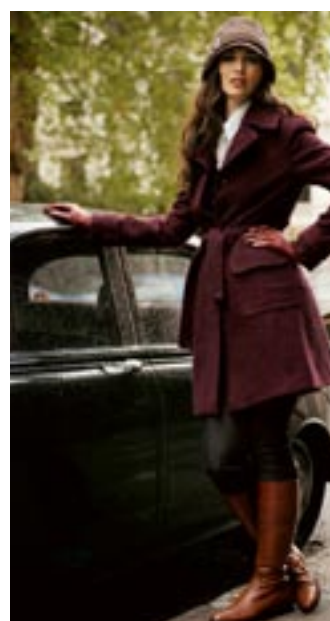




JC AB

INTERIM REPORT

1 January – 30 September



Continued sharp increase in profit

1 JANUARY – 30 SEPTEMBER 2005

- Operating income amounted to SEK 1,276.0 million (1,286.2), down 0.7 per cent.
- Operating profit amounted to SEK 58.8 million (7.2).
- The gross profit margin fell to 38.1 per cent (38.7) due to fewer company stores.
- Net profit was SEK 39.8 million (–1.0).
- Earnings per share amounted to SEK 2.14 (–0.05).

Q3 2005

- Operating income amounted to SEK 500.4 million (508.9), down 1.6 per cent.
- Operating profit amounted to SEK 36.8 million (11.7).
- The gross profit margin fell to 35.4 per cent (37.9).
- Net profit was SEK 25.2 million (3.8).
- Earnings per share amounted to SEK 1.36 (0.20).

OTHER

- The operating profit was SEK 103.7 million on a rolling 12-month basis, representing an operating margin of 5.9 per cent.
- The Board's target for 2006 is to open 30 new stores, of which 13 have already been decided on.

SUMMARY OF DEVELOPMENT

	July–sep 2005	July–Sep 2004 ¹	Jan–Sep 2005	Jan–Sep 2004 ¹	1 oct, 2004– 30 Sep, 2005 ²	Jan–dec 2004 ³
Operating income, SEKm	500.4	508.9	1,276.0	1,286.2	1,754.9	1,765.0
Operating profit/loss, SEKm	36.8	11.7	58.8	7.2	103.7	52.0
Profit/loss after financial items, SEKm	36.2	10.7	56.7	4.4	100.1	47.8
Gross profit margin, %	35.4	37.9	38.1	38.7	38.9	39.3
Operating margin, %	7.3	2.3	4.6	0.6	5.9	2.9
Earnings per share, SEK	1.36	0.20 ⁴	2.14	–0.05 ⁴	3.59	1.39 ⁴
Earnings per share after dilution, SEK	1.33	0.20 ⁴	2.12	–0.05 ⁴	3.52	1.39 ⁴
Number of stores at end of period of which company stores	263 91	274 97	263 91	274 97	263 91	261 85

Operating profit includes one-off revenues and costs totalling:

- 1) SEK –17.8 million, 2) SEK 4.6 million, 3) SEK –13.2 million
- 4) Restated following share split

SALES

MARKET

The total clothing market in Sweden, which is JC's most important market, rose by 3.0 per cent in current prices during the period 1 January to 30 September 2005, according to the Swedish Research Institute of Trade's (HUI) rapid retail index. JC showed organic growth in Sweden of 3.5 per cent during the period. According to HUI's forecasts for the full year 2005, the rate of increase is expected to be around 4 per cent in current prices.

1 JANUARY – 30 SEPTEMBER 2005

The JC Group's revenues consist of consumer sales in company stores, wholesale sales to franchisees and franchise charges. The Group's revenues fell by 0.7 per cent to SEK 1,276.0 million (1,286.2) during the period, of which SEK 541.2 million (577.1) comprised sales in company stores.

The fall in revenues is due to JC having six fewer company stores than in the same period last year. The three new stores in Norway did not have an impact on revenues until the second half of Q3.

Consumer sales in company stores and franchise stores amounted to SEK 1,637.6 million (1,613.1) during the period, up 1.5 per cent on the previous year. Like-for-like consumer sales rose by 4.3 per cent in local currency, compared with the previous year. Sales in company stores accounted for 33.3 per cent (35.8) of total consumer sales.

In Sweden, JC's sales rose by 2.5 per cent during the period and the Swedish market accounted for about 80 per cent (79) of JC's total consumer sales.

Q3 2005

The Group's revenues for Q3 fell by 1.6 per cent to SEK 500.4 million (508.9), of which SEK 201.9 million (212.0) comprised sales in company stores.

SALES TREND

The JC Group's sales growth for the period was on a par with market growth in Sweden and slightly above market growth in Norway and Finland.

August saw the implementation of a successful campaign for the JC concept "Half the child benefit" targeting parents. The message was that you could buy an outfit comprising T-shirt, sweater and jeans for half the child benefit.

Brothers and Sisters continued to experience strong growth in Q3. Brothers' outdoors campaign in September received a positive response from customers, while Sisters' launch of Riley Woman and EW Woman was well received.

The warm weather had a negative impact on sales in Q3. Particularly the JC concept in Sweden experienced a slow start to jacket sales, which had an impact on total consumer sales.

Consumer sales by geographical market, SEKm	July-Sep 2005	July-Sep 2004	Jan-Sep 2005	Jan-Sep 2004	jan-dec 2004
Sweden	480	483	1,309	1,279	1 844
Norway	99	96	265	247	359
Germany	-	13	-	37	51
Finland	26	20	64	50	72
Total	605	612	1,638	1,613	2 326

Consumer sales by concept, SEKm	July-Sep 2005	July-Sep 2004	Jan-Sep 2005	Jan-Sep 2004	jan-dec 2004
JC age 6–25	471	493	1,270	1,284	1,840
Brothers	89	78	248	216	329
Sisters	45	41	120	113	157
Total	605	612	1,638	1,613	2,326

RESULTS

1 JANUARY – 30 SEPTEMBER 2005

Since there were six fewer company stores than last year, the gross profit margin for the period 1 January to 30 September 2005 fell to 38.1 per cent (38.7). Like-for-like gross profit is higher due to improved purchasing terms and fewer markdowns in the stores.

The operating profit was SEK 58.8 million (7.2) and the operating margin rose 4.0 percentage points during the period to 4.6 per cent (0.6). Q3 2004 included one-off costs of SEK 17.8 million.

The operating margin was 5.9 per cent on a rolling 12-month basis. This was mainly as a result of the cost-cutting programme begun during the latter part of 2004. Compared with the same period the previous year, operating expenses fell by SEK 45.4 million, excluding one-off costs for 2004.

Profit after financial items for the period 1 January to 30 September 2005 was SEK 56.7 million (4.4). Net profit was SEK 39.8 million (–1.0).

Q3 2005

The gross profit margin for Q3 2005 fell to 35.4 per cent (37.9). The operating profit was SEK 36.8 million (11.7). Profit after financial items was SEK 36.2 million (10.7) and net profit was SEK 25.2 million (3.8).

CURRENCY POLICY

JC hedges the buying rates for the most important currencies, EUR and USD, largely to secure purchase prices as far as possible and thus gross profit margins. This creates stability in sales prices, which would not otherwise have been achieved.

SEASONAL VARIATIONS

JC's sales and earnings fluctuate substantially over the year, as is the case for the clothing sector as a whole. The Group's costs are relatively constant over the four quarters, while revenues fluctuate. This seasonal variation means that Q1 and Q2 are JC's weakest quarters for both sales and earnings, while Q3 and Q4 are the strongest.

STORES

In 2005, one store was acquired in Sweden. In addition, three company stores and two franchise stores were established, while two company stores and two franchise stores were closed. In Norway, three stores were acquired and one company store was closed. In Finland, two company stores were established. As a result, JC has 91 (97) company stores out of a total of 263 (274).

INVESTMENTS

During the period, investments amounted to SEK 19.0 million (26.9). The majority related to investments in acquisitions of SEK 5.4 million (8.6) and in new stores and store refurbishments of SEK 11.8 million (10.5).

FINANCING AND LIQUIDITY

Cash flow was SEK 7.0 million (–42.4) before investments and SEK –8.4 million (–61.1) after investments. Cash flow after financing activities was SEK –10.2 million (–45.2).

Cash and cash equivalents amounted to SEK 61.2 million (16.3) at the end of the period and unutilized credit amounted to SEK 71 million (123).

Consolidated equity was affected during the period by the profit of SEK 39.8 million (–1.0), a foreign currency translation difference of SEK 0.9 million, a dividend of SEK 9.3 million and adjustments due to the transition to IFRS of SEK 0.7 million, and amounted to SEK 395.0 million, compared with SEK 362.9 million on 31 December 2004.

EMPLOYEES

The average number of employees in the Group was 555 (609), of whom 385 (417) were women. Of the employees, 253 (431) were in Sweden and the remainder were in JC's other markets. The reduction in the number of employees was due to the reduction in the number of company stores and staff cuts in connection with the cost-cutting programme in 2004.

PARENT COMPANY

The Parent Company's revenues amounted to SEK 987.2 million (1,000.0) and profit after financial items was SEK 101.2 million (80.1). Investments for the period amounted to SEK 0.4 million (5.7).

THE JC SHARE

At the Annual General Meeting, it was decided to adopt new articles of association involving a reduction in the par value of the share from SEK 5 to SEK 2.50 (share split 2:1). The record day for implementation of the share split was stipulated as 10 August 2005, which meant that 8 August 2005 was the first trading day at the new par value.

ANNUAL MEETING

The Board of Directors has decided that the Annual General Meeting is to be held in Gothenburg on 5 May 2006.

ACCOUNTING PRINCIPLES

This report has been prepared in accordance with IAS 34, Interim Financial Reporting. In accordance with the IAS Regulation adopted by the EU in 2002, listed companies in the European Union are to apply IFRS (International Financial Reporting Standards) in their consolidated accounts as from 2005. Consequently, JC's Interim Report for Q3 2005 has been prepared in accordance with the IFRS adopted by the EU and the interpretations of the applicable standards, IFRIC, adopted by the EU.

The most important differences compared with previous accounting principles are as follows:

IAS 39 (Financial Instruments: Recognition and Measurement) is applied as from 1 January 2005, but not for the restating of comparative figures for 2004. For JC, this means that the market value of financial instruments classified as hedging is reported in the balance sheet. This results in a reduction in equity, after a deduction for deferred tax, of approximately SEK 2,419 thousand as at 1 January 2005.

IFRS 3 (Business Combinations) means for JC that goodwill, which has arisen in connection with acquisitions, will no longer be amortized according to plan. Instead this goodwill will be reviewed annually for possible write-down. As a result, opening goodwill in JC's balance sheet will amount to SEK 49,911 thousand. The operating profit for 2004 increases by SEK 7,758 thousand. The income statements and balance sheets for 2004 have been restated in accordance with IFRS. See also page 8.

This report has not been audited by the company's auditors.

JC AKTIEBOLAG (PUBL)

Mölnlycke, 20 October 2005

Thommy Nilsson
President and CEO

For further information, please contact:

Thommy Nilsson, President and CEO, Tel: +46 31 334 51 24 / +46 709 17 23 75

CONSOLIDATED INCOME STATEMENT (SEK'000)

	3 months July-Sep 2005	3 months July-Sep 2004	9 months jan-Sep 2005	9 months jan-Sep 2004	12 months okt-Sep 2004/05	12 months jan-dec 2004
Operating income						
Net sales	470,574	477,936	1,191,159	1,206 622	1,623,464	1,638,927
Other operating income	29,872	30,944	84,886	79,537	131,402	126,053
Total income	500,446	508,880	1,276,045	1,286,159	1,754 866	1,764,980
Operating expenses						
Goods for resale	-323,046	-315,791	-790,379	-788,909	-1 072,219	-1 070,749
Gross profit	177,400	193,089	485,666	497,250	682,647	694,231
Other external costs	-83,145	-112,695	-250,560	-283,266	-325,883	-358,589
Personnel costs	-49,379	-59,812	-152,886	-180,054	-213,714	-240,882
Deoreciation/amortization	-8,104	-8,900	-23,400	-26,742	-39,376	-42,718
Operating profit/loss	36,772	11,682	58,820	7,188	103,674	52,042
Net financial income/expense	-607	-1,004	-2,089	-2,798	-3,545	-4,254
Profit/loss after financial items	36,165	10,678	56,731	4,390	100,129	47,788
Tax	-10,987	-6,902	-16,929	-5,362	-33,463	-21,896
Net profit/loss	25,178	3,776	39,802	-972	66,666	25,892
Net profit/loss for the period allocated to the Parent Company's shareholders	25,214	3,776	39,892	-972	66,747	25,883
Net profit/loss for the period allocated to minority period	-36	0	-90	0	-81	9
Net profit/loss for the period	25,178	3,776	39,802	-972	66,666	25,892
Earnings per share	1.36 kr	0.20 kr*	2.14 kr	-0.05 kr*	3.59 kr	1.39 kr*
Earnings per share after dilution	1.33 kr	0.20 kr*	2.12 kr	-0.05 kr*	3.52 kr	1.39 kr*
Number of shares at the end of the period	18,573,940	9,286,970	18,573,940	9,286,970	18,573,940	9,286,970

*restated following share split

SEGMENTAL REPORTING

Net sales, SEK '000 Jan-Sep	Sweden	Other markets	Eliminated	Total
External sales 2005	915,626	275,533	-	1,191,159
Internal sales 2005	327,264	90,166	-417,430	0
Total 2005	1,242,890	365,699	-417,430	1,191,159
External sales 2004	1,010,390	196,232	-	1,206,622
Internal sales 2004	281,577	83,107	-364,684	0
Total 2004	1,291,967	279,339	-364,684	1,206,622

Profit/loss by market, SEK'000, jan-Sep	Sweden	Other markets	Total
2005	37,820	18,911	56,731
2004	19,974	-21,402	-1,428

Investments & depreciation/ amortization by country, SEK'000 jan-Sep, Tkr	Sweden	Other markets	Total
Investments	9,678	9,310	18,988
Depreciation/amortization	-18,793	-4,607	-23,400

CONSOLIDATED BALANCE SHEET (SEK'000)

Assets	30 Sep 2005	30 Sep 2004	31 dec 2004
Goodwill	54,565	54,644	49,911
Other intangible assets	41,476	49,612	48,112
Tangible assets	68,342	73,663	73,291
Financial assets	7,830	8,647	8,666
Deferred taxes recoverable	7,950	6,672	7,293
Inventories	201,752	213,898	176,472
Account receivable – trade	142,686	150,490	75,012
Other exeviables	84 374	75,787	100,118
Cash and cash equivalents	61,158	16,251	71,372
Total assets	670,133	649,664	610,247
Equity and liabilities			
Equity relating to the parent Company's shareholders	394,962	335,486	362,778
Equity relating to minoroty interests	19	64	73
Total equity	394,981	335,550	362,851
Lont-term liabilities	59,445	20,834	42,976
Current liabilities	215,707	293,280	204,420
Total equity and liabilities	670,133	649,664	610,247

CONSOLIDATED CASH FLOW STATEMENT (SEK'000)

	3 months July-Sep 2005	3 months July-Sep 2004	9 months jan-Sep 2005	9 months jan-Sep 2004	12 months okt-Sep 2004/05	12 months jan-dec 2004
Cash flow before change in working capital and investments	45,093	23,731	75,052	26,844	121,758	73,550
Change in working capital	-86,495	-58,232	-68,043	-69,253	-22,929	-24,139
Cash flow from operating activities	-41,402	-34,501	7,009	-42,409	98,829	49,411
Investments, net	-6,034	-1,750	-15,393	-18,646	-6,557	-9,810
Cash flow after investments	-47,436	-36,251	-8,384	-61,055	92,272	39,601
Cash flow from financing activities	-3,231	29,856	-1,830	15,910	-47,365	-29,625
Cash flow for the period	-50,667	-6,395	-10,214	-45,145	44,907	9,976
Cash and cash equivalents at beginning of period	111,825	22,646	71,372	61,396	16,251	61,396
Cash and cash equivalents at end of period	61,158	16,251	61,158	16,251	61,158	71,372

**INCOME STATEMENTS AND BALANCE SHEETS AS PER PREVIOUS ACCOUNTING PRINCIPLES COMPARED
WITH IFRS**

Income statement for		Jan-Sep 2004			2004		
	Previous principles	Adjustment IFRS	IFRS		Previous principles	Adjustment IFRS	IFRS
Operating profit/loss	1,370	+5,818	7,188		44,284	+7,758	52,042
Net financial income/expense	-2,798	-	-2,798		-4,254	-	-4,254
Profit/loss after financial items	-1,428	+5,818	4,390		40,030	+7,758	47,788
Tax	-4,783	-579	-5,362		-21,123	-773	-21,896
Minority interest	-	-	-		-9	+9	-
Net profit/loss	-6,211	+5,239	-972		18,898	+6 994	25,892
Net profit/loss for the period allocated to the parent Company's shareholders	-	-	-972				25,883
Net profit/loss for the period allocated to minority interests	-	-	-		-	-	9
Balance sheet on		30 Sep 2004			31 dec 2004		
	Previous principles	Adjustment IFRS	IFRS		Previous principles	Adjustment IFRS	IFRS
Intangible assets	98,438	+5,818	104,256		90,265	+7,758	1) 98,023
Tangible assets	73,663		73,663		73,291	-	73,291
Financial assets	15,898	- 7,251	8,647		15,959	-7,293	2) 8,666
Deferred taxes recoverable		-579+7,251	6,672			+7,293	7,293
Inventories	213,898		213,898		176,472	-	176,472
Accounts receivable – trade	150,490		150,490		75,012	-	75,012
Other receivables	75,787		75,787		100,118	-	2) 100,118
Cash and cash equivalents	16,251		16,251		71,372	-	71,372
Total assets	644,425	+5,239	649,664		602,489	+7,758	610,247
Equity	330,247	+5,239+64	335,550		355,793	+6,985+73	1) 362,851
Minority interest	64	-64	-		73	-73	3) -
Provisions	25,444	-25,444	-		37,238	-37,238	4) -
					773	1)	42,976
Long-term liabilities	3,116	+16,371,+1,347	20,834		10,892	+31,311	4)
Current liabilities	285,554	+7,726	293,280		198,493	+5,927	4) 204,420
Total liabilities and equity	644,425	+5,239	649,664		602,489	+7,758	610,247

- 1) Goodwill amortization and the tax effect are reversed in the income statement. The balance sheet is adjusted for goodwill and deferred tax liability.
- 2) Deferred taxes recoverable are reclassified.
- 3) Minority capital is transferred to equity.
- 4) Provisions are reclassified, with the effect that pensions and deferred tax liability are transferred to long-term liabilities and other provisions to current liabilities.

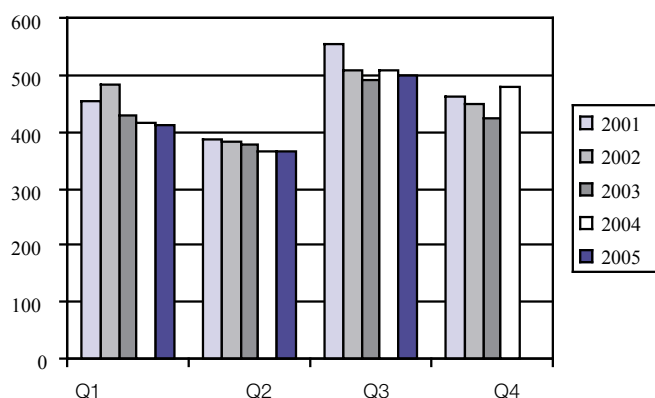
Equity	2004-01-01	2004-12-31	2005-01-01
Equity as per previous accounting principles	336,150	355,793	355,793
IFRS adjustment reversal of goodwill amortization	-	+7,758	+7,758
IFRS adjustment financial instruments	-	-	-3,360
Deferred tax	-	-773	+168
Reclassification minority interest	+28	+73	+73
Equity as per IFRS	336,178	362,851	360,432
Equity relating to the Parent Company's shareholders	336,150	362,778	360,359
Equity relating to minority interests	28	73	73

EQUITY

Equity as per IFRS 2004-12-31	362,851
Change in accounting principle financial instruments	-2,419
Equity 2005-01-01	360,432
Change for the period financial instruments	3,139
Minority interest	36
Translations differences for the period	859
Dividend	-9,287
Net profit for the period	39,802
Equity 2005-09-30	394,981
Equity relating to the Parent Company's shareholders	394,662
Equity relating to minority interests	19

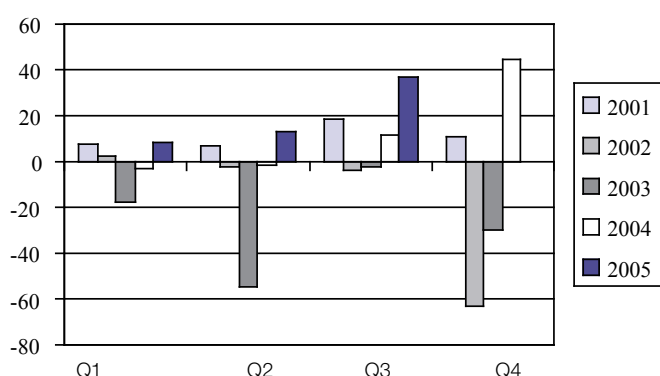
OPERATING INCOME PER QUARTER (SEK MILLION)

Mkr



2004 and 2005 in accordance with IFRS

OPERATING PROFIT/LOSS PER QUARTER (SEK MILLION)



KEY RATIOS

	3 months July-Sep 2005	3 months July-Sep 2004	9 months jan-Sep 2005	9 months jan-Sep 2004	12 months okt-Sep 2004/05	12 months jan-dec 2004
Gross profit margin	35.4 %	37.9 %	38.1 %	38.7 %	38.9 %	39.3 %
Operating margin	7.3 %	2.3 %	4.6 %	0.6 %	5.9 %	2.9 %
Net margin	7.2 %	2.1 %	4.4 %	0.3 %	5.7 %	2.7 %
Return on equity 12 months	6.6 %	1.1 %	10.5 %	Neg	18.3 %	7.4 %
Equity/assets ratio	58.9 %	51.6 %	51.6 %	58.9 %	58.9 %	59.4 %
Number of shares at the end of period	18,573,940	9,286,970	18,573,940	9,286,970	18,573,940	9,286,970
Earnings per share	1.36 kr	0.20 kr*	2.14 kr	-0.05 kr*	3.59 kr	1.39 kr*
Earnings per share after dilution	1.33 kr	0.20 kr*	2.12 kr	-0.05 kr*	3.52 kr	1.39 kr*
Equity per share	21.27 kr	18.07 kr*	21.27 kr	18.07 kr*	21.27 kr	19.54 kr*

*restated following share split

NUMBER OF EMPLOYEES

	30 Sep 2005	30 Sep 2004	31 dec 2004
Average number	555	609	530
of which, men	170	192	167
of which, woman	385	417	363

NUMBER OF STORES	30 Sep 2005		30 Sep 2004		31 december 2004	
	Total	Egna	Total	Egna	Total	Egna
Sweden	207	53	211	57	206	51
Norway	44	26	47	24	45	24
Germany	0	0	6	6	0	0
Finland	12	12	10	10	10	10
Total	263	91	274	97	261	85

FUTURE FINANCIAL REPORTING

Year-end report for 2005

Interim report for January-March 2006

Interim report for January-June 2006

Interim report for January-September 2006

Year-end report for 2006

16 February 2006

27 April 2006

19 July 2006

26 October 2006

February 2007

JC IN BRIEF

JC develops and operates concepts for fashion stores. Each concept has its own well-defined target group and position. JC offers three concepts: JC age 6–25, Brothers and Sisters. With a market share of about 4 per cent of the total clothing market, JC is the fourth largest clothing company in Sweden. JC also operates in Norway and Finland.

At the end of the period, the number of stores totalled 263 (274). JC owns 91 (97) stores, while the remaining stores are owned by franchisees.

The JC Group's revenues consist of consumer sales in company stores, wholesale sales to franchisees and franchise charges. The Group's revenues for the period amounted to SEK 1,276.0 million, compared with SEK 1,286.2 million for the same period the previous year.

Consumer sales in company stores and franchise stores for the period amounted to SEK 1,637.6 million, compared with SEK 1,613.1 million for the same period the previous year.



JC Aktiebolag (Publ.) SE-435 85 Mölnlycke, Sweden

Tel +46 31 334 50 00 Fax +46 31 334 52 90 www.jc.se E-mail info@jc.se

Registered office Mölnlycke Corporate identity no. 556468–8991

JC Jeans & Clothes, Brothers, Sisters