic Brakes S.p.A., a company measured using the equity method.

(**) See Note 11 of the Explanatory Notes for a reconciliation with balance sheet data.

(***) Translated at the exchange rate of 30 June 2010, including the value of acquired inventories amounting to €1,335 thousand.

(****) Translated using the exchange rate at 30 June 2009.

Statement of Changes in Consolidated Equity at 30 June 2010

(euro thousand)	Share capital	Other reserves	Retained earnings	Hedging reserve (**)
Balance at 1 January 2009	**34,728**	**97,187**	**110,784**	**(244)**
Allocation of profit for the previous year		1,951	20,851	
Payment of dividends				
Reclassification			(192)	
Components of comprehensive income:				
Change in tax rate for deferred tax assets recognised on subsidised income			2	
Valuation of shareholding using the equity method		58		
Change in reserves from application of IAS 39			9	(451)
Change in translation adjustment reserve		(785)		
Net income/(loss) for the period				
Balance at 30 June 2009 (*)	**34,728**	**98,411**	**131,454**	**(695)**
Balance at 1 January 2010	**34,728**	**106,834**	**132,407**	**(490)**
Allocation of profit for the previous year		6,442	(10,617)	
Payment of dividends				
Components of comprehensive income:				
Change in reserves from application of IAS 39		(1)	15	237
Change in translation adjustment reserve		16,232		
Net income/(loss) for the period				
Balance at 30 June 2010	**34,728**	**129,507**	**121,805**	**(253)**

(*) For comparison purposes, certain amounts in the condensed consolidated six monthly financial statements for 2009 were revised upon completion of the purchase price allocation process for Brembo SGL Carbon Ceramic Brakes GmbH, which was acquired in May 2009 by Brembo SGL Carbon Ceramic Brakes S.p.A., a company measured using the equity method.

(**) Hedging reserves are net of the related tax effect.

Profit for the period	Group equity	Net income (loss) of Minority Interests	Share capital and reserves of Minority Interests	Equity of Minority Interests	Equity
37,505	**279,960**	**(1,276)**	**13,351**	**12,075**	**292,035**
(22,802)	**0**	1,276	(1,276)	**0**	**0**
(14,703)	**(14,703)**			**0**	**(14,703)**
	(192)		192	**192**	**0**
	2			**0**	**2**
	58			**0**	**58**
	(442)			**0**	**(442)**
	(785)		105	**105**	**(680)**
(481)	**(481)**	(576)		**(576)**	**(1,057)**
(481)	**263,417**	**(576)**	**12,372**	**11,796**	**275,213**
10,528	**284,007**	**(1,006)**	**8,464**	**7,458**	**291,465**
4,175	**0**	1,006	(1,006)	**0**	**0**
(14,703)	**(14,703)**			**0**	**(14,703)**
	251			**0**	**251**
	16,232		533	**533**	**16,765**
18,650	**18,650**	(158)		**(158)**	**18,492**
18,650	**304,437**	**(158)**	**7,991**	**7,833**	**312,270**

EXPLANATORY NOTES

Brembo's Activities

In the vehicle industry components sector, Brembo Group is active in the research, design, production, assembly and sale of disc braking systems, wheels and light alloy and metal casting, in addition to mechanical processes in general.
The extensive product range consists of high-performance brake callipers, brake discs, wheel-side modules, complete braking systems and integrated engineering services, supporting the development of new models placed on the market by vehicle manufacturers. Brembo's products and services are used in the automotive industry, for light commercial and heavy industrial vehicles, motorbikes and racing competitions. The Group also operates in the passive safety industry.
Manufacturing plants are located in Italy, Spain (Zaragoza), Poland (Czestochowa and Dabrowa), the United Kingdom (Coventry), the Slovak Republic (Zilina), Germany (Meitingen), Mexico (Puebla and Apodaca), Brazil (Betim and São Paulo), China (Nanjing), India (Pune), and the United States (Homer). Other Brembo companies located in Sweden (Göteborg), France (Levallois Perret), Germany (Leinfelden-Echterdingen), the United Kingdom (London), the United States (Costa Mesa, California, and Plymouth, Michigan), China (Beijing and Qingdao) and Japan (Tokyo) carry out distribution and sales activities.

Form and Content of the Condensed Consolidated Six Monthly Financial Statements at 30 June 2010

Introduction

The Condensed Consolidated Six Monthly Financial Statements at 30 June 2010 have been prepared in accordance with article 154-*ter* of Legislative Decree 58/98 and applicable CONSOB provisions or the provisions of IAS 34 - Interim Financial Reporting, and has been subjected to a limited audit according to the criteria recommended by CONSOB.
In further detail, the Financial Statements for the period ended 30 June 2010 have been drafted in condensed form and do not contain all the information and notes required for the consolidated annual financial statements. Consequently, it should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2009.
The Condensed Consolidated Six Monthly Financial Statements comprise the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Comprehensive Income Statement, the Consolidated Statement of Changes in Equity, the Cash Flow Statement, and these Explanatory Notes, in accordance with IFRS requirements; they include the situation of Brembo S.p.A., the Parent Company, and the companies controlled by Brembo S.p.A. pursuant to IFRS (IAS 27) at 30 June 2010.

The publication of this Six Monthly Report was approved on 4 August 2010.

Basis of Preparation and Presentation

Consolidation procedures, accounting standards and valuation criteria are the same as those adopted for the consolidated financial statements for the year ended 31 December 2009, to which explicit reference is made.
The valuation and measurement criteria used are based on the IFRS effective at 30 June 2010 and endorsed by the European Union; IFRS effective at 31 December 2010 may differ from those used in preparing this document due to future endorsements of new standards, interpretations and guidelines.

Accounting Standards, Amendments and Interpretations Applied Starting 1 January 2010
The following standards, amendments and interpretations were applied by the Group for the first time from 1 January 2010.

- *IAS 27 (2008) – Consolidated and Separate Financial Statements.* The amendments to IAS 27 mainly address the treatment of transactions or events that change an entity's interests in subsidiaries and the attribution of the parent company's losses to non-controlling interests. IAS 27 (2008) establishes that, once control of a company is obtained, transactions in which the controlling company acquires or sells additional non-controlling interests in the subsidiary while control is retained are transactions with owners and must be recorded in equity. In the absence of a standard or interpretation specific to this situation, the Brembo Group had been using the Economic Entity Model.
- *IFRS 3 (Revised in 2008) – Business Combinations.* In accordance with the transition rules specified for the standard, the Group has applied IFRS 3 (Revised in 2008 - Business Combinations prospectively for business combinations occurring after 1 January 2010. The revised version of IFRS 3 introduced important changes relating mainly to: step acquisitions of subsidiaries; the option of measuring any non-controlling interests acquired in a partial acquisition at fair value; the recognition in profit or loss of all costs associated with the business combination and recognition at the acquisition date of liabilities for contingent considerations.
  Step acquisitions. In the case of a step acquisition of a subsidiary, IFRS 3 (2008) establishes that the business combination should be recognised only when control is obtained and that all of the acquiree's identifiable net assets should be remeasured to fair value at that time; non-controlling interests should be measured at fair value or at their proportionate interest in the fair value of the identifiable net assets of the acquiree (allowed by the previous version of IFRS 3). In a step acquisition, the previously held non-controlling interest that, prior to that time, had been accounted for under either IAS 39 – Financial Instruments: Recognition, IAS 28 – Investments in Associates, or IAS 31 – Interests in Joint Ventures must be treated as if it had been disposed of and reacquired at the date at which control is obtained. The interest is therefore measured at its fair value at the date of "disposal", and any resulting gain or loss is recognised in profit or loss. Furthermore, any amount previously recorded as other comprehensive income (loss) that would be reclassified to profit or loss following the disposal of the asset in question is reclassified to profit

or loss. The goodwill or the income (if any badwill is recognised) arising from the subsequent acquisition is determined as the sum of the price paid to obtain control, the amount of non-controlling interests (measured using one of the options permitted by the standard) and the fair value of the previously held non-controlling interest, less the fair value of the identifiable net assets acquired. Under the previous version of the standard, step acquisitions were recognised transaction by transaction as a series of separate acquisitions that, combined, generated goodwill that was determined as the sum of the goodwill generated by the separate transactions.

Acquisition-related costs. Under IFRS 3 (2008), all acquisition-related costs are recognised in the income statement in the period in which they are incurred. Under the previous version, these costs could be included in the determination of the cost of acquiring the acquiree's net assets.

Recognition of contingent considerations. Under IFRS 3 (2008), contingent considerations are part of the transfer price of the net assets acquired and are measured at fair value at the acquisition date. Similarly, if the purchase agreement includes a right to repayment of a portion of the price if certain conditions are met, that right is classified as an asset by the acquirer. Any subsequent changes in fair value that result from obtaining additional or better information about such value and that occur within twelve months of the acquisition date must be recognised as adjustments against the original accounting for the acquisition; all other changes in fair value must be recognised as profit or loss. Under the previous version of the standard, contingent consideration was recognised at the acquisition date only if payment was considered probable and the amount could be reliably measured. Any subsequent change in the consideration was recognised as an adjustment to goodwill.

- *Improvement to IFRS 5* – Non-current Assets Held for Sale and Discontinued Operations. The amendment establishes that if a disposal plan results in loss of control, all of the subsidiary's assets and liabilities must be reclassified as held for sale, even if the entity retains a minority interest in the subsidiary after the disposal.
- *Amendments to IAS 28* – Investments in Associates and IAS 31 – Investments in Joint Ventures as a result of amendments to IAS 27.
- *Improvements to IAS/IFRS (2009)*.
- *Amendment to IFRS 2* – Share-based Payments: Group Cash-settled Share-based Payment Transactions.
- *IFRIC 17* – Distribution of Non-cash Assets to Owners.
- *IFRIC 18* – Transfers of Assets from Customers.
- *Amendment to IAS 39* – Financial Instruments: Recognition and Measurement – Eligible Hedged Instruments.

Accounting Standards, Amendments and Interpretations Not Yet Effective and Not Early-adopted by the Group

On 8 October 2009, the IASB issued an amendment to IAS 32 – Financial Instruments: Presentation. Classification of Rights Issues to address accounting for rights issues (rights, options or warrants) denominated in a currency other than the functional currency of the issuer. Previously, these rights were accounted for as derivative liabilities. Instead, the amendment requires that, provided that certain conditions are met, such rights issues be classified as equity regardless of the currency in which the exercise price is denominated. The amendment must be applied retrospectively from 1 January 2011. The management feels that the amendment will not have a significant impact on the Group's financial statements.

On 4 November 2009, the IASB issued a revised version of IAS 24 – Related Party Disclosures that simplifies the type of information required in the case of transactions with government-related entities and clarifies the definition of related parties. The effective date of the amendment is 1 January 2011, and the endorsement process necessary for its application was recently completed.

On 12 November 2009, the IASB published IFRS 9 – Financial Instruments addressing the classification and measurement of financial assets with an effective date of 1 January 2013. Publication of the standard represents the first phase of a process to completely replace IAS 39. The new standard uses a unique approach based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets to determine how it is measured, replacing the various rules provided by IAS 39. The new standard also provides a single method to be used in determining the impairment of financial assets. At the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for the new standard to be applied.

On 26 November 2009, the IASB issued a minor amendment to IFRIC 14 – Prepaid Contributions under a Minimum Funding Requirement to allow companies that prepay a minimum funding requirement to recognise it as an asset. The effective date of the amendment is 1 January 2011, and the endorsement process necessary for its application was recently completed.

On 26 November 2009, the IFRIC issued interpretation IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments, which provides guidelines on accounting for the extinguishment of a financial liability with the issue of equity instruments. The interpretation establishes that, if an entity renegotiates the terms of a financial liability and the creditor agrees to settle the financial liability through the issue of the entity's shares, the entity's shares issued become part of the consideration paid to extinguish the financial liability and must be measured at fair value. The difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued is recognised in the entity's profit or loss for the period. The interpretation is applicable starting 1 January 2011; at the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for its application.

On 6 May 2010, the IASB issued a collection of improvements to IFRS with an effective date of 1 January 2011. The following will result in a change in the presentation, recognition and measurement of the amounts presented in the financial statements:

- IFRS 3 (2008) – Business Combinations: the improvement clarifies that non-controlling interests that do not give the owners rights to receive a proportional share of the subsidiary's net assets must be measured at fair value or as required by the applicable accounting standards. Therefore, for example, in the case of a business combination, a stock option plan granted to employees must be measured in accordance with IFRS 2, and the equity component of a convertible bond must be measured in accordance with IAS 32. The Board also provided guidance on share-based payment plans that are replaced as part of a business combination and added specific guidelines to clarify their accounting treatment.
- IFRS 7 – Financial Instruments: Disclosures: the amendment emphasises the interaction between qualitative and quantitative disclosures required by the standard about the nature and extent of the risks associated with financial instruments. It is intended to help users of the financial statements assimilate the information presented and develop a general idea about the nature and extent of the risks associated with financial instruments. Furthermore, the requirement of providing a disclosure about financial assets whose terms have been renegotiated or that have been written down and a disclosure about the fair value of collateral were removed.
- IAS 1 – Presentation of Financial Statements: the amendment requires that a reconciliation of changes in each component of equity be presented in the explanatory notes or in the financial statements.
- IAS 34 – Interim Financial Statements: using certain examples, clarifications were provided about additional information that must be presented in interim financial statements.

The condensed consolidated six monthly financial statements were prepared based on interim reports at 30 June 2010, drafted by the Board of Directors of the respective consolidated companies, adequately adjusted, where necessary, to adapt them to the classification criteria and accounting standards adopted by the Group. The consolidated condensed six monthly financial statements have been prepared in accordance with the general principle of providing a true and fair presentation of the Group's assets and liabilities, financial position, operating results and cash flows, based on the following general assumptions: going concern, accrual accounting, consistency of presentation, materiality and aggregation, prohibition of offsetting and comparative information.
The condensed consolidated six monthly financial statements are presented in euros, which are the functional currency of the Parent Company, Brembo S.p.A., and all amounts are rounded to the nearest thousand unless otherwise indicated.
As discussed below, for comparison reasons, certain amounts in the condensed consolidated six monthly financial statements for 2009 were revised upon completion of the purchase price allocation process for Brembo SGL Carbon Ceramic Brakes GmbH, which was acquired in May 2009 by Brembo SGL Carbon Ceramic Brakes S.p.A., a company measured using the equity method.

Preparing financial statements in compliance with the applicable accounting standards requires management to make estimates that may have a significant effect on the items reported in the accounts. Estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the current circumstances and given the information available at the reporting date. Actual results may differ from these estimates. Estimates and associated assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the period in which such estimates are revised. Decisions made by company management that have a significant impact on the financial statements and estimates, with a significant risk of material adjustments to the book value of assets and liabilities in the next accounting period, are discussed in the notes to the individual financial statement entries. Estimates are mainly used in reporting provisions for contingencies, inventory obsolescence, depreciation and amortisation, write-downs of assets, employee benefits, taxes and other provisions and in determining the fair value of financial instruments, especially derivatives, the useful life of certain fixed assets and purchase price allocation processes for business combinations.

The fair value of financial instruments traded in active markets is based on price quotations at the reporting date. The fair value of financial instruments that are not traded in active markets (such as derivative contracts) is determined using specific valuation techniques. Specifically, as indicated below, the fair value of Interest Rate Swaps (IRS) is determined using the discounted cash flow technique, and the fair value of forward foreign exchange contracts is determined by reference to projected forward exchange rate curves applicable to such financial instruments. The fair value of other derivatives is determined using the forward curves of the indexes specified in the related contracts.

It should also be noted that certain measurement processes, such as the determination of impairment for non-current assets, are typically carried out only during preparation of the annual financial statements when all necessary information is available, unless impairment indicators require immediate analysis. Actuarial valuations necessary to determine employee benefits are also typically performed during preparation of the annual financial statements.

Consolidation Area

The list of consolidated subsidiaries, associate companies and joint ventures that are accounted for using the equity method, along with information regarding their registered offices and the percentage of capital held, is included in Attachments 3 and 4 to the Explanatory Notes. The consolidation area did not change compared to 31 December 2009.

The merger of Brembo México S.A. de C.V. and Brembo México Apodaca S.A. de C.V. approved on 21 June 2010 did not affect the consolidation area, is not currently in effect and cannot be enforced against third parties, as previously explained.

On 15 January 2010, Brembo Nanjing Foundry Co. Ltd. (100% Brembo S.p.A.) acquired a foundry from Donghua Automotive Industrial Co. Ltd. (part of the Saic Group, China's top manufacturer of commercial vehicles) with the intention of building an integrated manufacturing hub in Nanjing.

The following table shows the exchange rates used in the translation of financial statements denominated in currencies other than the functional currency (euro).

Euro against other currencies	30.06.2010	Average June 2010	30.06.2009	Average June 2009	31.12.2009
US Dollar	0.814930	0.752768	0.707514	0.750653	0.694155
Japanese Yen	0.009192	0.008231	0.007380	0.007862	0.007510
Swedish Krona	0.104977	0.102093	0.092486	0.092105	0.097542
Czech Koruna	0.038924	0.038859	0.038637	0.036830	0.037774
Polish Zloty	0.241138	0.249837	0.224618	0.223472	0.243635
Mexican Peso	0.063547	0.059422	0.053898	0.054249	0.052848
Pound Sterling	1.223316	1.149403	1.173571	1.118678	1.125999
Brazil Real	0.452858	0.418964	0.364047	0.342273	0.398200
Indian Rupee	0.017546	0.016448	0.014811	0.015255	0.014916
Chinese Renminbi	0.120171	0.110281	0.103579	0.109857	0.101678

ANALYSIS OF EACH ITEM

Foreword

For comparison purposes, certain amounts in the condensed consolidated six monthly financial statements for 2009 were revised upon completion of the purchase price allocation process for Brembo SGL Carbon Ceramic Brakes GmbH, which was acquired in May 2009 by Brembo SGL Carbon Ceramic Brakes S.p.A., a company measured using the equity method.

The differences in the consolidated income statement and consolidated cash flow statement at 30 June 2009 are shown below.

Consolidated Income Statement

(euro thousand)	30.06.2009 Revised data following the business combination	30.06.2009 Approved data	Change
Sales of goods and services	**404,193**	**404,193**	**0**
Other revenues and income	14,877	14,877	0
Costs for capitalised internal works	5,900	5,900	0
Raw materials, consumables and goods	(200,159)	(200,159)	0
Other operating costs	(82,373)	(82,373)	0
Personnel expenses	(94,214)	(94,214)	0
GROSS OPERATING INCOME	**48,224**	**48,224**	**0**
Depreciation, amortisation and impairment losses	(38,128)	(38,128)	0
NET OPERATING INCOME	**10,096**	**10,096**	**0**
Net interest income (expense)	(6,863)	(6,863)	0
Interest income (expense) from investments	(12)	(308)	296
INCOME BEFORE TAXES	**3,221**	**2,925**	**296**
Taxes	(4,278)	(4,278)	0
INCOME BEFORE MINORITY INTERESTS	**(1,057)**	**(1,353)**	**296**
Minority interests	576	576	0
GROUP NET INCOME	**(481)**	**(777)**	**296**
BASIC/DILUTED EARNINGS PER SHARE	**(0.01)**	**(0.01)**	

Cash Flow Statement

(euro thousand)	30.06.2009 Revised data following the business combination	30.06.2009 Approved data	Change
Cash and cash equivalents at beginning of period	**(101,272)**	**(101,272)**	**0**
Consolidated net income for the period before taxes	**3,221**	**2,925**	**296**
Depreciation, amortisation/Impairment losses	38,128	38,128	0
Capital gains/losses	(662)	(662)	0
Write-ups/Write-downs of shareholdings	18	314	(296)
Gain from the disposal of 50% of BSCCB S.p.A.	(3,874)	(3,874)	0
Income from shareholdings	(6)	(6)	0
Financial portion of provisions for defined benefits and payables for personnel	594	594	0
Long-term provisions for employee benefits	470	470	0
Other provisions net of utilisations	2,162	2,162	0
Cash flows generated by operations	**40,051**	**40,051**	**0**
Paid current taxes	(8,000)	(8,000)	0
Uses of long-term provisions for employee benefits	(1,669)	(1,669)	0
(Increase) reduction in current assets:			
Inventories	33,257	33,257	0
Financial assets	93	93	0
Trade receivables and receivables from companies valued using the equity method	24,962	24,962	0
Receivables from others and other assets	14,786	14,786	0
Increase (reduction) in current liabilities:			
Trade payables and payables to companies valued using the equity method	(29,776)	(29,776)	0
Payables to others and other liabilities	(1,489)	(1,489)	0
Translation differences on current assets	1,479	1,479	0
Net cash flows from / (for) operating activities	**73,694**	**73,694**	**0**
Investments in:			
Intangible assets	(8,960)	(8,960)	0
Property, plant and equipment	(16,462)	(16,462)	0
Acquisition of business line from Sawen Industrial Ltda.	(2,999)	(2,999)	0
Price for disposal, or reimbursement value of fixed assets	2,044	2,044	0
Net cash flows from / (for) investing activities	**(26,377)**	**(26,377)**	**0**
Dividends paid in the period	(14,703)	(14,703)	0
Dividends received in the period	6	6	0
Loans and financing granted by banks and other financial institutions in the period	26,864	26,864	0
Repayment of long-term loans	(19,484)	(19,484)	0
Net cash flows from / (for) financing activities	**(7,317)**	**(7,317)**	**0**
Total cash flows	**40,000**	**40,000**	**0**
Cash and cash equivalents of BSCCB S.p.A. at deconsolidation date	**(243)**	**(243)**	**0**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**(61,515)**	**(61,515)**	**0**

As can be seen from the above tables, the final determination of the amounts relating to the business combination of the above-mentioned company did not have a material impact.

Balance Sheet

1. Property, Plant, Equipment and Other Equipment

The changes in property, plant and equipment are shown in the table below and described in this section.

(euro thousand)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in course of construction and payments on account	Total
Historical cost	23,275	114,980	444,019	118,987	23,423	12,585	737,269
Accumulated depreciation	0	(26,076)	(247,685)	(93,830)	(15,474)	0	(383,065)
Balance at 1 January 2009	**23,275**	**88,904**	**196,334**	**25,157**	**7,949**	**12,585**	**354,204**
Changes:							
Translation differences	(82)	(1,829)	(2,082)	(101)	42	(289)	(4,341)
Change in consolidation area	0	(64)	(12,355)	(666)	(228)	(183)	(13,496)
Reclassification	0	211	6,069	1,687	243	(8,691)	(481)
Acquisitions	0	135	10,145	3,986	751	4,444	19,461
Disposals	0	0	(749)	(416)	(1)	0	(1,166)
Depreciation	0	(2,020)	(19,415)	(5,328)	(1,124)	0	(27,887)
Total changes	**(82)**	**(3,567)**	**(18,387)**	**(838)**	**(317)**	**(4,719)**	**(27,910)**
Historical cost	23,193	113,199	435,939	122,212	23,901	7,866	726,310
Accumulated depreciation	0	(27,862)	(257,992)	(97,893)	(16,269)	0	(400,016)
Balance at 30 June 2009	**23,193**	**85,337**	**177,947**	**24,319**	**7,632**	**7,866**	**326,294**
Historical cost	23,340	116,562	437,654	122,450	24,141	8,486	732,633
Accumulated depreciation	0	(30,409)	(271,722)	(101,497)	(17,102)	(65)	(420,795)
Balance at 1 January 2010	**23,340**	**86,153**	**165,932**	**20,953**	**7,039**	**8,421**	**311,838**
Changes:							
Translation differences	147	563	5,951	423	201	49	7,334
Reclassification	0	328	2,686	677	(177)	(4,051)	(537)
Acquisitions	0	132	15,109	2,857	399	5,729	24,226
Disposals	0	(2)	(867)	(199)	(48)	0	(1,116)
Depreciation	0	(2,142)	(19,269)	(4,646)	(1,050)	0	(27,107)
Impairment losses	0	0	(525)	(16)	0	12	(529)
Total changes	**147**	**(1,121)**	**3,085**	**(904)**	**(675)**	**1,739**	**2,271**
Historical cost	23,487	117,694	465,383	125,799	24,439	10,213	767,015
Accumulated depreciation	0	(32,662)	(296,366)	(105,750)	(18,075)	(53)	(452,906)
Balance at 30 June 2010	**23,487**	**85,032**	**169,017**	**20,049**	**6,364**	**10,160**	**314,109**

In the first half of 2010, investments in property, plant and equipment amounted to €24,226 thousand, of which €8,349 thousand was for the purchase of a new foundry in China. Details on the transaction have already been provided in the interim report on operations.

The majority of investments in property, plant and equipment were made in Italy, specifically by Parent Company Brembo S.p.A., mainly including plants, machines and equipment, in Poland and, to a lesser extent, in the United States.

Net disposals amounted to €1,116 thousand and refer to the normal cycle of machinery replacement, as it becomes unusable in production processes.

Total depreciation charges for the first half of 2010 amounted to €27,107 thousand.

Write-downs were mainly attributable to the conclusion of the reorganization process of Brembo México S.A. de C.V. that began last year and ended at the end of this six-month period with the previously discussed merger of Brembo México Apodaca S.A. de C.V.

2. Intangible Assets (Development Costs, Goodwill and Other Intangible Assets)

Movements in intangible assets are shown in the table below and described in this section.

(euro thousand)	Development costs	Goodwill	Industrial, patents trademarks and similar rights A	Other intangible assets B	Total other intangible assets A+B	Total
Historical cost	58,711	46,017	30,578	48,245	78,823	183,551
Accumulated amortisation	(18,049)	(1,865)	(22,596)	(31,573)	(54,169)	(74,083)
Balance at 1 January 2009	**40,662**	**44,152**	**7,982**	**16,672**	**24,654**	**109,468**
Changes:						
Translation differences	(3)	1,087	(1)	(68)	(69)	1,015
Change in consolidation area	0	(2,067)	0	0	0	(2,067)
Reclassification	0	0	12	6	18	18
Acquisitions	6,481	0	176	2,303	2,479	8,960
Disposals	0	0	(1)	0	(1)	(1)
Amortisation	(3,262)	0	(812)	(2,371)	(3,183)	(6,445)
Impairment losses	(2,262)	(1,534)	0	0	0	(3,796)
Total changes	**954**	**(2,514)**	**(626)**	**(130)**	**(756)**	**(2,316)**
Historical cost	63,079	46,319	30,589	50,206	80,795	190,193
Accumulated amortisation	(21,463)	(4,681)	(23,233)	(33,664)	(56,897)	(83,041)
Balance at 30 June 2009	**41,616**	**41,638**	**7,356**	**16,542**	**23,898**	**107,152**
Historical cost	65,004	56,418	31,775	51,201	82,976	204,398
Accumulated amortisation	(25,218)	(15,471)	(24,016)	(36,399)	(60,415)	(101,104)
Balance at 1 January 2010	**39,786**	**40,947**	**7,759**	**14,802**	**22,561**	**103,294**
Changes:						
Translation differences	(3)	4,786	(3)	991	988	5,771
Reclassification	(409)	0	26	559	585	176
Acquisitions	5,998	0	406	3,207	3,613	9,611
Disposals	(47)	0	(1)	0	(1)	(48)
Amortisation	(4,005)	0	(913)	(2,875)	(3,788)	(7,793)
Impairment losses	(645)	0	0	0	0	(645)
Total changes	**889**	**4,786**	**(485)**	**1,882**	**1,397**	**7,072**
Historical cost	69,939	62,213	33,574	56,175	89,749	221,901
Accumulated amortisation	(29,264)	(16,480)	(26,300)	(39,491)	(65,791)	(111,535)
Balance at 30 June 2010	**40,675**	**45,733**	**7,274**	**16,684**	**23,958**	**110,366**

Development costs

The item "Development costs" includes costs for development, internal and external, for a net amount of €40,675 thousand. During the period, this item changed due to higher costs incurred for jobs begun in the first half of 2010, for orders received both during the half-year period and in previous periods, for which additional development costs were incurred; amortisation was recognised for development costs associated with products that have already entered into mass production.

The gross amount includes development activities for projects underway totalling €18,794 thousand.

The total amount of costs for capitalized internal works charged to the Income Statement during the period amounted to €5,833 thousand (first half 2009: €5,900 thousand).

Impairment losses totalled €645 thousand and are recognised in the Income Statement under "Amortisation, depreciation and impairment losses". Impairment losses refer to development costs incurred mainly by the Parent Company, Brembo S.p.A., in relation to projects that, consistent with the desire of the customer or Brembo, were not completed or underwent changes in terms of their end destination.

Goodwill

Goodwill was tested for impairment whenever there were indications that impairment may exist. The main assumptions used to determine the value in use of the cash-generating unit relate to the discount rate and growth rate. Specifically, calculations used cash-flow projections for the 2011-2013 period covered by the corporate business plan. Cash flows beyond the five-year period were extrapolated using a prudential steady 1.5% medium- to long-term growth rate. The discount rate used was 8%, which reflected the current market assessments of the time value of money and the risks specific to the asset in question. The previously mentioned impairment tests did not indicate the need to recognise impairment.

CGUs are typically identified as the business being acquired and therefore tested for impairment. If the asset being tested for impairment refers to businesses operating in multiple business lines, it is attributed to all business lines in existence at the date of acquisition; this approach is consistent with valuations carried out at the acquisition date, which are typically based on the estimated recoverable amount of the entire investment.

A sensitivity analysis considering a change in WACC from 8% to 8.5% and a perpetuity growth range from 1.5% to 1% are provided below:

	Sensitivity analysis parameters	
	WACC 8.5%	Perpetuity 1%
Frenco S.A.	no write-down	no write-down
Gruppo Sabelt	no write-down	no write-down
HL Apodaca	no write-down	no write-down

Other intangible assets

Investments in "Other intangible assets" totalled €3,613 thousand, mainly referring to the share of the investment for the period required to gradually implement the new ERP (Enterprise Resource Planning) system within the Group.

3. Shareholdings Valued Using the Equity Method (Associate Companies and Joint Ventures)

The following table shows movements in the "Shareholdings" item:

(euro thousand)	31.12.2009	Acquisitions and subscriptions	Change in consolidation area	Exchange rate fluctuations	Disposals	Write-ups/ Write-downs	30.06.2010
Brembo SGL Carbon Ceramic Brakes S.p.A.	23,982					(1,056)	22,926
Innova Tecnologie S.r.l.	0	30				(18)	12
Petroceramics S.r.l.	248					(80)	168
Softia S.r.l.	249					29	278
Total	**24,479**	**30**	**0**	**0**	**0**	**(1,125)**	**23,384**

Shareholders made two payments, each in the amount of €15 thousand, to cover the losses of Innova Tecnologie S.r.l. during the period.

The above investments were tested for impairment where impairment indicators were identified.

The method used, the assumptions on which the tests were based and the identification of CGUs are consistent with the information previously provided concerning goodwill.

A sensitivity analysis considering a change in WACC from 8% to 8.5% and a perpetuity growth range from 1.5% to 1% are provided below:

	Sensitivity analysis parameters	
	WACC 8.5%	Perpetuity 1%
Brembo SGL Carbon Ceramic Brakes S.p.A.	no write-down	no write-down
Petroceramics S.r.l.	(1)	no write-down
Softia S.r.l.	(69)	(65)

4. Other Financial Assets (Including Investments in Other Companies and Derivatives)

This item is broken down as follows:

(euro thousand)	30.06.2010	31.12.2009
Shareholdings in other companies	95	95
Other	58	59
Total	**153**	**154**

"Shareholdings in other companies" includes the 10% interest in International Sport Automobile S.a.r.l. and 1.20% interest in Fuji Co.

"Other" includes interest-free security deposits for utilities and car rental agreements.

5. Receivables and Other Non-current Assets

This item is broken down as follows:

(euro thousand)	30.06.2010	31.12.2009
Receivables from others	36	0
Income tax receivables	555	169
Non-income tax receivables	883	814
Total	**1,474**	**983**

Tax receivables mostly refer to applications for tax reimbursements.

6. Deferred Tax Assets and Liabilities

The net balance of deferred tax assets and liabilities at 30 June 2010 is broken down as follows:

(euro thousand)	30.06.2010	31.12.2009
Deferred tax assets	18,121	17,695
Deferred tax liabilities	(10,470)	(11,015)
Total	**7,651**	**6,680**

Deferred tax assets and liabilities were generated mainly due to temporary differences for capital gains with deferred taxation, other income items subject to future deductions or taxation, reportable tax losses and other consolidation adjustments.
It should also be noted that the consolidated subsidiary Brembo Poland Spolka Zo.o. is located in a "special economic zone" and is entitled to deduct 50% of its investments from any current taxes owed through 2016. At 30 June 2010, the company recognised deferred tax assets of €8,113 thousand (PLN 33,644 thousand) associated with said benefit; the amount corresponds to the tax break that may be applied over a period of three financial years; this period corresponds to the plan currently available, the projections set out in which may be considered reasonably reliable. The potential future benefit at 30 June 2010, which was not recognised at the reporting date, was PLN 30 million (approximately €7.2 million).

7. Inventories

A breakdown of net inventories, which is stated net of the inventory write-down provision, is shown below:

(euro thousand)	30.06.2010	31.12.2009
Raw materials	66,665	55,873
Work in progress	32,325	25,534
Finished products	60,020	56,263
Goods in transit	1,801	5,197
Total	**160,811**	**142,867**

The increase in inventories is mainly due to the resumption of production and sales activities.

Movements in the inventory write-down provision are reported in the following table:

(euro thousand)	Balance at 31.12.2009	Provisions	Use	Exchange rate fluctuation	Balance at 30.06.2010
Provision for inventory write-downs	15,834	2,698	(2,519)	823	16,836

8. Trade Receivables

At 30 June 2010, the balance of trade receivables compared to the balance at the end of the previous year was as follows:

(euro thousand)	30.06.2010	31.12.2009
Trade receivables	223,651	158,724
Receivables from associate companies	1,894	2,939
Total	**225,545**	**161,663**

Since last year, the company has been selling its receivables to factoring companies under arrangements without recourse, whereby the amounts of the receivables are paid immediately by the factor and all substantial risks associated with the receivables are transferred to the factor. The total nominal value of receivables sold during the first half of 2010 is €16,157 thousand (€53,133 thousand for all of 2009).
Trade receivables are stated net of the provision for bad debts, which amounted to €6,465 thousand. Movements in the provision for bad debts are shown below:

(euro thousand)	Balance at 31.12.2009	Provisions	Exchange rate fluctuation	Use	Other movements	Balance at 30.06.2010
Provision for bad debts	5,860	963	238	(602)	6	6,465

The Brembo Group's maximum credit risk exposure is the book value of the gross financial assets recognised in the balance sheet net of any amounts offset in accordance with IAS 32 and impairment losses recognised in accordance with IAS 39.
Brembo has no credit insurance contracts; however, its business partners are leading car and motorbike manufacturers with high credit standing.

9. Other Receivables and Current Assets

This item is broken down as follows:

(euro thousand)	30.06.2010	31.12.2009
Receivables from others	2,465	4,620
Income tax receivables	6,686	6,946
Non-income tax receivables	17,689	12,602
Other receivables	6,035	2,539
Total	**32,875**	**26,707**

The increase in "Other receivables" is mainly due to the suspension of costs relating to the second half of 2010 and future periods.
Non-income tax receivables mainly included VAT receivables.
Movements in the Provision for other bad debts at 30 June 2010 are reported in the following table:

(euro thousand)	Balance at 31.12.2009	Provisions	Exchange rate fluctuations	Balance at 30.06.2010
Provision for other bad debts	104	50	(1)	153

10. Financial Current Assets and Derivatives

This item is broken down as follows:

(euro thousand)	30.06.2010	31.12.2009
Derivatives	274	0
Other	376	71
Total	**650**	**71**

The item "Other" mainly includes security deposits.

Details on derivatives are provided in **Note 13.**

11. Cash and Cash Equivalents

Cash and cash equivalents include:

(euro thousand)	30.06.2010	31.12.2009
Bank and postal accounts	70,819	64,120
Cheques	0	2
Cash-in-hand and cash equivalents	99	531
Total cash and cash equivalents	**70,918**	**64,653**
Payables to banks: ordinary current accounts and foreign currency advances (*)	(55,633)	(99,029)
Cash and cash equivalents from Cash Flow Statement	**15,285**	**(34,376)**

(*) see Note 13 for the balancing with the relevant balance sheet item.

The amounts shown can be readily converted into cash and the risk of change in value is not considered material. At the reporting date, it is deemed that the book value of cash and cash equivalents approximates their fair value.

12. Equity

Group consolidated equity at 30 June 2010 increased by €20,430 thousand compared to 31 December 2009. Movements for the period are given in the relevant statement.

Share capital

The subscribed and paid up share capital amounted to €34,728 thousand at 30 June 2010. It is divided into 66,784,450 ordinary shares with a nominal value of €0.52 each.
The table below shows the composition of the share capital and a reconciliation of the number of shares outstanding at 31 December 2009 and at 30 June 2010:

(No. of shares)	30.06.2010	31.12.2009
Ordinary shares issued	66,784,450	66,784,450
Own shares	(1,440,000)	(1,440,000)
Total shares outstanding	**65,344,450**	**65,344,450**

As regards Brembo's buy-back plan, the company neither bought nor sold own shares in the first half of 2010.

Other reserves

In accordance with a resolution approved by the Shareholders' Meeting of 27 April 2010, Brembo allocated €6,442 thousand of its 2009 net income to extraordinary reserves, and €14,703 thousand was distributed as dividends (€0.225 per share).

13. Financial Debt and Derivatives

This item is broken down as follows:

	Balance at 30.06.10			Balance at 31.12.09		
(euro thousand)	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Payables to banks:						
– ordinary current accounts and advances	55,633	0	55,633	99,029	0	99,029
– loans	47,050	150,423	197,473	37,034	95,970	133,004
Total	**102,683**	**150,423**	**253,106**	**136,063**	**95,970**	**232,033**
Payables to other financial institutions	59,330	26,811	86,141	59,538	26,525	86,063
Derivatives	727	0	727	1,449	98	1,547
Total	**60,057**	**26,811**	**86,868**	**60,987**	**26,623**	**87,610**

The following table provides details on loans and amounts due to other financial institutions:

(euro thousand)	Original amount	Amount at 31.12.2009	Amount at 30.06.2010	Portion due within 1 year	Portion due between 1 and 5 years	Portion due after 5 years
Payables to banks:						
San Paolo IMI loan Law 346/88 (reinforced aluminium project)	3,091	1,291	929	620	309	0
UBI loans (€25 million)	25,000	18,191	15,776	5,083	10,693	0
San Paolo IMI L. 100 loan (China project)	4,653	4,180	3,714	922	2,792	0
Centro Banca loan (€25 million)	25,000	18,703	16,209	5,006	11,203	0
Centro Banca loan (€25 million)	25,000	21,176	18,685	5,009	13,676	0
Centro Banca loan (€30 million)	30,000	0	29,835	(165)	30,000	0
Creberg loan (€50 million)	50,000	0	49,845	9,845	40,000	0
Unicredit loan (€50 million)	50,000	39,901	34,913	10,012	24,901	0
Intesa San Paolo NY credit line	4,298	2,779	3,262	3,262	0	0
Intesa San Paolo NY loan	16,982	12,420	13,119	2,932	10,187	0
Unicredit credit line	14,000	697	0	0	0	0
EIB loan	20,000	10,847	9,167	3,335	5,832	0
Unicredit 4040175	300	97	65	65	0	0
Intesa San Paolo 592177	300	150	100	100	0	0
Intesa San Paolo 638133	300	150	100	100	0	0
MCC L. 598 Isofix (*)	120	120	0	0	0	0
MCC L. 598/94 Research (*)	364	295	0	0	0	0
0740 Banesto loan	1,000	507	255	255	0	0
807247788109 loan	1,500	1,500	1,499	669	830	0
Total payables to banks	**271,908**	**133,004**	**197,473**	**47,050**	**150,423**	**0**
Payables to other financial institutions:						
Production Activity Ministry Law 46/82 (CCM project)	2,371	1,792	1,838	307	973	558
MICA Law 46 loan (electrical car)	221	78	79	27	52	0
Simest loan Law 394/USA	2,065	160	0	0	0	0
Simest	0	102	25	25	0	0
Sabelt option	7,130	0	0	0	0	0
Payable to Simest S.p.A.	4,062	4,209	4,975	0	4,975	0
Soft loan from Ministerio industria España	3,237	0	1,496	(166)	(663)	2,325
MCC L. 598 Isofix (*)	0	0	120	0	120	0
MCC L. 598/94 Research (*)	0	0	264	70	194	0
Banca Intesa bond	50,000	50,092	50,083	50,083	0	0
Payables to the factor	N/A	2,074	2,551	2,551	0	0
Payables to minority shareholders of Brembo Performance S.p.A.	N/A	1,000	1,000	1,000	0	0
Payables to other financial institutions for leases	52,652	26,556	23,710	5,433	16,912	1,365
Total payables to other financial institutions	**121,738**	**86,063**	**86,141**	**59,330**	**22,563**	**4,248**
TOTAL	**393,646**	**219,067**	**283,614**	**106,380**	**172,986**	**4,248**

(*) Reclassified from payables to banks and payables to other financial institutions compared to 31 December 2009.

In the first half of 2010, two medium- to long-term loans were obtained from parent company Brembo S.p.A. for a total of €80 million in order to rebalance the company's mix of medium-/long- and short-term indebtedness, also in light of the upcoming maturity (October 2010) of the Banca Intesa bond (€50 million). Other, smaller loans were also obtained.
As indicated in the Interim Report on Operations, additional medium-/long-term loans are expected to be obtained in the second half of the year. The Group aims at achieving a more balanced debt situation, with 70% medium-/long-term maturities.
As of 2009, parent company Brembo S.p.A. from time to time sells its receivables to factors under arrangements whereby all major risks are transferred to the counterparty. At 30 June 2010, the company owned €2,551 thousand for receivables collected to be transferred to the factoring firm, in accordance with agreements.

The following table provides a breakdown of the Group's debt from finance leases. Instalments are given by principal and interest due.

	30.06.2010			31.12.2009		
(euro thousand)	**Instalment**	**Interest**	**Principal**	**Instalment**	**Interest**	**Principal**
Within one year	6,324	891	5,433	6,831	1,036	5,795
Between 1 and 5 years	18,682	1,770	16,912	18,587	2,109	16,478
After 5 years	1,443	78	1,365	4,613	330	4,283
Total	**26,449**	**2,739**	**23,710**	**30,031**	**3,475**	**26,556**

The following table provides a breakdown of operating leases:

(euro thousand)	**30.06.2010**	**31.12.2009**
Within one year	8,258	8,210
Between 1 and 5 years	23,013	23,341
After 5 years	23,904	7,884
Total	**55,175**	**39,435**

The table below shows the debt structure broken down by annual interest rate and currency at 30 June 2010:

(euro thousand)	Fixed rate	Variable rate	Total
Euro	78,420	188,813	267,233
US Dollar	0	16,381	16,381
Total	**78,420**	**205,194**	**283,614**

It should be noted that at 30 June 2010 financial debts backed by collateral amounted to €929 thousand (€1,291 thousand at 31 December 2009).
For the entire term of the BEI loan (€20 million), Brembo Poland Spolka Zo.o. has agreed not to grant pledges, mortgages or privileges on the company's assets and revenues to secure other types of financing; the same restrictions apply to the €50 million bond issued by Brembo S.p.A. and Brembo International S.A. The Group's compliance with the covenants to which it is subject was assessed at the balance sheet date.

At 30 June 2010, the following financial derivatives were accounted for at fair value:

	30.06.2010		31.12.2009	
(euro thousand)	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Cash flow hedge	0	351	0	710
Derivatives held for trading	274	376	0	837
Total	**274**	**727**	**0**	**1,547**

The fair value of financial derivatives was determined considering market values at the reporting date. The Group has entered into the following types of derivative contracts: Interest Rate Swaps, which are accounted for using cash flow hedge accounting, IRS held for trading and a currency contract (US dollar). The fair value of Interest Rate Swaps was determined by discounting estimated future cash flows, based on the rates curve.

The following table shows the notional value of the financial derivatives in existence at 30 June 2010:

(euro thousand)	30.06.2010	31.12.2009
Interest rate risk management	51,500	62,333

As previously indicated, at 30 June 2010, the Group has an outstanding Interest Rate Swap that was entered into to mitigate its interest rate risk on a loan with a nominal value of €50 million. The notional value of the IRS is €30 million, meaning that the company has decided to hedge only a portion of the debt. The fair value at 30 June 2010 was negative at €351 thousand.

The derivative was accounted for using hedge accounting (cash flow hedge) and is 100% effective. The negative change in fair value, amounting to €296 thousand, was recognised in equity (net of €81 thousand tax effect). The fair value was determined by discounting estimated future cash flows. The contract commenced on 25 November 2005 and will terminate on 26 October 2010.

There was also an outstanding held-for-trading IRS at 30 June 2010. The contract was entered into by Sabelt S.p.A. and had a fair value negative at €152 thousand at that date. As the instrument does not qualify for hedge accounting, changes in fair value are recognised in the income statement.
At 30 June 2010, the company also had an IRS (classified as a held-for-trading financial instrument) with a notional value of €20 million that was entered into to hedge interest rate risk. The instrument matures in 2010. The fair value at 30 June 2010 was negative at €224 thousand.

Net Financial Position

The following table shows the reconciliation of the net financial position at 30 June 2010 (€268,782 thousand), and at 31 December 2009, amounting to €254,990 thousand based on the layout prescribed by CONSOB Communication No. 6064293 of 28 July 2006.

(euro thousand)		30.06.2010	31.12.2009
A	Cash	99	531
B	Other cash equivalents:	70,819	64,122
	– Bank and postal accounts	70,819	64,120
	– Cheques	0	2
C	Derivatives and securities held for trading	274	0
D	**LIQUIDITY (A+B+C)**	**71,192**	**64,653**
E	Current financial receivables	0	0
F	Current payables to banks	55,633	99,029
G	Current portion of non-current debt	47,050	37,034
H	Other current financial debts and derivatives	60,057	60,987
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**162,740**	**197,050**
J	**NET CURRENT FINANCIAL DEBT (I-E-D)**	**91,548**	**132,397**
K	Non-current payables to banks	150,423	95,970
L	Bonds issued	0	0
M	Other non-current financial debts	26,811	26,623
N	**NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)**	**177,234**	**122,593**
O	**NET FINANCIAL DEBT (J+N)**	**268,782**	**254,990**

Net financial debt increased to €13,792 thousand during the period under review, mainly due to the following:

– the upturn in the market allowed the company to achieve a gross operating income of €67,917 thousand, though it also caused a €28,303 thousand decrease in working capital;
– investment activities resumed, although to a limited extent, totalling €34,281 thousand (net of divestments and including the investment in the Chinese foundry), €10,000 thousand of which (at the exchange rate at 30 June 2010) was related to the acquisition of the Chinese foundry from DAI Co. Ltd., as commented upon above;
– the Parent Company paid €14,703 thousand in dividends in May;
– the tax position absorbed €5,498 thousand.

Two medium-/long-term loans in the total amount of €80 million were obtained during the reporting period. Other, smaller loans were obtained for a combined amount of about €4 million.

14. Other Non-current Liabilities

This item is broken down as follows:

(euro thousand)	30.06.2010	31.12.2009
Other payables	1,108	477

Last year, this item included a substitute tax payable under Article 1, paragraph 48 of Italy's Law 244 of 24 December 2007 ("2008 Finance Law") to eliminate off-balance-sheet overpayments relating to Research and Development; this period, the amount (€413 thousand) was reclassified under current liabilities.
At 30 June 2010, the item included liabilities arising from the three-year incentive plan for 2010-2012.

15. Provisions

This item is broken down as follows:

(euro thousand)	Balance at 31.12.2009	Provisions	Use	Exchange rate fluctuation	Other	30.06.2010
Other provisions for contingencies and charges	5,071	2,023	(1,256)	40	6	5,884
Provision for restructuring	15	150	0	0	0	165
Provision for taxation	1,000	18	0	0	0	1,018
Total	**6,086**	**2,191**	**(1,256)**	**40**	**6**	**7,067**

16. Provisions for Employee Benefits

Group companies provide post-employment benefits through defined-contribution plans or defined-benefit plans.

In the case of defined-contribution plans, Group companies pay contributions to public or private insurance institutes based on legal or contractual obligations or on a voluntary basis. Once such contributions have been paid, the companies have no further payment obligations.

The employees of the United Kingdom subsidiary AP Racing Ltd have the benefit of a corporate pension plan (AP Racing Pension Scheme), which is made up of two sections: the first is a defined contribution for employees hired after 1 April 2001 and the second is a defined benefit, for those already in service at 1 April 2001 (and previously covered by the AP Group Pension Fund). The defined-benefit plan is funded by employer and employee contributions made to a trustee that is legally separate from the enterprise providing benefits to its employees.

Brembo Mexico Apodaca S.A. de C.V. and Brembo Brake India Pvt. Ltd. also offer pension plans to their employees that qualify as a defined-benefit plans.

Unfunded defined-benefit plans include also the "Employees' leaving entitlement" provided by the Group's Italian companies, in accordance with current applicable regulations.

These funds are calculated on an actuarial basis using the "Projected Unit Credit Method".

"Other employee provisions" refers to other employee benefits.

The balances at 30 June 2010 are shown below:

(euro thousand)	Balance at 31.12.2009	Provisions	Use	Interest expense	Curtailment	Reclassification	Exchange rate fluctuation	Balance at 30.06.2010
Employees' leaving indemnity	18,894	212	(1,071)	457	0	0	0	18,492
Other employee provisions	3,012	584	(509)	57	(1,132)	53	306	2,371
Total	**21,906**	**796**	**(1,580)**	**514**	**(1,132)**	**53**	**306**	**20,863**

The curtailment effect is the result of a change in how the UK pension plan operates starting in May 2010. In accordance with new agreements, payment guidelines take into account only increases due to inflation (previously, increases were 0.75%).

17. Trade Payables

At 30 June 2010, trade payables were as follows:

(euro thousand)	30.06.2010	31.12.2009
Trade payables	199,717	154,115
Payables to associate companies	8,096	5,246
Total	**207,813**	**159,361**

The increase in trade payables reflects the recovery of sales and production activities.

18. Tax Payables

This item reflects the net amount due for the current taxes of the Group's companies.

(euro thousand)	30.06.2010	31.12.2009
Tax payables	5,941	1,263

19. Other Current Payables

Other current payables at 30 June 2010 are shown below:

(euro thousand)	30.06.2010	31.12.2009
Tax payables other than current taxes	3,815	6,188
Social security charges	8,933	9,046
Amounts due to employees	23,157	18,524
Other payables	16,995	9,430
Total	**52,900**	**43,188**

"Other payables" includes a €1,755 thousand easy-terms loan that was obtained by Brembo's Spanish subsidiary and suspended because the related investments had not yet begun.

Income Statement

20. Sales of Goods and Services

Breakdown of sales of goods and services was as follows:

(euro thousand)	30.06.2010	30.06.2009
Italy	95,833	92,387
Abroad	435,754	311,806
Total	**531,587**	**404,193**

The breakdown of Group sales by geographical area of destination and by application is provided in the Interim Report on Operations. A breakdown by segment of operation is provided in **Note 32** "Segment Report".

21. Other Revenues and Income

These are made up of:

(euro thousand)	30.06.2010	30.06.2009
Miscellaneous recharges	1,713	1,523
Gains on disposal of assets	109	666
Miscellaneous grants	247	1,352
Gain from the disposal of 50% of BSCCB S.p.A.	0	3,874
Other revenue	3,413	7,462
Total	**5,482**	**14,877**

The change in "Other revenues" is mainly due to the fact that the figure for the first half of 2009 included €4,000 thousand in compensation received from a supplier.

22. Costs for Capitalised Internal Works

This item refers to the capitalisation of development costs incurred during the period, amounting to €5,833 thousand.

23. Cost of Raw Materials, Consumables, Goods and Changes in Inventories

The item is broken down as follows:

(euro thousand)	30.06.2010	30.06.2009
Change in inventories and inventory write-downs	(17,565)	25,679
Purchase of raw materials	279,524	168,890
Purchase of consumables	8,356	5,908
Allowances	(360)	(318)
Total	**269,955**	**200,159**

24. Other Operating Costs

These costs are broken down as follows:

(euro thousand)	30.06.2010	30.06.2009
Transports	12,917	8,918
Maintenance, repairs and utilities	28,248	18,717
Contracted work	22,204	20,239
Rent	7,346	6,501
Other operating costs	26,751	27,998
Total	**97,466**	**82,373**

25. Personnel Expenses

Breakdown of personnel expenses is as follows:

(euro thousand)	30.06.2010	30.06.2009
Wages and salaries	77,159	67,832
Social security contributions	20,356	18,800
Employees' leaving entitlement and other personnel provisions	2,744	3,266
Other costs	7,305	4,316
Total	**107,564**	**94,214**

The average number and the period-end (30 June 2010) number of Group employees by category compared to the first half of the previous year were as follows:

	Executives	White-collars	Blue-collars	Total
Average first half 2010	183	1,795	3,611	5,589
Average first half 2009	206	1,760	3,509	5,475
Changes	**(23)**	**35**	**102**	**114**
Total at 30.06.2010	176	1,751	3,676	5,603
Total at 30.06.2009	189	1,729	3,457	5,375
Changes	**(13)**	**22**	**219**	**228**

26. Depreciation, Amortisation and Impairment Losses

The item is broken down as follows:

(euro thousand)	30.06.2010	30.06.2009
Amortisation of intangible assets:		
Development costs	4,005	3,262
Industrial patents and similar rights for original work	638	647
Licences, trademarks and similar rights	275	165
Other intangible assets	2,875	2,371
Total	**7,793**	**6,445**
Depreciation of property, plant and equipment:		
Buildings	1,639	1,574
Leased buildings	503	446
Plant and machinery	18,408	18,632
Leased plant and machinery	861	783
Industrial and commercial equipment	4,646	5,328
Other property, plant and equipment	1,033	1,108
Other leased property, plant and equipment	17	16
Total	**27,107**	**27,887**
Impairment losses:		
Property, plant and equipment	529	0
Intangible assets	645	3,796
Total	**1,174**	**3,796**
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	**36,074**	**38,128**

Comments on impairment losses are provided in the notes to the Balance Sheet items.

27. Net Interest Income (Expense)

This item comprises:

(euro thousand)	30.06.2010	30.06.2009
Exchange rate gains	9,430	15,869
Interest income from employee's leaving entitlement and other personnel provisions	579	401
Interest income	472	2,795
Other	0	19
Total interest income	**10,481**	**19,084**
Exchange rate losses	(9,420)	(16,540)
Interest expense from employees' leaving entitlement and other personnel provisions	(1,093)	(995)
Interest expense	(4,075)	(8,412)
Total interest expense	**(14,588)**	**(25,947)**
TOTAL NET INTEREST INCOME (EXPENSE)	**(4,107)**	**(6,863)**

Favourable market interest rates and a lower average level of debt allowed Brembo to significantly reduce this amount from the same period of 2009.

28. Interest Income (Expense) from Investments

This item comprises:

(euro thousand)	30.06.2010	30.06.2009
Write-ups of shareholdings valued using the equity method	30	0
Write-downs of shareholdings valued using the equity method	(1,154)	(18)
Other income	0	6
Total	**(1,124)**	**(12)**

29. Taxes

This item is broken down as follows:

(euro thousand)	30.06.2010	30.06.2009
Current taxes	8,579	5,489
Deferred taxes	(477)	(2,211)
Estimated tax payables	18	1,000
Total	**8,120**	**4,278**

30. Earnings per Share

Basic earnings per share were €0.29 at 30 June 2010 (June 2009: €-0.01), and were calculated by dividing the net income or losses for the period attributable to holders of ordinary equity instruments of the Parent Company and by the weighted average number of ordinary shares outstanding during the first six months of 2010, amounting to 65,344,450 (First half 2009: 65,344,450).
Diluted earnings per share are identical to base earnings per share inasmuch as no diluting transactions were undertaken.

31. Related Parties

The Group carries out transactions with parent companies, subsidiaries, associate companies, joint ventures (for a list, see Attachments 1 and 2), directors, key management personnel and other related parties. The Parent Company Brembo S.p.A. is a subsidiary of Nuova FourB S.p.A., which holds 56.52% of its share capital.

The table in annex 5 below summarises the impact of transactions with related parties on the condensed consolidated six monthly financial statements.

The table below provides information on the fees paid to Directors, Auditors and General Manager of Brembo S.p.A. and additional information required:

(euro thousand)	Compensation for the office held	Non-monetary benefits	Bonuses and other incentives	Other compensation
Chairman and Members of the Board of Directors	687	0	61	191
Board of Statutory Auditors	53			

Sales of products, supplies of services and transfers of fixed assets between related parties were carried out at prices reflecting fair market conditions.
The trading volumes reflect the internationalisation process aimed at constantly improving both operating and organisational standards and optimising synergies within the company.
From a financial standpoint, the company's subsidiaries operate independently, although some benefit from various forms of centralised financing.
In 2008, a zero-balance cash-pooling system was brought into effect with Brembo S.p.A. as the pool leader. Seven companies are currently participating, but Brembo plans to extend the system to all Group companies to the extent allowed by the tax and other laws of the individual countries.
In 2010, the second tranche of the loan granted on 20 October 2009 by Brembo S.p.A. to Brembo Czech S.r.o. was disbursed for a total amount of CZK 1,300 thousand at 30 June 2010 (31 December 2009: CZK 800 thousand).
In the first half of 2010, a €50 million loan was obtained at arm's length conditions from a related-party bank through a non-executive director.

32. Segment Report

The Group identified the following reportable operating segments based on the qualitative and quantitative criteria specified in the related standard:

- Discs – systems and motorbikes;
- After Market and Performance Group.

Transfer prices applied to transactions between segments for the exchange of goods and services are settled according to usual market conditions.

In light of the requirements of IFRS 8 in terms of revenues earned from major customers, where a single customer is defined as all companies that belong to a given Group, Brembo had two customers in the first half of 2010 who accounted for over 10% of consolidated net revenues. None of the single carmakers comprising such groups exceeded this limit.

The following table shows segment information on sales of goods and services and results at 30 June 2010 and 30 June 2009:

	Total		Discs/ Systems/Motorbikes		After Market/ Performance Group		Interdivision		Non-segment data	
(euro thousand)	30.06.2010	30.06.2009	30.06.2010	30.06.2009	30.06.2010	30.06.2009	30.06.2010	30.06.2009	30.06.2010	30.06.2009
Net sales	529,769	404,470	421,532	301,861	110,864	106,360	(2,833)	(4,035)	206	284
Change in inventories of finished products and WIP	(26,065)	(17,548)	(25,877)	(10,208)	(815)	(7,843)	0	0	627	503
Production value	**503,704**	**386,922**	**395,655**	**291,653**	**110,049**	**98,517**	**(2,833)**	**(4,035)**	**833**	**787**
Raw materials and consumables	(234,283)	(178,354)	(189,974)	(142,053)	(47,073)	(40,470)	2,833	4,035	(69)	134
Contracted work	(20,895)	(19,103)	(10,693)	(9,851)	(10,202)	(9,252)	0	0	0	0
Total production external costs	**(255,178)**	**(197,457)**	**(200,667)**	**(151,904)**	**(57,275)**	**(49,722)**	**2,833**	**4,035**	**(69)**	**134**
Added value	**248,526**	**189,465**	**194,988**	**139,749**	**52,774**	**48,795**	**0**	**0**	**764**	**921**
Cost of staff	(64,532)	(51,894)	(54,506)	(43,614)	(9,259)	(8,460)			(767)	180
Variable production costs	(38,225)	(24,712)	(33,121)	(20,463)	(4,856)	(3,965)			(248)	(284)
Depreciation, amortisation and impairment losses	(28,102)	(28,746)	(24,384)	(23,906)	(3,690)	(5,239)			(28)	399
Other costs	(15,765)	(14,503)	(12,765)	(10,693)	(3,234)	(3,670)			234	(140)
Production costs	**(146,624)**	**(119,855)**	**(124,776)**	**(98,676)**	**(21,039)**	**(21,334)**			**(809)**	**155**
Distribution costs	(5,835)	(3,872)	(4,028)	(2,303)	(1,807)	(1,569)			0	0
Gross operating income	**96,067**	**65,738**	**66,184**	**38,770**	**29,928**	**25,892**			**(45)**	**1,076**
BU personnel costs	(43,454)	(37,839)	(26,447)	(20,780)	(16,271)	(16,101)			(736)	(958)
Central Staff costs	(25,469)	(22,609)	(15,694)	(14,666)	(6,469)	(7,208)			(3,306)	(735)
Operating income (loss)	**27,144**	**5,290**	**24,043**	**3,324**	**7,188**	**2,583**			**(4,087)**	**(617)**
Extraordinary costs and revenues	1,558	3,290							1,558	3,290
Financial costs and revenues	(4,271)	(6,892)							(4,271)	(6,892)
Income and charges from shareholdings	(1,124)	(312)							(1,124)	(312)
Non-operating costs and revenues	3,297	1,545							3,297	1,545
Income before taxes	**26,604**	**2,921**							**(4,627)**	**(2,986)**
Sundry taxes	(8,112)	(4,277)							(8,112)	(4,277)
Minority interests	158	576							158	576
Net income (loss)	**18,650**	**(780)**							**(12,581)**	**(6,687)**

A reconciliation between the condensed consolidated six monthly financial statements and the above information is provided below:

(euro thousand)	30.06.2010	30.06.2009
SALES OF GOODS AND SERVICES	**531,587**	**404,193**
– scrap sales (in the segment report they are subtracted from "External production costs")	(609)	(279)
– write-downs of receivables for the period (in the condensed consolidated six monthly financial statements it is included in "Other operating costs")	(240)	(987)
– miscellaneous billbacks (in the condensed consolidated six monthly financial statements they are included in "Other revenues and income")	1,575	1,898
– capital gains on sale of equipment (in the condensed consolidated six monthly financial statements they are included in "Other revenues and income")	24	605
– effect of intercompany adjustment	(1,222)	(552)
– other	(1,346)	(408)
NET SALES	**529,769**	**404,470**

(euro thousand)	30.06.2010	30.06.2009
NET OPERATING INCOME	**31,843**	**10,096**
– different accounting treatment of development costs	(1,304)	(461)
– grant Re. law 296 (in the segment report it is included in "Sundry taxes")	0	(1,236)
– different accounting treatment of operating costs	(1,131)	(1,608)
– effect of application of IAS 19	(1,614)	(536)
– legal expenses for special projects (in the segment report they are included in "Non-operating costs and revenues")	0	708
– different amortisation criteria	(180)	(10)
– restructuring costs (in the segment report they are included in "Non-operating costs and revenues")	0	3,470
– capital gains/losses on disposal of assets (in the segment report they are included in "Non-operating costs and revenues")	(164)	(34)
– Capital gain on disposal of BSCCB S.p.A. (in the segment report it is included in "Non-operating costs and revenues")	0	(3,874)
– different classification of the provision for receivable write-downs (in the segment report it is included in "Non-operating costs and revenues")	(17)	(70)
– different classification of the provision for inventory write-downs (in the segment report it is included in "Non-operating costs and revenues")	0	(300)
– different classification of the provision for risks (in the segment report it is included in "Non-operating costs and revenues")	(194)	(711)
– effect of adjustments from intercompany transactions	(62)	(114)
– other	(33)	(30)
OPERATING INCOME (LOSS)	**27,144**	**5,290**

The breakdown of Group sales by geographic area of destination and by application is provided in the Interim Director's Report on Operations.

Balance sheet data at 30 June 2010 and 31 December 2009 are provided in the tables below:

	Total		Discs/ Systems/Motorbikes		After Market/ Performance Group		Non-segment data	
(euro thousand)	**30.06.2010**	**31.12.2009**	**30.06.2010**	**31.12.2009**	**30.06.2010**	**31.12.2009**	**30.06.2010**	**31.12.2009**
Property, plant and equipment	314,092	311,823	265,469	257,987	48,382	53,795	241	41
Intangible assets	110,296	103,237	42,729	37,586	18,792	18,338	48,775	47,313
Financial assets	23,913	24,704	0	0	0	0	23,913	24,704
(a) Total fixed assets	**448,301**	**439,764**	**308,198**	**295,573**	**67,174**	**72,133**	**72,929**	**72,058**
Inventories	158,737	142,360	93,115	82,391	67,513	59,700	(1,891)	269
Current assets	263,318	193,086	177,377	128,239	61,065	42,858	24,876	21,989
Current liabilities	(266,225)	(202,958)	(178,714)	(128,076)	(40,740)	(32,996)	(46,771)	(41,886)
Provisions	(4,310)	(6,897)	0	0	0	0	(4,310)	(6,897)
(b) Net working capital	**151,520**	**125,591**	**91,778**	**82,554**	**87,838**	**69,562**	**(28,096)**	**(26,525)**
NET INVESTED CAPITAL (a+b)	**599,821**	**565,355**	**399,976**	**378,127**	**155,012**	**141,695**	**44,833**	**45,533**
(d) Equity	**312,272**	**291,467**	**392,070**	**370,949**	**150,970**	**137,406**	**(230,768)**	**(216,888)**
(e) Provisions for employee benefits	**18,493**	**18,897**					**18,493**	**18,897**
Medium/long-term financial debt	177,094	174,084					177,094	174,084
Short-term financial debt	91,962	80,907					91,962	80,907
(f) Net financial debt	**269,056**	**254,991**					**269,056**	**254,991**
(g) COVERAGE (d+e+f)	**599,821**	**565,355**					**56,781**	**57,000**

Invested capital, shown in the table above, is in line with the figure published in the financial statements at 30 June 2010 amounting to €601,915 thousand (December 2009: €568,361 thousand), considering the different classification of the pension fund amounting to €2,376 thousand (December 2009: €3,006 thousand) and lesser, negligible amounts.

The following should be noted in regard to the non-segment data:

- intangible assets mainly consist of development costs;
- financial assets mainly consist of the value of investments;
- current assets and liabilities: mainly consist of trade receivables and payables;
- provisions for contingencies and charges and other provisions are not allocated.

33. Business Combinations

Brembo Nanjing Foundry Co. Ltd was used as a vehicle in the acquisition of a foundry owned by Donghua Automotive Industrial Co. Ltd. The transaction was finalised on 15 January 2010.
Brembo Nanjing Foundry paid CNY 83,215 thousand (€10 million) to purchase property, plant and equipment, intangible assets and inventory, which are part of an industrial complex that is able to function independently; therefore, the transaction is considered a business combination. The assets acquired include:

- plant, equipment and software for CNY 72,106 thousand (€8,665 thousand);
- inventory for CNY 11,109 thousand (€1,335 thousand).

The process of identifying the fair value of the assets and liabilities acquired is still underway and will be completed within twelve months of the acquisition date. There are no material costs directly associated with the acquisition.
Since the acquisition date, the company has contributed a total of €8,767 thousand to the sales and services revenue and €-2,796 thousand to the net operating result.
The Group's financial risk profile has not changed as a result of the acquisition. Specifically, as regards liquidity risk, which is the risk that the company will be unable to obtain the financial resources needed to guarantee its ability to operate, management feels that Brembo Nanjing Foundry does not change the Group's risk profile because it has sufficient financial resources and lines of credit to allow it and continue to allow it to meet the financial requirements of its investments and working capital management. As for credit and other market risks, the company is still in the start-up phase, therefore its exposure to these risks is not significant enough to materially change the Group's risk profile.

34. Significant Events After 30 June 2010

In view of certain plans to streamline the corporate structure, on 3 August 2010 Brembo S.p.A. and the minority-interest shareholders of Brembo Performance S.p.A entered into a new agreement (consensually terminating that dated 19 February 2008). Under this new agreement, Brembo S.p.A. undertakes to acquire 30% of the shares of Brembo Performance S.p.A. Thereafter, the former minority-interest shareholders of Brembo Performance will acquire 35% of Sabelt S.p.A. The net effect of the transaction will be a cash inflow of approximately €5 million for the Brembo Group.

There are no other significant events to report after 30 June 2010 and up to 4 August 2010.

Stezzano, 4 August 2010

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

ANNEXES TO THE CONDENSED CONSOLIDATED SIX MONTHLY FINANCIAL STATEMENTS AT 30 JUNE 2010

Annex 1

Transactions with Subsidiaries, Associates and Parent Companies (Sales/Purchases)

(euro thousand)

PURCHASING COMPANY	Brembo S.p.A.	Brembo Scandinavia A.B.	Brembo North America Inc.	Brembo Spolka Zo.o.	Brembo Japan Co. Ltd.	Corporacion Upwards 98 S.A.	Brembo México S.A. de C.V.	Brembo International S.A.	Brembo UK Ltd.	Marchesini S.p.A.	Brembo do Brasil Ltda.	AP Racing Ltd.	Brembo Poland Spolka Zo.o.	Brembo Nanjing Brake Systems Co. Ltd.
SELLING COMPANY														
Brembo S.p.A.			4,090	2,379	524	1,563	33		512	1,171	776 [a]	311	8,896 [b]	8
Brembo Scandinavia A.B.	421													
Brembo North America Inc.	1,725				1		36							
Brembo Spolka Zo.o.	7,568										402		585	86
Brembo Japan Co. Ltd.	345													
Corporacion Upwards 98 S.A.	455 [d]												96 [e]	4
Brembo México S.A. de C.V.			962 [f]								53 [g]			
Brembo International S.A.	283													
Brembo UK Ltd.	31													
Marchesini S.p.A.	962 [i]													
Brembo do Brasil Ltda.	46													
AP Racing Ltd.														
Brembo Poland Spolka Zo.o.	5,175					45					25			527
Brembo Nanjing Brake Systems Co. Ltd.														
Brembo Brake India Ltd.	619 [j]													
Brembo China Brake Systems Co. Ltd.														
Brembo Performance S.p.A.	42					102				1				
Brembo Deutschland GmbH	38													
Sabelt S.p.A.														
Brembo Performance North America Inc.	1		52											
Brembo Performance Japan Co. Ltd.	44				12									
Brembo México Apodaca S.A. de C.V.			199				9							
Belt & Buckle S.r.o.														
Brembo Czech S.r.o.														
Brembo Nanjing Foundry Co. Ltd.														
Qingdao Brembo Trading Co. Ltd.	7,418		803			410	166							
TOTAL CONSOLIDATED COMPANIES	**25,173**	**0**	**6,106**	**2,379**	**537**	**2,120**	**244**	**0**	**512**	**1,172**	**1,256**	**311**	**9,577**	**625**
Brembo SGL Carbon Ceramic Brakes S.p.A.	14,422													
Petroceramics S.r.l.	294 [l]													
Brembo SGL Carbon Ceramic Brakes GmbH	10,205													
TOTAL	**50,094**	**0**	**6,106**	**2,379**	**537**	**2,120**	**244**	**0**	**512**	**1,172**	**1,256**	**311**	**9,577**	**625**

[a]: Of which €38 thousand for sales of property, plant and equipment
[b]: Of which €2 thousand for sales of property, plant and equipment
[c]: Of which €124 thousand for sales of property, plant and equipment
[d]: Of which €151 thousand for sales of property, plant and equipment
[e]: Of which €13 thousand for sales of property, plant and equipment
[f]: Of which €546 thousand for sales of property, plant and equipment
[g]: Of which €53 thousand for sales of property, plant and equipment
[h]: Of which €207 thousand for sales of property, plant and equipment
[i]: Of which €53 thousand for sales of property, plant and equipment
[j]: Of which €7 thousand for sales of property, plant and equipment
[k]: Of which €650 thousand for sales of property, plant and equipment
[l]: Of which €9 thousand for sales of property, plant and equipment

Brembo Brake India Ltd.	Brembo China Brake Systems Co. Ltd.	Brembo Performance S.p.A.	Brembo Deutschland GmbH	Sabelt S.p.A.	Brembo Performance North America Inc.	Brembo Performance Japan Co. Ltd.	Brembo México Apodaca S.A. de C.V.	Belt & Buckle S.r.o.	Brembo Czech S.r.o.	Brembo Nanjing Foundry Co. Ltd.	Qingdao Brembo Trading Co. Ltd.	CONSOLIDATED COMPANIES	Brembo SGL Carbon Ceramic Brakes S.p.A.	Petroceramics S.r.l.	Brembo SGL Carbon Ceramic Brakes GmbH	Total
586 [c]	367	2,356	13	174	14	2	194		1	499	118	**24,587**	2,011	65	3	**26,666**
												421				**421**
				23	73		1,010					**2,868**				**2,868**
												8,641				**8,641**
						109						**454**				**454**
												555				**555**
							337 [h]					**1,352**				**1,352**
												283				**283**
												31				**31**
												962	1			**963**
												46				**46**
												0				**0**
												5,772				**5,772**
												0				**0**
												619				**619**
											1,888 [k]	**1,888**				**1,888**
					8	339						**492**				**492**
												38				**38**
		76						1,968				**2,044**				**2,044**
		348										**401**				**401**
		68		8								**132**				**132**
												208				**208**
				2,641								**2,641**				**2,641**
												0				**0**
												0				**0**
												8,797				**8,797**
586	**367**	**2,848**	**13**	**2,846**	**95**	**450**	**1,541**	**1,968**	**1**	**499**	**2,006**	**63,232**	**2,012**	**65**	**3**	**65,312**
		1										**14,423**			92	**14,515**
												294	223			**517**
												10,205				**10,205**
586	**367**	**2,849**	**13**	**2,846**	**95**	**450**	**1,541**	**1,968**	**1**	**499**	**2,006**	**88,154**	**2,235**	**65**	**95**	**90,549**

Annex 2

Transactions with Subsidiaries, Associates and Parent Companies (receivables/payables)

(euro thousand)

PURCHASING COMPANY	Brembo S.p.A.	Brembo Scandinavia A.B.	Brembo North America Inc.	Brembo Spolka Zo.o.	Brembo Japan Co. Ltd.	Corporacion Upwards 98 S.A.	Brembo México S.A. de C.V.	Brembo International S.A.	Brembo UK Ltd.	Marchesini S.p.A.	Brembo do Brasil Ltda.	AP Racing Ltd.	Brembo Poland Spolka Zo.o.	Brembo Nanjing Brake Systems Co. Ltd.	Brembo Brake India Ltd.
SELLING COMPANY															
Brembo S.p.A.			13,931 [a]	2,187	405	3,338	33		528	673 [b]	3,162	268	6,705	8	257
Brembo Scandinavia A.B.	533														
Brembo North America Inc.	897				1		17			1					
Brembo Spolka Zo.o.	3,185										207		361	220	
Brembo Japan Co. Ltd.	208														
Corporacion Upwards 98 S.A.	1,568												1,037	4	
Brembo México S.A. de C.V.			1,144								86				
Brembo International S.A.	65,659 [g]														
Brembo UK Ltd.	31														
Marchesini S.p.A.	82														
Brembo do Brasil Ltda.	46														
AP Racing Ltd.															
Brembo Poland Spolka Zo.o.	1,125					633					164			537	
Brembo Nanjing Brake Systems Co. Ltd.															
Brembo Brake India Ltd.	309														
Brembo China Brake Systems Co. Ltd.	1													1,139	
Brembo Performance S.p.A.	38					310				1					
Brembo Deutschland GmbH	61														
Sabelt S.p.A.															
Brembo Performance North America Inc.	464 [i]		8												
Brembo Performance Japan Co. Ltd.	59				4										
Brembo México Apodaca S.A. de C.V.							5								
Belt & Buckle S.r.o.															
Brembo Czech S.r.o.															
Brembo Nanjing Foundry Co. Ltd.															
Qingdao Brembo Trading Co. Ltd.	3,123		345			255	99								
TOTAL CONSOLIDATED COMPANIES	**77,389**	**0**	**15,428**	**2,187**	**410**	**4,536**	**154**	**0**	**528**	**675**	**3,619**	**268**	**8,103**	**1,908**	**257**
Brembo SGL Carbon Ceramic Brakes S.p.A.	5,005 [j]														
Petroceramics S.r.l.	258														
Brembo SGL Carbon Ceramic Brakes GmbH	2,962														
TOTAL	**85,614**	**0**	**15,428**	**2,187**	**410**	**4,536**	**154**	**0**	**528**	**675**	**3,619**	**268**	**8,103**	**1,908**	**257**

[a]: Of which €10,076 thousand intercompany loan and €302 cash pooling
[b]: Of which €155 thousand cash pooling
[c]: Of which €175 thousand intercompany loan and €3,390 cash pooling
[d]: Of which €52 thousand cash pooling
[e]: Of which €5,355 thousand cash pooling
[f]: Of which €51 thousand intercompany loan
[g]: Of which €50,094 thousand intercompany loan and €15,564 cash pooling
[h]: Of which €1,226 thousand intercompany loan
[i]: Of which €464 thousand cash pooling
[j]: (f) Of which €129 thousand security deposit

Brembo China Brake Systems Co. Ltd.	Brembo Performance S.p.A.	Brembo Deutschland GmbH	Sabelt S.p.A.	Brembo Performance North America Inc.	Brembo Performance Japan Co. Ltd.	Brembo México Apodaca S.A. de C.V.	Belt & Buckle S.r.o.	Brembo Czech S.r.o.	Brembo Nanjing Foundry Co. Ltd.	Qingdao Brembo Trading Co. Ltd.	CONSOLIDATED COMPANIES	Brembo SGL Carbon Ceramic Brakes S.p.A.	Petroceramics S.r.l.	Brembo SGL Carbon Ceramic Brakes GmbH	Total
2,241	5,547 (c)	133 (d)	5,541 (e)		2	194		51 (f)	499	118	**45,821**	1,810	78	6	**47,715**
											533				**533**
			24	40		572					**1,552**				**1,552**
											3,973				**3,973**
					47						**255**				**255**
	55										**2,664**				**2,664**
						458					**1,688**				**1,688**
											65,659				**65,659**
											31				**31**
											82	2			**84**
											46				**46**
											0				**0**
											2,459				**2,459**
											0				**0**
											309				**309**
										3,457 (h)	**4,597**				**4,597**
				14	274						**637**				**637**
											61				**61**
	91						2,722				**2,813**				**2,813**
	373										**845**				**845**
	77		38								**178**				**178**
											5				**5**
			2,594								**2,594**				**2,594**
											0				**0**
											0				**0**
											3,822				**3,822**
2,241	**6,143**	**133**	**8,197**	**54**	**323**	**1,224**	**2,722**	**51**	**499**	**3,575**	**140,624**	**1,812**	**78**	**6**	**142,520**
	1										**5,006**			92	**5,098**
											258	214			**472**
											2,962				**2,962**
2,241	**6,144**	**133**	**8,197**	**54**	**323**	**1,224**	**2,722**	**51**	**499**	**3,575**	**148,850**	**2,026**	**78**	**98**	**151,052**

Annex 3

List of Companies Consolidated on a Line-by-line Basis

COMPANY	HEADQUARTERS	
Brembo S.p.A.	Curno (Bergamo)	Italy
AP Racing Ltd.	Coventry	United Kingdom
Brembo Czech S.r.o.	Mošnov	Czech Republic
Brembo Deutschland GmbH	Leinfelden-Echterdingen	Germany
Brembo International S.A.	Luxembourg	Luxembourg
Brembo Nanjing Foundry Co. Ltd.	Nanjing	China
Marchesini S.p.A.	Curno (BG)	Italy
Brembo Brake India Ltd.	Pune	India
Brembo North America Inc.	Wilmington, Delaware	United States
Brembo Performance S.p.A.	Curno (BG)	Italy
Brembo China Brake Systems Co. Ltd.	Beijing	China
Brembo Nanjing Brake Systems Co. Ltd.	Nanjing	China
Brembo México S.A. de C.V. (*)	Puebla	Mexico
Brembo Japan Co. Ltd.	Tokyo	Japan
Brembo Scandinavia A.B.	Göteborg	Sweden
Brembo Spolka Zo.o.	Czestochowa	Poland
Brembo Poland Spolka Zo.o.	Dabrowa Gornizca	Poland
Brembo UK Ltd.	London	United Kingdom
Qingdao Brembo Trading Co. Ltd.	Qingdao	China
Brembo do Brasil Ltda.	Betim	Brazil
Brembo México S.A. de C.V. (*)	Puebla	Mexico
Corporacion Upwards 98 S.A.	Zaragoza	Spain
Brembo North America Inc.	Wilmington, Delaware	United States
Brembo México Apodaca S.A. de C.V. (*)	Apodaca Nuevo Leòn	Mexico
Brembo México Apodaca S.A. de C.V. (*)	Apodaca Nuevo Leòn	Mexico
Brembo Performance Japan Co. Ltd.	Tokyo	Japan
Brembo Performance North America Inc.	Wilmington, Delaware	United States
Sabelt S.p.A.	Turin	Italy
Belt & Buckle S.r.o.	Zilina	Slovak Republic
Brembo Nanjing Brake System Co. Ltd.	Nanjing	China

(*) On 21 June 2010, the shareholders' meetings of the two Mexican firms Brembo México S.A. de C.V. (formerly Brembo México Puebla, S.A. de C.V.) and Brembo México Apodaca S.A. de C.V. authorised a merger into Brembo México S.A. de C.V. The merger will only enter into force and become enforceable on third parties after the legal formalities have been completed in Mexico by entering the deed into public registers. Brembo México S.A. de C.V. is 51% held by Brembo North America Inc., 48.9999% by Brembo International S.A. and 0.0001% by Brembo S.p.A.

SHARE CAPITAL		STAKE HELD BY GROUP COMPANIES		
		Direct	Indirect	
Eur	34,727,914			
Gbp	221,000	100%		Brembo S.p.A.
Czk	200,000	100%		Brembo S.p.A.
Eur	25,000	100%		Brembo S.p.A.
Eur	49,872,000	100%		Brembo S.p.A.
Cny	99,847,400	100%		Brembo S.p.A.
Eur	500,000	100%		Brembo S.p.A.
Inr	140,000,000	99.99%		Brembo S.p.A.
Usd	33,798,805	94.68%		Brembo S.p.A.
Eur	5,000,000	70%		Brembo S.p.A.
Cny	125,333,700	67.74%		Brembo S.p.A.
Cny	115,768,679	27.75%		Brembo S.p.A.
Mxn	110,849,230	0.01%		Brembo S.p.A.
Jpy	11,000,000		100%	Brembo International S.A.
Sek	4,500,000		100%	Brembo International S.A.
Pln	15,279,546		100%	Brembo International S.A.
Pln	53,600,000		100%	Brembo International S.A.
Gbp	600,000		100%	Brembo International S.A.
Cny	1,365,700		100%	Brembo International S.A.
Brl	17,803,201		99.99%	Brembo International S.A.
Mxn	110,849,230		99.99%	Brembo International S.A.
Eur	498,043		68%	Brembo International S.A.
Usd	33,798,805		5.32%	Brembo International S.A.
Usd	12,000,000		0.01%	Brembo International S.A.
Usd	12,000,000		99.99%	Brembo North America Inc.
Jpy	5,000,000		70%	Brembo Performance S.p.A.
Usd	2,500,200		70%	Brembo Performance S.p.A.
Eur	458,520		70%	Brembo Performance S.p.A.
Eur	265,551		70%	Sabelt S.p.A.
Cny	115,768,679		42.25%	Brembo China Brake Systems Co. Ltd.

Annex 4

List of Companies Valued Using the Equity Method

COMPANY	HEADQUARTERS	
Brembo SGL Carbon Ceramic Brakes S.p.A.	Stezzano (Bergamo)	Italy
Softia S.r.l.	Erbusco (Brescia)	Italy
Innova Tecnologie S.r.l.	Almenno S. Bartolomeo (Bergamo)	Italy
Petroceramics S.r.l.	Milan	Italy
Brembo SGL Carbon Ceramic Brakes GmbH	Meitingen	Germany

	SHARE CAPITAL		STAKE HELD BY GROUP COMPANIES		
			Direct	Indirect	
	Eur	4,000,000	50%		Brembo S.p.A.
	Eur	100,000	40%		Brembo S.p.A.
	Eur	100,000	30%		Brembo S.p.A.
	Eur	123,750	20%		Brembo S.p.A.
	Eur	25,000		50%	Brembo SGL Carbon Ceramic Brakes S.p.A.

Annex 5

Impact of Transactions with Related Parties

(euro thousand)

a) Impact of transactions with related parties on Balance Sheet items	30.06.2010					
		Related parties				
	Book value	Total	Other related parties	Joint ventures	Unconsolidated investee companies	%
Trade receivables	225,545	3,620	1,726	1,816	78	1.6%
Cash and cash equivalents	70,918	2,758	2,758	0	0	3.9%
Non-current payables to banks	(150,423)	(40,000)	(40,000)	0	0	26.6%
Other non-current liabilities	(1,108)	(179)	(179)	0	0	16.2%
Provisions for employee benefits	(20,863)	(41)	(41)	0	0	0.2%
Current payables to banks	(102,683)	(9,845)	(9,845)	0	0	9.6%
Other current financial payables and derivatives	(60,057)	(1,000)	(1,000)	0	0	1.7%
Trade payables	(207,813)	(8,544)	(448)	(7,838)	(258)	4.1%
Other current liabilities	(52,900)	(763)	(634)	(129)	0	1.4%

(euro thousand)

b) Impact of transactions with related parties on Income Statement items	30.06.2010					
		Related parties				
	Book value	Total	Other related parties	Joint ventures	Unconsolidated investee companies	%
Sales of goods and services	531,587	2,287	2,071	216	0	0.4%
Other revenues and income	5,482	1,870	8	1,797	65	34.1%
Raw materials, consumables and goods	(269,955)	(24,643)	(34)	(24,581)	(28)	9.1%
Other operating costs	(97,466)	(1,490)	(1,188)	(45)	(257)	1.5%
Personnel expenses	(107,564)	(299)	(299)	0	0	0.3%
Net interest income (expense)	(4,107)	(119)	(117)	(2)	0	2.9%

31.12.2009						Change					
	Related parties						Related parties				
Book value	Total	Other related parties	Joint ventures	Unconsolidated investee companies	%	Book value	Total	Other related parties	Joint ventures	Unconsolidated investee companies	%
161,663	3,639	700	0	2,939	2.3%	63,882	(19)	1,026	1,816	(2,861)	0.0%
64,653	0	0	0	0	0.0%	6,265	2,758	2,758	0	0	44.0%
(95,970)	0	0	0	0	0.0%	(54,453)	(40,000)	(40,000)	0	0	73.5%
(477)	0	0	0	0	0.0%	(631)	(179)	(179)	0	0	28.4%
(21,906)	(40)	(40)	0	0	0.2%	1,043	(1)	(1)	0	0	-0.1%
(136,063)	0	0	0	0	0.0%	33,380	(9,845)	(9,845)	0	0	-29.5%
(60,987)	(1,000)	(1,000)	0	0	1.6%	930	0	0	0	0	0.0%
(159,361)	(5,657)	(411)	(175)	(5,071)	3.5%	(48,452)	(2,887)	(37)	(7,663)	4,813	6.0%
(43,188)	(2,546)	(2,415)	0	(131)	5.9%	(9,712)	1,783	1,781	(129)	131	-18.4%

30.06.2009						Change					
	Related parties						Related parties				
Book value	Total	Other related parties	Joint ventures	Unconsolidated investee companies	%	Book value	Total	Other related parties	Joint ventures	Unconsolidated investee companies	%
404,193	1,722	1,687	0	35	0.4%	127,394	565	384	216	(35)	0.4%
14,877	344	9	33	302	2.3%	(9,395)	1,526	(1)	1,764	(237)	-16.2%
(200,159)	(2,849)	(2)	(26)	(2,821)	1.4%	(69,796)	(21,794)	(32)	(24,555)	2,793	31.2%
(82,373)	(1,246)	(1,022)	(192)	(32)	1.5%	(15,093)	244	(166)	147	(225)	-1.6%
(94,214)	(1,181)	(1,181)	0	0	1.3%	(13,350)	882	882	0	0	-6.6%
(6,863)	(19)	(17)	0	(2)	0.3%	2,756	(100)	(100)	(2)	2	-3.6%

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

To the Shareholders of
Brembo SpA

1 We have reviewed the consolidated condensed interim financial statements of Brembo SpA and subsidiaries (Brembo Group) as at 30 June 2010, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and related illustrative notes. Brembo SpA's Directors are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard (IAS 34), applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution n° 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express a professional audit opinion on the consolidated condensed interim financial statements.

Regarding the amounts of the consolidated financial statements of the prior year presented for comparative purposes, reference should be made to our report dated 9 April 2010.

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PRICEWATERHOUSECOOPERS

As discussed in the illustrative notes, the Directors have retrospectively adjusted the comparative data related to the consolidated condensed interim financial statements of the prior year, on which we issued our report on 28 August 2009. The methods used for the retrospective adjustment of the corresponding data of the first half of 2009 and the information presented in the illustrative notes, with regards to changes made to such data, have been examined by us for the purpose of the present report on the Brembo Group consolidated condensed interim financial statements as at 30 June 2010.

3 Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Brembo Group as at 30 June 2010 have not been prepared, in all material respects, in accordance with the international accounting standard (IAS 34), applicable to interim financial reporting, as adopted by the European Union.

Milan, 4 August 2010

PricewaterhouseCoopers SpA

Signed by
Giorgio Greco
(Partner)

This report has been translated into the English language from the original which was issued in Italian, solely for the convenience of international readers.

We have not examined the translation of the consolidated condensed interim financial statements referred to in this report.

(2)

brembo.

Attestation of the Half-year condensed financial statements according to art. 81-ter of Consob Resolution No. 11971 of 14 May 1999 with amendments and additions

1. We undersigned, Alberto Bombassei, in his capacity as the Chairman of the Board of Directors, and Matteo Tiraboschi, as the executive officer in charge for the preparation of the Company's financial Statements of Brembo S.p.A., certify, pursuant to the provisions of art. 154-bis, clauses 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:

- the adequacy with respect to the company structure and
- the effective application,

of the administrative and accounting procedures applied in the preparation of the half year condensed financial statements for the period from 1 January to 30 June 2010.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the condensed financial statements as of and for period ended 30 June 2010 was based on a process defined by Brembo S.p.A. in accordance with the Internal Control – Integrated Framework model issued by Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework. Regarding this point there are no issues.

3. We also certify that:

3.1 The condensed financial statements:

a) has been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of European Parliament and of the Council, dated 19 July 2002;

b) agrees with the accounting records and entries;

c) is suitable for providing a true and fair view of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

3.2 The related interim management report includes a reliable analysis of the significant events affecting the Company during the first six months of the current fiscal year and the impact of such events on the Company's condensed financial statements as well as a description of the main risks and uncertainties for the remaining six months of the year. Furthermore the related interim management report contains a reliable analysis of the significant related party transactions.

4 August 2010

Alberto Bombassei
The Chairman
.....

Matteo Tiraboschi
Executive officer in charge for the preparation of the Company's financial Statements
.....

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