

Sabaf S.p.A.

Ospitaletto (BS) Via dei Carpini 1

Share Capital: Euro 11,533,450 fully paid-up

Companies Register of Brescia and Tax ID no. 03244470179

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STATUTORY AUDITORS' REPORT ON THE
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

Shareholders,

We have examined the consolidated financial statements of SABAF S.p.A. at 31 December 2007 and the report furnished with it.

The consolidated financial statements have been prepared in compliance with IFRS international reporting standards.

To the best of our knowledge and competence, we can state as follows:

- the figures used for consolidation are taken from the financial statements at 31 December 2007 prepared by the Boards of Directors of the individual subsidiary companies in the area of consolidation ;
- the area of consolidation includes the following companies, in which SABAF holds the majority shareholding, as well as the parent company:
 - Faringosi Hinges S.r.l. – Italy;
 - SABAF IMMOBILIARE S.r.l. – Italy;
 - SABAF do Brazil Ltda – Brazil.

The area of consolidation does not include the wholly-owned subsidiary, SABAF Mexico S.A., with registered office in Mexico.

The consolidation policies utilized and indicated in the Explanatory Notes comply with the

IFRS, as already noted in the consolidated financial statements of the previous year, and are as follows:

- a) assets and liabilities, income and costs in the financial statements consolidated on a 100% line-by-line basis are included in the Group financial statements, regardless of the entity of the equity interest concerned. In addition, the carrying value of equity interests is eliminated against the shareholders' equity relating to subsidiary companies;
- b) positive differences arising from elimination of equity investments against the book value of net equity at the date of first-time consolidation are reported as increases of assets and liabilities and, for the remainder, to goodwill. In accordance with the provisions of IFRS 3, the Group has changed the accounting treatment of goodwill on a prospective basis as from the transition date.

Therefore, as from January 2004, the Group has ceased amortizing goodwill, subjecting it to impairment testing instead;

- c) payables and receivables and costs and revenues between consolidated companies and profits/losses arising from intercompany transactions are eliminated. If minority shareholders exist, the portion of shareholders' equity and net profits for the period pertaining to them is posted in specific items of the consolidated Balance Sheet and Income Statement.

The consolidated financial statements are furnished with a certificate issued by the Financial Reporting Officer, in accordance with Article 81-ter of the Consob Regulation no. 11971 of 14 May 1999 as amended.

We feel confident in giving our consent regarding the accounting principles adopted in application of prevailing law.

We have also read the detailed and comprehensive report in which the Board of Directors illustrates the performance of the Group as a whole and the Corporate Governance activities

applied. The report also provides the most significant figures of each consolidated company as well as sales by geographical area and product line, giving a clearer picture of the situation of the individual companies and the Group.

We also report that all the financial statement figures are detailed and include complete comments, thus meeting legal requirements and the need for a complete overview for the reader. We note that the consolidated financial statements have been submitted to an audit by AGN Serca S.n.c., as independent auditors, pursuant to the assignment granted by the General Meeting. In their report on 31 March 2008, the independent auditors confirmed the accuracy of the consolidated financial statements and that they have been prepared clearly and represent a true and fair view of the assets and liabilities, the financial position and the consolidated results of operations.

Key highlights of the consolidated financial statements are as follows (in thousands of Euro):

Non-current assets	€97,140	
Current assets	<u>€83,930</u>	
Total assets		€181,070
Non-current liabilities	€25,567	
Current liabilities	<u>€57,382</u>	
Total liabilities		<u>€82,949</u>
Total shareholders' equity		€98,121

Shareholders' equity, relating wholly to the Parent Company, also includes profit for the year of €15,828.

This figure is confirmed by the income statement, which is summarized in the following figures:

Total operating revenues and income	€ 159,118
Operating costs (materials, services,	

payroll, others)	<u>€(120,587)</u>
Operating income before amortization/depreciation	€ 38,531
Amortization and depreciation	€(11,574)
Capital gains	€ (31)
Write-downs/write-backs of non-current assets	<u>€ (76)</u>
EBIT	€ 26,850
Financial income and charges/ forex gains and losses	<u>€ (2,087)</u>
Income before taxes	€ 24,763
Income taxes	<u>€ (8,935)</u>
Net income for the year	<u>€ 15,828</u>

Due to the matters above, we feel confident in approving the consolidated financial statements of SABAF S.p.A., as prepared by the Board of Directors.

Ospitaletto, 4 April 2008

The Board of Statutory Auditors

(Mr. Italo Lucchini - Chairman)

(Mr. Eugenio Ballerino – Standing Statutory Auditor)

(Mr. Giovanni Maria Seccamani Mazzoli – Standing Statutory Auditor)