

July- September 2010

- **Net sales for the quarter were 24,2 MSEK (19,0)**
- **Operating loss for the quarter was -12,1 MSEK (-6,8)**
- **Loss after tax was -12,9 MSEK (-8,0)**
- **Earnings per share -0,64 SEK (-0,59)**
- **Considerable order intake during period**
- **Camito/Swepart received new large order from Magna Cosma**
- **Additional order from Volvo Cars – order value now approximately 35 MSEK**
- **CGI order from Turkey**

January - September 2010

- **Net sales for the period were at 63,2 MSEK (78,3)**
- **Operating loss for the period was -38,7 MSEK (-26,6)**
- **Loss after tax was -41,7 MSEK (-30,1)**
- **Earnings per share before and after dilution were -2,06 SEK (-2,21)**
- **Currency rate effects were -0,6 MSEK (5,5)**
- **Order intake was 107,4 MSEK (83,2) and order backlog was 73,5 MSEK (36,3)**
- **Cash flow from operating activities was – 31,5 MSEK (-11,3)**
- **Private placement new share issue provided 40 MSEK**
- **Camito/SwePart approved supplier to Magna Cosma**

Events after reporting period

- **New project financing in place through Camito Financial Services**

Group development during reporting period

Net sales

Net sales for the group during the first three quarters of 2010 were 63,2 MSEK (78,3). The volume drop was mainly due to low order intake from the automotive industry during 2009, which resulted in an unusually weak first six months. Interruptions in production were also caused by a break in the melting furnace at CTC foundry. A considerable increase in order intake started during May of 2010 but did not give results in increased invoicing until the latter months of the period. Net sales during September 2010 were 11,1 MSEK (8,7).

Result after tax

Result after tax for the period was -41,7 MSEK (-30,1). The poor result was mainly due to volume drop. Of the 35 notices of dismissal given during the beginning of the year, 10 have been executed. No further reductions in personnel are planned as a result of improved order intake. One-off items mainly due to personnel terminations charged the operating loss with approximately -1,9 MSEK (-1,2).

Positive currency rate effects of 5,5 MSEK were included in the corresponding period of the preceding year, while the current year's result is charged with currency losses of 0,6 MSEK.

Cash

Cash and cash equivalents at end of accounting period were 5,4 MSEK (16,0) including unutilized check credit of 3,5 MSEK (11,4). Accounts receivable for the group were at 20,9 MSEK (23,1).

A new project financing facility has been created after the reporting period. Camito Financial Services has been able, via Sparbanken 1826, ALMI Skåne, Swedbank and Fouriertransform, to negotiate a credit facility that will provide 15 MSEK in new cash, as well as 5 MSEK in other positive liquidity. The facility is connected to the export of dies and 50% is guaranteed by The Swedish National Export Credits Guarantee Board, EKN.

Order intake and order backlog

A considerable increase in order intake has taken place from May and order backlog during the whole period was 107,4 MSEK (83,2), of which 93,8 MSEK (68,1) applies to the Automotive business area and 13,6 MSEK (15,1) to activities within foundry technology. Outgoing order backlog was 73,5 MSEK (36,3) of which the Automotive business area reached 71,3 MSEK (34,8) and Foundry Technology reached 2,2 MSEK (1,5).

Investments

Expenditure related to investments during the period was 0,9 MSEK (1,4).

Development per business area and market during reporting period

Automotive

Net sales for this business area were 51,0 MSEK (64,7). Operating loss was -34,4 MSEK (-26,1). Order intake was 93,8 MSEK (68,1) and outgoing order backlog was 71,3 MSEK (34,8). One-off items charged the operating loss with XX1,2 MSEK.

On the whole, the market situation for the Automotive business area improved considerably during the end of the period but the effects of increased demand from the automotive sector expressed in higher production utilization at our production sites have not been noticeable until the latter month.

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 has given 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 however not had time to give any positive effect on the result during the period.

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

During the period Camito's marketing organization finalized orders from among others Volvo Car Corporation, approx. 35 MSEK, the new Saab Automotive, approx. 5 MSEK and Magna Heavy Stamping, approx. ca 22 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 have been low during the whole period, partly due to weak order flow during a large part of the period, as well as a two-week standstill of the melting furnace at the beginning of the year and to production development of new products. This has mostly disrupted production of castings to the wind power industry within the framework agreement with Enercon. Production of castings for wind power increased during the end of the period and reached the expected annual pace and at the same time production of die shoe castings increased during September.

Parts of the completion process at the foundry have been made more efficient, resulting in lower staff requirements. 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

Apart from September, production volumes were very low during the period. Future delivery capacity has been prioritized as a result of the good order intake from May 2010 and of the notices of dismissal given at the beginning of the year only 4 have been executed, which has resulted in lower personnel costs of approximately 1,0 MSEK (approx. 7%) on a quarterly basis. Increased production at sub-contractors, in combination with the projects for increasing efficiency that were conducted, will allow SwePart to retain or raise their delivery capacity before the expected demand increase in the coming years.

Foundry Technology (including Graphyte product area)

NovaCast Foundry Solutions AB

Net sales for the business area during the period were 12,2 MSEK (13,6). Operating loss was -4,3 MSEK (-0,5), including one-off items that charged the loss with approximately -0,7 MSEK. A program of measures has been decided on and has commenced.

Demand and invoicing have been low during the whole period but a certain increase has taken place in September.

An order for the ATAS process control system was received 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 473 customers (438) and the installed licence base to 684 (662). The number of Technology Partner Agreements, TPA, which generate annual income to the company, is 178 (203).

Current CGI projects within the Graphyte business area are proceeding with good results and a definite increase in marketing activities has been noted.

Parent company

Income in the parent company consists mainly of sales of services within the group. Net sales were 7,1 MSEK (7,7) during the period, of which intra group sales were 7,1 MSEK (7,7). Operating loss was -1,2 MSEK (-0,2).

Risks and uncertainty factors

After a very weak six-month period we were able to get several important orders during the third quarter. This means that we now have an interesting backlog of orders and it is very important that we 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.

Contingent assets and (contingent) liabilities

No considerable change has taken place in the group's or parent company's contingent assets or liabilities since the end of the last fiscal year.

Related party transactions

No related party transactions relevant for understanding changes in the group's or parent company's financial standing and development since the end of the last fiscal year have taken place other than the private placement new share issue to Fouriertransform during the first quarter of 2010.

Future developments

As in previous years, NovaCast Technologies 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 signatures

Tyringe October 29, 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

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

Review report

We have reviewed this report for the period 1 January 2010 to 30 September 2010 for NovaCast Technologies AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Tyringe, 29 October 2010

Öhrlings PricewaterhouseCoopers

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Claes Thimfors
Authorised Public Accountant

Report for total result

<u>SEK M</u>	Group			Parent company		
	2010	2009	2009	2010	2009	2009
	<u>JAN-SEPT</u>		<u>YEAR</u>	<u>JAN-SEPT</u>		<u>YEAR</u>
Net sales	63,2	78,3	103,9	7,1	7,7	9,8
Work perf.by co.for its own use&capitalized	4,4	2,9	4,5	0,0	0,0	0,0
Other operating income	0,8	2,9	3,5	0,1	0,4	0,7
Raw material & consumables	-26,9	-34,5	-46,9	0,0	0,0	0,0
Other external costs	-28,7	-25,2	-34,0	-5,1	-4,3	-5,3
Employee benefit expenses	-42,9	-48,6	-64,2	-3,9	-3,9	-5,3
Depreciation & impairment	-8,0	-8,0	-10,8	0,0	0,0	-0,1
Other net profit/loss	-0,6	5,6	5,2	0,6	-0,1	0,0
Operating loss	-38,7	-26,6	-38,8	-1,2	-0,2	-0,2
Net financial income/expense	-3,0	-3,5	-4,4	0,4	0,4	0,4
Profit/loss from participations in group co.	-	-	-	-	-	-30,0
Taxes	0,0	0,0	0,0	0,0	0,0	0,0
Net profit/loss for the period	-41,7	-30,1	-43,2	-0,8	0,2	-29,8
Sum total result for the period	-41,7	-30,1	-43,2	-0,8	0,2	-29,8
Result for period and total result attributable to equity holders of the parent	-41,7	-30,1	-43,2	-0,8	0,2	-29,8
Earnings / share (SEK) before and after dilution	-2,06	-2,21	-3,17	-	-	-
Income per segment	JAN-SEPT	2010	2010	2010	2010	
<u>SEK M</u>		Automotive	Foundry tech.	Eliminations	Total	
External income		51,0	12,2	-	63,2	
Internal income		14,3	0,5	-14,8	0,0	
Total income		65,3	12,7	-14,8	63,2	
Operating loss		-34,4	-4,3	-	-38,7	
Net financial income/expense					-3,0	
Result before tax					-41,7	
Income per segment	JAN-SEPT	2009	2009	2009	2009	
SEK M		Automotive	Foundry tech.	Eliminations	Total	
External income		64,7	13,6	-	78,3	
Internal income		15,4	0,4	-15,8	0,0	
Total income		80,1	14,0	-15,8	78,3	
Operating loss		-26,1	-0,5	-	-26,6	
Net financial income/expense					-3,5	
Result before tax					-30,1	

Report for total result

<u>SEK M</u>	Group		Parent company	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>JUL-SEPT</u>		<u>JUL-SEPT</u>	
Net sales	24,2	19,0	1,7	2,6
Work perf.by co.for its own use&capitalized	0,4	1,0	-0,0	0,0
Other operating income	0,5	0,5	0,0	0,1
Raw material & consumables	-11,4	-7,4	0,0	0,0
Other external costs	-9,2	-7,8	-1,8	-1,6
Employee benefit expenses	-12,9	-12,2	-1,2	-1,1
Depreciation & impairment	-2,7	-3,0	-0,0	-0,0
Other net profit/loss	-1,0	3,1	0,0	-0,0
Operating profit/loss	-12,1	-6,8	-1,3	0,0
Net financial income/expense	-0,8	-1,2	0,3	0,0
Taxes	0,0	0,0	0,0	0,0
Net profit/loss for the period	-12,9	-8,0	-1,0	0,0
Sum total result for the period	-12,9	-8,0	-1,0	0,0

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

Result for period and total result attributable to equity holders of the parent	-12,9	-8,0	-1,0	0,0
Earning / share (SEK) before and after dilution	-0,64	-0,59	-	-

<u>Income per segment</u>	<u>JUL-SEPT</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>
<u>SEK M</u>		Automotive	Foundry tech.	Eliminations	Total
External income		19,7	4,5	-	24,2
Internal income		4,8	0,3	-5,1	0,0
Total income		24,5	4,8	-5,1	24,2
Operating loss		-11,4	-0,7	-	-12,1
Net financial income/expense					-0,8
Result before tax					-12,9

<u>Income per segment</u>	<u>JUL-SEPT</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>
<u>SEK M</u>		Automotive	Foundry tech.	Eliminations	Total
External income		14,0	5,0	-	19,0
Internal income		6,3	0,0	-6,3	0,0
Total income		20,3	5,0	-6,3	19,0
Operating loss		-6,9	0,1	-	-6,8
Net financial income/expense					-1,2
Result before tax					-8,0

Cash flow statement

SEK M	Group		Parent company	
	2010 JAN-SEPT	2009 JAN-SEPT	2010 JAN-SEPT	2009 JAN-SEPT
Operating activities				
Operating profit/loss	-38,7	-26,6	-1,3	-0,2
Adjustment for non-cash items	8,0	7,9	0,0	0,1
	-30,7	-18,7	-1,3	-0,1
Interest received/paid	-3,3	-3,4	0,5	0,3
Tax received/paid	-	-	-	-
Cash flow from operating activities before working capital changes	-34,0	-22,1	-0,8	0,2
Cash flow from working capital changes				
Decrease/increase in inventories	2,1	4,3	-	-
Decrease/increase in accounts receivable	-7,5	5,6	0,0	0,5
Decrease/increase in receivables	7,0	11,4	-10,3	-11,0
Decrease/increase in accounts payable	2,2	-11,7	0,2	-0,4
Decrease/increase in current liabilities	-1,3	1,2	0,9	0,1
Cash flow from operating activities	-31,5	-11,3	-10,0	-10,6
Investing activities				
Change in tangible fixed assets	-1,9	-1,3	0,0	1,0
Acquisition of intangible assets	-5,1	-3,3	-	-
Change in financial assets	-	-	-	-4,8
Loan/contribution to subsidiaries	-	-	-25,2	-
Investments in subsidiaries	-	-	-	-0,9
Cash flow from investing activities	-7,0	-4,6	-25,2	-4,7
Financing activities				
Shares issue	39,4	-	39,4	-
Decrease/increase in long-term loans	-0,4	17,1	-4,3	15,2
	39,0	17,1	35,1	15,2
Cash flow from financing activities				
Cash flow for period	0,5	1,2	-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	4,6	0,0	0,1

* Specification of cash and cash equivalents at end of period

Cash & cash balances	1,9	4,6	0,0	0,1
Short-term investments	-	-	-	-
	<u>1,9</u>	<u>4,6</u>	<u>0,0</u>	<u>0,1</u>

Balance sheet

SEK M	Group			Parent company		
	<u>2010</u> 30 Sept	<u>2009</u> 30 Sept	<u>2009</u> 31 Dec.	<u>2010</u> 30 Sept	<u>2009</u> 30 Sept	<u>2009</u> 31 Dec.
Assets						
Goodwill	16,8	16,8	16,8	-	-	-
Intangible fixed assets	30,0	24,7	26,0	-	-	-
Tangible fixed assets	111,0	118,7	116,9	0,1	0,1	0,1
Financial assets	3,1	3,1	3,1	169,1	129,7	151,4
Inventories	2,9	5,5	5,1	-	-	-
Current receivables	35,3	38,0	34,9	37,1	25,9	20,4
Cash and cash balances	1,9	4,6	1,4	0,0	0,1	0,1
Total assets	201,0	211,4	204,2	206,3	155,8	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	-121,8	-67,0	-80,1	-	-	-
Statutory reserve	-	-	-	11,1	11,1	11,1
Non-restricted equity	-	-	-	108,8	103,6	73,6
Non-current liabilities	79,3	86,3	84,2	14,2	17,1	17,0
Current liabilities	81,2	69,2	77,2	62,1	17,2	63,5
Total equity and liabilities	201,0	211,4	204,2	206,3	155,8	172,0
Segment assets						
	<u>2010</u> 30 Sept		<u>2009</u> 31 Dec.			
Automotive	191,4		194,5			
Foundry technology	12,3		13,5			
Eliminations	-2,7		-3,8			
Group total	201,0		204,2			

Changes in equity in group, SEK M

	<u>Share capital</u>	<u>Other contrib. capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
Equity 2009-01-01	6,8	116,1	-36,9	86,0
Sum total result	-	-	-30,1	-30,1
Equity 2009-09-30	6,8	116,1	-67	55,9
Sum total result	-	-	-13,1	-13,1
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	-	-	-41,7	-41,7
Equity 2010-09-30	10,1	152,2	-121,8	40,5

Key ratios

	Group			Parent company		
	<u>2010</u> 30 Sept	<u>2009</u> 30 Sept	<u>2009</u> 31 Dec.	<u>2010</u> 30 Sept	<u>2009</u> 30 Sept	<u>2009</u> 31 Dec.
Equity ratio	20%	26%	21%	63%	78%	53%
Liquidity ratio	46%	62%	47%	60%	151%	32%
No. of shares in thousands	20 274	13 607	13 607	20 274	13 607	13 607
Earnings per share (SEK)	-2,06	-2,21	-3,17	-	-	-
Equity per share (SEK)	2,00	4,11	3,15	6,41	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' year-end report for 2010 is expected to be published on February 25, 2011.

NovaCast Technologies 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
Box 158
282 23 Tyringe
+46 457 38 63 00

Corporate identity number 556211-0790