

The Board of Directors' Report on Internal Control of Financial Reporting for the Financial Year 2010

Introduction

According to the Swedish Companies Act and the Swedish Code of Corporate Governance the Board of Directors' are responsible for internal control. This report is limited to the internal control regarding financial reporting.

Description

Control Environment

The Board of Directors has the overall responsibility for internal control relating to financial reporting and an important part of the Board's work is to issue controlling instructions. The Board has established a Work Programme that clarifies the Board's responsibilities and regulates the internal distribution of work between the Board, its Committees and the Management. The Finance Policy and the Authorisation Policy including the organisation chart constitute other important controlling documents. The Board of Directors has established SinterCast's Finance Policy to provide a framework for how different types of risks shall be managed. Operational risks have been discussed and evaluated during all Board Meetings. The objective of this policy is to maintain a low risk profile. The entire Board constitutes the Audit Committee. The primary task of the Audit Committee is to ensure that established principles for financial reporting and internal control regarding financial reporting are followed and that appropriate relations are maintained with the Company's auditors.

Risk Assessment

The Business is monitored in a structured process and associated risks have been discussed and evaluated during Board Meetings. Any significant risks will result in changes in the instructions for the preparation of Financial Reports. Processes

to track changes in accounting regulations to ensure that these changes are implemented correctly in the financial reporting are in place, in which the external auditors play an important role.

Control Activities

The primary purpose of control activities is to prevent, or discover at an early stage, errors in the financial reporting so that these can be addressed and rectified. Control activities take place on both higher and more detailed levels within the Group. Routines and activities have been designed in order to find and rectify significant risks associated with the financial reporting.

Information and Communication

All external information must be provided in accordance with the listing agreement for listed companies in Sweden. The Board of Directors approves the Group's Annual Report and interim reports. All financial reports are published on the website after having first been sent to OMX Nordic Exchange. Financial information concerning the Group may only be provided by the Managing Director.

Monitoring

The Board's monitoring of the internal control with respect to financial reporting takes place primarily through the Audit Committee follow-up on the Financial Reporting, by reports from the external auditors and through internal self-assessment reported to the Board.

Statement

The yearly evaluation of the need for a separate internal audit function has been discussed and, given the size of the company and the cost to add more functions, it was concluded that there is currently no need for a separate audit function.

The internal control over financial reporting has functioned well during the past financial year and no material weaknesses have been observed.

Stockholm 15 April 2011

Ulla-Britt Fräjdin-Hellqvist
Chairman of the Board

Aage Figenschou
Vice Chairman of the Board

Andrea Fessler
Member of the Board

Robert Dover
Member of the Board

Steve Dawson
Member of the Board & Managing Director