Automotive Components Europe S.A.

Quarterly Consolidated Report

for the

Quarter ended March 31st , 2012

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A. Director's report

1. Introduction

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

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

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

During the IPO, which took place in May 2007, the Company increased its shareholding capital from 20 050 100 to 22 115 260 shares. Under the same prospectus three existing shareholders of ACE – Casting Brake, EB Holding and Halberg Holding– sold together 10 423 316 Company's shares (less the shares bought with the over-allotment option (319 389) meant 10 103 927 shares sold). The first listing of ACE on Warsaw Stock Exchange took place on June 1st, 2007.

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

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

Composition of the Management bodies of ACE as of March 31, 2012

Management Committee:

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

Board of Directors:

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

The condensed consolidated quarterly report for the first quarter of 2012 was prepared according to International Accounting Standards.

2. Financial Highlights

in '000 Euro

Selected consolidated financial items	For the 1st quarter of 2012 From January 1st to March 31st, 2012	For the 1st quarter of 2011 From January 1st to March 31st, 2011
Revenues from sales	27 202	26 120
Operating Profit	790	1 146
Profit before tax	853	925
Net profit	785	726
Net profit attributable to equity holders of the parent company	785	726
Cash flow from operating activities	-1 564	-1 394
Cash flow from investment activities	-1 104	- 136
Cash flow from financial activities	-1 829	73
Net cash flow	-4 610	-1 469
Current assets	44 053	44 203
Fixed assets	39 292	39 686
Total Assets	83 344	83 889
Liabilities	43 368	44 337
Long-term Liabilities	20 072	21 616
Short term Liabilities	23 296	22 721
Shareholders' Equity	39 977	39 553
Shareholders' equity attributable to shareholders of the parent company	39 977	39 553
Share capital	3 185	3 185
No of shares outstanding	21 230 515	21 230 515
Net profit (loss) per share	0,04	0,03
Book value per share	1,88	1,86

3. Financial performance

Consolidated Profit & Loss Statement

in '000 Euro

		For the 1st quarter of 2012 From January 1st to March 31st, 2012	For the 1st quarter of 2011 From January 1st to March 31st, 2011
Revenues from sales		27 202	26 120
Cost of goods sold		-22 920	-21 115
Gross profit		4 281	5 005
	GP margin	15,7%	19,2%
G&A expenses		-3 491	-3 859
Operating profit		790	1 146
	OP margin	2,9%	4,4%
Depreciation & amortisation		-1 325	-1 412
EBITDA		2 115	2 557
	EBITDA margin	7,8%	9,8%
Financial income		666	266
Financial costs		- 604	- 487
Profit before tax		853	925
Tax		- 68	- 199
Net profit		785	726
	NP margin	2,9%	2,8%

Sources of sales revenues

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

Sales revenues in '000 Euro	*First quarter of 2012*	*%*	*First quarter of 2011*	*%*
Sales of products	25 973	95,5%	25 276	96,8%
Sales of goods and materials	1 229	4,5%	844	3,2%
Total sales revenue	**27 202**	**100%**	**26 120**	**100%**

Sales revenue in '000 Euro	*First quarter of 2012*	*%*	*First quarter of 2011*	*%*
Nodular iron products	14 185	54,6%	12 185	48,2%
Grey iron products	3 090	11,9%	3 752	14,8%
Aluminum products	6 457	24,9%	7 553	29,9%
New family products	2 241	8,6%	1 786	7,1%
Total sales	**25 973**	**100%**	**25 276**	**100%**

Sales volumes in million pieces	*First quarter of 2012*	*First quarter of 2011*
Nodular iron products	6,6	6,1
Grey iron products	0,4	0,5
Aluminum products	1,4	1,5
New family products	0,6	0,4
Total pieces sold	**9,0**	**8,5**

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

Revenues by country	*First quarter of 2012*	*First quarter of 2011*
Czech Republic	23,4%	23,8%
Germany	20,5%	24,7%
France	15,1%	11,4%
Spain	8,9%	7,9%
Italy	4,1%	4,0%
Other	28,1%	28,2%
Total	**100,0%**	**100,0%**

Automotive Market Performance

Thousand Units	*First quarter of 2012*	*First quarter of 2011*	*Difference*	*%*
Cars sold	3 213	3 517	-304	-8.6%
Cars manufactured	3 240	3 419	-179	-5.2%
Difference sales - production	-27	99	125	

Source: Western Europe by LMC Automotive, formerly JD Power Forecasting

In first quarter of 2012 sales of cars in Western Europe decreased by about 304 thousand cars, or -8.6% comparing same period of 2011, according to LMC Automotive (formerly JD Power Forecasting), with March being the sixth consecutive month of year-on-year declines, with nearly all markets shrinking. This negative trend is mainly allocated in France and Italy with a reduction in sales around - 21%. In France, sales of first quarter of 2011 were inflated by the government scrappage incentive support whose impact ended in March 2011, meanwhile the weakness of the Italian economy is the main reason for such a drop in sales, also affected by a truck drivers' strike impacting car deliveries. As regards to main market in Europe, Germany is slightly above the sales of first quarter of previous year (+1.3%), also supported by the UK market improvement (+0.9%) and Finland, a very small market but growing by 34.1%.
However, the difference in sales is softening in Pan-Europe Region, where sales of cars y-o-y declined by -5.3% or 258 thousand cars.

Car production in the Western Europe in comparison with first quarter of 2011 was lower by -180 thousand cars or -5.2%, being such difference also lower in full Europe by -3.9% or -192 thousand cars. After a turbulent period of negative and positive corrections of inventories produced by the global crisis, the gap between sales and production shows a more stable structure.

ACE sales in the market context

Despite the decrease in car production, which is the main driver of Group sales, the Company increased its turnover in 1Q 2012 versus 1Q 2011, up EUR 1,082,000, or 4.1%. Even more, focusing only on automotive companies, growth of turnover was higher by 8.1%. On the other hand, sales of non-automotive companies represent only 12% of Group sales, but total turnover of this segment (grey iron) was lower by EUR 716 thousand or -18.3%, year on year.

In volume terms the increase was up to 6.3% in number of units (up to 7.8% only for automotive segment). The allocation of this volume growth is well balanced in the different business segments with the iron segment rising by 6.8%, and aluminium by 4.7% (including the new family of products). However, within the iron segment, nodular iron grew by 8.6% whereas grey iron fell down by -15.5%, even worse if we refer to weight (-18.4%), which is much more reliable indicator in this business.

Even though this negative trend in grey iron business, Group turnover outperformed market sales once again, and was significantly above market production.

Direct production costs and gross profit

On top of the fall of sales in in grey iron non-automotive business already described, there were some other major effects counteracting the increase of higher operating leverage in Gross Profit, like restart of third production line in nodular iron business and reduction of machining demand in aluminium, both within automotive business.

- Even though its share on Group sales is still very low, drop of sales volume in grey iron activity -below break-even (by already mentioned -18.4% in kg boosted by lower production of -26.8%) resulted in an important decline of Gross Profit. There are no especial reasons for this reduction other than the seasonality of some business especially related with infrastructures, but in the y-o-y comparison this factor is obviously not influencing and thus reasons are more to be found in the lower visibility and less predictability of non-automotive business. This lower visibility, however, shows some recovery for the following quarter and more stability for the full year.

- Restart of third line in January 2012 in order to meet customer demand has brought some inefficiency, even above initial expectations, after a long period of stop caused by the market slowdown and it was especially visible within this initial period of startup. However, although the productivity with three lines will be lower, step by step the productivity ratios are closer to former levels and this positive trend should be reinforced in the following months.

- Finally, lower machining demand in the aluminium business falling by 15% y-o-y is driven by some temporary spare capacity in our customer which it is using for one of our products, being this topic currently under discussion at commercial level.

On the other hand, positive trend of main raw material prices during this quarter, especially nodular iron, versus opposite trend last year did also push gross profit up. However, the increase in some prices of other raw material used during production process has partially compensated the positive trend in in raw material business.

Price of energy was also growing during the period y-o-y. Nevertheless it is very remarkable that during this quarter the Company was achieving new agreements with customers to surcharge some price increases not yet covered.

Finally, weaker Polish zloty in first quarter caused a total positive result around EUR 0.2 million in all operating margins comparing with same period of 2011.

As a result of the above, the quarterly gross margin was EUR 4,281 Thousand (16% on sales), which is EUR 0.7 million lower than in 2011.

General & administrative expenses

General and administrative expenses were lower by EUR 369.000 or 9.5%, despite the increase in overheads expenses, growing by EUR 182 thousand. Main driver for the improvement in G&A expenses is connected with additional subsidies related to the R&D activities as part of the active involvement of R&D unit created at the beginning of 2011.

On the top of above, recording of some provisions during last year and better performance in selling and distribution expenses contributed positively to the results of this quarter.

EBITDA and operating profit

EBITDA in the period was positive by EUR 2.115 thousand (8% on sales), EUR 442 thousand down compared with the same period of 2011 (or 17% lower) for the reasons already mentioned.

Depreciation was some lower in the comparative period, resulting in an operating profit of EUR 790 Thousand (EUR 355 thousand lower than 2011).

Financial items

The financial result for the first quarter of 2012 was positive by EUR 63 thousand, being higher by EUR 284 thousand in comparison with the same quarter of 2011. The main reason is currency exchange differences and mainly related to changes in the outstanding balances at the end of the quarter due to strengthening of PLN and CZK as regards closing of 2011. Most of the above recorded profits are not realized and having accounting nature only.

After the period, the fair value of hedging instruments and the interest rate swap in the balance sheet is negative by EUR 298,000. According to accounting standards, changes in valuation of current hedging instruments have no impact on P&L account and are fully cleared through the equity in the balance sheet.

Profit before tax and tax

Despite the negative operating margins, partially compensated by the positive result in the financial activity, profit before tax in first quarter was still quite positive by EUR 853 thousand (EUR 72 thousand lower y-o-y).

Taxes recorded as a consequence of non-taxable FX revenues and some temporary differences in the CIT reversed from the last quarter, were EUR 68 thousand, lower by EUR 129 thousand y-o-y.

Net profit

Reflecting these financial results and lower income tax expenses offsetting a worse operating performance, Net Profit of the company for the first quarter was EUR 785 thousand, or EUR 58 thousand higher compared with 2011.

Financial Position

The operating generation of cash from January to March of 2012 was some negative, by EUR 1,677 thousand, mostly as a result of working capital increase driven by increase in sales also considering the seasonality to recover the very low activity during Christmas shutdown.

Otherwise, investing activities amounted to EUR 1,104 thousand in the period, mainly affected by CEE project capital expenditure, which will be visible during whole 2012. The financing activity is almost fully driven by the repayment of the overdraft disposed during December, showing total payments in an amount of EUR 1, 829 thousand.

Despite all the above, the final cash position of the Company as of the end of March 2012 is strongly positive by EUR 16 039 thousand whereas Net debt as of same date was only EUR 3,337 thousand.

4. Business overview

European Automotive Industry

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

The latest LMC Automotive forecast (formerly JD Power Forecasting) for 2012 predicts a decline of new car sales in Western Europe by about 6,4%, recently downgraded from -5.3% in December 2011, though production forecasts are more positive, showing a slightly decrease in the range of around -2.0% (source: PricewaterhouseCoopers Autofacts' most recent report issued in April 2012) or -0,8% for Pan-Europe, with a considerable rebound of 3.5% expected in 2013 (or 5.1% in Pan-Europe).

Within Europe the producers are shifting their production worldwide facilities to the CEE region. Central and Eastern Europe has become a new hub for manufacturing motor vehicles, especially passenger cars, and is sometimes called "East Detroit". This production zone spreads over southern Poland, north-eastern Czech Republic and Slovakia down to the northern part of Hungary, where a network of manufacturing facilities with significant capacity has recently been set up with more facilities under construction.

European Brake Industry Structure

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

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

All new cars produced in Europe are equipped with disc brakes, as far as the front axle is concerned. Main assumptions in terms of using of disc brakes in cars were: as for rear axle, disc brakes are applied in around 72% of newly produced cars and the remaining 28% of cars still use drum brakes in rear axle.

In all disc brake systems the anchors are made of nodular iron castings. Currently, nodular iron is by far the best material for anchors. As far as callipers are concerned, these parts are usually made of nodular iron in front axles. However, since the late nineties aluminium castings are becoming increasingly popular, especially in rear disc brakes. Automakers are using more aluminium to improve fuel economy, reduce emissions and enhance performance, as aluminium helps to reduce the weight of the vehicle. Due to the fact that aluminium callipers are less durable than those made of nodular iron they are applied in rear axle disc brakes, as these brakes contribute to 20–30% of braking power. In front disc using of brake systems aluminium callipers is exceptional, as they need to be significantly bigger than nodular iron callipers, and are currently used only in high-end cars. However, this segment represents high growth potential and in fact the company became awarded with some of the few applications in the market, which are in the production pipeline since the last quarter of 2009.

Main Products

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

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

Callipers are also essential components of disc brake systems, which house the brake pads and pistons. In the process of braking they are responsible for supporting the hydraulic pressure in the brake moment. Aluminium callipers currently produced by ACE are mostly used in rear brakes. ACE's focus on rear callipers is in line with the current technological trends, according to which the predominant application of aluminium callipers is the rear-axle brake. A new production line for front aluminium callipers has been in operation since January 2010. A new manufacturing system to produce front callipers in aluminium is an innovative solution recently introduced by ACE, and this system has already been patented. ACE is the reference supplier of this component in Europe.

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

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

The present and future development strategy of the Company includes development and introduction of some new products to diversify sales revenues. The evolution of the "new family products" in 2010 was four times greater than in 2009, and in 2011 was 40% greater than in 2010, continuing that trend in 2012 by 25%, which very well illustrates and supports that strategy.

Main customers

The ACE Group supplies its products to the following Continental plants: Gifhorn and Rheinböllen (Germany), Palmela (Portugal), Ebbw Vale (Wales) and Zvolen (Slovakia). As far as TRW Automotive is concerned, ACE delivers its products to the plants in Jablonec (Czech Republic), Bouzonville (France), Koblenz (Germany), and Pontypool (Wales). Supplies to Bosch are made at its plants in Buelna (Spain), Bari (Italy), Angers (France) and Wrocław (Poland). Since 2011, the Group has also delivered parts to American and Chinese plants of some of its customers to make up for discontinuation of supplies driven by under-capacity in those regions as well as local suppliers' quality failures.

Since the acquisition of Feramo, some other customers have joined the ACE portfolio. Now Feramo has approximately 75 customers from the Czech Republic and abroad. The 10 largest customers generate about 70% of total sales revenue, and the customer structure is relative stable on a year-to-year basis. The main sectors Feramo supplies are engine parts, construction, automotive and urban furniture. With the launch of the growth project at Feramo, several new customers have been actively approached, and the company has already reached commercial agreements with some of them to produce new parts from the beginning of 2013.

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

Suppliers

Because ACE's production plants use different production materials and technologies, they are responsible for their own supplies.

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

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

Research & Development

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

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

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

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

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

The R&D expenditures in the first quarter of 2012 are as follows:

In '000 Euro

	First quarter of 2012	*First quarter of 2011*
Investments in R&D	307	72
Costs regarding R&D	391	461
Total R&D expenses	**698**	**533**

Strategy

Strengthening the leading position on the European brake supply market
Since specialising in the casting of brake components, the operating plants have been constantly focused on increasing their respective market shares, maintaining the high quality of components manufactured, and providing reliable logistics and service for customers. In the upcoming 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. Development of new capacities at Feramo will position the Czech plant among important suppliers of automotive castings in future.

Broadening the technological and product range
The Group has already expanded the current product portfolio, especially through introduction of new aluminium products in Poland and the acquisition of Feramo. In 2008 ACE successfully started production of TMC, which should generate a considerable portion of revenues in future. There were several new capacity projects in the pipeline launched in 2009, including aluminium front calliper and iron machining. Thanks to the Czech plant, ACE has also broadened its product portfolio of iron castings for other industries, including electro-mechanical, construction and industrial equipment. In other directions, implementation of nodular iron technology, promoted by the Group to manufacture new parts for the automotive segment, is also on-going, and after implementation of the CEE investment project, which is expected to launch in January 2013, ACE will also change its profile in the nodular iron segment (location, products and customers, among other aspects).

Increasing presence in Europe and exploring new opportunities overseas
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 and potential new customers. This advantage will be exploited in future after expansion of Feramo's production capacity.

The increased CEE exposure enables optimisation of the ACE Group's cost position and further business growth through expansion of the current product line and meeting customers' expectations for more flexible deliveries. With hi-tech know-how and experience in deliveries to the automotive industry, top product quality and customer service are guaranteed. Although the Company is focused on expansion in Europe, ACE is actively exploring opportunities in other important automotive areas for fast development, such as Asia and America.

Combined engineering and other synergies

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

5. Outlook for the following months

Automotive market in 2012

LMC Automotive (formerly JD Power Forecasting) was pointing out to a decline of -6.4% in sales for Western Europe in 2012 as of the end of April 2012, recently downgraded from -5.3% in December 2011, although the same source has newly reviewed this decline up to -6.2% in May.

Having a look to the sales performance during the first quarter of 2012, it is difficult to assess a recovery of sales comparing with full year 2011. Indeed, PwC Autofacts envisions few prospects for growth in 2012. The current demand baseline projects a- 4% market decline in EU and EFTA. The production forecast decrease for LCVs from the same source is some lower, by -2% for European Union and -0.8% in EU and East Europe.

Therefore, considering the current scenario of a decline in sales by -8.6% in Western Europe, we could expect an overcoming of sales for the next three quarters, in order to achieve a decrease of full year sales around in the range of -4% to -6%, connected with the ending of some government scrappage incentive support only influencing first quarter of 2011, and better performance than expected in Germany and UK markets.

Group Sales

As far as 2012 is concerned, in current environment is very difficult to rely on market forecasts, but at the time of preparation of this report, and based on our customer's demand and expectations, we can anticipate some market outperformance once again.

The yearly sales growth of the non-automotive business is performing some worse than the automotive segment, but due to its generalized scope it is less predictable and the order book has lower visibility. Nevertheless, we can anticipate sales recovery in this generalist business that would bring it to more stable level of sales, above break-even.

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

Economy drivers

Productivity ratios in nodular iron business are coming back to better precedent levels. Consequently we can anticipate an improving performance in nodular iron business. In addition, those productivity ratios will improve with the implementation of a new production line expected for August 2012, which will bring a much higher efficiency in the production process.

Machining in second quarter is expected to deteriorate further for the same reason as stated in finical performance for first quarter, still pending a definitive agreement with our customer but in second half it should remain more stable.

On the other hand, the Group expects stability in raw material prices compared to the previous year. Energy price is another subject that in the trend of permanent growth has been successfully re-opened in the negotiations with customers to overcome the previous only partial recovery of price increases.

In this 2012 scenario of slow recovery and underused capacity, there is still an important competition factor which customers are taking advantage of to push down selling prices. The Company's important competitive advantage, mostly provided by the high degree of specialization and thorough knowledge of the product, should help the Company to a significant extent to face this situation in better standing, but the Company is aware that it is operating in a still unstable market, and only companies that manage to deal better with the new environment will be stronger after the slowdown.

Investment activity-CEE Investment Project

In this context of constant growth in the automotive market for the following years, CEE expansion as the Group's platform to grow in the nodular iron segment for the automotive market is also an important asset for the Group which will bring additional value in the near future, jointly with an investment project to boost the efficiency in the nodular iron business in Spain, that will also mean some additional and higher amounts of capex especially in 2012.

We expect 2012 to be a transition year as we digest an ambitious capex program of around EUR 12 million which will not be fully visible in the financial results until 2013.

This capex program is currently under implementation and it will be mostly invested in the Czech plant (CEE Investment Project).

Concerning CEE Investment Project, the estimated deadline for the main milestones are the following:

- April 2012: startup of building expansion and civil work
- October 2012: Launch of new equipment' tests in place
- January 2013: homologation plan for nodular iron production
- 1st Quarter 2013: serial production with the new equipment
- May 2013: new electrical connection VVN to feed both grey and nodular mass production
- September 2013: decommissioning of cupola furnaces

At the date of the preparation of this report there is some delay in first milestone which otherwise should not have any impact on the final implementation. It is also the view of our external industrial auditors, who periodically review the progress of the project, that final deadlines are still valid.

The last step assumes the replacement of current furnaces by electrical furnaces thus eliminating or reducing to a minimum the consumption of two of most volatile and expensive raw material and bringing additional and important savings also for grey iron activity not contemplated in the initial stage of the project. Besides it will also procure more environmental friendly relationship with our surroundings. However it could also imply to anticipate some amount of capex in 2012 which global amount is unlikely to change total capex.

On the commercial pipeline, our R&D department is currently developing projects for a certain small amount of mass production projects, feeding only in 2015 the expected volume for the full new capacity installed in the plant and with an enormous market potential to develop a further company growth.

Training process definition, as an important tooling to transfer the knowledge of nodular iron technology from Spain to Czech Republic has been already completed and as starting point of such plan, a contingent of the Czech human resources have already moved to Spain.

An additional purpose of the programme is to expand the portfolio of manufactured products and further diversify future revenues. According to a preliminary schedule, the first parts will be produced from January 2013. This programme will be entirely financed from internal resources. The management of the Company is currently involved in development of the growth project, and expects to increase current Group sales by up to 20% within the next 4 years. At the end of the period ACE Group will have three equally important production plants contributing comparable sales and operational profits.

Another important investment activity in 2012 will take place in our Spanish plant and consist in the replacement of one of the current moulding lines, in order to increase the plant productivity and competitiveness. This investment will be done during breakdown of August and the serial production of the new equipment will be visible during 4th Quarter.

M&A

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

As regards Group strategy as stated in our ESPI report published on December 2011, the goals stated therein remain unchanged and it will be our main framework to develop our activities within the near future.

6. Additional information

Major shareholders (over 5% of shareholder's equity) as of March 31st, 2012

As of March 31, 2012 the Company's share capital comprised 21 230 515 shares. The corresponding number of voting rights was 21 230 515.

To the best of the Company's knowledge as of the end of the first quarter of 2012, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

	As of March 31, 2012 (% of share capital)	***As of December 31, 2011 (% of share capital)***
Casting Brake (Spain)	2 430 607 (11,45%)	2 430 607 (11,45%)
PZU „Zlota Jesien" OFE	4 214 174 (19,85%)	4 214 174 (19,85%)
ING Nationale Nederlanden Polska OFE	3 690 563 (17,38%)	3 690 563 (17,38%)
ING Towarzystwo Funduszy Inwestycyjnych	2 025 603 (9,54%)	2 025 603 (9,54%)
AVIVA Investors Poland	1 098 605 (5,17%)	1 098 605 (5,17%)
AVIVA OFE	1 080 905 (5,09%)	Below 5%
Pioneer Pekao Investments	1 061 525 (5,00%)	1 061 525 (5,00%)

On 8 May 2012 the Company received an official notification from ING Towarzystwo Funduszy Inwestycyjnych SA, acting on behalf the managed investment fund (hereinafter referred to as "the Fund") that due to the sales transaction of Automotive Components Europe S.A. (hereinafter referred to as "the Company") shares by ING Specjalistyczny Fundusz Inwestycyjny Otwarty Akcji 2 that took place on 27 April 2012 the total number of the Company's shares owned by the managed Fund decreased below 5% of total number of votes in the Company.

Before the abovementioned transaction the Fund held 1 114 180 Company's shares consisting of 5,25% of the Company's share capital and entitling to 1 114 180 votes which correspond to 5,25% of the total votes in the Company.

At the date of the release of the notification, 08 May 2012, the Fund managed by ING Towarzystwo Funduszy Inwestycyjnych S.A. held 1 051 409 Company's shares consisting of 4,95% of the Company's share capital and entitling to 1 051 409 votes representing 4,95% of the total votes in the Company.

On 8 May 2012 the Company received an official notification from Noble Funds Towarzystwo Funduszy Inwestycyjnych SA, acting on behalf managed investment funds (hereinafter referred to as "the Funds") that due to the purchase transaction of Automotive Components Europe S.A. (hereinafter referred to as "the Company") shares by Noble Fund Fundusz Inwestycyjny Otwarty, Noble Fund Opportunity Fundusz Inwestycyjny Zamknięty and Noble Fund 2DB Fundusz Inwestycyjny Zamknięty that took place on 27 April 2012 the total number of the Company's shares owned by the managed Fund increased above 5% of total number of votes in the Company.

Before the abovementioned transaction the Funds held 923 692 Company's shares consisting of 4,36% of the Company's share capital and entitling to 923 692 votes which correspond to 4,36% of the total votes in the Company.

After the transaction the Funds managed by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. held 1 076 463 Company's shares consisting of 5,07% of the Company's share capital and entitling to 1 076 463 votes representing 5,07% of the total votes in the Company.

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

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

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

The Company did not conclude any transactions with its subsidiaries or related parties in the first quarter of 2012.

Information on paid or planned dividend

Share Buy-back and Dividend Policy:

ACE's management has made a recommendation to the Board of Directors to initiate a share buy-back program during the first half of 2012, whose length and conditions will be announced in due course.

The company's dividend policy, as stated in our prospectus, remains unchanged and we do not envisage significant changes to future dividend payments, which will be comparable to recent years. However, the payment of any future dividends or similar actions will depend on the business prospects, future earnings, cash requirements and expansion plans of ACE Group. In addition, the terms of the current financing agreement also restrict ACE's ability to pay dividends, requiring ACE Group to meet certain financial thresholds.

As far as 2012 is concerned the Company does not anticipate any problem to meet the before mentioned thresholds.

Changes of the Company's managing or supervisory persons in the first quarter of 2012

There were no changes in the Company's managing or supervisory persons in the first quarter of 2012.

Information on the supervision of employee stock option plans

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

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

Investor Relations Contact Person:

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

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

Geographical segments in '000 Euro

	First quarter of 2012	*First quarter of 2011*
Western Europe	15 711	15 076
Eastern Europe	11 292	10 570
Other	199	473
Total	**27 202**	**26 120**

Business segments in '000 Euro

	Iron castings	*Aluminium castings*	*Other*	*Consolidated*
Total revenues	17 275	8 698	1 229	27 202
Operating Profit for the segment	**622**	**962**	**- 794**	**790**
Net Profit for the segment	**695**	**1 069**	**- 979**	**785**

7. Stock Market Information

Basic Information

Fiscal Year:	1 January through 31 December
ISIN Code:	LU0299378421
Par Value:	EUR 0,15 per share
Market of Quotations:	Warsaw Stock Exchange

Share Price Evolution

% of change as of the end of March 2012

	Compared to the end of 2011
ACE S.A.	+50,6%
WIG Index	+9,8%
SWIG80 Index	+20,8%

Stock Market Data

	First quarter of 2012	*2011*	*2010*
Market capitalisation as of the end of the period	PLN142,2 m	PLN 94,5 m	PLN 191,1 m
(in millions of PLN and EUR)	€ 34,2 m	€ 21,4 m	€ 48,3m
Share price (in PLN)			
- Highest	7,13	6,11	10,10
- Lowest	4,50	4,00	7,80
- Average	5,94	5,00	9,00
- At the end of the period	6,70	4,45	9,00
Shareholders equity per share in EUR (in PLN)	1,88 (7,82)	1,82 (8,04)	1,83 (7,25)

Per Share Data

	First quarter of 2012	*2011*	*2010*
Earnings per share (in EUR)	0,04	0,10	0,12
Cash Flow per share (in EUR)	-0,22	0,14	0,26
Dividend per share (in EUR)	-	0,07	0,05

B. Condensed Consolidated Financial Statements for the quarter ended March 31st, 2012

The condensed consolidated quarterly report for the first quarter of 2012 was prepared according to International Accounting Standards.

Applied Exchange rates

As ACE is incorporated in Luxembourg, its statutory reporting currency is Euro. However, Polish plant uses *zloty* and Feramo uses Czech korona for both statutory and internal reporting. For the consolidation within ACE, the financial monthly statements of polish plant are converted into euro by being its functional currency.
The following table shows certain information regarding the exchange rate between *zloty* and euro for the respective periods of analysis. This information is based on the official exchange rates quoted by the National Bank of Poland on its website www.nbp.gov.pl.
Investors should also note that the average rates are simple arithmetic averages for each given period.

PLN per 1 Euro	*Average*	*Highest*	*Lowest*	*Period end*
1 Jan – 31 Mar 2011	3,9476	4,0800	3,8403	4,0119
1 Jan – 31 Mar 2012	4,2298	4,5135	4,1062	4,1616

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

CZK per 1 Euro	*Average*	*Highest*	*Lowest*	*Period end*
1 Jan – 31 Mar 2011	24,3745	25,0850	24,0100	24,5400
1 Jan – 31 Mar 2012	25,0835	25,9100	24,4650	24,7300

Consolidated Balance Sheet as of March 31st 2012 in thousands of Euros

Assets	*As of Mar 31, 2012*	*As of Dec 31, 2011*	*As of Mar 31, 2011*
Non-current Assets			
Intangible assets	223	213	193
Property, plant and equipment	38 000	37 460	38 655
Derivative financial instruments (NCA)	51	6	8
Deferred tax assets	1 017	902	830
	39 292	**38 581**	**39 686**
Current assets			
Inventories	8 621	8 707	9 190
Trade and other receivables	19 311	17 046	19 017
Derivative financial instruments (CA)	66	10	85
Current income tax assets	2	2	0
Other current assets	14	35	0
Cash and cash equivalents	16 039	20 466	15 911
	44 053	**46 266**	**44 203**
Total assets	**83 344**	**84 847**	**83 889**

Equity & Liabilities	*As of Mar 31, 2012*	*As of Dec 31, 2011*	*As of Mar 31, 2011*
Equity			
Share capital	3 185	3 185	3 185
Share premium	5 444	5 444	6 931
Retained earnings	30 661	28 573	28 576
Cash flow hedges	- 215	- 594	- 44
Exchange gain or loss against equity	116	- 87	179
Profit for the year	785	2 088	726
	39 977	**38 609**	**39 553**
Liabilities			
Non-current liabilities			
Borrowings (NCL)	16 513	16 806	18 092
Deferred income	242	253	164
Deferred tax liabilities	2 918	2 976	3 137
Provisions for other liabilities and charges (NCL)	90	85	91
Derivative financial instruments (NCL)	308	382	132
	20 072	**20 502**	**21 616**
Current liabilities			
Trade and other payables	19 546	19 523	19 147
Borrowings (CL)	2 862	4 373	2 242
Derivative financial instruments (CL)	107	382	194
Current income tax liabilities	235	977	721
Other current liabilities	46	45	51
Provisions for other liabilities and charges (CL)	499	436	365
	23 296	**25 736**	**22 720**
Total Liabilities	**43 368**	**46 238**	**44 336**
Total equity and liabilities	**83 344**	**84 847**	**83 889**

Consolidated Income Statement for the period from January 1st to March 31st, 2012 in thousands of Euros

	For the 1st quarter of 2012 From January 1st to March 31st, 2012	*For the 1st quarter of 2011 From January 1st to March 31st, 2011*
Revenues	27 202	26 120
Costs of goods sold	-22 920	-21 115
Gross profit	4 281	5 005
Selling and distribution costs	- 582	- 701
General and administration costs	-3 336	-3 269
Other income	463	134
Other expenses	- 35	- 24
Operating profit	790	1 146
Financial income	666	266
Financial expenses	- 604	- 487
Financial result	63	- 221
Profit before income tax	**853**	**925**
Income tax expense	- 68	- 199
Profit for the period	**785**	**726**

Consolidated Statement of changes in Shareholders' Equity for the period from January 1st to March 31st, 2012 in thousands of Euros

Attributable to equity holders of the Parent

	Share capital	*Share premium*	*Legal Reserve*	*Retained earnings*	*Cash flow hedges*	*Exchange differences*	*Profit for the period*	*Net Equity*
Balance as of Jan 1, 2012	**3 185**	**5 444**	**320**	**28 253**	**- 594**	**- 87**	**2 088**	**38 609**
Allocation of previous year profit				2 088			-2 088	**0**
Profit / Loss for the period							785	**785**
Total recognised income and expenses for the period							785	**785**
Exchange differences						203		**203**
Changes in fair value of currency hedging instruments					379			**379**
Balance as of Mar 31, 2012	**3 185**	**5 444**	**320**	**30 341**	**- 215**	**116**	**785**	**39 977**

Consolidated Cash Flow Statement for the period from January 1st to March 31st, 2012
in thousands of Euros

	From Jan 1st to Mar 31st, 2012	*From Jan 1st to Mar 31st, 2011*
Profit before income tax	853	925
Adjustments for:		
- Depreciation and amortizations of non-current assets	1 325	1 412
- Losses on sale of property, plant and equipment	- 21	0
- Net financial result	- 202	347
-Gain and losses on charges in fair values of derivate financial instruments	1	- 166
- Net movements in provisions	- 5	- 11
Changes in working capital(excluding effects of acquisition and exchange differences on consolidation)		
- Inventories	127	- 913
- Trade and other receivables	-2 231	-5 031
- Trade and other payables	-1 412	2 044
Cash from operating activities	**-1 564**	**-1 394**
Income tax paid	- 112	- 12
Net cash from ordinary activities	**-1 677**	**-1 406**
Cash flows from investing activities		
Purchases of property, plant and equipment (PPE)	-1 121	- 140
Proceeds from sale of non-current assets	27	1
Purchases of intangible assets	- 11	- 2
Loans granted to related parties	0	2
Loan repayments received from related parties	0	2
Net cash used in investing activities	**-1 104**	**- 136**
Cash flows from financing activities		
Repayments of bank borrowings	- 1 741	- 35
Repayment of other loans	-239	0
Proceeds from bank borrowings	0	207
Proceeds from other loans	- 26	- 50
Net of financial result paid and received	177	- 49
Net cash used in financing activities	**-1 829**	**73**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**-4 610**	**-1 469**
Cash, cash equivalents and bank overdrafts at beginning of the period	20 466	17 433
Effects of exchange rate changes on the balance of cast held, in foreign currencies	183	- 53
Cash, cash equivalents and bank overdrafts at the end of the period	**16 039**	**15 911**

Notes to condensed financial statements

Accounting polices

The accounting principles and measurement basis of these Condensed Consolidated Financial Statements are consistent with those applied in the prospectus and have remained unchanged. In the preparation of these financial statements, the Company has followed the IAS interim condensed financial reporting standards.

Consolidated entities

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

Share capital changes

During IPO which took place in May 2007 the Company issued 2 065 160 new shares, which were offered to new investors of ACE as well as 10 103 927 existing shares which were sold by old shareholders. Changes in the share capital are illustrated in the following table.

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

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

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

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

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

Dividends Paid in the period of the first quarter of 2012

There were no dividend paid in the period of the first quarter of 2012.

Issuances, repurchases and repayments of debt and equity securities

The company repaid EURO 1 741 thousands of debt in the first quarter of 2012.

Material events after the end of the first quarter of 2012 that have not been reflected in the financial statements

There were no material events after the first quarter of 2012.

Changes in the composition of the Company during first quarter of 2012

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