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ANNUAL REPORT 2001



OEM INTERNATIONAL

Annual General Meeting

The Annual General Meeting will be held on Monday 29 April 2002 at 4.00 p.m. in Sommenforum, Fabriksgatan 4, Tranås.

NOTIFICATION

Shareholders wishing to attend the Annual General Meeting must:

- be entered in the share register held by the Swedish Securities Register Centre on Friday 19 April 2002.
- notify the company no later than Wednesday 24 April 2002 before 1.00 p.m. at the address: OEM International AB, Box 1011, SE-573 28 TRANÅS, Sweden, tel. +46 (0)140-36 06 85 or e-mail: info@int.oem.se.

Shareholders who have registered their shares in the name of an authorised agent must, no later than Friday 19 April 2002, temporarily register the shares in their own name with the Swedish Securities Register Centre in order to participate in the Annual General Meeting.

DIVIDEND

The Board of Directors and Managing Director propose that for the year 2001 the Annual General Meeting issue a dividend of SEK 4.50 per share and stipulate that the date of issue be Friday 3 May 2002. If the Annual General Meeting adopts the proposal, it is expected that dividends will be distributed on Wednesday 8 May 2002 to those entered in the share register on the date of issue.

BUSINESS

The agenda and business of the Annual General meeting will be notified through advertisements in the daily press, as well as being available on OEM's website www.oem.se. The agenda can also be obtained from the company when registering to attend the meeting.

Future reports

Quarterly report, January-March . . . 29 April 2002
Half-yearly report 9 August 2002
Interim report 28 October 2002
Year-end statement, full year February 2003
Annual Report March/April 2003

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Table of Contents

Annual General Meeting	2
Future reports	2
This is OEM International	4
Summary 2001	5

The Managing Director's

comments	6–7
Close collaboration	8–9
Our employees	10–11
Quality & environment	12–13
Business concept & business logic .	14
Market trends	15
Financial objectives	16
Five year consolidated overview . .	17
Key indicators	18–19
Growth strategy	20
Corporate acquisitions	21

Group overview	22–23
Group Automation	24–25
Group Electronics	26–27
Group Mechanics	28–29

Group Hydraulics	30–31
Group EP	32–33

OEM shares	34–37
-----------------------------	-------

Financial reporting

Administration Report	38
Profit and Loss Account	39
Balance Sheet	40–42
Cash flow analysis	43
Year-end comments	44–57

Appropriation of profits	58
---	----

Audit Report	59
-------------------------------	----

Board of Directors	60
-------------------------------------	----

Management group	61
-----------------------------------	----

Corporate addresses	62–63
--------------------------------------	-------

This is OEM International

OEM International, which has its head office in Tranås, comprises 27 operational companies in eight countries. Its turnover in 2001 was SEK 1,944 million with a profit of SEK 61.1 million. The average number of employees in the Group was 773 in 2001.

// In simple terms, OEM operates as an alternative to manufacturers' own local sales companies

The Group aims to be a leading player in the trade in components and systems for automation in Europe. Being a leading player means:

- Creating added value for customers, suppliers, personnel and shareholders.
- Creating opportunities for employees to realise their ambitions.
- Having a level of knowledge and service-mindedness in our companies that is among the very best in each sector.
- Marketing products that live up to or exceed the customer's expectations.
- Making our suppliers, market leaders in their particular areas.
- Having a level of efficiency in our companies which makes us more profitable than our competitors.

In simple terms, OEM acts as an alternative to manufacturers' own local sales companies and thereby has marketing and sales responsibility for the products with which the company deals. Customers are offered extensive knowledge and a broad spectrum of components and systems.

Manufacturers are offered a strong local position on the market. This creates added value for both customer and supplier. This added value is OEM's raison d'être and the basis for a continued profitable expansion.

Since 1983, OEM has been listed on the Stockholm Stock Exchange's O-list.



1974
The agency company OEM Automatic AB is started by Hans Franzén and Agne Svenberg and their families.



1981
The first overseas subsidiary company is established in Finland.



1983
The company is introduced on the Stock Exchange's OTC list. The turnover amounts to approximately SEK 30 million.

1986
The first acquisition, Industri AB Reflex in Spånga, which designs and builds automatic control cabinets.

1988
The turnover exceeds SEK 100 million for the first time.



1989
The first subsidiary company outside the Nordic region is established in the UK.

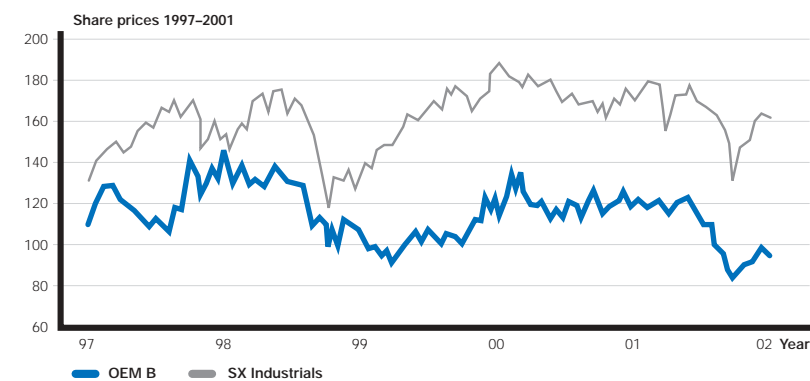
1991
New organisation. OEM International AB becomes the parent company in the Group, and OEM Component AB, which has been part of OEM Automatic AB, becomes a separate company.

2001 in summary

THE GROUP IN FIGURES

		2001	2000
Net sales	MSEK	1 944,1	1 967,4
Profit after net financial items*	MSEK	61,1	148,3
Profit for the year	MSEK	35,1	101,0
Earnings per share**	SEK	4:32	10:81
Cash flow per share**	SEK	11:00	5:70
Shareholders' equity per share**	SEK	57:06	60:41
Proposed dividend per share	SEK	4:50	4:50
Earning capacity on shareholders' equity	%	7,1	19,6
Equity/assets ratio	%	47,0	43,9
Quoted price at the end of the period	SEK	92:50	129:00
Market value at the end of the period	MSEK	771	1 117
Average number of employees	Number	773	676

*Excl. items affecting comparabilities **Key indicators calculated on the basis of the number of shares on the market



1993
The A. Karlson Group is acquired. The OEM Group's turnover amounts to SEK 254 million.

1996
New Group organisation. The companies are split into two sub-groups: OEM Industrial Components AB and OEM Systemteknik AB.



1997
OEM International AB and Cyncrona AB, also listed on the OTC list, merge. Cyncrona AB becomes a third sub-group.

1998
A number of corporate acquisitions are implemented.



1999
The company establishes itself in Italy though one of four corporate acquisitions during this year.

2000
New MD as from 1 March. Two new corporate groups are formed within OEM Industrial Components AB: Group Europe and Group Hydraulics.



2001
Aspects Oy is acquired. Cyncrona in Poland is established.

- The economic downturn and the decline in the telecom sector led to a significant reduction in profits
- Package of measures introduced to reduce costs by SEK 45 million annually
- Reorganisation implemented at the end of 2001
- Jörgen Zahlin is taking over the role as Group CEO as from the start of 2002, replacing Hans Franzén, who is remaining as Chairman of the Board of Directors
- Acquisition of Finnish electronics company in May

The Managing Director's comments

2001 was a difficult year. We misjudged the significant decline in the telecom sector, as well as the general economic downturn.

Turnover increased in the first half of the year by 29% compared with 2000, only to fall during the second half of the year by 25% compared with the corresponding period the previous year. The Group's profits fell from SEK 148.3 million to SEK 61.1 million. The considerable drop in profits, in addition to the economic decline, is also due to costs associated with the programme of measures launched during the autumn.

PROGRAMME OF MEASURES LAUNCHED IN THE AUTUMN

During the autumn, a programme was introduced aimed at adapting the Group's capacity to current demands. The programme means that the workforce will fall from 773 people at the start of the year to approximately 700 people, and that notice has been given on premises and inventory write-downs have been implemented.

The decision has been taken to sell SPG Motors Europe AB and Attel Ltd, as the conditions for running these operations have changed during the year. In total, the programme of measures is expected to entail an annual reduction in costs of around SEK 45 million.

DECLINE IN THE TELECOM SECTOR

In recent years, the telecom sector has played an increasingly important role in our expansion. During 2000, 45% of our turnover originated directly or indirectly in the telecom sector. The greatest dependence was among the Cyncrona companies in Finland and Sweden and at Jubo Mechatronics. Between 70 and 90% of the turnover of these

companies was generated by sales to telecom.

A significant proportion of the turnover of companies within Group Automation and Group Electronics was also related to this client segment.

The major decline during the first part of 2001 meant that these customers' investments largely dried up. Customers which had anticipated continued growth were suddenly faced with over-capacity in production and excess stocks. For some of our companies, this resulted in a halving in turnover.

We are planning for continued weak demand in the telecom sector. As the Group's exposure to this sector is now below 20%, the risk of further declines is limited.

CUSTOMER ACTIVITIES AND DEVELOPMENT OF PRODUCT PROGRAMME

The precondition for expansion is for us to create value for our customers and suppliers. The combination of the volume of customer activities, our product and application expertise as well as our product programme creates the growth of new business. New business is a precondition for us being an attractive partner for our suppliers.

By working closely with our customers and having a good insight into their operations, we can continually evaluate profitability and growth potential in the existing product programme. Some products are being phased out, creating room for new investments. A continual influx of new products is necessary if we are to be an interesting partner for our customers.

REORGANISATION WITH THE CUSTOMER IN THE CENTRE

From the start of 2002, a reorganisation has taken place, which means that the company is reinforcing its role as owner in the operational subsidiary companies.

The companies have been divided into five corporate groups, based on suppliers and the customer structure. The reorganisation means that the operational subsidiary companies are now owned directly by OEM International AB and not as previously through subgroups. The resources in the subgroups are being concentrated in the parent company, providing the potential to utilise available resources in a more efficient manner.

Internally, this change means that the introduction of common guidelines and frameworks is simplified, and we have greater potential to safeguard synergy effects, e.g. co-ordination of logistics and marketing.

OPERATING MARGIN AND CASH FLOW IN FOCUS

In order to achieve our financial goals of 15% growth and 20% return on shareholders' equity, as well as an equity/assets ratio of at least 35%, we have increased our focus on operating margin and cash flow.

Our goal is for our operational companies to have an average operating margin of at least 10%.

Continually raising the internal efficiency in our companies and allowing day-to-day streamlining to be the responsibility of each and everyone of us is a precondition

for creating profitable companies. This work was intensified during the latter part of 2001

and will be a

major focus of attention during 2002.

The objective is for future profits to be reflected in an improved cash flow. In practice, this means that we should work actively with all items in the Balance Sheet. For example, stocks can be reduced and various investments reviewed.

Much of previous years' good results are tied up in the Balance Sheet. By capitalising these funds, new opportunities for aggressive investments are opened up.

THE FUTURE

Our concept, of being an alternative to the suppliers' own sales companies on the market where we conduct operations, is as relevant now as when OEM was founded.

The measures that have been implemented during the year, by which I am referring primarily to the reorganisation, cost cutbacks and staff reductions, mean that we have strengthened our organisation and released resources for meeting a future upswing. Our main focus for 2002 is to win market share and improve our internal efficiency. The economic situation combined with our financial strength is providing opportunities to acquire complementary businesses.

I would like to thank all employees within OEM for their considerable commitment and their desire to see new opportunities.

By keeping the dividend at SEK 4.50 per share despite the fall in profits, we aim to demonstrate our strong belief in a future growth in profit.




Jörgen Zahlin
MD/Group CEO



Johan Cernvall, OEM Automatic, and Rikard Löndahl, DeLaval International, enjoy a close collaboration for creative product development.

DeLaval International AB and OEM Automatic in co-operation

For more than 15 years, OEM Automatic has collaborated with DeLaval, a world-leading supplier of products for milk production. Half of all milk producers in the world use DeLaval's products.



The development of VMS (Voluntary Milking System) started over ten years ago, and the major investment commenced five years ago. VMS is an entirely new approach whereby the cows are milked automatically. The results are positive: the cows feel better, produce more milk, and the farmer has more time to devote to other duties. The VMS automatic devices are now making their mark in more and more countries. Within a few years, DeLaval reckons that the company will have increased production significantly. At the same time, this positive development will result in more orders being received by OEM Automatic.

"When we first started working with the VMS automatic devices, we decided to minimise the number of suppliers," says Rikard Löndahl, Purchasing Manager for OEM at DeLaval. "As OEM has agencies for many products from different manufacturers, they are a natural partner for us. OEM now supplies some 60 products from 15 different manufacturers to VMS. "For DeLaval, maintaining contact with so many manufacturers would be both expensive and time-consuming. We now transfer to OEM the responsibility for being good at the products we buy. If any of our designers requires a solution, they can call and discuss the problem directly with OEM, which has the necessary knowledge."

Johan Cernvall, Sales Manager for Electrical Cabinets at OEM Automatic, is responsible for the collaboration with DeLaval.

"Our role is to find the right product from the right manufacturer," says Johan. "We decided early on in the process to choose standard products as far

as possible. This is necessary to keep prices down and streamline logistics and production.

"We are also a channel for new products from manufacturers to our customers. We are kept constantly updated about what is going on, and receive training with the manufacturers. The trend is towards OEM supplying more and more subsystems. If several of our products are to be included in the same unit, it is natural for us to assemble ready-made modules," says Johan Cernvall. "This means that production can be speeded up at DeLaval. For OEM Automatic, this has meant that our technical department has quadrupled in size in recent years."



The collaboration between DeLaval and OEM is extensive and entails close contacts in all areas. For example, the companies hold seminar days at which they share experiences with each other. The social contacts are also important, as good personal chemistry is a necessary ingredient for a healthy collaboration. "We are constantly trying to find common ways for improving," say Johan and Rikard. "After all, both parties benefit from our collaboration working as well as possible."

DELAVAL INTERNATIONAL IN BRIEF
World leader in the field of products for milk production. Number of employees: 4,600 of whom 650 are in Tumba. Annual turnover: Approx. EUR 0.7 billion.

VMS IN BRIEF
VMS is a fully automated system to which the cows go themselves in order to be milked. VMS has been developed at DeLaval in Tumba and completed at DeLaval's own experimental farm.

OUR VIEW OF COLLABORATION

In simple terms, OEM acts as an alternative to manufacturers' own local sales companies and thereby has marketing and sales responsibility for the products with which the company deals. The Group collaborates with around 350 suppliers from all around the world and has some 25,000 customers.

Hi-tech collaboration between Cyncrona and SANMINA-SCI

SANMINA-SCI is a world-leading company in the field of contract manufacture for electronics companies, with production operations in 21 countries worldwide. In the factory in Haukipudas, 20 km north of Uluu in Finland, the company mainly produces high-tech products as well as offering service for customers in the telecom sector. The factory was established in 1998 and Cyncrona was responsible for the first installations of production equipment and software.

Cyncrona is responsible for turnkey solutions, which means everything from machine installations, software, support and training to continuous service. As a result, the customer can focus on its own core areas.

LEADING PRODUCTS
"Cyncrona works with production equipment from leading companies such as Fuji Machine, and can integrate advanced software, such as Tecnomatix CAM, which lives up to our stringent demands for efficiency and quality," says Jouni Auro, Technical Director at SANMINA-SCI. "We ensure that production can work effectively by means of Cyncrona also being able to produce any necessary spare parts quickly."

PARTNER FOR THE FUTURE

"We are satisfied with our collaboration with Cyncrona," says Jouni Auro. "Even when we have had a tough timetable for the installation of new machinery, Cyncrona has managed to keep to the agreed deadlines. We also appreciate the high level and the professionalism of the service. All this means that we see Cyncrona as a strong partner — now and in the future."

A KEY CUSTOMER

For Cyncrona, SANMINA-SCI is a customer which places great demands on our organisation. Complex requirements have to be resolved from an overall-perspective.

"SANMINA-SCI is one of our key customers," says Rauno Harttimo, Product Manager at Cyncrona Oy. "They use highly advanced production equipment and software in their manufacturing. In order to meet their requirements for service and collaboration, we established an office in the town of Oulu, close to SANMINA-SCI's factory in Haukipudas."



Jouni Auro, Technical Director at SANMINA-SCI's factory in Haukipudas, and Rauno Harttimo, Product Manager at Cyncrona Oy, in front of the newly installed production line from Fuji which is used for the assembly of printed circuit boards.



In addition to customer responsibility, the managers are also responsible for developing the internal and external processes.

Close collaboration within Group Electronics for training and careers

Three of the companies within Group Electronics, OEM Component, Egevo Elektronik and Pronesto, enjoy a unique collaboration in areas such as marketing and training. The shared resources produce quality and cost benefits. At the same time, each company can reinforce its unique leading-edge expertise as a small niche company.

Employees at all levels in the companies build networks. They get an insight into each other's organisations, swap experiences and gain an understanding of changes. Good ideas can be copied, and they can learn from each other's mistakes. The decision-making routes are short and fast, without unnecessary red tape. By keeping the companies "small", everyone

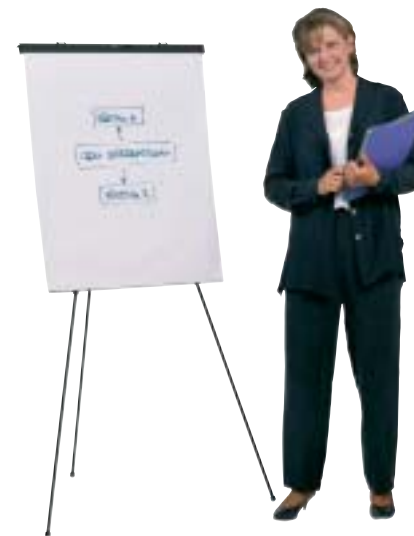
in the company has to sell. In addition to customer responsibility, the managers are also responsible for developing the internal and external processes.

FOCUS ON TRAINING

A common denominator for OEM Component, Egevo Elektronik and Pronesto is that they are working in a field where developments move extremely quickly. In order continually to renew their skills, the employees undergo some form of training every month on average.

A GOOD SPIRAL

By developing people, the organisation is developed, so achieving self-generating dynamics. Everyone is aware of the company's business concept and



their own particular role. One objective is for the companies to achieve a level of 75% self-sufficiency as regards managers.

THE MANAGERS HAVE RESPONSIBILITY

Training is co-ordinated within the companies, and the managers in each company have internal responsibility for achieving a good hit rate. Urban Malm, MD at OEM Component, is in charge of basic training for new employees and new sales staff, as well as warehouse personnel. Tomas Holmer, MD at Pronesto, conducts training for sales staff and product managers. Björn Wester, Finance Manager at Pronesto, is responsible for financial training. Richard Dovrell at Egevo Elektronik focuses on business areas managers and sales/marketing assistants. External consultants may be engaged if necessary.

SHARED BENEFITS

Shared training produces the following benefits:

- More in-depth contacts between the companies, person to person
- Common approach to customers
- Less departmentalisation of work within the group
- "Lift your gaze" – better overall view
- Spreading of the OEM spirit
- Cost-effectiveness

OUR VIEW OF EMPLOYEES

The most important resource for achieving our goals is our employees. With development programmes at both group and individual level, we are increasing the ability and inspiration at each function. Our aim is to achieve a staff turnover of less than 10% per year, and for 75% of our management recruitment to take place internally.

An exciting journey with Tomas Holmer

Tomas Holmer, MD at Pronesto, symbolises how a career within OEM can take shape. Tomas has enjoyed an exciting journey within the company, where challenges and changes have shaped his future. His career started 13 years ago when Tomas started as a salesman at Palmblad Elektronik.

"It was important to continue building the product range in order to make it as complete as possible. As area manager, too, I retained responsibility for customers."

GOOD PERSONNEL

The new millennium was a new milestone in Tomas's career. It was now time to take the step up and become Managing Director at Pronesto.

"Certainly my responsibilities have grown, but it's not actually all that remarkable," says Tomas. "The important thing is to surround yourself with skilled employees. Everyone at the company is now well aware of what will be required for Pronesto to be successful in the future. When I know that everything else is working, I can focus on our core activity: developing business with our customers."

LANGUAGE AND TECHNOLOGY

After three and a half years in the field, Tomas began working as a product manager for electric motors.

"As product manager I had to develop my language and technology skills. I still had customer contact, with responsibility for a large number of clients. It is necessary to maintain this close contact with the customers in order to perceive their needs at an early stage."

EXTENDED RESPONSIBILITY

His next role was as manager for a newly started business area. Tomas's responsibilities were extended, with personnel issues and the responsibility for results landing on his desk.





The business manual is the central document for the quality work in Hydrac. MD Lars Borssén and Curt Carlsson check that the procedures are being followed.

Process-controlled quality produces increased profitability

Hydrac AB in Borås, which is part of OEM Group Hydraulics, has chosen its own route for the quality work which in 1998 resulted in ISO 9001 certification.



"In 1997 we decided to increase our annual turnover from 21 to 35 million kronor with the same number of employees. In order to achieve this goal, we started a workplace programme aimed at streamlining the organisation through process control," says MD Lars Borssén. The goal was a tough one,

as Hydrac was already at full capacity when the work started. Many people worked overtime to meet all the orders of units for mobile and industrial hydraulics.

However, it soon became evident that there were possibilities. All the employees were involved, and had to ask themselves how their own work could be made more efficient. Each procedure was put under the microscope. Before long, shortcuts and rationalisations were found that nobody had even considered before.

"We achieved a response which I myself did not believe was possible," says Lars Borssén. Many proposals were received, and all were tested. There were reams of paper and countless meetings, but at the same time it was very inspiring as we could all see the improvements. We achieved our goal with a turnover of SEK 35 million in 1999.

EXTENSIVE TRAINING

The changes meant that many employees were given more responsibility. For this reason, a general improvement in skills was also required. A training programme, which included contributions from the EU programme Growing Power objective 4, was carried out where the personnel received the training they themselves considered necessary to manage their new roles. Examples of these included English, Italian, computer skills, quality, finance, purchasing, electrical skills, logistics, etc.

MANUAL FOUNDATION

The quality work resulted in a business manual in which all procedures and processes are documented and available to everyone in the company. When the decision was taken to continue and certify the company in accordance with ISO 9001, it became evident that most of what was required for certification was already documented in the manual.

"The advantage of our certification is that it is based on our own process orientation," says Lars Borssén. Otherwise, ISO certification can easily become a mass of paper and bureaucratic red tape. The purpose of quality work is to be able to earn more money, and we do this by being professional at every stage.

"It is difficult to measure exactly what quality work produces in terms of money – or what it costs in total. We now measure our quality costs by documenting returns/complaints and deviations in the business. The quality costs currently stand at around 0.35% of turnover, which is better than the goal of 0.6%."

THE FUTURE

Quality work is a never-ending process. Hydrac's business manual contains the foundation, which is constantly being developed and strengthened. Work is now commencing on procedures for "satisfied customer measurements".

OUR VIEW OF QUALITY

The OEM Group's overall quality policy focuses on our products and services living up to the customer's expectations. The objective is for our customers to associate the Group's companies with good products, delivery reliability, good technical support and a businesslike and positive reception.

OUR VIEW OF THE ENVIRONMENT

The OEM Group will continually work to minimise our external environmental impact. The environmental work will be governed by legal requirements as well as what is financially feasible, technically possible and ecologically justifiable. The purpose of the work is to reduce our operation's impact on the environment in both the short and the long term.



Business systems for quality and environment

The quality work that is carried out within various companies in OEM is basically aimed at increasing efficiency and the businesslike approach. By being a professional partner for customers and suppliers at every stage, sales and profitability can increase.

"Our new certification focuses entirely on customer benefits"

A natural continuation of the quality work is to develop a business management system. Quality, environment, working environment and other plans for the company are built into this system. The system becomes a guiding light for the company's future development at all levels.

COMPONENT ON THE GO

Within OEM Component AB, Lars Ryrhagen is responsible for the quality and environmental work.

"We were already certified in accordance with ISO 9002:1994. During the first half of 2002, we will become certified in accordance with the new standard, ISO 9001: 2000. With this, we are laying the foundations for an efficient business management system. The new certification means that we will have a complete system which will make us better and more businesslike in all areas," says Lars Ryrhagen.

"The new certification entails a clear focus on our customers' needs. We steer all processes in line with what our customers can expect of us. In the work on the new manual, all employees have had the chance to give their opinions, thereby creating a common commitment for the project. The certification work also entails a comprehensive training programme for improving skills.



Lars Ryrhagen is managing the work towards ISO 9001:2000 within OEM Component AB.

Our business concept

OEM International will own and develop companies which focus on sales and marketing of components and systems for automation in Europe. The operational companies will be given considerable freedom to adapt their actions to the specific conditions that apply in each business area, and to satisfy the interests of customers, suppliers, employees and shareholders in an effective manner.

VISION

OEM International will be a leading player in the trade in components and systems for automation in Europe. Being a leading player means:

- Creating added value for customers, suppliers, personnel and shareholders.
- Creating opportunities for employees to realise their ambitions.
- Having a level of knowledge and service-mindedness in our companies that is among the very best in each sector.
- Marketing products that live up to or exceed the customer's expectations.
- Making our suppliers market leaders in their particular areas.
- Having a level of efficiency in our companies which makes us more profitable than our competitors.

BUSINESS LOGIC

In simple terms, OEM acts as an alternative to manufacturers' own local sales companies and thereby has marketing and sales responsibility for the products with which the company deals.



For our suppliers, collaboration with OEM means having a partner with the expertise and financial strength to make market investments. Our presence on various markets means that we bridge the cultural differences that exist between different countries, at the same time as providing the potential for further geographic expansion.

For our customers, OEM entails the potential to purchase a large range of products from a single supplier, high delivery capacity thanks to our geographical presence, as well as technical and commercial advice via our sales organisations. An efficient logistics apparatus provides us with the potential to adapt purchasing volumes, stock levels and transport facilities for maximum competitiveness.

OEM works with a wide range of products and therefore has the potential to tailor its offers for customers in order to satisfy their needs fully, as well as allowing the manufacturers to reach customer groups they could themselves access cost-effectively.

Markettrends

The combined market for our companies declined during 2001. Across an economic cycle, however, our assessment is that the market will grow. The most important market trends in our opinion are:

- The increasing globalisation, as well as the reduction in time between the product concept being born and the finished product reaching the end customer, increases the manufacturers' interest in having the right channels out to the market. OEM has a strong position in the Nordice region and a considerable presence on several other markets in Europe. The geographic distribution of our operation is an important aspect of our expansion strategy.
- The demand for accessibility is continually increasing. Being accessible on the Internet, by telephone or with good catalogue material is becoming an ever more important competitive factor. By utilising co-ordination benefits and shared expertise, we have the potential here to be at the forefront.
- Increased demand for logistics entails considerable investments in IT systems. OEM enjoys economies of scale here which mean that we have the potential for effective utilisation of both expertise and hardware and software investments.
- A continual demand for cost reductions from the market means that we are constantly looking for opportunities to streamline our internal processes. We have to increase sales per employee with the same or increase level of service to our customers.
- Customers are striving to reduce the number of suppliers and increasingly to purchase sub-systems. As a major player with the ability to supply both complex systems and components, this is increasing OEM's competitiveness.
- Increased demand for expertise and stringent quality requirements from our customers mean that the customers are looking for lasting business relationships with established companies. Several of our operational companies have been awarded quality certification in accordance with ISO 9002. Skills development plans for our employees are an important part of our personnel strategy. An important objective for safeguarding the culture in the companies is for 75% of management recruiting to take place internally.

The Group's structure is adjusted to the trends set out above, and provides opportunities for meeting the demands for refinement, support and logistics. Our ability to be sensitive and capable of change is a prerequisite for achieving our goal: at least 15% growth annually.



Stackable tower beacon indicators from J. Auer GmbH, one of Europe's leading suppliers of warning products.

Financial objectives

OEM International's objective, during a period of strong and stable growth, is to achieve good return on shareholder's equity with limited financial risk.

The long-term objectives are:

- 15% annual growth
- 20% return on shareholders' equity
- 35% equity/assets ratio

Historically, OEM has achieved these objectives.

	Annual profit growth (%)**	Return on equity (%)	Equity/assets ratio (%)
2001	-59	7.1	47.0
2000	11	19.6	43.9
1999	30	19.3	48.5
1998	7	17.0	48.2
1997	81*	19.4	54.2
1996	-10	24.3	60.3
1995	16	35.3	53.2
1994	90	42.2	50.9
1993	122	32.5	38.2

* Merger with Cyncrona

** Refers to profit after net financial items excl. items affecting comparability

GROWTH STRATEGY

After a number of positive years, we have to consider 2001 as a lost year. The fall in demand was much greater than we had predicted. Over an economic cycle, however, our assessment is that the market for OEM's products will grow. The goal remains at a growth of 15% over an economic cycle.

RETURN

Return on shareholders' equity depends on the profitability of operations and the capital structure in the Balance Sheet.

OEM's operations are based on creating added value for shareholders, customers, suppliers and staff. By rationalising the business, we will generate better profitability and so ensure that the financial goals are achieved in the future.

15% annual growth
20% return on shareholders' equity
35% equity/assets ratio

EQUITY/ASSETS RATIO

An equity/assets ratio of 35% means a balanced financial risk in relation to OEM's limited business risk. A higher equity/assets ratio – shareholders' equity in relation to total assets – means a lower return on shareholders' equity, given the same profitability in the operation. At the current time, the equity/assets ratio is clearly higher than the Group objective, which means that the reported return on shareholders' equity would have been higher had the equity/assets ratio been 35%, while the financial risk would not have increased noticeably.

GOODWILL POLICY

OEM International's policy is to amortise goodwill over five years, which means lower reported income and a higher reported tax rate, while the cash flow would not be affected. According to the Annual Accounts Act, the economic lifetime should be considered to amount to at most 5 years, unless a longer period with a reasonable degree of security can be determined. The reason for OEM amortising goodwill so quickly, with the effects this has on the accounts, is that the acquisitions are seen as part of the growth strategy. This short amortisation period can be viewed as an expression of the high demands, which OEM International places on the acquisitions being evaluated.

Five year consolidated overview

FROM THE INCOME STATEMENT	2001	2000	1999	1998	1997
INVOICED SALES					
Sweden	1 261 916	1 264 429	1 057 607	948 581	725 214
Abroad	664 813	682 543	695 488	453 384	326 630
	1 926 729	1 946 972	1 753 095	1 401 965	1 051 844
Operating income before items affecting comparability	122 755	204 286	189 090	139 401	113 695
Items affecting comparability	–	15 898	–	–	–
Depreciation according to plan	-58 502	-55 614	-54 162	-36 811	-22 879
Income from financial items	-3 783	-1 569	-1 923	-1 683	4 621
Shares in associated companies	615	1 167	1 092	2 555	1 707
Income before tax	61 085	164 168	134 097	103 462	97 144
Taxes	-25 950	-63 160	-51 702	-39 311	-31 148
Minority share	–	–	–	–	-61
Group's profit	35 135	101 008	82 395	64 151	65 935

FROM THE BALANCE SHEET

Intangible fixed assets	59 184	83 200	85 052	76 435	39 138
Tangible fixed assets	170 195	184 003	156 465	167 016	112 573
Financial fixed assets	23 914	53 874	9 941	10 973	9 086
Inventories	342 252	328 112	226 671	236 413	157 828
Current receivables	291 553	430 538	297 725	274 209	203 397
Current investments/Cash and bank	101 197	113 103	150 375	71 916	130 849
Total assets	988 295	1 192 830	926 229	836 962	652 871
Shareholders' equity	464 011	523 059	449 352	403 339	353 429
Minority interest	–	–	–	–	553
Provisions	39 119	48 079	42 642	37 761	28 858
Long-term liabilities	251 359	233 703	96 355	90 694	18 908
Current liabilities	233 806	387 989	337 880	305 168	251 123
Total shareholders' equity provisions and liabilities	988 295	1 192 830	926 229	836 962	652 871

Key indicators the last five years

THE OEM GROUP		2001	2000	1999	1998	1997
Net sales	SEK m	1 944.1	1 967.4	1 782.3	1 423.0	1 060.8
of which overseas	%	34.5	35.1	39.7	32.6	31.2
Group's profit before tax*	SEK m	61.1	148.3	134.1	103.5	97.1
Earning capacity on total capital*	%	7.0	14.2	15.8	15.2	17.2
Earning capacity on total capital	%	7.0	15.7	15.8	15.2	17.2
Earning capacity on capital employed*	%	10.4	22.7	26.8	26.0	28.6
Earning capacity on capital employed	%	10.4	25.0	26.8	26.0	28.6
Earning capacity on shareholders' equity	%	7.1	19.6	19.3	17.0	19.4
Average interest payable	%	3.0	1.1	1.3	2.8	1.7
Debt/equity ratio	times	0.54	0.45	0.21	0.23	0.06
Operating income/sales*	%	6.3	10.4	10.6	9.8	10.7
Operating income/sales	%	6.3	11.9	10.6	9.8	10.7
Profit percent*	%	3.9	7.9	7.8	7.9	9.5
Profit percent	%	3.9	8.7	7.8	7.9	9.5
Profit margin*	%	3.1	7.5	7.5	7.3	9.2
Profit margin	%	3.1	8.3	7.5	7.3	9.2
Capital's rate of turnover	times/year	1.97	1.65	1.92	1.70	1.62
Sales/employee	SEK m	2.5	2.9	2.9	2.5	2.4
Equity/assets ratio	%	47.0	43.9	48.5	48.2	54.2
Cash flow from current operations	SEK m	89.5	49.4	172.0	24.1	78.9
Cash liquidity	%	168	140	133	113	133
Earnings per share**	SEK	4:32	11:67	9:04	7:05	7:25
Shareholders' equity per share**/***	SEK	57:06	60:41	49:31	44:25	38:80
Proposed dividend	SEK	4:50	4:50	3:75	3:00	2:50
Quoted price on 31 December	SEK	92:50	129:00	127:00	109:50	163:00
P/E	times	21.4	11.1	14.0	15.5	22.5
Direct return	%	4.9	3.5	3.0	2.7	1.5
Number of employees	number	773	676	609	568	446
Salaries and remuneration	SEK m	244.0	197.0	184.0	158.8	121.3

*Key indicators calculated excl. items affecting comparability.

**Key indicators calculated on the basis of the number of shares excluding own repurchases.

***Shareholders' equity per share = visible shareholders' equity per share.

The comparison year 2000 has been recalculated due to altered accounting principles from 1 January 2001.

DEFINITIONS OF KEY INDICATORS

Earning capacity on total capital: Operating income plus financial income as a percentage of average total capital.

Earning capacity on capital employed: Operating income plus financial income as a percentage of capital employed. Capital employed refers to total assets minus non-interest-bearing liabilities, including deferred tax liability.

Earning capacity on shareholders' equity: Net profit for the year as a percentage of average shareholders' equity.

Average interest payable: Financial expenses as a percentage of total liabilities.

Debt/equity ratio: Interest-bearing liabilities divided by calculated shareholders' equity. Calculated shareholders' equity comprises shareholders' equity plus minority interests.

Operating income/Sales: Operating income before depreciation as a percentage of sales.

Profit percent: Earnings after financial income as a percentage of sales.

Profit margin: Earnings before tax excl. minority share in sales.

Capital's rate of turnover: Sales divided by total assets.

Sales per employee: Sales divided by average number of employees.

Equity/assets ratio: Shareholders' equity and minority interests as a percentage of total capital.

Cash liquidity: Current assets minus inventories as a percentage of current liabilities.

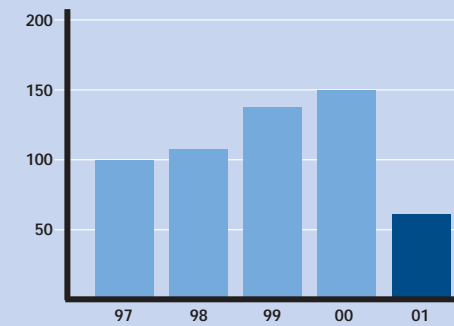
Earnings per share: The Group's net earnings after deductions for both paid and deferred tax divided by the number of shares.

Shareholders' equity per share: Shareholders' equity and minority interests divided by the number of shares.

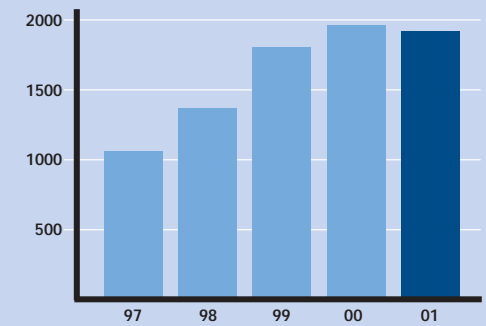
P/E (Price/Earning): Quoted price as at 31 December divided by earnings per share.

Direct return: Dividend per share divided by the quoted price at the year-end.

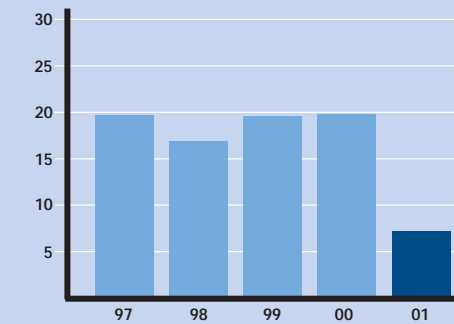
GROUP'S PROFIT BEFORE TAX*



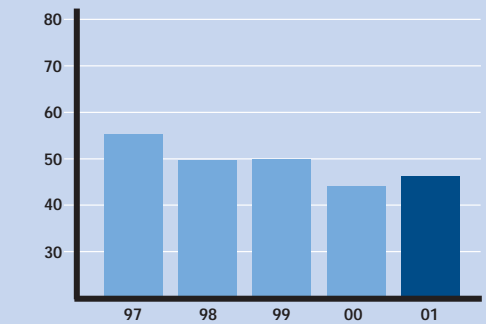
NET SALES



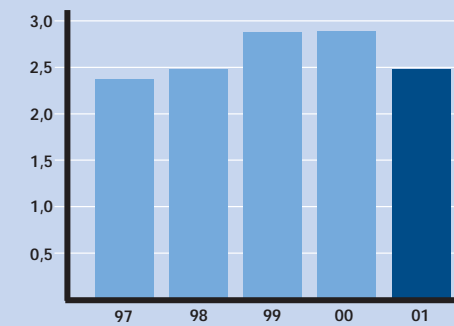
EARNING CAPACITY ON SHAREHOLDERS' EQUITY



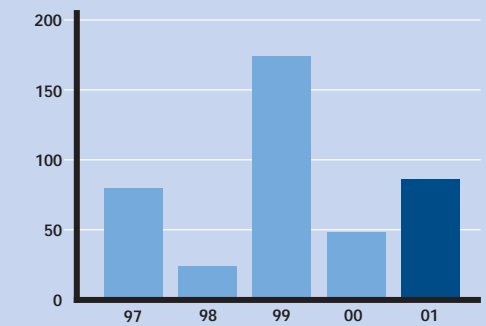
EQUITY/ASSETS RATIO



SALES PER EMPLOYEE



CASH FLOW FROM CURRENT OPERATIONS



*Key indicators calculated excl. items affecting comparability.

Growth strategy

Our goal is to achieve continual growth of at least 15% annually over an economic cycle, based on the following growth strategy:

ORGANIC GROWTH

Continuous development of the product programme and service within the operational companies makes it possible to increase the number of purchasing customers and sell more products to existing customers. A stable organic growth is evidence of satisfied customers and that what we have to offer is also attractive to new customers.

ACQUISITIONS

Our financial strength gives us the potential to search actively for suitable companies to acquire. We are looking to make acquisitions both within new product areas in order to exploit where we have market expertise, as well as on new geographical markets in order to achieve a new platform from which to expand. This has historically been a successful strategy, as the acquisitions have contributed significantly to our expansion.

GEOGRAPHICAL EXPANSION

Our business concept makes it possible for us to view the whole of Europe as a potential market. We are looking for business opportunities across the entire continent, both through starting up new companies ourselves and through acquisitions. Our long-term goal is for 50% of the Group's sales to be outside Sweden. Sales outside Sweden amounted to SEK 670.1 million (690.6). In 2001 we had business activities in 14 companies outside Sweden.

Corporate acquisitions

The outcome of an acquisition depends to a large extent on how well we succeed in bringing the company into our administrative routines, creating relations between the acquired company and us as owners, as well as making use of synergy effects.

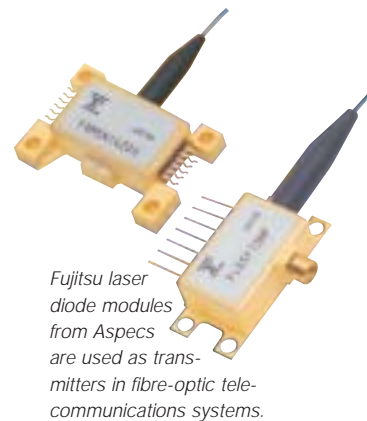
CORPORATE ACQUISITIONS 2001

- **Aspecs OY** was acquired in May. The company markets components for fibre-optic systems and supplies a new skill area in OEM's Group Electronics. The components are used primarily within the telecom industry, e.g. in cable TV applications and for data transfers. Aspecs' sales in the 2000/2001 financial year amounted to approx. SEK 45 million.

ACQUISITIONS CARRIED OUT IN 2000

- **Ing.f:a Källving AB** markets mechanical components for the engineering industry, and its sales in 2001 amounted to approx. SEK 10 million. During 2001, Källving has been integrated into OEM Automatic AB, where it has created a new platform for continued expansion. As a result of the acquisition, we have also had the opportunity to start selling Bando positive drive belts in Finland.
- **AB Indoma** sells seals, lock elements and lubricating nipples, and had sales in 2001 totalling approx. SEK 36 million. The company's sales organisation has been restructured. This has resulted in our activities being more outwardly focused and in us concentrating on larger customers.
- The acquisition of **Ernstström Hydraulik AB** laid the foundations for the Group Hydraulics corporate group. The Group displayed a positive trend and achieved sales of SEK 168 million in 2001. It has been possible to make use of considerable synergy effects.
- The acquisition of a Chinese trading business in the field of ball bearings was the basis for a new company called **OEM China Development B.V.** The company has now developed so that, in addition to distributing ball bearings to customers in Europe, it also has a production control office in China that supplies our own companies with products. The company achieved sales of approx. SEK 18 million in 2001.
- **SPG Motors Europe AB** was launched with the business concept of operating as the European representative of our supplier SPG Co Ltd in Korea. The company has not developed as planned, and we have decided to wind it up and revert to distributing SPG motors solely via our OEM Automatic companies.
- **ATT Europe Ltd**, which was previously a business area within OEM Automatic in the UK with the business concept of distributing components and systems for cooling electronics primarily to the telecom industry in Europe, has experienced a dramatic reduction in demand as a result of the changes in that sector. This led to the decision to wind up the business.

The acquisitions made in 2000 and 2001 affected the Group's sales in 2001 by approx. SEK 200 million.



Fujitsu laser diode modules from Aspecs are used as transmitters in fibre-optic telecommunications systems.

Group overview

OEM International owns and develops companies, which market components and systems for industrial automation in Europe. In simple terms, OEM operates as an alternative to the manufacturers' own local sales companies. Following the restructuring that was carried out at the end of 2001, the operational companies are divided into five corporate groups:

- **Group Automation:** Components for industrial automation.
- **Group Electronics:** Appliance components, printed circuit board components, EMC/microwave components and instruments.
- **Group Mechanics:** Mechanical components such as ball bearings, seals, lubricating nipples, linear units.
- **Group Hydraulics:** Hydraulic components as well as the design and manufacture of hydraulic units and hydraulic systems.
- **Group EP:** Production equipment and input goods for electronics production.

Each corporate group is led by a business development manager and a steering group, who are responsible for the group's overall strategy, management and following-up. The corporate groups are assembled on the basis of a supplier, product or customer focus, in order to make full use of synergy effects such as shared market communication, logistics, etc. Our businesses are based on the same basic values and business philosophy, even though they are divided into different groups.

An important part of the Group's business concept is for the operational companies to be given considerable freedom to adapt their actions to the specific conditions that apply in their own business area, and to satisfy, effectively, the interests of customers, suppliers and employees.

OEM International aims to be an active owner. In addition to establishing clear goals and expectations for the businesses, this also entails contributing with experience and supplying resources in the fields of IT, quality and the environment, as well as economic controls.

// The corporate groups are compiled on the basis of a customer and supplier focus.

OEM International AB



Facts

Group Automation

Sales

SEK 620.9 million

Income

SEK 48.6 million

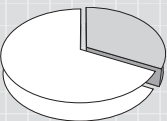
Number of employees

290 people

Proportion of

Group sales

32%



Products

- Industrial automation
- Electrical machines
- Electrical cabinets
- Pressure and flow
- Pneumatics
- Safety
- Motors and transmissions
- Cables

Geographic presence

Sweden
Denmark
Norway
Finland
United Kingdom
Poland
Italy

Companies

in the Group

OEM Automatic, SE
OEM Automatic, NO
OEM Automatic, DK
OEM Automatic, FI
OEM Automatic, UK
OEM Automatic, PL
OEM Automatic, I

AC/DC motor with integrated gearing from the Italian supplier MiniMotor.

Group Automation

OPERATIONS

Group Automation comprises of seven companies in Sweden, Finland, Norway, Denmark, Poland, Italy and the UK, all under the name OEM Automatic. The companies market components for industrial operations and represent more than 60 suppliers. The companies act independently according to the prevailing conditions on each market. Significant synergy effects are achieved within the group, including supplier co-ordination, logistics and market communication.

THE PAST YEAR

- Sales fell by 2%.
- The economic downturn and the decline in the telecom sector meant that demand fell significantly during the second half of the year.
- Activities began aimed at reducing costs in the companies.

GOALS AND STRATEGIES

The goal for Group Automation is a growth of at least 15% in sales and profit. This will be achieved through organic growth and complementary acquisitions, as well as through geographic expansion. Our product portfolio, along with our expertise and customer service, means continual new business opportunities with new and existing customers. The economic downturn in 2001 resulted in profits for the Group dropping considerably. This means that the primary focus in 2002 will be to increase internal efficiency and so also increase profitability. Group Automation sees the whole of Europe as its market, and in the long term will be looking for new opportunities to expand geographically.

MARKET AND CUSTOMERS

Our assessment is that the European market for industrial products, over an economic cycle, will grow by around 5% annually. We have a diverse range of customers, ranging from small, specialised machine and appliance manufacturers, up to large, multinational groups. Our focus is on OEM customers, although we also work with specialist distributors and strategic end consumers in order to create demand at all levels of the market.

COMPETITORS

Group Automation's competitors can be divided into two groups: trading companies such as Addtech, and the manufacturer's own sales companies, such as Honeywell, Omron or Schneider.

CEO Jörgen Zahlin is responsible for Group Automation. The previous manager, Mark Hemingway, is leaving the company on 14 March 2002.



Line emergency stop from Guardmaster that, in an emergency situation, makes it possible to either pull on the line or press the emergency stop button.

// Focus on customer activities and internal efficiency should produce increased profitability



Takex miniature photoelectric cells are used to detect the presence of objects in confined areas.

Facts

Group Electronics

Sales

SEK 519.0 million

Income

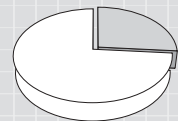
SEK 32.2 million

Number of employees

129 people

Proportion of Group sales

26%



Products

Electronics components
Automation cabinets
IT products

Geographic presence

Sweden
Finland
United Kingdom

Companies

in the Group

OEM Component AB
Egevo Elektronik AB
Pronesto AB
Aspecs Oy
About Communication
Industri AB Reflex

The "Egevo circuit" on a printed circuit board is a symbol of Egevo Elektronik's business focus, i.e. supplying niched components for printed circuit board assembly.

Group Electronics



OPERATIONS

Components for the appliance and electronics industry are marketed within Group Electronics. Our companies represent some of the world's leading manufacturers of components, each one a specialist within its product range. The Group comprises three Swedish companies, one company in Finland and business areas within the OEM Automatic companies in Finland, Norway and the UK. The Group also includes Industri AB Reflex and About Communication, whose business focus comprises customised automation cabinets and equipment for data security and data communication. The companies are included in the group in order to make use of group resources in management.

THE PAST YEAR

- Sales increased by 10%.
- Aspecs OY in Helsinki was acquired in May. The company markets circuits within microwave technology, fibre-optic amplifiers and EMC components.
- Egevo has been appointed to represent Dallas Semiconductor which is expected to achieve sales of SEK 10-15 million annually.
- Demand from the telecom market fell during the year by approx. 40%.

GOALS AND STRATEGIES

Our companies' goal is to create considerable market share through organic growth.

The companies will expand while retaining their profit margins, and will grow more than the sector average. This includes the expansion of product areas through the addition of suitable agencies. In addition to knowledge in conjunction with in-design, we offer our customers greater depth through more complete solutions.



Jan Hultman, Manager of Group Electronics

// Our customers can benefit from our extensive range.

MARKETS AND CUSTOMERS

Following the structural change within the telecom sector, it is important for us to work with designers and manufacturers who intend to continue operations in northern Europe. In addition to telecom, Group Electronics is also strong within market areas such as the automotive industry, medical engineering and industrial applications, with customers such as ESAB, Autoliv, De Laval and Beijer Electronics.

COMPETITORS

Competitors in the field of electronics/electro mechanics can be divided into two groups: global component distributors such as Arrow and Avnet, and trading companies such as Addtech. The latter can also be the manufacturers' own agency offices.



In the autumn, Egevo Elektronik AB was awarded the right to distribute Dallas in Sweden. Dallas, which has sales worth approx. USD 500 million, was acquired earlier in the year by Maxim. Dallas' product range and customer base reinforces our market position.



Chomerics screen material is one of the largest product areas in Pronesto AB. The products are used e.g. in telecom applications where interference elimination is required.

Facts

Group Mechanics

Sales

SEK 159.3 million

Income

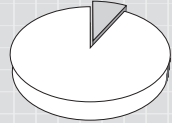
SEK -0.3 million

Number of employees

73 people

Proportion of Group sales

8%



Products

Bearings

Seals

Systems for

- linear movements
- positioning

Geographic presence

Sweden

Finland

The Netherlands

China

Companies

in the Group

IBS Internordic

Bearing Sweden AB

OEM Multimetal OY

AB Indoma

OEM China

Development BV

A. Karlson

Industri teknik AB

Bearings and bushings are the main products for three of the five companies in the Group. The segment is primarily developed with customised solutions, where the companies work alongside the customers' development departments to produce application solutions.

Group Mechanics



// The growth strategy comprises increased market share, geographic expansion and an extension of the product range.

Andreas Fålt, Manager of Group Mechanics

OPERATIONS

Group Mechanics markets mechanical components in the fields of bearings, seals and mounting elements, as well as systems for linear movements and positioning. The Group comprises three companies in Sweden, one in Finland and one in the Netherlands. The latter has the business concept of supplying primarily the companies in its group with products from China, with the aim in the long term of supporting the entire Group's product range.

THE PAST YEAR

- Sales increased by 19%.
- The backlog of orders increased by more than 40%.
- A production control office was established in China.
- The majority of agencies were renegotiated to cover the whole of Scandinavia.

GOALS AND STRATEGIES

The goal for the group is at least 15% growth annually. This is achieved primarily through personal sales, participation in customers' development projects and the potential to supply the highest quality with the correct specification.

The growth strategy comprises increased market share, geographic expansion with existing concepts and an extension of the product range. An important part of the growth strategy is the establishment of a production control office in China that supplies mainly our own companies with products.

MARKETS AND CUSTOMERS

Sales are primarily concentrated on the Nordic market through companies in Sweden and Finland. Through these companies, we now also cover both Norway and Denmark with continual, outwardly focused operations. Approximately 10% of sales comprise of supplies to European customers outside the Nordic region. The customers are primarily in the automotive, materials handling and mechanical engineering industries.

COMPETITORS

The competitors for Group Mechanics, apart from SKF, which is the largest competitor when it comes to bearings, are principally other producers and importers of mechanical components.



Ball screws from A. Karlson are used for the conversion of circular movements, e.g. from a motor, into linear movements. Ball screws are common in robots, co-ordinate tables, machine tools, etc.



Speed and precision are key words in positioning. A. Karlson, with brands such as Panasonic and Hengstler, is a strong player on the Swedish market.



AB Indoma, which specialises in sealing technology and which has more than 50 years in the industry, has created a leading position for itself.

Facts Group Hydraulics

Sales

SEK 168.9 million

Income

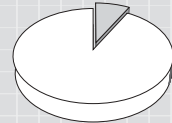
SEK -1.2 million

Number of employees

69

Proportion of Group sales

9%



Products

Hydraulic components
Hydraulic units

Geographical market

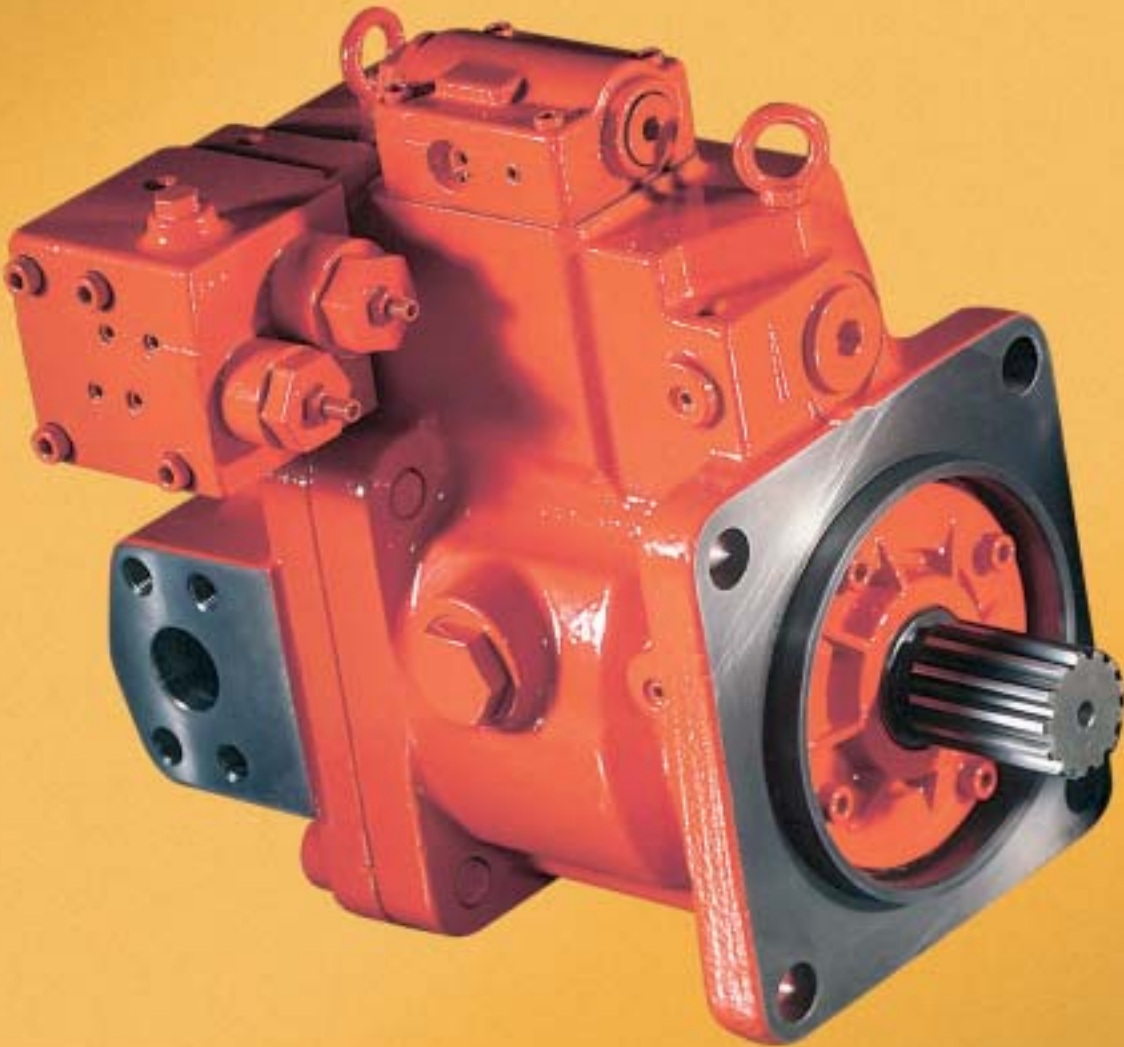
Sweden
Denmark

Companies in the Group

JMS Systemhydraulik AB
Hydrac AB
Hydroprodukter
International AB

During 2001 collaboration was established with Kawasaki Precision Machinery UK, which has annual sales of SEK 360 million. KPM is part of the global Kawasaki Group, which has more than 16,000 employees. This provides JMS with an extremely good complement as regards axial piston pumps and radial piston engines. During 2001, an operation has been established on the Swedish market. Customers can mainly be found in the mobile, industry and marine hydraulics segments.

Group Hydraulics



OPERATIONS

Group Hydraulics comprises three companies, all based in Sweden. The companies market hydraulic components as well as designing and manufacturing hydraulic units and complete hydraulic systems, mainly for Swedish OEM customers.

THE PAST YEAR

The entire corporate group was acquired in November 2000. The first year in the OEM Group has included:

- Sales for the Group's companies increased by 15%.
- JMS established a collaboration with Kawasaki Precision Machinery, which is a leading manufacturer of hydraulic pumps and motors.
- The establishment of a sales office in Umeå means increased presence in northern Sweden, which is an important part of the Swedish hydraulics market.
- Co-ordination within the Group regarding e.g. premises, communications and certain administrative services has contributed to rationalisation in the Group.

GOALS AND STRATEGIES

The focus areas for Group Hydraulics are primarily increased profitability at existing companies, and secondly growth on new and existing markets. Future growth is expected to be achieved both through product range development via new suppliers in existing companies, as well as through increased sales in the rest of Scandinavia. The strategy for achieving increased profitability is rationalisation of the production processes.

MARKETS AND CUSTOMERS

In recent years, the hydraulics market has demonstrated weak growth and profitability in the sector has decreased. The most important customer segments are the paper and cellulose industry, the marine and offshore industry, mobile hydraulics, as well as materials handling and lifting technology. The customers are displaying considerable interest in more ready-made solutions, which places high demands on innovation on the part of the suppliers.

COMPETITORS

The competition on the Swedish market comes mainly from a number of companies in Hexagon's Automation Group – Dacke Hydraulik, as well as from global players such as Bosch Rexroth and Parker Hannifin.



JMS Systemhydraulik's production plant in Sjömarken, near Borås, measures over 2.000 m² and has the capacity to build the largest units on the market, with a test capacity on site up to 250 kW.



Rolls-Royce/Kamewa is the world-leading producer of propeller and water jet propulsion for vessels. We supply hydraulics for e.g. the steering of water jets and the angling of propeller blades. The picture is of Rolls-Royce Kristinehamn's test laboratories.



// The strategy for achieving increased profitability is rationalisation of the production process.

Fredrik Tengstrand, Manager
of Group Hydraulics

Facts Group EP

Sales

SEK 494.8 million

Income

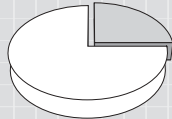
SEK -1.3 million

Number of employees

180 people

Proportion of Group sales

25%



Products

Production systems
and input goods for
electronics production.

Geographic presence

Sweden
Finland
Norway
Denmark
Poland

Companies

in the Group

Cyncrona AB, SE
Cyncrona AS, NO
Cyncrona A/S, DK
Cyncrona OY, FI
Cyncrona Sp.z o.o., PL
Jubo Mechatronics AB

*New component types
are leading to electronic
products becoming
smaller and smaller.*

Group Electronic Production

// In addition to products, materials and
services, we also offer turnkey solutions

Göran Johansson, Manager of Group EP

OPERATIONS

The corporate group comprises six companies operating in the Nordic region and Poland. Five of the companies, all under the name Cyncrona, market production equipment and materials for electronics production. Jubo Mechatronics develops and manufactures production equipment for the electronics and light manufacturing industry. Installation, support and training represent an important part of the operation.

THE PAST YEAR

- The decline in the telecom industry led to sales falling by 25%.
- Company established in Poland.
- Agreement with Loctite makes us the distributor for e.g. conductive adhesives in the Nordic region.
- Rationalisation scheme for adjusting to the new market situation has commenced.

GOALS AND STRATEGIES

As the majority of the Group's customers are in the telecom sector, the trend for telecom is reflected in the companies' results. The strategy has involved rapidly adjusting resources to anticipated demand, at the same time as conducting activities with the focus to attract new customers. As part of our strategy of expansion, we have launched an operation in Poland. The aim is for the Polish company to show a positive result during 2002. In order to retain our position as the Nordic countries leading supplier of production equipment for the electronics industry, we are also offering turnkey solutions in addition to products, materials and services. For Jubo Mechatronics, the strategy of supplying standard modules has resulted in better cost-effectiveness and increased flexibility.

MARKETS AND CUSTOMERS

The Cyncrona Group's available market comprises primarily the electronics industry in Poland and the Nordic region. The structural change within this sector has entailed production being moved to subcontractors in low-cost countries such as China, the Baltic States, Poland, etc. Major customers include Nokia, Ericsson, SCI, Soletron, Flextronics and Elcoteq. Apart from the telecom industry, Jubo Mechatronics' customers are mainly to be found in the pharmaceuticals and light manufacturing industries.

COMPETITORS

The Cyncrona Group's competitors include Siemens, Philips, Universal and parts of Elektronikgruppen and Addtech. Jubo Mechatronics' competitors include the Finnish companies PMJ and JOT.



*Jubo Mechatronics AB develops automation
modules, which are used in the production of
e.g. pharmaceutical and electronic products.*



*Interested customers at
Cyncrona's booth at the
EP trade fair in Stockholm,
January 2002.*



*Fuji's new surface assembly
machine XP is more compact
and flexible than previous
machines from Fuji. The
machine was launched in
2001 and is considered to
have considerable potential
for the future.*

OEM shares

OEM INTERNATIONAL ON THE STOCK EXCHANGE

The OEM's share was quoted on the Stockholm Stock Exchange's (Stockholmsbörsen) OTC list in December 1983 and since then have displayed a healthy price trend. Anyone who purchased 100 shares in OEM for SEK 12,500 at the time they were introduced onto the market, had a holding of 2,400 shares at a value of SEK 222,000 on 31 December 2001 equivalent to an annual yield excluding dividends of 17%.

During 2000 OEM's shares were transferred to the O list. OEM International satisfies the demands stipulated by Stockholmsbörsen for a listing on the A list. However, as shares on the O list are exempt from capital tax, and moving them to the A list would have significant tax implications for the shareholders, the Board of Directors has decided to allow OEM's shares to remain quoted on the O list.

PRICE TRENDS

The price of OEM International shares fell during the year by 18% to a closing value of SEK 92.50. The highest price paid during the year, SEK 133.00 was recorded on 29 May, and the lowest price, SEK 72.00 on 22 September. OEM's market value at the end of 2001 amounted to SEK 771 million. If own holdings of shares are excluded, OEM's market value amounted to SEK 752 million. During the year, the Stock Exchange's SAX index fell by 16.9% and the index for SX Industrials by 5.8%.

SALES

During 2001. 1,046,363 class B shares were sold, corresponding to a turnover rate of 12.9%. The average shareholder in OEM therefore holds onto his shares for around 8 years. In recent years, the turnover rate has been around 30%. The corresponding figure for the Stockholm

Exchange as a whole in 2001 was 134% and for the O list 80%. OEM's class B shares have been sold on 95% of the trading days, with an average turnover per day in 2001 of 4,185 shares. On 31 December 2001 OEM International had 3,287 shareholders, an increase of 83% since 1996. Institutional ownership stands at around 27%, while overseas ownership amounts to 23%.

REPURCHASE OF SHARES

The repurchase programme for shares, which was adopted for the first time by the Annual General Meeting in 2000 is intended to improve our capital structure and contribute positively to return on shareholders' equity and profit per share. At the end of the year, a reduction of share capital had been implemented corresponding to 781,500 shares which had previously been repurchased. After this reduction, there are 8,332,203 shares in the company.

As per 31 December 2001 we have repurchased 200,000 shares at an average price of SEK 126 equivalent to 2.4% of the total number of shares. The Board of Directors has been authorised by the Annual General Meeting to repurchase up to 10% of the total number of shares, i.e. 833,220. The objective is to continue the repurchases up to 10% of the total number of shares when the Board considers that the conditions are attractive. The acquired shares will be kept, deregistered or used as payment in corporate acquisitions. We have minimised the disadvantages which this can entail, i.e. that the number of shareholders is decreased and the liquidity of the share declines, by mainly purchasing large blocks of shares.

RISK

OEM's beta value – a measure of how a share moves given a change in the Stock Exchange's SAX index

– is approximately 0.53. This means that the shares can be said to have a low risk. The spread between the operations within the group entails a low business risk. At the same time, the financial risk is very low, due to the high equity/assets ratio. This means that the equity/assets ratio can be lowered to tally better with the business risk without the overall risk for OEM's shares increasing significantly.

DIVIDEND POLICY

The goal for the Board of Directors of OEM International is to propose a reasonable dividend of profits to the shareholders, considering the financial position, the tax situation and any need for acquisitions or investments in the operation. Over the past five years, the average growth in dividend has been 18% annually.

DIVIDEND

The Board of Directors and the Managing Director

propose a dividend of SEK 4.50 per share (4.50), equivalent to 10% of non-restricted equity.

FINANCIAL INFORMATION

OEM aims to maintain high quality as regards information to the market and the media. The goal is for the information to facilitate an accurate valuation and liquid trading of the shares. The dates for the Annual General Meeting, interim reports and annual report for the 2002 fiscal year can be found in the information on page 2 of this annual report. Financial information is also published on the Group's website, at www.oem.se. As a shareholder, you are also able to receive interim reports and other press releases by e-mail, at the same time as it is made public on the market. Send an e-mail to info@int.oem.se and state "Corporate information", and you will be included on our e-mailing list in future.

SHAREHOLDER DISTRIBUTION – OEM'S 10 LARGEST SHAREHOLDERS ON 28.12.2001

OWNERS	Number Class A shares	Number Class B shares	Percentage share capital	Percentage votes
Pantzar Orvar	635 440	983 250	19.9	32.7
Franzén Hans and family	476 792	518 750	12.2	23.6
Svenberg Agne and family	476 800	203 812	8.4	22.2
Skandia	0	451 600	5.6	2.0
AFA Försäkring	0	433 400	5.3	1.9
SEB equity funds	0	400 000	4.9	1.8
Banco equity funds	0	269 600	3.3	1.2
Länsförsäkringar Jönköping	0	218 000	2.7	1.0
Industri tjänstemannaförbundet	0	145 000	1.8	0.6
Didner & Gerge equity fund	0	140 900	1.7	0.6
Total, 10 owners	1 589 032	3 764 312	65.8	87.6
Other	0	2 778 859	34.2	12.4
Total	1 589 032	6 543 171	100.0	100.0
Votes per share	10	1		

In the above breakdown, the company's own holding of 200,000 class B shares is not included. The purpose is to make it easy for the reader to determine the various owners' influence in the company.

Key indicators

for OEM's shares in the past five years

PERFORMANCE KEY INDICATORS		2001	2000	1999	1998	1997
Sales per share	SEK	239	227	196	156	116
Increase in sales per share	%	5.3	15.8	25.6	34.5	11.5
Earnings per share*	SEK	4:32	10:81	9:04	7:05	7:25
Shareholders' equity per share	SEK	57:06	60:41	49:31	44:25	38:80
Proposed dividend	SEK	4:50	4:50	3:75	3:00	2:50
Dividend/Income	%	104.2	41.6	41.5	42.6	34.5
Dividend/Shareholders' equity	%	7.9	7.4	7.6	6.8	6.4
Cash flow per share	SEK	11:00	5:70	18:87	2:65	8:66
RISK KEY INDICATORS						
Beta values (48 months)		0.53	0.49	0.69	0.75	0.68
Rate of turnover for shares	%	12.9	30.0	32.3	25.8	35.0
VALUATION KEY INDICATORS						
Quoted price on 31 December	SEK	92:50	129:00	127:00	109:50	163:00
Quoted value on 31 December	SEK M	752	1 117	1 157	998	1 486
P/S number	times	0.4	0.6	0.6	0.7	1.4
P/S number	times	21.4	11.9	14.0	15.5	22.5
Price/Shareholders' equity	%	162	214	258	247	420
EV/Sales	times	0.5	0.6	0.6	0.7	1.3
EBIT multiple	times	12.7	7.2	8.1	9.8	15.5
Direct return	%	4.9	3.5	3.0	2.7	1.5

*Excluding items affecting comparability.

The comparison year 2000 has been recalculated due to altered accounting principles from 1 January 2001.

DEFINITIONS OF KEY INDICATORS

Sales per share: The Group's sales divided by the number of shares on the market.

Increase in sales per share: Increase in the Group's sales per share.

Earnings per share: The Group's net earnings after deductions for both paid and deferred tax divided by the number of shares on the market.

Shareholders' equity per share: Shareholders' equity and minority interests divided by the number of shares on the market.

Dividend/Income: Proposed dividend in relation to the income for the year.

Dividend/Shareholders' equity: Proposed dividend in relation to shareholders' equity and the minority interests.

Cash flow per share: Cash flow for current operations divided by the number of shares on the market.

Beta values: Measure of historical change in the share price in relation to the price fluctuation of the general index.

Rate of turnover for shares: The number of shares sold divided by the number of outstanding shares at the year-end.

P/S number: Stock market value in relation to the Group's sales.

P/E number: Quoted price as at 31 December divided by earnings per share.

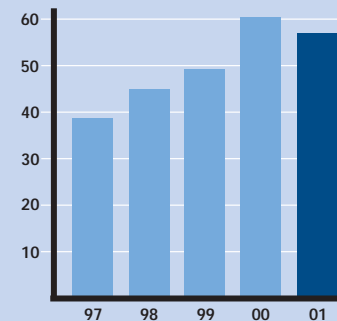
Price/Shareholders' equity: Quoted price divided by shareholders' equity per share.

EV/Sales: Enterprise value (stock market value + net liability + minority interest) divided by the Group's sales.

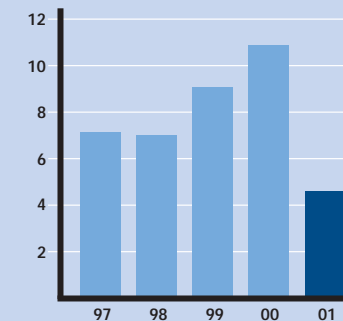
EBIT multiple: Enterprise value divided by the Group's operating income after depreciation.

Direct return: Dividend per share divided by the quoted price at the year-end.

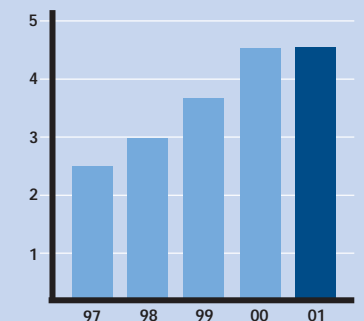
SHAREHOLDERS' EQUITY PER SHARE



EARNINGS PER SHARE



DIVIDEND PER SHARE



SHAREHOLDER STATISTICS AS AT 28.12.2001*

Size class	Percentage of number of owners	Percentage of share capital
1-500	73.3	5.3
501-1 000	12.9	4.3
1 001-2 000	7.0	4.6
2 001-5 000	4.0	5.5
5 001-10 000	1.4	4.1
10 001-20 000	0.6	3.3
20 001-50 000	0.3	2.7
50 001-100 000	0.1	3.1
100 001-5 000 000	0.4	67.1
Total	100.0	100.0

There are a total of 3,287 shareholders in OEM

*Source: VPC AB and SIS Ågarservice AB. Directly and agent registered. In the table, ownership details may be a combination of several items in VPC's statistics. This combination is intended to show an institution's or a private individual's total ownership in OEM

SHARE CAPITAL TREND

YEAR	Transaction	Change in share capital, SEK 000	Total shareholders' equity, SEK 000	Total number shares, qty	Nominal value per share, SEK
	Opening value	50	50	500	100
1981	Bonus issue	350	400	4 000	100
1983	Split	-	400	40 000	10
1983	Bonus issue	400	800	80 000	10
1983	New issue	800	1 600	160 000	10
1983	New issue	400	2 000	200 000	10
1986	Bonus issue	4 000	6 000	600 000	10
1986	New issue				
	through translation	360	6 360	636 000	10
1994	Split	-	6 360	1 272 000	5
1994	Bonus issue	6 360	12 720	2 544 000	5
1996	Bonus issue	12 720	25 440	5 088 000	5
1997	New issue				
	through subscription in kind	20 129	45 569	9 113 703	5
2001	Reduction	-3 908	41 661	8 332 203	5

Directors' report

The Board and the Managing Director of OEM International AB (Publ) hereby submit the annual report and the consolidated accounts for the 2001 fiscal year.

THE GROUP

OEM International AB is represented via its subsidiary companies in the Nordic countries as well as in the UK, the Netherlands, Italy and Poland.

OPERATIONS

Operations focus on the sale and marketing of components and systems for automation.

CONSOLIDATED SALES AND INCOME

The total sales for the Group amounted to SEK 1,944,130 thousand (1,967,405). Profit for the year after tax amounted to SEK 35,135 thousand (101,008), which is equivalent to SEK 4.22 (11.08) per share.

SALES AND INCOME PARENT COMPANY

The parent company's sales amounted to SEK 4,502 thousand (3,136). Of this total, SEK 4,378 thousand (3,015) relates to sales to subsidiary companies. Profit before appropriations and tax amounted to SEK 18,529 thousand (6,413).

GROUP CHANGES 2001

All shares in Aspects OY, Finland have been acquired. In addition, a new wholly-owned company, Cyncrona Sp.z.o.o., has been established in Poland. CosComp OY, Finland has become part of OEM Automatic OY, Finland.

FINANCIAL POSITION 2001

Liquid assets (incl. unused overdraft) in the Group amounted at the end of the year to SEK 216,068 thousand (167,719). The Group's equity/assets ratio at the year-end amounted to 47.0% (43.8).

INVESTMENTS

Investments in the Group during the year amounted to SEK 27,987 thousand (43,222) in machinery and equipment, SEK 6,236 thousand (983) in buildings, and SEK 5,691 thousand (29,054) in goodwill.

ALECTA-SPP'S EXCESS FUNDS

The new rules issued by Alecta regarding direct payment of allocated corporate funds have been observed. This means that the majority of the claim will be paid out during 2002

which has resulted in the claim being entered at nominal value with no interest discount. The change in the claim due to the current value calculation amounted to SEK 5,060 thousand and can be found in the Income Statement under the item "Other interest income and similar income items".

ENVIRONMENTAL IMPACT

Some of the subsidiary companies within the group conduct operations that require registration in accordance with the Environmental Code. This refers to engineering industry with a maximum of 5,000 m² workshop floor, including installation, in accordance with code M2B testing level C.

NEW CEO

Jörgen Zahlin, MD of OEM International AB, is taking over the role of CEO from Hans Franzén from the start of 2002.

THE WORK OF THE BOARD

During the year, OEM International's Board of Directors has comprised six members elected by the Annual General Meeting. The Board has held 5 minuted meetings during the year. The Board's work follows a pre-determined plan, in particular as regards current business. The treatment of other business depends on the nature of the business. Once a year, the selected auditor participates and reports on the audit work.

REPURCHASE OF OWN SHARES

With the aim of improving the Group's return on shareholders' equity and earnings per share, OEM International AB has utilised the authority granted to the Board of Directors by the Annual General Meeting to repurchase own shares. At the end of the year, 200,000 shares had been repurchased at an average price of SEK 126. This is equivalent to 2.4% of the outstanding number of shares. The Annual General Meeting's mandate covers the repurchase of a maximum of 833,220 shares (10%).

FUTURE DEVELOPMENT

The Group's objective is to increase sales and income by an average of 15% annually over an economic cycle. This means that the Group must continually search for new opportunities in the form of efficiency-raising measures, both within administration and marketing. The OEM Group is financially strong and well equipped for continued expansion.

Figures for 2000 are given in brackets

Income statement (figures in SEK 000)

		THE GROUP		THE PARENT COMPANY	
	NOTE	2001	2000	2001	2000
Net sales		1 944 130	1 967 405	4 502	3 136
Change of products in production		447	678	–	–
		1 944 577	1 968 083	4 502	3 136
OPERATING EXPENSES					
Raw materials and supplies		-54 861	-135 788	–	–
Trading stock		-1 249 715	-1 191 633	–	–
Other external expenses		-176 061	-130 584	-5 860	-5 130
Personnel expenses	1	-341 185	-305 792	-8 443	-7 226
Depreciation tangible and					
intangible fixed assets	2	-58 502	-55 614	-1 538	-1 400
Items affecting comparability	3	–	15 898	–	–
Operating income		64 253	164 570	-11 339	-10 620
INCOME FROM FINANCIAL ITEMS					
Income from shares in Group companies	4	–	–	27 900	13 200
Income from shares in associated companies	5	615	1 167	700	850
Income from other securities and receivables					
which are fixed assets	6	14	17	–	–
Other interest income and similar income items	7	12 173	5 946	7 872	4 073
Interest expenses and similar expense items	8	-15 970	-7 532	-6 604	-1 090
Income after financial items		61 085	164 168	18 529	6 413
APPROPRIATIONS					
Difference between book depreciation and depreciation according to plan:					
• Buildings and land		–	–	193	193
• Equipment, tools and installations		–	–	-115	36
Accruals fund, resolution		–	–	9 459	9 631
Re-posting of taxation equalisation reserve K		–	–	–	492
Income before tax		61 085	164 168	28 066	16 765
Taxes	9	-25 950	-63 160	156	-752
Profit for the year		35 135	101 008	28 222	16 013

Balance Sheet (figures in SEK 000)

ASSETS

		THE GROUP		THE PARENT COMPANY	
	NOTE	2001.12.31	2000.12.31	2001.12.31	2000.12.31
FIXED ASSETS					
INTANGIBLE FIXED ASSETS					
Goodwill	10	59 184	83 200	–	–
TANGIBLE FIXED ASSETS					
Buildings and land	11	109 479	96 321	16 677	10 710
Machinery and other technical facilities	11	5 424	17 590	–	–
Equipment, tools and installations	11	55 292	62 369	2 653	1 261
Construction in progress		–	7 723	–	6 051
		170 195	184 003	19 330	18 022
FINANCIAL FIXED ASSETS					
Shares in Group companies	12	–	–	231 408	231 408
Shares in associated companies	13	5 010	5 271	1 200	1 200
Receivables from Group companies	17	–	–	349 557	310 369
Other long-term securities holdings		1 978	2 531	–	–
Ownership right		1 048	1 048	1 018	1 018
Other long-term receivables		4 491	14 122	–	–
Deferred tax claim		11 387	30 902	6 691	28 346
		23 914	53 874	589 874	572 341
Total fixed assets		253 293	321 077	609 204	590 363
CURRENT ASSETS					
INVENTORIES ETC.					
Raw materials and supplies		1 783	1 845	–	–
Work in progress		12 356	19 691	–	–
Finished goods and trading stock		326 207	301 428	–	–
Advances to suppliers		1 906	5 148	–	–
		342 252	328 112	–	–
CURRENT RECEIVABLES					
Customer receivables		224 427	388 891	42	33
Receivables from Group companies		–	–	91 096	95 151
Tax claims		16 424	–	8 465	8 465
Other receivables		28 635	20 737	103	991
Prepaid expenses and accrued income	14	22 067	20 910	1 065	497
		291 553	430 538	100 771	105 137
CASH AND BANK					
		101 197	113 103	15	17
Total current assets		735 002	871 753	100 786	105 154
Total assets		988 295	1 192 830	709 990	695 517

Balance Sheet (figures in SEK 000)

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

		THE GROUP		THE PARENT COMPANY	
	NOTE	2001.12.31	2000.12.31	2001.12.31	2000.12.31
SHAREHOLDERS' EQUITY					
RESTRICTED EQUITY					
Share capital	15	41 661	45 569	41 661	45 569
Restricted reserves	16	56 602	62 966	29 242	29 242
		98 263	108 535	70 903	74 811
NON-RESTRICTED EQUITY					
Non-restricted reserves		330 613	313 516	216 967	245 345
Profit for the year		35 135	101 008	28 222	16 013
		365 748	414 524	245 189	261 358
Total shareholders' equity		464 011	523 059	316 092	336 169
UNTAXED RESERVES					
Accumulated excess depreciation:					
Buildings and land	11	–	–	786	979
Machinery and equipment	11	–	–	445	330
Accruals fund, set aside during taxation 1996		–	–	–	9 459
Accruals fund, set aside during taxation 1997		–	–	10 161	10 161
Accruals fund, set aside during taxation 1998		–	–	7 653	7 653
Accruals fund, set aside during taxation 1999		–	–	6 583	6 583
Total untaxed reserves		–	–	25 628	35 165
PROVISIONS					
Provisions for pensions and similar obligations		1 874	1 480	–	–
Provisions for taxes		34 793	41 945	–	–
Guarantee provisions		2 452	4 654	–	–
Total provisions		39 119	48 079	–	–
LONG-TERM LIABILITIES					
Overdraft	17	246 252	197 963	139 724	89 229
Other liabilities to credit institutes	18	5 107	35 740	–	–
Total long-term liabilities		251 359	233 703	139 724	89 229
CURRENT LIABILITIES					
Liabilities to credit institutions		146	2 145	–	–
Advances from customers		922	10 708	–	–
Accounts payable		107 681	228 865	1 021	4 947
Liabilities to Group companies		–	–	225 306	227 964
Liabilities to associated companies		495	2 708	–	–
Tax liability		–	7 974	–	–
Other liabilities		30 733	41 805	177	149
Accrued expenses and prepaid income	19	93 829	93 784	2 042	1 894
Total current liabilities		233 806	387 989	228 546	234 954
Total shareholders' equity, provisions and liabilities		988 295	1 192 830	709 990	695 517

Balance Sheet (figures in SEK 000)

PLEDGED ASSETS AND CONTINGENT LIABILITIES

	NOTE	THE GROUP		THE PARENT COMPANY	
		2001.12.31	2000.12.31	2001.12.31	2000.12.31
PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS					
	18				
Mortgages on property		42 650	37 650	7 500	7 500
Business mortgages		89 400	86 550	–	–
Total pledged assets		132 050	124 200	7 500	7 500
CONTINGENT LIABILITIES					
Security undertakings to the benefit of Group companies		–	–	243 424	210 498
Guarantee commitments		12 500	17 489	–	–
Location grants		501	837	–	–
Pension commitments		–	55	–	–
Total contingent liabilities		13 001	18 381	243 424	210 498

Cash flow statement (figures in SEK 000)

		THE GROUP		THE PARENT COMPANY	
	NOTE	2001.12.31	2000.12.31	2001.12.31	2000.12.31
CURRENT OPERATIONS					
Income after financial items*		61 085	164 168	18 529	6 413
Adjustments for items not included in the cash flow		62 227	73 479	1 553	1 400
		123 312	237 647	20 082	7 813
Tax paid		-38 695	-42 561	-	62
Cash flow from current operations before changes in operating capital					
		84 617	195 086	20 082	7 875
Cash flow from changes in operating capital					
Change in inventories		-12 976	-53 193	-	-
Change in customer receivables		174 701	-85 011	-9	-33
Change in receivables		1 419	-20 818	-34 813	-171 613
Change in accounts payable		-128 392	30 146	-3 926	4 598
Change in liabilities		-29 914	-16 820	-2 482	33 163
Cash flow from current operations		89 455	49 390	-21 148	-126 010
INVESTMENT OPERATIONS					
Acquisition of subsidiary companies	20	-7 077	-52 541	-	-
Acquisition of tangible fixed assets		-32 656	-51 453	-2 862	-6 288
Sales of tangible fixed assets		16 604	14 947	-	-
Sales of financial fixed assets		-	-	-	25 530
Cash flow from investment activities		-23 129	-89 047	-2 862	19 242
FINANCING ACTIVITIES					
Group subsidy		-	-	77 900	95 000
Loans taken up		19 801	95 455	50 495	89 229
Amortisation of liability		-2 145	-	-	-
Paid dividend		-37 495	-34 176	-37 495	-34 176
Repurchase of own shares		-66 892	-57 983	-66 892	-57 983
Cash flow from financing activities		-86 731	3 296	24 008	92 070
Cash flow for the year		-20 405	-36 361	-2	-14 698
Liquid funds at the start of the year					
		113 103	150 375	17	14 715
Price difference liquid funds		8 499	-911	-	-
Liquid funds at the end of the year		101 197	113 103	15	17
*Specification financial items					
Rents received		7 113	5 946	7 872	4 073
Dividends received		14	17	28 600	14 050
Current value calculation SPP funds		5 060	-	-	-
Write-down other shares		-1 101	-	-	-
Rents paid		-14 869	-7 532	-6 604	-1 090

Notes with accounting principles and year-end comments

Amounts in SEK 000 unless otherwise indicated.

GENERAL ACCOUNTING PRINCIPLES

The Annual Report has been prepared in accordance with the Annual Accounts Act. The company follows the recommendations of the Swedish Financial Accounting Standards Council. A number of new recommendations have entered into force from 1 January 2001. Of these recommendations, RR9 Income tax has meant altered accounting principles. The application of RR9 Income tax means that temporary differences between taxation and accounting are observed when reporting tax by means of the difference being entered in the Balance Sheet as deferred tax claim or deferred tax liability. Changes in respect of deferred tax are reported as a tax expense or tax income in the Income Statement. The comparison year 2000 has been recalculated using the same accounting principles as 2001.

VALUATION PRINCIPLES

Assets, provisions and liabilities have been valued at their acquisition values unless otherwise stated below.

INVENTORIES

Inventories, valued in accordance with the Swedish Financial Accounting Standards Council's recommendation no. 2. Reporting inventories, are entered at the acquisition value or the actual value, whichever is the lower. For the Swedish companies, inventories have been valued at 97% of the acquisition value or at the actual value. In the overseas companies, the stock has been valued at the actual value. For semi-manufacturers and finished goods produced in-house, the acquisition value comprises direct manufacturing costs and reasonable increments for indirect manufacturing costs.

RECEIVABLES

Following individual valuation, receivables have been entered at the amounts which are expected to be received.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies have been converted at the closing rate in accordance with recommendation no. 8 of the Swedish Financial Accounting Standards Council. Operations-related exchange rate differences on current receivables and liabilities are included in operating income.

DEPRECIATION PRINCIPLES FOR FIXED ASSETS

Depreciation according to plan is based on the original acquisition values and calculated economic lifetime.

The following depreciation times are applied	THE GROUP	THE PARENT COMPANY
Intangible fixed assets		
Goodwill	5–10 years	–
Tangible fixed assets		
Buildings	20–50 years	25 years
Appreciation of building	20–40 years	–
Land improvements	20 years	20 years
Machinery and other technical facilities	5–10 years	–
Equipment, tools and installations	3–10 years	3–5 years

The difference between the depreciation mentioned above and the tax depreciation is reported in the parent company as accumulated excess depreciation, which is included in untaxed reserves.

REPORTING GROUP SUBSIDY

The company follows the declaration of the Swedish Financial Accounting Standards Council's emergency group on the reporting of Group subsidies, which entails Group subsidies being reported according to their financial significance. Group subsidies that are granted and received with the aim of minimising the Group's tax are reported as a reduction or increase in non-restricted equity.

CONSOLIDATED ACCOUNTS

The consolidated accounts have been prepared in accordance with the recommendation of the Swedish Financial Accounting Standards Council (RR1:96). Consolidated accounts cover the companies in which the parent company, either directly or through subsidiary companies, holds more than 50% of the votes or in some other way has a controlling influence in accordance with the Annual Accounts Act 1:4.

As in previous years, the consolidated accounts have been prepared in accordance with the acquisition method. When using the acquisition method, this is done in such a way that if the Group acquisition value for the shares is more/less than the market value of the company's net assets entered in the acquisition analysis, the difference is entered as Group goodwill which is amortised/resolved. The Group's shareholders' equity covers the parent company's shareholders' equity and that part of the subsidiaries' shareholders' equity which is earned after the time of the acquisition. Companies acquired during the year have affected the Group's Income Statement corresponding to the time for which the companies have been part of the Group.

The overseas subsidiaries' Balance Sheets and Income Statements have been translated according to the current rate of exchange method. This means that all assets, provisions and other liabilities are translated at the closing exchange rate, and all items in the Income Statement at the average rate for the year. Any translation differences that arise are posted directly to shareholders' equity and consequently do not effect the year's results. Appropriations and untaxed reserves are excluded from the Consolidated Income Statement and Balance Sheet. Appropriations in the individual companies have been divided up so that the tax component is included in the Group's tax expense while the remainder is included in the Group's net results.

Untaxed reserves have been divided up so that the deferred tax liability is reported as provisions for deferred tax, while the remainder is reported under restricted reserves. The deferred tax liability for Swedish companies has been calculated at 28% (28) and for overseas companies at the local tax rate.

ASSOCIATED COMPANIES

Associated companies are companies in which OEM owns shares where the voting entitlement is between 20% and 50%. Associated companies are reported by the equity method. The equity method means that the book value within the Group for the shares in the associated companies corresponds to the Group's share in the associated companies' shareholders' equity as well as any residual values in Group surplus and deficit values. "Income from shares in associated companies" in the Consolidated Income Statement is a record of the Group's share in associated companies' profit after financial income and expense, adjusted for any depreciation or resolution of acquired surplus or deficit values. The Group's share in associated companies' reported tax is included in the Group's tax expenses.

Profit shares built up following acquisitions of associated companies which have not yet been realised through dividends, are allocated to the capital share fund which forms part of the Group's restricted equity.

Notes with accounting principles and year-end comments

NOTE 1. EMPLOYEES AND PERSONNEL EXPENSES

AVERAGE NUMBER OF EMPLOYEES	2001	Whereof men	2000	Whereof men
Parent Company				
Sweden	6	67%	5	60%
Subsidiary companies				
Sweden	519	80%	428	80%
Denmark	46	76%	50	78%
United Kingdom	49	86%	48	85%
Finland	102	79%	94	80%
The Netherlands	2	50%	2	50%
Italy	14	71%	15	67%
Norway	21	76%	20	80%
Poland	14	79%	14	86%
Total at subsidiaries	767	79%	671	80%
Group total	773	79%	676	80%

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	2001		2000	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent Company	4 856	2 874	4 153	2 395
(whereof pension expenses)		1) (1 029)		1) (822)
Subsidiaries	239 162	86 474	192 897	69 845
(whereof pension expenses)		(21 160)		(15 549)
Group total	244 018	89 348	197 050	72 240
(whereof pension expenses)		2) (22 189)		2) (16 371)

1) Of the Parent Company's pension expenses, SEK 598 thousand (last year SEK 442 thousand) relate to the Group's Board of Directors and MD.

There are no pension obligations for this group.

2) Of the Group's pension expenses, SEK 4658 thousand (last year SEK 3101 thousand) relate to the Group's Board of Directors and MD.

There are no pension obligations for this group.

Notes with accounting principles and year-end comments

NOTE 1. SALARIES AND OTHER REMUNERATION DIVIDED BY COUNTRY AND BETWEEN BOARD MEMBERS ETC. AND OTHER EMPLOYEES

	2001		2000	
	Board of Directors and MD	Other employees	Board of Directors and MD	Other employees
Parent Company				
Sweden	1 623	3 233	1 802	2 351
(whereof bonus)	(-)		(270)	
Parent Company total	1 623	3 233	1 802	2 351
(whereof bonus)	(-)		(270)	
Subsidiaries in Sweden	11 844	138 177	11 126	105 544
(whereof bonus)	(585)		(2 336)	
Subsidiaries abroad				
Denmark	1 846	21 532	1 870	20 430
(whereof bonus)	(191)		(335)	
United Kingdom	1 462	17 997	668	15 322
(whereof bonus)	(-)		(42)	
Finland	3 107	26 922	2 670	22 204
(whereof bonus)	(648)		(709)	
The Netherlands	425	175	144	42
(whereof bonus)	(-)		(-)	
Italy	895	3 844	748	3 027
(whereof bonus)	(-)		(-)	
Norway	1 276	6 610	1 215	5 695
(whereof bonus)	(-)		(26)	
Poland	559	2 491	418	1 774
(whereof bonus)	(-)		(-)	
Subsidiary companies total	21 414	217 748	18 859	174 038
(whereof bonus)	(1 424)		(3 448)	
Group total	23 037	220 981	20 661	176 389
(whereof bonus)	(1 424)		(3 718)	

REMUNERATION FOR SENIOR EXECUTIVES AND BOARD MEMBERS

The Directors' fees have been paid at SEK 540 thousand (659) in the Group. Salaries and other benefits for Chairman of the Board/CEO Hans Franzén amounted to SEK 994 thousand (813) (whereof bonus SEK – thousand (-)) and for Managing Director Jörgen Zahlin to SEK 1448 thousand (1470) (whereof bonus SEK – thousand (270)). No senior executives have more than a maximum of two years' severance pay with the obligation to work, with the exception of Deputy MD Göran Johansson who has one year's notice period and two years' severance pay. Pension insurance premiums for senior executives do not exceed the amount that falls within the framework of what is deductible as an expense for the company.

Notes with accounting principles and year-end comments

NOTE 1. FEES AND REIMBURSEMENT OF EXPENSES TO THE AUDITORS

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
KPMG				
Audit assignment	1 382	1 254	120	100
Other assignments	300	205	276	154
Other auditors				
Audit assignment	517	735	–	–
Total	2 199	2 194	396	254

NOTE 2. DEPRECIATION OF TANGIBLE AND INTANGIBLE FIXED ASSETS

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
Goodwill	-30 322	-29 494	–	–
Buildings and land	-4 459	-3 650	-883	-748
Machinery and other technical facilities	-2 038	-4 708	–	–
Equipment, tools and installations	-21 683	-17 762	-655	-652
Total	-58 502	-55 614	-1 538	-1 400

NOTE 3. ITEMS AFFECTING COMPARABILITY

	THE GROUP			
	2001	2000		
Repayment of pension funds from Alecta/SPP	–	30 464		
Amortisation of goodwill*	–	-14 566		
Total	–	15 898		

*Amortisation refers to Nomitek AB, Cergotec AB, MPE Microtech AB, N. Erlands Petersen Trading A/S and About Communication AB, where the results are negative and do not correspond with the plan drawn up at the acquisition. The remaining goodwill value in these companies following amortisation is SEK 0.

NOTE 4. INCOME FROM SHARES IN GROUP COMPANIES

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
Dividends received	–	–	27 900	13 200
Total	–	–	27 900	13 200

Notes with accounting principles and year-end comments

NOTE 5. INCOME FROM SHARES IN ASSOCIATED COMPANIES

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
Dividends received	–	–	700	850
Income from shares in associated companies	615	1 167	–	–
Total	615	1 167	700	850

NOTE 6. INCOME FROM OTHER SECURITIES AND RECEIVABLES WHICH ARE FIXED ASSETS

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
Dividend other shares	14	17	–	–
Total	14	17	–	–

NOTE 7. OTHER INTEREST INCOME AND SIMILAR INCOME ITEMS

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
Interest income other	6 100	5 599	7 872	4 073
Exchange rate differences etc.	1013	347	–	–
Current value valuation Alecta/SPP funds	5 060	–	–	–
Total	12 173	5 946	7 872	4 073

NOTE 8. INTEREST EXPENSES AND SIMILAR EXPENSE ITEMS

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
Interest expenses	-14 429	-7 446	-6 604	-1 090
Exchange rate differences	-415	-37	–	–
Write-down other shares	-1 101	–	–	–
Other financial expenses	-25	-49	–	–
Total	-15 970	-7 532	-6 604	-1 090

Notes with accounting principles and year-end comments

NOTE 9. TAX

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
Current tax expense	-13 586	-35 391	21 811	26 600
Deferred tax in respect of changes in temporary differences	-19 515	-28 187	-21 655	-27 352
Deferred tax in respect of changes in untaxed reserves	7 368	681	–	–
Tax shares in associated companies	-217	-263	–	–
Reported tax expense	-25 950	-63 160	156	-752
Tax attributable to items reported directly to shareholders' equity	–	–	-21 812	-26 600

LINK BETWEEN THE TAX EXPENSE FOR THE YEAR AND INCOME BEFORE TAX

Reported income before tax	61 085	164 168	28 066	16 765
Tax according to the applicable tax rate	-17 104	-45 967	-7 858	-4 694
Amortisation of Group goodwill	-8 490	-12 569	–	–
Non-taxable share dividends	–	–	8 008	3 934
Utilised deduction for loss	–	–	–	752
Other items	-356	-4 624	6	-744
Reported tax expense	-25 950	-63 160	156	-752

For the Group, there are SEK 6,198 thousand in non-entered deferred tax claims. This corresponds to the deficit deduction which, when performing valuation in accordance with the probability principle, cannot be assumed to be usable due to it not being possible to offset the surpluses against these within a reasonable period of time.

Notes with accounting principles and year-end comments

NOTE 10. GOODWILL

	THE GROUP	
	2001	2000
Cumulative acquisition values		
At the start of the year	190 013	138 272
New acquisitions	5 691	29 054
Acquisition of subsidiary companies	–	21 598
Translation differences for the year	1 297	1 089
	197 001	190 013
Cumulative depreciation		
At the start of the year	-106 813	-53 220
Acquisition of subsidiary companies	–	-8 735
Depreciation for the year according to plan	-30 322	-29 494
Write-down	–	-14 566
Translation differences for the year	-682	-798
	-137 817	-106 813
Residual value at the year-end	59 184	83 200

Acquired goodwill in JMS Systemhydraulik AB is written down according to the original plan, i.e. 10 years. The residual value for this goodwill amounts to SEK 3,000 thousand at 31.12.2001. Other goodwill is depreciated over five years, i.e. 20% annually.

NOTE 11. TANGIBLE FIXED ASSETS

	2001.12.31			2000.12.31		
	Buildings and land	Machines and other technical facilities	Equipment, tools and installations	Buildings and land	Machines and other technical facilities	Equipment, tools and installations
THE GROUP						
Cumulative acquisition values						
At the start of the year	126 331	30 864	153 865	109 067	28 658	115 151
New acquisitions	6 236	166	27 821	983	3 655	39 567
Transferred from construction in progress	7 723	–	–	–	–	–
Acquisition of subsidiary companies	–	–	141	14 682	–	18 331
Sales and disposals	–	-18 724	-16 264	–	-1 976	-20 752
Reclassifications	–	–	-8 276	–	–	–
Translation differences for the year	4 056	1 149	3 643	1 599	527	1 568
	144 346	13 455	160 930	126 331	30 864	153 865
Cumulative depreciation according to plan						
At the start of the year	-30 010	-13 274	-91 496	-20 874	-9 829	-65 708
Acquisition of subsidiary companies	–	–	–	-4 982	–	-12 990
Sales and disposals	–	7 697	8 464	–	1 482	5 889
Depreciation for the year according to plan at acquisition values	-4 459	-2 038	-21 683	-3 650	-4 708	-17 762
Reclassifications	–	–	1 226	–	–	–
Translation differences for the year	-398	-416	-2 149	-504	-219	-925
	-34 867	-8 031	-105 638	-30 010	-13 274	-91 496
Residual value according to plan at the year-end	109 479	5 424	55 292	96 321	17 590	62 369

Notes with accounting principles and year-end comments

NOTE 11. TANGIBLE FIXED ASSETS

	2001.12.31		2000.12.31	
	Buildings and land	Equipment, tools and installations	Buildings and land	Equipment, tools and installations
THE PARENT COMPANY				
Cumulative acquisition values				
At the start of the year	18 959	7 645	18 934	7 433
New acquisitions	6 850	2 063	25	212
Sales and disposals	–	-938	–	–
	25 809	8 770	18 959	7 645
Cumulative depreciation according to plan				
At the start of the year	-8 249	-6 384	-7 501	-5 732
Sales and disposals	–	922	–	–
Depreciation for the year according to plan at acquisition values	-883	-655	-748	-652
	-9 132	-6 117	-8 249	-6 384
Residual value according to plan at the year-end	16 677	2 653	10 710	1 261
Cumulative excess depreciation				
At the start of the year	-979	-330	-1 172	-366
Change for the year	193	-115	193	36
	-786	-445	-979	-330
Book value	15 891	2 208	9 731	931
Taxation value	5 723		5 652	

ASSETS HELD VIA LEASING AGREEMENTS

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
Leasing fees paid during the financial year	14 301	9 950	128	116
Agreed future leasing fees				
2002/2001	14 744	8 769	45	–
2003/2002	12 304	6 769	45	–
2004/2003	8 887	824	11	–
2005/2004	537	161	–	–
2006/2005	270		–	

Notes with accounting principles and year-end comments

NOTE 12. SHARES IN GROUP COMPANIES

	CORP. ID NUMBER	DOMICILE	NUMBER SHARES	CAPITAL SHARE	NOM. VALUE	BOOK VALUE	THE YEAR'S CHANGE
OEM Industrial Components AB, Sweden	556051-4514	Tranås	100 000	100%	5 000	46 231	–
OEM Automatic AB, Sweden	556187-1012	Tranås	–	100%			
OEM Automatic AS, Norway	–	–	–	100%			
OEM Automatic A/S, Denmark	–	–	–	100%			
OEM Automatic OY, Finland	–	–	–	100%			
OEM Multimetal OY, Finland	–	–	–	100%			
OEM Automatic Ltd, UK	–	–	–	100%			
ATT Europe Ltd, UK	–	–	–	100%			
OEM Automatic Sp.z o.o., Poland	–	–	–	100%			
OEM Automatic S.p.A., Italy	–	–	–	100%			
OEM China Development B.V, Netherlands	–	–	–	100%			
IBS Internordic Bearing							
Sweden AB, Sweden	556493-8024	Nässjö	–	100%			
Internordic Förvaltning AB, Sweden	556302-0873	Nässjö	–	100%			
Egevo Elektronik AB, Sweden	556311-3306	Stockholm	–	100%			
OEM Component AB, Sweden	556054-3838	Tranås	–	100%			
Nomitek AB, Sweden	556460-2109	Tranås	–	100%			
Pronesto AB, Sweden	556112-6755	Stockholm	–	100%			
OEM Hydraulik AB, Sweden	556398-2221	Göteborg	–	100%			
Aspecs OY, Finland	–	–	–	100%			
JMS Systemhydraulik AB, Sweden	556063-2134	Göteborg	–	100%			
Hydroprodukter International							
i Ängelholm AB, Sweden	556241-1099	Ängelholm	–	100%			
Hydraulik Control Förvaltning							
i Ängelholm AB, Sweden	556551-1937	Ängelholm	–	100%			
Hydrac AB, Sweden	556466-0875	Borås	–	100%			
Fastighets AB Hydraulen, Sweden	556363-6256	Borås	–	100%			
OEM Källving AB, Sweden	556220-5343	Borlänge	–	100%			
AB Indoma, Sweden	556326-5171	Jönköping	–	100%			
SPG Motors Europe AB, Sweden	556232-6198	Stockholm	–	100%			
OEM Systemteknik AB, Sweden	556050-9076	Stockholm	1000	100%	100	24 545	–
A. Karlson Industriteknik AB, Sweden	556163-0905	Stockholm	–	100%			
IRB Mechatronics AB, Sweden	556171-9740	Stockholm	–	100%			
Jubo Förvaltning AB, Sweden	556494-7058	Karlskoga	–	100%			
Jubo Mechatronics AB, Sweden	556150-4282	Karlskoga	–	100%			
Plastinvent i Karlskoga AB, Sweden	556334-5486	Karlskoga	–	100%			
Industri AB Reflex, Sweden	556194-8521	Stockholm	–	100%			
About Communication							
Sverige AB, Sweden	556248-9780	Stockholm	–	100%			
About Computers AB, Sweden	556228-3720	Stockholm	–	100%			
About Vila AB, Sweden	556245-6060	Stockholm	–	100%			
OEM Automatic Norden AB, Sweden	556057-4526	Stockholm	–	100%			

Transport

70 776 –

Notes with accounting principles and year-end comments

NOTE 12. SHARES IN GROUP COMPANIES

	CORP. ID NUMBER	DOMICILE	NUMBER SHARES	CAPITAL SHARE	NOM. VALUE	BOOK VALUE	THE YEAR'S CHANGE
Transport						70 776	
OEM Electronic Production							
Technology AB, Sweden	556038-8356	Stockholm	300	100%	300	78 350	–
Cyncrona AB, Sweden	556296-1838	Stockholm	–	100%			
LIF Produkter AB, Sweden	556123-2694	Huddinge	–	100%			
Cyncrona AS, Norway	–	–	–	100%			
Cyncrona OY, Finland	–	–	–	100%			
Cyncrona A/S, Denmark	–	–	–	100%			
Cyncrona Sp.z.o.o., Poland	–	–	–	100%			
Cyncrona EDA AB, Sweden	556207-4368	Stockholm	–	100%			
Cergotec AB, Sweden	556271-7370	Stockholm	–	100%			
Cyncrona Communications AB, Sweden	556230-4062	Stockholm	–	100%			
Opiab-Företagen AB, Sweden	556165-6769	Solna	–	100%			
Testcenter i Stockholm AB, Sweden	556204-5152	Huddinge	–	100%			
MPE Semitech AB, Sweden	556211-2335	Stockholm	–	100%			
MPE Microtech AB, Sweden	556241-2287	Stockholm	–	100%			
MPE Microteknikka OY, Finland	–	–	–	100%			
N. Erlands Petersen Trading A/S, Denmark	–	–	–	100%			
A. Karlson Fastigheter AB, Sweden	556029-8456	Stockholm	10 000	100%	1 000	10 277	–
Intermate Electronics AB, Sweden	556266-6874	Tranås	1 000	100%	100	600	–
Cyncrona Slummer AB, Sweden	556152-1138	Stockholm	4 217 268	100%	21 086	63 641	–
OEM Ejendomsselskab A/S, Denmark	–	–	1300	100%	DKK 1 300	1 176	–
OEM Fastighetsbolag AB, Finland	–	–	1200	100%	FIM 1 200	1 441	–
OEM Property Ltd, UK	–	–	400 000	100%	GBP 400	5 147	–
Total						231 408	–

NOTE 13. SHARES IN ASSOCIATED COMPANIES

	CORP. ID NUMBER	DOMICILE	NUMBER SHARES	CAPITAL SHARE	NOM. VALUE	BOOK VALUE	THE YEAR'S CHANGE
THE GROUP							
Crouzet AB, Sweden	556197-1911	Stockholm	12 000	50%	1 200	5 010	-261
	CORP. ID NUMBER	DOMICILE	NUMBER SHARES	CAPITAL SHARE	NOM. VALUE	BOOK VALUE	THE YEAR'S CHANGE
THE PARENT COMPANY							
Crouzet AB, Sweden	556197-1911	Stockholm	12 000	50%	1 200	1 200	–

Notes with accounting principles and year-end comments

NOT 14. PREPAID EXPENSES AND ACCRUED INCOME

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
Accrued commission income etc.	1 472	8 905	–	–
Other prepaid expenses	20 595	12 005	1 065	497
Total	22 067	20 910	1 065	497

NOTE 15. SHAREHOLDERS' EQUITY

	SHARE CAPITAL	RESTRICTED RESERVES	NON-RESTRICTED RESERVES
THE GROUP			
At the start of the year	45 569	62 966	383 622
Effect of change in accounting principles	–	–	30 902
Adjusted amount at start of year	45 569	62 966	414 524
Write-down of share capital, 781500 shares at nom. SEK 5 ea.	-3 908		3 908
Dividend			-37 495
Repurchase of own shares			-66 892
Shift between restricted and non-restricted equity		-5 314	5 314
Profit for the year			35 135
Translation difference		-1 050	11 254
At the year-end	41 661	56 602	365 748

TRANSLATION DIFFERENCE SHAREHOLDERS' EQUITY

At the start of the year	302	-3 574
Translation difference	-1 050	11 254
At the year-end	-748	7 680

At start of the year includes exchange rate changes from 1 January 1999 when RR8 was applied for the first time.

PARENT COMPANY

At the start of the year	45 569	29 242	233 012
Effect of change in accounting principles	–	–	28 346
Adjusted amount at start of year	45 569	29 242	261 358
Allocation according to Annual General Meeting decision:			
Write-down of share capital, 781500 shares at nom. SEK 5 ea.	-3 908		3 908
Dividend			-37 495
Profit for the year			28 222
Group subsidy received			91 700
Tax effect received Group subsidy			-25 676
Granted Group subsidy			-13 800
Tax effect granted Group subsidy			3 864
Repurchase of own shares			-66 892
At the year-end	41 661	29 242	245 189

Group subsidy, after deduction for tax effect, reported directly against shareholders' equity.

Notes with accounting principles and year-end comments

NOTE 16. SHARE CAPITAL

The share capital is made up of 8,332,203 shares at a nominal SEK 5 each, with distribution by share type as follows
Class A shares 1,589,032 at SEK 5 (10 votes)
Class B shares 6743171 at SEK 5 (1 vote)

NOTE 17. OVERDRAFT

The majority of the Swedish companies are connected to a central account system with a total limit of SEK 210 million (110). The overall degree of utilisation is reported in the parent company under this item. The subsidiary companies' balance / liability in the central account system is reported in the parent company, either as a receivable from, or a liability to, subsidiary companies. The total limit in the Group is SEK 361.1 million (252.6).

NOTE 18. OTHER LIABILITIES TO CREDIT INSTITUTES

	THE GROUP			
	2001	2000		
Due date, 1-5 years from the accounting date	725	21 012		
Due date, more than five years from the accounting date	4 382	14 728		
Total	5 107	35 740		

PLEDGED ASSETS TO CREDIT INSTITUTES

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
Mortgages on property	42 650	37 650	7 500	7 500
Business mortgages	89 400	86 550	–	–
Total	132 050	124 200	7 500	7 500

Notes with accounting principles and year-end comments

NOTE 19. ACCRUED EXPENSES AND PREPAID INCOME

	THE GROUP		THE PARENT COMPANY	
	2001	2000	2001	2000
Accrued holiday pay	25 946	24 415	866	642
Accrued social security expenses	14 748	15 366	461	457
Prepaid income	10 908	5 138	34	27
Accrued supplier inv./commercial debts	19 536	26 478	–	–
Other accrued expenses	22 691	22 387	681	768
Total	93 829	93 784	2 042	1 894

NOTE 20. ACQUISITION OF SUBSIDIARY COMPANIES

	THE GROUP	
	2001	2000
The value of acquired assets and liabilities amounted to the following		
Intangible fixed assets	5 691	40 952
Tangible fixed assets	141	15 041
Financial fixed assets	474	595
Inventories	1 164	48 248
Customer receivables	10 237	36 154
Other current receivables	369	3 252
Liquid funds	7 669	10 790
	25 745	155 032
Long-term liabilities	–	-41 893
Accounts payable	-7 208	-26 490
Other current liabilities	-3 791	-23 318
	-10 999	-91 701
Prepaid purchase sum	14 746	63 331
Liquid funds in acquired subsidiary companies	-7 669	-10 790
Impact on the Group's liquid funds	7 077	52 541

Proposed allocation of profits

THE GROUP

The non-restricted equity, including profit for the year at SEK 35,135 thousand, amounted according to the Balance Sheet to SEK 365,748 thousand, of which it is proposed that SEK 3737.495 thousand is used for dividends, SEK 34 thousand is set aside for restricted reserves and the remaining SEK 328,219 thousand is carried forward.

THE PARENT COMPANY

The following surplus is at the disposal of the Annual General Meeting

Surplus brought forward	216 966 594:90
Profit for the year	28 222 115:20
	245 188 710:10

The Board of Directors and the Managing Director propose that the surplus be disposed of in such a way

– that a dividend of SEK 4.50 per share is paid to shareholders	37 494 913:50
– that the following be carried forward	207 693 796:60
	245 188 710:10

TRANÅS, 28 FEBRUARY 2002

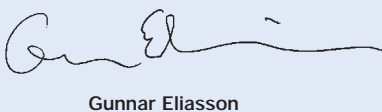

Hans Franzén
Chairman


Orvar Pantzar


Reinhold Geijer


Ulf Barkman


Agne Svenberg


Gunnar Eliasson


Jörgen Zahlén
Managing Director

Audit Report

TO THE ANNUAL GENERAL MEETING OF OEM INTERNATIONAL AB (PUBL)
CORPORATE ID NO. 556184-6691

We have examined the Annual Report, the Consolidated Financial Statements and the accounting records, and have reviewed the administration of OEM International AB by the Board of Directors and the CEO during the year 2001. Responsibility for the accounting documents and the administration rests with the Board and the CEO. Our responsibility is to pronounce on the Annual Report, the Consolidated Financial Statements and the administration on the basis of our audit.

The audit has been carried out in accordance with audit standards generally accepted in Sweden. It follows from this that we have planned and conducted the audit so as to give ourselves reasonable assurance that the Annual Report and the Consolidated Financial Statements do not contain material errors. An audit includes examining a selection of the documentation with respect to amounts and other information in the accounting records. It is also part of an audit to review the accounting principles and how the Board and the CEO have applied them, and to assess the information that has been brought together in the Annual Report and the Consolidated Financial Statements. As a basis for our pronouncement on discharge from liability we have examined significant decisions, measures and circumstances at the company in order to be able to judge whether any Director or the CEO owes compensation to the Company. We have also examined the question as to whether any Director or the CEO has otherwise acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We are of the opinion that our audit gives us reasonable grounds on which to pronounce as follows.

The Annual Report and the Consolidated Financial Statements have been prepared in accordance with the Annual Accounts Act and thus afford a true and fair picture of the Company's and the Group's results and position in accordance with auditing standards generally accepted in Sweden.

We recommend that the Shareholders in General Meeting adopt the Income Statement and Balance Sheet of the Parent Company and of the Group, apply the Parent Company's surplus as proposed in the Directors' Report, and grant the Directors and the CEO discharge from liability for the financial year.

TRANÅS, 1 MARCH 2002
KPMG


Bo Axelsson
Authorised Public Accountant

Board of Directors Board Members



REINHOLD GEIJER, b. 1953. Director since 2001. MD Nordisk Renting AB. Graduate engineer. Not employed by OEM. Other appointments: Director of 7th AP fund, Nefab, BTS AB, Intrum Justitia, etc. No shares.	HANS FRANZÉN, b. 1940. Director since 1974. CEO until 2001. Board Chairman since 1992. Employed since 1974. Engineer. Other appointments: Board Chairman of Tranås Resebyrå AB and Handels- banken's local Board of Directors in Tranås. Director of Crouzet AB. Number of shares: 260 792 OEM class A and 257 650 OEM class B.	ORVAR PANTZAR, b. 1939. Director since 1997. Cyncrona AB's founder. Engineer. Not employed by OEM. Other appointments: Member of the Board, Next Gene- ration System. Number of shares: 635 440 OEM class A and 983 250 OEM class B.	AGNE SVEN- BERG, b. 1941. Director since 1974. MD until 29/2 2000. Engineer. Other appointments: Board Chairman of Multi-tryck AB, EG:s El o Automation AB, Personality Gym AB, ISP AB and Jubo Mechatronics AB. Director of ElektroMekan i Årjäng AB and Crouzet AB. Number of shares: 260 800 OEM class A and 107 960 OEM class B.	GUNNAR ELIASSON, b. 1951. Director since 2001. MD Skattebetal- arnas Förening. Graduate econo- mist. Not employed by OEM. No shares.	ULF BARKMAN, b. 1957. Director since 1997. Graduate econo- mist. Director of Cyncrona AB since 1989. Not employed by OEM. Number of shares: 5 000 OEM class B.
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DEPUTY DIRECTORS

TOMAS FRANZÉN, b. 1962. Deputy Director since 1997. MD AU-System AB. Graduate engineer. Not employed by OEM. Other appointments: Board Chairman of GRIN AB. Director of AU-System AB, IMS Data AB, Proact IT Group AB, Song Networks AB, Allgon AB and Business Training Systems (BTS). Number of shares: 5 000 OEM class B.

GÖRAN JOHANSSON, b. 1947. Deputy Director since 1997. Business Development Manager for Group EP and MD Cyncrona AB. Deputy Managing Director of OEM International AB until 2001. Employed by Cyncrona AB since 1982. by OEM since the take-over in 1997. Engineer. Number of shares: 2 000 OEM class B.

INGER SVENBERG, b. 1937. Deputy Director since 1997. Director 1974–1997. Not employed by OEM. Number of shares: 216 000 OEM class A and 97 152 OEM class B.

Management team



ANDREAS FALTH, b. 1964. Business Develop- ment Manager for Group Mechanics. Engineer. Employed by the OEM Group since 1997. Number of shares: 3 000 OEM class B.	GÖRAN JOHANSSON, b. 1947. Business Development Manager for Group EP and MD Cyncrona AB. Deputy Managing Director of OEM International AB until 2001. Engineer. Employed by Cyncrona AB since 1982. By OEM since the take-over in 1997. Number of shares: 2 000 OEM class B.	MARK HEMINGWAY, b. 1962. Business Development Manager for Group Automation Employed by the Group 1989–March 2002. Education: HNC Electronic Engineering. Number of shares: 500 OEM class B.	FREDRIK TENGSTRAND, b. 1966. Business Development Manager for Group Hydraulics Technical college engineer. Employed in the OEM Group since 1991.	JAN CNATTINGIUS, b. 1955. Finance Director. Employed since 1985. Economist. Number of shares: 2 000 OEM class B.	JÖRGEN ZÄHLIN, b. 1964. MD OEM Inter- national AB from 1 March 2000. CEO since 1/1 2002. Employed since 1985. Engineer. Number of shares: 2,500 OEM class B.	JAN HULTMAN, b. 1945. Business Develop- ment Manager for Group Electronics and Deputy MD of OEM International AB from 1/1 2002. Employed since 1980. Technical college engineer. Number of shares: 7 240 OEM class B.
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AUDITOR

KPMG, principal auditor: BO AXELSSON Authorised Public Accountant.

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