SKF Half-year report 2009

Tom Johnstone, President and CEO:

"*We had a very strong cash flow in the quarter and overall a good performance in light of the difficult business environment. While the decline in demand was dramatic compared to last year, the sequential trend for the Group shows signs of levelling off. The manufacturing level was even lower than sales resulting in a further reduction in our inventories.*

We are already seeing benefits from our cost reduction activities. Additional activities were announced, which combined with steps already taken will result in annualized savings of around SEK 800 million from mid next year.

We expect that the year on year decline in our sales volume in the third quarter will be slightly less than what we have seen in the first half. The manufacturing level will continue to run lower than sales."

	Q2 2009	**Q2 2008**	**YTD 2009**	**YTD 2008**
Net sales, SEKm	14,167	16,077	29,016	31,673
Operating profit, SEKm	474	2,135	1,242	4,175
Operating margin, %	3.4	13.3	4.3	13.2
Operating margin excl. restructuring %	6.9	13.3	6.6	13.2
Profit before taxes, SEKm	312	1,978	843	3,902
Net profit, SEKm	323	1,369	717	2,665
Basic earnings per share, SEK	0.69	2.95	1.55	5.72

The decrease of 11.9% in net sales for the quarter, in SEK, was attributable to:
volume -30.8%, structure 1.1%, price/mix 5.6% and currency effects 12.2%.
For the first half year, the decrease of 8.4%, in SEK, was attributable to:
volume -28.9%, structure 1.3%, price/mix 6.3% and currency effects 12.9%.

The quarter included expenses for restructuring activities of SEK 500 million of which around SEK 480 million refer to programmes announced in the second quarter. For the first half year the expenses amount to around SEK 675 million.

Outlook for the third quarter of 2009

Compared to last year the demand for SKF products and services is expected to be significantly lower in the third quarter compared to the third quarter last year for the Group in total, for all the Divisions and for all regions.

Compared to the second quarter and adjusted for seasonality, demand is expected to be relatively unchanged for the SKF Group in total. It is expected to be lower in Europe, relatively unchanged in North America and slightly higher in Asia and Latin America. It is expected to be slightly higher for the Automotive Division, relatively unchanged for the Service Division and slightly lower for the Industrial Division.

The manufacturing level will be significantly lower year on year and relatively unchanged compared to the second quarter.

Financial

Key figures	**30 June 2009**	**31 March 2009**	**30 June 2008**
Inventories, % of annual sales	22.9	24.2	20.5
ROCE for the 12-month period, % *	13.4	18.7	26.6
ROE for the 12-month period, % *	14.7	20.8	28.0
Equity/assets ratio, % *	34.6	35.9	32.3
Gearing, % *	51.1	50.1	49.0
Net debt/equity, % *	80.4	77.2	81.8
Registered number of employees on 30 June	42,422	43,653	43,158

* 2008 has been restated for change in accounting principle IAS 19 “Employee benefits”.

Cash flow, after investments and before financing, was SEK 2,425 million (872) for the second quarter and SEK 2,948 million (741) for the half year. The cash flow includes payments for acquisitions and non-controlling interests of SEK 214 million for the quarter and SEK 223 million for the half year.

Inventories versus Q1 2009, in local currencies, were reduced by around SEK 800 million.

The financial net in the second quarter of 2009 was SEK -162 million (-157). The financial net for the first half year was SEK -399 million (-273), which includes the revaluation of share swaps amounting to SEK -5 million (-3).

Exchange rates for the second quarter, including the effects of translation and transaction flows, had a positive effect on SKF’s operating profit of around SEK 275 million. Based on current assumptions and exchange rates, it is estimated that the positive effect for the third quarter will be SEK 260 million and for the full year will be SEK 900 million.

Second quarter development
Sales in local currencies were significantly lower for the Group, in all regions and for all the divisions, compared to last year. The trend of weakening demand continued in the second quarter for the industrial business while the rate of decline for the Group as a whole showed signs of levelling off. The weakening of the industrial business is broad based geographically and affecting nearly all segments with only the aerospace and passenger railway businesses holding up. In many of the automotive businesses there is a clear stabilization of demand although at a level significantly lower than last year.

The manufacturing level was lower than sales for the Group resulting in a further reduction in the inventories.

SKF inaugurated one new SKF Solution Factory in Turin, Italy. The plan is to establish around 15 of these centers in 2009, serving customers on every continent. In July, an SKF Solution Factory will be opened in Johannesburg, South Africa. Earlier in the year SKF Solution Factories were opened in Shanghai and Tianjin, China, in Cajamar, Brazil and in Göteborg, Sweden. These centers play an important role in giving SKF’s customers access to different capabilities within SKF, combining expert knowledge from different industries, technical platforms and overall working processes.

SKF signed a contract with Cambridge University Department of Materials Science and Metallurgy to set up the SKF University Technology Centre on Steels on campus in

Cambridge. The initial contract is for five years and will pioneer research, directed by SKF, on steels and heat treatment associated with advanced bearing technology.

SKF won an order to supply Guohua Energy Investment Co. Ltd, located in Beijing, China, with SKF WindCon online condition monitoring systems and other related services. SKF WindCon enables maintenance decisions based on actual machine conditions, providing the opportunity to perform necessary inspection and repair work during planned turbine stops. SKF WindCon systems are installed globally in over 20 countries in an extensive range of wind turbine types. In Europe a large number of these wind turbines are monitored from the SKF Intelligence Centre Wind based in Hamburg. This service is being rolled out globally.

SKF signed a long-term contract for the supply of bearings to one of the world's largest motorbikes manufacturers, Hero Honda of India. These will be supplied by the new SKF factory in Haridwar, Uttarakhand, India, which will be in operation by early 2010.

SKF acquired the remaining 49% of the shares in Macrotech Polyseal Inc, now named SKF Polyseal Inc., based in Salt Lake City, Utah, USA, following the earlier acquisition of 51% in April 2006. This payment affected SKF's cash flow with USD 25 million during the second quarter 2009. In 2008, the turnover was USD 39 million and the number of employees was 373.

SKF in cooperation with the Czech police authorities made a raid and confiscated over 30 tons of counterfeit SKF bearings at a non-authorized dealer in the North-East region of the Czech Republic. The use of counterfeit SKF products in an application can in the worst case put the user, employees and the public in a serious safety risk or result in shorter service life, poor product quality or damage to equipment.

SKF repurchased EUR 118 million of the EUR 250 million bond loan which was due 2010.

Restructuring

During the quarter SKF announced that further actions will be taken both to adapt manufacturing to the lower demand and to accelerate the move of production to faster growing regions of the world. This will affect about 900 people globally with the main effects being in France, India, UK and Sweden.

To support these actions SKF will take restructuring charges of around SEK 700 million, whereof SEK 480 million were expensed in the second quarter. The remaining part will be taken primarily in the third quarter.

Since the third quarter of 2008, about 3,800 people have left the Group, of which 2,000 people were part of previous restructuring programmes and 1,800 left as a result of other actions taken.

Savings relating to restructuring activities and the reduction of people, which started in the third quarter 2008 will result in an estimated annualized savings of around SEK 800 million from mid 2010 when fully implemented.

Around 18,000 people are on short-time working both in government supported schemes and in agreements directly between SKF and its workforce.

Industrial Division
The operating profit for the second quarter amounted to SEK 351 million (995), resulting in an operating margin of 5.0% (11.8) on sales including intra-Group sales. The quarter included expenses for restructuring activities of around SEK 50 million (0). The operating profit for the half year amounted to SEK 974 million (2,021), resulting in an operating margin of 6.4% (12.1) on sales including intra-Group sales. Sales including intra-Group sales for the quarter were SEK 7,071 million (8,420), and for the half year SEK 15,209 million (16,676).

Net sales for the second quarter amounted to SEK 4,786 million (5,676) and for the first half year SEK 10,538 million (11,211). The decrease of 15.7% for the quarter was attributable to:
organic growth -27.7%, structure -0.4%, and currency effects 12.4%.
For the half year the decrease of 6.0% was attributable to:
organic growth -20.2%, structure -0.1%, and currency effects 14.3%.

Sales in local currency for the second quarter were significantly lower in all regions. One exception was sales to the passenger railway industry world-wide which were significantly higher.

Service Division
The operating profit for the second quarter amounted to SEK 641 million (773), resulting in an operating margin of 12.6% (14.0). The operating profit for the half year amounted to SEK 1,242 million (1,458), resulting in an operating margin of 12.1% (13.6). Sales including intra-Group sales for the quarter were SEK 5,086 million (5,515), and for the half year SEK 10,253 million (10,725).

Net sales for the second quarter amounted to SEK 5,002 million (5,417) and for the first half year SEK 10,062 million (10,516). The decrease of 7.7% for the quarter was attributable to:
organic growth -19.8%, structure 0.0%, and currency effects 12.1%.
For the half year the decrease of 4.3% was attributable to:
organic growth -16.6%, structure 0.0%, and currency effects 12.3%.

Sales in local currencies for the second quarter were significantly lower in all regions. The Reliability service business continued to grow also in this quarter.

Automotive Division
The operating result for the second quarter amounted to SEK -471 million (403), resulting in an operating margin of -9.6% (6.8). The quarter included expenses for restructuring activities of around SEK 440 million (0). The operating result for the half year amounted to SEK -912 million (784), resulting in an operating margin of -9.6% (6.6). Sales including intra-Group sales for the quarter were SEK 4,926 million (5,920), and for the half year SEK 9,527 million (11,809).

Net sales for the second quarter amounted to SEK 4,126 million (4,872) and for the first half year SEK 7,873 million (9,736). The decrease of 15.3% for the quarter was attributable to:
organic growth -27.2%, structure 0.6%, and currency effects 11.3%.
For the half year the decrease of -19.1% was attributable to:
organic growth -30.6%, structure 0.5%, and currency effects 11.0%.

Sales in local currencies for the second quarter were significantly lower to the car and light truck and the heavy truck industries in all the regions of the world, excluding in Latin America where sales to the car and light truck industry were lower. Sales to the electrical industry in

Europe were significantly lower. Sales to the two wheeler industry were higher in Asia, with significantly higher sales in India. Sales to the vehicle service market were slightly lower as a whole, relatively unchanged in Europe and significantly lower in North America.

Parent company

For the first half year of 2009, profit before taxes was SEK 1,858 million (2,463), net sales was 779 (793) and investments were SEK 0 million (0.4). As of 30 June, current financial assets were SEK 0.2 million (3). As of 1 January, they were SEK 4 million. As of 30 June, the average number of employees was 227 (209).

Previous outlook statement

Outlook for the second quarter of 2009

The demand for SKF products and services is expected to be significantly lower in the second quarter compared to the second quarter last year for the Group in total, for all the Divisions and for all regions.

Compared to the first quarter, demand is expected to be slightly lower for the SKF Group in total and lower in Europe, slightly lower in North America and relatively unchanged in Asia and Latin America. Demand is expected to be relatively unchanged for the Automotive Division and slightly lower for both the Industrial and Service Division.

The manufacturing level will be significantly lower year on year and relatively unchanged compared to the first quarter.

Highlights in the previous quarter

SKF gained a number of new businesses during the quarter, for example a contract for the supply of tapered roller bearings to Guangdong Fuwa Engineering Manufacturing Co Ltd. The contract is valid for three years and is worth up to USD 4.5 million per year. Fuwa supplies trailer axles to both Chinese and international manufacturers.

SKF also gained an order for axleboxes and drive system bearings to CSR Zhuzhou Electric Locomotive Co., Ltd. ZELC. The order value is EUR 14 million.

Risks and uncertainties in the business

SKF Group operates in many different industrial, automotive and geographical segments that are at different stages of the economic cycle. A general economic downturn at global level, or in one of the world’s leading economies, could reduce the demand for the Group’s products, solutions and services for a period of time. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets, could have a negative effect on the demand for the Group’s products and services.

The SKF Group is subject to both transaction and translation of currency exposure. For commercial flows the SKF Group is primarily exposed to the USD and to US dollar-related currencies. As the major part of the profit is made outside Sweden, the Group is also exposed to translational risks in all the major currencies. The Parent company performs services of a common Group character. The financial position of the parent company is dependent on the financial position and development of the subsidiaries. A general decline in the demand for the products and services provided by the Group could mean lower dividend income for the Parent company, as well as a need for writing down values of the shares in the subsidiaries.

Cautionary statement
This report contains forward-looking statements that are based on the current expectations of the management of SKF. Although management 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 implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors mentioned in SKF's latest annual report (available on www.skf.com) under the Administration Report; "Most important factors influencing the financial results", "Financial risks" and "Sensitivity analysis", and in this quarterly report under "Risks and uncertainties in the business."

* * *

The Board of Directors and the CEO declare that the half-year 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, 14 July 2009
Aktiebolaget SKF
(publ.)

Tom Johnstone
President and CEO, Board member

Leif Östling Chairman	Ulla Litzén Board member	Winnie Fok Board member
Hans-Olov Olsson Board member	Lena Treschow Torell Board member	Lars Wedenborn Board member
Peter Grafoner Board member	Joe Loughrey Board member	
Lennart Larsson Board member	Kennet Carlsson Board member	

Presentation
On SKF's website **http://investors.skf.com/** (click on Presentations).

Teleconference
On 15 July at 11.00 (CET), 10.00 (UK):
+46 (0)8 5052 0110 Swedish participants
+44 (0)20 7162 0077 European participants
+1 334 323 6201 US participants
Please note that the use of a loudspeaker when taking part in the teleconference has a negative influence on the quality of the sound, which affects all participants.

It is also possible just to listen to the teleconference on **http://investors.skf.com/**

AB SKF may be required to disclose the information provided herein according to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.00 (CET) on 15 July 2009.

Auditors' Review report

Introduction
We have reviewed the interim report for AB SKF (publ), reg. no 556007-3495, for the period 1 January – 30 June 2009. 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 Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review
We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by FAR/SRS. A review of interim financial information 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 the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

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

Stockholm, 14 July 2009
KPMG AB
Thomas Thiel
Authorized Public Accountant

Enclosures:
Financial statements
1. Consolidated income statements
2. Consolidated statements of comprehensive income and consolidated statements of changes in shareholders' equity
3. Consolidated balance sheets
4. Consolidated statements of cash flow

Other financial statements
5. Consolidated financial information - yearly and quarterly comparisons
6. Segment information - yearly and quarterly comparisons
7. Parent company income statements, balance sheets and footnotes.
8. Changes in accounting principles

The consolidated financial statements of the SKF Group are prepared in accordance with International Financial Reporting Standards as adopted by EU. The SKF Group applies the same accounting policies and methods of computation in the interim financial statements as compared with the Annual Report 2008 including Sustainability Report, except as described in enclosure 8 and in the first quarter report 2009.

The consolidated quarterly report has been prepared in accordance with IAS34. The report for the parent company has been prepared in accordance with the Annual Accounts Act and RFR 2.2. The report has been reviewed by the company's auditors.

The SKF Nine-month report 2009 will be published on Tuesday, 20 October 2009.

Further information can be obtained from:

Ingalill Östman, Group Communication
tel: +46-31-3373260, mobile: +46-706-973260, e-mail: ingalill.ostman@skf.com

Marita Björk, Investor Relations
tel: +46-31-3371994, mobile: +46-705-181994, e-mail: marita.bjork@skf.com

Aktiebolaget SKF, SE-415 50 Göteborg, Sweden, Company reg.no. 556007-3495,
tel: +46-31-3371000, fax: +46-31-3372832, www.skf.com

Enclosure 1

CONSOLIDATED INCOME STATEMENTS (SEKm)

	April-June 2009	April-June 2008	**Jan-June 2009**	Jan-June 2008
Net sales	**14,167**	16,077	**29,016**	31,673
Cost of goods sold	**-11,656**	-11,860	**-23,500**	-23,386
Gross profit	**2,511**	4,217	**5,516**	8,287
Selling and administrative expenses	**-2,007**	-2,123	**-4,226**	-4,106
Other operating income/expenses - net	**-25**	38	**-39**	-6
Profit/loss from jointly controlled and associated companies	**-5**	3	**-9**	0
Operating profit	**474**	2,135	**1,242**	4,175
Operating margin, %	**3.4**	13.3	**4.3**	13.2
Financial income and expense - net	**-162**	-157	**-399**	-273
Profit before taxes	**312**	1,978	**843**	3,902
Taxes	**11**	-609	**-126**	-1,237
Net profit	**323**	1,369	**717**	2,665
Net profit attributable to				
Shareholders of the parent	**314**	1,341	**704**	2,602
Non-controlling interests	**9**	28	**13**	63
Basic earnings per share, SEK*	**0.69**	2.95	**1.55**	5.72
Diluted earnings per share, SEK*	**0.69**	2.94	**1.55**	5.71
Additions to property, plant and equipment	**442**	584	**936**	1,122
Number of employees registered	**42,422**	43,158	**42,422**	43,158
Return on capital employed for the 12-month period ended 30 June, %**	**13.4**	26.6	**13.4**	26.6

* Basic and diluted earnings per share are based on net profit attributable to shareholders of the parent.

** 2008 has been restated for change in accounting principle IAS 19 “Employee benefits”.

NUMBER OF SHARES

Total number of shares	**455,351,068**	455,351,068	**455,351,068**	455,351,068
- whereof A shares	**45,721,004**	48,996,034	**45,721,004**	48,996,034
- whereof B shares	**409,630,064**	406,355,034	**409,630,064**	406,355,034
Total number of diluted shares outstanding	**455,351,068**	455,848,740	**455,351,068**	455,848,740
Total weighted average number of diluted shares	**455,351,068**	455,908,999	**455,380,005**	455,944,144

Enclosure 2

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (SEKm)

	April-June 2009	April-June 2008	**Jan-June 2009**	Jan-June 2008
Net profit	**323**	1,369	**717**	2,665
Other comprehensive income				
Exchange differences arising on translation of foreign operations	**-348**	122	**150**	-638
Available-for-sale assets	**15**	15	**102**	-220
Cash-flow hedges	**216**	26	**160**	67
Actuarial gains and losses	**-238**	-251	**-57**	-932
Income tax relating to components of other comprehensive income	**-32**	79	**-53**	288
Other comprehensive income, net of tax	**-387**	-9	**302**	-1,435
Total comprehensive income	**-64**	1,360	**1,019**	1,230
Total comprehensive income attributable to				
Shareholders of AB SKF	**-34**	1,354	**1,005**	1,252
Non-controlling interests	**-30**	6	**14**	-22

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (SEKm)

	June 2009	June 2008
Opening balance 1 January	**19,689**	18,355
Change in accounting principles	**-**	653
Total comprehensive income	**1,019**	1,230
Exercise of options and cost for share programmes, net	**-7**	0
Other, including transactions with non-controlling interests	**-189**	37
Redemption of shares	**-**	-2,277
Total cash dividends	**-1,628**	-2,326
Closing balance	**18,884**	15,672

Enclosure 3

CONSOLIDATED BALANCE SHEETS* (SEKm)

	June 2009	December 2008
Goodwill	**3,079**	3,119
Other intangible assets	**1,427**	1,535
Property, plant and equipment	**14,492**	14,556
Deferred tax assets	**1,450**	1,342
Other non-current assets	**1,458**	1,366
Non-current assets	**21,906**	21,918
Inventories	**13,891**	15,204
Trade receivables	**10,069**	11,041
Other current assets	**3,361**	3,310
Other current financial assets	**5,397**	4,627
Current assets	**32,718**	34,182
TOTAL ASSETS	**54,624**	56,100
Equity attributable to shareholders of AB SKF	**18,027**	18,750
Equity attributable to non-controlling interests	**857**	939
Long-term financial liabilities	**11,411**	12,809
Provisions for post-employment benefits	**6,481**	6,356
Provisions for deferred taxes	**1,004**	1,210
Other long-term liabilities and provisions	**1,653**	1,738
Non-current liabilities	**20,549**	22,113
Trade payables	**3,940**	4,841
Short-term financial liabilities	**2,130**	899
Other short-term liabilities and provisions	**9,121**	8,558
Current liabilities	**15,191**	14,298
TOTAL EQUITY AND LIABILITIES	**54,624**	56,100

* 2008 has been restated for change in accounting principle IAS 19 “Employee benefits”.

Enclosure 4

CONSOLIDATED STATEMENTS OF CASH FLOW* (SEKm)

	April-June 2009	April-June 2008	**Jan-June 2009**	Jan-June 2008
Operating activities:				
Operating profit	**474**	2,135	**1,242**	4,175
Depreciation, amortization and impairment	**496**	434	**1,077**	874
Net loss/gain (-) on sales of intangible assets, PPE, equity securities, businesses and assets held for sale	**6**	-49	**9**	-48
Taxes	**-291**	-737	**-560**	-1,340
Other including financial and non-cash items	**854**	133	**725**	-204
Changes in working capital	**1,544**	-574	**1,617**	-1,657
Net cash flow from operations	**3,083**	1,342	**4,110**	1,800
Investing activities:				
Investments in intangible assets, PPE, businesses and equity securities	**-666**	-600	**-1,174**	-1,201
Sales of intangible assets, PPE, businesses, assets held for sale, equity securities and pre-liquidation proceeds	**8**	130	**12**	142
Net cash flow used in investing activities	**-658**	-470	**-1,162**	-1,059
Net cash flow after investments before financing	**2,425**	872	**2,948**	741
Financing activities:				
Change in short- and long-term loans	**-987**	3,299	**12**	3,243
Payment of finance lease liabilities	**3**	9	**1**	14
Redemption	**-**	-2,277	**-**	-2,277
Cash dividends	**-1,627**	-2,326	**-1,628**	-2,326
Investments in short-term financial assets	**-1,233**	-85	**-1,506**	-207
Sales of short-term financial assets	**53**	114	**228**	560
Net cash flow used in financing activities	**-3,791**	-1,266	**-2,893**	-993
NET CASH FLOW	**-1,366**	-394	**55**	-252

Change in cash and cash equivalents:				
Cash and cash equivalents at 1 April/1 January	**4,278**	3,003	**2,793**	2,946
Cash effect of acquired businesses	**-1,366**	-394	**55**	-252
Exchange rate effect	**-60**	12	**4**	-73
	2,852	2,621	**2,852**	2,621

Change in net interest-bearing liabilities	**Opening balance 1 Jan 2009**	**Translation effect**	**Cash change**	**Businesses acquired/ sold**	**Other non cash changes**	**Closing balance 30 June 2009**
Loans, long- and short-term	13,447	-172	12	-	-9	13,278
Post-employment benefits, net	6,323	-26	-237	-	392	6,452
Financial assets, others	-1,168	-1	-1,278	-	-1	-2,448
Cash and cash equivalents	-2,793	-4	-55	-	0	-2,852
Net interest-bearing liabilities	**15,809**	**-203**	**-1,558**	**-**	**382**	**14,430**

* Certain reclassifications have been made to the statements of cash flow. The starting point is now operating profit rather than profit before tax. In addition, investments in and sales of short-term financial assets, being part of the Group overall financing program, are classified as financing rather than investing activities. These reclassifications have had no effect on net cash flow. 2008 has been restated accordingly.

Enclosure 5

CONSOLIDATED FINANCIAL INFORMATION - YEARLY AND QUARTERLY COMPARISONS

(SEKm unless otherwise stated)

	1/08	2/08	3/08	4/08	Full year 2008	1/09	2/09	Half year 2009
Net sales	15,596	16,077	15,381	16,307	63,361	14,849	14,167	29,016
Cost of goods sold	-11,526	-11,860	-11,420	-12,269	-47,075	-11,844	-11,656	-23,500
Gross profit	**4,070**	**4,217**	**3,961**	**4,038**	**16,286**	**3,005**	**2,511**	**5,516**
Gross margin, %	26.1	26.2	25.8	24.8	25.7	20.2	17.7	19.0
Selling and administrative expenses	-1,983	-2,123	-1,914	-2,523	-8,543	-2,219	-2,007	-4,226
Other operating income/ expenses - net	-44	38	37	-65	-34	-14	-25	-39
Profit/loss from jointly controlled and associated companies	-3	3	1	-	1	-4	-5	-9
Operating profit	**2,040**	**2,135**	**2,085**	**1,450**	**7,710**	**768**	**474**	**1,242**
Operating margin, %	13.1	13.3	13.6	8.9	12.2	5.2	3.4	4.3
Financial income and expense - net	-116	-157	-226	-343	-842	-237	-162	-399
Profit before taxes	**1,924**	**1,978**	**1,859**	**1,107**	**6,868**	**531**	**312**	**843**
Profit margin before taxes,%	12.3	12.3	12.1	6.8	10.8	3.6	2.2	2.9
Taxes	-628	-609	-602	-288	-2,127	-137	11	-126
Net profit	**1,296**	**1,369**	**1,257**	**819**	**4,741**	**394**	**323**	**717**
Net profit attributable to								
Shareholders of the parent	1,261	1,341	1,217	797	4,616	390	314	704
Non-controlling interests	35	28	40	22	125	4	9	13
Basic earnings per share, SEK*	2.77	2.95	2.67	1.75	10.14	0.86	0.69	1.55
Diluted earnings per share, SEK*	2.77	2.94	2.67	1.75	10.13	0.86	0.69	1.55
Dividend per share, SEK	-	5.00	-	-	5.00	-	3.50	3.50
Return on capital employed for the 12-month period, %***	26.2	26.6	26.6	24.0	24.0	18.7	13.4	13.4
Gearing, %** ***	38.2	49.0	49.2	50.1	50.1	50.1	51.1	51.1
Equity/assets ratio, %***	39.8	32.3	33.7	35.1	35.1	35.9	34.6	34.6
Net worth per share, SEK* ***	40	33	36	41	41	43	40	40
Additions to property, plant and equipment	538	584	696	713	2,531	494	442	936
Registered number of employees	42,944	43,158	45,035	44,799	44,799	43,653	42,422	42,422

* Basic and diluted earnings per share and Net worth per share are based on net profit attributable to shareholders of the parent.

** Current- plus non-current loans plus provisions for post-employment benefits, net, as a percentage of the sum of current- plus non-current loans, provisions for post-employment benefits, net, and shareholders equity, all at end of interim period/year end.

*** 2008 has been restated for change in accounting principle IAS 19 “Employee benefits”.

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SEGMENT INFORMATION - YEARLY AND QUARTERLY COMPARISONS
(SEKm unless otherwise stated)

	1/08	2/08	3/08	4/08	Full year 2008	1/09	2/09	Half year 2009
Industrial Division								
Net sales	5,535	5,676	5,500	6,151	22,862	5,752	4,786	10,538
Sales incl. intra-Group sales	8,256	8,420	8,114	8,940	33,730	8,138	7,071	15,209
Operating profit	1,026	995	1,021	1,001	4,043	623	351	974
Operating margin*	12.4%	11.8%	12.6%	11.2%	12.0%	7.7%	5.0%	6.4%
Assets and liabilities, net	14,351	14,809	15,959	18,098	18,098	18,725	17,416	17,416
Registered number of employees	18,765	18,890	19,195	19,166	19,166	18,766	18,380	18,380
Service Division								
Net sales	5,099	5,417	5,393	5,998	21,907	5,060	5,002	10,062
Sales incl. intra-Group sales	5,210	5,515	5,501	6,092	22,318	5,167	5,086	10,253
Operating profit	685	773	823	1,045	3,326	601	641	1,242
Operating margin*	13.1%	14.0%	15.0%	17.2%	14.9%	11.6%	12.6%	12.1%
Assets and liabilities, net	5,149	5,435	5,521	5,668	5,668	5,471	5,335	5,335
Registered number of employees	5,655	5,817	5,906	6,018	6,018	5,941	5,824	5,824
Automotive Division								
Net sales	4,864	4,872	4,371	3,779	17,886	3,747	4,126	7,873
Sales incl. intra-Group sales	5,889	5,920	5,342	4,699	21,850	4,601	4,926	9,527
Operating profit	381	403	306	-544	546	-441	-471	-912
Operating margin*	6.5%	6.8%	5.7%	-11.6%	2.5%	-9.6%	-9.6%	-9.6%
Assets and liabilities, net	8,791	9,060	9,911	10,070	10,070	10,426	9,195	9,195
Registered number of employees	15,828	15,737	15,713	15,256	15,256	14,612	14,024	14,024

Previously published amounts have been restated to conform to the current Group structure in 2009. The structural changes include business units being moved between the divisions and between other operations and divisions.

* Operating margin is calculated on sales including intra-Group sales.

Reconciliation to profit before tax for the Group

	Jan-June 2009	Jan-June 2008
Operating profit:		
Industrial Division	**974**	2,021
Service Division	**1,242**	1,458
Automotive Division	**-912**	784
Other operations outside the divisions	**79**	53
Unallocated Group activities and adjustments, net	**-141**	-141
Financial net	**-399**	-273
Profit before tax for the Group	**843**	3,902

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PARENT COMPANY INCOME STATEMENTS (SEKm)

	Note	April-June 2009	April-June 2008	Jan-June 2009	Jan-June 2008
Net sales		**378**	401	**779**	793
Cost of services provided		**-378**	-401	**-779**	-793
Gross profit		**0**	0	**0**	0
Administrative expenses		**-35**	-69	**-92**	-95
Other operating income/expenses – net		**-13**	-2	**-13**	-1
Operating loss		**-48**	-71	**-105**	-96
Financial income and expenses - net	1	**1,902**	1,877	**1,963**	2,559
Profit before taxes		**1,854**	1,806	**1,858**	2,463
Taxes		**22**	34	**47**	50
Net profit		**1,876**	1,840	**1,905**	2,513

PARENT COMPANY BALANCE SHEETS (SEKm)

	Note	June 2009	June 2008
Investments in subsidiaries		**17,371**	13,945
Receivables from subsidiaries		**11,024**	10,152
Other non-current assets		**473**	383
Non-current assets		**28,868**	24,480
Receivables from subsidiaries		**2,362**	561
Other receivables		**316**	730
Current assets		**2,678**	1,291
TOTAL ASSETS		**31,546**	25,771
Shareholders' equity	2	**8,664**	6,655
Untaxed reserves		**1,095**	1,120
Provisions		**171**	142
Non-current liabilities		**11,020**	9,974
Current liabilities		**10,596**	7,880
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		**31,546**	25,771
Assets pledged		**0**	0
Contingent liabilities		**4**	3

Note 1. Financial income and expenses - net
The net change in financial income and expenses 2009 is primarily attributable to less dividends from investments in subsidiaries.

Note 2. Shareholders' equity (SEKm)	June 2009	June 2008
Opening balance 1 January	**8,258**	8,915
Dividends	**-1,594**	-2,277
Redemption of shares	**-**	-2,277
Net profit	**1,905**	2,513
Other changes	**95**	-219
Closing balance	**8,664**	6,655

Enclosure 8

CHANGES IN ACCOUNTING PRINCIPLES

The following new and amended accounting principles are effective during 2009.

- The Group has decided to apply the revised IFRS 3 "Business combinations" and IAS 27 amendment "Consolidated and separate financial statements", before their mandatory application date (2010), as they are now endorsed by the European Commission. The Group will apply these amendments prospectively as from January 1 2009, as the retrospective requirements of IAS 27 had no effect. These amendments had no impact on any transactions reflected in the previously issued first quarter 2009 financial statements.

  The revised IFRS 3 continues to require the acquisition method for business combinations, but now requires the expensing of transaction costs, the remeasurement of some contingent payments through the income statement and allows an election on a case by case basis to record "partial" goodwill (only on the Parent's share of net assets) or to record "full" goodwill (on the total acquired net assets, including that related to the minority interest). These changes can potentially affect the accounting for any future business acquisition by the Group.

  The most significant change for the Group under the IAS 27 amendment involves the accounting for changes in minority interests, which are now called "non-controlling interests". Any future payment for change in non-controlling interests of Group subsidiaries, that do not result in a loss of control, will be recognized directly in equity. Previously, goodwill was recorded when the Group purchased minority shareholdings.

- IFRIC 18, "Transfers of assets from customers" is effective starting June 1 2009 and is to be applied prospectively. It specifies the accounting when customers contribute cash or property to a supplier for use in supplying goods or services to the customer. This interpretation is not expected to have a material effect on the Group.

- The following amendments from the Annual Improvements (April 2009) have been adopted as required; IFRS 2 "Share based payments", IAS 38 "Intangible assets", amended paragraph 80 of IAS 39 "Financial instruments" and IFRIC 9 "Reassessment of embedded derivatives". None of these caused a material effect for the Group.

Note: For further information about changes in accounting principles 2009, see SKF First-quarter report.