



27 October 2005

## Report for the third quarter and the first nine months of 2005

### Third quarter

- **Operating profit amounted to SEK 76 M (82).**
- **Profit before tax amounted to SEK 68 M (75) and earnings per share to SEK 2.10 (2.55).**
- **Cash flow amounted to SEK 273 M (147).**

### Nine months

- **Net turnover amounted to SEK 8,749 M (8,524).**
- **Net profit amounted to SEK 120 M (160) and earnings per share to SEK 5.20 (6.55).**
- **If Micro is excluded, earnings per share amounted to SEK 7.40 (7.25).**

**In a comment on the quarterly results, Bilia's Managing Director Jan Pettersson says: "Customer satisfaction has continued to develop positively, and in the most recent poll Bilia's Swedish operation was rated higher than other Volvo dealers. This result should be viewed in the light of the fact that we do business in the metropolitan areas, where it is much more difficult to achieve high customer satisfaction. Direct imports of Volvo cars to Norway increased significantly during the quarter as a result of the strengthening of the Norwegian krone. Volumes and margins declined. It was not until the end of the quarter that Volvo reduced its car prices to restore its competitiveness."**

	Remaining operations		Micro		Group		Remaining operations	
	Third quarter 2005	2004	Third quarter 2005	2004	Third quarter 2005	2004	Oct. 04 -Sept. 05	Full year 2004
Net turnover, SEK M	<b>2,855</b>	2,491	-	38	<b>2,855</b>	2,529	11,885	11,592
Operating profit/loss excl. items affecting comparability, SEK M <sup>1)</sup>	<b>60</b>	70	-1	-6	<b>59</b>	64	304	320
Operating margin excl. items affecting comparability, %	<b>2.1</b>	2.8	-	-	<b>2.1</b>	2.5	2.6	2.8
Operating profit/loss, SEK M	<b>77</b>	88	-1	-6	<b>76</b>	82	322	329
Operating margin, %	<b>2.7</b>	3.5	-	-	<b>2.6</b>	3.3	2.7	2.8
Profit/loss before tax, excl. items affecting comparability, SEK M <sup>1)</sup>	<b>52</b>	64	-1	-7	<b>51</b>	57	286	298
Profit/loss before tax, SEK M	<b>69</b>	82	-1	-7	<b>68</b>	75	304	307
Net profit/loss, SEK M	<b>50</b>	64	-1	-5	<b>49</b>	59	221	227
Earnings per share, SEK <sup>2)</sup>	<b>2.15</b>	2.75	<b>-0.05</b>	-0.20	<b>2.10</b>	2.55	9.55	9.40

<sup>1)</sup> Items affecting comparability are shown on page 5.

<sup>2)</sup> The number of shares used in the calculation is shown in the table on page 11.

## Notable events after the end of the second quarter

### *Acquisitions and disposals*

- Bilia acquired all shares in Sweden's largest Hyundai dealership, Haglund & Hellberg Bil i Haninge AB. Turnover and profits from the acquired company will be included in Bilia's consolidated accounts from the first of October 2005.
- Bilia announced its intention to start selling used cars via Internet auctions at the beginning of 2006. The business will be conducted in the newly started company Netbil i Skandinavien AB.
- Bilia sold the car facilities in Vanløse and Herlev, Copenhagen, with a combined capital gain of SEK 21 M before tax.
- Bilia signed an agreement to sell a car facility in Bredden, Stockholm, with a capital gain of approximately SEK 6 M before tax. At the same time, it was announced that Bilia had decided to write down a property that is for sale by SEK 5 M. The earnings effects will be included in Bilia's consolidated accounts for the fourth quarter of 2005.
- On 24 October, Bilia signed an agreement to acquire the business operation in one of Sweden's biggest used car dealers, Michaelsson & Nelin AB, in Uppsala. The operation sells about 1,300 cars annually with a turnover of SEK 145 M and an operating margin of about 5 per cent. The acquisition is conditional on approval by the Swedish Competition Authority.

### *Miscellaneous*

- The Board of Directors of Bilia AB has decided to propose that the next Annual General Meeting on 19 April 2006 resolve to spin off Bilia's properties to the shareholders and apply for a listing of Bilia's property portfolio under the name Catena. Preparations are currently being made aimed at enabling the AGM to pass a resolution in this matter. Hagström & Qviberg

Fondkommission and Leimdörfer have been engaged as advisors in conjunction with the proposed spin-off.

- Volvo Personbilar Sverige AB announced that the dealer network will be expanded in Göteborg and Stockholm. The decision was motivated by Volvo Personvagnar AB's growth strategy with the goal of increasing global annual sales from today's 460,000 new Volvo cars to 600,000. The volume increase will come primarily from increased market share in the metropolitan areas via a strengthened sales organisation. The Volvo dealer Bra Bil AB will establish itself in Göteborg with estimated sales start at the end 2005. The Volvo dealer Upplands Motor AB will establish itself in Sollentuna north of Stockholm, with estimated sales start at the beginning of 2007.

## Events reported during the first six months

- Bilia started selling Ford's model range in Fornebu, Oslo.
- Bilia started selling Kia's model range in a separate facility in Kista, Stockholm.
- All 37.7 million Series C shares were redeemed in January, and the share capital was reduced by SEK 377 M.
- Bilia acquired all shares in A/S Scaniadam and Selandia Motor Company A/S, which are authorised Ford dealerships in Copenhagen.
- The operation in Micro was transferred during the second quarter, the date of possession being 1 June 2005. Micro reduced the Bilia's Group's operating profit in 2005 by a total of SEK 70 M.

## Group review

The following comments and comparative figures pertain to remaining operations, i.e. excluding the sold operation in Micro. The comments on shareholders' equity pertain to the entire Group, however.

### Third quarter 2005

Overall demand for new cars and service in Bilia's market areas was at a good and stable level. Demand for used cars continued to be weak, although some improvement was noted in Sweden.

**Net turnover** during the quarter amounted to SEK 2,855 M (2,491). Adjusted for exchange rate changes and comparable operations, net turnover increased by about SEK 48 M or 2 per cent. The increase is mainly attributable to Bilia's Danish operation (excluding Scania-dam), which delivered considerably more new and used cars during the quarter.

**Operating profit** amounted to SEK 77 M (88). Items affecting comparability increased the profit by SEK 17 M (18). The decline in earnings is attributable to Norway, which was affected by a considerable increase in direct imports of cars from Sweden during the quarter.

The result of customer financing amounted to SEK 29 M (29). A change in an accounting principle, IAS 18 Revenue, has affected customer financing by SEK 6 M (5).

**Items affecting comparability** (see table on page 5) amounted to SEK 17 M (18) during the quarter and consist of SEK 21 M (20) in gain from sale of property and SEK -4 M (-2) in costs for disputes and other costs.

**Net financial items** amounted to an expense of SEK 8 M (expense: 6). The decline is mainly attributable to the acquisition of Scaniadam and increased working capital in Bilia's Norwegian operation. A profit share of SEK 4 M (-) from the indirect shareholding in Volvo-finans is included, in net finance items.

**Taxes** are based on each markets tax expense respectively.

**Net profit** amounted to SEK 50 M (64) and earnings per share to SEK 2.15 (2.75). Exchange rate changes only affected the profit marginally. The Bilia Group's net profit (including Micro) amounted to SEK 49 M (59), and earnings per share to SEK 2.10 (2.55).

**Total assets** decreased during the quarter by SEK 247 M to SEK 5,215 M. The decrease is mainly attributable to diminished stocks of new and used cars.

**The Group's shareholders' equity** increased during the quarter by SEK 47 M, amounting to SEK 1,217 M at the end of the quarter.

**The equity/assets ratio** amounted to 23 per cent (23).

**Investments and disposals** amounted to SEK 121 M (86). Replacement investments represented SEK 12 M (7), expansion investments SEK 9 M (6), environmental investments SEK 1 M (4) and investments in new construction and additions to properties SEK 19 M (12). Net investments in lease vehicles and finance leases amounted to SEK 80 M (57).

**The number of employees** declined marginally during the quarter, amounting to 3,261.

**Cash flow** from operating activities amounted to SEK 268 M (158). Stocks of new and used cars declined by SEK 180 M, which strengthened the cash flow during the quarter. Net debt decreased by SEK 247 M during the quarter, amounting to SEK 575 M.

	Remaining operations 9 months		Micro 9 months		Group 9 months	
	2005	2004	2005	2004	2005	2004
Net turnover, SEK M	<b>8,705</b>	8,412	<b>44</b>	112	<b>8,749</b>	8,524
Operating profit/loss, excl. items affecting comparability, SEK M <sup>1)</sup>	<b>225</b>	241	<b>-14</b>	-22	<b>211</b>	219
Operating margin excl. items affecting comparability, %	<b>2.6</b>	2.9	-	-	<b>2.4</b>	2.6
Operating profit/loss, SEK M	<b>246</b>	253	<b>-70</b>	-23	<b>176</b>	230
Operating margin, %	<b>2.8</b>	3.0	-	-	<b>2.0</b>	2.7
Profit/loss before tax, excl. items affecting comparability, SEK M <sup>1)</sup>	<b>215</b>	227	<b>-15</b>	-23	<b>200</b>	204
Profit/loss before tax, SEK M	<b>236</b>	239	<b>-71</b>	-24	<b>165</b>	215
Net profit/loss, SEK M	<b>171</b>	177	<b>-51</b>	-17	<b>120</b>	160
Earnings per share, SEK <sup>2)</sup>	<b>7.40</b>	7.25	<b>-2.20</b>	-0.70	<b>5.20</b>	6.55

<sup>1)</sup> Items affecting comparability are shown on page 5.

<sup>2)</sup> The number of shares used in the calculation is shown in the table on page 12.

#### Changes in equity

Group, SEK M	9 months		Full year
	2005	2004	2004
Opening balance	<b>1,490</b>	1,293	1,293
Change of accounting principle RR 29	-	4	-18
Change of accounting principle IAS 39	<b>140</b>	-	-
Reduction/issue of Series C shares	<b>-377</b>	377	377
Dividend to shareholders	<b>-173</b>	-116	-116
Buy-back of shares <sup>1)</sup>	-	-234	-234
Charge Series C shares	<b>0</b>	-	-3
Translation difference, etc.	<b>17</b>	-8	-11
Net profit	<b>120</b>	160	202
Closing balance	<b>1,217</b>	1,476	1,490

<sup>1)</sup> At the end of the third quarter, the number of own shares amounted to 0 (0). The weighted average number of own shares during the first nine months amounted to 0 (1,136,022).

## Items affecting comparability

SEK M	Remaining operations Third quarter		Micro Third quarter		Group Third quarter	
	2005	2004	2005	2004	2005	2004
<b>Operating profit/loss excl. items affecting comparability</b>	<b>60</b>	70	<b>-1</b>	-6	<b>59</b>	64
Items affecting comparability						
- Profit from sale of property	21	20	-	-	21	20
- Restructuring costs and other	-	-1	-	0	-	-1
- Disputes/KFAB	-4	-1	-	-	-4	-1
<b>Operating profit/loss</b>	<b>77</b>	88	<b>-1</b>	-6	<b>76</b>	82
<b>Profit/loss before tax excl. items affecting comparability</b>	<b>52</b>	64	<b>-1</b>	-7	<b>51</b>	57
Items affecting comparability						
- Profit from sale of property	21	20	-	-	21	20
- Restructuring costs and other	-	-1	-	0	-	-1
- Disputes/KFAB	-4	-1	-	-	-4	-1
<b>Profit/loss before tax</b>	<b>69</b>	82	<b>-1</b>	-7	<b>68</b>	75

## Items affecting comparability

SEK M	Remaining operations 9 months		Micro 9 months		Group 9 months		Remaining operations	
	2005	2004	2005	2004	2005	2004	Oct. 04 -Sept. 05	Full year 2004
<b>Operating profit/loss excl. items affecting comparability</b>	<b>225</b>	241	<b>-14</b>	-22	<b>211</b>	219	304	320
Items affecting comparability								
- Profit from sale of property	31	20	-	-	31	20	31	20
- Restructuring costs and other	-	-2	<b>-56</b>	-1	<b>-56</b>	-3	0	-2
- Disputes/KFAB	-10	-6	-	-	<b>-10</b>	-6	-13	-9
<b>Operating profit/loss</b>	<b>246</b>	253	<b>-70</b>	-23	<b>176</b>	230	322	329
<b>Profit before tax excl. items affecting comparability</b>	<b>215</b>	227	<b>-15</b>	-23	<b>200</b>	204	286	298
Items affecting comparability								
- Profit from sale of property	31	20	-	-	31	20	31	20
- Restructuring costs and other	-	-2	<b>-56</b>	-1	<b>-56</b>	-3	0	-2
- Disputes/KFAB	-10	-6	-	-	<b>-10</b>	-6	-13	-9
<b>Profit/loss before tax</b>	<b>236</b>	239	<b>-71</b>	-24	<b>165</b>	215	304	307

## Cars

No. of new cars	Third quarter		Deliveries				Order backlog	
			9 months		Oct. 04	Full year	30 September	
	2005	2004	2005	2004	- Sept. 05	2004	2005	2004
Sweden	3,511	3,881	12,729	14,079	18,627	19,977	2,551	3,187
Norway	765	805	2,610	2,690	3,943	4,023	505	796
Denmark <sup>1)</sup>	1,093	284	1,857	917	2,574	1,634	356	422
Total	5,369	4,970	17,196	17,686	25,144	25,634	3,412	4,405

<sup>1)</sup> Scaniadam is included in deliveries for 2005 with 595 and in order backlog for 2005 with 148.

SEK M	Third quarter		Net turnover				Operating profit/loss, operating margin							
			9 months		Oct. 04	Full year	Third quarter		9 months		Oct. 04	Full year		
	2005	2004	2005	2004	- Sept. 05	2004	2005	%	2004	%	2005	2004	- Sept. 05	2004
Sweden	1,804	1,883	6,140	6,463	8,467	8,790	47	2.6	49	2.6	169	171	226	228
Norway	561	465	1,680	1,448	2,286	2,054	0	0.0	10	2.2	13	34	25	46
Denmark	485	137	869	482	1,107	720	1	0.2	-1	-0.7	4	-1	7	2
Total	2,850	2,485	8,689	8,393	11,860	11,564	48	1.7	58	2.3	186	204	258	276

### • Lower earnings in Norway

The market for new cars increased during the quarter by 10 per cent in Sweden and 25 per cent in Denmark, while it decreased by 2 per cent in Norway. Demand for used cars continued to be weak, even though some improvement was noted in Sweden.

Net turnover during the quarter amounted to SEK 2,850 M (2,485). Adjusted for exchange rate changes and comparable operations, net turnover increased by 2 per cent or SEK 51 M. The increase is mainly attributable to increased turnover from sales of new and used cars in Denmark (excl. Scaniadam).

Operating profit for Cars amounted to SEK 48 M (58). The decrease is attributable to Norway, which was affected by increased direct imports of mainly newer used cars from Sweden.

The operation in Sweden reported an operating profit of SEK 47 M (49). Fewer deliveries of new cars resulted in slightly lower earnings in the Car Business. The order backlog increased by 488 cars during the quarter, amounting to 2,551 cars at the

end of the quarter. The operating margin amounted to 2.6 per cent, which was unchanged compared with for the same quarter last year.

Operating profit in Bilia's Norwegian operation amounted to SEK 0 M (10). The decline is mainly attributable to lower earnings in the Car Business. Direct imports of newer used Volvo cars to Norway increased significantly during the quarter as a result of the strengthening of the Norwegian krone. The increased imports had a negative impact on volume and margin in car sales. Not until the end of the quarter did Volvo reduce car prices in order to restore competitiveness in sales of new cars. The price adjustment also includes the order backlog and unsold cars in stock at the end of the quarter.

The Danish operation reported a profit that was SEK 2 M better than last year's. Bilia's Volvo and Renault operation performed well during the quarter, while Scaniadam reported a loss. There are considerable synergies in administration, facility structure and improved efficiency within Scaniadam's workshop business, which will have an increasing impact on earnings starting in 2006.

## Cars - divided into Service and Car Businesses

SEK M	Net turnover <sup>2)</sup>						Contribution <sup>3)</sup>					
	Third quarter		9 months		Oct. 04	Full year	Third quarter		9 months		Oct. 04	Full year
	2005	2004	2005	2004	- Sept. 05	2004	2005	2004	2005	2004	- Sept. 05	2004
Service Business <sup>1)</sup>	980	859	2,955	2,786	3,982	3,813	80	84	295	278	403	386
- margin, %							8.2	9.7	10.0	10.0	10.1	10.1
Car Business <sup>1)</sup>	1,979	1,710	6,060	5,912	8,356	8,208	14	19	53	91	71	109
- margin, %							0.7	1.1	0.9	1.5	0.8	1.3

<sup>1)</sup> Service includes workshop services, spare parts, accessories and petrol in the car operation. Micro's turnover and contribution are not included. The Car Business includes sales of new and used cars and customer financing.

<sup>2)</sup> Net turnover does not include eliminations for internal sales.

<sup>3)</sup> The contribution is charged with calculated costs. Joint costs for administration within each product area are not charged to the contribution.

- **Lower margin in car sales in Norway**
- **Service Business – slightly lower contribution**

Adjusted for exchange rate changes and comparable units, the Service Business's sales increased by 1 per cent during the quarter. Norway increased by 8 per cent and Denmark by 11 per cent, while Sweden was unchanged. Scaniadam's and Selandia's service turnover amounted to SEK 96 M and the contribution to SEK 0 M, which lowered the margin for the entire Service Business by 0.8 percentage point. Sweden reported a contribution and a margin on a par with last year's.

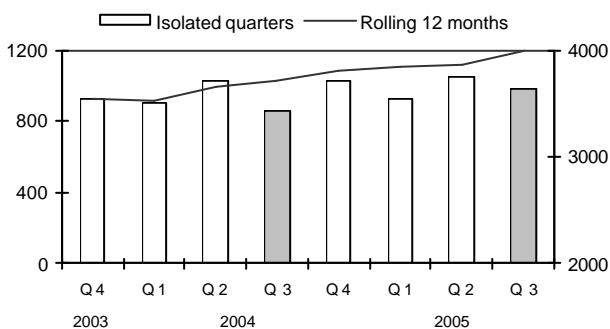
The Car Business's deliveries of new cars declined by 4 per cent for comparable operations during the quarter, while deliveries of used cars increased marginally. Order bookings for new cars were higher than deliveries, as a result of which the order backlog increased by just over 300 cars during the quarter. Stocks of used cars

in Bilia's markets continue to be at a high level, which is depressing prices and squeezing margins. However, the level and rate of turnover of stocks improved slightly in the Swedish market during the quarter. The contribution declined during the quarter by SEK 5 M to SEK 14 M and the contribution margin by 0.4 percentage point to 0.7 per cent. The decline in earnings is mainly attributable to lower volumes and margins in sales of mainly Volvo cars in Norway. The competition from imported newer used cars from Sweden has increased as an effect of a stronger Norwegian currency.

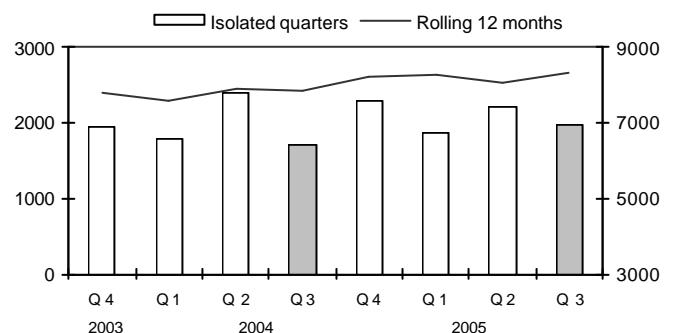
The importer adjusted prices downward by about 6 per cent on Volvo cars at the end of the quarter, restoring Bilia's competitiveness in Norway. The overall level and rate of turnover of stocks of used cars improved during the quarter and is at a satisfactory level, even though stocks are slightly too high in Norway.

The Car Business's net turnover and contribution have been adjusted in accordance with IAS 18 as from the first quarter of 2004.

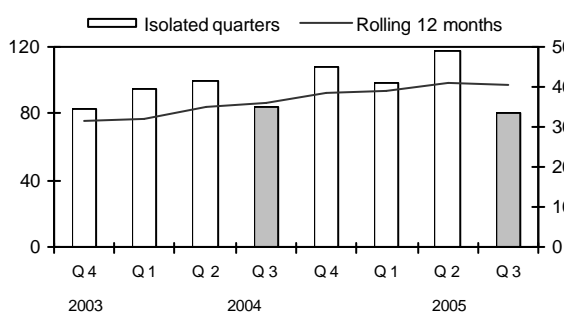
**Service Business, Net Turnover, SEK M**



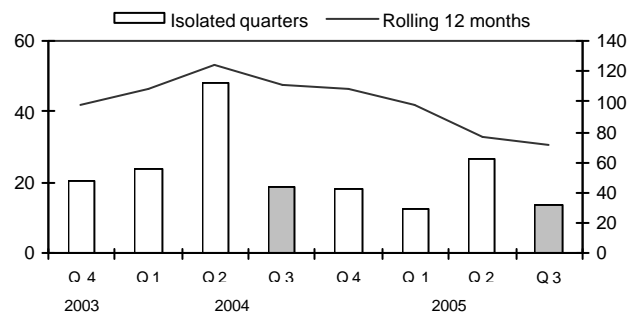
**Car Business, Net Turnover, SEK M**



**Service Business, Contribution, SEK M**



**Car Business, Contribution, SEK M**



## Bilia Properties

SEK M	Third quarter		Net turnover				Operating profit, operating margin							
			9 months		Oct. 04	Full year	Third quarter		9 months		Oct. 04	Full year		
	2005	2004	2005	2004	- Sept. 05	2004	2005	%	2004	%	2005	2004	- Sept. 05	2004
Sweden	38	38	112	114	153	155	19	51.1	21	54.6	60	64	81	85
Norway	14	12	42	35	53	46	5	30.3	3	28.1	14	9	17	12
Denmark	2	4	8	12	11	15	1	60.0	2	53.8	4	6	4	6
Other	0	0	1	1	1	1	0	-	1	-	0	1	0	1
Total	54	54	163	162	218	217	25	45.7	27	49.0	78	80	102	104

Net turnover during the year includes rental income from unowned properties in Sweden of SEK 8 M (8) and in Norway of SEK 23 M (21).

- **Spin-off of Bilia's properties under the name Catena**

Net turnover during the quarter is broken down into SEK 51 M (48) in rental income from Group companies and SEK 3 M (6) in external rental income. Operating profit amounted to SEK 25 M (27). Depreciation charged to earnings amounted to SEK 10 M (8). Yield during the past 12 months was 21 per cent.

Properties were sold during the year for a combined profit of SEK 31 M, of which SEK 21 M has been included in the quarterly accounts. Profits from sales of properties are not included in the above operating profit but are recognised in the consolidated accounts as items affecting comparability.

As announced previously, the Board of Directors of Bilia has decided to propose to the next Annual General Meeting on 19 April 2006 a spin-off of Bilia's properties under the name Catena.

## Discontinuing operation, Micro

SEK M	Third quarter		Net turnover				Operating profit/loss, operating margin							
			9 months		Oct. 04	Full year	Third quarter		9 months		Oct. 04	Full year		
	2005	2004	2005	2004	- Sept. 05	2004	2005	%	2004	%	2005	2004	- Sept. 05	2004
Operation	-	38	44	112	85	153	-1	-	-6	-	-15	-23	-26	-34
Discontinuation costs	-	-	-	-	-	-	-	-	-	-	-55	-	-55	-
Total	-	38	44	112	85	153	-1	-	-6	-	-70	-23	-81	-34

- **Operation sold as of 1 June**

On 25 April, Bilia signed an agreement regarding transfer of the operation in Micro AB. The deal was consummated with date of possession 1 June 2005.

The total loss for the first nine months of the year amounts to SEK 70 M, which includes an estimated cost of SEK 55 M for financial support to the buyer.

## Parent Company

Bilia AB does not conduct any business operations of its own. The company is responsible for the Group's management, strategic planning, financing, public relations and business development.

The Parent Company's expenses amounted to SEK 15 M (15). This includes costs of SEK 4 M (1) for disputes and preparations for the spin-off and stock market listing of Bilia's property portfolio.

## Miscellaneous

### Accounting principles

As of 1 January 2005, Bilia is applying the accounting rules set forth in the International Financial Reporting Standards (IFRS, formerly named IAS) in its consolidated accounts. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The transition rules for IFRS require a comparison year, which means that the accounts for 2004 are also presented according to IFRS in the reporting for 2005. The effect of the transition to IFRS for the full year 2004, plus a description of the changed accounting principles in connection with the transition to IFRS 2004, was presented in the annual report for 2004. The effect of the transition for the first nine

months of 2004 is described on pages 17 and 18.

IAS 39 Financial Instruments and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations shall be applied as from 1 January 2005 and are exempted from the requirement of recalculation of the comparison year. The effect of the transition to IAS 39 affects the Bilia Group's shareholders' equity at 1 Jan. 2005 by SEK 140 M and the profit for the first nine months of 2005 by SEK 11 M after tax.

As from 1 January 2005, the Parent Company Bilia AB follows RR 32 Accounting for legal entities. RR 32 basically provides that IAS/IFRS shall be applied with certain exceptions. The application of RR 32 in Bilia AB has no effect on the company's earnings and financial position.

Otherwise the same accounting principles and calculation methods are applied as in the most recent annual report.

The effects of the transition to IFRS may change during 2005, owing to the fact that the standards are still undergoing revision.

### Audit

This interim report has been reviewed by the company's auditors.

### Next report

The report for the fourth quarter of 2005 will be published on 7 February 2006.

Göteborg, 27 October 2005

Jan Pettersson  
Managing Director and CEO

### Review report, corp. ID no. 556112-5690

We have reviewed this interim report in accordance with the recommendation issued by FAR (the Swedish Institute of Authorised Public Accountants). A review is considerably limited in scope compared with an audit. Nothing has come to my attention to cause me to believe that this interim report does not comply with Swedish law governing securities and annual accounts.

Göteborg, 27 October 2005

KPMG Bohlins AB

Caj Nackstad  
Authorised Public Accountant

*For further information, please contact Jan Pettersson, Managing Director and CEO, or Gunnar Blomkvist, CFO, telephone+46 31 709 55 00.*

Bilia AB (publ)  
Box 9003, SE-400 91 Göteborg, Sweden  
Visiting address: Norra Långebergsgatan 3, Västra Frölunda  
Telephone: +46 31 709 55 00  
[www.bilia.se](http://www.bilia.se)  
Corporate identity no.: 556112-5690

## INFORMATION ON LINES OF BUSINESS

9 months

SEK M	Cars		Properties		Other <sup>1)</sup>		Discontinuing operation, Micro		Eliminations		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
NET TURNOVER												
External net turnover	8,689	8,391	15	20	1	1	44	112				
Internal net turnover	0	2	148	142	-	-	0	0	-148	-144		
Total net turnover	8,689	8,393	163	162	1	1	44	112	-148	-144	8,749	8,524
PROFIT/LOSS												
Operating profit/loss per line of business	186	204	78	80	28	16	-70	-23	1	0	223	277
Unallocated expenses <sup>2)</sup>											-47	-47
Operating profit											176	230
OTHER DISCLOSURES												
Assets, non-interest-bearing	4,035	3,378	759	758	9	7	22	67			4,825	4,210
Assets, interest-bearing	269	330	33	5	265	295	18	2			585	632
Unallocated assets, non-interest-bearing <sup>2)</sup>											64	58
Unallocated assets, interest-bearing <sup>2)</sup>											500	569
Eliminations									-759	-760	-759	-760
Total assets											5,215	4,709
Liabilities, non-interest-bearing	3,009	2,351	184	163	6	6	31	27			3,230	2,547
Liabilities, interest-bearing	607	827	209	151	4	0	46	41			866	1,019
Unallocated liabilities, non-interest-bearing <sup>2)</sup>											24	89
Unallocated liabilities, interest-bearing <sup>2)</sup>											570	223
Eliminations									525	831	525	831
Total liabilities											5,215	4,709
Investments, net	95	61	0	53	-	-	-2	7				
Depreciation/amortisation	150	103	28	24	1	3	3	4				
Unallocated depreciation <sup>2)</sup>											1	1
Total depreciation											183	135
Expenses beyond depreciation not matched by disbursements <sup>3)</sup>	8	14	4	1	-	-	9	1				

## INFORMATION ON GEOGRAPHICAL AREAS

9 months

SEK M	Net turnover		Assets		Investments	
	2005	2004	2005	2004	2005	2004
Sweden	6,150	6,476	2,876	2,887	100	70
Norway	1,683	1,451	1,509	1,240	31	39
Denmark	871	485	698	321	-36	4
Other <sup>4)</sup>	2	3	634	958	3	2
Discontinuing operation, Micro	44	112	40	69	-2	7
Eliminations	-1	-3	-542	-766	-	-
Total Bilia Group	8,749	8,524	5,215	4,709	96	122

1) Other companies and items affecting comparability. Operating profit includes items affecting comparability of SEK 30 M (18).

2) Pertains to the Parent Company.

3) Items not affecting cash.

4) Includes the Parent Company.

## Consolidated Profit and Loss Accounts

SEK M	Remaining operations Third quarter		Micro Third quarter		Group Third quarter	
	2005	2004	2005	2004	2005	2004
<b>Net turnover</b>	<b>2,855</b>	2,491	-	38	<b>2,855</b>	2,529
Costs of goods sold	<b>2,371</b>	2,054	-	20	<b>2,371</b>	2,074
<b>Gross profit</b>	<b>484</b>	437	-	18	<b>484</b>	455
Selling expenses	<b>330</b>	276	-	19	<b>330</b>	295
Administrative expenses	<b>98</b>	94	1	4	<b>99</b>	98
Other operating income	<b>20</b>	21	1	0	<b>21</b>	21
Other operating expenses	<b>-1</b>	0	1	1	<b>0</b>	1
<b>Operating profit/loss <sup>1)</sup></b>	<b>77</b>	88	<b>-1</b>	-6	<b>76</b>	82
Result from other shares and participations	<b>4</b>	1	-	-	<b>4</b>	1
Interest income and similar profit/loss items	<b>0</b>	3	-	-	<b>0</b>	3
Interest expense and similar profit/loss items	<b>12</b>	10	<b>0</b>	1	<b>12</b>	11
<b>Profit/loss before tax</b>	<b>69</b>	82	<b>-1</b>	-7	<b>68</b>	75
Tax	<b>-19</b>	-18	<b>0</b>	2	<b>-19</b>	-16
<b>Net profit/loss</b>	<b>50</b>	64	<b>-1</b>	-5	<b>49</b>	59
Earnings per share, SEK	<b>2.15</b>	2.80	<b>-0.05</b>	-0.20	<b>2.10</b>	2.60
Number of shares at end of period, '000 <sup>2)</sup>	<b>23,129</b>	23,129	<b>23,129</b>	23,129	<b>23,129</b>	23,129
Earnings per share, SEK	<b>2.15</b>	2.75	<b>-0.05</b>	-0.20	<b>2.10</b>	2.55
Weighted average number of shares, '000 <sup>2)</sup>	<b>23,129</b>	23,129	<b>23,129</b>	23,129	<b>23,129</b>	23,129

1) Amortisation/depreciation acc. to plan by asset class						
- Software	4	0	-	1	4	1
- Goodwill	-	0	-	-	-	0
- Land and buildings	10	11	-	-	10	11
- Equipment, tools, fixtures and fittings	15	15	1	1	16	16
- Lease vehicles	34	23	-	-	34	23
Total	<b>63</b>	49	<b>1</b>	2	<b>64</b>	51

<sup>2)</sup> Subordinated shares of Series C, 37,716,448, have not been included in the calculation of the number of shares outstanding for the third quarter 2004, since they do not entitle the bearer to a share of the company's profit.

### Operating profit/loss per line of business

SEK M	Third quarter		9 months		Oct. 04	Full year
	2005	2004	2005	2004	- Sept. 05	2004
Cars	<b>48</b>	58	<b>186</b>	204	258	276
Properties	<b>25</b>	27	<b>78</b>	80	102	104
Parent Company	<b>-15</b>	-15	<b>-47</b>	-47	-65	-65
Other, eliminations	<b>19</b>	18	<b>29</b>	16	27	14
<b>Remaining operations</b>	<b>77</b>	88	<b>246</b>	253	322	329
Micro	<b>-1</b>	-6	<b>-70</b>	-23	-81	-34
<b>Operating profit</b>	<b>76</b>	82	<b>176</b>	230	241	295

## Consolidated Profit and Loss Accounts

SEK M	Remaining operations 9 months		Micro 9 months		Group 9 months		Remaining operations	
	2005	2004	2005	2004	2005	2004	Oct. 04 -Sept. 05	Full year 2004
<b>Net turnover</b>	<b>8,705</b>	8,412	<b>44</b>	112	<b>8,749</b>	8,524	11,885	11,592
Costs of goods sold	<b>7,214</b>	6,965	<b>25</b>	64	<b>7,239</b>	7,029	9,873	9,624
<b>Gross profit</b>	<b>1,491</b>	1,447	<b>19</b>	48	<b>1,510</b>	1,495	2,012	1,968
Selling expenses	<b>977</b>	916	<b>26</b>	59	<b>1,003</b>	975	1,320	1,259
Administrative expenses	<b>300</b>	298	<b>6</b>	11	<b>306</b>	309	400	398
Other operating income	<b>31</b>	23	<b>1</b>	0	<b>32</b>	23	32	24
Other operating expenses	<b>-1</b>	3	<b>58</b>	1	<b>57</b>	4	2	6
<b>Operating profit/loss <sup>1)</sup></b>	<b>246</b>	253	<b>-70</b>	-23	<b>176</b>	230	322	329
Result from other shares and participations	<b>11</b>	3	<b>-</b>	-	<b>11</b>	3	11	3
Interest income and similar profit/loss items	<b>3</b>	9	<b>-</b>	-	<b>3</b>	9	3	9
Interest expense and similar profit/loss items	<b>24</b>	26	<b>1</b>	1	<b>25</b>	27	32	34
<b>Profit/loss before tax</b>	<b>236</b>	239	<b>-71</b>	-24	<b>165</b>	215	304	307
Tax	<b>-65</b>	-62	<b>20</b>	7	<b>-45</b>	-55	-83	-80
<b>Net profit/loss</b>	<b>171</b>	177	<b>-51</b>	-17	<b>120</b>	160	221	227
Earnings per share, SEK	<b>7.40</b>	7.70	<b>-2.20</b>	-0.75	<b>5.20</b>	6.95	9.55	9.85
Number of shares at end of period, '000 <sup>2)</sup>	<b>23,129</b>	23,129	<b>23,129</b>	23,129	<b>23,129</b>	23,129	23,129	23,129
Earnings per share, SEK	<b>7.40</b>	7.25	<b>-2.20</b>	-0.70	<b>5.20</b>	6.55	9.55	9.40
Weighted average number of shares, '000 <sup>2)</sup>	<b>23,129</b>	24,479	<b>23,129</b>	24,479	<b>23,129</b>	24,479	23,129	24,139

1) Amortisation/depreciation acc. to plan by asset class								
- Software	<b>5</b>	1	<b>-</b>	1	<b>5</b>	2	10	6
- Goodwill	<b>-</b>	0	<b>-</b>	-	<b>-</b>	0	1	1
- Land and buildings	<b>27</b>	27	<b>-</b>	-	<b>27</b>	27	35	35
- Equipment, tools, fixtures and fittings	<b>46</b>	44	<b>3</b>	3	<b>49</b>	47	59	57
- Lease vehicles	<b>102</b>	59	<b>-</b>	-	<b>102</b>	59	120	77
<b>Total</b>	<b>180</b>	131	<b>3</b>	4	<b>183</b>	135	225	176

<sup>2)</sup> Subordinated shares of Series C, 37,716,448, have not been included in the calculation of the number of shares outstanding for the third quarter and for the full year 2004, since they do not entitle the bearer to a share of the company's profit.

## Consolidated Balance Sheet

SEK M	30 Sept. 05	Group 31 Dec. 04	30 Sept. 04
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Software	48	27	29
Goodwill	62	62	62
	110	89	91
<b>Tangible assets</b>			
Land and buildings	714	687	674
Construction in progress	10	53	49
Equipment, tools, fixtures and fittings	272	245	224
Lease vehicles <sup>1)</sup>	1,502	1,372	1,431
	2,498	2,357	2,378
<b>Financial assets</b>			
Other securities held as fixed assets	172	16	15
Deferred taxes recoverable	55	57	46
Other long-term receivables <sup>2)</sup>	20	39	106
	247	112	167
<b>Total fixed assets</b>	<b>2,855</b>	<b>2,558</b>	<b>2,636</b>
<b>Current assets</b>			
Stocks, goods for resale	1,512	1,316	1,258
<b>Current receivables</b>			
Interest-bearing receivables <sup>2)</sup>	48	131	76
Other receivables	722	565	576
	770	696	652
Cash and bank balances <sup>2)</sup>	38	129	94
Assets held for sale <sup>1)</sup>	40	71	69
<b>Total current assets</b>	<b>2,360</b>	<b>2,212</b>	<b>2,073</b>
<b>Total assets</b>	<b>5,215</b>	<b>4,770</b>	<b>4,709</b>
<b>Shareholders' equity and liabilities</b>			
<b>Restricted equity</b>			
Share capital	231	608	608
Restricted reserves	116	99	249
	347	707	857
<b>Non-restricted equity</b>			
Non-restricted reserves / retained earnings	750	581	459
Net profit	120	202	160
	870	783	619
<b>Total shareholders' equity</b>	<b>1,217</b>	<b>1,490</b>	<b>1,476</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions <sup>3)</sup>	568	206	238
Other Liabilities <sup>4)</sup>	1,463	1,105	1,108
	2,031	1,311	1,346
<b>Current liabilities</b>			
Liabilities to credit institutions <sup>3)</sup>	110	25	27
Other liabilities	1,779	1,887	1,787
Liabilities attributable to assets held for sale <sup>4)</sup>	78	57	73
	1,967	1,969	1,887
<b>Total liabilities and shareholders' equity</b>	<b>5,215</b>	<b>4,770</b>	<b>4,709</b>
Assets			
<sup>1)</sup> Of which interest-bearing	280	241	334
<sup>2)</sup> Interest-bearing	106	299	276
Liabilities			
<sup>3)</sup> Interest-bearing	678	231	265
<sup>4)</sup> Of which interest-bearing	311	283	239

## Consolidated Cash Flow Statements

SEK M	Remaining operations Third quarter		Micro Third quarter		Group Third quarter	
	2005	2004	2005	2004	2005	2004
<b>OPERATIONS</b>						
<b>Operating activities</b>						
Operating profit/loss	77	88	-1	-6	76	82
Financial items	-8	-6	0	-1	-8	-7
Depreciation	63	49	1	2	64	51
Other items not affecting cash	-14	-11	-4	0	-18	-11
Tax paid	-9	-4	0	0	-9	-4
Change in operating receivables	22	22	9	0	31	22
Change in stocks	180	61	0	-3	180	58
Change in operating liabilities	-43	-41	0	-3	-43	-44
<b>Cash flow from operating activities</b>	<b>268</b>	<b>158</b>	<b>5</b>	<b>-11</b>	<b>273</b>	<b>147</b>
<b>Investing activities</b>						
Investments and disposals in fixed assets	-121	-86	1	-3	-120	-89
Interest-bearing receivables	109	-43	-1	-	108	-43
Acquisitions and disposals	22	28	-	-	22	28
<b>Cash flow from investing activities</b>	<b>10</b>	<b>-101</b>	<b>0</b>	<b>-3</b>	<b>10</b>	<b>-104</b>
<b>Remaining after net investments</b>	<b>278</b>	<b>57</b>	<b>5</b>	<b>-14</b>	<b>283</b>	<b>43</b>
<b>Financing activities</b>						
Change in own bank loans and other loans	-302	-456	2	13	-300	-443
New issue subordinated shares	-	377	-	-	-	377
Reduction subordinated shares	-	-	-	-	-	-
Dividend to shareholders and buy-back of own shares	-	-	-	-	-	-
<b>Cash flow from financing activities</b>	<b>-302</b>	<b>-79</b>	<b>2</b>	<b>13</b>	<b>-300</b>	<b>-66</b>
<b>Change in liquid assets, excl. translation differences</b>	<b>-24</b>	<b>-22</b>	<b>7</b>	<b>-1</b>	<b>-17</b>	<b>-23</b>
Exchange rate difference in liquid assets	0	-3	-	-	0	-3
<b>Change in liquid assets</b>	<b>-24</b>	<b>-25</b>	<b>7</b>	<b>-1</b>	<b>-17</b>	<b>-26</b>
Liquid assets at beginning of year	246	119	1	3	247	122
Liquid assets at end of period	222	94	8	2	230	96

## Consolidated Cash Flow Statements

SEK M	Remaining operations 9 months		Micro 9 months		Group 9 months		Remaining operations	
	2005	2004	2005	2004	2005	2004	Oct. 04 -Sept. 05	Full year 2004
<b>OPERATIONS</b>								
<b>Operating activities</b>								
Operating profit/loss	246	253	-70	-23	176	230	322	329
Financial items	-10	-14	-1	-1	-11	-15	-18	-22
Depreciation	180	131	3	4	183	135	225	176
Other items not affecting cash	-15	-11	44	0	29	-11	11	15
Tax paid	-134	-46	10	5	-124	-41	-165	-77
Change in operating receivables	74	-132	9	1	83	-131	49	-157
Change in stocks	82	-3	-8	-3	74	-6	25	-60
Change in operating liabilities	-192	6	7	-2	-185	4	-159	39
<b>Cash flow from operating activities</b>	<b>231</b>	<b>184</b>	<b>-6</b>	<b>-19</b>	<b>225</b>	<b>165</b>	<b>290</b>	<b>243</b>
<b>Investing activities</b>								
Investments and disposals in fixed assets	-241	-256	-1	-7	-242	-263	-258	-273
Interest-bearing receivables	50	292	-12	-	38	292	149	391
Acquisitions and disposals	-26	-103	14	-	-12	-103	-31	-108
<b>Cash flow from investing activities</b>	<b>-217</b>	<b>-67</b>	<b>1</b>	<b>-7</b>	<b>-216</b>	<b>-74</b>	<b>-140</b>	<b>10</b>
<b>Remaining after net investments</b>	<b>14</b>	<b>117</b>	<b>-5</b>	<b>-26</b>	<b>9</b>	<b>91</b>	<b>150</b>	<b>253</b>
<b>Financing activities</b>								
Change in own bank loans and other loans	370	-139	11	24	381	-115	357	-152
New issue subordinated shares	-	377	-	-	-	377	0	377
Reduction subordinated shares	-377	-	-	-	-377	-	-377	-
Dividend to shareholders and buy-back of own shares	-173	-349	-	-	-173	-349	-173	-349
<b>Cash flow from financing activities</b>	<b>-180</b>	<b>-111</b>	<b>11</b>	<b>24</b>	<b>-169</b>	<b>-87</b>	<b>-193</b>	<b>-124</b>
<b>Change in liquid assets, excl. translation differences</b>	<b>-166</b>	<b>6</b>	<b>6</b>	<b>-2</b>	<b>-160</b>	<b>4</b>	<b>-43</b>	<b>129</b>
Exchange rate difference in liquid assets	2	-1	-	-	2	-1	1	-2
<b>Change in liquid assets</b>	<b>-164</b>	<b>5</b>	<b>6</b>	<b>-2</b>	<b>-158</b>	<b>3</b>	<b>-42</b>	<b>127</b>
Liquid assets at beginning of year	246	119	1	3	247	122	246	119
Liquid assets at end of period	82	124	7	1	89	125	204	246

## Quarterly review

Group	Quarter							
	4/03 *	1/04	2/04	3/04	4/04	1/05	2/05	3/05
	<b>Recalculated acc. to IFRS</b>							
Net turnover, SEK M	2,816	2,631	3,364	2,529	3,221	2,727	3,167	<b>2,855</b>
Operating profit, excluding items affecting comparability, SEK M	62	67	88	64	73	55	97	<b>59</b>
Operating margin, excluding items affecting comparability, %	2.2	2.6	2.6	2.5	2.3	2.0	2.6	<b>2.1</b>
Operating profit, SEK M	57	66	82	82	65	8	92	<b>76</b>
Operating margin, %	2.0	2.5	2.4	3.3	2.0	0.3	2.9	<b>2.6</b>
Profit before tax, SEK M	53	62	78	75	57	7	90	<b>68</b>
Net profit, SEK M	36	45	56	59	42	8	63	<b>49</b>
Rate of capital turnover, times <sup>1)</sup>	2.67	2.55	2.42	2.70	2.64	2.49	2.39	<b>2.38</b>
Return on capital employed, % <sup>1)</sup>	12.0	12.2	12.3	15.6	15.8	12.6	12.4	<b>11.8</b>
Return on shareholders' equity, % <sup>1)</sup>	15.1	14.5	13.9	16.1 <sup>5)</sup>	16.6 <sup>5)</sup>	14.0	15.2	<b>13.8</b>
Net debt / Shareholders' equity, times	-0.06	-0.03	0.39	0.25 <sup>5)</sup>	0.31 <sup>5)</sup>	0.47	0.73	<b>0.49</b>
Equity/assets ratio, %	39	29	22	23 <sup>5)</sup>	23 <sup>5)</sup>	25	21	<b>23</b>
<b>Data per share (SEK) <sup>2)</sup></b>								
Net profit	1.40 <sup>3)</sup>	1.75 <sup>3)</sup>	2.25 <sup>4)</sup>	2.55	1.80	0.35	2.75	<b>2.10</b>
Shareholders' equity	52 <sup>3)</sup>	52 <sup>3)</sup>	45	48 <sup>5)</sup>	48 <sup>5)</sup>	55	51	<b>53</b>

<sup>1)</sup> Rolling 12 months.

<sup>2)</sup> Based on number of shares outstanding, 23,129,155.

<sup>3)</sup> Based on number of shares outstanding at 31 Dec. 2003 and 31 March 2004, 25,699,061.

<sup>4)</sup> Based on weighted average number of shares outstanding during second quarter, 24,622,491.

<sup>5)</sup> Calculated excluding new issue of 37.7 million subordinated shares of Series C.

\* The key ratios for 2003 are not recalculated according to IFRS. An adjustment according to IFRS would require an examination of all new car sales with guaranteed residual values during the period 2001 – 2003. Sales value, gross profit, lease payment, depreciation and leased assets are affected by an adjustment to IFRS.

### Comments on specification of transition to IFRS

As of 2005, Bilia is applying the accounting rules set forth in the International Financial Reporting Standards (IFRS) in its consolidated accounts.

The effect of the transition to IFRS for the full year 2004, plus a description of the differences between previous accounting principles and IFRS, is presented in the annual report for 2004 on pages 43 and 44.

The effects of the transition for the first nine months of 2004 are presented below.

The new accounting rules have affected the net profit by SEK -1 M altogether, broken down into SEK -6 M due to IAS 18 Revenue and SEK 5 M due to IFRS 3 Business Combinations. More cars with guaranteed residual values compared with terminated old agreements regarding guaranteed residual values were delivered during the first nine months of 2004, which increased the value of the assets by SEK 114 M to SEK 1,094 M.

#### Profit and Loss Accounts Third quarter 2004

SEK M	Acc. to previous GAAP	IAS 16	IAS 18	IAS 37	IFRS 3	Acc. to IFRS
<b>Operating profit/loss</b>	<b>83</b>	0	-2		1	<b>82</b>
Net financial items	-7					-7
<b>Profit/loss before tax</b>	<b>76</b>	0	-2		1	<b>75</b>
Tax	-17	0	0		1	-16
<b>Net profit/loss</b>	<b>59</b>	0	-2		2	<b>59</b>

#### Profit and Loss Accounts , first nine months 2004

SEK M	Acc. to previous GAAP	IAS 16	IAS 18	IAS 37	IFRS 3	Acc. to IFRS
<b>Operating profit/loss</b>	<b>234</b>	0	-8		4	<b>230</b>
Net financial items	-15					-15
<b>Profit/loss before tax</b>	<b>219</b>	0	-8		4	<b>215</b>
Tax	-58	0	2		1	-55
<b>Net profit/loss</b>	<b>161</b>	0	-6		5	<b>160</b>

## Balance Sheets at 30 September 2004

SEK M	Acc. to previous GAAP	IAS 16	IAS 18	IAS 37	IFRS 3	Acc. to IFRS
<b>Assets</b>						
Intangible assets	87				4	91
Tangible assets	1,279	0	1,094		5	2,378
Financial assets	152	0	15			167
Other assets	2,073					2,073
<b>Total assets</b>	<b>3,591</b>	<b>0</b>	<b>1,109</b>		<b>9</b>	<b>4,709</b>
<b>Shareholders' equity and liabilities</b>						
Restricted reserves	857					857
Non-restricted reserves	653	0	-39	0	5	619
Interest-bearing liabilities	504					504
Non-interest-bearing liabilities	1,577		1,148	0	4	2,729
<b>Total shareholders' equity and liabilities</b>	<b>3,591</b>	<b>0</b>	<b>1,109</b>	<b>0</b>	<b>9</b>	<b>4,709</b>

## Change in shareholders' equity 30 September 2004

SEK M	Acc. to previous GAAP	IAS 16	IAS 18	IAS 37	IFRS 3	Acc. to IFRS
Amount at beginning of year	1,326		-33	0		1,293
Change of accounting principle RR 29	4					4
Issue of Series C shares	377					377
Dividend to shareholders	-116					-116
Buy-back of shares	-234					-234
Translation difference, etc.	-8					-8
Net profit/loss	161	0	-6		5	160
Amount at end of period	1,510	0	-39	0	5	1,476

## Change in shareholders' equity 31 Dec. 2004

SEK M	Acc. to previous GAAP	IAS 16	IAS 18	IAS 37	IFRS 3	Acc. to IFRS
Amount at beginning of year	1,326		-33	0		1,293
Change of accounting principle RR 29	-18					-18
Issue of Series C shares	377					377
Dividend to shareholders	-116					-116
Buy-back of shares	-234					-234
Charge Series C shares	-3					-3
Translation difference, etc.	-11					-11
Net profit/loss	207	0	-8		3	202
Amount at end of period	1,528	0	-41	0	3	1,490