

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



An Opcon Powerbox unit being installed onboard a Wallenius LCTC vessel.

Interim report January-September 2011

Increased sales turnover, continued improvement in earnings

- Sales for comparable units in the Group +20% in Q3
- Sale of Engine Efficiency business area started
- Acquisition of remaining 25% of Saxlund International GmbH and increased ownership of Saxlund International Ltd. in UK
- Large order from China for compressor technology worth at least SEK 60 million
- First in series of Opcon Powerbox delivered to Australia
- Launch of Wallenius vessel with Opcon Powerbox onboard

Q3, July-September 2011

- Net sales amounted to SEK 142.2 million (118.9 m)
- Operating profit (EBITDA) was SEK 2.4 million (-7.2 m)
- Operating loss (EBIT) was SEK 7.2 million (-14.3 m)
- Loss after tax of SEK 9.1 million (-14.3 m)
- Earnings per share SEK -0.39 (-0.59)

Q1-Q3, January-September 2011*

- Net sales amounted to SEK 425.5 million (388.1 m)
- Operating loss (EBITDA) was SEK 23.8 million (-50.0 m)
- Operating loss (EBIT) was SEK 51.4 million (-73.0 m)
- Loss after tax of SEK 46.4 million (-59.3 m)
- Earnings per share SEK -1.95 (-2.42)

Significant events after the end of the period

- Opcon performs an oversubscribed rights issue with preferential rights for existing shareholders to raise around SEK 130 million before costs. The total number of shares will climb from 26.0 million to 130.2 million.

For further information

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*In order to increase comparability, comparable figures for 2010 have been adjusted to account for the divestment in September 2010 of the Mobility Products business unit and capital gains of SEK 60.5 million from the sale, and the figures are therefore different to those reported. EBIT includes a non liquidity-affecting change in value in Australian Enerji Ltd. of SEK -0.5 million (-3.9 m) for the July-September period and SEK -5.0 million (-53.8 m) for the January-September period.

CEO's comments

Following a weak 2010 and tough start to 2011, with major losses primarily in our Swedish bioenergy activity, both sales and the orderbook have climbed since the first quarter. During the third quarter the increase in sales turnover for comparable units was 20 percent. We have also started to see the effects of the large restructuring and savings programme that was launched in the spring, with costs at the Renewable Energy business area being cut by more than SEK 40 million on an annual basis from 2012.

Meanwhile we are taking several steps to increase the focus on core business within the Group, including the start of the sale of the Engine Efficiency business area. We have acquired the minority share in the German subsidiary Saxlund International GmbH, and increased our ownership in Saxlund International Ltd. in the UK. This creates opportunities for further savings and gives us the structural control to better exploit the great opportunities we are seeing internationally within bioenergy and Waste Heat Recovery.

With the rights issue that has raised SEK 130 million now completed, the financial position of the company has been strengthened considerably, opening the way for the continued industrialization of our technology and its international expansion. Together with the future sale of the Engine Efficiency business area this gives us the capability we need for continued growth in the foreseeable future, while creating resources for future commitments on the marine front and in China. The Chinese market is less affected by the current anxieties about the global economy and Chinese investment in energy projects is extensive.

Meanwhile we also wish to reduce our dependence on uncertain capital markets. Worries about the future have grown during the autumn and there are major risks that global events and trends on financial markets will impact on the investment decisions of our customers.

We are noting growing international interest in our products, especially within Waste Heat Recovery where we see potential for further breakthroughs on new markets and for new applications. On the bioenergy front our business in Germany and the UK is progressing well, establishing a good platform for increased expansion in Europe.



Stockholm, Sweden, 9 November 2011

Rolf Hasselström

President and CEO

GROUP, JANUARY-SEPTEMBER

Sales for the January-September period amounted to SEK 425.5 million (455.7 m). After adjustments for the fact that last year's figures included the divested Mobility Products business unit, sales for comparable units increased to SEK 425.5 million (388.1 m). The operating loss (EBIT) was SEK 51.4 million (-3.7 m); adjusted for the divested Mobility Products business unit and the capital gain of SEK 60.5 million for the sale of Mobility Products in Q3 2010, the operating loss (EBIT) was SEK 51.4 million (-73.0 m), with EBITDA at SEK -23.8 million (-47.7 m). Operating profit includes a non liquidity-affecting change in the value of the shareholding in Enerji Ltd. of SEK -5.0 million (-53.8 m).

The loss after tax was SEK 46.4 million, compared with a profit of SEK 7.6 million last year. Adjusted for the divested Mobility Products business unit and the capital gain of SEK 60.5 million for the sale of Mobility Products in Q3 2010, the loss after tax was SEK 46.4 million (-59.3 m).

Earnings per share attributable to parent company shareholders amounted to SEK -1.95 (+0.27). Adjusted for Mobility Products and the capital gain for the sale of Mobility Products, earnings per share were SEK -1.95 (-2.42).

GROUP, JULY-SEPTEMBER

Sales for the third quarter amounted to SEK 142.5 million (136.9 m). After adjustments for the fact that last year's figures included the divested Mobility Products business unit, sales for comparable units climbed by 20% to SEK 142.2 million (118.9 m).

The operating loss (EBIT) was SEK 7.2 million (49.0 m); adjusted for the divested Mobility Products business unit and the capital gain of SEK 60.5 million for the sale of Mobility Products in Q3 2010, the operating loss (EBIT) was SEK 7.2 million (-14.3 m), with EBITDA at SEK +2.4 million (-7.2 m).

The negative operating result (EBIT) has thereby improved significantly, rising from SEK -33.5 million in Q1 2011.

The loss after tax was SEK 9.1 million (48.1 m). Adjusted for the divested Mobility Products business unit and the capital gain for the sale, the loss after tax was SEK 9.1 million (-14,3 m). Earnings per share attributable to parent company shareholders amounted to SEK -0.36 (+1.90). Adjusted for the divested Mobility Products business unit and the capital gain for the sale, earnings per share were SEK -0.39 (-0.59).

During Q3, the strong development within the Engine Efficiency business area continued, with increased deliveries of most products except spare parts, 20% sales growth and improved profitability. The strong development was hampered slightly by economic concerns, mainly in Europe.

In the Renewable Energy business area, the rate of growth rose considerably and sales climbed by 19%. Underpinning this success was strong development in the German business, in which the remaining 25% of shares were acquired during the quarter. In addition, the first in a series of Opcon Powerbox has been delivered to Australia and some of the work has started on Falbygden Energi's new bioenergy plant. Meanwhile the extensive savings and restructuring programme that is expected to cut costs by more than SEK 40 million on an annual basis within the Renewable Energy business area has continued. During Q3 non-recurring costs amounted to SEK 6.1 million in operating earnings.

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

RENEWABLE ENERGY	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Last 12 months	Full year 2010
Net sales turnover	88.7	74.7	256.4	256.8	357.8	358.2
Operating profit / loss ¹	-12.5	-11.2	-57.2	-71.2	-61.7	-75.7
Investments	2.7	14.0	20.9	55.6	42.0	76.7
Depreciation	3.9	2.7	10.8	7.5	14.6	11.3
Net assets	262.0	261.1	262.0	261.1	262.0	309.7

1) Operating profit includes a change in value of the shareholding in Enerji amounting to SEK -4.6 million in Q1 2011, SEK +0.1 million in Q2 2011 and SEK -0.5 million in Q3 2011. In 2010 the corresponding figures were SEK -43.5 million in Q1, SEK -6.4 million in Q2 and SEK -3.9 million in Q3. 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 -0.4 million.

ENGINE EFFICIENCY	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Last 12 months	Full year 2010
Net sales turnover	53.4	44.6	168.7	132.7	224.6	188.6
Operating profit / loss	9.4	0.5	19.3	10.6	24.3	15.6
Investments	0.8	0.7	6.2	6.8	10.6	11.2
Depreciation	2.9	2.7	8.6	8.5	11.3	11.2
Net assets	52.2	72.8	52.2	72.8	52.2	64.8

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

Financial position

The Group's liquid assets at the end of the period were SEK 12.7 million (19.8 m). Interest-bearing assets including current investments in addition to liquid assets were SEK 25.8 million (24.8 m). Unutilised credit including bank overdraft facilities at the end of the period were SEK 8.3 million.

Interest bearing debt was SEK 160.3 million (126.2 m). This includes financial leasing amounting to SEK 38.5 million (56.6 m) for equipment for XPI and production of core components for Opcon Powerbox. This also includes the bridging loan of SEK 30 million secured against guaranteed proceeds from the rights issue from Erik Penser Bankaktiebolag that was raised in September. The loan has been used to strengthen operating capital as well as acquiring the remaining 25% of shares in Saxlund International GmbH. This loan was repaid after the end of the period.

Net debt was SEK 121.9 million (77.2 m). Excluding financial leases amounting to SEK 38.5 million (56.6 m), net debt was SEK 83.4 million (20.6m), of which SEK 30 million was the bridging loan to Erik Penser Bankaktiebolag.

The company's current non-interest bearing debt also includes debt to B.O. Intressenter AB and Calamus AB amounting to SEK 25.7 million which was offset in the rights issue after the end of the period.

Net financial items amounted to SEK -9.2 million (-7.4 m) for the first nine months of 2011, of which SEK -4.6 million (-2.2 m) was in Q3. The consolidated equity ratio on 30 September was 51.3% (63.1%).

Opcon's shares

The total number of registered shares at the end of the period was 26,034,227 (25,159,227).

In August Opcon directed an issue of 875,000 shares to GEM Global Yield Fund Ltd. at an average subscription price of SEK 15.73 per share, which raised SEK 13.8 million before costs. This was part of the agreement 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, of which SEK 13.8 million within this framework has been utilised. After the end of the period, Opcon has reached agreement with GEM concerning interest on the remaining SEK 11.2 million of the advance of SEK 25 million that Opcon has received to settle against future share issues. Consequently, Opcon is free to decide whether to use the financial facility in future or not.

After the end of the reporting period Opcon has performed a rights issue with preferential rights for existing shareholders. This rights issue was oversubscribed and raised SEK 130 million for the company before costs. The total number of shares after the new share issue will increase by 104,136,908 and amount to 130,171,135.

In accordance with the agreement with GEM, 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. All options will be recalculated to account for the rights issue.

Investments

Investments in fixed assets during the January-September period totaled SEK 7.1 million (67.4 m), of which SEK 0.5 million (3.7 m) was in Q3. In addition, a minority share was acquired in Saxlund International GmbH in Germany. The purchase sum was around SEK 31 million. Since there already was a controlling interest, this is considered to be a transaction between shareholders, and it is therefore reported in shareholders' equity in accordance with IFRS 3. The difference between the purchase sum and the minority share in equity, amounting to SEK 19.5 million, has therefore reduced shareholders' equity.

In addition, SEK 20.0 million (52.2 m) in development costs were capitalized, of which SEK 2.9 million (13.0 m) was in Q3, mainly relating to the industrialization, development and adaptation for marine applications of Opcon Powerbox.

Employees

At the end of the period the Group had 405 employees (409).

Parent company

The parent company had sales of SEK 12.0 million (10.3 m) in the January-September period, of which SEK 0.4 million (0.5 m) was in Q3. Sales primarily relate to invoicing for rents and internal administration services. The parent company's loss before tax for the January-September period was SEK 11.1 million (+49.6 m), of which SEK -2.5 million (+61.5 m) was in Q3.

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 87.9 million (39.8 m).

Transaction with related parties

Purchases of goods and services

Essarem AB received rent for the property in Nacka amounting to SEK 1.65 million for the January-September period, which is unchanged compared with the level in 2010.

Salamino AB, B.O. Intressenter AB and Gabrielsson Invest AB received remuneration for the rent of equipment, interest and remuneration for a share loan amounting to SEK 1.2 million for the January-September period.

Receivables / Liabilities

Opcon has a receivable from Salamino AB amounting to SEK 5.4 million.

Salamino AB, B.O. Intressenter AB and Gabrielsson Invest AB have receivables from Opcon amounting to SEK 27.5 million, of which SEK 23.9 million was offset in the new rights issue after the end of the period.

Calamus AB, which is indirectly owned by Rolf Hasselström, President and CEO of Opcon and a Board member, has receivables of SEK 1.8 million which were offset in the new rights issue after the end of the period.

Salamino AB, Essarem AB and B.O. Intressenter AB are owned by Gabrielsson Invest AB, which is in turn owned by Mats Gabrielsson, chairman of the Opcon Board and the company's largest shareholder.

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 situation regarding the global shortage of electronics components, which has improved lately, 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 and organizational changes 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 and Opcon's prospectus produced in connection with the rights issue with preferential rights for existing shareholders in October 2011.

Significant events after the end of the period

To strengthen the company's financial position and secure access to operating capital, Opcon performed a rights issue with preferential rights for existing shareholders in October.

The Extra General Meeting on 6 October 2011 decided to reduce the share capital by a total of SEK 78,102,681, which means a nominal value of SEK 2.00 per share. Through the new share issue, which was oversubscribed, and through a transfer of SEK 78,102,681 from the company's equity, the share capital increases by SEK 208,273,816. After the reduction, the transfer and the new share issue, the share capital will be SEK 260,342,270. The total number of shares after the new share issue will be increased by 104,136,908 and amount to 130,171,135. The new shares were issued at a rate of SEK 1.25 per share.

The new rights issue raised around SEK 130 million for the company before costs, which are preliminarily estimated at around SEK 10.8 million.

BUSINESS AREAS, JANUARY-SEPTEMBER

• Order book reaches SEK 710 million

As of 30 September the order book for the entire Group amounted to SEK 710 million (780 m).

Within the Renewable Energy business area the order book was slightly higher than at the end of Q2. The decrease of SEK 21 million since Q2 is attributable to the Engine Efficiency business area, which is making deliveries for a series of long-term contracts.

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

• Increased sales turnover, +19% in Q3

• Remaining share of Saxlund International GmbH acquired, and ownership of UK company increased

Sales turnover for the January-September period amounted to SEK 256.4 million (256.8 m). The operating loss was SEK 57.2 million (-71.2 m). Operating results were affected by the non liquidity-affecting change in value of the shareholding in Enerji Ltd. of Australia amounting to SEK -5.0 million (-53.8 m).

Sales turnover for the July-September period rose by 19% and amounted to SEK 88.7 million (74.7 m). The operating loss

was SEK 12.5 million (-11.2 m). Operating results include non-recurring costs amounting to SEK 6.1 million that are part of the savings and restructuring programme.

Following very weak sales and earnings results in Q1, with problems primarily in the Swedish bioenergy business, an extensive restructuring and savings programme was initiated at the start of Q2. This work continued in Q3 and the programme was widened to incorporate integration of administration and management functions at business area and Group level in order to improve the efficiency of the business. 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, although the major impact will be felt first towards the end of the year. The full effects are expected from the first half of 2012.

During Q3 sales climbed by 19%. Underpinning the increase was the strong performance of the German business while the first of a series of Opcon Powerbox was delivered to Australia and some work has started on Falbygden Energi's new bioenergy plant. Earnings remained negative however, mainly due to difficulties in the Swedish bioenergy business, where major efforts are now being made to turn the business around. During the quarter the remaining 25% of shares in Saxlund International GmbH in Soltau, Germany, was acquired, giving Opcon 100% ownership of the company. With this acquisition Opcon has also increased its ownership in Saxlund International Ltd. in Southampton, UK, from 79.5% to 90%.

The purchase sum was EUR 3.4 million (around SEK 31 million). Saxlund International GmbH has over the past three financial years (June-June) reported annual sales of on average EUR 13 million (around SEK 120 million) with an average operating margin of around 10%.

Regarding Opcon Powerbox, continued progress has been made in development, industrialization and internationalization, with five units now installed in Sweden. On the development front, marine adaptation of Opcon Powerbox has continued and the installation aboard one of Wallenius' new vessels is taking place. This is expected to produce fuel savings of 4-6%. Commissioning is expected to be initialized around the end of this year. As major steps have been taken in the extensive development work in recent years on Opcon Powerbox and the drying system within bioenergy activities it has been possible to reduce capitalized development costs. In Q3 capitalized development costs amounted to SEK 2.9 million (13.0 million), which were almost exclusively attributable to the adaptation of Opcon Powerbox for marine applications.

Availability at the Boxpower plants at Aspa and Skutskär has been very positive after the summer, with 99% availability reported at Aspa. Meanwhile, the measures implemented to address the water quality problems at Skutskär etc. have enabled availability of 85% to be recorded over the past six months.

Internationally, the first in a series of Opcon Powerbox has been delivered to Enerji in Australia. Enerji has also signed memorandums of understanding with two new potential customers, including Energy Developments Ltd, which has power plants at 32 remote sites in Australia.

The work on the joint venture with Baosteel Energy concerning Opcon Powerbox in China is not at present following the plans outlined in the declaration of intent. However, Opcon sees great potential in the Chinese market and is holding discussions in parallel with other parties. During the quarter, Opcon's Center of Excellence for compressor technology, Svenska Rotor Maskiner (SRM), has made a breakthrough in refrigeration compressors in China, receiving an order to develop a modern refrigeration compressor range designed to enable energy-efficient and eco-friendly industrial cooling in the future. Income tied to this agreement amounts to a minimum of SEK 60 million and includes an order for development activities worth SEK 45 million in the first phase from 2011-2014.

ENGINE EFFICIENCY BUSINESS AREA

- Sales increase for comparable units, +27% January-September
- Operating profit for comparable units SEK 19.3 million (10.6 m), January-September

Sales in the January-September period for the Engine Efficiency business area amounted to SEK 168.7 million (200.4 m). Operating profit was SEK 19.3 million (19.3 m). Adjusted for the divestment in Q3 of the Mobility Products business unit, sales increased by 27%, to SEK 168.7 million (132.7 m) while operating profit increased to SEK 19.3 million (10.6 m). Exchange rate changes in the period of SEK -0.5 million (-1.1 m) affected operating profit.

Sales in Q3, the seasonally weakest quarter of the year due to the holiday period, amounted to SEK 53.4 million (62.6 m). Operating profit was SEK 9.4 million (3.3 m). Adjusted for the divested Mobility Products business unit, sales increased by 20% to SEK 53.4 million (44.6 m), while operating profit improved significantly to reach SEK 9.4 million (0.5 m). Exchange rate changes in the period of SEK 2.4 million (-5.1 m) affected operating profit.

Engine Efficiency continued to progress well in Q3, with higher deliveries for nearly all products, except for spare parts. However, the financial worries in Europe especially are considered to have hampered development to some degree.

Deliveries of core components for the Cummins-Scania new XPI injection system for Euro 5 and Euro 6 engines have approached the current capacity ceiling to become the business area's largest product. Meanwhile, the installation of the expansion investment has started at the Åmål factory that will double production capacity for components for XPI. This expanded capacity is expected to be available from the end of 2011.

Ignition systems for biogas and natural gas engines, which are also relatively new products focused on new, expanding

engine series have continued their good progress. Development was however less positive at the Chinese factory, which remains dependent on volumes for Husqvarna, and which have been at a low level all year. During Q4 production will begin for a new customer at the Chinese factory. Preparations are also being made for future production for two Chinese companies, Youngman and BAPC, with whom Opcon's subsidiary, Opcon Technology (Suzhou) Co., Ltd. (OTS), has signed Letters of Intent concerning production and delivery of components.

Contingency plans have been made for any possible economic downturn in future. Scania has announced that it will reduce production in Europe, but no other customers have announced any general, significant cutbacks so far. With the product mix that the business area currently has, with several new products for growing segments and new models, added to the doubling in capacity for production for the XPI, the business area is expected to report good growth even if the business cycle turns downward. However, growth is expected to be at a lower level than earlier this year.

THE GROUP IN 2011 AND BEYOND

During the start of 2011, oil prices rose significantly and Brent oil remains at USD 100 per barrel despite the recent downturn connected with concerns about the debt crisis, stock 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, the Swedish and Norwegian water supplies that were low in the spring have now been filled up, which added to a warm spell of weather, has reduced electricity prices considerably.

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.

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 to become markedly better during 2012.

To strengthen the company's financial position and secure access to operating capital, Opcon completed a new rights issue in October, raising SEK 130 million before costs. The rights issue, the proceeds of which were used, among other things, to acquire the remaining share of Saxlund and for the internationalization and marine applications of Opcon Powerbox, was oversubscribed.

As part of the strategy to increase the focus on core activities within energy and environmental technology, Opcon has assigned KPMG to begin the sale of the Engine Efficiency business area, which is an expanding, profitable and technically advanced business with an impressive list of customers. The synergies with other companies in the Group are limited.

Opcon previously made the assessment that sales turnover for comparable units during the remainder of the year would grow in line with the 17% figure recorded for Q2. This assessment remains valid. During Q3 sales growth was 20%.

Meanwhile there is great uncertainty about the future, and it cannot be ruled out that global events and market anxieties will have a major negative impact on customers' investment decisions and payment capabilities.

The order situation within Renewable Energy improved during Q3, although some uncertainty, including project slowdowns, was noted among customer activity.

Within Engine Efficiency, which has reported growth of 27% so far this year, there are contingency plans for an economic downturn. Scania has announced that it will reduce production in Europe, but no other customers have announced any general, significant cutbacks so far. With the product mix that the business area currently has, with several new products for growing segments and new models, added to the completion by year-end of the doubling in capacity for production for the XPI order, the business area is expected to report good growth even if the business cycle turns a bit sour. However, growth is expected to be at a lower level than earlier this year.

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 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.

Stockholm, 9 November 2011

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

On behalf of the Board of Directors

Rolf Hasselström

President and CEO

AUDITORS' REPORT

We have reviewed the interim report for the period January 1 to September 30, 2011, for Opcon AB (publ). The Board and President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material respects, in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, 9 November 2011

Öhrlings PricewaterhouseCoopers

Magnus Brändström

Authorised public accountant

FUTURE REPORTS

- The 2011 financial statement and Q4 2011 interim report will be published on 23 February 2012
- Q1 2012 interim report will be published on 3 May 2012
- Annual General Meeting will be held on 3 May 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 Wednesday 9 November 2011, at 08.30 (CET).

CONSOLIDATED INCOME STATEMENT (SEK '000)

	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010 ¹	Last 12 months	Full year 2010
Net sales	142,150	136,866	425,500	455,748	582,574	612,822
Expenses for sold goods	-116,473	-113,758	-359,730	-360,208	-492,050	-492,528
Gross profit	25,677	23,108	65,770	95,540	90,524	120,294
Sales expenses	-7,779	-9,608	-31,723	-33,810	-43,575	-45,662
Administration expenses	-16,015	-14,386	-54,496	-49,860	-68,839	-64,203
Development expenses	-8,569	-7,447	-25,965	-23,013	-32,845	-29,893
Other income	-	61,204	-	61,204	-259	60,945
Other costs ²	-505	-3,857	-5,011	-53,805	-410	-49,204
Operating profit / loss	-7,191	49,014	-51,425	-3,744	-55,404	-7,723
Financial income	-4	154	1,114	414	1,426	726
Financial expenses	-4,587	-2,315	-10,288	-7,775	-12,113	-9,600
Profit / loss before tax	-11,782	46,853	-60,599	-11,105	-66,091	-16,597
Tax	2,726	1,252	14,247	18,655	20,232	24,640
Profit / loss for the period	-9,056	48,105	-46,352	7,550	-45,859	8,043
Profit / loss attributable to parent company shareholders	-9,873	47,698	-49,079	6,612	-50,098	5,593
Profit / loss attributable to minority holding	817	407	2,727	938	4,239	2,450
Earnings per share (SEK) attributable to parent company shareholders						
- before dilution	-0.39	1.90	-1.95	0.27	-1.99	0.22
- after dilution	-0.39	1.90	-1.95	0.27	-1.99	0.22
Total no. of shares ('000)	26,034	25,159	26,034	25,159	26,034	25,159
Average no. of shares ('000)	25,315	25,159	25,211	24,920	25,198	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 was reduced by SEK 0.2 million in Q3 2010, and increased by SEK 0.3 million in Q1-Q3 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)

	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Last 12 months	Full year 2010
Profit / loss for the period	-9,056	48,105	-46,352	7,550	-45,859	8,043
Other comprehensive income						
Translation differences, parent company shareholders	2 063	-2,215	2 543	-3,690	2 233	-4,000
Translation differences, minority interests	-624	-1,257	-233	-1,257	-486	-1,510
Other comprehensive income for the period	1 439	-3,472	2 310	-4,947	1 747	-5,510
Total comprehensive income for the period	-7,617	44,633	-44,042	2,603	-44,112	2,533
Total comprehensive income for the period attributable to parent company shareholders	-7,810	45,483	-46,536	2,922	-47,865	1,593
Total comprehensive income for the period attributable to minority interests	193	-850	2,494	-319	3,753	940

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	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Last 12 months	Full year 2010
Break-down of costs						
depreciation and write-downs	9,577	7,496	27,623	24,413	35783	32,573
remuneration to employees	34,435	41,497	118,513	145,967	168,494	195,948
materials and other costs	105,328	100,063	330,789	350,316	433,442	452,969
Total costs	149,340	149,056	476,925	520,696	637,719	681,490

CONSOLIDATED BALANCE SHEET (SEK '000)	30 Sept 2011	30 Sept 2010	31 Dec 2010
Fixed assets			
Tangible fixed assets	88,460	101,498	103,702
Goodwill	151,120	151,456	151,684
Other intangible fixed assets	197,204	168,622	182,784
Financial fixed assets	46,246	45,274	45,342
Deferred tax receivable	71,123	32,306	50,501
Total fixed assets	554,153	499,156	534,013
Current assets			
Stock	150,934	121,862	122,546
Securities holding	5,352	5,762	10,363
Current receivables	176,170	184,232	178,546
Liquid funds	12,682	19,845	16,942
Current investments	–	4,277	4,277
Total current assets	345,138	335,978	332,674
Assets, business held for sale	–	14,013	–
Total assets	899,291	849,147	866,687
Shareholders' equity	459,864	514,873	513,543
Minority interests	1,472	9,273	10,533
Total shareholders' equity	461,336	524,146	524,076
Long-term liabilities			
– interest-bearing provisions and liabilities	41,909	71,949	69,430
– non-interest-bearing provisions and liabilities	20,189	21,895	14,594
Total long-term liabilities	62,098	93,844	84,024
Current liabilities			
– interest-bearing liabilities	118,424	54,202	82,430
– non-interest-bearing liabilities	257,433	160,305	176,157
Total current liabilities	375,857	214,507	258,587
Liabilities, business held for sale	–	16,650	–
Total shareholders' equity and liabilities	899,291	849,147	866,687
Pledged securities	182,796	179,182	181,048
Contingent liabilities	3,131	3,299	3,131

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KEY FIGURES	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Last 12 months	Full year 2010
Operating margin, %	-5.1	35.8	-12.1	-0.8	-9.5	-1.3
Return on operating capital, %	-	-	-	-	-	-1.3
Return on equity, %	-	-	-	-	-	1.6
Profit / loss per share before dilution, SEK	-0.39	1.90	-1.95	0.27	-1.99	0.22
Profit / loss per share after dilution, SEK	-0.39	1.90	-1.95	0.27	-1.99	0.22
Equity per share, SEK	17.66	20.46	17.66	20.46	17.66	20.41
Equity / assets ratio, %	51.3	63.1	51.3	63.1	51.3	60.5
No. of shares, thousands	26,034	25,159	26,034	25,159	26,034	25,159
Average no. of shares, thousands	25,315	25,159	25,211	24,920	25,159	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	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	-	-	-	-49,079	2,727	-46,352
Other comprehensive income						
Currency differences when translating foreign business	-	-	2 543	-	-233	2 310
Total comprehensive income	0	0	2 543	-49,079	2,494	-44,042
Transactions with shareholders						
New share issue	4,375	9,388	-	-1,452	-	12,311
Acquisition of shareholding without controlling interest	-	-	-	-19 454	-11,555	-31,009
Closing balance, 30 september 2011	130,171	431,539	-1,342	-100,504	1,472	461,336

STATEMENT OF CONSOLIDATED CASH FLOW (SEK '000)

	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Last 12 months	Full year 2010
Operating profit / loss	-7,191	49,014	-51,425	-3,744	-55,404	-7,723
Financial items	-4,591	-2,161	-9,174	-7,361	-10,946	-9,133
Depreciation	9,577	7,496	27,623	24,413	35,783	32,573
Taxes paid	-979	1,628	-3,191	-5,239	1,229	-819
Other items not affecting liquidity	325	-59,664	3,138	2,886	-9,069	-9,321
Cash flow from current activities	-2,859	-3,687	-33,029	10,955	-38,407	5,577
Cash flow from change in working capital	2 041	-16,525	56,268	-52,070	56,652	-51,686
Total cash flow from the business	-818	-20,212	23,239	-41,115	18,245	-46,109
Cash flow from investing activities	-34,471	71,506	-22,844	-21,179	-21,249	-19,584
Cash flow from financing activities	34,067	-56,452	-5,066	33,196	-4,715	33,547
Total cash flow	-1,222	-5,158	-4,671	-29,098	-7,719	-32,146
Liquid assets, opening balance	13,241	26,187	16,942	51,018	26,646	51,018
Total cash flow	-1,222	-5,158	-4,671	-29,098	-7,719	-32,146
Exchange rate differences in liquid funds	663	-1,184	411	-2,075	556	-1,930
Liquid assets, closing balance	12,682	19,845	12,682	19,845	19,483	16,942

CONSOLIDATED INCOME STATEMENT, PER QUARTER (SEK '000)

	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net sales	142,150	158,169	125,181	157,074	136,866	160,996	157,886
Operating profit / loss	-7,191	-10,761	-33,473	-3,979	49,014	-9,496	-43,262
Financial items	-4,591	-3,468	-1,115	-1,513	-2,161	-3,088	-2,112
Profit / loss after financial items	-11,782	-14,229	-34,588	-5,492	46,853	-12,584	-45,374
Tax for the period	2,726	2,684	8,837	5,985	1,252	4,851	12,552
Profit / loss for the period	-9,056	-11,545	-25,751	493	48,105	-7,733	-32,822
Profit / loss for the period attributable to parent company shareholders	-9,873	-12,692	-26,514	-1,019	47,698	-8,636	-32,450
Profit / loss for the period attributable to minority holding	817	1,147	763	1,512	407	903	-372

CONSOLIDATED BALANCE SHEET, PER QUARTER (SEK '000)

	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Fixed assets	554,153	552,021	548,280	534,013	499,156	505,601	465 278
Current assets	332,456	338,149	297,188	311,455	311,856	346,925	304 003
Liquid funds incl. current investments	12,682	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	899,291	903,411	855,074	866,687	849,147	897,524	814 369
Total shareholders' equity	461,336	501,139	498,558	524,076	524,146	478,717	461 257
Long-term interest-bearing liabilities	41,909	45,053	56,448	69,430	71,949	75,730	53 514
Long-term non-interest-bearing liabilities	20,189	11,758	10,664	14,594	21,895	21,065	30 022
Current interest-bearing liabilities	118,424	84,535	108,582	82,430	54,202	108,109	94 293
Current non-interest-bearing liabilities	257,433	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	899,291	903,411	855,074	866,687	849,147	897,524	814 369

KEY FIGURES

Operating margin, %	-5.1	-6.8	-26.7	-2.5	35.8	-5.9	-27.4
Equity / assets ratio, %	51.3	55.5	58.3	60.5	63.1	54.4	57.7
No. of shares, thousands	26,034	25,159	25,159	25,159	25,159	25,159	24 532

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PARENT COMPANY'S INCOME STATEMENT (SEK '000)

	Q3 2011	Q3 2010	Q1-3 2011	Q1-3 2010	Last 12 months	Full year 2010
Net sales	446	491	11,965	10,292	12,621	10,948
Cost of sold services	-2,250	-586	-12,404	-11,998	-12,895	-12,489
Gross profit	-1,804	-95	-439	-1,706	-274	-1,541
Administration expenses	-2,196	-4,683	-13,116	-13,856	-17,861	-18,601
Other expenses	-	-	-	-	-	-
Operating profit / loss	-4,000	-4,778	-13,555	-15,562	-18,135	-20,142
Profit / loss from other securities and receivables that are fixed assets	0	66,359	0	66,359	-259	66,100
Financial income	2,656	787	5,935	2,066	7,592	3,723
Financial expenses	-2,333	-820	-4,646	-3,254	-5,903	-4,511
Profit / loss after financial items	-3,677	61,548	-12,266	49,609	-16,705	45,170
Deferred tax	967	1 196	3,226	4,337	4,392	5,503
Profit / loss for the period	-2,710	62,744	-9,040	53,946	-12,313	50,673

PARENT COMPANY'S BALANCE SHEET (SEK '000)

	30 Sept 2011	30 Sept 2010	31 Dec 2010
Fixed assets			
Intangible fixed assets	-	-	-
Tangible fixed assets	939	1,214	1,256
Participations in Group companies	322,886	320,514	321,143
Deferred tax	55,790	38,661	52,564
Long-term receivables	46,061	45,091	45,162
Total fixed assets	425,676	405,480	420,125
Current assets			
Accounts receivable – trade	-	-	-
Receivables from Group companies	239,338	199,986	167,731
Tax receivables	713	576	363
Other receivables	2,066	146	2,854
Liquid assets including current investments	-	-	-
Total current assets	242,117	200,708	170,948
Total assets	667,793	606,188	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	297,682	337,754	298,785
Total shareholders' equity	488,642	523,469	484,501
Long-term liabilities	8,200	11,400	11,400
Current liabilities			
Overdraft facility	54,131	36,598	56,140
Interest-bearing liabilities to credit institutions	33,725	3,200	8,200
Accounts payable	5,100	3,865	4,392
Liabilities to Group companies	37,039	19,784	20,049
Other non-interest-bearing liabilities	41,826	7,872	6,391
Total current liabilities	171,821	71,319	95,172
Total shareholders' equity and liabilities	667,793	606,188	591,073
Pledged securities	Inga	Inga	Inga
Contingent liabilities	3,000	3,000	3,000
Equity / assets ratio (%)	73.0	86.4	82.0
No. of shares at end of period ('000)	26,034	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 September 2011						
Total sales turnover	256,443	168,675	12,149	–	–	437,267
Sales turnover, intraGroup	–	–	–11,767	–	–	–11,767
Total sales	256,443	168,675	382	–	–	425,500
Operating profit / loss	–57,157	19,282	–13,550	–	–	–51,425
Financial items	–6,179	–2,363	–632	–	–	–9,174
Tax for the period	16,222	–5,542	3,567	–	–	14,247
Profit / loss for the year	–47,114	11,377	–10,615	–	–	–46,352
Minority share	–2,727	–	–	–	–	–2,727
Profit / loss after minority share	–49,841	11,377	–10,615	–	–	–49,079
Depreciation of tangible fixed assets	3,628	8,610	8,208	–	–	20,446
Depreciation of intangible fixed assets	7,177	–	–	–	–	7,177
Assets	727,979	117,866	697,604	–	–644,158	899,291
Liabilities	485,442	65,706	224,120	–	–338,494	436,774
Investments	20,919	6,202	–	–	–	27,121
Balance sheet total	727,979	117,866	697,604	–	–644,158	899,291
30 September 2010						
Total sales turnover	256,784	200,352	11,120	–	–	468,256
Sales turnover, intraGroup	–	–2,231	–10,277	–	–	–12,508
Total sales	256,784	198,121	843	–	–	455,748
Operating profit / loss	–71,188	19,329	48,115	–	–	–3,744
Financial items	–2,965	–1,778	–2,618	–	–	–7,361
Tax for the period	19,312	–4,690	4,033	–	–	18,655
Profit / loss for the year	–54,841	12,861	49,530	–	–	7,550
Minority share	–938	–	–	–	–	–938
Profit / loss after minority share	–55,779	12,861	49,530	–	–	6,612
Depreciation of tangible fixed assets	3,024	9,937	7,161	–	–	20,122
Depreciation of intangible fixed assets	5,291	–	–1,000	–	–	4,291
Assets	559,168	135,321	657,407	14,013	–516,762	849,147
Liabilities	298,075	62,497	152,157	16,650	–204,378	325,001
Investments	55,615	8,368	53,969	–	–	117,952
Balance sheet total	559,168	135,321	657,407	14,013	–516,762	849,147
31 December 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.

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



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