Difference between Combined Financial Statements and Pro forma Financial Information

The primary differences are:

- The Combined Financial Statements include historical transactions which were not reported in the Husqvarna Group but which would have been included in order to reflect the actual historical costs of operations.
- The Pro forma Financial Information reflect the historical impact of certain transactions that occurred subsequent to the closing date. From an investor perspective it can be appropriate to reverse these transactions to reflect their financial impact. For Husqvarna the transactions mainly refer to, as regards to the income statement, administrative costs, financial costs for borrowing in connection to the capitalization of the new Group as well as tax charges. As regards to the balance sheet, the difference mainly comprises the capitalization of the Group.

Consolidated income statement

			1 Jan– 31 Dec 2006			1 Jan–31 Dec 2005
	Combined	Adjustments	Pro forma	Combined	Adjustments	Pro forma
Net Sales	29,402	–	29,402	28,768	–	28,768
Gross operating income	7,925	–	7,925	7,640	19	7,659
Operating Income	3,121	–	3,121	2,898	29	2,927
Income after financial items	2,743	-51	2,692	2,721	-273	2,448
Income for the period	1,897	-35	1,862	1,905	-264	1,641

In the Combined financial statements for 2005 presented in the "Supplement to the prospectus for listing of Husqvarna AB 2006" transfers of earnings to Electrolux units within countries with tax consolidation were treated as paid dividends with no tax effect. In order to facilitate comparison and better reflect the Group's actual tax rate the tax expense for 2005 have been adjusted to include tax on these items and equity has been correspondingly adjusted. The restated tax rate for 2005 is 30.0%.

Consolidated balance sheet

	31 Dec 2006			31 Dec 2005
	Actual	Combined	Adjustment	Pro forma
Total non-current assets	6,746	6,959	–	6,959
Total current assets	9,609	10,556	733	11,289
Total assets	**16,355**	**17,515**	**733**	**18,248**
Total equity	6,264	2,416	2,339	4,755
Total non-current liabilities	6,090	8,878	-1,313	7,565
Total current liabilities	4,001	6,221	-293	5,928
Total equity and liabilities	**16,355**	**17,515**	**733**	**18,248**

Note 30 Definitions

Capital indicators

Net assets
Total assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.

Operating working capital
Inventories and trade receivables less trade payables.

Working capital
Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

Net borrowings
Total interest-bearing liabilities less liquid funds.

Liquid funds
Cash and cash equivalents, short term investments as well as fair value derivative assets.

Net debt/equity ratio
Net borrowings in relation to total adjusted equity.

Equity/assets ratio
Equity as a percentage of total assets.

Capital employed
Total liabilities and equity less non-interest bearing debt including deferred tax liabilities.

Other key ratios

Earnings per share
Income for the period divided by the number of shares.

Net sales growth
Net sales as a percentage of the preceding period.

Gross margin
Gross operating income as a percentage of net sales.

Operating margin
Operating income as a percentage of net sales.

Return on equity
Income for the period as a percentage of average equity.

Return on capital employed
Operating income plus financial income as a percentage of average capital employed.

Operating cash flow
Total cash flow from operations and investments, excluding acquisitions and divestment of operations.

Capital expenditure
Property, plant and equipment and capitalization of product development and software.

Value creation
Operating income less the weighted average cost of capital (WACC) on average net assets: (Net sales – operating costs = operating income) – (WACC x average net assets).