



Automotive Components Europe S.A.

Quarterly Consolidated Report

for the

Quarter ended June 30, 2007

CONTENTS

	Page
A. Directors' report	3
B. Condensed Consolidated Financial Statements for the quarter ended June 30, 2007	13
Consolidated Balance Sheet	13
Consolidated Income Statement	15
Consolidated Statement of Changes in Shareholders' Equity	15
Consolidated Statement of Cash Flows	16
Notes to the Condensed Consolidated Financial Statements	17

A. Director's report

1. Introduction

ACE ("Company") is a public limited liability company (*société anonyme*) incorporated pursuant to, and governed by the laws of Luxembourg under the legal and commercial name, of Automotive Components Europe S.A. (in abbreviated form A.C.E. S.A.). ACE is registered with the Luxembourg Registry of Commerce and Companies under number B 118130 and has its registered office located 6 rue Adolphe, L-1116 Luxembourg, Grand Duchy of Luxembourg. Since August 1, 2007 the corporate seat of the Company has been moved to 82 route d' Arlon, L-1150 Luxembourg.

The ACE as a holding company incorporated in Luxembourg has two operating companies: iron casting division (Fuchosa) in Spain and aluminium casting division (EBCC) in Poland, as well as two non-operative companies, Retorgal (a wholly owned and direct subsidiary of ACE, fully owning Fuchosa, originally acquired to undertake the acquisition of Fuchosa and other possible investments) and EBCC Germany (a branch of our Polish plant).

The ACE is a specialised supplier to the European automotive industry having a leading position in brake systems components, and focusing on the manufacture of iron anchors (a safety component of a Disc Brake system, responsible for fixing the brake module to the chassis) and aluminium callipers (a component of a Disc Brake system that houses the brake pads and pistons; in the braking process it is responsible for supporting the hydraulic pressure).

During the IPO, which took place in May 2007 the Company increased its shareholding capital from 20 050 100 to 22 115 260 outstanding shares. Under the same prospectus three existing shareholders of ACE – Casting Brake ,EB Holding and Halberg Holding sold together 10 423 316 Company's shares (less the shares bought with the over-allotment option (319.389) meant 10.103.927 shares sold). The first listing of ACE on Warsaw Stock Exchange took place on June 1st, 2007.

ACE's business is managed by a Board of Directors and a Chief Executive Officer to whom the Board has delegated the day-to-day management of the Company other than in relation to certain matters specifically reserved to the competence of the Board. The Chief Executive Officer, in the performance of the day-to-day management of ACE is supported by a Management Committee constituted of senior officers of ACE, appointed by the Board.

The condensed consolidated quarterly report for the second quarter of 2007 was prepared according to International Accounting Standards. The content of the report directly refers to the IAS 34 standard, however due to a short history, the Company (shorter than one year) does not present comparable data for the second quarter of 2006 and cumulative performance for the first two quarters of the previous year.

Quarterly Consolidated Report for the quarter ended June 30th, 2007**2. Financial Highlights**

in '000 Euro

<i>Selected consolidated financial items</i>	<i>For the second quarter of 2007 From April 1st to June 30th, 2007</i>	<i>For the first two quarters of 2007 Cumulative From Jan 1st to June 30th, 2007</i>
Revenues from sales	22 901	46 518
Operating Profit	3 248	6 327
Profit before tax	3 371	6 082
Net profit	2 786	5 336
Net profit attributable to equity holders of the parent company	2 786	5 336
Cash flow from operating activities	3 022	6 724
Cash flow from investment activities	572	1 499
Cash flow from financial activities	7 180	5 830
Net cash flow	10 190	13 307
Current assets	46 468	46 468
Fixed assets	35 023	35 023
Total Assets	81 491	81 491
Liabilities	49 324	49 324
Long-term Liabilities	29 100	29 100
Short term Liabilities	20 224	20 224
Shareholders Equity	32 167	32 167
Shareholders equity attributable to shareholders of the parent company	32 167	32 167
Share capital	3 317	3 317
No of shares outstanding	22 115 260	22 115 260
Net profit (loss) per share	0.13	0.24
Book value per share	1.45	1.45

3. Financial performance

Consolidated Profit & Loss Statements

in '000 Euro

	<i>The second quarter of 2007 From April 1st to June 30th, 2007</i>	<i>The first quarter of 2007 From January 1st to March 31st, 2007</i>	<i>The first two quarters of 2007 Cumulative From January 1st to June 30th, 2007</i>
Revenues from sales	22 901	23 617	46 518
Cost of goods sold	16 163	17 345	33 508
Gross profit	6 738	6 272	13 010
GP margin	29.4%	26.6%	28.0%
G&A expenses	2 335	1 985	4 320
EBITDA	4 403	4 287	8 690
EBITDA margin	19.2%	18.2%	18.7%
Depreciation & amortisation	1 155	1 208	2 363
Operating profit	3 248	3 079	6 327
OP margin	14.2%	13.0%	13.6%
Financial income	630	101	731
Financial costs	507	469	976
Profit before tax	3 371	2 711	6 082
Tax	585	161	746
Net profit	2 786	2 550	5 336
NP margin	12.2%	10.8%	11.5%

Quarterly Consolidated Report for the quarter ended June 30th, 2007**Sources of sales revenues**

The main source of ACE Group's sales revenues are the sales of iron anchors and aluminium callipers. The remaining, minority part of the Company's sales, comprises of revenues from the after-production scrap, toolings and prototypes sales.

<i>Sales revenues in '000 Euro</i>	<i>The first two quarters of 2007 cumulative</i>		<i>2006</i>	
		<i>%</i>		<i>%</i>
<i>Sales of products *</i>	44 480	95.6%	76 384	96.5%
<i>Sales of goods and materials</i>	2 038	4.4%	2 787	3.5%
<i>Total sales revenue</i>	46 518	100%	79 172	100 %

* includes rental of office space in Poland of 143 000 Euro in 2006

<i>Sales of products in '000 Euro</i>	<i>The first two quarters of 2007 cumulative</i>		<i>2006</i>	
		<i>%</i>		<i>%</i>
<i>Sales of iron castings</i>	24 081	54.1%	43 484	57.0%
<i>Sales of aluminium castings</i>	20 399	45.9%	32 759	43.0%
<i>Total sales of products</i>	44 480	100%	76 243	100 %

<i>Sales volumes in million pieces</i>	<i>The first two quarters of 2007 cumulative</i>		<i>2006</i>	
		<i>%</i>		<i>%</i>
<i>Iron anchors</i>		14.8		27.5
<i>Aluminium callipers</i>		3.3		5.6
<i>of which % machined</i>		81.9%		76.4%

If the geographical structure of sales is concerned it shows directly location of major client's factories producing complete breaking systems.

<i>Revenues by country</i>	<i>The first two quarters of 2007 cumulative</i>		<i>2006</i>	
		<i>%</i>		<i>%</i>
<i>Germany</i>		32.7%		34.6%
<i>Czech Republic</i>		28.3%		25.5%
<i>France</i>		8.8%		11.3%
<i>Spain</i>		11.2%		11.3%
<i>Portugal</i>		5.5%		7.1%
<i>Other</i>		13.5%		10.2%
<i>Total</i>		100.0%		100.0%

Direct production costs and gross profit

Although sales have slightly reduced as regards previous quarter (-3,0 %), the production costs as percentage of sales have also decreased more than proportionally in the same period (-6,8%) , and this is the reason behind growth of the margin between first and second quarter from 26,6% to 29,4%.

The reason of this enhance is the general improvement of production costs, specially in maintenance and overhauls and the negative impact that valuation of stocks according IFRS had in the first quarter for aluminium casting division. On the other hand, the price agreements reached with some customers to compensate some purchasing prices increase has a very positive impact on gross margin specially in the second quarter.

In this manner, the gross profit of the first two quarters cumulatively reaches 13 010 thousand € (28.0% on sales)

Quarterly Consolidated Report for the quarter ended June 30th, 2007**General & administrative expenses**

Amount of G&A rises to 2 335 Thousand € in second quarter which means an increase of 350 Thousand € as regards previous one due to the vesting scheme in favor of some managers of the company, amounting 325 thousand € in the second quarter according the agreements mentioned in the prospectus and included in full year forecast. Vesting program regarding IPO Bonuses is non recurrent and will not happen in the future.

EBITDA and operating profit

Thanks to increase of gross profit, EBITDA is higher as regards 1st quarter in margin on sales even with inclusion of the vesting scheme. Final half year figure amounts to 8 690, representing an 18.7% on sales.

Financial items

Financial result has increased in 492 Thousand € in the second quarter as regards 1st one up to 124 Thousand €, specially because foreign exchange hedging and interest rate swap are working very well (+270 Thousand € in second above first quarter). The increase of the treasury and reduction of loan in both subsidiaries do also support this trend.

Profit before tax and tax

Profit before tax in second quarter amounts 3 371 Thousand € and it represents an increase of 660 Thousand € against first quarter.

The tax has increased from 161 to 585 Thousand € from the first to the second quarter. The reason is the effect of the change of Income Tax rate on deferred taxes in the province of Vizcaya where operates our iron casting plant representing a non recurrent advantage of +480 Thousand € in the first quarter.

Net profit

Net Profit in second quarter amounts 2 786 Thousand €, which is 9.3% above the result of the first quarter.

Performance against the budget (forecasts)

The performance of the Group in 2007 is in line with the forecast both in sales and profitability as we can see in the following table. This despite semi-annual -391 Thousand € due to incentive scheme in favor of some managers included in the forecast but impacting overall in second quarter.

	<i>2 Quarters of 2007</i>	<i>Forecast full year 2007</i>	<i>as % of 2007 forecast</i>
<i>Revenues</i>	46 518	86 392	53.8%
<i>EBITDA</i>	8 690	17 199	50.5%
<i>EBIT</i>	6 327	12 364	51.2%
<i>Net Profit</i>	5 336	9 577	55.7%

4. Business overview

The core business of the ACE Group focuses on production of high quality brake components for Disc Brake system (Tier 1) manufacturers. Aluminium casting division adds gravity aluminium casting and machining to the ACE Group's product range. Their portfolio comprises of callipers for 16 different platforms (about 50 car models). Iron casting division specialises in the iron casting production of a wide range of iron anchors for approximately 125 car models. Anchors and callipers are core elements of the complete brake disc system.

Anchors are safety parts expected to meet high technological requirements such as: very high strength resistance, elongation, machining, torsion, resilience, thermal stability and dampen vibration. Anchors are responsible for fixing the brake module to the chassis. ACE's anchors are made of nodular iron. Iron anchors are currently applied in most of the newly produced cars.

Callipers are also essential components of disc brake systems that house the brake pads and pistons. In the process of braking they are responsible for supporting the hydraulic pressure in the brake moment. Aluminium callipers currently produced by ACE are applied in rear brakes. ACE's focus on rear callipers is in line with the current technological trends, according to which the predominant application of aluminium callipers is the rear axle brake.

The ACE continuously cooperates with its clients on the redesign and development of anchors and callipers used in new models of cars, which are introduced to the market. There are currently several projects, in which both divisions are involved, focused on refurbishment and improvement of produced brake system elements.

As on the end of the second quarter of 2007 both subsidiaries maintained their strong market position in compare with 2006. Our market share in iron anchors is 43% which is slight decline in compare with 44% in the last year. And ACE's market share in aluminium calipers which is 28% which is above of 2006 result of 26%.

Future development strategy of the Company includes development and introduction a number of new products to diversify sales revenues. At the moment one of the most important projects of this type is introduction of a master cylinder (TMC) production by our Polish plant. The TMC project is at a very advanced stage and production should be commenced in the fourth quarter of this year. Specialised processing machines has been already purchased and are being installed in the factory. The second project covered by the same division is development of aluminium front calipers which are implemented in high-end cars. The subsidiary was nominated by two of its clients as a future supplier of front calipers. The project is after tests and in the middle of a validation stage. The first production output is expected by the end of 2008.

Beside development of its production facilities ACE spends a lot of effort on integration of all companies in the group. Currently both divisions introduce an unified ERP system and IT platforms. Financial modules have been already completed while supply chain and commercial modules are in the process.

Main clients

ACE Group supplies its products to the following Continental plants: Gifhorn and Rheinböllen (Germany), Palmela (Portugal), Ebbw Vale (Wales) and Zvolen (Slovakia). As far as TRW Automotive is concerned, ACE delivers its products to the plants in Jablonec (Czech Republic), Bouzonville (France), Koblenz (Germany), and Pontypool (Wales). The supplies to Bosch are made at its plants in Buelna (Spain), Bari (Italy), Angers (France) and Wrocław (Poland). The following table reflects the percentage of the total sales of the ACE Group to its main clients.

<i>(in % of total sales)</i>	<i>As on the end of June 2007</i>	<i>2006</i>
<i>Continental</i>	40.7%	45.1%
<i>TRW</i>	40.6%	38.6%
<i>Bosch</i>	18.5%	15.7%
<i>Other</i>	0.2%	0.6%

The Company did not experienced any fluctuations of sales linked with changes in seasonal demand. In the reporting period sales were smooth and based mainly on long term contracts

Main Suppliers

Due to the fact that ACE's production plants use different production materials and technologies, they are responsible for their own supplies. Thus discussion of the supplies structure on the consolidated level might be misleading. For the purpose of this report we would like to present the items which have the strongest impact on financial performance of both subsidiaries and the whole group.

In general, the contracts executed by Spanish plant have a one year duration period and mainly concern the purchase and supply of electricity, and sand. Scrap supply contracts have a shorter duration, normally of one month. As a general rule, upon expiration, the terms of such raw material contracts are re-negotiated and adapted to market prices.

The main suppliers of our iron casting division are: Iberdrola for electricity, Metalimpex and Reimasa for steel scrap, Alcan International and Esfemetal for ferroalloys, Exaloid for brent and coal and Funsider for pig iron.

The plant experienced growth prices of raw materials (8,9% of steel scrap as regards average 2006) and energy (8,2% as regards average 2006). Nevertheless, plant quotes the price for the finished product, such price being reviewed every three months so as to reflect any change in steel scrap prices and when the agreed base price is exceeded, to pass on a material portion of any relevant increase in the price of steel scrap to the ordering client. For the energy we have reached with our customers some other agreements to compensate these and other external price increases.

Aluminium casting division does not execute long-term written agreements with its major production material suppliers. Purchases of materials are effected on an order-by-order basis on the terms and conditions (including prices) agreed therein. The plant cooperates with three strategic suppliers: Hydro Aluminum and Elkem which are leading aluminium suppliers to the European market and Mapal (diamond machining tools).

The plant also has three utilities suppliers. Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. is a supplier for water through the water supply system and also discharges domestic sewage and industrial wastewater into sewage system operated by this supplier. The electricity is supplied to the plant by Zakład Energetyczny Wrocław S.A. and GZ-50 high-methane content natural gas for heating and general purposes is supplied by the branch of Polskie Górnictwo Naftowe i Gazownictwo S.A. located in Wrocław.

Polish plant experienced growth prices of raw materials (+12,4% of Aluminium as regards average 2006), gas (+11,3% as regards average 2006) and energy (+8,3% as regards average 2006). The price of aluminium is composed of the base price, which is index-linked to the market price of aluminium as quoted on London Metal Exchange, and a premium, which is added by the supplier. Similar to our Spanish plant the Polish one compensates some justified increase of raw materials and energy prices with appropriate pricing of finished goods.

Research & Development

The ACE's research and development is entirely carried out at the level of its subsidiaries.

The iron casting division has a well performing and highly organised product development system, fully adequate to the requirements of its clients in the automotive industry. Compared to other brake casting manufacturers the plant has leading edge capabilities in product development. Human resources and equipment are designed to keep the front position in anchor development. Product development capabilities are concentrated on only one product family (anchors) and a very limited number of clients. This allows them to be a client- and product-oriented company providing its clients with customised engineering.

A few years ago our aluminium casting division started to invest in its own R&D capacity. At present, by the application of specialised simulation and CAD software, Their R&D department is capable of designing and developing new products and technology processes. This capacity has been proven by the latest projects.

Currently ongoing projects:

Development of an artificial vision system for the surface inspection of the product. – This project involves the use of laser equipment for controlling and identifying surface defects. Currently such controls are carried out manually by workers.

Development of a new calculation program to support its iron casting technology based not only in traditional geometrical and thermal concepts but also on the self-supply capacity of the metal, modulated by means of cooling curves. The project is carried out in cooperation with the Azterlan Technological Center ("*Centro Tecnológico Azterlan*").

Quarterly Consolidated Report for the quarter ended June 30th, 2007

Collaboration with Tier 1 on a new brake concept. – Both divisions are collaborating with the engineering department of one of the most important clients in the development of a new concept of brake design process and improvement of brake performance.

Collaboration with TRW in EUREKA project: The main two goals of the project are reduction of the product development timing by 30-40% due to establishment of a new cooperative design procedure between ACE and its client. And reduction of noise produced during braking actions thanks to innovative modeling of braking system elements. Thanks to this project ACE will become a technological reference in the automotive industry. ACE and TRW will be supported in measurements and simulations by technical universities from Bilbao (Spain) and Krakow (Poland). Thanks to its innovative approach the project was recently awarded the European EUREKA label.

New technology for the production of front calipers: Our plant in Poland is developing a special innovative and environmental friendly technology solution for the production of front calipers, which has the additional benefit of cost reduction. They are presently conducting preliminary work to apply for a patent for the innovative technology used in the production of aluminium front calipers.

ACE is deploying an important commercial effort in order to keep its position in iron anchors (iron plant is today almost full capacity) and increase his volume in aluminum thought the existing capacity in his aluminum segment.

As results of those efforts and in addition to the previously mention new products (TMC and front calipers) and in addition to the new projects in process of industrialization (awarded in the previously years) ACE has been awarded during the first half of 2007 with the following projects:

- In aluminum: ACE has awarded with 7 new projects (rear aluminum calipers) that the SOP (star of production) is estimated in 2008 and 4 additional that the SOP is estimated in 2009.
- In iron: ACE has awarded with 8 new projects (iron anchors) that the SOP is estimated in 2008, 6 additional that the SOP is estimated in 2009 and 2 more that the SOP is estimated after 2009.

The R&D expenses in Q1 and Q2 by company are as follows:

Aluminium casting division in '000 Euro

	<i>1Q 2007</i>	<i>2Q 2007</i>	<i>1H 2007</i>	<i>2006</i>
Investments in R&D	57	75	132	172
Investments in IT systems for R&D	0	0	0	0
Costs regarding R&D	86	107	193	350
Total R&D expenses	143	182	325	522

Iron casting division in '000 Euro

	<i>1Q 2007</i>	<i>2Q 2007</i>	<i>1H 2007</i>	<i>2006</i>
Internal R&D: Wages, travel expenses	416	304	720	1 438
R&D materials	146	102	248	59
Licences & Software	3	13	16	19
Training	5	1	6	39
Marketing				
Design & works - production / supplies	50	50	100	227
Machinery & equipment purchase				191
Total Internal R&D	620	470	1 090	1 973
External R&D: R&D Acquisitions	55	55	110	175
Total R&D	675	525	1 200	2 148

Strategic investments

During the IPO the Company declared that a substantial part of proceeds coming from capital raising will be used for acquisitions of new companies. The main goal of this process is not only an increase of ACE's production capacity and market share but also diversification of its product range. According to the strategy of ACE the Company is looking for additional capacity in iron foundry business in one of CEE countries.

Preliminary selection of potential targets has been already completed and currently the Management Committee of ACE focuses on direct negotiations with two potential prospects, which should lead to particular investment decisions.

5. Outlook for the following months of 2007

In the upcoming months ACE will focus mainly on the following issues:

- Merger & Acquisitions – ACE will continue negotiations with selected targets and the final decisions will be taken in the following quarters.
- Capacity development and diversification of a product range – It is currently focused mainly on development of new products – TMC and front calipers. Aluminium casting division which will be the producer of both parts is going to start their production in the fourth quarter of 2007.
- Management Information System – In the following months all companies in the group will continue introduction of a common ERP system and IT platforms. This will improve reporting capabilities and quality as well as will help on day-to-day business management of ACE's subsidiaries.
- Technology improvements – All projects of this kind are carried out by R&D departments of both production subsidiaries. Although specific goals of ongoing projects are different, all of them will lead to further improvement of production technology and design procedures. The intention of ACE is not only to maintain its dominant position in anchors and calipers but also to be a technical reference for other suppliers of these parts. In the following months all projects described in the R&D section will be continued.
- Financial outlook: Management maintains the 2007 projections published in the Prospectus. Actual Company performance in the first two quarters of 2007 and good prospects for the following months support Management's view that published forecasts will be achieved.

Quarterly Consolidated Report for the quarter ended June 30th, 2007

6. Additional information

Major shareholders (over 5% of shareholder's equity) as of August 14, 2007

To the best of the Company's knowledge as of the date of publication of this consolidated report for the second quarter of 2007, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

	<i>No of shares as of August 14, 2007 (% of share capital) (***)</i>	<i>Increase/ decrease No of shares</i>	<i>No of shares as on June 30, 2007 (% of share capital)</i>	<i>No of shares as of December 31, 2006 (*) (% of share capital)</i>
EB Holding (Luxemburg) (**)	6 353.593 (29,6%)	93 089	6 260 504 (28,3%)	16 040 080 (80%)
Casting Brake (Spain) (**)	2 980.607 (13,36%)	26 202	2 954 405 (13,4%)	4 010 020 (20%)
Templeton Asset Management Ltd.	1 250 000 (5,7%)	-	1 250 000 (5,7%)	-
PKO Credit Suisse Towarzystwo Funduszy Inwestycyjnych S.A.	1.250.000 (5,7%)	-	1.250.000 (5,7%)	-
AIG Towarzystwo Funduszy Inwestycyjnych S.A.	1 150 000 (5,2%)	-	1 150 000 (5,2%)	-
ING Nationale Nederlanden Polska OFE	1 150 000 (5,2%)	-	1 150 000 (5,2%)	-

* Before the IPO and capital increase by issue of 2 065 160 new shares in May 2007

** Old shareholders selling part of their shares during IPO

*** After the partial repurchase of the over-allotment as stated in the Prospectus

Changes in ownership of shares and rights to shares by Board of Directors' members

Board of Directors members do not have directly any shares of ACE or any rights to them.

Issued guarantees for loans as of the end of the second quarter of 2007

No new guarantees issued during the period other than described in prospectus and oppositely it has been cancelled the pledge on the shares in favor of Halber Holding.

Information on any one or more transactions concluded by the issuer or its subsidiary with related parties

ACE has not entered into any transactions with related parties (as this term is defined in the Regulation (EC) No 1606/2002) that are material to the Company.

Quarterly Consolidated Report for the quarter ended June 30th, 2007

However, ACE and its subsidiaries have entered into some transactions with related parties over the course of the period 2004–2006 which may have affected the financial position and profit and loss of the ACE in future. All these transactions are described in details in the prospectus.

Information on any proceedings pending before a court, a competent arbitration body or any public administration authority

Our Spanish plant has appealed an administrative decision according to which it was denied a tax credit of 81.821 € in favour of this company coming from expenses relative to the capture and transport of waste.

Otherwise, the Company is not aware about any proceedings pending before a court, a competent arbitration body or any public administration authority as on the date of the publication of this report.

Information on paid or planned dividend

The company is not envisaging any payment of dividends for the current year since oppositely they have been recently raised some funds in the stock exchange market for new acquisitions. In the near future, and after completing this acquisition the dividend policy of ACE remains unchanged as regards the policy stated in the Prospectus.

Information on the revenues and net results of individual business segments and geographical segments

Geographical segments in '000 Euro

	<i>For the first two quarters of 2007 (cumulative)</i>
Western Europe	30 071
Eastern Europe	16 410
Other	0,038
Total	46 518

Business segments in '000 Euro

	<i>Iron castings</i>	<i>Aluminium castings</i>	<i>Other</i>	<i>Consolidated</i>
Total revenues	24 081	20 399	2 038	46 518
Profit for the segment	1 976	3 473	-113	5 336

B. Condensed Consolidated Financial Statements for the quarter ended June 30, 2007

The condensed consolidated quarterly report for the second quarter of 2007 was prepared according to International Accounting Standards. The content of the report directly refers to the IAS 34 standard, however due to a short history of the Company (shorter than one year) we do not present comparable data for the second quarter of 2006 and cumulative performance for the first two quarters of the previous year.

Applied Exchange rates

As ACE is incorporated in Luxembourg, its statutory reporting currency is euro. However, Polish plant uses *zloty* for both statutory and internal reporting. For the consolidation within ACE, the financial monthly statements of this division were converted into euro by being its functional currency.

The following table shows certain information regarding the exchange rate between *zloty* and euro for the respective periods of analysis. This information is based on the official exchange rates quoted by the National Bank of Poland on its website www.nbp.gov.pl.

Investors should also note that the average rates are simple arithmetic averages for each given period.

<i>PLN per 1 Euro</i>	<i>Average</i>	<i>High</i>	<i>Low</i>	<i>Period end</i>
2006	3.8959	4.1065	3.7565	3.8312
Jan – Jun 2007	3.8451	3.9385	3.7465	3.7568

Consolidated Balance Sheet as of June 30, 2007 in thousands of Euros

<i>Assets</i>	<i>As of June 30, 2007</i>	<i>December 31, 2006</i>
Non current assets		
Property, plant and equipment	34 331	35 712
Intangible assets	82	116
Available for sale investments	433	320
Derivative financial instruments	177	140
Deferred tax assets	0	524
Total non-current assets	35 023	36 812
Current assets		
Inventories	5 703	5 199
Trade and receivables	16 914	14 282
Other current assets	625	805
Derivative financial instruments	0	235
Cash and cash equivalents	23 226	9 919
Total current assets	46 468	30 440
Total assets	81 491	67 252

Quarterly Consolidated Report for the quarter ended June 30th, 2007

<i>Equity and Liabilities</i>	<i>As of June 30, 2007</i>	<i>December 31, 2006</i>
Capital and reserves		
Share capital	3 317	3 008
Share premium	10 524	24
Retained earnings	12 990	8 906
Net profit for the period	5 336	4 057
Total equity	32 167	15 995
Non current liabilities		
Non current bank borrowings	25 194	25 913
Other loans	0	3 000
Deferred income	0	401
Deferred tax liabilities	3 000	3 402
Other non current liabilities	389	33
Long term provisions	517	551
Total non current liabilities	29 100	33 300
Current liabilities		
Current bank borrowings	1 807	3 067
Trade and other payables	12 707	10 828
Current tax liabilities	2 346	2 462
Other current liabilities	2 411	754
Provisions	953	846
Total current liabilities	20 224	17 957
Total equity and liabilities	81 491	67 252

Quarterly Consolidated Report for the quarter ended June 30th, 2007**Consolidated Income Statement for the period from April 1 to June 30, 2007
in thousands of Euros**

	<i>From April 1 to Jun 30, 2007</i>	<i>From Jan 1 to Jun 30, 2007</i>
Revenues	22 901	46 518
Costs of sales	16 163	33 508
Gross profit	6 738	13 010
Other operating income	168	342
Distribution costs	708	1 378
Administrative expenses	2 639	5 134
Other operating expenses	311	513
Operating profit	3 248	6 327
Financial income	630	731
Financial expenses	507	976
Financial result	123	-245
Profit before tax	3 371	6 082
Income tax expense	585	746
Net profit for the period	2 786	5 336

**Consolidated Statement of changes in Shareholders' Equity for the period from January 1 to June 30, 2007
in thousands of Euros**

Attributable to equity holders of the Parent					
	<i>Share capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Profit for the period</i>	<i>Net Equity</i>
Balance as of Jan 1, 2007	3 008	24	8 906	4 057	15 995
Profit/Loss for the period	309	10 500	3 693	1 279	15 781
Total income and expense recognized directly during the year	309	10 500	3 693	1 279	15 781
Recognition of share-based payments		0	391		391
Balance as of Jun 30, 2007	3 317	10 524	12 990	5 336	32 167

Quarterly Consolidated Report for the quarter ended June 30th, 2007

Consolidated Cash Flow Statement for the period from January 1 to June 30, 2007
in thousands of Euros

	<i>From Jan 1 to Jun 30, 2007</i>
Cash flow from ordinary activities	
Profit before tax	6 082
Adjusted for:	
Amortisation and depreciation	2 364
Equity-settled share based payments transactions	391
Net financial result	-507
Losses on sale of property, plant and equipment	0
Gains and losses on changes in fair values of derivative financial instruments	0
Others	-349
Operating cash flow before changes in working capital	7 981
Increase/decrease in receivables and other current assets	-2 632
Increase/decrease in inventories	-504
Increase/decrease in trade and other payables	1 879
Cash from operating activities	6 724
Income tax paid	-746
Net cash from ordinary activities	5 978
Cash flows from investing activities	
Acquisition of property, plant and equipment	1 381
Acquisition of other intangible assets	-151
Acquisition of non current financial assets	235
Acquisition of non current financial assets	34
Net cash from investing activities	1 499
Cash flows from financing activities	
Proceeds from other loans	7 564
Proceeds from bank financing	-1 979
Net of interest paid and received	245
Net cash from financing activities	5 830
Net increase/(decrease) in cash and cash equivalents	13 307
Cash and cash equivalents at the beginning of the period	9 919
Cash and cash equivalents at June 30	23 226

Quarterly Consolidated Report for the quarter ended June 30th, 2007**Notes to condensed financial statements**Accounting policies

The accounting principles and measurement basis of these Condensed Consolidated Financial Statements are consistent with those applied in the prospectus and have remained unchanged. In the preparation of these financial statements, the Company has followed the IAS 34 interim condensed financial reporting standard. Due to a short history of the ACE (registered in July 2006) there is no comparable information for 2006.

Consolidated entities

<i>Company name</i>	<i>Status</i>	<i>Ownership</i>	<i>Consolidation method</i>
Fuchosa S.L.	Operational	100%	Full
EBCC Sp. z o.o.	Operational	100%	Full
Retorgal (*)	Non – operational	100%	Full

(*) Currently Fuchosa is owned 100% by Retorgal and the Company plans to merge both entities in second half of this year.

Share capital changes

During IPO which took place in May 2007 the Company issued 2 065 160 new shares, which were offered to new investors of ACE as well as 10 103 197 existing shares which were sold by old shareholders. Changes in the share capital are illustrated in the following table.

	<i>Before IPO</i>		<i>After IPO</i>	
	<i>No of shares</i>	<i>%</i>	<i>No of shares</i>	<i>%</i>
Existing shares	20 050 100	100%	20 050 100	90.66%
New shares	-	-	2 065 160	9.34%
Total	20 050 100	100%	22 115 260	100%

Non-recurring items affecting assets, liabilities, equity, net income or cash flows for the 2nd quarter

There has been no any non-recurring effects on consolidated financial statements of the company in the 2nd quarter of 2007 except for the IPO and share capital increase described in the share capital changes above.

The nature and amount of changes in estimates of amounts reported in previous financial reports having material effect in the current financial report.

There has been no change in estimates of amounts since publication of the Prospectus. All valuation methods applied in this report are consistent with those used for financial statements presented in the Prospectus.

Dividends Paid in the period of the 2nd quarter of 2007

The Company did not paid any dividend in the reported period.

Issuances, repurchases and repayments of debt and equity securities

In second quarter the company has repaid 1 000 Thousand € of the bank loan.

In addition, the company has fully repaid the Vendor Note and of the Acknowledgement of Debt to Halberg Guss as described in the prospectus. With this purpose, ACE has lent 3 000 Thousand € to Retorgal to fund this company via subordinated loan.

Quarterly Consolidated Report for the quarter ended June 30th, 2007

Material events after the end of the 2nd quarter of 2007 that have not been reflected in the financial statements

There have been no any material events impacting consolidated financial statements of ACE after the end of the 2nd quarter and until the date of publication of this report.

Changes in the composition of the Company during 2nd quarter of 2007

There has been no changes in composition of the ACE group during the reported period . The group structure was described in details in the Prospectus.

Changes in the contingent liabilities or contingent assets since the end of 2006

All current contingent assets and contingent liabilities were described in the Prospectus. There has been no change of these items since publication of the Prospectus and until the end of the 2nd quarter of 2007.

Quarterly Consolidated Report for the quarter ended June 30th, 2007**Non – consolidated Balance Sheet Statement as of June 30, 2007
in thousands of Euros**

<i>Assets</i>	<i>As of June 30, 2007</i>
Non current assets	
Property, plant and equipment	0
Intangible assets	17
Available for sale investments	6 039
Derivative financial instruments	0
Deferred tax assets	0
Total non-current assets	6 056
Current assets	
Inventories	0
Trade and receivables	2
Other current assets	0
Derivative financial instruments	0
Cash and cash equivalents	7 920
Total current assets	7 922
Total assets	13 979
<hr/>	
<i>Equity and Liabilities</i>	<i>As of June 30, 2007</i>
Capital and reserves	
Share capital	3 317
Share premium	9 935
Retained earnings	(98)
Net profit for the period	(113)
Total equity	13 041
Non current liabilities	
Non current bank borrowings	0
Other loans	0
Deferred income	0
Deferred tax liabilities	0
Other non current liabilities	714
Long term provisions	0
Total non current liabilities	714
Current liabilities	
Current bank borrowings	0
Trade and other payables	21
Current tax liabilities	0
Other current liabilities	203
Provisions	0
Total current liabilities	224
Total equity and liabilities	13 979

Quarterly Consolidated Report for the quarter ended June 30th, 2007**Non – consolidated Income Statement for the second quarter of 2007
in thousands of Euros**

	<i>From April 1 to Jun 30, 2007</i>	<i>From Jan 1 to Jun 30, 2007</i>
Revenues	0	0
Costs of sales	0	0
Gross profit	0	0
Other operating income	0	0
Distribution costs	0	0
Administrative expenses	(63)	(102)
Other operating expenses	(2)	(4)
Operating profit	(65)	(106)
Financial income	13	13
Financial expenses	(10)	(11)
Financial result	3	2
Profit before tax	(62)	(104)
Income tax expense	(9)	(9)
Net profit for the period	(71)	(113)

**Non – consolidated changes in Shareholders Equity from January 1 to June 30, 2007
in thousands of Euros**

	<i>Share capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Profit for the period</i>	<i>Net Equity</i>
Balance as of Jan 1, 2007	3 008	24	0	(98)	2 934
Profit/Loss for the period	309	9 911	(98)	(15)	10 107
Total income and expense recognized directly during the year	309	9 911	(98)	(15)	10 107
Recognition of share-based payments	0	0	0	0	0
Balance as of Jun 30, 2007	3 317	9 935	(98)	(113)	13 041

Quarterly Consolidated Report for the quarter ended June 30th, 2007**Non – consolidated Cash Flow Statement for the period from January 1 to June 30, 2007
in thousands of Euros**

	<i>From Jan 1 to Jun 30, 2007</i>
Cash flow from ordinary activities	
Profit before tax	(104)
Adjusted for:	
Amortisation and depreciation	4
Equity-settled share based payments transactions	0
Net financial result	(11)
Losses on sale of property, plant and equipment	0
Gains and losses on changes in fair values of derivative financial instruments	0
Others	0
Operating cash flow before changes in working capital	(111)
Increase/decrease in receivables and other current assets	0
Increase/decrease in inventories	0
Increase/decrease in trade and other payables	58
Cash from operating activities	(54)
Income tax paid	(9)
Net cash from ordinary activities	(63)
Cash flows from investing activities	
	0
Acquisition of property, plant and equipment	0
Acquisition of other intangible assets	4
Acquisition of non current financial assets	(3007)
Net cash from investing activities	(3003)
Cash flows from financing activities	
Proceeds from other loans	10 934
Proceeds from bank financing	0
Net of interest paid and received	2
Net cash from financing activities	10 936
Net increase/(decrease) in cash and cash equivalents	7 870
Cash and cash equivalents at the beginning of the period	50
Cash and cash equivalents at June 30	7 920