



# Interim Report

JANUARY – SEPTEMBER 2005, JM GROUP

## 3/05

### Continued strong sales and improved profitability

- Net sales increased by 17 percent to SEK 7,011m (5,970) and the number of sold residential units totaled 2,958 (3,349)
- Profit after financial items improved to SEK 627m (425) and profit after tax for the period rose to SEK 544m (303). The operating margin increased to 10.0 percent (8.8)
- Property sales of SEK 539m (722) provided capital gains of SEK 100m (96)
- Return on equity totaled 22.6 percent. Earnings per share for the nine-month period increased to SEK 20.20 (10.80)
- Cash flow from operating activities during the first nine months totaled SEK 1,471m (1,164)
- The Group's capital requirements are under review. Preliminarily, the Group's surplus of equity is estimated at SEK 800 - 1,000m

SEK m	January - September 2005 2004		July - September 2005 2004		Oct - Sept 2004/05	Full-year 2004
Net sales	7,011	5,970	2,419	1,805	9,573	8,532
Operating profit	702	525	269	156	969	792
Profit after financial items	627	425	263	146	849	647
Cash flow from operating activities	1,471	1,164	216	293	2,468	2,161
Operating margin (%)	10.0	8.8	11.1	8.6	10.1	9.3
Return on equity (%)					22.6	14.4
Equity ratio (%)	38	41	38	41		42
Earnings per share (SEK)	20.20	10.80	11.70	3.70	26.30	16.90
Number of housing starts	2,834	2,616	973	774	4,161	3,943
Number of sold residential units	2,958	3,349	834	956	3,924	4,315

JM's interim report has been prepared in accordance with International Financial Reporting Standards – IFRS.

## GROUP

*"Demand for newly built homes remained healthy during the third quarter. Our housing development projects continue to show favorable earnings with improvement in all markets. At the same time we have further strengthened our balance sheet. Attractive residential units in our projects combined with a good market and low interest rates provide continued good prospects for 2005."*

*Johan Skoglund, President and CEO.*

### Market, sales and housing starts

Demand for newly built homes remains favorable throughout Sweden and in JM's international markets. Continued low interest rates contribute to this favorable development.

The number of residential units sold in the form of signed contracts totaled 2,958 (3,349). The high sales in 2004 were partly attributable to a shift effect relating to residential units completed in 2003, but not sold until 2004.

The number of housing starts increased and amounted to 2,834 (2,616), of which 1,134 (1,150) were in the Stockholm area and 998 (814) elsewhere in Sweden. Housing starts in international operations amounted to 702 (652).

### Net sales, operating profit, and operating margin

The Group's net sales during the first nine months of 2005 rose 17 percent to SEK 7,011m (5,970) and operating profit totaled SEK 702m (525). The operating margin was 10.0 percent (8.8).

Operating profit and operating margin have improved as a result of good demand and higher prices for housing, as well as the efficiency enhancements completed to date.

During the period JM sold properties for SEK 539m (722) with a capital gain of SEK 100m (96). Rental income from JM's project properties totaled SEK 154m (186), of which residential properties accounted for SEK 73m (108). Operating net amounted to SEK 58m (87).

Operating profit (SEK m)	January - September 2005 2004		July - September 2005 2004		Oct - Sept 2004/05
JM Residential Stockholm	316	194	102	60	418
JM Residential Sweden	207	138	81	45	271
JM International	124	74	57	24	167
JM Property Development	62	138	34	33	125
JM Production	40	30	16	8	53
Group-wide expenses	-47	-49	-21	-14	-65
<b>Total <sup>1)</sup></b>	<b>702</b>	<b>525</b>	<b>269</b>	<b>156</b>	<b>969</b>
<sup>1)</sup> Of which property sales	100	96	31	10	168

Operating margin (%)	January - September 2005 2004		July - September 2005 2004		Oct - Sept 2004/05
JM Residential Stockholm	11.6	8.2	12.1	9.2	11.0
JM Residential Sweden	9.6	8.1	11.5	8.6	9.4
JM International	8.5	5.9	9.3	5.6	8.1
JM Production	5.2	4.9	5.6	3.8	4.9

### Building rights

JM's available building rights correspond to about 23,200 residential units (22,000), of which 12,800 are recognized in the balance sheet. Capital tied up in building rights (development properties in the balance sheet) for residential units decreased to SEK 2,446m (2,931) at the end of the period.

### Project properties

SEK m	Occupancy rate	Book value		
	annual rent, 30 Sept 2005	30 Sept 2005	30 Sept 2004	31 Dec 2004
Residential units (tenancy rights)	99%	878	1,225	1,078
Properties under development	41%	73	660	671
Fully developed commercial properties	70%	1,087	540	497
<b>Total</b>		<b>2,038</b>	<b>2,425</b>	<b>2,246</b>

During October, after the end of the reporting period, JM sold residential properties in Vaxholm and Ålta, as well as commercial properties on Lidingö and in Uppsala, Solna and Stockholm for a total of SEK 757m with a capital gain of SEK 95m.

### Financial items

Net financial items improved by SEK 25m compared with the same period the previous year. Costs for early redemption of loans totaled SEK 19m during the second quarter. Interest expenses decreased, primarily due to lower average borrowings. Interest income increased as a result of a high balance of cash and cash equivalents.

SEK m	January - September 2005 2004		July- September 2005 2004		Oct - Sept 2004/05	Full-year 2004
Interest income, etc.	31	25	12	23	36	30
Interest expenses	-106	-125	-18	-33	-156	-175
<b>Net financial items</b>	<b>-75</b>	<b>-100</b>	<b>-6</b>	<b>-10</b>	<b>-120</b>	<b>-145</b>
Interest-bearing loans	1,408	2,058	1,408	2,058		1,930
Interest-bearing net debt	341	1,597	341	1,597		613

After the redemption of shares and dividends for a total of SEK 1,162m, interest-bearing net debt amounted to SEK 341m (1,597). This represents a decrease of SEK 272m during 2005, attributable to improved cash flow. The debt/equity ratio was 0.1 (0.5).

Total interest-bearing loans amounted to SEK 1,408m (2,058) of which the PRI liability accounted for SEK 472m (443). At the end of the period the average interest rate for the total loan stock including the PRI liability was 4.2 percent (5.4). The average fixed-interest period for the Group's loan stock, excluding the PRI liability was 1.6 years (2.5).

The Group's available liquidity totaled SEK 3,368m (3,151). Aside from cash and cash equivalents of SEK 1,023m (424), this includes unutilized overdraft facilities and credit lines totaling SEK 2,345m (2,727). At year-end 2004 the Group's available liquidity was SEK 4,102m (3,065).

### Cash flow

Cash flow from operating activities was strong during the first nine months of the year and totaled SEK 1,471m (1,164), attributable to continued work with the balance sheet and residential project developments in Sweden. Cash flow from property development (project properties) made a net contribution of about SEK 200m (520).

### Personnel

The number of employees at the end of the period was 2,258 (2,154). The number of wage earners was 1,198 (1,120) and the number of salaried employees 1,060 (1,034).

### Nomination Committee

According to the instruction adopted by last year's Nomination Committee, the four largest shareholders, who wish to participate, shall appoint one representative each to form the Nomination Committee. According to the Swedish Code of Corporate Governance, which JM intends to gradually apply, the composition of the nomination committee shall be announced no later than six months prior to the Annual General Meeting.

Of those stockholders who are eligible for the nomination committee as at September 30, 2005, the following have requested to take part: Robur Funds (represented by KG Lindvall), AFA Försäkring (Anders Algotsson), SEB Funds (Mats Tunér), and the Fourth National Pension fund (Björn Franzon).

### Redemption of Own Shares

During the second quarter JM carried out a redemption program of its own shares. According to the offer, every eighth share could be redeemed for a cash payment of SEK 285. A total of 3,389,027 shares were redeemed and a total of SEK 966m was transferred to the shareholders at the end of the second quarter. After the redemption JM's share capital amounted to SEK 98.7m, represented by 24,676,380 shares.

### Capital structure

The restructuring of the balance sheet based on current strategy with less capital tied up and the streamlining of company procedures have strengthened JM's financial position.

Once again the Group is analyzing its future needs for equity. The results of this review will be presented in connection with the 2005 year-end report.

Preliminarily, JM has an equity surplus on the order of SEK 800 - 1,000m.

## BUSINESS SEGMENTS

### JM RESIDENTIAL STOCKHOLM

*The JM Residential Stockholm business segment develops residential projects in Greater Stockholm. Operations comprise acquisition of development properties, planning, pre-construction, production, and sales of residential units.*

SEK m	January - September 2005 2004		July - September 2005 2004		Oct - Sept 2004/05	Full-year 2004
Net sales	2,730	2,368	845	654	3,800	3,438
Operating profit <sup>1)</sup>	316	194	102	60	418	296
Operating margin (%)	11.6	8.2	12.1	9.2	11.0	8.6
Average operating capital					1,733	2,356
Return on operating capital (%)					24.1	12.6
Operating cash flow	881	526	108	197	1,311	956
Book value of development properties	1,309	1,800				1,702
Number of available building rights	9,700	9,600				9,100
Number of housing starts	1,134	1,150	287	404	1,690	1,706
Number of sold residential units	1,258	1,542	347	496	1,684	1,968
Number of employees	775	697				710
<sup>1)</sup> Of which property sales	34	-1	-	-	36	1

Demand has strengthened and housing prices are cautiously rising. The supply of new housing in the Stockholm area is increasing, as is competition for land in prime locations due to strong demand.

The business segment's net sales increased by 15 percent to SEK 2,730m (2,368) and operating profit improved to SEK 316m (194) including property sales of SEK 34m (-1). The operating margin increased to 11.6 percent (8.2). The improved margin is attributable to good sales and rising prices, while costs remain unchanged.

Sales of residential units in 2004 were partially attributable to projects completed in 2003.

Cash flow improved because of increased operating profit and limited investment in development properties.

During the third quarter production started on 287 residential units in apartment blocks in Stockholm and Solna.

### JM RESIDENTIAL SWEDEN

*The JM Residential Sweden business segment develops residential projects in growth areas in Sweden, excluding Greater Stockholm. Operations comprise acquisition of development properties, planning, pre-construction, production, and sales of residential units. Contracting operations are also conducted to a limited extent.*

SEK m	January - September 2005 2004		July - September 2005 2004		Oct - Sept 2004/05	Full-year 2004
Net sales	2,164	1,713	703	524	2,868	2,417
Operating profit <sup>1)</sup>	207	138	81	45	271	202
Operating margin (%)	9.6	8.1	11.5	8.6	9.4	8.4
Average operating capital					607	808
Return on operating capital (%)					44.7	25.0
Operating cash flow	377	211	58	183	579	413
Book value of development properties	646	690				687
Number of available building rights	8,400	7,100				7,400
Number of housing starts	998	814	366	231	1,402	1,218
Number of sold residential units	1,014	976	308	259	1,263	1,225
Number of employees	583	496				513
<sup>1)</sup> Of which property sales	13	-	11	-	16	3

Demand has strengthened. Housing prices are cautiously rising. The supply of new housing and the competition for land in prime locations is rising in most of the business segment's markets because of strong demand.

The business segment's net sales increased by 26 percent to SEK 2,164m (1,713) and operating profit increased by 50 percent to SEK 207m (138) including capital gains from property sales of SEK 13m. The operating margin was 9.6 percent (8.1).

The increase in net sales is attributable to the large number of housing starts late in 2004 and in 2005.

The improved margin is attributable to good sales and rising prices, with unchanged costs, as well as sales of properties.

Cash flow improved because of the increased operating profit and the higher number of housing starts.

During the third quarter we acquired building rights equivalent for about 480 residential units in Malmö, Lomma, Halmstad, and Uppsala.

Production started on a total of 240 residential units in apartment blocks in Malmö, Halmstad, Göteborg, and Uppsala. We also had housing starts on a total of 126 single-family homes during the period, mostly in Malmö, Lund, and Västerås.

## JM INTERNATIONAL

*The JM International business segment develops and sells residential properties in Norway, Denmark, and Belgium. In Belgium, JM also develops centrally located commercial property projects.*

SEK m	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
Net sales	1,466	1,264	613	429	2,068	1,866
Operating profit <sup>1)</sup>	124	74	57	24	167	117
Operating margin (%)	8.5	5.9	9.3	5.6	8.1	6.3
Average operating capital					1,085	1,000
Return on operating capital (%)					15.4	11.7
Operating cash flow	14	139	15	76	14	139
Book value of development properties	491	441				394
Book value of project properties	273	323				306
Number of available building rights	5,100	5,300				5,400
Number of housing starts	702	652	320	139	1,069	1,019
Number of sold residential units	686	831	179	201	977	1,122
Number of employees	283	268				266
<sup>1)</sup> Of which property sales	10	-	-	-	11	1

A long period of rising housing prices has attracted new players to JM's international markets, which in turn has forced up prices of new building rights. However, JM's current holding of building rights and efficiency enhancements in project implementation provide generally favorable conditions for its business.

The business segment's net sales rose 16 percent to SEK 1,466m (1,264) and operating profit climbed to SEK 124m (74), attributable in part to gains on property sales in JM Belgium. The operating margin increased to 8.5 percent (5.9). The limited cash flow during the first nine months of the year can mainly be attributed to the temporarily reduced capital requirement in Norway, which meant a decreased level of project financing.

### Norway

The housing market in Norway is characterized by continued good demand and cautiously rising prices. The supply of newly built homes is large, at the same time that competition for residentially zoned land has intensified. There has also been an increase in production costs during the year. During the first nine months of the year, we sold 476 residential units (564) and began production of 497 residential units (453). The large number of residential units sold during 2004 was due in part to a shift from 2003.

During the third quarter we began construction on 202 housing units, including 54 in Oslo, 24 in Drammen, and over 60 each in Bergen and Tönsberg. Available building rights correspond to about 4,000 residential units (4,100).

### Denmark

Demand for newly built homes in Copenhagen remains high, resulting in continued favorable sales for JM Denmark. Housing prices continue to climb at the same time that competition for building rights has intensified. During the period 176 residential units (199) were sold and housing starts totaled 166 (156).

During the third quarter we began construction on 118 residential units in Copenhagen, including 70 in Sluseholmen and 48 in Havnestad. Available building rights correspond to about 750 residential units (800).

### Belgium

The supply of new homes increased over the past year and housing prices rose. Production in JM's ongoing residential projects is progressing according to plan. During the period 34 residential units (68) were sold and housing starts totaled 39 (43). Efforts to rent out the commercial property, Science, continue. No leases have yet been signed. Available building rights correspond to about 350 residential units (370).

## JM PROPERTY DEVELOPMENT

*The JM Property Development business segment develops residential and commercial properties in Greater Stockholm. The business segment's portfolio entirely comprises properties for project development. Development of commercial projects is conducted with considerable caution.*

SEK m	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
Net sales	175	207	45	67	244	276
Operating profit <sup>1)</sup>	62	138	34	33	125	201
Average operating capital					1,941	2,330
Return on operating capital (%)					6.4	8.6
Operating cash flow	238	609	48	82	432	803
Book value of development properties	181	191				185
Book value of project properties	1,652	1,951				1,789
Number of employees	26	94				90
<sup>1)</sup> Of which						
-property sales	43	92	20	10	105	154
-impairment losses on properties	-	-	-	-	-15	-15

The business segment's net sales totaled SEK 175m (207) and operating profit decreased to SEK 62m (138). The change is mainly attributable to a decreased property portfolio and a lower volume of property sales compared with the same period last year. The positive cash flow is mainly attributable to the sale of project properties for which payment was received during the first nine months of the year.

Gains from property sales during 2005 amount to SEK 43m (92). During the third quarter JM sold properties for SEK 52m with a capital gain of SEK 20m.

During the period JM signed a lease with Sollentuna municipality for senior housing and group housing for adolescents in Silverdal. We broke ground for these projects in September, with a completion date planned for October 2006 and March 2006, respectively.

Construction of the Frösunda Park office building project, which began in April, is proceeding according to plan and we are working on finding tenants.

The Älta center remodeling project has begun and tenants have signed new leases.

During the period foreign and domestic investors continued to show strong interest in the remaining fully developed property portfolio.

## JM PRODUCTION

*The JM Production business segment carries out construction work for external and internal customers in the Greater Stockholm area.*

SEK m	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
Net sales	766	618	286	213	1,079	931
Operating profit <sup>1)</sup>	40	30	16	8	53	43
Operating margin (%)	5.2	4.9	5.6	3.8	4.9	4.6
Operating cash flow	122	54	32	31	113	45
Number of employees	510	524				505
<sup>1)</sup> Of which property sales	-	5	-	-	-	5

Demand for contracting operations in the Stockholm market continues to develop favorably with good orders for the business segment.

Net sales in the business segment totaled SEK 766m (618) and operating profit rose to SEK 40m (30).

The operating margin was 5.2 percent (4.9). Operating profit for the corresponding period in 2004 included a property sale of SEK 5m.

The strong cash flow is mainly attributable to decreased working capital, but also to a strong financial performance.

During the third quarter the business segment received several large assignments, including conversion of the Philips building on Tegeluddsvägen for Vasakronan, excavation and utility work for the city of Stockholm in Lugnet, the former industrial park, as well as production of senior housing in Silverdal for JM Property Development.

Other major current projects include the conversion of Hotel Anglais for AFA Sjukförsäkring, new construction of offices in Frösunda for JM Property Development, and the district heating line for Vattenfall at Södertörn.

## CONSOLIDATED INCOME STATEMENT

SEK m	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
Net sales	7,011	5,970	2,419	1,805	9,573	8,532
Costs for production and management	-5,975	-5,151	-2,052	-1,548	-8,171	-7,347
<b>Gross profit</b>	<b>1,036</b>	<b>819</b>	<b>367</b>	<b>257</b>	<b>1,402</b>	<b>1,185</b>
Selling and administrative expenses	-434	-390	-129	-111	-586	-542
Gains on the sale of properties	100	96	31	10	168	164
Impairment losses on properties	-	-	-	-	-15	-15
<b>Operating profit</b>	<b>702</b>	<b>525</b>	<b>269</b>	<b>156</b>	<b>969</b>	<b>792</b>
Net financial items	-75	-100	-6	-10	-120	-145
Profit after financial items	627	425	263	146	849	647
Tax	-83 <sup>1)</sup>	-122	26 <sup>1)</sup>	-41	-134	-173
<b>Net profit for the period</b>	<b>544</b>	<b>303</b>	<b>289</b>	<b>105</b>	<b>715</b>	<b>474</b>
Earnings per share, SEK	20.20	10.80	11.70	3.70	26.30	16.90
Earnings per share after full dilution (SEK)	20.20	10.80	11.70	3.70	26.30	16.90
Number of shares at close of period	24,676,380	28,065,407	24,676,380	28,065,407	24,676,380	28,065,407
Average number of shares before and after dilution	26,910,903	28,065,407	24,676,380	28,065,407	27,201,901	28,065,407

<sup>1)</sup> This entry includes postponed tax revenue of SEK 103m net, attributable to discontinued commitments during the third quarter.

## CONSOLIDATED BALANCE SHEET

SEK m	30 Sept 2005	30 Sept 2004	31 Dec. 2004
<b>ASSETS</b>			
<b>Fixed assets</b>	<b>164</b>	<b>162</b>	<b>157</b>
Project properties	2,038	2,425	2,246
Development properties	2,629	3,124	2,971
Participations in tenant-owner co-operatives, etc.	43	276	243
Current receivables <sup>1)</sup>	1,725	1,563	1,350
Cash and cash equivalents	1,023	424	1,285
<b>Total current assets</b>	<b>7,458</b>	<b>7,812</b>	<b>8,095</b>
<b>Total assets</b>	<b>7,622</b>	<b>7,974</b>	<b>8,252</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	<b>2,876</b>	<b>3,297</b>	<b>3,465</b>
Long-term liabilities, interest-bearing	794	1,368	1,169
Provisions	1,065	1,064	1,089
<b>Total long-term liabilities</b>	<b>1,859</b>	<b>2,432</b>	<b>2,258</b>
Current liabilities, interest-bearing	142	247	308
Current liabilities, noninterest-bearing	2,745	1,998	2,221
<b>Total current liabilities</b>	<b>2,887</b>	<b>2,245</b>	<b>2,529</b>
<b>Total shareholders' equity and liabilities</b>	<b>7,622</b>	<b>7,974</b>	<b>8,252</b>
Pledged assets	170	180	180
Contingent liabilities	5,518	4,403	4,852
<sup>1)</sup> Of which receivables from property sales	132	30	68

## CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK m	January - September		Full-year
	2005	2004	2004
Shareholders' equity, opening balance	3,465	3,133	3,133
Effect of change in accounting principle <sup>1)</sup>	-31	-	-
Redemption of shares	-966	-	-
Fair value reserve (cash flow hedges)	16	-	-
Translation differences	44	1	-2
Dividend	-196	-140	-140
Net profit for the period	544	303	474
<b>Shareholders' equity, closing balance</b>	<b>2,876</b>	<b>3,297</b>	<b>3,465</b>

<sup>1)</sup> IFRS adjustments, Financial instruments

## CONSOLIDATED CASH FLOW STATEMENT

SEK m	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
<b>Cash flow from current operations before change in working capital</b>	<b>542</b>	<b>36</b>	<b>355</b>	<b>-71</b>	<b>939</b>	<b>433</b>
Investments in project properties	-102	-176	-33	-26	-150	-224
Investments in development properties, etc.	-605	-720	-333	-180	-941	-1,056
Sale of project properties	320	696	40	49	555	931
Payment on account for devel. properties, etc.	1,315	1,506	457	604	1,868	2,059
Change in current liabilities/receivables	1	-178	-270	-83	197	18
<b>Cash flow from current operations</b>	<b>1,471</b>	<b>1,164</b>	<b>216</b>	<b>293</b>	<b>2,468</b>	<b>2,161</b>
<b>Cash flow from investing activities, other</b>	<b>-16</b>	<b>-11</b>	<b>22</b>	<b>-9</b>	<b>-16</b>	<b>-11</b>
Dividend	-196	-140	-	-	-196	-140
Redemption of own shares	-966	-	-	-	-966	-
Loans raised	105	157	36	-	15	67
Amortization of debts	-660	-1,078	-33	-336	-706	-1,124
<b>Cash flow from financing activities</b>	<b>-1,717</b>	<b>-1,061</b>	<b>3</b>	<b>-336</b>	<b>-1,853</b>	<b>-1,197</b>
<b>Cash flow for the period</b>	<b>-262</b>	<b>92</b>	<b>241</b>	<b>-52</b>	<b>599</b>	<b>953</b>
<b>Cash and cash equivalents end of period</b>	<b>1,023</b>	<b>424</b>	<b>1,023</b>	<b>424</b>	<b>1,023</b>	<b>1,285</b>
Interest-bearing net debt	341	1,597	341	1,597	341	613
Change in interest-bearing net debt	-272	-1,014	-216	-271	-1,256	-1,998

(+ = increase / - = decrease)

## KEY RATIOS

%	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
Operating margin	10.0	8.8	11.1	8.6	10.1	9.3
Pre-tax return on capital employed					20.4	14.3
Return on equity					22.6	14.4
Debt/equity ratio (times)	0.1	0.5	0.1	0.5		0.2
Equity ratio	38	41	38	41		42

## Accounting principles

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting, which complies with the requirements stipulated in the Swedish Financial Accounting Standards Council's recommendation RR 31 Interim Financial Reporting for Groups.

The accounting principles applied in this interim report are those described in the annual report for 2004 on pages 48-50 and 59-61. Here it is stated, among other things, that International Financial Reporting Standards (IFRS) will be applied with effect from 2005 and that comparative information regarding 2004 will be restated in accordance with the new principles with the exception of those that apply to financial instruments. In accordance with the rules for transition to IFRS, the new principles for financial instruments will only be applied in the parts of the accounts that relate to 2005. The effects on equity at the beginning of the year from restatement to the new standards relating to financial instruments are shown in the note of changes in consolidated equity in this interim report.

IAS 32 Financial Instruments, Disclosure and Presentation, and IAS 39 Financial Instruments, Recognition and Measurement, will be applied from 2005 without restatement of the comparative



year 2004. The version of IAS 39 adopted by the EU differs in certain respects from the recommendation issued by IASB. For JM, these differences have no effect so the Group's application of IAS 39 is therefore in compliance with the version adopted by the EU and the text issued by IASB. IAS 39 requires financial assets and financial liabilities to be classified in different categories in order to then be recognized and measured according to the principles that apply to each category. Cash and cash equivalents and short-term investments are classified as assets that are measured at fair value and where changes in value are recognized in the income statement.

Financial liabilities are measured at amortized cost. This is calculated so that a constant effective interest is obtained over the borrowing period provided maturities are not short. Accounts payable and similar short-term liabilities are thus recognized at nominal amounts. Financial derivative instruments are recognized in the balance sheet at fair value. The change in value is recognized in the income statement. Since the Group's policy is that derivatives may only be held for hedging purposes, hedge accounting will normally not be applied. Cash flow hedges have been made through interest rate derivatives in order to convert floating interest to fixed interest.

The effects of restatement of comparative figures relating to earnings are described on page 15 of this interim report and in the annual report for 2004. Information regarding opening and closing equity for 2004 is provided in the annual report for 2004.

## Definitions

Reporting by business segment has been complemented by statement of operating cash flow. The operating cash flow is defined as change in operating capital plus profit for the period adjusted for non-cash items. For others definitions please refer to the annual report for 2004.

## Transition to International Financial Reporting Standards (IFRS) 2005

Information on the transition to IFRS 2005 is provided on the JM website [www.jm.se/financial](http://www.jm.se/financial) and in the annual report for 2004, pages 48-50 and 92.

## NET SALES BY COUNTRY

SEK m	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
Sweden	5,545	4,706	1,806	1,376	7,505	6,666
Norway	913	773	342	221	1,276	1,136
Denmark	396	387	207	160	516	507
Belgium	157	104	64	48	276	223
<b>Total</b>	<b>7,011</b>	<b>5,970</b>	<b>2,419</b>	<b>1,805</b>	<b>9,573</b>	<b>8,532</b>

## NET SALES BY BUSINESS SEGMENT

SEK m	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
JM Residential Stockholm	2,730	2,368	845	654	3,800	3,438
JM Residential Sweden	2,164	1,713	703	524	2,868	2,417
JM International	1,466	1,264	613	429	2,068	1,866
JM Property Development	175	207	45	67	244	276
JM Production	766	618	286	213	1,079	931
Eliminations	-290	-200	-73	-82	-486	-396
<b>Total</b>	<b>7,011</b>	<b>5,970</b>	<b>2,419</b>	<b>1,805</b>	<b>9,573</b>	<b>8,532</b>

## OPERATING PROFIT BY BUSINESS SEGMENT

SEK m	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
JM Residential Stockholm	316	194	102	60	418	296
JM Residential Sweden	207	138	81	45	271	202
JM International	124	74	57	24	167	117
JM Property Development	62	138	34	33	125	201
JM Production	40	30	16	8	53	43
Group-wide expenses	-47	-49	-21	-14	-65	-67
<b>Total</b>	<b>702</b>	<b>525</b>	<b>269</b>	<b>156</b>	<b>969</b>	<b>792</b>

## OPERATING MARGIN BY BUSINESS SEGMENT

%	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
JM Residential Stockholm	11.6	8.2	12.1	9.2	11.0	8.6
JM Residential Sweden	9.6	8.1	11.5	8.6	9.4	8.4
JM International	8.5	5.9	9.3	5.6	8.1	6.3
JM Production	5.2	4.9	5.6	3.8	4.9	4.6

## AVERAGE OPERATING CAPITAL BY BUSINESS SEGMENT

SEK m	October - September		Full-year
	2004/05		2004
JM Residential Stockholm	1,733		2,356
JM Residential Sweden	607		808
JM International	1,085		1,000
JM Property Development	1,941		2,330

## RETURN ON OPERATING CAPITAL BY BUSINESS SEGMENT

%	October - September		Full-year
	2004/05		2004
JM Residential Stockholm	24.1		12.6
JM Residential Sweden	44.7		25.0
JM International	15.4		11.7
JM Property Development	6.4		8.6

## OPERATING CASH FLOW BY BUSINESS SEGMENT

SEK m	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
JM Residential Stockholm	881	526	108	197	1,311	956
JM Residential Sweden	377	211	58	183	579	413
JM International	14	139	15	76	14	139
JM Property Development	238	609	48	82	432	803
JM Production	122	54	32	31	113	45

## AVAILABLE RESIDENTIAL BUILDING RIGHTS BY BUSINESS SEGMENT

Number	30 Sept 2005	31 Dec. 2004
Total number of residential building rights		
JM Residential Stockholm	9,700	9,100
JM Residential Sweden	8,400	7,400
JM International	5,100	5,400
<b>Total</b>	<b>23,200</b>	<b>21,900</b>
Of which recognized in the balance sheet (development properties)		
JM Residential Stockholm	6,700	6,700
JM Residential Sweden	3,900	4,200
JM International	2,200	1,900
<b>Total</b>	<b>12,800</b>	<b>12,800</b>

## HOUSING STARTS BY BUSINESS SEGMENT

Number	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
JM Residential Stockholm	1,134	1,150	287	404	1,690	1,706
JM Residential Sweden	998	814	366	231	1,402	1,218
JM International	702	652	320	139	1,069	1,019
<b>Total</b>	<b>2,834</b>	<b>2,616</b>	<b>973</b>	<b>774</b>	<b>4,161</b>	<b>3,943</b>

## RESIDENTIAL UNITS SOLD BY BUSINESS SEGMENT

Number	January - September		July - September		Oct - Sept	Full-year
	2005	2004	2005	2004	2004/05	2004
JM Residential Stockholm	1,258	1,542	347	496	1,684	1,968
JM Residential Sweden	1,014	976	308	259	1,263	1,225
JM International	686	831	179	201	977	1,122
<b>Total</b>	<b>2,958</b>	<b>3,349</b>	<b>834</b>	<b>956</b>	<b>3,924</b>	<b>4,315</b>

### Parent Company

The parent company's profit before appropriations and tax during the first nine months of the year amounted to SEK 550m (8). The parent company's investments in project properties totaled SEK 63m (95).

Stockholm, 27 October 2005

### JM AB (publ)

Johan Skoglund  
President

*This interim report has not been reviewed by the company's auditors.*

## GROUP

### FIVE-YEAR OVERVIEW <sup>1)</sup>

SEK m	2004	2003	2002	2001	2000
Net sales	8,532	7,787	8,872	8,642	6,849
Operating profit	792	478	652	1,964	1,518
Profit after financial items	647	267	368	1,629	1,209
Total assets	8,252	9,145	10,628	12,888	12,097
Cash flow from operating activities	2,161	1,504	2,161	1,111	652
Interest-bearing net debt	613	2,611	3,665	5,220	5,117
Operating margin (%) <sup>2)</sup>	9.3	2.4	5.4	11.8	10.3
Return on equity (%)	14.4	5.5	6.8	30.1	24.4
Equity ratio	42	36	34	30	31
Earnings per share (SEK)	16.90	6.60	8.50	36.30	25.40
Dividend per share (SEK)	7.00	5.00	10.00	14.00	10.00
Number of housing starts	3,943	2,714	2,711	2,900	3,000
Number of sold residential units	4,315	3,189	2,511	2,255	1,800

<sup>1)</sup> 2003 financial year and earlier are not restated according to IFRS. This means that the new principles for goodwill and for using the percentage of completion method as a basis for calculations did not affect the years between 2000 and 2003.

<sup>2)</sup> 2003 financial year and earlier operating margin corresponds to project development margin.

**QUARTERLY OVERVIEW, SEK M**

	2005			2004			
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
<b>INCOME STATEMENT</b>							
Net sales	2,419	2,538	2,054	2,562	1,805	2,183	1,982
Costs for production and management	-2,052	-2,148	-1,775	-2,196	-1,548	-1,887	-1,716
<b>Gross profit</b>	<b>367</b>	<b>390</b>	<b>279</b>	<b>366</b>	<b>257</b>	<b>296</b>	<b>266</b>
Selling and administrative expenses	-129	-167	-138	-152	-111	-148	-131
Gains on the sale of properties	31	31	38	68	10	25	61
Impairment losses on properties	-	-	-	-15	-	-	-
<b>Operating profit</b>	<b>269</b>	<b>254</b>	<b>179</b>	<b>267</b>	<b>156</b>	<b>173</b>	<b>196</b>
Net financial items	-6	-45	-24	-45	-10	-42	-48
<b>Profit after financial items</b>	<b>263</b>	<b>209</b>	<b>155</b>	<b>222</b>	<b>146</b>	<b>131</b>	<b>148</b>
Tax on profit for the period	26	-63	-46	-51	-41	-39	-42
<b>Net profit for the period</b>	<b>289</b>	<b>146</b>	<b>109</b>	<b>171</b>	<b>105</b>	<b>92</b>	<b>106</b>
<b>BALANCE SHEET</b>							
	09-30	06-30	03-31	12-31	09-30	06-30	03-31
<b>Assets</b>							
<b>Fixed assets</b>	<b>164</b>	<b>191</b>	<b>191</b>	<b>157</b>	<b>162</b>	<b>158</b>	<b>162</b>
Project properties	2,038	2,071	2,041	2,246	2,425	2,416	2,604
Development properties	2,629	2,734	2,893	2,971	3,124	3,275	3,488
Participations in tenant-owner co-operatives, etc.	43	125	167	243	276	305	407
Current receivables	1,725	1,497	1,512	1,350	1,563	1,737	2,338
Cash and cash equivalents	1,023	782	1,797	1,285	424	476	113
<b>Total current assets</b>	<b>7,458</b>	<b>7,209</b>	<b>8,410</b>	<b>8,095</b>	<b>7,812</b>	<b>8,209</b>	<b>8,950</b>
<b>Total assets</b>	<b>7,622</b>	<b>7,400</b>	<b>8,601</b>	<b>8,252</b>	<b>7,974</b>	<b>8,367</b>	<b>9,112</b>
<b>Shareholders' equity and liabilities</b>							
<b>Shareholder's equity</b>	<b>2,876</b>	<b>2,590</b>	<b>3,558</b>	<b>3,465</b>	<b>3,297</b>	<b>3,197</b>	<b>3,250</b>
Long-term liabilities, interest-bearing	794	802	1,174	1,169	1,368	1,651	2,207
Provisions	1,065	1,160	1,107	1,089	1,064	1,017	992
<b>Total long-term liabilities</b>	<b>1,859</b>	<b>1,962</b>	<b>2,281</b>	<b>2,258</b>	<b>2,432</b>	<b>2,668</b>	<b>3,199</b>
Current liabilities, interest-bearing	142	134	334	308	247	293	308
Current liabilities, non-interest-bearing	2,745	2,714	2,428	2,221	1,998	2,209	2,355
<b>Total current liabilities</b>	<b>2,887</b>	<b>2,848</b>	<b>2,762</b>	<b>2,529</b>	<b>2,245</b>	<b>2,502</b>	<b>2,663</b>
<b>Total shareholders' equity and liabilities</b>	<b>7,622</b>	<b>7,400</b>	<b>8,601</b>	<b>8,252</b>	<b>7,974</b>	<b>8,367</b>	<b>9,112</b>
<b>CASH FLOW STATEMENT</b>							
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Cash flow from operating activities	216	739	516	997	293	1,062	-191
Cash flow from investing activities	22	2	-40	-	-9	-2	-
Cash flow from financing activities	3	-1,756	36	-136	-336	-697	-28
<b>Total cash flow for the period</b>	<b>241</b>	<b>-1,015</b>	<b>512</b>	<b>861</b>	<b>-52</b>	<b>363</b>	<b>-219</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,023</b>	<b>782</b>	<b>1,797</b>	<b>1,285</b>	<b>424</b>	<b>476</b>	<b>113</b>
Interest-bearing net debt	341	557	99	613	1,597	1,868	2,789
Change in interest-bearing net debt (+ = increase / - = decrease)	-216	458	-514	-984	-271	-921	178
<b>KEY RATIOS</b>							
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Operating margin (%)	11.1	10.0	8.7	10.4	8.6	7.9	9.9
Debt/equity ratio (times)	0.1	0.2	0.0	0.2	0.5	0.6	0.9
Equity ratio (%)	38	35	41	42	41	38	36
Earnings per share (SEK)	11.70	5.20	3.90	6.10	3.70	3.30	3.80
Number of housing starts	973	1,080	781	1,327	774	1,099	743
Number of sold residential units	834	1,103	1,021	966	956	1,128	1,265

## BUSINESS SEGMENTS

### QUARTERLY OVERVIEW, SEK M

	2005			2004			
<b>JM RESIDENTIAL STOCKHOLM</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
Net sales	845	1,017	868	1,070	654	889	825
Operating profit <sup>1)</sup>	102	139	75	102	60	74	60
Operating margin (%)	12.1	13.7	8.6	9.5	9.2	8.3	7.3
Average operating capital	1,733	1,935	2,173	2,356			
Return on operating capital (%) <sup>2)</sup>	24.1	19.4	14.3	12.6			
Operating cash flow	108	415	358	430	197	396	-67
Number of available building rights	9,700	9,500	9,400	9,100	9,600	10,000	10,300
Number of housing starts	287	527	320	556	404	457	289
Number of sold residential units	347	506	405	426	496	585	461
<sup>1)</sup> Of which property sales	-	30	4	2	-	-	-1
<b>JM RESIDENTIAL SWEDEN</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
Net sales	703	784	677	704	524	605	584
Operating profit <sup>1)</sup>	81	69	57	64	45	43	50
Operating margin (%)	11.5	8.8	8.4	9.1	8.6	7.1	8.6
Average operating capital	607	696	759	808			
Return on operating capital (%) <sup>2)</sup>	44.7	33.8	27.5	25.0			
Operating cash flow	58	215	104	202	183	-52	80
Number of available building rights	8,400	7,900	7,500	7,400	7,100	7,400	7,300
Number of housing starts	366	343	289	404	231	370	213
Number of sold residential units	308	343	363	249	259	298	419
<sup>1)</sup> Of which property sales	11	1	1	3	-	-	-
<b>JM INTERNATIONAL</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
Net sales	613	520	333	602	429	463	372
Operating profit <sup>1)</sup>	57	35	32	43	24	28	22
Operating margin (%)	9.3	6.7	9.6	7.1	5.6	6.0	5.9
Average operating capital	1,085	1,055	1,024	1,000			
Return on operating capital (%) <sup>2)</sup>	15.4	12.7	12.4	11.7			
Operating cash flow	15	46	-47	0	76	40	23
Number of available building rights	5,100	5,350	5,400	5,400	5,300	5,100	5,400
Number of housing starts	320	210	172	367	139	272	241
Number of sold residential units	179	254	253	291	201	245	385
<sup>1)</sup> Of which property sales	-	-	10	1	-	-	-
<b>JM PROPERTY DEVELOPMENT</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
Net sales	45	66	64	69	67	74	66
Operating profit <sup>1)</sup>	34	5	23	63	33	37	68
Average operating capital	1,941	2,014	2,201	2,330			
Return on operating capital (%) <sup>2)</sup>	6.4	6.2	7.1	8.6			
Operating cash flow	48	91	99	194	82	612	-85
<sup>1)</sup> Of which -property sales	20	-	23	62	10	25	57
-impairment losses on properties	-	-	-	-15	-	-	-
<b>JM PRODUCTION</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
Net sales	286	267	213	313	213	212	193
Operating profit <sup>1)</sup>	16	16	8	13	8	9	13
Operating margin (%)	5.6	6.0	3.8	4.2	3.8	4.2	6.7
Operating cash flow	32	67	23	-9	31	-9	32
<sup>1)</sup> Of which property sales	-	-	-	-	-	-	5

<sup>2)</sup> Calculated on 12-month rolling profits and average capital. Comparative figures for the third quarter of 2004 and earlier have not been restated according to IFRS, since comparative figures for 2003 are not restated.

# EFFECTS OF THE TRANSITION IN Q3 2004, ACCORDING TO IFRS, SEK M

	Jan. - Sept 2004	IFRS 3 Goodwill	IAS 11 Construction contract	IFRS Jan. - Sept 2004
<b>INCOME STATEMENT</b>				
Net sales	5,842	-	128	5,970
Costs for production and management	-5,161	10	-	-5,151
<b>Gross profit</b>	<b>681</b>	<b>10</b>	<b>128</b>	<b>819</b>
Selling and administrative expenses	-390	-	-	-390
Gains on the sale of properties	96	-	-	96
<b>Operating profit</b>	<b>387</b>	<b>10</b>	<b>128</b>	<b>525</b>
Net financial items	-100	-	-	-100
<b>Profit after financial items</b>	<b>287</b>	<b>10</b>	<b>128</b>	<b>425</b>
Tax	-86	-	-36	-122
<b>Net profit for the period</b>	<b>201</b>	<b>10</b>	<b>92</b>	<b>303</b>
	July - Sept 2004	IFRS 3 Goodwill	IAS 11 Construction contract	IFRS July-Sept 2004
<b>INCOME STATEMENT</b>				
Net sales	1,784	-	21	1,805
Costs for production and management	-1,551	3	-	-1,548
<b>Gross profit</b>	<b>233</b>	<b>3</b>	<b>21</b>	<b>257</b>
Selling and administrative expenses	-111	-	-	-111
Gains on the sale of properties	10	-	-	10
<b>Operating profit</b>	<b>132</b>	<b>3</b>	<b>21</b>	<b>156</b>
Net financial items	-10	-	-	-10
<b>Profit after financial items</b>	<b>122</b>	<b>3</b>	<b>21</b>	<b>146</b>
Tax	-35	-	-6	-41
<b>Net profit for the period</b>	<b>87</b>	<b>3</b>	<b>15</b>	<b>105</b>
	30 Sept 2004	IFRS 3 Goodwill	IAS 11 Construction contract	IFRS 30 Sept 2004
<b>BALANCE SHEET</b>				
<b>Assets</b>				
<b>Fixed assets</b>	<b>152</b>	<b>10</b>	<b>-</b>	<b>162</b>
Project properties	2,425	-	-	2,425
Development properties	3,124	-	-	3,124
Participations in tenant-owner co-operatives, etc.	276	-	-	276
Short-term investments	1,563	-	-	1,563
Cash and cash equivalents	424	-	-	424
<b>Total current assets</b>	<b>7,812</b>	<b>-</b>	<b>-</b>	<b>7,812</b>
<b>Total assets</b>	<b>7,964</b>	<b>10</b>	<b>-</b>	<b>7,974</b>
<b>Shareholders' equity and liabilities</b>				
<b>Shareholders' equity</b>	<b>3,346</b>	<b>10</b>	<b>-59</b>	<b>3,297</b>
Long-term liabilities, interest-bearing	1,368	-	-	1,368
Provisions	1,086	-	-22	1,064
<b>Total long-term liabilities</b>	<b>2,454</b>	<b>-</b>	<b>-22</b>	<b>2,432</b>
Current liabilities, interest-bearing	247	-	-	247
Current liabilities, noninterest-bearing	1,917	-	81	1,998
<b>Total current liabilities</b>	<b>2,164</b>	<b>-</b>	<b>81</b>	<b>2,245</b>
<b>Total shareholders' equity and liabilities</b>	<b>7,964</b>	<b>10</b>	<b>-</b>	<b>7,974</b>
	Quarter 3 2004			IFRS Quarter 3 2004
<b>KEY RATIOS</b>				
Operating margin (%)	7.4			8.6
Equity ratio (%)	42			41
Earnings per share (SEK)	3.10			3.70
	30 Sept 2004			
<b>SHAREHOLDERS' EQUITY</b>				
<b>Shareholders' equity close of period, acc. to previous principles</b>	<b>3,346</b>			
Effects of the transition to IFRS on shareholders' equity are attributable to:				
- change in shareholders' equity at start of period 1 January 2004, construction contract	-210			
- change in shareholders' equity at start of period 1 January 2004, deferred tax	59			
- IFRS 3 reversal of 2004 write-down of goodwill	10			
- IAS 11 Construction contract	128			
- deferred tax on IFRS adjustments	-36			
<b>Shareholders' equity at close of period, according to IFRS</b>	<b>3,297</b>			



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**Financial Calendar**

22 February 2006	Year-end Report 2005
27 April 2006	Interim Report January – March 2006
27 April 2006	Annual General Meeting

JM is one of the Nordic region's leading developers of housing and residential areas. Operations focus on new production of homes in attractive locations, with the main focus on expanding metropolitan areas and university towns in Sweden, Norway, Denmark and Belgium. We are also involved in project development of commercial premises and contract work, primarily in the Greater Stockholm area. Annual sales total approximately SEK 8.5 billion and the company has some 2,200 employees. JM is a public limited company and is listed on the Stockholm Stock Exchange A list.