



Automotive Components Europe S.A.

Quarterly Consolidated Report

for the

Quarter ended December 31st, 2009

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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 holding company, has three operating companies (the Group): the iron casting division of Fuchosa in Spain and Feramo (consisting of Feramo Metallum International and Feramo Trans) in the Czech Republic, and the aluminium casting division of EBCC in Poland.

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 December 31, 2009

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>

Board of Directors:

<i>Marek Adamiak</i>	<i>Class A Director</i>
<i>Laurence Vine-Chatterton</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>

On December 16, 2009 the Board of Directors acknowledged resignation of Mr. Arkadiusz Podziewski as Director A and Chairman of the Board of the Company, upon his formal notification to the Company.

The condensed consolidated quarterly report for the fourth quarter of 2009 was prepared according to International Accounting Standards.

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2. Financial Highlights

in '000 Euro

<i>Selected consolidated financial items</i>	<i>For the 4th quarter of 2009 From October 1st to December 31st, 2009</i>	<i>From January 1st to December 31st, 2009 Cumulative</i>	<i>For the 4th quarter of 2008 From October 1st to December 31st, 2008</i>	<i>From January 1st to December 31st, 2008 Cumulative</i>
Revenues from sales	20 866	77 101	18 543	94 395
Operating Profit	1 610	4 333	-1 211	4 758
Profit before tax	2 120	2 144	-7 571	159
Net profit	1 981	1 980	-6 155	330
Net profit attributable to equity holders of the parent company	1 981	1 980	-6 155	330
Cash flow from operating activities	4 542	11 020	3 092	10 613
Cash flow from investment activities	- 117	-1 113	-1 505	-12 289
Cash flow from financial activities	-1 866	-7 991	4 338	2 489
Net cash flow	2 552	1 833	6 084	- 103
Current assets	33 624	33 624	34 150	34 150
Fixed assets	43 298	43 298	47 808	47 808
Total Assets	76 922	76 922	81 958	81 958
Liabilities	40 075	40 075	47 185	47 185
Long-term Liabilities	18 446	18 446	19 084	19 084
Short term Liabilities	21 629	21 629	28 101	28 101
Shareholders Equity	36 847	36 847	34 773	34 773
Shareholders equity attributable to shareholders of the parent company	36 847	36 847	34 773	34 773
Share capital	3 185	3 185	3 317	3 317
No of shares outstanding	21 230 515	21 230 515	22 115 260	22 115 260
Net profit (loss) per share	0 09	0 09	-0 28	0 01
Book value per share	1 74	1 74	1 57	1 57

3. Financial performance

Consolidated Profit & Loss Statement

in '000 Euro

	<i>For the 4th quarter of 2009 From October 1st to December 31st, 2009</i>	<i>From January 1st to December 31st, 2009 Cumulative</i>	<i>For the 4th quarter of 2008 From October 1st to December 31st, 2008</i>	<i>From January 1st to December 31st, 2008 Cumulative</i>
Revenues from sales	20 866	77 101	18 543	94 395
Cost of goods sold	-16 251	-61 338	-16 908	-76 150
Gross profit	4 615	15 763	1 635	18 245
<i>GP margin</i>	22 1%	20 4%	8 8%	19 3%
G&A expenses	-3 004	-11 429	-2 846	-13 487
Operating profit	1 610	4 333	-1 211	4 758
<i>OP margin</i>	7 7%	5 6%	-6 5%	5 0%
Depreciation & amortisation	-1 536	-5 734	-1 546	-5 171
EBITDA	3 146	10 067	335	9 929
<i>EBITDA margin</i>	15 1%	13 1%	1 8%	10 5%
Negative goodwill	390	390	- 73	1 433
Financial income	73	390	- 348	930
Financial costs	46	-2 970	-5 938	-6 962
Profit before tax	2 120	2 144	-7 570	159
Tax	- 139	- 164	1 415	171
Net profit	1 981	1 980	-6 155	330
<i>NP margin</i>	9 5%	2 6%	-33 2%	0 3%

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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.

<i>Sales revenues in '000 Euro</i>	<i>Four quarters of 2009 cumulative</i>	<i>%</i>	<i>Four quarters of 2008 cumulative</i>	<i>%</i>
<i>Sales of products</i>	73 918	96%	89 050	94%
<i>Sales of goods and materials</i>	3 183	4%	5 345	6%
<i>Total sales revenue</i>	77 101	100%	94 395	100%

<i>Sales of products in '000 Euro</i>	<i>Four quarters of 2009 cumulative</i>	<i>%</i>	<i>Four quarters of 2008 cumulative</i>	<i>%</i>
<i>Sales of nodular iron castings</i>	32 096	43%	43 346	49%
<i>Sales of grey iron castings</i>	11 130	15%	12 245	14%
<i>Sales of aluminium castings</i>	30 692	42%	33 459	38%
<i>Total sales of products</i>	73 918	100%	89 050	100%

<i>Sales volumes in million pieces</i>	<i>Four quarters of 2009 cumulative</i>	<i>Four quarters of 2008 cumulative</i>
<i>Nodular iron castings</i>	18 6	22 6
<i>Grey iron castings</i>	1 7	2 0
<i>Aluminium castings</i>	6 0	5 8
<i>Total products sold</i>	26 3	30 4

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

<i>Revenues by country</i>	<i>Four quarters of 2009 cumulative</i>	<i>Four quarters of 2008 cumulative</i>
<i>Czech Republic</i>	30 7%	28 9%
<i>Germany</i>	24 4%	24 7%
<i>France</i>	11 9%	11 4%
<i>Spain</i>	7 3%	8 2%
<i>Italy</i>	5 7%	4 4%
<i>Slovakia</i>	3 9%	1 3%
<i>Other</i>	16 0%	21 2%
<i>Total</i>	100 0%	100 0%

The global crisis affects particularly the automotive sector at European level. However, according to JD Power, annual car **sales** in Western Europe in 2009 comparing with same period of 2008 were very stable and even slightly **grew by 0.5% or around 73 thousand cars**, and it was very positive in 4th quarter, when sales grew by 21.2% or around 581 thousand cars.

However, **production** in the same region and in the full year was much **lower** year on year by **-15% or around 1 933 thousand cars**.

Only in this context of declining production, which is the main driver of Group sales, we can understand the reduction of group year 2009 sales, a total of Euro 17 294 thousand, 18% lower than 2008. Also decrease of raw material and energy prices in 2009 had significant impact on revenues as they are passed through the customers as an adjustment of selling price.

This difference is somewhat lower if we focus only in the automotive companies of the group, where sales reduction represents around 3.9 Million parts or -14%, closer to production than automotive market sales decrease, even more considering two main effects produced in 2009:

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- the important decrease of large inventories throughout all participants in the supply chain
- the profile of cars sold shifted temporarily from higher-end to lower-end models, a segment where many vehicles have rear drum brakes and thus do not use our components, which are made for disc brakes.

Direct production costs and gross profit

In this context of sales, the decline of activity is the main driver when comparing year-on-year results. There was lower turnover, but also a level of production below turnover in order to reduce inventories and improve working capital.

In addition, a worse mix materialized in the higher contribution of the grey iron business as well as a lower percentage of machining reduced the profile of sales and thus the gross margin in 2009, compared to 2008.

Otherwise, savings in headcount as well as in maintenance, as a result of the action plan implemented throughout all operating companies since the last quarter of 2008, had a very positive effect on the gross profit margin.

Besides, lower volatility of energy and raw materials as well as a weaker Polish zloty in 2009 also contributed to compensate negative effects of volumes and mix.

Year to date Gross margin was EUR 15.8 million, which is EUR 2.5 million less (-13.6%) compared with 2008.

General & administrative expenses

The reduction of sales and distribution expenses linked with the lower volume of sales together with the impact of the action plan on some G&A expenses (despite 4 more months of consolidation of the new acquisition), reduced these expenses in a very significant manner.

Including also the savings already reflected in gross profit, the savings derived from the action plan represent almost EUR 4.5 million, compared with 2008. In addition, foreign exchange rates had a very positive impact on the Company margins. The total impact of FX in EBITDA was around EUR 2.3 million.

In last quarter of 2009 and following the market trend, the company realized the highest turnover since third quarter of 2008 and sales were even above same period of 2008 for the first time in the year. This resulted in higher activity and thus lower savings derived from the action plan that even so were still positive.

EBITDA and operating profit

EBITDA was positive, above EUR 10 million, and even slightly up by EUR 138 thousand compared with 2008 (+1.4%).

Despite reduction of gross margin by EUR 2.5 million versus 2008, this lower and positive difference in EBITDA is mostly the result of a cost reduction program for general and administration expenses.

Depreciation increased in the period by EUR 0.6 million due to longer consolidation of the Czech company and some increases of depreciation coming from new investments made in 2008.

Operating profit for the year is positive, at about EUR 4.3 million (lower by only EUR 0.4 million compared with 2008, -8.9%) and shows a very positive and sustainable trend quarter by quarter, even more bearing in mind the reduction of turnover by -18% comparing last year.

Financial items

Driven by the weakening Polish zloty during the year, valuation and cash losses of hedging instruments in our Polish company produced a negative financial result of EUR 1.4 million, clearly affecting the financial year to date result of EUR -2.6 million. After this negative result and partial cancellation of currency exchange contracts during the year, the fair value of these instruments in the balance sheet is EUR 1.2 million. However, strengthening of the Polish zloty in the last three quarters produced a positive fair valuation of hedging contracts of around EUR 0.3 million.

Therefore, the impact of this fair valuation was fully recorded in the first two months of the year, whereas after partial cancellation of hedging contracts and lower volatility of the Polish zloty, the Company did not experience any significant fluctuation in its results. In the following months after progressive maturity of current contracts and with the new scenario after this cancellation, we can expect a more hedged structure where financial losses would be recovered at the operating level.

In last quarter of 2009 the company managed to reduce part of the deferred price to be paid in 2009 by the Czech acquisition which also resulted in a positive financial income of EUR 390 thousand (visible as a negative goodwill in the P&L account).

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Thus in 2009 the Company reduced in a very significant manner the important losses recorded in year 2008 as a result of the sharpest impact on this year of fair valuation of derivative financial instruments amounting to EUR 5.0 million. The difference of financial items is finally positive in 2009 by EUR 3.5 million compared with 2008.

Profit before tax and tax

As a result of all the improvements in the operating level despite much lower turnover, and the non recurrent financial effects recorded in 2008, profit before tax in 2009 was much higher than last year. Total profit before tax in year 2009 rose in fourth quarter up to EUR 2.1 million (higher by EUR 2.0 million compared with 2008).

Taxes recorded in fourth quarter as a consequence of these profits amounts to EUR 164 thousand.

Net profit

Also reflecting the improvements already mentioned, the company was also positive at net profit level by EUR 2.0 million or +EUR 1.7 million compared with 2008.

Definitively last quarters were very positive in terms of Net Profit thanks to improvement of operating profitability as well as not longer negative influence of exchange rate fluctuation in our financial results.

Financial Position

Company action plan was also very active in working capital improvement and especially inventory reduction, thanks to which cash from operating activities amounts to EUR 11.0 million which is even above year 2008 by EUR 0.4 million.

Otherwise, savings in taxes and reduction of capital expenditure contributed to improve the ordinary cash flow after investment activities, though the cancellation costs for the hedging contracts of EUR 3.2 million (reduced by EUR 2 million of a new loan granted by the bank) and the repayment of ordinary debt increased the final cash in the year by EUR 1.8 million, which is mostly produced in last quarter.

Final cash position of the Company as of the end of the year was EUR 11.9 million, representing an improvement of EUR 4.5 million compared with the end of the first half, and even higher than last year. Net debt also as of the end of 2009 was EUR 7.4 million and is sharply reduced comparing with previous quarters.

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.

Despite all pessimistic forecasts for 2009, as of the end of December sales in "old" EU countries were even 0.5% above 2008. These forecasts did not generally reflect final support for the sector initially launched by the governments of Germany and France. Since then the real performance of the market and its forecasts are systematically less pessimistic as the government premiums for scraped cars are becoming effective in stimulation of new car sales not only in Germany and France but also in other European countries. Last JD Power's forecast for 2010 assumes general decline of new car sales at a level of -9.1%, though production forecasts are more positive showing a trend of stability and even positive growth in a range of 0-7%.

Within Europe the producers are shifting their production world wide facilities to the CEE region. Central and Eastern Europe has become a new hub for manufacturing motor vehicles, especially passenger cars, and is sometimes called "East Detroit". This production zone spreads over southern Poland, north-eastern Czech Republic and Slovakia down to the northern part of Hungary, where a network of manufacturing facilities with significant capacity 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 (original equipment manufacturers or OEMs). Production of Tier 1 and Tier 2 manufacturers is highly dependent on the performance of OEMs, particularly in the passenger car segment. Relations are structured through open contracts covering capacity, price and product range. Contracts are normally signed or agreed on a long-term basis, but key terms such as capacity and price are negotiated every year. The product optimisation and development processes cause a significant customer lock-in effect. Suppliers are usually locked into production during the entire production life of a given car platform. Tier 1 brake component manufacturers require that Tier 2 casting suppliers have capabilities for cooperating in product development of casting items (design, materials, etc), a certified, reliable manufacturing process, a 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.

All new cars produced in Europe are equipped with disc brakes, as far as the front axle is concerned. Up to year 2007 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. Due to lower profile of cars sold in year 2008 and 2009 it is very probable that the a.m. percentage of estimated disc brake per car have decreased in favor of drum brakes.

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 is production of high-quality brake components for disc brake system (Tier 1) manufacturers. The aluminium casting division adds aluminium gravity casting and machining to the ACE Group's product range.

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Anchors are safety components expected to meet high technological requirements, including 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 newly produced cars.

Callipers are also essential components of disc brake systems, housing the brake pads and pistons. In the braking process, 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 current technological trends, according to which the predominant application of aluminium callipers is the rear-axle brake.

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 (SOP).

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 around 10% 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 nominated by two customers as their supplier for the TMC product. The series production already started in 2008, and though the volume for year 2009 did not represent a significant amount, 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 customers as a future supplier of front calipers and its start on serial production already started on last quarter of 2009.

ACE has been also nominated by one of the current customers to supply the machining of iron casting parts which already started on production in last year. 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 customers

ACE Group supplies its products to Continental plants in Gifhorn and Rheinböllen (Germany), Palmela (Portugal), Ebbw Vale (Wales) and Zvolen (Slovakia), TRW Automotive plants in Jablonec (Czech Republic), Bouzonville (France), Koblenz (Germany) and Pontypool (Wales), and Bosch plants in Buelna (Spain), Bari (Italy), Angers (France) and Wrocław (Poland).

Since the acquisition of Feramo in May 2008, some other customers have joined the ACE portfolio. Currently this company has approximately 100 customers from the Czech Republic and abroad. The 10 largest customers generate about 70% of total sales revenue, and the customer profile is relative stable year-on-year. 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. In the reporting period, however, sales were affected by sharp decrease of production 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.

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

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 anchor and calliper development. Product development capabilities are focused on just two products family (anchors and callipers) and cooperation with the principal players in the disc brakes industry. This allows it to be a customer- and product-oriented company providing its customers with customised engineering. This advantageous position, now and in the near future, will definitively bring benefits for introduction of new products, specially necessary for Feramo Investment Project in terms of knowledge transfer and development.

ACE is involved in a few important and innovative projects focused on improvements in process, design and products. Some of those 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 to the future of the Group. However, in year 2009 there was an important reduction of funds devoted to this activity linked with the action plan focused on capital expenditure reduction to improve cash.

The R&D expenditures in the fourth quarter of 2009 are as follows:

In '000 Euro	<i>Four quarters of 2009 cumulative</i>	<i>Four quarters of 2008 cumulative</i>
Investments in R&D	953	4 257
Costs regarding R&D	2 066	2 676
Total R&D expenses	3 019	6 934

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. Over the next three to five 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.

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 offer 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 the newly acquired 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

As far as 2010 is concerned, available forecasts shows some stability and even slightly growth for current year in terms of production but still relevant decline in terms of sales . Thus, JD Power forecast issued in January estimated a decline of sales by 9.1% comparing with 2009 in Western Europe.

However, in terms of production most updated forecast by PriceWaterhouseCoopers Autofacts is increasing production estimates by 1.5% in the same region or 3% for full European Union and East Europe. Some other production forecasts like Goldman Sachs very recently increased its production forecasts from -0.2% to positive 7.1%.

Given the fact that European production of cars (and not sales) was during 2009 the driver of ACE sales we can expect more stability for 2010 based on these production estimates.

However, in the current environment it is very difficult to rely on market forecasts, and our work now is focused on maintaining and improving the successful implementation of actions to significantly reduce costs and adjust as much as possible to reduced volume levels, as well as actively pushing on the pipeline of new products and projects to fulfill as much as possible the spare capacity created in the Group as a consequence of the slowdown.

The main outcome and extent of this action plan is discussed in connection with the financial results above, but in the following months some of these actions could be gradually eliminated, thus reducing the impact of the plan, as an increasing volume of orders from customers is confirmed. In 2010 it may be also necessary to anticipate some future investments in order to meet demand, especially in the aluminium business. As a consequence of this new business, Group sales should grow in 2010 in the range of 5-10% comparing with 2009 within the expected prices of raw materials and energy (influencing our selling prices).

On the other hand, although ACE is focusing its efforts at the moment on possibilities of using free capacity for other projects, 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. It is clear for ACE that the current financial structure allows the Group to face this situation in better standing, and that companies which manage to deal better with the new environment will be stronger after the slowdown.

6. Additional information

Major shareholders (over 5% of shareholder's equity) as of December 31st, 2009

As of the end of December 2008 the Company's share capital comprised 22 115 260 shares and the same number of corresponding votes. On 17 June 2009 the Extraordinary Shareholders Meeting approved cancellation of 884 745 buy-back shares. As of December 31, 2009 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 fourth quarter of 2009, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

	<i>As of December 31, 2009</i> <i>(% of share capital)</i>	<i>As of December 31, 2008</i> <i>(% of share capital)*</i>
Casting Brake (Spain)	2 980 607 (14.04%)	2 980 607 (13.48%)
PZU „Zlota Jesien” OFE	3 696 233 (17.41%)	Below 5%
ING Nationale Nederlanden Polska OFE	3 621 926 (17.06%)	1 169 602 (5.29%)
Pioneer Pekao Investments	1 739 612 (8.19%)	Below 5%

(*) – stakes calculated for the number of shares before cancellation (22 115 260 shares)

On 18 November 2009, the Company received an official notification from EB Holding S.A.R.L., that due to block of shares transactions on the regulated market, which took place on 16 November and 17 November 2009, the above entity sold its entire shareholding in ACE S.A. On 16 November 2009 EB Holding S.A.R.L. sold 4 800 000 shares while on 17 November 2009 sold 1 735 593 shares.

After the above transactions EB Holding S.A.R.L. does not hold directly or indirectly any shares of the Company.

Prior to those transactions EB Holding S.A.R.L. held 6 535 593 barer shares/votes (30.78% of the share capital/votes) of Automotive Components Europe S.A.

On 23 November 2009, the Company received an official notification from Pioneer Pekao Investment Management S.A. (PPIM), on behalf of managed all portfolios belonging to their clients, that due to the market transaction which took place on 16 November 2009 the total number of the Company's shares/votes held in all portfolios belonging to PPIM clients was increased to 8.19% of the total number of outstanding shares/votes, to 1 739 612 shares/votes (8.19% of the share capital/votes). Before the transaction PPIM clients held 889 612 shares/votes (4.19% of the share capital/votes) of Automotive Components Europe S.A.

On 23 November 2009 the Company received an official notification from ING Powszechne Towarzystwo Emerytalne S.A., on behalf of ING Otwarty Fundusz Emerytalny (Fund) that due to market transactions cleared on 19 November 2009 the total number of the Company's shares/votes owned by the Fund rose above 10% of the total number of outstanding shares/votes, to 3 674 050 shares/votes (17.31% of the share capital and votes).

Before those transactions the Fund managed by ING Powszechne Towarzystwo Emerytalne S.A. held 1 574 050 shares/votes (7.41% of the share capital and votes) of Automotive Components Europe S.A.

On 26 November 2009 the Company received an official notification from Powszechne Towarzystwo Emerytalne PZU S.A., on behalf of Otwarty Fundusz Emerytalny PZU „Zlota Jesien” (the Fund), that due to market transactions which took place on 17 November 2009 the Fund increased its stockholding in the Company for more than 2% of shares/votes and the total number of the Company shares/votes owned by the Fund reached 3 357 960 shares/votes (15.82% of the share capital and votes). Before those transactions the Fund managed by Powszechne Towarzystwo Emerytalne PZU S.A. had 2 352 092 shares/votes (11.08% of the share capital and votes) of Automotive Components Europe S.A.

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 fourth quarter of 2009.

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 fourth quarter of 2009

On December 16, 2009 the Board of Directors acknowledged resignation of Mr. Arkadiusz Podziewski as Director A and Chairman of the Board of the Company, upon his formal notification to the Company.

After the end of the reporting period and before publication of the report, on February 18, 2010 the Board of Directors approved Mr. Carlos Caba – Senior Officer of ACE S.A., as Director of the Company to fill the vacancy caused by the resignation of Mr. Arkadiusz Podziewski (Current Report 23/2009) until the next General Meeting in accordance with art. 7 of the articles of association of the Company and art. 6 of the Regulations of the Board.

On the same date, the Board in accordance with art. 8.1 of the articles of association of the Company and art. 38 of the Regulations of the Board appointed Mr. Marek Adamiak, Director A, as Chairman of the Board. The Board in accordance with article 13 of the articles of association of the Company and with art. 38 of the Regulations of the Board also appointed Mr. Marek Adamiak as member of the Audit Committee which mandate will expire at the next shareholders meeting.

Information on the supervision of employee stock option plans

There is no a general stock option plan for all employees within the ACE Group. Only one manager 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 22 February 2007. The plan gives specified persons the opportunity to acquire a stake in the capital of the Company. The extraordinary General Meeting on 14 March 2007 approved the introduction of authorised share capital for purposes of the plan, among other purposes. The options granted shall vest pro-rata on a quarterly basis over four years from the Allotment Date (described in the Prospectus), and shall be exercisable on an annual basis from the second anniversary of the completion of the IPO. Options that have not yet vested upon voluntary resignation or dismissal for cause of the beneficiary will automatically lapse upon termination of the relationship between the beneficiary and the ACE Group. Where the relationship ends in voluntary resignation or dismissal for gross negligence, fraud or wilful misconduct, all rights to shares vested over the last 12-month period are cancelled.

Investor Relations Contact Person:

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

Quarterly Consolidated Report for the quarter ended December 31st, 2009**Information on the revenues and net results of individual business segments and geographical segments**

Geographical segments in '000 Euro

	<i>Four quarters of 2009 cumulative</i>	<i>Four quarters of 2008 cumulative</i>
Western Europe	45 891	56 147
Eastern Europe	30 833	37 756
Other	376	492
Total	77 101	94 395

Business segments in '000 Euro

	<i>Iron castings</i>	<i>Aluminium castings</i>	<i>Other</i>	<i>Consolidated</i>
Total revenues	43 226	30 692	3 183	77 101
Operating Profit for the segment	2 423	2 270	-360	4 333
Net Profit for the segment	1 581	326	73	1 980

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 December 2009

	<i>Compared to the end of 2008</i>
ACE S.A.	336.9%
WIG Index	46.9%
SWIG80 Index	61.9%

Stock Market Data

	<i>Fourth quarter of 2009</i>	<i>2009</i>	<i>2008</i>
Market capitalisation as of the end of the period (in millions of PLN and €)	PLN 163.3m € 39.7m	PLN 163.3m € 39.7m	PLN 38.9m € 9.3m
Share price (in PLN)			
- Highest	7.69	7.69	12.23
- Lowest	5.98	1.10	1.66
- Average	6.62	4.16	7.51
- At the end of the period	7.69	7.69	1.76
Shareholders equity per share (in EUR)	1.74	1.74	1.57

Per Share Data

	<i>Fourth quarter of 2009</i>	<i>Fourth quarter of 2008</i>	<i>2009</i>	<i>2008</i>
Earnings per share (in EUR)	0.09	-0.28	0.09	0.01
Cash Flow per share (in EUR)	0.12	0.28	0.09	0.00
Dividend per share (in EUR)	-	-	-	-

B. Condensed Consolidated Financial Statements for the quarter ended December 31st, 2009

The condensed consolidated quarterly report for the fourth quarter of 2009 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.

<i>PLN per 1 Euro</i>	<i>Average</i>	<i>High</i>	<i>Low</i>	<i>Period end</i>
Oct 1 – Dec 31, 2008	3.7659	4.1848	3.3775	4.1724
Jan 1 – Dec 31, 2008	3.5129	4.1848	3.2026	4.1724
Oct 1 – Dec 31, 2009	4.1745	4.2907	4.0660	4.1082
Jan 1 – Dec 31, 2009	4.3282	4.8999	3.9170	4.1082

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.

<i>CZK per 1 Euro</i>	<i>Average</i>	<i>High</i>	<i>Low</i>	<i>Period end</i>
Oct 1 – Dec 31, 2008	25.3424	26.9300	23.8750	26.9300
Jan 1 – Dec 31, 2008	24.9425	26.9300	22.9700	26.9300
Oct 1 – Dec 31, 2009	25.9145	26.4800	25.3900	26.4650
Jan 1 – Dec 31, 2009	26.4450	29.4700	25.0850	26.4650

Consolidated Balance Sheet as of December 31st, 2009 in thousands of Euros

<i>Assets</i>	<i>As of Dec 31, 2009</i>	<i>As of Dec 31, 2008</i>
Non current assets		
Intangible assets	139	278
Property, plant and equipment	41 988	46 248
Investments in associates	20	20
Deferred tax assets	1 151	1 261
Trade and other receivables	0	1
Total non-current assets	43 298	47 808
Current assets		
Inventories	7 623	10 799
Trade and receivables	13 989	13 075
Other current assets	106	0
Cash and cash equivalents	11 906	10 276
Total current assets	33 624	34 150
Total assets	76 922	81 958

Equity and Liabilities	As of Dec 31, 2009	As of Dec 31, 2008
Capital and reserves		
Share capital	3 185	3 317
Share premium	6 931	6 931
Retained earnings	25 108	24 646
Exchange differences	- 357	- 451
Net profit for the period	1 980	330
Total equity	36 847	34 773
Non current liabilities		
Non current borrowings	14 271	12 952
Deferred income	213	376
Deferred tax liabilities	3 410	3 389
Derivative financial instruments (NCL)	444	2 266
Provisions for other liabilities and charges (NCL)	109	101
Total non current liabilities	18 446	19 084
Current liabilities		
Trade and other payables	14 866	15 651
Current borrowings	5 018	9 128
Derivative financial instruments (CL)	953	2 032
Other current liabilities	14	407
Provisions for other liabilities and charges (CL)	777	884
Total current liabilities	21 629	28 101
Total equity and liabilities	76 922	81 958

Quarterly Consolidated Report for the quarter ended December 31st, 2009**Consolidated Income Statement for the period from January 1st to December 31st, 2009
in thousands of Euros**

	<i>For the 4th quarter of 2009 From October 1st to December 31st, 2009</i>	<i>From January 1st to December 31st, 2009 Cumulative</i>	<i>For the 4th quarter of 2008 From October 1st to December 31st, 2008</i>	<i>From January 1st to December 31st, 2008 Cumulative</i>
Revenues	20 866	77 101	18 543	94 395
Costs of sales	-16 251	-61 338	-16 908	-76 150
Gross profit	4 615	15 763	1 635	18 245
Other operating income	372	1 034	657	1 253
Distribution costs	- 788	-2 142	- 67	-2 502
Administrative expenses	-2 501	-9 882	-3 330	-11 522
Other operating expenses	- 87	- 439	- 106	- 716
Operating profit	1 610	4 333	-1 211	4 758
Negative goodwill	390	390	- 73	1 433
Financial income (*)	73	390	- 348	930
Financial expenses	46	-2 970	-5 938	-6 962
Financial result	119	-2 579	-6 286	-6 032
Profit before tax	2 120	2 144	-7 570	159
Income tax expense	- 139	- 164	1 415	171
Net profit for the period	1 981	1 980	-6 155	330

(*) Hedging financial result each quarter is income or expense depending on year to date result.

**Consolidated Statement of changes in Shareholders' Equity for the period from January 1st to December 31st, 2009
in thousands of Euros**

Attributable to equity holders of the Parent

	<i>Share capital</i>	<i>Share premium</i>	<i>Legal Reserve</i>	<i>Treasury shares</i>	<i>Retained earnings</i>	<i>Exchange differences</i>	<i>Profit for the period</i>	<i>Net Equity</i>
Balance as of Jan 1, 2009	3 317	6 931	0	-549	25 195	-451	330	34 773
Allocation of 2008 profit			307		23		-330	0
Profit / Loss for the period							1 980	1 980
Total recognised income and expenses for the period							1 980	1 980
Exchange differences						94		94
Reduction of share capital by cancellation of treasury shares	-132			549	-417			0
Balance as of Dec 31, 2009	3 185	6 931	307	0	24 801	-357	1 980	36 847

Consolidated Cash Flow Statement for the period from January 1st to December 31st 2009
in thousands of Euros

	<i>From Jan 1st to Dec 31st, 2009</i>	<i>From Jan 1st to Dec 31st, 2008</i>
Cash flow from ordinary activities		
Profit before tax	2 144	159
Adjusted for:		
Amortisation and depreciation	5 734	5 171
Negative goodwill	- 390	-1 433
Net financial result	5 471	1 109
Losses on sale of property, plant and equipment	- 58	0
Gains and losses on changes in fair values of derivative financial instruments	-2 898	4 923
Others	- 124	- 44
Operating cash before changes in working capital	9 880	9 885
Increase/decrease in receivables and other current assets	- 903	5 416
Increase/decrease in inventories	2 151	-1 440
Increase/decrease in trade and other payables	- 108	-3 248
Cash from operating activities	11 020	10 613
Income tax paid	- 83	- 916
Net cash from ordinary activities	10 937	9 697
Acquisition of property, plant and equipment	-2 126	-5 827
Proceeds from sale of non current assets	1 013	0
Acquisition of other intangible assets	0	- 111
Acquisition of subsidiary, net of cash acquired	0	-6 351
Net cash from investing activities	-1 113	-12 289
Treasury shares acquisition	0	- 549
Repayments of borrowings	-7 288	-3 135
Proceeds from borrowings	4 796	9 762
Dividends paid to Company's shareholders	0	-2 433
Net of financial result paid and received	-5 499	-1 156
Net cash from financing activities	-7 991	2 489
Net increase/(decrease) in cash and cash equivalents	1 833	- 103
Cash and cash equivalents at the beginning of the period	10 276	10 434
Effects of exchange rate changes on the balance of cash held, in foreign currencies	- 203	- 55
Cash and cash equivalents	11 906	10 276

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 standards.

Consolidated entities

<i>Company name</i>	<i>Status</i>	<i>Ownership</i>	<i>Consolidation method</i>
ACE S.A.	Holding Company	-	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.

	<i>Before IPO</i>		<i>After IPO</i>		<i>Current</i>	
	<i>No of shares</i>	<i>%</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%	21 230 515	100%
New shares	-	-	2 065 160	9.34%	-	-
Total	20 050 100	100%	22 115 260	100%	21 230 515	100%

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, 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.

The Extraordinary General Meeting of Shareholders resolved to amend of Article 5 of the Articles of Association of the Company as follows:

“The subscribed capital of the Company is set at EUR 3,184,577.25 (three million one hundred eighty-four thousand five hundred seventy-seven Euro and twenty-five cents) represented by 21,230,515 (twenty-one million two hundred thirty thousand five hundred fifteen) shares having a par value of EUR 0.15 (Euro fifteen cents) each.”

All the above changes were published in the Registre de Commerce et des Sociétés in Luxembourg in July 2009.

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

In last quarter of 2009 the company managed to reduce part of the deferred price to be paid by the Czech acquisition in 2009 which also resulted in a positive financial income of EUR 390 thousand.

Otherwise there was no other non-recurring effect on consolidated financial statements of the company in the fourth quarter of 2009.

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 fourth quarter of 2009

There was no dividend paid in the fourth quarter of 2009.

Quarterly Consolidated Report for the quarter ended December 31st, 2009

Issuances, repurchases and repayments of debt and equity securities

The company repaid EURO 2.7 million of debt in the fourth quarter of 2009.

Material events after the end of the fourth quarter of 2009 that have not been reflected in the financial statements

There were no material events after the end of the period to be reflected in the financial statements

Changes in the composition of the Company during fourth quarter of 2009

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