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SinterCast results January-June 2002

- Teksid Iron Foundry Division adopts SinterCast Technology
- Overall industry momentum toward CGI continues to grow

Market development

The interest in Compacted Graphite Iron (CGI) for cylinder block and head applications in the automotive industry has once again been signalled by the actions of the foundry supply industry. The decision by the Teksid Iron Foundry Division to adopt the SinterCast process control technology reflects the interest and intentions of the automotive industry and the need for the leading cast iron block and head foundries to demonstrate CGI production capability. With nine iron foundries, and a market share of approximately 11% of cylinder blocks in both the passenger cars and heavy-duty truck markets, Teksid is one of the largest foundry groups in the world. The collaboration with Teksid significantly increases SinterCast's ability to supply the CGI needs of the world automotive industry. SinterCast will continue to build on its foundry relationships.

SinterCast continues to provide technical support to CGI development programs throughout the industry. All previously announced programs are proceeding according to schedule.

Installations

In addition to the new agreement to supply CGI process control technology to the Teksid Iron Foundry Division, SinterCast process control systems are installed at the Halberg foundry in Germany, Cifunsa in Mexico, Caterpillar in the USA, Tupy in Brazil, Daros in Sweden, ICC-International in the USA, and VDP in Italy. One additional system has been installed at the SKF foundry in Sweden for ductile iron production. SinterCast also has a system for CGI prototyping and development at Isuzu in Japan.

Customer production

During the period, Caterpillar in the USA continued to produce SinterCast CGI engine components and the Halberg foundry in Germany continued its production of the Audi V8 CGI diesel engine cylinder block. Likewise, the production of large piston rings continued at Daros in Sweden and the production of Rolls Royce cylinder heads and engine frames for large stationary diesel engines continued at the VDP foundry in Italy. Although these SinterCast CGI production activities have so far resulted in only limited volumes, they represent important technical references for SinterCast vis-à-vis the automotive and heavy diesel engine industries. The daily operation of the SinterCast System 2000 for ductile iron production at the SKF foundry in Sweden also continues to provide valuable confirmation of the robustness and reliability of SinterCast's automated process control technology.

Operating result, investments and accounting principle

The Group turnover for the period January-June 2002 amounted to SEK 2.2 million (SEK 2.7 million for the previous year). The turnover mainly relates to income from production and installations. During the period, approximately 1,500 (3,100) SinterCast sampling probes were delivered to customers. During the current development and low volume production phase, the differences in revenues and probes deliveries can be accounted for by order timing and the probe stock available at each customer site. The result for the Group after calculated tax, which includes the final part of costs associated with the equity issue in 2002, amounted to SEK -9.8 million, SEK -2.1 per share excluding outstanding warrants and SEK -2.1 including outstanding warrants (SEK -17.1 million, SEK -3.7 per share excluding outstanding warrants and SEK -3.7 including outstanding warrants). The operating expenses for the Group have been reduced by SEK 7.7 million compared to the same period of the previous year as a result of the reorganisation and more focused marketing and sales activities in Europe and the Far East enabling the closure of SinterCast GmbH in Germany and SinterCast KK in Japan. Other operating income and other operating expenses relate to sub-letting of office space in SinterCast Ltd. Investments by the Group, including capitalized development expenditure during the period amounted to SEK 1.0 million (SEK 0.3 million). The accounting principles have not been changed during the period.

Liquidity and financing

The Group's liquidity on 30 June 2002 amounted to SEK 41.5 million (SEK 30.7 million). The new share issue effected in February 2002, in the amount of SEK 40 million, together with the outstanding warrants with an exercise price of SEK 58 will, if fully exercised, secure SinterCast until the expected positive cash flow will be achieved.

Annual General Meeting

The Annual General Meeting (AGM) of SinterCast AB (publ) the 24 May 2002, approved the proposed change in the share structure. As a result of this approval, the company's shares are no longer classified into A and B class shares with different voting rights. All SinterCast shares now carry the same voting rights and are of the same class. The outstanding number of shares, including the new share issue in February is 4,890,950 shares. Bo C E Ramfors, Lennart Svantesson, Aage Figenschou and Bertil Hagman were re-elected as Board members and Ulla-Britt Fräjdin-Hellqvist was elected as a new Board Member.

At the statutory Board meeting following the AGM, Bertil Hagman, previously President & CEO, was elected Executive Chairman. Bo C E Ramfors, previously Chairman, was elected Vice Chairman. Dr Steve Dawson, previously Chief Operating Officer, was appointed President & CEO.

Information

As announced during the AGM, SinterCast will conduct on-line audio Q&A sessions following the release of each quarterly Interim Report. The first of these internet-based on-line audio Q&A sessions will take place on 9 August at 12:00 CET. During the on-line audio Q&A session, SinterCast's President & CEO, Steve Dawson, will answer questions submitted by e-mail, by fax or through the SinterCast website. Details of the on-line audio Q&A session, including information on how to submit questions and how to connect by internet or telephone can be found at www.sintercast.com, or by contacting SinterCast.

The Interim Report January-September will be published on 23 October 2002.

The Preliminary Financial Result for 2002 will be published on 20 February 2003.

Stockholm, 7 August 2002

On behalf of the Board of Directors



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Managing Director

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The company auditors have performed no audit of this report

PROFIT AND LOSS ACCOUNTS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	April-June		Jan-June		Jan-Dec
	2002	2001	2002	2001	2001
Operating income	1.3	1.3	2.2	2.7	6.2
Cost of goods sold	-1.4	-2.2	-2.5	-4.0	-7.0
Gross loss	-0.1	-0.9	-0.3	-1.3	-0.8
Cost of sales and marketing	-1.6	-3.6	-3.2	-7.8	-15.8
Cost of administration	-1.8	-2.5	-3.9	-4.8	-9.9
Cost of research & development	-1.7	-2.0	-3.2	-4.1	-6.2
Other operating income	0.7	0.7	1.5	1.5	2.9
Other operating costs	-0.6	-0.6	-1.3	-1.3	-2.5
Operating loss	-5.1	-8.9	-10.4	-17.8	-32.3
Financial net	0.5	0.4	0.6	0.7	1.0
Tax	0.0	-	0.0	-	-
Loss for the period	-4.6	-8.5	-9.8	-17.1	-31.3
Average number of shares, thousands	4,625.3	4,625.3	4,625.3	4,625.3	4,625.3
Average number of shares adjusted for outstanding warrants, thousands	4,625.3	4,625.3	4,625.3	4,625.3	4,625.3
Earnings per share, SEK	-1.0	-1.8	-2.1	-3.7	-6.8
Earnings per share adjusted for outstanding warrants, SEK	-1.0	-1.8	-2.1	-3.7	-6.8

CASH FLOW STATEMENTS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	April-June		Jan-June		Jan-Dec
	2002	2001	2002	2001	2001
Operations					
Operating loss	-5.1	-8.9	-10.4	-17.8	-32.3
Adjustments for items not included in the cash flow					
Depreciation	0.4	0.6	0.8	1.2	2.3
Exchange rate differences	-0.4	0.1	-0.4	0.2	0.6
Financial items	0.5	0.6	0.6	0.8	1.2
Total cash flow from operations before change in working capital	-4.6	-7.6	-9.4	-15.6	-28.2
Change in working capital					
Stock	-0.4	-0.2	-0.4	-0.5	0.0
Operating receivables	-0.5	0.1	1.3	1.6	-1.6
Operating liabilities	-0.5	-1.1	-3.3	-1.0	1.5
Total change in working capital	-1.4	-1.2	-2.4	0.1	-0.1
Cash flow from operations	-6.0	-8.8	-11.8	-15.5	-28.3
Investments					
Acquisition of equipment, patent and development	-0.3	-0.1	-1.0	-0.3	-4.2
Disposal of tangible assets	0.0	-	0.0	-	0.0
Increase/decrease in long-term receivables	-0.3	0.7	-0.2	0.6	1.1
Cash flow from investments	-0.6	0.6	-1.2	0.3	-3.1
Financial operations					
Debenture loan	-	-	-	-	-0.1
New share issue	-	-0.1	40.0	-0.1	-
Cash flow from financial operations	0.0	-0.1	40.0	-0.1	-0.1
Change in cash position*	-6.6	-8.3	27.0	-15.3	-31.5
Cash position - opening balances	48.1	39.0	14.5	46.0	46.0
Cash position - closing balances	41.5	30.7	41.5	30.7	14.5

*The cash position comprises short-term investments and cash at bank and in hand

BALANCE SHEETS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	30 June 2002	30 June 2001	31 March 2002	31 March 2001	31 Dec 2001
Assets					
Intangible assets	11.4	8.4	11.2	8.3	10.5
Tangible assets	1.1	0.3	0.6	1.0	1.4
Financial assets	1.3	2.1	1.4	2.8	1.5
Total fixed assets	13.8	10.8	13.2	12.1	13.4
Stock	4.1	4.3	3.7	4.0	3.7
Short-term receivables	4.5	2.6	4.0	2.9	5.8
Short term deposits and cash at bank and in hand	41.5	30.7	48.1	39.0	14.5
Total current assets	50.1	37.6	55.8	45.9	24.0
Total assets	63.9	48.4	69.0	58.0	37.4
Shareholders' equity and liabilities					
Restricted capital	589.7	557.6	598.2	553.7	562.4
Retained deficit	-536.1	-520.4	-540.0	-507.9	-538.6
Total shareholders' equity	53.6	37.2	58.2	45.8	23.8
Long term liabilities	1.0	1.0	1.0	1.0	1.0
Current liabilities	9.3	10.2	9.8	11.2	12.6
Total shareholders' equity and liabilities	63.9	48.4	69.0	58.0	37.4
Adjusted equity per share	11.6	8.0	12.6	9.9	5.1
Adjusted equity per share adjusted for outstanding warrants	11.6	8.0	12.6	9.9	5.1
Change in Shareholders' equity	2002	April-June 2001	2002	Jan-June 2001	Jan-Dec 2001
Opening balance	58.2	45.8	23.8	54.2	54.2
Exchange rate difference	-	-0.1	-0.4	0.0	0.8
Present value of interest calculated on warrants	-	0.0	-	0.1	0.1
New share issue	-	-	40.0	-	-
Result for the period	-4.6	-8.5	-5.2	-17.1	-31.3
Closing balance	53.6	37.2	58.2	37.2	23.8

KEY RATIOS SINTERCAST GROUP AND DATA PER SHARE

Key ratios	2002	April-June 2001	2002	Jan-June 2001	Jan-Dec 2001
Operating income, SEK millions	1.3	1.3	2.2	2.7	6.2
Net result, SEK millions	-4.6	-8.5	-9.8	-17.1	-31.3
Solidity, %	83.9	76.9	84.3	76.9	63.6
Adjusted shareholders' equity, SEK millions	53.6	37.2	58.2	37.2	23.8
Capital employed, SEK millions	53.6	37.2	58.2	37.2	23.8
Total assets, SEK millions	63.9	48.4	69.0	58.0	37.4
Return on shareholders' equity, %	-8.6	-20.5	-23.9	-37.4	-80.3
Return on capital employed, %	-8.1	-20.3	-23.6	-37.1	-79.1
Return on total assets, %	-7.6	-15.9	-18.7	-29.6	-59.5
Debt-to-equity ratio	0.0	0.0	0.0	0.0	0.0
Employees					
Number of employees at the end of the period	15	23	15	23	17
Data per share					
Dividends per share, SEK	-		-		-
Share price at the end of the period, SEK (SinterCast A for 2001)	48.0	52.0	48.0	52.0	55.0

Average number of shares

Weighted average of the number of shares outstanding for the last period

Average number of shares adjusted for outstanding warrants

Weighted average number of shares at the end of last period adjusted for 250,000 warrants issued in May 2000, which can be exercised in June 2003, 600,000 warrants issued in Feb 2002, which can be exercised in March 2002-Dec 2003, 200,000 warrants issued in Feb 2002, which can be exercised in Oct-Dec 2004, calculated as per recommendations by the Accounting Standards Council

Earnings per share

Net result divided by the average number of shares

Earnings per share adjusted for outstanding warrants*

Net result divided by the average number of shares adjusted for outstanding warrants

Adjusted equity per share

Adjusted shareholders' equity divided by the average number of shares

Equity per share adjusted for outstanding warrants

Adjusted shareholders' equity divided by the average number of shares for the last period adjusted for outstanding warrants

*The data for previous periods have been adjusted since the outstanding warrants 1998-2001 were not exercised

Solidity

Adjusted shareholders' equity expressed as percentage of total assets

Adjusted shareholders' equity

Shareholders' equity plus 72 per cent of untaxed reserves

Capital employed

Total assets less non-interest bearing liabilities including deferred tax liabilities

Return on shareholders' equity

Net result as a percentage of average adjusted shareholders' equity

Return on capital employed

Net result after financial items plus financial expenses as a percentage of average capital employed

Return on total assets

Net result after financial items plus financial expenses as a percentage of total average assets

Debt-to-equity ratio

Interest bearing liabilities divided by adjusted shareholders' equity

Share price at the end of the period

Latest paid price for SinterCast share at the Swedish stock exchange, Stockholmbörsen