

SinterCast begins capitalisation of deferred tax assets

- **SEK 75 million of carried-forward tax losses utilised in first step**
- **SEK 21 million of income from capitalised deferred tax assets to be reported in 1Q08**
- **Orders secured for approximately 40% of the current 5.5 million Engine Equivalent pool**

Following continued positive growth during 2007, and building on the confidence of high volume series production orders awarded to SinterCast's Tier I foundry customers, the Company has begun to capitalise its deferred tax assets. According to the requirements of the IAS 12 International Accounting Standards, Income Tax, the deferred tax assets recognised in this first step refer to revenues derived from programmes that are currently in series production, plus a select group of programmes for which SinterCast's foundry customers have secured definitive orders for future series production. Based on five-year volume forecasts provided by the production foundry and/or by the automotive end-user, including prudent probability factors assigned by SinterCast, the Company has utilised SEK 75 million of its unused tax losses carried-forward, resulting in a deferred tax asset of SEK 21 million, to be reported as statutory income in the Company's first quarter result for 2008. Additional tax assets will be capitalised on a regular basis, as new production orders are confirmed, as the internal probability factors are increased, and as the five-year horizon rolls forward.

"Today's action follows a change in our approach toward the utilisation of the unused tax losses carried-forward. Rather than waiting until the full amount can be utilised in one transaction, we have decided to adopt a step-by-step approach" said **Dr. Steve Dawson, President & CEO of SinterCast**. "This approach has been motivated by the fact that our foundry customers have secured long-term supply agreements and the OEM end-users have invested billions of Euros to prepare for SinterCast-CGI engine launches. This first step recognises approximately 12.5% of SinterCast's total potential deferred tax assets derived from the carried-forward losses of SEK 595 million and is based on programmes representing approximately 40% of SinterCast's current pool of 5.5 million Engine Equivalents, for which series production orders have been secured."

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For more information contact:

Dr. Steve Dawson
President & CEO
SinterCast AB (publ)
Box 10203
SE-100 55 Stockholm
Sweden
Tel: +46 8 660 7750
Fax: +46 8 661 7979
e-mail: steve.dawson@sintercast.com
website: www.sintercast.com

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 75% 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 size weight, noise and emissions. SinterCast produces a variety of CGI components ranging from 8 kg to 17 tonnes, all using the same process control technology. The end-users of SinterCast-CGI components include Aston Martin, Audi, Caterpillar, Chrysler, Ford, General Electric Transportation Systems, General Motors, Hyundai, International Truck and Engine, Jaguar, Kia, Land Rover, MAN, 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 (Stockholmsbörsen: SINT).

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