Volvo Group

Six months ended June 30, 2008

In the second quarter:

Net sales increased 13% to SEK 80.4 billion (71.4)

Operating income rose 17% to SEK 7,186 M (6,119)

Basic and diluted earnings per share rose by 28% to SEK 2.53 (1.98)

Operating cash flow in Industrial operations amounted to SEK 4.9 billion (6.1)

Volvo Group	Second quarter 2008	Second quarter 2007	First six months 2008	First six months 2007	Change, %
Net sales Volvo Group, SEK M	**80,426**	71,446	**157,109**	132,482	19
Operating income Volvo Group, SEK M	**7,186**	6,119	**13,673**	11,447	19
Operating income Industrial operations, SEK M	**6,799**	5,698	**12,905**	10,631	21
Operating income Customer Finance, SEK M	**387**	421	**768**	816	(6)
Operating margin Volvo Group, %	**8.9**	8.6	**8.7**	8.6	1
Income after financial items, SEK M	**7,481**	5,970	**13,622**	11,377	20
Income for the period, SEK M	**5,149**	4,030	**9,364**	7,786	20
Diluted earnings per share, SEK	**2.53**	1.98	**4.60**	3.83	
Return on shareholders' equity, %			**20.5**	17.9	

Content

Comments by the CEO
– a strong second quarter

The Volvo Group's strong growth continued during the second quarter of 2008, while operating income improved and reached its highest level to date for a single quarter. The Volvo Group's net sales rose by 13% to SEK 80.4 billion. Underlying growth, not including changes in exchange rates and acquired companies, was even higher – 17%. The sales trend was particularly strong in Eastern Europe, South America and Asia – markets in which the Group has advanced its positions considerably in recent years. However, the markets in North America and Japan remained weak. We also performed well in our aftermarket business as a result of the recent years' investments in expansion of the distribution and service network.

Operating income improved by 17% to SEK 7.2 billion and the operating margin rose to 8.9% due to favorable development in the truck business, Construction Equipment and Volvo Penta. The return on shareholders' equity reached slightly more than 20%. The Group's Industrial Operations generated an operating cash flow of nearly SEK 5 billion despite an inventory build-up that was too high. We are seeing continued upward pressure for the costs of raw materials and components. Based on this, we are intensifying our work to enhance the efficiency of purchasing, increase the productivity in manufacturing and implement cost rationalizations. In parallel with these measures, we are continuing our active work on pricing of our products.

Increased profitability in truck operations

In the Group's truck operations, our overall rate of delivery was very high during the second quarter. Sales increased by 14%, operating income by 26% and the operating margin increased to 9.2% compared with 8.3% in the preceding year. Profitability was favorable in most markets outside North America.

Construction Equipment's strong organic growth was maintained in the second quarter, while operating income increased. In Buses, restructuring work is under way to secure long-term sustainable profitability. We have now signed a letter of intent for the sale of the plant in Turku, Finland and work is currently in progress to transfer production from the plant in Tampere, Finland to Wroclaw, Poland.

Volvo Penta retained its favorable profitability, but is now experiencing weaker demand for marine engines for leisure boats, while the trend for industrial engines remains positive. The weaker marine engine market is partly offset by Volvo Penta capturing market shares as a result of its highly competitive product portfolio. Volvo Aero had a difficult quarter, with an unfavorable product mix, adjustments in production and expenses in order to receive the large contracts that were recently signed with Pratt & Whitney and Rolls-Royce.

Strong financial position

Thanks to the Volvo Group's strong financial position, the turbulence in the financial markets hasn't affected our borrowing possibilities, which is evidenced by the recent major loan of SEK 6.2 billion raised in Japan.

The Group's customer finance operations in Volvo Financial Services (VFS) are performing well and continuing to expand. Although write-offs and delinquencies have increased somewhat from low levels, VFS delivers a favorable return on shareholders' equity. Our contribution in the form of financing for our customers strengthens our relations with them and demonstrates that we take a long-term approach in our work. It creates a loyalty that results in our customers returning to us the next time it is time to buy a new vehicle or a new machine.

Continued caution in Europe

In Europe, the trend that we noticed in the first quarter toward increased caution among our customers and in certain markets, strengthened, which was reflected in order bookings in the truck operations. However, demand for long-distance transport remains high, but there is a weakening in construction transport and construction equipment.

The caution among customers is attributable to increased concern about the future economic trend in Europe, and at the same time the increasingly higher fuel prices are putting pressure on their profitability in the short term. However, over time, we expect them to be able to offset the increased costs. The high fuel prices mean that it is even more important for us to continue investing in fuel-efficient engines and alternative drivelines, such as hybrids – areas in which we are already at the leading edge today. Field tests are in progress on the new generation of hybrid trucks and, in the US, customers are already testing the engines that will be launched to meet the new emissions requirements that will come into force in 2010. The customers are very satisfied with the engines' new SCR technology, which has effects such as enhanced fuel efficiency.

Based on the high deliveries in the first six months of the year and the current order book status, we maintain our forecast of a European truck market that will grow by 10% in 2008. In North America, the truck market remains weak and the forecast of a truck market on the same level as 2007 is unchanged.

Many employees work hard to contribute to the Group's positive performance. Thanks to their efforts, our strong product programs and well-established market positions, the Volvo Group is well-equipped to face the future.

Leif Johansson
President and CEO

Important events

Final agreement with Indian vehicle manufacturer Eicher Motors

In May, the Volvo Group signed a final agreement with the Indian vehicle manufacturer Eicher Motors covering establishment of a new Indian joint-venture company. As announced previously, the joint venture, with the proposed name VE Commercial Vehicles Ltd. comprises Eicher Motors' entire truck and bus operations and the Volvo Group's Indian truck sales operations and service network for trucks and buses. In accordance with the agreement, Eicher Motors transfers its entire truck and bus operations and its components business as well as operations within technical consulting services to VE Commercial Vehicles. Eicher Motors' production of motorcycles will not be included. Volvo will have direct ownership of 45.6% of the joint-venture company. Volvo is also acquiring 8.1% of Eicher Motors Limited from the majority owner and consequently gains a direct and indirect ownership interest of 50% in VE Commercial Vehicles. The objective is to complete the transaction so that Volvo's 50% interest in the joint-venture company can be consolidated during the third quarter 2008.

Volvo Buses to sell body plant in Turku, Finland

In July, it was announced that Volvo Buses had signed a letter of intent covering the sale of the body plant in Turku, Finland. The sale is part of the company's efforts to enhance the efficiency of the European operations. The plant in Turku produces bodies for the Volvo 9700 model. The plant is the smallest plant within Volvo Buses, primarily producing for the Nordic markets. During 2007, 160 bodies were produced.

Volvo Group entered into a SEK 6.2 billion loan agreement

In July, Volvo Treasury AB, a subsidiary in the Volvo Group, successfully entered into a SEK 6.2 billion (YEN 110 billion) cross-border syndicated loan agreement. Volvo Treasury decided to use syndicated lending from Japanese financial institutions to diversify its funding source.

Volvo Aero entered into two major engine programs

In July, it was announced that Volvo Aero has entered into an agreement with aircraft engine manufacturer Pratt & Whitney to join P&W's Geared Turbofan engine program. Volvo Aero will be responsible for three major components in the aircraft engines for both the Mitsubishi Regional Jet (MRJ) and the Bombardier CSeries. For Volvo Aero the agreement is expected to result in sales of SEK 50 billion over 40 years, the company's largest involvement in a commercial engine program ever.

Also in July, it was announced that Volvo Aero and Rolls-Royce have entered into a risk and revenue sharing agreement for the Trent XWB engine for the Airbus A350XWB aircraft, under which Volvo Aero will develop and manufacture the intermediate compressor case, a key engine component. Volvo Aero estimates the value of the contract to be approximately SEK 40 billion over 40 years.

Previously reported important events

- Strike at New River Valley plant
- Volvo Buses plans to close plant in Tampere, Finland
- AB Volvo reaches settlements with DOJ and SEC
- Annual General Meeting of AB Volvo
- Europe's first hybrid refuse truck presented

Detailed information about the events is available at www.volvogroup.com

Financial summary of the second quarter

Volvo Group

Net sales

The Volvo Group's net sales increased by 13% to SEK 80,426 M during the second quarter of 2008, compared with SEK 71,446 M in the corresponding quarter a year earlier.

Operating income

The Volvo Group's operating income increased by 17% to SEK 7,186 M in the second quarter (6,119). The Industrial Operations' operating income rose by 19% to SEK 6,799 M, compared to SEK 5,698 M in the preceding year. Operating income of the Volvo Group's Customer Finance declined by 8% to SEK 387 M (421). For detailed information on the development, see separate sections below.

Income Statement Volvo Group

	Second quarter		Change,	First six months		Change,
	2008	2007	%	2008	2007	%
Net sales Volvo Group	**80,426**	**71,446**	**13**	**157,109**	**132,482**	**19**
Operating Income Volvo Group	**7,186**	**6,119**	**17**	**13,673**	**11,447**	**19**
Operating income Industrial operations	***6,799***	*5,698*	*19*	***12,905***	*10,631*	*21*
Operating income Customer Finance	***387***	*421*	*(8)*	***768***	*816*	*(6)*
Interest income and similar credits	**272**	248	10	**553**	489	13
Interest expense and similar credits	**(374)**	(332)	13	**(717)**	(480)	49
Other financial income and expenses	**397**	(65)	–	**113**	(79)	–
Income after financial items	**7,481**	**5,970**	**25**	**13,622**	**11,377**	**20**
Taxes	**(2,332)**	(1,940)	20	**(4,258)**	(3,591)	19
Income for the period	**5,149**	**4,030**	**28**	**9,364**	**7,786**	**20**

Net financial items

Net interest expense in the second quarter was SEK 102 M, compared with an expense of SEK 84 M for the same period in the preceding year. The increased interest expense is primarily attributable to an increased debt level.

During the quarter, market valuation of derivatives used for the customer financing portfolio had a positive effect on Other financial income and expenses in an amount of SEK 462 M compared to a negative impact of SEK 1 M in the second quarter of 2007. The positive impact is mainly due to higher US and European long-term interest rates.

Income taxes

The tax cost in the second quarter amounted to SEK 2,332 M (1,940). The tax rate during the quarter was 31% (32%).

Income for the period and earnings per share

Income for the period amounted to SEK 5,149 M (4,030) in the second quarter of 2008. Income increased as a result of higher operating income and the positive impact from market valuation of derivatives as described above.

Basic earnings per share in the second quarter amounted to SEK 2.53 (1.98). Assuming that the current incentive program is fully exercised, earnings per share after full dilution was SEK 2.53 (1.98).

Volvo Group's Industrial Operations – improved profitability

In the second quarter, net sales for the Volvo Group's Industrial Operations increased by 13% to SEK 78,514 M (69,339). Adjusted for changes in exchange rates and acquired and divested units net sales increased by 17%.

The positive development in Europe continued with sales increasing 7% in Western Europe and 25% in Eastern Europe. The increases in South America and Asia are due to good organic growth. In North America net sales during the second quarter continued to be low, primarily as a consequence of decreased sales of construction equipment and the lower rate of the US-dollar.

In the second quarter, Trucks' net sales increased by 14% to SEK 52,644 M (46,331), Construction Equipment's by 18% to SEK 16,734 M (14,146), Buses' by 5% to SEK 4,326 M (4,107) and Volvo Penta's by 4% to SEK 3,351 M (3,215). On the other hand, Volvo Aero's net sales declined by 7% to SEK 1,708 M (1,845).

Net sales by market area

SEK M	Second quarter 2008	Second quarter 2007	Change, %	First six months 2008	First six months 2007	Change, %	Share of Industrial Operations' net sales, %
Western Europe	**33,670**	31,610	7	**68,118**	61,059	12	45
Eastern Europe	**8,911**	7,105	25	**15,901**	12,219	30	10
North America	**12,623**	12,488	1	**24,248**	24,648	(2)	16
South America	**5,020**	3,722	35	**8,636**	6,779	27	6
Asia	**13,242**	9,350	42	**26,831**	15,147	77	18
Other markets	**5,048**	5,064	0	**9,312**	8,344	12	6
Total Industrial operations	**78,514**	**69,339**	**13**	**153,046**	**128,196**	**19**	**100**

During 2007, Nissan Diesel's total sales were reported in market area Asia. The figures have now been adjusted and the sales for 2007 have been distributed to the respective market areas.

Income Statement Industrial operations

	Second quarter 2008	Second quarter 2007	Change, %	First six months 2008	First six months 2007	Change, %
Net sales	**78,514**	**69,339**	**13**	**153,046**	**128,196**	**19**
Cost of sales	**(60,440)**	(53,706)	13	**(117,344)**	(98,881)	19
Gross income	**18,074**	**15,633**	**16**	**35,702**	**29,315**	**22**
Gross margin, %	***23.0***	*22.5*		***23.3***	*22.9*	
Research and development expenses	**(3,335)**	(2,679)	24	**(6,669)**	(5,013)	33
Selling expenses	**(6,268)**	(5,793)	8	**(12,463)**	(10,765)	16
Administrative expenses	**(1,842)**	(1,706)	8	**(3,681)**	(3,528)	4
Other operating income and expenses	**118**	(122)	–	**(54)**	175	–
Income from investments in associated companies	**9**	317	(97)	**14**	398	(96)
Income from other investments	**43**	48	(10)	**56**	49	14
Operating income Industrial operations	**6,799**	**5,698**	**19**	**12,905**	**10,631**	**21**
Operating margin, %	***8.7***	*8.2*		***8.4***	*8.3*	
Operating income before depreciation and amortization (EBITDA)	**9,518**	8,163	17	**18,247**	15,137	21
EBITDA-margin, %	***12.1***	*11.8*	–	***11.9***	*11.8*	–

Operating income increased

In the second quarter of 2008, operating income for the Volvo Group's Industrial Operations amounted to SEK 6,799 M, which was a 19% increase compared to the second quarter of 2007 when it was SEK 5,698 M. The operating margin for the Industrial Operations amounted to 8.7% (8.2).

Deliveries of the Group's products continued to be on high levels in Europe, South America, the Middle East and large parts of Asia. Favorable price realization due to competitive products and increased productivity in these regions had a positive impact on the Group's earnings.

In North America the operating income was negatively affected by continued weak demand and a low level of deliveries of trucks and construction equipment in combination with low productivity in the industrial system.

In the second quarter of 2008, research and development expenses amounted to SEK 3,335 M (2,679). The increase is mainly due to higher activity in development projects and higher amortization than capitalization of research and development expenses. The net of capitalization and amortization had a negative impact of SEK 233 M, compared with a positive impact of SEK 31 M in the second quarter of 2007.

The combined effect of changed exchange rates, particularly for the USD, had an adverse effect on operating income of approximately SEK 500 M in the second quarter of 2008, compared with the same period in 2007.

In the second quarter of 2007 the sale of Sörred Energi had a positive impact on operating income amounting to SEK 200 M. Also in the second quarter of 2007, the entire holding of 28.68% in the associated company Petro Stopping Centers was sold, which had a positive effect of SEK 316 M on the operating income.

Positive operating cash flow in industrial operations

In the second quarter of 2008, operating cash flow from the industrial operations amounted to SEK 4.9 billion compared to SEK 6.1 billion in the second quarter of 2007. The decrease is attributable to higher investments in fixed assets and increased working capital.

Volvo Group's Customer Finance
– continuing growth

Total new financing volume in the second quarter of 2008 amounted to SEK 11.8 billion (10.7). In total, 13,327 new units (12,149) were financed during the quarter. In the markets where financing is offered, the average penetration rate in the second quarter was 24% (25).

At June 30, 2008 total assets in Customer Finance amounted to SEK 99 billion (85). Excluding receivables recorded in connection with the acquisition of Nissan Diesel, the credit portfolio grew by 16.0% (5.9) over the last 12 months, adjusted for exchange-rate movements.

Operating income in the second quarter amounted to SEK 387 M, as compared to 421 in the second quarter of 2007. The decrease is mainly attributable to increased credit provisions in North America, lower margin and foreign exchange rate fluctuations.

Return on shareholders' equity for the rolling 12 months was 15.4%, compared to 12.9% in the prior year. The increase is largely due to the change in equity ratio from 10% to 8% in mature markets and to favorable tax adjustments recorded in the calculation period. The equity ratio at the end of the second quarter was 8.2% (8.3).

Write-offs in the second quarter amounted to SEK 103 M (54). The annualized write-off ratio through June 30, 2008 was 0.37% (0.33). On June 30, 2008, the total credit reserves were 1.42% of the credit portfolio (1.82).

Income Statement Customer Finance

	Second quarter		Change,	First six months		Change,
SEK M	**2008**	2007	%	**2008**	2007	%
Finance and lease income	**1,981**	1,894	5	**3,975**	3,699	7
Finance and lease expenses	**(1,171)**	(1,098)	7	**(2,352)**	(2,140)	10
Gross income	**810**	**796**	**2**	**1,623**	**1,559**	**4**
Selling and administrative expenses	**(368)**	(359)	3	**(743)**	(713)	4
Credit provision expenses	**(59)**	(32)	84	**(120)**	(65)	85
Other operating income and expenses	**4**	16	0	**8**	35	0
Operating income	**387**	**421**	**(8)**	**768**	**816**	**(6)**
Income taxes	**(134)**	(144)	(7)	**(247)**	(304)	(19)
Income for the period	**253**	**277**	**(8)**	**521**	**512**	**2**
Return on Equity, 12 month moving values				*15.4%*	*12.9%*	–

Continued growth and good risk management

In North America the overall market remains challenging but VFS has invested considerably in downturn management, especially collections and asset management activities. Although delinquencies, repossessions and inventory have increased in recent quarters, VFS has been able to manage these at reasonable levels.

In Region Europe, overall penetration improved to 22% in the second quarter compared to 19% during the same period in 2007. New business volume of SEK 6.2 billion was recorded in the quarter, some SEK 1.1 billion higher than the previous year. While there are signs of an economic slowdown in the Region, delinquency remains on a good level and the organization is prepared for a potential increase in collection activity.

Region International continues to develop and grow strongly with new business volume of SEK 3.1 billion (2.9) and represents 24% of the total assets under management. Eastern Europe continues to be the main driver for growth in this Region. Expansion into new markets remains an important part of the growth strategy for the Region and VFS expects to complete the first retail financing contracts in Chile during the third quarter.

Volvo Group financial position

The Volvo Group's Industrial Operations net financial debt amounted to SEK 13.1 billion at June 30, 2008, an increase by 8.8 billion compared to the year-end of 2007, and equal to 18.4% of shareholders' equity. The increase is primarily a result of dividend paid to AB Volvo's shareholders during the second quarter.

During the second quarter the Volvo Group's total inventories increased by SEK 3.7 billion and the customer financing receivables increased by SEK 6.3 billion. Marketable securities decreased by SEK 8.7 billion as a result of the dividend paid in April. At the same time, currency had a positive effect on the Volvo Group's total assets amounting to SEK 1.3 billion.

At the end of the second quarter, the equity ratio in the Industrial Operations was 29.0% (30.8) and in the Volvo Group 24.0% (25.7). At June 30, 2008 shareholders' equity in the Group amounted to SEK 79.2 billion, equal to SEK 38 per share.

Related-party transactions

Sales to associated companies amounted to SEK 598 M and purchasing from associated companies amounted to SEK 49 M during the first six months of 2008. On June 30, 2008, receivables from associated companies amounted to SEK 230 M and liabilities to associated companies to SEK 22 M. Sales to related-party Renault SA amounted to SEK 59 M and purchasing from Renault SA to SEK 1,834 M during the first six months of 2008. Receivables from Renault SA amounted to SEK 39 M and liabilities to Renault SA to SEK 746 M at June 30, 2008.

Number of employees

On June 30, 2008, the Volvo Group had 103,123 employees, compared with 101,698 at year-end 2007.

Business segment overview

Net sales SEK M	Second quarter 2008	2007	Change, %	Change, %[1]	First six months 2008	2007	12 month rolling values	Jan–dec 2007
Trucks	**52,644**	46,331	14	16	**103,445**	85,530	205,807	187,892
Construction Equipment	**16,734**	14,146	18	27	**31,874**	25,148	60,359	53,633
Buses	**4,326**	4,107	5	11	**7,998**	7,848	16,758	16,608
Volvo Penta	**3,351**	3,215	4	8	**6,516**	6,157	12,078	11,719
Volvo Aero	**1,708**	1,845	(7)	9	**3,591**	3,806	7,431	7,646
Eliminations and other	**(249)**	(305)	–	–	**(378)**	(293)	(788)	(703)
Industrial operations	**78,514**	**69,339**	**13**	**17**	**153,046**	**128,196**	**301,645**	**276,795**
Customer Finance	**1,981**	1,894	5	0	**3,975**	3,699	7,981	7,705
Reclassifications and eliminations	**(70)**	213	–	–	**87**	587	405	905
Volvo Group	**80,426**	**71,446**	**13**	**-**	**157,109**	**132,482**	**310,031**	**285,405**

1) Adjusted for exchange rates and acquired and divested units.

Operating income (loss) SEK M	Second quarter 2008	2007	Change, %	First six months 2008	2007	12 month rolling values	Jan–dec 2007
Trucks	**4,825**	3,831	26	**9,257**	7,542	16,908	15,193
Construction Equipment	**1,629**	1,398	17	**2,930**	2,344	4,804	4,218
Buses	**46**	122	(62)	**(76)**	212	(57)	231
Volvo Penta	**458**	444	3	**776**	737	1,212	1,173
Volvo Aero	**4**	93	(96)	**140**	185	484	529
Group headquarter functions and other	**(163)**	(190)	–	**(122)**	(389)	(494)	(761)
Industrial operations	**6,799**	**5,698**	**19**	**12,905**	**10,631**	**22,857**	**20,583**
Customer Finance	**387**	421	(8)	**768**	861	1,601	1,649
Volvo Group	**7,186**	**6,119**	**17**	**13,673**	**11,447**	**24,457**	**22,231**

Operating margin %	Second quarter 2008	2007	First six months 2008	2007	12 month rolling values	Jan–dec 2007
Trucks	**9.2**	8.3	**8.9**	8.8	8.2	8.1
Construction Equipment	**9.7**	9.9	**9.2**	9.3	8.0	7.9
Buses	**1.1**	3.0	**(1.0)**	2.7	(0.3)	1.4
Volvo Penta	**13.7**	13.8	**11.9**	12.0	10.0	10.0
Volvo Aero	**0.2**	5.0	**3.9**	4.9	6.5	6.9
Industrial operations	**8.7**	**8.2**	**8.4**	**8.3**	**7.6**	**7.4**
Volvo Group	**8.9**	**8.6**	**8.7**	**8.6**	**7.9**	**7.8**

Overview of Industrial Operations

Trucks
– improved profitability

- Sales growth across all markets – up 14%
- Operating income increased by 26%, operating margin increased to 9.2%
- Weakening truck demand in Europe

Increased registrations in most markets

During the first six months of 2008 registrations of trucks continued on very high levels on most of the world's truck markets, with the exception of North America and Japan. The European market continued its strong development. As of May, the total number of registrations in Europe 29 (EU, Norway and Switzerland) increased by 19% to 161,855 heavy trucks (136,586). Registrations increased in France, the UK and Italy while they declined in Germany and Spain. Registrations in the new member states showed an increase of 11%.

Through June 2008, the total market for heavy trucks (Class 8) in North America declined by 19% to 93,951 trucks compared with 116,618 trucks in the same period 2007. The decrease is a consequence of the weak US economy, high fuel prices and a drop-off in the housing construction sector.

In South America demand continues to be strong and in Brazil the market as of June grew by 49% to 37,870 heavy trucks (25,351). As of May, the Chinese market for trucks over 14 tons grew by 55% to 327,598 trucks (211,227). In India the market as of May increased by 3% to 92,102 trucks (89,750). The Japanese market for heavy trucks amounted to 18,156 vehicles (21,380), which is a 15% decrease.

Net sales by market area, Trucks

SEK M	Second quarter 2008	Second quarter 2007	Change, %	First six months 2008	First six months 2007	Change, %
Europe	**30,049**	27,997	7	**59,930**	52,975	13
North America	**6,942**	6,103	14	**13,063**	13,312	(2)
South America	**3,861**	2,808	38	**6,617**	5,139	29
Asia	**8,172**	5,290	54	**17,202**	7,611	126
Other markets	**3,620**	4,133	(12)	**6,633**	6,493	2
Total	**52,644**	**46,331**	**14**	**103,445**	**85,530**	**21**

During 2007, Nissan Diesel's total sales were reported in market area Asia. The figures have now been adjusted and the sales for 2007 have been distributed to the respective market areas.

Weaker demand in Europe

In Europe order bookings decreased by 54% to 21,948 trucks in the second quarter. The decrease comes against the light of an exceptionally high order booking level in 2007 and increased uncertainty about the near-term development in the European economies, increased fuel prices and decreased activity in housing and other construction-related business in certain markets. This has led to an increased hesitancy among customers to place orders. In some specific markets some customers, who have previously forecasted that they were going to need more trucks in the near future and therefore placed orders to secure production slots, cancel their orders. To ensure good quality in the order backlogs Volvo Trucks and Renault Trucks keep close contacts with customers regarding their order commitments for 2008 and 2009. The development in Europe has enabled production slots to be opened up for customers in the Middle East, South America and Africa where demand is strong. To adjust production to market demand Renault Trucks have decided to reduce build rates during the second half of 2008 and Volvo Trucks is currently reviewing future production schedules. Against the backdrop of the high deliveries during the first half of 2008 and the still large order backlogs, the total European market (Europe 29) for heavy trucks is expected to grow by 10% during 2008 compared with 2007. The forecast is unchanged from the previous quarter.

Order bookings in North America rose in comparison to the second quarter of 2007. However, they continued to be on a low level due to the ongoing sluggishness of the US economy, high fuel prices and softness in housing construction. Altogether, the heavy truck market in North America in 2008 is expected to be on the same level as in 2007, which is unchanged from the previous forecast.

The total Japanese market for medium duty and heavy duty trucks is expected to decline by 10–15% from the level of 89,000 trucks during 2007, which is unchanged from the previous forecast.

Truck deliveries increased

The overall delivery pace of the truck operations continued to be very high during the second quarter of 2008. In total, 69,754 trucks were delivered during the quarter, compared with 56,189 trucks in the same period of the preceding year.

Deliveries of new trucks were at continued high levels for the main part of Europe. In North America, deliveries increased by 59%. Deliveries in the second quarter of 2007 were impacted by the transition to production of US'07 vehicles, while second quarter 2008 figures reflect temporarily higher build rates at the New River Valley Plant to recoup production lost as a result of a strike earlier this year. However, due to continued weak demand in North America, about 1,300 employees in the American production system were laid off towards the end of the second quarter. The large increase in Asia is mainly an effect of strong demand in the Middle East and increased deliveries of light duty trucks to Nissan Motors.

Strong growth and improved profitability

During the second quarter of 2008, the truck operation's net sales amounted to SEK 52,644 M, which was an increase of 14% compared with SEK 46,331 M during the second quarter of 2007. Adjusted for changes in exchange rates and acquired companies, net sales increased by 16%.

Operating income rose by 26% to SEK 4,825 M (3,831) and the operating margin increased to 9.2% (8.3). Increased sales and further improved profitability in Europe and most of the other markets outside North America contributed to the higher earnings. The improvement in profitability is a result of favorable price realization thanks to competitive products and also of improved productivity.

In the second quarter of 2007, the entire holding of 28.68% in the associated company Petro Stopping Centers was sold, which had a positive effect of SEK 316 M on the operating income.

Order intake per market

	Second quarter			First six months		
Number of trucks	**2008**	2007	Change, %	**2008**	2007	Change, %
Europe	**21,948**	47,911	(54)	**48,218**	91,614	(47)
North America	**5,693**	3,906	46	**11,373**	9,179	24
South America	**4,382**	4,042	8	**7,864**	8,578	(8)
Asia	**3,861**	4,093	(6)	**9,311**	8,087	15
Other markets	**3,658**	2,531	45	**7,430**	5,515	35
Total	**39,542**	**62,483**	**(37)**	**84,196**	**122,973**	**(32)**
Nissan Diesel [1]	**14,249**	12,034	18	**28,059**	–	–
Total	**53,791**	**74,517**	**(28)**	**112,255**	**-**	**-**

1) Nissan Diesel was consolidated into the Volvo Group April 1, 2007.

Deliveries per market

	Second quarter			First six months		
Number of trucks	**2008**	2007	Change, %	**2008**	2007	Change, %
Europe	**36,772**	33,102	11	**72,847**	61,939	18
North America	**8,802**	5,540	59	**15,939**	14,564	9
South America	**4,899**	3,595	36	**8,453**	6,591	28
Asia	**14,041**	8,529	65	**28,619**	11,659	145
Other markets	**5,240**	5,423	(3)	**9,787**	7,927	23
Total	**69,754**	**56,189**	**24**	**135,645**	**102,680**	**32**

Both Volvo Trucks and Renault Trucks launch new generation of trucks

In June, Volvo Trucks unveiled a new generation of FH, FH16 and FM trucks. Volvo's highly fuel-efficient engine and gearbox range is being broadened with a new 11-liter engine. Safety and driver environment were the focal points in development of the new models. One of the new features is a support system that monitors and alerts the driver if he or she becomes tired.

In May, Renault Trucks launched a renewed Renault Magnum range, offering more headroom and more storage volume, together with a new cab exterior. Renault Trucks is presently testing a hybrid refuse truck and customer field tests are planned for later this year. Renault Trucks has also extended the Renault Kerax range with a 13-liter engine and a new variant of Renault Lander.

Construction Equipment – increased sales and operating income

- Sales up 18%
- Operating income up 17%
- Softer markets in Europe and North America

Markets in Europe and North America declining

The total world market for heavy, compact and road machinery equipment increased by 1% during the second quarter compared to the same period last year.

In Europe the total market was down 14%, North America decreased by 18% while Other markets rose by 21% and Asia 27%, strongly driven by China, up 89%.

The total world market conditions for 2008 are softer than for 2007. The European market is expected to decline by 5–10% in 2008 compared to last year. The previous forecast was that the market was going to be on the same level as last year.

North America is expected to decline with around 20% for the full year compared to the previous forecast of minus 15–20%. The rest of the world is expected to a considerable degree to compensate and grow with around 20%, the same as the previous forecast.

Net sales by market area, Construction Equipment

SEK M	Second quarter 2008	Second quarter 2007	Change, %	First six months 2008	First six months 2007	Change, %
Europe	**7,796**	6,306	24	**14,889**	11,492	30
North America	**3,025**	3,623	(17)	**5,969**	5,836	2
South America	**743**	469	58	**1,314**	883	49
Asia	**4,149**	3,095	34	**7,699**	5,653	36
Other markets	**1,021**	653	56	**2,003**	1,284	56
Total	**16,734**	**14,146**	**18**	**31,874**	**25,148**	**27**

Total market development in the second quarter

Unit sales in %	Europe	North America	Asia	Other markets	Total
Heavy equipment	(3)	(26)	39	27	**14**
Compact equipment	(23)	(17)	12	13	**(9)**
Road machinery	10	(4)	65	26	**14**
Total	**(14)**	**(18)**	**27**	**21**	**1**

Increased sales and operating income

Net sales in construction equipment rose by 18% to SEK 16,734 M (14,146) in the second quarter. Adjusted for changes in the exchange rates and the acquisition of the road machinery business, net sales rose by 27%. Operating income increased 17% to SEK 1,629 M (1,398) and the operating margin was 9.7% (9.9). The higher operating income was driven by increased sales volumes, which were partly offset by integration costs and negative currency impact.

The value of the order book at June 30 was 7% lower than the same date the previous year, excluding Lingong and the acquired road machinery business.

Decision to start production in Mexico

In July, Volvo CE announced that the production of backhoe loaders for the North American and Latin American markets will be moved from Wroclaw, Poland to a facility shared with Volvo Bus in Tultitlán, Mexico. The move will significantly reduce delivery times to customers in the region and also, over time, reduce Volvo CE's exposure to exchange rate movements.

In June, Volvo CE announced an investment of SEK 340 M in a new paint shop in the articulated hauler plant in Braås, Sweden. The investment will lead to improved productivity and increased capacity as well as a reduction of around 75% of emissions of volatile organic compounds.

During two weeks in June, an all-time-high number of 3,000 customers from all over the world visited the Volvo CE customer center in Eskilstuna, Sweden to view and test drive the latest equipment from Volvo CE, including the recently presented hybrid wheel loader.

Buses – increased sales but lower operating income

- Increased order intake
- Global profitability program continues
- Divestiture of factory in Turku, Finland

Continued strong market for city buses

The market for city buses continues to grow in all regions. The interest in BRT systems (Bus Rapid Transit) remains extensive and the expectation is that the demand for this type of vehicle will increase further. In recent months, the market for coaches in North America has weakened due to the decline in the US economy. In Europe, the market for coaches is expected to be stagnant, while demand for hybrids and environmentally compatible city buses will increase.

Increased order bookings, but lower order book

During the second quarter, there were order bookings for 2,319 buses and chassis, an increase of 26%, compared with 1,840 in the preceding year. Order bookings grew in most markets, except Europe. During the quarter, 2,525 (2,293) buses were delivered, an increase of 10% compared with the second quarter of 2007. At the end of the second quarter, the order book contained 4,908 orders (5,360), which is a decline of 8%.

Net sales by market area, Buses

	Second quarter		Change,	First six months		Change,
SEK M	**2008**	2007	%	**2008**	2007	%
Europe	**2,054**	1,928	7	**3,775**	3,654	3
North America	**1,299**	1,185	10	**2,403**	2,273	6
South America	**298**	359	(17)	**507**	580	(13)
Asia	**442**	435	2	**920**	956	(4)
Other markets	**233**	200	17	**393**	385	2
Total	**4,326**	**4,107**	**5**	**7,998**	**7,848**	**2**

Profit, but lower earnings than in the preceding year

In the second quarter, net sales increased by 5% to SEK 4,326 M (4,107). Adjusted for changes in currency rates net sales increased by 11%. Operating income amounted to SEK 46 M (122) and the operating margin was 1.1% (3.0). Changed currency rates and increased research and developments costs for among other things hybrid buses had a negative impact on earnings.

As part of Volvo Buses' global profitability program and to enhance the efficiency of operations in Europe, Volvo Buses is restructuring its production in Finland. In September, the plant in Tampere will be closed and production moved to Wroclaw and in July, it was announced that a letter of intent had been signed for the sale of the body plant in Turku.

In Mexico and North America, operations are being adapted to the prevailing market situation. In Canada, Nova Bus is preparing an expansion within city buses that also includes the US market. Prevost secured a prestigious initial order for 50 buses for Greyhound in the US. The buses will be used for Greyhound's new BoltBus express service.

Volvo Penta
– operating margin maintained

- Continued improved sales in all segments, +4%
- Increased market shares in Europe and North America
- Strong operating margin, 13.7%

Total market

The world market for marine engines weakened during the second quarter as a consequence of a continued weak development in North America and lower demand in Europe.

The total market for industrial engines in Europe continued to be stable. Demand is strong in Asia, South America and many other parts of the world, for instance in South Africa.

Market shares

Volvo Penta has continued to capture market shares in Europe and North America. When it comes to diesel engines for leisure boats, Volvo Penta is now the market leader among independent boat builders in North America. The new IPS drive system (Inboard Performance System) has significantly strengthened Volvo Penta's position in the inboard segment for motorboats.

On the industrial engine side Volvo Penta has continued to capture market shares among builders in for instance Europe and Asia.

Net sales by market area, Volvo Penta

	Second quarter		Change,	First six months		Change,
SEK M	**2008**	2007	%	**2008**	2007	%
Europe	**2,026**	1,925	5	**3,919**	3,716	5
North America	**557**	681	(18)	**1,179**	1,370	(14)
South America	**98**	67	46	**178**	121	47
Asia	**525**	452	16	**991**	791	25
Other markets	**145**	90	61	**249**	159	57
Total	**3,351**	**3,215**	**4**	**6,516**	**6,157**	**6**

On June 30, the volume in the order backlog was approximately 20% higher compared with the same date in the preceding year. The increase is driven by industrial engines with lower profit margins than marine engines.

Financial development

Volvo Penta's net sales during the second quarter amounted to SEK 3,351 M (3,215), which is an increase of 4% compared to the same quarter last year. Adjusted for currency movements sales increased by 8%. Sales were distributed between the business segments as follows: Marine SEK 2,259 M (2,330) and Industrial SEK 1,092 M (886).

Operating income amounted to SEK 458 M (444). Income was positively impacted by continued good price realization on the new, competitive product portfolio while it was negatively affected by the development in North America. Operating margin was 13.7% (13.8).

Product introductions

During the autumn, Volvo Penta will launch a new series of smaller, low-speed diesel engines in the range from approximately 10 to 75 horsepower. The new D-series – belonging to the same series of engines installed in all boats in the upcoming Volvo Ocean Race – significantly strengthens Volvo Penta's customer offer in the sailboat segment.

Volvo Aero – lower sales and operating income

- Negative product mix
- Research efforts result in major contracts
- Increasing order book in component business

Net sales by market area, Volvo Aero

SEK M	Second quarter 2008	Second quarter 2007	Change, %	First six months 2008	First six months 2007	Change, %
Europe	**784**	816	(4)	**1,730**	1,681	3
North America	**796**	915	(13)	**1,627**	1,878	(13)
South America	**15**	26	(42)	**31**	68	(54)
Asia	**67**	79	(15)	**138**	137	1
Other markets	**46**	9	411	**65**	42	55
Total	**1,708**	**1,845**	**(7)**	**3,591**	**3,806**	**(6)**

Substantial engine backlog

Airline passenger traffic increased around 4% in the first four months of 2008. Asia-Pacific experienced the strongest rate of traffic growth followed by Europe. US international traffic continued to increase at a stable rate but there was considerable weakness in domestic air travel.

IATA (International Air Transport Association) has revised its airline industry profit forecast for 2008 due to record oil prices and slowing economies. With current oil prices, IATA predicts that the airline industry will be back in red figures in 2008.

Order bookings for large commercial jets totaled 1,001 aircraft, 19% lower than last year. However order intake continued to exceed deliveries and the backlog at the end of the June grew to 7,324 aircraft. The engine order book exceeded 15,300 large engines at the end of June (12,000).

For Volvo Aero, order bookings remain strong and the value of the order book in the component business at June 30 was 12% higher than at the same date in the preceding year.

Negative currency and product mix

During the second quarter, Volvo Aero's net sales decreased by 7% to SEK 1,708 M (1,845), mainly attributable to currency and lower volumes within the after market business. This was partly off-set by increased sales of commercial engine components. Adjusted for currency movements and the close-down of VAES in Stockholm, sales increased by 9%.

Operating income was SEK 4 M (93) which corresponds to an operating margin of 0.2% (5.0%). Profitability was affected by an unfavorable product mix between new spare parts and components for new engines and also by changes in currency exchange rates. Volvo Aero has made significant investments in research for the new engine programs, which also affected the operating income negatively in the quarter.

Major agreements for new engine concepts for the future

Volvo Aero has signed important agreements with Pratt & Whitney and Rolls-Royce. In both cases the engine programs will contribute to substantially reduced fuel consumption and emissions for the next generation of aircraft.

As a partner in Pratt & Whitney's Geared Turbofan engine program, GTF, Volvo Aero will be responsible for three major components. The agreement is expected to result in sales of SEK 50 billion during the coming 40 years, Volvo Aero's largest involvement in a commercial aero engine ever.

Volvo Aero has also signed an important agreement with Rolls-Royce, under which Volvo Aero will develop and manufacture a key component for the Trent XWB, the engine in Airbus's forthcoming aircraft, the A350 XWB. For Volvo Aero's part, the agreement is expected to result in total sales of approximately SEK 40 billion over 40 years.

Income statements Volvo Group

Second quarter	Industrial operations		Customer Finance		Elim and reclassifications		Volvo Group Total	
SEK M	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Net sales	**78,514**	69,339	**1,981**	1,894	**(70)**	212	**80,426**	71,446
Cost of sales	**(60,440)**	(53,706)	**(1,171)**	(1,098)	**70**	(212)	**(61,541)**	(55,017)
Gross income	**18,074**	**15,633**	**810**	**796**	**0**	**0**	**18,885**	**16,429**
Research and development expenses	**(3,335)**	(2,679)	**0**	0	**0**	0	**(3,335)**	(2,679)
Selling expenses	**(6,268)**	(5,793)	**(363)**	(350)	**0**	0	**(6,630)**	(6,144)
Administrative expenses	**(1,842)**	(1,706)	**(6)**	(9)	**0**	0	**(1,848)**	(1,714)
Other operating income and expenses	**118**	(122)	**(55)**	(17)	**0**	0	**62**	(138)
Income from investments in associated companies	**9**	317	**0**	1	**0**	0	**9**	317
Income from other investments	**43**	48	**0**	0	**0**	0	**43**	48
Operating income	**6,799**	**5,698**	**387**	**421**	**0**	**0**	**7,186**	**6,119**
Interest income and similar credits	**308**	269	**0**	0	**(36)**	(20)	**272**	248
Interest expenses and similar charges	**(410)**	(351)	**0**	0	**36**	20	**(374)**	(332)
Other financial income and expenses	**397**	(67)	**0**	0	**0**	0	**397**	(65)
Income after financial items	**7,094**	**5,549**	**387**	**421**	**0**	**0**	**7,481**	**5,970**
Income taxes	**(2,200)**	(1,796)	**(134)**	(144)	**0**	0	**(2,332)**	(1,940)
Income for the period*	**4,894**	**3,753**	**253**	**277**	**0**	**0**	**5,149**	**4,030**
*Attributable to:								
Equity holders of the parent company							**5,130**	4,003
Minority interests							**19**	27
							5,149	**4,030**
Basic earnings per share, SEK							**2.53**	1.98
Diluted earnings per share, SEK							**2.53**	1.98

First six months	Industrial operations		Customer Finance		Elim and reclassifications		Volvo Group Total	
SEK M	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Net sales	**153,046**	128,196	**3,975**	3,699	**87**	586	**157,109**	132,482
Cost of sales	**(117,344)**	(98,881)	**(2,352)**	(2,140)	**(87)**	(586)	**(119,784)**	(101,608)
Gross income	**35,702**	**29,315**	**1,623**	**1,559**	**0**	**0**	**37,325**	**30,874**
Research and development expenses	**(6,669)**	(5,013)	**0**	0	**0**	0	**(6,669)**	(5,013)
Selling expenses	**(12,463)**	(10,765)	**(738)**	(696)	**0**	0	**(13,200)**	(11,461)
Administrative expenses	**(3,681)**	(3,528)	**(6)**	(17)	**0**	0	**(3,687)**	(3,544)
Other operating income and expenses	**(54)**	175	**(112)**	(31)	**0**	0	**(166)**	144
Income from investments in associated companies	**14**	398	**0**	1	**0**	0	**14**	398
Income from other investments	**56**	49	**0**	0	**0**	0	**56**	49
Operating income	**12,905**	**10,631**	**768**	**816**	**0**	**0**	**13,673**	**11,447**
Interest income and similar credits	**633**	549	**0**	0	**(80)**	(59)	**553**	489
Interest expenses and similar charges	**(797)**	(539)	**0**	0	**80**	59	**(717)**	(480)
Other financial income and expenses	**113**	(80)	**0**	0	**0**	0	**113**	(79)
Income after financial items	**12,854**	**10,561**	**768**	**816**	**0**	**0**	**13,622**	**11,377**
Income taxes	**(4,012)**	(3,287)	**(247)**	(304)	**0**	0	**(4,258)**	(3,591)
Income for the period*	**8,842**	**7,274**	**521**	**512**	**0**	**0**	**9,364**	**7,786**
*Attributable to:								
Equity holders of the parent company							**9,326**	7,756
Minority interests							**38**	30
							9,364	**7,786**
Basic earnings per share, SEK							**4.60**	3.83
Diluted earnings per share, SEK							**4.60**	3.83

Balance Sheets Volvo Group

SEK M	Industrial operations June 30, 2008	Industrial operations Dec 31, 2007	Customer Finance June 30, 2008	Customer Finance Dec 31, 2007	Elim and reclassifications June 30, 2008	Elim and reclassifications Dec 31, 2007	Volvo Group Total June 30, 2008	Volvo Group Total Dec 31, 2007
Assets								
Non-current assets								
Intangible assets	**35,147**	36,441	**56**	67	**0**	0	**35,203**	36,508
Tangible assets								
Property, plant and equipment	**47,842**	47,132	**81**	78	**0**	0	**47,923**	47,210
Assets under operating leases	**13,778**	13,850	**452**	288	**7,786**	8,364	**22,016**	22,502
Financial assets								
Shares and participations	**1,968**	2,189	**29**	30	**0**	0	**1,997**	2,219
Long term customer financing receivables	**357**	444	**50,189**	47,870	**(8,341)**	(7,828)	**42,205**	40,486
Deferred tax assets	**8,159**	8,434	**323**	346	**2**	3	**8,484**	8,783
Other long-term receivables	**4,167**	5,601	**36**	39	**639**	(861)	**4,842**	4,779
Total non-current assets	**111,418**	**114,091**	**51,166**	**48,718**	**86**	**(322)**	**162,670**	**162,487**
Current assets								
Inventories	**51,715**	43,264	**668**	381	**0**	0	**52,383**	43,645
Short-term receivables								
Customer-financing receivables	**563**	789	**44,796**	42,695	**(3,949)**	(5,123)	**41,410**	38,361
Current tax assets	**1,324**	1,660	**62**	43	**0**	0	**1,386**	1,703
Other receivables	**55,309**	53,976	**1,316**	1,713	**(9,533)**	(11,272)	**47,092**	44,417
Marketable securities	**16,297**	16,488	**3**	2	**0**	0	**16,300**	16,490
Cash and cash equivalents	**8,188**	13,538	**1,151**	1,053	**(370)**	(47)	**8,969**	14,544
Total current assets	**133,396**	**129,715**	**47,996**	**45,887**	**(13,852)**	**(16,442)**	**167,540**	**159,160**
Total assets	**244,814**	**243,806**	**99,162**	**94,605**	**(13,766)**	**(16,764)**	**330,210**	**321,647**
Shareholders' equity and liabilities								
Equity attributable to the equity holders of the parent company	**70,657**	74,550	**8,088**	7,652	**0**	0	**78,745**	82,202
Minority interests	**461**	579	**0**	0	**0**	0	**461**	579
Total shareholders' equity	**71,118**	**75,129**	**8,088**	**7,652**	**0**	**0**	**79,206**	**82,781**
Non-current provisions								
Provisions for post-employment benefits	**9,097**	9,746	**32**	28	**0**	0	**9,129**	9,774
Provisions for deferred taxes	**6,594**	7,868	**1,372**	1,259	**0**	0	**7,966**	9,127
Other non-current provisions	**7,328**	7,067	**82**	95	**120**	139	**7,530**	7,301
Non-current liabilities	**38,921**	41,339	**43,041**	42,285	**(4,232)**	(11,895)	**77,730**	71,729
Current provisions	**10,706**	10,437	**95**	129	**68**	90	**10,869**	10,656
Current liabilities								
Loans	**41,258**	40,539	**5,298**	4,382	**(49)**	(49)	**46,507**	44,872
Trade payables	**54,119**	52,376	**362**	287	**0**	0	**54,481**	52,663
Current tax liabilities	**2,427**	0	**422**	451	**0**	0	**2,849**	451
Other current liabilities	**3,246**	(695)	**40,370**	38,037	**(9,673)**	(5,049)	**33,943**	32,293
Total shareholders' equity and liabilities	**244,814**	**243,806**	**99,162**	**94,605**	**(13,766)**	**(16,764)**	**330,210**	**321,647**
Contingent liabilities							**7,820**	8,153

Cash flow statement

Second quarter	Industrial operations		Customer Finance		Elim and reclassifications		Volvo Group Total	
SEK bn	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Operating activities								
Operating income	**6.8**	5.7	**0.4**	0.4	**0.0**	0.0	**7.2**	6.1
Depreciation and amortization	**2.9**	2.5	**0.1**	0.1	**0.4**	0.5	**3.4**	3.1
Other non-cash items	**(0.2)**	(0.4)	**0.0**	0.0	**0.0**	0.0	**(0.2)**	(0.4)
Change in working capital	**(0.8)**	1.7	**(5.6)**	(3.2)	**0.7**	(0.4)	**(5.7)**	(1.9)
Financial items and income taxes paid	**(0.7)**	(1.3)	**0.0**	0.0	**0.0**	0.0	**(0.7)**	(1.3)
Cash flow from operating activities	**8.0**	**8.2**	**(5.1)**	**(2.7)**	**1.1**	**0.1**	**4.0**	**5.6**
Investing activities								
Investments in fixed assets	**(3.2)**	(2.4)	**0.0**	0.0	**0.0**	0.0	**(3.2)**	(2.4)
Investment in leasing vehicles	**(0.2)**	0.0	**(0.1)**	(0.1)	**(0.9)**	(0.9)	**(1.2)**	(1.0)
Disposals of fixed assets and leasing vehicles	**0.3**	0.3	**0.1**	0.1	**0.4**	0.5	**0.8**	0.9
Operating cash flow	**4.9**	**6.1**	**(5.1)**	**(2.7)**	**0.6**	**(0.3)**	**0.4**	**3.1**
Investments and divestments of shares, net							**(0.1)**	0.3
Acquired and divested operations, net							**0.0**	(8.8)
Interest-bearing receivables incl marketable securites							**9.6**	1.4
Cash-flow after net investments							**9.9**	**(4.0)**
Financing activities								
Change in loans, net							**(0.3)**	24.8
Dividend to AB Volvo shareholders							**(11.1)**	(20.3)
Dividend to minority shareholders							**(0.1)**	0.0
Other							**(0.1)**	0.0
Change in cash and cash equivalents excl. translation differences							**(1.7)**	**0.5**
Translation difference on cash and cash equivalents							**0.0**	(0.1)
Change in cash and cash equivalents							**(1.7)**	**0.4**

Cash flow statement

First six months	Industrial operations		Customer Finance		Elim and reclassifications		Volvo Group Total	
SEK bn	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Operating activities								
Operating income	**12.9**	10.6	**0.8**	0.8	**0.0**	0.0	**13.7**	11.4
Depreciation and amortization	**5.7**	4.7	**0.1**	0.1	**0.9**	1.0	**6.7**	5.8
Other non-cash items	**(0.3)**	(0.7)	**0.1**	0.0	**0.1**	0.0	**(0.1)**	(0.7)
Change in working capital	**(9.5)**	(4.6)	**(6.6)**	(3.9)	**0.2**	(0.2)	**(15.9)**	(8.7)
Financial items and income taxes paid	**(2.1)**	(2.9)	**(0.1)**	(0.1)	**0.0**	0.1	**(2.2)**	(2.9)
Cash flow from operating activities	**6.7**	**7.1**	**(5.7)**	**(3.1)**	**1.2**	**0.9**	**2.2**	**4.9**
Investing activities								
Investments in fixed assets	**(5.4)**	(4.3)	**0.0**	0.0	**0.0**	0.0	**(5.4)**	(4.3)
Investment in leasing vehicles	**(0.2)**	(0.1)	**(0.1)**	(0.1)	**(2.0)**	(1.9)	**(2.3)**	(2.1)
Disposals of fixed assets and leasing vehicles	**0.5**	0.5	**0.1**	0.1	**0.8**	0.7	**1.4**	1.3
Operating cash flow	**1.6**	**3.2**	**(5.7)**	**(3.1)**	**0.0**	**(0.3)**	**(4.1)**	**(0.2)**
Investments and divestments of shares, net							**(0.1)**	0.3
Acquired and divested operations, net							**0.2**	(14.5)
Interest-bearing receivables incl marketable securites							**0.1**	(1.1)
Cash-flow after net investments							**(3.9)**	**(15.5)**
Financing activities								
Change in loans, net							**9.9**	36.2
Dividend to AB Volvo shareholders							**(11.1)**	(20.3)
Dividend to minority shareholders							**(0.1)**	0.0
Other							**0.0**	0.0
Change in cash and cash equivalents excl. translation differences							**(5.2)**	**0.4**
Translation difference on cash and cash equivalents							**(0.4)**	0.1
Change in cash and cash equivalents							**(5.6)**	**0.5**

Net financial position

	Industrial operations		Volvo Group	
SEK M	**June 30, 2008**	Dec 31, 2007	**June 30, 2008**	Dec 31, 2007
Long term customer finance receivables	**-**	–	**42,205**	40,486
Long term interest-bearing receivables	**1,965**	3,928	**2,681**	3,150
Short term customer finance receivables	**-**	–	**41,410**	38,361
Short term interest bearing receivables	**8,945**	9,773	**1,780**	1,380
Marketable securities	**16,297**	16,488	**16,300**	16,490
Cash and bank	**8,188**	13,538	**8,969**	14,544
Total financial assets	**35,395**	**43,727**	**113,345**	**114,411**
Provision for post employment benefits	**9,097**	9,746	**9,129**	9,774
Interest-bearing liabilities	**39,408**	38,286	**115,806**	108,318
Total financial debt	**48,505**	**48,032**	**124,935**	**118,092**
Net financial position	**(13,110)**	**(4,305)**	**(11,590)**	**(3,681)**

Changes in net financial position, Industrial operations

SEK bn	Second quarter 2008	First six months 2008
Beginning of period	**(6.5)**	**(4.3)**
Cash flow from operating activities	8.0	6.7
Investment in fixed assets	(3.4)	(5.6)
Disposals	0.3	0.5
Operating cash-flow	**4.9**	**1.6**
Investments and divestments of shares, net	(0.1)	(0.1)
Aquired and divested operations, net	0.0	0.2
Capital injections to/from Customer Finance operations	(0.1)	(0.1)
Currency effect	0.2	0.7
Dividend paid to AB Volvo shareholders	(11.1)	(11.1)
Other changes	(0.4)	0.0
Total change	**(6.6)**	**(8.8)**
Net financial position at end of period	**(13.1)**	**(13.1)**

Changes in shareholders' equity

	First six months	
SEK bn	**2008**	2007
Total equity at beginning of period	**82.8**	**87.2**
Shareholders' equity attributable to equity holders of the parent company at beginning of period	**82.2**	**86.9**
Translation differences	**(1.7)**	1.2
Translation differences on hedge instruments of net investments in foreign operations	**0.0**	(0.1)
Available-for-sale investments	**(0.1)**	0.0
Cash flow hedges	**0.1**	(0.3)
Net income recognized directly in equity	**(1.7)**	**0.8**
Income for the period	**9.3**	7.8
Total recognized income and expense for the period	**7.6**	**8.6**
Dividend to AB Volvo's shareholders	**(11.1)**	(20.3)
Share-based payments	**0.1**	0.1
Other changes	**(0.1)**	0.0
Shareholders' equity attributable to equity holders of the parent company at end of period	**78.7**	**75.3**
Minority interests at beginning of period	**0.6**	**0.3**
Translation differences	**0.0**	0.0
Net income recognized directly in equity	**0.0**	**0.0**
Income for the period	**0.0**	0.0
Total recognized income and expense for the period	**0.0**	**0.0**
Cash dividend	**(0.1)**	0.0
Minority regarding new acquisitions	**0.0**	0.5
Other changes	**0.0**	0.0
Minority interests at end of period	**0.5**	**0.8**
Total equity at end of period	**79.2**	**76.1**

Key ratios

Industrial operations

	First six months	
	2008	2007
Gross margin, %	**23.3**	22.9
Research and development expenses in % of net sales	**4.4**	3.9
Selling expenses in % of net sales	**8.1**	8.4
Administrative expenses in % of net sales	**2.4**	2.8
Operating margin, %	**8.4**	8.3

	June 30, 2008	Dec 31, 2007
Return on operating capital, %, 12 month rolling values	**27.4**	26.4
Net financial position at end of period, SEK billion	**(13.1)**	(4.3)
Net financial position in % of shareholders' equity at end of period	**(18.4)**	(5.7)
Shareholders' equity as percentage of total assets, end of period	**29.0**	30.8

Customer finance

	June 30, 2008	Dec 31, 2007
Return on shareholders' equity, %, 12 month rolling values	**15.4**	15.9
Equity ratio at end of period, %	**8.2**	8.1
Asset growth, % from preceding year end until end of period	**4.8**	18.5

Volvo Group

	First six months	
	2008	2007
Gross margin, %	**23.8**	23.3
Research and development expenses in % of net sales	**4.2**	3.8
Selling expenses in % of net sales	**8.4**	8.7
Administrative expenses in % of net sales	**2.3**	2.7
Operating margin, %	**8.7**	8.6

	June 30, 2008	Dec 31, 2007
Basic earnings per share, SEK, 12 month rolling values	**8.14**	7.37
Shareholders' equity, excluding minority interests, per share, at end of period, SEK	**38.1**	40.6
Return on shareholders' equity, %, 12 month rolling values	**20.5**	18.1
Shareholders' equity as percentage of total assets, end of period	**24.0**	25.7

Share data

	First six months	
	2008	2007
Basic earnings per share, SEK	**4.60**	3.83
Diluted earnings per share, SEK	**4.60**	3.83
Number of shares outstanding, million	**2,027**	2,026
Average number of shares during period, million	**2,027**	2,025
Average diluted number of shares during period, million	**2,027**	2,026
Number of company shares, held by AB Volvo, million	**101**	103
Average number of company shares, held by AB Volvo, million	**102**	103

Quarterly figures

Industrial operations

SEK M unless otherwise stated	2/2007	3/2007	4/2007	1/2008	**2/2008**
Net sales	**69,339**	**66,253**	**82,346**	**74,532**	**78,514**
Cost of sales	(53,706)	(51,379)	(63,900)	(56,904)	**(60,440)**
Gross income	**15,633**	**14,874**	**18,446**	**17,628**	**18,074**
Research and development expenses	(2,679)	(2,603)	(3,443)	(3,334)	**(3,335)**
Selling expenses	(5,793)	(6,206)	(7,700)	(6,195)	**(6,268)**
Administrative expenses	(1,706)	(1,649)	(1,916)	(1,839)	**(1,842)**
Other operating income and expenses	(122)	82	(8)	(172)	**118**
Income from investments in associated companies	317	27	3	5	**9**
Income from other investments	48	30	15	13	**43**
Operating income Industrial operations	**5,698**	**4,555**	**5,397**	**6,106**	**6,799**
Customer Finance					
Finance and lease income	1,894	2,034	1,972	1,994	**1,981**
Finance and lease expenses	(1,098)	(1,228)	(1,168)	(1,181)	**(1,171)**
Gross income	**796**	**806**	**804**	**813**	**810**
Selling and administrative expenses	(359)	(360)	(364)	(375)	**(368)**
Credit provision expenses	(32)	(5)	(56)	(61)	**(59)**
Other operating income and expenses	16	13	(6)	4	**4**
Operating income Customer Finance	**421**	**454**	**378**	**381**	**387**
Volvo Group					
Operating income	**6,119**	**5,010**	**5,775**	**6,487**	**7,186**
Interest income and similar credits	249	206	257	281	**272**
Interest expense and similar credits	(332)	(325)	(317)	(343)	**(374)**
Other financial income and costs	(65)	(320)	(106)	(284)	**397**
Income after financial items	**5,971**	**4,571**	**5,609**	**6,141**	**7,481**
Taxes	(1,941)	(1,422)	(1,515)	(1,926)	**(2,332)**
Income for the period*	**4,030**	**3,149**	**4,094**	**4,215**	**5,149**
* Attributable to					
Equity holders of AB Volvo	4,003	3,118	4,059	4,196	**5,130**
Minority interests	27	31	35	19	**19**
	4,030	**3,149**	**4,094**	**4,215**	**5,149**

Share data	2/2007	3/2007	4/2007	1/2008	**2/2008**
Earnings per share, SEK [1]	1.98	1.54	2.00	2.07	**2.53**
Number of shares outstanding, million	2,026	2,026	2,026	2,027	**2,027**
Average number of shares during period, million	2,026	2,026	2,026	2,026	**2,027**
Number of company shares, held by AB Volvo	103	103	103	101	**101**
Depreciation and amortization included above					
Industrial operations	2,465	2,292	2,925	2,623	**2,719**
Customer Finance	36	92	(18)	33	**33**
Classification Group versus segment Customer Finance [2]	629	528	758	663	**622**
Total	**3,130**	**2,912**	**3,665**	**3,319**	**3,374**

Key operating ratios, Industrial operations					
Gross margin, %	22.5	22.5	22.4	23.7	**23.0**
Research and development expenses in % of net sales	3.9	3.9	4.2	4.5	**4.2**
Selling expenses in % of net sales	8.4	9.4	9.4	8.3	**8.0**
Administrative expenses in % of net sales	2.5	2.5	2.3	2.5	**2.3**
Operating margin , %	8.2	6.9	6.6	8.2	**8.7**

1) Earnings per share are calculated as Income for the period (excl. minority interests) divided by the weighted average number of shares outstanding during the period.
2) Reclassification of financial leases in segment Customer Finance to operational leases in the Group.

Quarterly figures

Net sales

SEK M	2/2007	3/2007	4/2007	1/2008	**2/2008**
Trucks	46,331	45,350	57,012	50,801	**52,644**
Construction Equipment	14,146	12,963	15,523	15,140	**16,734**
Buses	4,107	3,588	5,173	3,672	**4,326**
Volvo Penta	3,215	2,703	2,859	3,165	**3,351**
Volvo Aero	1,845	1,847	1,992	1,883	**1,708**
Eliminations and other	(305)	(198)	(213)	(129)	**(249)**
Industrial operations	**69,339**	**66,253**	**82,346**	**74,532**	**78,514**
Customer Finance	1,894	2,034	1,972	1,994	**1,981**
Reclassifications and eliminations	212	80	238	157	**(70)**
Volvo Group	**71,445**	**68,367**	**84,556**	**76,683**	**80,426**

Operating income

SEK M	2/2007	3/2007	4/2007	1/2008	**2/2008**
Trucks	3,831	3,507	4,144	4,432	**4,825**
Construction Equipment	1,398	839	1,035	1,301	**1,629**
Buses	122	(73)	93	(122)	**46**
Volvo Penta	444	258	177	318	**458**
Volvo Aero	93	148	196	136	**4**
Group headquarter functions and other	(190)	(124)	(248)	41	**(163)**
Industrial operations	**5,698**	**4,555**	**5,397**	**6,106**	**6,799**
Customer Finance	421	454	378	381	**387**
Volvo Group	**6,119**	**5,010**	**5,775**	**6,487**	**7,186**

Operating margin

%	2/2007	3/2007	4/2007	1/2008	**2/2008**
Trucks	8.3	7.7	7.3	8.7	**9.2**
Construction Equipment	9.9	6.5	6.7	8.6	**9.7**
Buses	3.0	(2.0)	1.8	(3.3)	**1.1**
Volvo Penta	13.8	9.5	6.2	10.0	**13.7**
Volvo Aero	5.0	8.0	9.8	7.2	**0.2**
Industrial operations	**8.2**	**6.9**	**6.6**	**8.2**	**8.7**
Volvo Group	**8.6**	**7.3**	**6.8**	**8.5**	**8.9**

Accounting principles

As of January 1, 2005, AB Volvo applies the International Financial Reporting Standards (IFRS) – formerly the IAS – as adopted by the EU, for the group consolidation. The accounting principles, which were applied during the preparation of this report, are described in Note 1 to the consolidated financial statements, which are included in the 2007 Annual Report for the Volvo Group. This interim report has been prepared in accordance with IAS 34, Interim financial Reporting and the Annual Accounts Act.

The financial reporting of the parent company has been prepared in accordance with the Annual Accounts Act and RFR 2.1 Reporting for legal entities. Application of RFR 2.1 entails that in interim reporting for legal entities, the parent company is to apply all IFRSs and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act, the Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation.

New accounting principles in 2008

In accordance with considerations presented in the Annual Report, Note 1, regarding new accounting principles for 2008, three new interpretations from IFRIC take effect as of 1 January 2008: IFRIC 11 *'IFRS 2 Group and Treasury Share Transactions';* IFRIC 12 *'Service Concession Arrangements'* and IFRIC 14 *'IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction'*. IFRIC 11 has not had any impact on the Group's financial statements. IFRIC 12 and IFRIC 14 have not yet been approved by the EU and are therefore not applied in this report. The application of these is not expected to have a significant impact on the Group's financial statements.

Otherwise, accounting principles and methods of calculations have remained essentially unchanged from those applied in the 2007 Annual Report.

Operating income before depreciation and amortization (EBITDA)

EBITDA is the operating income before depreciation and amortization. In the Volvo Group this key figure is calculated by adding back depreciation and amortization to the operating income of the Industrial operations.

Risks and uncertainties

All business operations involve risk – managed risk-taking is a condition of maintaining a sustained favorable profitability. Risk may be due to events in the world and can affect a given industry or market. Risk can be specific to a single company. Volvo works continuously to identify, measure and manage risk, and in some cases Volvo can influence the likelihood that a risk-related event will occur. In cases in which such events are beyond Volvo's control, the aim is to minimize the consequences.

The risks to which the Volvo Group are exposed are classified into three main categories: **External-related risks** – such as the cyclical nature of the commercial vehicles business, intense competition, changes in prices for commercial vehicles and government regulations; **Financial risks** – such as currency fluctuations, interest levels fluctuations, valuations of shares or similar instruments, credit risk and liquidity risk and; **Operational risks** – such as market reception of new products, reliance on suppliers, protection and maintenance of intangible assets, complaints and legal actions by customers and other third parties and risk related to human capital. For a more elaborate account of these risks, please refer to the Risk Management section on pages 48–50 in the 2007 Annual Report for the Volvo Group. The Annual Report is available on the internet at www.volvo.com.

Short-term risks, when applicable, are described in the respective report per business area of this report. Also the reported amounts for contingent liabilities reflect Volvo's risk exposure. Total contingent liabilities at June 30, 2008, amounted to SEK 7.8 billion, a decrease of SEK 0.3 billion compared to December 31, 2007.

The former agreement between Mack Trucks and UAW, the American union for vehicle workers for the North American operations, was due 30 September 2007. The agreement has been prolonged on a day-to-day basis and there are ongoing negotiations with the UAW. At present, it is not possible to estimate the outcome of the negotiations, but there is a risk that the outcome may have a significant negative effect on the consolidated operating income in later quarters 2008.

As stated in the Annual Report, note 14, regarding goodwill, Volvo verifies annually, or more frequently if necessary, the value of its operations to secure that they do not fall below the carrying value. The size of the surplus value differs between the operations and they are therefore, to a varying degree, sensitive to changes in assumptions and in the business environment. Volvo follows on account of this the development of the business areas whose surplus values are dependent on the realization of Volvo's assessments. The recent development in exchange rates affect the margin for surplus values that are sensitive to such changes and could, if continued, have an effect on the valuation in the forthcoming quarters. Due to the weak development of the Volvo Bus profitability, Volvo continuously tests the goodwill value of that business area. Continuous valuation tests are also performed for other intangible assets where indications of impairment have been identified and the valuation is sensitive to changes in assumptions and in the business environment.

Corporate acquisitions and divestments

Acquisitions and divestments during the period

During the second quarter 2008 the Volvo Group has acquired and divested dealers within the segments Trucks and Construction Equipment. These acquisitions and divestments have not had a significant impact on the Group's financial statements.

At the end of the second quarter 2008 the purchase price allocation for Ingersoll Rand road construction equipment division is closed. The purchase price has been set at SEK 9.2 billion, whereof SEK 9,0 billion has been paid. In the final purchase price allocation, adjustments have been made on the valuation of the distribution network, accounts receivables, accounts payables and deferred tax. These revaluations do not affect goodwill or the monthly effect of the purchase price adjustments on operating income.

Acquisitions after the end of the period

Volvo has not made any acquisitions after the end of the period that have had a significant impact on the Volvo Group.

The Volvo Group has signed a final agreement with the Indian vehicle manufacturer Eicher Motors covering establishment of a new Indian joint-venture company. As announced previously, the joint venture, with the proposed name VE Commercial Vehicles Ltd. comprises Eicher Motors' entire truck and bus operations and the Volvo Group's Indian truck sales operations and service network for trucks and buses.

The Volvo Group will pay a total of SEK 1,840 M for the 50% direct and indirect ownership of the joint-venture company.

Among other aspects, the transaction is conditional on approval of the requisite authorities and the goal is to complete the transaction so that Volvo's 50% interest in the joint-venture company can be consolidated during the third quarter of this year. Short term, the transaction is expected to have only marginal effect on the Volvo Group's profitability, financial position and earnings per share.

Parent company

Income Statements

SEK M	Second quarter 2008	Second quarter 2007	First six months 2008	First six months 2007
Net sales [1]	**212**	210	**409**	413
Cost of sales [1]	**(212)**	(210)	**(409)**	(413)
Gross income	**0**	**0**	**0**	**0**
Operating expenses [1]	**(173)**	(156)	**(410)**	(350)
Income from investments in Group companies	**(488)**	(787)	**(1,075)**	(422)
Income from investments in associated companies	**(13)**	(1)	**(28)**	(143)
Income from other investments	**30**	–	**30**	–
Operating income	**(644)**	**(944)**	**(1,483)**	**(915)**
Interest income and expenses	**(222)**	(91)	**(385)**	(109)
Other financial income and expenses	**8**	4	**20**	17
Income after financial items	**(858)**	**(1,031)**	**(1,848)**	**(1,007)**
Income taxes	**267**	307	**505**	465
Income from the period	**(591)**	**(724)**	**(1,343)**	**(542)**

1) Of net sales in the second quarter, SEK 188 M (179) pertained to Group companies, while purchases from Group companies amounted to SEK 105 M (98).

Balance Sheets

SEK M	June 30, 2008		Dec 31, 2007	
Assets				
Non-current assets				
Intangible assets		**0**		0
Tangible assets		**17**		17
Financial assets				
Share and participations in Group companies	**43,786**		47,011	
Other shares and participations	**669**		772	
Other long-term receivables	**715**	**45,170**	210	47,993
Total non-current assets		**45,187**		**48,010**
Current assets				
Short-term receivables from Group companies		**515**		10,814
Other short-term receivables		**863**		749
Cash and bank accounts		**2**		10
Total current assets		**1,380**		**11,573**
Total assets		**46,567**		**59,583**
Shareholders' equity and liabilities				
Shareholders' equity				
Restricted equity	**9,891**		9,891	
Unrestricted equity	**9,780**	**19,671**	22,254	32,145
Untaxed reserves		**3,234**		3,234
Provisions		**177**		202
Non-current liabilities				
Liabilities to Group companies		**7**		6
Current liabilities [1]		**23,478**		23,996
Total shareholders' equity and liabilities		**45,567**		**59,583**

1) Of which SEK 23,114 M (23,563) pertains to Group companies.

Income from investments in Group companies for the second quarter pertains to dividends amounting to SEK 90 M (69) and transfer price adjustments, net, of SEK –578 M (–856).

Income from other investments includes dividend received of SEK 30 M from Deutz AG.

As of January 31, 2008, AB Volvo divested the shares in the subsidiary Mack Trucks Inc to Volvo Holding USA AB for SEK 3,225 M corresponding to book value. Volvo Holding USA AB is a wholly-owned subsidiary in the Volvo group.

Investments in fixed assets amounted to SEK 0 M (1).

Financial net debt amounted to SEK 22,542 M (20,894) at the end of the second quarter.

Events after the balance sheet date

In July Volvo Buses signed a letter of intent covering the sale of the body plant in Turku, Finland. The intended divestiture of the assets will be made at book value and will not have a material impact on the earnings or the financial position of the Volvo Group.

No other significant events have occurred after the end of the second quarter 2008 that are expected to have a substantial effect on the Volvo Group.

For other events after balance sheet date se page 4 of this report.

This report has been reviewed by the Company's auditors.

The Board of Directors and the CEO certify that the half-yearly financial report gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Göteborg July 23, 2008
AB Volvo (publ)

Finn Johnsson
Board Chairman

Peter Bijur
Board member

Tom Hedelius
Board member

Philippe Klein
Board member

Leif Johansson
President and CEO of the Volvo Group and Board member

Ravi Venkatesan
Board member

Martin Linder
Board member

Olle Ludvigsson
Board member

Johnny Rönnkvist
Board member

Louis Schweitzer
Board member

Ying Yeh
Board member

Lars Westerberg
Board member

Review report

We have reviewed the interim report for the period 1 January 2008 to 30 June 2008 for AB Volvo. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Göteborg, 23 July 2008
PricewaterhouseCoopers AB

Göran Tidström
Authorized Public Accountant
Auditor in charge

Olov Karlsson
Authorized Public Accountant

Deliveries

	Second quarter		Change in %	First six months		Change in %
	2008	2007		**2008**	2007	
Trucks						
Europe	**36,772**	33,102	11	**72,847**	61,939	18
Western Europe	**28,124**	25,638	10	**57,085**	49,176	16
Eastern Europe	**8,648**	7,464	16	**15,762**	12,763	23
North America	**8,802**	5,540	59	**15,939**	14,564	9
South America	**4,899**	3,595	36	**8,453**	6,591	28
Asia	**14,041**	8,529	65	**28,619**	11,659	145
Middle East	**4,263**	2,638	62	**8,054**	4,697	71
Other Asia	**9,778**	5,891	66	**20,565**	6,962	195
Other markets	**5,240**	5,423	(3)	**9,787**	7,927	23
Total Trucks	**69,754**	**56,189**	**24**	**135,645**	**102,680**	**32**
Mack Trucks						
Europe	**8**	–	–	**8**	–	–
Western Europe	**-**	–	–	**-**	–	–
Eastern Europe	**8**	–	–	**8**	–	–
North America	**3,501**	2,752	27	**6,551**	6,703	(2)
South America	**987**	643	53	**1,436**	1,360	6
Asia	**20**	78	(74)	**61**	88	(31)
Middle East	**20**	71	(72)	**52**	81	(36)
Other Asia		7	(100)	**9**	7	29
Other markets	**223**	376	(41)	**530**	677	(22)
Total Mack Trucks	**4,739**	**3,849**	**23**	**8,586**	**8,828**	**(3)**
Renault Trucks						
Europe	**20,302**	17,656	15	**39,558**	32,750	21
Western Europe	**17,029**	15,190	12	**33,487**	28,603	17
Eastern Europe	**3,273**	2,466	33	**6,071**	4,147	46
North America	**97**	154	(37)	**285**	234	22
South America	**339**	221	53	**614**	503	22
Asia	**1,492**	973	53	**2,599**	2,055	26
Middle East	**1,410**	865	63	**2,469**	1,850	33
Other Asia	**82**	108	(24)	**130**	205	(37)
Other markets	**1,609**	1,203	34	**2,810**	2,311	22
Total Renault Trucks	**23,839**	**20,207**	**18**	**45,866**	**37,853**	**21**
Volvo Trucks						
Europe	**16,462**	15,446	7	**33,281**	29,189	14
Western Europe	**11,095**	10,448	6	**23,598**	20,573	15
Eastern Europe	**5,367**	4,998	7	**9,683**	8,616	12
North America	**4,754**	1,933	146	**8,129**	6,926	17
South America	**3,384**	2,415	40	**6,014**	4,412	36
Asia	**2,745**	2,185	26	**5,380**	4,223	27
Middle East	**1,619**	1,120	45	**3,264**	2,184	49
Other Asia	**1,126**	1,065	6	**2,116**	2,039	4
Other markets	**1,325**	1,302	2	**2,394**	2,397	0
Total Volvo Trucks	**28,670**	**23,281**	**23**	**55,198**	**47,147**	**17**
Nissan Diesel [1]						
Europe						
Western Europe						
Eastern Europe						
North America	**450**	701	(36)	**974**	*701*	–
South America	**189**	316	(40)	**389**	*316*	–
Asia	**9,784**	5,293	85	**20,579**	*5,293*	–
Middle East	**1,214**	582	109	**2,269**	*582*	–
Other Asia	**8,570**	4,711	82	**18,310**	*4,711*	–
Other markets	**2,083**	2,542	(18)	**4,053**	*2,542*	–
Total Nissan Diesel	**12,506**	**8,852**	**41**	**25,995**	*8,852*	**-**

1) Nissan Diesel was consolidated into the Volvo Group April 1, 2007.

AB Volvo (publ) discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 7.30 a.m. on July 23, 2008

This report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although the Company believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report does not imply that the company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with the OMX Nordic Exchange Stockholm if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Delivered buses	Second quarter		Change	First six months		Change
	2008	2007	in %	**2008**	2007	in %
Buses						
Europe	924	867	7	1,719	1,651	4
Western Europe	881	751	17	1,645	1,420	16
Eastern Europe	43	116	(63)	74	231	(68)
North America	477	350	36	845	727	16
South America	192	269	(29)	342	412	(17)
Asia	761	692	10	1,559	1,478	5
Other markets	171	115	49	274	253	8
Total Buses	**2,525**	**2,293**	**10**	**4,739**	**4,521**	**5**

Publication dates

Report for the first nine months 2008	24 October, 2008
Report on 2008 operations	February 2009
Annual Report 2008	March 2009

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