

**Automotive Components Europe S.A. and subsidiary companies
(ACE S.A.)**

(hereinafter the « Company » or « ACE S.A. »)

**Société Anonyme
82 Route D'Arlon
L-1150 Luxembourg
RCS Luxembourg B 118130**

***MANAGEMENT REPORT OF THE DIRECTORS CONCERNING
CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31 2010***

Dear Shareholders,

In conformity with legal and statutory requirements, we have the pleasure to present and submit to your approval the consolidated financial statements for the period between 1st January and December 31st 2010.

1. Evolution of the Business and situation of the Company and its subsidiaries

From the consolidated accounts of the period between 1st January and December 31st 2010, it appears that the group reports a profit of EUR 2,548 thousands.

ACE S.A. :

The Company intends to continue its principal activity consisting in the acquisition of participations in any form whatsoever, by purchase, exchange or in any other undertakings and companies either Luxembourg or foreign operating in the field of metallurgic automotive components or casting products for the similar industries, as well as the management, control, and development of these participations. The Company may also carry out the transfer of these participations by means of sale, exchange or otherwise.

EBCC :

Since the incorporation, the Company held 100% of the capital of EBCC Spzoo (formerly INDUS Spzoo), European Brakes and Chassis Components Sp zoo, a limited liability company (spółkaz ograniczona odpowiedzialnoocia) with its registered office at ul. Bystrzycka 89, 54-215 Wroclaw (Poland), registered with the register of entrepreneurs of the national court register under number KRS 0000251842 of which the issued share capital is PLN 7,148,500.00 represented by 14,297 shares having a par value of PLN 500.00 each., a wholly owned subsidiary of ACE and, prior to the EBCC Merger, known as European Brakes and Chassis Components Poland S.A.

Further to the above mentioned merger, nowadays the sole shareholder of EBCC Sp.z o.o. (previously named Indus Sp. z o.o.) is ACE Boroa S.L.

EBCC was established in 1999. It was originally a producer of hydraulic pumps (as part of PZL Hydral). The change of name and the shift to production of brake callipers resulted from the company's take-over by the Valfond Group in 1999 aimed at creating a "first choice" supplier of aluminium brake components for the OEMs moving their production facilities to the CEE countries. Since the start of production EBCC within 5 years increased its revenues to Euro 39.6 million in 2007, when it was taken over by Innova/3 L.P. Innova/3 EBRD Co-Investment Facility L.P. EBCC is located in Wrocław, one of the leading Polish academic cities and industrial areas. EBCC is currently the number two player with an estimated market share near 40% of the European aluminium callipers.

FUCHOSA, S.L.

ACE Boroa S.L. has a 100% participation in the capital of FUCHOSA, S.L. (Formerly RETORGAL XXI, S.L.), a Limited Liability Company organised under the laws of Spain, with its registered office at Barrio Apatamonasterio S/Nº Atxondo – 48 – VIZCAYA Spain, incorporated on 17 February 2005, registered with the Registro Mercantil de Vizcaya, tomo 4530, Book 53, Page BI-42017, first entry, with Tax Identification Number B95358081 of which the issued share capital is Euro 1,203,006 represented by 1,203,006 shares having a par value of Euro 1.00 each.

Pursuant to a merger RETORGAL XXI, S.L. acquired all the assets and liabilities of former FUCHOSA, S.L. Simultaneously, with filling the Registry application to the Registry of Commerce, the Articles of Association of RETORGAL XXI, S.L. have been amended and its name has changed to FUCHOSA, S.L. The merger was registered by the Registry of Commerce and published on September 29, 2007.

Fuchosa's history dates back to 1987, but the company started as an iron foundry and focused exclusively on brake components (especially in anchors and brackets) production in 1991. Since then, the company increased its sales revenues from Euro 6,8 million in 1990 to Euro 46,4 million in 2007, becoming the leader of the anchor market. Fuchosa is located in Atxondo, 40km from Bilbao, in one of the most industrial regions of Spain with the highest intensity of iron foundries in Europe. Fuchosa is the clear leader with an estimated market share above 40% of the European iron anchor market. The strong market position result from high level of specialisation, engineering and technological expertise as well as highest standards of production and customer service.

FERAMO METALLUM INTERNATIONAL s.r.o.

On 12 May 2008, ACE acquired 100% of Feramo Metallum International s.r.o.. Feramo was incorporated with limited liability under Czech law on 7 July 1992. The registered offices of the company are located Vodarská 15, in Brno CZ- 61700 (Czech Republic), where the production plant is also located, with identification number 46962913 according to 132 of the act. 513/1991 Coll., the Czech Commercial Code. The issued share capital is CZK 164 thousand and the Tax Identification Number is CZ46962913.

Feramo is a producer of grey iron castings for various industries, including the automotive sector (auto products comprise around 10% of the company's total turnover). Feramo supplies mainly the following industries: automotive (brake drums and clutch components); white goods production (mainly components for washing machines); engineering (components for

electrical engines and pumps) and sewer/drain iron castings. Feramo's products are mainly tailored to individual customers' requirements. Annual production rate of foundry fluctuates around 15,000 tonnes.

The history of Feramo dates back to 1932 when, a grey iron foundry was founded and the production of heating technology (boiler cells and radiators) started. During 1970-1990 an extensive modernization program was implemented, which substantially increased Feramo's capacity. During last years, Feramo implemented a new production line and new sand pit technology. New significant investments are expected in the next years, in order to improve the production capacity and introduce new portfolio of products.

ACE BORO A S.L.U.

On 15 October 2010, in the context of the group's restructuring process following mainly the requirements set by the lender of the new financing obtained in 2010, ACE Boroa S.L.U. was purchased and incorporated as a sole proprietor company of the operating companies listed above with limited liability under Spanish law. The registered office of the company is in Boroa, Amorebieta (Vizcaya-Spain). The principal activity of the company is the holding and management of company investments.

On 12 November 2010 the ACE Group signed a long-term syndicated financing agreement with a pool of Spanish banks. The refinancing loan is to be used by the Group for partial refinancing and repayment of the current loan facilities used directly by all three production plants. The objective is to substantially improve group cash management, decrease costs of global debt financing and allow additional free cash-flow within ACE group. To rationalize this financing process and provide the local guarantees required by the syndicated pool of Spanish banks, ACE transferred at the same time, through a contribution in-kind, all shares of all three production plants (Fuchosa S.L., EBCC sp. z o.o. and Freramo s.r.o.) to the new Spanish company ACE Boroa S.L., the borrower, being a 100% subsidiary of ACE S.A. This entity as well as all remaining ACE Group members are the debt guarantors.

ACE4C AIE

On 12 November ACE4C AIE (ACE4C) was created and incorporated as an economic interest group ("Agrupación de interés económico") under Spanish law, controlled in a 96% by ACE Boroa S.L. and 4% by Fuchosa S.L. The registered office of the company is in Boroa, Amorebieta (Vizcaya-Spain). The activity of the company is to develop R&D projects for the Group related to raw material consumption, manufacturing quality processes, new technology processes. The company has to perform those activities with non-profit objectives within the Group but with the aim to develop performing R&D results for ACE Group.

2. Important Events since December 31 2010

There were no material events after the year end.

3. Planned evolution of the Company and its subsidiaries

Regarding the long term investment projects which are planned and followed, the Company should realise profits during the following statutory financial years.

4. Branch

The Company has no branches

5. Research and Development Activities

During the period between 1st January and December 31st 2010, the Company was not engaged in any research or development activities.

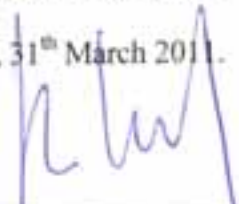
The following subsidiaries of ACE SA : European Brakes and Chassis Components SA, FUCHOSA S.L. and Feramo Metallum International s.r.o carry out some activity in the field of research and development in the scope of improvement of industrial process and products efficiency.

6. Parent company's shares held by ACE SA itself, by subsidiary undertakings of that company or by a person acting in his own name but on behalf of those undertakings :

During the financial year 2010, the Company and its subsidiaries did not repurchase own ACE S.A.'s shares.

The financial statements for the next statutory reporting period will cover the months January 2011 to December 2011.

In Brno, 31st March 2011.



José Manuel CORRALES
Chairman

Piotr NADOLSKI
Independent Director

Witold Jan FRAN CZAK
Independent Director

Raul SERRANO SECADA
Director CB

Rafał LOREK
Independent Director

Oliver SCHMEER
Independent Director