

Q3
2008



BWG Homes ASA

INTERIM REPORT Q3

HIGHLIGHTS 3rd QUARTER 2008

- Operating income down 6.5% to NOK 655 million
- EBITDA NOK 80.5 million
- Continuing good margins: EBITDA margin 12.3 %
- Strengthened Swedish operation: EBITDA up 17.7 %
- Very difficult market situation
- Order intake down 24.1%, order backlog down 20.6%
- Production capacity adapted to lower order intake
- Arnt Eriksen takes up position as new CFO

KEY FIGURES BWG HOMES ASA

Amounts in NOK 1,000	Q3 2008	Q3 2007	30.09.2008	30.09.2007	2007
Operating revenues	654 987	700 694	2 450 463	1 641 407	2 572 038
Operating profit before depreciation/ amortisation (EBITDA)	80 483	87 718	310 202	230 193	385 376
Income from associates	-4 324	-50	-4 529	-675	-2 695
Depreciation and amortisation	-5 316	-14 833	-16 326	-22 779	-37 948
Operating profit (EBIT)	70 843	72 835	289 347	206 739	344 733
Cash flow from operations	-171 861	31 962	-274 604	-111 881	-27 682
EBITDA margin	12.3 %	12.5 %	12.7 %	14.0 %	15.0 %
EBIT margin	10.8 %	10.4 %	11.8 %	12.6 %	13.4 %
Order intake	530 800	699 200	2 122 600	1 716 900	2 482 130
Order backlog	1 678 362	2 113 000	1 678 362	2 113 000	1 949 255
Earnings per share (NOK)	0.23	0.48	2.05	2.08	3.43

The group's operating revenues fell by NOK 46 million (-6.5%) in the 3rd quarter 2008 compared with the same period in 2007. Operating revenues for the year to date increased by NOK 809 million (49.3%) compared with the same period in 2007. EBITDA fell by NOK 7 million (-8.2%) during the quarter, while EBITDA for the year to date increased by NOK 83 million (34.8%). EBIT fell by NOK 2 million in the quarter, while EBIT for the year to date rose by NOK 83 million (40.0%). Prevesta AB was consolidated into the accounts from 1 June 2007.

PRO FORMA KEY FIGURES BWG HOMES ASA

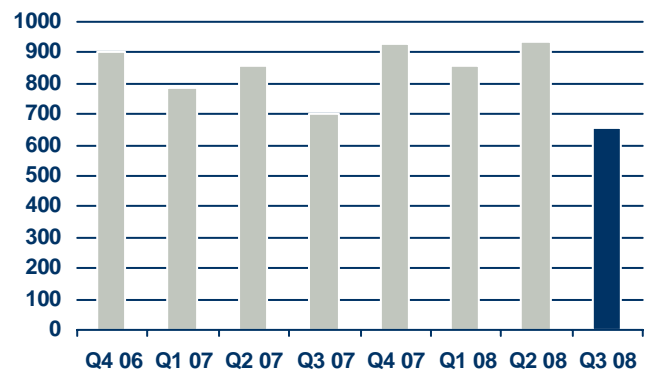
On 31 May 2007, BWG Homes ASA purchased 100 percent of the shares in Prevesta AB. A pro forma income statement and balance sheet have been prepared for all quarters in 2006 and 2007, as if the acquisition, share issues and loan had been implemented at the beginning of 2006.

Amounts in NOK 1,000	Q3 2008	Q3 2007	30.09.2008	Pro forma 30.09.2007	Pro forma 2007
Operating revenues	654 987	700 690	2 450 463	2 341 715	3 272 346
Operating profit before depreciation/ amortisation (EBITDA)	80 483	87 718	310 202	285 762	440 945
Income from associates	-4 324	-50	-4 529	11 522	9 502
Depreciation	-5 316	-5 135	-16 326	-15 486	-21 032
Operating profit (EBIT)	70 843	82 533	289 347	281 798	429 415
EBITDA margin	12.3 %	12.5 %	12.7 %	12.2 %	13.5 %
EBIT margin	10.8 %	11.8 %	11.8 %	12.0 %	13.1 %
Order intake	530 800	699 200	2 122 600	2 621 600	3 386 814
Earnings per share (NOK)	0.23	0.59	2.05	2.22	3.66

OPERATING REVENUES

BWG Homes Group's operating revenues for the 3rd quarter 2008 were NOK 655 million. This is a decline of NOK 46 million (-6.5 %) on the figure for the 3rd quarter 2007.

Year-to-date operating revenues were NOK 2,450 million, which is an increase of NOK 109 million (4.6%) compared with the same period in 2007 (pro forma).

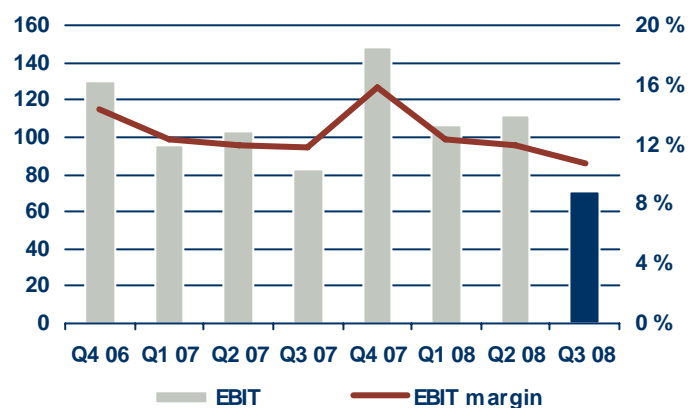


OPERATING PROFIT

The Group's operating profit (EBIT) for the 3rd quarter 2008 was NOK 71 million. This is a decline of NOK 12 million (-14.2%) on the figure for the 3rd quarter 2007 (pro forma).

Year-to-date operating profit was NOK 289 million, which is an increase of NOK 8 million (2.7%) compared with the same period in 2007 (pro forma).

The EBIT margin for the 3rd quarter 2008 was 10.8 percent, a decline of 1 percentage point on the 3rd quarter 2007. The EBIT margin for the year to date was on a par with the same period in 2007 (pro forma).

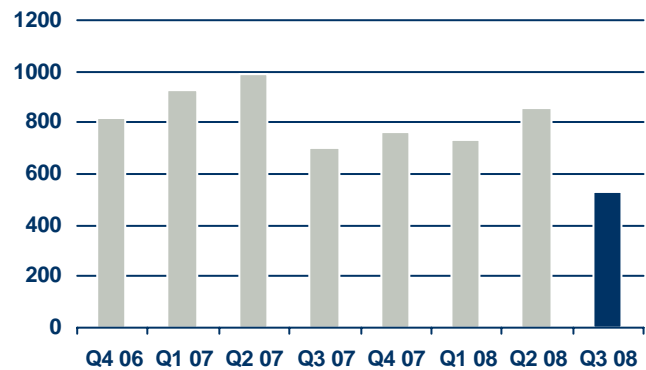


ORDER INTAKE

The order intake for the 3rd quarter 2008 was NOK 531 million, compared with NOK 699 million in the 3rd quarter 2007, which is a decline of 24.1 percent.

The order intake for year to date was NOK 2,123 million (pro forma 2,622 million), which is a decline of 19.0 percent.

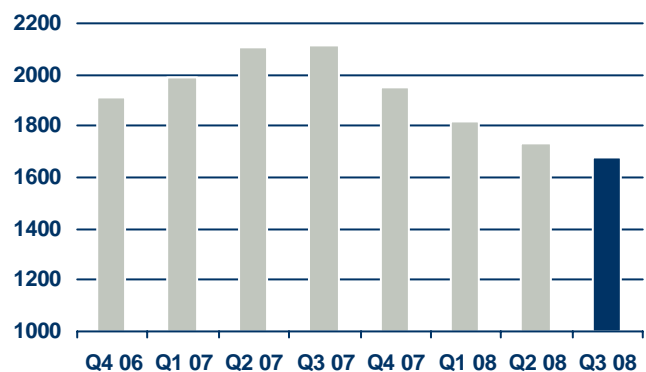
The decline is a reflection of the growing financial turmoil and a highly demanding market situation. The combination of an imbalance in the resale homes market and reluctance on the part of banks to grant bridging loans for new houses before existing houses are sold, is making new sales very difficult to realise.



ORDER BACKLOG

The Group ended the 3rd quarter 2008 with an order backlog of NOK 1,678 million. This is a fall of 20.6 percent on the same period the previous year.

The order backlog for the 3rd quarter alone fell by NOK 53 million (-3.1%). The decline for the quarter is a reflection of the lower order intake.



FINANCIAL FACTORS

CASH FLOW	BWG ASA Group				
	Q3 2008	Q3 2007	30.09.2008	30.09.2007	2007
Amounts in NOK 1,000					
Net cash flow from operating activities	-171 861	31 962	-274 604	-111 881	-27 682
Net cash flow from investing activities	-8 425	-2 680	-17 561	-1 377 441	-1 376 445
Net cash flow from financing activities	131 331	28 983	265 633	1 539 459	1 400 417
Net change in cash & cash equivalents	-48 955	58 266	-26 532	50 136	-3 710
Cash & cash equivalents at end of period	55 975	136 353	55 975	136 353	82 507
Net interest-bearing liabilities	2 046 015	1 707 046	2 046 015	1 707 046	1 621 851

Net interest-bearing liabilities increased by approx. NOK 180 million during the quarter. The rise is due to production having been higher than sales of manufactured houses and projects in the same period. A number of measures are implemented to adapt production to the decline in sales and reduce tied-up capital. The effects of these measures are expected to be felt in the 1st quarter 2009, although we also expect to see positive effects on tied-up capital in the 4th quarter 2008.

The Group ended the 3rd quarter 2008 with an available liquidity of approx. NOK 200 million.

Increased net interest-bearing liabilities and higher interest rates mean higher finance costs. The value of forward rate agreements declined by approx. NOK 10 million during the quarter. This resulted in net finance costs for the quarter of NOK 50.2 million, which is NOK 21.5 higher than in the 3rd quarter (pro forma). Please see Note 1.

The negative market situation in 2008 has posed challenges in achieving the group's covenant requirements for its liabilities. The group's covenants were moderated during the quarter and it ended the quarter with all its covenant requirements met.

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

MEASURES FOR REDUCING TIED-UP CAPITAL AND MAINTAINING PROFITABILITY

During the first half of 2008, the group implemented a number of measures aimed at reducing its tied-up capital. This work was intensified in the 3rd quarter against a backdrop of escalating financial turmoil and a declining order intake.

Production capacity is reduced by means of staff cuts. At the end of the 3rd quarter, staffing was reduced by approx. 160 employees (12 percent) from January 2008. This was achieved by not replacing retirements, by terminating temporary appointments, and by means of dismissals and redundancies. Further measures will be adopted to reduce production capacity. In the 1st quarter 2009, the staffing level will be approx. 920 employees, a reduction of approx. 450 employees (33 percent) from January 2008.

The group has a satisfactory long-term site bank for future development of housing projects with regard to the present market situation. Consequently, no investments are being made in new sites. The priority is to complete housing projects in progress, thereby realising invested capital. As we await more stable demand in the market, new housing projects will not be initiated until the proportion of sold houses is at a satisfactory level. For housing projects in an early development phase, we are waiting for the start of capital-intensive infrastructure.

The group's operations have a strong focus on the sale of the right projects and products. Market initiatives, customer follow-ups and property viewings are conducted with the emphasis on local activities. Reasonably-priced family homes are prioritised in housing projects. At the beginning of October, Block Watne launched a five-year interest guarantee scheme for customers buying and taking over a house before the end of 2008.

Efforts are constantly directed towards streamlining and rationalising production at our factories and construction sites. To expand our market share, we are also developing more standardised, production-efficient and reasonable standard houses. SmålandsVillan has introduced two new standard houses, Myresjöhus has launched six production-optimised standard houses, and Hetlandhus will introduce nine highly standardised houses.

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 01.01.06.

SEGMENT REPORT - SUMMARY

Amounts in NOK 1,000	Q3 2008	Q3 2007	30.09.2008	Pro forma 30.09.2007	Pro forma 2007
Operating revenues					
Norway	339 098	382 208	1 155 026	1 193 782	1 640 860
Sweden	316 179	318 480	1 295 568	1 147 805	1 631 467
Other/eliminations	-290	2	-131	128	18
BWG Homes Group	654 987	700 690	2 450 463	2 341 715	3 272 345
EBITDA					
Norway	57 499	67 800	192 647	195 428	301 599
Sweden	26 671	22 658	129 050	99 130	152 725
Other/eliminations	-3 687	-2 740	-11 496	-8 796	-13 379
BWG Homes Group	80 483	87 718	310 201	285 762	440 945
EBIT					
Norway	55 301	65 906	187 072	190 219	294 070
Sweden	19 270	19 367	113 896	100 382	148 766
Other/eliminations	-3 728	-2 740	-11 621	-8 803	-36 051
BWG Homes Group	70 843	82 533	289 347	281 798	406 785

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 approx. 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	Q3 2008	Q3 2007	30.09.2008	30.09.2007	2007
Operating revenues	339 098	382 208	1 155 026	1 193 782	1 640 860
EBITDA	57 499	67 800	192 647	195 428	301 599
Income from associates	0	0	843	235	-104
Depreciation	-2 198	-1 894	-6 418	-5 444	-7 425
EBIT	55 301	65 906	187 072	190 219	294 070
EBITDA margin	17.0 %	17.7 %	16.7 %	16.4 %	18.4 %
EBIT margin	16.3 %	17.2 %	16.2 %	15.9 %	17.9 %
Order intake	248 400	338 900	1 039 700	1 117 100	1 437 662
Order backlog	669 313	925 856	669 313	925 856	781 619
Number of employees	626	702	626	702	717

Operating revenues for the 3rd quarter 2008 fell by NOK 43 million (-11.3%) and for the year to date by NOK 39 million (-3.2%) compared with the same periods in 2007.

Operating profit (EBIT) for the quarter fell by NOK 11 million (-16.1%), while for the year to date it was on a par with the same period the previous year.

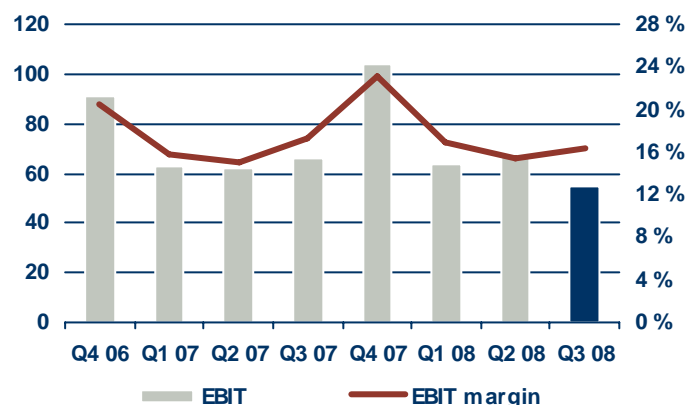
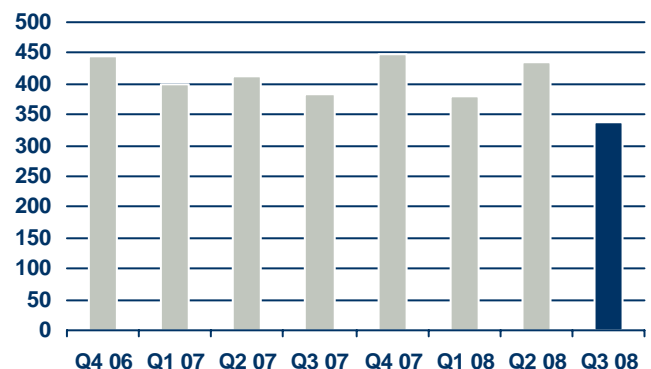
The EBIT margin for the quarter was 16.3 percent (down 0.9 percentage point on the 3rd quarter 2007). The EBIT margin for the year to date was 16.2 percent (0.3 percentage point higher than the previous year).

The order intake for the 3rd quarter 2008 fell by 26.7 percent and for the year to date by 6.9 percent compared with the same periods in 2007. The number of unsold units at the end of the 3rd quarter 2008 was 68 (19 show houses) compared with 15 (9 show houses) for the same period in 2007.

Sales work was intensified in relation to completed or almost completed houses. Customers buying and taking over a house before the end of 2008 are being offered a five-year interest guarantee scheme. The interest rate guarantee is an interest ceiling based on 1 month NIBOR nominal interest rate at 6.5 percent. If the 1 month NIBOR rate exceeds 6.5 percent, Block Watne pays the difference under the interest rate guarantee agreement.

In the 3rd quarter, the staffing level was reduced by approx. 40 employees. The staffing level for the year to date was reduced by 90 employees as a result of normal retirement, positions which were not replaced and dismissals. Measures aimed at reducing the fixed cost level and adapting production capacity to the market situation will continue.

A sales catalogue and website are being developed for the Hetlandhus trademark, due for launch in November 2008. Børre Aursnes been appointed General Manager, and will take up his position on 1 January 2009.



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	Q3 2008	Q3 2007	30.09.2008	Pro forma 30.09.2007	Pro forma 2007
Operating revenues	316 179	318 480	1 295 568	1 147 805	1 631 467
EBITDA	26 671	22 658	129 050	99 130	152 725
Income from associates	-4 324	-50	-5 372	11 287	9 606
Depreciation	-3 077	-3 241	-9 782	-10 035	-13 565
EBIT	19 270	19 367	113 896	100 382	148 766
EBITDA margin	8.4 %	7.1 %	10.0 %	8.6 %	9.4 %
EBIT margin	6.1 %	6.1 %	8.8 %	8.7 %	9.1 %
Order intake	282 400	360 200	1 082 900	1 504 500	1 949 200
Order backlog	1 009 049	1 186 712	1 009 049	1 186 712	1 167 636
Number of employees	571	637	571	637	643

Operating revenues for the 3rd quarter 2008 were on a par with the same quarter 2007, while for the year to date they increased by NOK 148 million (12.9 %) compared with the same period in 2007.

The company's operating ratios for the quarter and year to date were good. This is reflected in an increased EBITDA margin for the quarter (up 1.3 percent) and the year to date (up 1.4 percent).

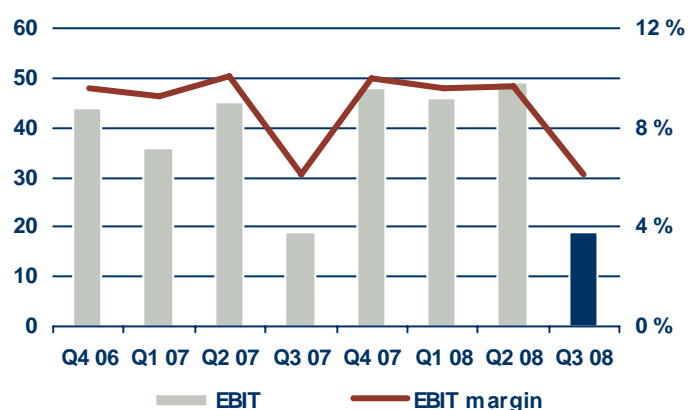
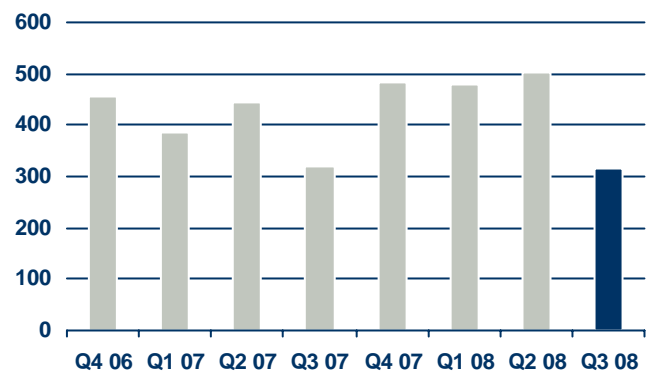
Operating profit (EBIT) for the 3rd quarter was on a par with the same quarter 2007, while for the year to date it increased by NOK 14 million (13.5%) compared with the same period the previous year. The EBIT margin for the quarter and year to date was on a par with the previous year. Negative results reported by the associate Gar-Bo caused operating profit to fall by NOK 4 million for the quarter and by NOK 17 million for the year to date.

The order intake for the 3rd quarter fell by 21.6 percent compared with the same quarter in 2007, while for the year to date it fell by 28.0 percent compared with the same period the previous year.

Sales work was intensified, and market initiatives, customer follow-ups and property viewings are being conducted with the emphasis on local activities. An agreement has been signed with a new general agent, Rakennusalfa, to sell Myresjöhus in the Finnish market.

The factories have decreased their production rates adapted to the lower order intake. Approx. 60 temporary contracts have been terminated. The staffing level was reduced by approx. 30 employees in the 3rd quarter. Approx. 125 persons received redundancy notices in the period August to October. Measures aimed at reducing the fixed cost level and adapting production capacity to the market situation will continue.

Two new house types and a new catalogue for SmålandsVillan were introduced during the quarter. Myresjöhus has launched "Effekthusen" – a collection of six space-efficient and production-optimised standard houses with low energy consumption.



EMPLOYEES

Number of employees	30.09.2008	30.09.2007	2007
Salaried employees	409	473	469
Production workers and carpenters	743	869	894
Total	1 202	1 342	1 363

The staff cuts implemented in the first three quarters represent a reduction of 160 employees (12 percent). It has been decided to make further cuts, which will result in a staffing level of approx. 920 employees in the 1st quarter 2009.

In the 3rd quarter 2008, there were 19 lost-time accidents, compared with 10 in the same quarter 2007. None of these incidents resulted in serious or permanent injury.

Sickness absence, Segment Norway	Q3 2008	Q3 2007	30.09.2008	30.09.2007	2007
Short-term	2.9 %	2.1 %	3.3 %	2.7 %	3.0 %
Long-term	3.9 %	2.4 %	4.3 %	2.9 %	3.2 %
Total	6.8 %	4.5 %	7.6 %	5.6 %	6.2 %

Sickness absence, Segment Sweden	Q3 2008	Q3 2007	30.09.2008	30.09.2007	2007
Short-term	2.6 %	1.9 %	2.8 %	2.5 %	2.5 %
Long-term	1.7 %	1.1 %	1.5 %	1.1 %	1.1 %
Total	4.3 %	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. 20 inspections were carried out in the 3rd quarter, while the year-to-date figure was 73. The Swedish operations arranged training in the new CAD system and sales training for the new general agent in Finland.

SHAREHOLDERS

At the end of the 3rd quarter 2008, the company had 706 shareholders, 65 of whom were foreign. The foreign shareholders owned 19.8 million shares, corresponding to an ownership share of 29.9 percent.

At the end of the quarter, Chief Executive Lars Nilsen had a 36.3 percent ownership share through Lani Industrier AS, Lani Development AS and Lagulise AS.

10 largest shareholders at end of Q3 2008	Number of shares	Holding (%)
Lani Industrier AS	20,210,000 shares	30.62 %
Pareto Aksje Norge	3,562,700 shares	5.40 %
Lani Development AS	3,448,000 shares	5.22 %
Bank of New York, Brussels Branch, S/A Alpine	2,331,200 shares	3.53 %
Vital Forsikring ASA	1,876,807 shares	2.84 %
Nordea Securities AB	1,800,000 shares	2.73 %
Pareto Aktiv	1,771,900 shares	2.68 %
Industri Kapital 2004, Limited partnership II	1,668,457 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	39,576,314 shares	59.92 %
Total number of shares	66,000,000 shares	100.00 %

8 million BWG shares were traded in the 3rd quarter, while the number of shares traded at 30 September 2008 was 12.4 million. The closing price on the balance sheet date was NOK 10.60.

OTHER MATTERS

New CFO

In June, Arnt Eriksen was appointed new Chief Financial Officer and took up his position on 6 October 2008. He joined the Group from his position as Vice President Corporate Accounting in Marine Harvest ASA and has broad management experience from listed companies with international operations. Mr. Eriksen is a state authorised public accountant from the Norwegian School of Economics and Business Administration (NHH). He succeeds Ketil Kvalvik, who has decided to return to his full-time post as CFO of the Lani Group.

Election of employee representatives

Elections for employee Board representatives have been held. Brit Hagelund and Tore Morten Randen were re-elected for a new two-year term. Øyvind Wiik has resigned from the Board and is replaced by Einar Salbu.

MARKET AND FUTURE PROSPECTS

The global financial turmoil escalated during the 3rd quarter. The banks pushed up interest rates and introduced a highly restrictive lending policy. This has reinforced the imbalance in the resale homes market, and making new sales very demanding in the 3rd quarter.

In October the financial turmoil resulted in a sharp decline in value of listed companies around the world and substantial crises for a number of financial institutions. A consequence of the banks' reluctance to issue new loans was an almost complete stop in sales of used and new houses. The financial situation in the capital markets has not normalised, and this is now the main course for a lack of dynamics in the housing market.

The Group's year-to-date order intake was 20.6 percent lower than at the same point in 2007, and the production has been too high compared to the order intake. The Group's operating revenues and operating profit are somewhat down for the quarter, although margins continue to be healthy and year-to-date operating revenues and profit show an increase – despite the difficult housing market. Production efficiency is good.

The Board expects that it will take longer than previously thought to re-establish a more stable housing demand, and that the market will continue to be unstable and demanding in 2009. Although experience shows that the group's products are not particularly vulnerable to market fluctuations, the heightening financial turmoil, the failing financial institutions and the present lack of credit facilities have created a large measure of uncertainty in our market segments as well. The situation also gives rise to concern in terms of rising unemployment and an expected lower growth in the real economy, which may curb the demand for new housing. The Board and Group management are closely monitoring this situation to ensure they are ready to adapt production capacity to the market development.

House manufacturers in Norway and Sweden are expected to have considerably fewer new house starts in 2009 than in 2008. This will gradually result in strong pent-up demand for houses, and consequently an increased demand for new houses.

Targeted sales of selected projects and products, completion of projects and rationalisation of production processes represent the main focus of the Group's activities. A number of measures have also been implemented to reduce tied-up capital and the cost level. This work will continue and will be intensified in order to position operations towards continuing profitability in a situation of lower sales.

Oslo, 4 November 2008

Harald Walther
Chairman

Hege Børmark
Deputy Chairman

Eva Eriksson

Petter Neslein

Brit Hagelund

Tore Morten Randen

Einar Salbu

Lars Nilsen
CEO

KEY FIGURES BWG HOMES ASA – GROUP

The Group was established on 30.11.05 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	Q3 2008	Q3 2007	30.09.2008	30.09.2007	2007
Operating revenues	2	654 987	700 694	2 450 463	1 641 407	2 572 038
Cost of goods sold	2	-384 547	-401 620	-1 464 782	-937 829	-1 465 151
Payroll expenses		-128 245	-138 676	-455 073	-330 715	-505 598
Other operating expenses		-61 712	-72 680	-220 406	-142 670	-215 913
EBITDA		80 483	87 718	310 202	230 193	385 376
Income from associates		-4 324	-50	-4 529	-675	-2 695
Goodwill amortisation		0	-9 698	0	-12966	-22 589
Depreciation		-5 316	-5 135	-16 326	-9 813	-15 359
EBIT		70 843	72 835	289 347	206 739	344 733
Finance income	1	2 084	-829	6 695	3 407	8 053
Finance expense		-52 306	-27 946	-109 109	-53 767	-79 016
EBT		20 621	44 060	186 933	156 379	273 770
Tax		-5 355	-12 299	-51 916	-43 622	-72 690
Profit for the period		15 266	31 761	135 017	112 757	201 080
Weighted average number of shares						58 619 233
Earnings per share (NOK)		0.23	0.48	2.05	2.08	3.43
Diluted earnings per share (NOK)		0.23	0.48	2.05	2.08	3.43
EBITDA margin		12.3 %	12.5 %	12.7 %	14.0 %	15.0 %
EBIT margin		10.8 %	10.4 %	11.8 %	12.6 %	13.4 %
EBT margin		3.1 %	6.3 %	7.6 %	9.5 %	10.6 %
Operating profit margin		2.3 %	4.5 %	5.5 %	6.9 %	7.8 %
Change in operating revenues		-6.5 %	12.1 %	49.3 %	12.1 %	68.2 %
Ending EBITDA		-8.2 %		34.8 %		
Change in EBIT		-2.7 %	20.9 %	40.0 %	20.9 %	41.6 %
Change in EBT		-53.2 %	19.4 %	19.5 %	19.4 %	25.8 %
Tax % of EBT		26.0 %	27.9 %	27.8 %	27.9 %	26.6 %

EQUITY		BWG Homes ASA Group				
Changes in equity - consolidated		Q3 2008	Q3 2007	30.09.2008	30.09.2007	2007
Amounts in NOK 1,000	Notes					
Net dividend paid	3	0	0	-132 000	-112 500	-112 500
Net new equity from IPO		0	0	0	953 453	953 453
Costs associated with IPO		0	0	0	-16 440	-16 440
Adjustment of equity - acquisition of subsidiary		0	0	0	-127 143	
Translation differences		3 654	-26 061	3 343	-25 780	-37 627
Net recognised directly in equity		3 654	-26 061	-128 657	671 590	786 886
Profit for the period		15 266	31 761	135 017	112 757	201 080
Total changes in equity of the period		18 920	5 700	6 360	784 347	987 966

BALANCE SHEET			BWG Homes ASA Group		
Amounts in NOK 1,000	Notes		30.09.2008	30.09.2007	31.12.2007
ASSETS					
Non-current assets					
Trademarks			479 407	473 908	477 199
Goodwill			2 156 003	2 133 427	2 146 938
Other intangible assets			4 449	4 789	5 160
Total intangible assets			2 639 859	2 612 124	2 629 297
Land and buildings			23 158	16 466	17 119
Machinery and plant	5		81 047	80 535	81 196
Total property, plant & equipment			104 205	97 001	98 315
Investments in associates			66 070	70 430	68 671
Loans to associates			5 321	5 316	5 321
Other receivables			191	248	250
Total financial assets			71 582	75 994	74 242
Total non-current assets			2 815 646	2 785 119	2 801 854
Current assets					
Construction work in progress	2		428 157	202 089	289 176
Assets held for sale	2		0	4 687	4 687
Other inventories			42 389	50 614	55 214
Land	2		1 034 325	968 530	1 006 256
Total buildings and land			1 504 872	1 225 920	1 355 333
Trade receivables			583 893	616 027	588 803
Other receivables			36 181	26 317	37 432
Market value of financial instruments	1		280	6 476	6 005
Total receivables			620 354	648 820	632 240
Bank deposits, cash & cash equivalents			55 975	136 353	82 507
Total current assets			2 181 201	2 011 093	2 070 080
Total assets			4 996 847	4 796 212	4 871 934
EQUITY AND LIABILITIES					
Equity					
Share capital 66,000,000 shares – par value NOK 1.00			66 000	66 000	66 000
Share premium reserve			1 414 897	1 414 897	1 414 897
Total paid-in capital			1 480 897	1 480 897	1 480 897
Group reserve			228 176	125 134	221 817
Total retained earnings			228 176	125 134	221 817
Total equity			1 709 073	1 606 031	1 702 714
Liabilities					
Pension obligations			20 329	15 810	18 229
Deferred tax			219 167	209 804	226 564
Total provisions			239 496	225 614	244 793
Subordinated loans	6		0	95 000	95 000
Liabilities to credit institutions			1 262 712	1 344 700	1 258 995
Total other non-current liabilities			1 262 712	1 439 700	1 353 995
Liabilities to credit institutions			759 278	403 699	350 362
Other current interest-bearing liabilities	6		80 000		
Trade payables			356 621	435 312	412 408
Tax payable			57 633	36 316	48 671
Public duties payable			56 154	25 629	46 210
Market value of financial instruments	1		0	0	0
Other current liabilities - land and projects			241 315	246 570	424 283
Other current liabilities			234 563	377 342	288 502
Total current liabilities			1 785 565	1 524 868	1 570 434
Total liabilities			3 287 774	3 190 182	3 169 221
Total equity and liabilities			4 996 847	4 796 213	4 871 935

CASH FLOW					
BWG Homes ASA Group					
Amounts in NOK 1,000	Q3 2008	Q3 2007	30.09.2008	30.09.2007	2007
Cash flow from operating activities					
Profit after tax for the period	15 266	31 762	135 016	112 757	201 080
Adjustment for					
Gains/losses on sale of non-current assets	0		0	0	17
Depreciation/amortisation/impairment	5 316	5 135	16 326	9 813	15 359
Goodwill amortisation	0	9 698	0	12 967	22 589
Net finance costs	39 612	28 775	96 688	50 360	73 658
Change in market value of financial assets	10 609	2 592	5 725	-104	368
Share of profit/loss in associates	4 324	50	4 529	675	2 695
Current tax expense for the period	5 356	12 299	51 916	43 622	72 690
Total	80 483	90 310	310 201	230 089	388 456
Change in other accruals	-212 263	-31 479	-442 137	-239 750	-293 449
Total	-131 780	58 831	-131 936	-9 661	95 007
Paid interest	-40 081	-26 869	-99 075	-50 358	-70 826
Paid tax	0	0	-43 593	-51 863	-51 863
Net cash flow from operating activities	-171 861	31 963	-274 604	-111 882	-27 682
Cash flow from investing activities					
Interest received	633	1 690	4 133	3 202	8 299
Other investments (net)	-9 058	-4 369	-21 694	-14 923	-19 024
Purchase of subsidiaries	0	0	0	-1 365 720	-1 365 720
Net cash flow from investing activities	-8 425	-2 679	-17 561	-1 377 441	-1 376 445
Cash flow from financing activities					
Increase/decrease (-) current liabilities	131 631	29 283	398 533	-122 055	-175 392
New long-term liabilities	0	0	0	837 900	845 500
Repayment of long-term liabilities	-300	-300	-900	-900	-94 205
New share capital	0	0	0	937 014	937 014
Dividend paid	0	0	-132 000	-112 500	-112 500
Net cash flow from financing activities	131 331	28 983	265 633	1 539 459	1 400 417
Net change in cash & cash equivalents	-48 955	58 266	-26 532	50 136	-3 710
Cash & cash equivalents at start of period	104 930	78 087	82 507	86 217	86 217
Cash & cash equivalents at end of period	55 975	136 353	55 975	136 353	82 507

Interest-bearing liabilities	Notes		30.09.2008	30.09.2007	2007
Subordinated loans	6		0	95 000	95 000
Non-current liabilities to financial institutions			1 262 712	1 344 700	1 258 995
Current liabilities to financial institutions			759 278	403 699	347 699
Other current interest-bearing liabilities			80 000	0	
Bank deposits, cash & cash equivalents			-55 975	-136 353	-79 843
Net interest-bearing liabilities			2 046 015	1 707 046	1 621 851
Working capital					
Land and projects in progress			1 504 872	1 225 920	1 355 333
Trade and other current receivables			620 354	648 820	632 240
Liabilities - land and projects			-241 315	-246 570	-334 653
Trade payables			-356 621	-435 312	-502 039
Net working capital			1 527 289	1 192 858	1 150 881

NOTES TO THE INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES

BWG Homes ASA Group is domiciled in Norway. The consolidated financial statements for the 3rd quarter 2008 comprise the parent company BWG Homes ASA, its subsidiaries and the Group's participating interests in associates. In the 3rd quarter 2008, the Group consisted of the same units as in the annual report for 2007.

The interim financial statements were presented by the Board on 4 November 2008.

DEFINITION OF FINANCIAL FRAMEWORK

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

The accounting policies used in this interim 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 forward rate agreements with a total par value of NOK 100,000 thousand and SEK 450,000 thousand. In addition, the Group entered into a forward rate agreement of NOK 250,000 during the quarter with a ceiling of 6.5% linked to 1 month NIBOR. This is an interest rate guarantee agreement and is effective from 2 January 2009. It relates to Block Watne's wish to offer some of its customers an interest guarantee under corresponding conditions. This was reported as a non-recurring cost in the 3rd quarter.

The agreements do not satisfy the criteria to qualify for hedge accounting as defined in IAS 39 and are therefore stated at their fair value at the balance sheet date. Changes in fair value are recognised in profit or loss. For the 3rd quarter 2008, this has produced a negative earnings effect of NOK 10,609 thousand and at 30 September NOK 5,726 thousand.

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 in 2008.

NOTE 4 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

IFRIC Interpretation 15 Agreements for the Construction of Real Estate was published in July 2008 and requires individual assessment of all agreements and contracts covering the sale of real estate in general, in order to assess whether the criteria for application of IAS 11 Construction Contracts or IAS 18 Revenue are met. 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 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 effective from 1 January 2009, though pending EU approval.

The new IAS 23 effective from 1 January 2009 requires capitalisation of borrowing costs directly linked to the acquisition, manufacture or production of qualifying assets. The option of expensing borrowing costs directly is by this eliminated. For BWG Homes, this will lead to finance costs relating to projects and land being capitalised, and consequently reported as part of the project costs. Implementation of IAS 23 does not require restatement of comparative figures.

NOTE 5 INVESTMENTS

Machinery and plant totalling NOK 8,208 thousand (accum. 20,437 thousand at 30 September) was purchased and activated during the period. Apart from this, there were no other significant agreements relating to the purchase of property or equipment.

NOTE 6 RELATED PARTY 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. Loan repayments totalling NOK 15 million were made in the 3rd quarter. The loan balance at the end of the quarter was NOK 80 million.

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				
	Q3 2008	Q3 2007	30.09.2008	Pro forma 30.09.2007	Pro forma 2007
Amounts in NOK 1,000					
Operating revenues	654 987	700 690	2 450 463	2 341 715	3 272 346
Cost of goods sold	-384 547	-401 617	-1 464 782	-1 415 863	-1 943 186
Payroll expenses	-128 245	-138 676	-455 073	-432 293	-607 175
Other operating expenses	-61 712	-72 679	-220 406	-207 797	-281 040
EBITDA	80 483	87 718	310 202	285 762	440 945
Income from associates	-4 324	-50	-4 529	11 522	9 502
Depreciation of assets	-5 316	-5 135	-16 326	-15 486	-21 032
EBIT	70 843	82 533	289 347	281 798	429 415
Finance income	2 084	1 764	6 695	6 020	11 137
Finance expense	-52 306	-30 538	-109 109	-81 389	-107 092
EBT	20 621	53 759	186 933	206 429	333 460
Tax	-5 355	-15 018	-51 916	-59 807	-91 575
Profit for the period	15 266	38 741	135 017	146 622	241 885
Earnings per share (NOK)	0.23	0.59	2.05	2.22	3.66
Diluted earnings per share (NOK)	0.23	0.59	2.05	2.22	3.66
EBITDA margin	12.3 %	12.5 %	12.7 %	12.2 %	13.5 %
EBIT margin	10.8 %	11.8 %	11.8 %	12.0 %	13.1 %
EBT margin	3.1 %	7.7 %	7.6 %	8.8 %	10.2 %
Operating profit margin	2.3 %	5.5 %	5.5 %	6.3 %	7.4 %
Change in operating revenues	-6.5 %		4.6 %		
Change in EBIT	-14.2 %		2.7 %		
Change in EBT	-61.6 %		-9.4 %		
Tax % of EBT	26.0 %		27.8 %		

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