



**OPCON AB (PUBL), THE ENERGY AND ENVIRONMENTAL TECHNOLOGY GROUP  
INTERIM REPORT JANUARY-MARCH 2014**

## **Significant reduction in loss – path to profit is clearly marked**

- Significant reduction in loss (earnings after tax), SEK –6.1 million (–14.1 m)
- Non-recurring costs impacted on earnings by a total of SEK –5.3 million in Q1 including costs for closure of activities in Åmål
- Operating loss excluding non-recurring costs, SEK –0.6 million (–9.4 m)
- Savings programme now being implemented will cut annual costs by around SEK 30 million
- Directed placement of shares with Snowman reinforces collaboration and raises SEK 17.1 million

### **Q1, January-March 2014, remaining business**

- Net sales amounted to SEK 67.3 million (74.0 m)
- Operating loss (EBIT) was SEK –5.9 million (–9.4 m)
- Operating loss excluding non-recurring costs, SEK –0.6 million (–9.4 m)
- Loss after tax of SEK –6.1 million (–14.1 m)
- Earnings per share SEK –0.02 (–0.05)

### **Important events after the end of the period**

- Saxlund wins major bioenergy order in the UK worth around SEK 35 million, commissioning to start in 2015

### **For further information, please contact:**

- Rolf Hasselström, President and CEO: +46 8 466 45 00, +46 70 594 79 60
- Niklas Johansson, deputy CEO, Investor Relations: +46 8 466 45 11, +46 70 592 54 53
- Claes Palm, deputy CEO, Chief Financial Officer: +46 8 466 45 00, +46 70 545 04 95

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## GROUP, JANUARY-MARCH

Sales for remaining business for the January-March period were SEK 67.3 million (74.0 m). Operating earnings (EBIT) were SEK –5.9 million (–9.4 m). Excluding non-recurring costs, operating earnings (EBIT) were SEK –0.6 million (–9.4 m). The loss after tax improved significantly to reach SEK –6.1 million (–14.1 m). Earnings per share attributable to parent company shareholders were SEK –0.02 (–0.05).

Earnings in Q1 improved significantly despite a small decline in sales mostly due to the measures implemented to improve margins and reduce costs. The loss for remaining business has more than halved compared with the previous year, but there remain things to be done to turn the business around.

Earnings in the quarter were affected by non-recurring costs of SEK –5.3 million, partly due to the bankruptcy of a supplier in Germany that created problems in two projects for which a reserve of SEK –2.2 million was made, and partly due to the closure of the company's activities in Åmål, which affected earnings by around SEK –3.1 million including severance pay.

Closure of operations in Åmål is expected to cut administrative costs by around SEK 4.5 million per year in comparison with 2013 and is part of the process of producing positive results for the Group and is to some extent an extension of the larger savings programme that is now being implemented.

Following the closure in Åmål, the savings programme is expected to produce annual savings of over SEK 30 million, with an effect in 2014 of around SEK 20 million. The programme extends throughout the Group, both in Sweden and abroad, with an emphasis on bioenergy, where activities are now concentrated at Saxlund while Opti Energi AB, Opti Energy Group AB and Opcon Bioenergy AB are being decommissioned, closed and liquidated. These activities are reported as discontinued operations.

Although the situation has improved steadily over the last year, the investment climate in the European market has developed at a significantly lower level than before the financial crisis and new orders have remained weak within certain segments of the Group, which together with weak liquidity contributed to hold back sales and earnings during the quarter.

Meanwhile, the order situation improved after the end of the period, including the placement of a major order for bioenergy worth around SEK 35 million in the UK. Further significant orders are also close to being sealed.

Within Compressor Technology/Waste Heat Recovery, sales of compressor development continue for Snowman, which also placed a major order for further development worth around SEK 14 million. Snowman is currently the company's largest customer and has during the period also increased its ownership in Opcon through a private placement which raised SEK 17.1 million. Construction continues in Fuzhou of the new factory for Snowman's production of compressors developed by Opcon's Center of Excellence, SRM.

The development, industrialization and internationalization of Opcon Powerbox continues, with the recent focus more clearly on commercialization in markets outside Sweden with higher electricity prices, which increases the value of the energy efficiency that the technology offers. Work continues to find the right way to enter the Chinese market where extensive discussions are now under way with Snowman.

On the marine side, the testing extended into 2014 continues. This work has entered another phase as reflected in the retained development expenses for the quarter amounting to only SEK 0.8 million, compared with SEK 1.5 million in the previous year and SEK 5.2 million for the same period in the year before.

### Significant events after the end of the period

After the end of the period, Saxlund has won a major bioenergy order in the UK worth around SEK 35 million. The project, which is a joint project between Saxlund in Sweden and the UK means that Saxlund will deliver fuel handling systems with transport solutions and bar feeder along with a biomass-powered high pressure steam boiler. Commissioning will take place in 2015.

### Order stock

#### • The order stock for the coming 12 months amounted to SEK 109 million (145 m) on 31 March

The order stock for the coming 12 months for remaining business amounted to SEK 109 million (145 m) on 31 March. The reduced order stock was mainly a result of a low level of received orders at the end of last year and the strategic efforts that have been made to achieve more aftermarket business and fewer projects with shorter execution periods. After the end of the period the order stock increased following the receipt of a major bioenergy order in the UK.

### Financial position

The Group's liquid assets at the end of the period were SEK 16.7 million (16.2 m). In addition there was unutilised credit at foreign subsidiaries of SEK 14.4 million.

Interest-bearing assets including current investments in addition to liquid assets were SEK 20.1 million (20.5 m).

Interest bearing debt was SEK 3.3 million (15.2 m). During the period SEK 2.5 million in interest-bearing liabilities were settled through a new directed issue of shares to GEM.

At the end of the period the Group had net receivables of SEK 33.3 million (50.2 m). Net financial items continued to improve strongly and amounted in Q1 to SEK –0.3 million (–4.7 m). The equity/assets ratio on 31 March was 76.5% (66.7%).

During the period, Opcon has performed a directed placement of shares to Snowman that raised SEK 17.1 million for the company. In addition a directed placement of new shares was made with GEM Global Yield Fund Ltd, with SEK 2.5 million set off against debt, which has reduced the amount of interest-bearing liabilities. The issue to GEM was within the framework of the equity line financing facility of up to SEK 250 million over 36 months signed with GEM in 2011. In connection with the new issue an agreement was signed with GEM to extend this framework by two years up to 2016, with the remaining volume of the facility now amounting to around SEK 227 million. An extensive savings programme is meanwhile being implemented in parallel that includes decommissioning and closure of certain companies.

These measures have strengthened the financial position. However the Board continues to consider that the liquidity level in combination with the credit and guarantee frameworks available today are inadequate to ensure full and smooth operation with growth and therefore the Board will continue its efforts to find more permanent financing of the Group's operations, including a review of the company's long-term financing structure.

### **Fair value of financial instruments**

The reported value, less any assessed credit, for accounts receivables and payables is assumed to approximate fair value. The same applies to the fair value of short-term financial liabilities.

The securities reported in the balance sheet at SEK 160 thousand relate to listed shares where fair value is equivalent to the market price on the balance sheet date.

Among financial assets is an investment in Air Power Group Ltd. (APG) of SEK 20.3 million. APG is a privately held company incorporated in California, USA. As a quoted market value is not available and no reliable fair value can be established, the shareholding is valued at cost in accordance with IAS 39.46.

### **Opcon's shares**

The total number of shares at the end of the period was 378,800,110 (309,972,730). However, the total number of registered shares at the end of the period was 344,414,145 because the Swedish Companies Registration Office did not register the new share issue until after the end of the period.

### **Private placement of shares**

During the period Opcon conducted a private placement of 30,000,000 shares in Opcon at SEK 0.57 per share with Hong Kong Snowman Technology Ltd., a wholly-owned subsidiary of Fujian Snowman Co. Ltd., Fuzhou, Fujian, China, raising SEK 17.1 million. In addition a directed placement of 4,385,965 shares at SEK 0.57 per share was placed with GEM Global Yield Fund Limited, with SEK 2.5 million set off against debt, which has reduced the amount of interest-bearing liabilities. The issue to GEM was within the framework of the equity line financing facility of up to SEK 250 million over 36 months signed with GEM in 2011. In connection with the new issue an agreement was signed with GEM to extend this framework by two years up to 2016, with the remaining volume of the facility now amounting to around SEK 227 million. Both share issues have been registered with the Companies Registration Office after the period's end. After registration the total number of shares is 378,800,110.

### **Investments**

Investments in fixed assets during January-March totalled SEK 0.0 million (0.0 m).

In addition, SEK 0.8 million (1.5 m) in development costs were capitalized, mainly relating to the development and adaptation for marine applications of Opcon Powerbox.

### **Employees**

At the end of the period the Group had 148 employees (150).

### **Parent company**

The parent company had sales of SEK 6.4 million (18.6 m) in the January-March period. Sales primarily relate to invoicing for rents and internal administration services but also includes some assignments for customers.

The parent company's earnings before tax for the January-March period were SEK -3.3 million (-5.4 m).

At the end of the period, liquid assets in the parent company totalled SEK 1.9 million (5.4 m). Interest-bearing liabilities at the end of the period amounted to SEK 0.0 million (3.8 m).

### **Transaction with related parties**

#### **Purchases of goods and services**

Essarem AB received rent of SEK 1,0 million for the January-March 2014 period concerning the property at Nacka.

Mind Finance AB received net interest and fees for factoring for the January-March 2014 period amounting to SEK 0.2 million (0.0 m).

### Receivables/Liabilities

At the end of the period, Mind Finance AB and Essarem AB had total receivables from Opcon amounting to SEK 5.8 million (1.3 m).

Mind Finance AB is owned by Salamino AB. Salamino AB and Essarem AB are owned by Gabrielsson Invest AB, which is owned by Mats Gabrielsson, a member of the Opcon Board and its 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, customer or project.

An economic downturn and disruptions on world financial markets can have a negative effect on demand for the Group's products and also affect the Group's customers and suppliers. Given the global financial instability the company's customers may experience financial problems that could cause losses or disruptions for Opcon. Similarly, Opcon is involved in a number of large bioenergy projects for which disruptions could affect profit margins, profitability and liquidity. Changes in energy and electricity prices can also affect demand, with lower prices having a negative impact. In addition there are financial risks that are considered to have increased during the European debt crisis, principally involving liquidity, price, currency and interest risks. The Group's ability to receive long-term loans and short-term credit are also significantly affected by the current situation on capital markets, which can affect the company's liquidity and growth opportunities in future. The Group is exposed to a short-term liquidity risk in the form of customers paying invoices after the agreed date.

In general, the re-organizations that Opcon is now implementing mean an increase in risk.

Opcon has previously had not insignificant sales of new technology with good prospects for the Russian oil and gas industry, although not in 2013. New significant business has also been discussed and planned for 2014. The company sees a risk that international relations with Russia can influence Opcon's sales and growth opportunities.

For a more detailed description of risk, see Opcon's annual report for 2013 that is available on the company's website, [www.opcon.se](http://www.opcon.se).

## THE GROUP IN 2014 AND BEYOND

Over the past decade, concerns about energy prices, energy supplies and emissions have emerged as key issues globally and locally. Meanwhile energy and electricity prices are affected by a series of factors and vary across markets. In 2013 and at the start of 2014, electricity prices in Sweden have been very low, which has not favoured sales of parts of Opcon's product portfolio. Meanwhile, energy prices on other markets are considerably higher. For Opcon the industrial investment cycle is important and since the financial crisis it has stayed at a low level in Europe.

Irrespective of short-term price fluctuations, up or down, due to weather, the business cycle or other cause, Opcon expects energy prices to increase over time.

Against this background Opcon sees good opportunities for growth for the Group's product portfolio over a longer period.

After major losses in recent years and an intensive and comprehensive phase of development, Opcon is now implementing a fundamental financial and operational turn-around with the purpose of concentrating business on Waste Heat Recovery and the compressor technology at the heart of Opcon Powerbox, alongside a sharper focus within bioenergy. Major efforts are also being made to grow the business internationally on markets, and these efforts are starting to bear fruit.

Significant progress has been made in recent years in China as the strategic collaboration between Opcon and Snowman of China has grown much closer. In the spring of 2014 Snowman has boosted its ownership in Opcon through a directed placement of shares.

In Fuzhou Snowman has built a completely new factory for production of compressors developed by Opcon. It is estimated that future licensing income from Snowman's production for the period 2014-2024 could exceed SEK 100 million. In 2013 alone, sales of compressor development to Snowman almost tripled to exceed SEK 30 million. In 2014 Snowman has continued to place large new development assignments with Opcon. For Opcon, Snowman's investment and the collaboration that has begun mean that Opcon looks forward to receiving further development assignments from Snowman over a long period within industrial refrigeration compressors, an area in which Opcon is strengthening its capabilities.

Furthermore, the trust earned through collaboration means that discussions are being held about expansion and the forms for co-operation in other areas where the Chinese market is of great interest for Opcon. Waste Heat Recovery is one such area and extensive discussions are being held about introducing Opcon Powerbox into the Chinese market. Work on the development, industrialization and international expansion of Opcon Powerbox is proceeding with increased concentration on commercialisation. A refocusing of market efforts from Sweden to other markets with higher electricity prices or subsidies and thus greater customer benefit is also being implemented.

Another important part of the current restructuring of Opcon is the extensive changes being made within the bioenergy operation that in recent years has suffered significant losses. In recent years strong measures have been implemented, including cutting the workforce, closing development projects and achieving a new, outsourced production structure. Some of the technology has been licensed with good results.

Meanwhile, a large programme of measures has been implemented in Sweden and abroad with the main emphasis on the bioenergy sector. As a result, Opti Energi AB, Opti Energy Group AB and Opcon Bioenergy AB are being decommissioned and wound up in Sweden. Bioenergy activities are being focused on Saxlund and an increased international focus.

The savings programme previously approved by the Board has also been extended. Operations in Åmål are being closed down completely. The savings programme, which includes reduced personnel costs, reduced cost of external consultants, IT and administration and reduced financing costs is expected after enlargement to yield annual savings in excess of SEK 30 million compared to 2013. Over the past one and a half years, major interest-bearing debts have been paid off.

The Board notes that although major challenges remain, significant steps have already been taken to reduce costs, and these efforts have begun to show in financial results. Along with the continuing internationalization of the business and the expected development of Group's business in China, the Board has strengthened its belief of reaching the positive operating earnings that are the Board's target for 2014.

## 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 AB 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 2013. 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.

The interim report has not been verified by the company's auditors.

Stockholm, 6 May 2014

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

Rolf Hasselström

*President and CEO, Board member*

## FUTURE REPORTS

- 2014 Q2 report published on 26 August 2014
- 2014 Q3 report published on 11 November 2014

## ADDRESS

Opcon AB (publ), P.O. Box 15085, SE-104 65 Stockholm, Sweden

Tel. +46 8 466 45 00

e-mail: [info@opcon.se](mailto:info@opcon.se)

[www.opcon.se](http://www.opcon.se)

| <b>CONSOLIDATED INCOME STATEMENT (SEK '000)</b>         | <b>Q1 2014</b> | <b>Q1 2013</b> | <b>Last 12 months</b> | <b>Full year 2013</b> |
|---|----------------|----------------|-----------------------|-----------------------|
| Net sales   | 67,338         | 74,016         | 272,165               | 275,026               |
| Expenses for sold goods                                 | -52,909        | -57,793        | -214,839              | -217,535              |
| <b>Gross profit</b>                                     | <b>14,429</b>  | <b>16,223</b>  | <b>57,326</b>         | <b>57,491</b>         |
| Sales expenses  | -7,387         | -9,107         | -29,172               | -30,385               |
| Administration expenses                                 | -9,378         | -12,287        | -62,271               | -63,399               |
| Development expenses                                    | -3,232         | -3,652         | -14,081               | -14,501               |
| Other costs   | -352           | -596           | -1,029                | -1,273                |
| <b>Operating profit/loss</b>                            | <b>-5,920</b>  | <b>-9,419</b>  | <b>-49,227</b>        | <b>-52,067</b>        |
| Financial income  | 11             | 22             | 1,169                 | 850                   |
| Financial expenses                                      | -232           | -4,737         | -6,441                | -10,590               |
| <b>Profit/loss before tax</b>                           | <b>-6,141</b>  | <b>-14,134</b> | <b>-54,499</b>        | <b>-61,807</b>        |
| Tax   | -              | -              | -                     | -                     |
| <b>Profit / loss from remaining business</b>            | <b>-6,141</b>  | <b>-14,134</b> | <b>-54,499</b>        | <b>-61,807</b>        |
| Income (loss) from discontinued operations              | -3,653         | 49             | -3,702                | -685                  |
| Profit/loss from divested business                      | 0              | 0              | 0                     | -1,600                |
| <b>Profit/loss for the period</b>                       | <b>-9,794</b>  | <b>-14,085</b> | <b>-59,801</b>        | <b>-64,092</b>        |
| Profit/loss attributable to parent company shareholders | -9,794         | -14,085        | -59,801               | -64,092               |
| Profit/loss attributable to minority holding            | 0              | 0              | 0                     | 0                     |
| <b>Earnings per share before dilution (SEK)</b>         |                |                |                       |                       |
| Profit/loss from remaining business                     | -0.02          | -0.05          | -0.18                 | -0.19                 |
| Profit/loss from divested business                      | -0.01          | 0              | -0.01                 | 0                     |
| <b>Profit/loss for the period</b>                       | <b>-0.03</b>   | <b>-0.05</b>   | <b>-0.19</b>          | <b>-0.19</b>          |
| <b>Earnings per share after dilution (SEK)</b>          |                |                |                       |                       |
| Profit/loss from remaining business                     | -0.02          | -0.05          | -0.16                 | -0.18                 |
| Profit/loss from divested business                      | -0.01          | 0              | -0.01                 | 0                     |
| <b>Profit/loss for the period</b>                       | <b>-0.03</b>   | <b>-0.05</b>   | <b>-0.17</b>          | <b>-0.18</b>          |
| Total no. of shares ('000)                              | 378,800        | 309,973        | 344,414               | 344,414               |
| Average no. of shares ('000)                            | 347,089        | 299,900        | 341,544               | 331,085               |
| <b>Break-down of costs</b>                              |                |                |                       |                       |
| Depreciation and write-downs                            | 2,823          | 2,779          | 11,787                | 11,743                |
| Remuneration to employees                               | 26,546         | 25,993         | 110,898               | 109,906               |
| Materials and other costs                               | 43,889         | 54,663         | 198,707               | 205,444               |
| <b>Total costs</b>                                      | <b>73,258</b>  | <b>83,435</b>  | <b>321,392</b>        | <b>327,093</b>        |

| <b>STATEMENT OF COMPREHENSIVE INCOME (SEK '000)</b>  | <b>Q1 2014</b> | <b>Q1 2013</b> | <b>Last 12 months</b> | <b>Full year 2013</b> |
|--|----------------|----------------|-----------------------|-----------------------|
| <b>Profit/loss for the period</b>  | <b>-9,794</b>  | <b>-14,085</b> | <b>-59,801</b>        | <b>-64,092</b>        |
| <b>Other comprehensive income</b>  |                |                |                       |                       |
| Translation differences, parent company shareholders   | 114            | -2,644         | 4,064                 | 1,306                 |
| Translation differences, minority interests  | -              | -              | -                     | -                     |
| <b>Other comprehensive income for the period</b>   | <b>114</b>     | <b>-2,644</b>  | <b>4,064</b>          | <b>1,306</b>          |
| <b>Total comprehensive income for the period</b>   | <b>-9,680</b>  | <b>-16,729</b> | <b>-55,737</b>        | <b>-62,786</b>        |
| <b>Total comprehensive income for the period attributable to parent company shareholders</b> | <b>-9,680</b>  | <b>-16,729</b> | <b>-55,737</b>        | <b>-62,786</b>        |
| Total comprehensive income for the period attributable to minority interests                 | 0              | 0              | 0                     | 0                     |

**CONSOLIDATED BALANCE SHEET (SEK '000)****31 Mar 2014****31 Dec 2013****Fixed assets**

|                               |                |                |
|-------------------------------|----------------|----------------|
| Tangible fixed assets         | 12,849         | 13,308         |
| Goodwill                      | 144,694        | 144,156        |
| Other intangible fixed assets | 155,622        | 156,432        |
| Financial fixed assets        | 43,847         | 44,143         |
| Deferred tax receivable       | 39,392         | 39,392         |
| <b>Total fixed assets</b>     | <b>396,404</b> | <b>397,431</b> |

**Current assets**

|  |                |                |
|--|----------------|----------------|
| Stock  | 66,554         | 69,895         |
| Securities holding                               | 160            | 512            |
| Current receivables                              | 95,456         | 85,031         |
| Work in progress, un-invoiced income, contracted | 33,765         | 35,346         |
| Liquid funds                                     | 16,658         | 17,853         |
| <b>Total current assets</b>                      | <b>212,593</b> | <b>208,637</b> |

**Total assets****608,997****606,068****Shareholders' equity****466,127****456,207****Long-term liabilities**

|   |               |               |
|---|---------------|---------------|
| Interest-bearing provisions and liabilities     | 1,198         | 543           |
| Non-interest-bearing provisions and liabilities | 20,699        | 16,963        |
| <b>Total long-term liabilities</b>              | <b>21,897</b> | <b>17,506</b> |

**Current liabilities**

|  |                |                |
|--|----------------|----------------|
| Interest-bearing liabilities                     | 2,139          | 3,129          |
| Non-interest-bearing liabilities                 | 91,377         | 96,717         |
| Work in progress, un-invoiced income, contracted | 27,457         | 32,509         |
| <b>Total current liabilities</b>                 | <b>120,973</b> | <b>132,355</b> |

**Total shareholders' equity and liabilities****608,997****606,068****Pledged securities**

|                        |        |        |
|------------------------|--------|--------|
| Chattel mortgages      | 18,532 | 17,951 |
| Contingent liabilities | 50,975 | 52,810 |

**KEY FIGURES**

|  | <b>Q1 2014</b> | <b>Q1 2013</b> | <b>Last 12 months</b> | <b>Full year 2013</b> |
|--|----------------|----------------|-----------------------|-----------------------|
| Operating margin, %                        | -8.8           | -12.7          | -18.3                 | -18.9                 |
| Return on operating capital, %             | -              | -              | Neg                   | Neg                   |
| Return on equity, %                        | -              | -              | Neg                   | Neg                   |
| Profit/loss per share before dilution, SEK | -0.03          | -0.05          | -0.19                 | -0.19                 |
| Profit/loss per share after dilution, SEK  | -0.03          | -0.05          | -0.17                 | -0.18                 |
| Equity per share, SEK                      | 1.23           | 1.53           | 1.35                  | 1.32                  |
| Equity/assets ratio, %                     | 76.5           | 66.7           | 76.5                  | 75.3                  |
| No. of shares, thousands                   | 378,800        | 309,973        | 344,414               | 344,414               |
| Average no. of shares, thousands           | 347,089        | 299,900        | 341,544               | 331,085               |

## 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 2013                        | 372,357        | 403,381                    | -9,053         | -281,667                    | -                  | 485,018                   |
| <b>Comprehensive income</b>                            |                |                            |                |                             |                    |                           |
| Profit/loss for the period                             | 0              | 0                          | 0              | -14,085                     | 0                  | -14,085                   |
| Currency differences when translating foreign business | -              | -                          | -2,644         | -                           | -                  | -2,644                    |
| <b>Total comprehensive income</b>                      | <b>0</b>       | <b>0</b>                   | <b>-2,644</b>  | <b>-14,085</b>              | <b>0</b>           | <b>-16,729</b>            |
| <b>Transactions with shareholders</b>                  |                |                            |                |                             |                    |                           |
| New share issue <sup>1</sup>                           | 15,109         | -7,978                     | -              | -                           | -                  | 7,131                     |
| <b>Closing balance per 31 March 2013</b>               | <b>387,466</b> | <b>395,403</b>             | <b>-11,697</b> | <b>-295,752</b>             | <b>0</b>           | <b>475,420</b>            |
| <b>Comprehensive income</b>                            |                |                            |                |                             |                    |                           |
| Profit/loss for the period                             | 0              | 0                          | 0              | -50,007                     | 0                  | -50,007                   |
| Currency differences when translating foreign business | -              | -                          | 3,929          | -                           | -                  | 3,929                     |
| <b>Total comprehensive income</b>                      | <b>0</b>       | <b>0</b>                   | <b>3,929</b>   | <b>-50,007</b>              | <b>0</b>           | <b>-46,078</b>            |
| <b>Transactions with shareholders</b>                  |                |                            |                |                             |                    |                           |
| New share issue <sup>1</sup>                           | 43,052         | -16,187                    | -              | -                           | -                  | 26,865                    |
| <b>Closing balance per 31 December 2013</b>            | <b>430,518</b> | <b>379,216</b>             | <b>-7,768</b>  | <b>-345,759</b>             | <b>0</b>           | <b>456,207</b>            |
| <b>Comprehensive income</b>                            |                |                            |                |                             |                    |                           |
| Profit/loss for the period                             | 0              | 0                          | 0              | -9,794                      | 0                  | -9,794                    |
| Currency differences when translating foreign business | -              | -                          | 114            | -                           | -                  | 114                       |
| <b>Total comprehensive income</b>                      | <b>0</b>       | <b>0</b>                   | <b>114</b>     | <b>-9,794</b>               | <b>0</b>           | <b>-9,680</b>             |
| <b>Transactions with shareholders</b>                  |                |                            |                |                             |                    |                           |
| New share issue <sup>1</sup>                           | 42,982         | -23,382                    | -              | -                           | -                  | 19,600                    |
| <b>Closing balance per 31 March 2014</b>               | <b>473,500</b> | <b>355,834</b>             | <b>-7,654</b>  | <b>-355,553</b>             | <b>0</b>           | <b>466,127</b>            |

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

## STATEMENT OF CONSOLIDATED CASH FLOW (SEK '000)

|   | Q1 2014        | Q1 2013        | Last 12 months | Full year 2013 |
|---|----------------|----------------|----------------|----------------|
| Operating profit/loss                     | -9,502         | -9,307         | -54,521        | -54,326        |
| Financial items                           | -292           | -4,778         | -5,280         | -9,766         |
| Depreciation                              | 2,823          | 2,779          | 11,786         | 11,742         |
| Taxes paid                                | -22            | 80             | 675            | 777            |
| Other items not affecting liquidity       | 2,604          | -7,107         | 11,109         | 1,398          |
| <b>Cash flow from current activities</b>  | <b>-4,389</b>  | <b>-18,333</b> | <b>-36,231</b> | <b>-50,175</b> |
| Cash flow from change in working capital  | -15,866        | -18,532        | -14,969        | -17,635        |
| <b>Total cash flow from the business</b>  | <b>-20,255</b> | <b>-36,865</b> | <b>-51,200</b> | <b>-67,810</b> |
| Cash flow from investing activities       | -300           | 37,174         | 9,710          | 47,184         |
| Cash flow from financing activities       | 19,258         | -816           | 41,470         | 21,396         |
| <b>Total cash flow</b>                    | <b>-1,297</b>  | <b>-507</b>    | <b>-20</b>     | <b>770</b>     |
| Liquid assets, opening balance            | 17,853         | 17,113         | 16,201         | 17,113         |
| Total cash flow                           | -1,297         | -507           | -20            | 770            |
| Exchange rate differences in liquid funds | 102            | -405           | 477            | -30            |
| <b>Liquid assets, closing balance</b>     | <b>16,658</b>  | <b>16,201</b>  | <b>16,658</b>  | <b>17,853</b>  |



**CONSOLIDATED INCOME STATEMENT**

| <b>PER QUARTER (SEK '000)</b>   | <b>Q1 2014</b> | <b>Q4 2013</b> | <b>Q3 2013</b> | <b>Q2 2013</b> | <b>Q1 2013</b> |
|---|----------------|----------------|----------------|----------------|----------------|
| Net sales   | 67,338         | 68,760         | 69,573         | 62,677         | 74,016         |
| <b>Operating profit/loss</b>  | <b>-5,920</b>  | <b>-26,198</b> | <b>-4,118</b>  | <b>-12,332</b> | <b>-9,419</b>  |
| Financial items   | -221           | -826           | -1,415         | -2,784         | -4,715         |
| Profit/loss after financial items   | -6,141         | -27,024        | -5,533         | -15,116        | -14,134        |
| Profit/loss from remaining business   | -6,141         | -27,024        | -5,533         | -15,116        | -14,134        |
| Income (loss) from discontinued operations                                    | -3,653         | 583            | -539           | -778           | 49             |
| Profit/loss from divested business  | 0              | 0              | -1,600         | 0              | 0              |
| <b>Profit/loss for the period</b>   | <b>-9,794</b>  | <b>-26,441</b> | <b>-7,672</b>  | <b>-15,894</b> | <b>-14,085</b> |
| <b>Profit/loss for the period attributable to parent company shareholders</b> | <b>-9,794</b>  | <b>-26,441</b> | <b>-7,672</b>  | <b>-15,894</b> | <b>-14,085</b> |
| <b>Profit/loss for the period attributable to minority holding</b>            | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |

| <b>PARENT COMPANY'S INCOME STATEMENT (SEK '000)</b>                     | <b>Q1 2014</b> | <b>Q1 2013</b> | <b>Last 12 months</b> | <b>Full year 2013</b> |
|---|----------------|----------------|-----------------------|-----------------------|
| Net sales   | 6,385          | 18,564         | 20,995                | 33,174                |
| Cost of sold services   | -3,542         | -18,564        | -18,014               | -33,036               |
| Gross profit  | 2,843          | 0              | 2,981                 | 138                   |
| Administration expenses   | -8,021         | -3,400         | -20,699               | -16,078               |
| Operating profit/loss   | -5,178         | -3,400         | -17,718               | -15,940               |
| Profit/loss from other securities and receivables that are fixed assets | -              | -              | -1,600                | -1,600                |
| Impairment of shares in subsidiary                                      | -              | -              | -                     | -                     |
| Received/paid Group contribution  | -              | -              | -2,894                | -2,894                |
| Financial income  | 2,008          | 1,650          | 8,171                 | 7,813                 |
| Financial expenses  | -156           | -3,621         | -2,399                | -5,864                |
| <b>Profit/loss from financial income and expenses</b>                   | <b>-3,326</b>  | <b>-5,371</b>  | <b>-16,440</b>        | <b>-18,485</b>        |
| Deferred tax  | -              | -              | -                     | -                     |
| <b>Profit/loss for the period</b>                                       | <b>-3,326</b>  | <b>-5,371</b>  | <b>-16,440</b>        | <b>-18,485</b>        |

| <b>PARENT COMPANY'S BALANCE SHEET (SEK '000)</b>      | <b>31 Mar 2014</b> | <b>31 Dec 2013</b> |
|---|--------------------|--------------------|
| <b>Fixed assets</b>                                   |                    |                    |
| Tangible fixed assets                                 | 241                | 271                |
| Participations in Group companies                     | 245,624            | 245,624            |
| Deferred tax  | 35,969             | 35,969             |
| Long-term receivables                                 | 40,320             | 40,674             |
| <b>Total fixed assets</b>                             | <b>322,154</b>     | <b>322,538</b>     |
| <b>Current assets</b>                                 |                    |                    |
| Accounts receivables                                  | 57                 | 815                |
| Receivables from Group companies                      | 246,439            | 225,778            |
| Tax receivables                                       | 521                | 521                |
| Other receivables                                     | 407                | 2,226              |
| Liquid funds including current investments            | 1,926              | 4                  |
| <b>Total current assets</b>                           | <b>249,350</b>     | <b>229,344</b>     |
| <b>Total assets</b>                                   | <b>571,504</b>     | <b>551,882</b>     |
| <b>Shareholders' equity</b>                           |                    |                    |
| Share capital   | 473,500            | 430,518            |
| Statutory reserve                                     | 12,372             | 35,756             |
| <b>Total tied-up capital</b>                          | <b>485,872</b>     | <b>466,274</b>     |
| <b>Non-restricted equity/profit/loss for the year</b> | <b>25,301</b>      | <b>28,626</b>      |
| <b>Total shareholders' equity</b>                     | <b>511,173</b>     | <b>494,900</b>     |
| <b>Current liabilities</b>                            |                    |                    |
| Interest-bearing liabilities to credit institutions   | -                  | 3,102              |
| Accounts payable                                      | 4,873              | 5,463              |
| Liabilities to Group companies                        | 48,198             | 43,303             |
| Other non-interest-bearing liabilities                | 7,260              | 5,114              |
| <b>Total current liabilities</b>                      | <b>60,331</b>      | <b>56,982</b>      |
| <b>Total shareholders' equity and liabilities</b>     | <b>571,504</b>     | <b>551,882</b>     |
| Contingent liabilities                                | 52,114             | 53,745             |
| Equity/assets ratio (%)                               | 89.4               | 89.7               |
| No. of shares at end of period ('000)                 | 378,800            | 344,414            |

## **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, Germany and the UK. There are around 145 employees.

The company's shares are listed on Nasdaq OMX Stockholm.

The Group's business area Renewable Energy focuses on the following areas:  
electricity generation based on waste heat, bioenergy-powered heating and CHP plants,  
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Opcon AB (publ), P.O. Box 15085, SE-104 65 Stockholm, Sweden

Tel. +46 8 466 45 00

e-mail: [info@opcon.se](mailto:info@opcon.se)

[www.opcon.se](http://www.opcon.se)