



ACE
AUTOMOTIVE COMPONENTS EUROPE

2009 Raport Roczny

Spis treści

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Wstęp

ACE („Spółka”) jest spółką publiczną z ograniczoną odpowiedzialnością (*société anonyme*) utworzoną i zarządzaną zgodnie z prawem luksemburskim, pod prawną i komercyjną nazwą Automotive Components Europe S.A. (w formie skróconej ACE S.A.). ACE jest zarejestrowana w Luksemburskim Rejestrze Handlu i Przedsiębiorstw pod numerem B 118130 i posiada zarejestrowaną siedzibę pod adresem 82, Route d'Arlon L-1150 Luksemburg, Wielkie Księstwo Luksemburga.

ACE, spółka holdingowa, posiada trzy spółki produkcyjne („Grupa”): odlewnie komponentów żeliwnych Fuchosa w Hiszpanii i Feramo w Czechach (w skład którego wchodzi Feramo International i Feramo Trans) oraz odlewnię komponentów aluminiowych EBCC w Polsce.

ACE jest wyspecjalizowanym dostawcą zaopatrującym europejski przemysł motoryzacyjny, zajmującym czołową pozycję na rynku elementów układów hamulcowych. Specjalizuje się w produkcji jarzm żeliwnych (odpowiedzialnych za bezpieczeństwo elementów układów hamulców tarczowych i służących do przymocowania modułu hamulcowego do podwozia) oraz zacisków aluminiowych (elementów układów hamulców tarczowych mieszczących klocki hamulcowe i tłoczki hamulca, które w procesie hamowania odpowiedzialne są za zamianę odpowiedniego ciśnienia hydraulicznego na siłę hamowania).



Najważniejsze dane finansowe

(w tys. EUR, z wyjątkiem zatrudnienia oraz kwot przypadających na jedną akcję)	2009	2008	Zmiana w %
Przychody ze sprzedaży	77 101	94 395	-18,3%
Zysk brutto ze sprzedaży	15 763	18 245	-13,6%
Zysk operacyjny	4 334	4 758	-8,9%
Zysk netto	1 980	330	500,0%
Zysk netto na akcję	EUR 0,09	EUR 0,01	800,0%
Przepływy pieniężne z działalności operacyjnej	11 019	10 613	3,8%
Przepływy pieniężne z działalności inwestycyjnej	-1 113	-12 289	-90,9%
Przepływy pieniężne z działalności finansowej	-7 991	2 489	-421,1%
Przepływy pieniężne netto	1 832	-103	~
Aktywa bieżące	33 624	34 150	-1,5%
Aktywa trwałe	43 298	47 809	-9,4%
Aktywa ogółem	76 922	81 959	-6,1%
Zobowiązania długoterminowe	18 447	19 027	-3,0%
Zobowiązania krótkoterminowe	21 628	28 159	-23,2%
Zobowiązania ogółem	40 075	47 186	-15,1%
Zadłużenie netto	7 383	11 804	-37,5%
Kapitały własne	36 847	34 773	6,0%
Wartość księgowa na akcję	EUR 1,74	EUR 1,57	10,8%
Zatrudnienie	812	893	-9,1%
Marża EBITDA	13,1%	10,5%	
Marża zysku operacyjnego	5,6%	5,0%	
Marża zysku netto	2,6%	0,3%	

Kurs PLN do EUR	Średni	Najwyższy	Najniższy	Na koniec okresu
2008	3,5129	4,1848	3,2026	4,1724
2009	4,3282	4,8999	3,9170	4,1082

Źródło: Narodowy Bank Polski

Kurs CZK do EUR	Średni	Najwyższy	Najniższy	Na koniec okresu
2008	24,9425	26,9300	22,9700	26,9300
2009	26,4450	29,4700	25,0850	26,4650

Źródło: Narodowy Bank Czech

Główne wydarzenia 2009 roku

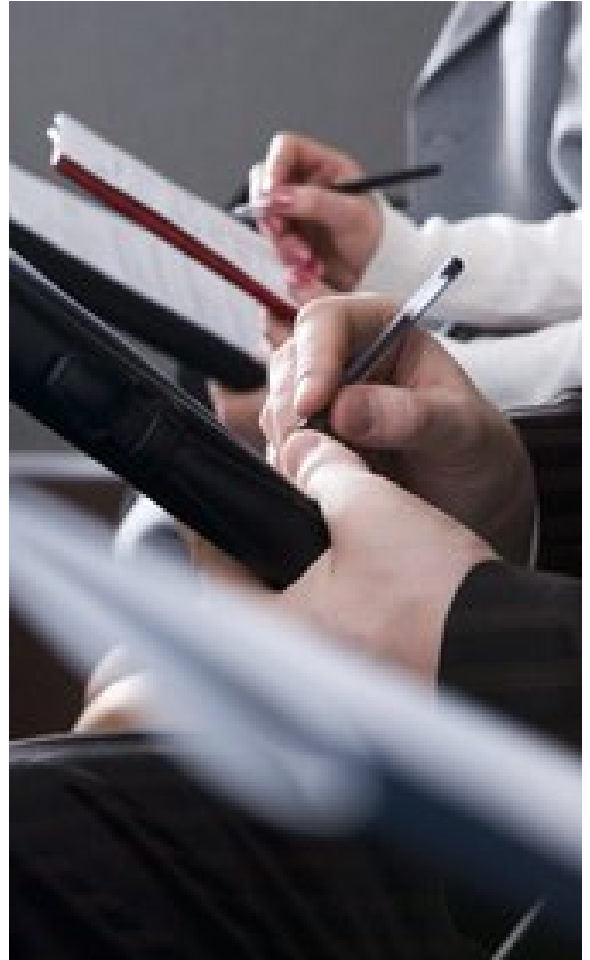
19 lutego 2009 – EBCC z siedzibą we Wrocławiu (spółka zależna ACE) podpisała porozumienie z BRE Bankiem dotyczące rozwiązywania kontraktów hedgingowych.

30 kwietnia 2009 – Publikacja raportu rocznego za 2008 rok.

17 czerwca 2009 – Zwyczajne Walne Zgromadzenie Akcjonariuszy. Zatwierdzenie sprawozdania finansowego za rok obrotowy 2008 oraz umorzenie wykupionych akcji własnych.

29 sierpnia 2009 – Publikacja śródrocznego raportu za pierwszą połowę 2009 roku.

17 listopada 2009 – Wycofanie się największego akcjonariusza private equity – EB Holding – jednego z założycieli ACE. W zamian Spółka zyskała wielu inwestorów finansowych, głównie funduszy emerytalnych i inwestycyjnych.



List Prezesa Zarządu do akcjonariuszy

Drodzy Akcjonariusze!

Niezmiernie się cieszę z możliwości przedstawienia Państwu raportu ACE za rok 2009, jak również naszych oczekiwań i perspektyw rozwoju w przyszłości.

Patrząc wstecz muszę przyznać, że rok 2009 był bardzo ważny nie tylko z punktu widzenia sektora motoryzacyjnego, ale także całej globalnej gospodarki. Wchodziliśmy w ten rok w burzliwej sytuacji rynkowej. Planując naszą działalność biznesową musieliśmy brać pod uwagę nie tylko malejący poziom zamówień, ale także niezbyt obiecujące prognozy wyników dla całego sektora motoryzacyjnego. Aby przeciwdziałać tym niekorzystnym tendencjom i dostosować się do niższego popytu, przedsięwzięliśmy nadzwyczajne środki w celu ograniczenia kosztów operacyjnych w skali całej Grupy i poprawy wyników naszej działalności.



Wolniej rozwijający się rynek motoryzacyjny i malejąca sprzedaż nowych samochodów skłoniły wiele rządów państw do wprowadzenia specjalnych programów stymulujących popyt. Najważniejsze z nich zostały wprowadzone przez Niemcy i Francję, a w ślad za nimi także wiele krajów członkowskich Unii Europejskiej podjęło podobne kroki. Końcowy wpływ wszystkich państwowych programów pomocowych był pozytywny, ponieważ sprzedaż nowych samochodów w krajach „starej Unii” wzrosła o 0,5% w stosunku do 2008 roku, mimo że niezależne prognozy na początku ubiegłego roku przewidywały jej spadek o ponad 16%.

Na poziom przychodów ACE w 2009 roku bezpośrednio wpływały wyniki produkcji nowych samochodów, a nie ich sprzedaży, która utrzymała się na stabilnym poziomie w ciągu całego roku. Produkcja samochodów spadła w Europie o 15% w porównaniu z rokiem 2008, głównie z powodu znaczącego obniżania się poziomu zapasów. W tych niekorzystnych warunkach rynkowych wszystkie nasze działania skupiały się na trzech głównych obszarach: ograniczaniu kosztów działalności operacyjnej, utrzymaniu naszej silnej pozycji rynkowej oraz wprowadzaniu nowych produktów, które w przyszłości korzystnie wpłyną na poziom osiągniętych przychodów. Realizację wszystkich trzech kluczowych zadań zakończyliśmy w 2009 roku z sukcesem.

Program redukcji kosztów, zwany „Planem Działań”, który został wdrożony w Grupie w ostatnim kwartale 2008 roku, zaczął przynosić pozytywne rezultaty już od samego początku 2009 roku. Dzięki podjętym działaniom udało nam się znacząco zredukować nie tylko wydatki związane

bezpośrednio z kosztami osobowymi, lecz także większość pozycji kosztowych dotyczących działalności operacyjnej, takich jak koszty konserwacji, koszty ogólne i administracyjne oraz inne pozycje, wpływające na wyniki w ciągu całego roku.

Czas kryzysu jest prawdziwym sprawdzianem dla wszystkich firm, nie tylko z branży motoryzacyjnej. Dużo trudniej jest przetrwać kryzys w warunkach malejącego rynku. Nasze fabryki mają wiodącą pozycję rynkową w zakresie produkcji elementów odlewniczych z żeliwa sferoidalnego i aluminium dla potrzeb układów hamulcowych. Oba zakładom udało się w 2009 roku utrzymać kluczową pozycję jako dostawców Tier 2, a w przypadku odlewni elementów aluminiowych nawet znacząco zwiększyć dotychczasowy udział w rynku.

Długoterminowa perspektywa jest szczególnie istotna przy opracowywaniu nowych produktów. Mimo trwającego kryzysu, nasze departamenty badawczo-rozwojowe w obu zakładach motoryzacyjnych intensywnie pracowały, w ścisłej współpracy z odbiorcami, nad rozwojem i wprowadzeniem do produkcji nowych produktów zarówno w celu unowocześniania już produkowanych elementów jak i zupełnie nowych, w celu dalszego rozwoju biznesu. Warto zwrócić uwagę na fakt, że około 35% produktów wytwarzanych w odlewni elementów aluminiowych w drugiej połowie ubiegłego roku stanowiły takie właśnie nowe produkty, których przewidywany okres produkcji wynosi 5–7 lat. Również wprowadzenie do oferty ACE przednich zacisków aluminiowych plasuje nas wśród liderów technologii odlewniczych i będzie pozytywnie wpływać na poziom zamówień w przyszłości.

Chciałbym także w kilku słowach wspomnieć o naszej działalności niemotoryzacyjnej – odlewni żeliwa szarego w Czechach – dla której rok 2009 był niezmiernie istotny pod względem stabilizacji jej działalności, poprawy wydajności, i jej rozwoju w przyszłości. Mimo kryzysu, który wywarł silny wpływ również i na ten zakład, za ubiegły rok mogliśmy skonsolidować nie tylko sprzedaż, ale także zysk EBITDA Feramo. Wyniki osiągnięte przez tę fabrykę będą w przyszłości jeszcze lepsze, w ślad za poprawą ogólnych warunków ekonomicznych, lecz prawdziwy potencjał rozwoju wiąże się z rozpoczętym już transferem technologii produkcji żeliwa sferoidalnego. Jesteśmy przekonani, że za kilka lat Feramo stanie się porównywalnym zakładem zarówno pod względem sprzedaży, jak i osiągniętych zysków do dwóch pozostałych fabryk motoryzacyjnych.

Podsumowując, chciałbym zwrócić Państwa uwagę na znakomite wyniki finansowe osiągnięte przez ACE w 2009 roku. Przy spadku przychodów o ponad 18%, Grupie udało się zwiększyć marżę, utrzymać zysk z działalności operacyjnej na poziomie zbliżonym do osiągniętego w 2008 roku, a nawet nieznacznie zwiększyć zysk EBITDA. Ponadto w ciągu całego ubiegłego roku Grupa ACE utrzymywała wysoką zdolność do generowania wolnej gotówki, mimo spłaty części

kredytów bankowych oraz anulowania kontraktów hedgingowych. Spółce udało się zwiększyć jej poziom, a w szczególności zmniejszyć zadłużenie netto o 37% do 7,4 mln EUR na koniec grudnia 2009 roku.

Jesteśmy przekonani, że w 2010 roku uda nam się jeszcze poprawić osiągnane wyniki finansowe. Priorytetem dla ACE będzie wykorzystanie w jak największym stopniu przewidywanej stabilizacji produkcji motoryzacyjnej i osiągnięcie wyników lepszych niż rynek. Z naszego punktu widzenia przyszłość Spółki jest oczywista i nie mamy innej alternatywy jak dalszy i ciągły jej rozwój w przyszłości. W obecnym momencie rosnąca koncentracja na rynku motoryzacyjnym utrudnia nam rozwój poprzez akwizycje, i dlatego chcemy wykorzystać obecną sytuację rynkową do zwiększenia skali prowadzonej działalności i naszej pozycji rynkowej nie tylko poprzez przejęcia, ale również i rozwój organiczny, co pozwoli nam sprostać rosnącemu popytowi ze strony odbiorców.

Na zakończenie pragnę podziękować wszystkim naszym akcjonariuszom za ich wsparcie i zaufanie w obecny i przyszły rozwój ACE. Dziękuję także naszym odbiorcom, dostawcom, a zwłaszcza pracownikom za ich wysiłek na rzecz dalszej poprawy wydajności prowadzonej działalności biznesowej oraz budowania i utrzymywania wiodącej pozycji rynkowej.

Luksemburg, 30 kwietnia 2010

José Manuel Corrales
Prezes Zarządu
Automotive Components Europe

Raport Zarządu

Ogólna sytuacja rynkowa

Działalność ACE zależy od kierunków rozwoju przemysłu motoryzacyjnego, a także działań głównych producentów systemów hamulcowych. Ze względu na obecną pozycję rynkową obu zakładów produkujących podzespoły układów hamulcowych, Grupa ACE ogranicza swoją działalność do rynku europejskiego, na którym ma silną pozycję oraz przewagę konkurencyjną. Spółka nie wyklucza jednak możliwości ekspansji na nowe rynki geograficzne, gdyby pojawiły się korzystne możliwości dokonywania przejęć. Duży wpływ na wyniki ACE mają warunki panujące na europejskim rynku motoryzacyjnym ze względu na bliskie powiązania w ramach struktury łańcucha dostaw.



Mimo pesymistycznych prognoz na 2009 rok, na koniec grudnia sprzedaż w krajach Europy Zachodniej przekroczyła o 0,5% poziom z roku 2008. Prognozy te nie odzwierciedlały jednak udzielonej sektorowi motoryzacyjnemu państwowej pomocy zainicjowanej przez rządy Niemiec i Francji. Od momentu uruchomienia programów pomocowych faktyczne wyniki osiągane przez rynek, a tym samym także prognozy stawały się coraz mniej pesymistyczne, a rządowe premie za złomowane auta zaczynały skutecznie pobudzać sprzedaż nowych samochodów nie tylko w Niemczech i Francji, ale także w innych krajach Europy. Najnowsza prognoza analityków firmy JD Power na rok 2010 zakłada ogólny spadek sprzedaży nowych samochodów o 8,9%. Lepsze są natomiast szacunki dotyczące produkcji, które przewidują wzrost jej poziomu od około 1% do 7% (Źródła: CSM Worldwide, Autofacts firmy PricewaterhouseCoopers oraz najnowsze raporty Goldman Sachs).

Struktura rynku

W przypadku takich elementów systemów hamulcowych jak jarzma i zaciski, produkcja większości elementów oferowanych przez producentów kompletnych układów hamulcowych (Tier 1) jest podzlecana wyspecjalizowanym dostawcom elementów odlewniczych (Tier 2 – wykonawcy drugiego rzędu). ACE jest zintegrowanym dostawcą Tier 2 jarzm do przednich i tylnych osi oraz zacisków aluminiowych do systemów hamulcowych w samochodach osobowych.

Poddostawcy z kategorii Tier 2 dostarczają swoje podzespoły producentom z kategorii Tier 1, którzy z kolei są odpowiedzialni za montaż systemów hamulcowych i dostarczanie ich producentom samochodów (producentom oryginalnego sprzętu lub podmiotom sektora OEM). Poziom produkcji w Tier 1 i Tier 2 jest w dużej mierze uzależniony od wyników działalności OEM-ów, szczególnie w segmencie samochodów osobowych. Wzajemne relacje oparte są na otwartych kontraktach

obejmujących wielkość produkcji, cenę i zakres produktowy. Kontrakty są zazwyczaj uzgadniane lub podpisywane na dłuższy okres, ale ich podstawowe warunki, takie jak wielkość produkcji i ceny, są negocjowane co roku. Optymalizacja i rozwój produkcji powodują efekt znaczącego związania odbiorcy z dostawcą. Okres ten obejmuje produkcję części przez okres całego „życia” danego produktu dla danego typoszeregu samochodowego. Producenci elementów hamulcowych z poziomu Tier 1 wymagają od swoich poddostawców elementów odlewniczych z Tier 2 posiadania zdolności do współpracy przy prowadzeniu prac badawczo-rozwojowych nad elementami odlewniczymi (projekt, materiały itd.), certyfikowanej i niezawodnej produkcji, wysokiego poziomu jakości oraz konkurencyjnej ceny. Obróbka mechaniczna aluminiowych komponentów hamulcowych, jak zaciski, realizowana jest głównie przez poddostawców z Europy Środkowej i Wschodniej, takich jak zakład ACE w Polsce czy LeBelier na Węgrzech.

Produkty i Technologie

Podstawową działalnością Grupy ACE jest produkcja wysokiej jakości podzespołów dla producentów układów hamulcowych (Tier 1). Odlewnia aluminium zajmuje się w Grupie ACE produkcją grawitacyjnych odlewów aluminiowych oraz ich obróbką mechaniczną.



Jarzma są elementami decydującymi o bezpieczeństwie, podlegającymi wysokim wymaganiom technologicznym, takim jak bardzo wysoka wytrzymałość, odporność na rozerwanie, skręcanie, zdolność do przenoszenia nagłych obciążeń, stabilność termiczna i redukcja drgań. Zadaniem jarzma jest umocowanie elementów układu hamulcowego do konstrukcji pojazdu. Jarzma produkowane przez ACE są wykonane z żeliwa sferoidalnego. Jarzma żeliwne są obecnie montowane w większości nowo produkowanych samochodów.

Zaciski są także jednym z kluczowych elementów tarczowych układów hamulcowych, w których montowane są klocki hamulcowe i tłoczki hamulca. W procesie hamowania zaciski są odpowiedzialne za zamianę ciśnienia hydraulicznego na moment hamujący. Aluminiowe zaciski produkowane obecnie przez ACE są stosowane w tylnych hamulcach. Ukierunkowanie na produkcję zacisków do tylnych osi jest zgodne z obowiązującymi trendami technologicznymi, według których podstawowym zastosowaniem zacisków aluminiowych są tylne układy hamulcowe.

ACE w sposób ciągły współpracuje ze swoimi odbiorcami w zakresie projektowania i unowocześniania jarzm i zacisków stosowanych w nowych modelach samochodów wprowadzanych na rynek. W chwili obecnej prowadzony jest szereg wspólnych projektów, w które zaangażowane są oba działy firmy. Koncentrują się one na unowocześnianiu i usprawnianiu produkowanych elementów systemów hamulcowych. Jest to klucz do przyszłego rozwoju naszego biznesu, dlatego też ACE współpracuje ze

swoimi odbiorcami w okresie od roku do trzech lat przed uruchomieniem produkcji podzespołu (SOP).

Niedawno przejęta spółka Feramo w Czechach oferuje szeroki wachlarz produktów z żeliwa szarego dla sektora konstrukcyjnego, hydraulicznego, elektrotechnicznego i motoryzacyjnego, a także dla małych projektów urbanistycznych. Sprzedaż dla sektora motoryzacyjnego generuje około 10% przychodów Feramo.

Strategia rozwoju Spółki obejmuje opracowywanie i wprowadzanie nowych produktów, co pozwoli na zdywersyfikowanie przychodów ze sprzedaży. Obecnie jednym z najważniejszych przedsięwzięć jest wprowadzenie do produkcji przez polską fabrykę ACE pompki hamulcowej (TMC).

Drugi projekt realizowany przez ten sam zakład produkcyjny to opracowanie przednich zacisków aluminiowych, które są montowane w wysokiej klasy samochodach. Polski zakład został wybrany przez jednego z odbiorców, jako dostawca przednich zacisków, których seryjna produkcja rozpoczęła się w ostatnim kwartale 2009 roku.

Grupa ACE została również wybrana przez jednego z aktualnych odbiorców do obróbki mechanicznej elementów żeliwnych. Realizacja tego zlecenia rozpoczęła się już w 2008 roku. Jest to pierwszy projekt dotyczący obróbki mechanicznej elementów żeliwnych i biorąc pod uwagę pozycję ACE w segmencie daje on możliwość dalszego rozwoju tej działalności.

Zakłady Produkcyjne

EBCC Sp. z o.o. (Wrocław, Polska)

EBCC powstał w 1999 roku. Pierwotnie produkował pompy hydrauliczne (jako część PZL Hydral). Zmiana nazwy i przestawienie się na produkcję zacisków hamulcowych były wynikiem przejęcia firmy przez Valfond Group w roku 1999, którego celem było stworzenie dostawcy „pierwszego wyboru” aluminiowych elementów do systemów hamulcowych dla OEM-ów, które przenosiły wówczas swoją produkcję do krajów Europy Środkowej i Wschodniej. EBCC jest obecnie drugim największym dostawcą w tym segmencie, z szacunkowym udziałem w europejskim rynku zacisków aluminiowych na poziomie 35%.

Aby zwiększyć znaczenie EBCC jako wiodącego europejskiego dostawcy na rynku motoryzacyjnym, zakład stale pracuje nad poszerzeniem swojej oferty o nowe produkty i usługi. Jeszcze w 2008 roku rozpoczęła się produkcja pomki hamulcowej (TMC), a w ubiegłym roku EBCC wprowadził do swojej oferty także przednie zaciski aluminiowe oraz obróbkę mechaniczną elementów żeliwnych.

Fuchosa S.L. (Atxondo, Hiszpania)

Historia Fuchosy sięga 1987 roku, ale firma rozpoczęła swoją działalność jako odlewnia żeliwa i wyspecjalizowała się wyłącznie na produkcji komponentów układów hamulcowych (w szczególności jarzmach i obejmach) w 1991 roku. Fuchosa jest zlokalizowana w Atxondo, 40 kilometrów od Bilbao, w jednym z najbardziej uprzemysłowionych regionów Hiszpanii, gdzie znajduje się największa liczba odlewni żeliwa zarówno w kraju, jak i w Europie. Fuchosa jest niekwestionowanym liderem z szacunkowym udziałem w europejskim rynku jarzm żeliwnych na poziomie 40%. Wprawdzie w 2009 roku udziały rynkowe Spółki nieznacznie spadły w porównaniu z 2008 rokiem, co było efektem programów prowadzonych przez rządy wielu europejskich krajów, których celem była promocja mniejszych samochodów niższych klas, pozbawionych tarcz hamulcowych tylnej osi. Silna pozycja rynkowa Fuchosy wynika z wysokiego poziomu specjalizacji, doświadczenia produkcyjnego i technologicznego oraz najwyższych standardów w dziedzinie produkcji i obsługi odbiorców.

Feramo Metallum International s.r.o. (Brno, Czechy)

Feramo jest producentem odlewów z żeliwa szarego dla różnych branż, w tym sektora motoryzacyjnego (na który przypada około 10% łącznych obrotów firmy). Feramo dostarcza produkty głównie dla następujących branż: motoryzacyjnej (podzespoły do hamulców bębnowych i sprzęgieł); AGD (głównie elementy do pralek), przemysłu maszynowego (komponenty do silników elektrycznych i pomp) oraz odlewy żeliwne do systemów oczyszczania ścieków. Produkty Feramo są w większości przystosowane do indywidualnych potrzeb odbiorców. Roczna produkcja odlewów żeliwnych oscyluje wokół 15 000 ton, jednak w 2009 roku, ze względu na światowy kryzys, wolumen rocznej produkcji Feramo zmniejszył się o 30%.



Historia Feramo sięga 1932 roku, kiedy powstała odlewnia żeliwa i ruszyła produkcja na potrzeby systemów grzewczych (elementów do bojlerów i kaloryferów). W latach 1970-90 zrealizowany został intensywny program modernizacyjny, który znacznie podniósł moce produkcyjne Feramo. W ostatnich latach Feramo otworzyło nową linię produkcyjną i wdrożyło innowacyjną technologię rdzenia piaskowego. W kolejnych latach spodziewane są nowe znaczące inwestycje, by zwiększyć moce produkcyjne i wprowadzić nowy portfel produktów.

Odbiorcy

Grupa ACE dostarcza swoje produkty do następujących zakładów grupy Continental: Gifhorn i Rheinböllen (Niemcy), Palmela (Portugalia), Ebbw Vale (Walia) i Zvolen (Słowacja). Jeżeli chodzi o TRW Automotive, ACE dostarcza swoje produkty do zakładów: Jablonec (Czechy), Bouzonville (Francja),

Koblencja (Niemcy) i Pontypool (Walia). Dostawy dla grupy Bosch są realizowane do zakładów w Buelna (Hiszpania), Bari (Włochy), Angers (Francja) i Wrocławiu (Polska).

Po sfinalizowaniu transakcji zakupu Feramo w maju 2008 roku, do grupy odbiorców ACE dołączyły nowe firmy. Obecnie spółka ta posiada około 75 odbiorców w Czechach i za granicą. Dziesięciu największych z nich generuje około 70% łącznych przychodów, a struktura portfela z roku na rok jest stosunkowo stabilna. Podstawowe sektory, dla których produkuje Fermo, to producenci elementów silników, branża budowlana, motoryzacyjna oraz drobne elementy architektury miejskiej.

Dostawcy

Ze względu na fakt, że zakłady produkcyjne ACE stosują różne materiały i technologie produkcyjne, każdy z nich jest odpowiedzialny za swoje własne dostawy.



Na ogół kontrakty podpisywane przez segment żeliwny zawierane są na jeden miesiąc i dotyczą dostaw złomu. Ogólną zasadą jest, że przed wygaśnięciem kontraktu jego warunki są renegocjowane i dostosowywane do aktualnych cen rynkowych. Kontrakty na dostawy piasku zawierane są na dłuższy okres, zazwyczaj jednego roku, a energia elektryczna jest dostarczana po cenach bieżących.

Odlewnia aluminium nie zawiera pisemnych kontraktów długoterminowych z głównymi dostawcami materiałów wykorzystywanych do produkcji z wyjątkiem aluminium. Zakupy surowców są realizowane na zasadzie bieżących zamówień i na warunkach (również cenowych) ustalanych indywidualnie.

Zarządzanie jakością

Najwyższa jakość oferowanych produktów jest dla nas priorytetem. Jarzma, a także zaciski jako elementy odpowiedzialne za bezpieczeństwo, podlegają procesowi certyfikacji prowadzonemu przez naszych odbiorców, jeszcze zanim dany asortyment zostanie wdrożony do produkcji. Także proces produkcji tych części jest ściśle monitorowany, począwszy od jakości surowców, po własności mechaniczne i właściwy kształt produktów końcowych.

Spółki posiadają również wyszczególnione poniżej certyfikaty jakości przyznane przez niezależne firmy certyfikacyjne:

Certyfikat			
ISO 9000	✓	✓	✓
TS 19649	✓	✓	2010*
ISO 14000	✓	✓	2011*
OSHAS lub podobne	✓	2011*	2011*

* przewidywana data wdrożenia

Ochrona środowiska

Grupa ACE kładzie szczególny nacisk na zrównoważenie procesu produkcji, dzięki wykorzystaniu zaawansowanych technologicznie urządzeń maksymalizujących wydajność przy ich jak najmniejszym wpływie na środowisko naturalne. Polityka środowiskowa Grupy ACE polega na stosowaniu najnowocześniejszych narzędzi zarządzania w celu zapobiegania negatywnemu wpływowi procesów produkcyjnych na środowisko.

Jeden z naszych zakładów produkcyjnych dysponuje już certyfikatem EMAS, czyli unikalnym narzędziem zarządzania służącym ocenie, sprawozdawczości i poprawie polityki środowiskowej. Certyfikaty EMAS to również doskonały sposób prezentowania interesariuszom sytuacji Spółki pod względem emisji i zarządzania odpadami.

Wszystkie fabryki należące do Grupy ACE przestrzegają przepisów o ochronie środowiska obowiązujących w krajach, w których prowadzą działalność. Celem Grupy jest uzyskanie w najbliższej przyszłości wszystkich brakujących certyfikatów środowiskowych.

Badania i rozwój

Grupa posiada bardzo dobrze zarządzany i zorganizowany system rozwoju nowych produktów, w pełni dostosowany do wymogów naszych odbiorców działających na rynku motoryzacyjnym. W porównaniu z innymi producentami elementów układu hamulcowego, ACE posiada najwyższe możliwości badawczo-rozwojowe nowych produktów. Zarówno zespół pracowników, jak i wyposażenie umożliwia utrzymywanie pozycji lidera w zakresie rozwoju specjalistycznych produktów (głównie jarzm i zacisków). Pozwala również na lepsze ukierunkowanie się na potrzeby odbiorcy i rozwój produktu oraz oferowanie wyspecjalizowanych usług inżynierskich. Ta uprzywilejowana pozycja, obecnie oraz w przyszłości z pewnością zaowocuje w odniesieniu do projektu inwestycyjnego w Feramo w zakresie transferu technologii oraz rozwoju nowych produktów.



ACE realizuje wiele nowatorskich projektów skoncentrowanych na doskonaleniu procesów, wzorów i produktów. Niektóre z nich prowadzone są w ścisłej współpracy z odbiorcami, uczelniami technicznymi i centrami technologicznymi.

Mimo globalnego kryzysu gospodarczego, ACE nadal przeznacza znaczące środki na działalność badawczo-rozwojową z uwagi na jej znaczenie dla przyszłości Grupy. W roku 2009 nastąpiło jednak istotne ograniczenie kapitałów przeznaczonych na jeden z obszarów działalności badawczo-rozwojowej (inwestycje), co było związane wdrożeniem „Planu Działań”, którego celem było ograniczenie wydatków inwestycyjnych Grupy w celu zwiększenia poziomu gotówki.

w tys. EUR	2009	2008
Inwestycje w badania i rozwój	953	4 257
Koszty związane z badaniami i rozwojem	2 066	2 676
Wydatki na badania i rozwój ogółem	3 019	6 934

Strategia

Umocnienie wiodącej pozycji na europejskim rynku dostawców elementów do układów hamulcowych

Od momentu wyspecjalizowania się w odlewaniu elementów systemów hamulcowych zakłady produkcyjne Grupy stale koncentrują się na powiększaniu swojego udziału rynkowego, utrzymaniu

wysokiej jakości produktów i zapewnianiu odpowiedniej logistyki, oraz najwyższej jakości obsługi odbiorców.

Przez ostatnie lata fabryka w Hiszpanii skupiała się na utrzymaniu silnej pozycji w segmencie odlewów żeliwnych, zaś zakład w Polsce, obecnie numer dwa na rynku zacisków aluminiowych, starał się powiększyć udział w tym segmencie, zwiększając wolumen produkcji zacisków dzięki wysokiemu poziomowi innowacyjności i konkurencyjności. Planowane zwiększenie mocy produkcyjnych w Feramo pozwoli w przyszłości naszemu czeskiemu zakładowi produkcyjnemu stać się również ważnym dostawcą odlewów dla przemysłu motoryzacyjnego.

Rozszerzenie oferty technologicznej i produktowej

Grupa już rozszerzyła swoją ofertę produktową, szczególnie poprzez wprowadzenie nowych produktów aluminiowych w Polsce i przejęcie Feramo. W 2008 roku z sukcesem rozpoczęliśmy produkcję TMC (pompki hamulcowej), która w przyszłości powinna generować znaczącą część naszych przychodów. W roku 2009 uruchomiliśmy kilka nowych projektów dotyczących między innymi produkcji przednich zacisków aluminiowych i obróbki mechanicznej elementów żeliwnych. Dzięki naszej czeskiej fabryce poszerzyliśmy również ofertę o odlewy żeliwne dla innych branż, takich jak elektromechaniczna, budowlana i produkcji sprzętu przemysłowego.

Zwiększenie obecności w Europie

Lokalizacja naszej polskiej fabryki jest bardzo korzystna z racji niższych kosztów pracy i bliskości odbiorców zlokalizowanych w Europie Środkowej i Wschodniej (CEE). Także Feramo jest zlokalizowane w sercu przemysłu motoryzacyjnego, w niewielkiej odległości od naszych obecnych i potencjalnych odbiorców. Ta przewaga zostanie wykorzystana w przyszłości po zwiększeniu mocy produkcyjnych Feramo.

Zwiększenie zaangażowania w regionie Europy Środkowo-Wschodniej pozwala na optymalizację kosztów w ramach Grupy ACE oraz dalszy rozwój biznesowy poprzez rozszerzanie aktualnej oferty produktowej i sprostanie oczekiwaniom odbiorców, pod względem większej elastyczności dostaw. Dzięki zaawansowanemu technologicznemu know-how i doświadczeniu w obsłudze sektora motoryzacyjnego, gwarantowana jest najwyższa jakość produktów i usług świadczonych dla odbiorców.

Wykorzystywanie i wdrażanie synergii w ramach Grupy ACE

Integracja zakładów motoryzacyjnych, jak również Feramo w ramach Grupy ACE zaowocuje synergiami w bardzo niedalekiej przyszłości. Połączenie wysiłków będzie szczególnie ważne przy rozwoju nowych produktów, zarówno w segmencie żeliwnym, jak i aluminiowym. Nasze fabryki w Polsce i Czechach korzystają z doświadczenia zakładu w Hiszpanii i w sposób ciągły doskonalą swoje ogólne systemy

zarządzania.

Pracownicy

Grupa może się pochwalić wysoce wykwalifikowaną i profesjonalną kadrą pracowniczą. Nasz poziom produktywności na jednego pracownika jest bardzo wysoki, nie ustajemy jednak w wysiłkach, by go stale podnosić. W ostatnim kwartale 2008 i na początku 2009 roku Spółka rozpoczęła redukcję zatrudnienia w Grupie. Ponadto w hiszpańskim zakładzie produkcyjnym wprowadzono ogólne tymczasowe zwolnienia z pracy, które stanowiły jeden z nadzwyczajnych środków podejmowanych w celu dostosowania poziomu produkcji do pogarszającej się sytuacji rynkowej oraz spowolnienia w sektorze motoryzacyjnym, będącego następstwem globalnego kryzysu finansowego.

Poniższa tabela przedstawia łączną liczbę pracowników na koniec grudnia 2009:

	2009	2008
Menedżerowie	29	33
Pracownicy administracyjni	120	122
Robotnicy	663	738
Zatrudnienie ogółem	812	893

WE BCC działają następujące związki zawodowe:

- MOZ NSZZ Solidarność
- MOZ NSZZ Pracowników WPH

W Fuchosie działają następujące związki zawodowe:

- Euskal Langileen Alkartasuna (E.L.A./S.T.V.)
- Langile Abertzaleen Batzordea (L.A.B)
- Comisiones Obreras (C.C.O.O.)

W Feramo nie działa żaden związek zawodowy.



Wyniki finansowe

w tys. EUR	2009	2008
Przychody ze sprzedaży	77 101	94,395
Koszty wytworzenia	-61 338	-76,150
Zysk brutto ze sprzedaży	15 763	18,245
<i>Marża brutto</i>	20,4%	19,3%
Koszty ogólne i administracyjne	-11 429	-13,487
Zysk operacyjny	4 334	4,758
<i>Marża operacyjna</i>	5,6%	5,0%
Amortyzacja	-5 734	-5,171
EBITDA	10 067	9,929
<i>Marża EBITDA</i>	13,1%	10,5%
Wynik z aktualizacji wyceny	390	1,433
Przychody finansowe	390	930
Koszty finansowe	-2 970	-6,962
Zysk przed opodatkowaniem	2 144	159
Podatek	-164	171
Zysk netto	1 980	330
<i>Marża netto</i>	2,6%	0,3%

Globalny kryzys finansowy ma szczególnie znaczący wpływ na sektor motoryzacyjny w Europie. Według analityków z JD Power, roczny poziom sprzedaży samochodów w Europie Zachodniej w 2009 roku był jednak stabilny, a nawet wzrósł o 0,5%, czyli ok. 73 tys. sztuk. W IV kwartale sprzedaż była wyższa o 21,2%, czyli około 581 tys. samochodów.

Z drugiej jednak strony poziom produkcji w tym regionie, na podstawie danych za cały rok, był niższy w porównaniu do roku poprzedniego o 15%, czyli około 1933 tys. samochodów.

Spadek przychodów ze sprzedaży Grupy w 2009 roku o 17 294 tys. Euro, czyli 18% w stosunku do roku poprzedniego, rozpatrujemy w kontekście malejącej produkcji motoryzacyjnej, która jest głównym czynnikiem kształtującym poziom osiąganych przychodów ze sprzedaży. Również spadek cen surowców i energii w 2009 roku miał znaczący wpływ na poziom przychodów, gdyż przenoszone są one na odbiorców i są częścią składową ceny wyrobu gotowego.

Różnica będzie nieco mniejsza, jeżeli skupimy się wyłącznie na zakładach motoryzacyjnych Grupy, w których spadek sprzedaży wyniósł 3,9 mln sztuk, czyli około 14%, zbliżając się tym samym raczej do

poziomu spadku produkcji niż redukcji sprzedaży nowych samochodów. Tendencja ta jest widoczna zwłaszcza, gdy weźmiemy pod uwagę dwa główne czynniki w 2009 roku:

- Istotny spadek zapasów wyrobów gotowych w całym łańcuchu dostaw.
- Profil sprzedawanych samochodów uległ przejściowo zmianie – nastąpiło przesunięcie z wyższego do niższego segmentu, w którym to w pojazdach na tylnej osi instalowane są hamulce bębnowe, które nie wykorzystują produkowanych przez ACE części przeznaczonych do hamulców tarczowych.

Bezpośrednie koszty produkcji i zysk ze sprzedaży

W kontekście sprzedaży, spadek aktywności to główny czynnik, jaki wpłynął na zmianę wyników finansowych w ujęciu rocznym. Niższemu poziomowi sprzedaży odpowiadał jeszcze niższy poziom produkcji utrzymywany w celu obniżenia zapasów i poprawy struktury kapitału obrotowego.

Dodatkowo na obniżenie przychodów i zysku brutto ze sprzedaży w 2009 roku w porównaniu do roku 2008 miały wpływ gorszy koszyk produktowy, widoczny jako większy udział sprzedaży żeliwa szarego oraz spadek ilości obrabianych elementów aluminiowych.

Z drugiej strony, oszczędności z tytułu redukcji zatrudnienia i kosztów konserwacji uzyskane w wyniku realizacji „Planu Działań” wdrażanego przez wszystkie jednostki operacyjne Grupy począwszy od ostatniego kwartału 2008 roku, miały bardzo pozytywny wpływ na zysk brutto ze sprzedaży.

Dodatkowo, mniejsze wahania cen energii i surowców oraz słabsza złotówka w 2009 roku kompensowały również negatywny wpływ niższych wolumenów sprzedaży i koszyka produktowego.

Roczny zysk brutto wyniósł 15,8 mln EUR, czyli o 2,5 mln EUR mniej niż w roku 2008 (spadek o 13,6%).

Koszty ogólne i administracyjne

Ograniczenie kosztów sprzedaży i dystrybucji związane z niższym wolumenem sprzedaży oraz pozytywnym wpływem wdrożenia „Planu Działań”, pozwoliło na ich znaczącą redukcję (pomimo, że okres konsolidacji nowo przejętej spółki jest o 4 miesiące dłuższy).

Uwzględniając oszczędności osiągnięte na poziomie zysku brutto ze sprzedaży, całkowite oszczędności uzyskane z wprowadzenia planu redukcji kosztów („Planu Działań”) wyniosły 4,5 miliona EUR, w porównaniu z analogicznym okresem 2008 roku. Dodatkowo różnice kursowe miały bardzo pozytywny wpływ na rentowność Spółki. Całkowity wpływ tych różnic na EBITDA wyniósł 2,3 miliona EUR.

Podążając za trendem rynkowym, osiągnięte w ostatnim kwartale 2009 roku przychody były najwyższe od zakończenia trzeciego kwartału 2008 a sprzedaż, po raz pierwszy w roku, była powyżej

analogicznego okresu roku poprzedniego. Zwiększona aktywność miała wpływ na spadek oszczędności związanych z wprowadzeniem planu oszczędnościowego, tym niemniej były one wciąż pozytywne.

EBITDA i zysk z działalności operacyjnej

Wynik EBITDA wyniósł ponad 10 mln EUR i był wyższy niż w roku 2008 o 138 tys. EUR (+1,4%).

Pomimo spadku zysku brutto ze sprzedaży o 2,5 mln EUR w porównaniu z rokiem 2008, wzrost zysku EBITDA jest głównie skutkiem programu redukcji kosztów ogólnych i administracyjnych.

Amortyzacja wzrosła w 2009 roku o 0,6 mln EUR z uwagi na dłuższy okres konsolidacji czeskiej spółki oraz wzrost amortyzacji z tytułu nowych inwestycji realizowanych w 2008 roku.

Wynik z działalności operacyjnej wyniósł ok. 4,3 mln EUR (czyli zaledwie o 0,4 mln EUR mniej niż w roku 2008; -8,9%), wykazując z kwartału na kwartał pozytywny i trwały trend, co ma o jeszcze większe znaczenie mając na uwadze spadek obrotów o 18% w porównaniu z rokiem 2008.

Wynik na działalności finansowej

Oslabienie się złotówki w ciągu roku, a także godziwa wycena oraz gotówkowe straty poniesione na kontraktach hedgingowych przez polski zakład są powodem ujemnego wyniku na operacjach finansowych w wysokości 1,4 miliona EUR, co miało bezpośredni wpływ na skumulowany wynik na operacjach finansowych w wysokości -2,6 miliona EUR. Po uwzględnieniu tego wyniku oraz częściowym rozwiązaniu kontraktów hedgingowych, wycena tych instrumentów w bilansie wynosi 1,2 miliona EUR. Tym niemniej umocnienie się złotego w trzech ostatnich kwartałach było przyczyną pozytywnego wzrostu wyceny godziwej tych kontraktów o około 0,3 miliona EUR.

Wpływ godziwej wyceny kontraktów był w całości uwzględniony w wynikach pierwszych dwóch miesięcy 2009 roku, a po częściowym rozwiązaniu tych kontraktów oraz mniejszej zmienności złotówki, Spółka nie odnotowała znaczących zmian w tej pozycji. W kolejnych miesiącach ze względu na ciągłą realizację części kontraktów oraz w nowej sytuacji, jaka nastąpiła po częściowym ich anulowaniu należy oczekiwać bardziej ustabilizowanej struktury, w której straty na poziomie finansowym będą odzyskiwane na poziomie operacyjnym.

W ostatnim kwartale Spółce udało się obniżyć część odroczonej płatności przypadającej na 2009 rok z tytułu przejęcia czeskiej fabryki, co przyniosło również przychody finansowe w kwocie 390 tys. EUR (wykazywane jako wynik z aktualizacji wyceny w rachunku zysków i strat).

W 2009 roku Spółka odnotowała znaczną redukcję strat osiągniętych w 2008 roku, a pochodzących ze zmiany wyceny instrumentów pochodnych w tymże roku, w kwocie 5,0 miliona EUR. Różnica w tej

pozycji finansowej w 2009 roku jest dodatnia i wynosi 3,5 miliona EUR w porównaniu z 2008 rokiem.

Zysk przed opodatkowaniem i podatek dochodowy

W wyniku znaczącej poprawy na poziomie operacyjnym, pomimo niższych przychodów oraz jednostkowych zdarzeń finansowych w 2008 roku, osiągnięty zysk przed opodatkowaniem był znacząco wyższy niż rok wcześniej. Całkowity zysk przed opodatkowaniem w 2009 roku wzrósł do 2,1 miliona EUR (wzrost o 2,0 miliona EUR w porównaniu do 2008 roku).

Podatek dochodowy od osiągniętego zysku przed opodatkowaniem wyniósł 164 tys. EUR.

Zysk netto

Spółka osiągnęła wynik finansowy netto w wysokości 2,0 mln EUR, czyli o 1,7 mln EUR więcej niż w roku 2008, co również jest odzwierciedleniem pozytywnych czynników, o których była mowa powyżej.

Ostatnie kwartały były zdecydowanie bardzo dobre pod względem osiąganego zysku netto dzięki polepszeniu rentowności operacyjnej oraz braku negatywnego wpływu zmian kursów walutowych na pozycje finansowe.

Sytuacja finansowa

„Plan Działań” miał bardzo znaczący wpływ na poprawę kapitału obrotowego i spadek zapasów, dzięki czemu gotówka z działalności operacyjnej zamknęła się kwotą 11,0 miliona EUR, co jest wynikiem nawet o 0,4 miliona EUR lepszym niż w 2008 roku.

Ponadto niższe podatki oraz niższe wydatki inwestycyjne zaowocowały poprawą stanu gotówki z działalności inwestycyjnej. Pomimo kosztów zamknięcia części kontraktów hedgingowych w wysokości 3,2 miliona EUR (pomniejszone o 2 miliony EUR kredytu przyznanego przez bank na ten cel) oraz spłaty części zadłużenia bankowego końcowy poziom gotówki zwiększył się o 1,8 miliona EUR, głównie w ostatnim kwartale.

Końcowy poziom gotówki w Spółce na koniec roku wyniósł 11,9 miliona EUR, co oznacza wzrost o 4,5 miliona EUR w porównaniu do końca pierwszej połowy roku, i jest wynikiem lepszym niż rok wcześniej. Dług netto na ten sam dzień wynosił 7,4 miliona EUR i był znacznie niższy w porównaniu z poprzednimi kwartałami roku.

Wykonanie budżetu (prognoza)

Spółka nie publikowała żadnej oficjalnej prognozy finansowej ani wytycznych na rok 2009.

Perspektywy na rok 2010

Prognozy na 2010 rok wskazują na pewną stabilizację, a nawet nieznaczny wzrost produkcji motoryzacyjnej przy jednoczesnym spadku sprzedaży. Prognoza JD Power z marca szacuje, że w Europie Zachodniej nastąpi spadek sprzedaży o 8,9% w porównaniu z rokiem 2009.

Najbardziej aktualna prognoza, zawarta w Autofacts firmy PricewaterhouseCoopers, podwyższa szacunki dotyczące produkcji dla regionu Europy Zachodniej do 1,5% a dla całej Unii Europejskiej i Europy Wschodniej do 3%. Inne prognozy produkcyjne to dokument opracowany przez bank inwestycyjny Goldman Sachs, który podwyższył swoją prognozę produkcji z -0,2% do +7,1%.

Z uwagi na fakt, że to europejska produkcja samochodów (a nie ich sprzedaż) była czynnikiem determinującym poziom przychodów ze sprzedaży Grupy w roku 2009, w roku 2010 możemy oczekiwać pewnej stabilizacji.

W obecnej sytuacji trudno jest jednak polegać na prognozach rynkowych, a nasze starania koncentrują się obecnie na utrzymywaniu i realizacji działań na rzecz znacznej redukcji kosztów i jak najlepszego dostosowywania się do niższego wolumenu sprzedaży, a także na aktywnym opracowywaniu nowych produktów i projektów w celu jak najlepszego wykorzystywania wolnych mocy produkcyjnych powstałych w Grupie w wyniku spowolnienia gospodarczego.

Główne rezultaty i zakres „Planu Działań” są omówione w części dotyczącej wyników finansowych. W kolejnych miesiącach niektóre z tych działań mogą być stopniowo wygaszane, w miarę potwierdzania się rosnącej liczby zamówień od odbiorców. W 2010 roku może być również konieczne rozważenie nowych inwestycji służących zaspokojeniu popytu, zwłaszcza w segmencie aluminiowym. Dzięki tym nowym zamówieniom sprzedaż Grupy powinna w 2010 roku wzrosnąć o 5–10% w stosunku do roku 2009 przy zakładanym poziomie cen surowców i energii (które wpływają na nasze ceny sprzedaży).

W chwili obecnej wysiłki ACE koncentrują się głównie na wykorzystaniu wolnych mocy produkcyjnych do innych projektów, lecz nasza średnio- i długoterminowa strategia zakłada wprowadzenie do portfela nowych produktów oraz odbiorców (w drodze rozwoju organicznego jak i akwizycji), aby następował ciągły rozwój biznesu, nawet w sytuacji gdy rynek motoryzacyjny nie funkcjonuje tak jak w latach ubiegłych. Dla ACE jest rzeczą oczywistą, że nasza obecna struktura finansowania pozwala nam na zmierzenie się z obecnym okresem z lepszej pozycji finansowej oraz że firmy, które będą umiały poradzić sobie z nowymi warunkami wyjdą wzmocnione z okresu spowolnienia.

Istotne wydarzenia po zakończeniu roku

Po dniu bilansowym nie wystąpiły żadne istotne zdarzenia, które miałyby bezpośredni wpływ na sprawozdanie finansowe Spółki lub jej wyniki finansowe.

Informacje giełdowe

Informacje podstawowe

Rok obrotowy:	od 1 stycznia do 31 grudnia
Kod ISIN:	LU0299378421
Liczba wyemitowanych akcji:	21,230,515
Wartość nominalna 1 akcji:	0,15 EUR
Rynek notowań:	Giełda Papierów Wartościowych w Warszawie

Zmiany wartości akcji

Zmiana na koniec 2009 wyrażona w %	W porównaniu z końcem 2008
ACE S.A.	336,9%
WIG Index	46,9%
SWIG80 Index	61,9%

Notowania giełdowe

	2009	2008
Kapitalizacja rynkowa na koniec okresu (w mln PLN i mln EUR)	163,3 mln PLN 39,7 mln EUR	38,9 mln PLN 9,3 mln EUR
Cena akcji (w PLN)		
- Najwyższa	7,69	12,23
- Najniższa	1,10	1,66
- Średnia	4,16	7,51
- Na koniec okresu	7,69	1,76
Wartość księgowa na akcję (w EUR)	1,74	1,57

Wskaźniki

w EUR	2009	2008
Zysk netto na akcję	0,09	0,01
Przepływy pieniężne netto na akcję	0,09	0,00
Dywidenda na akcję	-	-



Akcje i rynek notowań

Podczas pierwszej oferty publicznej akcji (IPO), która miała miejsce w maju 2007 roku, Spółka podwyższyła swój kapitał zakładowy z 20 050 100 akcji do 22 115 260 akcji. Na podstawie prospektu emisyjnego trzech dotychczasowi akcjonariusze ACE – Casting Brake, EB Holding oraz Halberg Holding – sprzedali łącznie 10 423 316 akcji Spółki (minus akcje skupione w ramach opcji dodatkowego przydziału 319 389, co oznacza, że sprzedanych zostało 10 103 927 akcji Spółki). Pierwsze notowanie ACE na warszawskiej Giełdzie Papierów Wartościowych odbyło się 1 czerwca 2007 roku.

	Przed ofertą		Po ofercie		Obecnie	
	Liczba akcji	%	Liczba akcji	%	Liczba akcji	%
Stare akcje	20 050 100	100%	20 050 100	90.66%	21 230 515	100%
Nowe akcje	-	-	2 065 160	9.34%	-	-
Ogółem	20 050 100	100%	22 115 260	100%	21 230 515	100%

Nadzwyczajne Walne Zgromadzenie Akcjonariuszy, które odbyło się 17 czerwca 2009 roku przyjęło uchwałę o obniżeniu wyemitowanego kapitału akcyjnego Spółki o 132 711,75 EUR, z 3 317 289,00 EUR do 3 184 577,25 EUR, poprzez umorzenie 884 745 akcji o wartości nominalnej 0,15 EUR każda, stanowiących własność Spółki po zakończeniu programu wykupu akcji zatwierdzonego przez Zwyczajne Walne Zgromadzenie Akcjonariuszy, które odbyło się 17 czerwca 2008 roku. Zgodnie z uchwałą łączna liczba akcji spadła do 21.230.515.

Nadzwyczajne Walne Zgromadzenie Akcjonariuszy postanowiło zmienić brzmienie art. 5 Statutu Spółki na następujące:

„Wyemitowany kapitał Spółki wynosi 3 184 577,25 EUR (trzy miliony sto osiemdziesiąt cztery tysiące pięćset siedemdziesiąt siedem EUR i dwadzieścia pięć centów) i dzieli się na 21 230 515 (dwadzieścia jeden milionów dwieście trzydzieści tysięcy pięćset piętnaście) akcji o wartości nominalnej 0,15 EUR (piętnaście centów) każda.”

Wszystkie wprowadzone zmiany zostały opublikowane w Rejestrze Handlu i Spółek („Registre de Commerce et des Sociétés”) w Luksemburgu w lipcu 2009 roku.

Giełda Papierów Wartościowych w Warszawie jest jedynym rynkiem notowań akcji ACE. W 2009 roku całkowita wartość transakcji na akcjach ACE wyniosła 206,3 mln PLN, a wolumen transakcji 26,2 mln akcji. Cena akcji gwałtownie wzrosła w ciągu roku 2009, o 336,9%, głównie dzięki bardzo dobrym wynikom finansowym i umocnieniu się pozycji rynkowej Spółki.

Główni akcjonariusze (posiadający ponad 5% kapitału zakładowego) na dzień 31 grudnia 2009 roku

Na dzień 31 grudnia 2008 roku kapitał akcyjny Spółki składał się z 22 115 260 akcji i uprawniał do wykonywania takiej samej liczby głosów. 17 czerwca 2009 roku Nadzwyczajne Walne Zgromadzenie Akcjonariuszy zatwierdziło umorzenie 884 745 wykupionych akcji własnych. Na dzień 31 grudnia 2009 roku kapitał akcyjny Spółki składał się z 21 230 515 akcji uprawniających do wykonywania 21 230 515 głosów.

Według najlepszej wiedzy Spółki na koniec 2009 roku następujący akcjonariusze posiadali prawo do co najmniej 5% głosów na Walnym Zgromadzeniu Akcjonariuszy Spółki (tabela uwzględnia także zmiany w akcjonariacie w ciągu roku):

	Na dzień 31 grudnia 2009 (% kapitału zakładowego)	Na dzień 31 grudnia 2008 (% kapitału zakładowego)*
Casting Brake (Hiszpania)	2 980 607 (14,04%)	2 980 607 (13,48%)
PZU "Złota Jesień" OFE	3 696 233 (17,41%)	poniżej 5%
ING Nationale Nederlanden Polska OFE	3 621 926 (17,06%)	1 169 602 (5,29%)
Pioneer Pekao Investments	1 739 612 (8,19%)	poniżej 5%
EB Holding (Luksemburg)	Brak akcji	6 535 593 (29,55%)
PKO Credit Suisse Towarzystwo Funduszy Inwestycyjnych S.A.	poniżej 5%	1 844 506 (8,34%)
Templeton Asset Management Ltd.	poniżej 5%	1 363 442 (6,17%)
AIG Towarzystwo Funduszy Inwestycyjnych S.A.	poniżej 5%	1 240 837 (5,61%)

(*) – udziały liczone według liczby akcji przed umorzeniem (22 115 260 akcji)

Zmiany w strukturze akcjonariatu po 31 grudnia 2009 roku:

W dniu 9 marca 2010 roku Spółka otrzymała oficjalne zawiadomienie od firmy Pioneer Pekao Investment Management S.A. (PPIM), reprezentującej zarządzane przez siebie portfele klientów, że ich udział w ACE wzrósł do 10,07% całkowitej liczby akcji/głosów, czyli do 2 137 704 akcji/głosów.

Firma Pioneer Pekao Investment Management S.A. zawiadomiła również Spółkę, w imieniu zarządzanych przez siebie otwartych funduszy inwestycyjnych, że fundusze utworzone przez Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych posiadają udział w wysokości 10,10% akcji/głosów na walnym zgromadzeniu Spółki.

W dniu 9 marca 2010 roku Spółka otrzymała oficjalne zawiadomienie od firmy Casting Brake, S.L. („CB”) o sprzedaży przez nią 550 000 akcji Automotive Components Europe S.A. („ACE S.A.”). Po przeprowadzonych transakcjach CB posiada 2 430 607 akcji zwykłych na okaziciela ACE S.A., stanowiących 11,45% kapitału akcyjnego ACE S.A. i uprawniających do wykonywania 2 430 607 głosów na walnym zgromadzeniu ACE S.A., stanowiących 11,45% ogólnej liczby głosów na walnym zgromadzeniu ACE S.A.

W dniu 11 marca 2010 roku Spółka otrzymała oficjalne zawiadomienie od firmy Aviva Investors Poland SA, reprezentującej zarządzane przez nią portfele i fundusze, że posiadają one łącznie 1 084 296 akcji Spółki, stanowiących 5,11% jej kapitału akcyjnego i uprawniających do wykonywania 1 084 296 głosów, stanowiących 5,11% ogólnej liczby głosów.

W dniu 19 marca 2010 roku Spółka otrzymała oficjalne zawiadomienie od firmy Aviva Investors Poland SA, reprezentującej „Aviva Investors Fundusz Inwestycyjny Otwarty”, że Fundusz posiada 1 098 605 akcji Spółki, stanowiących 5,17% jej kapitału akcyjnego i uprawniających do wykonywania 1 098 605 głosów, stanowiących 5,17% ogólnej liczby głosów.

W dniu 6 kwietnia 2010 roku Spółka otrzymała oficjalne zawiadomienie od Powszechnego Towarzystwa Emerytalnego PZU S.A., w imieniu Otwartego Funduszu Emerytalnego PZU „Złota Jesień”, że Fundusz zwiększył swój udział w Spółce do 3 792 171 akcji/głosów (17,86% kapitału akcyjnego i głosów).

W dniu 15 kwietnia 2010 roku Spółka otrzymała oficjalne zawiadomienie od Pioneer Pekao Investment Management S.A., w ramach wykonywania usługi zarządzania portfelem inwestycyjnym funduszy, o wzroście zaangażowania do poziomu 9,19% całkowitej liczby głosów na WZA Automotive Components Europe S.A. Zmiana nastąpiła wyłącznie w wyniku przekształcenia funduszy inwestycyjnych otwartych utworzonych przez Towarzystwo w subfundusze funduszu Pioneer FIO.

Według najlepszej wiedzy Spółki, na dzień publikacji niniejszego Raportu Roczego, następującym akcjonariuszom przysługuje prawo do wykonywania ponad 5% głosów na Walnym Zgromadzeniu

Akcjonariuszy Spółki:

	30 kwietnia 2010 (% kapitału akcyjnego)
PZU "Złota Jesień" OFE	3 792 171 (17,86%)
ING Nationale Nederlanden Polska OFE	3 621 926 (17,06%)
Casting Brake (Hiszpania)	2 430 607 (11,45%)
Pioneer Pekao Investments	2 137 704 (10,07%)
Aviva Investors Poland	1 098 605 (5,17%)

Relacje inwestorskie

Nasze działania na polu relacji inwestorskich są ukierunkowane na rozwijanie długotrwałych relacji z analitykami oraz inwestorami, którzy są obecnymi lub potencjalnymi akcjonariuszami ACE. W każdym kwartale, po opublikowaniu kwartalnego sprawozdania finansowego, Spółka organizuje cykl spotkań z inwestorami, które dają możliwość bezpośredniej dyskusji na temat osiągniętych wyników z członkami Zarządu.

Wyczerpujące informacje na temat Grupy ACE znajdują się na naszej korporacyjnej stronie internetowej www.acegroup.lu, która zawiera podstawowe dane na temat działalności ACE, jak również wszystkie raporty bieżące i okresowe, przygotowane zgodnie z wymogami polskiego i luksemburskiego rynku kapitałowego.

Kontakt do osoby odpowiedzialnej za relacje inwestorskie:

Piotr K. Fugiel

Investor Relations Officer

Telefon: +48 22 353 88 60

e-mail: investor.relations@acegroup.lu

Bieżące czynniki ryzyka

Wyczerpujące omówienie obszarów ryzyka wpływających na bieżące i przyszłe wyniki Grupy zostało zamieszczone w prospekcie emisyjnym. Poniżej przedstawiamy najważniejsze z nich, dotyczące Grupy, rynku oraz zmian zachodzących w gospodarce w 2009 roku.

Ryzyka związane z sytuacją na europejskim rynku motoryzacyjnym

Grupa ACE to dostawca europejskiego przemysłu motoryzacyjnego. Sytuacja na tym rynku jest ściśle uzależniona od stanu globalnej gospodarki, a w szczególności od jego kondycji w Europie. Na poziom popytu na europejskim rynku motoryzacyjnym wpływają różne czynniki pozostające poza kontrolą Grupy ACE, takie jak wzrost PKB, siła nabywcza konsumentów oraz wysokość stóp procentowych stymulujących dostępność kredytów. Niekorzystna sytuacja na europejskim rynku motoryzacyjnym, w tym zmniejszający się popyt na produkty wytwarzane przez Grupę ACE, mógłby niekorzystnie wpłynąć na działalność, perspektywy, sytuację finansową oraz wyniki Grupy ACE, a w konsekwencji negatywnie przełożyć się na wartość akcji.

Należy jednak zauważyć, że po spowolnieniu gospodarczym w 2009 roku, kolejne lata powinny charakteryzować się większą stabilnością poziomu produkcji. W tym okresie oczekujemy również stopniowego ożywienia na rynku motoryzacyjnym.

Ryzyka związane ze zmianami kursów walut

W Grupie ACE wszelkie zmiany kursów walut dotyczą przede wszystkim polskiej fabryki, ponieważ Feramo wykorzystuje prawie wyłącznie hedging naturalny. Sprzedaż eksportowa EBCC jest dokonywana w euro, natomiast zakupy – w euro i w złotych. Koszty denominowane w złotych stanowią 45–50% ogółu kosztów ponoszonych przez EBCC. Biorąc pod uwagę, że jednostkowe sprawozdania finansowe EBCC są sporządzane w złotych, każdy wzrost wartości kursu euro wobec złotego może mieć negatywny wpływ na zyski i bilans EBCC w wyniku zaksięgowania strat na różnicach kursowych zaciągniętych kredytów. Ten wpływ oraz wprowadzenie kontroli nad wymianą walut lub innych ograniczeń ich wymienialności w krajach, w których Grupa ACE prowadzi działalność, mogłyby niekorzystnie wpłynąć na działalność, perspektywy, sytuację finansową oraz wyniki finansowe Grupy ACE, a w konsekwencji na wartość akcji.

Należy zauważyć, że dodatnie różnice kursowe mogłyby pozytywnie wpływać na wyniki finansowe Grupy ACE. Ponadto EBCC stosuje techniki hedgingowe do zabezpieczania się przed zmianami kursu złotego wobec euro.

Ryzyko malejących marż

Istnieje ryzyko, że obecnie realizowane przez Grupę ACE marże mogą być nie do utrzymania z uwagi na presję ze strony odbiorców na obniżanie cen, zwiększone wydatki na badania i rozwój, wyższe koszty energii, pracy i inne niemożliwe do przeniesienia na odbiorców koszty. Istnieje wiele sposobów wywierania przez odbiorców presji na ekonomikę kontraktów, w tym analizę kosztów, proces kalkulacji cen (surowce i wartość dodana produkcji), warunki dostaw itp. Spadek rentowności sprzedaży mógłby niekorzystnie wpłynąć na działalność, perspektywy, sytuację finansową oraz wyniki finansowe Grupy ACE, a w konsekwencji na wartość akcji.

Należy jednak zauważyć, że Grupa ACE wkłada wiele wysiłku w stałe podnoszenie wydajności w celu ograniczania kosztów i utrzymywania stałego poziomu swoich marż.

Ryzyka związane ze wzrostem kosztów pracy

Koszty związane z pracą stanowią znaczącą część kosztów działalności operacyjnej Grupy ACE. Płace w Polsce, Czechach i Hiszpanii (krajach, w których znajdują się zakłady produkcyjne) rosną i prawdopodobnie ten trend utrzyma się także w kolejnych latach. Szczególnie będzie on widoczny w Polsce i Czechach, gdzie koszty pracy będą dostosowywane do poziomu unijnego. Wzrost płac wyższy aniżeli zakładany przez ACE w trakcie tworzenia budżetów, mógłby niekorzystnie wpłynąć na działalność, perspektywy, sytuację finansową oraz wyniki finansowe Grupy ACE, a w konsekwencji na wartość akcji.

Celem Grupy jest, aby wszelki wzrost kosztów pracy miał odzwierciedlenie w odpowiednim wzroście jej wydajności, osiąganym poprzez doskonalenie procesu produkcyjnego i inwestowanie w jego automatyzację.

Ryzyka związane z rozwojem poprzez przejęcia

Dla zwiększenia skali działalności, w przypadku pojawienia się odpowiednich okazji inwestycyjnych, ACE planuje w przyszłości dokonywać przejęć. Grupa nie może być jednak pewna, że w pełni lub w ogóle osiągnie przewidywane korzyści, które zależą od przebiegu integracji nowych podmiotów z Grupą.

Ponadto nie ma pewności, że koszty integracji nowych podmiotów nie przekroczą szacowanych przez Zarząd ACE lub że zostaną osiągnięte planowane korzyści z efektu synergii. Nie można również zagwarantować, że Grupa ACE będzie w stanie przeprowadzić tego rodzaju przejęcia po korzystnych cenach. Wszelkie niepowodzenia mogą sprawić, że Grupa będzie niezdolna do skorzystania z możliwości akwizycji lub spełnienia nieoczekiwanych wymogów finansowych, które mogłyby niekorzystnie wpłynąć na działalność, perspektywy, sytuację finansową oraz wyniki finansowe Grupy ACE, a w konsekwencji na wartość akcji.

Ryzyka związane z konkurencją

Rynek, na którym Grupa ACE prowadzi działalność, jest silnie skoncentrowany. Liczba producentów układów hamulcowych w Europie jest ograniczona, a rynek produkcji układów hamulcowych jest całkowicie zdominowany przez trzech wytwórców.

Nowa lub wzmożona aktywność ze strony aktualnych uczestników rynku może znacząco zaostriżyć konkurencję. Konkurenci mogą również uzyskać dostęp do większej liczby tańszych źródeł kapitału,

pozwalających na modernizację i rozwój działalności w szybszym tempie, dające znaczną przewagę konkurencyjną nad ACE. Klienci na rynku komponentów motoryzacyjnych oczekują od obecnych dostawców przenoszenia produkcji do krajów o niskich kosztach. Nie można wykluczyć inwestowania przez konkurencję w zakłady produkcyjne zlokalizowane w takich krajach, co mogłoby wpłynąć na aktualną strukturę rynku. Wynikające z takiej konkurencji wyższe koszty operacyjne i niższa rentowność mogłyby niekorzystnie wpłynąć na działalność, perspektywy, sytuację finansową oraz wyniki finansowe Grupy ACE, a w konsekwencji na wartość akcji.

Ryzyko ze strony konkurencji ogranicza jednak częściowo silna pozycja rynkowa Grupy ACE, a także wymagany poziom specjalizacji produkcji i kapitału potrzebnego do rozpoczęcia działalności na rynku komponentów motoryzacyjnych. Przejęta w roku 2008 czeska firma Feramo jest dobrą platformą rozwoju działalności w przyszłości przy niższych kosztach.

Ryzyka związane z dostawami oraz wzrostem kosztów surowców i energii

Grupa ACE polega na zewnętrznych dostawcach, jeżeli chodzi o kluczowe surowce i energię dla potrzeb swojej działalności produkcyjnej. Niedostarczenie tych materiałów przez dostawców w potrzebnych ilościach, niedotrzymanie terminów dostaw lub określonych standardów jakości i specyfikacji technicznych niekorzystnie wpłynęłoby na procesy produkcyjne oraz zdolność do terminowej realizacji zamówień przy zachowaniu pożądanego poziomu jakości. Zakłócenia w dostawach materiałów i energii mogłyby również pojawić się z powodu problemów z pogodą, strajków, lokautów, niedostatków infrastruktury transportowej lub innych zdarzeń. Znalezienie odpowiedniego dostawcy zastępczego w sytuacji, gdy którykolwiek kluczowy dostawca nie jest w stanie w krótkim terminie dostarczyć zakładom produkcyjnym ACE niezbędnych materiałów prawdopodobnie trwałoby na tyle długo, że spowodowałoby wyczerpanie się zapasów, co z kolei doprowadziłoby do zakłóceń w procesie produkcji.

Ceny surowców są uzależnione od globalnej podaży i popytu, inflacji oraz ogólnej sytuacji gospodarczej. Aluminium jest notowane na Londyńskiej Giełdzie Metali, a jego ceny zmieniają się wraz ze zmianami na tym rynku. W praktyce koszt dostaw aluminium jest równy cenie aluminium według aktualnych notowań na Londyńskiej Giełdzie Metali, powiększonej o marżę dostawców. Zarówno giełdowa cena aluminium jak i marża dostawców mogą w przyszłości wzrastać. Ceny złomu stalowego oraz energii nie są natomiast powiązane z jakimkolwiek giełdowym indeksem. Presja konkurencyjna może uniemożliwiać Grupie ACE przenoszenie części lub całości wyższych kosztów na odbiorców. Brak dostaw lub wzrost kosztów mogłyby niekorzystnie wpłynąć na działalność, perspektywy, sytuację finansową oraz wyniki finansowe Grupy ACE, a w konsekwencji na wartość akcji.

Grupa ACE nie jest znacząco zależna od jakiegokolwiek pojedynczego dostawcy surowców, a koncentracja dostawców nie wpływa znacząco na cenę aluminium. Notowanie aluminium na giełdzie oznacza, że tylko ta część kosztu, która stanowi marżę dostawców jest narażona na ryzyko subiektywnego wzrostu. Rynek złomu stalowego zawsze był i nadal jest rynkiem płynnym. Wszystkie

zakłady produkcyjne stosują mechanizmy przenoszenia zmiany cen aluminium i złomu stalowego na odbiorców. Mimo tego, że jest to standardowa praktyka rynkowa, istnieje ryzyko, że klienci mogą odrzucić jej stosowanie w przyszłości. Grupa ACE stosuje ponadto politykę częściowego zabezpieczania się przed ryzykiem zmian cen surowców poprzez zawieranie umów na materiały określających stałą cenę dla danego zamówienia.

Ryzyka związane z opracowywaniem nowych produktów

Projektowanie i opracowywanie nowego produktu odbywa się we współpracy pomiędzy odbiorcą a zakładami produkcyjnymi. Jest to dość długi (od 12 do 16 miesięcy) i kosztowny proces. Dopiero po zakończeniu tej fazy przechodzi się do fazy produkcji seryjnej. Wspólne opracowywanie produktu wraz z odbiorcą niekoniecznie oznacza, że Grupa ACE otrzyma kontrakt po zakończeniu procesu jego opracowywania. Nawet jeżeli Grupa ACE otrzyma ten kontrakt, odbiorca nie musi zostać wybrany przez OEM, a sam produkt również nie musi zostać ostatecznie wprowadzony do sprzedaży. Utrata kontraktu lub możliwości jego podpisania mogłaby niekorzystnie wpłynąć na działalność, perspektywy, sytuację finansową oraz wyniki finansowe Grupy ACE, a w konsekwencji na wartość akcji.

Należy jednak zauważyć, że w fazie rozwojowej koszty częściowo pokrywają odbiorcy – w tym wydatki związane z wymaganymi narzędziami, surowcami i prototypami. Dodatkowo w przemyśle motoryzacyjnym jest nietypową sytuacją, aby faza produkcyjna realizowana była przez inną firmę niż ta, która współpracowała przy realizacji fazy rozwojowej projektu.

Ryzyka związane z niewystarczającym wykorzystaniem mocy produkcyjnych w zakresie obróbki mechanicznej

Istnieje ryzyko, że aktualni odbiorcy Grupy ACE w zakresie produktów aluminiowych postanowią przenieść obróbkę mechaniczną do własnych zakładów, przez co obecne możliwości EBCC w tym zakresie nie będą wystarczająco wykorzystywane. Generalnie obróbka mechaniczna odlewów żeliwnych jest wykonywana przez firmy Tier 1, natomiast obróbkę mechaniczną odlewów aluminiowych podzleca się dostawcom Tier 2. W roku 2009 około 50% odlewów wyprodukowanych przez EBCC podlegało dalszej obróbce mechanicznej w wydziale obróbki mechanicznej tego zakładu produkcyjnego. Każdy spadek popytu na obróbkę mechaniczną wykonywaną przez polską fabrykę mógłby niekorzystnie wpłynąć na działalność, perspektywy, sytuację finansową oraz wyniki finansowe Grupy ACE, a w konsekwencji na wartość akcji.

Ryzyka związane z awarią kluczowych maszyn

Procesy produkcyjne fabryk są uzależnione od sprawnego funkcjonowania kluczowych maszyn (np. odlewni lub systemu piaskowego). Ich awarie mogłyby przerwać proces produkcyjny, co z kolei miałooby niekorzystny wpływ na działalność, perspektywy, sytuację finansową oraz wyniki finansowe Grupy ACE.

Żadna z fabryk Grupy ACE nie doświadczyła od momentu powstania (Fuchosa S.A. – 1987, EBCC – 1999, Feramo – 2008) poważnej awarii kluczowych maszyn, która wywarłaby istotnie niekorzystny wpływ na ich działalność, perspektywy, sytuację finansową oraz wyniki finansowe, a w konsekwencji na wartość akcji.

Ryzyka związane z zatrudnianiem i utrzymywaniem wykwalifikowanych pracowników oraz zapobieganiem migracji kluczowych osób

Rozwój i przyszły sukces Grupy ACE zależą częściowo od jej ścisłego kierownictwa, zaangażowanego w opracowywanie strategii rozwoju. Utrata niektórych lub wszystkich członków ścisłego kierownictwa, niezdolność Grupy ACE do pozyskiwania dodatkowych wykwalifikowanych pracowników lub ich zastępców mogłyby niekorzystnie wpłynąć na działalność, perspektywy, sytuację finansową oraz wyniki finansowe Grupy. Rozwój i przyszły sukces zależą także po części od dalszego zatrudniania wykwalifikowanego i doświadczonego personelu technicznego. Gdyby Grupa ACE nie była w stanie odpowiednio szybko znaleźć i wdrożyć personelu zastępczego, mogłoby to znacząco ograniczyć jej zdolność do rozwoju działalności. Czynniki te z kolei mogłyby wywierać istotnie niekorzystny wpływ na działalność, perspektywy, sytuację finansową oraz wyniki finansowe Grupy ACE, a w konsekwencji na wartość akcji.

Grupa ACE stara się ograniczać to ryzyko poprzez zapewnianie członkom kierownictwa i pracownikom odpowiednich warunków pracy oraz atrakcyjnych pakietów wynagrodzeń. ACE stale współpracuje ze szkołami zawodowymi i wyższymi w celu pozyskiwania wykwalifikowanego personelu.

Ryzyka związane z roszczeniami dotyczącymi odpowiedzialności za produkty

Grupa ACE sprzedaje swoje produkty dużym producentom układów hamulcowych, którzy z kolei sprzedają je koncernom motoryzacyjnym. Produkty ACE są również sprzedawane i wykorzystywane w kluczowych podzespołach systemów bezpieczeństwa. Gdyby Grupa ACE sprzedawała komponenty niezgodne ze specyfikacją zamówienia lub wymogami ich zastosowania, mogłoby to powodować znaczące zakłócenia w funkcjonowaniu linii produkcyjnych odbiorcy oraz szkody wtórne wynikające ze stosowania tych produktów. Grupa ACE jest w ograniczonym zakresie ubezpieczona od odpowiedzialności za produkty. Znaczące roszczenie



finansowe o odszkodowanie z tytułu sprzedanych produktów, znacznie przekraczające wartość ubezpieczenia, mogłoby niekorzystnie wpłynąć na działalność, perspektywę, sytuację finansową oraz wyniki finansowe Grupy ACE, a w konsekwencji na wartość akcji.

Należy jednak zauważyć, że w przypadku gdy produkty wytworzone przez zakłady produkcyjne i dostarczone odbiorcom spełniają parametry określone przez zamawiających, Grupa ACE nie ponosi odpowiedzialności za jakiegokolwiek późniejsze szkody spowodowane przez dany układ, w tym wyprodukowany komponent. Ponadto zakłady produkcyjne wdrożyły odpowiednie wewnętrzne mechanizmy kontroli jakości dla zagwarantowania, że wszystkie wytwarzane produkty są zgodne ze specyfikacjami zamawiającego.

Mimo podejmowanych środków bezpieczeństwa nie można wykluczyć ich wystąpienia w przyszłości, chociaż dotychczas ani Grupa ACE ani poszczególne fabryki nie miały żadnych roszczeń z tytułu odpowiedzialności za produkt. Ponadto zakłady produkcyjne posiadają polisy ubezpieczeniowe chroniące je przed tym potencjalnym ryzykiem opiewające na sumy ubezpieczenia uznawane przez kierownictwo ACE za adekwatne do tego celu.

Ład korporacyjny

Struktura organizacyjna

Na koniec 2009 roku w skład Grupy wchodziła spółka holdingowa ACE S.A. oraz trzy spółki operacyjne:

Nazwa spółki	Status	Własność	Metoda konsolidacji
ACE S.A.	Spółka holdingowa	-	Pełna
Fuchosa S.L.	Produkcyjna	100%	Pełna
EBCC Sp. z o.o.	Produkcyjna	100%	Pełna
Feramo s.r.o.	Produkcyjna	100%	Pełna

Skład Zarządu i Rady Dyrektorów

ACE jest zarządzane przez Radę Dyrektorów oraz Prezesa, któremu Rada powierzyła bieżące zarządzanie Spółką poza zagadnieniami, które należą do kompetencji Rady. Prezes w swojej działalności jest wspierany przez Zarząd, w którego skład wchodzi menedżerowie wyższego szczebla, wybrani przez Radę.

Dyrektorzy wybierani są do Rady przez Walne Zgromadzenie na czas nieprzekraczający czterech lat, i mogą zostać ponownie wybrani po zakończeniu swojej kadencji. Ich kadencja zostaje zakończona na czwartym rocznym Walnym Zgromadzeniu od daty ich mianowania.

Skład organów zarządzających ACE na koniec grudnia 2009 roku był następujący:

Zarząd:

José Manuel Corrales	Prezes Zarządu (CEO)
Raúl Serrano	Członek Zarządu, Dyrektor Finansowy (CFO)
Carlos Caba	Członek Zarządu, Dyrektor ds. Rozwoju

Rada Dyrektorów:

Marek Adamiak	Dyrektor klasy A
Laurence Vine-Chatterton	Dyrektor klasy A
José Manuel Corrales	Dyrektor klasy B
Raúl Serrano	Dyrektor klasy B
Jerzy Szymczak	Dyrektor Niezależny
Paweł Szymański	Dyrektor Niezależny

W dniu 18 lutego 2010 roku, Rada Dyrektorów powołała pana Carlosa Cabę – członka Zarządu ACE S.A. – na Dyrektora Spółki. Do czasu najbliższego Walnego Zgromadzenia Akcjonariuszy objął on wakat powstały po rezygnacji pana Arkadiusza Podziewskiego – zgodnie z art. 7 statutu Spółki oraz art. 6 Regulaminu Rady.

W tym samym dniu, zgodnie z art. 8.1. statutu Spółki i art. 38 Regulaminu Rady, Rada powołała pana Marka Adamiaka, Dyrektora klasy A, na stanowisko Przewodniczącego Rady. Zgodnie z art. 13 statutu Spółki i art. 38 Regulaminu Rady, Rada mianowała również pana Adamiaka członkiem Komitetu Audytu. Jego mandat wygasa na najbliższym Walnym Zgromadzeniu Akcjonariuszy.

W dniu 8 marca 2010 roku Rada Dyrektorów otrzymała oficjalne zawiadomienie od pana Laurence'a Vine-Chattertona o jego natychmiastowej rezygnacji z funkcji Dyrektora Rady Spółki z przyczyn osobistych.

W dniu 16 marca 2010 roku, zgodnie z art. 7.6. statutu Spółki i § 6. Regulaminu Rady, zatwierdzono powołanie pana Olivera Roberta Güntera Schmeera na stanowisko Dyrektora Spółki poprzez objęcie przezeń wakatu powstałego w wyniku rezygnacji pana Vine-Chattertona – do czasu najbliższego Walnego Zgromadzenia Akcjonariuszy.

Skład osobowy Rady na dzień publikacji raportu rocznego, 30 kwietnia 2010 roku:

Marek Adamiak	Przewodniczący, Dyrektor klasy A
José Manuel Corrales	Dyrektor klasy B
Raúl Serrano	Dyrektor klasy B
Carlos Caba	Dyrektor
Oliver Schmeer	Dyrektor
Jerzy Szymczak	Dyrektor niezależny
Paweł Szymański	Dyrektor niezależny

Marek Adamiak

Pan Adamiak pracował w latach 1988-1990 jako menedżer w Vimar Impet, następnie w latach 1990-1996 jako menedżer na Polskę, a później dyrektor krajowy w ICD Group i ICD Polska, oraz był odpowiedzialny za rozwój rynków i relacje handlowe w Polsce. Od 1996 do 1999 roku pan Adamiak piastował stanowisko dyrektora ds. zakupów w polskim oddziale Delphi. W latach 1999-2002 był dyrektorem ds. zakupów na Europę w oddziale Delphi w Paryżu, a później menedżerem projektu na Europę odpowiedzialnym za centrum księgowe tej grupy. Od września 2002 roku do lipca 2007 roku pan Adamiak był dyrektorem generalnym i prezesem oddziału Delphi w Polsce. Od lipca 2007 roku prowadzi własną firmę konsultingową MA Management Solutions.

José Manuel Corrales

Prezes Zarządu od czasu powołania Grupy, wcześniej przez 19 lat pracował w zakładzie Fuchosa, piastując różne stanowiska kierownicze, w tym również przez ponad 7 lat stanowisko Dyrektora Zakładu. Początki kariery zawodowej pana Corralesa to praca dla Wydziału Zdrowia Rządu Kraju Basków oraz stanowisko wykładowcy na Uniwersytecie Deusto (Bilbao, Hiszpania). Posiada stopień naukowy z zakresu psychologii przemysłu uzyskany na Uniwersytecie Deusto.

Raúl Serrano

Posiada stopień naukowy z zakresu prawa oraz tytuł MBA uzyskane na Uniwersytecie Deusto. Pan Serrano ma ponad 14-letnie doświadczenie w zarządzaniu finansami i administracją w ACE oraz w spółce Fuchosa. Poprzednio pełnił podobne funkcje w Fundialava SA, Valfundix SA i Excludis SA oraz jako konsultant ds. finansowych i podatkowych w Banku Lloyds.

Carlos Caba

Absolwent International Business Administration Uniwersytetu Lincolnshire (Wielka Brytania), pan Caba pracował w spółce Fuchosa od 1997 roku na różnych stanowiskach, takich jak Kierownik Kontroli Jakości, Kierownik ds. Jakości Oddziału w Grupie Valfond oraz ostatnio jako Dyrektor ds. Rozwoju w spółce Fuchosa. Poprzednio pan Caba zdobywał specjalistyczne doświadczenie w zarządzaniu jakością w różnych spółkach z sektora motoryzacyjnego.

Olivier Schmeer

Ukończył paryską szkołę handlową Institut Supérieur de Gestion (1980) oraz San Diego State University w USA (1980). Doświadczenie zawodowe zdobywał nie tylko w spółkach działających w przemyśle motoryzacyjnym, ale także takich sektorach przemysłu jak produkcja mebli biurowych, kabli czy elektronika. W niektórych z tych spółek pełnił funkcje w organach nadzorczych. Jego kariera zawodowa obejmowała również pracę w Groupe Valfond, byłym właścicielu dwóch spośród obecnych fabryk ACE.

Jerzy Szymczak

Pan Szymczak pracował w okresie 1996–2004 jako menedżer projektu i konsultant w Boston Consulting Group w oddziałach w Paryżu, Sydney i Warszawie. W latach 2004–2006 był dyrektorem w Kolago & Co odpowiedzialnym za kilka projektów fuzji i przejęć w Polsce, Niemczech i Rosji. Od kwietnia 2006 roku pan Szymczak jest dyrektorem w A.T. Kearney odpowiedzialnym za realizację fuzji w Europie Północnej i Środkowej. Brał udział w ponad 25 projektach fuzji przedsiębiorstw z różnych sektorów gospodarki. Był również zaangażowany w kilku projektach budowania strategii rynkowych w przedsiębiorstwach wchodzących na rynki Europy Środkowej.

Paweł Szymański

Pan Szymański pracował w latach 1994–1996 jako doradca w Wood & Co w Warszawie. Od 1997 do 1999 roku piastował podobne stanowisko, a później stanowisko zastępcy dyrektora działu analiz rynków kapitałowych w Schroder Securities w Londynie. Następnie w latach 2000–2003 był dyrektorem zespołu analityków odpowiedzialnych za analizę polskich spółek. Od 2003 do 2004 roku pan Szymański pracował na stanowisku prezesa Domu Maklerskiego Banku Handlowego. W okresie 2004–2007 piastował stanowisko wiceprezesa PKN Orlen i był odpowiedzialny za departament finansów. W latach 2007–2008 pan Szymański był wiceprezesem i dyrektorem finansowym (CFO) w CTL Logistic. Od 2008 roku do chwili obecnej jest Partnerem Wykonawczym i Wiceprezesem Zarządu firmy ICENTIS Corporate Solutions.

Wynagrodzenie członków Zarządu i Rady Dyrektorów w roku 2009

Wynagrodzenie członków Zarządu

Członkowie Zarządu ACE, z tytułu zasiadania w Zarządzie, nie otrzymują żadnego wynagrodzenia, rent, emerytur lub podobnych świadczeń od Grupy, innych niż zwrot zwyczajowych wydatków związanych z podróżami na posiedzenia Zarządu ACE.

Szczegóły dotyczące wynagrodzeń otrzymywanych przez dyrektorów Spółki (włączając w to członków Zarządu i dyrektorów operacyjnych z zakładów produkcyjnych) za okres od 1 stycznia do 31 grudnia 2009 prezentuje poniższa tabela:

	w tys. EUR
Wynagrodzenie	476
Pensje	463
Bonusy	13
Ogółem – dyrektorzy Spółki	476

Wynagrodzenie członków Rady Dyrektorów

Tylko członkowie mianowani od 2007 roku mogą korzystać z planu wynagrodzeń. Prezes Spółki jest wynagradzany za swoją pracę w funkcji dyrektora generalnego ACE. Należy zaznaczyć, iż niektórzy dyrektorzy pełnią funkcje zarządcze w ACE Group oraz że te funkcje są ujęte w ich umowach o pracę ze Spółką.

Szczegóły dotyczące wynagrodzeń otrzymywanych przez członków Rady Dyrektorów w EUR wyglądają następująco:

	Pensja podstawowa	Bonusy	Inne
Arkadiusz Podziewski	-	-	-
Laurence Vine-Chatterton	12 300	-	-
Marek Adamiak	15 300	-	-
José Manuel Corrales	-	-	-
Raúl Serrano	-	-	-
Jerzy Szymczak	15 300	-	-
Paweł Szymański	15 300	-	-

Informacja o kontroli planów opcji pracowniczych na akcje spółki

Plan pracowniczych opcji na akcje został zatwierdzony przez Radę na jej posiedzeniu w dniu 22 lutego 2007 roku. Plan zakłada, że wytypowane osoby będą mogły nabyć akcje Spółki. Na Nadzwyczajnym Walnym Zgromadzeniu Akcjonariuszy, które odbyło się w dniu 14 marca 2007 roku, powzięta została uchwała dotycząca autoryzowanego kapitału w postaci 1 002 505 akcji na potrzeby tego planu. Opcje będą przydzielane w sposób proporcjonalny, co kwartał przez okres czterech lat od daty przydziału akcji (zdefiniowane w Prospekcie Emisyjnym) oraz będą mogły być realizowane raz do roku, począwszy od drugiej rocznicy zakończenia oferty publicznej. Opcje, które nie zostaną przydzielone z powodu rezygnacji lub odwołania z funkcji uczestnika planu, wygasają w sposób automatyczny z chwilą rozwiązania umowy o współpracę pomiędzy uczestnikiem planu a ACE Group. W przypadku zakończenia takiej współpracy na skutek rezygnacji lub odwołania uczestnika planu z funkcji z powodu zaniedbania, działania na szkodę Spółki lub świadomej szkody wszystkie prawa do akcji przydzielone w ostatnich 12 miesiącach ulegają unieważnieniu. Łączna liczba akcji objętych planem pracowniczych opcji na akcje nie przekracza 1 002 505. Cena realizacji będzie równa cenie z oferty publicznej, która wynosiła 20,5 PLN.

Informacja wymagana przez Giełdę Papierów Wartościowych w Warszawie

Oświadczenie ogólne:

ACE jest spółką prawa luksemburskiego i nie posiada rady nadzorczej lub zarządu w rozumieniu prawa polskiego. ACE posiada Radę Dyrektorów. Rada Dyrektorów spełnia łącznie funkcje rady nadzorczej i zarządu. Zasadniczo dyrektorzy spółki prawa luksemburskiego mogą być traktowani jako rada zarządcza w firmie, której jednak nie należy utożsamiać z zarządem w rozumieniu polskiego prawa. Zarządzanie działalnością ACE należy do kompetencji Rady Dyrektorów i Prezesa Zarządu, któremu Rada Dyrektorów powierzyła sprawy codziennego zarządzania Spółką, inne jednak niż te, co do których Rada Dyrektorów zastrzegła sobie wyłączność. Prezes Zarządu jest wspierany w codziennym zarządzaniu Spółką przez członków Zarządu, którzy są Dyrektorami wyższego szczebla w Spółce, mianowanymi przez Radę Dyrektorów. W świetle powyższego wszelkie odniesienia w dokumencie „Dobre Praktyki Spółek Notowanych na GPW” do „rady nadzorczej” lub „zarządu” będą traktowane jako odniesienia do Rady Dyrektorów.

W 2009 roku Spółka przejściowo nie wypełniła w całości poniżej wymienionych zasad opisanych w dokumencie „Dobre Praktyki Spółek Notowanych na GPW”:

Dział II: 1.7, 1.11, 1.12

Poniżej znajduje się wyjaśnienie źródeł niezgodności z wyżej wymienionymi zasadami oraz propozycje poprawy takiego stanu rzeczy:

Dział II: 1.7, 1.11, 1.12 – Wszystkie te zasady odnoszą się do zawartości strony internetowej. Strona

internetowa ACE wciąż nie zawiera informacji regulowanych zasadami 1.7, 1.11 oraz 1.12. Jednakże ACE stale ulepsza zawartość witryny i zamierza publikować informacje, które są istotne z punktu widzenia akcjonariuszy.

Uprawnienia oraz zasady zwoływania i przeprowadzania Walnych Zgromadzeń Akcjonariuszy oraz uprawnienia akcjonariatu i ich wykonywanie:

Zasady zwoływania i przeprowadzania Walnego Zgromadzenia Akcjonariuszy

Walne Zgromadzenia Akcjonariuszy zwoływane są przez Radę Dyrektorów lub, jeśli wymagają tego okoliczności o charakterze nadzwyczajnym, przez dwóch Dyrektorów działających łącznie. Na żądanie Akcjonariuszy reprezentujących (łącznie) jedną dziesiątą wyemitowanego kapitału akcyjnego, zgłoszonego pisemnie wraz ze wskazaniem porządku obrad, Rada Dyrektorów jest zobowiązana zwołać Walne Zgromadzenie Akcjonariuszy w taki sposób, by mogło się ono odbyć w ciągu miesiąca. Akcjonariusze reprezentujący (łącznie) jedną dziesiątą wyemitowanego kapitału akcyjnego mogą również, zgodnie z prawem luksemburskim, żądać umieszczenia dodatkowych punktów w porządku obrad Walnego Zgromadzenia Akcjonariuszy. Takie żądanie musi zostać złożone za pomocą listu poleconego, co najmniej pięć (5) dni przed Walnym Zgromadzeniem Akcjonariuszy.

Coroczne zwyczajne Walne Zgromadzenie Akcjonariuszy odbywa się każdego roku w trzeci wtorek czerwca, najpóźniej do dnia 30 czerwca. Przedmiotem corocznego Walnego Zgromadzenia Akcjonariuszy jest zatwierdzenie rocznego sprawozdania finansowego, udzielenie absolutorium Dyrektorom i audytorom za okres do daty sporządzenia sprawozdania finansowego, wnioski odnośnie do wypłaty dywidendy oraz jakiegokolwiek inne wnioski umieszczone w porządku obrad Walnego Zgromadzenia Akcjonariuszy przez Radę Dyrektorów.

Każda akcja uprawnia jej posiadacza do udziału w Walnym Zgromadzeniu Akcjonariuszy, osobiście bądź za pośrednictwem pełnomocnika, do wypowiedzi na Walnym Zgromadzeniu Akcjonariuszy oraz do wykonywania prawa głosu. Jedna akcja daje prawo do jednego głosu na Walnym Zgromadzeniu Akcjonariuszy. Walne Zgromadzenie Akcjonariuszy jest ważne bez względu na liczbę reprezentowanych na nim akcji oraz akcji biorących udział w głosowaniu.

Walne Zgromadzenie Akcjonariuszy nie jest upoważnione do usunięcia lub zmiany punktów porządku obrad Walnego Zgromadzenia Akcjonariuszy bez jednogłośnej zgody wszystkich Akcjonariuszy spółki ACE, tj. 100% kapitału akcyjnego ACE.

Rada Dyrektorów zwołuje Walne Zgromadzenie Akcjonariuszy za pomocą dwukrotnego ogłoszenia publikowanych w Mémorial oraz w luksemburskiej gazecie, w odstępie co najmniej ośmiu dni, z tym że druga publikacja ogłoszenia ma miejsce co najmniej dwanaście dni przed datą Walnego Zgromadzenia Akcjonariuszy. Ogłoszenia zwołujące zawierają porządek obrad Walnego Zgromadzenia Akcjonariuszy oraz wskazują na warunki udziału i reprezentacji.

Akcjonariusze, których akcje są bezpośrednio zarejestrowane w rejestrze akcjonariuszy, otrzymują zawiadomienie o zwołaniu przesyłką pocztową, która powinna być wysłana tym Akcjonariuszom co najmniej dwanaście dni przed datą Walnego Zgromadzenia Akcjonariuszy.

Zapisy w Statucie przewidują, iż w przypadku akcji zdeponowanych u depozytariusza lub subdepozytariusza, o czym mowa w artykule 6 Statutu, akcjonariusz może wykonywać wszystkie prawa wynikające z posiadanych akcji, a w szczególności może brać udział w i głosować na Walnym Zgromadzeniu Akcjonariuszy, po uprzednim okazaniu certyfikatu depozytowego wydanego przez depozytariusza, u którego zdeponowane są akcje, potwierdzającego liczbę akcji zarejestrowanych na właściwym koncie na nazwisko danego akcjonariusza.

Takie certyfikaty depozytowe muszą być dostarczone do ACE najpóźniej na pięć dni roboczych przed datą Walnego Zgromadzenia Akcjonariuszy na adres siedziby Spółki lub adres zawarty w ogłoszeniu zwołującym lub, w wypadku, gdy akcje są notowane na zagranicznym rynku regulowanym, do agenta ACE zlokalizowanego w kraju rynku notowań, wskazanym w ogłoszeniu zwołującym. W przypadku, gdy Akcjonariusz głosuje poprzez pełnomocnika, pełnomocnik musi dostarczyć ważne pełnomocnictwo w powyższym terminie, na adres siedziby Spółki lub do wybranego agenta lokalnego ACE, który został upoważniony do odbierania pełnomocnictw.

Dodatkowo, jeśli Akcjonariusz głosuje, wykorzystując drogę korespondencyjną, odpowiedni formularz zgłoszeniowy musi wpłynąć na adres siedziby Spółki co najmniej pięć dni przed datą Walnego Zgromadzenia Akcjonariuszy.

Rada Dyrektorów może zdecydować o innych warunkach, które muszą zostać wypełnione, by wziąć udział w Walnym Zgromadzeniu Akcjonariuszy.

Statut Spółki przewiduje, że wszystkie ustanowione pełnomocnictwa muszą zostać przekazane do ACE w tym samym terminie co poświadczenia od depozytariuszy, opisane powyżej. Rada Dyrektorów może wprowadzić zasady i procedury dotyczące kart wstępu oraz formularzy zgłoszenia pełnomocnictwa celem umożliwienia akcjonariuszom uczestnictwa w głosowaniu.

Prawa Akcjonariuszy

Prawa wynikające z każdej akcji są równe. ACE uznaje jedynie jednego posiadacza jednej akcji. Jeśli jedna akcja jest w posiadaniu więcej niż jednej osoby, ACE zastrzega sobie możliwość zawieszenia wykonywania praw wynikających z posiadania akcji, dopóki tylko jedna osoba nie zostanie wyznaczona w stosunkach vis-a-vis z ACE jako posiadacz akcji. Ta sama zasada będzie stosowana w przypadku konfliktu między użytkownikiem a nominalnym właścicielem lub między zastawcą a zastawnikiem.

Prawo do dywidendy

Wszystkie akcje są uprawnione do równego udziału w dywidendzie wypłacanej ze środków prawnie do tego przeznaczonej i pozostających do dyspozycji w takim celu, pod warunkiem, że tak zostanie postanowione na rocznym zwyczajnym Walnym Zgromadzeniu Akcjonariuszy. Każdy Akcjonariusz otrzymuje dywidendę proporcjonalnie do liczby posiadanych akcji w czasie i miejscu ustalonym przez Radę Dyrektorów i zgodnie z przyjętą w tej sprawie uchwałą Walnego Zgromadzenia Akcjonariuszy.

ACE musi przeznaczać przynajmniej jedną dwudziestą swojego zysku netto na utworzenie rezerwy, które to przeznaczenie przedmiotowej części zysku netto przestaje być obowiązkowe w chwili, gdy rezerwa ta osiągnie poziom 10% wyemitowanego kapitału akcyjnego.

Pozostała część zysku netto pozostaje do dyspozycji Walnego Zgromadzenia Akcjonariuszy, które może zdecydować, by wypłacić go w postaci dywidendy na rzecz akcjonariuszy. Kwota przeznaczona do podziału pomiędzy akcjonariuszy nie może przekroczyć sumy zysku za ostatni rok obrotowy, powiększonego o niepodzielone zyski z lat ubiegłych, a także kwot rezerwy utworzonej na okoliczność wypłaty dywidendy, pomniejszonej o straty z poprzednich lat oraz kwoty, które zgodnie z zapisami obowiązującego prawa lub Statutu powinny zostać przeznaczone na utworzenie rezerwy.

Dywidenda śródroczna może zostać wypłacona przez Radę Dyrektorów zgodnie z warunkami zamieszczonymi w luksemburskim kodeksie spółek handlowych.

Nowe akcje będą zrównane w prawach z akcjami już wyemitowanymi, począwszy od daty emisji takich nowych akcji, oraz odpowiednio będą uprawnione do każdej wypłaty dywidendy następującej po dacie ich emisji.

Dywidendy, które nie zostały podjęte w ciągu pięciu lat od daty swojej zapadalności (tj. uzyskania prawa do dywidendy), powracają do ACE.

Prawo do udziału w nadwyżce finansowej w razie likwidacji Spółki

W razie likwidacji, rozwiązania lub zamknięcia Spółki aktywa pozostające po spłacie zobowiązań będą wypłacone na rzecz akcjonariuszy w wysokości proporcjonalnej do posiadanego przez nich udziału w kapitale akcyjnym. Decyzja o rozwiązaniu ACE wymaga uchwały Walnego Zgromadzenia Akcjonariuszy powziętej większością 75% głosów oddanych, przy obecności co najmniej 50% kapitału akcyjnego.

Prawo do głosowania

Jedna akcja uprawnia jej posiadacza do jednego głosu w każdej sprawie poddanej pod głosowanie na Walnym Zgromadzeniu Akcjonariuszy.



Prawo luksemburskie rozróżnia zwyczajne i nadzwyczajne Walne Zgromadzenia Akcjonariuszy. Nadzwyczajne Walne Zgromadzenia Akcjonariuszy są zwoływane celem uchwalenia zmian w Statucie Spółki, z uwzględnieniem wymogów dotyczących kworum oraz większości, jaką podejmowane są uchwały, które to wymogi zostaną poniżej przedstawione.

Wszystkie pozostałe Walne Zgromadzenia Akcjonariuszy mają charakter zwyczajny.

O ile nie wymaga tego Statut Spółki lub przepisy prawa luksemburskiego, uchwały prawidłowo zwołanego Walnego Zgromadzenia Akcjonariuszy, których celem nie są zmiany w Statucie Spółki, zapadają zwykłą większością głosów oddanych, bez wymogów dotyczących kworum oraz niezależnie od liczby akcji reprezentowanych na Walnym Zgromadzeniu Akcjonariuszy.

Nadzwyczajne Walne Zgromadzenie Akcjonariuszy zwoływane w celu zmiany postanowień Statutu Spółki lub zgodnie z postanowieniami Statutu Spółki, w celu:

- zmiany profilu działalności prowadzonej przez ACE bądź którejkolwiek ze spółek operacyjnych;
- sprzedaży, zamknięcia lub wydzielenia jakiejkolwiek spółki operacyjnej;

rozwiązania, zamknięcia lub likwidacji któregokolwiek z zakładów operacyjnych, wymaga uzyskania co najmniej 50% kworum wyemitowanego kapitału akcyjnego ACE. Jeśli kworum takie nie zostanie osiągnięte, Nadzwyczajne Walne Zgromadzenie Akcjonariuszy może zostać zwołane w późniejszym terminie bez wymogu uzyskania kworum, poprzez opublikowanie dwóch ogłoszeń zwołujących, w odstępie co najmniej piętnastu dni jednej publikacji od drugiej oraz na co najmniej piętnaście dni przed datą planowanego Nadzwyczajnego Walnego Zgromadzenia Akcjonariuszy, w oficjalnym luksemburskim dzienniku urzędowym o nazwie Mémorial oraz dwóch gazetach luksemburskich.

Ogłoszenie zwołujące powinno zawierać porządek obrad nadzwyczajnego Walnego Zgromadzenia Akcjonariuszy oraz wskazywać na datę i wyniki poprzedniego nadzwyczajnego Walnego Zgromadzenia Akcjonariuszy. W przypadku obu terminów nadzwyczajnych Walnych Zgromadzeń Akcjonariuszy uchwały opisane w niniejszym paragrafie muszą zostać podjęte większością 75% głosów Akcjonariuszy obecnych lub reprezentowanych przez pełnomocników.

Jeśli proponowane zmiany dotyczą zmiany miejsca siedziby (zarejestrowania) ACE lub zwiększania zakresu obowiązków Akcjonariuszy, potrzebna jest jednogłośnie zgoda wszystkich Akcjonariuszy reprezentujących cały wyemitowany kapitał akcyjny. Certyfikat depozytowy, o którym mowa w Statucie Spółki w rozdziale zatytułowanym „Formularze oraz Przeniesienie Akcji” i które musi zostać przedstawione przez Akcjonariusza, by uzyskać możliwość udziału w i głosowania na Walnym Zgromadzeniu Akcjonariuszy, musi wpłynąć do ACE co najmniej pięć dni przed datą Walnego Zgromadzenia Akcjonariuszy, na adres siedziby Spółki lub na adres wskazany w ogłoszeniu zwołującym, a jeśli akcje są notowane na zagranicznym rynku regulowanym – do agenta ACE zlokalizowanego w kraju notowań, wskazanym w ogłoszeniu zwołującym. W wypadku, gdy Akcjonariusz głosuje za pośrednictwem pełnomocnika, pełnomocnik musi dostarczyć ważne pełnomocnictwo w tym samym terminie, na adres siedziby Spółki lub do lokalnego agenta ACE, który

został upoważniony przez ACE do odbierania pełnomocnictw.

Akcjonariusz może wyznaczyć inną osobę do reprezentowania go na Walnym Zgromadzeniu Akcjonariuszy, która nie musi posiadać statusu Akcjonariusza Spółki, na piśmie, za pomocą faksu, telegramu lub teleksu.

Akcjonariusz, który głosuje w drodze korespondencyjnej na formularzu głosowania z opcjami do zaznaczenia głosu za lub przeciw lub opcją wstrzymania się od głosu, będzie uwzględniony przy obliczaniu kworum na Walnym Zgromadzeniu Akcjonariuszy. Rada Dyrektorów zadecyduje o formie formularza. Taki formularz należy dostarczyć na adres siedziby Spółki co najmniej pięć dni przed datą Walnego Zgromadzenia Akcjonariuszy.

Emisja akcji i praw poboru akcji

W świetle prawa luksemburskiego statut spółki może uprawnić Radę Dyrektorów do podwyższenia kapitału akcyjnego Spółki, w jednym lub kilku etapach, do określonej wysokości. Również Walne Zgromadzenie Akcjonariuszy może udzielić takiego uprawnienia w drodze zmiany statutu spółki. Prawa wynikające z posiadanych akcji nowych emisji będą określone w statucie Spółki.

Powyższe uprawnienie udzielone Radzie Dyrektorów pozostaje w mocy tylko przez okres pięciu lat od daty publikacji pierwszego statutu spółki lub publikacji wprowadzanych do niego zmian. Uprawnienie to może zostać odnowione raz lub kilka razy przez Walne Zgromadzenie Akcjonariuszy, które może podjąć taką decyzję zgodnie z przewidzianymi w statucie spółki postanowieniami dotyczącymi wprowadzania zmian do statutu, z tym że każdorazowo uprawnienie takie może zostać odnowione na okres nie przekraczający pięciu lat.

Podwyższenie kapitału akcyjnego w granicach kapitału docelowego (autoryzowanego) może być dokonane przez Radę Dyrektorów, w jednym bądź kilku etapach, w okresie pięciu lat od daty publikacji uchwały Walnego Zgromadzenia Akcjonariuszy zatwierdzającej wysokość docelowego (autoryzowanego) kapitału akcyjnego.

Zgodnie ze Statutem Spółki, akcje emitowane w ramach kapitału docelowego (autoryzowanego) pokryte zostają gotówką lub, z zastrzeżeniem mających zastosowanie przepisów prawa, wkładem niepieniężnym, w równowartości ceny akcji lub, jeśli akcje są emitowane w ramach podwyższenia ze środków zgromadzonych w rezerwach – w kwocie, która nie może być niższa niż wartość nominalna akcji. Podwyższenie kapitału akcyjnego może nastąpić w wyniku emisji i subskrypcji akcji, z uwzględnieniem lub bez nadwyżki emisyjnej, w zależności od decyzji Rady Dyrektorów.

Część kapitału docelowego (autoryzowanego) niepodlegająca subskrypcji może zostać przeznaczona tylko na (i) konwersję opcji na akcje wyemitowane przez ACE (lub przez jej spółki zależne) zgodnie z postanowieniami planu opcji pracowniczych z pierwszeństwem dla dyrektorów ACE lub dyrektorów

jej spółek operacyjnych oraz na konwersję jakichkolwiek innych opcji na akcje wyemitowanych przez ACE, lub (ii) emisję nowych akcji w ramach pierwszej oferty publicznej akcji ACE. Jeśli, zgodnie z pierwszą ofertą publiczną akcji i planem opcji pracowniczych, nie zostanie przekroczony limit kapitału docelowego (autoryzowanego), Rada Dyrektorów może podwyższyć wyemitowany kapitał do limitu kapitału docelowego (autoryzowanego) poprzez emisję dodatkowych akcji, jeśli Rada Dyrektorów, w ramach swojego uznania tak postanowi. W każdym wypadku, gdy Rada Dyrektorów postanowi o podwyższeniu kapitału akcyjnego w ramach limitu kapitału docelowego (autoryzowanego), w maksymalnej wysokości lub tylko w części, należy wprowadzić odpowiednie zmiany do Statutu Spółki, tak by odzwierciedlały takie podwyższenie.

Posiadaczom akcji przysługuje prawo poboru w stosunku do akcji nowej emisji w wysokości proporcjonalnej do posiadanych już akcji, z wyjątkiem akcji wyemitowanych w zamian za wkłady niepieniężne (w naturze), chyba że takie prawo poboru zostało ograniczone lub wyłączone przez Walne Zgromadzenie Akcjonariuszy lub Radę Dyrektorów w sposób, jaki opisano poniżej.

Ograniczenie lub wyłączenie prawa poboru podlega akceptacji większością dwóch trzecich głosów Walnego Zgromadzenia Akcjonariuszy, na którym jest obecnych lub jest reprezentowane co najmniej 50% wyemitowanego kapitału akcyjnego.

Dodatkowo prawo poboru może zostać ograniczone lub wyłączone przez Radę Dyrektorów, jeśli została ona upoważniona do wyłączenia lub ograniczenia prawa poboru przez Walne Zgromadzenie Akcjonariuszy, na którym jest obecne lub reprezentowane co najmniej 50% wyemitowanego kapitału akcyjnego. Takie upoważnienie udzielane jest na okres nie dłuższy niż pięć lat. Walne Zgromadzenie Akcjonariuszy, które miało miejsce 14 marca 2007 r., upoważniło Radę Dyrektorów do wyłączenia prawa poboru w okresie pięciu lat od daty publikacji protokołu z przedmiotowego Walnego Zgromadzenia Akcjonariuszy.

Rada Dyrektorów może również wskazać osobę właściwie upoważnioną do przyjmowania subskrypcji oraz otrzymywania w zamian płatności w gotówce lub w postaci wkładów niepieniężnych (w naturze) stanowiących równowartość ceny akcji, które to płatności pokryją w całości lub w części podwyższany kapitał zakładowy.

Zmiany praw Akcjonariuszy

Każda zmiana praw Akcjonariuszy wymaga zmiany Statutu Spółki z uwzględnieniem przepisów dotyczących quorum oraz większości głosów mających zastosowanie na nadzwyczajnym Walnym Zgromadzeniu Akcjonariuszy.

Kompetencje Rady Dyrektorów

Radzie Dyrektorów zostały powierzone najszersze uprawnienia w celu realizacji lub egzekwowania realizacji czynności związanych z zarządzaniem i administracją sprawami Spółki. Do kompetencji Rady Dyrektorów należą wszystkie sprawy niezarezerwowane dla Walnego Zgromadzenia Akcjonariuszy, na mocy luksemburskiego kodeksu spółek handlowych lub Statutu Spółki. Z zastrzeżeniem powyższego, polityka stosowana przez Radę Dyrektorów polega na delegowaniu codziennych czynności zarządczych na prezesa Spółki, którego wspiera zarząd składający się z dyrektorów wyższego szczebla mianowanych przez Radę Dyrektorów.

Działając w najlepszym interesie Spółki, Rada Dyrektorów określa strategię oraz cele operacyjne Spółki. Rada Dyrektorów jest odpowiedzialna za wdrażanie i wykonanie przyjętej strategii, jak również za wypełnianie najważniejszych celów Spółki.

Rada Dyrektorów zapewnia przejrzystość i efektywność systemu zarządzania Spółką oraz prowadzenie jej działalności zgodnie z wymaganiami prawnymi i dobrymi praktykami biznesowymi.

Kompetencje Komitetu Audytu

Do najważniejszych zadań Komitetu Audytu należą:

- monitorowanie procesu przygotowania oraz kompletności informacji finansowych dotyczących Spółki i Grupy,
- monitorowanie kompletności rocznych, półrocznych oraz kwartalnych sprawozdań finansowych, które powinny być przedstawione odpowiednim organom nadzoru, w tym organom nadzoru nad rynkiem kapitałowym, w ujęciu okresowym lub co najmniej rocznym,
- weryfikacja systemów kontroli wewnętrznej i zarządzania ryzykiem w taki sposób, by najistotniejsze ryzyka były odpowiednio rozpoznane, zarządzane oraz raportowane.

Pełen zakres kompetencji i uprawnień Komitetu Audytu został opisany w wewnętrznych regulacjach dotyczących komitetu audytu, które można uzyskać w siedzibie ACE lub pobrać z naszej oficjalnej strony internetowej www.acegroup.lu.

Główne cechy procedur kontroli wewnętrznej oraz zarządzania ryzykiem w związku ze sporządzaniem sprawozdań finansowych:

Dyrektorzy ponoszą całościową odpowiedzialność za system kontroli wewnętrznej Grupy oraz weryfikację jego efektywności. System kontroli ma na celu identyfikację i zarządzanie ryzykami, które są istotne dla Grupy, a nie ma na celu całkowitego wyeliminowania ryzyka związanego z nieosiągnięciem zamierzonych celów biznesowych. W naszej ocenie instrumenty kontroli wewnętrznej zapewniają rozsądny, lecz nie absolutny poziom bezpieczeństwa na wypadek istotnego zaniedbania lub straty. W skład tych systemów wchodzi planowanie strategiczne, zatrudnienie

odpowiednio przeszkolonego personelu, regularnego raportowania i monitorowania działalności oraz efektywnej kontroli nakładów kapitałowych i wydatków inwestycyjnych.

Instrumenty wewnętrznej kontroli finansowej koncentrują się na jasno zdefiniowanych procedurach kontrolnych oraz strukturze wszechstronnej miesięcznej i kwartalnej sprawozdawczości. Szczegółowe prognozy dotyczące przychodów, przepływów pieniężnych oraz kapitałowych są przygotowywane dla każdej spółki w Grupie, uaktualnianie regularnie w ciągu roku oraz weryfikowane przez Zarząd i Radę Dyrektorów.

Oświadczenia członków Zarządu

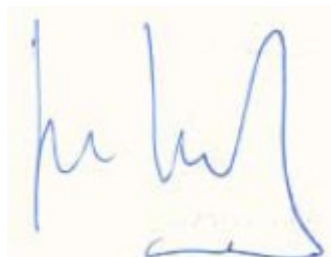
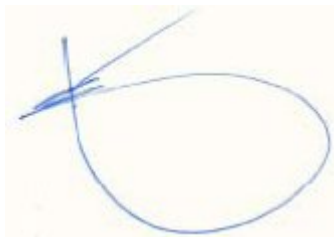
Zgodnie z najlepszym stanem wiedzy Zarządu roczne skonsolidowane sprawozdanie finansowe oraz informacje porównywalne zostały przygotowane w zgodzie z odpowiednimi standardami rachunkowości, i oddają wiarygodny, godziwy oraz przejrzysty obraz aktywów Grupy, jej sytuacji finansowej oraz wyniku netto, jak również raport Zarządu dotyczący działalności operacyjnej Spółki właściwie odzwierciedla rozwój, osiągnięcia oraz sytuację Grupy, zawierając opis najważniejszych czynników ryzyka oraz zagrożeń.

Firma audytorska (Deloitte S.A.), która przeprowadziła audyt rocznego skonsolidowanego sprawozdania finansowego, została wybrana w zgodzie z regulacjami prawnymi, jak również certyfikowani audytorzy, którzy przeprowadzili audyt, wypełnili warunki pozwalające im wystawić bezstronną i niezależną opinię audytorską zgodnie z odpowiednimi przepisami prawa krajowego.

Luksemburg, 30 kwietnia 2010

José Manuel Corrales

Raúl Serrano

Automotive Components Europe S.A.

and subsidiary companies

82 Route d'Arlon

L-1150 LUXEMBOURG

RCB number: B 118130

Consolidated Financial Statements
for the year ended 31 December 2009

**Automotive Components Europe S.A. and subsidiary companies
(ACE S.A.)**

(hereinafter the « Company » or « ACE S.A. »)

**Société Anonyme
82 Route D'Arlon
L-1150 Luxembourg
RCS Luxembourg B 118130**

***MANAGEMENT REPORT OF THE DIRECTORS CONCERNING
CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31st 2009***

Dear Shareholders,

In conformity with legal and statutory requirements, we have the pleasure to present and submit to your approval the consolidated financial statements for the period between 1st January and December 31st 2009.

1. Evolution of the Business and situation of the Company and its subsidiaries

From the consolidated accounts of the period between 1st January and December 31st 2009, it appears that the group reports a profit of EUR 1,980 thousands.

ACE S.A. :

The Company intends to continue its principal activity consisting in the acquisition of participations in any form whatsoever, by purchase, exchange or in any other undertakings and companies either Luxembourg or foreign operating in the field of metallurgic automotive components or casting products for the similar industries, as well as the management, control, and development of these participations. The Company may also carry out the transfer of these participations by means of sale, exchange or otherwise.

EBCC :

Since the incorporation, the Company held 100% of the capital of EBCC Spzoo (formerly INDUS Spzoo), European Brakes and Chassis Components Sp zoo, a limited liability company (spółka z ograniczoną odpowiedzialnością) with its registered office at ul. Bystrzycka 89, 54-215 Wrocław (Poland), registered with the register of entrepreneurs of the national court register under number KRS 0000251842 of which the issued share capital is PLN 7,148,500.00 represented by 14,297 shares having a par value of PLN 500.00 each., a wholly owned subsidiary of ACE and, prior to the EBCC Merger, known as European Brakes and Chassis Components Poland S.A.

As the sole shareholder of Indus was the Company ACE S.A., further to the above mentioned merger, the sole shareholder of EBCC Sp.z o.o. (previously named Indus Sp. z o.o.) is ACE S.A.

EBCC was established in 1999. It was originally a producer of hydraulic pumps (as part of PZL Hydral). The change of name and the shift to production of brake callipers resulted from the company's take-over by the Valfond Group in 1999 aimed at creating a "first choice" supplier of aluminium brake components for the OEMs moving their production facilities to the CEE countries. Since the start of production EBCC within 5 years increased its revenues to Euro 30.0 million in 2005, when it was taken over by Innova/3 L.P. Innova/3 EBRD Co-Investment Facility L.P. EBCC is located in Wrocław, one of the leading Polish academic cities and industrial areas. EBCC is currently the number two player with an estimated market share above 30% of the European aluminium callipers.

FUCHOSA, S.L.

ACE S.A. has a 100% participation in the capital of FUCHOSA, S.L. (Formerly RETORGAL XXI, S.L.), a Limited Liability Company organised under the laws of Spain, with its registered office at Barrio Apatamonasterio S/Nº Atxondo – 48 – VIZCAYA Spain, incorporated on 17 February 2005, registered with the Registro Mercantil de Vizcaya, tomo 4530, Book 53, Page BI-42017, first entry, with Tax Identification Number B95358081 of which the issued share capital is Euro 1,203,006 represented by 1,203,006 shares having a par value of Euro 1.00 each.

Pursuant to a merger RETORGAL XXI, S.L. acquired all the assets and liabilities of former FUCHOSA, S.L. Simultaneously, with filling the Registry application to the Registry of Commerce, the Articles of Association of RETORGAL XXI, S.L have been amended and its name has changed to FUCHOSA, S.L. The merger was registered by the Registry of Commerce and published on September 29, 2007.

Fuchosa's history dates back to 1987, but the company started as an iron foundry and focused exclusively on brake components (especially in anchors and brackets) production in 1991. Since then, the company increased its sales revenues from Euro 6,8 million in 1990 to Euro 43,6 million in 2005, becoming the leader of the anchor market. Fuchosa is located in Atxondo, 40km from Bilbao, in one of the most industrial regions of Spain with the highest intensity of iron foundries in the country/Europe. Fuchosa is the clear leader with an estimated market share above 40% of the European iron anchor market. The strong market positions result from high level of specialisation, engineering and technological expertise as well as highest standards of production and customer service.

FERAMO METALLUM INTERNATIONAL s.r.o.

On 12 May 2008, ACE acquired 100% of Feramo Metallum International s.r.o.. Feramo was incorporated with limited liability under Czech law on 7 July 1992. The registered offices of the company are located Vodarská 15, in Brno CZ- 61700 (Czech Republic), where the production plant is also located, with identification number 46962913 according to 132 of the act. 513/1991 Coll., the Czech Commercial Code. The issued share capital is CZK 164 thousand and the Tax Identification Number is CZ46962913.

Feramo is a producer of grey iron castings for various industries, including the automotive sector (auto products comprise around 10% of the company's total turnover). Feramo supplies mainly the following industries: automotive (brake drums and clutch components); white goods production (mainly components for washing machines); engineering (components for electrical engines and pumps) and sewer/drain iron castings. Feramo's products are mainly tailored to individual customers' requirements. Annual production rate of foundry fluctuates around 15,000 tonnes.

The history of Feramo dates back to 1932 when, a grey iron foundry was founded and the production of heating technology (boiler cells and radiators) started. During 1970-1990 an extensive modernization program was implemented, which substantially increased Feramo's capacity. During last years, Feramo implemented a new production line and new sand pit technology. New significant investments are expected in the next years, in order to improve the production capacity and introduce new portfolio of products.

2. Important Events since December 31st 2009

On February 18, 2010 the Board of Directors appointed Mr. Carlos Caba – Senior Officer of ACE S.A., as Director of the Company to fill the vacancy caused by the resignation of Mr. Arkadiusz Podziewski until the next General Meeting in accordance with art. 7 of the articles of association of the Company and art. 6 of the Regulations of the Board.

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

On March 8, 2010 the Board of Directors received a formal notification from Mr. Laurence Vine-Chatterton with his immediate resignation as Director of the Board of the Company.

On March 16, 2010 pursuant to article 7.6 of the articles of association of the Company and §6 of the Regulations of the Board it was approved the appointment of Mr Oliver Robert Günter Schmeer, as Director of the Company to fill the vacancy caused by the resignation of Mr Vine-Chatterton until the next General Meeting.

3. Planned evolution of the Company and its subsidiaries

Regarding the long term investment projects which are planned and followed, the Company should realise profits during the following statutory financial years.

4. Branch

The Company has no branches

5. Research and Development Activities

During the period between 1st January and December 31st 2009, the Company was not engaged in any research or development activities.

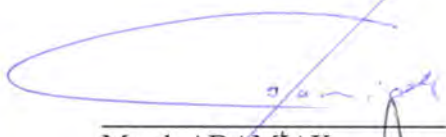
The following subsidiaries of ACE SA : European Brakes and Chassis Components SA, FUCHOSA S.L. and Feramo Metallum International s.r.o carry out some activity in the field of research and development in the scope of improvement of industrial process and products efficiency.

6. Parent company's shares held by ACE SA itself, by subsidiary undertakings of that company or by a person acting in his own name but on behalf of those undertakings :

During the financial year 2009, the Company and its subsidiaries did not repurchase own ACE S.A.'s shares.

The financial statements for the next statutory reporting period will cover the months January 2010 to December 2010.

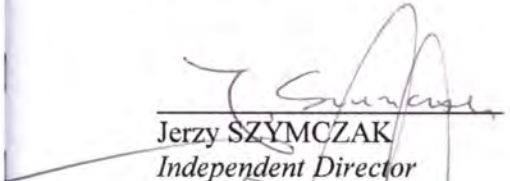
In Luxemburg, 30th March 2009.



Marek ADAMIĄK
Director A



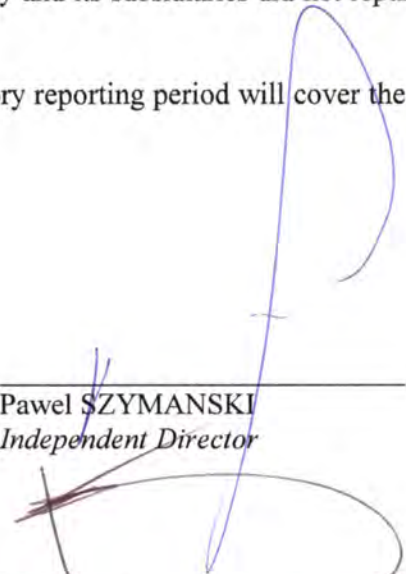
José-Manuel CORRALES RUIZ
Director B



Jerzy SZYMCZAK
Independent Director



Oliver SCHMEER



Pawel SZYMANSKI
Independent Director



Raul SERRANO SECADA
Director B



Carlos CABA LOPEZ DE VICUÑA

To the shareholders of,
Automotive Components Europe S.A. (A.C.E S.A.)
82, route d'Arlon
L-1150 Luxembourg

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Financial Advisory Services
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REPORT OF THE REVISEUR D'ENTREPRISES

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated June 17, 2009, we have audited the accompanying consolidated financial statements of A.C.E S.A., which comprise the consolidated balance sheet as at December 31, 2009, and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the réviseur d'entreprises

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the *Institut des réviseurs d'entreprises*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the réviseur d'entreprises, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

Audit • Tax • Consulting • Financial Advisory •

Member of
Deloitte Touche Tohmatsu

In making those risk assessments, the réviseur d'entreprises considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of A.C.E S.A. as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the board of directors, is consistent with the consolidated financial statements.

Deloitte S.A.

Réviseur d'entreprises



Sophie Mitchell

Partner

April 27, 2010

AUTOMOTIVE COMPONENTS EUROPE SA AND SUBSIDIARY COMPANIES

Notes to the consolidated Financial Statements

for the year ended 31 December 2009

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Automotive Components Europe S.A. and subsidiary companies

Consolidated Balance Sheet
for the year ended 31 December 2009
(expressed in thousand of Euros)

<u>Assets</u>	<u>Notes</u>	<u>December 2009</u>	<u>December 2008</u>	<u>Equity and Liabilities</u>	<u>Notes</u>	<u>December 2009</u>	<u>December 2008</u>
Non-current assets				Capital and reserves			
Intangible assets	6	139	278	Share capital		3.185	3.317
Property, plant and equipment	7	41.988	46.248	Share premium		6.931	6.931
Investment in associates	8	20	20	Retained earnings		25.108	24.646
Deferred tax assets	16	1.151	1.261	Exchange differences		(357)	(451)
Trade and other receivables	11	-	2	Net profit for the year		1.980	330
Total non-current assets		43.298	47.809	Total equity	13	36.847	34.773
Current assets				Non-current liabilities			
Inventories	10	7.623	10.799	Borrowings	14	14.271	12.895
Trade and other receivables	11	13.989	13.075	Deferred income		213	376
Other current assets		106	-	Deferred tax liabilities	16	3.410	3.389
Cash and cash equivalents	12	11.906	10.276	Derivative financial instruments	9	444	2.266
				Provisions for other liabilities and charges	17	109	101
Total current assets		33.624	34.150				
				Total non-current liabilities		18.447	19.027
Total assets		<u>76.922</u>	<u>81.959</u>	Current liabilities			
				Trade and other payables	18	14.866	15.651
				Borrowings	14	5.018	9.185
				Derivative financial instruments	9	953	2.032
				Other current liabilities	15	14	407
				Provisions for other liabilities and charge	17	777	884
				Total current liabilities		<u>21.628</u>	<u>28.159</u>
				Total equity and liabilities		<u>76.922</u>	<u>81.959</u>

The accompanying notes form an integral part of the consolidated financial statements of Automotive Components Europe S.A. for the year ended 31 December 2009, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Income Statements
for the year ended 31 December 2009
(expressed in thousand of Euros)

	Notes	2009	2008
Revenues	19	77.101	94.395
Cost of sales		<u>(61.338)</u>	<u>(76.150)</u>
Gross profit		15.763	18.245
Selling and distribution costs	20	(2.142)	(2.502)
General and administration expenses	21	(9.882)	(11.522)
Other operating income	22	1.034	1.253
Other operating expenses		<u>(439)</u>	<u>(716)</u>
Operating profit		4.334	4.758
Negative goodwill	5, 15 & 23	390	1.433
Financial income		390	930
Financial expenses		<u>(2.970)</u>	<u>(6.962)</u>
Financial result	24	<u>(2.580)</u>	<u>(6.032)</u>
Profit before income tax		2.144	159
Income tax (expense) / income	25	<u>(164)</u>	<u>171</u>
Net profit for the period		<u>1.980</u>	<u>330</u>
Attributable to:			
Equity holders of the company		<u>1.980</u>	<u>330</u>
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in € per share) (note 26)			
- basic		0,09	0,01
- diluted		<u>0,09</u>	<u>0,01</u>

The accompanying notes form an integral part of the consolidated financial statements of Automotive Components Europe S.A. for the year ended 31 December 2009, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Statement of Changes in Stockholder's Equity
for the year ended 31 December 2009
(expressed in thousand of Euros)

Notes	Attributable to equity holders of the company							
	Share Capital	Share premium	Legal reserve	Other reserves	Retained earnings	Exchange differences	Profit for the period	Net Equity
Balance at 1 January 2008	3.317	9.292	-	-	16.501	-	8.694	37.804
Allocation of previous year profit	-	-	-	-	8.694	-	(8.694)	-
Profit for the year	-	-	-	-	-	-	330	330
Total recognised income for 2008	-	-	-	-	8.694	-	330	330
Exchange differences	-	-	-	-	-	(451)	-	(451)
Partial reimbursment of share premium	-	(2.433)	-	-	-	-	-	(2.433)
Other variation	-	72	-	-	-	-	-	72
Purchase own shares	-	-	-	(549)	-	-	-	(549)
Balance at 31 December 2008	3.317	6.931	-	(549)	25.195	(451)	330	34.773
Balance at 1 January 2009	3.317	6.931	-	(549)	25.195	(451)	330	34.773
Allocation of previous year profit	-	-	307	-	23	-	(330)	-
Profit for the year	-	-	-	-	-	-	1.980	1.980
Total recognised income for 2009	-	-	-	-	-	-	1.980	1.980
Increase in share capital	13	(132)	-	-	132	-	-	-
Purchase of treasury shares	13	-	-	549	(549)	-	-	-
Exchange differences	-	-	-	-	-	94	-	94
Balance at 31 December 2009	3.185	6.931	307	-	24.801	(357)	1.980	36.847

The accompanying notes form an integral part of the consolidated financial statements of Automotive Components Europe S.A. for the year ended 31 December 2009, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Cash Flow Statement
for the year ended 31 December 2009
(expressed in thousand of Euros)

	<u>Notes</u>	<u>December 2009</u>	<u>December 2008</u>
Cash flows from ordinary activities			
Profit before tax		2.144	159
Adjusted for:			
Amortisation and depreciation	6 & 7	5.734	5.171
Negative goodwill	5 & 23	(390)	(1.433)
Net Financial result	24	5.471	1.109
Losses on sale of property, plant and equipment		(58)	-
Gains and losses on changes in fair values of derivative financial instruments	24	(2.898)	4.923
Others		<u>(124)</u>	<u>(44)</u>
Operating profit before changes in working capital		9.879	9.885
(Increase)/decrease in receivables and other current assets		(903)	5.416
(Increase)/decrease in inventories		2.151	(1.440)
Increase/(decrease) in trade and other payables		<u>(108)</u>	<u>(3.248)</u>
Cash from operating activities		11.019	10.613
Income taxes paid		<u>(83)</u>	<u>(916)</u>
Net cash from ordinary activities		10.936	9.697
Cash flows from investing activities			
Acquisition of property, plant and equipment		(2.126)	(5.827)
Acquisition of other intangible assets		-	(111)
Acquisition of subsidiary, net of cash acquired		-	(6.351)
Proceeds from sale of non current assets		<u>1.013</u>	<u>-</u>
Net cash from investing activities		(1.113)	(12.289)
Cash flows from financing activities			
Treasury shares acquisition		-	(549)
Repayments of borrowings		(7.288)	(3.135)
Proceeds from borrowings		4.796	9.762
Partial reimbursement of share premium		-	(2.433)
Net of financial result paid and received		<u>(5.499)</u>	<u>(1.156)</u>
Net cash from financing activities		(7.991)	2.489
Net increase/(decrease) in cash and cash equivalents		<u>1.832</u>	<u>(103)</u>
Cash and cash equivalents at beginning of the period		10.276	10.434
Effects of exchange rate changes on the balance sheet		<u>(202)</u>	<u>(55)</u>
Cash and cash equivalents at the end of the period		<u>11.906</u>	<u>10.276</u>

The accompanying notes form an integral part of the consolidated financial statements of Automotive Components Europe S.A. for the year ended 31 December 2009, in conjunction with which they should be read.

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(1) Nature and Principal Activities

Automotive Components Europe, S.A. (hereinafter "ACE" or the Company) was incorporated as a limited liability company, ("Société Anonyme"), under the law of the Grand Duchy of Luxembourg on 21 July 2006. ACE is registered with the Luxembourg Registry of Commerce and Companies under number B 118130 and has its registered office located in 82 Route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg, where it was moved to in August 1, 2007 from the former address in 6 rue Adolphe, L-1116 Luxembourg.

Since its incorporation, the principal activity of the Company has been the holding and management of company investments. After EB Holding S.à.r.L., which final beneficial owner at the same time is Innova/3 L.P. and Innova/3 EBRD Co-Investment Facility L.P., sold its shares in 2009, the main shareholders of the Company are: PZU 'Zlota Jelsien', ING Nationale Nederlanden Polska and Casting Brake.

The Company is the parent company of the Automotive Components Europe, S.A. Group (hereinafter the Group), which comprises the Company and the subsidiaries listed below, which operate in an integrated manner and under a common management, and the main activity of which is the manufacturing of anchors and callipers for brake systems.

The Group is comprised of the following companies at 31 December 2009:

Company	Registered offices	Percentage ownership
		Direct
Fuchosa, S.L. (formerly Retorgal XXI, S.L.)	Atxondo, Spain	100.00 %
European Brakes and Chassis Components Poland Sp.zo.o (formerly Indus Sp.zo.o.)	Wroclaw, Poland	100.00 %
Feramo Metallum International s.r.o.	Brno, Czech Republic	100.00 %

ACE was incorporated with limited liability on 21 July 2006 by the contributions in kind from 100% of the share capital of Indus Sp.zo.o, Poland and Retorgal XXI, S.L., Spain. The contributed companies held 100% of the share capital of European Brakes and Chassis Components Poland, Sp.zo.o, Poland, (EBCC) and Fuchosa, S.L., Spain, respectively. Said companies were contributed to the Company in full as a non-monetary payment. The financial year of all of the Group companies ends on 31 December of each year. The present consolidated financial statements are prepared as at end of December 2009.

As of 31 December 2006 Indus and EBCC merged, with Indus being the remaining company and changing its name to European Brakes and Chassis Components Sp.zo.o. As of the end of September 2007, the two subsidiaries in Spain merged retroactively to 1st January 2007 in order to simplify the organisational structure of the ACE Group, save costs and comply with certain covenants of the Unit Purchase Agreement and the long term facility granted by La Caixa to finance the acquisition of Fuchosa. This merger had no impact on consolidated figures.

On 12 May 2008 ACE acquired 100% of Feramo Metallum International s.r.o. and Feramo Trans s.r.o. located in Brno (Czech Republic) (see Note 5).

The activities of the companies forming part of the Group are as follows:

- Fuchosa, S.L. ("Fuchosa") was incorporated with limited liability under Spanish law on 17 February 2005. The registered offices of the company are in Atxondo (Spain), where the production plant is also located. The principal activity of the company since its incorporation has been the manufacturing and sale of nodular iron safety parts for the automobile sector.

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- European Brakes and Chassis Components Poland, Sp. z o.o. ("EBCC") was incorporated with limited liability under Polish law on 8 November 2005. The registered offices of the company are in Wrocław (Poland), where the production plant is also located. The principal activity of the company is the manufacturing of calipers for brake systems for the automobile sector.
- Feramo Metallum International s.r.o. ("Feramo") was incorporated with limited liability under Czech law on 7 July 1992. The registered offices of the company are in Brno (Czech Republic), where the production plant is also located. The principal activity of the company is the manufacturing and sale of a broad range of grey iron foundry products.
- Furthermore, EBCC Germany GmbH (a 100% subsidiary incorporated by EBCC) and Feramo Trans s.r.o. (a 100% subsidiary incorporated by ACE) are not included in the scope of consolidation as the contribution of these entities to the consolidated financial statement would have been negligible. (see note 8)

Since 1 June 2007 the Company is listed in the Warsaw Stock exchange by selling 10,103,927 old shares and issue of 2,065,160 new shares.

(2) Basis of presentation of the consolidated financial statements and basis of consolidation

1. Adoption of new and revised International Financial Reporting Standards (IFRSs)

a. Standards (IFRS) and interpretations (IFRIC) that are effective for financial statements of 2009

The Group has adopted the following standards and interpretations as they are effective:

- Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments (effective for accounting periods beginning on or after 1 July 2008);
- Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations (effective for accounting periods beginning on or after 1 January 2009);
- Amendment to IAS 23 Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to IFRS 1 and IAS 27 Cost of an Investment in a subsidiary, jointly-controlled entity or associate (effective for accounting periods beginning on or after 1 January 2009).
- IFRS 8 Operating Segments (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation (effective for accounting periods beginning on or after 1 January 2009);
- Revised IFRS 3 Business Combinations (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009);
- IFRIC 18 Transfers of Assets from Customers issued 29 January 2009
- Amendments to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. As part of Improvements to IFRSs (2008), IAS 20 has been amended to require that the benefit of a government loan at a below-market rate of interest be treated as a government grant. This accounting treatment was not permitted prior to these amendments.

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- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008);
- IFRIC 14 IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2008).
- Amendments to IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation (effective for accounting periods beginning on or after 1 January 2009);
- Revised IFRS 1 First Time Adoption of IFRS (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 12 Service Concession Arrangements (effective for accounting periods beginning on or after 1 January 2008);
- IFRIC 15 Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008);
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective for accounting periods beginning on or after 1 July 2009);
- Amendments to IAS 27 Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2009);
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items (effective for accounting periods beginning on or after 1 July 2008);
- Amendment to IAS 39 Reclassification of Financial Assets: Effective Date and Transition (effective for accounting periods beginning on or after 1 July 2008).

The adoption of these standards and interpretations has not led to any changes in the Group's accounting policies.

b. Early adoption of standards, amendments and interpretations that are effective after 2009, but which the Group decided to adopt earlier

The Group has not adopted any standards, amendments or interpretations in advance of their effective dates.

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c. Standards and Interpretations in issue not yet adopted that are effective after 2009

As part of Improvements to IFRSs 2009 issued in April 2009, the International Accounting Standards Board (IASB) amended the requirements of IAS 17 Leases regarding the classification of leases of land. Prior to amendment, IAS 17 Leases generally required leases of land with an indefinite useful life to be classified as operating leases. This was inconsistent with the general principles of the Standard, and the relevant guidance has been removed due to concerns that it could lead to accounting that did not reflect the substance of arrangements. Following the amendments, leases of land are classified as either 'finance' or 'operating' using the general principles of IAS 17. These amendments are effective for annual periods beginning on or after 1 January 2010, and they are to be applied retrospectively to unexpired leases at 1 January 2010 if the necessary information was available at the inception of the lease. Otherwise, the revised Standard will be applied based on the facts and circumstances existing on 1 January 2010 (i.e. the date of adoption of the amendments) and the Group will recognise assets and liabilities related to land leases newly classified as finance leases at their fair values on that date; any difference between those fair values will be recognised in retained earnings.

In June 2009, the IASB issued amendments to IFRS 2 Share-based Payment. These amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

The directors anticipate that these amendments will be adopted in the Group's financial statements for the period beginning 1 January 2010. The directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

2. Comparative information

As indicated in Notes 1 and 5, the acquisition of Feramo (May 2008) needs to be taken into consideration when comparing the 2008 figures included in these Consolidated Financial Statements with the equivalent figures for 2009.

3. Functional Currency

These annual accounts are presented in Euros as this is the currency of the chief economic environment in which the Group operates. However, it should be mentioned that the functional currency of Feramo is Czech koruna; whereas for the other subsidiaries the functional currency is the Euro. Operations abroad and financial statement in other functional currency than Euro are recorded in accordance with the policies described in Note 3.10.

4. Judgement, estimates and correction of errors

The preparation of financial statements in conformity with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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The Group's consolidated financial statements for the year ended 31 December 2009, include Group management and consolidated companies' estimates on the value of assets, liabilities, income, expenses and commitments recognised, which were subsequently ratified by the Board of Directors. These estimates mainly comprise:

- useful lives of property, plant and equipment.
- certain provisions made.
- recognition of deferred taxes.
- fair value of certain financial instruments.

Although estimates were based on the best information available at 31 December 2009, future events may require these estimates to be modified (increased or decreased) in subsequent years. Any change in accounting estimates would be recognised prospectively in the corresponding consolidated income statement, in accordance with IAS 8.

(3) Significant Accounting Principles

1. Statement of compliance

The consolidated financial statements have been prepared in accordance with the accounting principles and measurement standards set out in the International Financial Reporting Standards endorsed by the European Union at 31 December 2009.

2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements as at 31 December 2009 will be presented at the Warsaw Stock Exchange within the periods established by prevailing legislation in Poland.

The principal accounting policies are set out below.

3. Going concern and accruals basis

The consolidated financial statements have been prepared on a going concern basis, as the management considers that the Group's future performance will allow the recovery of its assets and the settlement of its liabilities in the ordinary course of business.

The main characteristic of the braking system market is its concentration of customers among three Tier 1 companies. In this regard, approximately 84% of total revenues are made with said customers (87% in 2008), which are allocated in Fuchosa and EBCC. The management do not consider this situation as a significant risk, because said customers are considered solvent enough.

Income and expenses are recognised on an accruals basis, irrespective of collections and payments.

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for the year ended 31 December 2009

4. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

5. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

6. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement

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of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain

7. Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described at Note 6 above

8. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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a. Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

b. Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

c. Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

d. Rental income

The Group's policy for recognition of revenue from operating leases is described in note 9 below.

9. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases

a. The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

b. The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are

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recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 11 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

The obligation to pay deriving from the lease, net of the finance charge, is recognised as a long-term payable. If there is no reasonable certainty that the lessee will obtain ownership of the property by the end of the lease term, the asset should be fully depreciated over the shorter of the lease term or its useful life. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

10. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated to the functional currency using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euros at foreign currency exchange rate prevailing at the date the fair value was determined.

The balances of the annual accounts of the consolidated entities whose functional currencies are other than Euro are converted into Euro as follows:

- Assets and liabilities, by application of the exchange rates at the close of the period.
- Revenue, expenditure and cash flows, using the average exchange rate for the year.
- Equity, at historical exchange rates.

Differences arising in the conversion process are recorded under "Exchange differences" in equity. These exchange differences are recognised as revenue or expenditure during the period in which the investment is disposed of.

11. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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12. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

13. Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date, excluding the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 31.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest and adjusted for the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Fair value is measured using the fair value of the shares, which was estimated based on prices paid on business combinations with third parties close to the grant date of the benefit. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions and behavioural considerations.

14. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the

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reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unused income tax credits and deductions are recognised as tax credits under assets in the consolidated balance sheet provided that their recovery is considered probable and all the necessary conditions have been met. The income from these credits is recorded as a deduction from the income tax expense in the income statement.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

c. Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination

15. Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated useful lives of other items of property, plant and equipment are as follows:

	<u>Years</u>
Buildings	20 – 45
Plant and machinery	7 – 30
Fixtures and fittings	4 – 10
Computer equipment	3 – 14
Leasehold improvements	5
Other tangible assets	3 – 5

The Group reassesses the depreciation method and periods at least at the end of each financial year.

16. Intangible assets

a. Goodwill

Internally generated goodwill is not recognised as an asset.

Negative goodwill arising from the acquisitions of subsidiaries at the formation date was recorded in the retained earnings in 2008. Since the first consolidation negative goodwill arising from the acquisition of subsidiaries is recorded in the income statement of ACE (see note 5).

b. Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

17. Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

18. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution.

19. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

20. Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a. Trade receivables

Trade receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

b. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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c. Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

d. Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

e. Trade payables

Trade payables are stated at cost.

f. Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

g. Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.

The Group uses derivative financial instruments (foreign currency forward contracts and interest rate swaps) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions and to hedge its interest rate risk that arises from bank loans. The Group's policy is to convert a proportion of its floating rate debt to fixed rates.

In accordance with its treasury policy, the Group does not acquire or hold derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted as trading instruments.

Derivative financial instruments are recognised initially at cost and subsequently stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss as financial income or expense for trading instruments.

The Group does not use hedge accounting for derivative financial instruments and therefore changes in the fair value of these assets are recognised immediately in the income statement.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

21. Treasury shares

At year end the ACE Group's treasury shares are deducted from "Other reserves" on the Consolidated Balance Sheet and are measured at acquisition cost.

The gains and losses obtained by the companies on disposal of these treasury shares are recognised in "Other reserves" in the Consolidated Balance Sheet.

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22. Share capital

Ordinary shares are classified as equity. Shares are classified as equity if non-redeemable and any dividends are discretionary. Dividends are recognised as a liability in the period in which they are declared.

Incremental costs directly attributable to the issue of equity instruments, except those incurred on the issue of equity instruments as a result of the acquisition of a business are recorded as a deduction from equity, net of any related tax incentives or tax effect.

23. Employee benefits

a. Termination benefits

Termination benefits are payable when employment is terminated before the normal contract expiry or retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

24. Offsetting assets and liabilities, income and expenses

Liabilities cannot be offset by assets, nor expenses by income, unless permitted by a relevant standard or interpretation.

25. Classification of assets and liabilities as current

Assets and liabilities are classified as current in the consolidated balance sheet when expected to be recovered, traded or settled within 12 months of the balance sheet date, except for trading properties, which are expected to be realised in the ordinary course of business of sale of properties and unbuilt land. Where the Group does not have an unconditional right to defer settlement of the liability within at least 12 months of the balance sheet date, the liability is classified as current.

26. Related parties

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

(4) Segment information

The Group has adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

Group companies are organised based on the nature of the products and services manufactured and marketed. Information for operating segments is reported in Appendix I.

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Assets, liabilities, income and expenses for segments include directly attributable items as well those which can be reasonably and reliably assigned to a segment. All balance sheet items have been assigned to the segments. Income statement items which are not assigned to segments by the Group are: other operating income / expenses, financial income / expense and income tax expense.

The business segments defined by the Group are as follows:

- Iron casting: relates to the production of iron based products.
- Aluminium casting: relates to the production of aluminium based products.
- Others: relates mainly to the sale of tooling.

(5) Business combination

As mentioned in note 1, ACE was incorporated as a limited liability company on 21 July 2006 by the contributions in kind from 100% of the share capital of Indus Sp.zo.o, Poland and Retorgal XXI, S.L., Spain. The contributed companies held 100% of the share capital of EBCC and Fuchosa, respectively. Said companies were contributed to the Company in full as a non-monetary payment. These transactions have been accounted for by the purchase method of accounting. As at 31 December 2007, the accounting for the business combination was completed.

On 12 May 2008 ACE acquired 100% of Feramo Metallum International s.r.o. and Feramo Trans s.r.o. located in Brno (Czech Republic). The principal activity of the first company is the manufacturing and sale of a broad range of grey iron foundry products. On the other hand, Feramo Trans is mainly focused on the transportation of Feramo Metallum products.

At 31 December 2008, the initial accounting for the business combination for Feramo Metallum could be determined only provisionally. These provisional fair values of net assets acquired were subject to changes upon completion of the accounting for the business combination within twelve months from the acquisition date.

At 31 December 2009, the fair values of net assets acquired are defined and were not subjected to changes from the initial accounting recorded.

Details of the aggregated business combination cost and equity acquired and the negative goodwill is as follows:

	Feramo
	Thousand of
	Euros
Cost of business combination	6,963
Fair value of net assets acquired	8,396
Negative goodwill	(1,433)

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The difference between the fair value of Feramo and the underlying book value at the time of acquisition recorded in the financial statements of the acquired company is assigned to the asset and liability items as detailed below.

	Thousand of Euros
Business combination cost	6,963
Underlying book value of acquired holdings	3,623
Allocation of fair value:	
Land & Buildings	3,930
Vehicles & machinery	1,913
Furniture, fittings & equipment	48
Deferred tax	(1,118)
Total gains allocated	8,396
Negative goodwill	(1,433)

The initial cost of the business combination of Feramo included Euro 6.6 million in respect of costs directly attributable to the acquisition, and Euro 0.4 million in respect of the future payment agreed with the former owner of the acquired company, according to a signed contract related to the reallocation of a third company located in Feramo installations.

As of 10 December 2009, ACE has signed a contract with the former owner of the acquired company, agreeing a Purchase Price Reduction in the amount of the deferred payment, Euro 0.4 million. (note 15)

Given that the date of the agreement is subsequent to the 12 months of provisional accounting permitted by IFRS 3, the Group has not modified the amount of the initial negative goodwill recognised, and therefore has recorded an income for Euro 0.4 million.

The negative goodwill of Euro 1,433 thousand was recorded in the income statement of 2008 (note 23), which arose after the purchase price allocation process and fair valuation of assets and liabilities of the acquired company in 2008, which supports the management assessment as regards the fair value of the business and its potential for the future development.

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The fair value of the net assets acquired was as follows:

	Feramo
	Thousand of
	Euros
Property, plant and equipment	11,588
Inventories	905
Receivables and other current assets	2,207
Cash and cash equivalents	208
Other assets	10
Bank borrowings	(1,399)
Other debt	(3,495)
Trade liabilities	(1,312)
Provisions	(85)
Other liabilities	(231)
Fair value of net assets acquired	8,396

In the determination of the fair value of net assets acquired, no values were considered necessary to be allocated to contingent liabilities.

Feramo contributed in Euro 12.7 million and Euro (844) thousand to Group sales and net profit for year 2009 and 2008, respectively. The revenue and net profit of Feramo for the period ended 12 May 2008 amounted to approximately Euro 6.5 million and Euro 268 thousand, respectively.

(6) Intangible assets

Details of and movements in intangible assets for the year from 1 January 2008 to 31 December 2009 are shown below.

All intangible assets have finite useful lives and these are amortised on a straight line basis during a period that ranges between 3 and 5 years.

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Details are as follows:

	Trademarks and licences	Other (*)	Total
At 1 January 2008			
Opening net book amount	289	10	299
Changes in scope of consolidation	-	10	10
Additions	111	-	111
Amortisation charge	(130)	(11)	(141)
Net foreign currency exchange differences	-	(1)	(1)
Closing net book amount	270	8	278
At 31 December 2008			
Cost	631	171	802
Accumulated amortisation and impairment	(361)	(163)	(524)
Net book amount	270	8	278
Year ended 31 December 2009			
Opening net book amount	270	8	278
Disposals	(3)	-	(3)
Amortisation charge	(132)	(4)	(136)
Closing net book amount	135	4	139
At 31 December 2009			
Cost	628	171	799
Accumulated amortisation and impairment	(493)	(167)	(660)
Net book amount	135	4	139

(*) Others includes R&D expenses

(7) Property, plant and equipment

Details of and movements in property, plant and equipment for the year from 1 January 2008 to 31 December 2009 are shown below.

At 31 December 2009, certain land and buildings are mortgaged to secure the repayment of loans with an outstanding balance of Euro 16,858 thousand (see note 14). The Group's policy is to take out insurance to cover what it estimates as the possible risks which could affect the tangible assets. The Group entities have taken out insurance, which more than covers the net book value of all the Group's assets.

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	Land & Buildings	Vehicles & machinery	Furniture, fittings & equipment	Total
At 1 January 2008				
Opening net book amount	9,500	22,890	2,111	34,501
Changes in scope of consolidation	6,052	5,490	46	11,588
Additions	138	3,940	1,749	5,827
Disposals	-	(8)	-	(8)
Depreciation charge	(342)	(4,188)	(500)	(5,030)
Net foreign currency exchange differences	(359)	(268)	(3)	(630)
Closing net book amount	14,989	27,856	3,403	46,248
At 31 December 2008				
Cost or valuation	18,130	71,229	5,945	95,304
Accumulated depreciation	(3,141)	(43,373)	(2,542)	(49,056)
Net book amount	14,989	27,856	3,403	46,248
Year ended 31 December 2009				
Opening net book amount	14,989	27,856	3,403	46,248
Additions	115	1,295	717	2,127
Disposals	-	(44)	(933)	(977)
Depreciation charge	(484)	(4,703)	(412)	(5,599)
Net foreign currency exchange differences (cost)	86	112	8	206
(depreciation)	(2)	(13)	(2)	(17)
Closing net book amount	14,704	24,503	2,781	41,988
At 31 December 2009				
Cost or valuation	18,331	72,592	5,737	96,660
Accumulated depreciation	(3,627)	(48,089)	(2,956)	(54,672)
Net book amount	14,704	24,503	2,781	41,988

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(8) Investment in associates

There have not been any movements in investment in associates for the year from 31 December 2008 to 31 December 2009. During 2008, Feramo Trans was acquired as part of the transaction with Feramo Metallum, being the total cost of the investment assigned to Feramo Metallum.

The Group's share of the results of its principal associates, all of which are unlisted, and its share of the net assets (including goodwill and liabilities) are as follows (in thousand Euro):

Name	Country of incorporation	Total Assets	Total Liabilities	Profit/ (Loss)	Revenues	% interest Held	Acquisition Cost
December 2009							
EBCC Germany	Germany	28	10	(4)	-	100%	20
Feramo Trans	Czech Republic	14	27	(23)	67	100%	-
		42	37	(27)	67		20
December 2008							
EBCC Germany	Germany	60	21	-	-	100%	20
Feramo Trans	Czech Republic	33	23	1	105	100%	-
		93	44	(7)	105		20

(9) Derivative financial instruments

Details are as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
<i>Non - Current financial liabilities</i>		
Interest rate swap	-	45
Currency option	444	2,221
	444	2,266
<i>Current financial liabilities</i>		
Currency option	953	2,032

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with outstanding values of Euro 7.1 million have fixed interest payments at an average rate of 3.51 per cent for periods up until 2013 (Euro 12 million at December 2008) (see note 14).

The Group also uses currency options in order to manage 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 EUR.

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On February 19, 2009 the Group company EBCC Sp. z o.o. signed an agreement with BRE Bank S.A. as regards cancellation of outstanding derivative financial instruments at 31 December 2008. The agreement assumed full cancellation in 2009 and partial cancellation in 2010 of 4 outstanding hedging contracts with BRE for total amount of 15.3Mio PLN, at a level 4.669 zloty per euro (approximately Euro 3.2 million) and it represented the closing of around half of Group financial exposure to polish zloty at same exchange rate.

The main purpose of this agreement was to reduce exposure of EBCC to volatility of zloty/euro exchange rate and risk of further weakening of zloty

The fair value of the currency option for Polish Zloty amounts to a liability of Euro 1,397 thousand at year end (see note 14).

(10) Inventories

Details of inventories are as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
Raw materials and supplies	3,240	4,927
Work in progress	1,336	1,294
Finished products	3,046	4,577
Payments on account	1	1
	<u>7,623</u>	<u>10,799</u>

There is Euro 242 thousand of write downs in inventories as at December 2009 (31 December 2008: Euro 107 thousand).

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(11) Trade and other receivables

Details of debtors are as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
Trade receivables	14,455	13,091
Less: provision for impairment of receivables	(530)	(364)
Trade receivables – net	13,925	12,727
Prepayments	64	349
Total	13,989	13,076
Less non-current portion:	-	1
Current portion	13,989	13,075
	13,989	13,076

All non-current receivables are due within five years from the balance sheet date.

The table below shows the ageing beyond due date of the financial assets for credit risk exposure purposes (in thousand of Euros):

Thousand of Euro
December 2009

	Within terms	Up to three months overdue	Between three months and one year overdue	More than one year overdue	Total
Trade and other receivables					
of which current	12,324	1,456	209	-	13,989
Total	12,324	1,456	209	-	13,989

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Thousand of Euro
December 2008

	Within terms	Up to three months overdue	Between three months and one year overdue	More than one year overdue	Total
Trade and other receivables					
of which current	10,837	2,095	105	39	13,076
Total	10,837	2,095	105	39	13,076

(12) Cash and cash equivalents

	Thousand of Euros December 2008	Thousand of Euros December 2008
Cash at bank and in hand	966	1,254
Short-term bank deposits	10,940	9,022
Cash and cash equivalents	11,906	10,276

The Group company Fuchosa did not meet the debt covenants required as of June 2009 review, as a result a total amount of Euro 1,214 thousand was taken as cash collateral by the agent bank of the syndicated loan (see note 14). This amount corresponds to the payment to be made in February 2010. Since the company is meeting bank covenants as of December 2009, the Management do not expect any amounts taken as cash collateral in the short term.

(13) Equity

Details of and movements in the various items included in equity are detailed in the consolidated statement of changes in equity, which forms an integral part of the consolidated financial statements.

(a) Share capital

At 31 December 2008, the share capital of ACE was represented by 22,115,260 registered same type of shares of Euros 0.15 value each.

At 31 December 2009 the share capital of ACE was represented by 21,230,515 registered same type of shares of Euros 0.15 value each. The share capital was fully paid. There has been a capital reduction during 2009, crediting Retained Earnings, as explained below (note 13.e)

As at 31 December 2009, there is an authorised share capital not issued of 2,947,365 shares of which 1,002,505 shares are related to the ESOP scheme in EBCC (Note 31).

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(b) Share premium

The share premium is governed by the same restrictions as those applicable to the voluntary reserves and can be used for the same purposes, including conversion to share capital.

As at 17 June 2008, the General Meeting approved the partial reimbursement of the share premium in the global amount of Euro 2,433 thousand amounting to Euro 0.11 per share. This amount was paid on 1 September 2008.

No changes have been registered as for the share premium during the period. As at 31 December 2009, the share premium amounts Euro 6,931 thousand.

(c) Legal reserve

In accordance with Luxembourg company law, the Company is obliged to transfer a minimum of 5% of the profit for the year to a legal reserve, until such time as the reserve represents 10% of the share capital. This reserve is non-distributable, except upon dissolution of the Company. As at 31 December 2009 Legal reserve amounts to Euro 307 thousand.

(d) Retained earnings

This caption amounting to Euro 25,108 thousand includes as of 31 December 2009 the negative goodwill arising on consolidation of Fuchosa, EBCC and Feramo amounting to Euro 13,087 thousand, (31 December 2008: Euro 11,984 thousand).

Also Retained earnings have been decreased for Euro 549 thousand to cancel the Treasury shares purchased during 2008 (see note below). Consequently Share Capital was reduced on the amount of shares bought back, increasing Retained Earning in Euro 132 thousand.

This caption also includes the profit for year ended 31 December 2008.

(e) Treasury shares

On 17 June 2008 the General Meeting authorised the board of directors of ACE and the corporate bodies of any of the subsidiaries of the ACE Group, as referred to in articles 49-2 and 49-3 of the Luxembourg law of August 10, 1915 on commercial companies as amended, for a maximum period of twelve months as of the date of the Meeting, to purchase shares of ACE S.A. at any time and as many times as it deems appropriate, by any means permitted by law, in a limit of 10% of the subscribed capital.

During 2008 ACE purchased 885 thousand shares at market price for a total of Euro 549 thousand. Extraordinary General Meeting of Shareholders resolved to reduce the issued share capital of the Company by an amount of Euro 132,711.75 as to bring it from its present amount of Euro 3,317,289 to Euro 3,184,577.25 by cancellation of 884,745 shares with a nominal value of EUR 0.15 owned by the Company following the completion of the buy-back programme as approved at the annual shareholders meeting of the Company held on June 17, 2008.

Extraordinary General Meeting of Shareholders further resolved to grant authorization to the board of directors of the Company to re-allocate the amount of Euro (548,612) representing the entire amount standing on the account "Reserves for own shares" of the Company specially created due to the completion of the buy-back programme as provided by Article 49-5 of the law of August 10, 1915 as amended on commercial companies to any other relevant reserves' accounts and consequently cancel the account "Reserves for own shares".

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The changes in 2009 in the shares of A.C.E. S.A., owned by the Group are as follows:

	Number of shares	Thousand of Euros
At 31 December 2007	-	-
Additions	884,745	549
At 31 December 2008	884,745	549

	Number of shares	Thousand of Euros
At 31 December 2008	884,745	549
Additions	-	-
Reductions	884,745	549
At 31 December 2009	-	-

Detail of and movements in share capital for 2008 and 2009 are shown below.

In thousand of Euros, except the number of shares

	Number of shares	Ordinary shares	Share premium	Total
At 31 December 2006	2,005,010	3,008	24	3,032
Increase of share capital	20,110,250	309	9,268	9,577
At 31 December 2007	22,115,260	3,317	9,292	12,609
Partial reimbursement of share premium	-	-	(2,433)	(2,433)
Other adjustments	-	-	72	72
At 31 December 2008	22,115,260	3,317	6,931	10,248

	Number of shares	Ordinary shares	Share premium	Total
At 31 December 2008	22,115,260	3,317	6,931	10,248
Partial reimbursement of share premium				
Capital reduction	(884,745)	(132)		(132)
At 31 December 2009	21,230,515	3,185	6,931	10,116

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(14) Borrowings

Non-current and current borrowings are detailed as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
Non-current		
Bank borrowings	12,066	12,238
Other borrowings	2,205	657
	<u>14,271</u>	<u>12,895</u>
Current		
Bank overdrafts	363	4,239
Bank borrowings	4,488	4,889
Other borrowings	167	57
	<u>5,018</u>	<u>9,185</u>
Total borrowings	<u>19,289</u>	<u>22,080</u>

On 23 February 2006, Retorgal on the one hand and EB Holding S.à.r.l. and Casting Brake, S.L., as shareholders of the Company on the other hand, signed a syndicated loan agreement for an amount of Euro 16 million, the agent bank of which is Caixa D'Estalvis I Pensions de Barcelona, "la Caixa". The main purpose of this syndicated loan is to partially finance Retorgal's acquisition of Fuchosa. This syndicated loan, which matures on 23 February 2013, is subject to compliance with certain obligations relating to financial ratios. According to the agreed conditions, the degree of compliance with the financial ratios and levels will be determined at the close of each semester and Fuchosa must provide certain financial information to the banks in order to assess compliance with these ratios. Said loan bears an interest of Euribor + 1.25% for the first half of 2009 and Euribor + 1.75% for the second half of 2009. The increase in the interest rate is due to the fail on compliance of some covenants included in the loan agreement. At December 2009 Fuchosa is meeting bank covenants and as a result the interest has been reviewed, being the rate from February 2010 Euribor+ 1.25%

In order to hedge for the interest rate risk for said loan, the Group contracted an interest rate swap, fixing the variable rate at 3.51% (note 9). As of 31 December 2009, the Group has already repaid Euro 6,461 thousand (2006-2008: Euro 4,308 thousand).

On 16 December 2009, due to the change in the shareholders composition, (note 1) a clause within the contract terms was not met. However, the company received an official waiver from La Caixa and other banks cancelling the loan default explained above. The waiver was issued with no cost for the company.

During 2008, Fuchosa was granted with two new loans connected to the R&D expenses in 2006 and 2007.

The first one was signed at 9 July 2008 amounting Euro 714 thousand. The repayment of the loan has started in 2009, being the outstanding balance Euro 657 thousand at year end, with a maturity date on 31 December 2015. This loan does not bear any interest expenses.

The second one was signed with Banco Sabadell under the concept of Advance connected to R&D expenses incurred in 2007, on 12 December 2008 for a total amount of Euro 491 thousand bearing a 4% interest rate quarterly. This loan matured on 12 June 2009 and was repaid after the company was granted the full loan connected to further R&D expenses in 2007 amounting Euro 611 thousand. This loan starts repayment on 22 June 2010, with a maturity date on 22 September 2018 and does not bear any interest.

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In the same way, on 12 December 2009, Fuchosa has signed a new loan with La Caixa amounting Euro 405 thousand in concept of Advance to the R&D expenses incurred in 2008. This advance bears an interest of 6M Euribor+0,5% and will be fully repaid on one payment at 31 December 2010. At that point, the company will be granted a new interest free loan.

Finally, on 30 September 2009, Fuchosa was granted a new loan from the Spanish Ministry of Industry amounting Euro 1,103 thousand with repayment starting in 30 October 2015 and with a maturity date on 30 October 2024. This loan does not bear any interest. However, to maintain the amount received (Euro 1,103 thousand) the company has to meet some conditions which have not been confirmed yet.

On 27 September 2007 the Group company EBCC raised an overdraft of Euro 4,000 thousand maturing the 30 September 2010; at year end this overdraft bears an interest of LIBOR+ 2.5%. Additionally, on 18 April 2008 a new loan with BRE Bank S.A. up to Euro 5,000 thousand was raised maturing the 29 July 2011; at year end this loan bears an interest of 1M Euribor+ 3.40%. Both credits bear are subject to compliance with certain obligations relating to financial ratios. These financial ratios are determined in the agreement and EBCC must provide certain financial information to the bank in order to assess compliance with said ratios. Information has to be provided on a quarterly basis.

On 19 February 2009 EBCC signed a loan with BRE Bank S.A. amounting Euro 2 million in order to finance the partial cancellation of the currency option swap (see note 9). This loan bears an interest of 1M Euribor +3.40% and the outstanding balance is Euro 1,890 thousand at year end.

On 1 April 2005 and 9 July 2007, Feramo Metallum signed loans agreements for amounts of long term investment loans Euro 675 thousand, and CZK 10,000 thousand (approximately Euro 378 thousand) respectively. These loans are scheduled to mature on 25 February 2010 the first one, and 25 October 2009 the second one. Said loans bear an interest of 3M EURIBOR + 3.30 % p.a. for the first one and 1M PRIBOR + 2.90 % p.a. for the second one. At 31 December 2009, the outstanding balance for the first one is Euro 25 thousand and the second one has been fully reimbursed.

On 7 March 2009, Feramo Metallum renewed two of the bank debt which was maturing at that day. The overdraft facility of CZK 13,000 thousand (approximately Euro 492 thousand) was renewed as a revolving loan facility for the same amount, bearing an interest of 1M PRIBOR + 2.65% and a maturity date on 5 March 2010. The short term revolving loan facility of CZK 20,000 thousand (approximately Euro 757 thousand) was renewed as a loan facility for the same amount, bearing an interest of 1M PRIBOR + 2.85%, with monthly instalments starting on 20 October 2009 and maturity date on 20 April 2012. These loan agreements are subject to compliance with certain obligation relating to financial ratios which should be reported quarterly, and they keep the same pledge than the former agreement.

The outstanding balances at year end 2009 and 2008 are CZK 9,000 thousand (approximately Euro 340 thousand) and CZK 18,052 thousand (approximately Euro 682 thousand) respectively.

All mentioned Feramo Metallum loan agreements are subject to compliance with certain obligations relating to financial ratios. According to the agreed conditions, the degree of compliance with the financial ratios and levels will be determined at the close of every quarter and Feramo Metallum must provide certain financial information to the banks in order to assess compliance with these ratios. At 31 December 2009 Feramo has complied with the financial ratio. These loans agreements are secured by the real estate (land and buildings) of Feramo, its receivables for a total amount of approximately Euro 437 thousand and blank bills of exchange issued by ACE S.A.

At December 2009, all companies within the Group are meeting bank covenants and the Management expects to continue meeting financial ratios requirements in the short term.

As disclosed in note 30, the Group has granted a guarantee in favour of the banks, through the pledge of Fuchosa shares. Additionally, certain properties of the Group secure said loans for an amount of Euro 35,466 thousand.

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The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date is not significant as the Group uses interest rate swaps to manage its exposure to interest rate movements on its syndicated bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with nominal values of Euro 7.1 million have fixed interest payments at an average rate of 3.51 per cent for periods up until 2013.

(15) Other current liabilities

The other current liabilities are detailed as follows (see note 32):

	Thousand of Euros December 2009	Thousand of Euros December 2008
Lease liabilities	14	8
Other	-	399
	<u>14</u>	<u>407</u>

In 2008 there was an amount of Euro 394 thousand included in other current liabilities as the deferred instalment payment of Feramo acquisition. On 10 December 2009, ACE signed a purchase price reduction with the previous owner, agreeing a reduction in Feramo's price for the amount of the future payment, this is Euro 390 thousand.

(16) Deferred tax assets and liabilities

The main deferred tax liabilities and assets recognised by the Group as of 31 December 2009 are as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
Deferred tax assets:	1,151	1,261
	<u>1,151</u>	<u>1,261</u>
Deferred tax liabilities:	(3,410)	(3,389)
	<u>(3,410)</u>	<u>(3,389)</u>
	<u>(2,259)</u>	<u>(2,128)</u>

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The gross movement on the deferred income

Tax account is as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
Beginning of the year	2,128	1,238
Changes in scope of consolidation	-	1,312
Income statement charge (see note 25)	141	(359)
Exchange differences	(10)	(63)
End of the year	2,259	2,128

The companies forming part of the Group had tax loss carry-forwards to be offset against future tax profits amounting to Euro 4,406 thousand as of December 2009. This amount as of December 2008 was approximately Euro 1,436 thousand. The increase is due to derivative financial instruments cancellation costs that are tax deductible (see note 24). Said cancellation costs have been included in the balance sheet at EBCC income tax rate (19%).

The remaining tax loss carry-forwards can be utilised during next five years for a total amount of Euro 2,888 thousand (capitalized in the balance sheet) and indefinitely for Euro 1,346 thousand.

Deferred tax liabilities include accelerated depreciation for tax purposes applied in both Group companies Fuchosa and EBCC, as well as a revaluation of fixed assets at fair value during the acquisition process in Feramo.

(17) Provisions for other liabilities and charges

Details are as follows: (Thousand of Euros)

	Pensions and similar	Tooling Renewal	Other provisions	Total
At 1 January 2008	425	527	535	1,487
Changes in scope of consolidation	-	-	85	85
Additional provisions	-	191	112	303
Unused amounts reversed	(324)	(183)	(71)	(578)
Used during year	-	(67)	(245)	(312)
At 31 December 2008	101	468	416	985
Additional provisions	20	149	190	359
Unused amounts reversed	-	(239)	(134)	(373)
Used during year	-	-	(85)	(85)
At 31 December 2009	121	378	387	886

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Analysis of total provisions:

	December 2009	December 2008
	<hr/>	<hr/>
Non-current	109	101
Current	777	884
	<hr/>	<hr/>
	886	985
	<hr/>	<hr/>

Pensions and similar caption refers to employees from Group company EBCC who are entitled to a lump sum of three monthly payments at the retirement date.

The Group receives payments in advance from its customers for the renewal of tooling used in its production process and which is owned by its customers. The provision for tooling renewal corresponds to the expected cash outflows for the replacement of this tooling.

Other provisions relates to the provision needed to meet likely or known liabilities arising from lawsuits in progress, and for unquantified indemnification and contingencies or other similar guarantees. These provisions are recorded when the obligation or liability determining the indemnification or payment arises.

(18) Trade and other payables

Details are as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
	<hr/>	<hr/>
Trade payables	13,464	14,323
Current tax liabilities	1,061	953
Accrued expenses	341	375
	<hr/>	<hr/>
	14,866	15,651
	<hr/>	<hr/>

The average credit period on purchase of goods is different from the companies in the Group, and depends on the terms and conditions agreed with suppliers locally. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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(19) Revenues

The distribution of consolidated net revenues for the twelve months ended 31 December 2009 by business segments is as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Products		
Iron castings	43,226	55,591
Aluminium castings	30,691	33,459
Others	3,184	5,345
	<u>77,101</u>	<u>94,395</u>

The geographical distribution of the consolidated sales is as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Western Europe	45,891	56,147
Eastern Europe	30,832	37,756
Other countries	378	492
	<u>77,101</u>	<u>94,395</u>

Concentration risk

As mentioned in note 3.3, the main characteristic of the braking system market is its concentration of customers among three Tier 1 companies. Approximately 84% of the revenues are made with said customers. However, the management does not consider a significant risk, as said customers are considered solvent enough.

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(20) Selling and distribution costs

Details of distribution costs are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
	<hr/>	<hr/>
Transportation costs	1,203	1,738
Packaging expenses	135	170
Salaries and wages Sales	693	471
Other distribution costs	111	123
	<hr/>	<hr/>
	2,142	2,502
	<hr/>	<hr/>

(21) General and administrative Expenses

Details of administrative expenses are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
	<hr/>	<hr/>
Wages and salaries	5,556	5,475
External services	2,232	3,057
Depreciation and amortisation	609	843
Renting	291	344
Other administrative expenses	1,194	1,803
	<hr/>	<hr/>
	9,882	11,522
	<hr/>	<hr/>

This reduction in G&A expenses comes as a result of the action plan driven by the Company management not only involving reduction of headcount but also involving several overhead expenses throughout the course of the year.

The Group headcount at 31 December 2009 is as follows:

	Headcounts December 2009	Headcounts December 2008
	<hr/>	<hr/>
Managers	29	33
Administrative employees	120	122
Workers	663	738
	<hr/>	<hr/>
	812	893
	<hr/>	<hr/>

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During 2009 there has been a headcount restructuring process carried out as part of the Action Plan in both Group companies EBCC and Feramo.

In Group company Fuchosa the adjustment of payroll was achieved by a temporary redundancy dismissal procedure.

(22) Other Operating Income

Details are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Income from subsidies	452	435
Insurance reimbursement	2	28
Income from release of write-downs and other operating income	580	790
	<u>1,034</u>	<u>1,253</u>

(23) Negative goodwill

As mentioned in note 5, a negative goodwill arose due to the acquisition of Feramo in 2008. The difference between the purchase price allocation and the fair valuation of assets and liabilities was recorded in the prior year income statements amounting Euro 1,433 thousand. During the provisional accounting period of 12 months after the acquisition date, no further changes were made to the initially recognised amounts.

As of 10 December 2009, ACE has signed a contract with the former owner of the acquired company, agreeing a Purchase Price Reduction in the amount of the deferred payment, Euro 390 thousand.

Given that the date of the agreement is subsequent to the 12 months of provisional accounting permitted by IFRS 3, the Group has not modified the amount of the initial negative goodwill recognised, and therefore has recorded an income for Euro 390 thousand. (see note 5)

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(24) Net financial result

Details are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Interest income:		
- Interest on deposits	139	677
	<u>139</u>	<u>677</u>
Interest expense from third parties:		
- Bank borrowings	(927)	(1,035)
- Other interest expenses and charges	(238)	(104)
	<u>(1,165)</u>	<u>(1,139)</u>
Net foreign exchange transaction gains/(losses):	(4,030)	(647)
Net profit from derivative financial instruments:		
- Forward foreign exchange contracts	2,647	(4,645)
- Interest rate swaps	(171)	(278)
	<u>2,476</u>	<u>(4,923)</u>
	<u>(2,580)</u>	<u>(6,032)</u>

a. Net foreign exchange transaction gains/ (losses)

As explained in note 9, on February 19, 2009 the Group company EBCC Sp. z o.o. signed an agreement with BRE Bank S.A. as regards cancellation of outstanding derivative financial instruments at 31 December 2008. The agreement assumed full cancellation in 2009 and partial cancellation in 2010 of 4 outstanding hedging contracts with BRE for total amount of 15.3Mio PLN, at a level 4.669 zloty per euro (approximately Euro 3.2 million) and it represented the closing of around half of Group financial exposure to polish zloty at same exchange rate.

The main purpose of this agreement was to reduce exposure of EBCC to volatility of zloty/euro exchange rate and risk of further weakening of zloty.

The amount of net foreign exchange transaction losses exceeding Euro 3.2 million corresponds to losses in exchange rates transactions versus Czech koruna and Polish zloty.

b. Net profit from derivative financial instruments

As mentioned in note 9, the total revenue regarding the valuation of the derivative financial instruments related to currency option for the Polish Zloty amounting Euro 2,647 thousand has been recorded as financial revenue.

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(25) Income tax expense

Domestic income tax is calculated at 28.59% of the profit for the year (Corporate income tax was 29.63% for 2008). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions (Spain: 28%, Poland: 19%, Czech Republic: 20%). The total charge for the year can be reconciled to the accounting profit as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Profit before tax	2,144	159
Tax at the domestic income tax rate	613	47
Effect of different tax rates	(74)	(33)
Effect of tax deductions	(431)	(544)
Effect of non tax deductible cost	91	(121)
Others	(35)	480
	<u>164</u>	<u>(171)</u>
Income tax expense / income and effective tax rate		
<i>Thereof</i>		
Current tax expense	23	188
Deferred tax expense / (income) (note 16)	141	(359)
	<u>164</u>	<u>(171)</u>

In Others it is included the effect of the different functional currency in IFRS and Local GAAPs of the Group company EBCC, affecting mainly to the value of the fixed assets.

As far as the effective tax rate is concerned, the rate as of 31 December 2009 is 7.64% (31 December 2008: -107.54%).

(26) Earnings per Share

a. Basic

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

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Details of the calculation of basic profits per share are as follows:

	December 2009	December 2008
Net profit for the year (thousands of Euros)	1,980	330
Weighted average number of ordinary shares for the purpose of basic earnings per share	21,230,515	22,056,529
Basic earnings per share (Euros)	0.09	0.01

The weighted average number of ordinary shares issued is as follows:

	December 2009	December 2008
Weighted average number of ordinary shares in circulation at the end of the year	21,230,515	22,056,529

b. 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.

There is a dilution effect as a result of the ESOP scheme and the introduction of an authorised share capital of 1,002,505 shares as approved in the extraordinary General Meeting held on March 14, 2007.

	December 2009	December 2008
Net profit for the year (thousands of Euros)	1,980	330
Weighted average number of ordinary shares plus the effect of dilutive options	22,233,020	23,059,034
Diluted earnings per share (Euros)	0.09	0.01

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The weighted average number of ordinary shares in circulation for the effect of dilutive options and other dilutive potential ordinary shares is determined as follows:

	December 2009	December 2008
Weighted average number of ordinary shares used in the calculation of basic earnings per share	21,230,515	22,056,529
Shares deemed to be issued for no consideration in respect of employee options (note 31)	1,002,505	1,002,505
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	22,233,020	23,059,034

(27) Operating lease arrangements

a. The Group as a Lessee

At 31 December 2009 the Group leases mainly forklift trucks, cars and PCs from third parties under operating leases. The duration of these lease contracts ranges from between 3 to 5 years.

Operating lease instalments of Euros 291 thousand have been recognised as an expense for the year ending 31 December 2009 (Euro 344 thousand for the period ending at 31 December 2008).

Future minimum payments on non-cancellable operating leases are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Up to 1 year	244	265
Between 1 and 5 years	830	639
	1,074	904

b. The Group as a Lessor

Operating leases relate to the investment property owned by the Group with different lease terms. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

The subsidiary EBCC leases office spaces and storage rooms within its main building to thirty two different third parties under operating leases. The duration is different for each contract, being some of them for an unlimited duration.

The property rental income earned by the Group, all leased out under operating leases, amounted to Euro 180 thousand for the year ending 31 December 2009 (Euro 167 thousand for 2008).

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(28) Finance leases

The Group has leased certain of its property, plant and equipment under finance leases.

Amounts payable for finance leases are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Up to 1 year	33	3
Between 1 and 5 years	142	1
	<u>175</u>	<u>4</u>

The carrying amount of the assets under financial leasing amounts to Euro 262 thousand (Euro 0 thousand in 2008) included in Vehicles and Machinery. During 2009, the subsidiary Feramo has signed new leasing contracts with CAC Leasing, Unicredit Leasing and Deutsche Leasing to lease compressors and forklifts mainly.

(29) Transactions and Balances with Related Parties

Key management personnel are members of the Company's board of directors.

No advances and loans have been paid to directors of the Company.

Certain Company directors hold shares in the Company. These directors hold a total of 1,246,634 shares in the Company. The directors are entitled to all rights on said shares.

Certain directors have individual indemnity agreements in the event of dismissal without justified cause.

Details of remuneration received by the Company's directors for the year from 31 December 2008 to 31 December 2009 are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Short-term remuneration	476	680
<i>Of which salary</i>	463	670
<i>Of which bonus</i>	13	10
Share based payments and ESOP	-	-
	<u>476</u>	<u>680</u>
Total, directors of the Company	476	680

The decrease is explained by the salary of some EBCC and Fuchosa directors, who were not part of the companies in 2009.

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No significant transactions have been carried out with related parties during the financial year and there are no significant balances with related parties at 31 December 2009.

(30) Contingent Liabilities

a. Legal dispute between Feramo Metallum International, s.r.o and J.J. International s.r.o.

The dispute in question concerns the member's distribution share of 49% owned by J.J. International s.r.o after its bankruptcy on 16 December 1997 as part of the bankrupt's assets, in compliance with legal regulations in effect before the "large-scale amendment" of the Civil Code in 2000.

The original dispute concerned CZK 250,000 thousand (approximately Euro 9,462 thousand). Currently the disputed amount is approx. CZK 13,156 thousand (approximately Euro 498 thousand) for the principal, plus 21% of interest on this principal amount from 1998, and differential interests of 9% on the already paid amount (CZK 7,398 thousand from 1998 approximately Euro 276 thousand).

The legal dispute was decided in common two instance processes at 1 April 2008, which affirmed the previous first instance judgement on merits at 12 December 2006. The original judgement amount at 12 December 2006 was CZK 7,398 thousand (Euro 276 thousand in 2006) with the default interest of 12% from 25 March 1999, which corresponded to the amount recognised by Feramo and that this company already paid during last exercise.

In July 2008, the claimant lodged an extraordinary appeal (appellate review) and the case is now pending at the Supreme Court of the Czech Republic at the stage of the extraordinary appellate (appellate review) proceedings. According to the company management, and considering the fact that the two judgements affirmed the settlement and distribution supported by Feramo, the extraordinary appeal is expected to be dismissed and consequently the Group has not accrued any amount regarding this legal dispute.

b. Legal dispute between Feramo and the heirs of a former shareholder

The claimed legal title to the disputed amount of CZK 30.364 thousand (approximately Euro 1,149 thousand) plus interest of 21% until its repayment means the right to the distribution share in Feramo of the claimants as heirs of former shareholder, who died in 1997, and owned 25.5% of the company shares.

According to the company management, the due settlement and distribution by agreement was done for both heirs on 8 November 1999, after the Feramo's auditor had calculated the distribution share for heirs, upon request from the company, at CZK 3,568 thousand (approximately Euro 135 thousand), which was paid to the heirs. Furthermore, any and all new claims lodged in autumn 2007, would be subject to limitation. Finally, the disputed amount is based on improper calculation with respect to the then applicable legislation on the distribution share determination.

The legal dispute has now only commenced and it may last, unless the action was withdrawn several years. The company management considers that the probability of success of the claimant is low as such management has not recorded any provision.

c. Pledge of assets and shares

As mentioned in note 14 as part of the long term financing of the Group, the 1,203,006 shares in Fuchosa are subject to a pledge in favour of a pool of Spanish banks composed by: Caixa d'Estalvis i Pensions De Barcelona, Banco Bilbao Vizcaya Argentaria, S.A., Banco de Sabadell, S.A., Banco Santander Central Hispano, S.A., Caja de Ahorros de Galicia, Banco Español de Crédito, S.A., Bankinter, S.A., Caixa d'Estalvis de Catalunya, and Caja de Ahorros de Santander y Cantabria.

Furthermore, as described in note 14 above certain assets of the Group are pledged or mortgaged as part of guarantees established for loans from banks and third parties.

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(31) Share-based payments

Employee Stock Option Programme (The "ESOP")

An employee share option plan (the "ESOP") was approved by the Board at their meeting held on February 22, 2007. Currently, a manager of EBCC can benefit from the ESOP. The ESOP gives specified persons (the "ESOP Beneficiaries") the opportunity to acquire a stake in the capital of the Company. The extraordinary General Meeting held on March 14, 2007 approved the introduction of an authorised share capital of 1,002,505 shares for the purposes of, inter alia, the ESOP. The options granted shall vest pro-rata on a quarterly basis over four years from the Allotment Date, and shall be exercisable on an annual basis from the second anniversary of the completion of the Offer. Options that have not yet vested upon the voluntary resignation or dismissal for cause of the beneficiary will automatically lapse upon the termination of the relationship between the beneficiary and the ACE Group. Where the relationship ends in the voluntary resignation or dismissal for gross negligence, fraud, wilful misconduct all rights to Shares vested over the last 12 month period are cancelled. The total number of Shares subject of the ESOP shall not exceed 1,002,505. The strike price will be equal to the Offer Price, which amounted to PLN 20.5.

At 31 December 2008 and 2009, the Group has not accrued any amount for this concept.

(32) Financial Instruments

The Group risk is managed in a day to day basis at the level of the Group's subsidiaries and monitored monthly at Group level. The Group subsidiaries are focused on the main risks associated to the activity of business (credit risk, liquidity risk and market risk) and the risks are reported to Group managers in order to maintain control over the risk taken by subsidiaries and any mitigating activity taken by these.

a. Carrying values and fair values of financial instruments

Carrying values of the Group's financial instruments are listed below disclosed by category, as defined by IAS 39 Financial Instruments: Recognition and Measurement.

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Amounts in Euro thousands

December 2009	Receivables At cost	Derivatives used for hedging at fair value	Financial assets and liabilities at cost	Total fair value of financial instruments
Assets:				
Trade and other receivables (note 11)				
- current	13,989	-	-	13,989
Cash and cash equivalents (note 12)				
- cash at bank and in hand	-	-	966	966
- short term bank deposits	-	-	10,940	10,940
Total	13,989	-	11,906	25,895
Liabilities:				
Borrowings (note 14)				
- non-current	-	-	14,271	14,271
- current	-	-	5,018	5,018
Derivative financial instruments (note 9)				
- non-current	-	444	-	444
- current	-	953	-	953
Trade and other payables (note 18)	-	-	14,866	14,866
Other current liabilities (note 15)	-	-	14	14
Total	-	1,397	34,169	35,566

Continued

AUTOMOTIVE COMPONENTS EUROPE SA
AND SUBSIDIARY COMPANIES

Notes to the consolidated Financial Statements

for the year ended 31 December 2009

December 2008	Receivables at cost	Derivatives used for hedging at fair value	Financial assets and liabilities at cost	Total fair value of financial instruments
Assets:				
Trade and other receivables (note 11)				
- current	13,075	-	-	13,075
Cash and cash equivalents (note 12)				
- cash at bank and in hand	-	-	1,254	1,254
- short term bank deposits	-	-	9,022	9,022
Total	13,075	-	10,276	23,351
Liabilities:				
Borrowings (note 14)				
- non-current	-	-	12,895	12,895
- current	-	-	9,185	9,185
Derivative financial instruments (note 9)				
- non-current	-	2,266	-	2,266
- current	-	2,032	-	2,032
Trade and other payables (note 18)	-	-	15,651	15,651
Other current liabilities (note 15)	-	-	407	407
Total	-	4,298	38,138	42,273

Receivables at cost

The fair value of the receivables are assumed to approximate the carrying amounts either due to short term maturity of the instruments or the rewardless characteristic of the long term other receivable.

Derivatives used for hedging at fair value

In the case of the derivatives, the carrying amounts are equal to fair value and these have been estimated by discounting expected future cash flows using prevailing interest rate curves.

Financial assets and liabilities at amortised cost

Borrowings:

The carrying amount of borrowings will be different to our estimated fair value. We assume that the borrowings' estimated fair value is close to the sum of the carrying amount plus the fair value of the interest rate swap used for hedging purposes disclosed as a long term derivative instrument (see note 9), due to the fact that interest are calculated at floating rate (EURIBOR plus a margin).

Continued

AUTOMOTIVE COMPONENTS EUROPE SA
AND SUBSIDIARY COMPANIES

Notes to the consolidated Financial Statements

for the year ended 31 December 2009

Other Financial liabilities:

As for trade payables and other liabilities, the fair values are assumed to approximate their carrying amount due to short term maturity of these instruments.

b. Credit risk management policies and exposures

The Group's principal financial assets are bank balances and cash and trade receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The bad debt risk is not considered relevant due to the solvency of the customers. However, there is a great concentration of credit risk, since the main characteristic of the brake market is its concentration among three Tier 1 companies.

As stated above, concentration in the brake market does not only affect Tier 1 level but also lower levels. The maximum exposure of credit risk is based on the total of outstanding balances held as of the end of each period disclosed in the annual accounts.

The monitoring of the due date of trade receivables and therefore the credit risk is undertaken monthly. The normal procedure is to extract the balances of customers and analyze the amounts overdue (if any) and compare those with balances outside the terms of payment conditions.

c. Liquidity risk management policies and exposures

The Group is subject to risks normally associated with debt financing, including the risk of that the cash flows from its operations is insufficient to meet debt service requirements. If the Group does not have enough cash to service its debt, meet other obligations and fund its liquidity needs, it may be required to take actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing all or part of its existing debt, or seeking additional equity capital. Yet, these actions might not be possible to take place on commercially reasonable terms or at all.

Based on past experience and track record, the financial situation with regards to the generation of sufficient cash for the repayment of financing debt as well as serving trade payables shows a reliably good performance. Yet, the Group undertakes common industry liquidity and funding procedures in order to manage and control its liquidity risk. In this sense, the Group process includes projecting cash flows and considering the level of liquid assets necessary in relation thereto, monitoring balance sheet liquidity ratios and maintaining debt financing plans.

The maturity analysis for contractual financial liabilities is disclosed below (in thousand of Euros):

December 2009

	Due within 12 months	Due between 1 and 5 years	Due after 5 year
Bank borrowings (note 14)	5,018	12,991	1,280
Trade and other payables (note 18)	14,866		
	<u>19,884</u>	<u>12,991</u>	<u>1,280</u>

Continued

AUTOMOTIVE COMPONENTS EUROPE SA
AND SUBSIDIARY COMPANIES

Notes to the consolidated Financial Statements

for the year ended 31 December 2009

December 2008

	Due within 12 months	Due between 1 and 5 years	Due after 5 year
Bank borrowings (note 14)	9,185	12,803	92
Trade and other payables (note 18)	15,651	-	-
	<u>24,836</u>	<u>12,803</u>	<u>92</u>

d. Market risk management policies and exposures

Market risk is mainly determined by the foreign exchange risk, interest rate risk and commodities price risk. Both foreign exchange risk and interest rate risk are limited by the acquisition of derivative contracts that limit the Group's exposure to the movements on foreign exchange rates between Czech Koruna and Polish Zloty, with Euro as well as any interest rate (Euribor) movement.

In this sense, at 31 December 2009 if the Zloty had weakened or strengthened five per cent against the Euro, with all other variables remaining constant, profit after tax for the year would have been approximately higher or lower respectively as shown in the table below, mainly driven by the valuation of the remaining hedging contract at its fair value. Equity would have not been changed. During the current year the Group has cancelled outstanding derivative instruments for Euro 3.2 million (see note 9)

Regarding Czech Koruna, at 31 December 2009 if the Czech Koruna had weakened or strengthened five per cent against the Euro, with all other variations remaining constant, profit after tax for the year would have been approximately higher or lower respectively as shown in the table below. Equity would have not been changed.

Impact on Profit before taxes	2009	2008
PLN/EUR +5%	465	1,000
PLN/EUR -5%	(241)	(1,000)
CZK/EUR +5%	(117)	-
CZK/EUR -5%	15	-

In the same way, at 31 December 2009 if the Euribor at that date had been 25 basis points lower or higher, with all other variables held constant, profit after tax for the year and equity would have been unchanged (2008 unchanged).

As far as the commodity price risk is concerned, the Group manages its risk by fixing price movements to the price for the finished product, such price being reviewed every month in the case of iron scrap so as to reflect any change in prices. When the agreed base price is exceeded, the agreed policy with customers is to pass on a material portion of any relevant increase in the price of steel scrap to the ordering client. As for the aluminium, the price is index-linked to the market price as quoted on the London Metal Exchange.

Continued

AUTOMOTIVE COMPONENTS EUROPE SA
AND SUBSIDIARY COMPANIES

Notes to the consolidated Financial Statements

for the year ended 31 December 2009

e. Capital Risk

The Group manages its capital to ensure the business continuity of its companies and at the same time to maximize the profitability for its shareholders via an optimal balance between debt and equity. The Group periodically reviews the capital structure to set out the guidelines as regards investment and finance needs.

d. Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against this account. Subsequent recoveries of amounts previously written off are credited against the same allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(33) Subsequent Events

On February 18, 2010 the Board of Directors appointed Mr. Carlos Caba – Senior Officer of ACE S.A., as Director of the Company to fill the vacancy caused by the resignation of Mr. Arkadiusz Podziewski until the next General Meeting in accordance with art. 7 of the articles of association of the Company and art. 6 of the Regulations of the Board.

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

On March 8, 2010 the Board of Directors received a formal notification from Mr. Laurence Vine-Chatterton with his immediate resignation as Director of the Board of the Company.

On March 16, 2010 pursuant to article 7.6 of the articles of association of the Company and §6 of the Regulations of the Board it was approved the appointment of Mr Oliver Robert Günter Schmeer, as Director of the Company to fill the vacancy caused by the resignation of Mr Vine-Chatterton until the next General Meeting.

Continued

AUTOMOTIVE COMPONENTS EUROPE S.A. AND SUBSIDIARY COMPANIES
Segment information

BUSINESS SEGMENTS
(expressed in thousands of Euros)

	Iron casting December 2009	Aluminium casting December 2009	Others/Unallocated December 2009	Consolidated December 2009
Revenues from third parties	43.226	30.692	3.183	77.101
Total revenues	43.226	30.692	3.183	77.101
Profit for the segment	2.423	2.271	-	4.694
Other unallocated (expense) income			(360)	(360)
Operating profit				4.334
Negative goodwill			390	390
Net financing cost	(704)	(1.918)	42	(2.580)
Income tax	(137)	(27)		(164)
Profit for the year				1.980
Segment assets	47.588	27.568		
Unallocated assets			1.766	
Total assets				76.922
Segment liabilities	26.735	13.142		
Unallocated liabilities			198	
Total liabilities				40.075
Other information:				
Amortisation and depreciation	(2.275)	(3.458)	(1)	(5.734)
Additions for the year of property, plant & equipment & intangible assets	657	1.469	-	2.126

This Annex forms an integral part of note 4 to the consolidated financial statements

AUTOMOTIVE COMPONENTS EUROPE S.A. AND SUBSIDIARY COMPANIES
Segment information

Annex I
Page 2 of 2

	Iron casting December 2008	Aluminium casting December 2008	Others/Unallocated December 2008	Consolidated December 2008
Revenues from third parties	55,591	33,459	5,345	94,395
Total revenues	55,591	33,459	5,345	94,395
Profit for the segment	2,609	2,624		5,233
Other unallocated (expense) income			(475)	(475)
Operating profit				4,758
Negative goodwill				1,433
Net financing cost				(6,032)
Income tax				171
Profit for the year				330
Segment assets	47,083	34,798	--	81,881
Unallocated assets			77	77
Total assets				81,958
Segment liabilities	28,071	18,577	--	46,648
Unallocated liabilities			537	537
Total liabilities				47,185
Other information:				
Amortisation and depreciation	2,052	3,118	1	5,171
Additions for the year of property, plant & equipment & intangible assets	763	5,171	4	5,938

This Annex forms an integral part of note 4 to the consolidated financial statements

A.C.E., Automotive
Components Europe S.A.

**Annual accounts and
Report of the Réviseur d'entreprises
For the year ended
December 31, 2009**

82 Route d'Arlon

L-1150 LUXEMBOURG

R.C.S. Luxembourg : B118130

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital: EUR 3.184.577
COMPANY INFORMATION

Chief Executive Director	Mr José-Manuel Corrales Ruiz
Directors	Mr Marek Adamiak Mr Pawel Szymanski Mr Jerzy Szymczak Mr Raúl Serrano Secada Mr Carlos Caba (since February 18, 2010) Mr Oliver Robert G. Schmeer (since March 16, 2010) Mr Arkadiusz Podziewski (resigned on December 16, 2009) Mr Laurence Vine-Chatterton (resigned on March 08, 2009)
Audit Committee members	Mr Marek Adamiak Mr Pawel Szymanski Mr Jerzy Szymczak
Registration Number	RCS Luxembourg B 118.130
Registered office	82, Route d'Arlon L-1150 Luxembourg Luxembourg
Share capital	EUR 3.184.577

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital: EUR 3.184.577

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To the shareholders of
Automotive Components Europe S.A. (A.C.E. S.A.)
82, route d'Arlon
L-1150 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES

Following our appointment by the General Meeting of the Shareholders dated June 17, 2009, we have audited the accompanying annual accounts of A.C.E. S.A., which comprise the balance sheet as at December 31, 2009 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the annual accounts

The board of directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the réviseur d'entreprises

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the *Institut des réviseurs d'entreprises*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the *réviseur d'entreprises*, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.


An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the annual accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of A.C.E. S.A. as of December 31, 2009, and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Deloitte S.A.

Réviseur d'entreprises



Sophie Mitchell
Partner

March 30, 2010

A.C.E., Automotive Components Europe S.A.

Société Anonyme

Share Capital: EUR 3.184.577

BALANCE SHEET

As at December 31, 2009

(expressed in EUR)

ASSETS

	Note	31/12/2009	31/12/2008
FORMATION EXPENSES	3	693.941	987.100
		<u>693.941</u>	<u>987.100</u>
FIXED ASSETS			
Tangible fixed assets		3.448	4.844
Financial assets	4	14.363.257	12.994.801
		<u>14.366.705</u>	<u>12.999.645</u>
CURRENT ASSETS			
Debtors	5	584.608	731.491
Own shares	6	-	548.612
Cash at bank or in hand		1.704.144	3.149.842
		<u>2.288.752</u>	<u>4.429.945</u>
PREPAYMENTS			
Deferred charges		56.234	-
		<u>17.405.632</u>	<u>18.416.690</u>

The accompanying notes form an integral part of these financial statements.

A.C.E., Automotive Components Europe S.A.

Société Anonyme

Share Capital: EUR 3.184.577

BALANCE SHEET

As at December 31, 2009

(expressed in EUR)

- continued -

LIABILITIES

	Note	31/12/2009	31/12/2008
CAPITAL AND RESERVES	6		
Subscribed capital		3.184.577	3.317.289
Share premium account		7.954.525	7.821.813
Legal reserve		306.677	-
Reserve for own shares		-	548.612
Retained earnings		5.574.673	(252.187)
Profit or loss for the financial year		(360.929)	6.133.537
		<u>16.659.523</u>	<u>17.569.064</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Tax provisions		73.383	38.122
Other provisions	7	72.746	453.719
		<u>146.129</u>	<u>491.841</u>
CREDITORS	8	<u>599.980</u>	<u>355.785</u>
		<u>599.980</u>	<u>355.785</u>
		<u>17.405.632</u>	<u>18.416.690</u>

The accompanying notes form an integral part of these financial statements.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital: EUR 3.184.577
PROFIT AND LOSS ACCOUNT
For the year ended December 31, 2009
(expressed in EUR)

CHARGES

	Note	31/12/2009	31/12/2008
Value adjustment in respect of formation expenses	3	293.158	284.839
Value adjustment in respect of tangible fixed assets		1.397	970
Staff costs	9	7.871	7.894
Other operating charges		692.479	1.099.018
Interest payable and similar charges	10	2.789	453.191
Profit for the financial year		-	6.133.537
		997.694	7.979.450

INCOME

Other operating income		449.254	621.400
Other interest receivable and similar income	11	183.511	7.346.637
Extraordinary income		4.000	11.413
Loss for the financial year		360.929	-
		997.694	7.979.450

The accompanying notes form an integral part of these financial statements.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital: EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - GENERAL

Automotive Components Europe S.A. (“the Company”) was incorporated on July 21, 2006 for an unlimited period of time as a « Société Anonyme », within the definition of the Luxembourg law of August 10, 1915.

The object of the Company is the acquisition of participations in any form whatsoever, by purchase, exchange or in any other undertakings and companies either Luxembourg or foreign operating in the field of metallurgic automotive components or casting products for the similar industries, as well as the management, control, and development of these participations. The Company may also carry out the transfer of these participations by means of sale, exchange or otherwise.

The Company may also acquire and develop all patents, trademarks and other intellectual and immaterial right as well as any other rights connected to them or which may complete them.

The Company can borrow in any form and in particular by way of bond issue, convertible or not, bank loan or shareholder’s loan, and grant to other companies in which it has direct or indirect participating interests, any support, loans, advances or guarantees.

Moreover, the Company may have an interest in any securities, cash deposits, treasury certificates, and any other form of investment, in particular shares, bonds, options or warrants, to acquire them by way of purchase, subscription or by any other manner, to sell or exchange them.

It may carry out any industrial, commercial, financial, movable or real estate property transactions which are directly or indirectly in connection, in whole or in part, with its corporate object.

It may carry out its object directly or indirectly on its behalf or on behalf of third parties, alone or in association by carrying out all operations which may favour the aforementioned object or the object of the companies in which the Company holds interests.

Generally, the Company may take any controlling or supervisory measures and carry out any operations which it may deem useful in the accomplishment of its object; it may also accept any mandate as director in any other companies Luxembourg or foreign, remunerated or not.

The accounting year of the Company begins on the 1st of January and terminates on the 31st of December of each year.

The Company also prepares consolidated financial statements, which are published according to the provisions of the law and available at 82, rue d’Arlon, L-1150 Luxembourg.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General principles

These financial statements have been established in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and with generally accepted accounting principles in Luxembourg.

Foreign currency translation

The financial statements are expressed in Euro (EUR).

The transactions made in a currency other than the Euro are translated into Euro at the exchange rate prevailing at the transaction date. The translation at the balance sheet date is made according to the following principles:

- The acquisition cost of the participations and of all other items defined as financial fixed assets and the acquisition cost of the tangible fixed assets, expressed in a currency other than the Euro, is translated into Euro at the historical exchange rate;
- All other assets and liabilities expressed in a currency other than the Euro are valued individually at the lower, respectively at the higher, of the value determined using the historical exchange rate or the value determined using the exchange rate prevailing at the balance sheet date.

Income and charges expressed in a currency other than the Euro are translated into Euro at the exchange rate prevailing at the transaction date.

Consequently, only realized foreign exchange gains and losses and unrealized foreign exchange losses are taken into account in the profit and loss account.

Valuation of financial fixed assets

The participations and all other items defined as financial fixed are valued, individually, at the lower of their acquisition cost or their value estimated by the Board of Directors, without compensation between individual appreciation and depreciation.

In order to determine the estimated value, the Board of Directors bases its estimation on the financial statements of the companies concerned, and on other information and documents available.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

Debtors

Debtors are valued at their nominal value less provision for any permanent depreciation in value.

Provisions for liabilities and charges

At the close of business, each year, the Board of Directors determines whether provisions should be set up to cover foreseeable liabilities and charges. Previous year's provisions are reassessed every year.

NOTE 3 - FORMATION EXPENSES

3.1. FORMATION EXPENSES

As at December 31, 2009, formation expenses are depreciated over 5 years and include fees in relation with the incorporation of the Company.

	2009 <u>EUR</u>	2008 <u>EUR</u>
Gross book value - opening balance	25.538	25.538
Additions for the year	-	-
Gross book value - closing balance	<u>25.538</u>	<u>25.538</u>
Amortisation - opening balance	12.556	7.449
Amortisation for the year	5.108	5.107
Amortisation - closing balance	<u>17.664</u>	<u>12.556</u>
Net book value - opening balance	12.982	18.089
Net book value - closing balance	<u><u>7.874</u></u>	<u><u>12.982</u></u>

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

3.2. OTHER FORMATION EXPENSES

As at December 31, 2009, other formation expenses are depreciated over 5 years and include fees in relation with the IPO:

	2009 <u>EUR</u>	2008 <u>EUR</u>
Gross book value - opening balance	1.440.254	1.511.544
Additions for the year	-	-
Correction for the year	-	(71.300)
Gross book value - closing balance	1.440.254	1.440.254
Amortisation - opening balance	466.136	186.404
Amortisation for the year	288.051	279.732
Amortisation - closing balance	<u>754.187</u>	<u>466.136</u>
Net book value - opening balance	974.118	1.325.150
Net book value - closing balance	<u><u>686.067</u></u>	<u><u>974.118</u></u>

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

NOTE 4 - FINANCIAL FIXED ASSETS

The financial fixed assets are composed by the following elements:

	2009 <u>EUR</u>	2008 <u>EUR</u>
Shares in affiliated undertakings	9.604.844	9.994.802
Loans to affiliated undertakings	4.758.413	2.999.999
	<u>14.363.257</u>	<u>12.994.801</u>

The movements of the year correspond to:

- On December 10, 2009 the Company and the former owner of Feramo Metallum International s.r.o. and Feramo Trans s.r.o. agreed a reduction on the purchase price of both companies (note 7).
- In the year 2009 the Company agreed two new loans for amounts of EUR 1.608.413 and EUR 150.000 in favour of EBCC Sp. Z.o.o. and Feramo Metallum International s.r.o, respectively.

The shares in affiliated undertakings are summarized as follows:

<u>Name</u>	<u>Country</u>	<u>Ownership</u> %	<u>Book value 2009</u> <u>EUR</u>	<u>Book value 2008</u> <u>EUR</u>
Fuchosa S.L.	Spain	100%	1.203.006	1.203.006
EBCC Sp. z o.o.	Poland	100%	1.829.000	1.829.000
Feramo Metallum International s.r.o.	Czech Republic	100%	6.572.838	6.962.796
Feramo Trans s.r.o.	Czech Republic	100%		
			<u>9.604.844</u>	<u>9.994.802</u>

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

The net equity of the affiliated undertakings is summarized below:

<u>Name</u>	<u>Last balance sheet date</u>	<u>Net equity at the last balance sheet date *</u> <u>EUR</u>	<u>Result for the last financial year *</u> <u>EUR</u>
Fuchosa S.L.	31/12/2009	11.120.000	1.981.000
EBCC Sp. z o.o.	31/12/2009	15.438.000	(166.000)
Feramo Metallum International s.r.o.	31/12/2009	7.041.000	(154.000)
Feramo Trans s.r.o.	31/12/2009	(13.000)	(23.000)

* as reported under IFRS

The loans to affiliated undertakings are summarized as follows:

<u>Name</u>	<u>Country</u>	<u>Book value 2009</u> <u>EUR</u>	<u>Book value 2008</u> <u>EUR</u>
Fuchosa S.L.	Spain	2.999.999	2.999.999
EBCC Sp. z o.o.	Poland	1.608.414	-
Feramo Metallum International s.r.o.	Czech Republic	150.000	-
		4.758.413	2.999.999

The loans are interest bearing (note 5).

The board of directors is of the opinion that there is no permanent diminution in the value of the investments held as at December 31, 2009.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

NOTE 5 - DEBTORS

The debtors comprise the following:

Less than 1 year	2009	2008
	<u>EUR</u>	<u>EUR</u>
Interest on loans to affiliated undertakings	133.398	79.000
Fees for services rendered to affiliated undertakings	449.254	613.400
Other debtors	1.956	39.091
Total debtors	584.608	731.491

The interests on loans to related parties are summarized as follows:

Interest on loan Fuchosa S.L.	84.136	79.000
Interest on loan EBBC Sp. z o.o.	43.493	-
Interest on loan Feramo Metallum International s.r.o.	5.769	-
	133.398	79.000

NOTE 6 - CAPITAL AND RESERVES

Subscribed capital

On January 1, 2009 the Company had a subscribed and fully paid capital of EUR 3.317.289 represented by 22.115.260 shares with a par value of EUR 0,15.

As approved by the extraordinary general meeting of the shareholders dated June 17, 2009, the Company reduced the issued share capital by an amount of EUR 132.711,75 by cancellation of 884.745 own shares.

On December 31, 2009 the Company has a subscribed and fully paid capital of EUR 3.184.577 represented by 21.230.515 shares with a value of EUR 0,15.

The authorized capital is EUR 3.759.393.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

The subscribed capital at year end is summarized as follows:

	Subscribed Capital	Share premium account	Legal reserve	Reserve for own shares	Retained earnings	Result of the year
	EUR	EUR	EUR	EUR	EUR	EUR
As at 31 December 2008	3.317.289	7.821.813	-	548.612	(252.187)	6.133.537
Allocation of year result			306.677		5.826.860	(6.133.537)
Capital decrease	(132.712)	132.712				
Reserve for own shares				(548.612)		
Result of the year						(360.929)
As at 31 December 2009	3.184.577	7.954.525	306.677	-	5.574.673	(360.929)

Legal reserve

In accordance with Luxembourg company law, the Company is required to allocate a minimum of 5% of the its profit after tax for the year to a legal reserve until the balance of such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution to shareholders, except upon the dissolution of the Company.

Share premium

Following capital decrease decided by the extraordinary general meeting of the shareholders dated June 17, 2009, EUR 132.712 had been allocated to the Share premium account.

Reserve for own shares

As approved by the extraordinary General Meeting of the shareholders dated June 17, 2009 the Company cancelled the reserve for own shares of EUR 548.612.

A.C.E., Automotive Components Europe S.A.
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NOTE 7 - OTHER PROVISIONS

As at December 31, 2009 the other provisions comprise the following:

	2009 <u>EUR</u>	2008 <u>EUR</u>
Provisions for accounting & audit fees	52.460	54.980
Provisions for fees in relation with Feramo purchase (note 4)	-	389.957
Provisions for administrative and consulting fees	15.000	4.000
Provisions for webpage fees	-	782
Provisions for interests	-	4.000
Other provisions	5.286	-
	<u>72.746</u>	<u>453.719</u>

NOTE 8 - CREDITORS

As at December 31, 2009, the creditors comprise the following:

	Less than 1 year <u>EUR</u>	After 1 year and within five years <u>EUR</u>	Total December, 31 2009 <u>EUR</u>	Total December, 31 2008 <u>EUR</u>
Trade creditors	13.097	-	13.097	29.749
Amounts owed to affiliated undertaking	547.538	-	547.538	311.470
Other creditors	39.344	-	39.344	14.566
Total creditors	<u>599.979</u>	<u>-</u>	<u>599.979</u>	<u>355.785</u>

NOTE 9 - STAFF

The Company employed one person during the year.

A.C.E., Automotive Components Europe S.A.
 Société Anonyme
 Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2009
 - continued -

NOTE 10 - INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	<u>EUR</u>	<u>EUR</u>
Concerning affiliated undertakings	-	15.338
Other interest payable and charges	2.789	437.853
Total	<u>2.789</u>	<u>453.191</u>

NOTE 11 - OTHER INTEREST RECEIVABLE AND SIMILAR CHARGES

	2009	2008
	<u>EUR</u>	<u>EUR</u>
Derived from affiliated undertakings	143.475	7.265.725
Other interest receivable and similar income	40.036	80.912
Total	<u>183.511</u>	<u>7.346.637</u>

NOTE 12 - OFF-BALANCE SHEET COMMITMENTS

- The shares held in Fuchosa S.L. are subject to a pledge in favor of a pool of spanish banks composed as follows: CAIXA D'ESTALVIS I PENSIONS DE BARCELONA, BANCO BILBAO VIZCAYA ARGENTARIA S.A., BANCO DE SABADELL S.A., BANCO SANTANDER CENTRAL HISPANO S.A., CAJA DE AHORROS DE GALICIA, BANCO ESPAÑOL DE CRÉDITO S.A., BANKINTER S.A., CAIXA D'ESTALVIS DE CATALUNYA, and CAJA DE AHORROS DE SANTANDER Y CANTABRIA.
- Feramo Metallum International s.r.o. loan agreements are secured by blank bills of exchange issued by ACE S.A.
- A letter of Comfort has been given by ACE SA to HSBC BANK PLC to support a credit facility agreement granted by the bank to the subsidiaries.
- An employee share option plan (the "ESOP") was approved for the benefit of one manager of EBCC. This ESOP gives specified person the opportunity to acquire a stake in the capital of the

A.C.E., Automotive Components Europe S.A.
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Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
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- continued -

Company. The total number of Shares subject of the ESOP shall not exceed 1,002,505 and currently it is limited to a granted amount of 200.501 Shares. The strike price will be equal to the Offer Price, which amounted to PLN 20.5. At December 31, 2009, the Group has not accrued any amount for this concept.

NOTE 13 - DIRECTOR FEES

Directors fees paid for the year ended December 31, 2009 amount to EUR 61.800 (2008: EUR 54.000). The company did not grant any advances or loans to the Directors during the year.

Automotive Components Europe S.A.

and subsidiary companies

82 Route d'Arlon

L-1150 LUXEMBOURG

RCB number: B 118130

Consolidated Financial Statements
for the year ended 31 December 2009

**Automotive Components Europe S.A. and subsidiary companies
(ACE S.A.)**

(hereinafter the « Company » or « ACE S.A. »)

**Société Anonyme
82 Route D'Arlon
L-1150 Luxembourg
RCS Luxembourg B 118130**

***MANAGEMENT REPORT OF THE DIRECTORS CONCERNING
CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31st 2009***

Dear Shareholders,

In conformity with legal and statutory requirements, we have the pleasure to present and submit to your approval the consolidated financial statements for the period between 1st January and December 31st 2009.

1. Evolution of the Business and situation of the Company and its subsidiaries

From the consolidated accounts of the period between 1st January and December 31st 2009, it appears that the group reports a profit of EUR 1,980 thousands.

ACE S.A. :

The Company intends to continue its principal activity consisting in the acquisition of participations in any form whatsoever, by purchase, exchange or in any other undertakings and companies either Luxembourg or foreign operating in the field of metallurgic automotive components or casting products for the similar industries, as well as the management, control, and development of these participations. The Company may also carry out the transfer of these participations by means of sale, exchange or otherwise.

EBCC :

Since the incorporation, the Company held 100% of the capital of EBCC Spzoo (formerly INDUS Spzoo), European Brakes and Chassis Components Sp zoo, a limited liability company (spółka z ograniczoną odpowiedzialnością) with its registered office at ul. Bystrzycka 89, 54-215 Wrocław (Poland), registered with the register of entrepreneurs of the national court register under number KRS 0000251842 of which the issued share capital is PLN 7,148,500.00 represented by 14,297 shares having a par value of PLN 500.00 each., a wholly owned subsidiary of ACE and, prior to the EBCC Merger, known as European Brakes and Chassis Components Poland S.A.

As the sole shareholder of Indus was the Company ACE S.A., further to the above mentioned merger, the sole shareholder of EBCC Sp.z o.o. (previously named Indus Sp. z o.o.) is ACE S.A.

EBCC was established in 1999. It was originally a producer of hydraulic pumps (as part of PZL Hydral). The change of name and the shift to production of brake callipers resulted from the company's take-over by the Valfond Group in 1999 aimed at creating a "first choice" supplier of aluminium brake components for the OEMs moving their production facilities to the CEE countries. Since the start of production EBCC within 5 years increased its revenues to Euro 30.0 million in 2005, when it was taken over by Innova/3 L.P. Innova/3 EBRD Co-Investment Facility L.P. EBCC is located in Wrocław, one of the leading Polish academic cities and industrial areas. EBCC is currently the number two player with an estimated market share above 30% of the European aluminium callipers.

FUCHOSA, S.L.

ACE S.A. has a 100% participation in the capital of FUCHOSA, S.L. (Formerly RETORGAL XXI, S.L.), a Limited Liability Company organised under the laws of Spain, with its registered office at Barrio Apatamonasterio S/Nº Atxondo – 48 – VIZCAYA Spain, incorporated on 17 February 2005, registered with the Registro Mercantil de Vizcaya, tomo 4530, Book 53, Page BI-42017, first entry, with Tax Identification Number B95358081 of which the issued share capital is Euro 1,203,006 represented by 1,203,006 shares having a par value of Euro 1.00 each.

Pursuant to a merger RETORGAL XXI, S.L. acquired all the assets and liabilities of former FUCHOSA, S.L. Simultaneously, with filling the Registry application to the Registry of Commerce, the Articles of Association of RETORGAL XXI, S.L have been amended and its name has changed to FUCHOSA, S.L. The merger was registered by the Registry of Commerce and published on September 29, 2007.

Fuchosa's history dates back to 1987, but the company started as an iron foundry and focused exclusively on brake components (especially in anchors and brackets) production in 1991. Since then, the company increased its sales revenues from Euro 6,8 million in 1990 to Euro 43,6 million in 2005, becoming the leader of the anchor market. Fuchosa is located in Atxondo, 40km from Bilbao, in one of the most industrial regions of Spain with the highest intensity of iron foundries in the country/Europe. Fuchosa is the clear leader with an estimated market share above 40% of the European iron anchor market. The strong market positions result from high level of specialisation, engineering and technological expertise as well as highest standards of production and customer service.

FERAMO METALLUM INTERNATIONAL s.r.o.

On 12 May 2008, ACE acquired 100% of Feramo Metallum International s.r.o.. Feramo was incorporated with limited liability under Czech law on 7 July 1992. The registered offices of the company are located Vodarská 15, in Brno CZ- 61700 (Czech Republic), where the production plant is also located, with identification number 46962913 according to 132 of the act. 513/1991 Coll., the Czech Commercial Code. The issued share capital is CZK 164 thousand and the Tax Identification Number is CZ46962913.

Feramo is a producer of grey iron castings for various industries, including the automotive sector (auto products comprise around 10% of the company's total turnover). Feramo supplies mainly the following industries: automotive (brake drums and clutch components); white goods production (mainly components for washing machines); engineering (components for electrical engines and pumps) and sewer/drain iron castings. Feramo's products are mainly tailored to individual customers' requirements. Annual production rate of foundry fluctuates around 15,000 tonnes.

The history of Feramo dates back to 1932 when, a grey iron foundry was founded and the production of heating technology (boiler cells and radiators) started. During 1970-1990 an extensive modernization program was implemented, which substantially increased Feramo's capacity. During last years, Feramo implemented a new production line and new sand pit technology. New significant investments are expected in the next years, in order to improve the production capacity and introduce new portfolio of products.

2. Important Events since December 31st 2009

On February 18, 2010 the Board of Directors appointed Mr. Carlos Caba – Senior Officer of ACE S.A., as Director of the Company to fill the vacancy caused by the resignation of Mr. Arkadiusz Podziewski until the next General Meeting in accordance with art. 7 of the articles of association of the Company and art. 6 of the Regulations of the Board.

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

On March 8, 2010 the Board of Directors received a formal notification from Mr. Laurence Vine-Chatterton with his immediate resignation as Director of the Board of the Company.

On March 16, 2010 pursuant to article 7.6 of the articles of association of the Company and §6 of the Regulations of the Board it was approved the appointment of Mr Oliver Robert Günter Schmeer, as Director of the Company to fill the vacancy caused by the resignation of Mr Vine-Chatterton until the next General Meeting.

3. Planned evolution of the Company and its subsidiaries

Regarding the long term investment projects which are planned and followed, the Company should realise profits during the following statutory financial years.

4. Branch

The Company has no branches

5. Research and Development Activities

During the period between 1st January and December 31st 2009, the Company was not engaged in any research or development activities.

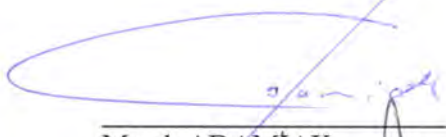
The following subsidiaries of ACE SA : European Brakes and Chassis Components SA, FUCHOSA S.L. and Feramo Metallum International s.r.o carry out some activity in the field of research and development in the scope of improvement of industrial process and products efficiency.

6. Parent company's shares held by ACE SA itself, by subsidiary undertakings of that company or by a person acting in his own name but on behalf of those undertakings :

During the financial year 2009, the Company and its subsidiaries did not repurchase own ACE S.A.'s shares.

The financial statements for the next statutory reporting period will cover the months January 2010 to December 2010.

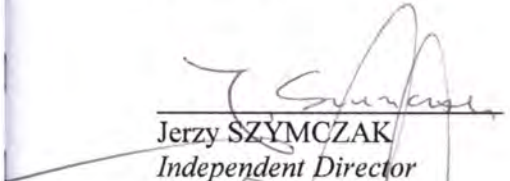
In Luxemburg, 30th March 2009.



Marek ADAMIĄK
Director A



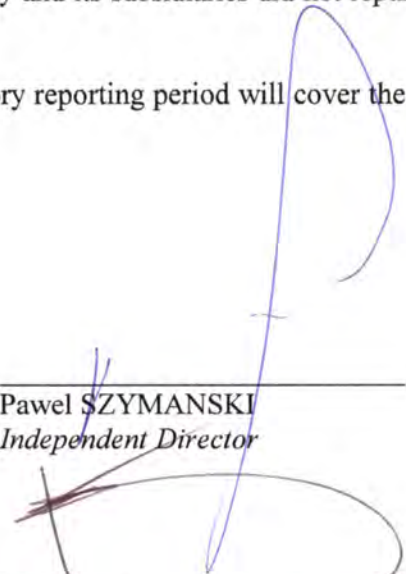
José-Manuel CORRALES RUIZ
Director B



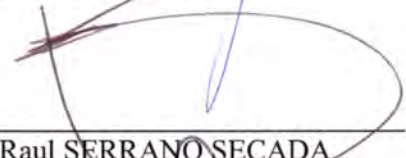
Jerzy SZYMCZAK
Independent Director



Oliver SCHMEER



Pawel SZYMANSKI
Independent Director



Raul SERRANO SECADA
Director B



Carlos CABA LOPEZ DE VICUÑA

To the shareholders of,
Automotive Components Europe S.A. (A.C.E S.A.)
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REPORT OF THE REVISEUR D'ENTREPRISES

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated June 17, 2009, we have audited the accompanying consolidated financial statements of A.C.E S.A., which comprise the consolidated balance sheet as at December 31, 2009, and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the réviseur d'entreprises

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the *Institut des réviseurs d'entreprises*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the réviseur d'entreprises, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

Audit • Tax • Consulting • Financial Advisory •

Member of
Deloitte Touche Tohmatsu

In making those risk assessments, the réviseur d'entreprises considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of A.C.E S.A. as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the board of directors, is consistent with the consolidated financial statements.

Deloitte S.A.

Réviseur d'entreprises



Sophie Mitchell

Partner

April 27, 2010

AUTOMOTIVE COMPONENTS EUROPE SA AND SUBSIDIARY COMPANIES

Notes to the consolidated Financial Statements

for the year ended 31 December 2009

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Automotive Components Europe S.A. and subsidiary companies

Consolidated Balance Sheet
for the year ended 31 December 2009
(expressed in thousand of Euros)

<u>Assets</u>	<u>Notes</u>	<u>December 2009</u>	<u>December 2008</u>	<u>Equity and Liabilities</u>	<u>Notes</u>	<u>December 2009</u>	<u>December 2008</u>
Non-current assets				Capital and reserves			
Intangible assets	6	139	278	Share capital		3.185	3.317
Property, plant and equipment	7	41.988	46.248	Share premium		6.931	6.931
Investment in associates	8	20	20	Retained earnings		25.108	24.646
Deferred tax assets	16	1.151	1.261	Exchange differences		(357)	(451)
Trade and other receivables	11	-	2	Net profit for the year		1.980	330
Total non-current assets		43.298	47.809	Total equity	13	36.847	34.773
Current assets				Non-current liabilities			
Inventories	10	7.623	10.799	Borrowings	14	14.271	12.895
Trade and other receivables	11	13.989	13.075	Deferred income		213	376
Other current assets		106	-	Deferred tax liabilities	16	3.410	3.389
Cash and cash equivalents	12	11.906	10.276	Derivative financial instruments	9	444	2.266
				Provisions for other liabilities and charges	17	109	101
Total current assets		33.624	34.150				
				Total non-current liabilities		18.447	19.027
Total assets		<u>76.922</u>	<u>81.959</u>	Current liabilities			
				Trade and other payables	18	14.866	15.651
				Borrowings	14	5.018	9.185
				Derivative financial instruments	9	953	2.032
				Other current liabilities	15	14	407
				Provisions for other liabilities and charge	17	777	884
				Total current liabilities		21.628	28.159
				Total equity and liabilities		<u>76.922</u>	<u>81.959</u>

The accompanying notes form an integral part of the consolidated financial statements of Automotive Components Europe S.A. for the year ended 31 December 2009, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Income Statements
for the year ended 31 December 2009
(expressed in thousand of Euros)

	Notes	2009	2008
Revenues	19	77.101	94.395
Cost of sales		<u>(61.338)</u>	<u>(76.150)</u>
Gross profit		15.763	18.245
Selling and distribution costs	20	(2.142)	(2.502)
General and administration expenses	21	(9.882)	(11.522)
Other operating income	22	1.034	1.253
Other operating expenses		<u>(439)</u>	<u>(716)</u>
Operating profit		4.334	4.758
Negative goodwill	5, 15 & 23	390	1.433
Financial income		390	930
Financial expenses		<u>(2.970)</u>	<u>(6.962)</u>
Financial result	24	<u>(2.580)</u>	<u>(6.032)</u>
Profit before income tax		2.144	159
Income tax (expense) / income	25	<u>(164)</u>	<u>171</u>
Net profit for the period		<u>1.980</u>	<u>330</u>
Attributable to:			
Equity holders of the company		<u>1.980</u>	<u>330</u>
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in € per share) (note 26)			
- basic		0,09	0,01
- diluted		<u>0,09</u>	<u>0,01</u>

The accompanying notes form an integral part of the consolidated financial statements of Automotive Components Europe S.A. for the year ended 31 December 2009, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Statement of Changes in Stockholder's Equity
for the year ended 31 December 2009
(expressed in thousand of Euros)

Notes	Attributable to equity holders of the company							
	Share Capital	Share premium	Legal reserve	Other reserves	Retained earnings	Exchange differences	Profit for the period	Net Equity
Balance at 1 January 2008	3.317	9.292	-	-	16.501	-	8.694	37.804
Allocation of previous year profit	-	-	-	-	8.694	-	(8.694)	-
Profit for the year	-	-	-	-	-	-	330	330
Total recognised income for 2008	-	-	-	-	8.694	-	330	330
Exchange differences	-	-	-	-	-	(451)	-	(451)
Partial reimbursment of share premium	-	(2.433)	-	-	-	-	-	(2.433)
Other variation	-	72	-	-	-	-	-	72
Purchase own shares	-	-	-	(549)	-	-	-	(549)
Balance at 31 December 2008	3.317	6.931	-	(549)	25.195	(451)	330	34.773
Balance at 1 January 2009	3.317	6.931	-	(549)	25.195	(451)	330	34.773
Allocation of previous year profit	-	-	307	-	23	-	(330)	-
Profit for the year	-	-	-	-	-	-	1.980	1.980
Total recognised income for 2009	-	-	-	-	-	-	1.980	1.980
Increase in share capital	13	(132)	-	-	132	-	-	-
Purchase of treasury shares	13	-	-	549	(549)	-	-	-
Exchange differences	-	-	-	-	-	94	-	94
Balance at 31 December 2009	3.185	6.931	307	-	24.801	(357)	1.980	36.847

The accompanying notes form an integral part of the consolidated financial statements of Automotive Components Europe S.A. for the year ended 31 December 2009, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Cash Flow Statement
for the year ended 31 December 2009
(expressed in thousand of Euros)

	Notes	December 2009	December 2008
Cash flows from ordinary activities			
Profit before tax		2.144	159
Adjusted for:			
Amortisation and depreciation	6 & 7	5.734	5.171
Negative goodwill	5 & 23	(390)	(1.433)
Net Financial result	24	5.471	1.109
Losses on sale of property, plant and equipment		(58)	-
Gains and losses on changes in fair values of derivative financial instruments	24	(2.898)	4.923
Others		(124)	(44)
Operating profit before changes in working capital		9.879	9.885
(Increase)/decrease in receivables and other current assets		(903)	5.416
(Increase)/decrease in inventories		2.151	(1.440)
Increase/(decrease) in trade and other payables		(108)	(3.248)
Cash from operating activities		11.019	10.613
Income taxes paid		(83)	(916)
Net cash from ordinary activities		10.936	9.697
Cash flows from investing activities			
Acquisition of property, plant and equipment		(2.126)	(5.827)
Acquisition of other intangible assets		-	(111)
Acquisition of subsidiary, net of cash acquired		-	(6.351)
Proceeds from sale of non current assets		1.013	-
Net cash from investing activities		(1.113)	(12.289)
Cash flows from financing activities			
Treasury shares acquisition		-	(549)
Repayments of borrowings		(7.288)	(3.135)
Proceeds from borrowings		4.796	9.762
Partial reimbursement of share premium		-	(2.433)
Net of financial result paid and received		(5.499)	(1.156)
Net cash from financing activities		(7.991)	2.489
Net increase/(decrease) in cash and cash equivalents		1.832	(103)
Cash and cash equivalents at beginning of the period		10.276	10.434
Effects of exchange rate changes on the balance sheet		(202)	(55)
Cash and cash equivalents at the end of the period		11.906	10.276

The accompanying notes form an integral part of the consolidated financial statements of Automotive Components Europe S.A. for the year ended 31 December 2009, in conjunction with which they should be read.

AUTOMOTIVE COMPONENTS EUROPE SA
AND SUBSIDIARY COMPANIES

Notes to the consolidated Financial Statements

for the year ended 31 December 2009

(1) Nature and Principal Activities

Automotive Components Europe, S.A. (hereinafter "ACE" or the Company) was incorporated as a limited liability company, ("Société Anonyme"), under the law of the Grand Duchy of Luxembourg on 21 July 2006. ACE is registered with the Luxembourg Registry of Commerce and Companies under number B 118130 and has its registered office located in 82 Route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg, where it was moved to in August 1, 2007 from the former address in 6 rue Adolphe, L-1116 Luxembourg.

Since its incorporation, the principal activity of the Company has been the holding and management of company investments. After EB Holding S.à.r.L., which final beneficial owner at the same time is Innova/3 L.P. and Innova/3 EBRD Co-Investment Facility L.P., sold its shares in 2009, the main shareholders of the Company are: PZU 'Zlota Jelsien', ING Nationale Nederlanden Polska and Casting Brake.

The Company is the parent company of the Automotive Components Europe, S.A. Group (hereinafter the Group), which comprises the Company and the subsidiaries listed below, which operate in an integrated manner and under a common management, and the main activity of which is the manufacturing of anchors and callipers for brake systems.

The Group is comprised of the following companies at 31 December 2009:

Company	Registered offices	Percentage ownership
		Direct
Fuchosa, S.L. (formerly Retorgal XXI, S.L.)	Atxondo, Spain	100.00 %
European Brakes and Chassis Components Poland Sp.zo.o (formerly Indus Sp.zo.o.)	Wroclaw, Poland	100.00 %
Feramo Metallum International s.r.o.	Brno, Czech Republic	100.00 %

ACE was incorporated with limited liability on 21 July 2006 by the contributions in kind from 100% of the share capital of Indus Sp.zo.o, Poland and Retorgal XXI, S.L., Spain. The contributed companies held 100% of the share capital of European Brakes and Chassis Components Poland, Sp.zo.o, Poland, (EBCC) and Fuchosa, S.L., Spain, respectively. Said companies were contributed to the Company in full as a non-monetary payment. The financial year of all of the Group companies ends on 31 December of each year. The present consolidated financial statements are prepared as at end of December 2009.

As of 31 December 2006 Indus and EBCC merged, with Indus being the remaining company and changing its name to European Brakes and Chassis Components Sp.zo.o. As of the end of September 2007, the two subsidiaries in Spain merged retroactively to 1st January 2007 in order to simplify the organisational structure of the ACE Group, save costs and comply with certain covenants of the Unit Purchase Agreement and the long term facility granted by La Caixa to finance the acquisition of Fuchosa. This merger had no impact on consolidated figures.

On 12 May 2008 ACE acquired 100% of Feramo Metallum International s.r.o. and Feramo Trans s.r.o. located in Brno (Czech Republic) (see Note 5).

The activities of the companies forming part of the Group are as follows:

- Fuchosa, S.L. ("Fuchosa") was incorporated with limited liability under Spanish law on 17 February 2005. The registered offices of the company are in Atxondo (Spain), where the production plant is also located. The principal activity of the company since its incorporation has been the manufacturing and sale of nodular iron safety parts for the automobile sector.

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- European Brakes and Chassis Components Poland, Sp. z o.o. ("EBCC") was incorporated with limited liability under Polish law on 8 November 2005. The registered offices of the company are in Wrocław (Poland), where the production plant is also located. The principal activity of the company is the manufacturing of calipers for brake systems for the automobile sector.
- Feramo Metallum International s.r.o. ("Feramo") was incorporated with limited liability under Czech law on 7 July 1992. The registered offices of the company are in Brno (Czech Republic), where the production plant is also located. The principal activity of the company is the manufacturing and sale of a broad range of grey iron foundry products.
- Furthermore, EBCC Germany GmbH (a 100% subsidiary incorporated by EBCC) and Feramo Trans s.r.o. (a 100% subsidiary incorporated by ACE) are not included in the scope of consolidation as the contribution of these entities to the consolidated financial statement would have been negligible. (see note 8)

Since 1 June 2007 the Company is listed in the Warsaw Stock exchange by selling 10.103.927 old shares and issue of 2.065.160 new shares.

(2) Basis of presentation of the consolidated financial statements and basis of consolidation

1. Adoption of new and revised International Financial Reporting Standards (IFRSs)

a. Standards (IFRS) and interpretations (IFRIC) that are effective for financial statements of 2009

The Group has adopted the following standards and interpretations as they are effective:

- Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments (effective for accounting periods beginning on or after 1 July 2008);
- Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations (effective for accounting periods beginning on or after 1 January 2009);
- Amendment to IAS 23 Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to IFRS 1 and IAS 27 Cost of an Investment in a subsidiary, jointly-controlled entity or associate (effective for accounting periods beginning on or after 1 January 2009).
- IFRS 8 Operating Segments (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation (effective for accounting periods beginning on or after 1 January 2009);
- Revised IFRS 3 Business Combinations (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009);
- IFRIC 18 Transfers of Assets from Customers issued 29 January 2009
- Amendments to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. As part of Improvements to IFRSs (2008), IAS 20 has been amended to require that the benefit of a government loan at a below-market rate of interest be treated as a government grant. This accounting treatment was not permitted prior to these amendments.

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- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008);
- IFRIC 14 IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2008).
- Amendments to IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation (effective for accounting periods beginning on or after 1 January 2009);
- Revised IFRS 1 First Time Adoption of IFRS (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 12 Service Concession Arrangements (effective for accounting periods beginning on or after 1 January 2008);
- IFRIC 15 Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008);
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective for accounting periods beginning on or after 1 July 2009);
- Amendments to IAS 27 Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2009);
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items (effective for accounting periods beginning on or after 1 July 2008);
- Amendment to IAS 39 Reclassification of Financial Assets: Effective Date and Transition (effective for accounting periods beginning on or after 1 July 2008).

The adoption of these standards and interpretations has not led to any changes in the Group's accounting policies.

b. Early adoption of standards, amendments and interpretations that are effective after 2009, but which the Group decided to adopt earlier

The Group has not adopted any standards, amendments or interpretations in advance of their effective dates.

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c. Standards and Interpretations in issue not yet adopted that are effective after 2009

As part of Improvements to IFRSs 2009 issued in April 2009, the International Accounting Standards Board (IASB) amended the requirements of IAS 17 Leases regarding the classification of leases of land. Prior to amendment, IAS 17 Leases generally required leases of land with an indefinite useful life to be classified as operating leases. This was inconsistent with the general principles of the Standard, and the relevant guidance has been removed due to concerns that it could lead to accounting that did not reflect the substance of arrangements. Following the amendments, leases of land are classified as either 'finance' or 'operating' using the general principles of IAS 17. These amendments are effective for annual periods beginning on or after 1 January 2010, and they are to be applied retrospectively to unexpired leases at 1 January 2010 if the necessary information was available at the inception of the lease. Otherwise, the revised Standard will be applied based on the facts and circumstances existing on 1 January 2010 (i.e. the date of adoption of the amendments) and the Group will recognise assets and liabilities related to land leases newly classified as finance leases at their fair values on that date; any difference between those fair values will be recognised in retained earnings.

In June 2009, the IASB issued amendments to IFRS 2 Share-based Payment. These amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

The directors anticipate that these amendments will be adopted in the Group's financial statements for the period beginning 1 January 2010. The directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

2. Comparative information

As indicated in Notes 1 and 5, the acquisition of Feramo (May 2008) needs to be taken into consideration when comparing the 2008 figures included in these Consolidated Financial Statements with the equivalent figures for 2009.

3. Functional Currency

These annual accounts are presented in Euros as this is the currency of the chief economic environment in which the Group operates. However, it should be mentioned that the functional currency of Feramo is Czech koruna; whereas for the other subsidiaries the functional currency is the Euro. Operations abroad and financial statement in other functional currency than Euro are recorded in accordance with the policies described in Note 3.10.

4. Judgement, estimates and correction of errors

The preparation of financial statements in conformity with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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The Group's consolidated financial statements for the year ended 31 December 2009, include Group management and consolidated companies' estimates on the value of assets, liabilities, income, expenses and commitments recognised, which were subsequently ratified by the Board of Directors. These estimates mainly comprise:

- useful lives of property, plant and equipment.
- certain provisions made.
- recognition of deferred taxes.
- fair value of certain financial instruments.

Although estimates were based on the best information available at 31 December 2009, future events may require these estimates to be modified (increased or decreased) in subsequent years. Any change in accounting estimates would be recognised prospectively in the corresponding consolidated income statement, in accordance with IAS 8.

(3) Significant Accounting Principles

1. Statement of compliance

The consolidated financial statements have been prepared in accordance with the accounting principles and measurement standards set out in the International Financial Reporting Standards endorsed by the European Union at 31 December 2009.

2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements as at 31 December 2009 will be presented at the Warsaw Stock Exchange within the periods established by prevailing legislation in Poland.

The principal accounting policies are set out below.

3. Going concern and accruals basis

The consolidated financial statements have been prepared on a going concern basis, as the management considers that the Group's future performance will allow the recovery of its assets and the settlement of its liabilities in the ordinary course of business.

The main characteristic of the braking system market is its concentration of customers among three Tier 1 companies. In this regard, approximately 84% of total revenues are made with said customers (87% in 2008), which are allocated in Fuchosa and EBCC. The management do not consider this situation as a significant risk, because said customers are considered solvent enough.

Income and expenses are recognised on an accruals basis, irrespective of collections and payments.

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4. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

5. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

6. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement

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of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain

7. Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described at Note 6 above

8. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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a. Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

b. Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

c. Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

d. Rental income

The Group's policy for recognition of revenue from operating leases is described in note 9 below.

9. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases

a. The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

b. The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are

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recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 11 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

The obligation to pay deriving from the lease, net of the finance charge, is recognised as a long-term payable. If there is no reasonable certainty that the lessee will obtain ownership of the property by the end of the lease term, the asset should be fully depreciated over the shorter of the lease term or its useful life. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

10. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated to the functional currency using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euros at foreign currency exchange rate prevailing at the date the fair value was determined.

The balances of the annual accounts of the consolidated entities whose functional currencies are other than Euro are converted into Euro as follows:

- Assets and liabilities, by application of the exchange rates at the close of the period.
- Revenue, expenditure and cash flows, using the average exchange rate for the year.
- Equity, at historical exchange rates.

Differences arising in the conversion process are recorded under "Exchange differences" in equity. These exchange differences are recognised as revenue or expenditure during the period in which the investment is disposed of.

11. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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12. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

13. Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date, excluding the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 31.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest and adjusted for the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Fair value is measured using the fair value of the shares, which was estimated based on prices paid on business combinations with third parties close to the grant date of the benefit. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions and behavioural considerations.

14. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the

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reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unused income tax credits and deductions are recognised as tax credits under assets in the consolidated balance sheet provided that their recovery is considered probable and all the necessary conditions have been met. The income from these credits is recorded as a deduction from the income tax expense in the income statement.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

c. Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination

15. Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated useful lives of other items of property, plant and equipment are as follows:

	<u>Years</u>
Buildings	20 – 45
Plant and machinery	7 – 30
Fixtures and fittings	4 – 10
Computer equipment	3 – 14
Leasehold improvements	5
Other tangible assets	3 – 5

The Group reassesses the depreciation method and periods at least at the end of each financial year.

16. Intangible assets

a. Goodwill

Internally generated goodwill is not recognised as an asset.

Negative goodwill arising from the acquisitions of subsidiaries at the formation date was recorded in the retained earnings in 2008. Since the first consolidation negative goodwill arising from the acquisition of subsidiaries is recorded in the income statement of ACE (see note 5).

b. Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

17. Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

18. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution.

19. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

20. Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a. Trade receivables

Trade receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

b. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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c. Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

d. Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

e. Trade payables

Trade payables are stated at cost.

f. Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

g. Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.

The Group uses derivative financial instruments (foreign currency forward contracts and interest rate swaps) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions and to hedge its interest rate risk that arises from bank loans. The Group's policy is to convert a proportion of its floating rate debt to fixed rates.

In accordance with its treasury policy, the Group does not acquire or hold derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted as trading instruments.

Derivative financial instruments are recognised initially at cost and subsequently stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss as financial income or expense for trading instruments.

The Group does not use hedge accounting for derivative financial instruments and therefore changes in the fair value of these assets are recognised immediately in the income statement.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

21. Treasury shares

At year end the ACE Group's treasury shares are deducted from "Other reserves" on the Consolidated Balance Sheet and are measured at acquisition cost.

The gains and losses obtained by the companies on disposal of these treasury shares are recognised in "Other reserves" in the Consolidated Balance Sheet.

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22. Share capital

Ordinary shares are classified as equity. Shares are classified as equity if non-redeemable and any dividends are discretionary. Dividends are recognised as a liability in the period in which they are declared.

Incremental costs directly attributable to the issue of equity instruments, except those incurred on the issue of equity instruments as a result of the acquisition of a business are recorded as a deduction from equity, net of any related tax incentives or tax effect.

23. Employee benefits

a. Termination benefits

Termination benefits are payable when employment is terminated before the normal contract expiry or retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

24. Offsetting assets and liabilities, income and expenses

Liabilities cannot be offset by assets, nor expenses by income, unless permitted by a relevant standard or interpretation.

25. Classification of assets and liabilities as current

Assets and liabilities are classified as current in the consolidated balance sheet when expected to be recovered, traded or settled within 12 months of the balance sheet date, except for trading properties, which are expected to be realised in the ordinary course of business of sale of properties and unbuilt land. Where the Group does not have an unconditional right to defer settlement of the liability within at least 12 months of the balance sheet date, the liability is classified as current.

26. Related parties

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

(4) Segment information

The Group has adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

Group companies are organised based on the nature of the products and services manufactured and marketed. Information for operating segments is reported in Appendix I.

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Assets, liabilities, income and expenses for segments include directly attributable items as well those which can be reasonably and reliably assigned to a segment. All balance sheet items have been assigned to the segments. Income statement items which are not assigned to segments by the Group are: other operating income / expenses, financial income / expense and income tax expense.

The business segments defined by the Group are as follows:

- Iron casting: relates to the production of iron based products.
- Aluminium casting: relates to the production of aluminium based products.
- Others: relates mainly to the sale of tooling.

(5) Business combination

As mentioned in note 1, ACE was incorporated as a limited liability company on 21 July 2006 by the contributions in kind from 100% of the share capital of Indus Sp.zo.o, Poland and Retorgal XXI, S.L., Spain. The contributed companies held 100% of the share capital of EBCC and Fuchosa, respectively. Said companies were contributed to the Company in full as a non-monetary payment. These transactions have been accounted for by the purchase method of accounting. As at 31 December 2007, the accounting for the business combination was completed.

On 12 May 2008 ACE acquired 100% of Feramo Metallum International s.r.o. and Feramo Trans s.r.o. located in Brno (Czech Republic). The principal activity of the first company is the manufacturing and sale of a broad range of grey iron foundry products. On the other hand, Feramo Trans is mainly focused on the transportation of Feramo Metallum products.

At 31 December 2008, the initial accounting for the business combination for Feramo Metallum could be determined only provisionally. These provisional fair values of net assets acquired were subject to changes upon completion of the accounting for the business combination within twelve months from the acquisition date.

At 31 December 2009, the fair values of net assets acquired are defined and were not subjected to changes from the initial accounting recorded.

Details of the aggregated business combination cost and equity acquired and the negative goodwill is as follows:

	Feramo
	Thousand of
	Euros
Cost of business combination	6,963
Fair value of net assets acquired	8,396
Negative goodwill	(1,433)

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The difference between the fair value of Feramo and the underlying book value at the time of acquisition recorded in the financial statements of the acquired company is assigned to the asset and liability items as detailed below.

	Thousand of Euros
Business combination cost	6,963
Underlying book value of acquired holdings	3,623
Allocation of fair value:	
Land & Buildings	3,930
Vehicles & machinery	1,913
Furniture, fittings & equipment	48
Deferred tax	(1,118)
Total gains allocated	8,396
Negative goodwill	(1,433)

The initial cost of the business combination of Feramo included Euro 6.6 million in respect of costs directly attributable to the acquisition, and Euro 0.4 million in respect of the future payment agreed with the former owner of the acquired company, according to a signed contract related to the reallocation of a third company located in Feramo installations.

As of 10 December 2009, ACE has signed a contract with the former owner of the acquired company, agreeing a Purchase Price Reduction in the amount of the deferred payment, Euro 0.4 million. (note 15)

Given that the date of the agreement is subsequent to the 12 months of provisional accounting permitted by IFRS 3, the Group has not modified the amount of the initial negative goodwill recognised, and therefore has recorded an income for Euro 0.4 million.

The negative goodwill of Euro 1,433 thousand was recorded in the income statement of 2008 (note 23), which arose after the purchase price allocation process and fair valuation of assets and liabilities of the acquired company in 2008, which supports the management assessment as regards the fair value of the business and its potential for the future development.

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The fair value of the net assets acquired was as follows:

	Feramo
	Thousand of
	Euros
Property, plant and equipment	11,588
Inventories	905
Receivables and other current assets	2,207
Cash and cash equivalents	208
Other assets	10
Bank borrowings	(1,399)
Other debt	(3,495)
Trade liabilities	(1,312)
Provisions	(85)
Other liabilities	(231)
Fair value of net assets acquired	8,396

In the determination of the fair value of net assets acquired, no values were considered necessary to be allocated to contingent liabilities.

Feramo contributed in Euro 12.7 million and Euro (844) thousand to Group sales and net profit for year 2009 and 2008, respectively. The revenue and net profit of Feramo for the period ended 12 May 2008 amounted to approximately Euro 6.5 million and Euro 268 thousand, respectively.

(6) Intangible assets

Details of and movements in intangible assets for the year from 1 January 2008 to 31 December 2009 are shown below.

All intangible assets have finite useful lives and these are amortised on a straight line basis during a period that ranges between 3 and 5 years.

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Details are as follows:

	Trademarks and licences	Other (*)	Total
At 1 January 2008			
Opening net book amount	289	10	299
Changes in scope of consolidation	-	10	10
Additions	111	-	111
Amortisation charge	(130)	(11)	(141)
Net foreign currency exchange differences	-	(1)	(1)
Closing net book amount	270	8	278
At 31 December 2008			
Cost	631	171	802
Accumulated amortisation and impairment	(361)	(163)	(524)
Net book amount	270	8	278
Year ended 31 December 2009			
Opening net book amount	270	8	278
Disposals	(3)	-	(3)
Amortisation charge	(132)	(4)	(136)
Closing net book amount	135	4	139
At 31 December 2009			
Cost	628	171	799
Accumulated amortisation and impairment	(493)	(167)	(660)
Net book amount	135	4	139

(*) Others includes R&D expenses

(7) Property, plant and equipment

Details of and movements in property, plant and equipment for the year from 1 January 2008 to 31 December 2009 are shown below.

At 31 December 2009, certain land and buildings are mortgaged to secure the repayment of loans with an outstanding balance of Euro 16,858 thousand (see note 14). The Group's policy is to take out insurance to cover what it estimates as the possible risks which could affect the tangible assets. The Group entities have taken out insurance, which more than covers the net book value of all the Group's assets.

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	Land & Buildings	Vehicles & machinery	Furniture, fittings & equipment	Total
At 1 January 2008				
Opening net book amount	9,500	22,890	2,111	34,501
Changes in scope of consolidation	6,052	5,490	46	11,588
Additions	138	3,940	1,749	5,827
Disposals	-	(8)	-	(8)
Depreciation charge	(342)	(4,188)	(500)	(5,030)
Net foreign currency exchange differences	(359)	(268)	(3)	(630)
Closing net book amount	14,989	27,856	3,403	46,248
At 31 December 2008				
Cost or valuation	18,130	71,229	5,945	95,304
Accumulated depreciation	(3,141)	(43,373)	(2,542)	(49,056)
Net book amount	14,989	27,856	3,403	46,248
Year ended 31 December 2009				
Opening net book amount	14,989	27,856	3,403	46,248
Additions	115	1,295	717	2,127
Disposals	-	(44)	(933)	(977)
Depreciation charge	(484)	(4,703)	(412)	(5,599)
Net foreign currency exchange differences (cost)	86	112	8	206
(depreciation)	(2)	(13)	(2)	(17)
Closing net book amount	14,704	24,503	2,781	41,988
At 31 December 2009				
Cost or valuation	18,331	72,592	5,737	96,660
Accumulated depreciation	(3,627)	(48,089)	(2,956)	(54,672)
Net book amount	14,704	24,503	2,781	41,988

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(8) Investment in associates

There have not been any movements in investment in associates for the year from 31 December 2008 to 31 December 2009. During 2008, Feramo Trans was acquired as part of the transaction with Feramo Metallum, being the total cost of the investment assigned to Feramo Metallum.

The Group's share of the results of its principal associates, all of which are unlisted, and its share of the net assets (including goodwill and liabilities) are as follows (in thousand Euro):

Name	Country of incorporation	Total Assets	Total Liabilities	Profit/ (Loss)	Revenues	% interest Held	Acquisition Cost
December 2009							
EBCC Germany	Germany	28	10	(4)	-	100%	20
Feramo Trans	Czech Republic	14	27	(23)	67	100%	-
		42	37	(27)	67		20
December 2008							
EBCC Germany	Germany	60	21	-	-	100%	20
Feramo Trans	Czech Republic	33	23	1	105	100%	-
		93	44	(7)	105		20

(9) Derivative financial instruments

Details are as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
<i>Non - Current financial liabilities</i>		
Interest rate swap	-	45
Currency option	444	2,221
	444	2,266
<i>Current financial liabilities</i>		
Currency option	953	2,032

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with outstanding values of Euro 7.1 million have fixed interest payments at an average rate of 3.51 per cent for periods up until 2013 (Euro 12 million at December 2008) (see note 14).

The Group also uses currency options in order to manage 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 EUR.

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On February 19, 2009 the Group company EBCC Sp. z o.o. signed an agreement with BRE Bank S.A. as regards cancellation of outstanding derivative financial instruments at 31 December 2008. The agreement assumed full cancellation in 2009 and partial cancellation in 2010 of 4 outstanding hedging contracts with BRE for total amount of 15.3Mio PLN, at a level 4.669 zloty per euro (approximately Euro 3.2 million) and it represented the closing of around half of Group financial exposure to polish zloty at same exchange rate.

The main purpose of this agreement was to reduce exposure of EBCC to volatility of zloty/euro exchange rate and risk of further weakening of zloty

The fair value of the currency option for Polish Zloty amounts to a liability of Euro 1,397 thousand at year end (see note 14).

(10) Inventories

Details of inventories are as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
Raw materials and supplies	3,240	4,927
Work in progress	1,336	1,294
Finished products	3,046	4,577
Payments on account	1	1
	<u>7,623</u>	<u>10,799</u>

There is Euro 242 thousand of write downs in inventories as at December 2009 (31 December 2008: Euro 107 thousand).

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(11) Trade and other receivables

Details of debtors are as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
Trade receivables	14,455	13,091
Less: provision for impairment of receivables	(530)	(364)
Trade receivables – net	13,925	12,727
Prepayments	64	349
Total	13,989	13,076
Less non-current portion:	-	1
Current portion	13,989	13,075
	13,989	13,076

All non-current receivables are due within five years from the balance sheet date.

The table below shows the ageing beyond due date of the financial assets for credit risk exposure purposes (in thousand of Euros):

Thousand of Euro
December 2009

	Within terms	Up to three months overdue	Between three months and one year overdue	More than one year overdue	Total
Trade and other receivables					
of which current	12,324	1,456	209	-	13,989
Total	12,324	1,456	209	-	13,989

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Thousand of Euro
December 2008

	Within terms	Up to three months overdue	Between three months and one year overdue	More than one year overdue	Total
Trade and other receivables					
of which current	10,837	2,095	105	39	13,076
Total	10,837	2,095	105	39	13,076

(12) Cash and cash equivalents

	Thousand of Euros December 2008	Thousand of Euros December 2008
Cash at bank and in hand	966	1,254
Short-term bank deposits	10,940	9,022
Cash and cash equivalents	11,906	10,276

The Group company Fuchosa did not meet the debt covenants required as of June 2009 review, as a result a total amount of Euro 1,214 thousand was taken as cash collateral by the agent bank of the syndicated loan (see note 14). This amount corresponds to the payment to be made in February 2010. Since the company is meeting bank covenants as of December 2009, the Management do not expect any amounts taken as cash collateral in the short term.

(13) Equity

Details of and movements in the various items included in equity are detailed in the consolidated statement of changes in equity, which forms an integral part of the consolidated financial statements.

(a) Share capital

At 31 December 2008, the share capital of ACE was represented by 22,115,260 registered same type of shares of Euros 0.15 value each.

At 31 December 2009 the share capital of ACE was represented by 21,230,515 registered same type of shares of Euros 0.15 value each. The share capital was fully paid. There has been a capital reduction during 2009, crediting Retained Earnings, as explained below (note 13.e)

As at 31 December 2009, there is an authorised share capital not issued of 2,947,365 shares of which 1,002,505 shares are related to the ESOP scheme in EBCC (Note 31).

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(b) Share premium

The share premium is governed by the same restrictions as those applicable to the voluntary reserves and can be used for the same purposes, including conversion to share capital.

As at 17 June 2008, the General Meeting approved the partial reimbursement of the share premium in the global amount of Euro 2,433 thousand amounting to Euro 0.11 per share. This amount was paid on 1 September 2008.

No changes have been registered as for the share premium during the period. As at 31 December 2009, the share premium amounts Euro 6,931 thousand.

(c) Legal reserve

In accordance with Luxembourg company law, the Company is obliged to transfer a minimum of 5% of the profit for the year to a legal reserve, until such time as the reserve represents 10% of the share capital. This reserve is non-distributable, except upon dissolution of the Company. As at 31 December 2009 Legal reserve amounts to Euro 307 thousand.

(d) Retained earnings

This caption amounting to Euro 25,108 thousand includes as of 31 December 2009 the negative goodwill arising on consolidation of Fuchosa, EBCC and Feramo amounting to Euro 13,087 thousand, (31 December 2008: Euro 11,984 thousand).

Also Retained earnings have been decreased for Euro 549 thousand to cancel the Treasury shares purchased during 2008 (see note below). Consequently Share Capital was reduced on the amount of shares bought back, increasing Retained Earning in Euro 132 thousand.

This caption also includes the profit for year ended 31 December 2008.

(e) Treasury shares

On 17 June 2008 the General Meeting authorised the board of directors of ACE and the corporate bodies of any of the subsidiaries of the ACE Group, as referred to in articles 49-2 and 49-3 of the Luxembourg law of August 10, 1915 on commercial companies as amended, for a maximum period of twelve months as of the date of the Meeting, to purchase shares of ACE S.A. at any time and as many times as it deems appropriate, by any means permitted by law, in a limit of 10% of the subscribed capital.

During 2008 ACE purchased 885 thousand shares at market price for a total of Euro 549 thousand. Extraordinary General Meeting of Shareholders resolved to reduce the issued share capital of the Company by an amount of Euro 132,711.75 as to bring it from its present amount of Euro 3,317,289 to Euro 3,184,577.25 by cancellation of 884,745 shares with a nominal value of EUR 0.15 owned by the Company following the completion of the buy-back programme as approved at the annual shareholders meeting of the Company held on June 17, 2008.

Extraordinary General Meeting of Shareholders further resolved to grant authorization to the board of directors of the Company to re-allocate the amount of Euro (548,612) representing the entire amount standing on the account "Reserves for own shares" of the Company specially created due to the completion of the buy-back programme as provided by Article 49-5 of the law of August 10, 1915 as amended on commercial companies to any other relevant reserves' accounts and consequently cancel the account "Reserves for own shares".

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The changes in 2009 in the shares of A.C.E. S.A., owned by the Group are as follows:

	Number of shares	Thousand of Euros
At 31 December 2007	-	-
Additions	884,745	549
At 31 December 2008	884,745	549

	Number of shares	Thousand of Euros
At 31 December 2008	884,745	549
Additions	-	-
Reductions	884,745	549
At 31 December 2009	-	-

Detail of and movements in share capital for 2008 and 2009 are shown below.

In thousand of Euros, except the number of shares

	Number of shares	Ordinary shares	Share premium	Total
At 31 December 2006	2,005,010	3,008	24	3,032
Increase of share capital	20,110,250	309	9,268	9,577
At 31 December 2007	22,115,260	3,317	9,292	12,609
Partial reimbursement of share premium	-	-	(2,433)	(2,433)
Other adjustments	-	-	72	72
At 31 December 2008	22,115,260	3,317	6,931	10,248

	Number of shares	Ordinary shares	Share premium	Total
At 31 December 2008	22,115,260	3,317	6,931	10,248
Partial reimbursement of share premium				
Capital reduction	(884,745)	(132)		(132)
At 31 December 2009	21,230,515	3,185	6,931	10,116

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(14) Borrowings

Non-current and current borrowings are detailed as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
Non-current		
Bank borrowings	12,066	12,238
Other borrowings	2,205	657
	<u>14,271</u>	<u>12,895</u>
Current		
Bank overdrafts	363	4,239
Bank borrowings	4,488	4,889
Other borrowings	167	57
	<u>5,018</u>	<u>9,185</u>
Total borrowings	<u>19,289</u>	<u>22,080</u>

On 23 February 2006, Retorgal on the one hand and EB Holding S.à.r.l. and Casting Brake, S.L., as shareholders of the Company on the other hand, signed a syndicated loan agreement for an amount of Euro 16 million, the agent bank of which is Caixa D'Estalvis I Pensions de Barcelona, "la Caixa". The main purpose of this syndicated loan is to partially finance Retorgal's acquisition of Fuchosa. This syndicated loan, which matures on 23 February 2013, is subject to compliance with certain obligations relating to financial ratios. According to the agreed conditions, the degree of compliance with the financial ratios and levels will be determined at the close of each semester and Fuchosa must provide certain financial information to the banks in order to assess compliance with these ratios. Said loan bears an interest of Euribor + 1.25% for the first half of 2009 and Euribor + 1.75% for the second half of 2009. The increase in the interest rate is due to the fail on compliance of some covenants included in the loan agreement. At December 2009 Fuchosa is meeting bank covenants and as a result the interest has been reviewed, being the rate from February 2010 Euribor+ 1.25%

In order to hedge for the interest rate risk for said loan, the Group contracted an interest rate swap, fixing the variable rate at 3.51% (note 9). As of 31 December 2009, the Group has already repaid Euro 6,461 thousand (2006-2008: Euro 4,308 thousand).

On 16 December 2009, due to the change in the shareholders composition, (note 1) a clause within the contract terms was not met. However, the company received an official waiver from La Caixa and other banks cancelling the loan default explained above. The waiver was issued with no cost for the company.

During 2008, Fuchosa was granted with two new loans connected to the R&D expenses in 2006 and 2007.

The first one was signed at 9 July 2008 amounting Euro 714 thousand. The repayment of the loan has started in 2009, being the outstanding balance Euro 657 thousand at year end, with a maturity date on 31 December 2015. This loan does not bear any interest expenses.

The second one was signed with Banco Sabadell under the concept of Advance connected to R&D expenses incurred in 2007, on 12 December 2008 for a total amount of Euro 491 thousand bearing a 4% interest rate quarterly. This loan matured on 12 June 2009 and was repaid after the company was granted the full loan connected to further R&D expenses in 2007 amounting Euro 611 thousand. This loan starts repayment on 22 June 2010, with a maturity date on 22 September 2018 and does not bear any interest.

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In the same way, on 12 December 2009, Fuchosa has signed a new loan with La Caixa amounting Euro 405 thousand in concept of Advance to the R&D expenses incurred in 2008. This advance bears an interest of 6M Euribor+0,5% and will be fully repaid on one payment at 31 December 2010. At that point, the company will be granted a new interest free loan.

Finally, on 30 September 2009, Fuchosa was granted a new loan from the Spanish Ministry of Industry amounting Euro 1,103 thousand with repayment starting in 30 October 2015 and with a maturity date on 30 October 2024. This loan does not bear any interest. However, to maintain the amount received (Euro 1,103 thousand) the company has to meet some conditions which have not been confirmed yet.

On 27 September 2007 the Group company EBCC raised an overdraft of Euro 4,000 thousand maturing the 30 September 2010; at year end this overdraft bears an interest of LIBOR+ 2.5%. Additionally, on 18 April 2008 a new loan with BRE Bank S.A. up to Euro 5,000 thousand was raised maturing the 29 July 2011; at year end this loan bears an interest of 1M Euribor+ 3.40%. Both credits bear are subject to compliance with certain obligations relating to financial ratios. These financial ratios are determined in the agreement and EBCC must provide certain financial information to the bank in order to assess compliance with said ratios. Information has to be provided on a quarterly basis.

On 19 February 2009 EBCC signed a loan with BRE Bank S.A. amounting Euro 2 million in order to finance the partial cancellation of the currency option swap (see note 9). This loan bears an interest of 1M Euribor +3.40% and the outstanding balance is Euro 1,890 thousand at year end.

On 1 April 2005 and 9 July 2007, Feramo Metallum signed loans agreements for amounts of long term investment loans Euro 675 thousand, and CZK 10,000 thousand (approximately Euro 378 thousand) respectively. These loans are scheduled to mature on 25 February 2010 the first one, and 25 October 2009 the second one. Said loans bear an interest of 3M EURIBOR + 3.30 % p.a. for the first one and 1M PRIBOR + 2.90 % p.a. for the second one. At 31 December 2009, the outstanding balance for the first one is Euro 25 thousand and the second one has been fully reimbursed.

On 7 March 2009, Feramo Metallum renewed two of the bank debt which was maturing at that day. The overdraft facility of CZK 13,000 thousand (approximately Euro 492 thousand) was renewed as a revolving loan facility for the same amount, bearing an interest of 1M PRIBOR + 2.65% and a maturity date on 5 March 2010. The short term revolving loan facility of CZK 20,000 thousand (approximately Euro 757 thousand) was renewed as a loan facility for the same amount, bearing an interest of 1M PRIBOR + 2.85%, with monthly instalments starting on 20 October 2009 and maturity date on 20 April 2012. These loan agreements are subject to compliance with certain obligation relating to financial ratios which should be reported quarterly, and they keep the same pledge than the former agreement.

The outstanding balances at year end 2009 and 2008 are CZK 9,000 thousand (approximately Euro 340 thousand) and CZK 18,052 thousand (approximately Euro 682 thousand) respectively.

All mentioned Feramo Metallum loan agreements are subject to compliance with certain obligations relating to financial ratios. According to the agreed conditions, the degree of compliance with the financial ratios and levels will be determined at the close of every quarter and Feramo Metallum must provide certain financial information to the banks in order to assess compliance with these ratios. At 31 December 2009 Feramo has complied with the financial ratio. These loans agreements are secured by the real estate (land and buildings) of Feramo, its receivables for a total amount of approximately Euro 437 thousand and blank bills of exchange issued by ACE S.A.

At December 2009, all companies within the Group are meeting bank covenants and the Management expects to continue meeting financial ratios requirements in the short term.

As disclosed in note 30, the Group has granted a guarantee in favour of the banks, through the pledge of Fuchosa shares. Additionally, certain properties of the Group secure said loans for an amount of Euro 35,466 thousand.

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The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date is not significant as the Group uses interest rate swaps to manage its exposure to interest rate movements on its syndicated bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with nominal values of Euro 7.1 million have fixed interest payments at an average rate of 3.51 per cent for periods up until 2013.

(15) Other current liabilities

The other current liabilities are detailed as follows (see note 32):

	Thousand of Euros December 2009	Thousand of Euros December 2008
Lease liabilities	14	8
Other	-	399
	<u>14</u>	<u>407</u>

In 2008 there was an amount of Euro 394 thousand included in other current liabilities as the deferred instalment payment of Feramo acquisition. On 10 December 2009, ACE signed a purchase price reduction with the previous owner, agreeing a reduction in Feramo's price for the amount of the future payment, this is Euro 390 thousand.

(16) Deferred tax assets and liabilities

The main deferred tax liabilities and assets recognised by the Group as of 31 December 2009 are as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
Deferred tax assets:	1,151	1,261
	<u>1,151</u>	<u>1,261</u>
Deferred tax liabilities:	(3,410)	(3,389)
	<u>(3,410)</u>	<u>(3,389)</u>
	<u>(2,259)</u>	<u>(2,128)</u>

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The gross movement on the deferred income

Tax account is as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
Beginning of the year	2,128	1,238
Changes in scope of consolidation	-	1,312
Income statement charge (see note 25)	141	(359)
Exchange differences	(10)	(63)
End of the year	2,259	2,128

The companies forming part of the Group had tax loss carry-forwards to be offset against future tax profits amounting to Euro 4,406 thousand as of December 2009. This amount as of December 2008 was approximately Euro 1,436 thousand. The increase is due to derivative financial instruments cancellation costs that are tax deductible (see note 24). Said cancellation costs have been included in the balance sheet at EBCC income tax rate (19%).

The remaining tax loss carry-forwards can be utilised during next five years for a total amount of Euro 2,888 thousand (capitalized in the balance sheet) and indefinitely for Euro 1,346 thousand.

Deferred tax liabilities include accelerated depreciation for tax purposes applied in both Group companies Fuchosa and EBCC, as well as a revaluation of fixed assets at fair value during the acquisition process in Feramo.

(17) Provisions for other liabilities and charges

Details are as follows: (Thousand of Euros)

	Pensions and similar	Tooling Renewal	Other provisions	Total
At 1 January 2008	425	527	535	1,487
Changes in scope of consolidation	-	-	85	85
Additional provisions	-	191	112	303
Unused amounts reversed	(324)	(183)	(71)	(578)
Used during year	-	(67)	(245)	(312)
At 31 December 2008	101	468	416	985
Additional provisions	20	149	190	359
Unused amounts reversed	-	(239)	(134)	(373)
Used during year	-	-	(85)	(85)
At 31 December 2009	121	378	387	886

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Analysis of total provisions:

	December 2009	December 2008
	<hr/>	<hr/>
Non-current	109	101
Current	777	884
	<hr/>	<hr/>
	886	985
	<hr/>	<hr/>

Pensions and similar caption refers to employees from Group company EBCC who are entitled to a lump sum of three monthly payments at the retirement date.

The Group receives payments in advance from its customers for the renewal of tooling used in its production process and which is owned by its customers. The provision for tooling renewal corresponds to the expected cash outflows for the replacement of this tooling.

Other provisions relates to the provision needed to meet likely or known liabilities arising from lawsuits in progress, and for unquantified indemnification and contingencies or other similar guarantees. These provisions are recorded when the obligation or liability determining the indemnification or payment arises.

(18) Trade and other payables

Details are as follows:

	Thousand of Euros December 2009	Thousand of Euros December 2008
	<hr/>	<hr/>
Trade payables	13,464	14,323
Current tax liabilities	1,061	953
Accrued expenses	341	375
	<hr/>	<hr/>
	14,866	15,651
	<hr/>	<hr/>

The average credit period on purchase of goods is different from the companies in the Group, and depends on the terms and conditions agreed with suppliers locally. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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(19) Revenues

The distribution of consolidated net revenues for the twelve months ended 31 December 2009 by business segments is as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Products		
Iron castings	43,226	55,591
Aluminium castings	30,691	33,459
Others	3,184	5,345
	<u>77,101</u>	<u>94,395</u>

The geographical distribution of the consolidated sales is as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Western Europe	45,891	56,147
Eastern Europe	30,832	37,756
Other countries	378	492
	<u>77,101</u>	<u>94,395</u>

Concentration risk

As mentioned in note 3.3, the main characteristic of the braking system market is its concentration of customers among three Tier 1 companies. Approximately 84% of the revenues are made with said customers. However, the management does not consider a significant risk, as said customers are considered solvent enough.

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(20) Selling and distribution costs

Details of distribution costs are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
	<hr/>	<hr/>
Transportation costs	1,203	1,738
Packaging expenses	135	170
Salaries and wages Sales	693	471
Other distribution costs	111	123
	<hr/>	<hr/>
	2,142	2,502
	<hr/>	<hr/>

(21) General and administrative Expenses

Details of administrative expenses are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
	<hr/>	<hr/>
Wages and salaries	5,556	5,475
External services	2,232	3,057
Depreciation and amortisation	609	843
Renting	291	344
Other administrative expenses	1,194	1,803
	<hr/>	<hr/>
	9,882	11,522
	<hr/>	<hr/>

This reduction in G&A expenses comes as a result of the action plan driven by the Company management not only involving reduction of headcount but also involving several overhead expenses throughout the course of the year.

The Group headcount at 31 December 2009 is as follows:

	Headcounts December 2009	Headcounts December 2008
	<hr/>	<hr/>
Managers	29	33
Administrative employees	120	122
Workers	663	738
	<hr/>	<hr/>
	812	893
	<hr/>	<hr/>

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During 2009 there has been a headcount restructuring process carried out as part of the Action Plan in both Group companies EBCC and Feramo.

In Group company Fuchosa the adjustment of payroll was achieved by a temporary redundancy dismissal procedure.

(22) Other Operating Income

Details are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Income from subsidies	452	435
Insurance reimbursement	2	28
Income from release of write-downs and other operating income	580	790
	<u>1,034</u>	<u>1,253</u>

(23) Negative goodwill

As mentioned in note 5, a negative goodwill arose due to the acquisition of Feramo in 2008. The difference between the purchase price allocation and the fair valuation of assets and liabilities was recorded in the prior year income statements amounting Euro 1,433 thousand. During the provisional accounting period of 12 months after the acquisition date, no further changes were made to the initially recognised amounts.

As of 10 December 2009, ACE has signed a contract with the former owner of the acquired company, agreeing a Purchase Price Reduction in the amount of the deferred payment, Euro 390 thousand.

Given that the date of the agreement is subsequent to the 12 months of provisional accounting permitted by IFRS 3, the Group has not modified the amount of the initial negative goodwill recognised, and therefore has recorded an income for Euro 390 thousand. (see note 5)

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(24) Net financial result

Details are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Interest income:		
- Interest on deposits	139	677
	<u>139</u>	<u>677</u>
Interest expense from third parties:		
- Bank borrowings	(927)	(1,035)
- Other interest expenses and charges	(238)	(104)
	<u>(1,165)</u>	<u>(1,139)</u>
Net foreign exchange transaction gains/(losses):	(4,030)	(647)
Net profit from derivative financial instruments:		
- Forward foreign exchange contracts	2,647	(4,645)
- Interest rate swaps	(171)	(278)
	<u>2,476</u>	<u>(4,923)</u>
	<u>(2,580)</u>	<u>(6,032)</u>

a. Net foreign exchange transaction gains/ (losses)

As explained in note 9, on February 19, 2009 the Group company EBCC Sp. z o.o. signed an agreement with BRE Bank S.A. as regards cancellation of outstanding derivative financial instruments at 31 December 2008. The agreement assumed full cancellation in 2009 and partial cancellation in 2010 of 4 outstanding hedging contracts with BRE for total amount of 15.3Mio PLN, at a level 4.669 zloty per euro (approximately Euro 3.2 million) and it represented the closing of around half of Group financial exposure to polish zloty at same exchange rate.

The main purpose of this agreement was to reduce exposure of EBCC to volatility of zloty/euro exchange rate and risk of further weakening of zloty.

The amount of net foreign exchange transaction losses exceeding Euro 3.2 million corresponds to losses in exchange rates transactions versus Czech koruna and Polish zloty.

b. Net profit from derivative financial instruments

As mentioned in note 9, the total revenue regarding the valuation of the derivative financial instruments related to currency option for the Polish Zloty amounting Euro 2,647 thousand has been recorded as financial revenue.

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(25) Income tax expense

Domestic income tax is calculated at 28.59% of the profit for the year (Corporate income tax was 29.63% for 2008). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions (Spain: 28%, Poland: 19%, Czech Republic: 20%). The total charge for the year can be reconciled to the accounting profit as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Profit before tax	2,144	159
Tax at the domestic income tax rate	613	47
Effect of different tax rates	(74)	(33)
Effect of tax deductions	(431)	(544)
Effect of non tax deductible cost	91	(121)
Others	(35)	480
	<u>164</u>	<u>(171)</u>
Income tax expense / income and effective tax rate		
<i>Thereof</i>		
Current tax expense	23	188
Deferred tax expense / (income) (note 16)	141	(359)
	<u>164</u>	<u>(171)</u>

In Others it is included the effect of the different functional currency in IFRS and Local GAAPs of the Group company EBCC, affecting mainly to the value of the fixed assets.

As far as the effective tax rate is concerned, the rate as of 31 December 2009 is 7.64% (31 December 2008: -107.54%).

(26) Earnings per Share

a. Basic

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

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Details of the calculation of basic profits per share are as follows:

	December 2009	December 2008
Net profit for the year (thousands of Euros)	1,980	330
Weighted average number of ordinary shares for the purpose of basic earnings per share	21,230,515	22,056,529
Basic earnings per share (Euros)	0.09	0.01

The weighted average number of ordinary shares issued is as follows:

	December 2009	December 2008
Weighted average number of ordinary shares in circulation at the end of the year	21,230,515	22,056,529

b. 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.

There is a dilution effect as a result of the ESOP scheme and the introduction of an authorised share capital of 1,002,505 shares as approved in the extraordinary General Meeting held on March 14, 2007.

	December 2009	December 2008
Net profit for the year (thousands of Euros)	1,980	330
Weighted average number of ordinary shares plus the effect of dilutive options	22,233,020	23,059,034
Diluted earnings per share (Euros)	0.09	0.01

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The weighted average number of ordinary shares in circulation for the effect of dilutive options and other dilutive potential ordinary shares is determined as follows:

	December 2009	December 2008
Weighted average number of ordinary shares used in the calculation of basic earnings per share	21,230,515	22,056,529
Shares deemed to be issued for no consideration in respect of employee options (note 31)	1,002,505	1,002,505
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	22,233,020	23,059,034

(27) Operating lease arrangements

a. The Group as a Lessee

At 31 December 2009 the Group leases mainly forklift trucks, cars and PCs from third parties under operating leases. The duration of these lease contracts ranges from between 3 to 5 years.

Operating lease instalments of Euros 291 thousand have been recognised as an expense for the year ending 31 December 2009 (Euro 344 thousand for the period ending at 31 December 2008).

Future minimum payments on non-cancellable operating leases are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Up to 1 year	244	265
Between 1 and 5 years	830	639
	1,074	904

b. The Group as a Lessor

Operating leases relate to the investment property owned by the Group with different lease terms. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

The subsidiary EBCC leases office spaces and storage rooms within its main building to thirty two different third parties under operating leases. The duration is different for each contract, being some of them for an unlimited duration.

The property rental income earned by the Group, all leased out under operating leases, amounted to Euro 180 thousand for the year ending 31 December 2009 (Euro 167 thousand for 2008).

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(28) Finance leases

The Group has leased certain of its property, plant and equipment under finance leases.

Amounts payable for finance leases are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Up to 1 year	33	3
Between 1 and 5 years	142	1
	175	4

The carrying amount of the assets under financial leasing amounts to Euro 262 thousand (Euro 0 thousand in 2008) included in Vehicles and Machinery. During 2009, the subsidiary Feramo has signed new leasing contracts with CAC Leasing, Unicredit Leasing and Deutsche Leasing to lease compressors and forklifts mainly.

(29) Transactions and Balances with Related Parties

Key management personnel are members of the Company's board of directors.

No advances and loans have been paid to directors of the Company.

Certain Company directors hold shares in the Company. These directors hold a total of 1,246,634 shares in the Company. The directors are entitled to all rights on said shares.

Certain directors have individual indemnity agreements in the event of dismissal without justified cause.

Details of remuneration received by the Company's directors for the year from 31 December 2008 to 31 December 2009 are as follows:

	Thousand of Euros 2009	Thousand of Euros 2008
Short-term remuneration	476	680
<i>Of which salary</i>	463	670
<i>Of which bonus</i>	13	10
Share based payments and ESOP	-	-
Total, directors of the Company	476	680

The decrease is explained by the salary of some EBCC and Fuchosa directors, who were not part of the companies in 2009.

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No significant transactions have been carried out with related parties during the financial year and there are no significant balances with related parties at 31 December 2009.

(30) Contingent Liabilities

a. Legal dispute between Feramo Metallum International, s.r.o and J.J. International s.r.o.

The dispute in question concerns the member's distribution share of 49% owned by J.J. International s.r.o after its bankruptcy on 16 December 1997 as part of the bankrupt's assets, in compliance with legal regulations in effect before the "large-scale amendment" of the Civil Code in 2000.

The original dispute concerned CZK 250,000 thousand (approximately Euro 9,462 thousand). Currently the disputed amount is approx. CZK 13,156 thousand (approximately Euro 498 thousand) for the principal, plus 21% of interest on this principal amount from 1998, and differential interests of 9% on the already paid amount (CZK 7,398 thousand from 1998 approximately Euro 276 thousand).

The legal dispute was decided in common two instance processes at 1 April 2008, which affirmed the previous first instance judgement on merits at 12 December 2006. The original judgement amount at 12 December 2006 was CZK 7,398 thousand (Euro 276 thousand in 2006) with the default interest of 12% from 25 March 1999, which corresponded to the amount recognised by Feramo and that this company already paid during last exercise.

In July 2008, the claimant lodged an extraordinary appeal (appellate review) and the case is now pending at the Supreme Court of the Czech Republic at the stage of the extraordinary appellate (appellate review) proceedings. According to the company management, and considering the fact that the two judgements affirmed the settlement and distribution supported by Feramo, the extraordinary appeal is expected to be dismissed and consequently the Group has not accrued any amount regarding this legal dispute.

b. Legal dispute between Feramo and the heirs of a former shareholder

The claimed legal title to the disputed amount of CZK 30.364 thousand (approximately Euro 1,149 thousand) plus interest of 21% until its repayment means the right to the distribution share in Feramo of the claimants as heirs of former shareholder, who died in 1997, and owned 25.5% of the company shares.

According to the company management, the due settlement and distribution by agreement was done for both heirs on 8 November 1999, after the Feramo's auditor had calculated the distribution share for heirs, upon request from the company, at CZK 3,568 thousand (approximately Euro 135 thousand), which was paid to the heirs. Furthermore, any and all new claims lodged in autumn 2007, would be subject to limitation. Finally, the disputed amount is based on improper calculation with respect to the then applicable legislation on the distribution share determination.

The legal dispute has now only commenced and it may last, unless the action was withdrawn several years. The company management considers that the probability of success of the claimant is low as such management has not recorded any provision.

c. Pledge of assets and shares

As mentioned in note 14 as part of the long term financing of the Group, the 1,203,006 shares in Fuchosa are subject to a pledge in favour of a pool of Spanish banks composed by: Caixa d'Estalvis i Pensions De Barcelona, Banco Bilbao Vizcaya Argentaria, S.A., Banco de Sabadell, S.A., Banco Santander Central Hispano, S.A., Caja de Ahorros de Galicia, Banco Español de Crédito, S.A., Bankinter, S.A., Caixa d'Estalvis de Catalunya, and Caja de Ahorros de Santander y Cantabria.

Furthermore, as described in note 14 above certain assets of the Group are pledged or mortgaged as part of guarantees established for loans from banks and third parties.

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(31) Share-based payments

Employee Stock Option Programme (The "ESOP")

An employee share option plan (the "ESOP") was approved by the Board at their meeting held on February 22, 2007. Currently, a manager of EBCC can benefit from the ESOP. The ESOP gives specified persons (the "ESOP Beneficiaries") the opportunity to acquire a stake in the capital of the Company. The extraordinary General Meeting held on March 14, 2007 approved the introduction of an authorised share capital of 1,002,505 shares for the purposes of, inter alia, the ESOP. The options granted shall vest pro-rata on a quarterly basis over four years from the Allotment Date, and shall be exercisable on an annual basis from the second anniversary of the completion of the Offer. Options that have not yet vested upon the voluntary resignation or dismissal for cause of the beneficiary will automatically lapse upon the termination of the relationship between the beneficiary and the ACE Group. Where the relationship ends in the voluntary resignation or dismissal for gross negligence, fraud, wilful misconduct all rights to Shares vested over the last 12 month period are cancelled. The total number of Shares subject of the ESOP shall not exceed 1,002,505. The strike price will be equal to the Offer Price, which amounted to PLN 20.5.

At 31 December 2008 and 2009, the Group has not accrued any amount for this concept.

(32) Financial Instruments

The Group risk is managed in a day to day basis at the level of the Group's subsidiaries and monitored monthly at Group level. The Group subsidiaries are focused on the main risks associated to the activity of business (credit risk, liquidity risk and market risk) and the risks are reported to Group managers in order to maintain control over the risk taken by subsidiaries and any mitigating activity taken by these.

a. Carrying values and fair values of financial instruments

Carrying values of the Group's financial instruments are listed below disclosed by category, as defined by IAS 39 Financial Instruments: Recognition and Measurement.

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Amounts in Euro thousands

December 2009	Receivables At cost	Derivatives used for hedging at fair value	Financial assets and liabilities at cost	Total fair value of financial instruments
Assets:				
Trade and other receivables (note 11)				
- current	13,989	-	-	13,989
Cash and cash equivalents (note 12)				
- cash at bank and in hand	-	-	966	966
- short term bank deposits	-	-	10,940	10,940
Total	13,989	-	11,906	25,895
Liabilities:				
Borrowings (note 14)				
- non-current	-	-	14,271	14,271
- current	-	-	5,018	5,018
Derivative financial instruments (note 9)				
- non-current	-	444	-	444
- current	-	953	-	953
Trade and other payables (note 18)	-	-	14,866	14,866
Other current liabilities (note 15)	-	-	14	14
Total	-	1,397	34,169	35,566

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December 2008	Receivables at cost	Derivatives used for hedging at fair value	Financial assets and liabilities at cost	Total fair value of financial instruments
Assets:				
Trade and other receivables (note 11)				
- current	13,075	-	-	13,075
Cash and cash equivalents (note 12)				
- cash at bank and in hand	-	-	1,254	1,254
- short term bank deposits	-	-	9,022	9,022
Total	13,075	-	10,276	23,351
Liabilities:				
Borrowings (note 14)				
- non-current	-	-	12,895	12,895
- current	-	-	9,185	9,185
Derivative financial instruments (note 9)				
- non-current	-	2,266	-	2,266
- current	-	2,032	-	2,032
Trade and other payables (note 18)	-	-	15,651	15,651
Other current liabilities (note 15)	-	-	407	407
Total	-	4,298	38,138	42,273

Receivables at cost

The fair value of the receivables are assumed to approximate the carrying amounts either due to short term maturity of the instruments or the rewardless characteristic of the long term other receivable.

Derivatives used for hedging at fair value

In the case of the derivatives, the carrying amounts are equal to fair value and these have been estimated by discounting expected future cash flows using prevailing interest rate curves.

Financial assets and liabilities at amortised cost

Borrowings:

The carrying amount of borrowings will be different to our estimated fair value. We assume that the borrowings' estimated fair value is close to the sum of the carrying amount plus the fair value of the interest rate swap used for hedging purposes disclosed as a long term derivative instrument (see note 9), due to the fact that interest are calculated at floating rate (EURIBOR plus a margin).

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Other Financial liabilities:

As for trade payables and other liabilities, the fair values are assumed to approximate their carrying amount due to short term maturity of these instruments.

b. Credit risk management policies and exposures

The Group's principal financial assets are bank balances and cash and trade receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The bad debt risk is not considered relevant due to the solvency of the customers. However, there is a great concentration of credit risk, since the main characteristic of the brake market is its concentration among three Tier 1 companies.

As stated above, concentration in the brake market does not only affect Tier 1 level but also lower levels. The maximum exposure of credit risk is based on the total of outstanding balances held as of the end of each period disclosed in the annual accounts.

The monitoring of the due date of trade receivables and therefore the credit risk is undertaken monthly. The normal procedure is to extract the balances of customers and analyze the amounts overdue (if any) and compare those with balances outside the terms of payment conditions.

c. Liquidity risk management policies and exposures

The Group is subject to risks normally associated with debt financing, including the risk of that the cash flows from its operations is insufficient to meet debt service requirements. If the Group does not have enough cash to service its debt, meet other obligations and fund its liquidity needs, it may be required to take actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing all or part of its existing debt, or seeking additional equity capital. Yet, these actions might not be possible to take place on commercially reasonable terms or at all.

Based on past experience and track record, the financial situation with regards to the generation of sufficient cash for the repayment of financing debt as well as serving trade payables shows a reliably good performance. Yet, the Group undertakes common industry liquidity and funding procedures in order to manage and control its liquidity risk. In this sense, the Group process includes projecting cash flows and considering the level of liquid assets necessary in relation thereto, monitoring balance sheet liquidity ratios and maintaining debt financing plans.

The maturity analysis for contractual financial liabilities is disclosed below (in thousand of Euros):

December 2009

	Due within 12 months	Due between 1 and 5 years	Due after 5 year
Bank borrowings (note 14)	5,018	12,991	1,280
Trade and other payables (note 18)	14,866		
	19,884	12,991	1,280

Continued

AUTOMOTIVE COMPONENTS EUROPE SA
AND SUBSIDIARY COMPANIES

Notes to the consolidated Financial Statements

for the year ended 31 December 2009

December 2008

	Due within 12 months	Due between 1 and 5 years	Due after 5 year
Bank borrowings (note 14)	9,185	12,803	92
Trade and other payables (note 18)	15,651	-	-
	<u>24,836</u>	<u>12,803</u>	<u>92</u>

d. Market risk management policies and exposures

Market risk is mainly determined by the foreign exchange risk, interest rate risk and commodities price risk. Both foreign exchange risk and interest rate risk are limited by the acquisition of derivative contracts that limit the Group's exposure to the movements on foreign exchange rates between Czech Koruna and Polish Zloty, with Euro as well as any interest rate (Euribor) movement.

In this sense, at 31 December 2009 if the Zloty had weakened or strengthened five per cent against the Euro, with all other variables remaining constant, profit after tax for the year would have been approximately higher or lower respectively as shown in the table below, mainly driven by the valuation of the remaining hedging contract at its fair value. Equity would have not been changed. During the current year the Group has cancelled outstanding derivative instruments for Euro 3.2 million (see note 9)

Regarding Czech Koruna, at 31 December 2009 if the Czech Koruna had weakened or strengthened five per cent against the Euro, with all other variations remaining constant, profit after tax for the year would have been approximately higher or lower respectively as shown in the table below. Equity would have not been changed.

Impact on Profit before taxes	2009	2008
PLN/EUR +5%	465	1,000
PLN/EUR -5%	(241)	(1,000)
CZK/EUR +5%	(117)	-
CZK/EUR -5%	15	-

In the same way, at 31 December 2009 if the Euribor at that date had been 25 basis points lower or higher, with all other variables held constant, profit after tax for the year and equity would have been unchanged (2008 unchanged).

As far as the commodity price risk is concerned, the Group manages its risk by fixing price movements to the price for the finished product, such price being reviewed every month in the case of iron scrap so as to reflect any change in prices. When the agreed base price is exceeded, the agreed policy with customers is to pass on a material portion of any relevant increase in the price of steel scrap to the ordering client. As for the aluminium, the price is index-linked to the market price as quoted on the London Metal Exchange.

Continued

AUTOMOTIVE COMPONENTS EUROPE SA
AND SUBSIDIARY COMPANIES

Notes to the consolidated Financial Statements

for the year ended 31 December 2009

e. Capital Risk

The Group manages its capital to ensure the business continuity of its companies and at the same time to maximize the profitability for its shareholders via an optimal balance between debt and equity. The Group periodically reviews the capital structure to set out the guidelines as regards investment and finance needs.

d. Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against this account. Subsequent recoveries of amounts previously written off are credited against the same allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(33) Subsequent Events

On February 18, 2010 the Board of Directors appointed Mr. Carlos Caba – Senior Officer of ACE S.A., as Director of the Company to fill the vacancy caused by the resignation of Mr. Arkadiusz Podziewski until the next General Meeting in accordance with art. 7 of the articles of association of the Company and art. 6 of the Regulations of the Board.

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

On March 8, 2010 the Board of Directors received a formal notification from Mr. Laurence Vine-Chatterton with his immediate resignation as Director of the Board of the Company.

On March 16, 2010 pursuant to article 7.6 of the articles of association of the Company and §6 of the Regulations of the Board it was approved the appointment of Mr Oliver Robert Günter Schmeer, as Director of the Company to fill the vacancy caused by the resignation of Mr Vine-Chatterton until the next General Meeting.

Continued

AUTOMOTIVE COMPONENTS EUROPE S.A. AND SUBSIDIARY COMPANIES
Segment information

BUSINESS SEGMENTS
(expressed in thousands of Euros)

	Iron casting December 2009	Aluminium casting December 2009	Others/Unallocated December 2009	Consolidated December 2009
Revenues from third parties	43.226	30.692	3.183	77.101
Total revenues	43.226	30.692	3.183	77.101
Profit for the segment	2.423	2.271	-	4.694
Other unallocated (expense) income			(360)	(360)
Operating profit				4.334
Negative goodwill			390	390
Net financing cost	(704)	(1.918)	42	(2.580)
Income tax	(137)	(27)		(164)
Profit for the year				1.980
Segment assets	47.588	27.568		
Unallocated assets			1.766	
Total assets				76.922
Segment liabilities	26.735	13.142		
Unallocated liabilities			198	
Total liabilities				40.075
Other information:				
Amortisation and depreciation	(2.275)	(3.458)	(1)	(5.734)
Additions for the year of property, plant & equipment & intangible assets	657	1.469	-	2.126

This Annex forms an integral part of note 4 to the consolidated financial statements

AUTOMOTIVE COMPONENTS EUROPE S.A. AND SUBSIDIARY COMPANIES
Segment information

Annex I
Page 2 of 2

	Iron casting December 2008	Aluminium casting December 2008	Others/Unallocated December 2008	Consolidated December 2008
Revenues from third parties	55,591	33,459	5,345	94,395
Total revenues	55,591	33,459	5,345	94,395
Profit for the segment	2,609	2,624		5,233
Other unallocated (expense) income			(475)	(475)
Operating profit				4,758
Negative goodwill				1,433
Net financing cost				(6,032)
Income tax				171
Profit for the year				330
Segment assets	47,083	34,798	--	81,881
Unallocated assets			77	77
Total assets				81,958
Segment liabilities	28,071	18,577	--	46,648
Unallocated liabilities			537	537
Total liabilities				47,185
Other information:				
Amortisation and depreciation	2,052	3,118	1	5,171
Additions for the year of property, plant & equipment & intangible assets	763	5,171	4	5,938

This Annex forms an integral part of note 4 to the consolidated financial statements

A.C.E., Automotive
Components Europe S.A.

**Annual accounts and
Report of the Réviseur d'entreprises
For the year ended
December 31, 2009**

82 Route d'Arlon

L-1150 LUXEMBOURG

R.C.S. Luxembourg : B118130

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital: EUR 3.184.577
COMPANY INFORMATION

Chief Executive Director	Mr José-Manuel Corrales Ruiz
Directors	Mr Marek Adamiak Mr Pawel Szymanski Mr Jerzy Szymczak Mr Raúl Serrano Secada Mr Carlos Caba (since February 18, 2010) Mr Oliver Robert G. Schmeer (since March 16, 2010) Mr Arkadiusz Podziewski (resigned on December 16, 2009) Mr Laurence Vine-Chatterton (resigned on March 08, 2009)
Audit Committee members	Mr Marek Adamiak Mr Pawel Szymanski Mr Jerzy Szymczak
Registration Number	RCS Luxembourg B 118.130
Registered office	82, Route d'Arlon L-1150 Luxembourg Luxembourg
Share capital	EUR 3.184.577

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital: EUR 3.184.577

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To the shareholders of
Automotive Components Europe S.A. (A.C.E. S.A.)
82, route d'Arlon
L-1150 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES

Following our appointment by the General Meeting of the Shareholders dated June 17, 2009, we have audited the accompanying annual accounts of A.C.E. S.A., which comprise the balance sheet as at December 31, 2009 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the annual accounts

The board of directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the réviseur d'entreprises

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the *Institut des réviseurs d'entreprises*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the *réviseur d'entreprises*, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.


An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the annual accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of A.C.E. S.A. as of December 31, 2009, and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Deloitte S.A.

Réviseur d'entreprises



Sophie Mitchell
Partner

March 30, 2010

A.C.E., Automotive Components Europe S.A.

Société Anonyme

Share Capital: EUR 3.184.577

BALANCE SHEET

As at December 31, 2009

(expressed in EUR)

ASSETS

	Note	31/12/2009	31/12/2008
FORMATION EXPENSES	3	693.941	987.100
		<u>693.941</u>	<u>987.100</u>
FIXED ASSETS			
Tangible fixed assets		3.448	4.844
Financial assets	4	14.363.257	12.994.801
		<u>14.366.705</u>	<u>12.999.645</u>
CURRENT ASSETS			
Debtors	5	584.608	731.491
Own shares	6	-	548.612
Cash at bank or in hand		1.704.144	3.149.842
		<u>2.288.752</u>	<u>4.429.945</u>
PREPAYMENTS			
Deferred charges		56.234	-
		<u>17.405.632</u>	<u>18.416.690</u>

The accompanying notes form an integral part of these financial statements.

A.C.E., Automotive Components Europe S.A.

Société Anonyme

Share Capital: EUR 3.184.577

BALANCE SHEET

As at December 31, 2009

(expressed in EUR)

- continued -

LIABILITIES

	Note	31/12/2009	31/12/2008
CAPITAL AND RESERVES	6		
Subscribed capital		3.184.577	3.317.289
Share premium account		7.954.525	7.821.813
Legal reserve		306.677	-
Reserve for own shares		-	548.612
Retained earnings		5.574.673	(252.187)
Profit or loss for the financial year		(360.929)	6.133.537
		<u>16.659.523</u>	<u>17.569.064</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Tax provisions		73.383	38.122
Other provisions	7	72.746	453.719
		<u>146.129</u>	<u>491.841</u>
CREDITORS	8	<u>599.980</u>	<u>355.785</u>
		<u>599.980</u>	<u>355.785</u>
		<u>17.405.632</u>	<u>18.416.690</u>

The accompanying notes form an integral part of these financial statements.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital: EUR 3.184.577
PROFIT AND LOSS ACCOUNT
For the year ended December 31, 2009
(expressed in EUR)

CHARGES

	Note	31/12/2009	31/12/2008
Value adjustment in respect of formation expenses	3	293.158	284.839
Value adjustment in respect of tangible fixed assets		1.397	970
Staff costs	9	7.871	7.894
Other operating charges		692.479	1.099.018
Interest payable and similar charges	10	2.789	453.191
Profit for the financial year		-	6.133.537
		997.694	7.979.450

INCOME

Other operating income		449.254	621.400
Other interest receivable and similar income	11	183.511	7.346.637
Extraordinary income		4.000	11.413
Loss for the financial year		360.929	-
		997.694	7.979.450

The accompanying notes form an integral part of these financial statements.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital: EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - GENERAL

Automotive Components Europe S.A. (“the Company”) was incorporated on July 21, 2006 for an unlimited period of time as a « Société Anonyme », within the definition of the Luxembourg law of August 10, 1915.

The object of the Company is the acquisition of participations in any form whatsoever, by purchase, exchange or in any other undertakings and companies either Luxembourg or foreign operating in the field of metallurgic automotive components or casting products for the similar industries, as well as the management, control, and development of these participations. The Company may also carry out the transfer of these participations by means of sale, exchange or otherwise.

The Company may also acquire and develop all patents, trademarks and other intellectual and immaterial right as well as any other rights connected to them or which may complete them.

The Company can borrow in any form and in particular by way of bond issue, convertible or not, bank loan or shareholder’s loan, and grant to other companies in which it has direct or indirect participating interests, any support, loans, advances or guarantees.

Moreover, the Company may have an interest in any securities, cash deposits, treasury certificates, and any other form of investment, in particular shares, bonds, options or warrants, to acquire them by way of purchase, subscription or by any other manner, to sell or exchange them.

It may carry out any industrial, commercial, financial, movable or real estate property transactions which are directly or indirectly in connection, in whole or in part, with its corporate object.

It may carry out its object directly or indirectly on its behalf or on behalf of third parties, alone or in association by carrying out all operations which may favour the aforementioned object or the object of the companies in which the Company holds interests.

Generally, the Company may take any controlling or supervisory measures and carry out any operations which it may deem useful in the accomplishment of its object; it may also accept any mandate as director in any other companies Luxembourg or foreign, remunerated or not.

The accounting year of the Company begins on the 1st of January and terminates on the 31st of December of each year.

The Company also prepares consolidated financial statements, which are published according to the provisions of the law and available at 82, rue d’Arlon, L-1150 Luxembourg.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General principles

These financial statements have been established in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and with generally accepted accounting principles in Luxembourg.

Foreign currency translation

The financial statements are expressed in Euro (EUR).

The transactions made in a currency other than the Euro are translated into Euro at the exchange rate prevailing at the transaction date. The translation at the balance sheet date is made according to the following principles:

- The acquisition cost of the participations and of all other items defined as financial fixed assets and the acquisition cost of the tangible fixed assets, expressed in a currency other than the Euro, is translated into Euro at the historical exchange rate;
- All other assets and liabilities expressed in a currency other than the Euro are valued individually at the lower, respectively at the higher, of the value determined using the historical exchange rate or the value determined using the exchange rate prevailing at the balance sheet date.

Income and charges expressed in a currency other than the Euro are translated into Euro at the exchange rate prevailing at the transaction date.

Consequently, only realized foreign exchange gains and losses and unrealized foreign exchange losses are taken into account in the profit and loss account.

Valuation of financial fixed assets

The participations and all other items defined as financial fixed are valued, individually, at the lower of their acquisition cost or their value estimated by the Board of Directors, without compensation between individual appreciation and depreciation.

In order to determine the estimated value, the Board of Directors bases its estimation on the financial statements of the companies concerned, and on other information and documents available.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

Debtors

Debtors are valued at their nominal value less provision for any permanent depreciation in value.

Provisions for liabilities and charges

At the close of business, each year, the Board of Directors determines whether provisions should be set up to cover foreseeable liabilities and charges. Previous year's provisions are reassessed every year.

NOTE 3 - FORMATION EXPENSES

3.1. FORMATION EXPENSES

As at December 31, 2009, formation expenses are depreciated over 5 years and include fees in relation with the incorporation of the Company.

	2009 <u>EUR</u>	2008 <u>EUR</u>
Gross book value - opening balance	25.538	25.538
Additions for the year	-	-
Gross book value - closing balance	<u>25.538</u>	<u>25.538</u>
Amortisation - opening balance	12.556	7.449
Amortisation for the year	5.108	5.107
Amortisation - closing balance	<u>17.664</u>	<u>12.556</u>
Net book value - opening balance	12.982	18.089
Net book value - closing balance	<u><u>7.874</u></u>	<u><u>12.982</u></u>

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

3.2. OTHER FORMATION EXPENSES

As at December 31, 2009, other formation expenses are depreciated over 5 years and include fees in relation with the IPO:

	2009 <u>EUR</u>	2008 <u>EUR</u>
Gross book value - opening balance	1.440.254	1.511.544
Additions for the year	-	-
Correction for the year	-	(71.300)
Gross book value - closing balance	1.440.254	1.440.254
Amortisation - opening balance	466.136	186.404
Amortisation for the year	288.051	279.732
Amortisation - closing balance	<u>754.187</u>	<u>466.136</u>
Net book value - opening balance	974.118	1.325.150
Net book value - closing balance	<u><u>686.067</u></u>	<u><u>974.118</u></u>

A.C.E., Automotive Components Europe S.A.
 Société Anonyme
 Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2009
 - continued -

NOTE 4 - FINANCIAL FIXED ASSETS

The financial fixed assets are composed by the following elements:

	2009 <u>EUR</u>	2008 <u>EUR</u>
Shares in affiliated undertakings	9.604.844	9.994.802
Loans to affiliated undertakings	4.758.413	2.999.999
	<u>14.363.257</u>	<u>12.994.801</u>

The movements of the year correspond to:

- On December 10, 2009 the Company and the former owner of Feramo Metallum International s.r.o. and Feramo Trans s.r.o. agreed a reduction on the purchase price of both companies (note 7).
- In the year 2009 the Company agreed two new loans for amounts of EUR 1.608.413 and EUR 150.000 in favour of EBCC Sp. Z.o.o. and Feramo Metallum International s.r.o, respectively.

The shares in affiliated undertakings are summarized as follows:

<u>Name</u>	<u>Country</u>	<u>Ownership</u> %	<u>Book value 2009</u> <u>EUR</u>	<u>Book value 2008</u> <u>EUR</u>
Fuchosa S.L.	Spain	100%	1.203.006	1.203.006
EBCC Sp. z o.o.	Poland	100%	1.829.000	1.829.000
Feramo Metallum International s.r.o.	Czech Republic	100%	6.572.838	6.962.796
Feramo Trans s.r.o.	Czech Republic	100%		
			<u>9.604.844</u>	<u>9.994.802</u>

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

The net equity of the affiliated undertakings is summarized below:

<u>Name</u>	<u>Last balance sheet date</u>	<u>Net equity at the last balance sheet date *</u> <u>EUR</u>	<u>Result for the last financial year *</u> <u>EUR</u>
Fuchosa S.L.	31/12/2009	11.120.000	1.981.000
EBCC Sp. z o.o.	31/12/2009	15.438.000	(166.000)
Feramo Metallum International s.r.o.	31/12/2009	7.041.000	(154.000)
Feramo Trans s.r.o.	31/12/2009	(13.000)	(23.000)

* as reported under IFRS

The loans to affiliated undertakings are summarized as follows:

<u>Name</u>	<u>Country</u>	<u>Book value 2009</u> <u>EUR</u>	<u>Book value 2008</u> <u>EUR</u>
Fuchosa S.L.	Spain	2.999.999	2.999.999
EBCC Sp. z o.o.	Poland	1.608.414	-
Feramo Metallum International s.r.o.	Czech Republic	150.000	-
		4.758.413	2.999.999

The loans are interest bearing (note 5).

The board of directors is of the opinion that there is no permanent diminution in the value of the investments held as at December 31, 2009.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

NOTE 5 - DEBTORS

The debtors comprise the following:

Less than 1 year	2009	2008
	<u>EUR</u>	<u>EUR</u>
Interest on loans to affiliated undertakings	133.398	79.000
Fees for services rendered to affiliated undertakings	449.254	613.400
Other debtors	1.956	39.091
Total debtors	584.608	731.491

The interests on loans to related parties are summarized as follows:

Interest on loan Fuchosa S.L.	84.136	79.000
Interest on loan EBBC Sp. z o.o.	43.493	-
Interest on loan Feramo Metallum International s.r.o.	5.769	-
	133.398	79.000

NOTE 6 - CAPITAL AND RESERVES

Subscribed capital

On January 1, 2009 the Company had a subscribed and fully paid capital of EUR 3.317.289 represented by 22.115.260 shares with a par value of EUR 0,15.

As approved by the extraordinary general meeting of the shareholders dated June 17, 2009, the Company reduced the issued share capital by an amount of EUR 132.711,75 by cancellation of 884.745 own shares.

On December 31, 2009 the Company has a subscribed and fully paid capital of EUR 3.184.577 represented by 21.230.515 shares with a value of EUR 0,15.

The authorized capital is EUR 3.759.393.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

The subscribed capital at year end is summarized as follows:

	Subscribed Capital	Share premium account	Legal reserve	Reserve for own shares	Retained earnings	Result of the year
	EUR	EUR	EUR	EUR	EUR	EUR
As at 31 December 2008	3.317.289	7.821.813	-	548.612	(252.187)	6.133.537
Allocation of year result			306.677		5.826.860	(6.133.537)
Capital decrease	(132.712)	132.712				
Reserve for own shares				(548.612)		
Result of the year						(360.929)
As at 31 December 2009	3.184.577	7.954.525	306.677	-	5.574.673	(360.929)

Legal reserve

In accordance with Luxembourg company law, the Company is required to allocate a minimum of 5% of the its profit after tax for the year to a legal reserve until the balance of such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution to shareholders, except upon the dissolution of the Company.

Share premium

Following capital decrease decided by the extraordinary general meeting of the shareholders dated June 17, 2009, EUR 132.712 had been allocated to the Share premium account.

Reserve for own shares

As approved by the extraordinary General Meeting of the shareholders dated June 17, 2009 the Company cancelled the reserve for own shares of EUR 548.612.

A.C.E., Automotive Components Europe S.A.
Société Anonyme
Share Capital EUR 3.184.577
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
- continued -

NOTE 7 - OTHER PROVISIONS

As at December 31, 2009 the other provisions comprise the following:

	2009 <u>EUR</u>	2008 <u>EUR</u>
Provisions for accounting & audit fees	52.460	54.980
Provisions for fees in relation with Feramo purchase (note 4)	-	389.957
Provisions for administrative and consulting fees	15.000	4.000
Provisions for webpage fees	-	782
Provisions for interests	-	4.000
Other provisions	5.286	-
	<u>72.746</u>	<u>453.719</u>

NOTE 8 - CREDITORS

As at December 31, 2009, the creditors comprise the following:

	Less than 1 year <u>EUR</u>	After 1 year and within five years <u>EUR</u>	Total December, 31 2009 <u>EUR</u>	Total December, 31 2008 <u>EUR</u>
Trade creditors	13.097	-	13.097	29.749
Amounts owed to affiliated undertaking	547.538	-	547.538	311.470
Other creditors	39.344	-	39.344	14.566
Total creditors	<u>599.979</u>	<u>-</u>	<u>599.979</u>	<u>355.785</u>

NOTE 9 - STAFF

The Company employed one person during the year.

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NOTE 10 - INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	<u>EUR</u>	<u>EUR</u>
Concerning affiliated undertakings	-	15.338
Other interest payable and charges	2.789	437.853
Total	<u>2.789</u>	<u>453.191</u>

NOTE 11 - OTHER INTEREST RECEIVABLE AND SIMILAR CHARGES

	2009	2008
	<u>EUR</u>	<u>EUR</u>
Derived from affiliated undertakings	143.475	7.265.725
Other interest receivable and similar income	40.036	80.912
Total	<u>183.511</u>	<u>7.346.637</u>

NOTE 12 - OFF-BALANCE SHEET COMMITMENTS

- The shares held in Fuchosa S.L. are subject to a pledge in favor of a pool of spanish banks composed as follows: CAIXA D'ESTALVIS I PENSIONS DE BARCELONA, BANCO BILBAO VIZCAYA ARGENTARIA S.A., BANCO DE SABADELL S.A., BANCO SANTANDER CENTRAL HISPANO S.A., CAJA DE AHORROS DE GALICIA, BANCO ESPAÑOL DE CRÉDITO S.A., BANKINTER S.A., CAIXA D'ESTALVIS DE CATALUNYA, and CAJA DE AHORROS DE SANTANDER Y CANTABRIA.
- Feramo Metallum International s.r.o. loan agreements are secured by blank bills of exchange issued by ACE S.A.
- A letter of Comfort has been given by ACE SA to HSBC BANK PLC to support a credit facility agreement granted by the bank to the subsidiaries.
- An employee share option plan (the "ESOP") was approved for the benefit of one manager of EBCC. This ESOP gives specified person the opportunity to acquire a stake in the capital of the

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Company. The total number of Shares subject of the ESOP shall not exceed 1,002,505 and currently it is limited to a granted amount of 200.501 Shares. The strike price will be equal to the Offer Price, which amounted to PLN 20.5. At December 31, 2009, the Group has not accrued any amount for this concept.

NOTE 13 - DIRECTOR FEES

Directors fees paid for the year ended December 31, 2009 amount to EUR 61.800 (2008: EUR 54.000). The company did not grant any advances or loans to the Directors during the year.