ANNUAL REPORT

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THE ANNUAL GENERAL MEETING WILL BE HELD ON MONDAY 22 APRIL, AT 4.00 PM AT BADHOTELLET'S CONFERENCE CENTRE, ÅGATAN 16, TRANÅS, SWEDEN.

REGISTRATION

Shareholders wishing to attend the Annual General Meeting must:

- entered in the share register held by Euroclear Sweden AB no later than Tuesday 16 April, 2013.
- notify the company no later than Tuesday 16 April, 2013 before 1.00 pm at:

OEM International AB
Box 1009, SE-573 28 TRANÅS, Sweden
Tel. +46 (0)75 242 40 05 or
e-mail: 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 Euroclear Sweden AB by Tuesday 16 April, 2013, to be entitled to attend and vote at the Annual General Meeting.

DIVIDENDS

The Board of Directors recommends to the Annual General Meeting a dividend of SEK 3.75 per share for the financial year 2012 and Thursday 25 April, 2013, as the record date. If approved by the Annual General Meeting, the dividend is payable on Tuesday 30 April, 2013, to shareholders on the share register on the record date.

BUSINESS

A notice stating the agenda and business of the Annual General Meeting will be published in the daily press and will 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, 22 April 2013
Interim report, January-June, 15 July 2013
Interim report, January-September, 17 October 2013
Financial statement 2013, 19 February, 2014
Annual Report 2013, March/April, 2014

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FIVE-YEAR GROUP SUMMARY MSEK

FROM THE STATEMENT OF COMPREHENSIVE INCOME	**2012**	**2011**	**2010**	**2009**	**2008**
Sweden	1 040,8	1 028,5	899,3	822,7	990,8
Overseas	590,6	561,1	532,1	508,5	668,9
NET SALES	**1 631,4**	1 589,6	1 431,4	1 331,2	1 659,7
Operating income before depreciation and impairment	195,5	202,2	165,9	101,4	163,5
Depreciation and impairment	-33,1	-28,4	-27,6	-27,1	-20,6
Income from financial items	-3,7	-1,4	-1,8	-1,1	-2,4
PROFIT/LOSS BEFORE TAX	**158,7**	172,4	136,5	73,2	140,5
Tax	-32,2	-46,7	-36,5	-22,4	-34,8
ANNUAL PROFIT FROM CONTINUING OPERATIONS	**126,5**	125,7	100,0	50,8	105,7
Net profit after tax from discontinued operations	-0,1	2,2	-4,5	-7,8	11,3
PROFIT FOR THE YEAR	**126,4**	127,9	95,5	43,0	117,0
FROM THE STATEMENT OF FINANCIAL POSITION					
Intangible assets	157,1	138,3	106,8	108,9	114,7
Property, plant and equipment	202,0	188,5	182,5	196,7	167,4
Financial assets and deferred tax claims	1,5	2,8	8,5	7,2	5,9
Inventories	294,6	269,4	219,9	217,1	280,8
Current receivables	264,5	262,4	240,7	219,7	270,1
Cash and cash equivalents	180,9	161,6	173,2	165,2	163,2
TOTAL ASSETS	**1 100,6**	1 023,0	931,6	914,8	1 002,1
Equity	689,0	647,7	593,8	564,5	591,1
Long-term liabilities	82,7	93,8	67,9	67,8	69,8
Current liabilities	328,9	281,5	269,9	282,5	341,2
TOTAL EQUITY AND LIABILITIES	**1 100,6**	1 023,0	931,6	914,8	1 002,1

KEY INDICATORS FOR THE LAST FIVE YEARS

OEM GROUP		2012	2011	2010	2009	2008
Net sales **	SEK million	1 631	1 590	1 430	1 240	1 438
of which overseas **	%	36,2	35,3	37,2	37,0	38,5
Consolidated profit before tax **	SEK million	158,7	172,4	136,5	73,2	140,5
Consolidated profit for the year	SEK million	126,4	127,9	95,5	43,0	117,0
Return on total capital **	%	15,8	18,3	15,5	8,6	16,4
Return on capital employed **	%	21,7	25,3	21,0	11,9	23,8
Return on shareholders' equity	%	18,9	20,6	16,5	7,4	20,9
Debt/equity ratio	times	0,17	0,13	0,14	0,21	0,17
Interest coverage ratio **	times	43,9	50,8	52,4	25,2	34,3
EBITDA/net sales **	%	12,0	12,7	11,6	8,2	11,0
Operating margin **	%	9,9	10,9	9,7	6,0	9,5
Profit margin **	%	9,7	10,8	9,5	5,9	9,8
Capital turnover rate	times/yr	1,48	1,56	1,54	1,46	1,66
Net sales/employee**	SEK million	2,6	2,8	2,8	2,4	2,7
Equity/assets ratio	%	62,6	63,3	63,7	61,8	59,0
Cash flows from operating activities	SEK million	125,7	108,1	115,6	103,5	161,7
Quick ratio	%	138	153	153	136	128
Average number of outstanding shares	thou-sands	23 107	23 164	23 169	23 169	23 169
Earnings per share:	SEK	5,47	5,52	4,12	1,86	5,05
Earnings per share **	SEK	5,47	5,42	4,32	2,19	4,56
Total average shares	thou-sands	23 169	23 169	23 169	23 169	23 169
Earnings per share:	SEK	5,46	5,52	4,12	1,86	5,05
Earnings per share **	SEK	5,46	5,42	4,32	2,19	4,56
Shareholders' equity per share*	SEK	29,74	27,95	25,63	24,37	25,51
Proposed dividends	SEK	3,75	3,50	3,00	2,00	3,00
Quoted price as per 31 December	SEK	67,00	55,00	54,50	41,30	35,00
P/E ratio	times	12,3	10,0	13,2	22,3	6,9
P/E ratio**	times	12,3	10,1	12,6	18,8	7,7
Direct return	%	5,6	6,4	5,5	4,8	8,6
No. of employees **	No.	623	570	504	516	572
Salaries and remuneration **	SEK million	212	199	182	180	191

** Shareholders' equity per share = visible equity ** Continuing operations*

The amounts disclosed for 2012 to 2008 have been restated (in accordance with IFRS 5) to exclude discontinued operations so that only continuing operations are reported.

The Board of Directors and the Managing Director of OEM International AB (Publ.), CRN 556184-6691, hereby present the Annual Report and the consolidated financial statements for the 2012 financial year.
The Annual Report and the consolidated financial statements, including the Auditors' Report, are given on pages 6-54. Figures for 2011 are given in brackets.

THE GROUP

BUSINESS ACTIVITIES

OEM is a leading technology trading group operating in 14 selected markets in northern Europe, Central Eastern Europe and China. Operations are conducted in subsidiaries in the Nordic countries, the UK, Poland, the Czech Republic, Slovakia, the Netherlands, Hungary, Estonia, Latvia, Lithuania and China.

OEM offers an extensive and detailed range of industrial components from leading suppliers. A well-structured local market organisation and efficient logistics make OEM a better alternative than the suppliers' own sales organisations. OEM provides a high level of expertise and service and markets the products according to the specific conditions of each market.

The product range extends from basic mechanical components, such as seals and couplings, to complete production systems. The range is constantly evolving with the addition of new products and the replacement or discontinuation of unprofitable products.

The clearly-defined product range that is marketed in each region and the added values of the organisation together form a distinct brand concept. The brand concepts are launched on new geographic markets as they grow in strength.

The Group is organised and primarily managed as three market regions, i.e. Sweden, Finland and the Baltic States, and Denmark, Norway, the UK and Central Eastern Europe. The objective of this organisation is to consolidate OEM's long-term competitive edge and increase growth outside of 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 its net sales from continuing operations by 3% to SEK 1,631 million (1,590) over the previous year. Acquisitions completed in 2011 and 2012 increased net sales by SEK 56 million or 4%. Excluding acquisitions and the impact of foreign currency exchange rate fluctuations, net sales increased by 1%.

Operating profit for the year was SEK 162.4 million (173.8) representing an operating margin of 9.9% (10.9%). Profit before tax amounted to SEK 158.7 million (172.4). Post-tax profit for the year was SEK 126.5 million (125.7). Changes in the tax rate, effective from 1 January 2013, have had a SEK 8.4 million impact on post-tax profit for the year on the revaluation of deferred tax liabilities.

The year's profit after tax corresponds to SEK 5.46 (5.42) per share from continuing operations.

REGION SWEDEN

Sales are conducted under the names of OEM Automatic, OEM Motor, OEM Electronics, Internordic Bearings, Telfa, Elektro Elco, Svenska Helag, Svenska Batteripoolen, Flexitron, TemFlow Control, Vanlid Transmission, Ronson Transmission and Fenix Transmission.

Net sales rose 2% to SEK 1,054 million (1,037). Net sales increased by SEK 43 million, or 4%, as a result of acquired businesses. Excluding the impact of foreign currency exchange rate fluctuations and acquired businesses, net sales decreased by about 2%.

The companies acquired during the year are TemFlow Control, and Vanlid Transmission and its subsidiaries Ronson Transmission and Fenix Transmission.

Elektro Elco's operations reported the strongest net sales growth, with an increase of 19% to SEK 178 million.

Operating profit was SEK 127.2 million (139.4). The decrease is due to a slightly lower margin and an increased cost base. The acquisitions have had a marginal impact on operating profit.

REGION FINLAND AND THE BALTIC STATES

Sales are conducted under the names of OEM Automatic, OEM Electronics and Akkupojat.

Net sales fell 2% to SEK 225 million (229). Net sales increased by approximately 2% in local currency.

The acquisition of Akkupojat during the year increased net sales by SEK 11 million or 5%.

Operating profit was SEK 16.7 million (22.1). The decrease is due to a lower margin and an increased cost base.

REGION DENMARK, NORWAY, UK AND CENTRAL EASTERN EUROPE

Sales are conducted under the names of OEM Automatic, OEM Automatic Klitsö and OEM Electronics.

Net sales rose 9% to SEK 352 million (324). The acquisition of Datasensor UK Ltd during the year increased net sales by SEK 2 million or 1%. Excluding the impact of foreign currency exchange rate fluctuations and acquired businesses, net sales increased by about 10%.

The operations in Slovakia, Poland, Denmark and the UK experienced the greatest growth.

Operating profit for the year increased by 35% to SEK 29.8 million (21.9), attributable to increased net sales. The acquisition has had a marginal impact on operating profit.

PREVIOUSLY DISCONTINUED OPERATIONS

OEM sold the operations of its former division Production Technology to ElektronikGruppen on 1 June, 2010. The sale was an asset deal where ElektronikGruppen acquired stock of goods, equipment, customer and supplier agreements as well as intangible values. The consideration amounted to approximately SEK 5 million plus a contingent consideration, based on the operations' contribution margin through 31 May 2012. The value of the contingent consideration amounted to SEK 4.6 million.

PROFITABILITY, FINANCIAL POSITION AND CASH FLOW

Return on capital employed was 21.7% (25.3%) and return on equity was 18.9% (20.6%). The Group's equity/assets ratio at year-end was 62.6% (63.3%). Shareholders' equity per share was SEK 29.74 (27.95). At year end, the Group's cash and cash equivalents, together with committed but undrawn credit facilities, amounted to SEK 383 million (397).

Operating cash flow was SEK 125.7 million (108.1). Cash flow for the year was SEK 19.9 million (-11.3) after a net investment of SEK -59.8 million (-57.0), as well as amortisation, new loans, paid dividends and redemption of shares for a total of SEK -46.1 million (-62.4).

INVESTMENTS

The Group's gross investment for the year was SEK 18.2 million (18.3) in machinery and equipment, SEK 16.7 million (5.5) in buildings, and SEK 35.9 million (44.5) in other intangible fixed assets, relating to customer and supplier relationships, goodwill and software.

GROUP CHANGES

All shares in Akkupojat OY, Vanlid Transmission AB and its subsidiaries Ronson Transmission AB and Fenix Transmission AB, TemFlow Control AB and Datasensor UK Ltd have been acquired during the year.

Akkupojat OY, with operations in Björneborg and Turku in Finland, reports annual sales of approximately SEK 13 million. The company markets batteries in Finland and the acquisition strengthens the Group's position, particularly in the jump-start battery market.

The company became part of the Finland and Baltic States region on 1 May, 2012.

Vanlid Transmission AB and its subsidiaries Ronson Transmission AB and Fenix Transmission AB, with operations in Malmö and Hultsfred, report annual sales of approximately SEK 30 million.

The group of companies markets transmission products in Sweden and is an excellent complement to the Group's current product portfolio. The company became part of Region Sweden on 1 November, 2012.

TemFlow Control AB operates in Stockholm and markets components and systems for monitoring and control of pressure, flow and temperature, in the Swedish market. The company reports annual sales of approximately SEK 13 million and offers a competitive range of products. The company became part of Region Sweden on 1 October, 2012.

Datasensor UK Ltd has its operations in the UK and reports annual sales of approximately SEK 16 million. The company markets sensors from the Italian company Datalogic in the UK and the acquisition broadens the product portfolio with sensors from market-leading Datalogic.

The company was integrated immediately with OEM Automatic Ltd upon merger. The acquisition gives the Group a stronger position in the electrical components market in the UK. The company became part of Region Denmark, Norway, the UK and Central Eastern Europe on 1 December, 2012.

A group-wide restructuring programme is still in progress with the objective of achieving a simpler, more distinct legal Group structure through mergers and voluntary liquidations.

EMPLOYEES

At year end, the number of employees in continuing operations was 622 (587), an increase of 35. Employee figures increased by 21 as a result of acquisitions. The average number of employees in continuing operations during the year was 623, compared with 570 in the previous financial year. Employee numbers have increased because most subsidiaries have realised the need to strengthen their organisations to create greater growth. 20% (20%) of the employees are women. Absence due to illness stands, on average, at 4 days per person and has dropped by 1 day compared to last year. OEM encourages a healthy lifestyle through various forms of exercise and preventive healthcare. The average cost of training per employee is SEK 4,000 (4,000). Supplementary information is provided in Note 6.

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. The main financial risks are currency risk in purchase transactions and translation risk in net investment in foreign operations. A description of the financial instruments, and how OEM manages financial risks, is presented in Note 25.

ECONOMIC SITUATION

OEM is affected by the general economic development, which is usually measured in terms of GDP growth. In 2012, OEM felt the effects of the economic slowdown that hit many of the markets in which it operates. Demand in the third and fourth quarters was lower than in the first two quarters of the year. It is mainly the operations in Sweden and Finland that have experienced decreased demand, with the exception of Elektro Elco AB which continues to report steady demand. Since OEM's operations are spread across many industries and it has business activities in 14 countries, it is less sensitive to economic cycles.

STRUCTURAL CHANGES

OEM is affected by structural changes in the market, for example, customers want fewer suppliers, rapid developments in technology or competition from low-cost countries.

OEM works actively to increase the value contribution in its offer, regardless of customer group. This has clearly contributed to the Group's performance and to the fact that it continues to be a priority supplier for many customers. 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 in order to meet technology trends. OEM offers a high level of service and expert technical advice to offset the effects of competition from low-cost countries. OEM also strives to establish close links with customers by becoming involved during planning and development stages when OEM's employees are able to help customers by providing expert input for different processes.

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 relationships. The relationships are built on a long-standing, close collaboration. The Group has some 300 suppliers in total. No supplier accounts for more than 10% of total Group sales. 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 accounts for more than about 3% of total Group sales.

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 most important tasks for the Group are to focus on growth and continue improving the profitability of existing operations. Added to this are the sales and earnings resulting from successful acquisitions.

The Group aims to increase its sales share outside of 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 %.

The Group has not issued a forecast for 2013.

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

RESEARCH AND DEVELOPMENT

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

ENVIRONMENTAL IMPACT

OEM had no operations requiring registration or licensing under the Swedish Environmental Code in 2012. OEM's focus on trade means that the greatest environmental impact comes from transportation, environmentally harmful substances, printed materials, packaging materials and heating. OEM takes a structured approach in all of these areas to reduce its impact on the environment.

The OEM Group's environmental policy dictates continuous efforts to minimise our external environmental impact. Its environmental programme is governed by the ambitions of the company management and the employees, customer requirements and legislation. The aim is to minimise the company's short and long term negative environmental impacts.

PARENT COMPANY

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.

The Parent Company's net sales amounted to SEK 41.3 million (41.2) for 2010.

Net sales relate entirely to subsidiary companies. Profit before appropriations and tax amounted to SEK 151.5 million (133.9). In regards to non-financial information and financial risk management, the Group's information also refers to the Parent Company, where applicable.

GUIDELINES FOR REMUNERATION TO SENIOR MANAGEMENT

The policies for remuneration to senior management adopted at the 2012 Annual General Meeting are given 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. The chairperson of the Audit Committee will receive remuneration of SEK 25,000. No other special fees are paid for work on committees.

The Board's proposed policies for remuneration of the senior management, which are to be presented at the 2013 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 decided by the Annual General Meeting. In addition to base salary, the management team may also receive variable remuneration, which is capped at 58% of base salary. Senior executives are to have defined contribution pension terms capped at 30% of base salary. The above proposals are the same as for last 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 in an agreement signed in 2001, whereby severance pay, amounting to a further six (6) months' salaries, may be made upon termination by the company when the employee reaches the age of 55. The severance pay does not involve the obligation to work. This exception means a maximum of 18 monthly salary payments in the event of termination by the company.

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.

In 2011, the company repurchased 61,847 shares at an average price of SEK 53.26. No shares were repurchased in 2012. The company's total shareholding was 61,847 shares on 31 December, 2012, which is equivalent to 0.3% of the aggregate number of 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 contain a preemption clause which states that 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 shall be offered immediately to the other holders of Class A shares for redemption through a written application to the company's Board of Directors. If the company decides to issue new shares of Class A and B, through cash issue or set-off, owners of Class A and B shares shall have preferential rights to subscribe for new shares of the same type.

Notice of annual general meetings and extraordinary general meetings convened for the purpose of amending Articles of Association must be issued between six and four weeks before the meeting and resolutions must be adopted by a quorum. Notice to attend Extraordinary General Meetings called for other purposes shall be given no later than three weeks prior to the Meeting.

PROPOSED DIVIDENDS

The Board of Directors is proposing a dividend payment of SEK 3.75 (3.50) per share, which represents a total payout of SEK 86.9 million. The complete proposal for profit allocation is presented on page 53.

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 deviations from the rules of the Code concerning the Nomination Committee and the number of board members in the Audit Committee. The deviations are explained in detail under the headings Nomination Committee and Audit 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 2,350 shareholders at the end of 2012. The ten largest shareholders controlled 71% of the share capital and 90% 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 11.5%.

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 shall be given no later than three weeks prior to the Meeting. Notice of an Annual General Meeting shall be published in the "Post- och Inrikes Tidningar" newspaper and on the company's website. The occurrence of the notification shall be advertised 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 a cash or set-off issue. The current

Articles of Association were adopted at the 2011 Annual General Meeting and can be viewed on the company's website, *www.oem.se* (see under The company/Corporate governance/Corporate governance report).

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 the Annual General Meeting are available for viewing on the company's website, www.oem.se (see under The company/Corporate governance/Corporate governance report).

Shareholders who represented 56.8% of the share capital and 77.3% of the voting rights took part in the Annual General Meeting. Lars-Åke Rydh was appointed to chair the Annual General Meeting. The Annual Report 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 2011, the development during the first quarter of 2012 and addressed the conditions facing the Group in the future.

The auditor submitted the Auditors' Report and a verbal account of the work during the year.

The 2012 Annual General Meeting decided:

- to adopt a dividend of SEK 3.50 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 shall be based on the market rate and the variable part shall be capped at 58% of base salary. Pension terms for the company's management shall be based on a standard market rate and will be capped at 30% of base salary.
- to be allowed to issue up to 1,800,000 new Class B shares in connection with business combinations, in line with the proposal of the Board of Directors.
- to adopt the proposal of the Board of Directors to repurchase a maximum of 10% of the Company's shares.

The 2013 Annual General Meeting will be held on 22 April 2013 in Tranås.

NOMINATION COMMITTEE

At the Annual General Meeting held on 26 April, 2012, it was decided that the Nomination Committee shall consist of one representative from each one of no less than three and no more than four of the company's largest shareholders and the Chairman of the Board, unless he/she is a member as a shareholder representative. If a shareholder does not exercise their 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 2013 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 Nomination Committee shall be the Chairman of the Board.

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 to 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 published with the interim report on 22 October, 2012. The composition of the Nomination Committee is available for viewing on OEM's website, www.oem.se (see under The company/Corporate governance/ Nomination Committee).

The Nomination Committee shall prepare proposals for the following issues and present them for adoption to the 2013 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
- proposal for auditors' fees
- proposal for decisions concerning the Nomination Committee

The Nomination Committee shall discharge its duties as required by the Swedish Code of Corporate Governance and may, if necessary, take independent professional advice at the company's expense in the furtherance of its work.

The Nomination Committee prior to the 2013 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 of 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 considered reasonable for a company of this size to have a Nomination Committee that represents the largest shareholders and that some of these also serve 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 2012 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. The members of the Board are presented on page 55 and on the company's website (see under The company/The Board). 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. The current duties of the Members of the Board are presented on page 55.

CHAIRMAN OF THE BOARD

It is the duty of the Chairman of the Board, Lars-Åke Rydh, who was re-elected at the 2012 Annual General Meeting, to ensure that the work of the Board is conducted efficiently and that the Board discharges its duties as required by the Swedish Companies Act, other legislation and regulations, 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, financial matters.

The Board monitors the work of the Managing Director by regularly reviewing operations during the year. It is responsible for purposefully structuring the organisation, and the procedures and guidelines for the management of the company's business. It is also responsible for ensuring that there is a satisfactory system of 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 Report to the Annual General Meeting.

THE BOARD'S WORK

In accordance with the adopted rules of procedure, the Board of Directors holds at least six ordinary meetings per year plus an inaugural meeting after the Annual General Meeting and whenever necessitated by the situation.

During 2012, 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 Jerker Löfgren and Agne Svenberg, who were absent 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 has covered a range of matters, including issues concerning the strategic development of the Group, operating activities, the trend in earnings and profits, business combinations, disposal of companies and properties, the organisation and the Group's financial position.

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. The 2012 Annual General Meeting approved the proposal that fees of SEK 325,000 be paid to the Chairman of the Board and SEK 175,000 to each of the Board members elected at the Meeting, for the period until the 2013 Annual General Meeting. The total remuneration of Board members, in accordance with the approval of the Annual General Meeting, is thus SEK 1,200,000. Board members may be able to invoice the remuneration through their companies if current tax legislation allows for invoicing and provided the company will not incur any expense. If a Board member invoices the Board remuneration via his/her company, the remuneration shall be augmented by an amount equivalent to the statutory social contributions and value added tax.

The chairperson of the Audit Committee will receive remuneration of SEK 25,000. 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 proposals for policies for senior executives' remuneration" and the application of these. 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 is informed of the decisions of the Remuneration Committee. Market-level salaries and other employment terms shall apply for the Group's executive team. In addition to base salary, the Group's executive team may also receive variable remuneration, which is capped at 58% of base salary. The amount of the variable remuneration is unchanged compared to 2011. Senior executives in the OEM Group are to have defined contribution pension schemes, based on the market rate and capped at 30% of base salary. The pension scheme level has increased by approximately 4% since 2011 as the arrangement for 2011 corresponded to an Alecta ITP 1 plan. All share-related incentive schemes are to be decided by the Annual General Meeting. At present, there are no similar incentive schemes. The period of notice may not exceed 24 months and involves the obligation to work during the period of notice.

The Remuneration Committee met once in the year to review and approve the above policy proposals.

Guidelines for the remuneration of senior executives will be proposed for adoption at the 2013 Annual General Meeting and are presented on page 7 of this report.

AUDIT COMMITTEE

During the year, the Board has had a special Audit Committee consisting of Chairman Ulf Barkman and Lars-Åke Rydh. The members of the Committee are independent in relation to the company, the company's management and in relation to the company's major shareholders.

The Audit Committee shall, without it affecting the Board's responsibilities and duties otherwise, monitor the financial reporting of the company, monitor the efficiency of the company's internal control and risk management relating to the financial reporting, keep itself informed about the audit of the Annual Report and consolidated financial statements, scrutinise and monitor the impartiality and independence of the auditor and pay particular attention if the auditor provides the company with services other than auditing services. The Audit Committee evaluates the audit work that has been carried out and informs the company's Nomination Committee of the results of the evaluation and assists the Nomination Committee in preparing proposals for auditors and remuneration of the auditors' work.

The Audit Committee has convened on four occasions and has met with an external auditor on three of them. The Board and the Audit Committee have held a review meeting with and received a report from the company's external auditor in connection with the Board meeting in February 2013 at which the Board approved the annual financial statements. The auditors' reports have not led to any specific measures by the Board or the Audit Committee.

The composition of the above Audit Committee deviates from the regulations of the Code in that the Audit Committee consists of two members instead of three. It is considered reasonable for a company of this size to have an Audit Committee comprising two members, as the Board also meets with the auditor on one occasion.

MANAGING DIRECTOR AND GROUP EXECUTIVE TEAM

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 leads the work of the Group's executive team and makes decisions in consultation with members of the Group's executive team. In 2012, OEM's executive team members were Jörgen Zahlin, 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. The Managing Director and the Group's executive team are presented on page 56 of the Annual Report and on the company's website (see under The company/Group executive team).

AUDITORS

As required by the Articles of Association, the company must have at least one auditor appointed by the Annual General Meeting and, if the auditor is not an auditing firm, it must also have a deputy auditor. The company's auditors work according to an audit plan and report their observations to company management teams, the Group's executive team, the Audit Committee and the 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 and February. A review is conducted in 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 7. The auditors are required to continually assess their independence before deciding whether to undertake an engagement to provide consulting services.

The shareholders are presented with an Auditors' Report and other statements, which constitute a recommendation to shareholders on various matters for decision by the Annual General Meeting. The Auditors' Report contains proposals concerning the approval of the parent company's income statement and balance sheet and the Group's statement of comprehensive income and statement of financial position, appropriation of the parent company's profit and discharge from liability for the members of the Board and the CEO.

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 company's auditors meet with the Audit Committee three times a year and once a year with the Board. The Company's auditors also take part in the Annual General Meeting and they describe and give opinions on the audit work.

At the 2012 Annual General Meeting, KPMG AB was re-appointed as auditors of the company until the conclusion of the 2013 Annual General Meeting. Chartered Accountant Kjell Bidenäs has been the principal auditor since the 2009 Annual General Meeting. KPMG performs the audit in OEM International AB and the majority of the subsidiaries. Kjell Bidenäs' other clients include Byggnads AB Karlsson & Wingesjö, Väderstad-Verken AB and Freudenberg Household Products AB.

INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING FOR THE 2012 FINANCIAL YEAR

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 presentation 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 revenue recognition, such as inventories and trade receivables.

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 integrity, competence and ability to create the environment that is required 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 attend Audit Committee meetings three times a year and Board meetings once a year and present 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 system with regard to financial reporting by conducting its own analyses, asking questions and examining the work of the controllers.

INTERNAL AUDIT

The Company and the Group have a relatively simple legal and operating structure and clearly-defined 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.

PROPOSED ALLOCATION OF PROFITS

The Board's proposals for allocation of profit are presented in full on page 53.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME SEK MILLION

CONTINUING OPERATIONS

	Note	2012	2011
OPERATING INCOME			
Net sales	2	1 631,4	1 589,6
Other operating income	3	3,1	0,3
OPERATING EXPENSES			
Commodities		-1 017,7	-990,7
Staff costs	6	-308,7	-295,9
Other expenses	7	-112,6	-101,1
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	8	-33,1	-28,4
OPERATING INCOME	2	**162,4**	173,8
FINANCIAL INCOME AND EXPENSES			
Financial income	10	2,1	2,5
Financial expenses	11	-5,8	-3,9
INCOME BEFORE TAX		**158,7**	172,4
Taxes	12	-32,2	-46,7
PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**126,5**	125,7
DISCONTINUED OPERATION			
Net profit after tax from discontinued operations	5	-0,1	2,2
NET PROFIT/LOSS FOR THE YEAR		**126,4**	127,9
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations for the year		-4,2	-1,2
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**-4,2**	-1,2
COMPREHENSIVE INCOME FOR THE YEAR		**122,2**	126,7
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Parent Company shareholders		**126,4**	127,9
Non-controlling interests		–	–
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Parent Company shareholders		**122,2**	126,7
Non-controlling interests		–	–
Earnings per share, SEK *		**5,47**	5,52
Earnings per share from continuing operations, SEK *		**5,47**	5,42
Average number of outstanding shares *		**23 107 462**	23 163 717

* No effects of dilution present.

GROUP'S STATEMENT OF FINANCIAL POSITION MSEK

ASSETS	Note	2012.12.31	2011.12.31
FIXED ASSETS			
INTANGIBLE FIXED ASSETS			
Goodwill	13	66,4	64,3
Other intangible assets	13	90,7	74,0
		157,1	138,3
PROPERTY, PLANT AND EQUIPMENT			
Buildings and land	14	160,8	150,4
Equipment, tools and installations	14	41,2	38,1
		202,0	188,5
FINANCIAL ASSETS			
Long-term receivables		0,1	0,6
		0,1	0,6
DEFERRED TAX ASSETS	12	**1,4**	2,2
TOTAL FIXED ASSETS		**360,6**	329,6
CURRENT ASSETS			
INVENTORIES, ETC.			
Commodities		294,6	269,4
		294,6	269,4
CURRENT RECEIVABLES			
Tax receivables		10,2	10,0
Trade receivables		234,6	231,7
Other receivables		8,1	10,8
Prepaid expenses and accrued income	16	11,6	9,9
		264,5	262,4
CASH AND CASH EQUIVALENTS	27	**180,9**	161,6
TOTAL CURRENT ASSETS		**740,0**	693,4
TOTAL ASSETS		**1 100,6**	1 023,0

GROUP'S STATEMENT OF FINANCIAL POSITION MSEK

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2012.12.31	2011.12.31
SHAREHOLDERS' EQUITY	17		
Share capital		38,6	38,6
Other contributed capital		39,4	39,4
Translation reserves		-3,9	0,3
Retained earnings, including total profit for the year		614,9	569,4
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS IN THE PARENT COMPANY		**689,0**	647,7
LIABILITIES			
LONG-TERM LIABILITIES			
Interest-bearing liabilities			
Other non-current interest-bearing liabilities	18	22,1	20,5
Provisions for pensions	19	0,5	0,5
Non interest-bearing liabilities			
Other long-term liabilities	20	0,7	7,4
Deferred tax liabilities	12	62,5	65,4
TOTAL LONG-TERM LIABILITIES		**82,7**	93,8
CURRENT LIABILITIES			
Interest-bearing liabilities			
Bank loans and overdrafts	18, 21	92,8	58,0
Other current liabilities	18	5,3	7,1
Non interest-bearing liabilities			
Accounts payable, trade		108,8	104,7
Tax liabilities		5,7	3,6
Other liabilities		44,3	34,7
Accrued expenses and prepaid income	23	68,9	73,4
TOTAL CURRENT LIABILITIES		**328,9**	281,5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1 100,6**	1 023,0
PLEDGED ASSETS AND CONTINGENT LIABILITIES			
PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS	21		
Property mortgages		18,5	18,8
Business mortgages		67,4	61,6
TOTAL PLEDGED ASSETS		**85,9**	80,4
CONTINGENT LIABILITIES			
Other contingent liabilities	22	–	–
TOTAL CONTINGENT LIABILITIES		–	–

THE GROUP'S STATEMENT OF CHANGES IN EQUITY SEK MILLION

	Share capital	Other contributed capital	Translation reserve	Retained earnings, including profit for the year	Total shareholders' equity
Opening equity 1 Jan 2011	38,6	39,4	1,5	514,3	593,8
Net profit/loss for the year				127,9	127,9
Other comprehensive income			-1,2	–	-1,2
Transactions with shareholders:					
Repurchase of shares				-3,3	-3,3
Dividends paid				-69,5	-69,5
CLOSING BALANCE 31 DEC 2011*	38,6	39,4	0,3	569,4	647,7
Opening equity 1 Jan 2012	38,6	39,4	0,3	569,4	647,7
Net profit/loss for the year				126,4	126,4
Other comprehensive income			-4,2	–	-4,2
Transactions with shareholders:					
Repurchase of shares				–	–
Dividends paid				-80,9	-80,9
CLOSING BALANCE 31 DEC 2012*	**38,6**	**39,4**	**-3,9**	**614,9**	**689,0**

* Shareholders' equity attributable to Parent Company shareholders.

NUMBER OF SHARES

	Total	Outstanding
Opening number 1 Jan 2011	23 169 309	23 169 309
Repurchase of own shares in the period	–	-61 847
CLOSING NUMBER 31 DEC 2011	23 169 309	23 107 462
Opening number 1 Jan 2012	23 169 309	23 107 462
CLOSING NUMBER 31 DEC 2012	**23 169 309**	**23 107 462**

THE GROUP'S STATEMENT OF CASH FLOWS MSEK

	2012	2011
OPERATING ACTIVITIES		
Earnings before tax from all operations	158,8	174,6
Adjustments for items not included in the cash flow	29,9	26,0
	188,7	200,6
Taxes paid	-38,0	-34,3
OPERATING CASH FLOW PRIOR TO CHANGES IN WORKING CAPITAL	**150,6**	166,3
Cash flow from changes in working capital		
Changes in inventories	-14,9	-35,1
Changes in trade receivables	5,5	-6,1
Change in other operating receivables	-0,7	-4,1
Change in accounts payable	-1,8	-0,2
Change in other operating liabilities	-13,1	-12,7
OPERATING CASH FLOW	**125,7**	108,1
INVESTING ACTIVITIES		
Acquisition of subsidiaries, net effect on cash and cash equivalents	-18,3	-31,1
Disposal of subsidiaries, net effect on cash and cash equivalents	2,7	1,5
Acquisition of intangible fixed assets	-12,6	-7,6
Acquisition of property, plant and equipment	-34,9	-23,8
Sales of property, plant and equipment	3,4	4,0
CASH FLOW FROM INVESTING ACTIVITIES	**-59,7**	-57,0
FINANCING ACTIVITIES		
Loans raised	45,8	23,7
Loan amortisation	-11,0	-13,3
Repurchase of shares	–	-3,3
Dividends paid	-80,9	-69,5
CASH FLOW FROM FINANCING ACTIVITIES	**-46,1**	-62,4
CASH FLOW FOR THE YEAR	**19,9**	-11,3
Cash equivalents at start of the year	161,6	173,2
Exchange rate difference cash equivalents	-0,6	-0,3
CASH EQUIVALENTS AT END OF THE YEAR	**180,9**	161,6

The cash flow statement relates to all Group operations including discontinued operations. The cash flows from discontinued operations are presented in Note 5. Additional information, refer to Note 27.

THE PARENT COMPANY'S INCOME STATEMENT MSEK

	Note	2012	2011
OPERATING INCOME			
Net sales		41,3	41,2
OPERATING EXPENSES			
Other external costs	7	-17,4	-16,4
Staff costs	6	-20,3	-21,4
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	8	-4,2	-3,2
OPERATING INCOME		-0,7	0,2
INCOME FROM FINANCIAL ITEMS			
Income from investments in Group companies	9	150,8	131,5
Other interest income and similar profit items	10	3,2	3,8
Other interest expense and similar charges	11	-1,9	-1,7
INCOME AFTER FINANCIAL ITEMS		151,5	133,9
YEAR-END APPROPRIATIONS			
Difference between tax depreciation and depreciation according to plan:			
Expenses brought forward for software	24	-4,4	-1,8
Equipment, tools and installations	24	0,2	-0,6
Tax allocation fund, provision	24	-33,2	-30,0
Tax allocation fund, reversal	24	14,7	–
INCOME BEFORE TAX		128,8	101,5
Taxes	12	-26,0	-25,2
NET PROFIT/LOSS FOR THE YEAR		102,7	76,3
OTHER COMPREHENSIVE INCOME FOR THE YEAR		–	–
COMPREHENSIVE INCOME FOR THE YEAR		102,7	76,3

THE PARENT COMPANY'S BALANCE SHEET MSEK

	Note	2012.12.31	2011.12.31
ASSETS			
FIXED ASSETS			
INTANGIBLE FIXED ASSETS			
Expenses brought forward for software	13	21,0	10,1
		21,0	10,1
PROPERTY, PLANT AND EQUIPMENT			
Buildings and land	14	16,3	16,9
Equipment, tools and installations	14	4,9	4,7
		21,2	21,6
FINANCIAL ASSETS			
Investments in Group companies	15	326,1	307,5
		326,1	307,5
TOTAL FIXED ASSETS		368,4	339,2
CURRENT ASSETS			
CURRENT RECEIVABLES			
Current tax assets		–	0,5
Claims in Group companies		223,1	218,7
Other receivables		–	1,0
Prepaid expenses and accrued income	16	2,7	2,7
		225,8	222,9
CASH AND BANK BALANCES	21	123,8	102,1
TOTAL CURRENT ASSETS		349,6	325,0
TOTAL ASSETS		718,0	664,2

THE PARENT COMPANY'S BALANCE SHEET MSEK

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	Note	2012.12.31	2011.12.31
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		211,1	215,7
Net profit/loss for the year		102,7	76,3
		313,8	292,0
TOTAL SHAREHOLDERS' EQUITY		384,7	362,9
UNTAXED RESERVES			
Depreciations exceeding plan	24	7,6	3,3
Accruals funds	24	145,3	126,8
TOTAL UNTAXED RESERVES		152,9	130,2
PROVISIONS			
Deferred tax liabilities	12	1,7	2,0
TOTAL PROVISIONS		1,7	2,0
NON-CURRENT LIABILITIES			
Non interest-bearing liabilities			
Other liabilities	20	0,7	7,4
TOTAL LONG-TERM LIABILITIES		0,7	7,4
CURRENT LIABILITIES			
Non interest-bearing liabilities			
Accounts payable, trade		1,8	1,6
Tax liabilities		0,6	–
Liabilities to Group companies		155,6	142,8
Other current liabilities		11,4	8,5
Accrued expenses and prepaid income	23	8,6	8,8
TOTAL CURRENT LIABILITIES		178,0	161,7
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		718,0	664,2
PLEDGED ASSETS AND CONTINGENT LIABILITIES			
PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS	21		
Property mortgages		7,5	7,5
TOTAL PLEDGED ASSETS		7,5	7,5
CONTINGENT LIABILITIES			
Security undertakings to the benefit of Group companies		182,0	211,6
TOTAL CONTINGENT LIABILITIES		182,0	211,6

THE PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY SEK MILLION

	Restricted equity		Non-restricted equity	Total shareholders' equity
	Share capital	Reserve fund	Profit/loss brought forward including profit/loss for the year	
Opening equity 1 Jan 2011	38,6	32,3	288,5	359,4
Comprehensive income for the year *			76,3	76,3
Repurchase of shares			-3,3	-3,3
Dividends paid			-69,5	-69,5
CLOSING EQUITY 31 DEC 2011	38,6	32,3	292,0	362,9
Opening equity 1 Jan 2012	38,6	32,3	292,0	362,9
Comprehensive income for the year *			102,7	102,7
Repurchase of shares			–	–
Dividends paid			-80,9	-80,9
CLOSING EQUITY 31 DEC 2012	38,6	32,3	313,8	384,7
Proposed dividends, SEK 3.75 per share			86,9	

** Comprehensive income for the year corresponds with the profit/loss for the year.*

NUMBER OF SHARES

	Total	Outstanding
Opening number 1 Jan 2011	23 169 309	23 169 309
Shares repurchased in the period	–	-61 847
CLOSING NUMBER 31 DEC 2011	23 169 309	23 107 462
Opening number 1 Jan 2012	23 169 309	23 107 462
CLOSING NUMBER 31 DEC 2012	23 169 309	23 107 462

THE PARENT COMPANY'S CASH FLOW STATEMENT MSEK

	2012	2011
OPERATING ACTIVITIES		
Profit/Loss after financial items	151,5	133,9
Adjustments for items not included in the cash flow	7,9	-23,1
	159,4	110,8
Taxes paid	-25,2	-20,0
OPERATING CASH FLOW PRIOR TO CHANGES IN WORKING CAPITAL	134,2	90,8
Cash flow from changes in working capital		
Change in other operating receivables	-7,7	7,0
Change in accounts payable	0,3	-0,3
Change in other operating liabilities	15,0	-25,1
OPERATING CASH FLOW	141,7	72,4
INVESTING ACTIVITIES		
Acquisition of subsidiaries, net liquidity impact	-24,2	-28,7
Liquidation of subsidiaries	–	19,5
Acquisition of intangible fixed assets	-12,6	-7,6
Acquisition of property, plant and equipment	-2,2	-2,8
CASH FLOW FROM INVESTING ACTIVITIES	-39,1	-19,6
FINANCING ACTIVITIES		
Repurchase of shares	–	-3,3
Dividends paid	-80,9	-69,5
CASH FLOW FROM FINANCING ACTIVITIES	-80,9	-72,8
CASH FLOW FOR THE YEAR	21,7	-20,0
Cash equivalents at start of the year	102,1	122,1
CASH EQUIVALENTS AT END OF THE YEAR	123,8	102,1

Additional information, refer to Note 27.

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 statements concerning interpretation published by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Union. 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 policies as the Group, except in those cases specified below in the section "Accounting Policies 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 historical costs, except derivative instruments which are measured at fair value.

The preparation of the financial statements in conformity with IFRS and the Group's accounting policies requires, in some cases, the use of assumptions about the future and other estimates and assessments that can have a significant impact on the reported amounts. Consequently, actual outcomes may differ from these estimates and assessments.

Critical estimates and assumptions that have been used and have had a significant effect on the financial statements and can result in a material adjustment of the statements within the next financial year are disclosed in Note 30.

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

AMENDED ACCOUNTING POLICIES THAT RESULT FROM NEW OR AMENDED IFRS STANDARDS EFFECTIVE IN 2012

The Group has applied the same accounting policies as in the 2011 Annual Report. None of the amended IFRS standards that are effective for periods beginning after 1 January 2012 have had a significant effect on the financial statements of the Group.

NEW IFRS AND INTERPRETATIONS NOT YET ADOPTED

A number of new or amended IFRS standards and interpretation statements will come into effect in the coming financial year and have not been adopted in advance for the preparation of this year's financial statements.

IAS 19 (amendment) *Employee Benefits* effective retroactively from 1 January 2013. The amended standard means that the option to defer the recognition of actuarial gains and losses is no longer available. Instead, actuarial gains and losses are recognised immediately in other comprehensive income. The return on plan assets will be recognised in the income statement as an amount determined by using the discount rate that is used when calculating pension obligations. The difference between the actual return and expected return on plan assets is recognised in other comprehensive income. In conjunction with the implementation of the amended IAS 19 standard, the Swedish Financial Accounting Council is withdrawing UFR 4 *Accounting for special employer's contribution and tax on returns*. Instead, tax on returns is to be reported in conformity with UFR 9 *Recognition of tax on returns* which does not mean any difference to the accounting policies previously applied. The special employer's contribution is recognised in fully or partly unfunded defined benefit pension liability in accordance with the policies of the amended IAS 19. This is not expected to have any significant effect compared with the accounting policies previously applied. These amendments are expected to have only a minor effect on the consolidated income statement, other comprehensive income and shareholders' equity.

IAS 1 (amendment) *Presentation of Financial Statements* the amendments require items of other comprehensive income to be grouped into two categories: items that will and will not subsequently be transferred to the income statement. The amendments will be effective for accounting periods beginning on or after 1 January 2013. The Group's presentation is affected as translation differences will be presented in the category of items that can be recycled to the income statement, while actuarial gains and losses on defined-benefit pension plans (see above) will be presented in the category that is never transferred to the income statement.

IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* deal with consolidation of operations, reporting requirements for joint ventures and joint operations and which disclosures are required for these investments. Consequential changes have been made to IAS 27 which is now called *Separate Financial Statements*. Changes have also been made to IAS 28 which now has the title*Investments in Associates and Joint Ventures*. These new and amended standards will be applied retroactively starting with the financial statements for 2013. EU has endorsed the amendment of these standards for financial years starting on or after 1 January 2014, which is later than the mandatory adoption date required by the standards. These new standards and amendments are not expected to affect the Group's reporting except with regard to some additional disclosures.

IFRS 13 *Fair Value Measurement* will be applied prospectively starting with the financial statements for 2013. It is only expected to affect the additional disclosures made by the Group.

IFRS 9 *Financial Instruments* is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement* effective 1 January 2015. The IASB has published the first of at least three parts that together will constitute IFRS 9. This first part deals with the classification and measurement of financial assets. The classification of financial assets under IAS 39 are replaced by two categories, where assets are measured 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.

None of the other new or amended IFRS standards or interpretation statements are expected to have 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 a component of the Group that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the Group's executive team. 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.
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 cost of 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 goodwill 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. In the case of acquisitions made before 2010, contingent consideration is recognised only when it is probable and reliably measured and any subsequent adjustments are recognised in 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. In the case of acquisitions before 2010, step acquisitions are recognised as an aggregation of the acquisitions costs from each acquisition date and any revaluation in connection with the acquisition when control is achieved is taken to revaluation reserve in equity.

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.

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

Intra-Group receivables and liabilities, income and expenses, and unrealised gains or losses arising from intra-Group transactions between Group companies are eliminated in full 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 the balance sheet date. Exchange rate differences resulting from translations are reported in the profit or loss for the year. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities measured at fair value are translated into the functional currency at the exchange rate prevailing at the date when fair value was determined.

Financial statements of foreign operations
Assets and liabilities in foreign operations, 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.

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 reported in the income statement as income when the company has transferred the significant risks and benefits associated with ownership of the goods to the buyer. If there is considerable uncertainty regarding payment, related costs or risk of returns, and if the seller retains involvement in the day-to-day management that is normally associated with the ownership, then revenue is not taken up as income. Income is recognised at the fair value of consideration received or receivable, net of discounts and rebates. 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 services is recognised in the income statement for the year when the service provided is based on the stage of completion on the balance sheet date. The stage of completion is determined on the basis of contract costs incurred in relation to the total estimated contract costs.

OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSES

Operating leases
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.

Finance leases
The minimum lease fees are allocated as interest cost and amortisation of the outstanding liability. The interest expenses are distributed over the term of the lease, so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognised in the respective period. Variable payments are entered as expenses in the income statement 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, dividend income, interest expenses related to loans, exchange rate differences attributable to financial investments and financing activities, value changes in financial investments classified as financial assets measured at fair value through profit or loss and derivative instruments used in the financial activities.

Interest revenue from receivables and interest expenses related to liabilities is calculated using the effective interest method. The effective interest rate is the rate that discounts the present value of all estimated future cash receipts and payments through the expected life of the financial asset to that asset's net carrying amount. The interest element of financial lease payments is recognised in financial income or expenses using the effective interest rate method.

Interest revenue and interest expense respectively include periodic amounts of transaction expenses and discounts where applicable, premiums and other differences between the originally recognised value of the receivable and of the liability respectively and the amount that is settled at maturity and the estimated future receipts and payments through the term of the agreement.

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

Foreign exchange gains or losses are recognised in net income.

TAXES

Income tax consists of current tax and deferred tax. Income tax is reported in the income statement for the year unless the underlying transaction is charged to other comprehensive income or directly to equity, in which case any related tax effect is charged to other comprehensive income or 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, trade receivables and derivatives. Accounts payable, loan liabilities and derivatives 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 initially measured at cost corresponding to the fair value of the instrument plus transaction costs for all financial instruments, except those classified as financial assets measured at fair value through profit or loss, which are recognised at fair value less transaction costs. The financial instruments are classified on initial recognition depending on the purpose for which the instruments were acquired which affects recognition thereafter.

The fair value of quoted financial assets corresponds to the asset's quoted buying rate on the balance sheet date. The fair value of unquoted financial assets is determined by using valuation techniques such as recently completed transactions, the price of similar instruments and discounted cash flows.

Trade receivables and other current and long-term receivables classified in the category "loans and receivables"

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured 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 classed as "financial assets measured at fair value via the profit or loss for the year".

This category has two subgroups: financial assets held for 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 managed and measured on the basis of fair value in the Group's executive team'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 during the comparative year. Financial instruments in this category are measured at fair value as incurred and changes in value are reported in the income statement for the year. 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 expense 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. Changes in the fair value of other financial assets in this category are recognised in net financial items.

The Group uses foreign exchange forward contracts in order to economically hedge certain exposures to foreign exchange risk associated with purchases in foreign currencies. Changes in the fair value of the foreign exchange forward contracts have been recognised as Other Operating Income or Other Operating Cost, depending on whether the change was positive or negative. The Group did not engage in hedging activities 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 income statement for the year.

Accounts payable and other operating liabilities classified in the category "Other liabilities"

Liabilities are recognised at amortised cost determined by the effective interest rate computed at the time of acquisition, which normally implies nominal value.

PROPERTY, PLANT AND EQUIPMENT

Owned assets

Property, plant and equipment are reported in the Group at cost after deductions for accumulated depreciation and impairment costs. Acquisition cost includes the purchase price and any costs necessary to bring the asset to the location and condition for its intended use. Necessary costs included in the acquisition cost may include delivery and handling costs, 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. Accounting policies for impairment are presented 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 selling 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 cost only if it is likely that the future economic benefits associated with the asset will flow to the enterprise and the acquisition cost 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 cost 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 cost. Any undepreciated values reported for replaced components, or parts of components, are discarded and charged to expenses when the component is replaced. Repairs are expensed as incurred.

Method of depreciation
A straight-line method of depreciation is used over the estimated useful life of the asset. Land is not depreciated.

The Group applies component depreciation, which means that the estimated useful life of the 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, plumbing, ventilation, etc.	20-32 years
External surfaces, walls, roof, etc.	20-50 years

The depreciation methods applied and the residual values of the assets and their useful lives are reviewed at the close of every year.

INTANGIBLE FIXED ASSETS

Goodwill
Goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units and tested annually for impairment. If the cost of acquisition in a business combination is less than the fair value of the net identifiable assets and liabilities acquired, the difference is recognised immediately in the income statement for the year.

Other intangible fixed assets
Acquired supplier relationships with an indeterminable useful life are measured at cost less any accumulated impairment losses. Supplier relationships with an indeterminable useful life are deemed to exist in terms of certain acquisitions of agencies or comparable relationships 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 tests are performed annually and when there is any indication of impairment. Other acquired supplier relationships are measured at cost less any accumulated amortisation and impairment losses.

Other intangible assets include software, trademarks and customer relationships. These have a determinable useful life and are measured at cost less accumulated amortisation and impairment.

Expenditures for internally generated goodwill and internally generated brand names are not capitalised as assets but are expensed in the income statement as incurred.

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.

Method of amortisation
Amortisation is recognised in the income statement on a straight-line basis over the estimated life of the intangible asset, provided it has a definite useful life. Goodwill has an indefinite useful life and is tested for impairment each year or whenever there is an indication that the tangible asset may be impaired. The useful life of the assets are reviewed annually at least, refer also to Note 13.

Estimates of useful life:

• IT software	3-8 years
• brand names/trademarks	5-10 years
• customer relationships	5 years
• supplier relations	5 years (unless indefinite)

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 in the construction of storage and production facilities using its own direct labour.

INVENTORIES
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated by applying the first-in, first-out method (FIFO) and includes expenditure arising on 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 operating activities 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 date for any indication of impairment. The section below explains the impairment test for property, plant and equipment and intangible assets, investments in subsidiaries and associates, and for financial assets. Assets for sale and disposal groups, inventories 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 property, plant and equipment and intangible assets as well as investments in subsidiaries and associates
If there is any indication of impairment, then the asset's recoverable amount is calculated, see below). The recoverable amount is also calculated annually for goodwill and other intangible assets with indefinite useful lives. 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 amount. An impairment loss is recognised as an expense in the income statement 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 amount is the highest of the fair value minus selling costs and value in use. Value in use 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 except those categorised as financial assets valued at fair value through the income 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 is impaired only if there is objective evidence that one or more events have occurred that have an effect on the financial asset's future cash flows, if these can be reliably measured.

The recoverable amount for assets categorised as loans and receivables carried at amortised cost is calculated as the present value of the future cash flows discounted by the effective interest that applied on initial recognition. Assets with a short term are not discounted. An impairment is recognised as an expense in the income statement 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. Goodwill impairment can never be 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 losses on loans and receivables carried at amortised cost are reversed if a subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

CAPITAL PAYMENTS TO SHAREHOLDERS

Repurchase of shares

Purchase of such instruments is reported as a deduction in retained earnings. Payment from sales of equity instruments is recognised as an increase of shareholder's equity. Any transaction costs are recognised directly in equity.

Dividends paid

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 contributions 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 contributions 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 present value. The discount rate is the interest rate on the balance sheet date for a first-class corporate bond with a maturity corresponding to the Group's pension obligations. When there is no functioning 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 present 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 present value and the fair value of plan assets is recognised in the income statement for the year 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 present 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 present 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 a fully or partly unfunded Swedish pension liability in accordance with IAS 19 in the consolidated financial statements is greater than the corresponding pension liability in legal entities, the difference is added to the Group's pension liability corresponding to special employer's contribution.

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 a past event 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.

Provisions are made using the best estimate of the amount required to settle the present obligation on the balance sheet date. Where it is important when in time payment is made, provisions are estimated by discounting the expected future cash flow.

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 ASSETS AND DISCONTINUED OPERATIONS

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 available-for-sale, fixed assets and disposal groups are recognised at the lower of their carrying amount and fair value with deductions for selling costs. In the following statement, no depreciation is charged for property, plant and equipment classified as held for sale.

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 IAS 39 Financial Instruments: Recognition and Measurement

A discontinued operation is part of a company's operations that represents an independent business area or significant operations within a geographic area or a subsidiary acquired exclusively with the intent to resell.
An operation is classified as discontinued upon disposal or at an earlier date when it meets the criteria for classification as available-for-sale.

Profit after tax from a discontinued operation is presented as a separate line item in the statement of comprehensive income. When an operation is classified as discontinued, the presentation of the comparative year's statement of comprehensive income changes so that it is recognised as if the discontinued operation 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 ACCOUNTING POLICIES

The Parent Company has prepared its Annual Report according to the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Council's recommendation RFR 2, Accounting for Legal Entities.

In addition, the Swedish Financial Accounting Council's pronouncements for listed companies are applied. RFR 2 means that in the Annual Report for the legal entity, the Parent Company must apply all IFRS and interpretations adopted by the EU wherever 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.

Amended accounting policies
The parent company has applied the same accounting policies for 2012 as for 2011.

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

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 Presentation 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
Investments in subsidiaries are recognised in the Parent Company using the cost 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 immediately in the income statement for the year.

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 measured at the lower of cost and net realisable value. Financial liabilities are measured at amortised cost in accordance with the same policies as for the consolidated financial statements.

Financial guarantee contracts
The Parent Company's financial guarantee contracts consist of guarantee commitments to support 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.

Property, plant and equipment
Owned assets
Property, plant and equipment in the Parent Company are recognised at cost 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 charged to the income statement 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 financial statements, however, untaxed reserves are divided between deferred tax liability and shareholders' equity.

Owner contributions
Owner contributions are charged directly to equity for the receiver and capitalised in shares and contributor participations, to the extent that impairment is not required.

Group contribution
The parent company has elected to report both issued and received Group contributions in net financial items under Income from investments in Group companies. Any tax effect from Group contributions is recognised in the income statement for the year under Taxes.

NOTE 2. OPERATING SEGMENT

The Group's operations are divided into operating segments based on the business areas for which the company's chief operating decision maker, the Group's executive team, monitors the profit, returns and cash flows from the Group's various segments.

Each operating segment in the form of a market region has one manager, except for Sweden which has two managers who are responsible for the day-to-day operations and who provide the Group management with regular reports on the performance of the segment and resource requirements. The Group's internal reporting system is designed to allow the Group management to monitor the performance and results of each of the market regions. The Group's segments have been identified using data from this internal reporting system, and the different areas have been assessed in order to merge segments that are similar. This means that segments have been aggregated if they share similar economic characteristics, such as long-term gross margins and have similar product areas, customer categories and methods of distribution.

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, deferred tax liabilities, interest-bearing assets and liabilities. The segment's investments in property, plant and equipment and intangible fixed assets include all investments except for investments in expendable equipment and minor value assets. 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 transactions.

Basically all income comes from product sales, consisting of industrial automation components in the product areas of electrical components, flow components and installation, and components for electronics and electromechanics in the product areas of bearings, seals and appliance components. Customers include machinery and appliance manufacturing industries, wholesalers, electrical contractors, catalogue distributors, strategic end users and electronics manufacturers and strategic contract manufacturers in northern Europe.

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

YEAR 2012	Sweden	Finland and the Baltic States	Denmark, Norway, the United Kingdom and Central Eastern Europe	Production Technology (discontinued)	Other operations and eliminations	Total consolidated	Deducted Production Technology	Continuing operations
INCOME								
External sales	**1 054,2**	**225,2**	**352,2**	**0,0**	**-0,1**	**1 631,4**	**0,0**	**1 631,4**
Internal sales	83,9	2,4	1,0	0,0	-87,4	0,0	0,0	0,0
Total income	1 138,1	227,6	353,2	0,0	-87,5	1 631,4	0,0	1 631,4
PROFIT								
Operating profit/loss	**127,2**	**16,7**	**29,8**	**0,1**	**-11,3**	**162,5**	**-0,1**	**162,4**
Financial items					-3,7	-3,7		-3,7
Tax expenses						-32,2		-32,2
Net profit/loss for the year	127,2	16,7	29,8	0,1	-15,0	126,6	-0,1	126,5
OTHER INFORMATION								
Assets	490,5	86,1	160,5	–	171,0	908,1	–	908,1
Liabilities	267,4	30,0	55,1	–	-129,8	222,6	–	222,6
Investments intangible and equipment	6,5	5,0	13,1	–	11,3	35,9	–	35,9
Investments property, plant and equipment	5,6	3,1	1,1	–	25,1	34,9	–	34,9
Amortisation of intangible and equipment	4,5	2,7	2,0	–	6,5	15,7	–	15,7
Depreciation of property, plant and equipment	4,4	1,0	1,5	–	10,5	17,4	–	17,4

YEAR 2011

	Sweden	Finland and the Baltic States	Denmark, Norway, the United Kingdom and Central Eastern Europe	Production Technology (discontinued)	Other operations and eliminations	Total consolidated	Deducted Production Technology	Continuing operations
INCOME								
External sales	1 036,6	228,9	323,7	1,7	0,4	1 591,3	-1,7	1 589,6
Internal sales	66,0	2,4	3,7	–	-72,1	–	–	–
Total income	1 102,6	231,3	327,4	1,7	-71,7	1 591,3	-1,7	1 589,6
PROFIT								
Operating profit/loss	139,4	22,1	21,9	2,2	-9,6	176,0	-2,2	173,8
Financial items					-1,4	-1,4		-1,4
Tax expenses					-46,7	-46,7		-46,7
Profit/Loss	139,4	22,1	21,9	2,2	-57,7	127,9	-2,2	125,7
OTHER INFORMATION								
Assets	477,8	81,5	134,1	3,2	151,1	847,6	-3,2	844,4
Liabilities	276,4	30,5	45,9	0,6	-140,5	212,8	-0,6	212,2
Investments intangible and equipment	28,1	–	8,7	–	7,6	44,5	–	44,5
Investments property, plant and equipment	3,9	0,6	1,3	–	18,5	24,2	–	24,2
Amortisation of intangible and equipment	5,5	2,3	3,9	–	1,4	13,0	–	13,0
Depreciation of property, plant and equipment	3,8	0,9	2,2	–	8,5	15,4	–	15,4

GEOGRAPHIC AREAS

	External sales		Assets*		Investments	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Sweden	1 041,2	1 028,4	240,2	234,8	31,7	53,2
Denmark	104,7	96,8	28,8	32,4	–	0,2
United Kingdom	93,8	85,1	36,3	26,5	13,7	10,4
Finland	207,1	209,2	41,9	21,1	26,4	2,9
The Netherlands	3,4	2,7	0,7	0,8	0,2	0,5
Norway	52,2	48,5	0,0	0,0	-	0,0
Poland	59,7	55,0	0,8	0,7	0,6	0,2
Estonia	15,8	17,8	0,3	0,2	0,2	0,2
Latvia	0,2	0,2	–	–	–	–
Lithuania	2,2	1,8	–	–	–	–
Czech Republic	32,2	32,3	9,6	10,0	0,1	0,0
Slovakia	7,2	6,1	0,1	0,1	–	0,1
Hungary	2,3	–	0,1	0,1	0,1	0,2
China	9,4	5,9	0,4	0,2	0,4	0,1
Sum total	**1 631,4**	1 589,6	**359,2**	326,8	**73,3**	68,0

** Relates to intangible fixed assets and property, plant and equipment*

NOTE 3. OTHER OPERATING INCOME

	THE GROUP		PARENT COMPANY	
	2012	**2011**	**2012**	**2011**
Remeasurement of contingent consideration	3,1	0,3	–	–
Sum total	**3,1**	0,3	**–**	–

NOTE 4. ACQUISITION OF OPERATIONS

All shares in Akkupojat OY were acquired on 1 May 2012. Akkupojat OY reports annual sales of approximately SEK 13 million and markets batteries in Finland. The consideration for the business acquired was SEK 4.6 million, plus a contingent consideration estimated at SEK 1.6 million, based on how the business develops in 2012 and 2013. The effect of the implemented acquisition on consolidated sales during the year is approximately SEK 11 million and on profit before tax approximately SEK 0.5 million. If the acquired business has been consolidated from the start of the year, the effect on net sales and pre-tax profit would have been approximately SEK 16 million and SEK 1 million respectively.

All shares in TemFlow Control AB were acquired on 23 October 2012. TemFlow Control AB reports sales of approximately SEK 13 million and markets components and systems for monitoring and control of pressure, flow and temperature, in the Swedish market. The consideration for the business acquired was SEK 4 million, plus a contingent consideration estimated at SEK 1 million, based on how the business develops in 2013. The acquisition impacted consolidated sales by approximately SEK 3.5 million and pre-tax profit by approximately SEK 0.5 million. If the acquired business has been consolidated from the start of the year, the effect on net sales and pre-tax profit would have been approximately SEK 9 million and SEK 0.8 million respectively.

All shares in Vanlid Transmission AB and its subsidiaries Ronson Transmission AB and Fenix Transmission AB were acquired on 1 November 2012. The Group of companies reports sales of approximately SEK 30 million and markets transmission products in Sweden. The consideration for the business acquired amounted to SEK 8 million. The effect of the acquisition on the Group's sales during the year is approximately SEK 4.4 million and on the profit before tax approximately SEK -0.1 million. If the acquired business has been consolidated from the start of the year, the effect on net sales and pre-tax profit would have been approximately SEK 30 million and SEK 0.3 million respectively.

All shares in the British company, Datasensor UK Ltd, were acquired on 1 December 2012 by OEM International's UK subsidiary, OEM Automatic Ltd. Datasensor UK Ltd reports sales of approximately SEK 16 million and markets sensors from Italian Datalogic in the UK. Datasensor UK Ltd will be merged with OEM Automatic in the UK in the beginning of 2013. The consideration for the business acquired was SEK 10 million, plus a contingent consideration estimated at SEK 3.6 million, based on how the business develops in 2013. The effect of the acquisition on the Group's sales during the year is approximately SEK 0.7 million and on the profit before tax approximately SEK 0 million. If the acquired business has been consolidated from the start of the year, the effect on net sales and pre-tax profit would have been approximately SEK 15 million and SEK 2 million respectively.

EFFECTS OF ACQUISITION

	2012	**2011**
Net assets of the acquired companies on acquisition:		
Intangible assets	20,5	27,0
Other non-current assets	0,5	0,5
Inventories	12,4	14,3
Trade and other receivables	11,6	11,0
Cash and cash equivalents	10,1	2,9
Interest-bearing liabilities	-1,0	-3,5
Accounts payable and other operating liabilities	-19,0	-13,1
Deferred tax liabilities	-4,9	-8,1
Net identifiable assets and liabilities	**30,2**	31,0
Consolidated goodwill	2,8	9,8
Consideration transferred	**33,0**	40,8

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 0.5 million (0.2) and relate to consultancy fees for due diligence.

These expenses have been recognised as other operating expenses in the Statement of Comprehensive Income.

(CONT. NOTE 4.)

	2012	2011
Remuneration		
Service fees paid	20,8	25,4
Due in accordance with agreement	6,0	7,0
Contingent consideration due	6,2	8,4
Consideration transferred	**33,0**	40,8

Contingent consideration

It is stated in the acquisition agreements that a contingent consideration will be payable to the vendors based on the development of the contribution margin or performance.

Contingent consideration is capped at SEK 7.9 million (11.6) and is estimated at SEK 6.2 million (8.4) in the preliminary acquisition cost analysis.

The contingent considerations have been calculated using weighted probability techniques.

Remeasurement of contingent consideration

Developments in previously implemented acquisitions have resulted in revaluation of contingent considerations that have decreased by SEK 3.1 million (0.3).

This amount had a positive impact of SEK 3.1 million (0.3) on profit for the year.

Adjustments for acquisitions made before 2010

No adjustments made in 2012.

A SEK 7.2 million contingent consideration payment related to the acquisition of Elektro Elco AB in Sweden was made in 2011.

Other information about intangible assets, refer to Note 13.

NOTE 5. DISCONTINUED OPERATIONS

On 1 June, 2010, OEM wound up the operations of its former division Production Technology. The deal 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 consideration amounted to approximately SEK 5 million plus a contingent consideration, based on the operations' contribution margin through 31 May 2012. The value of the contingent consideration for the years 2010 to 2012 amounted to SEK 4.6 million.

PROFIT/LOSS FROM DISCONTINUED OPERATIONS

	2012	2011
Operating profit from the discontinued operation		
Income	0,0	0,1
Costs	0,1	0,5
Profit/loss before tax	0,1	0,6
Tax	-0,2	0,4
Profit after tax	-0,1	1,0
Profit from the sale of the discontinued operation		
Capital gains on divestment of the discontinued operation.	–	1,6
Tax attributable to the above capital gain	–	-0,4
Profit from divestment after tax	–	1,2
Profit after tax from discontinued operation	**-0,1**	2,2
Earnings per share from discontinued operations (SEK)	**0,00**	0,10

Profit/loss from discontinued operations is attributable to the shareholders of the parent company.

	2012	2011
Net cash flow from discontinued operations		
Operating activities	–	4,8
Investing activities	–	–
Financing activities	–	–
Effect of the divestment on individual assets and liabilities in the Group		
Property, plant and equipment	–	–
Inventories	–	–
Other liabilities	–	–
Divested assets and liabilities, net	**0,0**	0,0
Consideration received	2,7	1,5
Impact on cash and cash equivalents	**2,7**	1,5

NOTE 6. EMPLOYEES AND STAFF COSTS

AVERAGE NO. OF EMPLOYEES, PARENT COMPANY	2012	Whereof men	2011	Whereof men
Sweden	17	88%	18	89%
SUBSIDIARIES				
Sweden	351	78%	320	78%
Denmark	29	79%	27	78%
United Kingdom	33	88%	31	87%
Estonia	2	100%	2	100%
Finland	79	80%	69	81%
The Netherlands	2	50%	2	50%
China	25	76%	24	79%
Latvia	–	–	–	–
Lithuania	–	–	1	100%
Norway	18	89%	18	89%
Poland	35	83%	35	83%
Slovakia	4	100%	3	100%
Czech Republic	22	73%	19	74%
Hungary	6	100%	2	100%
Total in subsidiaries	606	80%	553	80%
Group total	**623**	**80%**	571	80%

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES	2012		2011	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent Company	13,1	6,1	13,3	6,5
(Whereof pension expenses)		(1,5)		(1,9)
Subsidiaries	198,8	66,0	187,2	65,8
(Whereof pension expenses)		(14,7)		(16,5)
Group total	**211,8**	**72,1**	200,5	72,2
(Whereof pension expenses)		(16,2)		(18,4)

SALARIES AND OTHER REMUNERATION DISTRIBUTED BETWEEN THE PARENT COMPANY AND SUBSIDIARIES AND BETWEEN SENIOR EXECUTIVES AND OTHER EMPLOYEES	2012		2011	
	Senior management	Other employees	Senior Executives	Other employees
Parent Company				
Sweden, of which senior executives 10 people (10)	7,7	5,4	8,3	5,0
(Whereof bonus)	(1,3)		(2,1)	
Subsidiaries total, of which senior executives 21 people (17)	13,9	184,9	13,3	174,2
(Whereof bonus)	(0,8)		(1,9)	
Group total, of which senior executives 31 people (27)	**21,6**	**190,3**	21,6	179,2
(Whereof bonus)	(2,1)		(4,0)	

Pension premiums to the amount of SEK 3.4 million (3.1) have been paid for the category senior executives.

REMUNERATION FOR SENIOR EXECUTIVES AND BOARD MEMBERS, GROUP MANAGEMENT

	2012					2011				
	Base pay, board fee	**Variable remune-ration**	**Other benefits**	**Pension expense**	**Sum total**	**Base pay, board fee**	**Variable remune-ration**	**Other benefits**	**Pension expenses**	**Sum total**
Lars-Åke Rydh, Chairman of the Board	0,3	–	–	–	0,3	0,3	–	–	–	0,3
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	0,2	–	–	–	0,2
Petter Stillström, Board Member	0,2	–	–	–	0,2	0,2	–	–	–	0,2
Agne Svenberg, Board Member	0,2	–	–	–	0,2	0,2	–	–	–	0,2
Jörgen Zahlin, CEO	2,7	0,9	–	0,8	4,3	2,7	1,5	–	0,6	4,8
	3,9	**0,9**	**–**	**0,8**	**5,5**	3,9	1,5	–	0,6	6,0
Other senior executives, 6 persons (6) *	6,0	0,5	0,1	1,5	8,1	5,5	1,7	0,2	1,4	8,8
Sum total	**9,9**	**1,4**	**0,1**	**2,3**	**13,7**	9,4	3,1	0,2	2,0	14,8

** Of the other senior executives, three (three) people receive remuneration from subsidiaries. This remuneration is included at a total of SEK 3.5 million (4.3). Pension expenses were SEK 0.8 million (0.8).*

CEO/Managing Director
Pension expenses are defined contribution. There are no other pension obligations. As in previous years, the variable compensation pay is based on the performance levels attained. SEK 0.9 million was paid in variable compensation in 2012, corresponding to 33% of fixed salary. Variable compensation payment totalled SEK 1.5 million in 2011. Bonus could be paid at a maximum of 58% of basic pay. The period of notice for the Managing Director is 24 months from the Company's side, with the obligation to work, and 6 months from the Managing Director's side. 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 expenses are defined contribution. There are no other pension obligations. Variable compensation payment totalled SEK 0.5 million in 2012. Variable compensation payment totalled SEK 1.7 million in 2011. 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 members of the Group's executive team is maximum 12 months, upon termination by the company, with the obligation to work, and maximum 6 months upon termination by the employee. If the company serves notice after the age of 55 years, the period of notice is increased by an additional six monthly salaries. There is an exception in an agreement signed in 2001, whereby severance pay, amounting to a further six (6) monthly salaries, may be made upon termination by the company when the employee reaches the age of 55. Retirement age for the other members of the Group's executive team is between 60 and 65 years.

Guidelines for remuneration and other employment conditions for senior executives
The Annual General Meeting approved that market-level salaries and other employment terms shall apply for the Group's executive team. In addition to a basic pay, the management can also receive variable remuneration, which can amount to a maximum of 58% of base salary. Senior executives are to have defined contribution pension terms capped at 30% of base salary.

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 in an agreement signed in 2001, whereby severance pay, amounting to a further six (6) monthly salaries, may be made upon termination by the company when the employee reaches the age of 55.

GENDER DISTRIBUTION

	THE GROUP (Share of women)		PARENT COMPANY (Share of women)	
	2012	**2011**	**2012**	**2011**
Board of Directors	0%	0%	0%	0%
Other Senior Executives	0%	0%	0%	0%

NOTE 7. FEES AND REIMBURSEMENT OF EXPENSES TO THE AUDITORS

	THE GROUP		PARENT COMPANY	
KPMG	**2012**	**2011**	**2012**	**2011**
Audit assignments	1,6	1,3	0,6	0,4
Audit activities other than the audit assignment	0,1	0,1	–	0,1
Tax counselling	0,0	0,0	0,0	0,0
Other assignments	0,2	0,2	0,2	0,2
	1,9	1,6	0,8	0,7
OTHER AUDITORS				
Audit assignments	0,6	0,4	–	–
Sum total	**2,5**	2,0	0,8	0,7

Audit assignments refer to the auditing of the Annual Report, the consolidated financial statements, the accounting records and the administration by the Board of Directors and the Managing Director, other tasks that are the duty of the Company's auditors, as well as advice and other assistance resulting from observations made during such audits or the performance of such other duties. Tax counselling refers to all consultations in the area of tax. "Other assignments" refers to advice on accounting matters and advice on processes and internal control.

NOTE 8. DEPRECIATION/AMORTISATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE FIXED ASSETS

	THE GROUP		PARENT COMPANY	
	2012	**2011**	**2012**	**2011**
Customer relationships	-4,7	-3,4	–	–
Trademarks	-4,9	-5,1	–	–
Supplier relationships	-4,5	-3,1	–	–
Expenses brought forward for software	-1,7	-1,4	-1,7	-1,4
Buildings and land	-4,7	-4,6	-0,6	-0,6
Equipment, tools and installations	-12,7	-10,8	-2,0	-1,1
Sum total	**-33,1**	-28,4	-4,2	-3,2

NOTE 9. INCOME FROM SHARES IN GROUP COMPANIES

	PARENT COMPANY	
	2012	**2011**
Dividends received	30,7	17,2
Capital gains on liquidation	–	2,8
Write-off shares	–	-12,3
Group contributions received	120,2	124,6
Group contributions paid	-0,1	-0,8
Sum total	150,8	131,5

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

	THE GROUP		PARENT COMPANY	
	2012	**2011**	**2012**	**2011**
Interest income on bank balance	2,1	2,5	3,2	3,8
Sum total	**2,1**	2,5	3,2	3,8

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

	THE GROUP		PARENT COMPANY	
	2012	**2011**	**2012**	**2011**
Interest expenses on other liabilities	-3,8	-3,5	-1,4	-1,7
Other financial costs	-2,0	-0,4	-0,5	–
Sum total	**-5,8**	-3,9	-1,9	-1,7

NOTE 12. TAXES

RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME/ INCOME STATEMENT	THE GROUP		PARENT COMPANY	
	2012	**2011**	**2012**	**2011**
Current tax	-39,1	-38,2	-26,3	-25,1
Deferred tax	6,9	-8,5	0,3	-0,1
Total recognised tax expenses	**-32,2**	-46,7	-26,0	-25,2

LINK BETWEEN TAX EXPENSES FOR THE YEAR AND INCOME BEFORE TAX				
Reported income before tax	158,8	172,4	128,8	101,5
Applicable tax rate for income tax in each country	-41,6	-45,9	-33,9	-26,7
Non-taxable share dividends	–	–	8,1	4,5
Non-taxable income	0,8	–	–	0,7
Impact of changed tax rate	8,4	–	0,3	–
Other non-taxable income/Non-deductible items	0,2	-0,8	-0,5	-3,8
Total recognised tax expenses	**-32,2**	-46,7	-26,0	-25,2
DEFERRED TAX CLAIMS				
Deficit deductions	0,1	0,4	–	–
Other	1,3	1,8	–	–
Total deferred tax claims	**1,4**	2,2	–	–
DEFERRED TAX LIABILITY				
Intangible assets	13,5	15,8	–	–
Buildings and land	7,3	5,5	1,7	2,0
Untaxed reserves	41,7	44,1	–	–
Total deferred tax liability	**62,5**	65,4	1,7	2,0

The Group holds SEK 0.9 million (0.5) in non-capitalised deferred tax assets equivalent to loss carryforwards which, when measured using the probability-weighted average amounts of possible outcomes, cannot be considered available for use because the surplus cannot be offset against these within a reasonable future period.

The acquisition of subsidiaries affected the deferred tax liability by SEK 4.9 million (8.1).

NOTE 13. INTANGIBLE FIXED ASSETS

THE GROUP

	2012 Goodwill	2012 Trademarks	2012 Customer relation-ships	2012 Supplier re-lationships	2012 Software	2011 Goodwill	2011 Trademarks	2011 Customer relation-ships	2011 Supplier re-lationships	2011 Other
ACCUMULATED ACQUISITION COSTS										
At beginning of year	70,5	42,2	30,7	30,7	15,7	60,8	42,2	11,0	23,5	8,1
New acquisitions	2,8	–	18,0	2,5	12,6	9,8	–	19,7	7,3	7,6
Sales and disposals	–	–	–	–	-4,4	–	–	–	–	–
Exchange rate differences for the year	-0,7	-0,4	-0,6	-0,4	–	-0,1	–	–	-0,1	-0,1
Total cost of acquisition	**72,6**	**41,8**	**48,1**	**32,8**	**23,9**	70,5	42,2	30,7	30,7	15,7
ACCUMULATED AMORTISATION										
At beginning of year	–	-17,8	-13,6	-8,2	-5,7	–	-12,7	-10,4	-5,2	-4,3
Amortisation	–	-4,9	-4,7	-4,5	-1,7	–	-5,1	-3,4	-3,1	-1,4
Sales and disposals	–	–	–	–	4,4	–	–	–	–	–
Exchange rate differences for the year	–	0,3	0,2	0,3	0,1	–	–	0,3	0,1	0,1
Total amortisation	**–**	**-22,4**	**-18,1**	**-12,4**	**-2,9**	–	-17,8	-13,6	-8,2	-5,7
ACCUMULATED IMPAIRMENT										
At beginning of year	-6,2	–	–	–	–	-6,2	–	–	–	–
Impairments	–	–	–	–	–	–	–	–	–	–
Total impairments	**-6,2**	**–**	**–**	**–**	**–**	-6,2	–	–	–	–
Recognised value at year end	**66,4**	**19,4**	**30,0**	**20,4**	**21,0**	64,3	24,4	17,1	22,5	10,0

2012

The acquisition of Akkupojat OY increased the value of customer relationships and goodwill by SEK 3.3 million and SEK 1.8 million respectively. The estimated useful life of the customer relationships is five years. The acquisition of TemFlow Control AB increased the value of supplier relationships and goodwill by SEK 2.5 million and SEK 1.0 million respectively.

The estimated useful life of the supplier relationships is five years. The acquisition of Vanlid Transmissioner AB and its subsidiaries Ronson Transmission AB and Fenix Transmission AB increased the value of customer relationships by SEK 1.6 million. The estimated useful life of the customer relationships is five years. The acquisition of Datasensor UK Ltd increased the value of customer relationships by SEK 13.1 million. The estimated useful life of the customer relationships is five years. New acquisitions concerning development of software are included under Other, see the Parent Company below.

2011

The acquisition of Echobeach Ltd. reports the surplus value to customer relations at SEK 8.7 million. The estimated useful life of the customer relationships is five years. The acquisition of Svenska Helag AB reports the surplus value across customer relations at SEK 8.5 million and goodwill at SEK 3 million. The estimated useful life of the customer relationships is five years. The acquisition of Scapro AB's operations has not affected intangible assets. The acquisition of Svenska Batteripoolen i Borlänge AB reports the surplus value across customer relations at SEK 2.5 million and goodwill at SEK 1.8 million. The estimated useful life of the customer relationships is five years. The acquisition of Flexitron AB reports the surplus value across supplier relations at SEK 7.3 million and goodwill at SEK 5 million. The estimated useful life of the supplier relationships is five years. New acquisitions concerning development of software are included under Other, see the Parent Company below.

IMPAIRMENT TEST FOR INTANGIBLE ASSETS

The companies have performed impairment tests on cash-generating units containing goodwill and intangible assets with indefinite useful lives, which is considered to be the smallest cash-generating unit, based on the value in use of the units.

(CONT. NOTE 13.)

GOODWILL AND INTANGIBLE ASSETS WITH AN INDETERMINABLE USEFUL LIFE

Companies	**2012**	**2011**
Goodwill		
Internordic Bearings AB	3,0	3,0
OEM Automatic Klitsö AS	16,3	17,0
Elektro Elco AB	32,5	32,5
All Motion Technology AB is part of OEM Motor AB*	2,0	2,0
Svenska Helag AB	3,0	3,0
Svenska Batteripoolen i Borlänge AB	1,8	1,8
Flexitron AB	5,0	5,0
Akkupojat OY	1,8	–
TemFlow Control AB	1,0	–
	66,4	64,3
Supplier relationships with an indeterminable useful life		
Telfa AB	8,8	8,8
Sum total	**75,2**	73,1

** All Motion Technology operations have been moved to OEM Motor AB.*

The above amounts relate to goodwill amounting to SEK 66,4 (64,3) million and acquired supplier relationships for Telfa AB amounting to SEK 8.8 (8.8) million. These are long-standing supplier relations with an indefinite useful life that are appraised as stable over the foreseeable future.
The usage values are based on estimated future cash flows for a total of twenty (100) 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 take consideration to the industry forecasts for expected future trends and developments. Current market shares are expected to increase marginally in the forecast period. According to the business plans, operational growth is expected to reach approximately 2% (2%) in most companies and 3% (3%) in a few companies each year. Growth has been forecast at approximately 2% (2%) for other years during the forecast period. The gross profit margins are expected to reach the same level as at the end of 2012. The forecast cash flows have been converted to a present value using a discount rate of 12% (13%) before tax. The recoverable amounts 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 result in the estimated recoverable amounts for the units being lower than the carrying values.

PARENT COMPANY

Expenses brought forward for software	**2012**	**2011**
ACCUMULATED ACQUISITION COST		
At beginning of year	13,1	5,5
New acquisitions	12,6	7,6
Sales and disposals	-1,8	–
Total cost of acquisition	23,9	13,1
ACCUMULATED AMORTISATION		
At beginning of year	-3,0	-1,6
Sales and disposals	1,8	–
Amortisation	-1,7	-1,4
Total amortisation	-2,9	-3,0
Residual value acc. to plan at year-end	21,0	10,1
ACCUMULATED ADDITIONAL DEPRECIATIONS		
At beginning of year	-2,6	-0,8
Annual change	-4,4	-1,8
	-7,0	-2,6
Carrying amount at year end	14,0	7,5

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

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	2012 Buildings and land	2012 Equipment, tools and installations	2011 Buildings and land	2011 Equipment, tools and installations
ACCUMULATED ACQUISITION COST				
At beginning of year	191,1	109,2	185,9	103,1
New acquisitions	16,7	18,2	5,5	18,3
Acquired through business acquisitions	–	2,4	–	3,8
Sales and disposals	–	-13,2	–	-13,8
Reclassifications	–	–	–	-2,0
Exchange rate differences for the year	-2,1	-0,9	-0,3	-0,2
Total cost of acquisition	**205,7**	**115,7**	191,1	109,2
ACCUMULATED DEPRECIATION ACCORDING TO PLAN				
At beginning of year	-40,7	-71,1	-36,2	-70,1
Acquired through business acquisitions	–	-2,0	–	-3,2
Sales and disposals	–	10,5	–	9,8
Depreciation for the year based on the cost	-4,7	-12,7	-4,6	-10,8
Reclassifications	–	–	–	3,0
Exchange rate differences for the year	0,5	0,7	0,1	0,2
Total depreciation according to plan	**-44,9**	**-74,5**	-40,7	-71,1
Booked value at end of the year	**160,8***	**41,2****	150,4*	38,1**

**The value of buildings was SEK 151.5 (135.2) for the Group and SEK 15.8 (16.3) for the Parent Company.*
Buildings and land include construction in progress, totalling SEK 0.0 million (5.2).
*** The value of car finance leases was SEK 14.8 (16.8).*

PARENT COMPANY	2012 Buildings and land	2012 Equipment, tools and installations	2011 Buildings and land	2011 Equipment, tools and installations
ACCUMULATED ACQUISITION COST				
At beginning of year	28,6	16,5	28,6	14,1
New acquisitions	–	2,2	–	2,8
Sales and disposals	–	-1,2	–	-0,4
	28,6	17,5	28,6	16,5
ACCUMULATED DEPRECIATION ACCORDING TO PLAN				
At beginning of year	-11,7	-11,8	-11,1	-11,1
Sales and disposals	–	1,2	–	0,4
Depreciation for the year according to plan for acquisition costs	-0,6	-2,0	-0,6	-1,1
	-12,3	-12,6	-11,7	-11,8
Residual value acc. to plan at year-end	16,3	4,9	16,9	4,7
ACCUMULATED ADDITIONAL DEPRECIATIONS				
At beginning of year	–	-0,7	–	-0,1
Annual change	–	0,2	–	-0,6
	–	-0,5	–	-0,7
Booked value at end of the year	16,3	4,4	16,9	4,0

NOTE 15. SHARES AND PARTICIPATION IN GROUP COMPANIES

PARENT COMPANY	2012	2011
Booked value		
At beginning of year	307,5	303,5
Acquisitions for the year	19,7	33,0
Remeasurement of contingent considerations	-2,9	–
Mergers and liquidations	–	-16,7
Owner contributions	1,8	–
Impairments	–	-12,3
Closing balance	326,1	307,5

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

	Corp.id.no.	Reg. office	No. of shares	Share of capital	Quota value	Book value 2012	Book value 2011
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 OY, Finland	–	–	–	100%			
OEM Automatic Ltd, UK	–	–	–	100%			
OEM Automatic sp.z o.o., Poland	–	–	–	100%			
IBEC B.V., Netherlands	–	–	–	100%			
Internordic Bearings AB, Sweden	556493-8024	Nässjö	–	100%			
OEM Electronics AB, Sweden	556054-3828	Tranås	–	100%			
OEM Electronics OY, Finland	–	–	–	100%			
Mekanik i Jönköping AB, Sweden (formerly Indoma AB)	556326-5171	Jönköping	–	100%			
OEM Logistics AB, Sweden	556194-8521	Stockholm	2 500	100%	100	1,5	1,5
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 (liquidated in 2012)	–	–	–	–			
Cyncrona A/S, Denmark	–	–	–	100%			
Cyncrona Sp.z.o.o, Poland	–	–	–	100%			
Cyncrona Ou., Estonia (liquidated in 2012)	–	–	–	–			
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
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
OEM Automatic spol.s.r.o. , the Czech Republic	–	–	–	100%	CZK 100	15,5	15,5
OEM Automatic UAB, Lithuania	–	–	100	100%	LTL 100	0,0	0,0
OEM Automatic SIA, Latvia	–	–	20	100%	LVL 200	0,0	0,0
OEM Automatic s.r.o., Slovakia	–	–	–	100%	SKK 200	0,0	0,0
OEM Automatic Klitsö AS, Denmark	–	–	1000	100%	DKK 1,000	36,0	36,0
Elektro Elco AB, Sweden	556564-2716	Jönköping	1 000	100%	100	68,0	68,0
OEM Automatic (Shanghai) Ltd, China	–	–	–	100%	USD 140	1,2	1,2
All Motion Technology AB, Sweden	556601-7009	Täby	1 000	100%	100	8,1	8,8
Apex Dynamics Sweden AB, Sweden	556771-7466	Täby	–	100%			

(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	Quota value	Book value 2012	Book value 2011
Echobeach Ltd, UK (liquidated in 2012)	–	–	–	–			
Svenska Helag AB, Sweden	556225-9639	Borås	1 020	100%	100	12,6	13,8
Svenska Batteripoolen i Borlänge AB, Sweden	556234-3722	Borlänge	2 000	100%	100	5,3	6,4
Flexitron AB, Sweden	556414-6982	Täby	5 000	100%	100	11,0	11,0
OEM Automatic Kft, Hungary	–	–	–	100%	–	3,9	2,0
Akkupojat OY, Finland	–	–	–	100%	–	6,2	–
Agolux AB, Sweden	556892-3774	Tranås	5 000	100%	100	0,5	–
TemFlow Control AB, Sweden	556286-7365	Stockholm	1 000	100%	100	5,0	–
Vanlid Transmission AB, Sweden	556233-6643	Malmö	3 000	100%	100	8,0	–
Ronson Transmission AB, Sweden	556322-5829	Malmö	–	100%			
Fenix Transmission AB, Sweden	556434-4322	Kalmar	–	100%			
Datasensor UK Ltd, UK	–	–	–	100%			
Sum total						326,1	307,5

NOTE 16. PREPAID EXPENSES AND ACCRUED INCOME

	THE GROUP		PARENT COMPANY	
	2012	**2011**	**2012**	**2011**
Accrued commission income, etc.	0,3	0,3	–	–
Prepaid rent expense	1,7	1,0	0,2	0,1
Prepaid insurance costs	1,2	1,9	0,1	0,2
Other prepaid expenses	8,4	6,7	2,4	2,4
Sum total	**11,6**	9,9	2,7	2,7

NOTE 17. EQUITY

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

		2012		2011	
		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
Total number of own shares		**23 169 309**	**66 073 173**	23 169 309	66 073 173
Repurchased own shares		-61 847	-61 847	-61 847	-61 847
Total number of shares outstanding		**23 107 462**	**66 011 326**	23 107 462	66 011 326

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

	Number of shares		Amounts that affected equity	
	2012	**2011**	**2012**	**2011**
Opening repurchased own shares	61 847	–	23,3	26,6
Repurchased own shares	–	61 847	–	-3,3
Closing repurchased own shares	**61 847**	61 847	**23,3**	23,3

The Group's translation reserve

The translation reserve includes all foreign exchange gains and losses that arise in translating financial statements from foreign operations that have prepared their financial statements in a currency other than that used in the consolidated financial statements. The Parent Company and the Group present their financial statements in SEK. The translation reserve also comprises exchange-rate differences arising in conjunction with the translation of liabilities reported as hedging instruments of a net investment in a foreign operation.

Parent company's restricted funds

Restricted funds may not be reduced through the payment of dividends.

Reserve fund

The purpose of the reserve fund has been to save a proportion of the net earnings not required to cover retained losses.
Amounts which before 1 January 2006 went to the share premium account have been transferred to the reserve fund.

Parent company's distributable equity

The following funds and profit for the year together constitute distributable equity, i.e. the amount available for distribution as a dividend to shareholders.

Retained earnings

Retained earnings are the retained earnings from the previous year and income after deduction of dividends paid during the year.

CAPITAL MANAGEMENT

The Board of Director's goal is to sustain stable growth and achieve a good return on total equity with minimal financial risk.
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:	**2012**	**2011**	**2010**
Growth of operating profit	-7%	26%	86%
Return on equity	19%	21%	17%
Equity/assets ratio	63%	63%	64%

DIVIDENDS

After the balance sheet date, the Board proposed a dividend of SEK 3.75 per share (3.50). 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

	THE GROUP	
	2012	**2011**
Other long-term liabilities		
Bank loan	8,4	8,7
Finance lease liabilities	10,6	11,8
Sum total	**19,0**	20,5
Current liabilities		
Bank loans and overdrafts	92,8	58,0
Current liabilities to credit institutions	4,2	2,1
Finance lease liabilities	4,2	5,0
Sum total	**101,2**	65,1
Liabilities that fall due for payment later than five years after balance sheet date	**8,4**	8,7

FINANCE LEASE LIABILITIES

	THE GROUP	
	2012	2011
Finance lease liabilities fall due for payment as shown below:		
Within one year	4,2	5,0
Between one and five years	10,6	11,8
Later than in five years	–	–
Sum total	**14,8**	16,8

The Finance lease liabilities relate to leasing of cars.

NOTE 19. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

DEFINED-BENEFIT OBLIGATIONS AND VALUE OF PLAN ASSETS

	2012	**2011**
Present value of entirely or partially funded obligations	5,4	6,4
Fair value of plan assets	-4,5	-3,9
Net of entirely or partially funded obligations	**0,9**	2,5
Net obligations before adjustments	**0,9**	2,5
Accumulated unrecognised actuarial gains (+) and losses (-)	-0,5	-2,0
Net amount in the Statement of Financial Position (obligations + assets -)	**0,5**	0,5
The net amount recognised in the following items in the Statement of Financial Position:		
Provisions for pensions and similar obligations	0,5	0,5
Net amount in the Statement of Financial Position (obligations + assets -)	**0,5**	0,5
The net amount is split over plans in the following countries:		
Norway	0,5	0,5
Net amount in the Statement of Financial Position (obligations + assets -)	**0,5**	0,5

(CONT. NOTE 19.)

	2012	2011
CHANGE IN PRESENT VALUE OF THE OBLIGATION FOR DEFINED-BENEFIT PLANS		
Obligation for defined-benefit plans as of 1 January	6,4	9,7
Pensions earned during the period	0,5	0,5
Actuarial gain and loss	-1,7	0,9
Interest on obligations	0,3	0,2
Paid benefits	-0,1	-0,1
Discontinued operations	–	-4,8
Obligation for defined-benefit plans as of 31 December	**5,4**	6,4
CHANGE IN FAIR VALUE OF PLAN ASSETS		
Fair value of plan assets as of 1 January	3,9	8,9
Contributed funds from employer	0,8	0,3
Paid benefits	-0,1	-0,1
Expected return on plan assets	0,2	0,2
Difference between expected and actual return	-0,3	-0,3
Discontinued operations	–	-5,2
Fair value of plan assets as of 31 December	**4,5**	3,9
COST RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME		
Expenses for pensions earned during the year	0,7	0,5
Interest cost	0,3	0,2
Expected return on plan assets	-0,2	-0,2
Discontinued operations	–	0,9
Other	0,2	0,1
Sum total costs in Statement of Comprehensive Income	**0,9**	1,5

ACTUARIAL ASSUMPTIONS		
The following significant actuarial assumptions have been applied when calculating the obligations: (weighted average values)		
Discount rate	4,2%	3,9%
Expected return on plan assets	4,0%	4,8%
Future salary increases	3,5%	4,0%
Future increases of pensions	0,2%	0,7%
Employee turnover	3,3%	3,8%
Expected remaining length of service	20 years	20 years

In Norway, all employees are covered by defined-benefit pension plans. SEK 0.4 million is expected to be paid in contributions for the plans and the expected return on the pension funds is expected to total SEK 0.2 million for 2013. 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 Board, 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 2012 and 2011. 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 1.2 million (1.1). Alecta's excess can be allocated to the policy holders and/or the insured. At the close of 2012, Alecta's surplus, in the form of the collective consolidation level, was 129% (113%). 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 14.0 million (16.4). The Parent Company's cost for defined-contribution plans is SEK 1.5 million (1.9).

NOTE 20. OTHER NON-CURRENT LIABILITIES

	THE GROUP		PARENT COMPANY	
	2012	**2011**	**2012**	**2011**
Other non-current, non-interest-bearing liabilities	0,7	7,4	0,7	7,4
Sum total	**0,7**	7,4	0,7	7,4

Other non-current liabilities relate to the long-term element of contingent considerations.

NOTE 21 BANK LOANS AND OVERDRAFTS

The majority of the Swedish companies are part of a central accounting system with a total limit of SEK 125 million (125), which is the parent company limit. None of this has been utilised.
The subsidiaries' balance/liability in the central accounting system is reported in the Parent Company, either as a receivable from, or a liability to, subsidiaries. The total limit in the Group is SEK 295 million (293).

PLEDGED ASSETS TO CREDIT INSTITUTES

	THE GROUP		PARENT COMPANY	
	2012	**2011**	**2012**	**2011**
Property mortgages	18,5	18,8	7,5	7,5
Business mortgages	67,4	61,6	–	–
Sum total	**85,9**	80,4	7,5	7,5

NOTE 22. CONTINGENT LIABILITIES

The Group is currently involved in one ongoing dispute that is subject to judicial review.

The subsidiary, Internordic Bearings AB, is involved in proceedings at a court of general jurisdiction regarding mutual creditor claims with a client of the company's products for a breach of contract claim. The client's insurance company has also taken legal action against Internordic Bearings AB following insurance compensation paid to the client. The proceedings are in progress and a decision is expected in 2013. After obtaining legal opinion in the matter, the Board of Internordic Bearings has disputed the claims made and has therefore not seen it necessary for a provision to be made in the accounts or to recognise an amount under contingent liabilities.

NOTE 23. ACCRUED EXPENSES AND PREPAID INCOME

	THE GROUP		PARENT COMPANY	
	2012	**2011**	**2012**	**2011**
Accrued holiday pay	24,8	22,2	1,9	1,9
Accrued social security costs	13,1	13,0	1,7	2,0
Prepaid income	0,3	0,3	–	–
Accrued supplier inv./commercial debts	9,2	8,2	–	–
Other accrued expenses	21,5	29,7	5,0	4,9
Sum total	**68,9**	73,4	8,6	8,8

NOTE 24. UNTAXED RESERVES

	PARENT COMPANY	
	2012	**2011**
Accumulated depreciation above plan		
At beginning of year	3,4	1,0
Accumulated depreciation above plan during the year	4,2	2,4
At year-end	7,6	3,4
Accruals funds		
2007 provision for taxation	–	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	25,0
2012 provision for taxation	30,0	30,0
2013 provision for taxation	33,2	–
Sum total	145,3	126,8
Total untaxed reserves	152,9	130,2

Deferred tax constitutes SEK 33.6 million (34.2) of the untaxed reserves.

NOTE 25. FINANCIAL RISKS AND RISK MANAGEMENT

The most significant financial risks for the OEM Group are currency and customer credit risks. 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. The OEM Group's financial activities and management of financial risks is primarily performed in the Parent Company. This is carried out in accordance with the financial policy approved by the Board of Directors. There are frameworks for how risk management is to be conducted and for how risks are to be limited. These systems are characterised by a low risk level. The basis is the structured and efficient management of the financial risks that arise in the business.

OEM is of the opinion that the carrying values of financial assets and liabilities approximate their fair values. The Group's holdings of such financial assets that represent fixed assets are fairly limited.

At the close of 2012, the amount of non-current receivables was SEK 0.1 million (0.6). At year end, the Group's holding of such financial assets that represent current assets amounted to SEK 235 million (232) and accrued income to SEK 0.3 million (0.3) and other receivables to SEK 8.1 million (10.8). As is evident above, more than 99% of the financial assets are categorised as loans and receivables. The financial liabilities are measured at amortised cost. The Group does not have any liabilities with fixed interest. 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 181 million (162), the overdraft item SEK 92.8 million (58.0) and other interest-bearing liabilities SEK 27.9 million (28.1) have variable interest rates and are thus exposed to cash flow risk. 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 offset, as far as possible, by establishing a maturity profile that makes it possible to take necessary alternative actions to secure capital if necessary. Cash and bank balance at the end of the year was SEK 181 million (162) and financial current assets were SEK 235 million (232).
At the close of the year, the Group's financial liabilities were SEK 229 million (227). The maturity profile is presented in the table below.

	2012					**2011**				
SEK million	**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*	92,8	–	–	92,8	–	58,0	–	–	58,0	–
Other interest-bearing liabilities	12,6	–	4,2	-	8,4	12,5	–	–	2,3	10,2
Accounts payable, etc.	153,2	135,4	17,7	0,1	–	139,4	114,7	24,6	0,2	–
Finance lease liabilities	14,8	0,3	0,7	3,2	10,6	16,8	0,4	0,8	3,7	11,8
	273,4	**135,7**	**22,6**	**96,1**	**19,0**	226,7	115,1	25,4	64,2	22,0

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

(CONT. NOTE 25.)

INTEREST RISKS

The interest risk is low and essentially consists of the cash flow risk that arises when the items cash and bank balance, overdraft and other interest-bearing liabilities have variable interest rates. A one per cent change in interest on the balance sheet date would entail a change of SEK 0.6 million (0.7) in the income statement.

CURRENCY RISKS

The currency risks are primarily due to purchases being made in foreign currencies. 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 55% (54%) of purchases in 2012 is attributable to EUR, 19% (19%) to USD, 1% (1%) to JPY, 4% (4%) to GBP, 12% (12%) to SEK and 9% (10%) 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.

Currency clauses and sales in the purchasing currency make up about 69% (66%) 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 7-60 days prior to delivery. The supplier credit period is about 34 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 100 million in change in earnings.

Elektro Elco AB uses foreign exchange forward contracts. The hedged amount is USD 2.4 million (0.4) and EUR 0.6 million (–). The market value amounted to SEK -0.2 million (0.1) on 31 December 2012.

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. 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. Recognised receivables are measured based on the low level of risk.

The Group has approximately 25,000 purchasing customers in total. The largest individual customer accounted for approximately 3% (3%) of sales. The five largest customers accounted for 12% (9%) of sales and the ten largest customers accounted for 17% (13%) of sales. The distribution of risk is thus very good. Customer losses during the year amounted to SEK 1.6 million (0.3), which corresponds to 0.1% (0.02%) of sales. The average credit period rose to approximately 44 days.

Purchasing is divided expressed as a percentage as follows:

	2012	2011
EUR	55%	54%
USD	19%	19%
GBP	4%	4%
JPY	1%	1%
SEK	12%	12%
Other currencies	9%	10%
	100%	100%

Exchange rate changes significant currencies

Currency	Weighted average 2012	Weighted average 2011	Change
EUR 1	8,67	8,99	-4%
USD 1	6,69	6,44	4%
GBP 1	10,66	10,34	3%
JPY 1	8,43	8,14	4%

The sensitivity of the translation exposure to changes in the exchange rate is explained below:

Currency	Nominal amount SEK million	Sensitivity analysis +/- 5% in exchange rate Impact on the Group's shareholders' equity
CZK	9,6	0,5
DKK	17,1	0,9
EUR	62,1	3,1
GBP	37,8	1,9
NOK	12,7	0,6
PLN	6,8	0,3
HUF	0,1	0,0
LVL	0,0	0,0
LTL	-0,3	0,0
CNY	-0,5	0,0
Sum total	**142,7**	**7,3**

Exchange rates used in the preparation of the accounts to translate the income statements and net assets of foreign subsidiaries

Currency	Weighted average 2012	December 2012	Weighted average 2011	December 2011
NOK 100	115,66	116,22	115,29	114,55
DKK 100	116,57	115,12	120,70	119,93
EUR 1	8,6713	8,5816	8,9869	8,9097
GBP 1	10,6574	10,4514	10,3411	10,6368
PLN 1	2,064	2,1028	2,1749	2,0159
HUF 100	2,9806	2,9308	3,2287	2,8528
CZK 1	0,3434	0,3411	0,3635	0,3439
LTL 1	2,5118	2,4859	2,603	2,5808
LVL 1	12,3298	12,2047	12,6197	12,6394

(CONT. NOTE 25.)

AGE ANALYSIS, TRADE RECEIVABLES NOT WRITTEN DOWN (SEK MILLION)

	2012	2011
Trade receivables not matured	188,9	201,4
Trade receivables matured 0-30 days	35,4	26,1
Trade receivables matured > 30 - 90 days	5,9	2,2
Trade receivables matured > 90 - 180 days	3,1	2,0
Trade receivables matured > 180 - 360 days	0,8	0,1
Trade receivables matured >360 days	1,9	1,8
Sum total	**236,0**	233,4

PROVISIONS FOR LOSS (SEK M)

	2012	2011
Balance at beginning of year	1,7	2,4
Effects of business combinations	-0,2	0,1
Provision for expected losses	1,3	0,4
Confirmed losses	-1,3	-1,2
Closing balance	**1,4**	1,7

NOTE 26. OPERATING LEASES

	THE GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Leases where the company is the lessee				
Non-redeemable lease payments amount to				
Within one year	12,4	9,9	0,5	0,5
Between one and five years	20,7	10,1	0,7	1,1
Longer than five years	–	–	–	–
Sum total	**33,1**	20,0	1,2	1,6

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

	THE GROUP		PARENT COMPANY	
	2012	2011	2012	2011
Costs reported during the year for operating leases	12,5	10,8	0,5	0,5
Sum total	**12,5**	10,8	0,5	0,5

NOTE 27. CASH FLOW STATEMENT

ADDITIONAL INFORMATION CONCERNING CASH FLOW STATEMENT:

	THE GROUP		PARENT COMPANY	
	2012	**2011**	**2012**	**2011**
Interest received	2,1	2,5	1,8	2,1
Dividends received	–	–	30,7	17,2
Interest paid	-3,8	-3,5	–	–
SPECIFICATION ITEMS NOT INCLUDED IN THE CASH FLOW				
Depreciation	33,1	28,4	4,2	3,2
Capital gain profits	-0,7	–	–	-2,8
Other	-2,5	-2,4	–	–
Group contribution	–	–	3,7	-35,8
Write-off shares	–	–	–	12,3
Sum total	**29,9**	26,0	7,9	-23,1

ACQUISITION OF SUBSIDIARY COMPANIES - GROUP

ACQUIRED ASSETS AND LIABILITIES		
Intangible assets	23,3	36,8
Other non-current assets	0,5	0,5
Inventories	12,4	14,3
Trade and other receivables	11,6	11,0
Cash and cash equivalents	10,1	2,9
Total assets	**57,9**	65,4
Deferred tax liabilities	4,9	8,1
Interest-bearing liabilities	1,0	3,5
Current operating liabilities	19,0	13,1
Total liabilities	**24,9**	24,8
Net	**33,0**	40,7
CONSIDERATION		
Consideration for acquired units in the current year	-33,0	-40,8
Consideration payable	12,2	15,4
Specified consideration for acquired units before the current year	-7,6	-8,6
Deducted: Cash and cash equivalents in the acquired operations	10,1	2,9
Impact on cash and cash equivalents	**-18,3**	-31,1

(CONT. NOTE 27.)

	THE GROUP	
DIVESTMENT OF SUBSIDIARY COMPANIES - GROUP	**2012**	**2011**
DIVESTED ASSETS AND LIABILITIES:		
Property, plant and equipment	–	–
Inventories	–	–
Total assets	**–**	–
Current operating liabilities	–	–
Total liabilities	**–**	–
CONSIDERATION		
Sale price		
Consideration received	2,7	1,5
Impact on cash and cash equivalents	**2,7**	1,5

CASH AND CASH EQUIVALENTS

Cash and cash equivalents currently only cover cash and bank balance.

NOTE 28. 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 2012 incorporate the financial statements of the Parent Company and its subsidiaries, jointly referred to as the Group.

NOTE 29. EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

NOTE 30. 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 policies and estimates, as well as the application of these policies 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 measuring the recoverable amount 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 given in Note 13. In the opinion of the company's management, a reasonably possible change in the key assumptions would not cause the estimated recoverable amounts to fall below the carrying amounts of the units.

Valuation other intangible fixed assets
Other intangible fixed assets consist primarily of the values arising at acquisition divided into SEK 20.4 million for supplier relationships, SEK 30.0 million for customer relationships and SEK 19.4 million for brands. Supplier relationships are divided into two amounts, SEK 8.8 million and SEK 11.6 million, respectively.
The supplier relationship, with a value of SEK 8.8 million, has an indefinite useful life. The amortisation period for supplier relationships with a value of SEK 11.6 million is estimated to be five years.
A maximum of 57 months remain of the amortisation period. Customer relationships consist of establishments on new markets and these are expected to be written off over a five-year period. A maximum of 59 months remain of the amortisation period. Trademarks comprise the Hide-a-lite trademark, which includes a number of light fixture series for concealed lighting. The Hide-a-lite trademark will be written off over a ten-year period and 70 months remain of the amortisation period.

NOTE 31. EARNINGS PER SHARE

Calculations of basic and diluted earnings per share are based on the year's profit attributable to the parent company's shareholders. (MSEK)

	2012	2011
Total business units	126,4	127,9
Continuing operations	126,5	125,7

Earnings per share for total, continuing and discontinued operations are based on the following number of shares.

	2012	2011
Average number of outstanding shares *	23 107 462	23 163 717
Total average shares	23 169 309	23 169 309

* Weighted average number of outstanding shares has been affected by the repurchase of its own shares repurchased in 2011.

The Group had no potential ordinary shares outstanding during the year.

EARNINGS PER SHARE FOR TOTAL, CONTINUING AND DISCONTINUED OPERATIONS ON THE TOTAL NUMBER OF SHARES

	2012	2011
Earnings per share:	5,46	5,52
Earnings per share from continuing operations	5,46	5,42
Earnings per share from discontinued operations	0,00	0,10

EARNINGS PER SHARE FOR TOTAL, CONTINUING AND DISCONTINUED OPERATIONS ON THE NUMBER OF OUTSTANDING SHARES

Earnings per share:	5,47	5,52
Earnings per share from continuing operations	5,47	5,42
Earnings per share from discontinued operations	0,00	0,10

There is no dilutive effect.

NOTE 32. RELATED PARTY DISCLOSURES

The OEM Group's related parties consist primarily of senior executives (Note 6), other 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. Related party transactions 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	
Retained earnings	211 109 631,92
Net profit/loss for the year	102 726 039,83
	313 835 671,75
The Board of Directors proposes that the profit be disposed so that a dividend of SEK 3.75 per	
share is paid to shareholders	86 884 908,75
and that the following be carried forward	226 950 763,00
	313 835 671,75

The Board of Director's comments on the dividend proposal may be viewed on the company's website, www.oem.se or is available upon request. The Board of Directors recommends Thursday 25 April, 2013, as the record date.

The Board of Directors and the Managing Director declare that the Annual Report has 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 the European Commission's and the Swedish Financial Reporting Board's Regulation (EC) No. 1606/2002 of 19 July, 2002, regarding the application of international accounting standards. The Annual Report 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 Report and the consolidated financial statements were approved for publication by the Board of Directors on 28 February 2013. 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 22 April 2013.

TRANÅS, SWEDEN, 28 FEBRUARY 2013

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 4 March 2013
KPMG AB

Kjell Bidenäs
Authorised Public Accountant

AUDITORS' REPORT

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

CORPORATE IDENTITY NUMBER 556184-6691

STATEMENT ON THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
We have conducted an audit of the Annual Report and consolidated financial statements of OEM International AB (publ) for 2012. The company's Annual Report and consolidated financial statements are included in the printed version of this document on pages 6-53.

The Board of Directors and the Managing Director are responsible for the Annual Report and the consolidated financial statements.
The Board of Directors and the Managing Director are responsible for the preparation of an Annual Report that gives a true and fair view, as required by the Swedish Annual Accounts Act, and consolidated financial statements that give a true and fair view, as required by the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act, and for the internal control that the Board of Directors and the Managing Director consider necessary in the preparation of an Annual Report and consolidated financial statements that are free from material misstatement, whether due to irregularities or errors.

Auditors' responsibility
Our responsibility is to express an opinion on the Annual Report and the consolidated financial statements based on our audit. We have conducted our audit in compliance with the requirements of the International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require us to comply with professional requirements and plan and conduct the audit to obtain reasonable assurance that the Annual Report and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report and consolidated financial statements. The auditor decides which procedures to use, by assessing the risks of material misstatement in the Annual Report and the consolidated financial statements, whether due to irregularities or errors. In making those risk assessments, the auditor considers the components of the internal control that are relevant to how the company prepares the Annual Report and consolidated financial statements to give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the Annual Report and the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent company as at 31 December, 2012, and its financial performance and its cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as at 31 December, 2012, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act. 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 therefore recommend that the Annual General Meeting adopts the income statement and the balance sheet of the parent company and the Group's statement of comprehensive income and statement of financial position.

STATEMENT ON OTHER LEGAL AND STATUORY REQUIREMENTS
In addition to our audit of the Annual Report and consolidated financial statements, we have conducted an audit of the proposal for the appropriation of the company's profit or loss, and the management by the Board of Directors and the Managing Director of OEM International AB (publ.) for 2012.

Responsibilities of the Board and the Managing Director
The Board of Directors is responsible for the proposal for the appropriation of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for the management in accordance with the Swedish Companies Act.

Auditors' responsibility
Our responsibility is to express an opinion, with a reasonable level of assurance, on the proposal for appropriation of the company's profit or loss and on its management based on our audit. We have conducted our audit in compliance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board's proposal for appropriation of the company's profit or loss, we have examined the Board's statement and a selection of the underlying information for this in order to be able to determine whether the proposal is consistent with the Swedish Companies Act.

As a basis for our opinion on discharge from liability, in addition to our audit of the Annual Report and consolidated financial statements, we have examined significant decisions, actions taken and circumstances in 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
We recommend that the Annual General Meeting appropriate the profit 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, 4 MARCH 2013

KPMG AB

Kjell Bidenäs
Authorised Public Accountant

BOARD OF DIRECTORS

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3

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6

1. AGNE SVENBERG (born 1941)
Board member since 1974.
Managing Director through 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 224 530 OEM Class B

2. PETTER STILLSTRÖM (born 1972)
Board member since 2010.
Master of Economics. Not employed by OEM. CEO and major shareholder in AB Traction. Other appointments: Chairman of the Board in Nilörngruppen AB and Softronic AB. Board member in PartnerTech AB, AB Traction, BE Group AB and several unlisted companies in Traction's sphere of influence.
Number of shares: 0.

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

4. HANS FRANZÉN (born 1940)
Chairman of the Board 1992–2006.
Board member since 1974.
CEO through 31 December 2001.
Engineer. Not employed by OEM.
Other appointments: Chairman of the Board for Tranås Rostfria AB, TR Equipment AB, Opti Fresh AB, Linktech AB, Cendio AB and Handelsbanken's local Board in Tranås. Board member of 0Ovacon AB and IB Medical AB. Number of shares: 707,376 OEM Class A and 612 990 OEM Class B.

5. JERKER LÖFGREN (born 1950)
Board member since 2010.
LLM. Not employed by OEM. Senior Legal Counsel in Carnegie Private Banking. Other appointments: Chairman of the Board, Orvaus AB and Orvaus Nörvalen AB. Number of shares: 0.

6. LARS-ÅKE RYDH (born 1953)
Board chairman 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 and Schuchardt Maskin AB. Board member of Nolato AB, HL Display AB and Olja economic association.
Number of shares: 12,000 OEM Class B

From the left:

SVEN RYDELL (born 1973)
Marketing and Communications Director.
Group employee since 2008.
Number of shares: 984 OEM Class B

JAN CNATTINGIUS (born 1955)
Finance Director.
Group employee since 1985.
Number of shares: 11000 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: 43 232 OEM Class B

MIKAEL THÖRNKVIST (born 1968)
Managing Director of OEM Automatic AB through 31 March 2013. Thereafter VP/Business Development OEM International. Group employee since 1990.
Number of shares: 3000 OEM Class B.

FREDRIK SIMONSSON (born 1971)
Managing Director of Elektro Elco AB.
Group employee since 1993.
Number of shares: 1000 OEM Class B.

URBAN MALM (born 1962)
Managing Director of OEM Electronics AB. Group employee since 1983.
Number of shares: 2800 OEM Class B.

PATRICK NYSTRÖM (born 1958)
Director of Business Activities in Finland and the Baltic Countries
Group employee since 1982.
Number of shares: 22500 OEM Class B.

JENS KJELLSSON (born 1968)
Director for the Denmark, Norway, UK and Central Eastern Europe Region through March 2013. Thereafter, Managing Director of OEM Automatic AB.
Group employee since 1990.
Number of shares: 11000 OEM Class B.

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 484,400 on 31 December 2012. OEM's shares were transferred to the O List in 2000 and its shares have been trading on the NASDAQ OMX Nordic Small Cap market since 2006.

PRICE TRENDS

The price of OEM International shares rose during the year from SEK 55.00 to a closing price of SEK 67.00. The highest price paid during the year was SEK 73.50 on 30 April. The lowest price paid during the year was SEK 54.00 on 2, 4 and 10 January. OEM's market value at the close of 2012 was SEK 1,552 million. During the year, the Stock Exchange's index for OMX Small Cap Sweden PI rose 9% and the index for OMX Nordic Industrials rose 23%.

TURNOVER

In 2012, 2,181,712 Class B shares (1,701,176) were sold corresponding to a turnover rate of 12% (9%). The average shareholder in OEM therefore retains shares for about 8 (11) years. OEM's Class B shares were sold on 88% (96%) of the trading days and the average daily turnover in 2012 was 9,828 shares (6,915). OEM International had 2,350 (2,457) shareholders on 31 December 2012. Institutional ownership is about 42% (39%) and foreign ownership amounts to 9% (10%).

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. In 2011, the company repurchased 61,847 shares at an average price of SEK 53.26. The company had a holding of 61,847 shares at the end of the year. The Board has been authorised by the Annual General Meeting to repurchase up to 10% of the total number of shares, i.e. 2,316,931 shares. The objective is to continue the repurchases up to 10% of the total number of shares wherever 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. Participation in the NASDAQ OMX Nordic Exchange's liquidity provider scheme began on 1 December 2004.

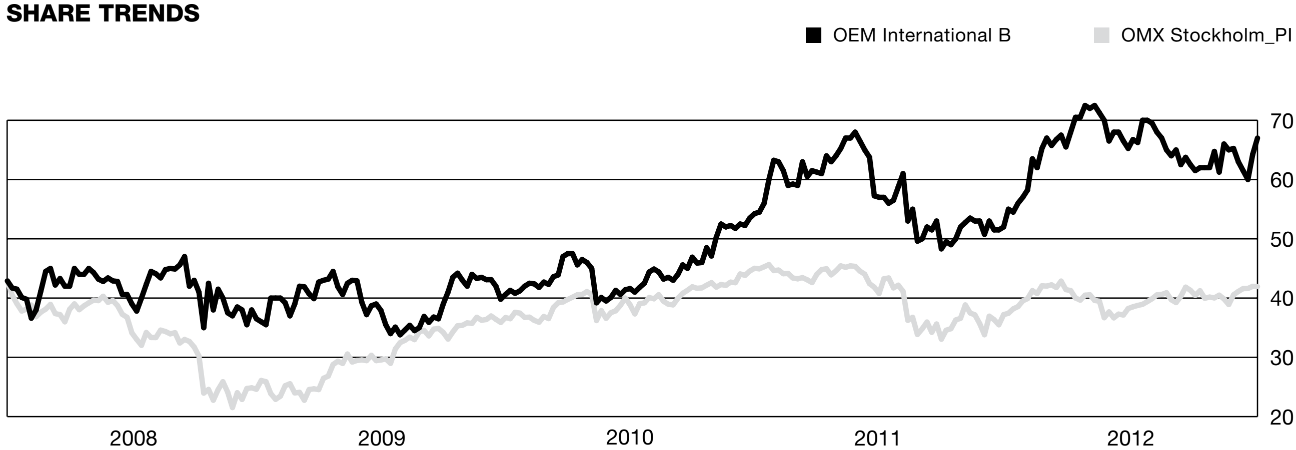
DIVIDEND POLICY

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 SEK 3.75 (3.50) per share dividend, equivalent to 14% (14) of distributable equity in the Group.

SHARE TRENDS



OEM INTERNATIONAL ON THE STOCK EXCHANGE
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OWNERSHIP STRUCTURE

OEM'S LARGEST SHAREHOLDERS AS OF 2012-12-28

	Class A shares	Class B shares	Percentage share capital	Percentage votes
Orvaus AB	1 627 320	2 802 360	19,2%	28,9%
Franzén Hans and family	1 280 376	1 322 890	11,3%	21,4%
Svenberg Agne and family	1 223 400	455 986	7,3%	19,2%
AB Traction	636 000	1 252 274	8,2%	11,5%
Lannebo equity funds		2 950 763	12,8%	4,5%
Nordea Investment Funds		1 534 306	6,6%	2,3%
Fjärde AP Fonden		410 055	1,8%	0,6%
Didner & Gerge Aktiefond		310 200	1,3%	0,5%
Ernström Finans AB		309 000	1,3%	0,5%
SEB Investment Management		301 200	1,3%	0,5%
Total 10 owners	**4 767 096**	**11 649 034**	**71,0%**	**89,9%**
Other		6 691 332	29,0%	10,1%
Total	**4 767 096**	**18 340 366**	**100,0%**	**100,0%**
Votes per share	**10**	**1**		

The company's holding of 61,847 Class B shares is not included in the above break-down.
The purpose is to provide a clear overview of the various shareholders' interests in the company.

KEY INDICATORS FOR OEM SHARES

FOR THE PAST FIVE YEARS

		2012	2011	2010	2009	2008
PERFORMANCE KEY INDICATORS						
Sales per share	SEK	70	69	62	54	62
Increase in sales per share	%	2	11	15	-14	11
Earnings per share*	SEK	5,46	5,42	4,32	2,19	4,56
Shareholders' equity per share*	SEK	29,82	27,95	25,63	24,37	25,51
Proposed dividends	SEK	3,75	3,50	3,00	2,00	3,00
Dividend/Income	%	69	65	70	91	66
Dividend/Shareholders' equity	%	13	13	12	8	12
Cash flow per share*	SEK	5,43	4,67	4,99	4,46	6,98
RISK KEY INDICATORS						
Rate of turnover for shares	%	12	9	8	14	11
VALUATION KEY INDICATORS						
Quoted price as per 31 December	SEK	67,00	55,00	54,50	41,30	35,00
Quoted price as per 31 December*	SEK million	1 552	1 274	1 268	957	811
P/S ratio	times	1,0	0,8	0,9	0,8	0,6
P/E ratio	times	12,3	10,1	12,6	18,8	7,7
Price/Shareholders' equity	%	225	197	213	169	137
EV/Sales	times	0,9	0,8	0,8	0,7	0,5
EBIT multiple	times	9,2	6,9	8,4	11,9	5,3
Direct return	%	5,6	6,4	5,5	4,8	8,6

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

The key indicators are based on the continuing operation. Comparative information for 2011 to 2008 has been restated.

SHAREHOLDER ANALYSIS

AS AT 2012-12-28*

Size class	Percentage of no. of shareholders	Percentage of share capital
1-500	43,6	0,8
501-1 000	20,3	1,5
1 001-2 000	15,5	2,3
2 001-5 000	11,4	3,8
5 001-10 000	4,0	2,8
10 001-20 000	2,3	3,3
20 001-50 000	1,4	4,5
50 001-100 000	0,6	3,9
100 001-5 000 000	0,9	77,1
Sum total	**100,0**	**100,0**

The total number of shareholders in OEM is 2 350.

**) Source: Euroclear Sweden AB. 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.*

CHANGE IN SHARE CAPITAL

Year	Transaction	Change in share capital, SEK million	Total share capital, SEK million	Average 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.

Return on capital employed: Operating profit 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: Operating profit for the year plus financial income in relation to interest expenses.

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

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

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

EBITDA: Operating profit before depreciation/amortisation of property, plant and equipment and intangible fixed assets.

Profit margin: Profit/loss before tax as a percentage of 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.

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

Dividend/Profit payout ratio: Proposed dividend in relation to the year's profit from continuing operations.

Dividend/Shareholders' equity: Proposed dividend in relation to the Group's equity and non-controlling interests.

Cash flow per share: Cash flows from operating activities divided by the number of shares.

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 (market value + net debt + non-controlling interests) divided by net sales.

EBIT multiple: Enterprise value divided by operating profit/loss after depreciation.

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