ACE
AUTOMOTIVE COMPONENTS EUROPE

2011 Interim Report

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Board of Directors

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

Management Committee

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

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01. General Information

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

ACE as a holding company has one holding company in Spain, ACE Boroa S.L.U., which holds three operating companies (the Group): the iron casting division of Fuchosa in Spain and Feramo in the Czech Republic, and the aluminium casting division of EBCC in Poland. ACE Boroa S.L.U. is also the main shareholder of ACE4C A.I.E., the R&D company of the Group serving all the operating companies, with 96% of its shares (the remaining 4% are held by Fuchosa).

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

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

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

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02. Key Figures

in EUR thousands	First Half of 2011	First Half of 2010	Change (%)	2010
Revenues from Sales	52,674	43,924	19.9%	86,296
Gross Profit	10,321	9,118	13.2%	16,716
Operating Profit	2,750	2,315	18.8%	3,519
Net Profit	1,752	1,388	26.3%	2,548
Net Profit per share	EUR 0.08	EUR 0.07	26.3%	EUR 0.12
Cash Flow from Operations	-1,293	5,389	-124.0%	10.071
Cash flow from Investments	- 677	-1,484	-54.4%	-2,899
Cash flow from Financial Activities	- 403	-2,782	-85.5%	-1,391
Net Cash Flow	-2,513	1,109	-326.5%	5,512
Current Assets	43,217	37,904	14.0%	39,787
Fixed Assets	39,229	41,567	-5.6%	40,831
Total Assets	82,447	79,470	3.7%	80,618
Long-term Liabilities	21,035	15,963	31.8%	21,637
Short-term Liabilities	22,136	26,160	-15.4%	20,182
Liabilities	43,171	42,123	2.5%	41,819
Net Debt	5,397	4,368	23.6%	2,720
Shareholders' Equity	39,276	37,347	5.2%	38,799
Book Value per share	EUR 1.85	EUR 1.76	5.2%	EUR 1.83
Employees	875	786	11.4%	801

03. Interim Management Report

Sources of Sales Revenues

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

in EUR thousands	First Half of 2011	%	First Half of 2010	%
Sales of products	50,980	96.8%	42,188	96.0%
Sales of goods and materials	1,694	3.2%	1,736	4.0%
Total sales revenues	**52,674**	**100%**	**43,924**	**100%**

in EUR thousands	First Half of 2011	%	First Half of 2010	%
Nodular iron products	24,983	49.0%	19,519	46.3%
Grey iron products	7,814	15.3%	5,920	14.0%
Aluminium prod-ucts	14,425	28.3%	14,646	34.7%
New family prod-ucts	3,759	7.4%	2,103	5.0%
Total sales of products	**50,980**	**100%**	**42,188**	**100%**

in million pieces	First Half of 2011	First Half of 2010
Nodular iron products	12.1	10.9
Grey iron products	1.0	1.0
Aluminium prod-ucts	2.9	3.0
New family prod-ucts	0.9	0.5
Total pieces sold	**16.9**	**15.4**

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

	First Half of 2011	First Half of 2010
Germany	24.0%	28.3%
Czech Republic	23.9%	23.7%
France	11.7%	12.1%
Spain	8.1%	8.5%
Italy	3.9%	5.0%
Other	28.3%	22.4%
Total	**100.0%**	**100.0%**

ACE Group supplies its products to the following Continental plants: Gifhorn and Rheinböllen (Germany), Palmela (Portugal), Ebbw Vale (Wales) and Zvolen (Slovakia). As far as TRW Automotive is concerned, ACE delivers its products to the plants in Jablonec (Czech Republic),

Bouzonville (France), Koblenz (Germany), and Pontypool (Wales). Bosch is supplied at its plants in Buelna (Spain), Bari (Italy), Angers (France) and Wrocław (Poland).

Since the acquisition of Feramo in May 2008, some other customers have joined the ACE portfolio. Now Feramo has approximately 75 customers from the Czech Republic and abroad. The 10 largest customers generate about 70% of total sales revenue, and the customer structure is relatively stable on a year-to-year basis. The main sectors Feramo supplies are engine parts, construction, automotive, and urban furniture.

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

Nevertheless, during Easter, summer and Christmas periods, activity decreases due to holidays and maintenance shutdown of facilities.

Business Review and Consolidated Results

in EUR thousands	First Half of 2011	First Half of 2010
Revenues from sales	52,674	43,924
Cost of goods sold	-42,353	-34,806
Gross profit	10,321	9,118
GP margin	19.6%	20.8%
G&A expenses	-7,570	-6,803
Operating profit	2,750	2,315
OP margin	5.2%	5.3%
Depreciation & amortisation	-2,948	-3,046
EBITDA	5,699	5,361
EBITDA margin	10.8%	12.2%
Financial income	658	820
Financial costs	-1,007	-1,326
Profit before tax	2,401	1,810
Tax	- 648	- 422
Net profit	1,752	1,388
NP margin	3.3%	3.2%

04. Comparison of the first half of 2011 and the first half of 2010

Automotive Market Performance

(thousand units)	1H 2011	1H 2010	Difference	%
Cars sold	6,962	7,115	-153	-2.1%
Cars manufactured	6,706	6,439	+267	+4.1%
Difference	256	676		

Source: JD Power Automotive Forecasting

In the first half of 2011 sales of cars in Western Europe fell by about 150,000 units, or 2.1%, from the first half of 2010, according to JD Power. The same source states that market conditions remain tough. In Germany, a solid figure for current market demand came in at a robust +10.5% y/y, with the strongly performing economy and high levels of business and consumer confidence feeding into car sales. Unfortunately, there was not such good news in the other major markets in the region, as in France, where sales were up just 1.1% y/y, reflecting a market facing tougher times now that government scrapping support there has finished. Potentially more worrying is the Spanish market, which saw sales down by nearly a third y/y. June 2011 is comparable to an incentive-inflated June 2010 (the last month that government scrapping incentives supported the market), but a sales rate of just 810,000 units/year indicates that worries about the economy have further hit car demand. The Italian and UK sales rates were on the weak side, with both markets also suffering in year-on-year terms.

However, car production in the same region and the same period was higher than in the first half of 2010, by more than 250,000 units, or 4.1%. This level of production is making up the gap with sales compared to last year and also shows a much more stable structure between both market drivers after a turbulent period of negative and positive corrections of inventories produced by the global crisis.

ACE Sales in the Market Context

It is only in this context of increasing production, which is the main driver of Group sales, that we can understand the huge increase in 1H 2011 turnover versus 1H 2010, up EUR 8,750,000, or 20%. This time, an important part of growth was provided by non-automotive sales, which rose by 30% in the period, with automotive growth somewhat lower, at 18%.

In volume terms, growth was 9.6% in the number of units. The significant difference between value and volume in the Group was driven by the increasing prices of raw materials and partly energy prices in the first half of 2011, against the same period of 2010, as they are partially passed along to customers as an adjustment in the selling price.

The allocation of this volume growth is still unbalanced in the different business segments. While the iron seg-

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ment rose by 10.4%, aluminium rose by only 7% (including the new family of products). Within the iron segment, nodular iron grew by 11% and grey iron by 3.5%. The main reason for this uneven growth was the more rapid business development of aluminium in recent years, with the introduction of new projects, nearly doubling, versus a low base effect in nodular iron.

These are also the reasons the Company is performing better than the market in general. Some recovery of premium and mid-sized cars in the market may also support this outperformance.

Gross Profit

The main driver explaining the Company's better performance was higher turnover. The impact of better operating leverage, driven by 20% higher sales, despite a lower contribution of the machining business and some worse mix, largely improved margins. However, this higher value of sales was followed by a more modest volume increase, below 10%, which thus did not have the same impact on profitability.

Another positive effect in comparison with the same period of 2010 was the less adverse effect of raw material activity. Indeed, the temporary gap in the application of the surcharge agreements produced in 2010, and especially in the second quarter, as a consequence of increasing prices of raw materials, had a very negative impact in 1H 2010. By contrast, in the first half of 2011, with purchasing prices even higher, variance was much more stable and thus there were no losses for that reason in the period.

As anticipated then, this was a non-recurrent and even recoverable effect, to the extent that in the following quarters purchase prices could be stable or decrease, respectively, which happened during this period.

On the other hand, much higher energy prices as a result of higher spot prices, driven by increasing demand, changes in distribution prices in Spain and an increase in coke prices in the Czech business, had a substantial negative effect of about EUR 400,000 on the gross profit margin. The influence of higher maintenance expenses to update facilities after a long period of savings also pushed down the gross margin.

The semi-annual gross margin was EUR 10.3 million (20% on sales), which is EUR 1.2 million higher than in 2010 (+13%).

Other Operating Expenses and Resulting EBITDA

Out of EUR 844,000 in higher G&A expenses in the period (15% higher than in 2010), most of the growth was allocated to overheads, up to EUR 373,000, partly containing the negative effect of operating FX by EUR 175,000, but also pay rises and incorporation of some key company roles not covered last year to create a solid basis in order to expand the business in the near future. Otherwise, this increase has to do also with some provisions created in the period, by EUR 155,000, as well as some other increases in general expenses.

The difference is also related to higher sales volume in the period and a different mix, resulting in higher selling and distribution expenses of only EUR 87,000.

Partially offsetting the above, the Company recorded some other positive income and other operating expenses were lower, resulting in a positive difference of EUR 163,000.

EBITDA in the first half of the current year was EUR 5,699,000 (11% on sales), up EUR 338,000 (6%) from the same period of 2010.

Depreciation and Operating Profit

Depreciation was somewhat lower in the comparison period, by EUR 97,000, resulting in an operating profit of EUR 2,750,000 (EUR 435,000 higher than in 2010).

Financial Items

The net financial result in the first half of 2011 was negative EUR 349,000, versus negative EUR 506,000 last year.

The main source of this difference, at EUR 157,000, was the negative EUR 86,000 in financial FX activity recorded in 2010, compared to positive EUR 82,000 in 2011 as a result of much higher stability of the Polish zloty in this period and lower exposure to more speculative hedging instruments.

As of the end of the period, for the first time in a long while, these instruments and the interest rate swap in the balance sheet had a positive value, of EUR 29,000.

Pre-tax Profit, Taxes and Net Profit

Mostly as a result of better operating leverage and all the other improvements in operating performance, profit before tax in the first half rose to EUR 2.4 million (EUR 0.6 million higher than in 2010).

Taxes recorded as a consequence of these profits were EUR 648,000.

Reflecting all the above, the company was also very positive at the net profit level, at EUR 1.8 million, or + EUR 0.4 million compared with 1H 2010.

Financial Structure

The operating generation of cash from January to June of 2011 was negative EUR 1,293,000, mostly as a result of the working capital increase driven by 19% sales growth in the second quarter of 2011 in comparison with the last quarter of 2010. Some regulatory changes in Spain involving reduction of payment terms to suppliers, and generation of stock to meet requirements for the summer holiday period, also contributed to the decline in operating cash.

Otherwise, investing activities were still very low, at EUR 677,000 during the period, before including CEE project

capital expenditure, which will be more visible during the rest of the year. In financing activities, repayment of a new loan was partly offset by some new incentivised loans for R&D activities, up to a total of EUR 403,000.

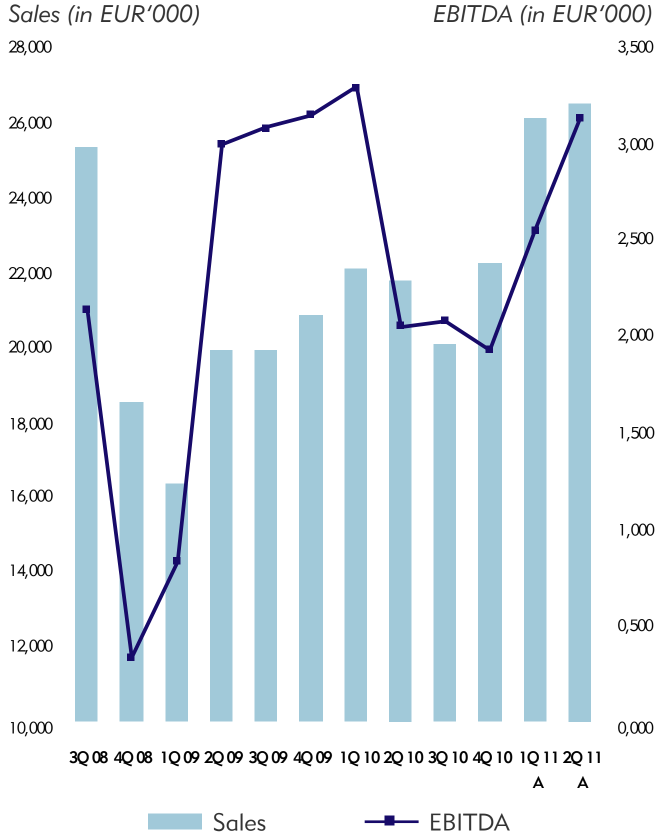
All the above resulted in a final negative net cash variance of EUR 2,513,000.

The final cash position of the Company as of the end of June 2011 was strongly positive, by EUR 14,864,000, whereas net debt as of the same date was only EUR 5,397,000.

05. Comparison of second quarter 2011 and first quarter 2011

	Q2 2011	Q1 2011
Sales	26,554	26,120
Gross profit	5,316	5,005
Operating profit	1,605	1,146
Profit for the period	1,025	726
Depreciation	(1,536)	(1,412)
EBITDA	3,141	2,557
% Gross Profit / Sales	20%	19%
% Net Profit / Sales	4%	3%
% EBITDA / Sales	12%	10%

The second quarter shows the best Company performance not only compared with the previous quarter but even since the first quarter of last year, following the trend shown below:



However, during this period car market sales and production both fell, by 2% and 3% respectively. Following this trend, the number of parts sold by the Company also fell by 2%. This decrease in volume was not reflected in turnover, however, which in the same period increased by 2% due to higher selling prices of raw materials (iron scrap and aluminium).

Nevertheless, the purchasing prices of raw materials in 2Q were lower than in the previous quarter, and thus did not follow the trend of higher prices surcharged to customers based on past indexes. Together with the improvement of some of the surcharge agreements in force, this was one of the sharpest positive impacts on profitability during the quarter.

There were some other general improvements, like lower prices of energy associated with a cheaper period for electricity rates, better performance of other business activity, and some lower G&A expenses.

Thanks to this quarterly trend, raw material prices had an appreciable effect on the Company's financial performance, which in this quarter exactly reversed the trend experienced in the same period of 2010. Depending on developments in the near future, financial performance can fluctuate and thus maximise or minimise the result of an eventual variance of turnover.

Significant Commercial Events

In first half of 2011 the new family of products gained momentum and their production volumes increased rapidly, improving the performance of the aluminium segment. Significant capacity growth of the iron segment will take place following the 2-year investment programme, which recently received the green light, thus expanding the Company's operations in the CEE countries.

In addition, under current market conditions the Company expects the following projects to stimulate sales in 2011 and following years:

- **Aluminium and Iron segments:** the automotive market in Europe is recovering, and business is increasing day by day.
- **Aluminium:** some new selected projects in callipers and the trend observed by the Company with the new products launched in 2008/09 should assure organic growth in this segment.
- Despite important efficiency improvements in the nodular iron segment, it is now near full capacity utilisation. The Company has already taken the necessary decisions in order to increase capacity in the CEE region, with the new capacity expansion already mentioned, and in Spain with an important replacement/efficiency investment. The development of some new projects in anchors and in other important customers and products should bring additional volume to fulfil this new capacity in the upcoming years.

Research and Development

The Group has a well-executed and highly organised product development system, fully suited to the requirements of its customers in the automotive industry. Compared to other brake casting manufacturers, ACE has leading-edge capabilities in product development. Human resources and equipment are designed to maintain the lead in development of some specific products (mainly anchors and callipers). The product development

capabilities and philosophy are focused on close cooperation with customers. This allows ACE to be a customer- and product-oriented company providing its customers with customised engineering. This advantageous position definitely generates benefits for introduction of new products, which is especially necessary for the CEE investment project in terms of knowledge transfer and development.

As a result of this vocation to move forward in R&D capabilities and expansion within the Group, in December 2010 some R&D resources of the operating companies were moved to a new company, ACE4C A.I.E., which will be the new hub of the Group's research capabilities development and the technological platform for growth. There are three main areas where ACE4C will be focused:

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

ACE4C is involved in some important and innovative projects focused on improvements in process, design and products. Some of these projects are developed in collaboration with customers, technical universities and technological centres.

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

in EUR thousands	First Half of 2011	First Half of 2010	2010
Investments in R&D	243	396	2,223
Costs regarding R&D	812	1,349	1,916
Total R&D expenses	**1,055**	**1,745**	**4,139**

Strategy

Strengthening the leading position on the European brake supply market

Since specialising in the casting of brake components, the operating plants have been constantly focused on increasing their respective market shares, maintaining the high quality of components manufactured, and providing reliable logistics and service for customers. In recent years, the Spanish plant focused on maintaining its strong market position in iron castings, while the plant in Poland, currently the number two aluminium calliper provider, managed to gain additional market share in the aluminium castings market by capturing additional volumes for production of callipers, due to its high degree of innovation and competitiveness. Planned development of new capacities at Feramo will position the Czech plant among important suppliers of automotive castings in future.

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Broadening the technological and product range

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

Increasing presence in Europe and exploring new opportunities overseas

The location of the Polish plant is very favourable because of the lower labour costs and the proximity to customers based in Central & Eastern Europe. Feramo is also located in the heart of the automotive industry, a very short distance from current and potential new customers. This advantage will be utilised in future after expansion of Feramo's production capacity.

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

Combined engineering and other synergies

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

Outlook

Automotive Market: Second half of 2011 versus second half of 2010

The latest JD Power forecast for sales in the Western European automotive market, issued at the beginning of July for full-year 2011, anticipates a small growth of 0.2% from 2010. Given that so far the difference is a negative 2.1%, this means that in the second half of the year we can expect an increase of about 3%, or around 200,000 cars.

However, production forecasts are somewhat more optimistic. PwC Autofacts, in its last quarterly forecast update (including light commercial vehicles, LCV) issued in July 2011, shows an increase of 5.5% in full year 2011 in the European Union (7.2% including Eastern Europe), which with the current level of production at +4.1% means again a second-half increase in the range of 7 to 10.6% compared to the same period of 2010. The latest PwC report raised the growth forecast for 2011 from the forecast issued three months earlier.

Automotive Market: Second half versus first half of 2011

In this context, there is always some component of seasonality in this unbalanced yearly volume breakdown, which according to the forecasts above would represent a decrease in the second versus the first half of 2011 of around 13% in sales and in the range of 5 to 8% in production.

According to the report, and on the basis of this difference between sales and production, which is not new and even milder in 2011 than in the previous year, "the European demand outlook remains difficult to predict…with the Eurozone debt crises waxing rather than waning, economic weakness prevailing in many countries, and austerity measures starting to take hold, it is unsurprising that consumer confidence remains weak and continues to undermine the new car market. Yet, there are positives in the form of a reasonably strong German economy and vehicle market. Additionally, some of the mid-tier markets, such as Austria, Denmark, the Netherlands, Sweden, and Switzerland, have avoided the worst of the debt crises and are experiencing reasonable economic growth and consumer demand."

Group Sales

In terms of Group sales in the first half of 2011, the volume of sales accelerated even beyond expectations, probably anticipating part of the yearly turnover. For the upcoming months, according to the order book and further expectations, the Group can only anticipate some growth of turnover in full year 2011, probably more than 10% above 2010, within the expected prices of raw materials and energy (affecting selling prices). In terms of sales volume, the growth should be in the range of 5-10%, which is somewhat above the market forecasts (which also include LCVs). Again, most of the growth should be allocated to the nodular iron segment, following the trend of the first half of 2011.

The yearly sales growth of the non-automotive business is performing better than the automotive segment, but due to its generalised scope it is less predictable and the order book has lower visibility.

With all of the above, expected Group sales volume in the second half would be around 10% less than in the first half, and in line with the evolution of raw material prices this difference will probably be lower in terms of turnover.

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

Automotive market economy drivers

After a deep, long crisis period, the market seems to be returning to the prior scenario, step by step, and recovering its key drivers in an overcapacity environment. Thus, in terms of costs, the international industrial recovery could bring more volatility in prices of raw materials and energy, whereas after a long period of wage freezes, workforce expectations for pay rises are also high. Obviously, the automotive market in which the Company is involved is very demanding, and one of the tasks is to focus on efficiency improvements to set off any increased costs.

Group financial drivers

In terms of potential further impact produced by the temporary gap in surcharge of raw material prices to customers, the Group stresses that this is a non-recurrent effect, and depending on the trend in raw material prices onwards, some or even all of the difference may be recovered. However, in 2011, the Group expects raw material prices to grow compared to the previous year. Energy prices are another subject that in a trend of permanent growth must be re-opened in the negotiations with customers to overcome the current only partial recovery of price increases.

In this 2011 scenario of slow recovery and underused capacity, there is an important competition factor which customers are taking advantage of to push down selling prices. The Company's important competitive advantage, mostly provided by the high degree of specialisation and thorough knowledge of the product, should help the Company to a significant extent to face this situation in better standing, but the Company is aware that it is operating in a still unstable market, and only companies that manage to deal better with the new environment will be stronger after the slowdown.

Capital expenditure

In terms of capital expenditures for 2011, in the current business the Company does not anticipate expenditures other than some maintenance and renewal investments in the automotive segment and some others, more important, to boost the efficiency in the grey iron business, but in total not exceeding the amount of capex in 2010. However, in this context of constant growth in the automotive market, CEE expansion as the Group's platform to grow in the nodular iron segment for the automotive market is also an important asset for the Group which will bring additional value in the near future, and will also mean some additional and higher amounts of capex in 2011.

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CEE investment programme

Indeed, organic growth in automotive production mainly relies on the CEE investment programme. For this reason, at its meeting on 31 March 2011 the Board of Directors approved an important investment programme to expand the Company's automotive business in Eastern Europe. The programme calls for capital expenditure of up to EUR 7.5 million within the next two years on capacity development of ACE's existing production facilities in the CEE region.

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

M&A

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

06. Stock Market Information

Basic Information

Fiscal Year:	1 January through 31 December
ISIN Code:	LU0299378421
Par Value:	EUR 0.15 per share
Market of Quotations:	Warsaw Stock Exchange

Share Price Evolution

% of change of the end of H1 2011	Compared to the end of 2010	Compared to the end of H1 2010
ACE S.A.	-4.44%	-25.86%
WIG Index	+1.95%	+22.90%
SWIG80 Index	-1.10%	+10.07%

Stock Market Data

	First Half of 2011	2010	First Half of 2010
Market Capitalisation as of the end of the period	182.6 mln PLN 45.80 mln EUR	191.1 mln PLN 48.3 mln EUR	246.3 mln PLN 59.4 mln EUR
Share Price (PLN)			
Highest	11.40	10.10	12.79
Lowest	7.01	7.80	6.60
Average	9.14	9.00	9.98
At the end of the period	8.60	9.00	11.60
Shareholders' Equity per share (EUR)	1.85 EUR	1.83 EUR	1.76 EUR

Per-Share Data

	First Half of 2011	First Half of 2010	2010
Earnings per share (EUR)	0.08 EUR	0.07 EUR	0.12 EUR
Cash Flow per share (EUR)	-0.12 EUR	0.05 EUR	0.26 EUR
Dividend per share (EUR)	0.07 EUR*	-	0.05 EUR

** Dividend for 2010 approved in the first half of 2011 to be paid in September 2011*

Ownership Structure

As of 30 June 2011 the Company's share capital comprised 21,230,515 shares. The corresponding number of voting rights was 21,230,515.

To the best of the Company's knowledge, as of the end of the first half of 2011, the following shareholders were entitled to exercise over 5% of votes at the General Meeting of Shareholders:

	Votes as of 30 June 2011 (% of share capital)	Votes as of 31 December 2010 (% of share capital)
PZU "Złota Jesień" OFE	4,150,000 (19.55%)	4,188,913 (19.73%)
ING Nationale Nederlanden Polska OFE	3,500,000 (16.49%)	3,674,050 (17.31%)
Casting Brake (Spain)	2,430,607 (11.45%)	2,430,607 (11.45%)
ING Towarzystwo Funduszy Inwestycyjnych	2,211,551 (10.42%)	1,087,615 (5.12%)
Aviva Investors Poland	1,098,605 (5.17%)	1,098,605 (5.17%)
Pioneer Pekao Investments	1,061,525 (5.00%)	2,153,072 (10.14%)

Investor Relations Contact Person:

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ACE
AUTOMOTIVE COMPONENTS EUROPE

07. Additional Information

Changes in shareholders' equity

There were no changes in shareholders' equity during the first half of 2011.

Dividend distribution

The General Meeting of Shareholders held on 21 June 2011 approved the distribution of a dividend in the total amount of EUR 1,486,136.05, amounting to EUR 0.07 per share, to be paid from the share premium account .

On 27 July 2011, the Board of Directors of the Company adopted a resolution setting forth details of the dividend payment. The dividend will be payable on 16 September 2011 to shareholders holding shares of the Company on 1 September 2011 (the record date). The dividend will be payable in euro and distributed through the National Depository for Securities, in accordance with regulations applicable to dividend payments by companies listed on the Warsaw Stock Exchange.

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

Changes of the Company's managing or supervisory persons in the first half of 2011

There were no changes in the Company's managing or supervisory persons in the first half of 2011.

Amendments to the Articles of Association

There were no amendments of the Articles of Association in the first half of 2011.

Own Shares

As of 30 June 2011, Board of Directors and Management Committee members do not directly hold any shares of ACE or its subsidiaries or any rights to them, although some of them hold stakes in the Company indirectly.

Significant Events after H1

There were no significant events after the end of the first half of 2011.

Exchange rates applied

As ACE is incorporated in Luxembourg, its statutory reporting currency is euro. However, the Polish plant uses zloty and Feramo uses Czech koruna for both statutory and internal reporting. For the consolidation within ACE, the financial monthly statements of these divisions were converted into euro as ACE's functional currency.

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

PLN per EUR	Average	High	Low	Period end
H1 2010	3,9993	4,1770	3,8356	4,1458
H1 2011	3,9537	4,0800	3,8403	3,9866

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

CZK per EUR	Average	High	Low	Period end
H1 2010	25,7274	26,3700	25,0450	25,6950
H1 2011	24,3475	25,0850	24,0100	24,3450

Directors' Statement

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

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

Luxembourg ,30 August 2011

José Manuel Corrales

Raúl Serrano

AUTOMOTIVE COMPONENTS EUROPE

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Automotive Components Europe S.A.

and subsidiary companies

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Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2011

AUTOMOTIVE COMPONENTS EUROPE S.A. AND SUBSIDIARY COMPANIES

Notes to the condensed interim consolidated financial statements
for the period ended 30 June 2011

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Automotive Components Europe S.A. and subsidiary companies

Consolidated Interim Balance Sheet
for the six months period ended 30 June 2011
(expressed in thousand of Euros)

Assets	Notes	June 2011	December 2010	June 2010
Non-current assets				
Intangible assets		173	217	196
Property, plant and equipment		38 228	39 659	40 352
Investment in associates		-	-	20
Derivative financial instruments (NCA)	4.i	2	37	-
Deferred tax assets		826	918	999
Total non-current assets		39 229	40 831	41 567
Current assets				
Inventories		9 325	8 262	8 514
Trade and other receivables		18 918	13 981	16 275
Derivative financial instruments (CA)	4.i	110	82	-
Other current assets		-	29	97
Cash and cash equivalents	4.e	14 864	17 433	13 018
Total current assets		43 217	39 787	37 904
Total assets		82 447	80 618	79 470

Equity and Liabilities	Notes	June 2011	December 2010	June 2010
Capital and reserves				
Share capital		3 185	3 185	3 185
Share premium		5 445	6 931	6 931
Retained earnings		28 576	26 028	26 026
Cash flow hedges		82	72	(41)
Exchange differences		236	35	(142)
Net profit for the year		1 752	2 548	1 388
Total equity	4.f	39 276	38 799	37 347
Non-current liabilities				
Borrowings	4.h	17 717	18 124	12 069
Deferred income		154	174	191
Deferred tax liabilities		3 030	3 199	3 497
Derivative financial instruments	4.i	40	48	84
Provisions for other liabilities and charges		94	92	122
Total non-current liabilities		21 035	21 637	15 963
Current liabilities				
Trade and other payables		16 471	16 866	18 013
Borrowings	4.h	2 545	2 028	5 317
Derivative financial instruments	4.i	43	338	1 025
Current income tax liabilities		1 139	544	289
Other current liabilities	4.f	1 543	55	1 119
Provisions for other liabilities and charge		395	351	397
Total current liabilities		22 136	20 182	26 160
Total equity and liabilities		82 447	80 618	79 470

The accompanying selected explanatory notes are an integral part of the condensed interim consolidated financial statements of Automotive Components Europe S.A. for the period ended 30 June 2011, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Interim Income Statements
for the six months period ended 30 June 2011
(expressed in thousand of Euros)

	Notes	First-half 2011	First-half 2010	Full-year 2010
Revenues	4.a	52 674	43 924	86 296
Cost of sales		(42 353)	(34 806)	(69 580)
Gross profit		10 321	9 118	16 716
Selling and distribution costs	4.b	(1 297)	(1 210)	(2 477)
General and administration expenses	4.c	(6 462)	(5 618)	(10 617)
Other operating income		226	110	351
Other operating expenses		(37)	(85)	(454)
Operating profit		2 750	2 315	3 519
Financial income		658	820	1 189
Financial expenses		(1 007)	(1 326)	(1 492)
Financial result	4.d	(350)	(505)	(302)
Profit before income tax		2 401	1 810	3 216
Income tax (expense) / income		(648)	(422)	(668)
Net profit for the period		1 752	1 388	2 548
Attributable to:				
Equity holders of the company		1 752	1 388	2 548

The accompanying selected explanatory notes are an integral part of the condensed interim consolidated financial statements of Automotive Components Europe S.A. for the period ended 30 June 2011, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Interim Comprehensive Income Statements
for the six months period ended 30 June 2011
(expressed in thousand of Euros)

	First-half 2011	First-half 2010	Full-year 2010
Consolidated profit per consolidated interim income statement (I)	1 752	1 388	2 548
Income and expense recognised directly in equity:			
- Arising from cash flow hedges (net of tax effect)	10	(41)	72
Total income and expense recognised directly in consolidated equity (II)	10	(41)	72
Total consolidated recognised income and expense (I+II)	1 762	1 347	2 620
Attributable to the Parent	1 762	1 347	2 620

The accompanying selected explanatory notes are an integral part of the condensed interim consolidated financial statements of Automotive Components Europe S.A. for the period ended 30 June 2011, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Interim Statement of Changes in Stockholder's Equity
for the six months period ended 30 June 2011
(expressed in thousand of Euros)

	Notes	Attributable to equity holders of the company							
		Share Capital	Share premium	Legal reserve	Retained earnings	Cash Flow hedges	Exchange differences	Profit for the period	Net Equity
Balance at 1 January 2010		**3 185**	**6 931**	**307**	**24 801**	**-**	**(357)**	**1 980**	**36 847**
Allocation of previous year profit		-	-	-	1 980	-	-	(1 980)	-
Changes in fair value of currency hedging instruments		-	-	-	-	(41)	-	-	(41)
Profit for the period		-	-	-		-	-	1 388	1 388
Total recognised income and expenses for the period		**-**	**-**	**-**	**-**	**(41)**	**-**	**1 388**	**1 347**
Exchange differences		-	-	-	-	-	215	-	215
Dividend distribution		-	-	-	(1 060)	-	-	-	(1 060)
Balance at 30 June 2010		**3 185**	**6 931**	**307**	**25 721**	**(41)**	**(142)**	**1 388**	**37 349**
Balance at 1 July 2010		**3 185**	**6 931**	**307**	**25 721**	**(41)**	**(142)**	**1 388**	**37 349**
Changes in fair value of currency hedging instruments		-	-	-	-	113	-	-	113
Profit for the period		-	-	-	-	-	-	1 160	1 160
Total recognised income and expenses for the period		**-**	**-**	**-**	**-**	**113**	**-**	**1 160**	**1 273**
Exchange differences		-	-	-	-	-	177	-	177
Balance at 31 December 2010		**3 185**	**6 931**	**307**	**25 721**	**72**	**35**	**2 548**	**38 799**
Balance at 1 January 2011		**3 185**	**6 931**	**307**	**25 721**	**72**	**35**	**2 548**	**38 799**
Allocation of previous year profit		-	-	-	2 548	-	-	(2 548)	-
Changes in fair value of currency hedging instruments		-	-	-	-	10	-	-	10
Profit for the period		-	-	-	-	-	-	1 752	1 752
Total recognised income and expenses for the period		**-**	**-**	**-**	**-**	**10**	**-**	**1 752**	**1 762**
Exchange differences		-	-	-	-	-	201	-	201
Dividend distribution	4.f	-	(1 486)	-	-	-	-	-	(1 486)
Balance at 30 June 2011		**3 185**	**5 445**	**307**	**28 269**	**82**	**236**	**1 752**	**39 276**

The accompanying selected explanatory notes are an integral part of the condensed interim consolidated financial statements of Automotive Components Europe S.A. for the period ended 30 June 2011, in conjunction with which they should be read.

Automotive Components Europe S.A. and subsidiary companies

Consolidated Cash Flow Statement
for the six months period ended 30 June 2011
(expressed in thousand of Euros)

	Notes	June 2011	June 2010	December 2010
Cash flows from ordinary activities				
Profit before tax		2 401	1 810	3 216
Adjusted for:				
Amortisation and depreciation		2 948	3 046	5 852
Net Financial result		558	835	1 112
Losses on sale of property, plant and equipment		-	(8)	(3)
Gains and losses on changes in fair values of derivative financial instruments		(326)	(329)	(1 058)
Others		(19)	(24)	(55)
Operating profit before changes in working capital		5 562	5 329	9 064
(Increase)/decrease in receivables and other current assets		(4 915)	(2 463)	(373)
(Increase)/decrease in inventories		(1 508)	145	(408)
Increase/(decrease) in trade and other payables		(432)	2 378	1 788
Cash from operating activities		(1 293)	5 389	10 071
Income taxes paid		(140)	(14)	(269)
Net cash from ordinary activities		(1 433)	5 375	9 802
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired		-	-	(6)
Acquisition of property, plant and equipment		(675)	(1 468)	(2 791)
Proceeds from sale of non current assets		3	8	24
Acquisition of other intangible assets		(5)	(25)	(113)
Loans granted to related parties		-	-	(13)
Net cash from investing activities		(677)	(1 484)	(2 899)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares		-	-	3
Repayments of borrowings	4.h	(1 198)	(2 267)	(17 155)
Proceeds from borrowings	4.h	1 232	182	17 980
Dividends paid to Company´s shareholders		-	-	(1 062)
Net of financial result paid and received		(437)	(697)	(1 157)
Net cash from financing activities		(403)	(2 782)	(1 391)
Net increase/(decrease) in cash and cash equivalents		(2 513)	1 109	5 512
Cash and cash equivalents at beginning of the period		17 433	11 906	11 906
Effects of exchange rate changes on the balance sheet		(56)	3	15
Cash and cash equivalents at the end of the period	4.e	14 864	13 018	17 433

The accompanying selected explanatory notes are an integral part of the condensed interim consolidated financial statements of Automotive Components Europe S.A. for the period ended 30 June 2011, in conjunction with which they should be read.

The condensed interim consolidated financial statements of the ACE S.A. for the six months ended 30 June 2011 include the accounts of ACE and its subsidiaries.

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

ACE is a limited liability company, incorporated under the law of the Grand Duchy of Luxemburg on 21 July 2006, listed on the Warsaw Stock Exchange, whose head office is located at 82, route d' Arlon L-1150, Luxembourg City (Luxemburg).

ACE's condensed interim consolidated financial statements were authorized for issue by the Directors' Statements on 30 August 2011.

(1) Summary of significant accounting policies

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

In particular, the condensed interim consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 related to interim financial reporting. As permitted by IAS 34, this condensed set of financial statements includes only selected explanatory notes. The Group has selected those explanatory notes which are considered significant, in relation to the whole condensed interim consolidated financial statements. These notes may be read in conjunction with the consolidated financial statements for the year ended 31 December 2010. The accounting principles used to prepare the condensed interim consolidated financial statements for the six months ended 30 June 2011 are identical to those used to prepare the 2010 consolidated financial statements, except for the application of the new mandatory standards, amendments and interpretation. However, none of the new standards, amendments and interpretations, whose application is mandatory as of 1 January 2011, had any material impact on the condensed interim consolidated financial statements for the six months ended 30 June 2011.

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

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

The information relating to the first half of 2010 contained in these notes to the condensed interim consolidated financial statements is presented only for comparison purposes, and it does not constitute the ACE Group's consolidated financial statements for the period ended 30 June 2011.

(2) Changes in scope of consolidation

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

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

On 12 November ACE4C, A.I.E. was created and incorporated as an economic interest group ("Agrupación de interés económico") under Spanish law, controlled in a 96% by ACE Boroa, S.L. and 4% by Fuchosa S.L. No transactions with a material impact on the scope of consolidation were carried out in first-half 2011.

According to the ACE Group, the above mentioned changes in scope of consolidation do not impact significantly in the comparability of the information.

(3) Seasonal fluctuation in business levels

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

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

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

(a) Revenues

The distribution of consolidated net revenues for six months ended 30 June 2011 by business segments is as follows:

	Thousands of Euros From 1 January to June 2011 (6 months)	Thousands of Euros From 1 January to June 2010 (6 months)	Thousands of Euros From 1 January to December 2010 (12 months)
Products			
Nodular iron products	24,983	19,519	38,700
Grey iron products	7,814	5,920	12,602
Aluminium products	14,425	14,646	26,289
Other family products	3,758	2,103	5,250
Others	1,694	1,736	3,455
	52,674	43,924	86,296

(b) Selling and distribution costs

Details of distribution costs are as follows:

	Thousands of Euros From 1 January to June 2011 (6 months)	Thousands of Euros From 1 January to June 2010 (6 months)	Thousands of Euros From 1 January to December 2010 (12 months)
Transportation costs	719	592	1,246
Packaging expenses	226	158	298
Salaries and wages	292	356	686
Other distribution costs	59	104	247
	1,297	1,210	2,477

(c) General and administrative expenses

Details of administrative expenses are as follows:

	Thousands of Euros From 1 January to June 2011 (6 months)	Thousands of Euros From 1 January to June 2010 (6 months)	Thousands of Euros From 1 January to December 2010 (12 months)
Wages and salaries	3,611	3,237	5,985
External services	1,521	1,289	2,502
Depreciation and amortisation on non operating fixed assets	248	311	533
Renting	225	172	368
Other administrative expenses	857	610	1,229
	6,462	5,618	10,617

The Group headcount at 30 June 2011 is as follows:

	Headcounts As of 30 June 2011	Headcounts As of 30 June 2010	Headcounts As of 31 December 2010
Managers	32	32	33
Administrative employees	122	115	121
Workers	725	639	647
	879	786	801

The increase in number of employees is mainly related to the recruitment of some employees that previously were subcontracted via temporally staff agencies. This recruitment was done in order to obtain stability in key jobs of the production lines.

(d) Net financial result

Details are as follows:

	Thousands of Euros	Thousands of Euros	Thousands of Euros
	From 1 January to June 2011	From 1 January to June 2010	From 1 January to December 2010
	(6 months)	(6 months)	(12 months)
Interest income:			
- Interest on deposits	88	36	130
	88	36	130
Interest expense from third parties:			
- Bank borrowings	(430)	(385)	(712)
- Other interest expenses and charges	(86)	(33)	(113)
	(516)	(417)	(825)
Net foreign exchange transaction gains/(losses):	(249)	(458)	(380)
Net profit from derivative financial instruments:			
- Forward foreign exchange contracts	327	372	843
- Interest rate swaps	-	(39)	(71)
	327	333	772
	(350)	(505)	(303)

The Group has applied hedge accounting only for the new derivative financial agreement contracted since 2010 for which the cash flow hedging can be applicable according to IAS 39 and its amendments and interpretations. In this regard, the new interest rate swap linked with the new debt has been considered as hedge accounting, and its variation in valuations are registered directly in Equity.

(e) Cash and cash equivalents

	Thousands of Euros June 2011	Thousands of Euros December 2010	Thousands of Euros June 2010
Cash at bank and in hand	5,141	5,976	567
Short-term bank deposits	9,723	11,457	12,451
Cash and cash equivalents	14,864	17,433	13,018

(f) Equity

Approval of the distribution of dividends against share premium

General Shareholders Meeting held on 21 June 2011 approved the repayment in the global amount of EUR 1,486,136.05 amounting to EUR 0.07 per share to be paid from the share premium account. This amount is expected to be paid on 16 September 2011.

(g) Earnings per share

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

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.

Details of the calculation of basic and diluted profits per share are as follows

	June 2011	December 2010	June 2010
Number of shares outstanding at the period end	21,230,515	21,230,515	21,230,515
Weighted average number of ordinary shares in circulation at the end of the period	21,230,515	21,230,515	21,230,515
Shares deemed to be issued for no consideration in respect of employee options	1,002,505	1,002,505	1,002,505
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	22,233,020	22,233,020	22,233,020
Net profit for the period (thousands of Euros)	1,752	2,548	1,388
Basic earnings per share (Euros)	0.08	0.12	0.07
Diluted earnings per share (Euros)	0.08	0.11	0.06

(h) Borrowings

Details are as follows:

	Thousands of Euros June 2011	Thousands of Euros December 2010	Thousands of Euros June 2010
Non-current			
Bank borrowings	15,480	16,293	10,154
Debentures and other loans	2,237	1,831	1,915
	17,717	18,124	12,069
Current			
Bank borrowings	2,378	1,861	5,150
Debentures and other loans	167	167	167
	2,545	2,028	5,317
Total borrowings	20,262	20,152	17,386

In addition to those bank borrowings described in December 2010, during 2011 the Group Company Fuchosa has been granted with three new loans connected to the R&D expenses.

Two of them signed with two financial entities, as Advancement to R&D expenses, for a total amount of Euro 331 thousand and Euro 411 thousand, maturing on year 2012 and December 2011 respectively. These two pre-financing loans bear an interest of 2.71% and 2.76%.

The third one is connected with the maturing of an Advancement of R&D expenses received in 2009. The prepaid loan amounted approximately to Euro 400 thousand, and the new loan amounts to Euro 540 thousand, maturing on 2020. This loan does not bear any interest.

(i) Derivative financial instruments

Details are as follows:

	Thousands of Euros June 2011	Thousands of Euros December 2010	Thousands of Euros June 2010
Non - Current financial assets			
Currency option	2	37	-
	2	37	-
Current financial assets			
Currency option	110	82	-
	110	82	-
Non - Current financial liabilities			
Interest rate swap	40	47	-
Currency option	-	1	84
	40	48	84
Current financial liabilities			
Interest rate swap	-	-	220
Currency option	43	338	805
	43	338	1,025

The Group uses interest rate swaps to minimize its exposure to interest rates fluctuations on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. In the context of the new syndicated loan, a new interest swap related to this financing has been signed. Contracts with outstanding values of Euro 8.7 million have fixed interest payments at an average rate of 2.43 per cent for periods up until 2016.

The Group also uses currency financial instruments in order to minimize its exposure to the exchange rate risk between the Polish Zloty and the Euro due to PLN denominated expenses whereas most of sales are denominated in Euro. The Group has derivative contracts to sell Euro and buy PLN to secure EBCC's payments denominated in foreign currency (PLN), mainly salary and wages, moulds regeneration and supply and electricity costs.

(j) Information by business segment

(i) First-half 2011

	Iron casting June 2011	Aluminium casting June 2011	Others/Unallocated June 2011	Consolidated June 2011
Revenues from third parties	32,797	18,183	1,694	52,674
Total revenues	**32,797**	**18,183**	**1,694**	**52,674**
Profit for the segment	**2,008**	**993**	**-**	**3,001**
Other unallocated (expense) income			(252)	(252)
Operating profit				**2,750**
Net financing cost				**(350)**
Income tax	(508)	(138)	(2)	(648)
Profit for the period				**1,752**
Segment assets	**45,878**	**28,976**	**-**	74,854
Unallocated assets			7,593	7,593
Total assets				**82,447**
Segment liabilities	**18,346**	**5,674**	**-**	24,020
Unallocated liabilities			19,151	19,151
Total liabilities				**43,171**
Other information:				
Amortisation and depreciation	1,372	1,576	-	2,948
Interest revenue	19	9	59	87
Interest expense	(70)	(26)	(420)	(516)
Additions for the period of property, plant & equipment & intangible assets	380	295	5	680

(ii) First-half 2010

	Iron casting June 2010	Aluminium casting June 2010	Others/Unallocated June 2010	Consolidated June 2010
Revenues from third parties	25,439	16,749	1,736	43,924
Total revenues	**25,439**	**16,749**	**1,736**	**43,924**
Profit for the segment	**1,607**	**1,029**		**2,636**
Other unallocated (expense) income			(321)	(321)
Operating profit				**2,315**
Net financing cost				**(505)**
Income tax	(323)	(99)	-	(422)
Profit for the period				**1,388**
Segment assets	**48,633**	**27,807**	**-**	76,440
Unallocated assets			3,030	3,030
Total assets				**79,470**
Segment liabilities	**28,200**	**12,692**		40,892
Unallocated liabilities			1,231	1,231
Total liabilities				**42,123**
Other information:				
Amortisation and depreciation	1,340	1,705	1	3,046
Interest revenue	32	1	4	37
Interest expense	(279)	(137)	(1)	(417)
Additions for the period of property, plant & equipment & intangible assets	578	914	-	1,492

(iii) Full year 2010

	Iron casting December 2010	Aluminium casting December 2010	Others/Unallocated December 2010	Consolidated December 2010
Revenues from third parties	51,302	31,539	3,455	86,296
Total revenues	**51,302**	**31,539**	**3,455**	**86,296**
Profit for the segment	**2,583**	**1,719**		**4,302**
Other unallocated (expense) income			(783)	(783)
Operating profit				**3,519**
Net financing cost				**(302)**
Income tax	(384)	(284)	-	(668)
Profit for the year				**2,548**
Segment assets	**43,427**	**28,706**	**-**	72,133
Unallocated assets			8,485	8,485
Total assets				**80,618**
Segment liabilities	**18,048**	**5,628**	**-**	23,676
Unallocated liabilities			18143	18,143
Total liabilities				**41,819**
Other information:				
Amortisation and depreciation	2,461	3,389	2	5,852
Interest revenue	100	16	14	130
Interest expense	(503)	(278)	(44)	(825)
Additions for the year of property, plant & equipment & intangible assets	1,108	1,796	-	2,904

(k) Events after the balance sheet date

No significant post-balance sheet events have occurred since 30 June 2011.