



INTERIM REPORT

JANUARY - JUNE 2007

SECOND QUARTER 2007

- Sales amounted to SEK 354 million (375)
- Profit before tax amounted to SEK 24.3 million (30.8)
- Incoming orders totalled SEK 363 million (360)

JANUARY-JUNE 2007

- Sales increased by 3% to SEK 743 million (722)
- Profit before tax increased by 19% to SEK 77 million (minus the sale of properties, profit amounted to SEK 63 million (64))
- Profit after tax increased by 3% to SEK 54 million (53)
- Earnings per share after tax improved 3% to SEK 2.34 (2.27)

The comparative figures *sales*, *incoming orders* and *profit before tax* do not include the divested hydraulic business unit.





SECOND QUARTER 2007

The Group's sales amounted to SEK 354 million (375). Sales for OEM Automatic and Development climbed while the figures for OEM Electronics and Cyncrona dropped.

The order book is continued strong, particularly within OEM Automatic and the value amounted to SEK 363 million (360).

Profit before tax amounted to SEK 24.3 million (30.8).

JANUARY-JUNE 2007

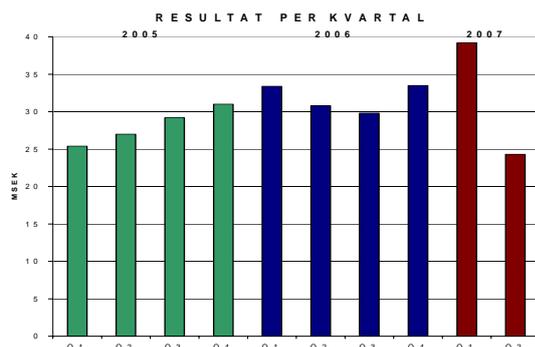
The Group's sales rose 3% to SEK 743 million (723). Adjusted for acquired business units, sales figures dropped 1%. Sales outside Sweden amounted to SEK 285 million (295).

OEM Automatic and Development's sales figures rose while OEM Electronics and Cyncrona dropped.

Incoming orders amounted to SEK 753 million (774). All business units with the exception of Cyncrona reported incoming orders that surpass invoicing. The order book value as per 30 June 2007 was SEK 231 million (241).

The profit before tax escalated by 19% to SEK 76.7 million. Minus the sale of properties, profit amounted to SEK 63.5 million (64.2). Compared with the same period last year, OEM Automatic's profit was higher while the other groups profit was lower.

Profit/Loss per quarter



Minus sale of properties

Sales per market

Sweden 61% (64), Finland 20% (20), other Nordic countries 9% (7), and non-Nordic countries 10% (9).

Cash flow

Cash flow from current business was SEK 8.0 million (36.3). The total cash flow amounted to -152 MSEK and has among other things been effected of share bonus and redemption of shares of total SEK 220 million.

Investments

Net investments in tangible fixed assets reached SEK 4.9 million (37.7), of which SEK 8.2 million (19.4) is attributable to corporate acquisitions and SEK -3.3 million (18.3) to properties, machines and equipment.

Liquidity

Liquid assets consisting of cash and bank balances together with approved but unutilised bank overdraft facilities amount to SEK 333 million (269) as per 30 June 2007.

Intangible fixed assets

New accounting principles apply as of 2005, namely the International Financial Reporting Standards (IFRS). According to these principles, planned goodwill amortisation will not apply. Goodwill items and other intangible items will however be tested for impairment. The profit has been burdened with SEK 1.0 million (-) in amortisation of intangible assets. The book value in the balance sheet amounts to SEK 19.6 million as per 30 June 2007.

Equity/assets ratio

Equity/assets ratio as per 30 June 2007 was 62.5% (57.9).

Number of employees

During the first six months, the Group had an average of 561 (516) employees.

Repurchase of shares

The Company has not repurchased any shares in 2007 and owns no shares as per 30 June 2007. The Annual General Meeting authorised the repurchase of up to 10% of the total number of shares, the equivalent of 2,316,930 shares.

Share split and redemption of shares

To change the Company's financial structure and increase the number of round lots to thereby boost trading in the Company's shares, the Annual General Meeting decided to split each OEM share into four shares (as 4:1 split), one of which was called a redemption share. The redemption share was automatically redeemed for SEK 20 in cash on 15 June, which means that about SEK 154 million was distributed to the shareholders. After the share split, the total number of shares in the company is 23,169,309, with 4,767,096 in Class A shares and 18,402,213 in Class B shares.

Accounting principles

In preparing this interim report the Group complies with IAS 34 Interim Reporting and the Swedish Financial Accounting Standards Council's recommendation RR 31, Interim Reports for Groups.

The consolidated accounting principles are identical to those applied in the Company's 2006 Annual Report.

**Important events**

A property was sold during the period resulting in a capital gain of SEK 13.2 million.

OEM International AB acquired the remaining 50% of the shares in Crouzet AB from Crouzet Automatismes SAS. The company deals in automation components, has 17 employees and reported sales for 2006 of SEK 51 million with a profit of SEK 3.4 million before taxes. SEK 18 million of the company's invoicing refers to deliveries to OEM Automatic. The company has been incorporated to OEM Automatic.

The acquisition is expected to influence 2007's earnings only slightly.

Important assessments

The following important accounting assessments have been made:

Divestment of business unit

In calculating the results of divested business units in 2006, a provision for SEK 3 million was made. In accordance with the terms of the contract, the final payment for the amount of SEK 11.4 million will be made on 31 December 2007. Among other terms, the contract contains guarantees for accounts receivable and returns.

Goodwill impairment

In assessing goodwill impairment, the recoverable value of cash-generating units has been calculated. The assessment is that given the absence of reasonable changes in the most important assumptions, the calculated recoverable values for the units are lower than the reported value.

Valuation of other intangible assets

Other intangible assets consist of values that arise in connection with a corporate acquisition. The relevant supplier relationships have continued to evolve favourably, indicating no need for impairment. The relevant customer relationships consist of set-ups on new markets and these are amortised over a five-year period.

Date of next report

The interim report for January-September 2007 will be released on 26 October 2007.



OEM AUTOMATIC

Components for industrial automation

- Sales SEK 405 million (346)
- Operating profit SEK 50.8 million (45.5)

Strong demand coupled with corporate acquisitions caused a 17% increase in sales and a 12% increase in operating profit. Adjusted for corporate acquisitions that were carried out, sales rose by 10%.

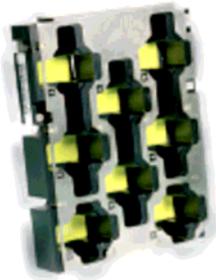


OEM ELECTRONICS

Appliance and circuit board components, EMC and microwave components

- Sales SEK 143 million (163)
- Operating profit SEK 6.8 million (9.9)

Sales dropped by 12%, lowering profits compared with 2006. The reduction in sales is concentrated to a few business areas within the Swedish business unit.



CYNCRONA

Production equipment and components for electronics production

- Sales SEK 84 million (109)
- Operating profit SEK 0.9 million (4.2)

Sales dropped by 23%, lowering profits compared with 2006. Because Cyncrona's business is of an investment nature, sales vary from quarter to quarter.



DEVELOPMENT

Ball bearings, seals, linear units, motors and transmissions

- Sales SEK 118 million (110)
- Operating profit SEK 8.3 million (8.5)

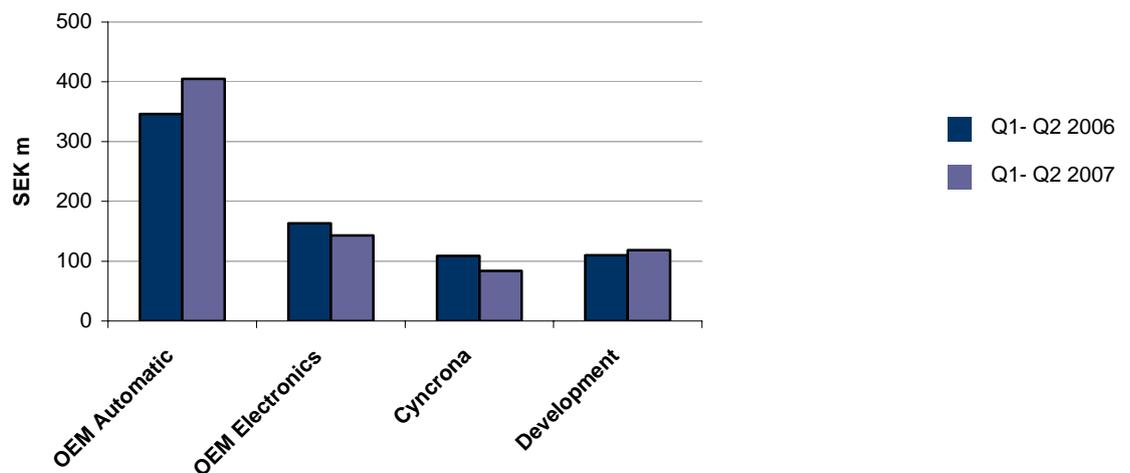
Strong demand increase the sale by 8%. Increased market investments reduced the profit.



SALES AND PROFIT PER COMPANY GROUP

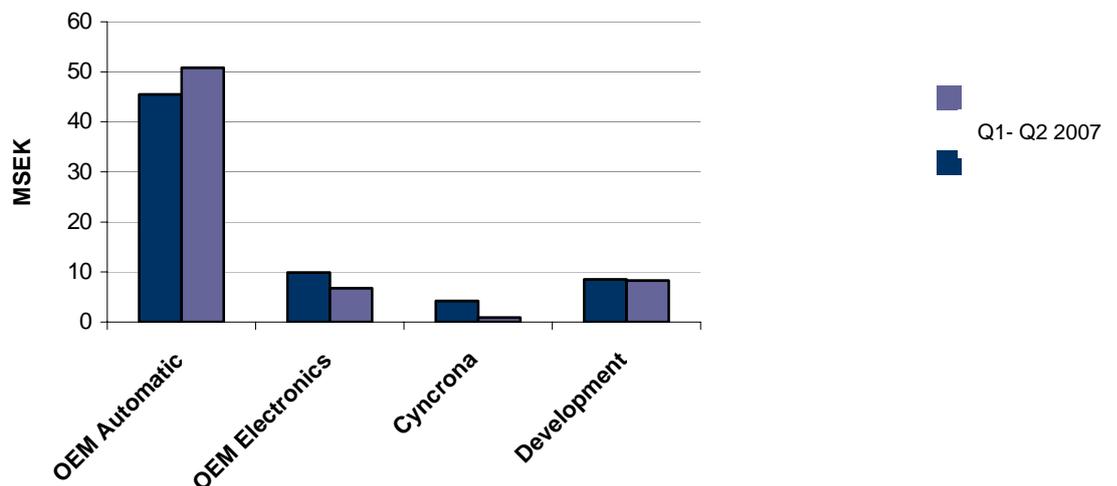
Net sales (SEK million)

	Jan- June 2007	Jan- June 2006	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Rolling 12 mth	Full year 2006
OEM Automatic	404,9	346,1	197,5	207,4	189,9	161,8	172,2	756,6	697,8
OEM Electronics	142,8	163,1	69,8	73,0	73,6	69,9	79,8	286,3	306,6
Cyncrona	83,6	109,1	31,1	52,5	76,0	59,5	72,8	219,1	244,6
Development	118,3	109,9	56,3	62,0	56,4	46,5	51,9	221,2	212,8
Other operations/eliminations	-6,7	-6,2	-0,3	-6,4	-3,3	-2,9	-1,3	-12,9	-13,9
	742,9	722,0	354,4	388,5	392,6	334,8	375,4	1 470,3	1 447,9



Operating profit/loss (SEK million)

	Jan- June 2007	Jan- June 2006	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Rolling 12 mth	Full year 2006
OEM Automatic	50,8	45,5	22,5	28,3	23,1	22,4	21,2	96,3	91,0
OEM Electronics	6,8	9,9	2,3	4,5	3,4	5,5	3,7	15,7	18,8
Cyncrona	0,9	4,2	-1,4	2,3	7,4	2,6	3,9	10,9	14,2
Development	8,3	8,5	2,2	6,1	1,5	3,0	3,4	12,8	13,0
Other operations/eliminations	7,9	-5,0	-2,8	10,7	-2,0	-3,2	-2,2	2,7	-10,3
	74,7	63,1	22,8	51,9	33,4	30,3	30,0	138,4	126,7





CONSOLIDATED INCOME STATEMENT (SEK million)

	Jan-June 2007	Jan-June 2006	Q 2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Rolling 12 mth	Full year 2006
Net sales	742,9	723,0	354,4	388,5	392,6	334,8	375,4	1 470,3	1 447,9
Other operating income	13,2	0,0	0,0	13,2	2,5	0,0	0,0	15,7	2,5
Operating expenses	-673,8	-653,7	-327,5	-346,3	-357,6	-301,4	-342,1	-1 332,8	-1 310,2
Depreciation/amortisation	-7,6	-6,3	-4,1	-3,5	-4,1	-3,1	-3,3	-14,8	-13,5
Operating profit	74,7	63,0	22,8	51,9	33,4	30,3	30,0	138,4	126,7
Particip. in assoc. cos.	0,0	0,8	0,0	0,0	0,1	0,1	0,3	0,2	1,0
Net financial items	2,0	0,4	1,5	0,5	0,0	-0,6	0,5	1,4	-0,2
Profit before tax	76,7	64,2	24,3	52,4	33,5	29,8	30,8	140,0	127,5
Tax	-22,6	-17,9	-7,3	-15,3	-10,0	-8,8	-8,3	-41,4	-36,7
Profit from remaining business unit	54,1	46,3	17,0	37,1	23,5	21,0	22,5	98,6	90,8
Profit from divested business unit	0,0	6,4	0,0	0,0	81,8	2,6	2,8	84,4	90,8
Profit for the year	54,1	52,7	17,0	37,1	105,3	23,6	25,3	183,0	181,6
Earnings per share before dilution, SEK	2,34	2,27	0,73	1,60	4,54	1,02	1,09	7,89	7,84
Earnings per share after dilution, SEK	2,34	2,26	0,73	1,60	4,54	1,01	1,09	7,88	7,81
*Earnings per share before dilution, SEK	2,34	1,98	0,73	1,60	1,00	0,94	0,96	4,27	3,92
*Earnings per share after dilution, SEK	2,34	1,96	0,73	1,60	1,00	0,94	0,95	4,27	3,90

*remaining business units

CONSOLIDATED BALANCE SHEET (SEK million)

	30-06-2007	30-06-2006	31-12-2006
Assets			
Intangible fixed assets	19,6	25,8	20,5
Tangible fixed assets	139,8	145,0	139,6
Financial assets	1,8	8,4	7,4
Deferred tax claims	4,0	5,5	3,9
Inventories	216,5	207,1	214,6
Current receivables	244,1	288,7	279,2
Liquid funds	138,6	52,8	288,5
Shareholders' equity and liabilities			
Shareholders' equity	478,0	424,9	640,7
Long-term liabilities, interest bearing	10,2	8,9	9,3
Deferred tax liability	27,5	23,1	26,6
Current liabilities, interest bearing	64,8	53,1	56,0
Current liabilities, non-interest bearing	183,9	223,3	221,1
Balance sheet total	764,4	733,3	953,7



GROUP CHANGES IN SHAREHOLDERS' EQUITY (SEK million)

	30-06-2007	30-06-2006	31-12-2006
At start of the year	640.7	477.9	477.9
Repurchase of own shares	-	-49.6	38.8
Dividends paid	-65.6	-53.0	-53.0
Redemption of shares	-154.5	-	-
Profit for the period	54.1	52.7	181.6
Translation difference for the year	3.3	-3.1	-4.6
At end of period	478.0	424.9	640.7

CASH FLOW STATEMENT (SEK million)

	Jan-June 2007	Jan-June 2006	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Rolling 12 mth	Full year 2006
Cash flow from current operations	49,5	43,6	10,2	39,3	24,8	29,6	25,7	103,9	98,0
Change in operating capital	-41,5	-7,3	-2,3	-39,2	37,8	-15,1	7,2	-18,8	15,4
Cash flow before investments	8,0	36,3	7,9	0,1	62,6	14,5	32,9	85,1	113,4
Investments	50,2	-36,5	-7,1	57,3	78,5	-10,1	-38,1	118,6	31,9
Cash flow after investments	58,2	-0,2	0,8	57,4	141,1	4,4	-5,2	203,7	145,3
Cash flow from current financing activities									
- Change in liabilities	9,7	6,1	1,3	8,4	-16,6	19,9	4,7	13,0	9,4
- Paid dividends	-65,6	-53,0	-65,6	0,0	0,0	0,0	-53,0	-65,6	-53,0
- Redemption of shares	-154,5	0,0	-154,5	0,0	0,0	0,0	0,0	-154,5	0,0
- Repurchase of own shares	0,0	-49,6	0,0	0,0	113,4	-25,0	-49,6	88,4	38,8
Cash flow	-152,2	-96,7	-218,0	65,8	237,9	-0,7	-103,1	85,0	140,5

KEY INDICATORS

	Jan-June 2007	Jan-June 2006	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Rolling 12 mth	Full year 2006
Return on shareholders' equity, %	9,7	12,1	2,9	5,6	19,8	5,6	5,4	40,5	32,5
* Return on capital employed, %	12,2	13,3	3,5	7,3	5,6	6,3	6,0	27,3	21,2
* Return on total capital, %	8,9	8,7	2,6	5,5	4,0	4,2	4,2	18,9	15,2
Equity/assets ratio, %	62,5	57,9							67,2
Earnings per share before dilution, SEK	2,34	2,27	0,73	1,60	4,54	1,02	1,09	7,89	7,84
Earnings per share after dilution, SEK	2,34	2,26	0,73	1,60	4,54	1,01	1,09	7,88	7,81
Equity per share, SEK	20,63	18,34							27,65
Average no. of shares (thousands)	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169	23 169
Average no. of shares after dilution (thousands)	23 169	23 289	23 169	23 169	23 208	23 289	23 289	23 209	23 269
* Operating margin, %	11,1	9,6	7,6	13,4	9,5	10,0	8,9	10,4	9,7
* Growth in sales, %								5,9	6,0

* In accordance with IFRS 5, the Hydraulik business unit divested in 2006 is reported as liquidated. Key indicators marked with an asterisk refer to remaining business. Other key indicators refer to total business operations since the balance sheet for the comparative periods are not recalculated in accordance with IFRS 5.



PARENT COMPANY'S INCOME STATEMENT (SEK million)

	Jan-June 2007	Jan-June 2006	Q 2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Rolling 12 mth	Full year 2006
Net sales	8,4	8,3	4,5	3,9	27,2	4,0	4,6	39,6	41,3
Other operating income	0,0	0,0	0,0	0,0	1,8	0,0	0,0	1,8	1,8
Operating expenses	-21,7	-20,5	-11,6	-10,1	-10,5	-9,9	-9,4	-42,1	-42,6
Depreciation	-0,8	-1,0	-0,4	-0,4	-0,4	-0,5	-0,5	-1,7	-1,8
Operating loss	-14,1	-13,2	-7,5	-6,6	18,1	-6,4	-5,3	-2,4	-1,3
Income from participation in Group companies	40,0	0,0	40,0	0,0	104,2	0,0	0,0	144,2	104,2
Income from participation in associated companies	0,0	1,0	0,0	0,0	0,0	0,0	1,0	0,0	1,0
Net financial items	2,5	1,4	1,5	1,0	0,2	0,5	1,0	3,2	2,0
Profit/loss before appropriations and tax	28,4	-10,8	34,0	-5,6	122,5	-5,9	-3,3	145,0	105,9
Appropriations	0,0	0,0			-14,5			-14,5	-14,5
Profit/loss before tax	28,4	-10,8	34,0	-5,6	108,0	-5,9	-3,3	130,5	91,4
Tax	3,3	3,3	1,7	1,6	-1,1	1,7	1,2	3,9	3,7
Profit/loss	31,7	-7,5	35,7	-4,0	106,9	-4,2	-2,1	134,4	95,1

PARENT COMPANY'S BALANCE SHEET (SEK million)

	30-06-2007	30-06-2006	31-12-2006
Assets			
Tangible fixed assets	20,6	21,4	21,0
Financial assets	194,0	208,6	189,1
Deferred tax claims	3,3	3,3	0,0
Current receivables	156,8	154,2	245,5
Liquid funds	70,3	0,0	220,8
Shareholders' equity and liabilities			
Share capital	240,9	196,6	429,4
Untaxed reserves	37,5	23,0	37,5
Deferred tax liability	1,8	1,7	1,7
Current liabilities, non-interest bearing	164,8	166,2	207,8
Balance sheet total	445,0	387,5	676,4



This interim report provides a fair account of the Parent Company's and Group's business activities, financial position and earnings, and also presents important risks and factors of uncertainty that the Parent Company and the companies included in the Group face.

Tranås, 26 July 2007

OEM INTERNATIONAL AB (PUBL)

Jan Svensson
Chairman of the Board

Hans Franzén
Board member

Orvar Pantzar
Board member

Agne Svenberg
Board member

Ulf Barkman
Board member

Gunnar Eliasson
Board member

Lars-Åke Rydh
Board member

Jörgen Zahlin
Managing Director

AUDITORS' REPORT

We have reviewed the interim report for the period 1 January to 30 June 2007 for OEM International AB (publ) . The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position in accordance with IAS 34 and the Swedish Annual Accounts Act.

Tranås, 26 July 2007

KPMG Bohlins AB

Niklas Bengtsson
Authorised Public Accountant



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OEM International, with head office in Tranås, comprises 23 operating units in ten countries. The Group is active in industrial trading in northern Europe. In simple terms, OEM provides an alternative for manufacturers to sell through their own companies.

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