

SAF-HOLLAND S.A.
68-70, boulevard de la Pétrusse
L-2320 Luxembourg

R.C.S. Luxembourg B 113.090

Annual Accounts as of 31 December 2011
and
Independent auditor's report

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Independent auditor's report

To the Shareholders of
SAF-HOLLAND S.A.
Société Anonyme
68-70, boulevard de la Pétrusse
L-2320 Luxembourg

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders dated 28 April 2011, we have audited the accompanying annual accounts of SAF-HOLLAND S.A., which comprise the balance sheet as at 31 December 2011 and 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 and presentation of the annual accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

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 about whether the annual accounts are free from material misstatement.

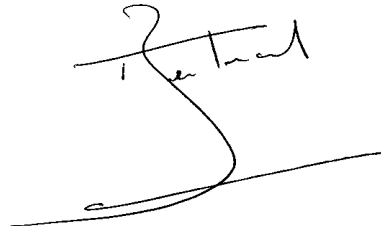
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" 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 SAF-HOLLAND S.A. as of 31 December 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

A handwritten signature in black ink, appearing to read 'Thierry Bertrand', written over a horizontal line.

Thierry BERTRAND

SAF-HOLLAND S.A.
Société anonyme

Balance sheet
December 31, 2011
(expressed in EUR)

<u>ASSETS</u>	December 31, 2011	December 31, 2010
Fixed assets		
Tangible assets		
Other fixtures and fittings, tools and equipment (Note 3)	60	419
Financial assets		
Shares in affiliated undertakings (Note 4)	246,638,381	113,338,381
Securities held as fixed assets - guarantees	3,300	3,300
	<u>246,641,741</u>	<u>113,342,100</u>
Current assets		
Debtors		
Amounts owed by affiliated undertakings (Note 5)		
- becoming due and payable after less than one year	4,690,000	21,147
- becoming due and payable after more than one year	15,024,859	9,239,080
Other debtors		
- becoming due and payable after less than one year	6,000	4,800
Cash at bank	73,842	57,728
	<u>19,794,701</u>	<u>9,322,755</u>
Prepayments and accrued income	226,541	222,282
TOTAL ASSETS	<u>266,662,983</u>	<u>122,887,137</u>

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

LIABILITIES**December 31, 2011****December 31, 2010****Capital and reserves (Note 6)**

Subscribed capital	412,374	207,023
Share premium	254,846,849	111,306,500
Reserves		
Legal reserve	20,703	20,703
Other reserves	232,525	-
Results brought forward	9,722,259	(23,135,159)
Result for the financial year	20,784	33,089,943
	<u>265,255,494</u>	<u>121,489,010</u>

Non-subordinated debts

Trade creditors		
- becoming due and payable after less than one year	190,587	285,222
Amounts owed to affiliated undertakings (Note 7)		
- becoming due and payable after less than one year	31,567	13,783
Tax and social security debts		
- Tax debts	945,734	739,916
- Social security debts	2,477	1,241
Other creditors		
- becoming due and payable after less than one year	237,123	357,964
	<u>1,407,489</u>	<u>1,398,127</u>

TOTAL LIABILITIES**266,662,983****122,887,137**

SAF-HOLLAND S.A.
Société anonyme

Profit and loss account
For the year ended 31 December 2011
(expressed in EUR)

<u>CHARGES</u>	December 31, 2011	December 31, 2010
Other external charges	7,425,788	1,097,117
Staff costs		
- wages and salaries	43,267	35,532
- social security costs	5,492	4,129
Value adjustments in respect of:		
- formation expenses and tangible and intangible fixed assets	359	359
Other operating charges	584,568	362,814
Interest payable and other financial charges:		
- other interests payable and charges	605	185
Income tax (Note 8)	102,670	697,427
Profit for the financial year	<u>20,784</u>	<u>33,089,943</u>
	<u><u>8,183,533</u></u>	<u><u>35,287,506</u></u>
<u>INCOME</u>		
Income from financial fixed assets		
- derived from affiliated undertakings (Note 4)	-	34,242,000
Income from financial current assets		
- derived from affiliated undertakings (Note 5)	8,183,532	1,045,504
Other interests and other financial income		
- other interest and financial income	<u>1</u>	<u>2</u>
	<u><u>8,183,533</u></u>	<u><u>35,287,506</u></u>

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

SAF-HOLLAND S.A.
Société anonyme

Notes to the annual accounts
31 December 2011

Note 1 - Organisation

SAF-HOLLAND S.A. (the “Company”) is a commercial company incorporated in Luxembourg on December 21, 2005, under the legal form of a “Société Anonyme”. The registered office of the Company is at 68-70, boulevard de la Pétrusse, L-2320 Luxembourg and the Company is registered with the Register of Commerce of Luxembourg under the section B number 113.090.

The Company’s purpose is to acquire directly or indirectly shareholdings (including but not limited by way of setting-up new companies) and interests, in any form whatsoever, in any connection with Group Companies and any other company being in the same line of business, to acquire any securities and rights through participation, contribution, underwriting firm purchase or option, negotiation or any other way in Group Companies or other companies being in the same line of business, and generally to hold, manage, develop, sell or dispose of the same, in whole or in part, for such consideration as the Company may think fit. The Company may further grant to, or for the benefit of, any holding company, subsidiary, or fellow subsidiary, or any other company associated in any way with Group Companies, any assistance such as pledges, loans, advances or guarantees. The Company may borrow and raise money in any manner for the purpose of its investment in Group Companies and secure the repayment of any money borrowed. The Company may further borrow funds and issue bonds and other securities to a limited number of subscribers. The Company can perform all commercial, technical and financial operations, connected directly or indirectly in all areas as described above in order to facilitate the accomplishment of its purpose.

The Company prepares consolidated accounts and files these accounts with the Luxembourg Trade Registry.

The accounting year begins on January 1 and ends on December 31.

The Company is listed on the Prime Standard of the Frankfurt Stock Exchange and trades under the symbol “SFQ”.

Notes to the annual accounts (continued)

31 December 2011

Note 2 - Summary of significant accounting policies

The Company maintains its books in Euro ("EUR") and the annual accounts have been prepared in conformity with legal and regulatory requirements in Luxembourg as well as with generally accepted accounting principles in Luxembourg including the following significant accounting policies.

The layout of the balance sheet and of the profit and loss account, particularly as regards the form adopted for their presentation, has been changed in order to respect the layout introduced by the law dated December 10, 2010.

Certain items of the balance sheet and profit and loss account as of December 31, 2010 have been reclassified to ensure the comparability with the figures as of December 31, 2011.

The annual accounts of SAF-HOLLAND S.A. are prepared under the assumption that the Company is a going concern.

a) Tangible assets

Tangible assets are accounted for at their acquisition costs plus associated acquisition costs. The other fixtures and fittings, tools and equipment are depreciated on a straight-line basis over 4 years. Write-downs are recorded if, in the opinion of the directors, there is a permanent impairment in value.

b) Financial assets and dividends

Financial assets are stated at historical acquisition cost. Write-downs are recorded if, in the opinion of management, a permanent impairment in value has occurred. Dividends receivable from affiliated undertakings are recognised in the period in which they are declared by the entity. However dividends receivable from affiliated undertakings may be recognised in the profit and loss account in the period in which the subsidiary proposes their allocation of profits, if the following conditions are met:

- the Company is the sole shareholder of the entity and controls it;
- the Company and the subsidiary entities form a group;
- the financial year ends of the two entities coincide;
- the annual accounts of the subsidiary for the financial year in question were approved by the Annual General Meeting before the approval of the annual accounts of the parent company;
- the annual accounts of the subsidiary, for the financial year in question, show that the subsidiary appropriated profits to the Company and;
- the annual accounts of the subsidiary show a true and fair view of the financial position and of the results of its operations for the financial year concerned.

Notes to the annual accounts (continued)
31 December 2011

Note 2 - Summary of significant accounting policies (continued)

c) Receivables, cash at banks and debts

Receivables, cash at banks, and debts are stated at their nominal value less allowance for doubtful accounts.

d) Foreign currency translation

Monetary assets and liabilities stated in currencies other than EUR are translated at the exchange rates prevailing at the balance sheet date. Income and expenses denominated in foreign currency have been translated at the exchange rate prevailing at the transaction date. Realised and unrealised exchange losses and realised exchange gains are recorded in the statement of profit and loss.

Note 3 - Tangible assets

On February 28, 2008, the Company acquired a computer for an amount of EUR 1,435.

During the year ended December 31, 2011, the tangible assets evolved as follows:

	2011	2010
Acquisition		
At the beginning of the year	1,435	1,435
Additions	-	-
Disposals	-	-
At the end of the year	<u>1,435</u>	<u>1,435</u>
Depreciation		
Accumulated depreciation at the beginning of the year	(1,016)	(657)
Depreciation charge for the year	(359)	(359)
Disposals	-	-
Accumulated depreciation at the end of the year	<u>(1,375)</u>	<u>(1,016)</u>
Net book value		
At the beginning of the year	419	778
At the end of the year	60	419

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Notes to the annual accounts (continued)
31 December 2011

Note 4 - Shares in affiliated undertakings (in EUR)

As of December 31, 2011 and 2010, the Company held the following participation:

Name of the Company	Country	% of ownership	Acquisition cost		Value adjustment		Shareholders equity	
			2011	2010	2011	2010	2011	2010
SAF-HOLLAND GmbH (formerly named SAF-HOLLAND GROUP GmbH)	Germany	100%	246,638,381	113,338,381	-	-	49.558.814	44,647,083

The shareholders equity disclosed above includes the loss for the period ended December 31, 2011 amounting to EUR 128.388.268 (2010: profit amounting to EUR 19,141,168).

On November 15, 2011, the Company contributed into the free capital reserves of SAF-HOLLAND GmbH by a total amount of EUR 133,300,000 (note 5).

In the opinion of the Directors, the reasons for impairment in value recognized during the year 2009 amounting to EUR 34,242,000 ceased to exist, thus the value adjustment was reversed during 2010.

As at December 31, 2011, in the opinion of the Directors, no impairment deemed necessary.

The shares in SAF-HOLLAND GmbH have been pledged as a security to guarantee a bank loan granted to its subsidiary.

Note 5 - Amounts owed by affiliated undertakings (in EUR)

On May 2009, the Company interred into a facility loan agreement with SAF Holland GmbH (formerly SAF-HOLLAND GmbH) for a total amount of EUR 9,550,000. This loan has been amended to convert the annual interest rate amounting to 10,3% into 8,3% starting from January 1st 2011. This loan has no fixed repayment date. As of December 31, 2011 and 2010, the outstanding nominal of the loan amounted to EUR 9,239,080.

On April 1st, 2011, the Company granted a new loan amounting to EUR 139,085,779 to SAF-HOLLAND GmbH bearing an annual interest rate amounting to 8,3%. This loan became mature on November 15, 2011. At the maturity date, a partial amount of the amount has been converted as free capital reserves of SAF-HOLLAND GmbH for a total amount of EUR 133,300,000. With the outstanding receivable amounting to EUR 5,785,779, the Company granted a new loan to SAF HOLLAND GmbH bearing an annual interest rate of 8,3%. This loan has no fixed repayment date and can be paid back totally or in parts.

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Notes to the annual accounts (continued)
31 December 2011

Note 5 - Amounts owed by affiliated undertakings (continued)

The total interest for the year of all the loans amounting to EUR 8,183,533 (2010: EUR 1,045,504) has been classified in the line item "income from financial current assets - derived from affiliated undertakings".

The accrued and unpaid interest amounted to EUR 4,690,000 as of December 31, 2011 (2010: EUR 21,147).

Note 6 - Capital and reserve (in EUR)

Movements for the year on the capital and reserve items

	Ordinary shares	Subscribed capital (in EUR)	Share premium (in EUR)	Legal reserve (in EUR)	Other reserve (in EUR)	Profit or loss Brought forward (in EUR)	Profit or loss for the financial year (in EUR)
As of 01.01.2011	20 702 275	207 023	111 306 500	20 703	-	(23 135 159)	33 089 943
Allocation of result				-	232 525	32 857 418	(33 089 943)
Capital increase	20 535 100	205 351	143 540 349				
Result 2011	-	-	-	-	-	-	20 784
As of 31.12.2011	41 237 375	412 374	254 846 849	20 703	232 525	9 722 259	20 784

a) *Share Capital*

As at December 31, 2011, the share capital of the Company amounted to EUR 412,374 (2010: EUR 207,023) represented by 41,237,375 (2010: 20,702,275) ordinary shares with a par value of EUR 0.01, fully paid-in.

On March 24, 2011, the Company decided to issue as part of its authorised share capital additional 20,535,100 ordinary shares with a par value of EUR 0.01 each. The shares were placed at an offering price of EUR 7.00 each.

As a result of this measure, the subscribed share capital of the company increased by EUR 205,351 to EUR 412,374.

During the year the Company did not acquire any of its own shares.

Notes to the annual accounts (continued)
31 December 2011

Note 6 - Capital and reserve (continued)

b) Share premium

On March 24, 2011, the share premium increased through premiums from the issue of the new shares by EUR 143,540,349.

As of December 31, 2011, the share premium amounted to EUR 254,846,849. (2010: EUR 111,306,500)

c) Legal reserve

Under Luxembourg law an amount equal to at least 5% of the net profit must be allocated annually to a legal reserve until such reserve equals to 10% of the share capital. This reserve is not available for dividend distribution.

d) Other reserve

On April 28, 2011, the Annual General Meeting resolved to allocate an amount of EUR 232,525 to a special reserve in order to reduce the net worth tax liability of the Company for the year 2010. The special reserve is based on article 5, 1°, par. 8a of net worth tax law. The reserve amounts to five times the annual net worth tax deducted from the corporate income tax, and is not distributable for five years subsequent to the year in which the deduction was made.

Note 7 - Amounts owed to affiliated undertakings (in EUR)

As at December 31, 2011, amounts owed to affiliated undertakings consist of:

	2011	2010
Current accounts	-	13,783
Trade creditors	31,567	-
	<hr/> 31,567	<hr/> 13,783

SAF-HOLLAND S.A.
Société anonyme

Notes to the annual accounts (continued)
31 December 2011

Note 8 - Taxes (in EUR)

The Company is subject to all taxes applicable to commercial companies in Luxembourg.

In 2011, the net worth tax of the Company was reduced by an amount of EUR 40,750.

Upon approval of this by the Annual General Meeting of the Shareholders, an amount of EUR 203,750 will be allocated to restricted reserves corresponding to five times the amount of this 2011 net worth tax.

Note 9 - Dividends paid and proposed (in EUR)

No dividend was paid to the shareholders for the years 2010 and 2011.