



Interim Report for OEM International

January - June 2010

Q1 **Q2** Q3 Q4



SECOND QUARTER 2010

- Incoming orders increasing by 38 % to 395 million SEK (287)
- Turnover increased by 19 % to 361 million SEK (304)
- Profit before tax increased to 33 million SEK (7.6)
- The operations within the division Production Technology were divested

FIRST SIX MONTHS OF 2010

- Incoming orders increasing by 21 % to 740 million SEK (611)
- Turnover increased by 7 % to 693 million SEK (648)
- Profit before tax rose 89 % to 63 million SEK (33)
- Profit after tax increased by 98 % to 46 million SEK (23)
- Earnings per share amounted to 1.80 SEK (0.99)

The operations in division Production Technology are presented as divested operations in a number of profit and loss accounts. This means that the figures above concerning turnover and the profit refer to the remaining operations. The earnings per share include the divested division.

MD comments

During the second quarter, demand continued to improve. The Group's turnover increased by 19% compared to the second quarter 2009 and incoming orders rose by 38 %. When currency effects are removed, turnover increased by 25 % and incoming orders by 44 %. Considering the first half year as a whole, both turnover and incoming orders exceeded the corresponding period 2009.

All of the Group's companies developed positively during the period. The operations in Czech Republic, Norway and the UK, together with the Swedish Internordic Bearings and Electro Elco, showed the strongest percentage growth.

The intensive canvassing of the market during the recession is giving effect in the form of increased market shares and the number of customers making purchases is constantly increasing. Incoming orders have exceeded invoicing for an extended period, which signals future increases in turnover.

Several new suppliers have entrusted us to represent them and together with the expanded assortment from existing suppliers our offering has been improved.

The profit before tax rose to 33 MSEK (7.6) and the operating margin to 9 % due to the higher turnover and the increases in efficiency introduced. The gross margin has fallen by two percent as a consequence of the strong kronor.

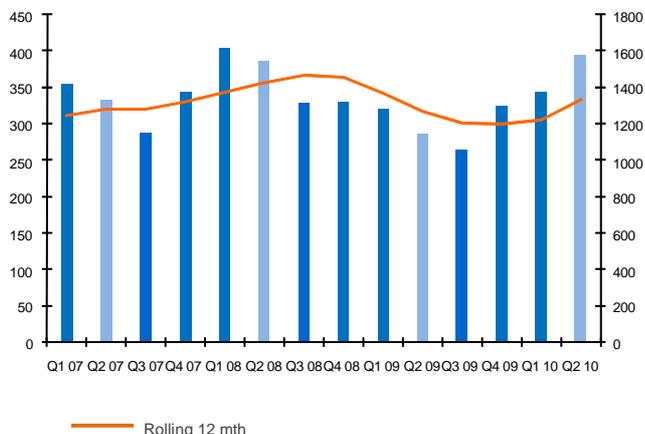
During the quarter, the operations in the division Production Technology were divested. The disposal means that the Group has focused on operations within the components trade.



Jörgen Zahlin,
Managing Director and Chief Executive Officer

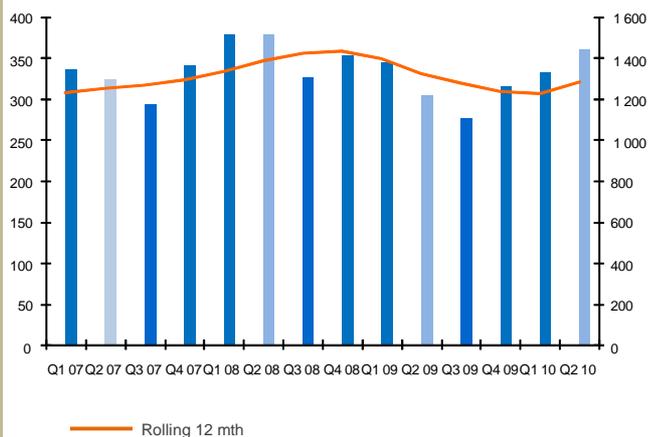
The Group

Incoming orders (MSEK million)



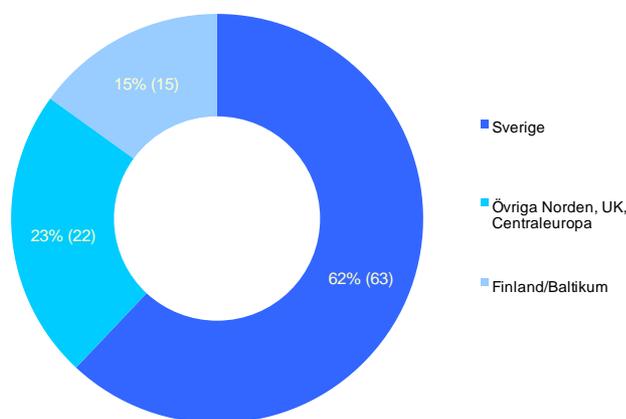
Incoming orders rose in the second quarter 2010 and amounted to 395 (287) MSEK, which is an increase for the third quarter in a row. For the first half of 2010, incoming orders exceeded the same period the previous year by 21 %. The operations in Finland, Norway, UK and the Czech Republic as well as the division Components in Sweden showed the greatest improvement. The order book has developed positively and at 30 June 2010 amounted to 247 (198) MSEK.

Net turnover (SEK million)



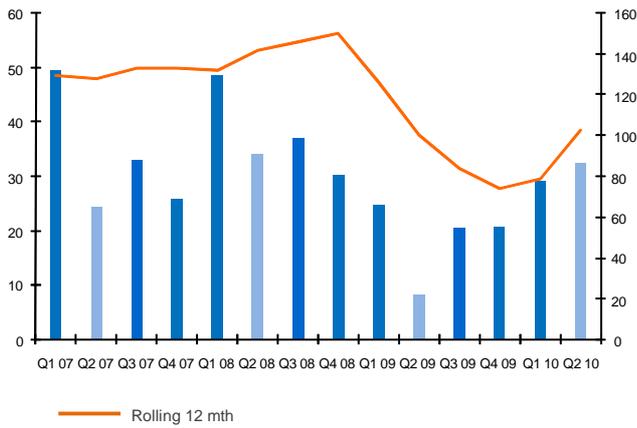
The net turnover rose in the second quarter 2010 and amounted to 361 (304) MSEK, which is an increase of 19 %. For the first half of 2010 the net turnover exceeded the same period the previous year by 7 %. When currency effects are removed the net turnover increased by 13 %. Incoming orders are greater than the net turnover for the third quarter in a row, which gives a clear positive signal on increasing demand.

Sales by geographic market



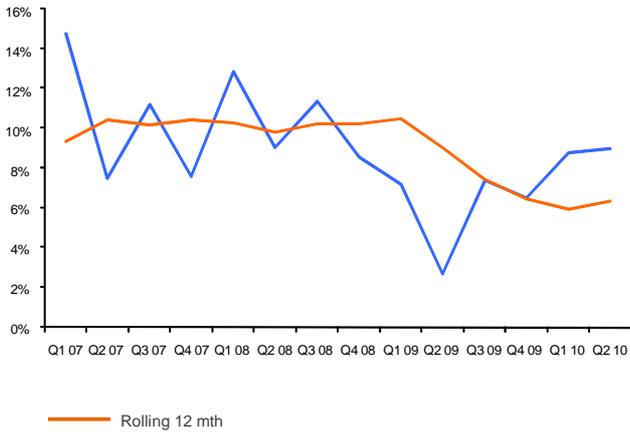
The distribution between the geographical markets remained stable during the first half year of 2010 compared with the same period last year. The net turnover increased most in the Czech Republic, Norway and UK.

Operating income (SEK million)



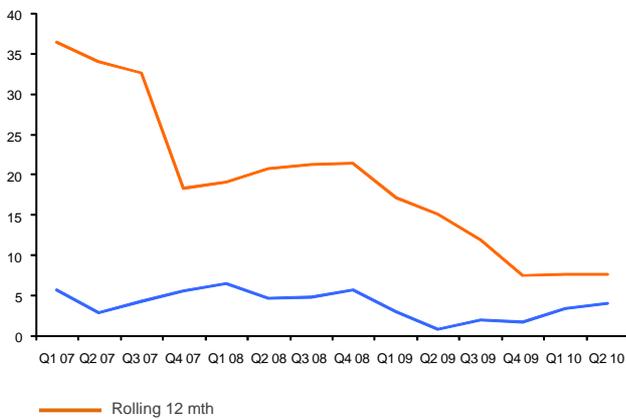
The operating income amounted to 32 million SEK (8) during the second quarter. The operating income exceeded the first half year last year by 84 %. The improvement in profits is a consequence of the net turnover increasing by 7 % and the capacity adjustments implemented during 2009.

Operating margin (%)



The operating margin increased to 9.0 % (2.6 %) in the second quarter. The operating margin amounted to 8.9 % for the first half year 2010, compared to 5.2 % last year. The operating margin is the highest since the third quarter 2008.

Return on equity (%)



The return on equity has improved since the second quarter 2009 and amounted to 4.1 % for the second quarter 2010. This means that the yield on an annual basis is approaching the target level of 20 %. Shareholders' equity amounts to 550 million SEK (547) with an equity/assets ratio of 61% (60 %).

The divisions

The Group comprises two divisions. The structure is conceptually organised with the aim of creating stability and making use of economies of scale.

Division Automation

Automation supplies electrical components, flow components, and installation components.

MSEK	Q1-Q2 2010	Q1-Q2 2009	Full year 2009	Rolling 12
Incoming orders	581	484	965	1 062
Net turnover	546	506	976	1 016
Operating income/loss	54	34	69	
Operating marg. (%)	10	7	7	

Net turnover fell by 8 % during the first half of the year. When currency effects are removed, the turnover increased by 14 %. The operations in the UK, Norway, the Czech Republic and Swedish Elektro Elco have had the greatest growth. The operating margin increased from 7 % to 10 % despite the change in the currency situation. The strong incoming orders show that the market has gradually recovered and approached the same level as 2008.



Division Components

Components supplies components to equipment and electronics manufacturers as well as bearings and seals.

MSEK	Q1-Q2 2010	Q1-Q2 2009	Full year 2009	Rolling 12
Incoming orders	159	116	234	277
Net turnover	147	141	262	268
Operating income/loss		14	9	15
Operating marg. (%)			10	6

Net turnover fell by 4 % during the first half of the year. When currency effects are removed, the turnover increased by 10 %. Swedish Internordic has shown good growth while the other operations are in line with last year. The operating margin increased from 6 % to 10 % despite the change in the currency situation. The strong incoming orders originate in the main from the Swedish units.



Division Production Technology

OEM International has sold the operations in division Production Technology to ElektronikGruppen as of 1 June, 2010. The transfer is an asset deal where ElektronikGruppen assumes the stock, equipment, customer and supplier agreements and intangible values. The purchase price amounts to ca. 6 MSEK plus an additional purchase price based on the operations' contribution margin during the next two years.

Profit from the divested operations.

MSEK	Q1-Q2 2010	Q1-Q2 2009	Full year 2009
Income	50	51	92
whereof estimated additional purchase price	3.0	-	-
Costs	- 56	- 52	-103
Profit before tax	- 5.6	- 0,5	-11
Tax	1.5	0.1	2.9
Profit for the period	- 4.1	- 0.4	- 7.8



Other financial information

Cash flow

Cash flow from current operations totalled 28 million SEK (46). For the rolling 12 months, the cash flow from current operations amounted to SEK 85 million. The total cash flow for the rolling 12 months amounted to – 8.7 million SEK and during the period it has been affected by, among other things, investments of 33 million SEK and dividends of 46 million SEK.

Investments

Net investments in fixed assets for the group amounted to 6.8 million SEK (27), attributable to property, plant and equipment. Of these – 1.8 MSEK are attributable to the transfer of the operations.

Liquidity

Cash and cash equivalents comprise cash and bank balances, together with granted but unused credit amounted in total to 328 million SEK (280) in total as of 30 June 2010.

Intangible assets

An amortisation of intangible assets totalling 5.3 million SEK (4.8) has had an effect on performance. The book value in the balance sheet amounts to 104 million SEK (108) as of 30 June 2010.

Equity-assets ratio

The equity/assets ratio as of 30 June 2010 was 61 % (60).

Employees

The Group's average number of employees in the remaining operations for the period was 493 (546). At the end of the period, the number of employees was 492.

Share repurchasing

The company has not repurchased any shares during the period. The Company did not hold any of its own shares on 30 June 2010. The Annual General Meeting's authorisation for the repurchase of shares extends to 10% of the number of shares, i.e. 2,316,930.

Accounting principles

This interim report for the Group has been drafted in accordance with IAS 34 Interim Reporting and the applicable provisions in the Swedish Annual Accounts Act. The interim report for the Parent Company has been drafted in accordance with the Swedish Annual Accounts Act, Chapter 9, Interim Reports. For the Group and the Parent Company, the same accounting principles and calculation methods were applied as in the latest annual report

Estimates and assessments

The OEM Group is exposed to both business-related risks and financial risks through its activities. Business-related risks include competition and operational risks, and financial risks include liquidity risk, interest rate risk and currency risk. The OEM Group's financial activities and management of financial risks are conducted primarily by the Parent Company. Systems for risk management procedures and risk mitigation are in place. These systems are characterised by a low risk level. The starting point is structured and efficient management of the financial risks that arise within the business. For a complete report on the risks affecting the Group, please refer to the annual report for 2009, pages 72-73.

The drafting of the interim report requires the company management to make estimates and assessments, and also makes assumptions that influence the application of the accounting principles and the reported amounts for assets, liabilities, income and costs. The real result may differ from these estimates and assessments, The critical assessments and sources for uncertainty in the estimates are the same as in the latest annual report.

Parent Company

Net turnover was 9.7 million SEK (9.0) and the profit after financial items was 20 million SEK (20).

After the end of the reporting period

There are no significant events to report.

Date of next report

The interim report for the period January – September 2010 will be published on 27 October, 2010.

Certification

The Board and the Managing Director declare that the half-yearly report provides a true summary of the Group's operations and the Parent Company's operations, position and income and describes the significant risks and uncertainty factors facing the Parent Company and the Group Companies.

Tranås, 19 July, 2010

Lars-Åke Rydh
Chairman of the Board

Ulf Barkman
Full Member of the Board

Hans Franzen
Full Member of the Board

Jerker Lövgren
Full Member of the Board

Petter Stillström
Full Member of the Board

Agne Svenberg
Full Member of the Board

Jörgen Zahlin
Managing Director and Chief Executive Officer

This interim report has not been examined by OEM International AB's auditors.

For further information, please contact MD Jörgen Zahlin on +46 (0)75-242 40 22
or Finance Director Jan Cnattingius on +46 (0)75-242 40 03.

The information in this report is such that OEM International AB (publ.) is obliged to publish in accordance with the Swedish Securities Market Act. The information was released to the media for publication on 19 July, 2010 at 10 a.m.

Sales and results for the divisions

TURNOVER AND RESULTS BY DIVISION *

Net turnover (SEK million) *

	Jan- June 2010	Jan- June 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Automation	546	506	285	261	250	220	239	1 016	976
Components	147	141	76	71	65	57	65	268	262
Other operating segments	0,6	0,5	0,3	0,3	0,4	0,3	0,3	1,3	1,2
	693	648	361	332	315	276	304	1 285	1 240

Operating income (SEK million) *

	Jan- June 2010	Jan- June 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Automation	54	34	30	24	16	19	12	88	69
Components	14	8,7	6,5	7,8	3,4	2,5	1,7	20	15
	68	43	36	32	19	21	14	109	83

Group results (SEK million) *

	Jan- June 2010	Jan- June 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Operating income, above segments	68	43	36	32	19	21	14	109	83
Group-wide functions	-6,6	-9,1	-3,8	-2,7	0,8	-0,7	-5,0	-6,5	-9,0
Net financial items	1,0	-0,4	0,5	0,5	-0,5	-0,2	-0,4	0,3	-1,1
Profit/loss before taxation	63	33	33	30	20	20	8,1	102	73

* Remaining operations

The Group's outcome and financial position

SUMMARY STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME (SEK MILLION)

	Jan- June 2010	Jan- June 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Remaining operations									
Net turnover	693	648	361	332	315	276	304	1285	1240
Other operating income	0,0	0,3	0,0	0,0	-0,1	0,0	0,3	-0,1	0,2
Operating costs	-619	-601	-322	-296	-288	-249	-290	-1156	-1138
Amortisation intangible fixed assets	-5,3	-4,8	-2,7	-2,7	-2,8	-2,9	-2,9	-11	-12
Depreciation property, plant and equipment fixed assets	-8,0	-9,1	-4,0	-4,0	-3,8	-3,8	-4,0	-16	-16
Operating profit/loss	62	33	32	29	20	20	8,0	102	74
Net financial income/expenses	1,0	-0,4	0,5	0,5	-0,5	-0,2	-0,4	0,3	-1,1
Profit/loss before taxation	63	33	33	30	20	20	7,6	102	73
Taxes	-17	-9,9	-8,9	-7,9	-6,5	-6,0	-2,6	-29	-22
The period's profit/loss from remaining operations	46	23	24	22	13	14	5,0	73	51
Divested operations									
The period's profit/loss from divested operations, net after tax	-4,1	-0,4	-1,6	-2,5	-3,7	-3,8	-0,6	-12	-7,8
Profit for the period	42	23	22	19	9,5	10	4,5	62	43
Other comprehensive income									
Translation differences for the period from translation of overseas operations	-10	3,5	-4,5	-5,7	7,4	-11	2,7	-14	-0,1
Other comprehensive income for period	-10	3,5	-4,5	-5,7	7,4	-11	2,7	-14	-0,1
The period's total profit/loss	31	26	18	14	17	-0,5	7,2	48	43
Earnings per share, SEK*	1,80	0,99	0,96	0,84	0,42	0,45	0,21	2,67	1,86
Earnings per share from remaining operations, SEK**	1,98	1,00	1,04	0,94	0,57	0,62	0,22	3,17	2,19

** No effects of dilution present and the results are attributable to the parent company's shareholders.

SUMMARY STATEMENT OF THE GROUP'S FINANCIAL POSITION (SEK MILLION)

	2010-06-30	2009-06-30	2009-12-31
Assets			
Goodwill	49	45	51
Other intangible fixed assets	55	63	58
Tangible fixed assets	188	184	197
Financial fixed assets	3,9	1,4	2,1
Deferred tax claim	4,4	3,8	5,1
Inventory	192	242	217
Short-term receivables	289	241	220
Liquidity	122	135	165
Total Assets	902	915	915
Shareholders' equity and liabilities			
Equity	550	547	565
Long-term liabilities, interest-bearing	17	21	19
Deferred tax liability	47	48	48
Current liabilities, interest-bearing	88	98	99
Current liabilities, non-interest bearing	201	202	184
Total Equity and Liabilities	902	915	915

SUMMARY STATEMENT OF GROUP CHANGES IN SHAREHOLDERS' EQUITY (SEK MILLION)

	2010-06-30	2009-06-30	2009-12-31
At beginning of year	565	591	591
The period's total profit/loss	31	26	43
Paid dividend	-46	-70	-70
At the end of the period	550	547	565

SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT (SEK MILLION) *

	Jan- June 2010	Jan- June 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Cash flow from current operations	28	46	14	13	34	23	56	85	104
Investments	-9,0	-22	0,0	-9,0	-14	-10	-16	-33	-47
Cash flow after investments	19	24	14	4,2	20	13	40	52	57
Cash flow from financing activities									
- Change in liabilities	-13	16	-13	0,0	7,0	-7,9	-2,9	-14	15
- Paid dividend	-46	-70	-46	0,0	0,0	0,0	-70	-46	-70
Cash flow for the period	-41	-30	-45	4,2	27	5,0	-33	-8,7	2,3
Cash and cash equivalents at the start of the period	165	163	168	165	138	135	168	135	163
Exchange rate difference	-2,7	1,5	-1,0	-1,8	0,7	-2,6	-0,3	-4,6	-0,3
Cash and cash equivalents at the end of the period	122	135	122	168	165	138	135	122	165

KEY INDICATORS

	Jan- June 2010	Jan- June 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Return on equity, %	7,5	4,0	4,1	3,4	1,7	1,9	0,8	7,1	7,4
Return on capital employed, % *	9,4	5,1	5,1	4,3	3,2	3,2	1,3	11	11
Return on total capital % *	6,9	3,6	3,7	3,2	2,4	2,3	0,9	8,0	8,0
Equity ratio %	61	60							62
Earnings per share, SEK*	1,80	0,99	0,96	0,84	0,42	0,45	0,21	1,68	1,86
Earnings per share from remaining operations, SEK**	1,98	1,00	1,04	0,94	0,57	0,62	0,22	3,17	2,19
Equity per share, SEK	23,73	23,59							24,37
Average number of shares (thousands)	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169
Average number of shares after dilution (thousands)	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169
Operating margin, % *	8,9	5,2	9,0	8,8	6,4	7,4	2,6	7,9	6,0

The Parent Company's outcome and financial position

SUMMARY OF PARENT COMPANY'S INCOME STATEMENT (SEK MILLION)

	Jan- June 2010	Jan- June 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Rolling 12 mth	Full year 2009
Net turnover	9,7	9,0	5,1	4,6	29	4,8	4,8	43	43
Operating costs	-20	-21	-11	-9,0	-9,3	-7,1	-11	-37	-38
Depreciation	-1,2	-1,2	-0,7	-0,5	-0,6	-0,5	-0,6	-2,3	-2,3
Operating profit/loss	-12	-13	-6,8	-5,0	19	-2,8	-7,3	4,2	2,7
Income from participation in Group companies	31	33	31	0,0	13	0,0	33	44	46
Net financial income/expenses	0,4	0,4	0,3	0,2	0,3	0,2	0,3	0,9	0,8
Profit before appropriations and tax	20	20	24	-4,8	33	-2,6	26	49	50
Appropriations	0,0	0,0	0,0	0,0	-11	0,0	0,0	-11	-11
Profit/loss before taxation	20	20	24	-4,8	22	-2,6	26	38	38
Taxes	3,1	-5,2	4,4	-1,3	-2,6	0,7	1,9	1,2	1,6
Profit for the period	23	15	29	-6,1	19	-1,9	28	40	40

SUMMARY OF PARENT COMPANY'S BALANCE SHEET (SEK MILLION)

	2010-06-30	2009-06-30	2009-12-31
Assets			
Intangible assets	3,9	1,4	1,1
Tangible fixed assets	20	20	20
Financial fixed assets	294	297	295
Short-term receivables	154	128	218
Liquidity	82	72	116
Total Assets	555	519	650
Shareholders' equity and liabilities			
Equity	307	253	331
Untaxed reserves	85	74	85
Deferred tax liability	1,9	1,8	1,8
Current liabilities, interest-bearing	0,0	0,0	0,0
Current liabilities, non-interest bearing	160	190	232
Total Equity and Liabilities	555	519	650

OEM is one of Europe's leading technology trading companies and consists of 20 operating units in 13 countries.

