

Half-yearly report

January – June 2008



SECOND QUARTER 2008

- Turnover increased by 21 % to SEK 429 million (354)
- Profit before tax increased by 47 % to SEK 36 million (24)
- Incoming orders increased by 18 % to SEK 430 million (363)
- The profit was burdened by SEK 4 million due to winding-up costs for the Semiconductors product area

FIRST SIX MONTHS OF 2008

- Turnover increased by 16 % to SEK 861 million (743)
- Profit before tax increased by 11 % to SEK 85 million (77)
- Profit before tax, adjusted for property sales, increased by 26 % to SEK 80 million (64)
- Earnings per share after tax increased by 11 % to SEK 2.59 (2.34)





SECOND QUARTER 2008

The Group's turnover increased by 21 % to SEK 429 million (354). Turnover for OEM Automatic, Cyncrona and Development increased, while that of OEM Electronics fell.

Incoming orders increased by 18 % and amounted to SEK 430 million (363).

The profit before tax increased by 47 % to SEK 35.8 million (24.3).

OEM Electronics has decided to end its partnership with Maxim, the main supplier within the Semiconductors product area. Last year turnover amounted to SEK 70 million and the profit to SEK 2 million. The turnover as well as the profit has decreased over the last few years due to global competition.

Winding-up costs are estimated to amount to SEK 4 million and have burdened the profit in the second quarter.

This change means that OEM Electronics will focus activities on niche products where the conditions are right for higher value-creation and better margins.

FIRST SIX MONTHS OF 2008

The Group's turnover increased by 16 % to SEK 861 million (743). Adjusted for acquired units, turnover increased by 9 %. Turnover outside Sweden increased by 31 % to SEK 373 million (285).

Turnover for OEM Automatic and Cyncrona increased, while that of OEM Electronics and Development fell.

Incoming orders increased by 17 % to SEK 880 million (753). All company groups except Cyncrona have incoming orders that exceed turnover. The order book value as of 30 June 2008 was SEK 277 million (231).

There is continued good growth in the majority of the group companies.

Excluding property sales, the profit before tax increased by 26 % to SEK 79.9 million (63.5).

Profit before tax amounted to SEK 85.3 million (76.7). This profit includes property sales that contributed SEK 5.4 million (13.2).

OEM Automatic and Cyncrona provided better earnings, while the earnings from the rest of the group were lower than the corresponding period last year.



The profit excludes sold hydraulic operations and profit from sold properties.

Turnover by market

Sweden 57 % (61), Finland 17 % (20), the rest of Scandinavia 16 % (9), outside Scandinavia 10 % (10).

Cash flow

The cash flow from current operations was SEK 89.4 million (8.0).

Total cash flow amounted to SEK 13.5 million. This was affected during the period by a dividend of SEK 69.5 million, among other things.

Investments

Net investments in fixed assets amounted to SEK 4.6 million (4.9), of which SEK 0 million (8.2) is attributable to company acquisitions and SEK 4.6 million (-3.3) to properties, machinery and equipment.

Liquidity

Liquid funds, consisting of cash and bank balances, together with granted but unused credit amounted to SEK 321 million (333) in total as of 30 June 2008.

Intangible assets

From 2005, new accounting principles, International Financial Reporting Standards (IFRS), apply, which means that planned goodwill depreciation will not be applied. However, the goodwill items and other intangible assets will be examined for any write-down requirements. The profit has been burdened by write-down on intangible assets of SEK 2.0 million (1.0). The book value in the balance sheet amounts to SEK 45.6 million (19.6) as of 30 June 2008.

Equity/assets ratio

The equity/assets ratio as of 30 June 2008 was 61.5 % (62.5).

Employees

The average number of employees in the Group during the first half of the year was 580 (561).

Share repurchasing

The company has not repurchased any shares during the year. There was no own holding of shares as of 30 June 2008. The Annual General Meeting is authorised to repurchase up to 10 % of the shares, which is 2,316,930.

Accounting principles

This interim report for the Group has been drafted in accordance with IAS 34 Interim Reporting and the Swedish Financial Accounting Standards Council's recommendation RR31 Interim Reporting for Groups. The accounting principles for the Group remain unchanged from those applied to the annual report for 2007.

**Significant risks and uncertainty factors**

The OEM Group is exposed to both operations-related risks and financial risks through its activities.

Operations-related risks can include competition and business risks, while financial risks can include liquidity, interest rate and currency risks.

The OEM Group's financial activities and management of financial risks are conducted primarily by the parent company. There are frameworks for how risk management is to be conducted and for how risks are to be limited. These frameworks 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 2007.

Date of next report

The interim report for the period January – September 2008 will be published on 24 October 2008.

OEM AUTOMATIC

Components for industrial automation



- Turnover SEK 530 million (421)
- Operating income SEK 72.2 million (52.4)

Continued good demand, together with new product launches and implemented acquisitions, means that turnover increased by 26 % and the operating income by 38 %. All units developed well in terms of both turnover and earnings. Excluding acquired units, turnover increased by 14 %.

OEM ELECTRONICS

Appliance and circuit board components



- Turnover SEK 135 million (143)
- Operating income SEK 4.9 million (6.8)

Turnover fell by 5 % due to the winding-up of Semiconductors and reduced demand in the Finnish business. The operating income is burdened by SEK 4 million in costs due to the winding-up of the Semiconductors product area.

CYNCRONA

Production equipment and input goods for electronics production



- Turnover SEK 104 million (84)
- Operating income SEK 3.3 million (0.9)

Turnover increased by 24 %, which in turn caused an improvement in the operating income of SEK 2.4 million compared with the previous year. The business is of an investment nature, which means sales vary between the quarters.

DEVELOPMENT

Ball bearings, pumps and seals



- Turnover SEK 94 million (99)
- Operating income SEK 6.3 million (6.7)

Turnover fell by 5 % and income by 6 %. Measures are being implemented to ensure growth in turnover and to adapt operations based on new conditions.

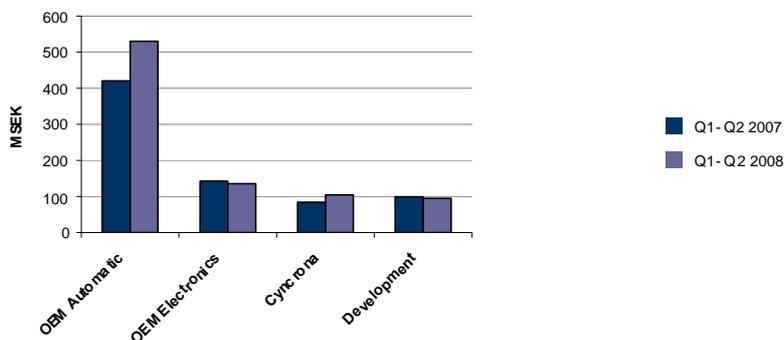


TURNOVER & PROFIT PER COMPANY GROUP

Net turnover (SEK million)

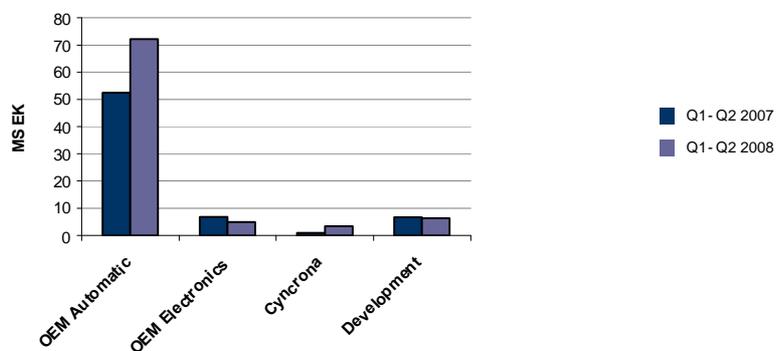
	Jan- June 2008	Jan- June 2007	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Rolling 12 mth	Full year 2007
OEM Automatic	530.4	420.9	267.3	263.1	230.0	192.2	209.0	952.6	843.1
OEM Electronics	134.9	142.8	65.5	69.4	68.5	64.7	69.8	268.1	276.0
Cyncrona	104.4	83.6	50.8	53.6	76.6	28.1	31.1	209.1	188.3
Development	94.4	98.9	47.0	47.4	43.5	38.8	46.6	176.7	181.2
Other operations/elimination	-3.1	-3.3	-1.8	-1.3	-1.4	-1.7	-2.1	-6.2	-6.4
	861.0	742.9	428.8	432.2	417.2	322.1	354.4	1,600.3	1,482.2

On 1 January 2008, OEM Motor AB was transferred from the Development group to the OEM Automatic group. In order to produce comparable figures, previous quarters have been recalculated.



Operating income (SEK million)

	Jan- June 2008	Jan- June 2007	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Rolling 12 mth	Full year 2007
OEM Automatic	72.2	52.4	34.1	38.1	19.6	26.2	23.1	118.0	98.2
OEM Electronics	4.9	6.8	0.8	4.1	3.6	4.6	2.3	13.1	15.0
Cyncrona	3.3	0.9	1.8	1.5	6.5	-3.1	-1.4	6.7	4.3
Development	6.3	6.7	3.1	3.2	2.1	3.8	1.6	12.2	12.6
Other operations/elimination	-1.1	7.9	-4.3	3.2	0.6	-1.6	-2.8	-2.1	6.9
	85.6	74.7	35.5	50.1	32.4	29.9	22.8	147.9	137.0




CONSOLIDATED INCOME STATEMENT (SEK million)

	Jan-June 2008	Jan-June 2007	Q 2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Rolling 12 mth	Full year 2007
Net turnover	861.0	742.9	428.8	432.2	417.2	322.1	354.4	1,600.3	1,482.2
Other operating income	5.4	13.2	0.0	5.4	0.0	0.0	0.0	5.4	13.2
Operating expenses	-770.0	-673.8	-388.1	-381.9	-381.5	-288.3	-327.5	-1,439.8	-1,343.6
Depreciation	-10.8	-7.6	-5.2	-5.6	-3.3	-3.9	-4.1	-18.0	-14.8
Operating income	85.6	74.7	35.5	50.1	32.4	29.9	22.8	147.9	137.0
Net financial items	-0.3	2.0	0.3	-0.6	0.7	-0.6	1.5	-0.2	2.1
Profit before tax	85.3	76.7	35.8	49.5	33.1	29.3	24.3	147.7	139.1
Taxes	-25.3	-22.6	-10.8	-14.5	-7.1	-8.6	-7.3	-41.0	-38.3
Income from remain- ing operations	60.0	54.1	25.0	35.0	26.0	20.7	17.0	106.7	100.8
Income from divested operations	0.0	0.0	0.0	0.0	2.0	0.0	0.0	2.0	2.0
Income for the year	60.0	54.1	25.0	35.0	28.0	20.7	17.0	108.7	102.8
Earnings per share, SEK	2.59	2.34	1.08	1.51	1.21	0.89	0.73	4.69	4.43
Earning per share, re- maining operations, SEK	2.59	2.34	1.08	1.51	1.12	0.89	0.73	4.60	4.34

CONSOLIDATED BALANCE SHEET (SEK million)

	30/06/2008	30/06/2007	31/12/2007
Assets			
Intangible fixed assets	45.6	19.6	46.7
Tangible fixed assets	161.4	139.8	160.2
Financial fixed assets	1.5	1.8	2.6
Deferred tax claim	6.0	4.0	6.4
Inventories	221.9	216.5	255.2
Current receivables	270.7	244.1	302.2
Liquid funds	142.2	138.6	127.0
Shareholders' equity and liabilities			
Shareholders' equity	521.9	478.0	530.1
Long-term liabilities, interest-bearing	19.2	10.2	10.1
Deferred tax liability	31.3	27.5	31.8
Current liabilities, interest-bearing	65.6	64.8	74.5
Current liabilities, non-interest-bearing	211.3	183.9	253.8
Balance sheet total	849.3	764.4	900.3

GROUP CHANGES IN SHAREHOLDERS' EQUITY (SEK million)

	30-06-2008	30-06-2007	31-12-2007
At the start of the year	530.1	640.7	640.7
Issued dividend	-69.5	-65.6	-65.6
Redemption of shares	-	-154.5	-154.5
Profit for the period	60.0	54.1	102.8
Annual translation difference	1.3	3.3	6.7
At the end of the period	521.9	478.0	530.1

CASH FLOW STATEMENT (SEK million)

	Jan-June 2008	Jan-June 2007	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Rolling 12 mth	Full year 2007
Cash flow from current operations	61.4	49.5	28.1	33.3	32.4	20.6	10.2	114.4	102.5
Changes to operating capital	28.0	-41.5	40.2	-12.2	-1.2	-15.5	-2.3	11.3	-58.2
Cash flow before investments	89.4	8.0	68.3	21.1	31.2	5.1	7.9	125.7	44.3
Investments	-7.3	50.2	0.9	-8.2	-29.5	-10.1	-7.1	-46.9	10.6
Cash flow after investments	82.1	58.2	69.2	12.9	1.7	-5.0	0.8	78.8	54.9
Cash flow from financing activities									
- Change in liabilities	0.9	9.7	-11.2	12.1	-3.8	-6.7	1.3	-9.6	-0.8
- Paid dividend	-69.5	-65.6	-69.5	0.0	0.0	0.0	-65.6	-69.5	-65.6
- Redemption of shares	0.0	-154.5	0.0	0.0	0.0	0.0	-154.5	-154.5	-154.5
Cash flow	13.5	-152.2	-11.5	25.0	-2.1	-11.7	-218.0	-154.8	-166.0

KEY INDICATORS

	Jan-June 2008	Jan-June 2007	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Rolling 12 mth	Full year 2007
Return on shareholders' equity, %	11.4	9.7	4.6	6.4	5.5	4.2	2.9	21.7	17.6
* Return on capital employed, %	14.3	12.2	5.8	8.1	6.1	5.8	3.5	27.1	22.0
* Return on total capital, %	10.1	8.9	4.2	5.7	4.3	4.2	2.6	19.4	15.7
Equity/assets ratio	61.5	62.5							58.9
Earnings per share before dilution, SEK	2.59	2.34	1.08	1.51	1.21	0.89	0.73	4.69	4.43
Earnings per share after dilution, SEK	2.59	2.34	1.08	1.51	1.21	0.89	0.73	4.69	4.43
Shareholders' equity per share, SEK	22.53	20.63							22.88
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, %	11.2	11.1	9.5	12.9	8.6	10.5	7.6	10.4	10.2
* Growth in turnover, %								8.8	2.4
* As per IFRS 5, the sold Hydraulic operations were reported in 2006 as divested operations. Marked key indicators refer to remaining operations.									
Other key indicators refer to the total operations, as the balance sheet for the comparison periods, in accordance with IFRS 5, has not been recalculated.									

PARENT COMPANY'S INCOME STATEMENT (SEK million)

	Jan-June 2008	Jan-June 2007	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Rolling 12 mth	Full year 2007
Net turnover	8.7	8.4	4.3	4.4	30.4	3.9	4.5	43.0	42.7
Operating expenses	-23.0	-21.7	-12.5	-10.5	-11.1	-9.1	-11.6	-43.2	-41.9
Depreciation	-0.8	-0.8	-0.4	-0.4	-0.4	-0.3	-0.4	-1.5	-1.5
Operating income	-15.1	-14.1	-8.6	-6.5	18.9	-5.5	-7.5	-1.7	-0.7
Income from shares in Group companies	0.0	40.0	0.0	0.0	2.1	2.0	40.0	4.1	44.1
Net financial items	1.7	2.5	1.1	0.6	1.9	0.4	1.5	4.0	4.8
Profit before appropri- ations and tax	-13.4	28.4	-7.5	-5.9	22.9	-3.1	34.0	6.4	48.2
Appropriations					-10.3			-10.3	-10.3
Profit before tax	-13.4	28.4	-7.5	-5.9	12.6	-3.1	34.0	-3.9	37.9
Taxes	3.8	3.3	2.1	1.7	-2.7	0.8	1.7	1.9	1.4
Profit	-9.6	31.7	-5.4	-4.2	9.9	-2.3	35.7	-2.0	39.3

PARENT COMPANY'S BALANCE SHEET (SEK million)

	30/06/2008	30/06/2007	31/12/2007
Assets			
Intangible fixed assets	1.9	0	1.1
Tangible fixed assets	20.6	20.6	20.0
Financial fixed assets	235.9	194.0	235.9
Deferred tax claims	3.8	3.3	0.0
Current receivables	134.2	156.8	256.3
Liquid funds	47.6	70.3	66.9
Shareholders' equity and liabilities			
Shareholders' equity	236.7	240.9	315.9
Untaxed reserves	47.8	37.5	47.8
Deferred tax liability	1.8	1.8	1.8
Current liabilities, interest-bearing	0.0	0.0	0.0
Current liabilities, non-interest-bearing	157.7	164.8	214.7
Balance sheet total	444.1	445.0	580.2



The half-yearly report provides a true summary of the parent company's and group's activities, position and income and describes the significant risks and uncertainty factors facing the parent company and the group companies.

Tranås, 24 July 2008

OEM INTERNATIONAL AB (PUBL)

Jan Svensson
Chairman of the Board

Hans Franzén
Board Member

Kerstin Lindberg Göransson
Board Member

Agne Svenberg
Board Member

Ulf Barkman
Board Member

Gunnar Eliasson
Board Member

Lars-Åke Rydh
Board Member

Jörgen Zahlin
Managing Director and CEO

AUDITOR'S REPORT

We have carried out a review of the interim report for OEM International AB (Publ) for the period from 1 January to 30 June 2008. The board and Managing Director are responsible for drawing up and presenting this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We have carried out our review in accordance with the Swedish Standard on Review Engagements SÖG 2410 Review of Interim Financial Information performed by the company's elected auditor issued by FAR. A review consists of making enquiries, primarily of the people responsible for financial issues and accounting issues, carrying out an analytical examination and taking other review measures. A review has a different aim and is of significantly smaller scope than the aim and scope of an audit as per auditing standards in Sweden (RS) and good auditing practice in general. The measures undertaken during a review mean that it is impossible for us to be certain that we are aware of all the important factors that it would have been possible to identify had an audit been carried out. Therefore, the conclusion expressed based on a review does not have the same certainty as a conclusion expressed based on an audit.

Based on our review, no factors have come to light that give us reason to believe that the attached interim report has not been drawn up in all significant aspects in accordance with IAS 34 and the Swedish Annual Accounts Act.

Tranås, 24 July 2008

KPMG Bohlins AB

Niklas Bengtsson
Authorised Public Accountant

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

The information in this report is such that OEM International AB (publ) must disclose it in accordance with the Swedish Securities Markets Act. This information was submitted to the media for publication on 24 July 2008 at 13.00.

OEM International, with its head office in Tranås, Sweden, comprises 25 operational units in 11 countries. The group works within industrial trading in northern Europe. In simple terms, OEM acts as an alternative for manufacturers to selling through their own companies.

OEM INTERNATIONAL AB (publ), Corp. ID 556184-6691

Head Office: Norrabylvägen 6B
Box 1009, SE-573 28 TRANÅS, SWEDEN
Tel.: + 46 (0)75 242 40 00

www.oem.se