

**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 2012  
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 26 April 2012, we have audited the accompanying annual accounts of SAF-HOLLAND S.A., which comprise the balance sheet as at 31 December 2012 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 2012, 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 blue ink, appearing to read 'Thierry BERTRAND', with a long horizontal stroke extending to the right.

Luxembourg, 12 March 2013

**Annual Accounts Helpdesk :**

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RCSL Nr.: B113090

Matricule : 2005 2231 338

eCDF entry date :

**BALANCE SHEET**

Financial year from <sup>01</sup> 01/01/2012 to <sup>02</sup> 31/12/2012 (in <sup>03</sup> EUR )

SAF-HOLLAND S.A.

68-70, Boulevard de la Pétrusse  
 L-2320 Luxembourg

**ASSETS**

	Financial year	Previous financial year
<b>A. Subscribed capital unpaid</b>		
I. Subscribed capital not called	101 _____	102 _____
II. Subscribed capital called but not paid	103 _____	104 _____
	105 _____	106 _____
<b>B. Formation expenses</b>	107 _____	108 _____
<b>C. Fixed assets</b>	109 <u>320.302.098,02</u>	110 <u>246.641.740,84</u>
I. Intangible assets	111 _____	112 _____
1. Costs of research and development	113 _____	114 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	115 _____	116 _____
a) acquired for valuable consideration and need not be shown under C.I.3	117 _____	118 _____
b) created by the undertaking itself	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	121 _____	122 _____
4. Payments on account and intangible fixed assets under development	123 _____	124 _____
II. Tangible assets	125 _____	126 <u>59,82</u>
1. Land and buildings	127 _____	128 _____
2. Plant and machinery	129 _____	130 _____
3. Other fixtures and fittings, tools and equipment	131 _____	132 <u>59,82</u>
4. Payments on account and tangible assets in course of construction	133 _____	134 _____
III. Financial assets	135 <u>320.302.098,02</u>	136 <u>246.641.681,02</u>
1. Shares in affiliated undertakings	137 <u>246.638.381,02</u>	138 <u>246.638.381,02</u>
2. Loans to affiliated undertakings	139 <u>73.660.417,00</u>	140 _____
3. Shares in undertakings with which the company is linked by virtue of participating interests	141 _____	142 _____
4. Loans to undertakings with which the company is linked by virtue of participating interests	143 _____	144 _____
5. Investments held as fixed assets	145 _____	146 _____
6. Loans and claims held as fixed assets	147 <u>3.300,00</u>	148 <u>3.300,00</u>
7. Own shares or own corporate units	149 _____	150 _____

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	Financial year	Previous financial year
<b>D. Current assets</b>	<b>151 <u>38.540.533,40</u></b>	<b>152 <u>19.794.701,55</u></b>
<b>I. Stocks</b>	153 _____	154 _____
1. Raw materials and consumables	155 _____	156 _____
2. Work and contracts in progress	157 _____	158 _____
3. Finished goods and goods for resale	159 _____	160 _____
4. Payments on account	161 _____	162 _____
<b>II. Debtors</b>	<b>163 <u>38.457.621,43</u></b>	<b>164 <u>19.720.859,38</u></b>
1. Trade debtors	165 _____	166 _____
a) becoming due and payable after less than one year	167 _____	168 _____
b) becoming due and payable after more than one year	169 _____	170 _____
2. Amounts owed by affiliated undertakings	<b>171 <u>38.443.640,18</u></b>	<b>172 <u>19.714.859,38</u></b>
a) becoming due and payable after less than one year	<b>173 <u>19.686.721,68</u></b>	<b>174 <u>4.690.000,08</u></b>
b) becoming due and payable after more than one year	<b>175 <u>18.756.918,50</u></b>	<b>176 <u>15.024.859,30</u></b>
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests	177 _____	178 _____
a) becoming due and payable after less than one year	179 _____	180 _____
b) becoming due and payable after more than one year	181 _____	182 _____
4. Other debtors	<b>183 <u>13.981,25</u></b>	<b>184 <u>6.000,00</u></b>
a) becoming due and payable after less than one year	<b>185 <u>13.981,25</u></b>	<b>186 <u>6.000,00</u></b>
b) becoming due and payable after more than one year	187 _____	188 _____
<b>III. Investments</b>	189 _____	190 _____
1. Shares in affiliated undertakings and in undertakings with which the company is linked by virtue of participating interests	191 _____	192 _____
2. Own shares or own corporate units	193 _____	194 _____
3. Other investments	195 _____	196 _____
<b>IV. Cash at bank and in hand</b>	<b>197 <u>82.911,97</u></b>	<b>198 <u>73.842,17</u></b>
<b>E. Prepayments</b>	<b>199 <u>2.049.180,67</u></b>	<b>200 <u>226.540,81</u></b>
<b>TOTAL (ASSETS)</b>	<b>201 <u>360.891.812,09</u></b>	<b>202 <u>266.662.983,20</u></b>

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**LIABILITIES**

	Financial year	Previous financial year
<b>A. Capital and reserves</b>		
I. Subscribed capital	301 <u>284.283.628,80</u>	302 <u>265.255.494,46</u>
II. Share premium and similar premiums	303 <u>453.611,12</u>	304 <u>412.373,75</u>
III. Revaluation reserves	305 <u>276.455.231,13</u>	306 <u>254.846.849,25</u>
IV. Reserves		
1. Legal reserve	307 _____	308 _____
2. Reserve for own shares	309 <u>458.016,90</u>	310 <u>253.227,68</u>
3. Reserves provided for by the articles of association	311 <u>21.741,90</u>	312 <u>20.702,68</u>
4. Other reserves	313 _____	314 _____
V. Profit or loss brought forward	315 _____	316 _____
VI. Result for the financial year	317 <u>436.275,00</u>	318 <u>232.525,00</u>
VII. Interim dividends	319 <u>9.538.254,56</u>	320 <u>9.722.259,37</u>
VIII. Investment subsidies	321 <u>-2.621.484,91</u>	322 <u>20.784,41</u>
IX. Immunised appreciation	323 _____	324 _____
	325 _____	326 _____
	327 _____	328 _____
<b>B. Subordinated creditors</b>	329 _____	330 _____
<b>C. Provisions</b>	331 _____	332 _____
1. Provisions for pensions and similar obligations	333 _____	334 _____
2. Provisions for taxation	335 _____	336 _____
3. Other provisions	337 _____	338 _____
<b>D. Non subordinated debts</b>	339 <u>76.608.183,29</u>	340 <u>1.407.488,74</u>
1. Debenture loans	341 <u>75.891.780,82</u>	342 _____
a) Convertible loans	343 _____	344 _____
i) becoming due and payable after less than one year	345 _____	346 _____
ii) becoming due and payable after more than one year	347 _____	348 _____
b) Non convertible loans	349 <u>75.891.780,82</u>	350 _____
i) becoming due and payable after less than one year	351 <u>891.780,82</u>	352 _____
ii) becoming due and payable after more than one year	353 <u>75.000.000,00</u>	354 _____
2. Amounts owed to credit institutions	355 _____	356 _____
a) becoming due and payable after less than one year	357 _____	358 _____
b) becoming due and payable after more than one year	359 _____	360 _____
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	361 _____	362 _____
a) becoming due and payable after less than one year	363 _____	364 _____
b) becoming due and payable after more than one year	365 _____	366 _____
4. Trade creditors	367 <u>211.586,14</u>	368 <u>190.587,21</u>
a) becoming due and payable after less than one year	369 <u>211.586,14</u>	370 <u>190.587,21</u>
b) becoming due and payable after more than one year	371 _____	372 _____

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	Financial year	Previous financial year
5. Bills of exchange payable	373 _____	374 _____
a) becoming due and payable after less than one year	375 _____	376 _____
b) becoming due and payable after more than one year	377 _____	378 _____
6. Amounts owed to affiliated undertakings	379 <u>37.940,12</u>	380 <u>31.566,47</u>
a) becoming due and payable after less than one year	381 <u>37.940,12</u>	382 <u>31.566,47</u>
b) becoming due and payable after more than one year	383 _____	384 _____
7. Amounts owed to undertakings with which the company is linked by virtue of participating interests	385 _____	386 _____
a) becoming due and payable after less than one year	387 _____	388 _____
b) becoming due and payable after more than one year	389 _____	390 _____
8. Tax and social security	391 <u>199.663,10</u>	392 <u>948.211,77</u>
a) Tax	393 <u>196.528,46</u>	394 <u>945.734,32</u>
b) Social security	395 <u>3.134,64</u>	396 <u>2.477,45</u>
9. Other creditors	397 <u>267.213,11</u>	398 <u>237.123,29</u>
a) becoming due and payable after less than one year	399 <u>267.213,11</u>	400 <u>237.123,29</u>
b) becoming due and payable after more than one year	401 _____	402 _____
<b>E. Deferred income</b>	403 _____	404 _____
<b>TOTAL (LIABILITIES)</b>	405 <u>360.891.812,09</u>	406 <u>266.662.983,20</u>



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**PROFIT AND LOSS ACCOUNT**

Financial year from <sup>01</sup> 01/01/2012 to <sup>02</sup> 31/12/2012 (in <sup>03</sup> EUR )

SAF-HOLLAND S.A.

68-70, Boulevard de la Pétrusse  
 L-2320 Luxembourg

**A. CHARGES**

	Financial year	Previous financial year
<b>1. Raw materials and consumables</b>	601 _____	602 _____
<b>2. Other external charges</b>	603 <u>3.867.321,63</u>	604 <u>7.425.787,57</u>
<b>3. Staff costs</b>	605 <u>53.813,40</u>	606 <u>48.759,41</u>
a) Wages and salaries	607 <u>47.899,66</u>	608 <u>43.267,43</u>
b) Social security costs	609 <u>5.913,74</u>	610 <u>5.491,98</u>
c) Social security costs relating to pensions	611 _____	612 _____
d) Other social security costs	613 _____	614 _____
<b>4. Value adjustments</b>	615 <u>59,82</u>	616 <u>358,92</u>
a) on formation expenses and on tangible and intangible fixed assets	617 <u>59,82</u>	618 <u>358,92</u>
b) on elements of current assets	619 _____	620 _____
<b>5. Other operating charges</b>	621 <u>542.975,91</u>	622 <u>584.568,01</u>
<b>6. Value adjustments and fair value adjustments on financial fixed assets</b>	623 _____	624 _____
<b>7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities</b>	625 _____	626 _____
<b>8. Interest payable and similar charges</b>	627 <u>892.211,42</u>	628 <u>604,59</u>
a) concerning affiliated undertakings	629 _____	630 _____
b) other interest payable and similar charges	631 <u>892.211,42</u>	632 <u>604,59</u>
<b>9. Extraordinary charges</b>	633 _____	634 _____
<b>10. Tax on profit or loss</b>	635 <u>1.473,21</u>	636 <u>102.670,00</u>
<b>11. Other taxes not included in the previous caption</b>	637 <u>93.090,00</u>	638 _____
<b>12. Profit for the financial year</b>	639 <u>0,00</u>	640 <u>20.784,41</u>
<b>TOTAL CHARGES</b>	641 <u>5.450.945,39</u>	642 <u>8.183.532,91</u>

RCSL Nr.: B113090

Matricule: 2005 2231 338

**B. INCOME**

	Financial year	Previous financial year
<b>1. Net turnover</b>	701 _____	702 _____
<b>2. Change in inventories of finished goods and of work and contracts in progress</b>	703 _____	704 _____
<b>3. Fixed assets under development</b>	705 _____	706 _____
<b>4. Reversal of value adjustments</b>	707 _____	708 _____
a) on formation expenses and on tangible and intangible fixed assets	709 _____	710 _____
b) on elements of current assets	711 _____	712 _____
<b>5. Other operating income</b>	713 _____	714 _____
<b>6. Income from financial fixed assets</b>	715 <u>1.052.934,74</u>	716 _____
a) derived from affiliated undertakings	717 <u>1.052.934,74</u>	718 _____
b) other income from participating interests	719 _____	720 _____
<b>7. Income from financial current assets</b>	721 <u>1.776.326,06</u>	722 <u>8.183.532,51</u>
a) derived from affiliated undertakings	723 <u>1.776.326,06</u>	724 <u>8.183.532,51</u>
b) other income	725 _____	726 _____
<b>8. Other interests and other financial income</b>	727 <u>199,68</u>	728 <u>0,40</u>
a) derived from affiliated undertakings	729 _____	730 _____
b) other interest receivable and similar income	731 <u>199,68</u>	732 <u>0,40</u>
<b>9. Extraordinary income</b>	733 _____	734 _____
<b>10. Loss for the financial year</b>	735 <u>2.621.484,91</u>	736 <u>0,00</u>
<b>TOTAL INCOME</b>	737 <u>5.450.945,39</u>	738 <u>8.183.532,91</u>

SAF-HOLLAND S.A.  
Société anonyme

**Notes to the annual accounts**  
31 December 2012

**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 2012

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

*a) Formation expenses*

The formation expenses, which include the fees and costs for the incorporation and capital increases of the Company, are directly charged to the profit and loss account of the year in which they are incurred.

*b) 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.

*c) 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 2012

**Note 2 - Summary of significant accounting policies (continued)**

*d) Receivables, cash at banks and debts*

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

*e) 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 profit and loss account.

**Note 3 - Tangible assets (in EUR)**

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

During the year ended December 31, 2012, the tangible assets evolved as follows:

	<b>2012</b>	<b>2011</b>
<b>Acquisition</b>		
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>
<b>Depreciation</b>		
Accumulated depreciation at the beginning of the year	(1,375)	(1,016)
Depreciation charge for the year	(60)	(359)
Disposals	-	-
Accumulated depreciation at the end of the year	<u>(1,435)</u>	<u>(1,375)</u>
<b>Net book value</b>		
At the beginning of the year	60	419
At the end of the year	-	60

As of December 31, 2012, the tangible assets have been completely depreciated.

SAF-HOLLAND S.A.  
Société anonyme

Notes to the annual accounts (continued)  
31 December 2012

**Note 4 - Shares in affiliated undertakings (in EUR)**

As of December 31, 2012 and 2011, the Company held the following participation:

Name of the Company	Country	% of ownership	Acquisition cost		Value adjustment		Shareholders equity	
			2012	2011	2012	2011	2012	2011
SAF-HOLLAND GmbH	Germany	100%	246,638,381	246,638,381	-	-	52,294,158	49,558,814

The shareholders equity disclosed above includes the profit for the period ended December 31, 2012 amounting to EUR 2,735,344 (2011: loss amounting to EUR 128,388,268).

As at December 31, 2012, 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 - Loans to affiliated undertakings**

On October 31, 2012, the Company granted a loan amounting to EUR 73,660,417 to SAF-HOLLAND GmbH bearing an annual interest rate of 8.3% and repayable on April 26, 2018. The loan can be prepaid partially or fully before maturity without penalty. As of December 31, 2012, the outstanding nominal of the loan amounted to EUR 73,660,417.

The total interest for the year on this loan amounting to EUR 1,052,935 has been classified in the line item "income from financial fixed assets - derived from affiliated undertakings".

**Note 6 - Amounts owed by affiliated undertakings (in EUR)**

On May 2009, the Company entered into a facility loan agreement with SAF-HOLLAND GmbH for a total amount of EUR 9,550,000. This loan was amended to convert the annual interest rate amounting to 10.3% into 8.3% starting from January 1<sup>st</sup> 2011. This loan has no fixed repayment date. As of December 31, 2012, the outstanding nominal of the loan amounted to EUR 8,343,835 (2011: EUR 9,239,080).

SAF-HOLLAND S.A.  
Société anonyme

Notes to the annual accounts (continued)  
31 December 2012

**Note 6 - Amounts owed by affiliated undertakings (continued)**

On April 1<sup>st</sup>, 2011, the Company granted a loan amounting to EUR 139,085,779 to SAF-HOLLAND GmbH bearing an annual interest rate amounting to 8.3%. This loan matured on November 15, 2011. At the maturity date, a partial amount of the loan has been converted as free capital reserves of SAF-HOLLAND GmbH for a total 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. As of December 31, 2012, the outstanding nominal of the loan amounted to EUR 10,413,083 (2011: EUR 5,785,779).

On December 6, 2012, the Company granted a new loan amounting to EUR 19,686,722 to SAF-HOLLAND GmbH bearing an annual interest rate amounting to 8.3%. This loan is repayable on December 31, 2013 and can be paid back totally or in parts without penalty. As of December 31, 2012, the outstanding nominal of the loan amounted to EUR 19,686,722.

The total interest for the year of all these loans amounting to EUR 1,776,326 (2011: EUR 8,183,532) has been classified in the line item "income from financial current assets - derived from affiliated undertakings".

The accrued and unpaid interest amounted to nil as of December 31, 2012 (2011: EUR 4,690,000).

**Note 7 - Capital and reserves (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 01.01.2012	41,237,375	412,374	254,846,849	20,703	232,525	9,722,259	20,784
Allocation of result	-	-	-	1,039	203,750	(184,004)	(20,784)
Capital increase	4,123,737	41,237	21,608,382	-	-	-	-
Result 2012	-	-	-	-	-	-	(2,621,485)
As of 31.12.2012	45,361,112	453,611	276,455,231	21,742	436,275	9,538,255	(2,621,485)

**Notes to the annual accounts (continued)**  
31 December 2012

**Note 7 - Capital and reserves (continued)**

*a) Subscribed capital*

As at December 31, 2012, the share capital of the Company amounted to EUR 453,611 (2011: EUR 412,374) represented by 45,361,112 (2011: 41,237,375) ordinary shares with a par value of EUR 0.01, fully paid-in.

On December 3, 2012, the Company decided to issue, as part of its authorised share capital, additional 4,123,737 ordinary shares with a par value of EUR 0.01 each. The shares were placed at an offering price of EUR 5.25 each.

As a result of this measure, the subscribed share capital of the Company increased from EUR 412,374 to EUR 453,611.

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

*b) Share premium and similar premiums*

On December 3, 2012, the share premium increased through premiums from the issue of the new shares by EUR 21,608,382.

As of December 31, 2012, the share premium amounted to EUR 276,455,231 (2011: EUR 254,846,849).

*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 reserves*

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.

On April 26, 2012, the Annual General Meeting resolved to allocate an amount of EUR 203,750 to a special reserve in order to reduce the net worth tax liability of the Company for the year 2011.

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.



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**Note 7 - Capital and reserves (continued)**

As of December 31, 2012, the restricted position of "other reserves" is as follows:

	Restricted reserve EUR
Allocation for 2010 net worth tax reduction	232,525
Allocation for 2011 net worth tax reduction	203,750
<b>Restricted reserve as of 31.12.2012</b>	<b>436,275</b>

**Note 8 - Debenture loans (in EUR)**

On October 31, 2012, the Company issued bonds for a total amount of EUR 75,000,000 in the "Prime Standard" segment for corporate bonds of the Deutsche Börse (ISIN DE 000A1HA979/WKNA1HA97). The bonds have an annual coupon rate of 7% and will reach maturity on April 26, 2018.

The bonds are guaranteed by SAF-HOLLAND GmbH and SAF-HOLLAND USA, Inc.

The fees and expenses in connection with the new bonds issue are recorded as deferred costs under the line item "Prepayments" and are amortized over the life of the bonds.

As of December 31, 2012, the principal of the issued bonds amounted to EUR 75,000,000 and the accrued and unpaid interest amounted to 891,781.

**Note 9 - Amounts owed to affiliated undertakings (in EUR)**

As of December 31, 2012, amounts owed to affiliated undertakings amounted to EUR 37,940 (2011: EUR 31,567) and consist of trade creditors.

**Note 10 - Taxes (in EUR)**

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

**Note 11 - Dividends paid and proposed (in EUR)**

No dividend was paid to the shareholders for the years 2011 and 2012.

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***Note 12 - Staff costs***

As of December 31, 2012, the Company had one permanent employee (2011: 1 employee).

***Note 13 - Audit fees***

Art. 65 paragraph (1) 16° of the law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the "law") requires the disclosure of the independent auditor fees. In conformity with the law these details have been omitted as the Company prepares consolidated accounts in which this information is disclosed and these consolidated accounts and the related consolidated management report and auditor's report thereon have been lodged with the Luxembourg Trade Registry.

***Note 14 - Board of Directors' remuneration***

The other operating charges included directors fees for attendance at Board and Committee meetings amounting to EUR 259,651 in 2012 (2011: EUR 237,123).