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SinterCast results January-December 2002

- Result after tax improved by 48% compared to 2001
- Planning toward series production remains on schedule
- V. Luzuriaga-Tafalla iron foundry adopts SinterCast technology
- New Operations Director appointed
- SinterCast receives SAE (Society of Automotive Engineers) Best Paper Award for 2001

Market Development

SinterCast continues to provide technical support to CGI development programs throughout the industry. All previously announced programs are proceeding according to schedule. The series production of the Ford 2.7 litre V6 Lion diesel engine cylinder block at the Tupy foundry in Brazil is scheduled to commence during summer 2003.

During February 2003, the V. Luzuriaga-Tafalla iron foundry located in Tafalla, Spain decided to install the SinterCast System 2000 process control system. With an annual production capacity of approximately 1.2 million cylinder blocks per year, primarily for the European diesel market, the V. Luzuriaga-Tafalla investment in the SinterCast technology further reinforces the trend that the leading iron foundries of the world are installing CGI production capacity to support the future needs of their automotive customers.

Following a thorough evaluation process conducted by the SAE, SinterCast's technical publication, co-authored with Ford of Europe and PTW of the Technical University of Darmstadt, entitled "The Effect of Metallurgical Variables on the Machinability of Compacted Graphite Iron" has been awarded the Arch T. Colwell Merit Award for 2001. The SinterCast-Ford-PTW paper was judged as the best technical paper published by the SAE during 2001, in competition with over 3,000 papers. This prestigious award recognises the leading role that SinterCast plays in the worldwide development of Compacted Graphite Iron.

Installations

The year 2002 witnessed a significant increase in the CGI preparations of the automotive foundries. Three new SinterCast System 2000 process control systems were installed in automotive block and head foundries during 2002, equalling the total number of automotive installations made during the period 1998-2001. SinterCast System 2000 process control systems are currently installed at the Caterpillar foundry in the USA, Cifunsa in Mexico, Daros Piston Rings in Sweden, Halberg Guss in Germany, ICC-International Casting Corporation in the USA, SKF-Mekan in Sweden, Teksid in Italy, Tupy in Brazil and the VDP foundry in Italy. The technology supply agreement with Teksid extends to all nine of the Teksid iron foundries worldwide. A development system for CGI prototyping also exists at the Isuzu Castec foundry in Japan. These investments demonstrate the preparations of the iron foundry industry to support the CGI requirements of their Tier I automotive customers.

Customer Production

During the period, Caterpillar continued to produce SinterCast CGI engine components in the USA 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 Rolls Royce Power Engineering of the United Kingdom has continued its production of CGI cylinder heads and engine frames for large stationary diesel engines 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 in 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.

Patents

SinterCast currently holds 25 patents. These patents address our metallurgical technology (13), our sampling technique and hardware (6), product applications (3) and CGI machining (3). In total, SinterCast has 132 individual national phase patents granted or pending worldwide. The SinterCast patent strategy is primarily based on the 16 patents that were filed since 1995. These patents accurately reflect our current technology and ensure the long-term security of our CGI technology.

Competition and Market Penetration

The actions of the cast iron cylinder block and head foundries to install the SinterCast technology reflect the industrial confidence in SinterCast as the leading supplier of process control technology, equipment and engineering know-how to ensure the reliable high volume production of Compacted Graphite Iron. To date, SinterCast's automotive foundry partners, including the pending installation at V. Luzuriaga-Tafalla, account for approximately 40% of the total world cast iron production capacity for passenger car and light duty cylinder blocks, approximately 35% of the world cast iron capacity for commercial vehicle cylinder blocks and approximately 45% of the world capacity for commercial vehicle cylinder heads. SinterCast will continue to build on its foundry relationships to secure more of the future CGI cylinder block and head production capacity.

Organisation

In preparation for the start of series production during 2003, and anticipated further increases in foundry installations, product development and series production commitments, SinterCast has recruited a new Operations Director. Mr Steve Wallace, a British national and Swedish resident, joined the Company on 17 February. He will be based at our Technical Centre in Katrineholm, Sweden and will serve as Managing Director of SinterCast Technologies AB. Mr Wallace joins SinterCast with experience in the electronics and manufacturing sectors where he previously served in senior management capacities at Flextronics AB in Katrineholm and most recently as Managing Director of Kitron Electronics AB in Karlskoga, Sweden. He will be responsible for the supply of goods and services in support of customer activities, production of the System 2000 and sampling consumables, ISO 9001 Quality and overall technical development. This new recruitment follows the addition of a Senior Systems Engineer, with twenty years of hardware and software experience in the precision electronics industry, during August 2002.

The management, administrative and sales activities of the Company continue to be based at the headquarter office in London. The Technical Team based in Katrineholm is responsible for product development, production and customer service throughout Europe, Korea and Japan. Local support of customer activities for North and South America is based in Chicago, following a move of the SinterCast Inc offices from the Detroit area during 2002. Commercial representation from ABB KK in Japan and the Swedish Trade Promotion Center in Korea continues to provide a local presence to support on-going product development activities in these countries.

Operating result, investments and accounting principles

The Group turnover for 2002 amounted to SEK 9.7 million (SEK 6.2 million for the previous year) and SEK 2.7 million for the period October-December 2002 (SEK 1.7 million for the period October-December 2001). The 2002 turnover, which has increased by 56% compared to 2001, mainly relates to income from production, installations and engineering services. Lease fees for the installed equipment have been accrued over the duration of the contract period. During 2002, approximately 4,800 SinterCast sampling probes were delivered to customers (4,400). During the current product development and low volume production phase, order timing and customer stock can account for the differences in revenues and probe deliveries. The result for the Group after calculated tax for 2002, which includes the costs associated with the equity issue in 2002, has improved by 48% relative to 2001, and amounted to SEK -16.4 million, SEK -3.4 per share excluding the new share issue and outstanding warrants and SEK -3.4 including the new share issue and outstanding warrants (SEK -31.3 million, SEK -6.6 per share excluding outstanding warrants and SEK -6.6 including outstanding warrants). The Group's after tax result for October-December 2002 amounted to SEK -5.2 million, SEK -1.1 per share excluding outstanding warrants and SEK -1.1 including outstanding warrants (SEK -8.3 million for the period October-December 2001, SEK -1.7 per share excluding outstanding warrants and SEK -1.7 including outstanding warrants). The operating expenses for 2002 for the Group have been reduced by SEK 10.2 million compared to the previous year as a result of the reorganisation and more focused marketing and sales activities. 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 3.1 million (SEK 4.2 million). The accounting principles have not been changed during the period.

Liquidity and financing

The Group's liquidity on 31 December 2002 amounted to SEK 32.6 million (SEK 14.5 million). The new share issue effected in February 2002, in the amount of SEK 40 million and the exercise of 9,112 warrants in August 2002 at a price of SEK 58 per share will, together with the remaining outstanding warrants issued to shareholders and employees with an exercise price of SEK 58, if fully exercised, will secure SinterCast until the expected positive cash flow will be achieved.

Annual Report

The Annual Report will be available in early May and will be sent to all registered shareholders and to those who have requested such information. The Annual Report will also be available on the SinterCast website www.sintercast.com.

Annual General Meeting

The Annual General Meeting of SinterCast AB (publ) will be held on 27 May 2003 at 15:00 CET, at the premises of the Royal Swedish Academy of Engineering Sciences (IVA), Grev Turegatan 16, Stockholm.

Information

The next on-line audio Q&A Forum will take place on 21 February 2003 at 13:00 CET. During the Q&A Forum, SinterCast's President & CEO will answer questions submitted by e-mail, by fax or through the SinterCast website. Details of this on-line event, 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's Information Department.

The Interim Report January-March will be published on 24 April 2003.

The Interim Report January-June will be published on 7 August 2003.

The Interim Report January-September will be published on 6 November 2003.

The Preliminary Financial Result for 2003 will be published on 19 February 2004.

Stockholm, 20 February 2003

On behalf of the Board of Directors



Dr Steve Dawson
President & CEO

For further information, please contact

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The company auditors have not audited this report

PROFIT AND LOSS ACCOUNTS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	October-December		January-December		Jan-Dec
	2002	2001	2002	2001	2000
Operating income	2.7	1.7	9.7	6.2	4.0
Cost of goods sold	-2.1	-2.0	-6.6	-7.0	-9.9
Gross result	0.6	-0.3	3.1	-0.8	-5.9
Cost of sales and marketing	-1.0	-4.1	-6.2	-15.8	-13.5
Cost of administration	-2.2	-2.7	-7.2	-9.9	-11.9
Cost of research & development	-2.9	-1.4	-7.7	-6.2	-9.0
Other operating income	0.9	0.9	3.2	2.9	2.4
Other operating costs	-0.6	-0.7	-2.6	-2.5	-2.0
Operating result	-5.2	-8.3	-17.4	-32.3	-39.9
Financial net	0.1	0.0	1.1	1.0	2.5
Tax	-0.1	-	-0.1	-	-
Result for the period	-5.2	-8.3	-16.4	-31.3	-37.4
Average number of shares, thousands	4,760.7	4,760.7	4,760.7	4,760.7	4,760.7
Average number of shares adjusted for outstanding warrants, thousands	4,760.7	4,760.7	4,760.7	4,760.7	4,760.7
Earnings per share, SEK	-1.1	-1.7	-3.4	-6.6	-7.9
Earnings per share adjusted for outstanding warrants, SEK	-1.1	-1.7	-3.4	-6.6	-7.9

CASH FLOW STATEMENTS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	October-December		January-December		Jan-Dec
	2002	2001	2002	2001	2000
Operations					
Operating result	-5.2	-8.3	-17.4	-32.3	-39.9
Adjustments for items not included in the cash flow					
Depreciation	0.6	0.6	1.9	2.3	2.5
Exchange rate differences	0.3	-0.1	-0.7	0.6	0.4
Financial items	0.1	0.2	1.1	1.2	2.4
Tax	-0.1	-	-0.1	-	-
Cash flow from operations excluding change in working capital	-4.3	-7.6	-15.2	-28.2	-34.6
Change in working capital					
Stock	-0.1	0.6	0.8	0.0	-1.4
Operating receivables	3.1	-2.3	1.5	-1.6	2.8
Operating liabilities	0.0	3.5	-4.4	1.5	-0.7
Total change in working capital	3.0	1.8	-2.1	-0.1	0.7
Cash flow from operations	-1.3	-5.8	-17.3	-28.3	-33.9
Investments					
Acquisition of equipment, patent and capitalized development expenditure	-0.1	-1.7	-3.1	-4.2	-1.9
Disposal of tangible assets	0.0	0.0	0.0	0.0	-
Increase/decrease in long-term receivables	-2.0	0.6	-2.0	1.1	-0.3
Cash flow from investments	-2.1	-1.1	-5.1	-3.1	-2.2
Financial operations					
Debenture loan	-	-	-	-0.1	-
New share issue	-	-	40.5	-	-
Cash flow from financial operations	0.0	0.0	40.5	-0.1	0.0
Change in cash position*	-3.4	-6.9	18.1	-31.5	-36.1
Cash position - opening balances	36.0	21.4	14.5	46.0	82.1
Cash position - closing balances	32.6	14.5	32.6	14.5	46.0

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

BALANCE SHEETS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	31 Dec 2002	31 Dec 2001	30 Sept 2002	30 Sept 2001	31 Dec 2000
Assets					
Intangible assets	10.9	10.5	11.6	9.9	8.2
Tangible assets	2.1	1.4	3.5	0.6	1.6
Financial assets	3.5	1.5	3.9	2.1	2.6
Total fixed assets	16.5	13.4	19.0	12.6	12.4
Stock	2.9	3.7	2.8	4.3	3.7
Short-term receivables	4.3	5.8	5.0	3.5	4.2
Short term deposits and cash at bank and in hand	32.6	14.5	36.0	21.4	46.0
Total current assets	39.8	24.0	43.8	29.2	53.9
Total assets	56.3	37.4	62.8	41.8	66.3
Shareholders' equity and liabilities					
Restricted capital	588.4	562.4	591.9	557.6	546.4
Retained deficit	-541.3	-538.6	-538.3	-525.8	-492.2
Total shareholders' equity	47.1	23.8	53.6	31.8	54.2
Long term liabilities	1.0	1.0	1.0	1.0	1.0
Current liabilities	8.2	12.6	8.2	9.0	11.1
Total shareholders' equity and liabilities	56.3	37.4	62.8	41.8	66.3
Adjusted equity per share	9.9	5.0	11.3	6.7	11.4
Adjusted equity per share adjusted for outstanding warrants	9.9	5.0	11.3	6.7	11.4
Change in Shareholders' equity	October-December 2002	2001	January-December 2002	2001	Jan-Dec 2000
Opening balance	53.6	31.8	23.8	54.2	91.5
Exchange rate difference	-1.3	0.3	-0.8	0.8	0.0
Present value of interest calculated on warrants	-	-	-	0.1	0.1
New share issue	-	-	40.5	-	-
Result for the period	-5.2	-8.3	-16.4	-31.3	-37.4
Closing balance	47.1	23.8	47.1	23.8	54.2

KEY RATIOS SINTERCAST GROUP AND DATA PER SHARE

	October-December 2002	2001	January-December 2002	2001	Jan-Dec 2000
Key ratios					
Operating income, SEK millions	2.7	1.7	9.7	6.2	4.0
Net result, SEK millions	-5.2	-8.3	-16.4	-31.3	-37.4
Solidity, %	83.7	63.6	85.4	63.6	81.7
Adjusted shareholders' equity, SEK millions	47.1	23.8	53.6	23.8	54.2
Capital employed, SEK millions	47.1	23.8	53.6	23.8	54.2
Total assets, SEK millions	56.3	37.4	62.8	37.4	66.3
Return on shareholders' equity, %	-10.3	-29.9	-46.3	-80.3	-51.3
Return on capital employed, %	-9.7	28.8	-44.9	-79.1	-51.3
Return on total assets, %	-9.3	-14.0	-26.1	-59.5	-43.7
Debt-to-equity ratio	0.0	0.0	0.0	0.0	0.0
Employees					
Number of employees at the end of the period	16	17	16	17	27
Data per share					
Dividends per share, SEK	-	-	-	-	-
Share price at the end of the period, SEK (SinterCast A for 2001)	40.0	55.0	40.0	55.0	56.0
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, 590,888 warrants issued in Feb 2002, which can be exercised from March 2002 until Dec 2003, 200,000 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					
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 the SinterCast share at the Swedish stock exchange, Stockholmbörsen					