ADVANCED ENGINE COMPONENTS LIMITED
ACN: 009 081 770

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

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30 October 2009

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

September 2009 - Quarterly Activities Summary

For Advanced Engine Components Ltd's ("ACE" or "the Company") the September 2009 quarter has been a quarter of relatively low sales and debtor collections.

ACE's major sale for the quarter was A$0.5 million of liquefied natural gas ("LNG") engines for Hangzhou Public Transport Company ("HPT") in the Zhejiang Province, China. Since December 2008, ACE has sold 35 LNG engines with ACE natural gas vehicle systems ("NGVS") for HPT use. HPT operates a fleet of over 3,500 vehicles and ACE is expecting further engine purchases during the current financial year and beyond.

Despite slow sales over the last 12 months, caused by the global financial crisis, the September 2009 quarter has seen many instances of improved sales opportunities for ACE:

(a) ACE's strategic alliance with Norinco Equipment Co Ltd ("Norinco") has introduced ACE to sales opportunities in Thailand, Myanmar, Egypt, Pakistan, Indonesia, USA, Ecuador and Peru.

(b) ACE and Norinco are jointly developing a Deutz 1015 V6 natural gas engine suitable for tourist coaches and heavy duty trucks. A reference engine is ready for dispatch to Perth with development expected to be completed in early 2010.

(c) Ten separate road trials of vehicles/engines using the ACE NGVS are nearing completion in seven different Chinese cities and in Bangkok, Thailand. These trials, including the Deutz Dalian Engine ("DDE") hybrid gas electric system, should lead to immediate sales orders for ACE.

(d) The DDE 1013 LNG and CNG engines have been tested, certified and are currently being trialled in China. The DDE 1013 engine, together with ACE's fifth generation electronic control unit ("ECU"), will be DDE's flagship natural gas engine for future sales.

(e) Significant advances in development of the natural gas engine systems for original equipment manufacturers in India will see sales to India commence in 2010.

(f) In Australia, the Isuzu ACE 295 LNG engine has completed over 11,000 kms of on road service and is ready for commercial sale. Initial Australian sales are expected before the end of the 2009 calendar year.

(g) With 1,550 vehicles in active service, utilising the ACE NGVS, recurring sales of spares and consumables continue.

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 September 2009

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from customers		1,029	1,029
1.2	Payments for	(a) staff costs	(187)	(187)
		(b) advertising and marketing	(12)	(12)
		(c) research and development	(44)	(44)
		(d) leased assets	-	-
		(e) other working capital	(1,045)	(1,045)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		-	-
1.5	Interest and other costs of finance paid		(31)	(31)
1.6	Income taxes paid		-	-
1.7	Other: Receipt of R&D Tax Offset		325	325
	Net operating cash flows		**35**	**35**

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (3 months) $A'000
1.8	Net operating cash flows (carried forward)	35	35
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	(285)	(285)
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	(285)	(285)
1.14	**Total operating and investing cash flows**	(250)	(250)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings (item 3.1)	203	203
1.18	Repayment of borrowings	(99)	(99)
1.19	Dividends paid	-	-
1.20	Costs associated with issue of shares	-	-
	Net financing cash flows	104	104
	Net increase (decrease) in cash held	(146)	(146)
1.21	Cash at beginning of quarter/year to date	281	281
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**135**	135

+ 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	90
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Fee paid to Managing Director: $30,000
Past consultancy fees paid to Norvest Corporate Pty Ltd, an associate of a related party : $60,000

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	3,000	3,000
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	135	281
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.23)	135	281

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: .... Date: 30 October 2009
Managing Director

Print name: Antony Middleton

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.