Q3 2012

Third quarter results

SELVAAG BOLIG

Start Hjem Pluss

Highlights of the third quarter 2012

- Operating revenues NOK 874 (37) million and operating profit NOK 192 (63) million
- Good sales figures with 303 units sold (247)
- Sales started for 185 homes (100)
- Construction started on 156 units (100), while 222 (0) were completed and 210 of these were delivered. In addition, seven units completed earlier were delivered
- A total of 993 units were under construction at 30 September (995). Their combined sales value amounted to NOK 3 434 million (NOK 3 117 million)
- Sale of commercial building site to Lørenskog local authority for NOK 50 million
- Completion and delivery of sold commercial buildings at Kaldnes for NOK 76 million

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

(figures in NOK 1 000)	Q3 2012	Q3 2011	9M 2012	9M 2011	2011
IFRS main figures					
Operating revenues	873 555	37 066	1 559 947	142 950	309 822
Operating profit/(loss)	191 610	63 340	267 393	41 933	7 140
Profit/(loss) before taxes	185 977	32 875	228 204	8 422	(28 975)
Cash flow from operating activities	45 627	(28 781)	(251 048)	(57 739)	(354 862)
Net cash flow	36 340	356 872	30 500	369 260	381 682
Interest-bearing liabilities	3 400 493	2 825 435	3 400 493	2 825 435	3 565 928
Total assets and liabilities	6 050 291	4 431 502	6 050 291	4 431 502	5 424 738
Equity ratio	32.8%	28.3%	32.8%	28.3%	24.2%
Earnings per share (whole NOK)	1.16	na	1.79	na	(0.15)
Segment reporting (NGAAP):					
Operating revenues	828 462	684 058	2 208 541	784 824	1 206 842
EBITDA*	213 472	124 694	445 137	105 927	148 082
EBITDA margin	25.8%	18.2%	20.2%	13.5%	12.3%
Key figures:					
Number of sold units	303	247	790	504	648
Number of started units	156	100	462	678	776
Number of delivered units	217	-	467	16	78

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

Financial review

The third 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)	Q3 2012	Q3 2011	9M 2012	9M 2011	2011
Total operating revenues	**873 555**	**37 066**	**1 559 947**	**142 950**	**309 822**
Project expenses	(649 587)	(15 807)	(1 173 599)	(69 671)	(199 002)
Other operating expenses, salaries and personnel cost, depreciation and	(49 965)	(32 531)	(159 316)	(98 600)	(178 754)
Associated companies and joint ventures	17 607	74 612	40 361	67 254	75 074
Total operating expenses	**(681 945)**	**26 274**	**(1 292 554)**	**(101 017)**	**(302 682)**
Operating profit	**191 610**	**63 340**	**267 393**	**41 933**	**7 140**
Net financial expenses	**(5 633)**	**(30 465)**	**(39 189)**	**(33 511)**	**(36 115)**
Profit before taxes	**185 977**	**32 875**	**228 204**	**8 422**	**(28 975)**
Income taxes	(34 411)	10 030	(46 202)	15 990	23 265
Net income	**151 566**	**42 906**	**182 002**	**24 412**	**(5 710)**

Profit and loss for the third quarter of 2012

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

Selvaag Bolig had revenues of NOK 873.6 million (NOK 37.1 million) in the third quarter. It delivered 217 homes, including 206 from consolidated project companies which accounted for NOK 728 million (NOK 0) of total revenues. The group had no deliveries from consolidated project companies in the same period of 2011. During the quarter, the group sold a commercial building site at Lørenskog and commercial sections at Kaldnes in Tønsberg. These transactions accounted collectively for NOK 122.3 million of quarterly revenues. Other revenues relate to activities outside the core business, mainly letting.

Project costs for the quarter came to NOK 649.6 million (NOK 15.8 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 deliveries were made from consolidated project companies in the third quarter of 2011.

Operating costs excluding project costs and the share of results from associates came to NOK 50 million (NOK 32.5 million) for the quarter.

Payroll costs amounted to NOK 14.7 million (NOK 15.1 million). In addition, payroll costs of NOK 7.7 million were capitalised as housing under construction and will be expensed as project costs on delivery. No payroll costs were capitalised as housing under construction in the same period of 2011.

Other operating costs increased to NOK 30.3 million for the quarter (NOK 16.4 million). Of this, sales and marketing accounted for NOK 20.7 million (NOK 3 million). The rise reflects Selvaag Bolig's continued promotion of the group as Norway's leading housebuilder, and the start to sales in a number of projects during the period.

The NOK 17.6 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 11 units

(Selvaag Bolig's share). The corresponding figure for the same period of 2011 was NOK 75.6 million, including NOK 77.2 million in gains from step by step acquisitions of subsidiaries.

As a result of the substantial expansion in activity, the group made an operating profit of NOK 191.6 million (NOK 63.3 million) for the quarter.

Net financial expenses were NOK 5.6 million (NOK 30.5 million) for the quarter. The high figure from last year was related to the refinancing in Q3 2011.

Pre-tax profit for the quarter was NOK 186 million (NOK 32.9 million), an improvement of NOK 153.1 million from the same period of 2011. Net tax expense was NOK 34.4 million (NOK 10 million) for the quarter. The consolidated net profit was accordingly NOK 151.6 million (NOK 42.9 million). A low effective tax rate of 18.5 per cent (30.5 per cent) for the period primarily reflects substantial profits in subsidiaries with minority interests which are subject to partnership taxation. Tax expense for the group does not include tax liabilities for taxable entities which are not part of the Selvaag Bolig group. The tax on the minority's share of profit for the period is included in the minority's share of profit and equity.

Profit and loss for the first nine months of 2012

Selvaag Bolig had revenues of NOK 1 559.9 million (NOK 143 million) in the first nine months. It delivered 467 homes, including 422 from consolidated project companies which accounted for NOK 1 345 million of total revenues. The group had no deliveries from consolidated project companies in the same period of 2011. NOK 55.1 million of total revenues in the first nine months of 2011 derived from external module deliveries. No such deliveries were made in the first nine months of 2012.

Project costs for the first nine months came to NOK 1 173.6 million (NOK 69.7 million). The increase in project costs must be viewed in relation to the fact that no homes were delivered by consolidated project companies in the first nine months of 2011.

Operating costs excluding project costs and the share of results from associates came to NOK 159.3 million (NOK 98.6 million) for the first nine months.

Payroll costs amounted to NOK 45 million (NOK 48.6 million). In addition, payroll costs of NOK 18.3 million (NOK 0) were capitalised as housing under construction, and will be expensed as project costs on delivery. No payroll costs were capitalised as housing under construction in the same period of 2011.

Other operating costs came to NOK 99.4 million for the first nine months (NOK 48.7 million). Of this, sales and marketing accounted for NOK 53.7 million (NOK 10.8 million). The rise reflects Selvaag Bolig's continued promotion of the group as Norway's leading housebuilder, and the start to sales in a number of projects during the period.

The NOK 40.2 million (NOK 67.3 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 45 units (Selvaag Bolig's share).

The group made an operating profit of NOK 267.4 million (NOK 41.9 million) for the first nine months.

Net financial expenses were NOK 39.2 million (NOK 33.5 million) for the first nine months.

Pre-tax profit for the first nine months was NOK 228.2 million (NOK 8.4 million), an improvement of NOK 219.8 million from the same period of 2011.

Net tax expense was NOK 46.2 million (income of NOK 16 million) for the first nine months. The consolidated net profit was accordingly NOK 182 million (NOK 24.4 million). A low effective tax rate of 18.5 per cent (30.5 per cent) for the period primarily reflects substantial profits in subsidiaries with minority interests which are subject to partnership taxation. Tax on the minority's share of profit for the period is included in the minority's share of profit and equity.

Cash flow

Consolidated net cash flow from operational activities was NOK 45.6 million (negative at NOK 28.8 million) for the quarter. The number of units delivered contributed to a positive cash flow for the period. Consolidated net cash flow from operational activities was negative at NOK 251 million (NOK 57.7 million) for the first nine months. The changes primarily reflect increased working capital resulting from a high level of construction activity and from accounts receivable in client accounts at estate agents for delivered homes. This was partly offset by advance payments from buyers.

Net cash flow from investing activities was negative at NOK 1.5 million (positive at NOK 93.5 million) for the quarter and positive at NOK 11.9 million (NOK 41.2 million) for the first nine months. The decline reflects the inclusion of cash from businesses acquired during 2011 in last year's figures.

Net cash flow from financing activities was negative at NOK 7.8 million (positive at NOK 292.2 million) for the quarter and positive at NOK 269.7 million (NOK 385.8 million) for the first nine months. Net proceeds from the share issue after transaction costs were NOK 440.1 million. This sum was applied to redemption of loans. Other cash flows correspond to the net draw-down of loans.

Cash and cash equivalents increased by NOK 36.3 million during the quarter, yielding a total holding at 30 September of NOK 425.7 million (NOK 382.8 million).

Cash flow summary

(figures in NOK 1 000)	Q3 2012	Q3 2011	9M 2012	9M 2011	2011
Profit before taxes	185 977	32 875	228 204	8 422	(28 975)
Net cash flow from operating activities	**45 627**	**(28 781)**	**(251 048)**	**(57 739)**	**(354 862)**
Net cash flow from investment activities	**(1 545)**	**93 479**	**11 867**	**41 183**	**32 852**
Net cash flow from financing activities	**(7 742)**	**292 174**	**269 682**	**385 816**	**703 692**
Net change in cash and cash equivalents	36 340	356 872	30 500	369 260	381 682
Cash and cash equivalents at start of period	**389 367**	**25 913**	**395 207**	**13 525**	**13 525**
Cash and cash equivalents at end of period	**425 707**	**382 785**	**425 707**	**382 785**	**395 207**

Financial position

The carried amount of Selvaag Bolig's inventories (land, housing under construction and completed homes) at 30 September was NOK 4 304.9 million, compared with NOK 4 599.4 million at 30 June and NOK 3 027 million a year earlier. This represents a considerable increase from 30 September 2011, primarily as a result of the acquisition of the remaining shares in 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 September was NOK 1 982.3 million (NOK 1 255.1 million), corresponding to an equity ratio of 32.8 per cent (28.3 per cent). The minority share of equity increased from NOK 7.5 million to NOK 48.4 million through the delivery of two projects with minority owners.

The group held cash and cash equivalents of NOK 425.7 million (NOK 382.8 million) at 30 September.

At 30 September, consolidated interest-bearing debt amounted to NOK 3 400.5 million (NOK 2 825.4 million), of which NOK 2 152.2 million (NOK 2 221.5 million) was non-current and NOK 1 248.3 million (NOK 603.9 million) was current. The increase in interest-bearing debt primarily reflects higher construction activity as well as acquisitions carried out in 2011.

The group has an unsecured credit facility of NOK 208 million in the parent company. NOK 39 million falls due on 31 December 2013, NOK 50 million at 31 December 2014 and the remaining NOK 119 million at 31 December 2015.

In addition the group has total land loans of NOK 1 558 million allocated to different land plots. The land loans are normally converted to construction loans in line with the development in the respective projects.

Moreover, the group has an overdraft facility of NOK 150 million, of which NOK 138 million had been drawn down at 30 September 2012. In addition comes an overdraft facility of NOK 150 million to finance the start-up of new projects. NOK 50 million of this facility had been drawn down at 30 September.

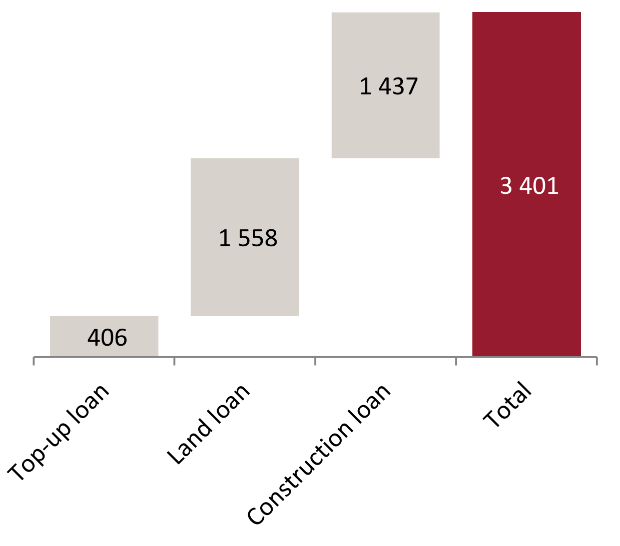
Net interest-bearing debt

(figures in NOK 1 000)	30 September 2012	30 September 2011	FY 2011
Non-current interest-bearing debt	2 152 197	2 221 498	2 376 300
Current interest-bearing debt	1 248 296	603 937	1 189 628
Cash and cash equivalents	(425 707)	(382 785)	(395 207)
Net interest-bearing debt	**2 974 786**	**2 442 650**	**3 170 721**

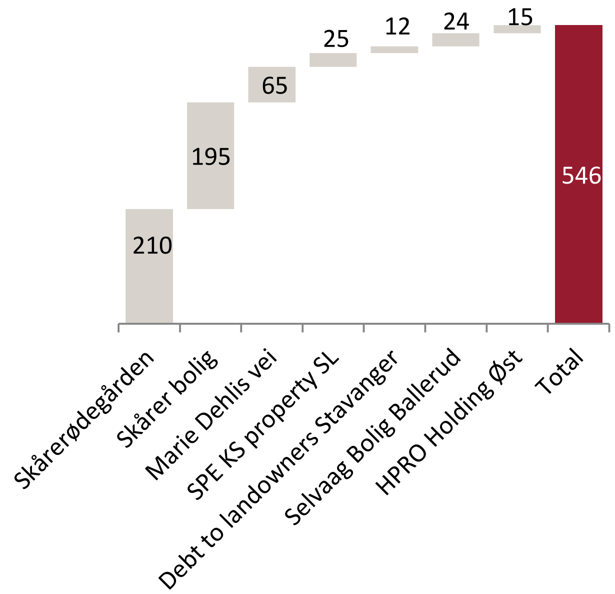
The group's interest-bearing debt falls primarily into three categories: liabilities in parent company Selvaag Bolig ASA (top-up loans), land loans and construction loans. At 30 September, the group had a top-up loan of NOK 406 million, land loans of NOK 1 558 million and construction loans of NOK 1 437 million. The top-up loan consisted primarily of an unsecured credit facility of NOK 208 million and an overdraft of NOK 188 million.

Interest costs on land loans are recognized in the profit and loss until the zoning plan is secured. Interest cost on land loans is capitalised for the relevant site from the day the project secures zoning plan and is a part of project cost from units delivered. At 30 September, interest on loans of NOK 988 million had been capitalised, while interest on loans of NOK 546 million had been recognised in profit and loss. Interest costs on liabilities to landowners in Stavanger are only an accounting charge without cash effect.

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



Loans with interest expenses 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 third quarter

	Operating revenues		EBITDA		Operating profit/loss	
(figures in NOK 1 000)	Q3 12	Q3 11	Q3 12	Q3 11	Q3 12	Q3 11
Property development						
- Greater Oslo	578 023	523 601	172 763	121 350	167 776	111 226
- Rest of Norway	240 389	131 888	56 672	14 563	43 477	10 001
- Other countries	349	1 155	(110)	872	5 286	245
Other	9 701	27 414	(15 853)	(12 091)	(17 794)	(23 787)
IFRS adjustments	45 093	(646 992)	(34 490)	(134 972)	(7 135)	(34 345)
Total group	**873 555**	**37 066**	**178 982**	**-10 278**	**191 610**	**63 340**

Segments first nine months

	Operating revenues		EBITDA		Operating profit/loss	
(figures in NOK 1 000)	9M 12	9M 11	9M 12	9M 11	9M 12	9M 11
Property development						
- Greater Oslo	1 480 609	523 601	371 179	121 350	355 869	111 226
- The rest of Norway	693 507	140 356	125 175	17 419	93 449	12 857
- Other countries	962	1 155	(351)	872	4 341	245
Other	33 463	119 712	(50 866)	(33 714)	(56 323)	(32 634)
IFRS adjustments	(648 594)	(641 874)	(203 195)	(129 972)	(129 943)	(49 761)
Total group	**1 559 947**	**142 950**	**241 942**	**(24 045)**	**267 393**	**41 933**

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 third quarter were NOK 578 million (NOK 523.6 million). They derived from 15 projects as well as from the sale of land at Skårerødegården to Lørenskog municipality and the delivery of commercial buildings at Kaldnes, which amounted to NOK 122.3 million.

Operating costs, primarily for construction and sales, move in line with the projects and amounted to NOK 405.3 million in the third 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 172.8 million for the quarter, corresponding to a profit margin of 29.9 per cent. The high margin primarily reflects the low carried amount of the land sold to Lørenskog municipality and good margins in individual projects. Allowing for these factors, however, the margin 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 strong 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 September, the cumulative minority (guarantor) share of the profit from this project is put at NOK 55.5 million, of which NOK 38 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.

Selvaag Bolig acquired two sites in Bærum municipality during June. Covering a total of 15.5 hectares, they could collectively accommodate some 1 000 homes. The purchase contract is conditional on zoning plan permission for housing being secured, and on the settlement and transfer of the land taking place when the zoning plan process has been completed.

This land purchase is important for Selvaag Bolig's commitment in Bærum in particular, and also supports the overall company strategy of on-going investment in its land bank.

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 revenues for this segment in the third quarter were NOK 240.4 million (NOK 131.9 million), and derived primarily from seven projects in Stavanger and one in Bergen.

Operating costs, primarily for construction and sales, move in line with project progress, and amounted to NOK 183.7 million in the third quarter exclusive of financial expenses.

An EBITDA of NOK 56.7 million for the segment was good, and yielded an EBITDA margin of 23.6 per cent in the third quarter.

Housing development – other countries

This segment covers projects with group involvement outside Norway. A project in Stockholm owned 50-50 with Veidekke Bosteder AB was initiated during the third quarter. Since this is an equal partnership, it is not consolidated in the group accounts.

Operating revenues in the third quarter came to NOK 0.3 million, attributable in their entirety to rental income, while operating costs totalled NOK 0.5 million in management of letting.

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 revenues for the third quarter came to NOK 9.7 million (NOK 27.4 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 25.6 million (NOK 39.5 million) for the third 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 15.9 million (NOK 12.1 million) for the segment.

Review of operations

Operations

The level of activity in the group is high. A number of construction projects have been initiated 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. Construction began in Stockholm during the third quarter. However, no projects are currently under construction in Trondheim or Tromsø.

Quarterly development of the project portfolio

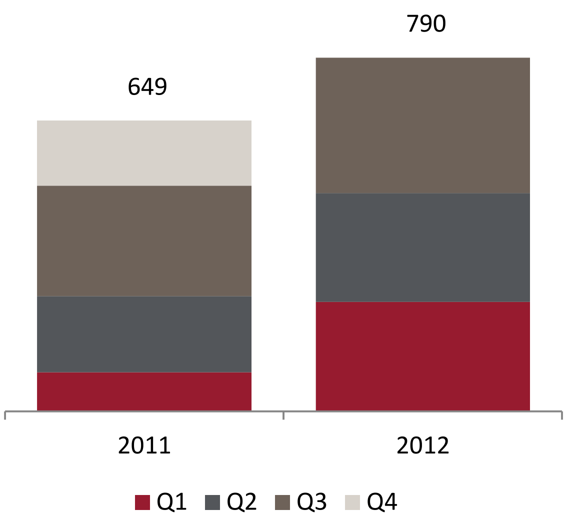
	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12
Number of units sold	247	145	244	243	303
Number of commenced units	100	98	188	118	156
Number of units completed	-	80	74	187	222
Number of units in production	995	1 014	1 128	1 059	993
Proportion of sold units in production	71%	72%	79%	86%	89%
Number of completed unsold units	12	14	14	17	21
Sales value of units in production (NOK million)	3 117	3 243	3 598	3 347	3 434

Market trends

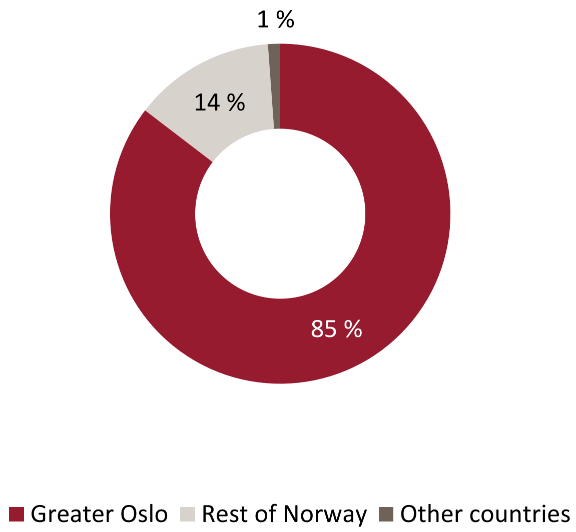
Selvaag Bolig sold 303 residential units (247) during the quarter. These sales embrace Selvaag Bolig's consolidated project companies as well as its relative share of homes sold in part-owned projects. Sales are regarded as good and confirm the positive market trend.

The 303 units sold came from 259 in Greater Oslo, 41 in the rest of Norway and four abroad.

Units sold



Breakdown of sales



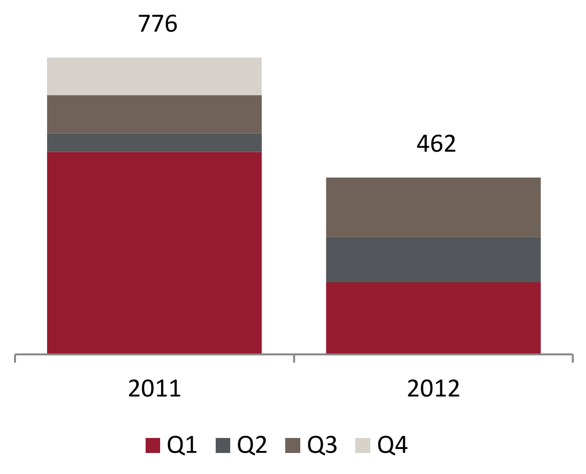
Selvaag Bolig put 185 units (100) on sale during the third quarter, while the group started construction of 156 (100).

Sales starts in the quarter

Project	# of units	Category	Segment
Lørenpynten	39	Flats	Greater Oslo
Lillohøyden	103	Flats	Greater Oslo
Mortensrudhøyden	25	Flats	Greater Oslo
Jaasund	18	Terraced	Rest of Norway
Total	**185**		

Construction began on 156 residential units (100) during the third quarter.

Housing starts (# units)



At 30 September, Selvaag Bolig had 993 units under construction (995). These broke down into 668 units in Greater Oslo, 287 in the rest of Norway and 39 abroad.

The order backlog – in other words, the sales value of the 993 units under construction – was NOK 3 434 million (NOK 3 117 million) at 30 September.

Units completed

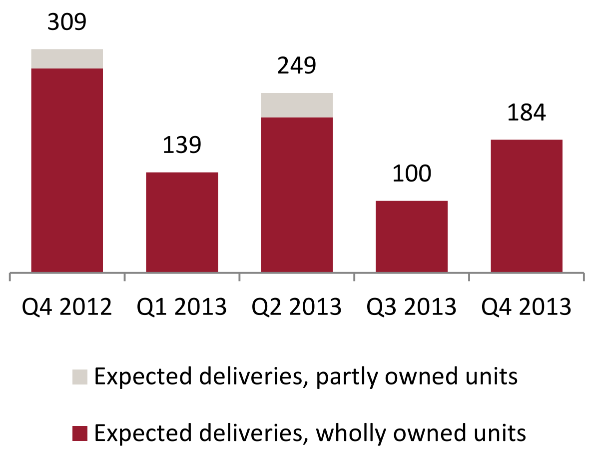
A total of 222 units were completed during the third quarter, including 210 delivered (0). These were divided between six projects – Løren 2B, Kaldnes, Kjørbo, Kornmoenga, Nesstun and Jaasund. Consolidated project companies accounted for 209 of the completed units, while the remaining 13 were in the Kjørbo Vest project owned 37 per cent by Selvaag Bolig.

Units completed by project

Project	# units	Category	Segment
Løren 2B	92	Flats	Greater Oslo
Kaldnes	30	Flats	Greater Oslo
Kjørbo	13	Flats	Greater Oslo
Kornmoenga	12	Terraced	Greater Oslo
Nesttun	56	Flats	Rest of Norway
Jaasund	19	Flats	Rest of Norway
Total	**222**		

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



Share information

The company had 569 shareholders at 30 September.

20 largest shareholders at 30 September 2012

Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	50 180 087	53.5 %
FERD EIENDOMSINVEST AS	4 354 856	4.6 %
HAVFONN AS	3 604 856	3.8 %
IKM EIENDOM AS	3 575 624	3.8 %
SKIPS AS TUDOR	3 235 517	3.5 %
SKANDINAVISKA ENSKILDA BANKEN	2 923 905	3.1 %
MP PENSJON PK	2 000 000	2.1 %
SVITHUN FINANS AS	1 782 568	1.9 %
T S EIENDOM AS	1 782 568	1.9 %
ROTAC AS	1 071 033	1.1 %
STOREBRAND VERDI	1 036 233	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 %
HOLTA INVEST AS	750 000	0.8 %
INVESTIRE INVEST AS	750 000	0.8 %
JPMORGAN CHASE BANK	750 000	0.8 %
HUSTADLITT A/S	501 449	0.5 %
VERDIPAPIRFONDET OMEGA INVEST	500 000	0.5 %
Total 20 largest shareholders	**82 384 315**	**87.9 %**
Other shareholders	11 381 373	12.1 %
Total number of shares	**93 765 688**	**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.

Transactions with related parties

Selvaag Bolig had no significant transactions with related parties during the third quarter. 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 in the housing market is good. This means rising prices for every type of home in all Selvaag Bolig's markets. According to Statistics Norway (SSB), Norwegian house prices rose by 0.6 per cent on average during the third quarter, and are seven per cent higher than they were a year ago.

In Selvaag Bolig's priority areas in and around Oslo, Stavanger and Bergen, prices have risen more than the national average. They increased by 2.7 per cent during the quarter in Oslo and Bærum to reach a level 9.1 per cent higher than a year ago. Prices in Stavanger rose by 2.8 per cent during the period and ended up 9.6 per cent higher than 30 September 2011. The increase for Bergen was 1.3 per cent, up 6.5 per cent from the year before.

Selvaag Bolig primarily builds flats and semi-detached/terraced housing, and these types of homes are seeing the biggest price rises. Flats in blocks showed the biggest increase, up by 9.3 per cent from the third quarter of 2011, while detached homes and small houses rose by 6.4 and 6.2 per cent respectively over the same period.

The group sold 790 homes during the first nine months and had 993 units under construction at 30 September. With a number of sale starts due in the fourth quarter, Selvaag Bolig is on schedule to reach its target of 1 000 sold homes for 2012.

Interim financial statements (IFRS)

Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Q3 2012	Q3 2011	9M 2012	9M 2011	2011
Revenues	862 956	4 397	1 518 890	101 739	251 885
Other revenues	10 599	32 669	41 057	41 211	57 937
Total operating revenues	**873 555**	**37 066**	**1 559 947**	**142 950**	**309 822**
Project expenses	(649 587)	(15 807)	(1 173 599)	(69 671)	(199 002)
Salaries and personnel costs	(14 658)	(15 162)	(45 012)	(48 642)	(76 319)
Depreciation and amortisation	(4 979)	(994)	(14 910)	(1 276)	(5 770)
Other operating expenses	(30 328)	(16 375)	(99 394)	(48 682)	(96 665)
Other gains (losses), net	-	(990)	120	-	(299)
Associated companies and joint ventures	17 607	75 602	40 241	67 254	75 373
Total operating expenses	**(681 945)**	**26 274**	**(1 292 554)**	**(101 017)**	**(302 682)**
Operating profit	**191 610**	**63 340**	**267 393**	**41 933**	**7 140**
Financial income	5 024	3 207	11 083	10 743	19 447
Financial expenses	(10 657)	(33 672)	(50 272)	(44 254)	(55 562)
Net financial expenses	**(5 633)**	**(30 465)**	**(39 189)**	**(33 511)**	**(36 115)**
Profit/(loss) before taxes	**185 977**	**32 875**	**228 204**	**8 422**	**(28 975)**
Income taxes	(34 411)	10 030	(46 202)	15 990	23 265
Net income	**151 566**	**42 906**	**182 002**	**24 412**	**(5 710)**
Other comprehensive income/expenses					
Translation differences	28	3	33	(4)	4
Total comprehensive income/(loss) for the period	**151 594**	**42 909**	**182 035**	**24 408**	**-5 706**
Net income for the period attributable to:					
Minority interests	42 461	-	41 930	-	(1 016)
Shareholders in Selvaag Bolig ASA (majority interests)	109 105	42 906	140 072	24 412	(4 694)
Total comprehensive income/(loss) for the period attributable to:					
Minority interests	42 461	-	41 930	-	(1 016)
Shareholders in Selvaag Bolig ASA (majority interests)	109 133	42 909	140 105	24 408	(4 690)
Earnings per share for net income/(loss) attributed to sharholders in Selvaag Bolig ASA					
Earnings per share (basic and diluted) in NOK	1.16	na	1.79	na	(0.15)

The summary consolidated financial information has not been audited

Statement of financial position

(figures in NOK 1 000)	30 September 2012	30 September 2011	FY 2011
ASSETS			
Non-current assets			
Deferred tax assets	-	60 777	-
Goodwill	389 183	288 906	389 183
Other intangible assets	76 534	92 000	90 163
Property, plant and equipment	7 487	5 802	5 642
Investments in associated companies and joint ventures	147 792	388 761	141 707
Loans to associated companies and joint ventures	35 500	36 339	35 500
Other non-current assets	118 836	50 688	36 784
Total non-current assets	**775 332**	**923 273**	**698 979**
Current assets			
Inventories (property)	4 304 936	3 027 005	4 211 025
Trade receivables	457 273	24 337	31 436
Other current receivables	87 043	74 102	88 091
Cash and cash equivalents	425 707	382 785	395 207
Total current assets	**5 274 959**	**3 508 229**	**4 725 759**
TOTAL ASSETS	**6 050 291**	**4 431 502**	**5 424 738**
EQUITY AND LIABILITIES			
Equity attributed to shareholders in Selvaag Bolig ASA	1 933 877	1 247 593	1 304 198
Non-controlling interests	48 391	7 477	6 461
Total equity	**1 982 268**	**1 255 070**	**1 310 659**
LIABILITIES			
Non-current liabilities			
Pension liabilities	372	533	327
Deferred tax liabilities	51 142	-	13 934
Provisions	92 112	14 700	92 112
Other non-current non interest-bearing liabilities	48 565	29 565	28 304
Non-current interest-bearing liabilities	2 152 197	2 221 498	2 376 300
Total non-current liabilities	**2 344 388**	**2 266 296**	**2 510 977**
Current liabilities			
Current interest-bearing liabilities	1 248 296	603 937	1 189 628
Trade payables	86 300	57 788	148 682
Current tax payables	-	(81)	-
Other current non interest-bearing liabilities	389 039	248 492	264 792
Total current liabilities	**1 723 635**	**910 136**	**1 603 102**
Total liabilities	**4 068 023**	**3 176 432**	**4 114 079**
TOTAL EQUITY AND LIABILITIES	**6 050 291**	**4 431 502**	**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)**
Capital increase from over-allotment option Greenshoe	**1 096**	**9 703**	**876**	**-**	**-**	**-**	**11 675**	**-**	**11 675**
Total comprehensive income/(loss) for the period:									
Net income/(loss) for the period	-	-	-	-	-	140 072	140 072	41 930	182 002
Other comprehensive income/(loss) for the period	-	-	-	33	-	-	33	-	33
EQUITY AS OF 30 SEPTEMBER 2012	**187 511**	**1 394 857**	**700 629**	**1 186**	**3 528**	**(353 834)**	**1 933 877**	**48 391*)**	**1 982 268**
EQUITY AS OF 1 JANUARY 2011	**159**	**7 286**	**699 132**	**1 149**	**3 528**	**(389 212)**	**322 042**	**-**	**322 042**
Transactions with owners:									
Share issue in connection with business combinations	48 897	852 246	-	-	-	-	901 143	-	901 143
Conversion of liabilities to equity	82 413	17 587	-	-	-	-	100 000	-	100 000
Group contribution paid (after tax)	-	-	-	-	-	-100 000	-100 000	-	-100 000
Business combination	-	-	-	-	-	-	-	7 477	7 477
Total comprehensive income/(loss) for the period:									
Net income/(loss) for the period	-	-	-	-	-	24 412	24 412	-	24 412
Other comprehensive income/(loss) for the period	-	-	-	-4	-	-	-4	-	-4
EQUITY AS OF 30 SEPTEMBER 2011	**131 469**	**877 119**	**699 132**	**1 145**	**3 528**	**-464 800**	**1 247 593**	**7 477**	**1 255 070**
Transactions with owners in Q4:									
Share issue in connection with business combinations	4 884	80 819	-	-	-	-	85 703	-	85 703
Business combinations	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for Q4:									
Net income/(loss) for the period	-	-	-	-	-	(29 106)	(29 106)	(1 016)	(30 122)
Other comprehensive income/(loss) for the period	-	-	-	8	-	-	8	-	8
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**

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*) Non-controlling interests includes tax from profits in companies subject to partnership taxation. Income taxes in the Group does not include taxes from tax subjects outside the Selvaag Bolig Group.

Statement of cash flow

(figures in NOK 1 000)	Q3 2012	Q3 2011	9M 2012	9M 2011	2011
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before taxes	185 977	32 875	228 204	8 422	(28 975)
Depreciation and amortisation	4 979	994	14 910	1 276	5 770
Other gains (losses), net	-	990	(120)	-	299
Share of profits/(losses) from associated companies and joint ventures	(17 607)	(75 602)	(40 241)	(67 254)	(75 373)
Changes in inventories (property)	264 439	(111 917)	(110 257)	(127 437)	(510 572)
Changes in trade receivables	(277 738)	(9 019)	(424 937)	(24 717)	(42 624)
Changes in trade payables	(55 136)	(402)	(58 692)	3 694	74 435
Changes in other operating working capital assets	(65 006)	69 232	(45 642)	66 359	53 219
Changes in other operating working capital liabilities	5 719	64 068	185 727	81 918	168 959
Net cash flow from operating activities	**45 627**	**(28 781)**	**(251 048)**	**(57 739)**	**(354 862)**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Proceeds from sale of property, plant and equipment and intangible assets	-	-	120	-	-
Purchases of PPE and intangible assets	(210)	-	(2 005)	(151)	(151)
Proceeds from disposal of businesses and subsidiaries, net of cash disposed	-	-	-	6 328	17 404
Purchases of businesses and subsidiaries, net of cash acquired	-	270 777	(4 415)	270 777	251 370
Purchases of associated companies	(15)	(41 368)	(15)	(90 156)	(90 156)
Proceeds from sale of other investments and repayment of accounts receivable	-	-	3 124	-	-
Purchases of other investments and accounts receivable	(6 000)	(135 930)	(11 132)	(147 265)	(147 265)
Dividends and disbursements from associated companies and joint ventures	4 680	-	26 190	1 650	1 650
Net cash flow from investment activities	**(1 545)**	**93 479**	**11 867**	**41 183**	**32 852**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings	271 432	936 135	957 978	945 250	1 402 499
Repayments of borrowings	(324 887)	(221 500)	(1 235 510)	(221 500)	(356 576)
Net change in bank overdrafts (group account)	36 597	(528 528)	107 097	(444 001)	(444 001)
Proceeds from share issues	9 116	106 067	440 117	106 067	101 770
Net cash flow from financing activities	**(7 742)**	**292 174**	**269 682**	**385 816**	**703 692**
Net change in cash and cash equivalents	36 340	356 872	30 500	369 260	381 682
Cash and cash equivalents at start of period	**389 367**	**25 913**	**395 207**	**13 525**	**13 525**
Cash and cash equivalents at end of period	**425 707**	**382 785**	**425 707**	**382 785**	**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 third quarter 2012	Property development				
(figures in NOK 1 000)	Greater Oslo	Rest of Norway	Other countries	Other	Total
Operating revenues	578 023	240 389	349	9 701	828 462
Project expenses	(389 686)	(179 564)	-	(754)	(570 004)
Other operating expenses	(15 574)	(4 153)	(459)	(24 800)	(44 986)
EBITDA (percentage of completion)	172 763	56 672	(110)	(15 853)	213 472
Reconciliation EBITDA to operating profit (loss):					
EBITDA (percentage of completion)	172 763	56 672	(110)	(15 853)	213 472
Sales revenues (adjustment effect of percentage of completion)	(443 995)	(238 917)	-	-	(682 912)
Sales revenues (completed contract)	413 835	314 170	-	-	728 005
Project expenses (adjustment effect of percentage of completion)	324 552	178 184	-	-	502 736
Project expenses (completed contract)	(310 174)	(272 146)	-	-	(582 320)
Depreciation and amortisation	-	-	-	(4 979)	(4 979)
Share of income (losses) from associated companies and joint ventures	19 698	(1 896)	(194)	-	17 608
Other gain (loss), net	-	-	-	-	-
Operating profit (loss)	**176 679**	**36 067**	**(304)**	**(20 832)**	**191 610**
Units in production	668	287	38	I/A	993
Units delivered	142	75	-	I/A	217

Segments third quarter 2011	Property development				
(figures in NOK 1 000)	Greater Oslo	Rest of Norway	Other countries	Other	Total
Operating revenues	523 601	131 888	1 155	27 414	684 058
Project expenses	(393 164)	(121 375)	-	(13 288)	(527 827)
Other operating expenses	(9 087)	4 050	(283)	(26 217)	(31 537)
EBITDA (percentage of completion)	**121 350**	**14 563**	**872**	**(12 091)**	**124 694**
Reconciliation EBITDA to operating profit (loss):					
EBITDA (percentage of completion)	121 350	14 563	872	(12 091)	124 694
Sales revenues (adjustment effect of percentage of completion)	(507 397)	(140 585)	-	-	(647 982)
Sales revenues (completed contract)	-	-	-	-	-
Project expenses (adjustment effect of percentage of completion)	389 274	122 746	-	-	512 020
Project expenses (completed contract)	-	-	-	-	-
Depreciation and amortisation	-	-	-	(994)	(994)
Share of income (losses) from associated companies and joint	(887)	(640)	(73)	77 202	75 602
Other gain (loss), net	-	-	-	-	-
Operating profit (loss)	**2 340**	**(3 916)**	**799**	**64 117**	**63 340**
Units in production	711	284	-	I/A	995
Units delivered	-	-	-	I/A	-

For Jan.-Sept.

At 30 Sept 2012	Property development				
	Greater	The rest	Other		
(figures in NOK 1 000)	Oslo	of Norway	countries	Other	Total
Operating revenues	1 480 609	693 507	962	33 463	**2 208 541**
Project expenses	(1 054 379)	(559 743)	-	(4 877)	**(1 618 999)**
Other operating expenses	(55 051)	(8 589)	(1 313)	(79 452)	**(144 405)**
EBITDA (percentage of completion)	**371 179**	**125 175**	**(351)**	**(50 866)**	**445 137**
Reconciliation EBITDA to Operating profit (loss):					
EBITDA (percentage of completion)	371 179	125 175	(351)	(50 866)	**445 137**
Sales revenues (adjustment effect of percentage of	(1 304 760)	(688 856)	-	-	**(1 993 616)**
Sales revenues (completed contract)	922 430	422 592	-	-	**1 345 022**
Project expenses (adjustment effect of percentage	975 625	551 445	-	-	**1 527 070**
Project expenses (completed contract)	(718 222)	(363 450)	-	-	**(1 081 672)**
Depreciation and amortisation	-	-	-	(14 910)	**(14 910)**
Share of income (losses) from associated companies and joint ventures	35 373	1 404	(603)	-	**36 174**
Other gain (loss), net	-	4 067	-	120	**4 187**
Operating profit (loss)	**281 626**	**52 377**	**(954)**	**(65 656)**	**267 393**
Units in production	668	287	38	I/A	**993**
Units delivered	363	104	-	I/A	**467**

At 30 Sept 2011	Property development				
	Greater	The rest	Other		
(figures in NOK 1 000)	Oslo	of Norway	countries	Other	Total
Operating revenues	523 601	140 356	1 155	119 712	**784 824**
Project expenses	(393 164)	(122 742)	-	(65 667)	**(581 573)**
Other operating expenses	(9 087)	(195)	(283)	(87 759)	**(97 324)**
EBITDA (percentage of completion)	**121 350**	**17 419**	**872**	**(33 714)**	**105 927**
Reconciliation EBITDA to operating profit (loss):					
EBITDA (percentage of completion)	121 350	17 419	872	(33 714)	**105 927**
Sales revenues (adjustment effect of percentage of completion)	(507 397)	(140 585)	-	-	**(647 982)**
Sales revenues (completed contract)	-	-	-	-	**-**
Project expenses (adjustment effect of percentage	389 274	122 746	-	-	**512 020**
Project expenses (completed contract)	-	-	-	-	**-**
Depreciation and amortisation	-	-	-	(1 276)	**(1 276)**
Share of income (losses) from associated companies and joint ventures	(1 746)	(8 129)	(73)	77 202	**67 254**
Other gain (loss), net	-	-	-	5 990	**5 990**
Operating profit (loss)	**1 481**	**(8 549)**	**799**	**48 202**	**41 933**
Units in production	711	284	-	I/A	**995**
Units delivered	-	-	-	I/A	**-**

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 Sept. 2012	30 Sept. 2011	FY 2011
Land (undeveloped)	2 376 674	1 968 857	2 367 022
Work in progress	1 808 186	960 653	1 749 358
Finished projects	120 076	97 495	94 645
Carrying amount	**4 304 936**	**3 027 005**	**4 211 025**

SELVAAG BOLIG

Start Hjem Pluss

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About Selvaag Bolig

Selvaag Bolig ASA is a residential property developer controlling the entire value chain from acquisition of land plots to sale of homes. The company has several thousand homes under construction and focuses on the growth areas Greater Oslo, Bergen and Stavanger. Selvaag Bolig continues the Selvaag Group's 60 years history, and offers a variety of property types marketed under the brand names Selvaag Start, Selvaag Hjem and Selvaag Pluss. The company is headquartered at Løren in Oslo.