VOLVO CAR GROUP

FINANCIAL REPORT

JAN–DEC 2013

NEW DRIVE-E ENGINES AND CONTINUED SUCCESS IN CHINA

THIS IS VOLVO CAR GROUP

Volvo Cars' history dates back to 1927 when the Swedish company Volvo Car Corporation was founded and the first Volvo car was launched. Volvo Cars is headquartered in Gothenburg (Sweden). Volvo cars are produced in factories in Torslanda (Sweden), Ghent (Belgium), Chengdu (China), Chonqing (China), and Kuala Lumpur (Malaysia). Since 2010 Volvo Cars is owned by Zhejiang Geely Holding Group (Geely). In 2013 around 2,300 Volvo dealers sold 427,840 cars in 100 countries around the world. As of December 2013, Volvo Car Group employed about 23,200 people.

THE TRANSFORMATION OF VOLVO CARS

Volvo Cars is going through a major transformation in line with the corporate and brand strategy "Designed Around You" which is all about the customer and a human centric focus. Designed Around You is the foundation of the corporate culture and the strategy sets the objectives for Volvo Cars to establish itself as a leading brand within the premium segment. With roots firmly based in its Swedish heritage, China is becoming the second home market of Volvo Cars with extensive commercial and industrial presence. Additionally, new vehicle and engine technology will serve the global market and ensure a premium customer experience based on safety, contemporary Scandinavian design, environmental care and clever functionality.

CORPORATE OBJECTIVES

- Provide cars people want
- Be a lean and nimble company
- Have a top tier premium auto brand perception
- Be the employer of choice

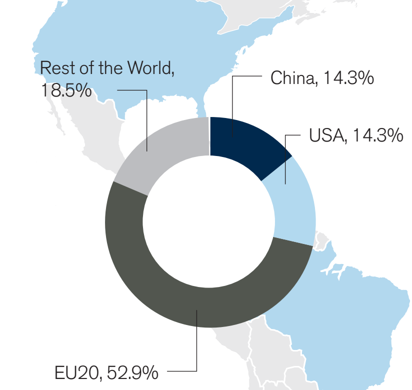
WHICH WILL LEAD TO

- Sales of over 800,000 vehicles globally
- Top car industry profitability

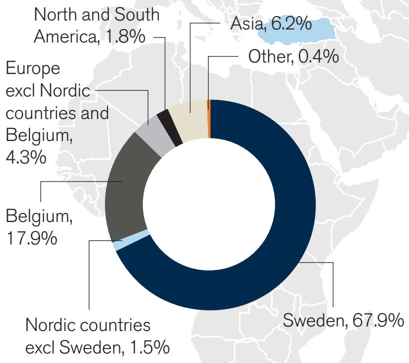
STRATEGIC CHANGE THEMES

- Emphasize profitability and efficiency
- Revitalize the Volvo brand with customer centricity throughout the value chain
- Reinforce our product strengths based on focused innovation, smart architecture and win-win collaboration
- Capture global growth and sourcing potential, leveraging the presence in China
- Secure profitable growth in core segments in Europe and North America
- Build a global organization with performance and health, able to act in a fast, smart and nimble way

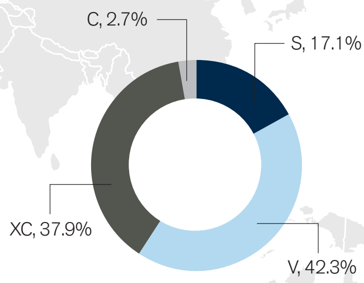
RETAIL SALES BY REGION (FY 2013)



AVERAGE NUMBER OF EMPLOYEES BY REGION (FY 2013)



MODELS BY RANGE (FY 2013)



HIGHLIGHTS 2013

SECOND HALF YEAR 2013 (H2 2012)

- Volvo Car Group made a profit for the second half year
- Revenue increased by 11.4 per cent to SEK 65,881 (59,136) million
- Operating income of SEK 2,496 (–283) million, with an operating margin of 3.8 (–0.5) per cent
- Net income for Volvo Car Group amounted to SEK 1,738 (–268) million
- Cash Flow from operating and investing activities was SEK 1,818 (–2,088) million
- Production of S60L started in Chengdu, China

RESULT – A STEP INTO THE RIGHT DIRECTION

Sales increased when the renewed models reached the markets in early summer of 2013. For the last six months of 2013, Volvo Car Group reported an operating income of SEK 2,496 million and a net income of SEK 1,738 million. The operating income was SEK 2,779 million higher than in the second half of 2012, primarily due to positive sales in China and a continued focus on cost. The market environment in the US remained challenging for Volvo Cars with decreasing sales.

FULL YEAR 2013 (FY 2012)

- Volvo Car Group turned a loss for the first half of 2013 into a full-year profit
- Revenue decreased by 1.9 per cent to SEK 122,245 (124,547) million
- Operating income was SEK 1,919 (66) million, with an operating margin of 1.6 (0.1) per cent
- Net income for Volvo Car Group was SEK 960 (–542) million
- Cash Flow from operating and investing activities was SEK 21 (–4,929) million
- Launch of six renewed models and Drive-E powertrains

2013 – THE TRANSFORMATION JOURNEY CONTINUES

In 2013, Volvo Cars continued its transformation journey and launched the biggest renewal of products in its history in the second quarter and the new Drive-E powertrains in quarter four. Volvo Car Group reported an operating income of SEK 1,919 (66) million, reaching a net income of SEK 960 (–542) million.

Volvo Cars reported retail sales of 427,840 (421,951) units for 2013, an increase of 1.4 per cent compared to 2012. Whereas the first half of the year was challenging, especially in Europe and the US, the second six months saw a turnaround in sales. The launch of the renewed model programme supported a positive sales development in several key European markets, as well as in China, which showed an impressive year-on-year growth of 45.6 per cent, growing to 61,146 (41,989) units. In quarter four, series production of the Volvo S60L started at the Chengdu plant.

The Concept Coupé made its debut in Frankfurt and has received a lot of positive attention for its elegant contemporary Scandinavian design.

CEO COMMENT

2013 was a year of which we can be proud. We were profitable, reporting an operating income of SEK 1,919 million, a significant improvement from the loss of SEK 577 million in the first half of the year. This is a good performance considering our first half and I would like to pay immediate tribute to all our employees who worked so hard to achieve this.

As I consider 2013, I would like to share some valuable observations I made during the year, as they feed directly into how Volvo Cars will continue to develop and grow in 2014.

The first is that our focus on cost in 2013 has been an essential factor in returning to profitability. We need this work to continue in order to improve efficiency and productivity. This focus on costs needs to be a natural and ongoing part of our culture. But profitability is a prerequisite for our future growth and I would like to emphasise that we will continue to focus on increasing revenues by manufacturing premium cars. Our strategy is one of growth.

I made another important observation in 2013 from the fact that China very nearly replaced the United States as Volvo Cars' largest market, with 61,146 cars sold. This was an increase of 45.6 per cent compared to 2012, driven by new products, increased marketing activities, expansion of the Chinese dealer network and – most of all – the excellent work of the team in China.

It is apparent that China is a crucial market and that our position with our owner is providing us with a deeper insight into the opportunities to be found in this huge market. This is illustrated by the start of production at the manufacturing plant in Chengdu, China, in November. Additionally, the engine plant in the Zhangjiakou joint venture commenced production of Volvo engines. This rapid build-up would not have been possible without support from our owner, Geely.

Last year, we managed a major renewal of our model range, which was an important factor behind the increase in sales in Europe during the second half of 2013, despite tough economic conditions.

These developments highlight an important fact – there is a very healthy appetite for new Volvo cars, which is reassuring considering the strong pipeline of new models we plan to launch later this year and thereafter.

This takes me to the United States, where Volvo Cars experienced a challenging year, even though it remained our largest market. Overall sales fell by 10.1 per cent to 61,233 cars compared to 2012, while demand for newer models stayed strong. With new management in place in the US, new models on the way and a renewed focus on the Volvo brand by our dealers, it is clear that we are committed to the market.

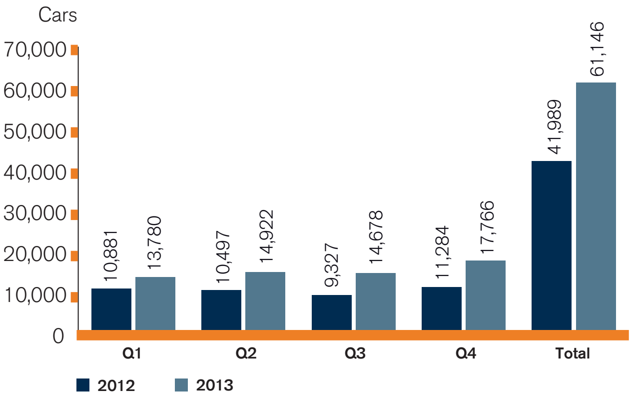
Innovation remained central to our journey in 2013 and provided some important insights into how we are going to develop in future.

Volvo Cars' new, highly-efficient, four-cylinder engine family 'Drive-E' was launched during the Frankfurt Motor Show in September. Drive-E engines provide an exciting driving experience while at the same time reducing fuel consumption and CO_2 emissions. They will replace all other Volvo engine families in the future and all are prepared for electrification.

I believe that the number of cylinders no longer matters when the same power as a six or eight cylinder engine can be derived from a four cylinder engine that is also much more environmentally friendly.

We are also committed to developing autonomous driving. In early December, Volvo Cars and the Swedish government announced a world-first in autonomous driving. From now until 2017 we will work towards having 100 self-driving Volvo cars use public roads in everyday driving conditions around the Swedish city of Gothenburg, the world's first large-scale autonomous driving pilot project.

CHINA SALES



MARKET SHARE SWEDEN

	2013, %	2012, %	Change, %-points
January–March	20.4	19.3	1.1
April–June	19.5	18.1	1.4
July–September	17.3	17.1	0.2
October–December	22.5	20.6	1.9
Full Year	20.0	18.9	1.1

Several Volvo models were recognized for their top safety levels in 2013. In September, the American Insurance Institute for Highway Safety (IIHS) introduced a new test programme that rates the performance of front crash prevention systems. Both the Volvo S60 and XC60 received the highest possible rating – 'Superior' – and Volvo Cars' City Safety was the only standard fitment low-speed crash prevention system in the test.

I am sure you will agree that these are significant achievements. I would like to conclude my remarks by providing a brief insight into the coming years at Volvo Cars.

First and foremost, we will stay profitable in 2014. The coming year will also be a year of growth, with a good five per cent increase in sales, characterised by a continued strong performance in China and a recovery in the US, our two largest markets.

Volvo Cars will in 2014 and thereafter introduce new technologies, a series of industry-leading innovations and launch the much-anticipated all new XC90, the first car to be built on the company's brand new, in-house developed SPA platform (Scalable Product Architecture). It will be the first Volvo production model to carry the company's new design language, successfully showcased in the critically-acclaimed Volvo concept cars. In China, Volvo Cars will build on the successful sales performance in 2013 and aim to continue its growth momentum. The first full year of local production of the S60L in the Chengdu manufacturing plant as well as a further expansion of the dealer network should support Volvo Cars' continued growth in China.

Much of the work that has been undertaken at Volvo Cars since being acquired by Geely in 2010 has been leading up to today. 2013 was an important step on this path, and it is essential that we do not rest on our laurels. The year was very challenging and required hard work. 2014 will be equally challenging and will require equally hard work. Yet I am convinced that we have the right strategy and the right people to take us forwards.

Gothenburg, March 21st, 2014

Håkan Samuelsson
President & CEO
Volvo Car Group

MARKET OVERVIEW

STRONG GROWTH IN CHINA AND MARKET LEADER POSITION IN SWEDEN

CAR INDUSTRY DEVELOPMENT

In 2013 the market development in the automotive sector was strong in China as well as in the US. China grew by 14.5 per cent compared to 2012, from 14,972 thousand units to 17,145 thousand units. The US market, characterised by high levels of discounts and competitive offers, increased by 8.4 per cent to 15,520 (14,313) thousand units.

The economies in Southern Europe contracted, whilst almost all of Central and Northern Europe saw weak, but positive growth. In Europe (EU20), where Volvo Cars has the majority of its sales volumes, the total car market declined by 2.1 per cent to 12,004 (12,265) thousand units in 2013. A positive exception was the UK, where the total car market grew by 10.8 per cent to 2,264 (2,045) thousand units.

VOLVO CARS RETAIL SALES

Volvo Cars reported retail sales for 2013 of 427,840 (421,951) units, an increase of 1.4 per cent following significant growth in China and flat sales in the mature European markets, partly offset by decreasing sales in the US. The Volvo XC60 was the best-selling model with 114,010 (106,203) sold units, followed by the V40. Sales for the V40 model reached sales volumes of 78,307 units, while the V40 Cross Country model recorded sales of 21,604 units.

The V40 and the V40 Cross Country recorded sales close to 100,000 units.

EUROPE (EU20)

In Europe (EU20), Volvo Cars reported sales of 226,095 (227,027) units, a decline of 0.4 per cent following a challenging market situation. In the home market of Sweden Volvo Cars grew its market share from 18.9 per cent in 2012 to 20.0 per cent, thereby securing its position as market leader. The V70 continued to be the best selling model in Sweden, followed by the V60.

In the Netherlands, positive sales driven by strong demand for the V60 Plug-in Hybrid and V40 were the base for increased market share to 5.5 (3.3) per cent. Volvo Cars sales in the Netherlands increased by 40.8 per cent, and the Netherlands is now Volvo's sixth largest market.

Overall, Volvo Cars' share of the European market was flat with 1.9 per cent.

UNITED STATES

In the US, Volvo Cars recorded sales of 61,233 (68,079) units for 2013, a decline of 10.1 per cent. A narrow customer offer and unfavourable exchange rates put significant pressure on volumes and margins for Volvo Cars. However, the S60 and the XC60 are performing well within their segments.

CHINA

In China, sales reached 61,146 (41,989) units in 2013, an increase of 45.6 per cent. Successful models in particular have been the XC60 and S60, which contributed to a great sales performance because of Volvo Cars' safety offer and premium cabin air quality. Volvo Cars gained market share in 2013 to 0.4 (0.3) per cent.

REST OF THE WORLD

In the remaining markets Volvo Cars sold 79,366 units, a decrease of 6.5 per cent compared to 2012 (84,856). Sales performance was affected by weaker demand for cars in markets such as Russia, which declined by 26.3 per cent to 15,017 (20,364) units. Japan, however, made an important contribution to Volvo Car Group's positive full-year result. Retail sales in Japan grew by 22.0 per cent to 16,897 (13,878) units in 2013, with the V40 and the V60 as the best-selling models.

The 60 cars are very successful in all markets with the XC60 continuously being Volvo Cars most sold model.

INDUSTRY DEVELOPMENT (TOTAL PASSENGER VEHICLES REGISTERED)[1]

’000	FY 2013	FY 2012	Change, %
China[2]	17,145	14,972	14.5
USA[2]	15,520	14,313	8.4
EU 20	12,004	12,265	−2.1
of which Sweden	270	280	−3.7
Rest of the World	17,489	17,676	−1.1

RETAIL SALES

Number of cars sold	FY 2013	FY 2012	Change, %
China	61,146	41,989	45.6
USA	61,233	68,079	−10.1
EU 20	226,095	227,027	−0.4
of which Sweden	52,260	51,832	0.8
Rest of the World	79,366	84,856	−6.5
TOTAL	**427,840**	**421,951**	**1.4**

MARKET SHARE[1]

%	FY 2013	FY 2012	Change, %-points
China[2]	0.36	0.33	0.03
USA[2]	0.40	0.47	−0.07
EU 20	1.90	1.87	0.03
of which Sweden	20.01	18.86	1.15
Rest of the World	0.33	0.35	−0.02

1) Source: Polk
2) Preliminary data for China and US

INNOVATION & PRODUCTION

CONTINUING SIGNIFICANT INVESTMENTS FOR THE FUTURE

In 2013, Volvo Car Group has continued to demonstrate its commitment to innovation and leadership in advanced technologies, and delivered significant progress on its transformation journey.

LAUNCH OF SIX RENEWED VOLVO MODELS AND DRIVE-E POWERTRAINS

At the Geneva Motor Show in March 2013, Volvo Cars showed no less than six renewed cars to the world: a major refresh of the S60, V60, XC60, V70, XC70 and S80. Volvo Cars also launched a V40 with a manual D2 Diesel powertrain with 115 horsepower (hp) and CO_2 emissions of only 88 g/km, which translates into fuel consumption of 3.4 l/100 km.

The Drive-E powertrains, showcased during the Frankfurt Motor Show in September are available in petrol and diesel versions and are currently offered in six Volvo models. Among the first Drive-E engines on the market was the D4, which in an S60 makes it the first car in the premium D-segment with CO_2 emissions under 100 g/km, delivering 181 hp.

SAFETY TECHNOLOGIES 2013

Throughout the year, Volvo Cars revealed a number of user-friendly safety and support technologies. In Geneva, Volvo Cars launched a world-first in automotive safety: Pedestrian and Cyclist Detection with full auto brake, a technology that detects and automatically brakes for cyclists swerving out in front of the car. Several Volvo models were recognized for their top safety levels in 2013. For instance, both, the Volvo S60 and XC60 received the highest rating from the American Insurance Institute for Highway Safety (IIHS) in a test of front crash prevention systems.

NEXT GENERATION SAFETY AND AUTONOMOUS DRIVING

In 2013, Volvo Cars demonstrated new technologies that will be introduced in the all-new Volvo XC90 at the end of 2014. Among the technologies shown was Pedestrian Detection in darkness, which makes the detection and auto brake technology work effectively also when driving in dusk or at night. The technology includes detection and auto brake for other vehicles, pedestrians and cyclists.

The XC90 can also be equipped with Adaptive Cruise Control with steering assistance. The feature helps the driver stay in the lane and follow the rhythm of the traffic by automatically following the vehicle ahead. Road edge and barrier detection, also with steer assist, will be introduced in future models produced on the SPA platform.

In the summer of 2013, Volvo Cars publicly demonstrated an ingenious autonomous parking concept. The smart, driverless car parks by itself as well as interacts safely with other cars and pedestrians in the car park. The autonomous parking technology will be part of the 'Drive Me' autonomous driving pilot project, which was announced in December 2013, and that takes place in Gothenburg in 2017. 'Drive Me' is a joint initiative between Volvo Cars and Swedish government authorities, in which 100 self-driving Volvo cars will use public roads in everyday driving conditions, in what will be the world's first large-scale autonomous driving pilot project.

NEW DESIGN LANGUAGE AND SPA POSSIBILITIES SHOWCASED IN VOLVO CONCEPT CARS

At the Frankfurt Motor Show (IAA), Volvo Cars displayed the Volvo Concept Coupé, which is the first of a series of three concept cars that reveal the design possibilities created by Volvo Cars' new SPA platform, on which the first new model to be launched is the XC90 in 2014. Inspired by contemporary, progressive Scandinavian lifestyle and design as well as iconic elements from the past, both the first and the second concept car – the Volvo XC Concept Coupé, shown in Detroit in January 2014 – generated a lot of positive attention in the media and won several awards.

The Concept XC Coupé is inspired by the design of modern sports equipment and demonstrates the safety capabilities of SPA.

MANUFACTURING PLANTS IN CHINA AND EUROPE

Starting production of Volvo cars in the plant in Chengdu was an important step and marks the next step in the implementation of the global growth strategy. The first car model produced in Chengdu is the Volvo S60L, a long wheel base version of the S60. Serial production started in quarter four, and around 700 cars were produced in 2013. Additionally, the engine plant in Zhangjiakou commenced production of Volvo engines, while work on the establishment of the vehicle manufacturing plant in Daqing continued.

As part of the significant investments in the SPA platform, construction of a new body shop in the Torslanda vehicle plant in Gothenburg, Sweden, was completed during the second half of 2013. In November, Volvo Cars' engine plant in Skövde, Sweden started the production of the Drive-E powertrain family, while in Ghent, Belgium, the fifth-millionth car for that plant – a V40 D2 – rolled off the assembly line.

FINANCIAL SUMMARY

A STEP INTO THE RIGHT DIRECTION

INCOME STATEMENT

In 2013, revenue for Volvo Car Group amounted to SEK 122,245 (124,547) million, a decrease of 1.9 per cent, mainly relating to lower wholesale volumes and to unfavourable exchange rate development, which were partly offset by a positive market and carline mix. Gross income increased by 1.8 per cent to SEK 20,311 (19,947) million.

During 2013, Volvo Car Group continued to have a strong focus on cost, contributing to an increase of the operating income to 1,919 (66) million resulting in an operating margin of 1.6 (0.1) per cent. EBITDA for the full year was SEK 9,826 (8,082) million and the EBITDA margin was 8.0 (6.5) per cent.

BALANCE SHEET

Intangible assets increased by SEK 1,605 million to SEK 17,271 (15,666) million related to product development. Accounts receivable increased by SEK 883 million to SEK 5,618 (4,735) million, mainly due to sales growth in China. Trade payables increased by SEK 1,006 million which is related to higher production at the end of 2013 compared with the same period 2012. Investments in associates increased by SEK 609 million to SEK 1,159 million, corresponding to the establishment of the joint venture companies in China.

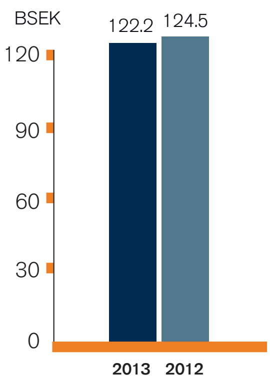
Total non-current liabilities amounted to SEK 24,108 (21,073) million. The provision for post employee benefits decreased from SEK 5,492 million to SEK 3,641 million, highly affected by change in the discount rate.

During 2013 Volvo Car Group's liabilities to financial institutions increased by SEK 5,486 million. In the first quarter, a loan from Swedish Export Credit of SEK 1,000 million and the second tranche of EUR 107 million of a China Development Bank (CDB) loan was drawn. During the autumn, CDB and Volvo Car Corporation agreed on a second loan of USD 800 million of which USD 466 million was drawn in the fourth quarter of 2013. A revolving credit facility with maturity in 2016 totalling EUR 360 million was put into place during 2013, and remained unutilized.

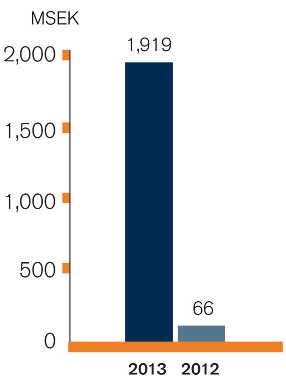
CASH FLOW

Cash flow from operating activities was positive with SEK 8,861 (2,749) million. This was SEK 6,112 million higher than in 2012, mainly due to the positive operating income and improved working capital development. Investments, mainly on product development, have increased compared to 2012. Cash flow from investing activities was SEK −8,840 (−7,678) million. Cash flow from operating and investing activities amounted to SEK 21 (−4,929) million and with increased financing activities throughout the year, cash flow for the period increased to SEK 5,786 (−4,473) million.

NET REVENUE



OPERATING INCOME



KEY FIGURES

	2013	2012
Retail sales	427,840	421,951
Wholesale	419,728	432,950
Net revenue, MSEK	122,245	124,547
Operating income (EBIT), MSEK	1,919	66
Net income, MSEK	960	−542
EBITDA, MSEK	9,826	8,082
Operating & Investing cash flow, MSEK	21	−4,929
Operating Margin (EBIT Margin)	1.6%	0.1%
Equity ratio	28.1%	28.5%

CONSOLIDATED INCOME STATEMENTS

SEK million	2013	2012
Net revenue	122,245	124,547
Cost of sales	−101,934	−104,600
Gross income	**20,311**	**19,947**
Research and development expenses	–5,864	–6,289
Selling expenses	–7,919	–8,642
Administrative expenses	–5,129	–5,192
Other operating income	1,509	1,032
Other operating expenses	–1,168	–814
Share of income in associates	179	24
Operating income	**1,919**	**66**
Financial income	87	120
Financial expenses	–874	–1,180
Income before tax	**1,132**	**–994**
Income tax	–172	452
Net income	**960**	**–542**
Net income attributable to		
Owners of the parent company	960	–592
Non-controlling interests	–	50
	960	**–542**

CONSOLIDATED COMPREHENSIVE INCOME

SEK million	2013	2012
Net income for the year	960	–542
Comprehensive income, net of income tax		
Items that will not be reclassified susequently to income statement:		
Remeasurements of provisions for post-employment benefits	1,735	–98
Items that may be reclassified subsequently to income statement:		
Translation difference on foreign operations	−160	–324
Translation difference of hedge instruments of net investments in foreign operations	−100	48
Change in cash flow hedge reserve	9	138
	1,484	**–236**
Total comprehensive income for the year	**2,444**	**–778**
Total comprehensive income attributable to		
Owners of the parent company	2,444	–828
Non–controlling interests	–	50
	2,444	**–778**

CONSOLIDATED BALANCE SHEETS

SEK million	Dec 31, 2013	Dec 31, 2012
ASSETS		
Non-current assets		
Intangible assets	17,271	15,666
Property, plant and equipment	25,653	25,654
Assets held under operating leases	4,145	3,542
Investments in associates	1,159	550
Other long-term securities holdings	10	10
Deferred tax assets	2,165	1,820
Other non-current assets	1,077	734
Total non-current assets	**51,480**	**47,976**
Current assets		
Inventories	12,161	11,812
Accounts receivable	5,618	4,735
Current tax assets	97	87
Other current assets	2,781	2,587
Marketable securities	88	–
Cash and cash equivalents	15,372	9,607
Total current assets	**36,117**	**28,828**
TOTAL ASSETS	**87,597**	**76,804**
EQUITY & LIABILITIES		
Equity		
Equity attributable to owners of the parent company	24,638	21,901
Total equity	**24,638**	**21,901**
Non-current liabilities		
Provisions for post-employment benefits	3,641	5,492
Deferred tax liabilities	1,759	1,556
Other non-current provisions	5,463	5,911
Liabilities to credit institutions	12,033	7,057
Other non-current liabilities	1,212	1,057
Total non-current liabilities	**24,108**	**21,073**
Current liabilities		
Current provisions	8,169	7,182
Liabilities to credit institutions	820	310
Advance payments from customers	317	187
Trade payables	13,632	12,626
Current tax liabilities	658	365
Other current liabilities	15,255	13,160
Total current liabilities	**38,851**	**33,830**
TOTAL EQUITY & LIABILITIES	**87,597**	**76,804**

CONSOLIDATED CASH FLOWS

SEK million	2013	2012
OPERATING ACTIVITIES		
Operating income	1,919	66
Depreciation and amortisation of non-current assets	7,907	8,016
Interest and similar items received	87	120
Interest and similar items paid	–433	–423
Other financial items	–80	–85
Income tax paid	–573	–928
Adjustments for items not affecting cash flow	–281	–410
	8,546	**6,356**
MOVEMENTS IN WORKING CAPITAL		
Change in inventories	–349	1,407
Change in accounts receivable	–883	–928
Change in accounts payable	1,006	–2,838
Change in items relating to repurchase commitments	–816	–1,132
Change in provisions	767	–858
Change in other working capital assets/liabilities	590	742
Cash flow from movements in working capital	**315**	**–3,607**
Cash flow from operating activities	**8,861**	**2,749**
INVESTING ACTIVITIES		
Investments in shares and participations	–520	–258
Investments in intangible assets	–4,188	–3,061
Disposal of intangible assets	500	–
Investments in property, plant and equipment	–4,714	–4,466
Disposal of property, plant and equipment	66	93
Investments in marketable securities	–88	–
Other	104	14
Cash flow from investing activities	**–8,840**	**–7,678**
Cash flow from operating and investing activities	**21**	**–4,929**
FINANCING ACTIVITIES		
Liabilities to credit institutions	5,336	8,063
Repayment of liabilities to credit institutions	–45	–7,251
Received shareholders contribution	293	–
Other	181	–356
Cash flow from financing activities	**5,765**	**456**
Cash flow for the year	**5,786**	**–4,473**
Cash and cash equivalents at beginning of year	**9,607**	**14,634**
Exchange difference on cash and cash equivalents	–21	–554
Cash and cash equivalents at end of year	**15,372**	**9,607**

INFORMATION AND CONTACT

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www.volvocars.com

ABOUT THIS REPORT

Volvo Car Group consists of Geely Sweden AB, Volvo Personvagnar AB (Volvo Car Corporation) and all subsidiaries in which Volvo Car Corporation holds a voting interest of more than 50 per cent or has the power to control, and joint venture companies, are hereinafter referred to as “Volvo Car Group”. 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, joint venture companies and affiliated companies, hereinafter referred to as “Volvo Cars”, operate in the automotive industry with business relating to the design, development, manufacturing, marketing and sales of cars. As the operational business is conducted in Volvo Cars, this report will refer to Volvo Cars when describing the business operation, and specifically refer to Volvo Car Group where relevant.

The manufacturing plant in Chengdu (China) is owned by Chinese subsidiaries of the parent company of the Volvo Car Group, Shanghai Geely Zhaoyuan International Investment Co. Ltd.. Volvo Cars operates and governs the operations of the Chengdu plant to ensure the same processes and quality demands as in the European facilities.

When communicating the business performance and financial reports, besides from the annual report, the half year consolidated financial report of Geely Sweden AB is used to represent the performance of the Volvo Car Group.

ACCOUNTING PRINCIPLES

Volvo Car Group is applying IFRS accounting principles. 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. As from January 1, 2013 Volvo Car Group applies the amendment to IAS 19 Employee Benefits and by that ceases to account for defined benefit obligations using the corridor method. Changes in the net defined benefit obligation or asset are instead recognised in the income statement and comprehensive income when they occur.

Please visit www.volvocars.com/financials to download material.

DEFINITIONS

Comparative figures:
The equivalent period is shown in brackets

Retail Sales:
Sales to end customers

Wholesales:
Sales to dealers

EU20:

Sweden
Norway
Denmark
Finland
The Netherlands
Belgium
Luxembourg
France
Spain
Italy
Greece
Portugal
The UK
Ireland
Germany
Switzerland
Austria
Poland
Hungary
The Czech Republic