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OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law.

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Part 1 Corporate company name

Corporate name of overseas company ❶	KYB Europe GmbH
UK establishment number	B R 0 0 3 7 0 2

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

❶ This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and audited.

Legislation ❷ German Legally Required Accounting Principles

❷ This means the relevant rules or legislation which regulates the preparation of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3.**

☑ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3.**

Name of organisation or body ❸ Handelsgesetzbuch (Commercial code of Germany)

❸ Please insert the name of the appropriate accounting organisation or body.

OS AA01

Statement of details of parent law and other information for an overseas company

A3 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. ☐ **No.** Go to **Part 3 'Signature'**. ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	Handelsgesetzbuch (Commercial code of Germany)	

Part 3 Signature

	I am signing this form on behalf of the overseas company.
Signature	Signature X DocuSigned by: Laura Falzon DD0A409EB5564B5... DocuSigned by: Andrew Marpole D371EA914F1B4B0... X
	This form may be signed by: Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	ref: GEM SERVICES
Company name	KPMG LLP
Address	1 ST PETER'S SQUARE
Post town	MANCHESTER
County/Region	
Postcode	M 2 3 A E
Country	UNITED KINGDOM
DX	
Telephone	0161 618 7342

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.

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KYB Europe GmbH Niederlassung Düsseldorf

07/12/22

I, Laura Falzon, permanent representative of the UK Establishment of KYB Europe GmbH certify that this is a true and accurate translation of the financial statements.

Laura Falzon

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Fritz-Vomfelde-Str 20 • 40547 Düsseldorf
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Telefax: 0049 (0) 211 - 538 05 9-181
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Eingetragen beim Amtsgericht München
HRB 247880

Hauptniederlassung / Headquarters:
KYB Europe GmbH
Langfeldstraße 11 • 80939 München
Amtsgericht München
HRB 247880
UST-ID Nr.: DE 162922009

Geschäftsführer / Managing Directors:
Fumihiko Izumi (President)
Yuto Uchida (Vice President)
Takashi Saito
Kazuhiko Kanematsu
Toshiyuki Yamada
Kiichi Fukui
Yoshihisa Nambu

Bankverbindung / Bank details:
MUFG Bank
BIC: BOTKDEDX
IBAN: DE45 3001 0700 0000 2019 54
Deutsche Bank
BIC: DEUTDEDD
IBAN: DE32 3007 0010 0257 7377 00

Audit Report

Financial Statements as of 31 December 2008 and Management Report

KYB Europe GmbH
Krefeld

Audit Report

Financial Statements as of 31 December 2008 and Management Report

KYB Europe GmbH
Krefeld

Section 6 of the report and appendices 1 to 4 are translations provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

KPMG AG Wirtschaftsprüfungsgesellschaft

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Appendices

1 Audit engagement

At the shareholders' meeting on 29 August 2008 of

KYB Europe GmbH, Krefeld,
--hereinafter also referred to as "KYB" or "the Company"--

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (since 1 October 2008: KPMG AG Wirtschaftsprüfungsgesellschaft) were elected auditors for the financial year from 1 January to 31 December 2008. Accordingly, the Company management engaged us to audit the annual financial statements for the year ended 31 December 2008, together with the bookkeeping system and the management report.

In accordance with § 318 HGB [German Commercial Code] we were also engaged to audit the Company's statutory consolidated financial statements. Our report on this audit will be prepared at a later date.

This audit report has been prepared in accordance with the principles established by the IDW [Institute of Public Auditors in Germany] Auditing Standard 450.

The terms governing this engagement are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] in the version dated 1 January 2002, which are attached to this report as Appendix 11. The amount of our liability is determined by § 323 (2) HGB. Items No. 1 (2) and No. 9 of the General Engagement Terms apply to our liability towards third parties.

2 Fundamental conclusions

2.1 Critical evaluation of the assessment of the Company's situation by Company's management

2.1.1 Economic position and trend of business operations

In our opinion, the management report prepared by the Company's management contains the following key statements on the Company's economic position and the trend of business operations:

1. Decrease in sales in Eastern European countries and increase in sales in Western European countries.

2. Increase of profit by EUR 3.9 million.

Re 1.

Net sales of KYB Europe GmbH decreased by EUR 2.4 million from EUR 117.1 million in 2007 to EUR 114.7 million in 2008.

Sales of the German branch comprise sales to the Eastern European countries and decreased compared to last year by EUR 4.9 million down to EUR 72.5 million due to the adverse economic environment. During the second half of the financial year 2008 Eastern European customers of the company came under pressure and were not able to sell their stocks as expected.

In the Western European countries France (+EUR 1.4 million), Spain (+EUR 0.7 million) and Italy (+EUR 0.5 million) sales steadily increased.

Re 2.

The profit of the financial year 2008 increased by EUR 3,882k from EUR 5,425k to EUR 9,307k.

This increase is mainly due to increased contribution of the German branch (EUR 3,444k) and the French branch (EUR 569k). The development in the German branch is mainly caused by received dividends of EUR 8,000k (prior year: EUR 2,177k) from KYB Middle East FZE, Dubai/United Arab Emirates. 95 % of the dividends received are tax exempt. The development of the French branch is mainly influenced by the increased sales (+EUR 1.4 million).

The contributions of the branches in Italy (-EUR 109k) and in UK (-EUR 46k) decreased compared to prior year.

2.1.2 Future development and associated significant opportunities and risks

In our opinion, the management report prepared by the Company's management contains the following key statements on the Company's future development and the associated significant opportunities and risks:

1. Temporary decrease in sales by 20 % expected. However positive income in 2009 due to scheduled dividend income.

2. High bad debt risk from sales to Eastern European countries.

3. Dependency on financial support of parent company in case short-term bank facilities are not prolongated.

Re 1.

Due to the adverse economic conditions the company faced decreasing sales in the first four months of the financial year 2009. In addition certain difficulties to deliver the Company's customers arose from the replacement of the warehouse management system. The Company employed additional warehouse staff to mitigate these difficulties. Since May 2009 sales especially to Russia tend to recover due to the increasing need for spare parts. Taking into account the lower sales volumes (approximately a decrease of 20 % compared to the business year 2008) and the additional expenses for further warehouse staff the Company must rely on the scheduled dividend income from its subsidiary KYB Middle East to reach a positive income.

In the business year 2010 management expects a recovery of the economic conditions and therefore again increasing sales and a positive income.

Re 2.

Sales to Eastern European countries bear a significantly higher bad debt risk compared to sales to Western European countries. Sales to the Russian market are not covered by the Company's trade debt insurance at all. As a consequence higher bad debt provisions are considered for those countries. The enhanced credit risk causes the company to monitor sales volumes and receivables outstanding closely and to be more restrictive with regard to debtors' management. These measures will have an adverse impact on sales volumes in addition to the weakening demand due to the crisis.

Re 3.

We refer to our comments in section 2.2.

2.1.3 Conclusion

In our opinion the management report as a whole presents a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Please refer to Appendices 5 and 6 for the Company's business profile and legal status.

2.2 Circumstances impairing the Company's development and the Company's ability to continue as a going concern

The Company's ability to continue as a going concern is dependent on the financial support of the parent company if short-term bank loans are not prolongated by the banks.

As per 31 December 2008 bank loans amount to EUR 19,637k in total, thereof EUR 16,637k short-term (mainly three months revolving) and one long-term loan in the amount of EUR 3,000k (which has been concluded in fiscal year 2007 and has maturity date 7 June 2010). The Company has no guaranteed credit line. In case the short-term bank loans are not prolongated on a regular basis the going concern of the Company depends on the financial support of the parent company.

2.3 Violations of regulations not related to financial reporting

2.3.1 Delayed publication of prior year financial statements

The financial statements and the management report as well as the other required documents were published as regards the year-end 31 December 2006 on 16 April 2009 and as regards the year-end 31 December 2007 on 9 April 2009.

In violation of the obligation in § 325 HGB, the Company has not published the financial statements and the management report for the prior year and the year before as well as the other required documents within the twelve months period following the business year.

2.3.2 No publication of prior year consolidated financial statements

In violation of §§ 290 and 325 HGB, the Company has not published consolidated financial statements of the prior year. We also refer to § 335 HGB regarding this omission.

3 Performance of the audit

3.1 Scope of the audit

We have audited the annual financial statements, together with the bookkeeping system and the management report of KYB Europe GmbH for the year ended 31 December 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with the provisions of the German Commercial Code as well as explanations and evidence provided to us are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit and the explanations and evidence provided to us.

An audit of annual financial statements only covers compliance with other legal regulations to the extent that these other legal regulations can be expected to have an impact on the annual financial statements or the management report.

3.2 Nature and scope of the audit procedures

We conducted our audit of the annual financial statements in accordance with § 316 et seqq. HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW; Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. The evidence supporting the disclosures in the books and records, the annual financial statements and the management report is examined primarily on a test basis within the framework of the audit. The audit includes assessing the recognition, measurement and classification principles used and significant estimates made by the management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Based on our risk- and system-oriented audit approach we planned our audit and defined our audit strategy.

The required risk analysis is based on:

- our understanding of the Company's environment, its main aims and strategies
- our understanding of the associated business risks which could lead to significant misstatements in the financial statements
- analytical audit procedures needed for making a preliminary assessment of the Company's position
- an assessment of the selection and application of accounting methods
- our understanding of how the Company's commercial success was measured and monitored
- an assessment of the internal control system and of how the Company manages risks in as far as they are relevant to the audit

In our assessment of the risk of material misstatements in the financial statements or the management report we have estimated the risk of misstatements regarding the overall fair presentation of the financial statements and the risk of misstatements contained in individual statements made, i.e. where reference is made to single business transactions or account balances and disclosures. This approach also supports the identification of material risks which demand particular attention in the course of our audit. Due consideration has also been given to our findings from the audit of the previous year's financial statements.

On the basis of the risk assessment, we then identified individual audit objectives and developed a corresponding audit plan. In addition to the focus areas for the audit of the financial statements, this audit plan established the applicable audit approach for each audit objective, as well as the nature and scope of the audit activities. This plan also contains a schedule for the audit work and the necessary personnel assignments.

As a result of the risk assessment process and of determining our audit strategy and audit objectives we have established the following areas for the focus of our audit:

- audit of the process of preparing the financial statements
- completeness and accuracy of branch consolidation procedures
- valuation and existence of inventories
- valuation and existence of trade debtors

- completeness and valuation of provisions
- compliance of accounting principles followed by the foreign branches being part of KYB with generally accepted German accounting principles

The audit procedures performed to obtain audit evidence consisted of system and control tests as well as analytical audit procedures and tests of details.

We examined the accounting-related internal control system as follows: Corresponding to the focus areas determined in the planning of our audit, we have audited the structure and implementation of the internal controls relevant to the individual audit objectives. In a second step of system audits, we performed functional tests on selected internal controls.

The knowledge obtained from the audit of the accounting-related internal control system was used to assess the risks of material misstatements in the financial statements or the management report, as well as for the selection of the nature, scope and scheduling of the analytical audit procedures to be carried out for the individual audit objectives and the tests of details.

In performing tests of details we requested legal counsel and bank confirmations as well as, (on a sample basis), confirmations from customers and suppliers. On the basis of our knowledge of the accounting-related internal controls and of the transactions to be assessed we determined deliberate samples.

As regards the financial statements of the foreign branches that are included in the Company's financial statements we partly used the audit and review work performed by other auditors. The financial statements of foreign branches prepared in accordance with local accounting principles were audited or reviewed by local auditors. The auditors have provided their information on the local statutory financial statements and their audit procedures were performed in accordance with standards established in our audit instructions. For the preparation of the financial statements of KYB the financial statements prepared in accordance with local accounting principles were adjusted with regard to recognition, measurement and classification to generally accepted German accounting principles (HB II) in accordance with the instructions provided by KYB. The adjustments were audited or reviewed by the local auditors.

The results of all audits and all reviews of financial statements of the included branches were combined after a critical review of the reportings provided in compliance with our audit instructions.

The objective of our audit of the management report was to examine if the management report was consistent with the results of the audit of the financial statements and if the management report on the whole provided a suitable view of the Company's position. Furthermore we examined if the opportunities and risks of future development were suitably presented in the management report.

We performed our audit (with interruptions) in the months of December 2008 to December 2009 until 11 December 2009. We performed an interim audit in August and December 2008.

All explanations and evidence requested by us were provided. The management has supplied us with a letter of representation confirming the completeness of the books and records, the annual financial statements and the management report.

4 Findings concerning accounting records and financial reporting

4.1 Accounting records and other documents audited

The Company's accounting records are properly maintained. The accounting documents are properly authorized, sufficiently explained and filed in an orderly manner. Based on our audit, the accounting records and other documents audited comply with legal regulations.

4.2 Financial statements

The financial statements as of 31 December 2008 as presented to us for audit have been properly derived from the Company's accounting books and records and other documents audited. The opening balance sheet figures were properly carried forward from the prior year financial statements. The legal regulations regarding recognition, measurement and classification have been complied with.

The balance sheet and the income statement have been prepared in accordance with the regulations in the German Commercial Code governing the accounting of limited liability companies [GmbH's] including generally accepted accounting principles. The notes to the financial statements include all required information.

4.3 Management report

The management report prepared by the management complies with the statutory requirements. The management report is consistent with the financial statements and the information obtained by us during our audit. Overall, it provides a suitable view of the Company's position. As a result of our audit, we conclude that the management report suitably presents the opportunities and risks of future development, and that the disclosures required by § 289 (2) HGB are complete and accurate.

5 Assessment of the overall assertion of the financial statements

5.1 Significant measurement bases and changes in measurement bases

According to § 321 (2) sentence 4 HGB, the audit report has to comment on significant valuation principles, as well as on the impact of changes in the valuation principles, including the election of allowed options in respect of accounting and valuation methods, and the exercise of judgement on the presentation of the net assets, financial position and results of operations of the Company.

The accounting and valuation methods used by the Company are appropriately presented in the Company's notes to the financial statements.

Apart from accounting and valuation options, valuations also depend on estimates made with regard to certain valuation components.

Below we present the significant accounting and valuation options and the assumptions made in the valuation of items (exercise of judgement) which, in our view, have a material effect on the presentation in the financial statements:

Intangible assets and property, plant and equipment

The depreciation method used as well as the assessment of the expected useful lifes of intangible assets and property, plant and equipment are the major elements in the valuation of fixed assets. KYB makes use of the straight-line depreciation method and considers the following useful lifes:

Type of asset	Useful life in years
Forklifts (new)	8
Forklifts (used)	5
Other transport equipment (warehouse)	5
Company cars	5
Workshop equipment	8 - 10
Office equipment	4 - 5
Low value < EUR 150.00	0
Hardware	3
Software	3

With regard to the development of fixed assets, we refer to the fixed assets movement schedule which is included in the notes (Appendix 3).

Merchandise goods

The goods are mainly purchased from Kayaba Group Companies (approximately 52 % from Kayaba Industry Co. Ltd., Tokyo/Japan, the sole shareholder of KYB Europe GmbH), and are in general capitalized with moving average purchase costs or the lower fair value. In addition transportation costs and duties for purchased goods are capitalized.

Allowances for obsolescence are calculated based on turnover rates for stocks on hand.

In case goods have turnover rates which exceed two years the following write-off rates are applied consistently with prior year:

Years	Obsolescence reserve (in %)
more than 4	30
at least 3 up to less than 4	20
at least 2 and up to less than 3	10

However, an exception is made for those goods which were included in the sales catalogue of KYB within the last two years before year-end. For those current goods no obsolescence reserves are set up at all.

The following table provides an overview of the development of the valuation components:

	31/12/2008	31/12/2007	Change
	EUR k	EUR k	EUR k
Purchase costs for goods on stock	29,881	38,831	-8,950
Goods in transit	4,597	5,414	-817
Transportation costs, duties	839	927	-88
	35,317	45,172	-9,855
Allowances for obsolescence	-572	-709	137
Inventories	34,745	44,463	-9,718

Trade debtors

The assessment of the future solvency of debtors and of the related bad debt risks is the most important element in the valuation of trade receivables.

The **individual allowance** is recorded for the uninsured share in receivables and amounts to EUR 280k as of 31 December 2008 (previous year-end: EUR 140k).

The Company also records a **general bad debt allowance** in an amount of EUR 665k (prior year: EUR 560k). Thereof EUR 590k relate to the German branch, EUR 43k to the Italian branch, EUR 21k to the UK branch and EUR 11k to the French branch.

The general bad debt allowance is calculated as follows:

Debtors	Allowance
	%
German debtors	
-insured debtors (only regarding the uninsured part, which is usually 25 % or 35 % of net receivables)	1.0
-amounts exceeding the credit limits as determined by the credit insurance	0.5
Debtors in other countries except customers from Eastern European countries (see below)	
-insured debtors (only regarding the uninsured part, which is usually 20 % or 30 % on net receivables)	1.0
-amounts exceeding the credit limits as determined by the credit insurance	0.5

Trade debtors due from Eastern European customers (esp. from Russia) usually can not be insured. The above stated general bad debt allowance for Germany of EUR 590k mainly comprises allowances for those debtors and considers the following devaluation rates depending on the days overdue:

Country	Overdue				
	30 days	60 days	90 days	<120 days	>120 days
	%	%	%	%	%
Russia	5	10	15	20	25
Serbia	5	10	15	20	25
Ukraine	9	18	27	36	45

As compared with previous year the rates were slightly decreased.

Provisions for pensions and similar obligations

For the legal basis of the Company's pension liabilities in its French branch we refer to our comments regarding the business profile of the Company (Appendix 5).

In the French branch a collective bargaining agreement is in place which qualifies as a defined benefit plan.

The provision of EUR 318k (prior year-end: EUR 301k) is based on an actuarial report as of 31 December 2006 (EUR 284k) which was prepared in accordance with the projected unit credit method but has not been updated. Since that time the provision is increased based on the Company's estimation only.

Warranty provisions

In the determination of warranty provisions, the Company makes assumptions on the probability and occurrence of damages including an estimation of future repair costs.

Based on a warranty agreement dated 5 January 2006 between Kayaba Industry Co. Ltd., Tokyo/Japan, and KYB the production risks are taken over by the production companies and only the remaining other warranty costs are to be taken over by the distribution companies within the Group. As at 31 December 2008 KYB accrued EUR 569k (prior year-end: EUR 533k).

In regard of the warranty agreement we refer to our comments regarding the business profile of the Company (Appendix 5).

5.2 Discretionary financial transactions

Factoring of trade receivables

As in previous years the Company transferred certain trade debtors to a factoring company.

As per 31 December 2008 receivables in the amount of EUR 3,048k (prior year-end: EUR 3,434k) have been transferred. The factoring of trade receivables is only performed for KYB's branch in Germany. For details of the agreements we refer to our comments regarding the business profile of the Company (Appendix 5).

Investment income

In 2008 the dividend distribution from KYB's subsidiary KYB Middle East FZE, Dubai/United Arab Emirates, was in the amount of EUR 8,000k (prior year: EUR 2,177k). Thereof EUR 4,000k relating to 2007/08 and additional EUR 4,000k as an early dividend distribution for 2008/09.

As regards other significant agreements with related parties as well as with third parties we refer to our comments in Appendix 5 (business profile).

5.3 Conclusion on the overall assertion of the financial statements

The Company has selected recognition principles and measurement bases affecting its financial statements as of 31 December 2008 mainly consistently with the prior year. The financial statements contain a few considerable uses of judgement arising from the need for estimates and forecasts individually described in selection 5.1 of this report. Based on an overall consideration of the measurement bases and the discretionary financial transactions taken described above, we are of the opinion that the financial statements provide a true and fair view of the Company's net assets, financial position, and results of operations in accordance with German principles of proper accounting.

6 Translation of Auditor's Report

We have issued the unqualified auditor's report with an additional remark in German language. The following is the translation of our auditor's report in English language:

"Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of KYB Europe GmbH, Krefeld, for the business year from 1 January to 31 December 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § [Article] 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of KYB Europe GmbH, Krefeld, in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion we refer to the discussion in the management report. In sections "Financial Position" and "Risks" therein it is disclosed that the Company's ability to continue as a going concern is dependent on the financial support of the parent company if short-term bank loans are not prolongated."

Düsseldorf, 11 December 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

(formerly
KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft)

Glunz	Dr. Widmayer
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

KPMG AG WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT WIRTSCHAFTS-PRÜFUNGS GESELLSCHAFT SIEGEL BERLIN

Appendices

KYB Europe GmbH, Krefeld

Balance Sheet as of 31 December 2008 (Translation)

Assets

	31/12/2008 EUR	31/12/2007 EUR
A. Fixed assets		
I. Intangible assets	135,578.34	60,693.99
II. Property, plant and equipment		
Other equipment and office equipment	1,947,148.16	2,125,828.15
III. Financial assets	442,399.58	442,399.58
	2,525,126.08	2,628,921.72
B. Current assets		
I. Inventories		
Merchandise goods	36,110,695.10	44,462,658.97
II. Debtors and other assets		
1. Trade debtors	27,247,318.09	22,745,162.33
2. Amounts due from affiliated companies	4,431,223.03	395,398.10
3. Other assets	3,095,134.77	2,239,005.30
	34,773,675.89	25,379,565.73
III. Cash and bank balances	3,598,699.03	1,315,614.23
	74,483,070.02	71,157,838.93
C. Prepaid expenses and deferred charges	715,031.67	471,306.04
	77,723,227.77	74,258,066.69

47755-1239808/Pc

Shareholders' equity and liabilities

	31/12/2008 EUR	31/12/2007 EUR
A. Equity		
I. Subscribed capital	700,000.00	700,000.00
II. Capital reserves	3,219,349.33	3,219,349.33
III. Cumulative profits brought forward	8,114,069.52	2,689,454.17
IV. Profit for the year	9,306,877.95	5,424,615.35
	21,340,296.80	12,033,418.85
B. Provisions		
1. Provisions for pensions and similar obligations	317,695.04	300,695.00
2. Tax provisions	64,872.41	230,682.56
3. Other provisions	10,087,191.25	8,242,169.51
	10,469,758.70	8,773,547.07
C. Liabilities		
1. Liabilities to banks	19,636,585.79	27,194,586.76
2. Trade payables	2,827,788.49	2,815,300.14
3. Amounts owed to affiliated companies	21,614,639.42	21,803,884.73
4. Other liabilities	1,834,158.57	1,637,329.14
	45,913,172.27	53,451,100.77
	77,723,227.77	74,258,066.69

Appendix 1

KYB Europe GmbH, Krefeld

Income Statement for the period from 1 January to 31 December 2008 (Translation)

	2008 EUR	2007 EUR
1. Sales	114,679,645.85	117,042,280.79
2. Other operating income	1,504,263.83	472,304.97
3. Cost of purchased goods	-85,689,302.10	-85,855,601.90
4. Personnel expenses		
a) Wages and salaries	-6,584,928.50	-5,976,329.38
b) Social security, pension and other benefits –of which relating to pensions EUR 17,000.00 (prior year: EUR 17,000.00)–	-1,837,849.31	-1,612,472.64
5. Depreciation on intangible and tangible assets	-446,950.09	-444,037.30
6. Other operating expenses	-17,494,761.43	-16,474,884.68
7. Investment income –all from group company–	8,000,000.00	2,177,251.07
8. Other interest and similar income	16,447.31	20,884.23
9. Interest and similar expenses	-1,528,617.50	-1,358,050.91
10. Net income	10,417,968.08	7,991,364.25
11. Taxes on income	-868,847.90	-2,382,196.64
12. Other taxes	-242,242.21	-184,552.26
13. Profit for the year	9,306,877.95	5,424,615.35

Rep[illegible] 8966 877.95 5 264 615.35

[illegible] [illegible]

KYB Europe GmbH, Krefeld

Notes to the financial statements for the financial year 2008 (Translation)

I. General Comments

For enhanced clarity, all supplementary information normally shown on the face of the balance sheet, as required by law, has been presented in these notes.

II. General Information

Consistent with previous years, the income statements have been presented by the nature of expenses method in accordance with § 275 (2) of the German Commercial Code (HGB).

KYB Europe GmbH is a large-sized corporation within the meaning of § 267 (3) HGB.

The individual financial statements have been prepared in accordance with HGB and the laws for private limited liability companies (GmbHG).

III. Accounting Policies

Intangible Assets

Intangible assets are stated at cost less scheduled amortization using the straight-line method.

Property, plant and equipment

Other equipment and office equipment are stated at acquisition cost, less scheduled depreciation using the straight-line method. Scheduled depreciation is determined according to the useful economic life of the assets. Low-value assets acquired for up to EUR 150 are fully expensed in the year of acquisition. Assets acquired for over EUR 150 and up to EUR 1,000 are capitalised in an accumulated amount per year and are expensed over five years starting in the year of acquisition and applying the straight-line method.

Financial Assets

The 100 % investment in KYB Middle East FZE, Dubai/United Arab Emirates, is carried at historical acquisition cost (subscribed capital AED 2,000,000 which equals EUR 442,399.58 at the historical exchange rate). The last business year of that company ended 31 March 2008 with a profit of AED 29,639k (which equals EUR 5,122k). The equity of this company as of 31 March 2008 is AED 34,406k (EUR 5,935k).

Inventories

Merchandise goods are in general valued at moving average purchase prices or the lower fair value at year-end. Transportation costs and duties for purchased goods are capitalized in addition. Allowances for obsolescence are considered to cover stock risks.

Debtors and other assets

Debtors and other assets are stated at their nominal value or their realizable value as at the balance sheet date, whichever is lower. Allowances are made for doubtful debts. Bad debts are expensed.

Receivables denominated in foreign currency are carried at their historical exchange rate or at the exchange rate prevailing on the balance sheet date, whichever is lower.

Cash and bank balances are stated at their nominal value.

Equity

Equity moved as follows:

	EUR k
1 January 2008	12,033
Profit of the year	9,307
31 December 2008	21,340

Provisions for pensions and similar obligations

The provision of EUR 318k (prior year-end: EUR 301k) is based on an actuarial report from 31 December 2006 (EUR 284k) which was prepared in accordance with the projected unit credit method but has not been updated. Since that time the provision is increased based on the Company's estimation only.

Other provisions

Other provisions take account of all identifiable risks related to onerous contracts and liabilities of uncertain amount as at the balance sheet date and cover the anticipated payment obligation determined using sound business judgement.

Liabilities

Liabilities are carried on the basis of the actual amount payable. Liabilities denominated in foreign currency are carried at their historical exchange rate or at the exchange rate prevailing on the balance sheet date, whichever is higher.

IV. Information regarding the Balance Sheet

Fixed assets

The presentation and development of fixed assets can be found in the attached fixed assets movement schedule.

Debtors and other assets

Debtors and other assets have a residual maturity of less than one year.

Amounts due from affiliated companies concern in an amount of EUR 109k (prior year: EUR 395k) the sole shareholder Kayaba Industry Co. Ltd., Tokyo/Japan.

Prepaid expenses and deferred charges

Prepaid expenses and deferred charges (EUR 715k) concern among others prepaid rent expenses (EUR 399k), advertising expenses (EUR 116k) and insurances (EUR 37k) in relation to the next business year.

Provisions

Other provisions (EUR 10,087k) mainly comprise customer bonuses (EUR 7,259k), personnel expenses (EUR 668k), annual sales rebates (EUR 660k), warranty accruals (EUR 569k), outstanding invoices (EUR 520k) and legal costs (EUR 346k).

Liabilities

All liabilities --except for one bank loan of EUR 3,000k with maturity date 7 June 2010-- have a residual maturity of one year or less.

Amounts owed to affiliated companies (EUR 20,249k; prior year: EUR 21,804k) concern trade payables, thereof EUR 11,311k are due to the sole shareholder Kayaba Industry Co. Ltd., Tokyo/Japan, (prior year: EUR 11,892k).

Other liabilities comprise:

	31/12/2008	31/12/2007
	EUR k	EUR k
Tax liabilities	1,115	1,019
Social security liabilities	456	395
Others	263	223
	1,834	1,637

V. Information regarding the Income Statement

Sales

Sales by branches are as follows:

	2008	2007
	EUR k	EUR k
Branch		
Germany	72,498	77,396
France	27,898	26,490
Italy	7,723	7,253
Spain	6,660	6,903
	114,680	117,042

The UK branch is acting as a sales agent on behalf of the German branch according to the sales agent agreement that is effective since 1 January 2005. Therefore sales in the UK are included in the sales of the German branch.

Other operating income

Other operating income (EUR 1,504k) mainly concerns foreign exchange profits (EUR 1,110k), reimbursements of bonuses paid to customers from other group companies (EUR 214k) and income concerning the release of accruals (EUR 49k).

Other operating expenses

This caption mainly comprises freight expenses (EUR 4,534k), rent expenses (EUR 3,673k), foreign exchange losses (EUR 1,791k), advertising expenses (EUR 1,562k), travel expenses (EUR 976k), professional fees (EUR 574k), insurance costs (EUR 574k) and automobile costs (EUR 558k).

Investment income

Based on shareholder's resolutions dated 27 May 2008 and 22 December 2008 of KYB Middle East FZE, Dubai/United Arab Emirates, EUR 8,000k (EUR 4,000k each) were distributed to the sole shareholder KYB Europe GmbH. Thereof EUR 4,000k are relating to 2007/08 and the additional EUR 4,000k are an early dividend distribution for 2008/09.

Other interest and similar income as well as interest and similar expenses

Other interest and similar income as well as interest and similar expenses comprise solely external income and expenses.

Other taxes

The caption other taxes (EUR 242k) comprises mainly professional taxes (EUR 105k) and sales taxes (EUR 79k) of the French branch.

VI. Other information

Other financial commitments

	2009	2010	2011	2012 and thereafter	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
Rent and leasing commitments	3,110	2,831	2,772	5,784	14,497

Employees

The number of employees in the branches during the current fiscal year was as follows:

Branch/Commission Agent	Average 2008	31/12/2008
Germany	57	59
France	45	43
United Kingdom	28	29
Spain	18	18
Italy	6	6
Total	154	155

Consolidated financial statements

KYB Europe GmbH, Krefeld, prepares consolidated financial statements. In addition KYB Europe GmbH is included in the consolidated financial statements of Kayaba Industry Co. Ltd., Tokyo/Japan.

General Management

The General Management of the Company is represented by:

- Hajime Sato, Businessman, Düsseldorf,
- Keiichi Handa, Businessman, Gifu/Japan,
- Toshio Watanabe, Businessman, Tokyo/Japan (until 18 September 2008),

- Kazuhisa Ikenoya, Businessman, Tokyo/Japan (since 19 September 2008 until 24 June 2009),

- Michio Yoshino, Businessman, Tokyo/Japan (since 24 June 2009).

The remuneration of the General Management amounts to EUR 269k in 2008.

Krefeld, 11 December 2009

KYB Europe GmbH

Hajime Sato
Managing Director

Keiichi Handa
Managing Director

Michio Yoshino
Managing Director

KYB Europe GmbH, Krefeld

Fixed Assets Movement Schedule for 2008 (Translation)

	Acquisition Cost			
	1/1/2008	Additions	Disposals	31/12/2008
	EUR	EUR	EUR	EUR
I. Intangible assets	228,885.11	120,320.80	16,916.62	332,289.29
II. Property, plant and equipment				
Other equipment and office equipment	3,869,235.87	279,943.75	280,401.35	3,868,778.27
III. Financial assets	442,399.58	0.00	0.00	442,399.58
	4,540,520.56	400,264.55	297,317.97	4,643,467.14

Depreciation				Carrying Amount	
1/1/2008	Additions	Disposals	31/12/2008	31/12/2008	31/12/2007
EUR	EUR	EUR	EUR	EUR	EUR
168,191.12	41,389.20	12,869.37	196,710.95	135,578.34	60,693.99
1,743,407.72	405,560.89	227,338.50	1,921,630.11	1,947,148.16	2,125,828.15
0.00	0.00	0.00	0.00	442,399.58	442,399.58
1,911,598.84	446,950.09	240,207.87	2,118,341.06	2,525,126.08	2,628,921.72

Statement to Notes

KYB Europe GmbH, Krefeld

Management report for the financial year 2008 (Translation)

A. Development of the business

KYB Europe GmbH is engaged in the sales of shock absorbers, coil springs and mounting-kits for replacement use ("aftermarket") in the automobiles business in the European market. The products are mainly produced by the ultimate parent company of the KYB Group, Kayaba Industry Co. Ltd., Tokyo/Japan, but also by its affiliated enterprises in Spain, Thailand and Brazil.

Two big brands are dominating the European shock absorber aftermarket business. KYB Europe GmbH, Krefeld, usually ranges on the third place in market shares in Europe. In order to develop the sales and market shares of the KYB Group particularly in the five largest markets in Europe, we incorporated KYB Europe GmbH in 1989 and founded our sales branches in the United Kingdom (1997), France (1998), Italy (2002) and Spain (2003). Furthermore in order to increase sales in Africa, Central and Middle East countries, we incorporated KYB Middle East FZE, Dubai (2005).

A.1 Significant Events during the year

We changed the International Commercial Terms with customers in Russia from offshore delivery to DDU (Delivered Duty Unpaid) with destination in Russia from February 2008 to carry out proper custom clearance. As a result sales unit prices to Russian customers increased by approximately 15%, in addition we bore delivery cost to the customers' warehouses in Russia.

A.2 Trend in Sales

The sales of KYB Europe GmbH decreased by € 2,362k (-2.0 %) from € 117,042k in 2007 to € 114,680k in 2008. Our branches contribute to the development of sales as follows:

Sales	2008		2007		Change	
	€k	%	€k	%	€k	%
Germany	72,498	63.2	77,396	66.1	-4,898	-6.3
France	27,899	24.3	26,490	22.6	1,409	5.3
Italy	7,723	6.8	7,253	6.2	470	6.5
Spain	6,560	5.7	5,903	5.1	657	11.1
	114,680	**100.0**	**117,042**	**100.0**	**-2,362**	**-2.0**

The development of sales in the different markets of our Company is not uniform. In 2008 the sales in Western European countries increased steadily but the sales in the Eastern European countries (which are undertaken by the German branch) decreased compared to last year. Since 1 January 2005 our branch in the UK has been acting as a commission agent and the sales in UK are included in the German sales. The turnover of the Spanish branch increased by € 657k compared to 2007 but does still not meet our expectations.

A.3 Earnings

The gross profit margin ratio (sales less cost of purchased goods in relation to sales) decreased from 26.6 % to 25.1 % compared to the previous year. Total gross profit (sales less cost of purchased goods) decreased by € 2.4 million to € 28.8 million.

Net income before taxes increased by € 2.4 million to € 10.4 million mainly due to an increase in investment income that over compensated the effects from the decrease in gross profit margin and the increase in personnel costs, as well as other operating expenses. The average numbers of employees increased by 8 to 154. As a result personnel expenses increased by € 835k or 11 %. The increases in other operating expenses are mainly due to a sharp fluctuation in exchange rates in 2008 and the change in the Delivery Terms with customers in Russia. As a result, other operating expenses increased by € 1,020k to € 17,495k. Exchange rates particularly between British Pound to EURO and EURO to Yen fluctuated in 2008 and exchange losses increased only by € 942k whereas exchange gains in other operating income increased only by € 730k. In addition outgoing freight and packing materials increased by € 654k due to the change in the Delivery Terms with customers in Russia. Until 2007 freight costs were borne by customers. However we have borne those costs from February 2008. On the other side, advertising costs decreased by € 816k to € 1,562k mainly due to cost saving activities.

In 2008, we received a dividend of € 8,000k (prior year: € 2,177k) from our subsidiary KYB Middle East FZE, Dubai/United Arab Emirates.

Taxes on income relate mainly to the head office in Germany (€ 520k) and the branch in France (€ 284k). As 95 % of income from dividends is tax exempt, the income taxes (€ 869k) are lower compared to the previous year (€ 2,382k).

In 2008, the profit for the year amounts to € 9,307k (prior year: € 5,425k) which is an increase of € 3,882k. The provit of the branches are made up as follows:

Profit for the year	2008	2007	Change
	€k	€k	€k
Germany (including investment income)	8,542	5,098	3,444
France	538	-31	569
UK	212	258	-46
Italy	71	180	-109
Spain	-56	-80	24
	9,307	5,425	3,882

A.4 Net Assets

Total asset increased by € 3,485k to € 77,723k. While inventories decreased by € 8,352k, the following classes of assets increased: trade receivables (+€ 4,602k), receivables from affiliated companies (+€ 4,036k) as well as cash and bank balances (+€ 2,283k). The increase in trade receivables is due to higher sales at year-end compared to prior year and prolongment of payment periods. The increase of receivables from affiliated companies is mainly due to the dividend receivable from KYB Middle East of € 4,000k which was not paid until 31 December 2008. Other assets mainly comprise tax receivables which are higher than prior year. Main reasons for the decrease in inventories are stricter stock management and higher sales at year-end.

Our equity increased by € 9,307k to € 21,340k. The increase is due to the profit of the year (€ 9,307k). For this fiscal year, we did not distribute any dividends to our sole shareholder, Kayaba Industry Co. Ltd, Tokyo/Japan. Therefore the capital ratio (equity in relation to balance sheet total) increased to 27.5 % compared to 16.2 % in the previous year.

Compared to last year-end the liabilities to banks decreased by € 7,558k to € 19,637k, payables to third parties and affiliated companies decreased by € 177k whereas provisions increased by € 1,696k. The main reason for the increase in other provisions is the increase in customer bonuses to buying groups compared with previous year which is due to our strategy to increase sales through enhanced bonus schemes.

A.5 Financial Position

KYB Europe GmbH finances its operations through operating cash inflows, short- and long-term liabilities to banks and subscribed capital invested by the parent company, Kayaba Industry Co. Ltd., Tokyo/Japan.

As per 31 December 2008 liabilities to banks amount to € 19,637k in total, thereof € 16,637k short-term (mainly three months revolving) and one mid-term loan in the amount of € 3,000k (which has been concluded in fiscal year 2007 and has maturity date 7 June 2010). Our financial position depends on the prolongation of the short-term liabilities to banks as we have no guaranteed credit line. In case the short-term liabilities to banks are not prolongated the going concern of our Company depends on the financial support of our parent company.

As of 31 December 2008 receivables in the amount of € 3,048k have been transferred to a factoring company. The factoring of certain trade receivables in only performed by our branch in Germany.

B. Non-financial performance indicators

KYB Europe GmbH is a pure sales organization in serving the European markets with shock absorbers and related products, which are mainly purchased from KYB organizations.

Therefore non financial performance-indicators are only used in connection with sales. Unchanged to prior year our range of products includes 99 % of all European wide distributed cars, and in 2008 we provide on a daily basis about 90 % of all offered products on stock.

C. Significant opportunities and risks of future development

The sales in Eastern European countries, especially Russia, have been slowing down beginning mid of 2008 due to the economic crisis. Payment terms from customers in Eastern Europe have been prolongated.

Our sales in 2008 were also impacted by the warm winter particularly in Eastern European countries. As our customers could not sell their stocks our sales slowed down. Also our customers have attempted to decrease their inventory level due to current serious financial problems. However the inventory adjustments of our customers seem to be almost finished. Furthermore customer needs for spare parts will be higher in 2009 due to the sharp decrease in new car sales. Our market shares in Eastern European countries are already high and are also increasing steadily in Western European countries. We will continue to re-organise the distribution system to supply our goods faster and also reach higher volumes with our suppliers.

The development of sales in 2009 until April can be charactized by a clear decrease which can be attributed to the economic crisis. In addition we had difficulties to deliver our customers due to the replacement of our warehouse management system which has been partly mitigated by hiring additional warehouse staff. Since May 2009 sales especially to Russia recover due to increasing needs for spare parts. However in total we expect that sales in 2009 will be below the sales in 2008 by approximately 20 %.

Taking into account the scheduled dividend income from our subsidiary KYB Middle East we expect a positive income in 2009 despite of the adverse economic conditions. For the financial year 2010 we are of the opinion that economic conditions will improve and expect therefore increasing sales and a positive income.

Due to the expected improvement of results we do not foresee any material risks which could endanger the going concern of our Company, neither now nor in the foreseeable future.

C.1 Opportunities

In Western Europe, KYB's market share in shock absorbers for the replacement use for automobiles is increasing due to the high quality of the products and very good customer service. The sales in these countries decreased in 2008 due to the economic crisis and devaluation of local currencies. However, those market volumes and demands are still expected to increase in the future fundamentally. In addition the markets in Eastern European countries will be increasing steadily and our KYB brand has become popular in those areas as well.

C.2 Risks

In the case the exchange rate especially of the Yen increases, there is a risk that our purchase prices are rising and may not be charged to the customers.

In past several years, our sales in Eastern European countries were increasing sharply and potential credit risks in those countries are high. Therefore our bad debt risks in those countries have to be monitored closely. Furthermore higher bad debt provisions will be recognised for those receivables.

As a group company of the Kayaba-Group we also depend on the strategic decisions taken on the headquarter-level in Japan.

If our short-term bank facilities will not be prolongated we are dependent on the financial support of our parent company to continue as a going concern.

The current economic crisis will force us to decrease sales volumes and to take an increased credit risk especially from customers in Russia. Therefore we have to watch the changes of the economic conditions and control credit terms closely.

D Subsequent events

There have been no subsequent events after the year-end which could materially affect the financial statements for the year 2008.

Krefeld, 11 December 2009

KYB Europe GmbH

Hajime Sato
Managing Director

Keiichi Handa
Managing Director

Michio Yoshino
Managing Director

47755-1239808/NN

Business profile

1. General

The Company's business comprises the distribution of shock absorbers and related products in the after-sales market in Europe. The supply of trade goods is mainly provided by affiliated companies of the KYB group.

The Company's main warehouses and business facilities are managed at hired premises in Krefeld/Germany, and Cergy-Pontoise/France.

2. Branches

The Company operates branches in France, Italy and Spain. The Company's business in the United Kingdom is based on a sales agent agreement.

While the French and the Italian branches mainly serve their home markets the Spanish branch is also responsible for deliveries into the Portuguese market. The German branch, which also is the European headquarter, is responsible for sales into the German market but also for sales to all Eastern European markets, especially to Russia.

3. Subsidiary

On 25 May 2005 the Company established the subsidiary KYB Middle East FZE in Dubai/ United Arab Emirates. The business of the subsidiary is the distribution of shock absorbers in the Arabian countries and also to some countries in Africa. The business year of that company is from 1 April to 31 March of the subsequent year.

4. Significant contracts with third parties

Lease of warehouse and office in Krefeld/Germany

On 16 September 2002 ProLogis Germany XII B.V. (lessor) and KYB Europe GmbH (tenant) signed a lease contract for the warehouse location based at Kimplerstraße 336 in Krefeld. The site consists of 9,726 m² storage area, 719 m² office area, 933 m² mezzanine area and 35 car parking spaces. The handing over of the leased object took place on 1 August 2003. The lease runs for ten years, commencing with the hand over. The tenant has the right to extend the lease two times for another five years at a time (option). The annual lease payment is EUR 913k.

On 9 August 2006 ProLogis Germany (lessor) and KYB Europe GmbH (tenant) signed a second lease contract for the warehouse location based at Kimplerstraße 340 in Krefeld. The site consists of 7,203 m² storage area, 141 m² social rooms, 16 truck parking spaces and 39 car parking spaces. The tenancy started on 9 August 2006. The lease runs for seven years, commencing with the hand over. The tenant has the right to extend the lease two times for another five years at a time (option). The annual lease payment is EUR 507k.

Other leaseholds

Country	Town	Anual lease payment	m²	End of lease term
France	Cergy-Pontoise	EUR 911k	17,499	31/12/2014
Spain	Coslada-Madrid	EUR 126k	1,700	31/12/2009
UK	Warrington 1	EUR 121k	2,044	24/06/2014
UK	Warrington 2	EUR 28k	444	15/09/2009
Italy	Lainate	EUR 27k	200	30/09/2014

Factoring of trade receivables

On 16 November 2006 the Company concluded a Factoring and Receivable Purchase Agreement with THE BANK OF TOKYO-MITSUBISHI UFJ, LTD, (Bank) and COFACE FINANZ GmbH (Coface). This agreement commenced on 24 November 2006 for an indefinite term and is the continuation of two agreements which were concluded with the above mentioned parties in 2005.

According to the current contract KYB and Coface entered as of the signing date into a cooperation agreement and a factoring agreement. The Trade Receivables Factoring Agreement regards the non-recourse sale by KYB to Coface of receivables arising from the sale of goods and/or the provision of services by KYB in accordance with its ordinary business in consideration for a purchase price in the amount of the face value of the respective trade receivable, which is payable by Coface.

Under this agreement, KYB will offer for purchase and the financing bank may, but does not have to accept to purchase factoring receivables within the limit of the uncommitted and non-recourse revolving receivables purchase facility in the aggregate amount of the facility limit at any one time outstanding.

KYB will conduct the servicing of the factoring receivables as set forth in this agreement, unless the right to conduct the servicing is revoked by the bank. As the bad debt risk is transferred to Coface, KYB also transfers the economic ownership. Therefore, instead of receivables due from the customers, KYB shows receivables due from the above mentioned parties.

As per 31 December 2008 receivables in the amount of EUR 3,048k have been transferred to Coface. The factoring of trade receivables is only performed for KYB's branch in Germany.

The main purpose of the factoring is the reduction of the bad debt risks associated with the Eastern-European business. However, the factoring company is not buying trade receivables due from Russian customers.

5. Significant Contracts with related parties

Warranty agreement

The warranty agreement between KYB Europe GmbH and Kayaba Industry Co. Ltd., Tokyo/Japan (hereinafter also refered to as KC), for shock absorbers manufactured by KC and/or its affiliated companies and supplied to KYB Europe GmbH is effective in the version dated 5 January 2006.

KC warrants that at the time of shipment from original countries all products are free from defects in material and workmanship, and conform to the technical materials agreed upon between the parties in writing.

KC's warranty shall be for the period of three years from the date of production.

The agreement had an initial duration until 31 March 2006 and is automatically renewed for a twelve months period in absence of a written notice of termination.

6. Provision for pensions and similar obligations

In the French branch a collective bargaining agreement is in place which qualifies as a defined benefit plan. The latest actuarial calculation ... ..epared as of 31 December 2006 in accordance with the actuarial projected unit credit method, applying a retirement age of 62 years and the French mortality tables "Tables Prospectives par Génération". The actuarial calculation has not been updated for year-end purposes since that time.

Legal status

Formation of the Company	9 June 1989
Company name	KYB Europe GmbH
Place of registration	Krefeld
Articles of association	The current version of the articles of association is dated 12 January 1995 and were adjusted for the last time on 24 October 2006.
Trade register	District Court of Krefeld, No. HRB 9952.
Company's object	The purpose of the business of KYB Europe GmbH is the export, import and production as well as the distribution of mechanical, electrical and electro-technical systems and related products. The Company is authorized to extend its business to other trade areas, make investments in local and foreign companies and incorporate branches. Further on the Company is entitled to all actions and procedures which may support achieving the purpose of the business.
Financial year	Calendar year
Subscribed capital	EUR 700,000.00
Ownership of shares	Sole shareholder is Kayaba Industry Co. Ltd., Tokyo/ Japan.

Prior year financial statements

At the shareholders' meeting held on 29 August 2008

(1) the financial statements and the management report as at 31 December 2007, which were prepared by the management, audited by us and given an unqualified auditor's report, were presented and the financial statements were approved;

(2) it was resolved that the accumulated profit in the amount of EUR 8,114,069.52 consisting of cumulative profits brought forward in the amount of EUR 2,689,454.17 and the profit of the year in the amount of EUR 5,424,615.35 be carried forward;

(3) it was decided to discharge General Management with regard to fiscal year 2007.

Size of the Company

The Company is a large-sized corporation as defined by § 267 (3) HGB (German Commercial Code).

Affiliated Companies

The Company is included in the consolidated financial statements of Kayaba Industry Co. Ltd., Tokyo/Japan.

Subsidiaries

On 25 May 2005 the Company established the 100 % subsidiary KYB Middle East FZE in Dubai/United Arab Emirates.

General management

The members of General Management are stated in Appendix 3.

Tax status

The last tax audit was finalized in 2008 and covered the taxable periods 2002 until 2005. The tax audit report is dated 23 July 2008 and revealed no significant findings.

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Our Precision, Your Advantage

KYB Europe GmbH Niederlassung Düsseldorf

07/12/22

I, Laura Falzon, permanent representative of the UK Establishment of KYB Europe GmbH, certify that this is a true copy of the financial statements.

Laura Falzon

KYB Europe GmbH Niederlassung Düsseldorf

Hausanschrift / Address:	Hauptniederlassung / Headquarters:	Geschäftsführer / Managing Directors:	Bankverbindung / Bank details:
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		Yoshihisa Nambu	

KYB Europe GmbH, Krefeld

Bilanz zum 31. Dezember 2008

Aktiva

	31.12.2008 EUR	31.12.2007 EUR
A. Anlagevermögen		
I. Immaterielle Vermögensgegenstände	135.578,34	60.693,99
II. Sachanlagen		
Andere Anlagen, Betriebs- und Geschäftsausstattung	1.947.148,16	2.125.828,15
III. Finanzanlagen	442.399,58	442.399,58
	2.525.126,08	2.628.921,72
B. Umlaufvermögen		
I. Vorräte		
Waren	36.110.695,10	44.462.658,97
II. Forderungen und sonstige Vermögensgegenstände		
1. Forderungen aus Lieferungen und Leistungen	27.247.318,09	22.745.162,33
2. Forderungen gegen verbundene Unternehmen	4.431.223,03	395.398,10
3. Sonstige Vermögensgegenstände	3.095.134,77	2.239.005,30
	34.773.675,89	25.379.565,73
III. Kassenbestand, Guthaben bei Kreditinstituten	3.598.699,03	1.315.614,23
	74.483.070,02	71.157.838,93
C. Rechnungsabgrenzungsposten	715.031,67	471.306,04
	77.723.227,77	74.258.066,69

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Passiva

	31.12.2008 EUR	31.12.2007 EUR
A. Eigenkapital		
I. Gezeichnetes Kapital	700.000,00	700.000,00
II. Kapitalrücklage	3.219.349,33	3.219.349,33
III. Gewinnvortrag	8.114.069,52	2.689.454,17
IV. Jahresüberschuss	9.306.877,95	5.424.615,35
	21.340.296,80	12.033.418,85
B. Rückstellungen		
1. Rückstellungen für Pensionen und ähnliche Verpflichtungen	317.695,04	300.695,00
2. Steuerrückstellungen	64.872,41	230.682,56
3. Sonstige Rückstellungen	10.087.191,25	8.242.169,51
	10.469.758,70	8.773.547,07
C. Verbindlichkeiten		
1. Verbindlichkeiten gegenüber Kreditinstituten	19.636.585,79	27.194.586,76
2. Verbindlichkeiten aus Lieferungen und Leistungen	2.827.788,49	2.815.300,14
3. Verbindlichkeiten gegenüber verbundenen Unternehmen	21.614.639,42	21.803.884,73
4. Sonstige Verbindlichkeiten	1.834.158,57	1.637.329,14
	45.913.172,27	53.451.100,77
	77.723.227,77	74.258.066,69

KYB Europe GmbH, Krefeld

Gewinn- und Verlustrechnung für die Zeit vom 1. Januar bis 31. Dezember 2008

		2008	2007
		EUR	EUR
1.	Umsatzerlöse	114.679.645,85	117.042.280,79
2.	Sonstige betriebliche Erträge	1.504.283,83	472.304,97
3.	Aufwendungen für bezogene Waren	-85.889.302,10	-85.855.601,90
4.	Personalaufwand		
	a) Löhne und Gehälter	-6.584.928,50	-5.976.329,38
	b) Soziale Abgaben und Aufwendungen für Altersversorgung –davon für Altersversorgung EUR 17.000,00 (i. Vj. EUR 17.000,00)–	-1.837.849,31	-1.612.472,64
5.	Abschreibungen auf immaterielle Vermögensgegenstände des Anlagevermögens und Sachanlagen	-446.950,09	-444.037,30
6.	Sonstige betriebliche Aufwendungen	-17.494.761,43	-16.474.864,68
7.	Erträge aus Beteiligungen –sämtlich aus verbundenen Unternehmen–	8.000.000,00	2.177.251,07
8.	Sonstige Zinsen und ähnliche Erträge	16.447,31	20.884,23
9.	Zinsen und ähnliche Aufwendungen	-1.528.617,50	-1.358.050,91
10.	Ergebnis der gewöhnlichen Geschäftstätigkeit	10.417.968,06	7.991.364,25
11.	Steuern vom Einkommen und vom Ertrag	-868.847,90	-2.382.196,64
12.	Sonstige Steuern	-242.242,21	-184.552,26
13.	Jahresüberschuss	9.306.877,95	5.424.615,35

KYB Europe GmbH, Krefeld

Anhang für das Geschäftsjahr 2008

I. Allgemeine Angaben

Zur besseren Übersichtlichkeit wurden alle zusätzlichen Angaben, die üblicherweise nach den gesetzlichen Vorschriften in der Bilanz gemacht werden, im Anhang dargestellt.

II. Grundlagen

Wie in den Vorjahren wurde die Gewinn- und Verlustrechnung nach dem Gesamtkostenverfahren gemäß § 275 Abs. 2 HGB aufgestellt.

KYB Europe GmbH ist eine große Kapitalgesellschaft im Sinne von § 267 Abs. 3 HGB.

Der Einzelabschluss wurde nach deutschen handelsrechtlichen Rechnungslegungsvorschriften (HGB) sowie den ergänzenden gesetzlichen Vorschriften für Gesellschaften mit beschränkter Haftung (GmbHG) aufgestellt.

III. Bilanzierungs- und Bewertungsgrundsätze

Immaterielle Vermögensgegenstände

Die immateriellen Vermögensgegenstände werden zu Anschaffungskosten vermindert um lineare Abschreibungen angesetzt.

Sachanlagen

Sonstige Anlagen, Betriebs- und Geschäftsausstattung werden zu Anschaffungskosten vermindert um lineare Abschreibungen angesetzt. Planmäßige Abschreibungen werden anhand der erwarteten Lebensdauer der Wirtschaftsgüter ermittelt. Geringwertige Anlagegüter mit Einzelanschaffungskosten bis zu EUR 150,00 werden im Jahr des Zugangs voll abgeschrieben. Geringwertige Anlagegüter mit Einzelanschaffungskosten von EUR 150,00 bis EUR 1.000 werden in einem Sammelposten aktiviert und ab dem Jahr des Zugangs über fünf Wirtschaftsjahre linear abgeschrieben.

Finanzanlagen

Die 100 %-ige Beteiligung an der KYB Middle East FZE, Dubai/Vereinigte Arabische Emirate, wird zu historischen Anschaffungskosten bilanziert (gezeichnetes Kapital AED 2.000.000 entsprechend EUR 442.399,58 zum historischen Umrechnungskurs). Das letzte Geschäftsjahr dieser Gesellschaft endete am 31. März 2008 mit einem Jahresüberschuss in Höhe von TAED 29.639 (TEUR 5.112). Das Eigenkapital beträgt zum 31. März 2008 TAED 34.406 (TEUR 5.935).

Vorräte

Waren werden grundsätzlich zu gleitenden Durchschnittspreisen oder zu niedrigeren beizulegenden Werten am Bilanzstichtag bewertet. Darüber hinaus werden Transportkosten und Zölle auf bezogene Waren aktiviert. Lagerrisiken werden durch Gängigkeitsabschläge berücksichtigt.

Forderungen und sonstige Vermögensgegenstände

Forderungen und sonstige Vermögensgegenstände werden zum Nennwert oder dem niedrigeren beizulegenden Wert am Bilanzstichtag angesetzt. Auf zweifelhafte Forderungen werden Wertberichtigungen gebildet und nicht einbringliche Forderungen werden ausgebucht.

Fremdwährungsforderungen werden zu historischen Wechselkursen oder niedrigeren Stichtagskursen angesetzt.

Kassenbestand und Bankguthaben werden zu Nennwerten ausgewiesen.

Eigenkapital

Das Eigenkapital hat sich wie folgt entwickelt:

	TEUR
1. Januar 2008	12.033
Jahresüberschuss 2008	9.307
31. Dezember 2008	21.340

Rückstellungen für Pensionen und ähnliche Verpflichtungen

In der französischen Niederlassung gilt eine tarifliche Vereinbarung über einen leistungsorientierten Pensionsplan. Die Rückstellung in Höhe von TEUR 318 (i. Vj. TEUR 301) wurde auf der Basis eines zum 31. Dezember 2006 (TEUR 284) erstellten versicherungsmathematischen Gutachtens (projected unit credit method) ermittelt, das seitdem nicht aktualisiert wurde. Seit diesem Zeitpunkt wird die Rückstellung durch die Geschäftsführung lediglich geschätzt.

Sonstige Rückstellungen

Sonstige Rückstellungen wurden für alle erkennbaren Risiken aus Drohverlusten und ungewissen Verpflichtungen zum Bilanzstichtag mit den Beträgen gebildet, mit denen die Gesellschaft nach vernünftiger kaufmännischer Beurteilung wahrscheinlich in Anspruch genommen wird.

Verbindlichkeiten

Verbindlichkeiten werden mit dem Rückzahlungsbetrag bilanziert. Fremdwährungsverbindlichkeiten werden zu historischen Wechselkursen oder höheren Stichtagskursen angesetzt.

IV. Erläuterungen zur Bilanz

Anlagevermögen

Die Entwicklung des Anlagevermögens ist im beigefügten Anlagespiegel dargestellt.

Forderungen und sonstige Vermögensgegenstände

Forderungen und sonstige Vermögensgegenstände weisen Fälligkeiten von bis zu einem Jahr auf.

Forderungen gegen verbundene Unternehmen betreffen in Höhe von TEUR 109 (i. Vj. TEUR 395) den alleinigen Gesellschafter Kayaba Industry Co. Ltd., Tokio/Japan.

Rechnungsabgrenzungsposten

Aktive Rechnungsabgrenzungsposten (TEUR 715) betreffen im Wesentlichen Mieten (TEUR 399), Werbeaufwendungen (TEUR 116) sowie Versicherungsbeiträge (TEUR 37) für das kommende Geschäftsjahr.

Rückstellungen

Sonstige Rückstellungen (TEUR 10.087) betreffen im Wesentlichen Kundenboni (TEUR 7.259), Personalaufwendungen (TEUR 668), Rabatte auf den Jahresumsatz (TEUR 660), ausstehende Rechnungen (TEUR 520), Gewährleistungen (TEUR 569) sowie Prozesskosten (TEUR 346).

Verbindlichkeiten

Sämtliche Verbindlichkeiten --ausgenommen ein Bankdarlehen über TEUR 3.000 mit Fälligkeitsdatum 7. Juni 2010-- sind innerhalb eines Jahres fällig.

Die Verbindlichkeiten gegenüber verbundenen Unternehmen (TEUR 20.249; i. Vj. TEUR 21.804) betreffen sämtlich Lieferungen und Leistungen und beinhalten mit TEUR 11.311 Verbindlichkeiten gegenüber dem alleinigen Gesellschafter Kayaba Industry Co. Ltd., Tokio/ Japan (i. Vj. TEUR 11.892).

Die sonstigen Verbindlichkeiten setzen sich wie folgt zusammen:

	31.12.2008	31.12.2007
	TEUR	TEUR
Steuerverbindlichkeiten	1.115	1.019
Sozialversicherung	456	395
Übrige	263	223
	1.834	1.637

V. Erläuterungen zur Gewinn- und Verlustrechnung

Umsatzerlöse

Die Umsatzerlöse verteilen sich wie folgt auf die Niederlassungen:

	2008	2007
	TEUR	TEUR
Niederlassung		
Deutschland	72.498	77.396
Frankreich	27.899	26.490
Italien	7.723	7.253
Spanien	6.560	5.903
	114.680	117.042

Die Niederlassung in Großbritannien ist seit dem 1. Januar 2005 auf Basis eines Vertretungsvertrags als Verkaufsbüro für die deutsche Niederlassung tätig. Die Umsätze in Großbritannien sind in den Umsatzerlösen der deutschen Niederlassung enthalten.

Sonstige betriebliche Erträge

Sonstige betriebliche Erträge (TEUR 1.504) beinhalten im Wesentlichen Wechselkursgewinne (TEUR 1.110), Erträge aus der Erstattung für Kundenbonuszahlungen von Schwesterunternehmen (TEUR 214) sowie Erträge aus der Auflösung von Rückstellungen (TEUR 49).

Sonstige betriebliche Aufwendungen

Sonstige betriebliche Aufwendungen betreffen in erster Linie Frachten (TEUR 4.534), Mieten (TEUR 3.673), Währungskursverluste (TEUR 1.791), Werbekosten (TEUR 1.562), Reisekosten (TEUR 976), Honorare (TEUR 574), Versicherungsbeiträge (TEUR 574) sowie Kosten für den Fuhrpark (TEUR 558).

Erträge aus Beteiligungen

Basierend auf Gesellschafterbeschlüssen vom 27. Mai 2008 und 22. Dezember 2008 der KYB Middle East FZE, Dubai/Vereinigte Arabische Emirate, erfolgten Dividendenausschüttungen in Höhe von TEUR 8.000 (jeweils TEUR 4.000) an den alleinigen Gesellschafter KYB Europe GmbH. Hiervon betrafen TEUR 4.000 das Geschäftsjahr 2007/08 und die weiteren TEUR 4.000 eine Vorabdividende für 2008/09.

Sonstige Zinsen und ähnliche Erträge sowie Zinsen und ähnliche Aufwendungen

Sonstige Zinsen und ähnliche Erträge sowie Zinsen und ähnliche Aufwendungen betreffen ausschließlich Erträge und Aufwendungen von Dritten.

Sonstige Steuern

Die sonstigen Steuern (TEUR 242) betreffen überwiegend betriebliche Steuern (TEUR 105) und Verkaufssteuern (TEUR 79) der französischen Niederlassung.

VI. Sonstige Angaben

Sonstige finanzielle Verpflichtungen

	2009	2010	2011	2012 und danach	Gesamt
	TEUR	TEUR	TEUR	TEUR	TEUR
Mieten und Leasingverpflichtungen	3.110	2.831	2.772	5.784	14.497

Mitarbeiter

Die Anzahl der Mitarbeiter in den Niederlassungen war während des Geschäftsjahres wie folgt:

Niederlassung/Verkaufsbüro	Durchschnitt 2008	31.12.2008
Deutschland	57	59
Frankreich	45	43
Großbritannien	28	29
Spanien	18	18
Italien	6	6
Gesamt	154	155

Konzernabschluss

KYB Europe GmbH, Krefeld, stellt einen Konzernabschluss auf. Darüber hinaus wird die KYB Europe GmbH in den Konzernabschluss der Kayaba Industry Co. Ltd., Tokio/Japan, einbezogen.

Geschäftsführer

Mitglieder der Geschäftsführung waren im Geschäftsjahr:

- Hajime Sato, Kaufmann, Düsseldorf,
- Keiichi Handa, Kaufmann, Gifu/Japan,
- Toshio Watanabe, Kaufmann, Tokio/Japan (bis 18. September 2008),

- Kazuhisa Ikenoya, Kaufmann, Tokio/Japan (seit 19. September 2008 bis 24. Juni 2009),
- Michio Yoshino, Kaufmann, Tokio/Japan (seit 24. Juni 2009).

Die Geschäftsführerbezüge beliefen sich im Geschäftsjahr 2008 auf TEUR 296.

Krefeld, 11. Dezember 2009

KYB Europe GmbH

Hajime Sato	Keiichi Handa	Michio Yoshino
Geschäftsführer	Geschäftsführer	Geschäftsführer

KYB Europe GmbH, Krefeld

Entwicklung des Anlagevermögens im Geschäftsjahr 2008

	Anschaffungskosten			
	1.1.2008	Zugänge	Abgänge	31.12.2008
	EUR	EUR	EUR	EUR
I. Immaterielle Vermögensgegenstände	228.885,11	120.320,80	16.916,62	332.289,29
II. Sachanlagen				
Andere Anlagen, Betriebs- und Geschäftsausstattung	3.869.235,87	279.943,75	280.401,35	3.868.778,27
III. Finanzanlagen	442.399,58	0,00	0,00	442.399,58
	4.540.520,56	400.264,55	297.317,97	4.643.467,14

Abschreibungen				Buchwerte	
1.1.2008	Zugänge	Abgänge	31.12.2008	31.12.2008	31.12.2007
EUR	EUR	EUR	EUR	EUR	EUR
168.191,12	41.389,20	12.869,37	196.710,95	135.578,34	60.693,99
1.743.407,72	405.560,89	227.338,50	1.921.630,11	1.947.148,16	2.125.828,15
0,00	0,00	0,00	0,00	442.399,58	442.399,58
1.911.598,84	446.950,09	240.207,87	2.118.341,06	2.525.126,08	2.628.921,72

KYB Europe GmbH, Krefeld

Lagebericht für das Geschäftsjahr 2008

A. Geschäftsverlauf

KYB Europe GmbH vertreibt Stoßdämpfer, Federn und Mounting-Kits als Ersatzteile ("Aftermarket") an die europäische Automobilindustrie. Die Produkte werden im Wesentlichen von der Konzernobergesellschaft der KYB Gruppe, Kayaba Industry Co. Ltd., Tokio/Japan, hergestellt, aber auch bei Konzerngesellschaften in Spanien, Thailand und Brasilien.

Zwei andere große Marken beherrschen das Aftermarketgeschäft für Stoßdämpfer in Europa. KYB Europe GmbH, Krefeld, besitzt den drittgrößten Marktanteil in Europa. Um die Umsätze und Marktanteile der KYB Gruppe insbesondere auf den fünf größten Märkten in Europa weiter zu steigern, haben wir 1989 die KYB Europa GmbH und später unsere Niederlassungen in Großbritannien (1997), Frankreich (1998), Italien (2002) und Spanien (2003) gegründet. Ferner haben wir, um die Umsätze in Afrika, im Mittleren und im Nahen Osten zu steigern, in 2005 die KYB Middle East FZE, Dubai/Vereinigte Arabische Emirate, gegründet.

A.1 Bedeutende Ereignisse im Geschäftsjahr

Wir haben die den Lieferungen an russische Kunden zu Grunde liegenden Incoterms von einer Übergabe außerhalb Russlands auf DDU (Delivery Duty Unpaid) mit Bestimmungsort in Russland umgestellt. Im Ergebnis haben sich die Stückpreise für russische Kunden um etwa 15 % erhöht. Darüber hinaus haben wir die Transportkosten in die russischen Lager unserer Kunden getragen.

A.2 Umsatzentwicklung

Der Umsatz der KYB Europe GmbH ist um TEUR 2.362 (-2,0 %) von TEUR 117.042 im Vorjahr auf TEUR 114.680 im Geschäftsjahr gesunken. Unsere Niederlassungen haben wie folgt zu dieser Entwicklung beigetragen:

Umsätze	2008		2007		Veränderung	
	TEUR	%	TEUR	%	TEUR	%
Deutschland	72.498	63,2	77.396	66,1	-4.898	-6,3
Frankreich	27.899	24,3	26.490	22,6	1.409	5,3
Italien	7.723	6,8	7.253	6,2	470	6,5
Spanien	6.560	5,7	5.903	5,1	657	11,1
	114.680	**100,0**	**117.042**	**100,0**	**-2.362**	**-2,0**

Die Umsatzentwicklung auf den verschiedenen Märkten ist uneinheitlich. In den westeuropäischen Ländern stiegen die Umsätze in 2008 stetig an, während die Umsatzerlöse in den osteuropäischen Ländern (die durch die Niederlassung in Deutschland vorgenommen werden), im Vergleich zum Vorjahr rückläufig waren. Unsere Niederlassung in Großbritannien ist seit dem 1. Januar 2005 als Kommissionär tätig und die Umsatzerlöse sind in der deutschen Niederlassung enthalten. Die Umsatzerlöse in Spanien sind zwar im Vergleich zum Vorjahr um TEUR 657 gestiegen, entsprechen aber noch nicht unseren Erwartungen.

A.3 Ergebnis

Die Rohgewinnmarge (Umsatzerlöse abzüglich Aufwendungen für bezogene Waren in Relation zu den Umsatzerlösen) fiel von 26,6 % im Vorjahr auf nunmehr 25,1 %. Der Rohgewinn (Umsatzerlöse abzüglich Kosten für bezogene Waren) sank insgesamt um EUR 2,4 Mio. auf EUR 28,8 Mio.

Das Ergebnis der gewöhnlichen Geschäftstätigkeit stieg um EUR 2,4 Mio. auf EUR 10,4 Mio. im Wesentlichen auf Grund der Erhöhung des Beteiligungsergebnisses, das die Effekte aus dem Rückgang der Rohgewinnmarge und die Erhöhung der Personalkosten sowie der sonstigen betrieblichen Aufwendungen überkompensierte. Die Anzahl der Mitarbeiter im Jahresdurchschnitt stieg um 8 auf 154. Daher stiegen auch die Personalaufwendungen um TEUR 835 oder 11 %. Der Anstieg der sonstigen betrieblichen Aufwendungen resultiert im Wesentlichen aus deutlichen Wechselkursveränderungen im Jahr 2008 und der Veränderung der Lieferkonditionen für russische Kunden. Im Ergebnis stiegen die sonstigen betrieblichen Aufwendungen um TEUR 1.020 auf TEUR 17.495. Insbesondere änderten sich die Wechselkurse zwischen dem britischen Pfund und dem Euro sowie zwischen dem japanischen Yen und dem Euro in 2008 und führten zu einem Anstieg der Kursverluste um TEUR 942, wohingegen sich die Kursgewinne nur um TEUR 730 erhöhten. Darüber hinaus erhöhten sich die Aufwendungen für Frachten und Verpackungsmaterial um TEUR 654 aufgrund der Änderung in den Lieferkonditionen an russische Kunden. Bis 2007 wurden die Frachtkosten von den Kunden getragen. Seit Februar 2008 tragen wir aufgrund der Veränderung in den Incoterms die Frachtkosten. Andererseits haben sich die Werbekosten aufgrund der Kosteneinsparungsaktivitäten um TEUR 816 auf TEUR 1.562 verringert.

In 2008 haben wir eine Dividende in Höhe von TEUR 8.000 (im Vorjahr TEUR 2.177) von unserer Tochtergesellschaft KYB Middle East FZE, Dubai/Vereinigte Arabische Emirate, erhalten.

Die Steuern vom Einkommen und vom Ertrag betreffen im Wesentlichen die deutsche Niederlassung (TEUR 520) und die Niederlassung in Frankreich (TEUR 284). Da 95 % der Beteiligungserträge nicht steuerpflichtig sind, fallen die Steuern vom Einkommen und Ertrag (TEUR 869) geringer aus als im Vorjahr (TEUR 2.382).

Der Jahresüberschuss für das Geschäftsjahr 2008 beträgt TEUR 9.307 (i. Vj. TEUR 5.425). Die Ergebnisse der Niederlassungen setzen sich wie folgt zusammen:

Jahresüberschuss	2008	2007	Veränderung
	TEUR	TEUR	TEUR
Deutschland (incl. Beteiligungserträge)	8.542	5.098	3.444
Frankreich	538	-31	569
Großbritannien	212	258	-46
Italien	71	180	-109
Spanien	-56	-80	24
	9.307	5.426	3.882

A.4 Vermögenslage

Die Bilanzsumme erhöhte sich um TEUR 3.465 auf TEUR 77.723. Während die Vorräte um TEUR 8.352 sanken, haben sich die folgenden Aktiva erhöht: Forderungen aus Lieferungen und Leistungen (+TEUR 4.502), Forderungen gegen verbundene Unternehmen (+TEUR 4.036) und liquide Mittel (+TEUR 2.283). Der Anstieg der Forderungen aus Lieferungen und Leistungen beruht auf im Vergleich zum Vorjahr höheren Verkäufen zum Jahresende und auf verlängerten Zahlungszielen. Die Erhöhung der Forderungen gegen verbundene Unternehmen resultiert hauptsächlich aus Dividendenforderungen an KYB Middle East, von denen TEUR 4.000 zum 31. Dezember 2008 nicht bezahlt waren. Die Hauptgründe für den Rückgang des Vorratsvermögens liegen am strikten Vorratsmanagement sowie an den höheren Verkäufen zum Jahresende.

Unser Eigenkapital hat sich um TEUR 9.307 auf TEUR 21.340 erhöht. Der Anstieg beruht auf dem Jahresüberschuss (+TEUR 9.307). Im Berichtsjahr haben wir keine Dividenden an unsere einzige Gesellschafterin Kayaba Industry Co. Ltd., Tokio/Japan, ausgeschüttet. Daher erhöhte sich die Eigenkapitalquote (als Verhältnis von Eigenkapital zur Bilanzsumme) auf 27,5 % im Vergleich zu 16,2 % im Vorjahr.

Im Vergleich zum Vorjahres-Stichtag verminderten sich die Bankverbindlichkeiten um TEUR 7.558 auf TEUR 19.637 und die Verbindlichkeiten aus Lieferungen und Leistungen und gegenüber verbundenen Unternehmen um TEUR 177, wohingegen sich die Rückstellungen um TEUR 1.696 erhöhten. Der Hauptgrund für den Anstieg der sonstigen Rückstellungen liegt in höheren Kundenboni für Einkaufsgemeinschaften im Vergleich zum Vorjahr und resultiert aus unserer Strategie Umsätze durch verbesserte Bonusbedingungen zu erhöhen.

A.5 Finanzlage

KYB Europe GmbH finanziert sich über laufende Einkünfte, kurz- und mittelfristige Bankdarlehen sowie das von der Muttergesellschaft Kayaba Industry Co. Ltd., Tokio/Japan, zur Verfügung gestellte Eigenkapital.

Zum 31. Dezember 2008 betragen die Bankverbindlichkeiten TEUR 19.637, davon TEUR 16.637 kurzfristige Darlehen (im Wesentlichen drei Monte Laufzeit mit regelmäßiger Verlängerung) sowie ein mittelfristiges Darlehen über TEUR 3.000 (abgeschlossen im Geschäftsjahr 2007 und mit Fälligkeitsdatum 7. Juni 2010). Unsere finanzielle Situation hängt davon ab, dass die kurzfristigen Darlehen regelmäßig verlängert werden. Eine zugesicherte Kreditlinie besteht nicht. Für den Fall, dass die kurzfristigen Bankdarlehen nicht verlängert werden, hängt der Fortbestand des Unternehmens von der weiteren finanziellen Unterstützung unserer Muttergesellschaft ab.

Zum 31. Dezember 2008 belaufen sich die an eine Factoringgesellschaft veräußerten Forderungen auf TEUR 3.048. Der Verkauf bestimmter Forderungen aus Lieferungen und Leistungen beschränkt sich auf die Niederlassung in Deutschland.

B. Nicht finanzielle Leistungsindikatoren

Die KYB Europe GmbH ist eine reine Vertriebsgesellschaft für PKW-Stoßdämpfer und Zubehörteile, die vom Kayaba Konzernverbund beschafft werden.

Nicht finanzielle Leistungsindikatoren werden dementsprechend nur im Vertriebsbereich genutzt. Unverändert zum Vorjahr umfasst unser Lieferumfang 99 % aller in Europa vertretenen PKW-Fabrikate, und in 2008 waren 90 % der angebotenen Artikel täglich lieferbar.

C. Voraussichtliche Entwicklung mit ihren wesentlichen Chancen und Risiken

Die Umsätze in osteuropäischen Ländern, speziell in Russland, haben sich aufgrund der Wirtschaftskrise seit Mitte des Jahres 2008 verringert. Die Zahlungsziele für Kunden aus osteuropäischen Ländern wurden verlängert.

Unsere Umsätze in 2008 wurden auch dadurch beeinflusst, dass der letzte Winter insbesondere in den osteuropäischen Ländern besonders warm ausgefallen ist. Da unsere Kunden ihre Vorratsbestände nicht weiterveräußern konnten, haben unsere Umsätze abgenommen. Außerdem haben unsere Kunden aufgrund ernsthafter Finanzierungsschwierigkeiten versucht, ihre Lagerbestände zu reduzieren. Allerdings scheinen die Bestandsanpassungen unserer Kunden fast zu einem Ende gekommen zu sein. Darüber hinaus wird die Kundennachfrage nach Ersatzteilen in 2009 aufgrund des deutlichen Rückgangs des Neuwagengeschäfts höher ausfallen. Unser Marktanteil ist in den osteuropäischen Ländern bereits hoch und steigt auch stetig in den westeuropäischen Ländern. Wir arbeiten weiter an der Reorganisation unseres Vertriebssystems, um unsere Produkte schneller und in größerer Menge ausliefern zu können.

Die Umsatzentwicklung im Jahr 2009 war bis April durch einen deutlichen konjunkturbedingten Rückgang geprägt. Hinzu kamen Lieferschwierigkeiten aufgrund der Umstellung unseres Lagerwirtschaftssystems, denen wir durch den Einsatz zusätzlichen Lagerpersonals begegnen. Seit Mai 2009 ist zu beobachten, dass insbesondere die Vorräte aus Russland aufgrund des steigenden Ersatzteilbedarfs wieder anziehen. Insgesamt erwarten wir für das Jahr 2009 jedoch einen Rückgang der Umsatzerlöse im Vergleich zu 2008 um etwa 20 %.

Unter Berücksichtigung der geplanten Dividendeneinkünfte aus unserer Tochtergesellschaft KYB Middle East erwarten wir für 2009 trotz der negativen wirtschaftlichen Rahmenbedingungen ein positives Ergebnis. Für das Jahr 2010 gehen wir von einer Verbesserung der wirtschaftlichen Rahmenbedingungen aus und erwarten demgemäß steigende Umsätze und ein positives Ergebnis.

Aufgrund der erwarteten Ergebnisentwicklung sehen wir keine materiellen Risiken, die den Fortbestand unserer Gesellschaft gefährden könnten; weder jetzt noch in absehbarer Zukunft.

C.1 Chancen

In Westeuropa wächst der Marktanteil von KYB bei Ersatz-Stoßdämpfern für Fahrzeuge durch die hohe Produktqualität und unseren hervorragenden Kundendienst. Die Verkäufe in diesen Ländern sind in 2008 aufgrund der Wirtschaftskrise und der Abwertung der dortigen Währungen gesunken. Dennoch bestehen berechtigte Erwartungen, dass unsere Marktanteile und die Nachfrage zukünftig ansteigen werden. Zusätzlich erwarten wir ein stetiges Wachstum der osteuropäischen Märkte, wo die Marke KYB inzwischen auch bekannt ist.

C.2 Risiken

Sollten die Wechselkurse ansteigen, so besteht insbesondere bei dem Yen das Risiko, dass unsere Einkaufspreise steigen und wir diese Preissteigerungen nicht an unsere Kunden weitergeben können.

Auf Grund unserer starken Umsatzzuwächse in Osteuropa seit einigen Jahren steigt das Ausfallrisiko und wir müssen unsere Forderungen in diesen Ländern sorgfältig überwachen. Des Weiteren werden höhere Wertberichtigungen auf diese Forderungen erfasst.

Als Unternehmen des Kayaba-Konzernverbunds sind wir von den strategischen Entscheidungen der Konzernzentrale in Japan abhängig.

Falls unsere kurzfristigen Bankkredite nicht verlängert werden, sind wir zur Sicherung des Fortbestands auf die finanzielle Unterstützung unserer Muttergesellschaft angewiesen.

Die gegenwärtige Wirtschaftskrise betrifft uns mit einem Rückgang des Umsatzvolumens und einem erhöhtem Ausfallrisiko, speziell in Bezug auf russische Kunden. Deshalb ist es erforderlich, dass wir die Veränderung der wirtschaftlichen Bedingungen beobachten und das Zahlungsverhalten unserer Kunden eng überwachen.

D. Vorgänge von besonderer Bedeutung, die nach dem Schluss des Geschäftsjahres eingetreten sind

Es sind keine Ereignisse eingetreten, die einen wesentlichen Einfluss auf den Jahresabschluss zum 31. Dezember 2008 haben.

Krefeld, 11. Dezember 2009

KYB Europe GmbH

Hajime Sato	Keiichi Handa	Michio Yoshino
Geschäftsführer	Geschäftsführer	Geschäftsführer

Appendix 11

General Engagement Terms

All [illegible] This [illegible]

[Translator's notes are in square brackets]

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services – not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations – especially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms. The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties – by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.

(2) Liability for negligence; An individual case of damages

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Preclusive deadlines

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

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10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- b) examination of tax assessments in relation to the taxes mentioned in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- e) participation in Einspruchs- und Beschwerdeverfahren (appeals and complaint procedures) with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays; sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.