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Results January-September 2001

*Automotive industry production plans for CGI gaining momentum
following the first high volume production announcement of a CGI diesel engine*

Market Development

The interest in Compacted Graphite Iron (CGI) is gaining momentum and SinterCast is involved in several CGI development programmes with the car and truck industries.

This development has intensified as the news spreads about production plans, especially Ford's decision in July to use CGI for the cylinder block of its new 2.7 litre V6 diesel engine. As an illustration, the November 2001 edition of Automotive Engineer contains an interview with Kevin O'Neill, Ford of Europe's director of the diesel engine business unit. As the article states, the Ford/PSA joint development team did go through a thorough assessment to compare the design of an all-aluminium V6 engine with that of a CGI version. The latter offered, according to the article, 20% higher performance than its aluminium counterpart and reduced overall length. Mr O'Neill states that he sees a "huge opportunity" for CGI in automotive diesels and notes that it can also help with reduced time to market because of the shorter time needed to validate the engine, compared with an aluminium unit with its unpredictable thermal stability over long operating periods.

The SinterCast leading role in the development and implementation of high volume CGI foundry production technology, the development of a CGI material property database, and its support of rapid prototyping and volume machining solutions was given public recognition at the Automotive World Awards ceremony in connection with the September Frankfurt Motorshow.

Installations

SinterCast process control systems for CGI production are installed at the Halberg foundry in Germany, VDP in Italy, Cifunsa in Mexico, Caterpillar in the USA, Tupy in Brazil and Daros in Sweden. 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.

Delivery of probes

During the period, approximately 4,200 SinterCast sampling probes have been delivered to customers (2,800 for the same period last year). These probes are being used for prototype castings and production. The SinterCast probe is the most accurate thermal analysis device available for this purpose. Its resolution is critical for the successful volume production of CGI cylinder blocks and heads, which requires a narrow CGI specification to avoid shrinkage defects and to optimise castability and machinability.

Customer production

The production of CGI engine components at Caterpillar and the Audi 3.3 litre V8 CGI diesel engine cylinder blocks at Halberg continues. Production of large piston rings at Daros started during 2001. Rolls-Royce Power Engineering continues to produce CGI cylinder heads and engine frames for large stationary diesel engines at the VDP foundry. Although these SinterCast CGI production activities have so far resulted in only limited volumes, they represent important technical references for the automotive and heavy diesel engine industries.

The continued daily operation of the SinterCast System 2000 for ductile iron production at the SKF Mekan foundry provides valuable confirmation of the accuracy and reliability of the SinterCast automated process control system. The SinterCast System 2000 is recognised throughout the industry as a robust and user-friendly state-of-the-art technology, that can reliably support volume production.

Patents

SinterCast owns 24 patents and patent applications. One new patent application is currently being drafted.

Operating result, investments and accounting principles

The Group's turnover for the period amounted to SEK 4.5 million (SEK 3.0 million for the same period of the previous year). The turnover mainly relates to income from production, demonstrations and installations. The result for the Group, after calculated tax, amounted to SEK -23.0 million, SEK -5.6 per share excluding outstanding warrants and SEK -5.3 including outstanding warrants (SEK -27.4 million, SEK -6.7 per share excluding outstanding warrants and SEK -6.3 including outstanding warrants). The operating expenses for the Group have been reduced by SEK 4.0 million compared to the same period last year as a result of reorganisation and further consolidation of 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 2.5 million (SEK 1.5 million). In 2001 the Group implemented new accounting principles as recommended by the Swedish Financial Accounting Standards Council. The new accounting principles applied are RR1:00 Accounting for subsidiary undertakings, RR 15 Intangible assets and RR 17 Impairment of fixed assets. The transition to these new accounting principles is not deemed to have any effect on the opening balance of the shareholders' equity.

Liquidity

The Group's liquidity on 30 September 2001 amounted to SEK 21.4 million (SEK 55.4 million). Although the Company anticipates some initial income to continue during 2001, SinterCast will not generate positive cash flow in 2001 and 2002. Including the income from existing production the liquidity should see the Company through until mid 2002. Due to the turmoil in the financial market following 11 September, the Board has decided to delay a decision on the financial solution. Following the above mentioned high volume production announcement, the Board is confident that ongoing negotiations related to the financing of the Company can be finalised and presented no later than early 2002 after which a General Meeting will be convened.

High Risk

SinterCast has stated that the risk associated with the Company would remain high until large-scale production has been announced and the Company's long-term financing has been resolved. While the risk has now been reduced with the first commitment for large-scale production, long-term financing remains to be secured.

Preliminary Financial Results

The Preliminary Financial Results for 2001 will be issued on 20 February 2002.

Stockholm, 21 November 2001

On behalf of the Board of Directors

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No audit of this report has been performed by the company auditors

PROFIT AND LOSS ACCOUNTS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	July-Sept		Jan-Sept		Jan-Dec
	2001	2000	2001	2000	2000
Operating income	1.8	1.0	4.5	3.0	4.0
Cost of goods sold	-1.0	-2.2	-5.0	-7.3	-9.9
Gross loss	0.8	-1.2	-0.5	-4.3	-5.9
Cost of sales and marketing	-3.9	-3.2	-11.7	-10.1	-13.5
Cost of administration	-2.4	-2.9	-7.2	-8.8	-11.9
Cost of research & development	-0.7	-2.1	-4.8	-6.5	-9.0
Other operating income	0.5	0.6	2.0	1.8	2.4
Other operating costs	-0.5	-0.5	-1.8	-1.5	-2.0
Operating loss	-6.2	-9.3	-24.0	-29.4	-39.9
Financial net	0.3	0.5	1.0	2.0	2.5
Tax	-	-	-	-	-
Loss for the period	-5.9	-8.8	-23.0	-27.4	-37.4
Number of shares at the end of the period, thousands	4,091.0	4,091.0	4,091.0	4,091.0	4,091.0
Number of shares at the end of the period adjusted for outstanding warrants, thousands	4,341.0	4,341.0	4,341.0	4,341.0	4,341.0
Earnings per share, SEK	-1.4	-2.2	-5.6	-6.7	-9.1
Earnings per share adjusted for warrants, SEK	-1.4	-2.0	-5.3	-6.3	-8.6

CASH FLOW STATEMENTS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	July-Sept		Jan-Sept		Jan-Dec
	2001	2000	2001	2000	2000
Operations					
Operating loss	-6.2	-9.3	-24.0	-29.4	-39.9
Adjustments for items not included in the cash flow					
Depreciation	0.7	0.6	1.8	1.9	2.5
Exchange rate differences	0.3	0.0	0.6	0.0	0.4
Financial items	0.2	0.7	1.0	2.0	2.4
Tax	-	-	-	-	-
Total cash flow from operations before change in working capital	-5.0	-8.0	-20.6	-25.5	-34.6
Change in working capital					
Stock	-0.1	-0.3	-0.6	-1.4	-1.4
Operating receivables	-0.9	-0.8	0.7	3.9	2.8
Operating liabilities	-1.0	-0.1	-2.0	-1.5	-0.7
Total change in working capital	-2.0	-1.2	-1.9	1.0	0.7
Cash flow from operations	-7.0	-9.2	-22.5	-24.5	-33.9
Investments					
Acquisition of equipment, patent and development	-2.2	-0.4	-2.5	-1.5	-1.9
Disposal of tangible assets	0.0	-	0.0	-	-
Increase/decrease in long-term receivables	-0.1	-0.1	0.5	-0.7	-0.3
Cash flow from investments	-2.3	-0.5	-2.0	-2.2	-2.2
Financial operations					
Debtenture loan	-	-	-0.1	-	-
Cash flow from financial operations	0.0	0.0	-0.1	0.0	0.0
Change in cash position*	-9.3	-9.7	-24.6	-26.7	-36.1
Cash position - opening balances	30.7	65.1	46.0	82.1	82.1
Cash position - closing balances	21.4	55.4	21.4	55.4	46.0

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

BALANCE SHEETS SINTERCAST GROUP

AMOUNTS IN SEK MILLION	30 Sept 2001	30 Sept 2000	30 June 2001	30 June 2000	31 December 2000
Assets					
Intangible assets	9.9	8.9	7.9	8.5	8.2
Tangible assets	0.6	1.1	0.8	1.6	1.6
Financial assets	2.1	3.1	2.1	3.0	2.6
Total fixed assets	12.6	13.1	10.8	13.1	12.4
Stock	4.3	3.8	4.3	3.5	3.7
Short-term receivables	3.5	3.4	2.6	2.6	4.2
Short term receivables					
Short term deposits and cash at bank and in hand	21.4	55.4	30.7	65.1	46.0
Total current assets	29.2	62.6	37.6	71.2	53.9
Total assets	41.8	75.7	48.4	84.3	66.3
Shareholders' equity and liabilities					
Restricted capital	557.6	553.7	557.6	546.4	546.4
Retained deficit	-525.8	-489.3	-520.4	-473.5	-492.2
Total shareholders' equity	31.8	64.4	37.2	72.9	54.2
Long term liabilities	1.0	1.4	1.0	1.5	1.0
Current liabilities	9.0	9.9	10.2	9.9	11.1
Total shareholders' equity and liabilities	41.8	75.7	48.4	84.3	66.3
Collateral provided	-	-	-	-	-
Equity per share	7.8	15.7	9.1	17.8	13.2
Equity per share adjusted for outstanding warrants	7.3	14.8	8.6	16.8	12.5
	July-Sept 2001	2000	Jan-Sept 2001	2000	Jan-Dec 2000
Change in Shareholders' equity					
Opening balance	37.2	72.9	54.2	91.5	91.5
Exchange rate difference	0.5	0.2	0.5	0.2	0.0
Present value of interest calculated on warrants	0.0	0.1	0.1	0.1	0.1
Result for the period	-5.9	-8.8	-23.0	-27.4	-37.4
Closing balance	31.8	64.4	31.8	64.4	54.2

KEY RATIOS SINTERCAST GROUP AND DATA PER SHARE

	July-Sept 2001	2000	Jan-Sept 2001	2000	Jan-Dec 2000
Key ratios					
Operating income, SEK millions	1.8	1.0	4.5	3.0	4.0
Net result, SEK millions	-5.9	-8.8	-23.0	-27.4	-37.4
Solidity, %	76.1	85.0	76.1	85.0	81.7
Adjusted shareholders' equity, SEK millions	31.8	64.4	31.8	64.4	54.2
Capital employed, SEK millions	31.8	64.4	31.8	64.4	54.2
Total assets, SEK millions	41.8	75.7	41.8	75.7	66.6
Return on shareholders' equity, %	-17.1	-12.8	-53.5	-35.2	-51.3
Return on capital employed, %	-17.1	-12.8	-53.2	-35.2	-51.3
Return on total assets, %	-13.1	-11.0	-42.3	-30.4	-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	20	26	20	26	27
Data per share					
Dividends per share, SEK	-	-	-	-	-
Share price at the end of the period, SEK (SinterCast A)	40.0	70.0	40.0	70.0	56.0

Number of shares at the end of the period

Number of shares outstanding at the end of the period of total assets

Number of shares at the end of the period adjusted for warrants 2000/2003

The number of shares at the end of each period adjusted for 250,000 warrants issued in May 2000, which can be exercised in June 2003.

Earnings per share

Net result divided by the number of shares at the end of the period

Earnings per share adjusted for outstanding warrants*

Net result divided by the number of shares at the end of the period adjusted for outstanding warrants.

Equity per share

Adjusted shareholders' equity divided by the number of shares at the end of the period

Equity per share adjusted for warrants 2000/2003

Adjusted shareholders' equity divided by the number of shares at the end of the period adjusted for warrants 2000/2003

Solidity

Adjusted shareholders' equity expressed as percentage of total assets

Adjusted shareholders' equity

Shareholders' equity plus 70 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

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

Return on total assets

Income 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 A at the OM Stockholm Exchange O-list

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