Second quarter 2008

"The demand for Alfa Laval's products remained on a high level during the second quarter and order intake reached SEK 7.1 billion. The strongest customer segments were Marine & Diesel and Food.

Our high exposure to emerging markets offsets a slowdown in the US and Western Europe, resulting in an organic growth of 5 percent. Asia, Eastern Europe and Latin America accounted for 49 percent of the Group's order intake. The US was overtaken by China as our largest market during the quarter.

An increase of invoicing with 12 percent to SEK 6.9 billion and a continued favourable product mix contributed to an operating margin of 23.1 percent, corresponding to an EBITA of SEK 1.6 billion."

Lars Renström, President and CEO

Second quarter:

Order intake increased by 8.1 percent * to SEK **7,066** (6,822) million.

Net sales increased by 16.8 percent * to SEK **6,855** (6,094) million.

Adjusted EBITA was SEK **1,585** (1,130) million, including adverse foreign exchange effects of SEK 88 million.

Adjusted EBITA-margin was **23.1** (18.5) percent.

Result after financial items was SEK **1,456** (1,037) million.

Result after tax increased to SEK **1,038** (733) million.

Earnings per share increased to SEK **2.41** (1.62).

Cash flow from operating activities was SEK **1,200** (488) million.

Six months:

Order intake increased by 8.3 percent * to SEK **14,499** (13,827) million.

Net sales increased by 19.9 percent * to SEK **13,122** (11,244) million.

Adjusted EBITA was SEK **2,995** (1,965) million, including adverse foreign exchange effects of SEK 132 million.

Adjusted EBITA-margin was **22.8** (17.5) percent.

Result after financial items was SEK **2,712** (1,718) million.

Result after tax increased to SEK **1,936** (1,202) million.

Earnings per share increased to SEK **4.47** (2.65).

Cash flow from operating activities was SEK **1,929** (1,038) million.

* excluding exchange rate variations

Outlook for the near future

"We expect the demand to remain on the current high level."

(unchanged since the fourth quarter and full year 2007 report published on February 6, 2008)

Alfa Laval AB (publ)
PO Box 73
SE-221 00 Lund
Sweden
Corporate registration number: 556587-8054

Visiting address:
Rudeboksvägen 1
Phone: + 46 46 36 65 00
Website: www.alfalaval.com

For more information, please contact:
Gabriella Grotte, Investor Relations Manager
Phone: +46 46 36 74 82,
Mobile: +46 709 78 74 82,
E-mail: gabriella.grotte@alfalaval.com

Key figures SEK millions, unless otherwise stated	**April 1 - June 30 2008**	April 1 - June 30 2007	**Jan 1 - June 30 2008**	Jan 1 - June 30 2007	2007	2006	2005
Order intake	7,066	6,822	14,499	13,827	27,553	24,018	18,516
Net sales	6,855	6,094	13,122	11,244	24,849	19,802	16,330
Adjusted EBITDA 1)	1,653	1,196	3,129	2,094	5,245	3,273	2,030
Adjusted EBITA 2)	1,585	1,130	2,995	1,965	4,980	3,010	1,765
Adjusted EBITA - margin 2)	23.1%	18.5%	22.8%	17.5%	20.0%	15.2%	10.8%
Result after financial items	1,456	1,037	2,712	1,718	4,557	2,375	1,099
Return on capital employed 3)			59.5%	41.1%	54.2%	35.9%	22.7%
Return on equity capital 3)			50.8%	31.2%	44.1%	25.3%	16.0%
Solidity			35.3%	32.3%	34.1%	36.4%	35.9%
Net debt to EBITDA, times 3)			0.4	0.7	0.5	0.5	1.0
Debt ratio, times			0.30	0.38	0.30	0.22	0.35
Cash flow from operations	1,200	488	1,929	1,038	3,264	2,619	1,616
Investments	165	90	259	144	556	373	324
No. of employees 4)			11,829	10,838	11,395	10,115	9,429

The Board of Directors and the President and CEO declare that the report for the first six months gives a true and fair view of the operations, financial position and results for the company and the consolidated Group and describes material factors of risk and uncertainty facing the company and the companies that are part of the Group.

Lund, July 16, 2008

Anders Narvinger
Chairman

Gunilla Berg

Björn Hägglund

Arne Kastö

Ulla Litzén

Jan Nilsson

Susanna Holmqvist Norrby

Finn Rausing

Jörn Rausing

Waldemar Schmidt

Lars Renström
President and CEO

1. Adjusted EBITDA – "Earnings before interests, taxes, depreciation, amortisation of step up values and comparison distortion items."
2. Adjusted EBITA – "Earnings before interests, taxes, amortisation of step up values and comparison distortion items.
3. Calculated on a 12 months' revolving basis.
4. Number of employees at the end of the period.

Review report

Introduction

We have reviewed this second quarter 2008 interim report. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

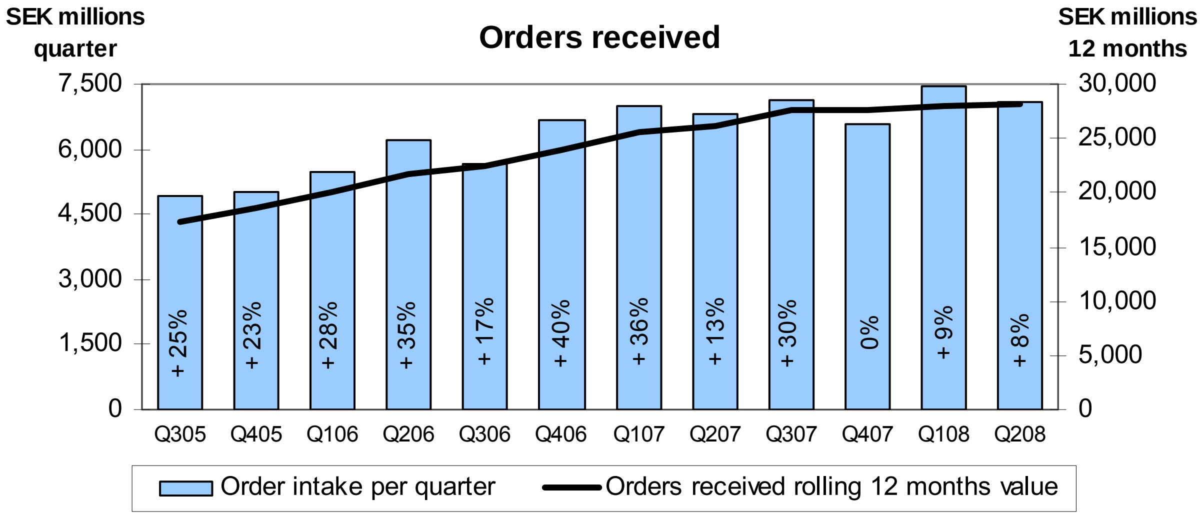
Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, does not give a true and fair view of the company's results and financial position and is not prepared in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent company in accordance with the Swedish Annual Accounts Act.

Lund, July 16, 2008,

Kerstin Mouchard
Authorised Public Accountant

Staffan Landén
Authorised Public Accountant

Management's discussion and analysis



% = change by quarter compared to corresponding period last year, at constant rates

Order analysis	April 1 - June 30
2007 (SEK millions)	6,822
Structural change	2.9%
Currency effects	-4.5%
Organic development	5.2%
Total	3.6%
2008 (SEK millions)	7,066

Orders received amounted to SEK 7,066 (6,822) million for the second quarter. Excluding exchange rate variations, the order intake for the Group was 8.1 percent higher than the second quarter last year. Adjusted for acquisitions of businesses [5)] the corresponding figure is an increase by 5.2 percent.

Orders received amounted to SEK 14,499 (13,827) million for the first six months. Excluding exchange rate variations, the order intake for the Group was 8.3 percent higher than the same period last year. Adjusted for acquisitions of businesses [5)], the corresponding figure is 5.7 percent.

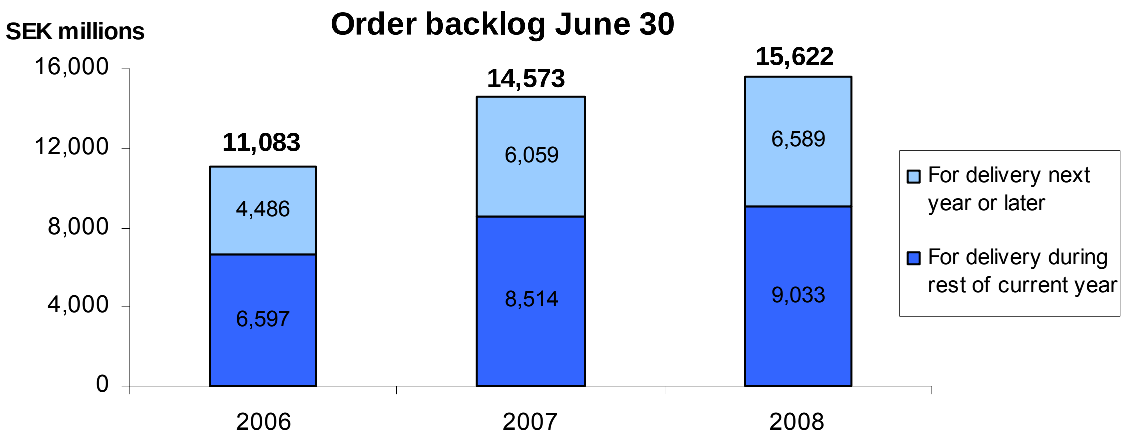
Orders received from the aftermarket "Parts & Service" has continued to develop positively and increased by 12.0 percent compared to last year excluding exchange rate variations. Its relative share of the Group's total orders received was 20.2 (19.6) percent.

Large orders [6)] in the second quarter:

During the second quarter 2008 Alfa Laval received large orders for SEK 210 (240) million:

- Order for process equipment including high speed separators and plate heat exchangers to a number of ethanol plants in Brazil. The order value is about SEK 90 million. Delivery is mainly scheduled for 2008.
- Order for air heat exchangers used in cooling systems for diesel power plants in Brazil. The order value is about SEK 60 million. Delivery is mainly scheduled for 2008.
- Order for Alfa Laval Packinox plate heat exchanger from a petrochemical company in China. The order value is about SEK 60 million. Delivery is scheduled for 2009.

5. Acquired businesses are: Standard Refrigeration at June 1, 2008
Høyer Promix at February 11, 2008
Fincoil, at December 1, 2007
AGC Engineering at July 2, 2007
Helpman at April 4, 2007
DSO at March 16, 2007
6. Orders with a value over EUR 5 million.



The order backlog at June 30, 2008 was SEK 15,622 (14,573) million. Excluding exchange rate variations and adjusted for acquisitions of businesses the order backlog was 10.5 percent higher than the order backlog at June 30, 2007 and 9.5 percent higher than the order backlog at the end of 2007.

CONSOLIDATED INCOME STATEMENT

Amounts in SEK millions	**April 1 - June 30 2008**	April 1 - June 30 2007	**Jan 1 - June 30 2008**	Jan 1 - June 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Net sales	6,855	6,094	13,122	11,244	24,849	19,802
Cost of goods sold	-3,922	-3,782	-7,579	-7,012	-15,340	-12,598
Gross profit	2,933	2,312	5,543	4,232	9,509	7,204
Sales costs	-785	-692	-1,526	-1,331	-2,751	-2,607
Administration costs	-328	-317	-598	-592	-1,159	-948
Research and development costs	-178	-158	-340	-305	-643	-526
Other operating income *	61	64	120	117	362	281
Other operating costs *	-170	-161	-337	-322	-627	-852
Operating income	1,533	1,048	2,862	1,799	4,691	2,552
Dividends	0	0	1	1	2	2
Interest income	-8	109	66	130	271	174
Interest expense	-69	-120	-217	-212	-407	-353
Result after financial items	1,456	1,037	2,712	1,718	4,557	2,375
Taxes	-418	-304	-776	-516	-1,377	-650
Net income for the year	1,038	733	1,936	1,202	3,180	1,725
Attributable to:						
Equity holders of the parent	1,030	722	1,920	1,181	3,137	1,687
Minority interests	8	11	16	21	43	38
Earnings per share (SEK)	2.41	1.62	4.47	2.65	7.12	3.78
Average number of shares **	427,941,016	445,718,044	429,578,668	446,200,328	440,611,504	446,687,972

* The line has been affected by comparison distortion items, see separate specification on page 7.
** Average number of shares has been affected by the repurchase of shares and the 4:1 split.

Excluding exchange rate variations, the invoicing was 16.8 percent higher than the second quarter last year. Adjusted for acquisitions of businesses the corresponding figure is 14.3 percent.

Excluding exchange rate variations, the invoicing was 19.9 percent higher than the period January to June last year. Adjusted for acquisitions of businesses, the corresponding figure is 17.4 percent.

Sales and administration expenses amounted to SEK 2,124 (1,923) million. Adjusted for exchange rate variations and acquisitions of businesses, sales and administration expenses were 10.7 percent higher than last year.

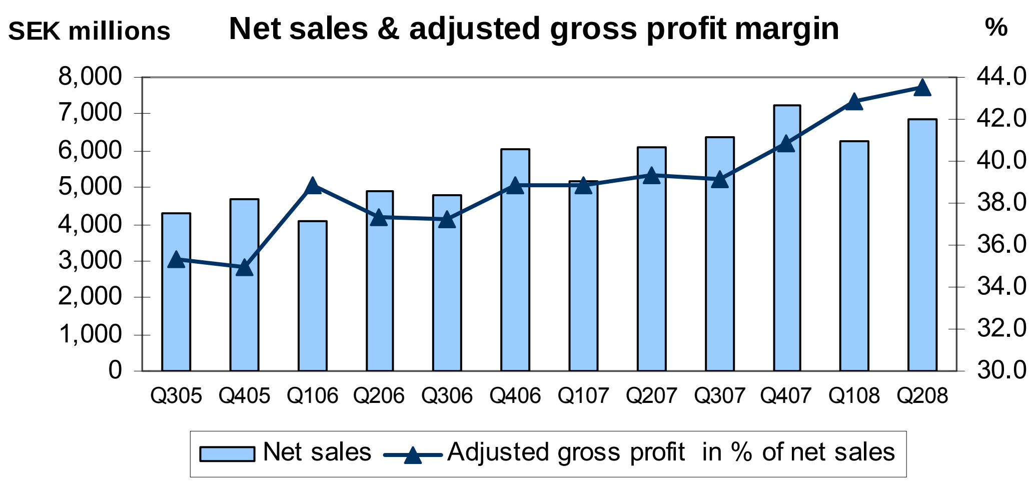
The costs for research and development have amounted to SEK 340 (305) million, corresponding to 2.6 (2.7) percent of net sales. Adjusted for exchange rate variations and acquisitions of businesses, the costs for research and development have increased by 9.1 percent compared to last year.

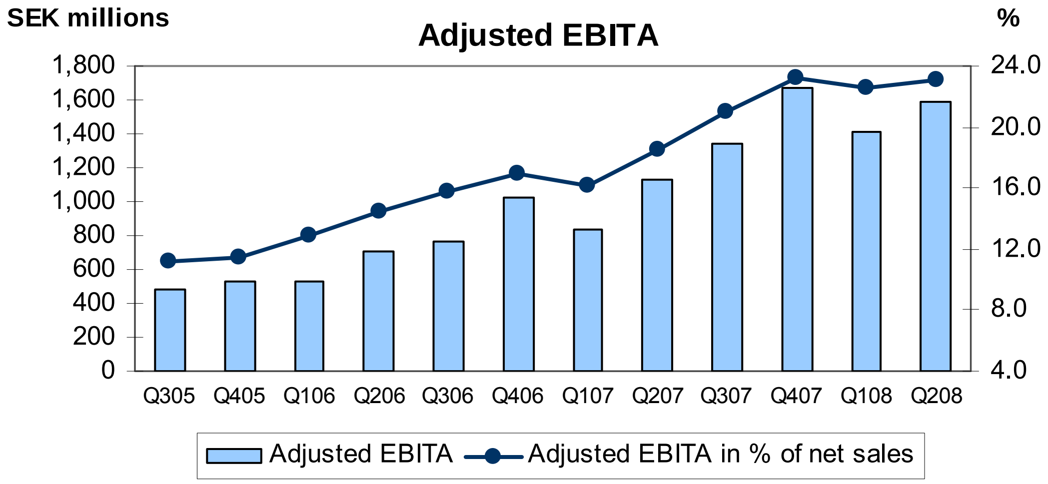
Income statement analysis SEK millions	**April 1 - June 30 2008**	April 1 - June 30 2007	**Jan 1 - June 30 2008**	Jan 1 - June 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Net sales	6,855	6,094	13,122	11,244	24,849	19,802
Adjusted gross profit *	2,985	2,396	5,676	4,400	9,852	7,542
- in % of net sales	***43.5***	***39.3***	***43.3***	***39.1***	***39.6***	***38.1***
Expenses **	-1,332	-1,200	-2,547	-2,306	-4,607	-4,269
- in % of net sales	*19.4*	*19.7*	*19.4*	*20.5*	*18.5*	*21.6*
Adjusted EBITDA	**1,653**	**1,196**	**3,129**	**2,094**	**5,245**	**3,273**
- in % of net sales	*24.1*	*19.6*	*23.8*	*18.6*	*21.1*	*16.5*
Depreciation	-68	-66	-134	-129	-265	-263
Adjusted EBITA	**1,585**	**1,130**	**2,995**	**1,965**	**4,980**	**3,010**
- in % of net sales	***23.1***	***18.5***	***22.8***	***17.5***	***20.0***	***15.2***
Amortisation of step up values	-52	-84	-133	-168	-343	-338
Comparison distortion items	-	2	-	2	54	-120
EBIT	1,533	1,048	2,862	1,799	4,691	2,552

* Excluding amortisation of step up values. ** Excluding comparison distortion items.

The decrease in amortisation of step up values is due to the fact that some step up values from year 2000 have become fully amortised.

The adjusted result after tax and the minority's share of the result, excluding amortisation of step-up values and the corresponding tax, is SEK 4.68 (2.89) per share.





Comparison distortion items Amounts in SEK millions	**April 1 - June 30 2008**	April 1 - June 30 2007	**Jan 1 - June 30 2008**	Jan 1 - June 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Operational						
Other operating income	61	62	120	115	308	275
Comparison distortion income	-	2	-	2	54	6
Total other operating income	61	64	120	117	362	281
Other operating costs	-170	-161	-337	-322	-627	-726
Comparison distortion costs	-	-	-	-	-	-126
Total other operating costs	-170	-161	-337	-322	-627	-852

In the income statement comparison distortion items are reported gross as a part of other operating income and other operating costs.

Consolidated financial result and taxes

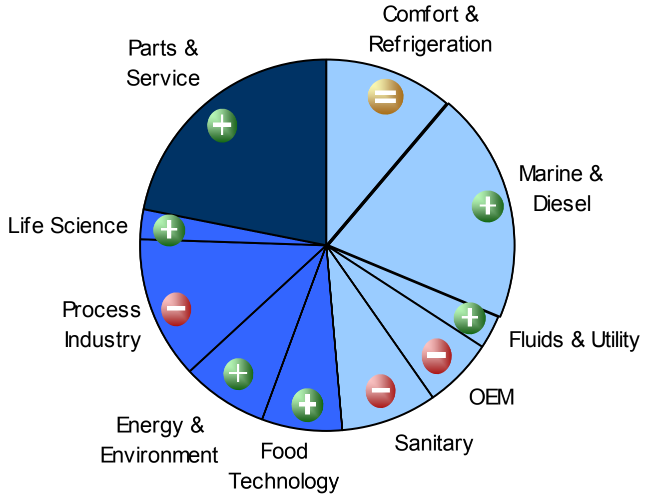
For the first six months the financial net amounted to SEK -89 (-84) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on debt to the banking syndicate of SEK -41 (-22) million, interest on the private placement of SEK -18 (-20) million and a net of dividends and other interest income and interest costs of SEK -30 (-42) million.

The net of realised and unrealised exchange rate differences amounts to SEK -61 (3) million.

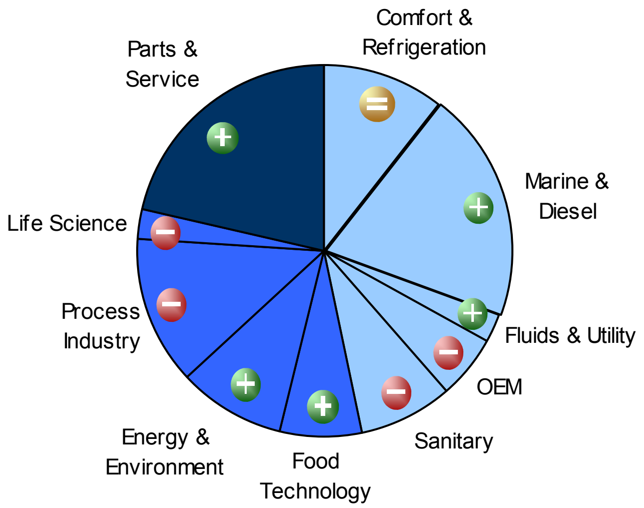
The increase in income taxes between 2008 and 2007 is primarily due to the increased result before tax.

Divisional reporting

Orders received by segment Q2 2008



Orders received by segment YTD 2008



= increase

= decrease

= unchanged (+/- 3 %)

compared to corresponding period last year, at constant rates adjusted for acquisitions of businesses

= Equipment

= Process Technology

= Parts & Service

Equipment division

SEK millions	**April 1 - June 30 2008**	April 1 - June 30 2007	**Jan 1 - June 30 2008**	Jan 1 - June 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Orders received	4,309	3,956	8,505	7,882	15,896	12,617
Order backlog *			8,575	7,062	7,915	5,721
Net sales	3,886	3,391	7,509	6,384	13,586	10,934
Operating income	976	698	1,816	1,215	2,805	2,072

* At the end of the period.

Orders received and net sales (all comments are after adjustment for exchange rate fluctuations)

Orders received increased by 11.7 percent and net sales increased by 21.1 percent during the first six months 2008 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are 7.3 percent and 16.8 percent.

For the Equipment division as a whole, order intake increased compared to the same quarter last year. All segments, except Sanitary and OEM, reported continued growth. For the Marine & Diesel segment, the positive trend from the beginning of the year continued, mainly due to a high order backlog for Asian shipyards as well as good demand for land-based diesel installations. In the markets for industrial cooling and air conditioning, the business also showed an improvement, partly helped by the acquisitions of Fincoil and Standard Refrigeration. At the same time the comfort business, including both district heating and cooling, developed well, especially in Russia and the Middle East. In the Sanitary segment, however, orders declined due to a drop in dairy market investments. For OEM, which was affected by low investments in the European heat pump industry, an improvement was seen towards the end of the quarter. Parts & Service continued to grow.

Operating income (excluding comparison distortion items)

The increase in operating income during the first six months 2008 compared to the corresponding period last year is mainly explained by a higher gross profit due to volume and increased margins, partially offset by sales and administration costs and adverse foreign exchange effects.

Process Technology division

SEK millions	**April 1 - June 30 2008**	April 1 - June 30 2,007	**Jan 1 - June 30 2008**	Jan 1 - June 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Orders received	2,750	2,857	5,983	5,926	11,594	11,391
Order backlog *			7,011	7,491	6,766	6,630
Net sales	2,956	2,699	5,593	4,854	11,242	8,829
Operating income	686	504	1,285	862	2,265	1,060

* At the end of the period.

Orders received and net sales (all comments are after adjustment for exchange rate fluctuations)

Orders received increased by 4.0 percent and net sales increased by 18.0 percent during the first six months 2008 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figure for orders received is 3.8 percent whereas the figure for invoicing is unchanged.

Order intake in the Process Technology division remained on a high level during the second quarter. The base business** was strong across all segments, with Food Technology standing out. A number of projects related to the vegetable oil industry in India and South East Asia were recorded. Brewery is another business within the same segment showing continued strong activity, especially in emerging countries. The cautious investment levels for bio-fuels continued into the second quarter, a development which is expected to continue for an extended period of time. Within Parts & Service the good growth seen in the first quarter was repeated.

Operating income (excluding comparison distortion items)

The increase in operating income during the first six months 2008 compared to the corresponding period last year is foremost explained by a higher gross profit due to the increased volume, to some extent offset by increased sales and administration and R&D costs as well as adverse foreign exchange effects.

Operations division and Other

Operations are responsible for procurement, production and logistics. Other is referring to corporate overhead and non-core businesses.

** Base business refers to orders with an order value of less than EUR 0.5 million.

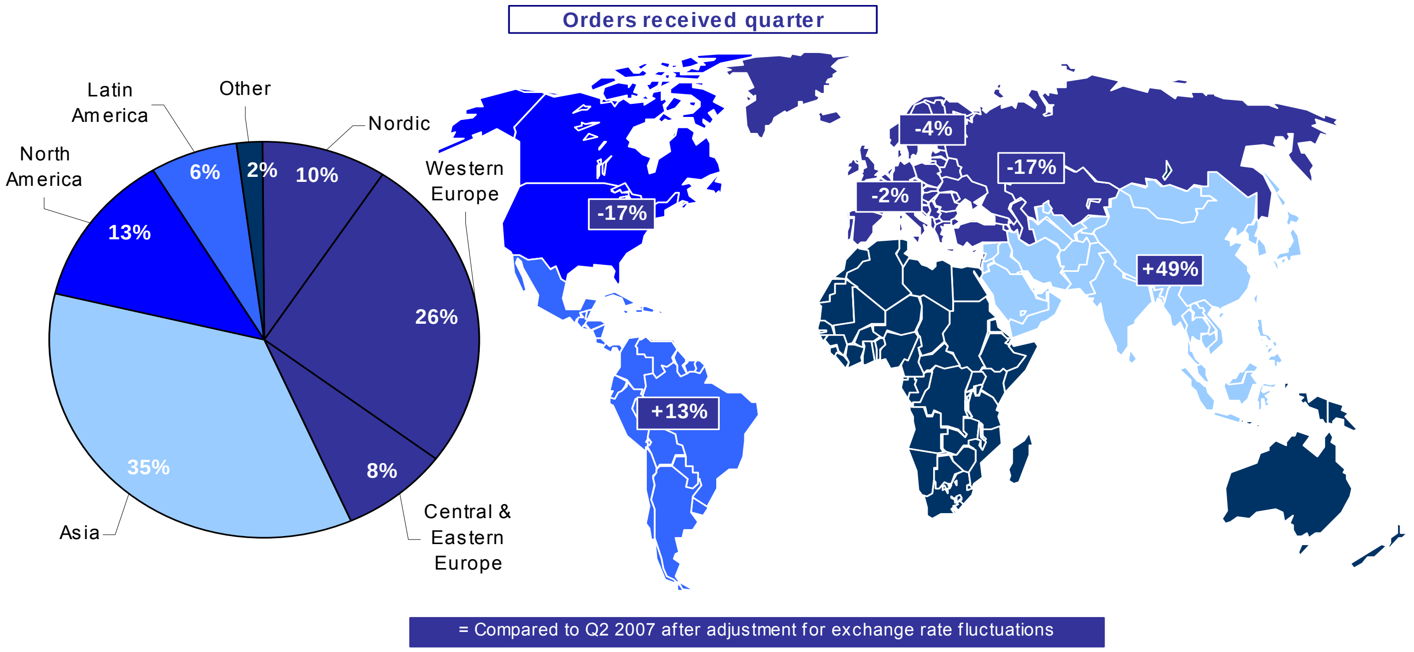
Operations division and Other

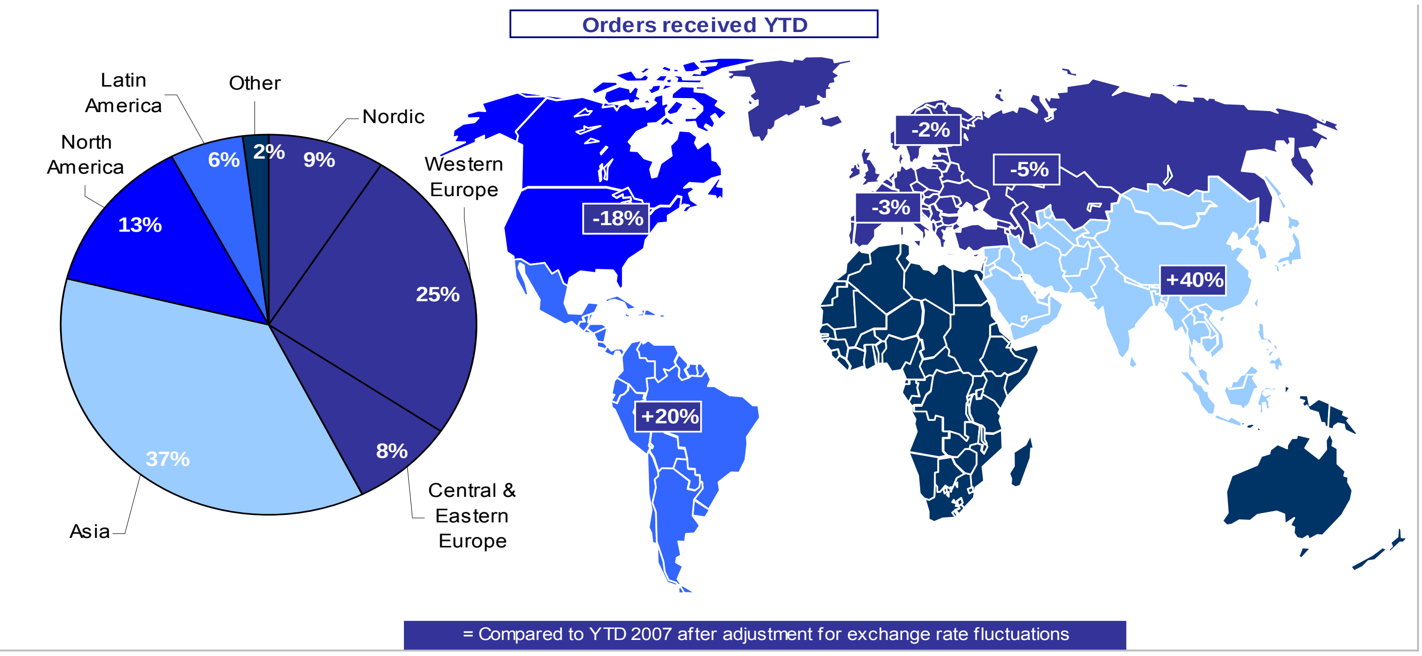
SEK millions	**April 1 - June 30 2008**	April 1 - June 30 2,007	**Jan 1 - June 30 2008**	Jan 1 - June 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Orders received	7	9	11	19	63	10
Order backlog *			36	20	49	8
Net sales	13	4	20	6	21	39
Operating income	-129	-156	-239	-280	-433	-460

* At the end of the period.

Reporting by geographical markets

The Group's secondary segments are geographical markets. All comments are after adjustment for exchange rate fluctuations.





Western Europe including Nordic

Order intake for the base business* was unchanged in the second quarter compared to the same period last year. The Equipment division's order intake was also unchanged compared to last year, while the Marine & Diesel segment showed an increase. Order intake for the Process Technology division was substantially lower than last year whereas orders for the Parts & Service segment rose. Best geographic region was the Adriatic region.

Central and Eastern Europe

The quarter showed a decline for the region as a whole, mainly due to non-repeated large orders from energy and process industries. Russia as well as Turkey showed a good order intake from both the comfort and marine & diesel industries. Best overall improvement was seen in Ukraine and Central Europe. By segment, Comfort & Refrigeration, Fluids & Utility, Marine & Diesel and Parts & Service all showed particularly good growth.

North America

Base orders* increased during the second quarter compared to the same period last year. At the same time order intake in the Equipment division was higher across all segments. Parts & Service also reported growth in order intake. Meanwhile the Process Technology division showed a decline, mainly due to a drop in orders from the ethanol industry.

Latin America

Latin America presented another strong quarter, driven by order growth in Chile, Argentina and Mexico where the Food Technology segment developed well. Brazil was another country to report a positive development, mainly due to orders from the sugarcane-based ethanol industry. Most segments showed an increase - with Comfort & Refrigeration and Marine & Diesel showing the strongest development. Parts & Service also reported a good order intake development during the period.

Asia

The positive trend reported in the first quarter continued into the second. The strong growth in order intake was reflected by most segments; the frontrunners being Marine & Diesel, Process Industry and Food Technology. Parts & Service showed continued good development. From a geographical perspective, several countries supported the positive development; the strongest contributors being South Korea, the Middle East and China.

* Base business and base orders refer to orders with an order value of less than EUR 0.5 million.

CONSOLIDATED CASH-FLOW STATEMENTS Amounts in SEK millions	**Jan 1 - June 30 2008**	Jan 1 - June 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Cash flow from operating activities				
Operating income	2,862	1,799	4,691	2,552
Adjustment for depreciation	267	297	608	601
Adjustment for other non-cash items	30	-12	-73	207
	3,159	2,084	5,226	3,360
Taxes paid	-1,062	-621	-1,130	-549
	2,097	1,463	4,096	2,811
Changes in working capital:				
(Increase)/decrease of receivables	-244	-763	-1,163	-1,308
(Increase)/decrease of inventories	-155	-937	-1,110	-725
Increase/(decrease) of liabilities	104	951	896	1,418
Increase/(decrease) of provisions	127	324	545	423
(Increase)/decrease in working capital	**-168**	**-425**	**-832**	**-192**
	1,929	1,038	3,264	2,619
Cash flow from investing activities				
Investments in fixed assets (Capex)	-259	-144	-556	-373
Divestment of fixed assets	0	3	79	19
Acquisition of businesses	-390	-708	-1,199	-1,227
Additional purchase price	-38	-	-	4
	-687	-849	-1,676	-1,577
Cash flow from financing activities				
Financial net, paid	-63	-162	-244	-115
Repurchase of shares	-367	-426	-1,497	-
Dividends to owners of parent company	-963	-698	-698	-570
Dividends to minority owners in subsidiary	-10	-19	-27	-29
(Increase)/decrease of other financial assets	-119	-25	-13	80
Capitalised financing costs, acquisition loans	-	-	-	-4
Increase/(decrease) of liabilities to credit institutions	269	1,216	1,188	-298
	-1,253	-114	-1,291	-936
Net increase (decrease) in cash and bank	-11	75	297	106
Cash and bank at the beginning of the year	856	546	546	479
Translation difference in cash and bank	-27	15	13	-39
Cash and bank at the end of the period	818	636	856	546
Free cash flow per share (SEK) *	2.89	0.42	3.60	2.33
Capex in relation to sales	2.0%	1.3%	2.2%	1.9%
Average number of shares **	429,578,668	446,200,328	440,611,504	446,687,972

* Free cash flow is the sum of cash flows from operating and investing activities.
** Average number of shares has been affected by the repurchase of shares and the 4:1 split.

Cash flow from operating and investing activities amounted to SEK 1,242 (189) million during the first six months 2008. As a result of increased volumes and profit the cash flow was charged with increased tax payments and build up of working capital. Depreciation, excluding allocated step-up values, was SEK 134 (129) million during the first six months, whereas the investments were SEK 259 (144) million.

CONSOLIDATED BALANCE SHEET

Amounts in SEK millions	**June 30 2008**	June 30 2007	Dec 31 2007
ASSETS			
Non-current assets			
Intangible assets	5,755	5,522	5,734
Property, plant and equipment	2,855	2,538	2,824
Other non-current assets	1,202	1,099	1,133
	9,812	9,159	9,691
Current assets			
Inventories	5,119	4,838	5,086
Assets held for sale	-	1	-
Accounts receivable	5,337	4,781	5,049
Other receivables	1,931	1,790	2,082
Derivative assets	241	144	297
Current deposits	249	245	190
Cash and bank *	818	636	856
	13,695	12,435	13,560
TOTAL ASSETS	23,507	21,594	23,251
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	8,218	6,896	7,846
Minority interest	90	85	91
	8,308	6,981	7,937
Non-current liabilities			
Liabilities to credit institutions	2,405	2,405	2,378
Private placement	656	755	703
Provisions for pensions and similar commitments	853	934	877
Provision for deferred tax	983	905	1,090
Other provisions	420	410	409
	5,317	5,409	5,457
Current liabilities			
Liabilities to credit institutions	465	331	339
Accounts payable	2,329	2,295	2,522
Advances from customers	2,210	2,070	1,895
Other provisions	1,432	1,115	1,401
Other liabilities	3,285	3,269	3,478
Derivative liabilities	161	124	222
	9,882	9,204	9,857
Total liabilities	15,199	14,613	15,314
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	23,507	21,594	23,251

* The item cash and bank is mainly relating to bank deposits.

Cash, bank and current deposits include bank and other deposits in the publicly listed subsidiary Alfa Laval (India) Ltd of SEK 67 (43) million. The company is not a wholly owned subsidiary of the Alfa Laval Group. It is owned to 76.7 percent.

Borrowings and net debt

Consolidated SEK in millions	**June 30 2008**	June 30 2007	Dec 31 2007
Credit institutions	2,870	2,736	2,717
Private placement	656	755	703
Capitalised financial leases	33	36	34
Interest-bearing pension liabilities	2	2	2
Total debt	3,561	3,529	3,456
Cash, bank and current deposits	-1,067	-881	-1,046
Net debt	2,494	2,648	2,410

Alfa Laval has a senior credit facility with a banking syndicate of EUR 268 million and USD 348 million, corresponding to SEK 4,594 million. At June 30, 2008, SEK 1,915 million of the facility were utilised. The facility matures in April 2011 with another year's option until April 2012.

The private placement of USD 110 million matures in 2016.

Repurchase of shares

The Annual General Meeting 2007 gave the Board a mandate to decide on repurchase of the company's shares – if the Board deems this appropriate – until the next Annual General Meeting. The mandate referred to repurchase of up to 10 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital. The repurchase would be made through purchases on OMX Nordic Exchange Stockholm. The outcome of the mandate was as follows:

Specification of repurchase of shares		**2007**			**2008**		
Based on mandate from Annual General Meeting 2007	April 1 - June 30	July 1 - Sept 30	Oct 1 - Dec 31	Jan 1 - March 31	Total	Cancelled on May 27	Left to cancel *
Number of repurchased shares	1,011,969	2,246,920	343,650	1,084,200	4,686,739	-4,323,639	363,100
Corresponding number after 4:1 split	4,047,876	8,987,680	1,374,600	4,336,800	18,746,956	-17,294,556	1,452,400
Percentage of outstanding shares	0.9%	2.0%	0.3%	1.0%	4.2%	-3.9%	0.3%
Cash-out and decrease of equity in parent company and consolidated Group (SEK millions)	-426	-939	-132	-367	-1,864		

* In relation to number of outstanding shares remaining after the cancellation.

Cancellation of repurchased shares and a corresponding bonus issue

On March 11, 2008 when the notice to the Annual General Meeting was sent the number of repurchased shares was 4,323,639. The Annual General Meeting 2008 decided to cancel these repurchased shares. Cancellation of 4,323,639 shares means that the share capital will decrease with SEK 43 million. At the same time the Annual General Meeting decided to increase the share capital through a bonus issue of the same amount without issuing any shares. In this way the size of the share capital was restored and the company did not have to obtain permission from Bolagsverket or if disputed the local court to cancel the repurchased shares.

Repurchase of additional shares

The Annual General Meeting 2008 gave the Board a new mandate to decide on repurchase of the company's shares – if the Board deems this appropriate – until the next Annual General Meeting. The mandate refers to repurchase of up to 5 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital. The repurchase will be made through purchases on OMX Nordic Exchange Stockholm. Until June 30, 2008 the Board has not made any repurchases of shares under the new mandate.

Share split 4:1

The Annual General Meeting 2008 decided to make a share split 4:1 meaning that each share would be split into 4 new shares. The split was implemented with record date June 10, 2008.

CHANGES IN CONSOLIDATED EQUITY

Amounts in SEK millions	**Jan 1 - June 30 2008**	Jan 1 - June 30 2007	Jan 1 - Dec 31 2007
At the beginning of the period	7,937	6,831	6,831
Changes attributable to:			
Equity holders of the parent			
Repurchase of shares	-367	-426	-1,497
Increase of ownership in Alfa Laval (India) Ltd	-	56	56
Cash flow hedges	47	-103	-26
Translation difference	-268	143	155
Deferred tax	3	30	6
Net income for the period	1,920	1,181	3,137
Dividends	-963	-698	-698
Subtotal	372	183	1,133
Minority			
Decrease of minority in Alfa Laval (India) Ltd	-	-56	-56
Translation difference	-7	21	13
Net income for the period	16	21	43
Dividends	-10	-19	-27
Subtotal	-1	-33	-27
At the end of the period	8,308	6,981	7,937

At January 1, 2008 the share capital of SEK 1,116,719,930 was divided into 111,671,993 shares. Since then the following changes have taken effect:

Specification of number of shares	Before split	Correspondin g number after 4:1 split
Number of shares at January 1, 2008	111,671,993	446,687,972
Cancellation of re-purchased shares on May 27, 2008	-4,323,639	-17,294,556
Number of shares at May 31, 2008	107,348,354	429,393,416
Increase due to 4:1 split on June 10, 2008	322,045,062	
Number of shares at June 30, 2008	429,393,416	

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 21,404 (15,439) shareholders on June 30, 2008. The largest owner is Tetra Laval B.V., the Netherlands who owns 18.4 (17.7) percent. The increase in ownership is due to the cancellation of the shares repurchased by the company. Next to the largest owner there are nine institutional investors with ownership in the range of 3.7 to 1.4 percent. These ten largest owners own 37.6 (52.9) percent of the shares.

Material factors of risk and uncertainty

The main factors of risk and uncertainty facing the Group concern the price development and availability of strategic metals, fluctuations in major currencies and when the business cycle driven downturn in the demand for the company's products comes and how deep the downturn will be. It is the company's opinion that the description of risks made in the Annual Report for 2007 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of June 30, 2008, named as a co-defendant in a total of 269 asbestos-related lawsuits with a total of approximately 344 plaintiffs. Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit.

Based on current information and Alfa Laval's understanding of these lawsuits, Alfa Laval continues to believe that these lawsuits will not have a material adverse effect on the Group's financial condition or results of operation.

Purchase of businesses

On June 13, 2008 Alfa Laval acquired about 45 percent of the Swedish company Ageratec, that develops innovative process solutions for the biodiesel industry. Ageratec's estimated sales 2008 are about SEK 80 million.

On June 1, 2008 Alfa Laval acquired the US company Standard Refrigeration, a leading supplier of shell-and-tube heat exchangers for a variety of refrigeration, air-conditioning and industrial applications in the North American market. In 2007 the company had sales of about SEK 220 million and some 185 employees. Standard Refrigeration will be integrated into Alfa Laval in order to capture synergies such as a wider product portfolio combined with an enhanced market presence.

On February 11, 2008 Alfa Laval acquired the Danish company Høyer Promix A/S. The company has a turnover of approximately DKK 12 million and develops, produces and markets agitators mainly for the food and pharma industry. The company will be merged into Alfa Laval Tank Equipment A/S.

Accounting principles

The second quarter interim report 2008 is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting principles are according to IFRS (International Financial Reporting Standards). This means that the same accounting principles and accounting estimates have been applied in the second quarter interim report 2008 as for the annual report for 2007.

Parent company

The parent company's result after financial items was SEK 0 (1,221) million, out of which net interests were SEK 7 (19) million, realised and unrealised exchange rate gains and losses SEK -0 (1) million, dividends from subsidiaries SEK - (1,208) million, costs related to the listing SEK -1 (-1) million, fees to the Board SEK -2 (-2) million, cost for annual report and annual general meeting SEK -3 (-3) million and other administration costs the remaining SEK -1 (-1) million.

PARENT COMPANY INCOME STATEMENT

Amounts in SEK millions	**April 1 - June 30 2008**	April 1 - June 30 2007	**Jan 1 - June 30 2008**	Jan 1 - June 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Administration costs	-3	-6	-6	-7	-10	-11
Other operating costs	0	1	-1	0	-2	-1
Operating income/loss	-3	-5	-7	-7	-12	-12
Dividends	-	1,208	-	1,208	1,208	2,000
Interest income and similar result items	3	13	11	21	44	15
Interest costs and similar result items	-3	-1	-4	-1	-3	-10
Result after financial items	-3	1,215	0	1,221	1,237	1,993
Appropriation to tax allocation reserve	-	-	-	-	-378	-254
Income tax	4	13	3	-4	-318	-214
Tax on received Group contribution	-	-	-	-	413	286
Net result for the year	1	1,228	3	1,217	954	1,811

PARENT COMPANY BALANCE SHEET

Amounts in SEK millions	**June 30 2008**	June 30 2007	Dec 31 2007
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	661	1,971	2,385
Other receivables	117	26	1
Cash and bank	-	-	-
	778	1,997	2,386
TOTAL ASSETS	5,447	6,666	7,055
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity capital	2,387	2,387	2,387
Unrestricted equity capital	2,302	3,899	3,628
	4,689	6,286	6,015
Untaxed reserves			
Tax allocation reserve, taxation 2005	81	81	81
Tax allocation reserve, taxation 2006	25	25	25
Tax allocation reserve, taxation 2007	254	254	254
Tax allocation reserve, taxation 2008	378	-	378
	738	360	738
Current liabilities			
Liabilities to group companies	20	19	47
Accounts payable	0	1	1
Tax liabilities	-	-	254
Other liabilities	0	0	-
	20	20	302
TOTAL EQUITY CAPITAL AND LIABILITIES	5,447	6,666	7,055

Date for the next financial report during 2008

The interim report for the third quarter 2008 will be published on October 22, 2008.