

# 2013 Interim Report



## Board of Directors

José Manuel Corrales	Class CB Director, Chairman
Raúl Serrano	Class CB Director
Oliver Schmeer	Independent Director
Witold Franczak	Independent Director
Rafał Lorek	Independent Director
Piotr Nadolski	Independent Director

## Management Committee

José Manuel Corrales	Chief Executive Officer
Raúl Serrano	Senior Officer, Chief Financial Officer
Carlos Caba	Senior Officer, Business Development Manager

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# General Information

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 38, boulevard Napoléon 1er, L-2210 Luxembourg, Grand Duchy of Luxembourg. On 22 February 2013 the Board of Directors of the Company, pursuant to Article 2.1 of the Articles of Association, took a resolution transferring on 25 February 2013 the registered office of the Company within the boundaries of the municipality of Luxembourg City, from its previous location at 82, route d'Arlon, L 1150 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.

The first listing of ACE on Warsaw Stock Exchange took place on 1 June 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.



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## Key Figures

in EUR thousands (except per-share and employment figures)

	1H 2013	1H 2012	Change (%)	FY 2012
Revenues from Sales	52,807	53,225	-0.8%	98,618
Gross Profit	10,535	9,385	12.3%	17,011
Operating Profit	2,363	2,094	12.9%	3,057
Net Profit	874	1,130	-22.7%	2,372
Net Profit per share	0.04	0.05	-22.7%	0.11
Cash Flow from Operations	5,575	192	2,809.2%	4,804
Cash Flow from Investments	-2,677	-3,313	-19.2%	-11,470
Cash Flow from Financial Activities	-2,376	-3,249	-26.9%	- 996
Net Cash Flow	327	-6,784	-104.8%	-8,672
Current Assets	39,034	42,058	-7.2%	35,995
Fixed Assets	48,138	40,165	19.8%	47,137
Total Assets	87,172	82,223	6.0%	83,132
Long-term Liabilities	20,661	19,087	8.2%	22,087
Short-term Liabilities	28,010	24,128	16.1%	20,354
Liabilities	48,671	43,215	12.6%	42,441
Net Debt	8,049	4,084	97.1%	4,084
Shareholders' Equity	38,501	39,008	-1.3%	40,691
Book Value per share	EUR 1.81	EUR 1.84	-1.3%	EUR 1.92
Employees	759	863	-12.1%	777



# Interim Management Report

## 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.

in EUR thousands

	1H 2013	%	1H 2012	%
Sales of products	51,408	97.3%	51,388	96.5%
Sales of goods and materials	1,399	2.7%	1,837	3.5%
<b>Total sales revenues</b>	<b>52,807</b>	<b>100%</b>	<b>53,225</b>	<b>100%</b>

in EUR thousands

	1H 2013	%	1H 2012	%
Nodular iron products	29,757	57.9%	27,556	53.6%
Grey iron products	5,018	9.8%	6,672	13.0%
Aluminium products	12,417	24.2%	12,500	24.3%
New Family Products	4,214	8.2%	4,659	9.1%
<b>Total sales of products</b>	<b>51,406</b>	<b>100%</b>	<b>51,388</b>	<b>100%</b>

in million pieces

	1H 2013	1H 2012
Nodular iron products	13.4	12.8
Grey iron products	0.7	0.8
Aluminium products	2.6	2.8
New Family Products	1.3	1.2
<b>Total pieces sold</b>	<b>17.9</b>	<b>17.6</b>

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

1H 2013

1H 2012

Czech Republic	21.2%	23.7%
Germany	20.4%	20.7%
Slovakia	14.8%	10.4%
France	11.7%	14.2%
Spain	8.3%	8.9%
Poland	4.7%	4.8%
Other	23.6%	22.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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 CBI (formerly 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

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commercial agreements with some of them to produce new parts from 2013.

The Group does not usually experience any significant fluctuation of sales linked with changes in seasonal demand. Nevertheless, during Easter, summer and Christmas periods the activity decreases due to holidays and maintenance shutdown of facilities.

## Business Review and Consolidated Results

in EUR thousands	1H 2013	1H 2012
Revenues from sales	52,807	53,225
Cost of goods sold	-42,272	-43,840
Gross profit	10,535	9,385
GP margin	20.0%	17.6%
G&A expenses	-8,172	-7,290
Operating profit	2,363	2,094
OP margin	4.5%	3.9%
Depreciation & amortisation	-2,413	-2,538
EBITDA	4,777	4,633
EBITDA margin	9.0%	8.7%
Financial Result	- 603	- 642
Profit before tax	1,761	1,452
Tax	- 887	- 322
Net profit	874	1,130
NP margin	1.7%	2.1%

## Comparison of 1H 2013 and 1H 2012

### Automotive Market Performance

Thousand Units	1H 2013	1H 2012	Difference	%
Cars sold	6,056	6,488	-432	-6.7%
Cars manufactured	5,835	6,221	-386	-6.2%
Difference: sales – production	221	267	-46	
ACE Automotive	17,263	16,754	509	3.0%

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

In 1H 2013, sales of cars in Western Europe fell by about 432,000 units, or 6.7% from the same period of 2012, according to LMC Automotive (formerly JD Power Forecasting), with a drop in sales in four of the five main markets. Sales in France, Germany and Italy decreased around 10%, while in Spain sales were 5% lower, due to the PIVE scrappage incentive. On the other hand, the UK continues improving its sales, up 10% from 1H 2012, driven by the growth of private sales as a consequence of low interest rates, strong incentives and windfalls from PPI claims. However, the difference in sales is softening in the Pan-Europe Region, where sales of cars y-o-y declined by 5.7% or 550,000 vehicles.

Despite all the above, sales for the full year are expected to be down around 3-4%, which represents an improvement in sales for the remainder of the year in comparison with the previous year.

Car production in Western Europe in comparison with the first half of 2012 was lower by 386,000 units or 6.2%, with a decline also in Europe as a whole of 4.6%, or 428,000 units. As last year, production is below sales by around 200,000 cars.

## ACE Sales in the Market Context

In volume terms there was a year-on-year increase of 3.0% in the number of units for the automotive segment (+ 1.9% for the whole Group). The allocation of this volume increase is uneven across the different automotive business segments. So far, nodular iron segment sales have climbed by 4.8%, while in the aluminium segment sales were lower by 2.7% (including the new family of products). In the non-automotive segment, grey iron sales decreased by 20.3%, and even more by weight (23.2%), which is a much more reliable indicator in this business. Indeed, the very limited production output, influenced by the delay of the CEE Project, as reported in the 1<sup>st</sup> quarter, reduced sales volume significantly. Even so, Group sales volume outperformed market sales and production.

This outperformance in 1H 2013 versus 1H 2012 is not so visible in turnover, which decreased by EUR 418,000, or 0.8%, as the increase in volume did not compensate for the lower purchasing prices of raw materials surcharged to customers, especially iron, the cheaper mix in the new family of products at the Polish plant, and the reduction in sales of other business. The grey iron non-automotive business was the segment that declined the most, by 22.7%. The aluminium business declined by 4.8%, while the nodular iron business increased by 7.9%, driven by higher volume and a better sales mix.



## Gross Profit

Despite the reduction of turnover y-o-y, the gross margin increased to 20% on sales, more than 2pp over last year.

The main driver of this improvement is the good results achieved by the new moulding line in Spain, operating since last September, replacing two former lines and reducing the associated working teams, which is enhancing its performance month by month. On the other hand, significant difficulties during the start-up of electrical furnaces in the CEE Project have caused not only significant inefficiencies but also a significant drop in production and subsequent turnover.

On top of that, performance of energy and raw material prices had a quite positive trend, and FX activity at the operating level was also positive as a result of the weakening of Czech koruna year-on-year.

Some effects counteracting the positive effect of the above were the increase in outsourcing expenses for external reworks in the iron segment, the reduction of other business, mainly tools, and the increasing cost of maintenance in Poland associated with the restart of some machines to fit the production mix.

Finally, lower depreciation connected with the ending of the expected useful life of some of the Group's assets prior to the start-up of the new facilities at Feramo brought the gross profit to EUR 10,535,000 (20.0% on sales), which is EUR 1,151,000 higher than in 1H 2012 (17.6% on sales).

## Other Operating Expenses and Resulting EBITDA

General and administrative expenses increased by EUR 882,000 or 12.1% y-o-y, mostly a difference of a non-recurrent nature, like pur-

chases of packaging materials for a new customer, write-off of some obsolete machinery, and some other expenses associated with the start-up of the new facilities at Feramo.

In addition, salary increases following the inflation rate, together with a larger staff to meet the new challenging facilities in Spain and to support the CEE Project, contributed an increase of around EUR 300,000 in this item.

In the opposite direction, R&D tax credits formerly recorded at the CIT level had a positive impact of EUR 330,000, even though total subsidies were only EUR 80,000 higher.

#### Depreciation and Operating Profit

Improvement of gross profit, even partially reduced by the negative difference of general & administrative expenses, still resulted in a positive EBITDA in the period of EUR 4,777,000 (9.0% on sales), EUR 144,000 higher than in the same period of 2012 (+3.1%).

Depreciation was somewhat lower than in the comparable period, resulting in an operating profit of EUR 2,363,000 (EUR 269,000 higher than 2012, or +12.9%).

#### Financial Items

The financial result for the first half of 2013 was negative at -EUR 603,000, but with a slightly positive difference y-o-y of EUR 39,000. The main reason was the lower interest expenses on loans for R&D, compensated for by the negative currency exchange differences due to weakening of PLN and CZK. Most of the exchange differences recorded in 2012 were related to changes in the outstanding

balances at the end of the period, which are not realised and have an accounting nature, now being recorded in equity, thus resulting in lower volatility onwards.

At the end of the period, the fair value of hedging instruments and the interest rate swap in the balance sheet was a negative EUR 364,000. According to accounting standards, changes in valuation of current hedging instruments have no impact on the P&L account and are fully cleared through the equity in the balance sheet.

#### Pre-tax Profit, Taxes and Net Profit

Despite the negative financial activity, profit before tax in the 1<sup>st</sup> half was a positive EUR 1,761,000 (EUR 309,000 higher y-o-y).

Tax recorded was EUR 887,000, which is EUR 565,000 higher than the same period of 2012, as currently R&D tax credits are recorded as "other income" and do not reduce the CIT, as described above, but was also affected by the higher contribution to pre-tax profit of those operating companies with higher tax rates.

Even considering the financial losses and higher income tax expenses, the Group was still positive at the net profit level, at EUR 874,000 (down by EUR 256,000 from 2012).

#### Financial Structure

The operating generation of cash from January through June 2013 was very positive, at EUR 5,380,000, mostly as a result of EBITDA increased by the good performance in working capital.

Otherwise, investment activities amounted to -EUR 2,677,000 in the



period, mostly reflecting the CEE project capital expenditure, which will still be somewhat visible across 2013. The financing activity is driven by the repayment of a Group loan and its interest expenses, increased by the buy-back programme in progress.

Reflecting all the above, the final cash position of the Company as of the end of June 2013 was strongly positive at EUR 12,846,000, reducing the net debt as of same date to EUR 8,049,000.

## Comparison of 2Q 2013 and 1Q 2013

in EUR thousands	2Q 2013	1Q 2013
Sales	26,678	26,129
Gross profit	5,843	4,693
Operating profit	1,608	756
<b>Net profit for the period</b>	<b>656</b>	<b>218</b>
Depreciation	-1,208	-1,205
EBITDA	2,816	1,961

While sales and production of cars during the 2<sup>nd</sup> quarter of 2013 in Western Europe increased by 7.8% and 5.2% respectively from the 1<sup>st</sup> quarter of 2013, the growth in Group sales in the number of parts for the automotive segment was only 4.1%, although uneven when comparing different business segments. While sales in the aluminium segment dropped by 2.1% due to the ending of some machining projects, sales in the nodular iron segment increased by 5.9%, or even higher, by 7.0%, in weight, which is a much more reliable indicator in this business. Finally, sales in the non-automotive segment were down 13.5% by weight.

Besides the higher volume compared to the 1<sup>st</sup> quarter, EBITDA in the 2<sup>nd</sup> quarter was EUR 2,816,000, up EUR 855,000, representing 11% of sales (8% in 1Q).

This significant improvement in the operating result is mainly due to two factors. The expected productivities of the new moulding line at the Spanish plant are achieved, and they continue improving month by month, and prices of the main raw materials and energy had a positive impact compared to the 1<sup>st</sup> quarter.

On the other hand, the difficulties in the start-up of the CEE Project, which had more impact in the 2<sup>nd</sup> quarter, with higher cost overruns and inefficiencies and a lower mix in the aluminium segment, partially offset the positive impact of the factors mentioned above.

Not so influenced by the evolution of the currencies, and with higher income tax expenses for the 2<sup>nd</sup> quarter as a consequence of the higher positive results, the net profit in 2Q was also higher, by EUR 436,000.

## Significant Commercial Events

During the period ACE was nominated by one of its major customers to manufacture iron castings in Spain and machine the same parts in Poland, which represents a great success for the Group, as it is the first time that we will be delivering final and complete iron products to the customer.

Meanwhile, based on the new projects awarded to the Company and associated volumes meeting our customers' expectations, we can observe that some reversal in the declining trend of the machining business for the following years is already visible in 2013. This is an important result of the efforts devoted by the Company to exploiting spare capacity.

Last but not least, our Czech plant has already been homologated by three important Tier 1 automotive companies, and is in the position to start serial production for at least these three customers.

## Research and 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.

in EUR thousands	1H 2013	1H 2012	FY 2012
Investments in R&D	172	307	1,910
Costs regarding R&D	437	391	1,481
<b>Total R&amp;D expenses</b>	<b>608</b>	<b>698</b>	<b>3,391</b>

## 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, 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 Group 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

Combining and exploiting the strengths of each business as well as developing the synergies between them is one of the main factors for present and future success, not only in the business areas of engineering and manufacturing but also in the areas of support, like finance, HR and IT, which step by step are being standardised. Indeed, this is one of the main pillars of our strategy when developing the nodular iron technology for the automotive business in the CEE region.

### Outlook

Automotive Market: 2H 2013 versus 2H 2012

The state of the automotive market in Europe during recent years has been quite bleak. Only in five years since 2007 the Western European market lost a total of nearly 3 million cars, from 14.8 million to 11.8 million (roughly 40% in Italy, 25% in Spain and 20% in France and the UK). This means a contraction of the market by 20% in only five years, a percentage which is lower when Eastern Europe is included but also with an increased number of cars lost in the period.

The latest LMC Automotive forecast for sales in the Western European automotive market, issued at the beginning of July for full-year 2013, anticipates a decline of 3.4% from 2012, upgraded from the report issued in April (-4.2%). Given that sales year-to-date are already down 6.7%, this would mean a recovery in sales for the remaining months when compared with last year.

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This is very balanced with production forecasts. PwC Autofacts, in its latest quarterly forecast update (including light commercial vehicles), issued in July 2013, shows a decrease of 3.2% in full-year 2013 for the European Union (although there is a lower decrease, of 2.3%, when Eastern Europe is included). This forecast is also upgraded from the previous forecast, issued in April, which showed a decline of 4.2% in Western Europe.

These forecasts may sound somewhat optimistic bearing in mind the market trend in recent months, but PwC Autofacts anticipates "a marginal decrease in sales demand for new vehicles in Q3 with slight growth expected by Q4."

#### Automotive Market: 2H 2013 versus 1H 2013

In this context, there is always some component of seasonality in the uneven yearly volume breakdown, which according to the forecast above would represent a decrease from 1H 2013 to 2H 2013 of around 12% in sales and 11% in production for Western Europe. In any event, this seasonality of sales is better than in previous years.

#### Group Sales

As far as 2013 is concerned, in current environment it is very difficult to rely on market forecasts, but at the time of preparation of this report, and based on current sales, our customer's demand and expectations, we can anticipate some market outperformance once again, and, depending upon the length and depth of the current downturn as well as the influence of potential new volumes, we could even see a general improvement of our margins in the automotive business.

As far as the iron segment is concerned, it is expected that most

of the growth of sales in volume will come from our Spanish plant, which otherwise will be produced in a more efficient manner with the new production facility. In our Czech plant, for 2013 we can expect some stability or even a slight decrease, depending on the performance of new facilities and new product development.

However, the aluminium segment is now more challenging, with some of the projects reaching the end of their useful life, the machining business declining and thus creating reduced turnover, even below the market, although to a lesser than usual extent it is compensated for by the evolution of new family products.

Meanwhile, one of the main tasks today is actively pushing on the pipeline of new products and projects to fulfil as much as possible the spare capacity created in the Group as a consequence of the slowdown, which applies especially to machining activity and 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 in the past. 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.

#### Automotive market economy drivers

Productivity ratios in the nodular iron business are improving after the implementation of the new production line in August 2012, which is bringing much higher efficiency in the production process. This was already visible during 1H 2013 and should even be enhanced throughout the year, as current products are shifted for manufacturing in the new machinery and new projects enter production.

As regards raw material activity, the Group expects some stability



compared to the previous year. The price of energy is also expected to be more stable than in previous years, and it is already adjusted to market conditions in the current surcharge agreements in place.

In this 2013 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 Group's important competitive advantage, mostly provided by the high degree of specialisation and thorough knowledge of the product, should help the Group to a significant extent to face this situation in better standing, but the Group 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 programme

In the context of expected 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. This investment, which, jointly with the new moulding line already implemented in Spain, represented some additional and higher amount of capex in 2012 well above EUR 11 million, is still expected to represent near half of this amount in 2013.

This capex programme has already been completed as regards the Spanish plant and is currently at the stage of launching and testing at the Czech plant (CEE Investment Project).

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

- March 2013: launch of new equipment tests on site

- March 2013: homologation plan for nodular iron production
- End of 2Q 2013: serial production with the new equipment, currently producing trials for product homologation and serial production expected in September

The first step also assumes the replacement of cupola furnaces by electrical furnaces, thus eliminating or reducing to a minimum the consumption of two of the most volatile and expensive raw materials and bringing additional and important savings also for grey iron activity not contemplated in the initial stage of the project. Besides, it will also achieve a more environment-friendly relationship with our surroundings.

Although some of the problems mentioned in our last report have been improved, we are still experiencing various difficulties related to the functionality of the electrical furnaces, representing either significant cost overruns or even affecting the capacity of the plant to produce in a stable and continuous manner, and thus reducing turnover and potentially delaying the start of production. These consequences will also be visible in the following months, but more stability in the production process is also expected. These are the kinds of problems associated with the start of any industrial equipment, and even more so when it involves not only a new set of manufacturing facilities but also a move to a new technology (nodular iron) and to a new market (automotive). We can only expect to fix these issues in the very short term, for which we count on the support of both our internal knowhow as well as our usual external advisers.

Nevertheless, we have already initiated the trials and tests to be performed for customer homologation of different projects in order to start serial production with the new equipment in the 3<sup>rd</sup> quarter.

In 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 group growth.

An additional purpose of the programme is to expand the portfolio of manufactured products and further diversify future revenues. This programme is being financed entirely from internal resources. The management of the Group 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.

#### 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 Group 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.



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## 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

% change as of the end of 1H 2013	From the end of 2012	From the end of 1H 2012
ACE S.A.	+39.5%	+40.2%
WIG Index	-5.7%	+9.6%
SWIG80 Index	+12.2%	+23.1%

### Stock Market Data

	1H 2013	FY 2012	1H 2012
Market Capitalisation as of the end of the period	PLN 168.8m EUR 39.0m	PLN 121.0m EUR 29.6m	PLN 120.4m EUR 28.2m
<b>Share Price (PLN)</b>			
Highest	9.47	7.60	7.60
Lowest	5.70	4.00	4.50
Average	7.43	5.72	6.10
At the end of the period	7.95	5.70	5.67
Shareholders' Equity per share (EUR)	1.81	1.92	1.84

## Per-Share Data

	1H 2013	1H 2012	FY 2012
Earnings per share (EUR)	0.04	0.05	0.10
Cash Flow per share (EUR)	0.02	- 0.32	0.14
Dividend per share (EUR)	0.07*	0.05	0.07

\*Dividend for 2012 approved in the first half of 2013

## Ownership Structure

As of 30 June 2013 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 half of 2013, the following shareholders were entitled to exercise over 5% of votes at the General Meeting of Shareholders:

	As of 30 June 2013 (% of share capital)	As of 31 December 2012 (% of share capital)
Casting Brake (Spain)	2,430,607 (11.45%)	2,430,607 (11.45%)
PZU Złota Jesień OFE	4,187,959 (19.73%)	4,187,959 (19.73%)
ING Nationale Nederlanden Polska OFE	3,767,347 (17.74%)	3,767,347 (17.74%)
Aviva OFE	1,996,491 (9.40%)	1,996,491 (9.40%)
Noble Funds TFI	1,076,463 (5.07%)	1,076,463 (5.07%)
Pioneer Pekao Inve- stments	1,061,525 (5.00%)	1,061,525 (5.00%)



On 21 August 2013 the Company received an official notification from AVIVA Powszechne Towarzystwo Emerytalne AVIVA BZ WBK S.A., on behalf of AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK (the Fund), that due to market transactions which took place on 13 August 2013 the total number of the Company's shares owned by the Fund has increased and the threshold of 10% of total number of votes in the Company has been exceeded.

In result of the abovementioned transaction the Fund holds 2,221,000 Company's shares consisting of 10.46% of the Company's share capital and entitling to 2,221,000 votes that correspond to 10.46% of the total number of votes in the Company.



## Additional Information

### Changes in shareholders' equity

There were no changes in shareholders' equity during the first half of 2013.

### Information on dividend distribution and buy-back

The General Meeting of Shareholders held on 18 June 2013 approved a repayment in the global amount of EUR 1,486,136.05, amounting to EUR 0.07 per share, to be paid from the "Share Premium".

The dividend was paid on 23 July 2013 to shareholders holding shares of the Company on 8 July 2013 (the record date). The dividend was paid in euro and distributed through the National Depository for Securities, in accordance with regulations applicable to dividend payments by companies listed on the Warsaw Stock Exchange.

The Company applied tax withholding rates applicable under Luxembourg law or other international laws, if applicable.

At the same meeting, the General Meeting of Shareholders adopted another buy-back programme under the same conditions as the one defined on 19 June 2012, but for a period of 3 years and with a maximum purchase price per share to be paid in cash of no more than PLN 20 and no less than PLN 0.04.

## Changes of the Company's managing or supervisory persons in the first half of 2013

There were no changes in the Company's managing or supervisory persons in the first half of 2013.

## Information on the supervision of employee stock option plans

A new management incentive scheme (ESOP) and a new annual bonus structure were approved by the Board of Directors on 14 May 2013, replacing entirely the existing bonus structure and ESOP approved on 23 December 2010. The objective of the scheme will be to incentivise the management team or executive directors of ACE or its affiliates ("Participants") to contribute to the success of ACE Group, to align the interests of the management, ACE Group and ACE shareholders. The Participants shall be entitled to acquire from ACE, upon the terms of the scheme, shares representing in aggregate up to nine percent (9%) of the outstanding share capital of ACE (the "Management Shares"). The purchase by the Participants and transfer by ACE of the shares will take place in December 2013, December 2014 and December 2015, resulting in three percent (3%) each date. The Management Shares will be distributed by the Board on an individual basis at its discretion, among the Participants. The purchase price in euro will be the lower of (i) the average purchase price paid by the company for the shares to be sold or (ii) the daily average stock market price on the day when the shares to be sold were acquired.

A new annual bonus for the Participants will be based on achievement of certain EBITDA targets in following years in line with the former system, following which the Participants will be entitled to a yearly amount

in euro equivalent to 1% of the shares acquired by ACE and that will be wholly dedicated to cover payments for acquired shares.

## Own Shares

As of 30 June 2013, Board of Directors and Management Committee members did not directly hold any shares of ACE or its subsidiaries or any rights to them, although some of them held stakes in the Company indirectly.

## Significant Events after 1H 2013

There were no significant events after the end of the first half of 2013.

# Condensed Interim Consolidated Financial Statements as of 30 June 2013

note that the average rates are simple arithmetic averages for each given period.

CZK per EUR	Average	High	Low	Period end
1H 2012	25.1702	25.9600	24.4650	25.6400
1H 2013	25.6987	26.1200	25.2250	25.9500

## Exchange rates applied

As ACE is incorporated in Luxembourg, its statutory reporting currency is euro. However, the Polish plant uses zloty and Feramo uses Czech koruna for both statutory and internal reporting. For the consolidation within ACE, the monthly financial statements of these divisions were converted into euro as ACE's 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](http://www.nbp.gov.pl). Investors should also note that the average rates are simple arithmetic averages for each given period.

PLN per EUR	Average	High	Low	Period end
1H 2012	4.2449	4.5135	4.1062	4.2613
1H 2013	4.1766	4.3432	4.0671	4.3292

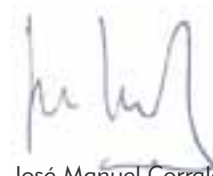
The following table shows certain information regarding the exchange rate between koruna and euro for the respective periods of analysis. This information is based on the official exchange rates quoted by the Czech National Bank on its website [www.cnb.cz](http://www.cnb.cz). Investors should also

## Directors' Statement

*To the best of the Management's knowledge the condensed interim consolidated financial statements and the comparable information have been prepared in compliance with IFRS adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer or the undertakings included in the consolidation as a whole and the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year. The directors' report on the operations of the Group truly reflects the development, achievements and situation of the Company, including a description of the key risk factors and threats.*

*The half-yearly financial report has not been audited or reviewed by auditors.*

**Luxembourg, 30 August 2013**



José Manuel Corrales



Raúl Serrano





**Automotive Components Europe S.A.**

**and subsidiary companies**

38, boulevard Napoléon 1er

L-2210 LUXEMBOURG

RCB number: B 118130

Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2013

# AUTOMOTIVE COMPONENTS EUROPE S.A. AND SUBSIDIARY COMPANIES

## Notes to the condensed interim consolidated financial statements for the period ended 30 June 2013

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Automotive Components Europe S.A. and subsidiary companies

Consolidated Interim Balance Sheet  
for the six months period ended 30 June 2013  
(expressed in thousand of Euros)

Assets	Notes	June 2013	December 2012	June 2012	Equity and Liabilities	Notes	June 2013	December 2012	June 2012
Non-current assets					Capital and reserves				
					Share capital		3,185	3,185	3,185
					Share premium		3,957	5,444	5,444
Intangible assets		213	245	219	Retained earnings		31,185	29,576	29,599
Property, plant and equipment		45,862	45,549	38,734	Cash flow hedges		(270)	(47)	(314)
Derivative financial instruments	4.j	-	71	29	Exchange differences		(429)	161	(36)
Deferred tax assets		<u>2,063</u>	<u>1,272</u>	<u>1,183</u>	Net profit for the year		<u>874</u>	<u>2,372</u>	<u>1,130</u>
Total non-current assets		48,138	47,137	40,165	Total equity	4.g	38,502	40,691	39,008
Current assets					Non-current liabilities				
Inventories		7,492	8,745	8,839	Borrowings	4.i	16,988	18,461	15,353
Trade and other receivables		18,631	14,532	18,910	Deferred income		496	555	421
Derivative financial instruments	4.j	60	205	67	Deferred tax liabilities		2,760	2,604	2,874
Current income assets		4	78	75	Derivative financial instruments	4.j	323	374	348
Other current assets		-	28	-	Provisions for other liabilities				
Cash and cash equivalents	4.f	<u>12,846</u>	<u>12,407</u>	<u>14,167</u>	and charges		<u>93</u>	<u>93</u>	<u>90</u>
Total current assets		<u>39,034</u>	<u>35,995</u>	<u>42,058</u>	Total non-current liabilities		20,661	22,087	19,086
					Current liabilities				
					Trade and other payables		21,016	16,409	18,123
					Borrowings	4.i	3,908	3,486	2,898
					Derivative financial instruments	4.j	101	1	170
					Current income tax liabilities		913	30	1,393
					Other current liabilities		1,527	44	1,105
					Provisions for other liabilities				
					and charge		<u>545</u>	<u>384</u>	<u>440</u>
					Total current liabilities		<u>28,010</u>	<u>20,354</u>	<u>24,129</u>
Total assets		<u>87,172</u>	<u>83,132</u>	<u>82,223</u>	Total equity and liabilities		<u>87,173</u>	<u>83,132</u>	<u>82,223</u>

The accompanying selected explanatory notes are an integral part of the condensed interim consolidated financial statements of Automotive Components Europe S.A. for the period ended 30 June 2013, in conjunction with which they should be read.



Automotive Components Europe S.A. and subsidiary companies

Consolidated Interim Income Statements  
for the six months period ended 30 June 2013  
(expressed in thousand of Euros)

	Notes	First-half 2013	First-half 2012	Full-year 2012
Revenues	4.a	52,807	53,225	98,618
Cost of sales	4.b	<u>(42,272)</u>	<u>(43,840)</u>	<u>(81,607)</u>
Gross profit		10,535	9,385	17,011
Selling and distribution costs	4.c	(1,211)	(1,151)	(2,189)
General and administrative expenses	4.d	(7,301)	(6,577)	(13,242)
Other operating income		530	496	1,815
Other operating expenses		<u>(190)</u>	<u>(58)</u>	<u>(338)</u>
Operating profit		2,363	2,095	3,057
Financial income		322	960	1,380
Financial expenses		<u>(925)</u>	<u>(1,602)</u>	<u>(1,759)</u>
Financial result	4.e	(603)	(642)	(379)
<b>Profit before income tax</b>		1,761	1,453	2,678
Income tax (expense) / income		<u>(887)</u>	<u>(323)</u>	<u>(306)</u>
Net profit for the period		<u>874</u>	<u>1,130</u>	<u>2,372</u>
<b>Attributable to:</b>				
Equity holders of the company		<u>874</u>	<u>1,130</u>	<u>2,372</u>

The accompanying selected explanatory notes are an integral part of the condensed interim consolidated financial statements of Automotive Components Europe S.A. for the period ended 30 June 2013, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Interim Comprehensive Income Statements  
for the six months period ended 30 June 2013  
(expressed in thousand of Euros)

	First-half 2013	First-half 2012	Full-year 2012
<b>Consolidated profit per consolidated interim income statement (I)</b>	<b>874</b>	<b>1,130</b>	<b>2,372</b>
Income and expense recognised directly in equity that can be reclassified into profit or loss:			
- Cash flow hedges	(264)	599	470
- Tax effect	47	(110)	(66)
- Exchange differences	(590)	51	248
Income and expense recognised directly in equity that can not be reclassified into profit or loss:	-	-	-
<b>Total income and expense recognised directly in consolidated equity (II)</b>	<b>(807)</b>	<b>540</b>	<b>652</b>
Transfers to consolidated profit and loss:			
- Cash flow hedges	1	(254)	178
- Tax effect	(7)	45	(35)
- Exchange differences	-	-	-
<b>Total Transfers to consolidated profit and loss (III)</b>	<b>(6)</b>	<b>(209)</b>	<b>143</b>
<b>Total consolidated recognised income and expense (I+II+III)</b>	<b>61</b>	<b>1,461</b>	<b>3,167</b>
Attributable to the Parent	61	1,461	3,167

The accompanying selected explanatory notes are an integral part of the condensed interim consolidated financial statements of Automotive Components Europe S.A. for the period ended 30 June 2013, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Interim Statement of Changes in Stockholder's Equity  
for the six months period ended 30 June 2013  
(expressed in thousand of Euros)

Notes	Attributable to equity holders of the company							
	Share Capital	Share premium	Legal reserve	Retained earnings	Cash Flow hedges	Exchange differences	Profit for the period	Net Equity
Balance at 1 January 2012	3,185	5,444	320	28,253	(594)	(87)	2,088	38,609
Allocation of previous year profit	-	-	137	1,951	-	-	(2,088)	-
Total consolidated recognised income and expense	-	-	-	-	280	51	1,130	1,461
Dividend relating to previous period	-	-	-	(1,062)	-	-	-	(1,062)
Balance at 30 June 2012	3,185	5,444	457	29,142	(314)	(36)	1,130	39,008
Balance at 1 July 2012	3,185	5,444	457	29,142	(314)	(36)	1,130	39,008
Allocation of previous year profit	-	-	(137)	137	-	-	-	-
Total consolidated recognised income and expense	-	-	-	-	267	197	1,242	1,706
Purchase of treasury shares	-	-	-	(25)	-	-	-	(25)
Other	-	-	-	2	-	-	-	2
Balance at 31 December 2012	3,185	5,444	320	29,256	(47)	161	2,372	40,691
Balance at 1 January 2013	3,185	5,444	320	29,256	(47)	161	2,372	40,691
Allocation of previous year profit	-	-	-	2,372	-	-	(2,372)	-
Total consolidated recognised income and expense	-	-	-	-	(223)	(590)	874	61
Purchase of treasury shares	4.g	-	-	(763)	-	-	-	(763)
Dividend relating to previous period	4.g	-	(1,487)	-	-	-	-	(1,487)
Balance at 30 June 2013	3,185	3,957	320	30,865	(270)	(429)	874	38,502

The accompanying selected explanatory notes are an integral part of the condensed interim consolidated financial statements of Automotive Components Europe S.A. for the period ended 30 June 2013, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Cash Flow Statement  
for the six months period ended 30 June 2013  
(expressed in thousand of Euros)

	Notes	June 2013	June 2012	December 2012
<b>Cash flows from ordinary activities</b>				
Profit before tax		1,761	1,453	2,678
Adjusted for:				
Amortisation and depreciation		2,413	2,538	5,201
Net Financial result		604	503	239
(Profit)/loss on sale of property, plant and equipment		-	(40)	41
Gains and losses on changes in fair values of derivative financial instruments		-	(1)	(1)
Others		(348)	(16)	(1,078)
<b>Operating profit before changes in working capital</b>		4,430	4,437	7,080
(Increase)/decrease in receivables and other current assets		(4,081)	(1,685)	2,549
(Increase)/decrease in inventories		1,227	(119)	(2)
Increase/(decrease) in trade and other payables		3,998	(2,441)	(4,824)
<b>Cash from operating activities</b>		5,575	192	4,803
Income taxes paid		(195)	(414)	(1,010)
<b>Net cash from ordinary activities</b>		5,380	(222)	3,793
<b>Cash flows from investing activities</b>				
Acquisition of subsidiary, net of cash acquired		-	-	(24)
Acquisition of property, plant and equipment		(2,678)	(3,327)	(11,413)
Proceeds from sale of non current assets		27	46	59
Acquisition of other intangible assets		(26)	(32)	(91)
<b>Net cash from investing activities</b>		(2,677)	(3,313)	(11,469)
<b>Cash flows from financing activities</b>				
Repayments of borrowings	4.i	(1,688)	(2,939)	(3,903)
Proceeds from borrowings	4.i	523	-	4,464
Purchase of treasury shares		(763)	-	(26)
Dividends paid to Company's shareholders		-	-	(1,062)
Net of financial result paid and received		(447)	(312)	(469)
<b>Net cash from financing activities</b>		(2,375)	(3,250)	(996)
Net increase/(decrease) in cash and cash equivalents		327	(6,785)	(8,672)
Cash and cash equivalents at beginning of the period		12,407	20,466	20,466
Effects of exchange rate changes on the balance sheet		112	486	613
<b>Cash and cash equivalents at the end of the period</b>	4.f	12,846	14,167	12,407

The accompanying selected explanatory notes are an integral part of the condensed interim consolidated financial statements of Automotive Components Europe S.A. for the period ended 30 June 2013, in conjunction with which they should be read.



## AUTOMOTIVE COMPONENTS EUROPE S.A. AND SUBSIDIARY COMPANIES

### Notes to the condensed interim consolidated financial statements for the period ended 30 June 2013

The condensed interim consolidated financial statements of the ACE S.A. for the six months ended 30 June 2013 include the accounts of ACE and its subsidiaries.

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

ACE is a limited liability company, incorporated under the law of the Grand Duchy of Luxembourg on 21 July 2006, listed on the Warsaw Stock Exchange, whose head office is located at 38, Boulevard Napoléon 1er , L-2210 Luxembourg , Grand Duchy of Luxembourg, where it was moved to in February 25, 2013 from the former address in 82 Route d'Arlon, L-1150 Luxembourg.

ACE's condensed interim consolidated financial statements were authorized for issue by the Directors' Statements on 30 August 2013.

#### (1) Summary of significant accounting policies

The condensed interim consolidated financial statements of ACE Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including International Accounting Standards (IASs) and related Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

In particular, the condensed interim consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with IAS 34 related to interim financial reporting. As permitted by IAS 34, this condensed set of financial statements includes only selected explanatory notes. The Group has selected those explanatory notes which are considered significant, in relation to the whole condensed interim consolidated financial statements. These notes may be read in conjunction with the consolidated financial statements for the year ended 31 December 2012. The accounting principles used to prepare the condensed interim consolidated financial statements for the six months ended 30 June 2013 are identical to those used to prepare the 2012 consolidated financial statements, except for the application of the new mandatory standards, amendments and interpretation. However, none of the new standards, amendments and interpretations, whose application is mandatory as of 1 January 2013, had any material impact on the condensed interim consolidated financial statements for the six months ended 30 June 2013.

The preparation of the financial statements requires ACE to make estimates and assumptions which could have an impact on the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions were made on the basis of past experience and other factors considered being reasonable in the circumstances.

Accordingly, they serve as the basis for the judgments made in determining the carrying amounts of assets and liabilities which could not be determined directly from other sources. The definitive amounts that will be stated in ACE's future financial statements may be different

from the amounts currently estimated. These estimates and assumptions are reviewed on a continuous basis.

The information relating to the first half of 2012 contained in these notes to the condensed interim consolidated financial statements is presented only for comparison purposes, and it does not constitute the ACE Group's consolidated financial statements for the period ended 30 June 2013.

## (2) Changes in scope of consolidation

On 15 October 2010, in the context of the group's restructuring process following mainly the requirements set by the lender of the new financing obtained in 2010, ACE Boroa S.L. was created and incorporated as a sole proprietor company with limited liability under Spanish law.

On 12 November 2010 ACE Group signed a long-term syndicated financing agreement with a pool of Spanish banks. The refinancing loan was used by the Group for partial refinancing and repayment of the loan facilities used directly by the three production plants. The aim is to substantially improve group cash management, decrease costs of global debt financing and allow additional free cash-flow within ACE group. To rationalize this financing process and provide the local guarantees required by the syndicated pool of Spanish banks, ACE transferred at the same time, through a contribution in-kind, all shares of the three production plants (Fuchosa S.L., EBCC sp. z o.o. and Feramo s.r.o.) to the new Spanish company ACE Boroa S.L., the borrower, being a 100% subsidiary of ACE S.A. This entity as well as all remaining ACE Group members are the debt guarantors.

On 12 November 2010 ACE4C, A.I.E. was created and incorporated as an economic interest group ("Agrupación de interés económico") under Spanish law, controlled in a 96% by ACE Boroa, S.L. and 4% by Fuchosa S.L.

No transactions with a material impact on the scope of consolidation were carried out in first-half 2013.

## (3) Seasonal fluctuation in business levels

ACE Group does not usually experience any important fluctuation linked with changes in seasonal demand.

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

## (4) Notes to the condensed interim consolidated income statements and balance sheet

(a) Revenues

The distribution of consolidated net revenues for six months ended 30 June 2013 by business segments is as follows:

	Thousand of Euros	Thousand of Euros	Thousand of Euros
	From 1 January to	From 1 January to	From 1 January to
	June 2013	June 2012	December 2012
	(6 months)	(6 months)	(12 months)
Products			
Nodular iron products	29.757	27.556	50.616
Grey iron products	5.018	6.672	12.947
Aluminium products	12.417	12.500	23.188
Other family products	4.214	4.659	8.434
Others	1.400	1.837	3.433
	<u>52.807</u>	<u>53.225</u>	<u>98.619</u>

(b) Cost of sales

The distribution of cost of goods sold at the end of June 2013 is as follows:

	Thousand of Euros	Thousand of Euros	Thousand of Euros
	From 1 January to June 2013	From 1 January to June 2012	From 1 January to December 2012
	(6 months)	(6 months)	(12 months)
Raw materials and consumptions	22.551	24.275	45.308
Stock variances	427	400	(115)
Energy and gas	5.799	5.799	10.914
Maintenance expenses	2.334	2.048	3.974
Salaries and wages	7.090	7.223	13.244
Outsourcing	1.107	808	1.781
Depreciation	2.150	2.291	4.730
Cost of goods sold others	814	995	1.771
	<u>42.272</u>	<u>43.840</u>	<u>81.607</u>

(c) Selling and distribution costs

Details of distribution costs are as follows:

	Thousand of Euros	Thousand of Euros	Thousand of Euros
	From 1 January to June 2013	From 1 January to June 2012	From 1 January to December 2012
	(6 months)	(6 months)	(12 months)
Transportation costs	638	627	1.159
Packaging expenses	367	223	431
Salaries and wages	181	265	521
Other distribution costs	25	36	78
	<u>1.211</u>	<u>1.151</u>	<u>2.189</u>

(d) General and administrative expenses

Details of administrative expenses are as follows:

	Thousand of Euros	Thousand of Euros	Thousand of Euros
	From 1 January to June 2013	From 1 January to June 2012	From 1 January to December 2012
	(6 months)	(6 months)	(12 months)
Wages and salaries	4.238	3.922	7.233
External services	1.690	1.472	3.471
Travel Expenses	307	287	548
Depreciation and amortisation of non operating fixed assets	263	248	471
Renting	237	218	475
Other administrative expenses	566	430	1.044
	<u>7.301</u>	<u>6.577</u>	<u>13.242</u>



The Group headcount at 30 June 2013 is as follows:

	Headcounts	Headcounts	Headcounts
	As of	As of	As of 31
	30 June 2013	30 June 2012	December 2012
Managers	29	30	29
Administrative employees	130	138	140
Workers	600	695	608
	<u>759</u>	<u>863</u>	<u>777</u>

The decrease in number of employees comparing June 2012, is mainly related to the externalisation of some activities in EBCC. Additionally, there has also been a decrease in Fuchosa due to the shutdown of the third line after the investment in a new line with more production capacity.

(e) Net financial result

Details are as follows:

	Thousand of Euros	Thousand of Euros	Thousand of Euros
	From 1 January to June 2013	From 1 January to June 2012	From 1 January to December 2012
	(6 months)	(6 months)	(12 months)
Interest income:			
- Interest on deposits	49	85	174
	<u>49</u>	<u>85</u>	<u>174</u>
Interest expense from third parties:			
- Bank borrowings	(355)	(387)	(245)
- Other interest expenses and charges	(154)	(263)	(512)
	<u>(509)</u>	<u>(650)</u>	<u>(757)</u>
Net foreign exchange transaction gains/(losses):	(143)	(77)	204
	<u>(143)</u>	<u>(77)</u>	<u>204</u>
	<u>(603)</u>	<u>(642)</u>	<u>(379)</u>

Group applies hedge accounting for the new derivative financial agreement contracted since 2010 for which the cash flow hedging can be applicable according to IAS 39 and its

amendments and interpretations. Thus, its variations in valuations are registered directly in Equity.

The amount included in Net foreign exchange transaction gains / (losses) corresponds to gains or losses in exchange rates transactions versus Czech koruna and Polish zloty.

(f) Cash and cash equivalents

	Thousand of Euros June 2013	Thousand of Euros December 2012	Thousand of Euros June 2012
Cash at bank and in hand	9.649	7.200	10.407
Short-term bank deposits	3.197	5.207	3.760
Cash and cash equivalents	12.846	12.407	14.167

(g) Equity

(i) Treasury shares.

The General Meeting of Shareholders held on 19 June 2012 approved a buy-back program of the Company shares. The objectives of the buy-back programme are as follows:

- a) to meet obligations arising from ESOP granted or that could be granted,
- b) purchase of shares for retention and subsequent use for exchange or payment in the framework of potential external growth transactions,
- c) to be used for supporting the liquidity of the secondary market,
- d) to be cancelled in the framework of a share capital reduction.

The maximum purchase price per share to be paid in cash shall not represent more than PLN 13, and no less than PLN 0.04. The maximum number of shares that may be acquired by the Company shall not exceed in total the maximum of five million euros (EUR 5.000.000).

Since the commencement of the above defined buy-back program the Company acquired in total 428.150 of its own shares with an average purchase price of PLN 7,79 (18.000 of them in December 2012 with a purchase average price of PLN 5,82). The total number of shares purchased during the Program gave a right to 428.150 votes at the General Meeting of Shareholders and constituted 2,017% of the Company's share capital.

On 18 June 2013 the General Meeting of Shareholders adopted another buy-back program under the same conditions as the one before defined but for period of 3 years and with a maximum purchase price per share to be paid in cash no more than PLN 20 and no less than PLN 0,04.

The Company has not disposed any treasury share.

Consequently, the changes in 2012 and 2013 in the shares of ACE owned by the Group are as follows:

	Number of shares	Thousand of Euros
Additions	18.000	25
At 31 December 2012	18.000	25
Additions	410.150	763
At 31 June 2013	428.150	788

(ii) Approval of the distribution of dividends against share premium

General Shareholders Meeting held on 18 June 2013 approved the repayment in the global amount of EUR 1,486,136.05 amounting to EUR 0.07 per share to be paid from “Share Premium”.

(h) Earnings per share

(i) Basic

Basic profits per share are calculated by dividing profit for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares in circulation throughout that period.

Details of the calculation of basic profit per share is as follows

	June 2013	December 2012	June 2012
Net profit for the period (Thousand Euros)	874	2.372	1.130
Weighted average number of ordinary shares for the purpose of basic earnings per share	21.038.023	21.229.578	21.230.515
Basic earnings per share (Euros)	0,04	0,11	0,05

	June 2013	December 2012	June 2012
Number of ordinary shares outstanding at the beginning of the period	21.230.515	21.230.515	21.230.515
Effect of treasury shares	(192.492)	(937)	
Weighted average number of ordinary shares used outstanding during the period	21.038.023	21.229.578	21.230.515

(ii) Diluted

Diluted profits per share are calculated by dividing profits attributable to shareholders of the Company by the weighted average number of ordinary shares in circulation considering the diluting effects of potential ordinary shares.

	June 2013	December 2012	June 2012
Net profit for the period (Thousand Euros)	874	2.372	1.130
Weighted average number of ordinary shares plus the effect of dilutive options	21.038.023	21.229.578	21.230.515
Diluted earnings per share (Euros)	0,04	0,11	0,05

There is not any diluting effect of potential ordinary shares to be considered during 2012 and 2013.

(i) Borrowings

Details are as follows:

	Thousand of Euros June 2013	Thousand of Euros December 2012	Thousand of Euros June 2012
Non-current			
Bank borrowings	13.300	15.204	13.553
Debentures and other loans	3.688	3.257	1.800
	16.988	18.461	15.353
Current			
Bank borrowings	3.679	3.258	2.731
Debentures and other loans	228	228	167
	3.907	3.486	2.898
Total borrowings	20.895	21.947	18.251

In “Debentures and other loans” the Group includes non-bearing interest loans connected to the R&D expenses.



(j) Derivative financial instruments

Details are as follows:

	Thousand of Euros June 2013	Thousand of Euros December 2012	Thousand of Euros June 2012
<i>Non - Current financial assets</i>			
Currency option	-	71	29
	-	71	29
<i>Current financial assets</i>			
Currency option	60	205	67
	60	205	67
<i>Non - Current financial liabilities</i>			
Interest rate swap	264	374	324
Currency option	59	-	24
	323	374	348
<i>Current financial liabilities</i>			
Currency option	101	1	170
	101	1	170

The Group uses interest rate swaps to minimize its exposure to interest rates fluctuations on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. In the context of the syndicated loan, the Group entered into derivative financial contracts to fix the interest payments of a nominal amount of Euro 9 million at an average rate of 2.43 per cent for periods up until 2016. The remaining outstanding nominal amount covered by these contracts as of June 30, 2013 is Euro 6.1 million (Euro 7.37 million as of December 31, 2012).

The Group also uses currency financial instruments in order to minimize its exposure to the exchange rate risk between the Polish Zloty and the Euro due to PLN denominated expenses whereas most of sales are denominated in Euro. The Group has entered in 2013 into additional derivative contracts to those signed during 2012, to sell Euro and buy PLN to secure EBCC's payments denominated in foreign currency (PLN), mainly salary and wages, moulds regeneration and supply and electricity costs. The amount hedged as of June 30, 2013 amounts 30.5 million PLN, approximately (30 million PLN as of December 31, 2012).

(k) Information by business segment

## (i) First-half 2013

	Iron casting June 2013	Aluminium casting June 2013	Others/Unallocated June 2013	Consolidated June 2013
Revenues from third parties	34.775	16.631	1.401	52.807
<b>Total revenues</b>	<b>34.775</b>	<b>16.631</b>	<b>1.401</b>	<b>52.807</b>
<b>Profit for the segment</b>	<b>2.716</b>	<b>1.514</b>	<b>1.401</b>	<b>4.230</b>
Other unallocated (expense) income	-	-	(1.867)	(1.867)
<b>Operating profit</b>	<b>2.716</b>	<b>1.514</b>	<b>(1.867)</b>	<b>2.363</b>
<b>Net financing cost</b>	<b>(156)</b>	<b>(161)</b>	<b>(286)</b>	<b>(603)</b>
Income tax	(633)	(264)	10	(887)
<b>Profit for the period</b>	<b>1.927</b>	<b>1.089</b>	<b>(2.142)</b>	<b>874</b>
<b>Segment assets</b>	<b>62.941</b>	<b>22.092</b>	<b>-</b>	<b>85.033</b>
Unallocated assets	-	-	2.139	2.139
<b>Total assets</b>	<b>62.941</b>	<b>22.092</b>	<b>2.139</b>	<b>87.172</b>
<b>Segment liabilities</b>	<b>27.563</b>	<b>4.471</b>	<b>-</b>	<b>32.033</b>
Unallocated liabilities	-	-	16.638	16.638
<b>Total liabilities</b>	<b>27.563</b>	<b>4.471</b>	<b>16.638</b>	<b>48.671</b>
<b>Other information:</b>				
Amortisation and depreciation	(1.523)	(870)	(20)	(2.413)
Interest revenue	42	2	5	49
Interest expense	(140)	(42)	(290)	(509)
Additions for the period of property, plant & equipment & intangible assets	2.533	139	26	2.698

## (ii) First-half 2012

	Iron casting June 2012	Aluminium casting June 2012	Others/Unallocated June 2012	Consolidated June 2012
Revenues from third parties	34.228	17.160	1.837	53.225
<b>Total revenues</b>	<b>34.228</b>	<b>17.160</b>	<b>1.837</b>	<b>53.225</b>
<b>Profit for the segment</b>	<b>2.079</b>	<b>1.676</b>	<b>-</b>	<b>3.755</b>
Other unallocated (expense) income	-	-	(1.661)	(1.661)
<b>Operating profit</b>	<b>2.079</b>	<b>1.676</b>	<b>(1.661)</b>	<b>2.094</b>
<b>Net financing cost</b>	<b>(178)</b>	<b>(46)</b>	<b>(418)</b>	<b>(642)</b>
Income tax	(164)	(183)	25	(322)
<b>Profit for the period</b>	<b>1.737</b>	<b>1.447</b>	<b>(2.054)</b>	<b>1.130</b>
<b>Segment assets</b>	52.602	26.229	-	78.831
Unallocated assets	-	-	3.392	3.392
<b>Total assets</b>	<b>52.602</b>	<b>26.229</b>	<b>3.392</b>	<b>82.223</b>
<b>Segment liabilities</b>	20.277	4.149	-	24.426
Unallocated liabilities	-	-	18.789	18.789
<b>Total liabilities</b>	<b>20.277</b>	<b>4.149</b>	<b>18.789</b>	<b>43.215</b>
<b>Other information:</b>				
Amortisation and depreciation	(1.457)	(1.070)	(11)	2.538
Interest revenue	57	7	21	85
Interest expense	(202)	(32)	(415)	(649)
Additions for the period of property, plant & equipment & intangible assets	3.162	188	9	3.359

(iii) Full year 2012

	Iron casting December 2012	Aluminium casting December 2012	Others/Unallocated December 2012	Consolidated December 2011
Revenues from third parties	63.563	31.623	3.433	98.618
<b>Total revenues</b>	<b>63.563</b>	<b>31.623</b>	<b>3.433</b>	<b>98.618</b>
<b>Profit for the segment</b>	<b>3.819</b>	<b>2.466</b>		<b>6.285</b>
Other unallocated (expense) income	-	-	(3.228)	(3.228)
<b>Operating profit</b>	<b>3.819</b>	<b>2.466</b>	<b>(3.228)</b>	<b>3.057</b>
<b>Net financing cost</b>	225	129	(734)	<b>(379)</b>
Income tax	(187)	(227)	108	(306)
<b>Profit for the year</b>	<b>3.857</b>	<b>2.368</b>	<b>(3.854)</b>	<b>2.372</b>
<b>Segment assets</b>	<b>57.021</b>	<b>24.996</b>	-	82.017
Unallocated assets	-	-	1.115	1.115
<b>Total assets</b>	<b>57.021</b>	<b>24.996</b>	<b>1.115</b>	<b>83.132</b>
<b>Segment liabilities</b>	<b>22.697</b>	<b>3.812</b>	-	26.509
Unallocated liabilities	-	-	15.932	15.932
<b>Total liabilities</b>	<b>22.697</b>	<b>3.812</b>	<b>15.932</b>	<b>42.441</b>
<b>Other information:</b>				
Amortisation and depreciation	(3.122)	(2.055)	(24)	(5.201)
Financial Result	246	(2)	(654)	(410)
Additions for the year of property, plant & equipment & intangible assets	13.464	278	59	13.801



(1) Events after the balance sheet date

No significant post-balance sheet events have occurred since 30 June 2013.