

SinterCast Results January-June 2007

- **Turnover for period:** SEK 12.6 million (SEK 9.3 million). Second Quarter: SEK 7.6 million (SEK 4.3 million)
- **Result after tax:** SEK -2.0 million (SEK -5.6 million). Second Quarter: SEK -0.7 million (SEK -3.2 million)
- **Earning/share:** SEK -0.4 per share (SEK -1.0 per share). Second Quarter: SEK -0.1 per share (SEK -0.6 per share)
- **Cashflow:** SEK +0.8 million (SEK -2.6 million). Second Quarter: SEK -0.9 million (SEK -0.8 million). SinterCast continues to target a neutral full-year cashflow result for 2007.
- New System 2000 installation commissioned at Volvo Powertrain foundry in Sweden
- New Mini-System 2000 installation commissioned at Case Western Reserve University in USA
- Seven new SinterCast-CGI commercial vehicle engine components to begin series production during the second-half of 2007, with further announcements planned.

Since the 15 May 2007 AGM, customer product development activities have increased the Development Pipeline from approximately 4.0 million to 4.5 million Engine Equivalent per year. Combined with the one million Engine Equivalents already announced and/or in series production, the near-term market represents a running revenue potential in excess of SEK 100 million per year.

Series Production

Current series production remains at an annualised rate of approximately 425,000 Engine Equivalents per year, with approximately 375,000 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 currently from the V6 and V8 cylinder blocks produced for Audi-Volkswagen and Ford-PSA Peugeot Citroën. The contribution from the Hyundai 3.0 litre V6 diesel engine, presently available only in the domestic Korean market, will increase when the Veracruz Luxury Utility Vehicle and other Hyundai/Kia vehicles destined to use the SinterCast-CGI diesel engine begin export sales. With the exception of the Hyundai V6 engine, the initial V-diesel programmes have successfully approached the intended mature volumes. Further increases in series production therefore await the launch of new SinterCast-CGI series production programmes.

At present, there is no active series production in the commercial vehicle sector. However, this will significantly change during the second-half of 2007, with at least seven new commercial vehicle engine components beginning series production. The mature volume of these programmes, including the MAN 10.5 litre D20 and 12.4 litre D26 cylinder blocks, the International MaxxForce™ 11 and MaxxForce™ 13 cylinder blocks, the Ford-Otosan 9.0 litre cylinder block and head, and a new heavy-duty cylinder block for Volvo Powertrain, will provide more than 500,000 additional Engine Equivalents per year when fully ramped-up to mature volume.

Market Development

During the period, new SinterCast installations were commissioned at the Volvo Powertrain foundry in Sweden and at Case Western Reserve University in the USA. The Volvo installation will enable the production of SinterCast's first CGI component within the Volvo group, a niche volume heavy-duty cylinder block, with start of production during the second-half of 2007. The Case installation is also related to the commercial vehicle sector, to support CGI material property research as a part of existing research grants that the Case Metal Processing Laboratory receives from North American commercial vehicle OEMs.

Positive development of SinterCast-CGI components continues in the US market. On 27 June 2007, International Truck and Engine Corporation, a Navistar company, announced its new MaxxForce™ 11 and MaxxForce™ 13 Big Bore diesel engines, based on SinterCast-CGI cylinder blocks. The cylinder blocks for these heavy-duty commercial vehicle diesel engines will begin series production at the Tupy Mauá foundry during 2007. The MaxxForce™ Big Bore diesels will become the first CGI engines available in North America.

The US market also continues its overall movement toward new diesel engines, particularly to improve fuel economy in the mid-range (4~7 litre) pick-up and SUV sector. Customer product development activities in this sector have served to increase SinterCast's Development Pipeline from approximately 4 million Engine Equivalents to approximately 4.5 million Engine Equivalents per year since SinterCast's 15 May 2007 AGM.

Beyond the positive market development in Europe and North America, pre-production of exhaust manifold and turbocharger housing components has intensified at the Dashiang Precision foundry in China. The start of series production of these components remains targeted for the second-half of 2007, with a potential near-term contribution of approximately 100,000 Engine Equivalents. The 12-16 June GIFA Exhibition in Düsseldorf,

Germany also provided an opportunity for SinterCast to follow-up on existing marketing activities with potential Asian customers and to demonstrate the SinterCast CGI process control technology. New automotive and foundry contacts in China, India, Korea and Japan will be the focus of SinterCast's sales and marketing activities during the second-half of 2007.

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>	<u>Annual Engine Equivalents (Thousands)</u>
Series Production ¹	425
Announced Programmes ²	600
Development Pipeline ³	4,500
	Total: 5,525

- Notes:**
1. Current annualised production rate
 2. Annualised mature volume of programmes that have been announced, but have not yet started Series Production
 3. Annualised mature volume of development programmes that SinterCast is currently supporting, but have not yet been Announced

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 Service, new System 2000 installations and other business activities.

SinterCast's near-term growth is primarily linked to the automotive V-diesel and the commercial vehicle 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.

Market Penetration and Competition

SinterCast's technology agreements encompass a total of 31 iron foundries in 14 countries that account for approximately 50% of the total world production capacity for cast iron cylinder blocks. With one exception, every major cast iron cylinder block foundry in North and South America has an active SinterCast technology licence. 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	>20,000	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 Service. During January-June 2007, approximately 25,800 Sampling Cups were delivered to customers (20,800). The new installations at the Volvo Powertrain foundry and at Case Western Reserve University have been invoiced during the April-June 2007 period. The quarterly result has improved by SEK 2.5 million (78%) compared to the April-June period 2006. Payment for the new installations at Volvo and Case is expected during the next interim period thus

supporting the cashflow and liquidity results during the third quarter. The cashflow for the first half of 2007 is positive with a result of SEK +0.8 million (SEK -2.6 million) while the April-June cashflow is SEK -0.9 million (SEK -0.8 million). The cashflow result over the past nine months is SEK +3.5 million, providing a 27% increase in Group liquidity since 30 September 2006. Investments continue on a low level and refer mainly to office equipment. As of 30 June 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).

	April – June		January-June	
	2007	2006	2007	2006
Revenue	7.6	4.3	12.6	9.3
Result after calculated tax	-0.7	-3.2	-2.0	-5.6
Result after tax per share (SEK)	-0.1	-0.6	-0.4	-1.0
Cashflow	-0.9	-0.8	0.8	-2.6
Liquidity (30 June)	16.3	17.6	16.3	17.6
Investments	0.1	0.2	0.2	0.5

* 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 for the operations in UK and US. The information given for the Group in this report corresponds in all material respect 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 risk and uncertainty factor information for the Group and financial information for the Parent Company. The company auditors have not audited this report.

Information

The Interim Report July-September 2007 will be published on 7 November 2007.

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 January-June 2008 will be published on 20 August 2008.

The Board of Directors and the CEO certify that the half-yearly financial report provides a true and fair overview of the operations, outlook, financial position and results of the Company and the Group, and describes the material risks and uncertainties that the Company and the companies in the Group face.

Stockholm, 22 August 2007

Ulla-Britt Fräjdin-Hellqvist
Chairman of the Board

Aage Figenschou
Vice Chairman of the Board

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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	April - June		January - June		Jan - Dec
	2007	2006	2007	2006	2006
Revenue	7.6	4.3	12.6	9.3	18.1
Cost of goods sold	-2.9	-1.9	-4.7	-4.3	-7.5
Gross result	4.7	2.4	7.9	5.0	10.6
Cost of sales and marketing	-2.8	-3.2	-5.4	-5.9	-9.8
Cost of administration	-1.8	-1.7	-3.2	-3.3	-6.0
Cost of research & development	-0.9	-0.8	-1.6	-1.6	-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	-0.8	-3.3	-2.3	-5.8	-10.0
Interest income and similar items	0.2	0.2	0.4	0.3	0.5
Interest expenses and similar items	-0.1	-0.1	-0.1	-0.1	-0.2
Income Tax	0.0	0.0	0.0	0.0	0.0
Result for the period	-0.7	-3.2	-2.0	-5.6	-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	-0.1	-0.6	-0.4	-1.0	-1.7
Earning per share, diluted, SEK	-0.1	-0.6	-0.4	-1.0	-1.7

GEOGRAFICAL MARKETS*	Revenue		Operating Result		Revenue	Operating Result
	January - June		January - June		Jan - Dec	Jan - Dec
	2007	2006	2007	2006	2006	2006
Europe	5.3	1.8	-8.0	-10.8	4.7	-18.9
Americas	5.8	3.7	4.5	2.8	8.8	6.1
Asia	1.5	3.8	1.2	2.2	4.6	2.8
Total	12.6	9.3	-2.3	-5.8	18.1	-10.0

*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	April - June		January - June		Jan - Dec
	2007	2006	2007	2006	2006
Operating activities					
Operating result	-0.8	-3.3	-2.3	-5.8	-10.0
Adjustments for items not included in the cash flow					
Depreciation	0.2	0.8	0.8	1.5	2.4
Other	0.3	0.0	0.8	0.0	0.6
Exchange rate differences	-0.2	-0.2	-0.2	-0.2	-0.2
Received interest income and similar items	0.2	0.2	0.4	0.3	0.5
Paid interest expenses and similar items	-0.1	-0.1	-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	-0.4	-2.6	-0.6	-4.3	-6.9
Change in working capital					
Stock	0.5	-0.4	0.5	0.1	0.2
Operating receivables	-3.0	2.1	-1.8	3.9	4.7
Operating liabilities	2.1	0.3	2.9	-1.8	-2.2
Total change in working capital	-0.4	2.0	1.6	2.2	2.7
Cashflow from operations	-0.8	-0.6	1.0	-2.1	-4.2
Investing activities	0.0	0.0			
Acquisition of intangible assets	0.0	-0.1	-0.1	-0.1	-0.3
Acquisition of tangible assets	0.0	0.0	0.0	-0.1	0.0
Acquisition of Financial assets	-0.1	-0.3	-0.1	-0.3	0.0
Increase/decrease in long-term receivables/payables	0.0	0.2	0.0	0.0	-0.2
Cashflow from investing activities	-0.1	-0.2	-0.2	-0.5	-0.5
Financing activities					
New share issue	0.0	0.0	0.0	0.0	0.0
Cashflow from financing activities	0.0	0.0	0.0	0.0	0.0
Change in cash and cash equivalents*	-0.9	-0.8	0.8	-2.6	-4.7
Cash - opening balance	17.2	18.4	15.5	20.2	20.2
Cash - closing balance	16.3	17.6	16.3	17.6	15.5

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

PROFIT AND LOSS ACCOUNTS SINTERCAST AB

AMOUNTS IN SEK MILLION	April - June		January - June		Jan - Dec
	2007	2006	2007	2006	2006
Revenue	6.1	5.0	11.6	9.7	17.5
Cost of goods sold	-2.1	-2.3	-4.1	-4.6	-8.9
Gross result	4.0	2.7	7.5	5.1	8.6
Cost of sales and marketing	-1.0	-2.0	-2.0	-4.1	-7.9
Cost of administration	-1.2	-1.4	-2.4	-2.9	-5.7
Cost of research & development	-1.0	-1.0	-2.0	-2.0	-4.0
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating costs	0.0	-0.4	0.0	-0.5	-0.8
Operating result	0.8	-2.1	1.1	-4.4	-9.8
Interest income and similar items	0.2	0.2	0.4	0.3	0.5
Interest expenses and similar items	-0.1	-0.1	-0.1	-0.1	-0.2
Write down of shares in subsidiaries	0.0	-	-	-	-0.2
Financial net	0.1	0.1	0.3	0.2	0.1
Result after financial income and expenses	0.9	-2.0	1.4	-4.2	-9.7
Income Tax	0.0	0.0	0.0	0.0	0.0
Result for the period	0.9	-2.0	1.4	-4.2	-9.7

BALANCE SHEETS SINTERCAST AB

AMOUNTS IN SEK MILLION	30 June	30 June	31 March	31 March	31 December
	2007	2006	2007	2006	2006
ASSETS					
Intangible assets	4.8	5.9	5.0	6.3	5.2
Tangible assets	0.0	0.4	0.0	0.5	0.1
Financial assets	0.3	0.1	0.2	0.0	0.4
Total fixed assets	5.1	6.4	5.2	6.8	5.7
Stock	3.0	0.0	3.5	0.0	3.5
Short-term receivables	7.6	15.8	4.6	13.3	3.6
Short term deposits and cash at bank and in hand	16.3	16.1	17.2	16.6	15.0
Total current assets	26.9	31.9	25.3	29.9	22.1
Total Assets	32.0	38.3	30.5	36.7	27.8
SHAREHOLDERS' EQUITY AND LIABILITIES					
Restricted capital	93.5	93.5	93.5	86.8	86.8
Accumulated Deficit	-60.5	-69.6	-60.5	-61.0	-67.7
Total Shareholders' equity	22.2	23.9	22.8	25.8	19.1
Long term liabilities	1.0	1.0	1.0	1.0	1.1
Current liabilities	8.8	13.4	6.7	9.9	7.6
Total shareholders' equity and liabilities	32.0	38.3	30.5	36.7	27.8