

Svendborg, 20 November 2008

STOCK EXCHANGE ANNOUNCEMENT NO. 13-2008

Interim report for the period 1 January – 30 September 2008

Summary:

The board of directors of Scandinavian Brake Systems A/S (SBS) has today considered and approved the financial statements for the period 1 January – 30 September 2008. The most important events during this period have been:

Realised as at 30 September 2008:

- The revenue for the period including Notox: DKK 668 million against DKK 664 million during the same period last year.
- Pre-tax profit or loss including property sales of DKK -3 million against DKK 5 million during the first nine months of 2007. The general development on the European automotive spare parts market has been in decline and new car sales fell by approx. 4.5 % during the period. Despite this, SBS has increased its market share.
- The MC market has developed weakly, especially towards the end of the period. Despite this SBS has maintained the level of sales.
- Revenue in Notox during the period amounted to DKK 23 million against DKK 7 million during the same period in 2007.
- The increase in revenue from Notox's diesel particulate filters for retrofitting was lower than expected.

Expectations for 2008:

- Notox is currently carrying out a range of OE negotiations simultaneously with testing, which are expected to be completed during the first quarter of 2009.
- The SBS division expects revenue of between DKK 810-830 million as against the previous expectation of DKK 860-880 million, and an operating profit or loss (EBIT) of DKK 40-50 million as against the previous expectation of DKK 62-72 million. The pre-tax profit is expected to amount to DKK 20-30 million as against the previous expectation of DKK 40-50 million.
- The Notox division expects revenue of between DKK 30-35 million as against the previous expectation of DKK 50-60 million and a pre-tax loss of DKK 75-85 million as against the previous expectation of a pre-tax loss of DKK 65-75 million.
- The SBS group expects a total pre-tax profit including further expected property sales of DKK 20-30 million as against the previous expectation of DKK 40-50 million.

Further information:

For further information concerning this announcement:
Hans Fuglgaard, Managing Director, +45 6321 1515

FINANCIAL HIGHLIGHTS

DKK 1,000	Incl. Notox			Excl. Notox		
	1 Jan-30 Sept 2008*	1 Jan-30 Sept 2007*	2007	1 Jan-30 Sept 2008*	1 Jan-30 Sept 2007*	2007
Revenue	667,527	664,188	842,268	644,814	656,907	832,723
Operating profit or loss excluding special items	1,827	22,030	22,773	45,648	52,655	59,433
Special items (Property sales)	21,927	0	-	21,927	0	-
Operating profit or loss (EBIT)	23,754	22,030	22,773	67,575	52,655	59,433
Items under financial income and expenses (net)	26,896	17,326	-26,569	15,755	12,099	-20,976
Pre-tax profit or loss	-3,142	4,704	-3,796	51,820	40,556	38,457
Tax on profit or loss for the year	-314	-2,362	-2,894	-14,054	-8,850	-11,581
Net profit or loss for the year	-3,456	2,342	-6,690	37,766	31,706	26,876
Equity	307,382	317,701	311,469	164,422	122,238	342,867
Total assets	1,171,701	1,088,337	1,123,579	646,317	665,255	878,739
Cash flow from operating activities	-17,617	-85,538	-86,642	36,020	-24,018	-48,309
Net change in cash and cash equivalents	-47,742	-192,978	-211,654	-50,871	13,425	-151,580
Investments in property, plant and equipment (excl. acquisitions)	66,871	161,256	213,865	34,358	19,041	70,187
Write downs and depreciation	-24,359	-17,585	-21,715	-10,305	-8,661	-16,108
Financial ratios						
Profit margin in % (EBIT margin)	3.6	3.3	2.7	10.5	8.0	7.1
Return on invested capital in % (ROIC excl. GW)	3.3	3.0	3.3	9.9	7.8	18.0
Return on equity in % (ROE)	-1.1	0.7	-1.4	15.9	51.9	10.9
Equity ratio in %	26.2	29.2	27.8	25.4	18.4	24.4
P/E ratio	-117.0	406.9	-184.4	10.7	30.1	28.3
Price/Cash flow (P/CF)	Neg.	Neg.	Neg.	1.1	4.0	Neg.
Earnings per share in DKK (Basic EPS)	-1.1	0.7	-1.4	11.8	9.9	9.2
Cash flow per share in DKK (CFPS)	-0.1	0.3	-27.0	0.1	0.1	-15.1
Book value per share in DKK (BVPS)	95.8	99.0	97.1	51.2	38.1	68.0
Price/book value	1.3	3.0	2.7	2.5	7.8	3.8
Share price, at the end of the year	126	297	260	126	297	260

FINANCIAL HIGHLIGHTS (CONTINUED)

DKK 1,000	Incl. Notox		Excl. Notox	
	3rd quarter 2008*	3rd quarter 2007*	3rd quarter 2008*	3rd quarter 2007*
Revenue	223,457	213,484	213,615	209,834
Operating profit or loss excluding special items	-2,489	1,901	12,035	13,406
Special items (Property sales)	0	0	0	0
Operating profit or loss (EBIT)	-2,489	1,901	12,035	13,406
Items under financial income and expenses (net)	9,623	7,404	5,301	5,757
Pre-tax profit or loss	-12,112	-5,503	6,734	7,649
Tax on profit or loss for the year	2,889	684	-1,823	1,776
Net profit or loss for the year	-9,223	-4,819	4,911	9,425
Equity	307,382	317,701	164,422	122,238
Total assets	1,171,701	1,088,337	646,317	665,255
Cash flow from operating activities	-1,458	-22,803	16,775	-27,616
Net change in cash and cash equivalents	8,816	-59,574	6,028	115,712
Investments in property, plant and equipment (excl. acquisitions)	20,324	54,543	19,620	857
Write downs and depreciation	-9,955	-6,067	-4,171	-4,455
Financial ratios				
Profit margin in % (EBIT margin)	-1.1	0.9	5.6	6.4
Return on invested capital in % (ROIC excl. GW)	3.3	3.0	9.9	7.8
Return on equity in % (ROE)	-3.0	-1.5	2.1	15.4
Equity ratio in %	26.2	29.2	25.4	18.4
P/E ratio	-43.8	-197.7	82.3	101.1
Price/Cash flow (P/CF)	Neg.	Neg.	2.4	-3.5
Earnings per share in DKK (Basic EPS)	-2.9	-1.5	1.5	2.9
Cash flow per share in DKK (CFPS)	0.0	-0.1	0.1	-0.1
Book value per share in DKK (BVPS)	95.8	99.0	51.2	38.1
Price/book value	1.3	3.0	2.5	7.8
Share price, at the end of the year	126	297	126	297

The 2004-2007 financial highlights are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In accordance with IFRS1, the comparative figures for 2003 have been prepared in accordance with the previous accounting policies based on the provisions in the Danish Financial Statements Act and Danish Accounting Standards.

Basic EPS/diluted EPS have been calculated in accordance with IAS 33. Other financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2005". Reference is, moreover, made to definitions and concepts under accounting policies in the 2007 annual report.

* The interim report has not been audited and no review has been conducted.

MANAGEMENT'S REVIEW FOR THE FIRST NINE MONTHS OF 2008

General comments

The SBS group's activities are divided into two business units. SBS, which operates within friction products for the automotive and motorcycle markets, together with the distribution of automotive parts; and Notox, which develops, produces and markets diesel particulate filters.

DIESEL PARTICULATE FILTERS – NOTOX

Market development

The market for particulate filters for diesel engines currently consists of a retrofit market for existing engines and an original equipment market (OE). The market is further divided into segments such as passenger cars, commercial vehicles and lorries, busses and construction machines together with ships and trains.

The market for diesel particulate filters increases in step with the implementation of legislation for the different types of vehicle – legislation that encompasses the EU, USA, and Korea together with Japan and to a greater or lesser extent newly industrialised countries such as China.

A conservative estimate from SBS is that the global market for diesel particulate filters excluding ships will increase from approx. DKK 8.6 billion in 2009 to DKK 20 billion in 2015.

Notox' market position

With the ultramodern production factory in Svendborg together with the production facilities in Aakirkeby, Notox is able to produce for both the retrofit market and the OE market. Focus on the OE market is initially directed toward the slightly larger filters for large diesel engines as Notox has chosen to prioritise customers who require medium-sized series of large filters via the OE market for passenger cars during the start-up phase, where small filters in very large production series are typically required.

The retrofit market

Revenue on the retrofit market is developing slower than was originally expected. It has been seen that customers' decision-making processes are slower than originally assumed, but Notox has not experienced loss of orders to competitors.

The Korean market

In the first three quarters of 2008 Notox has established itself as a market leader in Korea with an approx. market share of 40 %. The company has ongoing deliveries to two of the market's leading purchasers of diesel particulate filters. These are companies who operate partly in the Korean domestic market and partly export solutions. In addition a certification with another major potential Korean customer is in the pipeline. During the first six months of the year a framework agreement was entered into for two further products. Within a 3-5 year period this framework agreement is expected to provide a three-figure million revenue.

The Chinese market

Notox has in 2008 begun deliveries to the Chinese market via one of the company's Korean customers. The orders have among others been related to the Chinese environmental improvement programme in connection with the holding of the Olympic Games. Notox is furthermore involved in two retrofit programmes in Beijing and Shanghai respectively. Deliveries are expected to begin in 2009. The Chinese market for diesel particulate filters is assessed as having a strong growth potential.

The European market

In Europe agreement has been reached with a retrofit customer in the English market. The first deliveries, which are to be part of stationary generators will be delivered at the end of 2008. Further retrofit projects are in progress in a number of European countries.

The US market

In the US, CARB approval agreements have been entered into with both direct customers and through the American distributor ESW. The approvals are expected to be obtained during the fourth quarter, thereby opening for sales to the growing Californian retrofit market. The ESW collaboration has furthermore led to specific retrofit orders, most recently for school busses in South Georgia.

The OE market

During the period Notox has obtained the first OE approvals and can therefore now be taken into consideration as an OE supplier. The OE contracts are typically contracts based upon a minimum of 4 year supply agreements with an annual revenue volume that is equivalent to a three-figure million figure. A number of promising projects are currently in the pipeline, but Notox is still awaiting the final breakthrough in the OE markets due to the long testing and validation phases, which characterise this area.

A future replacement market

Notox expects that in the diesel particulate filter area a secondary market for filter replacement will also arise during the next few years. It is however pleasing that Notox has already received the first enquiries for filters to the secondary market – a market that is expected to end up being similar to SBS' current market for friction and brake parts.

THE FRICTION AREA

Brake linings for motorcycles and other specialised areas

The area includes development and production of brake blocks for motorcycles, wind turbines and other specialised areas that are partly sold on the free secondary market and partly to the OE market.

The secondary market for motorcycles and scooters comprises the largest market segment and SBS is a market leader. The market has developed weakly, especially towards the end of the period. The major Southern European markets have in particular demonstrated a certain degree of slowdown and spare part replacement has been postponed to a significant degree. Despite this SBS has maintained the level of sales.

Within OE/motorcycles SBS cooperates with the leading brake system suppliers. Deliveries to the one of the major customers in particular have, towards the end of the period, been impacted by the falling production level for motorcycles, which has had a negative influence on SBS' sales.

Within wind turbine brake linings revenue increased significantly. Furthermore, approval of a new brake system with SBS brake linings has been secured during the period. The system is part of the very widespread 2 MW wind turbine types from one of Europe's leading suppliers. Further, a new project is underway with a prominent European producer.

Innovation and productivity improvements are fundamental elements within this business area. During the period the product R&D area has been strengthened by the employment of a new R&D manager together with an increase of the R&D department within the chemical competence area. At the same time, new linings for the scooter and MX (off-road) segments have been introduced on the retrofit market, which will strengthen the future basis for sales.

Brake callipers for cars

Brake callipers are part of the automotive product portfolio. The production is partly based on the renovation of used callipers at the factory in Støvring, partly on the recasting of callipers at SBS' partner in Vietnam. The objective of this production strategy is to ensure the optimal product range and delivery reliability.

The advantages of the new production concept are really starting to be felt in the market and a number of new customers have been established.

Distribution – Supply Chain

In SBS' main markets, market conditions have generally been weak in the first three quarters of the year. European sales of new cars fell by approx. 4.5 %, which also negatively affect sales of used cars and hereby the spare part replacement associated with this. Large regional differences exist however and on the positive side it appears that the decline in the sale of cars in Germany has stopped. The largest growth has been experienced in Russia. The new sale in 2008 is expected to reach approx. 3.5 million cars, which will make Russia Europe's largest new car market.

The high fuel prices in the first three quarters of the year together with the general economic slowdown, which has characterised the year, have affected car consumption. The tendency in many countries is towards fewer driven kilometres, increased car sharing and longer time between repairs.

Despite the weak market conditions, SBS has experienced a considerable increase as supplier to the most significant distributors of automotive spare parts on the European market compared to the same period last year. Also in the third quarter the first orders for brake discs were delivered to one of the market's best-known distributors and agreement has been entered into for deliveries that stretch into 2009.

SBS restructured its sales strategy for the British market at the end of the first six months so that focus was directed towards the core products; discs, callipers and brake shoes and an expanded cooperation with direct deliveries to the major, leading distributors in the market. The third quarter has shown that the customers have received the new strategy well. Agreements for additional sales have been entered into with existing customers and new customers have been won.

In Eastern Europe SBS' primary focus has been the large growth markets in Poland and Russia, but in addition to this SBS has established distribution channels in all significant countries in the region.

In the Russian market sales including deliveries to a number of the leading distributors have been affected by new import stipulations that caused problems for a period in connection with the delivery of goods. In Poland cooperation with one of the country's leading distributors continues to develop positively.

The German distribution company has been affected partly by the market slowdown and partly by the introduction of a new IT and inventory control system at the beginning of the year. The latter problem has largely been taken care of and the company is now strongly positioned within logistics. The warehousing area has been increased to 8,000 sqm; warehouse capacity has been increased to 900,000 part numbers; and paperless workflows have been introduced, which will provide rationalisation gains and lead to better utilisation of the resources. A new administration building has also been taken into use, bringing all service facilities up-to-date. On the market side new initiatives have been implemented, which should compensate for the weak market. A new trademark has been introduced, new market segments including automotive sales groups who wish for an alternative product range for original parts has been established and the sales resources have been increased with new front-line employees. Initiatives within logistics and the market side of things are expected to have a positive effect in the new year.

In the French distribution company revenue increased compared with the same period in 2007 – though not as strongly as expected. New product areas such as callipers, brake drums and from the second half year also steering parts have been implemented. At the same time the sales organisation has been strengthened.

SBS' own production has been subject to rationalisation in the third quarter. The completion processes for brake discs has been streamlined so that large volume goods are supplied directly from sub-suppliers, while the broad programme is completed and supplied from SBS' factory in Holstebro.

Within the brake shoes area work on new concepts has also been conducted, which means a more rational production and completion process.

The weak market conditions are expected to continue. SBS has with focus on the logistic and sales functions, described above, implemented offensive measures as well as rationalisation and adaption of the company, which are expected to positively affect both the top and bottom lines in 2009.

FINANCIAL TRENDS

Earnings performance

The SBS division

The revenue for the period amounted to DKK 645 million against DKK 657 million during the same period of 2007, equivalent to a decline of 1.8 %.

The decline may be related to continuing weak market conditions for automotive spare parts in Western Europe, which comprises SBS' main markets. The weak market conditions are primarily related to stagnating/falling sales of new cars as well as increasing fuel prices, which negatively affect the number of driven kilometres. The market slowdown has meant increased pressure on prices, which in general means falling unit prices.

The above named market development has affected the operating profit. The SBS division realised an operating profit or loss (EBIT) of DKK 46 million against DKK 53 million for the equivalent period in 2007.

During the period a sale of one of the SBS division's properties was realised, which has positively affected the profit or loss by DKK 22 million.

The pre-tax profit or loss for the period amounted to DKK 52 million against DKK 41 million during the same period of 2007.

Notox

The revenue for the period amounted to DKK 23 million against DKK 7 million during the same period of 2007. This represents a lower revenue growth than expected as customers' decision-making processes have turned out to take longer than originally expected.

Notox achieved an operating profit or loss (EBIT) of DKK -44 million against DKK -30 million during the same period of 2007.

The pre-tax profit or loss for the period amounted to DKK -41 million against DKK -29 million during the same period of 2007.

The SBS group

The revenue for the period amounted to DKK 668 million against DKK 664 million during the same period of 2007.

Operating profit or loss (EBIT) amounted to DKK 24 million against DKK 22 million during the first half year of 2007.

Sale of property generated a non-recurring income of DKK 22 million.

The pre-tax profit or loss is therefore positively affected by DKK 22 million as a result of the property sale, while it is negatively affected by the increased financial expenses – from DKK 17 million to DKK 27 million – which can be related to the major investments in business development.

Pre-tax profit or loss including property sales were DKK -3 million against DKK 5 million the previous year.

Balance sheet development

As at 30 September 2008 the group's total assets amounted to DKK 1,172 million against DKK 1,088 million at the same time last year.

Equity as at 30 September 2008 amounted to DKK 307 million against DKK 318 million at the same time in 2007. The equity interest was 26.2 % as at 30 September 2008.

Events after the end of the interim period

SBS' subsidiary Notox A/S has entered into a licence agreement for a ground-breaking ceramic technology for the production of silicon carbide diesel particle filters. This ground-breaking technology has been developed by the Germany filter company AFT GmbH.

As Notox expects to enter into the first multiple year contracts for particle filters with OEM manufactures during 2009, with large capital requirements as a result, the management has made a decision to investigate the possibilities for expanding the ownership of Notox A/S. SBS has appointed Danske Markets, Corporate Finance to carry out this task. Cf. the stock exchange announcement no. 12/2008 above.

EXPECTATIONS FOR DEVELOPMENTS AND PROFIT OR LOSS

The SBS division expects revenue of between DKK 810-830 million as against the previous expectation of DKK 860-880 million, and an operating profit or loss (EBIT) of DKK 40-50 million as against the previous expectation of DKK 62-72 million. The pre-tax profit is expected to amount to DKK 20-30 million as against the previous expectation of DKK 40-50 million.

The Notox division expects revenue of between DKK 30-35 million as against the previous expectation of DKK 50-60 million and a pre-tax loss of DKK 75-85 million as against the previous expectation of a pre-tax loss of DKK 65-75 million.

The SBS group expects a total pre-tax profit including further expected property sales of DKK 20-30 million as against the previous expectation of DKK 40-50 million.

OTHER INFORMATION

OVERVIEW OF ISSUED STOCK EXCHANGE ANNOUNCEMENTS IN 2008

20 November 2008	New exclusive licence agreement strengthens Notox and creates the foundation for expanded ownership (No. 12)
21 August 2008	Interim report – 1 st half year 2008 (No. 11)
2 June 2008	Notox reaches an important milestone (No. 10)
27 May 2008	Share option scheme (No. 09)
8 May 2008	Reporting of leading employees and their related parties' transactions with Scandinavian Brake Systems A/S shares (No. 08)
24 April 2008	Procedure of annual general meeting of 24 April 2008 (No. 07)
24 April 2008	Interim financial statement (No. 06)
15 April 2008	Annual general meeting, proxies – Scandinavian Brake Systems A/S (No. 05)
8 April 2008	Notice of annual general meeting (No. 04)
2 April 2008	Reporting of leading employees and their related parties' transactions with Scandinavian Brake Systems A/S shares (No. 03)
27 March 2008	Preliminary announcement of financial statements 2007 (No. 02)
3 January 2008	Financial calendar (No. 01)

STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The board of directors and the executive board have today considered and approved the interim financial report for the period 1 January – 30 September 2008 for Scandinavian Brake Systems A/S.

The interim financial report, which has not been audited or reviewed by the company's auditor, is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and additional Danish disclosure requirements regarding interim financial reports for listed companies.

In our opinion the interim financial report fairly presents the group's assets, equity and liabilities and financial position as at 30 September 2008, and of the results of the group's activities and cash flows for the period 1 January – 30 September 2008.

It is furthermore our opinion that the management's review contains a fair statement of the development of the group's activities and financial affairs, the net profit or loss for the period and of the group's financial position as a whole, as well as a description of the most significant risks and elements of uncertainty facing the group.

Executive board:

Hans Fuglgaard

Hans Jørn Sørensen

Board of directors:

Leif Stiholt

Hans Jørgen Kaptain

Knud Andersen

Lars Radoor Sørensen

Jan B. Pedersen

Anders Bach

INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT AND STATEMENT OF CHANGES IN EQUITY

INCOME STATEMENT

DKK 1,000	1 Jan – 30 Sept	1 Jan – 30 Sept	3rd quarter	3rd quarter	
Notes	2008	2007	2008	2007	2007
Revenue	667,527	664,188	223,457	213,484	842,268
Costs of raw materials and consumables	-343,886	-456,433	-80,734	-171,956	-519,581
Change in inventories of finished goods and work in progress	-46,885	67,254	-52,125	43,818	32,263
Other external expenses	-97,798	-88,844	-32,431	-30,158	-119,347
Staff costs	-152,772	-146,550	-50,699	-47,221	-191,115
Write downs and depreciation	-24,359	-17,585	-9,956	-6,067	-21,715
Operating profit or loss excluding special items	1,827	22,030	-2,488	1,900	22,773
Special items	21,926	0	0	0	0
Operating profit or loss	23,753	22,030	-2,488	1,900	22,773
Financial income	675	506	647	352	325
Financial expenses	-27,570	-17,832	-10,271	-7,753	-26,894
Pre-tax profit or loss	-3,142	4,704	-12,112	-5,501	-3,796
Tax on profit or loss for the year	-314	-2,362	2,889	682	-727
Net profit or loss for the year	-3,456	2,342	-9,223	-4,819	-4,523
Earnings per share (EPS)	-0.72	0.49	-5.75	-3.00	-1.41
Diluted earnings per share (EPS-D)	-0.71	0.48	-5.65	-2.97	-1.39

BALANCE SHEET – ASSETS
DKK 1,000

Notes	30/9 2008	31/12 2007	30/9 2007
LONG TERM ASSETS			
Intangible assets			
4 Goodwill	183,401	183,401	183,401
4 Patents and rights	2,056	2,078	2,091
4 Development projects	23,412	8,675	9,722
4 Trademarks	11,491	11,491	11,491
Software	17,386	9,971	9,879
Prepayments for intangible assets	0	10,284	5,537
	237,746	225,900	222,121
Property, plant and equipment			
Land and buildings	63,845	17,469	16,000
Plant and machinery	207,529	56,780	56,667
Other plant, operating equipment and inventory	21,071	13,341	15,367
Property, plant and equipment under construction	34,571	220,490	171,882
	327,016	308,080	259,916
Other long term assets			
Securities	165	165	170
Deferred tax	17,593	20,008	23,105
	17,758	20,173	23,275
Total long term assets	582,520	554,153	505,312
Short term assets			
Inventory	270,557	307,215	297,299
Receivables	217,385	161,691	192,019
Receivables, corporation tax	21,711	15,832	8,065
Cash at bank and in hand	1,543	833	2,089
	511,196	485,571	499,472
3 Assets held for sale	77,985	83,855	83,553
Total short term assets	589,181	569,426	583,025
TOTAL ASSETS	1,171,701	1,123,579	1,088,337

BALANCE SHEET – EQUITY AND LIABILITIES
DKK 1,000

Notes	30/9 2008	31/12 2007	30/9 2007
EQUITY			
Share capital	32,085	32,085	32,085
Hedging reserve	-565	-1,340	0
Reserve for foreign currency translation adjustment	-545	325	95
Revaluation reserve	16,364	16,364	16,364
Retained earnings	260,043	264,035	269,157
Proposed dividend	0	0	0
Total equity	307,382	311,469	317,701
Liabilities			
Non-current liabilities			
Deferred tax	17,809	14,050	12,739
Pension obligations	3,891	3,891	4,008
Credit institutions, etc.	110,527	85,378	47,641
	132,227	103,319	64,388
Current liabilities			
Credit institutions	99	5,937	3,093
Bank loan	508,574	460,123	445,802
Trade payables	68,811	91,251	102,176
Other liabilities	75,112	53,074	57,507
	652,596	610,385	608,578
3 Liabilities relating to assets held for sale	79,496	98,406	97,670
	732,092	708,791	706,248
Total liabilities	864,319	812,110	770,636
TOTAL EQUITY AND LIABILITIES	1,171,701	1,123,579	1,088,337

**STATEMENT OF
CHANGES IN EQUITY**

DKK 1,000	Share capital	Hedging reserve	Reserve for foreign currency translation adjustment	Revaluation reserve	Retained earnings	Proposed dividend	Total
Equity as at 1 January 2008	32,085	-1,340	325	16,364	264,035	0	311,469
Changes in equity 1 January – 30 September 2008							
Foreign currency translation adjustment, subsidiaries	0	0	-870	0	0	0	108
Value adjustment of hedging instruments	0	1,034	0	0	0	0	1,034
Tax on changes in equity	0	-259	0	0	0	0	-259
Net profit or loss for the year	0	0	0	0	-3,456	0	-3,456
Comprehensive income	0	775	-870	0	-3,456	0	-2,573
Distributed dividend	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	0	0	-1,661	0	0
Share-based payment	0	0	0	0	1,125	0	0
Changes in equity 1 January – 30 September 2008	0	0	-870	0	-3,992	0	0
Equity as at 30 June 2008	32,085	-565	-545	16,364	260,043	0	307,382

CASH FLOW STATEMENT

DKK 1,000	1 Jan – 30 Sept 2008	1 Jan – 30 Sept 2007
Pre-tax profit or loss	-3,142	4,704
Write downs and depreciation	24,359	17,585
Adjustments	26,895	17,326
Change in working capital	-38,834	-101,827
Cash flow from operating activities	9,278	-62,212
Financial income received	675	506
Financial expenses paid	-27,570	-17,832
Corporation tax paid	0	-6,000
Cash flow from operating activities	-17,617	-85,538
Purchase of intangible assets	-15,863	-8,123
Purchase of property, plant and equipment	-66,871	-161,256
Sale of property, plant and equipment	53,185	120
Cash flow for investing activities	-29,549	-169,259
Proceeds from raising of non-current liabilities	32,645	76,481
Instalments on non-current liabilities	-31,560	-6,320
Purchase of treasury shares	-1,661	0
Dividends paid	0	-8,342
Cash flow from financing activities	-576	61,819
Cash flow for the year from operating, investing and financing activities	-47,742	-192,978
Cash, cash equivalents and bank loan (net), beginning of the year	-459,289	-250,735
Cash, cash equivalents and bank loan (net), end of the year	-507,031	-443,713
Cash at bank and in hand	1,543	2,089
Bank loan	-508,574	-445,802
Cash, cash equivalents and bank loan (net), end of the year	-507,031	-443,713

DKK 1,000

Note 1 – ACCOUNTING POLICIES

The interim financial report is presented in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union and additional Danish disclosure requirements regarding interim financial reports for listed companies.

Accounting policies are unchanged in relation to the 2007 annual report, to which reference is made.

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

Note 2 – ESTIMATES AND ASSESSMENTS

The preparation of interim financial reports require that the management makes accounting estimates and assessments, which influence the use of accounting policies and recognised assets, liabilities, income and costs. Actual results may deviate from these estimates.

The most significant estimates carried out by the management in connection with the use of the group’s accounting policies and the most significant uncertainty related to said estimates, are the same in connection with the preparation of the summaries presented in the interim financial report as with the drawing-up of the annual report as at 31 December.

Note 3 – ASSETS HELD FOR SALE

At the end of 2007 and during 2008, Scandinavian Brake Systems A/S has been involved in negotiations with purchasers of selected properties in the group. During the first half year of 2008 a property has been sold, which has positively influenced the financial statements by DKK 21.9 million. During the first half year it was decided to add a further property to assets held for sale.

The group is engaged in ongoing negotiations with purchasers of the other selected properties in the group. The sale of the other selected properties is expected to affect the profit or loss for 2008 by DKK 70-80 million if final sales contracts are entered into for the selected properties.

Recognition of assets held for sale can be specified thus:

	1 Jan – 30 Sept 2008	31/12 2007	1 Jan – 30 Sept 2007
Property, plant and equipment	77,985	83,855	83,553
Total assets held for sale	77,985	83,855	83,553
Non-current liabilities	70,334	88,548	87,812
Other liabilities	1,785	1,785	1,785
Deferred tax	7,377	8,073	8,073
Total liabilities	79,496	98,406	97,670

DKK 1,000

Note 4 – IMPAIRMENT TEST

Goodwill and trademarks

As of 30 September 2008 the management has carried out an impairment test of the carrying amount of goodwill and trademarks. With a view to so doing, the carrying amount of goodwill and trademarks as at 31 December 2007 is distributed among the cash-generating units to which the goodwill and trademarks relate. The recoverable amount is based upon the value in use, which is determined by the use of the expected net cash flow based on budgets for 2008 and forecasts for 2009-2018 as approved by the management.

Based on the prepared impairment tests, no basis has been found to amortise goodwill and trademarks as at 30 September 2008.