January - December 2008

- **Net sales for the period increased by 60 % to 105 MSEK (65,8)**
- **Result after tax was -22,4 MSEK (-5,5)**
- **Operating loss for the period was -23,4 MSEK (-6,2)**
- **Operating loss charged with one-off items with a net effect of -6,1 MSEK**
- **Earnings per share were -1,65 SEK (-0,44)**
- **Order intake was 151,6 MSEK (56,7) and backlog of orders was 58,2 MSEK (9,4)**
- **Acquisition of SwePart Verktyg AB strengthens Camito concept**
- **Camito Technology Center (CTC) opened – high start-up costs during the year**
- **Entry onto wind power industry for CTC – first order worth approx. 30 MSEK goes into production in 2009**
- **Camito patent approved in China**
- **Excellent machining data for Graphyte 350**
- **New shares issue 20 MSEK conducted in July**
- **26 employees were given notice of dismissal in December as a result of the crisis in the automotive industry**

October - December 2008

- **Net sales for period increased by 113 % to 39,1 MSEK (18,3)**
- **Result after tax was -26,8 MSEK (-2,1)**
- **Operating loss during period was -28,8 MSEK (-2,1)**
- **Operating loss charged with one-off items -14,9 MSEK**
- **Earnings per share were -1,97 SEK (-0,17)**
- **Volvo order for Camito castings**

Important events after report period

- **Camito order from Läpple – leading European manufacturer of car body parts**
- **Application for state rescue loan withdrawn – Board counts on securing company’s financing with traditional loans**

Group development during reporting period

Net sales

Group net sales for 2008 were at 105 MSEK (65,8), an increase of 39,2 MSEK compared to corresponding period in 2007. Increased sales were mainly due to the acquisition of SwePart Verktyg, who add 4 months' invoicing, which affected the turnover with 34,8 MSEK.

Result after tax

Result after tax for the period was -22,4 MSEK (-5,5). Result for fourth quarter was -26,8 MSEK (-2,1). The result was charged with costs of a single nature totaling -6,1 MSEK (0,8), of which the largest posts refer to CTC and SwePart. Start-up period at the new foundry was considerably longer than expected. Start-up costs that have charged the result are at approx. -7 MSEK. Verification and development work continued during the year, mainly at subsidiaries Camito and Graphyte. The major part of these costs has been activated with 4,8 MSEK (7,1).

The result has also been affected positively by the reversed negative goodwill of 13,8 MSEK related to the acquisition of SwePart Verktyg AB.

Liquidity

Liquid assets at year-end were at 7,8 MSEK (8,1) including unutilized check credit of 4,4 MSEK. In addition there are further granted unutilized credit frameworks of 20 MSEK. Trade debtors for the group were at 28,8 MSEK (11,5) of which 7 % (13,3 %) consists of current hire-purchase claims or installment contracts.

Cash flow during the period was -1,7, of which -20,3 MSEK is from operations and 18,6 MSEK from investment and financing activities. In the fall the Board of directors decided on a cost reduction program, which is expected to influence the cash flow with approx. 10 MSEK when it has reached its full effect at the end of 2009, provided all else remains unchanged. The Board is also overviewing the total loan situation. The preliminary application for a so-called rescue loan that was made on 22 December 2008 has not been followed up. The Board counts on securing company loan financing through more traditional loans.

Order intake and backlog

Order intake during the year was 151,6 MSEK (56,7) of which 135,1 MSEK (41,1) in Automotive and 16,5 MSEK (15,6) in foundry technology activities. 16,5 MSEK is in the acquired SwePart Verktyg.

Backlog totaled 58,2 MSEK (9,4) of which 0 (0) to foundry technology and 58,2 MSEK (9,4) to Automotive.

Investments

Recorded investments in tangible and intangible fixed assets during the period were at 24,3 MSEK (62,9). The main investment for the period was the construction and equipping of Camito Technology Center in Hästveda. In September SwePart Verktyg AB was acquired for 2,5 MSEK in cash and 0,9 MSEK in 31.250 B-series shares in NovaCast Technologies.

Development during the period per business area and market

Automotive

Net sales for this area were at 88,5 MSEK (49,6) during the period. Operating loss was -24,4MSEK (-8,0). Order intake during the period was 135,1 MSEK (41,1) and backlog totaled 58,2 MSEK (9,4). Since September SwePart Verktyg AB is part of the automotive business area.

Camito AB

The cooperation agreement that Camito signed with die manufacturer SwePart Verktyg AB at the end of 2007 led not only to immediate orders but also to ingoing discussions, which resulted in NovaCast Technologies' acquisition of SwePart at the end of August. Since 1 September it is part of the NovaCast group.

Through this acquisition Camito has expertise within the whole value chain for the production of stamping dies to the automotive industry. In order to optimize marketing efforts a mutual sales and marketing organization was created under the leadership of Camito's new CEO who took up his duties in October 2008. Since then Camito AB has been the business area's sales and marketing channel for all castings produced at Camito Technology Center, as well as complete dies produced at SwePart. Current marketing efforts are focused on the automotive and wind power industries.

Production of car body parts with Camito dies has taken place during the year at Volvo Cars, Saab and Audi. Order intake for the year has not met expectations despite good production results. A contributing factor is the considerable uncertainty for automotive groups relating to Sweden with regard to decision making and the financial situation. Volvo placed its order for further Camito die shoe castings towards the end of the year. There is much interest in the Camito technology and a number of discussions are taking place with old, as well as new customers.

Increased machining at tool and die manufacturers has led to several initial orders during the year, an important step in continued marketing efforts.

Tests and verification for flange dies and forming dies continue and verification of both segments is expected to be completed during 2009.

Certification of external foundries has not been high priority during the year since the volume of Camito castings was low. The only certified external foundry, Akdas in Turkey, has started production and delivered the first Camito castings on a customer order from Camito. Our business model has thereby been fully tested and verified during the year.

The cooperation agreement with Sandvik is continuously being extended and the first mutual customer activities were planned and conducted at the end of the year. The technological cooperation with Sandvik within the high-tech DIMO cluster has been successful for the Camito technology. The first definite evaluation project of the Camito concept was the optimization of machining strategies for a Camito die. The results were documented as time savings of 41% in machining hours.

At year-end Camito received an order for the first Camito die shoe casting from August Läpple GmbH & Co KG in Heilbronn, Germany, which will be used in the production of car body parts to an international automotive group. August Läpple GmbH & Co KG in Heilbronn is one of Europe's leading manufacturers of stamping tools, production systems and car body parts, whose customers are among others BMW, Mercedes, Porsche, Volkswagen, Volvo, Ford and Jaguar.

Camito Technology Center AB

The new foundry was opened on 8 April 2008 and the majority of gray iron production has been moved to the new site. The new foundry was Camito certified during the year, quality certified in accordance with ISO 9001 and received ISO 14001 environmental certification. The foundry has applied for increased annual production capacity from 10.000 to 20.000 tones, among others making use of lower nightly electricity rates and we are counting on a positive decision during the first quarter of 2009.

The running-in period that was planned for approximately six months was considerably longer. Certain problems with the technical equipment combined with the increased need for training, have resulted in considerable extra costs of approx. -7 MSEK.

The major part of production, approx. 4.200 tones, has also this year been heavier castings to the automotive industry, such as truck counterweights and gray iron die shoe castings for stamping dies.
A smaller amount of commercial Camito die shoe castings were produced and delivered to customers such as Volvo, SwePart Verktyg and Finnveden. All production of smaller castings at the old foundry was terminated towards the end of the year, resulting in 8 employees receiving notice of dismissal.

Extensive preparations and efforts were made during the year to break into the area of wind power castings. The first order was signed during the third quarter with Enercon, one of Europe's leading wind power companies. The order is valued at approx. 30 MSEK and production for delivery will commence during February 2009. Concentrating on an increased share in castings for wind power is part of our strategy to change the product mix in the foundry, mainly to even out the fluctuations that can be expected in order intake for Camito castings from the automotive industry.

SwePart Verktyg AB

SwePart Verktyg AB is included in group accounting records since September 1.

The main reason for acquiring SwePart was that NovaCast saw the possibility of obtaining full insight into and control of the total value chain for production of dies. Our strategy for turning SwePart's historically negative results is to change the production structure so that SwePart becomes a Camito specialist. Considerable resources can be saved or released by introducing Camito-refined tool and die products into production. This work has begun in cooperation with Sandvik Coromant, our technological partner. A combination of improved production organization and lower backlog of orders led to 18 employees receiving notice of dismissal on December 1. After this reduction there are now 72 employees.

The large backlog of orders in SwePart at the time of acquisition has meant high production during the whole period. Parts of the acquired backlog had less favorable margins than originally calculated, which has charged the result negatively during the period. After reviewing management and the organization structure in the company a new CEO was appointed in November. The organization and areas of responsibility have been changed and clarified as part of the review and plan for change being conducted by the new management.

SwePart's sales and marketing departments have been moved to Camito AB, where the group's collective sales resources have been organized. The marketing department can now offer a total concept to both customer priority segments, including various degrees of completion. We have noted that this can be an important advantage towards competition.

Graphyte AB

Extensive tests and evaluations of CGI material produced according to the patented Graphyte® technology were conducted during the year in a cooperation project with Sandvik Coromant. The tests were conducted at Sandvik's Research Center in Västberga, Sweden. Evaluations started on the Graphyte 350 material quality and surprisingly good results were documented.

According to Sandvik's test results the CGI quality Graphyte® 350 shows better or at least equally good machining properties as gray iron. Graphyte® 350 is excellently suited for production of e.g. cylinder heads. When using Graphyte® 350 considerably better performance can be achieved without increasing machining costs, previously a hinder for introducing CGI into the automotive industry.

The evaluation of Graphyte 450 is completed and results prove that both Graphyte 450 and 500 are at least as good as the types of CGI material currently on the market.

In August, after a long period of test castings and evaluation of the system and material quality, Graphyte signed an installation order for the Graphyte system to a customer in Brazil. The order also includes annual maintenance fees and future license fees to Graphyte.

The customer, who wishes to retain anonymity for reasons of competition, is one of the world's leading subcontractors to the automotive industry.

During the year Graphyte's engineers have been fully occupied with preparations for and conducting customer tests of the Graphyte technology. There is considerable interest in Graphyte technology, which optimizes both processes and environment and customer projects will continue in 2009.

Production volumes at existing commercial customers are still low and continuous licence fees are therefore very modest.

Foundry Technology

Net sales in this business area were 16,5 MSEK (16,2) during the period. Operating profit was 1,0 MSEK (1,8). The decrease was mainly due to a weak fourth quarter when several customers lowered their production or shut down during a longer period than usual..

NovaCast Foundry Solutions AB

The installed licence base at year-end increased with 34 (51) licences to 640 (606) with 419 (399) customers in 42 countries. The number of Technology Partner Agreements (TPA), which generate annual income amounting to approx. 15% of product prices, is 213 (208), which means that the share of customers who have signed TPAS is 51%.

Parent company

Net sales for the parent company were 13,4 MSEK (10,6) during the period, of which 13,4 MSEK (9,4) was internal turnover. Operating loss was -1,8 MSEK (-0,5). Income in the parent company is now primarily based on sales of services within the group.

Risks and uncertainty factors

The greatest risk by far for 2009 is the industrial and financial crisis in many parts of the world. It is impossible to say how this will affect the NovaCast group; we are focusing on carrying out measures to increase preparedness for a difficult 2009.

The new CTC foundry is dependent on a substantial increase in production volumes. The demand for Camito castings is not dependent on the number of sold cars but we cannot exclude the possibility that problems in the automotive industry may have consequences. In order to avoid this risk we are intensifying efforts to change the foundry's product mix, mainly by increasing volumes to the expansive wind power industry.

For further information about the group's operational and financial risks, risk management and risk exposure, see NovaCast Technologies' annual report.

Future development

As in previous years, NovaCast Technologies AB does not give any prognoses, mainly due to the fact that activities are still being built up and single orders or deals could mean considerable changes in business activities. In light of the general market development, in combination with the financial crisis in the world, it is not relevant to make any prognoses of our own this year.

The Board and Management are focused on adjusting activities in accordance with market prerequisites, on liquidity and cash flow, as well as on creating a new business platform for expansion.

During the third quarter of 2008, when it became obvious that the market crisis would deepen, the Board decided on a cost-reduction program. The program is expected to influence liquidity in the order of 10 MSEK on an annual basis. During December a total of 26 employees were given notice of dismissal, which will lower costs further with approx. 10 MSEK on an annual basis. These measures are expected to reach their full effect during the second half of 2009.

During 2009 focus will be on considerably increasing cash flow, as well as active marketing efforts.

Annual general meeting and proposal for dividends

The annual general meeting will be held in Stockholm on April 22, 2009 in accordance with a separate notice. The annual report is expected to be distributed to registered shareholders at the beginning of April 2009. It will also be available from Company office from 8 April 2009.

The Board has suggested no dividends for 2008.

Nominating committee

The Nominating Committee, which was elected at the annual general meeting in 2008, consists of Kenneth Turban (chairman), Torsten Nilsson and Peter Augustsson. Committee chairman can be reached at kenneth.turban@telia.com.

Audit Committee

The audit committee consists of the whole Board but the CEO does not participate in the committee's final evaluations or in contacts with company auditor.

This report has not been audited by company auditor.

Tyringe 17 February 2009

Hans Svensson
CEO

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+46 457386302 or +46 705652250.

Income statement

	Group			Parent company		
in MSEK	2008	2007		2008	2007	
	Jan. - Dec.			Jan. - Dec.		
Net sales	105,0	65,8		13,4	10,6	
Work perf.by co. for own use&capitalized	5,3	7,1		-	-	
Other operating expenses	18,8	0,5		0,2	0,2	
Raw materials & consumables	-52,3	-29,7		-0,1	-1,1	
Other external costs	-40,2	-21,3		-6,9	-7,1	
Employee benefit expenses	-44,6	-27,1		-5,4	-2,5	
Depreciation & write-down	-15,4	-1,6		-3,0	-0,6	
Operating loss	**-23,4**	**-6,2**		**-1,8**	**-0,5**	
Net financial income/expense	-2,5	0,5		3,1	1,9	
Taxes	3,5	0,2		-	0,3	
Result for year	**-22,4**	**-5,5**		**1,3**	**1,7**	
Earnings/share (SEK)	-1,65	-0,44	-0,44	-	-	-

Per segment	Net sales		Operating loss	
in MSEK	2008	2007	2008	2007
	Jan. - Dec.		Jan. - Dec.	
Foundry technology	16,5	16,2	1,0	1,8
Automotive	88,5	49,6	-24,4	-8,0
Total	**105,0**	**65,8**	**-23,4**	**-6,2**

	Group		Parent company	
in MSEK	2008	2007	2008	2007
	October-December		October-December	
Net sales	39,1	18,3	3,3	3,6
Work perf.by co. for own use & capitalized	1,1	1,6	-	-
Other operating income	3,0	0,2	0,2	0,2
Raw materials & consumables	-23,7	-7,6	-	-
Other external costs	-15,8	-6,7	-2,0	-2,2
Employee benefit costs	-20,5	-7,5	-1,2	-1,1
Depreciation & write-down	-12,0	-0,4	-3,0	0,1
Operating loss	**-28,8**	**-2,1**	**-2,7**	**0,6**
Net financial income/expense	-1,5	-0,2	0,8	1,2
Taxes	3,5	0,2	0,0	0,3
Result after tax	**-26,8**	**-2,1**	**-1,9**	**2,1**
Earnings/share (SEK)	-1,97	-0,17		

Per segment	Net sales		Operating loss	
in MSEK	2008	2007	2008	2007
	October-December		October-December	
Foundry technology	3,3	5,5	-0,3	0,7
Automotive	35,8	12,8	-28,5	-2,8
Total	**39,1**	**18,3**	**-28,8**	**-2,1**

Cash flow analyses

	Group		Parent company	
in MSEK	2008	2007	2008	2007
	Jan. - Dec.		Jan. - Dec.	
Current activities				
Operating profit/loss	-20,4	-6,2	1,2	-0,5
Adjustm. for items excl. from cashflow	-3,4	1,7	0,1	0,1
	-23,8	**-4,5**	**1,3**	**-0,4**
Interest received/paid	-2,5	0,4	3,2	1,9
Tax received/paid	0,0	-0,2	-0,1	0,0
Cash flow from current activities before changes in working capital	**-26,3**	**-4,3**	**4,4**	**1,5**
Cash flow from changes in working capital				
Decrease/increase in inventories	-12,2	1,1	0,0	0,7
Decrease/increase in accounts receivable	2,9	1,6	-5,9	4,6
Decrease/increase in receivables	5,7	-4,4	-3,4	10,7
Decrease/increase in accounts payable	6,0	6,2	-0,2	0,1
Decrease/increase in liabilities	3,6	-3,1	-1,9	-15,0
Cash flow from operating activities	**-20,3**	**-2,9**	**-7,0**	**2,6**
Investment activities				
Acquisition of tangible fixed assets	-16,2	-64,6	0,0	0,0
Acquisition of intangible assets	-8,1	-6,2	-	-
Change in financial assets	-6,0	0,1	-6,0	0,1
Long-term lending to subsidiary	-	-	-	-55,1
Investments in subsidiaries	-1,6	-	-12,4	-11,2
Cash flow from investment activities	**-31,9**	**-70,7**	**-18,4**	**-66,2**
Financing activities				
New shares issue	14,6	2,8	14,6	2,8
Decrease/increase of long-term loans	35,9	10,6	7,1	-
Decrease/increase of short-term financial debts	-		2,8	-
Cash flow from financing activities	**50,5**	**13,4**	**24,5**	**2,8**
Cash flow for period	**-1,7**	**-60,2**	**-0,9**	**-60,8**
Liquid assets at beginning of period		**65,3**		**61,9**
Liquid asseets at end of period	**-1,7**	**5,1**	**-0,9**	**1,1**

*** Specification of liquid assets at end of period**

Cash and bank balances	3,4	5,1	0,2	1,1
Short-term investments	-	-	-	-
	3,4	5,1	0,2	1,1

Balance sheet

	Group		Parent company	
in MSEK	2008	2007	2008	2007
	31 Dec.	31 Dec.	31 Dec.	31 Dec.
Assets				
Goodwill	16,8	16,8	-	-
Intangible assets	22,4	15,3	-	-
Tangible assets	115,9	69,7	0,1	0,2
Financial assets	3,1	0,0	124,0	100,3
Inventories	17,4	4,5	-	-
Current receivables	47,4	16,9	15,8	14,1
Investmenst in securities, etc.	-	-	-	-
Cash and bank balance	3,4	5,1	0,2	1,1
Total assets	**226,4**	**128,3**	**140,1**	**115,7**
Stockholders equity and liabilities				
Share capital	6,8	6,5	6,8	6,5
Other contributed capital	116,1	100,9	-	-
Loss brought forward incl. for year	-36,9	-14,5	-	-
Statutory reserve	-	-	11,1	11,1
Non-restricted equity	-	-	103,4	86,9
Non-current liabilities	87,3	12,9	7,1	0,0
Current liabilities	53,1	22,5	11,7	11,2
Total equity and liabilities	**226,4**	**128,3**	**140,1**	**115,7**

Changes in equity (group) MSEK

	Share capital	Other contributed capital	Accumulated deficit	Total
Equity 2007-01-01	**6,3**	**91,1**	**-9,0**	**88,4**
Ongoing shares issue	0,2	9,8	-	10,0
Result for the year	-	-	-5,5	-5,5
Equity 2007-12-31	**6,5**	**100,9**	**-14,5**	**92,9**
Equity 2008-01-01	**6,5**	**100,9**	**-14,5**	**92,9**
Result after tax	-	-	-22,4	-22,4
Shares issue	0,3	14,3	-	14,6
Ongoing non-cash issue	0,0	0,9	-	0,9
Eget kapital 2008-12-31	**6,8**	**116,1**	**-36,9**	**86,0**

Key ratio

	Group			Parent company		
	2008	2007	2007	2008	2007	2007
	31 Dec.		31 Dec.	31 Dec.		31 Dec.
Equity ratio	38%		72%	87%		90%
Liquidity ratio	96%		98%	137%		136%
No. of shares in thousands	13607,2		12984,7	13607,2		12984,7
Earnings per share (SEK)	-1,65		-0,44	-		-
Equity per share (SEK)	6,32		7,15	8,91		8,05

Business combinations SwePart Verktyg AB

in MSEK

Information on acquired net assets and negative goodwil	
Purchase price	
Cash payment	2,5
Direct costs in relation to acquisition	1,1
Fair value of issued shares	0,9
Total purchase price	4,5
Fair value of acquired net assets	-18,3
Negative Goodwill	**-13,8**

Fiar value of issued shares was based on quoted share price of 10 September 2008

Negative goodwill is attributable to acquired enterprise's net assets valued at fair value.
Dissolving of negative goodwill has been recorded against other operating expenses.

SwePart Verktyg AB has influenced result after tax for the group with 3,1 MSEK.
Turnover for whole year at SwePart Verktyg AB was 85,6 MSEK and result after tax was -7,0 MSEK.

Assets and liabilities per 31 August 2008, as a result of acquisition, are as follows:

	Fair Value	Acquired Value
Cash and cash equivalents	2,0	2,0
Tangible fixed assets	32,5	17,7
Holdings in associated companies	0,1	0,1
Inventories	0,7	0,7
Accounts receivable and other receivables	39,0	38,5
Accounts payable and other liabilities	-13,9	-13,9
Pension commitments	0,0	0,0
Borrowing	-39,0	-44,0
Deferred income tax liabilities	-3,1	-0,7
Net assets	**18,3**	**0,4**
Minority shareholding (5%) *	-	
Acquired net assets	18,3	
Cash settlement of purchase price		3,6
Cash and cash equivalents in acquired subsidiary		-2,0
Change in cash & cash equivalents for Group at acquisition		1,6

* An option agreement has been established between company and minority that regulates NovaCast Technologies' right to acquire outstanding shares at a highly limited price, which is why no debt has been recorded for minority.

Definitions

Equity ratio:	Equity in relation to balance sheet total.
Liquidity ratio:	Current assets minus stock in relation to current liabilities.
Earnings per share:	Equity after calculated actual tax in relation to average number of outstanding shares.
Equity per share:	Equity in relation to number of outstanding shares.

Accounting principles
NovaCast Technologies' interim report was prepared in accordance with IAS 34 "Interim financial Reporting" as well as the Swedish National Financial Management Authority's recommendation 31, "Interim reports for groups". The same accounting principles were used in our latest annual report.

Coming reports
NovaCast Technologies' quarterly interim reports are expected to be published on 22 April, 12 August, 27 October 2009, as well as Press Release of Unaudited Earnings January-December 2009, during February 2010.

NovaCast Technologies AB develops and markets enhanced castings for the production dies for car body parts, as well as software for methoding, simulating and process control, for better and faster production processes to the global automotive industry and its subcontractors, mainly foundries and tool manufacturers.

NovaCast Foundry Solutions AB offers powerful software packages that basically cover the complete needs in a foundry, from planning to process control and quality control.

NovaCast subsidiary Graphyte AB offers advanced process control systems for serial production of castings in compacted graphite iron related to the automotive industry.

NovaCast subsidiary Camito AB markets Camito enhanced castings manufactured in one solid piece for the production of dies for forming and stamping automotive body components in a considerably shorter time than traditional methods.

Camito Technology Center AB mainly produces heavy castings, primarily to the automotive industry. The foundry is also the development center for Camito technology.

SwePart Verktyg is Scandinavia's leading die manufacturer. SwePart provides the group with expertise within the whole value chain for the manufacture and sales of stamping dies.

NovaCast Technologies' (founded 1981) head office is in Tyringe, Sweden.

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