



# Interim Report

JANUARY – JUNE 2005

JM GROUP

## Continued strong sales and improved earnings

- Net sales increased by 10 percent to SEK 4,592m (4,165) and the number of sold residential units totaled 2,124 (2,393)
- Profit after financial items improved to SEK 364m (279) and profit after tax for the period was SEK 255m (198). The operating margin was 9.4 percent (8.9)
- Property sales of SEK 438m (693) provided capital gains of SEK 69m (86)
- Return on equity totaled 17 percent. Earnings per share for the second quarter totaled SEK 5.20 (3.30)
- Cash flow from operations during the first six months of the year totaled SEK 1,255m (871)
- The company carried out a redemption of shares for SEK 966m during the second quarter

SEK m	January – June 2005 2004		April – June 2005 2004		July – June 2004/05	Full year 2004
Net sales	4,592	4,165	2,538	2,183	8,959	8,532
Operating profit	433	369	254	173	856	792
Profit after financial items	364	279	209	131	732	647
Cash flow from operating activities	1,255	871	739	1,062	2,545	2,161
Operating margin (%)	9.4	8.9	10.0	7.9	9.6	9.3
Return on equity (%)					16.5	14.4
Equity ratio (%)	35	38	35	38		42
Earnings per share (SEK)	9.10	7.10	5.20	3.30	18.90	16.90
Number of housing starts	1,861	1,842	1,080	1,099	3,962	3,943
Number of sold residential units	2,124	2,393	1,103	1,128	4,046	4,315

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

## GROUP

*"Demand for newly built homes remained strong during the second quarter. Our housing development projects continue to show favorable earnings with clear improvement in our Stockholm operations. Our efficiency enhancements have also contributed to the improved margins. Attractive residential units in our projects combined with a good market and low interest rates provide 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 are contributing to this favorable development.

The number of residential units sold in the form of signed contracts totaled 2,124 (2,393). The high sales in the first half of 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 slightly and amounted to 1,861 (1,842), of which 847 (746) were in the Stockholm area and 632 (583) elsewhere in Sweden. Housing starts in the international operations amounted to 382 (513).

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

The Group's net sales during the first six months of 2005 rose 10 percent to SEK 4,592m (4,165) and operating profit totaled SEK 433m (369). The operating margin was 9.4 percent (8.9). Operating profit and operating margin have improved as a result of good demand for housing and completed efficiency enhancements. Housing deals in the Swedish market in particular have had a strong trend during the last quarter.

During the period JM sold properties for SEK 438m (693) with a capital gain of SEK 69m (86). Rental income from JM's project properties totaled SEK 105m (128), of which residential properties accounted for SEK 55m (75). Operating net amounted to SEK 32m (52).

Operating profit (SEK m)	January – June 2005 2004		April – June 2005 2004		July – June 2004/05
JM Residential Stockholm	214	134	139	74	376
JM Residential Sweden	126	93	69	43	235
JM International	67	50	35	28	134
JM Property Development	28	105	5	37	124
JM Production	24	22	16	9	45
Group-wide expenses	-26	-35	-10	-18	-58
<b>Total <sup>1)</sup></b>	<b>433</b>	<b>369</b>	<b>254</b>	<b>173</b>	<b>856</b>
<sup>1)</sup> Of which property sales	69	86	31	25	147

Operating margin (%)	January – June 2005 2004		April – June 2005 2004		July – June 2004/05
JM Residential Stockholm	11.4	7.8	13.7	8.3	10.4
JM Residential Sweden	8.6	7.8	8.8	7.1	8.7
JM International	7.9	6.0	6.7	6.0	7.1
JM Production	5.0	5.4	6.0	4.2	4.5

### Building rights

JM's available building rights correspond to about 22,750 residential units (22,500), of which 13,100 are recognized in the balance sheet. Capital tied up in development properties (building rights in the balance sheet) for residential units decreased to SEK 2,546m (3,084) at the end of the period.

## Project properties

SEK m	Occupancy rate		Book value	
	annual rent, 30 June 2005	30 June 2005	30 June 2004	31 Dec 2004
Residential units (tenancy rights)	99%	906	1,221	1,078
Commercial properties under development	64%	50	639	671
Fully developed commercial properties	73 %	1,115	556	497
<b>Total</b>		<b>2,071</b>	<b>2,416</b>	<b>2,246</b>

## Financial items

Net financial items improved by SEK 21m 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 result of a high balance of cash and cash equivalents.

SEK m	January – June		April – June		July – June	Full year
	2005	2004	2005	2004	2004/05	2004
Interest income, etc.	19	2	10	1	47	30
Interest expenses	-88	-92	-55	-43	-171	-175
<b>Net financial items</b>	<b>-69</b>	<b>-90</b>	<b>-45</b>	<b>-42</b>	<b>-124</b>	<b>-145</b>
Interest-bearing loans	1,402	2,380	1,402	2,380		1,930
Interest-bearing net debt	557	1,868	557	1,868		613

After the redemption of shares and dividends for a total of SEK 1,162m, interest-bearing net debt amounted to SEK 557m (1,868). This represents a decrease of SEK 56m during the first half of 2005, attributable to improved cash flow. The debt/equity ratio amounted to 0.2 (0.6).

Total interest-bearing loans amounted to SEK 1,402m (2,380) of which the PRI liability accounted for SEK 466m (436). At the end of the period the average interest rate for the total loan stock including the PRI liability was 4.5 percent (5.2). The average fixed-interest period for the Group's loan stock, including the PRI liability was 1.8 years (2.3).

The Group's available liquidity totaled SEK 3,137m (2,929). Aside from cash and cash equivalents of SEK 782m (476) this includes unutilized overdraft facilities and credit lines totaling SEK 2,355m (2,453). 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 half of the year and amounted to SEK 1,255m (871), mainly attributable to residential project development in Sweden. Cash flow from property development (project properties) made a net contribution of about SEK 200m (500).

## Personnel

The number of employees at the end of the period was 2,209 (2,193). The number of wage earners was 1,158 (1,146) and the number of salaried employees 1,051 (1,047).

## 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.

## 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 – June 2005 2004		April – June 2005 2004		July – June 2004/05	Full year 2004
Net sales	1,885	1,714	1,017	889	3,609	3,438
Operating profit <sup>1)</sup>	214	134	139	74	376	296
Operating margin (%)	11.4	7.8	13.7	8.3	10.4	8.6
Average operating capital					1,935	2,356
Return on operating capital (%)					19.4	12.6
Operating cash flow	773	329	415	396	1,400	956
Book value of development properties	1,443	1,864				1,702
Number of available building rights	9,500	10,000				9,100
Number of housing starts	847	746	527	457	1,807	1,706
Number of sold residential units	911	1,046	506	585	1,833	1,968
Number of employees	706	719				710
<sup>1)</sup> Of which property sales	34	-1	30	-	36	1

Demand remains high and there is considerable interest in all projects. Housing prices are stable or tentatively 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 10 percent to SEK 1,885m (1,714) and operating profit improved to SEK 214m (134) including property sales of SEK 34m (-1). The operating margin increased to 11.4 percent (7.8). The improved margin is attributable to good sales, excellent profits in several concluded projects, and property sales.

A considerable percentage of sales of residential units during the first six months of 2004 was attributable to projects completed during 2003.

Cash flow improved because of the increased operating profit, a higher number of housing starts and limited investment in development properties.

During the second quarter we acquired building rights corresponding to 190 residential units in Huddinge, Spånga, and the Gärdet neighborhood in Stockholm. In addition, a property on Östermalm in Stockholm was sold.

During the second quarter production started for 527 residential units, of which 107 were single-family homes. Housing starts were in Huddinge, Järfälla, Lidingö, Nacka, Sollentuna, Stockholm, Täby, and Värmdö municipality.

### 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 – June 2005 2004		April – June 2005 2004		July – June 2004/05	Full year 2004
Net sales	1,461	1,189	784	605	2,689	2,417
Operating profit <sup>1)</sup>	126	93	69	43	235	202
Operating margin (%)	8.6	7.8	8.8	7.1	8.7	8.4
Average operating capital					696	808
Return on operating capital (%)					33.8	25.0
Operating cash flow	319	28	215	-52	704	413
Book value of development properties	619	724				687
Number of available building rights	7,900	7,400				7,400
Number of housing starts	632	583	343	370	1,267	1,218
Number of sold residential units	706	717	343	298	1,214	1,225
Number of employees	568	487				513
<sup>1)</sup> Of which property sales	2	-	1	-	5	3

Demand remains high and there is considerable interest in all projects. Housing prices are stable or tentatively 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 rose 23 percent to SEK 1,461m (1,189) and operating profit jumped 35 percent to SEK 126m (93). The operating margin was 8.6 percent (7.8).

The increase in net sales is attributable to the large number of projects started in late 2004.

The improved margin is attributable to favorable sales and excellent profits in several projects completed during the quarter.

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

During the second quarter we acquired building rights corresponding to about 230 residential units in Lund, Uppsala, and Örebro.

Production started on a total of 251 residential units in apartment blocks, the majority in southern Sweden. Production also started on a total of 92 single-family homes during the period, with just over half in Uppsala.

## 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 – June		April – June		July – June	Full year
	2005	2004	2005	2004	2004/05	2004
Net sales	853	835	520	463	1,884	1,866
Operating profit <sup>1)</sup>	67	50	35	28	134	117
Operating margin (%)	7.9	6.0	6.7	6.0	7.1	6.3
Average operating capital					1,055	1,000
Return on operating capital (%)					12.7	11.7
Operating cash flow	-1	63	46	40	75	139
Book value of development properties	484	496				394
Book value of project properties	275	313				306
Number of available building rights	5,350	5,100				5,400
Number of housing starts	382	513	210	272	888	1,019
Number of sold residential units	507	630	254	245	999	1,122
Number of employees	268	273				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 2 percent to SEK 853m (835) and operating profit climbed to SEK 67m (50), attributable in part to gains on property sales in JM Belgium. The operating margin increased to 7.9 percent (6.0). The weak cash flow during the first six months is mainly due to fewer housing starts and investments in development properties.

## Norway

The housing market in Norway has long been characterized by strong demand and rising prices. The supply of newly built homes is large, at the same time that competition for residentially zoned land has intensified. During the first six months of the year 310 residential units (451) were sold and housing starts totaled 295 (414). The large number of residential units sold during the first half of 2004 was due in part to a shift from 2003. Available building rights correspond to about 4,150 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 first six months of the year 173 residential units (150) were sold and housing starts totaled 48 (56). Available building rights correspond to about 850 residential units (900).

## Belgium

The supply of new homes increased over the past year and housing prices rose. Sales in JM's ongoing residential projects are good and production is proceeding according to plan. During the first six months of the year 24 residential units (29) 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 (70). During the quarter we acquired building rights for about 30 residential units in Brussels.

## 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 – June 2005 2004		April – June 2005 2004		July – June 2004/05	Full year 2004
Net sales	130	140	66	74	266	276
Operating profit <sup>1)</sup>	28	105	5	37	124	201
Average operating capital					2,014	2,330
Return on operating capital (%)					6.2	8.6
Operating cash flow	190	527	91	612	466	803
Book value of development properties	185	189				185
Book value of project properties	1,647	1,952				1,789
Number of employees	88	98				90
<sup>1)</sup> Of which						
-property sales	23	82	-	25	95	154
-impairment losses on properties	-	-	-	-	-15	-15

The business segment's net sales totaled SEK 130m (140) and operating profit fell to SEK 28m (105) due to the lower volume of property sales during the period. During the first half of 2005 project properties were sold for SEK 198m (673) with a capital gain of SEK 23m (82). The positive cash flow is mainly attributable to the sale of project properties for which payment was received during the six-month period.

During the period a new lease was signed for 1,400m<sup>2</sup> in the completed office project Barnängen in Stockholm's Södermalm district, which increased the occupancy rate to 87%. Conversion of offices, retail space, and rental apartments in the Västerbotten block in Lidingö continues as planned. The property is now fully developed and sales activities have begun.

JM's building rights for commercial project development totals about 108,000 m<sup>2</sup> with a book value of SEK 185m.

Activity from both domestic and foreign investors remained high during the period. Overall, the local market has been characterized by rising vacancies in Greater Stockholm. However, in downtown Stockholm vacancies have increase modestly and rents have stabilized.

In April 2005, JM started production on a new approximately 10,000 m<sup>2</sup> office building in Frösunda, Solna. This office project is located in the best high-profile site along the E4 and is expected to be ready for occupancy in December 2006.

## JM PRODUCTION

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

SEK m	January – June 2005 2004		April – June 2005 2004		July – June 2004/05	Full year 2004
Net sales	480	405	267	212	1,006	931
Operating profit <sup>1)</sup>	24	22	16	9	45	43
Operating margin (%)	5.0	5.4	6.0	4.2	4.5	4.6
Operating cash flow	90	23	67	-9	112	45
Number of employees	504	548				505
<sup>1)</sup> Of which property sales	-	5	-	-	-	5

Demand for contracting operations in the Stockholm market continues to develop favorably and orders are stable.

The business segment's net sales totaled SEK 480m (405) and operating profit was SEK 24m (22). During the second quarter an older external uncollected account was settled with a positive effect on earnings of SEK 5m. Operating profit for the first six months of 2004 included a property sale of SEK 5m. The operating margin was 5.0 percent (5.4).

The strong cash flow is mainly attributable to the decrease in accounts receivable.

JM Production was commissioned to do several large assignments during the second quarter, including conversion for Vasakronan, excavation work for SMÅA and Plantagen, and production of residential units for JM Residential Stockholm.

Among our biggest current projects is 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 – June		April – June		July – June	Full year
	2005	2004	2005	2004	2004/05	2004
Net sales	4,592	4,165	2,538	2,183	8,959	8,532
Costs for production and management	-3,923	-3,603	-2,148	-1,887	-7,667	-7,347
<b>Gross profit</b>	<b>669</b>	<b>562</b>	<b>390</b>	<b>296</b>	<b>1,292</b>	<b>1,185</b>
Selling and administrative expenses	-305	-279	-167	-148	-568	-542
Gains on the sale of properties	69	86	31	25	147	164
Impairment losses on properties	-	-	-	-	-15	-15
<b>Operating profit</b>	<b>433</b>	<b>369</b>	<b>254</b>	<b>173</b>	<b>856</b>	<b>792</b>
Net financial items	-69	-90	-45	-42	-124	-145
<b>Profit after financial items</b>	<b>364</b>	<b>279</b>	<b>209</b>	<b>131</b>	<b>732</b>	<b>647</b>
Tax	-109	-81	-63	-39	-201	-173
<b>Net profit for the period</b>	<b>255</b>	<b>198</b>	<b>146</b>	<b>92</b>	<b>531</b>	<b>474</b>
Earnings per share (SEK)	9.10	7.10	5.20	3.30	18.90	16.90
Earnings per share after full dilution (SEK)	9.10	7.10	5.20	3.30	18.90	16.90
Number of shares at close of period	24,676,380	28,065,407	24,768,380	28,065,407	24,676,380	28,065,407
Average number of shares before and after dilution	28,046,683	28,065,407	28,028,165	28,065,407	28,056,122	28,065,407

## CONSOLIDATED BALANCE SHEET

SEK m	30 June 2005	30 June 2004	31 December 2004
<b>ASSETS</b>			
<b>Fixed assets</b>	<b>191</b>	<b>158</b>	<b>157</b>
Project properties	2,071	2,416	2,246
Development properties	2,734	3,275	2,971
Participations in tenant-owner co-operatives, etc.	125	305	243
Current receivables <sup>1)</sup>	1,497	1,737	1,350
Cash and cash equivalents	782	476	1,285
<b>Total current assets</b>	<b>7,209</b>	<b>8,209</b>	<b>8,095</b>
<b>Total assets</b>	<b>7,400</b>	<b>8,367</b>	<b>8,252</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	<b>2,590</b>	<b>3,197</b>	<b>3,465</b>
Long-term liabilities, interest-bearing	802	1,651	1,169
Provisions	1,160	1,017	1,089
<b>Total long-term liabilities</b>	<b>1,962</b>	<b>2,668</b>	<b>2,258</b>
Current liabilities, interest-bearing	134	293	308
Current liabilities, noninterest-bearing	2,714	2,209	2,221
<b>Total current liabilities</b>	<b>2,848</b>	<b>2,502</b>	<b>2,529</b>
<b>Total shareholders' equity and liabilities</b>	<b>7,400</b>	<b>8,367</b>	<b>8,252</b>
Pledged assets	188	181	180
Contingent liabilities	5,444	4,901	4,852
<sup>1)</sup> Of which receivables from property sales	79	54	68

## CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK m	January – June		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)	15	-	-
Translation differences	48	6	-2
Dividend	-196	-140	-140
Net profit for the period	255	198	474
<b>Shareholders' equity, closing balance</b>	<b>2,590</b>	<b>3,197</b>	<b>3,465</b>

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

## CONSOLIDATED CASH FLOW STATEMENT

SEK m	January – June 2005 2004		April – June 2005 2004		July – June 2004/05	Full year 2004
<b>Cash flow from operating activities before change in working capital</b>	<b>187</b>	<b>107</b>	<b>83</b>	<b>71</b>	<b>513</b>	<b>433</b>
Investments in project properties	-69	-150	-21	-102	-143	-224
Investments in development properties, etc.	-272	-540	-38	-232	-788	-1,056
Sale of project properties	280	647	32	633	564	931
Payment on account for developm. properties, etc.	858	902	473	389	2,015	2,059
Change in current liabilities/receivables	271	-95	210	303	384	18
<b>Cash flow from operating activities</b>	<b>1,255</b>	<b>871</b>	<b>739</b>	<b>1,062</b>	<b>2,545</b>	<b>2,161</b>
<b>Cash flow from investing activities, other</b>	<b>-38</b>	<b>-2</b>	<b>2</b>	<b>-2</b>	<b>-47</b>	<b>-11</b>
Dividend	-196	-140	-196	-140	-196	-140
Redemption of own shares	-966	-	-966	-	-966	-
Changes in borrowings, etc.	-558	-585	-594	-557	-1,030	-1,057
<b>Cash flow from financing activities</b>	<b>-1,720</b>	<b>-725</b>	<b>-1,756</b>	<b>-697</b>	<b>-2,192</b>	<b>-1,197</b>
<b>Cash flow for the period</b>	<b>-503</b>	<b>144</b>	<b>-1,015</b>	<b>363</b>	<b>306</b>	<b>953</b>
<b>Cash and cash equivalents end of the period</b>	<b>782</b>	<b>476</b>	<b>782</b>	<b>476</b>	<b>782</b>	<b>1,285</b>
Interest-bearing net debt	557	1,868	557	1,868	557	613
Change in interest-bearing net debt	-56	-743	458	-921	-1,311	-1,998
(+ = increase / - = decrease)						

## KEY RATIOS

%	January – June 2005 2004		April – June 2005 2004		July – June 2004/05	Full year 2004
Operating margin	9.4	8.9	10.0	7.9	9.6	9.3
Pre-tax return on capital employed					17.5	14.3
Return on equity					16.5	14.4
Debt/equity ratio (times)	0.2	0.6	0.2	0.6		0.2
Equity ratio	35	38	35	38		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 are described on page 14 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 – June 2005 2004		April – June 2005 2004		July – June 2004/05	Full year 2004
Sweden	3,739	3,330	2,018	1,720	7,075	6,666
Norway	571	552	309	299	1,155	1,136
Denmark	189	227	132	134	469	507
Belgium	93	56	79	30	260	223
<b>Total</b>	<b>4,592</b>	<b>4,165</b>	<b>2,538</b>	<b>2,183</b>	<b>8,959</b>	<b>8,532</b>

### NET SALES BY BUSINESS SEGMENT

SEK m	January – June 2005 2004		April – June 2005 2004		July – June 2004/05	Full year 2004
JM Residential Stockholm	1,885	1,714	1,017	889	3,609	3,438
JM Residential Sweden	1,461	1,189	784	605	2,689	2,417
JM International	853	835	520	463	1,884	1,866
JM Property Development	130	140	66	74	266	276
JM Production	480	405	267	212	1,006	931
Eliminations	-217	-118	-116	-60	-495	-396
<b>Total</b>	<b>4,592</b>	<b>4,165</b>	<b>2,538</b>	<b>2,183</b>	<b>8,959</b>	<b>8,532</b>

### OPERATING PROFIT BY BUSINESS SEGMENT

SEK m	January – June 2005 2004		April – June 2005 2004		July – June 2004/05	Full year 2004
JM Residential Stockholm	214	134	139	74	376	296
JM Residential Sweden	126	93	69	43	235	202
JM International	67	50	35	28	134	117
JM Property Development	28	105	5	37	124	201
JM Production	24	22	16	9	45	43
Group-wide expenses	-26	-35	-10	-18	-58	-67
<b>Total</b>	<b>433</b>	<b>369</b>	<b>254</b>	<b>173</b>	<b>856</b>	<b>792</b>

### OPERATING MARGIN BY BUSINESS SEGMENT

%	January – June 2005 2004		April – June 2005 2004		July – June 2004/05	Full year 2004
JM Residential Stockholm	11.4	7.8	13.7	8.3	10.4	8.6
JM Residential Sweden	8.6	7.8	8.8	7.1	8.7	8.4
JM International	7.9	6.0	6.7	6.0	7.1	6.3
JM Production	5.0	5.4	6.0	4.2	4.5	4.6

### AVERAGE OPERATING CAPITAL BY BUSINESS SEGMENT

SEK m	July – June 2004/05	Full year 2004
JM Residential Stockholm	1,935	2,356
JM Residential Sweden	696	808
JM International	1,055	1,000
JM Property Development	2,014	2,330

## RETURN ON OPERATING CAPITAL BY BUSINESS SEGMENT

%	July – June 2004/05	Full year 2004
JM Residential Stockholm	19.4	12.6
JM Residential Sweden	33.8	25.0
JM International	12.7	11.7
JM Property Development	6.2	8.6

## OPERATING CASH FLOW BY BUSINESS SEGMENT

SEK m	January – June 2005	January – June 2004	April – June 2005	April – June 2004	July – June 2004/05	Full year 2004
JM Residential Stockholm	773	329	415	396	1,400	956
JM Residential Sweden	319	28	215	-52	704	413
JM International	-1	63	46	40	75	139
JM Property Development	190	527	91	612	466	803
JM Production	90	23	67	-9	112	45

## AVAILABLE RESIDENTIAL BUILDING RIGHTS BY BUSINESS SEGMENT

Number	30 June 2005	31 December 2004
Total number of residential building rights		
JM Residential Stockholm	9,500	9,100
JM Residential Sweden	7,900	7,400
JM International	5,350	5,400
<b>Total</b>	<b>22,750</b>	<b>21,900</b>
Of which recognized in the balance sheet (development properties)		
JM Residential Stockholm	6,800	6,700
JM Residential Sweden	4,300	4,200
JM International	2,000	1,900
<b>Total</b>	<b>13,100</b>	<b>12,800</b>

## HOUSING STARTS BY BUSINESS SEGMENT

Number	January – June 2005	January – June 2004	April – June 2005	April – June 2004	July – June 2004/05	Full year 2004
JM Residential Stockholm	847	746	527	457	1,807	1,706
JM Residential Sweden	632	583	343	370	1,267	1,218
JM International	382	513	210	272	888	1,019
<b>Total</b>	<b>1,861</b>	<b>1,842</b>	<b>1,080</b>	<b>1,099</b>	<b>3,962</b>	<b>3,943</b>

## RESIDENTIAL UNITS SOLD BY BUSINESS SEGMENT

Number	January – June 2005	January – June 2004	April – June 2005	April – June 2004	July – June 2004/05	Full year 2004
JM Residential Stockholm	911	1,046	506	585	1,833	1,968
JM Residential Sweden	706	717	343	298	1,214	1,225
JM International	507	630	254	245	999	1,122
<b>Total</b>	<b>2,124</b>	<b>2,393</b>	<b>1,103</b>	<b>1,128</b>	<b>4,046</b>	<b>4,315</b>

## Parent Company

The parent company's profit before appropriations and tax during the first six months of the year amounted to SEK 241m (-36). The parent company's investments in project properties totaled SEK 30m (84).

Stockholm on 15 August 2005

## JM AB (publ)

Johan Skoglund  
President

## Audit report

We have reviewed this interim report in accordance with the recommendations issued by the Swedish Institute of Authorized Public Accountants (FAR). A review is considerably limited in comparison with an audit.

Nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements of the Swedish Securities and Clearing Operations Act, Annual Accounts Act and IAS 34, "Interim Financial Reporting".

Stockholm on 15 August 2005  
Ernst & Young AB

Ingemar Rindstig  
Authorized public accountant

Lars Träff  
Authorized public accountant

## 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
Proposed 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			
<b>INCOME STATEMENT</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	2,538	2,054	2,562	1,805	2,183	1,982
Costs for production and management	-2,148	-1,775	-2,196	-1,548	-1,887	-1,716
<b>Gross profit</b>	<b>390</b>	<b>279</b>	<b>366</b>	<b>257</b>	<b>296</b>	<b>266</b>
Selling and administrative expenses	-167	-138	-152	-111	-148	-131
Gains on the sale of properties	31	38	68	10	25	61
Impairment losses on properties	-	-	-15	-	-	-
<b>Operating profit</b>	<b>254</b>	<b>179</b>	<b>267</b>	<b>156</b>	<b>173</b>	<b>196</b>
Net financial items	-45	-24	-45	-10	-42	-48
<b>Profit after financial items</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	-63	-46	-51	-41	-39	-42
<b>Net profit for the period</b>	<b>146</b>	<b>109</b>	<b>171</b>	<b>105</b>	<b>92</b>	<b>106</b>
<b>BALANCE SHEET</b>	<b>06-30</b>	<b>03-31</b>	<b>12-31</b>	<b>09-30</b>	<b>06-30</b>	<b>03-31</b>
<b>Assets</b>						
<b>Fixed assets</b>	<b>191</b>	<b>191</b>	<b>157</b>	<b>162</b>	<b>158</b>	<b>162</b>
Project properties	2,071	2,041	2,246	2,425	2,416	2,604
Development properties	2,734	2,893	2,971	3,124	3,275	3,488
Participations in tenant-owner co-operatives, etc.	125	167	243	276	305	407
Current receivables	1,497	1,512	1,350	1,563	1,737	2,338
Cash and cash equivalents	782	1,797	1,285	424	476	113
<b>Total current assets</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>7,400</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>Shareholders' equity</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	802	1,174	1,169	1,368	1,651	2,207
Provisions	1,160	1,107	1,089	1,064	1,017	992
<b>Total long-term liabilities</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	134	334	308	247	293	308
Current liabilities, non-interest-bearing	2,714	2,428	2,221	1,998	2,209	2,355
<b>Total current liabilities</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>7,400</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>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
Cash flow from operating activities	739	516	997	293	1,062	-191
Cash flow from investing activities	2	-40	-	-9	-2	-
Cash flow from financing activities	-1,756	36	-136	-336	-697	-28
<b>Total cash flow for the period</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>782</b>	<b>1,797</b>	<b>1,285</b>	<b>424</b>	<b>476</b>	<b>113</b>
Interest-bearing net debt	557	99	613	1,597	1,868	2,789
Change in interest-bearing net debt (+ = increase / - = decrease)	458	-514	-984	-271	-921	178
<b>KEY RATIOS</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>
Operating margin (%)	10.0	8.7	10.4	8.6	7.9	9.9
Debt/equity ratio (times)	0.2	0.0	0.2	0.5	0.6	0.9
Equity ratio (%)	35	41	42	41	38	36
Earnings per share (SEK)	5.20	3.90	6.10	3.70	3.30	3.80
Number of housing starts	1,080	781	1,327	774	1,099	743
Number of sold residential units	1,103	1,021	966	956	1,128	1,265

## BUSINESS SEGMENTS

### QUARTERLY OVERVIEW, SEK M

	2005		2004			
	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
<b>JM Residential Stockholm</b>						
Net sales	1,017	868	1,070	654	889	825
Operating profit <sup>1)</sup>	139	75	102	60	74	60
Operating margin (%)	13.7	8.6	9.5	9.2	8.3	7.3
Average operating capital	1,935	2,173	2,356			
Return on operating capital (%) <sup>2)</sup>	19.4	14.3	12.6			
Operating cash flow	415	358	430	197	396	-67
Number of available building rights	9,500	9,400	9,100	9,600	10,000	10,300
Number of housing starts	527	320	556	404	457	289
Number of sold residential units	506	405	426	496	585	461
<sup>1)</sup> Of which property sales	30	4	2	-	-	-1
<b>JM Residential Sweden</b>						
	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Net sales	784	677	704	524	605	584
Operating profit <sup>1)</sup>	69	57	64	45	43	50
Operating margin (%)	8.8	8.4	9.1	8.6	7.1	8.6
Average operating capital	696	759	808			
Return on operating capital (%) <sup>2)</sup>	33.8	27.5	25.0			
Operating cash flow	215	104	202	183	-52	80
Number of available building rights	7,900	7,500	7,400	7,100	7,400	7,300
Number of housing starts	343	289	404	231	370	213
Number of sold residential units	343	363	249	259	298	419
<sup>1)</sup> Of which property sales	1	1	3	-	-	-
<b>JM International</b>						
	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Net sales	520	333	602	429	463	372
Operating profit <sup>1)</sup>	35	32	43	24	28	22
Operating margin (%)	6.7	9.6	7.1	5.6	6.0	5.9
Average operating capital	1,055	1,024	1,000			
Return on operating capital (%) <sup>2)</sup>	12.7	12.4	11.7			
Operating cash flow	46	-47	0	76	40	23
Number of available building rights	5,350	5,400	5,400	5,300	5,100	5,400
Number of housing starts	210	172	367	139	272	241
Number of sold residential units	254	253	291	201	245	385
<sup>1)</sup> Of which property sales	-	10	1	-	-	-
<b>JM Property Development</b>						
	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Net sales	66	64	69	67	74	66
Operating profit <sup>1)</sup>	5	23	63	33	37	68
Average operating capital	2,014	2,201	2,330			
Return on operating capital (%) <sup>2)</sup>	6.2	7.1	8.6			
Operating cash flow	91	99	194	82	612	-85
<sup>1)</sup> Of which -property sales	-	23	62	10	25	57
-impairment losses on properties	-	-	-15	-	-	-
<b>JM Production</b>						
	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Net sales	267	213	313	213	212	193
Operating profit <sup>1)</sup>	16	8	13	8	9	13
Operating margin (%)	6.0	3.8	4.2	3.8	4.2	6.7
Operating cash flow	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 Q2 2004, ACCORDING TO IFRS, SEK M

	Jan-June 2004	IFRS 3 Goodwill	IAS 11 Construction contract	IFRS Jan-June 2004
<b>INCOME STATEMENT</b>				
Net sales	4,058	-	107	4,165
Costs for production and management	-3,610	7	-	-3,603
<b>Gross profit</b>	<b>448</b>	<b>7</b>	<b>107</b>	<b>562</b>
Selling and administrative expenses	-279	-	-	-279
Gains on the sale of properties	86	-	-	86
<b>Operating profit</b>	<b>255</b>	<b>7</b>	<b>107</b>	<b>369</b>
Net financial items	-90	-	-	-90
<b>Profit after financial items</b>	<b>165</b>	<b>7</b>	<b>107</b>	<b>279</b>
Tax	-51	-	-30	-81
<b>Net profit for the period</b>	<b>114</b>	<b>7</b>	<b>77</b>	<b>198</b>
	April-June 2004	IFRS 3 Goodwill	IAS 11 Construction contract	IFRS April-June 2004
<b>INCOME STATEMENT</b>				
Net sales	2,144	-	39	2,183
Costs for production and management	-1,891	4	-	-1,887
<b>Gross profit</b>	<b>253</b>	<b>4</b>	<b>39</b>	<b>296</b>
Selling and administrative expenses	-148	-	-	-148
Gains on the sale of properties	25	-	-	25
<b>Operating profit</b>	<b>130</b>	<b>4</b>	<b>39</b>	<b>173</b>
Net financial items	-42	-	-	-42
<b>Profit after financial items</b>	<b>88</b>	<b>4</b>	<b>39</b>	<b>131</b>
Tax	-28	-	-11	-39
<b>Net profit for the period</b>	<b>60</b>	<b>4</b>	<b>28</b>	<b>92</b>
	30 June 2004	IFRS 3 Goodwill	IAS 11 Construction contract	IFRS 30 June 2004
<b>BALANCE SHEET</b>				
<b>Assets</b>				
<b>Fixed assets</b>	<b>151</b>	<b>7</b>	<b>-</b>	<b>158</b>
Project properties	2,416	-	-	2,416
Development properties	3,275	-	-	3,275
Participations in tenant-owner co-operatives, etc.	305	-	-	305
Short-term investments	1,737	-	-	1,737
Cash and cash equivalents	476	-	-	476
<b>Total current assets</b>	<b>8,209</b>	<b>-</b>	<b>-</b>	<b>8,209</b>
<b>Total assets</b>	<b>8,360</b>	<b>7</b>	<b>-</b>	<b>8,367</b>
<b>Shareholders' equity and liabilities</b>				
<b>Shareholders' equity</b>	<b>3,264</b>	<b>7</b>	<b>-74</b>	<b>3,197</b>
Long-term liabilities, interest-bearing	1,651	-	-	1,651
Provisions	1,046	-	-29	1,017
<b>Total long-term liabilities</b>	<b>2,697</b>	<b>-</b>	<b>-29</b>	<b>2,668</b>
Current liabilities, interest-bearing	293	-	-	293
Current liabilities, noninterest-bearing	2,106	-	103	2,209
<b>Total current liabilities</b>	<b>2,399</b>	<b>-</b>	<b>103</b>	<b>2,502</b>
<b>Total shareholders' equity and liabilities</b>	<b>8,360</b>	<b>7</b>	<b>-</b>	<b>8,367</b>
	Quarter 2 2004			IFRS Quarter 2 2004
<b>KEY RATIOS</b>				
Operating margin (%)	6.1			7.9
Equity ratio (%)	39			38
Earnings per share (SEK)	2.10			3.30
	30 June 2004			
<b>SHAREHOLDERS' EQUITY</b>				
<b>Shareholders' equity close of period, acc. to previous principles</b>	<b>3,264</b>			
Effects of the transition to IFRS on shareholders' equity are attributable to:				
- change in shareholders' equity at start of period 1 Jan 2004,				
construction contracts	-210			
- change in shareholders' equity at start of period 1 Jan 2004,				
deferred tax	59			
- IFRS 3 reversal of write-down of goodwill for 2004	7			
- IAS 11 Construction contract	107			
- deferred tax on IFRS adjustments	-30			
<b>Shareholders' equity at close of period, according to IFRS</b>	<b>3,197</b>			



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**Financial Calendar**

27 October 2005	Interim Report January – September 2005
22 February 2006	Year-end Report 2005
27 April 2006	Interim Report January – March 2006

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.