

3 QUARTER 2012



“The main emphasis will always be on what we know best – producing affordable, quality homes and developing attractive residential areas.”

LARS NILSEN, CEO

NOK 727 million
in new orders

NOK 772 million in
operational revenues

14.0% operational
EBITDA margin

Operational revenue per business
area (NOK million):

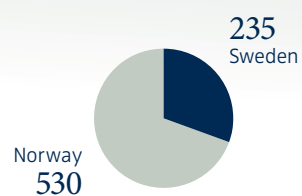


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HIGHLIGHTS 3RD QUARTER 2012

Operations during the period*:

- ➔ **Operating revenues NOK 772 million, up 7.5%**
- ➔ **Operational EBITDA NOK 108 million, up 32.8%**
- ➔ **Operational EBITDA margin 14.0%, up 2.7 percentage points**
- ➔ **Order intake NOK 727 million, up 2.7%**
- ➔ **Order backlog NOK 1,629 million, down 12.6%**
- ➔ **Cash flow from operations minus NOK 10 million, compared with minus NOK 21 million in Q3 2011**
- ➔ **Net interest-bearing debt up NOK 27 million from previous quarter. Reduced by NOK 171 million from year-end.**
- ➔ **Strong market continues in Norway**
- ➔ **Continued challenging market in Sweden**

*The operating figures are based on internal management reports, which differ somewhat from the consolidated accounts; see note 1.

MANAGEMENT REVIEW

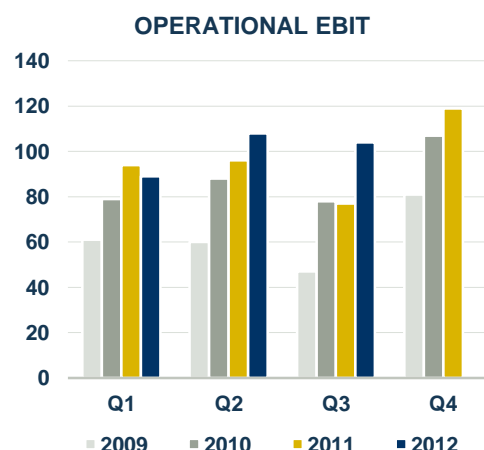
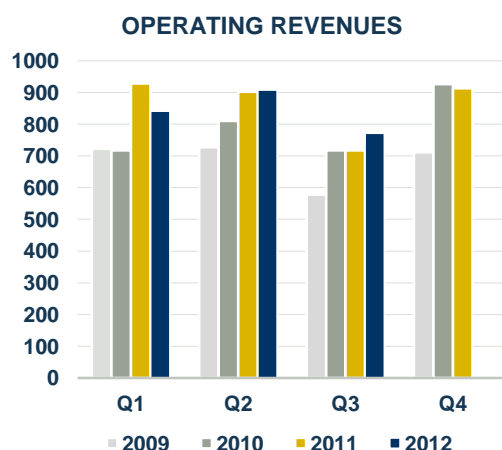
RESULTS FOR THE PERIOD

The management review is based on management reporting (operational performance figures) from segments Norway and Sweden. Segment information based on management reporting is shown in note 3 to the accounts and is also reconciled with the consolidated financial statements (IFRS). Management reporting differs somewhat from the consolidated income statement (IFRS). Management reporting focuses on value creation in the period, while in the consolidated financial statements, reported in line with IFRS, revenue is recognised on the basis of delivery of completed homes, regardless of the actual production in the period. See also note 1.

OPERATIONAL KEY FIGURES BWG HOMES CONSOLIDATED

Amounts in NOK 1,000	Q3 12	Q3 11	30/09/12	30/09/11	2011
Operational performance					
Operating revenues	772,436	718,227	2,522,448	2,547,508	3,460,975
Operational EBITDA	108,042	81,351	311,320	282,358	408,039
Operational EBIT	103,966	76,814	300,409	266,705	386,098
Operational EBITDA margin	14.0%	11.3%	12.3%	11.1%	11.8%
Operational EBIT margin	13.5%	10.7%	11.9%	10.5%	11.2%
Other key figures					
Cash flow from operations (after interest and tax)	-10,188	-20,538	-250,922	-118,766	-149,857
Order intake	727,014	708,198	2,574,651	2,564,808	3,199,024
Order backlog	1,629,035	1,863,915	1,629,035	1,863,915	1,613,383
Number of employees	1,023	1,025	1,023	1,025	978

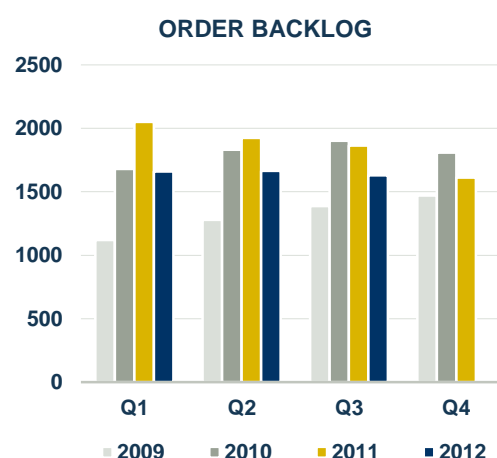
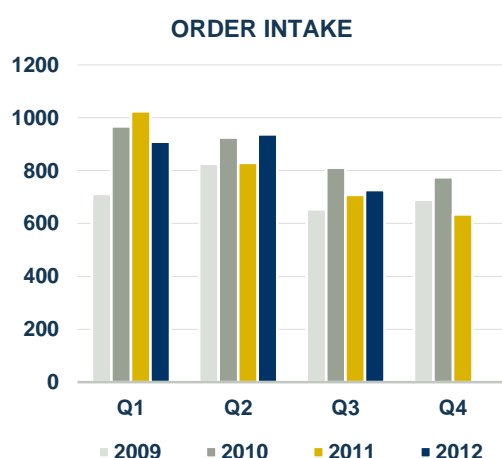
BWG Homes Group's operating revenues for the 3rd quarter of 2012 amounted to NOK 772 million. This is an increase of 7.5% compared with the 3rd quarter of 2011. Operating revenues for the year-to-date were NOK 2,522 million, which is a decline of NOK 25 million (1.0%) compared with the same period in 2011. The Norwegian operations continue to show satisfactory growth in sales and production. The situation in Sweden remains challenging. The international recession is also adversely affecting Sweden and intensifying the inertia in the housing market.



Earnings before interest, taxes and depreciation (operational EBITDA) for the quarter amounted to NOK 108 million. This is an increase of NOK 27 million (32.8%) compared with the 3rd quarter of 2011. The operational EBITDA margin was 14.0%, compared with 11.3% for the same quarter the previous year. Operational EBITDA for the year-to-date was NOK 311 million, an increase of NOK 29 million (10.3%) The operational EBITDA margin for the period was 12.3%, compared with 11.1% for the same period in 2011.

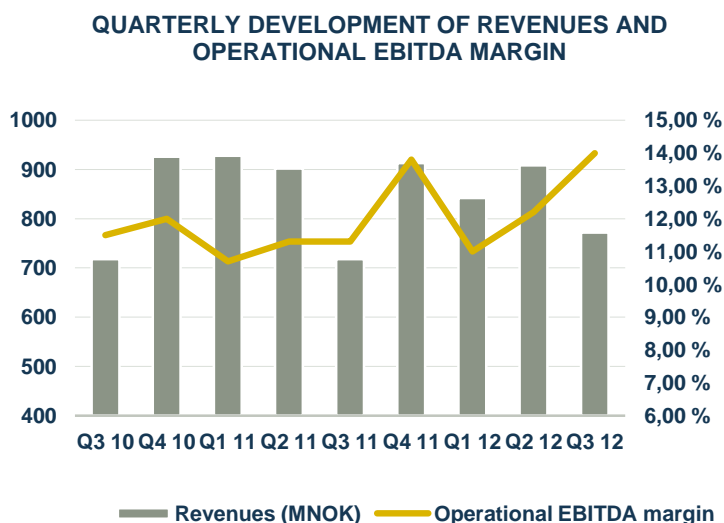
Earnings before interest and taxes (operational EBIT) amounted to NOK 104 million, an increase of NOK 27 million (35.3%) compared with the 3rd quarter of 2011. The operational EBIT margin for the quarter was 13.5%, compared with 10.7% for the 3rd quarter the previous year. Operational EBIT for the year-to-date was NOK 300 million, an increase of NOK 34 million (12.6%) The operational EBIT margin for the period was 11.9%, compared with 10.5% for the same period in 2011.

The Group's good profitability and margin growth during the quarter is due to the strong growth in the Norwegian operations. The Group has maintained satisfactory profitability in the first nine months of the year, despite the challenging market situation in Sweden.



Order intake for the quarter was NOK 727 million, compared with NOK 708 million for the 3rd quarter of 2011. This represents an increase of 2.7%. Sales have shown positive growth to date in 2012. The Group's order intake at the end of the first nine months was NOK 2,575 million, which is an increase of NOK 10 million (0.4%) compared with the same period in 2011.

The Group's order backlog at the end of the quarter was NOK 1,629 million, which is a decline of NOK 35 million since the previous quarter. The order backlog has shown a decline of NOK 235 million (12.6%) compared with the end of the 3rd quarter of 2011. The decline in order backlog is primarily a direct effect of Block Watne to a greater extent is selling houses later in the project phase.



RESULTS FOR NORWAY

SEGMENT NORWAY

Amounts in NOK 1,000	Q3 12	Q3 11	30/09/2012	30/09/2011	2011
Operational performance					
Operating revenues	529,919	475,077	1,670,581	1,490,241	2,111,501
Cost of goods sold (including production payroll)	-343,764	-336,883	-1,144,565	-1,065,781	1,484,558
Gross profit	186,155	138,194	526,016	424,460	626,943
Sales and administrative expenses	-79,071	-60,671	-244,580	-204,922	-285,001
Operational EBITDA	107,084	77,523	281,436	219,538	341,942
Income from associated companies	0	219	1,199	219	-906
Depreciation	-608	-1,416	-1,765	-5,178	-6,862
Operational EBIT	106,476	76,326	280,870	214,579	334,174
Gross margin	35.1%	29.1%	31.5%	28.5%	29.7%
Operational EBITDA margin	20.2%	16.3%	16.8%	14.7%	16.2%
Operational EBIT margin	20.1%	16.1%	16.8%	14.4%	15.8%
Other key figures for the segment					
Order intake	495,893	502,230	1,668,000	1,678,530	2,059,300
Order backlog	713,748	951,849	713,748	951,849	717,093
Number of employees	654	624	654	624	618
Sick leave	5.5%	6.3%	5.8%	6.5%	6.2%

Segment Norway encompasses operations in Block Watne AS. Hetlandhus AS is reported under "Other units". See also note 3 Segment information.

The positive trend from the previous quarters has continued. Operational efficiency and strong sales have also resulted in solid earnings and very strong margins in the quarter. An agreement was signed with OBOS in the 3rd quarter for the development of a large residential area in Hamar, and a land gain of NOK 16.5 million has been realised.

Operating revenues for the quarter increased by 11.5% compared with the 3rd quarter of 2011. Operational EBITDA improved by 38.1% compared with the same period the previous year, while operational EBIT improved by 39.5%. The operational EBITDA margin increased by 3.9 percentage points. After adjustment for the land gain of NOK 16.5 million, the EBITDA margin for the quarter was 17.6%, an increase of 1.3 percentage points. The strong growth in profitability is a consequence of increased volumes and ongoing efforts to improve production efficiency.

Operating revenues for the first nine months improved by 12.1% when compared with the same period in 2011. Operational EBITDA showed a 28.2% improvement, while operational EBIT increased by 30.9%.

Order intake for the quarter was 1.3% lower than for the 3rd quarter of 2011, and showed a 0.6% decline for the year-to-date compared with the same period in 2011. The order backlog at the end of the quarter was down NOK 31 million (4.1%) from the previous quarter and down NOK 238 million (25.0%) compared with the same period the previous year. At the end of the quarter, segment Norway had 50 unsold completed homes, 31 of which are show houses, compared with 43 unsold completed homes at the same point the previous year.

Staffing has increased by 23 full-time equivalents (3.6%) since the previous quarter and by 30 (4.8%) compared with the same period the previous year. The increases relate mainly to carpenters and other production staff.

Focus areas for 2012

The segment's focus remains on continuing rationalisation of production, further development of existing projects and optimisation of the land bank.

RESULTS FOR SWEDEN

SEGMENT SWEDEN

Amounts in NOK 1,000	Q3 12	Q3 11	30/09/2012	30/09/2011	2011
Operational performance					
Operating revenues	234,949	244,837	832,680	1,056,199	1,338,802
Cost of goods sold (including production payroll)	-171,656	177,476	-610,053	-772,317	-983,565
Gross profit	63,293	67,361	222,627	283,882	355,237
Sales and administrative expenses	-57,524	-55,173	-179,831	-203,842	-265,796
Operational EBITDA	5,769	12,188	42,796	80,040	89,441
Depreciation	-3,431	-3,303	-10,233	-10,429	-13,870
Operational EBIT	2,338	8,885	32,563	69,611	75,571
Gross margin	26.9%	27.5%	26.7%	26.9%	26.5%
Operational EBITDA margin	2.5%	5.0%	5.1%	7.6%	6.7%
Operational EBIT margin	1.0%	3.6%	3.9%	6.6%	5.6%
Other key figures for the segment					
Order intake	231,121	205,968	906,651	886,278	1,139,724
Order backlog	915,287	912,066	915,287	912,066	896,290
Number of employees	362	394	362	394	354
Sick leave	3.2%	4.1%	3.5%	3.3%	3.1%

Segment Sweden encompasses the operations of the subsidiaries Myresjöhus AB and SmålandsVillan AB.

Profitability is still low. The previous year's improvement programmes, focusing on production efficiency and delivery quality, are generating an underlying positive effect, but the volumes are too small for this to be seen in earnings and margins.

Operating revenues for the quarter declined by 4.0% compared with the 3rd quarter of 2011. Operational EBITDA was down 52.7% compared with the same period the previous year, while operational EBIT showed a 73.7% decline. Operating revenues for the first nine months showed a decline of 21.2% compared with the same period in 2011. Operational EBITDA showed a 46.5% decline, while operational EBIT was down by 53.2%. 14 houses produced in the period, are to be delivered in the 4th quarter. Sales of land is reduced and contribution from sales of land is down by NOK 4 million on previous year.

Order intake for the quarter was 12.2% higher than for the 3rd quarter of 2011, while for the first nine months it increased by 2.3%. The order backlog was down NOK 4 million (0.4%) compared with the previous quarter, but showed an increase of NOK 3 million (0.4%) compared with the same period the previous year. At the end of the quarter, segment Sweden had 27 unsold completed homes, 13 of which are show houses, compared with 21 unsold completed homes at the same point the previous year.

Staffing has increased by 7 full-time equivalents since the previous quarter, but declined by 32 full-time equivalents (8.1%) compared with the same period the previous year.

The international recession is having an adverse impact on the Swedish economy, and after summer there were announcements of redundancies and layoffs in the business sector. This creates additional uncertainty and prolonged sales in the housing market even though there is a considerable underlying need for new homes.

Focus areas for 2012

The improvement programmes aimed at achieving production efficiency continue. Priority is given to development of affordable products and increased own residential production in growth regions. The land bank is being revised to focus on own projects, and the intention is to increase production of terraced houses and low-rise apartments.

FINANCIAL FACTORS

CASH FLOW STATEMENT

Amounts in NOK 1,000	Q3 12	Q3 11	30/09/2012	30/09/2011	2011
Net cash flow from operations (after interest and tax)	-10,188	-20,538	-250,922	-118,766	149,857
Net cash flow from investments	-3,114	-4,119	870	18,216	15,690
Net cash flow from financing	43,428	73,620	308,906	101,629	190,435
Net cash flow for the period	30,125	48,964	58,853	1,080	56,268

Net cash flow from operations (after interest and taxes) for the 3rd quarter was negative at NOK 10.2 million, compared with a negative figure of NOK 20.5 million for the 3rd quarter 2011. Payments totalling NOK 96 million relating to the purchase of land were made during the period. This is NOK 32.8 million higher than in the same period the previous year.

Cash flow from investments was negative at NOK 3.1 million, compared with a negative figure of NOK 4.1 million for the same period the previous year.

Cash flow from financing was NOK 43.4 million, compared with NOK 73.6 million for the same period the previous year.

NET INTEREST-BEARING DEBT

Amounts in NOK 1,000	30/09/2012	30/06/2012	31/12/2011	30/09/2011
Interest-bearing debt, long-term	891,512	886,144	939,022	966,716
Interest-bearing debt, short-term	765,887	714,482	830,222	691,599
Total bank deposits and cash	-224,991	-194,866	-166,138	-110,950
Net interest-bearing debt	1,432,408	1,405,760	1,603,106	1,547,365

Net interest-bearing debt has increased by NOK 27 million from the previous quarter.

The Group has fulfilled its covenants for the 3rd quarter of 2012.

WORKING CAPITAL

Amounts in NOK 1,000	30/09/2012	30/06/2012	31/12/2011	30/09/2011
Current assets	2,986,649	2,823,401	2,489,911	2,456,255
Current liabilities (non-interest-bearing)	-1,404,423	-1,277,215	-1,258,675	-1,325,898
Net working capital	1,582,226	1,546,186	1,231,236	1,130,357
Short-term project financing (interest-bearing)	-765,887	-714,482	-830,222	-691,599
Net working capital incl. project financing	816,339	831,704	401,014	438,758

ORGANISATION

NUMBER OF EMPLOYEES	30/09/12	30/06/12	31/12/11	30/09/11
Employees in administrative functions*	398	393	409	418
Production employees and carpenters	625	600	569	607
Total	1,023	993	978	1,025
Number of employees in Norway*	661	638	624	631
Number of employees in Sweden**	362	355	354	394

* Including the CEO and executive staff (BWG Homes ASA) and employees of Hetlandhus AS.

** The Swedish companies also have 16 temporary employees at Q3 2012. These are mainly production workers.

The workforce has increased by 30 full-time equivalents (3.0%) since the end of the previous quarter, and is at the same level as at the end of Q3 2011. The increase during the quarter is primarily in production in the Norwegian operations.

HEALTH, SAFETY AND ENVIRONMENT

Group management focuses constantly on production quality and HSE. Intensified safety training, with an emphasis on the correct use of tools and scaffolding, helps to reduce the injury rate. Unannounced inspections at building sites also show a positive development in terms of the number of registered non-conformances.

5 lost-time injuries and incidents were registered for the 3rd quarter of 2012, compared with 15 for the same quarter in 2011. 25 lost-time injuries and incidents were registered in the first nine months, compared with 43 for the same period in 2011. The lost-time incidents were mainly in the Norwegian operations. Typical injuries were injuries from using nail guns and other tools and fall injuries from low heights. None of the reported accidents resulted in serious or permanent injury. Management monitoring of sickness absence is being intensified.

In the Group's Norwegian operations, building sites are subject to unannounced inspections, with subsequent follow-up of non-conformances, both at local level (regional offices) and at central level. At the end of the first nine months, 99 inspections had been carried out, with an average of 0.63 non-conformance per inspection, compared with 97 inspections and an average of 1 non-conformance per inspection in the same period in 2011.

SHAREHOLDERS

At the end of the quarter, the company had 2,022 shareholders, 119 of whom were foreign. The foreign shareholders owned 25.9 million shares, corresponding to an ownership share of 19.1%.

At the end of the quarter, CEO Lars Nilsen had a 15.87% holding through his companies Lani Industrier AS and Lagulise AS.

13.6 million shares were traded during the quarter and 55.8 million during the year-to-date.

The closing price on the reporting date was NOK 12.50.

10 LARGEST SHAREHOLDERS	Number of shares	Ownership share
Oslo Bolig and Sparelag	26,485,752	19.46%
Lani Industrier AS	21,199,800	15.57%
Orkla ASA	4,252,933	3.12%
Odin Norge	3,906,462	2.87%
DnB NOR SMB VPF	3,800,000	2.79%
Odin Norden	3,620,136	2.66%
Storebrand Verdi	3,244,512	2.38%
Skandinaviska Enskilda Banken	3,051,000	2.24%
SHB Stockholm	2,985,004	2.19%
MP Pensjon PK	2,695,700	1.98%
Total 10 largest shareholders	75,241,299	55.3%
Other shareholders	60,880,134	44.7%
Total number of shares	136,121,433	100.00%

MARKET AND FUTURE PROSPECTS

The Norwegian operations are still experiencing strong demand for housing and rising unit prices. Both profitability development and the order backlog are considered satisfactory. A low level of house starts in previous years, combined with high population growth, low unemployment and good real wage growth, are generating strong demand for housing in Norway. The forecast for housing starts in 2012 has recently been adjusted from 28,000 to 30,000 homes according Prognosenteret. Growth in house prices is expected to continue, but at a somewhat slower rate. Although the housing market in Norway is expected to remain strong, there is an uncertainty regarding the extent to which the European sovereign debt crisis will affect the Norwegian economy and, in consequence, the housing market in the years ahead.

The market conditions for the Swedish operations remain challenging. Development of the global economy, particularly in the eurozone, has deteriorated during 2012. This has also had negative consequences for the economic situation in Sweden, giving rise to challenges, particularly in export-oriented industries. A certain rise in unemployment has also been recorded. Although the underlying need for new housing in Sweden is strong, the total housing production has decreased. According Prognosenteret, the forecast for housing starts in 2012 is 19,300 units, down 25% from 2011. 4,800 of these are single-family houses, while 14,500 units are different types of apartments. Order intake in the small house sector for the year-to-date is down more than 30%, and a number of minor players have filed for bankruptcy.

Continuous efforts are directed towards cost, profitability and efficiency improvements both in Norway and Sweden, with a focus on further product development, particularly in the Swedish operations. The market situation is closely monitored so that operations and products can be adapted to prevailing conditions.

Oslo, 31 October 2012

Board and CEO of BWG Homes ASA

Eva Eriksson
Chair

Harald Walther
Deputy Chair

Hege Børmark

Daniel K. Siraj Espen E. Wiik

Tore Morten Randen

Ørjan Reinholdsson

Magne Staalstrøm

Lars Nilsen
CEO

CONDENSED FINANCIAL INFORMATION (IFRS)

BWG HOMES ASA CONSOLIDATED

INCOME STATEMENT

Amounts in NOK 1,000	Note	Q3 12	Q3 11	30/09/2012	30/09/2011	2011
Operating revenues		749,386	692,204	2,508,139	2,284,205	3,245,455
Cost of goods sold		-446,722	-426,657	-1,562,875	-1,429,827	-2,035,222
Payroll and personnel expenses		-147,697	-134,492	-452,495	-425,857	-564,024
Other operating expenses		-63,996	-58,154	-214,302	-226,550	-308,550
Earnings before depreciation and finance (EBITDA)		90,971	72,901	278,467	201,971	337,659
Income from associated companies		0	219	1,199	219	-906
Depreciation		-4,076	-4,756	-12,110	-15,872	-21,035
Earnings before interest and tax (EBIT)		86,895	68,364	267,556	186,318	315,718
Interest and other finance income		640	404	3,154	1,319	4,105
Interest expenses		-24,907	-22,672	-73,603	-56,123	-85,396
Changes in value of financial instruments		412	-668	2,101	734	1,248
Exchange gains/losses	5	9,352	1,252	6,817	-7,434	-352
Other finance costs		-5,795	-3,849	-18,867	-15,316	-14,034
Net financial items	5	-20,298	-25,533	-80,398	-76,820	-94,429
Earnings before tax (EBT)		66,597	42,831	187,158	109,498	221,289
Tax expenses		-18,808	-12,185	-52,483	-30,184	-62,039
Earnings in the period		47,789	30,646	134,675	79,314	159,250
Earnings per share (NOK)		0.35	0.31	1.07	0.81	1.62
Diluted earnings per share (NOK)		0.35	0.31	1.07	0.81	1.62
EBITDA margin		12.1%	10.5%	11.1%	8.8%	10.4%
EBIT margin		11.6%	9.9%	10.7%	8.2%	9.7%

COMPREHENSIVE INCOME STATEMENT

Amounts in NOK 1,000	Note	Q3 12	Q3 11	30/09/2012	30/09/2011	2011
Change in fair value of interest rate hedging	10	-3,462	-3,455	-6,261	-3,455	-4,450
Deferred tax relating to fair value of interest rate hedging	10	969	967	1,753	967	1,246
Earnings in the period (from income statement)		47,789	30,646	134,675	79,314	159,250
Translation gains/losses on consolidation		11,070	2,930	1,692	-15,230	-139
Other comprehensive income		0	0	-439	0	0
Total comprehensive income		56,366	31,088	131,420	61,596	155,907

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Amounts in NOK 1,000

	Note	30/09/2012	30/09/2011	30/06/2012	31/12/2011
Assets					
Goodwill		1,974,553	1,945,055	1,954,839	1,971,486
Brands		488,321	479,907	482,697	487,446
Other intangible assets		2,094	2,580	2,191	2,483
Total intangible assets		2,464,968	2,427,542	2,439,727	2,461,415
Property, plant & equipment		87,600	92,039	87,074	93,748
Financial assets		36,021	12,473	19,572	11,347
Total non-current assets		2,588,589	2,532,054	2,546,373	2,566,510
Projects and work in progress	4	1,306,492	1,053,072	1,156,185	1,071,755
Inventories		45,982	42,736	43,276	35,700
Land		1,441,804	1,201,026	1,455,701	1,258,175
Total inventories and land		2,794,278	2,296,834	2,655,162	2,365,630
Trade receivables		142,386	96,266	133,099	91,981
Other receivables		49,985	63,155	35,140	32,300
Total receivables		192,371	159,421	168,239	124,281
Cash & cash equivalents		224,991	110,950	194,866	166,138
Total current assets		3,211,640	2,567,205	3,018,267	2,656,049
Total assets		5,800,229	5,099,259	5,564,640	5,222,559
Equity and liabilities					
Total equity		2,503,347	1,851,236	2,446,988	1,945,547
Pension obligations		6,231	9,652	6,231	8,769
Deferred tax		162,215	192,207	165,926	172,826
Provision for guarantee obligations		66,614	61,951	67,654	67,498
Total provisions		235,060	263,810	239,811	249,093
Long-term interest-bearing debt	8	891,512	966,716	886,144	939,022
Short-term interest-bearing debt	9	765,887	691,599	714,482	830,222
Trade payables		317,027	330,989	313,768	338,566
Current liabilities related to land acquisition		447,396	414,911	480,125	381,857
Prepayments from customers		303,244	354,352	195,168	259,994
Other current liabilities		336,756	225,646	288,154	278,258
Total other current liabilities		1,404,423	1,325,898	1,277,215	1,258,675
Total current liabilities		2,170,310	2,017,497	1,991,697	2,088,897
Total debt and liabilities		3,296,882	3,248,023	3,117,652	3,277,012
Total equity and liabilities		5,800,229	5,099,259	5,564,640	5,222,559

KEY FIGURES

Amounts in NOK 1,000

	30/09/2012	30/09/2011	30/06/2012	31/12/2011
Working capital	1,582,226	1,130,357	1,546,186	1,231,236
Net interest-bearing debt	1,432,408	1,547,365	1,405,760	1,603,106
Equity ratio	43.2%	36.3%	44.0%	37.3%

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK 1,000	Share capital	Share premium reserve	Hedging reserve	Currency reserve	Other equity	Total equity
Balance at 31.12. 2010	98,276	529,840		-22,944	1,272,916	1,878,088
Translation gains/losses on consolidation				4,860		4,860
Net profit Q1 2011					6,642	6,642
Balance at 31.3. 2011	98,276	529,840		-18,084	1,279,558	1,889,590
Dividends					-88,448	-88,448
Translation gains/losses on consolidation				-23,020		-23,020
Net profit Q2 2011					42,026	42,026
Balance at 30.6. 2011	98,276	529,840		-41,104	1,233,136	1,820,148
Translation gains/losses on consolidation				2,930		2,930
Other items in comprehensive income			-2,488			-2,488
Net profit Q3 2011					30,646	30,646
Balance at 30.9. 2011	98,276	529,840	-2,488	-38,174	1,263,782	1,851,236
Translation gains/losses on consolidation				15,091		15,091
Other items in comprehensive income			-716			-716
Net profit Q4 2011					79,936	79,936
Balance at 31.12. 2011	98,276	529,840	-3,204	-23,083	1,343,718	1,945,547
Private placement	34,783	365,217				400,000
Share issue expenses		-7,200				-7,200
Translation gains/losses on consolidation				-8,662		-8,662
Other items in comprehensive income		-10	81	-169	179	81
Net profit Q1 2012					36,617	36,617
Balance at 31.12. 2012	133,059	887,847	-3,123	-31,914	1,380,514	2,366,383
Repair issue	3,062	32,160				35,222
Share issue expenses		-1,635				-1,635
Translation gains/losses on consolidation				-716		-716
Other items in comprehensive income		-20	-2,096		-419	-2,535
Net profit Q2 2012					50,269	50,269
Balance at 30.9. 2012	136,121	918,352	-5,219	-32,630	1,430,364	2,446,988
Share issue expenses		-7				-7
Translation gains/losses on consolidation				11,070		11,070
Other items in comprehensive income			-2,493			-2,493
Net profit Q3 2012					47,789	47,789
Balance at 30.9. 2012	136,121	918,345	-7,712	-21,560	1,478,153	2,503,347

CASH FLOW STATEMENT

Amounts in NOK 1,000

	Q3 12	Q3 11	30/09/2012	30/09/2011	2011
Cash flow from operating activities before changes in working capital (EBITDA)	90,971	72,901	278,467	201,971	337,659
Change in inventories	-27,681	-24,773	-125,823	19,000	-35,559
Change in trade receivables	29,694	38,783	19,667	45,098	31,889
Change in trade payables	1,309	10,724	-21,825	79,511	84,090
Land acquisitions	-95,977	-63,191	-289,840	-239,359	-353,196
Change in other accruals	15,202	-24,453	9,288	-100,109	-92,981
Net change in working capital items	-77,453	-62,910	-408,533	-195,859	-365,757
Net interest paid	-23,707	-22,270	-72,814	-54,851	-80,029
Tax paid	0	-8,259	-48,043	-70,027	-41,731
Net cash flow from operating activities (after interest and tax)	-10,188	-20,538	-250,922	-118,766	-149,857
Purchase of property, plant & equipment	-3,399	-4,279	-5,484	-12,573	-17,798
Purchase of shares	0	0	-1,820	0	0
Sale of property, plant & equipment	0	0	0	280	280
Sale of shares (Gar-Bo AB)	0	-246	0	24,525	24,434
Net cash flow from associated companies	-357	0	5,020	3,000	3,000
Interest received	642	407	3,154	2,985	5,773
Net cash flow from investing activities	-3,114	-4,118	870	18,217	15,690
Increase/decrease (-) short-term debt	48,815	62,508	-63,653	182,865	318,080
Payments relating to refinancing of long-term debt	0	0	-12,187	0	-21,761
Repayment of long-term debt	-1,943	0	-338,197	-3,900	-38,436
New long-term debt	0	11,112	300,000	11,112	21,000
Proceeds from new equity (net)	-3,445	0	422,942	0	0
Dividend paid	0	0	0	-88,448	-88,448
Net cash flow from financing activities	43,428	73,620	308,906	101,629	190,435
Net change in cash & cash equivalents	30,125	48,964	58,853	1,080	56,267
Cash & cash equivalents at start of period	194,866	61,986	166,138	109,870	109,870
Cash & cash equivalents at end of period	224,991	110,950	224,991	110,950	166,138
Unutilised overdraft facilities at end of period	148,480	142,842	148,480	142,842	67,428

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 THE GROUP AND CONSOLIDATED ACCOUNTS

Group

BWG Homes ASA is domiciled in Norway and listed on the Oslo Stock Exchange. The consolidated financial statements cover BWG Homes ASA and its subsidiaries and the Group's shares in associated companies.

At the end of the quarter, the Group comprised the same legal units as at the most recent year-end.

Approval of the quarterly report

This interim report was adopted by the Company's Board on 31 October 2012. The interim financial statements have not been audited.

Application of IFRS when preparing financial information

The condensed financial information has been presented in accordance with International Financial Reporting Standards (IFRS) and the interpretations specified by the International Accounting Standards Board (IASB). The condensed financial information has also been prepared in accordance with the rules contained in IAS 34 Interim Financial Reporting.

IAS 34 states that interim financial reporting shall primarily be an update of new events and transactions since the last annual report. Consequently, this interim report should be read in connection with the most recent annual report (2011).

Accounting principles

The accounting principles applied in the preparation of the report are consistent with those described in the Company's 2011 annual report.

Accounting terms - definitions

Order intake:	Value of new orders entered into during the period less value of cancelled orders entered into in the same period
Order backlog:	Value of orders entered into remaining to be produced
Gross profit:	Operating revenue less cost of goods sold
EBITDA margin:	EBITDA divided by operating revenue
EBIT margin:	EBIT divided by operating revenue
Working capital:	Inventories and receivables less other current liabilities
Net interest-bearing debt:	Total interest-bearing debt less bank deposits, cash and interest-bearing receivables
Equity ratio:	Book value of equity divided by book value of total assets
Number of employees:	Employees at end of period

NOTE 2 ESTIMATES

A significant proportion of the Group's business comprises house building projects. Project revenue is normally recognised when delivery has taken place and the financial results of the project are known. However, accounting involves a certain use of estimates related to the value of the projects etc. Other items requiring use of estimates are pension obligations, pension costs, carrying amount of goodwill and other added value, recognition of financial instruments and accounting for taxes.

A more detailed description of the use of estimates for accounting purposes can be found in the 2011 annual report.

NOTE 3 SEGMENT INFORMATION

Definition of segments

BWG Homes consists of two segments: segment Norway and segment Sweden. Segment Norway encompasses the operations of Block Watne, while segment Sweden comprises the operations of Myresjöhus and SmålandsVillan.

Both segments are mainly engaged in producing and marketing homes for consumers. The two segments are separate entities with their own organisation and management, and with different risks and returns. They are therefore monitored separately within the Group.

Units which do not qualify for reporting as separate segments are presented collectively under "Other units". This applies to Hetlandhus, which was re-launched in 2009 and sells houses in the Norwegian market based on modules produced in SmålandsVillan's factories in Sweden.

Accounting principles for segment reporting

Segment reporting is based on operational management reports prepared by the entities. For segment Sweden, the accounting principles applied for these reports are in line with IFRS, and the figures for segment Sweden are included directly in the consolidated figures.

For segment Norway, there is a deviation between the operational management reporting and IFRS rules in relation to recognition of project revenues. It is important for management to monitor the earnings performance in ongoing projects, and in operational reporting this is measured by using the percentage of completion principle (production contracts).

This means the estimated accrued project revenue is recognised by reference to the stage of completion. Revenue is only recognised for houses for which binding sales contracts have been signed. The stage of completion corresponds to contract costs incurred for work performed to date as a percentage of the estimated total costs. Degree of sale is defined as the number sold as a percentage of total expected sales. Recognised revenue is the estimated total revenue x degree of sale x stage of completion. The reported outcome is estimated final outcome x degree of sale x stage of completion.

The accounting principles applied for segment reporting are in line with those applied in the preparation of the 2011 annual report.

There are no transactions between the segments that are of significance to the reporting.

SEGMENT INFORMATION

Amounts in NOK 1,000

	Q3 12	Q3 11	30/09/2012	30/09/2011	2011
INCOME STATEMENT ITEMS					
<u>Operating revenues</u>					
Norway	529,919	475,077	1,670,581	1,490,241	2,111,501
Sweden	234,949	244,837	832,680	1,056,199	1,338,802
Other units	12,893	4,566	45,079	15,036	36,333
Eliminations	-5,325	-6,253	-25,892	-13,968	-25,661
Operating revenues, segment	772,436	718,227	2,522,448	2,547,508	3,460,975
+/-deviating acc. principle in segment and in consolidation	-23,050	-26,023	-14,309	-263,303	-215,520
Operating revenues, consolidated	749,386	692,204	2,508,139	2,284,205	3,245,455
<u>EBITDA</u>					
Norway	107,084	77,523	281,436	219,538	341,942
Sweden	5,769	12,188	42,796	80,040	89,441
Other units	-4,811	-8,360	-12,912	-17,220	-23,344
Eliminations	0	0	0	0	0
EBITDA, segment	108,042	81,351	311,320	282,358	408,039
+/-deviating acc. principle in segment and in consolidation	-17,071	-8,450	-32,853	-80,387	-70,380
EBITDA, consolidated	90,971	72,901	278,467	201,971	337,659
<u>EBIT</u>					
Norway	106,476	76,326	280,870	214,579	334,174
Sweden	2,338	8,885	32,563	69,611	75,571
Other units	-4,848	-8,397	-13,024	-17,485	-23,647
Eliminations	0	0	0	0	0
EBIT, segment	103,966	76,814	300,409	266,705	386,098
+/-deviating acc. principle in segment and in consolidation	-17,071	-8,450	-32,853	-80,387	-70,380
EBIT, consolidated	86,895	68,364	267,556	186,318	315,718
<u>EBT</u>					
Norway	89,356	64,617	237,797	188,909	295,871
Sweden	-9,415	-3,979	-4,517	36,546	30,173
Other units	4,028	-8,978	-15,265	-35,265	-36,800
Eliminations	0	0	0	0	0
EBT, segment	83,969	51,660	218,015	190,190	289,244
+/-deviating acc. principle in segment and in consolidation	-17,372	-8,829	-30,857	-80,692	-67,955
EBT, consolidated	66,597	42,831	187,158	109,498	221,289
BALANCE SHEET ITEMS					
<u>Total assets</u>					
Norway	2,393,700	1,764,935	2,393,700	1,764,935	1,966,592
Sweden	2,188,009	2,166,758	2,188,009	2,166,758	2,179,994
Other units	3,064,342	2,336,757	3,064,342	2,336,757	2,327,767
+/-deviating acc. principle in segment and in consolidation	277,365	340,280	277,365	340,280	242,146
Eliminations	-2,123,187	-1,509,471	-2,123,187	-1,509,471	-1,493,940
Total assets, consolidated	5,800,229	5,099,259	5,800,229	5,099,259	5,222,559
<u>Total liabilities</u>					
Norway	-1,866,115	-1,334,119	-1,866,115	-1,334,119	-1,446,197
Sweden	-1,471,841	-1,459,301	-1,471,841	-1,459,301	-1,462,187
Other units	-671,744	-507,838	-671,744	-507,838	-500,690
+/-deviating acc. principle in segment and in consolidation	-303,244	-354,352	-303,244	-354,352	-259,994
Eliminations	1,016,062	407,587	1,016,062	407,587	392,056
Total liabilities, consolidated	-3,296,882	-3,248,023	-3,296,882	-3,248,023	-3,277,012

NOTE 4 BOOK VALUE OF CURRENT PROJECTS

The Group has a significant inventory of ongoing projects. These projects may be own projects under the companies' control or homes built for other end consumers or professional developers. The book value of the projects is recognised in the balance sheet at accumulated production cost.

SPECIFICATION OF CURRENT PROJECTS				
Amounts in NOK 1,000	30/09/2012	30/09/2011	30/06/2012	31/12/2011
Projects and work in progress, Norway	1,276,964	1,027,436	1,129,260	1,043,585
Projects and work in progress, Sweden	29,528	25,636	26,925	28,170
Book value of projects and work in progress	1,306,492	1,053,072	1,156,185	1,071,755
Value of projects and work in progress in Norway based on percentage of completion for projects under own control	813,130	449,968	717,565	540,418

NOTE 5 EXCHANGE GAINS AND LOSSES

The Group is exposed in Swedish kronor as a result of its investments in Sweden. The Swedish operations are financed in Swedish kronor (SEK). Loan financing is partly from the parent company and partly from the bank.

Under IAS 21, exchange differences on intra-group balances are recognised in profit or loss. The strengthening of the SEK against the NOK in the 3rd quarter has generated a foreign exchange gain of NOK 9.4 million in the quarter. Exchange gains for the year-to-date amounted to NOK 6.8 million.

NOTE 6 RELATED PARTY TRANSACTIONS

At the end of Q3 2012, the subsidiary Block Watne AS had transactions with an associated company totalling NOK 5 million.

Waterguard International AS sells water guard systems to the subsidiaries Block Watne AS and Hetlandhus AS. These are sold through wholesalers and are based on market prices. At the end of Q3 2012, water guard systems totalling NOK 3.8 million had been purchased. Water Guard International AS is a company controlled by Lars Nilsen, CEO of BWG Homes ASA.

At the end of Q3 2012, the subsidiaries Block Watne AS and Hetlandhus AS had purchased legal services from law firm Martin Kr. Feet AS totalling NOK 2.3 million. Martin Kr. Feet is the brother of the CEO of Block Watne AS. The transactions were conducted at market prices.

NOTE 7 PRIVATE PLACEMENT, REPAIR ISSUE AND BOND ISSUE

Private placement

On 14 February 2012, BWG Homes ASA conducted a private placement which was adopted by the Extraordinary General Meeting on 7 March. A total of 34,782,608 shares were issued at NOK 11.50 per share for existing shareholders and new investors, with gross proceeds of NOK 399,999,992. After the private placement, 133,058,608 shares in BWG Homes ASA were issued, with a par value of NOK 1.00.

The following primary insider was allocated shares in the private placement:

Lani Industrier AS, a company 100% controlled by Lars Nilsen, CEO of BWG Homes ASA, was granted 5,541,800 shares.

Repair issue

The Extraordinary General Meeting on 7 March also adopted a subsequent repair issue of up to NOK 40 million at the same price as the private placement. The repair issue targeted existing shareholders as at 14 February 2012 who had not been invited to participate in the private placement. The subscription period for the repair issue expired on 10 April. A total of 3,062,825 shares were allotted at NOK 11.50 per share. After the repair issue, 136,121,433 shares in BWG Homes ASA were issued, with a par value of NOK 1.00.

The following primary insiders were allocated shares in the repair issue:

Name	Shares allotted in the repair issue	Holding after the repair issue
Lagulise AS, a company controlled by Lars Nilsen, CEO of BWG Homes ASA	100,000	400,000
Eva Eriksson, Chairman of the Board of BWG Homes ASA	10,000	30,000
Harald Walther, Deputy Chairman of the Board of BWG Homes ASA, and close associates	235,000	969,045
Espen E. Wiik, Member of the Board of BWG Homes ASA	5,000	10,000
Ole Feet, CEO of Block Watne AS	10,000	25,400
Arnt Eriksen, CFO of BWG Homes ASA	6,000	44,000
Elisabet Landsend, Director of Communications of BWG Homes ASA	4,600	15,000
Mikael Olsson, CEO of BWG Homes AB	3,721	40,000
Jonas Karlsson CFO of BWG Homes AB	2,977	26,000

After the private placement and repair issue, the total shareholding of companies controlled by CEO Lars Nilsen is 21,599,800 shares (15.87% ownership share).

Unsecured bond issue

In February 2012, BWG Homes ASA launched an unsecured bond issue of NOK 300 million, maturing in March 2015. The interest rate on the loan is NIBOR plus 450 basis points. The net proceeds were used in their entirety to repay part of the long-term debt with Nordea.

NOTE 8 LONG-TERM DEBT

Amounts in NOK 1,000	30/09/2012	30/09/2011	30/06/2012	31/12/2011
Bond issue, maturity 2015	300,000	0	300,000	0
Long-term debt with Nordea, maturity 2014	259,043	321,204	255,034	293,224
Long-term debt with Nordea, maturity 2016	346,068	645,512	346,068	649,241
Other liabilities, Sweden	0	0	0	2,610
Amortised borrowing costs	-13,599	0	-14,958	-6,052
Total long-term debt	891,512	966,716	886,144	939,022

NOTE 9 SHORT-TERM DEBT

Amounts in NOK 1,000	30/09/2012	30/09/2011	30/06/2012	31/12/2011
1st year's instalments on long-term debt	69,776	68,160	68,696	69,608
Land loans	365,625	335,460	373,031	330,079
Building loans	219,460	170,421	157,411	233,942
Other loans	62,082	60,000	62,084	60,000
Use of bank overdrafts	48,944	57,558	53,260	136,593
Total short-term debt	765,887	691,599	714,482	830,222

NOTE 10 FIXED-RATE CONTRACT

In August 2011, the Company entered into a fixed-rate contract for NOK 250 million of the Group's long-term debt. The fixed interest is 3.315% (NIBOR) over five years. The contract is subject to hedge accounting rules, which means that changes in the value of the contract are recognised in comprehensive income and not in the income statement.

COMPANY INFORMATION

BWG Homes operates and develops leading house builders with strong brands. The Group develops, sells and produces houses for the Nordic market under the Block Watne and Hetlandhus brands in Norway and the Myresjöhus and SmålandsVillan brands in Sweden.

BWG Homes delivers approx. 2,000 new houses every year under its own housing projects and for individual customers with their own land. The Company has approx. 1,020 employees and achieved a turnover of NOK 3.2 billion in 2011.

BWG Homes ASA is listed on the Oslo Stock Exchange under the ticker symbol BWG. The Company's share capital is NOK 136,121,433, divided into 136,121,433 shares with a par value of NOK 1.



BOARD OF DIRECTORS

Eva Eriksson, Chairman
Harald Walther, Deputy Chairman
Hege Børmark, Board member
Daniel Kjørberg Siraj, Board member
Espen E. Wiik, Board member
Tore Morten Randen, employee-elected Board member
Ørjan Reinholdsson, employee-elected Board member
Magne Staalstrøm, employee-elected Board member

FINANCIAL CALENDAR:

Results Q1 2012: 10 May 2012
Results Q2 2012: 22 August 2012
Results Q3 2012: 01 November 2012
Results Q4 2012: 14 February 2013

Annual General Meeting: 24 May 2012

IR CONTACTS:

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