

OMX Nordic Exchange Copenhagen A/S

STOCK EXCHANGE ANNOUNCEMENT NO. 16-2007

QUARTERLY REPORT 01.01.-30.09.2007

Key figures

| | <u>01.01.-30.09.</u> | | <u>3rd quarter</u> | | |
|--------------------------------------|----------------------|--------------|--------------------|--------------|-------------------|
| <u>MDKK</u> | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> | <u>31.12.2006</u> |
| <i>SBS Group excl. Notox</i> | | | | | |
| Net turnover | 660.9 | 613.0 | 211.7 | 199.9 | |
| Operating profit | 55.4 | 61.6 | 15.2 | 19.4 | |
| Result of financial items (net) | -14.8 | -8.4 | -6.5 | -2.1 | |
| Profit before tax | <u>40.6</u> | <u>53.2</u> | <u>8.7</u> | <u>17.3</u> | |
| Profit margin in % (EBIT margin) | 8.4 | 10.0 | 7.2 | 9.7 | |
| <i>SBS Group incl. Notox</i> | | | | | |
| Net turnover | 668.1 | 613.0 | 215.3 | 199.9 | |
| Operating profit | 25.8 | 61.6 | 3.7 | 19.4 | |
| Result of interests in subsidiaries | 0.0 | -13.2 | 0.0 | -5.4 | |
| Profit before financial items | <u>25.8</u> | <u>48.4</u> | <u>3.7</u> | <u>14.0</u> | |
| Result of financial items (net) | -21.1 | -8.4 | -9.2 | -2.1 | |
| Profit before tax | <u>4.7</u> | <u>40.0</u> | <u>-5.5</u> | <u>11.9</u> | |
| Investments in tangible fixed assets | 164.8 | 18.4 | 55.8 | 8.0 | |
| Total assets | <u>1057.2</u> | <u>540.8</u> | <u>1057.2</u> | <u>540.8</u> | <u>799.7</u> |
| Equity capital | <u>317.7</u> | <u>176.9</u> | <u>317.7</u> | <u>176.9</u> | <u>323.7</u> |

SBS only had an interest of 50% in Notox in 2006. In order to facilitate a comparison between the figures for 2006 and 2007, figures for the operations have been prepared below based on SBS having had a 100% interest in Notox throughout the year:

***SBS Group incl. Notox
(If 100% interest in Notox in 2006)***

| | | | | |
|---------------------------------|-------------|-------------|-------------|------------|
| Net turnover | 668.1 | 618.0 | 215.3 | 200.9 |
| Operating profit | 25.8 | 27.6 | 3.7 | 5.6 |
| Result of financial items (net) | <u>21.1</u> | <u>11.1</u> | <u>9.2</u> | <u>3.3</u> |
| Profit before tax | <u>4.7</u> | <u>16.5</u> | <u>-5.5</u> | <u>2.3</u> |

Financial ratios

| | <u>01.01.-30.09.</u> | | <u>3rd quarter</u> | | <u>Hele året 2006</u> |
|---------------------------------------|----------------------|-------------|--------------------|-------------|---------------------------|
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> | |
| EBIT margin | 3.9 | 10.0 | 1.7 | 9.7 | 9.2 |
| Equity ratio | 30.1 | 32.7 | 30.1 | 32.7 | 40.5 |
| Earnings per share in DKK (basic EPS) | 0.7 | 8.6 | -1.5 | 1.6 | 8.8 |
| Cash flow per share in DKK (CFPS) | -26.1 | 10.3 | -6.1 | 7.8 | -8.7 |
| Book value per share in DKK (BVPS) | 99.0 | 63.4 | 99.0 | 63.4 | 100.9 |
| Price/book value | 2.9 | 6.2 | 2.9 | 6.2 | 2.9 |
| Market capitalisation, year-end | 291.0 | 390.0 | 291.0 | 390.0 | 333.0 |

The accounting policies applied are unchanged compared with the annual report for 2006.

FINANCIAL HIGHLIGHTS OF THE YEAR TO DATE

Interim Profit

The consolidated turnover for the Group, excl. Notox, amounted to DKK 661 million in the period 01.01.2007 to 30.09.2007 against DKK 613 million in the same period last year, corresponding to an increase of 7.8%. The increase in turnover reflects a generally higher activity level and is in accordance with the announced expectations and projections in the interim report for the first half of 2007.

SBS, excl. Notox, realised an operating profit (EBIT) of DKK 55.4 million against DKK 61.6 million in the same period in 2006. The decrease in EBIT margin from 10.0% last year to 8.4% this year is a result of heavy increases in prices of raw materials and freight rates as well as a generally declining or stagnant European market for spare parts compared with 2006. Especially Germany, which is the largest single market in Europe, has been affected by a slump, with decreasing sales of cars, a reduction in kilometres driven and longer intervals between repairs.

Profit before tax, excl. Notox, amounted to DKK 40.6 million for the period against DKK 53.2 million last year.

Profit before tax, incl. Notox, amounted to DKK 4.7 million against DKK 40.0 million last year, when the interest in the subsidiary was only 50% against the current interest of 100%.

Balance Sheet

The Group's consolidated total assets amounted to DKK 1057 million as at 30.09.2007 against DKK 540.8 million as at 30.09.2006. The principal reasons for the increase are that Notox is now fully consolidated and that new building facilities have been taken into use in the departments in Støvring and Eisenach.

The equity capital amounted to DKK 317.7 million as at 30.09.2007 against DKK 176.9 million as at 30.09.2006. The equity ratio was 30.1% as at 30.09.2007.

Expectations for the Future

The decline on the European automotive market looks set to continue for the rest of the year. The projected turnover for 2007 is therefore DKK 840-870 million (excl. Notox), and the projected profit before tax is DKK 45-50 million (excl. Notox).

A minor profit before tax, incl. Notox, is projected for the year.

DEVELOPMENT IN BUSINESS AREAS

Diesel Particulate Filters – Notox

New Factory in Svendborg Is Nearly Operational

In Svendborg, the first sod was cut in November 2006 for the establishment of one of the most modern diesel particulate filter factories in the world. Now, 12 months later, the factory and the first production line will be ready to commence actual order production at the end of 2007. The building project and the installation of production lines have progressed very satisfactorily. The individual processes have been thoroughly tested and approved, and the product quality has been extremely high. All matters regarding organisation and employees are also in place.

This means that Notox A/S now has at its disposal a modular, ultramodern and highly competitive factory with a production capacity of 750,000 litres at the end of 2007. The capacity will be increased successively in line with the opening up of the statutorily regulated market for diesel particulate filters in the coming years.

Sales and Market Development

Throughout 2007, Notox has worked determinedly to establish contacts and orders on both the retrofit market (filters for existing diesel vehicles and machines) and the OE market (first-time installation, primarily in the automotive industry), and it can be ascertained that the company's diesel particulate filter solution is being very positively received everywhere.

On the North American market, a framework agreement has been entered into with the company ESW (Environmental Solutions Worldwide Inc.) on sales of particulate filters for both "on-road" and "off-road" use. An agreement has, for example, been entered into with International Truck and Engine Corporation – the largest producer of diesel engines, primarily for trucks and buses, on the North American market. Deliveries under this agreement will be commenced in the second quarter of 2008. The agreement has been entered into for a minimum term of five years, and it will result in a turnover of a three-digit million figure in this period.

In the Far East, an important strategic contract has been entered into with a Korean customer, which can ensure that Notox will acquire a dominant position on this important market. Delivery of consignments to this customer will be commenced according to plan at the end of 2007.

On the European market, the first orders have been landed for a unique filter solution developed for diesel locomotives. Delivery of these filters will be commenced at the beginning of 2008. A turnover of a three-digit million figure is projected in this area.

In addition to the above contracts, Notox has delivered test filters for a number of large car manufacturers, as stated in the Stock Exchange Announcement of the Interim Report for the first Half of 2007. If these approval procedures proceed as expected, this work is also expected to result in concrete OE orders and production in 2008.

Overall, the experience so far shows that the global market for diesel particulate filters is now really taking off. Notox is consequently of the opinion that the previously stated expectations for market implementation and development have been verified by the huge demand and interest seen in recent months.

The Friction Area

Brake Calipers

This business area comprises the production of brake calipers, and it consists partly of renovation production in Støvring based on cores, i.e. second-hand calipers, which are purchased primarily in Europe, and partly of newly produced calipers, which are sourced from the Far East.

The commenced sourcing of caliper production to Vietnam is proceeding as planned and will be intensified further in the future. The most relevant calipers for sourcing are primarily calipers with simple constructions and calipers for which it may be difficult to obtain cores for renovation. With the combination of renovation production and sourcing in the Far East, SBS has established a strong production platform, which will contribute to ensuring high competitiveness and supply capacity and which will consequently offer an opportunity to increase the market share. This has already resulted in orders from new customers, including in Scandinavia.

Brake Pads for MC and Other Special Product Areas

This business area comprises development and production of brake pads for MC and other special product areas in which a high level of flexibility and special competencies are required.

The area continues to develop in a positive direction. On the secondary market for brake pads for motor-cycles and scooters, the turnover increased by a total of approximately 11% in the first three quarters of 2007, which underlines SBS' leading position on the world market. As part of the strategy for the area, SBS has worked determinedly to increase sales to the OE market. During the period, this has resulted in the start-up of new projects, which may result in increased sales in 2008.

In the area of special products, the deliveries to one of the leading windmill producers in the world are developing as planned and in a positive direction. In addition, a development project has been commenced, the object of which is to develop a brake lining for small aeroplanes on the American market.

As a result of sharper competition on brake pads for miniscooters, SBS has developed a new sintered lining for scooters, which is expected to be introduced at the beginning of 2008.

Distribution – Supply Chain

This business area comprises sourcing, production and distribution of brake parts and other related parts, primarily to the automotive secondary market in Europe. The products are distributed partly through direct export sales and partly through SBS' own distribution centres in Denmark, Germany, France and the UK.

In export sales of SBS' principal products, new interesting customers have been established in Italy and Spain, which are markets on which it has so far been difficult to establish a foothold. Furthermore, a framework agreement has been entered into with one of the company's largest customers for brake discs, among other products, in the fourth quarter of 2007. The agreement ensures an annual turnover of a three-digit million figure in the period. Likewise, there are significant offers in the pipeline for several large distributors.

Also in the third quarter of 2007, the German market for auto parts has been weaker than in 2006 as a result of the general economic development. This has affected SBS' German company's domestic turnover, which is slightly below the level in 2006. As previously announced, the market decline is expected to be of a temporary nature. The building project for the construction of a new modern warehouse in Eisenach, Germany, has been concluded, and the warehouse premises will be taken into use as planned during the fourth quarter of 2007.

In the newly established French distribution company, the first three quarters of 2007 have been characterised by the running in of the SBS name and new product areas. In France, there has been much focus on the sales side, which has, among other measures, resulted in a strengthening of the Sales Department and intensive work aimed at increasing the company's customer portfolio. As part of this process, the company participated in the Equip Auto fair in Paris in October.

On the UK market, sales are made partly through the Export Department with direct factory deliveries and partly through the English distribution company, which has its central warehouse in Telford in Middle England and which is primarily to serve purchasing groups, independent wholesalers and other distributors with a need for day-to-day deliveries. The development in the company's turnover has been positive, but there is still a large unexploited potential in this segment.

DEVELOPMENT IN EQUITY CAPITAL

| <u>MDKK</u> | <u>01.01.- 30.09.2007</u> | <u>01.01.- 30.09.2006</u> |
|---|-------------------------------|-------------------------------|
| Equity capital as at 01.01. | 323.7 | 163.1 |
| Exchange rate adjustment of interests in subsidiaries | 0.1 | 0.0 |
| Profit for the period | 2.3 | 24.0 |
| Value adjustment of financial contracts | 0.0 | -1.3 |
| Distributed dividend | -8.3 | -8.9 |
| Dividend for own shares | -0.1 | 0.0 |
| Equity capital as at 30.09. | <u>317.7</u> | <u>176.9</u> |

ENDORSEMENT OF THE INTERIM REPORT BY THE MANAGEMENT

The Board of Directors and the Management Board have, this date, discussed and approved the interim report for the period 1 January - 30 September 2007 for Scandinavian Brake Systems A/S.

The interim report, which has not been audited or reviewed by the company's auditor, has been presented in accordance with the recognition and measurement requirements stipulated in International Financial Reporting Standards as approved by the EU as well as in accordance with further Danish disclosure requirements for the presentation of interim reports for listed companies.

We regard the accounting policies applied as proper, and, in our opinion, the interim report consequently gives a true and fair view of the Group's assets, liabilities and financial position as at 30 September 2007 and of the result of the Group's activities in the period 1 January - 30 September 2007.

Svendborg, 20 November 2007

The Management Board:

Hans Fuglgaard

Hans Jørn Sørensen

The Board of Directors:

Leif Stiholt

Hans Jørgen Kaptain

Knud Andersen

Lars Radoor Sørensen

Jan B. Pedersen

Anders Bach