






**Half-year report 1 January – 30 June 2000**

-  **Sales turnover in the first half of the year amounted to SEK 124.4 million (125.4 m).**
-  **The profit after financial items was SEK 1.1 million (-6.1 m)**  
(of which SEK 5.7 million was returned funds from SPP).
-  **The order book increased by 16% compared with the previous year and was SEK 133 million.**
-  **Important new agreements will be signed in the second half of the year, and they are expected to generate a considerable increase in volumes during 2001 and beyond.**
-  **Growth is expected in sales and profits during the second half of the year.**

**THE GROUP****Summary**

Sales turnover during the first half of the year amounted to SEK 124.4 million, compared with SEK 125.4 million during the same period last year.

The profit during the period was SEK 1.1 million (-6.1 m), an improvement of SEK 1.5 million compared with last year excluding the SPP item.

The profit for the period includes revenue recognition of returned funds from SPP worth SEK 5.7 million.

During the first half of the year, two important agreements were signed concerning the Group's subsidiary, Opcon Autorotor AB. One of these agreements is a breakthrough in the field of compressors for combustion engines, and has been signed with an international engine manufacturer. The other agreement was signed with Xcellsis, which is owned by DaimlerChrysler, Ford and Ballard. This agreement means that the company is involved in two new engine concepts that have great potential and for which production will start in 2002.

The subsidiary, SEM AB, has received orders for prototypes from two new companies active in a new and growing market segment for ignition systems. The company's unique competence within ion sense technology will be used in these engine projects to achieve cleaner exhaust emissions.

**Financial position**

The Group's liquid funds totalled SEK 13.7 million (20.0 m) and interest-bearing liabilities totalled SEK 56.6 million (59.9 m).

Cash flow during the first half of the year progressed positively. Ongoing operations have contributed SEK 8.9 million (-7.9 m). Cash flow in total, after investment and financing activities, totalled SEK -0.6 million, compared with SEK -13.3 million last year. Continued positive cash flow is expected for the second half of 2000. The company's equity/assets ratio is 44.1%.

**Investments**

Investments in machinery and tools during the first half of the year totalled SEK 7.0 million (12.4 m).

**Employees**

The total number of employees at the end of June 2000 was 342 (340).

**SEM AB**

Sales turnover during the first half of the year amounted to SEK 72.9 million (81.3 m). The operating loss during the period was SEK 2.4 million (+5.6 m) excluding the SPP item. The fall in sales turnover and profits was due to reduced deliveries of ignition cassettes for Saab's V6 engine during the first part of the year. This reduction was expected during the start of the year, but it continued throughout the period. Compared with last year, deliveries to the Saab after-sales market have been lower and this has affected sales turnover and profits. The operating profit has been affected by one-off costs as the company has increased its efforts within development. Gradual improvements in volumes and profits are expected. The company has received orders for prototypes from new customers and delivery agreements are imminent.

**SEM Drive AB**

SEM Drive AB increased its sales turnover by 20% during the first six months and the order book was 30% higher than the same period last year. The increase was due, among other things, to the fact that customers have returned with new orders. Changes in the product range produced a better operating margin. The company reported an operating profit of SEK 1.1 million (-2.8 m), excluding the SPP item, which represented a significant improvement during the second quarter. Sales turnover amounted to SEK 29.6 million (24.8 m). The positive profit trend is forecast to continue.

**Transformator-Teknik AB**

Sales turnover and orders received were at the same level as the previous year, but profits were down due to a cut in margins. Orders received increased during the latter part of the period. Sales turnover for Transformator-Teknik AB was SEK 16.0 million (15.9 m) in the first six months of 2000. The company's operating profit of SEK 0.6 million (0.9 m), excluding the SPP item, was affected negatively by one-off costs and by increased pressure on prices for several key products. The company continues to expand operations in Estonia.

**Opcon Autorotor AB**

Orders received and sales turnover continued to increase during the second quarter. Sales turnover amounted to SEK 6.3 million (4.5 m).

The company has started work on a development project in partnership with world-leading business that will result in a new engine concept for combustion and fuel cell engines.

Development projects featuring fuel cell power sources for vehicles are increasing throughout the world.

Deliveries to the U.S. after-sales market continue to grow.

Compared with the same period last year, the operating loss improved in the first six months and amounted to SEK 1.1 million (-4.3 m), excluding the SPP item. Profits for the first six months include a one-off item worth SEK 1.5 million which was received on the signing of a development agreement that was reported during the first quarter of 2000.

**Parent company**

The parent company's loss after financial items during the first six months of the year was SEK 0.7 million (-3.0 m).

## COMMENTS YEAR 2000

The profit trend is expected to remain positive during the second half of 2000. Growth will be organic, based on the unique technologies within the Group and on company acquisitions.

**SEM AB** has presented its new digital ignition systems and orders have been placed for prototypes. There are plans to sign delivery agreements with new customers during the autumn. Other negotiations are also taking place and agreements will be signed with several engine manufacturers, which will lead to considerable increases in volumes starting next year. Saab is expected to increase its orders during the autumn by around 10% due to increased demand for ignition cassettes for the V6 engine. SEM AB will continue its focus on ion sense technology by increasing its resources for development and marketing.

**SEM Drive AB** reported a strong improvement in sales turnover and orders received during the first six months of the year. Orders received are currently 30% above last year's levels and an annual increase of over 20% is forecast. Continued growth in sales during the second half of the year will enable the company to report a significant improvement in profits compared with last year.

SEM Drive AB continues to focus on SEM-Drive-technology and the company is involved in several interesting projects that can generate considerably higher volumes in coming years.

**Transformator-Teknik AB** is progressing according to plan and will not achieve the same result levels as last year, although profitability will remain good compared with the norms for this segment. Continued production in Estonia will enable the company to win market shares within transformers with a large value-added content. An acquisition is expected during the year to complement operations.

**Opcon Autorotor AB** has a unique position in a new growth market – fuel cells for mobile applications. The company is participating with its air supply systems in most of the best-known fuel cell projects in the world.

During the second half of the year the company will increase its income from its development partnerships with world-leading auto and engine manufacturers.

Considering the fast pace of development within the fuel cell sector, the company can quickly generate returns on its investments, and these returns should remain high over the long term. Two important agreements have been signed and further agreements are expected to be signed this autumn.

These agreements will mean high usage of existing resources and therefore improved profits for Opcon Autorotor AB during the year.

### Future information

- ◆ Q3 report: 31 October 2000.
  - ◆ Press release of unaudited annual earnings for 2000: 22 February 2001.
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Opcon's business concept is to develop, manufacture and market systems and products that help to generate clean and environment-friendly power. The Group includes SEM AB, SEM Drive AB and Transformator-Teknik AB, which perform manufacturing in Åmål, Sweden, and Opcon Autorotor AB, which is based in Nacka near Stockholm. The Group's products are used in ignition systems and engine management systems, electro-mechanical devices, screw compressors and transformers. The Group's customers are mainly in the auto, small engine and engineering industries.

The Opcon Group has around 340 employees and has its head office in Åmål, Sweden. Opcon AB is listed on the O list of the Stockholm Stock Exchange.



<b>Income statement (SEK 000)</b>	<b>Jan-June 2000</b>	<b>Jan-June 1999</b>	<b>Most recent 12 months</b>	<b>Full year 1999</b>
Net sales	124 359	125 386	237 724	238 751
Operating profit/loss	2 221	-4 491	736	-5 976
Financial items	-1 125	-1 379	-1 755	-2 009
Profit/loss after financial items	1 096	- 5 870	-1 019	-7 985
Tax	-	-	-	-
Minority shares	-30	-189	161	2
Profit/loss for the period	1 066	-6 059	-858	-7 983
<b>Balance sheet (SEK 000)</b>	<b>30/06/00</b>	<b>30/06/99</b>		<b>31/12/99</b>
Fixed assets	76 489	80 437		82 348
Current assets	96 000	95 727		89 937
Liquid funds	13 677	19 973		14 274
Total assets	186 166	196 137		186 559
Shareholders' equity	81 507	82 365		80 441
Minority shareholdings	638	799		607
Interest bearing provisions and liabilities	56 576	59 942		59 027
Long-term non interest bearing liabilities	655	656		655
Current non interest bearing liabilities	46 790	52 375		45 829
Total shareholders' equity and liabilities	186 166	196 137		186 559
<b>Key figures</b>	<b>Jan-June 2000</b>	<b>Jan-June 1999</b>	<b>Most recent 12 months</b>	<b>Full year 1999</b>
Operating margin, %	1.8	-3.6	0.3	-2.5
Return on operating capital, %	-	-	0.6	-5.1
Return on equity, %	-	-	-1.0	-12.4
Loss per share, SEK	0.17	-0.97	-0.14	-1.28
Equity per share, SEK	13.06	13.20	13.06	12.89
Equity/assets ratio, %	44.1	42.4	44.1	43.4
No. of shares, thousands	6 242	6 242	6 242	6 242
<b>Cash flow statement (SEK 000)</b>	<b>Jan-June 2000</b>	<b>Jan-June 1999</b>	<b>Most recent 12 months</b>	<b>Full year 1999</b>
Cash flow from current activities	8 837	-7 166	16 248	245
Cash flow from investment activities	-7 014	-12 373	-20 223	-25 582
Cash flow from financing activities	-2 420	6 201	-2 321	6 300
Total cash flow	-597	-13 338	-6 296	-19 037

<b>Income statement (SEK 000) (Per quarter)</b>	<b>Jan- March 2000</b>	<b>Apr- June 2000</b>	<b>Jan- March 1999</b>	<b>Apr- June 1999</b>	<b>July- Sept 1999</b>	<b>Oct- Dec 1999</b>
Net sales	59 574	64 785	57 440	67 946	48 249	65 116
Operating profit/loss	-2 403	4 624	-2 748	-1 743	228	-1 713
Financial items	-540	-585	-805	-574	-165	-465
Profit/loss after financial items	-2 943	4 039	-3 553	-2 317	63	-2 178
Tax	0	0	0	0	0	0
Minority shares	88	-118	-94	-95	-74	265
Profit/loss per quarter	-2 855	3 921	-3 647	-2 412	-11	-1 913
<b>Balance sheet (SEK 000)</b>	<b>31/03/ 00</b>	<b>30/06/ 00</b>	<b>31/03/ 99</b>	<b>30/06/ 99</b>	<b>30/09/ 99</b>	<b>31/12/9 9</b>
Fixed assets	79 606	76 489	80 593	80 437	79 711	82 348
Current assets	93 923	96 000	93 660	95 727	90 268	89 937
Liquid funds	10 384	13 677	22 894	19 973	17 530	14 274
Total assets	183 913	186 166	197 147	196 137	187 509	186 559
Shareholders' equity	77 586	81 507	84 777	82 365	82 354	80 441
Minority shareholdings	520	638	703	799	873	607
Interest bearing provisions and liabilities	57 885	56 576	54 410	59 942	60 325	59 027
Long-term non interest bearing liabilities	655	655	656	656	656	655
Current non interest bearing liabilities	47 267	46 790	56 601	52 375	43 301	45 829
Total shareholders' equity and liabilities	183 913	186 166	197 147	196 137	187 509	186 559
<b>Key figures</b>						
Operating margin, %	-4.0	7.1	-4.8	-2.6	0.5	-2.6
Equity/assets ratio, %	42.5	44.1	43.4	42.4	44.4	43.4
No. of shares, thousands	6 242	6 242	6 242	6 242	6 242	6 242

**Åmål, Sweden, 31 August 2000**

**Opcon AB (publ) 556274-8623**  
**The Board of Directors**

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

Please contact the following for matters related to this interim report

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