

**CIR INTERNATIONAL S.A.**  
**Luxembourg**

**Audited annual accounts**  
**as at 31 December 2009**  
**and**  
**Report of the réviseur d'entreprises**

5, Place du Théâtre  
L-2613 Luxembourg  
**R.C.S. Luxembourg: B 15 381**

# CIR INTERNATIONAL S.A.

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# CIR INTERNATIONAL S.A.

## DIRECTORS' REPORT ON THE COMPANY'S ACTIVITY IN THE YEAR ENDED 31 DECEMBER 2009

### PRINCIPAL EVENTS

On 5 March 2009 an Extraordinary Shareholders' Meeting of CIR INTERNATIONAL S.A. (the "Company") resolved a capital increase for an amount of EUR 47 million through the payment of EUR 9 million as a share capital increase (from EUR 1 million to EUR 10 million by the issue of 900,000 new shares with a nominal value of EUR 10 each) and the payment of EUR 38 million as a share premium, entirely utilized to cover the deficit resulting from the important loss suffered by the Company in the year 2008 and re-establish a suitable level of capitalisation.

Moreover, the sole Shareholder provided funds to reimburse the Euro Notes due on 10 March 2009 for an additional amount of EUR 130 million ruled by a loan agreement, granting to CIR INTERNATIONAL a credit line up to EUR 300 million until 5 March 2011.

As part of the reorganization process carried on by the group to which the Company belongs in order to simplify its international activity, on 30 October 2009 CIR INTERNATIONAL acquired 100% of the shares of CIRFUND - Consultadoria Económica e Participações Sociedade Unipessoal LDA ("CIRFUND") from CIGA Luxembourg S.à.r.l. .

Thereafter the registered office and the place of management of CIRFUND were transferred to Luxembourg and the company was merged into CIR INTERNATIONAL.

As a consequence of the merger CIR INTERNATIONAL acquired the full ownership of the redeemable shares of Medinvest Plc (a fund of hedge funds based in Dublin) previously held by CIRFUND.

As a final step of the reorganization process on 18 November 2009 CIR INTERNATIONAL executed the redemption in kind of the redeemable shares of Medinvest receiving all the assets previously owned by this company (presently under liquidation) for an amount of US\$ 117.7 million (corresponding to EUR 78.7), representing their global Net Asset Value at the redemption date.

On 26 January 2010 CIR INTERNATIONAL received from 3 Italia S.p.A. an amount of EUR 4.1 million as a final balance of the sum due following its divestiture from Hutchison group. The amount received represents the sum refunded in December 2009 to 3 Italia S.p.A. by the Italian Tax Administration (as a reimbursement of a withholding tax unduly paid) plus the interests due according to the agreement between CIR group and Hutchison group dated 23 December 2004.

### Investments in shareholdings and loans

On 15 May 2009 the extraordinary general shareholders' meetings of Oakwood Global Finance S.C.A. and Oakwood Global Finance Management S.A. resolved to modify the company names respectively into KTP Global Finance S.C.A. and KTP Global Finance Management S.A.

At 31 December 2009 the investment of CIR INTERNATIONAL in KTP Global Finance SCA amounted to EUR 134.1 million represented by a direct investment of EUR 104 million and an investment of EUR 30.1 million through CIR Investment Affiliate, in which CIR INTERNATIONAL owns 96% of the share capital.

Considering the outstanding unamortised amount of the acquisition fees and the interests accrued from the investment date on the KTP PECs, at 31 December 2009 the Company recorded an amount of EUR 161.2 million as gross book value of this investment.

CIR INTERNATIONAL, in the light of the persisting unsatisfactory performance of KTP group and its uncertain perspectives – after having posted a provision of EUR 131.4 million in the years 2007 and 2008 – increased this provision for an additional amount of EUR 25.8 million reducing the net book value of this investment to EUR 3.9 million at 31 December 2009.

## **CIR INTERNATIONAL S.A.**

On 18 September 2009, the Company made an investment in a new “start-up” operating in the restaurant sector, Food Concepts Holding SA, for a total amount of EUR 3.2 million of which EUR 1.4 million as share capital increase and EUR 1.8 million as share premium. CIR INTERNATIONAL holds 89.44% of the share capital of this company.

Food Concepts Holding aims to launch a global fresh-casual-dining restaurant chain inspired by Italian and Mediterranean cuisine. The first “test” restaurant should open in spring 2010 in Munich.

### Investments in funds

During the year 2009 the Company paid capital contributions of USD 1.3 million (ctv EUR 0.9 million) to CIR Ventures L.P., the US venture capital fund 99% held by the Company. At 31 December 2009 the book value of this investment amounted to EUR 10.3 million, net of a provision for permanent losses of EUR 12.5 million.

During the year 2009 the Company invested an additional amount of EUR 5.8 million in private equity funds as a result of the relevant outstanding commitments, cashed an amount of EUR 9.0 million as return of capital, realized a net capital gain of EUR 1.6 million and posted a negative value adjustment of EUR 8.5 million. At 31 December 2009 the book value of the investment in private equity funds amounted to EUR 66.4 million (included EUR 12.2 million of PECs issued by European Seafood 1 S.à r.l.), with a remaining commitment of about EUR 25 million.

The exchange risk on the investments in private equity funds in US dollar is regularly covered by the Company through rolling forward currency contracts.

### Others

As at 31 December 2009 CIR INTERNATIONAL owned in its portfolio a nominal value of EUR 30 million of Euro Notes CIR S.p.A. 5.75% due December 2024.

During the year 2009 the Company purchased on the market and cancelled EUR 12 million of Euro Notes CIR International S.A. 6.375% due January 2011, bringing its outstanding nominal amount to EUR 148 million.

At 31 December 2009 the Company held hedge funds and equity funds resulting from the merger of CIRFUND and the redemption in kind of Medinvest shares for a global amount, at book value, of EUR 83.4 million compared to a fair market value of EUR 93.8 million.

During the year 2009 the Company recorded a profit of EUR 5.2 million as a result of the redemption in kind of Medinvest shares. The NAV of the hedge funds portfolio increased from USD 117.7 million at 18 November 2009 to USD 118.7 million at 31 December 2009.

With effect 30 July 2009 CIR INTERNATIONAL sold Junior Notes due 2025 issued by Zeus Finance S.r.l. for EUR 8.1 million to the securitisation company Urania Finance S.A., and subscribed Junior A Notes due 2029 issued by Urania Finance for a price of EUR 6,600,000. In the same day the Company granted a bridge loan facility to FAR S.A. expiring on 31 December 2009 and renewed until 26 February 2010, for an amount of EUR 2,550,000 at an interest rate of 5% p.a.

On 25 February 2010 the above mentioned bridge loan facility was offset in exchange of new Notes issued by FAR S.A. and subscribed by the Company (Senior Notes due 2025 for EUR 2,369,375 and 1020 Junior Notes due 2025 for EUR 255,000).

## **CIR INTERNATIONAL S.A.**

During the year 2009 the Company continued to carry out some trading activity on the Italian stock market.

### **FINANCIAL PERFORMANCE**

The result of the Company for the year 2009 is a net loss of EUR 11.5 million compared to a net loss of EUR 101.7 million for the whole year 2008.

This result includes: net interest and similar charges of EUR 12.7 million, net exchange profit of EUR 0.5 million, net trading loss on marketable securities for EUR 1.2 million, net loss on other trading transactions for EUR 5.1 million, other income from current assets for EUR 3.6 million (reversal of the provision on 3 Italia S.p.A. receivable), positive value adjustment on marketable securities for EUR 29.3 million, net loss on other financial assets for EUR 24.3 million and net operating charges for EUR 1.6 million. The net loss on other financial assets represents the balance between EUR 36.4 million of negative value adjustments (EUR 25.8 million on KTP group; EUR 8.5 million on the investments in private equity funds; EUR 1.3 million on CIR Ventures and EUR 0.8 million on Resource Energy BV) and EUR 12.1 million of income from fixed assets (EUR 1.6 million net profit on investments in private equity funds; EUR 0.7 million interest on European Seafood PECs and EUR 9.8 million interest on KTP PECs).

The balance sheet of the Company at 31 December 2009 shows total assets for EUR 316.3 million and total liabilities for EUR 316.7 million resulting in a negative shareholders' equity of EUR 0.4 million.

A detailed analysis of the result and the financial situation of the Company are reported in the accompanying financial statements.

### **PROPOSED ALLOCATION OF THE LOSS FOR THE YEAR 2009**

The Board of Directors proposes to the sole shareholder to bring forward the loss for the year 2009 amounting to EUR 11,538,993.08: after this allocation the "loss brought forward" of the Company will amount to EUR 11,426,899.30.

Since the Company accumulated losses at 31 December 2009 exceeding 75% of the issued share capital, the Board of Directors proposes to the sole shareholder to resolve on the continuation of the Company's activity in accordance with article 100 of the law 10 August 1915, as amended, during the Annual General Shareholders' Meeting taking place on 15 April 2010.

Luxembourg, 9 March 2010

## REPORT OF THE REVISEUR D'ENTREPRISES

To the sole shareholder of  
CIR International S.A.  
5, place du Théâtre  
L-2613 Luxembourg

### Report on the annual accounts

We have audited the accompanying annual accounts of CIR International S.A., which comprise the balance sheet as at December 31, 2009 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Board of directors' responsibility for the annual accounts*

The board of directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Responsibility of the réviseur d'entreprises*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the *Institut des réviseurs d'entreprises*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *judgement of the réviseur d'entreprises*, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the annual accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of CIR International S.A. as of December 31, 2009, and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

## **Report on other legal and regulatory requirements**

The management report, which is the responsibility of the board of directors, is consistent with the annual accounts.

Deloitte S.A.  
Réviseur d'entreprises

  
Marco Crosetto  
Partner

April 12, 2010

# CIR INTERNATIONAL S.A.

## Balance sheet at 31 December 2009 (expressed in euro)

	Note(s)	31-Dec-2009 EUR	31-Dec-2008 EUR
<b>ASSETS</b>			
Fixed assets			
- tangible assets	2.4	8 272	6 329
- financial assets	2.5, 3	<u>136 646 947</u>	<u>165 093 725</u>
		136 655 219	165 100 054
Current assets			
- receivables	2.7, 4	15 649 183	5 344 526
- marketable securities	2.6, 5	144 960 429	283 134 055
- cash at bank and in hands		<u>17 541 775</u>	<u>31 215 628</u>
		178 151 387	319 694 209
Prepayments and accrued income	2.3, 6	<u>1 462 418</u>	<u>20 288 473</u>
<b>Total assets</b>		<b><u>316 269 024</u></b>	<b><u>505 082 736</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Share capital	7, 9	10 000 000	1 000 000
Legal reserve	8, 9	1 000 000	3 718 741
Profit brought forward	9	112 094	61 078 951
Loss for the year		<u>(11 538 993)</u>	<u>(101 685 598)</u>
<b>Total shareholders' equity</b>	<b>9</b>	<b>(426 899)</b>	<b>(35 887 906)</b>
Provision for risks and charges	2.8, 10	15 389 822	15 389 822
Long term debt	2.7, 11	278 000 000	160 000 000
Current liabilities			
- short term debt		-	330 000 000
- other payables	2.7, 12	<u>9 355 817</u>	<u>10 583 796</u>
		9 355 817	340 583 796
Accruals and deferred income	2.3, 13	<u>13 950 284</u>	<u>24 997 024</u>
<b>Total liabilities</b>		<b><u>316 695 923</u></b>	<b><u>540 970 642</u></b>
<b>Total liabilities and shareholders' equity</b>		<b><u>316 269 024</u></b>	<b><u>505 082 736</u></b>

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

# CIR INTERNATIONAL S.A.

## Profit and loss account for the year ended 31 December 2009 (expressed in euro)

	Note(s)	2009 EUR	2008 EUR
<b>EXPENSES</b>			
Value adjustments on			
- tangible assets		4 221	5 124
- financial assets	3, 3.4	36 442 769	72 330 816
- marketable securities		-	<u>20 926 184</u>
		<u>36 446 990</u>	93 262 124
Interest payable and similar charges	15	92 308 243	97 146 865
Operating charges	16	<u>1 639 989</u>	<u>2 038 947</u>
<b>Total expenses</b>		<b><u>130 395 222</u></b>	<b><u>192 447 936</u></b>
<b>INCOME</b>			
Income from fixed assets	17	12 082 116	14 188 079
Income from current assets	18	77 416 117	75 304 104
Value adjustments on marketable securities	14	29 280 221	-
Operating income	19	77 775	1 270 155
Loss for the year		<u>11 538 993</u>	<u>101 685 598</u>
<b>Total income</b>		<b><u>130 395 222</u></b>	<b><u>192 447 936</u></b>

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

# **CIR INTERNATIONAL S.A.**

## **Notes to the annual accounts at 31 December 2009**

### **Note 1 - General**

CIR INTERNATIONAL S.A. ("the Company") is a company registered in Luxembourg on 9 September 1977. The Company is a Société Anonyme and has changed its tax status from a holding company to a commercial company on 31 May 1990 and qualifies as a "Soparfi".

The principal activities of the Company are to hold and manage interests in long-term investments, investment funds or portfolio investments and to provide funds directly or indirectly to affiliated or related group companies.

The Company is a wholly-owned subsidiary of CIR S.p.A., a company having its registered office in Turin and its headquarters in Milan, which, in turn, is controlled by COFIDE S.p.A., Turin, Italy. References to Group Companies in these annual accounts refer to companies in which CIR S.p.A. or COFIDE S.p.A. have a controlling interest.

The annual accounts of the Company are consolidated in the consolidated accounts of its Parent Company and according to article 314 of the Commercial Law of 10 August 1915, the Company is exempt from preparing and publishing consolidated accounts.

### **Note 2 - Summary of significant accounting policies**

#### **2.1 Basis of presentation**

The Company maintains its books and records in euro (EUR) and presents its annual accounts in accordance with generally accepted accounting principles in Luxembourg. The basis of presentation of the annual accounts complies with the legal and regulatory requirements imposed by the Luxembourg authorities.

Where necessary, comparative figures have been reclassified to conform to changes in the presentation of the current year.

#### **2.2 Foreign currencies**

Current assets and current liabilities are translated into EUR at the applicable rates prevailing at the balance sheet date: the relevant realised exchange gains and losses and the unrealised exchange losses are recorded in the profit and loss account.

Except for shares in affiliated undertakings which are maintained at historical exchange rates, all non current assets and non current liabilities are translated into EUR at the applicable rates prevailing at the balance sheet date. The relevant realised exchange gains and losses are recorded in the profit and loss account. The unrealised exchange losses are recorded in the profit and loss account.

Income and charges recorded in currencies other than EUR are translated at the rate prevailing at the date of the relevant transactions.

# **CIR INTERNATIONAL S.A.**

## **Notes to the annual accounts at 31 December 2009**

### **2.3 Accruals basis**

Income and expenses are recorded on the accruals basis, i.e. they are recorded in the period to which they relate independently of when they are received or paid. Differences between the amounts received and paid and the related income and expenses are recorded under "prepayments and accrued income" or "accruals and deferred income".

### **2.4 Tangible and intangible assets**

Tangible and intangible assets are stated at cost less depreciation to date. All tangible and intangible assets are depreciated on a straight-line basis over the estimated useful lives of the assets concerned.

### **2.5 Financial assets**

Financial assets are stated at cost less any durable impairment in value.

Fixed income from financial assets is recognized on an accrual basis.

Variable income from financial assets is recognized when, and to the extent, dividends are declared and payable.

### **2.6 Marketable securities**

Marketable securities are valued at the lower of cost or market value.

For the hedge funds the market value is represented by their "Net Asset Value" determined by the management of the funds and their respective administrator and may be unaudited at the year-end. Some of these partnership or funds may be valued by fund administrators affiliated to a fund manager, or by the fund managers themselves, resulting in valuations which are not verified by an independent third party on a regular or timely basis. Accordingly, there is a risk that the valuations of the Company may not reflect the true value of such underlying partnerships or funds holdings at a specific valuation point, which could result in inaccurate pricing for the Company. Where the Administrator in consultation with the Investment Manager believes an investment in a partnership or fund has suffered a diminution in value, the investment in the partnership or other fund will be valued by using the original purchase prices discounted to reflect such a diminution. Securities listed on a recognised stock exchange or traded on any other organised market are valued at the last available mid price on such stock exchange or market which constitutes the principal market for such securities. Other securities are valued at their last available prices, or if such prices are not representative of their fair value, they are valued by the directors based on their probable realisation value.

Income from bonds is recognized on an accrual basis.

Income from shares is recognized at the payment date.

# **CIR INTERNATIONAL S.A.**

## **Notes to the annual accounts at 31 December 2009**

### **2.7 Receivables and payables**

Receivables are stated at realisable value and payables are stated at nominal value.

Long-term debts are recorded at repayment value.

Discounts or premiums on bond issues are recorded as “prepayments and accrued income” or “accruals and deferred income” and amortized over the duration of the issues.

### **2.8 Provision for risks and charges**

Specific provisions are provided to cover known or likely losses or liabilities, the timing or extent of which are uncertain at year-end. They reflect the best estimates based on the information available.

### **2.9 Derivative instruments**

#### **2.9.1 Trading**

Derivative instruments used in trading activities are recorded in the balance sheet at the lower between cost and market value. Realised gains and losses and unrealised losses resulting from changes in the market values are recognized respectively as income and loss from trading activity in the period in which the changes occur.

#### **2.9.2 Hedging**

Income or expenses arising from derivative instruments which are used for hedging purposes are matched to the expenses or income arising on the related assets or liabilities.

### **2.10 Commitments and guarantees**

Commitments and guarantees are shown at their contract value.

# CIR INTERNATIONAL S.A.

## Note 3 – Financial assets

€ k	Currency	% Held	Value		Acquisitions/ Disposals/ EUR/000	Change in value adjustments		Exchange differences EUR/000	Value adjustment		Net book value 31/12/2009 EUR/000
			Cost 01/01/2009 EUR/000	adjustment 01/01/2009 EUR/000		EUR/000	EUR/000		EUR/000	EUR/000	
			(a)	(b)	(c) = (a-b)	(d)	(e)	(f)	(g = a+d)	(i = g-h)	
<b>1. Shares in affiliated companies</b>											
CIR Ventures L.P.	USD	99%	21 824	(11 164)	10 660	931	(1 322)	-	22 755	(12 486)	10 269
CIR Ventures Management Co., L.L.C.	USD	20%	45	-	45	-	-	-	45	-	45
CIR Investment Affiliate S.A.	EUR	96%	267	(267)	-	-	-	-	267	(267)	-
Banque Dumenil Leblé S.A. (in liquidation)	EUR	100%	305 989	(305 989)	-	-	-	-	305 989	(305 989)	-
Dumenil Leblé (Suisse) S.A., Genève	EUR	100%	12 443	(12 443)	-	-	-	-	12 443	(12 443)	-
Food Concepts Holding SA	EUR	89.4%	-	-	-	3 220	-	-	3 220	-	3 220
Participations Hôtelière Astor-PHA	EUR	100%	9	(9)	-	-	-	-	9	(9)	-
Resource Energy BV (in liquidation)	EUR	47.5%	3 014	(1 967)	1 047	(95)	(796)	-	2 919	(2 763)	156
<b>Sub-total</b>	EUR		<b>343 591</b>	<b>(331 839)</b>	<b>11 752</b>	<b>4 056</b>	<b>(2 118)</b>	-	<b>347 647</b>	<b>(333 957)</b>	<b>13 690</b>
<b>2. Receivable from affiliated companies</b>											
CIR Investment Affiliate S.A.	EUR	100%	32 688	(28 098)	4 590	2 116	(5 762)	-	34 804	(33 860)	944
<b>Sub-total</b>	EUR		<b>32 688</b>	<b>(28 098)</b>	<b>4 590</b>	<b>2 116</b>	<b>(5 762)</b>	-	<b>34 804</b>	<b>(33 860)</b>	<b>944</b>
<b>3. Participating interests</b>											
KTP Global Finance SCA (formerly Oakwood)	EUR	47.5%	6 489	(6 489)	-	-	-	-	6 489	(6 489)	-
KTP Global Finance Management S.A.	EUR	48.0%	11	(11)	-	-	-	-	11	(11)	-
Others	EUR		77 895	(10 294)	67 601	(3 238)	(8 476)	(1 736)	74 657	(20 506)	54 151
<b>Sub-total</b>	EUR		<b>84 395</b>	<b>(16 794)</b>	<b>67 601</b>	<b>(3 238)</b>	<b>(8 476)</b>	<b>(1 736)</b>	<b>81 157</b>	<b>(27 006)</b>	<b>54 152</b>
<b>4. Receivable from participating interest</b>											
KTP Global Finance SCA PECs (formerly Oakwood)	EUR	47.5%	111 895	(96 485)	15 410	7 694	(20 087)	-	119 589	(116 572)	3 017
Others	EUR		11 057	499	11 556	856	-	-	11 713	499	12 212
<b>Sub-total</b>	EUR		<b>122 952</b>	<b>(95 986)</b>	<b>26 966</b>	<b>8 350</b>	<b>(20 087)</b>	-	<b>131 302</b>	<b>(116 073)</b>	<b>15 229</b>
<b>5. Non current securities</b>											
	EUR		54 147	-	54 147	(1 522)	-	-	52 625	-	52 625
<b>6. Other receivables</b>											
	EUR		170	(132)	38	(31)	-	-	170	(163)	7
<b>General total</b>	EUR		<b>637 943</b>	<b>(472 849)</b>	<b>165 094</b>	<b>9 731</b>	<b>(36 443)</b>	<b>(1 736)</b>	<b>647 705</b>	<b>(511 059)</b>	<b>136 647</b>

# **CIR INTERNATIONAL S.A.**

## **Notes to the annual accounts at 31 December 2009**

### **3.1 Shares in affiliated companies**

#### **CIR Ventures, L.P.**

During the year 2009 the Company paid a new capital contribution of USD 1 300 thousand (equal to EUR 931 thousand) in CIR Ventures L.P., a US venture capital fund held by 99% by CIR INTERNATIONAL S.A, investing in early-stage technology companies operating in the communications, electronics and software areas.

At 31 December 2009 CIR INTERNATIONAL S.A. shows an investment of EUR 22 755 thousand in CIR Ventures, L.P. and a provision of EUR 12 486 thousand as relevant estimated permanent losses reducing its book value to EUR 10 269 thousand.

#### **Food Concepts Holding S.A.**

Food Concepts Holding S.A., a start-up operating in the restaurant sector, was incorporated on 18 September 2009. On the same date, CIR INTERNATIONAL paid a total amount of EUR 3 220 thousand of which EUR 1 398 thousand as capital increase and EUR 1 822 thousand as share premium. At 31 December 2009, CIR INTERNATIONAL holds 89.44% of the share capital of this company.

Food Concepts Holding aims to create a new kind of restaurant chain based on a contemporary interpretation of Italian Cuisine and lifestyle in the fast casual segment. The test store should open in spring 2010 in Munich.

### **3.2 Participating interests**

Participating interests are composed of investments in private equity funds or other direct investments.

In the year 2009 the Company invested a total amount of EUR 5 780 thousand in private equity funds and received an amount of EUR 9 018 thousand for divestitures. In the year 2009 the Company realized a net capital gain of EUR 1 616 thousand from the investments in private equity funds.

The exchange risk on the investments in private equity funds in US dollar is regularly covered by the Company through rolling forward currency contracts.

During the year 2007 CIR INTERNATIONAL acquired a 47.5% stake (represented by PECs and shares) in Oakwood Global Finance SCA ("Oakwood"), an international company specialized in innovative retail financial services and exercise a joint control over it with Bank of America-Merrill Lynch; 3.5% of the remaining capital is held by minority investors while the management team has a stake of 1.5%.

On 15 May 2009 the extraordinary general shareholders' meetings of Oakwood Global Finance S.C.A. and Oakwood Global Finance Management S.A. resolved to modify the company names respectively into KTP Global Finance S.C.A. and KTP Global Finance Management S.A. ("KTP"). The stake held by CIR INTERNATIONAL in KTP is represented by a direct investment of 35.9% and an indirect investment of 11.1% held through CIR Investment Affiliate, a company 96% owned by CIR INTERNATIONAL holding a stake of about 11.6% in KTP.

The amount invested by CIR INTERNATIONAL in KTP is equal to EUR 134 130 thousand represented by a direct investment of EUR 104 048 thousand and an investment of EUR 30 082 thousand through CIR Investment Affiliate.

# CIR INTERNATIONAL S.A.

## Notes to the annual accounts at 31 December 2009

Considering the outstanding unamortized amount of the acquisition fees and the interests accrued from the investment date on the KPT PECs, at 31 December 2009 the Company recorded an amount of EUR 161 160 thousand as gross book value of this investment.

CIR INTERNATIONAL – after having posted a total provision of EUR 131 350 thousand in the previous years – increased this provision for an additional amount of EUR 25 849 thousand reducing the net book value of this investment to EUR 3 961 thousand.

### 3.3 Non current securities

In the context of a securitisation programme on portfolios of non performing loan receivables and other connected rights, on 28 December 2007, Zeus Finance S.r.l. issued n. 4000 Zeus Finance Up to 200,000,000 Asset Backed Fixed Rate and Variable Return Junior Notes due 2025 (the “Junior Notes”) partially paid and CIR INTERNATIONAL subscribed the Junior Notes and paid a total price of EUR 54 147 thousand during the years 2007 and 2008. With effect from 30 July 2009, CIR INTERNATIONAL S.A. sold n. 600 Junior Notes for a price of EUR 8 122 thousand to Urania Finance S.A., therefore at 31 December 2009 CIR INTERNATIONAL SA held a nominal amount of EUR 170 million Zeus Finance Junior Notes partially paid for EUR 46 025 199.

Moreover, on 30 July 2009, CIR INTERNATIONAL subscribed and paid n. 44 Junior A Notes due 2029 issued by Urania Finance S.A. (a securitisation company that implemented the securitisation transaction on portfolio of non performing loan receivables and other connected rights) for a global price of EUR 6 600 thousand (corresponding to their nominal amount).

### 3.4 Value adjustments on financial assets

As indicated in the schedule showing the analysis of the investments the relevant value adjustment recorded in the year 2009, amounting to EUR 36 443 thousand refer to: KTP Global Finance SCA for EUR 25 849 thousand, CIR Ventures L.P. for EUR 1 322 thousand, other investments in affiliated companies for EUR 796 thousand and investments in participating interests for EUR 8 476 thousand.

### Note 4 - Current assets - receivables

On 7 August 2009 the Company granted a bridge loan facility to FAR S.A., a related party, until 31 December 2009, renewed until 26 February 2010, for an amount of EUR 2 550 000 at an interest rate of 5% p.a.

The main part of the receivables is related to receivables from affiliated companies and to advances paid to the Tax Administration on net wealth tax as follows:

	2009 EURk	2008 EURk
<i>Receivables from affiliated companies</i>		
Food Concepts Holding SA	3	-
Participation Hôtelière Astor-PHA	4	10
Cofide International S.A.	-	11
CIGA Luxembourg S.à.r.l.	10	11
	<u>17</u>	<u>32</u>

# CIR INTERNATIONAL S.A.

## Notes to the annual accounts at 31 December 2009

### *Other receivables*

Tax receivables	5 344	4 794
FAR S.A. (bridge loan)	2 602	-
Cevian Capital GP II Limited	2 619	-
Hedge funds	987	-
3 Italia S.p.A.	4 080	-
Others	-	<u>518</u>
	<u>15 632</u>	<u>5 312</u>
<b>Total</b>	<b><u>15 649</u></b>	<b><u>5344</u></b>

### **Note 5 - Marketable securities**

After the merger between CIR INTERNATIONAL S.A. and CIRFUND S.à r.l. and the redemption in kind of the shares of Medinvest Plc, the balance of the portfolio of the Company is made up of investments in:

	<b>Book value</b>	<b>Market value</b>
	<b>EURk</b>	<b>EURk</b>
Hedge funds	76 785	79 788
Equity funds	6 655	14 057
Floating rate bonds	29 374	29 810
Fixed rate bonds	22 925	22 925
Others	<u>9 221</u>	<u>9 832</u>
	<b><u>144 960</u></b>	<b><u>156 412</u></b>

### **Note 6 - Prepayments and accrued income**

	<b>2009</b>	<b>2008</b>
	<b>EURk</b>	<b>EURk</b>
Interest accruals on swaps	1 111	14 004
Interest accruals on marketable securities	90	5 598
Disagio on bond issues	108	322
Prepaid underwriting expenses on bond issues	108	271
Other prepayments	<u>45</u>	<u>93</u>
	<b><u>1 462</u></b>	<b><u>20 288</u></b>

### **Note 7 - Share capital**

The share capital of the Company is equal to EUR 10 million represented by 1 000 000 registered shares of EUR 10 each.

The authorised share capital of the Company amounts to EUR 100 million represented by 10 million registered shares of EUR 10 each.

## CIR INTERNATIONAL S.A.

### Notes to the annual accounts at 31 December 2009

#### Note 8 - Legal reserve

Under Luxembourg law, a minimum of 5% of the annual net profit must be transferred to a legal reserve until this reserve equals 10% of the issued share capital.

#### Note 9 - Shareholders' equity

The changes in the shareholders' equity occurred during the year are as follows:

	Share capital	Share Premium	Legal reserve	Profit brought forward	Profit (Loss) for the year	Total
	EURk	EURk	EURk	EURk	EURk	EURk
Balance at 31 December 2008	<u>1 000</u>		<u>3 719</u>	<u>61 079</u>	<u>(101 686)</u>	<u>(35 888)</u>
Increase of capital and share premium	9 000	38 000				47 000
Allocation of the result for the year 2008		(38 000)	(2 719)	(60 967)	101 686	-
Loss for the year 2009					(11 539)	(11 539)
<b>Balance at 31 December 2009 including the loss for the year</b>	<u><b>10 000</b></u>	-	<u><b>1 000</b></u>	<u><b>112</b></u>	<u><b>(11 539)</b></u>	<u><b>(427)</b></u>

Since the Company accumulated losses at 31 December 2009 exceeding 75% of the issued share capital, the Board of Directors proposes to the sole shareholder to resolve on the continuation of the Company's activity in accordance with article 100 of the law 10 August 1915, as amended, during the Annual General Shareholders' Meeting taking place on 15 April 2010.

#### Note 10 - Provision for risks and charges

The balance of the provision for risks and charges at 31 December 2009 includes EUR 15 390 thousand for risks.

#### Note 11 - Long-term debt

The long-term debt refers to the Euro Notes for an amount of Euro 148 million due on 10 January 2011 and to the intercompany loan for Euro 130 million granted by CIR S.p.A. to CIR INTERNATIONAL until 5 March 2011:

# CIR INTERNATIONAL S.A.

## Notes to the annual accounts at 31 December 2009

### a) Euro Notes due on 10 January 2011

Currency	Notional amount EURk	Coupon rate	Type of issue	Maturity
EUR	148 000	6.375%	Euro Notes	01/2011

On 9 June 2003 the Company issued EUR 300 million Euro Notes guaranteed by CIR S.p.A. due on 10 January 2011. The issue bears a fixed interest rate of 6.375%. The Euro Notes have been issued at a reoffer price of 99.462%. During the years 2004, 2005 and 2008, the Company repurchased on the market and cancelled EUR 140 million of these Euro Notes. During the year 2009 the Company repurchased and cancelled an additional amount of EUR 12 million bringing the outstanding amount to EUR 148 million.

The disagio and the underwriting commissions have been recorded under “prepaid expenses and accrued income” (see Note 6) and are amortised on a straight-line basis until maturity. The amortisation for the current year amounts to EUR 243 thousand.

The fixed interest rate (of 6.375% p.a.) on the abovementioned Euro Notes has been swapped into floating rate until the relevant maturity date (see Note 20.1).

### b) Intercompany loan

On 5 March 2009 CIR S.p.A. granted a credit line up to Euro 300 million at the interest rate equal to Euribor 1 year plus 1% per annum until 5 March 2011 ruled by a loan agreement utilized for EUR 130 million by the Company.

## Note 12 - Other payables

The balance of “other payables” at 31 December 2009 includes EUR 5 256 thousand for tax (mainly net wealth tax), EUR 3 506 thousand for provision on derivatives, EUR 205 thousand for unrealised losses on foreign exchange contracts, EUR 171 thousand for administrative fees and EUR 218 thousand for other payables.

## Note 13 - Accruals and deferred income

	2009 EURk	2008 EURk
Interest accruals on bonds issues	9 202	23 954
Interest accruals on swaps	1 058	923
Interest accruals on intercompany loan	3 273	-
Premium on derivatives	417	-
Amortization of recouping on IRS	-	120
	<u>13 950</u>	<u>24 997</u>

# CIR INTERNATIONAL S.A.

## Notes to the annual accounts at 31 December 2009

### Note 14 - Value adjustments on marketable securities

Value adjustments on marketable securities, valued at the lower of cost or market, results from the following:

- value adjustments on marketable securities at 31 December 2009	18 227
- reversal of the value adjustments on marketable securities at 31 December 2008	<u>(47 507)</u>
	<u>(29 280)</u>

### Note 15 - Interest payable and similar charges

In the year 2009, the interest payable and similar charges and interest receivable and similar income of the Company have been reclassified according to the standard accounting pursuant to the "Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings".

Interest payable and similar charges are represented by:

	2009 EURk	2008 EURk
Trading losses		
- realised loss on equity options and other derivatives	49 054	5 148
- loss on bonds/funds/shares	<u>8 505</u>	<u>17 039</u>
	57 559	22 187
Exchange losses	11 885	18 931
Interest & similar charges		
- interest on long and short term debt	21 846	52 468
- other interest and similar charges	<u>1 018</u>	<u>3 561</u>
	22 864	56 029
	<u>92 308</u>	<u>97 147</u>

### Note 16 - Operating charges

The operating charges mainly relate to administrative and general expenses including service fees for affiliated companies and net wealth tax for the year 2009. The operating charges also include charges for investment advisory and performance fees, administration fees and custodian fees related to the investment in hedge funds.

# CIR INTERNATIONAL S.A.

## Notes to the annual accounts at 31 December 2009

### Note 17 - Income from fixed assets

Income from fixed assets is represented by:	2009 EURk	2008 EURk
- income from participating interest (private equity results)	1 616	3 828
- interest receivable from participating interests / affiliated companies	<u>10 466</u>	<u>10 360</u>
	<b><u>12 082</u></b>	<b><u>14 188</u></b>

### Note 18 - Income from current assets

Income from current assets is represented by:	2009 EURk	2008 EURk
Trading income		
- realised gain on equity options and other derivatives	43 920	9 957
- gain on bonds/funds/shares	<u>7 292</u>	<u>15 520</u>
	51 212	25 477
Exchange gains	12 359	18 184
Interest & similar income		
- interest on derivative instruments	10 069	18 661
- other interest and similar income	<u>123</u>	<u>12 982</u>
	10 192	31 643
Others		
- reversal of the provision on 3 Italia S.p.A. receivable	<u>3 653</u>	-
	<b><u>77 416</u></b>	<b><u>75 304</u></b>

### Note 19 - Operating income

The operating income is represented by:	2009 EURk	2008 EURk
- reversal of withholding tax	-	1 182
- service fees	78	87
- others	<u>-</u>	<u>1</u>
	<b><u>78</u></b>	<b><u>1 270</u></b>

### Note 20 - Derivative instruments

At 31 December 2009 the Company is involved in certain transactions on derivative instruments for hedging and trading purposes.

# CIR INTERNATIONAL S.A.

## Notes to the annual accounts at 31 December 2009

### 20.1 Interest rate swap agreements

Type	Currency	Notional amount	Fixed rate paid by the bank	Floating rate paid by the Company	Maturity
IRS	EUR	148 000 000	6.375%	EURIBOR 3 months (quarterly) + spread	10 Jan 2011

This IRS is intended to cover completely the outstanding EUR 148 million fixed rate bond issue due on 10 January 2011.

### 20.2 Forward foreign exchange agreements

At 31 December 2009, the Company entered into forward currency agreements for a total amount of USD 193 million against EUR. This amount has been considered and accounted for as transaction for hedging purposes in order to cover the cost of the investment in private equity funds in USD and the market value of the investment in hedge funds.

### Note 21 - Off-balance sheet

In the normal course of business, the Company enters into transactions in financial instruments in order to satisfy its currency and interest rate hedging requirements. The Company principally uses forward currency agreements and Interest Rate Swap agreements which contain off-balance sheet risk relating to potential inability of counterparts to perform in accordance with the terms of the contracts and to changes in exchange and interest rates underlying these financial instruments. Unrealised losses arising on these contracts are recorded in the profit and loss account. In management's opinion, the settlement of these transactions will not have a material adverse impact on the financial condition of the Company.

### Note 22 - Directors fees

During the year, the remuneration of the members of the Board of Directors amounted to EUR 30 thousand (2008: EUR 30 thousand). The Company did not grant any advances or loans to the members of the administrative, managerial and supervisory bodies in that capacity.

### Note 23 - Related party transactions

During the year 2009, lending and borrowings to and from affiliated companies were made at current market conditions.

## CIR INTERNATIONAL S.A.

### Notes to the annual accounts at 31 December 2009

#### Note 24 - Guarantees and other commitments

At 31 December, 2009 the outstanding commitments and guarantees of the Company are as follows:

Commitments to invest into participating interests and affiliated companies: the Company has remaining commitments to invest into private equity funds in EUR and USD up to about ctv EUR 25 million and a remaining "soft" commitment towards CIR Venture L.P. equal to USD 4.7 million.

Securities blocked as guarantees: the Company has securities blocked as guarantee for a total amount of EUR 4 million.

A direct guarantee of EUR 789 thousand was issued by CIR INTERNATIONAL S.A in March 2005 in order to allow the liquidation of Dumenil Leblé Luxembourg.

Incentive plan: on 7 March 2008 the Board of Directors resolved to assign to the Manager of the Company 60,000 options (exercisable gradually over a ten year period), each of which giving the right to receive a gross sum equal to the difference between the market value of a CIR share (quoted on the Italian Stock Exchange) at the date of the exercise of the options and the market value of the share at the time the options were assigned (the assignment price), according to the terms and conditions set out in the Regulation of the "Incentive plan (phantom stock options) 2008", approved at the same time. These options were assigned in two equal tranches: the assignment price was set at EUR 1.6806 per share for the first tranche and EUR 1.0718 per share for the second tranche. At 31 December 2009 these options had not yet been exercised.