



FINANCIAL STATEMENT

WHOLE YEAR 2006

- The Board proposes a dividend of SEK 8.50 per share (7.0)
- The Board proposes a 4:1 share split with redemption share worth SEK 20/share

FOURTH QUARTER 2006

- Turnover increased by 12% to SEK 393 million (350)
- Profit before tax rose 8% to SEK 34 million (31)
- Inflow of orders increased by 4% to SEK 356 million (343)
- JMS Systemhydraulik divested on 30 November

WHOLE YEAR 2006

- Turnover increased by 6% to SEK 1,450 million (1,366)
- Profit before tax rose 13% to SEK 128 million (113)
- Profit after tax rose 11% to SEK 91 million (82)
- The divestment of JMS Systemhydraulik entails an additional contribution of SEK 91 million after tax
- Earning per share after tax climbed 105% to SEK 23.52 (11.49)

EVENTS AFTER THE PERIOD

- Acquisition of remaining 50% of the shares in Crouzet AB

JMS Systemhydraulik is reported as liquidated operations on a separate row in the income statement, which means that the above figures for turnover and profits refer to the remaining business operations.





FOURTH QUARTER 2006

All shares in JMS Systemhydraulik were sold to Specma Hydraulic AB, part of Investment AB Latour on 30 November.

The Group's turnover for the remaining business operations increased by 12% to SEK 393 million (350). Company groups OEM Automatic, Cyncrona and Development all report growth while OEM Electronics reports a decline in turnover.

Incoming orders amounted to SEK 356 million (343).

The quarter's profit before tax rose 8% to SEK 33.5 million (31.0).

WHOLE YEAR 2006

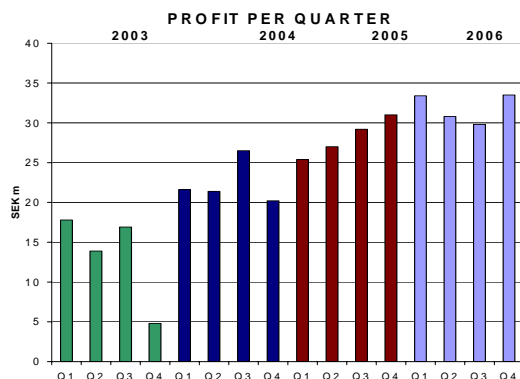
The Group's sales for the remaining business operations increased by 6% to SEK 1,450 million (1,366). Sales outside Sweden increased by 6% to SEK 597 million (561).

OEM Automatic, OEM Electronic, and Development report higher sales. Cyncrona reports a decline in sales of SEK 40 million.

Incoming orders climbed 10% to SEK 1,463 million (1,333). The order book value as per 31 December 2006 was SEK 214 million (186).

Profit before tax escalated by 13% to SEK 127.5 million (112.6). Thriving sales and better margins are at the root of our improved profit within OEM Automatic and Development.

All shares in JMS Systemhydraulik were sold to Specma Hydraulic AB, part of Investment AB Latour. JMS Systemhydraulik is reported as liquidated operations on a separate row in the income statement. The divestment generated a positive gain of SEK 90.8 million.



Profit 2005 and 2006 for remaining business operations

EVENTS AFTER THE PERIOD

OEM International AB has acquired the remaining 50% of the shares in Crouzet AB from Crouzet Automatismes SAS. The company is active in the automation component section and has 17 employees. Crouzet AB has a reported turnover of SEK 51 million, with a profit of SEK 3.4 million, before tax, for 2006. SEK 18 million of the company's invoicing was for deliveries to OEM Automatic.

Although the acquisition means an additional turnover of about SEK 30 million for the OEM Group, it is expected to have an insignificant impact on profits in 2007. The business will be integrated gradually into OEM Automatic AB and OEM Motor AB.

The purchase price was EUR 625 thousand, which corresponds to 50% of the company's net worth.

Acquired assets and liabilities respectively amount to SEK 24.4 million and SEK 13.2 million respectively.

Turnover per market

Sweden 59% (63), Finland 22% (24), other Nordic countries 11% (7), and non-Nordic countries 8% (6).

Cash flow

Cash flow from current operations was SEK 113.4 million (74.1) for the remaining business operations.

Investments

Net investments in tangible fixed assets reached SEK 33.4 million (-2.2), of which SEK 22.0 million (-) is attributable to corporate acquisitions, SEK 16.4 million (-) to corporate divestments and SEK 27.8 million (-2.2) to property, machines and equipment.

Liquidity

Liquid assets, consisting of cash and bank balances together with approved but unutilised bank overdraft facilities amounted to SEK 495 million (399) as per 31 December 2006.

Intangible fixed assets

New accounting principles apply as of 2005, namely the International Financial Reporting Standards (IFRS). According to these principles, planned goodwill depreciation will not apply. Goodwill items and other intangible items will however be tested for any write-down requirements. The profit has been burdened with SEK 1.5 million (0.9) in write-downs for intangible items. The book value in the balance sheet amounts to SEK 20.5 million as per 31 December 2006.

Equity/assets ratio

Equity/assets ratio as per 31 December 2006 was 67.2% (62.5).

Number of employees

The average number of employees in the Group's remaining business operations was 531 (494).



Repurchase

The company repurchased 455,400 shares at an average price of SEK 163.79 during the year. The total number of own shares held was 609,400 before all shares were divested on the market in December at an average price of SEK 185.97. The result of SEK 26.6 million increased the Group's shareholders' equity. The Annual General Meeting's authorisation extends to 10% of the total number of shares, the equivalent of 772,310 shares.

Parent company

Net turnover was SEK 41.3 million (34.9) and the profit after financial items reached SEK 105.9 million (21.4). Capital gain for the divestment of JMS shares was SEK 101.5 million.

Proposed dividend

The Board proposes a dividend of SEK 8.50 per share (7.00).

The Board of Director's proposal of a share split and redemption procedure

Due to facilitate the equity trading and change the company's financial structure, the Board of Directors of OEM proposes a share split 4:1 combined with an automatic redemption procedure. Through this procedure the shareholders will receive three new shares and one redemption share, which will be redeemed for SEK 20. The proposal means that approximately SEK 154 million will be distributed to the shareholders, in addition to the proposed dividend distribution.

In brief, the proposal means that,

- The Company carries out a share split 4:1.
- Every forth share, the redemption share, will be automatically redeemed for SEK 20.
- The proposed record day for the share split is 18 May 2007.
- The shareholders who want to sell their redemption shares before redemption takes place will be able to do so during the period 21 May – 7 June 2007, when trading in the redemption shares is proposed to take place on the Stockholm Stock Exchange.
- Payment of the redemption amount is proposed to be made 15 June 2007.

The redemption procedure is subject to resolutions by the Annual General Meeting in April 2007 on, in principle, the following.

- Amendment of the Articles of Association, so that the permitted range of the number of shares is increased from 5,000,000 – 20,000,000 to 10,000,000 – 40,000,000.
- Share split, through which each existing share, of series A as well as of series B, is divided into shares, of which one will be named redemption share.
- Reduction of the share capital for repayment to the shareholders by way of redemption of 7,723,103 redemption shares, of which 1,589,032 are shares of series A and 6,134,071 are shares of series B.

- Increase of the share capital by approximately SEK 9,653,787.75 by way of a bonus issue, whereby the Company's non-restricted equity is to be made use of.

Annual report

The 2006 Annual Report will be distributed at the end of March 2007 and available at head office and on the company's website.

Annual General Meeting

The Annual General Meeting will be held in Tranås, Sweden on 24 April 2007.

Date of next report

The interim report for the January-March 2007 will be published on 24 April 2007.

Accounting principles

This interim report was prepared for the Group in accordance with IAS 34 Interim Reporting and the Swedish Financial Accounting Standards Council's recommendation RR 31 concerning interim reports for groups. The same accounting principles and calculation methods used in the last annual report have been used. With the exception of certain additional supplementary information, the new, revised IFRS standards that took effect on 1 January 2006 have no impact on the OEM Group's income statement, balance sheet, cash flow statement and shareholders' equity.

OEM divested JMS Systemhydraulik and the associated property company Fastighets AB Hydraulen as per 30 November 2006. JMS and the property company are reported as liquidated operations, meaning that the companies' net profits from the start of the year are reported on a separate row in the income statement under "Profit from liquidated business operations". The comparative figures in the income statement and cash flow statement are recalculated. The comparative quarter's balance sheet is not affected in accordance with IFRS 5.



OEM AUTOMATIC

Components for industrial automation

- Turnover SEK 698 million (605)
- Operating profit SEK 91.0 million (74.7)

2006 was a record year. Turnover increased by 15% and profits by 22%. By coordinating logistics we now deliver to customers in Norway and Denmark from the Swedish warehouse, resulting in greater efficiency and better customer service. Demand is high in general, which means we have sound growth and profitability on all markets.



OEM ELECTRONICS

Appliance and circuit board components, EMC and microwave components

- Turnover SEK 307 million (305)
- Operating profit SEK 18.8 million (24.7)

Implemented market investments have generated good growth in certain areas which means that the total turnover is on par with the previous year. A 24% reduction in profit is attributed to the conclusion of a major deal and that we phased-out a supplier after they altered their market strategy.



CYNCRONA

Production equipment and components for electronics production

- Turnover SEK 245 million (284)
- Operating profit SEK 14.2 million (18.5)

Cyncrona's turnover dropped 14% causing profits to drop 24%. The transfer of parts of the company's sales to commission transactions is the primary reason for the decline in turnover. Investments in the Baltic countries that commenced in 2005 contribute significantly to the company's sales.

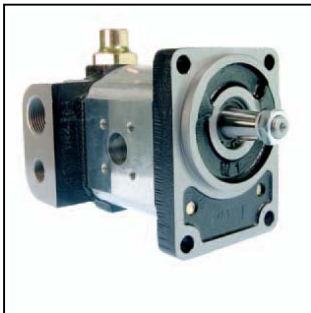


DEVELOPMENT

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

- Turnover SEK 213 million (162)
- Operating profit SEK 13.0 million (8.4)

Development has made strong progress during the year. A sound demand, implemented streamlining measures and acquisitions caused the group to increase turnover by 3% and profit by 55%.



JMS SYSTEMHYDRAULIK

Hydraulic components and manufacture of hydraulic units and systems

- Turnover SEK 139 million (157)
- Operating profit SEK 15.0 million (11.1)

JMS Systemhydraulik has developed well during the year. Implemented streamlining measures improved profits by 35% despite no change in sales. The business was divested on 30 November. The figures for 2006 are for 11 months.

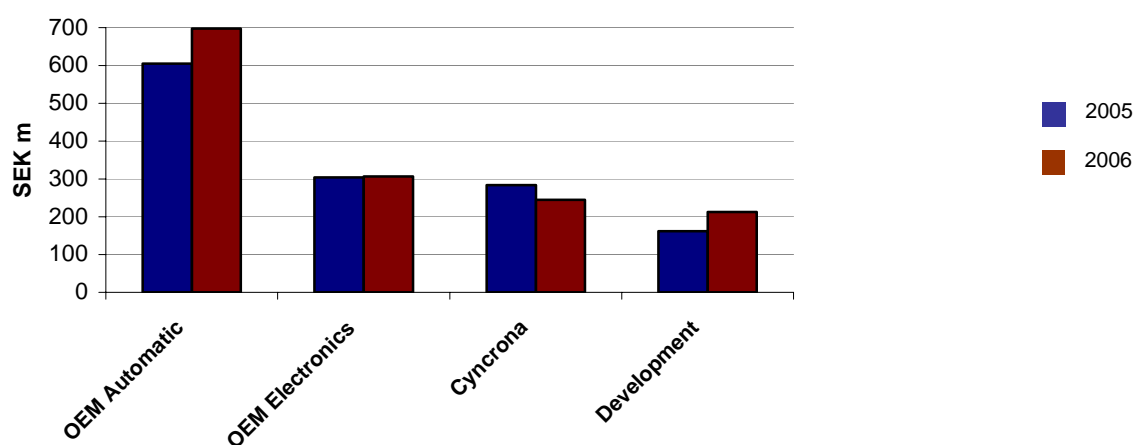


TURNOVER & PROFIT PER COMPANY GROUP *

Net turnover (SEK million) *

	Whole yr 2006	Whole yr 2005	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
OEM Automatic	697,8	604,8	189,9	161,8	172,2	173,9	160,7
OEM Electronics	306,6	304,6	73,6	69,9	79,8	83,3	81,4
Cyncrona	244,6	284,3	76,0	59,5	72,8	36,3	58,6
Development	212,8	162,0	56,4	46,5	51,9	58,0	42,0
Other operations/eliminations	-11,4	10,6	-3,3	-2,9	-1,3	-3,9	7,5
	1 450,4	1 366,3	392,6	334,8	375,4	347,6	350,2

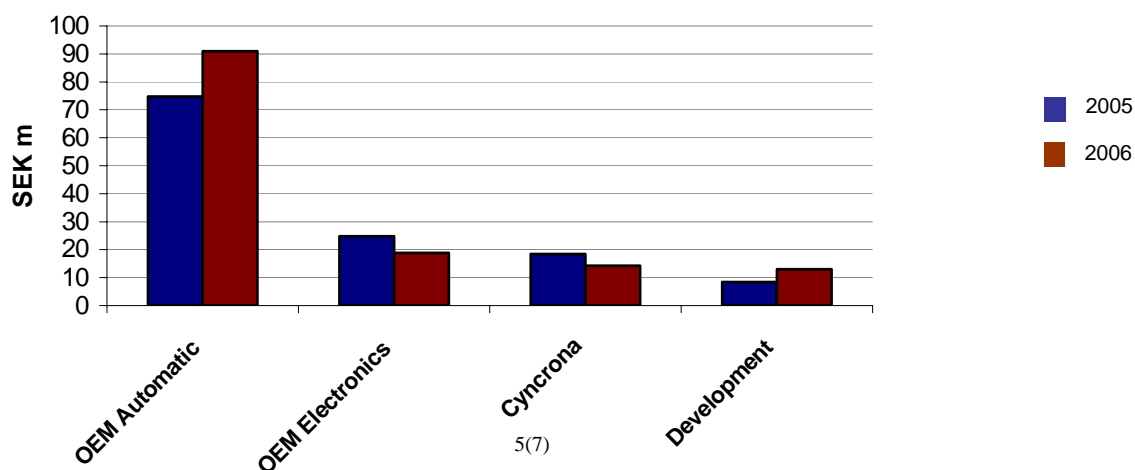
*Remaining business operations



Operating profit/loss (SEK million) *

	Whole yr 2006	Whole yr 2005	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
OEM Automatic	91,0	74,7	23,1	22,4	21,2	24,3	21,4
OEM Electronics	18,8	24,7	3,4	5,5	3,7	6,2	5,9
Cyncrona	14,2	18,5	7,4	2,6	3,9	0,3	3,1
Development	13,0	8,4	1,5	3,0	3,4	5,1	-1,2
Other operations/eliminations	-10,3	-17,2	-2,0	-3,2	-2,2	-2,9	0,2
	126,7	109,1	33,4	30,3	30,0	33,0	29,4

* Remaining business operations





CONSOLIDATED INCOME STATEMENT (SEK million) *

	Whole yr 2006	Whole yr 2005	Q 4 2006	Q3 2006	Q 2 2006	Q1 2006	Q4 2005
Net turnover	1 450,4	1 366,3	392,6	334,8	375,4	347,6	350,2
Operating expenses	-1 310,2	-1 244,6	-355,1	-301,4	-342,1	-311,6	-316,0
Depreciation	-13,5	-12,6	-4,1	-3,1	-3,3	-3,0	-4,8
Operating profit	126,7	109,1	33,4	30,3	30,0	33,0	29,4
Shares in assoc. cos.	1,0	1,3	0,1	0,1	0,3	0,5	-0,2
Net financial items	-0,2	2,2	0,0	-0,6	0,5	-0,1	1,8
Profit before tax	127,5	112,6	33,5	29,8	30,8	33,4	31,0
Tax	-36,7	-31,0	-10,0	-8,8	-8,3	-9,6	-6,4
Profit from remaining business operations	90,8	81,6	23,5	21,0	22,5	23,8	24,6
Profit from liquidated business operations	90,8	7,2	81,8	2,6	2,8	3,6	1,8
Profit for the year	181,6	88,8	105,3	23,6	25,3	27,4	26,4

Earnings per share before dilution, SEK	23:52	11:49	13:63	3:06	3:28	3:54	3:41
Earnings per share after dilution, SEK	23:42	11:43	13:61	3:04	3:26	3:53	3:39
*Earnings per share before dilution, SEK	11:76	10:57	3:00	2:83	2:87	3:06	2:95
*Earnings per share after dilution, SEK	11:71	10:51	3:00	2:81	2:85	3:05	2:93
*Remaining business ops.							

CONSOLIDATED BALANCE SHEET (SEK million)

	31.12.2006	31.12.2005
Assets		
Intangible fixed assets	20,5	18,2
Tangible fixed assets	139,6	122,5
Financial assets	7,4	8,6
Deferred tax claims	3,9	5,6
Inventories	214,6	218,2
Current receivables	279,2	241,0
Liquid funds	288,5	150,0
Shareholders' equity and liabilities		
Shareholders' equity	640,7	477,9
Long-term liabilities, interest-bearing	9,3	8,9
Deferred tax liability	26,6	21,6
Current liabilities, interest-bearing	56,0	47,0
Current liabilities, non interest-bearing	221,1	208,7
Balance sheet total	953,7	764,1

GROUP CHANGES IN SHAREHOLDERS' EQUITY (SEK million)

	31.12.2006	31.12.2005
At start of the year	477,9	424,9
Repurchase/sale of own shares	38,8	-
Dividends paid	- 53,0	-41,6
Profit for the period	181,6	88,8
Translation difference for the year	-4,6	5,8
At end of period	640,7	477,9



CASH FLOW STATEMENT (SEK million) *

	Whole yr 2006	Whole yr 2005	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Cash flow from current operations	98,0	101,2	24,8	29,6	25,7	17,9	24,5
Change in operating capital	15,4	-27,1	37,8	-15,1	7,2	-14,5	-19,1
Cash flow before investments	113,4	74,1	62,6	14,5	32,9	3,4	5,4
Investments	31,9	-5,9	78,5	-10,1	-38,1	1,6	8,3
Cash flow after investments	145,3	68,2	141,1	4,4	-5,2	5,0	13,7
Cash flow from financing activities							
- Change in liabilities	9,4	11,1	-16,6	19,9	4,7	1,4	-0,2
- Paid dividends	-53,0	-41,6	-	-	-53,0	-	-
- Repurchase/sale of own shares	38,8	-	113,4	-25,0	-49,6	-	-
Cash flow	140,5	37,7	237,9	-0,7	-103,1	6,4	13,5

KEY INDICATORS

	Whole yr 2006	Whole yr 2005	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Return on shareholders' equity, %	32,5	19,7	19,8	5,6	5,4	5,7	5,7
* Return on capital employed, %	21,2	23,1	5,6	6,3	6,0	6,4	6,3
*Return on total capital, %	15,2	15,8	4,0	4,2	4,2	4,3	4,3
Equity/assets ratio, %	67,2	62,5					
Earnings per share before dilution, SEK	23:52	11:49	13:63	3:06	3:28	3:54	3:41
Earnings per share after dilution, SEK	23:42	11:43	13:61	3:04	3:26	3:53	3:39
Equity per share, SEK	82:96	61:88					
Average number of shares (thousands)	7 723	7 723	7 723	7 723	7 723	7 723	7 723
Average number of shares after dilution (thousands)	7 756	7 763	7 736	7 763	7 763	7 763	7 763
*Operating margin, %	9,7	8,9	9,5	10,0	8,9	10,4	9,7
*Growth in turnover, %	6,0	7,8					

In accordance with IFRS 5, Hydraulik operations are reported as liquidated operations. Key indicators marked with an asterisk () are for the remaining business operations. Comparative figures are recalculated. Other key indicators apply to the overall business operations (including Hydraulik operations) since the balance sheet for the comparative period. is not recalculated in accordance with IFRS 5

Tranås 22 February 2007

OEM INTERNATIONAL AB (PUBL)

Jörgen Zahlin
Managing Director and CEO

This financial statement has not been subject to review by OEM International AB's auditors.

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

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