

Brembo International S.A.

**Audited annual accounts
for the year ended December 31, 2010**

35, boulevard Prince Henri
L-1724 Luxembourg
R.C.S. Luxembourg : B 71 768

Brembo International S.A.

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Report of the "Commissaire"

To the Shareholder of
Brembo International S.A.

We have audited the accompanying annual accounts of Brembo International S.A., which comprise the balance sheet as at 31 December 2010, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Commissaire"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Commissaire", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Commissaire" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Brembo International S.A. as of 31 December 2010, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

PricewaterhouseCoopers S.à r.l.
Represented by

Luxembourg, 18 March 2011

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Pascal Rakovsky

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BREMBO INTERNATIONAL S.A.

Balance Sheet
as at December 31, 2010
(expressed in Euro)

| | Note(s) | 2010 EUR | 2009 EUR |
|---|---------|-----------------------|-----------------------|
| ASSETS | | | |
| Fixed assets | | | |
| - tangible assets | 3 | 2 173.59 | 3 317.56 |
| - financial assets | 4 | 125 436 999.65 | 95 436 999.65 |
| Current assets | | | |
| Debtors | 5 | | |
| - amount due by affiliated undertakings (becoming due and payable within one year) | | 13 187 116.40 | 8 374 324.02 |
| - other debtors (becoming due and payable within one year) | | 482.00 | 60 799.65 |
| Cash at banks | | 324 809.58 | 43 136.19 |
| Prepayments and accrued income | | 764 380.64 | 166.50 |
| Total assets | | 139 715 961.86 | 103 918 743.57 |
| LIABILITIES | | | |
| Capital and reserves | 6 | | |
| - subscribed capital | | 49 872 000.00 | 49 872 000.00 |
| - legal reserve | | 1 821 449.57 | 942 230.83 |
| - profit brought forward | | 1 905 156.05 | - |
| - interim dividend | | (25 000 000.00) | (14 800 000.00) |
| - profit for the financial year | | 27 219 231.28 | 17 584 374.79 |
| Total Capital and reserves | | 55 817 836.90 | 53 598 605.62 |
| Provisions for liabilities and charges | 8 | 195 683.00 | 153 758.00 |
| Creditors | 9 | | |
| - Amounts due to credit institutions | | | |
| - becoming due and payable within 1 year | | 10 000 000.00 | 50 092 400.00 |
| - becoming due and payable after more than 1 year | | 70 000 000.00 | - |
| - Amount due to affiliated undertakings (becoming due and payable within 1 year) | | 3 683 413.41 | - |
| - Other creditors (becoming due and payable within 1 year) | | 19 028.55 | 73 939.95 |
| Accruals and deferred income | | - | 40.00 |
| Total liabilities | | 139 715 961.86 | 103 918 743.57 |

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BREMBO INTERNATIONAL S.A.

Profit & Loss Account
as at December 31, 2010
(expressed in Euro)

| | Note(s) | 2010 EUR | 2009 EUR |
|--|---------|----------------------|----------------------|
| <u>CHARGES</u> | | | |
| Staff costs | | | |
| - wages and salaries | | 11 649.45 | 11 606.97 |
| - social security costs accruing to wages and salaries | | 1 250.28 | 1 400.56 |
| - other social security costs | | 905.61 | 896.67 |
| Other operating charges | | | |
| - rental offices | | 32 012.96 | 31 625.00 |
| - commissions paid | | 47 371.69 | 24 186.84 |
| - others | | 28 276.57 | 236 142.87 |
| - withholding taxes | | - | 4 074.89 |
| Value adjustments in respect of formation expenses and of tangible and intangible fixed assets | 3 | 1 143.97 | 777.13 |
| Interest payable and similar charges | | | |
| - Other interest payable and charges | | 1 057 708.40 | 977 191.38 |
| Extraordinary charges | | 68.00 | 3 277.50 |
| Other taxes not shown under the above items | | 41 925.00 | 113 490.00 |
| Profit for the financial year | | 27 219 231.28 | 17 584 374.79 |
| Total charges | | 28 441 543.21 | 18 989 044.60 |
| <u>INCOME</u> | | | |
| Income from participating interest | | | |
| - derived from affiliated undertakings | 10 | 27 577 163.25 | 16 291 505.33 |
| Interest receivable and similar income | | | |
| - derived from affiliated undertakings | 5 | 863 130.29 | 1 308 736.80 |
| - other interest receivable and similar income | 5 | 743.67 | 46 328.36 |
| Extraordinary income | 11 | 506.00 | 1 342 474.11 |
| Total income | | 28 441 543.21 | 18 989 044.60 |

BREMBO INTERNATIONAL S.A.

Note to annual accounts
as at December 31, 2010

1) General

BREMBO INTERNATIONAL S.A. ("the Company") is a Luxembourg public limited liability company (société anonyme) incorporated on September 10, 1999.

The Company is established for an unlimited period. The trade registration number is B 71.768.

The purpose of the Company is the acquisition, the management, the enhancement and the disposal of participations in whatever form in domestic and foreign companies. The Company may also contract loans and grant all kinds of support, loans, advances and guarantees to companies, in which it has a direct or indirect participation.

In general, the Company may carry out all commercial, industrial and financial operations (including the establishment of branches), whether in the area of securities or of real estate, likely to enhance or to supplement the above-mentioned purposes.

The Company's financial year runs from January 1 of each year to December 31 of the same year.

The registered office of the Company is established in Luxembourg at 35, boulevard Prince Henri.

The annual accounts of the Company are included in the consolidated financial statements of Brembo S.p.A., CURNO (BG), Via Brembo 25, Italy.

2) Summary of significant accounting policies

2.1 General principles

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the Law, determined and applied by the Board of Directors.

Certain comparative figures for the year ended December 31, 2009 have been reclassified to make them comparable to the figures relating to the year ended December 31, 2010.

In accordance with article 4 of the law dated December 10, 2010, the Board of Directors of the Company has resolved for the year ended December 31, 2010, not to implement the changes brought by this law to the content and the layout of the annual accounts, as well as to the related accounting principles and valuation policies.

The accompanying notes form an integral part of the annual accounts

BREMBO INTERNATIONAL S.A.

Note to annual accounts
as at December 31, 2010

2.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

2.2.1 Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto or at production cost, less cumulated amounts written off and value adjustments. Tangible assets are amortized over their estimated useful economic lives. Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded in order to reflect this loss. These value adjustments are not continued if the reason for which the value adjustments were made have ceased to apply.

2.2.2 Financial assets

Shares in affiliated undertaking held as fixed assets are valued at purchase price including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.3 Current debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reason for which the value adjustments were made have ceased to apply.

2.2.4 Foreign currencies

The Company maintains its books of accounts in euro (EUR). Assets and liabilities denominated in other currencies are translated into EUR at the rates prevailing at the balance sheet date with exception of financial assets, which are stated at historic cost. Income and expense transactions are recorded at the rates prevailing on the dates of transactions. Realised gains and losses as well as unrealised losses are reflected in the profit and loss account.

2.2.5 Provisions for liabilities and charges

Provisions for liabilities and charges are intended to cover losses or debts the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

The accompanying notes form an integral part of the annual accounts

BREMBO INTERNATIONAL S.A.

Note to annual accounts
as at December 31, 2010

2.2.6. Prepayment and accrued income

This asset item includes expenditure incurring during the financial year but relating to a subsequent financial year and arrangement fees in relation with borrowings from credit institutions will be amortized over a period in line with the duration of the related loan payable.

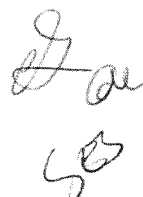
2.2.7 Creditors

Creditors are valued at their nominal value.

3) Tangible assets

| | 2010 | 2009 |
|------------------------------------|-------------------|-----------------|
| | EUR | EUR |
| Gross book value – opening balance | 3 431.96 | 0.00 |
| Additions for the year | - | 3 431.96 |
| Gross book value – closing balance | <u>3 431.96</u> | <u>3 431.96</u> |
| Amortisation - opening balance | (114.40) | 0.00 |
| Amortisation for the year | (1 143.97) | (114.40) |
| Amortisation - closing balance | <u>(1 258.37)</u> | <u>(114.40)</u> |
| Net book value - closing balance | <u>2 173.59</u> | <u>3 317.56</u> |

The accompanying notes form an integral part of the annual accounts



BREMBO INTERNATIONAL S.A.

Note to annual accounts
as at December 31, 2010

4) Financial assets

The movements of the year are as follows (in EUR):

| FINANCIAL FIXED ASSETS | | | | | | |
|----------------------------------|----------------------|---------------------|---------------------------------------|--------------------|----------|----------------------|
| Undertaking's Name | OPENING BALANCE | | | CLOSING BALANCE | | |
| | Historic cost | Write-down | Net Accounting value as at 31.12.2009 | Increase/Transfers | Decrease | Write-down |
| Brembo North America | 2 253 904.80 | (901 296.00) | 1 352 608.80 | | | 1 352 608.80 |
| Brembo UK | 877 323.51 | | 877 323.51 | | | 877 323.51 |
| Brembo Poland Sp Zoo | 13 431 583.17 | | 13 431 583.17 | | | 13 431 583.17 |
| Brembo Mexico S.A. de CV | 12 578 961.25 | | 12 578 961.25 | 85.13 | | 12 579 046.38 |
| Brembo do Brasil | 7 217 186.07 | | 7 217 186.07 | | | 7 217 186.07 |
| Brembo Scandinavia | 557 400.00 | | 557 400.00 | | | 557 400.00 |
| Brembo Spolka SP Z.o.o. | 4 471 000.00 | | 4 471 000.00 | | | 4 471 000.00 |
| Cooperacio Upwards 98 Spain | 4 647 800.00 | | 4 647 800.00 | | | 4 647 800.00 |
| Brembo Japan | 78 953.41 | | 78 953.41 | | | 78 953.41 |
| Fuji Manufacturing Ltd Japan | 86 100.00 | | 86 100.00 | | | 86 100.00 |
| International Sport Automobile | 3 000.00 | | 3 000.00 | | | 3 000.00 |
| Brembo Mexico Apodaca S.A. de CV | 85.13 | | 85.13 | | (85.13) | 0.00 |
| Qingdao Brembo Trading Co. Ltd | 134 998.31 | | 134 998.31 | | | 134 998.31 |
| Total | 46 338 291.65 | (901 296.00) | 45 436 995.65 | | | 45 436 999.65 |

The accompanying notes form an integral part of the annual accounts

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Note to annual accounts
as at December 31, 2010

Undertakings in which the Company holds at least 20% in the share capital or in which it is a general partner are as follows:

| Undertaking's Name | Registered Office | Ownership | Net Equity as of 31.12.2010 in EUR * | Profit or loss of the company in EUR * |
|--------------------------------|--------------------------|-----------|--------------------------------------|--|
| Brembo UK | London, United Kingdom | 100% | 358 433.29 | (88 674.00) |
| Brembo Poland Sp Zoo | Dabrowa Górnicza, Poland | 100% | 104 282 646.00 | 26 234 229.45 |
| Brembo Mexico S.A. de CV | Puebla, Mexico | 48.99% | 11 732 634.30 | (279 386.33) |
| Brembo do Brasil Ltda | Sao Joaquim, Brasil | 99.99% | 28 340 137.48 | 4 813 086.84 |
| Brembo Scandinavia AB | Goteborg, Sweden | 100% | 908 752.62 | 306 442.02 |
| Brembo SP. Z.o.o. | Czestochowa, Poland | 100% | 23 755 275.13 | 9 388 633.47 |
| Corporacion Upwards 98 S.A. | Zaragoza, Spain | 68% | 9 990 296.16 | (483 354.00) |
| Brembo Japan Co. Ltd | Tokyo, Japan | 100% | 1 645 646.90 | 171 925.40 |
| Qingdao Brembo Trading Co. Ltd | Qingdao, China | 100 % | 1 223 067.92 | 1 070 451.61 |

* based on the group reporting packages as of 31.12.2010.

| | OPENING BALANCE | | | CLOSING BALANCE | | | |
|--------------------------|---------------------|------------------|------------------------|---------------------------|---------------------|------------------|------------------------|
| | Historic cost (EUR) | Write-down (EUR) | As of 31.12.2009 (EUR) | Increase (Decrease) (EUR) | Historic cost (EUR) | Write-down (EUR) | As of 31.12.2010 (EUR) |
| Loans receivables | | | | | | | |
| Due from parent company | 50 000 000 | - | 50 000 000 | 30 000 000 | 80 000 000 | - | 80 000 000 |
| Total | 50 000 000 | - | 50 000 000 | 30 000 000- | 80 000 000 | - | 80 000 000 |

On October 26th, 2005 the Company granted a remunerated loan for an amount of EUR 50 000 000.00 to its shareholder Brembo Spa. The rate of interest is the EURIBOR 3 Month rate + spread of 0.4% per annum and the duration of the loan is fixed to 5 years. On October 26th, 2010, Brembo Spa reimbursed the nominal amount plus the interest due at the maturity date. The total interest received on this loan for the year amounts to EUR 470 680.56.

On December 9th, 2010, Brembo International S.A. granted a remunerated loan for an amount of EUR 80 000 000.00 to Brembo Spa. The rate of interest is the EURIRS 5 year plus a spread of 1.85 % per annum and the duration of the loan is fixed to 5 years. During the current year, the Company received EUR 205 333.33 of interest on this loan.

The accompanying notes form an integral part of the annual accounts

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BREMBO INTERNATIONAL S.A.

Note to annual accounts
as at December 31, 2010

5) Debtors

Amounts receivable included under "debtors" are as follows:

| | EUR |
|---|---------------|
| Amounts owed by affiliated undertakings | 13 065 512.78 |
| Amounts owed by the shareholder | 121 603.62 |
| Others debtors | 482.00 |

On September 28th, 2010, the Company granted a remunerated loan for an amount of EUR 13 000 000.00 to Brembo SP z.o.o. The rate of interest is the EURIBOR 3 months plus a spread of 1.05 % per annum and the duration is fixed to 1 year. As at December 31st, 2010, interest which is due but not yet paid amounts to EUR 65 512.78. On February 23th, 2011, the Company received a partial reimbursement for an amount of EUR 3 000 000.00.

The interest receivable on the Cash pooling account at December 31st, 2010 amounts to EUR 121 603.62.

6) Capital and reserves

As of December 31, 2010 the subscribed capital is EUR 49 872 000 represented by 49 872 shares with a face value of EUR 1 000.00 each.

The Company has an authorised capital of EUR 50 000 000.00

Movements in the equity (expressed in Euro):

| | Share Capital | Legal Reserve | Interim Dividends | Result Brought Forward | Result for the period | Total |
|--|---------------|---------------|-------------------|------------------------|-----------------------|-----------------|
| Balance as of previous year end | 49 872 000.00 | 942 230.83 | (14 800 000.00) | 0.00 | 17 584 374.79 | 53 598 605.62 |
| Allocation for net result for the year | | 879 218.74 | | 1 905 156.05 | (2 784 374.79) | 0.00 |
| Dividends paid | | | 14 800 000.00 | | (14 800 000.00) | 0.00 |
| Result for the year | | | | | 27 219 231.28 | 27 219 231.28 |
| Interim dividends | | | (25 000 000.00) | | | (25 000 000.00) |
| Balance as of current year end | 49 872 000.00 | 1 821 449.57 | (25 000 000.00) | 1 905 156.05 | 27 219 231.28 | 55 817 836.90 |

The accompanying notes form an integral part of the annual accounts

BREMBO INTERNATIONAL S.A.

Note to annual accounts
as at December 31, 2010

7) Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

8) Provisions for liabilities and charges

A provision for the net wealth tax has been booked for EUR 41 925.00

9) Creditors

On October 26th, 2005, the Company issued Guaranteed Floating Rate Note due in 2010 for an amount of EUR 50 000 000.00. At the maturity date, on 26th October, 2010, the Company reimbursed the Guaranteed Floating Rate Note.

On 15th September 2010, the Company decided to conclude a Term Loan Credit Facility for a total amount of EUR 30 000 000.00 granted by Intesa Sanpaolo S.p.A. and whose guarantor is Brembo S.p.A. The interest rate is the Euribor 3 months plus a spread of 1.70 %. The maturity date is fixed for June 30th, 2015. The repayment date is fixed for each 30th June and 31st December of each year and for the first time on December 31st 2012.

On 22nd October 2010, the Company concluded a Term Loan Credit Facility for a total amount of EUR 50 000 000.00 granted by Intesa Sanpaolo S.p.A. and whose guarantor is Brembo S.p.A. The interest rate is the Euribor 3 months plus a spread of 1.70 %. The maturity date is fixed for December 30th, 2015. The repayment date is fixed for each 30th June and 31st December of each year and for the first time on June 30th 2011. The part of this Term Loan Credit Facility becoming due within one year amounts to EUR 10 000 000.00.

In February 2008, the Company joined the Brembo Euro Cross Border Zero Balance Structure through which Brembo Group gathered its liquidity into one general account held at CITI bank London branch; the Pool Leader is Brembo SpA and the interest refers to the EONIA rate. As of December 31st, 2010, the debt towards the Pool Leader amounts to EUR 3 550 359.13 with the interest payable being equal to EUR 896.74.

In addition, the fees related to the guarantee given by Brembo S.p.A. on the two Term Loans Credit Facility amounts to EUR 132 157.54.

BREMBO INTERNATIONAL S.A.

Note to annual accounts
as at December 31, 2010

10) Income from participating interest

During the year, the Company received dividends from its undertakings for a total amount of EUR 27 577 163.25.

11) Extraordinary income

As the liquidation of Brembo Participations B.V. has been finalized in 2009, the difference between the assets of Brembo Participations B.V. already distributed to the Company and the purchase price of Brembo Participations B.V. has been reversed for EUR 1 056 899.44 and recorded in extraordinary income.

12) Taxes

The Company is subject in Luxembourg to the general tax regulations applicable to all companies

13) Off Balance Sheet Commitments and contingencies

The Company does not have any off balance sheet commitments or contingencies at year end.

14) Events after the balance sheet date

The Company will probably transfer the registered office from Luxembourg to Italy.