Automotive Components Europe S.A.

Quarterly Consolidated Report

for the

Quarter ended March 31st , 2011

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A. Director's report

1. Introduction

ACE (the "Company") is a public limited liability company (société anonyme) incorporated under the laws of Luxembourg (full name Automotive Components Europe S.A., abbreviated form ACE S.A.) ACE is registered with the Luxembourg Registry of Commerce and Companies under number B 118130, and its registered office is at 82, Route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg.

ACE as a holding company has one operating company in Spain, ACE Boroa S.L.U., which holds three operating companies (the Group): the iron casting division of Fuchosa in Spain and Feramo in the Czech Republic, and the aluminium casting division of EBCC in Poland. ACE Boroa S.L.U. is also the main shareholder of ACE 4C A.I.E., the R&D company of the Group serving all the operating companies, with 96% of its shares (the remaining 4% are held by Fuchosa).

ACE is a specialised supplier to the European automotive industry, with a leading position in brake system components, focusing on the manufacture of iron anchors (a safety component of disc brake systems, responsible for fixing the brake module to the chassis) and aluminium callipers (a component of the 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 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.

The Extraordinary General Meeting of Shareholders held on 17 June 2009 resolved to reduce the issued share capital of the Company by EUR 132 711.75 to bring it from EUR 3 317 289.00 to EUR 3 184 577.25 by cancellation of 884 745 shares at a par value of EUR 0.15 each, owned by the Company, following the completion of the buy-back programme as approved at the annual shareholders meeting of the Company held on 17 June 2008. Pursuant to the resolution the total number of outstanding shares decreased to 21 230 515 shares.

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, 2011

Management Committee:

Jose Manuel Corrales	*Chief Executive Officer*
Raul Serrano	*Senior Officer, Chief Financial Officer*
Carlos Caba	*Senior Officer, Business Development Manager*

Board of Directors:

Jose Manuel Corrales	*Class CB Director, President*
Raul Serrano	*Class CB Director*
Jerzy Franczak	*Independent Director*
Rafał Lorek	*Independent Director*
Piotr Nadolski	*Independent Director*
Oliver Schmeer	*Independent Director*

The condensed consolidated quarterly report for the first quarter of 2011 was prepared according to International Accounting Standards.

2. Financial Highlights

in '000 Euro

Selected consolidated financial items	*For the 1st quarter of 2011 From January 1st to March 31st, 2011*	*For the 1st quarter of 2010 From January 1st to March 31st, 2010*
Revenues from sales	26 120	22 124
Operating Profit	1 146	1 712
Profit before tax	925	2 207
Net profit	726	1 665
Net profit attributable to equity holders of the parent company	726	1 665
Cash flow from operating activities	-1 394	1 051
Cash flow from investment activities	- 136	- 555
Cash flow from financial activities	73	-1 308
Net cash flow	-1 469	- 826
Current assets	44 203	36 683
Fixed assets	39 686	42 000
Total Assets	83 889	78 683
Liabilities	44 337	39 889
Long-term Liabilities	21 616	16 489
Short term Liabilities	22 721	23 400
Shareholders Equity	39 553	38 795
Shareholders equity attributable to shareholders of the parent company	39 553	38 795
Share capital	3 185	3 185
No of shares outstanding	21 230 515	21 230 515
Net profit (loss) per share	0,03	0,08
Book value per share	1,86	1,83

3. Financial performance

Consolidated Profit & Loss Statement

in '000 Euro

		For the 1st quarter of 2011 From January 1st to March 31st, 2011	*For the 1st quarter of 2010 From January 1st to March 31st, 2010*
Revenues from sales		26 120	22 124
Cost of goods sold		-21 115	-17 161
Gross profit		5 005	4 962
	GP margin	*19,2%*	*22,4%*
G&A expenses		-3 859	-3 251
Operating profit		1 146	1 712
	OP margin	*4,4%*	*7,7%*
Depreciation & amortisation		-1 412	-1 596
EBITDA		2 557	3 307
	EBITDA margin	*9,8%*	*14,9%*
Financial income		266	778
Financial costs		- 487	- 282
Profit before tax		925	2 207
Tax		- 199	- 542
Net profit		726	1 665
	NP margin	*2,8%*	*7,5%*

Sources of sales revenues

The main source of ACE Group's sales revenues is sales of nodular iron anchors and aluminium callipers for the automotive market, and grey iron parts for different purposes. The remaining, minority part of the Group's sales, comprises mostly revenues from post-production scrap and tooling.

Sales revenues in '000 Euro	***First quarter of 2011***	***%***	***First quarter of 2010***	***%***
Sales of products	25 276	96,8%	21 166	95,7%
Sales of goods and materials	844	3,2%	958	4,3%
Total sales revenue	**26 120**	**100%**	**22 124**	**100%**

Sales revenue in '000 Euro	***First quarter of 2011***	***%***	***First quarter of 2010***	***%***
Nodular iron products	12 185	48,2%	9 844	46,5%
Grey iron products	3 752	14,8%	2 743	13,0%
Aluminum products	7 553	29,9%	7 698	36,4%
New family products	1 786	7,1%	881	4,2%
Total sales	**25 276**	**100%**	**21 166**	**100%**

Sales volumes in million pieces	***First quarter of 2011***	***First quarter of 2010***
Nodular iron products	6,1	5,5
Grey iron products	0,5	0,5
Aluminum products	1,5	1,5
New family products	0,4	0,2
Total pieces sold	**8,5**	**7,8**

The geographical profile of sales directly reflects the location of major customer' factories producing complete braking systems.

Revenues by country	***First quarter of 2011***	***First quarter of 2010***
Germany	24,7%	27,7%
Czech Republic	23,8%	23,8%
France	11,4%	13,2%
Spain	7,9%	8,8%
Italy	4,0%	5,3%
Other	28,2%	21,2%
Total	**100,0%**	**100,0%**

Automotive Market Performance

In first quarter of 2011 sales of cars in Western Europe decreased by less than 100 thousand cars or 2.4% in comparison with the same period of precedent year, according to JD Power. Following the same source, the contrasting fortunes of the major West European car markets were again evident in March 2011. Germany and France performed well, even though the latter's strength is scrappage-incentive-assisted, but Italy, Spain and the UK are undermining these aforementioned positive performances.

Despite the above, production performance in the same region and in the same period in comparison with first quarter of 2010 was quite more stable, even positive once again by above 100 thousand cars or 3.7%. After a very sudden negative correction of inventories produced especially in first half of 2009, driven by the very low production volume to adjust stocks to new demand and improve capital needs, production is generally recovering better than sales yoy.

ACE sales in the market context

In this context of production above sales, and being production the main driver of Group sales, the increase of first quarter turnover versus same period of 2010 was higher by around Euro 4 Million, or 18%. This growth is some lower by 15% if we just focus in automotive turnover.

However, in volume terms this increase was reduced to 9% in number of units (up to 10% only for automotive segment). The difference between value and volume is driven by the much higher prices of scrap iron and partly energy prices in first quarter 2011 versus same period of 2010, as they are partly passed along to customers as an adjustment in the selling price.

In this context, Group turnover outperformed market sales once again, and was significantly above market production. The incidence of new projects in our customer portfolio is also one of the reasons why our Company is performing better than the market in general. Some recovery of premium and medium size cars in the market could be also supporting this outperformance.

Direct production costs and gross profit

Even though sales volume in terms of number of parts in first quarter of 2011 was significantly above than same quarter of 2010, lower profile of sales mix (like higher contribution of grey iron segment with lower margins) and especially lower percentage of machining parts determined company performance in the period.

Although growing trend of raw material prices once again during this quarter, especially in iron, was some negatively affecting gross profit, the comparison versus even some more negative trend last year results into some neutral or even slightly positive outcome.

On the other hand, much higher energy prices as a result of higher spot prices driven by an increasing demand, changes in distribution prices in Spain and increase of coke prices in our Czech business, had a substantial quarterly negative effect around EUR 400 Thousand on the gross profit margin. Although in a minor extent, the influence of lower activity in other business like tooling or sales of scrap and higher maintenance expenses to update facilities after a long period of savings is also pushing gross margin down.

As a result of the above, the quarterly gross margin was EUR 5.005 Thousand (19% on sales), which is stable comparing last year by EUR 4.962 Thousand (22% on sales).

General & administrative expenses

Out of EUR 609 thousand higher G&A expenses in the period (19% higher than same quarter of 2010), most of growth were allocated in overheads were, partly containing the negative effect of operating FX by around EUR 100 thousand but also pay rises and incorporation of some key company roles not covered last year to create a solid basis in order to expand the business in the near future up to EUR 273 thousand.

Otherwise, the difference is also related to higher sales volume in the period and different mix resulting in higher selling and distribution expenses by EUR 124 thousand, and some provisions created in the period by EUR 130 thousand.

Partially offsetting the above, the Company recorded some other positive income and lower other operating expenses resulting in a positive difference of around EUR 100 thousand.

EBITDA and operating profit

EBITDA in the period was positive by EUR 2.557 thousand (10% on sales), EUR 750 thousand down compared with the same period of 2010 (or 23% lower) for the reasons already mentioned.

Depreciation was some lower in the comparative period, resulting in an operating profit of EUR 1 146 Thousand (EUR 566 thousand lower than 2010).

Financial items

Net financial result in first quarter of 2011 was negative by EUR 221 thousand, versus positive EUR 495 thousand last year. Main source of this difference amounting EUR 716 thousand was the positive financial FX activity recorded during first quarter of 2010 by EUR 722 thousand, which in 2011 was almost neutral as a result of much higher stability of polish zloty in this period and lower exposure to more speculative hedging instruments.

After the period, the negative fair value of these instruments and the interest rate swap in the balance sheet was EUR 233 thousand.

Profit before tax and tax

Even with net financial result increasing the differences of operating margins, profit before tax in first quarter was still quite positive by EUR 925 thousand (EUR 1 282 thousand lower than 2010).

Taxes recorded as a consequence of these profits were EUR 199 thousand.

Net profit

Reflecting all the above, the company was also positive in the period at the net profit level, at EUR 726 thousand, or EUR -939 thousand compared with 2010.

Financial Position

The operating generation of cash from January to March of 2011 was some negative, by EUR 1 406 thousand, mostly as a result of working capital increase driven by 17% of sales growth qoq. Besides, some regulatory changes in Spain dealing with some reduction in the payment terms to the suppliers and generation of stock to fulfil Easter holidays period were contributing to the lowering of operating cash.

Otherwise, investing and financing activities were almost nil during the period resulting on a final negative net cash of EUR 1 469 thousand.

The final cash position of the Company as of the end of March 2011 is strongly positive by EUR 15 911 thousand whereas Net debt as of same date was only EUR 4 423 thousand.

4. Business overview

European Automotive Industry

The performance of ACE depends on trends in the automotive industry as well as the behaviour of major brake system producers. Due to the current market positions of both brake system production plants, ACE Group is limiting 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 arise. The conditions of the European automotive market are a major factor influencing performance of the Company's shares because of close-knit relationships in the supply chain structure.

The latest JD Power forecast for 2011 predicts a general stability in new car sales in Western Europe of about 0.3%, though production forecasts are more positive, showing a trend of stability and even positive growth in the range of around 4.3% (source: PricewaterhouseCoopers Autofacts' most recent report issued in April 2011).

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 has 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 specialised in foundry parts and castings. ACE is an integrated Tier 2 supplier of front- and rear-axle iron anchors and aluminium callipers for passenger car 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 dependent 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 optimisation and development processes cause a 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.), a certified, reliable manufacturing process, a high level of quality, and a competitive price. Machining of aluminium brake components, such as callipers, was mostly outsourced to CEE suppliers, such as ACE's plant in Poland or LeBelier in Hungary though after crisis period and consequent creation of overcapacity, Tier 1 are retaining an important part of machining business for themselves.

All new cars produced in Europe are equipped with disc brakes, as far as the front axle is concerned. Main assumptions in terms of using of disc brakes in cars were: as for rear axle, disc brakes are applied in around 72% of newly produced cars and 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 and in fact the company became awarded with some of the few applications in the market, which are in the production pipeline since the last quarter of 2009.

Main Products

The core business of the ACE Group focuses on production of high-quality brake components for disc brake system (Tier 1) manufacturers. The 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 standards for strength resistance, elongation, machining, torsion, resilience, thermal stability and vibration reduction. 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 newly produced cars.

Callipers are also essential components of disc brake systems, which 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 mostly used 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. Since January 2010, a new production line for front aluminium callipers has been in operation. A new manufacturing system to produce front callipers in aluminium is an innovative solution recently introduced by ACE, and this system has already been patented. ACE is the only supplier of this component in Europe.

ACE continuously cooperates with its customers on redesign and development of anchors and callipers used in new car models introduced onto the market. There are currently several projects in which both divisions are involved, focused on refurbishment and improvement of the braking system components produced. This is the key to our future business development, since ACE cooperates with its customers for a period of one to three years before start of production.

Feramo, the company acquired in 2008 in the Czech Republic, offers a wide range of grey iron castings for the engineering, hydraulic, electrical and automotive sectors, as well as for small urban architecture projects. Sales to the automotive sector constitute above 10% of Feramo's sales.

The present and future development strategy of the Company includes development and introduction of some new products to diversify sales revenues. Evolution of new family of products in 2010 four times than those in 2009, which illustrates and supports very well that strategy. As shown in the sales volume chart above, still in first quarter of 2011 it is double than in first quarter 2010.

Main customers

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). Supplies to Bosch are made at its plants in Buelna (Spain), Bari (Italy), Angers (France) and Wrocław (Poland).

Since the acquisition of Feramo, some other customers have joined the ACE portfolio. Now Feramo has approximately 75 customers from the Czech Republic and abroad. The 10 largest customers generate about 70% of total sales revenue, and the customer structure is relative stable on a year-to-year basis. The main sectors Feramo supplies are engine parts, construction, automotive and urban furniture.

The Company did not usually experience any important fluctuation of sales linked with changes in seasonal demand. Nevertheless, during Easter, summer and Christmas periods the activity decreases due to holidays and maintenance stop of facilities.

Suppliers

Due to the fact that ACE's production plants use different production materials and technologies, they are responsible for their own supplies.

In general, contracts executed by the iron segment have a one-month duration and mainly concern purchase and supply of scrap. As a general rule, upon expiration, the terms of the raw material contracts are re-negotiated and adjusted to market prices. Sand supply contracts have a longer duration, normally of one year, whereas electricity is supplied on daily basis at spot price.

The aluminium casting division does not execute long-term written agreements with its major production material suppliers other than aluminium raw material itself. Purchases of materials are made on an order-by-order basis on the terms and conditions (including prices) agreed therein.

Research & Development

The Group has a well-executed and highly organised product development system, fully suited to the requirements of its customers in the automotive industry. Compared to other brake casting manufacturers, ACE has leading-edge capabilities in product development. Human resources and equipment are designed to maintain the lead in development of some specific products (mainly anchors and callipers). The product development capabilities and philosophy are focused on close cooperation with customers. This allows ACE to be a customer- and product-oriented company providing its customers with customised engineering. This advantageous position definitely generates benefits for introduction of new products, which is especially necessary for the CEE investment project in terms of knowledge transfer and development.

As a result of this vocation to move forward in R&D capabilities and expansion within the Group, in December 2010 some R&D resources of the operating companies were moved to a new company, ACE 4C A.I.E., which will be the new hub of the Group's research capabilities development and the technological platform for growth. There are three main areas where ACE 4C will be focused:

- Product development for current and potential new products
- Process improvement, including active research on other interesting processes and technologies
- Creation of an important technological network

ACE 4C is involved in some important and innovative projects focused on improvements in process, design and products. Some of these projects are developed in collaboration with customers, technical universities and technological centres.

Despite the economic crisis ACE is continuing to devote significant resources to R&D activities because of their importance for the present and future of the Group.

The R&D expenditures in first quarter of 2011 are as follows:

In '000 Euro

	First quarter of 2011	*First quarter of 2010*
Investments in R&D	72	258
Costs regarding R&D	461	654
Total R&D expenses	**533**	**912**

Strategy

Strengthening the leading position on the European brake supply market

Since specialising in the casting of brake components, the operating plants have been constantly focused on increasing their respective market shares, maintaining the high quality of components manufactured, and providing reliable logistics and service for customers. In recent years, the Spanish plant will focus on maintaining its strong market position in iron castings, while the plant in Poland, currently the number two aluminium calliper provider, will strive to gain additional market share in the aluminium castings market by capturing additional volumes for production of callipers, due to its high degree of innovation and competitiveness. Planned development of new capacities at Feramo will position the Czech plant among important suppliers of automotive castings in future.

Broadening the technological and product range

The Group has already expanded the current product portfolio, especially through introduction of new aluminium products in Poland and the acquisition of Feramo. In 2008 ACE successfully started production of TMC, which should generate a considerable portion of revenues in future. There were several new capacity projects in the pipeline launched in 2009, including aluminium front calliper and iron machining. Thanks to the Czech plant, ACE has also broadened its product portfolio of iron castings for other industries, including electro-mechanical, construction and industrial equipment. In the other direction, implementation of nodular iron technology, promoted by the Group to manufacture new parts for the automotive segment in the Czech plant, is also ongoing, and last summer the first samples were successfully produced under this technology.

Increasing presence in Europe

The location of the Polish plant is very favourable because of the lower labour costs and the proximity to customers based in Central & Eastern Europe. Feramo is also located in the heart of the automotive industry, a very short distance from current customers and potential new customers. This advantage will be utilised in future after expansion of Feramo's production capacity.

The increased CEE exposure enables optimisation of the ACE Group's cost position and further business growth through expansion of the current product line and meeting customers' expectations for more flexible deliveries. With hi-tech know-how and experience in deliveries to the automotive industry, top product quality and customer service are guaranteed.

Combined engineering and other synergies

Integration of automotive plants as well as non automotive Feramo within the ACE Group will result in synergies in the very near future. Combined engineering will be of particular importance in the development of new products in both iron and aluminium. The Polish and Czech plants benefit from the experience of the plant in Spain and are further developing their general management systems.

5. Outlook for the following months

Actual data for car sales and production during 2010 continuously exceeded the initial expectations. Thus, Western European sales, forecast in the region of -10% at the beginning of the year, were finally -5.0% (Source: JD Power Forecasting), whereas production finally increased by 9.7%, versus a much flatter initial expectation of 1.5%. If we include Eastern Europe in the production output, then the year's trend was much more positive, with an actual increase of 12.6% versus a forecast of 3% (source: PricewaterhouseCoopers Autofacts).

This improvement of real data in 2010 implies somehow an anticipation of the market recovery initially expected for 2011 and could also explain to some extent the progressive lowering of expectations for 2011.

As far as 2011 is concerned, available forecasts show some growth for the current year in terms of production, but stabilisation in terms of sales. Thus, the JD Power forecast issued in February estimated a decline in sales by 1.9% from 2010 in Western Europe, though one month later the same source pointed to slight growth of around 0.8%. The latest forecasts from April stabilised at 0.3% growth.

In terms of production, the most recent forecast by PricewaterhouseCoopers Autofacts issued in April 2011 is for increased production of 4.3% in the same region, or 6.3% for the entire European Union and Eastern Europe (increasing previous production forecast of 2.7% in EU, or 5.1% including Eastern Europe).

According the same source, and on the basis of this difference between sales and production, which is not new and even softer in 2011 compared with the previous year, there are three main drivers which will be impacting market behaviour this year:

- Continued export strength, as major export markets such as the US, China, Russia, and Turkey continue to expand.
- Further growth in light commercial vehicle demand of ~8% following the 9% growth seen in 2010, is also anticipated
- Continued inventory buildup should provide a third supportive influence after the sizeable destocking in 2009.

In this context, and according to our own information based on customer orders and expectations, Group turnover should grow in 2011 in the range of 5-10% compared to 2010 within the expected prices of raw materials and energy (influencing our selling prices). In terms of sales volume, the growth should be closer to the lower range of 5%, which is in line with the market forecasts above. A strong impact on volume growth (especially in weight) will come from front callipers, which have been manufactured on a large scale since January of last year. However, the proportion of the aluminium machining segment is expected to be reduced throughout the current year, according to the projects portfolio. The reason is twofold: on the one hand customers still retain significant spare capacity in machining during the slowdown, and on the other hand new projects which the company is awarded are not machined.

Meanwhile, one of the main tasks today is focused on actively pushing on the pipeline of new products and projects to fulfil as much as possible the spare capacity created in the Group as a consequence of the slowdown, which applies especially to machining activity and iron castings. On the other hand, the medium and long-term strategy calls for introduction of new products and customers (organically and through acquisitions) to grow the business even when the automotive sector is not performing as it did in previous years. The Group is well prepared in terms of assets and technologies to benefit from its future organic growth in both casting businesses – iron and aluminium.

After a deep, long crisis period, the market seems to be returning to the prior scenario, step by step, and recovering its key drivers in an overcapacity environment. Thus, in terms of costs, the international industrial recovery could bring some more volatility of prices of raw materials and energy, whereas after a long period of wage freezes, workforce expectations of pay rises are also high. Obviously, the automotive market in which we are involved is very demanding, and it is a part of our work to focus on efficiency improvements to set off any increased cost.

In terms of potential further impact produced by the temporary gap in surcharge of raw material prices to our customers, the Group stresses that this is a non-recurrent effect, and depending on the trend in raw material prices onwards, some or even all of the difference may be recovered. However, in 2011, the Group expects raw material prices to grow versus the previous year. Energy prices are another subject that in a trend of permanent growth must be re-opened in the negotiations with our customers to overcome the current only partial recovery of price increases.

In this 2011 scenario of slow recovery and underused capacity, there is an important competition factor which customers are taking advantage of to push down selling prices. Our important competitive advantage, mostly provided by our high degree of specialisation and thorough knowledge of our product, should help our Company to a significant extent to face this situation in better standing, but we are conscious that we are operating in a still unstable market, and only companies that manage to deal better with the new environment will be stronger after the slowdown.

In terms of capital expenditures for 2011, in the current business we do not anticipate expenditures other than some maintenance and renewal investments in the automotive segment and some others, more important, to boost the efficiency in the grey iron business, but in total not exceeding the amount of capex in 2010. However, in this context of constant growth in the automotive market, CEE expansion, represented by the Feramo investment project as the Group platform to grow in the nodular iron segment for the automotive market, is also an important asset for the Group which will bring additional value in the near future, and will also mean some additional and higher amount of capex in 2011.

Indeed, organic growth of the automotive production mainly relies on the CEE investment programme. In this sense, the Board of Directors, at its meeting on 31 March 2011, approved an important investment programme to expand its automotive business in Eastern Europe. The programme calls for capital expenditure of up to EUR 7.5 million within the next two years on capacity development of ACE's existing production facilities located in the CEE region. The additional purpose of the program is to enlarge the portfolio of manufactured products and further diversify future revenues. According to a preliminary schedule, the first parts will be produced from January 2013. This programme will be entirely financed from internal resources. The management of the Company is currently involved in start-up of the growth project, and expects to increase current Group sales up to 20% within the next 4 years. At the end of the period ACE Group will have three equally important production plants contributing comparable sales and operational profits.

Additional growth of production and sales should come from M&A activities. The management of ACE carefully reviews any acquisition targets that appear, to assess their potential impact not only on the Group's sales but also on the financial position of the future entity. For a transaction to be approved, it should generate added value for the Company and the shareholders and should not worsen the financial situation of the existing plants in any way.

6. Additional information

Major shareholders (over 5% of shareholder's equity) as of March 31st, 2011

As of March 31, 2011 the Company's share capital comprised 21 230 515 shares. The corresponding number of voting rights was 21 230 515.

To the best of the Company's knowledge as of the end of the first quarter of 2011, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

	As of March 31, 2011 (% of share capital)	***As of December 31, 2010 (% of share capital)***
Casting Brake (Spain)	2 430 607 (11,45%)	2 430 607 (11,45%)
PZU „Zlota Jesien" OFE	4 188 913 (19,54%)	4 188 913 (19,54%)
ING Nationale Nederlanden Polska OFE	3 674 050 (17,31%)	3 674 050 (17,31%)
Pioneer Pekao Investments	2 093 072 (9.86%)	2 153 072 (10,14%)
AVIVA Investors Poland	1 098 605 (5,17%)	1 098 605 (5,17%)
ING Towarzystwo Funduszy Inwestycyjnych	1 158 017 (5,45%)	1 087 615 (5,12%)

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.

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

The Company did not conclude any transactions with its subsidiaries or related parties in the first quarter of 2011.

Information on paid or planned dividend

The dividend policy of ACE remains unchanged as regards the policy stated in the Prospectus.

Changes of the Company's managing or supervisory persons in the first quarter of 2011

There were no changes in the Company's managing or supervisory persons in the first quarter of 2011.

Information on the supervision of employee stock option plans

An employee share option plan (the "ESOP") was approved by the Board at their meeting held on 22 February 2007. Currently, there are no longer beneficiaries of the ESOP continuing its contractual relationship with the Group, which on the other hand would expire upon the fourth anniversary of final allotment of Shares offered in the IPO (i.e. May 24, 2011), so the programme can de deemed as terminated.

On 27 December 2010 Board of Directors approved a Management Remuneration scheme for current Senior Officers of ACE. According to the scheme managers will be entitled to receive a customary cash bonus related to Company growth year on year as well as value in shares of 5% of the Company market capitalisation (MCAP) growth in the period of 2010 – 2014.

The MCAP growth as the difference between initial share value and final share value will be adjusted for any share capital changes. The initial share value is PLN 9,1 . The final share value is the value of the Company shares resulting from the arithmetic average during the six (6) months after the publication of 2014 results. Allocated new shares will be subject to one year of lock-up period. Additional condition, which must be fulfilled to activate the scheme, is that cumulative value of EBITDA in the period 2010 – 2014 must reach certain level of EBITDA.

Investor Relations Contact Person:

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Investor Relations Officer
e-mail: investor.relations@acegroup.lu

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

Geographical segments in '000 Euro

	First quarter of 2011	*First quarter of 2010*
Western Europe	15 076	14 327
Eastern Europe	10 570	7 607
Other	473	190
Total	**26 120**	**22 124**

Business segments in '000 Euro

	Iron castings	*Aluminium castings*	*Other*	*Consolidated*
Total revenues	15 937	9 339	844	26 120
Operating Profit for the segment	**1 110**	**631**	**- 595**	**1 146**
Net Profit for the segment	**1 023**	**462**	**- 759**	**726**

7. Stock Market Information

Basic Information

Fiscal Year:	1 January through 31 December
ISIN Code:	LU0299378421
Par Value:	EUR 0.15 per share
Market of Quotations:	Warsaw Stock Exchange

Share Price Evolution

% of change as of the end of March 2011

	Compared to the end of 2010
ACE S.A.	3,33%
WIG Index	2,61%
SWIG80 Index	4,15%

Stock Market Data

	First quarter of 2011	*2010*	*2009*
Market capitalisation as of the end of the period	PLN 197,4 m	PLN 191,1 m	PLN 163,3m
(in millions of PLN and EUR)	€ 49,2m	€ 48,3m	€ 39,7m
Share price (in PLN)			
- Highest	11,4	10,10	7,69
- Lowest	9,00	7,80	1,10
- Average	9,77	9,00	4,16
- At the end of the period	9,30	9,00	7,69
Shareholders equity per share in EUR (in PLN)	1,86 (7,46)	1,83 (7,25)	1,74 (7,15)

Per Share Data

	First quarter of 2011	*2010*	*2009*
Earnings per share (in EUR)	0,03	0.12	0,09
Cash Flow per share (in EUR)	-0,07	0,26	0,09
Dividend per share (in EUR)	-	0.05	-

B. Condensed Consolidated Financial Statements for the quarter ended March 31st, 2011

The condensed consolidated quarterly report for the first quarter of 2011 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* and Feramo uses Czech korona for both statutory and internal reporting. For the consolidation within ACE, the financial monthly statements of polish plant are 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.

PLN per 1 Euro	*Average*	*High*	*Low*	*Period end*
Jan 1 – Mar 31,2010	3,9869	4,1109	3,8622	3,8622
Jan 1 – Mar 31, 2011	3,9476	4,0800	3,8403	4,0119

The following table shows certain information regarding the exchange rate between *korona* and euro for the respective periods of analysis. This information is based on the official exchange rates quoted by the Czech National Bank on its website www.cnb.cz.
Investors should also note that the average rates are simple arithmetic averages for each given period.

CZK per 1 Euro	*Average*	*High*	*Low*	*Period end*
Jan 1 – Mar 31,2010	25,8677	26,3700	25,2850	25,4450
Jan 1 – Mar 31, 2011	24,3745	25,0850	24,0100	24,5400

Consolidated Balance Sheet as of March 31st 2011 in thousands of Euros

Assets	*As of Mar 31, 2011*	*As of Dec 31, 2010*	*As of Mar 31, 2010*
Non-current Assets			
Intangible assets	193	217	228
Property, plant and equipment	38 655	39 659	40 876
Investment in associates	0	0	20
Derivative financial instruments (NCA)	8	37	0
Deferred tax assets	830	918	876
	39 686	**40 831**	**42 000**
Current assets			
Inventories	9 190	8 262	9 632
Trade and other receivables	19 017	13 981	15 845
Derivative financial instruments (CA)	85	82	0
Other current assets	0	29	122
Cash and cash equivalents	15 911	17 433	11 084
	44 203	**39 787**	**36 683**
Total assets	**83 889**	**80 618**	**78 683**

Equity & Liabilities	*As of Mar 31, 2011*	*As of Dec 31, 2010*	*As of Mar 31, 2010*
Equity			
Share capital	3 185	3 185	3 185
Share premium	6 931	6 931	6 931
Retained earnings	28 576	26 100	27 088
Cash flow hedges	- 44	0	0
Exchange gain or loss against equity	179	35	- 74
Profit for the year	726	2 548	1 665
	39 553	**38 799**	**38 795**
Liabilities			
Non-current liabilities			
Borrowings (NCL)	18 092	18 124	12 518
Deferred income	164	174	202
Deferred tax liabilities	3 137	3 199	3 473
Provisions for other liabilities and charges (NCL)	91	92	123
Derivative financial instruments (NCL)	132	48	173
	21 616	**21 637**	**16 489**
Current liabilities			
Trade and other payables	19 147	16 866	16 086
Borrowings (CL)	2 242	2 028	5 612
Derivative financial instruments (CL)	194	338	636
Current income tax liabilities	721	544	239
Other current liabilities	51	55	11
Provisions for other liabilities and charges (CL)	365	351	816
	22 720	**20 182**	**23 400**
Total Liabilities	**44 336**	**41 819**	**39 889**
Total equity and liabilities	**83 889**	**80 618**	**78 683**

Consolidated Income Statement for the period from January 1st to March 31st, 2011 in thousands of Euros

	For the 1st quarter of 2011 From January 1st to March 31st, 2011	*For the 1st quarter of 2010 From January 1st to March 31st, 2010*
Revenues	26 120	22 124
Costs of goods sold	-21 115	-17 161
Gross profit	5 005	4 962
Selling and distribution costs	- 701	- 576
General and administration costs	-3 269	-2 674
Other income	134	73
Other expenses	- 24	- 73
Operating profit	1 146	1 712
Financial income	266	778
Financial expenses	- 487	- 282
Financial result	-221	496
Profit before income tax	**925**	**2 207**
Income tax expense	- 199	- 542
Profit for the period	**726**	**1 665**

Consolidated Statement of changes in Shareholders' Equity for the period from January 1st to March 31st, 2011 in thousands of Euros

Attributable to equity holders of the Parent

	Share capital	*Share premium*	*Legal Reserve*	*Retained earnings*	*Cash flow hedges*	*Exchange differences*	*Profit for the period*	*Net Equity*
Balance as of Jan 1, 2011	**3 185**	**6 931**	**307**	**25 721**	**72**	**35**	**2 548**	**38 799**
Allocation of previous year profit				2 548			-2 548	
Profit / Loss for the period							726	726
Total recognised income and expenses for the period							726	**726**
Exchange differences						144		144
Changes in fair value of currency hedging instruments					- 116			- 116
Balance as of Mar 31, 2011	**3 185**	**6 931**	**307**	**28 269**	**- 44**	**179**	**726**	**39 553**

Consolidated Cash Flow Statement for the period from January 1st to March 31st, 2011
in thousands of Euros

	From Jan 1st to Mar 31st, 2011	*From Jan 1st to Mar31st , 2010*
Profit before income tax	925	2 207
Adjustments for:		
- Depreciation and amortizations of non-current assets	1 412	1 596
- Net financial result	347	91
-Gain and losses on charges in fair values of derivate financial instruments	- 166	- 588
- Net movements in provisions	- 11	- 11
Changes in working capital(excluding effects of acquisition and exchange differences on consolidation)		
- Inventories	- 913	- 965
- Trade and other receivables	- 5 031	- 2 075
- Trade and other payables	2 044	796
Cash from operating activities	**-1 394**	**1 051**
Income tax paid	- 12	- 14
Net cash from ordinary activities	**-1 406**	**1 037**
Cash flows from investing activities		
Purchases of property, plant and equipment (PPE)	- 140	- 551
Proceeds from sale of non current assets	1	0
Purchases of intangible assets	- 2	- 4
Loans granted to related parties	2	0
Loan repayments received from related parties	2	0
Net cash used in investing activities	**- 136**	**- 555**
Cash flows from financing activities		
Repayments of bank borrowings	- 35	-1 322
Proceeds from bank borrowings	207	157
Proceeds from other loans	- 50	25
Net of financial result paid and received	- 49	- 168
Net cash used in financing activities	**73**	**-1 308**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**-1 469**	**- 826**
Cash, cash equivalents and bank overdrafts at beginning of the period	17 433	11 906
Effects of exchange rate changes on the balance of cast held, in foreign currencies	- 53	4
Cash, cash equivalents and bank overdrafts at the end of the period	**15 911**	**11 084**

Notes to condensed financial statements

Accounting polices

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 standards.

Consolidated entities

Company name	*Status*	*Ownership*	*Consolidation method*
ACE S.A.	Holding Company	-	Full
ACE Boroa S.L.	Holding Company	100%	Full
ACE 4C, A.I.E	R&D	100%	Full
Fuchosa S.L.	Operating	100%	Full
EBCC Sp. z o.o.	Operating	100%	Full
Feramo S.r.o.	Operating	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.

	Before IPO		***After IPO***		***Current***	
	No of shares	*%*	*No of shares*	*%*	*No of shares*	*%*
Existing shares	20 050 100	100%	20 050 100	90,66%	21 230 515	100%
New shares	-	-	2 065 160	9,34%	-	-
Total	**20 050 100**	**100%**	**22 115 260**	**100%**	**21 230 515**	**100%**

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

There were no significant non-recurring items affecting assets, liabilities, equity, net income or cash flows for the first quarter.

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 2011

There was no dividend paid in the first quarter of 2011.

Issuances, repurchases and repayments of debt and equity securities

The company repaid EURO 85 thousands of debt in the first quarter of 2011.

Material events after the end of the first quarter of 2011 that have not been reflected in the financial statements

There were no material events after the first quarter of 2011.

Changes in the composition of the Company during first quarter of 2011

There has not been any change in composition of the ACE group within the period.