Q2 2012

Second quarter results

SELVAAG BOLIG

Start Hjem Pluss

Highlights of the second quarter 2012

- Selvaag Bolig was listed on the Oslo Stock Exchange on 14 June 2012. NOK 500 million in equity was raised
- Good sales figures with 243 units sold (170)
- Sales started for 343 homes (351)
- Construction started on 118 units (49), while 187 (0) were completed and 176 of these were delivered
- A total of 1 059 units were under construction at 30 June (895). Their combined sales value amounted to NOK 3 347 million (NOK 2 919 million)

(Figures in brackets relate to the same period of the year before)

Key figures

(figures in NOK 1 000)	Q2 2012	Q2 2011	1H 2012	1H 2011	2011
IFRS main figures					
Operating revenues	494 421	64 686	686 392	105 884	309 822
Operating profit/(loss)	59 433	(15 594)	75 783	(21 407)	7 140
Profit/(loss) before taxes	42 423	(18 068)	42 227	(24 453)	(28 975)
Cash flow from operating activities	28 119	(18 047)	(296 676)	(28 958)	(354 862)
Net cash flow	77 531	4 557	(5 840)	12 388	381 682
Interest-bearing liabilities	3 412 351	721 543	3 412 351	721 543	3 565 928
Total assets and liabilities	5 932 125	1 171 281	5 932 125	1 171 281	5 424 738
Equity ratio	30.7%	25.9%	30.7%	25.9%	24.2%
Earnings per share (whole NOK)	0.34	na	0.44	na	(0.15)
Segment reporting (NGAAP):					
Operating revenues	669 866	64 686	1 380 079	105 884	1 206 842
EBITDA*	97 514	(7 422)	231 665	(14 049)	148 082
EBITDA margin	14.6%	-11.5%	16.8%	-13.3%	12.3%
Key figures:					
Number of sold units	243	170	487	257	648
Number of started units	118	49	306	585	776
Number of delivered units	176	-	250	16	78

* EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies.

Financial review

The second quarter of 2012 is not directly comparable with earlier years because projects have formerly been owned largely through part-owned (associated) companies. Following the merger with Hansa Property Group AS and the acquisition of Selvaag Pluss Eiendom KS during the third quarter of 2011, and the acquisition of Bo En AS in the fourth quarter, the majority of the projects are now consolidated in Selvaag Bolig ASA.

Summary of overall results

(figures in NOK 1 000)	Q2 2012	Q2 2011	1H 2012	1H 2011	2011
Total operating revenues	**494 421**	**64 686**	**686 392**	**105 884**	**309 822**
	-	-	-	-	-
Project expenses	(387 980)	(33 460)	(524 012)	(53 864)	(199 002)
Other operating expences, pay and payroll cost, depreciation and amortisation	(62 331)	(38 648)	(109 351)	(66 069)	(178 754)
Associated companies and joint ventures	15 323	(8 172)	22 754	(7 358)	75 074
Total operating expenses	**(434 988)**	**(80 280)**	**(610 609)**	**(127 291)**	**(302 682)**
Operating profit	**59 433**	**(15 594)**	**75 783**	**(21 407)**	**7 140**
Net financial expenses	**(17 010)**	**(2 474)**	**(33 556)**	**(3 046)**	**(36 115)**
Profit before taxes	**42 423**	**(18 068)**	**42 227**	**(24 453)**	**(28 975)**
Income taxes	(17 871)	3 799	(11 791)	5 960	23 265
Net income	**24 552**	**(14 269)**	**30 436**	**(18 494)**	**(5 710)**

Profit and loss for the second quarter of 2012

(Figures in brackets relate to the corresponding period of 2011. The figures are unaudited.)

Selvaag Bolig had revenues of NOK 494.4 million (NOK 64.7 million) in the second quarter. It delivered 176 homes, including 153 from wholly owned projects which accounted for NOK 473.5 million (NOK 0) of total revenues. The group had no deliveries from wholly owned projects in the same period of 2011. Other revenues relate to activities outside the core business, mainly estate agency services and letting. NOK 36.1 million of total revenues in the second quarter of 2011 derived from external module deliveries. No such deliveries were made in the second quarter of 2012.

Project costs for the quarter came to NOK 388 million (NOK 33.5 million). These relate primarily to construction costs for homes delivered as well as costs from other projects which do not qualify for capitalisation as inventories. The increase in project costs must be viewed in relation to the fact that no wholly owned projects were delivered in the second quarter of 2011.

Operating costs excluding project costs and associates came to NOK 62.3 million (NOK 38.6 million) for the quarter.

Payroll costs amounted to NOK 15 million (NOK 17.9 million). In addition, payroll costs of NOK 6.4 million (NOK 0) were capitalised as housing under development, and will be expensed as project costs on delivery. No payroll costs were capitalised as housing under development in the same period of 2011.

Other operating costs increased to NOK 42.6 million for the quarter (NOK 20.5 million). Of this, sales and marketing accounted for NOK 23.4 million (NOK 3.8 million). The rise reflects Selvaag Bolig's continued promotion of the group as Norway's leading building contractor, and the start to sales in a number of projects during the period. In addition, the group has strengthened its organisation and completed a stock exchange listing. The level of costs will be somewhat lower in normal operation.

The NOK 15.2 million (loss of NOK 8.2 million) recognised as share of profit and loss and gain (loss) from disposal of associates and joint ventures primarily represents contributions from the part-owned projects Kjørbo Vest, with the delivery of 23 units (Selvaag Bolig's share), and Stord Industribygg. In addition comes a gain of NOK 4.1 million from stage-by-stage acquisition of a subsidiary in Stavanger. This is solely an accounting gain without cash effect on interests owned before the purchase of the remaining shares.

The group made an operating profit of NOK 59.4 million (loss of NOK 15.6 million) for the quarter.

Net financial expenses were NOK 17 million (NOK 2.5 million) for the quarter.

Pre-tax profit for the quarter was NOK 42.4 million (loss of NOK 18.1 million), an improvement of NOK 60.5 million from the same period of 2011.

Net tax expense was NOK 17.9 million (income of NOK 3.8 million) for the quarter. The consolidated net profit was accordingly NOK 24.6 million (loss of NOK 14.3 million).

Profit and loss for the first half of 2012

Selvaag Bolig had revenues of NOK 686.4 million (NOK 105.9 million) in the first half. It delivered 250 homes, including 216 from wholly owned projects which accounted for NOK 617 million (NOK 0) of total revenues. The group had no deliveries from wholly owned projects in the same period of 2011. Other revenues relate to activities outside the core business, mainly estate agency services and rental revenues. NOK 55.1 million of total revenues in the first half of 2011 derived from external module deliveries. No such deliveries were made in the first half of 2012.

Project costs for the first half came to NOK 524 million (NOK 53.9 million). These relate primarily to construction costs for homes delivered as well as costs from other projects which do not qualify for capitalisation as inventories. The increase in project costs must be viewed in relation to the fact that no wholly owned projects were delivered in the first half of 2011.

Operating costs excluding project costs and associates came to NOK 109.4 million (NOK 66.1 million) for the first half.

Payroll costs amounted to NOK 30.4 million (NOK 33.5 million). In addition, payroll costs of NOK 10.5 million (NOK 0) were capitalised as housing under development, and will be expensed as project costs on delivery. No payroll costs were capitalised as housing under development in the same period of 2011.

Other operating costs came to NOK 69.1 million for the first half (NOK 32.3 million). Of this, sales and marketing accounted for NOK 32.9 million (NOK 7.8 million). The rise reflects Selvaag Bolig's continued promotion of the group as Norway's leading building contractor, and the start to sales in a number of projects. The level of costs will be somewhat lower in normal operation.

The NOK 22.6 million (loss of NOK 8.3 million) recognised as share of profit and loss and gain (loss) from disposal of associates and joint ventures primarily represents contributions from the part-owned projects Kjørbo Vest, with the delivery of 34 units (Selvaag Bolig's share), and Stord Industribygg.

The group made an operating profit of NOK 75.8 million (loss of NOK 21.4 million) for the first half.

Net financial expenses were NOK 33.6 million (NOK 3 million) for the first half.

Pre-tax profit for the first half was NOK 42.2 million (loss of NOK 24.5 million), an improvement of NOK 66.7 million from the same period of 2011.

Net tax expense was NOK 11.8 million (income of NOK 6 million) for the first half. The consolidated net profit was accordingly NOK 30.4 million (loss of NOK 18.5 million).

Cash flow

Consolidated net cash flow from operational activities was NOK 28.1 million (negative at NOK 18 million) for the quarter and negative at NOK 296.7 million (NOK 29 million) for the first half. Pre-tax profit was NOK 42.4 million (loss of NOK 18.1 million) for the quarter and NOK 42.2 million (loss of NOK 24.4 million) for the first half. The changes in net cash flow from operations primarily reflect changes in working capital resulting from a high level of construction activity and in accounts receivable from delivered homes, partly offset by advance payments from buyers. The rise in the number of units delivered in the second quarter contributed to a positive cash flow in the period, while increased inventories in the first half as a result of higher building activity had a negative effect on cash flow.

Net cash flow from investing activities was NOK 19.3 million (negative at NOK 9 million) for the quarter and NOK 13.3 million (negative at NOK 52.3 million) for the first half.

Net cash flow from financing activities was NOK 30.1 million (NOK 31.6 million) for the quarter and NOK 277.4 million (NOK 93.6 million) for the first half. Net proceeds from the share issue after transaction costs were NOK 431 million. This sum was applied to redemption of loans. Other cash flows correspond to the net draw-down of loans.

The holding of cash and cash equivalents increased by NOK 77.5 million during the quarter and declined by NOK 5.8 million during the first half, yielding a total holding at 30 June of NOK 389.3 million (NOK 25.9 million).

Cash flow summary

(figures in NOK 1 000)	Q2 2012	Q2 2011	1H 2012	1H 2011	2011
Profit before taxes	42 423	(18 068)	42 227	(24 453)	(28 975)
Net cash flow from operating activities	**28 119**	**(18 047)**	**(296 676)**	**(28 958)**	**(354 862)**
Net cash flow from investment activities	**19 344**	**(8 999)**	**13 412**	**(52 296)**	**32 852**
Net cash flow from financing activities	**30 068**	**31 603**	**277 424**	**93 642**	**703 692**
Net chang in cash and cash equivalents	77 531	4 557	(5 840)	12 388	381 682
Cash and cash equivalents at start of	**311 836**	**21 356**	**395 207**	**13 525**	**13 525**
Cash and cash equivalents at end of period	**389 367**	**25 913**	**389 367**	**25 913**	**395 207**

Financial position

The carried amount of Selvaag Bolig's inventories (land, housing under construction and completed homes) at 30 June was NOK 4 599.4 million, compared with NOK 4 494.2 million at 31 March and NOK 375.4 million a year earlier. This represents a considerable increase from 30 June 2011, primarily as a result of the merger with Hansa Property Group and the acquisition of the remaining shares in Selvaag Pluss Eiendom and Bo En during the second half of 2011. At the same time, a high level of construction activity in a number of projects further enhanced inventory value.

Equity at 30 June was NOK 1 819 million (NOK 303.5 million), corresponding to an equity ratio of 30.7 per cent (25.9 per cent).

The group held cash and cash equivalents of NOK 389.4 million (NOK 25.9 million) at 30 June.

At 30 June, consolidated interest-bearing debt amounted to NOK 3 412.4 million (NOK 721.5 million), of which NOK 2 551.7 million (NOK 9.1 million) was non-current and NOK 860.7 million (NOK 712.4 million) was current. The increase in interest-bearing debt reflects acquisitions and mergers carried out in 2011 as well as higher construction activity.

The group has an unsecured credit facility of NOK 218 million in the parent company. NOK 35 million falls due on 31 December 2013, NOK 50 million at 31 December 2014 and the remaining NOK 133 million at the end of 2015. In addition, the group has a land credit of NOK 525 million divided between eight different sites. This is converted to construction loans in line with the progress of each project.

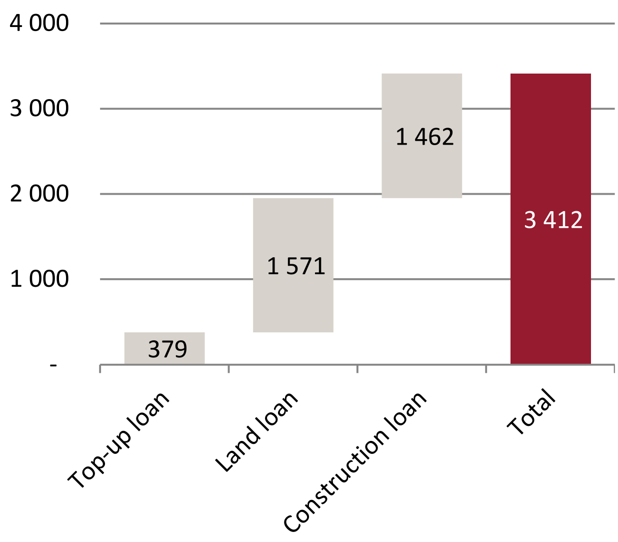
Moreover, the group has an overdraft facility of NOK 150 million, of which NOK 131.7 million had been drawn down at 30 June 2012. In addition comes an overdraft facility of NOK 150 million to finance the start-up of new projects. NOK 20 million of this facility had been drawn down at 30 June.

Net interest-bearing debt

(beløp i 1 000 kroner)	30. juni 2012	30. juni 2011	2011
Langsiktig rentebærende konserngjeld	2 551 675	9 115	2 376 300
Kortsiktig rentebærende konserngjeld	860 676	712 428	1 189 628
Sum bankinnskudd og kontanter	-389 367	-25 913	-395 207
Netto rentebærende gjeld	**3 022 984**	**695 630**	**3 170 721**

The group's interest-bearing debt falls primarily into three categories: liabilities in parent company Selvaag Bolig ASA (top-up loans), land loans and construction loans. At 30 June, the group had top-up loans of NOK 379 million, land loans of NOK 1 571 million and construction loans of NOK 1 462 million.

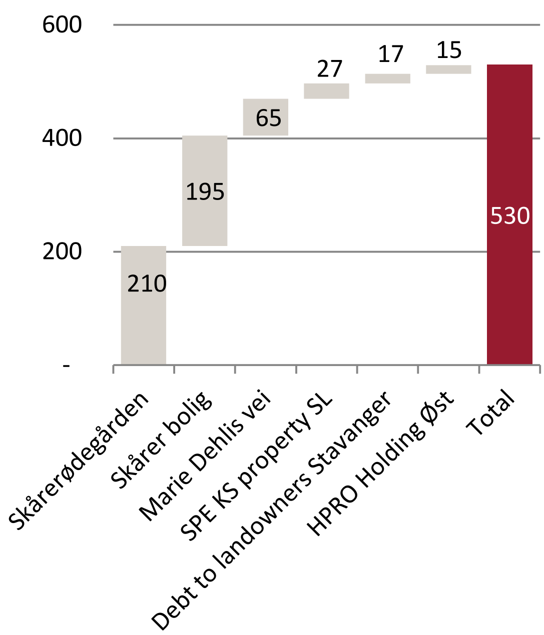
Interest-bearing debt at 30 June 2012 (NOK mill)



Interest on land loans is capitalised for the relevant site from the day the project secures planning permission. At 30 June, interest on loans of NOK 1 041 million had been capitalised, while interest on loans of NOK 530 million had been recognised in profit and loss.

Interest costs on liabilities to landowners in Stavanger are only an accounting charge without cash effect.

Loans recognised in profit and loss (NOK mill)



Operational reporting

Operational reporting accords with the defined segments in Selvaag Bolig and is broken down as follows: housing development divided geographically between Greater Oslo, the rest of Norway and other countries. Reporting also embraces the "other business" segment. The latter includes estate agency activities in Selvaag Bolig, module deliveries, services, and administration not allocated to the other segments because of the scale of the activity. Note 4 to the financial statements presents segment information reconciled with financial reporting figures (IFRS).

Segments second quarter

	Operating revenues		EBITDA		Operating profit/loss	
(figures in NOK 1 000)	**Q2 12**	**Q2 11**	**Q2 12**	**Q2 11**	**Q2 12**	**Q2 11**
Property development						
- Greater Oslo	450 665	4 200	88 808	1 964	84 073	9 405
- Rest of Norway	209 070	-	28 179	-	20 822	-
- Other countries	82	-	(131)	-	(721)	-
Other	10 049	55 368	(19 342)	(16 135)	(21 204)	(11 135)
IFRS adjustments	(175 445)	5 118	(48 647)	6 749	(23 537)	(13 864)
Total group	**494 421**	**64 686**	**48 867**	**-7 422**	**59 433**	**(15 594)**

Segments first half

	Operating revenues		EBITDA		Operating profit/loss	
(figures in NOK 1 000)	**1H 12**	**1H 11**	**1H 12**	**1H 11**	**1H 12**	**1H 11**
Property development	-	-	-	-	-	-
- Greater Oslo	902 586	8 468	198 416	2 856	188 093	13 382
- The rest of Norway	453 118	-	68 503	-	49 972	-
- Other countries	613	-	(241)	-	(945)	-
Other	23 762	92 298	(35 013)	(25 363)	(38 529)	(19 373)
IFRS adjustments	(693 687)	5 118	(168 705)	8 458	(122 808)	(15 416)
Total group	**686 392**	**105 884**	**62 960**	**(14 049)**	**75 783**	**(21 407)**

Housing development – Greater Oslo

This segment embraces projects in an enlarged Oslo region, extending from Jessheim in the north to Moss in the south-east and Tønsberg in the south-west.

Operating revenues for the second quarter were NOK 450.7 million (NOK 4.2 million). They derived from 15 projects, all started in earlier periods.

Operating costs, primarily for construction and sales, move in line with the projects and amounted to NOK 361.9 million in the second quarter. Construction costs are exclusive of financial expenses in the segment reporting. This differs from the IFRS accounts, where financial expenses form part of project costs on delivery.

EBITDA presents operating profit (loss) before depreciation, and gain (loss) and share of profit (loss) from associates. It came to NOK 88.8 million, corresponding to a profit margin of 19.7 per cent. This is regarded as solid and the outcome of positive sales combined with good project progress and stringent cost control.

The Løren 2B project is partly guaranteed by external investors. This project is making a positive contribution to the EBITDA margin since the guarantee, which is significant in this project, is treated as profit-sharing rather than a project cost. At 30 June, the cumulative minority (guarantor) share of the profit from this project is estimated at NOK 35.1 million, of which NOK 17.6 million relates to 2012. This disposition of the profit does not emerge from the segment reporting, but will be shown in the IFRS accounts when the project is delivered.

The Oslo city council resolved in June to purchase a site for a school at Lillohøyden from Selvaag Bolig ASA. This site will be transferred to the city ready for construction, with the hand-over expected in the fourth quarter. The sale will give Selvaag Bolig ASA an accounting gain of about NOK 50 million, which will be recognised in the fourth quarter. In connection with the settlement, NOK 96 million in interest-bearing debt will be redeemed and NOK 110 million in free cash flow liberated.

Housing development – rest of Norway

In addition to Greater Oslo, Selvaag Bolig concentrates on large towns in other parts of the country. These are covered by the housing development – rest of Norway business area.

Operating revenue for the second quarter was NOK 209.1 million (NOK 0), and came primarily from six projects in Stavanger and one in Bergen.

Operating costs, primarily for construction and sales, move in line with project progress and amounted to NOK 180.9 million in the second quarter exclusive of financial expenses.

An EBITDA of NOK 28.2 million for the segment was satisfactory, and yielded an EBITDA margin of 13.5 per cent in the second quarter, including the expensing of added value at group level.

Housing development – other countries

This segment covers projects with group involvement outside Norway. No projects were under construction in the segment during the second quarter, but sales started for a project in Stockholm.

Operating revenue in the second quarter came to NOK 0.1 million, attributable in its entirety to rental income, while operating costs totalled NOK 0.2 million in management of rental properties.

Other business – unallocated

The other business segment comprises a number of activities in the group which are not regarded as part of the core business. It also includes administration and management which cannot be attributed directly to the projects and are accordingly not allocated to the housing development segments.

Operating revenue for the second quarter came to NOK 10.0 million (NOK 55.4 million). This is primarily attributable to activities related to Meglerhuset Selvaag and provision of services. Revenues were higher in this segment in 2011 because the group then had external module deliveries, which are to be regarded as internal deliveries after the merger with Hansa Property Group and the acquisition of the remaining interests in Selvaag Pluss Eiendom and Bo En in 2011.

Total operating costs for the segment amounted to NOK 29.4 million (NOK 39.2 million) for the second quarter. These are largely attributable to management and administration, company promotion and preparing the group for a stock exchange listing.

This yielded a negative EBITDA of NOK 19.3 million (NOK 16.1 million) for the segment, which is considered weak but nevertheless satisfactory given the activities pursued in the period.

Review of operations

Operations

The level of activity in the group is high. A number of construction projects have been launched and sales of homes have risen. To manifest value creation in the company, segment reporting shows revenue and costs in the various projects on the assumption that the company had used the percentage of completion method as its accounting principle.

Projects

The company has projects in Oslo, Lørenskog, Moss, Jessheim, Kristiansand, Stavanger, Trondheim, Tromsø, Bergen and Stockholm. However, no projects are currently under construction in Trondheim, Tromsø or Stockholm.

Quarterly development of the project portfolio

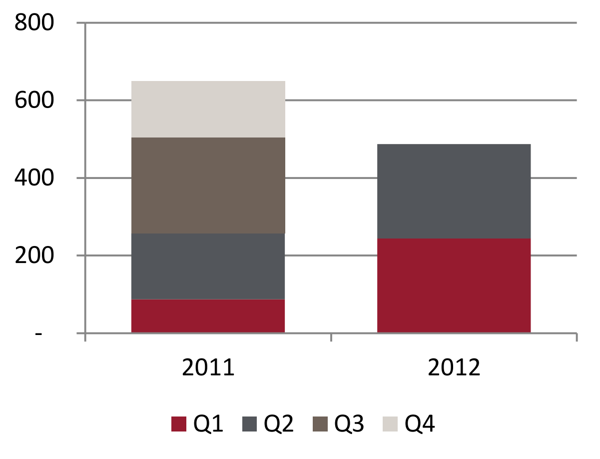
	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12
Number of units sold	170	247	145	244	243
Number of commenced units	49	100	98	188	118
Number of units completed	-	-	80	74	187
Number of units in production	895	995	1 014	1 128	1 059
Proportion of sold units in production	59 %	71 %	72 %	79 %	86 %
Number of completed unsold units	15	12	14	14	17
Sales value of units in production (NOK million)	2 919	3 117	3 243	3 598	3 347

Market trends

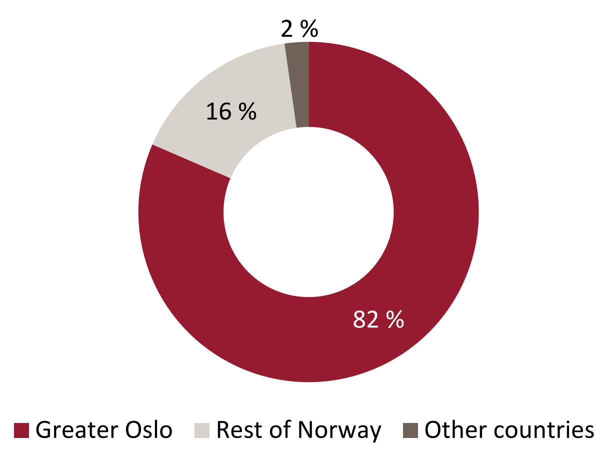
Selvaag Bolig sale of 243 residential units (170) during the quarter. These sales embrace Selvaag Bolig's wholly owned projects as well as its relative share of homes sold in part-owned projects. Sales are regarded as good and confirm the positive market trend.

The 243 units sold broke down into 198 in Greater Oslo, 39 in the rest of Norway and six abroad.

Units sold



Breakdown of sales



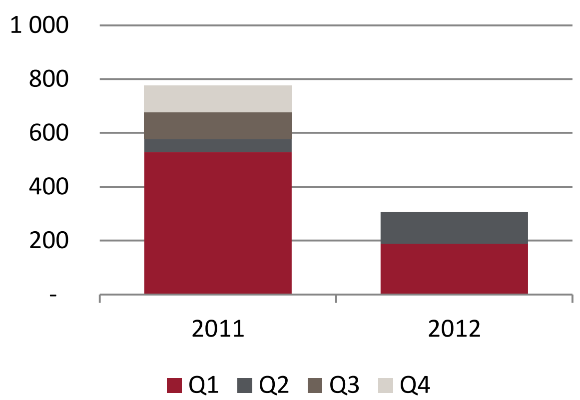
Selvaag Bolig put 343 units (351) on sale during the second quarter, while the group started construction of 118 (49).

Sales starts in the quarter

Project	# of units	Category	Segment
Lørenpynten	54	Flats	Greater Oslo
Lillohøyden	61	Flats	Greater Oslo
Mortensrudhøyden	53	Flats	Greater Oslo
Bjørnåsen Nord	30	Terraced	Greater Oslo
Vestparken	27	Flats	Greater Oslo
Nyhavn	118	Flats	Rest of Norway
Total	**343**		

A total of 176 residential units (0) were delivered in the second quarter of 2012, including 153 in wholly owned projects and 23 in part-owned projects.

Housing starts (no of units)



Project activity was high. At 30 June, Selvaag Bolig had 1 059 units under construction (895). These broke down into 744 units in Greater Oslo and 315 in the rest of Norway. Of units under construction, 118 (49) were started during the quarter. The number of housing starts during the first quarter of 2011 was extraordinarily high, since many projects were launched that January after being postponed during the financial crisis.

The order backlog – in other words, the sales value of the 1 059 units (895) under construction was NOK 3 347 million (NOK 2 919 million) at 30 June. The increase in the backlog must be viewed in relation to the fact that more homes were under construction at 30 June than at the same time last year.

Units completed

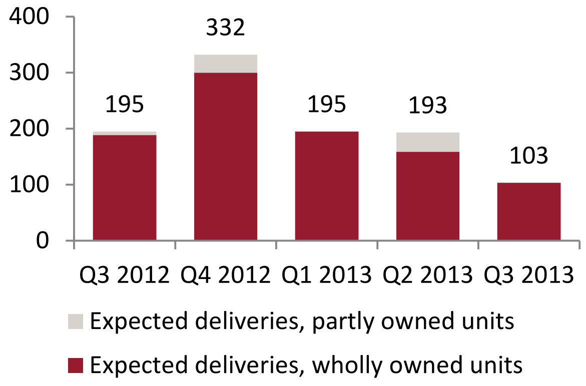
A total of 187 units were completed during the second quarter, including 176 delivered, in the Kornmoenga, Mortensrudhøyden, Lervig Brygge and Kjørbo projects.

Units completed by project

Project	# units	Category	Segment
Kornmoenga	51	Flats	Greater Oslo
Mortensrudhøyden	84	Flats	Greater Oslo
Kjørbo	23	Flats	Greater Oslo
Lervig brygge	29	Flats and terraced	Rest of Norway
Total	**187**		

The expected number of deliveries has been illustrated below, broken down between wholly owned and part-owned projects over the next five quarters.

Expected number of deliveries



Events after the balance sheet date

In connection with the stock exchange listing in the second quarter, a capital expansion of NOK 500 million was conducted through the issue of 25 031 030 new shares. A further 547 862 new shares were also issued in accordance with the previously approved greenshoe option at the expiry of the price stabilisation period on 13 July 2012. This transaction secured Selvaag Bolig additional issue proceeds of NOK 11 million. The capital expansion was registered on 17 July 2012.

Selvaag Bolig purchased two sites covering a total of 15.5 hectares in Bærum local authority during July, which can collectively accommodate about 1 000 homes. This purchase is important for the group's commitment to Bærum in particular, while also contributing to its overall strategy of continuous investment in the land bank in order to support the long-term goal of delivering 1 500 homes per year.

Share information

The company had 555 shareholders at 30 June.

20 largest shareholders at 30 June 2012

Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	47 680 087	51.1 %
FERD EIENDOMSINVEST AS	4 354 856	4.7 %
HAVFONN AS	3 604 856	3.9 %
IKM EIENDOM AS	3 575 624	3.8 %
SKIPS AS TUDOR	3 235 517	3.5 %
SKANDINAVISKA ENSKILDA BANKEN	2 855 926	3.1 %
STOREBRAND LIVSFORSIKRING	2 711 508	2.9 %
SVITHUN FINANS AS	1 782 568	1.9 %
T S EIENDOM AS	1 782 568	1.9 %
ABG SUNDAL COLLIER NORGE ASA	1 507 241	1.6 %
MP PENSJON PK	1 422 829	1.5 %
ROTAC AS	1 071 033	1.1 %
PARETO AS	1 000 000	1.1 %
LEMA AS	972 301	1.0 %
TOLUMA INVEST AS	813 318	0.9 %
HOLBERG NORGE	800 000	0.9 %
VEIDEKKE EIENDOM AS	753 238	0.8 %
INVESTIRE INVEST AS	750 000	0.8 %
HUSTADLITT A/S	501 449	0.5 %
HOLTA INVEST AS	500 000	0.5 %
Total 20 largest shareholders	**81 674 919**	**87.6 %**
Other shareholders	11 542 907	12.4 %
Total number of shares	**93 217 826**	**100.0 %**

Risk and uncertainty factors

Selvaag Bolig ASA is a housing developer. It accordingly faces a risk of being unable to sell what it builds at the calculated prices. Expectations of future unemployment and interest rates are two of the parameters which affect the purchase of new homes by private individuals. Development of building costs is the single factor expected to have the biggest influence on future margins for the company.

The group is exposed to risk in connection with the planning process and official orders, which affect opportunities to offer attractive projects, costs and the time needed for project execution. Changes in the general level of interest rates are significant for the group's borrowing costs and could influence the valuation of assets. Risk related to financing has been reduced by redeeming loans after the share issue associated with the stock exchange listing, and refinancing a large part of the group's borrowings as a result of the 2011 reorganisation.

Transactions with related parties

Selvaag Bolig had no significant transactions with related parties during the first half of 2012. See note 23 in the consolidated financial statements for 2011 for detailed information on transactions with close associates in earlier years.

The housing market

Demand is strong in the housing market. This is pushing up prices for all types of dwelling, and figures from Statistics Norway show that they rose by an average of 3.2 per cent during the second quarter. However, price developments vary substantially for different types of housing. Selvaag Bolig primarily builds flats and semi-detached/terrace units, which are experiencing the highest price growth. Trends indicate a further increase in housing prices during the time to come.

Overall housing requirements in Norway are estimated to be just over 30 000 new units per year. Housebuilding in recent years has not been sufficient to meet that figure, resulting in a substantial accumulated gap between supply and demand. At today's housebuilding pace, this development is expected to persist in the time to come.

The total number of new housing starts in the first half was down 1.6 per cent from the same period of 2011, while sales were up by 4.7 per cent. That applies particularly to areas in and around the large cities, where population growth is strongest. A total of 1 362 new units were completed in Oslo during 2011, for example, while 14 000 people moved to the capital.

Outlook

Selvaag Bolig's focus areas are the areas in and around Oslo, Stavanger and Bergen, all cities which rank among the fastest-growing in Europe. The group has a large portfolio of sites ready for construction in all three regions, and is rigged with the necessary capacity to handle large developments. It is accordingly well positioned to exploit the opportunities offered by current market conditions.

In addition to an advantageous demographic trend, favourable macro-economic conditions contribute to continued general progress in the housing market, while expectations of a continued growth in household purchasing power during 2012 in particular could give more people the opportunity to establish themselves in the areas where Selvaag Bolig pursues housing developments.

Selvaag Bolig sold 487 homes during the first half, and had 1 059 units under construction at 30 June. Based on planned sales starts for the second half, the group is well on its way to reaching its target for the number of homes sold during 2012.

Declaration by the Board of Directors and the CEO

We confirm, to the best of our knowledge, that the financial statements for the period from 1 January to 30 June 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting and that the information in these statements provides a true and fair view of the group's assets, liabilities, financial position and results of operations as a whole.

We also confirm, to the best of our knowledge, that the interim directors' report provides a fair review of important events in the accounting period and their influence on the interim financial statements, and the most important risk and uncertainty factors facing the business during the next accounting period.

The Board of Directors of Selvaag Bolig ASA
Oslo, 28 August 2012

Olav Hindahl Selvaag Chair	Karsten Bomann Jonsen Director	Wenche Kjølås Director
Anne Breive Director	Ole Jarl Rettedal Director	Liv Gisele Marchand Director
Christopher Brunvoll Director	Anne-Kari Mathiesen Director	Baard Schumann CEO

Interim financial statements (IFRS)

Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Q2 2012	Q2 2011	1H 2012	1H 2011	2011
Revenues	477 508	60 555	655 934	97 342	251 885
Other revenues	16 913	4 131	30 458	8 542	57 937
Total operating revenues	**494 421**	**64 686**	**686 392**	**105 884**	**309 822**
Project expenses	(387 980)	(33 460)	(524 012)	(53 864)	(199 002)
Pay and payroll costs	(14 965)	(17 946)	(30 354)	(33 480)	(76 319)
Depreciation and amortisation	(4 757)	(185)	(9 931)	(282)	(5 770)
Other operating expenses	(42 609)	(20 517)	(69 066)	(32 307)	(96 665)
Other gains (losses), net	120	-	120	990	(299)
Associated companies and joint ventures	15 203	(8 172)	22 634	(8 348)	75 373
Total operating expenses	**(434 988)**	**(80 280)**	**(610 609)**	**(127 291)**	**(302 682)**
Operating profit	**59 433**	**-15 594**	**75 783**	**-21 407**	**7 140**
Financial income	3 618	2 881	6 059	7 536	19 447
Financial expenses	(20 628)	(5 355)	(39 615)	(10 582)	(55 562)
Net financial expenses	**(17 010)**	**(2 474)**	**(33 556)**	**(3 046)**	**(36 115)**
Profit/(loss) before taxes	**42 423**	**(18 068)**	**42 227**	**(24 453)**	**(28 975)**
Income taxes	(17 871)	3 799	(11 791)	5 960	23 265
Net income	**24 552**	**(14 269)**	**30 436**	**(18 494)**	**(5 710)**
Other comprehensive income/expenses	-	-	-	-	-
Translation differences	8	2	5	(7)	4
Total comprehensive income/(loss) for the period	**24 560**	**-14 267**	**30 441**	**-18 501**	**-5 706**
Net income for the period attributable to:					
Minority interests	(408)	-	(531)	-	(1 016)
Shareholders in Selvaag Bolig ASA (majority interests)	24 960	(14 269)	30 967	(18 494)	(4 694)
Total comprehensive income/(loss) for the period attributable to:	-	-	-	-	-
Minority interests	(408)	-	(531)	-	(1 016)
Shareholders in Selvaag Bolig ASA (majority interests)	24 968	(14 267)	30 972	(18 501)	(4 690)
Earnings per share for net income/(loss) attributed to sharholders in Selvaag Bolig ASA	-	-	-	-	-
Earnings per share (basic and diluted) in NOK	0.34	N/A	0.44	N/A	(0.15)

The summary consolidated financial information has not been audited

Statement of financial position

(figures in NOK 1 000)	30 June 2012	30 June 2011	FY 2011
ASSETS			
Non-current assets			
Deferred tax assets	-	9 798	-
Goodwill	389 183	7 007	389 183
Other intangible assets	81 077	-	90 163
Property, plant and equipment	6 763	3 643	5 642
Investments in associated companies and joint ventures	135 086	410 241	141 707
Loans to associated companies and joint ventures	35 500	251 362	35 500
Other non-current assets	47 537	-	36 784
Total non-current assets	**695 146**	**682 050**	**698 979**
Current assets			
Inventories (property)	4 599 350	375 382	4 211 025
Trade receivables	179 535	16 625	31 436
Other current receivables	68 727	71 311	88 091
Cash and cash equivalents	389 367	25 913	395 207
Total current assets	**5 236 979**	**489 231**	**4 725 759**
TOTAL ASSETS	**5 932 125**	**1 171 281**	**5 424 738**
EQUITY AND LIABILITIES			
Equity attributed to shareholders in Selvaag Bolig ASA	1 813 069	303 541	1 304 198
Non-controlling interests	5 930	-	6 461
Total equity	**1 818 999**	**303 541**	**1 310 659**
LIABILITIES			
Non-current liabilities			
Pension liabilities	372	533	327
Deferred tax liabilities	16 967	-	13 934
Provisions	92 112	76 960	92 112
Other non-current non interest-bearing liabilities	29 565	-	28 304
Non-current interest-bearing liabilities	2 551 675	9 115	2 376 300
Total non-current liabilities	**2 690 691**	**86 608**	**2 510 977**
Current liabilities			
Current interest-bearing liabilities	860 676	712 428	1 189 628
Trade payables	145 203	13 155	148 682
Current tax payables	-	-	-
Other current non interest-bearing liabilities	416 556	55 549	264 792
Total current liabilities	**1 422 435**	**781 132**	**1 603 102**
Total liabilities	**4 113 126**	**867 740**	**4 114 079**
TOTAL EQUITY AND LIABILITIES	**5 932 125**	**1 171 281**	**5 424 738**

The summary consolidated financial information has not been audited

Statement of changes in equity

	Share capital	Share premium account	Other paid-in capital	Cumulative translation differences	Other reserves	Retained earnings	Equity attributed to shareholders in Selvaag Bolig ASA	Non-controlling interests	Total equity
EQUITY AS OF 1 JANUARY 2012	**136 353**	**957 938**	**699 132**	**1 153**	**3 528**	**(493 906)**	**1 304 198**	**6 461**	**1 310 659**
Transactions with owners:	-	-	-	-	-	-	-	-	-
Share issue in connection with IPO	**50 062**	**449 938**	-	-	-	-	**500 000**	-	**500 000**
Transaction costs related to IPO	-	**(22 722)**	**621**	-	-	-	**(22 101)**	-	**(22 101)**
	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period:	-	-	-	-	-	-	-	-	-
Net income/(loss) for the period	-	-	-	-	-	30 967	30 967	(531)	30 436
Other comprehensive income/(loss) for the period	-	-	-	5	-	-	5	-	5
EQUITY AS OF 30 JUNE 2012	**186 415**	**1 385 154**	**699 753**	**1 158**	**3 528**	**(462 939)**	**1 813 069**	**5 930**	**1 818 999**
EQUITY AS OF 1 JANUARY 2011	**159**	**7 286**	**699 132**	**1 149**	**3 528**	**(389 212)**	**322 042**	**-**	**322 042**
Transactions with owners:									
Conversion of liabilities to equity	82 413	17 587	-	-	-	-	100 000	-	100 000
Group contribution paid (after tax)	-	-	-	-	-	-100 000	-100 000	-	-100 000
	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period:	-	-	-	-	-	-	-	-	-
Net income/(loss) for the period	-	-	-	-	-	-18 494	-18 494	-	-18 494
Other comprehensive income/(loss) for the period	-	-	-	-7	-	-	-7	-	-7
EQUITY AS OF 30 JUNE 2011	**82 572**	**24 873**	**699 132**	**1 142**	**3 528**	**-507 706**	**303 541**	**-**	**303 541**
Transactions with owners 2H:									
Share issue in connection with business combinations	53 781	933 065	-	-	-	-	986 846	-	986 846
Business combinations	-	-	-	-	-	-	-	7 477	7 477
Total comprehensive income/(loss) for 2H:	-	-	-	-	-	-	-	-	-
Net income/(loss) for the period	-	-	-	-	-	13 800	13 800	(1 016)	12 784
Other comprehensive income/(loss) for the period	-	-	-	11	-	-	11	-	11
EQUITY AS OF 31 DECEMBER 2011	**136 353**	**957 938**	**699 132**	**1 153**	**3 528**	**(493 906)**	**1 304 198**	**6 461**	**1 310 659**

The summary consolidated financial information has not been audited

Statement of cash flow

(figures in NOK 1 000)	Q2 2012	Q2 2011	1H 2012	1H 2011	2011
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before taxes	42 423	(18 068)	42 227	(24 453)	(28 975)
Depreciation and amortisation	4 757	185	9 931	282	5 770
Other gains (losses), net	(120)	-	(120)	(990)	299
Share of profits/(losses) from associated companies and joint ventures	(15 203)	8 172	(22 634)	8 348	(75 373)
Changes in inventories (property)	(91 498)	(13 302)	(374 696)	(15 520)	(510 572)
Changes in trade receivables	(33 010)	21 061	(147 199)	(15 698)	(42 624)
Changes in trade payables	15 165	6 781	(3 556)	4 096	74 435
Changes in other operating working capital assets	15 920	(8 510)	19 364	(2 873)	53 219
Changes in other operating working capital liabilities	89 685	(14 366)	180 007	17 850	168 959
Net cash flow from operating activities	**28 119**	**(18 047)**	**(296 676)**	**(28 958)**	**(354 862)**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Proceeds from sale of property, plant and equipment and intangible assets	120	-	120	-	-
Purchases of PPE and intangible assets	(995)	-	(1 795)	(151)	(151)
Proceeds from disposal of businesses and subsidiaries, net of cash disposed	-	6 328	-	6 328	17 404
Purchases of businesses and subsidiaries, net of cash acquired	(4 415)	-	(4 415)	-	251 370
Purchases of associated companies	-	(11 667)	-	(48 788)	(90 156)
Proceeds from sale of other investments and repayment of accounts receivable	3 124	-	3 124	-	-
Purchases of other investments and accounts receivable	-	(4 875)	(5 132)	(11 335)	(147 265)
Dividends and disbursements from associated companies and joint ventures	21 510	1 215	21 510	1 650	1 650
Net cash flow from investment activities	**19 344**	**(8 999)**	**13 412**	**(52 296)**	**32 852**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings	419 921	9 115	686 546	9 115	1 402 499
Repayments of borrowings	(819 518)	-	(910 623)	-	(356 576)
Net change in bank overdrafts (group account)	(1 336)	22 488	70 500	84 527	(444 001)
Proceeds from share issues	431 001	-	431 001	-	101 770
Net cash flow from financing activities	**30 068**	**31 603**	**277 424**	**93 642**	**703 692**
Net change in cash and cash equivalents	77 531	4 557	(5 840)	12 388	381 682
Cash and cash equivalents at start of period	**311 836**	**21 356**	**395 207**	**13 525**	**13 525**
Cash and cash equivalents at end of period	**389 367**	**25 913**	**389 367**	**25 913**	**395 207**

The summary consolidated financial information has not been audited

Selected notes to the quarterly financial statements

1. General information and accounting policies

Selvaag Bolig ASA (the "Company") and its subsidiaries (together "the Group") is a property development group, involved in the construction of residential property for sale in the ordinary course of business. The condensed consolidated interim financial information consists of the Group and the Group's interest in associated companies and jointly controlled entities.

The Group's consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting. The report does not include all the information and disclosures required for annual financial statements and should be read in conjunction with the Group's consolidated financial statements for 2011.

The accounting policies applied in preparing these interim condensed consolidated financial statements are consistent with those applied in the Group's consolidated financial statements for the year ended 31 December 2011.

Group management has not yet evaluated the impact of implementing new, revised and amended standards with a later date of adoption.

2. Accounting judgements, estimates and assumptions

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were largely the same as those that applied in the consolidated financial statements for the year ended 31 December 2011.

3. Transactions with related parties

See note 23 in the Group's Consolidated Financial Statements for 2011 for detailed information on related party transactions in previous years.

4. Segment information

The group changed the definition of operating segments during the third quarter of 2011. As a result of the transactions with Hansa Property Group AS, Selvaag Pluss Eiendom KS and Bo En AS the principal segments are now defined as Real Estate development divided according to the regions Greater Oslo, The rest of Norway and Other countries. Previously the Group also reported the segments Modules, Services and Estate Agent. These are now included in "Other" together with unallocated revenues and expenses. The comparative figures are restated in accordance with the new segment reporting. See note 4 to the Group's consolidated financial statements for 2011 for further segment information.

The group utilises the percentage of completion method in its internal reporting for which the degree of completion is estimated based on expenses incurred relative to total estimated costs and sales rate. Operating profit (loss) under the percentage of completion method also includes an estimated profit element. The group consolidated income statement is based on the completed contract method, in which revenue is recognised at the time of transfer of risk and control, being the point of delivery of the property. A reconciliation of this effect (from stage of completion to completed contract) can be found in the segment reporting under "Reconciliation EBITDA to operating profit (loss)".

Group management considers segment results based on the percentage of completion method for determining EBITDA. The method of measurement is defined as operating profit (loss) before "Depreciation and amortisation", "Other gain (loss), net", and "Share of income (losses) from disposals from associated companies and joint ventures". Financial income and expenses are not allocated to operating segments since this type of activity is managed by a central finance function focused on managing the Group's liquidity.

For the quarter

Segments second quarter 2012	Property development				
	Greater	Rest of	Other		
(figures in NOK 1 000)	Oslo	Norway	countries	Other	Total
Operating revenues	450 665	209 070	82	10 049	669 866
	-	-	-	-	-
Project expenses	(334 775)	(177 640)	-	(2 364)	(514 779)
Other operating expenses	(27 082)	(3 251)	(213)	(27 027)	(57 573)
EBITDA (percentage of completion)	88 808	28 179	(131)	(19 342)	97 514
	-	-	-	-	-
Reconciliation EBITDA to operating profit (loss):	-	-	-	-	-
EBITDA (percentage of completion)	88 808	28 179	(131)	(19 342)	97 514
Sales revenues (adjustment effect of percentage of	(441 701)	(207 281)	-	-	(648 982)
Sales revenues (completed contract)	365 115	108 422	-	-	473 537
Project expenses (adjustment effect of percentage	334 120	170 722	-	-	504 842
Project expenses (completed contract)	(286 740)	(91 304)	-	-	(378 044)
Depreciation and amortisation	-	-	-	(4 757)	(4 757)
Share of income (losses) from associated companies	9 237	2 215	(316)	-	11 136
Other gain (loss), net	-	4 067	-	120	4 187
Operating profit (loss)	**68 839**	**15 020**	**(447)**	**(23 979)**	**59 433**
	-	-	-	-	-
Units in production	744	315	-	I/A	1 059
Units delivered	147	29	-	I/A	176

Segments 1st quarter 2011	Property development				
	Greater	Rest of	Other		
(figures in NOK 1 000)	Oslo	Norway	countries	Other	Total
Operating revenues	4 200	-	-	60 486	64 686
	-	-	-	-	-
Project expenses	757	-	-	(34 217)	(33 460)
Other operating expenses	(2 993)	-	-	(35 470)	(38 463)
EBITDA (percentage of completion)	**1 964**	**-**	**-**	**(9 201)**	**(7 237)**
	-	-	-	-	-
Reconciliation EBITDA to operating profit (loss):	-	-	-	-	-
EBITDA (percentage of completion)	1 964	-	-	(9 201)	(7 237)
Sales revenues (adjustment effect of percentage of	-	-	-	-	-
Sales revenues (completed contract)	-	-	-	-	-
Project expenses (adjustment effect of percentage	-	-	-	-	-
Project expenses (completed contract)	-	-	-	-	-
Depreciation and amortisation	-	-	-	(185)	(185)
Share of income (losses) from associated companies	7 441	-	-	(15 613)	(8 172)
Other gain (loss), net	-	-	-	-	-
Operating profit (loss)	**9 405**	**-**	**-**	**(24 999)**	**(15 594)**
	-	-	-	-	-
Units in production	895	-	-	I/A	895
Units delivered	-	-	-	I/A	-

For the first half year

At 30 June 2012	**Property development**				
	Greater	**The rest**	**Other**		
(figures in NOK 1 000)	**Oslo**	**of Norway**	**countries**	**Other**	**Total**
Operating revenues	902 586	453 118	613	23 762	**1 380 079**
	-	-	-	-	**-**
Project expenses	(664 693)	(380 179)	-	(4 123)	**(1 048 995)**
Other operating expenses	(39 477)	(4 436)	(854)	(54 652)	**(99 419)**
EBITDA (percentage of completion)	**198 416**	**68 503**	**(241)**	**(35 013)**	**231 665**
	-	-	-	-	**-**
Reconciliation EBITDA to Operating profit (loss):	**-**	**-**	**-**	**-**	**-**
EBITDA (percentage of completion)	198 416	68 503	(241)	(35 013)	**231 665**
Sales revenues (adjustment effect of percentage of	(860 765)	(449 939)	-	-	**(1 310 704)**
Sales revenues (completed contract)	508 595	108 422	-	-	**617 017**
Project expenses (adjustment effect of percentage	651 073	373 261	-	-	**1 024 334**
Project expenses (completed contract)	(408 048)	(91 304)	-	-	**(499 352)**
Depreciation and amortisation	-	-	-	(9 931)	**(9 931)**
Share of income (losses) from associated companies and joint ventures	15 676	3 300	(409)	-	**18 567**
Other gain (loss), net	-	4 067	-	120	**4 187**
Operating profit (loss)	**104 947**	**16 310**	**(650)**	**(44 824)**	**75 783**
	-	-	-	-	**-**
Units in production	744	315	-	I/A	**1 059**
Units delivered	221	29	-	I/A	**250**

At 30 June 2011	**Property development**				
	Greater	**The rest**	**Other**		
(figures in NOK 1 000)	**Oslo**	**of Norway**	**countries**	**Other**	**Total**
Operating revenues	8 468	-	-	97 416	**105 884**
	-	-	-	-	**-**
Project expenses	(1 367)	-	-	(52 497)	**(53 864)**
Other operating expenses	(4 245)	-	-	(61 542)	**(65 787)**
EBITDA (percentage of completion)	**2 856**	**-**	**-**	**(16 623)**	**(13 767)**
	-	-	-	-	**-**
Reconciliation EBITDA to operating profit (loss):	**-**	**-**	**-**	**-**	**-**
EBITDA (percentage of completion)	2 856	-	-	(16 623)	**(13 767)**
Sales revenues (adjustment effect of percentage of completion)	-	-	-	-	**-**
Sales revenues (completed contract)	-	-	-	-	**-**
Project expenses (adjustment effect of percentage	-	-	-	-	**-**
Project expenses (completed contract)	-	-	-	-	**-**
Depreciation and amortisation	-	-	-	(282)	**(282)**
Share of income (losses) from associated companies and joint ventures	10 526	-	-	(18 874)	**(8 348)**
Other gain (loss), net	-	-	-	990	**990**
Operating profit (loss)	**13 382**	**-**	**-**	**(34 789)**	**(21 407)**
	-	-	-	-	**-**
Units in production	895	-	-	I/A	**895**
Units delivered	16	-	-	I/A	**16**

5. Inventory - property

The Group has property which is land and buildings intended for sale in the ordinary course of business or which is in the process of construction or development for such sale. Inventories thus comprise land, property held for resale, and property under development and construction. Inventories are measured at the lower of cost and net realisable value.

(figures in NOK 1 000)	30. juni 2012	30. juni 2011	2011
Land (undeveloped)	2 425 405	365 851	2 367 022
Work in progress	2 076 450	2 600	1 749 358
Finished projects	97 495	6 931	94 645
Carrying amount as of 30 June	**4 599 350**	**375 382**	**4 211 025**

SELVAAG BOLIG

Start Hjem Pluss

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Selvaag Bolig in brief

Selvaag Bolig ASA is a residential property developer rooted in 60 years of Selvaag history and experience. At any given time, the company has several thousand homes under construction throughout the country. Selvaag Bolig focuses particularly on the Greater Oslo area, Bergen and Stavanger. The company manages the entire process, from the purchase of land to the sale of finished homes. Selvaag Bolig offers a wide variety of property types, which it markets under the brand names Selvaag Start, Selvaag Hjem and Selvaag Pluss. The company is led by CEO Baard Schumann, while Olav Hindahl Selvaag chairs the board of directors. The company is headquartered at Løren in Oslo.