Annual Report and Consolidated Financial Statements for the financial year 2009

The Board of Directors and the President of Volvo Treasury AB (publ), (556135-4449) hereby submit the following Annual Report and Consolidated Financial Statements.

Contents

Amounts are shown in millions of Swedish kronor (SEK M) unless otherwise stated. The preceding year's figures are shown in parentheses in the text.

Board of Directors' Report

Volvo Treasury AB (publ) is a wholly owned subsidiary of AB Volvo (publ) Göteborg (556012-5790). The Company is the Parent Company of Volvo Treasury Asia Ltd, which in turn is the Parent Company of Volvo Treasury Australia Pty Ltd.

Volvo Treasury is a unit within the AB Volvo Group that supports the Volvo companies with services related to treasury and cash management. All financial transactions with companies within the AB Volvo group are carried out on market terms. The Treasury group conducts most of the financial transactions of the Volvo Group. The group is responsible for all interest-bearing assets and liabilities as well as all foreign exchange and funding operations within the Volvo Group. Consolidated financial management offers better potential to utilize the Volvo Group's financial assets and cash flow and professionally manage risks related to financial management.

Treasury group operations are carried out according to centrally determined risk mandates and limits designed to minimize the currency, interest-rate, credit and liquidity risks to which the Group is exposed. Risks are followed up, monitored and recognized daily. Risk limits are set by AB Volvo, or in certain cases by the Board of Volvo Treasury AB, and are documented in the Company's risk manual. These risks and the manner in which they are managed are presented in more detail in Note 22, Financial risks and instruments.

Further description of financial risks and the manner in which the Volvo Group and the Volvo Treasury group manages them are presented in the Annual Report for AB Volvo.

Operations during 2009

Volvo Treasury Group – Summary

The Group's operating income by company is presented in the table below.

SEK M	**2009**	**2008**	**2007**	**2006**	**2005**
Volvo Treasury AB	-711.9	-99.8	111.8	307.4	243.2
Volvo Treasury Asia Ltd,	32.9	73.1	23.5	-0.8	-3.3
Eliminations	-	-	-	11.2	6.6
Group total	**-679.0**	**-26.7**	**135.3**	**317.8**	**246.5**

During the year, net lending to Group companies increased by about SEK 7.3 billion. During the preceding year, net lending increased by approximately SEK 40.9 billion.

Net interest expense for the year amounted to SEK -506.1 M, compared with income of SEK -136.3 M in the preceding year.

The increased credit expense for the Group's borrowing had a negative impact on income, primarily during the first quarter of 2009. In addition, the stronger krona had a negative effect on the consolidated foreign-exchange result. The earnings effect of the market measurement of derivatives in accordance with IAS39 including amortization of loan value adjustment amounted to SEK -401.8 M compared with SEK -448.9 M for the preceding year.

In 2009 shareholders' contribution was received from AB Volvo, SEK 10.0 billion.

Events after the close of the fiscal year

No events have occurred after the close of the fiscal year that have significantly affected the earnings or position of the Group or the Parent Company for the fiscal year 2009.

Proposed disposition of unappropriated earnings

The following earnings are at the disposal of the Annual General Meeting:

Retained earnings		14,091,150,618
Net income/loss		-522,144,345
	SEK	**13,569,006,273**

The Board of Directors and the President propose that the above sum be disposed of as follows:

Retained earnings to be carried forward	SEK	**13,569,006,273**

Consolidated income statements

	Note	2009	2008
Interest income	3	5,114.4	6,636.3
Interest expense	4	-5,157.2	-6,387.4
Financial instruments valued at fair value recognized in income statement	2	-512.7	-434.6
Amortization of loan value adjustment.		49.4	49.4
Net interest income		**-506.1**	**-136.3**
Net result of other financial transactions	22	-58.7	219.8
Gross income		**-564.8**	**83.5**
Administrative expenses	5, 24	-114.0	-110.2
Other operating expenses		-0.2	-
Operating income		**-679.0**	**-26.7**
Tax on income for the year	6, 7	180.1	16.7
Net income		**-498.9**	**-10.0**
Other comprehensive income			
Exchange-rate differences on translation of foreign operations		-11.3	40.4
Total comprehensive income for the year		**-510.2**	**30.4**
Total net income attributable to Parent Company shareholders		-498.9	-10.0
Total comprehensive income attributable to Parent Company shareholders		-510.2	30.4

Consolidated balance sheets

	Note	Dec. 31, 2009	Dec. 31, 2008
ASSETS			
Non-current assets			
Intangible assets			
Software development	8	5.9	-
Tangible assets			
Equipment	9	2.0	2.8
Financial assets			
Receivables from Group companies (within the Volvo Group)		30,331.6	47,278.4
Other long term receivables	11	1,739.2	1,763.9
Total financial assets		**32,070.8**	**49,042.3**
Total non-current assets		**32,078.7**	**49,045.1**
Current assets			
Current receivables			
Receivables from Group companies (within the Volvo Group)		96,485.3	98,760.5
Other current receivables	12	3,019.4	8,558.4
Total current receivables		**99,504.7**	**107,318.9**
Marketable securities	13	**15,386.9**	**5,376.2**
Cash and cash equivalents	14	**9,961.8**	**8,186.2**
Total current assets		**124,853.4**	**120,881.3**
TOTAL ASSETS		**156,932.1**	**169,926.4**

SHAREHOLDERS' EQUITY AND LIABILITIES

	Note	Dec. 31, 2009	Dec. 31, 2008
Shareholders' equity			
Share capital		500.0	500.0
Reserves		46.7	58.0
Retained earnings		14,226.6	3,671.1
Net income for the period		-498.9	-10.0
Total shareholders' equity		**14,274.4**	**4,219.1**
Non-current liabilities	17		
Bond loans		49,191.3	35,797.9
Other liabilities to credit institutions		36,433.9	34,869.3
Liabilities to Group companies (within the Volvo Group)		66.5	56.6
Provision for post-employment benefits	16	4.4	2.8
Total non-current liabilities		**85,696.1**	**70,726.6**
Current liabilities			
Liabilities to credit institutions	18	32,307.8	39,633.2
Accounts payable – trade		4.5	2.5
Liabilities to Group companies (within the Volvo Group)		21,195.9	47,753.5
Other current liabilities	19	3,453.4	7,591.5
Total current liabilities		**56,961.6**	**94,980.7**
Total shareholders' equity and liabilities		**156,932.1**	**169,926.4**
Pledged assets	20	76,1	97,0
Contingent liabilities	21	560,1	851,9

CHANGE IN SHAREHOLDERS' EQUITY

Group	**Note**	**Share capital**	**Reserves (Translation differences)**	**Retained earnings**	**Total share-holders' equity**
Balance at December 31, 2007		**500.0**	**17.6**	**3,567.4**	**4,085.0**
Net income for the year		-	-	-10.0	-10.0
Other comprehensive income					
Translation differences		-	40.4	-	40.4
Total comprehensive income for the year			***40.4***	***-10.0***	***30.4***
Transactions with shareholders					
Group contributions granted and received	15	-	-	144.0	144.0
Tax effect of Group contributions granted and received		-	-	-40.3	-40.3
Transactions with shareholders		-	-	***103.7***	***103.7***
Balance at December 31, 2008		**500.0**	**58.0**	**3,661.1**	**4,219.1**
Net income for the year		-	-	-498.9	-498.9
Other comprehensive income					
Translation differences		-	-11.3	-	-11.3
Total comprehensive income for the year			***-11.3***	***-498.9***	***-510.2***
Transactions with shareholders					
Group contributions granted and received	15	-	-	767.0	767.0
Tax effect of Group contributions granted and received		-	-	-201.5	-201.5
Contribution from shareholders received		-	-	10,000.0	10,000.0
Total transactions with shareholders		-	-	***10,565.5***	***10,565.5***
Balance at December 31, 2009		**500.0**	**46.7**	**13,727.7**	**14,274.4**

Parent Company	**Note**	**Share capital**	**Legal reserves**	**Unrestricted equity**	**Total share-holders' equity**
Balance at December 31, 2007		**500.0**	**100.0**	**3,497.7**	**4,097.7**
Net income for the year		-	-	-75.8	-75.8
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	***-75.8***	***-75.8***
Total transactions with shareholders					
Group contributions granted and received	15	-	-	144.0	144.0
Tax effect of Group contributions granted and received		-	-	-40.3	-40.3
Transactions with shareholders		-	-	***103.7***	***103.7***
Balance at December 31, 2008		**500.0**	**100.0**	**3,525.6**	**4,125.6**
Net income for the year		-	-	-522.1	-522.1
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	***-522.1***	***-522.1***
Transactions with shareholders					
Group contributions granted and received	15	-	-	767.0	767.0
Tax effect of Group contributions granted and received		-	-	-201.5	-201.5
Contribution from shareholders received		-	-	10,000.0	10,000.0
Total transactions with shareholders		-	-	***10,565.5***	***10,565.5***
Balance at December 31, 2009		**500.0**	**100.0**	**13,569.0**	**14,169.0**

Cash-flow statements

	Group		Parent Company	
	2009	**2008**	**2009**	**2008**
ACTIVITIES DURING THE YEAR				
Interest received	5,236.1	6,576.0	5,166.3	6,554.1
Interest paid	-5,115.2	-6,075.1	-5,101.9	-6,063.7
Other financial transactions	-58.6	219.8	-73.9	210.9
Income taxes paid	-77.9	-43.7	-63.2	-39.3
Payments to suppliers and employees	-101.5	-106.6	-87.0	-93.7
	-117.1	**570.4**	**-159.7**	**568.3**
Increase (-)/decrease (+) in short-term marketable securities	-10,019.7	10,914.3	-10,019.7	10,914.3
Increase (-)/decrease (+) in current receivables	76.0	111.1	11.9	6.6
Increase (+)/decrease (-) in current liabilities	1,668.5	52.4	1,671.9	-30.5
Increase (-)/decrease (+) in lending to Group companies	14,867.7	-15,064.7	13,189.1	-17,068.3
Increase (+)/decrease (-) borrowing from Group companies	-28,420.4	-12,501.1	-26,645.2	-6,395.7
Increase (-)/decrease (+) in long-term receivables	-1.0	22.9	-0.6	0.3
Cash flow from operating activities	**-21,946.0**	**-15,894.7**	**-21,952.3**	**-12,005.0**
Software development	-6.8	-	-6.8	-
Cash flow from investing activities	**-6.8**	**-**	**-6.8**	**-**
Group contributions received(+)/granted(-)	103.7	-25.9	103.7	-25.9
Shareholders’ contribution received	10,000.0	-	10,000.0	-
Issue of interest-bearing securities	86,390.8	50,534.4	86,387.7	50,545.2
Repayment of interest-bearing securities	-81,976.7	-50,057.6	-81,976.7	-50,057.6
Increase in other borrowing	8,807.4	18,897.1	8,793.5	15,058.1
Decrease in other borrowing	-71.4	-	-71.4	-
Cash flow from financing activities	**23,253.8**	**19,348.0**	**23,236.8**	**15,519.8**
Cash flow during the year	1,301.0	3,453.3	1,277.7	3,514.8
Cash and cash equivalents, January 1	8,186.2	5,236.5	8,161.7	5,150.1
Exchange-rate differences in cash and cash equivalents	474.5	-503.6	472.4	-503.2
Cash and cash equivalents, December 31	**9,961.8**	**8,186.2**	**9,911.7**	**8,161.7**

Parent Company income statements

	Note	2009	2008
Interest income	3	5,101.1	6,625.5
Interest expense	4	-5,205.5	-6,389.6
Financial instruments valued at fair value recognized in income statement	2	-484.1	-500.4
Amortization of loan value adjustment		49.5	49.5
Net interest income		**-539.0**	**-215.0**
Net result of other financial transactions	22	-73.9	210.9
Gross income		**-612.9**	**-4.1**
Administrative expenses	5, 24	-95.3	-100.8
Other operating expenses		-0.2	-
Operating income		**-708.4**	**-104.9**
Tax on income for the year	6	186.3	29.1
Net income		**-522.1**	**-75.8**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**-522.1**	**-75.8**

Parent Company balance sheets

	Note	Dec. 31, 2009	Dec. 31, 2008
ASSETS			
Non-current assets			
Intangible assets			
Software development	8	5.9	-
Tangible assets			
Equipment	9	1.0	1.3
Financial assets			
Participations in subsidiaries	10	224.6	224.6
Receivables from Group companies (within the Volvo Group)		30,278.5	47,124.5
Other long-term receivables	11	1,668.7	1,660.0
Total financial assets		**32,171.8**	**49,009.1**
Total non-current assets		**32,178.7**	**49,010.4**
Current assets			
Current receivables			
Receivables from Group companies (within the Volvo Group)		96,357.5	98,765.0
Other current receivables	12	2,842.8	8,338.1
Total current receivables		**99,200.3**	**107,103.1**
Marketable securities	13	**15,386.9**	**5,376.2**
Cash and cash equivalents	14	**9,911.7**	**8,161.7**
Total current assets		**124,498.9**	**120,641.0**
TOTAL ASSETS		**156,677.6**	**169,651.4**

SHAREHOLDERS' EQUITY AND LIABILITIES

	Note	Dec. 31, 2009	Dec. 31, 2008
Shareholders' equity			
Restricted equity			
Share capital (5,000,000 Series A shares, par value SEK 100)		500.0	500.0
Legal reserves		100.0	100.0
Total restricted equity		**600.0**	**600.0**
Unrestricted equity			
Retained earnings brought forward		14,091.1	3,601.4
Net income		-522.1	-75.8
Total unrestricted equity		**13,569.0**	**3,525.6**
Total shareholders' equity		**14,169.0**	**4,125.6**
Non-current liabilities	17		
Bond loans		49,191.3	35,797.9
Liabilities to credit institutions		28,686.9	25,448.8
Liabilities to Group companies (within the Volvo Group)		7,742.9	9,467.9
Pension commitments	16	5.1	6.3
Total non-current liabilities		**85,626.2**	**70,720.9**
Current liabilities			
Liabilities to credit institutions	18	31,267.9	39,631.7
Accounts payable – trade		4.5	2.5
Liabilities to Group companies (within the Volvo Group)		22,308.3	47,754.0
Other current liabilities	19	3,301.7	7,416.7
Total current liabilities		**56,882.4**	**94,804.9**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**156,677.6**	**169,651.4**
Pledged assets	20	76,1	97,0
Contingent liabilities	21	560,1	851,9

Notes to the Financial Statements, Group and Parent Company

Note 1 Accounting and valuation policies

The consolidated financial statements for Volvo Treasury AB and its subsidiary (Volvo Treasury) have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the EU. This annual report is prepared in accordance with IAS 1, Presentation of Financial Statements, and in accordance with the Swedish Companies Act. The income statement has been adapted to provide a relevant presentation of the results of the operations. In addition, RFR 1.2 Supplementary Rules for Groups, has been applied, issued by the Swedish Financial Reporting Board.

In the preparation of these financial statements, the company management has made certain estimates and assumptions that affect the value of assets and liabilities as well as contingent liabilities at the balance sheet date. Recognized amounts for income and expenses in the reporting period are also affected. The actual future outcome of certain transactions may differ from the estimated outcome when these financial statements were prepared. Any such differences will affect the financial statements for future fiscal periods.

Consolidated financial statements
The consolidated financial statements comprise the Parent Company and subsidiaries in which Volvo Treasury AB holds more than 50% of the voting rights or in which Volvo Treasury otherwise has a controlling influence.

The consolidated financial statements have been prepared in accordance with the policies set forth in IAS 27, Consolidated and separate financial statements. Accordingly, intra-Group transactions are eliminated. All business combinations are accounted for in accordance with the purchase method.

Reporting of company acquisitions is in accordance with IFRS 3 Business Combinations. The acquisition method prescribed in IFRS 3 requires a detailed acquisition analysis in which all assets and liabilities are valued at fair value at the date of acquisition. In accordance with the transition rules in IFRS 1, the Company has chosen not to restate earlier acquisitions prior to the transition date of January 1, 2004 to IFRS. No new acquisitions were made after January 1, 2004.

Translation to Swedish kronor of foreign companies
Volvo Treasury AB’s functional currency is Swedish kronor. All reporting in Group companies for Group purposes is made in the currency where the company has the majority of its revenues and expenses – normally the currency of the country where the company is located. Volvo Treasury AB’s functional currency and the Volvo Treasury Group's reporting currency is Swedish kronor. In preparing the consolidated financial statements, all items in the income statements of foreign subsidiaries are translated to Swedish kronor at the average exchange rates during the year (average rate). All balance sheet items are translated at exchange rates at the respective year-ends (year-end rate). The differences in consolidated shareholders’ equity arising as a result of variations between year-end exchange rates are charged or credited directly to shareholders’ equity in the “provisions” category.

The exchange rates used in the consolidated financial statements are as follows:

Country	Currency	Average rate 2009	Average rate 2008	As per Dec. 31 2009	2008
Singapore	1 SGD	5,25084	4.63887	5.135	5.375

Reporting of financial assets and liabilities
Financial assets managed within the framework of IAS 39 are classified either as:

- Financial assets valued at fair value recognized in income statement. Valued at fair value
- Loan receivables and accounts receivable. Valued at amortized cost less any impairment, if applicable, which is recognized in profit and loss.
- Financial assets available for sale. Valued at fair value with value change recognized in shareholders' equity to the extent that the decline in value is not significant or has been in effect for a lengthy period, which is recognized in profit and loss.

Financial transactions are recognized in the balance sheet on the settlement date, and subsequent re-valuation between the contract date and the settlement date is recognized in profit and loss.

Financial liabilities are recognized at their amortized cost. Volvo Treasury reports derivatives with negative values in the category Financial liabilities valued at fair value recognized in profit and loss. Transaction costs in connection with raising financial liabilities are amortized over the financial loan's duration as a financial expense using the effective interest method.

Volvo Treasury reports marketable securities and derivatives in the category that is valued at fair value recognized in profit and loss.

Loan receivables are recognized at their amortized cost using the effective interest method.

In calculating the fair values of financial instruments, Volvo Treasury has primarily used official rates or prices quoted on the capital markets. In their absence, the valuation has been made by discounting future cash flows at the market interest rate for each maturity.

Financial assets are derecognized from the balance sheet once essentially all risks and benefits have been transferred to an external party or when the receivable has been paid. Financial liabilities are derecognized from the balance sheet when they have been extinguished – that is, when the obligation has been met, annulled or has ceased to exist.

Receivables and liabilities in foreign currency
In the individual Group companies as well as in the consolidated accounts, receivables and liabilities in foreign currency are valued at the balance-sheet date exchange rates. Translation differences arising in financial assets and liabilities are recognized on the line Results of other financial transactions

Currency-related derivatives contracts are valued at the closing rate, whereby unrealized exchange-rate gains are recognized as current receivables and unrealized exchange-rate losses are recognized as current liabilities if they are attributable to short-term contracts. Unrealized exchange-rate gains are recognized as long-term receivables and unrealized exchange-rate losses are recognized as long-term liabilities if they are attributable to long-term contracts. The effect of re-evaluation on earnings is recognized on the line Results of other financial transactions.

Interest income, interest expense and financial instruments valued at fair value recognized in profit and loss and amortization of loan value adjustment

Interest income includes accrued and realized interest on interest-bearing assets and marketable securities. Interest expenses include accrued and realized interest on interest-bearing liabilities.

Financial instruments valued at fair value recognized in profit and loss include realized and unrealized interest income/expenses pertaining to short-term investments and derivatives contracts held to hedge interest-bearing assets and investments, loan receivables and financial liabilities. Amortization of loan value adjustment is attributable to the transitional effect booked for loans involved in hedging relationships, in accordance with Swedish GAAP as at January 1, 2005, when IAS 39 was applied for the first time.

Hedge accounting

Derivatives are initially recognized at fair value on the balance-sheet date and are subsequently re-stated at their fair value. The method of recognizing the resulting gain or loss at revaluation depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Certain derivatives have been designated as hedges of the fair value of recognized liabilities (fair value hedge).

At the inception of the transaction, the relationship between hedging instruments and hedged items is documented, as well as its risk management objectives and strategy for undertaking various hedging transactions. The assessment is also documented, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

See Note 22 for further description of fair value of derivatives that are being used for hedging. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Fair value hedge

Changes in the fair value of derivatives that are formally designated and qualify as fair value hedges are recognized in profit and loss, together with any changes in the fair value of the hedged liability that is attributable to the hedged risk. Fair value hedge accounting is only applied for hedging fixed-interest risk on borrowings. The gain or loss relating to the effective portion, as well as the ineffective portion, of interest-rate swaps hedging fixed-rate borrowings is recognized in profit and loss within “Financial instruments valued at fair value recognized in income statement.” Changes in the fair value of the hedge fixed-rate borrowings attributable to interest rate risk are also recognized in profit and loss within “Financial instruments valued at fair value recognized in income statement.” If a hedge no longer meets the criteria for hedge accounting, the adjustment in the carrying amount for a hedge item is distributed in profit and loss over the remaining term.

Under the more complex rules in IAS39, Volvo Treasury has chosen to apply hedge accounting for financial instruments used to hedge interest and currency risks on loans only for cases when it, after an individual assessment, is considered adequate from a risk-perspective. For cases in which hedge accounting is not applied, unrealized gains and losses up to the maturity date of the financial instrument will be charged to profit and loss. Refer to Note 22 for further description of financial risks and instruments.

Valuation, depreciation, amortization and impairments of intangible and tangible fixed assets
Volvo Treasury reports intangible and tangible fixed assets at cost, less depreciation. Depreciation is based on the historical cost of the assets, adjusted in appropriate cases by impairments, and estimated useful lives.

Depreciation periods
Software development 5 years
Equipment 5 years

Pensions and similar obligations (Post-employment benefits)
Volvo Treasury applies IAS 19, Employee Benefits, for pensions and similar obligations. In accordance with IAS 19, actuarial calculations should be made for all defined-benefit plans in order to determine the present value of obligations for benefits unvested by its current and former employees. The actuarial calculations are prepared annually and are based upon actuarial assumptions that are determined close to the balance sheet date each year. Changes in the present value of obligations due to revised actuarial assumptions are treated as actuarial gains or losses which are amortized over the employees' average remaining service period to the extent these exceed the corridor value for each plan. Deviations between expected return on plan assets and actual return are treated as actuarial gains or losses. Provisions for post-employment benefits in Volvo Treasury's balance sheet correspond to the present value of obligations at the balance-sheet date, less fair value of plan assets, unrecognized actuarial gains or losses and unrecognized unvested past service costs. The corridor value limit is set as the highest of 10% of the present value of the obligation at the beginning of the period or 10% of the asset's fair value at the beginning of the period.

In accordance with the IFRS transitional rules, the carrying amount of the liability is determined at January 1, 2004 in accordance with IAS 19 and the actuarial gains and losses set at zero. As a supplement to IAS 19, Volvo Treasury applies UFR 4 Reporting of special employer's contribution and tax on returns, in accordance with the recommendation from the Swedish Financial Accounting Standards Council, in calculating the Swedish pension liabilities.

For defined-contribution plans, premiums are expensed as incurred.

Income taxes
Tax on income for the year comprises current and deferred tax. Taxes are recognized in profit and loss, except when the tax relates to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income and shareholders' equity.

Tax legislation in Sweden and other countries sometimes contains rules other than those identified with generally accepted accounting policies, and which pertain to the timing of taxation and measurement of certain commercial transactions. Deferred taxes are provided for on differences that arise between the taxable value and recognized value of assets and liabilities (temporary differences) as well as on tax-loss carryforwards. However, with regards to the valuation of deferred tax assets, that is, the value of future tax reductions, these items are recognized provided that it is probable that the amounts can be utilized against future taxable income.

Group contributions
Under certain circumstances, profits may be transferred in the form of Group contributions between companies within the same group. Contributions paid are normally a tax-deductible cost for the giver and taxable income for the receiver.

Group contributions are recognized in accordance with UFR 2, Group contributions and shareholders' contributions, whereby Group contributions are recognized directly in shareholders' equity. The tax effect of Group contributions paid and received is also recognized directly in shareholders' equity.

Cash-flow statement
The cash-flow statement is prepared in accordance with IAS 7. Cash-flow statement, direct method. The cash-flow statements of foreign Group companies are translated at the average rate.

Cash and cash equivalents include cash, bank balances and parts of marketable securities, with date of maturity within three months from the time of investment. Marketable securities comprise interest-bearing securities, the majority of which with terms exceeding three months. However, these securities have high liquidity and can easily be converted to cash. In accordance with IAS 7, certain investments in marketable securities are excluded from the definition of cash and cash equivalents if the date of maturity of such instruments is later than three months after the investment was made.

Segment reporting
Volvo Treasury's operations are conducted within a single line of business and consequently do not give rise to segment reporting. Geographically, the operations are conducted primarily within two segments – Sweden and Singapore. Since the operations in Singapore are limited in scope, segment reporting as per IFRS 8, Operating Segments, is not applied. The Parent Company represents the Swedish operations. The difference between the Group and the Parent Company primarily comprises the Singapore operations.

Share-related payments
Volvo Treasury AB's President is included in incentive programs of the Volvo Group. The President is currently included in one program. The details of this program are presented in Note 34 of the AB Volvo Annual Report. The cost of this program, based on the actual value of the benefit at the time of its allotment, is recognized in accordance with IFRS 2 during the vesting period and is charged to profit and loss through offset accounting in shareholders' equity within the category of retained earnings for programs to be settled with shares, which is the case for the program in which the Company's President participates. In addition to the cost of the program, the cost of social security contributions is also charged to the Company.

New accounting policies in 2009
The following new accounting policies are effective from January 1, 2009 and have been applied by Volvo Treasury unless stated otherwise:

IAS 1 amendment Presentation of financial statements
The amendment concerns the form of presentation of financial position, comprehensive income and cash flow and contains a requirement for statement of comprehensive income. Volvo Treasury has included statements of comprehensive income in the financial statements in 2009. Otherwise, the amendment has not had a significant impact on the Group's financial statements.

IFRS 7 amendment Financial instruments: Disclosures
The amendment requires enhanced disclosures about fair value measurements and liquidity risk. See note 22 for the disclosures of Volvo Treasury.

IFRS 8 Operating segments
The standard addresses the distribution of the company's operations in different segments. Volvo Treasury's operations are conducted within a single line of business and consequently do not give rise to segment reporting. Geographically, the operations are conducted primarily within two segments – Sweden and Singapore. Since the operations in Singapore are limited in scope, segment reporting is not applied. The adoption of IFRS 8 has therefore not had an impact on the Group's financial statements during the year.

In addition to the above-mentioned, the below amendments to standards and new interpretations from IFRIC have been applicable for Volvo Treasury from January 1, 2009, but have not had a significant impact on the Group's financial statements during the year.

- IFRS 2 amendment Share-based payments: Vesting conditions and cancellations
- IFRIC 9 and IAS 39 amendment Embedded derivatives
- Annual improvements

New accounting policies 2010 and later
When preparing the consolidated accounts as of December 31, 2009, a number of standards and interpretations have been published, but have not yet become effective. The following is a preliminary assessment of the effect that the implementation of these standards and statements could have on Volvo Treasury's financial statements.

IFRS 9 Financial instruments
IFRS 9 Financial instruments have been published in three parts: Classification and Measurement, Impairment and Hedge accounting, which will replace IAS 39 with effective date January 1, 2013. Earlier adoption is permitted given EU endorsement. The objective of this IFRS is to establish policies for the financial reporting of financial assets that will present more relevant and useful information to users of financial statements of their assessment of the amounts, timing and uncertainty of the entity's future cash flows. Volvo Treasury has not yet evaluated the impact of this new standard.

In addition to the above-mentioned, the below amendments to standards are applicable for Volvo Treasury from January 1, 2010 or later, but are not expected to have a significant impact on the Group's financial statements.

- IAS 39 amendment Financial instruments: Recognition and Measurement: Eligible Hedged items
- Annual improvements

Parent Company
The Parent Company applies the Annual Accounts Act and RFR 2.2 Accounting for legal entities. The standard means that legal entities whose securities on the closing date are listed on a Swedish stock exchange or other authorized marketplace as main rule shall apply the IFRS/IAS as applied in the consolidated accounts.

Volvo Treasury has adopted IAS 19 Employee Benefits in its financial reporting for the Group. The Parent Company still applies the policies of FAR SRS RedR 4 recommendation, Accounting of pensions liabilities and pension costs, as in prior years. Consequently, there are differences between Volvo Treasury Group and the Parent Company in the accounting for defined-benefit pension plans as well as in valuation of plan assets invested in the Volvo Pension Foundation.

Note 2 - Key sources of estimation uncertainty

Key sources of estimation uncertainty

Volvo Treasury's significant accounting policies are set out in Note 1, Accounting Policies and conform to IFRS as adopted by the EU. The preparation of Volvo Treasury's consolidated financial statements requires the use of estimates, judgments and assumptions that affect the recognized amounts of assets, liabilities and provisions at the date of the financial statements. In preparing these financial statements, Volvo Treasury's management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The application of the accounting policies involves the exercise of judgment and use of assumptions as future uncertainties and, as a result, actual results could differ from these estimates. In accordance with IAS 1, preparers are required to provide additional disclosure of accounting policies in which estimates, judgments and assumptions are particularly sensitive and which, if actual results are different, may have a material impact on the financial statements. The accounting policies applied by Volvo Treasury that are deemed to meet these criteria are discussed below.

Valuation of financial instruments

As presented in Note 1, Volvo Treasury applies IAS 39. Financial Instruments: Recognition and Measurement. In accordance with this standard all derivatives shall be recognized at fair value in the balance sheet. In establishing the fair values of financial instruments, Volvo Treasury has primarily used official rates or prices quoted on the capital markets. In their absence, the valuation has been made by discounting future cash flows at the market interest rate for each maturity. All recognized fair values are calculated values that will not necessarily be realized. The policy for matching of assets and liabilities and how derivatives are used and the sensitivity analyses in changes in the interest rates on the Company's cash and cash equivalents and liabilities for the Volvo's Group's industrial segment are shown in Note 22. Assets and liabilities received for the Volvo Group's customer financing segment are matched, whereby the effects of changes in interest and currency rates do not have any significant effect on the Company's net financial position.

Pensions and other post-employment benefits

Provisions and costs for post-employment benefits, i.e., mainly pensions and health-care benefits, are dependent on assumptions used by actuaries in calculating such amounts. The appropriate assumptions and actuarial calculations are made separately for each population in the respective countries of Volvo's operations. The assumptions include discount rates, health care cost trends, inflation, salary growth, long-term return on plan assets, retirement rates, mortality rates and other factors. The actuarial assumptions are reviewed on an annual basis and modifications are made to them when it is deemed appropriate to do so. The Volvo Treasury Group is included in this annual review. Actual results that differ from management's assumptions are accumulated and amortized over future periods.

Note 3 Interest income

	Group		Parent Company	
	2009	**2008**	**2009**	**2008**
Interest	5,114.4	6,636.3	5,101.1	6,625.5
Total	**5,114.4**	**6,636.3**	**5,101.1**	**6,625.5**
Of which, Volvo Group companies				
Interest	4,875.0	5,690.3	4,863.5	5,682.5
Total	**4,875.0**	**5,690.3**	**4,863.5**	**5,682.5**

Note 4 Interest expense

	Group		Parent Company	
	2009	**2008**	**2009**	**2008**
Interest	5,157.2	6,387.4	5,205.5	6,389.6
Total	**5,157.2**	**6,387.4**	**5,205.5**	**6,389.6**
Of which, Volvo Group companies				
Interest	448.2	2,395.4	662.6	2,611.1
Total	**448.2**	**2,395.4**	**662.6**	**2,611.1**

Note 5 Administrative expenses

Wages, salaries, other remuneration and social costs

	2009 Wages, salaries and other remuneration	Social costs (of which, pension costs)		2008 Wages, salaries and other remuneration	Social costs (of which, pension costs)	
Parent Company	34.2	19.5	(12.5)	35.5	20.0	(12.6)
Subsidiaries	6.3	0.8	(0.8)	5.4	1.2	(1.2)
Group	**40.5**	**20.3**	**(13.3)**	**40.9**	**21.2**	**(13.8)**

Of the Parent Company’s pension costs, 1.6 (1.5) pertains to the Board and President. The corresponding amounts for the Group are 1.8 (2.2).

The cost of non-monetary benefits in the Group amounted to 3.6 (4.7), of which benefits to the Board of Directors and the President amounted to 1.1 (1.7). The cost of non-monetary benefits in the Parent Company amounted to 1.2 (1.7), of which benefits to the Board of Directors and the President amounted to 0.2 (0.3).

Since 2004, the Volvo Group has an annual share-based incentive program, approved by the Annual General Meeting. The Board considers that it is in the company’s own interest that the senior executives are given personal incentives that are based on the fulfillment of certain financial goals for the Group. The Annual General Meeting in 2006 approved that 2,000 shares were allotted to Volvo Treasury AB’s President in March 2007. The 2007 Annual General Meeting allotted 10,000 shares in February 2008. In accordance with a decision at the 2008 Annual General Meeting, 333 shares were allotted in March 2009. In 2009, the Annual General Meeting resolved on a similar share-based incentive program with allotment in 2010. The financial targets established as the terms for the allotment of shares in the program were not achieved and, accordingly, no allotment occurred. The cost for the 2007/2008 and 2008/2009 share-related incentives programs amounted to SEK 1.0 M and SEK 0.0 M, respectively. These costs are recognized in accordance with IFRS 2. Details relating to these programs are presented in Note 34 of the AB Volvo 2009 Annual Report.

Wages, salaries and other remuneration by country and among Board members, etc, and other employees:

	2009 Board of Directors and President (of which bonuses, etc.)		2009 Other employees	2008 Board of Directors and President (of which bonuses, etc.)		2008 Other employees
Parent Company						
Sweden	3.6	(0.0)	30.6	4.5	(1.1)	31.0
Total in Parent Company	3.6	(0.0)	30.6	4.5	(1.1)	31.0
Subsidiaries, outside Sweden						
Singapore	1.6	(0.5)	4.7	1.3	(0.4)	4.1
Total in subsidiaries	1.6	(0.5)	4.7	1.3	(0.4)	4.1
Group total	**5.2**	**(0.5)**	**35.3**	**5.8**	**(1.5)**	**35.1**

In accordance with a resolution adopted at the Annual General Meeting 2009, no fees should be paid to the Board of Directors. Accordingly, wages, salaries and other remuneration to the Board of Directors and the President of the Parent Company relate in their entirety to the President.

The Company's President has a notice of termination of six months on his own accord. The President has a 12-month notice of termination from Volvo Treasury AB, and thereafter the right to severance pay corresponding to 12 months.

Depreciation

Depreciation of tangible and intangible fixed assets amounted to 1.6 (0.7) in the Group and to 1.2 (0.3) in the Parent Company.

Fees and compensation for costs

Audit assignments involve examination of the annual report and financial accounting and the administration of the Board of Directors and President, other tasks related to the duties of a company auditor and consultation or other services that may result from observations noted during such examination or implementation of such other tasks. All other work is defined as "Other assignments."

	Group		Parent Company	
	2009	**2008**	**2009**	**2008**
Audit assignments, PricewaterhouseCoopers	1.2	1.1	0.6	0.6
Other assignments, PricewaterhouseCoopers	2.4	0.6	2.2	0.4

Note 6 Tax on income for the year

	Group		Parent Company	
	2009	**2008**	**2009**	**2008**
Current tax for the period	179.6	16.9	185.8	29.2
Adjustment of current tax for prior periods	-0.1	0.2	-0.1	0.2
Deferred tax arising or reversed during the period	0.6	-0.4	0.6	-0.3
Total	**180.1**	**16.7**	**186.3**	**29.1**

Tax attributable to Group contributions reduced unrestricted reserves by 201.5 (40.3) in the Group and reduced equity by 201.5 (40.3) in the Parent Company.

The main reasons for differences between tax according to current tax rate 26.3% (28%) and income tax for the period are disclosed in the table below.

	Group		Parent Company	
	2009	**2008**	**2009**	**2008**
Income before taxes	**-679.0**	**-26.7**	**-708.4**	**-104.9**
Tax according to current tax rate	178.6	7.5	186.3	29.4
Difference due to different countries' tax rates	3.0	7.3	-	-
Other non-taxable income	0.1	0.1	-	-
Other non-deductible expenses	-0.7	-0.4	-0.5	-0.2
Taxes related to prior year	-0.1	0.2	-0.1	0.2
Revaluation of deferred tax assets	0.6	-0.4	0.6	-0.4
Other, net	-1.4	2.4	-	0.1
Income tax for the period	**180.1**	**16.7**	**186.3**	**29.1**

Note 7 Deferred tax

Reversal (accrual) of deferred tax liability in the Group has reduced (increased) the income tax in the consolidated income statement for the year by 0.6 (0.4).

Temporary differences related to provisions for pensions amounts to 3.1 (2.5) for the Group and are recognized in the item "Other long-term receivables."

Note 8 Intangible assets

	Group		Parent Company	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Software development				
Opening cost	-	-	-	-
Capital expenditures	6.8	-	6.8	-
Closing amortized cost	**6.8**	**-**	**6.8**	**-**
Opening accumulated depreciation	-	-	-	-
Depreciation for the year	-0.9	-	-0.9	-
Closing accumulated depreciation according to plan	**-0.9**	**-**	**-0.9**	**-**
Closing residual value according to plan	**5.9**	**-**	**5.9**	**-**

Note 9 Tangible assets

	Group		Parent Company	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Equipment				
Opening cost	5.3	5.2	2.6	3.0
Purchases	-	-	-	-
Sales and scrapping	-0.4	-0.4	-0.4	-0.4
Translation difference	-0.2	0.5	-	-
Closing amortized cost	**4.7**	**5.3**	**2.2**	**2.6**
Opening accumulated depreciation	-2.5	-1.9	-1.3	-1.4
Sales and scrapping	0.4	0.4	0.4	0.4
Depreciation for the year	-0.7	-0.7	-0.3	-0.3
Translation difference	0.1	-0.3	-	-
Closing accumulated depreciation according to plan	**-2.7**	**-2.5**	**-1.2**	**-1.3**
Closing residual value according to plan	**2.0**	**2.8**	**1.0**	**1.3**

Note 10 Financial assets

Participations in subsidiaries	**Parent Company**	
	Dec. 31, 2009	**Dec. 31, 2008**
Opening cost	224.6	224.6
Closing amortized cost	**224.6**	**224.6**
Closing residual value according to plan	**224.6**	**224.6**

	Registered office in	Percentage holding	Voting share	No, of rights participations /shares	Carrying amount, SEK 000s
Volvo Treasury Asia Ltd.	Singapore	100%	100 %	20,025,000	224,608
Total					**224,608**

Note 11 Other long-term receivables

Other long-term receivables in the Group and Parent Company pertain in all significant respects to unrealized result from derivatives entered into to hedge receivables and liabilities in foreign currencies.

Note 12 Other current receivables

	Group		**Parent Company**	
	Dec. 31, 2009	**Dec. 31, 2008**	**Dec. 31, 2009**	**Dec. 31, 2008**
Tax assets	76.6	28.9	76.6	28.9
Accrued interest income and prepaid interest expenses	1,831.1	843.5	1,824.3	842.5
Other accrued income and prepaid expenses	1.8	6.8	1.6	6.4
Conduit loans*	6.8	6.0	-	-
Unrealized exchange-rate gains on derivative contracts – Volvo internal	299.0	4,114.0	291.8	4,114.0
Unrealized exchange-rate gains on derivative contracts – Volvo external	804.1	3,557.2	648.5	3,344.4
Other current receivables	-	2.0	-	1.9
Total	**3,019.4**	**8,558.4**	**2,842.8**	**8,338.1**

* Lending to bank for subsequent lending to Group companies (within the Volvo Group) with corresponding amount, term and fixed interest.

Note 13 Marketable securities

Marketable securities consist of interest-bearing securities, distributed as follows:

	Group		Parent Company	
	Dec. 31, 2009	**Dec. 31, 2008**	**Dec. 31, 2009**	**Dec. 31, 2008**
Government securities	-	79.6	-	79.6
Banks and financial institutions	2,244.6	196.8	2,244.6	196.8
Real estate financial institutions	13,142.3	5,099.8	13,142.3	5,099.8
Total	**15,386.9**	**5,376.2**	**15,386.9**	**5,376.2**

Note 14 Cash and cash equivalents

	Group		Parent Company	
	Dec. 31, 2009	**Dec. 31, 2008**	**Dec. 31, 2009**	**Dec. 31, 2008**
Cash in banks	4,046.7	2,161.2	4,027.6	2,136.7
Banks certificates*	2,999.0	-	2,999.0	-
Time deposits in banks	2,916.1	6,025.0	2,885.1	6,025.0
Total	**9,961.8**	**8,186.2**	**9,911.7**	**8,161.7**

*Bank certificates which mature within three months from acquisition.

Cash and cash equivalents in the Group and Parent Company at December 31, 2009, include SEK 11.3 M (17.0) not available for use.

Note 15 Group contributions

Group contributions of 1,000 (600) were received from AB Volvo and 233 (456) was granted to Sotrof AB.

Note 16 Provisions for post-employment benefits

Post-employment benefits, such as pensions and other benefits, are mainly settled by means of regular payments to independent authorities or bodies that assume pension obligations and administer pensions through defined-contribution plans. The remaining post-employment benefits are defined-benefit plans, where the obligations remain within the Volvo Group or are transferred to the Group’s own pension trusts. Costs and the obligations at the end of period for defined-benefit plans are calculated based on actuarial assumptions and are measured on a discounted basis. One large-scale defined-benefit plan applies to salaried employees in Sweden (mainly through the Swedish ITP pension plan).

Applicable assumptions for actuarial calculations (Sweden)

	Dec. 31, 2009	Dec. 31, 2008
Discount rate	4.0	4.5
Expected return on plan assets	6.0	6.0
Expected salary increase	3.0	3.5
Inflation	1.5	2.0

Pension costs during the year	**2009**	**2008**
Current service costs	-1.1	-1.0
Interest costs	-1.4	-1.3
Expected return on plan assets	1.0	1.2
Actuarial gains and losses	-0.4	-0.2
Total pension costs for defined-benefit plans	**-1.9**	**-1.3**
Pension costs for defined-contribution plans	-10.6	-11.3
Total pension costs	**-12.5**	**-12.6**

Actuarial gains and losses for each plan are recognized as income or expenses when the accumulated amount exceeds the so-called corridor. The income or expenses are then recognized over the expected average remaining service period of the employees.

Obligations in defined-benefit plans	**2009**	**2008**
Obligations at January 1	30.4	27.6
Service costs	1.1	1.0
Interest costs	1.4	1.3
Actuarial gains (-) and losses (+)	0.6	0.8
Benefits paid	-0.3	-0.3
Obligations at December 31	**33.2**	**30.4**
Of which, funded defined-benefit plans	33.1	30.3

Fair value of plan assets in funded plans	**2009**	**2008**
Plan assets at January 1	16.1	19.9
Actuarial loss	1.8	-5.0
Expected return on plan assets	1.0	1.2
Plan assets at December 31	**18.9**	**16.1**

Net provisions for post-employment benefits

	Group		**Parent Company**	
	Dec. 31, 2009	**Dec. 31, 2008**	**Dec. 31, 2009**	**Dec. 31, 2008**
Funded status at December 31	14.3	14.3	14.3	14.3
Unrecognized actuarial gains (+) and losses (-)	-9.9	-11.5	-9.2	-8.0
Net provisions for post-employment benefits at December 31	**4.4**	**2.8**	**5.1**	**6.3**

Note 17 Non-current liabilities

Group Due date	Bond loans Dec. 31, 2009	Other liabilities to credit institutions Dec. 31, 2009	of which, derivative contracts Dec. 31, 2009	Liabilities to companies in the Volvo Group Dec. 31, 2009
2011	7,776.6	12,835.2	263.6	58.8
2012	9,901.2	4,674.4	457.0	7.7
2013	998.0	7,141.5	778.3	-
2014	12,761.2	1,539.3	451.8	-
2015	5,380.9	1,822.6	75.5	-
2016-	12,373.3	8,420.9	33.4	-
Total	**49,191.3**	**36,433.9**	**2,059.6**	**66.5**

Parent Company Due date	Bond loans Dec. 31, 2009	Other liabilities to credit institutions Dec. 31, 2009	of which, derivative contracts Dec. 31, 2009	Liabilities to Group companies and companies in the Volvo Group Dec. 31, 2009
2011	7,776.6	11,745.3	261.7	1,146.8
2012	9,901.2	2,409.1	456.3	2,207.9
2013	998.0	5,892.8	777.4	1,247.8
2014	12,761.2	1,538.6	451.1	1,177.6
2015	5,380.9	642.2	72.8	1,962.8
2016-	12,373.3	6,458.9	34.1	-
Total	**49,191.3**	**28,686.9**	**2,053.4**	**7,742.9**

Unrealized exchange-rate losses and market-value adjustment referring to derivative contracts with remaining maturities of more than one year are also recognized under Long-term liabilities.

The following list shows the Group's and Parent Company's non-current liabilities in which the largest loans are distributed by currency. Information on loan terms is for the Group as of December 31, 2009. The borrowing terms for the Parent Company are contained in the ranges stated below.

Bond loans	**Actual interest rate Dec. 31, 2009 %**	**Effective interest rate Dec. 31, 2009 %**	**Group Dec. 31, 2009**	**Group Dec. 31, 2008**	**Parent Company Dec. 31, 2009**	**Parent Company Dec. 31, 2008**
EUR 2003-2009/2011-2017	1.51-9.92	1.52-9.92	26,427.7	21,902.2	26,427.7	21,902.2
SEK 2006-2009/2011-2017	0.83-8.53	0.83-8.53	16,167.5	12,145.9	16,167.5	12,145.9
USD 2009/2015	5.98	5.98	5,380.9	1,626.4	5,380.9	1,626.4
JPY 2001/2011	3.10	3.10	78.5	86.1	78.5	86.1
NOK 2009/2011-2012	4.25-5.04	4.32-5.14	557.2	-	557.2	-
GBP 2009/2014	6.13	6.27	572.2	-	572.2	-
Other bond loans			7.3	37.3	7.3	37.3
			49,191.3	**35,797.9**	**49,191.3**	**35,797.9**

Other liabilities to credit institutions	**Actual interest rate Dec. 31, 2009 %**	**Effective interest rate Dec. 31, 2009 %**	**Group Dec. 31, 2009**	**Group Dec. 31, 2008**	**Parent Company Dec. 31, 2009**	**Parent Company Dec. 31, 2008**
EUR 2007-2009/2011-2014	1.12-3.00	1.12-3.02	2,577.0	2,790.9	1,489.0	547.2
USD 2004-2009/2011-2018	0.51-4.86	0.51-4.95	14,202.2	10,086.9	11,641.2	7,334.2
CHF 2006/2011	0.61	0.61	696.0	735.2	696.0	735.2
DKK 2006-2008/2011-2013	1.86-2.21	1.87-2.23	334.2	470.1	334.2	470.1
GBP 2008/2011-2012	0.96-1.21	0.96-1.22	1,588.1	1,892.9	1,588.1	1,892.9
JPY 2006-2008/2011-2016	0.77-1.62	0.77-1.62	12,663.7	13,882.0	8,636.1	9,466.9
SEK 2007-2008/2011-2017	0.63-1.96	0.63-1.97	2,000.0	3,600.0	2,000.0	3,600.0
NOK 2007/2011-2012	2.33-2.39	2.35-2.41	248.8	331.4	248.8	331.4
AUD 2009/2012	7.50	7.64	64.3	-	-	-
Derivatives			2,059.6	1,079.9	2,053.5	1,070.9
			36,433.9	**34,869.3**	**28,686.9**	**25,448.8**

The list below shows the currency distribution of the Group's and the Parent Company's long-term borrowing with consideration taken to currency derivatives (nominal amounts) linked to the long-term liabilities. The currency distribution refers to outstanding long-term liabilities at December 31, 2009.

Group	**Loan**	**Derivative**	**Total**	**Parent Company**	**Loan**	**Derivative**	**Total**
EUR	29,004.7	-14,184.7	14,820.0	EUR	27,916.7	-14,184.7	13,732.0
JPY	12,742.2	-863.6	11,878.6	JPY	8,714.6	-863.6	7,851.0
SEK	18,167.5	11,784.6	29,952.2	SEK	18,167.5	11,784.6	29,952.2
USD	19,583.1	737.8	20,320.9	USD	17,022.3	754.3	17,776.6
Övriga	4,068.1	3,052.0	7,120.1	Övriga	4,003.8	3,034.9	7,038.6
	83,565.6	**526.1**	**84,091.7**		**75,824.9**	**525.5**	**76,350.4**

Note 18 Credit institute current liabilities

	Group Dec. 31, 2009	**Group Dec. 31, 2008**	**Parent Company Dec. 31, 2009**	**Parent Company Dec. 31, 2008**
Bank loans	-	1.5	-	-
Other loans	32,128.3	39,030.7	31,092.1	39,031.7
Unrealized exchange loss on derivative contracts	179.5	601.0	175.8	600.0
Total	**32,307.8**	**39,633.2**	**31,267.9**	**39,631.7**

Granted overdraft facilities amount to 1,041.9 (1,366.4) in the Group and 1,031.6 (1,355.6) in the Parent Company.

Note 19 Other current liabilities

	Group		Parent Company	
	Dec. 31, 2009	**Dec. 31, 2008**	**Dec. 31, 2009**	**Dec. 31, 2008**
Tax liability	6.1	15.3	-	-
Wages, salaries and tax-at-source	22.2	15.6	22.1	15.5
Accrued interest expenses and prepaid interest income	2,606.0	1,649.0	2,585.7	1,605.1
Accrued expenses and deferred income	7.3	83.0	8.5	80.6
Unrealized loss on foreign exchange derivative contracts – Volvo internal	357.9	1,686.3	352.2	1,686.3
Unrealized loss on foreign exchange derivative contracts – Volvo external	453.9	4,141.5	333.2	4,028.4
Other current liabilities	-	0.8	-	0.8
Total	**3,453.4**	**7,591.5**	**3,301.7**	**7,416.7**

Note 20 Pledged assets

	Group		Parent Company	
	Dec. 31, 2009	**Dec. 31, 2008**	**Dec. 31, 2009**	**Dec. 31, 2008**
For own obligations				
Security balance, Financial futures	11.3	17.0	11.3	17.0
Optionsmäklarna (OM)	64.8	80.0	64.8	80.0
Total pledged assets	**76.1**	**97.0**	**76.1**	**97.0**

Note 21 Contingent liabilities

	Group		Parent Company	
	Dec. 31, 2009	**Dec. 31, 2008**	**Dec. 31, 2009**	**Dec. 31, 2008**
Contingent liabilities on behalf of other Group companies	559.6	851.5	559.6	851.5
Other contingent liabilities	0.5	0.4	0.5	0.4
Total contingent liabilities	560.1	851.9	560.1	851.9
Contingent liabilities received from other Group companies, which reduce net obligations	-559.6	-851.5	-559.6	-851.5

Other contingent liabilities

Volvo Group Re (Luxembourg) SA (“Volvo Re”) was divested during the year 2004. Volvo Treasury AB owned 1% of the shares and Volvo Group Insurance Försäkrings AB (“VGI”) 99%. Prior to the sale, VGI assumed the risks in Volvo Re. In conjunction with the sale, an undertaking was agreed that the purchaser can make claims on Volvo Treasury AB and VGI jointly for any guarantee demands that arise in Volvo Re through and including December 31, 2014. If VTAB receives a claim for such an obligation, VGI shall compensate VTAB in a corresponding amount.

Note 22 Financial risks and instruments

Volvo Treasury is exposed, through its operations, to various financial risks. Group-wide policies, which are updated and established annually, provide the foundation for the management of these risks. Volvo Treasury conducts its operations within established risk mandates and limits. The following section describes the implication of different financial risks and the goals and policies involved in managing these risks. Volvo Treasury's accounting policies pertaining to financial instruments and hedge accounting are described in Note 1. As explained in Note 1, Volvo Treasury applies IAS39, Financial instruments: recognition and measurement. According to this recommendation, derivatives must be recognized at fair value in the balance sheet. In its calculations of the fair value of financial instruments, Volvo Treasury has primarily used official exchange rates or prices quoted on the capital market. In cases where such information is not available, the value has been established through discounting future cash flows at the market interest rate for the particular term involved. All stated fair values represent estimated values, which will not necessarily be realized.

As explained in Note 1, under the more complex rules in IAS39, Volvo Treasury has chosen to apply hedge accounting only for cases when, after an individual assessment, it is considered adequate from a risk-perspective. For cases in which hedge accounting is not applied, unrealized gains and losses up to the maturity date of the financial instrument will be charged to profit and loss.

Currency risk

Financial currency exposure

Loans and investments are effected in different currencies – on the capital markets and with companies in the Volvo Group. Investments and borrowing are mainly in SEK, EUR, USD and JPY. Different types of derivatives are used to minimize financial currency exposure. Using derivatives such as currency swaps and currency futures enables Volvo Treasury to meet the Group's borrowing and lending requirements in different currencies, without increasing the Company's own risk.

Currency exposure of shareholders' equity

The consolidated value of assets and liabilities in foreign subsidiaries is affected by exchange rates in conjunction with translation into Swedish kronor. Net assets in foreign subsidiaries amounted to SEK 224.6 M at year-end 2009. Of this amount, SEK 0 M was hedged through loans in foreign currencies, which is in line with the policy established by the Company's Board of Directors.

Interest-rate risk

"Interest-rate risk" refers to the risk that changes in interest rates will affect the consolidated earnings and cash flow (cash-flow risk) or the fair value of financial assets and liabilities (price risk).

Lending to the Volvo Group customer finance operations involves a range of maturities and interest-fixing terms. This lending is financed through short and long-term borrowing via the capital market at floating and fixed interest rates. Within the established limits, financing must match lending in terms of maturities. Interest-fixing terms between borrowing and lending are matched through the use of derivatives such as interest swaps, exchange-rate swaps, forward contracts and standardized interest-rate forward contracts. Financial assets and liabilities related to the Volvo

Group's customer finance operations are matched so as to minimize the exposure to cash-flow risk and price risk. As a result, an assumption that the market interest rates for all currencies were to suddenly rise one percentage point from the interest level at December 31, 2009, the market value of the portfolio would be affected negatively in an amount of SEK 5 M. Nor would the interest change have any material effect on Volvo Treasury's profit after net financial items over time.

Borrowing and lending from and to the industrial operations of the Volvo Group primarily involves floating interest rates via the Volvo Group accounts in various currencies. The duration on this borrowing and lending is short-term. Volvo Treasury administrates Volvo Group accounts, which implies that surpluses and deficits with respect to external banks are offset through short-term currency transactions and that any excess liquidity is invested in short-term and long-term money and capital market vehicles.

Financing for the Volvo Group's industrial operations involves a fixed as well as a floating interest rate. Short and long-term borrowing is carried out via the capital markets and through bilateral loans. The use of derivatives such as interest swaps and currency interest swaps creates an interest-fixing term corresponding to three months. After taking derivatives into account, the average effective interest rate at year-end on financing outstanding for the Volvo Group's industrial operations was 3.0%. If the market interest rates for all currencies suddenly rose one percentage point from the interest level at December 31, 2009, the market value of financing for the Volvo Group's industrial operations would be affected positively by SEK 151 M.

Surplus liquidity within the Volvo Group is managed by Volvo Treasury. This management involves investment in interest-bearing securities on the money and capital markets. The investments involve securities of varying duration and interest-fixing terms. The use of derivatives such as interest rate swaps, standardized interest-rate forward contracts and FRAs (forward-rate agreements) results in an interest-fixing term corresponding to three months. Taking derivatives into account, the average effective interest rate on these cash and cash equivalents at December 31, 2009, was 0.5%. If the market interest rates for all currencies suddenly rose one percentage point from the interest level at December 31, 2009, the market value of investments in the money and capital markets would be changed negatively by SEK 47 M.

As described above, the interest-fixing term is reduced in all financial assets and liabilities related to the industrial operations of the Volvo Group to a floating interest rate. As a result, an assumption that the market interest rates for all currencies suddenly rose one percentage point from the interest level at December 31, 2009 would have no significant impact on Volvo Treasury's profit after net financial items over time.

It should be noted that the above assessment of profit-sensitivity with regard to changes in market interest rates ignores possible effects of short-term earnings effects arising since all derivatives are marked to market in profit and loss. Volvo Treasury's accounting policies as regards derivatives are described in Note 1.

Carry amounts in the balance sheet, fair values and other specifications pertaining to derivatives used in the management of currency and interest-rate risks related to financial assets and liabilities are shown in the adjacent table.

Credit risks

The Volvo Group's surplus liquidity is managed by Volvo Treasury and invested in the money and capital markets. All investments must meet the requirements of low credit risk and high liquidity. In accordance with Volvo's credit policy, counterparties for both investments and derivative transactions must have achieved a rating of A or better from one of the well-established credit rating institutions.

Lending to companies within the Volvo Group complies with the limits established for the particular counterparty.

The use of derivatives leads to a counterparty risk – that is, a risk that the counterparty will not fulfill its part of the contract, implying that a potential profit is not paid. Master netting agreements are signed with the various counterparties whenever possible, to reduce the exposure. The counterparty risk exposure of forward contracts is limited through daily or monthly cash transfers corresponding to changes in the value of open contracts. The estimated gross exposure to counterparty risks for currency forward contracts, interest rate swaps and interest-rate forward contracts, and options at December 31, 2009, amounted to 821, 3,588 and 138 for the Group, and to 793, 3,521 and 30 for the Parent Company.

Liquidity risks

Volvo Treasury reduced liquidity risks through diversifying its financing to various borrowing sources, retaining a good balance between short- and long-term borrowing and by securing borrowing preparedness though credit facilities.

Some of Volvo Treasury's long-term loan agreements contain clauses stipulating a right for the lender to request repayment in advance under certain conditions following a change of the control of the company. In Volvo Treasury's opinion, it has been necessary in certain cases to accept these conditions to receive financing on otherwise acceptable terms.

The list below shows expected future cash-flows including derivatives related to financial liabilities. Capital flow refers to expected payments of loans and derivatives. Interest flow refers to the future interest payments on loans and derivatives based on interest rates expected by the market. The interest flow is recognized within cash flow from operating activities. Future cash-flows in foreign currency are based on the exchange rates at the year-end.

Future Volvo external cash flow including derivatives related to financial liabilities

Group			**Parent Company**		
	Capital flow	**Interest flow**		**Capital flow**	**Interest flow**
2010	-32,030	-3,763	2010	-31,068	-3,648
2011	-20,344	-3,368	2011	-19,266	-3,247
2012	-14,266	-3,196	2012	-12,003	-3,093
2013	-7,235	-2,650	2013	-5,923	-2,589
2014	-14,672	-1,754	2014	-14,672	-1,699
2015	-7,157	-1,216	2015	-5,980	-1,161
2016-	-19,879	-1,130	2016-	-17,916	-1,087

Current liabilities to Group companies (within the Volvo Group) refers to borrowing through group accounts which are not included in capital flow 2010 in the list above.

Outstanding forward exchange contracts and option contracts for hedging of commercial currency risks within the Volvo Group

	Group December 31, 2009		Group December 31, 2008	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Foreign exchange forward contracts				
- receivable position	12,131.9	574.7	53,949.4	5,314.4
- payable position	12,261.9	-579.6	53,784.2	-5,325.8
Options – purchased				
- receivable position	1,304.1	22.1	4,504.0	369.9
- payable position	25.6	-	-	-
Options – written				
- receivable position	-	-	-	-
- payable position	1,329.7	-22.1	4,504.0	-369.9
Total		**-4.9**		**-11.4**

	Parent Company December 31, 2009		Parent Company December 31, 2008	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Foreign exchange forward contracts				
- receivable position	11,282.6	549.6	51,770.6	5,026.1
- payable position	11,308.6	-555.1	51,597.7	-5,036.7
Options – purchased				
- receivable position	1,304.1	22.1	4,504.0	369.9
- payable position	25.6	-	-	-
Options – written				
- receivable position	-	-	-	-
- payable position	1,329.7	-22.1	4,504.0	-369.9
Total		**-5.5**		**-10.6**

According to Volvo's currency-risk policy, the Group companies (within the Volvo Group) enter into derivative contracts with Volvo Treasury to minimize the risk of negative effects on the Volvo Group operating income. Volvo Treasury hedges these derivatives by entering into currency derivatives with Volvo external counterparties. This means that outstanding currency derivatives in the table above will not have any significant impact on Volvo Treasury's net future capital and interest flows. Volvo changed its policy for exchange-rate hedging from the fourth quarter 2009 in order to only hedge firm flows going forward.

Outstanding derivative instruments for hedging of financial currency and interest-rate risks related to financial assets and liabilities

	Group December 31, 2009		Group December 31, 2008	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Interest-rate swaps				
- receivable position	66,235.3	3,588.2	51,114.3	2,931.8
- payable position	85,461.6	-2,641.8	64,139.3	-1,428.6
Interest-rate forwards and futures				
- receivable position	0.4	-	19,442.7	11.7
- payable position	28,896.4	-3.2	16,479.3	-26.5
Foreign exchange forward contracts				
- receivable position	16,366.3	246.3	33,286.5	1,824.3
- payable position	16,043.3	-184.5	29,763.5	-923.9
Options purchased, caps, and floors				
- receivable position	1,985.4	116.0	1,675.0	139.6
- payable position	353.1	-3.6	428.2	-26.2
Options written, caps and floors				
- receivable position	13.3	-	41.7	-
- payable position	2,571.7	-116.7	1,147.3	-115.9
Total		**1,000.7**		**2,386.3**

	Parent Company December 31, 2009		Parent Company December 31, 2008	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Interest-rate swaps				
- receivable position	65,344.5	3,520.7	50,144.3	2,843.1
- payable position	85,448.6	-2,641.1	64,139.3	-1,428.6
Interest-rate forwards and futures				
- receivable position	0.4	-	19,442.7	11.7
- payable position	28,574.7	-3.1	14,939.8	-25.5
Foreign exchange forward contracts				
- receivable position	16,125.3	243.0	33,179.8	1,823.2
- payable position	15,917.9	-177.6	29,521.6	-912.7
Options purchased, caps, and floors				
- receivable position	1,206.2	7.5	865.6	28.4
- payable position	353.1	-3.6	428.2	-26.2
Options written, caps and floors				
- receivable position	-	-	-	-
- payable position	1,807.2	-8.6	332.9	-4.7
Total		**937.3**		**2,308.7**

The nominal amount represents the gross amount of the contract. The outstanding contracts have been valued at mark-to-market. All recognized fair values are calculated values that will not necessarily be realized.

Volvo Treasury has chosen to apply hedge accounting for a loan of EUR 1 billion borrowed during the second quarter of 2007. Fair value of the outstanding hedge instrument amounts to 1,159 (1,088) and is recognized in the Interest-rate swaps category in the table above. The carrying value of the loan related to hedge accounting amounts to a negative 970 (neg. 882).

Carrying amounts and fair values of financial instruments

	Group December 31, 2009		**Group December 31, 2008**	
	Carrying amount	Fair value*	Carrying amount	Fair value*
Long-term receivables and loans	1,739.2	1,739.2	1,763.9	1,763.9
- of which, derivative instruments for which the value is also shown in preceding table	*1,724.4*	*1,724.4*	*1,745.9*	*1,745.9*
Short-term receivables and loans incl. cash and cash equivalents	12,981.2	12,981.2	16,744.6	16,744.6
- of which, derivative instruments for which the value is also shown in preceding table	*2,820.1*	*2,820.1*	*8,396.0*	*8,396.0*
Marketable securities	15,386.9	15,386.9	5,376.2	5,376.2
Long-term loans and debts	85,625.2	92,357.4	70,667.2	72,543.2
- of which, derivative instruments for which the value is also shown in preceding table	*2,059.6*	*2,059.6*	*1,080.0*	*1,080.0*
Short-term debts and loans	35,765.8	36,050.1	47,227.2	47,309.3
- of which, derivative instruments for which the value is also shown in preceding table	*1,407.8*	*1,407.8*	*6,704.6*	*6,704.6*
Receivables from Group companies	126,816.9	128,772.0	146,038.9	147,867.9
- of which, derivative instruments for which the value is also shown in preceding table	-	-	*35.4*	*35.4*
Liabilities to Group companies	21,262.4	21,264.0	47,810.1	47,812.6
- of which, derivative instruments for which the value is also shown in preceding table	*81.5*	*81.5*	*13.6*	*13.6*

	Parent Company December 31, 2009		**Parent Company December 31, 2008**	
	Carrying amount	Fair value*	Carrying amount	Fair value*
Long-term receivables and loans	1,668.7	1,668.7	1,660.0	1,660.0
- of which, derivative instruments for which the value is also shown in preceding table	*1,665.8*	*1,665.8*	*1,657.7*	*1,657.7*
Short-term receivables and loans incl. cash and cash equivalents	12,754.5	12,754.5	16,499.8	16,499.8
- of which, derivative instruments for which the value is also shown in preceding table	*2,640.6*	*2,640.6*	*8,182.5*	*8,182.5*
Marketable securities	15,386.9	15,386.9	5,376.2	5,376.2
Long-term loans and debts	77,878.2	84,382.2	61,246.7	62,778.7
- of which, derivative instruments for which the value is also shown in preceding table	*2,053.4*	*2,053.4*	*1,070.9*	*1,070.9*
Short-term debts and loans	34,574.1	34,852.3	47,050.9	47,133.0
- of which, derivative instruments for which the value is also shown in preceding table	*1,272.9*	*1,272.9*	*6,591.3*	*6,591.3*
Receivables from Group companies	126,636.0	128,589.6	145,889.5	147,713.1
- of which, derivative instruments for which the value is also shown in preceding table	*33.9*	*33.9*	*136.2*	*136.2*
Liabilities to Group companies	30,051.2	30,432.3	57,221.9	57,740.0
- of which, derivative instruments for which the value is also shown in preceding table	*82.4*	*82.4*	*13.6*	*13.6*

All derivative instruments are recognized in the Balance Sheet.

* Market values of liabilities and loans are calculated without taking into account credit spreads.

Financial assets and liabilities measured at Fair value

	Group December 31, 2009				Group December 31, 2008			
Assets	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Financial assets								
at fair value through profit and loss								
Currency risk contracts								
- hedging of commercial flows	-	596.8	-	596.8	-	5,684.3	-	5,684.3
Currency and interest-rate risk contracts								
- financial assets and liabilities	-	3,950.5	-	3,950.5	-	4,907.4	-	4,907.4
Marketable securities	-	15,386.9	-	15,386.9	-	5,376.2	-	5,376.2
Total	**-**	**19,934.2**	**-**	**19,934.2**	**-**	**15,967.9**	**-**	**15,967.9**
Liabilities								
Financial liabilities								
at fair value through profit and loss								
Currency risk contracts								
- hedging of commercial flows	-	601.7	-	601.7	-	5,695.7	-	5,695.7
Currency and interest-rate risk contracts								
- financial assets and liabilities	-	2,949.8	-	2,949.8	-	2,521.1	-	2,521.1
Total	**-**	**3,551.5**	**-**	**3,551.5**	**-**	**8,216.8**	**-**	**8,216.8**

	Parent company December 31, 2009				Parent company December 31, 2008			
Assets	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Financial assets								
at fair value through profit and loss								
Currency risk contracts								
- hedging of commercial flows	-	571.7	-	571.7	-	5,396.0	-	5,396.0
Currency and interest-rate risk contracts								
- financial assets and liabilities	-	3,771.2	-	3,771.2	-	4,706.4	-	4,706.4
Marketable securities	-	15,386.9	-	15,386.9	-	5,376.2	-	5,376.2
Total	**-**	**19,729.8**	**-**	**19,729.8**	**-**	**15,478.6**	**-**	**15,478.6**
Liabilities								
Financial liabilities								
at fair value through profit and loss								
Currency risk contracts								
- hedging of commercial flows	-	577.2	-	577.2	-	5,406.6	-	5,406.6
Currency and interest-rate risk contracts								
- financial assets and liabilities	-	2,834.0	-	2,834.0	-	2,397.7	-	2,397.7
Total	**-**	**3,411.2**	**-**	**3,411.2**	**-**	**7,804.3**	**-**	**7,804.3**

The levels in the table above reflect the significance of the inputs used in making the measurements. Financial instruments in level 1 are valued based on unadjusted quoted market prices for identical assets or liabilities. Level 2 instruments are valued based on inputs, other than quoted prices within level 1, that are observable either directly (as prices) or indirectly (derived from prices). Level 3 instruments would be valued based on unobservable inputs, i.e. using a valuation technique based on assumptions. Volvo Treasury has no financial instruments classified as level 1 or level 3 instruments.

Gains, losses, interest income and expenses related to financial instruments

Group	2009 Gains/ Losses	2009 Interest income	2009 Interest expenses	2009 Total, net	2008 Gains/ Losses	2008 Interest income	2008 Interest expenses	2008 Total, net
Financial assets and liabilities at fair value through profit and loss*								
Marketable securities	197.6	-	-		825.0	-	-	
Loans and derivatives for financial exposur	-987.9	-	-		-149.7	-	-	
Loans originated by the company	-	4,876.6	-		-	5,693.1	-	
Cash and cash equivalents	-	42.0	-		-	88.0	-	
Financial liabilities valued at amortized cost	-	-	-4,634.5		-	-	-6,592.7	
Effect on income	**-790.3**	**4,918.7**	**-4,634.5**	**-506.1**	**675.3**	**5,781.1**	**-6,592.7**	**-136.3**

Parent Company	2009 Gains/ Losses	2009 Interest income	2009 Interest expenses	2009 Total, net	2008 Gains/ Losses	2008 Interest income	2008 Interest expenses	2008 Total, net
Financial assets and liabilities at fair value through profit and loss*								
Marketable securities	197.6	-	-		825.0	-	-	
Loans and derivatives for financial exposur	-992.2	-	-		-206.5	-	-	
Loans originated by the company	-	4,863.5	-		-	5,682.5	-	
Cash and cash equivalents	-	41.9	-		-	87.8	-	
Financial liabilities valued at amortized cost	-	-	-4,649.8		-	-	-6,603.8	
Effect on income	**-794.6**	**4,905.4**	**-4,649.8**	**-539.0**	**618.5**	**5,770.3**	**-6,603.8**	**-215.0**

* Accrued and realized interest is included in gains and losses related to Financial assets and liabilities at fair value through profit and loss.

Net effect of foreign exchange gains and losses

	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Derivative instruments	-997.8	-1,121.1	-1,028.2	-1,128.0
Cash and cash equivalents	474.5	-503.6	472.4	-503.2
Loans originated by the company and Financial liabilities valued at amortized cost - Volvo internal	-5,280.3	12,864.1	-5,030.6	12,353.8
Loans originated by the company and Financial liabilities valued at amortized cost - Volvo external	5,744.9	-11,019.6	5,512.5	-10,511.7
Net effect	**-58.7**	**219.8**	**-73.9**	**210.9**

Note 23 Information about Parent Company

The Parent Company of the Group of which Volvo Treasury AB is a subsidiary and for which the consolidated accounts are prepared is AB Volvo (publ) (556012-5790), with registered office in Göteborg, Sweden.

Note 24 Operational leasing

Future lease payments pertaining to non-cancelable leasing contracts at year-end amounted to 1.9 (5.0) for the Group and 0.5 (4.2) for the Parent Company. Leasing expenses for the year amounted to 4.5 (4.7) for the Group and 3.3 (3.6) for the Parent Company.

Future lease payments for operational leasing are apportioned as follows:

	Group	Parent Company
2010	1.1	1.4
2011-2014	0.8	0.1
2015 and later	-	-
Total	**1.9**	**0.5**

Note 25 Average number of employees

	Dec. 31, 2009		Dec. 31, 2008	
	No. of employees	Of whom, men	No. of employees	Of whom, men
Parent Company				
Gothenburg	47	25	47	26
Total	**47**	**25**	**47**	**26**
Subsidiaries outside Sweden				
Singapore	9	5	10	6
Total	**9**	**5**	**10**	**6**
Group total	**56**	**30**	**57**	**32**

Note 26 Absence due to illness

Parent Company	**Jan. 1, 2009 – Dec. 31, 2009**	**Jan. 1, 2008 – Dec. 31, 2008**
Total absence due to illness	1.38%	1.09%
- of which, long-term absence>60 days	0.00%	0.00%
Absence due to illness for men	1.23%	0.90%
Absence due to illness for women	1.54%	1.33%
Absence due to illness for employees > 30-49 years of age	1.33%	1.28%
Absence due to illness for employees >50 years of age	2.05%	0.97%

Note 27 Board members and other senior executives

	Dec. 31, 2009			
	No. of Board members*	Of whom, men	No. of President and other executives*	Of whom, men
Parent Company				
Sweden	8	8	3	3
Total	**8**	**8**	**3**	**3**
Subsidiaries outside Sweden				
Singapore	4	4	4	1
Australia	5	5	1	1
Total	**9**	**9**	**5**	**2**
Group total	**17**	**17**	**8**	**5**

* The same persons are to a certain extent represented in the figures for the different companies. Excluding this aspect, the total number of Board members is 13 (of whom 13 are men) and the number of senior executives is 7 (of whom 4 are men).

Note 28 Transaction with closely related parties

Volvo Treasury AB (publ) is a wholly owned subsidiary of AB Volvo (publ) Göteborg (556012-5790). The Company is the Parent Company of Volvo Treasury Asia Ltd.

The Volvo Treasury group is a unit within the AB Volvo Group that supports the Volvo companies with services related to treasury and cash management. All financial transactions with companies within the AB Volvo group are carried out on market terms. The Treasury group conducts most of the financial transactions of the Volvo Group. The group is responsible for all interest-bearing assets and liabilities as well as all foreign exchange and funding operations within the Volvo Group.

Outstanding receivables and liabilities to companies within the Volvo Group are shown in the balance sheet. Revenues and expenses attributable to companies within the Volvo Group are shown in Notes 3 and 4.

The Group's income statements and balance sheets will be presented to the Annual General Meeting for approval.

The Board of Directors and the President certify that the annual report has been prepared in accordance with international financial reporting standards, IFRS, as adopted by the EU and present a true and fair view of the position and profit or loss of the Group. The annual report was prepared in accordance with generally accepted accounting practice and presents a true and fair view of the Parent Company's position and earnings.

The Board of Directors' Report gives a fair review of the development and performance of the business, position and profit or loss of the Parent Company and the Group, and describes the principal risks and uncertainties that the Parent Company and the companies of the Group face.

Gothenburg, April 20, 2010

Anders Osberg President	Mikael Bratt Chairman
Scott Rafkin	Fredrik Brunell
Rikard Bentelius	Christer Johansson
Thomas Alexandersson	Tommy Olsson

Our auditors' report was submitted on April 20, 2010
PricewaterhouseCoopers AB

Göran Tidström Authorized Public Accountant Lead Partner	Johan Rippe Authorized Public Accountant

PRICEWATERHOUSECOOPERS

Audit report

To the annual meeting of the shareholders of Volvo Treasury AB

Corporate identity number 556135-4449

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Volvo Treasury AB for the year 2009. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. We also examined whether any board member or the president has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The Board of Directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the Board of Directors' report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Gothenburg, April 20, 2010

PricewaterhouseCoopers AB

Göran Tidström
Authorized Public Accountant
Lead partner

Johan Rippe
Authorized Public Accountant