



7 February 2006

Fourth Quarter and Year-End Report 2005

Year-end 2005

- Net turnover amounted to SEK 12,096 M (11,592).
- Profit before tax amounted to SEK 324 M (307).
- Net profit for the year amounted to SEK 190 M (202) and earnings per share to SEK 8.20 (8.35).
- Dividend of SEK 8.00 (7.50).
- Distribution of 1 share in Catena for 2 shares in Bilias (pages 10 – 12).

Fourth quarter

- Operating profit amounted to SEK 92 M (76).
- Net profit for the year amounted to SEK 70 M (42) and earnings per share to SEK 3.00 (1.80).

In a comment on the quarterly results, Bilias's Managing Director Jan Petterson says: "The earnings level during the fourth quarter was acceptable, despite the fact that the operation in Norway reported weak earnings, mainly due to continued price pressure on used cars. The Service Business developed positively during the quarter. Furthermore, it is with great satisfaction that I can report that the dispute with AB Volvo's subsidiary KFAB was finally settled, and with a positive impact on the quarterly earnings of SEK 9 M."

	Group Fourth quarter		Group Full year	
	2005	2004	2005	2004
Net turnover, SEK M	3,391	3,180	12,096	11,592
Operating profit excl. items affecting comparability, SEK M ¹⁾	77	79	302	320
Operating margin excl. items affecting comparability, %	2.3	2.5	2.5	2.8
Operating profit, SEK M	92	76	338	329
Operating margin, %	2.7	2.4	2.8	2.8
Profit before tax, excl. items affecting comparability, SEK M ¹⁾	73	71	288	298
Profit before tax, SEK M	88	68	324	307
Profit after tax but before loss from discontinued operation, SEK M	70	50	241	227
Loss from discontinued operation, net after tax, SEK M	0	-8	-51	-25
Net profit for the year, SEK M	70	42	190	202
Earnings per share, SEK ²⁾	3.00	1.80	8.20	8.35

¹⁾ Items affecting comparability are shown on page 4.

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

Notable events after the end of the third quarter

Acquisitions and disposals

- Bilia concluded an agreement of intent to acquire all shares in Tronrud Bil Holding AS. Tronrud is Norway's largest BMW dealer and also sells other attractive brands such as Ford, Honda, Nissan and Mini. A final agreement is expected to be signed after due diligence is finished in February 2006. Tronrud conducts business in eight facilities and sells approximately 3,000 new and used cars annually, with a turnover of about SEK 800 M and 150 employees.

Miscellaneous

- The dispute with AB Volvo's subsidiary KFAB was settled in arbitration proceedings. The arbitration decree was announced in December, whereby KFAB was only granted a small portion of its total claim of SEK 98 M. As a result, KFAB was ordered to pay most of Bilia's costs in the arbitration proceedings. The arbitration decree had a positive impact on quarterly earnings for the fourth quarter of SEK 9 M.

Events reported earlier during the year

- Bilia started up sales and service of Ford's model range in Fornebu, Oslo.
- Bilia started up sales and service of 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. The total effect of the Micro transfer on the net

profit for the year in the Bilia Group was SEK -51 M.

- Bilia acquired all shares in Sweden's largest Hyundai dealership, Haglund & Hellberg Bil i Haninge AB. Turnover and profits from the acquired company are 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 signed an agreement to acquire the business operation in one of Sweden's largest used car dealers, Michaelsson & Nelin AB, in Uppsala. The operation will be included in the Bilia Group as from 1 January 2006.
- 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 AB. For further information see pages 10-12.

Fourth 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 declined during the quarter, however.

Net turnover during the quarter amounted to SEK 3,391 M (3,180). Adjusted for exchange rate changes and comparable operations, net turnover decreased by about SEK 200 million or 6 per cent. The decrease is attributable to fewer deliveries of new and used cars in Sweden and Norway.

Operating profit amounted to SEK 92 M (76). Items affecting comparability increased the profit by SEK 15 M (reduction: 3). Downward price pressure on used cars in Norway continued to be strong, which had a negative impact on earnings in the Norwegian operation. The Service Business

in the Group developed very positively, which compensated for poorer earnings in the Car Business.

The result of customer financing amounted to SEK 32 M (27). A change in an accounting principle, IAS 18 Revenue, has affected customer financing by SEK 5 M (4).

Items affecting comparability (see table on page 4) amounted to a net of SEK 15 M (-3) during the quarter and consist of SEK 6 M (-) in gains from sales of property, SEK 15 M in reversal of a previous impairment loss for a property in Eskilstuna and recognition of SEK 5 M (-) in impairment loss in a property in Germany, SEK 9 M (-) in costs for preparations for listing of Catena AB, and a net positive impact on earnings from disputes and KFAB of SEK 8 M (-3).

Net financial items amounted to an expense of SEK 4 M (expense: 8). This includes a profit share of SEK 4 M (-) from the indirect shareholding in Volvofinans.

Net profit for the year amounted to SEK 70 M (42) and earnings per share to SEK 3.00 (1.80). Exchange rate changes only affected the profit marginally.

Total assets increased during the quarter by SEK 747 M to SEK 5,962 M. The increase is mainly attributable to SEK 220 M due to changed accounting principles concerning sold financial assets, SEK 340 M in increased stocks of new and used cars, and SEK 155 M in trade debtors.

Shareholders' equity increased during the quarter by SEK 69 M, amounting to SEK 1,286 M at the end of the quarter.

The equity/assets ratio declined by 1 percentage point during the quarter, amounting to 22 per cent.

Investments and disposals amounted to SEK 25 M (17). Replacement investments represented SEK 18 M (13), expansion investments SEK 12 M (18), environmental investments SEK 2 M (5) and investments in new construction and additions to properties SEK 24 M (15). Net investments in lease

vehicles and finance leases amounted to SEK -31 M (-34).

The number of employees declined marginally during the quarter, amounting to 3,231.

Cash flow from operating activities amounted to SEK -46 M (59). The decrease is mainly attributable to higher trade debtors in Denmark as a consequence of increased sales of new cars in December. Net debt increased by SEK 309 M during the quarter, amounting to SEK 884 M.

Full year 2005

Overall demand for new cars and service in Bilia's market areas was at a good and stable level. The market for new cars increased in Sweden and Denmark by 4 and 21 per cent, respectively, while it decreased by 5 per cent in Norway. Demand for used cars was weak during the year, especially in Norway.

Net turnover amounted to SEK 12,096 M (11,592). Adjusted for exchange rate changes and comparable operations, net turnover decreased by about SEK 270 M or 2 per cent. The decrease is attributable to fewer deliveries of new and used cars in Sweden and Norway.

Operating profit amounted to SEK 338 M (329). Items affecting comparability improved the profit by a net of SEK 36 M (9). The Car Business in Norway was affected by increased competition from imports of newer used cars as an effect of a strengthening of the Norwegian krone during the year. Earnings in the Car Business declined in the Group, while the Service Business developed positively.

The result from customer financing amounted to SEK 115 M (109). A change in an accounting principle, IAS 18 Revenue, has affected customer financing by SEK 18 M (15).

Items affecting comparability (see table on page 4) amounted to a net of SEK 36 M (9) and consist of SEK 37 M (20) in gains from sales of property, a net of SEK 10 M in reversal of a previous impairment loss for a property in Eskilstuna and recognition of

impairment loss in a property in Germany, SEK 9 M (-) in costs for preparations for listing of Catena AB, a net of SEK 2 M (-9) in costs for disputes and no restructuring costs (-2).

Net financial items amounted to an expense of SEK 14 M (expense: -22). This includes a profit share of SEK 15 M (2) from the indirect shareholding in Volvofinans.

Net profit for the year amounted to SEK 190 M (202) and earnings per share to SEK 8.20 (8.35). Exchange rate changes only affected the profit marginally.

Shareholders' equity amounted to SEK 1,286 (1,490). The internal profit of SEK 1,265 M from the sale of the property portfolio to Catena AB is not included in the shareholders' equity reported for the Group. The proposed dividend

of SEK 8.00 per share and the spin-off of Catena AB make use of SEK 785 M of Bilia AB's non-restricted shareholders' equity of SEK 1,545 M.

The equity/assets ratio amounted to 22 per cent (23).

Investments and disposals amounted to SEK 266 M (273). Replacement investments represented SEK 42 M (40), expansion investments SEK 34 M (37), environmental investments SEK 4 M (10) and investments in new construction and additions to properties SEK 57 M (63). Net investments in lease vehicles and finance leases amounted to SEK 129 M (123).

Cash flow from operating activities amounted to SEK 185 M (243).

Changes in equity

Group, SEK M	2005	2004
Opening balance	1,490	1,293
Change of accounting principle RR 29	-	-18
Change of accounting principle IAS 39	140	-
Reduction/issue of Series C shares	-377	377
Dividend to shareholders	-173	-116
Buy-back of shares ¹⁾	-	-234
Charge Series C shares	-	-3
Translation difference, etc.	16	-11
Net profit for the year	190	202
Closing balance	1,286	1,490

Estimated effect on shareholders' equity after spin-off

Group, SEK M	2006
Opening balance	1,286
Proposed dividend, SEK 8.00	-185
Proposed distribution in kind, Catena AB	-600
Realisation of internal profit ²⁾	1,265
Shareholders' equity after distribution	1,766

¹⁾ At the end of 2005, the number of own shares amounted to 0 (0). The weighted average number of own shares during 2005 amounted to 0 (850,465).

²⁾ Bilia's property portfolio was sold at the end of 2005 to Catena AB. The profit of SEK 1,265 M was eliminated in the consolidated accounts for 2005. The profit will be realised in the Bilia Group on the date of the spin-off, 26 April 2006.

Items affecting comparability

SEK M	Group Fourth quarter		Group Full year	
	2005	2004	2005	2004
Operating profit excl. items affecting comparability	77	79	302	320
Items affecting comparability				
- Profit from sale of property	6	-	37	20
- Restructuring costs and other	10	-	10	-2
Catena	-9	-	-9	-
- Disputes/KFAB	8	-3	-2	-9
Operating profit	92	76	338	329
Profit before tax excl. items affecting comparability	73	71	288	298
Items affecting comparability				
- Profit from sale of property	6	-	37	20
- Restructuring costs and other	10	-	10	-2
Catena	-9	-	-9	-
- Disputes/KFAB	8	-3	-2	-9
Profit before tax	88	68	324	307

Cars

No. of new cars	Deliveries				Order backlog 31 December	
	Fourth quarter		Full year		2005	2004
	2005	2004	2005	2004		
Sweden	5,064	5,898	17,793	19,977	2,830	2,480
Norway	1,012	1,333	3,622	4,023	331	573
Denmark ¹⁾	1,620	717	3,477	1,634	179	119
Total	7,696	7,948	24,892	25,634	3,340	3,172

¹⁾ Scania is included in deliveries for 2005 with 1,627, for the fourth quarter with 1,032 and in the order backlog for 2005 with 86.

SEK M	Net turnover				Operating profit, operating margin					
	Fourth quarter		Full year		Fourth quarter			Full year		
	2005	2004	2005	2004	2005	%	2004	%	2005	2004
Sweden	2,206	2,327	8,346	8,790	65	2.9	57	2.4	234	228
Norway	613	606	2,293	2,054	1	0.2	12	2.0	14	46
Denmark	564	238	1,433	720	4	0.7	3	1.3	8	2
Total	3,383	3,171	12,072	11,564	70	2.1	72	2.3	256	276

- **Lower earnings in Norway**
- **Higher earnings and lower costs in Sweden**

The market for new cars increased during the quarter by 4 per cent in Sweden and 8 per cent in Denmark, while it decreased by 15 per cent in Norway. Demand for used cars continued to be weak.

Net turnover during the quarter amounted to SEK 3,383 M (3,171). Adjusted for exchange rate changes and comparable operations, net turnover decreased by 6 per cent or SEK 205 M. The decrease is attributable to lower sales of new and used cars.

Operating profit for Cars amounted to SEK 70 M (72). The Service Business developed strongly, while the Car Business declined, mainly due to a lower volume and margin in sales of cars in Norway.

The operation in Sweden reported an operating profit of SEK 65 M (57). The improvement is attributable to reduced costs in both the Car Business and the Service Business. Deliveries of new cars declined

during the quarter for comparable operations by 18 per cent, while order bookings were unchanged. The order backlog increased by 279 cars during the quarter, amounting to 2,830 cars at the end of the quarter. The operating margin increased by 0.5 percentage point, amounting to 2.9 per cent.

Operating profit in Bilia's Norwegian operation amounted to SEK 1 M (12). The decline is mainly attributable to lower earnings in the Car Business. The downward price pressure on used cars in Norway increased during the second half of the year as a consequence of an increased influx of imported used cars, particularly from Sweden. The Norwegian krone increased by 13 per cent up to the middle of November in relation to the Swedish krona, only to fall back by about 8 per cent at the end of January 2006.

The Danish operation reported a profit that was SEK 1 M better than last year's. Bilia's Volvo and Renault operation developed well during the quarter, while Scania reported a loss, in part due to nonrecurring costs during the quarter.

Cars - divided into Service and Car Business

SEK M	Net turnover ²⁾				Contribution ³⁾			
	Fourth quarter		Full year		Fourth quarter		Full year	
	2005	2004	2005	2004	2005	2004	2005	2004
Service Business ¹⁾	1,163	1,027	4,118	3,813	147	108	442	386
- margin, %					12.7	10.5	10.7	10.1
Car Business ¹⁾	2,406	2,296	8,466	8,208	-9	18	44	109
- margin, %					-0.4	0.8	0.5	1.3

1) 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.

2) Net turnover does not include eliminations for internal sales.

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

- **Customer satisfaction develops positively**
- **Service Business develops positively**

The Service Business's sales declined during the quarter for comparable operations by about 1 per cent. Norway increased by 6 per cent and Denmark by 4 per cent, while Sweden declined by 2 per cent. The contribution increased by SEK 39 M to SEK 147 M and the contribution margin by 2.2 percentage points to 12.7 per cent. The improvement is mainly attributable to a slightly higher margin and a lower cost level.

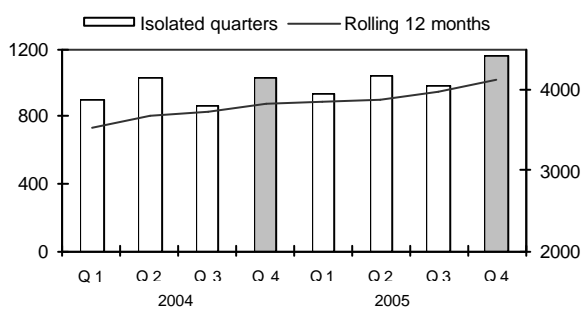
The Car Business's deliveries of new cars declined during the quarter for comparable operations by 20 per cent and used cars by 10 per cent. The order backlog declined marginally during the quarter. Stocks of used cars in Bilia's markets continue to be at a high

level, which is depressing prices and squeezing margins. However, the volume and rate of turnover of stocks continued to improve in the Swedish market during the quarter. The contribution declined by SEK 27 M to SEK -9 M and the contribution margin by 1.2 percentage point to -0.4 per cent. The decline in earnings is mainly attributable to a lower volume and margin in sales of cars in Norway. The volume and rate of turnover of stocks of used cars are at a satisfactory level in Sweden and Denmark, while the volume is too high in Norway.

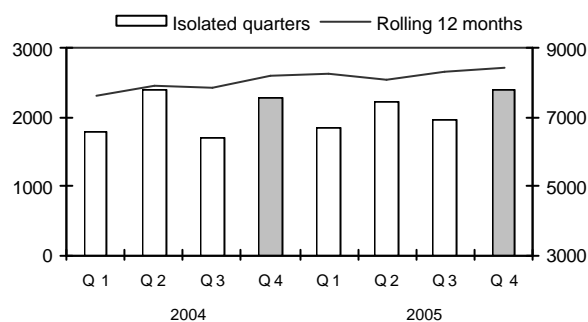
Customer satisfaction improved during the year in all countries in the Car Business and the Service Business.

The Car Business's net turnover and contribution have been adjusted in accordance with IAS 18 for 2004.

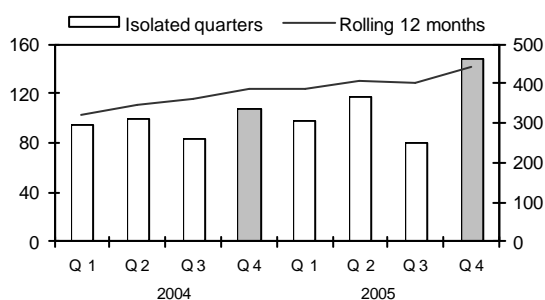
Service Business, Net Turnover, SEK M



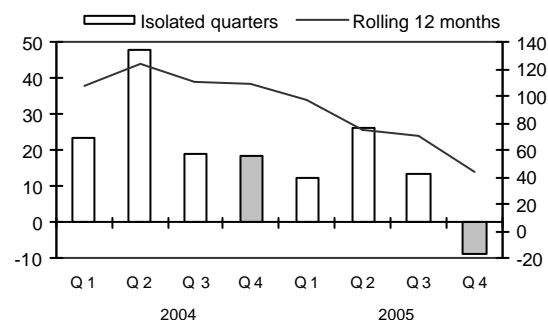
Car Business, Net Turnover, SEK M



Service Business, Contribution, SEK M



Car Business, Contribution, SEK M



Bilia Properties

SEK M	Net turnover				Operating profit, operating margin					
	Fourth quarter		Full year		Fourth quarter				Full year	
	2005	2004	2005	2004	2005	%	2004	%	2005	2004
Sweden	42	41	154	155	15	36.3	21	51.0	75	85
Norway	15	11	57	46	5	33.8	3	23.3	19	12
Denmark	2	3	10	15	1	81.0	0	15.6	5	6
Other	-1	0	0	1	0	-	0	-	0	1
Total	58	55	221	217	21	37.0	24	43.5	99	104

Net turnover during the year includes rental income from unowned properties in Sweden of SEK 11 M (11) and in Norway of SEK 31 M (27).

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

Net turnover during the quarter is broken down into SEK 50 M (48) in rental income from Group companies and SEK 3 M (7) in external rental income, plus SEK 5 M (-) in other income. Operating profit amounted to SEK 21 M (24). The discrepancy compared with last year is mainly attributable to higher administration costs during the quarter. Depreciation charged to earnings amounted to SEK 9 M (8).

Five properties were sold during the year for a combined profit of SEK 37 M (20). A previous impairment loss of SEK 15 M for a

property in Eskilstuna was reversed during the year, while an impairment loss of SEK 5 M was recognised for a property in Germany. Profits from sales of properties and revaluations and impairment losses 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 AB. For further information see pages 10-12.

Discontinuing operation, Micro

• 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

2005 amounts to SEK M 51, net after tax, which includes an estimated cost of SEK 55 M for financial support to the buyer.

SEK M	Fourth quarter		Full year	
	2005	2004	2005	2004
Net turnover	-	41	44	153
Cost of goods sold	-	21	25	85
Other operating income	-	-	1	-
Selling expenses	-	26	26	85
Administrative expenses	1	4	7	15
Other operating expenses	-1	1	2	2
Financial expenses	-	0	1	1
Loss before tax	0	-11	-16	-35
Tax	0	3	5	10
Loss after tax but before loss from revaluation and disposal of discontinued operation	0	-8	-11	-25
Loss from revaluation and disposal of discontinued operation before tax	-	-	-55	-
Tax attributable to loss from revaluation and disposal of discontinued operation	-	-	15	-
Loss from revaluation and disposal of discontinued operation after tax	-	-	-40	-
Loss from discontinued operation, net after tax	0	-8	-51	-25
Loss per share, SEK	0.00	-0.35	-2.20	-1.05

Net cash flow from discontinued operation

During the full year 2005, the operation in Micro AB had a cash flow from operating activities amounting to SEK -4 M (-28), a cash flow from investing activities amounting to SEK -5 M (-9) and a cash flow from financing activities amounting to SEK 14 M (35).

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

SEK M	Full year	
	2005	2004
Intangible assets	-	2
Tangible assets	2	15
Financial assets	8	-
Stocks	-	44
Interest-bearing receivables	6	-
Other receivables	-	9
Cash and bank balances	-	1
Interest-bearing liabilities	-	35
Provisions	-	6
Other liabilities	3	-
Trade creditors	-	16
Disposed-of assets and liabilities, net	13	14

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, accounting, public relations and business development.

The Parent Company's operating loss amounted to SEK 17 M (18). This includes costs of SEK 4 M (3) for disputes and the spin-off of Bilia's property portfolio.

Miscellaneous**Dividend**

The Board proposes a dividend of SEK 8.00 per share (7.50).

The Board of Directors of Bilia has proposed that the Annual General Meeting resolve to distribute to the shareholders and list all shares in the wholly-owned subsidiary Catena AB. One share in Catena AB will be obtained for every two shares in Bilia. The distribution of shares in Catena AB is subject to lex ASEA, which means that the distribution is tax-free in Sweden for Bilia's Swedish shareholders.

Proposed buy-back of own shares

The Board of Directors proposes that the AGM authorise the Board to resolve to buy back up to 10 per cent of the company's own shares over the Stockholm Stock Exchange, i.e. no more than 2,312,915 shares.

Annual General Meeting

The Annual General Meeting will be held on 19 April at 4 p.m. at the Radisson SAS Scandinavia Hotel in Göteborg.

Accounting principles

As of 1 January 2005, Bilia applies 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 full year 2004 is described on pages 18 and 19.

IAS 39 Financial Instruments shall be applied as from 1 January 2005 and is 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 as of 1 Jan. 2005 by SEK 140 M and the profit for 2005 by SEK 15 M after tax.

As from 1 January 2005, Bilia applies IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. On 1 June 2005, Bilia signed the agreement on sale of the operation in Micro, so Micro is accounted for as a discontinued operation. Micro's net loss is reported on a separate line in the Profit and Loss Account, "Loss from discontinued operation, net after tax". Micro's assets are reported on a separate line in the Balance Sheet, "Assets held for sale", and liabilities on the line "Liabilities attributable to assets held for sale". The comparison figures in the Profit and Loss Account, Balance Sheet and Cash Flow Analysis have been recalculated.

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 have standards are still undergoing revision.

Audit

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

Next report

The interim report for the first quarter of 2006 will be published on 4 May 2006.

Göteborg, 7 February 2006

Bilia AB (publ)

The Board of Directors

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Proposed spin-off and listing of Bilias property portfolio

The Board of Directors of Bilias AB has decided to propose that the next Annual General Meeting on 19 April 2006 resolve to spin off Bilias property portfolio to the shareholders and list it under the name Catena AB ("Catena"). The spin-off is subject to Lex ASEA and will not result in Bilias or its Swedish shareholders being taxed in Sweden at the time of the spin-off.

At 31 December 2005, Bilias held a total of 34 property units via Catena with an estimated market value of SEK 2,016 M. Many of Bilias properties are well-situated in expanding localities and have been owned by Bilias for some time. As these localities have developed, the strategic location of the properties has gradually improved and the market value of the properties has increased. The net effect of this is that Bilias today has considerable capital tied up in property.

The reason for the proposed spin-off and listing of Catena is to distinguish the values in the property and car businesses from each other and thereby create added shareholder value. In preparation for the spin-off, Bilias and Catena have signed new leases with terms of between 1 and 16 years, the average term being 11 years. Under the leases, Bilias is guaranteed access to the properties and premises judged to be important for Bilias operations, at the same time as Catena gains both the stability and the flexibility it needs to develop as an independent company.

The spin-off is proposed to take the form of a distribution of shares in Catena, whereby two (2) shares in Bilias entitle the holder to one (1) share in Catena. Provided the AGM resolves in accordance with the Board's proposal on 19 April 2006 and Stockholmsbörsen (the Stockholm Stock Exchange) gives its approval, trading in Catena shares will begin on around 26 April 2006. Based on the number of outstanding shares in Bilias at 31 December 2005, the total number of shares in Catena will amount to about 11.6 million.

Catena

Catena, which is currently a wholly-owned subsidiary of Bilias, is a property company that focuses on retail properties in out-of-town shopping centres. The properties are

situated in the Stockholm and the Lake Mälaren Valley region, the West Götaland region, the Öresund region and the Oslo region. The carrying amount of the properties amounted to SEK 2,016 M at 31 December 2005, of which 66 per cent is found in the Stockholm and Lake Mälaren Valley region and the West Götaland region. The rental income amounts to SEK 174 M on an annual basis as of 1 January 2006.

Business concept

Catena will own, efficiently manage and actively develop well-situated retail properties with the potential to generate a steadily growing cash flow and good value growth.

Overall goal

Catenas overall goal is, by virtue of its focused strategy, to give its shareholders a good long-term total yield by becoming a major player on the retail property market in a number of strategic localities.

Financial goals

Over a business cycle, Catena will achieve:

- A return on equity that exceeds the risk-free interest rate by at least 5 percentage points.¹
- An interest coverage ratio of at least 1.75.
- An equity/assets ratio of at least 25 and at most 35 per cent.

Dividend policy

Catenas dividend will in the long term comprise 75 per cent of the management profit after tax.²

Board of Directors and senior officers

Catenas Board of Directors was elected at an extraordinary shareholders' meeting on 14 November 2005 and consists of Curt Lönnström (Chairman), Ingrid Berggren, Lars Söderblom, Erik Törnberg, Gerard Versteegh and Peter Hallgren (Managing Director).

Curt Lönnström is the managing director of A & K Ströhmen AB and a member of the

¹ The risk-free interest rate is defined as the interest rate on a 5-year Swedish government bond.

² Management profit subject to 28 per cent standard tax.

boards of Poolia AB, Uniflex AB and Hagströmer & Qviberg AB. Ingrid Berggren is active in Calyon (formerly Credit Agricole Indosuez). Lars Söderblom is chairman of the board of Rodamco Sverige AB and was formerly managing director of Piren AB. Erik Törnberg is a financial analyst at Investment AB Öresund. Gerard Versteegh is working chairman of the board of Commercial Estates Group Ltd and a

member of the board of NeoNet AB. Peter Hallgren has been managing director of Catena since 1998.

Catena's management consists of Managing Director Peter Hallgren, Financial Manager Rune Jonsson (who has been Catena's CFO since 1998) and Accounting Manager Matts Bergsten, who has been employed by Catena since 2006.

Catena's property portfolio at 31 December 2005 with current earning power at 1 January 2006

Region	No of properties	Rentable area	Carrying amount		Rental value ³		Economic occupancy rate, %	Rental income, SEK M ⁴	Operating surplus SEK M	Yield, %	Profit margin, %
			SEK M	SEK/sq.m	SEK M	SEK/sq.m					
Stockholm and Lake Mälaren Valley region	11	100,277	826	8,242	67	664	98	65	52	6.2	78.9
West Götaland region	12	63,909	500	13,165	46	659	100	46	39	7.8	85.8
Öresund region	7	53,137	405	7,622	38	719	96	37	32	7.9	87.1
Oslo region	4	29,395	284	9,672	27	926	97	26	24	8.3	89.3
Total	34	252,118	2,016	7,996	178	705	98	174	146	7.3	84.0

³ Contracted rental income on an annual basis as of 1 January 2006 plus estimated value of vacant rentable area on an annual basis.

⁴ Contracted rental income on an annual basis as of 1 January 2006.

Pro Forma Profit and Loss Account and Balance Sheet

SEK M	Current earning 1 January 2006
Rental value	178
Vacancy	-4
Rental income	174
Property expenses	-28
Operating surplus	146
Central administration	-16
Net financial items	-42
Other revenues	3
Other expenses	-3
Profit before tax	88
Tax	-25
Profit after tax	63

SEK M	Group pro forma 31 December 2005
Properties	2,016
Other tangible assets	8
Financial assets	3
Current assets	25
Cash and bank balances	73
Total assets	2,126
Shareholders' equity	583
Provisions	139
Interest-bearing liabilities	1,356
Non-interest-bearing liabilities	47
Shareholders' equity and liabilities	2,126

Figures in this section have been rounded, while calculations have been accurate. This means that some tables are not correctly summarised.

Principles of current earning

In order to provide an up-to-date picture of Catena's earning power, based on the Group's pro forma financial position and its property portfolio at 31 December 2005, a Profit and Loss Account has been prepared that reflects the company's earning power on an annual basis as of 1 January 2006. It is important to note that this Profit and Loss Account is not equivalent to a forecast for the current year or the next twelve months. The Profit and Loss Account does not, for example, contain any predictions of the future occupancy rate, the rent and interest rate trend or changes in values. Earning power on an annual basis as of 1 January 2006 has been arrived at as follows:

- Rental income consists of contracted rental income on an annual basis as of 1 January 2006.
- Operating and maintenance costs plus costs for property administration are an actual outcome for 2005 for the properties held as of 31 December 2005.
- Property tax and leasehold fee are calculated from the current assessed values and leasehold agreements for the properties.
- Net financial items has been calculated from pro forma interest-bearing liabilities as of 31 December 2005 with an average annual interest rate of 3.12 per cent, which is equivalent to the average pro forma interest expense as of 31 December 2005.
- The costs of central administration are based on an estimate of requisite annual costs based on the scope of the operation as of 1 January 2006, and assuming that Catena will operate as an independent listed company. Nonrecurring costs for listing Catena are not included in the Profit and Loss Account.
- Other revenues comprise revenues attributable to sublets to Bilia, while other expenses comprise rental expenses paid to the property owner for the corresponding rentals.
- The tax expense is assumed to amount to 28 per cent of the profit before tax.
- Changes in values of the properties have not been taken into account.

Preliminary timetable

23 March	Publication of listing prospectus for Catena and annual report for Bilia, along with background material for AGM.
11 April	Last day for notification of attendance at AGM of Bilia AB
19 April	Annual General Meeting
26 April	First listing date for Catena share

INFORMATION ON LINES OF BUSINESS
Full year

SEK M	Cars		Properties		Other ¹⁾		Eliminations		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
NET TURNOVER										
External net turnover	12,072	11,564	18	26	3	2			3	
Parent Company, external net turnover										
Internal net turnover		0	203	191	-	-	-203	-191		
Parent Company, internal net turnover							-22		22	
Total net turnover	12,072	11,564	221	217	3	2	-225	-191	12,096	11,592
PROFIT/LOSS										
Operating profit per line of business	256	276	99	104	47	13	0	1	402	394
Parent Company									-64	-65
Operating profit									338	329
Net financial items	-16	-19	-10	-9	4	7	-1,018	-321	-1,040	-342
Parent Company, net financial items									1,026	320
Tax expense ²⁾									-83	-80
Loss on sale of discontinued line of business, net after tax									-51	-25
Net profit for the year									190	202
OTHER DISCLOSURES										
Assets, non-interest-bearing	4,854	3,857	2,049	780	22	4			6,925	4,641
Assets, interest-bearing	288	138	3	5	241	298			532	441
Parent Company, assets, non-interest-bearing									24	23
Parent Company, assets, interest-bearing									1,946	881
Assets held for sale									16	71
Eliminations							-3,481	-954	-3,481	-954
Total assets									5,962	5,103
Liabilities, non-interest-bearing	3,255	2,812	192	123	8	6			3,455	2,941
Liabilities, interest-bearing	1,260	833	1,335	280	3	0			2,598	1,113
Parent Company, liabilities, non-interest-bearing									33	89
Parent Company, liabilities, interest-bearing									784	245
Liabilities attributable to assets held for sale									3	51
Eliminations							-911	664	-911	664
Total liabilities									5,692	5,103
Investments, net	128	104	18	79	-	-				
Depreciation/amortisation	211	139	37	32	1	3				
Parent Company, depreciation/amortisation									2	2
Total depreciation									251	176
Expenses beyond depreciation not matched by disbursements ³⁾	6	11	1	0	-	-				

INFORMATION ON GEOGRAPHICAL AREAS
Full year

SEK M	Net turnover		Assets		Investments	
	2005	2004	2005	2004	2005	2004
Sweden	8,360	8,807	3,426	3,043	125	118
Norway	2,297	2,058	1,646	1,370	52	60
Denmark	1,435	724	893	346	-31	5
Other ⁴⁾	28	4	2,557	1,227	4	2
Assets held for sale	-	-	16	71	-	-
Eliminations	-24	-1	-2,576	-954	-	0
Total Bilvia Group	12,096	11,592	5,962	5,103	150	185

1) Other companies and items affecting comparability. Operating profit includes items affecting comparability of SEK 56 M (18).

2) Pertains to unallocated tax expenses.

3) Items not affecting cash.

4) Includes the Parent Company.

Consolidated Profit and Loss Account

SEK M	Group Fourth quarter		Group Full year	
	2005	2004	2005	2004
Net turnover	3,391	3,180	12,096	11,592
Costs of goods sold	2,811	2,659	10,025	9,624
Gross profit	580	521	2,071	1,968
Other operating income	8	1	39	24
Selling expenses	394	343	1,371	1,259
Administrative expenses	109	100	409	398
Other operating expenses	-7	3	-8	6
Operating profit ¹⁾	92	76	338	329
Financial income	12	0	26	12
Financial expenses	16	8	40	34
Net financial items	-4	-8	-14	-22
Profit before tax	88	68	324	307
Tax	-18	-18	-83	-80
Profit after tax but before loss from discontinued operation	70	50	241	227
Loss from discontinued operation, net after tax	0	-8	-51	-25
Net profit for the year	70	42	190	202
Earnings per share, SEK	3.00	1.80	8.20	8.75
Number of shares at end of period, '000 ²⁾	23,129	23,129	23,129	23,129
Earnings per share, SEK	3.00	1.80	8.20	8.35
Weighted average number of shares, '000 ²⁾	23,129	23,129	23,129	24,139

1) Amortisation/depreciation acc. to plan by asset class				
- Intellectual property	2	5	7	6
- Goodwill	-	1	-	1
- Land and buildings	10	8	37	35
- Equipment, tools, fixtures and fittings	17	13	63	57
- Lease vehicles	42	18	144	77
Total	71	45	251	176

²⁾ Subordinated shares of Series C, 37,716,448, have not been included in the calculation of the number of shares outstanding for 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	Fourth quarter		Full year	
	2005	2004	2005	2004
Cars	70	72	256	276
Properties	21	24	99	104
Parent Company	-17	-18	-64	-65
Other, Eliminations	18	-2	47	14
Operating profit	92	76	338	329

Consolidated Balance Sheet

SEK M	Group	
	31 Dec. 05	31 Dec. 04
Assets		
Fixed assets		
Intangible assets		
Intellectual property	48	27
Goodwill	62	62
	110	89
Tangible assets		
Land and buildings	736	687
Construction in progress	30	53
Equipment, tools, fixtures and fittings	273	245
Lease vehicles ¹⁾	1,751	1,705
	2,790	2,690
Financial assets		
Financial investments	176	16
Long-term receivables ²⁾	20	39
Deferred tax receivables	58	57
	254	112
Total fixed assets	3,154	2,891
Current assets		
Stocks, goods for resale	1,850	1,316
Current receivables		
Interest-bearing receivables ²⁾	22	131
Other receivables	857	565
Cash and bank balances ²⁾	63	129
Assets held for sale	16	71
Total current assets	2,808	2,212
Total assets	5,962	5,103
Shareholders' equity and liabilities		
Shareholders' equity		
Share capital	231	608
Reserves	28	99
Retained earnings including net profit for the year	1,027	783
Total shareholders' equity	1,286	1,490
Long-term liabilities		
Interest-bearing liabilities ³⁾	241	233
Other liabilities and provisions ⁴⁾	1,534	1,411
	1,775	1,644
Current liabilities		
Interest-bearing liabilities ³⁾	748	25
Other liabilities and provisions	2,150	1,887
Liabilities attributable to assets held for sale	3	57
	2,901	1,969
Total liabilities and shareholders' equity	5,962	5,103
Assets		
¹⁾ Of which interest-bearing	238	240
²⁾ Interest-bearing	105	299
Liabilities		
³⁾ Interest-bearing	989	258
⁴⁾ Of which interest-bearing	238	221

Consolidated Cash Flow Statement

SEK M	Group Fourth quarter		Group Full year	
	2005	2004	2005	2004
OPERATIONS				
Operating activities				
Operating profit	92	76	338	329
Financial items	-4	-8	-14	-22
Depreciation/amortisation	60	45	240	176
Other items not affecting cash	-72	26	-87	15
Tax paid	-42	-31	-176	-77
Change in operating receivables	-161	-25	-87	-157
Change in stocks	-317	-57	-235	-60
Change in operating liabilities	398	33	206	39
Cash flow from operating activities	-46	59	185	243
Investing activities				
Investments and disposals in fixed assets	-25	-17	-266	-273
Interest-bearing receivables	-20	99	30	391
Acquisitions and disposals	44	-5	18	-108
Cash flow from investing activities	-1	77	-218	10
Remaining after net investments	-47	136	-33	253
Financing activities				
Change in own bank loans and other loans	48	-13	418	-152
New issue subordinated shares	-	-	-	377
Reduction subordinated shares	-	-	-377	-
Dividend to shareholders and buy-back of own shares	-	-	-173	-349
Cash flow from financing activities	48	-13	-132	-124
Change in liquid assets, excl. translation differences	1	123	-165	129
Exchange rate difference in liquid assets	0	-1	2	-2
Change in liquid assets	1	122	-163	127
Liquid assets at beginning of year	246	119	246	119
Liquid assets at end of period	247	241	83	246

Quarterly review

Quarter

Group	Recalculated acc. to IFRS				1/05	2/05	3/05	4/05
	1/04	2/04	3/04	4/04				
Net turnover, SEK M	2,597	3,324	2,491	3,180	2,696	3,154	2,855	3,391
Operating profit, excluding items affecting comparability, SEK M	77	94	70	79	63	102	60	77
Operating margin, excluding items affecting comparability, %	3.0	2.8	2.8	2.5	2.3	3.2	2.1	2.3
Operating profit, SEK M	76	89	88	76	71	98	77	92
Operating margin, %	2.9	2.7	3.5	2.4	2.6	3.1	2.7	2.7
Profit before tax, SEK M	72	85	82	68	70	97	69	88
Profit after tax but before loss from discontinued operation, SEK M	52	61	64	50	53	68	50	70
Loss from discontinued operation, net after tax, SEK M	-7	-5	-5	-8	-45	-5	-1	0
Profit for the period, SEK M	45	56	59	42	8	63	49	70
Rate of capital turnover, times ¹⁾	2.54	2.41	2.67	2.60	2.46	2.33	2.36	2.29
Return on capital employed, % ¹⁾	12.6	13.2	17.3	18.3	17.8	17.2	16.2	16.5
Return on shareholders' equity, % ¹⁾	14.5	13.9	16.1 ⁵⁾	16.6 ⁵⁾	14.0	15.2	13.8	15.8
Net debt / Shareholders' equity, times	-0.06	0.35	0.20 ⁵⁾	0.28 ⁵⁾	0.44	0.70	0.47	0.69
Equity/assets ratio, %	29	22	23 ⁵⁾	23 ⁵⁾	25	21	23	22
Data per share (SEK) ²⁾								
Profit for the period	1.75 ³⁾	2.25 ⁴⁾	2.55	1.80	0.35	2.75	2.10	3.00
Shareholders' equity	52 ³⁾	45	48 ⁵⁾	48 ⁵⁾	55	51	53	56

¹⁾ Rolling 12 months.

²⁾ Based on number of shares outstanding, 23,129,155.

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

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

⁵⁾ Calculated excluding new issue of 37.7 million subordinated shares of Series C.

Comments on specification of transition to IFRS

Starting in 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 full year 2004 are presented below.

The new accounting rules have affected the net profit by SEK -5 M altogether, broken down into SEK -8 M due to IAS 18 Revenue and SEK 3 M due to IFRS 3 Business Combinations. The number of cars with guaranteed residual values delivered during 2004 was greater than the number of terminated old agreements on guaranteed residual values, which increased the value of the assets by SEK 485 M to SEK 1,465 M.

Profit and Loss Accounts fourth quarter 2004

SEK M	Acc. to previous GAAP	IAS 16	IAS 18	IAS 37	IFRS 3	Acc. to IFRS
Operating profit/loss	81	0	-3		-2	76
Net financial items	-8					-8
Profit/loss before tax	73	0	-3		-2	68
Tax	-19	0	1		0	-18
Profit/loss after tax but before loss from discontinued operation	54	0	-2		-2	50

Profit and Loss Accounts for full year 2004

SEK M	Acc. to previous GAAP	IAS 16	IAS 18	IAS 37	IFRS 3	Acc. to IFRS
Operating profit/loss	338	0	-11		2	329
Net financial items	-22					-22
Profit/loss before tax	316	0	-11		2	307
Tax	-84	0	3		1	-80
Profit/loss after tax but before loss from discontinued operation	232	0	-8		3	227

Balance Sheets at 31 December 2004

SEK M	Acc. to previous GAAP	IAS 16	IAS 18	IAS 37	IFRS 3	Acc. to IFRS
Assets						
Intangible assets	83				6	89
Tangible assets	1,225	0	1,465			2,690
Financial assets	96	0	16			112
Other assets	2,212					2,212
Total assets	3,616	0	1,481		6	5,103
Shareholders' equity and liabilities						
Shareholders' equity	1,528	0	-41	0	3	1,490
Interest-bearing liabilities	479					479
Non-interest-bearing liabilities	1,609		1,522	0	3	3,134
Total shareholders' equity and liabilities	3,616	0	1,481	0	6	5,103

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
Profit/loss for the year	207	0	-8		3	202
Amount at end of period	1,528	0	-41	0	3	1,490