

BWG Homes ASA

INTERIM REPORT Q2 AND 1. HALF YEAR 2008

HIGHLIGHTS 2nd QUARTER 2008

- Operating revenues up 73.3% (9.5% pro forma)
- Operating profit (EBITDA) up 45.3% (14.9% pro forma)
- Operating profit (EBIT) up 52.8% (9.1% pro forma)
- Order intake up 44.0% (down 13.8% pro forma)
- Order backlog down 17.7%

HIGHLIGHTS 1st HALF YEAR 2008

- Operating revenues up 90.9% (9.4% pro forma)
- Operating profit (EBITDA) up 61.2% (16.0% pro forma)
- Operating profit (EBIT) up 63.2% (9.7% pro forma)
- Order intake up 56.4% (down 17.2% pro forma)
- Dividend of NOK 2.00 per share paid on 30 May

KEY FIGURES BWG HOMES ASA

Amounts in NOK 1,000	Q2 2008	Q2 2007	H1-2008	H1-2007	2007
Operating revenues	937 014	540 638	1 795 476	940 712	2 572 038
Operating profit (EBITDA)	117 181	80 663	229 719	142 474	385 376
Income from associates	823	-860	-205	-625	-2 695
Depreciation and amortisation	-5 640	-6 245	-11 010	-7 947	-37 948
Operating profit (EBIT)	112 364	73 558	218 504	133 902	344 733
Cash flow from operations	19 459	-71 654	-102 743	-167 641	-27 682
EBITDA margin	12.5%	14.9%	12.8%	15.1%	15.0%
EBIT margin	12.0%	13.6%	12.2%	14.2%	13.4%
Order intake	855 681	594 200	1 591 787	1 017 700	3 386 814
Order backlog	1 730 757	2 103 700	1 730 757	2 103 700	1 949 255
Earnings per share (NOK)	1.00	0.84	1.81	1.67	3.43

The Group reported an increase in operating revenues of NOK 396 million from Q2 2007 to Q2 2008 (73.3%) following the acquisition of Prevesta AB (consolidated with effect from 1 June 2007). EBITDA increased by NOK 36 million (45.3%), while EBIT rose by NOK 38 million (52.8%).

PRO FORMA KEY FIGURES BWG HOMES ASA

On 31 May 2007, BWG Homes ASA purchased 100 percent of the shares in Prevesta AB. A pro forma income statement and balance sheet have been prepared for all quarters in 2006 and 2007, as if the acquisition, share issues and loan had been implemented at the beginning of 2006.

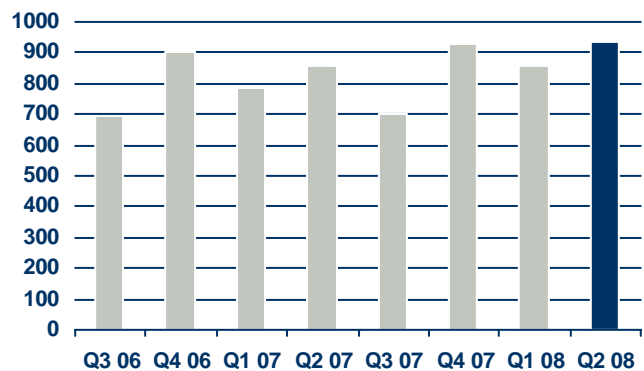
Amounts in NOK 1,000	Q2 2008	Pro forma Q2 2007	H1-2008	Pro forma H1-2007	Pro forma 2007
Operating revenues	937 014	856 039	1 795 476	1 641 025	3 272 346
Operating profit (EBITDA)	117 181	101 958	229 719	198 044	440 945
Income from associates	823	6 267	-205	11 572	9 502
Depreciation	-5 640	-5 252	-11 010	-10 351	-21 032
Operating profit (EBIT)	112 364	102 973	218 504	199 265	429 415
EBITDA margin	12.5%	11.9%	12.8%	12.1%	13.5%
EBIT margin	12.0%	12.0%	12.2%	12.1%	13.1%
Order intake	855 681	992 124	1 591 787	1 923 126	3 386 814
Earnings per share (NOK)	1.00	0.80	1.81	1.63	3.66

OPERATING REVENUES

BWG Homes Group's operating revenues for the 2nd quarter 2008 amounted to NOK 937 million. This is an increase of NOK 81 million (9.5%) on the 2nd quarter 2007 (pro forma).

Operating revenues for the 1st half year 2008 totalled NOK 1,795 million, which is an increase of NOK 154 million (9.4%) on the same period the previous year (pro forma).

The operating revenues are reflective of increased production capacity and higher average prices for the Group's Norwegian and Swedish products.

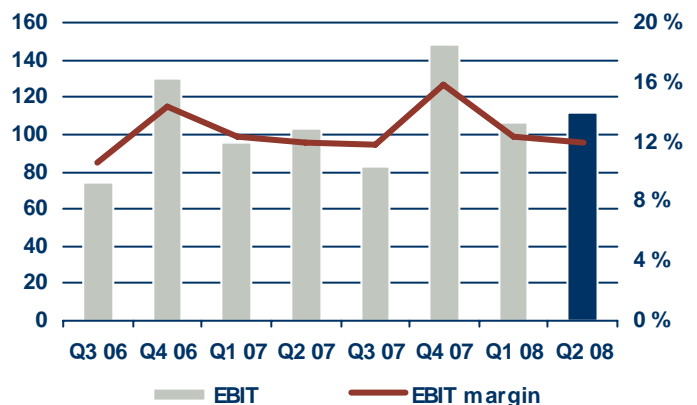


OPERATING PROFIT

The Group's operating profit (EBIT) for the 2nd quarter 2008 was NOK 112 million. This is an increase of NOK 9 million (9.1%) on the 2nd quarter 2007 (pro forma).

Operating profit (EBIT) for the 1st half year 2008 totalled NOK 219 million, which is an increase of NOK 20 million (9.7%) on the same period the previous year (pro forma).

The EBIT margin was 12.0 percent in the 2nd quarter 2008, which is on a par with the 2nd quarter 2007 (pro forma). The EBIT margin for the 1st half year 2008 was 0.1 percent points higher than the figure reported for the same period the previous year (pro forma).

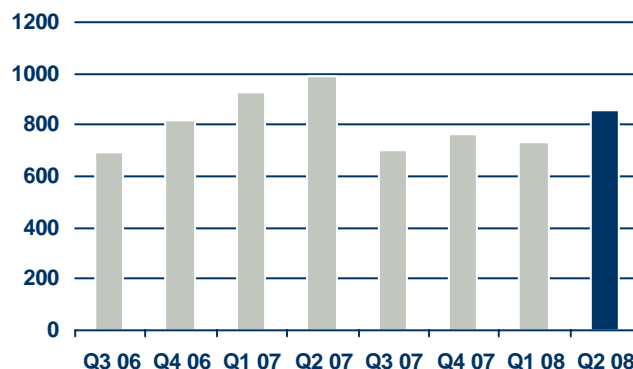


ORDER INTAKE

The order intake for Q2 2008 totalled NOK 856 million, compared with NOK 992 million in Q2 2007 (pro forma), which is a decline of 13.8 percent.

The order intake for the 1st half year 2008 was NOK 1,592 million, compared with NOK 1,923 million in the 1st half year 2007 (pro forma), which is a decline of 17.2 percent.

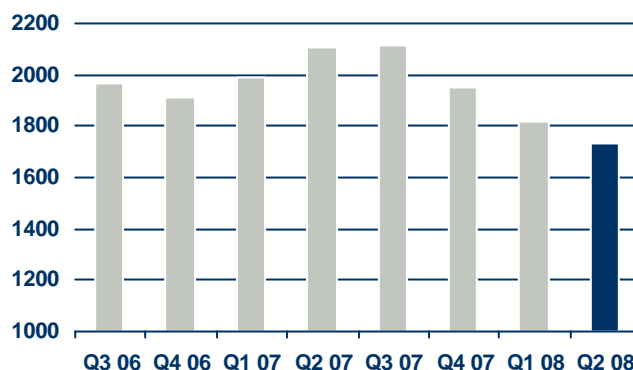
The decline is a reflection of the financial turbulence and volatile market in the housing sector.



ORDER BACKLOG

The Group ended the 1st half year 2008 with an order backlog of NOK 1,731 million. This is a fall of 17.7 percent on the same period the previous year.

The order backlog for Q2 alone fell by NOK 90 million (4.9%). The decline is attributable to a decrease in the order intake and high rates of production.



FINANCIAL FACTORS

CASH FLOW	BWG ASA Group				
	Q2 2008	Q2 2007	H1-2008	H1-2007	2007
Amounts in NOK 1,000					
Net cash flow from operating activities	19 459	-71 654	-102 743	-167 641	-27 682
Net cash flow from investing activities	-5 130	-1 372 091	-9 136	-1 374 765	-1 376 445
Net cash flow from financing activities	-27 987	1 480 286	134 302	1 534 276	1 400 417
Net change in cash & cash equivalents	-13 658	36 540	22 423	-8 130	-3 710
Cash & cash equivalents at end of period	104 932	78 087	104 932	78 087	82 507
Net interest-bearing liabilities	1 865 728	1 760 129	1 865 728	1 760 129	1 621 851

Capital tied up in inventories and receivables increased during the quarter. This is financed by the Group's operations and short-term interest-bearing liabilities. In total, net interest-bearing liabilities increased by NOK 118 million (6.7%) during the quarter. The increase in interest-bearing liabilities and higher interest rates resulted in a rise in finance costs. However, this was offset by the increased market value of the Group's forward rate agreements; consequently, net finance costs for the quarter were approx. NOK 5 million lower than in Q2 2007 (pro forma). Please see Note 1.

Only minor investments were made in the quarter. Please see Note 5.

SEGMENT INFORMATION

BWG Homes ASA presents figures for two geographical segments – Norway (product trademark Block Watne) and Sweden (product trademarks Myresjöhus and SmålandsVillan). Please see the 2007 Annual Report for a full list of subsidiaries.

Both segments are mainly engaged in producing and marketing homes for consumers. The geographical markets are separate entities, which are subject to different risks and returns. As Group management focuses on geographical markets in its corporate governance, geographical segments are the primary reporting format. At the present time there are no sales, or only minimal sales, between the segments.

Segment information for Sweden has been prepared on the basis of pro forma figures as if the acquisition of Prevesta AB had been completed on 1 January 2006.

SEGMENT NORWAY

Segment Norway encompasses operations in the subsidiary Block Watne AS. Hetlandhus AS does not engage in operating business at the present time. Block Watne builds over 1,000 houses each year, and the company has delivered over 86,000 houses since the 1950s.

The core business is developing housing projects and building quality homes at reasonable prices on the outskirts of urban centres and highly populated areas. Operations are conducted from 22 regional offices – from Trøndelag in the north down to the south. Development of housing projects, sales and house building are carried out by the Group's own employees. Carpenters work in specialised teams, and build homes at the building site using proven and cost-effective methods.

Amounts in NOK 1,000	Q2 2008	Q2 2007	H1-2008	H1-2007	2007
Operating revenues	435 474	411 597	815 928	811 574	1 640 860
EBITDA	68 756	63 414	135 148	127 627	301 599
Income from associates	843	0	843	235	-104
Depreciation	-2 146	-1 851	-4 220	-3 550	-7 425
EBIT	67 453	61 563	131 771	124 312	294 070
EBITDA margin	15.8%	15.4%	16.6%	15.7%	18.4%
EBIT margin	15.5%	15.0%	16.1%	15.3%	17.9%
Order intake	424 376	354 700	791 280	778 183	1 437 662
Order backlog	741 119	933 511	741 119	933 511	781 619
Number of employees	663	677	663	677	717

Operating revenues for the 2nd quarter 2008 increased by NOK 23 million (5.8%) compared with the 2nd quarter 2007, while for the 1st half year 2008 they showed an increase of NOK 4 million (0.5%) on the figure for the same period the previous year.

Operating profit (EBIT) for the quarter increased by NOK 6 million (9.6%), while operating profit for the 1st half year rose by NOK 7 million (6.0%).

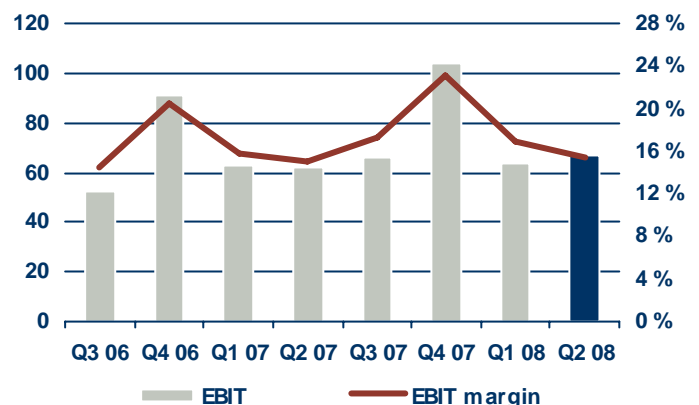
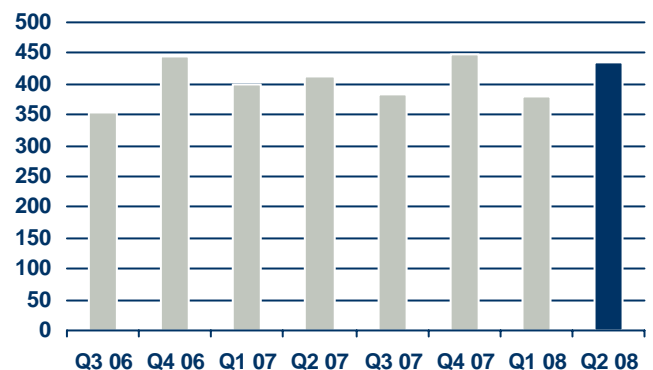
The EBIT margin for the quarter was 15.5 percent, which is 0.5 percent points higher than in Q2 2007. The EBIT margin for the 1st half year 2008 increased by 0.8 percent points to 16.1 percent.

The order intake for the 2nd quarter 2008 increased by 19.6 percent compared with the 2nd quarter 2007, while for the 1st half year 2008 it showed an increase of 1.7 percent compared with the same period the previous year. Sales work was intensified, with the main focus on reasonably priced family homes.

At the end of the quarter, the staffing level fell by approximately 50 employees as a result of normal retirement and positions which were not replaced. During the 2nd half year, measures will be implemented to adapt production capacity and the fixed cost level to the pace of market development.

The number of unsold units at the end of the 2nd quarter was 32 (17 show houses), compared with 9 (6 show houses) for the same period in 2007.

The planned re-launch of the Hetlandhus trademark is due to take place in autumn 2008.



SEGMENT SWEDEN

Segment Sweden encompasses operations under the Myresjöhus and SmålandsVillan brands. The Swedish company builds around 1,200 houses every year. Since the company was founded in 1927, it has built more than 80,000 houses, most of them in Sweden.

The company's core business is the development and production of prefabricated detached or multi-dwelling houses, both for customers with their own plots of land and as housing projects – either independently or with development partners. Components for Myresjöhus and modules for SmålandsVillan are produced at the production facilities in Myresjö, Vrigstad and Sundsvall, and are assembled at the building site.

Amounts in NOK 1,000	Q2 2008	Pro forma Q2 2007	H1-2008	Pro forma H1-2007	Pro forma 2007
Operating revenues	501 443	444 414	979 388	829 325	1 631 467
EBITDA	52 044	42 198	102 378	76 472	152 725
Income from associates	-20	6 267	-1 048	11 337	9 606
Depreciation	-3 449	-3 397	-6 705	-6 794	-13 565
EBIT	48 575	45 068	94 625	81 015	148 766
EBITDA margin	10.4%	9.5%	10.5%	9.2%	9.4%
EBIT margin	9.7%	10.1%	9.7%	9.8%	9.1%
Order intake	431 305	637 424	800 507	1 144 943	1 949 200
Order backlog	989 638	1 170 189	989 638	1 170 189	1 167 636
Number of employees	602	575	602	575	643

Operating revenues for the 2nd quarter 2008 increased by NOK 57 million (12.8%) compared with the 2nd quarter 2007, while for the 1st half year 2008 they showed an increase of NOK 150 million (18.1%) on the figure for the same period the previous year.

The increased EBITDA margin is reflective of sound operation both in the quarter and the 1st half year. The margin for the quarter increased by 0.9 percent points and by 1.3 percent points for the 1st half year.

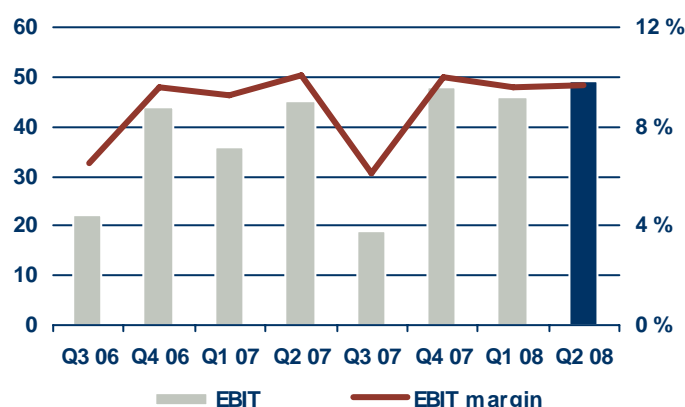
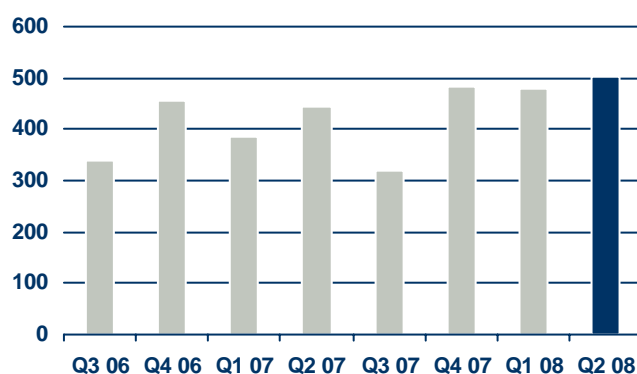
Operating profit (EBIT) for the quarter increased by NOK 4 million (7.8%), while operating profit for the 1st half year rose by NOK 14 million (16.8%).

Due to losses posted by the associated company Gar-Bo, the EBIT margin for the 2nd quarter was 0.4 percent points lower than in the same quarter in 2007 and 0.1 percent points lower for the 1st half year.

The factories operated at a normal production rate. Production efficiency rose through the first half of the year as a result of the restructuring of the factory in Vrigstad and increased competence in the Sundsvall factory. Temporary workers have been let go, and staffing through the second quarter was reduced by approx. 60 employees. During the 3rd quarter, further measures will be implemented to adapt production capacity and the fixed cost level to a lower order intake.

Two new house types and a new SmålandsVillan catalogue will be introduced in the 3rd quarter 2008. A number of more reasonable Myresjöhus houses are being marketed to achieve more market breadth.

The order intake for the 2nd quarter was 32.3 percent lower than the same quarter in 2007, while for the 1st half year it was 30.0 percent lower than the same period the previous year. This is discussed in the section entitled 'Market and future prospects' on page 8 of this report.



SEGMENT REPORT - SUMMARY

Amounts in NOK 1,000	Q2 2008	Pro forma Q2 2007	H1-2008	Pro forma H1-2007	Pro forma 2007
Operating revenues					
Norway	435 474	411 597	815 928	811 574	1 640 860
Sweden	501 443	444 414	979 388	829 325	1 631 467
Other/eliminations	97	-71 025	160	-855 913	18
BWG Homes Group	937 014	784 986	1 795 476	784 986	3 272 345
EBITDA					
Norway	68 756	63 414	135 148	127 627	301 599
Sweden	52 044	42 198	102 378	76 472	152 725
Other/eliminations	-3 619	-3 955	-7 808	-6 627	-13 379
BWG Homes Group	117 181	101 657	229 718	197 472	440 945
EBIT					
Norway	67 453	61 563	131 771	124 312	294 070
Sweden	48 575	45 068	94 625	81 015	148 766
Other/eliminations	-3 663	-3 960	-7 892	-6 634	-36 051
BWG Homes Group	112 365	102 671	218 504	198 693	406 785

EMPLOYEES

At the end of the 1st half year 2008, BWG Homes Group had 1,270 employees. Of these, 488 were salaried employees and 782 production workers and carpenters. The number of employees at the same point last year was 1,254 (460 salaried employees and 609 production workers and carpenters). The number of employees by the end of 2007 was 1,363 employees (469 salaried employees and 894 production workers and carpenters).

In the 2nd quarter 2008, there were 11 lost-time accidents, which is the same number as in the 2nd quarter 2007. 26 lost-time accidents were reported for the 1st half year 2008, compared with 22 for the same period in 2007. None of these incidents resulted in serious or permanent injury.

Segment Norway

Sick leave	Q2 2008	Q2 2007	H1-2008	H1-2007	2007
Short-term	3.3%	1.9%	3.4%	2.8%	3.0%
Long-term	4.1%	2.6%	4.2%	3.0%	3.2%
Total	7.4%	4.5%	7.6%	5.8%	6.2%

Segment Sweden

Sick leave	Q2 2008	Q2 2007	H1-2008	H1-2007	2007
Short-term	2.8%	1.9%	2.8%	2.5%	2.5%
Long-term	1.9%	1.1%	1.5%	1.1%	1.1%
Total	4.7%	3.0%	4.3%	3.6%	3.6%

Segment Sweden's comparative figures are pro forma, as Prevesta AB was consolidated into the BWG Homes Group with effect from 1 June 2007.

HEALTH, SAFETY AND ENVIRONMENT

The Group arranges regular training in quality, production and HSE issues. Group management focuses constantly on production quality and HSE.

In the Group's Norwegian operations, all building sites are subject to unannounced inspections, with subsequent follow-up of non-conformances, both at local level (regional offices) and at central level. 46 inspections were carried out in the 2nd quarter, while at the end of the 1st half year the number of completed inspections was 53. In the Group's Swedish operations different training programs have been carried through within management development, sales, quality and HSE.

SHAREHOLDERS

At the end of the 1st half year 2008, the company had 692 shareholders, 59 of whom were foreign. The foreign shareholders owned 20.1 million shares, corresponding to an ownership share of 30.4 percent.

At the end of the 1st half year, Chief Executive Lars Nilsen had a 36.3 percent holding through Lani Industrier AS, Lani Development AS and Lagulise AS.

The 10 largest shareholders at the end of the 1st half year 2008:

Shareholder	Number of shares	Holding (%)
Lani Industrier AS	20,210,000 shares	30.62%
Lani Development AS	3,448,000 shares	5.22%
Pareto Aksje Norge	3,292,300 shares	4.99%
Morgan Stanley & Co (NOM)	2,673,501 shares	4.05%
Bank of New York, Brussels Branch, S/A Alpine	2,331,200 shares	3.53%
Vital Forsikring ASA	2,034,935 shares	3.08%
Industri Kapital 2004, Limited partnership II	1,668,457 shares	2.53%
Pareto Aktiv	1,651,800 shares	2.50%
Industri Kapital 2004, Limited partnership III	1,525,183 shares	2.31%
Industri Kapital 2004, Limited partnership I	1,382,067 shares	2.09%
Total 10 largest shareholders	40,217,443 shares	60.92%
Total no. of shares	66,000,000 shares	100.00%

2.8 million BWG shares were traded in the 2nd quarter, and 3.4 million were traded in the 1st half year 2008. The closing price on the balance sheet date was NOK 19.00.

1st HALF YEAR 2008

Operating revenues and operating profit

Operating revenues for the first half year totalled NOK 1,795 million, which is an increase of NOK 154 million (9.4%) on the same period the previous year (pro forma). Operating profit for the first half year 2008 totalled NOK 219 million, which is an increase of NOK 20 million (9.7%) on the same period the previous year (pro forma). The operating (EBIT) margin for the 1st half year 2008 was 12.2 percent, 0.1 percent point higher than the figure reported for the same period the previous year (pro forma).

Order intake and order backlog

The order intake for the 1st half year 2008 was NOK 1,592 million, compared with NOK 1,922 million in the 1st half year 2007 (pro forma), which is a decline of 17.2 percent.

Block Watne's order intake was on a par with the same period in 2007, while Myresjöhus and SmålandsVillan were affected by large market fluctuations and more demanding sales processes, resulting in a 30-percent downturn in order intake.

The order backlog at the end of the period was NOK 1,731 million. This is a 17.7-percent decline on the same period the previous year and is attributable to a decrease in the Norwegian and Swedish order intakes and high rates of production.

Related party transactions

There were no related party transactions in the 1st half year 2008.

Dividend

A dividend of NOK 2.00 per share (total NOK 132 million) was paid for the financial year 2007, which corresponds to 65.7 percent of profit for the year after tax and 58.3 percent of earnings per share. The ex-dividend date for the shares was 22 May 2008, and the dividend was paid on 30 May 2008.

Risk factors

The main risks to which the Group is exposed are market risk, interest rate risk and risks inherent in implementation of the building process. The Group is also exposed to a certain degree of credit risk, currency risk and liquidity risk.

The market situation in the 1st half of 2008 was affected by financial turbulence and a volatile housing sector both globally and in our geographical markets. The difficult situation was compounded by interest rate increases in this period. There was a glut of resale and new homes, with customers showing more caution in their house

investments. This situation has resulted in new sales of the Group's products taking longer to complete. The unstable housing market is expected to persist in the 2nd half of 2008.

The Group's share of the total new housing market lies between 3.5 and 4 percent. The Group seeks to limit its market risk by concentrating its building operations on projects outside urban centres and over-populated zones, thus avoiding the market's most volatile area. Priority is also given to production-efficient products designed for the majority of our market.

Changes in interest rates represent a market risk through their effect on market demand for new homes, and also represent a cost risk associated with increased finance costs for the company's borrowing and working capital loans. The Group has entered into forward rate agreements which hedge approx. 50 percent of its mortgage loans and approx. 38 percent of its net interest-bearing liabilities. Please see Note 1.

More detailed information on risk factors can be found in the 2007 Annual Report.

MARKET AND FUTURE PROSPECTS

Despite fluctuations in the housing market, the Group increased its operating revenues and operating profit in the quarter and achieved satisfactory margins. Production efficiency is good.

The Group's intake of orders in the first half of the year was 17.2 percent lower than for the same period in 2007, and the order backlog shows a downward trend. This reflects the continuing turbulence in the housing sector, with an unusually large number of homes on the market. The imbalanced market and higher interest rates have created uncertainty. Customers are taking more time to make a decision to buy, and closing a new sale is a demanding process.

The Board expects the unstable market situation to continue during the 2nd half of 2008. Experience tells us that our principal market (affordable single-unit houses and apartments outside densely populated areas) is less exposed to market fluctuations, although it is taking longer than originally predicted to stabilise demand.

Targeted sales of selected projects and products and rationalisation of production processes represent the main focus of the Group's activities. Efforts to reduce the level of costs are being intensified to ensure continued profitability in a situation of lower sales. Measures to reduce staffing to match the situation in the market will be carried out in the second half of the year. Cost-cutting measures, more efficient production and synergy effects in purchasing of goods and services will have an impact in 2009.

STATEMENT BY THE BOARD AND CEO

We confirm that, to the best of our knowledge, the disclosures in the half-year report for the period 1 January – 30 June 2008, which has been prepared in accordance with IAS 34 Interim Financial Reporting, provide a true and fair view of the Company's consolidated assets, liabilities, financial position and financial performance, and that the interim management report includes a fair overview of the information required under paragraph four, sections 5-6, of the Norwegian Securities Trading Act.

Oslo, 19 August 2008

Harald Walther
Chairman

Hege Børmark
Deputy Chairman

Eva Eriksson

Petter Neslein

Brit Hagelund

Tore Morten Randen

Øyvind Wiik

Lars Nilsen
CEO

KEY FIGURES BWG HOMES ASA – GROUP

The Group was established on 30 November 2005 when BWG Homes ASA acquired 100% of the shares in Block Watne AS and Hetlandhus AS. Block Watne AS owns the subsidiary Norpartner Sp.z.o.o. in Poland.

On 23 March 2007, BWG Homes ASA entered into an agreement with Industri Kapital AB and other owners to purchase 100% of the shares in Prevesta AB. The transaction, which was completed on 31 May 2007, was financed by a share issue of NOK 650 million, a private placement of NOK 300 million to the sellers and a loan of NOK 873 million. Prevesta AB is included in the consolidated financial statements with effect from 1 June 2007.

INCOME STATEMENT		BWG Homes ASA Group				
Amounts in NOK 1,000	Notes	Q2 2008	Q2 2007	H1-2008	H1-007	2007
Operating revenues	2	937 014	540 638	1 795 476	940 712	2 572 038
Cost of goods sold	2	-570 910	-310 558	-1 080 235	-536 209	-1 465 151
Payroll expenses		-170 091	-109 358	-326 828	-192 039	-505 598
Other operating expenses		-78 832	-40 059	-158 694	-69 990	-215 913
EBITDA		117 181	80 663	229 719	142 474	385 376
Income from associates		823	-860	-205	-625	-2 695
Goodwill amortisation		0	-3 269	0	-3 269	-22 589
Depreciation		-5 640	-2 976	-11 010	-4 678	-15 359
EBIT		112 364	73 558	218 504	133 902	344 733
Finance income	1	12 792	2 899	9 494	4 236	8 053
Finance expense		-32 964	-16 228	-61 686	-25 821	-79 016
EBT		92 192	60 229	166 312	112 317	273 770
Tax		-26 025	-16 752	-46 561	-31 322	-72 690
Profit for the period		66 167	43 477	119 751	80 995	201 080
Weighted average number of shares		66 000 000	52 000 000	66 000 000	48 500 000	58 619 233
Earnings per share (NOK)		1.00	0.84	1.81	1.67	3.43
Diluted earnings per share (NOK)		1.00	0.84	1.81	1.67	3.43
EBITDA margin		12.5%	14.9%	12.8%	15.1%	15.0%
EBIT margin		12.0%	13.6%	12.2%	14.2%	13.4%
EBT margin		9.8%	11.1%	9.3%	11.9%	10.6%
Operating profit margin		7.1%	8.0%	6.7%	8.6%	7.8%
Change in operating revenues		73.3%	12.1%	90.9%	12.1%	68.2%
Change in EBIT		52.8%	20.9%	63.2%	20.9%	41.6%
Change in EBT		53.1%	19.4%	48.1%	19.4%	25.8%
Tax % of EBT		28.2%	27.8%	28.0%	27.9%	26.6%

EQUITY		BWG Homes ASA Group				
Changes in equity - consolidated	Notes	Q2 2008	Q2 2007	H1-2008	H1-2007	2007
Amounts in NOK 1,000						
Net dividend paid	3	-132 000	-112 500	-132 000	-112 500	-112 500
Net new equity from IPO		0	953 453	0	953 453	953 453
Costs associated with IPO		0	-16 440	0	-16 440	-16 440
Adjustment of equity - acquisition of subsidiary		0	-127 143	0	-127 143	
Translation differences		-13 748	80	-311	281	-37 627
Net recognised directly in equity		-145 748	697 450	-132 311	697 651	786 886
Profit for the period		66 167	43 477	119 751	80 995	201 080
Total changes in equity of the period		-79 581	740 927	-12 560	778 646	987 966

BALANCE SHEET			BWG Homes ASA Group		
Amounts in NOK 1,000	Notes		30.06.2008	30.06.2007	31.12.2007
ASSETS					
Non-current assets					
Trademarks			477 282	483 947	477 199
Goodwill			2 147 280	2 174 645	2 146 938
Other intangible assets			4 369	5 089	5 160
Total intangible assets			2 628 931	2 663 681	2 629 297
Land and buildings			23 031	16 660	17 119
Machinery and plant	5		77 370	82 077	81 196
Total property, plant & equipment			100 401	98 737	98 315
Investments in associates			69 082	72 428	68 671
Loans to associates			5 321	5 321	5 321
Other receivables			204	659	250
Total financial assets			74 607	78 408	74 242
Total non-current assets			2 803 939	2 840 826	2 801 854
Current assets					
Construction work in progress	2		416 847	139 227	289 176
Assets held for sale	2		0	4 687	4 687
Other inventories			42 532	47 366	55 214
Land	2		1 021 737	947 132	1 006 256
Total buildings and land			1 481 116	1 138 411	1 355 333
Trade receivables			557 315	632 453	588 803
Other receivables			49 743	47 522	37 432
Market value of financial instruments	1		10 889	9 069	6 005
Total receivables			617 947	689 043	632 240
Bank deposits, cash & cash equivalents			104 932	78 087	82 507
Total current assets			2 203 995	1 905 541	2 070 080
Total assets			5 007 935	4 746 366	4 871 934
EQUITY AND LIABILITIES					
Equity					
Share capital 66,000,000 shares – par value NOK 1.00			66 000	13 200	66 000
Share premium reserve			1 414 897	1 467 699	1 414 897
Total paid-in capital			1 480 897	1 480 899	1 480 897
Group reserve			209 257	119 430	221 817
Total retained earnings			209 257	119 430	221 817
Total equity			1 690 154	1 600 329	1 702 714
Liabilities					
Pension obligations			19 862	15 674	18 229
Deferred tax			217 025	220 319	226 564
Total provisions			236 887	235 993	244 793
Subordinated loans	6		95 000	95 000	95 000
Liabilities to credit institutions			1 258 473	1 368 800	1 258 995
Total other non-current liabilities			1 353 473	1 463 800	1 353 995
Liabilities to credit institutions			617 187	374 416	350 362
Trade payables			437 535	407 875	412 408
Tax payable			51 048	22 767	48 671
Public duties payable			26 802	24 900	46 210
Market value of financial instruments	1		0	0	0
Other current liabilities - land and projects			284 875	246 857	424 283
Other current liabilities			309 975	369 428	288 502
Total current liabilities			1 727 421	1 446 244	1 570 434
Total liabilities			3 317 781	3 146 037	3 169 221
Total equity and liabilities			5 007 935	4 746 366	4 871 935

CASH FLOW					
BWG Homes ASA Group					
Amounts in NOK 1,000	Q2 2008	Q2 2007	1H-2008	1H-2007	2007
Cash flow from operating activities					
Profit after tax for the period	66 168	43 477	119 751	80 995	201 080
Adjustment for					
Gains/losses on sale of non-current assets	0		0	0	17
Depreciation/amortisation/impairment	5 640	2 976	11 010	4 678	15 359
Goodwill amortisation	0	3 269	0	3 269	22 589
Net finance costs	31 284	13 329	57 076	21 585	73 658
Change in market value of financial assets	-11 112	-1 932	-4 884	-2 696	368
Share of profit/loss in associates	-823	860	205	625	2 695
Current tax expense for the period	26 025	16 752	46 561	31 322	72 690
Total	117 181	78 731	229 718	139 779	388 456
Change in other accruals	-48 534	-83 513	-229 874	-232 067	-293 449
Total	68 647	-4 782	-156	-92 288	95 007
Paid interest	-31 527	-15 010	-58 994	-23 490	-70 826
Paid tax	-17 661	-51 863	-43 593	-51 863	-51 863
Net cash flow from operating activities	-122 202	-71 654	-102 743	-167 641	-27 682
Cash flow from investing activities					
Interest received	1 887	967	3 500	1 512	8 299
Other investments (net)	-7 017	-7 339	-12 636	-10 246	-19 024
Purchase of subsidiaries	0	-1 365 720		-1 365 720	-1 365 720
Net cash flow from investing activities	-5 130	-1 372 091	-9 136	-1 374 454	-1 376 445
Cash flow from financing activities					
Increase/decrease (-) current liabilities	104 313	-205 628	266 902	-151 338	-175 392
New long-term liabilities	0	861 700	0	861 700	845 500
Repayment of long-term liabilities	-300	-300	-600	-600	-94 205
New share capital	0	937 014	0	937 014	937 014
Dividend paid	-132 000	-112 500	-132 000	-112 500	-112 500
Net cash flow from financing activities	-27 987	1 480 286	134 302	1 534 276	1 400 417
Net change in cash & cash equivalents	-13 658	36 540	22 423	-8 130	-3 710
Cash & cash equivalents at start of period	118 588	41 547	82 507	86 217	86 217
Cash & cash equivalents at end of period	104 932	78 087	104 932	78 087	82 507

Interest-bearing liabilities	Notes		30.06.2008	30.06.2007	2007
Subordinated loans	6		95 000	95 000	95 000
Non-current liabilities to financial institutions			1 258 473	1 368 800	1 258 995
Current liabilities to financial institutions			617 187	374 416	347 699
Bank deposits, cash & cash equivalents			-104 932	-78 087	-79 843
Net interest-bearing liabilities			1 865 728	1 760 129	1 621 851
Working capital					
Land and projects in progress			1 481 116	1 138 411	1 355 333
Trade and other current receivables			617 947	689 043	632 240
Liabilities - land and projects			-284 875	-246 857	-334 653
Trade payables			-437 535	-407 875	-502 039
Net working capital			1 376 654	1 172 721	1 150 881

NOTES TO THE INTERIM AND 1. HALF YEAR FINANCIAL STATEMENTS

ACCOUNTING POLICIES

BWG Homes ASA Group is domiciled in Norway. The consolidated financial statements for the 2nd quarter and 1st half year 2008 comprise the parent company BWG Homes ASA, its subsidiaries and the Group's participating interests in associates.

In the 2nd quarter and 1st half year 2008, the Group consisted of the same units as in the annual report for 2007.

The interim and 1st half year financial statements were presented by the Board on 19 August 2008.

DEFINITION OF FINANCIAL FRAMEWORK

The interim and 1st half year financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB). The interim and 1st half year accounts have been presented in accordance with the rules contained in IAS 34.

The accounting policies used in this interim and 1st half year report are consistent with those described in the 2007 annual report. This condensed information should therefore be read in conjunction with the 2007 annual report.

NOTE 1 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has hedging contracts totalling NOK 250,000 thousand and SEK 450,000 thousand. These agreements do not satisfy the requirements for hedge accounting under IAS 39, and have been recognised at their fair value on the balance sheet date. Changes in fair value are recognised in profit or loss. For the 2nd quarter 2008, this has generated a positive earnings effect of NOK 11,112 thousand (net), and for the 1st half year, NOK 4,884 thousand (net).

NOTE 2 ESTIMATES

Operating revenues and the cost of goods in the Group derive from housing projects. Operating revenues and cost of goods in uncompleted projects are affected by estimates.

NOTE 3 DIVIDEND

A dividend of NOK 2.00 per share (total NOK 132 million) was paid on 30 May. The BWG Homes shares were listed ex-dividend on 22 May 2008.

NOTE 4 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

IFRIC Interpretation 15 Agreements for the Construction of Real Estate was published in July 2008. IFRIC 15 requires case-by-case evaluations of all agreements and contracts covering the sale of real estate in general to determine whether the criteria are met for applying IAS 11 Construction Contracts or IAS 18 Revenue. For BWG Homes this will be of significance for the date on which revenue and earnings are recognised. In practice the date of revenue recognition will be postponed for a substantial portion of the Group's contracts, meaning that all revenue (and associated expenses) will be recognised on a single date (typically the dwelling's completion/handover date).

The transition to the new accounting principle shall be recognised retroactively with regard to comparative figures, which will then have to be converted in accordance with IAS 8. IFRIC 15 is to be complied with as of 1 January 2009, contingent on EU approval.

NOTE 5 INVESTMENTS

Machinery and plant totalling NOK 6,667 thousand was purchased and activated during the 2nd quarter, accumulated NOK 12,229 thousand for 1st half year.

Apart from this, there were no other significant agreements relating to the purchase of property or equipment.

NOTE 6 – SUBORDINATED LOANS

The subsidiary Block Watne AS's subordinated loan from Lani Development AS became due for payment on 30 June 2008. The loan has now been renewed as an ordinary loan.

Pro Forma Key Figures – BWG Homes ASA, Group

On 23 March 2007, BWG Homes ASA entered into an agreement with Industri Kapital AB and other owners to purchase 100% of the shares in Prevesta AB. The transaction, which was completed on 31 May 2007, was financed by a share issue of approx. NOK 650 million, a private placement of approx. NOK 300 million to the sellers and a loan of approx. NOK 873 million.

A pro forma income statement has been prepared for all quarters of 2007, as if the acquisition, share issues and loan had been implemented at the beginning of 2006.

INCOME STATEMENT	BWG Homes ASA Group				
	Q2 2008	Pro forma Q2 2007	H1-2008	Pro forma H1-2007	Pro forma 2007
Amounts in NOK 1,000					
Operating revenues	937 014	856 039	1 795 476	1 641 025	3 272 346
Cost of goods sold	-570 910	-518 275	-1 080 235	-1 014 246	-1 943 186
Payroll expenses	-170 091	-154 298	-326 828	-293 617	-607 175
Other operating expenses	-78 832	-81 508	-158 694	-135 118	-281 040
EBITDA	117 181	101 958	229 719	198 044	440 945
Income from associates	823	6 267	-205	11 572	9 502
Depreciation of assets	-5 640	-5 252	-11 010	-10 351	-21 032
EBIT	112 364	102 973	218 504	199 265	429 415
Finance income	12 792	2 919	9 494	4 256	11 137
Finance expense	-32 964	-27 879	-61 686	-50 851	-107 092
EBT	92 192	78 013	166 312	152 670	333 460
Tax	-26 025	-24 986	-46 561	-44 789	-91 575
Profit for the period	66 167	53 027	119 751	107 881	241 885
Earnings per share (NOK)	1.00	0.80	1.81	1.63	3.66
Diluted earnings per share (NOK)	1.00	0.80	1.81	1.63	3.66
EBITDA margin	12.5%	11.9%	12.8%	12.1%	13.5%
EBIT margin	12.0%	12.0%	12.2%	12.1%	13.1%
EBT margin	9.8%	9.1%	9.3%	9.3%	10.2%
Operating profit margin	7.1%	6.2%	6.7%	6.6%	7.4%
Change in operating revenues	9.5%		9.4%		
Change in EBIT	9.1%		9.7%		
Change in EBT	18.2%		8.9%		
Tax % of EBT	28.2%		28.0%		

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