



8 February 2005

Fourth Quarter and Year-End Report 2004

Year-end 2004 (Compared with "New" Bilia pro forma 2003)

- Net turnover amounted to SEK 11,941 M (11,124).
- Net profit increased to SEK 207 M (164) and earnings per share to SEK 8.95 (6.35).
- The Board proposes a dividend of SEK 7.50 (4.50).
- The Board requests authorization for a buy-back of the company's own shares.

Fourth quarter

- Operating profit excl. items affecting profitability amounted to SEK 79 M (62).
- Earnings per share improved by 39 per cent to SEK 1.95 (1.40).
- Cash flow amounted to SEK 42 M (-4).
- The surplus value in the property portfolio amounts to SEK 1,000 M (900).

In a comment on the quarterly results, Bilia's Managing Director Jan Pettersson says:
 "Customer satisfaction was further strengthened during the quarter and deliveries of new cars increased while earnings in the Service Business improved. This compensated for an expected decline in earnings in the used car business."

	Bilia Group		Full year	"New" Bilia, pro forma Full year
	Fourth quarter			
	2004	2003	2004	2003
Net turnover, SEK M	3,270	2,816	11,941	11,124
Operating profit, excl. items affecting comparability, SEK M ¹⁾	79	62	302	258
Operating margin excl. items affecting comparability, %	2.4	2.2	2.5	2.3
Operating profit, SEK M	70	57	304	235
Operating margin, %	2.1	2.0	2.5	2.1
Profit before tax, excl. items affecting comparability, SEK M ¹⁾	71	58	279	240
Profit before tax, SEK M	62	53	281	217
Net profit, SEK M	46	36	207	164
Earnings per share, SEK ²⁾	1.95	1.40	8.95	6.35

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 10.

Notable events

- In February 2005, Bilia will start sales and service of Ford's model range in a new facility at Fornebu in Oslo. Ford will be sold together with Volvo's and Renault's car models.
- All 37.7 million Series C shares were redeemed in January, and the share capital was reduced by SEK 377 M.
- A property in Mariestad was sold in January with a net profit of SEK 9 M. The profit will be included in the final accounts for the first quarter of 2005.

IFRS

Starting in 2005, the Bilia Group's accounting principles will conform to International Financial Reporting Standards, IFRS, adopted by the European Commission. Bilia's interim report for the first quarter of 2005 will be the first financial report to be presented in accordance with IFRS. The changeover to IFRS is expected to result in an increase in the Group's shareholders' equity by SEK 105 M as of 1 January 2005. The increase is primarily attributable to accounting principles stated in IAS 18, Revenue, IAS 39, Financial Instruments, and IFRS 3, Business Combinations. See pages 14-16 for more information.

Fourth quarter 2004

Demand for new cars and service in Bilia's market areas was good, while demand for used cars declined during the quarter.

Net turnover during the quarter amounted to SEK 3,270 M (2,816). Adjusted for exchange rate changes and comparable operations, net turnover increased by about SEK 309 M or 11 per cent. The increase is mainly attributable to increased new car sales.

Operating profit amounted to SEK 70 M (57). Items affecting comparability reduced the profit by SEK 9 M (-5). Operating profit excluding items affecting comparability increased by SEK 17 M to SEK 79 M. The Service Business developed well during the quarter, owing to increased efficiency and more working days during the month of December. Earnings in the Car Business were boosted by more deliveries of new cars

during the quarter. Earnings from sales of used cars declined, however, due to diminished demand and lower prices.

The result from customer financing amounted to SEK 23 M (20).

Items affecting comparability (see table on page 4) amounted to a net of minus SEK 9 M during the quarter (-5) and consist of SEK 5 M in costs for closing a store and other structural measures in Micro, SEK 3 M in costs for disputes, and SEK 1 M in other costs.

Net financial items amounted to an expense of SEK 8 M (expense: 4).

Net profit amounted to SEK 46 M (36) and earnings per share to SEK 1.95 (1.40). Exchange rate changes reduced the profit by SEK 1 M.

Total assets increased during the quarter by SEK 25 M to SEK 3,616 M. The change consists of a decline of SEK 190 M after sale of financial assets to Volvofinans, at the same time as other interest-bearing assets, mainly cash and bank balances, increased by SEK 120 M. Stocks of used cars and trade debtors increased by about SEK 130 M, mainly due to large deliveries of new cars during the quarter.

Shareholders' equity increased during the quarter by SEK 18 M, amounting to SEK 1,528 M at the end of the quarter.

Shareholders' equity was charged during the quarter with SEK 21 M relating to adjustment of the calculated pension liability in Bilia's Norwegian operation in accordance with RR 29, Employee Benefits.

Investments and disposals amounted to SEK -15 M (59). Replacement investments represented SEK 15 M (1), expansion investments SEK 18 M (23), environmental investments SEK 5 M (2) and investments in new construction and additions to properties SEK 15 M (-). Net investments in lease vehicles and finance leases amounted to SEK -68 M (33).

The number of employees declined during the quarter by 19, amounting to 3,149. For comparable operations, the number of employees declined by 3 per cent or 103 persons from the beginning of the year.

Cash flow from operating activities amounted to SEK 42 M (-4). Net receivables decreased during the quarter by SEK 80 M to SEK 26 M. Excluding the issue of subordinated shares, which were redeemed in January 2005, net debt amounted to SEK 351 M.

Whole year 2004

Comments and comparative figures for 2003 pertain to the "New" Bilja. "The "New" Bilja has for 2003 been calculated pro forma, excluding the operations (KFAB) that were distributed to Bilja's shareholders in July 2003.

Demand for new cars and service in Bilja's market areas was good on the whole during the year. Demand for used cars declined during the second half of the year, however. The market for new cars increased by nearly 30 per cent in Norway and Denmark, while it increased only marginally in Sweden.

Net turnover amounted to SEK 11,941 M (11,124). Adjusted for exchange rate changes and comparable operations, net turnover increased by about SEK 377 million or 3 per cent. The increase is mainly attributable to Bilja's Norwegian operation.

Operating profit amounted to SEK 304 M (235). Items affecting comparability improved the profit by a net of SEK 2 M (-23). Operating profit excluding items affecting comparability increased by SEK 44 M to SEK 302 M. The acquisition of Eneqvist Bil has developed well and is included in the Group's profit in the amount of SEK 13 M after acquisition costs. Cost-cutting measures contributed greatly to the earnings improvement, and the cost ratio was reduced by 0.4 percentage point compared with last year. The result from customer financing amounted to SEK 94 M (84).

Items affecting comparability (see table on page 4) amounted to a net of SEK 2 M (-23) and consist of SEK 20 M in profit from sale

of property, SEK 9 M in costs for disputes, and SEK 9 M in costs for structural measures and other costs.

Net financial items amounted to an expense of SEK 23 M (expense: 18).

Taxes reported are based on the tax expense in each country.

In the year-end accounts, untaxed reserves, mainly tax allocation reserves, have been dissolved. Tax disbursements amounting to SEK 63 M deriving from the dissolution will be made during the first quarter of 2005.

Net profit amounted to SEK 207 M (164) and earnings per share to SEK 8.95 (6.35). Exchange rate changes only affected the profit marginally.

Shareholders' equity amounted to SEK 1,151 M or SEK 49.75 per share after adjustment by SEK 377 M for the issue of subordinated shares, which were redeemed in January 2005.

The proposed dividend of SEK 7,50 per share (116) makes use of SEK 173 M of Bilja AB's non-restricted shareholders' equity of SEK 813 M.

The equity/assets ratio amounted to 32 per cent after adjustment for the issue of subordinated shares.

Investments and disposals amounted to SEK 131 M (159). Replacement investments represented SEK 49 M (41), expansion investments SEK 37 M (41), environmental investments SEK 10 M (4) and investments in new construction and additions to properties SEK 63 M (-). Net investments in lease vehicles and finance leases amounted to SEK -28 M (73).

Cash flow from operating activities amounted to SEK 216 M (468). The decrease is mainly attributable to an increase in capital tied up in used cars and trade debtors.

Changes in equity

SEK M	Full year	
	2004	2003
Opening balance	1,326	1,641
Issue of Series C shares	377	-
Dividend to shareholders	-116	-109
Dividend KFAB	-	-375
Buy-back of shares ¹⁾	-234	-
Charge Series C shares	-3	-
Adjustment pensions IAS	-18	-
Translation difference, etc.	-11	-55
Net profit	207	224
Closing balance	1,528	1,326

¹⁾ At the end of 2004, the number of own shares amounted to 0 (0).
The weighted average number of own shares during 2004 amounted to 850,465 (0).

SEK M	Bilia Group				"New" Bilia, pro forma Full year 2003
	Fourth quarter 2004	2003	Full year 2004	2003	
Operating profit excl. items affecting comparability	79	62	302	389	258
Items affecting comparability					
- Profit from sale of property	0	11	20	5	6
- Restructuring costs and other	-6	-14	-9	-15	-15
- Disputes/KFAB	-3	-2	-9	-14	-14
Operating profit	70	57	304	365	235
Profit before tax excl. items affecting comparability	71	58	279	335	240
Items affecting comparability					
- Profit from sale of property	0	11	20	5	6
- Restructuring costs and other	-6	-14	-9	-15	-15
- Disputes/KFAB	-3	-2	-9	-14	-14
Profit before tax	62	53	281	311	217

Cars

No. of new cars	Deliveries				Order backlog 31 Dec.	
	Fourth quarter		Full year			
	2004	2003	2004	2003	2004	2003
Sweden	5,898	4,472	19,977	18,606	2,480	2,739
Norway	1,333	1,074	4,023	3,389	573	308
Denmark	717	529	1,634	1,521	119	138
Total	7,948	6,075	25,634	23,516	3,172	3,185

SEK M	Net turnover				Operating profit, operating margin					
	Fourth quarter		Full year		Fourth quarter				Full year	
	2004	2003	2004	2003	2004	%	2003	%	2004	2003
Sweden	2,363	2,086	8,932	8,435	61	2.6	48	2.3	232	217
Norway	619	473	2,108	1,795	13	2.1	10	2.1	51	25
Denmark	238	206	720	706	3	1.3	2	1.0	2	0
Total	3,220	2,765	11,760	10,936	77	2.4	60	2.2	285	242

- **Better earnings in all countries**
- **Used car business down**

Demand for new cars and service in Bilias market areas was strengthened during the quarter. The market for new cars increased by 8 per cent in Sweden, 41 per cent in Norway and 38 per cent in Denmark. Demand for used cars continued to be weak.

Net turnover during the quarter amounted to SEK 3,220 M (2,765). Adjusted for exchange rate changes and comparable operations, net turnover increased by 11 per cent of SEK 303 M. The increase is mainly attributable to increased turnover from sales of new cars.

Operating profit for cars improved by SEK 17 M, amounting to SEK 77 M. All countries reported better earnings compared with last year. The Service Business developed strongly due to higher efficiency and the fact that the quarter contained more working days compared with the same quarter last year. Deliveries of new cars increased sharply during the quarter, which had a positive effect on earnings. The margins in used car sales declined due to price reductions aimed at reducing stocks. The used car business reported earnings which were SEK 10 M lower than for the same quarter last year.

The ratio of costs to turnover was lower in comparison with the same quarter last year in both the Service and Car businesses.

The operation in Sweden reported an operating profit of SEK 61 M (48). The improvement is attributable to the Service Business. The Car Business reported a profit on a level with last year's, despite the fact that considerably more new cars were delivered during the quarter. The margin in car sales declined, due in part to the stock situation for used cars, and in part to tougher competition, particularly in Stockholm. The order backlog declined during the quarter, amounting at the end of the quarter to 2,480 cars (2,739). The operating margin amounted to 2.6 per cent, which was unchanged in comparison with the first 9 months of the year.

Operating profit in Bilias Norwegian operation improved during the quarter by SEK 3 M, amounting to SEK 13 M. Continued strong demand, together with lower relative costs, contributed to the earnings improvement.

The Danish operation reported an improvement in operating profit during the quarter by SEK 1 M to SEK 3 M. The improvement is attributable to the Service Business.

Cars - divided into Service and Car Business

SEK M	Net turnover ²⁾				Contribution ³⁾			
	Fourth quarter		Full year		Fourth quarter		Full year	
	2004	2003	2004	2003	2004	2003	2004	2003
Service Business ¹⁾	1,027	931	3,813	3,535	108	82	386	315
- margin, %					10.5	8.8	10.1	8.9
Car Business ¹⁾	2,346	1,954	8,405	7,788	21	20	120	98
- margin, %					0.9	1.0	1.4	1.3

1) Service includes workshop services, spare parts, accessories and petrol within the car operation. Micro's turnover and contribution are not included. 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.

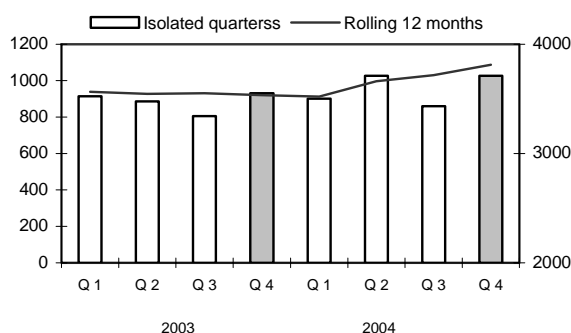
- **Increased deliveries and order bookings of new cars**
- **Improved Service Business**

The *Service Business's* sales increased during the quarter by 5 per cent, excluding exchange rate effects and the acquisition of Eneqvist Bil. Denmark declined by 2 per cent, while Sweden increased by 4 per cent and Norway by 14 per cent. Contribution and margin developed positively during the quarter, mainly due to increased turnover and lower relative costs. All markets reported better contributions compared with last year.

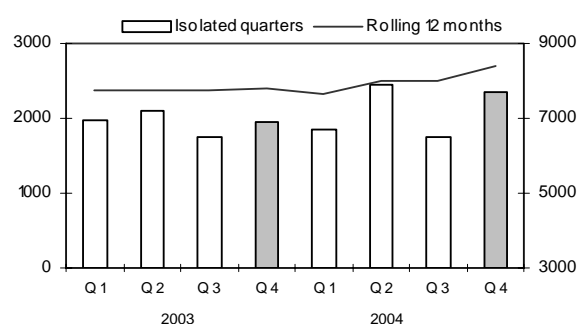
The *Car Business's* deliveries of new cars increased by 25 per cent during the quarter for comparable operations, while order bookings increased by 13 per cent, resulting in a reduction in the order backlog. Turnover for new and used cars increased by 14 per cent for

comparable operations and adjusted for exchange rate effects. Steps were taken to keep down stocks of used cars, which had a negative effect on the margin while turnover increased by 4 per cent compared with the same quarter last year. The increase in turnover for new cars compensated for lower margins in used car sales. Stocks of used cars increased on Bilias markets, particularly during the second half of the year. Stocks in Bilias Swedish and Danish operations are at an acceptable level. In Norway, stocks increased, mainly during the fourth quarter, due to a considerable increase in deliveries of new cars, resulting in a large influx of used cars. The stock value of used cars in Norway was adjusted during the fourth quarter by SEK 3 M, which, together with targeted market activities, should restore stocks to a normal level.

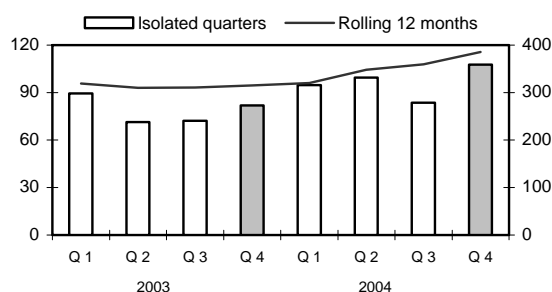
Service Business, Net Turnover, SEK M



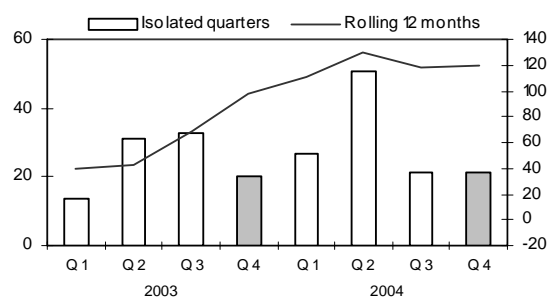
Car Business, Net Turnover, SEK M



Service Business, Contribution, SEK M



Car Business, Contribution, SEK M



Micro

SEK M	Net turnover				Operating profit/loss, operating margin					
	Fourth quarter		Full year		Fourth quarter				Full year	
	2004	2003	2004	2003	2004	%	2003	%	2004	2003
Total	41	39	153	161	-5	-12.2	-5	-12.8	-27	-16

• Increased turnover

Demand for durable goods in Sweden increased by 5 per cent during the fourth quarter, which was on a par with the increase during the first nine months of the year. There were relatively great variations between different products and retail chains.

Under new leadership, the company has focused on ensuring the availability in the stores of the most important products in terms of turnover. The number of visitors and the proportion of purchasing customers

declined during the quarter, while the purchasing customers increased their purchases by 10 per cent compared with the same quarter last year. Net turnover during the quarter amounted to SEK 41 M (39) and the operating loss was SEK 5 M (loss: 5). The store in Jönköping was closed in January 2005. The cost of closing the store is not included in the above loss, but provision has been made in the Group accounts, where it has been treated as an item affecting comparability.

Bilia Properties

SEK M	Net turnover				Operating profit/loss, operating margin					
	Fourth quarter		Full year		Fourth quarter				Full year	
	2004	2003	2004	2003	2004	%	2003	%	2004	2003
Sweden	41	38	155	156	21	51.2	22	57.1	85	89
Norway	11	12	46	47	3	24.1	4	29.8	12	13
Denmark	3	4	15	15	0	15.6	0	2.7	6	6
Other	0	0	1	1	0	-	-1	-	1	-2
Total	55	54	217	219	24	43.9	25	44.9	104	106

2003 pertains to Bilia Properties, pro forma.

Net turnover in 2004 includes rental income from unowned properties in Sweden of SEK 11 M (8) and in Norway of SEK 27 M (30).

• Surplus value in property portfolio of SEK 1,000 M

Net turnover during the quarter is broken down into SEK 48 M in rental income from Group companies and SEK 7 M in external rental income. Operating profit amounted to SEK 24 M (25). Depreciation charged to earnings amounted to SEK 8 M (8). Yield during the past 12 months was 21 per cent. During the fourth quarter, an external valuation was made of properties comprising 60 per cent of the total value of the Swedish property portfolio. For the remaining properties, internal valuations were made based

on yield requirement and market rent and submitted to an SFF Authorized Valuer. The total value amounts to approximately SEK 1,000 M. The external valuation includes total market rents that exceed rents charged by SEK 7 M (13).

The sales of properties made after last year's valuation have all been made at prices that exceed the values stated in the 2003 valuation.

The property in Mariestad was sold in 2005 at a profit after tax of SEK 9 M, which will be reported in the final accounts for the first quarter of 2005.

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 declined by SEK 2 M during the quarter, amounting to SEK 18 M. This includes costs of SEK 3 M (2) for disputes.

Events reported earlier during 2004

Eneqvist Bil AB

The acquisition of Eneqvist Bil AB, a Volvo and Renault dealer in Stockholm, was completed during the month of June after approval by the Swedish competition Authority.

Buy-back of shares

During the period 28 April to 3 June, Bilia acquired 2,569,906 shares representing 10 percent of the number of outstanding shares. The acquisition value per share amounted to SEK 90.98, in total SEK 234 M.

Bilia's guarantee to KFAB

KFAB's guarantee claim on Bilia for just over SEK 80 M, which has been contested by Bilia, is currently being considered by an arbitration tribunal appointed by the Stockholm Chamber of Commerce's Arbitration Institute. Their judgement is expected to be announced during 2005. Bilia has not made provision for any costs due to this claim.

Price collusion

The Swedish Competition Authority has submitted a summons application against Bilia Personbilar AB and seven other Volvo dealers in Skåne to the Stockholm City Court. The Authority is demanding that Bilia pay a restraint-of-competition fine of SEK 121.7 M. Bilia has contested the Authority's demand. Bilia has not made provision for any costs due to this claim. A judgement is not expected before 2005 at the earliest.

Göteborg, 8 February 2005

Jan Pettersson
Managing Director and CEO

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Additional assessment in Germany

The tax authority in Hamburg, Germany, has disallowed deduction of a portion of the interest expenses during the period 1994-99 in Bilia's former subsidiary Bohus Verwaltung BV. The claim from the tax authority amounts to approximately SEK 19 M. Bilia has appealed the decision of the tax authority and has not made provision for any costs.

Miscellaneous

Dividend

The Board proposes a dividend of SEK 7.50 per share (4.50).

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 6 April at 4 p.m. at the Radisson SAS Scandinavia Hotel in Göteborg.

Accounting principles

All new recommendations from the Swedish Financial Accounting Standards Council are applied. The application of RR 29, Employee Benefits, has entailed a lower provision to pensions, which has in turn reduced equity by SEK 18 M. Starting on 1 January, Bilia will apply in its consolidated accounts the accounting rules in International Financial Reporting Standards (IFRS). The effects of the changeover are explained on pages 14-16.

Audit

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

Next report

The interim report for the first quarter of 2005 will be published on 29 April 2005.

INFORMATION ON LINES OF BUSINESS

Full year

SEK M	Cars		Micro		Properties		Other ¹⁾		KFAB, pro forma		Eliminations		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
NET TURNOVER														
External net turnover	11,760	10,935	153	161	27	27	2	0	-	4,088				
Internal net turnover	0	1	0	0	190	192	-	-	-	1	-191	-192		
Total net turnover	11,760	10,936	153	161	217	219	2	0	-	4,089	-191	-192	11,941	15,213
PROFIT/LOSS														
Operating profit/loss per line of business	285	242	-27	-16	104	106	6	-15	-	130	1	10	369	457
Unallocated expenses ²⁾													-65	-92
Operating profit/loss													304	365
OTHER DISCLOSURES														
Assets, non-interest-bearing	2,370	1,971	70	62	780	731	4	18	-	-			3,224	2,782
Assets, interest-bearing	138	502	1	8	5	6	298	300	-	-			442	816
Unallocated assets, non-interest-bearing ²⁾													23	22
Unallocated assets, interest-bearing ²⁾													881	934
Eliminations											-954	-1,113	-954	-1,113
Total assets													3,616	3,441
Liabilities, non-interest-bearing	1,288	1,060	26	28	123	126	6	9	-	-			1,443	1,223
Liabilities, interest-bearing	833	974	25	0	280	219	0	0	-	-			1,138	1,193
Unallocated liabilities, non-interest-bearing ²⁾													89	85
Unallocated liabilities, interest-bearing ²⁾													245	526
Eliminations											701	414	701	414
Total liabilities													3,616	3,441
Investments, net	104	92	9	10	79	-96	-	-	-	124				
Depreciation/amortisation	145	111	5	3	32	33	3	1	-	100				
Unallocated depreciation ²⁾													2	3
Total depreciation													187	251
Expenses beyond depreciation not matched by disbursements ³⁾	11	20	6	0	0	1	-	-	-	35				

INFORMATION ON GEOGRAPHICAL AREAS

Full year

SEK M	Net turnover		Assets		Investments	
	2004	2003	2004	2003	2004	2003
Sweden	9,102	8,623	2,295	2,435	127	85
Norway	2,112	1,798	702	499	60	-82
Denmark	724	710	346	319	5	3
Other ⁴⁾	4	3	1,227	1,306	2	-3
KFAB, pro forma	-	4,089	-	-	-	124
Eliminations	-1	-10	-954	-1,118	0	0
Total Bilja Group	11,941	15,213	3,616	3,441	194	127

In 2003, Properties pertains to Bilja Properties, pro forma.

- 1) Other companies and items affecting comparability. Operating profit includes items affecting comparability of SEK 11 M (-9).
- 2) Pertains to the Parent Company.
- 3) Items not affecting cash.
- 4) Includes the Parent Company.

Consolidated Profit and Loss Accounts

SEK M	Bilia Group				"New" Bilia, pro forma Full year 2003
	Fourth quarter 2004	2003	Full year 2004	2003	
Net turnover	3,270	2,816	11,941	15,213	11,124
Costs of goods sold	2,728	2,335	9,900	12,555	9,198
Gross profit	542	481	2,041	2,658	1,926
Selling expenses	369	324	1,344	1,729	1,278
Administrative expenses	104	99	413	556	407
Other operating income	5	13	28	21	16
Other operating expenses	4	14	8	29	22
Operating profit ¹⁾	70	57	304	365	235
Result from other shares and participations	0	0	3	3	2
Interest income and similar profit/loss items	0	3	9	23	10
Interest expense and similar profit/loss items	8	7	35	80	30
Profit before tax	62	53	281	311	217
Tax	-16	-17	-74	-86	-53
Minority share in profit for the period	-	-	-	-1	-
Net profit	46	36	207	224	164
Earnings per share, SEK	1.95	1.40	8.95	8.70	6.35
Number of shares at end of period, '000 ²⁾	23,129	25,699	23,129	25,699	25,699
Earnings per share, SEK	1.95	1.40	8.55	8.70	6.35
Weighted average number of shares, '000 ²⁾	23,129	25,699	24,139	25,699	25,699

¹⁾ Amortisation/depreciation acc. to plan by asset class					
- Software	5	5	6	9	7
- Goodwill	2	0	8	13	0
- Land and buildings	8	8	35	41	33
- Equipment, tools, fixtures and fittings	14	11	61	89	58
- Lease vehicles	18	17	77	99	53
Total	47	41	187	251	151

²⁾ Subordinated shares of Series C, 37,716,448, have not been included in the calculation of the number of shares outstanding, 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	
	2004	2003	2004	2003
Cars	77	60	285	242
Micro	-5	-5	-27	-16
Properties ¹⁾	24	25	104	106
Parent Company	-18	-20	-65	-92
Other, Eliminations	-8	-3	7	-5
Total "New" Bilia	70	57	304	235
KFAB	-	-	-	130
Operating profit/loss	70	57	304	365

¹⁾ Properties pro forma for 2003.

Consolidated Balance Sheets

SEK M	Bilia Group	
	31 Dec. 04	31 Dec. 03
Assets		
Fixed assets		
Intangible assets		
Software	20	20
Goodwill	65	1
	85	21
Tangible assets		
Land and buildings	687	680
Construction in progress	53	18
Equipment, tools, fixtures and fittings	260	237
Lease vehicles ¹⁾	240	235
	1,240	1,170
Financial assets		
Other securities held as fixed assets	16	7
Deferred taxes recoverable	41	31
Other long-term receivables ¹⁾	39	301
	96	339
Total fixed assets	1,421	1,530
Current assets		
Stocks, goods for resale	1,360	1,248
Current receivables		
Interest-bearing receivables ¹⁾	131	158
Other receivables	574	409
	705	567
Cash and bank balances ¹⁾	130	96
Total current assets	2,195	1,911
Total assets	3,616	3,441
Shareholders' equity and liabilities		
Restricted equity		
Share capital	608	514
Restricted reserves	99	356
	707	870
Non-restricted equity		
Non-restricted reserves / retained earnings	614	232
Net profit	207	224
	821	456
Total shareholders' equity	1,528	1,326
Provisions ²⁾	433	453
Long-term liabilities		
Liabilities to credit institutions ³⁾	205	324
Other Liabilities ³⁾	28	29
	233	353
Current liabilities		
Liabilities to credit institutions ³⁾	60	176
Other liabilities	1,362	1,133
	1,422	1,309
Total shareholders' equity and liabilities	3,616	3,441
Assets		
¹⁾ Interest-bearing	540	790
Liabilities		
²⁾ Of which interest-bearing	221	177
³⁾ Interest-bearing	293	529

Consolidated Cash Flow Statements

SEK M	Bilia Group				"New" Bilia, pro forma
	Fourth quarter 2004	2003	Full year 2004	2003	Full year 2003
OPERATIONS					
Operating activities					
Operating profit	70	57	304	365	235
Financial items	-8	-4	-23	-54	-18
Depreciation/amortisation	47	41	187	251	151
Other items not affecting cash	16	-34	-1	5	-1
Tax paid	-31	-6	-72	-51	-34
Change in operating receivables	-25	94	-156	95	86
Change in stocks	-59	-182	-65	132	111
Change in operating liabilities	32	30	42	-298	-62
Cash flow from operating activities	42	-4	216	445	468
Investing activities					
Investments and disposals in fixed assets	15	-59	-131	-326	-159
Interest-bearing receivables	99	-8	391	-18	-17
Acquisitions and disposals	-5	56	-108	56	56
Cash flow from investing activities	109	-11	152	-288	-120
Remaining after net investments	151	-15	368	157	348
Financing activities					
Change in own bank loans and other loans	-28	-118	-269	-193	-304
New issue subordinated shares	-	-	377	-	-
Dividend to shareholders and buy-back of own shares	-	-	-349	-109	-109
Liquid assets KFAB	-	-	-	-141	-
Cash flow from financing activities	-28	-118	-241	-443	-413
Change in liquid assets, excl. translation differences	123	-133	127	-286	-65
Exchange rate difference in liquid assets	-1	-1	-2	-23	-14
Change in liquid assets	122	-134	125	-309	-79
Liquid assets at beginning of year	122	431	122	431	201
Liquid assets at end of period	244	297	247	122	122

Quarterly review

	Quarter							
	1/03	2/03	3/03	4/03	1/04	2/04	3/04	4/04
Net turnover, SEK M	4,715	5,148	2,534	2,816	2,680	3,413	2,578	3,270
Operating profit, excluding items affecting comparability, SEK M	108	144	75	62	70	88	65	79
Operating margin, excluding items affecting comparability, %	2.3	2.8	2.9	2.2	2.6	2.6	2.5	2.4
Operating profit, SEK M	105	130	73	57	69	82	83	70
Operating margin, %	2.2	2.5	2.9	2.0	2.6	2.4	3.2	2.1
Profit before tax, SEK M	84	107	67	53	65	78	76	62
Net profit, SEK M	58	82	48	36	47	55	59	46
Rate of capital turnover, times ¹⁾	2.79	2.75	2.77	2.67	2.66	2.68	3.23	3.34
Return on capital employed, % ¹⁾	12.0	11.6	12.0	12.0	12.3	12.4	15.6	16.1
Return on shareholders' equity, % ¹⁾	14.0	14.3	14.8	15.1	14.6	13.8	15.9 ⁵⁾	16.7 ⁵⁾
Net debt / Shareholders' equity, times	0.87	0.87	-0.08	-0.06	-0.03	0.37	0.24 ⁵⁾	0.30 ⁵⁾
Equity/assets ratio, %	24	23	36	39	39	29	32 ⁵⁾	32 ⁵⁾
Data per share) ²⁾								
Net profit	2.25	3.20	1.85	1.40	1.80	2.25 ³⁾	2.55 ⁴⁾	1.95 ⁴⁾
Shareholders' equity	65	63	50	52	54	47 ⁴⁾	49 ^{4) 5)}	50 ^{4) 5)}

¹⁾ Rolling 12 months.

²⁾ Based on number of shares outstanding, 25,699,061.

³⁾ Based on weighted average number of shares outstanding during second quarter, 24,622,491.

⁴⁾ Based on number of shares outstanding at 30 June 2004, 30 Sept. 2004 and 31 Dec. 2004, 23,129,155.

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

IFRS – Changed accounting principles 2005

Starting in 2005, the Bilja Group's Accounting principles will comply with International Financial Reporting Standards, IFRS, adopted by the European Commission. Bilja's interim report for the first quarter of 2005 will be the first financial report presented in accordance with IFRS. The transition rules call for a comparison year, which means that 2004 must also be accounted for in accordance with IFRS in the reporting for 2005, with the exception of IAS 39 Financial Instruments which was set off in 2005.

Bilja has applied a form of transition to IFRS for a number of years by adopting the Swedish Financial Accounting Standards Council's recommendations, which are based on IFRS.

The IFRS recommendations approved by the European Commission as of 31 December 2004 have been applied to calculate the transition effects. The effects of the implementation of IFRS have, when appropriate, been calculated with deferred tax taken into account.

The following changes as of 1 January 2004 have been identified in connection with the changeover to IFRS.

IAS 16 Property, Plant and Equipment

The new accounting rules entail a changed view regarding the allocation between capitalisation and expensing of future costs. The IFRS rules are based on capitalisation of expenditures for measures that will probably lead to economic benefits in the future. The Group's properties have been reviewed in order to identify assets with other estimated useful lives than the structural framework. For example, roofs are judged to have shorter useful lives and should therefore be depreciated at a faster pace, which means that considerable repairs will be capitalised. The effects of the accounting change on Bilja's balance sheet and profit and loss account are marginal.

IAS 18 Revenue

In cases where the sale of a good is combined with a future repurchase commitment at a guaranteed residual value, the transaction is reported under the new rules as a lease, provided that the seller retains significant risks. The revenue from the transaction is not recognised at the time of sale, but is allocated on a

straight-line basis from the time of sale to the time of repurchase.

The companies in Sweden and Norway have previously directly recognised as income sales of cars for which the companies have provided residual value guarantees. The residual value guarantee normally amounts to between 50 and 55 per cent of the sales price after 3 years and may be used by the purchaser under certain circumstances. Historically, residual value guarantees have not led to significant losses. In evaluation according to IAS 18, the assessment has been based on the assumption that there is a residual value guarantee and that its size is substantial in relation to the sales price.

The changed accounting principle increases total assets by SEK 1,155 M and reduces shareholders' equity by SEK 42 M. The impact on net profit is SEK -8 M for 2004, primarily due to the sales increase in Norway. At unchanged sales with guaranteed residual values, the earnings impact will be marginal.

IAS 19 Employee Benefits

According to the new accounting rules, which are already being applied, pension liability shall be calculated according to the Projected Unit Credit Method in order to determine the present value of defined benefit obligations. This method distributes the cost for pensions for each period of service considered to give rise to a future unit of benefit entitlement. For the Bilja Group, changing from accounting in accordance with RR 29 to IAS 19 entails that the earnings effect of SEK -18 M is posted in its entirety to the opening balance as of 1 January 2004. Thus, the earnings effect of accounting according to IAS 19 during 2004 is marginal.

IAS 37 Provisions, contingent liabilities and contingent assets

According to the new accounting rules, the present value of outstanding balance sheet items shall be calculated. The effects of the accounting change on Bilja's balance sheet and profit and loss account are marginal.

IAS 39 Financial Instruments

According to the new accounting rules, financial assets and liabilities are initially recognised at fair value in the balance sheet and thereafter at fair value on a continuing

basis. According to the recommendation, comparison figures are not required for 2004. In order to control the Group's interest rate risk, derivative instruments in the form of interest rate swaps are used as an alternative to long-term borrowing at a fixed rate of interest. In accordance with IAS 39, these interest rate swaps have been carried at fair value, which has affected the Consolidated Balance Sheet as of 1 January 2005 in the amount of SEK 2 M and shareholders' equity in the amount of SEK -6 M.

Through Volverkinvest, Bilja and other Volvo dealers own 50 per cent of the shares in Volvofinans. The remaining 50 per cent is owned by Ford Credit International. Bilja's direct and indirect *holdings in Volverkinvest* amount to 16.9 per cent, which means that Bilja's stake in Volvofinans is 8.4 per cent. In accordance with IAS 39, the holding has been recognised at fair value, which has affected the Group's total assets in the amount of SEK 150 M and shareholders' equity in the amount of

SEK 150 M. The holding will be valued at fair value on a continuing basis, commensurate with changes in Volvofinans's shareholders' equity. If a valuation at fair value had been done on a continuing basis during 2004, the Group's net financial items would have been improved by about SEK 13 M.

IFRS 3 Business Combinations

Accounting of goodwill in conjunction with business combinations (acquisitions and mergers) entails that depreciation according to plan is not permitted, but that the goodwill item should instead be valued on a continuing basis according to an impairment test. The accounting change entails that total assets increase by SEK 6 M and shareholders' equity by SEK 3 M. The earnings impact for 2004 has been calculated to be SEK 3 M, which will increase to SEK 6 M for 2005, provided that write-down of the goodwill value is not required according to IFRS 3.

Balance Sheets as of 1 January 2004

SEK M	Acc. to previous GAAP	IAS 16	IAS 18	IAS 19	Acc. to IFRS
Assets					
Intangible assets	21				21
Tangible assets	1,170		980		2,150
Financial assets	339		13	7	359
Other assets	1,911				1,911
Total assets	3,441	0	993	7	4,441
Shareholders' equity and liabilities					
Restricted reserves	870				870
Non-restricted reserves	456		-34	-18	404
Interest-bearing liabilities	706			25	731
Non-interest-bearing liabilities	1,409		1,027		2,436
Total shareholders' equity and liabilities	3,441	0	993	7	4,441

Profit and Loss Accounts 2004

SEK M	Acc. to previous GAAP	IAS 16	IAS 18	IAS 37	IAS 39	IFRS 3	Acc. to IFRS
Operating profit/loss	304	0	-11			2	295
Net financial items	-23						-23
Profit before tax	281	0	-11			2	272
Tax	-74		3			1	-70
Net profit	207	0	-8			3	202

Balance Sheets 2004

SEK M	Acc. to previous GAAP	IAS 16	IAS 18	IAS 37	IAS 39	IFRS 3	Acc. to IFRS
Assets							
Intangible assets	85					6	91
Tangible assets	1,240	0	1,139				2,379
Financial assets	96		16		152		264
Other assets	2,195						2,195
Total assets	3,616	0	1,155		152	6	4,929
Shareholders' equity and liabilities							
Restricted reserves	707						707
Non-restricted reserves	821	0	-42	0	144	3	926
Interest-bearing liabilities	514				8		522
Non-interest-bearing liabilities	1,574		1,197	0		3	2,774
Total shareholders' equity and liabilities	3,616	0	1,155	0	152	6	4,929

Key ratios 2004

	Acc. to previous GAAP	IAS 16	IAS 18	IAS 37	IAS 39	IFRS 3	Acc. to IFRS
Operating margin, %	2.5		0.0			0.0	2.5
Equity/assets ratio, % ¹⁾	31.8		-8.9		2.6	0.0	25.5
Return on shareholders' equity, % ¹⁾	16.7		-0.4		-0.8	0.2	15.7
Earnings per share, SEK	8.95		-0.35			0.15	8.75

¹⁾ Excluding subordinated shares of Series C.