Contents | **page**

Interim Report July - September 2007

Stockholm 19 October 2007

- **Net sales for the first nine months rose to SEK 28,088m (24,863), and income for the period to SEK 1,956m (1,665[1]), corresponding to SEK 5:06 (4:32[1]) per share**
- **Net sales for the third quarter rose to SEK 6,826m (5,392), and operating income declined to SEK 553m (571). Excluding acquisitions and in comparable currencies, net sales rose by 9% and operating income by 4%**
- **Operating income in the quarter was negatively affected by higher material costs within Consumer Products in US, and seasonally weak earnings for Gardena**
- **Substantial improvement in operating income for Consumer Products Rest of World, excluding Gardena**
- **Continued strong performance by Professional Products**

SEKm	**Q3 2007**	Q3 2006	Change, %	Change, adjusted for currency and acquisitions, %[2)]	**Jan.-Sept. 2007**	Jan.-Sept. 2006	Change, %	Change, adjusted for currency and acquisitions, %[2)]	Full year 2006
Net sales	**6,826**	5,392	27	9	**28,088**	24,863	13	4	29,402
Operating income	**553**	571	-3	4	**3,295**	2,775	19	4	3,121
Operating margin, %	***8.1***	*10,6*		-	***11.7***	*11.2*		-	*10.6*
EBITDA	**836**	802	4		**4,096**	3,459	18		3,957
EBITDA margin, %	**12.2**	14.9			**14.6**	13.9			13.5
Income after financial items	**391**	467	-16	-	**2,795**	2,413[1)]	16	-	2,692[1)]
Margin, %	***5.7***	*8.7*		-	***10,0***	*9.7[1)]*			*9.2[1)]*
Income for the period	**273**	322	-15	-	**1,956**	1,665[1)]	17	-	1,862[1)]
Earnings per share, SEK[3)]	**0:70**	0:84	-16	-	**5:06**	4:32[1)]	17	-	4.83[1)]
Return on capital employed, %[4)]		-	-	-	**20,2**	23.4[1)]	-	-	23.8[1)]
Return on equity,%[4)]		-	-	-	**31,5**	34.0[1)]	-	-	32.5[1)]

1) Pro forma.
2) Including both transaction and translation effects excluding acquisitions.
3) After dilution. Based on an average of 384.8 (385,1) million shares for the third quarter and 385.0 million (385.1) for the full year. Earnings per share and no. of shares for 2006 adjusted for bonus issue in May 2007
4) Calculated as rolling 12 months.

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HUSQVARNA'S FINANCIAL INFORMATION

The Husqvarna Group was established and capitalized as of 31 May 2006. Operations in Husqvarna previously comprised the Outdoor Product segment within the Electrolux Group.

During 2006 Husqvarna published pro forma financial information as well as combined financial statements. The difference between the pro forma information and the combined financial statements are described in Note 29 in the Group's Annual report 2006.

This report shows pro forma comparable figures for the first nine months of 2006. The income statement and cash flow analysis on pages 10 and 12 show pro forma and combined comparable figures.

Pro forma financial information

The pro forma financial information has been prepared in order to describe Husqvarna on a stand-alone basis, and is based on the assumption that Husqvarna was established and capitalized as of 1 January 2005 for the pro forma income statement and 31 December 2005 for the pro forma balance sheet.

Financial net, taxes, earnings per share and cash flow are shown pro forma in the report and are market by an asterisk*.

Combined Financial Statements

Operations were transferred to Husqvarna at book values reported by Electrolux according to the predecessor basis. The combined financial statements represent the financial position, results of operations and cash flows of Husqvarna AB and its subsidiaries and other legal entities, which were included in the former Outdoor Product segment within Electrolux.

As the establishment of the Group was finalized by 31 May 2006, the income statement, balance sheet, equity statement and cash flow statement as of 1 June 2006 and onward represent the consolidated values for the Group.

Accounting principles

Husqvarna applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and RR 31 from the Swedish Financial Accounting Standards Council.

The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RR 32:06 "Accounting for Legal Entities".

The accounting principles applied in this interim report are described in Husqvarna's Annual Report 2006. The IFRS amendments and interpretations effective since 1 January 2007 have had no material effect on the Group's financial statements. The accounting principles are also available on www.husqvarna.com in the section Investor Relations.

NET SALES AND INCOME

Third quarter

Net sales
Net sales for the Husqvarna Group in the third quarter of 2007 amounted to SEK 6,826m (5,392), corresponding to an increase of 27%. The increase refers mainly to the newly acquired operations of Gardena and Zenoah, which were consolidated as of the second quarter of 2007. In comparable currencies and excluding acquisitions, net sales rose by 9%.

Operating income
Operating income decreased by 3% to SEK 553m (571). The decline was mainly due to substantially lower income for Consumer Products in North America and the seasonality of earnings in Gardena, which had a negative impact of SEK -78m in the quarter. In addition, Gardena's operating income was negatively affected in the amount of SEK -7m due to a change in accounting principles for pensions, which previously was reported as financial items in the second quarter. In comparable currencies and excluding acquisitions, Group operating income rose by 4%.

Including transaction and translation effects, changes in exchange rates compared to previous year had a total negative impact of SEK -20m on operating income. Transaction effects, net of hedging contracts, amounted to SEK -13m, and the effects of translation of income statements in subsidiaries amounted to SEK -7m.

Financial net
Net financial items for the third quarter amounted to SEK -162m (-104). The financial net was negatively affected by an increase in net borrowings related to acquisitions as well as higher interest rates.

Income after financial items
Income after financial items declined to SEK 391m (467), corresponding to a margin of 5.7% (8.7).

Taxes
Total taxes amounted to SEK -118m (-145), which corresponds to 30% (31) of income after financial items.

Earnings per share
Income for the period declined to SEK 273m (322). Earnings per share after dilution were SEK 0:70 (0:84).

First nine months

Net sales
Net sales for the period January - September 2007 amounted to SEK 28,088m (24,863), corresponding to an increase of 13%. In comparable currencies and excluding acquisitions, net sales rose by 4%.

Operating income
Operating income increased by 19% to SEK 3,295m (2,775) and operating margin improved to 11.7% (11.2). In comparable currencies and excluding acquisitions, operating income rose by 4%.

Including transaction and translation effects, changes in exchange rates compared to previous year had a negative impact of SEK -43m on operating income. Transaction effects net of hedging contracts amounted to SEK 54m, and the effects of translation of income statements in subsidiaries amounted to SEK -97m.

Financial net
Net financial items for the first nine months amounted to SEK -500m (-362*). The financial net was negatively affected by higher net borrowings related to acquisitions and higher interest rates.

Income after financial items
Income after financial items increased to SEK 2,795m (2,413*), corresponding to a margin of 10.0% (9.7).

Taxes
Total taxes amounted to SEK -839m (-748*), which corresponds to 30% (31) of income after financial items.

Earnings per share
Income for the period increased to SEK 1,956m (1,665*). Earnings per share after dilution were SEK 5:06 (4:32*).

OPERATING CASH FLOW

Operating cash flow SEKm	Q3 **2007**	Q3 2006	Jan.-Sept. **2007**	Jan.-Sept. 2006	Full year 2006 Pro forma
Cash flow from operations, excluding changes in operating assets and liabilities	454	613	2,958	2,433	2,626
Changes in operating assets and liabilities	1,458	1,999	-293	-1,467	-1,194
Cash flow from operations	**1,912**	**2,612**	**2,665**	**966**	**1,432**
Cash flow from investments, excluding acquisitions	-197	-213	-607	-723	-897
Operating cash flow	**1,715**	**2,399**	**2,058**	**243**	**535**

Operating cash flow for the third quarter decreased to SEK 1,715m (2,399). Changes in operating assets and liabilities had a negative impact, particularly trade payables which were at a high level at the end of June and therefore showed a negative trend in the quarter.

Operating cash flow for the first nine months increased to SEK 2,058m (243). The improvement refers mainly to trade payables and trade receivables as well as higher income. Changes in inventories had a less positive impact than in the previous year.

FINANCIAL POSITION

Group equity as of 30 September 2007 excluding minority interests, amounted to SEK 7,245m (6,278), corresponding to SEK 18.82 (16.30) per share.

The net debt/equity ratio was 1.58 (0.75) and the equity/asset ratio was 25.5% (36.8).

Group's net borrowings as of 30 September 2007 increased to SEK 11,540m (4,679), as a result of acquisitions. Net borrowings were reduced by SEK 1,837m in the quarter.

* *Pro forma*

Net borrowings SEKm	**30 September** **2007**	30 September 2006	31 December 2006
Interest-bearing liabilities	13,262	5,452	5,090
Liquid funds	1,722	773	840
Net borrowings	**11,540**	**4,679**	**4,250**
Net debt/equity	1.58	0.75	0.68
Equity/assets ratio, %	25.5	36.8	38.3

OUTLOOK

Market demand during the fourth quarter is estimated to show continued growth in Europe, while the market in the US is expected to be weak. As result of acquisitions, there has been a shift in the seasonal pattern of the Group's operating income so that the fourth quarter now accounts for a smaller share of income, while the second quarter accounts for a larger share than previously.

For the same reason as in the third quarter, i.e. lower rebates, costs for raw materials and components within Consumer Products are expected to be higher in the fourth quarter than in the same quarter in 2006. Although sales of consumer products account for a small share of Group sales in the fourth quarter, this will have a negative impact on income.

PERFORMANCE BY BUSINESS AREA IN THE THIRD QUARTER

Operations in Husqvarna comprise two business areas - Consumer Products and Professional Products. Consumer Products is divided into two geographical areas, i.e. North America and Rest of the world. Professional Products comprises three areas, i.e. Forestry, Commercial Lawn and garden, and Construction.

Consumer Products

SEKm	**Q3 2007**	Q3 2006	Change, %	Change, adjusted for currency and acquisitions, %[1)]	**Jan.-Sept. 2007**	Jan.-Sept. 2006	Change, %	Change, adjusted for currency and acquisitions, %[1)]	Full year 2006
Net sales	**3,668**	2,774	32	12	**18,293**	16,307	12	3	18,335
Operating income	**66**	164	-60	-11	**1,751**	1,401	25	-4	1,415
Operating margin, %	**1.8**	5.9	-	-	**9.6**	8.6	-	-	7.7

1) Including both transaction and translation effects excluding acquisitions. Previously reported accumulated figures for the first half 2007 have been restated between the two business areas as regards to transaction effects.

Industry shipments of garden equipment in North America are estimated to have declined significantly during the third quarter and for the season as a whole, with the largest declines referring to chainsaws and tractors.

Sales for the Group's North American operation in the third quarter decreased in Swedish kronor but increased in dollars. Inventories of Group products at retailers at the end of the quarter are estimated to have been on a level with last year, and the Group is estimated to have strengthened its market shares. However, operating income and margin for the North American operation declined considerably as a result of lower rebates on purchases of raw materials and components than in previous years. Since sales are seasonally low in the third quarter the lower rebates had a strong negative impact on margin.

For the first nine months of the year, sales for the North American operation were unchanged in dollars while operating income and margin declined.

In Europe, demand in the third quarter is estimated to have increased for lawn mowers and other lawn-care equipment on the basis of favorable weather conditions for these categories. In addition, demand for chainsaws remained good in Eastern Europe.

Demand for irrigation equipment declined as a result of rainy weather in key markets and in comparison with a strong quarter in 2006. In accordance with the normal seasonal pattern, Gardena's income was negative in the quarter in the amount of SEK -78m, which is a decline of approximately SEK 50m from the previous year. For the second and third quarter combined, Gardena reported a substantial increase in operating income.

Total sales for the Group's operation in Rest of the World showed substantial growth, also excluding Gardena. Operating income and margin declined, as a result of the seasonality of earnings in Gardena which had a negative impact of SEK -85m in the quarter, as against the third quarter 2006. Excluding Gardena, both sales and operating income showed a substantial increase and margin improved, mainly as a result of a continued positive trend for Husqvarna-branded products in the dealer channel.

Overall, operating income for Consumer Products in the third quarter was substantially lower than in 2006, and margin declined. For the first nine-months of the year, operating income increased inclusive of acquisitions and margin improved.

Professional Products

SEKm	Q3 **2007**	Q3 2006	Change, %	Change, adjusted for currency and acquisitions, %[1)]	**Jan.- Sept. 2007**	Jan.- Sept. 2006	Change, %	Change, adjusted for currency and acquisitions, %[1)]	Full year 2006
Net sales	3,158	2,618	21	5	**9,795**	8,556	15	5	11,067
Operating income	529	447	18	10	**1,681**	1,478	14	13	1,875
Operating margin, %	16.8	17,1	-	-	**17.2**	17.3	-	-	16.9

1) *Including both transaction and translation effects excluding acquisitions. Previously reported accumulated figures for the first half 2007 have been restated between the two business areas as regards to transaction effects.*

Market demand for professional chainsaws is estimated to have been weaker in North America and Southern Europe, but showed an increase in Eastern Europe and Latin America. Exclusive of the newly acquired Zenoah operation, Group sales were largely unchanged and operating income declined somewhat. The Group achieved strong growth in sales in primarily Eastern Europe. A continued positive trend was also reported for accessories. Including Zenoah, operating income rose over the previous year but margin declined somewhat.

Demand for commercial garden equipment is estimated to have declined in the US and increased in Europe. Group sales rose considerably, also exclusive of the Dixon, Klippo and Zenoah acquisitions, on the basis of good performance in several European markets. Operating income and margin showed strong improvements.

Demand for diamond tools and cutting equipment for the construction industry is estimated to have declined in the US and increased in Europe. Exclusive of newly acquired operations, Group sales declined slightly, mainly referring to the US operation. Operating income and margin declined as a result of lower volumes. Inclusive of acquisitions, both sales and income rose in comparison with last year.

Overall, operating income for Professional Products increased in the quarter, while margin declined from the previous year. For the first nine-month of the year, operating income increased and margin was unchanged.

RISKS AND FACTORS OF UNCERTAINTY

A number of risk factors may affect Husqvarna's operations in terms of operational risks and financial risks. Operational risks are managed by the operative units and financial risks by the Group Treasury function.

Operational risks
Operational risks include general economic conditions and consumer spending particularly in North America and Europe, where the majority of the Group´s products are sold. An economic downturn in these markets may have an adverse effect on Group earnings.

Demand for the Group's products is also dependent on weather conditions. Demand for such products as lawn mowers and tractors tends to decline in dry weather, whereas demand for chainsaws increases after storms.

Husqvarna's operations are also subject to seasonal variations. The peak demand season for Consumer Products and Commercial Lawn and Garden is normally the second quarter, while the peak season for chainsaws is normally the third quarter. Husqvarna has adapted its production processes and supply chain to respond to these conditions. However, parameters such as cash flow and production follow the seasonal variations in demand, which results in relatively greater risk exposure for the Group during concentrated periods of time.

Financial risks
Financial risks refer primarily to risks related to exchange rates, interest rates and credit risks. Risk management within the Husqvarna Group is regulated by a financial policy established by the Board of Directors. The increased indebtedness resulting from the acquisitions as well as the seasonality of the Group´s operations increases the exposure to changes in both exchange rates and interest rates.

Acquisitions
Husqvarna has completed a number of acquisitions during the past 12 months. Although the Group has historically demonstrated an ability to successfully integrate acquired businesses, such integration always carries certain risks. Net sales can be negatively affected and costs can be higher than anticipated.

For more information on risk factors, see the 2006 Annual Report.

PARENT COMPANY

Net sales for the Parent Company, Husqvarna AB, for the first nine months 2007 amounted to SEK 8,168m (7,466), of which SEK 6,294m (5,598) related to sales to Group Companies and SEK 1,874m (1,868) to external customers. Income after financial items amounted to SEK 1,930m (1,093), including dividends received from subsidiaries of SEK 644m (0). Income for the first nine months was SEK 1,677m (888).

Investments in tangible and intangible assets during the first nine months of the year amounted to SEK 158m (162). Liquid funds at the end of the period amounted SEK 9,674m (4,900).

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 8,136m (7,840). During the year a dividend payment was made to shareholders in the amount of SEK 667m.

Repurchase of own shares
During the third quarter Husqvarna repurchased 1,969,000 own shares in a total amount of SEK 166m. The average purchase price was SEK 84.05. Husqvarna thus owns 0.5% of the total number of outstanding shares.

The repurchases were made in accordance with the authorization by the AGM in April 2007 and in order to hedge the company's obligations in connection with the implemented incentive programs.

ANNUAL GENERAL MEETING 2008

The Annual General Meeting of Husqvarna AB (publ) will be held on 23 April 2008, in the Elmia Congress- and Concert Hall in Jönköping, Sweden.

COMPOSITION OF NOMINATION COMMITTEE

In accordance with the decision by the Annual General Meeting in April 2007, Husqvarna shall have a Nomination Committee consisting of representatives of each of the four largest shareholders in terms of voting rights, and the Chairman of the Husqvarna Board.

The members of the Nomination Committee for the AGM in 2008 are Petra Hedengran, Investor AB (chairman), Fredrik Lundberg, Lundbergföretagen, Ramsay Brufer, Alecta, Stefan Roos, SEB Fonder and Lars Westerberg, Chairman of Husqvarna.

As of August 31, 2007, Investor's shareholding in Husqvarna corresponded to 24.6% of the voting rights in the company, Lundbergföretagen's to 10.2%, Alecta's to 5.9%, and SEB Fonder's to 3.6%.

The Nomination Committee will prepare proposals for the AGM in 2008, including proposals for Board members, fees to the Board members, fees to the auditors, and the tasks and composition of the Nomination Committee for the AGM in 2009.

Shareholders who wish to submit proposals to the Nomination Committee should send an email to nominationcommittee@husqvarna.se

Stockholm 19 October 2007

Bengt Andersson
President and CEO

PRESENTATION AND TELEPHONE CONFERENCE

A telephone conference will be held at 15.00 CET on 19 October 2007.

To participate, please dial:
+46 (0)8 5052 0110 (Sweden) or
+44 (0)20 7162 00 25 (UK).

A replay of the conference will be available at the Group's website www.husqvarna.com/ir.

NEXT REPORT

The Group's report for the fourth quarter and full year of 2007 will be published on 14 February 2007.

This interim report comprises information which Husqvarna is required to disclose under the Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. It was released for publication at 14.40 CET on 19 October 2007.

AUDITORS' REVIEW REPORT

To the Board of Directors of Husqvarna AB (publ)

We have reviewed the interim report for Husqvarna AB (publ) for the period 1 January 2007 - 30 September 2007. The board and the president are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to report a conclusion on this interim financial information based on our 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, issued by FAR SRS. 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 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material respects, prepared in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, 19 October 2007

PricewaterhouseCoopers AB

Anders Lundin
Authorised Public Accountant
Auditor in charge

Christine Rankin Johansson
Authorised Public Accountant

CONSOLIDATED INCOME STATEMENT

SEKm	Q3 2007	Q3 2006	Jan.-Sept. 2007	Jan.-Sept. 2006 Pro forma	Jan.-Sept. 2006 Combined	Full year 2006 Pro forma	Full year 2006 Combined
Net sales	**6,826**	**5,392**	**28,088**	**24,863**	**24,863**	**29,402**	**29,402**
Cost of goods sold	-4,690	-3,780	-20,019	-18,401	-18,401	-21,477	-21,477
Gross operating income	**2,136**	**1,612**	**8,069**	**6,462**	**6,462**	**7,925**	**7,925**
Selling expense	-1,253	-798	-3,787	-2,906	-2,906	-3,727	-3,727
Administrative expense	-338	-244	-996	-786	-786	-1,086	-1,086
Other operating income/expenses	8	1	9	5	5	9	9
Operating income*)	**553**	**571**	**3,295**	**2,775**	**2,775**	**3,121**	**3,121**
Margin, %	8.1	10.6	11.7	11.2	11.2	10.6	10.6
Financial items, net	-162	-104	-500	-362	-311	-429	-378
Income after financial items	**391**	**467**	**2,795**	**2,413**	**2,464**	**2,692**	**2,743**
Margin, %	5,7	8.7	10.0	9.7	9.9	9.2	9.3
Taxes	-118	-145	-839	-748	-764	-830	-846
Income for the period	**273**	**322**	**1,956**	**1,665**	**1,700**	**1,862**	**1,897**
Attributable to:							
Equity holders of the Parent Company	271	322	1,950	1,665	1,700	1,862	1,897
Minority interests in income for the period	2	0	6	0	0	0	0
*) Operating income includes:							
Depreciation and amortization	283	*231*	801	*684*	684	836	836
Basic earnings per share, SEK[1)]	0.70	0.84	5.06	4.32	4.41	4.83	4.93
Diluted earnings per share, SEK	0.70	0.84	5.06	4.32	4.41	4.83	4.93
Basic weighted average number of shares outstanding, millions[1)]	384.8	385.1	385.0	385.1	385.1	385.1	385.1
Diluted weighted average number of shares outstanding, millions	384.8	385.1	385.0	385.1	385.1	385.1	385.1

1) Earnings per share and number of shares for 2006 have been adjusted for the bonus issue made in May 2007.

CONSOLIDATED BALANCE SHEET

SEKm	**30 September 2007**	30 September 2006	31 December 2006
Assets			
Property, plant and equipment	4,317	3,651	3,575
Goodwill	6,462	1,895	1,780
Other intangible assets	2,789	460	511
Investments in associates	10	8	6
Deferred tax assets	810	783	628
Financial assets	242	183	246
Total non-current assets	**14,630**	**6,980**	**6,746**
Inventories	5,965	4,428	5,165
Trade receivables	5,477	4,321	3,106
Derivatives	118	54	142
Tax receivables	146	49	112
Other current assets	667	524	386
Cash and cash equivalents	1,604	719	698
Total current assets	**13,977**	**10,095**	**9,609**
Total assets	**28,607**	**17,075**	**16,355**
Assets pledged	**45**	**42**	**38**
Equity and liabilities			
Total equity attributable to equity holders of the Parent Company	7,245	6,278	6,252
Minority interests	39	1	12
Total equity	**7,284**	**6,279**	**6,264**
Long-term borrowings	10,369	4,715	4,683
Deferred tax liabilities	1,398	516	567
Provisions for pensions and other post-employment benefits	1,067	366	363
Derivatives	0	2	0
Other provisions	556	511	477
Total non-current liabilities	**13,390**	**6,110**	**6,090**
Trade payables	2,361	2,004	2,209
Tax liabilities	385	509	233
Other liabilities	2,130	1,352	1,096
Short-term borrowings	2,767	675	303
Derivatives	126	60	104
Other provisions	164	86	56
Total current liabilities	**7,933**	**4,686**	**4,001**
Total equity and liabilities	**28,607**	**17,075**	**16,355**
Contingent liabilities	**70**	**55**	**41**

CONSOLIDATED CASH FLOW STATEMENT

SEKm	**Q3 2007**	Q3 2006	**Jan.-Sept. 2007**	Jan.-Sept 2006 Pro forma	Jan.-Sept 2006 Combined	Full year 2006 Pro forma	Full year 2006 Combined
Operations							
Income after financial items	391	467	2,795	2,413	2,464	2,692	2,743
Depreciation and amortization	283	231	801	684	684	836	836
Change in accrued and prepaid interest	-24	-15	39	9	9	1	1
Taxes paid	-196	-70	-677	-673	-376	-903	-606
Cash flow from operations, excluding change in operating assets and liabilities	**454**	**613**	**2,958**	**2,433**	**2,781**	**2,626**	**2,974**
Change in operating assets and liabilities							
Change in inventories	64	416	331	1,670	1,670	716	716
Change in trade receivables	2,831	2,453	-628	-1,106	-1,106	2	2
Change in trade payables	-1,084	-455	-388	-2,060	-2,060	-1,787	-1,787
Change in other current assets	-2	44	-70	16	16	141	141
Change in other operating liabilities and provisions	-351	-459	462	13	287	-266	8
Cash flow from operating assets and liabilities	**1,458**	**1,999**	**-293**	**-1,467**	**-1,193**	**-1,194**	**-920**
Cash flow from operations	**1,912**	**2,612**	**2,665**	**966**	**1,588**	**1,432**	**2,054**
Investments							
Acquisitions of operations	-11	-246	-8,867	-439	-439	-558	-558
Capital expenditure in property, plant and equipment	-146	-168	-491	-566	-566	-735	-735
Capitalization of product development and software	-51	-45	-126	-118	-118	-155	-155
Other	0	0	10	-39	-39	-7	-7
Cash flow from investments	**-208**	**-459**	**-9,474**	**-1,162**	**-1,162**	**-1,455**	**-1,455**
Total cash flow from operations and investments	**1,704**	**2,153**	**-6,809**	**-196**	**426**	**-23**	**599**
Financing							
Change in short-term investments	-25	65	0	321	50	233	-38
Change in interest-bearing liabilities	-1,623	-2,765	8,565	-142	-3,477	-224	-3,559
Dividend	0	-	-667	-	-	-	-
Repurchase of shares	-166	-	-166	-	-	-	-
Dividend/Group contribution to Electrolux	-	-	-	-	-777	-	-777
Contribution from Electrolux	-	-	-	-	4,250	-	4,250
Cash flow from financing	**-1,814**	**-2,700**	**7,732**	**179**	**46**	**9**	**-124**
Total cash flow	**-110**	**-547**	**923**	**-17**	**472**	**-14**	**475**
Cash and cash equivalents at beginning of period	1,698	1,262	698	729	267	729	267
Exchange-rate differences	16	4	-17	7	-20	-17	-44
Cash and cash equivalents at end of period	1,604	719	1,604	719	719	698	698

NET SALES BY BUSINESS AREA

SEKm	Q3 2007	Q3 2006	Change, %	Change, adjusted for currency and acquisitions, %[1]	Jan.-Sept. 2007	Jan.-Sept. 2006	Change, %	Change, adjusted for currency and acquisitions, %[1]
Consumer Products	3,668	2,774	32	12	18,293	16,307	12	3
Professional Products	3,158	2,618	21	5	9,795	8,556	15	5
Total	**6,826**	**5,392**	27	9	**28,088**	**24,863**	13	4

1) Including both transaction and translation effects excluding acquisitions.

OPERATING INCOME BY BUSINESS AREA

SEKm	Q3 2007	Q3 2006	Change, %	Change, adjusted for currency and acquisitions, %[1]	Jan.-Sept. 2007	Jan.-Sept. 2006	Change, %	Change, adjusted for currency and acquisitions, %[1]
Consumer Products	66	164	-60	-11	1,751	1,401	25	-4
Margin, %	*1.8*	*5.9*			*9.6*	*8.6*		
Professional Products	529	447	18	10	1,681	1,478	*14*	*13*
Margin, %	*16.8*	*17.1*			*17.2*	*17.3*		
Total business areas	**595**	**611**	-3	4	**3,432**	**2,879**	19	4
Margin, %	*8.7*	*11.3*			*12.2*	*11.6*		
Group common costs etc.	-42	-40			-137	-104		
Total	**553**	**571**	-3	4	**3,295**	**2,775**	19	4
Margin, %	*8.1*	*10.6*			*11.7*	*11.2*		

1) Including both transaction and translation effects and excluding acquisitions. Previously reported accumulated figures for the first half 2007 have been restated between the two business areas as regards to transaction effects.

KEY RATIOS

	Q3 2007	Q3 2006	Jan.-Sept. 2007	Jan.-Sept. 2006 Pro forma	Jan.-Sept. 2006 Combined	Full year 2006 Pro forma	Full year 2006 Combined
Net sales, SEKm	**6,826**	5,392	**28,088**	24,863	24,863	29,402	29,402
Operating income, SEKm	**553**	571	**3,295**	2,775	2,775	3,121	3,121
Net sales growth, %	**27**	-12	**13**	5	5	2	2
Gross margin, %	**31.3**	29.9	**28,7**	26.0	26.0	27.0	27.0
Operating margin, %	**8.1**	10.6	**11.7**	11.2	11.2	10.6	10.6
Working capital, SEKm	**5,592**	4,494	**5,592**	4,494	4,494	4,335	4,335
Return on capital employed, %	**-**	-	**20.2**	23.4	24.3	23.8	24.1
Return on equity, %	**-**	-	**31.5**	34.0	51.2	32.5	43.2
Earnings per share, SEK[1]	**0.70**	0.84	**5.06**	4.32	4.41	4.83	4.93
Capital-turnover rate, times	**-**	-	**1.93**	2.5	2.5	2.4	2.4
Operating cash flow, SEKm	**1,715**	2,399	**2,058**	243	865	535	1,157
Net debt/equity ratio	**-**	-	**1.58**	0.75	0.75	0.68	0.68
Capital expenditure, SEKm	**197**	213	**617**	684	684	890	890
Average number of employees	**15,801**	10,268	**15,828**	11,372	11,372	11,412	11,412

1) After dilution. Earnings per share and number of shares for 2006 have been adjusted for the bonus issue made in May 2007

NET SALES AND INCOME BY QUARTER

Net sales and income		Q1	Q2	Q3	Q4	Full year
Net sales, SEKm	**2007**	**9,214**	**12,048**	**6,826**		
	2006	9,338	10,133	5,392	4,539	29,402
Operating income, SEKm	**2007**	**984**	**1,758**	**553**		
	Margin, %	*10.7*	*14.6*	*8.1*		
	2006	929	1,275	571	346	3,121
	Margin, %	*9.9*	*12.6*	*10.6*	*7.6*	*10.6*
Income after financial items, SEKm	**2007**	**876**	**1,528**	**391**		
	Margin, %	*9.5*	*12.7*	*5.7*		
	2006	792[1]	1,154[1]	467	279	2,692[1]
	Margin, %	*8.5*[1]	*11.4*[1]	*8.7*	*6.1*	*9.2*[1]
Income for the period, SEKm	**2007**	**613**	**1,070**	**273**		
	2006	546[1]	797[1]	322	197	1,862[1]
Earnings per share, SEK [2]	**2007**	**1.59**	**2.77**	**0.70**		
	2006	1.42[1]	2.07[1]	0.84	0.50	4.83[1]

1) Pro forma.
2) After dilution. Earnings per share and number of shares for 2006 have been adjusted for the bonus issue made in May 2007

NET SALES BY BUSINESS AREA PER QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Products	**2007**	**6,207**	**8,418**	**3,668**		
	2006	6,540	6,993	2,774	2,028	18,335
Professional Products	**2007**	**3,007**	**3,630**	**3,158**		
	2006	2,798	3,140	2,618	2,511	11,067
Total	**2007**	**9,214**	**12,048**	**6,826**		
	2006	9,338	10,133	5,392	4,539	29,402

OPERATING INCOME BY BUSINESS AREA PER QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Products	**2007**	**521**	**1,164**	**66**		
	Margin, %	*8.4*	*13.8*	***1.8***		
	2006	503	734	164	14	1,415
	Margin, %	*7.7*	*10.5*	*5.9*	*0.7*	*7.7*
Professional Products	**2007**	**510**	**642**	**529**		
	Margin, %	*17.0*	*17.7*	*16.8*		
	2006	455	576	447	397	1,875
	Margin, %	*16.3*	*18.3*	*17.1*	*15.8*	*16.9*
Group common costs etc.	**2007**	**-47**	**-48**	**-42**		
	2006	-29	-35	-40	-65	-169
Total	**2007**	**984**	**1,758**	**553**		
	Margin, %	*10.7*	*14.6*	*8.1*		
	2006	929	1,275	571	346	3,121
	Margin, %	*9.9*	*12.6*	*10.6*	*7.6*	*10.6*

NET SALES AND OPERATING INCOME, 12 MONTHS ROLLING

SEKm		Q1	Q2	Q3	Q4
Net sales, SEKm	**2007**	**29,278**	**31,193**	**32,627**	
	2006	30,226	30,629	29,863	29,402
Operating income, SEKm	**2007**	**3,176**	**3,659**	**3,641**	
	Margin, %	*10.8*	*11.7*	*11.2*	
	2006	3,042	3,155	3,102	3,121
	Margin, %	*10.1*	*10.3*	*10.4*	*10.6*

CHANGE IN GROUP EQUITY

	Jan.-Sept. 2007			Jan.-Sept. 2006			Full year 2006		
SEKm	Equity	Minority interest	Total equity	Equity	Minority interest	Total equity	Equity	Minority interest	Total equity
Opening balance	**6,252**	**12**	**6,264**	**2,416**	**0**	**2,416**	**2,416**	**0**	**2,416**
Transactions in equity, net[1]	-	-	-	-1,895	-	-1,895	-1,903	-	-1,903
Dividend	-667	-	-667	-	-	-	-	-	-
Unconditional shareholder contribution[2]	-	-	-	4,250	-	4,250	4,250	-	4,250
Change in hedge reserve	-47	-	-47	35	-	35	61	-	61
Translation difference	-82	-	-82	-232	-	-232	-476	-	-476
Repurchase of shares	-166	-	-166	-	-	-	-	-	-
Share-based payment	5	-	5	5	-	5	7	-	7
Other	-	21	21	-1	1	0	-	12	12
Income for the period	1,950	6	1,956	1,700	0	1,700	1,897	0	1,897
Closing balance	**7,245**	**39**	**7,284**	**6,278**	**1**	**6,279**	**6,252**	**12**	**6,264**

1) Mainly effects of transfer of operations from Electrolux and dividend/group contributions from Husqvarna to Electrolux

2) An unconditional shareholder's contribution of SEK 4,250m from Electrolux 15 May 2006 in order to adjust the capital structure of Husqvarna AB prior to distribution.

THREE YEAR REVIEW

Combined	**2006**	**2005**	**2004**[1]
Net sales, SEKm	**29,402**	28,768	27,202
Operating income, SEKm	**3,121**	2,898	2,983
Net sales growth, %	**2**	6	1
Gross margin, %	**27.0**	26.6	26.9
Operating margin, %	**10.6**	10.1	11.0
Return on capital employed, %	**24.1**	31.0	31.1
Return on equity, %	**43.2**	46.0	41.9
Capital turn-over rate, times	**2.4**	2.6	2.9
Operating cash flow, SEKm	**1,157**	1,736	2,073
Capital expenditure, SEKm	**890**	1,259	1,040
Average number of employees	**11,412**	11,681	11,657

1) Restated to comply with IFRS, except for IAS 39. If IAS 39 had been applied in 2004, the volatility in income, net borrowings and equity would most probably have been higher.

ACQUISITIONS DURING 2007

Date of consolidation	Company	Business area	Consideration paid [1], SEKm	Acquired Net debt, SEKm	Enterprise value[1], SEKm	Annual net sales[2], SEKm
1 February 2007	Klippo AB	Professional products	222	5	227	150
28 February 2007	King Concepts	Professional products	126	2	128	30
31 March 2007	Gardena AG	Consumer Products	2,940	3,938	6,878	3,800
1 April 2007	Zenoah	Professional products	1,026	73	1,099	1,200
1 June 2007	Soff-Cut	Professional products	302	234	536	240
Total			**4,616**	**4,252**	**8,868**	**5,420**

1) Including acquisition cost
2) Financial year for Gardena 1 October - 30 September 2006; for Zenoah 1 April - 31 March 2006; for King Concepts 1 July - 30 June 2006.

SPECIFICATION OF ALL NET ASSETS ACQUIRED AND GOODWILL

SEKm	Acquired companies book values	Fair value adjustment	Fair value, acquisition balance
Goodwill	1,957	-1,957	0
Other intangible assets	181	2,156	2,337
Property, plant and equipment	1,011	4	1,015
Other non-current assets	188	0	188
Inventories	1,152	62	1,214
Trade receivables	1,787	0	1,787
Other operating assets	198	0	198
Trade payables	-598	0	-598
Other operating liabilities	-1,408	-782	-2,190
Net debt	-4,253	0	-4,253
Net identifiable assets	**215**	**-517**	**-302**
Goodwill			4,918
Consideration paid			**4,616**
Cash and cash equivalents acquired			-147
Net cash paid			**4,469**

The acquisition balances are preliminary and will be finalized in the year-end closing.The acquisitions total contribution to the Group's net sales end of September amounted to SEK 3,292m with an operating income of SEK 431m.

GARDENA

Gardena is the most significant acquisition during 2007 and is therefore also shown separately below. The acquisition balance is preliminary and will be finalized in the year-end closing.

SEKm	Acquired companies book values	Fair value adjustment	Fair value, acquisition balance
Goodwill	1,774	-1,774	0
Other intangible assets	159	1,883	2,042
Property, plant and equipment	888	0	888
Other non-current assets	161	4	165
Inventories	845	53	898
Trade receivables	1,188	0	1,188
Other operating assets	151	0	151
Trade payables	-311	0	-311
Other operating liabilities	-1,255	-745	-2,000
Net debt	-3,938	0	-3,938
Net identifiable assets	**-338**	**-579**	**-917**
Goodwill			3,857
Consideration paid			**2,940**
Cash and cash equivalents acquired			-102
Net cash paid			**2,838**

The majority of the other intangible assets consist of the trademark Gardena, which has been deemed to have indefinite life. The inventory has been valued to fair value at the date of acquisition, which has increased the purchased inventory by SEK 53m. Due to Gardena's high turnover of inventory in the second quarter the full amount was charged to the income statement during that quarter. The Gardena operation's net sales end of September amounted to SEK 2,455m with an operating income of SEK 388m, excluding the above mentioned charge for the Group.

PARENT COMPANY

INCOME STATEMENT

SEKm	**Q3 2007**	Q3 2006	**Jan.-Sept. 2007**	Jan.-Sept. 2006	Full year 2006
Net sales	**2,237**	**1,842**	**8,168**	**7,466**	**9,404**
Cost of goods sold	-1,597	-1,317	-5,991	-5,633	-7,020
Gross operating income	**640**	**525**	**2,177**	**1,833**	**2,384**
Selling expense	-213	-171	-692	-584	-765
Administrative expense	-79	-64	-285	-212	-298
Other operating income/expense	-1	0	-2	-1	3
Operating income	**347**	**290**	**1,198**	**1,036**	**1,324**
Financial items, net	59	47	732	57	81
Income after financial items	**406**	**337**	**1,930**	**1,093**	**1,405**
Appropriations	7	5	25	16	-257
Income before taxes	**413**	**342**	**1,955**	**1,109**	**1,148**
Taxes	-39	-3	-277	-221	-338
Income for the period	**374**	**339**	**1,677**	**888**	**810**

BALANCE SHEET

SEKm	**30 September 2007**	30 September 2006	31 December 2006
Non-current assets	4,177	4,171	4,172
Current assets	21,212	12,364	13,845
Total assets	**25,389**	**16,535**	**18,017**
Equity	8,961	8,456	8,131
Untaxed reserves	637	372	661
Provisions	47	37	63
Interest-bearing liabilities	14,001	6,245	7,204
Current liabilities	1,743	1,425	1,958
Total equity and liabilities	**25,389**	**16,535**	**18,017**

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 liability

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 divestments of operations.
EBITDA	Earnings before interests, taxes, depreciation and amortization
Capital expenditure	Property, plant and equipment and capitalization of product development and software.

Factors affecting forward-looking statements

This report contains forward-looking statements in the sense referred to in the American Private Securities Litigation Reform Act of 1995. Such statements comprise, among other things, financial goals, goals of future business and financial plans. These statements are based on present expectations and are subject to risks and uncertainties that may give rise to major deviations of the result due to several aspects. These aspects include, among other things: consumer demand and market conditions in the geographical areas and lines of business in which Husqvarna operates, the effects of currency fluctuations, downward pressure on prices due to competition, a material reduction of sales by important distributors, any success in developing new products and in marketing, outcome of any product responsibility litigation, progress when it comes to reach the goals set for productivity and efficient use of capital, successful identification of growth opportunities and acquisition objects, and to integrate these into the existing business and successful achievement of goals to make the supply chain more efficient.