ADVANCED ENGINE COMPONENTS LIMITED
ACN: 009 081 770

Quality System
Quality Endorsed Company
ISO 9001 Lic.13705
SAI Global

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15 November 2004

Company Announcements Office
The Australian Stock Exchange Limited

By: e-lodgement

Dear Sir/Madam

Re: AEC COMPANY PRESENTATION

Advanced Engine Components Limited ("AEC" or "the Company") today lodge their latest company presentation with ASX.

In addition, a research report has been prepared by DJ Carmichael, the lead manager to the Prospectus lodged by the Company with ASX on 21 October 2004, and can be viewed on the AEC website, www.advancedengine.com.

For further information, please contact Mr. Tony Middleton, Managing Director, on 61 8 9209 6900.

Yours faithfully

Simon Storm
Company Secretary

Advanced Engine Components Ltd
(ACE : ASX)

$3.5m Capital Raising Investor Road Show

November 2004

Company Background

- Perth based company incorporated in 1984
- Invested over $27m in the past 20 years
- Commercialisation of NGVS commenced 1999
- ASX listed February 2000
- Quality Assured to ISO 9001 - 2000
- Majority shareholder is 698 Capital, a private investment company of the Koo Family from Taiwan

Directors & Management

- Graham Keys –Non Executive Chairman
- Antony Middleton – Managing Director
  - Former Chairman and CEO of Perth Public Transit Authority – buses, trains and ferries.
- Thomas Liu - Non Executive Director
- William Lee - Non Executive Director
- Wei Chang Fang - Non Executive Director
- CFO – Anthony Hardwick
- Company Secretary – Simon Storm

The Offer

- AEC is offering 17.5 million new shares at $0.20 per share to raise $3.5 million under a prospectus.
- The Offer is partly underwritten via a shortfall agreement for up to $1 million or 5 million shares by existing major shareholder, 698 Capital.
- Implied Mkt Cap of AEC at Offer price is $16.5 million.

AEC Products

- AEC have developed and commercialised world leading products and technology for use of compressed natural gas (CNG) in heavy duty vehicle engines
- Flagship product is the patent protected Natural Gas Vehicle System (NGVS)
- NGVS is a high value added product to diesel engine OEMs

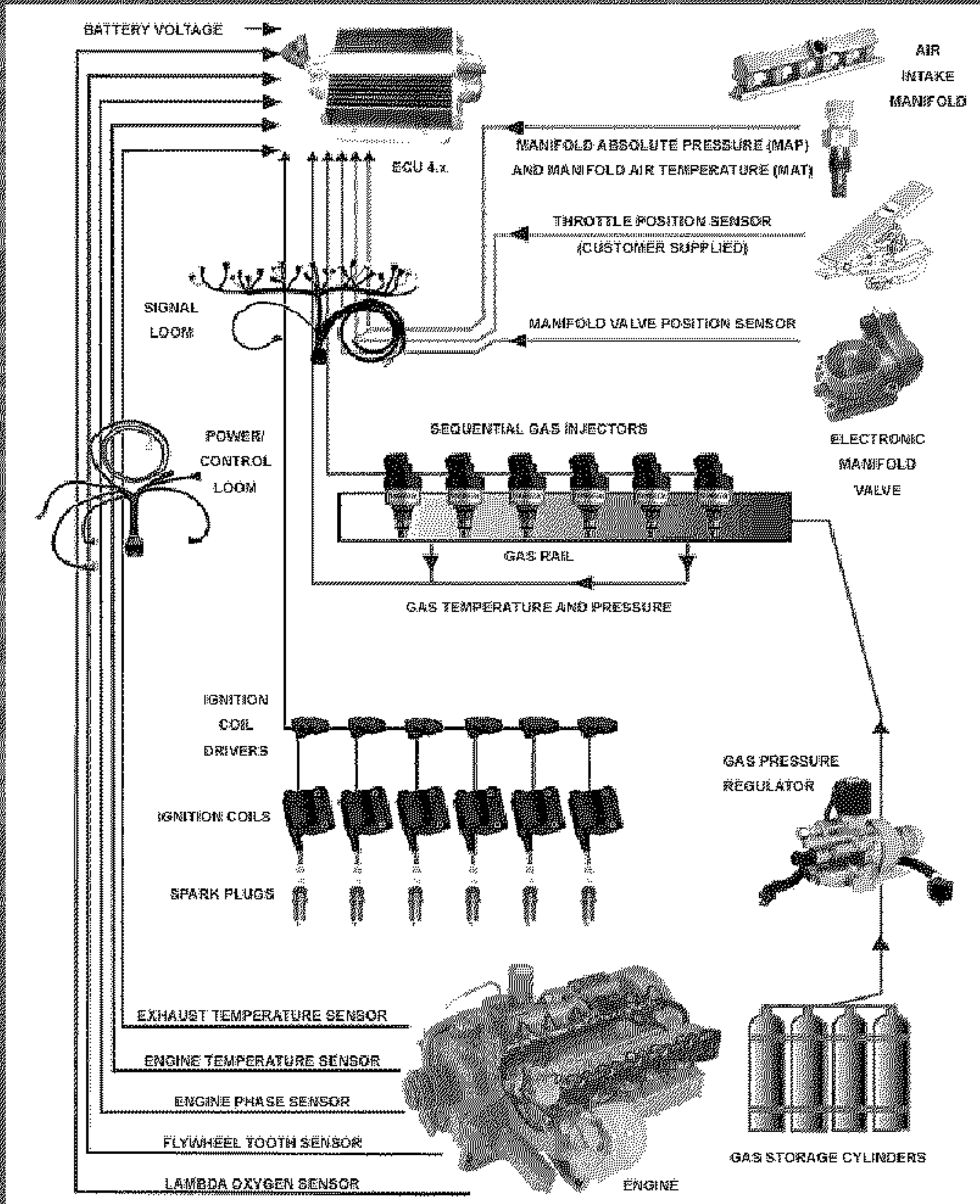
Key Benefits of NGVS

- Environmentally friendly
- Efficient – maximise engine power and torque
- Economical – natural gas verses diesel price
- Secure – available energy source compared to oil
- Cost Competitive – to develop and manufacture

NGVS Technology

- Fuel Delivery
  - Multi-point sequential fuel injection system - one injector per cylinder
  - Skip fire option at idle provides considerable fuel saving
- Features
  - Precise control of the system – closed loop system
  - Fuel economy (up to 9% improvement in fuel consumption)
  - Capable to deliver Euro IV and above
  - Capable to deliver same power and torque performance as base diesel engine

Elements of the NGVS



NGVS Achievements to Date:

- Patented NGVS fitted to :
  - 645 Buses in Australia, Hungary and France
  - Renault, Mercedes-Benz, MAN and Raba engines
- Clocked more than 40 million kms in active service
- Achieved Euro III, closed loop Euro IV
- Now working to develop "off the line" natural gas engines in mass with two OEM's

Market Potential

- Europe – 20% all vehicles alternatively fuelled by 2020
- Beijing – 90% of 18,000 city buses on natural gas by 2008
- China – 85 cities with 132 million people with air quality below WHO standard
- New Delhi – legislated all public transport vehicles be on natural gas
- India – 62 cities with 84 million people with air quality below WHO standard
- Australia – Australian Greenhouse Office support

Key Customers

- Irisbus/Renault in France
- First Auto Works in China
- Weifang Weichai in China
- Transperth in Australia

NGVS is proven locally and in Europe. Now it's time to move to Asia and, in particular, China.

Key Customers

- Irisbus / Renault
  - Based in France
  - Long term contract
  - Exclusive supplier of natural gas technology on Renault OEM engines
  - Have delivered 600 kits to date
  - 20 year spare parts supply agreement
  - Will retrofit 600 Buses to Closed Loop Euro IV Standards

Key Customers

- First Auto Works (FAW)
  - Co-operation Agreement
  - Design, develop, test and certify a new FAW natural gas engine (6.6 litre, 155 kW)
  - Test engines to be completed in Perth by December 2004
  - Target production mid 2005
  - FAW one of world's largest truck producers and China's largest vehicle manufacturer

Key Customers

- Weifang Weichai (Weichai)
  - Exclusive Co-operation Agreement with AEC to design, develop, test, certify and produce CNG, LNG and LPG Weichai Engines with NGVS technology
  - Weichai one of three largest diesel engine manufacturers in China that specialises in high speed heavy duty diesel engines
  - Recently listed on Hong Kong Stock Exchange and raised A$175million - A$17.5million for Euro III engines

Chinese Market

- 120,000 new buses per year
- 80% > 9 litres = 96,000
- 20% CNG/LNG = 19,000
- Weichai expect to produce 75% = 14,000
- Sale price US$2700 per unit, margin 30-45%
- The above does not include FAW smaller engines
- China will also sell to:
  - Thailand, Philippines, Malaysia, Pakistan etc.

Key Customers

- AEC will be the exclusive partner of Weichai and FAW for their CNG/LNG/LPG engines development and also the future sales and marketing
- AEC with the exclusive partnership with Weichai and First Auto Works can dominate the China gas engine market

Current & Potential Projects in the Pipeline

- China - Weichai and FAW
- France, Lambda Project – the retrofit 600 Irisbus buses that are using AEC's NGVS with the new Closed-Loop (Lambda Sensor) system and generate an estimated A$1.3 million in revenue in 2005.
- New Injector Designs - the injector is one of the core parts of the NGVS system and is a consumable part. The market potential for the new model injector is substantial.
- India - AEC has been in discussions with a large Indian conglomerate to co-develop a CNG engine based on an Indian OEM manufactured diesel engine block.

2004 FY Corporate Snapshot

- July 2003 - 698 Capital launches off market takeover and acquires 78% of AEC's shares at 10c per share
- Corporate restructure included:
  - Disposal of non core divisions
  - Renewed focus on core NGVS business
  - Strengthening of management/financial controls
  - Recapitalisation of balance sheet
  - Forging of international OEM alliances

Historical NGVS Segment Results

Year end 30 June	2004 (Audited) $ 000	2003 (Audited) $ 000	2002 (Audited) $ 000
Sales Revenue - NGVS	**3,903**	**4,176**	**2,197**
Segment Profit / (Loss)	**(1,042)**	**(2,620)**	**46**
AEC group overheads	(838)	(607)	(2,883)
Adjustments:			
Depreciation and Amortisation	75	165	238
Interest	460	264	143
Bad debt	-	400	-
Non recurring costs	-	205	678
Adjusted AEC Result	**(1,345)**	**(2,193)**	**(1,778)**

Financial Position

	Audited 30 June 2004 $ 000	Proforma 30 June 2004 $ 000
Assets		
Cash & other assets	454	3,554
Receivables	1,046	1,046
Inventories	418	418
Plant & equipment	293	293
Total Assets	2,211	5,311
Liabilities		
Payables	4,468	565
Interest-bearing liabilities	6,506	2,666
Provisions	1,073	1,073
Total Liabilities	12,047	4,304
Net Assets / (Liabilites)	(9,836)	1,007
Equity		
Contributed Equity	25,809	9,520
Convertible Note - Equity Component	-	1,323
Accumulated losses	(35,645)	(9,836)
Shareholder Funds/(Deficiency)	(9,836)	1,007

Shareholding Post Raising

	m	%
698 Capital (1)	44.8	54
Lim (1)	6.5	8
Other Directors	1.6	2
Public	29.7	36
	82.5	100

Market Cap @ 20c $16.5m

(1) Both 698 Capital and Lim have entered into voluntary escrow agreements for a period of 6 months after re-quotation of AEC's shares on ASX.

Summary

- Strong commercial management
- Key strategic alliances
- NGVS is a high value added product
- Returns from China in 12-18 months period
- World leading patented products and technology
- Environmentally oriented
- CNG supply and price compared to oil
- Growing global market
- Shares will be ASX quoted
- Issue price to public at 50% discount to previous trading price