

April - June 2010

- **Net sales for the quarter were at 19,7 MSEK (30,1)**
- **Loss after tax was -13,7 MSEK (-8,5)**
- **Operating loss for the quarter was -13,0 MSEK (-7,7)**
- **Earnings per share -0,68 SEK (-0,62)**
- **Considerable increase in order intake at end of period**
- **Camito/SwePart approved supplier to Magna Cosma**
- **Orders for dies worth 5 MSEK from new Saab Automobile**
- **Volvo order worth approx. 30 MSEK finalized during June**
- **Cooperation agreement with Finnveden**

January - June 2010

- **Net sales for the period were at 38,9 MSEK (59,3)**
- **Loss after tax was -28,8 MSEK (-22,3)**
- **Operating loss for the period was -26,7 MSEK (-20,0)**
- **Earnings per share were -1,42 SEK (-1,64)**
- **Order intake was 65,0 MSEK (46,2) and order backlog was 55,6 MSEK (45,1)**
- **Cash flow from operating activities was -26,3 MSEK (-25,0)**
- **Private placement new share issue of 40 MSEK to Fouriertransform**
- **Successful introduction of foundry programs in USA**

Group development during reporting period

Net sales

Net sales for the group for the first six months of 2010 were 38,9 MSEK (59,3). The volume drop was mainly due to low order intake from the automotive industry during 2009, as well as lower production of castings to the wind power industry than planned at the beginning of the period, partly as the result of a two-week production break due to a break-down in the melting furnace and partly to production development of new products.

Result after tax

Result after tax for the period was -28,8 MSEK (-22,3). The poor result was mainly due to volume drop and also that the notices of dismissal given during the first quarter had not given any effect during the period. One-off items mainly due to personnel terminations charged the operating loss with -1,7 MSEK (-1,2).

Cash

Cash and cash equivalents at end of accounting period were 14,2 MSEK (8,4) including unutilized check credit of 12,3 MSEK. Accounts receivable for the group were at 12,1 MSEK (36,0).

The group made a private placement new share issue during the period, which provided 40 MSEK before issue costs of approx. 0,75 MSEK.

As a result of good order intake during the latest months, discussions are under way about project financing for some of the larger business deals.

Order intake and order backlog

A considerable increase in order intake took place from May and order backlog during the whole period was 65,0 MSEK (46,2) of which 57,1 MSEK (36,5) applies to the Automotive business area and 7,9 MSEK (9,7) to activities within foundry technology. Outgoing order backlog was 55,6 MSEK (45,1) of which the Automotive business area reached 54,8 MSEK (44,0) and Foundry Technology reached 0,8 MSEK (1,1).

Investments

Expenditure related to investments during the period was 5,2 MSEK (2,5).

Development per business area and market during reporting period

Automotive

Net sales for this business area were 31,2 MSEK (50,7). Operating loss was – 23,1 MSEK (-19,4). Order intake was 57,1 MSEK (36,5) and outgoing order backlog was 54,8 MSEK (44,0). One-off items charged the operating loss with -1,2 MSEK.

On the whole, the market situation for the Automotive business area has improved considerably during the period but NovaCast will not note the effects of increased demand from the automotive sector earlier than during the second half of 2010.

Camito AB

Marketing activities have continued at a high pace during the period and the new marketing strategy that was implemented during the first quarter is giving the expected results. This strategy means increased focus on ten top priority customer groups, of which three are automotive manufacturers (OEM) and seven are sub-contractors (Tier 1). With these prioritized customers we will strive towards a closer relationship aimed at improving advance planning and achieving more even production utilization at production facilities.

The effects of good order intake have not had time to give any substantial positive effect on production utilization or invoicing for the six month period. Projects will continuously commence during the third and fourth quarter.

One of the most important market events for Camito/SwePart during the period was their being approved as supplier to Magna Heavy Stamping, one of the largest Tier 1 suppliers in the world.

After a technical and financial quality audit Magna Heavy Stamping has approved NovaCast Technologies Group, with subsidiaries Camito and SwePart Verktyg, as approved supplier to the Magna Group. The approval gives these companies "green light" in all Magna purchase and supply organisations and possible access to a number of production units throughout the world. The approval applies to both Camito dies and traditional dies.

Approval for Camito technology within Magna is an important milestone in the continued process of establishing the Camito concept.

During the second quarter Camito's marketing organization finalized orders both from Volvo Car Corporation, approx. 30 MSEK and the new Saab Automotive, approx. 5 MSEK.

A new customer in Germany has also placed an order for dies worth approx. 8 MSEK.

Schweikert GmbH ordered further Camito dies during the period, which is Schweikert's third order for Camito dies during the last eight months.

Camito has also received an interesting long-term order from a leading global customer in the industry. The order includes completion and adjustment of stamping dies to one of the leading truck manufacturers in the world. Discussions that have been taking place continuously regarding deeper cooperation have resulted in several smaller orders during the period.

Camito Technology Center AB (CTC)

Production volumes were low during the whole period, partly due to weak order flow and a two-week standstill of the melting furnace at the beginning of the year and to production development of new products. This mostly disrupted production of castings to the wind power industry within the framework agreement with Enercon. Production of castings for wind power has however increased during the period and is now at the expected annual pace.

Parts of the completion process at the foundry have been outsourced and personnel have moved to a new employer. Personnel have been reduced with six persons to 24 due to notices of dismissal as well as various resignations during the period.

SwePart Verktyg AB

Production volumes were very low during the period, but individual projects show better production results than in previous years. Production utilization is too low and could not be compensated for by lowering fixed costs during the period. Notices of dismissal given in March, together with other personnel reductions, have resulted in lower personnel costs of approx. 1 MSEK (approx. 7%) during the second quarter compared with the first quarter.

During the first half of 2009 the result for old unprofitable automotive projects was charged with costs of 13,4 MSEK.

Production utilization will improve considerably during the fall thanks to the good order intake from May and only limited further personnel reductions are planned to take place.

Experience in Camito-based die production is good within SwePart and good references, such as the Magna approval, have also allowed for new customers within the framework of the new concentrated marketing strategy. Cooperation with sub-contractors has intensified prior to increased product utilization in the fall, which is a prerequisite in meeting the tight time frames demanded by the market.

Foundry Technology (including Graphyte product area)

NovaCast Foundry Solutions AB

Net sales for the business area during the period were 7,7 MSEK (8,6).
Operating loss was -3,6 MSEK (-0,6) including one-off items that charged the loss with approximately -0,5 MSEK.

Demand, invoicing and results have increased during the latter part of the period after a very weak first quarter.

NovaCast Foundry Solutions' subsidiary in the USA increased activities during the period and has managed to achieve a positive result. Volume has been very low on the whole but a certain improvement in invoicing and result has taken place during the second quarter.

They have among others received an order for the ATAS process control system from American Casting LLC, Oklahoma, USA and for the NovaFlow&Solid and NovaStress simulation packages from Olazabal y Huarte SA, Spain.

The total customer base increased to 472 (430) and the installed licence base to 678 (654). The number of Technology Partner Agreements, TPA, which generate annual income to the company, is 177 (203).

Current CGI projects within the Graphyte business area are proceeding with varying intensity while new customer contacts are being established at the same time.

Parent company

Net sales for the parent company were 5,4 MSEK (5,1) during the period, of which intra group sales were 5,4 MSEK (5,1). Operating profit was 0,3 MSEK (0,2).

Risks and uncertainty factors

After a very weak six-month period we were able to get several important orders during the latter part of the period. This means that we now have an interesting backlog of orders and it is very important that we process and produce this backlog with high quality, delivery precision, improved production efficiency and thereby profitability. We continue to adapt our fixed costs in order to quickly achieve balance between income and expenses for the group.

The expansion we can expect also demands access to project financing. This depends primarily on the fact that the market still tends to see sub-contractors as financiers within the die area.

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

Future developments

As in previous years, NovaCast Technologies AB does not give any prognoses, mainly since business activities are still in the construction phase, where individual orders or business deals can create significant swings in these activities.

The Board and management focus on adapting business activities according to current market conditions, liquidity and cash flow, as well as on creating a platform for expansion.

Board certification and signatures

The Board and CEO certify that the report for the six month period provides a just review of the company's and the group's business activities, position and result and describes essential risks and uncertainty factors that the company and its subsidiaries are facing.

Tyringe August 18, 2010

Hans Golteus
Chairman of the Board

Jan-Erik Dantoft
Board member

Hans Wikman
Board member

Lars-Olof Strand
Board member

Monica Svenner
Board member

Sten Thunberg
Board member

Hans Svensson
Group CEO and CEO

This report has not been audited by company auditor.

For further information contact Hans Svensson, CEO NovaCast Technologies AB,
+46 705 652 250.

Report for total result

<u>SEK M</u>	Group			Parent company		
	2010 <u>JAN-JUNE</u>	2009	2009 <u>YEAR</u>	2010 <u>JAN-JUNE</u>	2009	2009 <u>YEAR</u>
Net sales	38,9	59,3	103,9	5,4	5,1	9,8
Work perf.by co.for its own use&capitalized	4,0	1,3	4,5	0,0	0,0	0,0
Other operating income	0,3	2,5	3,5	0,7	0,3	0,7
Raw material & consumables	-15,5	-27,0	-46,9	0,0	0,0	0,0
Other external costs	-19,4	-17,3	-34,0	-3,3	-2,7	-5,3
Employee benefit expenses	-30,0	-36,3	-64,2	-2,7	-2,8	-5,3
Depreciation & impairment	-5,3	-5,0	-10,8	0,0	0,0	-0,1
Other net profit/loss	0,3	2,5	5,2	0,0	-0,1	0,0
Operating profit/loss	-26,7	-20,0	-38,8	0,1	-0,2	-0,2
Net financial income/expense	-2,1	-2,3	-4,4	0,2	0,4	0,4
Profit/loss from participations in group companies						-30,0
Taxes	0,0	0,0	0,0	0,0	0,0	0,0
Net profit/loss for the period	-28,8	-22,3	-43,2	0,3	0,2	-29,8
Sum total result for the period	-28,8	-22,3	-43,2	0,3	0,2	-29,8

Result for period and total result attributable to equity holders of the parent

	-28,8	-22,3	-43,2	0,3	0,2	-29,8
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Earnings / share (SEK)
 before and after dilution

	-1,42	-1,64	-3,17	-	-	-
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<u>Income per segment</u>	<u>Jan-June</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>
<u>SEK M</u>		Automotive	Foundry tech.	Eliminations	Total
External income		31,2	7,7	-	38,9
Internal income		9,5	0,2	-9,7	0,0
Total income		40,7	7,9	-9,7	38,9
Operating loss		-23,1	-3,6	-	-26,7
Net financial income/expense					-2,1
Result before tax					-28,8

<u>Income per segment</u>	<u>Jan-June</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>
<u>SEK M</u>		Automotive	Foundry tech.	Eliminations	Total
External income		50,7	8,6	-	59,3
Internal income		9,1	0,4	-9,5	0,0
Total income		59,8	9,0	-9,5	59,3
Operating loss		-19,4	-0,6	-	-20,0
Net financial income/expense					-2,3
Result before tax					-22,3

Report for total result

SEK M	Group		Parent company		
	2010	2009	2010	2009	
	APR.JUN		APR.JUN		
Net sales	19,7	30,1	2,7	2,8	
Work perf.by co.for its own use&capitalized	1,6	0,5	0,0	0,0	
Other operating income	0,1	2,1	0,1	0,2	
Raw material & consumables	-8,3	-12,9	0,0	0,0	
Other external costs	-9,6	-8,3	-1,8	-1,3	
Employee benefit expenses	-14,8	-18,6	-1,3	-1,5	
Depreciation & impairment	-2,7	-2,5	0,0	-0,0	
Other net profit/loss	1,0	1,9	0,0	-0,0	
Operating profit/loss	-13,0	-7,7	-0,3	0,2	
Net financial income/expense	-0,7	-0,8	0,2	0,1	
Taxes	0,0	0,0	0,0	0,0	
Net profit/loss for the period	-13,7	-8,5	-0,1	0,3	
Sum total result for the period	-13,7	-8,5	-0,1	0,3	
Result for period and total result attributable to equity holders of the parent	-13,7	-8,5	-0,1	0,3	
Earning / share (SEK) before and after dilution	-1,01	-0,62	-	-	
Income per segment	Apr-June	2010	2010	2010	2010
<u>SEK M</u>		Automotive	Foundry tech.	Eliminations	Total
External income		14,9	4,8	-	19,7
Internal income		4,4	0,1	-4,5	0,0
Total income		19,3	4,9	-4,5	19,7
Operating loss		-12,0	-1,0	-	-13,0
Net financial income/expense					-0,7
Result before tax					-13,7
Income per segment	Apr-June	2009	2009	2009	2009
<u>SEK M</u>		Automotive	Foundry tech.	Eliminations	Total
External income		25,7	4,4	-	30,1
Internal income		4,8	0,1	-4,9	0,0
Total income		30,5	4,5	-4,9	30,1
Operating loss		-7,2	-0,5	-	-7,7
Net financial income/expense					-0,8
Result before tax					-8,5

Cash flow statement

<u>SEK M</u>	Group		Parent company	
	<u>2010</u> Jan. - June	<u>2009</u> Jan. - June	<u>2010</u> Jan. - June	<u>2009</u> Jan. - June
Operating activities				
Operating profit/loss	-26,7	-20,0	0,1	-0,2
Adjustment for non-cash items	5,3	4,6	0,0	0,1
	-21,4	-15,4	0,1	-0,1
Interest received/paid	-2,2	-2,2	0,2	0,3
Tax received/paid	-	-	-	-
Cash flow from operating activities before working capital changes	-23,6	-17,6	0,3	0,2
Cash flow from working capital changes				
Decrease/increase in inventories	0,2	1,6	-	-
Decrease/increase in accounts receivable	-0,8	-15,2	0,0	0,2
Decrease/increase in receivables	0,4	11,5	-6,8	-11,4
Decrease/increase in accounts payable	-1,0	-11,3	0,0	-0,5
Decrease/increase in current liabilities	-1,5	6,0	-0,9	0,7
Cash flow from operating activities	-26,3	-25,0	-7,4	-10,8
Investing activities				
Change in tangible fixed assets	-0,9	2,5	0,0	-
Acquisition of intangible assets	-4,3	-2,5	-	-
Change in financial assets	-	-1,1	-	-1,1
Loan/contribution to subsidiaries	-	-	-23,2	-1,7
Investments in subsidiaries	-	-	-	-0,9
Cash flow from investing activities	-5,2	-1,1	-23,2	-3,7
Financing activities				
Share issue	39,4	-	39,4	-
Decrease/increase in long-term loans	-7,4	24,3	-8,9	14,4
	32,0	24,3	30,5	14,4
Cash flow from financing activities				
Cash flow for period	0,5	-1,8	-0,1	-0,1
Cash&cash equivalents at beg. of period	1,4	3,4	0,1	0,2
Cash&cash equivalents at end of period	1,9	1,6	0,0	0,1

* Specification of cash and cash equivalents at end of period

Cash & cash balances	1,9	1,6	0,0	0,1
Short-term investments	-	-	-	-
	<u>1,9</u>	<u>1,6</u>	<u>0,0</u>	<u>0,1</u>

Balance sheet

SEK M	Group			Parent company		
	<u>2010</u> 30 June	<u>2009</u> 30 June	<u>2009</u> 31 Dec.	<u>2010</u> 30 June	<u>2009</u> 30 June	<u>2009</u> 31 Dec.
Assets						
Goodwill	16,8	16,8	16,8	-	-	-
Intangible fixed assets	29,6	24,3	26,0	-	-	-
Tangible fixed assets	112,6	112,8	116,9	0,1	0,1	0,1
Financial assets	3,1	4,2	3,1	192,0	127,7	151,4
Inventories	4,9	4,4	5,1	-	-	-
Current receivables	35,1	62,4	34,9	9,7	26,0	20,4
Cash and bank balances	1,9	1,6	1,4	0,0	0,1	0,1
Total assets	204,0	226,5	204,2	201,8	153,9	172,0
Equity and liabilities						
Share capital	10,1	6,8	6,8	10,1	6,8	6,8
Other contributed capital	152,2	116,1	116,1	-	-	-
Accumulated loss incl.result for year	-108,9	-59,2	-80,1	-	-	-
Statutory reserve	-	-	-	11,1	11,1	11,1
Non-restricted equity	-	-	-	109,9	103,6	73,6
Non-current liabilities	81,6	83,3	84,2	14,7	17,0	17,0
Current liabilities	69,0	79,5	77,2	56,0	15,4	63,5
Total equity and liabilities	204,0	226,5	204,2	201,8	153,9	172,0
Segment assets						
	<u>2010</u> 30 June	<u>2009</u> 31 Dec.				
Automotive	195,2	194,5				
Foundry technology	12,2	13,5				
Eliminations	-3,4	-3,8				
Group total	204,0	204,2				

Changes in equity in group, SEK M

	<u>Share capital</u>	<u>Oth contrib capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
Equity 2009-01-01	6,8	116,1	-36,9	86
Sum total result	-	-	-22,3	-22,3
Equity 2009-06-30	6,8	116,1	-59,2	63,7
Sum total result	-	-	-20,0	-20,9
Equity 2009-12-31	6,8	116,1	-80,1	42,8
Equity 2010-01-01	6,8	116,1	-80,1	42,8
Shares issue	3,3	36,1	-	39,4
Sum total result	-	-	-28,8	-28,8
Equity 2010-06-30	10,1	152,2	-108,9	53,4

Key ratios

	Group			Parent company		
	<u>2010</u> 30 June	<u>2009</u> 30 June	<u>2009</u> 31 Dec.	<u>2010</u> 30 June	<u>2009</u> 30 June	<u>2009</u> 31 Dec.
Equity ratio	26%	28%	21%	65%	79%	53%
Liquidity ratio	54%	81%	47%	17%	169%	32%
No. of shares in thousands	20274	13607	13607	20274	13607	13607
Earnings per share (SEK)	-1,42	-1,64	-3,17	-	-	-
Equity per share (SEK)	2,63	4,68	3,15	6,47	8,93	6,72

Definitions

Equity ratio:	Equity in relation to balance sheet total.
Liquidity ratio:	Current assets minus stock in relation to current liabilities.
Earnings per share:	Profit for the period attributable to equity holders of the parent company divided by the average number of shares.
Equity per share:	Equity in relation to number of outstanding shares per respective balance sheet date.

Accounting principles

NovaCast Technologies' interim report was prepared in accordance with IAS 34 "Interim financial reporting", as well as RFR's 2:3 (Swedish Financial Reporting Board) and the Annual Accounts Act. The same accounting principles were used in our latest annual report.

Coming reports

NovaCast Technologies AB's quarterly reports are expected to be published on October 29 2010, as well as year-end report during February 2011.

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. Graphyte technology 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 production of traditional dies.

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.

www.novacast.se

NovaCast Technologies AB (publ)
Box 158
282 23 Tyringe, Sweden
+46 457 38 63 00

Corporate identity number 556211-0790