



30 July 2008

## Report for the first six months of 2008

### First six months

- Net turnover amounted to SEK 7,813 M (7,163).
- Operating profit amounted to SEK 56 M (89).
- Net profit amounted to SEK 39 M (65) and earnings per share to SEK 1.90 (3.00).

### Second quarter

- Net turnover amounted to SEK 4,015 M (3,854).
- Operating profit excluding items affecting comparability amounted to SEK 14 M (28).
- Net profit amounted to SEK 54 M (34) and earnings per share to SEK 2.65 (1.55).
- Cash flow after net investments amounted to SEK 282 M (-117).

In a comment, Bilias's Managing Director Jan Pettersson says:

“The second-quarter results were affected positively by property sales, but underlying earnings were also better than during the first quarter. The Car Business continues to show a heavy loss, however. The new-car volume is low. The margin on used cars is still low but has improved slightly during the second quarter, particularly in Sweden. The Service Business developed positively and reports better quarterly earnings compared with last year. In addition to the previously announced cost reductions, a savings programme of about SEK 100 M will be implemented, mainly in Sweden.”

Group	Second quarter		First six months		July 07 - June 08	Full year 2007
	2008	2007	2008	2007		
Net turnover, SEK M	<b>4,015</b>	3,854	<b>7,813</b>	7,163	16,052	15,402
Operating profit excl. items affecting comparability, SEK M <sup>1)</sup>	<b>14</b>	28	<b>3</b>	71	109	177
Operating margin excl. items affecting comparability, %	<b>0.3</b>	0.7	<b>0.0</b>	1.0	0.7	1.2
Operating profit, SEK M	<b>66</b>	48	<b>56</b>	89	136	169
Operating margin, %	<b>1.6</b>	1.2	<b>0.7</b>	1.2	0,8	1.1
Profit/loss before tax, excl. items affecting comparability, SEK M <sup>1)</sup>	<b>-3</b>	25	<b>-31</b>	69	58	158
Profit before tax, SEK M	<b>49</b>	45	<b>22</b>	87	85	150
Profit from continuing operations, SEK M	<b>52</b>	33	<b>36</b>	65	77	106
Profit/loss from discontinued operation, net after tax, SEK M	<b>2</b>	1	<b>3</b>	0	-3	-6
Net profit, SEK M	<b>54</b>	34	<b>39</b>	65	74	100
Earnings per share, SEK <sup>2)</sup>	<b>2.65</b>	1.55	<b>1.90</b>	3.00	3.65	4.75

<sup>1)</sup> Items affecting comparability are shown on page 4.

<sup>2)</sup> The number of shares used in the calculation is shown in the table on page 14.

## Notable events during 2008

- Bilia concluded an agreement on the sale of properties in Copenhagen to a subsidiary of Corem Property Group, which is listed on the NGM exchange. The price of the properties is SEK 278 M, and the date of possession is 1 September 2008. Long-term leases are being signed in conjunction with the sale, at the same time as Bilia is providing two seller notes for a total of SEK 45 M with terms of 5 and 8 years, respectively. An agreement has been concluded for the sale of another property in Copenhagen to another buyer, with date of possession 1 August 2008. Bilia's business operation has moved to other existing facilities in Copenhagen, so the property is being sold without a tenant. The price of the property is SEK 39 M. The sales are expected to generate a gain after tax of about SEK 35 M, which will be recognised in the third quarter.

### Previously reported notable events

- Bilia sold a property in Västerås.
- Bilia acquired all shares in Bilforum AS and Bilforum Finans AS, which represent Volvo, Renault and Land Rover in the Stavanger area.
- On 20 February, Bilia's subsidiary Säfveån won a longstanding dispute in the District Court of Gothenburg. The opposite party, Pacta, appealed the judgement on 11 March to the Court of Appeal for Western Sweden.
- Bilia concluded an agreement on the sale of properties in Sweden to a subsidiary of Corem Property Group.
- Bilia acquired the real estate company A/S Selandia Ejendomsselskab. At the same time one of the properties, Lyngby, was divested. The carrying amount of the property portfolio amounts to about SEK 300 M, of which the property in Lyngby accounts for about SEK 30 M.

Further information on the above events is provided at [www.bilia.com](http://www.bilia.com).

## Second quarter 2008

Demand for cars decreased during the quarter and was at a lower level compared with the same

period last year. Demand for service was unchanged compared with the first quarter but slightly weaker compared with the same quarter last year.

**Net turnover** amounted to SEK 4,015 M (3,854). Adjusted for exchange rate changes and comparable operations, net turnover decreased by SEK 137 M or 4 per cent. The decline is mainly attributable to lower sales of new cars.

**Operating profit** amounted to SEK 66 M (48). Items affecting comparability affected the profit by SEK 52 M (20). The poorer result compared with last year is mainly attributable to lower new cars sales and a lower margin in used car sales.

**Items affecting comparability** (see table on page 4) amounted to SEK 52 M (20) during the quarter and consist of a gain of SEK 79 M (-) from the sale of properties, SEK -24 M (-) in structural costs, mainly in Denmark, and SEK -3 M (-2) in costs for disputes. Last year includes SEK 22 M as a result of a change in the pension plan in Norway.

**Net financial items** amounted to SEK -17 M (-3). This includes a profit share of SEK 5 M (6) from the indirect shareholding in Volvofinans. The decrease is due to higher net debt and a higher interest rate level during the quarter compared with last year.

**Tax** amounted to SEK +3 M (-12). The positive tax result is mainly attributable to the fact that the profit includes non-taxable gains from property sales of about SEK 65 M.

**Net profit** amounted to SEK 54 M (34) and earnings per share to SEK 2.65 (1.55). Exchange rate changes only affected the profit marginally.

**Total assets** increased during the quarter by SEK 294 M to SEK 6,734 M. The increase is attributable to higher current receivables at mid-year.

**Equity** decreased during the quarter by SEK 108 M as an effect of the payment of SEK 164 M in dividends to shareholders in April. The equity/assets ratio amounted to 21 per cent (24).

**Investments and disposals** amounted to SEK 9 M (-104). Replacement investments represented SEK 11 M (14), expansion investments SEK 9 M (17), environmental investments SEK 1 M (1) and investments in new construction and additions to properties SEK 4 M (3). Net

investments in leased vehicles and finance leases amounted to SEK -16 M (-139).

**Cash flow after net investments** amounted to SEK 282 M (-117). Sales and acquisitions of properties had a positive impact on cash flow of SEK 194 M. Net debt decreased by SEK 42 M during the quarter to SEK 982 M.

**The number of employees** decreased by 120 during the quarter, amounting to 3,798.

### First six months of 2008

**Net turnover** amounted to SEK 7,813 M (7,163). Adjusted for exchange rate changes and comparable operations, net turnover decreased by SEK 217 M or 3 per cent. The decline is mainly attributable to lower sales of new cars.

**Operating profit** amounted to SEK 56 M (89). Items affecting comparability affected the profit by SEK 53 M (18). The poorer result compared with last year is mainly attributable to lower new cars sales, lower margins in used car sales and weak first-quarter earnings in the Service Business in Denmark.

**Items affecting comparability** (see table on page 4) amounted to SEK 53 M (18) during the quarter and consist of a gain of SEK 85 M (-) from the sale of properties, SEK -28 M (-1) in structural costs, mainly in Denmark, and SEK -4 M (-3) in costs for disputes. Last year includes SEK 22 M as a result of a change in the pension plan in Norway.

**Net financial items** amounted to SEK -34 M (-2). This includes a profit share of SEK 10 M (11) from the indirect shareholding in Volvofinans. The decrease is due to higher net debt and a higher interest rate level during the first six months compared with last year.

**Tax** amounted to SEK +14 M (-22). The positive tax result is mainly attributable to the fact that the profit includes non-taxable gains from property sales of about SEK 70 M.

**Net profit** amounted to SEK 39 M (65) and earnings per share to SEK 1.90 (3.00). Exchange rate changes only affected the profit marginally.

**Investments and disposals** amounted to SEK 3 M (-191). Replacement investments represented SEK 23 M (18), expansion investments SEK 22 M (22), environmental investments SEK 2 M (2) and investments in new construction and additions to properties SEK 8 M (5). Net investments in leased vehicles and finance leases amounted to SEK -52 M (-238).

**Cash flow after net investments** amounted to SEK 336 M (-225). Sales and acquisitions of properties had a positive impact on cash flow of SEK 237 M. Net debt decreased by SEK 240 M during the quarter to SEK 982 M.

**Changes in equity**

Group, SEK M	First six months		Full year
	2008	2007	2007
Opening balance	<b>1,507</b>	1,684	1,684
Cash dividend to shareholders	<b>-164</b>	-172	-172
Buy-back of shares <sup>1)</sup>	-	-	-115
Translation difference, etc.	<b>-1</b>	7	10
Net profit	<b>39</b>	65	100
Closing balance	<b>1,381</b>	1,584	1,507

<sup>1)</sup> At the end of the second quarter of 2008, the holding of own shares amounted to 1,000,000 (1,669,900).  
The weighted average number of own shares during 2008 amounted to 1,000,000 (1,669,900).

**Items affecting comparability**

Group, SEK M	Second quarter		First six months		July 07 -	Full year
	2008	2007	2008	2007	June 08	2007
<b>Operating profit excl.</b>						
<b>items affecting comparability</b>	<b>14</b>	28	<b>3</b>	71	109	177
Items affecting comparability						
- Gain from property sales	<b>79</b>	-	<b>85</b>	-	85	-
- Structural costs etc.	<b>-24</b>	-	<b>-28</b>	-1	-45	-18
- Changed pension plan in Norway	-	22	-	22	-	22
- Disputes	<b>-3</b>	-2	<b>-4</b>	-3	-13	-12
<b>Operating profit</b>	<b>66</b>	48	<b>56</b>	89	136	169
<b>Profit/loss before tax excl.</b>						
<b>items affecting comparability</b>	<b>-3</b>	25	<b>-31</b>	69	58	158
Items affecting comparability						
- Gain from property sales	<b>79</b>	-	<b>85</b>	-	85	-
- Structural costs etc.	<b>-24</b>	-	<b>-28</b>	-1	-45	-18
- Changed pension plan in Norway	-	22	-	22	-	22
- Disputes	<b>-3</b>	-2	<b>-4</b>	-3	-13	-12
<b>Profit before tax</b>	<b>49</b>	45	<b>22</b>	87	85	150

## Cars

No. of new cars	Deliveries						Order backlog	
	Second quarter		First six months		July 07 -	Full year	30 June	
	2008	2007	2008	2007	June 08	2007	2008	2007
Sweden <sup>1)</sup>	<b>5,232</b>	6,024	<b>10,212</b>	10,581	22,967	23,336	<b>3,033</b>	4,099
Norway <sup>2)</sup>	<b>1,980</b>	1,506	<b>3,367</b>	3,029	6,797	6,459	<b>1,020</b>	1,055
Denmark	<b>1,550</b>	1,893	<b>2,547</b>	3,248	6,018	6,719	<b>710</b>	845
Total	<b>8,762</b>	9,423	<b>16,126</b>	16,858	35,782	36,514	<b>4,763</b>	5,999

<sup>1)</sup> Region Mälardalen is included in deliveries for the first six months of 2008 in the amount of 1,331 (529). Bilgruppen is included in deliveries for the first six months of 2008 in the amount of 282 (33).

<sup>2)</sup> Bilforum is included in deliveries for the first six months of 2008 in the amount of 239 and in the order backlog in the amount of 42.

SEK M	Net turnover						Operating profit/loss, operating margin							
	Second quarter		First six months		July 07 -	Full year	Second quarter				First six months		July 07 -	Full year
	2008	2007	2008	2007	June 08	2007	2008	%	2007	%	2008	2007	June 08	2007
Sweden	<b>2,369</b>	2,487	<b>4,802</b>	4,518	10,058	9,774	<b>28</b>	<b>1.2</b>	51	2.1	<b>56</b>	100	176	220
Norway	<b>1,137</b>	832	<b>2,102</b>	1,643	4,007	3,548	<b>4</b>	<b>0.4</b>	-7	-0.8	<b>-2</b>	6	7	15
Denmark	<b>504</b>	531	<b>900</b>	998	1,967	2,065	<b>-8</b>	<b>-1.6</b>	-2	-0.4	<b>-27</b>	-4	-30	-7
Total	<b>4,010</b>	3,850	<b>7,804</b>	7,159	16,032	15,387	<b>24</b>	<b>0.6</b>	42	1.1	<b>27</b>	102	153	228

- **Improved earnings in Norway**
- **New cost-cutting programme of SEK 100 M**

The market for new cars decreased during the quarter in Sweden by 7 per cent, in Norway by 1 per cent and in Denmark by 2 per cent.

Net turnover amounted to SEK 4,010 M (3,850). Adjusted for exchange rate changes and comparable operations, net turnover decreased by SEK 138 M or 4 per cent. The decrease is mainly attributable to lower sales of new cars in Sweden.

Operating profit for Cars amounted to SEK 24 M (42). The Car Business reported a loss of SEK 46 M, which was SEK 47 M worse than the second quarter of last year. Lower sales of new cars and a lower margin in used car sales had a negative impact on earnings. Earnings have been charged with a net of SEK 8 M in value adjustments of cars in stock and in increased provision for cars sold previously with guaranteed residual values. Earnings in the Service Business totalled SEK 70 M (41). The improvement is mainly attributable to much better earnings in Norway and the fact that Easter fell during the first quarter as opposed to the second quarter in 2007.

The operation in Sweden reported an operating profit of SEK 28 M (51). The difference compared with last year is attributable to

considerably lower sales of new cars and lower margins in used car sales. The Service Business reports earnings on a level with last year.

Operating profit in Bilja's Norwegian operation amounted to SEK 4 M (loss: 7). The Service Business reported a strong profit for the quarter, which was very gratifying in light of the extensive restructuring that was carried out in the Oslo area last year. The Car Business has to contend with continued narrow margins in sales of used cars and by the fact that the reserve for guaranteed residual values increased by SEK 7 M during the quarter.

The Danish operation reported an operating loss of SEK 8 M (loss: 2). The quarter has seen great changes in the facility structure and personnel cutbacks. Despite these changes, the Service Business reported a much better profit during the quarter, which was also slightly better than last year. The poorer result compared with last year is attributable to lower margins in car sales. The operation is entering the third quarter with a considerably lower cost level.

In view of the market situation, Bilja will decide on further cost reductions totalling about SEK 100 M in August. The cost-cutting programme will mainly focus on the Swedish operation. The non-recurring cost for implementing the cost programme is estimated at SEK 50 M.

## Cars - divided into Service and Car Businesses

SEK M	Net turnover <sup>2)</sup>						Operating profit/loss					
	Second quarter		First six months		July 07 -	Full year	Second quarter		First six months		July 07 -	Full year
	2008	2007	2008	2007	June 08	2007	2008	2007	2008	2007	June 08	2007
Service Business <sup>1)</sup>	1,327	1,200	2,572	2,316	5,048	4,792	70	41	115	116	233	234
- margin, %							5.3	3.5	4.5	5.0	4.6	4.9
Car Business <sup>1)</sup>	2,848	2,817	5,589	5,178	11,799	11,388	-46	1	-88	-14	-80	-6
- margin, %							-1.6	0.0	-1.6	-0.3	-0.7	-0.1

<sup>1)</sup> Service includes workshop services, spare parts, accessories and petrol in the car operation. 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.

- Lower demand for cars
- Better earnings in the Service Business

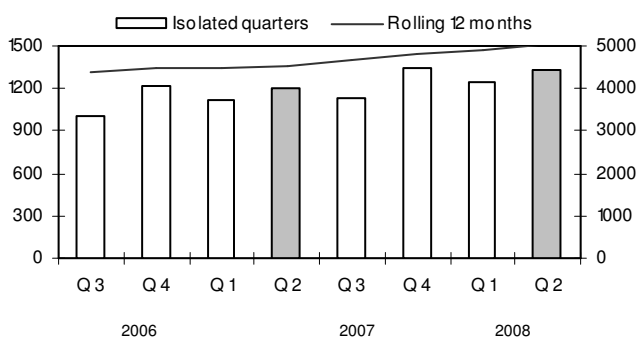
The Service Business's sales increased by about 2 per cent, adjusted for exchange rate changes and comparable operations. Norway increased by 12 per cent, while Sweden decreased by 3 per cent and Denmark by 6 per cent. Operating profit increased by SEK 29 M to SEK 70 M, and the margin increased by 1.8 percentage points to 5.3 per cent. The improvement is mainly attributable to Norway and to the fact that Easter fell during the first quarter.

The Car Business's deliveries of new cars declined by 13 per cent during the quarter for comparable operations. The order backlog declined by 425 cars, amounting to 4,763 cars at mid-year. Car turnover decreased by 6 per cent, adjusted for exchange rate changes and comparable operations. The operating loss

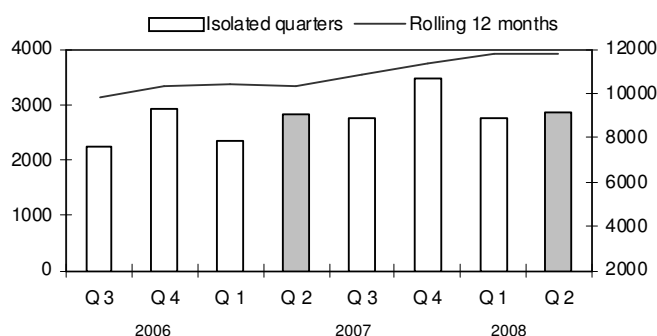
deteriorated during the quarter by SEK 47 M to SEK 46 M, and the operating margin decreased by 1.6 percentage point to -1.6 per cent. The earnings decline is mainly attributable to a lower turnover in new car sales and lower margins in used car sales. The margin on used cars improved slightly during the quarter, however, compared with the first quarter. The trend towards a lower operating profit in the Car Business was the same on all of Bilia's markets, although the effect was most pronounced in Sweden.

Stocks of new cars are at a satisfactory level. The stock level of used cars continued to decline during the quarter, but is still slightly too high, especially in Sweden.

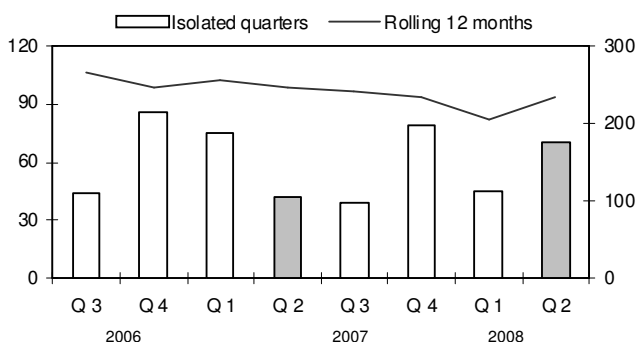
**Service Business, Net Turnover, SEK M**



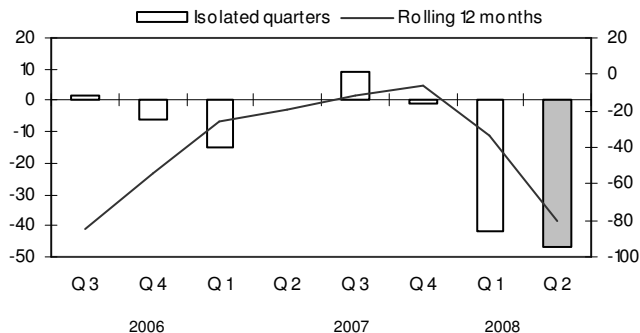
**Car Business, Net Turnover, SEK M**



**Service Business, Operating profit, SEK M**



**Car Business, Operating profit/loss, SEK M**



## Discontinued operation, Properties

During the fourth quarter of 2007, Bilia's Board of Directors decided to begin the process of selling properties in Sweden and Denmark. As from 2008, the properties are

accounted for under the heading "Discontinued operation". The Swedish properties were disposed of in May 2008.

### Profit/loss from discontinued operation

SEK M	Six months		Full year 2007
	2008	2007	
Net turnover	12	5	9
Administrative expenses	2	4	11
Financial expenses	6	2	6
<b>Profit/loss before tax</b>	<b>4</b>	<b>-1</b>	<b>-8</b>
Tax	-1	1	2
<b>Profit/loss from discontinued operation, net after tax</b>	<b>3</b>	<b>0</b>	<b>-6</b>
Earnings per share, SEK	0.15	-0.05	-0.30

### Effects of discontinued operation on individual assets and liabilities in the Group

SEK M	Six months		Full year 2007
	2008	2007	
Property, plant and equipment	255	-	-
Interest-bearing liabilities	250	-	-
Other liabilities	5	-	-
<b>Disposal of assets and liabilities, net</b>	<b>0</b>	<b>-</b>	<b>-</b>

## Acquisition of operation 2008

### Bilforum AS and Bilforum Finans AS

Bilforum Norway was acquired as per 1 January 2008 for SEK 66 M, which was paid in cash.

Bilforum represents Volvo, Renault and Land Rover in the Stavanger area.

#### Effects of the acquisition

The acquisition has the following effects on the Group's assets and liabilities.

#### The acquiree's net assets at the date of acquisition:

SEK M	Carrying amounts in Bilforum before acquisition	Fair value adjustment	Fair value recognised in Group
Intangible assets	-	13	13
Property, plant and equipment	31	8	39
Long-term investments	5	-	5
Inventories	64	2	66
Trade receivables and other receivables	22	-	22
Cash and cash equivalents	1	-	1
Interest-bearing liabilities	39	-	39
Trade payables and other liabilities	53	8	61
<b>Net identifiable assets and liabilities</b>	<b>31</b>	<b>15</b>	<b>46</b>
Consolidated goodwill			20
Purchase consideration paid, cash <sup>1)</sup>			66
Cash, acquired			2
<b>Net cash outflow</b>			<b>64</b>

<sup>1)</sup> Including fees for legal services amounting to SEK 0.3 M.

Goodwill arising in connection with the acquisition of Bilforum amounts to SEK 20 M. Acquired customer relations totalling SEK 13 M are recognised as intangible assets.

These customer relations will be amortised over 10 years.

## Acquisition of operation 2008

### A/S Selandia Ejendomsselskab

A/S Selandia Ejendomsselskab in Denmark was acquired as per 1 April 2008 for SEK 62 M, which was paid in cash.

#### *Effects of the acquisition*

The acquisition has the following effects on the Group's assets and liabilities.

#### **The acquiree's net assets at the date of acquisition:**

SEK M	Carrying amounts in A/S Selandia Ejendomsselskab before acquisition	Fair value adjustment	Fair value recognised in Group
Property, plant and equipment	291	8	299
Long-term investments	3	-	3
Trade receivables and other receivables	9	-	9
Interest-bearing liabilities	204	-	204
Trade payables and other liabilities	43	2	45
<b>Net identifiable assets and liabilities</b>	<b>56</b>	<b>6</b>	<b>62</b>
Purchase consideration paid, cash			62
Cash, acquired			-
<b>Net cash outflow</b>			<b>62</b>

## Acquisition of operation 2008

### Eneqvist Fastighets AB

Eneqvist Fastighets AB was acquired as per 7 May 2008 for SEK 110 M, which was paid in cash.

#### *Effects of the acquisition*

The acquisition has the following effects on the Group's assets and liabilities.

#### **The acquiree's net assets at the date of acquisition:**

SEK M	Carrying amounts in Eneqvist Fastighets AB before acquisition	Fair value adjustment	Fair value recognised in Group
Property, plant and equipment	12	110	122
Trade payables and other liabilities	12	-	12
<b>Net identifiable assets and liabilities</b>	<b>0</b>	<b>110</b>	<b>110</b>
Purchase consideration paid, cash			110
Cash, acquired			-
<b>Net cash outflow</b>			<b>110</b>

## Acquisition of operation 2007

### Hans Persson Bil AB

In May 2007, Bilia acquired all the trading subsidiaries of Hans Persson Bil AB for SEK 329 M, which was paid in cash. These

companies are dealers for Volvo, Renault and Ford.

#### *Effects of the acquisition*

The acquisition has the following effects on the Group's assets and liabilities.

#### **The acquiree's net assets at the date of acquisition:**

SEK M	Carrying amounts in Hans Persson Bil AB before acquisition	Fair value adjustment	Fair value recognised in Group
Intangible assets	-	40	40
Property, plant and equipment	334	148	482
Long-term investments	10	31	41
Inventories	155	2	157
Trade receivables and other receivables	104	0	104
Cash and cash equivalents	6	-	6
Interest-bearing liabilities	304	11	315
Trade payables and other liabilities	153	58	211
<b>Net identifiable assets and liabilities</b>	<b>152</b>	<b>152</b>	<b>304</b>
Consolidated goodwill			25
Purchase consideration paid, cash			329
Cash, acquired			6
<b>Net cash outflow</b>			<b>323</b>

Goodwill totalling SEK 25 M was generated by the acquisition. Acquired customer relations totalling SEK 37 M are recognised as intangible assets.

These customer relations will be amortised over 10 years.

## Acquisition of operation 2007

### Bilgruppen i Enköping Sala AB and Bilgruppen i Kungsängen AB

In June 2007, Bilia acquired the business in Bilgruppen i Enköping Sala AB and Bil-

gruppen i Kungsängen AB, which are Ford dealers in Sweden, for SEK 28 M, which was paid in cash.

#### *Effects of the acquisition*

The acquisition has the following effects on the Group's assets and liabilities.

#### **The acquiree's net assets at the date of acquisition:**

SEK M	Carrying amounts in Bilgruppen before acquisition	Fair value adjustment	Fair value recognised in Group
Intangible assets	-	12	12
Property, plant and equipment	13	-	13
Inventories	11	-	11
Trade receivables and other receivables	-	1	1
Trade payables and other liabilities	12	-	12
<b>Net identifiable assets and liabilities</b>	<b>12</b>	<b>13</b>	<b>25</b>
Consolidated goodwill			3
Purchase consideration paid, cash			28
Cash, acquired			-
<b>Net cash outflow</b>			<b>28</b>

Goodwill totalling SEK 3 M was generated by the acquisition of the business in Bilgruppen. Acquired customer relations of SEK 12 M are recognised as intangible assets and will be amortised over 5 years.

### Parent Company

Bilia AB is responsible for the Group's management, strategic planning, financing, accounting, public relations and business development. Furthermore, Bilia AB conducts training and IT activities, mainly for companies in the Group.

Parent Company's operating loss for the second quarter amounted to SEK 10 M (loss: 14), while the loss for the first six months amounted to SEK 24 SEK M (loss: 31).

### Risks and uncertainties

As a result of its operations, the Bilia Group is exposed to both operating risks and financial risks. The operating risks include:

- The market for new cars, which has been fairly stable during the past few years, while historically it has exhibited sharp fluctuations. During the first half of 2008, the market for new cars has declined in the markets where Bilia operates.
- Decreased demand for cars can affect the value of stock in hand and guaranteed repurchase values. During the first half of 2008, the reduced demand for used cars resulted in value adjustments of cars in stock and increased provisions for guaranteed repurchase values.
- Increased competition in the markets where Bilia is active.
- The ability of suppliers to offer competitive products.
- Legal disputes. At present the Group is involved in legal proceedings relating to illegal price collusion and the Parent Company's right to deduct certain costs when calculating income tax and VAT. Bilia won the dispute in the District Court of Gothenburg regarding claims for damages relating to previous business operations. The opposite party has appealed to the Court of Appeal.
- Regulatory decisions that lead to changes in taxes and charges on the products Bilia sells can influence both demand for and the valuation of cars in stock and cars sold with guaranteed residual values.

The financial risks include liquidity risks, interest rate risks, credit risks and currency risks.

- The recent turbulence on financial markets has resulted in an increase in the cost of risk, which has affected the Bilia Group's borrowing cost. Bilia works continuously with risk identification and risk assessment. For further information about the risks that affect the Group, please refer to the 2007 Annual Report.

### Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and calculation methods are applied as in the most recent annual report.

An interpretation from IFRIC, IFRIC 11, will be applied from financial year 2008. The interpretation will not have any effect on Bilia's Consolidated Income Statement, Balance Sheet, Cash Flow Statement or equity. Three interpretations from IFRIC – IFRIC 12, 13 and 14 – have been issued but have not yet been approved by the EU and are therefore not applied.

### *Parent Company*

The same accounting principles and calculation methods are applied as in the most recent annual report. The Parent Company complies with the Swedish Annual Reports Act and the Swedish Financial Reporting Board's recommendation RFR 2:1 Accounting for Legal Entities. The application of RR 2.1 means that, in the interim report for the legal entity, the Parent Company applies all IFRSs and statements approved by the EU whenever this is possible within the framework of the Annual Reports Act and the Act on Safeguarding of Pension Obligations, while taking account of the relationship between accounting and taxation.

### Audit

This report has not been subjected to special examination by the auditors.

### Next report

The interim report for the third quarter of 2008 will be published on 24 October 2008.

This report is being published by Bilia AB in compliance with the Securities Market Act. The information was submitted for publication on 30 July 2008 at 0830.

This half-year report provides a true and fair summary of the Group's and the Parent Company's activities, financial position and results of operations while describing significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Göteborg, 30 July 2008

Mats Qviberg  
*Chairman*

Heinrich Blauert  
*Board member*

Eva Cederbalk  
*Board member*

Jack Forsgren  
*Board member*

Sven Hagströmer  
*Board member*

Mats Holgerson  
*Board member*

Ingrid Jonasson Blank  
*Board member*

Jon Risfelt  
*Board member*

Gerard Versteegh  
*Board member*

Patrik Nordvall  
*Board member appointed  
by employee organisation*

Tommy Strandhäll  
*Board member appointed  
by employee organisation*

Jan Pettersson  
*Managing Director, CEO  
and Board member*

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

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## INFORMATION ON BUSINESS SEGMENTS

### First six months

SEK M	Cars		Other <sup>1)</sup>		Parent Company		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
NET TURNOVER										
External net turnover	7,804	7,159	1	4	8	0				
Internal net turnover	-	0	-	-	14	13	-14	-13		
Total net turnover	7,804	7,159	1	4	22	13	-14	-13	7,813	7,163
PROFIT/LOSS										
Operating profit/loss by business segment	27	102	53	18	-24	-31	0	0	56	89
Net financial items by business segment	-37	-24	12	10	14	43	-23	-31	-34	-2
Tax expense <sup>2)</sup>									14	-22
Profit from disposal of discontinued operation, net after tax									3	0
Net profit									39	65
OTHER DISCLOSURES										
Assets, non-interest-bearing	5,930	5,867	18	13	65	65			6,013	5,945
Assets, interest-bearing	463	473	646	573	782	1,155			1,891	2,201
Assets held for sale									255	-
Eliminations							-1,425	-1,662	-1,425	-1,662
Total assets									6,734	6,484
Liabilities, non-interest-bearing	3,599	3,631	23	4	58	54			3,680	3,689
Liabilities, interest-bearing	2,108	1,933	3	3	692	876			2,803	2,812
Liabilities attributable to assets held for sale									255	-
Eliminations							-4	-17	-4	-17
Total equity and liabilities									6,734	6,484
Investments, net	-1	-197	1	-	3	6				
Depreciation/amortisation	150	133	1	1	2	1				
Total depreciation/amortisation									153	135
Expenses other than depreciation/amortisation not matched by disbursements <sup>3)</sup>	16	20	-	-	1	0				

## INFORMATION ON GEOGRAPHICAL SEGMENTS

### First six months

SEK M	Net turnover		Assets		Investments	
	2008	2007	2008	2007	2008	2007
Sweden	4,802	4,518	3,366	3,599	111	-21
Norway	2,102	1,643	2,252	2,050	-121	-179
Denmark	900	998	775	691	9	3
Other	1	4	664	586	1	-
Parent Company	22	13	847	1,220	3	6
Assets held for sale	-	-	255	-	-	-
Eliminations	-14	-13	-1,425	-1,662	-	-
Total Bilia Group	7,813	7,163	6,734	6,484	3	-191

- 1) Other companies and items affecting comparability. Operating profit includes items affecting comparability of SEK 53 M (18).
- 2) Pertains to unallocated tax expenses.
- 3) Items not affecting cash.

## Consolidated Income Statement

SEK M	Second quarter		First six months		July 07 - June 08	Full year 2007
	2008	2007	2008	2007		
<b>Continuing operations</b>						
<b>Net turnover</b>	<b>4,015</b>	3,854	<b>7,813</b>	7,163	16,052	15,402
Costs of goods sold	<b>3,408</b>	3,253	<b>6,627</b>	6,005	13,648	13,026
<b>Gross profit</b>	<b>607</b>	601	<b>1,186</b>	1,158	2,404	2,376
Other operating income	<b>80</b>	23	<b>86</b>	23	86	23
Selling expenses	<b>477</b>	457	<b>949</b>	867	1,848	1,766
Administrative expenses	<b>116</b>	118	<b>235</b>	224	453	442
Other operating expenses	<b>28</b>	1	<b>32</b>	1	53	22
<b>Operating profit <sup>1)</sup></b>	<b>66</b>	48	<b>56</b>	89	136	169
Financial income	<b>13</b>	15	<b>30</b>	58	69	97
Financial expenses	<b>35</b>	24	<b>74</b>	71	141	138
Shares in the earnings of associated companies	<b>5</b>	6	<b>10</b>	11	21	22
Net financial items	<b>-17</b>	-3	<b>-34</b>	-2	-51	-19
<b>Profit before tax</b>	<b>49</b>	45	<b>22</b>	87	85	150
Tax	<b>3</b>	-12	<b>14</b>	-22	-8	-44
<b>Profit from continuing operations</b>	<b>52</b>	33	<b>36</b>	65	77	106
Profit/loss from discontinued operations, net after tax	<b>2</b>	1	<b>3</b>	0	-3	-6
<b>Net profit</b>	<b>54</b>	34	<b>39</b>	65	74	100
Earnings per share, SEK	<b>2.65</b>	1.55	<b>1.90</b>	3.00	3.80	4.90
Number of shares at end of period, '000	<b>20,459</b>	21,459	<b>20,459</b>	21,459	20,459	20,459
Earnings per share, SEK	<b>2.65</b>	1.55	<b>1.90</b>	3.00	3.65	4.75
Weighted average number of shares, '000	<b>20,459</b>	21,459	<b>20,459</b>	21,459	20,567	21,064
<sup>1)</sup> Amortisation/depreciation acc. to plan by asset class						
- Intellectual property	<b>6</b>	4	<b>13</b>	8	25	20
- Land and buildings	<b>0</b>	0	<b>1</b>	1	4	4
- Equipment, tools, fixtures and fittings	<b>24</b>	19	<b>46</b>	38	87	79
- Leased vehicles	<b>45</b>	48	<b>93</b>	88	185	180
Total	<b>75</b>	71	<b>153</b>	135	301	283

### Operating profit/loss by business segment

SEK M	Second quarter		First six months		July 07 - June 08	Full year 2007
	2008	2007	2008	2007		
Cars	<b>24</b>	42	<b>27</b>	102	153	228
Parent Company	<b>-10</b>	-14	<b>-24</b>	-31	-43	-50
Other, eliminations	<b>52</b>	20	<b>53</b>	18	27	-8
<b>Operating profit</b>	<b>66</b>	48	<b>56</b>	89	137	170

## Consolidated Balance Sheet

SEK M	30.06.08	31.12.07	30.06.07
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Intellectual property	128	133	137
Goodwill	119	124	121
	247	257	258
<b>Property, plant and equipment</b>			
Land and buildings	86	315	300
Construction in progress	5	15	10
Equipment, tools, fixtures and fittings	401	357	334
Leased vehicles <sup>1)</sup>	1,682	1,811	1,854
	2,174	2,498	2,498
<b>Long-term investments</b>			
Financial investments	256	248	237
Other long-term receivables <sup>2)</sup>	37	32	30
Deferred tax assets	95	92	80
	388	372	347
<b>Total non-current assets</b>	<b>2,809</b>	<b>3,127</b>	<b>3,103</b>
<b>Current assets</b>			
Inventories, merchandise	2,377	2,529	2,194
<b>Current receivables</b>			
Interest-bearing receivables <sup>2)</sup>	35	99	81
Other receivables	1,172	1,191	984
Cash and cash equivalents <sup>2)</sup>	86	97	122
Assets held for sale	255	-	-
<b>Total current assets</b>	<b>3,925</b>	<b>3,916</b>	<b>3,381</b>
<b>Total assets</b>	<b>6,734</b>	<b>7,043</b>	<b>6,484</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	215	215	231
Reserves	2	4	1
Retained earnings including net profit for the year	1,164	1,288	1,352
<b>Total equity</b>	<b>1,381</b>	<b>1,507</b>	<b>1,584</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities <sup>3)</sup>	777	717	621
Other liabilities and provisions <sup>4)</sup>	1,463	1,437	1,698
	2,240	2,154	2,319
<b>Current liabilities</b>			
Interest-bearing liabilities <sup>3)</sup>	297	669	268
Other liabilities and provisions	2,561	2,713	2,313
Liabilities attributable to assets held for sale	255	-	-
	3,113	3,382	2,581
<b>Total equity and liabilities</b>	<b>6,734</b>	<b>7,043</b>	<b>6,484</b>
Assets			
<sup>1)</sup> Of which interest-bearing	242	233	239
<sup>2)</sup> Interest-bearing	158	228	233
Liabilities			
<sup>3)</sup> Interest-bearing	1,074	1,386	889
<sup>4)</sup> Of which interest-bearing	308	297	281

## Consolidated Cash Flow Statement

SEK M	Second quarter		First six months		July 07 - June 08	Full year 2007
	2008	2007	2008	2007		
<b>OPERATIONS</b>						
<b>Operating activities</b>						
Profit before tax from continuing operations	49	45	22	87	85	150
Profit/loss before tax from discontinued operation	2	0	4	-1	-3	-8
Depreciation/amortisation and impairment losses	75	73	153	137	311	295
Other items not affecting cash	-70	-11	-72	0	-54	18
Tax paid	-12	-9	-45	-36	-42	-33
Change in inventories	32	-94	216	19	-96	-293
Change in operating receivables	-235	-63	97	233	-135	1
Change in operating liabilities	262	185	-203	-507	-131	-435
<b>Cash flow from operating activities</b>	<b>103</b>	126	<b>172</b>	-68	-65	-305
<b>Investing activities</b>						
Investments and disposals in non-current assets	-9	104	-3	191	-130	64
Interest-bearing receivables	-6	6	-6	5	-8	3
Business combinations	-172	-353	-236	-353	-235	-352
Disposals	43	-	43	-	43	-
Disposal of discontinued operation, net	323	-	366	-	366	-
<b>Cash flow from investing activities</b>	<b>179</b>	-243	<b>164</b>	-157	36	-285
<b>Remaining after net investments</b>	<b>282</b>	-117	<b>336</b>	-225	-29	-590
<b>Financing activities</b>						
Change in bank loans and other loans	-82	320	-246	329	227	802
Dividend to shareholders and share buy-back	-164	-172	-164	-172	-279	-287
<b>Cash flow from financing activities</b>	<b>-246</b>	148	<b>-410</b>	157	-52	515
<b>Change in cash and cash equivalents, excl. translation differences</b>	<b>36</b>	31	<b>-74</b>	-68	-81	-75
Exchange difference in cash and cash equivalents	0	0	-1	5	-2	4
<b>Change in cash and cash equivalents</b>	<b>36</b>	31	<b>-75</b>	-63	-83	-71
Cash and cash equivalents at start of period	76	164	187	258	195	258
Cash and cash equivalents at end of period	112	195	112	195	112	187

## Quarterly review

### Quarter

Group	3/06	4/06	1/07	2/07	3/07	4/07	1/08	2/08
Net turnover, SEK M	3,116	3,861	3,309	3,854	3,721	4,518	3,798	<b>4,015</b>
Operating profit/loss, excluding items affecting comparability, SEK M	32	62	43	28	35	71	-11	<b>14</b>
Operating margin, excluding items affecting comparability, %	1.0	1.6	1.3	0.7	1.0	1.6	-0.3	<b>0.3</b>
Operating profit/loss, SEK M	21	61	41	48	32	48	-10	<b>66</b>
Operating margin, %	0.7	1.6	1.2	1.2	0.9	1.1	-0.3	<b>1.6</b>
Profit/loss before tax, SEK M	20	69	42	45	24	39	-27	<b>49</b>
Profit/loss from continuing operations, SEK M	13	54	32	33	19	22	-16	<b>52</b>
Profit/loss from discontinued operation, net after tax, SEK M	-	-	-1	1	-3	-3	1	<b>2</b>
Net profit/loss, SEK M	13	54	31	34	16	19	-15	<b>54</b>
Rate of capital turnover, times <sup>1)</sup>	2.42	2.43	2.49	2.45	2.44	2.40	2.45	<b>2.39</b>
Return on capital employed, % <sup>1)</sup>	5.8	6.2	8.0	9.3	9.3	7.8	5.6	<b>5.9</b>
Return on equity, % <sup>1)</sup>	7.6	6.3	7.1	7.9	8.3	6.3	3.4	<b>5.0</b>
Net debt/equity, times	-0.01	-0.02	0.07	0.44	0.66	0.81	0.69	<b>0.71</b>
Equity/assets ratio, %	32	28	31	24	22	21	23	<b>21</b>
Interest coverage ratio, %	4.4	5.4	5.7	5.4	4.5	3.7	1.9	<b>1.9</b>
<b>Data per share (SEK)<sup>2)</sup></b>								
Net profit	0.55 <sup>3)</sup>	2.45 <sup>5)</sup>	1.45 <sup>6)</sup>	1.55 <sup>6)</sup>	0.80 <sup>7)</sup>	0.95	-0.75	<b>2.65</b>
Equity	76 <sup>4)</sup>	78 <sup>6)</sup>	80 <sup>6)</sup>	74 <sup>6)</sup>	73	74	73	<b>67</b>

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

<sup>2)</sup> Based on number of shares outstanding, 20,459,255.

<sup>3)</sup> Based on weighted average number of shares outstanding during third quarter, 22,188,763.

<sup>4)</sup> Based on number of shares outstanding at 30 September 2006, 21,649,755.

<sup>5)</sup> Based on weighted average number of shares outstanding during fourth quarter, 21,546,647.

<sup>6)</sup> Based on number of shares outstanding at 31 December 2006, 31 March 2007 and 30 June 2007, 21,459,255.

<sup>7)</sup> Based on weighted average number of shares outstanding during third quarter, 20,889,145.

## Income Statement for Parent Company

SEK M	Second quarter		First six months		July 07 - June 08	Full year 2007
	2008	2007	2008	2007		
Net turnover	12	10	22	13	39	30
Administrative expenses	22	24	46	44	82	80
<b>Operating loss <sup>1)</sup></b>	<b>-10</b>	<b>-14</b>	<b>-24</b>	<b>-31</b>	<b>-43</b>	<b>-50</b>
<b>Result from financial items</b>						
Result from interests in Group companies	7	31	7	31	179	203
Interest income from Group companies	27	19	56	33	103	80
Other interest income and similar line items	12	13	27	52	62	87
Interest expenses to Group companies	6	5	13	10	23	20
Interest expenses and similar line items	30	21	63	63	125	125
<b>Profit/loss after financial items</b>	<b>0</b>	<b>23</b>	<b>-10</b>	<b>12</b>	<b>153</b>	<b>175</b>
Appropriations	-	-	-	-	-36	-36
<b>Profit/loss before tax</b>	<b>0</b>	<b>23</b>	<b>-10</b>	<b>12</b>	<b>117</b>	<b>139</b>
Tax	-1	0	-1	1	-31	-29
<b>Net profit/loss</b>	<b>-1</b>	<b>23</b>	<b>-11</b>	<b>13</b>	<b>86</b>	<b>110</b>

<sup>1)</sup> Amortisation/depreciation acc. to plan by asset class

- Intellectual property	1	0	2	1	3	2
- Equipment, tools, fixtures and fittings	0	0	0	0	1	1
Total	1	0	2	1	4	3

## Balance Sheet for Parent Company

SEK M	30.06.08	31.12.07	30.06.07
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Intellectual property	19	18	11
	19	18	11
<b>Property, plant and equipment</b>			
Equipment, tools, fixtures and fittings	2	2	3
	2	2	3
<b>Long-term investments</b>			
Interests in Group companies	946	943	957
Other securities held as non-current assets	0	0	0
Deferred tax asset	15	16	17
	961	959	974
<b>Total non-current assets</b>	<b>982</b>	<b>979</b>	<b>988</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies	189	2,116	265
Other receivables	29	9	34
Cash and bank balances	782	60	1,155
<b>Total current assets</b>	<b>1,000</b>	<b>2,185</b>	<b>1,454</b>
<b>Total assets</b>	<b>1,982</b>	<b>3,164</b>	<b>2,442</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	215	215	231
Statutory reserve	47	47	47
	262	262	278
<b>Non-restricted equity</b>			
Retained earnings	722	776	922
Net profit/loss for the year	-11	110	13
	711	886	935
<b>Total equity</b>	<b>973</b>	<b>1,148</b>	<b>1,213</b>
<b>Untaxed reserves</b>	<b>70</b>	<b>70</b>	<b>34</b>
<b>Provisions</b>			
Provisions for pensions and similar obligations	15	15	15
	15	15	15
<b>Non-current liabilities</b>			
Liabilities to credit institutes	589	698	606
Liabilities to Group companies	20	20	20
Other liabilities	5	5	5
	614	723	631
<b>Current liabilities</b>			
Liabilities to credit institutes	272	589	172
Liabilities to Group companies	0	573	343
Other liabilities	38	46	34
	310	1,208	549
<b>Total equity and liabilities</b>	<b>1,982</b>	<b>3,164</b>	<b>2,442</b>