

- **Sales turnover during the third quarter of 2002 reached SEK 58.9 million (63.8m).**
- **The loss after minority shares and tax was SEK 0.9 million. Earnings per share after tax were SEK -0.13 (-0.12).**
- **The order book increased by 12% compared with the previous quarter and reached SEK 182 million.**
- **A delivery agreement has been signed with Cummins Inc. regarding ignition systems for natural gas engines.**
- **Licence agreement been signed regarding electrical motors for air systems designed for fuel cells.**
- **A placement of new shares raised SEK 20 million.**
- **Positive results are expected in the final quarter.**

THE GROUP

July-September

Sales turnover in the third quarter of 2002 amounted to SEK 58.9 million. Compared with corresponding quarter in 2001 and excluding divested company, sales turnover rose 2%. Ignitions systems, Opcon's largest product area, increased sales turnover by 16%.

The loss after minority shares and tax was SEK 0.9 million which was SEK 1.3 million higher than the figure for the second quarter. The improvement was primarily due to the ignition system operation, which achieved a clear increase in productivity and favourable cost levels. The heat exchanger product area also reported positive progress.

The air systems product area continues to be hit by delays in deliveries caused by disruptions to production. This has led to lower sales turnover and higher cost overheads than expected. An improvement is expected in the final quarter.

During the period SEM AB signed a delivery agreement with Cummins Inc. The agreement concerns delivery of ignition coils for the complete range of Cummins natural gas engines.

Via a licence agreement signed with AB Kompositprodukter, Opcon has acquired exclusive rights to a patented electric motor designed for use in Opcon's air system for fuel cells.

January-September

Sales turnover for January-September reached SEK 213.3 million, compared with SEK 221.3 million in the same period in 2001. Last year's figures included sales turnover of SEK 19.6 million from the divested company, Transformator-Teknik i Åmål AB. Adjusted for this figure, sales turnover in the first nine months of 2002 increased by 6%.

The operating loss was SEK 4.6 million (+6.2 m).

The loss after minority shares and tax was SEK 4.5 million (+2.9 m), which represents SEK -0.63 per share (+0.45).

Financial position

The Group's liquid funds at the end of the period amounted to SEK 33.7 million (12.9 m) and interest-bearing liabilities amounted to SEK 63.5 million (68.9 m). The Group's equity/assets ratio was 51.3% (47.5%). During September a placement of new shares raised SEK 20 million in new capital for the Group.

Opcon's shares

Total no. of shares on 31 December 2001: 6 483 546

Total no. of shares on 30 September 2002: 7 128 707

The 2002 Annual General Meeting authorised the Board to make a decision to issue at most 2,100,000 new shares. Of this amount, 645 161 shares have now been issued. Authorisation for issuing 1 454 839 shares applies up until the next AGM.

At present there is no options scheme for employees.

Investments

Investment in machinery and tools during the third quarter totalled SEK 2.4 million (6.0 m). Costs of SEK 1.7 million (0.3 m) for research and development were activated. Other intangible fixed assets (licence rights) amounting to SEK 0.5 million (-) have been activated.

During the year investment in machinery and tools has reached SEK 12.9 million (19.4 m), balanced expenses for research and development were SEK 4.0 million (2.4 m) and licence rights were SEK 0.5 million (-).

Employees

At the end of the third quarter the Group had 315 employees (359).

Parent company

The parent company reported sales turnover of SEK 3.4 million (2.1 m) in the third quarter. Sales primarily concern invoicing for internal administration services and building rents. The parent company's loss after financial items was SEK 1.4 million (-1.7 m).

For January to September, sales turnover was SEK 15.0 million (12.1 m) and the operating loss after financial items was SEK 4.8 million (-4.1 m).

At the end of the period liquid funds in the parent company totalled SEK 19.5 million (0.1 m).

Outlook

Rising levels of invoicing and improved productivity are expected to deliver positive results in the final quarter of 2002.

New energy policies that promote the environment and reduced oil dependency have been implemented this year in the EU and the US. These policies open up new markets for systems and products that can reduce air pollution. This trend favours Opcon and its products because the company's strategy is to be at the forefront of product development in markets such as autos, marine, motorbikes, scooters, etc. During the current year the aforementioned markets have shown increasing interest in Opcon's products.

- SEM AB's new ignition system for environment-friendly gas engines has been chosen by Cummins Inc., a world leader in this sector.
- Opcon Autorotor AB's air system for fuel cells is used today by the world's leading engine manufacturers in the fuel cell and auto sectors.
- Laminova AB's heat exchangers used as intercoolers are now being tested in the new supercharged engines of the future, with full manufacturing planned to start in 2004.

SEM AB has improved its manufacturing and succeeded with business development. The proof is the delivery agreements signed this year and new ones expected to be signed by the end of the year.

SEM Drive AB's business development involves selling existing products to new customers, which generates quick returns as free capacity is utilised.

Opcon Autorotor AB has a leading position within air systems for fuel cells. Assignments and product volumes will increase in coming years.

Laminova AB's customers in the vehicle sector have delayed introduction of new engines, which means that growth will take off starting in 2004, after which swift growth is forecast.

Through Opcon Inc. the Group is focusing on the US, the largest market in the industrial world, where Opcon's products have the potential to win market shares in all its product areas.

In summary, the trends that underpin the Group's strategy have become stronger and Opcon is set to achieve its growth targets.

**Sales turnover and operating profit
per company (product area)**

	Sales turnover (SEK m)			Operating profit (SEK m)		
	July-Sept	Jan-Sept	Last	July-Sept	Jan-Sept	Last
	2002	2002	12 mths	2002	2002	12 mths
SEM AB – ignition systems	37.4	127.5	171.7	2.6	0.0	-0.9
SEM Drive AB – electrical and mechanical control devices	10.9	43.6	57.9	0.2	4.9	4.5
Opcon Autorotor AB – compressors	3.0	13.8	22.0	-2.2	-7.0	-6.3
Laminova Production AB – heat exchangers	4.8	15.2	24.7	0.7	1.6	0.1
Opcon Inc. – heat exchangers, compressors, US	6.3	22.6	35.7	0.3	2.1	1.8
Opcon AB – parent company	3.4	15.0	21.6	-1.6	-5.4	0.1
Internal sales	-6.9	-24.4	-37.5			

SEM AB

Results for the third quarter were positive due to productivity increases and favourable cost development. Results are expected to improve. The delivery agreement signed with Cummins Inc of the US and the UK is expected to generate annual sales turnover of SEK 40 million. Other manufacturers of gas engines are also expected to become customers in coming years.

SEM Drive AB

The company noted slowing demand during the quarter. Deliveries to the auto sector have fallen slightly. Improvements in results achieved during the year are expected to continue.

Opcon Autorotor AB

The operating loss during the third quarter was due to low productivity and costs relating to raising production capacity. Several deliveries that were delayed will be completed in the final quarter. Most of the production problems have been solved, and this, combined with higher volumes, is expected to boost earnings in the final quarter. During the period Opcon signed an agreement concerning rights to a patented electrical motor which gives the company access to the market's best technology and enables it to offer complete air systems for primarily fuel cells.

Laminova Production AB

The positive earnings trend has continued during the third quarter despite the fact that the company noted a temporary volume decline on the US market.

Opcon Inc.

The build-up of the sales operation in the US continues. The largest proportion of sales turnover and earnings are still derived from heat exchangers manufactured by Laminova. The performances of Opcon Inc. and Laminova have mirrored each other over the year.

Accounting principles

This report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation (RR 20). The same accounting principles have been used as were used in the most recent Annual Report. This financial statement has not been checked by the company's auditors.

Future information

- ♦ Financial statement for 2002: 20 February 2003
- ♦ 2002 Annual Report: April 2003
- ♦ AGM: 22 April 2003
- ♦ Q1 report: 22 April 2003

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The Board of Directors

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**Consolidated income
statement (SEK 000)**

	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Previous	Full year
	2002	2001	2002	2001	12 mths	2001
Net sales	58 939	63 767	213 273	221 261	293 792	301 780
Expenses for sold goods	-48 829	-51 821	-180 079	-175 912	-252 146	-247 979
Gross profit	10 110	11 946	33 194	45 349	41 646	53 801
Sales and administration expenses	-7 273	-8 761	-25 500	-27 467	-37 214	-39 181
Research and development expenses	-3 032	-3 359	-11 518	-10 727	-13 860	-13 069
Other operating income	-	-	-	-	4 719	4 719
Other operating expenses	-255	-306	-765	-916	-1 057	-1 208
Operating profit/loss	-450	-480	-4 589	6 239	-5 766	5 062
Profit/loss from financial assets	180	198	715	589	891	765
Profit/loss from financial liabilities	-811	-840	-2 416	-2 399	-3 287	-3 270
Profit/loss after financial items	-1 081	-1 122	-6 290	4 429	-8 162	2 557
Tax	212	336	1 668	-1 329	1 827	-1 170
Minority shares	-70	39	98	-199	298	1
Profit/loss for the period	-939	-747	-4 524	2 901	-6 037	1 388
Earnings per share (SEK)	-0.13	-0.12	-0.63	0.45	-0.82	0.21
No. of shares (000)	7 129	6 484	7 129	6 484	7 129	6 484

Consolidated balance sheet (SEK 000)	02-09-30	01-09-30	01-12-31
Fixed assets			
Goodwill	12 700	12 018	11 529
Other intangible fixed assets	9 137	6 773	7 928
Tangible fixed assets	69 641	75 116	71 898
Financial fixed assets	46	46	39
Deferred tax receivable	10 882	7 946	8 531
Total fixed assets	102 406	101 899	99 925
Current assets			
Inventories	44 394	49 838	39 748
Receivables	60 781	66 021	73 305
Liquid funds, including current investments	33 748	12 855	11 464
Total current assets	138 923	128 714	124 517
Total assets	241 329	230 613	224 442
Shareholders' equity	123 245	108 651	107 769
Minority shareholdings	509	809	608
Interest-bearing provisions and liabilities	63 546	68 880	62 606
Long-term non interest bearing liabilities	1 976	2 537	1 976
Current non interest bearing liabilities	52 053	49 736	51 483
Total shareholders' equity and liabilities	241 329	230 613	224 442
Pledged securities	86 300	88 680	86 300
Contingent liabilities	3 482	497	3 482

Key figures

	July-Sept 2002	July-Sept 2001	Jan-Sept 2002	Jan-Sept 2001	Previous 12 mths	Full year 2001
Operating margin, %	-0.8	-0.8	-2.2	2.8	-1.9	1.7
Return on operating capital, %	-	-	-	-	-3.6	3.5
Return on equity, %	-	-	-	-	-5.0	1.4
Profit/loss per share, SEK	-0.13	-0.12	-0.63	0.45	-0.82	0.21
Equity per share, SEK	17.29	16.76	17.29	16.76	17.29	16.62
Equity/assets ratio, %	51.3	47.5	51.3	47.5	51.3	48.3
No. of shares, thousands	7 129	6 484	7 129	6 484	7 129	6 484

Changes in shareholders' equity

Shareholders' equity, according to balance sheet, opening balance	107 769	95 750	95 750
New share issue	20 000	10 000	10 000
Translation difference	-	-	631
Profit/loss for the period	-4 524	2 901	1 388
Shareholder's equity closing balance	123 245	108 651	107 769

Consolidated cash flow statement (SEK 000)	July-Sept 2002	July-Sept 2001	Jan-Sept 2002	Jan-Sept 2001	Previous 12 mths	Full year 2001	
Cash flow from current activities	3 393	1 300	18 806	-502	29 655	10 347	
Cash flow from investment activities	-4 640	-6 300	--17 462	-34 123	-21 547	-38 208	
Cash flow from financing activities	22 169	985	20 940	21 714	12 785	13 559	
Total cash flow	20 922	-4 015	22 284	-12 911	20 893	-14 302	
Consolidated income statement (SEK 000) (Per quarter)	Jan-March 2002	April-June 2002	July-Sept 2002	Jan-March 2001	April-June 2001	July-Sept 2001	Oct-Dec 2001
	0						
Net sales	78 287	76 047	58 939	78 308	79 186	63 767	80 519
Operating profit/loss	-1 992	-2 147	-450	3 887	2 832	-480	-1 177
Financial items	-337	-733	-631	-521	-647	-642	-695
Profit/loss after financial items	-2 329	-2 880	-1 081	3 366	2 185	-1 122	-1 872
Tax	898	558	212	-1 010	-655	336	159
Minority shares	87	81	-70	-164	-74	39	200
Profit/loss per quarter	-1 344	-2 241	-939	2 192	1 456	-747	-1 513
Consolidated balance sheet (Per quarter)	31-03-02	30-06-02	30-09-02	31-03-01	30-06-01	30-09-01	31-12-01
Fixed assets	100 639	101 985	102 406	99 546	100 081	101 899	99 925
Current assets	114 811	109 184	105 175	119 582	121 900	115 859	113 053
Liquid funds	10 346	12 826	33 748	22 201	16 870	12 855	11 464
Total assets	225 796	223 995	241 329	241 329	238 851	230 613	224 442
Shareholders' equity	106 425	104 184	123 245	107 942	109 398	108 651	107 769
Minority shareholdings	520	440	509	774	848	809	608
Interest bearing provisions and liabilities	61 158	61 377	63 546	67 306	67 895	68 880	62 606
Long-term non interest bearing liabilities	1 976	1 976	1 976	2 537	2 537	2 537	1 976
Current non interest bearing liabilities	55 717	56 018	52 053	62 770	58 173	49 736	51 483
Total shareholders' equity and liabilities	225 796	223 995	241 329	241 329	238 851	230 613	224 442
Key figures							
Operating margin, %	-2.5	-2.8	-0.8	5.0	3.6	-0.8	-1.5
Equity/assets ratio, %	47.4	46.7	51.3	45.0	46.2	47.5	48.3
No. of shares, thousands	6 484	6 484	7 129	6 484	6 484	6 484	6 484