



Automotive Components Europe S.A.

Quarterly Consolidated Report

for the

Quarter ended September 30th, 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 ACE S.A.). ACE is registered with the Luxembourg Registry of Commerce and Companies under number B 118130 and had its registered office located in 82 Route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg, where it was moved to in August 1, 2007 from the former address in 6 rue Adolphe, L-1116 Luxembourg.

ACE, as a holding company incorporated in Luxembourg has three operating companies (Group): iron casting divisions (Fuchosa) in Spain, Feramo (consisting of Feramo Metallum International and Feramo Trans) in Czech Republic, 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 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 September 30, 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> |

On September 15, 2008 Board of Directors adopted a resolution on leave of Mr Zbigniew Pawlucky – Senior Officer of ACE and CEO of EBCC Sp. z o.o. - upon his request due to personal reasons.

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 third quarter of 2008 was prepared according to International Accounting Standards.

Quarterly Consolidated Report for the quarter ended September 30th, 2008

2. Financial Highlights

in '000 Euro

| <i>Selected consolidated financial items</i> | <i>For the 3rd quarter of 2008 From Jul 1st to September 30th, 2008</i> | <i>From Jan 1st to Sept 30th, 2008 Cumulative</i> | <i>For the 3rd quarter of 2007 From July 1st to September 30th, 2007</i> | <i>From Jan 1st to Sept 30th, 2007 Cumulative</i> |
|--|--|---|---|---|
| Revenues from sales | 25 332 | 75 852 | 19 205 | 65 723 |
| Operating Profit | 908 | 5 969 | 1 823 | 8 009 |
| Profit before tax | 76 | 7 729 | 1 713 | 7 383 |
| Net profit | 6 | 6 485 | 1 473 | 6 026 |
| Net profit attributable to equity holders of the parent company | 6 | 6 485 | 1 473 | 6 026 |
| Cash flow from operating activities | 455 | 6 446 | -660 | 8 833 |
| Cash flow from investment activities | -1 859 | -10 784 | -1 384 | -2 308 |
| Cash flow from financial activities | -5 134 | -1 849 | -12 035 | -7 256 |
| Net cash flow | -6 539 | -6 187 | -14 078 | -731 |
| Current assets | 36 866 | 36 866 | 32 261 | 32 261 |
| Fixed assets | 47 635 | 47 635 | 35 331 | 35 331 |
| Total Assets | 84 501 | 84 501 | 67 592 | 67 592 |
| Liabilities | 42 483 | 42 483 | 35 217 | 35 217 |
| Long-term Liabilities | 15 338 | 15 338 | 15 963 | 15 963 |
| Short term Liabilities | 27 145 | 27 145 | 19 254 | 19 254 |
| Shareholders Equity | 42 018 | 42 018 | 32 375 | 32 375 |
| Shareholders equity attributable to shareholders of the parent company | 42 018 | 42 018 | 32 375 | 32 375 |
| Share capital | 3 317 | 3 317 | 3 317 | 3 317 |
| No of shares outstanding | 22 115 260 | 22 115 260 | 22 115 260 | 22 115 260 |
| Net profit (loss) per share | 0.00 | 0.29 | 0.07 | 0.27 |
| Book value per share | 1.90 | 1.90 | 1.46 | 1.46 |

3. Financial performance

Consolidated Profit & Loss Statement

in '000 Euro

| | <i>For the 3rd quarter of 2008 From Jul 1st to September 30th, 2008</i> | <i>From Jan 1st to Sept 30th, 2008 Cumulative</i> | <i>For the 3rd quarter of 2007 From July 1st to September 30th, 2007</i> | <i>From Jan 1st to Sept 30th, 2007 Cumulative</i> |
|-----------------------------|--|---|---|---|
| Revenues from sales | 25 332 | 75 852 | 19 205 | 65 723 |
| Cost of goods sold | 20 987 | 59 242 | 14 325 | 48 200 |
| Gross profit | 4 345 | 16 610 | 4 879 | 17 523 |
| | <i>GP margin</i> | <i>21.9 %</i> | <i>25.4 %</i> | <i>26.7 %</i> |
| G&A expenses | 2 197 | 7 016 | 2 000 | 6 103 |
| EBITDA | 2 148 | 9 594 | 2 880 | 11 420 |
| | <i>EBITDA margin</i> | <i>12.6 %</i> | <i>15.0 %</i> | <i>17.4 %</i> |
| Depreciation & amortisation | 1 240 | 3 625 | 1 057 | 3 412 |
| Operating profit | 908 | 5 969 | 1 823 | 8 009 |
| | <i>OP margin</i> | <i>7.9 %</i> | <i>9.5 %</i> | <i>12.2 %</i> |
| Financial income | -350 | 2 784 | 194 | 974 |
| Financial costs | 482 | 1 024 | 303 | 1 599 |
| Profit before tax | 76 | 7 729 | 1 713 | 7 383 |
| Tax | 70 | 1 244 | 240 | 1 357 |
| Net profit | 6 | 6 485 | 1 473 | 6 026 |
| | <i>NP margin</i> | <i>8.5 %</i> | <i>7.7 %</i> | <i>9.2 %</i> |

Quarterly Consolidated Report for the quarter ended September 30th, 2008**Sources of sales revenues**

The main source of ACE Group's sales revenues are the sales of iron anchors in nodular technology, grey iron parts for different purposes and aluminium callipers. The remaining, minority part of the Group's sales, comprises of revenues from the after-production scrap, tooling and prototypes sales.

| <i>Sales revenues in '000 Euro</i> | <i>Three quarters of 2008 cumulative</i> | <i>%</i> | <i>Three quarters of 2007 cumulative</i> | <i>%</i> |
|-------------------------------------|--|-------------|--|-------------|
| <i>Sales of products</i> | 72 226 | 95.2% | 62 713 | 95.4% |
| <i>Sales of goods and materials</i> | 3 627 | 4.8% | 3 010 | 4.6% |
| <i>Total sales revenue</i> | 75 852 | 100% | 65 723 | 100% |

| <i>Sales of products in '000 Euro</i> | <i>Three quarters of 2008 cumulative</i> | <i>%</i> | <i>Three quarters of 2007 cumulative</i> | <i>%</i> |
|---------------------------------------|--|-------------|--|-------------|
| <i>Sales of nodular iron castings</i> | 36 339 | 50.3% | 34 423 | 54.9% |
| <i>Sales of grey iron castings</i> | 8 183 | 11.3% | 0 | 0.0% |
| <i>Sales of aluminium castings</i> | 27 704 | 38.4% | 28 290 | 45.1% |
| <i>Total sales of products</i> | 72 226 | 100% | 62 713 | 100% |

| <i>Sales volumes in million pieces</i> | <i>Three quarters of 2008 cumulative</i> | <i>Three quarters of 2007 cumulative</i> |
|--|--|--|
| <i>Iron anchors</i> | 18.9 | 20.5 |
| <i>Grey iron castings</i> | 1.3 | 0.0 |
| <i>Aluminium callipers</i> | 4.8 | 4.6 |
| <i>Total products sold</i> | 25.0 | 25.1 |

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>Three quarters of 2008 cumulative</i> | <i>Three quarters of 2007 cumulative</i> |
|----------------------------|--|--|
| <i>Germany</i> | 25.0% | 35.3% |
| <i>Czech Republic</i> | 27.5% | 25.2% |
| <i>France</i> | 11.7% | 9.9% |
| <i>Spain</i> | 8.7% | 10.0% |
| <i>Portugal</i> | 4.5% | 5.3% |
| <i>Other</i> | 22.6% | 14.4% |
| <i>Total</i> | 100.0% | 100.0% |

Despite 6 327 Thousand Euros or 32% increase in turnover compared with same period of 2007, sales volume in number of parts decreased by 46 thousand parts or 0.6%. (reduction by 809 thousand parts or 11% of reduction only considering the former companies). Most of this reduction is allocated in Nodular iron business, though in aluminium segment the sale of machined parts has also decreased significantly by 16%. Thus the reason of this unbalanced value of sales as regards volume is once again the higher value of raw materials re-invoiced to the customers and though in a minor extent also the value of sales other than products.

This reduction of volumes has to be framed in the general performance of the market and specially its trend in this third quarter. Indeed, year to date sales of cars in Western Europe sales fell down by 10% in only these three months (placing the year to date difference as of the end of September in 4.9% from 2.8% as of the end of June). In addition, the expectation of full year decrease for year end was downgraded from 2.1% to 7.5% (Source: JD Power). Production of cars is also following this trend and hence adding a worsening effect to the sales.

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Direct production costs and gross profit

Production costs are reflecting in a large extent the increase in price of raw materials re-invoiced to the customer in the sales value but also the higher value in Euro of some expenses expressed in polish zloty derived from the different exchange rate of this period as regards same quarter of 2007 and due to the strengthening of this currency against Euro throughout this year.

Other increases in energy and payroll have been managed to be offset on one hand thanks to the general improvements of efficiency and other savings and on the other through some agreements reached with the customers to compensate these increases.

Reduction of gross profit is also influenced by the general lowering of margins as a consequence of different breakdown of products linked to the reduction of sales volume.

General & administrative expenses

The increase experienced in the period is directly linked to the expenses added by the new acquisition.

EBITDA and operating profit

Mostly due to the general reduction of volumes, operating profit of third quarter of Euro 908 Thousand is lower by Euro 915 Thousand or 50% as regards previous year. EBITDA is also reducing by Euro 732 Thousand or 25% raising a final amount of Euro 2 148 Thousand (8.5% on sales).

It is important to remark that new acquisition is not yet contributing to add a significant operating margin despite representing more than 1/5 of total turnover. Though general performance of Feramo is fulfilling expectations, the volatility experienced by purchasing prices of raw materials produces an unbalance between the real price of raw materials and the index used for the agreements reached with the customers and is causing that this mechanism is not yet fully working and thus not covering 100% of price increases.

Financial items

Even though our hedging contracts are still representing profits as regards the real exchange rate, the weakening of Polish zloty during in the period provokes that, the fair valuation of these contracts increase our financial cost in the same proportion increasing the financial cost by 730 k€ as regards previous year.

Profit before tax and tax

The decrease by Euro 1 638 Thousand as regards previous year is reflecting the decrease of activity at the operating level and unrealized losses coming from fair valuation of hedging contracts. Tax is then proportionally reduced in the amount of these lower profits but not by the reduction of fair value booked in financial items as these are not the result of a realized loss.

Net profit

For all the reasons stated above Net profit of the period rises to Euro 6 Thousand or Euro 1 468 Thousand lower than previous year. However, year to date Net profit amounts Euro 6 485 Thousand and 8.5% on sales, still positive if we compare with the cumulative result in 2007 by Euro 6 026 Thousand.

Performance against the budget (forecasts)

The Company has not published any official forecast for 2008.

Though in general year-to-date sales in value terms are still behaving better than expected by around 15% , most of this difference is due to new acquisition, not included in our initial guidelines. But if 8 183 Thousand Euros coming from Feramo consolidation is excluded we are below a range of 7-10% growth published in the guidelines.

Cumulative value of net profit after three quarters is still 7.6% above last year figure but below our initial expectations expressed in the guidelines. In our opinion it is important that this underperformance results from rapidly worsening general market situation rather than company specific issues. ACE Group performance reported after the first half of 2008 is the best prove of our view. We believe that due to market position of ACE the group will be able to recover relatively quickly if the market trend reverses.

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 favorable 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.

So far the European automotive production remained constant and even increased. However, after relatively stable first half of the year the third quarter of 2008 was unexpectedly dynamic in terms of reduction of sales of new cars in West European countries. According to JD Power, in first half 2008 the sales in Western Europe showed a reduction of around 221 thousand cars compared with same period 2007 (-2.8%). Only in the following three months the difference increased by additional 340 thousand cars (-10% in the period placing year to date difference in 4.9%). Following the same source, expectation for year end could raise a decrease of -7.5% which would represent a difference only for the fourth quarter of -16%. In this scenario almost all the Car Manufacturers and Tier 1, and consequently the rest of component producers, announced several actions addressed to reduce their activity to match it with expected sales.

However, 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 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.

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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, 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).

Recently acquired Feramo offers a wide range of grey iron castings for engineering, hydraulical, electro technical and automotive sectors, as well as for a small urban architecture projects. Sales for an automotive sector constitute around 20% of Feramo's sales.

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, and though the expected volume for the year will not represent a significant stake, the Company is already prepared to undertake the production of new references of this product.

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 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.

Since the acquisition of Feramo in May 2008 some other customers have joined the portfolio of ACE (shown in line "Grey iron castings" of tables above and in line "Other" of table below). Currently this company has approximately 100 customers from the Czech Republic and abroad. The major ten customers generate circa 70% of total sales revenue and the structure of customer is relative stable on a year-on-year basis. Main sectors what Feramo supplies to are engine parts, construction, automotive and urban furniture.

| <i>(in thousands €)</i> | <i>Three quarters of 2008 cumulative</i> | <i>Three quarters of 2007 cumulative</i> |
|-------------------------|--|--|
| <i>Continental</i> | 25 878 | 25 874 |
| <i>TRW</i> | 27 554 | 25 246 |
| <i>Bosch</i> | 10 353 | 11 411 |
| <i>Other</i> | 620 | 181 |

The Company did not usually experience any important fluctuation of sales linked with changes in seasonal demand. In the reporting period, however, sales were affected by sharp decrease of sales of new cars in West European countries.

Nevertheless, during Easter, summer and Christmas periods the activity decreases due to holidays 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

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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 (40% of steel scrap as regards average 2007) and energy (30% in compare with the last quarter of 2007). Nevertheless, plant quotes the price for the finished product, such price being reviewed every three months so as to reflect any change in steel scrap prices and when the agreed base price is exceeded, to pass on a material portion of any relevant increase in the price of steel scrap to the ordering client. 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 (-6.5% of Aluminium as regards average 2007), gas (+17.5% as regards average 2007) and energy (+17.3% 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.

The Company has no raw material and energy evolution data comparables for Feramo since the plant is in the ACE Group since May 2008.

Research & Development

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

The iron casting division has a well performed and highly organized 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 specialized simulation and CAD software, 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

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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 reduce its exposure to automotive market evolution, to keep its position in iron anchors and to increase its volume in aluminum through the existing capacity in the aluminum segment.

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

Aluminium casting division in '000 Euro

| | <i>For the 3rd quarter of 2008 From Jul 1st to September 30th, 2008</i> | <i>From Jan 1st to Sept 30th, 2008 Cumulative</i> | <i>For the 3rd quarter of 2007 From July 1st to September 30th, 2007</i> | <i>From Jan 1st to Sept 30th, 2007 Cumulative</i> |
|-----------------------------------|--|---|---|---|
| Investments in R&D | 157 | 449 | 7 | 140 |
| Investments in IT systems for R&D | 0 | 0 | 0 | 0 |
| Costs regarding R&D | 69 | 206 | 104 | 298 |
| Total R&D expenses | 226 | 655 | 111 | 438 |

Iron casting division in '000 Euro

| | <i>For the 3rd quarter of 2008 From Jul 1st to September 30th, 2008</i> | <i>From Jan 1st to Sept 30th, 2008 Cumulative</i> | <i>For the 3rd quarter of 2007 From July 1st to September 30th, 2007</i> | <i>From Jan 1st to Sept 30th, 2007 Cumulative</i> |
|--|--|---|---|---|
| Internal R&D: Wages, travel expenses | 548 | 1479 | 389 | 1108 |
| R&D materials | 1 | 5 | 11 | 259 |
| Licences & Software | 3 | 26 | 0 | 16 |
| Training | 4 | 4 | 3 | 9 |
| Marketing | 0 | 0 | 0 | 0 |
| Design & works - production / supplies | 79 | 170 | 24 | 124 |
| Machinery & equipment purchase | 0 | 0 | 40 | 40 |
| Total Internal R&D | 635 | 1684 | 466 | 1556 |
| External R&D: R&D Acquisitions | 43 | 180 | 64 | 174 |
| Total R&D | 678 | 1864 | 530 | 1730 |

Strategic investments

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 was 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.

Feramo, located in Brno (Czech Republic), specializes 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.

After completion of 100 days integration programme with success, the company is focused to develop an overall efficiency programme and reorganize some critical areas for the future development.

One of the main targets after acquisition and stabilization is to develop an important investment programme. The investment programme for Feramo was in principle planned for the next 3 years, with a value of more than EUR 9 million. It will allow the annual production capacity of the Czech plant to increase from current 15 to about 42 thousand tones of iron and most of the new capacity will be a high value added nodular iron technology used for demanding automotive castings. Taking into

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consideration the current market environment we should be prudent on the estimation of the launch of this capex plan though this conjuncture does not affect our long term growth strategy.

5. Outlook for the following months of 2008

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

- In short term the Company is highly dependant on orders coming from customers and thus reactivity to market conditions in the short time implies to adopt extraordinary measures in order to reduce in a significant manner our costs and adapt it as much as possible to our volume reduction to minimize its impact. In this sense the company has already started to shorten its headcount in the Group and it is expected that before the year end this reduction will achieve around 80 people or 8% of total staff with derived yearly savings of Euro 1 300 Thousand. Additionally, in the production plant of Spain it will be launched an overall temporary layoff affecting to all its workforce during 11 working days and reducing the wage expenses by around Euro 190 Thousand.in the last quarter.

However we are focusing our efforts at the moment to use our free capacity for other projects, our medium and long term strategy assumes introduction of new products and customers to grow the business even in the situation in which the automotive sector is not performing like in the previous years. And it is clear for us that our current financial structure allow us to face this situation in a better standing and that companies which manage to deal better with the new environment will be reinforced after the slowdown.

- As we already anticipated to public market, the guidelines published by the Company and referred to the forecast of the financial results for 2008 would be highly depending on the automotive market situation in the following months. After performance of second quarter and with an estimation of decrease in sales of around 16% for the last quarter of the year as regards same period of 2007, we definitively are obliged to reduce our initial expectations, especially in terms of profitability.

Our most recent outlook for the year shows that sales in value will probably keep at the level of expectations or will be even higher thanks to higher prices of raw materials and Czech acquisition (with same consolidation scope as last year sales would be flat or even lower), though final Net Profit would be lower than expected, being its final size highly depending on performance of Polish zloty. What we can really anticipate at this stage as not so much depending on foreign exchange currency volatility is the final level of the operating performance (EBITDA), which is expected to be in the range from 30 to 40% lower than year 2007 But, current market volatility could make change the forecast even in short period of time.. Even in more severe economy and market conditions, like today, one of the priority goals of the Management Committee of ACE is to secure positive performance of the Company on operating level, in a longer term. We strongly believe that this will allow us to recover quickly in future on both production and financial levels , if market condition reverses.

6. Additional information

Major shareholders (over 5% of shareholder's equity) as of September 30th, 2008

On September 30 the Company's share capital was made up of 22 115 260 shares and has not changed since the end of 2007. The corresponding number of voting rights was 22 115 260 votes and their number has not changed since the end of 2007. To the best of the Company's knowledge as of the end of the third 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>As of September 30, 2008</i> <i>(% of share capital)</i> | <i>As of December 31, 2007</i> <i>(% of share capital)</i> |
|--|--|---|
| EB Holding (Luxemburg) | 6 535 593 (29.55%) | 6 535 593 (29.55%) |
| Casting Brake (Spain) | 2 980 607 (13.48%) | 2 980 607 (13.48%) |
| AIG Towarzystwo Funduszy Inwestycyjnych S.A. | 1 240 837 (5.61%) | 1 556 579 (7.04%) |
| Templeton Asset Management Ltd. | 1 363 442 (6.17%) | 1 173 000 (5.30%) |
| PKO Credit Suisse Towarzystwo Funduszy Inwestycyjnych S.A. | 1 844 506 (8.34%) | 1 250 000 (5.65%) |
| ING Nationale Nederlanden Polska OFE | 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 third 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 conclude any transactions with its subsidiaries or related parties in the third quarter of 2008.

Quarterly Consolidated Report for the quarter ended September 30th, 2008

Information on paid or planned dividend

In the near future the dividend policy of ACE remains unchanged as regards the policy stated in the Prospectus. The general intention of the Management Committee of ACE is to pay out a dividend or perform an equivalent action (buy back of shares) or both. Share premium distribution of 0.11€ per share against 2007 net profit was made on September 1, 2008.

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

On September 15, 2008 Board of Directors adopted a resolution on leave of Mr Zbigniew Pawłucki – Senior Officer of ACE and CEO of EBCC Sp. z o.o. - upon his request due to personal reasons.

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 September 30th, 2008**Information on the revenues and net results of individual business segments and geographical segments**

Geographical segments in '000 Euro

| | <i>Three quarters of 2008 cumulative</i> | <i>Three quarters of 2007 cumulative</i> |
|----------------|--|--|
| Western Europe | 46 050 | 42 883 |
| Eastern Europe | 29 790 | 22 782 |
| Other | 12 | 58 |
| Total | 75 852 | 65 723 |

Business segments in '000 Euro

| | <i>Iron castings</i> | <i>Aluminium castings</i> | <i>Other</i> | <i>Consolidated</i> |
|-------------------------------|----------------------|-------------------------------|--------------|---------------------|
| Total revenues | 37 517 | 29 960 | 8 375 | 75 852 |
| Profit for the segment | 2 581 | 2 927 | 977 | 6 485 |

7. Stock Market Information

Basic Information

| | |
|-----------------------|--------------------------|
| Fiscal Year: | January 1 to December 31 |
| ISIN Code: | LU0299378421 |
| Nominal Value: | 0.15 € |
| Market of Quotations: | Warsaw Stock Exchange |

Share Price Evolution

% of change at the end of Q3 2008

| | <i>Compared to the end of 2007</i> | <i>Compared to the end of Q3 2007</i> |
|--------------|------------------------------------|---------------------------------------|
| ACE S.A. | - 47.46% | - 68.19% |
| WIG Index | - 32.44% | - 38.10% |
| SWIG80 Index | - 40.25% | - 47.42% |

Stock Market Data

| | <i>Three quarters of 2008</i> | <i>2007</i> |
|--|-------------------------------|-----------------------|
| Market Capitalisation at the end of the period (in M PLN and M€) | 137.1 mln zł € 40.2 mln | PLN 261.0m € 72.4m |
| Share Price (in PLN) | | |
| - Highest | 12.23 | 24.53 |
| - Lowest | 5.97 | 10.42 |
| - Average | 8.75 | 18.55 |
| - At the end of the period | 6.20 | 11.80 |
| Shareholders Equity per share (in €) | 1.90 | 1.71 |

Per Share Data

| | <i>Three quarters of 2008</i> | <i>Three quarters of 2007</i> | <i>2007</i> |
|----------------------------|-------------------------------|-------------------------------|-------------|
| Earnings per share (in €) | 0.29 | 0.27 | 0.40 |
| Cash Flow per share (in €) | -0.28 | -0.03 | 0.02 |
| Dividend per share (in €) | - | - | 0.11 |

B. Condensed Consolidated Financial Statements for the quarter ended September 30th, 2008

The condensed consolidated quarterly report for the third 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* and Feramo uses Czech korona 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 – Sep 30, 2007 | 3.8263 | 3.9385 | 3.7443 | 3.7775 |
| Jan 1 – Sep 30, 2008 | 3.4294 | 3.6577 | 3.2026 | 3.4083 |

Consolidated Balance Sheet as of September 30th, 2008 in thousands of Euros

| <i>Assets</i> | <i>As of Sep 30, 2008</i> | <i>As of Sep 30, 2007</i> | <i>As of Dec 31, 2007</i> |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Non current assets | | | |
| Property, plant and equipment | 47 234 | 34 545 | 34 501 |
| Intangible assets | 205 | 180 | 299 |
| Investments in associates | 21 | 319 | 20 |
| Trade and other receivables | 0 | 0 | 300 |
| Derivative financial instruments | 175 | 226 | 233 |
| Deferred tax assets | 0 | 60 | 624 |
| Total non-current assets | 47 635 | 35 331 | 35 977 |
| Current assets | | | |
| Inventories | 12 216 | 7 062 | 8 566 |
| Trade and receivables | 19 668 | 14 102 | 16 075 |
| Other current assets | 280 | 1 910 | 0 |
| Derivative financial instruments | 567 | 0 | 392 |
| Cash and cash equivalents | 4 135 | 9 187 | 10 434 |
| Total current assets | 36 866 | 32 261 | 35 467 |
| Total assets | 84 501 | 67 592 | 71 444 |

Quarterly Consolidated Report for the quarter ended September 30th, 2008

| <i>Equity and Liabilities</i> | <i>As of Sep 30, 2008</i> | <i>As of Sep 30, 2007</i> | <i>As of Dec 31, 2007</i> |
|--------------------------------------|---------------------------|---------------------------|---------------------------|
| Capital and reserves | | | |
| Share capital | 3 317 | 3 317 | 3 317 |
| Share premium | 6 828 | 9 373 | 9 292 |
| Retained earnings | 25 194 | 13 658 | 16 501 |
| Exchange gain or loss against equity | 194 | | |
| Net profit for the period | 6 485 | 6 026 | 8 694 |
| Total equity | 42 018 | 32 375 | 37 804 |
| Non current liabilities | | | |
| Non current bank borrowings | 13 525 | 11 491 | 11 503 |
| Other loans | 0 | 0 | 0 |
| Deferred income | 356 | 378 | 389 |
| Deferred tax liabilities | 0 | 3 493 | 1 862 |
| Other non current liabilities | 0 | 0 | 0 |
| Long term provisions | 1 457 | 601 | 318 |
| Total non current liabilities | 15 338 | 15 963 | 14 072 |
| Current liabilities | | | |
| Current bank borrowings | 3 037 | 2 651 | 2 921 |
| Trade and other payables | 17 094 | 12 663 | 13 164 |
| Current tax liabilities | 3 280 | 1 623 | 2 105 |
| Other current liabilities | 2 326 | 1 447 | 209 |
| Provisions | 1 408 | 870 | 1 169 |
| Total current liabilities | 27 145 | 19 254 | 19 568 |
| Total equity and liabilities | 84 501 | 67 592 | 71 444 |

Quarterly Consolidated Report for the quarter ended September 30th, 2008**Consolidated Income Statement for the period from January 1st to September 30th, 2008
in thousands of Euros**

| | <i>For the 3rd quarter of 2008 From Jul 1st to September 30th, 2008</i> | <i>From Jan 1st to Sept 30th, 2008 Cumulative</i> | <i>For the 3rd quarter of 2007 From July 1st to September 30th, 2007</i> | <i>From Jan 1st to Sept 30th, 2007 Cumulative</i> |
|----------------------------------|--|---|---|---|
| Revenues | 25 332 | 75 852 | 19 205 | 65 723 |
| Costs of sales | 20 987 | 59 242 | 14 325 | 48 200 |
| Gross profit | 4 345 | 16 610 | 4 879 | 17 523 |
| Other operating income | 185 | 596 | 118 | 479 |
| Distribution costs | 909 | 2 435 | 606 | 1 985 |
| Administrative expenses | 2 580 | 8 191 | 2 212 | 7 252 |
| Other operating expenses | 132 | 610 | 356 | 756 |
| Operating profit | 908 | 5 969 | 1 823 | 8 009 |
| Financial income | -350 | 2 784 | 194 | 974 |
| Financial expenses | 482 | 1 024 | 303 | 1 599 |
| Financial result | -832 | 1 760 | -110 | -626 |
| Profit before tax | 76 | 7 729 | 1 713 | 7 383 |
| Income tax expense | 70 | 1 244 | 240 | 1 357 |
| Net profit for the period | 6 | 6 485 | 1 473 | 6 026 |

**Consolidated Statement of changes in Shareholders' Equity for the period from January 1st to September 30th, 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>Exchange differences</i> | <i>Profit for the period</i> | <i>Net Equity</i> |
|--|--------------------------|--------------------------|------------------------------|---------------------------------|----------------------------------|-------------------|
| Balance as of Jan 1, 2008 | 3 317 | 9 292 | 16 501 | 0 | 8 694 | 37 804 |
| Allocation of year profit | | | 8 694 | | -8 694 | 0 |
| Increase in share capital | | | | | | |
| Profit / Loss for the period | | | | | 6 485 | 6 485 |
| Change in fair value of consideration paid | | | | | | |
| Exchange differences | | | | 194 | | 194 |
| Recognition of share-based payments | | | | | | |
| Partial reimbursement of share premium | | -2 433 | | | | - 2 433 |
| Buy-back of ordinary shares | | -32 | | | | -32 |
| Other | | | | | | |
| Balance as of September 30, 2008 | 3 317 | 6 827 | 25 195 | 194 | 6 485 | 42 018 |

Quarterly Consolidated Report for the quarter ended September 30th, 2008**Consolidated Cash Flow Statement for the period from January 1st to September 30th, 2008**
in thousands of Euros

| | <i>From Jan 1 to Sep 30, 2008</i> | <i>From Jan 1 to Sep 30, 2007</i> |
|--|---------------------------------------|---------------------------------------|
| Cash flow from ordinary activities | | |
| Profit before tax | 7 729 | 7 383 |
| Adjusted for: | | |
| Amortisation and depreciation | 3 625 | 3 412 |
| Equity-settled share based payments transactions | | 391 |
| Net financial result | -1 370 | 626 |
| Losses on sale of property, plant and equipment | | 19 |
| Gains and losses on changes in fair values of derivative financial instruments | -117 | 149 |
| Others | -33 | -288 |
| Operating cash before changes in working capital | 9 834 | 11 691 |
| Increase/decrease in receivables and other current assets | -924 | -1 963 |
| Increase/decrease in inventories | -2 703 | -1 863 |
| Increase/decrease in trade and other payables | 1 314 | 1 712 |
| Cash from operating activities | 7 521 | 9 577 |
| Income tax paid | -1 075 | -744 |
| Net cash from ordinary activities | 6 446 | 8 833 |
| Cash flows from investing activities | | |
| Acquisition of subsidiary, net of cash acquired | -6 367 | |
| Acquisition of property, plant and equipment | -4 417 | -2 213 |
| Acquisition of other intangible assets | 0 | -95 |
| Acquisition of non current financial assets | | |
| Net cash from investing activities | -10 784 | -2 308 |
| Cash flows from financing activities | | |
| Proceeds from issue of equity shares | 0 | 11 088 |
| Proceeds from bank financing | 5 000 | |
| Proceeds from other loans | 827 | |
| Repayments of bank borrowings | -4 754 | -14 837 |
| Repayments of other loans | 0 | -3 000 |
| Change in other non current liabilities | 0 | 118 |
| Dividends paid to Company's shareholders | -2 433 | |
| Net of interest paid or received | -489 | -626 |
| Acquisition of treasury shares | 0 | 0 |
| Net cash from financing activities | -1 849 | -7 256 |
| Net increase/(decrease) in cash and cash equivalents | -6 187 | -731 |
| Cash and cash equivalents at the beginning of the period | 10 434 | 9 919 |

Quarterly Consolidated Report for the quarter ended September 30th, 2008

| | | |
|---|--------------|--------------|
| Effects of exchange rate changes on the balance of cash held, in foreign currencies | -112 | |
| Cash and cash equivalents as of September 30, 2008 | 4 135 | 9 188 |

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 |
| Feramo S.r.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 third quarter

There has not been any non-recurring effect on consolidated financial statements of the company in the third 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 third quarter of 2008

The Company a dividend paid 0.11 € per share out of 2007 net profit. The dividend was distributed to shareholders on September 1st, 2008.

Issuances, repurchases and repayments of debt and equity securities

The company repaid Euro 3 744 Thousand of debt in the third quarter of 2008.

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

No material events after the end of the period.

Quarterly Consolidated Report for the quarter ended September 30th, 2008

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

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

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 third quarter of 2008.

Quarterly Consolidated Report for the quarter ended September 30th, 2008**Non – consolidated Balance Sheet Statement as of September 30th, 2008
in thousands of Euros**

| <i>Assets</i> | <i>As of Sep 30, 2008</i> | <i>As of Sep 30, 2007</i> | <i>As of Dec 31, 2007</i> |
|--|-------------------------------|-------------------------------|-------------------------------|
| Non current assets | | | |
| Property, plant and equipment | 5 | 2 | 2 |
| Intangible assets | | | |
| Investments in associates | 10 007 | 3 032 | 3 032 |
| Trade and other receivables | | | 10 000 |
| Derivative financial instruments | | | |
| Receivables and other financial assets | 3 000 | 10 019 | |
| Deferred tax assets | | | |
| Total non-current assets | 13 012 | 13 053 | 13 034 |
| Current assets | | | |
| Inventories | | | |
| Trade and receivables | 2 882 | 23 | 662 |
| Other current assets | | 2 | |
| Derivative financial instruments | | | |
| Cash and cash equivalents | 1 882 | 123 | 67 |
| Total current assets | 4 764 | 148 | 730 |
| Total assets | 17 776 | 13 201 | 13 763 |
| <i>Equity and Liabilities</i> | <i>As of Sep 30, 2008</i> | <i>As of Sep 30, 2007</i> | <i>As of Dec 31, 2007</i> |
| Capital and reserves | | | |
| Share capital | 3 317 | 3 317 | 3 317 |
| Share premium | 6 828 | 9 373 | 9 292 |
| Retained earnings | -85 | -98 | -98 |
| Net profit for the period | 6 654 | -87 | 14 |
| Total equity | 16 714 | 12 505 | 12 525 |
| Non current liabilities | | | |
| Non current bank borrowings | | | |
| Other loans | | 200 | 300 |
| Deferred income | | | |
| Deferred tax liabilities | | | |
| Other non current liabilities | | | |
| Long term provisions | | | |
| Total non current liabilities | 0 | 200 | 300 |
| Current liabilities | | | |
| Current bank borrowings | | | |
| Trade and other payables | 662 | 451 | 632 |
| Current tax liabilities | | | |
| Other current liabilities | 8 | | |
| Provisions | 392 | 45 | 306 |
| Total current liabilities | 1 062 | 496 | 938 |
| Total equity and liabilities | 17 776 | 13 201 | 13 763 |

Quarterly Consolidated Report for the quarter ended September 30th, 2008**Non – consolidated Income Statement for the third quarter of 2008
in thousands of Euros**

| | <i>From Jan 1 to Sep 30, 2008</i> | <i>From Jan 1 to Sep 30, 2007</i> |
|----------------------------------|-----------------------------------|-----------------------------------|
| Revenues | | |
| Costs of sales | | |
| Gross profit | | |
| Other operating income | | |
| Distribution costs | | |
| Administrative expenses | -605 | |
| Other operating expenses | -2 | -188 |
| Operating profit | -607 | -188 |
| Financial income | 7 291 | 130 |
| Financial expenses | -30 | -29 |
| Financial result | 7 261 | 102 |
| Profit before tax | 6 654 | -87 |
| Income tax expense | 0 | 0 |
| Net profit for the period | 6 654 | -87 |

**Non – consolidated changes in Shareholders Equity from January 1st to September 30th, 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 | 0 |
| Partial reimbursement of share premium | | -2 433 | | | -2 433 |
| Buy-back of ordinary shares | | -32 | | | -32 |
| Profit/Loss for the period | | | | 6 654 | 6 654 |
| Balance as of Sep 30, 2008 | 3 317 | 6 827 | -85 | 6 654 | 16 714 |

Quarterly Consolidated Report for the quarter ended September 30th, 2008**Non – consolidated Cash Flow Statement for the period from January 1st to September 30th, 2008
in thousands of Euros**

| | <i>From Jan 1 to Sep 30, 2008</i> | <i>From Jan 1 to Sep 30, 2007</i> |
|--|---------------------------------------|---------------------------------------|
| Cash flow from ordinary activities | | |
| Profit before tax | 6 654 | -87 |
| Adjusted for: | | |
| Amortisation and depreciation | | 23 |
| Equity-settled share based payments transactions | | |
| Net financial result | -7 278 | -102 |
| Losses on sale of property, plant and equipment | | |
| Gains and losses on changes in fair values of derivative financial instruments | | |
| Others | | |
| Operating cash flow before changes in working capital | -624 | -166 |
| Increase/decrease in receivables and other current assets | 504 | -16 |
| Increase/decrease in inventories | | |
| Increase/decrease in trade and other payables | -291 | 367 |
| Cash from operating activities | -411 | 185 |
| Income tax paid | | 0 |
| Net cash from ordinary activities | -411 | 185 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | -6 588 | -2 |
| Dividends received | 4 305 | |
| Net cash from investing activities | -2 283 | -2 |
| Cash flows from financing activities | | |
| Proceeds from issue of equity shares | | 9 658 |
| Proceeds from bank financing | | 150 |
| Dividends paid to Company's shareholders | -2 433 | |
| Proceeds from other loans | 7 000 | |
| Repayment of other loans | -300 | -10 019 |
| Net of interest paid and received | 242 | 102 |
| Net cash from financing activities | 4 509 | -109 |
| Net increase/(decrease) in cash and cash equivalents | 1 815 | 73 |
| Cash and cash equivalents at the beginning of the period | 67 | 50 |
| Cash and cash equivalents at September 30, 2008 | 1 882 | 123 |