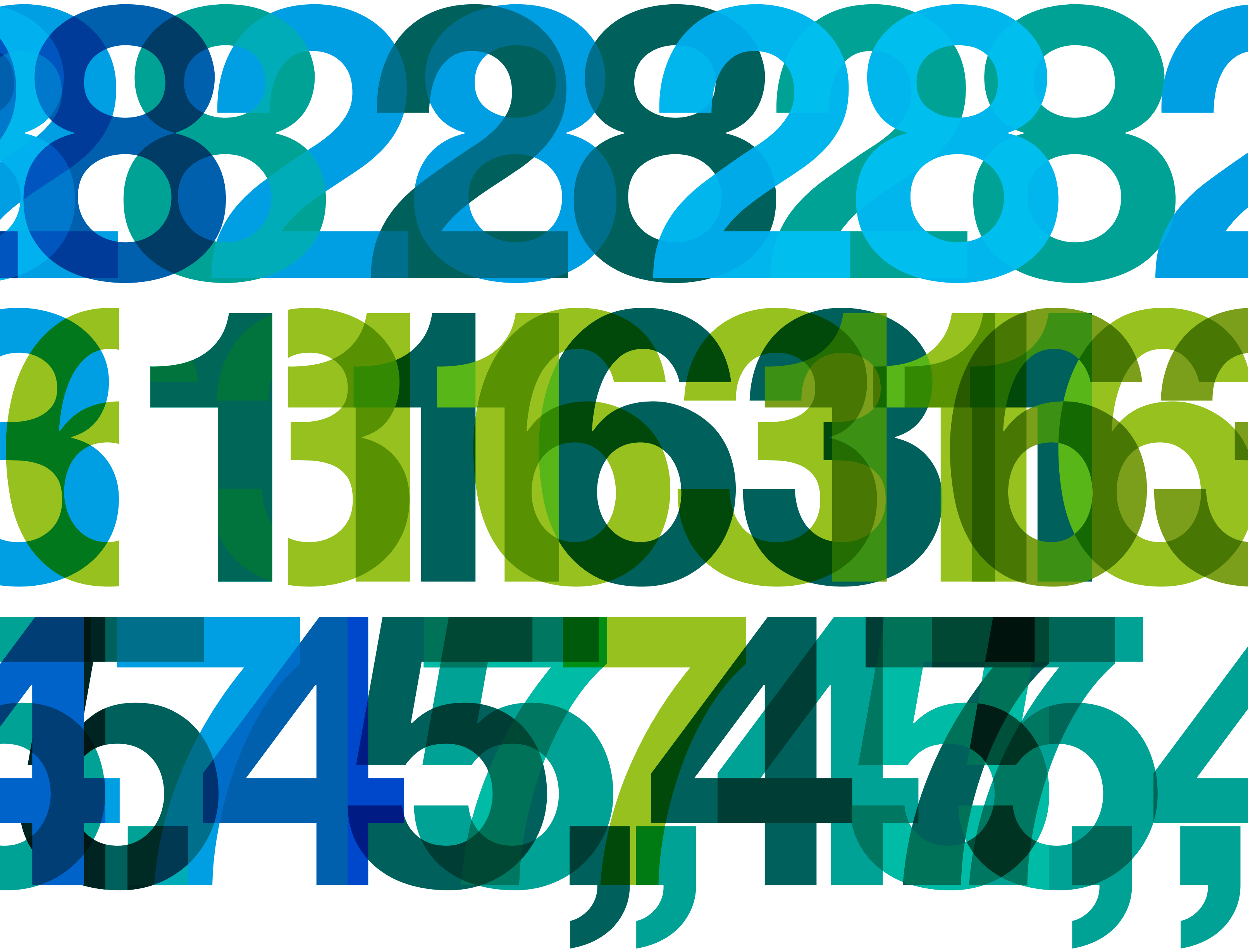

Annual report 2013

The Annual General Meeting will be held on Tuesday 29 April, at 4.00 pm at Badhotellet's Conference centre, Ågatan 16, Tranås, Sweden.

Registration.

Shareholders wishing to attend the Annual General Meeting must:
- be entered in the share register held by Euroclear Sweden AB by Wednesday 23 April 2014.
- notify the company no later than Wednesday 23 April 2014, before 1 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 Wednesday 23 April 2014 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 4.00 per share for the financial year 2013 and Monday 5 May 2014 as the record date. If approved by the Annual General Meeting, the dividend is payable on Thursday 8 May 2014 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, 29 April 2014
Interim report, January–June, 14 July 2014
Interim report, January–September, 21 October 2014
Financial statement 2014, 17 February 2015
Annual Report 2014, March/April 2015

2:1 share split combined with an automatic redemption procedure.

To alter the company's capital structure, OEM's Board of Directors proposes a 2:1 share split combined with an automatic redemption procedure. This procedure splits each existing share in the company into two shares, one of which is a redemption share. The redemption share will be redeemed for SEK 10. The proposal means that approximately SEK 232 million will be distributed to the shareholders in addition to the proposed cash dividend.

In brief, the proposal means that
- The company implements a 2:1 share split.
- One of the shares, the redemption share, will be automatically redeemed for SEK 10.
- The proposed record date for the share split is 12 May 2014.
- Shareholders who wish to sell their redemption shares before the redemption will have the opportunity to do so between 14 and 27 May 2014, when the trading of the redemption shares takes place on the Stockholm Stock Exchange.
- Payment of the redemption settlement is expected to take place on 5 June 2014.

The redemption procedure is conditional on the decisions of the Annual General Meeting in April 2014 on the following items of business.

- Amendment of the Articles of Association so that the limits for the share are increased from 10,000,000 – 40,000,000 to 20,000,000 – 80,000,000.
- Share split, whereby each existing share, from Class A and Class B, are split into two shares, one of which will be known as a redemption share.
- Reduction of the share capital for repayment to the shareholders
  through the withdrawal of 23,169,309 redemption shares, of which 4,767,096 are Class A and 18,402,213 Class B shares.
- Increase of the share capital by SEK 19,307,507 and 50 öre through a bonus issue, whereby the company's distributable equity shall be used.

Contents.

Five-year Group summary.

(SEK million)

FROM THE STATEMENT OF COMPREHENSIVE INCOME	2013	2012	2011	2010	2009
Sweden	1,070.7	1,040.8	1,028.5	898.3	780.9
Overseas	597.7	590.6	561.1	532.1	458.6
Net sales	**1,668.4**	**1,631.4**	**1,589.6**	**1,430.4**	**1,239.5**
Operating income before depreciation, amortisation and impairment	197.9	195.5	202.2	165.9	101.4
Depreciation, amortisation and impairment	-39.0	-33.1	-28.4	-27.6	-27.1
Profit/loss from financial items	-1.9	-3.7	-1.4	-1.8	-1.1
Pre-tax profit/loss	**157.0**	**158.7**	**172.4**	**136.5**	**73.2**
Tax	-35.9	-32.2	-46.7	-36.5	-22.4
Profit/loss for the year from continuing operations	**121.1**	**126.5**	**125.7**	**100.0**	**50.8**
Net profit/loss after tax from discontinued operations	-	-0.1	2.2	-4.5	-7.8
TOTAL PROFIT/LOSS FOR THE YEAR	**121.1**	**126.4**	**127.9**	**95.5**	**43.0**
FROM THE STATEMENT OF FINANCIAL POSITION					
Intangible fixed assets	145.3	157.1	138.3	106.8	108.9
Property, plant and equipment	210.6	202.0	188.5	182.5	196.7
Financial assets and deferred tax claims	2.2	1.6	2.8	8.5	7.2
Inventories	302.1	294.6	269.4	219.9	217.1
Current receivables	266.6	264.5	262.4	240.7	219.7
Cash and cash equivalents	172.8	180.9	161.6	173.2	165.2
TOTAL ASSETS	**1,099.7**	**1,100.7**	**1,023.0**	**931.6**	**914.8**
Equity	724.8	688.7	647.7	593.8	564.5
Non-current liabilities	96.0	86.2	93.8	67.9	67.8
Current liabilities	278.9	325.8	281.5	269.9	282.5
TOTAL EQUITY AND LIABILITIES	**1,099.7**	**1,100.7**	**1,023.0**	**931.6**	**914.8**

KPIs for the last five years.

OEM GROUP		2013	2012	2011	2010	2009
Net sales **	SEK million	1,668	1,631	1,590	1,430	1,240
Of which overseas **	%	35.8	36.2	35.3	37.2	37.0
Consolidated profit before tax**	SEK million	157.0	158.7	172.4	136.5	73.2
Consolidated profit for the year	SEK million	121.1	126.4	127.9	95.5	43.0
Return on total capital **	%	15.2	15.8	18.3	15.5	8.6
Return on capital employed **	%	20.3	21.8	25.3	21.0	11.9
Return on equity	%	17.1	18.9	20.6	16.5	7.4
Debt/equity ratio	times	0.15	0.17	0.13	0.14	0.21
Interest coverage ratio **	times	55.7	43.9	50.8	52.4	25.2
EBITDA/net sales **	%	11.9	12.0	12.7	11.6	8.2
Operating margin **	%	9.5	9.9	10.9	9.7	6.0
Profit margin **	%	9.4	9.7	10.8	9.5	5.9
Capital turnover rate	times/yr	1.52	1.48	1.56	1.54	1.46
Net sales/employee**	SEK million	2.6	2.6	2.8	2.8	2.4
Equity/assets ratio	%	65.9	62.6	63.3	63.7	61.8
Operating cash flows	SEK million	133.8	125.7	108.1	115.6	103.5
Quick ratio	%	155	138	153	153	136
Average number of outstanding shares	thousands	23,107	23,107	23,164	23,169	23,169
Earnings per share	SEK	5.24	5.47	5.52	4.12	1.86
Earnings per share **	SEK	5.24	5.47	5.42	4.32	2.19
Average total number of shares	thousands	23,169	23,169	23,169	23,169	23,169
Earnings per share	SEK	5.23	5.46	5.52	4.12	1.86
Earnings per share**	SEK	5.23	5.46	5.42	4.32	2.19
Shareholders' equity per share*	SEK	31.28	29.74	27.95	25.63	24.37
Proposed dividends	SEK	4.00	3.75	3.50	3.00	2.00
Quoted price as per 31 December	SEK	88.75	67.00	55.00	54.50	41.30
P/E ratio	times	17.0	12.3	10.0	13.2	22.3
P/E ratio**	times	17.0	12.3	10.1	12.6	18.8
Direct return	%	4.5	5.6	6.4	5.5	4.8
No. of employees **	No.	631	623	570	504	516
Salaries and remuneration **	SEK million	219	212	199	182	180

** Shareholders' equity per share = visible equity*

*** Continuing operations*

The five-year summary of key performance indicators for 2009 to 2013 has been adjusted in line with IFRS 5 by excluding discontinued operations, so that only continuing operations are reported.

Directors' Report.

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 2013 financial year. The Annual Report and the consolidated financial statements, including the Auditors' Report, are given on pages 6-54. Figures for 2012 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, the UK 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 has partnerships with more than 300 leading and specialist manufacturers, allowing it to offer an extensive and detailed range of industrial components. A well-structured local market organisation and efficient logistics make OEM a better alternative to 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.

Its extensive range of industrial components comprises products in the areas of electrical components, flow components, motors and transmissions, ball bearings and seals, appliance components and lighting. 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, the Baltic States and China, 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 Nordic Mid Cap in Stockholm.

Sales and earnings

OEM increased its net sales by 2% to SEK 1,668 million (1,631) over the previous year. The effect of acquired businesses in 2012 increased net sales by SEK 45 million or 3%. Excluding acquisitions and the impact of foreign currency exchange rate fluctuations, net sales decreased by 1%.

Operating profit for the year was SEK 158.9 million (162.4) representing an operating margin of 9.5% (9.9%). Profit before tax amounted to SEK 157.0 million (158.7) Post-tax profit for the year was SEK 121.1 million (126.4). Changes in the tax rate, effective from 1 January 2013, had a SEK 8.4 million impact on post-tax profit last year on the revaluation of deferred tax liabilities.

The year's profit after tax corresponds to SEK 5.24 (5.47) per share.

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, Agolux, TemFlow Control, Vanlid Transmission, Ronson Transmission and Fenix Transmission.

Sales climbed by 3% to SEK 1,072 million (1,045). Net sales increased by SEK 26 million or 3% as a result of acquired businesses. Excluding the impact of foreign currency exchange rate fluctuations and acquired businesses, organic growth is at the same level as the previous year.

Demand has gradually increased compared to the second half of 2012 OEM Motor, Svenska Batteripoolen and Electro Elco reported the strongest net sales growth in 2013.

Operating profit increased by 7% to SEK 136.8 million (127.8). This improvement is attributable to higher net sales and slightly higher margins. Acquired growth has had a marginal impact on operating profit.

Region Finland, the Baltic States and China

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

Net sales rose 6% to SEK 248 million (235), which was also an increase in local currency. The acquisition of Akkupojat in 2012 and the business operations in the Baltic States and China account for the improved performance. Net sales increased by about SEK 7 million or 3% as a result of acquired businesses.

Operating profit was SEK 15.4 million (16.1). The decrease is due to an increased cost base. Acquired growth has had a marginal impact on operating profit.

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 fell 1% to SEK 349 million (352). The effect of acquired businesses increased net sales by SEK 12 million compared with last year, which represents 4%.

The operations in Poland, Hungary, Norway and the Czech Republic reported increased net sales, while other markets reported a decrease.

As a result of implemented market investment and the drop in net sales, operating profit is down 24% to SEK 22.7 million (29.8).

Profitability, financial position and cash flows

Return on capital employed was 20.3% (21.8%) and return on equity was 17.1% (18.9%). The Group's equity/assets ratio was 65.9% (62.6%) at year-end. Shareholders' equity per share was SEK 31.28 (29.74). At year end, the Group's cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 393 million (383).

Operating cash flow was SEK 133.8 million (125.7). After net investments of SEK -44.3 million (-59.7) and amortisation, new loans and paid dividends for a total of SEK -96.9 million (-46.1), the year's cash flow was SEK -7.3 million (19.9).

Investments

The Group's gross investment for the year was SEK 27.4 million (18.2) in machinery and equipment, SEK 1.7 million (16.7) in buildings, and SEK 5.9 million (35.9) in other intangible fixed assets, relating to customer and supplier relationships, goodwill and software.

Group changes

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 was 643 (622), an increase of 21. The average number of employees during the year was 631, compared with 623 in the previous financial year. Employee numbers have increased because most subsidiaries have realised the need to strengthen their organisations to create greater growth. Women represent 21% (20%) of the workforce. Absence due to illness stands, on average, at 6 days per person and has risen by 2 days 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 5.

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 24.

Economy
OEM is affected by the general economic development, which is usually measured in terms of GDP growth. The company operates in a wide range of different sectors and geographic areas which lessens the impact of economic fluctuations in specific industries and geographic markets on its business.

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 of its product offering, 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 know when it is commercially justifiable to enter 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 based on long-term, close collaborative partnerships. The Group has some 300 suppliers in total. No supplier accounts for more than 10% of the total sales of the Group. The expiration and addition of a number of supplier agreements each year is a normal part of the business.

OEM has a broad customer structure spread across a number of industrial segments and geographic markets. No customer accounts for more than 3% of the total sales of the Group.

Competitive situation
Restructuring and consolidations in the industrial trading sector are continuously changing the competitive situation. Economies of scale can lead to downward pressure on prices, but OEM's strategy includes reaching market-leading positions with a portfolio of products and services where the price is not the 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. Its targets over one business cycle are annual growth of 15%, a minimum 20% return on equity and an equity/assets ratio of not below 35%.

The Group has not issued a forecast for 2014.

OEM is well placed for further expansion with its strong market position, financial performance and organisation.

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

Environmental impact
OEM had no operations requiring registration or licensing under the Swedish Environmental Code in 2013. 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 short and long-term impacts of its operations on the environment.

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, and warehouse management.

The Parent Company's net sales were SEK 37.5 million (41.3). Net sales relate entirely to subsidiary companies. Profit before year-end appropriations and tax amounted to SEK 16.3 million (31.4).

With regard to non-financial information and financial risk management, the Group's information also includes the Parent Company, where applicable.

Guidelines for remuneration to senior management
The policies for remuneration to senior management adopted at the 2013 Annual General Meeting are given in Note 5.

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 2014 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 executive 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 salaries upon 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 own 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 is authorised to repurchase up to 10% of the number of shares, which is 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 and 2013. The company's total shareholding was 61,847 shares on 31 December 2013, 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.

Other information

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 supported by shareholders with at least 2/3 of the votes cast as well as of the shares represented at the meeting. 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 4.00 (3.75) per share, which represents a total payout of SEK 92.7 million. The complete proposal for profit allocation is presented on page 53.

Proposed share split and redemption procedure

To alter the company's capital structure, OEM's Board of Directors proposes a 2:1 share split combined with an automatic redemption procedure. This procedure splits each existing share into two shares, one of which is a redemption share. The redemption share will be redeemed for SEK 10.

Events after the reporting period

On 15 January 2014, OEM International acquired the majority of the operations of the Finnish company Mytrade, whose core business is the marketing of a vision system. The business reported sales of SEK 9 million in 2013 and will be integrated into the operations of OEM Automatic Finland.

On 27 January 2014, all shares in Nexa Trading AB (head office in Gothenburg) were acquired. The company markets products, primarily in the Nordic countries, for wireless control of lighting and such, and safety products for the home. The company's sales in 2013 amounted to over SEK 52 million.

As from 1 January 2014, the Parent Company shares are registered on NASDAQ OMX Nordic Mid Cap in Stockholm.

CORPORATE GOVERNANCE STATEMENT

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 2,332 shareholders at the end of 2013. The ten largest shareholders controlled 72% 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 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. Notice of extraordinary general meetings convened for other purposes must be issued no later than three weeks before the meeting. Notice of an annual general meeting shall be published in the "Post- och Inrikes Tidningar" newspaper and on the company's website. It must be announced in Svenska Dagbladet that notice has been issued.

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/Articles of Association).

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/Annual General Meeting).

Shareholders who represented 58.1% of the share capital and 77.8% of the voting rights took part in the 2013 Annual General Meeting held on 22 April 2013. 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 2012 financial year and developments during the first quarter of 2013 and gave his assessment of the future prospects and outlook for the Group. The auditor submitted the Auditors' Report and an oral account of the work during the year.

The 2013 Annual General Meeting decided:

- to adopt a dividend of SEK 3.75 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. Remuneration shall be based on the market rate and the variable part is capped at 58% of base salary. The company's management is to have defined contribution pension schemes, based on the market rate and 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 2014 Annual General Meeting will be held on 29 April 2014 in Tranås.

Nomination Committee

At the Annual General Meeting held on 22 April, 2013, 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 his/her 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 shall be published at least six months before the 2014 Annual General Meeting and shall be based on the known number of votes immediately before publication. The term of office of the Nomination Committee shall run until a new Nomination Committee is appointed. The Chairman of the Nomination Committee shall be the Chairman of the Board.

Should there be any significant changes in the company's ownership structure after the appointment of the Nomination Committee, the composition of the Nomination Committee shall also be changed in line with the principles above. Shareholders who appointed a representative to be a member of the Nomination Committee shall be entitled to dismiss such a member and appoint a new one and also appoint a new representative if the member appointed by the shareholder chooses to withdraw from the Nomination Committee. Changes to the composition of the Nomination Committee shall be published as soon as such changes are made. The composition of the Nomination Committee was published with the interim report on 17 October 2013. 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 items of business to be presented for resolution at the 2014 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 a resolution regarding 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 for the 2014 Annual General Meeting is composed 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 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 are members of the Board, that not more than one of the Board Members on the Committee may be dependent on large shareholders and that a Board Member should not be a Chairman of the Nomination Committee. It is deemed that it is reasonable for a company of this size to have a Nomination Committee that is represented by the largest shareholders and that some of these also serve as Board Members.

BOARD OF DIRECTORS

Composition of the Board of Directors

The Articles of Association require that the Board of Directors is to consist of not less than four and not more than seven members elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. Since the 2013 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 in relation to the company and the company's management, Ulf Barkman and Lars-Åke Rydh are also independent in relation 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 2013 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.

Duties of the Board

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 2013, the Board had a total of eight meetings, including the inaugural meeting.

The Board Members have participated in all Board meetings with the exception of Ulf Barkman, who was absent on one occasion. All resolutions have been passed unanimously by the Board of Directors, except for the choice of method in connection with distribution of funds for which a vote was held.

The secretary of the Board is the company's CFO. Other Company employees take part in the meetings of the Board in connection with the presentation of specific issues or if it is otherwise deemed appropriate.

The work of the Board during the year comprises, among other things, questions concerning the strategic development of the Group, the ongoing business activity, the development in results and profitability, corporate acquisitions, disposal of companies and properties, the financial position of the organisation and the Group.

The work of the Board is subject to an annual assessment.

Remuneration of the Board

The remuneration of the members of the Board elected by the Annual General Meeting is decided by the Meeting in accordance with the proposal of the Nomination Committee. The 2013 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 2014 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 2012. 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 is the same as for 2012. All share-related incentive schemes are to be decided by the Annual General Meeting. At present, there are no similar incentive schemes. The maximum term of notice is 24 months and shall also include the obligation to work during the term 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 2014 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 2014 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 2013, OEM's executive team members were Jörgen Zahlin, Jan Cnattingius, Jens Kjellsson, Urban Malm, Patrick Nyström, Sven Rydell, Fredrik Simonsson 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 this document 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 6. The auditors are required to continually assess their independence before deciding whether to undertake an engagement to provide consulting services.

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

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

The 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 2013 Annual General Meeting, KPMG AB was re-appointed as auditors of the company until the conclusion of the 2014 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 and Väderstad-Verken AB.

Internal control and risk management regarding financial reporting for the financial year 2013

As required by the Swedish Annual Accounts Act, the Board of Directors must annually submit a presentation of the most important elements of the company's system for internal control and risk management with regard to its 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 regar d 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 regarding financial reporting, above all, through own analysis, by asking questions and taking part in the work of the control function.

Internal audit

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

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	2013	2012
Operating income			
Net sales	2	1,668.4	1,631.4
Other operating income	3	3.1	3.1
Operating costs			
Commodities		-1,038.5	-1,017.7
Staff costs	5	-321.6	-308.7
Other expenses	6	-113.5	-112.6
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	7	-39.0	-33.1
Operating profit	2	**158.9**	**162.4**
Finance income and expense			
Finance income	9	1.3	2.1
Finance expense	10	-3.2	-5.8
Pre-tax profit/loss		**157.0**	**158.7**
Taxes	11	-35.9	-32.2
Profit/loss for the year from continuing operations		**121.1**	**126.5**
Discontinued operations			
Net profit/loss after tax from discontinued operations		0.0	-0.1
TOTAL PROFIT/LOSS FOR THE YEAR		**121.1**	**126.4**
Other comprehensive income			
Items that have been or can be recycled to the income statement for the period			
Exchange differences on translation of foreign operations for the year		3.7	-4.2
Items that have not been or cannot be recycled to the income statement for the period			
Revaluation of defined-benefit pension plans		-2.8	1.5
Tax effect from revaluation of defined-benefit pension plans		0.8	-0.4
Other comprehensive income for the year		**1.7**	**-3.1**
COMPREHENSIVE INCOME FOR THE YEAR		**122.8**	**123.3**
Profit for the year attributable to:			
Parent Company shareholders		121.1	126.4
Non-controlling interests		-	-
Comprehensive income for the year attributable to:			
Parent Company shareholders		122.8	123.3
Non-controlling interests		-	-
Earnings per share, SEK *		5.24	5.47
Earnings per share from continuing operations, SEK *		5.24	5.47
Average number of outstanding shares *		23,107,462	23,107,462

** No effects of dilution present.*

Consolidated statement of financial position.

(SEK million)

ASSETS	Note	31 Dec 2013	31 Dec 2012
Fixed assets			
Intangible fixed assets			
Goodwill	12	67.0	66.4
Other intangible fixed assets	12	78.3	90.7
		145.3	**157.1**
Property, plant and equipment			
Buildings and land	13	159.0	160.8
Fixtures, fittings, tools and equipment	13	51.5	41.2
		210.6	**202.0**
Financial assets			
Non-current receivables		0.2	0.1
		0.2	**0.1**
Deferred tax assets	11	**2.0**	**1.5**
Total fixed assets		**358.1**	**360.7**
Current assets			
Inventories, etc.			
Commodities		302.1	294.6
		302.1	**294.6**
Current receivables			
Tax receivables		10.9	10.2
Trade receivables		236.9	234.6
Other receivables		10.2	8.1
Prepaid expenses and accrued income	15	8.6	11.6
		266.6	**264.5**
Cash and cash equivalents	26	**172.8**	**180.9**
Total current assets		**741.5**	**740.0**
TOTAL ASSETS		**1,099.7**	**1,100.7**

Consolidated statement of financial position.

(SEK million)

EQUITY AND LIABILITIES	Note	31 Dec 2013	31 Dec 2012
Equity	16		
Share capital		38.6	38.6
Other contributed capital		39.4	39.4
Translation reserves		-0.2	-3.9
Retained earnings, including profit for the year		647.1	614.6
Total equity attributable to Parent Company shareholders		**724.8**	**688.7**
Liabilities			
Non-current liabilities			
Interest-bearing liabilities			
Other non-current interest-bearing liabilities	17	27.8	22.1
Provisions for pensions	18	3.9	0.9
Non interest-bearing liabilities			
Other non-current liabilities	19	-	0.7
Deferred tax liabilities	11	64.3	62.5
Total non-current liabilities		**96.0**	**86.2**
Current liabilities			
Interest-bearing liabilities			
Bank loans and overdrafts	17, 20	77.5	92.8
Other current liabilities	17	6.9	5.3
Non interest-bearing liabilities			
Trade payables		95.1	108.8
Tax liabilities		2.7	5.7
Other liabilities		30.0	44.3
Accrued expenses and prepaid income	22	66.7	68.9
Total current liabilities		**278.9**	**325.8**
TOTAL EQUITY AND LIABILITIES		**1,099.7**	**1,100.7**

PLEDGED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets for own liabilities and provisions	20		
Property mortgages		18.4	18.5
Business mortgages		39.1	67.4
TOTAL PLEDGED ASSETS		**57.5**	**85.9**
Contingent liabilities			
Other contingent liabilities	21	-	-
TOTAL CONTINGENT LIABILITIES		**-**	**-**

Consolidated statement of changes in equity.

(SEK million)

	Share capital	Other contributed capital	Translation reserve	Surplus brought forward, including the year's income	Total shareholders' equity
Opening equity 1 Jan 2012	38.6	39.4	0.3	569.4	647.7
Adjustments for changes in accounting policies				-1.4	-1.4
ADJUSTED EQUITY 1 JAN 2012	**38.6**	**39.4**	**0.3**	**568.0**	**646.3**
Total profit/loss for the year				126.4	126.4
Other comprehensive income			-4.2	1.1	-3.1
Shareholder transactions:					
Dividends paid				-80.9	-80.9
CLOSING BALANCE 31 DEC 2012*	**38.6**	**39.4**	**-3.9**	**614.6**	**688.7**
Opening equity 1 Jan 2013	38.6	39.4	-3.9	614.6	688.7
Total profit/loss for the year				121.1	121.1
Other comprehensive income			3.7	-2.0	1.7
Shareholder transactions:					
Dividends paid				-86.7	-86.7
CLOSING BALANCE 31 DEC 2013 *	**38.6**	**39.4**	**-0.2**	**647.1**	**724.8**

** Shareholders' equity attributable to Parent Company shareholders.*

NUMBER OF SHARES	Total	Outstanding
Opening number 1 Jan 2012	23,169,309	23,107,462
CLOSING NUMBER 31 DEC 2012	**23,169,309**	**23,107,462**
Opening number 1 Jan 2013	23,169,309	23,107,462
CLOSING NUMBER 31 DEC 2013	**23,169,309**	**23,107,462**

Consolidated statement of cash flows.
(SEK million)

	2013	2012
Operating activities		
Earnings before tax from all operations	157.0	158.8
Adjustments for items not included in the cash flow	38.7	29.9
	195.7	**188.7**
Taxes paid	-37.5	-38.0
Operating cash flows before movements in working capital	**158.2**	**150.7**
Cash flow from changes in working capital		
Changes in inventories	-5.0	-14.9
Changes in trade receivables	-0.7	5.5
Change in other operating receivables	0.9	-0.7
Change in trade payables	-14.3	-1.8
Change in other operating liabilities	-5.3	-13.1
Operating cash flows	**133.8**	**125.7**
Investing activities		
Acquisition of subsidiaries, net effect on cash and cash equivalents	-12.3	-18.3
Disposal of subsidiaries, net effect on cash and cash equivalents	-	2.7
Acquisition of intangible fixed assets	-5.9	-12.6
Acquisition of property, plant and equipment	-29.1	-34.9
Sales of property, plant and equipment	2.9	3.4
Investing cash flows	**-44.4**	**-59.7**
Financing activities		
Loans raised	18.8	45.8
Loan amortisation	-29.0	-11.0
Dividends paid	-86.7	-80.9
Financing cash flows	**-96.9**	**-46.1**
CASH FLOW FOR THE YEAR	**-7.3**	**19.9**
Cash equivalents at start of the year	180.9	161.6
Exchange rate difference cash equivalents	-0.8	-0.6
Cash equivalents at end of year	**172.8**	**180.9**

Parent Company's income statement.

(SEK million)

	Note	2013	2012
Operating income			
Net sales		37.5	41.3
Operating costs			
Other external costs	6	-21.0	-17.4
Staff costs	5	-21.9	-20.3
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	7	-5.7	-4.2
Operating profit		**-11.1**	**-0.7**
Profit/loss from financial items			
Income from interests in Group companies	8	26.2	30.7
Other interest income and similar profit/loss items	9	2.2	3.2
Other interest expense and similar charges	10	-1.0	-1.9
Profit/loss after financial items		**16.3**	**31.4**
Year-end appropriations			
Difference between tax depreciation and depreciation according to plan:			
Expenses brought forward for software	23	-2.4	-4.4
Fixtures, fittings, tools and equipment	23	0.0	0.2
Tax allocation fund, provision	23	-32.0	-33.2
Tax allocation fund, reversal	23	10.0	14.7
Group contributions received		134.7	120.2
Group contributions paid		-3.0	-0.1
Pre-tax profit/loss		**123.6**	**128.8**
Taxes	11	-21.9	-26.0
TOTAL PROFIT/LOSS FOR THE YEAR		**101.7**	**102.7**
Other comprehensive income for the year		**-**	**-**
COMPREHENSIVE INCOME FOR THE YEAR		**101.7**	**102.7**

Parent Company balance sheet.

(SEK million)

ASSETS	Note	31 Dec 2013	31 Dec 2012
Fixed assets			
Intangible fixed assets			
Expenses brought forward for software	12	23.3	21.0
		23.3	**21.0**
Property, plant and equipment			
Buildings and land	13	15.7	16.3
Fixtures, fittings, tools and equipment	13	4.4	4.9
		20.1	**21.2**
Financial assets			
Interests in Group companies	14	323.8	326.1
		323.8	**326.1**
Total fixed assets		**367.2**	**368.4**
Current assets			
Current receivables			
Current tax assets		3.8	-
Receivables from Group companies		229.7	223.1
Other receivables		0.7	-
Prepaid expenses and accrued income	15	2.6	2.7
		236.8	**225.8**
Cash on hand and demand deposits	20	**138.9**	**123.8**
Total current assets		**375.6**	**349.6**
TOTAL ASSETS		**742.9**	**718.0**

Parent Company balance sheet.

(SEK million)

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	Note	31 Dec 2013	31 Dec 2012
Equity			
Non-distributable equity	16		
Share capital		38.6	38.6
Reserve fund		32.3	32.3
		70.9	**70.9**
Distributable equity			
Profit brought forward		227.2	211.1
Total profit/loss for the year		101.7	102.7
		328.9	**313.8**
Total shareholders' equity		**399.8**	**384.7**
Untaxed reserves			
Over depreciation	23	10.0	7.6
Accruals funds	23	167.3	145.3
Total untaxed reserves		**177.3**	**152.9**
Provisions			
Deferred tax liabilities	11	1.8	1.7
Total provisions		**1.8**	**1.7**
Non-current liabilities			
Non interest-bearing liabilities			
Other liabilities	19	-	0.7
Total non-current liabilities		**-**	**0.7**
Current liabilities			
Non interest-bearing liabilities			
Trade payables		3.0	1.8
Tax liabilities		-	0.6
Liabilities to Group companies		149.5	155.6
Other current liabilities		3.0	11.4
Accrued expenses and prepaid income	22	8.5	8.6
Total current liabilities		**164.0**	**178.0**
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		**742.9**	**718.0**
PLEDGED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets for own liabilities and provisions	20		
Property mortgages		7.5	7.5
TOTAL PLEDGED ASSETS		**7.5**	**7.5**
Contingent liabilities			
Security undertakings to the benefit of Group companies		192.2	182.0
TOTAL CONTINGENT LIABILITIES		**192.2**	**182.0**

Parent Company statement of changes in equity.

(SEK million)

	Non-distributable equity		Distributable equity	Total shareholders' equity
	Share capital	Reserve fund	Profit/loss brought forward including profit/loss for the year	
Opening equity 1 Jan 2012	38.6	32.3	292.0	362.9
Comprehensive income for the year *			102.7	102.7
Dividends paid			-80.9	-80.9
CLOSING EQUITY 31 DEC 2012	**38.6**	**32.3**	**313.8**	**384.7**
Opening equity 1 Jan 2013	38.6	32.3	313.8	384.7
Comprehensive income for the year *			101.7	101.7
Dividends paid			-86.7	-86.7
CLOSING EQUITY 31 DEC 2013	**38.6**	**32.3**	**328.9**	**399.8**
Proposed dividends, SEK 4.00 per share			92.7	

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

NUMBER OF SHARES	Total	Outstanding
Opening number 1 Jan 2012	23,169,309	23,107,462
CLOSING NUMBER 31 DEC 2012	**23,169,309**	**23,107,462**
Opening number 1 Jan 2013	23,169,309	23,107,462
CLOSING NUMBER 31 DEC 2013	**23,169,309**	**23,107,462**

Parent Company cash flow statement.

(SEK million)

	2013	2012
Operating activities		
Profit/loss after financial items	16.3	31.4
Adjustments for items not included in the cash flow	10.0	4.2
	26.3	**35.6**
Taxes paid	-26.2	-25.2
Operating cash flows before movements in working capital	**0.1**	**10.4**
Cash flow from changes in working capital		
Change in other operating receivables	7.3	-7.7
Change in trade payables	1.2	0.3
Change in other operating liabilities	-9.9	15.0
Operating cash flows	**-1.3**	**17.9**
Investing activities		
Acquisition of subsidiaries, net liquidity impact	-10.0	-24.2
Acquisition of intangible fixed assets	-5.9	-12.6
Acquisition of property, plant and equipment	-1.1	-2.2
Investing cash flows	**-17.0**	**-39.1**
Financing activities		
Group contributions, net	120.1	123.8
Dividends paid	-86.7	-80.9
Financing cash flows	**33.4**	**42.9**
CASH FLOW FOR THE YEAR	**15.1**	**21.7**
Cash equivalents at start of year	123.8	102.1
Cash equivalents at end of year	**138.9**	**123.8**

Additional information, refer to Note 26.

Accounting Policies and Notes to the Financial Statements.

Amounts in SEK millions unless otherwise stated

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 statements

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 statements 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 29.

The consolidated accounting policies outlined 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 2013

The section below explains which amended accounting policies the Group has been applying since 1 January 2013. Other amendments to IFRS standards that are effective from 1 January 2013 have not had any significant impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 19 *Employee Benefits*. The amendments mean that the corridor approach is no longer permitted. Actuarial gains and losses are to be recognised immediately as they arise in other comprehensive income. The return on plan assets, determined by using the discount rate that is used when calculating pension obligations, will be recognised in the income statement. The difference between the actual return and expected return on plan assets is recognised in other comprehensive income. The impact of the amended accounting policy is presented below.

SEK million	**2012**
Increase in staff costs	-0.1
Change in net financial items	0.1
Change in the profit or loss for the year	0.0
Revaluation of defined-benefit plans	1.5
Change in tax attributable to items that cannot be recycled to the income statement for the year	-0.4
Change in comprehensive income for the year	1.1

	31 Dec 2012	**1 Jan 2012**
Change in pension obligation	1.5	-2.0
Change in deferred tax claims	-0.4	0.6
Change in retained earnings	1.1	-1.4

Amendments to IAS 1 *Presentation of Financial Statements* 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 Group's presentation is affected as translation differences will be presented in the category of items that have been recycled or can be recycled, while revaluation of defined-benefit pension plans (see above) will be presented in the category that cannot be recycled to the income statement.

IFRS 13 *Fair Value Measurement* introduces new requirements for disclosures about fair value measurement.

New IFRS standards 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.

IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosures 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. These new standards will be applied retroactively starting with the financial statements for 2014. These new standards and amendments are not expected to affect the Group's reporting except with regard to some additional disclosures.

IFRS 9 *Financial Instruments* is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement,* with effect from 1 January 2017 at the earliest. IFRS 9 deals with the classification and measurement of financial assets and financial liabilities and hedge accounting. IFRS 9 will be extended to include new regulations concerning impairment of financial assets.

In its current form, IFRS 9 is not expected to have a significant effect on the consolidated financial statements. 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 non-current liabilities essentially consist 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 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 income and incur expense 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.

Principles of consolidation for subsidiaries

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 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.

Contingent consideration in acquisitions is measured at fair value both at the acquisition date and continuously afterwards; any and all changes in value are recognised in profit or loss.

In the case of acquisitions of subsidiaries from 1 January 2010 onward, 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 case of step acquisitions, which lead to a controlling interest, any previously acquired interests are revalued in accordance with the latest acquisition and the profit or loss is recognised in the income statement.

Once controlling interest has been achieved, any ownership changes are recognised as equity transactions between the shareholders of the parent company and non-controlling interests, without any revaluation of the subsidiary's net assets.

The subsidiary's financial statements are incorporated in the consolidated financial statements from the acquisition date until the date on which the control ceases.

Transactions to be eliminated on consolidation

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

Foreign currency

Transactions in foreign currencies

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

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. Income and expense 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 booked at the fair value of what has been received or will be received with deductions for discounts. Amounts collected for the benefit of another are not included in the company's income but instead constitute received commission.

Sales of services and similar assignments

Income from 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 costs and finance income and expense

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.

Finance income and expense

Finance income and expense 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 and derivative instruments used in the financial operating 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.

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.

Exchange gains and exchange losses are recognised net.

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 to 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 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. Trade payables, 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 a party in accordance with the instrument's conditions of agreement. A receivable is included when the company has performed and there is a contractual liability for the counterparty to pay, even if the invoice has not been sent. 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. Trade payables are recognised on receipt of invoice.

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

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

Classification and presentation

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

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

Trade receivables and other current and non-current 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 presented at amortised cost. Amortised cost is determined based on the effective interest that was calculated at the time of acquisition. Trade receivables are stated at their realisable values, i.e. less allowances for potential losses on doubtful receivables.

Financial investments and derivatives are categorised as "financial assets valued at fair value via the profit or loss for the year"

This measurement 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 expenses in the operating income or in net financial items, based on the intended use of the derivative instrument and how this use is related to an operating item or a financial item. 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.

Trade payables and other operating liabilities classified in the category "Other liabilities"

Liabilities are recognised at the amortised cost determined from the effective interest that was calculated at the time of acquisition, which normally implies nominal value.

Property, plant and equipment

Owned assets

Property, plant and equipment is recorded at cost less any accumulated depreciation and impairment in the consolidated financial statements. Cost includes the purchase price, including expenses directly attributable to their acquisition and costs incurred to prepare the assets for their intended purpose. Directly attributable costs included in cost are cost of delivery and handling, installation, title deeds, consultancy services, legal services and so on. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that requires a significant amount of time to prepare for its intended use or sale are included in cost. Accounting policies for impairment are presented below.

The carrying amount of property, plant and equipment 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 consolidated statement of financial position. The obligation to pay future lease fees is recognised as non-current and current liabilities. The leased assets are depreciated according to plan, and the lease payments are recognised as interest and amortisation of liabilities.

Subsequent expenditure

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

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

Methods of depreciation

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

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

Estimates of useful life:

- buildings, business property, see below
- land improvements 20 years
- machinery and other technical facilities 5–10 years
- fixtures, fittings, tools and equipment 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:

Frame: 100 years

Frame extensions, interior walls, etc.: 30 years

Installations and inner surfaces; heating, electricity, plumbing, ventilation etc.: 20–32 years

External surfaces, exterior 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 the acquisition value minus any accumulated impairment.

Goodwill is allocated to cash-generating units and tested annually for impairment.

Other intangible fixed assets

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

Other intangible assets include software, trademarks and customer relationships. These have a determinable useful life and are recognised at acquisition value 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.

Methods 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 12.

Estimates of useful life:

- IT software 3 to 8 years
- trademarks 5 to 10 years
- customer relationships 5 years
- supplier relationships 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 lowest of the acquisition value 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.

Impairments

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, interests in subsidiary undertakings 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 fixed assets and interests in subsidiary undertakings

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 statement period, the company assesses if there is objective proof that indicates impairment of a financial asset or group of financial assets. A financial asset has impairment only if objective proof indicates that one or more events have occurred that have an effect on the financial asset's future cash flows, if these can be reliably calculated.

The recoverable amount for assets categorised as loans and receivables carried at amortised cost are 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. Impairment goodwill is however never reversed. Impairment is reversed only to the extent the carrying amount of the assets following the reversal does not exceed the carrying amount that the asset would have had if the impairment had not been recognised, taking into account the amortisation that would have been recognised.
Impairment 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 own shares

Purchase of such instruments is recognised as a deduction from shareholder's equity. Payment from sales of equity instruments is recognised as an increase of shareholder's equity. Any transaction expenses are charged directly to 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 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; this compensation is discounted to present value. The discount rate is the interest rate on balance sheet date for a first-class corporate bond with a maturity corresponding to the Group's pension obligations. When there is no functioning market for such corporate bonds, the market interest rate on mortgage bonds with a similar maturity is used instead. The pension obligation is recognised net, less the fair value of the plan assets.

Pension rights earned are recognised in the operating profit, with the exception of the impacts of revaluation and interest rate as per below.

The interest cost/income net on the defined-benefit obligation/asset is recognised in the income statement under net financial items. The net interest income is based on the interest rate in effect at the time of discounting the net obligation, i.e. interest on the obligation, plan assets and interest on the effect of any asset ceiling. Other components are recognised in operating profit.

Effects of revaluation comprise actuarial gains and looses relating to pension obligations and plan assets, which are recognised in other comprehensive income.

Termination benefits

Termination payments shall only be recognised as an expense when the company is demonstrably committed to terminate the employment of an employee before the normal retirement date. A company is demonstrably committed to a termination only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan. 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 measured at the best estimate of the amount required to settle the obligation at the reporting date. If the effect is material, provisions are determined by discounting the expected future cash flows.

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.

Contingent liabilities

A contingent liability is reported when there is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, 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 or cannot be measured reliably.

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. RR 2 means that the Parent Company in the annual accounts for the legal entity must apply all IFRS and interpretations adopted by the EU as long as this is possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the connections between reporting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

Amended accounting policies

The Parent Company has elected to use the alternative method for Group contributions, which means that both issued and received Group contributions are recognised as a year-end appropriation, which is different to last year. Last year has been restated using this method. Otherwise, there have been no changes to the accounting policies.

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. Where the Group uses the terms statement of financial position and statement of cash flows, the Parent uses balance sheet and cash flow statement. 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 Parent's income statement and balance sheet differ to the Group's mainly with regard to reporting of finance income and expense, non-current assets, equity and the presence of provisions as a separate heading in the balance sheet.

Subsidiaries

Interests in subsidiary undertakings are recognised in the Parent Company using the cost method. This means that transaction expenses are included in the carrying value for interests in subsidiary undertakings. 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 valued at the lower of the acquisition cost and the 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 security undertaking to the benefit of subsidiaries. The Parent Company recognises financial guarantee contracts as provision in the balance sheet when the company has an obligation for which payment will probably be required to settle the obligation.

Anticipated dividends

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

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 consolidated financial statements however, untaxed reserves are divided between deferred tax liability and shareholders' equity.

Shareholders' contributions

Shareholders' 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 use the alternative method for Group contributions. This means that both issued and received Group contributions are recognised as a year-end appropriation.

Note 2.

Operating segments.

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 three 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 Group-wide 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 also contributing expertise and resources in the fields of IT, financial control, HR administration, market communication, quality and environmental control, and warehouse management.

YEAR 2013

	Sweden	Finland, Baltic States and China	Denmark, Norway, the United Kingdom and Central Eastern Europe	Group-wide operations	Eliminations	Total consolidated
Income						
External sales	**1,071.9**	**247.6**	**348.9**	**–**	**–**	**1,668.4**
Internal sales	82.0	3.3	0.7	53.1	-139.1	–
Total income	1,153.9	250.9	349.6	53.1	-139.1	1,668.4
Profit/loss						
Operating profit	**136.8**	**15.4**	**22.7**	**-1.0**	**-15.0**	**158.9**
Financial items				-1.9		-1.9
Tax expenses						-35.9
TOTAL PROFIT/LOSS FOR THE YEAR	**136.8**	**15.4**	**22.7**	**-2.9**	**-15.0**	**121.1**
Other disclosures						
Assets	480.7	93.4	165.3	174.5		913.9
Liabilities	260.9	29.3	50.3	-148.8		191.7
Investments in intangible fixed assets	-	-	-	5.9		5.9
Investments in property, plant and equipment	1.7	2.4	6.7	18.3		29.1
Amortisation of intangible fixed assets	5.4	2.5	4.2	6.6		18.7
Depreciation of property, plant and equipment	4.2	1.4	1.9	12.8		20.3

YEAR 2012

	Sweden	Finland, Baltic States and China	Denmark, Norway, the United Kingdom and Central Eastern Europe	Group-wide operations	Eliminations	Total consolidated
Income						
External sales	1,044.7	234.7	352.2	0.1	-0.3	1,631.4
Internal sales	80.8	4.4	1.0	56.8	-143.0	–
Total income	1,125.5	239.1	353.2	56.9	-143.3	1,631.4
Profit/loss						
Operating profit	127.8	16.1	29.8	10.1	-21.4	162.4
Financial items				-3.7		-3.7
Tax expenses						-32.2
TOTAL PROFIT/LOSS FOR THE YEAR	**127.8**	**16.1**	**29.8**	**6.4**	**-21.4**	**126.6**
Other disclosures						
Assets	490.5	86.1	160.5	171.0	-	908.1
Liabilities	267.4	30.0	55.1	-129.8	-	222.6
Investments in intangible fixed assets	6.5	5.0	13.1	11.3	-	35.9
Investments in property, plant and equipment	5.6	3.1	1.1	25.1	-	34.9
Amortisation of intangible fixed assets	4.5	2.7	2.0	6.5	-	15.7
Depreciation of property, plant and equipment	4.4	1.0	1.5	10.5	-	17.4

GEOGRAPHIC AREAS

	External sales *		Assets **		Investments	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Sweden	1,070.7	1,041.2	235.4	240.2	24.2	31.7
Denmark	92.0	104.7	29.3	28.8	0.1	-
United Kingdom	98.7	93.8	36.5	36.3	4.8	13.7
Finland	214.8	207.1	42.4	41.9	3.5	26.4
The Netherlands	1.2	3.4	0.7	0.7	0.1	0.2
Norway	51.3	52.2	0.1	-	0.1	-
Poland	65.5	59.7	2.1	0.8	1.6	0.6
Estonia	17.8	15.8	0.4	0.3	0.3	0.2
Latvia	0.3	0.2	-	-	-	-
Lithuania	2.0	2.2	0.1	-	0.1	-
Czech Republic	31.2	32.2	8.6	9.6	-	0.1
Slovakia	6.8	7.2	0.0	0.1	-	-
Hungary	3.4	2.3	0.1	0.1	0.0	0.1
China	12.7	9.4	0.2	0.4	0.1	0.4
SUM TOTAL	**1,668.4**	**1,631.4**	**355.9**	**359.2**	**35.0**	**73.3**

** External sales are broken down by location of sales point.*
*** Relates to intangible fixed assets and property, plant and equipment*

Note 3.

Other operating income.

	The Group		Parent Company	
	2013	2012	2013	2012
Remeasurement of contingent consideration	3.1	3.1	-	-
SUM TOTAL	**3.1**	**3.1**	**-**	**-**

Note 4.

Business combinations.

2013
No acquisitions were made in 2013.

2012
All the shares in Akkupojat OY were acquired on 1 May 2012.

The impact of acquisition transactions on consolidated sales in 2012 was 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 2012, the effect on net sales and pre-tax profit would have been approximately SEK 16 million and SEK 1 million respectively.

All the shares in TemFlow Control AB were acquired on 23 October 2012.

The impact of acquisition transactions on consolidated sales in 2012 was approximately SEK 3.5 million and on profit before tax approximately SEK 0.5 million.

If the acquired business has been consolidated from the start of 2012, the effect on net sales and pre-tax profit would have been approximately SEK 9 million and SEK 0.8 million respectively.

All the shares in Vanlid Transmission AB, and its subsidiaries Ronson Transmission AB and Fenix Transmission AB, were acquired on 1 November 2012.

The impact of acquisition transactions on consolidated sales in 2012 was approximately SEK 4.4 million and on profit before tax approximately SEK -0.1 million.

If the acquired business has been consolidated from the start of 2012, the effect on net sales and pre-tax profit would have been approximately SEK 30 million and SEK 0.3 million respectively.

All the shares in Datasensor UK Ltd were acquired on 1 December 2012 by OEM International's UK subsidiary, OEM Automatic Ltd.

The impact of acquisition transactions on consolidated sales in 2012 was approximately SEK 0.7 million and on profit before tax approximately SEK 0 million.

If the acquired business has been consolidated from the start of 2012, the effect on net sales and pre-tax profit would have been approximately SEK 15 million and SEK 2 million respectively.

EFFECTS OF PREVIOUS ACQUISITIONS	2013	2012
Net assets of the acquired companies on acquisition:		
Intangible assets	-	20.5
Other fixed assets	-	0.5
Inventories	-	12.4
Trade and other receivables	-	11.6
Cash and cash equivalents	-	10.1
Interest-bearing liabilities	-	-1.0
Trade payables and other operating liabilities	-	-19.0
Deferred tax liabilities	-	-4.9
Net identifiable assets and liabilities	**–**	**30.2**
Consolidated goodwill	-	2.8
CONSIDERATION TRANSFERRED	**–**	**33.0**

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 - million (0.5) and relate to consultancy fees for due diligence.
These expenses have been recognised as other operating costs in the Statement of Comprehensive Income.

Cont. Note 4.

	2013	2012
Remuneration		
Service fees paid	-	20.8
Due in accordance with agreement	-	6.0
Contingent consideration due	-	6.2
TOTAL CONSIDERATION TRANSFERRED	**–**	**33.0**

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 - million (7.9) and is estimated at SEK - million (6.2) 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 (3.1).
This amount had a positive impact of SEK 3.1 million (3.1) on profit for the year.

Other information about intangible assets, refer to Note 12.

ACQUISITIONS AFTER THE CLOSE OF THE REPORTING PERIOD
Two businesses were acquired in early 2014. On 15 January 2014, OEM International acquired the majority of the operations of the Finnish company Mytrade, whose core business is the marketing of a vision system. The business reported sales of SEK 9 million in 2013 and will be integrated into the operations of OEM Automatic Finland.

On 27 January 2014, all shares in Nexa Trading AB (head office in Gothenburg) were acquired. The company markets products, primarily in the Nordic countries, for wireless control of lighting and such, and safety products for the home. The company's sales in 2013 amounted to over SEK 52 million.

PRELIMINARY ACQUISITION COST ANALYSIS (SEK MILLION) **The acquired companies' net assets at the time of acquisition**	**Recognised values in the companies**	**Fair value adjustment**	**Fair value in the Group**
Intangible fixed assets	0.1	21.8	21.9
Other fixed assets	0.1	-	0.1
Inventories	9.3	-	9.3
Other current assets	15.5	-	15.5
Cash and cash equivalents	-	-	-
Deferred tax liabilities	-1.2	-4.9	-6.1
Other liabilities	-12.7	-	-12.7
Net identifiable assets/liabilities	**11.1**	**16.9**	**28.0**
Consolidated goodwill		12.0	12.0
Cash consideration			**40.0**

As a result of the acquisitions, other intangible assets will increase by SEK 21.8 million.
The amount relates to customer relationships that will be amortised over a five-year period.

OEM normally uses an acquisition structure with a base consideration and contingent consideration.
Contingent consideration is initially valued at the present value of the probable earnings, which amounts to SEK 13.5 million for acquisitions after the balance sheet date.
The period for contingent consideration is two to three years and the earnings may amount to a maximum of SEK 17.8 million.

Note 5.

Employees and staff costs

AVERAGE NUMBER OF EMPLOYEES	2013	Of which men	2012	Of which men
Parent Company				
Sweden	17	82 %	17	88 %
Subsidiaries				
Sweden	351	78 %	351	78 %
Denmark	28	79 %	29	79 %
United Kingdom	37	84 %	33	88 %
Estonia	3	100 %	2	100 %
Finland	82	80 %	79	80 %
The Netherlands	2	50 %	2	50 %
China	21	77 %	25	76 %
Lithuania	1	100 %	-	-
Norway	16	81 %	18	89 %
Poland	36	81 %	35	83 %
Slovakia	4	100 %	4	100 %
Czech Republic	26	73 %	22	73 %
Hungary	7	86 %	6	100 %
Total in subsidiaries	**614**	**79 %**	**606**	**80 %**
GROUP TOTAL	**631**	**79 %**	**623**	**80 %**

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES	2013		2012	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent Company	13.6	7.2	13.1	6.1
(of which pension expenses)		(2.4)		(1.5)
Subsidiaries	205.5	73.8	198.8	66.0
(of which pension expenses)		(16.7)		(14.7)
GROUP TOTAL	**219.1**	**81.0**	**211.8**	**72.1**
(of which pension expenses)		(19.1)		(16.2)

SALARIES AND OTHER REMUNERATION ACROSS THE PARENT COMPANY AND SUBSIDIARIES AND BETWEEN SENIOR EXECUTIVES AND OTHER EMPLOYEES	2013		2012	
	Senior executives including the Board	Other employees	Senior executives including the Board	Other employees
Parent Company				
Sweden, of which senior executives 10 people (10)	7.9	5.6	7.7	5.4
(of which bonus)	(1.2)		(1.3)	
Subsidiaries total, of which senior executives 21 people (21)	15.4	190.2	13.9	184.9
(of which bonus)	(0.7)		(0.8)	
GROUP TOTAL, OF WHICH SENIOR EXECUTIVES 31 PEOPLE (31)	**23.3**	**195.8**	**21.6**	**190.3**
(of which bonus)	(1.9)		(2.1)	

Pension premiums to the amount of SEK 3.7 million (3.4) have been paid for the category senior executives.

Cont. Note 5.

REMUNERATION FOR GROUP MANAGEMENT AND BOARD MEMBERS

	2013					2012				
	Base salary, Board remuneration	Variable remuneration	Other benefits	Pension expense	Sum total	Base salary, Board remuneration	Variable remuneration	Other benefits	Pension expense	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, Managing Director	2.8	0.8	-	0.8	4.4	2.7	0.9	-	0.8	4.3
	4.0	0.8	-	0.8	5.6	3.9	0.9	-	0.8	5.5
Other senior executives 7 persons (6) *	6.9	0.7	0.1	1.8	9.6	6.0	0.5	0.1	1.5	8.1
SUM TOTAL	**10.9**	**1.6**	**0.1**	**2.6**	**15.2**	**9.9**	**1.4**	**0.1**	**2.3**	**13.7**

** Of the other senior executives, four (three) people receive remuneration from subsidiaries. This remuneration is included at an amount of SEK 4.6 million (3.5). Pension expenses correspond to SEK 1.0 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 0.8 million was paid in variable compensation in 2013, corresponding to 32 % of base salary. Variable compensation payment totalled SEK 0.9 million in 2012. Bonus could be paid at a maximum of 58 % of base salary. 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 0.7 million in 2013. Variable compensation payment totalled SEK 0.5 million in 2012. Variable remuneration can, based on the attained profit level, be paid at a maximum of 40 % of base salary. 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 base salary, the executive 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 maximum term of notice is 24 months and shall also include the obligation to work during the term 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	Group (percentage of women)		Parent (percentage of women)	
	2013	2012	2013	2012
Board of Directors	0 %	0 %	0 %	0 %
Other Senior Executives	0 %	0 %	0 %	0 %

Note 6.

Fees and reimbursement of expenses to the auditors.

	The Group		Parent Company	
	2013	**2012**	**2013**	**2012**
KPMG				
Audit assignments	1.7	1.6	0.5	0.6
Audit activities other than the audit assignment	0.1	0.1	-	-
Other assignments	0.2	0.2	0.2	0.2
	2.0	1.9	0.7	0.8
Other auditors				
Audit assignments	0.1	0.6	-	-
Tax counselling	0.2	-	0.2	-
Other assignments	0.2	-	-	-
	0.5	0.6	0.2	0.0
SUM TOTAL	**2.5**	**2.5**	**0.9**	**0.8**

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 7.

Depreciation/amortisation of property, plant and equipment and intangible fixed assets.

	The Group		Parent Company	
	2013	**2012**	**2013**	**2012**
Customer relationships	-7.4	-4.7	-	-
Trademarks	-3.3	-4.9	-	-
Supplier relationships	-4.4	-4.5	-	-
Expenses brought forward for software	-3.6	-1.7	-3.6	-1.7
Buildings and land	-5.0	-4.7	-0.6	-0.6
Fixtures, fittings, tools and equipment	-15.3	-12.7	-1.5	-2.0
SUM TOTAL	**-39.0**	**-33.1**	**-5.7**	**-4.2**

Note 8.

Income from interests in Group companies.

	Parent Company	
	2013	**2012**
Dividends received	30.4	30.7
Write-off shares	-4.2	-
SUM TOTAL	**26.2**	**30.7**

Note 9.

Finance income/other interest income and similar income items.

	The Group		Parent Company	
	2013	2012	2013	2012
Interest income on bank balance	1.3	2.1	2.2	3.2
SUM TOTAL	**1.3**	**2.1**	**2.2**	**3.2**

Note 10.

Finance expense/interest expense and similar income items.

	The Group		Parent Company	
	2013	2012	2013	2012
Interest expenses on other liabilities	-2.9	-3.8	-0.7	-1.4
Other finance expense	-0.3	-2.0	-0.3	-0.5
SUM TOTAL	**-3.2**	**-5.8**	**-1.0**	**-1.9**

Note 11.

Taxes.

RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME/INCOME STATEMENT	The Group		Parent Company	
	2013	**2012**	**2013**	**2012**
Current tax	-33.9	-39.1	-21.8	-26.3
Deferred tax	-2.0	6.9	-0.1	0.3
TOTAL RECOGNISED TAX EXPENSES	**-35.9**	**-32.2**	**-21.9**	**-26.0**
LINK BETWEEN TAX EXPENSES FOR THE YEARS AND INCOME BEFORE TAX				
Reported income before tax	157.0	158.8	123.6	128.8
Estimated tax on reported income before tax as per applicable tax rate for income tax in each country	-36.0	-41.6	-27.2	-33.9
Non-taxable share dividends	-	-	6.7	8.1
Non-taxable income	1.8	0.8	-	-
Non-deductible items	-1.7	0.2	-1.4	-0.5
Impact of changed tax rate	0.0	8.4	-	0.3
TOTAL RECOGNISED TAX EXPENSES	**-35.9**	**-32.2**	**-21.9**	**-26.0**
Deferred tax assets				
Deficit deductions	-	0.1	-	-
Other information	2.0	1.4	1.4	-
TOTAL DEFERRED TAX CLAIMS	**2.0**	**1.5**	**1.5**	**-**
Deferred tax liabilities				
Intangible fixed assets	10.4	13.5	-	-
Buildings and land	7.5	7.3	1.8	1.7
Untaxed reserves	45.6	41.7	-	-
Other information	0.8	-	-	-
TOTAL DEFERRED TAX LIABILITY	**64.3**	**62.5**	**1.8**	**1.7**

The Group holds SEK 1.6 million (0.9) 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 - million (4.9).

Note 12.

Intangible fixed assets.

THE GROUP	2013					2012				
	Goodwill	Trademarks	Customer relationships	Supplier relationships	Software	Goodwill	Trademarks	Customer relationships	Supplier relationships	Software
Accumulated acquisition values										
At beginning of year	72.6	41.8	48.1	32.8	23.9	70.5	42.2	30.7	30.7	15.7
New acquisitions	-	-	-	-	5.9	2.8	-	18.0	2.5	12.6
Sales and disposals	-	-	-	-	-	-	-	-	-	-4.4
Exchange rate differences for the year	0.6	0.3	0.1	0.4	-	-0.7	-0.4	-0.6	-0.4	-
Total cost of acquisition	**73.2**	**42.1**	**48.2**	**33.2**	**29.8**	**72.6**	**41.8**	**48.1**	**32.8**	**23.9**
Accumulated amortisation										
At beginning of year	-	-22.4	-18.1	-12.4	-2.9	-	-17.8	-13.6	-8.2	-5.7
Amortisation	-	-3.3	-7.4	-4.4	-3.6	-	-4.9	-4.7	-4.5	-1.7
Sales and disposals	-	-	-	-	-	-	-	-	-	4.4
Exchange rate differences for the year	-	-0.3	0.2	-0.4	-	-	0.3	0.2	0.3	0.1
Total amortisation	**-**	**-26.0**	**-25.3**	**-17.2**	**-6.5**	**-**	**-22.4**	**-18.1**	**-12.4**	**-2.9**
Accumulated impairments										
At beginning of year	-6.2	-	-	-	-	-6.2	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-	-
Total impairments	**-6.2**	**-**	**-**	**-**	**-**	**-6.2**	**-**	**-**	**-**	**-**
BOOKED VALUE AT END OF YEAR	**67.0**	**16.1**	**22.9**	**16.0**	**23.3**	**66.4**	**19.4**	**30.0**	**20.4**	**21.0**

Total carrying amount relating to trademarks, customer relationships, supplier relationships and software was SEK 78.3 million (90.8) at year-end.

2013
No acquisitions of intangible assets except for software. See the Parent Company on the next page.

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 on the next page.

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 12.

GOODWILL AND INTANGIBLE ASSETS WITH AN INDETERMINABLE USEFUL LIFE	2013	2012
Companies		
Goodwill		
Internordic Bearings AB	3.0	3.0
OEM Automatic Klitsö AS	16.9	16.3
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	1.8
TemFlow Control AB is part of OEM Automatic AB**	1.0	1.0
	67.0	**66.4**
Supplier relationships with an indeterminable useful life		
Telfa AB	8.8	8.8
SUM TOTAL	**75.8**	**75.2**

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

The above amounts relate to goodwill amounting to SEK 67,0 (66,4) million and acquired supplier relationships for Telfa AB amounting to SEK 8.8 (8.8) million. These are long-standing supplier relationships 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 1 % to 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 2013. The forecast cash flows have been converted to a present value using a discount rate of 12 % (12 %) 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	2013	2012
Expenses brought forward for software		
Accumulated acquisition values		
At beginning of year	23.9	13.1
New acquisitions	5.9	12.6
Sales and disposals	-	-1.8
Total cost of acquisition	**29.8**	**23.9**
Accumulated amortisation		
At beginning of year	-2.9	-3.0
Sales and disposals	-	1.8
Amortisation	-3.6	-1.7
Total amortisation	**-6.5**	**-2.9**
RESIDUAL VALUE ACC. TO PLAN AT END OF YEAR	**23.3**	**21.0**
Accumulated additional amortisation		
At beginning of year	-7.0	-2.6
Change for the year	-2.4	-4.4
TOTAL ACCUMULATED ADDITIONAL AMORTISATION	**-9.4**	**-7.0**
CARRYING AMOUNT AT END OF YEAR	**13.9**	**14.0**

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

Note 13.

Property, plant and equipment.

THE GROUP	2013		2012	
	Buildings and land	Fixtures, fittings, tools and equipment	Buildings and land	Fixtures, fittings, tools and equipment
Accumulated acquisition values				
At beginning of year	205.7	115.7	191.1	109.2
New acquisitions	1.7	27.4	16.7	18.2
Acquired through business acquisitions	-	-	-	2.4
Sales and disposals	-	-13.9	-	-13.2
Reclassifications	-	5.3	-	-
Exchange rate differences for the year	1.8	1.3	-2.1	-0.9
Total cost of acquisition	**209.2**	**135.8**	**205.7**	**115.7**
Accumulated depreciation according to plan				
At beginning of year	-44.9	-74.5	-40.7	-71.1
Acquired through business acquisitions	-	-	-	-2.0
Sales and disposals	-	11.5	-	10.5
Depreciation for the year based on the cost	-5.0	-15.3	-4.7	-12.7
Reclassifications	-	-5.3	-	-
Exchange rate differences for the year	-0.3	-0.7	0.5	0.7
Total depreciation according to plan	**-50.2**	**-84.3**	**-44.9**	**-74.5**
BOOKED VALUE AT END OF YEAR	**159.0***	**51.5****	**160.8***	**41.2****

** The value of buildings is SEK 149.8 (151.5) for the Group and SEK 15.2 (15.8) for the Parent Company.*
*** The value of car finance leases was SEK 22.2 (14.8).*

PARENT COMPANY	2013		2012	
	Buildings and land	Fixtures, fittings, tools and equipment	Buildings and land	Fixtures, fittings, tools and equipment
Accumulated acquisition values				
At beginning of year	28.6	17.5	28.6	16.5
New acquisitions	-	1.1	-	2.2
Sales and disposals	-	-0.4	-	-1.2
	28.6	18.2	28.6	17.5
Accumulated depreciation according to plan				
At beginning of year	-12.3	-12.6	-11.7	-11.8
Sales and disposals	-	0.3	-	1.2
The year's depreciation according to plan at acquisition values	-0.6	-1.5	-0.6	-2.0
	-12.9	**-13.8**	**-12.3**	**-12.6**
RESIDUAL VALUE ACC. TO PLAN AT END OF YEAR	**15.7**	**4.4**	**16.3**	**4.9**
Accumulated additional depreciations				
At beginning of year	-	-0.5	-	-0.7
Change for the year	-	-0.1	-	0.2
Total accumulated additional depreciations	**-**	**-0.6**	**-**	**-0.5**
BOOKED VALUE AT END OF YEAR	**15.7**	**3.8**	**16.3**	**4.4**

Note 14.

Interests in Group companies.

PARENT COMPANY	2013	2012
Book value		
At beginning of year	326.1	307.5
Acquisitions for the year	0.5	19.7
Remeasurement of contingent considerations	-2.1	-2.9
Shareholders' contributions	3.5	1.8
Impairments	-4.2	-
CLOSING BALANCE	**323.8**	**326.1**

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 2013	Book value 2012
Sweden							
OEM Automatic AB, Sweden	556187-1012	Tranås	-	100 %			
OEM Motor AB, Sweden	556650-6498	Tranås	1,000	100 %	100	0.1	0.1
Telfa AB, Sweden	556675-0500	Gothenburg	1,000	100 %	100	10.0	10.0
All Motion Technology AB, Sweden	556601-7009	Täby	1,000	100 %	100	5.7	8.1
Apex Dynamics Sweden AB, Sweden	556771-7466	Täby	-	100 %			
Svenska Batteripoolen i Borlänge AB, Sweden	556234-3722	Borlänge	2,000	100 %	100	4.2	5.3
TemFlow Control AB, Sweden	556286-7365	Stockholm	1,000	100 %	100	2.3	5.0
Svenska Batteripoolen AB, Sweden	556929-8291	Tranås	5000	100 %	100	0.5	-
Elektro Elco AB, Sweden	556564-2716	Jönköping	1,000	100 %	100	68.0	68.0
OEM Electronics AB, Sweden	556054-3828	Tranås	-	100 %			
Internordic Bearings AB, Sweden	556493-8024	Nässjö	-	100 %			
Svenska Helag AB, Sweden	556225-9639	Borås	1,020	100 %	100	12.6	12.6
Flexitron AB, Sweden	556414-6982	Täby	5,000	100 %	100	10.8	11.0
Agolux AB, Sweden	556892-3774	Tranås	5,000	100 %	100	0.5	0.5
Vanlid Transmission AB, Sweden	556233-6643	Malmö	3,000	100 %	100	8.0	8.0
Ronson Transmission AB, Sweden	556322-5829	Malmö	-	100 %			
Fenix Transmission AB, Sweden	556434-4322	Kalmar	-	100 %			
IBEC B.V., Netherlands	-	-	-	100 %			
Finland, Baltic States and China							
OEM Finland OY, Finland	-	-	-	100 %			
OEM Electronics OY, Finland (merged with OEM Finland OY in 2013)	-	-	-	-			
Akkupojat OY, Finland	-	-	-	100 %	-	6.3	6.2
OEM Eesti Ou., Estonia	-	-	10,000	100 %	EEK 40	0.0	0.0
OEM Automatic SIA, Latvia	-	-	20	100 %	LVL 200	0.0	0.0
OEM Automatic UAB, Lithuania	-	-	100	100 %	LTL 100	0.0	0.0
OEM Automatic (Shanghai) Ltd, China	-	-	-	100 %	USD 140	1.2	1.2
Denmark, Norway, the United Kingdom and Central Eastern Europe							
OEM Automatic Klitsö AS, Denmark	-	-	1000	100 %	DKK 1,000	36.0	36.0
OEM Automatic AS, Norway	-	-	-	100 %			
OEM Automatic Ltd, UK	-	-	-	100 %			
OEM Automatic sp.z o.o., Poland	-	-	-	100 %			
OEM Automatic spol.s.r.o. Czech Republic	-	-	-	100 %	CZK 100	15.5	15.5
OEM Automatic s.r.o., Slovakia	-	-	-	100 %	SKK 200		0.0
OEM Automatic Kft, Hungary	-	-	-	100 %	-	7.4	3.9

Cont. Note 14.

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 2013	Book value 2012
Other business units							
OEM Industrial Components AB, Sweden	556051-4514	Tranås	100,000	100 %	5,000	46.2	46.2
OEM Electronics Production							
Technology AB, Sweden	556038-8356	Stockholm	300	100 %	300	78.4	78.4
Internordic Förvaltning AB, Sweden	556302-0873	Nässjö	1,000	100 %	100	1.3	1.3
OEM Logistics AB, Sweden	556194-8521	Stockholm	2,500	100 %	100	1.5	1.5
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
Cyncrona Sp.z.o.o, Poland	-	-	-	100 %			
SUM TOTAL						**323.8**	**326.1**

Note 15.

Prepaid expenses and accrued income.

	The Group		Parent Company	
	2013	**2012**	**2013**	**2012**
Accrued commission income, etc.	0.2	0.3	-	-
Prepaid rent expense	1.4	1.7	0.2	0.2
Prepaid insurance costs	2.1	1.2	0.3	0.1
Other prepaid expenses	4.9	8.4	2.1	2.4
SUM TOTAL	**8.6**	**11.6**	**2.6**	**2.7**

Note 16.

Equity.

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

		2013		2012	
		Shares	Voting rights	Shares	Voting rights
Class A shares	10 votes	4,767,096	47,670,960	4,767,096	47,670,960
Class B shares	1 vote	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 OWN SHARES INCLUDED IN THE EQUITY ITEM RETAINED EARNINGS, INCLUDING PROFIT FOR THE YEAR

	Number of shares		Amounts that affected equity	
	2013	2012	2013	2012
Opening repurchased own shares	61,847	61,847	23.3	23.3
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 a distributable reserve, i.e. the amount available for distribution to shareholders as a dividend.

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 must not fall below 35 %

The last three years, the following results have been realised in terms of the targets:	2013	2012	2011
Growth of operating profit	-2 %	-7 %	26 %
Return on equity	17 %	19 %	21 %
Equity/assets ratio	66 %	63 %	63 %

DIVIDEND
After the balance sheet date, the Board proposed a dividend of SEK 4.00 per share (3.75). 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.

PROPOSED SHARE SPLIT AND REDEMPTION PROCESS
To alter the company's capital structure, OEM's Board of Directors proposes a 2:1 share split combined with an automatic redemption procedure. This procedure splits each existing share into two shares, one of which is a redemption share. The redemption share will be redeemed for SEK 10.

Note 17.

Liabilities to credit institutes.

	The Group	
	2013	**2012**
Other non-current liabilities		
Bank loan	12.5	11.5
Finance lease liabilities	15.3	10.6
SUM TOTAL	**27.8**	**22.1**
Current liabilities		
Bank loans and overdrafts	77.5	92.8
Current liabilities to credit institutions	-	1.1
Finance lease liabilities	6.9	4.2
SUM TOTAL	**84.4**	**98.1**
Liabilities that fall due for payment later than five years after balance sheet date	**8.7**	**8.4**
FINANCE LEASE LIABILITIES		
Finance lease liabilities fall due for payment as shown below:		
Within one year	6.9	4.2
Between one and five years	15.3	10.6
Later than in five years	-	-
SUM TOTAL	**22.2**	**14.8**

The finance lease liabilities relate to leasing of cars.

Note 18.

Provisions for pensions and similar obligations.

Defined-benefit obligations and value of plan assets

	2013	**2012**
Present value of entirely or partially funded obligations	8.8	5.4
Fair value of plan assets	-4.9	-4.5
Net of entirely or partially funded obligations	**3.9**	**0.9**
The net amount recognised in the following items in the Statement of Financial Position:		
Provisions for pensions and similar obligations	3.9	0.9
Net amount in the Statement of Financial Position (obligations + assets -)	**3.9**	**0.9**
The net amount is split over plans in the following countries:		
Norway	3.9	0.9
Net amount in the Statement of Financial Position (obligations + assets -)	**3.9**	**0.9**

Cont. Note 18.

	2013	2012
Changes in the present value of the obligation for defined-benefit plans		
Obligation for defined-benefit plans as of 1 January	5.5	6.4
Pensions earned during the period	0.3	0.5
Actuarial gain and loss	3.5	-1.7
Interest on obligations	0.2	0.3
Paid benefits	-0.2	-0.1
Interest income recognised in the income statement for the year	0.2	0.2
Return excluding interest recognised in the income statement for the year	0.3	-0.3
Exchange rate differences	-0.5	0.1
Obligation for defined-benefit plans as of 31 December	**8.8**	**5.5**
Change in fair value of plan assets		
Fair value of plan assets as of 1 January	4.5	3.9
Contributed funds from employer	0.4	0.8
Paid benefits	-0.2	-0.1
Interest income recognised in the income statement for the year	0.2	0.2
Return excluding interest recognised in the income statement for the year	0.3	-0.3
Exchange rate differences	-0.4	0.1
Fair value of plan assets as of 31 December	**4.9**	**4.5**
Expense recognised in the income statement		
Expenses for pensions earned during the year	0.4	0.7
Net interest income/expense	0.0	0.1
Other information	0.1	0.2
TOTAL NET EXPENSES IN THE INCOME STATEMENT	**0.5**	**0.9**
ACTUARIAL ASSUMPTIONS		
The following significant actuarial commitments have been applied when calculating the obligations: (weighted average values)		
Discount rate	4.0%	4.2%

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 during 2014. In other countries, except for Sweden, all employees are covered by defined-contribution plans. The company pays a defined contribution to a separate legal entity and has no obligation to pay additional amounts. 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 2013 and 2012. The pension plan according to ITP, which is secured via insurance with Alecta, is therefore reported as a defined-contribution plan. Contributions this year for pension insurance with Alecta amount to SEK 1.6 million (1.2). Alecta's excess can be allocated to the policy holders and/or the insured. At the close of 2013, Alecta's surplus, in the form of the collective consolidation level, was 148% (129%). 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 total cost of the Group's defined contribution plans was SEK 16.9 million (14.0). The Parent Company's cost for defined-contribution plans is SEK 2.4 million (1.5). It is estimated that SEK 1.7 million will be paid next year to the defined-benefit plans which are recognised as defined-contribution.

Note 19.

Other non-current liabilities.

	The Group		Parent Company	
	2013	2012	2013	2012
Other non-current, non-interest-bearing liabilities	-	0.7	-	0.7
SUM TOTAL	**-**	**0.7**	**-**	**0.7**

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

Note 20.

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's limit. None of this has been utilised. The subsidiaries' balance/liability in the central account system is reported in the Parent Company, either as a receivable from, or a liability to, the subsidiaries. The total limit in the Group is SEK 298 million (295). A further credit of SEK 125 million was granted in January 2014.

PLEDGED ASSETS TO CREDIT INSTITUTES	The Group		Parent Company	
	2013	2012	2013	2012
Property mortgages	18.4	18.5	7.5	7.5
Business mortgages	39.1	67.4	-	-
SUM TOTAL	**57.5**	**85.9**	**7.5**	**7.5**

Note 21.

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. 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. Court proceedings took place at Lund District Court in February and a verdict is expected at the end of March 2014.

Note 22.

Accrued expenses and prepaid income.

	The Group		Parent Company	
	2013	2012	2013	2012
Accrued holiday pay	26.0	24.8	2.4	1.9
Accrued social security costs	13.7	13.1	1.9	1.7
Prepaid income	0.3	0.3	-	-
Accrued supplier inv./commercial debts	8.0	9.2	-	-
Other accrued expenses	18.7	21.5	4.2	5.0
SUM TOTAL	**66.7**	**68.9**	**8.5**	**8.6**

Note 23.

Untaxed reserves.

	Parent Company	
	2013	**2012**
Accumulated over depreciation		
At beginning of year	7.6	3.4
Accumulated over depreciation for the year	2.4	4.2
AT END OF YEAR	**10.0**	**7.6**
Accruals funds		
Allocated in the fiscal year 2007	-	10.0
Allocated in the fiscal year 2008	26.1	26.1
Allocated in the fiscal year 2009	21.0	21.0
Allocated in the fiscal year 2010	25.0	25.0
Allocated in the fiscal year 2011	30.0	30.0
Allocated in the fiscal year 2012	33.2	33.2
Allocated in the fiscal year 2013	32.0	-
SUM TOTAL	**167.3**	**145.3**
TOTAL UNTAXED RESERVES	**177.3**	**152.9**

Deferred tax constitutes SEK 39.0 million (33.6) of untaxed reserves.

Note 24.

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 rate 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 frameworks 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 2013, the amount of non-current receivables was SEK 0.2 million (0.1). At year end, the Group's holding of such financial assets that represent current assets amounted to SEK 237 million (235) and accrued income to SEK 0.2 million (0.3) and other receivables to SEK 10.2 million (8.1). 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, except for derivative instruments which are measured at their fair values. 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 company's interest-bearing liabilities are classified within Level 2. The fair values of interest-bearing liabilities are based on estimates of future cash flows of capital and interest, discounted at market interest rate on the balance sheet date. Derivatives are classified within Level 2. The fair values of derivatives are measured using the exchange rates and interest rates on the balance sheet date. The item cash and bank balance SEK 173 million (181), the overdraft item SEK 77.5 million (92.8) and other interest-bearing liabilities SEK 38.6 million (28.2) 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 173 million (181) and financial current assets were SEK 237 million (235). At the close of the year, the Group's financial liabilities were SEK 207 million (229). The maturity profile is presented in the table below.

	2013					2012				
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*	77.5	-	-	77.5	-	92.8	-	-	92.8	-
Other interest-bearing liabilities	12.5	-	3.8	-	8.7	12.6	-	4.2	-	8.4
Trade payables, etc.	124.9	108.7	16.2	-	-	153.2	135.4	17.7	0.1	-
Finance lease liabilities	22.2	0.6	1.2	5.1	15.3	14.8	0.3	0.7	3.2	10.6
	237.1	109.3	21.2	82.6	24.0	273.4	135.7	22.6	96.1	19.0

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

Interest rate risks
The interest rate 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 (0.6) 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 the right-hand column next to the 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 on the right shows that 57 % (55 %) of purchases in 2013 is attributable to EUR, 17 % (19 %) to USD, 4 % (4 %) to GBP, 13 % (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 66 % (69 %) 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 35 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 110 million in change in earnings.

Elektro Elco AB uses foreign exchange forward contracts. The hedged amount is USD 2.1 million (2.4) and EUR - million (0.6). The market value amounted to SEK 0.1 million (-0.2) on 31 December 2013.

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 11 % (12 %) of sales and the ten largest customers accounted for 15 % (17 %) of sales. The distribution of risk is thus very good. Customer losses during the year amounted to SEK 0.8 million (1.6), which corresponds to 0.05 % (0.1 %) of sales. The average credit period rose to approximately 44 days.

Purchases are broken down into percentages as follows:

	2013	2012
EUR	57 %	55 %
USD	17 %	19 %
GBP	4 %	4 %
SEK	13 %	12 %
Other currencies	9 %	10 %
	100 %	100 %

Exchange rate changes significant currencies

Currency	Weighted average 2013	Weighted average 2012	Change
EUR 1	8.64	8.67	0 %
USD 1	6.47	6.69	-3 %
GBP 1	10.19	10.66	-4 %

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

	Nominal amount SEK million	Sensitivity analysis +/- 5% in exchange rate Impact on the Group's shareholders' equity
CZK	7.3	0.4
DKK	16.1	0.8
EUR	76.9	3.8
GBP	37.1	1.9
NOK	7.5	0.4
PLN	8.8	0.4
HUF	1.0	0.0
LVL	0.0	0.0
LTL	-0.4	0.0
CNY	-1.6	-0.1
SUM TOTAL	**152.6**	**7.6**

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

Currency	Weighted average 2013	Dec 2013	Weighted average 2012	Dec 2012
NOK 100	110.42	105.30	115.66	116.22
DKK 100	115.92	119.46	116.57	115.12
EUR 1	8.6391	8.9080	8.6713	8.5816
GBP 1	10.1901	10.6929	10.6574	10.4514
PLN 1	2.0493	2.1398	2.064	2.1028
HUF 100	2.8918	2.9866	2.9806	2.9308
CZK 1	0.3316	0.3235	0.3434	0.3411
LTL 1	2.5025	2.5800	2.5118	2.4859
LVL 1	12.2183	12.5788	12.3298	12.2047

Cont. Note 24.

AGE ANALYSIS, TRADE RECEIVABLES NOT WRITTEN DOWN (SEK MILLION)	2013	2012
Trade receivables not matured	199.9	188.9
Trade receivables matured 0-30 days	30.4	35.4
Trade receivables matured > 30 - 90 days	2.9	5.9
Trade receivables matured > 90 - 180 days	1.3	3.1
Trade receivables matured > 180 - 360 days	0.7	0.8
Trade receivables matured > 360 days	3.2	1.9
SUM TOTAL	**238.4**	**236.0**

PROVISIONS FOR LOSS (SEK M)		
Balance at beginning of year	1.4	1.7
Effects of business combinations	-	-0.2
Provision for expected losses	0.6	1.3
Confirmed losses	-0.5	-1.3
CLOSING BALANCE	**1.5**	**1.4**

Note 25.

Operating leases.

	The Group		Parent Company	
	2013	2012	2013	2012
Leases where the company is the lessee				
Non-redeemable lease payments amount to				
Within one year	10.9	12.4	0.5	0.5
Between one and five years	29.7	20.7	0.2	0.7
Longer than five years	-	-	-	-
SUM TOTAL	**40.6**	**33.1**	**0.7**	**1.2**

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

	The Group		Parent Company	
	2013	2012	2013	2012
Costs reported during the year for operating leases	15.7	12.5	0.5	0.5
SUM TOTAL	**15.7**	**12.5**	**0.5**	**0.5**

Note 26.

Cash flow statement.

Additional disclosures on the cash flow statement:

	The Group		Parent Company	
	2013	**2012**	**2013**	**2012**
Interest received	1.3	2.1	1.5	1.8
Dividends received	-	-	30.4	30.7
Interest paid	-2.9	-3.8	-	-
Specification items not included in the cash flow				
Depreciation/amortisation	39.0	33.1	5.7	4.2
Capital gain profits	-0.6	-0.7	0.1	-
Other information	0.3	-2.5	-	-
Write-off shares	-	-	4.2	-
SUM TOTAL	**38.7**	**29.9**	**10.0**	**4.2**
ACQUISITION OF SUBSIDIARY COMPANIES - GROUP				
Acquired assets and liabilities				
Intangible assets	-	23.3		
Other fixed assets	-	0.5		
Inventories	-	12.4		
Trade and other receivables	-	11.6		
Cash and cash equivalents	-	10.1		
Total assets	**–**	**57.9**		
Deferred tax liabilities	-	4.9		
Interest-bearing liabilities	-	1.0		
Current operating liabilities	-	19.0		
Total liabilities	**–**	**24.9**		
Net	**–**	**33.0**		
Consideration				
Consideration for acquired units in the current year	-	-33.0		
Consideration payable	-	12.2		
Specified consideration for acquired units before the current year	-12.3	-7.6		
Deducted: cash and cash equivalents in the acquired operations	-	10.1		
IMPACT ON CASH AND CASH EQUIVALENTS	**-12.3**	**-18.3**		

Cont. Note 26.

DIVESTMENT OF SUBSIDIARY COMPANIES - GROUP	The Group	
	2013	**2012**
Consideration		
Contingent consideration received	-	2.7
IMPACT ON CASH AND CASH EQUIVALENTS	**-**	**2.7**

Cash and cash equivalents

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

Note 27.

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 Mid Cap in Stockholm. Head office address is Förrådsvägen 2, Box 1009, SE-573 28 Tranås, Sweden.

The consolidated financial statements for 2013 incorporate the financial statements of the Parent Company and its subsidiaries, jointly referred to as the Group.

Note 28.

Events after the balance sheet date.

On 15 January 2014, OEM International acquired the majority of the operations of the Finnish company Mytrade, whose core business is the marketing of a vision system. The business reported sales of SEK 9 million in 2013 and will be integrated into the operations of OEM Automatic Finland. On 27 January 2014, all shares in Nexa Trading AB (head office in Gothenburg) were acquired. The company markets products, primarily in the Nordic countries, for wireless control of lighting and such, and safety products for the home. The company's sales in 2013 amounted to over SEK 52 million.

As from 1 January 2014, the Parent Company shares are registered on NASDAQ OMX Nordic Mid Cap in Stockholm.

Note 29.

Significant estimates and judgements.

The Company's management has discussed together with the Audit Committee the developments, the choices and the disclosures 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 adjustments in the future.

Goodwill impairment testing

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 12. 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.

Measurement of other intangible assets

Other intangible fixed assets consist primarily of the values arising at acquisition divided into SEK 16.0 million for supplier relationships, SEK 22.9 million for customer relationships and SEK 16.1 million for brands. Supplier relationships are divided into two amounts, SEK 7.2 million and SEK 8.8 million, respectively. The supplier relationship, with a value of SEK 8.8 million, has an indefinite useful life. As regards supplier relationships with a value of SEK 7.2 million, the assessment is that they will be amortised over a five-year period. A maximum of 45 months remain of the amortisation period. Customer relationships consist of establishments on new markets and it is deemed is that these will be written down over a five-year period. A maximum of 47 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 58 months remain of the amortisation period.

Note 30.

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. (SEK million)

	2013	2012
Total business units	121.1	126.4
Continuing operations	121.1	126.5
Earnings per share for total, continuing and discontinued operations are based on the following number of shares		
Average number of outstanding shares	23,107,462	23,107,462

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

	2013	2012
Earnings per share on the number of outstanding shares		
Earnings per share	5.24	5.47
Earnings per share from continuing operations	5.24	5.47

There is no dilutive effect.

Note 31.

Related party disclosures.

The OEM Group's related parties consist primarily of senior executives (Note 5), other senior executives (Note 5) and major shareholders. The Parent Company has a close relationship with its subsidiaries, see Note 14. 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	227,182,880.50
Profit/loss for the year	101,699,669.17
	328,882,549.67
The Board of Directors proposes that the profit be disposed so	
that a dividend of SEK 4.00 per share is paid to shareholders	92,677,236.00
and that the following be carried forward	236,205,313.67*
	328,882,549.67

** The Board of Directors has also proposed that the Annual General Meeting on 29 April 2014 decides on an automatic redemption procedure of shares entailing a 2:1 share split. This procedure splits each existing share into two shares, one of which is a redemption share. The redemption share will be redeemed for SEK 10. In total, about SEK 232 million with thereby be distributed to the shareholders in addition to the proposed cash dividend. The proposal also includes a bonus issue with the objective of restoring the share capital through which funds from the non-restricted equity is to be used.*

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 Monday 5 May 2014 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 3 March 2014. The consolidated 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 29 April 2014.

Tranås, Sweden, 3 March 2014

Lars-Åke Rydh
Chairman of the Board

Ulf Barkman
Member of the Board

Hans Franzén
Member of the Board

Jerker Löfgren
Member of the Board

Petter Stillström
Member of the Board

Agne Svenberg
Member of the Board

Jörgen Zahlin
Managing Director

Our Auditors' Report was presented on 7 March 2014
KPMG AB

Kjell Bidenäs
Chartered Accountant

Auditors’ Report.

To the Annual General Meeting of OEM International AB (publ), Corp. ID no. 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 2013. 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 2013, 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 2013, 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 statutory 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 2013.

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, Sweden, 7 March 2014

KPMG AB

Kjell Bidenäs
Chartered Accountant

Board of Directors

Agne Svenberg

Born 1941.

Board member since 1974. Managing Director until 29 February 2000.

Engineer. Not employed by OEM.

Other appointments: Chairman of the Board of EG's El o Automation AB, Personality Gym AB and ISP AB.

Number of shares: 665,400 OEM Class A and 219,530 OEM Class B.

Hans Franzén

Born 1940.

Board Chairman 1992-2006. Board member since 1974. CEO until 31 Dec. 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 Ovacon AB and IB Medical AB.

Number of shares: 707,376 OEM Class A and 603,990 OEM Class B.

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, Catella AB and several unlisted companies in Traction's sphere of influence.

Number of shares: 0.

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 of Orvaus AB and Orvavus Nörvalen AB.

Number of shares: 0.

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 of 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.

Ulf Barkman

Born 1957.

Board member since 1997.

MBA. Not employed by OEM.

Number of shares: 42,000 OEM Class B.

Senior Executives.

Sven Rydell

Born 1973.

Marketing and Communications Director. Group employee since 2008.

Number of shares: 984 OEM Class B.

Urban Malm

Born 1962.

Managing Director of OEM Electronics AB. Group employee since 1983.

Number of shares: 2,800 OEM Class B.

Mikael Thörnkvist

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: 2,500 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: 39,832 OEM Class B.

Patrick Nyström

Born 1958.

Director for the Finland and Baltic States Region. Group employee since 1982.

Number of shares: 22,500 OEM Class B.

Fredrik Simonsson

Born 1971.

Managing Director of Elektro Elco AB. Group employee since 1993.

Number of shares: 1,000 OEM Class B.

Jens Kjellsson

Born 1968.

Director for the Denmark, Norway, UK and Central Eastern Europe Region through 31 March 2013. Thereafter, Managing Director of OEM Automatic AB. Group employee since 1990.

Number of shares: 11,000 OEM Class B.

Jan Cnattingius

Born 1955.

Finance Director. Group employee since 1985.

Number of shares: 11,000 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 had a holding of 7,200 shares worth SEK 639,000 on 31 December 2013. 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. As of 2014, the shares have been transferred to the NASDAQ OMX Nordic Mid Cap market.

Price trends

The price of OEM International shares rose during the year from SEK 67.00 to a closing price of SEK 88.75. The highest price paid during the year was SEK 88.75 on 27 and 30 December. The lowest price paid during the year was SEK 61.50 on 21 January. OEM's market value at the close of 2013 was SEK 2,056 million. During the year, the Stock Exchange's index for OMX Small Cap Sweden PI rose 35 % and the index for OMX Nordic Industrials rose 4 %.

Sales

In 2013, 1,622,083 Class B shares (2,181,712) were sold corresponding to a turnover rate of 7 % (12 %).

The average shareholder in OEM therefore retains shares for about 11 (8) years.

OEM's Class B shares were sold on 92 % (88 %) of the trading days. The average daily turnover in 2013 was 7,083 shares (9,828). OEM International had 2,332 shareholders (2,350) on 31 December 2013. Institutional ownership is about 43 % (42 %) and foreign ownership amounts to 9 % (9 %).

Repurchase of shares

The repurchase programme for shares, which was adopted for the first time by the Annual General Meeting in 2000, is intended to improve the company's capital structure and contribute positively to return on shareholders' equity and earnings per share. After implemented reductions the previous year there are 23,169,309 shares in the company at year-end. 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. Commitments fall within the scope of the NASDAQ OMX Nordic Stock Exchange system with liquidity guarantees and started 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.

Dividend

The Board proposes a SEK 4.00 (3.75) per share dividend, equivalent to 14 % (14 %) of distributable equity in the Group.

Financial information

OEM aims to maintain high quality as regards information to the market and the media. The goal is for the information to facilitate an accurate valuation and liquid trading of the shares. The dates for the Annual General Meeting, interim reports and annual report for the 2014 financial year are shown on page 2 of this Annual Report.

Financial information is also published on the Group's website (www.oem.se).

The Company offers shareholders the opportunity to receive interim reports and other press releases by e-mail, at the same time as they are made public to the market. Please send an e-mail to: info@oem.se and state "Corporate Information" and you will be placed on our list for future mailings.

Share trends.

Shareholding structure.

OEM's largest shareholders on 30 December 2013

	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 Siv	1,280,376	1,313,890	11.2 %	21.4 %
Svenberg Agne and Inger	1,223,400	446,986	7.2 %	19.2 %
AB Traction	636,000	1,252,274	8.2 %	11.5 %
Lannebo equity funds		2,616,345	11.3 %	4.0 %
Nordea Investment Funds		1,956,259	8.5 %	3.0 %
SEB Investment Management		504,356	2.2 %	0.8 %
Fjärde AP Fonden		494,955	2.1 %	0.7 %
Didner & Gerge Aktiefond		310,200	1.3 %	0.5 %
Skandinaviska Enskilda Banken S.A.		291,216	1.3 %	0.4 %
Total 10 owners	**4,767,096**	**11,988,841**	**72.5 %**	**90.4 %**
Other		6,351,525	27.5 %	9.6 %
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.

The past five years

		2013	2012	2011	2010	2009
Key performance indicators						
Sales per share	SEK	72	70	69	62	54
Sales increase per share	%	2	2	11	15	-14
Earnings per share*	SEK	5.23	5.46	5.42	4.32	2.19
Shareholders' equity per share *	SEK	31.37	29.82	27.95	25.63	24.37
Proposed dividends	SEK	4.00	3.75	3.50	3.00	2.00
Dividend/income	%	77	69	65	70	91
Dividend/shareholders' equity	%	13	13	13	12	8
Cash flow per share*	SEK	5.78	5.43	4.67	4.99	4.46
Risk key indicators						
Rate of turnover for shares	%	7	12	9	8	14
Valuation ratios						
Quoted price as per 31 December	SEK	88.75	67.00	55.00	54.50	41.30
Quoted price as per 31 December*	SEK million	2,056	1,552	1,274	1,268	957
P/S ratio	times	1.2	1.0	0.8	0.9	0.8
P/E ratio	times	17.0	12.3	10.1	12.6	18.8
Price/Shareholders' equity	%	283	225	197	213	169
EV/Sales	times	1.2	0.9	0.8	0.8	0.7
EBIT multiple	times	10.1	9.2	6.9	8.4	11.9
Direct return	%	4.5	5.6	6.4	5.5	4.8

** Calculated on total number of shares.*
The key indicators are based on the continuing operation. Comparative information for 2009 to 2013 has been restated.

Shareholder analysis.

As at 30 Dec 2013*

SIZE CLASS	Percentage of no. of shareholders	Percentage of share capital
1-500	46.2	0.8
501-1,000	19.5	1.4
1,001-2,000	14.6	2.2
2,001-5,000	10.6	3.4
5,001-10,000	4.1	2.8
10,001-20,000	2.2	3.1
20,001-50,000	1.3	4.2
50,001-100,000	0.6	4.1
100,001-5,000,000	0.9	78.0
SUM TOTAL	**100.0**	**100.0**

The total number of shareholders in OEM is 2,332.
** 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.

Return on total capital:
Operating income plus finance income as a percentage of average total capital

Return on capital employed:
Operating income plus finance income as a percentage of average total capital.

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

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

Interest coverage ratio:
Operating profit for the year plus finance income in relation to interest expense.

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 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:
Operating cash flows 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 after depreciation/amortisation.

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