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Interim report January-June 2008

Stockholm 18 July 2008

- Net sales for the first half year decreased by 4% to SEK 20,386m (21,262). Excluding acquisitions, net sales decreased by 12% and by 7% in comparable currencies.
- Operating income decreased by 8% to SEK 2,523 m (2,742). Excluding acquisitions, operating income decreased by 17% in comparable currencies.
- Income for the period decreased to SEK 1,563m (1,683), corresponding to SEK 4.06 (4.36) per share.
- Net sales for the second quarter decreased by 14% to SEK 10,343m (12,048) and operating income by 25% to SEK 1,321m (1,758).
- The decline in net sales and operating income is due mainly to considerably lower shipments for Consumer Products in North America, which decreased in line with overall industry shipments.
- Sales and income for Gardena's irrigation products declined when compared to an exceptionally strong second quarter in 2007.
- Largely unchanged sales and operating income for Professional Products, adjusted for acquisitions and changes in exchange rates.

SEKm	Second quarter 2008	Second quarter 2007	Jan-June 2008	Jan-June 2007	Change January – June, %			Full year 2007
					As reported	Excluding acquisitions	Excl. acq. and adjusted for exchange rates ¹⁾	
Net sales	10,343	12,048	20,386	21,262	-4	-12	-7	33,284
EBITDA	1,595	2,049	3,083	3,260	-5	-15	-15	4,645
EBITDA margin, %	15.4	17.0	15.1	15.3	-	-	-	14.0
Operating income	1,321	1,758	2,523	2,742	-8	-16	-17	3,564
Operating margin, %	12.8	14.6	12.4	12.9	-	-	-	10.7
Income after financial items	1,141	1,528	2,201	2,404	-8	-	-	2,889
Margin, %	11.0	12.7	10.8	11.3	-	-	-	8.7
Income for the period	810	1,070	1,563	1,683	-7	-	-	2,036
Earnings per share, SEK ²⁾	2.09	2.77	4.06	4.36	-7	-	-	5.29
Return on capital employed, % ³⁾	-	-	15.2	22.8	-	-	-	17.6
Return on equity, % ³⁾	-	-	25.4	33.7	-	-	-	28.6

1) Adjusted for both transaction and translation effects.

2) After dilution and based on an average of 383.4 (385.1) million shares.

3) Calculated on a 12-month rolling basis.

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NET SALES AND INCOME

Second Quarter

Net sales

Net sales for the Husqvarna Group in the second quarter of 2008 declined by 14% to SEK 10,343m (12,048).

Adjusted for acquisitions, net sales decreased by 15% in SEK and by 10% in comparable exchange rates.

The decline is due mainly to substantially lower shipments within Consumer Products in North America. Sales of Gardena's irrigation products also declined due to unfavorable weather, and when compared to an exceptionally strong quarter in the previous year.

Operating income

Operating income declined by 25% to SEK 1,321m (1,758), corresponding to an operating margin of 12.8% (14.6). Adjusted for acquisitions, operating income decreased by 25% in SEK and by 26% in comparable exchange rates.

The decline in operating income was due mainly to the lower sales volumes mentioned above and refers to the Consumer Products business area. Operating income for the Professional Products business area was somewhat lower than in the previous year as a result of a decline in income for the Construction product area.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total positive effect on operating income of approximately SEK 15m. Hedging contracts had a negative effect of SEK -48m (-29).

Financial net

Net financial items for the second quarter amounted to SEK -180m (-230). The improvement refers to lower interest rates particularly on borrowings in USD.

Income after financial items

Income after financial items declined by 25% to SEK 1,141m (1,528), corresponding to a margin of 11.0% (12.7).

Taxes

Total taxes amounted to SEK -331m (-458), corresponding to 29% (30) of income after financial items.

Earnings per share

Income for the period declined by 24% to SEK 810m (1,070), corresponding to 2.09 SEK (2.77) per share after dilution.

First Half

Net sales

The Group's net sales for the first half of 2008 amounted to SEK 20,386m (21,262), corresponding to a decline of 4%. The decrease refers mainly to substantially lower shipments of consumer products in North America.

Adjusted for acquisitions, net sales declined by 12% in SEK and by 7% in comparable currencies. The largest acquisitions, i.e. Gardena and Zenoah, were consolidated as of the second quarter of 2007 and thus are not included for the period as a whole.

Operating income

Operating income declined by 8% to SEK 2,523m (2,742), corresponding to an operating margin of 12.4% (12.9). When adjusted for acquisitions, operating income decreased by 16% in SEK and by 17% in comparable exchange rates.

The decline adjusted for acquisitions and changes in exchange rates refers mainly to Consumer Products in North America. Operating income for Professional Products was largely unchanged.

Changes in exchange rates, including both translation and transaction effects net of hedging contracts, had a positive impact of approximately SEK 31m on operating income. Hedging contracts had a negative effect of SEK -110 m (-90).

Financial net

Net financial items for the first half amounted to SEK -322m (-338). The improvement refers to lower interest rates particularly on borrowings in USD.

Income after financial items

Income after financial items decreased by 8% to SEK 2,201m (2,404), corresponding to a margin of 10.8% (11.3).

Taxes

Total taxes amounted to SEK -638m (-721), corresponding to 29% (30) of income after financial items. The lower tax rate is an effect of changes in the Group's structure.

Earnings per share

Income for the period declined by 7% to SEK 1,563m (1,683), corresponding to SEK 4.06 (4.36) per share after dilution.

OUTLOOK FOR THIRD QUARTER

Retail inventories of the Group's products at the end of the second quarter are estimated to have been largely unchanged overall from the previous year, with a decline in the US and an increase in Europe.

The inventory levels and weaker consumer confidence may have a negative impact on the Group's shipments in the third quarter of 2008, even though this quarter is of less importance in terms of gardening products. Weather conditions, which may impact the length of the grass season, will be another factor affecting retail sales and industry shipments in the quarter.

OPERATING CASH FLOW

Operating cash flow amounted to SEK 2,850m (3,238) in the second quarter and to SEK -319m (343) in the first half. The decrease in the quarter refers mainly to the decline in income in comparison with the previous year. The decrease in the first half is due to the decline in income and to the fact that Gardena was not included in the Group's accounts for the first quarter of 2007.

Operating cash flow	Second quarter 2008	Second quarter 2007	Jan-June 2008	Jan-June 2007	Full year 2007
SEKm					
Cash flow from operations, excluding changes in operating assets and liabilities	1,197	1,592	2,463	2,504	3,232
Changes in operating assets and liabilities	1,906	1,900	-2,276	-1,751	-576
Cash flow from operations	3,103	3,492	187	753	2,656
Cash flow from investments, excluding acquisitions	-253	-254	-506	-410	-813
Operating cash flow	2,850	3,238	-319	343	1,843

FINANCIAL POSITION

Group equity as of 30 June 2008, excluding minority interests, amounted to SEK 7,896m (7,296), corresponding to SEK 20.61 (18.94) per share.

The net debt/equity ratio was 1.69 (1.82) and the equity/asset ratio was 25.1% (22.8).

The Group's net borrowings as of 30 June 2008 amounted to SEK 13,387m (13,377). Net borrowings decreased by SEK 1,347m (1,158) during the quarter.

Net borrowings	30 June 2008	30 June 2007	31 December 2007
SEKm			
Interest-bearing liabilities	14,901	15,239	13,318
Liquid funds	1,514	1,862	1,306
Net borrowings	13,387	13,377	12,012
Net debt/equity	1.69	1.82	1.63
Equity/assets ratio, %	25.1	22.8	25.7

PERFORMANCE BY BUSINESS AREA IN THE SECOND QUARTER**Consumer Products**

	Q2 2008	Q2 2007	Change, %		Jan-June 2008	Jan-June 2007	Change, %		Full year 2007
			As reported	Adj. for acquisitions and currency ¹⁾			As reported	Adj. for acquisitions and currency ¹⁾	
SEKm									
Net sales	6,773	8,418	-20	-15	13,603	14,625	-7	-9	20,621
Operating income	745	1,164	-36	-37	1,472	1,685	-13	-27	1,638
Operating margin, %	11.0	13.8	-	-	10.8	11.5	-	-	7.9

1) Adjusted for both transaction and translation effects.

Sales for the Consumer Products business area in the second quarter decreased substantially in comparison with the previous year. The decline refers mainly to North America where Group sales showed a strong downturn. The Group's shipments decreased in line with the estimated decline in industry shipments in the quarter.

A decline in sales was also reported for the operation outside North America, mainly as a result of lower sales of Gardena's irrigation products due to less favorable weather. Gardena had an exceptionally strong second quarter in this product category in 2007. Sales of Husqvarna-branded products in the dealer channel showed continued good growth.

Operating income for the business area declined considerably in the quarter and the margin decreased. The decline refers mainly to North America and was due to lower volumes, a less favorable product mix and higher material costs.

The operation outside North America also reported a decrease in operating income as a result of the above mentioned decline in sales of irrigation products, which have the highest margins within the Gardena product range. The continued positive trend in sales of Husqvarna-branded products contributed to operating income, as well as positive exchange-rate effects on products imported from the US operation.

Professional Products

	Q2 2008	Q2 2007	Change, %		Jan-June 2008	Jan-June 2007	Change, %		Full year 2007
			As reported	Adj. for acquisitions and currency ¹⁾			As reported	Adj. for acquisitions and currency ¹⁾	
SEKm									
Net sales	3,570	3,630	-2	0	6,783	6,637	2	-1	12,663
Operating income	623	642	-3	-3	1,145	1,152	-1	0	2,123
Operating margin, %	17.5	17.7	-	-	16.9	17.4	-	-	16.8

1) Adjusted for both transaction and translation effects.

Sales for the Professional Products business area were largely unchanged in comparison with the previous year, with an increase for Forestry and slight declines for Lawn and Garden and Construction.

The decline in sales for Lawn and Garden refers to the US where demand showed a substantial downturn, while good growth was achieved in several markets in Europe. Sales of Construction equipment were negatively affected by weaker demand in several markets, particularly the US, and for equipment to the stone industry.

Operating income for the business area declined somewhat, but the margin remained at a high level despite negative transaction exchange-rate effects

Both Forestry and Lawn and Garden reported higher operating income and margin, while the income and margin for Construction showed a considerable decline, as a result of lower volumes, a less favorable product mix and negative effects of changes in exchange-rates.

CHANGES IN GROUP STRUCTURE DURING THE SECOND QUARTER

In the beginning of April 2008, Husqvarna signed an agreement to acquire the assets of the American company Mecco, Masterpiece Engineering Company. Mecco is a leading producer of floor saws for cutting concrete and asphalt, primarily for highway construction and repair. The company has annual sales of approximately USD 9m (approximately SEK 54m), the majority of which are in the US. Mecco was consolidated as of 30 April 2008 and is included in the second quarter with sales of SEK 6m.

On 30 April 2008, Husqvarna acquired the assets and operation relating to products for the construction industry within Sandvik Nora AB (previously Hagby Asahi AB), a company within Sandvik's Mining and Construction business area. The acquired operation comprises production and sales of diamond tools and related machines for sawing, drilling and grinding. Annual sales amount to approximately SEK 65m. The operation is based in Nora, Sweden and Vantaa, Finland. The operation is included in the second quarter with sales of SEK 9m.

In March 2008, Husqvarna signed an agreement with Jenn Feng Co. Ltd in Taiwan to acquire the company's outdoor products operation with annual sales of approximately USD 120m (approximately SEK 800m). The product range comprises chainsaws, trimmers and lawn mowers for the consumer market. The acquisition will be completed in several steps. The operations in North America and Australia were consolidated as of 30 May 2008 and are included in the second quarter with sales of SEK 11m.

Husqvarna has received a ruling from the Belgian finance department regarding the establishment of a treasury center, which is expected to be set up by 1 September 2008. The treasury center will improve the efficiency of the internal long-term lending.

RISKS AND UNCERTAINTY FACTORS

A number of factors can affect Husqvarna's operations in terms of operational risks and financial risks. Operational risks are managed by the operative units and financial risks by the Group Treasury function.

Operational risks

Operational risks include general economic conditions and consumer spending, particularly in North America and Europe, where the majority of the Group's products are sold. An economic downturn in these markets may have an adverse effect on Group earnings.

Demand for the Group's products is also dependent on weather conditions. Demand for such products as lawn mowers and tractors tends to decline in dry weather, whereas demand for chainsaws increases after storms.

Husqvarna's operations are also subject to seasonal variations. Demand for Consumer Products and Commercial Lawn and Garden normally peaks in the second quarter, while the peak season for chainsaws is normally the third quarter. Husqvarna has adapted its production processes and supply chain to respond to these conditions. However, parameters such as cash flow and production follow the seasonal variations in demand, which results in relatively greater risk exposure for the Group during concentrated periods of time.

Financial risks

Financial risks refer primarily to exchange rates, interest rates and credit risks. Risk management within the Husqvarna Group is regulated by a financial policy established by the Board of Directors. The increased indebtedness resulting from acquisitions as well as the seasonality of the Group's operations increase the exposure to changes in both exchange rates and interest rates.

Acquisitions

Husqvarna has completed a number of acquisitions during the past 12 months. Although the Group has historically demonstrated ability to successfully integrate acquired businesses, such integration always involves certain risks. Net sales can be negatively affected and costs can be higher than anticipated.

For more information on risk factors, see the Annual Report 2007 on page 32.

PARENT COMPANY

Net sales for the Parent Company, Husqvarna AB, for the first half of 2008 amounted to SEK 6,253m (5,931), of which SEK 4,712m (4,567) referred to sales to Group Companies and SEK 1,541m (1,364) to external customers. Income after financial items amounted to SEK 1,148m (1,525). Income for the period was SEK 854m (1,303).

Investments in tangible and intangible assets during the period amounted to SEK 410 m (113). Cash and cash equivalents amounted to SEK 26m (61) and short-term investments amounted to SEK 0 m (330).

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 7,616m (7,962). A dividend payment to shareholders in the amount of SEK 862m (667) was made during the period.

DECISIONS BY THE AGM ON 23 APRIL 2008

Authorization for new share issue

The AGM resolved to authorize the Board to resolve on the issue of not more than 38.5 million new A- and/or B-shares against consideration in kind, on one or more occasions, during the period until the Annual General Meeting in 2009. The division between shares of class A and class B shall substantially correspond to the division of shares at the time of the issue of new shares. The price for the new shares shall be based on the prevailing market price. The purpose of the authorization is to facilitate acquisitions where payment will be made in own shares.

Acquisitions and transfers of own shares

The AGM resolved to authorize the Board to repurchase and transfer not more than 3% of the Company's B-shares during the period until the Annual General Meeting in 2009. The purpose is to ensure the Company's commitment with regard to existing Long Term Incentive programs.

Husqvarna owns a total of 1,969,000 shares, corresponding to 0.5% of the total number of outstanding shares. The shares were repurchased during the third quarter of 2007.

Principles for remuneration and resolution on long term incentive program

The AGM approved the Board of Directors' proposal for remuneration principles for Husqvarna's Group Management. The AGM also approved, in accordance with the Board's proposal, to adopt a performance based long-term incentive program for 2008.

ACCOUNTING PRINCIPLES

Husqvarna applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and RFR 1.1 from the Swedish Financial Reporting Board.

The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2.1 "Accounting for Legal Entities".

The accounting principles applied in this interim report are described in Husqvarna's Annual Report 2007. The accounting principles are also available at www.husqvarna.com under Investor Relations.

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The Board of Directors and the CEO certify that, according to our knowledge, the half-year report has been prepared in accordance with the accounting principles applicable to Swedish listed companies, that the information provided presents a fair overview of the facts, and that nothing of a significant nature which could influence the view created by the report has been omitted.

Stockholm, 18 July 2008

Lars Westerberg
Chairman of the Board

Peggy Bruzelius
Board member

Robert F. Connolly
Board member

Börje Ekholm
Board member

Tom Johnstone
Board member

Anders Moberg
Board member

Gun Nilsson
Board member

Ulf Lundahl
Board member

Malin Björnberg
*Employee representative
Board member*

Annika Ögren
*Employee representative
Board member*

Bengt Andersson
President and CEO

TELEPHONE CONFERENCE

A telephone conference will be held at 14.00 CET on 18 July 2008. In order to participate in the telephone conference, please call +46 (0)8 5052 0114 or +44 (0)20 7162 0125. A replay of the telephone conference will be available at the Group's website www.husqvarna.com/ir.

NEXT REPORT

23 October 2008 Interim report for January-September

This interim report comprises information which Husqvarna is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 08.00 CET on 18 July 2008.

This report has not been audited.

CONSOLIDATED INCOME STATEMENT

SEKm	Second quarter 2008	Second quarter 2007	Jan-June 2008	Jan-June 2007	Full year 2007
Net sales	10,343	12,048	20,386	21,262	33,284
Cost of goods sold	-7,133	-8,422	-14,155	-15,329	-23,509
Gross operating income	3,210	3,626	6,231	5,933	9,775
Selling expense	-1,531	-1,500	-2,978	-2,534	-4,927
Administrative expense	-356	-369	-727	-658	-1,303
Other operating income/expense	-2	1	-3	1	19
Operating income*	1,321	1,758	2,523	2,742	3,564
Margin, %	12.8	14.6	12.4	12.9	10.7
Financial items, net	-180	-230	-322	-338	-675
Income after financial items	1,141	1,528	2,201	2,404	2,889
Margin, %	11.0	12.7	10.8	11.3	8.7
Taxes	-331	-458	-638	-721	-853
Income for the period	810	1,070	1,563	1,683	2,036
Attributable to:					
Equity holders of the Parent Company	806	1,067	1,555	1,679	2,029
Minority interests in income for the period	4	3	8	4	7
*) of which depreciation and amortization	274	291	560	518	1,081
Basic earnings per share, SEK	2.09	2.77	4.06	4.36	5.29
Diluted earnings per share, SEK	2.09	2.77	4.06	4.36	5.29
Basic weighted average number of shares outstanding, millions	383.2	385.1	383.2	385.1	384.6
Diluted weighted average number of shares, millions	383.4	385.1	383.4	385.1	384.6

CONSOLIDATED BALANCE SHEET

SEKm	30 June 2008	30 June 2007	31 December 2007
Assets			
Property, plant and equipment	4,152	4,461	4,312
Goodwill	5,364	6,778	5,461
Other intangible assets	4,350	2,658	4,031
Investments in associates	12	10	12
Deferred tax assets	829	874	898
Financial assets	210	249	207
Total non-current assets	14,917	15,030	14,921
Inventories	6,642	6,157	7,758
Trade receivables	7,757	8,371	3,912
Derivatives	404	164	90
Tax receivables	182	117	256
Other current assets	573	585	650
Cash and cash equivalents	1,110	1,698	1,216
Total current assets	16,668	17,092	13,882
Total assets	31,585	32,122	28,803
Assets pledged	41	47	44
Equity and liabilities			
Total equity attributable to equity holders of the Parent Company	7,896	7,296	7,349
Minority interests	43	38	40
Total equity	7,939	7,334	7,389
Long-term borrowings	10,947	10,375	2,911
Deferred tax liabilities	1,692	1,478	1,666
Provisions for pensions and other post-employment benefits	1,053	1,097	1,059
Other provisions	577	588	570
Total non-current liabilities	14,269	13,538	6,206
Trade payables	2,598	3,490	2,731
Tax liabilities	518	438	342
Other liabilities	2,111	2,318	1,520
Short-term borrowings	3,781	4,763	10,130
Derivatives	173	101	277
Other provisions	196	140	208
Total current liabilities	9,377	11,250	15,208
Total equity and liabilities	31,585	32,122	28,803
Contingent liabilities	27	98	20

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Second quarter 2008	Second quarter 2007	Jan-June 2008	Jan-June 2007	Full year 2007
Operations					
Income after financial items	1,141	1,528	2,201	2,404	2,889
Depreciation and amortization	274	291	560	518	1,081
Change in accrued and prepaid interest	-13	43	-11	63	29
Taxes paid	-205	-270	-287	-481	-767
Cash flow from operations, excluding change in operating assets and liabilities	1,197	1,592	2,463	2,504	3,232
Change in operating assets and liabilities					
Change in inventories	1,264	657	989	267	-1,468
Change in trade receivables	1,222	1,229	-3,907	-3,459	992
Change in trade payables	-724	-138	-60	696	-15
Change in other operating assets/liabilities	144	152	702	745	-85
Cash flow from operating assets and liabilities	1,906	1,900	-2,276	-1,751	-576
Cash flow from operations	3,103	3,492	187	753	2,656
Investments					
Acquisitions of operations	-503	-1,636	-503	-8,856	-8,876
Capital expenditure in property, plant and equipment	-189	-216	-382	-345	-698
Capitalization of product development and software	-62	-40	-120	-75	-159
Other	-2	2	-4	10	44
Cash flow from investments	-756	-1,890	-1,009	-9,266	-9,689
Total cash flow from operations and investments	2,347	1,602	-822	-8,513	-7,033
Financing					
Change in short-term investments	0	-67	0	25	0
Change in interest-bearing liabilities	-1,371	-177	1,603	10,188	8,389
Dividend	-862	-667	-862	-667	-667
Repurchase of shares	-	-	-	-	-166
Cash flow from financing	-2,233	-911	741	9,546	7,556
Total cash flow	114	691	-81	1,033	523
Cash and cash equivalents at beginning of period	974	1,060	1,216	698	698
Exchange-rate differences	22	-53	-25	-33	-5
Cash and cash equivalents at end of period	1,110	1,698	1,110	1,698	1,216

NET SALES BY BUSINESS AREA

SEKm	Second quarter 2008	Second quarter 2007	Change, %			Jan-June 2008	Jan-June 2007
			As reported	Excluding acquisitions	Excl. acq. and adjusted for exchange rates ¹⁾		
Consumer Products	6,773	8,418	-20	-20	-15	13,603	14,625
Professional Products	3,570	3,630	-2	-3	0	6,783	6,637
Total	10,343	12,048	-14	-15	-10	20,386	21,262

1) Adjusted for translation effects.

OPERATING INCOME BY BUSINESS AREA

SEKm	Second quarter 2008	Second quarter 2007	Change, %			Jan-June 2008	Jan-June 2007
			Change, %	Excluding acquisitions	Excl. acq. and adjusted for exchange rates ¹⁾		
Consumer Products	745	1,164	-36	-36	-37	1,472	1,685
Margin, %	11.0	13.8	-	-	-	10.8	11.5
Professional Products	623	642	-3	-4	-3	1,145	1,152
Margin, %	17.5	17.7	-	-	-	16.9	17.4
Total business areas	1,368	1,806	-24	-25	-25	2,617	2,837
Margin, %	13.2	15.0	-	-	-	12.8	13.3
Group common costs etc.	-47	-48	2	2	2	-94	-95
Total	1,321	1,758	-25	-25	-26	2,523	2,742
Margin, %	12.8	14.6	-	-	-	12.4	12.9

1) Adjusted for both transaction and translation effects.

KEY RATIOS

	Second quarter 2008	Second quarter 2007	Jan- June 2008	Jan-June 2007	Full year 2007
Net sales, SEKm	10,343	12,048	20,386	21,262	33,284
Operating income, SEKm	1,321	1,758	2,523	2,742	3,564
Net sales growth, %	-14	19	-4	9	13
Gross margin, %	31.0	30.1	30.6	27.9	29.4
Operating margin, %	12.8	14.6	12.4	12.9	10.7
Working capital, SEKm	8,101	7,159	8,101	7,159	6,146
Return on capital employed, %	-	-	15.2	22.8	17.6
Return on equity, %	-	-	25.4	33.7	28.6
Earnings per share, SEK	2.09	2.77	4.06	4.36	5.29
Capital-turnover rate, times	-	-	1.6	2.1	1.8
Operating cash flow, SEKm	2,850	3,238	-319	343	1,843
Net debt/equity ratio	-	-	1.69	1.82	1.63
Capital expenditure, SEKm	251	256	502	420	857
Average number of employees	16,632	18,096	16,854	15,920	16,093

NET SALES AND INCOME BY QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Net sales, SEKm	2008	10,043	10,343			
	2007	9,214	12,048	6,826	5,196	33,284
Operating income, SEKm	2008	1,202	1,321			
	Margin, %	12.0	12.8			
	2007	984	1,758	553	269	3,564
	Margin, %	10.7	14.6	8.1	5.2	10.7
Income after financial items, SEKm	2008	1,060	1,141			
	Margin, %	10.6	11.0			
	2007	876	1,528	391	94	2,889
	Margin, %	9.5	12.7	5.7	1.8	8.7
Income for the period, SEKm	2008	753	810			
	2007	613	1,070	273	80	2,036
Earnings per share, SEK	2008	1.97	2.09			
	2007	1.59 ¹⁾	2.77	0.70	0.21	5.29

1) Earnings per share and number of shares for 2007 are adjusted for the bonus issue in May 2007.

NET SALES BY BUSINESS AREA PER QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Products	2008	6,830	6,773			
	2007	6,207	8,418	3,668	2,328	20,621
Professional Products	2008	3,213	3,570			
	2007	3,007	3,630	3,158	2,868	12,663
Total	2008	10,043	10,343			
	2007	9,214	12,048	6,826	5,196	33,284

OPERATING INCOME BY BUSINESS AREA PER QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Products	2008	727	745			
	Margin, %	10.6	11.0			
	2007	521	1,164	66	-113	1,638
	Margin, %	8.4	13.8	1.8	-4.9	7.9
Professional Products	2008	522	623			
	Margin, %	16.2	17.5			
	2007	510	642	529	442	2,123
	Margin, %	17.0	17.7	16.8	15.4	16.8
Group common costs etc.	2008	-47	-47			
	2007	-47	-48	-42	-60	-197
Total	2008	1,202	1,321			
	Margin, %	12.0	12.8			
	2007	984	1,758	553	269	3,564
	Margin, %	10.7	14.6	8.1	5.2	10.7

NET SALES AND OPERATING INCOME, 12 MONTHS ROLLING

SEKm		Q1	Q2	Q3	Q4
Net sales, SEKm	2008	34,113	32,408		
	2007	29,278	31,193	32,627	33,284
Operating income, SEKm	2008	3,782	3,345		
	Margin, %	11.1	10.3		
	2007	3,176	3,659	3,641	3,564
	Margin, %	10.8	11.7	11.2	10.7

CHANGE IN GROUP EQUITY

SEKm	January – June 2008			January – June 2007		
	Equity	Minority interest	Total Equity	Equity	Minority interest	Total Equity
Opening balance	7,349	40	7,389	6,252	12	6,264
Change in hedge reserve	79	-	79	-45	-	-45
Dividend	-862	-1	-863	-667	-	-667
Translation difference	-230	-4	-234	75	-	75
Share-based payment	5	-	5	2	-	2
Other	0	0	0	0	22	22
Income for the period	1,555	8	1,563	1,679	4	1,683
Closing balance	7,896	43	7,939	7,296	38	7,334

FOUR-YEAR REVIEW

	2007	2006 ²⁾	2005 ²⁾	2004 ^{1) 2)}
Net sales, SEKm	33,284	29,402	28,768	27,202
Operating income, SEKm	3,564	3,121	2,898	2,983
Net sales growth, %	13	2	6	1
Gross margin, %	29.4	27.0	26.6	26.9
Operating margin, %	10.7	10.6	10.1	11.0
Return on capital employed, %	17.6	24.1	31.0	31.1
Return on equity, %	28.6	43.2	46.0	41.9
Capital turn-over rate, times	1.8	2.4	2.6	2.9
Operating cash flow, SEKm	1,843	1,157	1,736	2,073
Capital expenditure, SEKm	857	890	1,259	1,040
Average number of employees	16,093	11,412	11,681	11,657

1) Restated to comply with IFRS, except for IAS 39. If IAS 39 had been applied in 2004, the volatility in income, net borrowings and equity would most probably have been higher.

2) Combined financial statements.

PARENT COMPANY

INCOME STATEMENT

SEKm	Q2 2008	Q2 2007	Jan- June 2008	Jan- June 2007	Full year 2007
Net sales	2,890	2,840	6,253	5,931	10,156
Cost of goods sold	-2,099	-2,078	-4,568	-4,394	-7,389
Gross operating income	791	762	1,685	1,537	2,767
Selling expense	-261	-253	-529	-479	-902
Administrative expense	-92	-112	-182	-206	-376
Other operating income/expense	0	-1	-2	-1	-2
Operating income	438	396	972	851	1,487
Financial items, net	101	685	176	674	721
Income after financial items	539	1,081	1,148	1,525	2,208
Appropriations	12	7	31	17	-302
Income before taxes	551	1,088	1,179	1,542	1,906
Taxes	-148	-148	-325	-239	-358
Income for the period	403	940	854	1,303	1,548

BALANCE SHEET

SEKm	June 2008	June 2007	Dec 2007
Non-current assets	5,370	4,168	5,055
Current assets	23,817	23,203	23,261
Total assets	29,187	27,371	28,316
Equity	8,409	8,754	8,530
Untaxed reserves	932	644	963
Provisions	76	42	62
Interest-bearing liabilities	17,696	15,940	16,345
Current liabilities	2,074	1,991	2,416
Total equity and liabilities	29,187	27,371	28,316

DEFINITIONS

Capital indicators

Net assets	Total assets exclusive of liquid funds and interest-bearing financial receivables, less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.
Operating working capital	Inventories and trade receivables less trade payables.
Working capital	Current assets exclusive of liquid funds and interest-bearing financial receivables, less operating liabilities and non-interest-bearing provisions.
Net borrowings	Total interest-bearing liabilities less liquid funds.
Liquid funds	Cash and cash equivalents, short term investments as well as fair value derivative assets.
Net debt/equity ratio	Net borrowings in relation to total adjusted equity.
Capital employed	Total liabilities and equity less non-interest bearing debt including deferred tax liability.
Equity/assets ratio	Equity as a percentage of total assets.

Other key ratios

Earnings per share	Income for the period divided by the number of shares.
Net sales growth	Net sales as a percentage of the preceding period.
Gross margin	Gross operating income as a percentage of net sales.
Operating margin	Operating income as a percentage of net sales.
Return on equity	Income for the period as a percentage of average equity.
Return on capital employed	Operating income plus financial income as a percentage of average capital employed.
Operating cash flow	Total cash flow from operations and investments, excluding acquisitions and divestments of operations.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
Capital expenditure	Property, plant and equipment and capitalization of product development and software.
Excluding acquisitions	Figures excluding acquisitions are reported in order to make the current period comparable with the corresponding period in the previous year. Adjustment is made for acquisitions with annual sales of SEK 100m or more.

Factors affecting forward-looking statements

This report contains forward-looking statements in the sense referred to in the American Private Securities Litigation Reform Act of 1995. Such statements comprise, among other things, financial goals, goals of future business and financial plans. These statements are based on present expectations and are subject to risks and uncertainties that may give rise to major deviations of the result due to several aspects. These aspects include, among other things: consumer demand and market conditions in the geographical areas and lines of business in which Husqvarna operates, the effects of currency fluctuations, downward pressure on prices due to competition, a material reduction of sales by important distributors, any success in developing new products and in marketing, outcome of any product responsibility litigation, progress when it comes to reach the goals set for productivity and efficient use of capital, successful identification of growth opportunities and acquisition objects, and to integrate these into the existing business and successful achievement of goals to make the supply chain more efficient.