



Automotive Components Europe S.A.

Quarterly Consolidated Report

for the

Quarter ended March 31, 2008

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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 had 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.

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

ACE is a specialized 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.

Composition of the Management bodies of ACE as of March 31, 2008

Management Committee:

<i>Jose Manuel Corrales</i>	<i>Chief Executive Officer</i>
<i>Raul Serrano</i>	<i>Senior Officer, Chief Financial Officer</i>
<i>Carlos Caba</i>	<i>Senior Officer, Business Development Manager</i>
<i>Zbigniew Pawlucki</i>	<i>Senior Officer, Head of Aluminium Activities</i>

Board of Directors:

<i>Andrzej Bartos</i>	<i>Class A Director</i>
<i>Arkadiusz Podziewski</i>	<i>Class A Director</i>
<i>Marek Adamiak</i>	<i>Class A Director</i>
<i>Jose Manuel Corrales</i>	<i>Class B Director</i>
<i>Raul Serrano</i>	<i>Class B Director</i>
<i>Jerzy Szymczak</i>	<i>Independent Director</i>
<i>Paweł Szymański</i>	<i>Independent Director</i>

The condensed consolidated quarterly report for the first quarter of 2008 was prepared according to International Accounting Standards.

Quarterly Consolidated Report for the quarter ended March 31st, 2008

2. Financial Highlights

in '000 Euro

<i>Selected consolidated financial items</i>	<i>For the first quarter of 2008 From January 1st to March 31st, 2008</i>	<i>For the first quarter of 2007 From January 1st to March 31st, 2007</i>
Revenues from sales	22 893	23 617
Operating Profit	2 402	3 009
Profit before tax	2 286	2 505
Net profit	1 807	2 158
Net profit attributable to equity holders of the parent company	1 807	2 158
Cash flow from operating activities	1 939	4 714
Cash flow from investment activities	-473	-478
Cash flow from financial activities	-1 170	-1 350
Net cash flow	296	2 886
Current assets	36 260	35 626
Fixed assets	35 081	35 596
Total Assets	71 341	71 222
Liabilities	31 681	52 772
Long-term Liabilities	14 018	31 105
Short term Liabilities	17 663	21 667
Shareholders Equity	39 660	18 450
Shareholders equity attributable to shareholders of the parent company	39 660	18 450
Share capital	3 317	3 008
No of shares outstanding	22 115 260	22 115 260
Net profit (loss) per share	0,08	0,10
Book value per share	1,79	0,83

3. Financial performance

Consolidated Profit & Loss Statement

in '000 Euro

	<i>For the first quarter of 2008 From January 1st to March 31st, 2008</i>	<i>For the first quarter of 2007 From January 1st to March 31st, 2007</i>
Revenues from sales	22 893	23 617
Cost of goods sold	17 319	17 528
Gross profit	5 573	6 089
GP margin	24,3%	25,8%
G&A expenses	2 056	1 872
EBITDA	3 517	4 217
EBITDA margin	15,4%	17,9%
Depreciation & amortisation	1 115	1 208
Operating profit	2 402	3 009
OP margin	10,5%	12,7%
Financial income	266	125
Financial costs	382	629
Profit before tax	2 286	2 505
Tax	479	347
Net profit	1 807	2 158
NP margin	7,9%	9,1%

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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>First quarter of 2008</i>	<i>%</i>	<i>First quarter of 2007</i>	<i>%</i>
<i>Sales of products</i>	21 685	95%	22 445	95%
<i>Sales of goods and materials</i>	1 208	5%	1 172	5%
<i>Total sales revenue</i>	22 893	100%	23 617	100%

<i>Sales of products in '000 Euro</i>	<i>First quarter of 2008</i>	<i>%</i>	<i>First quarter of 2007</i>	<i>%</i>
<i>Sales of iron castings</i>	11 657	54%	12 140	54%
<i>Sales of aluminium castings</i>	10 028	46%	10 305	46%
<i>Total sales of products</i>	21 685	100%	22 445	100%

<i>Sales volumes in million pieces</i>	<i>First quarter of 2008</i>	<i>First quarter of 2007</i>
<i>Iron anchors</i>	6.8	7.7
<i>Aluminium callipers</i>	1.7	1.7

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

<i>Revenues by country</i>	<i>First quarter of 2008</i>	<i>First quarter of 2007</i>
<i>Germany</i>	33.7%	32.6%
<i>Czech Republic</i>	26.8%	27.7%
<i>France</i>	9.0%	8.3%
<i>Spain</i>	9.3%	12.5%
<i>Portugal</i>	5.4%	5.8%
<i>Other</i>	15.8%	13.1%
<i>Total</i>	100.0%	100.0%

Direct production costs and gross profit

The value of sales compared with year 2007 was lower by 3%. This decline of sales as regards previous year was already anticipated in guidelines 2008 published by ACE, where Management already stated that expected growth in 2008 would not be experienced since the beginning and that winter season would be still impacted by the market slowdown coming from second half of the year. However, the last quarter was consecutive in which the total value of sales was increasing in compare with the previous.

In fact, in terms of total parts sold the difference raises -9%, more in line with production and being this difference specially focused on iron parts. One important fact to understand this is that Easter period in 2008 was March whilst in 2007 it was in April. As a reminder, Easter period is one of the main maintenance periods (jointly with Summer and Christmas) of our industrial facilities, when most of repairs and works are made thus stopping the machines with this purpose.

The shortening of sales volume as regards value sales is partly due to price of raw materials and partly due to higher volume of other business (tools and chips).

As anticipated in guidelines as well ACE is facing substantial increase of energy prices and labour cost, like all production facilities located in EU countries.

To compensate in some extent part of these cost increases not directly related to the company performance, the Management has already reached some agreements with customers regarding increase of products' prices and is in the process of negotiation with some other.

Due to this fact and thanks to internal productivity improvements, gross profit margin (24,3% against 25,8% in 2007) is not impacted in such a large extent despite lowering of volumes.

General & administrative expenses

Last year G&A expenses were biased by some provisions released in that period. On the other hand in the reporting period the Company experienced some additional expenses in Research and Development which have been offset with operating subsidies received from the Spanish Government. And it resulted only in a moderate EUR 200 thousand growth of these costs. If last year provisions are neglected the G&A cost should remain constant.

EBITDA and operating profit

As a consequence of lower volume of sales and production due to Easter seasonality, higher electricity costs and despite selling price and productivity improvements, EBITDA margin is reduced by EUR 700 thousand, meaning a margin reduction of 2,5%.

Financial items

Financial cost is significantly reduced as regards previous year thanks to a better management of the company debt. Financial incomes are also improving caused by better results of hedging contracts held by Polish production plant. As a result of the above financial net results are higher by almost EUR 400 thousand.

Profit before tax and tax

As a consequence of the above, difference of Profit before tax as regards same period of previous year is only EUR 219 thousand.

In year 2007 deferred tax was recalculated based on the lower tax rate applied in Spain resulting in a lowering of corporate income taxes.

Net profit

Final results raises to EUR 1.807 (7,9%), EUR 351 thousand lower than same period of 2007, EUR 2.158 (9,1%).

Performance against the budget (forecasts)

The company has not published any official forecast for year 2008.

4. Business overview

European Automotive Industry

Performance of ACE depends on trends in automotive industry as well as on the behavior of major brake systems producers. Due to the current market positions of both production plants, the ACE Group limits its operations to Europe, where it has a strong position and competitive advantage. However, the Company does not exclude expansion to new geographical markets should favourable acquisition opportunities occur. The conditions of the European automotive market are the major factors influencing performance of the Shares because of close-knit relationships in the supply chain structure.

The European automotive production remains constant or increases. According to PWC Autofacts, EU and EFTA countries sales of passenger cars increased during 2007 1% as regards 2006. First quarter 2008 compared with same period of 2007 decreased 1,7%. Within Europe the producers are shifting their production world wide facilities to the CEE region. Central and Eastern Europe has become a new hub for manufacturing motor vehicles, especially passenger cars, and is sometimes called "East Detroit". This production zone spreads over southern Poland, north-eastern Czech Republic and Slovakia down to the northern part of Hungary, where a network of manufacturing facilities with significant capacity have recently been set up with more facilities under construction.

European Brake Industry Structure

With respect to brake components such as anchors and callipers, most of the business is outsourced from Tier 1 brake system assemblers to Tier 2 suppliers specialized in foundry parts and castings. ACE is an integrated Tier 2 supplier of front and rear axle iron anchors and aluminium callipers for passenger cars brake systems.

Tier 2 suppliers deliver their products to Tier 1 producers which, in turn, are responsible for assembling brake systems and delivering them to car manufacturers (OEMs). Production of Tier 1 and Tier 2 manufacturers is highly dependant on the performance of OEMs, particularly in the passenger car segment. The relations are structured through open contracts covering capacity, price and product range. Contracts are normally signed or agreed on a long term basis, however, key terms such as capacity and prices are negotiated every year. The product optimization and the development processes cause significant client lock-in effect. Suppliers are usually locked in for the production during the entire production life of a given car platform. Tier 1 brake component manufacturers require from Tier 2 casting suppliers capabilities of cooperation in product development of casting items (design, material, etc.), certified, reliable manufacturing process, high level of quality and competitive price. Machining of aluminium brake components, such as callipers, is mostly outsourced to CEE suppliers such as ACE's plant in Poland or LeBelier in Hungary.

All new cars produced in Europe are equipped with disc brakes, as far as the front axle is concerned. As for rear axle, disc brakes are applied in around 72% of newly produced cars. The remaining 28% of cars still use drum brakes in rear axle. In all disc brake systems the anchors are made of nodular iron castings. Currently, nodular iron is by far the best material for anchors. As far as callipers are concerned, these parts are usually made of nodular iron in front axles. However, since the late nineties aluminium castings are becoming increasingly popular, especially in rear disc brakes. Automakers are using more aluminium to improve fuel economy, reduce emissions and enhance performance, as aluminium helps to reduce the weight of the vehicle. Due to the fact that aluminium callipers are less durable than those made of nodular iron they are applied in rear axle disc brakes, as these brakes contribute to 20–30% of braking power. In front disc brake systems aluminium callipers are extremely exceptional, as they need to be significantly bigger than nodular iron callipers, and are currently used only in high-end cars. However, this segment represents high growth potential.

Main Products

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.

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.

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,

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focused on refurbishment and improvement of produced brake system elements. This is the key of our future business development since ACE cooperates jointly with its customers between one to three years before start on production (SOP).

As of the end of the first quarter of 2008 both subsidiaries maintained their strong market position in compare with 2007. In fact, during 2007 ACE was awarded with the following new projects:

- Iron casting: 23 new projects, of which 12 are starting on production in 2008, 9 in 2009 and 2 in 2010.
- Iron machining: 2 new projects with SOP in 2009.
- Aluminium casting, including TMC and front calipers: 15 new projects, 9 of which are starting on production in 2008 and 6 in 2009. Seven of these also include machining.

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.

ACE has been recently nominated by two customers as their supplier for the TMC product. The series production has already started in 2008 with an estimated volume of 400 thousand parts.

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 in the validation stage. The first production output is expected for early 2009.

ACE has been nominated by one of the current customers to supply the machining of iron casting parts SOP is expected in the beginning of 2009. This is the first project in iron machining and represents, given the important presence of ACE in iron casting a very interesting opportunity for growing this business.

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 thousands €)</i>	<i>After the first quarter of 2008</i>	2007
<i>Continental</i>	9 143	33 356
<i>TRW</i>	8 995	33 447
<i>Bosch</i>	3 516	14 568
<i>Other</i>	31	236

The Company did not usually experience any important fluctuation of sales linked with changes in seasonal demand. In the reporting period sales were smooth and based mainly on long term agreements.

Nevertheless, in Easter, summer and Christmas the activity decreases due to holiday period and maintenance stop of facilities.

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 and Alcan International and Esfemetal for ferroalloys

The plant experienced growth prices of raw materials (7.20% of steel scrap as regards average 2007) and energy (3% in compare with the last quarter of 2007). Nevertheless, plant quotes the price for the finished product, such price being

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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. It could then represent a quarterly gain when raw material price trend is decreasing and oppositely a loss if raw material price is increasing. 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 changes of prices of raw materials (-6.7% of Aluminium as regards average 2007), gas (+5.4% as regards average 2007) and energy (+16.0% as regards average 2007). 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.

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 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*").

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.

New technology or application with "neutral" environmental sand core: the polish facility of ACE is involved in a new casting technology application for producing casting parts with an innovative sand core without impact, which will permit in the future to enter in the production of this kind of range products with a high demand in the automotive industry.

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 through the existing capacity in his aluminum segment.

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The R&D expenses in the first quarter of 2008 by company are as follows:

Aluminium casting division in '000 Euro

	1Q 2008	1Q 2007	2007
Investments in R&D	147	57	144
Investments in IT systems for R&D		0	0
Costs regarding R&D	66	86	410
Total R&D expenses	213	143	554

Iron casting division in '000 Euro

	1Q 2008	1Q 2007	2007
Internal R&D: Wages, travel expenses	475	415	1 719
R&D materials		146	259
Licences & Software	20	3	22
Training		5	14
Marketing			0
Design & works - production / supplies	28	50	162
Machinery & equipment purchase			40
Total Internal R&D	523	619	2 216
External R&D: R&D Acquisitions	31	55	256
Total R&D	554	674	2 473

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 finished and in the beginning of the current year the Management Committee of ACE was focused on direct negotiations with one potential prospect. By the end of the first quarter, however, the transaction has not been completed. The final purchase agreement was signed in May 2008.

In addition, and though the company still has free capacity in aluminium, ACE is also looking for potentially attractive acquisition targets in aluminium business. The potential target should be placed in the growth area of ACE, the CEE countries.

5. Outlook for the following months of 2008

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

- Merger & Acquisitions – on May 12, 2008 the company signed a final purchase agreement for acquisition, from a private individual, 100% of shares of Feramo Metallum International, one of the largest Czech grey iron foundries, for 160 Mio CZK (6,34 Mio €). It was a follow up of an agreement under conditions precedent signed on April 23rd, 2008. The transaction will be financed from own funds and IPO raised capital recovered with a new loan from BRE Bank of 5 Mio € to be effective since the day of the transaction. Additional 4 Mio € overdraft, which is a part of the same bank loan agreement, will be utilised by its current subsidiary for operational purposes. Last year ACE used 7 Mio € of IPO proceeds to fully repay a bank debt hold by one of its production plants and in such way optimizing its financial structure. The current BRE Bank debt is taken on more favourable financial conditions than the bank loan paid back last year.

Feramo Metallum International, located in Brno (Czech Republic), specialises in grey iron technology and produces castings for various industries, including automotive sector, which accounts for around 20% of their sales.

The acquisition is a very important step in development of the ACE Group in future and will allow for fast growth of the iron segment and further diversification of future revenues.

The Management of ACE has prepared an advanced plan for takeover and stabilization into a 100 days integration programme

- Capacity development and diversification of a product range – It is currently focused mainly on development of new products – TMC and front calipers. Currently placed orders secure production output of around 400k pieces in 2008, however Management Committee's intention is to further increase TMC production level in 2008 and capture additional orders from other customers. Front calipers will be in a series production in early 2009. Introduction of new products is a very important step in diversification of ACE's portfolio and additional source of

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future revenues as well as a good starting point to further improvement of its market position. However, entering a new market segment is linked with introduction of a new technology and new relations with customers.

- Additional iron machining opportunities: ACE has been nominated by one of the current customers to supply the machining of iron casting parts for a new Land Rover project. SOP is expected in the beginning of 2009. This is the first project in iron machining and represents, given the important presence of ACE in iron casting a very interesting opportunity for growing this business.
- Negotiations with suppliers and customers: due to the evolution of some costs and despite ACE has ongoing agreements with their customers to pass through them the price increase of main raw materials, in the following months ACE managers will concentrate in negotiations with customers and suppliers to reduce the impact of potential cost increases.
- 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.
- One of the most advanced new technology implementation is the production of casting parts with an innovative sand core without environmental impact, which will permit in the future to enter into the production of this kind of products range with a high demand in the automotive industry. This technology is currently in the prototype face in the polish facility of ACE.

6. Additional information

Major shareholders (over 5% of shareholder's equity) as of May 15, 2008

To the best of the Company's knowledge as of the date of publication of this consolidated report for the first quarter of 2008, 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 May 15, 2008 (% of share capital)</i>	<i>Increase/ decrease No of shares</i>	<i>No of shares as on March 31, 2008 (% of share capital)</i>	<i>No of shares as of December 31, 2007 (% of share capital)</i>
EB Holding (Luxemburg)	6 535 593 (29.55%)	-	6 535 593 (29.55%)	6 535 593 (29.55%)
Casting Brake (Spain)	2 980 607 (13.48%)	-	2 980 607 (13.48%)	2 980 607 (13.48%)
Templeton Asset Management Ltd.	1 363 442 (6.17%)	-	1 363 442 (6.17%)	1 173 000 (5.30%)
PKO Credit Suisse Towarzystwo Funduszy Inwestycyjnych S.A.	1 250 000 (5.65%)	-	1 250 000 (5.65%)	1 250 000 (5.65%)
AIG Towarzystwo Funduszy Inwestycyjnych S.A.	1 568 058 (7.09%)	-	1 568 058 (7.09%)	1 556 579 (7.04%)
ING Nationale Nederlanden Polska OFE	1 150 000 (5.20%)	-	1 150 000 (5.20%)	1 150 000 (5.20%)

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

Board of Directors and Management Committee members do not have directly any shares of ACE or its subsidiaries or any rights to them, although indirectly some of them hold a stake in the Company.

Issued guarantees for loans as of the end of the first quarter of 2008

No new guarantees issued during the period.

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

The Company did not concluded any transactions with its subsidiaries or related parties in the first quarter of 2008.

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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 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

In the near future, and due to a planned acquisition, the dividend policy of ACE remains unchanged as regards the policy stated in the Prospectus. In the future and after completing the envisaged acquisition it will be reviewed accordingly. The general intention of the Management Committee of ACE is to pay out a dividend or perform an equivalent action (buy back of shares).

Changes of the Company's managing or supervisory persons in the first quarter of 2008

There has been no changes of the Board of the Directors composition in the first quarter.

Information on the supervision of employee stock option plans

There is no a general stock option plan for all employees within ACE Group. Only certain managers of ACE's production plant in Poland (EBCC Sp. z o.o.) will benefit from the plan. An employee share option plan was approved by the Board at their meeting on February 22, 2007. The plan gives specified persons the opportunity to acquire a stake in the capital of the Company. The extraordinary General Meeting on March 14, 2007 approved the introduction of an authorised share capital for the purposes of, *inter alia*, the plan. The options granted shall vest pro-rata on a quarterly basis over four years from the Allotment Date, and shall be exercisable on an annual basis from the second anniversary of the completion of the Offer. Options that have not yet vested upon the voluntary resignation or dismissal for cause of the beneficiary will automatically lapse upon the termination of the relationship between the beneficiary and the ACE Group. Where the relationship ends in the voluntary resignation or dismissal for gross negligence, fraud, willful misconduct all rights to Shares vested over the last 12 month period are cancelled.

Quarterly Consolidated Report for the quarter ended March 31st, 2008**Information on the revenues and net results of individual business segments and geographical segments**

Geographical segments in '000 Euro

	<i>For the first quarter of 2008</i>
Western Europe	14 528
Eastern Europe	8 353
Other	12
Total	22 893

Business segments in '000 Euro

	<i>Iron castings</i>	<i>Aluminium castings</i>	<i>Other</i>	<i>Consolidated</i>
Total revenues	11 657	10 028	1208	22 893
Profit for the segment	478	1 427	-98	1 807

B. Condensed Consolidated Financial Statements for the quarter ended March 31, 2008

The condensed consolidated quarterly report for the first quarter of 2008 was prepared according to International Accounting Standards.

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>
2007	3.7843	3.9385	3.5699	3.5820
Jan 1 – Mar 31, 2008	3.5762	3.6577	3.5204	3.5258

Consolidated Balance Sheet as of March 31st, 2008 in thousands of Euros

<i>Assets</i>	<i>As of Mar 31, 2008</i>	<i>As of Mar 31, 2007</i>	<i>As of Dec 31, 2007</i>
Non current assets			
Property, plant and equipment	34 265	35 002	34 501
Intangible assets	263	100	319
Investments in associates	20	18	300
Trade and other receivables	0	300	
Derivative financial instruments	133	176	233
Deferred tax assets	400	0	86
Total non-current assets	35 081	35 596	35 439
Current assets			
Inventories	7 545	5 416	8 566
Trade and receivables	17 597	17 173	15 599
Other current assets	0	0	867
Derivative financial instruments	388	232	390
Cash and cash equivalents	10 730	12 805	10 434
Total current assets	36 260	35 626	35 856
Total assets	71 341	71 222	71 295

Quarterly Consolidated Report for the quarter ended March 31st, 2008

<i>Equity and Liabilities</i>	<i>As of Mar 31, 2008</i>	<i>As of Mar 31, 2007</i>	<i>As of Dec 31, 2007</i>
Capital and reserves			
Share capital	3 317	3 008	3 317
Share premium	9 292	24	9 292
Retained earnings	25 244	13 260	16 501
Net profit for the period	1 807	2 158	8 733
Total equity	39 660	18 450	37 843
Non current liabilities			
Non current bank borrowings	11 503	25 194	11 503
Other loans		3 000	0
Deferred income	379	0	389
Deferred tax liabilities	1 856	2 077	486
Other non current liabilities	110	400	0
Long term provisions	170	434	358
Total non current liabilities	14 018	31 105	12 736
Current liabilities			
Current bank borrowings	1 658	2 436	2 921
Trade and other payables	11 511	13 309	13 438
Current tax liabilities	2 763	2 173	2 702
Other current liabilities	196	2 308	523
Provisions	1 535	1 441	1 132
Total current liabilities	17 663	21 667	20 716
Total equity and liabilities	71 341	71 222	71 295

Quarterly Consolidated Report for the quarter ended March 31st, 2008**Consolidated Income Statement for the period from January 1st to March 31st, 2008
in thousands of Euros**

	<i>From Jan 1 to Mar 31, 2008</i>	<i>From Jan 1 to Mar 31, 2007</i>
Revenues	22 893	23 617
Costs of sales	17 320	17 528
Gross profit	5 573	6 089
Other operating income	339	183
Distribution costs	663	670
Administrative expenses	2 744	2 447
Other operating expenses	103	146
Operating profit	2 402	3 009
Financial income	266	125
Financial expenses	382	629
Financial result	-116	-504
Profit before tax	2 286	2 505
Income tax expense	479	347
Net profit for the period	1 807	2 158

**Consolidated Statement of changes in Shareholders' Equity for the period from January 1st to March 31st, 2008 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, 2008	3 317	9 292	16 501	8 733	37 843
Allocation of year 2006 profit			8 733	-8 733	
Increase in share capital					
Profit / Loss for the period				1 807	1 807
Change in fair value of consideration paid					
Recognition of share-based payments					
Other			10		10
Balance as of Mar 31, 2008	3 317	9 292	25 244	1 807	39 660

Quarterly Consolidated Report for the quarter ended March 31st, 2008**Consolidated Cash Flow Statement for the period from January 1st to March 31st, 2008
in thousands of Euros**

	<i>From Jan 1 to Mar 31, 2008</i>	<i>From Jan 1 to Mar 31, 2007</i>
Cash flow from ordinary activities		
Profit before tax	2 287	2 505
Adjusted for:		
Amortisation and depreciation	1 115	1 208
Equity-settled share based payments transactions		56
Net financial result	-116	-469
Losses on sale of property, plant and equipment		
Gains and losses on changes in fair values of derivative financial instruments		
Others	771	682
Operating cash before changes in working capital	4 057	3 982
Increase/decrease in receivables and other current assets	-1 143	-990
Increase/decrease in inventories	1 020	-217
Increase/decrease in trade and other payables	-1 515	2 100
Cash from operating activities	2 419	4 875
Income tax paid	-480	-161
Net cash from ordinary activities	1 939	4 714
Cash flows from investing activities		
Acquisition of property, plant and equipment	-758	-462
Acquisition of other intangible assets	-15	16
Acquisition of non current financial assets	300	-32
Net cash from investing activities	-473	-478
Cash flows from financing activities		
Proceeds from issue of equity shares		
Proceeds from bank financing	-1 498	-1 350
Proceeds from other loans		-368
Change in other non current liabilities	212	
Net of interest paid or received	116	368
Acquisition of treasury shares		
Net cash from financing activities	-1 170	-1 350
Net increase/(decrease) in cash and cash equivalents	296	2 886
Cash and cash equivalents at the beginning of the period	10 434	9 919
Cash and cash equivalents as of March 31, 2008	10 730	12 805

Notes to condensed financial statementsAccounting 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 interim condensed financial reporting standard.

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

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 10 103 927 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 first quarter

There has been no any non-recurring effects on consolidated financial statements of the company in the first quarter of 2008.

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 first quarter of 2008

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

Issuances, repurchases and repayments of debt and equity securities

There has been no repayments of any bank debt in the period

Material events after the end of the first quarter of 2008 that have not been reflected in the financial statements

On May 12, 2008 the company signed a final purchase agreement for acquisition, from a private individual, 100% of shares of Feramo Metallum International, one of the largest Czech grey iron foundries, for 160 Mio CZK (6,34 Mio €). It was a follow up of an agreement under conditions precedent signed on April 23rd, 2008. The transaction will be financed from own funds and IPO raised capital recovered with a new loan from BRE Bank of 5 Mio € to be effective since the day of the transaction. Additional 4 Mio € overdraft, which is a part of the same bank loan agreement, will be utilised by its current subsidiary for operational purposes. Last year ACE used 7 Mio € of IPO proceeds to fully repay a bank debt hold by one of its production plants and in such way optimizing its financial structure. The current BRE Bank debt is taken on more favourable financial conditions than the bank loan paid back last year.

Quarterly Consolidated Report for the quarter ended March 31st, 2008

Changes in the composition of the Company during first quarter of 2008

There has been no any changes in composition of the ACE group within the period.

Changes in the contingent liabilities or contingent assets since the end of 2007

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 first quarter of 2008.

Quarterly Consolidated Report for the quarter ended March 31st, 2008**Non – consolidated Balance Sheet Statement as of March 31st, 2008**
in thousands of Euros

<i>Assets</i>	<i>As of Mar 31, 2008</i>	<i>As of Mar 31, 2007</i>	<i>As of Dec 31, 2007</i>
Non current assets			
Property, plant and equipment			2
Intangible assets		20	
Investments in associates	3 032	3 032	3 032
Trade and other receivables	10 000		10 000
Derivative financial instruments			
Receivables and other financial assets			
Deferred tax assets			
Total non-current assets	13 032	3 052	13 034
Current assets			
Inventories			
Trade and receivables	504	2	662
Other current assets			
Derivative financial instruments	-28		
Cash and cash equivalents	101	325	67
Total current assets	577	327	730
Total assets	13609	3 379	13 763
Equity and Liabilities			
	<i>As of Mar 31, 2008</i>	<i>As of Mar 31, 2007</i>	<i>As of Dec 31, 2007</i>
Capital and reserves			
Share capital	3 317	3 008	3 317
Share premium	9 292	24	9 292
Retained earnings	-84	-98	-98
Net profit for the period	-93	-42	14
Total equity	12 432	2 892	12 525
Non current liabilities			
Non current bank borrowings			
Other loans	500		300
Deferred income			
Deferred tax liabilities			
Other non current liabilities			
Long term provisions	261		
Total non current liabilities	761		300
Current liabilities			
Current bank borrowings			
Trade and other payables	236	278	632
Current tax liabilities	180		
Other current liabilities		209	
Provisions			306
Total current liabilities	416	487	938
Total equity and liabilities	13 609	3 379	13 763

Quarterly Consolidated Report for the quarter ended March 31st, 2008**Non – consolidated Income Statement for the first quarter of 2008
in thousands of Euros**

	<i>From Jan 1 to Mar 31, 2008</i>	<i>From Jan 1 to Mar 31, 2007</i>
Revenues		
Costs of sales		
Gross profit		
Other operating income		
Distribution costs		
Administrative expenses	175	39
Other operating expenses	2	2
Operating profit	-177	-41
Financial income	119	0
Financial expenses	35	1
Financial result	84	-1
Profit before tax	-93	-42
Income tax expense		
Net profit for the period	-93	-42

**Non – consolidated changes in Shareholders Equity from January 1st to March 31st, 2008
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, 2008	3 317	9 292	-98	14	12 525
Allocation of year 2007 profit			14	-14	
Increase in share capital					
Profit/Loss for the period				-93	-93
Balance as of Mar 31, 2008	3 317	9 292	-84	-93	12 432

Quarterly Consolidated Report for the quarter ended March 31st, 2008**Non – consolidated Cash Flow Statement for the period from January 1st to March 31st, 2008
in thousands of Euros**

	<i>From Jan 1 to Mar 31, 2008</i>	<i>From Jan 1 to Mar 31, 2007</i>
Cash flow from ordinary activities		
Profit before tax	-93	-42
Adjusted for:		
Amortisation and depreciation	1	3
Equity-settled share based payments transactions		
Net financial result		
Losses on sale of property, plant and equipment		
Gains and losses on changes in fair values of derivative financial instruments	29	
Others		
Operating cash flow before changes in working capital	-63	-39
Increase/decrease in receivables and other current assets	158	
Increase/decrease in inventories		
Increase/decrease in trade and other payables	-261	314
Cash from operating activities	-166	275
Income tax paid		
Net cash from ordinary activities	-166	275
Cash flows from investing activities		
Acquisition of property, plant and equipment		
Acquisition of other intangible assets		
Acquisition of non current financial assets		
Net cash from investing activities		
Cash flows from financing activities		
Proceeds from issue of equity shares		
Proceeds from bank financing		
Proceeds from other loans	200	
Net of interest paid and received		
Net cash from financing activities	200	
Net increase/(decrease) in cash and cash equivalents	34	275
Cash and cash equivalents at the beginning of the period	67	50
Cash and cash equivalents at March 31, 2008	101	325