2009

Q1

"Our long-term goal will still be achieving profitable growth and adding value for our shareholders.

LARS NILSEN
CEO

BWG HOMES' VALUE CHAIN

BWG HOMES

BWG Homes ASA

INTERIM REPORT Q1 2009

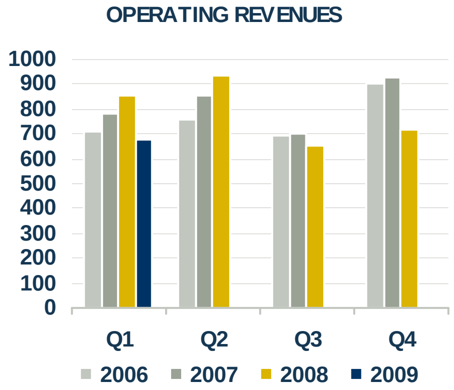
KEY POINTS 1ST QUARTER 2009

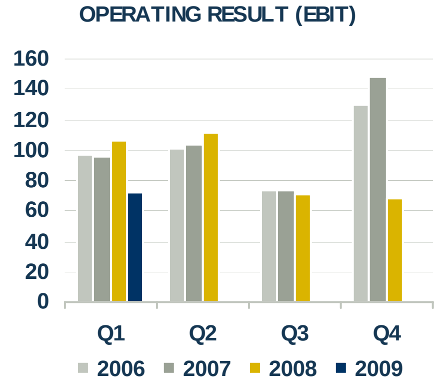
- ➔ **Operating revenues down 21.2 % to NOK 677 million**
- ➔ **EBITDA down 36.3 % to NOK 72 million**
- ➔ **EBITDA margin at 10.6 %**
- ➔ **New orders down 3.3 % to NOK 712 million**
- ➔ **Positive development in sales (up 217 % on 4th quarter 2008)**
- ➔ **Successful completion of share issues**
- ➔ **Sale of shareholding Gar-Bo completed**

KEY FIGURES BWG HOMES ASA

NOK 1 000	**Q1 2009**	Q1 2008	2008
Operating revenues	676 860	858 462	3 171 525
Operating result (EBITDA)	71 741	112 537	368 086
Operating result (EBIT)	60 907	106 139	120 596
Earnings per share	0,03	0,81	-1,25
Operational key figures			
Operational EBITDA*	71 741	112 537	378 223
Operational EBIT*	60 907	106 139	356 783
Operational EBT*	21 590	75 373	179 279
Operational EBITDA margin*	10.6 %	13.1 %	11.9 %
Operational EBIT margin*	9.0 %	12.4 %	11.2 %
Operational EBT margin*	3.2 %	8.8 %	5.7 %
Cash flow from operations after interest and tax	-24 545	-122 202	-226 225
Order intake	712 200	736 100	2 347 400
Order backlog	1 119 144	1 820 515	1 169 455
Number of employees	841	1 333	965

* Operational key figures are figures exclusive of restructuring costs, write-downs and currency effects recognised in the income statement on Group internal debt





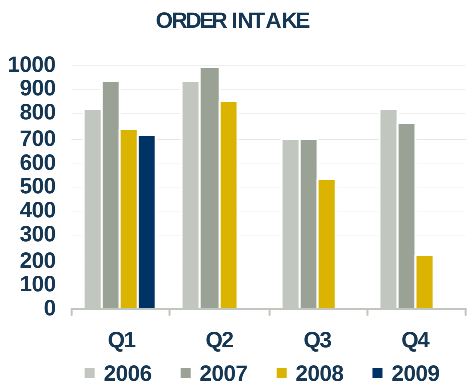
BWG Homes Group's operating revenues for the 1st quarter 2009 amounted to NOK 677 million. This is a decline of NOK 182 million (-21.2%) on the figure for the 1st quarter of 2008.

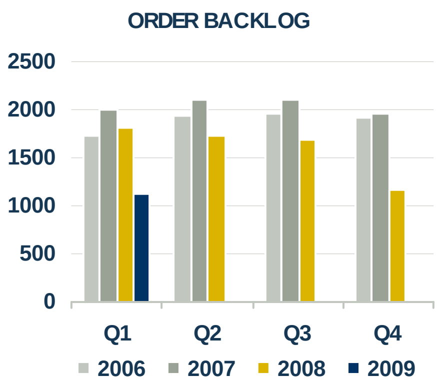
The decline in turnover can be attributed to the significant cut in the Group's production capacity in both Norway and Sweden over the past year. The workforce cuts were necessary to ensure profitability in a weakened market throughout 2008. By October and November 2008, the market had come to a complete halt due to the financial crisis. The total workforce reduction in relation to Q1 2008 is 36.9%, with a further 13% since year-end. The fact that the decline in revenues is not higher than 21% can be explained by high quarterly sales of houses which had already been built. The Group still has a considerable stock of completed and almost completed houses. This has proven beneficial on the current market, as customers most often prefer to take over a new home as quickly as possible.

The product mix has seen some changes during the last half year. There is now a higher ratio of low-price houses. The housing market has experienced significant pressure on prices. The company's efforts to achieve sales of completed houses have also contributed to a somewhat lower average price for sold houses.

The Group's operating profit (EBITDA) for the 1st quarter 2009 was NOK 72 million. This is a reduction of NOK 41 million (-36.3%) in comparison with Q1 2008. The EBITDA margin closed at 10.6% compared with 13.1% for the same quarter last year. This is mainly due to reduced production capacity and, to some degree, lower average prices for sold houses. The full effect of the workforce cuts will be evident at the end of Q2 2009.

The operating result (EBIT) for the quarter totalled NOK 61 million, a reduction of NOK 45 million (-42.6%) in relation to the same quarter 2008. The EBIT margin closed at 9.0% compared with 12.4% in Q1 2008.





The order intake for the 1st quarter of 2009 was NOK 712 million, compared with NOK 736 million in the 1st quarter of 2008, which is a decline of 3.2%. With the weaker Swedish Kroner, sales income fell by approx. NOK 16 million in the quarter. After the dramatic drop in house sales during Q4 2008, sales in Q1 2009 have indicated an improvement. The low interest rates which continue to fall, a less restrictive policy for loans from banks and a general fall in house prices are all factors which have attracted home buyers back to the market.

The Group's order backlog at the end of the quarter totalled NOK 1,119 million, down NOK 50 million since year-end. In reality, the order backlog has increased by NOK 16 million in Norway and by SEK 8 million in Sweden since year-end, but the weaker Swedish Kroner has resulted in a NOK 70 million reduction in the order backlog for the quarter.

FINANCIAL FACTORS

CASH FLOW

NOK 1 000	**Q1 2009**	Q1 2008	2008
Net cash flow from operating activities	-24 545	-122 202	-226 225
Net cash flow from investment activities	-125	-4 006	-20 462
Net cash flow from financing activities	90 147	162 289	225 332
Net change in cash & cash equivalents	**65 477**	**36 081**	**-21 355**
Cash & cash equivalents at end of period	**126 630**	**118 588**	**61 152**

Net cash flow from operating activities (after payment of interest and tax) was negative at NOK 25 million, an improvement of NOK 97 million when compared with Q1 2008. The inventory of projects and houses saw a reduction during the quarter. This released NOK 41 million in capital (contrary to capital binding of NOK 84 million in the same quarter in 2008), taking into account the increases in accounts receivable of NOK 74 million (reduction of NOK 15 million in relation to Q1 2008).

BWG Homes ASA carried out two share issues during the quarter, generating a total new equity of NOK 161 million (gross), of which NOK 140 million (gross) had been received at the end of the quarter. The capital increase leads to the cash flow from financing activities being positive with NOK 90 million.

NET INTEREST-BEARING DEBT

NOK 1 000	**Q1 2009**	Q1 2008	2008
Subordinated loans	0	95 000	0
Non-current liabilities to financial institutions	1 240 748	1 268 752	1 309 938
Current liabilities to financial institutions	756 584	502 894	784 340
Other current interest-bearing debt	0	0	40 000
Bank deposits, cash & cash equivalents	-126 629	-118 589	-61 152
Net interest-bearing debt	**1 870 703**	**1 748 057**	**2 073 126**

Net interest-bearing debt has been reduced by NOK 202 million since year-end. The first share issue generated NOK 140 million (gross) in cash, of which NOK 40 million was utilised for the downpayment of current debt. The weakened Swedish Kroner also resulted in a reduction of interest-bearing long-term debt.

In January 2009, the Group renegotiated its loan terms with its main bank Nordea. The new terms involve the establishment of new covenants and a clarification of loan management for the next three years. A binding term sheet has been entered into, and the formal addendums to the loan agreements are under preparation. For more information, ref. Annual Report for 2008.

The first measurement of covenants is scheduled for the end of Q2 2009.

WORKING CAPITAL

NOK 1 000	**Q1 2009**	Q1 2008	2008
Current assets	2 120 432	2 180 387	2 082 067
Current liabilities (non interest-bearing)	-742 533	-1 079 607	-849 984
Net working capital	**1 377 899**	**1 100 781**	**1 232 083**
Short-term project financing (interest-bearing)	-756 584	-502 894	-824 340
Net working capital net of project financing	**621 315**	**597 887**	**407 743**

Total current assets for the Group saw an increase of NOK 38 million since year-end. This is attributed to the increase in liquid assets. The inventory of projects, including completed houses, has seen a reduction. Taking into account the fact that payment has still not been received for a share of turnover, accounts receivable have seen a proportionate increase.

SHARE ISSUES

The Board of Directors made a decision on 12 February 2009 to carry out a private placement of shares in BWG Homes ASA in order to strengthen solidity and the Group's financial flexibility. The placement totalled 28,000,000 shares at NOK 5.00 per share, generating gross proceeds of NOK 140 million. Subsequently, an extraordinary General Meeting was held on 6 March 2009 where it was decided to carry out an additional private placement (follow-on offering) during the period from 16 to 30 March where 4,276,000 shares were offered at NOK 5.00 per share, generating gross proceeds of NOK 21.38 million. This second offering was paid in April 2009 and will be accounted for in the 2nd quarter of 2009.

SALE OF SHAREHOLDING IN GAR-BO

The Annual Report 2008 contained a description of the agreement regarding the sale of the shareholding in the Swedish insurance company, Gar-Bo AB. This agreement has been approved by the regulatory authorities in Sweden and in Luxembourg, and the sale was formally completed at the end of April 2009.

An agreement has been reached whereby settlement for the shares will be made in three phases. The initial payment to BWG Homes for the shares was SEK 18 million. A further SEK 21.7 million shall be paid on 31 July 2009 with the final payment of SEK 32.6 million due on 27 April 2014. For more information, please see Note 7.

SEGMENT INFORMATION

BWG Homes ASA comprises two segments; Norway and Sweden. The Norwegian segment is represented by the Block Watne business. The Swedish segment comprises business from Myresjöhus and SmålandsVillan.

Both segments are mainly engaged in producing and marketing homes for consumers. The two segments are separate entities, which are subject to different risks and returns, and are therefore monitored separately within the Group.

In 2008, BWG Homes implemented a project to re-establish Hetlandhus as an active brand in Norway. The Hetlandhus portfolio comprises nine detached houses manufactured in modules at the SmålandsVillan plants in Sweden. The launch of Hetlandhus products started in Q1 2009. The first Hetlandhus house has been built, and the company is currently working on the development of a dealer network in central East Norway. The Hetlandhus brand is still in its establishment phase, and business in Q1 remains too small to warrant its own segment in the reports. The figures for the Hetlandhus brand have therefore been included under the “Other” item in the segment reports.

Please see the 2008 Annual Report for a full list of subsidiaries and associated companies.

SEGMENT REPORT - SUMMARY

NOK 1 000	**Q1 2009**	Q1 2008	2008
Operating revenues			
Norway	387 908	380 454	1 459 376
Sweden	289 695	477 945	1 713 072
Other/eliminations	-743	63	-923
BWG Homes Group	**676 860**	**858 462**	**3 171 525**
EBITDA			
Norway	49 546	66 393	228 717
Sweden	27 438	50 335	158 131
Other/eliminations	-5 243	-4 191	-18 762
BWG Homes Group	**71 741**	**112 537**	**368 086**
EBIT			
Norway	47 479	64 318	221 665
Sweden	18 710	46 050	-82 138
Other/eliminations	-5 282	-4 229	-18 931
BWG Homes Group	**60 907**	**106 139**	**120 596**
Order backlog			
Norway	468 251	736 663	452 424
Sweden	650 893	1 083 852	717 030
BWG Homes Group	**1 119 144**	**1 820 515**	**1 169 454**

SEGMENT NORWAY

Segment Norway encompasses operations in the subsidiary Block Watne AS. The subsidiary Hetlandhus AS is still in its start-up phase and is therefore not included in the figures for segment Norway for Q1 2009.

NOK 1 000	**Q1 2009**	Q1 2008	2008
Operating revenues	387 908	380 454	1 459 376
Operating expenses	-338 362	-314 061	-1 230 659
EBITDA	**49 546**	**66 393**	**228 717**
Income from associates	0	0	1 397
Depreciation	-2 067	-2 075	-8 449
EBIT	**47 479**	**64 318**	**221 665**
Financial income	980	1 111	6 188
Interest cost and other financial expenses	-12 749	-10 422	-55 394
Net financial costs	**-11 769**	**-9 311**	**-49 206**
EBT	**35 710**	**55 007**	**172 459**
Tax	-9 999	-15 402	-47 908
Profit/loss for the period	**25 711**	**39 605**	**124 551**
Operational key figures:			
Operational EBITDA margin	12.8 %	17.5 %	15.7 %
Operational EBIT margin	12.2 %	16.9 %	15.2 %
Segment assets	2 524 365	2 697 400	2 598 229
Segment obligations	-1 738 497	1 817 862	-1 852 179
Order intake	415 700	366 900	1 158 000
Order backlog	468 251	739 663	452 424
Sick leave	7.0 %	6.8 %	7.9 %
Number of employees	480	682	503

Operating profit for the 1st quarter 2009 was NOK 388 million. This represents an increase of NOK 8 million (2%) in relation to Q1 2008. The operating result (EBITDA) of NOK 50 million shows a reduction of NOK 17 million (-25.4%). The reduction in operating result reflects lower production capacity, pressure on prices for the segment's products and the fact that cost-reducing measures will not come into full effect until Q2 2009. In terms of turnover, the reduction in production capacity will, to a certain extent, be eliminated by the sale of units which have been completed or are close to completion. The EBITDA margin for the quarter was 12.8%.

At the end of the quarter, the workforce level and production capacity were proportionate to projected sales. In January, the regional offices in Kongsberg and Notodden were merged in order to improve resource utilisation.

Order intake for Q1 2009 totalled NOK 416 million and represents an increase of NOK 49 million (13.3%) in comparison with the same period in 2008. Compared with Q4 2008 the order intake represents an increase of 251%. For March and April alone, the order intake saw an increase of 23% from the same period last year.
The number of completed, unsold units at the end of the fourth quarter 2008 was 108. 76 of these units have been sold in Q1 2009. The number of completed, unsold units at the end of Q1 2009 was 89.

During the first quarter, Block Watne has carried out two nationwide show weekends in addition to a number of local marketing activities. Block Watne's house book has been updated. A clear increase has been registered in the number of potential home buyers attending showings, along with an increased demand for new houses. Block Watne will continue to place a strong focus on the sale of completed and almost completed houses.

SEGMENT SWEDEN

Segment Sweden comprises the business of the subsidiaries, Myresjöhus AB and SmålandsVillan AB.

NOK 1 000	**Q1 2009**	Q1 2008	2008
Operating revenues	289 695	477 945	1 713 072
Operating expenses	-262 257	-427 610	-1 544 804
Restructuring costs	0	0	-10 137
EBITDA	**27 438**	**50 335**	**158 131**
Income from associates	-5 918	-1 028	-776
Depreciation	-2 810	-3 256	-13 443
Write-down of goodwill	0	0	-226 050
EBIT	**18 710**	**46 051**	**-82 138**
Financial income	0	0	0
Interest cost and other financial expenses	-15 022	-11 570	-49 521
Change in value of interest swaps	-1 895	-4 013	-35 816
Effect of foreign exchange fluctuations	-20 771	-76	24 790
Net financial costs	**-37 688**	**-15 659**	**-60 547**
EBT	**-18 978**	**30 392**	**-142 685**
Tax	7 930	-15 005	-4 398
Profit/loss for the period	**-11 048**	**15 387**	**-138 287**
Operational key figures:			
Operational EBITDA margin*	9,5 %	10,5 %	9,8 %
Operational EBIT margin*	6,5 %	9,6 %	9,0 %
Segment assets	2 022 732	2 257 052	2 257 052
Segment obligations	-1 416 891	-1 799 797	-1 750 300
Order intake	296 500	369 200	1 189 455
Order backlog	650 893	1 083 852	717 030
Sick leave	3,8 %	3,8 %	4,2 %
Number of employees	356	648	457

* Operational key figures are figures exclusive of restructuring costs and write-down of goodwill.

Operating profit for the 1st quarter 2009 was NOK 290 million. This represents a reduction of NOK 188 million (-39.4%) in relation to Q1 2008. The operating result (EBITDA) of NOK 27 million shows a reduction of NOK 23 million (-45.5%). Operating revenues and operating result for the quarter reflect poor sales in Q4 2008. The workforce was cut by 45% in comparison with Q1 2008, and the segment has significantly lower production capacity. The main reasons for the reduction in revenues and result are pressure on prices for the segment's products and the fact that cost-reducing measures will not come into full effect until after Q2 2009. The EBITDA margin for the quarter was 9.5%.

Order intake in the first quarter was NOK 297 million, a reduction of NOK 73 million (-19.7%) in comparison with the same quarter 2008. The market situation remains difficult, but order intake during the first quarter improved by 178% in comparison with Q4 2008, when order intake was NOK 107 million. Intensive sales work during the second half of 2008 and Q1 2009 have resulted in good participation at showings. Low interest rates and a satisfactory resale home market have resulted in increased demand for the segment's products to date this year.

Sales saw a definite increase in March and April. For these two months alone (with currency correction), sales are up 7.8% in relation to the same period last year. April has also displayed a positive trend in demand for and sale of houses within the company's own projects and to professional customers. This section of the market has been more or less dormant over the past 12 months.

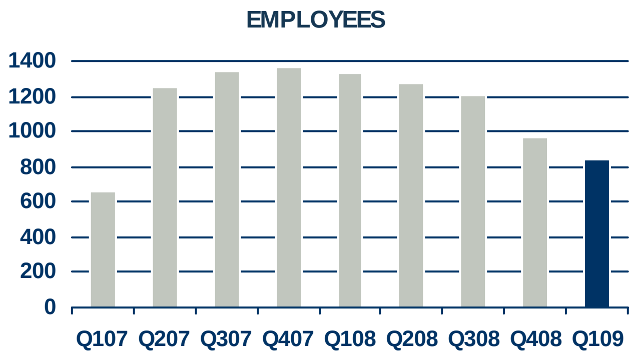
The number of completed, unsold units at the end of the fourth quarter 2008 was 45. Of these units 11 have been sold in Q1 2009. The order backlog has increased by SEK 8 million since year-end, but the weaker Swedish Kroner has resulted in a NOK 66 million reduction in the order backlog for the quarter.

Measures have been implemented to improve the segment's products in relation to future energy requirements, with a focus on the design of structures and elements.

The sale of the shareholding in Gar-Bo AB has been completed in April. For more information, please see Note 7.

EMPLOYEES

NUMBER OF EMPLOYEES	**Q1 2009**	Q1 2008	2008
Salaried employees	356	482	400
Production employees, carpenters	485	851	565
Total	**841**	1 333	965



The total workforce reduction in relation to Q1 2008 is 36.9%, with a further 13% since year-end. A further approx. 20 employees are working out their notice and will leave the company during the first half of 2009.

The workforce cuts were carried out in compliance with the National Wage Agreement (Norway), the Collective Wage Agreement (Sweden) and all prevailing legislation. The cuts were negotiated with the employees' representatives in the labour unions (the Norwegian United Federation of Trade Unions or *Fellesforbundet* in Norway, the Swedish Forest and Wood Trade Union and the Swedish Organisation for Managers in Sweden). The selection process for workforce cuts involved a total assessment, incorporating aspects such as period of service, formal expertise, personal skills, usefulness and social elements (family responsibilities, age).

8 accidents resulting in absence from work were registered in Q1 2009, compared with 15 accidents in Q1 2008. None of these accidents resulted in serious injury or permanent harm.

HEALTH, SAFETY AND THE 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, building sites are subject to unannounced inspections, with subsequent follow-up of non-conformances, both at local level (regional offices) and at central level. The scheme has continued in 2009, without changes. As of Q1 2009, a total of 39 inspections have been carried out.

OTHER MATTERS

The Ordinary General Meeting of BWG Homes ASA is scheduled for 26 May 2009. Notice of the meeting was submitted on 4 May 2009 to the company's shareholders.

SHAREHOLDERS

With the share issue paid for and registered in Q1 2009, a total of 28,000,000 new shares were issued.

At the end of the quarter, the company had 752 shareholders, 49 of whom were foreign. The foreign shareholders owned 10.7 million shares, corresponding to an ownership share of 10.9%.

At the end of the quarter, CEO Lars Nilsen had a 32.52% holding through his companies Lani Industrier AS, Lani Development AS and Lagulise AS.

Minus the new shares issued, a total 9.4 million shares were sold in Q1 2009. The closing price per share on balance sheet date was NOK 5.30.

10 LARGEST SHAREHOLDERS	Number of shares	Holding
Lani Industrier AS	28 210 000	28.70 %
Rasmussengruppen AS	10 000 000	10.18 %
SEB Enskilda ASA	6 482 748	6.60 %
Perestroika AS	4 300 000	4.38 %
Ojada AS	3 809 953	3.88 %
Lani Development AS	3 448 000	3.51 %
Arctic Securities ASA	3 323 867	3.38 %
Bank of New York, Brussels, S/A Alpine	2 260 200	2.30 %
AG Invest AS	2 186 144	2.22 %
Dukat AS	2 035 000	2.07 %
Total 10 largest shareholders	**66 055 912**	**67.21 %**
Other shareholders	32 220 088	32.79 %
Total number of shares	**98 276 000**	**100.00 %**

MARKET AND FUTURE PROSPECTS

The first three months of 2009 have shown a significant improvement in sales with an increase of 217% when compared with Q4 2008. For March and April alone, sales saw an increase of 12% from the same period last year. Both the Norwegian and Swedish segments have reported a definite increase in the number of potential home buyers at showings, and increased demand for new houses.

The extremely low order intake in Q4 2008 and the workforce cuts made will place a considerable pressure on the company's operating revenues and margins in Q2 and Q3 2009. In terms of turnover, the reduction in production capacity will, to a certain extent, be eliminated by the sale of units which have been completed or are close to completion.

Order backlog has seen an increase since the year-end, with NOK 16 million in Norway and SEK 8 million in Sweden. By sustaining a reduced production rate, a normal level of sales in the near future will contribute towards a positive development in the order backlog. With an increased order backlog, the company expects to be able to increase the production capacity in the second half of the year, contributing to a rise in production rate throughout the autumn in both Norway and Sweden.

The Board and corporate management are monitoring developments closely to allow optimal adaptation of production capacity and products to the prevailing market situation. The Group aims to retain its focus on profitability and stable operations.

The low interest rate for mortgages and a normalisation of bank lending policies have a positive effect on sales. The interest rate is now at an all time low both in Norway and Sweden, and is expected to remain low for some time to come. On the other hand, we know from experience that the house market will continue to be affected by unemployment and will not return to normal until the labour market is stabilised. There are certain signals that the number of redundancies, month by month, is on the decline. The Board of Directors therefore has a positive outlook for relatively good sales in the future. However, it is important to remember that it will take time to re-establish a stable demand for houses, and that the market will remain challenging throughout 2009.

Oslo, 12 May 2009

Board of Directors for BWG Homes ASA

BWG HOMES ASA – GROUP

INCOME STATEMENT

NOK 1 000	Note	**Q1 2009**	Q1 2008	2008
Operating revenues	**3**	**676 860**	**858 462**	**3 171 525**
Cost of goods sold	**3**	-441 666	-509 325	-1 906 232
Payroll and personnel expenses		-104 958	-156 738	-599 557
Restructuring costs		0	0	-10 137
Other operating expenses		-58 495	-79 862	-287 513
Earnings before depreciation and interest (EBITDA)		**71 741**	**112 537**	**368 086**
Income from associates	**7**	-5 918	-1 028	621
Write-down of goodwill		0	0	-226 050
Depreciation		-4 916	-5 370	-22 061
Earnings before interest and tax (EBIT)		**60 907**	**106 139**	**120 596**
Financial income		195	2 930	32 632
Interest costs and other financial expenses		-36 412	-27 468	-167 636
Change in value of interest swaps		-3 100	-6 228	-42 500
Effect of foreign exchange fluctuations	**4**	-20 771	-1 255	24 830
Net financial costs		**-60 088**	**-32 021**	**-152 674**
Earnings before tax (EBT)		**819**	**74 118**	**-32 078**
Tax expense	**7**	2 338	-20 536	-50 204
Earnings for the period		**3 157**	**53 582**	**-82 282**
Earnings per share (NOK)		0.03	0.81	-1.25
Diluted earnings per share (NOK)		0.03	0.81	-1.25
EBITDA margin		10.6 %	13.1 %	11.6 %
EBIT margin		9.0 %	12.4 %	3.8 %
EBT margin		0.1 %	8.6 %	-1.0 %
Operational key figures:				
Operational EBITDA*		71 741	112 537	378 223
Operational EBIT*		60 907	106 139	356 783
Operational EBT*		21 590	75 373	179 279
Operational EBITDA margin*		10.6 %	13.1 %	11.9 %
Operational EBIT margin*		9.0 %	12.4 %	11.2 %
Operational EBT margin*		3.2 %	8.8 %	5.7 %

* Operational key figures are figures exclusive of restructuring costs, write-downs and currency effects recognised in the income statement related to Group internal debt.

CONSOLIDATED BALANCE SHEET

NOK 1 000	Note	31.03.2009	31.03.2008	31.12.2008
Assets				
Brands		463 494	481 906	501 650
Goodwill		1 887 519	2 166 264	2 021 282
Other intangible assets		3 835	4 846	4 473
Total intangible assets		**2 354 848**	**2 653 016**	**2 527 405**
Fixed assets	**6**	**97 382**	**100 905**	**109 083**
Investments in associates	**7**	5 679	71 753	71 753
Other receivables		17 158	2 592	5 511
Total financial assets		**22 837**	**74 345**	**77 264**
Total non-current assets		**2 475 067**	**2 828 266**	**2 713 752**
Construction work in progress	**3, 5**	402 335	337 077	472 393
Other inventories		36 321	54 360	36 548
Land	**3**	984 265	1 059 242	1 057 587
Total buildings and land		**1 422 921**	**1 450 679**	**1 566 528**
Trade receivables		489 993	574 226	428 082
Other receivables		27 554	33 875	26 305
Total receivables		**517 547**	**608 101**	**454 387**
Bank deposits, cash & cash equivalents		126 629	118 589	61 152
Assets held for sale	**7**	53 335	3 018	0
Total current assets		**2 120 432**	**2 180 387**	**2 082 067**
Total assets		**4 595 499**	**5 008 653**	**4 795 819**
Equity and liabilities				
Total equity	**8**	**1 607 453**	**1 769 734**	**1 540 197**
Liabilities				
Pension obligations		20 688	18 383	20 867
Deferred tax		175 421	222 240	201 722
Provision for guarantee obligations		48 803	52 043	48 771
Total provisions		**248 181**	**292 666**	**271 360**
Subordinated loans		0	95 000	0
Liabilities to credit institutions		1 240 748	1 268 752	1 309 938
Total other long-term liabilities		**1 240 748**	**1 363 752**	**1 309 938**
Liabilities to credit institutions		756 584	502 894	784 340
Other current interest-bearing liabilities		0	0	40 000
Trade payables		230 333	384 290	292 108
Other current liabilities - land and projects		195 071	351 652	233 352
Other current liabilities	**2**	317 129	343 665	324 524
Total current liabilities		**1 499 117**	**1 582 501**	**1 674 324**
Total liabilities		**2 988 046**	**3 238 919**	**3 255 622**
Total equity and liabilities		**4 595 499**	**5 008 653**	**4 795 819**

CASH FLOW

NOK 1 000	**Q1 2009**	Q1 2008	2008
Cash flow from operating activities			
Cash flow from operating activities before change in working capital	71 741	112 537	368 075
Change in inventories	114 788	-98 365	-194 552
Change in trade receivables	-74 004	14 577	167 708
Change in trade payables	-45 803	-28 118	-128 276
Net change in liabilities - land	-38 085	-72 632	-191 389
Change in other accruals	-13 004	3 198	-49 922
Change in working capital items	**-56 108**	**-181 340**	**-396 429**
Paid interest	-36 412	-27 467	-142 806
Paid tax	-3 765	-25 932	-55 065
Net cash flow from operating activities	**-24 545**	**-122 202**	**-226 225**
Cash flow from investment activities			
Interest received	0	1 613	7 802
Sale of non-current assets	0	0	300
Purchase of fixed assets	-128	-5 619	-30 027
Other investments (net)	3	0	1 463
Net cash flow from investment activities	**-125**	**-4 006**	**-20 462**
Cash flow from financing activities			
Increase/decrease (-) current liabilities	-44 102	162 589	413 532
Repayment of long-term liabilities	-300	-300	-56 200
New share capital	134 549	0	0
Dividend paid	0	0	-132 000
Net cash flow from financing activities	**90 147**	**162 289**	**225 332**
Net change in cash & cash equivalents	**65 477**	**36 081**	**-21 355**
Cash & cash equivalents 01.01	61 152	82 507	82 507
Cash & cash equivalents at end of period	**126 630**	**118 588**	**61 152**

COMPREHENSIVE INCOME (RECOGNISED INCOME AND EXPENSES)

NOK 1 000	**Q1 2009**	Q1 2008	2008
Gain and loss charged directly to equity			
Share issue costs	-6 591	0	0
Translation differences	-69 311	13 437	41 117
Other items charged directly to equity	0	0	10 648
Net earnings from income statement for the period	3 157	53 582	-82 282
Total recognised income and expenses for the period	**-72 744**	**67 019**	**-30 517**

STATEMENT OF CHANGES IN EQUITY

NOK 1 000	**Q1 2009**	Q1 2008	2008
Book equity at start of period	**1 540 197**	**1 702 714**	**1 702 714**
Recognised income and expenses for the period	-72 744	67 019	-30 517
Transactions with shareholders for the period			
Dividend	0	0	-132 000
Capital increase, private placement	140 000	0	0
Book equity at end of period	**1 607 453**	**1 769 733**	**1 540 197**

SPECIFICATION OF CHANGES IN EQUITY

NOK 1 000	**Share capital**	**Share premium reserve**	**Translation differences**	**Other equity**	**Total equity**
Balance, 31.12.2008	**66 000**	**1 414 896**	**3 624**	**55 677**	**1 540 197**
Private placement	28 000	112 000			140 000
Costs of share issue		-6 591			-6 591
Translation effects			-69 311		-69 311
Result for the period				3 157	3 157
Balance 31.03.2009	**94 000**	**1 520 306**	**-65 687**	**58 834**	**1 607 453**
Balance, 31 December 2007	**66 000**	**1 414 896**	**-37 493**	**259 311**	**1 702 714**
Translation effects			13 437		13 437
Result for the period				53 582	53 582
Balance 31.03.2008	**66 000**	**1 414 896**	**-24 056**	**312 893**	**1 769 733**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

BWG Homes ASA Group is domiciled in Norway. The consolidated financial statements for the 1st quarter of 2009 comprise the parent company BWG Homes ASA, its subsidiaries and the Group's participating interests in associates. In the 1st quarter of 2009, the Group consisted of the same units as in the annual report for 2008.

The interim financial statements were presented by the Board of Directors on 12 May 2009.

NOTE 1 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 2008 annual report. This condensed information should therefore be read in conjunction with the 2008 annual report.

The following amendments to new standards have been implemented effective form 1 January 2009:

- IFRS 8 (amendment): Business Segments
- IAS 1 (amendment): Presentation of financial statements
- IAS 23 (amendment): Borrowing costs

The amended requirements in IFRS 8 and IAS 1 have not brought changes to the accounts except for some adjustments in the disclosures and presentations. The amended IAS 23 does not grant an option to expense financing costs related to projects directly as it require capitalisation of such costs. Starting from 1 January 2009 the Group is capitalising interest costs on new projects, e.g. projects started after 1 January 2009. Based on the transitional provisions in IAS 23 no reworking of reported figures for earlier periods is required.

NOTE 2 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has forward rate agreements with a total par value of NOK 100,000,000 and SEK 450,000,000. 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 Q1 2009, this had a negative effect on the result of NOK 3,100,000.

NOTE 3 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. Change in estimates related to for instance completion ratio or estimated profit margin in projects will affect the accounts. Further description of the use of estimates are given in the annual report 2008.

NOTE 4 GROUP INTERNAL BALANCES -EFFECTS OF FOREIGN EXCHANGE FLUCTUATIONS

The reporting of fluctuations in foreign exchange rates also on intragroup accounts are governed by IAS 21. For Q1 2009, currency translation effects on group internal balances charged to the income statement amount to NOK 20,771,000 for the Group.

In Q1 2009, the Group converted NOK 170,000,000 in intragroup accounts to equity in the Swedish segment. The negative foreign exchange effect of NOK 12,128,000 arising from the converted amount from year-end 2008 to the date of conversion has been recognised directly to equity.

NOTE 5 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 for a considerable proportion of the Group's contracts will be postponed, which means all income (and associated expenses) will be recognised at a single time (typically on completion/handover of the property).

The EU has still not adopted IFRIC 15. No final date for formal approval of IFRIC 15 is set, but it is not likely to come into effect before 2010. BWG Homes will await final adoption by the EU before any changes is made to the reporting. The transition to the new accounting principle shall be charged retrospectively in terms of comparison figures which are to be converted in accordance with IAS 8.

NOTE 6 INVESTMENTS

Machinery, plant and operating equipment totalling NOK 128,000 was purchased and capitalised during the period. No significant agreements relating to the purchase of property have been entered into.

NOTE 7 ASSETS HELD FOR SALE

The agreement regarding the sale of Gar-Bo AB was approved by the regulatory authorities in Sweden and Luxembourg at the end of April 2009. The settlement for the shares will be made in three phases. The initial payment to BWG Homes for the shares was SEK 18 million, and was received in April 2009. A further SEK 21.7 million shall be paid on 31 July 2009 with the final payment of SEK 32.6 million due on 27 April 2014.

The net book value of the shares in Gar-Bo AB totalled SEK 65 million, taking into account a recognised deferred tax of SEK 8 million. At the end of Q1 2009, the book value of the shareholding was written down to realisation value at the same time as the change in deferred tax was recognised. The total write-down was NOK 6 million, while the reduction in deferred tax was recognised at NOK 4.6 million.

NOTE 8 SHARE ISSUES

A private placement in BWG Homes ASA was carried out in the first quarter of 2009. The placement totalled 28,000,000 shares at NOK 5.00 per share, generating gross proceeds of NOK 140 million.

Subsequently, an extraordinary General Meeting was held on 6 March 2009 where it was decided to carry out an additional private placement (follow-on offering) during the period from 16 to 30 March 2009 where 4,276,000 shares were offered at NOK 5.00 per share, generating gross proceeds of NOK 21.38 million. This share issue was paid for and registered in April so the figures have not been included in the interim report for the first quarter.

COMPANY INFORMATION

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

BWG Homes supplies around 2,000 new houses per year via own housing projects and to customers with their own plot of land. The company has approx. 830 employees and an annual turnover of NOK 3.2 billion.

BWG Homes ASA is listed on the Oslo Stock Exchange, with ticker BWG. The company's share capital totals NOK 98,276,000 distributed between 98,276,000 shares each with a nominal value of NOK 1.

BOARD OF DIRECTORS

Harald Walther, Chairman
Hege Bømark, Deputy Chairman
Eva Eriksson, board member
Petter Neslein, board member
Brit Hagelund, employee representative
Tore Morten Randen, employee representative
Einar Salbu, employee representative

FINANCIAL CALENDAR

The Ordinary General Meeting will be held on 26 May 2009.

Result 1st quarter 2009 13 May 2009
Result 2nd quarter 2009 26 August 2009
Result 3rd quarter 2009 29 October 2009
Result 4th quarter 2009 11 February 2010

IR CONTACT PERSONS:

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