

**OPCON AB, THE ENERGY AND ENVIRONMENTAL TECHNOLOGY GROUP
INTERIM REPORT JANUARY-JUNE 2011**



Interim report January-June 2011

Savings and restructuring programme initiated, sales turnover growing

- Sales for comparable units in the Group, +17% in Q2
- Over 30% growth in Q2 and good profitability for comparable units within Engine Efficiency
- Operating loss reduced by SEK 22.6 million between Q1 and Q2
- Order book up SEK 55 million on Q1, reached SEK 731 million
- Savings and restructuring programme expanded, savings of over SEK 40 million into 2012
- Large order for bioenergy plants in Sweden and UK

Q2, April-June 2011*

- Net sales amounted to SEK 158.2 million (135.2 m)
- Operating loss (EBITDA) was SEK 1.7 million (-4.8 m)
- Operating loss (EBIT) was SEK 10.8 million (-13.1 m)
- Loss after tax of SEK 11.5 million (-10.5 m)
- Earnings per share SEK -0.50 (-0.42)

Q1-Q2, January-June 2011*

- Net sales amounted to SEK 283.4 million (269.2 m)
- Operating loss (EBITDA) was SEK 26.2 million (-42.9 m)
- Operating loss (EBIT) was SEK 44.2 million (-58.7 m)
- Loss after tax of SEK 37.3 million (-45.0 m)
- Earnings per share SEK -1.56 (-1.83)

Significant events after the end of the period

- Order from China worth at least SEK 60 million within compressor technology
- Directed issue of 875,000 shares to GEM as part of financing facility
- Sale of Engine Efficiency business area started
- Board intends to call Extra General Meeting to decide on preferential share issue of around SEK 100 million to secure financial freedom of action, liquidity and growth

For further information

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*Comparable figures for 2010 have been adjusted to account for the divestment in September 2010 of the Mobility Products business area in order to assist comparisons, and the figures are therefore different to those reported.

CEO's comments

The first quarter of 2011 saw a large loss within the Swedish bioenergy business.

The major savings programme that was launched at the start of the second quarter will cut costs within the Renewable Energy business area by over SEK 40 million on an ongoing basis into 2012.

During the second quarter we have seen an improved business situation with increased orders received and growing customer interest for our products. At the same time, sales turnover has grown and profitability has improved, and we are already seeing the first results from our savings programme.

Meanwhile the capital base of the company must be secured to ensure freedom of action, liquidity and growth.

The Board will therefore call an Extra General Meeting to propose a preferential share issue. Together with the sale of Engine Efficiency this will give us the freedom of action we need for the business and its continued growth in the foreseeable future. Activities to enable expansion in China and within marine applications will require resources and we must create the right platform for this. We also wish to reduce dependency on turbulent capital markets in coming years.

In connection with the announced sale of the Engine Efficiency business area the remainder of the administrative business area structure that has existed within Renewable Energy will be closed down, which will produce further savings. Following these measures our organization will have been adapted to the business volume we currently expect to see in the future, which also means that our path to profitability is marked out.



Stockholm, 24 August 2011

Rolf Hasselström

President and CEO of Opcon

GROUP, JANUARY-JUNE

Sales for the January-June period amounted to SEK 283.4 million (318.9 m). After adjustments for the fact that last year's figures included the divested Mobility Products business unit, sales for comparable units climbed to SEK 283.4 million (269.2 m). The operating loss was SEK 44.2 million (–52.8 m); adjusted for the divested Mobility Products business unit, the operating loss was SEK 44.2 million (–58.7 m). Operating profit includes a non liquidity-affecting change in the value of the shareholding in Enerji Ltd. of SEK –4.6 million (–49.9 m).

The loss after tax was SEK 37.3 million, compared with a loss of SEK 40.6 million last year. Adjusted for the divested Mobility Products business unit, the loss after tax was SEK 37.3 million (–45.0 m).

Earnings per share attributable to parent company shareholders amounted to SEK –1.56 (–1.66). Adjusted for Mobility Products, earnings per share were SEK –1.56 (–1.83).

GROUP, APRIL-JUNE

Sales for the second quarter amounted to SEK 158.2 million (161.0 m). After adjustments for the fact that last year's figures included the divested Mobility Products business unit, sales for comparable units climbed by 17% to SEK 158.2 million (135.2 m).

The operating loss was SEK 10.8 million (–9.5 m); adjusted for the divested Mobility Products business unit, the operating loss was SEK 10.8 million (–13.1 m).

The loss after tax was SEK 11.5 million (–7.7 m). Adjusted for the divested Mobility Products business unit, the loss after tax was SEK 11.5 million (–10.5 m). Earnings per share attributable to parent company shareholders amounted to SEK –0.50 (–0.34). Adjusted for the divested Mobility Products business unit, earnings per share were SEK –0.50 (–0.42).

During Q2 an extensive savings and restructuring programme was launched within the Renewable Energy business area, where the Swedish bioenergy activity especially has experienced problems. Some initial effects of the programme have already been noted. Operating profit for the Group improved from SEK –33.6 million in Q1 to SEK –10.8 million in Q2. Opcon initially announced that the programme would reduce costs by around SEK 35-40 million in 2012. Following a review of the business the programme has now been expanded and is expected to cut costs by more than SEK 40 million on an annual basis.

Financial position

The Group's liquid assets at the end of the period were SEK 13.2 million (26.2 m). Interest-bearing assets including current investments in addition to liquid assets were SEK 25.1 million (28.1 m). Unutilised credit including bank overdraft facilities at the end of the period were SEK 4.2 million.

Interest bearing debt was SEK 129.6 million (183.8 m). This includes financial leasing amounting to SEK 40.9 million (58.0 m) for equipment for XPI and production of core components for Opcon Powerbox.

Net debt was SEK 91.3 million (129.6 m). Excluding financial leases amounting to SEK 40.9 million (58.0 m), net debt was SEK 50.4 million (71.6 m).

SALES TURNOVER AND OPERATING PROFIT / LOSS, BUSINESS AREAS (SEK M)**RENEWABLE ENERGY**

	Q2 2011	Q2 2010	Q1-2 2011	Q1-2 2010	Last 12 months	Full year 2010
Net sales turnover	94.6	87.5	167.7	182.1	343.8	358.2
Operating Profit / loss ¹	–13.6	–15.2	–44.7	–60.0	–60.4	–75.7
Investments	6.6	23.0	18.2	41.6	53.3	76.7
Depreciation	3.5	3.3	6.9	5.6	12.6	11.3
Net assets	283.4	272.6	283.4	272.6	283.4	309.7

1) Operating profit includes a change in value of the shareholding in Enerji amounting to SEK –4.6 million in Q1 2011 and SEK +0.1 million in Q2 2011. In 2010 the corresponding figures were SEK –43.5 million in Q1 and SEK –6.4 million in Q2. For the full year 2010 the change in value was SEK –49.2 million. The change in value for the past 12 months was SEK –3.8 million.

ENGINE EFFICIENCY

	Q2 2011	Q2 2010	Q1-2 2011	Q1-2 2010	Last 12 months	Full year 2010
Net sales turnover	63.5	48.3	115.3	88.1	215.8	188.6
Operating Profit / loss	7.7	7.7	9.9	10.1	15.4	15.6
Investments	2.8	1.3	5.4	6.1	10.5	11.2
Depreciation	2.9	2.9	5.7	5.7	11.2	11.2
Net assets	45.7	74.2	45.7	74.2	45.7	64.8

Comparable figures for 2010 have been adjusted to account for the divestment in September 2010 of the Mobility Products business area in order to assist comparisons, and the figures are therefore different to those reported.

As part of the agreement signed with GEM Investment Advisors, Inc. and GEM Global Yield Fund Ltd., which gives Opcon the possibility to successively raise capital against the right to subscribe for new shares, Opcon has also received an advance of SEK 25 million to settle against future share issues. Opcon has also committed to issuing a total of 875,000 shares worth a total of SEK 13.8 million to settle against the advance, with the new issue starting after the end of the reporting period. The remaining part of the advance of SEK 11.2 million is reported as current non-interest bearing debt.

The company's current non-interest bearing debt also includes a non-interest bearing loan from GIAB and Calamus AB amounting to SEK 23.5 million.

Net financial items amounted to SEK -4.6 million (-5.2 m) for the first six months, of which SEK -3.5 million (-3.1 m) was in Q2. The consolidated equity ratio on 30 June was 55.5% (54.4%).

Opcon's shares

The total number of registered shares at the end of the period was 25,159,227 (24,532,023).

An agreement has been signed with GEM Investment Advisors, Inc. and GEM Global Yield Fund Ltd. concerning an equity line financing facility worth up to SEK 250 million over a period of 36 months. The agreement gives Opcon an opportunity to successively raise capital against the right to subscribe for new shares. Opcon has also received an advance of SEK 25 million to settle against future share issues. After the end of the period Opcon has decided to issue a total of 875,000 shares worth a total of SEK 13,762,875 to settle against the advance. After the share issue is registered the total number of shares will amount to 26,034,227.

In accordance with the agreement Opcon has also issued 2.2 million options with a subscription price of SEK 24, which are valid until 3 May 2016. The options have been subscribed for and been allocated to GEM Global Yield Fund Ltd.

At the 2011 Annual General Meeting it was decided to introduce two further options schemes for leading decision makers and Board members. These schemes cover a total of 400,000 share options that have been subscribed for and allocated to Opcon's subsidiary SRM, for transfer to leading decision makers and Board members. No options have yet been transferred.

Investments

Investments in fixed assets during the first six months totalled SEK 6.6 million (63.7 m), of which SEK 3.2 million (38.1 m) was in Q2. In addition, SEK 17.1 million (39.2 m) in development costs were capitalized, of which SEK 6.4 million (21.9 m) was in Q2, mainly relating to the industrialization, development and adaptation for marine applications of Opcon Powerbox.

Employees

At the end of the period the Group had 409 employees (430).

Parent company

The parent company had sales of SEK 11.5 million (9.8 m) in the January-June period, of which SEK 2.0 million (5.1 m) was in Q2. Sales primarily relate to invoicing for rents and internal administration services. The parent company's loss before tax for the January-June period was SEK 8.6 million (-11.9 m), of which SEK -4.1 million (-6.8 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 66.7 million (105.4 m).

Transaction with related parties

Purchases of goods and services

Essarem AB, which is owned by Gabrielsson Invest AB received rent amounting to SEK 1.1 million for the January-June period, which is unchanged compared with the level in 2010.

Receivables / Liabilities

At the end of the period the company had a receivable from Salamino AB, which is owned by Gabrielsson Invest AB, amounting to SEK 5.4 million, and a liability to Salamino AB, B.O. Intressenter AB and Essarem AB, which are owned by Gabrielsson Invest AB, amounting to SEK 23.3 million. The company also had a liability to Calamus AB of SEK 2.0 million.

Gabrielsson Invest AB is owned by Mats Gabrielsson, chairman of the Opcon Board and the company's largest shareholder.

Calamus AB is indirectly owned by Rolf Hasselström, President and CEO of Opcon and a Board member.

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.

The global shortage of electronics components has contributed to some minor disruptions within the Engine Efficiency business area and component supplies continue to present some risk to maintaining the strong growth in turnover and profitability.

An economic downturn and disruptions on world financial markets can have a negative effect on demand for the Group's products. Changes in energy and electricity prices can also affect demand, with lower prices having a negative impact. In general,

the acquisition of business means an increase in risk.

In addition there are financial risks in the form of liquidity, price, currency and interest rate risks. For a more detailed description of risk, see Opcon's annual report for 2010.

Significant events after the end of the period

After the end of the period Opcon decided to issue a total of 875,000 shares to GEM Global Yield Fund Ltd. The average subscription price was SEK 15.73 per share.

Opcon's center of excellence for compressor technology, Svenska Rotor Maskiner (SRM), has made a breakthrough in cooling compressors in China and has received an order for development of a modern cooling compressor series adapted to enable energy efficiency and eco-friendly industrial cooling for the future. Agreement-linked revenues amount to a minimum of SEK 60 million and contains a first-phase order for development worth SEK 45 million in 2011-2014.

To focus on core business in energy and environmental technology, Opcon has assigned KPMG Corporate Finance to initiate the sale of Opcon's Engine Efficiency business area, with its subsidiaries SEM AB in Åmål and Opcon Technology Suzhou Co., Ltd. In China. Opcon's focus will be on energy and environmental technology, the activities currently focused on by the Renewable Energy business area, which will be divided into the Waste Heat Recovery and Bioenergy business units. Meanwhile an integration of primarily administration and management functions has begun at business area and corporate levels to improve the efficiency of the business. This will mean that the post of business area manager will disappear.

CAPITAL RAISING INITIATED

Earlier this year Opcon signed an agreement with GEM Global Yield Fund concerning a financing facility worth SEK 250 million over three years in order to strengthen the company's financial muscles and ensure that the company has successive access to capital.

The purpose was to speed up the industrialization and internationalization phase within the Renewable Energy business area where the market potential for the company's technology for production of electricity from waste heat is considered to have great potential. Among other areas, the focus is on development of marine applications, where Opcon has decided to strengthen its capability for further initiatives. This has taken place after the company has performed resource-intensive development of Opcon Powerbox for operation at sea. A first reference installation has been delivered to South Korea for installation on board a Wallenius vessel under production. Opcon has also started collaboration with a number of companies concerning marine applications of Opcon Powerbox.

Opcon is also working to introduce the technology on the Chinese market. The Board has also decided to initially develop Boxpower's business, which involves sales of electricity from Opcon Powerbox, within the Opcon Group in order to better safeguard the long term interests of Opcon's shareholders. This business can initially be developed quicker through improved access to financing.

In parallel with the aforementioned, the company needs additional operating capital to secure growth and activities in the ongoing business until the completed savings programme has produced its full effects, which is expected at the beginning of 2012.

Within bioenergy Opcon intends to acquire the remaining 25% of the shares in Saxlund International GmbH and increase its holding in Saxlund International Ltd. in the UK, which is expected to facilitate expansion in the growing European market. Both companies are profitable and have expanding orderbooks. In Germany, Saxlund International GmbH is expected to capitalize on the conversion of energy systems that is expected in Germany following the decision to decommission nuclear power.

To further refine the business and strengthen the company's financial position Opcon has initiated the sale of the Engine Efficiency business area. Sales turnover within Engine Efficiency in 2010 amounted to SEK 188.6 million with an operating profit (EBITDA) of SEK 26.8 million. During the first six months of 2011, sales turnover was SEK 115.3 million, compared with SEK 88.1 million in the first six months of 2010. Operating profit (EBITDA) in the first half of 2011 was SEK 15.6 million. During the spring, Engine Efficiency was valued by KPMG at EUR 20-25 million. Considering the uncertainty on financial markets the Board wishes to ensure that Opcon has enough time and freedom of action to safeguard a sales process that will achieve a fair value for the business while ensuring that the company will not be forced to perform for liquidity reasons a transaction that is not optimum for shareholders.

Due to the considerable fall in the Opcon share price in the spring and the underlying value of Opcon's different activities, the Board has decided that at current share price levels it is not in shareholders' interests to raise further capital via GEM's financing facility. The Board instead wishes to offer Opcon's shareholders this possibility via a preferential share issue.

The Board intends therefore to propose a preferential share issue worth around SEK 100 million and to call an Extra General Meeting. Opcon's two largest owners, chairman of the Board Mats Gabriëlsson and President and CEO Rolf Hasselström, will provide subscription commitments corresponding to their own and their own companies' shares in the preferential share issue. Mats Gabriëlsson has also announced that he is prepared to enter a possible guarantee consortium.

BUSINESS AREAS, JANUARY-JUNE

- **The Order stock up SEK 55 million on Q1, amounting to SEK 731 million (802 m)**

As of 30 June the order book for the entire Group amounted to SEK 731 million (802 m). The previous year's figures include orders for the Mobility Products business unit that was sold during 2010.

In Q2 the order book expanded by SEK 55 million from SEK 676 million at the end of Q1.

The reported order book does not include any of Boxpower AB's contracts for electricity production, which are valid for various longer periods of time.

RENEWABLE ENERGY BUSINESS AREA

- **Extensive savings and restructuring programme is being implemented**

- **Increased turnover, significant reduction in losses compared with Q1**

Sales turnover for the January-June period amounted to SEK 167.7 million (182.1m). The operating loss was SEK 44.7 million (-60.0 m). Operating results were affected by the non liquidity-affecting change in value of the shareholding in Enerji Ltd. of Australia amounting to SEK -4.6 million (-49.9 m).

Sales turnover for the April-June period rose by 8% and amounted to SEK 94.6 million (87.5 m). The operating loss was SEK 13.6 million (-15.2 m).

Following very weak sales and earnings results in Q1 an extensive restructuring and savings programme was initiated at the start of Q2 that will generate considerable costs savings from the end of the year and beyond.

Measures will focus primarily on the loss-making Swedish bioenergy business that has previously struggled with a resource-intensive development of the drying system and faltering sales. Meanwhile, an integration has started of administration and management functions at business area and Group level in order to improve the efficiency of the business. This will mean that the post of business area manager will disappear and the business area will be divided into Bioenergy and Waste Heat Recovery. Within Waste Heat recovery, the integration of Svenska Rotor Maskiner and Opcon Energy Systems has been started, with resources increasingly being concentrated on industrialization, sales and internationalization of Opcon Powerbox.

Initially, it was estimated that the programme would generate savings of SEK 35-40 million in 2012. Following a further review of the organization the programme has been expanded to cover more than SEK 40 million. Some initial effects of the programme have already been noted.

During Q2 both sales and earnings have improved compared with Q1. Earnings still remain negative however, mainly due to the difficulties in the Swedish bioenergy activity, which is suffering from an earlier weak level of orders in Sweden, and an organization that is not adapted to the sales level and expensive allocation of resources with significantly higher costs in several projects as a result of the long-lasting problems with the driers. There is now a solution for the drying section that functions technically, but commercial issues remain.

During Q2, the orderbook within bioenergy has grown strongly, with two large orders for bioenergy plants in Sweden and the UK, which indicates strong growth in bioenergy in 2012. Development has been stronger internationally, not least in Germany, which has grown strongly. Development in France has also been positive, with a breakthrough order for flue gas condensers secured from market leader Dalkia in April.

For Opcon Powerbox, turn-over has increased and several steps have been taken in development, industrialization and internationalization even though delivery delays held back the contribution to turn-over and earnings.

On the development front, work on marine adaptation continues and a completed main unit has been delivered to South Korea for installation on one of Wallenius' vessels. The work has also received international recognition with Opcon Powerbox being a finalist in the Sustainable Shipping Awards. Following upgrades and construction changes aimed at improving performance and facilitating mass production, the Opcon Powerbox operated by Boxpower at Aspa Munksjö broke a new record for electricity production in April.

Internationally, the first Opcon Powerbox that Enerji will install for Horizon Power is now on its way to Australia. A declaration of intent concerning the formation of a joint venture for Opcon Powerbox on the Chinese market has been signed with state-owned Baosteel Energy. Following the change in Baosteel Energy's management team, the tempo in the work aimed at forming the joint venture has not proceeded according to plan and the project has slowed during the summer. No orders have yet been received for a first reference plant. Opcon's current assessment is that the formation of the final joint venture will be delayed.

ENGINE EFFICIENCY BUSINESS AREA

- **31% sales increase for comparable units**

Sales in the January-June period for the Engine Efficiency business area amounted to SEK 115.3 million (137.8 m). Adjusted for the divested Mobility Products business unit, sales increased by 31%, or SEK 115.3 million (88.1 m). Operating profit was SEK 9.9 million (16.0 m). Adjusted for the divested Mobility Products business unit, operating profit was SEK 9.9 million (10.1 m). Exchange rate losses in the period of SEK -2.9 million (+3.9 m) affected operating profit.

Sales in Q2 amounted to SEK 63.5 million (74.1 m). Adjusted for the divested Mobility Products business unit, sales increased by 31% to SEK 63.5 million (48.3 m). Operating profit was SEK 7.7 million (11.3 m). Adjusted for the divested Mobility Products business unit, operating profit was SEK 7.7 million (7.7 m).

Engine Efficiency continued to progress well in Q2, with good profitability and higher deliveries for nearly all products, except for spare parts. With consideration for the sale of the Mobility Products business unit, sales for comparable units in the remaining Engine Efficiency business area increased by over 30% in both Q1 and Q2.

During Q2 an extra shift was started for production of core components for the Cummins-Scania new XPI injection system for Euro 5 and Euro 6 engines. A decision to make an investment in expansion will enable further volume increases towards the end of 2011. Ignition systems for biogas and natural gas engines have also progressed positively. However, volumes delivered to Husqvarna from the factory in China did not develop well. Work is being carried out to introduce production in China for both Chinese Youngman and BAPC, with Opcon's subsidiary Opcon Technology (Suzhou) Co., Ltd., (OTS) signing a Letter of Intent in Q2 concerning the production and delivery of components to the expanding Youngman Automotive of Jinhua, China, which has around 4,000 employees.

THE GROUP IN 2011 AND BEYOND

During the start of 2011, oil prices have rose significantly and Brent oil remains above USD 100 per barrel despite the recent downturn connected with concerns about the debt crisis, markets and the future of the business cycle. Meanwhile the nuclear accident in Japan and the decision by the German government to decommission nuclear power have significantly affected the discussion about future energy systems while considerably increasing interest in energy efficiency and bioenergy. In the Nordic region, rain has filled the Norwegian and Swedish water reserves to normal levels, which has reduced electricity prices.

Irrespective of short-term price fluctuations, Opcon expects energy prices to increase over time. This assessment is based on the expectation that greater demand, disruptions to supplies and opportunities to quickly develop clean, safe energy, will put upward pressure on energy prices. This is also expected to lead to further increases in demand for improved energy efficiency.

Against this background Opcon sees large and expanding opportunities for growth for the Group's product portfolio over a longer period. This applies especially for bioenergy and products for improved energy efficiency in general, with Opcon now strongly focused on Opcon Powerbox for production of carbon-free electricity from waste and surplus heat. The technology is now also being adapted for marine applications and sales are becoming more international, with preparations being made for an entry into the Chinese market.

To focus on core business in energy and environmental technology, Opcon has assigned KPMG Corporate Finance to initiate the sale of Opcon's Engine Efficiency business area, which is an expanding, profitable and technically advanced business with an impressive customer list. Synergies with the Group's other business are minor. It is considered that a sale would give Opcon financial strength to pursue with its own funds the opportunities it has identified within bioenergy and waste heat recovery.

Considering the uncertainty on financial markets the Board wishes to ensure that Opcon has enough time and freedom of action to safeguard a sales process that will achieve a fair value for the business while ensuring that the company will not be forced to perform for liquidity reasons a transaction that is not optimum for shareholders.

Given the negative development in Opcon's market value in 2011 and the underlying value that exists in Opcon's various business activities, the Board does not wish to utilize the financing facility provided by GEM, but will instead call an Extra General Meeting to propose a preferential share issue worth around SEK 100 million.

In the short term the focus will be on turning round the Swedish bioenergy business and the Renewable Energy business area and achieving profitability with an extensive savings and restructuring programme having been launched. With cost savings of over SEK 40 million in 2012, a significantly reduced headcount in Sweden, and restructuring of the business to concentrate more resources on Waste Heat Recovery and Opcon Powerbox, the Opcon Board expects to see profitability improve by the end of the year to become markedly better from the start of 2012.

The orderbook in bioenergy has also been strengthened considerably in the second quarter, indicating strong growth in 2012.

Meanwhile there is considerable uncertainty about the future and it is possible that global events and economic and financial market developments could have a major impact on customers' investment decisions and payment capability.

Opcon previously announced that it expected to see sales turnover for comparable units grow by over 20% in 2011. During Q2 growth was 17%. At present the assessment is that the rate of growth during the rest of the year will be in line with the second quarter.

FORWARD-LOOKING INFORMATION

This report contains forward-looking information and statements about the future outlook of Opcon's business. This information is based on the management team's current expectations, estimates and forecasts. Actual future outcomes may vary significantly compared with information included in this report that looks to the future due to changed conditions in the economy, market and competition environment.

ACCOUNTING PRINCIPLES

Opcon applies International Financial Reporting Standards (IFRS) as adopted by the European Union. The key accounting and assessment principles are the same as those used for the annual report for the financial year ending 31 December 2010. This interim reportinterim report has been drawn up in accordance with IAS 34 (Interim Financial Reporting) and the Swedish annual accounts act. The financial statement for the parent company has been drawn up in accordance with RFR 2 (Reporting for legal entities) of the Swedish Financial Accounting Standards Council and the Swedish annual accounts act.

This interim report has not been subject to verification by the company's auditors.financial statement.

Stockholm, 24 August 2011

Opcon AB (publ) corp. organization No. 556274-8623

Mats Gabrielsson
Chairman of the Board

Rolf Hasselström
President and CEO of Opcon

Ulf Ahlén
Board member

Kenneth Eriksson
Board member

Bengt E Johnson
Board member

Bill Tunbrant
Board member

Karin Hansen
Employee representative, Unionen

Maurizio d'Agostino
Employee representative, Metall

FUTURE REPORTS

- Q3 2011 interim report will be published on 9 November 2011
- The 2011 financial statement and Q4 2011 interim report will be published on 23 February 2012

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The information in this report is such that Opcon is obliged to disclose in accordance with Swedish securities markets law and/or Swedish law on trading in financial instruments. This information was released for publication on 24 August 2011, at 8.30 a.m. (CET).

**CONSOLIDATED INCOME STATEMENT
(SEK '000)**

	Q2 2011	Q2 2010	Q1-2 2011	Q1-2 2010 ¹	Last 12 months	Full year 2010
Net sales	158,169	160,996	283,350	318,882	577,290	612,822
Expenses for sold goods	-131,976	-125,995	-243,257	-246,450	-489,335	-492,528
Gross profit	26,193	35,001	40,093	72,432	87,955	120,294
Sales expenses	-10,091	-12,851	-23,944	-24,202	-45,404	-45,662
Administration expenses	-20,359	-16,787	-38,481	-35,474	-67,210	-64,203
Development expenses	-6,558	-8,399	-17,396	-15,566	-31,723	-29,893
Other income	-	-	-	-	60,945	60,945
Other costs ²	54	-6,460	-4,506	-49,948	-3,762	-49,204
Operating profit/loss	-10,761	-9,496	-44,234	-52,758	801	-7,723
Financial income	119	115	1,118	266	1,578	726
Financial expenses	-3,587	-3,203	-5,701	-5,466	-9,835	-9,600
Profit/loss before tax	-14,229	-12,584	-48,817	-57,958	-7,456	-16,597
Tax	2,684	4,851	11,521	17,403	18,758	24,640
Profit/loss for the period	-11,545	-7,733	-37,296	-40,555	11,302	8,043
Profit/loss attributable to parent company shareholders	-12,692	-8,636	-39,206	-41,086	7,473	5,593
Profit/loss attributable to minority holding	1,147	903	1,910	531	3,829	2,450
Earnings per share (SEK) attributable to parent company shareholders						
- before dilution	-0.50	-0.34	-1.56	-1.66	0.30	0.22
- after dilution	-0.50	-0.34	-1.56	-1.66	0.30	0.22
Total no. of shares ('000)	25,159	25,159	25,159	25,159	25,159	25,159
Average no. of shares ('000)	25,159	25,068	25,159	24,800	25,137	24,980

1) Because Boxpower has been returned from being a business held for sale and is now being reported as part of the Renewable Energy business area, sales turnover has increased by SEK 0.2 million in Q1 2010, and by SEK 0.5 million in Q1-Q2 2010. Cost items have also been reclassified. The quarterly results are otherwise unchanged.

2) Other costs refer to an adjustment in the value of shares in Enerji Ltd.

**STATEMENT OF COMPREHENSIVE INCOME
(SEK '000)**

	Q2 2011	Q2 2010	Q1-2 2011	Q1-2 2010	Last 12 months	Full year 2010
Profit / loss for the period	-11,545	-7,733	-37,296	-40,555	11,302	8,043
Other comprehensive income						
Translation differences, parent company shareholders	411	159	480	-1,475	-2,045	-4,000
Translation differences, minority interests	227	-	391	-	-1,119	-1,510
Other comprehensive income for the period	638	159	871	-1,475	-3,164	-5,510
Total comprehensive income for the period	-10,907	-7,574	-36,425	-42,030	8,138	2,533
Total comprehensive income for the period attributable to parent company shareholders	-12,281	-8,477	-38,726	-42,561	5,428	1,593
Total comprehensive income for the period attributable to minority interests	1,374	903	2,301	531	2,710	940

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	Q2 2011	Q2 2010	Q1-2 2011	Q1-2 2010	Last 12 months	Full year 2010
Break-down of costs						
depreciation and write-downs	9,081	8,882	18,046	16,917	33,702	32,573
remuneration to employees	39,392	49,461	84,078	104,470	175,556	195,948
materials and other costs	120,511	111,950	225,461	250,253	428,177	452,969
Total costs	168,984	170,293	327,585	371,640	637,435	681,490

CONSOLIDATED BALANCE SHEET (SEK '000)	30 June 2011	30 June 2010	31 Dec 2010
Fixed assets			
Tangible fixed assets	93,421	120,136	103,702
Goodwill	151,461	156,773	151,684
Other intangible fixed assets	196,788	157,208	182,784
Financial fixed assets	45,515	44,434	45,342
Deferred tax receivable	64,836	27,050	50,501
Total fixed assets	552,021	505,601	534,013
Current assets			
Stock	150,371	73,767	122,546
Securities holding	5,857	9,360	10,363
Current receivables	181,921	263,798	178,546
Liquid funds	13,241	26,188	16,942
Current investments	–	4,277	4,277
Total current assets	351,390	377,390	332,674
Assets, business held for sale	–	14,533	–
Total assets	903,411	897,524	866,687
Shareholders' equity	488,305	469,390	513,543
Minority interests	12,834	9,327	10,533
Total shareholders' equity	501,139	478,717	524,076
Long-term liabilities			
– interest-bearing provisions and liabilities	45,053	75,730	69,430
– non-interest-bearing provisions and liabilities	11,758	21,065	14,594
Total long-term liabilities	56,811	96,795	84,024
Current liabilities			
– interest-bearing liabilities	84,535	108,109	82,430
– non-interest-bearing liabilities	260,926	198,147	176,157
Total current liabilities	345,461	306,256	258,587
Liabilities, business held for sale	–	15,756	–
Total shareholders' equity and liabilities	903,411	897,524	866,687
Pledged securities	180,019	193,272	181,048
Contingent liabilities	3,131	3,499	3,131

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KEY FIGURES	Q2 2011	Q2 2010	Q1-2 2011	Q1-2 2010	Last 12 months	Full year 2010
Operating margin, %	-6.8	-5.9	-15.6	-16.5	0.1	-1.3
Return on operating capital, %	-	-	-	-	-	-1.3
Return on equity, %	-	-	-	-	-	1.6
Profit / loss per share before dilution, SEK	-0.50	-0.34	-1.56	-1.66	0.30	0.22
Profit / loss per share after dilution, SEK	-0.50	-0.34	-1.56	-1.66	0.30	0.22
Equity per share, SEK	19.41	18.66	19.41	18.66	19.41	20.41
Equity / assets ratio, %	55.5	54.4	55.5	54.4	55.5	60.5
No. of shares, thousands	25,159	25,159	25,159	25,159	25,159	25,159
Average no. of shares, thousands	25,159	25,068	25,159	24,800	25,137	24,980

STATEMENT OF CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

(SEK '000)	Share capital	Other capital contribution	Reserves	Profit / loss brought forward	Minority interests	Total shareholders equity
Opening balance, 1 January 2010	122,660	400,156	115	-36,112	13,237	500,056
Comprehensive income						
Profit / loss for the year	-	-	-	5,593	2,450	8,043
Other comprehensive income						
Currency differences when translating foreign business	-	-	-4,000	-	-1,510	-5,510
Total comprehensive income	0	0	-4,000	5,593	940	2,533
Transactions with shareholders						
New share issue ¹	3,136	21,995	-	-	-	25,131
Minority interest in acquired companies	-	-	-	-	-3,644	-3,644
Closing balance, 31 December 2010	125,796	422,151	-3,885	-30,519	10,533	524,076
Comprehensive income						
Profit / loss for the year	-	-	-	-39,206	1,910	-37,296
Other comprehensive income						
Currency differences when translating foreign business	-	-	480	-	391	871
Total comprehensive income	0	0	480	-39,206	2,301	-36,425
Transactions with shareholders						
Ongoing new share issue ²	4,375	9,388	-	-275	-	13,488
Closing balance, 30 June 2011	130,171	431,539	-3,405	-70,000	12,834	501,139

1) The premium on implemented new share issues is reported as other capital contributions.

2) Refers to ongoing rights issue directed to GEM Global Yield Fund and comprising a total of 875,000 shares.

STATEMENT OF CONSOLIDATED CASH FLOW

(SEK '000)	Q2 2011	Q2 2010	Q1-2 2011	Q1-2 2010	Last 12 months	Full year 2010
Operating profit / loss	-10,761	-9,496	-44,234	-52,758	801	-7,723
Financial items	-3,468	-3,088	-4,583	-5,200	-8,516	-9,133
Depreciation	9,081	8,882	18,046	16,917	33,702	32,573
Taxes paid	-1,826	-3,482	-2,212	-6,867	3,836	-819
Other items not affecting liquidity	1,982	1,884	2,813	62,550	-69,058	-9,321
Cash flow from current activities	-4,992	-5,300	-30,170	14,642	-39,235	5,577
Cash flow from change in working capital	39,469	-7,190	54,227	-35,545	38,084	-51,686
Total cash flow from the business	34,477	-12,490	24,057	-20,903	-1,151	-46,109
Cash flow from investing activities	-9,565	-48,382	-19,382	-92,685	53,719	-19,584
Cash flow from financing activities	-21,294	59,983	-8,124	89,648	-64,223	33,547
Total cash flow	3,618	-889	-3,449	-23,940	-11,655	-32,146
Liquid assets, opening balance	9,606	26,646	16,942	51,018	26,646	51,018
Total cash flow	3,618	-889	-3,449	-23,940	-11,655	-32,146
Exchange rate differences in liquid funds	17	430	-252	-891	-1,291	-1,930
Liquid assets, closing balance	13,241	26,187	13,241	26,187	13,700	16,942

CONSOLIDATED INCOME STATEMENT, PER QUARTER

(SEK '000)	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net sales	158,169	125,181	157,074	136,866	160,996	157,886
Operating profit / loss	-10,761	-33,473	-3,979	49,014	-9,496	-43,262
Financial items	-3,468	-1,115	-1,513	-2,161	-3,088	-2,112
Profit / loss after financial items	-14,229	-34,588	-5,492	46,853	-12,584	-45,374
Tax for the period	2,684	8,837	5,985	1,252	4,851	12,552
Profit / loss for the period	-11,545	-25,751	493	48,105	-7,733	-32,822
Profit / loss for the period attributable to parent company shareholders	-12,692	-26,514	-1,019	47,698	-8,636	-32,450
Profit / loss for the period attributable to minority holding	1,147	763	1,512	407	903	-372

CONSOLIDATED BALANCE SHEET, PER QUARTER

(SEK '000)	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Fixed assets	552,021	548,280	534,013	499,156	505,601	465,278
Current assets	338,149	297,188	311,455	311,856	346,925	304,003
Liquid funds incl. current investments	13,241	9,606	21,219	24,122	30,465	30,923
Assets, business held for sale	-	-	-	14,013	14,533	14,165
Total assets	903,411	855,074	866,687	849,147	897,524	814,369
Total shareholders' equity	501,139	498,558	524,076	524,146	478,717	461,257
Long-term interest-bearing liabilities	45,053	56,448	69,430	71,949	75,730	53,514
Long-term non-interest-bearing liabilities	11,758	10,664	14,594	21,895	21,065	30,022
Current interest-bearing liabilities	84,535	108,582	82,430	54,202	108,109	94,293
Current non-interest-bearing liabilities	260,926	180,822	176,157	160,305	198,147	160,819
Liabilities, business held for sale	-	-	-	16,650	15,756	14,464
Total shareholders' equity and liabilities	903,411	855,074	866,687	849,147	897,524	814,369

KEY FIGURES

Operating margin, %	-6.8	-26.7	-2.5	35.8	-5.9	-27.4
Equity / assets ratio, %	55.5	58.3	60.5	63.1	54.4	57.7
No. of shares, thousands	25,159	25,159	25,159	25,159	25,159	24,532

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PARENT COMPANY'S INCOME STATEMENT

(SEK '000)	Q2 2011	Q2 2010	Q1-2 2011	Q1-2 2010	Last 12 months	Full year 2010
Net sales	1,963	5,111	11,519	9,801	12,666	10,948
Cost of sold services	-753	-6,722	-10,154	-11,412	-11,231	-12,489
Gross profit	1,210	-1,611	1,365	-1,611	1,435	-1,541
Administration expenses	-6,243	-4,334	-10,920	-9,173	-20,348	-18,601
Other expenses	-	-	-	-	-	-
Operating profit / loss	-5,033	-5,945	-9,555	-10,784	-18,913	-20,142
Profit / loss from other securities and receivables that are fixed assets	0	0	0	0	66,100	66,100
Financial income	1,977	645	3,279	1,279	5,723	3,723
Financial expenses	-994	-1,520	-2,313	-2,434	-4,390	-4,511
Profit / loss after financial items	-4,050	-6,820	-8,589	-11,939	48,520	45,170
Deferred tax	1,065	1,887	2,259	3,141	4,621	5,503
Profit / loss for the period	-2,985	-4,933	-6,330	-8,798	53,141	50,673

PARENT COMPANY'S BALANCE SHEET (SEK '000)

	30 June 2011	30 June 2010	31 Dec 2010
Fixed assets			
Intangible fixed assets	-	-	-
Tangible fixed assets	1,045	1,313	1,256
Participations in Group companies	322,886	342,788	321,143
Deferred tax	54,823	37,463	52,564
Long-term receivables	45,330	43,812	45,162
Total fixed assets	424,084	425,376	420,125
Current assets			
Accounts receivable – trade	-	-	-
Receivables from Group companies	222,287	178,749	167,731
Tax receivables	594	477	363
Other receivables	4,703	80	2,854
Liquid assets including current investments	-	-	-
Total current assets	227,584	179,306	170,948
Total assets	651,668	604,682	591,073
Shareholders' equity			
Share capital	130,171	125,796	125,796
Statutory reserve	59,919	59,919	59,920
Total tied-up capital	190,090	185,715	185,716
Non-restricted equity / Accumulated loss	301,569	275,010	298,785
Total shareholders' equity	491,659	460,725	484,501
Long-term liabilities	9,000	12,200	11,400
Current liabilities			
Overdraft facility	53,936	71,336	56,140
Interest-bearing liabilities to credit institutions	3,725	21,860	8,200
Accounts payable	5,805	5,221	4,392
Liabilities to Group companies	43,120	25,649	20,049
Other non-interest-bearing liabilities	44,423	7,691	6,391
Total current liabilities	151,009	131,757	95,172
Total shareholders' equity and liabilities	651,668	604,682	591,073
Pledged securities	None	None	None
Contingent liabilities	3,000	3,000	3,000
Equity / assets ratio (%)	75.4	76.2	82.0
No. of shares at end of period ('000)	25,159	25,159	25,159

NOTE**Primary business segments (amounts in SEK '000)**

	Renewable Energy	Engine Efficiency	Other business	Business held for sale	Eliminations	Group
30 June 2011						
Total sales turnover	167,717	115,257	11,697	–	–	294,671
Sales turnover, intraGroup	–	–	–11,321	–	–	–11,321
Total sales	167,717	115,257	376	–	–	283,350
Operating profit / loss	–44,679	9,918	–9,473	–	–	–44,234
Financial items	–3,334	–1,638	389	–	–	–4,583
Tax for the period	11,879	–2,821	2,463	–	–	11,521
Profit / loss for the year	–36,134	5,459	–6,621	–	–	–37,296
Minority share	–1,910	–	–	–	–	–1,910
Profit / loss after minority share	–38,044	5,459	–6,621	–	–	–39,206
Depreciation of tangible fixed assets	2,300	5,690	5,472	–	–	13,462
Depreciation of intangible fixed assets	4,584	–	–	–	–	4,584
Assets	727,378	119,492	697,604	–	–641,063	903,411
Liabilities	443,989	73,781	224,120	–	–326,130	415,760
Investments	18,230	5,429	–	–	–	23,659
Balance sheet total	727,378	119,492	697,604	–	–641,063	903,411
30 June 2010						
Total sales turnover	182,240	137,828	10,526	–	–	330,594
Sales turnover, intraGroup	–182	–1,731	–9,799	–	–	–11,712
Total sales	182,058	136,097	727	–	–	318,882
Operating profit / loss	–60,007	15,995	–8,746	–	–	–52,758
Financial items	–1,504	–1,335	–2,361	–	–	–5,200
Tax for the period	17,634	–3,801	3,570	–	–	17,403
Profit / loss for the year	–43,877	10,859	–7,537	–	–	–40,555
Minority share	–531	–	–	–	–	–531
Profit / loss after minority share	–44,408	10,859	–7,537	–	–	–41,086
Depreciation of tangible fixed assets	2,337	6,871	4,431	–	–	13,639
Depreciation of intangible fixed assets	3,298	–	–583	–	–	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
31 Dec 2010						
Total sales turnover	358,162	256,008	11,982	–	–	626,152
Sales turnover, intraGroup	–4	–2,380	–10,946	–	–	–13,330
Total sales	358,158	253,628	1,036	–	–	612,822
Operating profit / loss	–75,654	24,392	43,539	–	–	–7,723
Financial items	–5,003	–2,189	–1,682	–	–	–8,874
Tax for the period	25,615	–6,215	5,240	–	–	24,640
Profit / loss for the year	–55,042	15,988	47,097	–	–	8,043
Minority share	–2,450	–	–	–	–	–2,450
Profit / loss after minority share	–57,492	15,988	47,097	–	–	5,593
Depreciation of tangible fixed assets	4,305	12,669	9,892	–	–	26,866
Depreciation of intangible fixed assets	6,957	–	–1,250	–	–	5,707
Assets	603,422	132,205	640,767	–	–509,707	866,687
Liabilities	293,709	67,379	172,414	–	–190,891	342,611
Investments	76,735	12,764	54,112	–	–	143,611
Balance sheet total	603,422	132,205	640,767	–	–509,707	866,687

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.

THE OPCON GROUP

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 and the UK. There are around 400 employees. The company's shares are listed on Nasdaq OMX Stockholm. The Group comprises two business areas:

Renewable Energy focuses on the following areas: electricity generation based on waste heat, bioenergy-powered heating and CHP plants, pellets plants, drying of biomass, handling systems for biomass, sludge and natural gas, industrial cooling, flue gas condensation, treatment of flue gases, air systems for fuel cells and measurement and monitoring of processes.

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