

Brembo International S.A.

Annual accounts

For the year ended December 31, 2008

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

“Commissaire”’s report

To the Shareholders of
Brembo International S.A.

Report on the annual accounts

We have audited the accompanying annual accounts of Brembo International S.A. which comprise the balance sheet as at December 31, 2008, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Board of Directors 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

“Commissaire”’s responsibility

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 by the “Institut des Réviseurs d’Entreprises”. 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 “Commissaire”’s judgment, 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, these annual accounts give a true and fair view of the financial position of Brembo International S.A. as of December 31, 2008, 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.
Réviseur d'entreprises
Represented by

Luxembourg May 5, 2009


Philippe Duren

BREMBO INTERNATIONAL S.A.

Balance Sheet
as at December 31, 2008
(expressed in Euro)

	Note(s)	2008 EUR	2007 EUR
ASSETS			
Fixed assets			
- intangible assets	3	12 429.09	16 322.33
- financial assets	4	94 026 423.87	98 409 361.87
Current assets			
- debtors (becoming due and payable within one year)	5	24 129 094.39	486 966.48
- cash at banks		21 440.06	5 138 322.72
Prepayments and accrued income		-	500.00
Total assets		118 189 387.41	104 051 473.40
LIABILITIES			
Capital and reserves	6		
- subscribed capital		49 872 000.00	49 872 000.00
- legal reserve		108 722.53	-
- loss brought forward		-	(518 035.59)
- Profit (Loss) for the financial year		16 670 166.02	2 692 486.24
Total Capital and reserves		66 650 888.55	52 046 450.65
Provisions for liabilities and charges	8	40 454.00	9 666.53
Creditors			
- becoming due and payable within one year	9	1 498 044.86	1 995 356.22
- becoming due and payable after more than one year	9	50 000 000.00	50 000 000.00
Total liabilities		118 189 387.41	104 051 473.40

The accompanying notes form an integral part of the annual accounts.

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Profit and Loss accounts
as at December 31, 2008
(expressed in Euro)

	Note(s)	2008 EUR	2007 EUR
<u>CHARGES</u>			
Staff Costs			
- Wages and salaries		11 000.16	11 082.64
- Social security costs accruing to wages and salaries		1 255.08	1 267.54
- Other social security costs		874.76	1 196.04
Other operating charges			
- Rental offices		31 172.45	30 169.25
- Commissions paid		23 616.94	23 000.00
- Others		23 046.54	24 312.57
- Withholding Taxes		7 376.84	12 480.00
Value adjustments in respect of formation expenses and of tangible and intangible fixed assets	3	3 893.24	8 934.28
Value adjustments in respect of financial assets	4	1 882 938.00	1 674 012.00
Interest payable and similar charges			
- Other interest payable and charges		2 572 046.28	2 208 537.39
Extraordinary charges		9 942.66	3 932.00
Other taxes not shown under the above items		31 030.00	9 542.53
Profit for the financial year		16 670 166.02	2 692 486.24
Total charges		21 268 358.97	6 700 952.48
<u>INCOME</u>			
Income from participating interest			
- derived from affiliated undertakings		18 102 819.01	4 189 659.03
Income from other transferable securities and from loans forming part of the fixed assets			
- derived from affiliated undertakings		2 645 968.30	2 389 640.34
Other interests receivable and similar income		519 571.66	121 653.11
Total income		21 268 358.97	6 700 952.48

BREMBO INTERNATIONAL S.A.

Note to annual accounts
as at December 31, 2008

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.

2.2 Significant accounting policies

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

2.2.1 Formation expenses:

The formation expenses are amortised over a period of three years. They are directly charged to the profit and loss account of the year.

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as at December 31, 2008

2.2.2 Intangible assets

Intangible assets are valued at purchase price including the expenses incidental thereto or at production cost, less cumulated amounts written off and value adjustments. These value adjustments are not continued if the reason for which the value adjustments were made have ceased to apply.

Intangible assets comprise trademarks acquired. These trademarks are amortised over ten years.

2.2.3 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.

2.2.4 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.

2.2.5 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.

2.2.6 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.

2.2.7. Prepayment and accrued income

This asset item includes expenditure incurring during the financial year but relating to a subsequent financial year.

2.2.8 Creditors

Creditors are valued at their nominal value.

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as at December 31, 2008

3 Intangible assets

The Company is the owner of seven trademarks acquired for a total consideration of EUR 38.932,00 (2007: EUR 38.932,00). These trademarks are amortised over a period of ten years.

	2008 EUR
Gross book value – opening balance	38 932.00
Additions for the year	-
Disposals for the year	-
Transfers for the year	-
Gross book value – closing balance	38 932.00
Amortisation - opening balance	(22 609.67)
Amortisation for the year	(3 893.24)
Reversals for the year	-
Transfers for the year	-
Amortisation - closing balance	(26 502.91)
Net book value - closing balance	12 429.09
Net book value - opening balance	16 322.33

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Note to annual accounts
as at December 31, 2008

4 Financial assets

The movements of the year are as follows:

FINANCIAL FIXED ASSETS							
Undertaking's Name	OPENING BALANCE			CLOSING BALANCE			
	Historic cost	Write-down	Net Accounting value as at 31.12.2007	Increase/ Transfers	Decrease	Write-down	Net accounting value as at 31.12.2008
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 Rassini de CV	11 303 468.91		11 303 468.91				11 303 468.91
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	4 471 000.00		4 471 000.00				4 471 000.00
Corporacio 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
Fundimak SA de CV	7 113 900.00	5 230 962.00	1 882 938.00			1 882 938.00	0.00
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
Total	52 041 619.87		45 909 361.87				44 026 423.87

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In such a context, basing on the available information, the participation Fundimak SA de CV has been reduced for an amount of EUR 1 882 938.00 offsetting the participation acquisition price.

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

Undertaking's Name	Registered Office	Ownership	Net Equity as of 31.12.2008 in EUR *	Profit or loss of the company in EUR *
Brembo UK	London, United Kingdom	100%	428 342	(57 385)
Brembo Poland Sp Zoo	Dabrowa Górnicza, Poland	100%	54 112 940	4 646 762
Brembo Rassini de CV	Puebla, Mexico	76%	14 708 161	(4 775 731)
Brembo do Brasil	Sao Joaquin, Brasil	99.99%	13 170 000	1 494 567
Brembo Scandinavia	Goteborg, Sweden	100%	788 610	295 225
Brembo Spolka	Czestochowa, Poland	100%	48 820 262	8 662 961
Corporacion Upwards 98 Spain	Zaragoza, Spain	68%	18 529 878	260 569
Brembo Japan	Tokyo, Japan	100%	1 196 993	147 653

* based on the draft of the consolidated financial accounts as of 31.12.2008 of Brembo Spa.

<i>Loans receivables</i>	OPENING BALANCE			CLOSING BALANCE			
	Historic cost	Write - down	As of 31.12.2007	Increase-Transfer (Decrease)	Historic cost	Write-down	As of 31.12.2008
Due from parent company	50 000 000	-	50 000 000	-	50 000 000	-	50 000 000
Due from affiliated undertakings	2 500 000	-	2 500 000	(2 500 000)	-	-	-
Total	52 500 000	-	52 500 000	(2 500 000)	50 000 000	-	50 000 000

On October 26th, 2005 the Company granted a remunerated loan for an amount of EUR 50.000.000 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.

As a result of the advance payment on the liquidation of Brembo Participation BV, the Company received a loan granted to Brembo Poland Sp Zoo. This loan, which amounted to EUR 2.500.000, has been repaid on April 11th, 2008.

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5 Debtors

Amounts receivable included under “debtors” are as follows:

Amounts owed by affiliated undertakings	272 000.38 EUR
Amounts owed by the shareholder	970 606.35 EUR
Others debtors	779.78 EUR
Cash pooling (owed by affiliated undertakings)	22 885 707.88 EUR
TOTAL	24 129 094.39 EUR

On 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 interests refer to the EONIA rate.

6 Capital and reserves

As of December 31, 2008 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.

Movements in the equity (expressed in Euro):

	Share Capital	Legal reserve	Loss Brought Forward	Result for the period	Total
Balance as of previous year end	49 872 000	-	(518 035.59)	2 692 486.24	52 046 450.65
Allocation for net loss for the year	-	108 722.53	518 035.59	(626 758.12)	-
Dividends paid	-	-	-	(2 065 728.12)	(2 065 728.12)
Result for the year	-	-	-	16 670 166.02	16 670 166.02
Balance as of current year end	49 872 000	108 722.53	-	16 670 166.02	66 650 888.55

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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 40 454.

9 Creditors

As the liquidation of Brembo Participations B.V. is not yet finalized, the difference between assets of Brembo Participations B.V. already distributed to the Company and the purchase price of Brembo Participations B.V. has been recorded as advance on the liquidation proceeds for EUR 1 528 108.19.

On February 29th, 2008, the said item has been reduced to EUR 1 011 375.56 because paid on behalf of Brembo Participations BV, in virtue of a guarantee letter issued in favour of the latter (see note 10), an amount of EUR 516 732.63 as taxes due to the Italian Tax Authority.

On October 26th, 2005 the Company issued a Guaranteed Floating Rate Notes due 2010 for an amount of EUR 50.000.000. The rate of interest is the EURIBOR 3 Month rate + spread of 0.275% per annum.

10- Guarantees

On May 15th, 2007, the Company has drawn down a special guarantee to Brembo Participation BV in order to indemnify the potential liabilities arising out from the fiscal litigation versus the Italian Tax Authority.

On February 29th, 2008, the Company paid an amount of EUR 516 732.63 to the Italian Tax Authority on behalf of Brembo Participations BV; and consequently the issued guarantee in favour of Brembo Participation BV ceased its effect.