

Interim Report, six months ended June 30, 2002

- Sales up 33% and amounted to SEK 793 M (598)
- Operating profit before goodwill amortization increased 46% to SEK 70 M (48)
- Pre-tax profit advanced 56% to SEK 36 M (23)
- Earnings per share amounted to SEK 2.41 (1.64), up 47%
- Earnings for 2002 will exceed profit reported in preceding year

Performance in second quarter

The positive trend from the first quarter continued during the second quarter. Sardus' operating profit before goodwill amortization for the second quarter of 2002 amounted to SEK 36 M (28), and includes capital gains of SEK 3 M (6) from the sale of fixed assets. Pre-tax profit amounted to SEK 18 M (16) on sales of SEK 393 M (313).

Earnings, January - June 2002

The Sardus Group reported a positive six months, with sales of SEK 793 M (598). Continuing sales increases in all business units, with the exception of Sardus Foodpartner, contributed to the improvements in earnings. Margins improved as a result of a more favorable product mix, among other factors. Sardus' operating profit before goodwill amortization for the six months rose to SEK 70 M (48). The total goodwill amortization for the period amounted to SEK 15 M (13) and net financial items was an expense of SEK 19 M (expense: 12). Pretax profit was SEK 36 M (23) and earnings per share totaled SEK 2.41 (1.64).

Pastejköket

Sales for the first six months amounted to SEK 218 M (211) and operating profit before goodwill amortization to SEK 34 M (29). The improvement in earnings is mainly attributable to increased sales of paste products, including the recently launched the "Balans" paste spread.

Charkdelikatesser

Sales for the first six months amounted to SEK 229 M (210) and operating profit before goodwill amortization to SEK 15 M (9). Among other factors, increased sales of thin slices and changes in the product mix resulted in an improvement in earnings. Low-fat products under the brand "Det lätta Bordet" were launched during the period.

3-STJERNET A/S

Sales for the first six months totaled SEK 133 M (121) and operating profit before goodwill amortization was SEK 18 M (13). Also in 3-STJERNET, increased sales of the low-fat products "Det lette Bord" and changes in the product mix contributed to the positive earnings effect.

Sardus Foodpartner – Catering

Sales for the first six months were SEK 71 M (78) and operating profit before goodwill amortization amounted to SEK 3 M (4). Lower sales resulted in an earnings decline.

Falbygdens Ost

Sales for the first six months amounted to SEK 158 M. Operating profit before goodwill amortization amounted to SEK 8 M and Falbygdens Ost developed as planned and the company's sales trend is positive.

Market

New low-fat toppings were launched in Sweden and Denmark. As a result of the establishment of "Det lette Bord" in Denmark and the launch in Sweden of the same products under the brand "Det lätta Bordet," Sardus is satisfying a growing consumer requirement. In addition, the launch offered synergism among the Swedish and Danish operations. A number of low-fat products were also launched in the paste area under the "Arboga", "Pastejköket" and "Lindbergs" brands.

Liquidity and net financial items

The Group's liquid funds at June 30, 2002 amounted to SEK 31 M (11). In addition, there is an unutilized credit facility of SEK 326 M. Net financial items amounted to an expense of SEK 19 M (expense: 12). The increase is due to larger interest-bearing loans as a result of the acquisition of Falbygdens Ost, as well as higher interest rates.

As part of AB Sardus' continued expansion, the company issued a subordinated loan of SEK 100 M through SEB Merchant Banking, within a framework of SEK 150 M. The loan is listed on Stockholmbörsen's monthly list of bond loans and has a maturity of five years. Concurrently, the Group's previous external financing, which amounted to about SEK 570 M, was replaced with a syndicated loan in a maximum of SEK 770 M. The loan is underwritten by SEB, Danske Bank, LB Keil and Nykredit Bank. The increased credits create scope for future acquisitions.

Investments

The Group's total investments during the first six months amounted to SEK 23 M (20).

Goodwill

The goodwill level for each acquisition is reviewed continuously as well as the brand's strength and lifetime. Goodwill linked to Falbygdens Ost is amortized straightline over ten years and amounted to SEK 4 M for the first six months. The Sardus Group's earnings for the first six months were charged with a total of SEK 15 M (13) in goodwill amortization.

Accounting principles

This interim report was prepared in accordance with the recommendation RR 20 for Interim Reports, as issued by the Swedish Financial Accounting Standards Council. The accounting principles and calculation methods used in the interim report are similar to those used in the latest annual report.

Outlook for 2002

Raw material prices during 2002, as well as the effects of earlier acquisitions, are significant for earnings. The market for Sardus products is expected to be essentially unchanged and it is anticipated that competition will continue to be intensive in an environment characterized by price competition. Based on prevailing market condition, it is the Board's opinion that earnings in 2002 will exceed profits for 2001, which were SEK 84 M before taxes. Earnings per share are expected to remain at the same level as in 2001 (SEK 5.85) as a result of a higher tax burden.

Helsingborg, July 17, 2002

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Board of Directors

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