



OPCON AB (PUBL), THE ENERGY AND ENVIRONMENTAL TECHNOLOGY GROUP
INTERIM REPORT JANUARY–SEPTEMBER 2014

China lies behind Opcon's return to profit

- Joint venture with Snowman for Opcon Powerbox in China
- Agreement signed with Snowman for licensing of technology for joint venture, worth CNY 72 million (around SEK 84.8 million)
- Revenue recognition in Q3 of licence business generated other income of SEK 56.6 million, of which SEK 27.7 million reserved for internal profit elimination
- Opcon returns to profit (Earnings after tax in Q3), SEK 17.8 million (–5.5 m)

Q1-3 2014, January-September, remaining business

- Net sales amounted to SEK 183.7 million (206.3 m)
- Operating loss (EBIT) was SEK 9.4 million (–25.9 m)
- Profit after tax of SEK 6.8 million (–34.8 m)
- Earnings per share SEK 0.02 (–0.11)

Q3 2014, July-September, remaining business

- Net sales amounted to SEK 61.4 million (69.6 m)
- Operating loss (EBIT) was SEK 19.9 million (–4.1 m)
- Profit after tax of SEK 17.8 million (–5.5 m)
- Earnings per share SEK 0.05 (–0.02)

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GROUP, JANUARY-SEPTEMBER

Sales for remaining business for the January-September period were SEK 183.7 million (206.3 m). Operating earnings (EBIT) were SEK 9.4 million (–25.9 m). The loss after tax improved significantly to reach SEK 6.8 million (–34.8 m). Earnings per share attributable to parent company shareholders were SEK 0.02 (–0.11). Revenue recognition in Q3 includes other income of SEK 56.6 million relating to licensing of Opcon Powerbox technology for the joint venture started in China, of which SEK 27.7 has however been reserved for internal profit eliminations in accordance with IFRS, which will affect Opcon's earnings positively going forward.

GROUP, JULY-SEPTEMBER

Sales for remaining business for the July-September period were SEK 61.4 million (69.6 m). Operating earnings (EBIT) were SEK 19.9 million (–4.1 m). The profit after tax was SEK 17.8 million (–5.5 m). Earnings per share attributable to parent company shareholders were SEK 0.05 (–0.02). Revenue recognition in Q3 includes other income of SEK 56.6 million relating to licensing of Opcon Powerbox technology for the joint venture started in China, of which SEK 27.7 has however been reserved for internal profit eliminations in accordance with IFRS, which will affect Opcon's earnings positively going forward. Earnings were also affected by delays and project reviews in the Swedish bioenergy business worth around SEK 3.5 million along with an increased obsolescence reserve and periodisation error within Waste Heat Recovery worth around SEK 3 million.

The key factor in the progress made during the quarter has been the formation of a joint venture for Opcon Powerbox on the Chinese market and parts of South East Asia together with Fujian Snowman Technology Co., Ltd. of China. This joint venture, Fujian Opcon Energy Technology Co., Ltd., was formed in September and intensive efforts are now being made in China and Sweden to build this business for commercialisation and production of Opcon Powerbox at Snowman in China.

In accordance with the agreement signed during the quarter, Opcon has received 48.9796% of the shares in the newly started company, with Snowman receiving 51.0204%. The joint venture company's registered share capital amounts to CNY 98 million (around SEK 115.5 million).

Opcon's capital contribution for 48.9796% of the shares in the company, corresponding to CNY 48 million (around SEK 56.6 million), comprises part-payment for exclusive and non-exclusive rights under a system licence for production, marketing and sales of the Group's proprietary technology, Opcon Powerbox ORC and WST (Wet Steam Turbine) within the agreed territory. The joint venture thereby has a licence for exclusive manufacturing rights for Opcon Powerbox in China, Taiwan, Thailand, Vietnam, Indonesia, Malaysia and North Korea, exclusive sales rights in China, and non-exclusive sales rights in Taiwan, Thailand, Vietnam, Indonesia, Malaysia and North Korea.

The total value of production and sales rights, assessed by a third party at CNY 72 million, amounted to SEK 84.8 million on the closing date. Of this sum, CNY 48 million (around SEK 56.6 million) constitutes payment for Opcon's capital share of 48.9796% of the joint venture. Revenue recognition in Q3 includes other income of SEK 56.6 million relating to licensing of Opcon Powerbox technology for the joint venture started in China, of which SEK 27.7 has however been reserved for internal profit eliminations in accordance with IFRS, which will affect Opcon's earnings positively going forward.

Another CNY 24 million (around SEK 27.7 million on the closing date) was invoiced after the end of the period and this will be paid as a royalty to Opcon in Q4 2014. This amount of CNY 24 million (around SEK 27.7 million) was not subject to revenue recognition in Q3.

Within Waste Heat Recovery/Compressor Technology the comprehensive development assignment for Snowman, with delivery of new compressor models and prototypes within the existing programme, remain the primary activity. New orders have also been received for production for customers in India, America and Europe.

Within the remaining bioenergy business, delays and deteriorating final status forecasts in project affected Q3 results especially, while the continued improvements in earnings have been achieved during the year as a whole, not least in Sweden, but also in the UK. Results in Germany during the year have been weak however. In Sweden an order for Saxlund's fuel handling equipment and incineration technology was received from the privately owned sawmill, Hilmer Andersson, HAL, Korterud, Sweden. The order is worth around SEK 28 million, with commissioning set for 2015. The plant will supply hot water to the timber driers based on incineration of waste products such as wood dust, wood chips and bark.

The market situation in Europe remains uncertain. The order stock has grown during the quarter, while development has varied in different parts of the Group with Germany reporting weaker development and both Sweden and the UK reporting higher order stocks. Together with weak liquidity and faltering financing, the earlier order situation contributed to lower capacity utilisation that held back sales and earnings in Q3.

An extensive savings programme has been in place since the start of the year. This includes reduced financing costs, the closure in Åmål and the cutbacks in bioenergy, with the decommissioning of Opcon Bioenergy and liquidation of Opti Energy Group AB with subsidiaries in Sweden. Total annual savings of over SEK 30 million are expected, with an effect in 2014 of around SEK 20 million. This programme is proceeding largely according to plan, which can be seen in reduced overheads and staff costs.

At Group level, however, the effects of the savings programme have been partly countered by recruitment within the Waste Heat Recovery and compressor technology sectors which is intended to strengthen the organization for its activities in China that are now intensifying following the formation of the joint venture with Snowman.

Significant events after the end of the period

After the end of the period, the newly formed joint venture in China, Fujian Opcon Energy Technology Co., Ltd., signed a licence agreement for Opcon Powerbox.

As a result, Opcon Energy System invoiced for a further CNY 24 million (around SEK 29 million on the invoice date) in royalties to be paid in Q4 2014.

Order stock

• The order stock for the coming 12 months amounted to SEK 148 million on 30 September.

The order stock for the coming 12 months for remaining business amounted to SEK 148 million (161 m) on 30 September. The reduced order stock was partly a result of a low level of received orders at the start of the year, and the strategic efforts that have been made to achieve more aftermarket business and fewer projects with shorter execution periods.

Development in Q2 and Q3 was better meanwhile, with the order stock during the third quarter growing by over 15% compared with the previous quarter, following growth between Q1 and Q2 that was also over 15%.

After the end of the quarter an agreement with the joint venture in China has meant that CNY 24 million (around SEK 29 million on the invoice date) in royalties further strengthened the order stock.

Financial position

The Group's liquid assets at the end of the period were SEK 12.7 million (15.0 m). In addition there was unutilised credit at foreign subsidiaries of SEK 16.0 million.

Interest-bearing assets in addition to liquid assets were SEK 20.1 million (20.4 m).

Interest bearing debt was SEK 26.0 million (6.9 m).

At the end of the period the Group had net receivables of SEK 6.7 million (11.2 m).

Net financial items in Q3 were SEK –2.1 million (–1.48 m). For January-September net financial items were SEK –2.6 million (–8.9 m). The equity/assets ratio on 30 September was 70.5% (76.2%).

During Q1, Opcon 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. During the autumn a short-term credit of SEK 15 million was raised with Erik Penser Bankaktiebolag. An extensive savings programme is meanwhile being implemented in parallel that includes decommissioning and closure of certain companies. The agreement signed with Snowman concerning the formation of a joint venture for Opcon Powerbox in China and the licensing agreement now signed by the joint venture will also benefit in Q4 2014.

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 and appropriate 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 226,000 relate to listed shares where fair value is equivalent to the market price on the balance sheet date.

Financial assets include participations in associated companies amounting to SEK 61.4 million and attributable to the shareholding of 48.9796% in Fujian Opcon Energy Technology Co., Ltd., which has been assessed at acquisition value.

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 (344,414,145).

Investments

Investments in fixed assets during January-September totalled SEK 4.0 million (0.3 m).

In addition, SEK 3.7 million (10.6 m) in development costs were capitalized. For the July-September period, capitalized development costs amounted to SEK 1.0 million (2.6 m). This mainly relates to the development and adaptation for marine applications of Opcon Powerbox.

Employees

At the end of the period the Group had 142 employees (147).

Parent company

The parent company had sales of SEK 13.5 million (26.1 m) in the January-September period. Sales primarily relate to invoicing for rents and internal administration services but also include some assignments for customers, which have decreased since last year. For the July-September period sales were SEK 5.2 million (5.7 m). Revenue recognition in Q3 includes other income of SEK 56.6 million attributable to licensing of Opcon Powerbox technology and which refers to payment in the form of 48.9796% of shares in the newly formed joint venture, Fujian Opcon Energy Technology Co., Ltd., in Fuzhou, Fujian, China. The company's registered share capital amounts to CNY 98 million (SEK 115.5 million on the closing date).

The parent company's earnings before tax for the January-September period were SEK 38.7 million (–13.2 m). For the July-September period earnings before tax were SEK 44.1 million (–4.0 m).

At the end of the period, liquid assets in the parent company totalled SEK 9.1 million (0.9 m). Interest-bearing liabilities at the end of the period amounted to SEK 15.0 million (3.0 m).

Transactions with related parties

Purchases of goods and services

Essarem AB received rent of SEK 3.0 million for the January-September 2014 period concerning the property at Nacka.

Mind Finance AB received net interest and fees for factoring for the January-September 2014 period amounting to SEK 1.3 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 9.1 million (2.5 m). At the same point last year Opcon Energy System AB had a receivable from Essarem AB worth SEK 1.2 million for prepaid rent.

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. This applies especially for Fujian Snowman Technology Co., Ltd., in Fujian, China, which is a major customer of Opcon and a principal owner of the newly formed joint venture, Fujian Opcon Energy Technology Co., Ltd.

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. Opcon Energy System AB has reached a settlement after the end of the period concerning regression for pledged invoices amounting to SEK 6.5 million, with Opcon Energy System AB taking over this receivable from the customer.

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 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, opcon.se.

THE GROUP IN 2014 AND BEYOND

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 stronger. 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 will increase successively and jointly exceed SEK 100

million in this period. In 2013 alone, sales of compressor development to Snowman almost tripled to exceed SEK 30 million. In 2014 Snowman has placed further major 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.

Of great strategic importance is also the expansion of the collaboration that began in September 2014 and with the formation of the joint venture for the commercialisation of Opcon's technology for waste heat recovery, Opcon Powerbox. The purpose is to develop the Chinese market and create an industrialised production base for Opcon Powerbox that can be used by Opcon for sales on other markets.

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 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, including China, are considerably higher. In many Chinese provinces today electricity prices are twice as high as in Sweden.

There are good prospects that the Chinese market will become the world's largest. Surveys show that there are over 500,000 industrial boilers in China. As China is at a very early stage regarding utilising waste heat it is considered that recovery of waste heat can make a significant contribution to improved energy efficiency and reduction of emissions which will have economic and environmental benefits in coming years.

Higher electricity prices in China, growth and investment in the economy, the political will to increase energy efficiency and significantly lower production costs make Opcon greatly optimistic about the strategic collaboration that has started. According to a study made by Fujian Snowman Co., Ltd., annual sales for the joint venture are expected to reach above CNY 220 million (around SEK 257 million) within 2-3 years. Against this background, Opcon is now investing significant resources in building up the company and transferring technology to China to support future production and sales.

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.

For some time now a large programme of measures has been implemented in Sweden and abroad with the main emphasis on the bioenergy sector. As part of this, Opcon Bioenergy was discontinued and Opti Energy Group AB with subsidiaries in Sweden was liquidated. The final effect for decommissioning and liquidation is currently uncertain but it is expected to result in an impairment for the parent company of around SEK 5-10 million. Bioenergy activities are being focused on Saxlund and an increased international focus. The parent company's 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, with effects in 2014 expected to exceed SEK 20 million. Over the past one and a half years, major interest-bearing debts have been paid off.

The Board notes that although major challenges remain after several difficult years to establish progress in the bioenergy sector, significant steps have already been taken to reduce costs, and these efforts have begun to show in financial results. Opcon is now reporting a profit following successful business in China.

With an expanding order book, increased licensing business, the existing savings programme in bioenergy and joint venture for Opcon Powerbox in China, the company's focus is now moving more to future activities, investment and the building of resources in order to best utilise the opportunities that the sales and production structure being built in China may mean for future growth and profitability.

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. This report has not been reviewed by the company's auditors.

Stockholm, 11 November 2014
Opcon AB (publ) corp. organization. No. 556274-8623
Rolf Hasselström
President and CEO, Board member

FUTURE REPORTS

- Financial Statement for 2014 and Q4 interim report will be submitted on 20 February 2015
- Q1 2015 report to be submitted on 7 May 2015
- Annual general Meeting to be held on 7 May 2015
- Q2 2015 report to be submitted on 26 August 2015

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CONSOLIDATED INCOME STATEMENT (SEK '000)

	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Last 12 months	Full year 2013
Net sales	61,391	69,573	183,671	206,266	252,431	275,026
Expenses for sold goods	-51,167	-48,224	-140,858	-158,882	-199,511	-217,535
Gross profit	10,224	21,349	42,813	47,384	52,920	57,491
Sales expenses	-6,446	-7,358	-21,388	-22,494	-29,279	-30,385
Administration expenses	-10,281	-14,511	-31,302	-38,509	-56,192	-63,399
Development expenses	-2,638	-3,399	-9,459	-11,231	-12,729	-14,501
Other income	56,554	-	56,554	-	56,554	-
Other costs	-27,505 ¹	-199	-27,819 ¹	-1,019	-28,073 ¹	-1,273
Operating profit / loss	19,908	-4,118	9,399	-25,869	-16,799	-52,067
Financial income	-582	85	31	577	304	850
Financial expenses	-1,511	-1,500	-2,592	-9,491	-3,691	-10,590
Profit / loss before tax	17,815	-5,533	6,838	-34,783	-20,186	-61,807
Tax	-	-	-	-	-	-
Profit / loss from remaining business	17,815	-5,533	6,838	-34,783	-20,186	-61,807
Earnings from discontinued business	-5,825	-539	-10,335	-1,268	-9,752	-685
Earnings from sold business	-	-1,600	-	-1,600	-	-1,600
Profit / loss for the period	11,990	-7,672	-3,497	-37,651	-29,938	-64,092
Profit / loss attributable to parent company shareholders	11,990	-7,672	-3,497	-37,651	-29,938	-64,092
Earnings per share before dilution (SEK)						
Profit / loss from remaining business	0.05	-0.02	0.02	-0.11	-0.06	-0.19
Profit / loss from divested business	-0.02	0.00	-0.03	0.00	-0.03	0.00
Profit / loss for the period	0.03	-0.02	-0.01	-0.11	-0.09	-0.19
Earnings per share after dilution (SEK)						
Profit / loss from remaining business	0.05	-0.02	0.02	-0.10	-0.05	-0.18
Profit / loss from divested business	-0.02	0.00	-0.03	0.00	-0.03	0.00
Profit / loss for the period	0.03	-0.02	-0.01	-0.10	-0.08	-0.18
Total no. of shares ('000)	378,800	344,414	378,800	344,414	378,800	344,414
Average no. of shares ('000)	378,800	344,414	362,276	322,793	362,276	331,085
Break-down of costs						
Depreciation and write-downs	2,989	2,700	8,323	8,708	11,358	11,743
Remuneration to employees	22,656	24,789	75,702	79,911	105,697	109,906
Materials and other costs	72,392	47,802	146,801	145,116	207,129	205,444
Total costs	98,037	75,291	230,826	233,735	324,184	327,093

1) Of which, internal profit elimination SEK -27.7 million

STATEMENT OF COMPREHENSIVE INCOME (SEK '000)

	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Last 12 months	Full year 2013
Profit / loss for the period	11,990	-7,672	-3,497	-37,651	-29,938	-64,092
Other comprehensive income						
Translation differences, parent company shareholders	2,976	-964	2,976	-599	4,881	1,306
Other comprehensive income for the period	2,976	-964	2,976	-599	4,881	1,306
Total comprehensive income for the period	14,966	-8,636	-521	-38,250	-25,057	-62,786
Total comprehensive income for the period attributable to parent company shareholders	14,966	-8,636	-521	-38,250	-25,057	-62,786

CONSOLIDATED BALANCE SHEET (SEK '000)	30 Sept 2014	31 Dec 2013
Fixed assets		
Tangible fixed assets	15,671	13,308
Goodwill	146,143	144,156
Other intangible fixed assets	156,244	156,432
Financial fixed assets	105,293	44,143
Deferred tax receivable	39,392	39,392
Total fixed assets	462,743	397,431
Current assets		
Stock	65,600	69,895
Securities holding	394	512
Current receivables	94,158	85,031
Work in progress, un-invoiced income, contracted	38,468	35,346
Liquid funds	12,683	17,853
Total current assets	211,303	208,637
Total assets	674,046	606,068
Shareholders' equity		
	475,286	456,207
Total shareholders' equity	475,286	456,207
Long-term liabilities		
Interest-bearing provisions and liabilities	153	543
Non-interest-bearing provisions and liabilities	41,614	16,963
Total long-term liabilities	41,767	17,506
Current liabilities		
Interest-bearing liabilities	25,847	3,129
Non-interest-bearing liabilities	96,273	96,717
Work in progress, un-invoiced income, contracted	34,873	32,509
Total current liabilities	156,993	132,355
Total shareholders' equity and liabilities	674,046	606,068
Pledged securities		
Chattel mortgages	19,015	17,951
Contingent liabilities	44,162	52,810

KEY FIGURES	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Last 12 months	Full year 2013
Operating margin, %	32.4	-5.9	5.1	-12.5	-6.7	-18.9
Return on operating capital, %	-	-	Neg	-	Neg	Neg
Return on equity, %	-	-	Neg	-	Neg	Neg
Profit / loss per share before dilution, SEK	0.03	-0.02	-0.01	-0.11	-0.09	-0.19
Profit / loss per share after dilution, SEK	0.03	-0.02	-0.01	-0.10	-0.08	-0.18
Equity per share, SEK	1.25	1.38	1.25	1.34	1.25	1.32
Equity / assets ratio, %	70.5	76.2	70.5	76.2	70.5	75.3
No. of shares, thousands	378,800	344,414	378,800	344,414	378,800	344,414
Average no. of shares, thousands	378,800	344,414	362,276	322,793	362,276	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
Comprehensive income						
Profit / loss for the period	-	-	-	-37,651	-	-37,651
Other comprehensive income						
Currency differences when translating foreign business	-	-	-599	-	-	-599
Total comprehensive income	0	0	-599	-37,651	0	-38,250
Transactions with shareholders						
New share issue ¹	58,161	-24,165	-	-	-	33,996
Closing balance, 30 September 2013	430,518	379,216	-9,652	-319,318	0	480,764
Comprehensive income						
Profit / loss for the period	0	0	0	-26,441	0	-26,441
Other comprehensive income						
Currency differences when translating foreign business	-	-	1,884	-	-	1,884
Total comprehensive income	0	0	1,884	-26,441	0	-24,557
Transactions with shareholders						
Impairment of share capital	-	-	-	-	-	-
New share issue ¹	-	-	-	-	-	-
Minority interest acquired companies	-	-	-	-	-	-
Closing balance, 31 December 2013	430,518	379,216	-7,768	-345,759	0	456,207
Comprehensive income						
Profit / loss for the period	0	0	0	-3,497	0	-3,497
Other comprehensive income						
Currency differences when translating foreign business	-	-	2,976	-	-	2,976
Total comprehensive income	0	0	2,976	-3,497	0	-521
Transactions with shareholders						
New share issue ¹	42,982	-23,382	-	-	-	19,600
Closing balance, 30 September 2014	473,500	355,834	-4,792	-349,256	0	475,286

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

STATEMENT OF CONSOLIDATED CASH FLOW

(SEK '000)	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Last 12 months	Full year 2013
Operating profit / loss	14,334	-6,248	-572	-28,644	-26,254	-54,326
Financial items	-2,344	-1,424	-2,925	-9,007	-3,684	-9,766
Depreciation and write-down	2,939	2,700	8,323	8,708	11,357	11,742
Taxes paid	-157	1,054	-791	-116	102	777
Other items not affecting liquidity	28,251	3,645	26,975	2,683	25,690	1,398
Cash flow from current activities	43,023	-273	31,010	-26,376	7,211	-50,175
Cash flow from change in working capital	3,465	-25,533	-9,150	-66,489	39,704	-17,635
Total cash flow from the business	46,488	-25,806	21,860	-92,865	46,915	-67,810
Cash flow from investing activities	-68,582	18,181	-69,511	47,928	-70,255	47,184
Cash flow from financing activities	18,888	2,319	41,706	35,450	27,652	21,396
Total cash flow	-3,206	-5,306	-5,945	-9,487	4,312	770
Liquid assets, opening balance	14,967	12,785	17,853	17,113	12,785	17,113
Total cash flow	-3,206	-5,306	-5,945	-9,487	4,312	770
Exchange rate differences in liquid funds	877	47	730	-100	800	-30
Liquid assets, closing balance	12,638	7,526	12,638	7,526	17,897	17,853

CONSOLIDATED INCOME STATEMENT, PER QUARTER

(SEK '000)	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net sales	61,391	54,942	67,338	68,760	69,573	62,677	74,016
Operating profit / loss	19,908	-4,589	-5,920	-26,198	-4,118	-12,332	-9,419
Financial items	-2,093	-247	-221	-826	-1,415	-2,784	-4,715
Profit / loss after financial items	17,815	-4,836	-6,141	-27,024	-5,533	-15,116	-14,134
Tax	-	-	-	-	-	-	-
Profit / loss from remaining business	17,815	-4,836	-6,141	-27,024	-5,533	-15,116	-14,134
Earnings from sold business	0	0	0	583	-2,139	-778	49
Earnings from business under divestment	-5,825	-857	0	0	0	0	0
Profit / loss for the period	11,990	-5,693	-6,141	-26,441	-7,672	-15,894	-14,085
Profit / loss for the period attributable to parent company shareholders	11,990	-5,693	-6,141	-26,441	-7,672	-15,894	-14,085

**PARENT COMPANY'S INCOME STATEMENT
(SEK '000)**

	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Last 12 months	Full year 2013
Net sales	5,191	5,674	13,526	26,061	20,639	33,174
Cost of sold services	-5,600	-5,674	-10,894	-26,171	-17,759	-33,036
Gross profit	-409	0	2,632	-110	2,880	138
Administration expenses	-4,134	-3,829	-16,210	-12,052	-20,236	-16,078
Other income	56,554	-1,600	56,554	-1,600	58,154	-
Other costs	-6,326	-	-6,326	-	-6,326	-
Operating profit / loss	45,685	-5,429	36,650	-13,762	34,472	-15,940
Profit / loss from other securities and receivables that are fixed assets	0	0	0	0	-1,600	-1,600
Impairment of shares in subsidiary	-	-	-	-	-	-
Received / paid Group contribution	-	-	-	-	-2,894	-2,894
Financial income	1,244	2,002	5,412	5,750	7,475	7,813
Financial expenses	297	-611	-195	-5,148	-911	-5,864
Profit / loss from financial income and expenses	47,226	-4,038	41,867	-13,160	36,542	-18,485
Deferred tax	-	-	-	-	-	-
Profit / loss for the period	47,226	-4,038	41,867	-13,160	36,542	-18,485

PARENT COMPANY'S BALANCE SHEET (SEK '000)**30 Sept 2014** **31 Dec 2013****Fixed assets**

Tangible fixed assets	864	271
Participations in Group companies	245,624	245,624
Participations in associated companies	61,398	-
Deferred tax	35,969	35,969
Long-term receivables	40,320	40,674
Total fixed assets	384,175	322,538

Current assets

Accounts receivables	702	815
Receivables from Group companies	235,058	225,778
Tax receivables	947	521
Other receivables	556	2,226
Liquid funds including current investments	9,106	4
Total current assets	246,369	229,344

Total assets**630,544** **551,882****Shareholders' equity**

Share capital	473,500	430,518
Statutory reserve	20,349	35,756
Total tied-up capital	493,849	466,274

Non-restricted equity / profit/loss for the year**62,516** **28,626****Total shareholders' equity****556,365** **494,900****Current liabilities**

Interest-bearing liabilities to credit institutions	15,000	3,102
Accounts payable	8,754	5,463
Liabilities to Group companies	44,353	43,303
Other non-interest-bearing liabilities	6,072	5,114
Total current liabilities	74,179	56,982

Total shareholders' equity and liabilities**630,544** **551,882**

Contingent liabilities	45,839	53,745
Equity / assets ratio (%)	88.2	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 140 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,
pellets plants, handling systems for biomass, sludge and natural gas, industrial cooling,
flue gas condensation, treatment of flue gases and air systems for fuel cells.



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