



VOLVO CAR GROUP INTERIM REPORT FIRST HALF YEAR 2015

FIRST HALF YEAR 2015

- Volvo Cars retail sales of 232,284 (229,013) units
- Net revenue increased to MSEK 75,215 (66,982)
- Operating income (EBIT) of MSEK 1,660 (968)
- Net income of MSEK 877 (265)
- Cash flow from operating and investing activities of MSEK -385 (-5,553)
- Volvo Cars announced a new manufacturing facility in South Carolina, US
- Volvo Cars gained control over the Chinese industrial entities which are fully consolidated from January 1, 2015

Key ratios	H1 2015	H1 2014*	Full year 2014*
Net revenue, MSEK	75,215	66,982	137,590
Research and development expenses, MSEK	-3,978	-3,310	-6,627
Operating income, EBIT, MSEK	1,660	968	2,128
Net income, MSEK	877	265	508
EBITDA, MSEK	6,085	4,802	9,491
Cash flow from operating and investing activities	-385	-5,553	-5,744
Operating & investing cash flow adjusted for marketable securities, MSEK	-1,044	-5,504	-4,766
EBIT margin, %	2.2	1.4	1.5
EBITDA margin, %	8.1	7.2	6.9
Equity ratio, %	28.7	23.9	27.8
Net debt (Net cash if negative), MSEK	453	1,741	856
Retail Sales (units)	H1 2015	H1 2014	Full year 2014
Western Europe	93,398	87,630	182,157
China	38,292	38,751	81,221
Sweden	32,460	30,511	61,357
US	29,367	29,331	56,371
Other markets	38,767	42,790	84,760
Total	232,284	229,013	465,866

- * The comparative figures for 2014 are restated. As the incorporation of the Chinese entities is a common control transaction Volvo Car Group has elected to apply predecessor accounting, meaning that the comparative information is presented in the report as if the incorporated entities had always been controlled by Volvo Car Group. Therefore, the comparative information is restated to show the new Volvo Car structure including the acquired Chinese entities. Please refer to Organisational Change page 4.

This report has not been subject to review by the company's auditors.

CEO Comment

It has been an active, interesting and important first half of the year for Volvo Cars.

The order book of the XC90 has exceeded our expectations and there have now been 45,000 orders, compared to our expected annual production for this year of 50,000 cars, although this level of demand did exert some short term pressures upon our production system which have now been resolved. The XC90 has been very well received in the market and gained several important awards. This is a remarkable endorsement of Volvo Cars' new direction in terms of its product strategy, design and engineering. It also bodes extremely well for the future, giving us confidence that we can replicate what we have achieved with the XC90 next year as our product launch programme intensifies.

The second major development in the first six months of the year was the announcement that we are going to build our first US manufacturing facility in South Carolina. This is one of the most significant developments in the company's 88 year history. Volvo Cars is now a truly global car maker with the ability to make and sell cars in Asia, Europe and the US. Nothing could more accurately symbolise our global strategic ambition.

In association with the move in the US, Volvo also decided to strengthen its senior management and corporate structure, both of which position the company for the next stage in its transformation. On the management side, we now have senior executives at Senior Vice President level

who are responsible for the Americas, Europe and Asia Pacific.

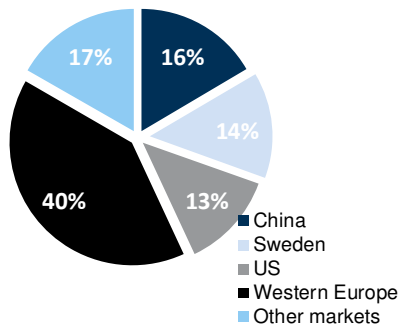
We have restructured the company to more accurately reflect the way it conducts its business. The corporate structure that was put in place at the time of our acquisition by Zhejiang Geely Holdings in 2010 had served its purpose. Volvo Cars has gained control over the Chinese industrial entities and the new structure truly reflects Volvo Cars' global operations and also positions the company perfectly for the next stage in its development.

The underlying theme of these changes is simple. We are creating an organisation that will build and sell far more cars than it has ever done in the past. It will also sell these cars to more markets than previously. The building blocks for this transformation are now in place and we have demonstrated that we are on the right track. During the second half of the year the full effects of the XC90 launch is starting to be felt at an operational level and we will prepare ourselves for a very active 2016 in which we plan to launch several important new cars.

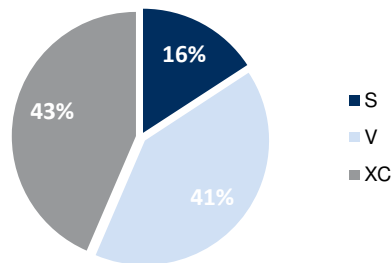
At the same time, it remains extremely important to ensure that our growth in volume terms is matched by our growth in underlying profitability. As a result, we will remain committed to enhancing productivity and keeping a tight rein on costs, so that our growth remains both credible and sustainable.

Håkan Samuelsson, CEO

Retail sales by region H1 2015



Sales by carline H1 2015



The Volvo Car Group

Geely Sweden AB, with its registered office in Stockholm, is a subsidiary of Geely Sweden Automotive AB, a subsidiary of Geely Sweden Holdings AB, owned by Shanghai Geely Zhaoyuan International Investment Co., Ltd, registered in Shanghai, China with ultimate majority ownership held by Zhejiang Geely Holding Group Co., Ltd, registered in Hangzhou, China.

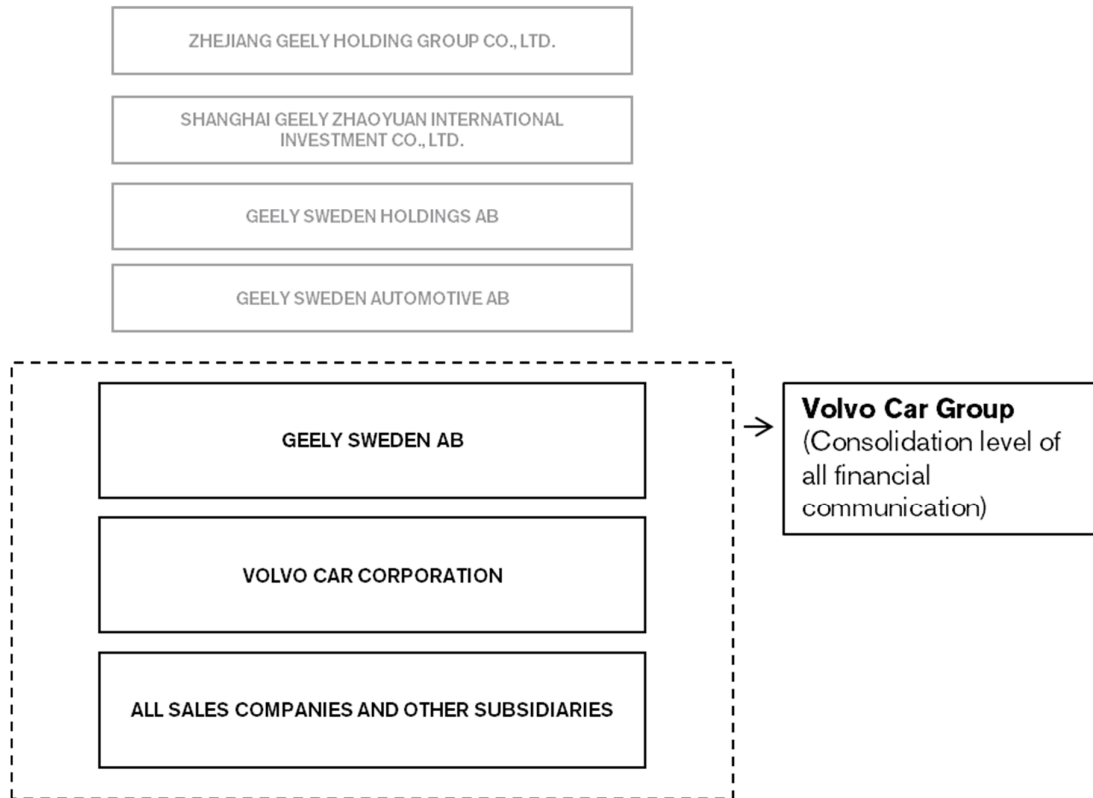
Volvo Car Group, also referred to as “Volvo Cars”, consists of Geely Sweden AB and Volvo Personvagnar AB, hereinafter referred to as “Volvo Car Corporation”, together with Volvo Car Corporation’s subsidiaries. In its capacity as a holding company, Geely Sweden AB does not conduct any direct business, other than holding shares in its subsidiary, Volvo Car Corporation. Geely

Sweden AB indirectly, through Volvo Car Corporation and its subsidiaries, operate in the automotive industry with business relating to the design, development, manufacturing, marketing and sales of cars.

Simplification of corporate structure in Sweden

A decision has been taken to merge Geely Sweden AB into Volvo Car Corporation (legal name Volvo Personvagnar AB) in order to further simplify the organisational structure. The merger is expected to be completed during the second half of 2015 with Volvo Car Corporation as the surviving entity.

CORPORATE STRUCTURE



Consolidation of Chinese entities

On June 25, Volvo Cars gained control over the Chinese industrial entities and consolidated them into Volvo Car Group. The former legal structure in China has evolved since Geely's acquisition of Volvo Cars in 2010 and the new incorporation marks another milestone in Volvo Car Group's transformation journey. In recent years, Volvo Cars has established its manufacturing footprint and strengthened its dealer network in China. The incorporation of the Chinese entities is an important step towards the long term objectives of capturing growth and sourcing potential in China whilst simplifying the legal structure.

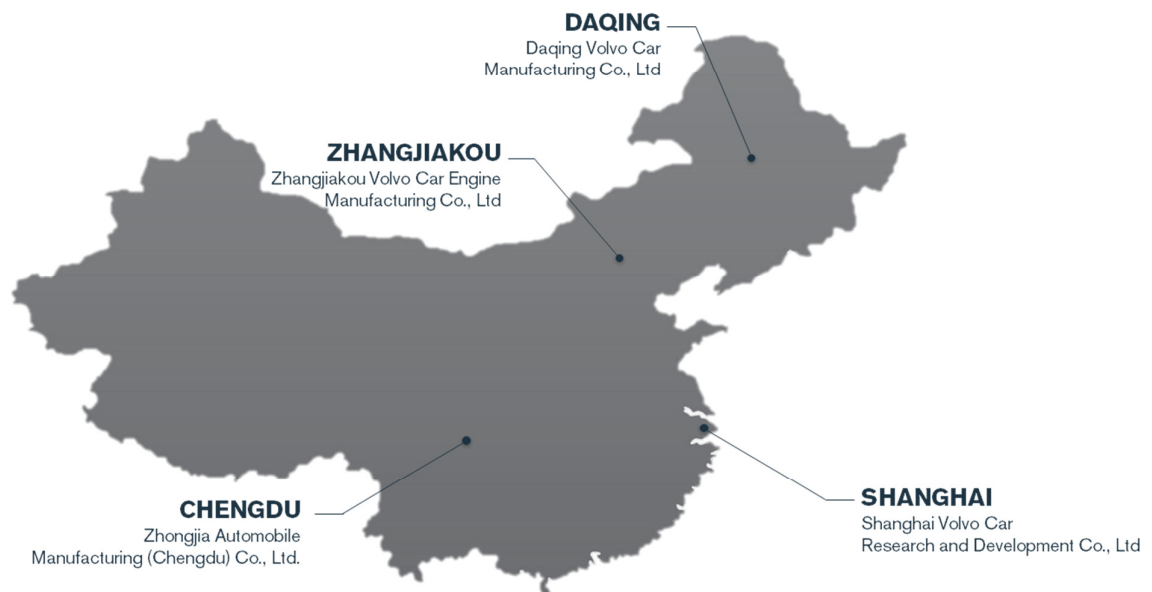
New legal structure in China

Volvo Car Group has, through one of its wholly owned subsidiaries, Volvo Cars (China) Investment Co., Ltd, acquired an additional 20 per cent in Volvo Cars' Chinese joint ventures Daqing Volvo Car Manufacturing Co., Ltd, Zhangjiakou Volvo Car Engine Manufacturing Co., Ltd and Shanghai Volvo Car Research and Development Co., Ltd, in order to establish a legal structure, that is more accurately aligned with management responsibilities. Additionally, the Chinese entity Daqing Volvo Car Manufacturing Co., Ltd has acquired 100 per cent of the shares in three other companies from Shanghai Geely Zhaoyuan International Investment Co., Ltd, among them Zhongjia Automobile Manufacturing (Shanghai) Co., Ltd which holds 100 per cent of Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. Zhejiang Geely Holding Group Co., Ltd is the minority shareholder of the remaining 50 per cent of the shares.

The purchase price amounted to MSEK 2,197. After the acquisitions, Volvo Car Group now holds 50 per cent of Volvo Cars' Chinese industrial entities and has gained the power to control these entities. The entities are as a result classified as subsidiaries within Volvo Car Group and are thus fully consolidated into Volvo Car Group. Volvo Car Group obtained the full funding responsibility for the acquired entities. A capital contribution of MSEK 3,992 was received from Shanghai Geely Zhaoyuan International Investment Co., Ltd. The transaction is further explained in the balance sheet section on page 9.

As this is a common control transaction Volvo Car Group has elected to apply predecessor accounting, meaning that the comparative information is presented in the report as if the incorporated entities had always been controlled by Volvo Car Group. Therefore, the comparative information is restated to show the new Volvo Car structure including the acquired Chinese entities. On page 13, the restated figures in the consolidated balance sheets are further presented in comparison with the balance sheets for Volvo Car Group before the transaction.

The consolidated income statement for 2015 includes the result of the acquired entities for the period starting from January 1, 2015. The incorporation of the Chinese industrial entities sales is now fully reflected in Volvo Car Group's net revenue.



Sales development H1 2015

CAR INDUSTRY DEVELOPMENT

Western Europe

Western Europe is still in recovery mode. Net trade and European consumer spending has nevertheless picked up year on year and has contributed positively to the Eurozone. The passenger car market in Western Europe showed positive sales growth of around 7 per cent compared to the same period last year. The premium segment generated stronger growth of 8.5 per cent.

China

Compared with the same period last year, the growth pace in the Chinese market slowed during the first half year but still increased by 10 per cent. Slowing demand and high competition in the industry has led to higher discounts. The premium segment grew a healthier 15 per cent with the C sedan and C SUV segment leading the growth.

US

For the last five years, the US automotive industry has seen a steady increase in sales. The momentum in demand is expected to be maintained throughout 2015. In the first half of the year industry growth was 3.5 per cent, while the premium sector rose by nearly twice this rate.

Other Markets

During the first half year several markets grew compared to the same period in 2014, such as Turkey and several Eastern European countries. As oil prices decline and sanctions start to take effect, the Russian economy has had a significant dampening effect on the Russian light vehicle market, despite efforts by the Russian government to stimulate the market. During the first half year, car industry sales dropped by almost 40 per cent in Russia. In Japan, economic growth resumed in the fourth quarter 2014 but this has yet to affect the car market, which remained negative during the first half year 2015.

VOLVO CARS SALES DEVELOPMENT

For the first half year, Volvo Cars reported retail sales of 232,284 (229,013) units, with the European markets and the US increasing compared to the same period last year. The increase in the European markets was mainly driven by the XC60 and the all-new XC90. Other markets, mainly Russia, decreased.

Volvo Cars' XC model range continues to deliver, with the XC60 the best-selling model with 78,066 (65,841) units sold, an increase of 18.6 per cent. The largest market for the XC60 was China followed by the US and Sweden. Sales of the XC70 model rose by 6.6 per cent to 15,256 (14,315) units and the all-new XC90 contributed the first half year with 6,719 (0) units. The all-new XC90 is a global success with more than 45,000 placed orders, while the first cars also reached customers in China in June.

The second best-selling car line was the V40/V40 Cross Country with sales of 51,507 (52,473) units followed by the S60/S60L with 31,769 (32,014) units.

Western Europe

Volvo Cars continued its strong performance in Western Europe and reported retail sales of 93,398 (87,630) units, an increase of 6.6 per cent. Several key markets, including Germany, UK, Spain, Italy and France all showed solid growth. The V40/V40 Cross Country remained the best-selling model in Europe.

China

In Volvo Cars' largest market, sales reached 38,292 (38,751) units, a decrease of 1.2 per cent. The XC60 was the best-selling model followed by the S60L. The decrease is mainly explained by the V40 and the V60 offset by an increase of the S60L, XC60 and the all-new XC90. During 2015, the S60L has been launched as a Twin Engine petrol plug-in hybrid version developed for the Chinese market.

Sweden

Sales in Sweden increased 6.4 per cent to 32,460 (30,511) units, a market share of 20 per cent. Strong demand for Volvo Cars' XC carlines continued to support a positive sales performance in Volvo Cars' home market. Sales of the XC carlines increased 21.4 per cent to 14,607 (12,036) units.

Other Markets

Sales in other markets decreased 9.4 per cent to 38,767 (42,790) units compared to the same period last year, largely due to a decrease of sales in Russia and Japan. The decrease is partly offset by a positive sales development in Korea.

US

The US market remained flat compared to the prior year with retail sales of 29,367 (29,331) units. The XC60 was the best-selling model with sales of 11,910 (8,784) units, an increase by 35.6 per cent.

Retail sales, (units)	H1 2015	H1 2014	Change %
Western Europe ¹⁾	93,398	87,630	6.6
China	38,292	38,751	-1.2
Sweden	32,460	30,511	6.4
US	29,367	29,331	0.1
Other Markets	38,767	42,790	-9.4
Total	232,284	229,013	1.4

¹⁾ Excluding Sweden

Retail sales by model, (units)	H1 2015	H1 2014
S60	20,355	23,625
S60L	11,414	8,389
S80	3,491	3,923
S80L	1,429	2,611
V40	39,639	39,791
V40 Cross Country	11,868	12,682
V60	27,486	31,579
V60 Cross Country	2,015	-
V70	13,427	13,812
XC60	78,066	65,841
XC70	15,256	14,315
XC90 (Classic)	1,109	11,368
XC90 (All-new)	6,719	-
Other models	10	1,077
Total	232,284	229,013

Top 10 Retail sales by market, (units)	H1 2015	H1 2014
China	38,292	38,751
Sweden	32,460	30,511
US	29,367	29,331
UK	21,144	19,726
Germany	16,861	15,380
Belgium	9,709	9,269
Italy	8,736	7,335
France	7,015	6,007
Netherlands	6,422	8,243
Japan	6,254	7,051

Significant events

Maastricht operations moved to Ghent

In January 2015, the logistic centre in Maastricht, the Netherlands, was moved to the Ghent plant in Belgium following a strategic decision taken in July 2014 to change the set-up of the Maastricht operations. All employees were offered the opportunity to join Volvo Cars' operations in Ghent. At the same time the customer service operation in Maastricht was outsourced, with all employees offered the option to remain in the company.

Acquisitions of assets in DSV

In January 2015, Volvo Car Group acquired assets in DSV in Ghent, to a value of MSEK 38, to further strengthen the value chain and provide efficiency benefits. DSV has been providing logistic services to Volvo Cars in Ghent and the services provided consisted of storing and sequencing 200,000 parts per day and delivering the same amount of parts to the Ghent plant.

New Board member appointed

Volvo Car Corporation has appointed Tom Johnstone as a member of its Board of Directors effective January 1, 2015. Mr Johnstone joined the Board of Directors of Volvo Car Corporation leaving the position as CEO at AB SKF.

Start of production of all-new XC90 in Torslanda

In January 2015, Volvo Car Group started the production of the all-new XC90 in the Torslanda plant in Gothenburg. Volvo Cars expects to produce a total of around 50,000 new XC90s in 2015. The new Volvo XC90 is the first model based on Volvo Cars' in-house developed Scalable Product Architecture (SPA) which will be the base for a series of upcoming Volvo models.

New Senior Management structure

In March 2015, significant changes to the structure of Volvo Cars' senior management were announced as part of its drive to position the company for the next stage of its global transformation. The Americas region will now encompass North America and South America, and be led by Lex Kerssemakers, the former Senior Vice President Product Strategy and Vehicle Line Management. The Asia Pacific region will include China, Volvo Cars' largest individual sales country, and embrace other fast growing Asian regional markets. It will be led by Lars Danielson, the former Senior Vice President Volvo Cars China Operations. The EMEA region will be run by Anders Gustafsson, formerly President of Volvo Cars Sweden. Volvo Cars has also appointed Klas Bendrik as Senior Vice President Chief Information Officer.

Volvo Car Group to build its first plant in the US

In March 2015, Volvo Car Group announced the construction of a brand new plant in the US. Volvo Car Group will invest around MUS\$ 500. The new facility will have initial annual production of around 100,000 cars and be located in Berkeley County in South Carolina. Construction will begin in early autumn 2015, with the first vehicles expected to roll off the assembly line in 2018.

Third shift in the Torslanda plant started

In May 2015, supporting the capacity increase to up to 300,000 cars per year, the third shift in the Torslanda plant started, creating nearly 1,500 new jobs. The introduction of the additional night shift comes as Volvo Cars now has started production of the new XC90.

Incorporation of China industrial entities

Further explained on page 4, Consolidation of Chinese entities.

Financial summary

INCOME STATEMENTS

The comparative figures refer to the restated consolidated income statement of 2014 H1 if not otherwise stated. The consolidated income statement for 2015 includes the result of the acquired entities for the period starting from January 1, 2015.

For the first half year, Volvo Car Group generated net revenue of MSEK 75,215 (66,982), an increase of 12.3 per cent compared to the same period prior year. The increase is primarily related to higher sales volumes, a positive sales mix and positive exchange rate developments. The all-new XC90 was launched and together with continued positive momentum of the XC60 sales, Volvo Car Group continued its growth. Gross income increased by 43.1 per cent to MSEK 16,096 (11,247).

Research and development expenses increased by MSEK 668 to MSEK 3,978 (3,310), a result of continued product development expenses and increased amortisations offset by the capitalisations made. Capitalised development expenses decreased to MSEK 2,218 (2,356), due to the phase of investments in which the all-new XC90 and the SPA platform have entered, partly offset by higher investments in the upcoming car models. Amortisation of capitalised development expenses were MSEK 1,073 (755), see table below.

R&D spending	H1 2015	Restated H1 2014
Capitalised development expenses	2,218	2,356
Research and development expenses	-3,978	-3,310
whereof amortised development expenses	-1,073	-755

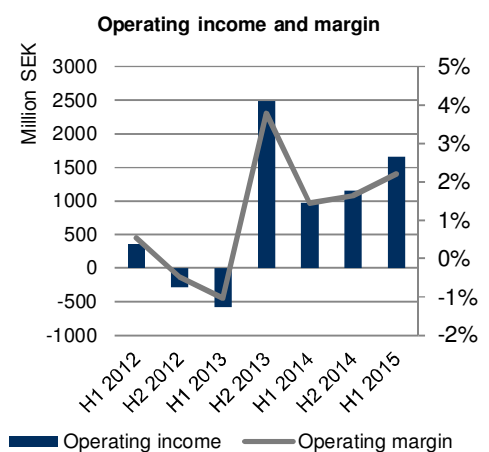
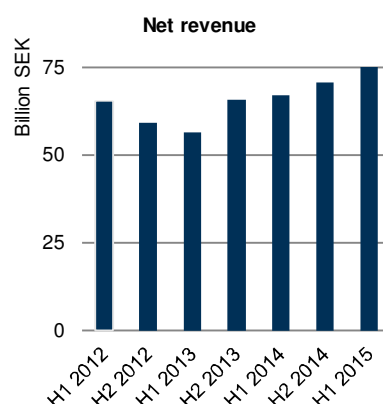
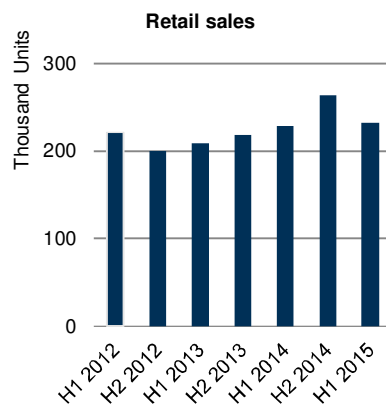
Selling expenses increased by MSEK 1,043 to MSEK 5,135 (4,092) primarily due to the increased advertising related to the launch of the all-new XC90 and the Volvo Ocean Race. Administrative expenses increased by MSEK 455 to 3,263 (2,808), a result of the continuing ramp up.

Other operating income and expenses have increased to MSEK 2,116 (123). The net change is explained by a negative result from realised cash flow hedges which in turn implies a positive currency effect in the underlying business.

Operating income (EBIT) increased to MSEK 1,660 (968), resulting in an operating margin of 2.2 (1.4) per cent.

EBITDA was MSEK 6,085 (4,802) and the EBITDA margin was 8.1 (7.2) per cent. Net income for the first half year was MSEK 877 (265).

Income Statement	H1 2015	Restated H1 2014
Net revenue	75,215	66,982
Gross income	16,096	11,247
Operating income	1,660	968
Income before tax	1,105	529
Net income	877	265



CASH FLOWS

The comparative figures refer to the restated consolidated cash flow statement of 2014 H1 if not otherwise stated.

Cash flow from operating activities was MSEK 7,745 (991), an improvement compared with the same period last year. The increase is relating to the positive change in EBITDA and positive working capital development.

Cash flow from investing activities was MSEK -8,130 (-6,544) mainly a result of the acquisition of the Chinese joint venture companies of MSEK -2,197 (0).

In total, cash flow from operating and investing activities amounted to MSEK -385 (-5,553).

Cash and cash equivalents together with marketable securities at the end of the period amounted to MSEK 21,537 (18,049).

BALANCE SHEETS

The comparative figures refer to the restated consolidated balance sheets of December 31, 2014 if not otherwise stated

Compared to December 31, 2014, the total assets of Volvo Car Group increased by 9.1 per cent to MSEK 134,433 (123,235). The increase in total assets is mainly related to inventories, cash and cash equivalents including marketable securities, accounts receivable, intangible assets and property, plant and equipment.

Intangible assets increased by MSEK 890 to MSEK 21,539 (20,649) as a result of the continued investments in the all-new XC90 but also in upcoming car models on the SPA platform. Property, plant and equipment increased by MSEK 801 to MSEK 36,923 (36,122) due to special tool investments related to the all-new XC90 and the SPA platform.

Inventories increased by MSEK 4,769 to MSEK 22,493 (17,724) which is related to higher production volumes, including increase of new units.

Accounts receivable increased by MSEK 1,106 to MSEK 8,780 (7,674) due to the sales growth.

Cash and cash equivalents including marketable securities increased by MSEK 3,488 to MSEK 21,537 (18,049) mainly as a result of a received capital contribution of MSEK 3,992 from Shanghai Geely Zhaoyuan International Investment Co., Ltd.

Equity and liabilities increased mainly due to accounts payable, equity attributable to owners of the parent, liabilities to credit institutions and other current liabilities, offset by a decrease in liabilities to parent company and provisions for post-employment benefits.

Total equity has increased MSEK 4,286 to MSEK 38,554 (34,268) and the equity ratio has increased to 28.7 (27.8) per cent. The increase in equity is partly due to the received capital contribution of MSEK 3,992 as described above offset by the purchase price of MSEK 2,197 as part of the acquisition transaction of the additional 20 per cent in Volvo Cars' Chinese joint ventures. The increase is also due to positive effects included in other comprehensive income, related to revaluation of provision for post-employment benefits of MSEK 1,051 and changes in the cash flow hedge reserve of MSEK 326. In addition, the net income had a positive impact on equity of MSEK 877. The provision for post-employment benefits has decreased by MSEK 1,289 to MSEK 4,897 (6,186) due to higher discount rates.

Through the incorporation of the Chinese industrial entities, Volvo Car Group obtained the funding responsibility. As a result of this transaction a liability from the Chinese entities to Zhejiang Geely Holding Group Co., Ltd and the Shanghai Geely Zhaoyuan International Investment Co., Ltd was replaced with an external bank loan. Liabilities to parent company have accordingly decreased from MSEK 2,794 to MSEK 0. The net debt has decreased to MSEK 453 (856).

Accounts payable increased by MSEK 5,450 to MSEK 24,013 (18,563) as a result of the increased production. Other current liabilities increased by MSEK 1,564 to MSEK 21,798 (20,234) due to increase of sales with lease agreements offset by special tool expenditures related to the all-new XC90 and the SPA platform.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Volvo Cars sells its Floby component plant

In July 2015, Volvo Cars announced that its component plant in Floby, Sweden will be sold to Amtek Group, a global manufacturer of automotive components. The Floby plant produces brake discs, wheel hubs and connecting rods for passenger cars and commercial vehicles. The plant employs 441 people, all of whom will retain their positions under new ownership. The transaction is expected to be completed by the end of this year.

Volvo Cars has acquired Polestar

In July 2015, Volvo Cars acquired 100 per cent of Polestar Performance AB, the Swedish high performance car company, and Polestar Holding AB, which is the owner of the Polestar trademarks. Polestar will now be used as the model name for special high performance Volvo cars. Volvo Cars and Polestar share a long history. They have been working in motor sport since 1996 and in recent years signed a cooperation agreement to jointly develop Polestar versions of Volvo cars. Volvo Cars has not acquired the racing division.

RISKS AND UNCERTAINTY FACTORS

Risks are a natural element in all business activities. In order to achieve Volvo Cars' short- and long-term objectives, enterprise risk management is part of the daily activities at Volvo Cars. For a more in-depth analysis of risks, see the Volvo Car Group Annual Report for 2014 page 38.

EMPLOYEES

During the first half year 2015, Volvo Car Group, including the Chinese industrial entities, employed on average 27,918 (25,346) full time employees. This is an increase of 10.1 per cent compared to last year. The number of consultants increased by 11.4 per cent average full-time equivalents to 4,470 (4,012). The increased number of employees and consultants is mainly relating to higher production volumes and the continuing development of future models.

CONSOLIDATED INCOME STATEMENTS

MSEK	H1 2015	Restated H1 2014	Restated Full year 2014
Net revenue	75,215	66,982	137,590
Cost of sales	-59,119	-55,735	-114,019
Gross income	16,096	11,247	23,571
Research and development expenses	-3,978	-3,310	-6,627
Selling expenses	-5,135	-4,092	-8,708
Administrative expenses	-3,263	-2,808	-5,943
Other operating income	320	623	1,992
Other operating expenses	-2,436	-746	-2,348
Share of income in joint ventures and associates	56	54	191
Operating income	1,660	968	2,128
Financial income	173	183	342
Financial expenses	-728	-622	-1,315
Income before tax	1,105	529	1,155
Income tax	-228	-264	-647
Net income for the period	877	265	508
Net income attributable to			
Owners of the parent company	173	427	540
Non-controlling interests	704	-162	-32
	877	265	508

CONSOLIDATED COMPREHENSIVE INCOME

MSEK	H1 2015	Restated H1 2014	Restated Full year 2014
Net income for the period	877	265	508
Other comprehensive income, net of income tax			
<i>Items that will not be reclassified subsequently to income statement:</i>			
Remeasurements of provisions for post- employment benefits	1,051	-702	-1,641
<i>Items that may be reclassified subsequently to income statement:</i>			
Translation difference on foreign operations	150	345	874
Translation difference of hedge instruments of net investments in foreign operations	87	-92	-192
Change in cash flow hedge	326	-465	-893
Other comprehensive income, net of income tax	1,614	-914	-1,852
Total comprehensive income for the period	2,491	-649	-1,344
Total comprehensive income attributable to			
Owners of the parent company	1,708	-496	-1,412
Non-controlling interests	783	-153	68
	2,491	-649	-1,344

CONSOLIDATED BALANCE SHEETS

MSEK	Jun 30, 2015	Restated Dec 31, 2014	Dec 31, 2014
ASSETS			
Non-current assets			
Intangible assets	21,539	20,649	20,098
Property, plant and equipment	36,923	36,122	29,275
Assets held under operating leases	1,989	1,942	1,942
Investments in joint ventures and associates	585	612	1,541
Other long-term securities holdings	12	13	13
Deferred tax assets	3,497	3,107	2,535
Other non-current assets	11,805	11,656	11,647
Total non-current assets	76,350	74,101	67,051
Current assets			
Inventories	22,493	17,724	14,368
Accounts receivable	8,780	7,674	8,004
Current tax assets	306	355	355
Other current assets	4,967	5,332	4,484
Marketable securities	410	1,047	1,047
Cash and cash equivalents	21,127	17,002	14,165
Total current assets	58,083	49,134	42,423
TOTAL ASSETS	134,433	123,235	109,474
EQUITY & LIABILITIES			
Equity			
Equity attributable to owners of the parent company	37,020	32,804	32,702
Non-controlling interests	1,534	1,464	-
Total equity	38,554	34,268	32,702
Non-current liabilities			
Provisions for post-employment benefits	4,897	6,186	6,377
Deferred tax liabilities	3,198	3,337	3,337
Other non-current provisions	5,972	5,857	5,592
Liabilities to credit institutions	16,244	17,345	15,208
Liabilities to parent company	-	1,143	-
Other non-current liabilities	2,134	1,601	1,600
Total non-current liabilities	32,445	35,469	32,114
Current liabilities			
Current provisions	10,728	10,484	9,319
Liabilities to credit institutions	5,746	1,560	932
Advance payments from customers	496	379	299
Accounts payable	24,013	18,563	14,434
Current tax liabilities	653	627	598
Liabilities to parent company	-	1,651	-
Other current liabilities	21,798	20,234	19,076
Total current liabilities	63,434	53,498	44,658
TOTAL EQUITY & LIABILITIES	134,433	123,235	109,474

CHANGES IN CONSOLIDATED EQUITY

MSEK	Jun 30, 2015	Restated Dec 31, 2014	Dec 31, 2014
Opening balance	34,268	25,163	24,638
Net income for the period	877	508	834
Other comprehensive income, net of income tax	1,614	-1,852	-2,045
Total comprehensive income	2,491	-1,344	-1,211
Transactions with owners	1,795	10,449	9,275
Closing balance	38,554	34,268	32,702
Attributable to			
Owners of the parent company	37,020	32,804	32,702
Non-controlling interests	1,534	1,464	-
	38,554	34,268	32,702

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	H1 2015	Restated H1 2014	Restated Full year 2014
OPERATING ACTIVITIES			
Operating income	1,660	968	2,128
Depreciation and amortisation of non-current assets	4,425	3,834	7,363
Interest and similar items received	82	82	149
Interest and similar items paid	-498	-384	-875
Other financial items	-83	12	-40
Income tax paid	-573	-856	-1,293
Adjustments for items not affecting cash flow	426	-362	-552
	5,439	3,294	6,880
Movements in working capital			
Change in inventories	-2,994	-3,971	-2,272
Change in accounts receivable	-1,106	-3,522	-2,720
Change in accounts payable	5,450	5,049	4,227
Change in items relating to repurchase commitments	417	-7	-193
Change in provisions	254	-185	2,507
Change in other working capital assets/liabilities	285	333	410
Cash flow from movements in working capital	2,306	-2,303	1,959
Cash flow from operating activities	7,745	991	8,839
INVESTING ACTIVITIES			
Investments in shares and participations	-2,197	113	113
Investments in intangible assets	-2,351	-2,429	-5,234
Investments in property, plant and equipment	-4,487	-4,343	-8,646
Disposal of property, plant and equipment	163	-	-
Investments in marketable securities, net	659	-49	-978
Other	83	164	162
Cash flow from investing activities	-8,130	-6,544	-14,583
Cash flow from operating and investing activities	-385	-5,553	-5,744
FINANCING ACTIVITIES			
Proceeds from credit institutions	3,800	3,225	7,270
Repayment of liabilities to credit institutions	-3,987	-1,087	-5,101
Received shareholders' contribution	3,992	49	1,555
Other	414	311	895
Cash flow from financing activities	4,219	2,498	4,619
Cash flow for the period	3,834	-3,055	-1,125
Cash and cash equivalents at beginning of period	17,002	17,533	17,533
Exchange difference on cash and cash equivalents	291	181	594
Cash and cash equivalents at end of period	21,127	14,659	17,002

ACCOUNTING PRINCIPLES

Volvo Car Group applies International Financial Reporting Standards (IFRS) as adopted by the European Union and ÅRL, the Swedish Annual Accounts Act. As Volvo Car Group is a privately owned company, this report is based on voluntary information undertaking and therefore not prepared in accordance with IAS 34 - Interim Financial Reporting. The Group's accounting and valuation principles are described in Note 1 of the Annual Report 2014.

As the incorporation of the Chinese entities is a common control transaction Volvo Car Group has elected to apply predecessor accounting, meaning that the comparative information is presented in the report as if the incorporated entities had always been controlled by Volvo Car Group. Therefore, the comparative information is restated to show the new Volvo Car structure including the acquired Chinese entities. As a consequence, the consolidated income statement for 2015 includes the result of the acquired entities for the period starting from January 1, 2015.

DEFINITIONS

Volvo Car Group and Volvo Cars

Geely Sweden AB, Volvo Car Corporation and all its subsidiaries

Joint venture companies

Joint ventures refer to companies in which Volvo Car Group, through contractual cooperation together with one or more parties, has a joint control over the operational and financial management

Western Europe

Norway, Denmark, Finland, Netherlands, Belgium, France, Spain, Italy, Germany, Switzerland, Austria, Ireland, UK, Greece and Portugal

Retail sales

Sales to end customer

Equity ratio

Total equity divided by total assets

Net Debt

Liabilities to credit institutions minus cash and cash equivalents and marketable securities

CONTACT

Nils Mösko

Vice President, Head of Investor Relations

+46-(0)31-59 22 55

nils.mosko@volvocars.com