ADVANCED ENGINE COMPONENTS LIMITED
ACN: 009 081 770

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

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31 July 2008

Company Announcements Office
The Australian Stock Exchange Limited
By: e-lodgement (ASX code ACE)

June 2008 - Quarterly Activities Summary

During the June 2008 quarter Advanced Engine Components Ltd ("ACE") recorded continued growth in sales of patented natural gas vehicle systems ("NGVS"); spare parts and consumables; and completed compressed natural gas ("CNG") and liquefied natural gas ("LNG") engines.

Sales in the June quarter totalled $1.8 million. This brings total sales for the year to $4.7 million. A 52% increase over sales for FY2007. Orders on hand, for delivery by 30 September 2008, ensure the increase in quarter on quarter sales will continue into FY2009.

These increased sales, together with improved margins and contained overheads, have resulted in a 50% improvement in EBITDA for the year compared with FY2007.

Cash receipts from customers and net operating cash flows have improved on a quarter by quarter basis throughout FY2008:

Quarter ended	Sept 07	Dec 07	Mar 08	June 08
Receipts from customers ($m)	0.56	0.82	1.24	1.56
Net operating cash flow ($m)	(0.61)	(0.55)	(0.34)	(0.03)

With record sales invoiced in June 2008 and an assured increase in sales for the September 2008 quarter the above trend, of increasing quarterly receipts from customers, will continue.

Sales during the June quarter were to a spread of customers through China, Thailand, Indonesia, France and Australia. This geographical spread will expand further with current engine development programmes in progress for India, Korea and Malaysia together with favourable ongoing trials in China and Australia.

As well as ongoing engine development programmes ACE, over the next six months, will complete development of new ACE patented components. These developments include the next generation ACE electronic control unit. The new patented components will assist in reducing cost and improving efficiency of the ACE NGVS.

The June 2008 quarter and ongoing activity is further proof of ACE's ability to become the leading supplier of alternative fuel engine systems and components to the Asia Pacific Region through innovation and quality.

For further information contact Tony Middleton, Managing Director, on +618 9209 6900; or email shares@advancedengine.com

Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

ADVANCED ENGINE COMPONENTS LIMITED

ABN	Quarter ended ("current quarter")
67 009 081 770	30 June 2008

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (12 months) $A'000
	Cash flows related to operating activities		
1.1	Receipts from customers	1,556	4,181
1.2	Payments for (a) staff costs	(253)	(1,084)
	(b) advertising and marketing	(71)	(184)
	(c) research and development	(134)	(480)
	(d) leased assets	-	-
	(e) other working capital	(1,246)	(3,915)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	19
1.5	Interest and other costs of finance paid	(3)	(184)
1.6	Income taxes paid	-	-
1.7	Other: Receipt from AusIndustry for Commercial Ready Plus Grant	119	119
	Net operating cash flows	(30)	(1,528)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (12 months) $A'000
1.8	Net operating cash flows (carried forward)	(30)	(1,528)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	(70)
	(c) intellectual property	-	-
	(d) physical non-current assets	(4)	(21)
	(e) other non-current assets	(191)	(869)
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	(195)	(960)
1.14	**Total operating and investing cash flows**	(225)	(2,488)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	2	2,299
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	310	1,310
1.18	Repayment of borrowings	(118)	(1,402)
1.19	Dividends paid	-	-
1.20	Costs associated with issue of shares	(29)	(97)
	Net financing cash flows	**165**	**2,110**
	Net increase (decrease) in cash held	(60)	(378)
1.21	Cash at beginning of quarter/year to date	293	611
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	233	233

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	39
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Salary payments to the executive director of the Company of $39,000.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter $A'000	Previous quarter $A'000
4.1 Cash on hand and at bank	233	293
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.23)	233	293

Acquisitions and disposals of business entities

	Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

Compliance statement

1. This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.

Sign here: ....
Managing Director

Date: 31 July 2008

Print name: Antony Middleton

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

    - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
    - 9.2 - itemised disclosure relating to acquisitions
    - 9.4 - itemised disclosure relating to disposals
    - 12.1(a) - policy for classification of cash items
    - 12.3 - disclosure of restrictions on use of cash
    - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.