

Ford-owned Volvo Cars reports swelling second-quarter losses as the auto industry crisis continues to grow deeper.



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Gothenburg-based Volvo Cars, that's up for sale by its owner Ford Motor Company, made a second-quarter pre-tax loss of \$231 million, compared with a loss of \$120 million a year ago, Ford said in a report on Thursday.

"The decline primarily reflected lower volumes, partly offset by continued progress on cost reductions and favorable exchange", the American carmaker said.

Second quarter revenue was \$2.9 billion, down from \$4.3 billion a year ago.

During the period Volvo produced 74,000 cars, 38,000 fewer than last year. The production is expected to be low even during the current quarter; Ford predicts Volvo to make 2,000 fewer cars during the third quarter than last year.

Ford, currently the only major U.S. carmaker not in bankruptcy, is selling Volvo and its European luxury brands in a move to raise cash and not having to ask for a government bailout. The company are said to be seeking about \$2 billion for Volvo, less than a third of the prize they paid for the company a decade ago. Ford acquired Volvo in 1999 for \$6.45 billion from Volvo AB.

"We continue to advance discussions with interested parties regarding sale of Volvo", Ford said.

Volvo Cars swells losses

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Ford Motors reported a pre-tax operating loss of \$424 million, excluding special items, for the second quarter while revenue plunged \$11 billion to \$27.2 billion.

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