

October - December 2010

- Net sales for the quarter were 37,7 MSEK (25,6)
- Operating loss for the quarter was -12,1 MSEK (-12,1)
- Loss after tax was -13,8 MSEK (-13,1)
- Earnings per share -0,68 SEK (-0,96)

January - December 2010

- Net sales for the period were 100,9 MSEK (103,9)
- Operating loss for the period was -50,7 MSEK (-38,8)
- Loss after tax was -55,5 MSEK (-43,2)
- Earnings per share before and after dilution were -2,74 SEK (-3,17)
- Currency rate effects were -1,8 MSEK (+5,2)
- Order intake was 124,7 MSEK (104,2) and order backlog was 55,1 MSEK (32,2)
- Cash flow from operations was -42,0 MSEK (-18,4)

Events after reporting period

- Decision on new share issue 80-90 MSEK
- Bridge financing opportunities are ongoing
- New order for die engineering changes from Scania
- New order for complete stamping dies from Saab Automobile AB

Group development during reporting period

Net sales

Group net sales for the period were at 100,9 MSEK (103,9). 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 last quarter of the period.

Result after tax

Result after tax for the year was -55,5 MSEK (-43,2). The poor result is primarily due to the orders that were taken during the automotive crisis year of 2009 had low margins and volumes remained low during the first six months. Production stop due to technical issues also had a negative impact. Of the 35 notices of dismissal given during the beginning of the year, 10 have been executed. One-off items mainly due to personnel terminations charged the operating loss with approximately -1,9 MSEK (-1,2). The result has been impacted by exchange rate losses of -1.8 MSEK (+5.2).

Cash

Cash and cash equivalents at end of accounting period were 4,4 MSEK (7,2) including unutilized check credit of 1,5 MSEK (5,8). Accounts receivable for the group were at 12,9 MSEK (13,5).

The Board of Directors has reached a decision on new shares issue which expects to provide 80-90 MSEK during the second quarter of 2011. Until the proceeds of issue are expected to be paid in, the company will need a short term bridge financing. Several solutions are being negotiated but no final solution is currently in place. The Board of Directors expects that a solution will be reached within a few weeks.

A new project financing facility has been created during the autumn. 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, of which 10,7 MSEK are realized during the period. 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

The order intake during the period was 124,7 MSEK (104,2), of which 106,9 MSEK (85,9) applies to the Automotive business area and 17,8 MSEK (18,3) to the Foundry Technology. Outgoing order backlog was 55,1 MSEK (32,2) of which the Automotive business area represent 53,6 MSEK (31,4) and Foundry Technology 1,5 MSEK (0,8).

Investments

Expenditure related to investments during the period was 2,7 MSEK (2,4).

Development per business area during the reporting period

Automotive

Net sales for the business area were 85,3 MSEK (86,4). Operating loss was -44,1 MSEK (-37,2). Order intake was 106,9 MSEK (85,9) and outgoing backlog was 53,6 MSEK (31,4). One-off items charged the operating loss with -1,9 MSEK.

On the whole, the market situation for the Automotive business area considerably improved 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 latest quarter.

Camito AB

Marketing activities have continued at a high pace during the period and the new marketing strategy that was implanted 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 a more even utilization at our production facilities.

The effects of good order intake have however not had time to give any positive effect on the result during the period.

Camito Technology Center AB (CTC)

Produced volume has been low during the whole period, which is the main reason for the very poor result. Two longer stand stills of the melting furnace at the beginning and end of the year, as well as production development of new products, has also affected negatively. Furnace breakdown and generally low volume has disrupted mainly the production of castings to the wind mill 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 slightly.

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

Production volumes up to September have been very low. 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 15,6 MSEK (17,5). Operating loss was -6,6 MSEK (-1,6).

Demand and invoicing have been low during the whole period.

The total customer base increased to 480 customers (447) and the installed license base to 690 (684). The number of Technology Partner Agreements, TPA, which generate annual income to the company, is 187 (211).

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 9,9 MSEK (9,8) during the period, of which intra group sales were 9,9 MSEK (9,8). Operating loss was -1,9 MSEK (-0,2).

The value of the shares of the subsidiary Camito Technology Center AB has been written down by 40,0 MSEK in the parent company's balance sheet.

Risks and uncertainty factors

After another year of heavy losses, it is of great importance to provide new equity capital, to increase both the liquidity and the solidity. The Group's cash position means that short-term contributions are needed to strengthen the liquidity.

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

Further information about the Group's operational and financial risks, risk management and risk exposure, is to be found in 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 of new share issues to Fouriertransform during the first quarter of 2010.

Future developments

As in previous years NovaCast Technologies does not communicate any projections, mainly due to that the business activities still are in the construction phase, where individual orders or business deals can create significant swings in these activities.

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

Annual general meeting and dividend proposal

The annual general meeting will be held on 18 April 2011 in Stockholm with separate notice accordingly. The annual report is expected to be distributed to registered shareholders at the beginning of April 2011. The annual report will also be available at head office from 4 April 2011.

The Board of Directors has proposed not to give any dividends for 2010.

The Board of Directors signature

Tyringe 25 February 2011

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

Rolf Mastenstrand
Group CEO and CEO

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Report for total result

<u>Amount in MSEK</u>	Group		Parent company		
	2010	2009	2010	2009	
	<u>JAN-DEC</u>		<u>JAN-DEC</u>		
Net sales	100,9	103,9	9,9	9,8	
Capitalized inhouse work	4,3	4,5	-	-	
Other operating income	0,5	3,5	0,1	0,7	
Raw material & consumables	-46,1	-46,9	-	-	
Other external costs	-39,2	-34,0	-6,9	-5,3	
Employee benefit expenses	-58,6	-64,2	-5,5	-5,3	
Depreciation & write down	-10,7	-10,8	0,0	-0,1	
Other profit/loss net	-1,8	5,2	0,5	0,0	
Operating result	-50,7	-38,8	-1,9	-0,2	
Net financial income/expense	-4,8	-4,4	0,7	0,4	
Profit/loss from shares in subs	-	-	-74,0	-30,0	
Taxes	0,0	0,0	0,0	0,0	
Net result for the period	-55,5	-43,2	-75,2	-29,8	
Sum total result for the period	-55,5	-43,2	-75,2	-29,8	
Result for period and total result attributable to equity holders of the parent company	-55,5	-43,2	-75,2	-29,8	
Earnings / share (SEK) before and after dilution	-2,74	-3,17	-	-	
Income per segment	JAN-DEC	<u>2010</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>
<u>MSEK</u>		Automotive	Foundry Tech	Eliminations	Total
External income		85,3	15,6	-	100,9
Internal income		22,4	2,7	-25,1	0,0
Total income		107,7	18,3	-25,1	100,9
Operating result		-44,1	-6,6	-	-50,7
Net financial income/expense					-4,8
Result before tax					-55,5
Income per segment	JAN-DEC	<u>2009</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>
<u>MSEK</u>		Automotive	Foundry Tech	Eliminations	Total
External income		86,4	17,5	-	103,9
Internal income		20,9	1,4	-22,3	0,0
Total income		107,3	18,9	-22,3	103,9
Operating result		-37,2	-1,6	-	-38,8
Net financial income/expense					-4,4
Result before tax					-43,2

Report for total result

<u>Amount in MSEK</u>	Group		Parent company		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
	<u>OCT-DEC</u>		<u>OCT-DEC</u>		
Net sales	37,7	25,6	2,8	2,2	
Capitalized inhouse work	-0,1	1,7	-	-	
Other operating income	-0,4	0,5	0,0	0,3	
Raw material & consumables	-19,2	-12,4	-	-	
Other external costs	-10,5	-8,7	-1,8	-1,0	
Employee benefit expenses	-15,7	-15,6	-1,5	-1,5	
Depreciation & write down	-2,7	-2,8	0,0	0,0	
Other profit/loss net	-1,2	-0,4	-0,1	0,0	
Operating result	-12,1	-12,1	-0,6	0,0	
Net financial income/expense	-1,7	-0,9	0,2	0,0	
Profit/loss from shares in subs	-	-	-74,00	-30,0	
Taxes	0,0	0,0	0,0	0,0	
Net result for the period	-13,8	-13,0	-74,4	-30,0	
Sum total result for the period	-13,8	-13,0	-74,4	-30,0	
Result for period and total result attributable to equity holders of the parent company	-13,8	-13,0	-74,4	-30,0	
Earning / share (SEK) before and after dilution	-0,68	-0,96	-	-	
Income per segment	OCT-DEC	<u>2010</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>
<u>MSEK</u>		Automotive	Foundry Tech	Eliminations	Total
External income		34,0	3,7	-	37,7
Internal income		8,4	1,9	-10,3	0,0
Total income		42,4	5,6	-10,3	37,7
Operating result		-9,7	-2,4	-	-12,1
Net financial income/expense					-1,7
Result before tax					-13,8
Income per segment	OCT-DEC	<u>2009</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>
<u>MSEK</u>		Automotive	Foundry Tech	Eliminations	Total
External income		21,1	4,5	-	25,6
External income		6,0	0,5	-6,5	0,0
Total income		27,1	5,0	-6,5	25,6
Operating result		-11,0	-1,1	-	-12,1
Net financial income/expense					-0,9
Result before tax					-13,0

Cash flow statement

MSEK	Group		Parent company	
	2010 JAN-DEC	2009 JAN-DEC	2010 JAN-DEC	2009 JAN-DEC
Operating activities				
Operating profit/loss	-50,8	-38,8	-1,9	-0,2
Adjustment for non-cash items	12,1	6,2	0,1	0,0
	-38,7	-32,6	-1,8	-0,2
Interest received/paid	-5,0	-4,3	0,7	0,4
Tax received/paid	-	-	-	-
Cash flow from operating activities before working capital changes	-43,7	-36,9	-1,1	0,2
Cash flow from working capital changes				
Decrease/increase in inventories	0,7	3,7	-	-
Decrease/increase in accounts receivable	0,6	15,3	0,0	0,4
Decrease/increase in receivables	-5,0	7,5	-11,9	-8,2
Decrease/increase in accounts payable	6,3	-11,2	0,2	-0,5
Decrease/increase in liabilities	-0,9	3,2	1,8	-4,5
Cash flow from operating activities	-42,0	-18,4	-11,0	-12,6
Investing activities				
Acquisition in tangible fixed assets	-2,7	-6,0	0,0	0,0
Acquisition of intangible assets	-5,5	-5,0	-	-
Change in financial assets	-	-	-	-7,6
Loan/contribution to subsidiaries	-	-	-27,2	-
Cash flow from investing activities	-8,2	-11,0	-27,2	-7,6
Financing activities				
Shares issue	39,4	-	39,4	-
Decrease/increase in long-term loans	-3,9	30,3	-2,8	18,0
Decrease/increase in current financial liabilities	16,3	-2,9	1,8	2,1
Cash flow from financing activities	51,8	27,4	38,4	20,1
Cash flow for period	1,6	-2,0	0,2	-0,1
Cash and cash equival at beg of period	1,4	3,4	0,1	0,2
Cash and cash equival at end of period	3,0	1,4	0,3	0,1

* Specification of cash and cash equivalents at end of period

Cash & cash balances	3,0	1,4	0,3	0,1
Short-term investments	-	-	-	-
	<u>3,0</u>	<u>1,4</u>	<u>0,3</u>	<u>0,1</u>

Balance sheet

<u>MSEK</u>	Group		Parent company	
	<u>2010</u> 31 Dec	<u>2009</u> 31 Dec	<u>2010</u> 31 Dec	<u>2009</u> 31 Dec
Assets				
Goodwill	16,8	16,8	-	-
Intangible fixed assets	30,0	26,0	-	-
Tangible fixed assets	107,6	116,9	0,0	0,1
Financial assets	3,1	3,1	136,3	168,7
Inventories	4,4	5,1	-	-
Current receivables	39,2	34,8	0,6	3,1
Cash and cash balances	2,9	1,4	0,3	0,1
Total assets	204,0	204,1	137,2	172,0
Equity and liabilities				
Share capital	10,1	6,8	10,1	6,8
Other contributed capital	152,2	116,1	-	-
Accumulated loss incl. result for year	-135,6	-80,1	-	-
Statutory reserve	-	-	11,1	11,1
Non-restricted equity	-	-	34,5	73,6
Non-current liabilities	85,2	84,2	67,0	63,6
Current liabilities	92,1	77,1	14,5	16,9
Total equity and liabilities	204,0	204,1	137,2	172,0
Segment assets				
	<u>2010</u> 31 Dec	<u>2009</u> 31 Dec		
Automotive	192,9	194,4		
Foundry technology	13,5	13,5		
Eliminations	-2,4	-3,8		
Group total	204,0	204,1		

Changes in equity in group, MSEK

	<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	-	-	-43,2	-43,2
Equity 2009-12-31	6,8	116,1	-80,1	42,8
Equity 2010-01-01	6,8	116,1	-80,1	42,8
Share issue	3,3	36,1	-	39,4
Sum total result	-	-	-55,5	-55,5
Equity 2010-12-31	10,1	152,2	-135,6	26,7

Key ratios

	Group		Parent company	
	<u>2010</u> 31 Dec	<u>2009</u> 31 Dec	<u>2010</u> 31 Dec	<u>2009</u> 31 Dec
Equity ratio	13%	21%	41%	53%
Liquidity ratio	46%	47%	6%	19%
Nr of shares in thousands	20 274	13 607	20 274	13 607
Earnings per share (SEK)	-2,74	-3,17	-	-
Equity per share (SEK)	1,32	3,15	2,75	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

The Group applies international accounting standards IAS as adopted by the EU as well as the Annual Accounts Act and Swedish Financial Reporting Board RFR 1, additional accounting standards for Groups. The interim report was prepared in accordance with IAS 34 "Interim financial reporting". The same accounting principles were used in our latest annual report. Parent company reports according to the Annual Accounts Act and RFR 2 Accounting for Legal Entities.

Coming reports

NovaCast Technologies' interim reports are expected to be published on April 18, August 18, October 26 2011 and yearend report in February 2012.

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 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.

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