

Annual Report 2015



Everything related to the car.
And then some.





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This information has been made public in accordance with the Securities Market Act on 16 March 2016.

Directors' Report

Group and Parent Company

The Board of Directors and Managing Director of Bilja AB (publ), Corp. ID no. 556112-5690, hereby submit their annual accounts and consolidated accounts for financial year 2015.

The Bilja Group is referred to as Bilja. When only the Parent Company is being referred to, it is called Bilja AB.

Operations – general

Bilja is one of Europe's largest car dealership chains, with a leading position in servicing and sales of cars and transport vehicles plus supplementary services. Bilja has 106 facilities in Sweden, Norway and Germany plus an online auction site in Sweden called Netbil.

The operation in Denmark was discontinued during the year. Denmark's line items have been adjusted from all line items and are recognised net on the line "Loss from discontinued operation, net after tax". For further information see Note 5 "Discontinued operation".

Bilja's vision is to be the best service company in the business with the goal of having the most satisfied customers in our showrooms, our stores and our workshops. The customer should find dealing with Bilja a pleasant experience. Bilja has a well-developed range of services and products in the Service Business, including workshop services, spare parts and store sales. Bilja is constantly developing new services and service concepts to simplify car ownership for its customers. Our Car Business includes sales of new and used cars and transport vehicles, customer financing and supplementary services. Bilja sells cars from Volvo, BMW, Ford, Renault, Toyota, Lexus, Dacia, Hyundai and MINI and transport vehicles from Renault, Ford, Toyota, Dacia and Hyundai. The Fuel Business comprises the sale of fuels.

The Bilja share

The total number of shares in the company at 31 December 2015 was 50,436,052. All issued shares are of Series A. It is also possible to issue B shares according to the Articles of Association, but this has not been done. All issued shares have equal rights in the company and are entitled to one vote at the Annual General Meeting (AGM). Bilja's shares are listed on NASDAQ Stockholm and can be transferred freely there, subject to the rules of the exchange.

Bilja has no knowledge of any shareholders' agreements between Bilja's shareholders.

The 2015 AGM passed a resolution to divide the company's outstanding shares so that each existing share is split into 2 new shares. The record date for the stock split was 28 May 2015. All years have been recalculated retroactively after the share split with regard to data per share. The AGM also authorised the Board of Directors to buy back Bilja shares equivalent to no more than 10 per cent of the total number of shares in the company. At the same time, the Board was also authorised to dispose of Bilja shares. At the end of 2015, Bilja did not hold any Bilja shares.

In the event of significant changes in the company's ownership structure that affect the conditions or content of their jobs, the MD of Bilja AB and 2 top executives in the subsidiaries are entitled to terminate their own employment and receive

Key ratios

	2015	2014	2013
Continuing operations			
Net turnover, SEK M	20,443	18,446	17,656
Operating profit, excluding items affecting comparability, SEK M	731	553	395
Operating margin, excluding items affecting comparability, %	3.6	3.0	2.2
Operating profit, SEK M	929	562	368
Profit before tax, SEK M	933	555	367
Profit for the year from continuing operations, SEK M	731	452	290
Earnings per share, SEK	14.50	9.00	5.85
Bilja Group (including discontinued operation)			
Net profit for the year, SEK M	647	385	290
Return on capital employed, %	36.2	19.8	17.7
Return on equity, %	33.2	21.0	17.0
Net debt/equity, times	0.16	-0.04	0.14
Operating cash flow, SEK M	212	748	83
Equity/assets ratio, %	28	27	30
Earnings per share, SEK	12.85	7.65	5.85
Equity per share, SEK	41	37	36
Number of employees, 31 December	3,613	3,521	3,401

24 months' salary, less any salary received from other service during the past 12 months. Bilia's bank, service and distribution agreements all contain clauses to the effect that the agreement may be terminated if the company is transferred to a new owner.

Notable events during the year

Bilia concluded an agreement to acquire Arnold Kontz's BMW and MINI operation in Luxembourg. The operation accounts for about 50 per cent of the total BMW sales in Luxembourg. The planned date of possession is 31 March 2016. Turnover amounts to approximately SEK 1.1 bn, and operating profit for 2015 is predicted to be about SEK 45 M. The operation's capital employed, plus estimated surplus values, amounts to about SEK 360 M. Contingent upon the approval of the Annual General Meeting on 8 April 2016, a substantial portion of the purchase consideration will be paid with newly issued Bilia shares.

Bilia concluded an agreement to acquire Hedbergs Bilskrot AB (an auto salvage company) and Bastborren Fastighets AB (a property company) in Västerås. The combined operation has an annual turnover of about SEK 28 M, and the operating margin for financial year 2014/2015 was 11 per cent. The date of possession was 29 January 2016, with financial effect from the turn of the year. Bilia's net debt and capital employed are expected to increase by about SEK 26 M.

On 14 October 2015, Bilia decided to terminate the sales agreements for Ford cars in Sweden and Norway. Annual sales of new Ford cars total about SEK 750 M, and new car sales are expected to decline gradually during this period, ceasing entirely by the end of 2017. This is not expected to affect Bilia's earnings per share.

In light of the fact that the operation in Denmark has been discontinued, Bilia's Board of Directors decided on 5 October 2015 to raise the financial goals, which are measured over a business cycle.

Bilia concluded an agreement to acquire Dörr & Hess, the dealer for BMW and MINI in Germany. The business is run from four facilities concentrated in an area north of Frankfurt. The date of possession was 30 October 2015, with financial effect from 1 October 2015.

During the month of June 2015, Bilia reached an agreement to acquire Kaiser Bil AB, a Lexus dealer. The business is run from four facilities in Stockholm and Malmö and accounts for about 45 per cent of Lexus's total sales in Sweden. The date of possession, with financial effect, was 1 October 2015.

On 29 May 2015, Bilia concluded agreements with several different buyers on the sale of most of the operation in Denmark. As of 31 December 2015, all five facilities had been disposed of.

Bilia accepted an offer from Alecta to redeem the Swedish pension liability for ITP 2 as per 1 May 2015. As a result of the deal, the operating profit was improved by SEK 197 M, minus additional tax of SEK 43 M. The deal also had a net effect on other comprehensive income of SEK -98 M.

The 2015 Annual General Meeting passed a resolution to divide the company's outstanding shares so that each existing share was split into 2 new shares. The calculation of basic and diluted earnings per share has been adjusted retroactively for the reported periods.

In January 2015, Bilia concluded an agreement to acquire all the shares in Toyota Hell Bil AS and Toyota Horten-Tønsberg AS. The date of possession was 2 March 2015.



Events after the balance sheet date

During January 2016, Bilia concluded an agreement to acquire three car dealers that conduct BMW, MINI and Toyota operations in Sweden. The estimated date of possession is in March 2016, provided the Swedish Competition Authority approves the acquisitions.

Sales and earnings

Net turnover amounted to SEK 20,443 M (18,446). For comparable operations and adjusted for exchange rate changes, net turnover increased by about SEK 1,290 M or 7 per cent. The increase is attributable to both car sales and service.

Operating profit amounted to SEK 929 M (562). If items affecting comparability are excluded, the profit was SEK 731 M (553). The improvement is mainly attributable to sales of used cars, which reported earnings that were SEK 81 M better compared with last year, and to the Service Business, where earnings improved by SEK 77 M. Underlying Group overheads increased by about 6 per cent compared with last year. Overheads amounted to 12.9 per cent in relation to net turnover, which was 0.1 percentage point higher compared with last year. In view of the earnings level during the year, provision was made for employee bonuses of SEK 25 M (21).

Net financial items amounted to SEK 4 M (–7). The improvement compared with last year is attributable in part to the redemption of the Swedish pension liability that took place in May 2015, and in part to a better result from interests in associated companies.

Tax for the year amounted to SEK –202 M (–103), and the effective tax rate was 22 per cent (19).

Net profit for continuing operations amounted to SEK 731 M (452) and earnings per share to SEK 14.50 (9.00). Exchange rate changes reduced the profit by SEK 3 M.

Loss from discontinued operation, net after tax, amounted to SEK 84 M (loss: 67). The loss stems from the cost of winding up the operation in Denmark. Most of the operation was disposed of at the end of the second quarter, and the rest during the month of August 2015. At the end of 2015 there remained a site which is for sale and which has a carrying amount of SEK 7 M.

Net profit for the year (including discontinued operation) amounted to SEK 647 M (385) and earnings per share to SEK 12.85 (7.65). Exchange rate changes reduced the profit by SEK 6 M.

Acquisition of non-current assets

Acquisition of non-current assets amounted to SEK 164 M (195). Replacement investments represented SEK 57 M (46), expansion investments SEK 37 M (41), environmental investments SEK 3 M (1) and investments in new construction and additions to properties SEK 58 M (94), while finance leases amounted to SEK 9 M (13).

Performance analysis

SEK M	Operating profit		Profit before tax	
	2015	2014	2015	2014
Profit excluding items affecting comparability	731	553	735	546
<i>Items affecting comparability</i>				
Gain from sale of operation, other	6	13	6	13
Redemption of PRI liability	197	—	197	—
Structural costs etc.	–5	—	–5	—
Impairment loss	—	–4	—	–4
Accounting profit	929	562	933	555

Financial position

Total assets increased by SEK 474 M during the year, amounting to SEK 7,429 M. The increase was mainly attributable to acquisitions of operations and to leased vehicles, owing to the fact that private leasing increased sharply in Sweden.

Equity increased by SEK 207 M, amounting to SEK 2,056 M. The equity/assets ratio amounted to 28 per cent (27).

Operating cash flow amounted to SEK 212 M (748). After acquisitions and disposals of operations and change in interest-bearing receivables, cash flow amounted to SEK –11 M (715). Net debt increased by SEK 393 M during the year, and a net debt of SEK 323 M was reported at year-end.

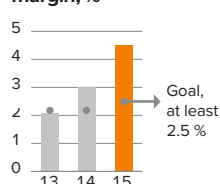
Financial goals

Bilia's overall financial goals were raised in 2015 and are as follows:

- an operating margin of at least 2.5 per cent (2.2)
- a return on capital employed of at least 17 per cent (14)
- a return on equity of at least 18 per cent (15)
- growth of 5–10 per cent

Goals and goal fulfillment

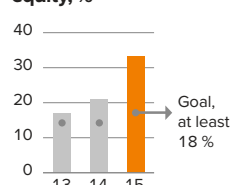
Operating margin, %



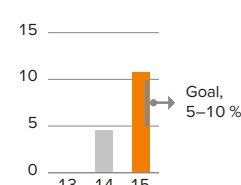
Return on capital employed, %



Return on equity, %



Total growth, %



Personnel

Skilled, motivated and committed employees are a prerequisite for keeping Bilia's customers satisfied and loyal, which is crucial for Bilia's continued success. Bilia respects freedom of association and signs collective agreements.

Bilia's employees have opportunities to influence their job situation, and some positions offer the option of working part-time or with some flexibility regarding working hours. Bilia operates mainly in countries with extensive rights to parental leave that include both parents. The right to leave is granted at certain important junctures in life. Suitable legislation in combination with applicable collective agreements allow a reasonable balance to be struck between work and leisure. More than 90 per cent of Bilia's employees have permanent positions with open-ended terms of employment. Some are also employed under different kinds of temporary contracts, for example in seasonal jobs or as temporary holiday stand-ins. Consultants are also engaged to some extent, mainly for IT services.

The basis for the professional development of the employees is the performance appraisal interview each employee has with his/her immediate superior at least once a year. The perfor-

Cars – divided into Service, Car and Fuel Businesses

Service, Car and Fuel Businesses

	Net turnover, SEK M ¹⁾			Operating profit, SEK M			Operating margin, %		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Service Business	4,050	3,981	4,491	351	402	479	8.7	10.1	10.7
Car Business	13,254	14,132	15,694	67	185	286	0.5	1.3	1.8
Fuel Business	1,067	1,051	1,021	20	18	24	1.9	1.7	2.4

Service includes workshop services, spare parts and accessories. The Car Business includes sales of new and used cars and customer financing.

¹⁾ Net turnover does not include eliminations for internal sales.

Share of Cars' net turnover, %



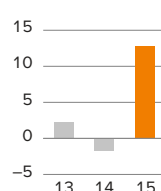
Service	21
Cars	74
Fuels	5

Share of Cars' employees, %

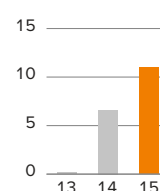


Service	75
Cars	24
Fuels	1

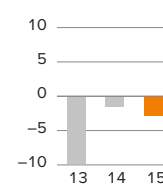
Growth Service, %



Growth Cars, %



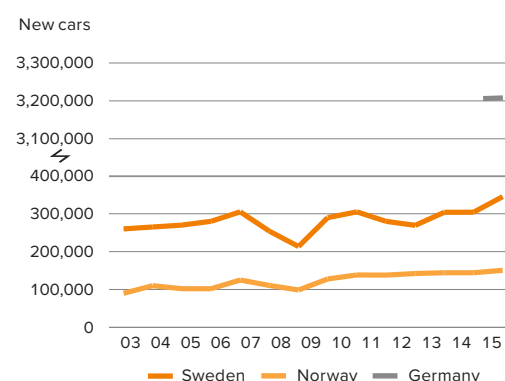
Growth Fuels, %



Number of new cars

	Deliveries			Order backlog		
	2013	2014	2015	2013	2014	2015
Sweden	24,273	29,463	32,546	4,348	5,442	6,692
Norway	7,796	8,281	8,311	1,245	1,099	2,488
Germany	—	—	245	—	—	124
Denmark	3,558	—	—	430	—	—
Total	35,627	37,744	41,102	6,023	6,541	9,304

Total market



Key figures

	Net turnover, SEK M			Operating profit/loss, SEK M			Operating margin, %		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Sweden	11,567	13,110	14,513	342	458	629	3.0	3.5	4.3
Norway	5,087	5,324	5,738	116	147	159	2.3	2.8	2.8
Germany	—	—	173	—	—	1	—	—	0.4
Denmark	997	—	—	-20	—	—	-2.0	—	—
Total	17,651	18,434	20,424	438	605	789	2.5	3.3	3.9

	Operating capital employed, SEK M			Return on operating capital employed, %			Turnover rate, times		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Sweden	1,417	1,412	1,634	25.9	32.9	47.9	8.9	9.4	10.5
Norway	512	217	535	21.3	31.0	28.5	10.1	12.7	12.1
Germany	—	—	155	—	—	4.5	—	—	4.5
Denmark	163	155	—	-13.2	-10.5	—	6.6	7.0	—
Total	2,092	1,784	2,324	21.7	29.2	41.7	9.0	10.0	10.9

Germany is included with 3 months.

Operating assets, %



	2015	2014
New cars	34	34
Used cars	16	16
Other operating assets	15	15
Trade receivables	14	14
Equipment, tools, fixtures and fittings	7	7
Intangible assets	6	6
Short-term leases	4	4
Spare parts stocks	4	4

mance appraisal interview is confidential and focuses on the individual's knowledge, skills and needs. Together, the employee and his superior arrive at a plan that will promote personal development, job satisfaction and efficiency in the day-to-day work.

Bilia Academy is the name of the Group's internal training unit, which was started in 2001. Bilia Academy conducts regular surveys of the training need and then puts together tailored trainings aimed at target groups with different duties in Bilia. The purpose of the training is to enhance skills within specific areas, and there are at present four different programmes intended to train and support the company's employees at different stages of their leadership.

Mechanics and sales personnel are given tailored trainings at a number of different levels. In addition, a number of regularly recurring specific courses are given in, for example, competition law and labour law aimed primarily at executives and managers.

Bilia works continuously to improve the working environment at the Group's facilities. A good working environment is a prerequisite for healthy, happy and motivated employees. The ambition in the workshops is to create environments that are light, airy, clean and quiet.

Bilia measures the employees' job satisfaction in regular surveys, where the results are presented and possible improvements are discussed in concerned working groups. The surveys show that job satisfaction is very good.

The average number of employees in the Group during the year was 3,374 (3,154). The number of employees at 31 December 2015 was 3,613 (3,521).

Distribution of employees by function, %



Sales	22
Workshop	57
Spare parts	12
Administration	8
Fuels	1

Distribution of employees by country, %



Sweden	69
Norway	27
Germany	4

Age structure, number of employees, %



<29 yrs	27
30-49 yrs	39
50-60 yrs	23
≥61 yrs	11

Key figures

	2013	2014	2015
Average number of employees	3,109	3,154	3,374
Turnover per average number of employees, SEK '000	5,679	5,848	6,059
Value added per average number of employees, SEK '000	761	840	872
Profit before tax per average number of employees, SEK '000	118	176	277
Average age	41	40	42

Guidelines for remuneration to senior officers

A fee decided on by the Annual General Meeting is paid to the Chairman and members of the Board.

The AGM for 2015 has decided on the following guidelines for compensation to the management. For detailed information, see the minutes of the Annual General Meeting of Shareholders at the company's website, bilia.com.

Remuneration to the Managing Director and other members of the Group Management consists of basic salary, variable remuneration, other benefits and pension. By "other members of the Group Management" is meant the CFO, the Chief Legal Counsel

and the Business Development and Purchasing Manager of Bilia AB, the Managing Director of Bilia Personbilar AB (Sweden) and the Managing Director of Bilia Personbil as, Norway. For the composition of the Group Management and remuneration, see Note 9, "Employees, personnel costs and remunerations for senior officers".

The distribution between basic salary and variable salary should be commensurate with the Group Management's powers and responsibilities. The variable remuneration paid to the Managing Director and other members of the Group Management may not exceed 50 per cent of the individual's basic salary. The variable remuneration is based on performance goals and individual goals.

Premium-based pension benefits and other benefits for the Managing Director and other senior officers are payable as a part of the total remuneration.

The Board of Directors will propose to the 2016 AGM that the above compensation principles should continue to apply up to the 2017 AGM.

Environmental work

Bilia works towards the goal of a sustainable society. The Group has rules and routines for how employees and cooperation partners should act in matters relating to the environment, competition and social responsibility. Bilia's environmental policy states that the Group's services and products should have as little impact on nature as possible. The environmental work should be pursued within the framework of the business concept and be governed by a holistic approach in which technology, economics and ecology are weighed together.

Most of Bilia's facilities are environmentally certified to ISO 14001. Reduced energy use has been a priority environmental goal this past year as well, including switching to energy-saving and mercury-free LED light sources. Environmentally hazardous waste is managed in accordance with carefully planned procedures. Bilia also has systems, both proprietary and developed together with its partners, for managing and recycling waste from service work and residual products from damage repair. Water-based paints have been used for several years in all paint coats except for the clear coat. All waste water at Bilia's car washes is treated to eliminate the risk that heavy metals, oil and chemicals will leak out into the environment. Bilia washes more than 100,000 cars a year in eco-labelled car washes. There are well-established routines for managing waste. Bilia's employees are given training in environmental issues and receive environmental information regularly.

Bilia has defined environmental goals. Bilia will work to reduce pollution of land, water and air and has a system that provides data for comparative analysis and sounds the alarm if a measurement result is off the mark. Bilia will reduce its consumption of energy and water, reduce its use of non-renewable resources and raise awareness among employees and customers. In previous years, Bilia has invested in modernised ventilation. The number of chemical products has decreased drastically, and many products have been replaced with similar products that have a lower environmental impact.

Bilia reports to the global organisation CDP, which provides information to investors and markets all over the world on the climate impact of listed corporations and what they are doing to reduce their carbon emissions.

Starting in 2013, carbon dioxide emissions are measured for most company cars used in Bilia's operations in Sweden. These figures serve as a basis for new objectives to reduce the climate impact of business travel in the company.

The Group conducts activities that are subject to notification in accordance with the Environmental Code. In Sweden, a total of 94 facilities are obligated to submit notification to the authorities. Of these, 42 are petrol stations where all emissions are prohibited, 16 are car washes that must report discharges to water, and 56 are facilities that must report solvent emissions to the atmosphere. The biggest car washes are eco-labelled.

Risks

Bilia's business operations are associated with risks. Bilia can influence certain factors, while others are beyond the Group's control. But the ambition is to identify threats and possibilities at an early stage so that steps can be taken quickly to avoid problems.

The risks described in detail by Bilia are judged to constitute the most significant risks.

Market trend

Demand for Bilia's products and services is influenced by fluctuations in the business cycle. In recessionary periods, some customers choose to postpone their car purchase. Diminished demand for cars can also affect the value of stock in hand and guaranteed residual values. Factors that influence the market trend include the labour market situation, stock market performance, opportunities for customers to obtain financing, interest rates and fuel prices. The positioning of Bilia as a service company stabilises earnings to some extent. Collaboration with Volvofinans Bank AB and similar car financing companies is positive for Bilia and stabilises earnings, since a portion of the financial profit is realised over several years. The Service Business is less cyclical than the Car Business, since cars require service and repairs regardless of the state of the economy. However, a deep recession also affects the Service Business.

Regulatory decisions that lead to changes in taxes, charges and subsidies on the products Bilia sells can influence both demand for and the valuation of cars in stock and cars sold with guaranteed residual values.

Basis of representation

Bilia's core business consists of distribution and servicing of cars and transport vehicles in Sweden, Norway and Germany. The Block Exemption for new car sales expired in June 2013, which means there are no longer any special rules governing competition for new-car sales in the EU. Changes in the regulatory framework have led to changes in the competitive situation for Bilia in cases where manufacturers or general agents have chosen to renegotiate the agreements. Due to this renegotiation process, Bilia's potential for growth in the Car Business is dependent on the approval of the respective general agent. There is always a risk that a manufacturer or a general agent will decide to revoke the authorisation and cancel the agreements, or even become insolvent, leading to uncertainties in the market. Volvo is Bilia's single most important business partner, which means that changes in the relationship between the parties can have a significant influence on Bilia's business.

Competitiveness of the products

Bilia is dependent on the ability of the Group's business partners to develop competitive products.

Development of own services

To maintain and strengthen its competitiveness, Bilia must develop services that appeal to the customers. Bilia's ability to de-

velop new services also helps strengthen the suppliers' brands. This development work requires resources. Bilia is confident that the Group has the size, structure and financial strength required to remain in the forefront of service development.

Key persons

In order to continue developing as a service company and thereby achieve growth and profitability, Bilia must be able to attract and develop qualified employees, both management and other staff. There is no guarantee that Bilia will succeed in the future in recruiting or keeping the people they need to run and develop the company.

Facilities and environment

Bilia leases virtually all its facilities. In the event contamination should be discovered at any of Bilia's facilities, Bilia may be held responsible for decontamination of the facility. Decontamination may be associated with considerable costs. As a tenant, Bilia always runs the risk that of not having its lease renewed at the end of the rental period, which would mean that Bilia would lose strategic business locations.

For financial risks see Note 28 "Financial risks and risk management".

Share issues

In late 2008 and early 2009, Bilia raised a total of SEK 100 M by an issue of subordinated debentures in the amount of SEK 100 M and an associated issue of 10,000,000 warrants entitling the bearer to subscribe for an equal number of Series A Bilia shares at SEK 10 per share. (Adjusted for the 2:1 share split that was carried out in 2015.) Between 2009 and 2014, inclusive, 9,429,556 warrants were exercised to subscribe for shares, resulting in a new issue totalling SEK 94 M. During 2015, 87,986 warrants were exercised to subscribe for new shares, resulting in a new issue of SEK 1 M. Other than these, there are no other outstanding instruments that could cause future dilution effects. For further information see Note 14 "Earnings per share". Notification of subscription for shares could be made up to and including 5 January 2016. During this period an additional 264,682 warrants have been exercised. The remaining warrants expired on 5 January 2016.

Stock split

The 2015 AGM passed a resolution to divide the company's outstanding shares so that each existing share was split into 2 new shares.

Disclosure of acquisition, transfer and holding of own shares

The 2015 AGM gave the Board of Directors a new authorisation to both buy back and sell the company's own shares. As of 31 December 2015, Bilia held none of its own shares. No shares were bought back in 2015. Bilia's shares have a quotient value of SEK 5.

Parent Company

Bilia AB is responsible for the Group's management, strategic planning, financing, purchasing, public relations and business development. Furthermore, Bilia AB conducts training, real estate and IT activities, mainly for companies in the Group. The Parent Company's operating loss amounted to SEK 69 M (loss: 50).

Future outlook

Industry analysts predict that the car markets in Sweden and Norway in 2016 will be on a par with the situation in 2015. Owing to the fact that Bilia's earnings are affected by various factors beyond the company's control, no earnings forecast is made. A review of the most important earnings-impacting factors is provided in the sensitivity analysis in Note 28, "Financial risks and risk management".

Proposed treatment of unappropriated earnings

The Board of Directors proposes that the earnings available for distribution, SEK 813 M, be disposed of as follows:

SEK M	
Cash dividend, SEK 7.50 per share ¹⁾	380
To be carried forward	433
Total	813

¹⁾ Bilia had outstanding warrants that expired on 5 January 2016. After the end of the year, an additional 264,682 warrants were exercised, after which the total number of dividend-entitled shares was 50,700,734.

Statement of Board of Directors regarding proposed distribution of profits

The Group's equity has been calculated according to the accounting rules set forth in the International Financial Report-

ing Standards (IFRSs). The Parent Company's equity has been calculated in accordance with the Swedish Financial Reporting Board's recommendation RFR 2, "Accounting for Legal Entities".

The proposed dividend consists of a cash dividend of SEK 7.50 per share, for a total of SEK 380 M. The Group's equity/assets ratio will thereafter amount to about 23 per cent.

The proposed cash dividend is consistent with Bilia's dividend policy, which states that at least 50 per cent of the net profit for the year should be distributed to the shareholders, and that Bilia should have an optimal capital structure at any given time.

It is the judgment of the Board of Directors that the company's and the Group's equity after the proposed dividend will be sufficiently large in relation to the nature, scope and risks of the business and the terms of the lenders. The Board has also taken into account the Group's history, liquidity and investment plans, as well as the general economic situation.

Approval of the financial statements

The financial statements were approved for publication by the Parent Company's Board of Directors on 9 March 2016.

For further details concerning the company's results and financial position, please refer to the following Consolidated Statement of Income and Other Comprehensive Income and the Consolidated Statement of Financial Position with accompanying comments.



Corporate Governance Report

This Corporate Governance Report has been prepared in accordance with the Swedish Code of Corporate Governance and the Annual Accounts Act and has been examined by Bilia's auditors. The Corporate Governance Report applies to calendar year 2015. For up-to-date information on changes in 2016, the reader is referred to bilia.com.

Shareholders

Bilia had 35,183 shareholders at the end of 2015. Bilia's biggest shareholder is Investment AB Öresund, followed closely by the Qviberg family, whose holdings were 10.1 and 10.0 per cent, respectively, as of 31 December 2015. There was no other single shareholder with a holding in excess of 10 per cent. After them, the biggest shareholder at year-end was Anna Engebretsen with family, whose holding amounted to 4.2 per cent.

The proportion of institutional ownership was 8.4 per cent (9.5), while the proportion of foreign ownership was 38.7 per cent (35.9).

General Meeting of Shareholders

The Annual General Meeting of Bilia AB is the highest decision-making body in the Bilia Group. At the AGM the shareholders exercise their right to vote in order to make decisions regarding the composition of the Board and other important matters. Only shares of Series A are issued in the company, and each share entitles the holder to one vote, with no limits on how many votes a shareholder can cast. According to the Articles of Association, the company's Board of Directors shall consist of at least seven and at most ten members.

There are no special restrictions in the Articles of Association for appointing or removing board members or amending the Articles of Association. The instructions issued by the AGM are followed for the nomination of Board members. The nominating committee instructions were last revised at the 2014 AGM and apply until further notice. The instructions are posted on bilia.com under the tab "The Company," heading "Corporate Governance". Shareholders who wish to have a matter on the agenda at the next AGM are urged to contact Bilia in writing in the form of a letter addressed to the Managing Director no later than 19 February 2016. The AGM is subject to the Swedish Companies Act, the Articles of Association and the Swedish Code of Corporate Governance. Bilia's Articles of Association are shown at the end of the annual report and are also available on the company's website. For more information on the Swedish Code of Corporate Governance, see bolagsstyrning.se.

Annual General Meeting 2015

Bilia's Annual General Meeting of 14 May 2015 re-elected the entire Board of Directors consisting of the following members: Per Avander, Ingrid Jonasson Blank, Anna Engebretsen, Jack Forsgren, Mats Holgerson, Gustav Lindner, Svante Paulsson, Jan Pettersson, Jon Risfelt and Mats Qviberg. The AGM also re-elected Mats Qviberg as Chairman, after which the Board appointed Jan Pettersson as Deputy Chairman. KPMG AB was once again re-elected as the Group's public accounting firm for the period up until the next AGM. The AGM passed a resolution to pay a cash dividend of SEK 6 per share, for a total of SEK 302 M,

and decided that the remaining earnings of SEK 548 M should be carried forward to a new account. The AGM resolved to divide each share in two by means of a 2:1 share split. The Board was authorised to buy back the company's own shares and to approve the transfer of such acquired shares as payment in conjunction with a possible company acquisition or by direct sale on the stock exchange. The fees paid to the members of the Board and the auditors were determined, and principles for compensation to the Group Management were approved.

Nominating Committee

The Nominating Committee submits proposals to the AGM for Board members and auditors and for fees to be paid to the Board members and the auditors. The committee also proposes fees for the work of Board members in special subcommittees. The Nominating Committee has four members, including the Chairman of the Board. Not later than six months before the AGM, the three to four largest shareholders who wish to take an active part in the nominating work each appoint one person to the Nominating Committee. The members of the Nominating Committee appoint a chairman.

On the eve of the Annual General Meeting in the spring of 2015, the Nominating Committee consisted of the following persons: Per-Olof Eriksson (Chairman), representing Eva and Mats Qviberg, Marcus Storch, representing Investment AB Öresund, Jan Pettersson, representing Anna Engebretsen, and Mats Qviberg, Chairman of Bilia AB.

In the course of its work, the Nominating Committee had gathered information regarding the experience of Bilia's Board members and their possible dependency relationship with Bilia and had also reviewed the evaluation of the Board's work that is compiled every year. When the Nominating Committee presents its proposals, it also submits an account of its work and a written explanation of the reasons for its proposals. Information from the Nominating Committee can be read at bilia.com. Each year the Nominating Committee welcomes proposals and viewpoints from shareholders and can most easily be contacted via e-mail at nominering@bilia.se.

In September 2015, a new Nominating Committee was appointed consisting of the following four members: Øystein Engebretsen (Chairman), for Investment AB Öresund, Mats Qviberg, for the Qviberg family and in his capacity as Chairman of the Board of Bilia AB, Eva Cederbalk, for Anna Engebretsen with family, and Katja Bergqvist, for Handelsbanken Funds.

Auditors

The auditors of Bilia AB are elected by the AGM, and in 2015 KPMG AB was re-elected as the public accounting firm for the period up to the 2016 AGM. Jan Malm was appointed as auditor in charge. Auditors will once again be elected at the upcoming AGM. Audit mainly involves continuous auditing and examination of the annual accounts. KPMG also assists Bilia with advice on accounting matters. During the past three years this has mainly involved questions pertaining to accounting practices in accordance with IFRS standards. No circumstance relating to this advisory role has been judged to influence the impartiality and independence of the auditors.

Board of Directors

Bilia's Board of Directors consists of ten members (including the Managing Director of Bilia AB) elected by the AGM and two additional members who represent the employees, plus two deputy employee representatives. The AGM-elected members are elected for one year. There is no limit to how long a member can sit on the Board. The employee representatives are appointed by their respective trade-union organisations. Information about the members of the Board can be found under the heading "Board of Directors" in the annual report and at bilia.com. This information includes shareholding, other posts and possible dependency.

The duties of the Board are regulated by the Companies Act, the Articles of Association and the Code of Corporate Governance. The Swedish Code of Corporate Governance has been applied fully during 2015.

The Board of Directors is also subject to Bilia's Code of Conduct, which applies to all employees in the Group. The Code of Conduct, which is posted on bilia.com, was issued in 2006 and most recently revised in 2012.

The work of the Board of Directors conforms to annually adopted rules of procedure governing the items of business to be dealt with at each ordinary meeting and the division of labour within the Board, with special duties for the Chairman and the committees appointed within the Board. Based on the rules of procedure, the Board of Directors prepares a detailed annual plan each year for the Board meetings so that all important items are dealt with during the year. The rules of procedure also include rules for financial reporting to the Board and more detailed rules regarding the Managing Director's powers and responsibilities. The ultimate aim of the deliberations and decisions of the Board is to promote the interests of the shareholders in terms of value growth and return on investment. Measures to progressively strengthen the Bilia brand are also considered by the Board.

The work of the Board during 2015

Ten Board meetings were held during 2015: one statutory meeting and five ordinary meetings, plus four meetings by correspondence. Anna Engebretsen, Jack Forsgren, Gustav Lindner, Svante Paulsson and Lennart Welin were unable to attend one meeting each during the year. The other members were present at all Board meetings. Tommy Strandhäll left the Bilia Group and his post as employee representative on the Board of Directors in the autumn of 2015. A deputy is currently serving as Strandhäll's replacement on the Board, and the union has notified Bilia that a new representative will probably not be appointed until the spring of 2016.

An agenda, along with in-depth information on important matters, is sent to each Board member in good time before each Board meeting. The Board dealt with such items of business as development opportunities, financial goals, follow-up of results, investments, properties, acquisitions and strategy. During 2015, besides dealing with routine matters, the Board of Directors dealt with matters concerning technological trends and regulatory issues and evaluated the discontinuation of Bilia's Danish operation, as well as future expansion strategy and acquisition opportunities, both on existing markets and in other European countries. The Board passed resolutions concerning the acquisition of Lexus dealers in Sweden, a BMW and MINI dealer in Germany, and yet another BMW and MINI dealer in Luxembourg.

Furthermore, the Board resolved to discontinue the Danish operation, sign a new credit facility agreement with Bilia's lenders and dispose of Bilia's pension liability. During the year the Board of Directors also met with a number of senior officers who participated in individual items on the agenda. On one occasion the Board met with the auditors, who shared their observations with the Board. On this occasion the Board discussed internal control with the auditors without the presence of the company's officers. Bilia's CFO, Gunnar Blomkvist, has been secretary of the Board since 2004.

Board subcommittees

Compensation Committee

The Compensation Committee has three members: Jack Forsgren (Chairman), Gustav Lindner and Jon Risfelt. The Compensation Committee's task is to submit proposals to the Board regarding terms of compensation for the Managing Director and other senior officers. The work of the Committee is presented to the AGM, which decides on guidelines for the compensation. For other senior officers in the Group, who are not included in the Group Management, the committee explains to the Board the general principles for fixed and variable remuneration. The variable remuneration is always related to that part of the company's performance that lies within the individual's control. All variable compensation has a maximum limit in relation to the fixed compensation. In 2015 the Compensation Committee held two meetings in which all members participated.

Audit Committee

The Audit Committee has three members: Jon Risfelt (Chairman), Mats Holgerson and Gustav Lindner. The principal duties of the Audit Committee are review of external risks and legal risks, review of the control environment with regard to internal and external audit, monitoring of the financial reporting, and review of the internal and external audit process. Each year a more detailed examination is made of one or more subsidiaries in the Group, and in 2015 the Swedish BMW and MINI companies, Bilia Group Göteborg AB and Bilia Group Stockholm AB were scrutinised. The following matters were also dealt with during 2015: winding-up of the operation in Denmark, expansion in Europe, pension matters and risk management. The committee also considered proposals for a public accounting firm, whereby KPMG AB was re-elected at the 2015 AGM. The work of the committee has been based on material and information from the Group Management and the auditors. Bilia's internal auditors give an annual account of their work to the Audit Committee and Bilia's auditors. The Audit Committee held four meetings during the year. In addition to all members, the meetings were also generally attended by Bilia's auditors, the Managing Director, the CFO and additional co-opted persons. The Audit Committee also allots time for a private session with the company's CFO. In addition to the aforementioned meetings, the chairman of the Audit Committee has regular contact separately with the company's auditor.

The Board's report regarding internal control

This report is prepared in accordance with the Annual Accounts Act. The report is limited to internal control and risk management regarding the financial reporting and includes the entire Group. The Board of Directors bears ultimate responsibility for ensuring that Bilia's internal control works satisfactorily and that adequate

financial reports are presented. Under the Companies Act, the Board is responsible for Bilia's organisation and management. It is the responsibility of the Board that Bilia's accounting, management of funds and financial situation in general includes satisfactory controls. This responsibility cannot be delegated but always rests with the Board of Directors.

Bilia's control environment is based on the communication of clear guidelines to all subsidiaries to ensure that the same rules and principles are applied in the Group's different companies and within each business area and that the necessary tools are in place out in the subsidiaries to enable them to report back to Bilia AB in a correct and uniform manner. The management conducts a risk analysis which, following discussion by the Audit Committee and the Board of Directors, serves as a basis, along with other considerations, for focusing the internal control.

Internal control work

As a complement to manager responsibility and other control procedures, Bilia has a separate function for internal audit that reports to the company's CFO. Bilia's CFO has approved the audit plan presented by the internal auditors and the internal auditors report directly to Bilia's CFO. Bilia's internal auditors annually inform the Audit Committee concerning the audit plan and furnish regular reports regarding the audit work. The audit plan is evaluated regularly and was last updated in July 2015.

The work of assuring internal control is a continuous process that should be subject to constant review, follow-up and improvement.

Evaluation of the work of the Board

The work of the Board is evaluated annually according to a model that includes the following main areas:

- Board of Directors (roles, planning, functions)
- Board meetings
- Board material, information and reports
- Members of the Board
- Chairman of the Board
- Managing Director.

The evaluation is performed by having the members themselves make an anonymous assessment of the work of the Board by rating a number of areas/aspects, after which the results are compiled. This year's evaluation once again painted a positive overall picture of the work of the Board. The Board also performs an annual evaluation of the work of the committees, and other members are satisfied with how the committees handle their respective areas of responsibility.

Group Management

Bilia's Group Management was reduced during the year and consisted at the end of 2015 of Per Avander, Managing Director, Gunnar Blomkvist, CFO, Per Ovrén, Business Development and Purchasing Manager, and Jennifer Tunney, Chief Legal Counsel, all of Bilia AB, as well as Stefan Nordström, Managing Director of Bilia Personbilar AB, Sweden, and Frode Hebnæs, Managing Director of Bilia Personbil as, Norway. At the beginning of the year, Financial Manager Hans Jörgen Möller left the Bilia Group and its management for new challenges, and Lars-Gunnar Jönsson, Managing Director of Bilia Personvogne A/S, Denmark, left during the summer, after having completed his task, at a point when the winding-up of the Danish operation was close to completion. The Group Management is responsible for formulating the Group's overall strategy, business control and allocation of financial resources, as well as for the Group's financing, capital structure and risk management. It also executes major acquisitions and other major projects. Furthermore, the Group Management is responsible for the Group's financial reporting, communication with the stock market and a variety of other matters concerning the Group as a whole. The Group Management holds regular meetings under the leadership of Bilia's Managing Director and CEO.

Group operations are largely decentralised, and the different companies enjoy a large measure of autonomy. The relationship between the companies and the Group Management is mainly concerned with Group-wide projects and work on the boards of the various companies.

Board of Directors



Mats Qviberg	Jan Pettersson	Per Avander	Ingrid Jonasson Blank	Anna Engebretsen	Jack Forsgren	Mats Holgerson
Born 1953. Chairman.	Born 1949. Deputy Chairman.	Born 1961. Managing Director, Bilia AB. Board member.	Born 1962. Board member.	Born 1982. Board member.	Born 1945. Board member. Chairman of the Compensation Committee.	Born 1953. Board member. Member of the Audit Committee.
Elected 2003.	Elected 2003.	Elected 2011.	Elected 2006.	Elected 2010.	Elected 2003.	Elected 2006.

Education						
M.Sc. in Business Administration from the Stockholm School of Economics.	Degree in economics from Stockholm University 1973.	School of economics graduate.	M.Sc. in Business Administration from the School of Business, Economics and Law in Gothenburg.	Norwegian School of Management in Oslo, M.Sc. in Business and Economics.	M.Sc. in Political Science from the University of Gothenburg 1968.	M.Sc. in Business Administration from the Stockholm School of Economics.

Work experience						
SEB 1976–84, Carnegie 1984–90.	Active in the automotive industry since 1973, Kinnevik Group 1982–86, MD of Toyota and Svensk Motor AB 1986–2002, MD and CEO of Bilia AB 2003–2011.	Active in banking 1981–83, automotive industry since 1983. MD of Din Bil Göteborg AB 1995–99, MD of Din Bil Stockholm Norr 1999–2001. Bilia 2001–.	Active in the ICA Group 1986–2010, most recently as deputy managing director of Ica Sverige AB.	Project manager at OMD (Omnicom Media Group) media agency.	Managing Director and CEO of Mölnlycke AB and Nobel Biocare AB.	Esso 1976–85, Statoil 1985–96 (MD of Statoil Norge 1994–96), MD of Dial Försäkring 1996–98, MD of Statoil Detaljhandel Skandinavien 1998–2005, MD of Menigo Foodservice 2006–08 and Chief Operating Officer of ICA AB 2008–13.

Posts 2015						
Deputy chairman of Investment AB Öresund. Deputy Chairman of Faberge AB.	Chairman of Active Driving AB and employed by Bilia through April 2015.	Managing Director and CEO of Bilia AB and member of the boards of Volvofinans Bank AB, the Swedish Automobile Servicing and Retailing Employers' Association (MAF) and Alignment Systems AB.	Member of the board of Ambea Sweden Group AB, Fiskars Oy, Musti ja Mirri Group Oy, Matas A/S, Orkla ASA, Royal Unibrew A/S, ZetaDisplay AB, Martin & Servera AB and Matse AB.	Marketing and sponsoring at Skistar AB. Member of the board of MQ Holding AB and Investment AB Öresund.	Chairman of Maquire AB and Jerrie AB. Deputy chairman of the Swedish Exhibition Centre and 2nd Deputy Chairman of the Presiding Council of the Swedish Exhibition Centre.	Chairman of Cervera AB. Member of the boards of Hemtex AB, Dialect AB, Global Batterier AB and Comfort Sverige Holding AB.

Independence						
Dependent on Bilia's major shareholders.	Dependent on Bilia.	Dependent on Bilia.	Yes	Dependent on Bilia's major shareholders.	Yes	Yes
Attendance at Board meetings, %						
100	100	100	100	83	83	100
Attendance at committee meetings, %						
—	—	—	—	—	100	100
Number of shares in Bilia						
5,072,816 ¹⁾	500,000 ¹⁾	28,000	20,000	2,126,670 ¹⁾	32,400	11,220

¹⁾With family.

A total of six ordinary Board meetings were held during 2015, including one statutory meeting. In addition, four Board meetings were held by correspondence. All holdings in Bilia AB are as of 31 December 2015. Composition of the Board of Directors as of 31 December 2015. See also Group Note 9 "Employees, personnel costs and remunerations for senior officers".



Gustav Lindner	Svante Paulsson	Jon Risfelt	Patrik Nordvall	Dragan Mitrasinovic	Lennart Welin
Born 1978. Board member. Member of the Compensation and Audit Committees.	Born 1972. Board member.	Born 1961. Board member. Chairman of the Audit Committee. Member of the Compensation Committee.	Born 1967. Employee representative.	Born 1958. Deputy employee representative.	Born 1951. Deputy employee representative.
Elected 2014.	Elected 2010.	Elected 2003.	Elected 2004. Appointed by the PTK (Federation of Salaried Employees in Industry and Services) locals in the Bilja Group.	Elected 2005. Appointed deputy member by the LO locals in the Bilja Group.	Elected 1993. Appointed deputy member by the PTK (Federation of Salaried Employees in Industry and Services) locals in the Bilja Group.

Education

M.Sc. in Business Administration from the Stockholm School of Economics.	High school in the USA.	M. Eng. in Chemical Engineering, Royal Institute of Technology.	Process engineering studies and IHM Business School Senior.	Vocational training in automotive technology.	Vocational school and IHM Senior training.
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Work experience

HQ Bank Corporate Finance 2006–10, Swedbank 2010–14, Account Manager and subsequently CEO of FR & R Sverige.	Hedin Bil (Mercedes-Benz/Nissan), BMW Paulssons Bil, Porsche Center Syd, car sales, own companies.	Ericsson, SAS, American Express, Nyman & Schultz, Europolitan and Gambro Renal.	Employed by Bilja AB since 1986.	Employed by Bilja AB since 1976.	Employed by Bilja AB since 1967.
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Posts 2015

Managing Director of Investment AB Öresund. Member of the board of Bulten AB.	Backahill AB, strategy and projects. Member of the boards of Faberge AB, DIÖS Fastigheter AB, Backahill AB and AB Cernelle.	Chairman of Bisnode AB, Dialect AB and Smartfish AS. Member of the boards of Braganza AB, Excanto AB, Knowit AB and Ticket Business Travel AB.	Shop steward of Unionen at Bilja and head of the real estate department in Stockholm.	Shop steward of Bilja's local branch in Stockholm and car mechanic.	Quality and environmental coordinator at Bilja Personbilar AB, Region West and South.
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Independence

Dependent on Bilja's major shareholders.	Yes	Yes	—	—	—
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Attendance at Board meetings, %

83	83	100	100	100	83
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Attendance at committee meetings, %

100	—	100	—	—	—
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Number of shares in Bilja

2,000	20,000	12,730	252	14	4
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Tommy Strandhäll, who was an employee representative, ended his employment at Bilja in the autumn of 2015. The LO locals have opted to postpone a new election and are expected to appoint a replacement in the spring of 2016.

Auditors

KPMG AB was re-elected as the Group's public accounting firm by the 2015 AGM for the period up until the 2016 AGM.

Jan Malm, born 1960, Authorised Public Accountant, KPMG AB and member of FAR. Auditor in charge at Bilja since 2010.

Group Management



Per Avander	Gunnar Blomkvist	Frode Heibnes	Stefan Nordström	Per Ovrén	Jennifer Tunney
Born 1961. Managing Director and CEO of Bilja AB.	Born 1955. CFO, Bilja AB.	Born 1972. Managing Director of Bilja Personbil as, Norway.	Born 1966. Managing Director of Bilja Personbilar AB, Sweden.	Born 1977. Business Develop- ment and Purchasing Manager, Bilja AB.	Born 1974. Chief Legal Counsel of Bilja AB.
Education					
School of economics graduate.	M.Sc. in Business Ad- ministration from the School of Business, Economics and Law in Gothenburg.	Graduate of Nor- wegian School of Marketing.	School of economics graduate, IFL.	MSc. Eng. in Industrial Economics, Institute of Technology at Linköping University, plus studies at Technische Univer- sität München and Stockholm University.	Master's degree in Com- mercial Law, Jönköping International Business School, studies in Com- mercial Law at University of Abertay, Dundee, Scotland.
Work experience					
Active in banking 1981–83, auto- motive industry since 1983. MD of Din Bil Göteborg AB 1995–99, MD of Din Bil Stockholm Norr 1999–2001. Bilja 2001–.	Employed by Bilja AB since 1984.	Volvo Personbilar Norge 1997–2001, Volvo Car Corpo- ration Göteborg 2001–2004, Volvo Personbilar Norge AS 2004–2006. Employ- ed by Bilja Personbil as since 2006. Mana- ging Director since December 2008.	Employed by Bilja AB since 1986.	Bain & Company 2003– 2006, Investment AB Öresund 2006–2009, The Boston Consulting Group 2009. Employed by Bilja AB since 2010.	Real estate agent, Svensk Fastighetsför- medling 1999, Treasury Support, Volvo Treasury AB 2003, Treasury Cen- ter, Bilja AB 2003–2004, Legal Counsel, Bilja AB 2005–2009.
External posts 2015					
Member of the boards of Volvofinans Bank AB, the Swedish Automobile Servicing and Retailing Em- ployers' Association (MAF) and Alignment Systems AB.		Deputy member of the boards of Expon AS and Expon Hol- ding AS.	Member of the board of Tanka Sverige AB.		
Number of shares in Bilja					
28,000	64,710	5,000	12,000	600	—

The Group Management consists of 83.3 per cent men and 16.7 per cent women.

All holdings in Bilja AB are as of 31 December 2015. Composition of Group Management as of 31 December 2015.

The Bilia share

The Bilia share has been listed on the NASDAQ Stockholm exchange since 1984. The share is traded under the ticker code BILI A and is included in the OMX Stockholm Mid Cap PI and OMX Stockholm Consumer Services PI indices.

At 31 December 2015, the share capital amounted to SEK 252 M (252), divided among 50,436,052 Series A shares. The quotient value is SEK 5 per share. Each share represents one vote. All Series A shares are entitled to an equal share in Bilia's assets and profits.

Total return 68 per cent in 2015

The OMX Stockholm Consumer Services PI index rose by 1.3 per cent in 2015. The Bilia share rose from SEK 118.75 to SEK 192.00 during the year. The highest price paid, SEK 210.00, was quoted on 3 December 2015. The lowest price paid, SEK 112.25, was quoted on 16 January 2015.

Bilia's shareholders received a total return of 68 per cent (54) in 2015. The calculation is based on share price performance.

Bilia's market capitalisation at year-end was SEK 9,684 M (5,971), based on the total number of shares outstanding. A total of 26.3 million Bilia shares (15.9) were traded in 2015 at a value of SEK 4,078 M (3,136). This turnover represented 52 per cent (63) of the weighted average number of shares.

The P/E ratio based on earnings in 2015 was 15 (15).

Beta coefficient

The volatility of the price of a single share compared with the volatility of the stock market as a whole is known as the beta coefficient, or beta. If the beta is greater than 1, this means that the share price fluctuates more than the average for the exchange. A value lower than 1 indicates that the share is less sensitive than the exchange as a whole.

The Bilia share's beta for the past five years is 0.97. This means that the price fluctuations for the Bilia share have been less than the average price fluctuations on NASDAQ Stockholm.

Number of shareholders increased

Bilia had 35,183 shareholders at the end of 2015, compared with 35,282 a year earlier. Most shareholders own relatively small lots. Of the shareholders, 92.2 per cent (96.5) owned fewer than 1,000 shares. The proportion of institutional ownership was 8.4 per cent (9.5), while the proportion of foreign ownership was 38.7 per cent (35.9).

Dividend policy

Over a business cycle, Bilia's dividend should provide the shareholders with a competitive dividend yield in comparison with similar listed companies. Good dividend growth is also striven for, and the dividend should amount to at least 50 per cent of the net profit for the year.

Bilia's earning capacity, cash flow, investment needs and overall financial position are also taken into account when determining the size of the dividend. An effort is also made to ensure that Bilia has an optimal capital structure at any given time.

Proposed dividend SEK 7.50

Bilia's Board of Directors proposes to the AGM of 8 April 2016 that an ordinary dividend be paid in the amount of SEK 7.50 per share (6.00). The proposed dividend corresponds to 59 per cent

(79) of the net profit for the year. If the AGM approves this proposal, the dividend is expected to be paid by Euroclear Sweden AB on 15 April 2016.

Stock split

A stock split was carried out during the year. The number of shares was increased by dividing each share into two shares (a 2-for-1 stock split) for the purpose of increasing trading in the share.

Proposal for buy-back or disposal of own shares

The Board of Directors proposes that the AGM authorise the Board to resolve to buy back Bilia shares over NASDAQ Stockholm, as long as the company's own holding never exceeds 10 per cent of the total number of shares. The proposal also includes authorisation to dispose of the shares.

Persons with insider status

Trading in shares by persons with insider status in the company is called insider trading. The law requires such trading to be reported to the Swedish Financial Supervisory Authority. Bilia is obligated to report which persons have insider status to the Swedish Financial Supervisory Authority. These individuals must report their shareholdings and any changes in them. Certain closely-related natural persons and legal entities are also subject to the reporting obligation.

The major shareholders, board members, secretary to the board, auditors, management group and certain employees in the accounting and finance departments are considered to have insider status in Bilia. A complete list of persons with insider status can be found on the Swedish Financial Supervisory Authority's website at www.fi.se. There is a logbook for special events and interim reports. Special events may be discussions of major acquisitions and interim reports for personnel who receive information on the Group's earnings in conjunction with the quarterly financial statements.

Analyses of Bilia

The Bilia share is analysed above all by Swedish brokerage houses and banks. The following analysts cover Bilia regularly:

- Stefan Cederberg, SEB Corporate Finance, +46 8 52 22 95 00
- Mats Liss, Swedbank Markets, +46 8 58 59 18 00
- Andreas Lundberg, ABG Sundal Collier, +46 8 56 62 86 00
- Erik Paulsson, Pareto Securities, +46 8 402 50 00
- Robin Santavirta, Handelsbanken Capital Markets, +358 10 444 11
- Fredrik Villard, Carnegie Investment Bank AB, +46 8 676 88 00

Shareholder information

Bilia's information to the stock market and its shareholders should be characterised by correctness, relevance, openness and speed. Shareholders wishing to receive the annual report and half-year reports directly through the mail should notify Euroclear Sweden AB.

Bilia's press releases, quarterly reports and annual reports are available at www.bilia.com. Additional information on the company, its financial performance and the Bilia share can also be found there. It is also possible to subscribe to press releases and send queries to Bilia on Bilia's website.

The Bilia share cont'd.

Data per share

	2011	2012	2013	2014	2015
Earnings, SEK	8.45 ²⁾	3.15 ³⁾	5.85 ⁴⁾	7.65 ⁵⁾	12.85 ⁶⁾
Equity, SEK ¹⁾	36.90	32.15	36.25	36.70	40.75
Operating cash flow, SEK	9.75 ²⁾	9.00 ³⁾	1.70 ⁴⁾	14.85 ⁵⁾	4.20 ⁶⁾
Share price at year-end, SEK	48.40	46.75	82.00	118.75	192.00
P/E ratio, times	6	15	14	15	15
Price/equity ratio, %	131	145	226	324	471
Dividend yield, %	8.0	5.5	7.3	6.1	4.8
Dividend, SEK	4.75	3.00	4.50	6.00	7.50 ⁷⁾
Payout ratio, %	56	99 ⁸⁾	79 ⁸⁾	79 ⁸⁾	59 ⁸⁾

¹⁾ Calculated based on the number of shares outstanding at the end of each year. For 2015, the number of shares outstanding was 50,436,052, for 2014 it was 50,348,066, for 2013 it was 50,279,184, for 2012 it was 49,315,212, and for 2011 it was 49,130,056.

²⁾ Calculated after exercised warrants corresponding to 392,164 shares during 2011, and after buy-back of 1,030,000 shares during August–September 2011, resulting in a weighted average number of shares of 49,747,703.

³⁾ Calculated after exercised warrants corresponding to 68,142 shares during 2012, buy-back of 1,124,626 shares during May–September 2012, and acquisition of 1,241,640 Bilia shares, giving a weighted average number of shares of 49,495,454.

⁴⁾ Calculated after exercised warrants corresponding to 50,986 shares during 2013 and 912,986 sold own shares, for a weighted average number of shares of 49,529,174.

⁵⁾ Calculated after exercised warrants corresponding to 68,882 shares during 2014, resulting in a weighted average number of shares of 50,309,526.

⁶⁾ Calculated after exercised warrants corresponding to 87,986 shares during 2015, resulting in a weighted average number of shares of 50,405,986.

⁷⁾ Proposed dividend.

⁸⁾ Calculated after full exercise of the warrants, resulting in 50,918,510 outstanding shares for 2015, 2014 and 2013, 50,005,524 for 2012 and 49,888,510 for 2011.

All years have been recalculated after the 2:1 stock split.

Change in share capital

Year	Number of shares	Change	Share capital, SEK M	Change, SEK M	Reason
1985	15,000,000		300		
1987	21,000,000	6,000,000	420	120	Bonus issue
1988	21,032,486	32,486	421	1	New issue at conversion
1989	21,046,667	14,181	421	0	New issue at conversion
1990	21,076,925	30,258	422	1	New issue at conversion
1991	31,674,669	10,597,744	634	212	New issue at conversion
2001	28,554,512	–3,120,157	571	–63	Reduction
2002	25,699,061	–2,855,451	514	–57	Reduction
2004 ¹⁾	60,845,603	35,146,542	608	94	Share buy-back/reduction/lowering of par value of share/subordinated shares, Series C
2005	23,129,155	–37,716,448	231	–377	Redemption subordinated shares, Series C
2007	21,459,255	–1,669,900	215	–16	Reduction
2009	25,293,574	3,834,319	253	38	Exercised warrants
2010	24,883,946	–409,628	249	–4	Exercised warrants/share reduction
2011	25,080,028	196,082	251	2	Exercised warrants
2012	25,114,099	34,071	251	0	Exercised warrants
2013	25,139,592	25,493	251	0	Exercised warrants
2014	25,174,033	34,441	252	1	Exercised warrants
2015	50,436,052	25,262,019	252	0	Exercised warrants/stock split

¹⁾ Of which subordinated shares, Series C, 37,716,448 shares, SEK 377 M.

Distribution of shares, 31 December 2015

Shareholding	Total number of shareholders	Percentage of total no. of shareholders	Combined number of shares owned	Percentage of share capital
1–1,000	32,426	92.2	5,598,267	11.1
1,001–10,000	2,476	7.0	6,284,234	12.5
10,001–100,000	219	0.6	6,635,007	13.1
100,001–	62	0.2	31,918,544	63.3
Total	35,183	100.0	50,436,052	100.0

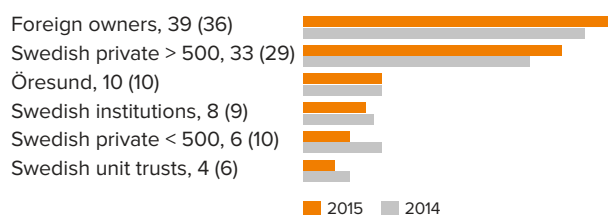
The 15 largest shareholders at 31 December 2015

	Total	Stake, per cent
Investment AB Öresund	5,080,350	10.1
The Qviberg family	5,068,816	10.0
Anna Engebretsen with family	2,126,670	4.2
Handelsbanken funds AB RE JPMEL	1,837,092	3.6
JP Morgan Bank Luxembourg SA	1,351,265	2.7
SEB Investment management	1,243,063	2.5
SSB CL Omnibus AC	1,100,786	2.2
JPM Chase NA ¹⁾	1,093,208	2.2
NTC various funds, Chicago ²⁾	919,048	1.8
CBNY-DFA-INT SML CAP V	818,797	1.6
Försäkringsaktiebolaget Avanza pension	779,840	1.5
Mellon Omnibus 30% Agent FITS Clients	749,805	1.5
CBNY-Norges Bank	739,639	1.5
Mellon US Tax exempt Account	655,763	1.3
Jan Pettersson with family	500,000	1.0
Total	24,064,142	47.7
Remaining shareholders	26,371,910	52.3
Total	50,436,052	100.0

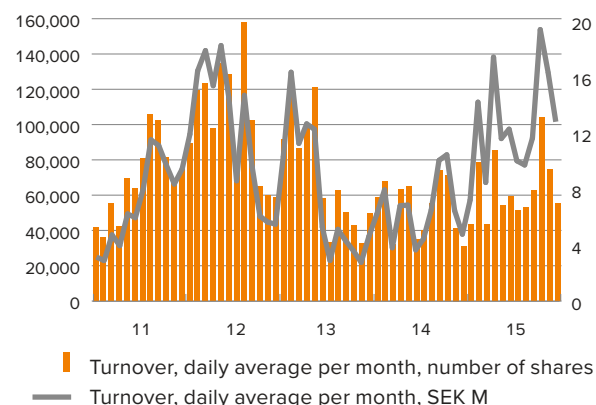
¹⁾ JPM Chase NA has 9 funds with the same name and address. They have been aggregated in the table above.

²⁾ NTC has 10 funds with the same name and address. They have been aggregated in the table above.

Ownership by categories at 31 December 2015, %

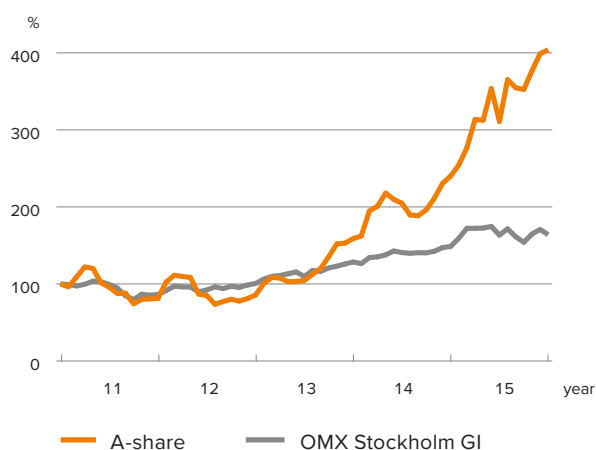


Turnover of Bilja share



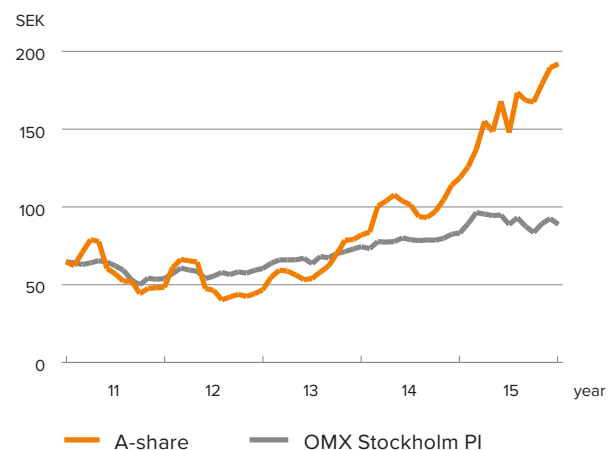
Source: NASDAQ

Total return of Bilja share



Source: NASDAQ

Price of Bilja share



Source: NASDAQ

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Consolidated Statement of Income and Other Comprehensive Income – Group

SEK M	Note	2015	2014
Continuing operations			
Net turnover	2, 3, 4, 6	20,443	18,446
Cost of goods sold	3, 6, 11, 20	-17,076	-15,533
Gross profit		3,367	2,913
Other operating income	7	217	20
Selling expenses	11	-2,144	-1,929
Administrative expenses	10, 11	-493	-433
Other operating expenses	8, 11	-18	-9
Operating profit	4, 9, 29	929	562
Financial income		4	6
Financial expenses		-30	-39
Share in profits of associated companies	17	30	26
Net financial items	12	4	-7
Profit before tax		933	555
Tax	13	-202	-103
Profit for the year from continuing operations		731	452
Discontinued operation			
Loss from discontinued operation, net after tax	5	-84	-67
Net profit for the year		647	385
Other comprehensive income/loss			
<i>Items that cannot be reclassified to profit or loss</i>			
Revaluation of defined-benefit pension plans	23	-120	-172
Tax attributable to items that cannot be reclassified to profit or loss	13	26	39
		-94	-133
<i>Items that can be reclassified to profit or loss</i>			
Translation differences attributable to foreign operations		-45	-1
		-45	-1
Other comprehensive income/loss after tax		-139	-134
Comprehensive income for the year		508	251
Net profit for the year attributable to:			
Parent Company's shareholders		647	385
Comprehensive income for the year attributable to:			
Parent Company's shareholders		508	251
Earnings per share, SEK	14		
Basic earnings per share		12.85	7.65
Diluted earnings per share		12.75	7.60
Continuing operations			
Basic earnings per share		14.50	9.00
Diluted earnings per share		14.40	8.90

Performance analysis

SEK M	Operating profit		Profit before tax	
	2015	2014	2015	2014
Profit excluding items affecting comparability	731	553	735	546
<i>Items affecting comparability</i>				
Gain from sale of operation, other	6	13	6	13
Redemption of PRI liability	197	—	197	—
Structural costs etc.	-5	—	-5	—
Impairment loss	—	-4	—	-4
Accounting profit	929	562	933	555

Comments on Consolidated Statement of Income and Other Comprehensive Income – Group

Net turnover

Continuing operations

Net turnover increased by SEK 1,997 M during the year and amounted to SEK 20,443 M (18,446). If turnover is adjusted for comparable operations and exchange rate changes, the increase is 7 per cent or about SEK 1,290 M. The improvement is attributable to both the Car and Service Businesses.

Net turnover in the Service Business amounted to SEK 4,491 M (3,981), an increase of SEK 510 M or 13 per cent. If net turnover is adjusted for comparable operations and exchange rate changes, the increase is 6 per cent or about SEK 240 M. The underlying increase in Sweden was 6 per cent (4) and in Norway 6 per cent (4).

Net turnover in the Car Business increased by SEK 1,562 M to SEK 15,694 M (14,132). If net turnover is adjusted for comparable operations and exchange rate changes, the increase was about SEK 1,150 M or 8 per cent. In Sweden, underlying net turnover increased by 12 per cent (16), while it was unchanged in Norway (7).

Net turnover in the Fuel Business decreased by SEK 30 M to SEK 1,021 M or 3 per cent. If net turnover is adjusted for comparable operations and exchange rate changes, the decrease was about SEK 50 M or 5 per cent. The entire decrease is attributable to Sweden.

Revenues from customer financing amounted to SEK 447 M (390), an increase of SEK 57 M or 15 per cent. Revenues from long-term leases increased by SEK 40 M (20), while commissions from finance companies increased by SEK 17 M (14).

Operating profit

The Group's operating profit amounted to SEK 929 M (562), an increase of SEK 367 M, while the operating margin increased to 4.5 per cent (3.0).

Operating profit excluding items affecting comparability increased by 32 per cent, amounting to SEK 731 M (553), while the operating margin increased to 3.6 per cent (3.0).

In Sweden, operating profit increased by SEK 171 M to SEK 629 M (458), in Norway by SEK 12 M to SEK 159 M (147). The operating profit in the newly acquired operation in Germany amounted to SEK 1 M (—) after acquisition costs. The operating margin in Sweden amounted to 4.3 per cent (3.5), in Norway to 2.8 per cent (2.8) and in Germany to 0.4 per cent (—).

The operating loss for the Parent Company amounted to SEK 69 M (loss: 50).

Operating profit in the Service Business increased by SEK 77 M to SEK 479 M (402). The main reason for the increase was higher sales and lower relative costs in relation to turnover.

Operating profit in the Car Business increased by SEK 101 M to SEK 286 M (185). The increase is mainly attributable to used cars with higher sales and a higher gross profit margin and to lower costs in relation to turnover.

Operating profit in the Fuel Business amounted to SEK 24 M (18). The higher gross profit margin is the reason for the increase.

The Service Business's operating margin increased to 10.7 per cent (10.1), while the Car Business's operating margin increased to 1.8 per cent (1.3). Deliveries in the Car Business increased by 9 per cent (16). Adjusted for comparable units, the increase was 6 per cent. Orders received increased by 13 per cent (15), and the order backlog increased by 42 per cent or 2,763 cars and amounted to 9,304 cars at year-end.

Net financial items

Net financial items amounted to SEK 4 M (–7). The improvement compared with last year is attributable in part to the redemption of the Swedish pension liability that took place in May 2015, and in part to a better result from interests in associated companies.

Profit before tax

Profit before tax increased by SEK 378 M, amounting to SEK 933 M (555).

Profit before tax excluding items affecting comparability increased by SEK 189 M, amounting to SEK 735 M (546).

Tax for the year

Tax for the year amounted to SEK –202 M (–103), and the effective tax rate was 22 per cent (19).

Net profit for the year

Profit for the year from continuing operations amounted to SEK 731 M (452). This is equivalent to basic earnings per share (before dilution) of SEK 14.50 (9.00), based on a weighted number of outstanding shares. After dilution, earnings per share amounts to SEK 14.40 (8.90). The profit margin amounted to 3.6 per cent (2.5).

Net profit for the year amounted to SEK 647 M (385). This is equivalent to basic earnings per share (before dilution) of SEK 12.85 (7.65), based on a weighted number of outstanding shares. After dilution, earnings per share amounts to SEK 12.75 (7.60). The profit margin amounted to 3.2 per cent (2.1).

Other comprehensive income/loss

Other comprehensive income/loss amounted to a loss of SEK 139 M (loss: 134) and is attributable to revaluation of defined-benefit pension plans by SEK –120 M (–172), tax attributable to items that cannot be reclassified to profit or loss of SEK 26 M (39) and translation differences attributable to foreign operations of SEK –45 M (–1).

Comprehensive income for the year

Comprehensive income for the year amounted to SEK 508 M (251).

Items affecting comparability

Items affecting comparability had a net effect on the profit of SEK 198 M (9). "Gain from sale of operation" amounted to SEK 6 M (13) and derives from the sale of a property in Norway, which brought in SEK 2 M, and disposal of the operation in Stavanger in southeast Norway, which brought in SEK 4 M. Last year this item pertained to the sale of a property in Sweden and amounted to SEK 13 M. "Redemption of PRI liability" pertains to the earnings effect before tax of the transfer of the Swedish pension liability to Alecta. "Structural costs etc." pertains to a provision of SEK –5 M for an insurance loss in Sweden. Last year's impairment loss of SEK –4 M pertains to a cooperative unit (a workshop).

Return on capital employed excluding items affecting comparability amounted to 29.2 per cent (21.2).

Consolidated Statement of Financial Position – Group

SEK M	Note	31/12 2015	31/12 2014
Assets	6, 27, 30		
Non-current assets			
Intangible assets	15		
Intellectual property		271	177
Goodwill		368	259
		639	436
Property, plant and equipment	16		
Land and buildings		131	100
Construction in progress		8	7
Equipment, tools, fixtures and fittings		331	321
Leased vehicles		2,048	1,637
		2,518	2,065
Long-term investments			
Interests in associated companies	17	377	370
Financial investments	18	7	11
Long-term receivables	19	0	25
		384	406
Deferred tax assets	13	128	118
Total non-current assets		3,669	3,025
Current assets			
Inventories			
Merchandise	20	2,564	2,250
Current receivables			
Current tax assets	13	48	24
Trade receivables	28	669	722
Prepaid expenses and accrued income	21	232	196
Other receivables	19, 28	148	122
Cash and cash equivalents	28, 33	99	616
		1,196	1,680
Total current assets		3,760	3,930
Total assets	4	7,429	6,955

Consolidated Statement of Financial Position – Group

SEK M	Note	31/12 2015	31/12 2014
Equity and liabilities	6, 27, 30		
Equity			
Share capital		252	252
Other contributed capital		48	47
Reserves		–99	–54
Retained earnings including net profit for the year		1,855	1,604
Total equity		2,056	1,849
Non-current liabilities			
Debenture loan	22, 28	—	28
Non-current interest-bearing liabilities	22, 28	75	64
Other non-current liabilities	25	1,211	920
Provisions for pensions	23	8	721
Other provisions	24	44	94
Deferred tax liabilities	13	175	129
Total non-current liabilities		1,513	1,956
Current liabilities			
Debenture loan	22, 28	28	—
Current interest-bearing liabilities	22, 28	688	188
Trade payables	28	1,259	1,404
Current tax liabilities		129	48
Other liabilities	25, 28	995	802
Accrued expenses and deferred income	26	759	694
Other provisions	24	2	14
Total current liabilities		3,860	3,150
Total liabilities		5,373	5,106
Total equity and liabilities	4	7,429	6,955
Pledged assets and contingent liabilities for the Group			
Pledged assets	31	1,162	1,122
Contingent liabilities	31	5,111	4,577

Comments on the Consolidated Statement of Financial Position – Group

The Group's balance sheet total amounted to SEK 7,429 M (6,955), an increase of SEK 474 M. Acquisitions and disposals of operations and leased vehicles are the foremost reasons for the increase. Leased vehicles increased by SEK 411 M, mainly due to the fact that private leasing has increased greatly in Sweden. Inventories by SEK 314 M, while cash and cash equivalents decreased by SEK 517 M.

Financing

Net debt increased by SEK 393 M during the year, amounting to SEK 323 M. At the end of 2015 the Group had a negative bank balance of SEK 432 M, while they had a positive bank balance of SEK 550 M at the end of 2014. Redemption of the Swedish pension liability affected this balance by about SEK 645 M. The ratio of net debt to equity was 0.16, compared with –0.04 last year (when there was a net receivable).

Equity

Equity increased by SEK 207 M, amounting to SEK 2,056 M

(1,849). Dividends of SEK 302 M were paid to shareholders during the year. Comprehensive income for the year of SEK 508 M is included, and exercised warrants have resulted in a new issue of SEK 1 M. See the Consolidated Statement of Changes in Equity for details on the change in equity.

Key figures

Return on capital employed amounted to 36.2 per cent (19.8). The Group's goal, which was raised during the year, is 17 per cent. Return on equity amounted to 33.2 per cent (21.0). The Group's goal, which was raised during the year, is 18 per cent.

The rate of capital turnover declined slightly compared with last year and amounted to a multiple of 2.96 (3.06), while the rate of turnover of capital employed increased and amounted to a multiple of 7.7 (7.1).

The equity/assets ratio amounted to 27.7 per cent (26.6).

Equity per share before dilution amounted to SEK 40.75 (36.70), based on 50,436,052 shares outstanding (50,348,066).

Consolidated Statement of Changes in Equity – Group

SEK M	Number of shares	Share capital	Other contributed capital	Reserves, translation reserve	Retained earnings incl. net profit for the year	Total equity
Opening equity 1 Jan. 2014	25,139,592	251	47	-53	1,578	1,823
Comprehensive income for the year						
Net profit for the year	—	—	—	—	385	385
Other comprehensive income/loss for the year	—	—	—	-1	-133	-134
Total comprehensive income/loss for the year	—	—	—	-1	252	251
Transactions with the Group's owners						
Exercised warrants	34,441	1	0	—	—	1
Dividend (SEK 4.50 per share)	—	—	—	—	-226	-226
Total transactions with the Group's owners	34,441	1	0	—	-226	-225
Closing equity 31 Dec. 2014	25,174,033	252	47	-54	1,604	1,849
Opening equity 1 Jan. 2015	25,174,033	252	47	-54	1,604	1,849
Comprehensive income for the year						
Net profit for the year	—	—	—	—	647	647
Other comprehensive income/loss for the year	—	—	—	-45	-94	-139
Total comprehensive income/loss for the year	—	—	—	-45	553	508
Transactions with the Group's owners						
Exercised warrants	87,986	0	1	—	—	1
Stock split	25,174,033	—	—	—	—	—
Dividend (SEK 6.00 per share)	—	—	—	—	-302	-302
Total transactions with the Group's owners	25,262,019	0	1	—	-302	-301
Closing equity 31 Dec. 2015	50,436,052	252	48	-99	1,855	2,056

Other contributed capital

When shares are issued at a premium, i.e. when the price paid for the shares is more than their quotient value, an amount corresponding to the amount obtained in excess of the shares' quotient value shall be posted to "Other contributed capital".

Translation reserve

The translation reserve includes all exchange rate differences that arise when translating the financial statements of foreign entities that have prepared their financial statements in another currency than the currency in which the consolidated financial statements are presented. The Parent Company and the Group present their financial statements in Swedish kronor. The equity items in foreign entities are recognised at the historical rate.

Reconciliation, translation reserve	2015	2014
Opening translation reserve	-54	-53
Exchange rate difference for the year	-45	-1
Closing translation reserve	-99	-54

Retained earnings including net profit for the year

Retained earnings including net profit for the year includes earnings in the Parent Company and its subsidiaries. Previous provision to the statutory reserve, including transferred share premium reserves, is included in this equity item.

Equity

Buy-back of own shares

Acquisition of own shares is recognised as a deduction from equity. Any transaction costs are recognised directly in equity.

Dividends

Dividends are recognised as a liability after the AGM has approved the dividend.

Stock split

The company's existing shares are divided and adjusted retroactively for the years reported.

Consolidated Statement of Cash Flows – Group

SEK M	Note	2015	2014
Operating activities	5, 33		
Profit before tax from continuing operations		933	555
Loss before tax from discontinued operation		–141	–67
Depreciation/amortisation and impairment losses from continuing operations		404	340
Depreciation/amortisation and impairment losses from discontinued operation		2	9
Other items not affecting cash		–58	10
Tax paid		–59	–106
Cash flow from operating activities before change in working capital		1,081	741
Change in inventories		–496	70
Change in operating receivables		–9	–67
Change in operating liabilities		259	555
Cash flow from operating activities		835	1,299
Investing activities			
Acquisition of non-current assets (tangible and intangible)		–164	–195
Disposal of non-current assets (tangible and intangible)		44	78
Acquisition of leased vehicles		–1,156	–1,105
Disposal of leased vehicles		653	671
Operating cash flow		212	748
Investment in financial assets		–26	–7
Disposal of financial assets		27	8
Acquisition of subsidiary/operation, net		–284	–42
Disposal of subsidiary/operation, net		55	8
Disposal of discontinued operation, net		5	—
Cash flow after net investments		–11	715
Financing activities			
Borrowings		1,000	400
Repayment of loans		–900	–400
Change in overdraft facility		–304	–29
Exercised warrants		1	1
Dividend paid to Parent Company's shareholders		–302	–226
Cash flow from financing activities		–505	–254
Change in cash and cash equivalents, excluding translation differences		–516	461
Exchange difference in cash and cash equivalents		–1	0
Change in cash and cash equivalents		–517	461
Cash and cash equivalents at start of year		616	155
Cash and cash equivalents at year-end		99	616

Comments on the Consolidated Statement of Cash Flows – Group

Operating activities

Cash flow from operating activities, before change in working capital, amounted to SEK 1,081 M (741). Profit before tax from continuing operations increased by SEK 378 M and was the main reason for the change.

Change in working capital reduced the cash flow by SEK 246 M (increase: 558). Increased stocks of cars were the main reason for the change during the year.

Investing activities

Net acquisitions and disposals of non-current assets and leased vehicles amounted to SEK –623 M (–551). Net investments in non-current assets increased by SEK 120 M, while net investments in leased vehicles increased by SEK 503 M.

Operating cash flow

Operating cash flow amounted to SEK 212 M, compared with SEK 748 M last year.

Cash flow after net investments

Cash flow after net investments amounted to SEK –11 M (715). The net effect on cash flow of acquisition and disposal of operations was SEK –224 M (–34).

Net debt/receivable

The net debt amounted to SEK 323 M as compared to a net receivable last year of SEK 70 M, equivalent to an increase in net debt of SEK 393 M.

Specification of change in interest-bearing net debt/receivable:

	2015	2014
Net debt(+)/receivable (–) at start of year	–70	260
Increase(+)/decrease(–) of current interest-bearing liabilities	539	26
Increase(+)/decrease(–) of non-current interest-bearing liabilities	–28	–58
Increase(+)/decrease(–) of pension liabilities	–660	161
Increase(–)/decrease(+) of cash and cash equivalents	517	–461
Increase(–)/decrease(+) of interest-bearing assets	27	1
Increase(–)/decrease(+) of interests in associated companies	–7	–22
Increase(–)/decrease(+) of non-current leased assets	5	23
Net debt(+)/receivable(–) at end of year	323	–70



Notes to the Consolidated Financial Statements

Amounts in SEK M unless otherwise stated.

Note 1 Key accounting principles

The consolidated accounts have been prepared in accordance with International Financial Accounting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Group accounting principles have been consistently applied to all periods presented in the consolidated financial statements, unless otherwise stated below.

The annual accounts and the consolidated accounts were approved for publication by the Board of Directors and the Managing Director on 9 March 2016. The Consolidated Statement of Income and Other Comprehensive Income, the Statement of Financial Position and the Parent Company Income Statement and Balance Sheet will be subject to adoption at the AGM on 8 April 2016.

Bilia describes the accounting principles in connection with each note for the purpose of providing a better understanding of the accounting area in question. Bilia focuses on describing the accounting choices that have been made within the framework of the applicable IFRS principle and avoids repeating the text of the standard unless it is considered particularly important for an understanding of the content of the note.

Valuation criteria applied in preparation of Parent Company and consolidated financial statements

Assets and liabilities are measured at cost, except for certain financial assets and liabilities, which are measured at fair value. Financial assets and liabilities that are measured at fair value consist of derivative instruments measured at fair value through profit or loss and available-for-sale financial assets.

Functional currency and reporting currency

The Parent Company's functional currency is the Swedish krona, which is also the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish kronor.

Revised accounting principles

New and revised IFRSs with application as from 2015 have not had any significant effect on the consolidated accounts.

New IFRS standards that have not yet begun to be applied

A number of new or revised IFRSs do not enter into effect until during the coming financial year and have not been applied in the preparation of these financial statements. New or amended provisions with future application are not planned to be applied prospectively.

IFRS 15 Revenue from Contracts with Customers. The purpose of a new revenue standard is to have a single principle-based standard for all sectors that will replace existing standards and statements regarding revenue. IFRS 15 enters into force in

2018, and earlier application is permitted providing the EU has adopted the standard. The EU is expected to approve IFRS 15 during the second quarter of 2016. The effects of IFRS 15 have not yet been evaluated.

IFRS 16 Leases: New standard concerned with the accounting of leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and replaces it with a model where assets and liabilities for all leases are reported in the Balance Sheet. The exception to reporting in the Balance Sheet is for leases with underlying assets of low value and leases with a term of less than 12 months. In the Income Statement, depreciation of lease assets is reported separately from interest expenses attributable to the lease liability. Those assets that are leased today, in particular properties, will be recognised as an asset and future lease payments as a liability. The total effects on the consolidated accounts have not yet been quantified. IFRS 16 will be applied to financial years starting on 1 January 2019 or later. No date has yet been determined by which the EU is expected to approve the standard.

Other coming changes are not judged to have any significant effect on the financial statements.

Presentation etc.

Non-current assets and non-current liabilities consist for the most part of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and short-term liabilities consist for the most part of amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

Consolidation principles

The consolidated accounts are prepared according to the principles set forth in IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements. Intra-Group transactions and profits from transactions with associated companies are eliminated. The consolidated accounts include the Parent Company, subsidiaries and associated companies.

By "subsidiaries" is meant companies in which Bilia owns more than 50 per cent of the voting rights or over which it otherwise exercises a controlling influence.

By "associated companies" is meant companies over which Bilia has a significant influence, in the normal case when Bilia's holding corresponds to more than 20 per cent but less than 50 per cent of the voting rights. Holdings in associated companies are reported according to the equity method.

In cases where the subsidiaries' and the associated companies' accounting principles do not agree with the Group's accounting principles, adjustments have been made to the Group's accounting principles.

Transactions eliminated on consolidation

Intra-Group receivables and liabilities, revenue or expenses and unrealised profits or losses arising from intra-Group transactions

between subsidiaries are eliminated in their entirety when the consolidated accounts are prepared.

Financial statements of foreign entities

IAS 21 The Effects of Changes in Foreign Exchange Rates is applied for translation of the financial statements of foreign entities.

Assets and liabilities in foreign entities, including goodwill and other corporate fair value adjustments, are translated to Swedish kronor at the rate prevailing on the balance sheet date. Revenues and expenses in foreign entities are translated to Swedish currency at an average rate which constitutes an approximation of the rates prevailing at the time of the transaction. Translation differences that arise when translating the accounts of foreign entities are recognised in other comprehensive income and accumulated in a separate component of equity, called the translation reserve.

On disposal of a foreign entity, the cumulative translation differences attributable to the foreign equity are realised, whereby they are reclassified from the translation reserve in equity to profit or loss for the year.

Transactions in foreign currencies

IAS 21 The Effects of Changes in Foreign Exchange Rates is applied for translation of the financial statements of foreign entities.

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities in foreign currencies are translated to the functional currency at the rate prevailing on the balance sheet date. Exchange rate differences arising from translations are recognised in profit or loss for the year. Non-monetary assets and liabilities recognised at cost are translated at the exchange rate prevailing at the time of the transaction.

Accounting estimates and judgements in the financial statements

Preparing the financial statements in accordance with IFRS requires management to make accounting estimates and judgements as well as assumptions that influence the application of the accounting principles and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may differ from these estimates and judgements.

The estimates and judgements are regularly reviewed. Changes in estimates are reported in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both the current and future periods.

Judgements by management related to the application of IFRSs that have a significant impact on the financial statements and estimates that may entail significant adjustments in the financial statements of subsequent years are presented in notes. The following table shows in which notes management's estimates and judgements are presented.

Source of uncertainty	Note
Goodwill	15 Intangible assets
Leases	16, 25, 26 Property, plant and equipment, Other liabilities, Accrued expenses and deferred income
Valuation of used cars	20 Inventories
Pensions	23 Pensions
Service subscriptions	25 Other liabilities



Note 2 Revenue

➤ Accounting principle

Bilia applies IAS 18 Revenue in accounting for revenue.

Sale of goods

Revenue from the sale of goods is recognised in profit or loss for the year when the significant risks and rewards of ownership have been transferred to the buyer. The revenue is recognised at the fair value of what has been received or is expected to be received. Revenue is not recognised if it is probable that the economic benefits will not flow to the Group. If considerable uncertainty exists regarding payment, associated costs or the risk of returns, revenue is not recognised.

In cases where the sale of a product is combined with a future repurchase commitment at a guaranteed residual value (repurchase agreement), the transaction is reported as an operating lease, provided that Bilia 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. Up until the time of repurchase, this sale is recognised as other liabilities, "liability pertaining to cars sold with repurchase agreements", and the profit is recognised as deferred income.

Rendering of services

Revenue from the rendering of services is recognised when the service is rendered. Revenue from the rendering of services is recognised in profit or loss for the year based on the stage of completion on the balance sheet date (percentage-of-completion method). The stage of completion is determined by an assessment of services rendered and material employed at the balance sheet date.

Leasing of cars

Revenue from leased vehicles is recognised on a straight-line basis during the lease period.

Commissions on transferred financial assets

Commissions on transferred financial assets are recognised on a straight-line basis during the lease period and are calculated on the outstanding instalment and lease portfolios for which recourse liability exists.

Customer loyalty programme

Bilia's customers can participate in a customer loyalty programme. The customer receives vouchers for future purchases based on purchases made during previous periods. Not all issued vouchers are redeemed, however. Every sale under the loyalty programme is reduced by the fair value of future voucher redemptions. The customer's probable future voucher redemptions are then taken into consideration.

➤ Important accounting estimates and judgements

Repurchase agreements

Bilia sometimes enters into repurchase agreements entailing that Bilia undertakes to buy back a sold good at a pre-guaranteed residual value. These agreements are recognised as operating leases. The agreements entail that Bilia has a residual value risk in that Bilia may be forced in the future to dispose of used cars at a loss if the value of these cars is less than had been foreseen when the agreement was entered into. Judgements are regularly made regarding a future net realizable value for these vehicles. If the residual value is less than the net realizable value, this is adjusted by depreciation or impairment of the value of the assets to the extent the shortfall cannot be offset by future unrealised revenue. These vehicles are recognised as leased vehicles, see Note 16 "Property, plant and equipment," and as liability, see Note 25 "Other liabilities". Future unrealised revenue amounted at year-end to SEK 81 M (66), see Note 26 "Accrued expenses and deferred income".

	2015	2014
Net turnover		
Workshop	1,907	1,745
Spare parts	2,557	2,209
Other	27	27
Total Service Business	4,491	3,981
Sale of goods	15,124	13,625
Rental income repurchase agreements and rental cars	391	345
Commissions	179	162
Total Car Business	15,694	14,132
Fuels	1,021	1,051
Total Fuel Business	1,021	1,051
Rental income	236	249
IT and training services	124	124
Eliminations	-1,123	-1,091
Total	20,443	18,446

Note 3 Result from customer financing

Result from customer financing consists of the Finance Business and repurchase agreements.

The Finance Business consists of long-term leases, hire pur-

chase contracts, current net return on financial contracts transferred to finance companies, and other commissions associated with financing that has been transferred to finance companies.

	2015	2014
Rental income repurchase agreements	268	228
Commissions received from finance companies	179	162
Amortisation repurchase agreements	-214	-177
Impairment losses repurchase agreements	—	-6
Other	-14	-15
Total	219	192
Of which:		
Finance Business	165	151
Repurchase agreements	54	41

Note 4 Operating segments

► Accounting principle

Bilia applies IFRS 8 Operating Segments in accounting for operating segments.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. An operating segment's operating results are regularly reviewed by the company's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

The Group's operations are organised in such a manner that the Group Management can review the operating profit or loss generated by the Group's different products and services. Each operating segment has a manager who is responsible for its day-to-day operations and who regularly reports the outcome of the segment's performance and its need of resources to the country manager, who is in turn a member of the Group Management. Since the Group Management reviews the operating results and makes decisions about resource allocation based on the products and services provided by the Group, these products and services constitute the Group's operating segments.

The Group's internal reporting is therefore structured so that the Group Management can review the performance and earnings of all products and services. It is on the basis of this internal reporting that the Group's segments have then been identified by subjecting the different components to a process aimed at aggregating similar segments. This means that the regions in a given country have been aggregated when they have similar economic characteristics such as similar gross profit margins, products, customers and modes of distribution, and when they operate in a similar regulatory environment.

The following seven operating segments have been identified:

Service

- Sweden
- Norway
- Germany

Service includes products and services within workshop and spare parts as well as store sales.

Cars

- Sweden
- Norway
- Germany

New and used cars and transport vehicles as well as supplementary services such as financing and insurance are offered in all markets.

Fuels

"Fuels" includes sales of petrol, diesel, ethanol and compressed gas. The "Fuels" segment is not subdivided geographically.

Denmark previously comprised its own segments, but the Danish operation was discontinued during the year.

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

The Parent Company is accounted for under "segment reconciliation".

Intra-Group transactions consist primarily of lending, interest, and property and IT activities. Other transactions between Group companies are of a marginal scope. Internal prices between the different segments of the Group are set based on the assumption of arm's length transactions between knowledgeable, willing parties. Interest rates are based on Bilia AB's borrowing rate at any given time plus a small margin.

The segment's earnings include directly attributable items and items that can be allocated among the segments in a reasonable and reliable manner. Segment reconciliation consists of general administrative expenses where all items are attributable to the Parent Company.

The segments' investments in property, plant and equipment and intangible assets include all investments except investments in expendable equipment and equipment of minor value.

Group's operating segments

	Service		Cars		Fuels		Less discontinued operation		Total Cars		Segment reconciliation		Continuing operations	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net turnover														
External sales	3,709	3,465	15,694	14,945	1,021	1,051	–1,027	20,424	18,434	19	12	20,443	18,446	
Internal sales	782	788					–58	782	730	–782	–730	–	–	
Total net turnover	4,491	4,253	15,694	14,945	1,021	1,051	–1,085	21,206	19,164	–763	–718	20,443	18,446	
Depreciation/amortisation	–69	–51	–293	–262	–4	–5	9	–366	–309	–26	–21	–392	–330	
Operating profit/loss	479	415	286	156	24	18	16	789	605	140	–43	929	562	
Interest income												4	6	
Interest expenses												–30	–39	
Share in profits of associated companies			30	26				30	26			30	26	
Profit before tax												933	555	
Tax expense for the year												–202	–103	
Profit for the year from continuing operations												731	452	
Loss from discontinued operation, net after tax												–84	–67	
Net profit for the year												647	385	
Material items of income and expense of a non-recurring nature recognised in the Statement of Income and Other Comprehensive Income:														
<i>Items affecting comparability</i>														
– Gain from sale of operation, other	3	7	3	6				6	13			6	13	
– Redemption of PRI liability	13		52					65	–	132		197	–	
– Structural costs etc.		–26	–5	–21			47	–5	–			–5	–	
– Impairment loss		–4						–	–4			–	–4	
Items of a non-recurring nature	16	–23	50	–15	–	–	47	66	9	132	–	198	9	
Material items not affecting cash besides depreciation/amortisation:														
Other	–47	–52	–6	12	0	–3	–25	–53	–68	7	78	–46	10	
Total	–47	–52	–6	12	0	–3	–25	–53	–68	7	78	–46	10	
Assets														
Interests in associated companies			377	370				377	370			377	370	
Deferred tax assets												128	118	
Other assets												6,924	6,467	
Total assets			377	370				377	370			7,429	6,955	
Investments in non-current assets	64	101	1,205	1,161	3	4	–106	1,272	1,160	48	140	1,320	1,300	
Liabilities														
Equity												2,056	1,849	
Liabilities												5,373	5,106	
Total liabilities and equity												7,429	6,955	

	Service								Cars							
	Sweden		Norway		Germany		Denmark ¹⁾		Sweden		Norway		Germany		Denmark ¹⁾	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net turnover																
External sales	2,575	2,414	1,034	837	100		214	10,938	9,645	4,683	4,487	73			813	
Internal sales	565	486	215	244	2		58									
Total net turnover	3,140	2,900	1,249	1,081	102		272	10,938	9,645	4,683	4,487	73			813	
Depreciation/amortisation	-46	-40	-22	-8	-1		-3	-271	-231	-22	-25	0			-6	
Operating profit/loss	351	319	122	83	6		13	253	121	38	64	-5			-29	
Share in profits of associated companies								30	26							
Material items of income and expense of a non-recurring nature recognised in the Statement of Income and Other Comprehensive Income:																
<i>Items affecting comparability</i>																
– Gain from sale of operation, other			7	3						6	3					
– Redemption of PRI liability	13								52							
– Structural costs etc.							-26	-5							-21	
– Impairment loss		-4														
Items of a non-recurring nature	13	3	3	–	–		-26	47	6	3	–	–			-21	
Material items not affecting cash besides depreciation/amortisation:																
Other	-45	-41	-2	-4			-7	-11	-23	5	3				32	
Total	-45	-41	-2	-4			-7	-11	-23	5	3				32	
Assets																
Interests in associated companies								377	370							
Investments in non-current assets	33	88	31	12			1	1,046	956	159	100				105	

	Revenue from external customers		Non-current assets	
	2015	2014	2015	2014
Geographical segments				
Sweden	14,535	13,123	3,459	2,960
Norway	5,738	5,324	815	528
Germany	173	–	53	–
Denmark, discontinued operation ¹⁾	–	–	–	91
Segment reconciliation	-3	-1	-786	-672
Total	20,443	18,446	3,541	2,907

¹⁾ As from 2015, Denmark is accounted for as a discontinued operation and has not been monitored as a segment during 2015.

Note 5 Discontinued operation

➤ Accounting principle

Bilia applies IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in accounting for discontinued operations.

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than from continuing use. An asset (or disposal group) is classified as held for sale if it is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. These assets (or disposal groups) are recognised on a separate line as current assets or current liabilities in the Statement of Financial Position. On initial classification as held for sale, non-current assets (and disposal groups) are recognised at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group's business that represents a separate business segment or major line of business within a geographical area of operations or a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or, if earlier, when the operation meets the criteria to be classified as held for sale.

Profit or loss after tax from a discontinued operation is reported on a separate line in the Statement of Income and Other Comprehensive Income. When an operation is classified as discontinued, the presentation of the Consolidated Statement of Income and Other Comprehensive Income for the comparative year is changed so that the discontinued operation is recognised as if it had been discontinued at the start of the comparative year. The presentation of the Statement of Financial Position for the current and preceding year is not changed in a corresponding manner.

Cars Denmark

Bilia decided in March 2015 to discontinue its entire operation in Denmark. The comparison figures for the Consolidated Statement of Income and Other Comprehensive Income have been restated for 2014 to report the discontinued operation separately from the continuing operations. The criteria for presentation as

a discontinued operation or for non-current assets held for sale were not fulfilled at 31 December 2014.

As of 31 December 2015, all five facilities had been disposed of.

See also Note 33 "Cash and cash equivalents and specifications for cash flows".

Loss from discontinued operation

	2015	2014
Revenue	468	1,027
Expenses	-609	-1,094
Loss before tax	-141	-67
Tax	57	—
Loss after tax from discontinued operation	-84	-67

Discontinued operation

Basic earnings per share, SEK	-1.65	-1.35
Diluted earnings per share, SEK	-1.65	-1.30

Net cash flows from discontinued operation

	2015	2014
Cash flows from operating activities	-137	—
Cash flows from investing activities	146	—
Cash flows from financing activities	-4	—
Net cash flows from discontinued operation	5	—

Note 6 Business combinations

➤ Accounting principle

Bilia applies IFRS 3 Business Combinations in accounting for acquisitions.

All acquisitions are accounted for by the acquisition method. The acquisition method entails that acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis establishes the acquisition-date fair value of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. Transaction costs that arise are recognised directly in profit or loss for the year. Transaction costs attributable to acquisitions occurring prior to 1 January 2010 have been included in the acquisition cost.

In business combinations where the fair value of the consideration transferred exceeds the fair value of net identifiable assets

acquired and liabilities assumed that are accounted for separately, the difference is allocated between intellectual property and goodwill. When the difference is negative, the resulting gain is recognised as a bargain purchase directly in profit or loss for the year.

The consideration transferred for the acquisition of a subsidiary does not include amounts related to the settlement of pre-existing business relationships. Such amounts are recognised in profit or loss.

Contingent considerations are recognised at acquisition-date fair value and are remeasured at each report date and the change is recognised in profit or loss for the year.

The financial statements of subsidiaries are included in the consolidated accounts as from the acquisition date until the date when control no longer exists.

Effects of acquisitions in 2015

Toyota Hell Bil AS and Toyota Horten-Tønsberg AS

On 2 March 2015, Bilia acquired all the shares in Toyota Hell Bil AS and Toyota Horten-Tønsberg AS. The business is run from seven facilities and is concentrated to Trondheim and Tønsberg outside Oslo. During 2015, the operation contributed SEK 888 M in turnover and SEK 22 M in operating profit. On a full-year basis, this is equivalent to a turnover of about SEK 1,050 M and an operating profit of about SEK 26 M. The purchase consideration was SEK 196 M. The entire purchase consideration was paid in cash. There is no contingent purchase consideration.

The acquisition enables Bilia to expand its offering with the Toyota and Lexus brands in Norway. Toyota, along with Volkswagen, is the market leader in Norway.

The business has about 225 employees and will continue to be operated from the present-day facilities.

Acquisition-related expenses amounting to SEK 0.4 M consist of fees to consultants for due diligence and have been recognized as "Other operating expenses".

Effects of the acquisitions

Below is the final acquisition analysis, and the difference between the final acquisition analysis and the preliminary version that was presented during the first quarter of 2015 is shown in a separate column. The acquisitions have the following effects on the Group's assets and liabilities.

The acquired operations' net assets at the acquisition date

	Carrying amounts in Toyota Hell Bil AS and Toyota Horten-Tønsberg AS	Fair value adjustment	Fair value recognised in Group	Difference ver- sus preliminary acquisition analysis
Intangible assets	—	84	84	0
Property, plant and equipment	37	267	304	3
Long-term investments	0	—	0	0
Deferred tax asset	2	—	2	0
Inventories	80	0	80	0
Trade receivables and other receivables	33	—	33	-5
Cash and cash equivalents	1	—	1	1
Trade payables and other liabilities	102	301	403	3
Net identifiable assets and liabilities	51	50	101	-4
Consolidated goodwill			95	-1
Purchase consideration paid, cash			196	-5
Less: Cash and cash equivalents in acquired operation			1	1
Net effect on cash and cash equivalents			195	-6

Acquired customer relations totalling SEK 62 M are recognised as intangible assets. These customer relations will be amortised over 10 years. Acquired distribution rights totalling SEK 22 M are recognised as intangible assets. Distribution rights will be amortised over 10 years.

Lexus's dealership operation in Stockholm and Malmö

On 1 October 2015, Bilia acquired the Lexus dealer Kaiser Bil AB. The business is run from four facilities in Stockholm and Malmö and accounts for about 42 per cent of Lexus's total sales in Sweden. During 2015, the operation contributed SEK 97 M in turnover and SEK 5 M in operating profit. On a full-year basis, this is equivalent to a turnover of about SEK 385 M and an operating profit of about SEK 20 M. The purchase consideration was SEK 85 M. The entire purchase consideration was paid in cash. There is no contingent purchase consideration.

The acquisition enables Bilia to expand its offering with the Lexus brand in Sweden.

The business has about 45 employees and will continue to be operated from the present-day facilities.

There are no external transaction costs or acquisition-related expenses attributable to the acquisition.

Effects of the acquisition

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

The acquired operation's net assets at the acquisition date	Carrying amounts in Lexus dealership operation	Fair value adjustment	Fair value recognised in Group
Intangible assets	—	42	42
Property, plant and equipment	16	2	18
Inventories	18	0	18
Trade receivables and other receivables	18	—	18
Cash and cash equivalents	21	—	21
Trade payables and other liabilities	63	12	75
Net identifiable assets and liabilities	10	32	42
Consolidated goodwill			43
Purchase consideration paid, cash			85
Less: Cash and cash equivalents in acquired operation			21
Net effect on cash and cash equivalents			64

Acquired customer relations totalling SEK 32 M are recognised as intangible assets. These customer relations will be amortised over 10 years. Acquired distribution rights totalling SEK 10 M are recognised as intangible assets. Distribution rights will be amortised over 10 years.

BMW and MINI dealership operation in Germany

On 1 October 2015, Bilia acquired the BMW and MINI dealer Dörr & Hess in Germany. The business is run from four facilities, which are concentrated in an area north of Frankfurt. During 2015, the operation contributed SEK 173 M in turnover and SEK 1 M in operating profit. On a full-year basis, this is equivalent to a turnover of about SEK 690 M and an operating profit of about SEK 6 M. The purchase consideration was SEK 32 M. The entire purchase consideration was paid in cash. There is no contingent purchase consideration.

Through the acquisition, Bilia can continue to expand and grow on the European market.

The business has about 120 employees and will continue to be operated from the present-day facilities.

Acquisition-related expenses amounting to SEK 0.8 M consist of fees to consultants for due diligence and have been recognized as "Other operating expenses".

Effects of the acquisition

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

The acquired operation's net assets at the acquisition date	Carrying amounts in BMW and MINI dealership operation	Fair value adjustment	Fair value recognised in Group
Intangible assets	—	12	12
Property, plant and equipment	25	6	31
Inventories	71	0	71
Trade receivables and other receivables	25	—	25
Cash and cash equivalents	7	—	7
Trade payables and other liabilities	116	9	125
Net identifiable assets and liabilities	12	9	21
Consolidated goodwill			11
Purchase consideration paid, cash			32
Less: Cash and cash equivalents in acquired operation			7
Net effect on cash and cash equivalents			25

Acquired customer relations totalling SEK 9 M are recognised as intangible assets. These customer relations will be amortised over 10 years. Acquired distribution rights totalling SEK 3 M are recognised as intangible assets. Distribution rights will be amortised over 10 years.

Effects of acquisitions in 2014

Toyota's dealerships in Malmö, Trelleborg and Lund

On 1 March 2014, Bilja acquired Toyota's dealership operation in Malmö, Trelleborg and Lund. During 2014, the operation contributed SEK 280 M in turnover and SEK 8 M in operating profit. On a full-year basis, this is equivalent to a turnover of SEK 330 M and an operating profit of SEK 10 M. The purchase consideration was SEK 43 M. The entire purchase consideration was paid in cash. There is no contingent purchase consideration.

The acquisition enables Bilja to expand its offering with the Toyota brand, belonging to one of the world's most successful automakers. It is further hoped that the acquisition will create

opportunities for Bilja to grow with Toyota in the countries where Bilja does business.

The acquisition is expected to give rise to synergies valued at about SEK 3 M per year, with full effect from 2015. The business has 77 employees and will continue to be operated from the present-day facilities.

There are no external transaction costs or acquisition-related expenses attributable to the acquisition.

Effects of the acquisition

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

The acquired operation's net assets at the acquisition date	Carrying amounts in Toyota's dealership operation	Fair value adjustment	Fair value recognised in Group
Intangible assets	13	—	13
Property, plant and equipment	11	27	38
Long-term investments	0	—	0
Deferred tax asset	—	0	0
Inventories	39	0	39
Trade receivables and other receivables	11	—	11
Cash and cash equivalents	1	—	1
Trade payables and other liabilities	32	27	59
Net identifiable assets and liabilities	43	0	43
Consolidated goodwill			0
Purchase consideration paid, cash			43
Less: Cash and cash equivalents in acquired operation			1
Net effect on cash and cash equivalents			42

Acquired customer relations totalling SEK 13 M are recognised as intangible assets. These customer relations will be amortised over 10 years.



Note 7 Other operating income

	2015	2014
Gain on disposal of non-current assets	0	1
Gain from sale of operation, other	6	13
Redemption of PRI liability	197	—
Other	14	6
Total	217	20

“Other operating income” includes items affecting comparability pertaining to gain from the sale of Bilia’s operation in Stavanger and properties in Norway in the amount of SEK 6 M, redemption of the PRI liability in Sweden in the amount of SEK 197 M, and gross accounting of an insurance loss in Sweden in the amount of SEK 7 M. Last year’s figures include SEK 13 M in gain from the sale of a property in Sweden.

Note 8 Other operating expenses

	2015	2014
Loss on disposal of non-current assets	0	–2
Structural costs	–12	—
Impairment loss	—	–4
Other	–6	–3
Total	–18	–9

“Other operating expenses” includes items affecting comparability pertaining to structural costs in Sweden in the amount of SEK 12 M stemming from gross accounting of an insurance loss. Last year’s figures include impairment of a cooperative unit (a workshop) on Lidingö in the amount of SEK 4 M.

Note 9 Employees, personnel costs and remunerations for senior officers

Accounting principle

Bilia applies IAS 19 Employee Benefits in accounting for benefits to employees.

Short-term benefits

Short-term benefits are calculated without discounting and are recognised as a cost when the related services have been rendered.

A provision is recognised for the expected cost of profit-sharing and bonus payments when the Group has a present legal or constructive obligation to make such payments as a result of the fact that services have been rendered by employees and a reliable estimate of the obligation can be made.

Termination benefits

A cost for benefits in conjunction with termination of personnel

is only recognised if the company is demonstrably committed by a formal detailed plan to terminate an employment before the normal retirement date, without a realistic possibility of withdrawal. When benefits are paid as an offer to encourage voluntary retirement, a cost is recognised if it is probable that the offer will be accepted and the number of employees that will accept the offer can be reliably estimated.

Costs for remunerations to employees

	2015	2014
Wages, salaries and other remunerations	1,659	1,571
Pension costs ¹⁾	153	170
Social security contributions	400	354
Total	2,212	2,095

¹⁾ For further information see Note 23 “Pensions”.

Average number of employees

	2015	of whom men	2014	of whom men
Parent Company				
Sweden	97	46	90	41
Total in Parent Company	97	46	90	41
Subsidiaries				
Sweden	2,104	1,856	1,996	1,789
Norway	929	861	824	773
Germany	137	103	—	—
Denmark, discontinued operation	107	93	244	215
Total in subsidiaries	3,277	2,913	3,064	2,777
Group total	3,374	2,959	3,154	2,818

The Group Management consists of five men and one woman (16.7 per cent women).

The Board of Directors consists of two women and eight men (20 per cent women), who are elected by the AGM. In addition there are three employee representatives, all men, two of whom are deputies.

Wages, salaries and other remunerations broken down between senior officers and other employees, plus social security contributions in the Parent Company

Parent Company	2015			2014		
	Senior officers (16 persons)	Other employees	Total	Senior officers (18 persons)	Other employees	Total
Wages, salaries and other remunerations	16	47	63	16	43	59
(of which bonus etc.)	(4)	(1)	(5)	(4)	(1)	(5)
Social security contributions ¹⁾	18	24	42	16	19	35
(of which pension costs) ¹⁾	(13)	(9)	(22)	(11)	(6)	(17)

“Senior officers” includes Bilia AB’s Board of Directors, 13 persons (14), including two deputies.

¹⁾ Special payroll tax on company-owned pensions is included in the amount of SEK 9 M (5). Tax expense for the year has simultaneously been reduced by SEK 9 M (5) due to increase in the value of the pensions.

Wages, salaries and other remunerations, pension costs and pension obligations for senior officers in the Group

	2015	2014
	Senior officers (18 persons)	Senior officers (21 persons)
Wages, salaries and other remunerations	24	24
(of which bonus etc.)	(5)	(5)
Pension costs ¹⁾	15	13
Pension obligations	144	108

“Senior officers” includes Bilia AB’s Board of Directors, 13 persons (14), including two deputies.

¹⁾ Special payroll tax on company-owned pensions is included in the amount of SEK 9 M (5). Tax expense for the year has simultaneously been reduced by SEK 9 M (5) due to increase in the value of the pensions.

Remunerations to senior officers

The AGM approved the payment of fees to the Board of Directors and subcommittee members. Fees are payable to the chairman and members of the Audit Committee and to the chairman of the Compensation Committee. No special fee is paid to the Managing Director for his work on the Board.

The Board of Directors has appointed the Compensation Committee, which proposes compensation terms for the MD and other senior officers in the Group Management. By “other senior officers in the Group Management” is meant the CFO, the Chief Legal Counsel, the Business Development and Purchasing Manager and the Managing Director of Bilia Personbilar AB, as well as the Managing Director of Bilia Personbil as.

Wages, salaries and other remunerations to senior officers, SEK ‘000

Parent Company 2015	Director's fee/Basic salary (excl. social sec. contr.)	Bonus	Pension costs	Other benefits	Total	Pension obligations
Chairman (Mats Qviberg)	300	—	—	—	300	—
Board members (8) ¹⁾ (including Jan Pettersson 300)	1,560	—	—	—	1,560	—
Audit and Compensation Committee (4)	125	—	—	—	125	—
<i>Employee representatives:</i>						
Appointed (1) ²⁾	60	—	—	—	60	—
Deputies (2)	40	—	—	—	40	—
MD, Per Avander	4,225	2,070	2,794	152	9,241	6,882
Other senior officers (3) ³⁾	5,060	1,477	2,846	270	9,653	19,449
Former senior officers (MDs) ⁴⁾	—	—	—	—	—	127,927
Total	11,370	3,547	5,640	422	20,979	154,258

¹⁾ Jack Forsgren, Anna Engebretsen, Ingrid Jonasson Blank, Svante Paulsson, Jon Risfelt, Mats Holgerson, Jan Pettersson and Gustav Lindner. Four of the members are also members of the Audit and Compensation Committee.

²⁾ One employee representative terminated his employment with Bilia in 2015 and has not yet been replaced.

³⁾ One senior officer terminated his employment in 2015 and has not been replaced with a new member. Remuneration has been obtained through February 2015 and is included in basic salary, pension costs and other benefits.

⁴⁾ Jan Pettersson (former MD) was employed with the company up to and including the 2015 AGM and lifted a salary plus benefits (mainly company car) amounting to SEK 319,000 for non-Board duties.

Wages, salaries and other remunerations to senior officers, SEK '000

Parent Company 2014	Director's fee/Basic salary (excl. social sec. contr.)	Bonus	Pension costs	Other benefits	Total	Pension obligations
Chairman (Mats Qviberg)	300	—	—	—	300	—
Board members (8) ¹⁾ (including Jan Pettersson 300)	1,560	—	—	—	1,560	—
Audit and Compensation Committee (4)	125	—	—	—	125	—
<i>Employee representatives:</i>						
Appointed (2)	70	—	—	—	70	—
Deputies (2)	40	—	—	—	40	—
MD, Per Avander	4,041	1,901	2,260	134	8,336	4,946
Other senior officers (4)	5,738	1,953	3,167	341	11,199	17,341
Former senior officers (MDs) ²⁾	—	—	—	—	—	97,733
Total	11,874	3,854	5,427	475	21,630	120,020

¹⁾ Jack Forsgren, Anna Engebretsen, Ingrid Jonasson Blank, Svante Paulsson, Jon Risfelt, Mats Holgerson, Jan Pettersson and Fredrik Grevelius. Four of the members are also members of the Audit and Compensation Committee.

²⁾ Jan Pettersson (former MD) was still employed with the company and lifted a salary plus benefits (mainly company car) amounting to SEK 245,000 for non-Board duties.

The Chairman of the Board has not received any other remuneration aside from his director's fee. A fee of SEK 180,000 (180,000) was paid to each of the other Board members, except for the Deputy Chairman, who received SEK 300,000 (300,000). Regarding the Deputy Chairman's fee for non-Board duties, see footnote ⁴⁾ (last year footnote ²⁾) under the tables above. Altogether, fees totalling SEK 1,560,000 (1,560,000) were paid to the Board members elected by the AGM, in accordance with the decision of the 2015 AGM. The AGM further decided that Audit Committee Chairman Jon Risfelt should receive a fee of SEK 50,000 (50,000) and that other members of the Audit Committee (Gustav Lindner and Mats Holgerson) should receive SEK 25,000 each, for a total of SEK 50,000 (50,000). The chairman of the Audit Committee (Jack Forsgren) should receive SEK 25,000 (25,000). Fees totalling SEK 100,000 (110,000) were paid to the employee representatives on the Board. Altogether, the total fees paid to the Board members amounted to SEK 2,085,000 (2,095,000).

Bonus for the MD, the CFO, the Chief Legal Counsel and the Business Development and Purchasing Manager is based on the Group's profit. Bonus for the MD of Bilja Personbilar AB and the MD of Bilja Personbil as is based 20 per cent on the Group's profit and 80 per cent on the profits of the individual subsidiaries. The bonus for 2015 for the MD and other senior officers in the Group Management was maximised at 50 per cent of the individual's basic salary.

"Other benefits" pertains mainly to company cars.

Defined-contribution pension

The following agreement on pension benefits is in effect for the MD.

The employee's retirement pension consists of a defined-premium pension, which means that Bilja undertakes to pay premiums to an insurance company and that the employee can determine how the insurance is designed and managed. Pension becomes payable at the age of 60 years. The pension agreement states that the employee's pension premium shall amount to 35 per cent of his pensionable salary. The pensionable salary consists of the monthly salary multiplied by 12.2 plus the bonus paid for the previous year. Pension is payable in an amount corresponding to the value of the insurance. An increase in value increases the employee's pension while a decrease in value reduces the employee's pension. The above premiums will be paid as long as Per Avander is employed as MD of the company.

A pension premium of 28 per cent of the pensionable salary is paid for the Group's CFO. The pensionable salary consists of the monthly salary multiplied by 12.2. Pension is payable in an amount corresponding to the value of the insurance at retirement. Pension premium for supplementary old-age pension is paid in an amount corresponding to 20 per cent of the pensionable salary in excess of 30 income base amounts. The pensionable salary consists of the monthly salary multiplied by 12.2 plus an average of the past three years' bonuses. The size of the pension is based on the pension capital at retirement.

Other senior officers in the Group Management in Sweden follow the ITP plan and have a supplementary old-age pension. Pension premium for supplementary old-age pension is paid in an amount corresponding to 20 per cent of the pensionable salary in excess of 30 income base amounts. The pensionable salary consists of the monthly salary multiplied by 12.2 plus an average of the past three years' bonuses. In addition, a pension premium of 10 per cent of the pensionable salary (consisting of the monthly salary multiplied by 12.2) is paid for the MD of Bilja Personbilar AB. The size of the pension is based on the pension capital at retirement.

Pension for the MD of the Norwegian company Bilja Personbil as becomes payable at the age of 67 years. The pension agreement states that the employee's pension premium shall amount to 6.9 per cent of his pensionable salary.

Severance pay

The employment contracts of the MD and other members of the Group Management contain special rules governing termination by the company. Three of the senior officers are entitled to 24 months' salary, less any salary received by the employee from other service during the past 12 months. In the event of significant changes in the company's ownership structure that affect the premises or content of their jobs, the three senior officers are also entitled to terminate their own employment with the right to 24 months' salary, less any salary received by the employee from other service during the past 12 months.

For information on post-employment employee benefits and equity compensation benefits, see Note 23 "Pensions" and Note 32 "Related parties".

Profit-sharing system for employees

A total of SEK 25 M (21), including payroll overhead, was allocated in the annual accounts for 2015 to cover profit shares for employees.

Note 10 Fees and cost reimbursement to auditors

SEK '000	2015	2014
KPMG AB		
Auditing assignment	-2,403	-2,129
Auditing activities other than the auditing assignment	-662	-460
Tax advice	-134	-64
Other assignments	-300	-238

By "auditing assignment" is meant statutory audit of the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director, plus auditing and other examination as agreed-on or contracted. This includes other tasks that are incumbent upon the company's auditor to perform plus advice or other assistance arising from observations in connection with such auditing or performance of such other tasks. All else is classified as "Auditing activities other than the auditing assignment", "Tax advice" and "Other assignments".

Note 11 Operating expenses classified by nature of expense

	2015	2014
Merchandise	-16,181	-14,667
Other external expenses	-888	-781
Personnel costs	-2,252	-2,111
Depreciation/amortisation	-392	-330
Impairment loss	-12	-10
Other operating expenses	-6	-5
Total	-19,731	-17,904

Note 12 Net financial items

➤ Accounting principle

Bilia applies IAS 18 Revenue and IAS 39 Financial Instruments: Recognition and Measurement in accounting for financial income.

Bilia applies IAS 39 Financial Instruments: Recognition and Measurement in accounting for financial expenses.

Financial income consists of interest income on invested funds, dividend income, gain on disposal of available-for-sale financial assets and realised or unrealised gains on hedging instruments.

Interest income on financial instruments is recognised according to the effective interest method. Dividend income is recognised when the right to receive dividend has been established. The gain or loss from sale of a financial instrument is recognised when the economic risks and rewards incidental to ownership have been transferred to the purchaser and the Group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, the effect of reversal of present value calculation of provisions, impairment of financial assets and realised or unrealised losses on hedging instruments. Borrowing costs are recognised in profit or loss with application of the effective interest method, except to the extent they are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of

time to get ready for its intended use or sale, in which case they are included in the cost of the assets.

Exchange gains and losses are offset.

The effective interest rate is the rate that discounts the estimated future receipts and payments through the expected life of a financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received by the contracting parties that are a part of the effective interest, transaction costs and all other premiums or discounts.

	2015	2014
Interest income ¹⁾	3	6
Other exchange gains	1	0
Financial income	4	6
Interest expenses ¹⁾	-19	-16
Interest costs on defined-benefit pension obligations	-6	-22
Loss currency swaps	-3	-1
Other exchange losses	-2	0
Financial expenses	-30	-39
Share in profits of associated companies	30	26
Net financial items	4	-7

¹⁾ Attributable to items measured at amortised cost.

➤ Accounting principle

Bilia applies IAS 12 Income Taxes in accounting for taxes.

Income taxes consist of current tax and deferred tax. Income taxes are recognised in profit or loss for the year except when the underlying transaction is recognised directly in other comprehensive income or in equity, whereby the associated tax effect is recognised in other comprehensive income or equity.

Current tax is tax to be paid or received with respect to the current year, with the application of tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. Temporary differences are not taken into account in goodwill on consoli-

ation, nor are differences that arise on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit. Furthermore, temporary differences attributable to interests in subsidiary and associated companies that are not expected to be reversed within the foreseeable future are not taken into account either. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and tax rules that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets pertaining to deductible temporary differences and tax-loss carryforwards are only recognised to the extent that it is likely that they will be able to be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised.

Recognised in the Statement of Income and Other Comprehensive Income

	2015	2014
Current tax expense (-)/tax income (+)		
Tax expense/income for the year	-112	-104
Adjustment of tax attributable to previous years	0	7
	-112	-97
Deferred tax expense (-)/tax income (+)		
Deferred tax pertaining to temporary differences	-74	16
Deferred tax pertaining to appropriations	-16	-22
	-90	-6
Total tax expense recognised	-202	-103

	2015		2014	
	Amount	%	Amount	%
Reconciliation of effective tax				
Profit before tax	933		555	
Tax according to tax rate applicable to Parent Company	-205	22.0	-122	22.0
Effect of foreign tax rates	-7	0.8	-6	1.1
Tax attributable to previous years	0	0.0	7	-1.2
Tax effect of non-deductible expenses	-5	0.5	-4	0.7
Tax effect of non-taxable revenues	12	-1.3	27	-4.9
Increase in tax-loss carryforwards without corresponding capitalisation of deferred tax	—	—	-4	0.7
Utilisation of previous uncapitalised tax-loss carryforwards	3	-0.3	—	—
Standard interest on tax allocation reserve	0	0.0	-1	0.2
Effective tax recognised	-202	21.7	-103	18.6

Current tax assets amount to SEK 48 M (24) and represent the recoverable amount of current tax on the net profit for the year.

Tax attributable to other comprehensive income

	2015			2014		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Revaluation of defined-benefit pension plans	-120	26	-94	-172	39	-133
Translation differences for the period on translation of foreign financial statements	-45	—	-45	-1	—	-1
Other comprehensive income/loss	-165	26	-139	-173	39	-134

Recognised in Statement of Financial Position

Deferred tax assets and liabilities

	Deferred tax asset		Deferred tax liability		Net	
	2015	2014	2015	2014	2015	2014
Deferred tax assets and liabilities recognised						
<i>Deferred tax assets and liabilities are attributable to the following:</i>						
Intellectual property	-12	-13	38	10	-50	-23
Land and buildings	1	1	3	2	-2	-1
Plant and equipment	1	2	—	—	1	2
Leased vehicles	17	11	—	—	17	11
Financial investments	—	—	1	1	-1	-1
Inventories	6	6	—	—	6	6
Trade receivables	0	1	—	—	0	1
Untaxed reserves	—	—	133	116	-133	-116
Pension provisions	47	99	—	—	47	99
Other provisions	8	10	—	—	8	10
Operating liabilities	3	1	0	0	3	1
Tax-loss carryforwards	57	—	0	0	57	0
Tax assets/liabilities	128	118	175	129	-47	-11

Unreported deferred taxes recoverable

Deferred tax assets pertaining to deductible temporary differences and tax-loss carryforwards have not been recognised in the Consolidated Statement of Income and Other Comprehensive Income and the Consolidated Statement of Financial Position:

	2015	2014
Temporary differences	—	26
Tax-loss carryforwards	9	66
Total	9	92

Deferred tax assets attributable to temporary differences in Denmark amounted last year to SEK 26 M and previous deductible tax-loss carryforwards in Denmark amount to SEK 9 M (66).

Deferred tax assets have not been recognised for these items, since it is uncertain whether the Group will be able to utilise them for deduction from future taxable profits.

Change in deferred tax in temporary differences and tax-loss carryforwards

	Balance as per 1 Jan. 2014	Recognised in profit or loss for the year	Recognised in other total comprehensive income	Recognised in equity	Acquisition/disposal of business entity	Balance as per 31 Dec. 2014
Intellectual property	-23	0	—	—	—	-23
Land and buildings	0	-1	—	—	—	-1
Plant and equipment	3	-1	—	—	—	2
Leased vehicles	3	8	—	—	0	11
Financial investments	-2	1	—	—	—	-1
Inventories	9	-3	—	—	0	6
Trade receivables	1	0	—	—	—	1
Untaxed reserves	-95	-21	—	—	—	-116
Pension provisions	52	8	39	—	—	99
Other provisions	7	3	—	—	—	10
Operating liabilities	2	-1	—	—	—	1
Tax-loss carryforwards	0	—	—	—	—	0
Translation difference for the year	—	1	—	-1	—	—
Tax assets/liabilities	-43	-6	39	-1	0	-11

	Balance as per 1 Jan. 2015	Recognised in profit or loss for the year	Recognised in other total comprehensive income	Recognised in equity	Acquisition/ disposal of business entity	Balance as per 31 Dec. 2015
Intellectual property	-23	8	—	—	-35	-50
Land and buildings	-1	-1	—	—	—	-2
Plant and equipment	2	-2	—	—	1	1
Leased vehicles	11	2	—	—	4	17
Financial investments	-1	—	—	—	—	-1
Inventories	6	0	—	—	0	6
Trade receivables	1	-1	—	—	0	0
Untaxed reserves	-116	-16	—	—	-1	-133
Pension provisions	99	-78	26	—	—	47
Other provisions	10	-2	—	—	—	8
Operating liabilities	1	1	—	—	1	3
Tax-loss carryforwards	0	—	—	—	57	57
Translation difference for the year	—	-1	—	1	—	—
Tax assets/liabilities	-11	-90	26	1	27	-47

Note 14 Earnings per share

Accounting principle

Bilia applies IAS 33 Earnings Per Share in accounting for earnings per share.

Calculation of earnings per share is based on the consolidated net profit for the year attributable to the Parent Company's owners and on the weighted average number of shares outstanding during the year. In the calculation of diluted earnings per share, the earnings figure and the average number of shares are adjusted to take into account the diluting effects of potential ordinary shares deriving during reported periods from issued warrants attributable to the debenture loan. See Note 27 "Financial instruments".

	Basic		Diluted	
	2015	2014	2015	2014
Earnings per share	12.85	7.65	12.75	7.60

The calculation of earnings per share for 2015 is based on the net profit for the year attributable to the Parent Company's ordinary shareholders, amounting to SEK 647 M (385), and on a weighted average number of shares outstanding. During 2015, the weighted average number of shares was 50,405,986 (50,309,526), which was affected by repurchases of own shares and exercised warrants.

Net profit for the year attributable to the Parent Company's ordinary shareholders, basic

	2015	2014
Net profit for the year attributable to the Parent Company's ordinary shareholders	647	385
Profit attributable to the Parent Company's ordinary shareholders, basic	647	385

Profit attributable to the Parent Company's ordinary shareholders, diluted

	2015	2014
Profit attributable to the Parent Company's ordinary shareholders	647	385
Effect of interest on warrants attached to debenture loan	0	0
Profit attributable to the Parent Company's ordinary shareholders, diluted	647	385

Weighted average number of ordinary shares outstanding, diluted

Thousands	2015	2014
Weighted average number of ordinary shares outstanding during the year, basic	50,406	50,310
Effect of outstanding warrants attached to debenture loan, weighted average	513	609
Weighted average number of ordinary shares during the year, diluted	50,919	50,919

In late 2008 and early 2009, Bilia raised a total of SEK 100 M by an issue of subordinated debentures in the amount of SEK 100 M and an associated issue of 10,000,000 warrants entitling the bearer to subscribe for an equal number of Series A Bilia shares at SEK 10 per share. (Adjusted for the 2:1 share split that was carried out in 2015.) Between 2009 and 2015, inclusive, 9,498,438 warrants were exercised to subscribe for shares, resulting in a new issue

totalling SEK 95 M. During 2015, 87,986 warrants were exercised to subscribe for new shares, resulting in a new issue of SEK 1 M. Bilia had outstanding warrants that expired on 5 January 2016. After the end of the year, an additional 264,682 warrants were exercised, after which the total number of dividend-entitled shares was 50,700,734. Other than these, there are no other outstanding instruments that could cause future dilution effects.

Note 15 Intangible assets

➤ Accounting principle

Bilia applies IAS 38 Intangible Assets in accounting for intangible assets.

Software

Internally developed

Expenditures for research on software are recognised as expense when they are incurred.

Expenditures for development of software and improved business management systems are recognised as an asset in the Statement of Financial Position if the process is technically useful, and if Bilia has sufficient resources to complete development and can subsequently use the intangible asset. The carrying amount includes costs of materials, direct costs for salaries, and overheads that can be attributed to the asset on a reasonable and consistent basis. Other expenditures for development are recognised in profit or loss as expense when they are incurred. Expenditures for development of software recognised in the Balance Sheet are stated at cost less accumulated depreciation and any impairment losses.

Business Combinations

Software acquired via business combinations is recognised at fair value, which is equivalent to estimated replacement cost at the acquisition date less accumulated depreciation and any impairment losses.

Other acquisitions

Other investments in software are recognised at cost less accumulated amortisation and any impairment losses. The cost includes the purchase price plus costs directly attributable to the asset for bringing the asset to its location and to working condition for its intended use.

Customer relations

Customer relations that have been acquired via business combinations are recognised at fair value, which is equivalent to the cost calculated by cash flow valuation at the acquisition date less accumulated amortisation and any impairment losses.

Distribution rights

Distribution rights that have been acquired through business combinations are recognised at fair value, which is equivalent to the cost calculated by cash flow valuation at the acquisition date less accumulated amortisation and any impairment losses.

Trademarks

Trademarks that have been acquired through business combinations are recognised at fair value, which is equivalent to the cost calculated by cash flow valuation at the acquisition date less accumulated amortisation and any impairment losses.

Goodwill

Goodwill represents the difference between the cost of the business combination and the fair value of identifiable assets, assumed liabilities and contingent liabilities.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is subjected annually to impairment testing.

In the case of business combinations where the cost is less than the net value of identifiable assets, assumed liabilities and

contingent liabilities, the difference is recognised directly in profit or loss.

Subsequent expenditures

Subsequent expenditures for capitalised intangible assets are only recognised as an asset in the Statement of Financial Position when they increase the future economic benefits for the specific asset to which they are attributable. All other expenditures are recognized as expenses when they are incurred.

Amortisation

Amortisation is recognised in profit or loss for the year on a straight-line basis over the calculated useful lives of intangible assets, unless these useful lives are indefinite. Goodwill with an indefinite useful life is impairment tested annually or as soon as there are indications that the asset in question has declined in value. Amortisable intangible assets are amortised from the date they are available for use.

Estimated useful lives:

• Software	3–10 years
• Customer relations	10 years
• Distribution rights	10 years
• Trademarks	10 years

Impairment testing of property, plant and equipment and intangible assets

Bilia applies IAS 36 Impairment of Assets in accounting for impairment.

The carrying amounts are tested at every balance sheet date for any indication of impairment. If any such indication exists, the asset's recoverable amount is calculated.

In the case of goodwill and other intangible assets that are not yet ready for use, the recoverable amount is calculated at least annually. An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. An impairment loss is recognised in profit or loss for the year.

Impairment of assets attributable to a cash-generating unit is first allocated to goodwill. Then a pro rata impairment loss is recognised for the other assets included in the unit.

The recoverable amount is the higher of an asset's fair value less selling costs and its value in use. When calculating the value in use, future cash flows are discounted by a discount rate that takes into account the risk-free interest rate and the risk associated with the specific asset.

An impairment loss is reversed if there is an indication that the impairment no longer exists and there has been a change in the estimates used to determine the recoverable amount. Impairment losses relating to goodwill are never reversed, however. An impairment loss is only reversed to the extent the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less amortisation where applicable, if no impairment loss had been recognised

➤ Important accounting estimates and judgements

Impairment testing of goodwill

Goodwill is impairment tested at least annually. Impairment testing is based on 5-year forecasts for the cash-generating units in question. For important assumptions per cash-generating unit, see below.

	Software, internally developed		Software, acquired		Customer relations		Distribution rights	
	2015	2014	2015	2014	2015	2014	2015	2014
Accumulated costs								
At start of year	21	21	131	116	217	215	24	24
Business combinations	—	—	—	—	103	13	35	—
Purchases	0	—	23	15	—	—	—	—
Disposals and retirements	-12	0	-22	0	-12	—	—	—
Reclassifications	—	—	—	—	—	-10	—	—
Translation differences for the year	—	—	—	—	-16	-1	-5	0
	9	21	132	131	292	217	54	24
Accumulated amortisation and impairment losses								
At start of year	-21	-20	-84	-69	-90	-79	-22	-20
Disposals and retirements	12	—	22	0	9	—	—	—
Reclassifications	—	—	—	—	0	10	—	—
Amortisation for the year	0	-1	-16	-15	-27	-21	-4	-2
Translation differences for the year	—	—	—	—	3	0	2	0
	-9	-21	-78	-84	-105	-90	-24	-22
Carrying amount at year-end	0	0	54	47	187	127	30	2

Amortisation and impairment losses

Amortisation is included on the following lines in the Statement of Income and Other Comprehensive Income:

	Software, internally developed		Software, acquired		Customer relations		Distribution rights	
	2015	2014	2015	2014	2015	2014	2015	2014
Cost of goods sold	0	-1	-16	-15	-27	-21	-4	-2

No impairment losses have been recognised.

	Trademarks		Total intellectual property		Goodwill	
	2015	2014	2015	2014	2015	2014
Accumulated costs						
At start of year	8	8	401	384	261	261
Business combinations	—	—	138	13	149	0
Purchases	—	—	23	15	—	—
Disposals and retirements	—	—	-46	0	-17	—
Reclassifications	—	—	—	-10	—	—
Translation differences for the year	-1	0	-22	-1	-23	0
	7	8	494	401	370	261
Accumulated amortisation and impairment losses						
At start of year	-7	-6	-224	-194	-2	-2
Disposals and retirements	—	—	43	0	—	—
Reclassifications	—	—	—	10	—	—
Amortisation for the year	-1	-1	-48	-40	—	—
Translation differences for the year	1	0	6	0	—	—
	-7	-7	-223	-224	-2	-2
Carrying amount at year-end	—	1	271	177	368	259

Amortisation and impairment losses

Amortisation is included on the following lines in the Statement of Income and Other Comprehensive Income:

	Trademarks		Total intellectual property		Goodwill	
	2015	2014	2015	2014	2015	2014
Cost of goods sold	-1	-1	-48	-40	—	—

No impairment losses have been recognised.

Impairment tests for cash-generating units containing assets with an indefinite useful life (goodwill)

The following cash-generating units have carrying amounts for goodwill:

	2015	2014
Bilia Personbilar AB (goodwill)	72	72
Bilia Group Stockholm AB (goodwill)	58	58
Bilia Personbil as (goodwill)	182	127
Bilia Group Göteborg AB (goodwill)	2	2
Bilia Center Syd AB (goodwill)	0	0
Bilia Center Stockholm AB (goodwill)	43	—
Dörr & Hess (goodwill)	11	—

Bilia Center Stockholm AB and Dörr & Hess were acquired in October 2015, hence no impairment is judged to exist.

Bilia Personbilar AB (Goodwill)

Impairment testing for Bilia Personbilar AB was based on calculation of the value in use. This value is based on cash flow forecasts for a total of 5 years, the first of which is based on the budget for 2016 adopted by management. The cash flows forecasted after the first 5 years have been based on an annual growth rate of 2.0 per cent. The present values of the forecasted cash flows have been calculated using a discount rate of 7.89 per cent (7.95) before tax.

The recoverable amount for Bilia Personbilar AB exceeds the carrying amount by a good margin.

Management judges that plausible changes in margins in car sales and demand for service and repair work would not have such great effects that they would reduce the recoverable amount to a value lower than the carrying amount.

The important assumptions in the 5-year forecast and the methods used to estimate values are as follows:

Important variables and methods for estimating values

Market share and growth

Demand for new cars has historically followed the business cycle, while demand for service and repair work has been more stable. The market situation was assumed to be at a slightly lower level compared with 2015. The forecast agrees with previous experience and external information sources.

Prices

Prices have been assumed to increase with the expected rate of inflation. The forecast agrees with previous experience and external information sources.

Personnel costs

The forecast for personnel costs is based on some increase in real wages and planned efficiency improvements in the operations. The forecast agrees with previous experience and external information sources.

Bilia Group Stockholm AB (goodwill)

Impairment testing for Bilia Group Stockholm AB was based on calculation of the value in use. This value is based on cash flow forecasts for a total of 5 years, the first of which is based on the budget for 2016 adopted by management. The cash flows forecasted after the first 5 years have been based on an annual growth rate of 2.0 per cent. The present values of the forecasted cash flows have been calculated using a discount rate of 7.44 per cent (7.68) before tax.

The recoverable amount for Bilia Personbilar AB exceeds the carrying amount by a good margin.

Management judges that plausible changes in margins in car sales and demand for service and repair work would not have such great effects that they would reduce the recoverable amount to a value lower than the carrying amount.

The important assumptions in the 5-year forecast and the methods used to estimate values are as follows:

Important variables and methods for estimating values

Market share and growth

Demand for new cars has historically followed the business cycle, while demand for service and repair work has been more stable. The market situation was assumed to be at a slightly lower level compared with 2015. The forecast agrees with previous experience and external information sources.

Prices

Prices have been assumed to increase with the expected rate of inflation. The forecast agrees with previous experience and external information sources.

Personnel costs

The forecast for personnel costs is based on some increase in real wages and planned efficiency improvements in the operations. The forecast agrees with previous experience and external information sources.

Bilia Personbil as (goodwill)

Impairment testing for Bilia Personbil as was based on calculation of the value in use. This value is based on cash flow forecasts for a total of 5 years, the first of which is based on the budget for 2016 adopted by management. The cash flows forecasted after the first 5 years have been based on an annual growth rate of 2.0 per cent. The present values of the forecasted cash flows have been calculated using a discount rate of 8.52 per cent (8.57) before tax.

The recoverable amount for Bilia Personbilar AB exceeds the carrying amount by a good margin.

Management judges that plausible changes in margins in car sales and demand for service and repair work would not have such great effects that they would reduce the recoverable amount to a value lower than the carrying amount.

The important assumptions in the 5-year forecast and the methods used to estimate values are as follows:

Important variables and methods for estimating values

Market share and growth

Demand for new cars has historically followed the business cycle, while demand for service and repair work has been more stable. The market situation was assumed to be at a slightly lower level compared with 2015. The forecast agrees with previous experience and external information sources.

Prices

Prices have been assumed to increase with the expected rate of inflation. The forecast agrees with previous experience and external information sources.

Personnel costs

The forecast for personnel costs is based on some increase in real wages and planned efficiency improvements in the operations. The forecast agrees with previous experience and external information sources.

Bilia Group Göteborg AB (goodwill)

Impairment testing for Bilia Group Göteborg AB was based on calculation of the value in use. This value is based on cash flow forecasts for a total of 5 years, the first of which is based on the budget for 2016 adopted by management. The cash flows forecasted after the first 5 years have been based on an annual growth rate of 2.0 per cent. The present values of the forecasted cash flows have been calculated using a discount rate of 7.94 per cent (7.94) before tax.

The recoverable amount for Bilia Group Göteborg AB exceeds the carrying amount by a good margin.

Management judges that plausible changes in margins in car sales and demand for service and repair work would not have such great effects that they would reduce the recoverable amount to a value lower than the carrying amount.

The important assumptions in the 5-year forecast and the methods used to estimate values are as follows:

Important variables and methods for estimating values

Market share and growth

Demand for new cars has historically followed the business cycle, while demand for service and repair work has been more stable. The market situation was assumed to be at a slightly lower level compared with 2015. The forecast agrees with previous experience and external information sources.

Prices

Prices have been assumed to increase with the expected rate of inflation. The forecast agrees with previous experience and external information sources.

Personnel costs

The forecast for personnel costs is based on some increase in real wages and planned efficiency improvements in the operations. The forecast agrees with previous experience and external information sources.

Bilia Center Syd AB (goodwill)

Impairment testing for Bilia Center Syd AB was based on calculation of the value in use. This value is based on cash flow forecasts for a total of 5 years, the first of which is based on the budget for 2016 adopted by management. The cash flows forecasted after the first 5 years have been based on an annual growth rate of 2.0 per cent. The present values of the forecasted cash flows have been calculated using a discount rate of 7.70 per cent (7.73) before tax.

The recoverable amount for Bilia Center Syd AB exceeds the carrying amount by a good margin.

Management judges that plausible changes in margins in car sales and demand for service and repair work would not have such great effects that they would reduce the recoverable amount to a value lower than the carrying amount.

The important assumptions in the 5-year forecast and the methods used to estimate values are as follows:

Important variables and methods for estimating values

Market share and growth

Demand for new cars has historically followed the business cycle, while demand for service and repair work has been more stable. The market situation was assumed to be at a slightly lower level compared with 2015. The forecast agrees with previous experience and external information sources.

Prices

Prices have been assumed to increase with the expected rate of inflation. The forecast agrees with previous experience and external information sources.

Personnel costs

The forecast for personnel costs is based on some increase in real wages and planned efficiency improvements in the operations. The forecast agrees with previous experience and external information sources.

Note 16 Property, plant and equipment

➤ Accounting principle

Bilia applies IAS 16 Property, Plant and Equipment in accounting for property, plant and equipment and IAS 17 Leases in accounting for leases.

Owned assets

Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment losses. The cost includes the purchase price plus expenses directly attributable to the asset for bringing the asset to its location and to working condition for its intended use.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of the qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Primarily, borrowing costs that have arisen on loans that are specific to the qualifying asset are capitalised. Secondly, borrowing costs that have arisen on general loans that are not specific to any qualifying asset are capitalised.

Construction in progress

Construction in progress consists primarily of conversion projects in Segeltorp, Mariestad and Falköping in Sweden.

Leased assets

Lessee

Leases are classified as either finance or operating leases. In the case of finance leases, the economic risks and rewards incidental to ownership are transferred substantially to the lessee. Otherwise the lease is classified as an operating lease.

Assets that are leased under finance leases are recognised as assets in the Statement of Financial Position and are initially measured at the lower of the fair value of the asset and the present value of the minimum lease payments at the commencement of the lease. Commitments to pay future lease payments are recognised as non-current and current liabilities. The leased assets are depreciated according to plan, while the minimum lease payments are recognised as interest and repayment of the liabilities. The interest expense is allocated over the lease period so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recog-

nised during that period. Variable payments are recognised as expenses in the periods they are incurred.

Lessor

Assets that are leased out under operating leases are recognised as property, plant and equipment. These assets consist of owned and rented cars that are leased out under operating leases, as well as sold cars combined with a future repurchase commitment at a guaranteed residual value.

Subsequent expenditures

Subsequent expenditures are added to the cost only if it is probable that the future economic benefits associated with the asset will flow to the company and the cost of the asset can be measured reliably. All other subsequent expenditures are recognised as expense in the period they are incurred.

A subsequent expenditure is added to the cost if the expenditure relates to replacements of identified components or parts thereof. The expenditure is also added to the cost in cases when a new component has been created. Any undepreciated carrying amounts on replaced components, or parts of components, are retired and recognised as expenses in conjunction with their replacement. Repairs are recognised as expenses when they occur.

Principles of depreciation

Depreciation is straight-line over the estimated useful life of the asset. Land is not depreciated.

Estimated useful lives:

- Computer equipment 3–5 years
- Other non-current assets, excluding assets for lease 5–10 years
- Leased vehicles 4–7 years

An annual assessment is made of an asset's residual value and useful life.

Impairment losses

For an explanation of the accounting principle for impairment losses, see Note 15 "Intangible assets".

➤ Important accounting estimates and judgements

See Note 2 "Revenue" regarding repurchase agreements.

	Land and buildings		Construction in progress	
	2015	2014	2015	2014
Accumulated costs				
At start of year	179	155	7	8
Business combinations	26	—	0	—
Purchases	361	93	2	1
Disposals and retirements	-325	-72	—	—
Reclassifications	—	2	-1	-2
Translation differences for the year	-8	1	—	—
	233	179	8	7
Accumulated depreciation				
At start of year	-75	-55	—	—
Business combinations	-6	—	—	—
Disposals and retirements	1	2	—	—
Depreciation for the year	-24	-22	—	—
Translation differences for the year	4	0	—	—
	-100	-75	—	—
Accumulated impairment losses				
At start of year	-4	-6	—	—
Disposals and retirements	2	2	—	—
Translation differences for the year	0	0	—	—
	-2	-4	—	—
Carrying amount at year-end	131	100	8	7

Depreciation and impairment losses

Depreciation is included on the following lines in the Statement of Income and Other Comprehensive Income:

	Land and buildings		Construction in progress	
	2015	2014	2015	2014
Cost of goods sold	-10	-9	—	—
Selling expenses	-13	-12	—	—
Administrative expenses	-1	-1	—	—
Total	-24	-22	—	—

No impairment losses have been recognised.

	Equipment, tools, fixtures and fittings		Leased vehicles	
	2015	2014	2015	2014
Accumulated costs				
At start of year	974	926	1,963	1,725
Business combinations	75	14	301	34
Purchases	76	86	1,177	1,105
Disposals and retirements	-111	-54	-916	-902
Reclassifications	3	—	-2	—
Translation differences for the year	-34	2	-65	1
	983	974	2,458	1,963
Accumulated depreciation				
At start of year	-653	-629	-307	-323
Business combinations	-31	-10	—	—
Disposals and retirements	79	45	167	226
Depreciation for the year	-66	-57	-254	-211
Translation differences for the year	19	-2	0	1
	-652	-653	-394	-307
Accumulated impairment losses				
At start of year	0	0	-19	-13
Disposals and retirements	—	—	3	—
Impairment losses for the year	—	—	—	-6
	0	0	-16	-19
Carrying amount at year-end	331	321	2,048	1,637
Finance leases (included above)				
Cost	42	38	220	214
Accumulated depreciation	-10	-8	-69	-68
	32	30	151	146
Lease payments during the financial year	-7	-6	-36	-34
<i>Contractual future minimum lease payments:</i>				
Within one year	-10	-11	-25	-24
– Present value	-10	-11	-24	-23
Between one and five years	-3	-6	-7	-5
– Present value	-3	-5	-7	-5

Depreciation and impairment losses

Depreciation is included on the following lines in the Statement of Income and Other Comprehensive Income:

	Equipment, tools, fixtures and fittings		Leased vehicles	
	2015	2014	2015	2014
Cost of goods sold	-26	-24	-254	-211
Selling expenses	-1	-1	—	—
Administrative expenses	-39	-36	—	—
Total	-66	-57	-254	-211

Impairment losses are included on the following lines in the Statement of Income and Other Comprehensive Income:

	Equipment, tools, fixtures and fittings		Leased vehicles	
	2015	2014	2015	2014
Cost of goods sold	—	—	—	-6

Note 17 Interests in associated companies

➤ Accounting principle

Bilia applies IAS 28 Investments in Associates in accounting for interests in associated companies.

Associated companies are those companies in which the Group has a significant, but not a controlling, influence over operating and financial policy decisions, normally through shareholdings giving them between 20 and 50 per cent of the votes. As from the point in time when the significant influence is exercised, interests in associated companies are recognised in the consolidated accounts in accordance with the equity method. The equity method entails that the value of the shares in the

associated companies reported in the consolidated accounts is equivalent to the Group's share of the associated companies' equity plus goodwill on consolidation and any other remaining surplus or deficit values on consolidation. The Group's share in the associated companies' profit or loss after tax are recognised in the net profit for the year as "Share in profits of associated companies". This share in profits, less dividends received from associated companies, comprises the principal change in the carrying amount of interests in associated companies.

The equity method is applied until such time as the significant influence ceases to exist.

	2015	2014
Carrying amount at start of year	370	348
Share in profits of associated companies ¹⁾	7	22
Carrying amount at year-end	377	370

¹⁾ Share in profits of associated companies profits after tax. A dividend of SEK 23 M (4) has been received.

Bilia has less than a 20 per cent stake in the company, but because Bilia has owner representation on the Board of Directors and participates in the work with strategic matters, and because significant connections exist with the operations of this company, significant influence is judged to exist, so the holding is classified as an associated company.

Consolidated values pertaining to 100 per cent of the associated company's revenue, profit, assets and liabilities are specified below.

	Volvofinans Bank AB	
	2015	2014
Operating revenue	4,057	3,833
Earnings	1,032	256
Other comprehensive income	—	—
Total comprehensive income	1,032	256
Current assets	550	710
Lending	15,150	14,896
Non-current assets	13,993	12,924
Current liabilities	1,763	1,684
Borrowing	23,981	22,711
Non-current liabilities	546	757
Net assets	3,403	3,378
Dividend to AB Volverkinvest	257	215
Total net assets before dividend ¹⁾	3,660	3,593

Bilia's direct and indirect holdings in AB Volverkinvest amount to 20.6 % (20.6). AB Volverkinvest owns 50 % of Volvofinans Bank AB.

The main function of AB Volverkinvest is to own and manage shares in Volvofinans Bank AB on behalf of the Volvo dealers.

The figures for the associated company pertain to the accounting period 1 October 2014 to 30 September 2015 (1 October 2013 to 30 September 2014). More recent information on the associated company is not available at the time of preparation of the Bilia Group's consolidated accounts. This year's dividend from Volvofinans Bank AB to AB Volverkinvest, not yet further distributed to Bilia, has been included in the calculation of consolidated values.

¹⁾ The amount refers to equity including equity in untaxed reserves.

Note 18 Financial investments

➤ Accounting principle

Bilia applies IAS 39 Financial Instruments: Recognition and Measurement in accounting for financial investments.

For an explanation of the accounting principle, see Note 27 "Financial instruments".

	2015	2014
Financial investments classified as non-current assets		
<i>Available-for-sale financial assets</i>		
Shares and interests, unlisted holdings where fair value cannot be determined	1	1
Housing cooperative units, holdings where fair value cannot be determined ¹⁾	6	6
Deposits, cash and cash equivalents ²⁾	0	4
Total	7	11

¹⁾ Last year an impairment loss of SEK 4 M was recognised on a cooperative unit (a workshop).

²⁾ The deposits are not available and are therefore classified as available-for-sale financial assets.

Note 19 Long-term receivables and other receivables

	2015	2014
Long-term receivables classified as non-current assets		
<i>Interest-bearing</i>		
Hire purchase receivables	0	5
Promissory note loan	—	20
Total	0	25

Other receivables classified as current assets

<i>Non-interest-bearing</i>		
Work in progress	20	15
Value added tax	31	9
Bonus/support	25	20
Derivatives	1	0
Other	71	76
Total	148	120
<i>Interest-bearing</i>		
Hire purchase receivables	0	2
Total	148	122

Impairment losses of SEK 1 M (—) were recognised on receivables during the year.

Note 20 Inventories

➤ Accounting principle

Bilia applies IAS 2 Inventories in accounting for inventories.

Inventories are carried at the lower of cost and net realisable value. The cost of inventories is calculated by applying the first-in, first-out (FIFO) method and includes expenditures incurred in purchasing the inventory assets and bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The risk of obsolescence has thereby been taken into account.

The company can reduce its risks and tied-up capital by purchasing cars on commission or consignment from certain of Bilia's main suppliers. These cars are not recognised in inventories. In the event a new car cannot be sold, Bilia can return it to the supplier, and a charge is paid to the supplier during the time the car is kept at Bilia.

➤ Important accounting estimates and judgements

Valuation of used cars

Used cars are valued at the lower of their cost and net selling price. Net selling price is determined on the basis of the estimated selling price less direct selling expenses. Used cars are included in the line item "Merchandise". At year-end, the cost exceeded the net selling price by SEK 15 M (18).

The cost of goods sold includes write-down of used cars by SEK 5 M (4).

The item "Merchandise" consists of:

	2015	2014
New cars	1,218	1,042
Used cars	771	724
Demonstration cars	390	321
Spare parts	165	144
Other	20	19
Total	2,564	2,250

Note 21 Prepaid expenses and accrued income

	2015	2014
Bonus	79	57
Prepaid expenses	101	96
Accrued income	52	43
Total	232	196

Note 22 Interest-bearing liabilities

► Accounting principle

Bilia applies IAS 17 Leases in accounting for finance lease liabilities. Bilia applies IAS 39 Financial Instruments: Recog-

nition and Measurement in accounting for financial instruments. For an explanation of the accounting principle, see Note 27 "Financial instruments".

The note contains information on Bilia's contractual terms regarding interest-bearing liabilities. For more information on Bilia's exposure to interest rate risk and risk of exchange rate changes, see Note 28 "Financial risks and risk management".

	2015	2014
Non-current liabilities		
Debenture loan	—	28
Personnel fund	5	5
Finance lease liabilities	70	59
	75	92
Current liabilities		
Debenture loan	28	—
Overdraft facility	6	0
Current portion of bank loans	568	36
Current portion of finance lease liabilities	114	152
	716	188
Total	791	280

Terms and repayment periods

Collateral for bank loans has been pledged in the form of floating charges in the amount of SEK 597 M (587) and in the form of pledged assets in the amount of SEK 363 M (329).

Lender	Currency	2015				2014			
		Nominal interest rate, %	Maturity	Nominal amount	Carrying amount	Nominal interest rate, %	Maturity	Nominal amount	Carrying amount
Debenture loan	SEK	7.00	2016	28	28	7.00	2016	28	28
Overdraft facility		1.04	2016	6	6				
Nordea Finans	DKK					2.16	2015	12	12
Renault Finance Nordic	DKK					3.58	2015	4	4
Renault Finance Nordic	SEK	3.27	2016	24	24	3.27	2015	1	1
Forso Nordic	DKK					3.51	2015	19	19
BMW Bank	EUR	2.61	2016	97	97				
DNB	SEK	1.30	2016	150	150				
DNB	SEK	1.50	2016	51	51				
Nordea	SEK	0.94	2016	225	225				
BMW Bank	EUR	2.99	2016	13	13				
VR Bank	EUR	3.00	2016	4	4				
Volksbank	EUR	7.65	2016	4	4				
Personnel fund	SEK	1.11		5	5	1.11		5	5
Finance lease liabilities	SEK	1.90		184	184	2.80		211	211
Total					791				280

Finance lease liabilities

	2015			2014		
	Minimum lease payment	Interest	Principal	Minimum lease payment	Interest	Principal
Within one year	116	2	114	156	4	152
Between one and five years	71	1	70	61	2	59
Total	187	3	184	217	6	211

➤ Accounting principle

Bilia applies IAS 19 Employee Benefits in accounting for pensions.

Defined-contribution pension plans

Pension plans classified as defined-contribution plans are those where the company's obligation is limited to the contributions the company has undertaken to pay. In such cases, the size of the employee's pension is dependent on the contributions paid by the company to the plan or to an insurance company and the return on capital yielded by the contributions. Consequently, it is the employee who bears the actuarial risk (that the pension payment will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected payments). The company's obligations with regard to payments to defined-contribution plans are recognised as a cost in profit or loss for the year as they are earned by the employee's performance of services for the company during a period.

Defined-benefit pension plans

Sweden

On 1 May 2015, Bilia redeemed the Swedish pension liability for ITP 2, after which obligations for old-age pension and family pension for salaried employees are secured by insurance in Alecta.

According to a statement by the Swedish Financial Reporting Board, UFR 10, insurance via Alecta is a multi-employer defined-benefit plan. Bilia has not had access to information that makes it possible to account for this plan as a defined-benefit plan. The ITP pension plan that is secured via insurance in Alecta is therefore accounted for as a defined-contribution plan, but with supplementary information.

Norway

Most employees in Norway are covered by defined-contribution pension plans. During a transition period, a small number of employees are covered by defined-benefit pension plans.

Germany

In Germany, all employees are covered by defined-contribution pension plans.

General

Defined-benefit plans are other plans than defined-contribution plans for post-employment employee benefits.

The Group's net obligation regarding defined-benefit plans is calculated separately for each plan by estimation of the future

benefit entitlement which the employees have earned by their employment in both the current and previous periods. The benefit entitlement is discounted to a present value. The discount rate is the year-end interest rate on a first-class corporate bond, including a mortgage bond, with a maturity corresponding to the Group's pension obligations. When there is no deep market in such corporate bonds, the market rate on government bonds with an equivalent maturity is used instead. The calculation is performed by a qualified actuary using the Projected Unit Credit Method. Furthermore, the fair value of plan assets is calculated at the reporting date.

The Group's net liability consists of the present value of the liability less the fair value of the plan assets adjusted for the asset ceiling, if any.

The net interest expense or income on the defined-benefit liability or asset is recognised in profit or loss for the year under "Net financial items". The net interest is based on the interest that arises when the net liability is discounted, i.e. the interest on the liability, the plan assets and the effect of the asset ceiling, if any. Other components are recognised in operating profit or loss.

Remeasurement effects consist of actuarial gains and losses, experience-based adjustments, the difference between the actual return on plan assets and the amount included in the net interest, and any change in the effect of the asset ceiling (excluding amounts included in the net interest). The remeasurement effects are recognised in other comprehensive income.

When the calculation leads to an asset for the Group, the carrying amount of the asset is limited to the lower of the surplus in the plan and the asset ceiling calculated by means of the discount rate. The asset ceiling consists of the present value of any future economic benefits in the form of reduced future contributions or cash refunds. In calculating the present value of future refunds or contributions, minimum funding requirements (if any) are taken into account.

Changes or reductions in a defined-benefit plan are recognised at the earliest of the following points in time: a) when the change in the plan or the reduction occurs, or b) when the company recognises related restructuring costs and termination benefits. The changes/reductions are recognised directly in profit or loss for the year.

Yield tax is recognised as it arises in the profit or loss for the period to which the tax pertains and is thereby included in the liability calculation. In the case of funded plans, the tax is levied on the return on plan assets and is recognised in other comprehensive income. In the case of unfunded or partially funded plans, the tax is levied on profit or loss for the year.

	2015	2014
Defined-benefit pension plans		
Present value of wholly or partially funded obligations	119	792
Present value of unfunded obligations	0	0
Total present value of defined-benefit obligations	119	792
Fair value of plan assets	-113	-125
Net of present value of obligations and fair value of plan assets	6	667
Net amount recognised regarding defined-benefit plans in Statement of Financial Position	6	667
<i>The net amount for defined-benefit plans is recognised in the following items in the Statement of Financial Position:</i>		
Provisions for pensions	6	667
Net amount in Statement of Financial Position	6	667

Defined-benefit plans

The Group has a defined-benefit plan in Norway, that pay benefits to employees when they retire.

The Norwegian plan provides for benefits that are based on

number of employees, salary level and return on pension capital.

The defined-benefit plan is exposed to actuarial risks such as longevity, currency, interest rate and investment risks.

Changes in the present value of the obligation for defined-benefit plans

	2015	2014
Obligation for defined-benefit plans at 1 January	792	628
Benefits disbursed	-11	-20
Service cost, current period	9	17
Interest expense	9	25
<i>Remeasurements:</i>		
– Actuarial gains and losses due to changed financial assumptions	96	150
– Experience-based adjustments	-2	-6
Redemption of PRI liability Sweden	-762	—
Move of Norwegian AFP scheme	0	0
Exchange rate differences	-12	-2
Obligation for defined-benefit plans at 31 December	119	792

The present value of the obligation is distributed among the members of the plans as follows, %:

Sweden:

Active members	—	29.0
Paid-up policyholders	—	46.8
Retirees	—	24.2

Norway:

Active members	28.4	32.3
Paid-up policyholders	—	—
Retirees	71.6	67.7

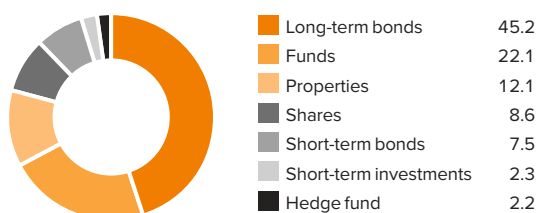
Change in fair value of plan assets

	2015	2014
Fair value of plan assets at 1 January	125	122
Interest income recognised in profit or loss	2	5
Benefits disbursed	-5	-5
Service cost, current period	4	1
Actuarial gains and losses	-1	3
Exchange rate differences	-12	-1
Fair value of plan assets at 31 December	113	125

The plan assets consist of the following, %

	2015	2014
Shares	8.6	9.2
Properties	12.1	8.7
Funds	22.1	24.0
Hedge fund	2.2	2.4
Short-term bonds	7.5	10.6
Long-term bonds	45.2	45.9
Short-term investments	2.3	-0.8
Total	100.0	100.0

Breakdown of plan assets, %



An analysis of the matching strategy is performed by the pension plan's asset manager at the end of each report period to evaluate the investment policy.

	2015	2014
Cost recognised in profit or loss for the year		
Service cost	5	16
Net interest income (-)/Interest expense (+)	6	20
Net cost in profit or loss for the year	11	36

The cost is recognised on the following lines included in the profit or loss for the year:

Cost of goods sold	-1	0
Selling expenses	5	11
Administrative expenses	1	5
Financial income/expense	6	20
Total	11	36

Actual return on plan assets, %	2.50	2.30
---------------------------------	------	------

	2015	2014
Cost recognised in other comprehensive income/loss		
<i>Remeasurements:</i>		
Actuarial gains (-) and losses (+) due to changed financial assumptions	121	181
Experience-based adjustments	-2	-7
Difference between actual return and return according to the discount rate on the plan assets	1	-2
Net amount recognised in other comprehensive income/loss	120	172
Pension obligation		
Defined-benefit plans	6	667
Other pensions	2	1
Payroll tax	—	53
Total	8	721

Assumptions for defined-benefit obligations

Significant actuarial assumptions at the balance sheet date in Norway (expressed as weighted averages), %:

	2015	2014
<i>Sweden:</i>		
Discount rate	—	2.60
Future salary increases	—	2.80
Employee turnover	—	6.50
Income base amount	—	2.80
Inflation	—	1.50
<i>Norway:</i>		
Discount rate	2.50	2.30
Expected return on plan assets	2.50	2.30
Future salary increases	2.50	2.75
Future pension increases	0.00	0.00

Life expectancy assumptions are based on published statistics and mortality rates. The current life expectancy for which the obligation is calculated is shown in the table below (years):

	2015	2014
<i>Sweden:</i>		
Life expectancy assumptions at 65 years – for retired members:		
Men	—	23
Women	—	25
Life expectancy assumptions at 65 years – for members who are 45 years of age:		
Men	—	22
Women	—	24
<i>Norway:</i>		
Life expectancy assumptions at 60 years – for retired members:		
Men	21	21
Women	24	24
Life expectancy assumptions at 60 years – for members who are 40 years of age:		
Men	23	23
Women	26	26

Financing

At 31 December 2015, the weighted average maturity for the obligation in Norway was 11 years (11).

The Group estimates that SEK 6 M will be paid during 2016 to funded and unfunded defined-benefit plans that are recognised as defined-benefit plans and SEK 68 M will be paid during 2016 to the defined-benefit plans that are recognised as defined-contribution plans.

Obligations for old-age pension and family pension for salaried employees in Sweden are secured by insurance in Alecta. According to a statement by the Swedish Financial Reporting Board UFR 10, this is a multi-employer defined-benefit plan. For financial year 2015, Bilja has not had access to information that makes it possible to account for this plan as a defined-benefit plan. The ITP pension plan that is secured via insurance in Alecta is therefore accounted for as a defined-contribution plan. The premium for the defined-benefit old-age and family pension is individually calculated and is dependent on such factors as salary, accrued pension and expected remaining working life. The year's contributions for pension insurance policies taken out in Alecta amount to SEK 52 M (28). Bilja's share of the total savings premiums for ITP 2 in Alecta amounts to 3.02515 per cent, and Bilja's share of the total number of active members in the plan amounts to 0.13935 per cent.

The collective funding ratio is the market value of Alecta's assets as a percentage of their insurance obligations calculated according to Alecta's actuarial methods and assumptions, which do not agree with IAS 19. The collective funding ratio should normally be permitted to vary between 125 and 155 per cent. If Alecta's collective funding ratio falls short of 125 per cent or exceeds 155 per cent, measures shall be adopted so that the collective funding ratio returns to the normal range. When the funding ratio is low, one possible measure is to raise the agreed-on price for new policies and benefit increases. When the funding ratio is high, one possible measure is to reduce premiums. At year-end 2015, Alecta's surplus in the form of the collective funding ratio¹⁾ amounted to 153 per cent (143).

¹⁾ Alecta publishes figures on its collective funding ratio every month on its website.

Defined-contribution plans

In Sweden the Group has defined-contribution pension plans for workers that are paid for entirely by the subsidiaries.

In other countries there are defined-contribution plans that are paid for in part by the subsidiaries and in part by contributions paid by the employees. Payments are made to these plans on a regular basis in accordance with the rules in each plan.

	2015	2014
Costs for the year for defined-contribution plans ²⁾	135	104

²⁾ Of which SEK 52 M (28) pertaining to ITP plan funded in Alecta.

Note 24 Provisions

➤ Accounting principle

Bilia applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for provisions.

A provision differs from other liabilities in that uncertainty exists regarding the timing of the cash outflow or the size of the amount to settle the provision. A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event and it is probable (more likely than not) that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made in the amount that is the best estimate of the expenditure required to settle the present obligation on the balance sheet date.

When the effect of the timing of cash outflows is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, where applicable, the risks specific to the liability.

Severance pay

A provision for severance pay is recognised when the Group has adopted a plan for layoffs.

Claims

A provision for claims is recognised on the basis of historical data concerning claims costs for similar products and services.

Warranty obligations

A provision for warranties is recognised when the underlying products or services have been sold. The provision is based on historical data on warranties and the weighing of all possible outcomes in relation to their associated probabilities.

Restoration costs

A provision for restoration costs regarding Bilia's fuelling stations is recognised when the Group estimates that it is more likely than not that a fuelling station will require site remediation. A provision of SEK 0.5 M per fuelling station has been made for a total provision of SEK 6 M (3).

Onerous contracts

A provision for onerous contracts is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Earnout

Earnout is deferred additional consideration that may be payable for the acquisition of an operation. Normally, the additional consideration is linked to some kind of performance measure. A probability assessment is made to determine the size of the provision for earnout. Measurement is made at fair value.

	Non-current		Current	
	2015	2014	2015	2014
Severance pay	—	—	—	1
Claims	—	1	—	2
Warranty obligations	38	36	2	1
Restoration costs	6	3	—	—
Onerous contracts	—	54	—	9
Earnout	—	0	—	1
Total	44	94	2	14

	Severance pay		Claims		Warranty obligations		Restoration costs		Onerous contracts		Earnout		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount at start of year	1	3	3	2	37	27	3	—	63	23	1	1	108	56
Provisions made during the year	—	7	—	1	34	49	3	3	—	41	—	0	37	101
Business combinations	—	—	—	—	4	—	—	—	—	—	—	—	4	—
Amounts utilised during the year	—1	—9	—	—	—	—	—	—	—	—4	—1	—	—2	—13
Unutilised amounts reversed during the year	0	0	—3	—	—32	—38	0	—	—62	—	—	—	—97	—38
Translation differences	—	0	0	0	—3	—1	0	—	—1	3	—	—	—4	2
Carrying amount at year-end	—	1	—	3	40	37	6	3	—	63	—	1	46	108

Payments	2015	2014
Amount by which the provision is expected to be paid after more than twelve months	44	94

Note 25 Other liabilities

➤ Accounting principle

For the accounting principle regarding "Liability pertaining to cars sold with repurchase agreements," see Note 2 "Revenue".

For the accounting principle regarding "Derivatives," see Note 27 "Financial instruments".

➤ Important accounting estimates and judgements

See Note 2 "Revenue" pertaining to repurchase agreements and service subscriptions.

	2015	2014
Other non-current liabilities		
Liability pertaining to cars sold with repurchase agreements	1,211	920
Total	1,211	920
Other current liabilities		
Liability pertaining to cars sold with repurchase agreements	675	538
Value added tax	55	92
Advance payments from customers	49	60
Tax deducted at source	39	32
Employer contributions, etc.	43	30
Derivatives	0	0
Demo cars	101	—
Other	33	50
Total	995	802

Note 26 Accrued expenses and deferred income

➤ Important accounting estimates and judgements

See Note 2 "Revenue" pertaining to repurchase agreements and service subscriptions.

	2015	2014
Accrued wages and salaries	262	275
Accrued social security contributions	162	147
Accrued interest	3	3
Future unrealised revenue pertaining to repurchase agreements	81	66
Accrual of service and security agreements	132	104
Other accrued expenses and deferred income	119	99
Total	759	694

Note 27 Financial instruments

➤ Accounting principle

Bilia applies IAS 32 Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurement in accounting for financial instruments.

Financial instruments that are recognised in the Statement of Financial Position include, on the asset side, cash and cash equivalents, loans receivable, trade receivables, financial investments and derivatives with positive fair value. On the liability side they include trade payables, loans payable and derivatives with negative fair value.

Recognition and derecognition in the Statement of Financial Position

A financial asset or financial liability is recognised in the Statement of Financial Position when Bilia becomes a party to the contractual terms of the instrument. A receivable is recognised when Bilia has performed its contractual obligations and there is a contractual obligation for the counterparty to pay, even if no invoice has been sent. Trade receivables are recognised in the Statement of Financial Position when an invoice has been sent. A liability is recognised when the counterparty has performed its contractual obligations and there is a contractual obligation to pay, even if no invoice has been received. Trade liabilities are recognised when an invoice has been received.

A financial asset is derecognised in the Statement of Financial Position when the entitlements in the contract are realised, mature, or fall outside the control of Bilia. The same applies to part of a financial asset. A financial liability is derecognised in the Statement of Financial Position when the obligation in the contract is discharged or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and the net amount is recognised in the Statement of Financial Position when, and only when, an entity has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The purchase or sale of financial assets is recognised on the trade date, which is the day when the company committed itself to purchase or sell the asset.

Classification and measurement

Financial instruments that are not derivatives are recognised initially at cost, equivalent to the fair value of the instrument plus transaction costs for all financial instruments except for those classified as financial assets that are recognised at fair value through profit or loss, exclusive of transaction costs. A financial instrument is classified on initial recognition based on e.g. the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured after initial recognition as described below.

Derivative instruments are initially recognised at fair value, which means that transaction costs are recognised in profit or loss for the period. After initial recognition, derivative instruments are recognised in the manner described below.

Cash and cash equivalents consist of cash on hand and demand deposits at banks and similar institutions, as well as short-term, highly liquid investments.

Short-term investments have been classified as cash and cash equivalents based on the fact that they carry negligible risk for value fluctuations, they can easily be converted to cash and they have a maturity of not more than three months from their date of acquisition.

Financial assets measured at fair value through profit or loss

In this category Bilja has derivative instruments consisting of currency swaps, which are used to control the Group's equalisation of cash and cash equivalents in foreign currencies. All derivatives with positive fair value are recognised at fair value in the Statement of Financial Position under "Other current receivables". Changes in value of currency swaps are recognised in "Financial income" or "Financial expenses". Hedge accounting is not applied.

Loan receivables and other receivables

This category consists of promissory note loans, instalment receivables, trade receivables and other receivables. Assets in this category are measured at amortised cost. Amortised cost is determined on the basis of the effective rate of interest at the acquisition date.

These assets are recognised at the amount that is expected to be recovered less doubtful debts.

In connection with impairment testing, the recoverable amount is calculated as the present value of future cash flows discounted by the effective interest rate that applied when the asset was initially recognised. Assets with a short maturity are not discounted. Impairment losses are reversed if the former reasons for impairment no longer exist and full payment is expected to be received from the customer.

Available-for-sale financial assets

Available-for-sale financial assets include financial assets that have not been classified in any other category or financial assets that Bilja has initially chosen to classify in this category. Holdings of shares and interests in entities that are not recognised as subsidiaries or associated companies, housing cooperative units and deposits of cash and cash equivalents are recognised here. Assets in this category are measured at fair value, with changes in value during the period recognised in other comprehensive income. Bilja's shareholding in this category consists of unlisted shares. Since fair value cannot be calculated with sufficient reliability for these holdings and for housing cooperative units,

these assets are measured at cost. When an asset is sold, gain or loss is recognised in profit or loss for the year.

Financial liabilities measured at fair value through profit or loss

In this category Bilja has derivative instruments consisting of currency swaps, which are used to control the Group's equalisation of cash and cash equivalents in foreign currencies. All derivatives with negative fair value are recognised at fair value in the Statement of Financial Position under "Other current liabilities". Changes in value of currency swaps are recognised in "Financial income" or "Financial expenses". Hedge accounting is not applied.

Other financial liabilities

Loans, including debenture loans, and other financial liabilities, for example trade payables, belong to this category. The liabilities are measured at amortised cost.

The debenture loan is recognised as a current liability in the Statement of Financial Position. The loan is represented by 2,820,498 subordinated debentures (2,832,914) with a nominal value of SEK 10 each or integral multiples thereof.

The term of the debenture loan is from 12 January 2009 to 12 January 2016, when it falls due for payment.

The annual interest rate on the debenture loan is 7 per cent. The interest falls due for payment in arrears on 12 January every year, the first time on 12 January 2010 and the last time on the date of maturity of the debenture loan, 12 January 2016. Each interest payment consists of interest for one year (360/360). If interest is to be calculated for a shorter period than one year, interest is calculated on the actual number of days in the interest period divided by 360 (365/360).

Subordinated debentures linked to the loan are listed on the NASDAQ Stockholm Retail Bond List.

The warrants can be exercised to subscribe for one Bilja Series A share per warrant held. Notification of subscription for shares can be made up to and including 5 January 2016. Warrants not exercised within this period expire and thereby become worthless. Each warrant entitles the bearer to subscribe during the subscription period for one new Series A Bilja share for SEK 10. (Adjusted for the 2:1 share split that was carried out in 2015.)

When the warrants are exercised to subscribe for shares, Bilja receives SEK 10 per share. The new issue entails an increase in the share capital and other contributed capital.

Information on how fair value has been determined for the financial instruments that are measured at fair value in the Statement of Financial Position is furnished below. Fair value is determined on the basis of the following three levels:

Level 1: according to prices quoted on an active market for the same instrument.

Level 2: based on directly or indirectly observable market inputs other than those included in level 1.

Level 3: according to inputs not based on observable market data.

2015	Level 2
Financial assets measured at fair value through profit or loss/Currency swaps	1
Financial liabilities measured at fair value through profit or loss/Currency swaps	0
2014	Level 2
Financial assets measured at fair value through profit or loss/Currency swaps	0
Financial liabilities measured at fair value through profit or loss/Currency swaps	0

Fair value and carrying amount for financial instruments and categorisation are presented below:

		2015		2014	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
<i>Financial assets measured at fair value through profit or loss</i>					
Other receivables/currency swaps	19	1	1	0	0
<i>Loan receivables and other receivables</i>					
Long-term receivables, interest-bearing	19	0	0	25	25
Trade receivables	28	669	669	722	722
Other receivables	19	117	117	113	113
Cash and cash equivalents	33	99	99	616	616
<i>Available-for-sale financial assets</i>					
Shares and interests	18	1	—	1	—
Housing cooperative units	18	6	6	6	6
Deposits, cash and cash equivalents	18	0	0	4	4
<i>Financial liabilities measured at fair value through profit or loss</i>					
Other liabilities/currency swaps	25	0	0	0	0
Provisions	24	—	—	1	1
<i>Other financial liabilities</i>					
Debenture loan	22	28	24	28	29
Non-current interest-bearing liabilities	22	5	5	5	5
Current interest-bearing liabilities	22	574	574	36	36
Finance lease liabilities	22	184	184	211	211
Trade payables		1,259	1,259	1,404	1,404
Accrued interest	26	3	3	3	3

Fair Value Measurement

The following summarizes the most important methods and assumptions that have been used to establish the fair value of the financial instruments in the above table.

Financial instruments measured at fair value

Currency swaps

For currency swaps, the fair value is determined on the basis of market rates. If such rates are not available, the fair value is calculated by discounting the difference between the contracted forward rate and the forward rate that can be obtained on the balance sheet date for the remaining contract period.

Available-for-sale financial assets

Bilia's holdings in this category consist of unlisted shareholdings, housing cooperative units and deposits. Since fair value cannot be calculated with sufficient reliability for unlisted shareholdings and housing cooperative units, these assets are measured at cost.

Financial instruments that are not measured at fair value

Interest-bearing liabilities and finance lease liabilities

Fair value is largely equivalent to carrying amount, since the interest rate on outstanding liabilities is variable. Debenture loans carry a fixed interest rate. The closing price at 31 December, 85.45 (101.00), has been used to determine the fair value of the debenture loan.

Hire purchase receivables

Fair value essentially corresponds to carrying amount, since the interest rate on outstanding receivables is variable.

Trade receivables and trade payables

In the case of trade receivables and trade payables with a remaining life of less than one year, the carrying amount is deemed to reflect fair value. The carrying amount is deemed to reflect fair value in the case of trade receivables and trade payables with a life of more than one year as well, since variable interest is charged on the outstanding receivable/liability.

Note 28 Financial risks and risk management

➤ Accounting principle

Bilia applies IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurement in accounting for financial risks and risk management.

General

The main purpose of Bilia AB with subsidiaries is to sell new and used cars, and in conjunction with this also supply workshop services, spare parts, accessories and fuel.

The financing operation in Bilia encompasses the following:

- financing of the Group with loans and other operating liabilities

- currency risks, interest rate risks and operating risks are continuously measured, analysed and managed in order to reduce these risks
- administration of Group accounts and internal bank function in Bilia
- oversight of credit granting by the subsidiaries to ensure compliance with an appropriate credit policy
- Bilia's payment procedures and everything included in the concept of cash management
- control, monitoring and reporting of the outcome of Bilia's financing operation based on guidelines issued by the Board of Directors.

Goals of the financing operation

The goals of Bilia's financing operation are to:

- ensure that the Group has access to the requisite loan financing
- secure the best possible terms for borrowing and investing
- ensure that credit risks, interest rate risks, liquidity risks, currency risks and operating risks are always kept within the limits stipulated in Bilia's financing policy.

Organisation and division of responsibilities

The Parent Company Bilia AB

The MD of Bilia AB is responsible for all financial activities in the Group and shall ensure that they are conducted in accordance with the finance policy adopted by the Board of Directors. The CFO is the head of the Finance Department and is responsible for ensuring that financing activities throughout Bilia are conducted in accordance with Bilia's policies, rules and instructions.

The Treasurer is in charge of the day-to-day activities of the Parent Company's Finance Department, which also has an internal bank function that is intended to serve all Group companies.

The overall objective of the finance function is to provide cost-effective financing and to minimise the negative effects of currency fluctuations on the Group's earnings.

All investments of temporary excess liquidity must have high liquidity and low credit risk. Short-term investments may be made in instruments and with counterparties included in a list issued by the MD of Bilia AB. The list is prepared to meet the following requirements:

- Short-term investments may be made in Swedish government securities with high liquidity with no limit on amounts.
- Short-term investments may be made in Swedish banks, no more than SEK 300 M per bank, with a commitment period of no more than 90 days. The bank must have a rating of at least A2 according to Moody's rating model or Standard & Poor's equivalent rating of A.
- Short-term investments, in commercial paper or deposits in accounts, of no more than SEK 200 M and with a commitment period of no more than 30 days may be made in Volvofinans Bank AB.
- Short-term investments may be made in securities assigned a rating of K1 by Nordisk Rating and with a remaining maturity of no more than 90 days, to an amount of no more than SEK 50 M per issuer.

Subsidiaries

The managing director of each subsidiary is responsible for ensuring that the granting of credit by the company takes place in accordance with a credit policy adopted by the company's board of directors and that financing activities are otherwise conducted in accordance with the guidelines set forth in special instructions from Bilia AB.

Financial receivables

The Group's non-current financial assets consist of hire purchase receivables amounting to SEK 0 M (5).

The average credit period for hire purchase receivables is just under 3 years. A market rate of interest is charged on hire purchase receivables. With regard to hire purchase receivables, Bilia has collateral in the asset in question until full payment has been received.

The Group's current financial assets consist for the most part of SEK 669 M (722) in trade receivables and SEK 0 M (2) in hire purchase receivables that are expected to be repaid during the coming financial year, plus SEK 57 M (256) in short-term investments. The average credit period for trade receivables is 22 days (25).

Capital management

The Group's equity, which is defined as total reported equity, amounted at year-end to SEK 2,056 M (1,849). Return on equity amounted to 33.2 per cent (21.0).

The 2015 Annual General Meeting gave the Board of Directors a mandate to resolve to acquire Bilia shares equivalent to no more than 10 per cent of the total number of shares.

According to Bilia's finance policy, one of the most important goals is to ensure that the Group has access to the requisite loan financing.

Bilia's dividend policy prescribes that at least 50 per cent of the net profit for the year be distributed to the shareholders. In addition to cash dividends, Bilia has made extra distributions in kind on two occasions: the spin-offs of Kommersiella Fordon AB (KFAB) in 2003 and Catena AB (property portfolio) in 2006.

There has been no change in the Group's principles for capital management during the year.

Financing agreements

For 2015, Bilia's lenders require that the ratio of EBITDA to net interest should be at least 3.5, the ratio of net debt to EBITDA should not exceed 3.5, and bank loans in relation to the sum of fixtures and fittings, interests in associated companies, inventories and net trade receivables should not exceed 50 per cent. In 2015 the ratio of EBITDA to net interest was 303.00, the ratio of interest-bearing net debt to EBITDA was 0.36, and the ratio of bank loans to the sum of fixtures and fittings, interests in associated companies, inventories and net trade receivables was 11 per cent. The lender is contractually entitled to cancel the lease for re-negotiation or termination if the above requirements are not met.

Financial risks and risk limitation

Bilia is exposed through its business operations to various kinds of financial risks.

By "financial risks" is meant fluctuations in Bilia's earnings and cash flow as a result of changes in exchange rates, interest rates, refinancing risks and credit risks. Bilia's finance policy for managing financial risks has been formulated by the Board of Directors and comprises a framework of guidelines and rules in the form of risk mandates and limits for the financing activities.

The various financial risks to which Bilia is exposed are described below. These risks are managed by Bilia AB's internal bank at the head office in Gothenburg.

Liquidity risk

By liquidity risk (also called financing risk) is meant the risk that financing cannot be obtained at all, or only at excessively inflated costs, due to disruptions in the financial system. At least 50 per cent of the lines of credit shall have a remaining maturity of at least one year. Contracts have been signed for lines of credit totalling SEK 1,500 M (900). The lines of credit were extended in August 2015 up until July 2020, and SEK 1,068 M (900) was unutilised at year-end. Bilia's financial liabilities amounted to SEK 2,050 M (1,684) at year-end, and the maturity structure of the debt is shown in the table "Maturity structure".

Credit facilities and loans	Currency	Nominal amount	Total amount	Utilised	Available
Maturity	SEK	1,500	1,500	432	1,068
Total			1,500	432	1,068
Available cash and cash equivalents					99
Liquidity reserve					1,167

Maturity structure – Financial liabilities

The following table shows the maturity structure of the financial liabilities on the balance sheet date, undiscounted cash flows.

Lender	Cur- rency	2015							2014						
		Nominal amount SEK	Total amount	Within 1 mth	1–3 mths	3 mths– 1 yr	1–5 yrs	>5 yrs	Nominal amount SEK	Total amount	Within 1 mth	1–3 mths	3 mths– 1 yr	1–5 yrs	>5 yrs
Debenture loan	SEK	28	28	28	—	—	—	—	28	32	2	—	—	30	—
Overdraft facility		6	6	6	—	—	—	—	—	—	—	—	—	—	—
Nordea Finans	DKK	—	—	—	—	—	—	—	12	12	0	0	12	—	—
Renault Finance Nordic	DKK	—	—	—	—	—	—	—	4	4	0	0	4	—	—
Renault Finance Nordic	SEK	24	24	—	—	24	—	—	1	1	1	—	—	—	—
Forso Nordic	DKK	—	—	—	—	—	—	—	19	19	0	0	19	—	—
BMW Bank	EUR	97	97	—	—	97	—	—	—	—	—	—	—	—	—
DNB	SEK	150	150	150	—	—	—	—	—	—	—	—	—	—	—
DNB	SEK	51	51	51	—	—	—	—	—	—	—	—	—	—	—
Nordea	SEK	225	225	225	—	—	—	—	—	—	—	—	—	—	—
BMW Bank	EUR	13	13	13	—	—	—	—	—	—	—	—	—	—	—
VR Bank	EUR	4	4	4	—	—	—	—	—	—	—	—	—	—	—
Volksbank	EUR	4	4	4	—	—	—	—	—	—	—	—	—	—	—
Personnel fund	SEK	5	5	—	—	0	0	5	5	5	—	—	0	0	5
Derivatives		0	0	0	—	—	—	—	0	0	0	—	—	—	—
Trade payables		1,259	1,259	1,259	—	—	—	—	1,404	1,404	1,404	—	—	—	—
Finance lease liabilities	SEK	184	187	1	5	110	71	—	211	217	35	12	109	61	—
Total		2,050	2,053	1,741	5	231	71	5	1,684	1,694	1,442	12	144	91	5

Market risk

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument will fluctuate due to changes in market prices. Market risks are divided by IFRS into three types: interest rate risk, currency risk and other price risks. The market risks that affect the Group the most are interest rate risks and currency risks.

Bilia's goal is to manage and control market risks within established parameters while simultaneously optimising the result of the risk-taking within given limits. The parameters are set for the purpose of ensuring that the market risks will, in the short term (6–12 months), have only a marginal effect on Bilia's earnings and position. In the longer term, however, lasting changes in exchange rates and interest rates will have an impact on the consolidated profit.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will vary due to changes in market rates. Interest rate risk can consist of change in fair value, known as price risk, and changes in cash flow, known as cash flow risk. A significant factor influencing interest rate risk is the fixed interest rate period.

A short average fixed interest rate period in Bilia's loan portfolio means that large interest rate changes affect earnings almost immediately.

A long fixed interest rate period, on the other hand, means that the financing cost may fall out of step with the general price and inflation trend and therefore deviate significantly from the current cost of financing generally applicable in the sector. Bilia's

assets are primarily of a current nature. The goal of the finance policy is to minimize the effects of an interest rate change.

According to the finance policy, the goal is that at a net debt of less than SEK 500 M, the fixed interest rate period should be 0–6 months. If net debt exceeds SEK 500 M, the average fixed interest rate period should be no more than 9 months.

At the balance sheet date, the Bilia had the following interest rate profile on its financial instruments:

Carrying amounts	2015	2014
<i>Variable interest rate</i>		
Financial assets	99	643
Financial liabilities	763	252

The debenture loan is not included in the above financial liabilities. The loan amounts to SEK 28 M and carries a fixed interest rate of 7 per cent.

Sensitivity analysis

As of 31 December 2015, a general increase in the interest rate by 1 percentage point is expected to reduce the Group's profit before tax by about SEK 3 M (improvement: 4).

Currency risk

Bilia is exposed to different types of currency risks. The foremost exposure comes from currency risk fluctuations on translation of the assets and liabilities of foreign subsidiaries to the Parent Company's functional currency, called translation exposure.

Derivative instruments such as interest rate swaps and forward exchange contracts are used to control Bilia's interest rate risk. They may only be used by Bilia AB or under its control and only to meet the requirements on minimising risk in a cost-effective manner as prescribed by the finance policy.

Subsidiaries

All companies in Bilia are restricted in their marketing and sales to their home market. Products are purchased according to price lists in the local currency. According to Bilia's instructions for financing in the subsidiaries, all financing must be in the local currency. In this way, no currency risk arises at the subsidiary level. In cases where currency risk nevertheless arises, it must be hedged, provided the currency risk on each occasion is not judged to be marginal.

Currency swaps are used to eliminate exchange rate risks that arise in conjunction with the offsetting of bank balances in different currencies.

The table below shows outstanding holdings of currency swaps where Bilia has sold NOK and DKK against SEK, broken down by currency and year.

Currency swaps	2015		2014	
	Currency	SEK	Currency	SEK
NOK	-110	-106	-125	-131
DKK	-55	-68	52	66

Currency swaps fall due within a month of the balance sheet date.

Transaction exposure

Transaction exposure is limited by the fact that all sales and purchases take place in the local currency.

Translation exposure

Foreign net assets in Bilia are denominated in the following currencies:

Currency	2015		2014	
	Amount	%	Amount	%
NOK	452	108	386	87
DKK	-64	-15	60	13
EUR	31	7	0	0

Bilia has had a policy of not hedging translation exposures in foreign currencies.

Sensitivity analysis

If the Norwegian krone and the euro were strengthened by 10 per cent against the Swedish krona, the Group's pre-tax profit

on translation of foreign subsidiaries would be affected. The Group's profit before tax would be strengthened by SEK 16 M (15) against the Norwegian krone and by SEK 1 M (—) against the euro.

Credit risk

Financial activities

Financial risk management entails an exposure to credit risks. These are mainly counterparty risks associated with receivables from banks and other counterparties that arise in connection with purchases of derivative instruments.

By counterparty risk is meant the risk that the counterparty to an agreement will default on its financial obligations. Financial agreements may only be entered into with counterparties included on the list issued by the MD of Bilia AB.

List of permissible counterparties in currency swaps and forward exchange contracts:

Lender	Maximum amount
Nordea	350
DNB	350

Trade receivables

The risk that Bilia's customers will default on their obligations, in other words that payment will not be received for trade receivables, constitutes a customer credit risk. Credit checks are run on Bilia's customers, whereby information on the customers' financial status is requested from different credit agencies. Bilia has established a credit policy for handling customer credits. The policy stipulates decision levels for different credit limits and how credits and doubtful debts are to be rated.

In this context, "credit" is equated with responsibility for customers' solvency that may remain after the credit has been taken over by Volvofinans Bank AB or another credit institution.

The maximum exposure to credit risk is shown by the carrying amount for the financial asset in question in the table below. For concentration of credit risk, see below.

Based on historic data, Bilia does not find that any impairment of trade receivables not yet due is necessary at the balance sheet date. As far as provision for doubtful debts is concerned, an assessment is made in each individual case, taking into account the customer's credit history and historical experience of bad debt losses on similar receivables. Most of the outstanding trade receivables are customers previously known to the Group with good credit ratings.

Trade receivables are recognised after taking into account bad debt losses, which amounted to SEK 5 M (5). Impairment loss for the year amounted to SEK 6 M (1).

Age analysis, trade receivables

	2015		2014	
	Gross	Impairment	Gross	Impairment
Trade receivables not due	573	—	617	—
Overdue trade receivables 0–30 days	87	0	99	0
Overdue trade receivables 31–90 days	10	-3	10	-4
Overdue trade receivables 91–180 days	2	-1	6	-6
Overdue trade receivables 181–360 days	2	-1	3	-3
Overdue trade receivables > 360 days	1	-1	4	-4
Total	675	-6	739	-17

Age analysis, hire purchase receivables

	2015		2014	
	Gross	Impairment	Gross	Impairment
Hire purchase receivables not due	0	—	6	—
Overdue hire purchase receivables 0–30 days	0	—	1	—
Overdue hire purchase receivables 31–90 days	0	—	0	—
Overdue hire purchase receivables 91–180 days	0	—	0	—
Overdue hire purchase receivables 181–360 days	0	—	0	—
Overdue hire purchase receivables > 360 days	0	—	0	—
Total	0	—	7	—

Bilia has reservation of title on cars sold equivalent to the market value that is judged to be on a level with outstanding hire purchase receivables.

Recourse liability

Bilia has a repurchase commitment if lessees or borrowers default on their payment obligations for cars financed by Volvofinans Bank AB and brokered by Bilia. Bilia receives a commission for cars brokered to Volvofinans Bank AB. The commission is received for the most part continuously over the term of the

contract, and non-revenue commission attributable to financings with recourse liability not yet due amounts to SEK 158 M (134). Credit losses for financings with recourse liability, which have historically been at a very low level, amounted to SEK 3 M in 2015 (3).

Age analysis, recourse liabilities

	2015		2014	
	Gross	Impairment	Gross	Impairment
Recourse liabilities not due	5,101	—	4,541	—
Overdue recourse liabilities 0–30 days	9	—	25	—
Overdue recourse liabilities 31–90 days	1	—	1	—
Overdue recourse liabilities 91–180 days	0	—	1	—
Overdue recourse liabilities 181–360 days	0	—	0	—
Overdue recourse liabilities > 360 days	0	—	0	—
Total	5,111	—	4,568	—

Concentration of credit risk

The three biggest customers account for 25.3 per cent (16.7) of the trade receivables, 100.0 per cent (76.3) of the hire purchase

receivables and 0.4 per cent (0.7) of the recourse liabilities. The credit risk among these customers is judged to be low.

Allowance account

	2015			2014		
	Trade receivables	Hire purchase receivables	Recourse liabilities	Trade receivables	Hire purchase receivables	Regress-ansvar
Opening balance	–17	—	—	–16	—	—
Reversal of previous impairment losses	17	—	—	0	—	—
Impairment losses for the year	–6	—	—	–1	—	—
Translation difference	0	—	—	0	—	—
Closing balance	–6	—	—	–17	—	—

Note 29 Operating leases**Accounting principle**

Bilia applies IAS 17 Leases in accounting for leases.

Leases

Leases are classified as either finance or operating leases. In the case of finance leases, the economic risks and rewards incidental to ownership are transferred substantially to the lessee. Otherwise the lease is classified as an operating lease.

Lessee

Costs pertaining to operating leases are recognised in profit or loss for the year on a straight-line basis over the lease period. Benefits obtained in conjunction with the signing of a lease are recognised in profit or loss for the year as a reduction in the lease payments on a straight-line basis over the term of the lease. Variable payments are recognised as expenses in the periods they are incurred.

Assets rented under operating leases are mainly premises

used for sales and service of cars and office equipment. Bilia AB is the lessee on most of the Swedish property leases and sublets the premises to the subsidiaries. At year-end 2015, the property leases covered about 411,000 sq.m. (389,000).

In some cases, lease payments are fixed for periods of three months based on STIBOR or CIBOR. In other cases, lease payments are linked to a portion of the consumer price index or similar index. Leases can be extended in most cases.

Non-cancellable lease payments amount to:

	2015	2014
Minimum lease payments for the year	-410	-409
Total lease costs for the year	-410	-409
Future lease payments		
Within one year	-400	-396
Between one and five years	-1,443	-1,481
Later than five years	-1,246	-1,111
Total	-3,089	-2,988

Lessor

Revenue pertaining to operating leases is recognised in profit or loss for the year on a straight-line basis over the lease period.

Assets that are leased out under operating leases are recognised as property, plant and equipment, see note 16 "Property, plant and equipment". These assets consist of:

- owned cars that are leased out under operating leases
- cars rented via finance leases that are leased out under operating leases
- sold cars combined with a future repurchase commitment at a guaranteed residual value.

In addition, premises are rented via operating leases and then sublet via operating leases.

The past year's and future non-cancellable lease payments are as follows:

	2015	2014
Lease payments for the year	400	370
Total lease payments for the year	400	370
Future lease payments		
Within one year	199	176
Between one and five years	399	305
Later than five years	5	7
Total	603	488

A cost of SEK 12 M (14) is recognised for repairs and maintenance of leased cars and premises.

Note 30 Capital commitments

During 2015 the Group concluded agreements to acquire SEK 26 M (44) worth of intangible non-current assets and property, plant and equipment. These commitments are expected to be settled during the following financial year.

Note 31 Pledged assets and contingent liabilities

Accounting principle

Bilia applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for pledged assets and contingent liabilities.

A contingent liability is recognised when there exists a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events or when there exists an obligation that is not recognised as a liability or a provision due to the fact that it is not probable that an outflow of resources will be required.

Pledged assets

	2015	2014
For own liabilities and provisions		
Floating charges	597	587
Leased vehicles and hire purchase receivables	184	206
Real property	18	—
Documents and deposits	—	0
Pledged assets		
– Endowment policies	163	129
– Inventories	200	200
Total pledged assets	1,162	1,122

Contingent liabilities

	2015	2014
Warranty obligations, FPG/PRI	—	9
Recourse liability	5,111	4,568
Total contingent liabilities	5,111	4,577

Recourse liability

Bilia has a repurchase commitment if lessees or borrowers default on their payment obligations for cars financed by Volvofinans Bank AB and brokered by Bilia. Bilia receives a commission for cars brokered to Volvofinans Bank AB. The commission is received for the most part continuously over the term of the contract, and non-revenue commission attributable to financings with recourse liability not yet due amounts to SEK 158 M (134). Credit losses for financings with recourse liability, which have historically been at a very low level, amounted to SEK 3 M in 2015 (3).

Note 32 Related parties

➤ Accounting principle

Bilia applies IAS 24 Related Party Disclosures in accounting for related parties.

Key management personnel consist of Board members, the MD and other senior officers. Disclosures regarding wages, salaries, options and other remuneration to key management personnel

are presented in Note 9 "Employees, personnel costs and remunerations for senior officers".

Other transactions are reported below:

Board members Mats Qviberg and Anna Engebretsen and their close family members control, directly and indirectly via Investment AB Öresund, approximately 24 per cent (24) of the votes in the company.

Related party transactions

Related party relationship	Year	Sales of goods and services to related party	Purchases of goods and services from related party	Commissions/ interest/ dividend	Claim on related party at 31 December	Debt to related party at 31 December
Associated companies	2015	1,644	56	127	70	0
Associated companies	2014	1,265	43	92	239	5
Contingent liabilities for associated companies	2015	5,111				
Contingent liabilities for associated companies	2014	4,568				

Transactions with key management personnel are priced on market terms.

Note 33 Cash and cash equivalents and specifications for cash flows

➤ Accounting principle

Bilia applies IAS 7 Statement of Cash Flows in accounting for cash flows.

	2015	2014
The following items are included in cash and cash equivalents		
Cash on hand and demand deposits	41	358
Cash on hand	1	2
Short-term investments, equivalent to cash	57	256
Total according to Statement of Cash Flows	99	616

The effective interest rate for short-term investments in 2015 was 0.34 per cent (0.47). The short-term investments had an average maturity of 1 day (1).

Dividends received and Group contributions

	2015	2014
Dividends received	23	4
Interest received	3	6
Interest paid	-25	-38
Total	1	-28

Depreciation/amortisation and impairment losses

	2015	2014
Depreciation/amortisation	-392	-330
Impairment losses	-12	-10
Total	-404	-340

Other items not affecting cash

	2015	2014
Capital gain on sales of property, plant and equipment	-6	-13
Share in profit/loss of associated companies	-7	-26
Other provisions	1	16
Profit share to employees	25	21
Redemption of PRI liability	-197	—
Disposal of Danish operation	141	—
Other	-15	12
Total	-58	10

Acquisition of subsidiaries and other business entities

Acquired assets and liabilities	2015	2014
Intangible assets	287	13
Property, plant and equipment	353	38
Long-term investments	0	0
Deferred tax asset	2	0
Inventories	169	39
Operating receivables	75	11
Cash and cash equivalents	29	1
Total assets	915	102
Deferred tax liability	30	—
Operating liabilities	572	59
Total provisions and liabilities	602	59
Acquired net assets	313	43
Purchase consideration:	313	43
Purchase consideration, paid cash	313	43
Less: Cash and cash equivalents in acquired business	29	1
Impact on cash and cash equivalents	-284	-42

Disposals of subsidiaries and other business units

Disposal of assets and liabilities	2015	2014
Intangible assets	21	—
Property, plant and equipment	6	8
Deferred tax asset	—	—
Inventories	26	—
Operating receivables	—	0
Cash and cash equivalents	—	—
Total assets	53	8
Capital loss	—4	0
Deferred tax liability	—	—
Operating liabilities	2	—
Total provisions and liabilities	—2	0
Sales price:	55	8
Purchase consideration received	55	8
Less: Cash and cash equivalents in disposed business	—	—
Impact on cash and cash equivalents	55	8

Disposal of discontinued operation

Disposal of assets and liabilities	2015	2014
Property, plant and equipment	78	—
Long-term investments	4	—
Deferred tax asset	—	—
Inventories	194	—
Operating receivables	60	—
Cash and cash equivalents	—	—
Total assets	336	—
Capital gain	142	—
Deferred tax liability	—	—
Loans	1	—
Operating liabilities	188	—
Total provisions and liabilities	331	—
Sales price:	5	—
Purchase consideration received	5	—
Less: Cash and cash equivalents in disposed business	—	—
Impact on cash and cash equivalents	5	—

Unutilised credit facilities

	2015	2014
Unutilised credit facilities amount to	1,120	1,036

Note 34 Events after the balance sheet date

Accounting principle

Bilia applies IAS 10 Events After the Reporting Period in accounting for events after the balance sheet date.

The financial statements were approved for publication by the Parent Company's Board of Directors on 9 March 2016.

On 28 January 2016, Bilia concluded an agreement with OK Ekonomisk Förening to acquire three car dealerships that conduct BMW, MINI and Toyota operations in Sweden.

The estimated date of possession is in March 2016, provided the Swedish Competition Authority approves the acquisitions.

Note 35 Information about the Parent Company

Bilia AB (publ) is a Swedish-registered limited company domiciled in Gothenburg. The Parent Company's shares are registered on NASDAQ Stockholm.

The postal address to the head office is:

Bilia AB (publ)
Box 9003
SE-400 91 Gothenburg, Sweden

Visiting address: Norra Långebergsgatan 3, Västra Frölunda

Telephone: +46 31 709 55 00

bilia.com

Corporate ID No.: 556112-5690

The consolidated accounts for 2015 comprise the Parent Company and its subsidiaries, together called the Group. The Group also includes holdings in associated companies.

Income Statement for Parent Company

SEK M	Note	2015	2014
Net turnover	2	439	444
Administrative expenses	3, 4	–508	–494
Operating loss	21	–69	–50
Income/loss from financial items			
Income/loss from interests in Group companies	5	–23	–45
Other interest income and similar line items	5	24	25
Interest expenses and similar line items	5	–13	–10
Loss after financial items		–81	–80
Appropriations	6	345	341
Profit before tax		264	261
Tax	7	0	–61
Net profit for the year ¹⁾		264	200

¹⁾ Net profit for the year coincides with comprehensive income for the year.

Balance Sheet for Parent Company

SEK M	Note	2015	2014
Assets	19, 22		
Non-current assets			
Intangible assets	8		
Intellectual property		54	47
		54	47
Property, plant and equipment	9		
Building		33	23
Construction in progress		8	6
Equipment, tools, fixtures and fittings		14	11
		55	40
Long-term investments			
Interests in Group companies	10	793	679
Other securities held as non-current assets	11	0	0
Other non-current receivables	12	—	20
Deferred tax asset	7	99	33
		892	732
Total non-current assets		1,001	819
Current assets			
Current receivables			
Trade receivables		0	0
Receivables from Group companies		1,179	493
Other receivables		25	19
Prepaid expenses and accrued income		92	79
		1,296	591
Short-term investments		—	200
Cash on hand and demand deposits		1	351
Total current assets		1,297	1,142
Total assets		2,298	1,961

Balance Sheet for Parent Company

SEK M	Note	2015	2014
Equity and liabilities	19, 22		
Equity	13		
Restricted equity			
Share capital (50,436,052 shares)		252	252
Statutory reserve		47	47
		299	299
Non-restricted equity			
Share premium reserve		48	47
Retained earnings		501	603
Net profit for the year		264	200
		813	850
Total equity		1,112	1,149
Untaxed reserves	14	468	386
Provisions			
Provisions for pensions and similar obligations	16	—	22
Deferred tax liability	7	3	2
		3	24
Non-current liabilities			
Debenture loan	17, 20	—	28
Other liabilities	17, 20	5	5
		5	33
Current liabilities			
Debenture loan	20	28	—
Liabilities to credit institutes	15, 20	432	—
Trade payables	20	91	83
Current tax liability		19	15
Liabilities to Group companies		52	204
Other liabilities	17	4	2
Accrued expenses and deferred income	18	84	65
		710	369
Total equity and liabilities		2,298	1,961
Pledged assets and contingent liabilities for the Parent Company			
Pledged assets	23	601	567
Contingent liabilities	23	986	1,597

Statement of Changes in Equity for Parent Company

SEK M	Restricted equity			Non-restricted equity			Total equity
	Number of shares	Share capital	Statutory reserve	Share pre-mium reserve	Retained earnings	Net profit for the year	
Opening equity 1 Jan. 2014	25,139,592	251	47	47	685	144	1,174
Reposting of last year's profit	—	—	—	—	144	–144	—
Dividend (SEK 4.50 per share)	—	—	—	—	–226	—	–226
Net profit for the year	—	—	—	—	—	200	200
New issue	34,441	1	—	0	—	—	1
Closing equity 31 Dec. 2014	25,174,033	252	47	47	603	200	1,149
Opening equity 1 Jan. 2015	25,174,033	252	47	47	603	200	1,149
Reposting of last year's profit	—	—	—	—	200	–200	—
Dividend (SEK 6.00 per share)	—	—	—	—	–302	—	–302
Net profit for the year	—	—	—	—	—	264	264
New issue	87,986	0	—	1	—	—	1
Stock split	25,174,033	—	—	—	—	—	—
Closing equity 31 Dec. 2015	50,436,052	252	47	48	501	264	1,112

Cash Flow Statement for Parent Company

SEK M	Note	2015	2014
Operating activities	25		
Loss after financial items		–81	–80
Other items not affecting cash		23	116
Tax paid		–61	–75
Cash flow from operating activities before change in working capital		–119	–39
Change in operating receivables		–279	669
Change in operating liabilities		–573	–138
Cash flow from operating activities		–971	492
Investing activities			
Acquisition of non-current assets (tangible and intangible)		–44	–32
Operating cash flow		–1,015	460
Shareholders' contributions paid		0	–8
Investments in financial assets		–19	–71
Disposal of financial assets		20	—
Acquisition of subsidiaries, net		–117	14
Cash flow after net investments		–1,131	395
Financing activities			
Borrowings		1,000	400
Repayment of loans		–900	–400
Change in overdraft facility		332	–32
Exercised warrants		1	1
Dividend paid		–302	–226
Dividends received and Group contributions		450	330
Cash flow from financing activities		581	73
Change in cash and cash equivalents		–550	468
Cash and cash equivalents at start of year		551	83
Cash and cash equivalents at year-end		1	551

Notes to the Parent Company Financial Statements

Amounts in SEK M unless otherwise stated.

Note 1 Key accounting principles

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The statements regarding listed companies issued by the Swedish Financial Reporting Board are also applied. Under RFR 2, the Parent Company shall, in preparing the annual accounts for the legal entity, apply all IFRSs and statements adopted by the EU whenever this is possible within the framework of the Annual Accounts Act and the Act on Safeguarding of Pension Obligations, while taking account of the relationship between accounting and taxation. The recommendation stipulates which exceptions and additions shall be made to the IFRSs.

The Parent Company applies the same accounting principles as the Group, except in the cases described below.

The Parent Company's accounting principles have been applied consistently to all periods presented in the Parent Company's financial statements.

Presentation and formats

An Income Statement is presented for the Parent Company where a Consolidated Statement of Income and Other Comprehensive Income is presented for the Group. Furthermore, the designations Balance Sheet and Cash Flow Statement are used for the Parent Company for those statements which in the Group are entitled Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows, respectively. The Income Statement and the Balance Sheet for the Parent Company follow the formats stipulated in the Annual Accounts Act, while the Consolidated Statement of Income and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in the Parent Company's Income Statement and Balance Sheet, compared with the consolidated statements, consist mainly of recognition of equity and the occurrence of provisions as a separate heading in the Balance Sheet.

Subsidiaries

Interests in subsidiaries are accounted for in the Parent Company according to the cost method. This means that transaction costs are included in the carrying amount of holdings in subsidiaries.

Contingent considerations are measured based on the probability that the purchase consideration will be paid. Any changes in the provision are added to the cost.

Revenue

Rental income

The Parent Company rents most of the properties in the Swedish part of the Group. The rents are further invoiced to the subsidiaries. Rental income and costs are recognised gross in the Parent Company in the period to which they are attributable.

Anticipated dividends

Anticipated dividend from a subsidiary is recognised in cases where the Parent Company alone is entitled to determine the size of the dividend and the Parent Company has made a decision on the size of the dividend before the Parent Company has published its financial statements.

Financial guarantees

The Parent Company's financial guarantee contracts consist in the main of guarantees for the benefit of Group companies. Financial guarantees require the company to reimburse the holder of a debt instrument for losses the latter incurs due to the fact that a stipulated debtor fails to make payment when due under the terms of the contract. In accounting for financial guarantee contracts, the Parent Company applies an exemption rule allowed by the Swedish Financial Reporting Board, compared with the rules in IAS 39. The exemption rule pertains to financial guarantee contracts issued for the benefit of subsidiaries. The Parent Company recognises financial guarantee contracts as provision in the Balance Sheet when the company has an obligation and an outflow of resources will probably be required to settle the obligation.

Leased assets

In the Parent Company, all leases are accounted for in accordance with the rules for operating leases.

Taxes

In the Parent Company, in contrast to the Group, untaxed reserves are recognised without being divided into equity and deferred tax liability. In a similar manner, in the Parent Company Income Statement, no reallocation of appropriations is made to deferred tax expense.

Group contributions and shareholders' contributions

Shareholders' contributions paid are capitalised in shares and interests, to the extent impairment loss is not recognised.

Group contributions paid and received are recognised as appropriations.

Note 2 Allocation of revenue

	2015	2014
Net turnover/function		
Rental income	236	249
IT and training services	124	124
Other	79	71
Total	439	444

Note 3 Employees and personnel costs

Information regarding the Parent Company's employees and personnel costs is furnished in the Group's Note 9 "Employees, personnel costs and remunerations for senior officers."

Note 4 Fees and cost reimbursement to auditors

SEK '000	2015	2014
KPMG AB		
Auditing assignment	-195	-195
Auditing activities other than the auditing assignment	-20	-62
Tax advice	-31	-40
Other assignments	-71	-68

By "auditing assignment" is meant statutory audit of the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director, plus auditing and other examination as agreed-on or contracted. This includes other tasks that are incumbent upon the company's auditor to perform plus advice or other assistance arising from observations in connection with such auditing or performance of such other tasks. All else is classified as "Auditing activities other than the auditing assignment", "Tax advice" and "Other assignments".

Note 5 Net financial items

	2015	2014
Income/loss from interests in Group companies		
Gain from sale of shares in subsidiaries	—	14
Dividend	—	56
Impairment losses	-23	-115
Total	-23	-45

Interest income and similar line items

Interest income, Group companies	22	22
Interest income, other	1	3
Other exchange gains	1	—
Total	24	25

Interest expenses and similar line items

Interest expenses, Group companies	0	0
Interest expenses, other	-8	-8
Loss currency swaps	-3	-1
Other exchange losses	-2	—
Interest costs on defined-benefit pension obligations	0	-1
Total	-13	-10

Note 6 Appropriations

	2015	2014
<i>Difference between recognised depreciation/amortisation and depreciation/amortisation according to plan:</i>		
Intellectual property	0	0
Building equipment	0	0
Equipment, tools, fixtures and fittings	-7	-4
<i>Tax allocation reserves:</i>		
Reversal of tax allocation reserve, allocated financial year 2009	23	—
Provision to tax allocation reserve, allocated financial year 2014	—	-105
Provision to tax allocation reserve, allocated financial year 2015	-98	—
<i>Group contributions:</i>		
Group contributions received	442	450
Group contributions paid	-15	—
Total	345	341

Note 7 Taxes

Recognised in the Income Statement

	2015	2014
Current tax expense (-)/tax income (+)		
Tax expense/income for the year	-65	-69
	-65	-69
Deferred tax expense (-)/tax income (+)		
Deferred tax pertaining to temporary differences	8	8
Deferred tax income in tax value in loss carryforwards capitalised during the year	57	—
	65	8
Total tax expense recognised	0	-61

	2015		2014	
	Amount	%	Amount	%
Reconciliation of effective tax				
Profit before tax	264		261	
Tax according to tax rate applicable to Parent Company	-58	22.0	-57	22.0
Tax attributable to previous years	0	0.0	—	—
Tax effect attributable to impairment of Group companies	-5	1.9	-25	9.7
Tax effect of non-deductible expenses	5	-1.9	5	-1.9
Tax effect of non-taxable revenues	1	-0.4	16	-6.6
Capitalisation of previously uncapitalised tax-loss carryforwards	57	-21.6	—	—
Standard interest on tax allocation reserve	0	0.0	0	0.3
Effective tax recognised	0	0.0	-61	23.5

Recognised in the Balance Sheet

Deferred tax assets and liabilities

	Deferred tax asset		Deferred tax liability		Net	
	2015	2014	2015	2014	2015	2014
Deferred tax assets and liabilities recognised						
<i>Deferred tax assets and liabilities are attributable to the following:</i>						
Building	0	0	3	2	-3	-2
Pension provisions	42	33	—	—	42	33
Tax-loss carryforwards	57	—	—	—	57	—
Tax assets	99	33	3	2	96	31

The change in the Parent Company between the years has been recognised as deferred tax expense/income in the Income Statement.

Note 8 Intangible assets

	Software, internally developed		Software, acquired		Total intellectual property	
	2015	2014	2015	2014	2015	2014
Accumulated costs						
At start of year	18	18	109	93	127	111
Purchases	0	—	23	16	23	16
Retirements	-12	—	-20	—	-32	—
	6	18	112	109	118	127
Accumulated amortisation						
At start of year	-17	-17	-62	-47	-79	-64
Retirements	12	—	20	—	32	—
Amortisation for the year	0	0	-16	-15	-16	-15
	-5	-17	-58	-62	-63	-79
Accumulated impairment losses						
At start of year	-1	-1	0	0	-1	-1
	-1	-1	0	0	-1	-1
Carrying amount at year-end	0	0	54	47	54	47
Amortisation and impairment losses						
Amortisation is included on the following lines in the Income Statement:						
	2015	2014	2015	2014	2015	2014
Administrative expenses	0	0	-16	-15	-16	-15

No impairment losses have been recognised.

Note 9 Property, plant and equipment

	Buildings		Construction in progress		Equipment, tools, fixtures and fittings	
	2015	2014	2015	2014	2015	2014
Accumulated costs						
At start of year	25	12	6	8	21	16
Purchases	14	11	2	—	6	5
Reclassifications	—	2	—	–2	—	—
Disposals and retirements	—	—	—	—	–3	—
	39	25	8	6	24	21
Accumulated depreciation according to plan						
At start of year	–2	–1	—	—	–10	–7
Disposals and retirements	—	—	—	—	3	—
Depreciation for the year	–4	–1	—	—	–3	–3
	–6	–2	—	—	–10	–10
Accumulated impairment losses						
At start of year	—	—	—	—	—	—
	—	—	—	—	—	—
Carrying amount at year-end	33	23	8	6	14	11

Depreciation and impairment losses

Depreciation is included on the following lines in the Income Statement:

	Buildings		Construction in progress		Equipment, tools, fixtures and fittings	
	2015	2014	2015	2014	2015	2014
Administrative expenses	–4	–1	—	—	–3	–3

No impairment losses have been recognised.

Property, plant and equipment under construction

Conversion projects, primarily in Segeltorp, Mariestad and Falköping in Sweden.

Note 10 Shares and interests in Group companies

	2015	2014
Accumulated costs		
At start of year	2,417	2,339
Acquisitions	118	34
Shareholders' contribution	19	78
Disposals	—	–34
	2,554	2,417
Accumulated impairment losses		
At start of year	–2,128	–2,013
Impairment loss for the year	–23	–115
	–2,151	–2,128
Accumulated revaluation gains		
At start of year	390	390
	390	390
Carrying amount at year-end	793	679

Specification of Bilia AB's and the Group's holdings of shares and interests in Group companies

Subsidiaries	Country	Corporate ID no.	Domicile	Number interests	Stake in %	Carrying amount	
						2015	2014
Bilia Personbilar AB	Sweden	556063-1086	Gothenburg	1,000,000	100.0	310	310
.Netbil i Skandinavien AB	Sweden	556083-1108	Gothenburg				
Bilia Personbil as	Norway	976 023 188	Oslo	150,000	100.0	197	197
.Toyota Bilia AS	Norway	980 648 915	Trondheim				
Bilia Group Stockholm AB	Sweden	556402-6408	Stockholm	3,000	100.0	138	138
Bilia Center Stockholm AB	Sweden	556083-0084	Gothenburg	500	100.0	85	—
.Bilia Skadecenter AB	Sweden	556599-5262	Gothenburg				
.Bilia Center Malmö AB	Sweden	556775-1309	Gothenburg				
Autohaus Dörr & Hess GmbH & Co. KG	Germany	HRA 3167	Nidda	1	100.0	33	—
.Autohaus Dörr & Hess Verwaltungs GmbH	Germany	HRB 6551	Nidda				
Bilia Holding AB	Sweden	556054-6573	Gothenburg	160,000	100.0	19	19
.Bilia Autopart AB	Sweden	556213-5664	Gothenburg				
Ejendomsselskabet Hørskatten A/S	Denmark	18 44 52 47	Taastrup	600	100.0	6	10
Sevonia AB	Sweden	556069-8531	Gothenburg	25,000	100.0	3	3
Bilia Group Göteborg AB	Sweden	556046-5659	Gothenburg	10,000	100.0	2	2
Motoria Bil AB	Sweden	556059-0803	Gothenburg	1,000	100.0	0	0
Bilia Center Syd AB	Sweden	556944-7609	Gothenburg	500	100.0	0	0
Bilia Personvogne A/S	Denmark	19 47 52 04	Taastrup	45,000	100.0	—	—
.Corem Property CPH A/S	Denmark	12 50 49 93	Copenhagen				
Carrying amount						793	679

Note 11 Other securities held as non-current assets

	2015	2014
Accumulated costs		
At start of year	7	7
	7	7
Accumulated impairment losses		
At start of year	-7	-7
	-7	-7
Carrying amount at year-end	0	0

Note 12 Other long-term receivables

	2015	2014
Accumulated costs		
At start of year	20	20
Amortisation	-20	—
Carrying amount at year-end	—	20

Note 13 Equity

Share capital and premium

Thousands of shares	Ordinary shares	
	2015	2014
Issued on 1 January	25,174	25,140
Exercise of warrants	88	34
Stock split	25,174	—
Issued on 31 December – paid	50,436	25,174

As of 31 December 2015, the registered share capital comprised 50,436,052 ordinary shares (50,348,066).

Holders of ordinary shares are entitled to a dividend that is established from year to year, and their shareholding entitles them to exercise one vote per share at the AGM. All shares have the same right to Bilias remaining net assets.

Cash dividend

After the balance sheet date, the Board of Directors has proposed the following dividend:

	2015	2014
SEK 7.50 per ordinary share (6.00)	380 ¹⁾	302

¹⁾ Bilias had outstanding warrants that expired on 5 January 2016. After the end of the year, an additional 264,682 warrants were exercised, after which the total number of dividend-entitled shares was 50,700,734.

The Board of Directors' dividend proposal will be subject to adoption at the AGM on 8 April 2016.

Restricted reserves

Restricted reserves may not be diminished by distribution of profits.

Statutory reserve

The purpose of the statutory reserve is to save some of the net profit for the year that is not used to cover loss brought forward.

Non-restricted equity*Retained earnings*

Retained earnings consists of last year's non-restricted equity after distribution of profits (if any). Retained earnings and net profit for the year together comprise non-restricted equity, which is the amount that is available for distribution to the shareholders.

Share premium reserve

When shares are issued at a premium, i.e. when the price paid for the shares is more than their quotient value, an amount corresponding to the amount obtained in excess of the shares' quotient value shall be transferred to the share premium reserve.

Stock split

Existing shares are divided and adjusted retroactively for the years reported.

Note 14 Untaxed reserves

	2015	2014
Tax allocation reserve, allocated financial year 2009	—	23
Tax allocation reserve, allocated financial year 2010	87	87
Tax allocation reserve, allocated financial year 2011	5	5
Tax allocation reserve, allocated financial year 2012	67	67
Tax allocation reserve, allocated financial year 2013	83	83
Tax allocation reserve, allocated financial year 2014	105	105
Tax allocation reserve, allocated financial year 2015	98	—
Accumulated depreciation in excess of plan	23	16
Total untaxed reserves	468	386

Note 15 Liabilities to credit institutions

	2015	2014
Current liabilities		
Granted credit	1,500	900
Unutilised credit	1,068	900
Utilised credit	432	—

Note 16 Pensions**Net liability**

	2015	2014
Pension liability	—	22
Total	—	22
Of which credit insured via FPG/PRI:	—	22

Changes in net liability

Net liability at beginning of year pertaining to pension obligations	22	19
Cost recognised in the Income Statement for pensions under own management excluding taxes	1	3
Pension disbursements	0	0
Redemption of PRI liability	–23	—

Capital value of pension obligations pertaining to pensions under the company's own management at year-end

— 22

Net pension obligations

	2015	2014
Costs for pensions		
<i>Pensions under own management</i>		
Cost excluding interest expense	1	3
Cost of pensions under own management	1	3
<i>Pensions through insurance</i>		
Insurance premiums	10	8
Subtotal	11	11
Special payroll tax on pension costs	11	12
Cost for credit insurance	0	0
Pension cost for the year	22	23
Recognised net cost attributable to pensions	22	23

Of the recognised net cost, SEK 22 M (22) is in the operation and SEK 0 M (1) in net financial items.

Defined-contribution plans

The Parent Company has defined-contribution pension plans that are paid for entirely by the company. Payments are made to these plans on a regular basis in accordance with the rules in each plan.

	2015	2014
Costs for the year for defined-contribution plans ¹⁾	21	20

¹⁾ Of which SEK 5 M (3) pertaining to ITP plan funded in Alecta.

The Parent Company estimates that SEK 22 M will be paid in 2016 to the defined-benefit plans that are recognised as defined-contribution plans.

The Parent Company's share of the total savings premiums for ITP 2 in Alecta amounts to 0.18454 per cent, and the Parent Company's share of the total number of active members in the plan amounts to 0.01427 per cent.

For further information on pensions, share-based payments and benefits to senior officers, see the Group's Note 9 "Employees, personnel costs and remunerations for senior officers" and Note 23 "Pensions".

Note 17 Other liabilities

	2015	2014
Non-current liabilities		
Debenture loan	—	28
Personnel fund	5	5
Total	5	33
Current liabilities		
Tax deducted at source	2	1
Other	2	1
Total	4	2
Liabilities that fall due for payment more than five years after the balance sheet date	2015	2014
Personnel fund	5	5
Total	5	5

Note 18 Accrued expenses and deferred income

	2015	2014
Accrued wages and salaries	17	16
Accrued social security contributions	47	39
Accrued interest	3	2
Other accrued expenses	17	8
Total	84	65

Note 19 Financial instruments

Fair value and carrying amount for financial instruments and categorisation are presented below:

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>Financial assets measured at fair value through profit or loss</i>				
Other assets/currency swaps	1	1	0	0
<i>Loan receivables and other receivables</i>				
Other long-term receivables	—	—	20	20
Trade receivables	0	0	0	0
Cash and cash equivalents	1	1	351	351
<i>Financial liabilities measured at fair value through profit or loss</i>				
Other liabilities/currency swaps	0	0	0	0
<i>Other financial liabilities</i>				
Debenture loan	28	24	28	29
Bank loans	432	432	—	—
Personnel fund	5	5	5	5
Trade payables	91	91	83	83

The following tables furnish information on how fair value has been determined for the financial instruments that are measured at fair value in the Statement of Financial Position. Fair value is determined on the basis of the following three levels:

Level 1: according to prices on an active market for the same instrument.

Level 2: based on directly or indirectly observable market data not included in level 1.

Level 3: according to inputs not based on observable market data.

2015	Level 2
Financial assets measured at fair value through profit or loss/Currency swaps	1
Financial liabilities measured at fair value through profit or loss/Currency swaps	0
2014	Level 2
Financial assets measured at fair value through profit or loss/Currency swaps	0
Financial liabilities measured at fair value through profit or loss/Currency swaps	0

Fair Value Measurement

For a summary of the most important methods and assumptions that have been used to establish fair value, see Group Note 27 "Financial instruments".

Note 20 Financial risks and risk management

Bilia AB

Shares in subsidiaries

The Parent Company's shareholdings in the non-Swedish subsidiaries entail a currency exposure for Bilia. At present, Bilia AB does not hedge its shareholdings in foreign currencies.

For further information see Group Note 28 "Financial risks and risk management".

Maturity structure – Financial liabilities

The following table shows the maturity structure of the financial liabilities on the balance sheet date, undiscounted cash flows.

Lender	Cur- rency	2015							2014						
		Nominal amount SEK	Total amount	Within 1 mth	1–3 mths	3 mths– 1 yr	1–5 yrs	>5 yrs	Nominal amount SEK	Total amount	Within 1 mth	1–3 mths	3 mths– 1 yr	1–5 yrs	>5 yrs
DNB	SEK	150	150	150	—	—	—	—	—	—	—	—	—	—	—
DNB	SEK	51	51	51	—	—	—	—	—	—	—	—	—	—	—
Nordea	SEK	225	225	225	—	—	—	—	—	—	—	—	—	—	—
Overdraft facility		6	6	6	—	—	—	—	—	—	—	—	—	—	—
Debenture loan	SEK	28	28	28	—	—	—	—	28	32	2	—	—	30	—
Personnel fund	SEK	5	5	—	—	0	0	5	5	5	—	—	0	0	5
Trade payables	SEK	91	91	91	—	—	—	—	83	83	83	—	—	—	—
Total		556	556	551	—	0	0	5	116	120	85	—	0	30	5

Note 21 Operating leases

Leases for premises and office equipment

The Parent Company's leases mainly pertain to premises that have been sublet to the Swedish subsidiaries and office equipment. At year-end 2015, the property leases covered about 276,000 sq.m. (273,000).

In some cases, lease payments are fixed for periods of three months based on STIBOR or CIBOR. In other cases, lease payments are linked to a portion of the consumer price index or similar index. Leases can be extended in most cases. In order to gather the Group's property leases, Bilia AB has reached an agreement to take over the property leases for the Swedish companies. Starting in 2012, Bilia AB is the lessee on most of the Swedish property leases and sublets the premises to the subsidiaries.

Leases – Lessee

Non-cancellable lease payments amount to:

	2015	2014
Minimum lease payments for the year	–248	–246
Total lease costs for the year	–248	–246

Future lease payments

Within one year	–252	–248
Between one and five years	–893	–892
Later than five years	–816	–846
Total	–1,961	–1,986

Leases – lessor

Assets that are leased out under operating leases are recognised as property, plant and equipment. These assets consist of leasehold improvements. The past year's and future non-cancellable lease payments are as follows:

	2015	2014
Lease payments for the year	241	239
Total lease payments for the year	241	239

The contractual annual rent is SEK 241 M and the leases expire between 2016 and 2030.

Note 22 Capital commitments

During 2015 the Parent Company concluded agreements to invest SEK 17 M (40) in non-current assets for delivery in 2016.

Note 23 Pledged assets and contingent liabilities

Pledged assets

	2015	2014
For own liabilities and provisions		
<i>Pledged assets</i>		
– Endowment policies	154	120
– Promissory note loan	447	447
Total pledged assets	601	567

Contingent liabilities

	2015	2014
Rent guarantees ¹⁾	48	73
Guarantee for the benefit of subsidiaries	938	1,524
FPG/PRI	—	0
Total contingent liabilities	986	1,597

¹⁾ The amount pertains to rent guarantees of SEK 48 M (73) pledged for Bilia AB's subsidiaries in Norway. The rent guarantees included Denmark in 2014. The stipulated amount is the annual rent for leases of varying length. The leases expire between 2016 and 2030.

Note 24 Related parties

Bilia AB has a related party relationship with its subsidiaries, see Note 10 "Shares and interests in Group companies".

Key management personnel consist of Board members, the MD and other senior officers. Disclosures regarding wages, salaries and other remuneration to key management personnel are presented in the Group's Note 9 "Employees, personnel

costs and remunerations for senior officers". Other transactions are reported below:

Board members Mats Qviberg and Anna Engebretsen and their close family members control, directly and indirectly via Investment AB Öresund, approximately 24 per cent (24) of the votes in the company.

Related party transactions

Related party relationship	Year	Sales of goods and services to related party	Purchases of goods and services from related party	Commissions/ interest/ dividend	Claim on related party at 31 December	Debt to related party at 31 December
Subsidiaries	2015	417	4	22	1,182	52
Subsidiaries	2014	426	3	78	493	204
Contingent liabilities for subsidiaries	2015	986				
Contingent liabilities for subsidiaries	2014	1,597				

Transactions with key management personnel are priced on market terms.

Note 25 Cash Flow Statement

Dividends received and Group contributions

	2015	2014
Group contribution received	450	330
Total	450	330

Adjustment for non-cash items

	2015	2014
Depreciation/amortisation	23	19
Impairment losses	23	115
Provisions for pensions	1	3
Redemption of PRI liability	-23	—
Capital gain/loss from sale of subsidiary	—	-14
Other line items not affecting liquidity	-1	-7
Total	23	116

Unutilised credit facilities

	2015	2014
Granted credit	1,500	900
Utilised credit	432	0
Unutilised credit	1,068	900

Note 26 Events after the balance sheet date

The financial statements were approved for publication by Bilia AB's Board of Directors on 9 March 2016.

On 28 January 2016, Bilia concluded an agreement with OK Ekonomisk Förening to acquire a car dealership that conducts Toyota operations in Sweden.

The estimated date of possession is in March 2016, provided the Swedish Competition Authority approves the acquisition.

Signatures

The Board of Directors and the Managing Director ensure that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations.

The Directors' Report for the Parent Company and the Group provides a true and fair summary of the development of the Parent Company's and the Group'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.

Gothenburg, 9 March 2016

Mats Qviberg
Chairman

Jan Pettersson
Deputy Chairman

Ingrid Jonasson Blank
Board member

Anna Engebretsen
Board member

Jack Forsgren
Board member

Mats Holgerson
Board member

Gustav Lindner
Board member

Svante Paulsson
Board member

Jon Risfelt
Board member

Patrik Nordvall
*Board member appointed
by employee organisation*

Dragan Mitrasinovic
*Board member appointed
by employee organisation*

Per Avander
*Managing Director, CEO
and Board member*

Our Audit Report was submitted on 10 March 2016
KPMG AB

Jan Malm
Authorised Public Accountant

As is evident above, the annual accounts and consolidated accounts were approved for publication by the Board of Directors and the Managing Director on 9 March 2016. The Consolidated Statement of Income and Other Comprehensive Income, the Statement of Financial Position and the Parent Company Income Statement and Balance Sheet will be subject to adoption at the Annual General Meeting on 8 April 2016.

Auditor's Report

To the annual meeting of the shareholders of Bilia AB (publ), Corp. ID no. 556112-5690

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Bilia AB (publ) for the year 2015. The annual accounts and consolidated accounts are included in the printed version of this document on pages 2–14 and 18–82.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and the consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We have conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence regarding the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with International

Financial Reporting Standards, as adopted by the EU, and in accordance with the Annual Accounts Act. A Corporate Governance Statement has been prepared. The statutory administration report and the Corporate Governance Statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the Income Statement and the Balance Sheet for the Parent Company and the Consolidated Statement of Income and Other Comprehensive Income and Consolidated Statement of Financial Position for the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Bilia AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gothenburg, 10 March 2016
KPMG AB

Jan Malm
Authorised Public Accountant

Five-year Review

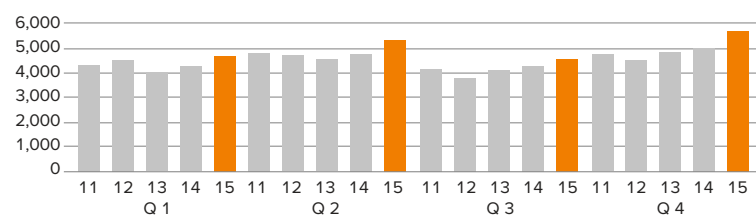
SEK M, unless otherwise stated.

	2011	2012	2013	2014	2015
Consolidated Statement of Income and Other Comprehensive Income					
Net turnover	18,160	17,662	17,656	18,446	20,443
Operating profit, excluding items affecting comparability	498	331	395	553	731
Operating profit	489	270	368	562	929
Net financial items	-27	-17	-1	-7	4
Profit before tax	462	253	367	555	933
Tax	-42	-97	-77	-103	-202
Profit for the year from continuing operations	420	156	290	452	731
Loss from discontinued operation, net after tax	—	—	—	-67	-84
Net profit for the year	420	156	290	385	647
Statement of Financial Position					
Equity	1,813	1,586	1,823	1,849	2,056
Balance sheet total	5,506	5,842	6,095	6,955	7,429
Capital employed	2,526	2,466	2,642	2,796	2,855
Net debt	219	438	260	-70	323
Net debt/equity, times	0.12	0.28	0.14	-0.04	0.16
Statement of Cash Flows					
Cash flow from operating activities	818	716	373	1,299	835
Investments and disposals in non-current assets, including leased assets	333	270	290	551	623
Operating cash flow	485	446	83	748	212
Key ratios					
Return on capital employed excluding items affecting comparability, %	20.6	14.8	18.7	21.2	29.2
Return on capital employed, %	20.3	12.3	17.7	19.8	36.2
Return on equity, %	23.6	9.1	17.0	21.0	33.2
Operating margin, excluding items affecting comparability, %	2.7	1.9	2.2	3.0	3.6
Operating margin, %	2.7	1.5	2.1	3.0	4.5
Interest coverage ratio	9.4	6.4	6.3	15.0	32.9
Profit margin, %	2.3	0.9	1.6	2.1	3.2
Equity/assets ratio, %	32.9	27.1	29.9	26.6	27.7
Rate of capital turnover, times	3.41	3.12	3.06	3.06	2.96
Per share data					
Earnings per share, SEK	8.45	3.15	5.85	7.65	12.85
Equity per share, SEK	36.90	32.15	36.25	36.70	40.75
Operating cash flow per share, SEK	9.75	9.00	1.70	14.85	4.20
Dividend per share, SEK	4.75	3.00	4.50	6.00	7.50 ¹⁾
Share price at year-end, SEK	48.40	46.75	82.00	118.75	192.00
P/E ratio, times	6	15	14	15	15
Other information					
Wages, salaries and other remunerations	1,483	1,504	1,492	1,571	1,659
Employees, average number	3,166	3,186	3,109	3,154	3,374

¹⁾ Proposed dividend.

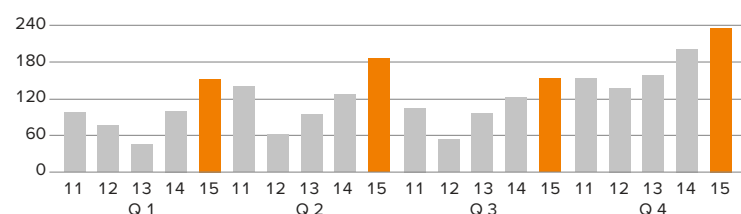
For information on calculations of the number of shares, see “Data per share” under the section headed “The Bilja share”.
For the section “Per share data”, all years have been recalculated after the 2:1 stock split.

Net turnover, SEK M



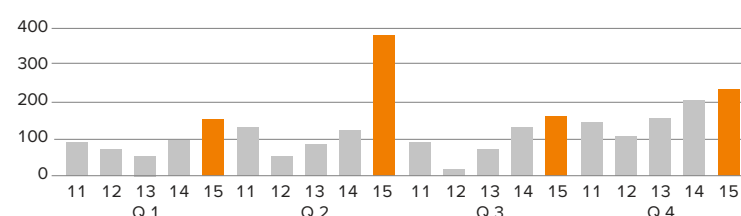
Net turnover increased by 11 per cent during 2015 compared with last year (4). Both the Car Business and the Service Business contributed to the increase during all quarters, but the Service Business increased most during the 4th quarter. If acquisitions and currency effects are excluded, net turnover increased by 7 per cent in 2015 (9) or by about SEK 1,290 M.

Operating profit, excluding items affecting comparability, SEK M



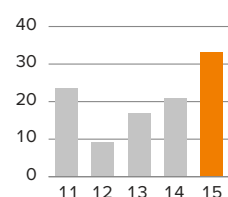
Net turnover amounted to SEK 731 M (553), an increase of 32 per cent. The 4th quarter was the best quarter in the past 5 years with earnings of SEK 237 M (202), equivalent to 32 per cent (37) of the net profit for the year. Earnings in the Service Business increased during the year by SEK 77 M due to higher turnover and lower relative costs. The Car Business's profit increased by SEK 101 M, due mainly to higher turnover and a higher gross profit margin.

Profit before tax, SEK M



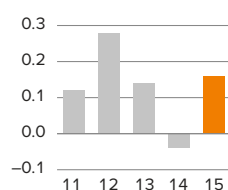
Profit before tax for the full year amounted to SEK 933 M (555). The profit for the 2nd quarter was SEK 383 M (122), mainly due to the earnings effect of the redemption of the Swedish pension liability, SEK 197 M. If items affecting comparability are excluded, profit before tax for the full year 2015 increased by SEK 189 M to SEK 735 M (546).

Return on equity, %



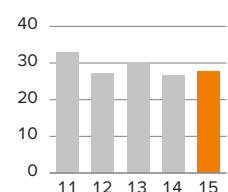
Return on equity increased during the year and amounted to 33.2 per cent (21.0). The goal for return on equity is at least 18 per cent.

Net debt/equity, times



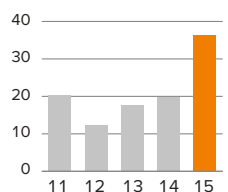
The ratio of net debt to equity increased compared with last year, amounting to 0.16 (-0.04, net receivable). Over the past five years the ratio has averaged 0.13.

Equity/assets ratio, %



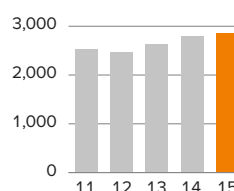
The equity/assets ratio amounted to 27.7 per cent (26.6). Over the past five years the equity/assets ratio has averaged 29.7 per cent.

Return on capital employed, %



Return on capital employed was 36.2 per cent, compared with 19.8 per cent last year. Return on capital employed excluding items affecting comparability amounted to 29.2 per cent (21.2). The goal for return on capital employed is at least 17 per cent.

Capital employed, SEK M



Capital employed increased by SEK 59 M (154), amounting to SEK 2,855 M (2,796). Acquisitions and disposals have increased capital employed by a net amount of SEK 296 M.

Definitions

Average number of employees Paid hours worked in relation to normal annual working hours worked in each country.

Capital employed Balance sheet total less non-interest-bearing current liabilities and provisions as well as deferred tax liability.

Dividend yield Dividend in relation to the average share price during the year.

EBITDA/net interest expense Operating profit excluding items affecting comparability plus depreciation (excluding depreciation attributable to repurchase agreements) in relation to net financial items excluding items affecting comparability and the portion of shares in the profits of associated companies that does not affect cash.

Equity/assets ratio Equity in relation to balance sheet total.

Interest coverage ratio Operating profit plus interest expense included in the business and financial income in relation to financial expenses plus interest expense included in operating expenses.

Net debt Net debt consists of interest-bearing liabilities less cash and cash equivalents, interest-bearing current and long-term receivables, interests in associated companies and leased vehicles, long-term.

Operating assets Intangible assets and non-interest-bearing property, plant and equipment, excluding cars sold with guaranteed residual values (leasing), plus non-interest-bearing current assets.

Operating capital employed All non-interest-bearing assets less non-interest-bearing current liabilities and provisions.

Operating margin Operating profit in relation to net turnover.

Payout ratio Dividend in relation to profit for the year.

Price/Earnings ratio Share price at year-end in relation to earnings per share.

Price/equity ratio Share price at year-end in relation to equity per share.

Profit margin Net profit for the year in relation to net turnover.

Rate of capital turnover Net turnover in relation to average balance sheet total.

Return on capital employed Operating profit plus interest expense included in the business and financial income in relation to average capital employed (see definition above).

Return on equity Net profit for the year in relation to average equity.

Return on operating capital employed Operating profit plus financial income, and a certain reduction for companies that include financing in their own balance sheet, in relation to average operating capital employed (see definition above).

Tax The division of untaxed reserves into deferred tax liability and retained earnings has been done on the basis of a tax rate of 22.0 per cent.

Turnover rate of capital employed Net turnover in relation to average capital employed.

Value added Operating profit excluding items affecting comparability plus payroll expenses, including payroll overheads.

Information on Annual General Meeting

Annual General Meeting, 8 April 2016

The AGM of Shareholders in Bilia AB will be held at 11.00 a.m. on Friday, 8 April 2016 at Bilia's facility at Haga Norra, Frösundaleden 4, in Stockholm. To be entitled to participate in the AGM, shareholders must:

- be registered in the share register
- have notified Bilia of their intention to participate.

Registration in share register

Bilia's share register is kept by Euroclear Sweden AB. Only holdings registered in their owners' names are entered in this register.

Shareholders whose shares have been registered to a nominee must arrange for their shares to be temporarily re-registered in their own name in order to be able to participate in the AGM. These shareholders should ask the bank or stockbroker that holds their shares in trust (the nominee) to temporarily re-register them (voting right registration) in good time prior to 1 April 2016. Nominees usually charge a fee for this service.

Notification

Shareholders wishing to participate in the AGM can notify Bilia:

- by telephone at +46 31 709 55 04 (or +46 31 709 55 00) between the hours of 10 a.m. and 4 p.m.
- by mail to Bilia AB, Box 9003, SE-400 91 Gothenburg, Sweden
- at Bilia's website www.bilia.com

The following particulars must be stated:

- name
- personal or corporate identity number
- address and telephone number.

Shareholders wishing to participate in the AGM must notify Bilia not later than Monday, 4 April 2016, when the notification period expires.

Proxies and assistants

A shareholder who is not personally present at the AGM may exercise his or her right through one or more proxies, who must have a written power of attorney signed by the shareholder. The power of attorney may not have a period of validity of more than five years and must specify what portion of the shares it applies to. A shareholder or a proxy may not bring more than two assistants to the AGM. If the shareholder wishes to bring an assistant, the company must be notified of this by the date indicated above under the heading "Notification".

Dividend

The Board of Directors proposes to the AGM that of the earnings available for distribution, SEK 7.50 per share (6.00) be paid in dividend to the shareholders, for a total of SEK 380 M (302).

Board of Directors

The Nominating Committee has announced that they intend to propose re-election of the following members: Anna Engebretsen, Jack Forsgren, Ingrid Jonasson Blank, Gustav Lindner, Jan Pettersson, Mats Qviberg and Jon Risfeldt. The committee also proposes that Eva Cederbalk be elected to the Board. The Nominating Committee's proposal is available at bilia.com.

Buy-back of shares in Bilia

The Board of Directors proposes that the AGM authorise the Board of Bilia to buy back its own shares and to resolve that such acquired own shares may be transferred. The purpose of the authorisation, which will be valid until the AGM in 2017, is to give the Board greater freedom in its work with the company's capital structure and to make it possible, if deemed appropriate, to acquire enterprises using the company's shares as payment. Acquisition of own shares may not exceed 1/10th of the number of issued shares in the company. Transfer of own shares shall not exceed the number acquired at the time of the transfer and shall be made possible by departure from the shareholders' pre-emption rights by sale via the stock exchange or in conjunction with the acquisition of an enterprise, whereby non-cash payment shall be possible.

New share issue

In order to permit partial payment of the purchase consideration for the acquisition of Arnold Kontz's BMW and MINI operation in Luxembourg with shares, it is proposed that the Board of Directors be given a mandate to resolve that new shares be issued.

Incentive programme

The Board of Directors proposes that the AGM resolve that an incentive programme be instituted and that 140,000 warrants be issued to be offered to senior officers and key persons.

New instructions to Nominating Committee

Proposed revisions to the Nominating Committee instructions will be considered by the AGM.

For complete information on the AGM, see the convening notice, which was issued at the beginning of March 2016.

Articles of Association

Article 1 Name of the company

The name of the company is Bilia AB. The company is a public company (publ).

Article 2 Registered office

The company's Board of Directors has its registered office in Gothenburg, Västra Götaland County.

Article 3 Object of the company

The object of the company is – directly or via subsidiaries – to

- carry on trade and distribution activities with regard to means of transport
- carry on manufacture, trade and distribution in other product areas as well
- carry on sales of service and spare parts associated with the products
- manage real and movable estate, including shares
- carry on financing activities (except that the company shall not carry on such activities as are referred to in Banking Business Act, and that activities subject to the provisions of the Act on Credit Market Companies may only be carried on in subsidiaries), and
- carry on other activities consistent with the above types of business.

Article 4 Share capital

The company's share capital shall be no less than one hundred and fifty-five million kronor (SEK 155,000,000) and no more than six hundred and twenty million kronor (SEK 620,000,000).

Shares may be issued in two series: series A and series B. If shares of more than one series are issued, each of the series may be issued to an amount equivalent to no more than ninety-nine hundredths of the total share capital. In voting at a General Meeting of Shareholders, series A shares confer one vote and series B shares one-tenth of a vote. Otherwise the shares are equal to each other.

In conjunction with a new issue of shares or an issue of warrants or convertibles for cash payment, the shareholders have a preferential right to subscribe for new shares in proportion to their stake in the company's share capital.

Article 5 Number of shares

The number of shares shall be no less than fifteen million five hundred thousand (15,500,000) and no more than sixty-two million (62,000,000).

Article 6 Board members

The Board of Directors shall consist of at least seven and at most ten members.

Article 7 Auditors

The company shall have one or two auditors and at most an equal number of deputy auditors or one or two registered public accounting firms.

Article 8 Location for General Meeting of Shareholders

The General Meeting of Shareholders shall be held at one of the following locations as determined by the Board of Directors: Stockholm, Gothenburg or Malmö.

Article 9 Notice convening a General Meeting of Shareholders

Notice to attend a General Meeting shall be given by advertisement in Post- och Inrikes Tidningar (the official Swedish gazette) and on the company's website. At the same time as notice convening the meeting is given, the company shall advertise in Dagens Industri that such notice has been given.

Article 10 Shareholders' right to attend a General Meeting of Shareholders

Shareholders wishing to participate in the proceedings at a General Meeting of Shareholders shall a) be listed in a printout or other presentation of the whole share register referred to in Chapter 7, Section 28, paragraph 3 of the Swedish Companies Act (2005:551) representing the situation five weekdays prior to the General Meeting, and b) notify the company by not later than 12 noon on the date stipulated in the notice convening the meeting. The latter date may not be a Sunday or other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not fall earlier than the fifth weekday prior to the meeting.

Article 11 Shareholder's assistant

An assistant may accompany the shareholder at the General Meeting if the shareholder has given notice to this effect in the manner stipulated in the preceding paragraph.

Article 12 Presence of outsider at General Meeting of Shareholders

Someone who is not a shareholder in the company may be entitled, under terms determined by the Board of Directors, to attend or otherwise follow the proceedings at the General Meeting of Shareholders.

Article 13 Annual General Meeting

The following matters shall be dealt with at the Annual General Meeting:

1. Election of Chairman of the meeting;
2. Preparation and approval of the voting list;
3. Approval of the agenda;
4. Election of one or two persons to verify the minutes;
5. Determination of whether the meeting has been duly convened;
6. Presentation of the annual accounts and the audit report as well as the consolidated accounts and the audit report on the consolidated accounts;
7. Resolutions concerning
 - a) adoption of the Income Statement and the Balance Sheet as well as the Consolidated Statement of Income and Other Comprehensive Income and the Consolidated Statement of Financial Position,
 - b) appropriations of the company's profit or loss according to the adopted Balance Sheet,
 - c) discharge of the members of the Board of Directors and the Managing Director from liability;
8. Determination of the number of members and deputy members of the Board of Directors as well as auditor and deputy auditor or public accounting firm (at meeting when auditor is elected);
9. Determination of fees to be paid to the Board of Directors and, where applicable, auditors.
10. Election of Board of Directors as well as auditor and deputy auditor or registered public accounting firm (at meeting when auditor is elected);

Other matters incumbent upon the General Meeting under the Companies Act or the Articles of Association.

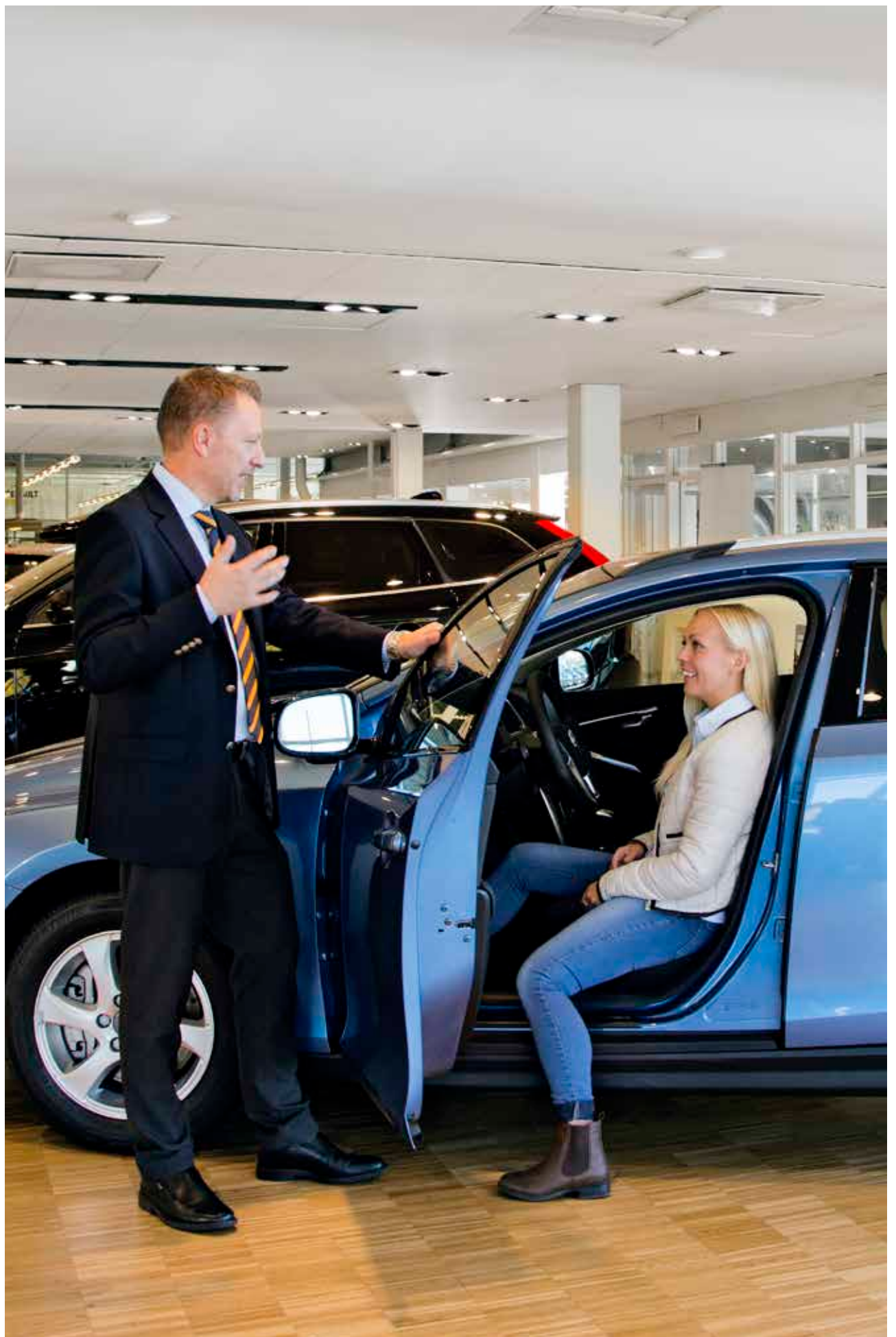
Article 14 Financial year

The company's financial year shall be the calendar year.

Article 15 CSD clause

The company's shares shall be registered in a Central Securities Depository (CSD) register pursuant to the Financial Instruments Accounts Act (1998:1479).

Adopted at Annual General Meeting, 3 May 2011.



Everything related to the car. And then some.



Bilia AB (publ)

You can reach us round the clock at Bilia Nu +46 771 400 000
You can also visit our website bilias.com