Announcement 2008 no. 26
Aalborg, Denmark, 3 November 2008

INTERIM REPORT

FOR THE PERIOD
1 JANUARY – 30 SEPTEMBER 2008

Håndværkervej 14
DK-9000 Aalborg
Tel.: +45 96 30 60 00
Fax: +45 98 13 28 43
www.sanistaal.dk
CVR no. 42 99 78 11

Sanistål

SUMMARY OF INTERIM REPORT FOR 1 JANUARY - 30 SEPTEMBER 2008

The Board of Directors has moved forward the discussion of the interim report for the period 1 January until 30 September 2008 and has today approved it.

During the period, the Sanistål Group achieved a loss before tax (and before impairment of shares and goodwill) of DKK 4.2 million, compared with a profit of DKK 92.5 million for the same period in 2007. This result was as expected.

As a consequence of the international financial crisis and the resulting slowdown in economic development, Sanistål reassessed the estimated value of the shares held in Brødrene A&O Johansen A/S and of goodwill relating to Carl F International A/S. This reassessment resulted in the impairment of the shareholding by DKK 215.3 million to the book value of the shares and the impairment of goodwill by DKK 100 million, following which there is no goodwill reported in relation to Carl F International A/S. As such impairments must be recognised in the income statement in accordance with IFRS, this has led to a loss before tax for the period of DKK 319.5 million.

The accounts for the period are otherwise characterised by the following features:

- The Sanistål Group's revenue growth was DKK 584.3 million, representing an increase of 12.6% compared with the same period in 2007. 7.8% of this is organic growth.

- The Construction Industry, Steel Industry and Other Industry segments achieved satisfactory growth and increased market share in Denmark, but the Carl F segment experienced a decline.

- Carl F International A/S, which is undergoing reconstruction following the separation of its Danish business, has returned an unsatisfactory loss of DKK 58.0 million, some of which is attributable to the costs of restructuring. A general cost reduction programme has been implemented, which will mean that costs in 2009 will be approx. DKK 40 million lower than in 2008.

- Results at other subsidiaries returned a combined profit of DKK 18.6 million, compared with DKK 30.0 million in the same period in 2007.

- A half-year profit before tax of DKK 3.1 million at Brødrene A&O Johansen A/S has meant that the interim report has been negatively affected as a result of the shareholding in this company by approx. DKK 18 million in the form of interests on the investment.

- The reorganisation into a new logistics structure with two central warehouses is progressing according to schedule, but, as mentioned, with significant additional costs compared with the normal cost level. Logistical expenses as a proportion of gross profit were at a slightly lower level as at 30 September 2008 than in the second half of 2007. The cost level is expected to decrease significantly in the coming quarters once the warehouse management at Billund has been significantly improved and the modern and efficient steel warehouse in Taulov is brought into use.

- A positive "Steel price development 1)", compared with the same period in 2007, totalled DKK 90.7 million.

  1) The "Steel price development" is defined as the difference between earnings on steel in the current year and earnings on steel in the preceding year (the base year), with the calculation for both years being based on the quantity for the base year.

Outlook for the year 2008

Management continues to expect an increase in revenue and a satisfactory growth in gross profit in the 2008 financial year. Growth will be lower than expected, however, as a result of the economic slowdown in Q4 and the weakening of international business conditions.

In the interim report for the first half of 2008, the expectation was expressed that the Group's profit before tax for the whole of 2008 would be in the region of DKK 0-40 million, of which the operating loss from all the Group's activities was expected to be between DKK 20 and 40 million, while profit from the sale of property was expected to be DKK 40-60 million.

Sanistål now considers that the unfavourable economic developments will have a negative impact on sales, gross profit and the "Steel price development" in Q4, while at the same time rising interest rates will increase interest costs and logistical expenses will remain at a high level. Overall, it is expected that the operating profit for the year for the Group's companies will be reduced by DKK 50-60 million from the level previously expected.

Sanistål expects the economic downturn to continue in 2009 and therefore carried out a major cost level adjustment across the entire Group at the end of October, in order to adjust costs to a significantly reduced level of activity. Provisions for the necessary structural adjustments will have a negative impact in Q4 of DKK 20-25 million, of which DKK 15 million is set aside to cover wages, etc. for redundancies at the parent company; see Announcement no. 25, dated 29 October 2008.

The expectation remains that a profit can be made from the sale of property in 2008 at a level of DKK 40-60 million, although there is still uncertainty as to the timing and pricing of sales.

Overall, the Group expects to record a loss before tax in 2008 of between DKK 355 and 395 million, of which operating loss and provisions will amount to DKK 100-120 million, impairment of shares and goodwill DKK 315 million and property gains DKK 40-60 million.

2009

At the start of 2009, the cost level will be adjusted to the new situation expected on the market. On the basis of expectations of a significant decrease in the level of activity, a negative "Steel price development", a major reduction in logistical expenses and a significant reduction in all other costs, it is expected that the Group will achieve a profit before property gains and tax in 2009.

As the major investments will have been completed in 2008 and as inventories will gradually be reduced by DKK 150-200 million during 2009 following the transition to central warehouses, a significant positive cash flow from operations is expected in 2009.

It is also planned that property and other assets will be disposed of during 2008 and 2009 for approx. DKK 800 million, with anticipated gains before tax of approx. DKK 300 million.

It is expected that this will reduce interest-bearing debt by approx. DKK 800 million and increase equity by approx. DKK 200-250 million.

Various options for increasing capital are being considered in order to further strengthen equity and reduce interest-bearing debt.

Aalborg, Denmark, 3 November 2008

Knud Erik Borup	Christian B. Lund
Chairman	Managing Director

FINANCIAL HIGHLIGHTS AND KEY RATIOS FOR THE GROUP

DKK millions	9 months 2008	9 months 2007	Q3 2008	Q3 2007	2007
Financial highlights:					
Results:					
Net revenue	5,225.4	4,641.1	1,737.1	1,606.8	6,333.3
Gross profit	1,342.9	1,147.7	449.2	399.9	1,586.9
Operating profit (EBITDA)	131.9	169.0	43.6	37.2	176.8
Earnings before interest, tax and amortisation (EBITA)	-19.8	126.6	-74.0	21.8	119.5
Operating profit (EBIT)	-28.2	122.5	-76.8	20.0	110.7
Net financial items	-291.3	-30.0	-245.5	-11.0	-57.6
Profit/loss before tax	-319.5	92.5	-322.3	9.0	53.1
Profit/loss for the period	**-318.2**	**72.0**	**-320.6**	**6.7**	**38.2**
Cash flows:					
Cash flow from operation activities	-100.7	-120.4	-59.0	-26.7	-97.2
Cash flow from investment activities	-240.1	-1,180.5	-57.6	-135.8	-1,326.8
Free cash flows	**-340.8**	**-1,300.9**	**-116.6**	**-162.5**	**-1,424.0**
Investment in tangible fixed assets	**235.9**	**259.3**	**59.4**	**133.5**	**405.8**
Balance sheet:					
Non-current assets	1,642.8	1,710.0			1,872.1
Current assets	2,886.5	2,466.1			2,235.2
Total assets	**4,529.3**	**4,176.1**			**4,107.3**
Shareholders' equity	639,2	1,018.7			972.1
Interest-bearing debt	2,836.5	2,349.6			2,486.9
Non-interest-bearing debt	1,053.6	807.8			648.3
Total liabilities and shareholders' equity	**4,529.3**	**4,176.1**			**4,107.3**
Share capital	**192.4**	**192.4**			**192.4**
Key ratios:					
EBITDA margin %	2.5	3.6	2.5	2.3	2.8
EBITA margin %	-0.4	2.7	-4.3	1.4	1.9
EBIT margin (profit margin) %	-0.5	2.6	-4.4	1.2	1.7
Earnings per share after tax (EPS), DKK, basic*	-225.8	50.5	-682.5	14.2	20.1
Earnings per share after tax (EPS), DKK, diluted *	-225.3	50.3	-681.8	14.1	20.0
Cash flow per share (CFPS), DKK	-53.5	-63.1	-31.4	-14.0	-50.9
Return on invested capital (ROIC) %*	-0.9	7.4	-9.2	3.1	5.1
Return on equity %*	-52.7	9.6	-159.0	2.6	3.9
P/E ratio *	neg.	17.6	neg.	62.4	31.2
Price/book value ratio	0.8	1.7			1.2
Market price per DKK 100 nominal share	288.4	886.5			626.5
Book value per DKK 100 nominal share	340.2	536.6			517.5
Equity ratio %	14.1	24.4			23.7

*) The key ratio is calculated on an annual basis.

STATEMENT BY THE BOARD OF DIRECTORS AD THE BOARD OF MANAGEMENT

The Board of Directors and Board of Management have on this date considered and approved the interim report for the period 1 January – 30 September 2008.

The interim report is not audited or reviewed, and has been prepared in accordance with IAS 34 ”Presentation of interim reports” as approved by EU and additional Danish disclosure requirements for the preparation of interim reports for listed companies.

We are of the opinion that the interim report gives a true and fair view of assets, liabilities and financial position of the Group as at 30 September 2008 and the financial results from the Group’s activities and cash flow for the period 1 January – 30 September 2008.

We are also of the opinion that the Management Report contains a true and fair report of the developments in the Group’s activities and financial circumstances, the results for the period and the Group’s financial position as a whole and a description of the major risks and uncertain factors facing the Group.

Aalborg, Denmark, 3 November 2008

Board of Management:

Christian B. Lund	Henning Vilslev

Board of Directors:

Knud Erik Borup Chairman	Steen Gede Deputy Chairman	Ole Steen Andersen
Ole Enø Jørgensen	Jens Ole Klitgaard	Else L. Kristensen
Jens Jørgen Madsen	Walther V. Paulsen	Matthias Max Schön
Peter Vagn-Jensen		

MANAGEMENT REPORT

Sanistål's business concept
The Sanistål Group is a knowledge-based service company whose ultimate purpose is reliable delivery, know-how, products and service concepts within the company's business areas.
Sanistål delivers service primarily to customers in the fields of construction, manufacturing and trades, as well as to public institutions. The Group's main activities comprise consultancy services and the provision of services in the fields of HVAC, Steel & Metal, Tools, Machinery and Technical Products, Electrical Technology, Fittings & Fasteners and Lock and Security Technology, as well as integrated supply and logistics solutions.

Financial review
During this financial period, the Sanistål Group generated revenue of DKK 5,225.4 million, an increase of DKK 584.3 million (12.6%) on the same period last year.
This increase is attributable to the acquisition of Carl F, which is included in the comparative figures from 1 April 2007, as well as to organic growth of 7.8%.

The loss before tax for the period was DKK 319.5 million, compared with a profit of DKK 92.5 million in the same period in 2007. The loss before tax in Q3 2008 was DKK 322.3 million compared with a profit of DKK 9.0 million in Q3 2007.

The Group's profit before tax in the interim report compared with the same period in 2007, corrected for the positive "Steel price development" and unusual items, reflects the following trends:

DKK millions	9 months 2008	9 months 2007	Variance
Group pre-tax profit	-319.5	92.5	-412.0
"Steel price development"	-90.7	-	-90.7
Impact on profits of the acquisition of Carl F	84.0	9.8	74.2
Impact on profits of Brødrene A&O Johansen A/S	16.9	4.5	12.4
Impairment of shares in Brødrene A&O Johansen A/S	215.3	-	215.3
Impairment of goodwill concerning Carl F International A/S	100.0	-	100.0
Profit from sale of property	-6.0	-	-6.0
Comparable profit	0.0	106.8	-106.8

The reorganisation into a new logistics structure with two central warehouses is progressing according to schedule. Logistical expenses as a proportion of gross profit were at a slightly lower level as at 30 September 2008 than in the second half of 2007. The difference in expenses is due in equal measure to the warehouse operations and distribution business areas.

The level of logistical expenses will fall gradually over the coming quarters as a result of the successive closure of old warehouses and a gradual improvement in efficiency at the warehouse in Billund, which is expected to be achieved once new management, the introduction of operating interfaces and staff training have taken effect.

The central steel warehouse in Taulov will come into operation in Q4 2008.

Other costs for the year 2008 to date have developed as expected.

Against the background of general economic developments and the Group's continued negative profit trends at subsidiary Carl F International A/S, a new impairment test of goodwill relating to this company has been carried out.

A minor restructuring of the Group is expected to take place on 1 January 2009, as part of which the industry division and related goodwill will be transferred to the parent company, Sanistål A/S. Following an impairment test, it has been decided that the remaining goodwill of Carl F International A/S of approx. DKK 100 million will be written off completely.

The consolidated balance sheet total is DKK 4,529.3 million, compared with DKK 4,176.1 million at the end of September 2007. The increase in this total can be attributed to capital investments in central warehouses and activity-based and structural increases in current assets.

As at 30 September 2008, equity totalled DKK 639.2 million, a decrease of DKK 332.8 million compared with the end of 2007. This change is mainly attributable to the period's result after tax (DKK -318.2 million). The equity ratio is 14.1%, compared with 23.7% at the end of 2007. This ratio will gradually increase as stocks are reduced and the Group's property, etc. is sold; see page 12.

Cash flow from operations was DKK -100.7 million, compared with DKK -120.4 million for the same period in 2007. Cash flow for investment activities was DKK 240.1 million, which is mainly attributable to the construction of a central warehouse for steel products in Taulov, which is nearing completion.

Sanistål's financing is arranged in such a way that the company has the necessary credit facilities available.

Group structure

The Sanistål Group consists of the parent company, Sanistål A/S, and the wholly owned subsidiaries Carl F International A/S, Serman & Tipsmark A/S, Max Schön AG (Germany and Poland), Sanistal SIA (Latvia), Sanistal OÜ (Estonia) and UAB Sanistal (Lithuania). The Carl F segment and Carl F International A/S are included in the comparative figures for the first half of 2007 from 1 April 2007.

Profit Trend for the Group, 9 months 2008 **(9 months 2007)**

DKK millions	Net revenue	Gross profit	Other operating income	Expenses	Profit before tax
Sanistål A/S, parent company	4,165.3	1,039.5	7.0	1,326.6	-280.1
Sanistål A/S, parent company	3,764.1	892.7	1.0	829.3	64.4
Carl F International A/S	350.8	131.0	1.5	190.5	-58.0
Carl F International A/S (01.04.07-30.06.07)	240.9	96.0	-	97.9	-1.9
Serman & Tipsmark A/S	87.0	24.1	-	18.0	6.1
Serman & Tipsmark A/S	79.0	22.4	-	16.2	6.2
Max Schön AG, Germany /Poland	357.4	81.7	3.3	68.3	16.7
Max Schön AG, Germany/Poland	303.0	72.1	3.1	60.6	14.6
The Baltic States	323.6	66.6	0.6	71.4	-4.2
The Baltic States	315.6	64.5	0.5	55.8	9.2
Elimination of intra-group transactions	-58.7	-	-1.0	-1.0	-
Elimination of intra-group transactions	-61.5	-	-0.9	-0.9	-
Subsidiaries	1,060.1	303.4	4.4	347.2	-39.4
Subsidiaries	877.0	255.0	2.7	229.6	28.1
Sanistål Group	5,225.4	1,342.9	11.4	1,673.8	-319.5
Sanistål Group	4,641.1	1,147.7	3.7	1,058.9	92.5

Sanistål A/S, parent company

Revenue in the parent company totalled DKK 4,165.3 million, which is DKK 401.2 million or 10.7% more than last year. Organic growth was responsible for 7.1%, while growth is also attributable to the fact that the Danish wholesale arm of Carl F (“the Carl F segment”) has been merged with the parent company Sanistål A/S with effect from 1 April 2007. The Construction Industry, Steel Industry and Other Industry segments achieved growth and increased market share.

Gross profit increased by DKK 146.8 million compared to the same period in 2007, totalling DKK 1,039.5 million. The gross profit margin increased by 1.2 percentage points to 25.0%.

Total costs amounted to DKK 1,326.6 million, an increase of DKK 497.3 million, of which impairment of shares and goodwill represented DKK 315.3 million. Excluding impairment, the increase was 22.0% compared with the same period in 2007. The main reasons for this increase are:

- The level of activity, measured in terms of the development in gross profits on Stocks/Drop shipments adjusted for the “Steel price development”, rose by 9.4%;

- Logistical expenses increased by DKK 90.3 million compared with the same period in 2007. The increase in expenses can be attributed to warehouse operations and distribution and is to a large extent a result of the costs of changing the logistics structure to central warehouses.

- The integration of the Carl F segment into the parent company increased operating expenses by DKK 30.4 million compared with the same period in 2007, with the Carl F segment included since 1 April 2007.

- Electrical Technology: in 2006, Sanistål created a new business area in the field of electrical items. This had a negative impact on profit in 2008.

The parent company's operating profit (EBIT), excluding impairment of shares and goodwill, increased by DKK 7.6 million to DKK 93.7 million. The parent company's result before tax was DKK -280.1 million, compared with DKK 64.4 in the same period in 2007.

Incentives programme:
With 2008 as the earning year, options can be granted to the Board of Management and senior executives in the Group for acquiring shares with a total maximum market value of DKK 8.0 million, of which 50% is profit-related.
Final determination will take place in April 2009 on the basis of results achieved in 2008 and on the basis of the market value for ten days after the publication of the 2008 annual report.

The fair value (Black-Scholes) of outstanding share options as at 30 September 2008 was DKK 1.5 million (of which DKK 0.7 million for the Board of Management).

Subsidiaries

Summary of the Danish subsidiaries

Carl F International A/S
Carl F International A/S carries out the sale and marketing of d line, other architect-designed products, locks and access control products in Scandinavia and fittings for the door and window industry, primarily in the UK.
Carl F International A/S has achieved unsatisfactory results in 2008. Revenue was DKK 350.8 million and the result before tax showed a deficit of DKK 58.0 million. From 1 February 2008, the subsidiary has implemented a new standard ERP platform.

On 1 April 2008, Thomas Folmann, former head of the Construction Industry segment at Sanistål A/S, took up his position as the new CEO of Carl F International A/S. This change of management has gone well.
The strategy and restructuring process underway at Carl F International A/S will have a negative impact on results in 2008. Revenue levels are still expected to remain unchanged compared with 2007 and the loss before tax to be at a level of DKK 75 million for 2008.

Against the background of the profit expectations for 2008, the management has implemented major cost-cutting in the region of DKK 40 million annually in order to achieve profitable operations. A strategic development process to clarify the subsidiary's future activities and earning potential has also been implemented. It is currently the company's expectation that the cost-cutting measures that have been implemented and the development process currently underway on the product and sales sides will make the business profitable.

Serman & Tipsmark A/S
Serman & Tipsmark A/S develops, manufactures and markets customised hydraulic solutions. Revenue in the interim accounts totalled DKK 87.0 million (2007: DKK 79.0 million), with a profit before tax of DKK 6.1 million (2007: DKK 6.2 million). The subsidiary has a particularly good volume of orders.

Summary of the foreign subsidiaries

Max Schön AG, Germany and Poland

The activities of the Max Schön Group include the business areas Steel & Pipes, Tools, Machinery and Technical Products.

Revenue totalled DKK 357.4 million (2007: DKK 303.0 million), with a profit before tax of DKK 16.7 million (2007: DKK 14.6 million). Developments are very satisfactory.

The Baltic States

Revenue in the Baltic States in the interim accounts totalled DKK 323.6 million (2007: DKK 315.6 million), with a loss before tax of DKK 4.2 million (2007: DKK 9.2 million profit).

The Baltic States are affected by falling economic growth and by inflation. Costs, which are increasing considerably as a result of large rises in wage levels, cannot be fully covered by sales prices owing to the competitive situation on the market.

Associated company: Brødrene A&O Johansen A/S

In June 2007, Sanistål A/S acquired 39.12% of the shares in the listed company Brødrene A&O Johansen A/S. As Sanistål A/S controls 20.69% of the votes in Brødrene A&O Johansen A/S, the company is treated for accounting purposes as an associated company. Based on the interim report for the first half of 2008 for Brødrene A&O Johansen A/S, a profit after tax of DKK 0.9 million is recognised in the interim report, which corresponds to 39.12% of the associated company's profit after tax.

Brødrene A&O Johansen A/S expects to achieve a profit before tax for 2008, which, after the recognition of financing costs, will have a negative impact of DKK 20.0 million on the profit of Sanistål A/S in the interim report, assuming that Brødrene A&O Johansen A/S only breaks even in the second half of 2008.

Sanistål A/S's preference shareholding in Brødrene A&O Johansen A/S has thus far had a book value of DKK 452.3 million, corresponding to an average purchase price of DKK 2,028 per share. This amount breaks down into a book value of DKK 237 million and goodwill of DKK 215.3 million.

The investment in Brødrene A&O Johansen A/S is a strategic one.

In light of economic developments, the resulting uncertainty concerning the company's earnings and the development in the company's share price, Sanistål has decided out of prudence to write off the entire goodwill value of DKK 215.3 million associated with the shareholding.

The shareholding is subsequently valued at the proportion of the book value within the associated company.

Outlook for the year 2008

In the interim report for the first half of 2008, the expectation was expressed that the Group's profit before tax for the whole of 2008 would be in the region of DKK 0-40 million, of which the operating loss from all the Group's activities was expected to be between DKK 20 and 40 million, while profit on the sale of property was expected to be DKK 40-60 million.

Ignoring the impairment of shares and goodwill, the overall Group profit as at 30 September 2008 is in line with expectations for the profit for the year stated in the first-half report. Logistical expenses are beginning to move in the right direction, although they remain higher than expected. The steel warehouse in Taulov has come into operation on schedule and is a modern, well-functioning and efficient warehouse. Management at the Billund warehouse has been markedly improved and efficiency increased.

However, September and in particular October have seen a slowdown in economic development in the wake of the financial crisis. At the end of October, Sanistål concluded that developments will have a negative impact on revenue in Q4 2008, while falling steel prices will at the same time reduce the positive “Steel price development” for the year. Along with rising interest rates and continued high logistical expenses, this situation has led to a combined reduction in the expected operating profit for Q4 at the Group’s companies of DKK 50 million to 60 million.

The economic downturn is expected to continue in 2009 and Sanistål therefore expects a significant reduction in the level of activity in both Construction and Industry in 2009 compared with 2008.

Against this background, Sanistål carried out a major cost reduction programme across all Group companies at the end of October, in order to adjust costs to the expected level of activity in 2009. Regrettably, this mainly involved redundancies, but generally speaking, wherever savings can be made or activities dispensed with that do not make a direct positive contribution to profits, this will be done. This will mean provisions for structural changes in Q4 of DKK 20-25 million, of which DKK 15 million is set aside to cover wages, etc. for redundancies at the parent company in 2009; see Announcement no. 25, dated 29 October 2008.

The expectation remains that a profit can be made from the sale of property in 2008 at a level of DKK 40-60 million, although there is still uncertainty as to the timing and pricing of sales.

After the above-mentioned value adjustments for the shares in Brødrene A&O Johansen A/S and goodwill relating to Carl F International A/S, the Group expects to record a loss before tax in 2008 of between DKK 355 and 395 million, of which operating loss and provisions will amount to DKK 100-120 million, impairment of shares and goodwill DKK 315 million and property gains DKK 40-60 million.

The following significant changes have taken place at the individual companies since the last report of 25 August 2008:

- The loss at Carl F International A/S in 2008, which is a year of restructuring for the company, is now expected to be DKK 75 million compared with the previous expectation of DKK 60 million. Redundancy costs account for DKK 5 million of this change.

- Profits in the Baltic States are expected to fall by around DKK 5 million as a result of weak economic development in these countries, which have also been hit by the after-effects of the international financial crisis. The loss in the Baltic States is now expected to be between DKK 5 and 7 million.

- The parent company’s operations have been negatively affected by a total of DKK 60 million by lower expected sales, provisions for staff redundancies and relocation (see Stock Exchange Announcement no. 25, dated 29 October 2008), differences in logistical expenses and higher interest rates. Overall, the parent company’s operating loss (excluding interest on the investment in Brødrene A&O Johansen A/S) will be between DKK 25 and 40 million.

- The parent company’s total pre-tax loss is expected to be between DKK 305 and 340 million, following recognition of the impairment of shares and goodwill and the expected gains from the sale of property.

<u>2009</u>

At the start of 2009, there will have been a major adjustment of costs to the new market situation, as described above. Expectations of operating results in 2009 are based on the following:

- A significant decrease in activity, both in Construction and in Industry, caused by the general economic downturn.

- A negative “Steel price development”.

- A significant reduction in the parent company's logistical expenses in the last three quarters of the year once the logistical reorganisation is complete and the old warehouse facilities have been closed. This means cost reductions compared with 2008 of DKK 75-100 million. The cost level will fall throughout the year.

- A significant reduction in other costs at the parent company following the completed workforce downsizing to 225 employees. This will mean cost reductions of DKK 80 million compared with 2008.

- Reductions in costs at Carl F International A/S of DKK 40 million compared with 2008.

The situation above is expected to return a pre-tax profit for the Group in 2009.

As the major investments will have been completed in 2008 and as the inventories are planned to be reduced by DKK 150-200 million during 2009, a significantly positive cash flow from operations is expected in 2009.

2010

As previously mentioned, logistical expenses are expected to decrease further in 2010 by a significant amount, as the new central warehouses and the optimisation of distribution that they will bring, will have been fully implemented. The parent company's costs will also have been reduced in terms of salaries, etc. to around 50 employees, who will be retiring or made redundant in 2009.

Assets and liabilities

As mentioned previously, work is underway to restructure the Group's assets and liabilities with the aim of reducing the balance sheet total and increasing the equity ratio. This work includes the following elements:

- As stated previously, inventories will gradually be reduced as the central warehouses take over all warehouse functions. This is expected to lead to a reduction of DKK 150-200 million during the course of 2009.

- All the Group's property, with the exception of the new steel facility in Taulov, is or will be offered for sale, and lease agreements will be entered into as part of the sale so that the Group can continue to use the property. The total book value of the properties amounts to DKK 420 million. The sales value is expected to be approx. DKK 700 million and a profit before tax of approx. DKK 250-300 million is therefore expected, which will affect the income statement at the time of sale in 2008 and 2009. Following the sale of all property, equity is expected to increase by DKK 180-225 million and the balance sheet total is expected to be reduced by DKK 420 million. The figures include property that may already have been sold in 2008.

- The disposal of individual non-strategic activities is planned, which is expected to help further reduce the balance sheet total and increase equity.

Overall, it is expected that these initiatives will reduce the balance sheet total by DKK 600-700 million and interest-bearing debt by around DKK 800 million as well as increase equity by DKK 200-250 million.

Finally, various options for increasing capital are being considered in order to further strengthen equity and reduce interest-bearing debt.

CONSOLIDATED INCOME STATEMENT

DKK thousands	Note	9 months 2008	9 months 2007	Q3 2008	Q3 2007
Net revenue		5,225,439	4,641,106	1,737,062	1,606,798
Cost of goods sold		-3,882,566	-3,493,442	-1,287,841	-1,206,926
Gross profit		**1,342,873**	**1,147,664**	**449,221**	**399,872**
Other operating income		11,453	3,662	7,329	1,190
Other external expenses		-470,081	-366,600	-160,783	-134,071
Staff costs		-752,350	-615,688	-252,142	-229,800
Operating profit before depreciation		**131,895**	**169,038**	**43,625**	**37,191**
Depreciations, amortizations and impairments		-160,070	-46,586	-120,392	-17,221
Operating profit (EBIT)		**-28,175**	**122,452**	**-76,767**	**19,970**
Share of profit after tax in associated companies		865	10,640	-	10,640
Impairment of shares in associated companies		-215,277	-	-215,277	-
Financial income		21,650	16,957	7,630	5,830
Financial expenses		-98,535	-57,574	-37,905	-27,445
Profit/loss before tax		**-319,472**	**92,475**	**-322,319**	**8,995**
Tax on profit/loss for the period		1,265	-20,491	1,761	-2,249
Profit/loss for the period		**-318,207**	**71,984**	**-320,558**	**6,746**
Average number of shares		1,923,784	1,923,784	1,923,784	1,923,784
Average number of own shares		45,149	23,266	44,981	23,342
Average number of shares, basic		1,878,635	1,900,518	1,878,803	1,900,442
Diluting effect of outstanding share options		4,733	8,292	1,984	7,244
Average number of shares, diluted		1,883,368	1,908,810	1,880,787	1,907,686
Earnings per share after tax (EPS), basic		-225.84	50.50	-682.47	14.20
Earnings per share after tax (EPS), diluted		-225.28	50.28	-681.75	14.14

CONSOLIDATED CASH FLOW STATEMENT

DKK thousands	Note	9 months 2008	9 months 2007
Operating profit (EBIT)		-28,175	122.452
Adjustment for non-liquid operating items etc.:			
Depreciations, amortizations and impairments		160,070	46.586
Total provisions		-4,174	-
Other operating items		1,625	782
Exchange rate adjustments, etc.		-3,687	395
Interest income, paid		21,650	16.957
Interest expenses, paid		-98,535	-57.574
Cash flow from operating activities before changes in working capital		48.774	129.598
Changes in accounts receivable		-304,899	-182.395
Changes in inventories		-250,872	-206.103
Changes in trade accounts payable and other debt commitments		411.322	152.389
Corporation tax paid		-5,087	-13.870
Cash flow from operating activities		**-100,762**	**-120.381**
Acquisition of intangible assets		-3,042	-3.113
Acquisition of tangible assets		-235,887	-259.279
Acquisition of associated companies		-206	-917.268
Other non-current assets		-943	-889
Cash flow from investment activities		**-240,078**	**-1.180.549**
Free cash flows		**-340,840**	**-1.300.930**
Debt financing:			
Repayments to credit institutions		-13,938	-15.095
Proceeds from borrowing		33,118	802.315
Drawings on operating lines of credit		330,410	578.639
Shareholders:			
Dividend payment		-9,392	-37.992
Acquisition of own shares		-	-3.172
Sale of shares to employees		148	737
Cash flow from financing		**340,346**	**1.325.432**
Cash flow for the period		**-494**	**24.502**
Cash and cash equivalents as at 1 January		38,546	13.759
Cash and cash equivalents as at 30 September		**38.052**	**38,261**

The figures in the cash flow statement cannot be derived exclusively from the published accounting records.

CONSOLIDATED BALANCE

DKK thousands	Note	30 September 2008	31 December 2007	30 September 2007
ASSETS				
Non-current assets				
Intangible assets				
Goodwill		259,503	355,080	367,732
Brand names		115,625	120,312	97,500
Customer base		21,250	23,125	-
Software		3,524	6,733	8,475
		399,902	505,250	473,707
Tangible assets				
Land and buildings		363,160	460,395	440,178
Plant and machinery, fixtures and fittings		286,907	216,782	190,881
Tangible assets under construction		342,540	226,038	135,574
		992,607	903,215	766,633
Other non-current assets				
Investments in associated companies		237,014	451,220	457,778
Property rental deposits		13,344	12,401	11,869
		250,358	463,621	469,647
Total non-current assets		**1,642,867**	**1,872,086**	**1,709,987**
Current assets				
Inventories		1,526,761	1,275,889	1,367,042
Accounts receivable		1,147,560	841,787	1,026,065
Prepayments and accrued income		21,618	26,911	22,057
Corporation tax		41,179	35,553	-
Cash and cash equivalents		38,052	38,546	38,261
Assets held for sale		111,301	16,486	12,675
Total current assets		**2,886,471**	**2,235,172**	**2,466,100**
TOTAL ASSETS		**4,529,338**	**4,107,258**	**4,176,087**

CONSOLIDATED BALANCE

DKK thousands	Note	30 September 2008	31 December 2007	30 September 2007
LIABILITIES				
Shareholders' equity				
Share capital		192,378	192,378	192,378
Reserve for hedging transactions		10,930	14,244	14,165
Exchange rate adjustment reserve		-6,582	-2,895	-3,328
Retained profit		442,513	758,947	815,461
Proposed dividend		-	9,392	-
Total shareholders' equity		**639,239**	**972,066**	**1,018,676**
Liabilities				
Long-term liabilities				
Deferred tax		65,824	67,655	14,469
Total provisions		-	-	8,340
Credit institutions		819,764	936,965	922,889
		885,588	1,004,620	945,698
Short-term liabilities				
Credit institutions		1,964,201	1,542,820	1,419,277
Trade accounts payable and other debt commitments		978,915	567,593	766,088
Corporation tax		-	-	12,291
Total provisions		8,826	13,000	6,660
Liabilities related to assets held for sale		52,569	7,159	7,397
		3,004,511	2,130,572	2,211,713
Total liabilities		**3,890,099**	**3,135,192**	**3,157,411**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,529,338**	**4,107,258**	**4,176,087**

STATEMENT OF SHAREHOLDERS' EQUITY – GROUP

DKK thousands	Share capital	Reserve for hedging trans-actions	Exchange rate adjust-ment reserve	Retained profit	Proposed dividend	Total
Shareholders' equity as at 1 January 2007	192,378	6,541	-3,723	745,130	37,992	978,318
Exchange rate adjustment, foreign subsidiaries			395			395
Value adjustment of hedging instruments		10,694				10,694
Value adjustment transferred to financial income		-529				-529
Tax on equity movements		-2,541				-2,541
Share-based remuneration				782		782
Net gains recognised directly in equity		7,624	395	782		8,801
Profit for the year				71,984		71,984
Total earnings		**7,624**	**395**	**72,766**		**80,785**
Allotted dividend					-37,992	-37,992
Acquistion of own shares				-3,172		-3,172
Sale of own shares in connection with incentives programme				737		737
Total equity movements	**-**	**7,624**	**395**	**70,331**	**-37,992**	**40,358**
Shareholders' equity as at 30 September 2007	**192,378**	**14,165**	**-3,328**	**815,461**	**-**	**1,018,676**

STATEMENT OF SHAREHOLDERS' EQUITY – GROUP

DKK thousands	Share capital	Reserve for hedging trans-actions	Exchange rate adjust-ment reserve	Retained profit	Proposed dividend	Total
Shareholders' equity as at 1 January 2008	192,378	14,244	-2,895	753,767	9,392	966,886
Change of accounting policy 2008				5,180		5,180
Adjusted Shareholders' equity as at 1 January 2008	192,378	14,244	-2,895	758,947	9,392	972,066
Exchange rate adjustment, foreign subsidiaries			-3,687			-3,687
Value adjustment of hedging instruments		-1,937				-1,937
Value adjustment transferred to financial income		-2,482				-2,482
Tax on equity movements		1,105				1,105
Share-based remuneration				1,625		1,625
Net gains recognised directly in equity		-3,314	-3,687	1,625		-5,376
Profit for the year				-318,207		-318,207
Total earnings		**-3,314**	**-3,687**	**-316,582**		**-323,583**
Allotted dividend					-9,392	-9,392
Sale of own shares in connection with incentives programme				148		148
Total equity movements	**-**	**-3,314**	**-3,687**	**-316,434**	**-9,392**	**-332,827**
Shareholders' equity as at 30 September 2008	**192,378**	**10,930**	**-6,582**	**442,513**	**0**	**639,239**

NOTES - GROUP

Note 1 – Accounting policies applied

This interim report has been produced in accordance with IAS 34 “Interim Financial Reporting” as approved by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

Sanistål A/S has until now reported financing costs as an expense in the financial year in which they are incurred. The establishing of the new central warehouse for steel products in Taulov is of such a size and nature, however, that it is considered more appropriate to treat the plant as a qualifying asset.
As a result, the financing costs incurred and the internal project costs relating to the establishing of the warehouse for steel products are capitalised. Comparative figures have been adjusted to the new accounting policy. The new policy complies with the current version of IAS 23 and the updated standard, under which capitalisation is compulsory. The updated standard comes into force on 1 January 2009.

In all other respects, the accounting policies applied are the same as those used in the 2007 annual report.

The 2007 annual report contains a full description of the accounting policies applied.

Note 2 - Segmental reporting

DKK thousands	Construction Industry	Steel Industry	Other Industry	Carl F	Carl F International	Non-allocated	Group
Activities – primary segment 9 months 2008 (9 months 2007)							
Net revenue	1,450,018	1,965,498	1,135,250	323,875	350,798	-	5,225,439
Net revenue	1,314,706	1,804,621	1,036,491	244,353	240,935	-	4,641,106
Gross profit	346,945	374,193	362,569	128,208	130,958	-	1,342,873
Gross profit	319,758	307,357	328,781	95,790	95,978	-	1,147,664
Other operating income	-	-	-	-	1,497	9,956	11,453
Other operating income	-	-	-	-	-	3,662	3,662
Profit Brødrene A&O Johansen A/S	-	-	-	-	-	865	865
Profit Brødrene A&O Johansen A/S	-	-	-	-	-	10,640	10,640
Impairment of shares in Brødrene A&O Johansen A/S	-	-	-	-	-	215,277	215,277
Impairment of shares in Brødrene A&O Johansen A/S	-	-	-	-	-	-	-
External expenses	91,844	54,737	89,672	45,729	75,459	189,525	546,966
External expenses	71,953	42,401	69,444	31,810	40,234	151,375	407,217
Staff costs	148,835	64,905	141,308	67,726	109,867	219,709	752,350
Staff costs	132,741	63,504	129,352	53,004	57,206	179,881	615,688
Depreciation/amortisation	3,658	1,953	5,521	735	5,188	143,015	160,070
Depreciation/amortisation	3,000	1,947	5,228	7,605	429	28,377	46,586
Segment contribution	102,608	252,598	126,068	14,018	-58,059	-756,705	-319,472
Segment contribution	112,064	199,505	124,757	3,371	-1,891	-345,331	92,475

The comparative figures are adjusted to actual distribution of customers in the segments and to allocation of the expenses in the retail network to the segments.

Note 3 – Assets held for sale

Assets held for sale totalling DKK 111.3 million and associated liabilities of DKK 52.6 million represent four logistics properties that are no longer required following the reorganisation of the logistics structure. Of these, one smaller property have been sold, with a completion date in the end of 2008.

Note 4 – Fixed assets

The acquisition of tangible fixed assets in the amount of DKK 235.9 million can mainly be attributed to the establishing of the central warehouse for steel products in Taulov and a central warehouse for supplying Estonia, Latvia and Lithuania in Riga, Latvia.