AB Volvo

Press information February 6, 2008

Volvo Group – report on operations 2007

- Strong sales increase in the fourth quarter, up 25% to SEK 84.6 billion (67.6) Net sales for the full year increased by 10% to SEK 285.4 billion (258.8)
- In the fourth quarter, operating income rose 12% to SEK 5,775 M (5,170) Operating income for the full year rose 9% to SEK 22,231 M (20,399)
- In the fourth quarter, income for the period rose 11% to SEK 4,094 M (3,701) Income for the year declined by 8% to SEK 15,028 M (16,318)
- In the fourth quarter, diluted earnings per share rose to SEK 2.00 (1.83) Diluted earnings per share for the full year amounted to SEK 7.37 (8.03)
- The Board of Directors proposes an ordinary dividend of SEK 5.50 per share
- In the fourth quarter, the Industrial Operations had a very strong operating cash flow amounting to SEK 12.4 billion (7.4)

Volvo Group	**Fourth quarter**		**Year**		
SEK M	**2007**	**2006**	**2007**	**2006 1)**	Change
Net sales Volvo Group	**84,556**	67,627	**285,405**	258,835	10%
Operating income Volvo Group	**5,775**	5,170	**22,231**	20,399	9%
Operating income Industrial operations	**5,397**	4,798	**20,583**	18,713	10%
Operating income Customer Finance	**378**	372	**1,649**	1,686	(2%)
Operating margin Volvo Group	**6.8**	7.6	**7.8**	7.9	
Income after financial items	**5,609**	5,226	**21,557**	20,299	6%
Income for the period	**4,094**	3,701	**15,028**	16,318	(8%)
Diluted earnings per share, SEK	**2.00**	1.83	**7.37**	8.03	
Return on shareholders' equity, %			**18.1**	**19.6**	

1) 2006 included a reversal of a valuation reserve for deferred taxes and an adjustment of goodwill. As an effect, operating income in 2006 was negatively affected in the amount of SEK 1,712 M, while income taxes decreased by SEK 2,048 M. The total effect on income for the period was positive in the amount of SEK 336 M.

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CEO's comments – strong growth and favorable profitability

The Volvo Group concluded an intense 2007 with a fourth quarter in which sales and operating income reached record levels. During the year we carried out several major acquisitions, established a strong presence in Asia, advanced our positions in important product segments, launched many new products and managed widely shifting demand trends in our main markets – continued growth in Europe and Asia and a sharp decline in North America. Following the acquisitions of Nissan Diesel, Lingong and Ingersoll Rand's road development division, we now have a significant industrial structure in Asia, with a presence in Japan, China and, when the expected cooperation with Eicher Motors is in operation, also in India. These are rapidly growing markets and we want to be part of that growth.

Favorable level of underlying profitability

In the fourth quarter, sales increased by 25% to SEK 84.6 billion and operating income rose 12% to SEK 5.8 billion. The operating margin of 6.8% was negatively affected by the development in North America, integration expenses, which initially yield lower profitability in acquired companies, and a provision for engine-related warranty expenses in North America amounting to SEK 370 M. The underlying profitability remained at a favorable level, which is a reflection on the positive development in most of our markets. During the fourth quarter, our industrial operations also had a very strong operating cash flow of SEK 12.4 billion. For the full year, the Group's sales increased by 10% to slightly more than SEK 285 billion, while operating income was up 9% to more than SEK 22 billion.

The split market conditions are most apparent in our truck operations, in which nearly all markets continued to show favorable development, with the exception of North America and Japan. We have good stability and high profitability in Europe, where we increased deliveries during the autumn, despite already strained production. We are expanding production capacity, particularly against the background of very high demand in Eastern Europe.

Following the acquisition of Nissan Diesel, Asia has grown to become our second largest truck market and we have continued high expectations about development there. In Asia, truck deliveries tripled in the fourth quarter. In North America, we introduced a new generation of engines during the year that comply with the world's most stringent emission legislation, and simultaneously implemented adaptations in the industrial system. Combined with weak demand, these measures affected profitability. We have adapted the operations to suit market conditions and have a high level of preparedness for handling changes in demand. On February 1, the members of the UAW union at the New River Valley plant decided to go on strike, and production at the plant has been halted. In the Group's other engine and truck plants in North America there is a temporary agreement since the old agreement expired.

We estimate that the truck market in Europe will grow by 5-10% compared with 2007, with the industry's delivery capacity as the limiting factor. The North American truck market is difficult to assess, but we estimate that it will be on about the same level as in 2007.

Intensive year for Construction Equipment

Construction Equipment made major advances in Asia following the acquisition of Lingong and Ingersoll Rand's road development division. Product renewal was substantial during the year. The product offering increased by 100 products from acquired companies, while at the same time new generations of existing machinery were launched – a total of 46. During the fourth quarter, Volvo CE had a very strong growth but profitability was impacted by increased production costs and costs related to the integration of acquired companies.

Buses have the new Euro 4-engines based on the new engine platforms in place and are far ahead in the environment area, including hybrid buses in the commercial phase. Buses are now being integrated closer to the truck companies and Volvo 3P, with a focus on joint solutions, reduced costs and increased profitability.

Volvo Penta continues to capture market shares in the marine segment and Volvo Aero ended the year strongly. Volvo Financial Services has stable profitability and delivered a return on equity of 15.9%.

Profitability generates shareholder value

In 2007, Volvo transferred slightly more than SEK 20 billion to shareholders through dividends and share redemptions. For 2007, the Board of Directors proposes an ordinary dividend of SEK 5.50 per share, corresponding to 74% of the year's profit. If the Annual General Meeting approves the dividend proposal, it would mean that the ordinary dividend has continuously increased by an average of 21% annually for the last 15 years. Profitability for the Volvo Group during 2007 will also benefit employees. They work hard for the continued successful development of the Group and will receive a distribution of SEK 450 M in the profit-sharing system.

We have entered 2008 with strong order books, a very strong product program and with an overall good demand in our main markets outside North America. The focus is now on ensuring our delivery capacity with a competitive cost base and on increasing productivity.

Leif Johansson
President and CEO

Important events

Volvo signs letter of intent with Indian vehicle manufacturer Eicher Motors

In December, The Volvo Group signed a letter of intent with the Indian vehicle manufacturer Eicher Motors Limited regarding the establishment of a new Indian joint-venture company. According to the letter of intent, the joint-venture company will hold Eicher Motors Limited's entire truck and bus operations and the Volvo Group's Indian sales operations within trucks. "The Indian market for heavy trucks is the fourth largest in the world and it is strategically highly important for the Volvo Group to have a presence and to offer Indian customers products that are specially adapted to their market and needs," says Volvo CEO Leif Johansson.

Volvo Aero acquires composite company to develop lighter aircraft engines

In December, Volvo Aero acquired the composite company Applied Composites AB (ACAB) in Linköping, which currently has approximately 70 employees. The aim of the acquisition is to use ACAB and its technology to develop and manufacture aircraft engine components in composite materials, which are significantly lighter than the comparable parts in metal. "The acquisition is part of our investment in lightweight technologies, which will result in reduced fuel consumption and, consequently, lower emissions from aircraft," explains Olof Persson, President of Volvo Aero.

AB Volvo files for delisting from NASDAQ

In December, AB Volvo filed for delisting of the Volvo shares (ADRs) from the NASDAQ stock exchange in the United States. The delisting was effective as of December 13, 2007. After the delisting became effective, AB Volvo applied for deregistration of the Class B share from the US Securities and Exchange Commission, SEC.

Changes in Volvo Group Executive Committee

Volvo's CFO Pär Östberg is assuming responsibility for the Group's Asian truck operations in conjunction with the retirement of Jorma Halonen on April 1, 2008. Halonen's other duties will be distributed among the other members of the Group Executive Committee. A new CFO to succeed Pär Östberg will be appointed during the first quarter 2008.

Paul Vikner, currently President and CEO of Volvo's American subsidiary Mack Trucks, will leave his position on April 1, 2008. He will be succeeded by Dennis Slagle, currently head of Volvo Construction Equipment's operations in North America, who will also become a new member of Volvo's Group Executive Committee.

On December 1, 2007 Peter Karlsten took on the position as President and CEO of Volvo Powertrain, succeeding Lars-Göran Moberg, who retired. Peter Karlsten also assumed the role as Senior Vice President Technology for the Volvo Group and become a member of the Group Executive Committee.

Important events reported earlier

- Volvo completes purchase of Nissan Diesel
- Volvo finalizes acquisition of Ingersoll Rand's road development equipment division
- Decisions on several major investments in production facilities in Russia, France and Sweden
- Annual General Meeting of AB Volvo
- Volvo divesting interest in Petro Stopping Centers
- Volvo is applying for delisting from the NASDAQ stock exchange
- Volvo decides on investments in production of engines and gearboxes
- Renault Trucks concludes truck-production agreement with Turkish company Karsan
- Volvo raises new financing
- Volvo Trucks invests billions of SEK in its Umeå cab plant
- Volvo delivers the first US10-compliant trucks to customer for field testing
- Volvo displays carbon-dioxide-neutral trucks
- Volvo's plant in Ghent first in the world with carbon-dioxide-neutral vehicle production

For further information regarding previously reported important events, please refer to Volvo Group's report on the first three months, first six months and first nine months of 2007. Detailed information is also available at www.volvogroup.com

Financial summary of the fourth quarter

Income Statement Volvo Group	Fourth quarter			Year		
SEK M	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Net sales Volvo Group	**84,556**	67,627	25%	**285,405**	258,835	10%
Operating Income Volvo Group	**5,775**	**5,170**	12%	**22,231**	20,399	9%
Operating income Industrial operations	***5,397***	*4,798*	*12%*	***20,583***	*18,713*	*10%*
Operating income Customer Finance	***378***	*372*	*2%*	***1,649***	*1,686*	*(2%)*
Interest income and similar credits	**257**	193	33%	**952**	666	43%
Interest expense and similar credits	**(317)**	(131)	141%	**(1,122)**	(585)	92%
Other financial income and costs	**(106)**	(7)	-	**(505)**	(181)	-
Income after financial items	**5,609**	5,226	7%	**21,557**	20,299	6%
Taxes	**(1,515)**	(1,525)	(1%)	**(6,528)**	(3,981)	64%
Income for the period	**4,094**	3,701	11%	**15,028**	16,318	(8%)

Net sales

The Volvo Group's net sales increased by 25% to SEK 84,556 M during the fourth quarter of 2007, compared with SEK 67,627 M the corresponding quarter a year earlier.

The Volvo Group's net sales for the full year amounted to SEK 285,405 M (258,835).

Operating income

The Volvo Group's operating income increased by 12% to SEK 5,775 M in the fourth quarter (5,170). The Industrial Operations' operating income rose by 12% to SEK 5,397 M, compared to SEK 4,798 M in the preceding year. Operating income of the Volvo Group's Customer Finance increased by 2% to SEK 378 M (372). For detailed information on the development, see separate sections below.

For the full year, operating income rose by 9% to SEK 22,231 M (20,399). As a result of the Volvo Group's profitability level in 2007, SEK 450 M of the year's profits was reserved for the Group's employee profit-sharing program.

Net financial items

Net interest expense in the fourth quarter was SEK 60 M, compared with an income of SEK 62 M for the corresponding period in the preceding year. The increased interest expense is primarily attributable to increased debt as a result of acquisitions, share dividend and the share redemption program in 2007. Higher short-term interest rates in Sweden, where the Group's liquid funds are invested, and lower costs for post-employment benefits, owing to the transfers to pension foundations carried out in the preceding year, had a positive effect on net interest expense.

During the quarter, market valuation of derivatives used for the customer financing portfolio had a negative effect on Other financial income and expenses in an amount of SEK 131 M. The negative impact is mainly due to lower US long-term interest rates. In the preceding year the effect was positive in an amount of SEK 19 M.

Income taxes

The tax expense in the fourth quarter regarding both current and deferred tax amounted to SEK 1,515 M (1,525). The tax rate during the quarter was 27%.

Income for the period and earnings per share

Income for the period amounted to SEK 4,094 M (3,701) in the fourth quarter of 2007. Income increased as a result of higher operating income partly offset by higher interest expenses and the negative impact from market valuation of derivatives as described above. Basic earnings per share in the fourth quarter amounted to SEK 2.00 (1.83). Assuming that the incentive program is fully exercised earnings per share after full dilution was SEK 2.00 (1.83).

Income for the year amounted to SEK 15,028 M (16,318). Basic earnings per share for the full year amounted to SEK 7.37 (8.04). Assuming that the incentive program is fully exercised earnings per share after full dilution was SEK 7.37 (8.03).

Volvo Group's Industrial Operations – continued good growth

In the fourth quarter, net sales for the Volvo Group's Industrial Operations increased by 26% to SEK 82,346 M (65,287). Adjusted for changes in currency exchange rates and acquired and divested units, net sales increased by 13%. Nissan Diesel contributed to net sales with SEK 7,849 M during the quarter, Ingersoll Rand's road development equipment contributed SEK 1,038 M and Lingong contributed SEK 1,066 M.

In Europe the positive development continued with sales increasing 20% in Western Europe and 72% in Eastern Europe. During the fourth quarter Eastern Europe accounted for 11% of Group sales, compared with 8% in the fourth quarter of 2006. In North America net sales during the fourth quarter continued to be low primarily as a consequence of decreased truck sales and the lower rate of the US-dollar.

For the full year, net sales for the Volvo Group's Industrial Operations rose by 11% to SEK 276,795 M (249,020). Adjusted for changes in currency exchange rates, and acquired and divested units, net sales rose by 4%.

Net sales by market area	**Fourth quarter**			**Year**		
SEK M	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Western Europe	**36,012**	29,959	20%	**124,239**	114,689	8%
Eastern Europe	**8,916**	5,172	72%	**27,116**	16,042	69%
North America	**13,398**	17,302	(23%)	**49,435**	73,433	(33%)
South America	**5,145**	3,289	56%	**15,638**	12,533	25%
Asia	**11,560**	5,675	104%	**42,429**	19,610	116%
Other markets	**7,315**	3,890	88%	**17,938**	12,713	41%
Total Industrial operations	**82,346**	**65,287**	**26%**	**276,795**	**249,020**	**11%**

As of the fourth quarter 2007, Nissan Diesel's sales are distributed per market area, whereas during the second and third quarter having been reported under market area Asia. Sales for the full year 2007 are correctly reported, but a correction has been made during the fourth quarter resulting in a reduction of sales in Asia of SEK 2.4 billion, an increase in Other markets by SEK 1.8 billion, an increase in North America of SEK 0.5 billion and an increase in South America by SEK 0.1 billion.

In the fourth quarter, Trucks' net sales increased by 27% to SEK 57,012 M (45,023), Construction Equipment's rose by 39% to SEK 15,523 M (11,170), Buses by 13% to SEK 5,173 M (4,586) and Volvo Penta's by 9% to SEK 2,859 M (2,612). On the other hand, net sales in Volvo Aero declined by 6% to SEK 1,992 M (2,126).

Income Statement Industrial operations	**Fourth quarter**			**Year**		
SEK M	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Net sales	**82,346**	65,287	26%	**276,795**	249,020	11%
Cost of sales	**(63,900)**	(50,854)	26%	**(214,160)**	(192,400)	11%
Gross income	**18,446**	14,433	28%	**62,635**	56,620	11%
Gross margin	***22.4***	*22.1*	-	***22.6***	*22.7*	-
Research and development expenses	**(3,443)**	(2,380)	45%	**(11,059)**	(8,354)	32%
Selling expenses	**(7,700)**	(5,169)	49%	**(24,671)**	(19,999)	23%
Administrative expenses	**(1,916)**	(1,763)	9%	**(7,092)**	(6,481)	9%
Other operating income and expenses	**(8)**	(361)	-	**249**	(3,274)	-
Income from investments in associated companies	**3**	27	(89%)	**428**	61	607%
Income from other investments	**15**	13	15%	**93**	141	(34%)
Operating income	**5,397**	**4,798**	12%	**20,583**	**18,713**	10%
Operating margin	***6.6***	*7.4*	-	***7.4***	*7.5*	-

Operating income increased

In the fourth quarter of 2007, operating income for the Volvo Group's Industrial Operations amounted to SEK 5,397 M, which was 12% higher than the fourth quarter of 2006. The operating margin for the Industrial Operations amounted to 6.6% (7.4).

Demand for the Group's products was very good in Europe, South America and large parts of Asia, which in combination with very competitive products resulted in a continued favorable price realization. An advantageous product and market mix, with increased sales in Europe, made a positive contribution to the Group's earnings, and at the same time the Volvo Group's dealer operations and the products and services in the aftermarket business continue to show increased profitability. The strong demand in these markets has led to very high capacity utilization in the European industrial system resulting in higher production costs through overtime work, extra shifts and increased outsourcing activities.

In North America the operating income was affected by continued low demand and low deliveries of trucks. Also during the fourth quarter of 2007, there was an increase in warranty reserves of SEK 370 M for some phased-out legacy engines and for truck engines produced for the North American market during 2007.

In the seasonally weak fourth quarter, Nissan Diesel's operations generated a contribution to operating income amounting to SEK 300 M, excluding negative effects from purchase price allocation (PPA) adjustments amounting to SEK 94 M. The PPA adjustments, mainly consisting of amortization of intangible and tangible assets, included a positive one-time effect of SEK 47 M as a consequence of additional adjustments to the PPA. A change in the consolidation method of Nissan Diesel's foreign subsidiaries had a positive impact on operating income amounting to SEK 63 M in the fourth quarter. For further information see Corporate acquisitions and divestments on page 31.

In the fourth quarter, Ingersoll Rand road development equipment operations posted an operating loss amounting to SEK 74 M, excluding negative effects from PPA adjustments amounting to SEK 45 M, whereof SEK 24 M is attributable to amortization of intangible and tangible assets and SEK 21 M is attributable to revaluation of inventories. The operating income was negatively affected by integration costs and weak demand in North America in a seasonally weak quarter.

In the fourth quarter of 2007, research and development expenses amounted to SEK 3,443 M (2,379). The net of research and development expense capitalization and amortization had a negative impact of SEK 325 M compared with a positive impact of SEK 258 M in the fourth quarter of 2006 due to lower capitalization and increased amortization.

The increase in selling and administrative expenses is primarily an effect of the acquired companies.

The combined effect of changed exchange rates, particularly for the USD, had an adverse effect on operating income of approximately SEK 200 M in the fourth quarter of 2007, compared with the same period in 2006.

In the fourth quarter of 2006 operating income was positively affected by SEK 357 from the positive outcome of an export credits dispute in Brazil while at the same time being negatively affected by SEK 100 M from costs for capacity reductions in North America and SEK 258 M for reserves for the closure of Volvo Aero's operations in Bromma.

Strong operating cash flow in industrial operations

In the fourth quarter of 2007, operating cash flow from the industrial operations amounted to SEK 12.4 billion (7.4), as a consequence of significantly reduced working capital.

For the full year 2007, operating cash flow from the industrial operations amounted to SEK 15.2 billion (12.6).

Volvo Group's Customer Finance – solid performance

Total new financing volume in the fourth quarter of 2007 amounted to SEK 12.2 billion (10.1). In total, 13,928 new Volvo units (12,264) were financed during the quarter. In the markets where financing is offered, the average penetration rate in the fourth quarter was 24% (22).

During 2007, it was determined that Volvo should recognize SEK 3.0 billion in customer finance receivables, transferred to an external party by Nissan Diesel, based on the proportional share of the risks and rewards retained by Volvo. A corresponding amount is reported as a financial liability. For further information, see page 31.

At December 31, 2007 total assets in Customer Finance amounted to SEK 95 billion (80). Excluding the Nissan Diesel receivables, the credit portfolio grew by 12.6% (5.3), adjusted for exchange-rate movements.

Operating income in the fourth quarter amounted to SEK 378 M (372). Return on shareholders' equity for the rolling 12 months was 15.9% (13.2). The equity ratio at the end of the fourth quarter was 8.1% (10.2).

Write-offs in the fourth quarter amounted to SEK 72 M (74). The write-off ratio through December 31, 2007 was 0.29% (0.33). On December 31, 2007, the total credit reserves were 1.59% of the credit portfolio (2.01).

In the fourth quarter of 2007, income taxes include the reversal of an income tax reserve in France amounting to SEK 40 M. The same amount was reserved during the fourth quarter of 2006.

Income Statement Customer Finance	**Fourth quarter**			**Year**		
SEK M	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Finance and lease income	**1,972**	1,807	9%	**7,705**	7,648	1%
Finance and lease expenses	**(1,168)**	(1,006)	16%	**(4,535)**	(4,487)	1%
Gross income	**804**	**801**	0%	**3,170**	**3,161**	0%
Selling and administrative expenses	**(364)**	(347)	5%	**(1,437)**	(1,286)	12%
Credit provision expenses	**(56)**	(99)	(43%)	**(125)**	(190)	(34%)
Other operating income and expenses	**(6)**	**17**	-	**41**	**(1)**	-
Operating income	**378**	**372**	2%	**1,649**	**1,686**	**(2%)**
Income taxes	**(66)**	(149)	(55%)	**(502)**	(589)	(15%)
Income for the period	**312**	223	40%	**1,147**	1,097	5%
Return on Equity, 12 month moving values				***15.9%***	*13.2%*	-

Strong growth and financial performance

In 2007, Volvo Financial Services (VFS) maintained the operating income level and improved the return on equity. VFS achieved good penetration levels and record new business volume. VFS has successfully increased its relevance in its markets, particularly in North America, where penetration was 25% (17) in the fourth quarter. During the fourth quarter, the credit portfolio increased by 10% in Europe, and the first financing contracts were concluded in the new business in Slovakia. Record volume in Eastern Europe led to an increase in the credit portfolio of 20% in the region. In addition, the Volvo Group acquisitions around the world provide opportunities to offer both wholesale and retail finance products to the new customers and dealer networks.

Overall, write-offs and delinquency remain at low levels within the credit portfolio although the continued turmoil in the financial markets and the slowdown in the global economy is expected to impact the transportation sector. Some softening is being experienced in North America, although delinquency, repossessions and write-offs are still at comparatively normal levels. VFS is monitoring the situation very carefully in order to react swiftly and decisively.

In Europe the process of transforming the organization is underway in order to align more closely with the other Business Areas and to be able to take advantage of organic growth opportunities.

Volvo Group financial position

The Volvo Group's Industrial Operations net financial debt amounted to SEK 4.3 billion at December 31, 2007, a decrease by 12.1 billion compared to the end of the third quarter 2007. Driver of this change is the strong cash flow during the fourth quarter, as a consequence of significantly reduced working capital. Compared to year-end 2006, the Industrial Operations net financial debt increased by SEK 27.4 billion as a consequence of the acquisitions and the transfer of capital to the shareholders during 2007.

During the forth quarter the Volvo Group's total assets increased by SEK 18.8 billion. Liquid funds increased by SEK 6.1 billion and customer finance receivables by SEK 8.5 billion, of which SEK 3.0 billion are attributable to the adjustment of the acquisition balance of Nissan Diesel. For further information, see page 31.

During the fourth quarter the remaining minority (4%) in Nissan Diesel was purchased for an amount of SEK 0.4 billion, and at the end of 2007 Nissan Diesel is owned to 100% by AB Volvo.

At the end of the fourth quarter, the equity ratio in the customer finance operations was 8.1% (10.2). At December 31, 2007 shareholder's equity in the Group amounted to 82.8 billion.

Related-party transactions

Sales to associated companies amounted to SEK 1,096 M and purchasing from associated companies amounted to SEK 98 M during 2007. On December 31, 2007, receivables from associated companies amounted to SEK 397 M and liabilities to associated companies to SEK 19 M. Sales to related-party Renault SA amounted to SEK 151 M and purchasing from Renault SA to SEK 2 950 M during 2007. Receivables from Renault SA amounted to SEK 40 M and liabilities to Renault SA to SEK 1,089 M, at December 31, 2007.

Number of employees

On December 31, 2007, the Volvo Group had 101,698 employees, compared with 83,187 at year-end 2006. The increase is mainly related to acquired companies.

Business area overview

Net sales	Fourth quarter				Year	
SEK M	2007	2006	Change	Change[1]	2007	2006
Trucks	**57,012**	45,023	27%	11%	**187,892**	171,265
Construction Equipment	**15,523**	11,170	39%	23%	**53,633**	42,131
Buses	**5,173**	4,586	13%	16%	**16,608**	17,271
Volvo Penta	**2,859**	2,612	9%	10%	**11,719**	10,774
Volvo Aero	**1,992**	2,126	(6%)	10%	**7,646**	8,233
Eliminations and other	**(213)**	**(231)**	-	-	**(703)**	(655)
Industrial operations	**82,346**	65,287	**26%**	**13%**	**276,795**	**249,020**
Customer Finance	**1,972**	1,807	9%	-	**7,705**	7,648
Reclassifications and eliminations	**238**	533	-	-	**905**	2,168
Volvo Group	**84,556**	**67,627**	**25%**	-	**285,405**	**258,835**

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

Operating income	Fourth quarter			Year	
SEK M	2007	2006	Change	2007	2006
Trucks [1]	**4,144**	3,575	16%	**15,193**	14,828
Construction Equipment	**1,035**	1,047	(1%)	**4,218**	4,072
Buses	**93**	211	(56%)	**231**	745
Volvo Penta	**177**	227	(22%)	**1,173**	1,106
Volvo Aero	**196**	(147)	-	**529**	359
Group headquarter functions and other	**(248)**	(115)	-	**(761)**	(684)
Industrial operations [1]	**5,397**	**4,798**	**12%**	**20,583**	**20,426**
Goodwill adjustment	-	-	-	-	(1,712)
Industrial operations	**5,397**	**4,798**	**12%**	**20,583**	**18,713**
Customer Finance	**378**	372	2%	**1,649**	1,686
Volvo Group	**5,775**	**5,170**	**12%**	**22,231**	**20,399**

1) Excluding adjustment of goodwill in the subsidiary Mack Trucks in 2006.

Operating margin	Fourth quarter		Year	
%	2007	2006	2007	2006
Trucks [1]	**7.3**	7.9	**8.1**	8.7
Construction Equipment	**6.7**	9.4	**7.9**	9.7
Buses	**1.8**	4.6	**1.4**	4.3
Volvo Penta	**6.2**	8.7	**10.0**	10.3
Volvo Aero	**9.8**	(6.9)	**6.9**	4.4
Industrial operations [1]	**6.6**	**7.3**	**7.4**	**8.2**
Industrial operations	**6.6**	**7.3**	**7.4**	**7.5**
Volvo Group	**6.8**	**7.6**	**7.8**	**7.9**

1) Excluding adjustment of goodwill in the subsidiary Mack Trucks in 2006.

Overview of Industrial Operations

Trucks – continued strong underlying profitability

- Continued growth with good profitability in Europe
- Weak sales and profit levels in North America
- Significant increase in warranty reserves for North America

Net sales by market area	Fourth quarter			Year		
SEK M	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Europe	**32,313**	24,933	30%	**108,651**	93,282	16%
North America	**7,966**	12,097	(34%)	**27,255**	50,605	(46%)
South America	**3,691**	2,535	46%	**11,483**	9,213	25%
Asia	**6,854**	2,830	142%	**26,593**	8,975	196%
Other markets	**6,188**	2,628	136%	**13,910**	9,190	51%
Total	**57,012**	**45,023**	**27%**	**187,892**	**171,265**	**10%**

Diverging market development

Demand is on very high levels on most of the world's larger truck markets, with the exception of North America and Japan. During 2007, the European market continued to develop strongly, and the total number of registrations in the EU, Norway and Switzerland increased by 9% to 328,557 heavy trucks (301,570). The development was especially strong in Eastern Europe where the rapid economic growth and an increased transport need drive demand for heavy trucks.

During 2007, the total market for heavy trucks (Class 8) in North America declined by 40% to 207,847 trucks, compared with 348,866 trucks in 2006. The decrease is a consequence of large pre-buy volumes during 2006, the softer US economy with lower freight volumes during 2007 and a drop-off in housing construction.

In Brazil the market grew by 45% to 57,817 heavy trucks (39,873). In Asia the positive development continued in China whereas the market in Japan declined. According to preliminary figures, the Chinese market for trucks over 14 tons grew by 58% to approximately 490,000 trucks (310,000). In India the market continued on a high level and amounted to 193,105 trucks (196,519). The Japanese market for heavy trucks amounted to 42,717 vehicles (49,295), which was a 13% decrease. Demand for trucks is very strong in the Middle East. As of September, the import of heavy trucks to the region increased by 38% to 29,000 trucks (21,000) with Saudi Arabia and Turkey recording growth of 38% and 63% respectively.

The total European market (EU29) is currently limited by the production capacity of the industry, where order backlogs are substantial and delivery times are long. The strained production in Europe affects the supply of trucks also on markets in Asia, the Middle East and South America. Order backlogs for 2008 indicate a continued growth in the European heavy truck market by some 5-10% compared with 2007.

As expected, demand in North America remains low, reflecting the weakening economy. This has resulted in lower profitability in the transport industry along with a relatively high level of inventories of new trucks at the dealers. Forecasting the market is difficult, but current expectations are a demand for trucks in 2008 on the same level as in 2007.

Continued high level of order bookings in Europe

Order bookings per market	Fourth quarter			Year		
Number of trucks	**2007**	2006	**Change**	**2007**	2006	**Change**
Europe	41,403	44,888	(8%)	174,987	141,039	24%
North America	8,512	7,517	13%	24,886	45,587	(45%)
South America	5,483	3,174	73%	17,390	11,829	47%
Asia	4,641	3,491	33%	15,909	14,140	13%
Other markets	4,066	2,929	39%	11,930	11,716	2%
Total	**64,105**	**61,999**	**3%**	**245,102**	**224,311**	**9%**
Nissan Diesel 1)	12,312	-	-	37,894	-	-
Total	**76,417**	**61,999**	**23%**	**282,996**	**224,311**	**26%**

1) Nissan Diesel was not part of the Volvo Group during 2006. Nissan Diesel's order bookings amounted to 18,084 trucks during the fourth quarter of 2006 and to 53,973 trucks during the second to fourth quarter of 2006.

During the fourth quarter, the truck operation's order bookings increased by 23% to 76,417 trucks (61,999). Excluding Nissan Diesel, order bookings increased by 3%. Order bookings in Europe declined by 8%, in comparison with the exceptionally strong fourth quarter of 2006, which was affected by pre-buys prior to price-increases announced by Renault Trucks. The levelling-off comes after a long period of continually increasing orders, which has led to long delivery times.

Even though order bookings in North America rose in comparison to 2006, they continued to be on a low level with construction trucks being affected the most.

Nissan Diesel's order bookings declined by 32% as a consequence of fewer orders of light trucks from Nissan Motors. Excluding the Nissan Motors business, order bookings declined by 5%.

Deliveries increased

Deliveries per market 1)	**Fourth quarter**			**Year**		
Number of trucks	**2007**	2006	**Change**	**2007**	2006	**Change**
Europe	39,740	30,358	31%	128,070	114,417	12%
North America	11,222	17,672	(36%)	33,280	70,499	(53%)
South America	4,819	2,863	68%	15,264	11,646	31%
Asia	14,097	4,590	207%	39,916	12,817	211%
Other markets	6,647	3,306	101%	19,826	10,552	88%
Total	**76,525**	**58,789**	**30%**	**236,356**	**219,931**	**7%**

1) Nissan Diesel is included in the deliveries during the second to fourth quarter of 2007, but not in the figures for 2006.

The delivery pace of the truck operations increased substantially during the fourth quarter on all markets but North America. Capacity utilization in the European plants was in general very high. During the second half of 2007 efforts have been made to increase capacity i the European production system even further.

In total, 76,525 trucks were delivered during the quarter, compared with 58,789 trucks in the same period of the preceding year. The large increases in Asia and Other markets is mainly an effect of Nissan Diesel being included in the deliveries. Excluding Nissan Diesel, deliveries in Asia were down by 2% and by 4% in Other markets.

During the fourth quarter, Nissan Diesel's total deliveries declined to 14,585 trucks compared with 17,780 trucks the same period in the preceding year. The lower deliveries are a consequence of significantly lower sales of light trucks to Nissan Motors, which was partly offset by increased deliveries of heavy-duty trucks.

North American deliveries decreased as a consequence of lower demand. Even though dealer inventories of trucks equipped with engines compliant with the old emission legislation (US04) decreased during the quarter, they remain at higher levels than expected. The Group's North American truck operations continues to focus on converting existing dealer inventory into retail sales and giving customers experience with trucks equipped with the new generation of engines (US07) to spur orders.

Good profitability in Europe

During the fourth quarter, the truck operation's net sales amounted to SEK 57,012 M, which was an increase of 27% compared with SEK 45,023 during the same quarter in 2006. Nissan Diesel contributed with SEK 7,849 M to net sales. Adjusted for changes in exchange rates and Nissan Diesel, net sales increased by 11%.

Operating income rose by 16% to SEK 4,144 M (3,575). Operating margin amounted to 7.3% (7.9). The good demand and competitive products contributed to favorable price realization in Europe, South America and large parts of Asia. An advantageous product and market mix with increased deliveries in Europe also contributed to the higher earnings as did the increased profitability in the dealer network and the aftermarket business. On the other hand, operating income was negatively affected by increased research and development expenses, which is a consequence of higher amortization of previously capitalized R&D expenses and lower capitalization of current R&D expenses.

The production increase in Europe resulted in higher production costs through overtime, extra shifts and increased outsourcing activities. In North America the operating income was affected by continued low deliveries of trucks and an increase in warranty reserves for phased-out legacy engines and quality issues on truck engines produced for the North American market during 2007.

Nissan Diesel's operations contributed SEK 300 M to operating income during the seasonally weak fourth quarter, excluding negative effects from purchase price allocation adjustments (PPA) amounting to a total of SEK 94 M attributable to amortization of intangible and tangible assets. A change in the consolidation method of Nissan Diesel's foreign subsidiaries had a positive impact on operating income amounting to SEK 63 M in the fourth quarter. For further information, see page 34. Nissan Diesel had an operating margin of 3.8% before PPA adjustments.

Net sales for the full year increased by 10% to SEK 187,892 M (171,265). Operating income amounted to SEK 15,193 M (14,828 excluding adjustment of goodwill in Mack Trucks), while the operating margin was 8.1% (8.7).

New generations of heavy trucks in Europe

In December 2007, Volvo Trucks announced the launch of a new generation of heavy trucks in Europe. Both the Volvo FH, the company's best-seller in the long-haul segment, and the Volvo FH16, the flagship model with the market's highest torque, are being significantly upgraded. Production start is scheduled for autumn 2008. However, customers could start placing orders for the new trucks already in December.

Also in December 2007, Renault Trucks announced the launch of a new Renault Magnum, featuring an upgraded cab. Production will start mid 2008. However customers could place orders for the new trucks already in December.

After a brief rate increase in late 2007 to address orders that weren't filled due to production disturbances earlier in the year, the production rate at the New River Valley plant as of February was to be returned to a level better adapted to current demand. The decision means that 500 to 600 employees should have been released during February. However, as of February 1, 2008 the production at the plant has been halted after a decision by the American autoworker's union UAW to go on strike. For further information, see page 30.

Construction Equipment – strong growth

- Sales up 39%
- Operating income affected by product introductions, integration costs and currency
- Extensive product renewal in 2007

Net sales by market area	**Fourth quarter**			**Year**		
SEK M	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Europe	**7,826**	5,685	38%	**25,294**	20,326	24%
North America	**2,422**	2,202	10%	**11,170**	11,280	(1%)
South America	**684**	370	85%	**2,155**	1,358	59%
Asia	**3,781**	1,996	89%	**12,179**	6,903	76%
Other markets	**810**	917	(12%)	**2,835**	2,264	25%
Total	**15,523**	**11,170**	**39%**	**53,633**	**42,131**	**27%**

Heavy equipment in North America down 20%

The total European market increased by 4% and the Asian market by 24% with a strong contribution from China, up 76%. Other markets rose by 40%. In North America the total market declined by 7%, primarily due to lower activities in the housing construction market.

Total market development in the fourth quarter, unit sales in %	**Europe**	**North America**	**Asia**	**Other markets**	**Total**
Heavy equipment	6	(20)	34	23	**12**
Compact equipment	4	(0)	17	60	**40**
Total	**4**	**(7)**	**24**	**40**	**12**

Market conditions for 2008 are expected to remain favorable, although not as good as 2007. The European market is expected to grow 0-5% in 2008. North America is expected to decline with another 5-10% whilst the rest of the world is expected to compensate for the U.S. down-turn with an expected growth of 10-15%.

During the fourth quarter, order bookings remained on a good level and the value of the order book at December 31 was 48% higher than the same date the preceding year, excluding Lingong and Ingersoll Rand's road development equipment division.

Increased sales

Net sales in Construction Equipment rose by 39% to SEK 15,523 M (11,170) in the fourth quarter. Adjusted for changes in the exchange rates and the acquisitions of Lingong and Ingersoll Rand's, road division, net sales rose by 23%.

Operating income declined by 1% to SEK 1,035 M (1,047) and the operating margin was 6.7% (9.4). The operating income was negatively impacted by increased production costs, introduction of new components, integration costs and exchanges rates.

In the fourth quarter, the acquired Ingersoll Rand's road development equipment division had sales of SEK 1,038 M and an operating loss of SEK 74 M excluding negative acquisition adjustments of SEK 45 M. In the seasonally weak fourth quarter the result was negatively impacted by integration costs and a weak US market, while Lingong's sales amounted to SEK 1,066 M and operating income was SEK 49 M.

For the full year 2007 Construction Equipment's sales increased 27% to SEK 53,633 M (42,131), operating income rose 4% to SEK 4,218 M (4,072) and the operating margin was 7.9% (9.7).

Focusing on integration and profitability

During 2007 Volvo CE reached a milestone of over SEK 50 billion in sales and an operating income of more than SEK 4 billion. The product offering increased by 100 products from acquired companies, while at the same time new generations of existing machinery were launched – a total of 46.

The number of units sold including Lingong and Ingersoll Rand Road Development increased by 72% to over 64,000 (37,000). During this year of unprecedented organic growth and acquisitions, Volvo CE has succeeded in establishing a strong foothold in Asia through the acquisition of Lingong and entered into the road construction equipment business as one of the world's leading manufacturers.

Focus in 2008 will be on integration to drive synergies and improve profitability. Activities to improve the profit level include the elimination of production bottlenecks to improve industrial productivity, cost reductions and active price management.

In November Volvo CE launched the range of re-branded road machinery in Volvo livery at the EXCON exhibition in India. Investment in infrastructure and highways in particular, is high on the agenda in one of the world's fastest growing economies.

Buses – sales increased but profitability weakened

- Increased deliveries
- Operating income impacted by campaign costs and losses in Mexico
- Big interest in Hybrids

Net sales by market area	**Fourth quarter**			**Year**		
SEK M	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Europe	**2,365**	2,339	1%	**7,767**	7,924	(2%)
North America	**1,456**	1,339	9%	**4,630**	4,910	(6%)
South America	**667**	279	139%	**1,623**	1,537	6%
Asia	**473**	387	22%	**1,802**	2,003	(10%)
Other markets	**212**	242	(12%)	**786**	897	(12%)
Total	**5,173**	**4,586**	**13%**	**16,608**	**17,271**	**(4%)**

Varying market trends

Trends in the bus markets vary in the different regions. During the second half of 2007, the North American coach market declined by 30%. The city bus market remains steady and demand for hybrids rose in the US and Canada. In South America, the intercity and coach market in Brazil rose 80% compared with 2006. The rest of South America shows a high level of activity, but about 5-10% lower than in 2006. In Asia, primarily India and China, continued growth was noted. Exports from China to the rest of Asia and competition from other low-cost producers became increasingly more intense. The Mexican coach market declined by 25% during 2007. There is strong interest in the Bus Rapid Transport segment. The situation in Europe was mixed. Volvo Buses core markets, the Nordic countries, UK and Central Europe, are declining, while Southern and Eastern Europe show increased growth.

Higher deliveries but lower order bookings

Volvo Buses' order bookings in the fourth quarter amounted to 2,717 buses, compared with 3,258 in the preceding year, a 17% decline. The order bookings declined primarily in Europe, North America and China. During the quarter, 3,412 buses (2,464) were delivered, an increase of 38%. All regions posted higher deliveries, except Mexico and Asia Pacific. The order backlog at the end of the fourth quarter was 4,720 (5,631), a decline of 16%.

Weaker earnings in fourth quarter

Net sales in the fourth quarter increased by 13% to SEK 5,173 M, compared with SEK 4,586 M a year earlier. Adjusted for changed exchange rates, net sales increased by 16%. Operating income declined to SEK 93 M (211) impacted by costs for disruptions related to product projects and engines, weak results in Mexico and a negative currency development.

For the full year 2007, net sales declined 4% to SEK 16,608 M (17,271). Operating income amounted to SEK 231 M (745), and the operating margin was 1.4 % (4.3).

Staffan Jufors, president of Volvo Trucks, has been appointed new Chairman of the Board of Volvo Buses, with the aim of supporting Volvo Buses profitability development and increasing synergies with the Group's truck operations. Volvo Buses is implementing strong profitability programs in all regions. Areas in focus are to reduce product costs in all markets, establish new work methods linked to Volvo Buses' production principles and to optimize Volvo Buses' industrial system.

Production started in the new bus plant in Bangalore, India, during the fourth quarter. The company, which is a joint venture with Jaico Automobiles, will sell complete Volvo buses, with bodies added at the new plant. The plant will manufacture products for the Indian market as well as for export to such markets as Africa, the Middle East and Southeast Asia.

During the fourth quarter, Prevost Car took a major stride toward increased component commonality with the rest of Volvo Buses through beginning to offer its customers Prevost buses with Volvo Powertrain's US-manufactured 13-liter engine.

Volvo Penta – increased sales

- Somewhat weaker overall market for marine engines
- Strong growth for industrial engines
- A 9% increase in sales

Net sales by market area	**Fourth quarter**			**Year**		
SEK M	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Europe	**1,640**	1,487	10%	**6,798**	6,111	11%
North America	**646**	591	9%	**2,674**	2,815	(5%)
South America	**91**	70	30%	**274**	221	24%
Asia	**391**	384	2%	**1,624**	1,359	19%
Other markets	**91**	80	14%	**349**	268	30%
Total	**2,859**	**2,612**	**9%**	**11,719**	**10,774**	**9%**

Stronger marine market in Europe, weaker in the US

The overall European market for marine engines continued to be strong during the fourth quarter, mainly due to strong demand for larger leisure boats from around 35 feet and up. In the US, on the other hand, a continuous weakening total market for marine engines was noted.

Total demand for industrial engines strengthened in Europe and the Far East and in many other developing markets such as India and Turkey.

Volvo Penta has continued to strengthen its market share on the marine side, not least on the market for gasoline-powered engines in the US. In the inboard segment, Volvo Penta has strengthened its position considerably thanks to a strong development for the IPS drive system. During the fourth quarter, the number of IPS systems was 80% higher than during the corresponding period the preceding year.

On December 31, 2007, the volume in the order book was on the same level as a year earlier.

Sales increased by 9%

During the fourth quarter, Volvo Penta's sales amounted to SEK 2,859 M (2,612), which was an increase of 9% compared with the preceding year. Adjusted for exchange-rate differences net sales increased by 10%. Sales among the business segments were: Marine Leisure SEK 1,773 M (1,609), Marine Commercial SEK 306 M (275) and Industrial SEK 780 M (718).

Operating income amounted to SEK 177 M (227). Operating income was negatively affected by decided investments in future logistics and IT infrastructure in order to secure higher capacity utilisation and shorter lead times. The operating margin amounted to 6.2% (8.7).

For the full year 2007, net sales increased 9% to SEK 11,719 M (10,774). Operating income rose 6% to SEK 1,173 M (1,106), and the operating margin was 10.0% (10.3).

New power generation engines

During the fourth quarter, Volvo Penta launched a new 13-liter industrial engine based on the Volvo Group's common diesel engine platform. The new engine is available in three versions adapted for diesel powered generation engines – gensets – Volvo Penta's most important segment within industrial engines. During the quarter, Volvo Penta also launched upgraded versions of its 16-liter marine genset for commercial vessels.

Volvo Aero – strong fourth quarter

- Strong top line growth in the component business
- Order book in component business increased by 19%
- Acquisition of Applied Composites AB

Net sales by market area	**Fourth quarter**			**Year**		
SEK M	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Europe	**969**	964	1%	**3,462**	3,798	(9%)
North America	**914**	1,037	(12%)	**3,723**	3,815	(2%)
South America	**18**	31	(42%)	**127**	173	(27%)
Asia	**63**	71	(11%)	**234**	356	(34%)
Other markets	**28**	23	22%	**100**	91	10%
Total	**1,992**	**2,126**	**(6%)**	**7,646**	**8,233**	**(7%)**

Substantial backlog for large aero engines

World airline passenger traffic increased 4.8% in November and 4.7 % in the first eleven months of 2007. Order bookings for large commercial jets continued to increase and the backlog at the end of the year grew to 6,848 aircraft. At current production rates, the backlog represents about seven years. Continuing demand for new commercial jet aircraft is also pushing up engine requirements. The engine order book increased to 14,404 large engines at the end of December, an increase of 35%. Deliveries of large commercial aircraft increased 7%, to 894 aircraft in 2007.

The success for Volvo Aero's largest commercial engine project (GEnx) continued, as a result of the sales success of Boeing 787 and 747-8. The GEnx engine program has now accumulated 1,112 engines on the 787 and 747-8, which corresponds to an increase in the order book by more than 40% compared to a year ago. In January, Boeing confirmed that first flight of the 787 has been delayed to around the end of the second quarter. Deliveries are expected to begin early 2009.

For Volvo Aero, order bookings remain strong and the value of the order book in the component business at December 31 was 19% higher than at the same date in the preceding year.

Commercial component business continues to grow

During the fourth quarter, Volvo Aero's sales amounted to SEK 1,992 M, (2,126) which was 6% lower than in the same period the preceding year, mainly due to currency and the Bromma plant closure. Adjusted for currency and the closure of the Bromma plant, sales rose by 10%.

Operating income increased to SEK 196 M (-147) and the operating margin to 9.8% (-6.9). Despite higher material cost, the component business continued to show good profitability and high volumes in the fourth quarter. In addition, strong military volumes and improved profitability within the aftermarket business contributed to the result. Last year's income was impacted by provisions of SEK 258 M for the closure of the Bromma plant.

For the full year, net sales decreased by 7% to SEK 7,646 M (8,233). Operating income increased by 47% to SEK 529 M (359). The operating margin increased to 6.9 % (4.4).

Volvo Aero acquired a composite company to develop lighter aircraft engines

In December, the composite company Applied Composites AB (ACAB) in Linköping, Sweden was acquired, as part of Volvo Aero's investment in lightweight technologies. In addition, the acquisition provides the whole Volvo Group with composite light weight technologies.

Financial reports and other information

Income statements Volvo Group fourth quarter

	Industrial operations		Customer Finance		Elim and reclassifications		Volvo Group Total	
SEK M	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Net sales	**82,346**	65,287	**1,972**	1,807	**239**	533	**84,556**	67,627
Cost of sales	**(63,900)**	(50,854)	**(1,168)**	(1,006)	**(239)**	(533)	**(65,306)**	(52,393)
Gross income	**18,446**	14,433	**804**	801	**0**	0	**19,250**	15,234
Research and development expenses	**(3,443)**	(2,380)	**0**	0	**0**	0	**(3,443)**	(2,380)
Selling expenses	**(7,700)**	(5,170)	**(348)**	(306)	**0**	0	**(8,048)**	(5,475)
Administrative expenses	**(1,916)**	(1,764)	**(16)**	(41)	**0**	0	**(1,932)**	(1,805)
Other operating income and expenses	**(8)**	(361)	**(62)**	(83)	**0**	0	**(71)**	(444)
Income from investments in associated compar	**3**	26	**0**	1	**0**	0	**3**	27
Income from other investments	**14**	13	**0**	0	**0**	0	**14**	13
Operating income	**5,397**	4,798	**378**	372	**0**	0	**5,775**	5,170
Interest income and similar credits	**326**	253	**0**	0	**(69)**	(60)	**257**	193
Interest expenses and similar charges	**(385)**	(191)	**0**	0	**69**	60	**(317)**	(131)
Other financial income and expenses	**(106)**	(7)	**0**	0	**0**	0	**(106)**	(7)
Income after financial items	**5,232**	4,854	**378**	372	**0**	0	**5,609**	5,226
Income taxes	**(1,450)**	(1,377)	**(66)**	(149)	**0**	0	**(1,515)**	(1,525)
Income for the period*	**3,782**	3,476	**312**	223	**0**	0	**4,094**	3,701

* Attributable to:		
Equity holders of the parent company	**4,059**	3,697
Minority interests	**35**	4
	4,094	3,701

Basic earnings per share, SEK	**2.00**	1.83
Diluted earnings per share, SEK	**2.00**	1.83

Income statements Volvo Group year

	Industrial operations		Customer Finance		Elim and reclassifications		Volvo Group Total	
SEK M	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Net sales	**276,795**	249,020	**7,705**	7,648	**905**	2,168	**285,405**	**258,835**
Cost of sales	**(214,160)**	(192,400)	**(4,535)**	(4,487)	**(905)**	(2,168)	**(219,600)**	(199,054)
Gross income	**62,635**	56,620	**3,170**	3,161	**0**	0	**65,805**	59,781
Research and development expenses	**(11,059)**	(8,354)	**0**	0	**0**	0	**(11,059)**	(8,354)
Selling expenses	**(24,671)**	(19,999)	**(1,397)**	(1,214)	**0**	0	**(26,068)**	(21,213)
Administrative expenses	**(7,092)**	(6,481)	**(40)**	(70)	**0**	0	**(7,133)**	(6,551)
Other operating income and expenses	**249**	(3,274)	**(86)**	(192)	**0**	0	**163**	(3,466)
Income from investments in associated compar	**428**	60	**2**	1	**0**	0	**430**	61
Income from other investments	**93**	141	**0**	0	**0**	0	**93**	141
Operating income	**20,583**	18,713	**1,649**	1,686	**0**	0	**22,231**	**20,399**
Interest income and similar credits	**1,105**	897	**0**	0	**(153)**	(231)	**952**	666
Interest expenses and similar charges	**(1,275)**	(816)	**0**	0	**153**	231	**(1,122)**	(585)
Other financial income and expenses	**(505)**	(181)	**0**	0	**0**	0	**(505)**	(181)
Income after financial items	**19,908**	18,613	**1,649**	1,686	**0**	0	**21,557**	**20,299**
Income taxes	**(6,027)**	(3,392)	**(502)**	(589)	**0**	0	**(6,528)**	(3,981)
Income for the period*	**13,881**	15,221	**1,147**	1,097	**0**	0	**15,028**	16,318

* Attributable to:		
Equity holders of the parent company	**14,933**	16,268
Minority interests	**96**	50
	15,028	16,318
Basic earnings per share, SEK	**7.37**	8.04
Diluted earnings per share, SEK	**7.37**	8.03

Balance Sheets Volvo Group

	Industrial operations		Customer Finance		Elim and reclassifications		Total	
	Dec 31	Dec 31	**Dec 31**	Dec 31	**Dec 31**	Dec 31	**Dec 31**	Dec 31
SEK M	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
Assets								
Non-current assets								
Intangible assets	**36,441**	19,054	**67**	62	**0**	0	**36,508**	19,117
Tangible assets								
Property, plant and equipment	**47,132**	34,291	**78**	88	**0**	0	**47,210**	34,379
Assets under operating leases	**13,850**	11,822	**288**	279	**8,364**	8,400	**22,502**	20,501
Financial assets								
Shares and participations	**2,189**	6,862	**30**	29	**0**	0	**2,219**	6,890
Long term customer financing receivables	**444**	582	**47,870**	39,276	**(7,828)**	(7,769)	**40,486**	32,089
Deferred tax assets	**8,434**	6,300	**346**	354	**3**	9	**8,783**	6,663
Other long-term receivables	**5,601**	4,958	**39**	27	**(861)**	(585)	**4,779**	4,400
Total non-current assets	**114,091**	83,869	**48,718**	40,115	**(322)**	55	**162,487**	**124,039**
Current assets								
Inventories	**43,264**	33,894	**381**	317	**0**	0	**43,645**	34,211
Short-term receivables								
Customer-financing receivables	**789**	611	**42,695**	36,979	**(5,123)**	(4,937)	**38,361**	32,653
Current tax assets	**1,660**	1,196	**43**	25	**0**	0	**1,703**	1,221
Other receivables	**53,976**	44,561	**1,713**	1,145	**(11,272)**	(11,307)	**44,417**	34,399
Non-current assets held for sale	-	805	**-**	-	**-**	-	**-**	805
Marketable securities	**16,488**	20,324	**2**	18	**0**	0	**16,490**	20,342
Cash and cash equivalents	**13,538**	9,618	**1,053**	1,203	**(47)**	(64)	**14,544**	10,757
Total current assets	**129,715**	111,009	**45,887**	39,687	**(16,442)**	(16,308)	**159,160**	134,388
Total assets	**243,806**	**194,878**	**94,605**	**79,802**	**(16,764)**	**(16,253)**	**321,647**	**258,427**

SEK M	Industrial operations Dec 31 2007	Dec 31 2006	Customer Finance Dec 31 2007	Dec 31 2006	Elim and reclassifications Dec 31 2007	Dec 31 2006	Total Dec 31 2007	Dec 31 2006
Shareholders' equity and liabilities								
Equity attributable to the equity holders of the	**74,550**	78,763	**7,652**	8,141	**0**	0	**82,202**	86,904
Minority interests	**579**	284	**0**	0	**0**	0	**579**	284
Total shareholders' equity*	**75,129**	79,047	**7,652**	8,141	**0**	0	**82,781**	87,188
Non-current provisions								
Provisions for post-employment benefits	**9,746**	8,664	**28**	28	**0**	0	**9,774**	8,692
Provisions for deferred taxes	**7,868**	3,315	**1,259**	1,107	**0**	0	**9,127**	4,422
Other non-current provisions	**7,067**	6,507	**95**	87	**139**	156	**7,301**	6,750
Non-current liabilities	**41,339**	24,458	**42,285**	32,654	**(11,895)**	(11,654)	**71,729**	45,457
Current provisions	**10,437**	9,643	**129**	48	**90**	109	**10,656**	9,799
Current liabilities								
Loans	**40,539**	25,615	**4,382**	2,675	**(49)**	(44)	**44,872**	28,247
Liabilities associated with assets held for sale	**0**	280	**0**	0	**0**	0	**0**	280
Trade payables	**52,376**	37,831	**287**	252	**0**	0	**52,663**	38,080
Current tax liabilities	**0**	1,164	**451**	637	**0**	0	**451**	1,801
Other current liabilities	**(695)**	(1,646)	**38,037**	34,173	**(5,049)**	(4,820)	**32,293**	27,711
Total shareholders' equity and liabilities	**243,806**	**194,878**	**94,605**	**79,802**	**(16,764)**	**(16,253)**	**321,647**	**258,427**

2006 is restated according to new reporting structure for the Volvo Group. Shareholders' equity in Customer Finance operations have been adjusted by 650 compared to press release April 17, 2007.

Contingent liabilities	**8,153**	7,726

Cash flow statement fourth quarter

	Industrial operations		Customer Finance		Elim & reclassifications		Volvo Group Total	
SEK bn	2007	2006	2007	2006	2007	2006	2007	2006
Operating activities								
Operating income	**5.4**	4.8	**0.4**	0.4	**(0.1)**	0.0	**5.7**	5.2
Depreciation and amortization	**3.1**	2.2	**(0.1)**	0.1	**0.7**	0.8	**3.7**	3.1
Other non-cash items	**0.3**	0.2	**0.1**	0.3	**(0.2)**	(0.3)	**0.2**	0.2
Change in working capital	**8.9**	3.8	**(5.2)**	(1.7)	**0.4**	(0.2)	**4.1**	1.9
Financial items and income taxes paid	**(1.9)**	(1.0)	**(0.3)**	(0.2)	**0.4**	(0.1)	**(1.8)**	(1.3)
Cash flow from operating activities	**15.8**	**10.0**	**(5.1)**	**(1.1)**	**1.2**	**0.2**	**11.9**	**9.1**
Investing activities								
Investments in fixed assets	**(3.4)**	(2.8)	**(0.2)**	0.0	**0.1**	0.0	**(3.5)**	(2.8)
Investment in leasing vehicles	**(0.1)**	(0.1)	**(0.1)**	(0.2)	**(1.6)**	(1.0)	**(1.8)**	(1.3)
Disposals of fixed assets and leasing vehicles	**0.1**	0.3	**0.2**	0.0	**0.4**	0.4	**0.7**	0.7
Operating cash flow	**12.4**	**7.4**	**(5.2)**	**(1.3)**	**0.1**	**(0.4)**	**7.3**	**5.7**
Investments and divestments of shares, net							**0.0**	0.0
Acquired and divested operations, net							**(0.5)**	0.1
Interest-bearing receivables incl marketable securites							**(1.9)**	(2.0)
Cash-flow after net investments							**4.9**	3.8
Financing activities								
Change in loans, net							**(0.7)**	(2.0)
Dividend to AB Volvo shareholders							**-**	-
Other							**0.0**	0.0
Change in cash and cash equivalents excl. translation differences							**4.2**	1.8
Translation difference on cash and cash equivalents							**0.1**	(0.2)
Change in cash and cash equivalents							**4.3**	1.6

Cash flow statement year

SEK bn	Industrial operations 2007	Industrial operations 2006	Customer Finance 2007	Customer Finance 2006	Elim & reclassifications 2007	Elim & reclassifications 2006	Volvo Group Total 2007	Volvo Group Total 2006
Operating activities								
Operating income	**20.6**	18.7	**1.7**	1.7	**(0.1)**	0.0	**22.2**	20.4
Depreciation and amortization	**10.3**	9.8	**0.1**	0.4	**2.0**	2.2	**12.4**	12.4
Other non-cash items	**(0.4)**	0.2	**0.1**	0.7	**(0.2)**	(0.2)	**(0.5)**	0.7
Change in working capital	**(0.1)**	(3.1)	**(10.2)**	(3.6)	**0.4**	(1.0)	**(9.9)**	(7.7)
Financial items and income taxes paid	**(6.0)**	(3.7)	**(0.4)**	(0.6)	**0.5**	0.0	**(5.9)**	(4.3)
Cash flow from operating activities	**24.4**	**21.9**	**(8.7)**	**(1.4)**	**2.6**	**1.0**	**18.3**	**21.5**
Investing activities								
Investments in fixed assets	**(10.1)**	(9.7)	**0.0**	(0.3)	**0.0**	0.0	**(10.1)**	(10.0)
Investment in leasing vehicles	**(0.2)**	(0.5)	**(0.3)**	(0.6)	**(4.3)**	(3.5)	**(4.8)**	(4.6)
Disposals of fixed assets and leasing vehicles	**1.1**	0.9	**0.4**	0.5	**1.5**	1.8	**3.0**	3.2
Operating cash flow	**15.2**	**12.6**	**(8.6)**	**(1.8)**	**(0.2)**	**(0.7)**	**6.4**	**10.1**
Investments and divestments of shares, net							**0.4**	(5.8)
Acquired and divested operations, net							**(15.0)**	0.5
Interest-bearing receivables incl marketable securites							**3.6**	7.7
Cash-flow after net investments							**(4.6)**	**12.5**
Financing activities								
Change in loans, net							**28.7**	(2.6)
Dividends and payment for redemption of shares to Volvo's shareholders							**(20.3)**	(6.8)
Other							**0.0**	0.0
Change in cash and cash equivalents excl. translation differences							**3.8**	3.1
Translation difference on cash and cash equivalents							**0.0**	(0.5)
Change in cash and cash equivalents							**3.8**	**2.6**

Change in shareholders' equity

	Year	
SEK bn	**2007**	**2006**
Total equity at beginning of period	**87.2**	**78.8**
Shareholders' equity attributable to equity holders of the parent company at beginning of period	**86.9**	**78.5**
Translation differences	**1.1**	(2.7)
Translation differences on hedge instruments of net investments in foreign operations	**(0.1)**	0.1
Available-for-sale investments	**(0.2)**	0.4
Cash flow hedges	**(0.3)**	1.0
Net income recognized directly in equity	**0.5**	**(1.2)**
Income for the period	**14.9**	16.3
Total recognized income and expense for the period	**15.4**	**15.1**
Dividends and payment for redemption of shares to Volvo's shareholders	**(20.3)**	(6.8)
Share-based payments	**0.2**	0.2
Change in consolidation of Nissan Diesel	**0.0**	-
Other changes in Nissan Diesel's equity	-	(0.1)
Other changes	**0.0**	0.0
Shareholders' equity attributable to equity holders of the parent company at end of period	**82.2**	**86.9**
Minority interests at beginning of period	**0.3**	**0.3**
Translation differences	**0.0**	0.0
Net income recognized directly in equity	**0.0**	**0.0**
Income for the period	**0.1**	0.0
Total recognized income and expense for the period	**0.1**	**0.0**
Cash dividend	**(0.1)**	0.0
Minority regarding new acquisitions	**0.3**	-
Other changes	**0.0**	0.0
Minority interests at end of period	**0.6**	**0.3**
Total equity at end of period	**82.8**	**87.2**

Net financial position

	Industrial operations		Volvo Group	
SEK M	**Dec 31 2007**	**Dec 31 2006**	**Dec 31 2007**	**Dec 31 2006**
Long term customer finance receivables	**-**	-	**40,486**	32,089
Long term interest-bearing receivables	**3,928**	3,514	**3,150**	3,150
Short term customer finance receivables	**-**	-	**38,361**	32,653
Short term interest bearing receivables	**9,773**	9,751	**1,380**	966
Non-current assets held for sale, interest-bearing	**0**	5	**0**	5
Marketable securities	**16,488**	20,324	**16,490**	20,342
Cash and bank	**13,538**	9,618	**14,544**	10,757
Total financial assets	**43,727**	**43,212**	**114,411**	**99,962**
Provision for post employment benefits	**9,746**	8,664	**9,774**	8,692
Interest-bearing liabilities	**38,286**	11,465	**108,318**	66,957
Liabilities associated with assets held for sale, interest-bearing	**0**	7	**0**	7
Total financial debt	**48,032**	**20,136**	**118,092**	**75,656**
Net financial position	**(4,305)**	**23,076**	**(3,681)**	**24,306**

Changes in net financial position, Industrial operations **SEK bn**	**Fourth quarter 2007**	**Year 2007**
Beginning of period	(16.4)	23.1
Cash flow from operating activities	15.8	24.4
Investments in fixed assets	(3.5)	(10.3)
Disposals	0.1	1.1
Operating cash-flow	**12.4**	**15.2**
Investments and divestments of shares, net	0.0	0.4
Acquired and divested operations, net	(0.5)	(25.9)
Capital injections to/from Customer Finance operations	0.3	2.1
Currency effect	(0.1)	1.0
Dividends and payment for redemption of shares to Volvo's shareholders	-	(20.3)
Other	0.0	0.1
Total change	**12.1**	**(27.4)**
Net financial position at end of period	**(4.3)**	**(4.3)**

2006 is restated according to new reporting structure for the Volvo Group. Shareholders' equity in Customer Finance operations have been adjusted by 650 compared to press release April 17, 2007.

Key ratios

Industriverksamheten	Helåret 2007	2006
Bruttomarginal	**22.6**	22.7
Forsknings- och utvecklingskostnader i % av nettoomsättning	**4.0**	3.4
Försäljningskostnader i % av nettoomsättning	**8.9**	8.0
Administrationskostnader i % av nettoomsättning	**2.6**	2.6
Rörelsemarginal	**7.4**	7.5
Avkastning på rörelsekapital, 12 månaders rullande värden	**26.4**	34.3
Finansiell nettoställning vid periodens slut, Mdr	**-4.3**	23.1
Finansiell nettoställning i % av eget kapital vid periodens slut	**-5.7**	29.2
Eget kapital i % av totala tillgångar vid periodens slut	**30.8**	40.6
Kundfinansiering		
Avkastning på eget kapital, %, 12 månaders rullande värden	**15.9**	13.2
Eget kapital i % av totala tillgångar vid periodens slut	**8.1**	10.2
Tillväxt tillgångar, % från föregående årsskifte till periodens slut	**18.5**	-2.3
Volvokoncernen		
Bruttomarginal	**23.1**	23.1
Forsknings- och utvecklingskostnader i % av nettoomsättning	**3.9**	3.2
Försäljningskostnader i % av nettoomsättning	**9.1**	8.2
Administrationskostnader i % av nettoomsättning	**2.5**	2.5
Rörelsemarginal	**7.8**	7.9
Resultat i kronor per aktie 12 månaders rullande	**7.37**	8.04
Eget kapital ,hänförligt till moderbolagets aktieägare, i kronor per aktie vid periodens slut	**41**	43
Avkastning på eget kapital, %, 12 månaders rullande värden	**18.1**	19.6
Eget kapital som andel av totala tillgångar vid periodens slut, %	**25.7**	33.7
Aktiedata		
Resultat per aktie före utspädning, kronor	**7.37**	8.04
Resultat per aktie efter utspädning, kronor	**7.37**	8.03
Antal utestående aktier, miljoner	**2,026**	404.8
Medelantal utestående aktier under perioden	**2,025**	404.7
Medelantal aktier efter utspädning	**2,026**	405.0
Egna aktier, ägda av AB Volvo	**103**	20.9
Medelantal egna aktier, ägda av AB Volvo	**103**	21.1

Quarterly figures

SEK M unless otherwise stated

Industrial operations	4/2006	1/2007	2/2007	3/2007	4/2007
Net sales	**65,287**	**58,857**	**69,339**	**66,253**	**82,346**
Cost of sales	(50,854)	(45,175)	(53,706)	(51,379)	**(63,900)**
Gross income	**14,433**	**13,682**	**15,633**	**14,874**	**18,446**
Research and development expenses	(2,380)	(2,334)	(2,679)	(2,603)	**(3,443)**
Selling expenses	(5,169)	(4,972)	(5,793)	(6,206)	**(7,700)**
Administrative expenses	(1,763)	(1,822)	(1,706)	(1,649)	**(1,916)**
Other operating income and expenses	(362)	297	(122)	82	**(8)**
Income from investments in associated companies	26	81	317	27	**3**
Income from other investments	13	1	48	30	**15**
Operating income Industrial operations 1)	**4,798**	**4,933**	**5,698**	**4,555**	**5,397**
Customer Finance					
Finance and lease income	1,807	1,805	1,894	2,034	**1,972**
Finance and lease expenses	(1,006)	(1,042)	(1,098)	(1,228)	**(1,168)**
Gross income	**801**	**763**	**796**	**806**	**804**
Selling and administrative expenses	(347)	(354)	(359)	(360)	**(364)**
Credit provision expenses	(99)	(33)	(32)	(5)	**(56)**
Other operating income and expenses	17	19	16	13	**(6)**
Operating income Customer Finance	**372**	**395**	**421**	**454**	**378**
Volvo Group					
Operating income	**5,170**	**5,328**	**6,119**	**5,010**	**5,775**
Interest income and similar credits	194	241	249	206	**257**
Interest expense and similar credits	(132)	(148)	(332)	(325)	**(317)**
Other financial income and costs	(6)	(14)	(65)	(320)	**(106)**
Income after financial items	**5,226**	**5,407**	**5,971**	**4,571**	**5,610**
Income taxes	(1,525)	(1,651)	(1,941)	(1,422)	**(1,515)**
Income for the period	**3,701**	**3,756**	**4,030**	**3,149**	**4,094**
* Attributable to					
Equity holders of AB Volvo	3,697	3,753	4,003	3,118	**4,059**
Minority interests	4	3	27	31	**35**
	3,701	**3,756**	**4,030**	**3,149**	**4,094**

Share data	4/2006	1/2007	2/2007	3/2007	4/2007
Earnings per share, SEK 1)	1.83	1.85	1.98	1.54	**2.00**
Number of shares outstanding, million	404.8	405.1	2,026	2,026	**2,026**
Average number of shares during period, million	404.8	404.9	2,026	2,026	**2,026**
Number of company shares, held by AB Volvo	20.9	20.6	103	103	**103**

Depreciation and amortization included above	4/2006	1/2007	2/2007	3/2007	4/2007
Industrial operations	2,359	2,041	2,465	2,292	**2,925**
Customer Finance	81	37	36	92	**(18)**
Classification Group versus segment Customer Finance 2)	630	626	629	528	**758**
Total	**3,070**	**2,704**	**3,130**	**2,912**	**3,665**

Key operating ratios, Industrial operations	4/2006	1/2007	2/2007	3/2007	4/2007
Gross margin, %	22.1	23.2	22.5	22.5	**22.4**
Research and development expenses in % of net sales	3.6	4.0	3.9	3.9	**4.2**
Selling expenses in % of net sales	7.9	8.4	8.4	9.4	**9.4**
Administrative expenses in % of net sales	2.7	3.1	2.5	2.5	**2.3**
Operating margin , %	7.3	8.4	8.2	6.9	**6.6**

1) Income per share is calculated as Income for the period (excl minority interests) divided by the weighted average number of shares outstanding during the period. Previous quarters restated for share split.

2) Reclassification of financial leases in segment Financial Services to operational leases in the Group.

Net sales

SEK M	4/2006	1/2007	2/2007	3/2007	4/2007
Trucks	45,023	39,199	46,331	45,350	**57,012**
Construction Equipment	11,170	11,002	14,146	12,963	**15,523**
Buses	4,586	3,741	4,107	3,588	**5,173**
Volvo Penta	2,612	2,942	3,215	2,703	**2,859**
Volvo Aero	2,126	1,961	1,845	1,847	**1,992**
Eliminations and other	(230)	12	(305)	(198)	**(213)**
Industrial operations	**65,287**	**58,857**	**69,339**	**66,253**	**82,346**
Customer Finance	1,807	1,805	1,894	2,034	**1,972**
Reclassifications and eliminations	533	374	212	80	**238**
Volvo Group	**67,627**	**61,036**	**71,445**	**68,367**	**84,556**

Operating income

SEK M	4/2006	1/2007	2/2007	3/2007	4/2007
Trucks	3,575	3,711	3,831	3,507	**4,144**
Construction Equipment	1,047	946	1,398	839	**1,035**
Buses	211	90	122	(73)	**93**
Volvo Penta	226	293	444	258	**177**
Volvo Aero	(147)	92	93	148	**196**
Group headquarter functions and other	(114)	(199)	(190)	(124)	**(248)**
Industrial operations	**4,798**	**4,933**	**5,698**	**4,555**	**5,397**
Customer Finance	372	395	421	454	**378**
Volvo Group	**5,170**	**5,328**	**6,119**	**5,010**	**5,775**

Operating margin

%	4/2006	1/2007	2/2007	3/2007	4/2007
Trucks	7.9	9.5	8.3	7.7	**7.3**
Construction Equipment	9.4	8.6	9.9	6.5	**6.7**
Buses	4.6	2.4	3.0	(2.0)	**1.8**
Volvo Penta	8.7	10.0	13.8	9.5	**6.2**
Volvo Aero	(6.9)	4.7	5.0	8.0	**9.8**
Industrial operations	7.3	8.4	8.2	6.9	**6.6**
Volvo Group	7.6	8.7	8.6	7.3	**6.8**

Accounting principles

As of January 1, 2005, AB Volvo has applied 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 2006 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 the Swedish Financial Accounting Standards Council's RR 32:06 Accounting for legal entities, as described in the 2006 Annual Report.

New accounting principles in 2007

In accordance with considerations presented in the Annual Report, Note 1, regarding new accounting principles for 2007, Volvo applies the new standard IFRS 7, Financial instruments: Disclosures and classification, as well as Amendments to IAS 1, Presentation of financial statements. IFRS 7 does not entail any change in the reporting and valuation of financial instruments. On the other hand, certain disclosure requirements have been expanded, compared with earlier requirements under IAS 32, particularly as concerns the exposure and management of risk relating to financial instruments. The Amendments to IAS 1 entail expanded additional disclosure regarding elements such as the definition of capital, capital structure and capital management policies. In addition to IFRS 7 and the Amendment to IAS 1, there are four IFRIC interpretations – IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies, IFRIC 8, Scope of IFRS 2, IFRIC 9, Reassessment of Embedded Derivatives, and IFRIC 10, Interim Financial Reporting and Impairment. The application of IFRS 7, Amendment to IAS 1 and IFRIC 7, 8, 9 and 10, has not had any impact on Volvo's position or earnings.

Changed financial reporting structure

As of January 1, 2007, Financial Services are only consolidated in accordance with the purchase method. As of January 1, 2007, the responsibility for the Group's treasury operations and real estate has been transferred from Financial Services. The treasury operations are reported among corporate functions. The Group's real estate, held in Volvo Real Estate, is reported under industrial operations, and earnings are transferred back to the business areas, after previously having been reported under Financial Services. For this reason, the net financial position of the industrial operations has changed, as of December 31, 2006, from SEK 24.7 billion to SEK 23.1 billion, corresponding to a change in relation to shareholders' equity from 28.3% to 29.2%.

As of January 1, 2007, the benefits from the synergies created in the business units are transferred back to the various product areas. The allocation is based on the degree to which individual product areas have utilized the services of the business units. In prior years, only the earnings of the business units Volvo Powertrain and Volvo Parts have been distributed to the relevant product areas, and other business units have been reported under Other. Comparison figures for 2006 have been restated. Bridges to restatement of the 2006 quarterly and full-year figures per product area were presented in an attachment to the press release issued on April 17, 2007. The cash flow for 2006 has not been restated after the changes in the financial reporting structure. After the transfer back, the Other heading will contain mainly earnings linked to corporate functions.

Hedge accounting

Volvo has chosen to apply hedge accounting from June 1 for a loan of 1 billion Euro borrowed during the second quarter. Volvo has not applied hedge accounting for financial instruments used to hedge interest and currency risks on loans before. Going forward, in applicable cases when the requirements for hedge accounting are considered to be fulfilled, Volvo will apply hedge accounting for this kind of instruments.

Net financial position

Net financial position for Industrial operations includes cash and cash equivalents, marketable securities and interest bearing short and long term receivables reduced by short- and long-term interest-bearing loans and provisions for post employment benefits. Net financial position for the Volvo Group also includes short- and long-term customer finance receivables.

Depreciation period in aircraft engine projects

In connection with its participation in aircraft engine projects with other companies, Volvo Aero in certain cases pays an entrance fee, which is capitalized as an intangible asset. From May 1, Volvo has adjusted the depreciation period to the estimated useful life, which is estimated to be 20 years. The effect of the change in estimate is SEK 56 M for the period May to December.

Otherwise, accounting principles and methods of calculations have remained essentially unchanged from those applied in the 2006 Annual Report.

Earnings per share

Earnings per share is calculated according to the circumstances at the closing day of the period, December 31 2007, unless stated otherwise. On April 26, Volvo's share split 6:1 with automatic redemption, in which the sixth share was redeemed by AB Volvo for SEK 25 per share took effect, which means that the number of shares were fivefold.

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 elaborated account for these risks, please refer to the Risk Management section on pages 56-58 in the 2006 Annual Report for the Volvo Group. The Annual Report is available on the internet at www.volvogroup.com.

The acquisitions of Nissan Diesel, Ingersoll Rand road construction equipment division and Shandong Lingong Construction Machinery Co together with the increase in borrowings during the period, affect the short-term exposure for operational risks. 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. In July, the arbitration court decided in the favour of Volvo in the arbitration between Volvo Aero and Snecma regarding the supply agreements of aircraft engine components. Accordingly, the contingent liability as described in the Annual Report note 29 can now be cancelled. Furthermore, the claim for damages against Volvo as a consequence of the fire in the Mont Blanc tunnel as described in the Annual Report note 29, has been closed with no financial consequences for Volvo. Total contingent liabilities at December 31, 2007, amounted to SEK 8,1 billion, an increase of SEK 0,4 billion compared with December 31, 2006

In North America the former agreement between Mack Trucks and UAW, the American union for vehicle workers, was due 30 September. The agreement has been prolonged on a day-to-day basis and there are at present negotiations with the UAW. During January 2008 Volvo Trucks has also initiated negotiations with the UAW for the North American operations. The agreement was due 31 January, 2008 and since the parties at that time had not succeeded in reaching an agreement, the UAW chose to engage in a strike. At present, it is not possible to estimate neither the duration of the strike nor the outcome of the negotiations, but there is a risk that the outcome may have a significant negative impact on the consolidated operating income in 2008.

Volvo continuously reports VAT receivables in Russia for the customer finance operations. As an effect of the expanding operations, the VAT receivables exceed the VAT liabilities. Volvo has won all court cases related to the entitlement regarding these receivables, but has not yet received any payment. At year-end 2007 these receivables amounted to approximately SEK 250 M.

Corporate acquisitions and divestments

Acquisitions and divestments during the period

Ingersoll Rand road construction equipment division
On April 30, Volvo completed the acquisition of American Ingersoll Rand's road construction equipment division, with the exception of the operations in India, which followed on May 4. Ingersoll Rand's company's road construction equipment division is a world-leading manufacturer of heavy construction equipment for road and soil work, with net sales of about SEK 6.4 billion and an operating income of SEK 745 M in 2006. The acquisition is mainly an acquisition of assets; accounts receivables, inventory and plant and equipment. The purchase consideration amounts to SEK 8.8 billion. The final purchase price will be determined during the first quarter 2008, but is currently estimated to SEK 9.3 billion. The difference refers to changes in the net asset value between the agreement date and the acquisition date. The goodwill arising from the acquisition is mainly related to synergies at the operating income level, attributed to sales and distribution.

The effect of the acquisition on the Volvo Group cash and cash equivalents is estimated at SEK -9.2 billion. The division is consolidated in the Volvo Group from May 1, 2007. The acquired operations will be reported in the Construction Equipment segment.

Nissan Diesel
During the fourth quarter 2007, Volvo acquired the minority in Nissan Diesel and owns 100% of the company at the end of 2007.

The acquisition of Nissan Diesel has been a step acquisition. At the beginning of 2007, the reported value for Nissan Diesel amounted to SEK 5,445 M, which was equivalent to holdings of 19%. Moreover, AB Volvo had purchased all 57.5 million preferred shares in Nissan Diesel from Nissan Motor and Japanese banks, for an approximate total of SEK 3.5 billion. The holdings were then reported as an associated company, since in Volvo's assessment, it held significant control. On March 29, Volvo acquired additional shares in Nissan Diesel, worth SEK 7.4 billion. This brought its total holdings to 96% of the shares outstanding at the end of the first quarter.

Nissan Diesel is consolidated in the consolidated balance sheet of the Volvo Group as of the first quarter of 2007. As Volvo consolidates Nissan Diesel according to the purchase method, the holdings reported as shares in an associate company have been reversed. Sales and earnings are reported beginning with the report for the second quarter. The operations of Nissan Diesel are reported in the Trucks segment. The goodwill arising from the acquisition of Nissan Diesel is related to integration gains as a result of increased purchasing volumes and positive effects within product development, engines and drivelines.

The effect of the acquisition on the Volvo Group cash and cash equivalents amounts to SEK –11.9 billion, whereof SEK –0.4 billion is related to the acquisition of the outstanding 4% of the shares in the fourth quarter 2007, SEK -6.0 billion is related to the first quarter 2007 and SEK -5.5 billion relates to the holdings previously reported as shares in an associate company.

During 2007, Volvo has reviewed the recognition of certain financial arrangements in Nissan Diesel with the result that the purchase price allocation has been adjusted. Nissan Diesel has entered into some credit guarantees for customer finance receivables. In accordance with IAS 39 Financial Instruments: Recognition and Measurement, an evaluation is made whether substantially all the risks and rewards have been transferred to an external party. Volvo has concluded that it is not the case, but Volvo does not retain substantially all risks and rewards with regard to the customer finance receivables. In accordance with IAS 39, Volvo recognize the part of the receivables that reflect Volvo's continuous involvement and therefore adjusts the purchase price allocation regarding customer finance receivables with SEK 3.1 billion, equivalent to slightly more than 50% of the outstanding customer finance receivables pertaining to Nissan Diesel products in the external financing company. A corresponding amount is reported as a financial liability. The adjustment does not affect the reported goodwill or the result. The receivables and the liabilities are reported in the segment Customer Finance. At year-end the receivables and corresponding liabilities amount to SEK 3.0 billion.

Furthermore, the purchase price allocation has been adjusted with regard to pension provision, vacation payment liability and valuation of intangible assets as well as the acquisition of the minority. These adjustments have resulted in a total increase in goodwill of SEK 0.3 billion. The adjustments have had a positive effect on operating income of SEK 47 M in the fourth quarter.

Nissan Diesel was delisted from the Tokyo Stock Exchange in July.

Shandong Lingong Construction Machinery Co.
In January 2007, the acquisition of 70% of the shares in the Chinese manufacturer of construction equipment, Shandong Lingong Construction Machinery Co. Lingong, was completed, after having obtained all the requisite approvals from the Chinese authorities. Lingong is China's fourth-largest manufacturer of wheel-loaders, with an extensive dealership network in the country. Volvo Construction Equipment paid CNY 328 M, corresponding to slightly more than SEK 300 M, for 70% of the shares in Lingong. The transaction has a limited effect on Volvo's financial position.

Other divestment and acquisitions
During the fourth quarter Volvo Aero acquired the composite company Applied Composites AB, ACAB, as a part of the investment in lightweight technologies. The transaction has a marginal impact on the Volvo Group.

During the second quarter Volvo divested its ownership in U.S. truck stop chain Petro Stopping Centers Holding L.P. and the former subsidiary Sörred Energi. The two transactions resulted in a total capital gain of SEK 516 M.

In addition to this, only a few dealerships have been acquired or divested during 2007. These transactions have not had any material impact on the Volvo Group.

Please see the table below for a specification of the effects of the Volvo acquisitions of shares in subsidiaries and other businesses during the first nine months 2007:

Acquisitions and divestments of shares in subsidiaries	**Nissan Diesel**			**Ingersoll Rand road construction equipment division**			**Other**	**Total**
Sek bn	Net book value	Adjustments to fair value	Fair value	Net book value	Adjustments to fair value	Fair value	Total other acquisitions and divestments	
Intangible assets								
Product development	0.3	2.8	3.1	0.0	0.2	0.2	0.0	3.3
Trademarks	0.0	2.0	2.0	0.0	0.5	0.5	0.1	2.6
Distribution network	0.0			0.0	0.8	0.8	0.0	0.8
Other intangible assets	0.0	0.0	0.0	0.7	(0.7)	0.0	0.1	0.1
Other assets and liabilities								
Property plant and equipment	12.2	(2.6)	9.6	1.0	0.2	1.2	0.4	11.2
Shares and participations	0.9	-	0.9	0.0	0.0	0.0	0.0	0.9
Inventories	2.7	0.1	2.8	1.1	0.1	1.2	0.9	4.9
Current receivables	5.2	-	5.2	1.3	0.0	1.3	0.6	7.1
Liquid funds	1.6	-	1.6	0.1	0.0	0.1	0.4	2.1
Other assets	0.9	5.5	6.4	0.0	0.0	0.0	0.0	6.4
Provisions	(2.5)	(2.7)	(5.2)	(0.3)	(0.7)	(1.0)	0.0	(6.2)
Loans	(8.2)	(3.2)	(11.4)	0.0	0.0	0.0	(0.8)	(12.2)
Other liabilities	(6.7)	(0.3)	(7.0)	(0.5)	0.0	(0.5)	(1.4)	(8.9)
Minority interests	(0.2)	-	(0.2)					(0.2)
	6.2	1.6	7.8	3.4	0.4	3.8	0.3	11.9
Goodwill			5.7			5.6	0.1	11.4
Total net assets			**13.5**			**9.4**	**0.4**	**23.3**
Less: minority interests						0.0	(0.1)	(0.1)
Total acquired and divested net assets			**13.5**			**9.4**	**0.3**	**23.2**
Cash and cash equivalents paid and received			(13.5)			(8.9)	(0.1)	(22.5)
Cash and cash equivalents according to acquisition analysis and in divested companie			1.6			0.1	0.4	2.1
Effect on Group cash and cash equivalents in the period			**(11.9)**			**(8.8)**	**0.3**	**(20.4)**
Cash to be paid						(0.5)		(0.5)
Effect on Group cash and cash equivalents						**(9.3)**		**(20.9)**
Net financial position in aquired and divested companies			(8.5)			(0.1)	(0.4)	(9.0)

The purchase price allocations are preliminary and are expected to be finalized within twelve months from the acquisition date.

In the fourth quarter, Nissan Diesel contributes SEK 206 M to the consolidated earnings, whereof SEK 300 M is generated from the operations and SEK -94 M is pertaining to the net of depreciation of acquisition adjustments of intangible and tangible assets and a positive effect of SEK 47 M from adjustments to the purchase price allocation. A change in the consolidation method of Nissan Diesel's foreign subsidiaries had a positive impact on operating income amounting to SEK 63 M in the fourth quarter. Nissan Diesel's foreign subsidiaries, that earlier have reported with a delay of one quarter, are from the fourth quarter consolidated in the same period as all other subsidiaries. During the fourth quarter Nissan Diesel contributes SEK 7,849 M to the consolidated net sales. During 2007 Nissan Diesel has contributed SEK 486 M to the consolidated earnings and SEK 20,308 M to the consolidated net sales. In the first quarter of 2007, Nissan Diesel was reported in accordance with the equity method. Nissan Diesel reported net sales of SEK 7,007 M and net income of SEK 568 M for its total operations for the first quarter of 2007.

The Ingersoll Rand's road construction equipment division affects consolidated earnings by SEK -119 M during the fourth quarter, whereof SEK -74 M is generated from the operations, SEK -24 M is pertaining to the depreciation of acquisition adjustments on intangible and tangible assets and SEK -21 M is pertaining to a reversal of the inventory valuation to fair value as the inventory of the acquisition balance is being turned over. The fair value adjustment is fully reversed at the year-end closing. During the fourth quarter, Ingersoll Rand's division contributes SEK 1,038 M to the consolidated net sales. During 2007 the Ingersoll Rand's road construction equipment division has contributed SEK 60 M to the consolidated earnings and SEK 3,317 M to the consolidated net sales. If Volvo would have made the acquisition at the beginning of the year, the additional contribution to the operating income and sales would have been approximately SEK 249 M and SEK 2,133 M respectively excluding depreciation of acquisition adjustments.

Acquisitions presented under Other have not had a material effect on the consolidated numbers for the Volvo Group.

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 letter of intent with the Indian vehicle manufacturer Eicher Motors Limited regarding the establishment of a new Indian joint-venture company. According to the letter of intent, the joint-venture company will hold Eicher Motors Limited's entire truck and bus operations and the Volvo Group's Indian sales operations within trucks. The parties have initiated negotiations regarding a final agreement. Implementation of the transaction requires the approval of the affected government authorities and the shareholders in Eicher Motors Limited. The transaction is expected to be completed before mid-year 2008.

Parent Company

Income Statements	**Fourth quarter**		**Year**	
SEK M	**2007**	**2006**	**2007**	**2006**
Net sales [1]	**173**	128	**781**	764
Cost of sales [1]	**(173)**	(128)	**(781)**	(764)
Gross income	**0**	0	**0**	0
Operating expenses [1]	**(140)**	(205)	**(611)**	(632)
Income from investments in Group companies	**7,538**	7,522	**6,651**	8,565
Income from investments in associated companies	**7**	0	**(118)**	7
Income from other investments	**-**	-	**0**	0
Operating income	**7,405**	7,317	**5,922**	7,940
Interest income and expenses	**(214)**	(32)	**(514)**	(11)
Other financial income and expenses	**7**	44	**36**	126
Income after financial items	**7,198**	7,329	**5,444**	8,055
Allocations	**(1,230)**	(2,000)	**(1,230)**	(2,000)
Income taxes	**(1,713)**	(1,512)	**(1,022)**	(1,706)
Income for the period	**4,255**	3,817	**3,192**	4,349

1) Of net sales in the fourth quarte r, SEK 154 M (114) pertained to Group companies, while purchases from Group companies amounted to SEK 143 M (113).

Income from investments in Group companies for the fourth quarter includes transfer price adjustments and Group contributions, net, of SEK 7,666 M (7 758) and write-downs of shareholdings of SEK 135 M (192).

Balance Sheets SEK M		Dec 31 2007		Dec 31 2006
Assets				
Non-current assets				
Intangible assets		**0**		0
Tangible assets		**17**		16
Financial assets				
Shares and participations in Group companies	**47,011**		40,419	
Other shares and participations	**772**		6,400	
Other long-term receivables	**210**	**47,993**	208	47,027
Total non-current assets		**48,010**		47,043
Current assets				
Short-term receivables from Group companies		**10,814**		10,541
Other short-term receivables		**749**		89
Cash and bank accounts		**10**		29
Total current assets		**11,573**		10,659
Total assets		**59,583**		57,702
Shareholders´equity and liabilities				
Shareholders´equity				
Restricted equity	**9,891**		9,891	
Unrestricted equity	**22,254**	**32,145**	39,345	49,236
Untaxed reserves		**3,234**		2,004
Provisions		**202**		216
Non-current liabilites				
Liabilities to Group companies		**6**		6
Currrent liabilites [1)]		**23,996**		6,240
Total shareholders´equity and liabilities		**59,583**		57,702

1) Of which SEK 23,563 M (5,757) pertains to Group companies

During the first quarter 2007, SEK 2,886 M was transferred to N.A. KK, a completely owned newly-formed Japanese company, whose main business is to acquire and hold the shares in Nissan Diesel. The parent company's holding in Nissan Diesel (19%) with a carrying value of SEK 2,001 M was sold to N.A. KK and remaining shares consisting of preference shares with a carrying value of SEK 3,493 M, were reclassified from shares in non-Group companies to shares in Group companies at the time Nissan Diesel was consolidated in the balance sheet of the Volvo Group.
In 2007 the participations in the partnerships Blue Chip Jet I HB and Blue Chip Jet II HB were increased by a total amount of SEK 66 M. Revaluation of the ownership in the listed company Deutz AG has decreased the value by SEK 204 M.

During the spring, following a decision at the Annual General Meeting, a 6:1 share split with automatic redemption was carried out, in which the sixth share was redeemed by AB Volvo for SEK 25 per share. Together with the ordinary dividend a total of SEK 20,255 M was distributed to Volvo's shareholders. The decision also included a bonus issue without issuance of new shares through the transfer of SEK 426 M from unrestricted shareholders' equity to share capital which then was restored to the same level as prior to the redemption procedure. Following these transactions Volvo has a total of 2.128.420.220 registered shares, of which 677.601.630 shares of series A and 1.450.818.590 shares of series B.

During 2007 investments in fixed assets amounted to SEK 1 M (0).
Financial net debt amounted to SEK 20,894 M at the end of the year (3,589)

Events after the balance sheet date

AB Volvo divested the shares in the subsidiary Mack Trucks Inc to Volvo Holding USA AB for SEK 3,2 billion corresponding to book value as of January 31. Volvo Holding USA AB is a fully owned subsidiary in the Volvo group.

Proposed ordinary dividend of SEK 5.50 per share and proposal of approval of a share-based incentive program

The Board of Directors proposes an ordinary dividend of SEK 5.50 per share, corresponding to 74% of AB Volvo’s income for financial year 2007, which means a total of SEK 11,141 M is being transferred to Volvo’s shareholders. The proposed dividend per share represents an increase of 10% compared with the preceding year. The Board proposes April 14 as the record date for entitlement to receive dividends and payment is expected to occur through VPC on April 17.

The Board of Directors intends to propose that the Annual General Meeting approve a share-based incentive program for senior executives within the Volvo Group pertaining to the 2008 financial year. The structure of the program corresponds to the program approved by the Annual General Meetings in 2007. Accordingly, the program will result in the number of eligible senior executives (including members of Group Management) amounting to not more than to 275 persons and the maximum number of Volvo shares that may be allotted to 2 950 000[1)], of which CEO Leif Johansson may receive a maximum of 40,000 shares and the other participants a maximum of 10,000 – 20,000 shares each. Shares will be allotted provided the Volvo Group’s return on equity (ROE), calculated on the basis of the Volvo Group’s annual report 2008, is higher than 12 percent. Maximum allotment will be effected if ROE reaches 15 percent and shares will be allotted proportionally within the interval in accordance with the Board’s instructions. The Board of Directors has decided to review these targets for possible future programs. Assuming the said goals are fulfilled in full and that the Volvo share price is SEK 92 at implementation of the program, Volvo's costs for the program, including social fees, will be approximately SEK 319 M. Another element of the proposal is that treasury shares held by AB Volvo may be used to fulfil the company's commitments in accordance with the program.

1) Participants not resident in Sweden at the time of allotment may, to the extent AB Volvo considers it favourable from a cost or administrative perspective, instead of shares, receive an amount in cash corresponding to the market value of the shares at the time of allotment.

Göteborg February 6, 2008
AB Volvo (publ)

The Board of Directors

This report has not been reviewed by AB Volvo's auditors

Annual general meeting

AB Volvo's annual general meeting will be held on April 9, 2008 in Göteborg.

Annual Report 2007

AB Volvo's Annual report on 2007 operations will be published in March 2008, and will be available at www.volvogroup.com.

Further publication dates

Report for the first quarter 2008	25 April, 2008
Report for the first six months 2008	23 July, 2008
Report for the first nine months 2008	24 October, 2008

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 February 6, 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 Stockholm Stock Exchange if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Deliveries

	Fourth quarter			Year		
	2007	2006	Change	2007	2006	Change
Trucks						
Europe	39,740	30,358	31%	128,070	114,417	12%
Western Europe	30,454	24,940	22%	100,106	97,074	3%
Eastern Europe	9,286	5,418	71%	27,964	17,343	61%
North America	11,222	17,672	(36%)	33,280	70,499	(53%)
South America	4,819	2,863	68%	15,264	11,646	31%
Asia	14,097	4,590	207%	39,916	12,817	211%
Middle East	3,819	3,318	15%	11,109	8,547	30%
Other Asia	10,278	1,272	708%	28,807	4,270	575%
Other markets	6,647	3,306	101%	19,826	10,552	88%
Total Trucks	**76,525**	**58,789**	**30%**	**236,356**	**219,931**	**7%**
Mack Trucks						
Europe	-	-	-	-	-	-
North America	3,637	8,039	(55%)	13,592	32,793	(59%)
South America	1,075	485	122%	3,183	2,628	21%
Asia	66	2	-	243	75	224%
Middle East	62	1	-	218	73	199%
Other Asia	4	1	300%	25	2	-
Other markets	483	355	36%	1,603	1,342	19%
Total Mack Trucks	**5,261**	**8,881**	**(41%)**	**18,621**	**36,838**	**(49%)**
Renault Trucks						
Europe	21,341	15,822	35%	68,585	65,189	5%
Western Europe	18,036	13,833	30%	59,097	58,063	2%
Eastern Europe	3,305	1,989	66%	9,488	7,126	33%
North America	154	-27	-	517	561	(8%)
South America	295	149	98%	1,107	1,078	3%
Asia	1,476	2,173	(32%)	4,216	5,241	(20%)
Middle East	1,384	2,028	(32%)	3,854	4,792	(20%)
Other Asia	92	145	(37%)	362	449	(19%)
Other markets	1,524	1,750	(13%)	5,017	5,505	(9%)
Total Renault Trucks	**24,790**	**19,867**	**25%**	**79,442**	**77,574**	**2%**
Volvo Trucks						
Europe	18,399	14,536	27%	59,465	49,228	21%
Western Europe	12,418	11,107	12%	41,009	39,011	5%
Eastern Europe	5,981	3,429	74%	18,456	10,217	81%
North America	6,164	9,660	(36%)	16,692	37,145	(55%)
South America	3,201	2,229	44%	10,166	7,940	28%
Asia	2,963	2,415	23%	9,002	7,501	20%
Middle East	1,655	1,289	28%	4,801	3,682	30%
Other Asia	1,308	1,126	16%	4,201	3,819	10%
Other markets	1,162	1,201	(3%)	4,784	3,705	29%
Total Volvo Trucks	**31,889**	**30,041**	**6%**	**100,109**	**105,519**	**(5%)**

	Fourth quarter			Second to fourth quarter		
	2007	2006	Change	2007	2006	Change
Nissan Diesel [1)]						
Europe	-	*12*	-	20	*20*	-
Western Europe	-	-	-	-	-	-
Eastern Europe	-	*12*	-	20	*20*	-
North America	1,267	*761*	66	2,479	*2,243*	11
South America	248	*200*	24	808	*491*	65
Asia	9,592	*15,070*	(36)	26,455	*44,245*	(40)
Middle East	718	*785*	(8)	2,236	*2,017*	11
Other Asia	8,874	*14,288*	(38)	24,219	*42,231*	(43)
Other markets	3,478	*1,737*	100	8,422	*5,638*	49
Total Nissan Diesel	**14,585**	***17,780***	**(18)**	**38,184**	***52,637***	**(27)**

1) Please note that Nissan Diesel's deliveries for the second to fourth quarters of 2006 are not included in the Volvo Group deliveries. The figures are supplied for information purposes only.

	Fourth quarter			Year		
	2007	**2006**	**Change**	**2007**	**2006**	**Change**
Buses						
Europe	**1,291**	1,033	25%	**3,748**	3,570	5%
Western Europe	**1,206**	930	30%	**3,377**	3,081	10%
Eastern Europe	**85**	103	(17%)	**371**	489	(24%)
North America	**536**	526	2%	**1,547**	1,741	(11%)
South America	**639**	224	185%	**1,318**	1,236	7%
Asia	**781**	526	48%	**2,757**	3,349	(18%)
Other markets	**165**	155	6%	**546**	464	18%
Total Buses	**3,412**	**2,464**	**38%**	**9,916**	**10,360**	**(4%)**