OPCON AB (PUBL), THE ENERGY AND
ENVIRONMENTAL TECHNOLOGY GROUP
INTERIM REPORT JANUARY-JUNE 2010

OPCON

Strong development for Engine Efficiency and Mobility Products

- Agreement with Wallenius concerning first installation of Opcon Powerbox on a ship
- Record bioenergy order in Scotland, worth SEK 60 million
- Strong growth within Engine Efficiency and Mobility Products, both business areas reach profitability targets
- Sales in January-June climb 23 %
- Growing order book reaches SEK 802 million (720 m)
- Non liquidity-affecting change in value of shareholding in Enerji Ltd. has SEK –49.9 million impact on operating profit in Q1-Q2 in accordance with IFRS

Q1-Q2, JANUARY-JUNE 2010

- Net sales increased to SEK 318.4 million (257.9 m)
- Operating loss (EBIT) was SEK 50.3 million (6.1 m), of which SEK –49.9 million due to Enerji
- Loss after tax of SEK 38.6 million (+1.9 m)
- Earnings per share SEK –1.58 (+0.04)

Q1-Q2, JANUARY-JUNE 2010 (EXCLUDING CHANGE IN VALUE OF ENERJI)

- Net sales increased to SEK 318.4 million (257.9 m)
- Operating loss (EBIT) was SEK 0.3 million (6.1 m)
- Loss after tax of SEK 1.8 million (+1.9 m)
- Earnings per share SEK –0.09 (+0.04)

Q2, APRIL-JUNE 2010

- Net sales amounted to SEK 160.8 million (161.0 m)
- Operating loss (EBIT) was SEK 8.3 million (+3.1 m), of which SEK –6.4 million due to Enerji
- Loss after tax of SEK 6.8 million (+1.1 m)
- Earnings per share SEK –0.31 (0)

Q2, APRIL-JUNE 2010 (EXCLUDING CHANGE IN VALUE OF ENERJI)

- Net sales amounted to SEK 160.8 million (161.0 m)
- Operating loss (EBIT) was SEK 1.9 million (+3.1 m)
- Loss after tax of SEK 2.0 million (+1.1 m)
- Earnings per share SEK –0.12 (0)

GROUP, JANUARY-JUNE

Sales for the January-June period were SEK 318.4 million (257.9 m). The operating loss was SEK 50.3 million (+6.1 m). The loss before tax was SEK 55.3 million (+3.0 m). The loss after tax was SEK 38.6 million (+1.9 m), which represents earnings per share of SEK –1.58 (+0.04).

In accordance with IFRS, the consolidated operating profit was affected by a change in the value of the shareholding in Enerji (ASX:ERJ) of SEK –49.9 million, which did not affect liquidity. Excluding this item the operating loss would have amounted to SEK 0.3 million (+6.1 m) and the operating loss before tax SEK 5.4 million (3.0 m). The loss after tax would have been SEK 2.0 million (+1.9 m), which would have corresponded to earnings per share of SEK –0.09 (+0.04).

GROUP, APRIL-JUNE

Sales for the April-June period were SEK 160.8 million (161.0 m). The operating loss was SEK 8.3 million (+3.1 m). The loss before tax was SEK 11.3 million (+1.9 m). The loss after tax was SEK 6.8 million (+1.1 m), which represents earnings per share of SEK –0.31 (+0).

Operating profit in Q2 would have been SEK 4.5 million (3.1 m) excluding the non liquidity-affecting change in value of the shareholding in Enerji (ASX:ERJ) of SEK 6.4 million in Q2, and the cancellation of part of a drying system delivery in Europe that had an impact of SEK –6.4 million on earnings.

Sales were largely unchanged during Q2, with the Engine Efficiency and Mobility Products business areas reporting continued strong growth and the Renewable Energy business area reporting lower sales. Sales within Engine Efficiency and Mobility Products rose by over 30 %. Sales for Renewable Energy declined due to weaker development within bioenergy with parts of the activities in Sweden and Germany performing below expectations. In Sweden the drawn-out and expensive development process for drying systems continued to take up significant resources and involved expensive rebuilds. This also held back sales and orders received. However, the order book has continued to grow and now stands at SEK 802 million (720 m).

The Group has continued work to improve profitability, with both the Engine Efficiency and Mobility Products business areas already achieving the established target for EBIT of 10 %. Renewable Energy's earnings remained weak even when the non liquidity-affecting change in value of the shareholding in Enerji Ltd of Australia (ERJ:ASX) is excluded. This is partly due to the fact that the business area, which is subject to the seasonal nature of the bioenergy business and has several products in the launch phase, has an organization geared for higher sales. However, weak earnings are mainly due to the lower level of activity within bioenergy during the quarter and the losses in drying projects.

During the quarter a significant agreement has been signed with Wallenius concerning a reference installation of Opcon Powerbox onboard a Wallenius ship. Commercial shipping, which is highly dependent on oil, could become a primary segment for Opcon Powerbox in future as reduced fuel consumption also means lower emissions of CO_2, NOx, sulphur, etc. Opcon has also signed a declaration of intent with Alfa Laval concerning opportunities for starting a joint company to market Opcon Powerbox in the marine sector.

The first steam-powered version of Opcon Powerbox, which significantly broadens the market and which has created large interest on the market, has now been installed at a district heating plant operated by Skellefteå Kraft, and a first order from Italy has been received.

Sales and profit are reported for remaining business. In accordance with IFRS, Boxpower AB is reported as business held for sale.

Financial position

The Group's liquid assets including current investments at the end of the period were SEK 30.5 million (41.3 m) and interest-bearing liabilities were SEK 183.8 million (134.2 m). This includes financial leasing amounting to SEK 58 million (0 m) for equipment for XPI and production of core components for Opcon Powerbox. Unutilised credit including bank overdraft facilities at the end of the period amounted to SEK 17.4 million. Interest-bearing assets in addition to liquid assets amounted to SEK 23.8 at the end of the period (10.9). Net debt was SEK 129.6 million (81.9 m).

Net financial items amounted to SEK –5.1 million (–3.1 m) for the first half of the year, of which SEK –3.0 million (–1.2 m) was in Q2.

The consolidated equity ratio for remaining business on 30 June 2010 was 54.4 % (48.4 %). The consolidated equity ratio for the entire business was 54.3 % (48.0 %).

Opcon's shares

The total number of registered shares at the end of the period was 25,159,227 (22,032,023).

During Q2, 627,204 new shares were issued in connection with the public purchase offer made to shareholders of Tricorona.

Three new options schemes were established at the 2010 AGM. The schemes contain a total of 300,000 share options. One of these schemes, covering 100,000 options, is valid until 1 June 2012. The other two schemes, also covering 100,000 options each, are valid until 1 June 2013. None of these options have been transferred yet.

Investments

Investments in fixed assets during the first half of the year totalled SEK 63.7 million (11.4 m), primarily relating to the production line for XPI, of which SEK 38.1 million (5.4 m) was in the second quarter. In addition, SEK 39.2 million (15.8 m) in development costs were capitalised during the period, of which SEK 21.9 million (10.3 m) in Q2, mainly relating to development and industrialisation of Opcon Powerbox and the drying system.

During 2009 Opcon made a minor investment in the listed company Enerji Ltd, Australia (ERJ:ASX), with Opcon subscribing for 44,500,000 new shares at a price of AUD 1 cent per share. During 2009 the rise in value of the shares contributed SEK 56 million to operating earnings in accordance with IFRS. During the first half of 2010 the value of the shareholding fell considerably and had an impact on earnings of SEK –49.9 million.

Divestment of business

In accordance with IFRS, business that is to be divested is reported separately.

SALES TURNOVER AND OPERATING PROFIT/LOSS PER BUSINESS AREA (SEK MILLION)
(Excl. business held for sale)

RENEWABLE ENERGY	Q2 2010	Q2 2009	Q1-2 2010	Q1-2 2009	Full year 2009
Sales	87.4	105.2	181.7	151.4	468.0
Operating profit/loss	–14.0*	8.0	–57.5**	11.2	49.8***
Investments	23.0	70.7	41.6	78.1	110.8
Depreciation	3.1	1.2	5.1	1.9	15.2
Net assets	272.6	268.7	272.6	268.7	303.9

*Excluding a change in value in Enerji of SEK –6.4 million and a cancelled order amounting to SEK –6.4 million, the operating loss was SEK 1.2 million.

**Excluding a change in value in Enerji of SEK –49.9 million and a cancelled order amounting to SEK 6.4 million, the operating loss was SEK 1.2 million.

***Excluding a change in value in Enerji of SEK +56 million and non-recurrent items amounting to SEK –31 million, the operating profit was SEK 24.8 million.

ENGINE EFFICIENCY INCL. MOBILITY PRODUCTS	Q2 2010	Q2 2009	Q1-2 2010	Q1-2 2009	Full year 2009
Sales	74.1	55.7	137.8	106.9	215.6
Operating profit/loss	11.3	–1.5	16.0	2.2	7.5
Investments	2.0	3.9	7.3	7.9	24.7
Depreciation	3.5	3.7	6.9	7.1	14.1
Net assets	95.2	88.1	95.2	88.1	81.0

Boxpower AB

A decision made at the Extra General Meeting in June 2008 authorised the Board to distribute, as repayment to shareholders, 51 % of the shares in the newly formed Boxpower AB to shareholders provided that sufficient financing could be obtained for the company, which may mean the sale of parts of the company to one or more partners. In connection with this distribution the intention was to list shares in Boxpower on the stock exchange.

The business model has significant potential and creates considerable value but it requires appropriate financing that must be secured before significantly more contracts can be negotiated. Opcon has held discussions concerning financing with a number of parties for a long period. No final agreements at acceptable market terms have yet been concluded, and Opcon has therefore decided to wait. Opcon does however expect to establish an effective financing model during the current year.

In addition to the installations of Opcon Powerbox made by Boxpower at Stora Enso's plant in Skutskär and at Munksjö's plant in Aspa, Boxpower has also signed a framework agreement during the first half year with Svenska Foder, who also placed an order for Opcon Powerbox at its plant in Hällekis.

Boxpower's sales for the January-June 2010 period amounted to SEK 0.5 million (0 m) and the operating loss was SEK 2.4 million (–1.4 m). During the period, as part of the industrialisation process, Opcon has performed ongoing development and upgrades to Opcon Powerbox. The capacity has been increased, among other improvements, and production on the Opcon Powerbox in operation at the Aspa Munksjö's mill reached over 650 KW net, which is above forecasts for existing conditions.

Tricorona

On 10 February 2010 following a decision by the Board, Opcon decided to submit a public offer to the shareholders of Tricorona AB (publ), corporate registration no. 556332-0240, to transfer all of their shares in Tricorona and receive payment in the form of newly issued shares in Opcon. Opcon offered one (1) newly issued Opcon share for 6.5 Tricorona shares.

The Offer period closed after the end of the period and was accepted by the owners of a total of 4,076,828 shares, corresponding to 2.8 % of the share capital and votes in Tricorona. After the end of the period, therefore, Opcon has issued 627,204 new shares.

By the end of the quarter Opcon had sold all of its shares in Tricorona. Capital gains amounted to SEK 0.3 million. Co-operation with Tricorona concerning emissions credits and financing via the Kyoto protocol's CDM system has continued to progress well at operational level during the quarter, with the main focus being on the Chinese market. Tricorona has gained new owners and it is difficult to predict how this will impact future co-operation.

Employees

At the end of the period the Group had 430 employees (362).

Parent company

The parent company had sales of SEK 9.8 million (5.8 m) in the first half of the year of which SEK 5.1 million (2.4 m) was in the second quarter. Sales primarily relate to invoicing for internal administration services.

The parent company's loss before tax for the first quarter was SEK 11.9 million (–6.0 m), of which SEK –6.9 million (–4.0 m) was in Q2.

At the end of the period, liquid assets in the parent company totalled SEK 0 million (0 m). Liabilities to credit institutions at the end of the period amounted to SEK 105.4 million (109.9 m).

Risks and uncertainties

The significant risk and uncertainty factors for the Group and parent company include business risks in the form of high exposure to a specific sector and key customers. In addition there are financial risks in the form of price, currency and interest rate risks.

For a more detailed description of risk, see Opcon's annual report for 2009.

BUSINESS AREAS, JANUARY-JUNE

- **The order stock amounted to SEK 802 million (720 m)**

Over a number of years Opcon has systematically built a growth platform in energy and environmental technology. The decision to take this course was based on a combination of Opcon's view of the market, where population trends and climate threats are driving up energy prices and boosting demand for greater efficiency in energy use, and Opcon's competence and history in resource-effective and energy-efficient development.

The order book continued to grow during the period, amounting to SEK 802 million (720 m) for the Group as a whole as of 30 June 2010.

Since Boxpower is reported as a business held for sale, the orders for Boxpower for electricity generation are not included in the order book.

RENEWABLE ENERGY BUSINESS AREA – expanding order book

- **Agreement with Wallenius concerning installation of Opcon Powerbox onboard a ship**
- **SEK 60 million record order from Scotland's largest bio-powered power plant**

Sales for the January-June period amounted to SEK 181.7 million (151.4 m). The operating loss was SEK 57.5 million (+11.2 m). Excluding the non liquidity-affecting change in value of the shareholding in Enerji Ltd. of Australia amounting to SEK 49.9 million, the operating loss for the business area amounted to SEK 7.6 million.

Sales for the April-June period amounted to SEK 87.4 million (105.2 m). The operating loss was SEK 14.0 million (+8.0 m). Excluding the non liquidity-affecting change in value of the shareholding in Enerji Ltd. of Australia of SEK –6.4 million in Q2, and cancellation of an unsuccessful drying system delivery in Europe which had an impact of SEK –6.4 million, the operating loss for the business area amounted to SEK 1.2 million.

The fall in sales turnover in Q2 was mainly due to poorer development within bioenergy where above all parts of the operations in Sweden and Germany delivered below expectations. Meanwhile the order situation has improved. The previously announced delays in the delivery plan for Opcon Powerbox to Australia for late 2010, early 2011 also contributed to readjustments and lower than expected sales.

The drawn-out and resource-intensive development work on associated technology for the drying system had a specially negative impact and has continued to eat up significant resources involving expensive rebuilds. This has impacted on earnings and held back sales and orders with new sales of drying systems being unable to start as planned. The technical problems with the associated systems have now been solved. The newly developed drying systems working at low temperatures and utilising waste heat are considered to have excellent market potential on the globally expanding pellets market. Opcon is now planning for a more extensive launch. Several rebuilds of already installed systems have been completed during the quarter and rebuild activities will continue during the third quarter. Most of the rebuilding work has now been concluded however.

Within Opcon Bioenergy, Opcon is now emerging step by step as a leading player on the Swedish bioenergy market with a broad offer to customers that includes generation of electricity. Integration is however proceeding slower than planned and has initially involved higher costs, with the effects of lower administration costs and purchasing costs along with a more sharply focused project management are expected to come into play towards the end of the year.

Even though most of the problems that have held back profitability and orders within bioenergy have now been resolved, further structural changes will be needed to fully adapt the business to higher volumes and larger projects while securing profitability.

Orders received within bioenergy have also risen. Meanwhile further orders are in the pipeline. Within the flue gas condensation segment, Opcon is entering a new market with a first order from the Czech Republic. In the UK, Saxlund has won a record order worth SEK 60 million from Aker Solutions for a biomass fuel handling system at Scotland's largest bioenergy plant. However, customers still face problems with financing and many projects are being delayed or cut back in size. Opcon has noted how financing difficulties has affected decision making in certain markets.

The agreement signed in Q2 with Wallenius for a reference installation of Opcon Powerbox onboard a ship is considered to have decisive significance. The initial installation, which is supported by the Swedish Energy Agency, will take place aboard a newly constructed ship and will be completed in September 2011. Wallenius has also expressed a clear intention to install the system on all its new vessels and most of its existing fleet.

After holding discussions with various parties regarding co-operation on distribution, service and maintenance on the marine side, Opcon has also signed a declaration of intent with Alfa Laval aimed at investigating opportunities for establishing a joint company for Opcon Powerbox in the marine market.

The first steam-powered version of Opcon Powerbox, which significantly broadens the market potential, has also been installed during the second quarter at one of Skellefteå Kraft's district heating plants. Opcon's international expansion has continued with, among other events, a first order for a steam-powered Opcon Powerbox from Italy. Discussions are continuing with several parties on various markets and in various segments. Co-operation with Alfa Laval has also progressed well. Work continues aimed at developing co-operation in the Benelux countries to other regions.

Production of Opcon Powerbox for Enerji in Australia has been postponed until late 2010 and early 2011. This follows delays in Enerji's financing and difficulties in having the

European norms with which the first reference installation was ordered and built accepted in Australia. During Q2 Opcon has received a replacement order for an additional third-generation Opcon Powerbox from Enerji with Opcon meanwhile taking over the first generation Opcon Powerboxes already delivered. Enerji has thereby ordered six third-generation Opcon Powerboxes built in accordance with Australian standards. Enerji is now focusing its efforts on commercial customers and is expected to win a number of orders in the autumn.

ENGINE EFFICIENCY AND MOBILITY PRODUCTS BUSINESS AREA
– sales up by over 30 % in Q2

Sales for the Engine Efficiency business area including Mobility Products in the January-June period amounted to SEK 137.8 million (106.9 m). This corresponds to a sales increase of around 30 %, with the sales increase being generally higher within Mobility Products and lower within Engine Efficiency. Operating profit was SEK 16.0 million (2.2 m).

Sales for the Engine Efficiency business area including Mobility Products in the April-June period amounted to SEK 74.1 million (55.7 m). This corresponds to a sales increase of 33 %. Operating profit was SEK 11.3 million (–1.5 m), which means that the business area has already achieved Opcon's target for an EBIT margin of 10 %.

ENGINE EFFICIENCY BUSINESS AREA

- **High growth and expanding deliveries for XPI**
- **Profitability already in line with Opcon's financial target for EBIT of 10 %**

After a weak year in 2009 sales for the Engine Efficiency business area in Q2 continued to be affected by the economic upturn, with wide increases for several traditional products. Meanwhile, deliveries from the Group's large investment of around SEK 50 million in the construction of a new process line for production of core components for the Scania-Cummins XPI system increased steadily. The line will now deliver steadily increasing volumes in future with significantly higher volumes planned at the end of 2010 and start of 2011.

The activity in China, which is strongly dependent on high volumes, has had positive development with expanding deliveries and has thus stopped being a burden on the business.

Earnings have also improved, which is an effect of both increased volumes and the extensive work carried out during the past year to cut costs and improve profitability. The business is now also meeting the Group's financial target for EBIT of 10 %.

MOBILITY PRODUCTS BUSINESS AREA

- **Strong growth continues, profitability well in line with target**

Mobility Products continues to develop well with strong growth in sales and profitability that is in line with Opcon's objectives. Both sales and earnings were considerably higher in Q2 2010 than in Q2 2009. This is the result of continued volume growth in the healthcare sector, with higher sales of Balle's various lifting devices and with REAC's actuators being introduced in more applications and models by leading producers of advanced wheelchairs. Meanwhile, the large fall in volumes delivered to the auto sector at the start of 2009 has been turned around, although there has not been a return to the previous levels.

THE GROUP IN 2010 AND BEYOND

Opcon has built up over a number years a strong product portfolio with a focus on energy and environmental technology where the core competence is in products for improving energy efficiency and in bioenergy. The market for these types of products is strongly dependent on energy prices and energy investment globally, with high energy prices increasing interest in Opcon's various products and systems.

Opcon's view is that higher energy prices are part of a long-term trend where population development and economic growth together with an increased political focus on the environment and climate exert pressure on energy prices and renewable energy sources. Several of Opcon's products for improving energy efficiency have a global market, and the ability of Opcon Powerbox to generate electricity out of waste heat is especially interesting. Considering the fluctuation in electricity prices on different markets, and the low price of electricity in Sweden compared with the rest of the world, markets outside Sweden are thus of greater interest to Opcon.

The base for Opcon's growth platform within energy and environmental technology has primarily been built around different technologies for utilising waste heat and within bioenergy. Waste heat is today an enormous and largely unutilised energy resource all over the world. According to the International Energy Agency, IEA, over 60 % of the energy content in global electricity generation becomes waste heat. Opcon can today offer its customers complete systems with several alternatives to take care of their waste heat. This can include district heating, drying of biomass, generation of electricity, or a combination of the aforementioned, depending on what suits the customer. Opcon is also continuing to further develop and integrate its systems.

In addition to the strong growth Opcon foresees within Renewable Energy, with among other things increased sales within bioenergy and a continued breakthrough for the new Opcon Powerbox technology, both the Engine Efficiency and Mobility Products business areas are expected to grow strongly in coming years. So far this year the Group's sales have climbed by around 20 %, while the order book has expanded from SEK 687 million at the start of the year to SEK 802 million as of 30 June.

Opcon's previous assessment that it would achieve sales of SEK one billion in 2010 was based on growth coming approximately equally from the following sources:

- growth within Bioenergy
- sales of Opcon Powerbox
- joint growth in Engine Efficiency and Mobility Products
- a combination of increased sales of other systems within Renewable Energy and further acquisitions of companies

This assessment was made on existing internal forecasts. Sales within Engine Efficiency, Mobility Products and Opcon Powerbox are within the framework for these forecasts, with the delays in delivery to Australia that have been announced.

Considering the strong fall in the Opcon share price at the start of the year, the Board has now decided to postpone new acquisitions. Meanwhile, parts of the existing bioenergy business have not progressed as well as expected as customers have delayed decision-making and the drawn-out development process for associated systems for drying systems has also meant that new sales of drying systems have not started up as planned. Against the background of a somewhat lower than expected level of orders received within bioenergy, and postponements in existing projects, sales within Renewable Energy are not expected to develop at the rate previously assumed. Considering how large, individual projects can have a major impact on the way work is performed, the current assessment is that Opcon is now 6-9 months behind schedule.

However, the Board does make the assessment that orders received 2010 in all business areas will be in line with previous forecasts, but with some delays for individual deliveries and projects.

Within bioenergy the third quarter is expected to bring lower sales than in the same period last year along with continued pressure on profitability. However, the final quarter is expected to be much stronger than the third quarter with considerably higher sales and improving profitability plus a significant upturn within the bioenergy segment, which by then is expected to have worked through the problems that have followed from the extended and resource-intensive development process concerning the drying systems.

With the platform for growth now established, the Board has decided to strengthen its focus on profitability and profitable growth. An improvement in gross margins is also now starting to be noticed, with both Engine Efficiency and Mobility Products already achieving an EBIT margin rate of 10 %. Profitability remains weak within Renewable Energy, however, and further measures are required. This applies primarily for bioenergy. Since the main difficulties relate to drying systems, this should be achieved relatively quickly. As integration of bioenergy activities continues and costs for rebuilding drying systems decline while sales of Opcon Powerbox improve, margins are expected to increase towards the end of the year. The objective remains that towards the end of 2010 reach an EBIT margin pace of 10 %.

Cash flow is expected to improve considerably after the industrial holiday period in the summer and following the considerable investment in the first half of the year which included completion of the production line for Scania-Cummins XPI. No further major investment in fixed assets is planned in the near future. The company also ends the development process for the drying systems which has consumed a lot of resources.

Regarding the market situation for Renewable Energy, orders received are expected to increase in future following postponements or cutbacks within several existing projects. Uncertainty remains however concerning customers' financing and the general economic situation, and Opcon in recent months has clearly noted how financial concerns have affected decision makers. This is especially the case now that Opcon's sales, especially within bioenergy, are made to countries outside Sweden.

Opcon continues to be optimistic about sales of Opcon Powerbox in future, with the extensive development that has been carried out to enable generation of electricity from saturated steam opening up a series of application opportunities, not least within industries where steam is used in processes. The first installation, supported by the Swedish Energy Agency, has now been made at Skellefteå Kraft in order to convert a small district heating plant into a combined power and heating plant. Quotations are now increasing swiftly for the steam-powered version of Opcon Powerbox, and during the first half of the year Opcon has received several orders from both Sweden and Italy for this steam-powered version of Opcon Powerbox.

However, the failure to secure financing for Boxpower Norden is holding back sales. The business model has considerable potential with opportunities to create significant value, but this requires appropriate financing being secured before many more contracts can be finally negotiated. Over a long period Opcon has held concrete financing discussions with a number of parties. No final agreements at acceptable market terms have been concluded yet, but Opcon expects to establish an effective financing model for Boxpower Norden during the remainder of the year. Meanwhile, the continued international expansion and capitalisation of the Boxpower concept will continue within the framework for Boxpower International.

An important breakthrough has been achieved in the marine sector, with an agreement signed with Wallenius concerning a reference installation of Opcon Powerbox on one of Wallenius' vessels. The initial installation, supported by the Swedish Energy Agency, aims to utilise waste heat for production of electricity onboard and is expected to achieve a fuel saving of 4-6 %. Opcon Powerbox is now being adapted for this marine application. The full potential for fuel savings using this technology is estimated at 5-10 %. Wallenius has also clearly expressed its intention to install this system on all of its new vessels and the majority of its existing fleet. With over 16,000 registered vessels in the world that have power output of over 10 MW, expectations of rising oil prices and a sharper focus on emissions by ships, it is considered that the marine segment could be one of the most significant areas for Opcon Powerbox in future.

Opcon has signed a declaration of intent with Alfa Laval to investigate conditions for forming a joint company to serve the marine market. The basis for the collaboration is Opcon's existing technology for recovering energy and saving fuel together with Alfa Laval's sales and distribution channels, service and maintenance.

Opcon is also optimistic about Enerji Ltd's increased focus on the Australian market and the major opportunities there.

Efforts are also being made to establish different partnerships to launch the technology on more markets. Plans are being made to extend the partnership with Alfa Laval concerning sales of Opcon Powerbox in the Benelux countries. Opcon expects to see the first concrete results from this collaboration in the form of orders during 2010.

Together with expectations concerning collaboration initiated with other parties focused on sales of Opcon Powerbox, and work within Opcon's own sales organisation where Opcon expects to see a growing intake of orders, this has increased pressure further on the industrialisation process for Opcon Powerbox.

Opcon is therefore working hard on an extensive industrialisation process with continuous updating which includes an agreement with PartnerTech concerning production of Opcon Powerbox. The aim has been to shorten delivery times, increase the delivery capability and cut costs while increasing flexibility and enabling production to be scaled up quickly.

Efforts aimed at expanding in Eastern Europe have also continued, with a focus on the Russian oil and gas market. In addition to deliveries already made to a refinery owned by one of Russia's largest oil companies, discussions are also taking place with new customers concerning other products and systems as well.

Development within the Engine Efficiency business area has been strong since the start of the year. Increased efforts concentrated on new products and applications have further strengthened the outlook.

Of great importance is the large production order placed for components for the XPI injection system for Scania and Cummins' new eco engines that will meet Euro 5 emissions requirements. At the start of 2010, larger volumes of deliveries have been made and the increase continues. The plant is expected to achieve full production next year. In the longer term Opcon expects that some investment in expansion may be necessary, which will further strengthen prospects.

Volumes at the Chinese factory, which fell significantly in 2009, have recovered and risen slightly. Towards the end of this year and early next year, further increases are expected when production of new products is planned to start. This is expected to lead to a doubling of sales by 2012 at the Chinese factory, which is strongly dependent on volumes. Several projects and new products are also being evaluated and negotiated.

There are some signs of a components shortage which could endanger growth. However, both sales and profitability are expected to see good growth this year and next year.

The outlook for the Mobility Products business area is meanwhile considered to be very good, with strong growth noted in the healthcare sector also during the recent economic downturn. With the acquisition of Balle in 2008, the business area has a stronger position, especially in the market for advanced wheelchairs, and has now established commercial relations with most larger producers of advanced wheelchairs. The focus will remain on securing the strong growth already achieved while maintaining good profitability. The signs therefore point to continued strong growth and good profitability for the business area in 2010 and going forward, with a couple of new products recently launched that are expected to have great potential and which should further contribute to growth at the end of the year and beyond.

ACCOUNTING PRINCIPLES

This interim report has been drawn up in accordance with IAS 34 and, for the parent company, in accordance with RFR 2.2 of the Swedish Financial Reporting Board.

Otherwise the same accounting principles and calculation methods used in the most recent annual report have been used in this interim report.

CERTIFICATION

The Board of Directors and the CEO certify that the interim report gives a fair review of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the Group face.

Stockholm, Sweden, 20 August 2010
Opcon AB (publ), corporate registration no. 556274-8623

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Ulf Ahlén *Board member*	Kenneth Eriksson *Board member*
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Future reports

- Q3 interim report for July-September period published on 10 November 2010
- Financial Statement for 2010 published on 25 February 2011

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CONSOLIDATED INCOME STATEMENT (SEK '000)

	Q2 2010	Q2 2009	Q1–2 2010	Q1–2 2009	Last 12 months	Full year 2009
Net sales	160,800	160,963	318,390	257,892	743,004	682,506
Expenses for sold goods	–125,118	–128,593	–244,837	–198,477	–615,537	–569,177
Gross profit	**35,682**	**32,370**	**73,553**	**59,415**	**127,467**	**113,329**
Sales expenses	–12,632	–8,927	–23,389	–14,502	–38,466	–29,579
Administration expenses	–16,764	–15,872	–35,427	–28,035	–68,967	–61,575
Development expenses	–8,149	–4,465	–15,066	–10,787	–28,404	–24,125
Other income	–	–	–	–	56,657	56,657
Other costs	–6,460	–	–49,948	–	–64,421	–14,473
Operating profit/loss	**–8,323**	**3,106**	**–50,277**	**6,091**	**–16,134**	**40,234**
Financial income	115	–64	266	–55	867	546
Financial expenses	–3,122	–1,170	–5,317	–3,064	–11,560	–9,307
Profit/loss before tax	**–11,330**	**1,872**	**–55,328**	**2,972**	**–26,827**	**31,473**
Tax	4,521	–755	16,711	–1,023	8,493	–9,241
Profit/loss for remaining business	–6,809	1,117	–38,617	1,949	–18,334	22,232
Profit/loss from business held for sale	–924	–3,518	–1,938	–4,330	–7,393	–9,785
Profit/loss for the period	**–7,733**	**–2,401**	**–40,555**	**–2,381**	**–25,727**	**12,447**
Profit/loss attributable to parent company shareholders	**–8,636**	**–3,456**	**–41,086**	**–3,436**	**–30,717**	**6,933**
Profit/loss attributable to minority holding	**903**	**1,055**	**531**	**1,055**	**4,990**	**5,514**
Earnings per share (SEK) for remaining business attributable to parent company shareholders						
– before dilution	–0.31	0.00	–1.58	0.04	–0.97	0.76
– after dilution	–0.31	0.00	–1.58	0.04	–0.97	0.76
Total no. of shares ('000)	25,159	22,032	25,159	22,032	25,159	24,532
Average no. of shares ('000)	25,068	21,490	24,800	20,949	23,937	22,011
Earnings per share (SEK) attributable to parent company shareholders						
– before dilution	–0.34	–0.16	–1.66	–0.16	–1.28	0.31
– after dilution	–0.34	–0.16	–1.66	–0.16	–1.28	0.31
Break-down of costs						
depreciation and write-downs	8,600	5,379	16,354	9,810	43,791	37,247
remuneration to employees	49,461	46,730	104,470	82,949	202,035	180,514
materials and other costs	110,863	105,748	247,843	159,042	569,969	481,168
cost in business held for sale	1,369	6,480	2,973	11,298	10,584	18,909
Total costs	170,293	164,337	371,640	263,099	826,379	717,838

STATEMENT OF COMPREHENSIVE INCOME (SEK '000)

	Q2 2010	Q2 2009	Q1–2 2010	Q1–2 2009	Last 12 months	Full year 2009
Profit/loss for the period	**–7,733**	**–2,401**	**–40,555**	**–2,381**	**–25,727**	**12,447**
Other comprehensive income						
Translation differences	159	–676	–1,475	998	–2,951	–478
Other comprehensive income for the period	**159**	**–676**	**–1,475**	**998**	**–2,951**	**–478**
Total comprehensive income for the period	**–7,574**	**–3,077**	**–42,030**	**–1,383**	**–28,678**	**11,969**
Total comprehensive income for the period attributable to parent company shareholders	**–8,477**	**–4,132**	**–42,561**	**–2,438**	**–33,668**	**6,455**
Total comprehensive income for the period attributable to minority interest	**903**	**1,055**	**531**	**1,055**	**4,990**	**5,514**

CONSOLIDATED BALANCE SHEET (SEK '000)

	30 June 2010	30 June 2009	31 Dec 2009
Fixed assets			
Tangible fixed assets	120,136	73,686	80,065
Goodwill	156,773	155,139	156,232
Other intangible fixed assets	157,208	100,236	120,070
Financial fixed assets	53,794	13,152	104,228
Deferred tax receivable	27,050	19,757	38,372
Total fixed assets	**514,961**	**361,970**	**498,967**
Current assets			
Stock	73,767	98,574	62,409
Current receivables	263,798	222,747	274,642
Liquid funds incl. current investments	30,465	41,320	55,296
Total current assets	**368,030**	**362,641**	**392,347**
Assets, business held for sale	**14,533**	**49,786**	**16,281**
Total assets	**897,524**	**774,397**	**907,595**
Shareholders' equity	**469,390**	**362,654**	**486,819**
Minority interests	**9,327**	**9,239**	**13,237**
Long-term liabilities			
– interest-bearing provisions and liabilities	75,730	36,254	54,749
– non-interest-bearing provisions and liabilities	21,065	22,518	35,781
Total long-term liabilities	**96,795**	**58,772**	**90,530**
Current liabilities			
– interest-bearing liabilities	108,109	97,904	60,285
– non-interest-bearing liabilities	198,147	217,400	242,987
Total current liabilities	**306,256**	**315,304**	**303,272**
Liabilities, business held for sale	**15,756**	**28,428**	**13,737**
Total shareholders' equity and liabilities	**897,524**	**774,397**	**907,595**
Pledged securities			
Chattel mortgages	123,530	134,235	123,530
Property mortgages	6,800	6,800	6,800
Factoring	5,027	3,640	–
Other pledged securities	57,915	14,125	18,103
Contingent liabilities	3,499	3,579	3,499

KEY FIGURES

KEY FIGURES	Q2 2010	Q2 2009	Q1–2 2010	Q1–2 2009	Last 12 months	Full year 2009
Operating margin, %	–5.2	1.9	–15.8	2.4	–2.2	5.9
Return on operating capital, %	–	–	–	–	–	8.3
Return on equity, %	–	–	–	–	–	5.8
Profit/loss per share before dilution, SEK	–0.31	0.00	–1.58	0.04	–0.97	0.76
Profit/loss per share after dilution, SEK	–0.31	0.00	–1.58	0.04	–0.97	0.76
Equity per share, SEK	18.66	16.46	18.66	16.46	18.66	19.84
Equity/assets ratio, %*	54.4	48.4	54.4	48.4	0.0	55.8
No. of shares, thousands	25,159	22,032	25,159	22,032	25,159	24,532
Average no. of shares, thousands	25,068	21,490	24,800	20,949	23,937	22,011

*Excluding balance sheet items for business held for sale.

STATEMENT OF CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY (SEK '000)

	Share capital	Other capital contribution	Reserves	Profit/loss brought forward	Minority interests	Total share-holders equity
Opening balance, 1 January 2009	102,035	100,036	593	88,503	–	291 ,167
Comprehensive income						
Profit/loss for the year	–	–	–	6,933	5,514	12 ,447
Other comprehensive income						
Currency differences when translating foreign business	–	–	–478	–	–	–478
Total comprehensive income	**–**	**–**	**–478**	**6,933**	**5,514**	**11,969**
Transactions with shareholders						
New share issue	8,125	–	–	65,800	–	73,925
New share issue	12,500	–	–	102,772	–	115,272
Minority interest in acquired companies	–	–	–	–	7,723	7,723
Closing balance, 31 December 2009	**122,660**	**100,036**	**115**	**264,008**	**13,237**	**500,056**
Comprehensive income						
Profit/loss for the year	–	–	–	–41,085	531	–40,554
Other comprehensive income						
Currency differences when translating foreign business	–	–	–1,475	–	–	–1,475
Total comprehensive income	**–**	**–**	**–1,475**	**–41,085**	**531**	**–42,029**
Transactions with shareholders						
New share issue	3,136	–	–	21,995	–	25,131
Dividend	–	–	–	–	–4,441	–4,441
Closing balance, 30 June 2010	**125,796**	**100,036**	**–1,360**	**244,918**	**9,327**	**478,717**

STATEMENT OF CONSOLIDATED CASH FLOW (SEK '000)

	Q2 2010	Q2 2009	Q1–2 2010	Q1–2 2009	Last 12 months	Full year 2009
Cash flow from current activities						
Profit/loss for the period*	–7,733	–2,923	–40,555	–2,903	–25,205	12,447
Translation differences	160	–1,044	–1,474	998	–2,950	–478
Depreciation	8,600	5,938	16,354	11,032	42,569	37,247
Other items not affecting liquidity	–5,897	4,073	39,426	1,424	4,158	–33,844
Cash flow from current activities	–4,870	6,044	13,751	10,551	18,572	15,372
Cash flow from change in working capital	–7,190	7,007	–35,545	5,913	–5,332	36,126
Total cash flow from the business	**–12,060**	**13,051**	**–21,794**	**16,464**	**13,240**	**51,498**
Cash flow from investing activities	–48,382	19,202	–92,685	22,331	–218,551	–103,535
Cash flow from financing activities	59,983	–915	89,648	1,065	190,180	101,597
Total cash flow	**–459**	**31,338**	**–24,831**	**39,860**	**–15,131**	**49,560**
Liquid assets, opening balance	26,646	9,980	51,018	1,458	51,018	1,458
Liquid assets, closing balance	26,187	41,318	26,187	41,318	35,887	51,018

*The period's results in the cash flow statement are based on consolidated earnings after tax.

CONSOLIDATED INCOME STATEMENT (SEK '000)

	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
(Per quarter)						
Net sales	160,800	157,590	233,769	190,845	160,963	96,929
Operating profit/loss	**–8,323**	**–41,954**	**17,966**	**16,177**	**3,106**	**2,985**
Financial items	–3,007	–2,044	–3,176	–2,466	–1,234	–1,885
Profit/loss after financial items	–11,330	–43,998	14,790	13,711	1,872	1,100
Tax for the period	4,521	12,190	–2,770	–5,448	–755	–268
Profit/loss per quarter	**–6,809**	**–31,808**	**12,020**	**8,263**	**1,117**	**832**
Profit/loss in quarter from business held for sale	–924	–1,014	–2,943	–2,512	–3,518	–812
Minority share	903	–372	2,460	1,999	1,055	–

CONSOLIDATED BALANCE SHEET (SEK '000)

	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
(Per quarter)						
Fixed assets	514,961	481,357	498,967	405,415	361,970	276,556
Current assets	337,565	287,924	337,051	311,124	321,321	253,139
Liquid funds	30,465	30,923	55,296	49,407	41,320	9,981
Assets, business held for sale	14,533	14,165	16,281	50,229	49,786	60,714
Total assets	**897,524**	**814,369**	**907,595**	**816,175**	**774,397**	**600,390**
Shareholders' equity	469,390	452,735	486,819	364,102	362,654	292,861
Minority interests	9,327	8,522	13,237	10,612	9,239	–
Long-term interest-bearing liabilities	75,730	53,514	54,749	51,531	36,254	33,718
Long-term non-interest-bearing liabilities	21,065	30,022	35,781	11,081	22,518	6,326
Current interest-bearing liabilities	108,109	94,293	60,285	118,764	97,904	86,133
Current non-interest-bearing liabilities	198,147	160,819	242,987	228,703	217,400	144,712
Liabilities, business held for sale	15,756	14,464	13,737	31,382	28,428	36,640
Total shareholders' equity and liabilities	**897,524**	**814,369**	**907,595**	**816,175**	**774,397**	**600,390**

KEY FIGURES

	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Operating margin, %	–5.2	–26.6	7.7	8.5	1.9	3.1
Equity/assets ratio, %	54.4	57.7	55.8	46.5	48.4	49.8
No. of shares, thousands	25,159	24,532	24,532	22,032	22,032	20,407

PARENT COMPANY'S INCOME STATEMENT (SEK '000)

	Q2 2010	Q2 2009	Q1-2 2010	Q1-2 2009	Last 12 months	Full year 2009
Net sales	5,111	2,408	9,801	5,831	13,922	9,952
Expenses for sold goods	–6,722	–2,408	–11,412	–5,831	–15,533	–9,952
Gross profit	**–1,611**	**0**	**–1,611**	**0**	**–1,611**	**0**
Administration expenses	–4,334	–3,672	–9,173	–7,002	–17,592	–15,421
Other expenses	–	–	–	–	103	103
Operating profit/loss	**–5,945**	**–3,672**	**–10,784**	**–7,002**	**–19,100**	**–15,318**
Profit/loss from other securities and receivables that are fixed assets	0	0	0	0	–10,456	–10,456
Financial income	645	780	1,279	2,695	2,785	4,201
Financial expenses	–1,520	–1,094	–2,434	–1,701	–5,492	–4,759
Profit/loss after financial items	**–6,820**	**–3,986**	**–11,939**	**–6,008**	**–32,263**	**–26,332**
Deferred tax	1,887	1,048	3,141	1,580	5,952	4,391
Profit/loss for the period	**–4,933**	**–2,938**	**–8,798**	**–4,428**	**–26,311**	**–21,941**

PARENT COMPANY'S BALANCE SHEET (SEK '000)

	30 June 2010	30 June 2009	31 Dec 2009
Fixed assets			
Intangible fixed assets	–	57	–
Tangible fixed assets	1,313	1,583	1,485
Participations in Group companies	342,788	368,810	339,314
Deferred tax	37,463	27,312	34,324
Long-term receivables	43,812	5,994	44,557
Total fixed assets	**425,376**	**403,756**	**419,680**
Current assets			
Accounts receivable – trade	–	–	56
Receivables from Group companies	178 ,749	105,828	137,973
Tax receivables	477	442	286
Other receivables	80	1,246	2,830
Liquid assets including current investments	–	–	–
Total current assets	**179,306**	**107,516**	**141,145**
Total assets	**604,682**	**511,272**	**560,825**
Shareholders' equity			
Share capital	125,796	110,160	122,660
Statutory reserve	59,919	59,919	59,919
Total tied-up capital	**185,715**	**170,079**	**182,579**
Non-restricted equity / Accumulated loss	**275,010**	**188,325**	**261,813**
Total shareholders' equity	**460,725**	**358,404**	**444,392**
Long-term liabilities	**12,200**	**17,000**	**14,600**
Current liabilities			
Overdraft facility	71,336	75,844	54,449
Interest-bearing liabilities to credit institutions	21,860	17,100	3,200
Accounts payable	5,221	4,574	5,534
Liabilities to Group companies	25,649	30,283	34,291
Other non-interest-bearing liabilities	7,691	8,067	4,358
Total current liabilities	**131,757**	**135,868**	**101,833**
Total shareholders' equity and liabilities	**604,682**	**511,272**	**560,825**
Pledged securities	None	None	None
Contingent liabilities	3,000	3,000	3,000
Equity/assets ratio (%)	76.2	70.1	79.2
No. of shares at year-end ('000)	25,159	22,032	24,532

NOTE

Primary business segments (amounts in SEK ’000)

30-06-2010	Renewable Energy	Engine Efficiency	Other business	Business held for sale	Eliminations	Group
Total sales turnover	181,748	137,828	10,526	492	–	330,594
Sales turnover, intraGroup	–182	–1,731	–9,799	–	–	–11,712
Total sales	181,566	136,097	727	492	–	318,882
Operating profit/loss	–57,526	15,995	–8,746	–2,481	–	–52,758
Financial items	–1,355	–1,335	–2,361	–149	–	–5,200
Tax for the period	16,942	–3,801	3,570	692	–	17,403
Profit/loss for the year	–41,939	10,859	–7,537	–1,938	–	–40,555
Minority share	–531	–	–	–	–	–531
Profit/loss after minority share	–42,470	10,859	–7,537	–1,938	–	–41,086
Depreciation of tangible fixed assets	2,337	6,871	4,431	–	–	13,639
Depreciation of intangible fixed assets	2,735	–	–583	563	–	2,715
Assets	563,174	175,910	664,496	14,533	–520,589	897,524
Liabilities	290,569	80,713	220,645	15,756	–188,876	418,807
Investments	41,610	7,332	53,969	–	–	102,911
Balance sheet total	563,174	175,910	664,496	14,533	–520,589	897,524

30-06-2009	Renewable Energy	Engine Efficiency	Other business	Business held for sale	Eliminations	Group
Total sales turnover	151,392	106,904	6,640	5,183	–	270,119
Sales turnover, intraGroup	–4	–740	–6,300	–61	–	–7,105
Total sales	151,388	106,164	340	5,122	–	263,014
Operating profit/loss	11,203	2,189	–7,301	–5,276	–	815
Financial items	–1,596	–1,840	317	–599	–	–3,718
Tax for the period	–2,527	–264	1,768	1,545	–	522
Profit/loss for the year	7,080	85	–5,216	–4,330	–	–2,381
Minority share	–1,055	–	–	–	–	–1,055
Profit/loss after minority share	6,025	85	–5,216	–4,330	–	–3,436
Depreciation of tangible fixed assets	1,469	7,116	690	548	–	9,823
Depreciation of intangible fixed assets	468	–	67	674	–	1,209
Assets	531,823	147,830	527,030	56,684	–488,970	774,397
Liabilities	263,156	59,733	170,375	29,009	–110,530	411,743
Investments	78,062	7,898	522	–14,528	–	71,954
Balance sheet total	531,823	147,830	527,030	56,684	–488,970	774,397

31-12-2009	Renewable Energy	Engine Efficiency	Other business	Business held for sale	Eliminations	Group
Total sales turnover	468,002	215,634	11,481	7,463	–	702,580
Sales turnover, intraGroup	–	–1,886	–10,725	–61	–	–12,672
Total sales	468,002	213,748	756	7,402	–	689,908
Operating profit/loss	49,763	7,485	–17,014	–9,867	–	30,367
Financial items	–3,883	–3,227	–1,651	–883	–	–9,644
Tax for the period	–11,667	–2,643	5,069	965	–	–8,276
Profit/loss for the year	34,213	1,615	–13,596	–9,785	–	12,447
Minority share	–5,514	–	–	–	–	–5,514
Profit/loss after minority share	28,699	1,615	–13,596	–9,785	–	6,933
Depreciation of tangible fixed assets	3,133	14,116	5,767	806	–	23,822
Depreciation of intangible fixed assets	12,070	–	124	1,231	–	13,425
Assets	666,024	150,355	576,605	16,281	–501 670	907,595
Liabilities	362,086	69,309	134,773	13,737	–172 366	407,539
Investments	110,831	24,660	610	–	–	136,101
Balance sheet total	666,024	150,355	576,605	16,281	–501 670	907,595

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Investments refer to tangible and intangible fixed assets.

ABOUT OPCON

Opcon is an energy and environmental technology Group that develops, produces and markets systems and products for eco-friendly, efficient and resource-effective use of energy.

Opcon has activities in Sweden, China, Germany, the UK and Denmark. There are around 430 employees. The company's shares are listed on Nasdaq OMX Stockholm. The Group comprises three business areas:

Renewable Energy focuses on generating electricity from waste heat, bioenergy, systems for handling natural gas, industrial cooling, recycling of heat, drying of biomass, treatment of flue gases, handling systems for biomass, etc., air systems for fuel cells and measurement and monitoring of processes.

Engine Efficiency focuses on ignition systems for combustion engines including ethanol, natural gas and biogas engines.

Mobility Products focuses on technology for positioning, motion and regulation for electrical vehicles, electrical wheelchairs and hospital beds.

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