

SinterCast Results January-September 2007

- **Turnover for period:** SEK 17.3 million (SEK 13.0 million). Third Quarter: SEK 4.7 million (SEK 3.7 million)
- **Result after tax:** SEK -3.8 million (SEK -7.5 million). Third Quarter: SEK -1.8 million (SEK -1.9 million)
- **Earning/share:** SEK -0.7 per share (SEK -1.4 per share). Third Quarter: SEK -0.3 per share (SEK -0.3 per share)
- **Cashflow:** SEK -0.2 million (SEK -7.4 million). Third Quarter: SEK -1.0 million (SEK -4.8 million)
- Start of series production in commercial vehicle sector for Hyundai, MAN and Volvo
- New Mini-System 2000 installation at International Casting Corporation in USA for CGI product development

Cashflow result from 30 September 2006 to 30 September 2007 is SEK +2.5 million, providing SinterCast's first 12-month positive cashflow result

Series Production

In the commercial vehicle sector, series production of SinterCast-CGI cylinder blocks began during the period for Hyundai Motors at the Hyundai foundry in Jeonju Korea, for MAN Nutzfahrzeuge at the Tupy Mauá foundry in Brazil and for Volvo Powertrain at the Volvo foundry in Skövde, Sweden. In total, the production includes cylinder blocks that will be used in five different engines in the 3.9 to 12.4 litre displacement range. These programmes will continue to ramp-up during the remainder of 2007 and are expected to contribute over 400,000 additional Engine Equivalents when the mature volume is reached. Additional commercial vehicle production programmes are expected to be announced before the end of 2007.

Series production is now running at an annualised rate of approximately 450,000 Engine Equivalents per year, with approximately 400,000 Engine Equivalents coming from the core automotive cylinder block and head sector, and 50,000 Engine Equivalents derived from other applications. The primary contribution is from the V6 and V8 cylinder blocks produced for Audi-Volkswagen, Ford-PSA Peugeot Citroën and Hyundai. This production includes five different SinterCast-CGI cylinder blocks in the 2.7 to 4.2 litre displacement range. These cylinder blocks are currently available in 17 different vehicles and eight car brands. SinterCast-CGI cylinder blocks are produced every day, on four continents.

Market Development

The development activity for new SinterCast-CGI diesel engines in the high volume North American market continues to gain momentum. In addition to ongoing product development activities, International Casting Corporation (ICC), a specialty product and niche-volume specialty foundry located in Michigan, ordered a SinterCast Mini-System 2000 on 6 September 2007. ICC will collaborate with Ashland Casting Solutions to provide concept-to-production support for new CGI components, with a production capability spanning from 0.5 kg to 350 kg. The Mini-System 2000 has been delivered to ICC and will be commissioned during December 2007.

Throughout the period, SinterCast has supported intensified pre-production activity for a variety of new products, both in the core automotive cylinder block and head sector, and for other components. These programmes are in the final stages of end-user validation and are expected to begin series production before the end of 2007. Series production of additional SinterCast-CGI components is expected to be launched into before year-end.

Market Outlook

The typical concept-to-showroom development cycle for new engine programmes in the automotive industry is approximately four years. The planning of the automotive OEMs therefore allows SinterCast to estimate the Start of Production (SOP) dates for new engine programmes within the near-term (3~5 year) period. Thereafter, the ramp-up rates for new production programmes and the time required to reach mature volume depend largely on the sales success of the vehicles and are therefore more difficult to forecast. In general, new engine programmes reach mature volume within approximately two years after SOP. While SinterCast does conduct sales and marketing activities that are targeted toward development programmes beyond the near-term (3~5 year) period, these are more speculative and are generally not included in the Development Pipeline. Based on current activities and knowledge, the near-term market opportunity can be summarised as follows:

<u>Activity</u>	Annual Engine Equivalents (Thousands)	
	<u>Current Period</u>	<u>Previous Period</u>
Current Series Production ¹	450	425
Potential Mature Volume ²	875	450
Announced Programmes ³	385	600
Development Pipeline ⁴	4,285	4,500
	Total⁵: 5,545	Total⁵: 5,525

- Notes:**
1. Current annualised production rate
 2. Annualised potential mature volume of current series production when fully ramped-up
 3. Annualised mature volume of programmes that have been announced, but have not yet started series production
 4. Annualised mature volume of development programmes that SinterCast is currently supporting, but have not yet been announced
 5. Sum of items 2, 3 and 4 above

With SinterCast's current business model, the total near-term market opportunity, when fully ramped to mature volume, provides for running revenues in excess of SEK 100 million per year. Additional revenues will be realised from Engineering Services, new System 2000 installations and other business activities.

SinterCast's near-term growth is primarily linked to the passenger vehicle V-diesel and the commercial vehicle cylinder block and head sectors. In total, global production in these two sectors is expected to increase from approximately 10 million Engine Equivalents in 2007 to approximately 18 million Engine Equivalents in 2012, primarily fuelled by growth in the commercial vehicle sector. This provides for continuous growth opportunities in SinterCast's core sector.

Market Penetration and Competition

SinterCast's technology agreements encompass a total of 32 iron foundries in 14 countries that account for approximately 50% of the total world production capacity for cast iron cylinder blocks. SinterCast's foundry customers also produce a variety of other automotive and non-automotive CGI components ranging from 8 kg to 17 tonnes, all using the same proven process control technology.

Virtually every company encounters competition, and SinterCast is no exception. Some foundries, for example in Germany, follow in-house CGI production techniques to differentiate their offering from the off-shore competition. However, in the open market, SinterCast enjoys the respect of the industry as the global market leader for CGI process control technology and CGI know-how, and is welcomed as a reliable and trustworthy technology partner. At present, SinterCast's market penetration in comparison to other companies that may present themselves as providers of CGI process control technology can be summarised as follows:

<u>Category</u>	<u>SinterCast</u>	<u>All Others</u>
CGI Cylinder Blocks/month	~25,000	0
Last 5 CGI foundry installation orders	5	0
Penetration of global cast iron block and head capacity (%)	50	0

Based on its leading technology and engineering service, SinterCast will continue to support new CGI development activities and further increase its share of the world CGI cylinder block and head production capacity.

Operating Result, Liquidity, Investments and Option Programme

The revenue mainly relates to income from new installations, series production and Engineering Services. During January-September 2007, approximately 34,500 Sampling Cups were delivered to customers (28,600). The new installation of one Mini-System 2000 at International Casting Corporation has been invoiced during the July-September 2007 period. The year-to-date result has improved by SEK 3.7 million (49%) compared to the January-September 2006 period.

The January-September 2007 cashflow is SEK -0.2 million (SEK -7.4 million) while the July-September cashflow is SEK -1.0 million (SEK -4.8 million). The cashflow result over the past twelve months is SEK +2.5 million, providing a 19% increase in Group liquidity since 30 September 2006. Investments continue on a low level and refer mainly to office equipment. As of 30 September 2007, the cost of the employee stock option programme was calculated at a total amount of approximately SEK 6.0 million (SEK 3.5 million), based on a share price of SEK 150 (SEK 75). Thus far during 2007, SEK 1.3 million (SEK 0.3 million) has been accounted for as costs related to the option programme.

	July – September		January-September	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenue	4.7	3.7	17.3	13.0
Result after calculated tax	-1.8	-1.9	-3.8	-7.5
Result after tax per share (SEK)	-0.3	-0.3	-0.7	-1.4
Cashflow	-1.0	-4.8	-0.2	-7.4
Liquidity (30 September)	15.3	12.8	15.3	12.8
Investments	0.2	0.2	0.4	0.4

Amounts in SEK million if not otherwise stated

Risks and Uncertainty Factors

SinterCast has historically been financed by risk capital provided by its shareholders. SinterCast regularly monitors its cash position with reference to market forecasts and expense budgets. During recent years, the expense level has been reduced and the revenues have been increased, thus reducing the financing risk significantly. The main uncertainty factor for SinterCast is the timing of the CGI-market ramp-up. There has been no significant event after the balance sheet date that could materially change these financial statements.

Personnel

One new university graduate metallurgical engineer was recruited during April 2007. Further technical and commercial recruitment is planned to support the increasing market demand.

Parent Company

SinterCast AB (publ) is the parent company of the SinterCast Group with its registered office located in Stockholm, Sweden. The operating activities of the Technical Centre in Katrineholm were merged into the parent company during 2006, including the functions for technical and commercial support, production, R&D and finance and administration. The merger was formally completed on 20 May 2006. The parent company has 10 (9) employees. The majority of the operations are run through the parent company with exception of the operations in the UK and the US. The information given for the Group in this report corresponds in all material respects to the parent company.

Accounting Principles

This Report has been prepared according to IAS 34. The accounting principles applied in this Interim Report are the same as those described and applied in the 2006 Annual Report. The EU Transparency Directive has been implemented in this Interim Report providing information related to risk and uncertainty factors for the Group and financial information for the parent company. The company auditors have not audited this report.

Information

The Interim Report October-December 2007 and the Full Year Result 2007 will be published on 13 February 2008.

The Interim Report January-March 2008 will be published on 29 April 2008.

The Interim Report April-June 2008 will be published on 20 August 2008.

The Interim Report July-September 2008 will be published on 5 November 2008.

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SinterCast is the world's leading supplier of process control technology for the reliable high volume production of Compacted Graphite Iron (CGI). With at least 80% higher tensile strength, 45% higher stiffness and approximately double the fatigue strength of conventional grey cast iron and aluminium, CGI allows engine designers to improve performance, fuel economy and durability while reducing engine weight, noise and emissions. The end-users of SinterCast-CGI components include Aston Martin, Audi, Caterpillar, DaimlerChrysler, Ford, General Electric Transportation Systems, General Motors, Hyundai, Jaguar, Land Rover, MAN B&W Diesel, PSA Peugeot-Citroën, Rolls-Royce Power Engineering, Toyota, Volkswagen, Volvo and Waukesha Engine. The SinterCast share is quoted on the Small Cap segment of the Nordic Exchange, Stockholm.

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PROFIT AND LOSS ACCOUNTS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	July - September		January - September		Jan - Dec
	2007	2006	2007	2006	2006
Revenue	4.7	3.7	17.3	13.0	18.1
Cost of goods sold	-1.9	-1.3	-6.6	-5.6	-7.5
Gross result	2.8	2.4	10.7	7.4	10.6
Cost of sales and marketing	-1.8	-2.4	-7.2	-8.3	-9.8
Cost of administration	-1.4	-1.3	-4.6	-4.6	-6.0
Cost of research & development	-1.5	-0.8	-3.1	-2.4	-4.0
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating costs	0.0	0.0	0.0	0.0	-0.8
Operating result	-1.9	-2.1	-4.2	-7.9	-10.0
Interest income and similar items	0.1	0.2	0.5	0.5	0.5
Interest expenses and similar items	0.0	0.0	-0.1	-0.1	-0.2
Income Tax	0.0	0.0	0.0	0.0	0.0
Result for the period	-1.8	-1.9	-3.8	-7.5	-9.7
Number of shares at the close of the period, thousands	5,552.9	5,552.9	5,552.9	5,552.9	5,552.9
Average number of shares, thousands	5,552.9	5,552.9	5,552.9	5,552.9	5,552.9
Earnings per share, SEK	-0.3	-0.3	-0.7	-1.4	-1.7
Earning per share, diluted, SEK	-0.3	-0.3	-0.7	-1.4	-1.7
Depreciation	0.3	0.6	1.1	2.1	2.4
GEOGRAPHICAL MARKETS*	Revenue		Operating Result		Revenue
	January - September		January - September		Jan - Dec
	2007	2006	2007	2006	2006
Europe	9.1	2.7	-13.0	-14.5	4.7
Americas	6.2	6.2	7.2	4.2	8.8
Asia	2.0	4.1	1.6	2.4	4.6
Total	17.3	13.0	-4.2	-7.9	18.1

*SinterCast provides only one product, process control systems for the reliable production of Compacted Graphite Iron, and related services for product development, installations, calibration, and maintenance. The company judges that the opportunities and risks are not primarily related to the geographical markets but associated with the overall CGI market development. The operation is defined as the primary segment and no further split has been made other than the presented financial statements.

Based on the present customer base and the geographical areas, the secondary segment has been split into Europe, Americas, and Asia. The income, operating results, assets, and investments presented are allocated based on the location of the individual customers in these geographical areas.

CASHFLOW STATEMENTS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	July - September		January - September		Jan - Dec
	2007	2006	2007	2006	2006
Operating activities					
Operating result	-1.9	-2.1	-4.2	-7.9	-10.0
Adjustments for items not included in the cash flow					
Depreciation	0.3	0.6	1.1	2.1	2.4
Other	0.5	0.3	1.3	0.3	0.6
Exchange rate differences	0.2	-0.1	0.0	-0.3	-0.2
Received interest income and similar items	0.1	0.2	0.5	0.5	0.5
Paid interest expenses and similar items	0.0	0.0	-0.1	-0.1	-0.2
Income tax	0.0	0.0	0.0	0.0	0.0
Total cashflow from operating activities before change in working capital	-0.8	-1.1	-1.4	-5.4	-6.9
Change in working capital					
Stock	0.0	0.0	0.5	0.1	0.2
Operating receivables	0.0	-1.8	-1.8	2.1	4.7
Operating liabilities	0.0	-2.0	2.9	-3.8	-2.2
Total change in working capital	0.0	-3.8	1.6	-1.6	2.7
Cashflow from operations	-0.8	-4.9	0.2	-7.0	-4.2
Investing activities					
Acquisition of intangible assets	-0.2	0.0	-0.3	-0.1	-0.3
Acquisition of tangible assets	0.0	0.0	0.0	-0.1	0.0
Acquisition of Financial assets	0.0	0.1	-0.1	-0.2	0.0
Increase/decrease in long-term receivables/payables	0.0	0.0	0.0	0.0	-0.2
Cashflow from investing activities	-0.2	0.1	-0.4	-0.4	-0.5
Financing activities					
Cashflow from financing activities	-	-	-	-	-
Change in cash and cash equivalents*	-1.0	-4.8	-0.2	-7.4	-4.7
Cash - opening balance	16.3	17.6	15.5	20.2	20.2
Cash - closing balance	15.3	12.8	15.3	12.8	15.5

*The cash and cash equivalents comprises short-term deposits and cash at bank and in hand.

BALANCE SHEETS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	30 Sept 2007	30 Sept 2006	30 June 2007	30 June 2006	31 December 2006
ASSETS					
Intangible assets	4.6	5.4	4.8	5.9	5.2
Tangible assets	0.0	0.4	0.0	0.5	0.1
Financial assets	0.3	0.2	0.3	0.3	0.2
Total fixed assets	4.9	6.0	5.1	6.7	5.5
Stock	3.1	3.6	3.0	3.6	3.5
Short-term receivables	4.4	8.4	7.6	6.6	5.8
Short term deposits and cash at bank and in hand	15.3	12.8	16.3	17.6	15.5
Total current assets	22.8	24.8	26.9	27.8	24.8
Total Assets	27.7	30.8	32.0	34.5	30.3
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity*	20.5	25.5	22.2	27.2	23.4
Long term liabilities	1.0	1.0	1.0	1.0	1.0
Current liabilities	6.2	4.3	8.8	6.3	5.9
Total shareholders' equity and liabilities	27.7	30.8	32.0	34.5	30.3
Adjusted equity per share	3.7	4.6	4.0	4.9	4.2

*STATEMENTS OF CHANGES IN EQUITY	Share Capital	Additional Paid In Capital	Exchange Differences	Accumulated Total Equity Deficit	
Opening balance 1 January 2006	5.55	81.27	6.45	-60.27	33.00
Exchange rate differences foreign subsidiaries	-	-	-0.30	-	-0.30
Result for the period	-	-	-	-7.50	-7.50
Total recognised income and expense			-0.30	-7.50	-7.80
Employee share option programme				0.30	0.30
Closing balance 30 September 2006	5.55	81.27	6.15	-67.47	25.50
Opening balance 1 January 2007	5.55	81.27	6.05	-69.44	23.43
Exchange rate differences foreign subsidiaries	-	-	-0.58	-	-0.58
Result for the period	-	-	-	-3.84	-3.84
Total recognised income and expense	-	-	-	-3.84	-4.42
Employee share option programme				1.49	1.49
Closing Balance 30 September 2007	5.55	81.27	5.47	-71.79	20.50

KEY RATIOS SINTERCAST GROUP AND DATA PER SHARE

KEY RATIOS	July - September		January - September		Jan - Dec	
	2007	2006	2007	2006	2007	2006
Revenue, SEK millions	4.7	3.7	17.3	13.0	18.1	13.0
Net result, SEK millions	-1.8	-1.9	-3.8	-7.5	-9.7	-7.5
Solidity, %	74.0	82.8	74.0	82.8	77.2	82.8
Adjusted shareholders' equity, SEK millions	20.5	25.5	22.2	27.2	23.4	27.2
Capital employed, SEK millions	20.5	25.5	22.2	27.2	23.4	27.2
Total assets, SEK millions	27.7	30.8	27.7	30.8	30.3	30.8
Return on shareholders' equity, %	-8.2	-7.3	-17.3	-25.8	-34.4	-25.8
Return on capital employed, %	-7.6	-7.1	-16.8	-25.5	-33.7	-25.5
Return on total assets, %	-5.4	-5.9	-12.7	-20.4	-26.3	-20.4
Debt-to-equity ratio	-	-	-	-	-	-
Employees						
Number of employees at the end of the period	13	12	13	12	12	12
Data per Share						
Dividends per share, SEK	-	-	-	-	-	-
Share price at the end of the period, SEK	151.0	76.3	151.0	76.3	82.5	76.3
Average number of shares			Return on shareholders' equity			
Weighted average of the number of shares outstanding for the period			Net result as a percentage of average adjusted shareholders' equity			
Average number of shares adjusted for outstanding warrants			Return on capital employed			
No outstanding warrants			Net result after financial items plus financial expenses as a percentage of average capital employed			
Earnings per share			Return on total assets			
Net result divided by the average number of shares			Net result after financial items plus financial expenses as a percentage of total average assets			
Earnings per share adjusted for outstanding warrants			Debt-to-equity ratio			
No outstanding warrants			Interest bearing liabilities divided by adjusted shareholders' equity			
Adjusted equity per share			Share price at the end of the period			
Adjusted shareholders' equity divided by the average number of shares			Latest paid price for the SinterCast share at the Swedish stock exchange, Stockholmsbörsen			
Adjusted equity per share adjusted for outstanding warrants			Value presented as "0.0"			
No outstanding warrants			Amount below SEK 50,000			
Solidity			Value presented as "-"			
Adjusted shareholders' equity expressed as percentage of total assets			No amount applicable			
Adjusted shareholders' equity						
Shareholders' equity plus 72% of untaxed reserves						
Capital employed						
Total assets less non-interest bearing liabilities, including deferred tax liabilities						

PROFIT AND LOSS ACCOUNTS SINTERCAST AB

AMOUNTS IN SEK MILLION	July - September		January - September		Jan - Dec
	2007	2006	2007	2006	2006
Revenue	4.6	2.9	16.2	12.6	17.5
Cost of goods sold	-2.1	1.5	-6.2	-3.1	-8.9
Gross result	2.5	4.4	10.0	9.5	8.6
Cost of sales and marketing	-4.7	-3.9	-6.7	-8.0	-7.9
Cost of administration	-2.4	-2.2	-4.8	-5.1	-5.7
Cost of research & development	-1.1	-1.1	-3.1	-3.1	-4.0
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating costs	0.0	0.5	0.0	0.0	-0.8
Operating result	-5.7	-2.3	-4.6	-6.7	-9.8
Interest income and similar items	0.1	0.1	0.5	0.4	0.5
Interest expenses and similar items	0.2	0.0	0.1	-0.1	-0.2
Write down of shares in subsidiaries	0.0	-	-	-	-0.2
Financial net	0.3	0.1	0.6	0.3	0.1
Result after financial income and expenses	-5.4	-2.2	-4.0	-6.4	-9.7
Income Tax	0.0	0.0	0.0	0.0	0.0
Result for the period	-5.4	-2.2	-4.0	-6.4	-9.7

BALANCE SHEETS SINTERCAST AB

AMOUNTS IN SEK MILLION	30 Sept	30 Sept	30 June	30 June	31 December
	2007	2006	2007	2006	2006
ASSETS					
Intangible assets	4.6	5.4	4.8	5.9	5.2
Tangible assets	0.0	0.4	0.0	0.4	0.1
Financial assets	1.2	0.0	0.3	0.1	0.4
Total fixed assets	5.8	5.8	5.1	6.4	5.7
Stock	3.1	0.0	3.0	0.0	3.5
Short-term receivables	8.5	19.1	7.6	15.8	3.6
Short term deposits and cash at bank and in hand	14.4	12.3	16.3	16.1	15.0
Total current assets	26.0	31.4	26.9	31.9	22.1
Total Assets	31.8	37.2	32.0	38.3	27.8
SHAREHOLDERS' EQUITY AND LIABILITIES					
Restricted capital	86.8	86.8	86.8	86.8	86.8
Accumulated Deficit	-70.7	-65.2	-64.6	-62.9	-67.7
Total Shareholders' equity	16.1	21.6	22.2	23.9	19.1
Long term liabilities	1.0	1.0	1.0	1.0	1.1
Current liabilities	14.7	14.6	8.8	13.4	7.6
Total shareholders' equity and liabilities	31.8	37.2	32.0	38.3	27.8