

Q2
2014

Second quarter results



SELVAAG BOLIG

Start Hjem Pluss

Highlights of the second quarter 2014

- Operating revenues of NOK 810 million (NOK 621 million) and EBITDA of NOK 100 million (NOK 94 million)
- Many construction starts and a high level of building activity, improved sales compared with the previous quarter
- 255 units sold (200) and sales started for 294 homes (291)
- Construction started on 197 units (284)
- 253 units completed (211) and 236 delivered (212) - including units completed earlier
- A total of 1 418 units under construction at 30 June (1 131), with 76 per cent of these sold at a combined sales value of NOK 5 238 million (NOK 4 163 million)

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

Key figures

(figures in NOK 1 000)	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
IFRS main figures					
Operating revenues	809 535	620 865	1 054 116	1 144 642	2 196 964
EBITDA	100 216	94 269	109 221	196 464	289 060
Operating profit/(loss)	95 037	88 584	98 824	185 241	266 971
Profit/(loss) before taxes	90 535	82 087	88 013	164 185	236 988
Cash flow from operating activities	373 177	152 448	(40 526)	471 947	103 950
Net cash flow	167 380	131 100	166 939	149 028	29 053
Interest-bearing liabilities	3 065 794	2 524 162	3 065 794	2 524 162	2 785 215
Total assets and liabilities	6 365 500	5 582 283	6 365 500	5 582 283	5 969 849
Equity ratio	35.8%	39.6%	35.8%	39.6%	37.8%
Earnings per share (whole NOK)	0.71	0.60	0.68	1.20	1.75
Segment reporting (NGAAP):					
Operating revenues	830 469	593 448	1 518 673	1 231 009	2 599 843
EBITDA*	120 962	90 656	244 724	235 001	422 657
EBITDA margin	14.6%	15.3%	16.1%	19.1%	16.3%
Key figures:					
Number of sold units	255	200	394	443	740
Number of started units	197	284	274	452	1 083
Number of delivered units	236	212	316	382	687
Number of completed units	253	211	330	389	678

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

Financial review

Summary of overall results

(figures in NOK 1 000)	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
Total operating revenues	809 535	620 865	1 054 116	1 144 642	2 196 964
Project expenses	(685 771)	(479 920)	(878 841)	(857 775)	(1 709 646)
Other operating expenses, salaries and personnel cost, depreciation and amortisation	(57 390)	(62 543)	(103 907)	(111 639)	(230 861)
Associated companies and joint ventures	28 663	10 182	27 456	10 013	10 514
Total operating expenses	(714 498)	(532 281)	(955 292)	(959 401)	(1 929 993)
Operating profit	95 037	88 584	98 824	185 241	266 971
Net financial expenses	(4 502)	(6 497)	(10 811)	(21 056)	(29 983)
Profit before taxes	90 535	82 087	88 013	164 185	236 988
Income taxes	(23 925)	(23 428)	(23 274)	(43 979)	(51 408)
Net income	66 610	58 659	64 739	120 206	185 580

Results for the second quarter of 2014

(Figures in brackets relate to the corresponding period of 2013. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 809.5 million (NOK 620.9 million) in the second quarter. Revenues from units delivered totalled NOK 721.4 million (NOK 564.6 million) for the period. The group also received a total of NOK 76.5 million from land sales. Other revenues derived from non-core activities, mainly rental.

A total of 236 homes (212) were delivered in the quarter, including 201 (181) from consolidated project companies.

Project costs for the quarter totalled NOK 685.8 million (NOK 479.9 million). These relate primarily to construction costs for homes delivered as well as costs in projects which do not qualify for capitalisation as inventories. Project costs also include NOK 2.1 million (NOK 0) in provision for bonuses to employees. The rise in project costs reflected more units delivered than in the same period of 2013 as well as land sales.

Operating costs excluding project costs and the share of results from associated companies came to NOK 57.4 million (NOK 62.5 million) for the quarter. Payroll costs accounted for NOK 21.7 million (NOK 20.9 million) of this figure, including NOK 2 million (NOK 0) in provision for bonuses. NOK 9.1 million (NOK 9.4 million) in payroll costs related to housing under construction was capitalised during the period and will be expensed as project costs on delivery. Furthermore, other operating costs came to NOK 30.5

million (NOK 36 million) for the quarter, including NOK 16.6 million (NOK 13.2 million) for sales and marketing.

The share of profit from associated companies and joint ventures came to NOK 28.7 million (NOK 10.2 million). This increase primarily reflected units delivered from a part-owned project in Stockholm.

EBITDA came to NOK 100.2 million (NOK 94.3 million) in the quarter, corresponding to a margin of 12.4 per cent (15.2 per cent).

Consolidated depreciation and amortisation totalled NOK 5.2 million (NOK 5.7 million), so that consolidated operating profit for the quarter came to NOK 95 million (NOK 88.6 million).

Net financial expenses came to NOK 4.5 million (NOK 6.5 million). Pre-tax profit for the quarter came to NOK 90.5 million (NOK 82.1 million).

Net tax expense was NOK 23.9 million (NOK 23.4 million) for the quarter. Consolidated net profit came to NOK 66.6 million (NOK 58.7 million). NOK 66.6 million (NOK 56 million) of the profit was attributable to the shareholders of Selvaag Bolig ASA and NOK 0 (NOK 2.7 million) to non-controlling shareholders.

Results for the first half of 2014

(Figures in brackets relate to the corresponding period of 2013. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 1 054.1 million (NOK 1 144.6 million) in the first half. Revenues from units delivered totalled NOK 945.9 million (NOK 1 071.7 million). The group also received a total of NOK 78.1 million from land sales. Other revenues derived from non-core activities, mainly rental.

A total of 316 homes (382) were delivered in the first half, including 280 (350) from consolidated project companies.

Project costs for the first half totalled NOK 878.8 million (NOK 857.8 million). These relate primarily to construction costs for homes delivered as well as costs in projects which do not qualify for capitalisation as inventories.

Operating costs excluding project costs and the share of results from associated companies came to NOK 103.9 million (NOK 111.6 million) for the first half. Payroll costs accounted for NOK 38.2 million (NOK 42 million) of this figure. NOK 19.6 million (NOK 15.1 million) in payroll costs related to housing under construction was also capitalised during the period and will be expensed as project costs on delivery.

Other operating costs came to NOK 55.3 million (NOK 58.4 million) for the first half, including NOK 24.7 million (NOK 20.4 million) for sales and marketing.

The share of profit from associated companies and joint ventures and gain (loss) came to NOK 27.5 million (NOK 10 million). This increase primarily reflects units delivered from a part-owned project in Stockholm.

EBITDA came to NOK 109.2 million (NOK 196.5 million) in the first half, corresponding to a margin of 10.4 per cent (17.2 per cent).

Consolidated operating profit totalled NOK 98.8 million (NOK 185.2 million) for the first half. Net financial expenses came to NOK 10.8 million (NOK 21.1 million). Financial expenses in 2013 included a guarantee cost of NOK 12.9 million.

Pre-tax profit for the first half came to NOK 88 million (NOK 164.2 million). With net tax expense at NOK 23.3 million (NOK 44 million), consolidated net profit came to NOK 64.7 million (NOK 120.2 million). NOK 63.6 million (NOK 112.5 million) of the profit was attributable to the shareholders of Selvaag Bolig ASA and NOK 1.1 million (NOK 7.7 million) to non-controlling shareholders.

Cash flow

Consolidated net cash flow from operational activities was NOK 373.2 million (NOK 152.5 million) for the quarter. The increase from 2013 primarily reflected payments from the project delivered earlier at Bjørnåsen and from some of the projects delivered during the quarter. Payment from projects delivered will often take place in the next quarter, since the money is held in the estate agent's client account until the sale has been legally registered.

The group had a negative net cash flow from operational activities of NOK 40.5 million (positive at NOK 471.9 million) for the first half. This decline primarily reflected the fact that the same period of 2013 included NOK 212.5 million in settlement for the sale of a school site to the City of Oslo as well as payments for a large number of homes delivered in the fourth quarter of 2012.

Net cash flow from investing activities was NOK 9.8 million (NOK 17.8 million) for the quarter. Pay-outs from joint ventures came to NOK 12.3 million (NOK 38.9 million). A cash investment of NOK 2.5 million was made in a joint venture during the quarter.

For the first half, net cash flow from investing activities was NOK 7.2 million (NOK 38.1 million). Investments were made in two joint ventures for a total cash payment of NOK

10.8 million (NOK 33.3 million). Pay-outs from joint ventures came to NOK 18 million (NOK 38.9 million). Cash flow in the second quarter of 2013 also included NOK 32 million in other investments and loan repayments.

Net cash flow from financing activities was negative at NOK 215.6 million (NOK 39.1 million) in the quarter. The change from the corresponding period of 2013 primarily reflected a NOK 500 million bond loan raised in the second quarter of last year, which was partly offset by increased drawdown of construction loans in current projects and reduced repayment of debt from projects delivered this year. Selvaag Bolig ASA paid out NOK 46.9 million in dividend during the quarter.

For the first half, net cash flow from financing activities was NOK 200.3 million (negative at NOK 361 million) in the quarter. The change primarily reflected lower debt repayments and higher drawdown of construction loans in current projects, partly offset by raising a NOK 500 million bond loan in the second quarter of last year.

The holding of cash and cash equivalents rose by NOK 167.4 million during the quarter. The group's total holding at 30 June thereby came to NOK 754 million (NOK 707 million).

Cash flow summary

(figures in NOK 1 000)	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
Profit before taxes	90 535	82 087	88 013	164 185	236 988
Net cash flow from operating activities	373 177	152 448	(40 526)	471 947	103 950
Net cash flow from investment activities	9 763	17 773	7 188	38 074	48 787
Net cash flow from financing activities	(215 560)	(39 121)	200 277	(360 993)	(123 684)
Net change in cash and cash equivalents	167 380	131 100	166 939	149 028	29 053
Cash and cash equivalents at start of period	586 601	575 917	587 042	557 989	557 989
Cash and cash equivalents at end of period	753 981	707 017	753 981	707 017	587 042

Financial position

The carrying amount of Selvaag Bolig's total inventories (land, housing under construction and completed homes) at 30 June was NOK 4 582 million, compared with NOK 4 661.3 million at 31 March and NOK 3 915.2 million a year earlier. The decline from the first quarter reflected delivery of homes and land sales. A high level of construction activity reduced the effect. See note 5 for a further specification of inventories.

Equity at 30 June was NOK 2 276.8 million (NOK 2 211.9 million), corresponding to an equity ratio of 35.8 per cent (39.6 per cent). Selvaag Bolig ASA paid out NOK 46.9 million in dividend during the quarter. Non-controlling interests amounted to NOK 23.8 million (NOK 27.3 million) of equity.

Other current non-interest-bearing liabilities totalled NOK 585.1 million (NOK 444.1 million) at 30 June, of which NOK 306.1 million (NOK 292.4 million) represented advance payments from customers.

At 30 June, consolidated interest-bearing debt amounted to NOK 3 065.8 million (NOK 2 524.2 million), of which NOK 2 470 million (NOK 1 843.2 million) was non-current and NOK

595.8 million (NOK 680.9 million) was current. The change from 2013 reflected an increase in construction loans as a consequence of the higher production volume.

The group had land loans of NOK 1 120 million (NOK 1 240 million) at 30 June. These are normally converted to construction loans in line with the progress of the respective construction projects.

Two undrawn overdraft facilities of NOK 150 million each were held by the group at 30 June, with one allocated for financing the start-up of new projects.

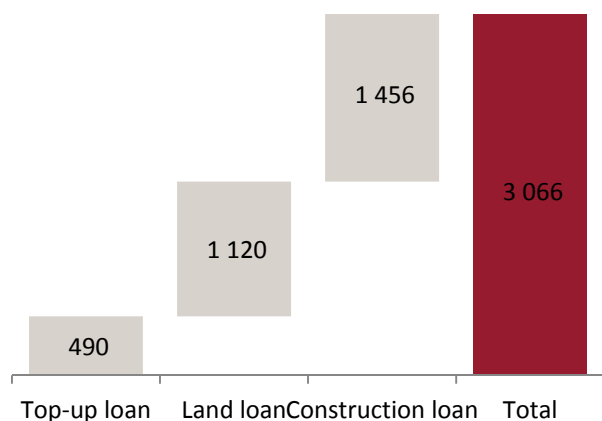
The group issued an unsecured bond loan of NOK 500 million in the second quarter of 2013, with a five-year term and quarterly interest payments commencing on 27 September 2013. Interest on the loan is three months Nibor plus a margin of 475 basis points. The bond incorporates two covenants, requiring the company to maintain 1) a minimum equity ratio of 22.5 per cent and 2) a sales ratio of at least 70 per cent for homes under construction. Both covenants were fulfilled at 30 June. The bond was listed on the Oslo Stock Exchange in the third quarter of 2013.

Net interest-bearing debt

(figures in NOK 1 000)	Q2 2014	Q2 2013	2013
Non-current interest-bearing debt	2 470 037	1 843 232	2 116 176
Current interest-bearing debt	595 757	680 930	669 039
Cash and cash equivalents	(753 981)	(707 017)	(587 042)
Net interest-bearing debt	2 311 813	1 817 145	2 198 173

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 a top-up loan of NOK 490 million, land loans of NOK 1 120 million and construction loans of NOK 1 456 million. The top-up loan consisted of a bond carried at a net amortised cost of NOK 490 million

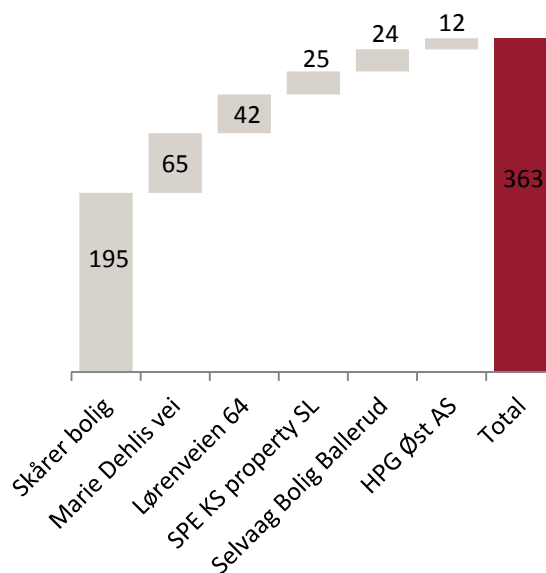
Interest-bearing debt at 30 June 2014 (NOK mill)



Interest costs on land loans are normally recognised in profit and loss until the site secures planning permission. They are capitalised against the site from the day the project secures planning permission, and recognised in profit and loss as part of the cost of sales when the homes are delivered. At 30 June, NOK 757 million in interest on

land loans had been capitalised, while interest charges relating to NOK 363 million in loans were recognised in profit and loss.

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 comprises the "other business" segment. The latter includes 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 2014

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q2 14	Q2 13	Q2 14	Q2 13	Q2 14	Q2 13
Property development						
- Greater Oslo	517 121	466 935	98 847	94 955	89 811	86 203
- Rest of Norway	309 745	119 881	54 254	27 340	42 545	19 094
- Other countries	300	294	(355)	(141)	1 205	1 620
Other	3 303	6 338	(31 784)	(31 498)	(33 304)	(33 339)
IFRS adjustments	(20 934)	27 417	(20 746)	3 613	(5 220)	15 006
Total group	809 535	620 865	100 216	94 269	95 037	88 584

Segments first half 2014

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	6M 14	6M 13	6M 14	6M 13	6M 14	6M 13
Property development						
- Greater Oslo	1 053 121	916 532	218 569	221 825	201 639	204 746
- The rest of Norway	451 714	298 548	80 657	70 033	52 548	45 414
- Other countries	968	940	(238)	83	2 778	4 454
Other	12 870	14 989	(54 264)	(56 940)	(57 343)	(60 457)
IFRS adjustments	(464 557)	(86 367)	(135 503)	(38 537)	(100 798)	(8 916)
Total group	1 054 116	1 144 642	109 221	196 464	98 824	185 241

Housing development - Greater Oslo

This segment comprises projects 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 517.1 million (NOK 466.9 million). They derived from 22 projects currently in production.

Operating costs, primarily for construction and sales, directly related to the projects amounted to NOK 418.3 million (NOK 372 million) for the second quarter.

Construction costs in the segment reporting are exclusive of directly-related financial expenses (interest on construction loans). This differs from the IFRS accounts, where financial expenses are included in project costs on delivery.

EBITDA presents operating profit (loss) before depreciation, gain (loss), and share of profit (loss) from associates. It came to NOK 98.8 million for the quarter (NOK 95 million), corresponding to a profit margin of 19.1 per cent (20.3 per cent).

Housing development - rest of Norway

In addition to Greater Oslo, Selvaag Bolig also focuses on Stavanger, Bergen and Trondheim. These are included in the housing development - rest of Norway business area.

Operating revenues for this segment in the second quarter were NOK 309.7 million (NOK 119.9 million), and derived primarily from six projects in Stavanger and one in Tromsø where construction started during the quarter.

Three large sites were sold and transferred in Rogaland during the quarter. Revenues from these sales came to NOK 76.5 million.

As in Greater Oslo, operating costs relate primarily to construction and sales costs. Allocated directly to the projects, these amounted to NOK 255.5 million (NOK 92.5 million) in the second quarter exclusive of financial expenses.

EBITDA for the segment came to NOK 54.3 million (NOK 27.3 million), corresponding to a margin of 17.5 per cent (22.8 per cent). Adjusted for land sales in the quarter, the underlying margin was 18.9 per cent.

Housing development - other countries

Only one project was under construction in this segment at 30 June. Located in Stockholm, this will be completed in the third quarter of 2014. It is owned 50-50 with Veidekke Bostad AB and, as a joint venture, is not consolidated in the group accounts.

Operating revenues in the second quarter came to NOK 0.3 million (NOK 0.3 million), attributable in their entirety to rental income. Operating costs of NOK 0.7 million (NOK 0.4 million) related primarily to letting management.

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 on a standalone basis. 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 second quarter came to NOK 3.3 million (NOK 6.3 million).

Total operating costs for the segment amounted to NOK 35.1 million (NOK 37.8 million) for the second quarter. These are largely attributable to management and administration as well as to company promotion.

This yielded a negative EBITDA of NOK 31.8 million (negative at NOK 31.5 million) for the segment.

Review of operations

Operations

The pace of sales picked up in the second quarter after being below the level of the past two years during the winter. Activity in the group was at a high level, and construction started on as many homes as were delivered.

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, Oppegård, Stavanger, Sandnes, Sola, Tønsberg, Trondheim, Tromsø, Bergen and Stockholm. However, no

projects are currently under construction in Trondheim or Stockholm.

Purchase and sale of land

Sites for a school and a nursery school were sold at Jaasund in Sola local authority for NOK 12.5 million and NOK 40 million respectively. They were sold virtually at cost price.

In addition, land sales totalling NOK 24 million were made at Aase Gaard in Stavanger.

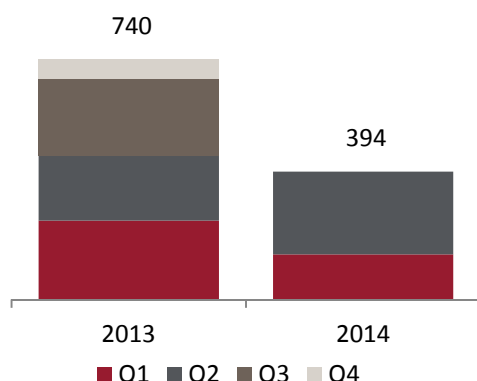
Quarterly development of the project portfolio

	Q2 13	Q3 13	Q4 13	Q1 14	Q2 14
Number of units sold	200	236	61	139	255
Number of commenced units	284	335	296	77	197
Number of units completed	211	188	101	77	253
Number of units under construction	1 131	1 279	1 474	1 474	1 418
Proportion of sold units under construction	83%	80%	75%	76%	76%
Number of completed unsold units	23	22	8	8	17
Sales value of units under construction (NOK million)	4 163	4 657	5 421	5 547	5 238

Market trends

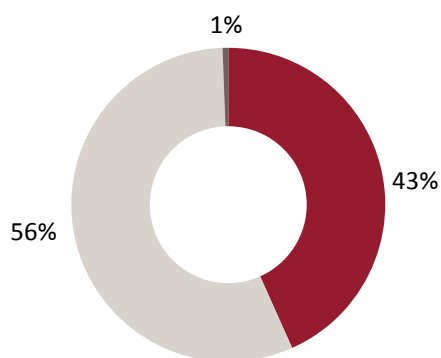
Selvaag Bolig sold 255 residential units (200) during the second quarter. These sales comprise Selvaag Bolig's consolidated project companies as well as its relative share of homes sold in part-owned projects. Sales of new homes during the second quarter were significantly better than in the first three months of the year.

Units sold



The 255 units sold broke down into 110 in Greater Oslo, 143 in the rest of Norway and two in other countries.

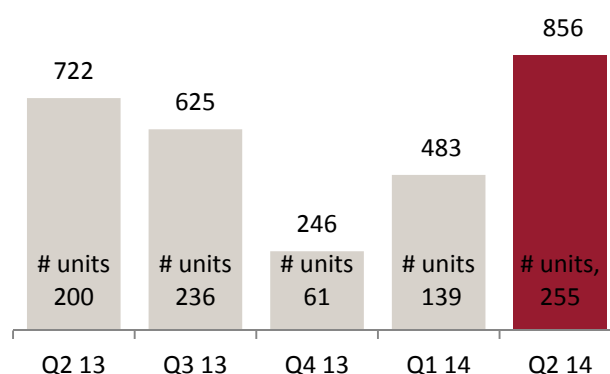
Breakdown of sales



■ Greater Oslo ■ Rest of Norway ■ Other countries

The combined value of the 255 units sold during the quarter was NOK 856 million. Sales during the same period of 2013 totalled 200 units with a value of NOK 722 million.

Value of units sold (NOK mill)



Selvaag Bolig started sales during the quarter in 10 projects comprising a total of 294 residential units (227). Market conditions during the second quarter were better than in the first quarter, which had a positive impact on sales for Selvaag Bolig.

The company experienced good demand in the projects offered for sale during the second quarter. Sales started for Lade Allé, the first project in Trondheim. Thirty-seven of 40 flats had been sold between the sales start in mid-June and the middle of August.

Sales starts in the quarter

Project	# of units	Category	Segment
Vestparken	36	Flat	Greater Oslo
Kaldnes Boligutvikling	26	Flat	Greater Oslo
Bjørnåsen Nord	24	Terraced	Greater Oslo
Kornmo	11	Terraced	Greater Oslo
Nyhavn	74	Flat	Rest of Norway
Sjøsia	48	Flat	Rest of Norway
Lade Allé	40	Flat	Rest of Norway
Jaasund	19	Flat	Rest of Norway
Jaasund	7	Terraced	Rest of Norway
Aase Gaard	9	Terraced	Rest of Norway
Total	294		

Construction also began on 197 (284) units during the second quarter.

Construction starts can vary substantially from quarter to quarter, since construction only begins when 60 per cent of a project has been sold measured in sales value.

Construction starts (no of units)

Project	# units	Category	Segment
Lørenskog Stasjonsby	62	Flat	Greater Oslo
Kornmo	22	Terraced	Greater Oslo
Strandkanten	75	Flat	Rest of Norway
Lervig Brygge	26	Flat	Rest of Norway
Aase Gaard	12	Flat	Rest of Norway
Total	197		

At 30 June, Selvaag Bolig had 1 418 units under construction, a small reduction from 31 March and an increase of just under 300 from the same date in 2013. These broke down into 1 038 units in Greater Oslo and 380 in the rest of Norway. No units were under construction abroad.

The order backlog at 30 June - in other words, the sales value of the 1 418 (1 131) units under construction - was NOK 5 238 million (NOK 4 163 million).

A total of 253 (211) units were completed in the second quarter, of which 236 (212) were delivered. The completed units were divided between five projects - Mortensrud,

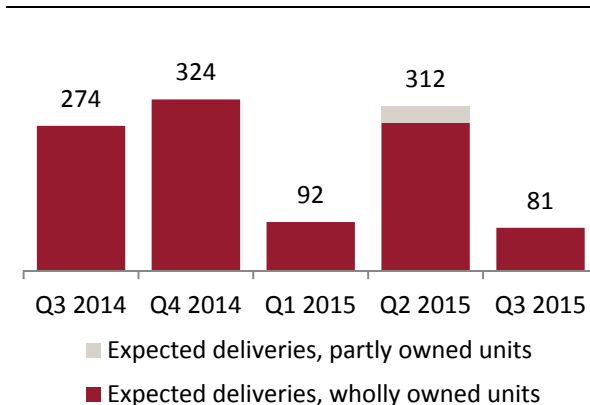
Fernanda Nissensgate, Kaldnes, Jaasund and Sädesärän. Consolidated project companies accounted for 201 of the units delivered, and part-owned project companies for 35.

Units completed by project

Project	# units	Category	Segment
Mortensrud	78	Flat	Greater Oslo
Fernanda Nissens gate	70	Flat	Greater Oslo
Kaldnes	43	Flat	Greater Oslo
Jaasund	23	Flat	Rest of Norway
Sädesärän	39	Flat	Other countries
Total	253		

Based on estimated completions, the number of deliveries is expected to rise during 2014.

Expected number of deliveries



Share information

The company had 93.76 million issued shares at 30 June, divided between 930 shareholders.

The 20 largest shareholders controlled 87.9 per cent of the shares. The largest shareholder was Selvaag Gruppen, with a 53.5 per cent holding.

20 largest shareholders at 30 June 2014

Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	50 180 087	53.5 %
SKANDINAVISKA ENSKILDA BANKEN AB	5 560 547	5.9 %
AS ATLANTIS VEST	3 873 673	4.1 %
IKM FINANS AS	3 575 624	3.8 %
MP PENSJON PK	3 077 294	3.3 %
MORGAN STANLEY & CO INTERNAT. PLC	2 538 570	2.7 %
PARETO AS	1 490 000	1.6 %
HOLBERG NORGE	1 305 334	1.4 %
STOREBRAND VERDI	1 237 199	1.3 %
J.P. MORGAN CHASE BANK N.A. LONDON	1 219 649	1.3 %
UTHALDEN A/S	1 214 613	1.3 %
STOREBRAND NORGE I	1 183 305	1.3 %
HOLBERG NORDEN	1 100 000	1.2 %
HOLTA INVEST AS	1 050 000	1.1 %
J.P. MORGAN CHASE BANK N.A. LONDON	750 000	0.8 %
VERDIPAPIRFONDET DNB SMB	700 000	0.7 %
VERDIPAPIRFONDET OMEGA INVESTMENT	671 000	0.7 %
THE BANK OF NEW YORK MELLON	556 915	0.6 %
BANAN	550 000	0.6 %
STOREBRAND LIVSFORSIKRING AS	547 957	0.6 %
Total 20 largest shareholders	82 381 767	87.9 %
Other shareholders	11 383 921	12.1 %
Total number of shares	93 765 688	100.0 %

Risk and uncertainty factors

As a housing developer, Selvaag Bolig is exposed to risks which could affect its business and financial position. Risk factors relate to land development, sales, and the execution of housing projects, and can be divided into market, operational and financial categories. The group gives priority to work on managing and dealing with risk, and has established routines and control systems to limit and control risk exposure.

Macro-economic conditions, particularly unemployment and interest rates as well as demographic changes, are the factors expected to affect the group in a longer perspective. See the company's half-year and annual reports, available on its website, for a more detailed explanation of the risk and uncertainty factors it faces.

Transactions with related parties

Selvaag Bolig had no significant transactions with related parties during the quarter. See note 23 to the consolidated financial statements for 2013 for detailed information on transactions with related parties in earlier years.

Housing market

According to Statistics Norway (SSB), Norwegian house prices at 30 June were up by 3.8 per cent on average from 31 March and 1.4 per cent from 30 June 2013.

Price developments have been positive for all Selvaag Bolig's core areas in the first half of 2014. Prices rose by 4.4 per cent in Oslo and Bærum during the quarter, and were 1.1 per cent higher than at 30 June 2013. In Akershus not including Bærum, prices increased by 2.1 per cent, and were 1.8 per cent higher than at 30 June 2013. Stavanger prices increased by 4.5 per cent during the period and were 1.9 per cent lower than at 30 June 2013. In Bergen and Trondheim, prices rose by 2.3 and 4.9 per cent respectively, and were up by one and 4.2 per cent from the year before.

Sales of second-hand homes were good during the quarter, and Eiendomsverdi reports that the number of unsold homes in Selvaag Bolig's core areas declined during the quarter. This reduction was greater than in the corresponding periods of 2011, 2012 and 2013.

Selvaag Bolig also experienced good sales of new homes in all its projects during the period, with 255 units sold compared with 200 in the corresponding quarter of 2013, 61 in the fourth quarter of 2013 and 139 in the first quarter of this year.

Selvaag Bolig primarily builds flats and semi-detached/terraced homes, and found that demand during the quarter was highest for homes in the NOK 2-4 million price class.

Outlook

According to SSB, Norway occupies a positive macro-economic position with interest rates and unemployment low, pay growth high and household purchasing power good in both the short and the long term. Combined with high population growth, this is taken by SSB to mean a big requirement for new homes in Selvaag Bolig's core areas in and around Oslo, Stavanger, Bergen and Trondheim during the years to come.

Despite high demand for housing, the stock of second-hand homes for sale was substantial at 31 December and in the first quarter of 2014. That slowed down sales of new residences. However, Selvaag Bolig experienced very good sales of new units during the second quarter as the stock of second-hand homes declined. After falling before and after 1 January, house prices also rose for all types of

units during the second quarter and this increase continued after 30 June. Providing the stock of second-hand homes for sale does not grow significantly or macro-economic conditions change, the market outlook for new homes in Selvaag Bolig's core areas is positive during coming quarters.

Selvaag Bolig has found over time that high house prices have prompted housebuyers to turn towards favourably priced homes in the peripheral zones of Oslo, Stavanger, Bergen and Trondheim. These are areas where Selvaag Bolig is well positioned, with a solid portfolio of sites, cost-efficient production and competitive products. The group's industrial approach to housebuilding also provides competitive advantages in a price-sensitive market.

Interim financial statements (IFRS)

Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
Revenues	797 870	601 964	1 024 566	1 109 614	2 133 271
Other revenues	11 665	18 901	29 550	35 028	63 693
Total operating revenues	809 535	620 865	1 054 116	1 144 642	2 196 964
Project expenses	(685 771)	(479 920)	(878 841)	(857 775)	(1 709 646)
Salaries and personnel costs	(21 731)	(20 854)	(38 234)	(42 003)	(87 656)
Depreciation and amortisation	(5 179)	(5 685)	(10 397)	(11 223)	(22 089)
Other operating expenses	(30 480)	(36 004)	(55 276)	(58 413)	(121 116)
Other gains (losses), net	-	-	-	-	(419)
Associated companies and joint ventures	28 663	10 182	27 456	10 013	10 933
Total operating expenses	(714 498)	(532 281)	(955 292)	(959 401)	(1 929 993)
Operating profit	95 037	88 584	98 824	185 241	266 971
Financial income	4 304	2 184	6 512	7 212	16 419
Financial expenses	(8 806)	(8 681)	(17 323)	(28 268)	(46 402)
Net financial expenses	(4 502)	(6 497)	(10 811)	(21 056)	(29 983)
Profit/(loss) before taxes	90 535	82 087	88 013	164 185	236 988
Income taxes	(23 925)	(23 428)	(23 274)	(43 979)	(51 408)
Net income	66 610	58 659	64 739	120 206	185 580
Other comprehensive income/expenses					
Translation differences	(14)	(31)	(17)	(32)	(115)
Total comprehensive income/(loss) for the period	66 596	58 628	64 722	120 174	185 465
Net income for the period attributable to:					
Non-controlling interests	(6)	2 707	1 111	7 747	21 398
Shareholders in Selvaag Bolig ASA	66 616	55 952	63 628	112 459	164 182
Total comprehensive income/(loss) for the period attributable to:					
Non-controlling interests	(6)	2 707	1 111	7 747	21 398
Shareholders in Selvaag Bolig ASA	66 602	55 921	63 611	112 427	164 067
Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA					
Earnings per share (basic and diluted) in NOK	0.71	0.60	0.68	1.20	1.75

The consolidated financial information has not been audited

Statement of financial position

(figures in NOK 1 000)	Q2 2014	Q2 2013	2013
ASSETS			
Non-current assets			
Goodwill	383 376	389 183	383 376
Other intangible assets	41 652	60 763	51 106
Property, plant and equipment	3 971	6 229	4 914
Investments in associated companies and joint ventures	170 926	155 345	150 705
Loans to associated companies and joint ventures	14 451	10 867	12 251
Other non-current assets	158 042	153 063	154 336
Total non-current assets	772 418	775 450	756 688
Current assets			
Inventories (property) Note 5	4 581 956	3 915 158	4 283 850
Trade receivables	115 231	101 908	107 015
Other current receivables	141 914	82 750	235 254
Cash and cash equivalents	753 981	707 017	587 042
Total current assets	5 593 082	4 806 833	5 213 161
TOTAL ASSETS	6 365 500	5 582 283	5 969 849
EQUITY AND LIABILITIES			
Equity attributed to shareholders in Selvaag Bolig ASA	2 253 001	2 184 627	2 236 268
Non-controlling interests	23 829	27 311	22 718
Total equity	2 276 830	2 211 938	2 258 986
LIABILITIES			
Non-current liabilities			
Pension liabilities	1 183	372	1 183
Deferred tax liabilities	177 291	149 691	154 097
Provisions	92 580	92 112	92 578
Other non-current non interest-bearing liabilities	8 290	15 000	10 269
Non-current interest-bearing liabilities	2 470 037	1 843 232	2 116 176
Total non-current liabilities	2 749 381	2 100 407	2 374 303
Current liabilities			
Current interest-bearing liabilities	595 757	680 930	669 039
Trade payables	157 172	143 976	115 157
Current tax payables	1 285	923	2 255
Other current non interest-bearing liabilities	585 075	444 109	550 109
Total current liabilities	1 339 289	1 269 938	1 336 560
Total liabilities	4 088 670	3 370 345	3 710 863
TOTAL EQUITY AND LIABILITIES	6 365 500	5 582 283	5 969 849

The 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 2014	187 511	1 394 857	700 629	1 079	3 528	-51 337	2 236 267	22 718 *)	2 258 986
Dividend	-	-	-	-	-	-46 878	-46 878	-	-46 878
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	63 628	63 628	1 111	64 739
Other comprehensive income/(loss) for the period	-	-	-	-17	-	-	-17	-	-17
EQUITY AS OF 30 JUNE 2014	187 511	1 394 857	700 629	1 062	3 528	-34 587	2 253 000	23 829 *)	2 276 830
<i> </i>									
EQUITY AS OF 1 JANUARY 2013	187 511	1 394 857	700 629	1 194	3 528	-215 519	2 072 200	74 421 *)	2 146 621
Profit sharing to external guarantor	-	-	-	-	-	-	-	-54 857	-54 857
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	112 459	112 459	7 747	120 206
Other comprehensive income/(loss) for the period	-	-	-	-32	-	-	-32	-	-32
EQUITY AS OF 30 JUNE 2013	187 511	1 394 857	700 629	1 162	3 528	-103 060	2 184 627	27 311 *)	2 211 938
Profit sharing to external guarantor	-	-	-	-	-	-	-	-9 244	-9 244
Dividend to non-controlling interests	-	-	-	-	-	-	-	-9 000	-9 000
<i>Total comprehensive income/(loss) for the rest of the year:</i>									
Net income/(loss) for the period	-	-	-	-	-	51 723	51 723	13 651	65 374
Other comprehensive income/(loss) for the period	-	-	-	-83	-	-	-83	-	-83
EQUITY AS OF 31 DECEMBER 2013	187 511	1 394 857	700 629	1 079	3 528	-51 337	2 236 267	22 718 *)	2 258 985

The consolidated financial information has not been audited

*) 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)	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before taxes	90 535	82 087	88 013	164 185	236 988
Income taxes paid	(508)	-	(970)	-	-
Depreciation and amortisation	5 179	5 685	10 397	11 223	22 089
Other gains (losses), net	-	-	-	-	419
Share of profits/(losses) from associated companies and joint ventures	(28 663)	(10 182)	(27 456)	(10 013)	(10 933)
Changes in inventories (property)	97 818	(61 801)	(263 511)	(4 474)	(361 075)
Changes in trade receivables	81 513	107 342	(8 216)	97 768	91 758
Changes in trade payables	91 533	29 849	42 015	(37 403)	(66 053)
Changes in other operating working capital assets	99 537	(37 574)	86 403	168 978	12 492
Changes in other operating working capital liabilities	(63 767)	37 042	32 799	81 683	178 265
Net cash flow from operating activities	373 177	152 448	(40 526)	471 947	103 950
CASH FLOW FROM INVESTMENT ACTIVITIES					
Proceeds from sale of property, plant and equipment and intangible assets	-	-	-	1 939	2 939
Purchases of PPE and intangible assets	-	(886)	-	(1 393)	(2 500)
Proceeds from disposal of businesses and subsidiaries, net of cash disposed	-	-	-	-	507
Purchases of businesses and subsidiaries, net of cash acquired	(48)	-	(48)	-	-
Purchases of associated companies and joint ventures	(2 520)	(33 305)	(10 770)	(33 305)	(43 305)
Proceeds from sale of other investments and repayment of loans	-	14 500	-	41 961	42 961
Purchases of other investments and accounts receivable	-	(1 416)	-	(10 008)	(10 008)
Dividends and disbursements from associated companies and joint ventures	12 331	38 880	18 006	38 880	58 193
Net cash flow from investment activities	9 763	17 773	7 188	38 074	48 787
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings	406 726	798 176	840 671	968 975	1 642 843
Repayments of borrowings	(575 408)	(692 276)	(593 516)	(1 061 727)	(1 480 042)
Net change in bank overdrafts (group account)	-	(145 021)	-	(213 384)	(213 384)
Dividends paid to equity holders of Selvaag Bolig ASA	(46 878)	-	(46 878)	-	-
Payment of profit sharing and dividends to non-controlling interests in subsidiaries	-	-	-	(54 857)	(73 101)
Net cash flow from financing activities	(215 560)	(39 121)	200 277	(360 993)	(123 684)
Net change in cash and cash equivalents	167 380	131 100	166 939	149 028	29 053
Cash and cash equivalents at start of period	586 601	575 917	587 042	557 989	557 989
Cash and cash equivalents at end of period	753 981	707 017	753 981	707 017	587 042

The 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 2013.

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 2013.

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 2013.

3. Transactions with related parties

See note 23 in the Group's Consolidated Financial Statements for 2013 for detailed information on related party transactions in previous years.

4. Segment information

The main segment is defined as Property development divided according to the regions Greater-Oslo, The rest of Norway and Other Countries. In addition the Other segment consists of Services and Estate Agent, as well as unallocated revenues and costs.

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 2014 (figures in NOK 1 000)	Property development			Other	Total
	Greater Oslo	Rest of Norway	Other countries		
Operating revenues	517 121	309 745	300	3 303	830 469
Project expenses	(407 934)	(248 488)	-	(777)	(657 199)
Other operating expenses	(10 340)	(7 003)	(655)	(34 310)	(52 308)
EBITDA (percentage of completion)	98 847	54 254	(355)	(31 784)	120 962
Reconciliation EBITDA to operating profit (loss):	-	-	-	-	-
EBITDA (percentage of completion)	98 847	54 254	(355)	(31 784)	120 962
Sales revenues (adjustment effect of percentage of completion)	(509 731)	(232 601)	-	-	(742 332)
Sales revenues (completed contract)	639 577	81 820	-	-	721 397
Project expenses (adjustment effect of percentage of completion)	401 351	182 680	-	-	584 031
Project expenses (completed contract)	(543 768)	(68 738)	-	-	(612 507)
Depreciation and amortisation	-	-	-	(5 179)	(5 179)
Share of income (losses) from associated companies and joint ventures	(977)	3 115	26 525	-	28 663
Other gain (loss), net	-	-	-	-	-
Operating profit (loss)	85 298	20 530	26 170	(36 963)	95 037
Units under construction	1 038	380	-	N/A	1 418
Units delivered	176	25	35	N/A	236
Segments second quarter 2013 (figures in NOK 1 000)	Property development			Other	Total
	Greater Oslo	Rest of Norway	Other countries		
Operating revenues	466 935	119 881	294	6 338	593 448
Project expenses	(354 851)	(89 750)	-	(1 332)	(445 933)
Other operating expenses	(17 129)	(2 791)	(435)	(36 504)	(56 859)
EBITDA (percentage of completion)	94 955	27 340	(141)	(31 498)	90 656
Reconciliation EBITDA to operating profit (loss):	-	-	-	-	-
EBITDA (percentage of completion)	94 955	27 340	(141)	(31 498)	90 656
Sales revenues (adjustment effect of percentage of completion)	(421 399)	(115 728)	-	-	(537 127)
Sales revenues (completed contract)	476 368	88 178	-	-	564 546
Project expenses (adjustment effect of percentage of completion)	330 003	90 254	-	-	420 257
Project expenses (completed contract)	(379 068)	(75 175)	-	-	(454 243)
Depreciation and amortisation	-	-	-	(5 685)	(5 685)
Share of income (losses) from associated companies and joint ventures	26	10 326	(170)	-	10 182
Other gain (loss), net	-	-	-	(2)	(2)
Operating profit (loss)	100 885	25 195	(311)	(37 185)	88 584
Units under construction	880	212	39	N/A	1 131
Units delivered	164	48	-	N/A	212

For the first half year

At 30 Jun 2014	Property development			Other	Total
	Greater Oslo	The rest of Norway	Other countries		
(figures in NOK 1 000)					
Operating revenues	1 053 121	451 714	968	12 870	1 518 673
Project expenses	(817 653)	(361 160)	-	(1 420)	(1 180 233)
Other operating expenses	(16 899)	(9 897)	(1 206)	(65 714)	(93 716)
EBITDA (percentage of completion)	218 569	80 657	(238)	(54 264)	244 724
Reconciliation EBITDA to Operating profit (loss):					
EBITDA (percentage of completion)	218 569	80 657	(238)	(54 264)	244 724
Sales revenues (adjustment effect of percentage of completion)	(1 038 385)	(372 114)	-	-	(1 410 499)
Sales revenues (completed contract)	808 693	137 248	-	-	945 941
Project expenses (adjustment effect of percentage of completion)	810 417	294 607	-	-	1 105 024
Project expenses (completed contract)	(685 754)	(117 672)	-	-	(803 427)
Depreciation and amortisation	-	-	-	(10 397)	(10 397)
Share of income (losses) from associated companies and joint ventures	(612)	1 752	26 316	-	27 456
Other gain (loss), net	-	-	-	-	-
Operating profit (loss)	112 927	24 478	26 078	(64 661)	98 824
Units under construction	1 038	380	-	I/A	1 418
Units delivered	566	204	-	I/A	770
At 30 Jun 2013	Property development			Other	Total
	Greater Oslo	The rest of Norway	Other countries		
(figures in NOK 1 000)					
Operating revenues	916 532	298 548	940	14 989	1 231 009
Project expenses	(670 479)	(222 206)	-	(2 907)	(895 592)
Other operating expenses	(24 228)	(6 309)	(857)	(69 022)	(100 416)
EBITDA (percentage of completion)	221 825	70 033	83	(56 940)	235 001
Reconciliation EBITDA to operating profit (loss):					
EBITDA (percentage of completion)	221 825	70 033	83	(56 940)	235 001
Sales revenues (adjustment effect of percentage of completion)	(862 619)	(295 406)	-	-	(1 158 025)
Sales revenues (completed contract)	837 059	234 601	-	-	1 071 660
Project expenses (adjustment effect of percentage of completion)	649 622	222 677	-	-	872 299
Project expenses (completed contract)	(650 369)	(184 115)	-	-	(834 484)
Depreciation and amortisation	-	-	-	(11 223)	(11 223)
Share of income (losses) from associated companies and joint ventures	477	9 912	(376)	-	10 013
Other gain (loss), net	-	-	-	-	-
Operating profit (loss)	195 996	57 702	(293)	(68 163)	185 241
Units under construction	880	212	39	N/A	1 131
Units delivered	295	87	-	N/A	382

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)	Q2 2014	Q2 2013	FY 2013
Land (undeveloped)	1 653 733	1 870 928	1 753 368
Work in progress	2 790 769	1 894 953	2 398 847
Finished projects	137 454	149 277	131 635
Carrying amount	4 581 956	3 915 158	4 283 850

Declaration by the board of directors and CEO

We declare, to the best of our knowledge, that the half year financial statements for the period from 1 January to 30 June 2014 have been prepared in accordance with IAS 34 on interim financial reporting, and that the information in the financial statements provides a true and fair picture of the group's assets, liabilities, financial position and results as a whole.

We also declare, to the best of our knowledge, that the directors' report for the first half year provides a true and fair view of important events in the accounting period and their influence on the half-year accounts, and the principal risk and uncertainty factors facing the business in the next accounting period.

The board of directors for Selvaag Bolig ASA
Oslo, 27 August 2014

Olav Hindahl Selvaag
Chair

Marianne Ørnsrud
Director

Christopher Brunvoll
Director

Ole Jarl Rettedal
Deputy Chair

Karsten Bomann Jonsen
Director

Anne Sofie Bjørkholt
Director

Gisele Marchand
Director

Baard Schumann
CEO

SELVAAG BOLIG



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About Selvaag Bolig

Selvaag Bolig ASA is a residential property developer controlling the entire value chain from acquisition of land to sale of homes. The company has several thousand homes under development at any given time, and focuses on the growth areas in and around Greater Oslo, Bergen, Stavanger and Trondheim. Selvaag Bolig represents a continuation of Selvaag's 60-year history and experience, and offers a broad variety of property types marketed under the brand names Start, Hjem and Pluss. The company is headquartered at Løren in Oslo.

www.selvaagbolig.no/investor