2010

ENGLISH VERSION

HISTORY

1974
OEM Automatic AB is founded by the Franzén and Svenberg families

1981
The first overseas subsidiary is established in Finland

1982
Subsidiary established in Norway

1983
The company is listed on the Stockholm Stock Exchange

Subsidiary established in Denmark

1986
The first acquisition, Industri AB Reflex

1988
Turnover exceeds SEK 100 million for the first time

1989
The first subsidiary outside Scandinavia is set up in United Kingdom

1991
OEM International is formed and it becomes the parent company

1974

1975197619771978197919801981198219831984198519861987198819891990199119

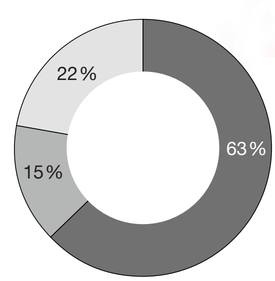
CONTENTS

TURNOVER IN % PER REGION:

Sweden 63 %

Finland and the Baltic countries 15 %

Denmark, Norway, United Kingdom and Central Eastern Europe 22 %



1992199319941995199619971998199920002001200220032004200520062007200820092010

1993
The A. Karlson Group is acquired

1997
OEM and Cyncrona merge.

1998
Subsidiary in Poland is established

2000
Jörgen Zahlin is appointed new MD

2002
The telecom crisis: turnover drops by 30%

2004
Celebrates 30th anniversary. Continued restructuring and streamlining

2005
Acquisition of Telfa and sale of the hydraulics unit

2006
The Group establishes itself in the Czech Republic via the acquisition of EIG

2007
Acquisition of Crouzet, MPX Electra and Klitsö

2008
Acquisition of Elektro Elco and the business in OK Kaapelit

2008
Subsidiary established in Slovakia

2009
The recession causes demand to drop by 30%. Subsidiary established in China.

2010
OEM inaugurates new logistics centre and new e-commerce platform, acquires All Motion and sells Cyncrona

OEM INTERNATIONAL

OEM IS ONE OF EUROPE'S LEADING INDUSTRIAL TRADING COMPANIES IN INDUSTRIAL COMPONENTS AND SYSTEMS IN SELECTED MARKETS IN NORTHERN, CENTRAL AND EASTERN EUROPE.

OEM offers a broad and detailed range of industrial components and systems from leading suppliers. A well-structured local market organisation and effective logistics make OEM a better alternative than the suppliers' own sales organisations. OEM contributes advanced expertise and service and it markets the products according to the specific conditions for each particular market.

In 2010, OEM made several investments and advanced its positions, so it now welcomes 2011 with more efficient logistics, a new e-commerce platform, a stronger product range and an organisation suited to strengthening and intensifying its customer relations. The Cyncrona Group has been divested, which increases the focus on the Group's core business.

The Group will be divided into three market regions from 2011. Sweden is the largest. Finland and the Baltic countries are the oldest one outside Sweden. Denmark, Norway, United Kingdom and Central Eastern Europe have the greatest growth potential. The Group is made up of a total of 21 operating units in 13 countries.

OEM's turnover rose by 15 % to SEK 1430 million and the order intake by 22 % to SEK 1468 million for 2010. The growth and the improved efficiency increased the profit before tax by 86 % to SEK 137 million.

SUMMARY

	2010	2009
NET TURNOVER (SEK M)	**1 430**	1 240
PROFIT BEFORE TAX (SEK M)	**137**	73
PROFIT FOR THE YEAR (SEK M)	**100**	51
EARNINGS PER SHARE (SEK)	**4,32**	2,19
EQUITY PER SHARE (SEK)	**25,63**	24,37
AVERAGE NUMBER OF EMPLOYEES	**504**	516
EQUITY/ASSETS RATIO %	**63,7**	61,8
SHARE PRICE AT YEAR-END (SEK)	**54,50**	41,30
PROPOSED DIVIDEND (SEK)	**3,00**	2,00

"Turnover rose by 15 % and operating income by 86%. However, what is even more important is that we have advanced our positions for the future."

COM-MENTS FROM THE CEO

SUCCESSFUL YEAR

2010 was very successful. We increased turnover by 15 % to SEK 1430 million in our remaining business units. Due to the growth in turnover and increased efficiency, the profit before tax rose by no less than 86%, to SEK 137 million. We achieved this despite the strong Swedish krona, which had a negative effect of approx. 8 % on our turnover. Success was evenly distributed within the whole Group and all companies boosted their turnover and profits. However, what is even more important is that we have advanced our positions for the future.

OEM invested and slowed down simultaneously during the recession in 2009. We slowed down by downsizing the organisation and lowering the costs. At the same time, we invested aggressively in our core business through our new logistics centre in Tranås and our new e-commerce platform. In addition, we expanded our product range and kept a strong emphasis on our marketing activities. Another important step for the future was the divestment of Cyncrona, in April 2010, which means we have streamlined and focused our operations on component sales. Now that the market has turned, we are very strong and benefiting fully from new business opportunities.

STRONG OFFER

Our product range is made up of industrial components from leading manufacturers of modern technology. During the year, we have intensified our cooperation with several existing suppliers by expanding it into more markets. We have also welcomed a number of new suppliers such as, for example, Datalogic and Delta Dore.

We have also intensified our relations with many of our existing customers such as, for example, ABB, Scania, BT-Toyota, Sandvik, Atlas Copco and Tetra Laval. We are proud of contributing to the development of these companies. In several cases, we are also following our customers when they move their production to Asia. An example is Getinge, which we supply with components in China through our local subsidiary.

Our strength lies in good market knowledge and close cooperation with our customers. We are reinforcing our strengths for 2011 by organising ourselves into three market regions instead of, as previously, in three product divisions.

GROWTH THROUGH ACQUISITIONS

OEM has successfully carried out acquisitions for a long time. Certain acquisitions allow us to supplement our existing product range. In this case, we often coordinate logistics and sales. We undertake other corporate acquisitions in order to enter a new region or a new product range. In this case, we can choose to coordinate certain parts of the structures. What we choose depends on how we best achieve growth and profitability.

In 2010, we purchased All Motion, which has an annual turnover of approx. SEK 30 million and which strengthens our range of electric motors. All Motion is integrated fully with OEM Motor in Tranås and it is already benefiting from OEM's organisation in several countries.

I would also like to mention Elektro Elco, which was purchased successfully in 2008. Since then, the company has launched several new lighting systems based on energy-efficient LED technology. Turnover has grown by 50 % in two years. Elektro Elco's brand "Hide-a-lite" has a strong position on the Swedish market and we are also working to establish it on new markets.

MORE EFFICIENT LOGISTICS AND NEW E-COMMERCEPLATFORM

Logistics is vital to our success. Our new modern logistics centre in Tranås was inaugurated in February 2010. The centre met our service and efficiency targets during the year. The new logistics centre also reduces our environmental impact and is an important element in our future expansion plan.

Another important investment is our new e-commerce platform, which offers complete information on 25,000 products in a common digital tool. E-commerce simplifies things for the customers, who can compare products and trade themselves.
This also gives us new business opportunities, for example, through new ways to market the product range and pursue cross-selling.

MEETING OUR TURNOVER AND PROFIT TARGETS

We met our targets for turnover and profit growth and improvement in the equity/assets ratio for 2010. We ended up below the target of 20 % for return on equity, but had an annual growth in line with the target during the last quarter of the year. We also implemented measures to streamline the inventory, which is an important part of the balance sheet. The inventory value remained unchanged, despite the fact that turnover rose by 15 %. OEM has the strength to meet its targets during coming years and we expect growth to be half organic and half acquired.

STRONG COMPANY WITH STRONG CULTURE

All our investments in logistics, e-commerce, a new organisation and acquisitions are aimed at the same thing, to strengthen our position as a hub between suppliers and customers. We run 300 suppliers' sales of 25,000 products to 20,000 customers in northern and central Europe. As an industrial trading Group, we combine our product competence with understanding for our customers' situation. This is both our inheritance and our future.

We have achieved a lot in OEM, but there is still more waiting for us. We can observe that we have taken ourselves through and come out of the recession as a stronger company. This would not have been possible without the expertise and commitment of our ambitious employees. It is you who generate our growth and I would like to give my sincere thanks to you for all of your efforts. Together we will continue to develop OEM.

Jörgen Zahlin

VISION
BUSINESS CONCEPT
GOALS & STRATEGY

VISION
OEM shall be a leading industrial trading Group in industrial components and systems in selected markets in Northern, Central and Eastern Europe.

BUSINESS CONCEPT
OEM offers a broad and detailed range of industrial components and systems from leading suppliers. A well-structured local market organisation and effective logistics make OEM a better alternative than the suppliers' own sales organisations. OEM contributes advanced expertise and service and it markets the products according to the specific conditions for each particular market.

GOALS
OEM's goal is to sustain stable growth together with a good return on equity and limited financial risks. The financial targets over one business cycle are:
• 15 % annual turnover and profit growth
• 20 % return on equity
• Equity/assets ratio not lower than 35 %

BUSINESS TARGETS
OEM shall be one of the largest industrial trading companies in its chosen geographical markets. Profitability will be on par with, or better than, that of the largest actors in each respective market.

STRATEGIES
Growth
1. Organic growth
Organic growth takes place through increased market share and expansion of the product range. In areas where OEM is firmly established, business units are expected to grow 5% above the underlying market growth. In markets where OEM has yet to achieve a position among the five largest players, our ambition is for the growth to be considerably higher.

2. Geographic expansion
Geographical expansion will occur in markets where it is possible to become a prominent actor by representing a majority of OEM's suppliers. Geographical expansion will be in Central Eastern Europe.

3. Acquisitions
The company acquires companies and product ranges that strengthen OEM's market position within the current product areas in existing markets, as well as companies that have a brand-new product area or new geographical market.

PRODUCT RANGE
OEM sells a product range including industrial components and systems from leading suppliers. The product range is developed through collaboration with existing and new suppliers. Each product area is tailored to the local markets. Development of the range is central for OEM and it is the task of each local marketing organisation to find new products to improve further the competitive advantage of our customer offer.

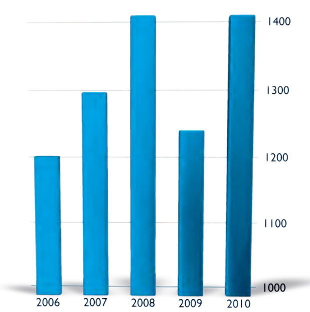
MARKETING
Marketing is conducted primarily through face-to-face sales. The personal meeting is crucial in understanding the customer's applications and needs while, at the same time, making it possible to offer OEM's unique expertise. Face-to-face sales are supported by web-based and printed marketing communication.

LOGISTICS
OEM's ambition is to make its logistics world-class by investing in Group-wide logistics solutions.

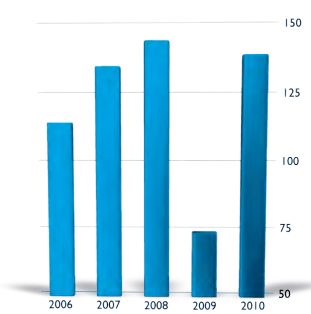
EMPLOYEES AND MANAGEMENT
Employees shall be given the opportunity to develop within the company taking consideration to the business's goals and strategies as well as the employee's ambitions. Recruitment and employee strategies will lead to recruiting a significant portion of our managers internally.

PROFITABLE GROWTH WITH STRONG FINANCES

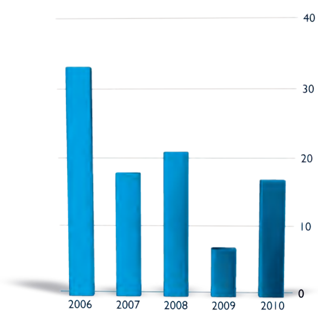
Turnover growth (SEK M)



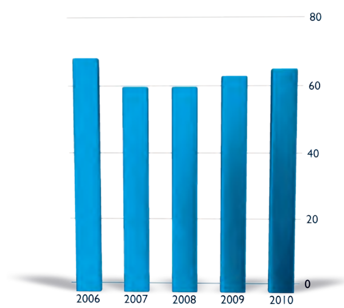
Profit growth (SEK M)



Return on equity (%)

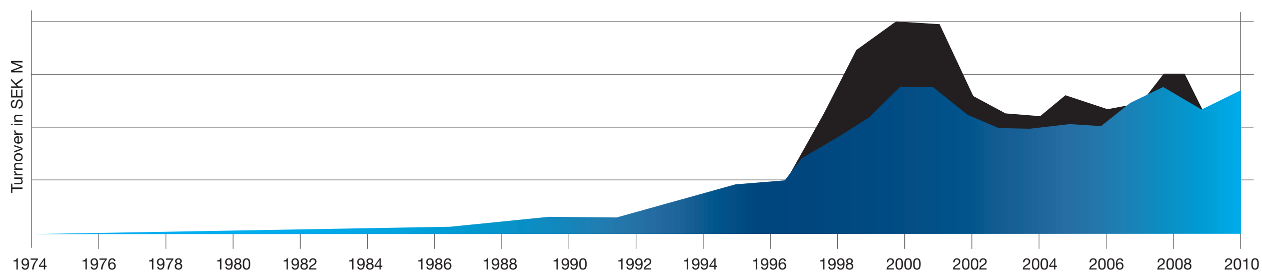


Equity/assets ratio (%)



35 YEARS OF GROWTH IN THE CORE BUSINESS

- Telecom and Hydraulics
- The Core



OEM'S MODEL

OEM'S BUSINESS MODEL IS FOR OEM TO SERVE AS AN ALTERNATIVE TO THE SUPPLIERS' OWN LOCAL SALES COMPANIES. OEM HAS ABOUT 20,000 CUSTOMERS AND ACCESS TO CUSTOMER GROUPS THAT THE SUPPLIERS WOULD HAVE A DIFFICULTY IN REACHING ON THEIR OWN.

OEM COLLABORATES WITH ABOUT 300 SUPPLIERS AND IT IS IN CHARGE OF MARKETING AND SALES ACTIVITIES IN SELECTED MARKETS. EACH PARTICULAR MARKET IS OFFERED A DETAILED, EXTENSIVE PRODUCT RANGE CUSTOMISED BASED ON LOCAL CONDITIONS. OEM'S RELATIONS WITH SUPPLIERS AND CUSTOMERS ARE BASED ON LONG-TERM AND CLOSE COLLABORATION.

OEM'S FOUR CENTRAL PROCESSES ARE AIMED AT:

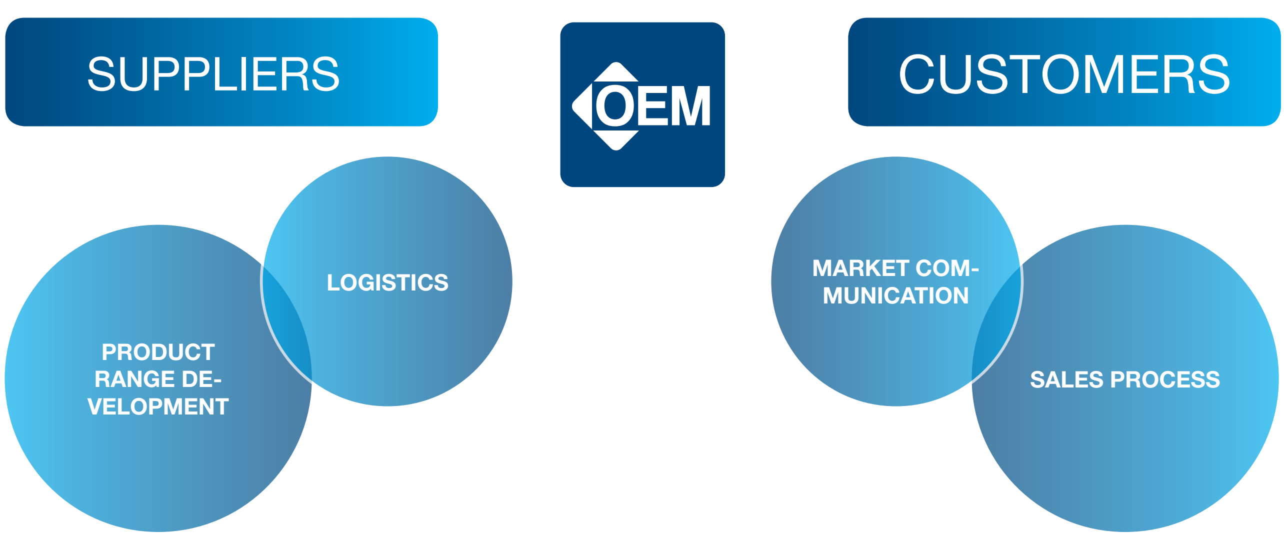
- putting together a unique and wide range of products from leading manufacturers
- developing an efficient logistics process with a high service level
- creating modern marketing communication that supports the sales
- running an efficient sales process based on personal sales and high product knowledge

OEM'S SUPPLIERS

- receive assistance with marketing on local markets
- get their products marketed together with supplementary products
- reach markets and customers that they would have had difficulty reaching successfully on their own
- receive assistance with creating logistic solutions that meet the customers' requirements
- receive assistance with customising products to customer-unique designs
- receive feedback on the customers' requirements, prior to developing future components

OEM'S CUSTOMERS

- gain access to a wide range of components from more than 300 suppliers
- can reduce the number of subcontractors thanks to OEM delivering more components
- receive overall solutions with supplementary components
- receive deliveries in the right place at the right time
- gain access to competence concerning the product and its use
- secure high product quality



OEM DEVELOPS ITS FOUR CENTRAL PROCESSES

OEM helps 300 suppliers reach customer groups they would have difficulty contacting on their own. One of these is ASCO Numatics.

ASCO Numatics manufactures solenoid valves and pneumatics for industrial systems. The company offers a wide range of valves for regulating the flow of liquids or gases. OEM has been managing the sales of ASCO Numatics' products in Sweden for many years. Since the company appreciates the cooperation, it has continuously expanded to new countries.

"ASCO Numatics is world leading and its strategy is to work with dealers in order to reach the whole market. The collaboration with OEM provides us with access to their market knowledge, enables us to reach their customers and gives us efficient logistics" says, Lennart Palmborg, CEO of ASCO Numatics in the Nordic countries.

In addition to Sweden, OEM also sells products from ASCO Numatics in Norway, Denmark, United Kingdom and Poland. Last year, the two companies initiated collaboration in the Czech Republic, and this year it is time for Slovakia.

OEM takes care of the logistics between suppliers and customers. In total, OEM handles approx. 1,000 packages per day and efficient logistics is vital to its success.

The new logistics centre in Tranås was launched in 2010 as a hub for significant parts of the Group's logistics. The new centre has modern solutions for warehousing, picking, packaging as well as incoming and outgoing deliveries. By coordinating the logistics and creating more flexible solutions, the company has raised the service level and the efficiency.

"The logistics centre contributes to greater delivery quality and greater availability without us tying up more capital," says Peder Ekeflo, who is responsible for OEM's logistics centre in Tranås. "Therefore, the logistics centre strengthens OEM's offer, but the centre is also an important part of our future expansion."

The logistics centre has considerable capacity with more than 4000 shelf metres and pallet racks for 3000 pallets. There is abundant space for expansion, if more businesses join up. The logistics centre is a successful combination of already implemented efficiency gains and future opportunities.

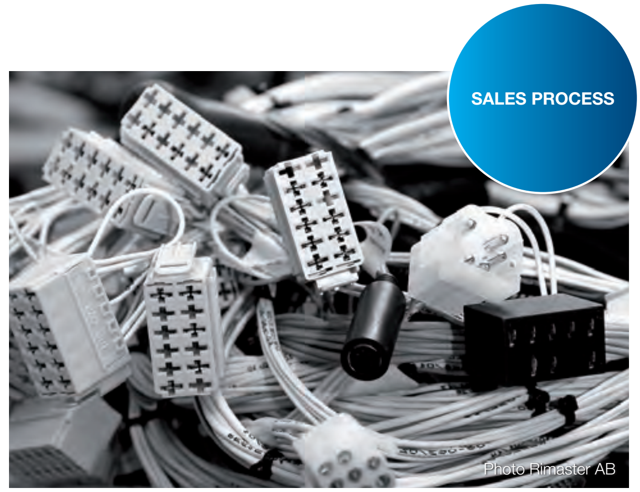


Photo Rimaster AB

OEM's core competence is trade, being the meeting point between manufacturers and users and building up long-term relations. The company carries out more than 40,000 customer visits per year. In addition, the importance of the Internet as a tool keeps growing.

The new e-commerce platform was launched in June 2010, as an aid in sales. Information on more than 25,000 products, from approx. 100 manufacturers, is now always available on the web. The range is presented in a clear and searchable way and the customers can compare and trade themselves. Sales reps and product managers also obtain new opportuwnities to update information, check stock status and show products. Nevertheless, the significance of the e-commerce platform goes deeper than that.

"For the first time all product information is collected into a common digital database. This makes it easier to package products, pursue cross-selling between companies and launch products in several countries," says Sven Rydell, Marketing Director of OEM.

The e-commerce platform is also an important step in OEM's environmental work, as it leads to a decrease in the number of OEM's brochures.

OEM has more than 20,000 customers. The company works close to its customers, to supply components to their operations. One of these is Rimaster.

Rimaster is a supplier to industrial companies such as Atlas Copco and BT. The company develops and manufactures complete solutions such as, for example, advanced electrical systems or cabs for special vehicles such as forklift trucks and mining machinery. OEM has been supplying Rimaster with components in Sweden for many years and the collaboration was extended to Poland when Rimaster developed its production there. Now OEM also supplies Rimaster with components in China.

"Rimaster's success is based on us working close to our customers. This means that we have great flexibility in our development, production and deliveries. OEM provides us with secure access to components for our manufacturing in Sweden, Poland and China," says Tomas Stålnert, CEO of Rimaster Electrosystem AB. "By working with OEM on more components, we have reduced the number of our subcontractors."

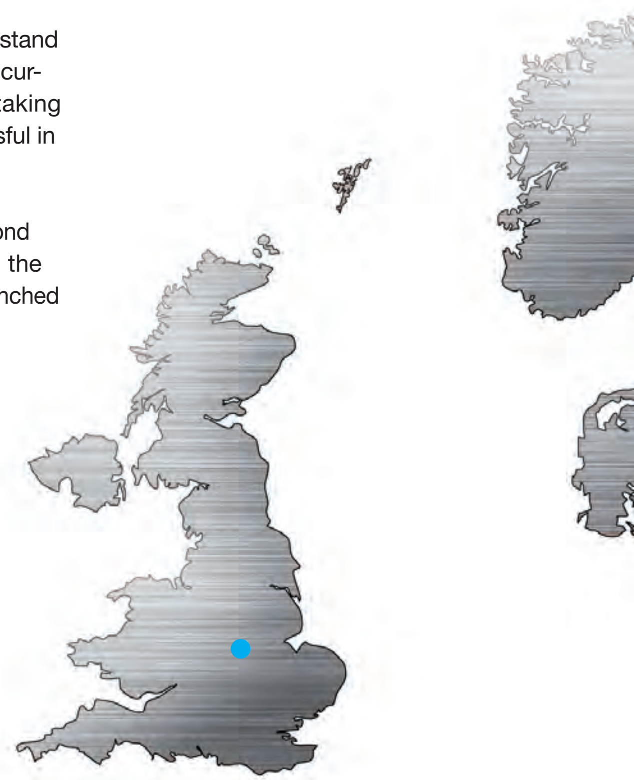
OEM's office in China provides Rimaster with access to components, with the right quality at the right price on the Chinese market. OEM buys certain of these components locally and others from European suppliers.

OEM's PRODUCTS & MARKET

Sweden is OEM's largest region and accounts for 63 % of the turnover. Turnover rose by 15 % during 2010. OEM's whole product range is marketed here. To continue pursuing growth, the Company is working on introducing completely new product areas, for example, through acquisitions.

Finland and the Baltic countries is OEM's oldest region outside Sweden and stand for 15 % of the turnover. During 2010, the turnover rose by 34 % in the local currency. A large part of the Group's products are marketed here. Expansion is taking place both through roll-out of products, which have proven to be successful in Sweden, and through introduction of completely new products.

Denmark, Norway, United Kingdom and Central Eastern Europe are OEM's second largest region, which stands for 22 % of the Group's turnover. During 2010, the turnover rose by 23 % in the local currency. The Group's products are being launched successively here based on the market's needs and the business's capacity.

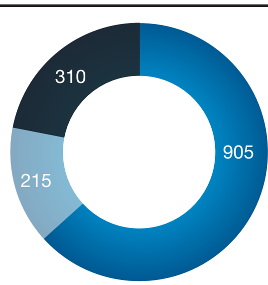


TURNOVER PER REGION (SEK M)

Sweden 905

Finland and the Baltic countries 215

Denmark, Norway, United Kingdom and Central Eastern Europe 310

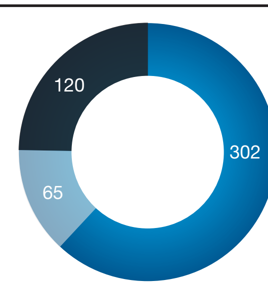


NO. OF EMPLOYEES PER REGION

Sweden 302

Finland and the Baltic countries 65

Denmark, Norway, United Kingdom and Central Eastern Europe 120



ELECTRICAL COMPONENTS
The oldest and most comprehensive product range. These products formed the basic range when OEM was founded and they are sold on all markets.

FLOW COMPONENTS
The second largest product area that is marketed on all of OEM's markets.

MOTORS AND TRANSMISSIONS
Well-established in Sweden, United Kingdom and Finland. Moreover, OEM is investing in this area in Poland, Norway and Denmark.

BEARINGS AND SEALS
A strong market position in Sweden. The products are also marketed in Finland.

APPLIANCE COMPONENTS
Well-established in Sweden and Finland and also sold in Poland and Denmark.

LIGHTING
Market leader in LED in Sweden, and sales have started in Finland and Norway.

SWEDEN


OEMs logistics centre in Tranås

SWEDEN IS OEM INTERNATIONAL'S LARGEST MARKET REGION AND ACCOUNTS FOR 63 % OF THE TURNOVER. DURING THE YEAR, TURNOVER ROSE BY 15 % TO SEK 905 MILLION AND OPERATING INCOME BY 46 % TO SEK 113 MILLION.

DEVELOPMENT DURING 2010

OEM's strong development in Sweden is driven by the very fast growth of the Swedish economy. In addition, OEM has boosted its competitiveness and won larger market shares. An important driving force is the volume growth, above all, with the largest customers and successes in product areas such as batteries, cables, cooling fans and ball bearings. The new logistics centre has led to higher availability for more products.

MARKET

OEM has long-standing relations with many of the leading engineering companies in Sweden, e.g. Atlas Copco, ABB, Alfa Laval, BT-Toyota, DeLaval, etc., as well as a large number of wholesalers and manufacturing companies across the whole country. These include companies in heavy industry, machinery and equipment manufacturing industries, electric wholesalers and major end users. In total, OEM represents some 300 suppliers, which are specialists and leaders within their respective fields. OEM occupies a leading position in most product areas.

OEM's competitors include the manufacturers' own subsidiaries, trading companies, e.g. in Indutrade, Elektronikgruppen and Addtech, local agency companies, e.g. Gycom, as well as international trading companies such as Avnet.

BUSINESS ACTIVITIES

OEM's whole range of industrial components and systems is marketed in Sweden. The business is organised into product areas, which allows the Company to offer specialist knowledge. In order to work close to the customer, OEM has offices in seven locations in the country.

All Motion was acquired during 2010, with the aim of supplementing OEM's range of electric motors and motor controls. All Motion was integrated into OEM Motor at the start of 2011, and its product range is now offered to OEM's entire customer base, primarily in Sweden but also in Denmark and Norway.

In addition, OEM has broadened its range by expanding its relations with several suppliers and launching products from over ten new suppliers, for example, Datalogic, which offers optical sensors and barcode readers, Delta Dore, which offers electrical components, and Denning, which offers components for electricians and primarily sells to wholesalers. OEM also continues to sell products from Henkel, Wacker and JBC, among others, which were sold previously via Cyncrona, which was divested in 2010.

OEM's operations in China are included in this region's responsibility. OEM Trading Ltd in Shanghai is responsible for purchasing and quality control in China and currently it primarily serves the Swedish operations. The aim is to raise the efficiency and quality through close contact with the Chinese suppliers. The Company also man-


Mikael Thörnkvist, Managing Director of OEM Automatic AB.


Urban Malm. Managing Director of OEM Electronics AB.

ages sales to Swedish customers that have moved their production to China. In the long term, the Company will be able to handle more customers, from more countries, who choose to increase their manufacturing in China.

GOALS

The goal is a growth rate and an operating margin that clearly exceed 10% per year.

STRATEGY

- To broaden the product range by intensifying relations with existing suppliers and initiating collaboration with new ones.
- To pursue sales with great market knowledge and new tools such as, for example, the e-commerce platform.
- To acquire complementary businesses in new product areas.

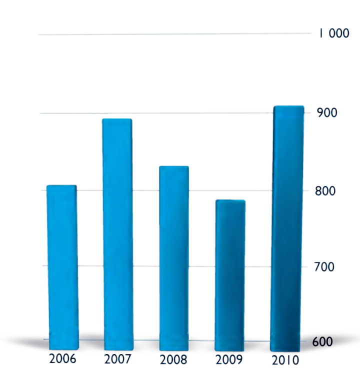
GOALS MET IN 2010

- Turnover increased by 15 % and operating income by 46%.
- New logistics centre in Tranås inaugurated in February and e-commerce platform launched in June.
- All Motion, which offers electric motors, acquired and certain of Cyncrona's suppliers taken over.

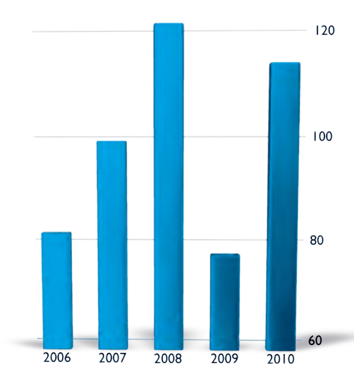
FOCUS IN 2011

- To continue broadening the product range through closer cooperation with suppliers.
- To benefit fully from the logistics centre in Tranås through increased availability of products and to coordinate more parts of the Group in Sweden and internationally.
- To take advantage of new opportunities, with the e-commerce platform as an active tool in the sales.

Turnover (SEK M)



Operating income (SEK M)



Sales are made under the following company names, OEM Automatic, OEM Motor, OEM Electronics, Internordic Bearings, Telfa and Elektro Elco.

Number of employees: 302
Share of the Group's turnover 63 % (64)

FINLAND THE BALTIC COUNTRIES

Patrick Nyström, Director of Business Activities in Finland and the Baltic Countries

FINLAND AND THE BALTIC COUNTRIES IS OEM INTERNATIONAL'S OLDEST MARKET REGION OUTSIDE SWEDEN AND IT ACCOUNTS FOR 15 % OF THE TURNOVER. DURING 2010, THE TURNOVER IN LOCAL CURRENCY ROSE BY 34 % , BUT THE STRONG SWEDISH KRONA MEANS THAT THE GROWTH IN SWEDISH KRONOR WAS 20 %, TO SEK 215 MILLION. THE OPERATING INCOME ROSE FROM SEK 6.5 MILLION IN 2009 TO SEK 20 MILLION.

DEVELOPMENT DURING 2010

OEM advanced its positions in Finland and the Baltic countries. The successful sales were due to an improvement in demand during the year and on OEM focusing on intensifying marketing activities and launching new product areas. OEM is established as a significant local actor in the Baltic countries.

MARKET

In Finland and the Baltic countries, OEM offers industrial components and systems to the machinery and equipment manufacturing industries, electric wholesalers and major end users. OEM's customers include many leading Finnish engineering companies and a large number of manufacturing companies. OEM has followed a large number of Nordic companies, which have established themselves in the Baltic countries during the last couple of years. OEM occupies a leading position in several product areas.

OEM's competitors include, for example, Juha Elektro, Arrow, Schneider, SKS, Omron, Scanditron, Viru Electric and Tameo.

BUSINESS ACTIVITIES

A large part of OEM's product range is marketed in Finland, whereas the range in the Baltic countries is focused on products that have been successful in Finland. OEM in Finland is particularly strong in cables and actively contributes to developing OEM's entire offer in this area.

OEMs property in Turku, Finland.

In this market region, OEM represents some 250 suppliers that are specialists and leaders within their respective fields. During 2010, the product range was broadened and relations with the suppliers developed. Among other things, OEM started to sell the Hide-a-Lite product series from Elektro Elco. OEM kept certain parts of the product range in connection with the divestment of Cyncrona.

GOALS

The goal is an annual growth rate of 15 % and an operating margin of 10 %.

STRATEGY

- To offer OEM's whole product range in Finland and launch products in the Baltic countries where OEM is strong in Finland.
- To broaden the product range and streamline the logistics from the office in Turku, while the organisation in the Baltic countries focuses on sales.
- To acquire complementary businesses in new product areas.

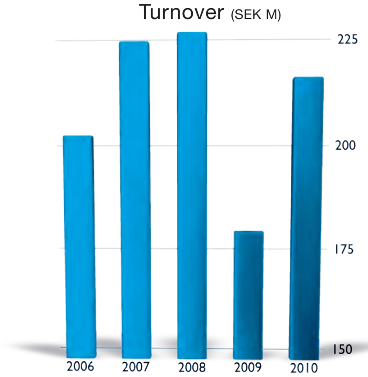
GOALS MET IN 2010

- Turnover increased by 34 %, in local currency.
- Market shares increased thanks to intense marketing activities, broaden product range and attainment of the position as a strong local actor in the Baltic countries.
- Efficiency improvements realised by gathering all Finnish operations to the same property in Turku.

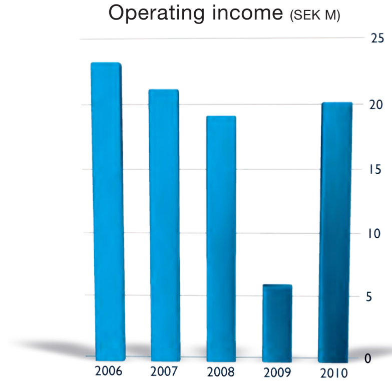
FOCUS IN 2011

- To increase the efficiency in the organisation and carry out a manager development programme in order to secure future growth opportunities.
- Create increased capacity, efficiency and service level of the logistics.
- Broaden the product offer by introducing new suppliers and through acquisitions.

Turnover (SEK M)



Operating income (SEK M)



Sales are made under the following company names, OEM Automatic, OEM Electronics and Internordic Bearings.

Number of employees: 65

Share of the Group's turnover 15 % (15)

DENMARK NORWAY UNITED KINGDOM CENTRAL EASTERN EUROPE

DENMARK, NORWAY, UNITED KINGDOM AND CENTRAL EASTERN EUROPE ARE OEM INTERNATIONAL'S SECOND LARGEST MARKET REGION. DURING 2010, TURNOVER ROSE BY 23 % IN LOCAL CURRENCY, BUT THE STRONG SWEDISH KRONA MEANS THE GROWTH IN SWEDISH KRONOR WAS 15 %, TO SEK 310 MILLION. THE OPERATING INCOME INCREASED FROM SEK -0.6 MILLION IN 2009 TO SEK 18 MILLION.

DEVELOPMENT DURING 2010

OEM's operations in the Czech Republic and Slovakia grew fastest during 2010. In addition, Norway, Poland and United Kingdom hit a new record level for turnover. The successful sales development is due to the strengthening of the market and OEM increasing its competitiveness through its broadened product offer and strong marketing activities.

MARKET

OEM's customers in the region include leading engineering companies and a large number of manufacturing companies. Most customers are companies in the machinery and equipment manufacturing industries, electric wholesalers and major end users. OEM has followed many British and Nordic customers, as they have moved their production to Eastern Europe. OEM has relations at different levels and in several countries with many customers in order to support their production process. OEM's market share in the region is still low and lies below 5 %. In total, OEM represents approx. 100 suppliers, the vast majority of whom also operate in Sweden and Finland.

OEM's competitors include the manufacturers' own subsidiaries, trading companies, e.g. in Indutrade, and Addtech, as well as local agency companies such as Dacpol.

BUSINESS ACTIVITIES

The market region consists of six companies in Denmark, Norway, United Kingdom, Poland, the Czech Republic and Slovakia that sell industrial components and systems. More and more of OEM's range is gradually being introduced on each particular market.

The new logistics centre in Tranås takes care of all the logistics for Norway, approximately half the logistics for Denmark and part of it for Poland, the Czech Republic and Slovakia. The new centre has improved the service level and the efficiency while, at the same time, the capital tied-up as reduced.

GOALS

The goal is an annual growth rate in excess of 15 % and an operating margin of more than 5 %.


Jens Kjellsson, Director of Business Activities in Denmark, Norway, the UK and Central Eastern Europe.


OEMs property in Leicester, Great Britain

STRATEGY

- To broaden the product range and roll out OEM's whole product range on all markets in the long term.
- To develop the sales thanks to high market presence and the new e-commerce platform.
- To acquire complementary operations.

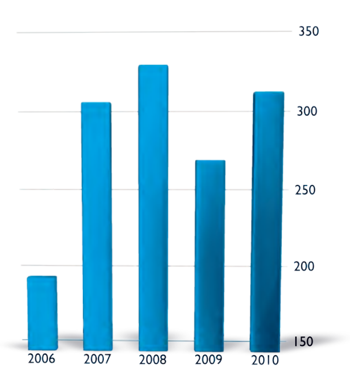
GOALS MET IN 2010

- Turnover increased by 23 % in local currency.
- New products launched which have contributed to higher turnover and created new opportunities for expansion.
- Service improved with more efficient logistics, among other things, due to the new centre in Tranås.

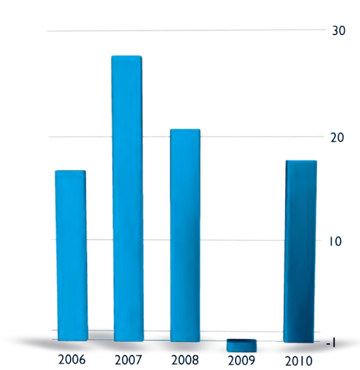
FOCUS IN 2011

- To broaden the product range based on local market needs.
- To continue to develop the logistics in order to strengthen the customer offer and to increase the efficiency
- To roll out the new e-commerce platform in all countries.

Turnover (SEK M)



Operating income (SEK M)



Sales are made under the following company names OEM Automatic and OEM Automatic Klitsø.

Number of employees: 120
Share of the Group's turnover 22 % (21)

EMP-
LOYEES

OEM'S COMPETITIVENESS IS BASED ON EVERY EMPLOYEE'S EFFORTS AND DEVELOPMENT. OEM IS AN ATTRACTIVE WORKPLACE THAT RECRUITS AND DEVELOPS COMPETENT AND GOAL-ORIENTED INDIVIDUALS.

CORPORATE CULTURE

OEM is an international Group driven by technological knowledge, sales focus and business acumen. The catchwords in the Group-wide OEM spirit are positive attitude, dedication, goal focus, openness and modesty.

OEM'S SALES SCHOOL

Sales reps at OEM work with a wide range of products they sell to leading industrial companies and a large number of small and medium companies. OEM offers to new sales reps a sales training which continues for two years and is divided into five blocks. These consist of internal and external courses and are designed to provide a sales methodology and to aid the sales rep in a number of different situations. The initial years are followed by greater challenges where the sales rep runs strategic sales with a significant degree of freedom. OEM is a learning organisation and offers sales reps courses, as an aid to their work, throughout their entire career, for example, in negotiation techniques and IT tools for sales work. Part of the remuneration of OEM's sales reps is often variable in order to motivate and reward success.

LEADERSHIP PROGRAMME

The leadership culture in OEM is based on strong teams and clear targets. Each manager has to build his or her own team and set clear individual targets for his or her employees. Internal and external development programmes for managers contribute to the strengthening of the teamwork and the introduction of new knowledge.
A comprehensive leadership programme for senior executive employees was carried out in Denmark, Norway, United Kingdom and Central Eastern Europe during 2010. The programme aims at training the next generation of managers in order to secure future growth opportunities. Around 20 key employees took part during 2010 and a similar programme is also to be run in Finland and the Baltic countries during 2011.

CAREER OPPORTUNITIES

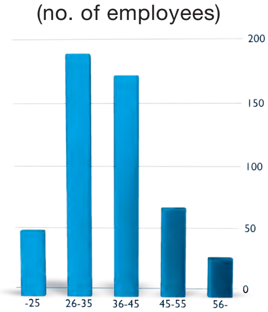
All employees at OEM can influence their own careers by being inquisitive, creative and goal-oriented. Each employee at OEM has regular career development discussions with individual plans. The Company encourages mobility between different operations and countries.

The goal is to develop and recruit managers internally. Many employees start as sales reps or product specialists and subsequently develop into managers with personnel and budget responsibility. The next step is the position of product or product area manager and then further to business area manager. The majority of OEM's executive management has long careers in OEM behind them.

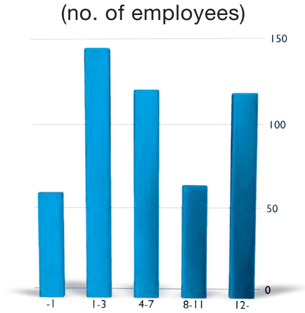
RECRUITMENT

During the recession in 2009, OEM trimmed its organi-

Age distribution
(no. of employees)



Years of experience in OEM
(no. of employees)



	2010	2009
AVERAGE NUMBER OF EMPLOYEES	**504**	516
EMPLOYED AT YEAR-END	**514**	478
PROPORTION OF WOMEN (%)	**20**	21
SICK LEAVE PERSON/YR (DAYS)	**6**	8
TRAINING COSTS/EMPLOYEE (TSEK)	**3**	4
FITNESS COSTS/EMPLOYEE (TSEK)	**1**	1

sation and reduced its personnel strength, primarily in the administration. Volumes rose during the second half of 2010 and the Company has seen opportunities to recruit once again, above all, individuals in engineering and sales but also in logistics.

TRAINEE PROGRAMMES

OEM runs continuous trainee programs in order to introduce young new employees with ambition and potential to managerial responsibility. The focus is on individuals interested in business and sales, who often come with a technical education behind them. The programme is a two-year programme and it includes an introduction period, project work and hands-on sales experience. The work is done in both Sweden and internationally.

STUDENT COOPERATION

OEM cooperates with several different training institutions in order to develop the Company's knowledge and get to know potential employees. For example, during 2010 OEM has been very active in the development of post-secondary school trainings in e-commerce, logistics and economics at the Tranås Education Centre. Cooperation is an element in securing the future supply of expertise. Moreover, the company approaches students by offering guidance in theses and traineeships.

EQUAL OPPORTUNITIES

OEM's industry has traditionally been dominated by men. OEM strives to improve equality in the organisation by seeking to employ more and more women to male-dominated positions.

WELL-BEING

OEM focuses on a good work environment and encourages a healthy lifestyle through exercise and preventive healthcare. One of the reasons for the construction of the new logistics centre in Tranås is to create ergonomic workplaces and minimise lifting. In addition, OEM has invested in creating pleasant common areas such as, e.g. a canteen, patio and sauna.

QUALITY ENVIRON-MENT & ETHICS

OEM'S OPERATIONS ARE BASED ON HIGH QUALITY AND ENVIRONMENTAL AWARENESS OF THE COMPANY'S PRODUCTS AND DELIVERIES. IT IS CREATED BY KNOWLEDGE, COMMITMENT, DOCUMENTED PROCEDURES AND STANDARDISED FOLLOW-UP.

QUALITY POLICY

The starting point for OEM's quality policy is that all delivered products and services must live up to the customer's expectations. This means that the quality work applies to both products and processes.

OEM's close collaboration with more than 300 suppliers is aimed at continuous development of the quality of the product range so the products will meet the customer requirements. OEM also assists the customer with finding the right component and contributes with knowledge so it can be efficiently implemented in total solutions. The customers' perception of the quality is followed up carefully and the company works continuously on identifying and implementing improvements.

The customers also demand quality in the sense of receiving the right product in the right place at the right time. In a short time, the new logistics centre in Tranås has met the targets for, among other things, delivery reliability. Through follow-up and development of the delivery reliability, OEM is now raising the bar to create world-class logistics.

In order to achieve a high quality, OEM also works actively on developing its own processes. During 2010, the company has implemented routines inspired by Toyota's Lean Production. The aim is to create processes without wasting any assets. For example, so-called whiteboard meetings are held every day at OEM Automatic in order to solve quickly any problems that may have arisen before they affect the customer. OEM implements continuous improvements and strives to get rid of all detours.

ENVIRONMENT

OEM's environmental work permeates the whole organisation. The most important work is done at the logistics centre in Tranås, which plays a central role in the Company's operations and is its largest facility. The environmental work is governed by the ambitions of the employees, the customer requirements and the law. The aim is to reduce the company's environmental impact in the short and the long term.

OEM's trade orientation means that the greatest environmental impact stems from:

Transport of goods and personnel

One effect of the new logistics centre is a greater degree of coordination of the transportation from suppliers to customers, which reduces the environmental burden. OEM also strives to use forwarding agents that are environmentally certified. As regards company cars, only cars

classified according to Environmental Class 2008 (MK 2008) are used.

The presence of environmentally-damaging substances in products

OEM carries out meticulous inventories of the contents of the products, among other things, to fulfil European environmental requirements such as REACH and RoHS. The companies in the Group that are certified conduct regular supplier assessments and have environmental coordinators.

Printed market communication

OEM annually prints and distributes over 50,000 catalogues and other printed materials. When choosing printers, priority is given to environmentally-certified suppliers and environmentally-certified paper. The launch of the new e-commerce platform reduces the need for printed catalogues and brochures.

Packaging materials

OEM strives to always to select the best perspective from an environmental perspective.

Office heating, lighting and cooling.

OEM selects energy-efficient and the most environmentally-friendly alternative when the company invests in premises or signs new lease agreements. The new logistics centre in Tranås is heated and cooled by downhole heat pumps from IVT, with certain components from OEM Automatic. The lighting mainly consists of energy-efficient LED lighting from the Group's own brand, "Hide-a-lite".

ETHICS

OEM's business activities are based on long-term employee, supplier and customer relationships. The values of the management and our employees contribute to cultivating these relationships. Common values involving respect for employees and business partners alike permeates our corporate culture and safeguards long-term stability both internally and to suppliers and customers.

OEM employs a well worked-out methodology for placing requirements on the factories the company collaborates with in China. This includes supplier assessments, checks and inspections in order to create clarity and ensure that the production complies with international guidelines.

CERTIFIED COMPANIES

The following Swedish companies hold ISO 14001 environmental certification and ISO 9001 quality certification:

- OEM Automatic AB
- OEM Electronics AB
- Internordic Bearings AB

SENIOR EXECUTIVES

JAN CNATTINGIUS

SVEN RYDELL

PATRICK NYSTRÖM

MIKAEL THÖRNKVIST

JÖRGEN ZAHLIN

JENS KJELLSSON

URBAN MALM

JAN CNATTINGIUS (born 1955)
CFO.
Group employee since 1985.
Number of shares: 11,000 OEM Class B

SVEN RYDELL (born 1973)
Marketing and Communications Director.
Group employee since 2008.
Number of shares: 960 OEM Class B

PATRICK NYSTRÖM (born 1958)
Director of Business Activities in Finland and the Baltic Countries. Group employee since 1982.
Number of shares: 22,500 OEM Class B

MIKAEL THÖRNKVIST (born 1968)
Managing Director of OEM Automatic AB.
Group employee since 1990.
Number of shares: 10,000 OEM Class B

JÖRGEN ZAHLIN (born 1964)
Managing Director of OEM International AB since 1 March 2000. Managing Director and CEO since 1 January 2002.
Group employee since 1985.
Number of shares: 144,457 OEM Class B

JENS KJELLSSON (born 1968)
Director of Business Activities in Denmark, Norway, the UK and Central Eastern Europe.
Group employee since 1990.
Number of shares: 11,000 OEM Class B

URBAN MALM (born 1962)
Managing Director of OEM Electronics AB.
Group employee since 1983.
Number of shares: 2,800 OEM Class B

BOARD
& SHARES

AGNE SVENBERG, HANS FRANZÉN, JERKER LÖFGREN, ULF BARKMAN, LARS-ÅKE RYDH OCH PETTER STILLSTRÖM

LARS-ÅKE RYDH (born 1953)
Chairman of the Board since 2010 and board member since 2004. M.Sc. Engineer. Not employed by OEM. Other appointments: Chairman of the Board Nefab AB, San Sac AB, Plastprint AB, Schuchardt Maskin AB and CombiQ AB. Board member Nolato AB, HL Display AB and Handelsbanken Region Eastern Sweden. Number of shares: 12,000 OEM Class B

ULF BARKMAN (born 1957)
Board member since 1997. Business Administrator. Not employed by OEM. Number of shares: 42,000 OEM Class B

AGNE SVENBERG (born 1941)
Board member since 1974. Managing Director until 29 February 2000. Engineer. Not employed by OEM. Other appointments: Chairman of the Board, EG:s El o Automation AB, Personality Gym AB and ISP AB. Number of shares: 665,400 OEM Class A and 228,530 OEM Class B

PETTER STILLSTRÖM (born 1972)
Board member since 2010. Master of Business Administration. Not employed by OEM. Managing Director and major owner AB Traction. Other appointments: Chairman of the Board Nilörngruppen AB and Softronic AB. Board member PartnerTech AB, AB Traction and a number of unlisted companies in AB Tractions area of interest. Number of shares: 0

JERKER LÖFGREN (born 1950)
Board member since 2010. Master of Laws. Not employed by OEM. Chief Lawyer Carnegie Private Banking. Other appointmets: Chairman of the Board Orvaus AB and Orvaus Nörvalen AB. Number of shares: 0.

HANS FRANZÉN (born 1940)
Chairman of the Board 1992-2006.
Board member since 1974. CEO until 31 Dec. 2001. Engineer. Not employed by OEM. Other appointments: Chairman of the Board, Tranås Rostfria AB, TR Equipment AB, Tranås Resebyrå AB, Opti Fresh AB, Linktech AB, Cendio AB and Handelsbanken's regional board in Tranås. Board member OPIC Com AB, Ovacon AB and IB Medical AB. Number of shares: 707,376 OEM Class A and 625 290 OEM Class B

OEM INTERNATIONAL ON THE STOCK EXCHANGE

OEM's shares were quoted on the Stockholm Stock Exchange in December 1983, and have since displayed a healthy price trend. Anyone who purchased 100 shares in OEM for SEK 12,500 at the time of introduction to the stock exchange would have had a holding of 7,200 shares at a value of SEK 392 400 on 31 December 2010. During 2000, OEM shares were transferred from the OTC List to the O List. Since 2006, the shares have been listed on Nasdaq OMX Nordic Small Cap.

DIVIDEND POLICY

The Board of OEM International aims to propose a reasonable dividend of profits to the shareholders, by considering the financial position, the tax situation and any need for acquisitions or investments in the operations.

DIVIDENDS

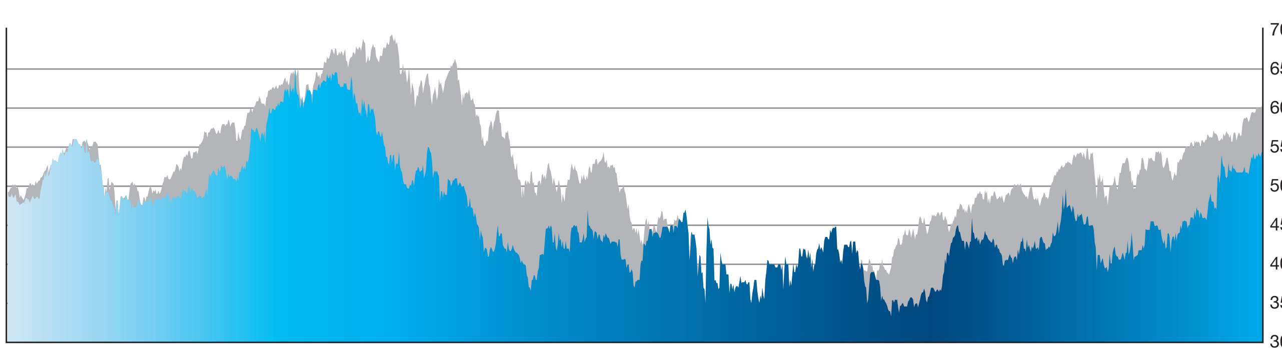
The Board proposes a dividend of SEK 3 per share, equivalent to 13 % of distributable equity in the Group.

OWNERSHIP STRUCTURE OEM's largest shareholders as of 30/12/2010

	No. Class A shares			
Orvaus AB	1 627 320	2 802 360	19.1 %	28,9 %
Franzén Hans and family	1 280 376	1 353 990	11,4 %	21,4 %
Svenberg Agne and family	1 223 400	461 986	7,3 %	19,4 %
AB Traction	636 000	1 040 620	7,2 %	11,2 %
Lannebo equity funds		2 388 000	10,3 %	3,6 %
Nordea Investment Funds		1 270 280	5,5 %	1,9 %
Ernström Finans AB		609 000	2,6 %	0,9 %
Johan Atmer		328 300	1,4 %	0,5 %
Didner & Gerge Aktiefond		310 200	1,3 %	0,5 %
Fjärde AP Fonden		305 329	1,3 %	0,5 %
Total 10 owners	**4 767 096**	**10 870 065**	**67,5 %**	**88,6 %**
Other		7 532 148	32,5 %	11,4 %
Total	**4 767 096**	**18 402 213**	**100,0 %**	**100,0 %**
Votes per share	**10**	**1**		

SHARE TRENDS

OEM International B   OMX Stockholm All Share



KEY INDICATORS FOR THE LAST FIVE YEARS

OEM GROUP		2010	2009	2008	2007	2006
Net sales **	MSEK	1 430	1 240	1 438	1 294	1 203
of which overseas **	%	37,2	37,0	38,5	35,4	32,8
Group's profit before tax						
from remaining business units **	MSEK	136,5	73,2	140,5	135,9	115,0
Group profit for the year	MSEK	95,5	43,0	117,0	102,8	181,6
Earning capacity of total capital **	%	15,5	8,6	16,4	15,3	13,7
Earning capacity of capital employed **	%	21,0	11,9	23,8	21,5	19,1
Earning capacity of shareholders' equity	%	16,5	7,4	20,9	17,6	32,5
Debt/equity ratio	ggr	0,14	0,21	0,17	0,16	0,10
Interest coverage ratio **	ggr	52,4	25,2	34,3	40,6	30,9
EBITDA/net sales **	%	11,6	8,2	11,0	11,4	10,5
Operating margin **	%	9,7	6,0	9,5	10,3	9,5
Profit margin **	%	9,5	5,9	9,8	10,7	9,6
Capital's turnover rate	ggr/år	1,54	1,46	1,66	1,65	1,52
Net sales/employee	MSEK	2,8	2,4	2,7	2,6	2,7
Equity/assets ratio:	%	63,7	61,8	59,0	58,9	67,2
Cash flow from current operations	MSEK	115,6	103,5	161,7	44,3	113,4
Quick ratio	%	153	136	128	131	205
Earnings per share before dilution**	SEK	4,12	1,86	5,05	4,43	7,84
Earnings per share after dilution ***	SEK	4,12	1,86	5,05	4,43	7,81
Earnings per share before dilution ** ***	SEK	4,32	2,19	4,56	4,26	3,52
Earnings per share after dilution ** ***	SEK	4,32	2,19	4,56	4,26	3,51
Average no. of shares ***	tusental	23 169	23 169	23 169	23 169	23 169
Average number of shares after dilution ***	tusental	23 169	23 169	23 169	23 169	23 268
Shareholders' equity per share* ***	SEK	25,63	24,37	25,51	22,88	27,65
Earnings per share excl. repurchased shares ***	SEK	4,12	1,86	5,05	4,43	7,84
No. of shares excl. repurchased ***	tusental	23 169	23 169	23 169	23 169	23 169
Proposed dividends ***	SEK	3,00	2,00	3,00	3,00	2,83
Quoted price as per 31 December ***	SEK	54,50	41,30	35,00	42,90	63,00
P/E ratio	ggr	13,2	22,3	6,9	9,7	8,0
P/E ratio**	ggr	12,6	18,8	7,7	10,1	17,9
Direct return	%	5,5	4,8	8,6	7,0	4,5
No. of employees **	antal	504	516	572	520	476
Salaries and remuneration **	MSEK	182	180	191	166	151

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

*** Remaining business units*

**** The tt indicators are corrected for the 4:1 share split and automatic redemption of each fourth share carried out in Q2 2007. Prior periods have been adjusted with a factor of 3 since the financial implication of the transaction is a 3:1 split combined with an extra dividend.*

ADDRESSES

OEM Automatic AB
Box 1011, 4 Dalagatan,
SE-573 28 TRANÅS, Sweden
Tel: +46-75-242 41 00
Fax: +46-75-242 41 10
Mail: info@aut.oem.se
Web: www.oemautomatic.se

OEM Automatic OY
Box 9, FI-20101 TURKU,
3 Fiskarsinkatu, 20750 TURKU, Finland
Tel: +35-8-207-499 499
Fax: +35-8-207-499 456
Mail: asiakaspalvelu@oem.fi
Web: www.oem.fi

OEM Automatic AS
Post box 2144, STRØMSØ,
110 Bjørnstjerne Bjørnsonsgate,
NO-3003 DRAMMEN, Norway
Tel: +47-32-21 05 00
Fax: +47-32-21 05 01
Mail: info@no.oem.se
Web: www.oem.no

OEM Automatic Klitsø A/S
4 Engholm Parkvej,
DK-3450 ALLERØD, Denmark
Tel: +45-70-10-64-00
Fax: +45-70-10-64-10
Mail: info@oemklitso.dk
Web: www.oemklitso.dk

OEM Automatic Ltd
Whiteacres Cambridge Road,
Whetstone LEICESTER LE8 6ZG,
United Kingdom
Tel: +44-116-284 99 00
Fax: +44-116-284 17 21
Mail: information@uk.oem.se
Web: www.oem.co.uk

OEM Automatic Sp. z o. o.
ul. 2 Postepu,
PL-02-676 WARSAW, Poland
Tel: +48-22-863 27 22
Fax: +48-22-863 27 24
Mail: info@pl.oem.se
Web: www.oemautomatic.com.pl

OEM Automiatic OÜ
Kanali tee 1-328,
EE-10112 TALLINN, Estonia
Tel: +37-2-6550 871
Fax: +37-2-6550 873
Mail: info@oem.ee
Web: www.oem.ee

OEM Automatic UAB
Paliuniskio g. 1,
LT-35113 PANEVEZYS, Lithuania
Tel: +37-0-6550 0323
Fax: +37-0-4557 7987
Mail: info@oem.lt
Web: www.oem.lt

OEM Automatic SIA
3-3 Vilandes,
LV-1010 RIGA, Latvia
Tel: +37-1-2919 9382
Mail: info@oemautomatic.lv
Web: www.oemautomatic.lv

OEM Automatic spol. s r.o.
3a Baarova,
CZ-140 00 4 PRAGUE, Czech Republic
Tel: +42-0-241-484 940
Fax: +42-0-241-484 941
Mail: info@oem-automatic.cz
Web: www.oem-automatic.cz

OEM Automatic s.r.o.
17 Tamaskovicova,
SK-917 01 TRNAVA, Slovakia
Tel: +42-1-911-122 009
Fax: +42-1-335-331 567
Mail: info@oem-automatic.sk
Web: www.oem.sk

Telfa AB
Telfa AB C/o: OEM Automatic AB,
4 Dalagatan,
SE-573 42 TRANÅS, Sweden
Tel: +46-75-24-24-450
Fax: +46-75-24-24-495
Mail: info@telfa.se
Web: www.telfa.se

Elektro Elco AB
Tallvägen 5,
SE-564 35 BANKERYD, Sweden
Tel: +46-36-290-60-00
Fax: +46-36-290-60-50
Mail:elektro@elco.se
Web: www.elco.se

OEM Motor AB
Box 1011,
SE-573 28 TRANÅS, Sweden
Tel: +46-75-242-44-00
Fax: +46-75-242-44-49
Mail: info@motor.oem.se
Web: www.oem-motor.se

Internordic Bearings AB
Box 105,
SE-571 22 NÄSSJÖ, Sweden
Tel: +46-75-242 49 40
Fax: +46-75-242 49 50
Mail:info@internordic.biz
Web: www.internordic.biz

Internordic Bearings FI
Box 9, FI-20101 TURKU,
3 Fiskarsinkatu, 20750 TURKU, Finland
Tel: +35-8-207-499-499
Fax: +35-8-207-499-456
Mail: asiakaspalvelu@oem.fi
Web: www.internordic.fi

IBEC
111 Aartsdijkweg,
NL-2676 LE MAASDIJK, the Netherlands
Tel: +31-174 52 51 00
Fax: +31-174 52 51 06
Mail: info@ibec.biz
Web: www.ibec.biz

OEM Electronics AB
Box 1025, Norrabyvägen 6B
SE-573 29 TRANÅS, Sweden
Tel: +46-75-242 45 00
Fax: +46-75-242 45 09
Mail: info@oemelectronics.se
Web: www.oemelectronics.se

OEM Electronics OY
Box 9, FI-20101 TURKU,
3 Fiskarsinkatu, 20750 TURKU, Finland
Tel: +358-207 499 300
Fax: +358-207 499 496
Mail: info@oemelectronics.fi
Web: www.oemelectronics.fi

OEM Electronics PL
ul. 2 Postepu,
PL-02-676 WARSAW, Poland
Tel: +48-22-86 32 722
Fax: +48-22-86 32 724
Mail: info@oemelectronics.pl
Web: www.oemelectronics.pl

OEM Trading (Shanghai) Co., Ltd.
Room 1117, Huaihai China Tower,
885 Renmin Road, SHANGHAI 200010
P.R. of China
Tel: +86 (0)21 3307 0588
Fax: +86 (0)21 3307 0303
Mail: info@oemtrading.com.cn

OEM International AB
Box 1009, Norrabyvägen 6B,
SE-573 28 TRANÅS, Sweden
Tel: +46-75-242 40 00
Fax: +46-75-242 40 29
Mail: info@oem.se
Web: www.oem.se

2010

OEM

ANNUAL ACCOUNTS 2010

THE ANNUAL GENERAL MEETING WILL BEHELD ON TUESDAY 3 MAY 2011 AT 4 PM AT BEST WESTERN HOTEL, TRANÅS STATT, STORGATAN 22 IN TRANÅS, SWEDEN.

REGISTRATION

Shareholders wishing to attend the Annual General Meeting must:

- be entered in the share register held by the Euroclear Sweden AB (formerly VPC AB) by Wednesday 27 April 2011.
- notify the company no later than Wednesday 27 April 2011 before 1 pm to:

OEM International AB,
Box 1009, SE-573 28 Tranås, Sweden
Tel +46 (0)75 242 40 05.
Email: anna.enstrom@oem.se

Shareholders who have registered their shares in the name of an authorised agent must temporarily register the shares in their own name with the Euroclear Sweden AB by no later than Wednesday 27 April 2011 in order to participate at the Annual General Meeting.

DIVIDENDS

The Board of Directors proposes that the Annual General Meeting issue a dividend of SEK 3 per share for 2011 and stipulate Friday 6 May 2011 as record date. If the Annual General Meeting adopts the proposal, it is expected that dividends will be distributed on Wednesday 11 May 2011 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 and will also be 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

Interim report, January-March, 3 May 2011
Interim report, January-June, 18 July 2011
Interim report, January-September, 24 October 2011
Financial statement 2011, February 2012
Annual Report 2011, March/April 2012

TABLE OF CONTENTS

FIVE-YEAR GROUP SUMMARY MSEK

FROM THE STATEMENT OF COMPREHENSIVE INCOME	**2010**	**2009**	**2008**	**2007**	**2006**
Sweden	894,3	783,6	875,7	834,3	805,8
Overseas	529,8	449,5	557,8	455,9	392,3
TOTAL AMOUNT INVOICED	**1 424,1**	1 233,2	1 433,5	1 290,2	1 198,1
Operating income before depreciation and impairment	165,9	101,4	163,5	147,4	126,3
Depreciation and impairment	-27,6	-27,1	-20,6	-13,6	-12,0
Income from financial items	-1,8	-1,1	-2,4	2,1	-0,3
Participation in associated companies	-	-	-	-	1,0
PROFIT BEFORE TAX	**136,5**	73,2	140,5	135,9	115,0
Tax	-36,5	-22,4	-34,8	-37,2	-33,5
GROUP PROFIT FOR THE YEAR FROM REMAINING BUSINESS UNITS	**100,0**	50,8	105,7	98,7	81,6
Profit from divested business unit, net after tax	-4,5	-7,8	11,3	4,1	100,0
GROUP PROFIT FOR THE YEAR	**95,5**	43,0	117,0	102,8	181,6
FROM THE STATEMENT OF FINANCIAL POSITION					
Intangible fixed assets	106,8	108,9	114,7	46,7	20,5
Tangible fixed assets	182,5	196,7	167,4	160,2	139,6
Financial assets and deferred tax claims	8,5	7,2	5,9	9,0	11,3
Inventories	219,9	217,1	280,8	255,2	214,6
Current receivables	240,7	219,7	270,1	295,1	279,2
Available-for-sale assets	-	-	-	7,1	-
Cash and cash equivalents	173,2	165,2	163,2	127,0	288,5
TOTAL ASSETS	**931,6**	914,8	1 002,1	900,3	953,7
Shareholders' equity	593,8	564,5	591,1	530,1	640,7
Long-term liabilities	67,9	67,8	69,8	41,9	35,9
Current liabilities	269,9	282,5	341,2	328,3	277,1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**931,6**	914,8	1 002,1	900,3	953,7

The five-year summary from the Statement of Comprehensive Income and the key indicators for the period from 2006 to 2010 are adjusted through the exclusion of all divested business units (in accordance with IFRS 5) so that only the remaining business units are presented.

KEY INDICATORS FOR THE LAST FIVE YEARS

OEM GROUP		2010	2009	2008	2007	2006
Net sales **	MSEK	1 430	1 240	1 438	1 294	1 203
of which overseas **	%	37,2	37,0	38,5	35,4	32,8
Group's profit before tax						
from remaining business units **	MSEK	136,5	73,2	140,5	135,9	115,0
Group profit for the year	MSEK	95,5	43,0	117,0	102,8	181,6
Earning capacity of total capital **	%	15,5	8,6	16,4	15,3	13,7
Earning capacity of capital employed **	%	21,0	11,9	23,8	21,5	19,1
Earning capacity of shareholders' equity	%	16,5	7,4	20,9	17,6	32,5
Debt/equity ratio	ggr	0,14	0,21	0,17	0,16	0,10
Interest coverage ratio **	ggr	52,4	25,2	34,3	40,6	30,9
EBITDA/net sales **	%	11,6	8,2	11,0	11,4	10,5
Operating margin **	%	9,7	6,0	9,5	10,3	9,5
Profit margin **	%	9,5	5,9	9,8	10,7	9,6
Capital's turnover rate	ggr/år	1,54	1,46	1,66	1,65	1,52
Net sales/employee	MSEK	2,8	2,4	2,7	2,6	2,7
Equity/assets ratio:	%	63,7	61,8	59,0	58,9	67,2
Cash flow from current operations	MSEK	115,6	103,5	161,7	44,3	113,4
Quick ratio	%	153	136	128	131	205
Earnings per share before dilution***	SEK	4,12	1,86	5,05	4,43	7,84
Earnings per share after dilution ***	SEK	4,12	1,86	5,05	4,43	7,81
Earnings per share before dilution ** ***	SEK	4,32	2,19	4,56	4,26	3,52
Earnings per share after dilution ** ***	SEK	4,32	2,19	4,56	4,26	3,51
Average no. of shares ***	tusental	23 169	23 169	23 169	23 169	23 169
Average number of shares after dilution ***	tusental	23 169	23 169	23 169	23 169	23 268
Shareholders' equity per share* ***	SEK	25,63	24,37	25,51	22,88	27,65
Earnings per share excl. repurchased shares ***	SEK	4,12	1,86	5,05	4,43	7,84
No. of shares excl. repurchased ***	tusental	23 169	23 169	23 169	23 169	23 169
Proposed dividends ***	SEK	3,00	2,00	3,00	3,00	2,83
Quoted price as per 31 December ***	SEK	54,50	41,30	35,00	42,90	63,00
P/E ratio	ggr	13,2	22,3	6,9	9,7	8,0
P/E ratio**	ggr	12,6	18,8	7,7	10,1	17,9
Direct return	%	5,5	4,8	8,6	7,0	4,5
No. of employees **	antal	504	516	572	520	476
Salaries and remuneration **	MSEK	182	180	191	166	151

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

*** Remaining business units*

**** The key indicators are corrected for the 4:1 share split and automatic redemption of each fourth share carried out in Q2 2007. Prior periods have been adjusted with a factor of 3 since the financial implication of the transaction is a 3:1 split combined with an extra dividend.*

DIRECTORS' REPORT

The Board and the Managing Director of OEM International AB (publ), corporate identity number 556184-6691, hereby submit the ANNUAL ACCOUNTS and the consolidated financial statements for the financial year 2010. The ANNUAL ACCOUNTS and the consolidated financial statements, including the auditors' report cover pages 6-53. The figures for 2009 are in parenthesis.

BUSINESS ACTIVITIES

OEM is one of Europe's leading industrial trading companies in industrial components and systems in select markets in Northern, Central and Eastern Europe. The operations are carried out in subsidiaries in the Nordic countries, as well as in the UK, Poland, the Czech Republic, Slovakia, the Netherlands, China, Estonia, Latvia and Lithuania.

OEM offers a broad and detailed range of industrial components and systems from leading suppliers. A well-structured local market organisation and effective logistics make OEM a better alternative than the suppliers' own sales organisations. OEM can customise its offers to best suit the needs of our customers.

Our product range stretches from basic mechanical components such as seals and couplings to, for instance, complete production systems for circuit boards. We constantly expand our range by adding new products and discontinuing or replacing unprofitable products.

Each company markets a clearly defined product range which, coupled with the added value of the organisation, forms a brand concept. The brand concepts are launched on new geographic markets as they grow in strength.

The Group's structure is built on a matrix organisation based on a product and country organisation. OEM was divided into three divisions in 2010 – Automation, Components and Production Technology. Division Production Technology was divested during the year.

As from 2011, the Group's structure will be changed and the current matrix organisation based on a product and country organisation will be given a new emphasis. The main focus, which until now has been on the product organisation, will shift to our three market regions – Sweden, Finland and the Baltic countries and Central Eastern Europe. The purpose is to strengthen OEM's long-term competitiveness and improve our rate of growth outside Sweden.

OEM's Class B share is listed on Nasdaq OMX Stockholm The share is included in Small Cap.

NET SALES AND PROFIT

OEM increased the net sales of its remaining business units by 15 % year-on-year to SEK 1,430 million (1,240) for 2010. If we disregard the effect of currency fluctuations, the net sales would have risen by approx. 22 %. Profit before tax rose by 86 % to SEK 136.5 million (73.2).

The profit after tax for the year totalled SEK 100 million (50.8), an increase of 97 %. The year's profit after tax is equivalent to earnings of SEK 4.32 (2.19) per share from the company's remaining business units.

DIVISION AUTOMATION

Sales climbed by 17 % to SEK 1,140 million (976.2). If we disregard the effect of currency fluctuations, the net sales would have risen by approx. 25 %. The operations in the Czech Republic, Finland, Great Britain and Swedish Electro Elco have shown the highest growth. Moreover, the group has broadened its collaboration geographically with several existing suppliers and concurrently has introduced five new suppliers.

The operating income for 2010 grew by 83% year-on-year to SEK 125.2 million (68.5) due to the improved net sales and higher efficiency. The acquisition of All Motion Technology AB in September has had a marginal effect on the net sales and the operating profit.

DIVISION COMPONENTS

Sales climbed by 10 % to SEK 289.2 million (262.1). If we disregard the effect of currency fluctuations, the net sales would have risen by approx. 16 %. Swedish Internordic Bearings has shown good growth, whereas other operations are in line with the previous year.

The operating profit rose by 73 % to SEK 25.5 million (14.7). The capacity adjustment measures and structural changes, which have been implemented since 2009, have increased the operating margin from 6 to 9 %. OEM Trading in Shanghai, which is part of the division, manages purchasing and quality control for the majority of the division's purchases in China.

DIVISION PRODUCTION TECHNOLOGY

OEM divested the operations in Division Production Technology to ElektronikGruppen on 1 June 2010. The sale comprised a transfer of the assets and liabilities of the division, where ElektronikGruppen took over the stock-in-trade, equipment, customer and supplier agreements and intangible values of the division. The purchase price was approx. SEK 5 million plus a contingent consideration based on the contribution margin of the unit during the next two years.

PROFITABILITY, FINANCIAL POSITION AND CASH FLOW

Return on capital employed was 21.0 % (9.6) and return on equity was 16.5 % (7.4). The Group's equity/assets ratio at year-end was 63.7 % (61.8). Shareholders' equity per share was SEK 25.63 (24.37). Cash equivalents and unutilised credit commitments in the Group amounted to SEK 403 million (371) at the turn of the year. Cash flow from current operations totalled SEK 115.6 million (103.5). After net investments of SEK -20.3 million (-47.0) and amortisation, new loans and paid dividends for a total of SEK 82.7 million (-54.2), the year's cash flow was SEK 12.6 million (2.3). Gross investments in the Group during the year amounted to SEK 15.9 million (13.2) in machinery and equipment, SEK 3.5 million (42.5) in buildings, and SEK 13.5 million (3.6) in other intangible fixed assets.

GROUP CHANGES

During September, all the shares in All Motion Technology were acquired. All Motion Technology markets motion control solutions with high requirements for accuracy and precision. The company has a turnover of 30 MSEK on an annual basis with sales in the Nordic countries. The company has been part of Division Automation from 1 September.

The operations in Division Production Technology have been divested through a transfer of assets and liabilities.

Restructuring of the Group is still in progress. The objective is to achieve a simpler, more distinct legal Group structure through fusions and voluntary liquidations.

EMPLOYEES

The number of employees at year-end in our remaining business units was 514 (478), an increase by 36 employees. The average number of employees during the year was 504, compared with 516 during the previous financial year. The number of women is equivalent to 20 % (20) of the employees. Absence due to illness stands, on average, at 6 days per person and has dropped by 2 days compared to the previous year. OEM encourages a healthy lifestyle through various forms of exercise and preventive healthcare. The average training cost per employee is SEK 3,000 (4,000), which corresponds to total training costs of SEK 1.6 million. Supplementary information is provided in Note 6.

GUIDELINES FOR REMUNERATION TO SENIOR MANAGEMENT

The policies for remuneration of the senior management adopted at the 2010 Annual General Meeting are described in Note 6. Remuneration to the Chairman and Members of the Board of Directors is paid in accordance with the resolutions of the Annual General Meeting. There is no special remuneration for work on committees.

The Board's proposed policies for remuneration of the senior management, which are to be presented at the 2011 Annual General Meeting, include application of market-rate salaries and other remuneration terms for the Company's management. All share-related incentive schemes are to be resolved by the Annual General Meeting. In addition to a base salary, management can also receive variable remuneration, which can amount to a maximum 58 % of the basic pay. Senior executives are to have market-rate pension contribution terms, which are premium-based and may amount, as a maximum, to the scheme with Alecta's ITP 1 solution. The remuneration level is the same as the previous year.

The period of notice on the Company's part may not exceed 24 months and involves the obligation to work during the period of notice. Employment agreements shall not contain provisions for severance pay. There is an exception to this rule in an agreement signed in 2001, where severance pay may be due for an additional six months in the event of termination by the company after the employee has reached 55 years of age. The severance pay does not involve the obligation to work. This exception means a maximum of 18 monthly salaries in the event of termination by the company.

RISKS AND RISK MANAGEMENT

OEM's results and financial position and its strategic position are affected by a number of internal factors over which OEM has control and a number of external factors where the opportunity to influence the chain of events is limited.

The most important risk factors include the economic situation in combination with structural changes, the competitive situation and the dependence on suppliers and customers. Furthermore, OEM is affected by financial risks such as transaction exposure, translation exposure, financing risk, interest rate risk as well as credit and third-party risks.

A description of the financial instruments, and how OEM manages financial risks, is presented in Note 23.

ECONOMIC SITUATION

OEM is affected by the general economic development, which is usually measured in terms of GDP growth. By operating in different lines of business, which means the customers of OEM's ca. 20 operating units are in different phases of the economic cycle, OEM is less sensitive to the economic fluctuations.

STRUCTURAL CHANGES

OEM works actively to increase the value contribution in its offer, regardless of customer group. This has clearly been a contributing cause for the improved profitability of the Group and for the fact that the Group continues to be a priority supplier for many customers. Another structural change, which affects the operation, is the rapid technological development. By working close to the customers, it is possible to capture trends and to know when it is commercially justified to take up a new product area or phase out an existing one.

DEPENDENCE ON SUPPLIERS AND CUSTOMERS

Dependence on individual suppliers is one of the most important operating risks to which a single subsidiary can be exposed. In order to minimise this risk, the subsidiaries work close to their suppliers in order to create strong relationships on several levels. Furthermore, the majority of the suppliers are represented on several markets, which strengthens the relations. As a whole, the Group has a large number of suppliers. No supplier is responsible for more than 10 % of the total sales of the Group. The expiration and addition of a number of supplier agreements each year is a normal part of the business.

OEM has a broad customer structure, divided into a number of industrial segments and geographical markets. No customer is responsible for more than 2 % of the total sales of the Group.

COMPETITIVE SITUATION

Changes and consolidations in the industrial trading sector continuously change the competitive situation. Economies of scale can lead to a price squeeze but OEM's strategy includes reaching market-leading positions with an offer of products and services where the price is not the only decisive factor.

EXPECTATIONS OF FUTURE DEVELOPMENT

The Group's most important tasks are to continue to improve the profitability of its existing operations and, above all, to focus on growth, organic, geographical and through acquisitions.

The improved business climate means better opportunities for the companies in the Group to increase their turnover. The sales and profits resulting from successful acquisitions are in addition to this. The Group's ambition is to increase its market share outside Sweden.

OEM's objective is to achieve a good return on shareholders' equity with limited financial risks during a period of stable growth. The targets for one business cycle are 15 % annual growth in profit, 20 % return on equity and an equity/assets ratio not lower than 35 %.

With its market position, organisation and financial position OEM is well equipped for continued expansion.

RESEARCH AND DEVELOPMENT

The Group does not conduct any research and development of its own. R&D is mainly conducted at our suppliers under the suppliers' own control, using information about market demand that we provide.

ENVIRONMENTAL IMPACT

The Group had no operations requiring registration or licensing under the Swedish Environmental Code in 2010. The Group's greatest impact on the environment stems from goods and personnel transports, the presence of environmentally-damaging substances in products, printing and distribution of product catalogues, packaging materials and office heating, lighting and cooling. The OEM Group's environmental policy dictates continuous efforts to minimise our external environmental impact. The environmental work is governed by the ambitions of the employees, the customer requirements and the law. The aim is to reduce the company's environmental impact in the short and the long term.

SHARES, ETC.

OEM SHARES

The share capital of the company consists of 23,169,309 shares divided among 4,767,096 Class A shares and 18,402,213 Class B shares. One Class A share entitles its holder to ten voting rights and one Class B share to one voting right. The face value per share is SEK 1.67.

REPURCHASE OF SHARES

With the objective of improving the Group's return on shareholder's equity and earnings per share, OEM International AB has an authorisation granted to the Board of Directors by the Annual General Meeting, to repurchase its own shares. The Annual General Meeting's authorisation for the repurchase of shares extends to 10 % of the total number of shares, i.e. to 2,316,931 shares.

The company did not repurchase any shares in 2010 and at year-end, the company held no company shares.

A new request for authorisation to repurchase up to 10 % of the number of shares will be discussed at the Annual General Meeting.

MISCELLANEOUS

The Board of Directors is appointed by the Annual General Meeting. The Articles of Association include pre-emption clause that means if Class A shares are transferred from one shareholder to another shareholder in the company, or to someone not previously a shareholder in the company, the shares are to be offered immediately to the other holders of Class A shares for redemption through a written application to the company's Board. If the company decides to issue new shares of Class A and B, through cash issue or set-off, the owners of Class A and B shares have preferential right to subscribe for new shares of the same type.

Notice to attend Annual General Meetings and Extraordinary General Meetings whose agenda includes amendments to the Articles of Association is to be given not earlier than six and not later than four weeks prior to the date of the Meeting and is to be decided with a simple majority.

PARENT COMPANY

The Parent Company is to be an active owner and develop the subsidiaries. In addition to succinct management-by-objectives, this also means contributing expertise and resources in the fields of IT, financial control, HR administration, market communication, quality and environmental control, as well as warehouse management.

The Parent Company's net sales amounted to SEK 37.4 million (42.6) for 2010. SEK 37.4 million (42.6) of these were net sales to subsidiary companies. Profit before appropriations and tax amounted to SEK 19.7 million (49.6).

In regards to non-financial information and financial risk management, the Group's information also refers to the Parent Company, where applicable.

PROPOSED DIVIDENDS

The Board of Directors proposes that the dividend be SEK 3.00 (2.00) per share. The complete proposal for profit allocation is presented on page 52.

EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred after the end of the reporting period.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

OEM International AB (the Company) applies the Swedish Code of Corporate Governance (the Code) in accordance with the NASDAQ OMX Stockholm's rules for issuers. The Code is aimed at creating good prerequisites for an active and conscientious owner role and constitutes an element in the self-regulation of Swedish enterprise. It is based on the principle "comply or explain", which means that it is not a deviation from the Code to deviate from one or more regulations where there is a justification for this and it is explained. OEM International has noted a deviation from the rules of the Code concerning the Nomination Committee. The deviation is explained in detail below under Nomination Committee.

DIVISION OF RESPONSIBILITIES

The purpose of corporate governance is to create a clear division of roles and responsibilities between the owners, the Board of Directors and the executive management. Corporate governance in OEM is based on the Swedish Companies Act and other acts and regulations, the rules applicable to companies listed on the stock exchange, the Articles of Association of the Company, the internal governing instruments of the Board of Directors, the Swedish Code of Corporate Governance and other internal guidelines or regulations.

SHAREHOLDERS

OEM International AB is a public company and was listed on the Stockholm Stock Exchange in December 1983. OEM International AB had 2,494 shareholders at the end of 2010. The ten largest shareholders controlled 68 % of the share capital and 89% of the voting rights at year-end. The following shareholders have, directly or indirectly, shareholdings representing at least one-tenth of the number of voting rights for all shares in the Company: Orvaus AB with 28.9 %, Hans and Siv Franzén with 21.4 %, Agne and Inger Svenberg with 19.2 % and AB Traction with 11.2 %.

ARTICLES OF ASSOCIATION

The Articles of Association stipulate that OEM International AB is a public company whose business is to "engage in sales of automatic components and carry on any and all activities compatible therewith". The share capital amounts to SEK 38,615,015 and the number of shares to 23,169,309 divided into 4,767,096 Class A shares with 10 voting rights each and 18,402,213 Class B shares with one voting right each. The Company's Board of Directors is to consist of not less than four and not more than seven members. The Company is to have at least one auditor appointed by the Annual General Meeting and a deputy auditor if the elected auditor is not an auditing firm. Notice to attend Annual General Meetings and Extraordinary General Meetings, whose agenda includes amendments to the Articles of Association, is to be given not earlier than six and not later than four weeks prior to the date of the Meeting. Notice to attend Extraordinary General Meetings called for other purposes is to be given no later than two weeks prior to the meeting. Notice is to be given through an announcement in the Swedish Official Gazette (the Post and Domestic Times) and in Svenska Dagbladet. No limitation to the number of voting rights for represented shares applies to voting at the General Meeting. There is a pre-emptive clause regarding the A Class shares and a priority clause in connection with cash issue or set-off. The currently applicable Articles of Association are the Articles adopted at the 2007 Annual General Meeting; see the Company's website, www.oem.se, under the About OEM/Group order heading.

ANNUAL GENERAL MEETING

The Annual General Meeting is the highest decision-making body in OEM International AB where the shareholders exercise their voting rights. The Annual General Meeting passes resolutions concerning the adoption of the Statement of Comprehensive Income for the Group, the Statement of Financial Position for the Group and the Income Statement and Balance Sheet for the Parent Company, distribution of dividends, election of Board of Directors and, where applicable, election of auditors, remuneration of Board Members and other senior executives, remuneration of auditors and other issues in accordance with the Swedish Companies Act and the Articles of Association of the Company. The Annual General Meeting is to be held in the municipality of Tranås, within six months of the end of the financial year. All shareholders entered in the share register prior to the meeting who have registered their participation are entitled to participate and vote for their total shareholding. In order to be able to exercise their voting rights at the Annual General Meeting, shareholders who have registered their shares in the name of an authorised agent must temporarily re-register their shares in their own name in accordance with what follows from the notice to the Annual General Meeting. Shareholders can be represented by agents. Minutes of proceedings of the sessions are available at the Company's website, www.oem.se, under the Governance/Annual general meeting heading.

Shareholders who represented 56.3 % of the share capital and 84.7 % of the voting rights took part in the 2010 Annual General Meeting held on 26 April 2010. Jan Svensson was elected Chairman of the Annual General Meeting. The ANNUAL ACCOUNTS and the Auditors' Report were presented at the Meeting. In connection therewith, the Chairman of the Board submitted information about the work of the Board of Directors and reported on the cooperation with the auditors. The Company's Managing Director and CEO, Jörgen Zahlin, commented on the Group's operations, the financial year 2009, the development during the first quarter of 2010 and addressed the conditions facing the Group in the future. The auditor submitted the Auditors' Report and an oral account of the work during the year.

The 2010 Annual General Meeting decided:

- to adopt a dividend of SEK 2.00 per share
- to elect Lars-Åke Rydh, Ulf Barkman, Hans Franzén, Jerker Löfgren, Agne Svenberg and Petter Stillström as members of the Board of Directors
- to elect Lars-Åke Rydh as Chairman of the Board of Directors
- to adopt the proposal of the Nomination Committee that the Nomination Committee should be made up of representatives of not less than three and no more than four of the largest shareholders and that the Chairman of the Board should act as Chairman of the Nomination Committee
- to adopt the proposal of the Board of Directors that OEM International AB should put into practice remuneration for senior executives that, in the main, will consist of a fixed and a variable part. The remuneration should be market-based and the variable part may not amount to more than 58 % of the basic pay. The Company's management shall have market-based pension contribution terms, which are premium-based and may amount, at a maximum, to the arrangement with Alecta's ITP 1 solution.
- to adopt the proposal of the Board of Directors that the Company may not issue more than 1,800,000 new Class B shares in connection with any corporate acquisition
- to adopt the proposal of the Board of Directors to repurchase not more than 10 % of the Company's shares.

The 2011 Annual General Meeting will be held on 3 May 2011 in Tranås.

NOMINATION COMMITTEE

At the Annual General Meeting held on 26 April 2010 it was decided that the Nomination Committee should consist of one representative for each of the three or four largest shareholders in the Company, as well as the Chairman of the Board, unless the latter is a member of the Board in the capacity of a owner representative. If a shareholder does not exercise its right to appoint a member, the next largest shareholder in terms of voting rights is entitled to appoint a member in the Nomination Committee. The names of the members and the names of the shareholders they represent will be announced no later than six months before the 2011 Annual General Meeting and will be based on the known voting rights immediately prior to the announcement. The Nomination Committee's term will run until such time that a new Nomination Committee has been appointed. The Chairman of the Board will serve as the chairman of the Nomination Committee.

If significant changes occur in the ownership of the company, after the Nomination Committee has been appointed, the composition of the Nomination Committee shall also be changed in accordance with the principles above. Shareholders who have appointed members in the Nomination Committee will be entitled to relieve such members and appoint new ones, as well as appoint a new member if the member appointed by the shareholder chooses to withdraw from the Nomination Committee. Changes to the composition of the Nomination Committee are to be announced as soon as they have been made. The composition of the Nomination Committee was announced in a press release on 27 October 2010 and is available on OEM's website, www.oem.se, under the Bolagsstyrning/Valberedning heading. The Nomination Committee shall prepare proposals for the following issues and present them for adoption to the 2011 Annual General Meeting:

- proposal for a chairman for the Meeting
- proposal for members of the Board of Directors
- proposal for Chairman of the Board of Directors
- proposal for remuneration of the Board of Directors
- proposal for remuneration for any committee work
- proposal for auditors' fees
- proposal for a resolution concerning the Nomination Committee

In connection with its assignment, the Nomination Committee will also carry out the tasks that, pursuant to the Swedish Code of Corporate Governance, are the responsibility of the Nomination Committee and, where necessary, will be entitled to burden the company with reasonable expenses, e.g. for external consultants that are deemed by the Nomination Committee to be necessary so that the Nomination Committee can perform its tasks.

The Nomination Committee prior to the 2011 Annual General Meeting consists of:

- Lars-Åke Rydh, Chairman of the Board and also Chairman of the Nomination Committee
- Jerker Löfgren, Orvaus AB
- Hans Franzén
- Agne Svenberg
- Bengt Stillström, AB Traction

The Nomination Committee held a minuted meeting where it acquainted itself with the assessment of the work of the Board of Directors during the past year and it discussed the composition of the Board of Directors. The Nomination Committee's proposals to the Annual General Meeting will be presented in the notice to the Annual General Meeting and on the Company's website. The composition of the Nomination Committee above deviates from the regulations of the Code, which stipulate that the majority of the members should be members of the Board, that not more than one of the Board Members on the Committee may be dependent on large shareholders and that a Board Member should not be a Chairman of the Nomination Committee. It is deemed that it is reasonable that a company of this size has a Nomination Committee that represents the major shareholders and that some of these even act as Board Members.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to the Articles of Association of the Company, the Board of Directors should consist of not less than 4 and not more than 7 members elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. Since the 2010 Annual General Meeting, the Board has consisted of the following members, all of them elected by the Annual General Meeting: Lars-Åke Rydh (Chairman), Ulf Barkman, Hans Franzén, Jerker Löfgren, Petter Stillström and Agne Svenberg. A presentation of the members of the Board is available on page 54 in the ANNUAL ACCOUNTS for 2010 and on the Company's website, under the About OEM/Board of Directors heading. All Board Members are independent with regard to the Company and the Company's management. Of the members who are independent with regard to the Company and the Company's management, Ulf Barkman and Lars-Åke Rydh are also independent with regard to the Company's major shareholders. A presentation of the mandates the Board Members currently hold is available on page 54 of the ANNUAL ACCOUNTS for 2010.

CHAIRMAN OF THE BOARD

The task of the Chairman of the Board, Lars-Åke Rydh, who was newly elected at the 2010 Annual General Meeting, is to ensure that the work of the Board of Directors is carried out efficiently and that the Board performs its tasks pursuant to the Swedish Companies Act, any other acts and regulations, the rules applicable to companies listed on the stock exchange (including the Code) and the Board's internal governing instruments. It is the Chairman's task to ensure that the Board continuously updates and deepens its knowledge about the Company and receives satisfactory data and decision-making information for its work, to establish the agenda for the meetings of the Board in consultation with the Managing Director, to verify that the decisions of the Board are implemented and ensure that the work of the Board is assessed annually. The Chairman of the Board represents the Company in ownership issues

TASKS OF THE BOARD OF DIRECTORS

Each year, the Board establishes written rules of procedure that regulate the Board's work and its mutual division of responsibilities, including its committees, the decision-making procedure in the Board, the Board's meeting procedure and the Chairman's work tasks. The Board has also issued an instruction for the Managing Director, which regulates his work tasks and reporting obligation to the Board of Directors. In addition, the Board has adopted policies on, for example, currency policy. The Board monitors the work of the Managing Director through continuous follow-up of the operations during the year and it is responsible for ensuring that the organisation and guidelines for management of the Company's matters are appropriately structured and that there is satisfactory internal control. The Board is also responsible for the development and follow-up of the Company's strategies, decisions concerning acquisition and sale of operations, major investments and recruitments and remuneration of the Managing Director and other senior executives in accordance with the guidelines that have been adopted by the Annual General Meeting. The Board of Directors and the Managing Director present the ANNUAL ACCOUNTS to the Annual General Meeting.

THE BOARD'S WORK

In accordance with the adopted rules of procedure, the Board of Directors holds at least five ordinary meetings per year plus an inaugural meeting after the Annual General Meeting and whenever called for by the situation. During 2010, the Board had a total of eight meetings, including the inaugural meeting. All Board Members have participated in all Board meetings with the exception of Petter Stillström who did not take part on one occasion. All resolutions have been passed unanimously by the Board of Directors. The Company's Financial Director is the secretary of the Board. Other Company employees take part in the meetings of the Board in connection with the presentation of specific issues or if it is otherwise deemed appropriate. The work of the Board during the year comprises, among other things, questions concerning the strategic development of the Group, the ongoing business activity, the development in results and profitability, corporate acquisitions, disposal of companies and properties, the financial position of the organisation and the Group. The work of the Board is subject to an annual assessment.

REMUNERATION OF THE BOARD

The remuneration of the members of the Board elected by the Annual General Meeting is decided by the Meeting in accordance with the proposal of the Nomination Committee. In accordance with the resolution of the 2010 Annual General Meeting, the remuneration of each of the Board's members elected by the Meeting and the Chairman amounts to SEK 150,000 and SEK 225,000, respectively, effective until the 2011 Annual General Meeting. The total remuneration in accordance with the resolution of the Annual General Meeting thereby amounts to SEK 975,000. No additional remuneration has been paid to any Board Member.

REMUNERATION COMMITTEE

The Board has appointed a Remuneration Committee, which consists of the Chairman, Lars-Åke Rydh, and Board Members Hans Franzén and Agne Svenberg. The Remuneration Committee prepares "the Board's proposed policies for remuneration of senior executives". The proposal is discussed by the Board and is subsequently presented to the Annual General Meeting for adoption. Based on the resolution of the Annual General Meeting, the Board decides on the remuneration of the Managing Director. Based on the proposal of the Managing Director, the Remuneration Committee passes a resolution on the remuneration of other members of the Group management. The Board receives information about the decisions of the Remuneration Committee. Market-based salaries and other employment terms are to apply to the Company's management. In addition to a base salary, management can also receive variable remuneration, which can amount to a maximum of 58 % of the basic pay. Senior executives are to have defined contribution pension terms that are adjusted to market conditions and amount, at a maximum, to the arrangement with Alecta's ITP 1 solution. All share-related incentive schemes are to be resolved by the Annual General Meeting. At present, there are no similar incentive schemes. The amount of the variable remuneration is unchanged compared to 2009. The period of notice may not exceed 24 months and involves the obligation to work during the period of notice. The guidelines are described in greater detail on page 33 in the ANNUAL ACCOUNTS. The Remuneration Committee has met twice during the year in order to pass resolutions on the above policy proposals. Proposals for guidelines for remuneration of senior executives will be presented for adoption to the 2011 Annual General Meeting.

AUDIT COMMITTEE

The Board has not set up a special audit committee during the year but has performed the tasks that are the duty of the Audit Committee itself. The work of the Committee has been carried out as an integral part of the work of the Board during the Board's ordinary meetings. In connection with the adoption of the annual financial statements by the Board during the Board meeting in February 2010, the Board and the Audit Committee were consulted by and received a report from the Company's external auditors. On this occasion, the Board was also consulted by the Auditor in the absence of the Managing Director or anyone else from the Company's management. In addition, the Board and the Audit Committee met the external Auditor in connection with the Board meeting in August in order to discuss the 2010 audit and the audit questions that were identified. In connection with this meeting, the Board also discussed identified business risks and other risks concerning the Group's operations. The Board also ensures that the Company's management directs the ongoing work for managing these risks. The auditors' reports have not led to any specific measures from the Board.

The Board evaluates the audit work that has been carried out and it informs the Company's Nomination Committee of the result of the evaluation and assists the Nomination Committee with the preparation of proposals for auditors and remuneration of the auditors' work.

CEO AND OTHER CORPORATE MANAGEMENT

The Managing Director, Jörgen Zahlin, manages the operations in accordance with the Swedish Companies Act, other acts and regulations, the rules applicable to companies listed on the stock exchange, the Articles of Association of the Company, the internal governing instruments of the Board of Directors and the goals and strategies set by the Board. The Managing Director prepares the necessary information and basis for decisions prior to the Board meetings, in consultation with the Chairman of the Board, presents the items and justifies proposals for resolutions. The Managing Director directs the work of the Group management and takes decisions in consultation with the others in the management. In addition to Jörgen Zahlin, the management during 2010 also consisted of Jan Cnattingius, Jens Kjellsson, Urban Malm, Patrick Nyström, Sven Rydell and Mikael Thörnkvist. The Group management holds regular business reviews under the leadership of the Managing Director. A more detailed presentation of the CEO and the Group management is available on page 55 in the Annual Report and on the Company's website, under the About OEM/Management heading.

AUDITORS

Pursuant to the Articles of Association, the Company is supposed to have at least one auditor appointed by the Annual General Meeting and a deputy auditor if the elected auditor is not an auditing firm. The Company's auditors work pursuant to an audit plan and report their observations to the Company's management, the Group management and OEM International's Board of Directors both during the course of the audit and in connection with the adoption of the annual financial statements. Internal procedures and control systems are continuously reviewed during the year. A final review of the annual financial statements and the annual report is carried out in January or February. A review is carried out of the interim report for the third quarter. An account of the remuneration of the auditors, including the fees for consulting services, is presented in Note 6. The auditors are obliged to assess continuously their independence prior to decisions for provision of different consulting services.

An account of the audit is reported to the shareholders in the form of an auditors' report and other opinions, which constitute a recommendation to the shareholders prior to different decision points at the Annual General Assembly. The Auditors' Report contains proposals for adoption of the Income Statement and Balance Sheet for the Parent Company and the Statement of Comprehensive Income and the Statement of Financial Position for the Group, the appropriation of the Company's profit and the discharge of the members of the Board and the Managing Director from liability.

The audit work includes such activities as an examination of compliance with the Articles of Association, the Swedish Companies Act and Annual Accounts Act, the International Financial Reporting Standards (IFRS), issues related to measurement of items recognised in the Statement of Financial Position /Balance Sheet for the Group/the Parent Company, follow-up of essential accounting processes and governance and financial control.

The Board of Directors meets the Company's auditors twice a year. The Company's auditors also take part in the Annual General Meeting and they describe and give opinions on the audit work. The 2008 Annual General Meeting appointed KPMG AB auditor until the end of the 2012 Annual General Meeting. The Auditor-in-Charge since the 2009 Annual General Meeting has been Authorised Public Accountant Kjell Bidenäs. KPMG performs the audit in OEM International AB and the majority of the subsidiaries. Other of Kjell Bidenäs' major assignments includes L E Lundbergföretagen AB and Returpack Svenska AB.

INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING FOR THE FINANCIAL YEAR 2010

Pursuant to the Swedish Annual Accounts Act, the Board of Directors must annually submit a description of the most important elements of the Company's system for internal control and risk management regarding financial reporting. Pursuant to the Swedish Companies Act, the Board of Directors is responsible for internal control. This responsibility includes an annual assessment of the financial reporting submitted to the Board and placement of requirements to its contents and design in order to ensure the quality of the reporting. This requirement means that the financial reporting must be fit for its purpose and appropriate and apply the applicable accounting rules, acts and regulations and any other requirements placed on listed companies. The Board of Directors is responsible for ensuring that there is an adequate system for internal control, which covers all essential risks of errors in financial reporting. OEM's system for internal control comprises control environment, risk assessment, control activities, information and communication, as well as follow-up.

CONTROL ENVIRONMENT

OEM builds and organises its operations based on a decentralised profit and budget responsibility. The basis for internal control in a decentralised organisation is a well-established process aimed at defining goals and strategies for each organisation. Defined decision-making channels, powers and responsibilities are communicated by internal instructions and guidelines as well as policies as adopted by the Board of Directors. These documents clarify the division of responsibilities and work both between the Board of Directors and the Managing Director and within the operational activities. These also include a financial policy, a reporting manual for economic and financial reporting and instructions prior to each closing of the books. A Group-wide reporting system is used for the Group's year-end procedures.

RISK ASSESSMENT

OEM has established procedures for handling risks that are deemed by the Board and the Company's management to be essential for the internal control regarding financial reporting. The Group's exposure to a number of different market and customer segments and the division of its operations into some 20 companies leads to a significant spread of risk. The risk assessment is carried out based on the Group's Statement of Financial Position and Statement of Comprehensive Income in order to identify the risk for significant errors. The greatest risks for the OEM Group as a whole are related to reporting of revenue, such as inventory and accounts receivable.

CONTROL ACTIVITIES

Based on the risk assessments that have been carried out, OEM has determined a number of control activities. These are both of preventive and ascertaining nature. Examples of control activities are transaction-related checks such as rules regarding authorisations and investments and clear payment procedures, but also analytical checks, which are carried out by the Group's controller organisation and central financial function. In addition, there are different control activities related to the management of the purchase, logistics and sales processes. Controllers and financial managers on all levels in the Group have a key role with regard to what applies to integrity, competence and ability to create the environment that is required in order to achieve transparent and fair financial reporting. An important overall control activity is the monthly result follow-up carried out via the internal reporting system, which is analysed and commented on in the internal work of the Board of Directors. The result follow-up comprises reconciliation with regard to set targets, previous results and follow-up of a number of key ratios. The respective companies in the Group have active Boards of Directors where the Chairman comes from the Group's senior management. The Group management makes regular visits to the subsidiaries that are subject to financial follow-up.

INFORMATION AND COMMUNICATION AND FOLLOW-UP

The internal information and external communication are regulated at an overall level, among other things, by an information policy. There are up-to-date governing documents and instructions available on the Group's intranet. The Board of Directors receives comments from the Managing Director concerning the state of the business and the development of the operations on a monthly basis. The Board of Directors also deals with all quarterly financial statements, as well as the annual report prior to their publication. The financial situation is discussed at each meeting of the Board. The members of the Board are then given an opportunity to ask questions to the Company's management.

The Company's auditors take part in the Board's meeting twice a year and inform the Board about their observations of the Company's internal procedures and control systems. The members of the Board are then given an opportunity to ask questions. Every year, the Board takes a position on significant risk areas and assesses the internal control.

Furthermore, OEM's management continuously assesses the internal control regarding financial reporting, above all, through own analysis, by asking questions and taking part in the work of the control function.

INTERNAL AUDIT

The Company and the Group have a relatively simple legal and operating structure and working steering and internal control systems. The Board continuously follows up the different Group companies' assessments of internal control, among other things, through contacts with the Company's auditors. Against the backdrop of this, the Board has chosen not to have a special internal revision.

GROUP'S STATEMENT OF COMPREHENSIVE INCOME MSEK

REMAINING BUSINESS UNITS	Note	2010	2009
OPERATING INCOME			
Net sales	2	1 430,4	1 239,5
Other operating income	3	-	0,2
OPERATING EXPENSES			
Commodities		-904,9	-777,6
Other expenses	7	-95,4	-96,9
Personnel costs	6	-264,2	-263,9
Depreciation and impairment of tangible and intangible fixed assets	8	-27,6	-27,1
OPERATING INCOME	2	**138,3**	74,2
FINANCIAL INCOME AND EXPENSES			
Financial income	10	1,0	2,3
Financial expenses	11	-2,8	-3,3
PROFIT BEFORE TAX		**136,5**	73,2
Taxes	12	-36,5	-22,4
THE YEAR'S PROFIT FROM REMAINING BUSINESS UNITS		**100,0**	50,8
DIVESTED BUSINESS UNITS			
Profit from divested business unit, net after tax	5	**-4,5**	-7,8
NET PROFIT/LOSS FOR THE YEAR		**95,5**	43,0
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations for the year		-19,9	-0,1
OTHER COMPREHENSIVE INCOME		**-19,9**	-0,1
COMPREHENSIVE INCOME FOR THE YEAR		**75,6**	42,9
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Parent Company shareholders		95,5	43,0
Minority interest		-	-
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Parent Company shareholders		75,6	42,9
Minority interest		-	-
Earnings per share before and after dilution, SEK		**4,12**	1,86
Earnings per share from remaining business units before and after dilution, SEK		**4,32**	2,19
Average number of shares before and after dilution		23 169 309	23 169 309

GROUP'S STATEMENT OF FINANCIAL POSITION MSEK

ASSETS	Not	2010.12.31	2009.12.31
FIXED ASSETS			
INTANGIBLE FIXED ASSETS			
Goodwill	13	54,6	50,5
Other intangible fixed assets	13	52,2	58,4
		106,8	108,9
TANGIBLE FIXED ASSETS			
Buildings and land	14	149,6	159,7
Equipment, tools and installations	14	32,9	37,0
		182,5	196,7
FINANCIAL ASSETS			
Financial investments		-	0,9
Long-term receivables	19	4,6	1,2
		4,6	2,1
DEFERRED TAX ASSETS	12	**3,9**	5,1
TOTAL FIXED ASSETS		**297,8**	312,8
CURRENT ASSETS			
INVENTORY, ETC.			
Commodities		219,9	217,1
		219,9	217,1
CURRENT RECEIVABLES			
Tax receivables		10,9	21,0
Accounts receivable		215,3	175,9
Other receivables		6,5	10,3
Prepaid expenses and accrued income	16	8,0	12,5
		240,7	219,7
CASH AND CASH EQUIVALENTS	25	**173,2**	165,2
TOTAL CURRENT ASSETS		**633,8**	602,0
TOTAL ASSETS		**931,6**	914,8

GROUP'S STATEMENT OF FINANCIAL POSITION MSEK

SHAREHOLDERS' EQUITY AND LIABILITIES	Not	2010.12.31	2009.12.31
SHAREHOLDERS' EQUITY	17		
Share capital		38,6	38,6
Other contributed capital		39,4	39,4
Translation reserves		1,5	21,4
Profit brought forward		418,8	422,1
Net profit/loss for the year		95,5	43,0
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS IN THE PARENT COMPANY		**593,8**	564,5
LIABILITIES			
LONG-TERM LIABILITIES			
Interest-bearing liabilities			
Other long-term liabilities	18	17,2	19,1
Provisions for pensions	19	0,2	0,2
Non interest-bearing liabilities			
Deferred tax liabilities	12	50,5	48,5
TOTAL LONG-TERM LIABILITIES		**67,9**	67,8
CURRENT LIABILITIES			
Interest-bearing liabilities			
Bank loans and overdrafts	18, 20	58,9	95,0
Other current liabilities	18	6,5	3,7
Non interest-bearing liabilities			
Advances from customers		1,8	0,9
Accounts payable, trade		101,4	90,2
Other liabilities		34,3	29,9
Accrued expenses and prepaid income	21	66,8	61,8
Guarantee provisions		0,2	1,0
TOTAL CURRENT LIABILITIES		**269,9**	282,5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**931,6**	914,8

PLEDGED ASSETS AND CONTINGENT LIABILITIES	Not	2010.12.31	2009.12.31
PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS	20		
Property mortgages		19,3	20,3
Business mortgages		63,4	64,8
TOTAL PLEDGED ASSETS		**82,7**	85,1
CONTINGENT LIABILITIES			
Guarantee commitments		-	-
TOTAL CONTINGENT LIABILITIES		-	-

THE GROUP'S STATEMENT OF CHANGES IN EQUITY MSEK

	Share capital	Other contributed capital	Translation reserve	Profit brought forward, incl. profit for the year	Total shareholders' equity
Opening equity 01.01.2009	38,6	39,4	21,5	491,6	591,1
Comprehensive income for the year			-0,1	43,0	42,9
Paid dividends				-69,5	-69,5
CLOSING BALANCE 31.12.2009*	38,6	39,4	21,4	465,1	564,5
Opening equity 01.01.2010	38,6	39,4	21,4	465,1	564,5
Comprehensive income for the year			-19,9	95,5	75,6
Paid dividends				-46,3	-46,3
CLOSING BALANCE 31.12.2010*	**38,6**	**39,4**	**1,5**	**514,3**	**593,8**

* Shareholders' equity attributable to Parent Company shareholders.

NUMBER OF SHARES

Opening amount 01.01.2009	23 169 309
CLOSING AMOUNT 31.12.2009	23 169 309
Opening amount 01.01.2010	23 169 309
CLOSING AMOUNT 31.12.2010	**23 169 309**

THE GROUP'S STATEMENT OF CASH FLOWS MSEK

	2010	2009
CURRENT OPERATIONS		
Profit before tax	129,6	62,5
Adjustments for items not included in the cash flow	25,8	27,1
	155,3	89,6
Taxes paid	-21,8	-33,9
CASH FLOW FROM CURRENT OPERATIONS PRIOR TO CHANGES IN WORKING CAPITAL	**133,5**	55,7
Cash flow from changes in working capital		
Changes in inventory	-1,5	63,7
Changes in accounts receivable	-34,8	70,4
Change in other operating receivables	5,5	-6,5
Change in accounts payable	9,6	-53,5
Change in other operating liabilities	3,3	-26,3
CASH FLOW FROM CURRENT OPERATIONS	**115,6**	103,5
INVESTMENT ACTIVITIES		
Divestment of subsidiaries, net liquidity impact	4,7	-
Acquisition of subsidiaries, net liquidity impact	-10,4	-
Acquisition of intangible fixed assets	-3,6	-
Acquisition of tangible fixed assets	-19,5	-55,7
Sales of tangible fixed assets	7,5	8,7
Sale of financial assets	1,0	-
CASH FLOW FROM INVESTMENT ACTIVITIES	**-20,3**	-47,0
FINANCING ACTIVITIES		
Loans raised	-36,4	15,3
Dividends paid	-46,3	-69,5
CASH FLOW FROM FINANCING ACTIVITIES	**-82,7**	-54,2
CASH FLOW FOR THE YEAR	**12,6**	2,3
Cash equivalents at start of the year	165,2	163,2
Exchange rate difference cash equivalents	-4,6	-0,3
Cash equivalents at end of the year	**173,2**	165,2

Additional information, refer to Note 25

THE PARENT COMPANY'S INCOME STATEMENT MSEK

	Note	2010	2009
OPERATING INCOME			
Net sales		37,4	42,6
OPERATING EXPENSES			
Other external costs	7	-16,5	-18,9
Personnel costs	6	-20,8	-18,7
Depreciation of material and intangible fixed assets	8	-2,6	-2,3
OPERATING INCOME		-2,5	2,7
INCOME FROM FINANCIAL ITEMS			
Income from participation in Group companies	9	21,1	46,1
Other interest income and similar profit items	10	1,1	0,8
INCOME AFTER FINANCIAL ITEMS		19,7	49,6
YEAR-END APPROPRIATIONS			
Difference between tax depreciation and depreciation according to plan:			
Expenses brought forward for software	22	-0,5	0,3
Equipment, tools and installations	22	0,1	0,1
Tax allocation fund, provision	22	-25,0	-21,0
Tax allocation fund, reversal	22	13,0	9,4
PROFIT BEFORE TAX		7,2	38,4
Taxes	12	3,1	1,6
NET PROFIT/LOSS FOR THE YEAR		10,3	40,0

PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME MSEK

	2010	2009
PROFIT FOR THE YEAR	10,3	40,0
OTHER COMPREHENSIVE INCOME		
Group contributions paid	-4,2	-5,2
Group contributions received	92,3	76,1
Tax attributable to components in other comprehensive income	-23,2	-18,6
OTHER COMPREHENSIVE INCOME FOR THE YEAR	64,9	52,3
COMPREHENSIVE INCOME FOR THE YEAR	75,2	92,3

THE PARENT COMPANY'S BALANCE SHEET MSEK

	Note	2010.12.31	2009.12.31
ASSETS			
FIXED ASSETS			
INTANGIBLE FIXED ASSETS			
Expenses brought forward for software	13	3,9	1,1
		3,9	1,1
TANGIBLE FIXED ASSETS			
Buildings and land	14	17,5	18,1
Equipment, tools and installations	14	3,0	1,7
		20,5	19,8
FINANCIAL ASSETS			
Participation in Group companies	15	303,5	294,9
		303,5	294,9
TOTAL FIXED ASSETS		327,9	315,8
CURRENT ASSETS			
CURRENT RECEIVABLES			
Current tax assets		5,6	8,6
Claims in Group companies		193,3	206,2
Other receivables		0,6	-
Prepaid expenses and accrued income	16	3,1	3,2
		202,6	218,0
CASH AND BANK BALANCES		122,1	116,1
TOTAL CURRENT ASSETS		324,7	334,1
TOTAL ASSETS		652,6	649,9

THE PARENT COMPANY'S BALANCE SHEET MSEK

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	Note	2010.12.31	2009.12.31
SHAREHOLDERS' EQUITY			
RESTRICTED EQUITY	17		
Share capital		38,6	38,6
Reserve fund		32,3	32,3
		70,9	70,9
NON-RESTRICTED EQUITY			
Profit brought forward		278,2	219,6
Net profit/loss for the year		10,3	40,0
		288,5	259,6
TOTAL SHAREHOLDERS' EQUITY		359,4	330,5
UNTAXED RESERVES			
Depreciations exceeding plan	22	1,0	0,5
Accruals funds	22	96,8	84,8
TOTAL UNTAXED RESERVES		97,8	85,3
PROVISIONS			
Deferred tax liabilities	12	1,9	1,8
TOTAL PROVISIONS		1,9	1,8
CURRENT LIABILITIES			
Non interest-bearing liabilities			
Accounts payable, trade		1,9	1,7
Liabilities to Group companies		170,9	215,4
Other liabilities		13,2	10,6
Accrued expenses and prepaid income	21	7,6	4,6
TOTAL CURRENT LIABILITIES		193,6	232,3
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		652,6	649,9

PLEDGED ASSETS AND CONTINGENT LIABILITIES	Note	2010.12.31	2009.12.31
PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS	20		
Property mortgages		7,5	7,5
TOTAL PLEDGED ASSETS		7,5	7,5
CONTINGENT LIABILITIES			
Security undertakings to the benefit of Group companies		196,4	247,2
TOTAL CONTINGENT LIABILITIES		196,4	247,2

THE PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY MSEK

	Restricted equity		Non-restricted equity	Total share-holders' equity
	Share capital	Reserve fund	Profit brought forward	
Opening equity 01.01.2009	38,6	32,3	236,8	307,7
Comprehensive income for the year *			92,3	92,3
Paid dividends			-69,5	-69,5
Closing equity 31.12.2009	38,6	32,3	259,6	330,5

* SEK 5,2 million of the comprehensive income for the year is Group contributions paid by the Parent Company to subsidiaries and tax attributable to the Group contributions amounts to SEK 1,4 million

* SEK 76,1 million of the comprehensive income for the year is Group contributions received by the Parent Company from subsidiaries and tax attributable to the Group contributions amounts to SEK 20,0 million

	Share capital	Reserve fund	Profit brought forward	Total share-holders' equity
Opening equity 01.01.2010	38,6	32,3	259,6	330,5
Comprehensive income for the year **			75,2	75,2
Paid dividends			-46,3	-46,3
Closing equity 31.12.2010	38,6	32,3	288,5	359,4
Proposed dividends, SEK 3 per share			69,5	

** SEK 4,2 million of the comprehensive income for the year is Group contributions paid by the Parent Company to subsidiaries and tax attributable to the Group contributions amounts to SEK 1,1 million

** SEK 92,3 million of the comprehensive income for the year is Group contributions received by the Parent Company from subsidiaries and tax attributable to the Group contributions amounts to SEK 24,3 million

NUMBER OF SHARES

Opening amount 01.01.2009	23 169 309
Closing amount 31.12.2009	23 169 309
Opening amount 01.01.2010	23 169 309
Closing amount 31.12.2010	23 169 309

THE PARENT COMPANY'S CASH FLOW STATEMENT MSEK

	2010	2009
CURRENT OPERATIONS		
Profit/Loss after financial items	19,7	49,6
Adjustments for items not included in the cash flow	12,5	2,3
	32,2	51,9
Taxes paid	-17,0	-25,4
CASH FLOW FROM CURRENT OPERATIONS PRIOR TO CHANGES IN WORKING CAPITAL	15,2	26,5
Cash flow from changes in working capital		
Change in other operating receivables	28,8	-4,7
Change in accounts payable	0,2	-0,7
Change in other operating liabilities	-41,6	2,0
CASH FLOW FROM CURRENT OPERATIONS	2,6	23,1
INVESTMENT ACTIVITIES		
Acquisition of subsidiaries, net liquidity impact	-15,0	0,9
Acquisition of intangible fixed assets	-3,6	-
Acquisition of tangible fixed assets	-2,6	-1,0
CASH FLOW FROM INVESTMENT ACTIVITIES	-21,2	-0,1
FINANCING ACTIVITIES		
Group contribution	70,9	100,7
Dividends paid	-46,3	-69,5
CASH FLOW FROM FINANCING ACTIVITIES	24,6	31,2
CASH FLOW FOR THE YEAR	6,0	54,2
Cash equivalents at start of the year	116,1	61,9
Cash equivalents at end of the year	122,1	116,1

Additional information, refer to Note 25.

NOTE 1. ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Commission for application in all Member States. Furthermore, the Group has applied the Swedish Financial Accounting Standards Council's recommendation RFR 1 (Supplementary Accounting Regulations for Groups).

The Parent Company applies the same accounting principles as the Group, except in those cases specified below in the section "Accounting Principles of the Parent Company".

REQUIREMENTS FOR PREPARING PARENT COMPANY AND GROUP FINANCIAL REPORTS

The Parent Company's functional currency is the Swedish krona (SEK), which is also the official reporting currency for the Parent Company and the Group. This means that the financial reports are presented in Swedish krona. All amounts are rounded off to the nearest million with one decimal unless otherwise stated.

Assets and liabilities are reported at the historical acquisition value, except for certain financial assets and derivate instruments that are valued at their fair value.

Financial instruments, which are valued at their fair value, consist of financial assets classified as financial assets valued at fair value via the income or as financial assets that can be sold. Available-for-sale assets and disposal groups are reported from the date when classified as available-for-sale at the lowest of the previously reported value and the fair value after deductions for sales costs.

To prepare the financial statements in accordance with IFRS, management must make assessments, estimates and assumptions that affect the application of the accounting principles and the reported amounts pertaining to assets, liabilities, income and expenses. Consequently, actual outcomes may differ from these estimates and assessments.

The estimates and assumptions are regularly reviewed. Changes in estimates are reported in the period in which the change is made, if the change affects that period only, or in the period in which the change is made and future periods if the change affects both the current and future periods.

Assessments made by the management in the application of IFRS that have a significant impact on the financial statements, and estimates and which may give rise to significant adjustments in future financial statements are described in detail in Note 28.

The consolidated accounting principles outlined below have been applied consistently throughout the periods reported in the Group's financial reports, unless otherwise stipulated below. Consolidated accounting principles have also been applied consistently to the accounting and consolidation of the Parent Company and subsidiaries.

CHANGES IN ACCOUNTING PRINCIPLES CAUSED BY NEW OR AMENDED IFRS

The section below describes which of the amended accounting principles have been applied by the Group from 1 January 2010. No other amendments to the IFRS applicable from 2010 have had a significant effect on the Group's reporting.

From 1 January 2010, the Group applies the revised IFRS 3 *Business Combinations* and the amended IAS 27 *Consolidated and Separate Financial Statements*. The following amended accounting principles affect the Group's acquisitions from 2010:

- Transaction expenses for acquisitions are recognised as expenses rather than added to goodwill.
- Contingent consideration is measured at fair value both at the acquisition date and continuously afterwards; any and all changes in value are recognised in profit or loss. Contingent considerations previously used to be recognised only when a probable and reliable amount could be calculated and any subsequent adjustments were recognised against goodwill.
- In the event of step acquisitions, which lead to a controlling interest, any previously acquired interests are revalued in accordance with the latest acquisition and the profit or loss is recognised in the statement of comprehensive profit. Step acquisitions previously used to be recognised as an aggregation of the acquisition values at the respective acquisition times.
- Non-controlling interests (formerly called minority interests) can be recognised with or without goodwill calculated at fair value at the time of the acquisition. All non-controlling interests previously used to be recognised without goodwill.
- Once controlling interest has been achieved, any ownership changes between the parent company and non-controlling interests are recognised as equity transactions, without any revaluation of the subsidiary's net assets. Ownership changes, not resulting in loss of control, previously used to be recognised with adjustments against goodwill.
- Where the ownership has been reduced to such an extent as to result in the loss of controlling interest, any remaining holding is recognised at fair value and the value change is recognised in profit or loss. According to the previous principles, there was no such revaluation if the remaining holding was an associated company.

The amendments to the principles have not exercised any effect on any acquisitions carried out prior to 2010. The amendments to the standards have led to certain changes in the disclosure requirements, which have affected Note 4 for this year.

NEW IFRS AND INTERPRETATIONS NOT YET ADOPTED

A number of new or amended IFRS and interpretations take effect during the coming financial year and have not been adopted in advance during the preparation of these financial statements. There is no plan to adopt in advance new standards or amendments with future application.

IFRS 9 *Financial Instruments* is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement* not later than 2013. The IASB has published the first of at least three components that will combine to form IFRS 9. This first component addresses classification and measurement of financial assets. The categories of financial assets that exist in IAS 39 are replaced by two categories, where measurement is conducted at fair value or amortised cost. Amortised cost is applied to instruments that are held with the intention of obtaining the contractual cash flows of payments of principal and interest on principal on specified dates. Other financial assets are recognised at fair value and the possibility to apply the fair value option, as stipulated in IAS 39, is retained. At the present stage, IFRS 9 is not assessed to exercise a significant effect on the Group's reporting. The application of IFRS 9 has not been approved by the EU and any such approval can be given only when all parts of the new IFRS 9 are prepared. Therefore, the Group does not apply IFRS 9 in its current shape in advance.

No other new or amended IFRS or interpretations of them are deemed to exercise any effect on the Group's reporting.

CLASSIFICATION, ETC.

Fixed assets and long-term liabilities essentially consist only of amounts that can be expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities essentially consist only of amounts expected to be recovered or paid within twelve months from the balance sheet date.

REPORTING OF OPERATING SEGMENTS

An operating segment is part of the Group that pursues operations from which it can generate revenues and incur costs for which separate financial information is available. The result of an operating segment is subsequently monitored by the Group's highest-ranking executive decision-maker to evaluate the outcome and to be able to allocate resources to the operating segment. See Note 2 for an additional description of the division and presentation of the operating segment.

CONSOLIDATION PRINCIPLES FOR SUBSIDIARY COMPANIES

Subsidiaries are those businesses in which OEM International AB has a controlling interest. Controlling interest means that the controlling entity is directly or indirectly entitled to structure the company's financial and operating strategies for the purpose of obtaining economic advantages. When determining whether a controlling interest exists, potential voting equity that can be used or converted without delay is taken into account.

Business combinations are recognised in accordance with the acquisition method. The method means that the acquisition of a subsidiary is regarded as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities.

As from 2010, goodwill in business combinations is calculated as the sum total of the consideration transferred, any non-controlling interest (formerly called minority interest) and the fair value of the previously owned interest (in connection with step acquisitions) minus the fair value of the subsidiary's identifiable assets and assumed liabilities. A negative difference is recognised directly in the profit or loss for the year. Goodwill from acquisitions carried out prior to 2010 is calculated as the sum total of the consideration transferred and the acquisition costs minus the fair value of the acquired identifiable net assets for the respective partial acquisitions, where the acquisition value for goodwill from all historical partial acquisitions is aggregated. Transaction expenses in connection with business combinations are recognised as expenses from 2010, but are included in the acquisition cost for acquisitions prior to 2010.

As from 2010, contingent considerations in acquisitions are measured at fair value both at the acquisition date and continuously there after; any and all changes in value are recognised in the profit or loss for the year. For acquisitions carried out prior to 2010, contingent considerations are recognised only when a probable and reliable amount can be calculated and any subsequent adjustments are recognised against goodwill.

As regards post-2010 acquisitions of subsidiaries, in which there are other non-controlling interests, the Group recognises the net assets attributable to these non-controlling interests either at fair value of all net assets excluding goodwill or at fair value of all net assets including goodwill. The principle is chosen individually for each individual acquisition.

Acquisitions in which the interest is raised through several individual acquisitions are reported as step acquisitions. In the event of post-2010 step acquisitions, which lead to a controlling interest, any previously acquired interests are revalued in accordance with the latest acquisition and the profit or loss is recognised in the profit or loss for the year. Step acquisitions for acquisitions carried out prior to 2010 are recognised as an aggregation of the acquisitions costs at the respective acquisition times and any revaluation in connection with the acquisition when control is achieved is recognised against the revaluation reserve.

Once controlling interest has been achieved, any ownership changes between the parent company and non-controlling interests are recognised as equity transactions, without any revaluation of the subsidiary's net assets. In ownership changes not resulting in loss of control, which took place prior to 2010, the difference between the consideration and the transaction's share of recognised identifiable net assets is recognised against goodwill.

Where the interest in ownership changes in and after 2010 is reduced to such an extent as to result in the loss of controlling interest, any remaining holding is recognised at fair value and the value change is recognised in profit or loss. There was no such revaluation if the remaining interest was an associated company, for ownership changes, which took place prior to 2010.

The financial statements of the subsidiaries are included in the consolidated financial statements from the effective date of acquisition until the day that control ceases.

TRANSACTIONS TO BE ELIMINATED ON CONSOLIDATION

All intra-Group receivables and liabilities, income or expenses, and unrealised gains or losses arising from intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

FOREIGN CURRENCY

Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the date of the transaction. Functional currency is the currency that applies in the primary economic environments in which the Group companies operate. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate prevailing on balance sheet date. Exchange rate differences resulting from translations are reported in the profit or loss for the year. Non-monetary assets and liabilities reported at their historical acquisition values are translated at the exchange rate prevailing on the date of the transaction. Non-monetary assets and liabilities reported at their fair value are translated to the functional currency at the exchange rate prevailing at the date when the fair value was determined.

Foreign entities' financial reports

Assets and liabilities in foreign entities, including goodwill and other residual values in the corporate fair value adjustments, are translated from the foreign entities functional currency to the consolidated reporting currency, Swedish kronor (SEK), at the exchange rate prevailing on the balance sheet date. Revenue and expenses in foreign entities are translated to Swedish kronor (SEK) at an average rate that represents an approximation of the rates that applied when each transaction took place. Exchange differences arising when translating currency of foreign operations are recognised in other comprehensive income and are accumulated in a separate component of shareholders' equity that is referred to as a translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised and reclassified from the translation reserve of the shareholders' equity to the profit or loss for the year.

Exchange differences have been recognised in the translation reserve of the shareholders' equity since 1 January 2004, i.e. the date of the transition for recognition in accordance with IFRS.

INCOME

Sale of goods

Income includes only the gross inflow of economic benefits that the company receives or can receive for its own benefit. Revenue from the sale of goods is recognised in the profit or loss for the year when the company has transferred to the purchaser to the essential risks and benefits associated with ownership of the goods. If there is considerable uncertainty in terms of payment, attached costs or risk for returns and if the seller retains involvement with the ongoing administration, which is usually associated with ownership, revenue is not taken up as income. Income is booked at the fair value of what has been received or will be received with deductions for discounts. Amounts collected for the benefit of another are not included in the company's income but instead constitute received commission.

Sales of services and similar assignments

Income from the sale of services is recognised in the profit or loss for the year when the service is supplied based on the degree of completion on balance sheet date. The degree of completion is determined on the basis of costs that have been incurred in relation to the total calculated costs for the assignment.

OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSES

Operational leasing agreements

Payments for operating leases are recognised in the profit or loss for the year on a straight-line basis over the term of the lease. Benefits obtained on signing an agreement are recognised on a straight-line basis as part of the overall leasing cost in the profit or loss for the year.

Financial leasing agreements

The minimum leasing fees are allocated as interest expenses and amortisation of the outstanding liability. The interest expenses are distributed over the period of the lease, so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability reported in the respective period. Variable payments are entered as expenses in the profit or loss for the year in the periods in which they occur.

Financial income and expenses

Financial income and expenses include interest revenue from bank assets, receivables and interest-bearing securities, interest expenses related to loans, dividend incomes, exchange rate differences attributable to financial investments and financing activities, value changes in financial investments classified as financial assets measured at fair value via the profit or loss, interest expenses on loans and derivative instruments used in financial operations.

Interest revenue from receivables and interest expenses related to liabilities is calculated using the effective interest method. The effective interest is the rate that ensures that the current value of all estimated future receipts and payments during the expected interest duration is the same as the reported value of the receivable or the liability. The interest element of financial lease payments is recognised in the profit or loss for the year by using the effective interest method. Interest revenue and interest expenses respectively include a periodic amount of transaction expenses and discounts where applicable, premiums and other differences between the original reported value of the receivable and liability respectively and the amount received on maturity and the estimated future receipts and payments during the term of the agreement.

Dividend income is recognised when the right to retain payment has been established.

Exchange gains and exchange losses are recognised net.

TAXES

Income tax consists of current tax and deferred tax. Income tax is reported in the profit or loss for the year except where the underlying transaction is recognised in other comprehensive income or in equity, in which case any tax effect is recognised other comprehensive income or in equity.

Current tax is the tax that is to be paid or received for the current year. This includes adjustments of current tax attributable to prior periods. Current and deferred tax are calculated with application of the tax rate and regulations in effect or in practice adopted as of the balance sheet date.

Deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the carrying amounts and tax values of assets and liabilities. Temporary differences are not taken into consideration for differences relating to the initial recognition of goodwill, nor relating to the initial recognition of assets and liabilities that are not a business acquisition which, at the time of the transaction, do not affect either accounting or taxable income. Nor are temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be reversed in the foreseeable future taken into consideration. Measurement of deferred tax is based on how the carrying amount of assets or liabilities is expected to be recovered or settled.

Deferred tax claims relating to deductible temporary differences and loss carry-forwards are only recognised to the extent that it is likely that they can be utilised. The value of the deferred tax claims is reduced when it is no longer deemed likely that they can be utilised.

FINANCIAL INSTRUMENTS

Financial instruments reported in the statement of financial position as assets consist primarily of cash and cash equivalents, loan receivables, accounts receivable and financial investments. Accounts payable and loan liabilities are reported as liabilities.

Recognition in and derecognition from the statement of financial position.
A financial asset or financial liability is included in the statement of financial position when the company becomes party to the instrument's conditions of agreement. Receivables are included when the Company has performed and there is a contractual liability for the counterparty to pay, even if the invoice has not been received. Trade receivables are recognised in the statement of financial position upon issuance of invoice. Liabilities are included when the counterparty has performed and there is a contractual liability to pay, even if the invoice has not been received. Accounts payable are recognised on receipt of invoice.

A financial asset is derecognised and removed from the statement of financial position when the rights under the agreement are realised or have expired or when control of the contractual rights is lost. The same applies to a portion of a financial asset. A financial liability is removed from the statement of financial position when the contractual liability is fulfilled or otherwise discharged. The same applies to a portion of a financial liability.

A financial asset and a financial liability are offset and reported in the statement of financial position as a net amount only when there is a legal right to set off the amount and an intention to adjust the items with a net amount or, at the same time, realise the asset and settle the liability.

Classification and presentation
Financial instruments are reported initially at an acquisition value corresponding to the fair value of the instrument plus transaction expenses for all financial instruments, except those instruments categorised as financial assets reported at their fair value via the profit or loss, which are reported at their fair value excluding transaction expenses. The financial instruments are classified in the initial recognition depending on the purpose for which the instruments were acquired which affects recognition thereafter.

The fair value of listed financial assets corresponds to the asset's listed bid price on the balance sheet date. The fair value of unlisted financial assets is established by applying valuation techniques such as recently completed transactions, references to similar instruments and discounted cash flow.

Accounts receivable and other current and long-term receivables classified in the category "loans and receivables"
Loans receivable and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are presented at amortised cost. Amortised cost is determined based on the effective interest that was calculated at the time of acquisition. Accounts receivable are presented at the amount that they are expected to generate, i.e. after deductions for doubtful receivables.

Financial investments and derivatives are categorised as "financial assets valued at fair value via the profit or loss for the year".
This category has two subgroups: financial assets held for short-term trading and derivative instruments or other financial assets, respectively, that the Company has initially chosen to place in this category in those cases where the asset is administered and evaluated based on its fair value in the Group management's risk management and investment strategy, the so-called fair value option. The Group has not used the fair value option during the year or the comparative year.

Financial instruments in this category are valued continuously at fair value, with changes in value being reported in the profit or loss for the year in net financial items.

Derivatives are also contractual terms that are embedded in other agreements. Embedded derivatives are recognised separately if they are not closely related to the host contract. Derivative instruments are measured in the initial recognition and regularly thereafter at fair value with value changes recognised as income and expenses in the operating income or in net financial items, based on the intended use of the derivative instrument and how this use is related to an operating item or a financial item. The Group has not used derivatives for hedging purposes during the year or during the comparative year.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held with banks and similar institutions, plus short-term highly liquid investments with original maturities of three months or less, which are only exposed to insignificant risk for fluctuations in value.

Interest-bearing liabilities classified in the category "Other liabilities"
Loans are reported continuously at amortised cost, which means that the value is adjusted through discounts, where applicable, or premiums when the loan is taken and costs when borrowing is spread over the expected term of the loan. The scheduling is calculated on the basis of the initial interest rate of the loan. Gains and losses arising when the loan is settled are recognised in the profit or loss for the year.

Accounts payable and other operating liabilities classified in the category "Other liabilities"
Liabilities are recognised at the amortised cost determined from the effective interest that was calculated at the time of acquisition, which normally implies nominal value.

TANGIBLE FIXED ASSETS

Owned assets
Tangible fixed assets are recognised at acquisition value after deductions for accumulated depreciation and impairment costs. The acquisition price includes the purchase price including expenses directly attributable to putting the asset into place and condition to be used as intended by the acquisition. Directly attributable costs, which are included in the acquisition value, include cost of delivery and handling, installation, title deeds, consultancy services and legal services. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that requires a significant amount of time to finish for the intended use or sale are included in the acquisition cost. The accounting principles for impairment are described below.

The reported value of tangible fixed assets is removed from the statement of financial position on the disposal or retirement of the asset, or when no future economic benefits are expected from its use or disposal/retirement. Gains or losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, less direct sales costs. The gain or loss is recognised in other operating income/cost.

Leased assets
Leases are classified in the consolidated financial statements as either finance or operating leases.

In a finance lease, the financial risks and benefits associated with the ownership are essentially transferred to the lessee, otherwise it is an operating lease.

Assets leased under a finance lease are recognised as assets in the Group's report of financial position. The obligation to pay future lease fees is recognised as long-term and current liabilities. The leased assets are depreciated according to plan, and the lease payments are recognised as interest and amortisation of liabilities.

Subsequent expenditure
Subsequent expenditure is added to the acquisition value only if it is likely that the future economic benefits associated with the asset will flow to the enterprise and the acquisition value can be calculated in a reliable manner. All other subsequent expenditure is reported as an expense in the period it is incurred.

A subsequent expenditure is added to the acquisition value if the expense refers to the exchange of identified components or parts thereof. Even in those cases when a new component has been constructed, the expense is added to the acquisition value. Any undepreciated values reported for replaced components, or parts of components, are discarded and charged to expenses when the component is replaced. Repairs are charged to expenses as incurred.

Depreciation principles
Straight-line depreciation is applied over the estimated utilisation period of the assets. Land is not depreciated.

The Group applies component depreciation, meaning that the estimated useful life of components forms the basis for depreciation.

Estimates of useful life:
• buildings, business property, see below
• land improvements 20 years
• machinery and other technical facilities 5-10 years
• equipment, tools and installations 3-10 years

Business property consists of a number of components with different useful lives. The main group is buildings and land. Land is not depreciated as its useful life is considered to be indefinite. The buildings consist of a number of components with different useful lives. The following main groups of components have been identified and form the basis for depreciation of buildings:

Shell	100 years
Frame extensions, interior walls, etc.	30 years
Installations and inner surfaces; heating, electricity, water and sanitation facilities, ventilation, etc.	20-32 years
External surfaces, walls, roof, etc.	20-50 years

The depreciation methods applied, and the residual value of the assets and their useful life are reviewed at the close of every year.

INTANGIBLE FIXED ASSETS

Goodwill
Goodwill is measured at the acquisition value minus any accumulated impairment.

Goodwill is allocated to cash-generating units and tested annually for impairment. If the acquisition value is less than the net value of the acquired company's assets and assumed liabilities and contingent liabilities, the difference is recognised immediately in the profit or loss for the year.

In respect of goodwill in acquisitions that were made before January 1, 2004, the Group has not adopted IFRS retroactively on transition to IFRS. Instead, the recognised value in the future will be the acquisition value for the Group, after impairment testing.

Other intangible fixed assets
Acquired supplier relations with an indeterminable useful life are valued at the acquisition value minus any accumulated impairment. Supplier relations with an indeterminable useful life are deemed to exist in terms of certain acquisitions of agencies or comparable relations with individual suppliers who have historically exhibited a very long-term agency relationship. Testing is done each year to determine if the circumstances still indicate that the useful life is indeterminable. Impairment testing is done annually and performed when indicated. Other acquired supplier relations are valued at the acquisition value minus any accumulated amortisation and impairment.

Other intangible assets include software, trademarks and customer relations. These have a determinable useful life and are recognised at acquisition value less accumulated amortisation and impairment.

Expenses of internally generated goodwill and internally generated trademarks are capitalised not as assets but recognised as incurred as expense in the profit or loss for the year.

Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is reported as an asset in the report of financial position only when it increases the future economic benefits of the specific asset to which it relates. All other expenditure is expensed when incurred.

Depreciation principles
Amortisation is reported in the profit or loss for the year on a straight-line basis, over the estimated utilisation period of the assets, unless such utilisation periods are undetermined. Goodwill has an undetermined utilisation period and is tested for impairment annually or as soon as indications arise that suggest the asset in question has dropped in value. The useful life of the assets are reviewed annually at least, refer also to Note 13.

Estimates of useful life:
• IT software 3 to 5 years
• trademarks 5-10 years
• customer relations 5 years
• supplier relations 5 years (unless indeterminable)

BORROWING COSTS

Borrowing costs, which are attributable to the construction of the so-called qualifying assets, are capitalised as a portion of the qualifying asset's cost. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Firstly, borrowing costs arising on loans, which are specific to the qualifying asset are capitalised. Secondly, borrowing costs arising on general loans, which are not specific to any other qualifying asset are capitalised. For the Group, the capitalisation of borrowing costs is mainly relevant for capitalised expenditure for the development of new data systems.

INVENTORIES

Inventories are measured at the lowest of the acquisition value and net realisable value. The acquisition value of inventories is calculated by applying the first-in, first-out method (FIFO) and includes expenditure arising at the acquisition of the inventory assets and transportation thereof to their current location and state.

The net realisable value is the estimated sales price in the current operations after deductions for estimated costs for completion and for realising a sale.

IMPAIRMENT

The recognised values of the Group's assets are tested on each balance sheet day for any indication of impairment. Below is a description of the impairment test performed for tangible and intangible fixed assets, shares in subsidiaries and associated companies, as well as financial assets. Assets for sale and disposal groups, inventory and deferred tax claims are exempt. The recognised value of the exempt assets is assessed in accordance with the respective accounting standards.

Impairment tests for tangible and intangible assets as well as shares in subsidiaries and associated companies
If there is any indication of impairment, then the asset's recoverable value is calculated, see below). The recoverable value for goodwill and other intangible assets with undetermined utilisation period is calculated annually. If essentially independent cash flow cannot be isolated for individual assets, then the assets are grouped at the lowest levels where essentially independent cash flows can be identified – a so-called cash-generating unit.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit, or pool of units, exceeds its recoverable value. An impairment loss is recognised as an expense in the profit or loss for the year. Impairment losses attributable to a cash-generating unit, or pool of units, are mainly allocated to goodwill. They are thereafter divided proportionately among other assets in the unit (pool of units).

The recoverable value is the highest of the fair value minus sales expenses and utilisation value. Utilisation value is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest and the risk associated with the specific asset.

Impairment test for financial assets
All financial assets apart from those categorised as financial assets are valued at fair value via the profit or loss statement for the year are tested for impairment. For each report, the company assesses if there is objective proof that indicates impairment of a financial asset or group of financial assets. A financial asset has impairment only if objective proof indicates that one or more events have occurred that have an effect on the financial asset's future cash flows, if these can be reliably calculated.

The recoverable value for the assets categorised as loan receivables and accounts receivable recognised at amortised cost are calculated as current value of the future cash flow discounted by the effective interest that applied on initial recognition. Assets with a short term are not discounted. An impairment loss is recognised as an expense in the profit or loss for the year.

Reversal of amortisation
An impairment of assets included in the application of IAS 36 is reversed, if there is both an indication that the impairment no longer exists and there has been a change in the assumptions that served as the basis for determining the recoverable amount. Impairment goodwill is however never reversed. Impairment is reversed only to the extent the carrying amount of the assets following the reversal does not exceed the carrying amount that the asset would have had if the impairment had not been recognised, taking into account the amortisation that would have been recognised.

Impairment of loan receivables and accounts receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurred after the write-down was made.

CAPITAL PAYMENTS TO SHAREHOLDERS

Repurchase of shares
Purchase of such instruments is recognised as a deduction from shareholder's equity. Payment from sales of equity instruments is recognised as an increase of shareholder's equity. Any transaction expenses are recognised directly against shareholders' equity.

Paid dividends
Dividends are recognised as a liability after the Annual General Meeting has approved the dividend

EARNINGS PER SHARE

Earnings per share are based on the Group's net earnings for the year attributable to the Parent Company's shareholders and the weighted average number of shares outstanding during the year.

EMPLOYEE BENEFITS

Defined-contribution pension plans
Defined-contribution pension plans are classified as those plans for which the company's obligation extends only to the contributions the company has committed to pay. In such cases, the size of the employee's pension is determined by the contribution the company pays to the plan or to an insurance company and the return on capital yielded by the contributions. Consequently, it is the employee that carries the actuarial risk (that compensation is lower than expected) and the investment risk (that the invested assets will be insufficient to cover the expected compensation). Obligations concerning the amounts to the defined-contribution plans are recognised as an expense in the profit or loss for the year at the rate they are earned as the employees perform their work.

Defined-benefit pension plans
The Group's net obligation regarding defined-benefit pension plans is calculated separately for each plan by estimating the future compensation that the employees have earned through their employment in both present and previous periods; this compensation is discounted to current value. The discount rate is the interest rate on balance sheet date for a first-class corporate bond with a maturity corresponding to the Group's pension obligations. When there is no active market for such corporate bonds, the market interest rate on government bonds with a similar maturity is used instead. Calculations are carried out by a qualified actuary using the Projected Unit Credit Method. Moreover, the fair value of any plan assets is calculated on reporting day.

Actuarial gains and losses can arise when determining the obligation's current value and fair value of the plan assets. These arise either when the actual outcome differs from prior assumptions, or when an actuarial assumption changes. The corridor rule is applied. The corridor rule means that the portion of the accumulated actuarial gains and losses in excess of 10 % of the higher of the obligation's current value and the fair value of assets under plan is recognised over the anticipated average remaining period of employment of the employees covered by the plan. Actuarial gains and losses are otherwise not taken into account.

The liability recognised in the statement of financial position in respect of pensions and similar obligations is the current value of the obligation at the balance sheet date, less the fair value of the plan assets, together with adjustments for unrecognised actuarial gains or losses and unrecognised costs for past service.

When the calculation leads to an asset for the group, the carrying amount of the asset is limited to the net of unrecognised actuarial losses and unrecognised costs associated with service in previous periods and the current value of future repayments from the plan or reduced future payments to the plan. When the compensation in a plan improves, the portion of the increased compensation attributable to the employee's services in previous periods is expensed through the profit or loss for the year on a straight-line basis over the average period until the compensation is fully vested. If the compensation is fully vested, an expense is recognised directly in the profit or loss for the year.

When there is a difference between how pension expenses are determined for legal entities and the Group, a provision or receivable is reported for separate salary tax based on this difference. The current value of the provision or receivable is not calculated.

All the components included in the period's cost for a defined benefit plan are recognised in the operating income.

Termination benefits
A provision is recognised in connection with termination of staff only if the Company is clearly committed, without a realistic possibility of reversal, to a formal and detailed plan to terminate employment before the normal time. When a termination benefit is offered to encourage voluntary redundancy, a cost is recognised if it is probable that the offer will be accepted and the number of employees who accept the offer can be reliably estimated.

Short-term benefits to employees
Short-term benefits to employees are calculated without discounting and recognised as costs when the related services are received. A provision is recognised for the expected cost of bonuses when the Group has a contractual obligation or informal obligation to make such payments when the services received from the employee and the obligation can be reliably calculated.

PROVISIONS

Provisions are different from other liabilities because the time of payment and the amount of the payment are uncertain. A provision is reported in the statement of financial position when the Group has a legal or informal obligation owing to an event that has occurred and it is likely that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

A provision is made based on the best estimate of what will be required to settle the commitment at the end of the reporting period. Where it is important when in time payment is made, provisions are estimated by discounting the expected future cash flow at a pre-tax interest rate that reflects current market estimates of the time value of money and, where appropriate, the risks associated with the liability.

A provision for losses is reported when the underlying products or services are sold. The provision is based on historic data on losses and a total appraisal of feasible outcomes in relation to the probabilities associated with the outcome.

AVAILABLE-FOR-SALE FIXED ASSETS AND DIVESTED BUSINESS UNITS

The implication of a fixed asset (or a disposal group) classified as held for sale is that its reported value will be recovered principally through a sale and not through use.

Immediately prior to classification as held for sale, the reported value of the assets (and all assets and liabilities in a disposal group) is determined in accordance with applicable accounting standards. When initially classified as held for sale, fixed assets and disposal groups are reported at the lower of their carrying amount and fair value with deductions for sales expenses. The following assets, individually or as part of a disposal group, are exempt from the above-described measurement rules:

- Deferred tax assets
- Financial assets under the scope of IAS 39 Financial Instruments: Recognition and Measurement

A gain is recognised for each increase in fair value less deductions for sales costs. This gain is limited to an amount that corresponds to all other previous impairment losses.

Losses resulting from a change in value upon initial classification as available-for-sale are recognised in the profit or loss for the year. Subsequent changes in value, both gains and losses, are also recognised in the profit or loss for the year.

A divested business unit is a component of a company's operations that represents an independent operation or significant operations within a geographic area or a subsidiary acquired exclusively with the intent to resale. Classification as a divested business unit is made upon divestment or at a previous time when the business unit meets the criteria to be classified as held for sale.

Net profit from a divested business unit is recognised in the statement of comprehensive income on its own line. When a business unit is classified as divested, the presentation of the comparative year's statement of comprehensive income changes so that it is recognised as if the divested business unit were sold at the beginning of the comparative year. The presentation of the statement of financial position for the current and previous years does not change in a corresponding way.

CONTINGENT LIABILITIES

A contingent liability is reported when there is a possible obligation that stems from past events and the existence of which will be confirmed only by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not possible that an outflow of resources will be required.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company has prepared the ANNUAL ACCOUNTS according to the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Council's recommendation RFR 2, Reporting for Legal Entities. In addition, the Swedish Financial Accounting Council's pronouncements for listed companies are applied. RR 2 means that the Parent Company in the annual accounts for the legal entity must apply all IFRS and interpretations adopted by the EU as long as this is possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the connections between reporting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

Differences between the Group's and Parent Company's accounting principles

Differences between the Group and Parent Company's accounting principles are described below. The accounting principles for the Parent Company as described below have been applied consistently to all periods presented in the Parent Company's financial statements.

Changes in accounting principles

Unless otherwise specified below, the Parent Company's accounting principled during 2010 have changed in accordance with what is specified for the Group above.

As regards the amended accounting principles for the revised IFRS 3 Business Combinations and the amended IAS 27 *Consolidated* and Separate Financial Statements, there are differences between the Parent Company's accounting principles regarding recognition of transaction expenses and contingent considerations, see below under Section "Subsidiaries".

Classification and presentation

An income statement and a statement of comprehensive income are presented for the Parent Company, whereas for the Group, these two reports together constitute a statement of comprehensive income. Furthermore, the terms balance sheet and cash flow statements are used for the Parent Company with regard to the reports referred to for the Group as statement of financial position and statement of cash flow. Income statements and balance sheets for the Parent Company are drawn up in accordance with the scheme of the Swedish Annual Accounts Act, whereas the statement of comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 Preparation of Financial Statements and IAS 7 Statement of Cash Flows. The differences with the Group's statements that apply to the Parent Company's income statement and balance sheet refer primarily to reporting of financial income and expenses, non-current assets, equity and the presence of provisions as a separate heading in the balance sheet.

Subsidiaries

The parent company reports participation in subsidiaries according to the acquisition value method. This means that transaction expenses are included in the reported value of interests in subsidiaries. Transaction expenses in the consolidated financial statements are reported directly in profit or loss when these arise.

Financial assets and liabilities

The Parent Company values non-current financial assets at acquisition cost, where applicable, less any impairment losses. Financial current assets are valued at the lower of the acquisition cost and the net realisable value. Financial liabilities are valued at the amortised cost in accordance with the same principles as those applicable to the consolidated financial statements.

Financial guarantee contracts

The Parent Company's financial guarantee contracts consist of security undertaking to the benefit of subsidiaries. The Parent Company recognises financial guarantee contracts as provision in the balance sheet when the company has an obligation for which payment will probably be required to settle the obligation.

Anticipated dividends

Anticipated dividends from subsidiaries are reported when the parent company has sole right to determine the size of the dividend and the Parent Company has decided on the size of the dividend before the Parent Company has published its financial statements.

Tangible fixed assets

Owned assets

Tangible fixed assets in the Parent Company are recognised at acquisition value after deductions for accumulated depreciations and impairment when applicable in the same way applied for the Group but with additions for revaluation of assets when applicable.

Leased assets

The Parent Company recognises all leases in accordance with the regulations for operating leases.

Borrowing costs

Borrowing costs in the Parent Company are recognised in the period to which they are attributed. No borrowing costs are capitalised on assets.

Taxes

The Parent Company reports untaxed reserves including deferred tax liabilities. In the consolidated financial statements however, untaxed reserves are divided between deferred tax liability and shareholders' equity.

Group contributions and owner contributions for legal entities

Owner contributions are booked directly against shareholders' equity for the receiver and capitalised in shares and contributor participations, to the extent that impairment is not required. Group contributions issued for the purpose of minimising the Group's total tax are recognised in other comprehensive income after deductions for their current tax effects.

NOTE 2. BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

The Group's business activities are divided into operating segments, based on which parts of the business companies' highest executive is followed up. The Group's business activities are organised in such a way that the Group management follows up the performance, profit and cash flow generated by the various products of the Group. Each operating segment has a manager who is responsible for the day-to-day operations, who regularly reports on the outcome of the operating segment's performance and the need for resources to the Group management. Since the Group management follows up on the organisation's performance and takes decision on the allocation of resources based on the products sold by the Group, these comprise the Group's operating segments.

The Group's internal reporting system is therefore set up in such a way that the Group management can follow up on the performance and results of the different products. It is on the basis of this internal reporting that the Group's segments have been identified after the different parts have undergone a process aimed at combining similar segments. This means that segments have been combined when they have similar economic characteristics, e.g. similar product areas and forms of distribution and when they work in an area with similar regulatory framework.

In the segments' profit, assets and liabilities are included directly attributable items and items that can be distributed to the segment in a reasonable and reliable manner. Non-distributed items consist of interest and dividend income, gains from the sale of financial investments, interest expenses, losses from the sale of financial investments, tax expenses and general administration expenses. Assets and liabilities not distributed to the segments are deferred tax claims and deferred tax liabilities. The segments' investments in tangible as well as intangible fixed assets include all investments except investments in short-term equipment and equipment of a lesser value. Internal prices between the Group's different segments are set using the "arm's-length principle", i.e. between parties who are independent of each other, well informed and with an interest in completing the transaction.

As from 2009, the Group has been divided into three operating segments (divisions), namely Automation, Components and Production Technology. The structure is organised conceptually with the aim of creating stability in terms of supplier relationships and making use of economies of scale. OEM divested the operations in the Production Technology operating segment on 1 June 2010. The sale comprised a transfer of the assets and liabilities of the division, where the buyer took over the stock-in-trade, equipment, customer and supplier agreements and intangible values of the division. OEM Automatic sells industrial automation components in the product areas of electrical components, flow components and installation components. Customers include machinery and appliance manufacturers, wholesalers, electrical contractors, catalogue distributors and strategic end users. The division is represented in eleven countries. Division Components sells electronic and electromechanical components in the product areas of bearings, seals and appliance components. Customers include appliance and electronics manufacturers, as well as strategic electronic manufacturing services (EMS customers) in northern Europe. The division is represented in four countries. Division Production Technology markets electronic production equipment and materials.
The division is represented in five countries.

In principle, all income comes from product sales, which are grouped and coincide with the segment reporting.

Other operations include the Parent Company, owned shares in underlying companies, property companies owning operating properties where the Group conducts its own business. The Parent Company is to be an active owner and develop the subsidiaries. In addition to clear management-by-objectives, this means also contributing expertise and resources in the fields of IT, financial control, HR administration, market communication, quality and environmental control, as well as warehouse management.

YEAR 2010

	Automation	Components	Production Technology (divested)	Other business units	Group-wide and eliminations	Total consolidated	Deducted Production Technology	Remaining business units
INCOME								
External sales	1 140,4	289,2	48,0	0,7	-	1 478,4	-48,0	1 430,4
Internal sales				31,7	-31,7	0,0		0,0
Total income	**1 140,4**	**289,2**	**48,0**	**32,5**	**-31,7**	**1 478,4**	**-48,0**	**1 430,4**
PROFIT								
Operating income	125,2	25,5	-6,9	-12,4	-	131,4	6,9	138,3
Financial items					-1,8	-1,8		-1,8
Tax expenses			2,4		-36,5	-34,1	-2,4	-36,5
Profit/Loss	**125,2**	**25,5**	**-4,5**	**-12,4**	**-38,3**	**95,5**	**4,5**	**100,0**
OTHER INFORMATION								
Assets	532,0	138,0	29,4	419,2	-202,2	916,5	-29,4	887,1
Liabilities	260,1	66,3	4,1	158,7	-202,2	287,1	-4,1	283,0
Investments intangible fixed assets	9,9	-	-	3,6	-	13,5		13,5
Investments tangible fixed assets	6,1	1,1	-	12,4	-	19,6		19,6
Amortisation of intangible fixed assets	10,2	-	-	0,8	-	11,0		11,0
Depreciation of tangible fixed assets	6,6	1,4	0,3	8,6	-	16,9	-0,3	16,6

YEAR 2009

	Automation	Components	Production Technology (divested)	Other business units	Group-wide and eliminations	Total consolidated	Avgår Production Technology	Kvarvarande verksamheter
INCOME								
External sales	976,2	262,1	91,7	1,2	-	1 331,2	-91,7	1 239,5
Internal sales				29,6	-29,6	0,0		0,0
Total income	976,2	262,1	91,7	30,8	-29,6	1 331,2	-91,7	1 239,5
PROFIT								
Operating income	68,5	14,7	-10,7	-9,0	-	63,5	10,7	74,2
Financial items					-1,0	-1,0		-1,0
Tax expenses			2,9		-22,4	-19,5	-2,9	-22,4
Profit/Loss	68,5	14,7	-7,8	-9,0	-23,4	43,0	7,8	50,8
OTHER INFORMATION								
Assets	500,4	127,1	55,7	435,4	-229,9	888,7	-55,7	833,0
Liabilities	199,5	61,4	29,5	177,2	-165,8	301,8	-29,5	272,3
Investments intangible fixed assets	3,6	-	-	-	-	3,6		3,6
Investments tangible fixed assets	5,3	0,6	4,1	45,7	-	55,7	-4,1	51,6
Amortisation of intangible fixed assets	10,9	-	-	0,6	-	11,5		11,5
Depreciation of tangible fixed assets	6,7	1,5	2,0	7,4	-	17,6	-2,0	15,6

The comparative year has been recalculated with regard to the divested unit. Refer also to Note 5.

GEOGRAPHIC AREAS

	External sales		Assets*		Investments	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Sweden	897,8	786,7	201,2	192,1	31,3	56,7
Denmark	95,6	93,7	35,1	44,8	0,0	0,9
United Kingdom	78,1	63,2	17,8	19,8	0,4	0,1
Finland	197,3	169,5	22,0	30,8	0,3	1,0
The Netherlands	3,1	2,7	0,4	0,2	0,5	-
Norway	52,3	44,3	0,0	0,2	-	-
Poland	52,1	45,2	1,1	1,7	0,2	0,2
Estonia	15,8	8,9	0,2	0,3	0,2	0,3
Latvia	0,1	0,0	-	-	-	-
Lithuania	1,9	1,4	0,0	0,1	-	-
Czech Republic	28,9	22,1	11,3	15,5	0,1	-
Slovakia	3,3	1,7	-	-	-	-
China	4,0	0,0	0,1	0,1	0,0	0,1
Total	**1 430,4**	1 239,5	**289,2**	305,6	**32,9**	59,3

** Refers to tangible and intangible fixed assets*

NOTE 3. OTHER OPERATING INCOME

	GROUP		PARENT COMPANY	
	2010	**2009**	2010	2009
Capital gain property	-	0,2	-	-
Total	-	0,2	-	-

NOTE 4. ACQUISITION OF OPERATIONS

All shares in All Motion Technology AB were purchased on 1 September. All Motion Technology markets motion control solutions with high requirements for accuracy and precision. The acquisition is a step forward in our effort to enhance our customer offer and strengthen our position in motion technology.
All Motion is a well-managed company with an interesting product portfolio. There is a great potential in the coordination with the rest of OEM's product range and in increasing our competitiveness in motion control solutions on the Nordic market. The company has a turnover of 30 MSEK on an annual basis with sales in the Nordic countries. The company has been part of Division Automation from 1 September. The purchase price for the acquired unit amounted to SEK 9.5 million and there is contingent consideration based on the development of the unit until 2012. Goodwill in the Group has increased by SEK 2 million and other intangible fixed assets (supplier relations) by SEK 3.2 million through the acquisition. The deferred tax liability amounts to SEK 0.7 million.

The effect of the acquisition on the Group's sales during the year is approx. SEK 10 million and on the profit before tax approx. SEK 1 million. If the acquired unit had been consolidated from the beginning of the year, the effect on the net sales and the profit before tax would have been approx. SEK 29 million and SEK 2.5 million respectively.

EFFECTS OF ACQUISITIONS DURING 2010

Net assets of the acquired company on acquisition:

Intangible fixed assets	3.2
Inventories	5.2
Accounts receivable and other receivables	7.0
Cash and cash equivalents	2.2
Interest-bearing liabilities	-1.5
Accounts payable and other operating liabilities	-5.2
Deferred tax liability	-1,4
Net identifiable assets and liabilities	**9.5**
Group goodwill	2.0
Consideration transferred	**11.5**

The value of the acquired intangible assets of SEK 3.2 million has been provisionally determined, pending final valuation of these assets.

Goodwill
Goodwill is attributable to the benefits of co-ordination with existing units within the Group OEM Automatic and good profitability.
The value of the goodwill is not tax deductible.

Acquisition-related expenses
Acquisition-related expenses amount to SEK 0.2 million and concern fees paid to consultants in connection with due diligence. These expenses have been recognised as other operating expenses in the Statement of Comprehensive Income.

Consideration transferred	
Cash and cash equivalents	7.6
Due in accordance with agreement	1.9
Contingent consideration	2.0
Consideration transferred	**11.5**

Contingent consideration
The acquisition agreement stipulates that contingent consideration will be due to the seller based on the development of the contribution margin until 2012. The maximum amount of the contingent consideration can be SEK 4 million and is estimated at SEK 2 million in the preliminary acquisition calculation. The contingent consideration has been calculated based on future forecasts for the acquired company.

(CONT. NOTE 4.)

EFFECTS OF ACQUISITIONS PRIOR TO 2010

	2010	2009
Inventories	-	-1,7
Deferred tax liability	-	0,7
Current liabilities	-	1,0
Net identifiable assets and liabilities	**0,0**	0,0
Group goodwill	4,7	1,6
Purchase price	**4,7**	1,6
Due in accordance with agreement	7,2	7,6
Cash and cash equivalents	-	-
Payment	-5,1	-
Net effect of cash and cash equivalents	**-5,1**	-

Other information about intangible assets, refer to Note 13.

2010

Contingent consideration, Elektro Elco AB in Sweden

The contingent considerations for the acquisition of Elektro Elco were due for payment for 2009 and 2010
The contingent consideration for 2010 will amount to SEK 7.2 million and will be paid in 2011.
The contingent consideration in the annual financial statements for 2010.
The total purchase price for the acquisition will amount to SEK 68.1 million.

2009

Contingent consideration, Elektro Elco AB in Sweden

The contingent consideration for 2009 will amount to SEK 1.1 million and
the contingent consideration for 2010 has been estimated at SEK 2.5 million or a total of 3.6 million.
The contingent considerations are reserved in the annual financial statements for 2009.
Pursuant to the agreement, the purchase price during 2009 was reduced by SEK 2.0 million to SEK 59.8 million on account of the guarantee clauses.

NOTE 5. DIVESTED BUSINESS UNITS

On 1 June 2010, the Group sold all of its Division Production Technology, which was an independent business segment, see Note 2.
The criteria for presentation as a divested business unit or as fixed assets held for sale were not met on 31 December 2009 and the comparative figures, therefore, have been restated in order to show the divested business unit as separate from the remaining business units. The plan of the Company's management to divest the business unit was adopted in the spring of 2010 in conjunction with a decision to focus on component sale for the industry.

The sale comprised a transfer of the assets and liabilities of the division, where the buyer took over the stock-in-trade, equipment, customer and supplier agreements and intangible values of the division. The purchase price was approx. SEK 5 million plus a conditional consideration based on the contribution margin of the operations during the next two years. In connection with the preparation of the annual financial statements for 2010, the contingent consideration is estimated to amount to SEK 3 million.

PROFIT FROM DIVESTED BUSINESS UNIT

	2010	**2009**
Operating profit from the divested business unit		
Income	45,0	91,7
Costs	-54,9	-102,4
Profit before tax	-9,9	-10,7
Tax	3,2	2,9
Profit after tax	-6,7	-7,8
Profit on divestment of the divested business unit		
Capital gains on divestment of the divested business unit	3,0	–
Tax attributable to the above capital gain	-0,8	–
Profit from divestment after tax	2,2	–
Profit from divested business unit after tax	**-4,5**	-7,8
Earnings per share from divested business units before and after dilution (SEK)	**-0,19**	-0,33

The profit from divested business units is attributable to the owners of the Parent Company.

Net cash flow from divested business unit		
Current operations	**-15,8**	-32,3
Investment activities	**5,3**	1,5
Financing activities	**8,3**	-20,8
Effect of the divestment on individual assets and liabilities in the Group		
Tangible fixed assets	-1,8	
Inventories	-3,9	
Other liabilities	1,0	
Divested assets and liabilities, net	**-4,7**	
Purchase sum received	4,7	
Deducted: Liquid funds in the divested business units	-	
Impact on cash and cash equivalents	**4,7**	

NOTE 6. EMPLOYEES AND PERSONNEL EXPENSES

AVERAGE NO. OF EMPLOYEES, PARENT COMPANY	2010	Whereof men	2009	Whereof men
Sweden	17	88%	18	89%
SUBSIDIARIES				
Sweden	292	78%	300	78%
Denmark	29	83%	35	83%
United Kingdom	27	89%	26	85%
Estonia	2	100%	5	100%
Finland	62	82%	81	83%
The Netherlands	2	50%	2	50%
China	20	80%	20	80%
Latvia	-	-	-	-
Lithuania	1	100%	2	100%
Norway	16	88%	21	81%
Poland	34	85%	34	82%
Slovakia	1	100%	1	100%
Czech Republic	15	80%	18	78%
Total in subsidiaries	**501**	**80%**	545	80%
Group total	**518**	**81%**	563	80%

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES	2010		2009	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent company	12,8	6,4	11,1	5,9
(Whereof pension expenses)		(2,0)		(2,0)
Subsidiaries	179,9	59,0	192,0	63,5
(Whereof pension expenses)		(15,2)		(18,3)
Group total	**192,7**	**65,4**	203,1	69,4
(Whereof pension expenses)		(17,2)		(20,3)

SALARIES AND OTHER REMUNERATION DISTRIBUTED BETWEEN PARENT COMPANY AND SUBSIDIARIES AND BETWEEN SENIOR EXECUTIVES AND OTHER EMPLOYEES	2010		2009	
	Senior executives	Other employees	Salaries and remuneration	Other employees
Parent company				
Sweden, of which senior executives 10 people (11)	7,7	5,1	6,5	4,6
(Whereof bonus)	(1,9)		(-)	
Subsidiaries total, of which senior executives 14 people (17)	13,8	166,1	14,6	177,4
(Whereof bonus)	(2,0)		(0,2)	
Group total, of which senior executives 24 people (28)	**21,5**	**171,2**	21,1	182,0
(Whereof bonus)	(3,9)		(0,2)	

Pension premiums to the amount of SEK 2.6 million (3.4) have been paid for the category senior executives.

REMUNERATION FOR SENIOR EXECUTIVES AND BOARD MEMBERS, GROUP MANAGEMENT

	2010					2009				
	Basic pay, board fee	**Variable remune-ration**	**Other benefits**	**Pension expenses**	**Sum total**	**Basic pay, board fee**	**Variable remune-ration**	**Other benefits**	**Pension expenses**	**Sum total**
Lars-Åke Rydh, Chairman of the Board from 26 April 2010, prev. Board Mem.	0,2	-	-	-	0,2	0,2	-	-	-	0,2
Ulf Barkman, Board Member	0,2	-	-	-	0,2	0,2	-	-	-	0,2
Hans Franzén, Board Member	0,2	-	-	-	0,2	0,2	-	-	-	0,2
Jerker Löfgren, Board Member	0,2	-	-	-	0,2	-	-	-	-	-
Petter Stillström, Board Member	0,2	-	-	-	0,2	-	-	-	-	-
Agne Svenberg, Board Member	0,2	-	-	-	0,2	0,2	-	-	-	0,2
Jan Svensson, Chairman of the Board until 26 April 2010	-	-	-	-	-	0,2	-	-	-	0,2
Kerstin Lindberg-Göransson Board Member until 26 April 2010	-	-	-	-	-	0,2	-	-	-	0,2
Jörgen Zahlin, CEO	2,6	1,4	-	0,6	4,6	2,6	-	-	0,6	3,2
	3,6	**1,4**	**-**	**0,6**	**5,6**	3,6	0,0	0,0	0,6	4,2
Other senior executives, 6 persons (9) *	5,5	1,5	0,2	1,4	8,6	7,7	-	0,2	1,7	9,6
Sum total	**9,1**	**2,9**	**0,2**	**2,0**	**14,2**	11,3	0,0	0,2	2,3	13,8

** Of the other senior executives, three (five) people receive remuneration from subsidiaries. This remuneration is included at a total of SEK 4.2 million (4.8). Pension expenses correspond to SEK 0.8 million (1.0).*

CEO/Managing Director

Pension expenses are defined contribution. There are no other pension obligations. As in previous years, the variable remuneration is based on the profit levels attained, which for 2010 gave SEK 1.4 million and a result of 54%. No variable remuneration was paid for 2009. Bonus could be paid at a maximum of 58% of basic pay. The period of notice for the Managing Director is 24 months on the Company's part, with the obligation to work, and 6 months on the Managing Director's part. Retirement age for the Managing Director is 60 years. The CEO/ Managing Director's salary and remuneration is set by the Board.

Other Senior Executives

Pension are defined contribution. There are no other pension obligations. The variable remuneration was SEK 1.5 million for 2010. No variable remuneration was paid for 2009. Variable remuneration can, based on the attained profit level, be paid at a maximum of 40% of the basic pay. The period of notice for other senior executives is maximum 12 months on the Company's part, with the obligation to work, and maximum 6 months on the employee's part. If the company serves notice after the age of 55 years, a further maximum of 6 months salary is paid. There is an exception to this rule in an agreement signed in 2001 where severance pay may be due for additional six months in the event of termination by the company after the employee has reached 55 years of age. Retirement age for other senior executives is between 60 and 65 years.

Guidelines for remuneration and other employment conditions for senior executives

The Annual General Meeting decided on guidelines for senior executives, according to which the Company's management is to apply market-rate salaries and other remuneration terms. In addition to a basic pay, the management can also receive variable remuneration, which can amount to a maximum of 58 % of basic pay. Senior executives are to have market-rate pension contribution terms, which are premium-based and may amount, as a maximum, to the scheme with Alecta's ITP 1 solution. The remuneration rate for the variable remuneration was adjusted from a maximum rate of 50 % to 58 % and the pension cost was subjected to a minor adjustment from 25 to approx. 26 %. The period of notice may not exceed 24 months and involves the obligation to work during the period of notice. Employment agreements shall not contain provisions for severance pay. There is an exception to this rule in an agreement signed in 2001, where severance pay may be due for an additional six months in the event of termination by the company after the employee has reached 55 years of age.

(CONT. NOTE 6.)

SICK LEAVE PARENT COMPANY	2010	2009
Total sick leave as a proportion of normal working hours	1,5%	0,3%
Proportion of the total sick leave that refers to continuous sick leave of 60 days or more	1,1%	0,0%
SICK LEAVE AS A PORTION OF EACH GROUP'S NORMAL WORKING HOURS		
Sick leave by gender:		
Men	1,7%	0,4%
Women	0,6%	0,0%
SICK LEAVE BY AGE CATEGORY		
29 years old or younger	0,6%	0,2%
30-49 years	2,1%	0,3%
50 years old or older	0,0%	0,6%

GENDER DISTRIBUTION	GROUP (Share of women)		PARENT COMPANY (Share of women)	
	2010	2009	2010	2009
Board of Directors	0%	1%	0%	17%
Other Senior Executives	0%	0%	0%	0%

NOTE 7. FEES AND REIMBURSEMENT OF EXPENSES TO THE AUDITORS

	GROUP		PARENT COMPANY	
KPMG	2010	2009	2010	2009
Audit assignments	1,9	2,1	0,4	0,6
Tax counselling	0,1	0,1	0,1	0,1
Other services	0,2	0,5	0,2	0,2
	2,2	2,7	0,7	0,8
OTHER AUDITORS				
Audit assignments	0,4	0,3		
Sum total	**2,6**	3,0	0,7	0,8

"Audit assignment" refers to the statutory audit of the ANNUAL ACCOUNTS and the acounts, the management by the Board of Directors and the Managing Director, as well as to audits and any other examination carried out in accordance with an agrement or a contract. This includes any other tasks which it is the duty of the Company's auditors to perform, as well as counselling and any other assistance brought about by observations made during that review or the performance of other such tasks. Tax counselling refers to all consultations in the area of tax. "Other services" refers to counselling concerning accounting issues and counselling about processes and internal control.

NOTE 8. DEPRECIATION/AMORTISATION/IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETS

	GROUP		PARENT COMPANY	
	2010	**2009**	**2010**	**2009**
Customer relations, amortisation	-2,3	-2,5	-	-
Trademarks, amortisation	-5,2	-5,4	-	-
Supplier relations, amortisation	-2,7	-3,0	-	-
Expenses brought forward for software, depreciation	-0,8	-0,6	-0,8	-0,6
Buildings and land, depreciation	-4,4	-3,9	-0,6	-0,6
Equipment, tools and installations, depreciation	-12,2	-11,7	-1,2	-1,1
Sum total	**-27,6**	-27,1	-2,6	-2,3

NOTE 9. INCOME FROM SHARES IN GROUP COMPANIES

	PARENT COMPANY	
	2010	**2009**
Dividends received	31,0	46,1
Capital gains on liquidation	0,1	-
Write-off shares	-10,0	-
Sum total	21,1	46,1

NOTE 10. FINANCIAL INCOME/OTHER INTEREST INCOME AND SIMILAR INCOME ITEMS

	GROUP		PARENT COMPANY	
	2010	**2009**	**2010**	**2009**
Interest income on bank balance	1,0	1,6	1,1	0,8
Other financial income	-	0,7	-	-
Sum total	**1,0**	2,3	1,1	0,8

NOTE 11. FINANCIAL EXPENSES/INTEREST EXPENSES AND SIMILAR INCOME ITEMS

	KONCERNEN		MODERBOLAGET	
	2010	**2009**	**2010**	**2009**
Interest expenses on other liabilities	-2,7	-3,3	-	-
Other financial costs	-0,1	-	-	-
Sum total	**-2,8**	-3,3	0,0	0,0

NOTE 12. TAXES

	GROUP		PARENT COMPANY	
	2010	**2009**	**2010**	**2009**
Current tax	-34,7	-23,4	3,2	1,7
Deferred tax	-1,8	1,0	-0,1	-0,1
Total recognised tax expenses	**-36,5**	-22,4	3,1	1,6

LINK BETWEEN TAX EXPENSES FOR THE YEAR AND INCOME BEFORE TAX				
Reported income before tax	136,5	73,2	7,2	38,4
Applicable tax rate for income tax in each country	-35,9	-19,2	-1,9	-10,1
Non-taxable share dividends	-	-	8,1	12,1
Non-taxable income	-	-	0,1	-
Other taxable income/non-deductible items	-0,6	-3,2	-3,2	-0,4
Total recognised tax expenses	**-36,5**	-22,4	3,1	1,6
DEFERRED TAX CLAIMS				
Deficit deductions	3,1	3,7	-	-
Other	0,8	1,4	-	-
Total deferred tax claims	**3,9**	5,1	-	-
DEFERRED TAX LIABILITY				
Intangible fixed assets	11,2	10,2	-	-
Buildings and land	4,6	7,2	1,9	1,8
Untaxed reserves	34,6	31,1	-	-
Total deferred tax liability	**50,5**	48,5	1,9	1,8

The Group has SEK 0 million (0) in inactive deferred tax claims corresponding to deficit deduction, which, when valued in accordance with the probability principle, cannot be assumed to be usable as it is not possible to offset the surpluses against these within a reasonable period of time. The acquisition of subsidiaries affected the deferred tax liability by SEK 1,4 million (0).

NOTE 13. INTANGIBLE FIXED ASSETS

GROUP

	2010					2009				
	Goodwill	Trademarks	Customer relations	Supplier relations	Other	Goodwill	Trademarks	Customer relations	Supplier relations	Other
ACCUMULATED ACQUISITION VALUES										
At the start of the year	56,7	43,6	12,1	22,0	4,6	51,3	42,6	10,1	22,7	4,6
New acquisitions	6,7	-	-	3,2	3,5	3,6	-	-	-	-
Exchange rate differences for the year	-2,6	-1,4	-1,1	-1,7	-0,2	1,8	1,0	2,0	-0,7	-
Total acquisition values	**60,8**	**42,2**	**11,0**	**23,5**	**8,1**	56,7	43,6	12,1	22,0	4,6
ACCUMULATED AMORTISATION										
At the start of the year	-	-8,2	-9,1	-3,1	-3,5	-	-2,7	-5,6	-0,5	-1,6
Amortisation	-	-5,2	-2,3	-2,7	-0,8	-	-5,4	-2,5	-2,9	-1,9
Exchange rate differences for the year	-	0,7	1,0	0,6	0,2	-	-0,1	-1,0	0,3	-
Total amortisation	**0,0**	**-12,7**	**-10,4**	**-5,2**	**-4,3**	0,0	-8,2	-9,1	-3,1	-3,5
ACCUMULATED IMPAIRMENT										
At the start of the year	-6,2	-	-	-	-	-6,2	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-	-
Total impairments	**-6,2**	**0,0**	**0,0**	**0,0**	**0,0**	-6,2	0,0	0,0	0,0	0,0
Booked value at end of the year	**54,6**	**29,5**	**0,6**	**18,3**	**3,8**	50,5	35,4	3,0	18,9	1,1

2010

The surplus value in connection with the acquisition of All Motion Technology AB is distributed between supplier relations SEK 3.2 million and goodwill SEK 2.0 million. Supplier relations amounting to SEK 3.2 million are assessed to have a useful life of five (5) years, which means that these will be amortised at the rate of 20 % every year. New acquisitions of goodwill amounting to SEK 4.7 million are associated with the contingent considerations for Elektro Elco AB. New acquisitions concerning development of software are included under Other, see the Parent Company below.

2009

The contribution margin of the remaining orders on hand of SEK 0.8 million from the acquisition of Elektro Elco is amortised in line with invoicing. The amount has been charged to costs for trading goods. New acquisitions of goodwill are associated with the additional purchase amounts for Elektro Elco AB.

IMPAIRMENT TEST FOR INTANGIBLE ASSETS

The companies have performed impairment tests on cash-generating units containing goodwill and intangible assets that have an indeterminable useful life, based on the usage values of the units.

(CONT. NOTE 13.)

GOODWILL AND INTANGIBLE ASSETS WITH AN INDETERMINABLE USEFUL LIFE

Companies	**2010**	**2009**
Goodwill		
Internordic Bearings AB/Indoma AB	3,0	3,0
Klitsö Processtechnic AS/OEM Automatic AS/MPX Electra ApS	17,1	19,7
Elektro Elco AB	32,5	27,8
All Motion Technology AB	2,0	-
	54,6	50,5
Supplier relations with an indeterminable useful life		
Telfa AB	8,8	8,8
Sum total	**63,4**	59,3

The above amounts relate to goodwill amounting to SEK 54.6 (50.5) million and acquired supplier relations for Telfa AB amounting to SEK 8.8 (8.8) million. These are long-standing supplier relations that are appraised as stable over the foreseeable future.
The usage values are based on estimated future cash flows for a total of twenty (20) years with the starting point in the existing business plans for the next three (3) years. The principal assumptions for the measurement for all cash-generating units are assumptions about margins and volume growth. The business plans are based on experience from previous years, but taking consideration to the industry forecast for expected future developments.
Current market shares are expected to increase marginally in the forecast period. According to the business plans, annual operational growth is expected to stand at approx. 3 % (3) in most companies and to 5 % (5) in individual companies.
Growth is expected to stand at approx 3 % (approx. 3 to 5 %) each year for other years during the forecast period.
The gross profit margins are expected to reach the same level as at the end of 2010. The forecast cash flows have been converted to a present value using a discount rate of 12 % (11 %) before tax. The recoverable values for the units are in excess of their reported values.
The Company management is of the opinion that no reasonable changes in the key assumptions will lead to the estimated recoverable values for the units being lower than the reported values.

PARENT COMPANY

Expenses brought forward for software	**2010**	**2009**
ACCUMULATED ACQUISITION VALUES		
At the start of the year	1,9	1,9
New acquisitions	3,6	-
Total acquisition values	5,5	1,9
ACCUMULATED AMORTISATION		
At the start of the year	-0,8	-0,2
Amortisation	-0,8	-0,6
Total amortisation	-1,6	-0,8
Booked value at end of the year	3,9	1,1
ACCUMULATED ADDITIONAL DEPRECIATIONS		
At the start of the year	-0,3	-0,7
Annual change	-0,5	0,4
	-0,8	-0,3
Booked value	3,1	0,8

Expenses brought forward for software are written off during its assessed useful life of three to five years.

NOTE 14. TANGIBLE FIXED ASSETS

THE GROUP	2010 Buildings and land	2010 Equipment, tools and installations	2009 Buildings and land	2009 Equipment, tools and installations
ACCUMULATED ACQUISITION VALUES				
At the start of the year	193,6	118,1	154,5	129,3
New acquisitions	3,5	15,9	42,5	13,2
Acquired through business acquisitions	-	0,2	-	-
Sales and disposals	-	-24,4	-5,3	-16,6
Reclassifications	-2,2	-1,5	4,4	-6,2
Exchange rate differences for the year	-9,0	-5,3	-2,5	-1,6
Total acquisition values	**185,9**	**103,1**	193,6	118,1
ACCUMULATED DEPRECIATION ACCORDING TO PLAN				
At the start of the year	-33,9	-81,1	-30,0	-86,4
Acquired through business acquisitions	-	-0,2	-	-
Sales and disposals	-	18,1	1,8	13,0
The year's depreciation according to plan acquisition values	-4,4	-12,4	-3,9	-13,7
Reclassifications	-	1,2	-4,4	5,0
Exchange rate differences for the year	2,1	4,3	2,6	1,0
Total depreciation according to plan	**-36,2**	**-70,1**	-33,9	-81,1
Booked value at end of the year	**149,6***	**32,9**	159,7*	37,0

**The value of the buildings amounts to 139.3 (111.1) for the Group and 16.9 (17.4) for the Parent Company.*

	2010 Buildings and land	2009 Buildings and land
TAXATION VALUES		
Buildings	20,5	20,5
Land	4,6	2,7
Total taxation value **	**25,1**	23,3

** Refers to assets in Sweden

	2010 Buildings and land	2009 Buildings and land
BOOKED VALUE		
Buildings	89,3	92,7
Land	4,9	2,5
Total taxation value **	**94,1**	95,2

** Refers to assets in Sweden

(CONT. NOTE 14.)

PARENT COMPANY	2010 Buildings and land	2010 Equipment, tools and installations	2009 Buildings and land	2009 Equipment, tools and installations
ACCUMULATED ACQUISITION VALUES				
At the start of the year	28,6	13,1	27,9	13,2
New acquisitions	-	2,6	0,7	0,3
Sales and disposals	-	-1,6	-	-0,4
	28,6	14,1	28,6	13,1
ACCUMULATED DEPRECIATION ACCORDING TO PLAN				
At the start of the year	-10,5	-11,4	-9,9	-10,7
Sales and disposals	-	1,6	-	0,4
The year's depreciation according to plan at acquisition values	-0,6	-1,3	-0,6	-1,1
	-11,1	-11,1	-10,5	-11,4
Residual value acc. to plan at year-end	17,5	3,0	18,1	1,7
ACCUMULATED ADDITIONAL DEPRECIATIONS				
At the start of the year	-	-0,2	-	-0,3
Annual change	-	0,1	-	0,1
	0,0	-0,1	0,0	-0,2
Booked value	17,5	2,9	18,1	1,5
Taxation value				
Buildings	11,2		11,2	
Land	1,5		1,5	
Total taxation value	12,7		12,7	

NOTE 15. SHARES AND PARTICIPATION IN GROUP COMPANIES

PARENT COMPANY	2010	2009
Booked value		
At the start of the year	294,9	295,8
Acquisitions for the year	16,2	4,2
Mergers and liquidations	-1,1	-5,1
Owner contributions	3,5	-
Impairments	-10,0	-
Closing balance	303,5	294,9

(CONT. NOTE 15.)

SPECIFICATION OF THE PARENT COMPANY'S DIRECT AND INDIRECT SHAREHOLDINGS IN SUBSIDIARIES

	Corp. ID. No.	Reg. office	No. of shares	Share of capital	Face value	Book value 2010	Book value 2009
OEM Industrial Components AB, Sweden	556051-4514	Tranås	100 000	100%	5 000	46,2	46,2
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 Automatic Ltd, UK	-	-	-	100%			
OEM Automatic sp.z o.o., Poland	-	-	-	100%			
OEM China Development B.V, Netherlands	-	-	-	100%			
Internordic Bearings AB, Sweden	556493-8024	Nässjö	-	100%			
Egevo Elektronik AB, Sweden	556311-3306	Stockholm	-	100%			
OEM Electronics AB, Sweden	556054-3828	Tranås	-	100%			
Pronesto AB, Sweden	556112-6755	Stockholm	-	100%			
OEM Electronics OY, Finland	-	-	-	100%			
Indoma AB, Sweden	556326-5171	Jönköping	-	100%			
OEM Systemteknik AB, Sweden	556050-9076	Stockholm	1 000	100%	100	1,5	1,5
A. Karlsson Industriteknik AB, Sweden	556163-0905	Stockholm	-	100%			
Jubo Förvaltning AB, Sweden	556494-7058	Karlskoga	-	100%			
OEM Logistics AB, Sweden	556194-8521	Stockholm	2 500	100%	100	1,5	1,5
Skäggriskan AB, Sweden	556248-9780	Stockholm	-	100%			
OEM Electronics Production Technology AB, Sweden	556038-8356	Stockholm	300	100%	300	78,4	78,4
Cyncrona AB, Sweden	556296-1838	Stockholm	-	100%			
Cyncrona AS, Norway	-	-	-	100%			
Cyncrona OY, Finland	-	-	-	100%			
Cyncrona A/S, Denmark	-	-	-	100%			
Cyncrona Sp.z.o.o, Poland	-	-	-	100%			
Cyncrona Ou., Estland	-	-	-	100%			
A. Karlsson Fastigheter AB, Sweden	556029-8456	Stockholm	10 000	100%	1 000	10,3	10,3
Intermate Electronics AB, Sweden	556266-6874	Tranås	1 000	100%	100	0,6	0,6
OEM Fastighetsbolag AB, Finland	-	-	1 200	100%	FIM 1 200	1,4	1,4
OEM Property Ltd, UK	-	-	400 000	100%	GBP 400	5,1	5,1
OEM Motor AB, Sweden	556650-6498	Tranås	1 000	100%	100	0,1	0,1
Internordic Förvaltning AB, Sweden	556302-0873	Nässjö	1 000	100%	100	1,3	1,3
Hydrac AB, Sweden	556466-0875	Borås	2 000	100%	200	0,0	0,1
Fotbromsen AB, Sweden	556150-4282	Karlskoga	5 000	100%	500	0,0	1,0
Telfa AB, Sweden	556675-0500	Göteborg	1 000	100%	100	10,0	10,0
OEM Eesti Ou., Estonia	-	-	10 000	100%	EEK 40	0,0	0,0
EIG - OEM Automatic spol.s.r.o. , Czech Republic	-	-	-	100%	CZK 100	23,5	29,8
OEM Control AB (formerly Crouzet AB)	556197-1911	Stockholm	24000	100%	2 400	4,9	4,9
OEM Automatic UAB, Lithuania	-	-	100	100%	LTL 100	0,0	0,1
OEM Automatic SIA, Latvia	-	-	20	100%	LVL 200	0,0	-
OEM Automatic s.r.o., Slovakia	-	-	-	100%	SKK 200	0,0	0,1
Klitsö Processtechnic AS, Denmark	-	-	1000	100%	DKK 1 000	37,9	37,9
Elektro Elco AB, Sweden	556564-2716	Jönköping	1 000	100%	100	68,0	63,4
OEM Trading (Shanghai) Ltd	-	-	-	100%	USD 140	1,2	1,2
All Motion Technology AB	556601-7009	Täby	1 000	100%	100	11,5	
Apex Dynamics Sweden AB	556771-7466	Täby	-	100%			
Sum total						303,5	294,9

NOTE 16. PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	2010	**2009**	**2010**	**2009**
Accrued commission income, etc.	0,1	0,5	-	-
Prepaid expenses	7,9	12,0	3,1	3,2
Sum total	**8,0**	12,5	3,1	3,2

NOTE 17. EQUITY

The shares consist of Class A and Class B. The face value is SEK 1.67.

		2010		2009	
		Shares	**Voting rights**	**Shares**	**Voting rights**
Class A shares	10 voting rights	4 767 096	47 670 960	4 767 096	47 670 960
Class B shares	1 voting right	18 402 213	18 402 213	18 402 213	18 402 213
		23 169 309	**66 073 173**	23 169 309	66 073 173

REPURCHASED SHARES INCLUDED IN THE EQUITY ITEM SURPLUS BROUGHT FORWARD, INCLUDING THE YEAR'S INCOME

	Number of shares		Amounts that affected equity	
	2010	**2009**	**2010**	**2009**
Opening repurchased shares	-	-	26,6	26,6
Closing repurchased shares	-	-	**26,6**	26,6

CAPITAL MANAGEMENT

The Board's ambition is to achieve a good return on shareholders' equity with limited financial risks during a period of stable growth.

The targets for one business cycle are:

- 15 % annual growth in profit
- 20 % return on equity
- Equity/assets ratio not to fall below 35%

The last three years, the following results have been realised in terms of the targets:	**2010**	**2009**	**2008**
Growth of operating profit	86%	-48%	5%
Return on shareholders' equity:	17%	7%	21%
Equity/assets ratio:	64%	62%	59%

DIVIDENDS

After the balance sheet date, the Board proposed a dividend of SEK 3 per share (2.00). The Board aims to propose a reasonable dividend of profits to the shareholders, by taking into account the financial position, the tax situation and any need for acquisitions or investments in the operation.

NOTE 18. LIABILITIES TO CREDIT INSTITUTES

	GROUP	
	2010	**2009**
Other long-term liabilities		
Bank loan	9,2	10,1
Financial leasing liabilities	8,0	9,0
Sum total	**17,2**	19,1
Current liabilities		
Bank loans and overdrafts	58,9	95,0
Current liabilities to credit institutions	1,2	-
Financial leasing liabilities	5,3	3,7
Sum total	**65,4**	98,7
Liabilities that fall due for payment later than five years after balance sheet date	**9,2**	10,1

FINANCIAL LEASING LIABILITIES

	GROUP	
	2010	**2009**
Financial leasing liabilities fall due for payment as shown below:		
Within one year	5,3	3,7
Between one and five years	8,0	9,0
Later than in five years	-	-
Sum total	**13,3**	12,7

The financial leasing liabilities relate to leasing of cars.

NOTE 19. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

DEFINED-BENEFIT OBLIGATIONS AND VALUE OF ADMINISTRATION ASSETS

	2010	2009
Current value of entirely or partially funded obligations	9,7	10,0
Fair value of plan assets	-8,9	-9,9
Net of entirely or partially funded obligations	**0,8**	0,1
Net obligations before adjustments	**0,8**	0,1
Accumulated unrecognised actuarial gains (+) and losses (-)	-1,7	-0,8
Net amount in the Statement of Financial Position (obligations + assets -)	**-0,9**	-0,7
The net amount recognised in the following items in the Statement of Financial Position:		
Other financial assets	-1,1	-0,9
Provisions for pensions and similar obligations	0,2	0,2
Net amount in the Statement of Financial Position (obligations + assets -)	**-0,9**	-0,7
The net amount is split over plans in the following countries:		
Norway	-0,9	-0,7
Net amount in the Statement of Financial Position (obligations + assets -)	**-0,9**	-0,7
CHANGE IN CURRENT VALUE OF THE OBLIGATION FOR DEFINED-BENEFIT PLANS		
Obligation for defined-benefit plans as of 1 January	10,0	10,1
Pensions earned during the period	0,5	0,6
Actuarial gain and loss	-0,9	-0,9
Interest on obligations	0,5	0,6
Paid benefits	-0,4	-0,4
Obligation for defined-benefit plans as of 31 December	**9,7**	10,0
CHANGE IN PLAN ASSETS' FAIR VALUE		
Fair value of plan assets as of 1 January	9,9	9,3
Contributed funds from employer	1,0	0,8
Paid benefits	-0,4	-0,4
Expected return on plan assets	0,5	0,7
Difference between expected and actual return	-2,1	-0,5
Fair value of plan assets as of 31 December	**8,9**	9,9
COST RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME		
Expenses for pensions earned during the year	0,7	0,7
Interest expenses	0,5	0,7
Expected return on plan assets	-0,5	-0,7
Other	0,1	0,2
Sum total costs in Statement of Comprehensive Income	**0,8**	0,9
ACTUARIAL ASSUMPTIONS		
The following significant actuarial assumptions have been applied when calculating the obligations: (weighted average values)		
Discount rate	4,5%	5,4%
Expected return on plan assets	5,3%	5,7%
Future salary increases	4,0%	4,5%
Future increases of pensions	1,2%	1,4%
Employee turnover	3,8%	4,3%
Expected remaining length of service	21 years	22 years

(CONT. NOTE 19.)

In Norway, all employees are covered by defined-benefit pension plans. SEK 0.6 million is expected to be paid in contributions for the plans and the expected return on the pension funds is expected to total SEK 0.5 million for 2011. In countries other than Sweden, all employees are covered by defined-contribution plans for which the Company pays fixed contributions to a separate legal entity and has no obligation to pay further contributions. The Group's results are charged by costs as the benefits are earned. The obligation of old age pension and family pension by a small section of the employees in Sweden is secured by an insurance policy with Alecta.
According to a statement from the Swedish Financial Reporting Boards, UFR 3, this is a defined benefit plan that covers several employers. The Company has not had access to sufficient information to make it possible to report this plan as a defined benefit plan for financial years 2010 and 2009. The pension plan according to ITP, which is secured via insurance with Alecta, is therefore reported as a defined-contribution plan. Contributions this year for pension insurance with Alecta amount to SEK 1.6 million (2.5). Alecta's excess can be allocated to the policy holders and/or the insured. At the end of 2010, Alecta's excess in the form of the collective consolidation level was 146 % (124 %). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitment calculated according to Alecta's insurance calculation premise, which does not comply with IAS 19.
Most of the employees in Sweden are covered by defined-contribution plans. The Group's total cost for defined-contribution plans is SEK 14.4 million (14.2). The Group's total cost for defined-contribution plans is SEK 2.0 million (1.9).

NOTE 20 BANK LOANS AND OVERDRAFTS

The majority of the Swedish companies are connected to a central account system with a total limit of SEK 125 million (125). The overall degree of utilisation is reported in the Parent Company under this item. The subsidiaries' balance/liability in the central account system is reported in the Parent Company, either as a receivable from, or a liability to, the subsidiaries. The total limit in the Group is SEK 289 million (301).

PLEDGED ASSETS TO CREDIT INSTITUTES

	GROUP		PARENT COMPANY	
	2010	**2009**	**2010**	**2009**
Property mortgages	19,3	20,3	7,5	7,5
Business mortgages	63,4	64,8	-	-
Sum total	**82,7**	85,1	7,5	7,5

NOTE 21. ACCRUED EXPENSES AND PREPAID INCOME

	GROUP		PARENT COMPANY	
	2010	**2009**	**2010**	**2009**
Accrued holiday pay	20,9	22,2	1,7	1,5
Deferred social security contributions	12,0	10,9	2,3	1,5
Prepaid income	0,3	1,2	-	-
Accrued supplier inv./commercial debts	8,5	8,8	-	-
Other accrued expenses	25,1	18,7	3,6	1,6
Sum total	**66,8**	61,8	7,6	4,6

NOTE 22. UNTAXED RESERVES

	PARENT COMPANY	
	2010	**2009**
Accumulated depreciation above plan		
At the start of the year	0,5	1,0
Accumulated depreciation above plan during the year	0,4	-0,4
At year-end	1,0	0,5
Accruals funds		
2005 provision for taxation	-	13,0
2007 provision for taxation	14,7	14,7
2008 provision for taxation	10,0	10,0
2009 provision for taxation	26,1	26,1
2010 provision for taxation	21,0	21,0
2011 provision for taxation	25,0	-
Sum total	96,8	84,8
Total untaxed reserves	97,8	85,3

Deferred tax constitutes SEK 25.7 million (22.5) of the untaxed reserves.

NOTE 23. FINANCIAL RISKS AND RISK MANAGEMENT

The OEM Group's primary risks are connected to currencies, supplier relations, customer credits and customer guarantees. Through matching, however, the risks have almost been completely eliminated, through risk elimination that contributes to securing a relatively stable coverage ratio over time for the Group. In addition to the named risks, the Group has a limited interest risk in the form of a cash flow risk.

OEM collaborates with about 300 suppliers and is in charge of marketing and sales activities in selected markets. OEM reaches customer groups that the suppliers would have difficulty accessing themselves, while simultaneously marketing the suppliers' products on several markets. The relationships are built on a long-standing, close collaboration.

Customer guarantees have not been a cause of any risks of practical significance. There are often corresponding rights of recourse against the supplier for provided guarantees. This management has worked well in practice and has not been the cause of any significant losses. The OEM Group's financial activities and management of financial risks is primarily performed in the Parent Company. There are plans for risk management and how the risks are to be limited. The plans are distinguished by a low level of risk. The basis is a structured and effective management of the financial risks that arise in the business units.

The OEM Group's holdings of financial instruments that form fixed assets are fairly limited. At the end of 2010, the book value of the financial assets of long-term securities holdings was SEK 0.0 million (0.7) and other long-term receivables SEK 4.6 million (1.2). The Group's holding of financial assets that represent current assets amounted at year end to SEK 215 million (176) and accrued income to SEK 0.1 million (0.5) and other receivables to SEK 6.5 million (10.3). As is evident above, the financial assets are categorised as loans receivable and accounts receivable to 99 %. The financial liabilities are measured at amortised cost. The Group does not have any liabilities with fixed interest and at year-end long-term receivables amounted to SEK 4.6 million (1.2), which is less than one percent of total assets. The risk of a shift in the interest rate causing a significant change in fair value for the Group is thus non-existent. The item cash and bank balance SEK 173 million (165), the overdraft item SEK 58.9 million (95.0) and other interest-bearing liabilities (financial leasing) SEK 23.7 million (22.8) have variable interest rates and are thus encumbered by cash flow risks. Overdrafts apply for one (1) year and the requirement is that the equity/assets ratio of the Group does not fall below 35 %.

LIQUIDITY RISKS

Liquidity risk relates to the risk that the Group will not be able to fulfil its obligations associated with financial liabilities. This is prevented whenever possible by ensuring an age structure that makes it possible to take any necessary alternative capital procurement measures should it be needed. Cash and bank balance at the end of the year was SEK 173 million (165) and financial current assets were SEK 215 million (176).
The Group's financial liabilities at the end of the year totalled SEK 220 million (238) and the age structure is presented in the table below.

	2010					2009				
MSEK	**Total**	**Within 1 month**	**1-3 months**	**3 months-1 year**	**1 year and longer**	**Total**	**Within 1 month**	**1-3 months**	**3 months-1 year**	**1 year and longer**
Overdraft*	58,9	-	-	58,9	-	95,0	-	0,7	94,3	-
Other interest-bearing liabilities	10,4	-	-	1,2	9,2	10,1	-	-	-	10,1
Accounts payable, etc.	137,7	111,2	26,4	0,1	-	120,1	100,8	19,3		-
Financial leasing liabilities	13,3	0,4	0,8	4,1	8,0	12,7	0,3	0,6	2,8	9,0
	220,3	**111,6**	**27,2**	**64,3**	**17,2**	237,9	101,1	20,6	97,1	19,1

** Overdraft runs for one (1) year at a time.*

INTEREST RISKS

The interest risk is low. The Group does not have any liabilities with fixed interest, and long-term receivables with fixed interest are very small. The risk of a shift in the interest rate causing a significant change in fair value for the Group is thus non-existent. The cash and bank items, the overdraft item and other interest-bearing liabilities (finance leases) are encumbered by cash flow risks. A one per cent change in interest would on the balance sheet date entail a change of SEK 0.9 million (0.6) in the profit.

CURRENCY RISKS

The currency risks are primarily due to purchases being made in foreign currency. The risks are managed by the customer contract often prescribing that the price must be adjusted in relation to any currency changes. Alternatively, the sale is carried out in the same currency as the purchase. A detailed report is given in connection with the below table.

The currency flow of the Group is attributable to imports from Europe, Asia and North America.

As long as it is possible, the Group eliminates the effects of exchange rate fluctuations by using currency clauses in the customer contract and by purchasing and selling in the same currency. On the whole, purchasing is carried out in the supplier's functional currency. The table above shows that 56 % (56) of the purchasing for 2010 is attributable to EUR as against 22 % (20) to USD, 1% (2) to JPY, 4 % (5) to GBP, 12 % (10) to SEK and 5 % (7) to other currencies.

The OEM Group manages the effects of changing exchange rates by currency clauses in the sales contract and by invoicing in the same currency as the corresponding purchase. OEM sells goods to Swedish and foreign customers and either invoices in the purchasing currency or in another currency with currency clauses with regard to the purchase currency. The currency clauses adjust 80 to 100% of the changes in the exchange rate from the sales order to the date of invoicing, depending on whether OEM receives currency compensation for the profit margin or not. There is often a threshold value, which means that exchange rate changes below 2.25% are not taken into account. Currency adjustments are made symmetrically for rising and falling currency rates.

There are no contractual terms that give leverage effects or resemble options. Currency clauses and sales in the purchasing currency make up about 64 % (61) of all sales contracts. Where purchasing is based on sales orders, economic hedging of currency risks is achieved in sales and purchasing. However, in many cases there is a mismatch in timing between purchase orders and sales orders. Purchase orders normally run 7 to 60 days prior to delivery. The customer credit period is about 30 days.

The currency adjustment clauses means that only currency changes between the time of sale and the time of invoicing affect the amount reported in Swedish Kronor. Since invoicing, in accordance with currency adjustment clauses, is carried out in SEK, there is no exchange rate difference after the date of invoicing.

OEM applies the same terms and conditions for adjusting currencies and prices for its Swedish and overseas customers. The changes in values related to the currency clauses are therefore treated consistently from the points of view of risk and accounting. A ten per cent change in exchange rates for the EUR and USD would, using a simplified model, mean about SEK 70 million in change in earnings.

With regard to currency risk, it can be determined that OEM also has balance exposures in the form of net investment in independent foreign operations. At present, these currency risks are not hedged.

CUSTOMER AND CREDIT RISKS

The customer credit risks are small. Defined customer limits are carefully decided and strictly applied. The customer credit risks are small. Defined customer limits are carefully decided and strictly applied. Short credit periods and absence of risk concentrations for individual customers, segments or geographic areas contribute to a good risk picture, one that is confirmed by the small historical customer losses.

The Group has approximately 22,000 purchasing customers in total. The largest individual customer accounted for approximately 2 % (2) of sales. The five largest customers accounted for 7.9 % (6.5) of sales and the ten largest customers accounted for 11.9 % (9.9) of sales. The risk distribution is thus very good. Customer losses during the year amounted to SEK 1.2 million (3.1), which corresponds to 0.08 % (0.24) of sales. The average credit period rose to approximately 44 days.

Purchasing is divided expressed as a percentage as follows:

	2010	**2009**
EUR	56%	56%
USD	22%	20%
GBP	4%	5%
JPY	1%	2%
SEK	12%	10%
Other currencies	5%	7%
	100%	100%

Exchange rate changes significant currencies

Currency	**Weighted average 2010**	**Weighted average 2009**	**Change**
EUR 1	9.53	10.59	-10%
USD 1	7.17	7.60	-6%
GBP 1	11.12	11.82	-6%
JPY 1	8.23	8.19	0%

The sensitivity of the change in exchange rates is described below:

Currency	**Nominal amount MSEK**	**Sensitivity analysis +/- 5% in exchange rate Impact on the Group's equity**
CZK	19.4	1.0
DKK	13.0	0.6
EEK	2.9	0.1
EUR	63.1	3.2
GBP	26.7	1.3
NOK	9.0	0.4
PLN	5.3	0.3
LVL	0.0	0.0
LTL	0.0	0.0
CNY	1.0	0.0
Sum total	**140.3**	**7.0**

Currency rates are used in the Group's consolidated accounts for recalculating foreign subsidiary's income and net assets

Currency	**Weighted average 2010**	**December 2010**	**Weighted average 2009**	**December 2009**
NOK 100	118,70	114,70	120,53	123,80
DKK 100	128,10	120,35	142,47	138,75
EUR 1	9,5344	8,9670	10,5926	10,3180
GBP 1	11,1173	10,5075	11,8177	11,4450
PLN 1	2,3681	2,2550	2,4419	2,4850
EEK 1	0,6100	0,5735	0,6779	0,6605
CZK 1	0,3746	0,3529	0,3987	0,3897
LTL 1	2,7631	2,6000	3,0715	2,9900
LVL 1	13,3492	12,5300	14,9904	14,4500

(CONT. NOTE 23.)

AGE ANALYSIS, ACCOUNTS RECEIVABLE NOT WRITTEN DOWN (SEK MILLION)

	2010	2009
Accounts receivable not matured	184,1	151,7
Accounts receivable matured 0-30 days	22,0	17,4
Accounts receivable matured > 30 - 90 days	6,0	2,5
Accounts receivable matured > 90 - 180 days	2,0	4,0
Accounts receivable matured > 180 - 360 days	0,6	0,1
Accounts receivable matured >360 days	0,4	0,2
Sum total	**215,2**	175,9
PROVISIONS FOR LOSS		
Opening balance	3,9	3,0
Group changes	0,1	-
Provision for suspected losses	-0,3	1,6
Confirmed losses	-1,4	-0,7
Closing balance	**2,4**	3,9

NOTE 24. OPERATING LEASES

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Leasing agreements where the Company is the lessee				
Non-redeemable lease payments amount to				
Within one year	8,4	9,6	0,5	0,5
Between one and five years	6,6	14,0	0,2	0,6
Longer than five years	-	-	-	-
Sum total	**14,9**	23,6	0,7	1,1

Most of the above operating leases relate to rents for premises.

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Cost for operating leases during the year	9,6	7,4	0,5	-
Sum total	**9,6**	7,4	0,5	0,0

NOTE 25. CASH FLOW STATEMENT

ADDITIONAL INFORMATION CONCERNING CASH FLOW STATEMENTS:

	GROUP		PARENT COMPANY	
	2010	**2009**	**2010**	**2009**
Interest received	1,0	2,3	1,1	0,8
Dividends received	-	-	31,0	46,1
Interest paid	-2,8	-3,3	-	-
SPECIFICATION ITEMS NOT INCLUDED IN THE CASH FLOW				
Depreciation	27,9	29,1	2,6	2,3
Capital gain profits	-1,2	-0,3	-0,1	-
Other	-0,9	-1,7	-	-
Write-off shares	-	-	10,0	-
Sum total	**25,8**	27,1	12,5	2,3
ACQUISITION OF SUBSIDIARY COMPANIES - GROUP				
ACQUIRED ASSETS AND LIABILITIES				
Intangible fixed assets	5,2	-		
Inventories	5,2	-		
Operating receivables	7,0	-		
Cash and cash equivalents	2,2	-		
Total assets	**19,6**	0,0		
Deferred tax liability	1,4	-		
Long-term operating liabilities	1,2	-		
Current operating liabilities	5,5	-		
Total liabilities	**8,1**	0,0		
Net	**11,5**	0,0		
PURCHASE PRICE				
Purchase price	23,7	1,6		
As yet unsettled purchase price	-11,1	-1,6		
Deducted: Cash and cash equivalents acquired business units	-2,2	-		
Impact on cash and cash equivalents	**10,4**	0,0		

(CONT. NOTE 25.)

	GROUP		PARENT COMPANY	
DIVESTMENT OF SUBSIDIARY COMPANIES - GROUP	**2010**	**2009**	**2010**	**2009**
DIVESTED ASSETS AND LIABILITIES:				
Tangible fixed assets	1,8	-		
Inventories	3,9	-		
Total assets	**5,7**	0,0		
Current operating liabilities	1,0	-		
Total liabilities	**1,0**	**0,0**		
PURCHASE PRICE				
Sale price	4,7	-		
Purchase sum received	4,7	-		
Impact on cash and cash equivalents	**4,7**	0,0		

CASH AND CASH EQUIVALENTS

Liquid funds currently only cover cash and bank balance.

NOTE 26. INFORMATION ABOUT THE PARENT COMPANY

OEM International AB (Publ) is a Swedish-registered public limited company with its headquarters in Tranås, Sweden. The Parent Company shares are listed on Nasdaq OMX Nordic Small Cap in Stockholm. The address of the head office is Norrabyvägen 6B, Box 1009, SE-573 28 Tranås, Sweden.
The consolidated financial statements for 2010 incorporate the financial statements of the Parent Company and its subsidiaries, jointly referred to as the Group.

NOTE 27. EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

NOTE 28. IMPORTANT ESTIMATES AND ASSUMPTIONS

The Company's management has discussed together with the Audit Committee the developments, the choices and the information regarding the Group's most important accounting principles and estimates, as well as the application of these principles and estimates. The recognised values for certain assets and liabilities are based in part on assessments and estimates. The Company's management, however, finds that none of the recognised assets and liabilities is associated with substantial risks in the future that can cause significant adjustments. The presentation below discusses the areas that can cause significant adjustments in the future.

Impairment test of goodwill
In calculating the recoverable value of cash-generating units for the Company's assessment of whether amortisation is required for goodwill, future circumstances and estimates of parameters have been assumed. An account of these is described in Note 13. The Company's management is of the opinion that no reasonable changes in the key assumptions will lead to the estimated recoverable values for the units being lower than the reported values.

Valuation other intangible fixed assets
Other intangible fixed assets consist primarily of the values arising at acquisition divided into SEK 18.3 million for supplier relations, SEK 0.6 million for customer relations and SEK 29.5 million for brands. Supplier relations are divided into two amounts, SEK 8.8 million and SEK 9.5 million, respectively. The supplier relations with a value of SEK 8.8 million are not a cause of impairment. As regards the supplier relations with a value of SEK 9.5 million, the assessment is that they will be amortised over a five-year period. 34 months remain of the amortisation period. Customer relations consist of establishments on new markets and it is deemed is that these will be written down over a five-year period. 3 months remain of the amortisation period. Trademarks include the company name Klitsö which is well established on the Danish market in the sector of valve and pneumatic trading, plus the Hide-a-lite trademark which includes a number of light fixture series for concealed lighting. The assessment is that the Klitsö trademark will be written off over a five-year period. 23 months remain of the amortisation period. The Hide-a-lite trademark will be written off over a ten-year period and 94 months remain of the amortisation period.

NOTE 29. EARNINGS PER SHARE

Calculations of earnings per share before and after dilution are based on the year's profit attributable to the Parent Company's shareholders (MSEK)

	2010	2009
Total business units	95,5	43,0
Remaining business units	100,0	50,8

Earnings per share for total, remaining and divested business units is based on the following number of shares before and after dilution.

	2010	2009
Weighted average number of shares before dilution	23 169 309	23 169 309
Dilution effect options	-	-
Weighted average number of shares after dilution	23 169 309	23 169 309

At the close of 2010 and throughout the year, the Group had no outstanding potential ordinary shares.

EARNINGS PER SHARE TOTAL	2010	2009
before dilution, SEK	4,12	1,86
after dilution, SEK	4,12	1,86

EARNINGS PER SHARE FROM REMAINING BUSINESS UNITS	2010	2009
before dilution, SEK	4,32	2,19
after dilution, SEK	4,32	2,19

NOTE 30. INFORMATION ABOUT ASSOCIATED PARTIES

The OEM Group's associated parties consist primarily of senior executives (Note 6) and major shareholders. The Parent Company has a close relationship with its subsidiaries, see Note 15. The Parent Company's net sales comprise the sale of services to its subsidiaries. Transactions with associated parties are priced at market-rate terms and conditions.

PROPOSED ALLOCATION OF PROFITS

PARENT COMPANY

The following profits are at the disposal of the Annual General Meeting	
Profit brought forward	278 168 032,19
Profit for the year	10 308 329,81
	288 476 362,00
The Board of Directors proposes that the profit be disposed so that a dividend of SEK 3.00 per	69 507 927,00
share is paid to shareholders	218 968 435,00
	288 476 362,00

A statement by the Board concerning the dividend proposal will be published on the Company's website or can be obtained on request.

The Board of Directors and the Managing Director declare that the Annual Accounts have been prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as stipulated in Regulation (EC) No. 1606/2002 of 19 July 2002 regarding the application of international accounting standards. The Annual Accounts and the consolidated financial statements give a fair and true view of the Parent Company and the Group's financial position and results. The Directors' Report for the Parent Company and the Group, respectively, gives a true and fair summary of the Group's and Parent Company's business operations, financial position and results and describes significant risks and uncertainties faced by the Parent Company and companies included in the Group.

As evident below, the Annual Accounts and the consolidated financial statements have been aproved for issue by the Board of Directors on 28 February 2011. The Group's Statement of Comprehensive Income and Statement of Financial Position and the Parent Company's Income Statement and Balance Sheet will be matters for approval at the Annual General Meeting on 3 May 2011.

TRANÅS 28 FEBRUARY 2011

Lars-Åke Rydh
Chairman of the Board

Ulf Barkman
Board Member

Hans Franzén
Board Member

Jerker Löfgren
Board Member

Petter Stillström
Board Member

Agne Svenberg
Board Member

Jörgen Zahlin
Managing Director

Our Auditors' Report was presented on 3 March 2011
KPMG AB

Kjell Bidenäs
Authorised Public Accountant

AUDITORS' REPORT

TO THE ANNUAL GENERAL MEETING OF OEM INTERNATIONAL AB (PUBL.)

CORPORATE IDENTITY NUMBER 556184-6691

We have examined the ANNUAL ACCOUNTS, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the Managing Director of OEM International AB (publ.) for 2010. The Company's ANNUAL ACCOUNTS and consolidated financial statements are included in the printed version of this document on pages 4-52. The Board of Directors and the Managing Director are responsible for the accounts and the administration of the Company, and for ensuring that the Swedish Annual Accounts Act is applied when preparing the ANNUAL ACCOUNTS and for ensuring that the international accounting standards IFRS, as approved by the European Union, and the Annual Accounts Act are applied when preparing the consolidated financial statements. Our responsibility is to express an opinion on the ANNUAL ACCOUNTS, the consolidated financial statements and the administration based on our audit.

The audit has been conducted in accordance with accepted auditing standards in Sweden. This means that we planned and conducted the audit to obtain reasonable, but not absolute assurance that the financial statements and the consolidated financial statements are free from material errors. An audit includes examining a selection of the documentation with respect to amounts and other information in the accounting records. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Managing Director, as well as evaluating the important assessments made by the Board of Directors and the Managing Director when preparing the ANNUAL ACCOUNTS and the consolidated financial statements, as well as appraising the overall presentation of information in the ANNUAL ACCOUNTS and the consolidated financial statements. As a basis for our pronouncement on discharge from liability, we have examined significant decisions, actions taken and circumstances at the Company in order to determine the possible liability to the Company of any Board Member or the Managing Director. We have also examined the question of whether any Director or the Managing Director has otherwise acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Company's Articles of Association. We believe our audit provides a reasonable basis for our opinion set out below.

The Annual Accounts have been prepared in accordance with the Swedish Annual Accounts Act and, consequently, provides a true picture of the Company's income and position in accordance with generally accepted accounting practice in Sweden. The consolidated financial statements have been prepared in accordance with international accounting standards IFRS, in line with the requirements of the European Union and the Swedish Annual Accounts Act, and provide a true picture of the Group's income and position. A Corporate Governance Report has been prepared. The Directors' Report and the Corporate Governance Report are consistent with the remainder of the Annual Report and the Consolidated Financial Statements.

We recommend that the Annual General Meeting adopt the Income Statement and the Balance Sheet of the Parent Company and the Statement of Comprehensive Income and Statement of Financial Position of the Group, appropriate the Parent Company's surplus as proposed in the Directors' Report and grant the Members of the Board and the Managing Director discharge from liability for the financial year.

TRANÅS, 3 MARCH 2011

KPMG AB

Kjell Bidenäs
Authorised Public Accountant

MEMBERS OF THE BOARD

AGNE SVENBERG, HANS FRANZÉN, JERKER LÖFGREN, ULF BARKMAN, LARS-ÅKE RYDH AND PETTER STILLSTRÖM

LARS-ÅKE RYDH (BORN 1953)
Chairman of the Board since 2010 and Board member since 2004. M.Sc. Engineering. Not employed by OEM. Other appointments: Chairman of the Board Nefab AB, San Sac AB, Plastprint AB, Schuchardt Maskin AB and CombiQ AB. Board member Nolato AB, HL Display AB and Handelsbanken Region Eastern Sweden. Number of shares: 12,000 OEM Class B

ULF BARKMAN (BORN 1957)
Board member since 1997.
Business Administrator. Not employed by OEM.
Number of shares: 42,000 OEM Class B

AGNE SVENBERG (BORN 1941)
Board member since 1974.
Managing Director until 29 February 2000. Engineer. Not employed by OEM. Other appointments: Chairman of the Board, EG:s El o Automation AB, Personality Gym AB and ISP AB. Number of shares: 665,400 OEM Class A and 228,530 OEM Class B

HANS FRANZÉN (BORN 1940)
Chairman of the Board 1992-2006.
Board member since 1974. CEO until 31 Dec. 2001. Engineer. Not employed by OEM. Other appointments: Chairman of the Board, Tranås Rostfria AB, TR Equipment AB, Tranås Resebyrå AB, Opti Fresh AB, Linktech AB, Cendio AB and Handelsbanken's regional board in Tranås. Board member OPIC Com AB, Ovacon AB and IB Medical AB. Number of shares: 707,376 OEM Class A and 625 290 OEM Class B

PETTER STILLSTRÖM (BORN 1972)
Board member since 2010.
Master of Business Administration. Not employed by OEM. Managing Director and major owner AB Traction. Other appointments: Chairman of the Board Nilörngruppen AB and Softronic AB. Board member PartnerTech AB, AB Traction and a number of unlisted companies in AB Tractions area of interest.
Number of shares: 0

JERKER LÖFGREN (BORN 1950)
Board member since 2010.
Master of Laws. Not employed by OEM. Chief Lawyer Carnegie Private Banking. Other appointmets: Chairman of the Board Orvaus AB and Orvaus Nörvalen AB. Number of shares: 0.

SENIOR EXECUTIVES

JAN CNATTINGIUS

SVEN RYDELL

PATRICK NYSTRÖM

JAN CNATTINGIUS (born 1955)
CFO.
Group employee since 1985.
Number of shares: 11,000 OEM Class B

SVEN RYDELL (born 1973)
Marketing and Communications Director.
Group employee since 2008.
Number of shares: 960 OEM Class B

PATRICK NYSTRÖM (born 1958)
Director of Business Activities in Finland and the Baltic Countries
Group employee since 1982.
Number of shares: 22,500 OEM Class B

MIKAEL THÖRNKVIST (born 1968)
Managing Director of OEM Automatic AB.
Group employee since 1990.
Number of shares: 10,000 OEM Class B

JÖRGEN ZAHLIN (born 1964)
Managing Director of OEM International AB since 1 March 2000. Managing Director and CEO since 1 January 2002.
Group employee since 1985.
Number of shares: 144 457 OEM Class B

JENS KJELLSSON (born 1968)
Director of Business Activities in Denmark, Norway, the UK and Central Eastern Europe. Group employee since 1990. Number of shares: 11,000 OEM Class B

URBAN MALM (born 1962)
Managing Director of OEM Electronics AB. Group employee since 1983. Number of shares: 2,800 OEM Class B

MIKAEL THÖRNKVIST

JÖRGEN ZAHLIN

JENS KJELLSSON

URBAN MALM

OEM SHARES

OEM INTERNATIONAL ON THE STOCK EXCHANGE

OEM's shares were quoted on the Stockholm Stock Exchange's 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 of introduction to the stock exchange would have had a holding of 7,200 shares at a value of SEK 392,400 on 31 December 2010. OEM's shares were transferred to the O List in 2000. Effective 2006, the shares are listed on Nasdaq OMX Nordic Small Cap.

4:1 SHARE SPLIT COMBINED WITH AN AUTOMATIC REDEMPTION PROCESS.

To facilitate trading of company shares and alter the company's capital structure, a 4:1 share split combined with an automatic redemption procedure was carried out in 2007. This process gave each shareholder three (3) new shares and one (1) redemption share, which was redeemed against SEK 20. This means that about SEK 154 million was paid to the shareholders for redeemed shares.

PRICE TRENDS

The price of OEM International shares rose during the year by 32 % to a closing price of SEK 54.50. The highest price during the year, SEK 54.50, was recorded on 4 November, 20, 27 and 30 December. The lowest price during the year, SEK 38.10, was recorded on 8 June. OEM's market value at the close of 2010 was SEK 1,263 million. During the year, the Stock Exchange's OMXS PI index rose by 23 % and the index for OMXS Industrials rose by 48 %.

SALES

In 2010, 1,570,276 Class B shares were sold corresponding to a turnover rate of 8 %. The average shareholder in OEM therefore retains their shares for about six (12) years. The corresponding figure for Nasdaq OMX Nordic as a whole in 2010 was 95 % and 52 % for Nasdaq OMX Small Cap. OEM's Class B shares were sold on 94 % of the trading days, with an average turnover per day in 2010 of 6,207 shares. OEM International had 2,472 shareholders as of 31.12.2010. Institutional ownership comprises 38 % and foreign ownership amounts to 9 %.

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 the Company's capital structure and contribute positively to return on shareholders' equity and earnings per share. After implemented reductions the previous year there are 23,169,309 shares in the Company at year-end. The Company held no company shares at year-end. The Board has been authorised by the Annual General Meeting to repurchase up to 10% of the total number of shares, that is, 2,316,931 shares. The objective is to continue the repurchases up to 10% of the total number of shares while the Board considers the conditions to be attractive. The acquired shares will be retained, deregistered or used as payment in corporate acquisitions. We have minimised the disadvantages which this can entail, that is, that the number of shareholders is decreased and the liquidity of the share declines, by mainly purchasing large blocks of shares.

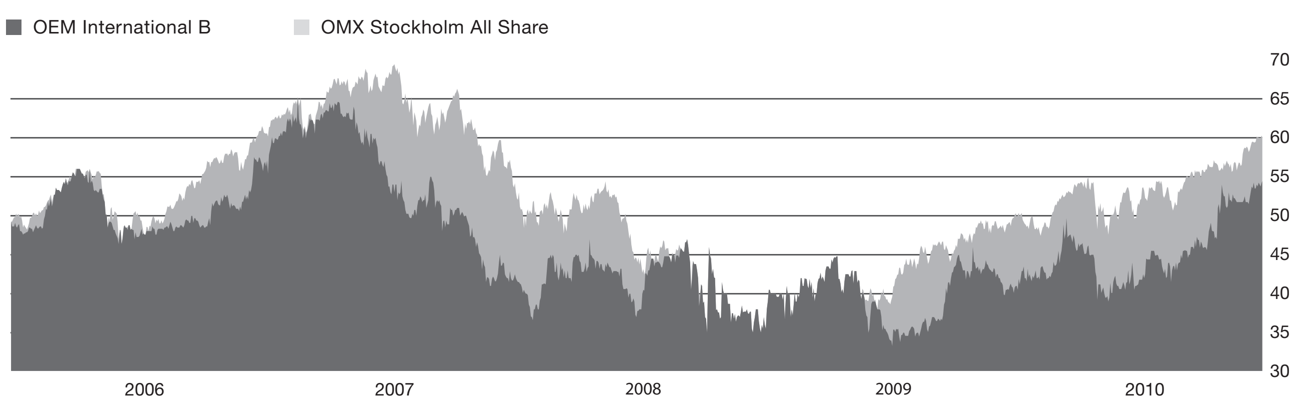
LIQUIDITY BOOSTING MEASURES

OEM International has signed an agreement with Remium AB regarding liquidity guarantees for Company shares. The aim is to reduce the difference between purchase and sales prices. The goal is to achieve a lower investment cost and to lower the share trading risk for present and future shareholders. Commitments fall within the scope of the Nasdaq OMX Nordic Stock Exchange system with liquidity guarantees and started on 1 December 2004.

RISK

OEM's beta value - a measure of how a share moves given a change against SIXGX - is approximately 0.4. This means that the shares can be

SHARE DEVELOPMENT



said to have a low 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 correspond better with the business risk without the overall risk to OEM's shares increasing significantly.

DIVIDEND POLICY

The Board of OEM International aims to propose a reasonable dividend of profits to the shareholders, by considering the financial position, the tax situation and any need for acquisitions or investments in the operation.

DIVIDENDS

The Board proposes a dividend of SEK 3 per share, equivalent to 13 % of distributable equity in the Group.

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 2011 financial year are shown on page X of this Annual Report.

Financial information is also published on the Group's website (www.oem.se). The Company offers shareholders the opportunity to receive interim reports and other press releases by e-mail, at the same time as they are made public to the market. Please, send an email to: infoint.oem.se and state "Corporate Information" and you will be placed on our list for future mailings.

OWNERSHIP STRUCTURE

OEM'S LARGEST SHAREHOLDERS AS OF 30.12.2010

	No. Class A shares	No. Class B shares	Percentage share capital	Percentage voting rights
Orvaus AB	1 627 320	2 802 360	19,1%	28,9%
Franzén Hans and family	1 280 376	1 353 990	11,4%	21,4%
Svenberg Agne and family	1 223 400	461 986	7,3%	19,2%
AB Traction	636 000	1 040 620	7,2%	11,2%
Lannebo equity funds		2 388 000	10,3%	3,6%
Nordea Investment Funds		1 270 280	5,5%	1,9%
Ernström Finans AB		609 000	2,6%	0,9%
Johan Atmer		328 300	1,4%	0,5%
Didner & Gerge Aktiefond		310 200	1,3%	0,5%
Fjärde AP Fonden		305 329	1,3%	0,5%
Total 10 owners	**4 767 096**	**10 870 065**	**67,5%**	**88,6%**
Other		7 532 148	32,5%	11,4%
Total	**4 767 096**	**18 402 213**	**100,0%**	**100,0%**
Votes per share	**10**	**1**		

KEY INDICATORS FOR OEM SHARES

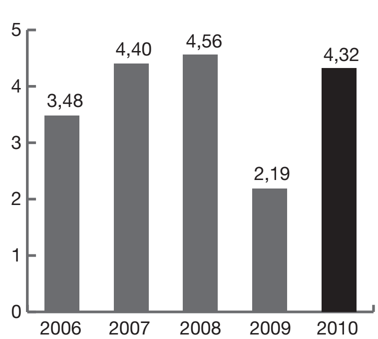
FOR THE PAST FIVE YEARS

		2010	2009	2008	2007	2006
PERFORMANCE KEY INDICATORS						
Sales per share**	SEK	62	54	62	56	52
Increase in sales per share	%	15	-14	11	8	11
Earnings per share* **	SEK	4,32	2,19	4,56	4,40	3,48
Shareholders' equity per share* **	SEK	25,63	24,37	25,51	22,88	27,65
Proposed dividends **	SEK	3,00	2,00	3,00	3,00	2,83
Dividend/Income	%	70	91	66	68	81
Dividend/Shareholders' equity	%	12	8	12	13	10
Cash flow per share* **	SEK	4,99	4,46	6,98	1,91	4,89
RISK KEY INDICATORS						
Beta values (48 months)		0,43	0,40	0,31	0,78	0,36
Rate of turnover for shares	%	8	14	11	17	34
VALUATION KEY INDICATORS						
Quoted price as per 31 December**	SEK	54,50	41,30	35,00	42,90	63,00
Quoted price as per 31 December*	MSEK	1 268	957	811	994	1 460
P/S ratio	ggr	0,9	0,8	0,6	0,8	1,2
P/E ratio	ggr	12,6	18,8	7,7	10,1	17,9
Price/Shareholders' equity	%	213	169	137	188	228
EV/Sales	ggr	0,8	0,7	0,5	0,7	1,0
EBIT multiple	ggr	8,4	11,9	5,3	6,9	10,7
Direct return	%	5,5	4,8	8,6	7,0	4,5

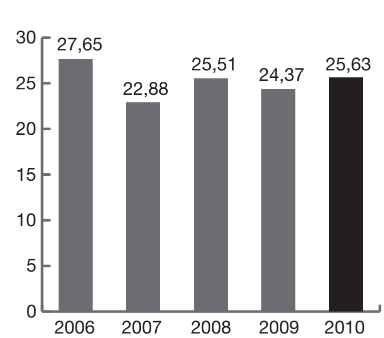
* Calculated on the basis of the number of shares, excluding own holding

** The key indicators are corrected for the 4:1 share split and automatic redemption of each fourth share carried out during the second quarter of 2007. Prior periods have been adjusted with a factor of 3 since the financial implication of the transaction is a 3:1 split combined with an extra dividend.

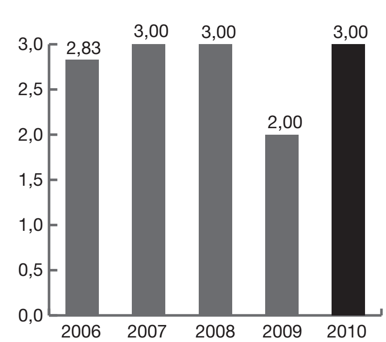
The key indicators are based on the remaining business units. In order to present a comparison, the figures for 2009 to 2006 have also been recalculated.



Earning per share



Shareholder equity per share



Proposed dividends

OWNERSHIP DATA

AS AT 30.12.2010*

Size class	Percentage of number of owners	Percentage of share capital
1-500	43,6	0,9
501-1 000	19,2	1,5
1 001-2 000	15,6	2,4
2 001-5 000	12,0	4,1
5 001-10 000	4,4	3,3
10 001-20 000	2,6	4,0
20 001-50 000	1,4	4,7
50 001-100 000	0,4	3,0
100 001-5 000 000	0,7	76,1
Sum total	**100,0**	**100,0**

The total number of shareholders in OEM is 2,472.

**) Source: Euroclear Sweden AB (VPC). Directly and fund manager registered. In the table, ownership details may be a combination of several items in Euroclear Sweden'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, MSEK	Total share capita, MSEK	Total no. of shares	Face value per share, SEK
	Opening value	0,1	0,1	500	100,00
1981	Bonus issue	0,3	0,4	4 000	100,00
1983	Split	-	0,4	40 000	10,00
1983	Bonus issue	0,4	0,8	80 000	10,00
1983	New issue	0,8	1,6	160 000	10,00
1983	New issue	0,4	2,0	200 000	10,00
1986	Bonus issue	4,0	6,0	600 000	10,00
1986	New issue through conversion	0,4	6,4	636 000	10,00
1994	Split	-	6,4	1 272 000	5,00
1994	Bonus issue	6,4	12,7	2 544 000	5,00
1996	Bonus issue	12,7	25,4	5 088 000	5,00
1997	New issue through subscription in kind	20,1	45,5	9 113 703	5,00
2001	Reduction	-3,9	41,6	8 332 203	5,00
2003	Reduction	-1,0	40,6	8 132 203	5,00
2004	Reduction	-2,0	38,6	7 723 103	5,00
2007	Split	-	38,6	30 892 412	1,25
2007	Redemption	-9,6	29,0	23 169 309	1,25
2007	Bonus issue	9,6	38,6	23 169 309	1,67

DEFINITIONS

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

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

Capital employed: Total assets minus non-interest-bearing liabilities and provisions.

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

Interest coverage ratio: Pre-tax profit for the year plus financial costs in relation to financial costs.

Debt/equity ratio: Interest-bearing liabilities divided by shareholders' equity.

Operating margin: Operating income as a percentage of net sales.

EBITDA/net sales: EBITDA as a percentage of net sales.

EBITDA: Operating income before depreciation/amortisation of tangible and intangible fixed assets.

Profit margin: Profit before tax as a percentage of net sales.

Capital's turnover rate: Net sales divided by total assets.

Net sales per employee: Net sales divided by average number of employees.

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

Quick ratio: Current assets minus inventories as a percentage of current liabilities.

Earnings per share: The profit or loss for the year divided by the number of shares.

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

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

Net sales per share: Net sales divided by the number of shares on the market at year-end.

Sakes increase per share: Increase of the net sales per share.

Dividend/Profit payout ratio: Proposed dividend in relation to the year's profit from remaining business units.

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

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

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 during the year divided by the number of outstanding shares at year-end.

P/S ratio: Stock market value in relation to net sales.

P/E ratio: Quoted price as per 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 net sales.

EBIT multiple: Enterprise value divided by the operating income after depreciation/amortisation.

ADDRESSES

DIVISION AUTOMATION

OEM Automatic AB
Box 1011, 4 Dalagatan,
SE-573 28 TRANÅS, Sweden
Tel: +46-75-242 41 00
Fax: +46-75-242 41 10
Mail: info@aut.oem.se
Web: www.oemautomatic.se

OEM Automatic OY
Box 9, FI-20101 TURKU,
3 Fiskarsinkatu, 20750 TURKU, Finland
Tel: +35-8-207-499 499
Fax: +35-8-207-499 456
Mail: asiakaspalvelu@oem.fi
Web: www.oem.fi

OEM Automatic AS
Post box 2144, STRØMSØ,
110 Bjørnstjerne Bjørnsonsgate,
NO-3003 DRAMMEN, Norway
Tel: +47-32-21 05 00
Fax: +47-32-21 05 01
Mail: info@no.oem.se
Web: www.oem.no

OEM Automatic Klitsø A/S
4 Engholm Parkvej,
DK-3450 ALLERØD, Denmark
Tel: +45-70-10-64-00
Fax: +45-70-10-64-10
Mail: info@oemklitso.dk
Web: www.oemklitso.dk

OEM Automatic Ltd
Whiteacres Cambridge Road,
Whetstone LEICESTER LE8 6ZG,
United Kingdom
Tel: +44-116-284 99 00
Fax: +44-116-284 17 21
Mail: information@uk.oem.se
Web: www.oem.co.uk

OEM Automatic Sp. z o. o.
ul. 2 Postepu,
PL-02-676 WARSAW, Poland
Tel: +48-22-863 27 22
Fax: +48-22-863 27 24
Mail: info@pl.oem.se
Web: www.oemautomatic.com.pl

OEM Automiatic OÜ
Kanali tee 1-328,
EE-10112 TALLINN, Estonia
Tel: +37-2-6550 871
Fax: +37-2-6550 873
Mail: info@oem.ee
Web: www.oem.ee

OEM Automatic UAB
Paliuniskio g. 1,
LT-35113 PANEVEZYS, Lithuania
Tel: +37-0-6550 0323
Fax: +37-0-4557 7987
Mail: info@oem.lt
Web: www.oem.lt

OEM Automatic SIA
3-3 Vilandes,
LV-1010 RIGA, Latvia
Tel: +37-1-2919 9382
Mail: info@oemautomatic.lv
Web: www.oemautomatic.lv

OEM Automatic spol. s r.o.
3a Baarova,
CZ-140 00 4 PRAGUE, Czech Republic
Tel: +42-0-241-484 940
Fax: +42-0-241-484 941
Mail: info@oem-automatic.cz
Web: www.oem-automatic.cz

OEM Automatic s.r.o.
17 Tamaskovicova,
SK-917 01 TRNAVA, Slovakia
Tel: +42-1-911-122 009
Fax: +42-1-335-331 567
Mail: info@oem-automatic.sk
Web: www.oem.sk

Telfa AB
Telfa AB C/o: OEM Automatic AB,
4 Dalagatan,
SE-573 42 TRANÅS, Sweden
Tel: +46-75-24-24-450
Fax: +46-75-24-24-495
Mail: info@telfa.se
Web: www.telfa.se

Elektro Elco AB
Tallvägen 5,
SE-564 35 BANKERYD, Sweden
Tel: +46-36-290-60-00
Fax: +46-36-290-60-50
Mail:elektro@elco.se
Web: www.elco.se

OEM Motor AB
Box 1011,
SE-573 28 TRANÅS, Sweden
Tel: +46-75-242-44-00
Fax: +46-75-242-44-49
Mail: info@motor.oem.se
Web: www.oem-motor.se

DIVISION COMPONENTS

Internordic Bearings AB
Box 105,
SE-571 22 NÄSSJÖ, Sweden
Tel: +46-75-242 49 40
Fax: +46-75-242 49 50
Mail:info@internordic.biz
Web: www.internordic.biz

Internordic Bearings FI
Box 9, FI-20101 TURKU,
3 Fiskarsinkatu, 20750 TURKU, Finland
Tel: +35-8-207-499-499
Fax: +35-8-207-499-456
Mail: asiakaspalvelu@oem.fi
Web: www.internordic.fi

IBEC
111 Aartsdijkweg,
NL-2676 LE MAASDIJK, the Nether-
lands
Tel: +31-174 52 51 00
Fax: +31-174 52 51 06
Mail: info@ibec.biz
Web: www.ibec.biz

OEM Electronics AB
Box 1025, Norrabyvägen 6B
SE-573 29 TRANÅS, Sweden
Tel: +46-75-242 45 00
Fax: +46-75-242 45 09
Mail: info@oemelectronics.se
Web: www.oemelectronics.se

OEM Electronics OY
Box 9, FI-20101 TURKU,
3 Fiskarsinkatu, 20750 TURKU, Finland
Tel: +358-207 499 300
Fax: +358-207 499 496
Mail: info@oemelectronics.fi
Web: www.oemelectronics.fi

OEM Electronics PL
ul. 2 Postepu,
PL-02-676 WARSAW, Poland
Tel: +48-22-86 32 722
Fax: +48-22-86 32 724
Mail: info@oemelectronics.pl
Web: www.oemelectronics.pl

OEM Trading (Shanghai) Co., Ltd.
Room 1117, Huaihai China Tower,
885 Renmin Road, SHANGHAI 200010
P.R. of China
Tel: +86 (0)21 3307 0588
Fax: +86 (0)21 3307 0303
Mail: info@oemtrading.com.cn

OEM