



INTERIM REPORT

JANUARY-MARCH 2006

- Turnover increased by 3% to SEK 393 million (381)
- Orders received climbed 24% to SEK 459 million (369)
- Profit before tax rose 34% to SEK 38.6 million (28,8)
- Profit after tax escalated 41% to SEK 27.4 million (19.5)
- Earnings per share after tax improved 40% to SEK 3.54 (2.53)

EVENTS AFTER THE PERIOD

- OEM acquires company based in the Czech Republic





Turnover and profit

The Group's turnover increased by 3% to SEK 393 million (381). OEM Automatic, JMS Systemhydraulik and Development all report growth, while Cyncrona reports a decline in turnover.

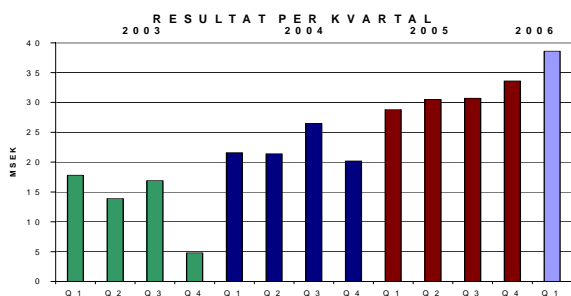
Turnover outside Sweden amounted to SEK 126 million (139). Incoming orders climbed 24% to SEK 459 million (369). All company groups report incoming orders that surpass invoicing. The order book value as per 31 March 2006 was SEK 301 million (250).

Profit before tax escalated 34% to SEK 38.6 million (28.8). Growing sales and better margins explain the improved profit, attributed to OEM Automatic, JMS Systemhydraulik and Development. OEM Electronics reported somewhat lower profits, while Cyncrona's results are substantially lower.

The market situation is positive and together with an improved product range and effective organisation, many of the Group's companies are experiencing good growth.

Events after the period

OEM International AB acquired EIG spol.s.r.o. in the Czech Republic on 12 April 2006. The company is active in automation component trading and has a turnover of about SEK 25 million with a profit of about SEK 4.5 million and 12 employees. EIG has been in business since 1990 and represents several of the foremost suppliers to OEM Automatic. The synergy effects are considerable. The purchase price is EUR 3.2 million, of which EUR 1 is surplus value. On the acquisition date the acquired values and liability amount to 25,7 million Euro and 0,5 million Euro. OEM believes that the acquisition will have a positive impact on the earnings per share this year.



Turnover per market

Sweden 68% (64), Finland 18% (22), other Nordic countries 7% (6), non-Nordic countries 7% (8).

Cash flow

Cash flow from current operations was SEK 3.4 million (13.3)

Investments

Net investments in tangible fixed assets totalled SEK - 0.2 million (3.5).

Liquidity

Liquid assets, consisting of cash and bank balances together with approved but unutilised bank overdraft facilities amounted to SEK 404 million (402) as per 31 March 2006.

Intangible fixed assets

International Financial Reporting Standards (IFRS) are the new accounting principles that apply as of 2005. This means that planned goodwill depreciation will not apply. Goodwill items and other intangible items will however be tested for any write-down requirements. The profit has not been burdened with goodwill write-downs. Profit was last year burdened with write-downs of SEK 0.9 million. The book value in the balance sheet amounts to SEK 18.2 million as per 31 March 2006.

Equity/assets ratio

The equity/assets ratio was 64.3% (58.1) as per 31 March 2006.

Number of employees

The average number of employees in the Group was 559 (531).

Repurchase

The Company has not repurchased any shares in 2005. On 31 March, the total number of own shares held was 154,000, corresponding to 2% of the total number of shares. The Annual General Meeting authorised the repurchase up to 10% of the total number of shares, which is 772,310 shares.

Parent company

Net turnover was SEK 3.8 million (4.1) and the loss after financial items was SEK 7.5 million (-6.6).

Date of next report

The interim report for the January-June 2006 period will be published on 27 July 2006.

Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Reporting. In accordance with the IAS ordinance adopted by the EU in 2002, listed companies within the European Union must as of 2005 apply the international accounting standards, IFRS, to their consolidated accounts. For a description of the accounting principles that the company applies in its quarterly reports for 2006, see note 1 in the company's 2005 Annual Report.



OEM AUTOMATIC

Components for industrial automation

- Turnover SEK 174 million (146)
- Operating profit SEK 24.3 million (14.5)

Good demand coupled with aggressive initiatives generated a 19% increase in turnover. Adjusted for costs associated with the divestment of operations in Italy, profit improved by 28% compared with 2005. All operations, except for the UK, showed positive growth during the year.



OEM ELECTRONICS

Appliance and circuit board components, EMC and microwave components

- Turnover SEK 83 million (79)
- Operating profit 6.2 million (7.3)

Turnover increased 5% due to higher demands despite the negative effect of relocation. The drop in profits is primarily due to exacerbated pressure on prices which results in lower margins.

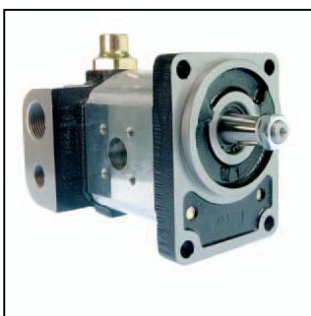


CYNCRONA

Production equipment and components for electronics production.

- Turnover SEK 36 million (73)
- Operating profit SEK 0.3 million (5.0)

Few machines were delivered during the period causing turnover to plummet. Low turnover generated a considerable reduction in profit. Orders received during the period amounted to SEK 72 million, which means backlog rose to SEK 54 million.



JMS SYSTEMHYDRAULIK

Hydraulic components and manufactures hydraulic units and hydraulic systems

- Turnover SEK 44 million (38)
- Operating profit SEK 5.2 million (4.1)

Strong demand resulted in a 16% increase in turnover. Higher efficiency as a consequence of the merger of business operations caused a 27% increase in profit.



DEVELOPMENT

Ball bearings, seals, lubricating nipples, linear units, motors and transmissions

- Turnover SEK 58 million (48)
- Operating profit SEK 5.1 million (0,5)

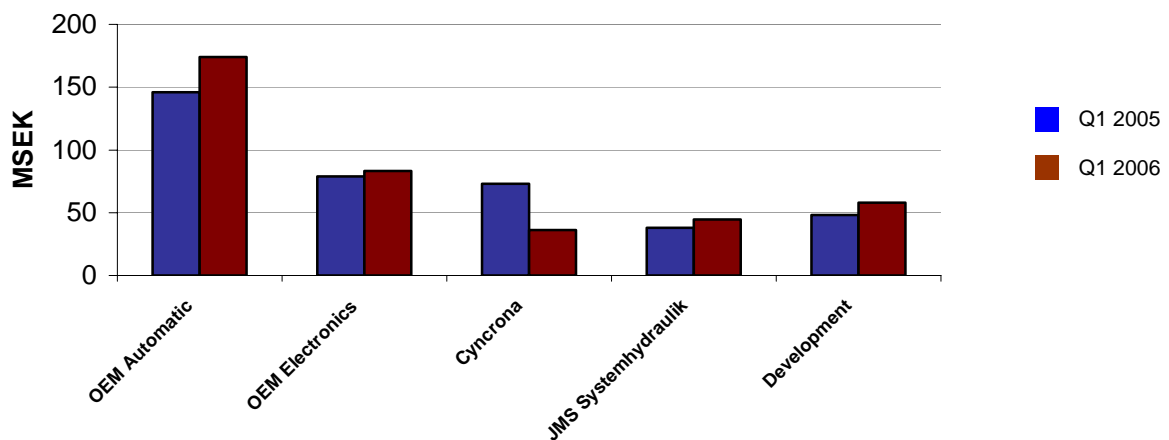
Turnover climbed 21% due to good demand and implemented market activities. Profits escalated as a result of the climbing turnover, but also due to the restructuring measures.



TURNOVER & PROFIT PER COMPANY GROUP

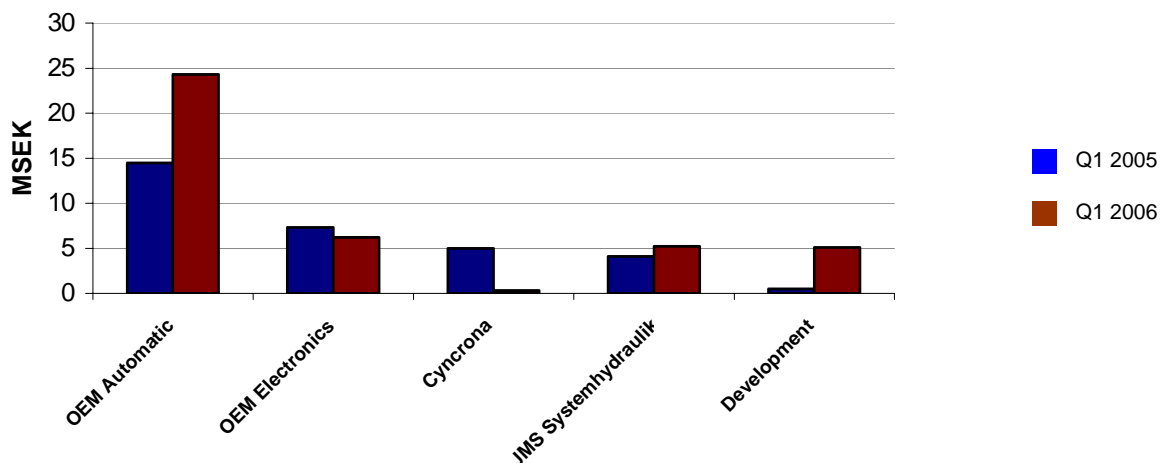
Net turnover (SEK million)

	Jan- March 2006	Jan- March 2005	Q4 2005	Q3 2005	Q2 2005	Rolling 12 mth	Full year 2005
OEM Automatic	173,9	145,9	160,7	137,1	161,1	632,8	604,8
OEM Electronics	83,3	79,1	81,4	69,4	74,7	308,8	304,6
Cyncrona	36,3	73,2	58,6	72,6	79,9	247,4	284,3
JMS Systemhydraulik	44,5	37,9	45,0	33,1	41,3	163,9	157,3
Development	58,0	48,2	42,0	37,3	44,2	181,5	171,7
Other operations/elimination	-3,5	-3,5	7,8	-0,2	-2,0	2,1	2,1
	392,5	380,8	395,5	349,3	399,2	1 536,5	1 524,8



Operating profit/loss (SEK million)

	Jan- March 2006	Jan- March 2005	Q4 2005	Q3 2005	Q2 2005	Rolling 12 mth	Full year 2005
OEM Automatic	24,3	14,5	21,4	20,4	18,4	84,5	74,7
OEM Electronics	6,2	7,3	5,9	6,3	5,2	23,6	24,7
Cyncrona	0,3	5,0	3,1	7,0	3,4	13,8	18,5
JMS Systemhydraulik	5,2	4,1	2,8	1,4	2,8	12,2	11,1
Development	5,1	0,5	-1,2	3,5	2,3	9,7	5,1
Other operations/elimination	-2,9	-3,0	-0,3	-7,7	-2,8	-13,7	-13,8
	38,2	28,4	31,7	30,9	29,3	130,1	120,3





CONSOLIDATED INCOME STATEMENT (SEK million)

	Jan-March 2006	Jan-March 2005	Q4 2005	Q3 2005	Q2 2005	Rolling 12 mth	Full year 2005
Net turnover	392,5	380,8	395,5	349,3	399,2	1 536,5	1 524,8
Operating expenses	-351,0	-348,2	-360,6	-315,5	-366,8	-1 393,9	-1 391,1
Depreciation	-3,3	-4,2	-3,2	-2,9	-3,1	-12,5	-13,4
Operating profit	38,2	28,4	31,7	30,9	29,3	130,1	120,3
Shares in associated co	0,5	0,5	-0,2	0,2	0,8	1,3	1,3
Net financial items	-0,1	-0,1	2,1	-0,4	0,4	2,0	2,0
Profit before tax	38,6	28,8	33,6	30,7	30,5	133,4	123,6
Tax	-11,2	-9,3	-7,2	-8,7	-9,6	-36,7	-34,8
Profit	27,4	19,5	26,4	22,0	20,9	96,7	88,8
Earnings per share before dilution, SEK	3:54	2:53	3:41	2:85	2:70	12:51	11:49
Earnings per share after dilution, SEK	3:53	2:52	3:39	2:84	2:69	12:44	11:43

CONSOLIDATED INCOME STATEMENT (SEK million)

	31.03.2006	31.03.2005	31.12.2005
Assets			
Intangible fixed assets	18,2	9,4	18,2
Tangible fixed assets	119,1	124,4	122,5
Financial assets	8,8	8,2	8,6
Deferred tax claims	5,5	12,5	5,6
Inventories	199,9	200,2	218,2
Current receivables	277,9	287,1	241,0
Liquid funds	156,6	128,1	150,0
Shareholders' equity and liabilities			
Shareholders' equity	505,5	447,0	477,9
Long-term liabilities, interest-bearing	8,8	0,0	8,9
Deferred tax liability	21,7	27,3	21,6
Current liabilities, interest-bearing	48,5	44,9	47,0
Current liabilities, non interest-bearing	201,5	250,7	208,7
Balance sheet total	786,0	769,9	764,1

GROUP CHANGES IN SHAREHOLDERS' EQUITY (SEK million)

	31-03.2006	31.03.2005	31.12.2005
At start of year	477,9	424,9	424,9
Repurchase of own shares	-	-	-
Dividends paid	-	-	-41,6
Profit for the period	27,4	19,5	88,8
Translation difference for the year	0,2	2,6	5,8
At end of period	505,5	447,0	477,9



CASH FLOW STATEMENT (SEK million)

	Jan-March 2006	Jan-March 2005	Q4 2005	Q3 2005	Q2 2005	Rolling 12 mth	Full year 2005
Cash flow from current operations	17,9	25,6	24,5	35,2	18,9	96,5	104,2
Change in operating capital	-14,5	-12,3	-19,1	2,4	2,2	-29,0	-26,8
Cash flow before investments	3,4	13,3	5,4	37,6	21,1	67,5	77,4
Investments	1,6	-3,8	8,3	-14,1	-0,1	-4,3	-9,1
Cash flow after investments	5,0	9,5	13,7	23,5	21,0	63,2	68,3
Cash flow from financing activities							
- Change in liabilities	1,4	7,2	-0,2	-3,5	8,2	5,9	11,1
- Paid dividends	-	-	-	-	-41,6	-41,6	-41,6
- Repurchase of own shares	-	-	-	-	-	-	-
Cash flow	6,4	16,7	13,5	20,0	-12,4	27,5	37,8

KEY INDICATORS

	Jan-March 2006	Jan-March 2005	Q4 2005	Q3 2005	Q2 2005	Rolling 12 mth	Full year 2005
Return on shareholders' equity, %	5,7	4,5	5,7	5,0	4,8	20,3	19,7
Return on capital employed, %	7,4	6,2	6,8	6,3	6,1	25,7	24,8
Return on total capitl, %	5,0	4,0	4,6	4,2	3,9	17,4	17,0
Equity/assets ratio, %	64,3	58,1					62,5
Earnings per share before dilution, SEK	3:54	2:53	3:41	2:85	2:70	12:51	11:49
Earnings per share after dilution, SEK	3:53	2:52	3:39	2:84	2:69	12:44	11:43
Equity per share, SEK	65:45						61:88
Average no. of shares (thousands)	7 723	7 723	7 723	7 723	7 723	7 723	7 723
Average no. of shares after dilution (thousands)	7 763	7 763	7 763	7 763	7 763	7 763	7 763
Operating margin, %	10,6	8,4	9,3	9,5	7,9	9,3	8,8
Growth in turnover, %						7,3	8,4

Tranås, 25 April 2006

OEM INTERNATIONAL AB (PUBL)

Jörgen Zahlin
Managing Director and CEO

OEM International, with head office in Tranås, comprises 23 operating units in eight countries. The Group trades in components and systems used in industrial automation. In simple terms, OEM provides an alternative for manufacturers to sell through their own companies. OEM is thereby in charge of marketing and selling the products in which the company trades.

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