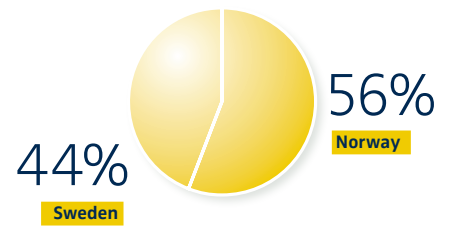


# 1 Quarter 2010

“ BWG Homes shall hold firm to do what we do best – selling and building quality houses at an affordable price. Our long-term goal remains unchanged: to create value for shareholders through profitable growth.

Lars Nilsen,  
CEO

Revenue per business area  
in 1 Quarter



Our value chain



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## HIGHLIGHTS Q1 2010

### Operations during the quarter\*:

- ➔ **Operating revenues of NOK 664 million, down by 2 %**
- ➔ **Operating EBITDA of NOK 83 million, up 15 %**
- ➔ **Operating EBITDA margin of 12.5 %**
- ➔ **Order intake of NOK 876 million, up 23 %**
- ➔ **Order backlog of NOK 1 681 million, up 50 %**
- ➔ **Cash flow from operations negative at NOK 25 million**
- ➔ **Net interest-bearing debt increased by NOK 23 million since year-end**

### Key figures from consolidated accounts (IFRS):

- ➔ **Operating revenues of NOK 637 million, up 11.4 %**
- ➔ **EBITDA of NOK 61 million, up 56.9 %**
- ➔ **EBT of NOK 50 million, an improvement of NOK 82 million**

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

# MANAGEMENT REVIEW

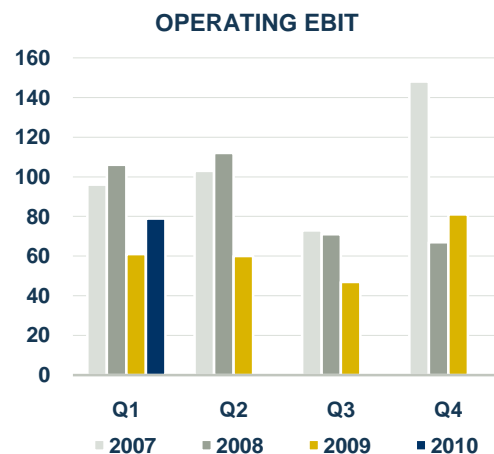
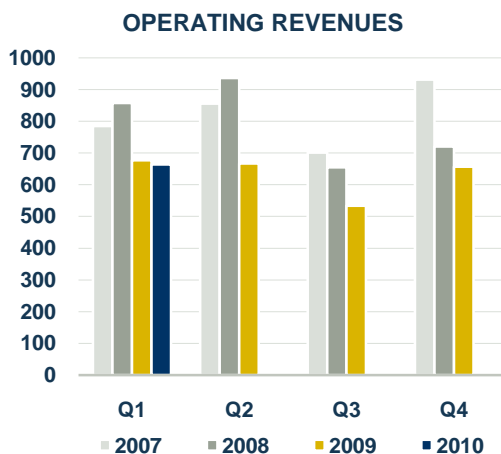
## RESULTS REPORTED FOR THE PERIOD

The management review is based on operating reports (operating result figures) from the segments in Norway and Sweden. Segment information is provided in note 3 to the accounts and is reconciled with the consolidated accounting figures. Operating reports differ somewhat from the consolidated income statement. Operating reports centre on added value during the quarter while the consolidated accounts focus more on delivery of completed homes, irrespective of the actual added value for the period.

### KEY OPERATIONAL FIGURES BWG HOMES CONSOLIDATED

Amounts in NOK 1,000	Q1 10	Q1 09	2009
<b>Operational performance</b>			
Operating revenues	664 402	676 860	2 534 496
Earnings before depr. and finance (EBITDA)	82 734	71 741	273 965
Earnings before interest and taxes (EBIT)	78 620	60 907	249 554
EBITDA margin	12.5 %	10.6 %	10.8 %
EBIT margin	11.8 %	9.0 %	9.8 %
<b>Other key figures</b>			
Cash flow from operations after interest and tax	-24 847	-24 544	301 096
Order intake	875 877	712 200	2 881 612
Order backlog	1 680 894	1 119 144	1 470 897
Number of employees	851	841	826

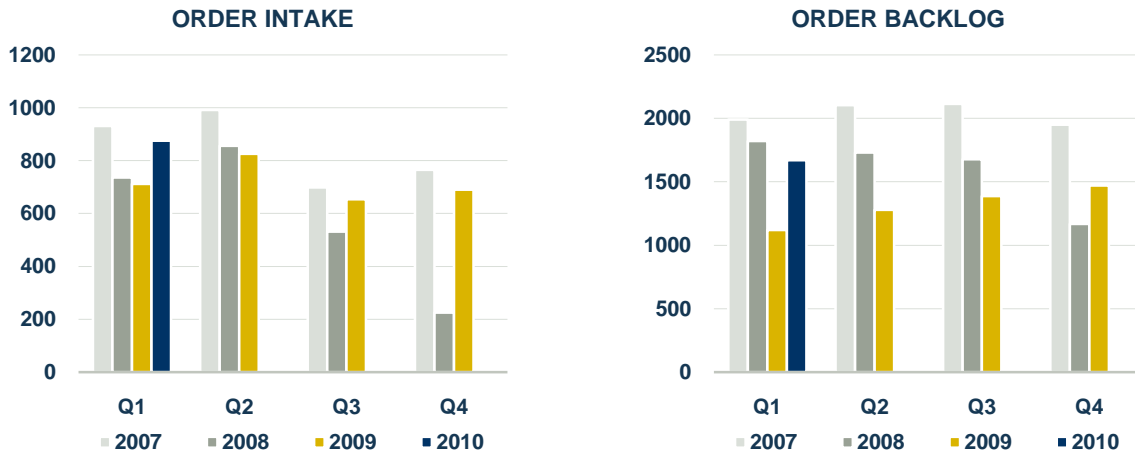
BWG Homes Group's operating revenues for the 1st quarter 2010 amounted to NOK 664 million. This constitutes a decline of NOK 12 million (-1.8%) when compared with Q1 2009. A difficult winter with a lot of snowfall in parts of both Norway and Sweden caused delays to production at building sites. Stable operations and good developments in sales have provided turnover for the quarter which is in line with Q1 2009.



Operating result before depreciation and finance (operating EBITDA) for the quarter amounted to NOK 83 million. This is an increase of NOK 11 million (15.3%) in comparison with Q1 2009. Operating EBITDA margin was 12.5%. A profit of NOK 8 million related to changes in pensions in the Norwegian operation is included in the figures.

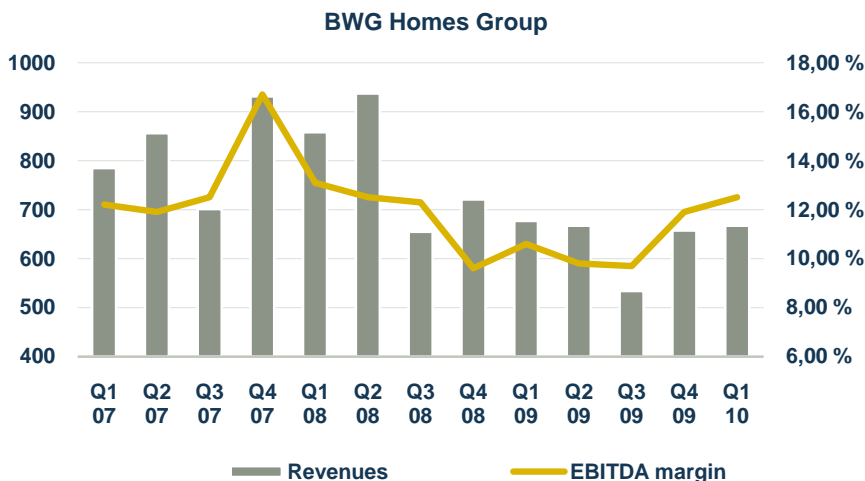
Operating result for the quarter before finance (operating EBIT) amounted to NOK 79 million, which is an increase of NOK 18 million (29.1%) when compared with the same quarter in 2009. Operating EBIT margin was 11.8%.

The operating result and margins are satisfactory and represent a strong start to 2010.



The order intake for Q1 2010 was NOK 875.9 million, compared with NOK 712.2 million for Q1 2009, an increase of 23.0%. A satisfactory level of demand for the Group's products, combined with the continued low interest rate for mortgages has contributed to the positive development in order intake.

The Group's order backlog at the end of Q1 was NOK 1,681 million, an increase of NOK 562 million (50.2%) compared to the same period in 2009. The order backlog shows an increase of NOK 210 million (14.3%) from Q4 2009.



## RESULTS IN NORWAY

### SEGMENT NORWAY

Amounts in NOK 1,000	Q1 10	Q1 09	2009
<b>Profit</b>			
<b>Operating revenues</b>	<b>375 366</b>	<b>387 908</b>	<b>1 478 541</b>
Cost of sales (incl. production salaries)	-259 336	-277 666	-1 026 594
<b>Gross profit</b>	<b>116 030</b>	<b>110 242</b>	<b>451 947</b>
Sales and administrative expences	-56 329	-60 696	-240 353
<b>Earnings before depr. and finance (EBITDA)</b>	<b>59 701</b>	<b>49 546</b>	<b>211 594</b>
Income from associated companies	544	0	930
Depreciations	-1 734	-2 067	-7 704
<b>Earnings before interest and taxes (EBIT)</b>	<b>58 511</b>	<b>47 479</b>	<b>204 820</b>
Gross margin	30.9 %	28.4 %	30.6 %
EBITDA margin	15.9 %	12.8 %	14.3 %
EBIT margin	15.6 %	12.2 %	13.9 %
<b>Other key figures for the segment</b>			
Order intake	515 190	415 700	1 587 305
Order back log	712 236	468 251	585 271
Number of employees	481	479	474
Sick leave	4.9 %	7.0 %	7.0 %

Segment Norway encompasses the business of Block Watne AS. Hetlandhus AS reports its figures under "Other units". See note 3, Segment information.

Efficient operations and the continued focus on cost control have generated a solid result and strong margins in Q1 2010.

Operating revenues for the quarter were NOK 13 million (-3.2%) lower than for Q1 2009. Block Watne has recognised a figure of NOK 8 million as a share of the pension provision in the quarter. This figure was recognised due to the legislative amendments related to early retirement pensions (AFP) in Norway. With the correction for this figure, the result before depreciation and finance (EBITDA) was NOK 52 million for the quarter, an improvement of NOK 2 million in comparison with the same period last year. The corrected EBITDA margin was 13.8% in the quarter, an improvement of 1 percentage point from Q1 2009.

Order intake for Q1 showed an increase of 23.9%. Order backlog improved by NOK 244 million (52.1%) compared with Q1 2009 and is now at a satisfactory level. Moreover, the business segment has 64 completed and unsold homes at the end of the quarter. One national viewing weekend was arranged in addition to a number of local marketing activities.

Production-related manpower is being gradually increased with effect from the present quarter in line with the development in sales and order backlog. The focus in 2010 is on optimisation of operations at the building site, further development of available land for development and implementation of new housing projects in order to increase production and meet the growing demand for new homes.

## RESULTS IN SWEDEN

### SEGMENT SWEDEN

Amounts in NOK 1,000	Q1 10	Q1 09	2009
<b>Profit</b>			
<b>Operating revenues</b>	<b>289 036</b>	<b>289 695</b>	<b>1 057 496</b>
Cost of sales (incl. production salaries)	-202 545	-212 264	-758 861
<b>Gross profit</b>	<b>86 491</b>	<b>77 431</b>	<b>298 635</b>
Sales and administrative expences	-58 741	-49 993	-213 247
<b>Earnings before depr. and finance (EBITDA)</b>	<b>27 750</b>	<b>27 438</b>	<b>85 388</b>
Income from associated companies	0	-5 918	-6 116
Depreciations	-2 848	-2 810	-11 279
<b>Earnings before interest and taxes (EBIT)</b>	<b>24 902</b>	<b>18 710</b>	<b>67 993</b>
Gross margin	29.9 %	26.7 %	28.2 %
EBITDA margin	9.6 %	9.5 %	8.1 %
EBIT margin	8.6 %	6.5 %	6.4 %
<b>Other key figures for the segment</b>			
Order intake	360 688	296 500	1 294 307
Order back log	968 658	650 893	885 626
Number of employees	364	356	346
Sick leave	3.7 %	3.7 %	3.0 %

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

Operating revenues for the quarter are on the same level as for Q1 2009 and the gross margin for production has seen an improvement. The operating result and margins have seen a positive development but there is still a need to increase production volume if the segment is to achieve further improvements in margin. A development project has been initiated to improve production flow and efficiency for factory production.

Order intake for the first quarter saw an increase of 21.7% compared with Q1 2009. The order backlog has grown by NOK 318 million (48.8%) and is at a satisfactory level. Increasing sales and a growth in order backlog allow for reinforcements to production capacity in 2010.

National viewing weekends have been arranged for both brands in addition to local marketing activities. SmålandsVillan launched its new catalogue of houses entitled "VillaGuiden" in the quarter. This includes 12 detached houses, of which Villa Vetlanda is a new development.

The focus in 2010 is on improvements to production efficiency and implementation of own housing projects and in cooperating with other players to increase production volume and meet the growing demand for new homes.

## FINANCIAL FACTORS

### CASH FLOW

Amounts in NOK 1,000	Q1 10	Q1 09	2009
Cash flow from operations (after interest and tax)	-24 847	-24 544	301 096
Cash flow from investments	-1 389	-125	32 281
Cash flow from financing	-36 786	90 147	-292 150
<b>Net cash flow in period</b>	<b>-63 022</b>	<b>65 478</b>	<b>41 227</b>

Net cash flow from operating activities (after payment of interest and tax) for Q1 was negative at NOK 25 million, on par with the same quarter last year. Funds totalling NOK 98 million have been released for the projects in Q1 (NOK 75 million in Q1 2009), while non-distributable capital in accounts receivable has seen a corresponding increase in the quarter (NOK 2 million in Q1 2009). Interest paid during the period saw a reduction due to accruals for Q2. Tax of NOK 25 million is paid in advance in Q1 2010, compared with NOK 4 million in Q1 2009.

Of the Group's long-term debts, instalments of NOK 51 million were classified as short-term at the end of 2009 and these instalments were paid in Q1 2010. Withdrawals from overdraft facilities increased by NOK 14 million in the quarter. Net cash flow from financing is therefore reported with a reduced debt of NOK 37 million, while cash flow from financing, taking into account a share issue of NOK 135 million in Q1 2009, was positive at NOK 90 million.

With the correction for the share issues in Q1 2009, net cash flow in Q1 2010 improved by NOK 6 million when compared with the same period last year.

### NET INTEREST-BEARING DEBT

Amounts in NOK 1,000	31.03.10	31.12.09	31.03.09
Interest-bearing debt, long term	1 134 159	1 137 578	1 240 748
Interest-bearing debt, short term	433 556	469 650	756 584
Interest-bearing receivable (sale Gar-Bo AB)	-22 308	-21 917	0
Cash and bank deposits	-39 357	-102 379	-126 629
<b>Net interest-bearing debt</b>	<b>1 506 050</b>	<b>1 482 932</b>	<b>1 870 703</b>

Net interest-bearing debt saw an increase of NOK 23 million since year-end but was NOK 365 million lower than at the end of Q1 2009. An extraordinary instalment of NOK 30 million were paid in January 2010 in addition to the ordinary instalment of NOK 20 million which was also paid in January 2010. No such instalments were made in Q1 2009.

The Group has fulfilled all covenants for Q1 2010.

### WORKING CAPITAL

Amounts in NOK 1,000	31.03.10	31.12.09	31.03.09
Current assets	1 725 416	1 741 014	1 954 263
Current liabilities (not interest-bearing)	-780 776	-836 792	-844 753
<b>Net working capital</b>	<b>944 640</b>	<b>904 222</b>	<b>1 109 510</b>
Short-term project financing (interest-bearing)	-433 556	-469 650	-756 584
<b>Net working capital after project financing</b>	<b>511 084</b>	<b>434 572</b>	<b>352 926</b>

## ORGANISATION

NUMBER OF EMPLOYEES	31.03.10	31.12.09	31.03.09
Employees in administrative functions	354	351	356
Production employees, carpenters	497	475	485
<b>Total</b>	<b>851</b>	<b>826</b>	<b>841</b>
Number of employees in Norway*	487	480	485
Number of employees in Sweden	364	346	356

\* Including CEO, Group staff and employees in Hetlandhus AS

Manpower saw an increase of 25 man-years (3%) from the end of 2009 to the end of Q1 2010. The increase is mainly found in production-related manpower.

The production workforce will gradually be increased throughout 2010 in both Norway and Sweden, in line with the increase in sales and order backlog.

12 accidents resulting in absence were reported in Q1 2010. In one of the accidents, a production worker in Sweden received a back injury from nails from a nail gun. The sequence of events leading up to this accident was reviewed by an external safety engineer and the accident was reported to the Swedish Work Environment Authority. As a result of this accident, extra training was provided for all employees who use nail guns.

## 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. 36 inspections were carried out during Q1 2010.

The Swedish segment carried out training for production workers in how to use a nail gun and management training related to the psycho-social working environment.

## SHAREHOLDERS

	10 LARGEST SHAREHOLDERS	Number of shares	Holding
At the end of the quarter, the company had 1,339 shareholders, 83 of whom were foreign. The foreign shareholders owned 15.5 million shares, corresponding to an ownership share of 16%.	Lani Industrier AS	28 210 000	28.70 %
	Rasmussengruppen AS	11 805 000	12.01 %
	State Street bank and Trust Co.	4 506 578	4.59 %
	Perestroika AS	3 600 500	3.66 %
	Lani Development AS	3 448 000	3.51 %
	Ojada AS	2 509 953	2.55 %
	Vital Forsikring ASA	2 113 457	2.15 %
	MP Pensjon	2 000 000	2.04 %
	Bank of New York Mellon SA/NV	1 981 700	2.02 %
	Staff-Gruppen	1 975 000	2.00 %
	<b>Total 10 largest shareholders</b>	<b>62 150 188</b>	<b>63.24 %</b>
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.	Other shareholders	36 125 812	36.76 %
	<b>Total number of shares</b>	<b>98 276 000</b>	<b>100.00 %</b>
A total of 17.9 million shares changed hands during the quarter.			
The closing price on the balance sheet date was NOK 18.00			

## OTHER MATTERS

A breakdown in negotiations between the Norwegian United Federation of Trade Unions and the Norwegian Association for the Construction Industry resulted in a strike in Norway from 13 to 17 April. The strike limited production at Block Watne's building sites during the four working days it lasted.

## MARKET AND OUTLOOK

The Norwegian and Swedish segments have reported good sales during the first quarter, with a combined growth of 23% when compared with the first quarter of 2009. Sales figures in April continue to show a positive development.

The order backlog has seen an increase of 50% when compared with Q1 2009. On the background of this growth, the Group will continue to increase production capacity both in Norway and in Sweden.

The number of registered starts in the housing industry remains low when seen in light of demand. A considerable share of the general price increase on the housing market can be attributed to the imbalance between the growing demand for new homes and the low rate of house building. With the low number of registered starts for new homes over the past 2 years and as we approach 2011, this situation is expected to continue.

Interest rates for mortgages are still at a low level, also after the last increase in interest rate in Norway. The sustained low interest rate, when viewed alone, is positive for our segment of the housing market, even though it is an indication that the financial crisis is still having an impact on the economy in Norway and Sweden. It is unclear what possible consequences the recent turbulence in international financial markets may have for our part of the housing market. Unemployment is on the decline in Sweden and the outlook for export-related industry appears more positive.

The Group's management maintains a constant focus on cost levels and improvements to efficiency. It is the opinion of the Board of Directors that BWG Homes has a strong position for growth and profitable development.

Oslo, 10 May 2010

Board of Directors and CEO for BWG Homes ASA

Harald Walther  
Chairman

Eva Eriksson  
Deputy chairman

Hege Børmark

Petter Neslein

Brit Hagelund

Tore Morten Randen

Einar Salbu

Lars Nilsen  
CEO

# CONSOLIDATED FINANCIAL INFORMATION (IFRS)

## BWG HOMES ASA CONSOLIDATED

### INCOME STATEMENT

Amounts in NOK 1,000	Note	Q1 10	Q1 09	2009
<b>Operating revenues</b>		<b>637 071</b>	<b>571 852</b>	<b>2 495 907</b>
Costs of goods sold		-400 017	-372 999	-1 557 432
Payroll and personnel expenses		-108 116	-101 490	-439 168
Other operating expenses		-67 943	-58 495	-252 850
<b>Earnings before depreciations and finance (EBITDA)</b>		<b>60 995</b>	<b>38 868</b>	<b>246 457</b>
Results from associated companies		544	-5 918	-5 186
Depreciations		-4 658	-4 916	-19 225
<b>Earnings before interest and taxes (EBIT)</b>		<b>56 881</b>	<b>28 034</b>	<b>222 046</b>
Interest income and other financial income		1 260	195	4 256
Interest expenses		-20 984	-35 551	-108 250
Change in value of financial instruments		-2 696	-3 100	6 422
Effect of foreign exchange fluctuations		19 841	-20 771	-22 125
Other financial expenses		-4 439	-861	-13 080
<b>Net financial items</b>		<b>-7 018</b>	<b>-60 088</b>	<b>-132 777</b>
<b>Earnings before tax (EBT)</b>		<b>49 863</b>	<b>-32 054</b>	<b>89 269</b>
Tax expense		-13 772	11 542	-19 155
<b>Earnings in the period</b>		<b>36 091</b>	<b>-20 512</b>	<b>70 114</b>
Earnings per share (NOK)		0.37	-0.26	0.75
Diluted earnings per share (NOK)		0.37	-0.26	0.75
EBITDA margin		9.6 %	6.8%	9.9%
EBIT margin		8.9 %	4.9%	8.9%

### COMPREHENSIVE INCOME STATEMENT

Amounts in NOK 1,000	Note	Q1 10	Q1 09	2009
Earnings in the period (from income statement)		36 091	-20 512	70 114
Foreign exchange fluctuations charged to equity		10 476	-69 311	-72 928
Other items charged directly to equity		0	0	0
<b>Total comprehensive income</b>		<b>46 567</b>	<b>-89 823</b>	<b>-2 814</b>

**BALANCE SHEET**

Amounts in NOK 1,000	Note	31.03.10	31.03.09	31.12.09
<b>Assets</b>				
Goodwill		1 905 042	1 887 519	1 883 577
Brands		468 493	463 494	462 370
Other intangible assets		3 520	3 835	3 762
<b>Total intangible assets</b>		<b>2 377 055</b>	<b>2 354 848</b>	<b>2 349 709</b>
<b>Property, plant &amp; equipment</b>		<b>87 267</b>	<b>97 382</b>	<b>87 799</b>
<b>Financial assets</b>		<b>42 120</b>	<b>22 837</b>	<b>42 044</b>
<b>Total non-current assets</b>		<b>2 506 442</b>	<b>2 475 067</b>	<b>2 479 552</b>
Projects and work in progress	4	517 564	765 771	632 987
Other inventories		39 079	36 321	31 987
Land		961 939	984 265	947 224
<b>Total inventory and land</b>		<b>1 518 582</b>	<b>1 786 357</b>	<b>1 612 198</b>
Trade receivables	5	177 029	140 352	105 304
Other receivables		29 805	27 554	23 512
<b>Total receivables</b>		<b>206 834</b>	<b>167 906</b>	<b>128 816</b>
<b>Bank deposits and cash</b>		<b>39 357</b>	<b>126 629</b>	<b>102 379</b>
<b>Total current assets (excluding assets held for sale)</b>		<b>1 764 773</b>	<b>2 080 892</b>	<b>1 843 393</b>
Assets held for sale		0	53 335	0
<b>Total current assets</b>		<b>1 764 773</b>	<b>2 134 227</b>	<b>1 843 393</b>
<b>Total assets</b>		<b>4 271 215</b>	<b>4 609 294</b>	<b>4 322 945</b>
<b>Equity and liabilities</b>				
<b>Total equity</b>	5	<b>1 700 214</b>	<b>1 543 787</b>	<b>1 653 647</b>
Pension obligations		15 307	20 688	23 755
Deferred tax		153 128	153 931	147 685
Provision for guarantee obligations		54 075	48 803	53 838
<b>Total provisions</b>		<b>222 510</b>	<b>223 422</b>	<b>225 278</b>
<b>Long term interest-bearing debt</b>		<b>1 134 159</b>	<b>1 240 748</b>	<b>1 137 578</b>
<b>Short term interest-bearing debt</b>		<b>433 556</b>	<b>756 584</b>	<b>469 650</b>
Trade payables		192 277	230 333	187 336
Current liabilities related to land acquisitions		272 211	195 071	291 355
Prepayments from customers	5	73 012	102 220	101 095
Other current liabilities		243 276	317 129	257 006
<b>Total current liabilities</b>		<b>780 776</b>	<b>844 753</b>	<b>836 792</b>
<b>Total current debt and liabilities</b>		<b>1 214 332</b>	<b>1 601 337</b>	<b>1 306 442</b>
<b>Total liabilities</b>		<b>2 571 001</b>	<b>3 065 507</b>	<b>2 669 298</b>
<b>Total equity and liabilities</b>		<b>4 271 215</b>	<b>4 609 294</b>	<b>4 322 945</b>
<b>KEY FIGURES</b>				
Amounts in NOK 1,000		31.03.10	31.03.09	31.12.09
Working capital (inventory, land, receivables - current liabilities)		944 640	1 109 510	904 222
Net interest-bearing debt (interest-bearing debt - bank deposits and cash)		1 506 050	1 870 703	1 482 933
Equity ratio (total equity/total assets)		39.8 %	33.5 %	38.3 %

## CHANGES IN EQUITY

Amounts in NOK 1,000	Note	Share capital	Share premium reserve	Transl. difference	Other equity	Total equity
Closing balance year end 2008		66 000	1 414 896	3 624	55 677	1 540 197
Effect on equity from change in principles	5				-40 000	-40 000
<b>Book value of equity 01.01. 2009</b>		<b>66 000</b>	<b>1 414 896</b>	<b>3 624</b>	<b>15 677</b>	<b>1 500 197</b>
From comprehensive income statement Q1 2009				-69 311	-20 512	-89 823
Share issue		28 000	112 000			140 000
Costs related to share issues			-6 587			-6 587
<b>Book value of equity 31.03. 2009</b>		<b>94 000</b>	<b>1 520 309</b>	<b>-65 687</b>	<b>-4 835</b>	<b>1 543 787</b>
From comprehensive income statement Q2 2009				15 626	54 110	69 736
Repair issue		4 276	17 104			21 380
Costs related to share issues			-493			-493
<b>Book value of equity 30.06. 2009</b>		<b>98 276</b>	<b>1 536 920</b>	<b>-50 061</b>	<b>49 275</b>	<b>1 634 410</b>
From comprehensive income statement Q3 2009				-6 273	35 335	29 062
Costs related to share issues			-27			-27
<b>Book value of equity 30.09. 2009</b>		<b>98 276</b>	<b>1 536 893</b>	<b>-56 334</b>	<b>84 610</b>	<b>1 663 445</b>
From comprehensive income statement Q4 2009				-12 970	1 181	-11 789
Adjustment of costs related to share issues			1 991			1 991
Transfer of reserves			-9 044		9 044	0
<b>Book value of equity 31.12. 2009</b>		<b>98 276</b>	<b>1 529 840</b>	<b>-69 304</b>	<b>94 835</b>	<b>1 653 647</b>
From comprehensive income statement Q1 2010				10 476	36 091	46 567
<b>Book value of equity 31.03. 2010</b>		<b>98 276</b>	<b>1 529 840</b>	<b>-58 828</b>	<b>130 926</b>	<b>1 700 214</b>

## CASH FLOW STATEMENT

Amounts in NOK 1,000	Q1 10	Q1 09	2009
<b>Cash flow from operations (before change in working capital)</b>	<b>60 995</b>	<b>38 868</b>	<b>246 457</b>
Change in inventories and work in progress	97 884	74 824	304 578
Change in accounts receivables	-98 159	-1 167	33 027
Change in accounts payables	2 753	-45 803	-87 694
Net change in liabilities related to land acquisitions	-19 852	-38 085	2 810
Change in other accruals	-28 109	-13 005	-11 885
<b>Net change in working capital</b>	<b>-45 483</b>	<b>-23 235</b>	<b>240 836</b>
Paid interest	-15 423	-36 412	-121 330
Paid taxes	-24 936	-3 765	-64 867
<b>Net cash flow from operating activities</b>	<b>-24 847</b>	<b>-24 544</b>	<b>301 096</b>
Purchase of property, plant and equipment	-2 602	-128	-4 344
Purchase of shares	0	-3	-2 400
Sale of shares	0	0	34 972
Received interest	1 213	6	4 053
<b>Net cash flow from investment activities</b>	<b>-1 389</b>	<b>-125</b>	<b>32 281</b>
Increase/decrease (-) in current debt	-36 486	-44 102	-395 219
Instalment on debt	-300	-300	-51 200
New equity received (net)	0	134 549	154 269
<b>Net cash flow from financing activities</b>	<b>-36 786</b>	<b>90 147</b>	<b>-292 150</b>
<b>Net change in cash in the period</b>	<b>-63 022</b>	<b>65 477</b>	<b>41 227</b>
Cash available at the start of the period	102 379	61 152	61 152
<b>Net cash available at the end of the period</b>	<b>39 357</b>	<b>126 629</b>	<b>102 379</b>

## NOTES TO THE ACCOUNTS

### NOTE 1 THE GROUP AND CONSOLIDATED ACCOUNTS

#### Group

BWG Homes ASA is domiciled in Norway and listed on the Oslo Stock Exchange. The company's consolidated accounts comprise BWG Homes ASA with subsidiaries and the group's shares in associated companies.

At the end of the quarter, the group comprised the same legal units as at year-end 2009.

#### Approval of the quarterly report

This quarterly report was approved by the company's Board of Directors on 10 May 2010.

#### IFRS applied when preparing financial information

The consolidated financial information is presented in accordance with the International Financial Reporting Standards (IFRS) and interpretations specified by the International Accounting Standards Board (IASB). The consolidated financial information is prepared in accordance with the regulations in IAS 34 – Interim reports.

IAS 34 states that interim reports shall primarily be an update of new information since the last set of annual accounts, and this interim report should therefore be read in connection with the recent annual report (2009).

#### Accounting principles

The accounting principles applied when preparing the report are consistent with the accounting principles described in the company's annual report for 2009, with the exception of the change in principles for recognising income.

It is adopted new standards with effect from 1 January 2010. These are explained in note 2 of the annual report 2009.

IFRIC 15 has resulted in the amendment of the accounting principles for recognising income with effect from 1 January 2010. The decisive factor for selection of principle is whether the customer has a significant impact on the production process (if not, then it is a case of non customer specific production) and the company has control/ownership of the house until legal hand-over. In line with this new principle, the Norwegian segment's construction projects are carried on the balance sheet at accumulated cost which is capitalised on the company's balance sheet. Income is recognised when the legal right of use is transferred to the purchaser. Payments received from the customer during the construction period are reported on the company balance sheet as advance payments from customers and do not have an impact on the reported inventory value of projects.

The amendment to recognition of income has had several consequences, including that the accounts no longer display estimated value creation/profitability for the major share of the group's Norwegian business. Normally, the company invoices project customers during the construction period and receives part payments from customers. With IFRS, the company is not permitted to reduce the value of the projects to reflect the part payments received and, as such, the value of the project inventory is higher than with other accounting principles, while the company's recognised commitments increase when reporting advance payments from customers.

Segment reporting is based on the structure used by Group management for monitoring and control of operations. The accounting policies used for segment reporting are described in more detail in note 3 in this report.

Comparison figures in the interim report have been reworked to comply with the new principles. The reworking is described in note 5. Reference is made to note 35 in the annual report 2009.

### NOTE 2 ESTIMATES

A significant share of the Group's business comprises house building projects. In the main, income from these projects is recognised when hand-over has taken place and the financial results of the project are known. However, accounting for the projects still requires a certain use of estimates related to the value of the projects etc. Other items on the accounts which require use of estimates are pension commitments and pension costs, book value of goodwill and other added value, accounting of financial instruments and accounting of taxes.

A more thorough review of the use of estimates for accounting purposes is provided in the annual accounts for 2009.

## NOTE 3 SEGMENT INFORMATION

### Definition of segments

BWG Homes comprises two segments; Segment Norway and Segment 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 with separate organisation and management, different risks and returns and are therefore monitored separately within the Group.

Units which do not qualify for reporting as own segments are presented in total and referred to as "Other units". This item on the accounts includes Hetlandhus which was re-launched in 2009 and sells houses on the Norwegian market based on modules produced in the SmålandsVillan factories in Sweden.

### Accounting principles for segment reports

The operating management reports prepared by the different units form the basis for segment reports. The accounting principles applied for these reports for segment Sweden are in line with IFRS and the figures from segment Sweden are included directly in the consolidated report.

For segment Norway, there is a deviation between the operating reports and the IFRS regulations in relation to recognition of income for projects. It is important for management to be able to monitor earnings performance for ongoing projects and this item is gauged in the operating reports by applying the principles of current settlement (production contracts).

With this principle, the estimated accrued profit is recognised on the basis of the stage of completion. Income is only recognised for houses for which binding sales contracts have been signed. The stage of completion corresponds to contract costs incurred for work performed to date as a percentage of the estimated total costs. The degree of sale is defined as the number sold as a percentage of total estimated sales. Recognised revenue is the estimated total revenue x degree of sale x stage of completion. Correspondingly, the reported outcome is the estimated final outcome x degree of sale x stage of completion.

With effect from 1 January 2010, IFRIC 15 implies that the principles of current settlement cannot be applied to projects in Norway on the consolidated accounts. The result of this deviation in principles on the accounts is presented on a separate line in the reconciliation of segment results with consolidated figures.

Moreover, the accounting principles applied to segment reports are in line with the principles applied when preparing the annual accounts for 2009.

**INFORMATION ON SEGMENTS**

Amounts in NOK 1,000

	Q1 10	Q1 09	2009
<b>INCOME STATEMENT ITEMS</b>			
<b><u>Operating revenues</u></b>			
Norway	375 366	387 908	1 478 541
Sweden	289 036	289 695	1 057 496
Other units	0	0	930
Eliminations	0	-743	-2 471
<b>Operating revenues segment</b>	<b>664 402</b>	<b>676 860</b>	<b>2 534 496</b>
+/- different acc. principle in segment and in consolidation	-27 331	-105 008	-38 589
<b>Operating revenues consolidated</b>	<b>637 071</b>	<b>571 852</b>	<b>2 495 907</b>
<b><u>EBITDA</u></b>			
Norway	59 701	49 546	211 594
Sweden	27 750	27 438	85 388
Other units	-4 717	-5 243	-23 010
Eliminations	0	0	-7
<b>EBITDA segment</b>	<b>82 734</b>	<b>71 741</b>	<b>273 965</b>
+/- different acc. principle in segment and in consolidation	-21 739	-32 873	-27 508
<b>EBITDA consolidated</b>	<b>60 995</b>	<b>38 868</b>	<b>246 457</b>
<b><u>EBIT</u></b>			
Norway	58 511	47 479	204 820
Sweden	24 902	18 710	67 993
Other units	-4 793	-5 282	-23 252
Eliminations	0	0	-7
<b>EBIT segment</b>	<b>78 620</b>	<b>60 907</b>	<b>249 554</b>
+/- different acc. principle in segment and in consolidation	-21 739	-32 873	-27 508
<b>EBIT consolidated</b>	<b>56 881</b>	<b>28 034</b>	<b>222 046</b>
<b><u>EBT</u></b>			
Norway	50 621	35 710	168 916
Sweden	11 722	-22 835	7 093
Other units	9 259	-12 056	-59 232
Eliminations	0	0	0
<b>EBT segment</b>	<b>71 602</b>	<b>819</b>	<b>116 777</b>
+/- different acc. principle in segment and in consolidation	-21 739	-32 873	-27 508
<b>EBT consolidated</b>	<b>49 863</b>	<b>-32 054</b>	<b>89 269</b>
<b>BALANCE SHEET ITEMS</b>			
<b><u>Total assets</u></b>			
Norway	1 441 200	1 732 781	1 466 699
Sweden	1 990 138	2 022 770	1 933 862
Other units	2 108 230	2 116 987	2 095 006
+/- different acc. principle in segment and in consolidation	-24 002	13 795	18 035
Eliminations	-1 244 351	-1 277 039	-1 190 657
<b>Total assets consolidated</b>	<b>4 271 215</b>	<b>4 609 294</b>	<b>4 322 945</b>
<b><u>Total liabilities</u></b>			
Norway	-883 772	-1 193 176	-967 277
Sweden	-1 370 728	-1 416 891	-1 311 954
Other units	-548 350	-575 714	-541 793
+/- different acc. principle in segment and in consolidation	-73 012	-77 461	-77 838
Eliminations	304 861	197 735	229 564
<b>Total liabilities consolidated</b>	<b>-2 571 001</b>	<b>-3 065 507</b>	<b>-2 669 298</b>

#### NOTE 4 BOOK VALUE OF ONGOING PROJECTS/WORK IN PROGRESS

The Group has a substantial volume of ongoing construction projects. These projects may be carried out at own risk or homes built for consumers or professional developers. The book value of the projects is carried on the balance sheet at accumulated production cost. The Norwegian segment has previously added an estimated accrued profit to the book value of own projects (current settlement until 1 January 2010). After the amendment to the accounting principles, these projects are also recognised on the consolidated balance sheet at accumulated production cost without profit and without any adjustments for invoicing in the period. See note 5.

##### BOOK VALUE OF ONGOING PROJECTS

Amounts in NOK 1,000	31.03.10	31.12.09	31.03.09
Projects and work in progress in Norway	493 964	593 322	761 435
Projects and work in progress in Sweden	23 600	39 665	4 336
<b>Book value of projects and work in progress</b>	<b>517 564</b>	<b>632 987</b>	<b>765 771</b>
Value of projects and work in progress in Norway if own risk projects were carried at percentage of completion method	272 659	333 940	397 999

## NOTE 5 REWORKED COMPARABLE FIGURES

The Norwegian company Block Watne applied IAS 11 in 2009 for the recognition of income from own projects. IFRIC 15 requires application of IAS 18 for this type of projects. This implies that income can only be recognised when the house has been handed-over with legal transfer of risk. See also note 1.

Below are the figures previously reported for the Group with the amendment required by IFRIC 15 and the reworked figures. An explanation for each amendment is also provided.

### BWG Homes consolidated

<b>Balance sheet</b>	Q1 09	Change due	Q1 09	<b>Income statement</b>	Q1 09	Change due	Q1 09
Amounts in NOK 1,000	Reported	to IFRIC 15	Reworked	Amounts in NOK 1,000	Reported	to IFRIC 15	Reworked
<b>Total non-current assets</b>	<b>2 475 067</b>	<b>0</b>	<b>2 475 067</b>	<b>Operating revenues</b>	<b>676 860</b>	<b>-105 008</b> <sup>1</sup>	<b>571 852</b>
Projects and work in progress	402 335	363 436 <sup>3</sup>	765 771	Cost of goods sold	-441 666	68 667 <sup>2</sup>	-372 999
Other inventories	36 321		36 321	Payroll and personnel expense	-104 958	3 468 <sup>2</sup>	-101 490
Land	984 265		984 265	Other operating expenses	-58 495	0	-58 495
<b>Total inventory and land</b>	<b>1 422 921</b>	<b>363 436</b>	<b>1 786 357</b>	<b>Operating profit (EBITDA)</b>	<b>71 741</b>	<b>-32 873</b>	<b>38 868</b>
Trade receivables	489 993	-349 641 <sup>4</sup>	140 352				
Other receivables	27 554		27 554				
<b>Total receivables</b>	<b>517 547</b>	<b>-349 641</b>	<b>167 906</b>				
Assets held for sale	53 335		53 335				
Bank deposits and cash	126 629		126 629				
<b>Total assets</b>	<b>4 595 499</b>	<b>13 795</b>	<b>4 609 294</b>				
<b>Total equity</b>	<b>1 607 453</b>	<b>-63 666</b> <sup>5</sup>	<b>1 543 787</b>				
<b>Total provisions</b>	<b>248 181</b>	<b>-24 759</b> <sup>6</sup>	<b>223 422</b>				
<b>Long term interest-bearing debt</b>	<b>1 240 748</b>	<b>0</b>	<b>1 240 748</b>				
<b>Short term interest-bearing debt</b>	<b>756 584</b>	<b>0</b>	<b>756 584</b>				
Trade payables	230 333		230 333				
Current liabilities related to land	195 071		195 071				
Prepayments from customers	0	102 220 <sup>7</sup>	102 220				
Other current liabilities	317 129		317 129				
<b>Total current liabilities</b>	<b>742 533</b>	<b>102 220</b>	<b>844 753</b>				
<b>Total equity and liabilities</b>	<b>4 595 499</b>	<b>13 795</b>	<b>4 609 294</b>				

### Explanations

- 1) Difference in revenue when calculating based on IAS 11 for own projects in Block Watne, and when calculating revenue based on IAS 18 (based on delivery).
- 2) Difference in cost calculated based on IAS 11 for own projects in Block Watne, and calculated based on IAS 18 (based on delivery).
- 3) Book value of work in progress is adjusted so that it is carried at cost without income calculated based on percentage of completion, and excluding any reduction due to invoicing for prepayments.
- 4) Invoicing of customers where no delivery has taken place will not any longer give rise to accounts receivables in the balance sheet. Block Watne typically is entitled to make invoicing based on milestones in the project, and these invoices were accounted for as receivables. Remaining accounts receivables in the balance sheet relate to other types of revenue than own residential projects.
- 5) The implementation effect on equity from change in principle (opening balance 2009) was negative with NOK 40 million. The change in earnings for the period (after tax) was negative with NOK 23,7 million.
- 6) The adjustment is change in deferred tax caused by the changed principle.
- 7) Payments received from customers where no delivery has taken place before the balance sheet date, are reported as prepayments from customers. Prepayments received are based on contractual obligations for the customer and payments are made only when Block Watne has provided bank guarantees for the prepayment.

## 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 had approx. 850 employees and an annual turnover of NOK 2.5 billion in 2009.

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  
Eva Eriksson, Deputy Chairman  
Hege Bømark, Director of the Board  
Petter Neslein, Director of the Board  
Brit Hagelund, Employee representative  
Tore Morten Randen, Employee representative  
Einar Salbu, Employee representative

### FINANCIAL CALENDAR

Result Q2 2010: 26 August 2010  
Result Q3 2010: 4 November 2010  
Result Q4 2010: 15 February 2011

Annual general meeting: 27 May 2010

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