



Roxar is a leading international provider of products and associated services for reservoir management and production optimisation.

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Vision: Make Sure it's Roxar

Roxar's vision statement is the vision of our company in the future. It inspires us, it provides the framework for all our strategic planning, and it helps us to answer the questions – 'Where are we now and where do we want to go?'.

'Make Sure it's Roxar' represents everything we want to achieve: the quality and high standards that Roxar is well known for, the Roxar culture, Roxar's performance, and satisfied clients. In this vision statement 'Roxar' is synonymous with words such as 'outstanding', 'excellent', and 'unrivalled'.

Mission:
We enable maximum reservoir performance and profitability through technology excellence.

Key figures

1,365,434

REVENUES

219,217

EBITDA

199,279

OPERATING CASH FLOW

1,049,363

TOTAL EQUITY

492,075

BACKLOG

PROFIT AND LOSS STATEMENT

Revenues	1 365 434
Cost of goods sold	476 092
Personnel expenses	459 590
EBITDA	219 217

BALANCE SHEET**Assets:**

Cash funds	130 394
Other current assets	760 628
Intangible assets	935 475
Goodwill	1 249 124
Other long-term assets	57 837
Total assets	3 133 458

Liability and equity:

Borrowings	1 213 845
Other short-term liabilities	521 663
Other long-term liabilities	348 587
Share capital	243 497
Funds	799 581
Minority interests equity	6 285
Total equity	1 049 363
Total liability and equity	3 133 458

CASH FLOW

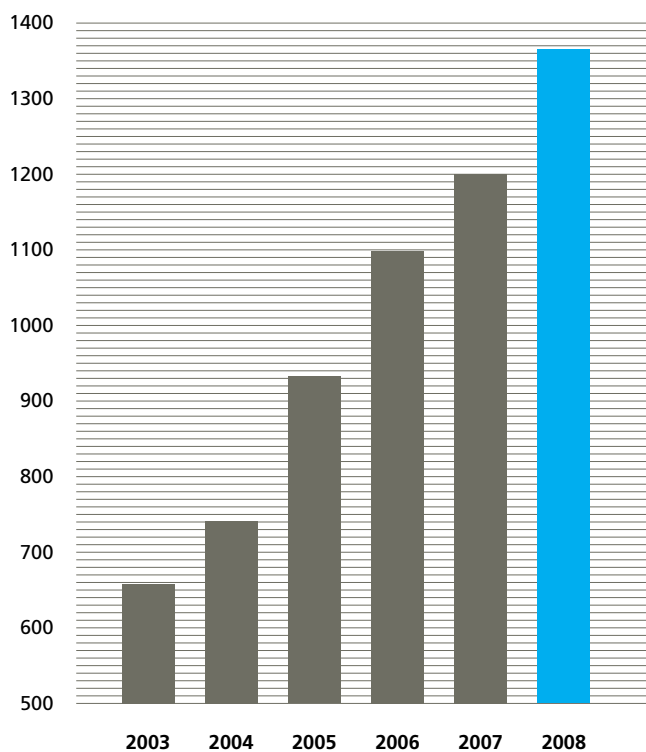
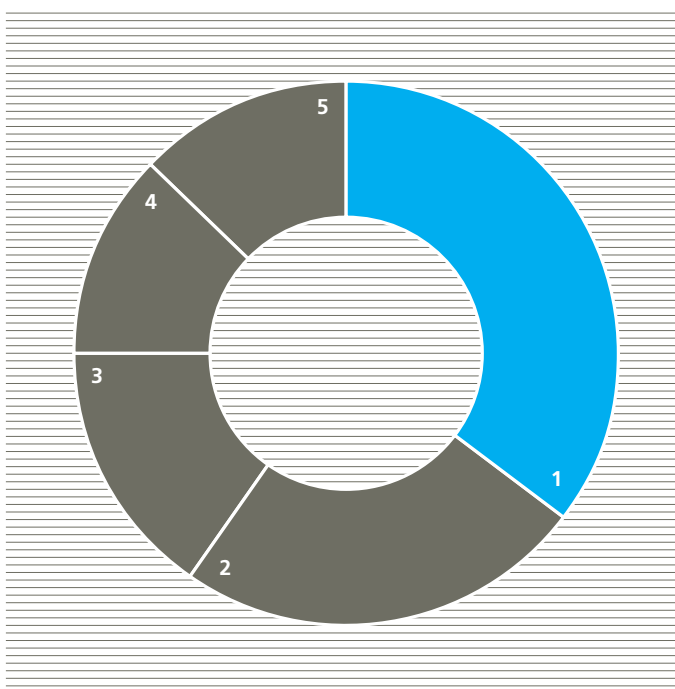
Loss before income tax	-222 331
Ordinary depreciation and amortisation	133 593
Amortisation of transaction cost	29 696
Interest payable	84 672
Interest receivable	-6 248
Unrealized currency (loss) / gain on external loan	140 738
Changes in fair value of derivatives	58 792
Non payable interest	33 296
Change in working capital:	
Change in accounts receivables	-134 432
Change in inventories	-24 417
Change in Earned, not invoiced revenue on construction contracts	20 022
Change in accounts payable	17 194
Change in other items	68 705
Net cash generated from operating activities	199 279

SHARES

Share capital 31 December	243 497
Share price (final quotation 31 Dec.)	3.32

ORDERS

Ordertake	1 124 147
Backlog	492 075

**Historical revenue development****Revenue from external customers (NOK)**

1 Scandinavia (485 379)
2 Europe (incl. Russia) (332 106)
3 America (206 594)
4 Middle-East / North Africa (167 228)
5 Asia (174 127)
Total (1 365 434)

About the company

Roxar is an international technology company to the upstream oil & gas industry. We help our customers maximise their reservoirs' performance by delivering technology for production optimisation, production regularity and improved decision making.

THE GLOBAL DEMAND for oil and gas is increasing. At the same time, producing fields are in decline, fewer discoveries are being made and future fields are smaller and more complex. Combined with the current decline in oil prices and a volatile financial market, it has never been more important for operators to make the most out of their existing reserves.

With detailed information about their reservoirs, and quality data on the production and control of their pipelines, operators can make better and more accurate decisions on a continuous basis. The use of Roxar technology increases oil & gas recovery, accelerates production and lowers capital and operating costs. Now that's added value!

Roxar technology turns information into value

ROXAR DEVELOPS solutions for reservoir management and production optimisation. Roxar combines data from its instrumentation with predictive models from its software to help operators monitor production on a continuous basis, observe and control fields from remote locations, process large volumes of vital reservoir data quickly, and use the most up to date field information when making operational decisions.

FLAGSHIP PRODUCTS include from the software side – Roxar's reservoir modelling suite, IRAP RMS™ which includes the recently launched RMS2009, and its history matching and uncertainty estimation software, EnABLE™. And from the flow measurement division – Roxar's solutions include multiphase and wetgas meters, its intelligent downhole network, and Roxar's sand erosion and corrosion monitoring solutions.

ROXAR HAS TWO MAIN DIVISIONS

SOFTWARE

ROXAR SOFTWARE SOLUTIONS

- a global leader in 3D reservoir geological modelling and integrated simulation

METERING

ROXAR FLOW MEASUREMENT

- offering the most comprehensive range of topside, subsea, and downhole metering and monitoring products

The Playstation generation

ROXAR PRIDES ITSELF on its innovative culture with 60 patents and more than 50 scientists employed to focus on life-of-product improvements, as well as the development of new solutions. Roxar has demonstrated the ability to innovate, develop and commercialise its products with 65 percent of the hardware revenue in 2007 based on products that did not exist in 2002.

ROXAR'S YOUNG AND ambitious people drive the company's success. Their dedication and sense of personal achievement are the making of the business. Roxar believes in hiring the best minds, and 50% of our staff hold a master's degree or higher. Roxar employees come from various backgrounds such as geosciences, geology, software programming, engineering, industrial design, petrophysics and chemistry.

SVG

Roxar is headquartered in Stavanger, Norway with a network of wholly owned offices in Europe, the Americas, Africa, CIS, Asia Pacific and the Middle East.



900

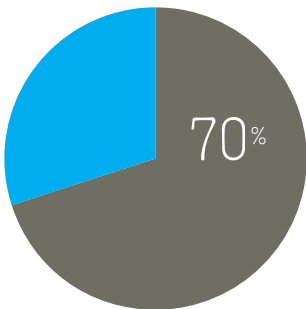
staff worldwide

28

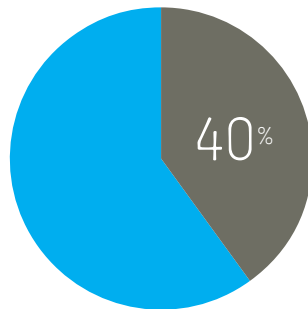
offices

19

countries



70% of employees have a university degree



40% of employees work outside of Norway

35

number of nationalities working for Roxar

28%

of Roxar employees are women

Roxar is focused on not putting limits on our employees, but instead allowing our staff to grow and reach their potential. Our people determine the success of our business.

Highlights 2008

164

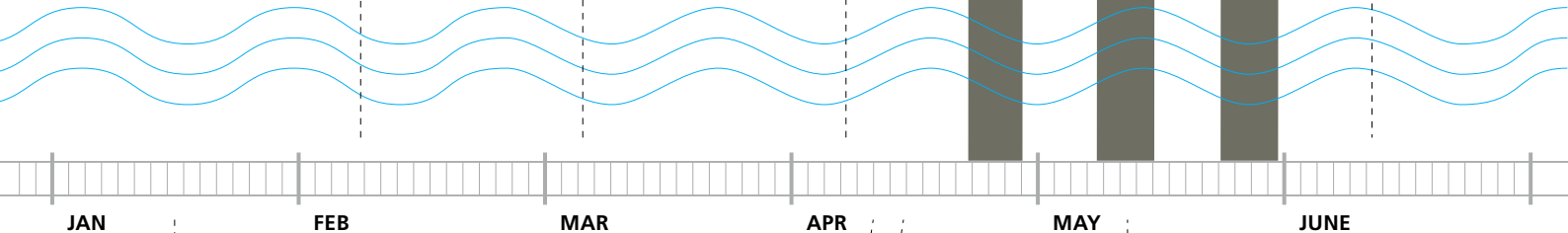
Roxar donates 164 licenses of its industry leading IRAP RMS™ reservoir modelling software to Heriot-Watt University's Institute of Petroleum Engineering.

Roxar signs a three-year contract with StatoilHydro for its Permanent Downhole Monitoring Systems (PDMS).

Roxar acquires PolyOil Ltd., a market leader in the design and supply of leading edge polymer based downhole products for the oil & gas industry, and a supplier of polymer umbilical control line protectors for the drilling, completions and subsea sector.

Roxar signs a 4-year global software contract for the full suite of its reservoir modelling solution, IRAP RMS™, with oil & gas giant StatoilHydro.

Roxar has installed more than 1000 downhole gauges since 1987.



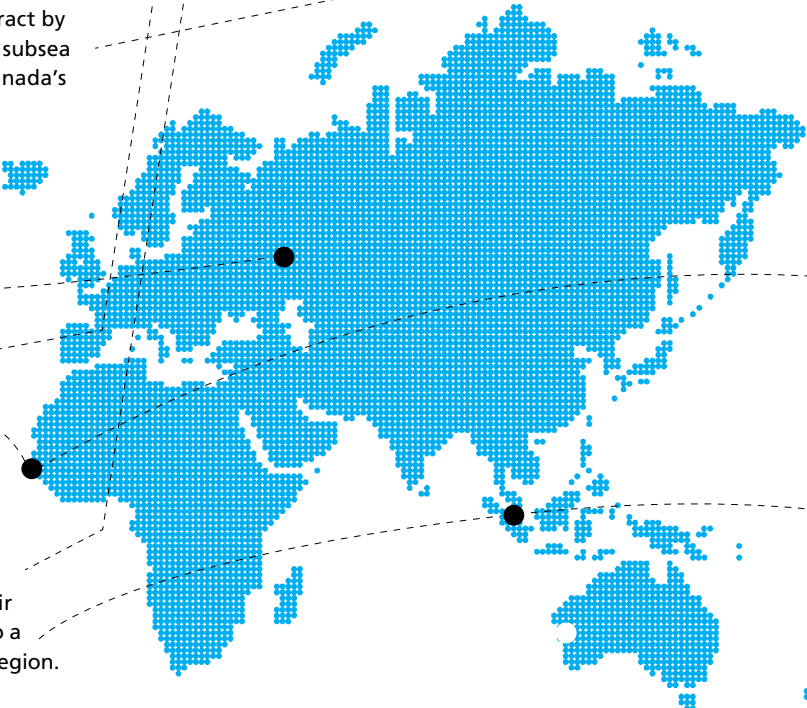
Roxar announces two major corporate software deals with leading energy enterprises in the CIS.

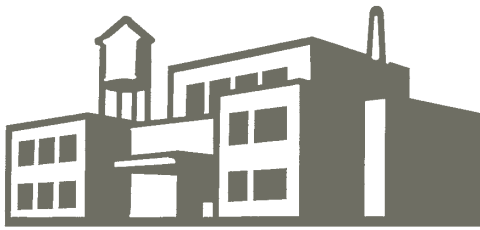
Roxar announces a significant software service contract with a major energy company in the CIS.

Roxar is awarded a contract by Cameron for delivery of subsea multiphase meters to Canada's North Amethyst Project.

Roxar receives a PO from FMC Technologies to supply subsea multiphase meters to the Pazflor project offshore West Africa.

Roxar announces a large contract to provide its full suite of reservoir management software solutions to a major operator in the Asia Pacific region.





Roxar starts the building of new Roxar head office building in Stavanger, Norway.

Sales of Roxar's history matching software *EnABLE™* increases by 340%.

340%

CIS

Roxar wins Gulf of Mexico contract with Petrobras America for reservoir sensor and multi-phase measurement systems.

Roxar receives an LOI worth a total of NOK 23 million for topside multiphase meters to a major client in Mexico.

Roxar awarded a large software lease contract to provide its full suite of reservoir management software solutions to a major company in the CIS.

Roxar announces that it has been awarded a large software license contract to provide its full suite of reservoir management software solutions to a major operator in the CIS region.

Roxar delivers first batch of subsea multiphase meters delivered to FMC Kongsberg, three weeks ahead of schedule.

Sales of Roxar's reservoir simulation tool, Tempest software increases by 40%.

Sales of Roxar's subsea sand detector increased by 150%.

JUL

AUG

SEP

OCT

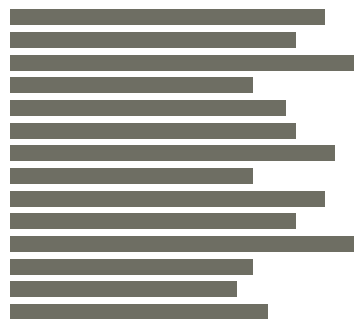
NOV

DEC



Roxar ASA announces the commercial release of two new products for subsea measurement; the Roxar subsea Singlephase meter and the Roxar subsea Singlephase sensor.

Roxar completes a market analysis project with Rystad Energy Global.



Managing Director's statement



DEAR SHAREHOLDERS,

2008 has been another positive year for Roxar and it gives me great pleasure to share with you our 2008 annual report. I hope this year's report will provide a good insight into how we have evolved and what we have achieved this past year.

THE INDIVIDUAL constituents of Roxar go back 25 years, but the company will in 2009 celebrate its 10th anniversary under the Roxar name. Our 25 year history in technology innovation is indeed important to the identity of the company you see in front of you today, but perhaps equally important was the creation of Roxar back in 1999. This landmark moment formed the starting point where several entrepreneurial start-up companies were moulded into a single entity which, 10 years later, has emerged as one of Norway's leading industrial technology companies. Few, if any, Norwegian companies can point to a similar size of global market share as that resulting from the products invented and developed by Roxar.

Roxar is first and foremost a technology company delivering innovative software and instrumentation to the oil & gas industry. We have always been fully committed to our customer's needs for pushing back the technology boundaries in areas such as reservoir management, production optimisation and flow assurance. Nothing gives us greater satisfaction than clients who state that Roxar technology has been a crucial precondition for developing their new field development concepts. We measure our success first and foremost on the success of our clients.

WE ARE PROUD OF our history as the industrial innovator of key technologies which in many aspects have helped shaped the oil industry over the last two decades. 3D geological modelling, multiphase metering for both oil & gas wells, and sand erosion monitoring are all examples of essential building blocks for today's modern production technologies.

However, we have not achieved this technology development in isolation. Our close co-operation with international operators as well as the major



subsea EPC contractors has been of critical importance in identifying technology gaps and bringing solutions to market. I do not believe any of our clients would object if we extend a special thank you to StatoilHydro for the company's willingness over 25 years to deploy our new technologies – technologies which at the time were unproven.

EQUALLY IMPORTANT has been the contribution from super major operators and leading EPC contractors in improving our industrial systems. Without the requirements put on us and the assistance we have received in meeting those requirements, we simply could not have developed as quickly as an industrial company.

Looking back on our history, I see an oil & gas industry which has developed immensely, determined to lead its own future through the development of a modern supplier base. The industry is facing many future challenges related to resource scarcity and cost of development. Judging by the past 25 years, however, I have every confidence that this industry is up for the challenge, and that Roxar will be a major part of the solution.

Gunnar Hviding
*Chief Executive Officer
and President, Roxar Group*

Management

Gunnar Hviding (1964) →
Chief Executive Officer & President, Roxar Group

Background: Mr. Hviding holds an MD in Chemical Engineering from Imperial College and an MBA from INSEAD. He joined Roxar in 2002 as Managing Director for Roxar Flow Measurement. Prior to joining Roxar, Mr. Hviding has a background from senior management in Scandinavian industries, like HansaBorg and Orkla, where his focus was value chain optimisation, and acquisitions, and integration. Hviding has also a 4 year experience from Shell International, where he was a process engineer.



Even Gjesdal (1971) ↑
Chief Financial Officer, Roxar Group

Background: Mr. Gjesdal has 14 years of financial management experience. He has been involved in virtually all areas of finance and holds extensive experience with mergers and acquisitions. He has also been engaged through non-executive directorships with early stage companies in need of strategic management and venture capital. Mr. Gjesdal has worked with Roxar since 2003 and since 2006 as CFO of Roxar.



Kenneth Olsvik (1961) ↑
Senior Vice President, Measurements

Background: Mr. Olsvik has a technical background with Master of Science in Petroleum Technology and in-depth knowledge of measurement technology used in the oil & gas industry, especially in multiphase technology. He has worked for Roxar since 1987, coming from Fluenta. Mr. Olsvik has held a number of senior positions in Roxar, being involved in virtually all areas of the instrumentation business. He has worked both in Norway and abroad.



Ordin Husa (1965) 
Managing Director, Roxar Software Solutions


Background: Mr. Husa has long and broad experience from various positions in the helicopter industry. Prior to joining Roxar in 2006, he worked as Commercial Director in Heli-One, mainly focusing on sales and marketing. Mr. Husa has been Vice President of Sales and Service in Roxar before taking on the position as MD of Roxar Software Solutions.



Kjersti Heggheim (1955) 
Director, Human Resources

Background: Ms. Heggheim has more than 20 years of HR experience from companies such as Statoil and Acergy. Her career also includes several international assignments. She joined Roxar as an HR Regional Manager in 2006.



Dimitry Bolotnik (1973) 
General Manager, CIS

Background: Mr. Bolotnik has been with Roxar since 1996, managing Roxar's business in the CIS region. He has achieved great success in this region, setting up Roxar's business in Russia, Siberia and Kazakhstan and building a substantial business in the CIS region.



Terje Svendsen (1958) 
Managing Director, Roxar Flow Measurement

Background: Mr. Svendsen has broad experience from the oil service industry. His career includes a number of senior positions in Schlumberger, both in Norway and abroad. Mr. Svendsen joined Roxar in 2003 as Vice President of Operations before taking on the role as MD of Roxar Flow Measurement.

An end to end solution



The oil & gas industry is rapidly approaching a crossroad.

Today, success in the global E&P industry is measured by production rates and reserve replacement. Currently, 66 countries are past peak production (compared to 52 in 2002). The challenge faced by the oil industry will be to stem decline from existing fields through improved production methods and at the

same time look for discoveries in relatively unexplored and hostile regions. Both these initiatives require better use of existing technologies as well as fresh innovation.

Improved production methods means first and foremost the use of best practice reservoir management utilised on a global scale. Today, only 33% of Subsea wells and 0.5% of Topside wells utilise a multi-phase meter. The scope for improved recovery through this and other technology is still enormous as the technology is there but organisations lack the ability to utilise it.

This means in practical terms that operators need more data about their fields and better tools to analyse such data. An oil field can generate up to one terabyte of data per day, which equals 1000 gigabytes. In order to simplify data management and to optimise decision making, user-friendly solutions are critical.

Roxar's solutions take operators through the entire reservoir lifecycle from interpreting of geological data through to collection and analysis of real-time production data. By the help of data management tools, raw data

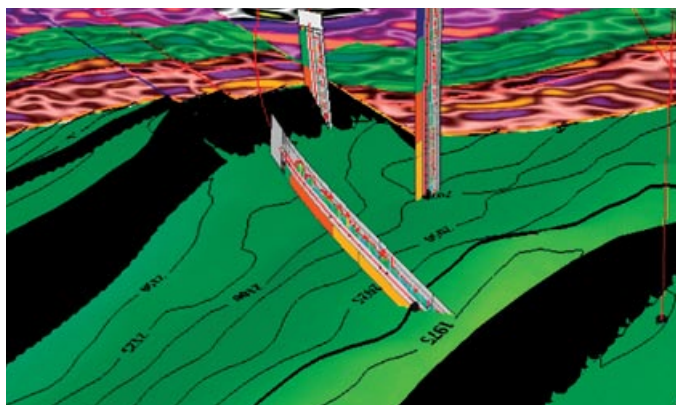
is turned into valuable information and provide operators with the information they need to make intelligent decisions at all stages of the reservoir lifecycle.

Let's take a look at how Roxar has achieved this during 2008 as we go through the operator lifecycle – firstly with Roxar's software and then moving onto our instrumentation.

ROXAR'S 7 STAGES →

1) Douglas Westwood

2) IBM Business Consulting Services – Meeting the Challenges of Today's Oil & Gas Exploration and Production Industry.



70%

of global production comes from fields over 30 years old.

75%

of all hydrocarbon-bearing traps are fault-related.

STAGE

1

- Reservoir interpretation.
- Turning information into value.

Reservoir interpretation – the act of acquiring data and translating that data into meaningful business implications is the crucial first stage in getting to know one’s reservoir. All the modelling and simulation stages which follow are only as good as the initial data. Getting this wrong can lead to inaccurate forecasting and planning which in turn can have serious economic implications for operators.

Roxar’s reservoir interpretation solutions enable asset teams to quickly extract information from a multitude of sources, providing critical input into reservoir exploration and management decisions. Our tools allow our customers to realize quick results, benefits, easy-to use and come within a powerful new visualisation environment, providing a clear picture of the structural relationships within a reservoir.

Roxar’s MultiViewer™ tool, for example, allows users to investigate and edit data from different angles in multiple 3D, map or section views.

And there’s also VisualVoxAt, which Roxar is reselling in partnership with Canadian company, Geomodelling Technology Corp. VisualVoxAt enables operators to visualise, calibrate and classify seismic data – the waves of energy that travel through the earth and that can help identify the likely presence of hydrocarbons.

1

2

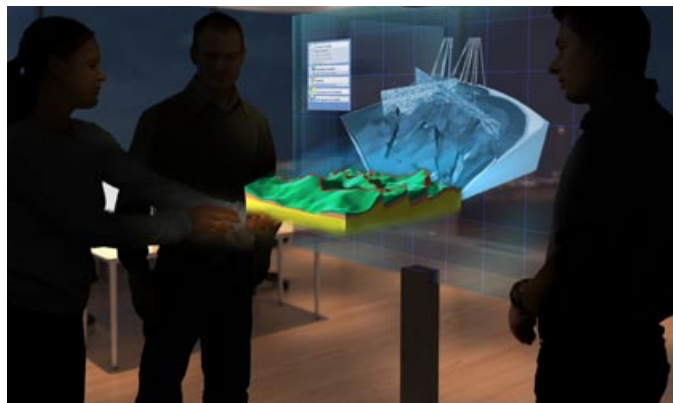
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2_{nd}

Every second 3D reservoir geological modelling software license is likely to be a Roxar product.

89%

High performance computer capabilities are critical to 89% of the oil & gas workforce.



STAGE

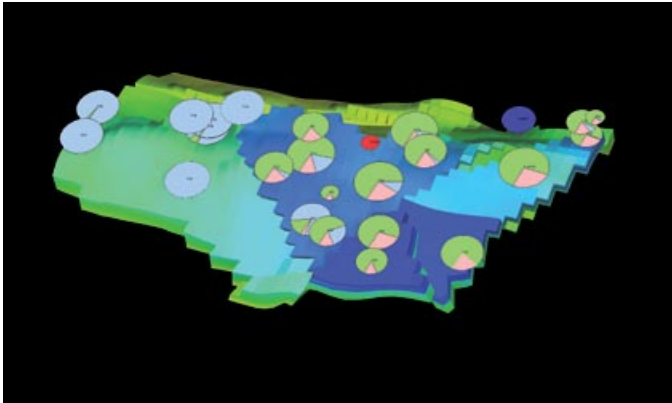
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Reservoir modelling and uncertainty management. The foundation for optimum field development.

Once the reservoir interpretation has taken place, the reservoir models can be built. Reliable geological reservoir models are the corner stones upon which optimum field development and hydrocarbon recovery are built. They enable users to determine the amount of oil & gas in place and make future predictions and decisions on the reservoir's behaviour and development.

Roxar's flagship reservoir modelling solution, IRAP RMS™ comprises 17 fully integrated software modules including mapping, modelling, planning and workflow management tools which operate seamlessly in a closely integrated workflow. With the software release of RMS2009, reservoir modelling has been propelled into the next decade of innovation. This functionality offers unmatched and superior quality model-building tools for both simple and complex structures.

With tools including local model update, and real time geosteering and monitoring, users are able to continuously update and monitor their models, and plan from the simplest to the most advanced wells. This highly innovative technology further enhances the flexibility offered by RMS2009, resulting in significant reservoir management and productivity enhancements for the operator.



6.5

Tempest™ 6.5
– the latest version
of the reservoir
simulation tool.

50%

improvement in the
quality of the history
match, and at least a
60% reduction in the
time taken with EnABLE™.

STAGE

3

Reservoir simulation and history matching. Predicting reservoir behaviour.

Taking the model through Roxar's reservoir simulation solutions enables reservoir engineers to make informed decisions relating to the structure, type and economic potential of oil & gas fields, while at the same time, avoiding the expense of drilling wells and committing equipment.

The simulation engine reliably solves the thousands of mathematical equations that represent the fluid flow in the reservoir, and the complex well conditions defining the production process.

This, together with assisted history-matching, where the reservoir model is readjusted until it closely reproduces the reservoir's past behaviour, generates accurate production forecasts and well performance evaluations for the operator.

Roxar solutions in this area include Tempest™, a robust, fast, memory efficient reservoir simulation tool; and EnABLE™, which provides statistically based assisted history matching tools which dramatically reduce the time required to gain a history match.

17

fully integrated
software modules
are included within
Roxar's IRAP RMS™.

95%

Roxar's IRAP RMS™
is used to model
95% of the reservoirs
on the Norwegian
Continental Shelf.



STAGE

4

● Reducing risk and supporting
● intelligent decisions.

Roxar's software portfolio is instrumental in helping operators generate intelligent information on their reservoirs, reduce risk, and increase production.

This means that our customers can make confident interpretations and build reliable reservoir models that honour their input data, truly reflect the reservoir properties, and support essential 'minimum risk' decision making.

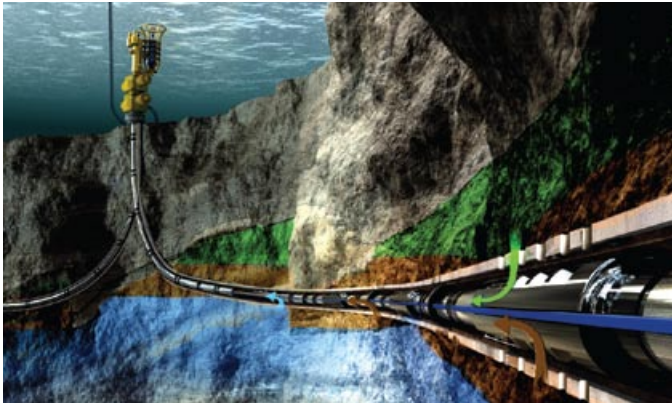
And 2008 has been a busy year for Roxar's reservoir modelling and simulation solutions.

Highlights, among many, include a NOK 80 million software contract to supply IRAP RMS™, Tempest™, and ResView™ to a large Russian client; a four-year NOK 120 million software deal with StatoilHydro for the provision of IRAP RMS™; and a NOK 69 million three-year contract with Malaysian national oil company, PETRONAS for our full suite of reservoir management software solutions – IRAP RMS™, Fracperm™, Tempest™ and EnABLE™.

Roxar also recently secured a contract to supply multiple licenses of EnABLE™ worth over NOK 3.5 million to a leading Australian E&P company operating out of East Coast Australia.

Roxar see that technology is one of the cornerstones to the future, but the most important factor is the human mind and our ability to utilize technology. We are therefore committed to transferring knowledge and growing and nurturing talent even before a person joins a work place. In late 2008,

Roxar signed a Memorandum of Understanding (MOU) with the Hanoi University of Mining and Geology (HUMG) in Vietnam, which will see the establishment of a laboratory at the university with Roxar donating NOK 17.5 million of software for academic use. A similar academic partnership was also initiated in December 2008 between Roxar and Universitas Padjadjaran (UNPAD) in Bandung, Indonesia.



17

Roxar technology is today used to monitor 17 fields on the Norwegian Continental Shelf.

185°

celsius – the temperatures downhole.

STAGE

5

Well operation and completions. Monitoring the reservoir.

Alongside Roxar's software solutions are its instrumentation products. Instrumentation that, when combined with predictive software models, help operators monitor production continuously, observe and control fields from remote locations, and use the most recent, up to date, field information when making operational decisions.

Roxar's well operation and completion solutions generate accurate information to ensure that every producing well is managed for maximum reservoir performance. With the high costs associated with planning and drilling wells, this information is crucial to the operator.

Roxar's well operation and completion portfolio is spear-headed by its PDMS (Permanent Downhole Monitoring System) which provide reliable real-time data to the operator from any location. Roxar PDMS and its downhole gauges are deployed in production, injection, and observation wells, and also in conjunction with the instrumentation of multi-zone intelligent wells.

There is also the Roxar intelligent downhole network, which acts as a hub for downhole choke position indicators, future Roxar measurement devices and third

party sensors and for the transmission of power and data. The downhole sensors are utilised not only to monitor temperature, pressure and water cut, but also gas fraction, sand rate and flow velocity.

To date, more than one thousand wells have been installed with Roxar's downhole instrumentation with a number of high profile 2008 contracts. This includes the April 2008 announcement of a NOK 20 to 40 million three-year contract with StatoilHydro for Roxar downhole gauge systems.

Another contract will also see Roxar supplying downhole gauges to StatoilHydro's Tyrihans and Gjøa fields on the Norwegian Continental Shelf.



80%

Roxar's subsea Wetgas meter holds 80% of the global market share.

STAGE

6

Production solutions. Providing real-time production data.

When a field is in production, the operator will have a number of questions: How are my producing wells doing? How is the water injection for pressure maintenance performing? Have I got control of my pipeline?

Roxar's production and process instruments are in operation downhole, subsea and topside/ onshore in all over the world, in every type of reservoir helping optimise production. The portfolio consists of an extensive range of well performance measurements with Roxar today being the oil & gas industry's largest provider of subsea instrumentation.

Multiphase meters, topside or subsea, simultaneously measure oil, gas and water from an oil or gas well and are used in the industry as a 'speedometer' for producing wells. If a well is overproduced, the well may be damaged resulting in loss of oil recovery from the field. If a well is under-produced, the operator will lose near term cash flow. The meters are also used to allocate revenue between different partners in a field.

Water is a challenge in gas wells. Even small amounts of formation water can cause severe loss of well efficiency and create massive scaling in the pipeline. Roxar's Wetgas meter allows the operator to make proactive steps towards controlling the water.

The Roxar Wetgas meter, launched in 2001, accurately measures the flow rate of gas, condensate and water, as well as detecting the breakthrough of formation water from some of the world's leading gas fields, including Ormen Lange in Norway and the Independence Hub in the Gulf of Mexico.

Sand erosion and pipe corrosion are also major obstacles to production. Such obstacles are alleviated through the CorrOcean subsea sand erosion sensor, which detects sand production at an early stage, and the CorrOcean FSM (Field Signature Method) system, which detects corrosion in critical pipeline applications.

2008 contracts include an LOI worth a total of NOK 21 million for topside wet gas meters and software for a major project offshore Malaysia; an LOI valued at NOK 23 million for topside multiphase meters to a major client in Mexico; and a contract, announced in 2008, for the provision of reservoir sensors and multiphase measurement systems to Petrobras America for operation in the Gulf of Mexico's Cascade and Chinook fields.



9

Roxar subsea Wetgas meter can detect a rate of 9 gallons of water in 26 million gallons every hour.

60%

of E&P companies view reservoir optimisation technology as having the highest impact on earnings.

STAGE

7

- The final stage.
- Tying it all together.

From interpreting data and building models to generating real-time well and production data, Roxar provides an integrated workflow which takes the operator across the entire reservoir management lifecycle.

Roxar understands, however, that it is vital for operators to have a full data overview from the field instruments and multi-phase metering downhole right through to the history matching and simulation tools on the user desktop. Roxar's monitoring and analysis software Roxar Fieldwatch provides that all important data overview.

Roxar Fieldwatch is used to store, monitor and manage the measurement data from all meters and gauges within the field. Roxar Fieldwatch establishes an important link between real-time production optimisation, right time reservoir characterisation and production forecasting.

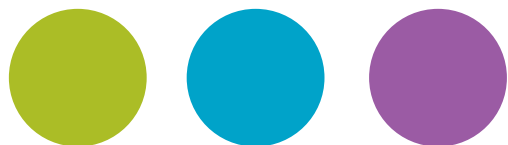
Roxar Fieldmanager will be based at the field's onshore control centre to provide a suite of analysis and interpretation tools, local storage for the data from the flow measurement instruments over the lifetime of the field, and to receive the most recent data from Roxar Fieldwatch.

The two systems will integrate instrument data, such as down-hole temperature, pressure and flow rates, from a variety of field instruments into a common desktop for visualisation, field monitoring, analysis and interpretation.

The result is a complete solution from the field instruments to the end user's desktop.

IRAP RMS™

Roxar's flagship reservoir modelling solution, IRAP RMS™, is such an integral part of E&P operators' current and future reservoir management plans that few would realise that the software has a 22-year history behind it.



1987-1995: Putting the jigsaw pieces in place

While today's IRAP RMS™ comprises 17 fully integrated software modules and is supported by a team of 80 dedicated software programmers, things were very different in 1987.

It was then that the reservoir software company, Geomatic, first brought to market its 2D reservoir mappmodelling package IRAP classic product.

In 1991 the REMO (Reservoir Modelling) consortium was founded, in order to bring 3D-modelling to the geologists, and to unit all reservoir description disciplines into one working environment.

IRAP RMS™ later derived from the REMO consortium, in 1994 this became IRAP RMS™, the industry's first 3D geological modelling package.

It was in 1995 that Smedvig Technologies, which later become

Roxar AS, acquired 100 percent of the shares in Geomatic AS and another equally important software company, ODIN Reservoir Software. ODIN was a company set up by IBM and the Norwegian Computing Centre (NCC) to commercialize research into stochastic reservoir modelling.

Its product, STORM was a collection of core assimilation programmes with no user interface and users having to understand the underlying algorithms.

With Smedvig's analysis and processing software, ResView, all the pieces of the jigsaw were now in place to develop the industry leading IRAP RMS™ we know today. A modelling solution that would break down the barriers between geoscientists and engineers and provide a seamless, integrated 3D-modelling workflow.

2000: The birth of the modern, user-friendly IRAP RMS™

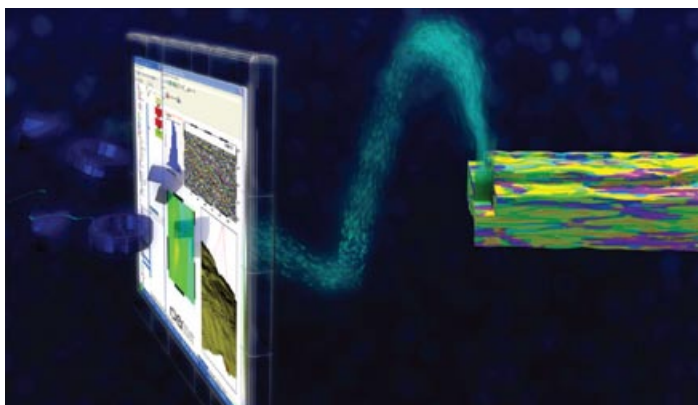
It was in April 2000 that the company, now named Roxar ASA, made the single most important announcement relating to IRAP RMS™ – the launch of IRAP RMS™ version 6.0.

Version 6 was an 'industry first' in many ways. For the first time, it brought together STORM's stochastic modelling as well as structure and fault modelling capabilities into a single workflow suite with a user-friendly interface – ideal for the common geologist.

Most importantly of all, however, was that IRAP RMS™ 6.0 introduced Roxar's Workflow Manager to the E&P operator. The Workflow Manager, and

the concept of setting up a workflow before executing it, has become a de facto industry standard with many of Roxar's competitors following suit.

The Workflow Manager tool, central to IRAP RMS™'s success, allows users to build and update reservoir models in minutes rather than hours and, through the use of powerful workflow templates, to facilitate technology and skills transfer amongst the user community. IRAP RMS™ has been more responsible than any other reservoir management solution for breaking down the barriers within asset teams and increasing employee productivity.



80

IRAP RMS™ is supported by a team of 80 dedicated software programmers.

22

IRAP RMS™ has set the standards over the last 22 years and will continue to do so for many years to come.

2003: New modules and new features

In 2003, IRAP RMS™ 7.0 was released with a significant upgrade to the user interface and a new, user-friendly well planning tool, RMSwellplan™.

Other new modules soon followed – RMSflowsim™, a flow simulation module that integrates dynamic reservoir data with the static model; a powerful new well correlation tool, RMSwellstrat™; RMSfaultseal™, an easy to use, multi-platform fault seal analysis solution; and FracPerm™ which incorporates fracture modelling into mainstream 3D modelling and simulation activities.

And with Roxar's Workflow Manager and a new modernised, Windows-based user interface in place, all new modules could be incorporated seamlessly into the reservoir characterisation and modelling workflow. The old-style Unix applications of the 1980's and 1990's were gone forever.

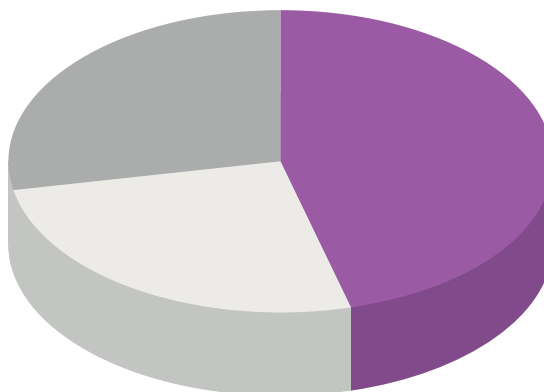
2006-2007: Reducing reservoir uncertainty

When it comes to making economic decisions around reservoir management, whether it be bid valuations, new field development and operational plans, production estimates or divestments, there is one thing that today's E&P operators can be certain about – that there will be a large element of uncertainty in their decisions. Yet, how can one better manage and quantify uncertainty within the reservoir model?

To meet these challenges, in 2006 version 8 of IRAP RMS™ was launched containing an uncertainty management module which will allow for uncertainties to be quantified across the complete reservoir characterization workflow.

This was followed in 2007 by version 9.0 and Roxar's next generation structural modelling solution. The new structural modelling tools consist of new fault and horizon modelling features and improved 3D and integrated simulation gridding, leading to quicker and more accurate characterizations of the reservoir. In the words of Roxar CEO Gunnar Hviding: "one of the most significant productivity enhancement opportunities available in reservoir management today."

“Roxar’s IRAP RMS™ was the pioneering software first able to generate meaningful 3-dimensional geological reservoir models, and is still today the leading software within this space.



Revenue per segment

(NOK 1000)

Software solutions	372 189
● Sales / leases	170 921
○ Maintenance	97 461
● Services	103 807

Price, performance and complimentary software

IRAP RMS™ doesn’t operate in a vacuum and is very much a reflection of the platforms it operates on and the accompanying software solutions it operates with.

Starting with a Unix HP platform, today IRAP RMS™ runs on a wide variety of platforms, such as Linux 64-bit, UNIX 64-bit, Windows 64-bit and now Vista. No competitor can rival this, which is why IRAP RMS™ is the technology of choice for the world’s biggest fields, where the need for increased price and performance is vital.

Roxar’s IRAP RMS™ is also very much a product of the software packages that run beside it. It is only then that operators can gain a fully integrated shared earth model of the reservoir, where geometrically accurate models can be built up and then created into simulation models, consistent with all known geological information. History matching – the act of adjusting a reservoir model until it closely reproduces its past behaviour – is also vital.

To this end, IRAP RMS™ and Roxar’s simulation solution, Tempest™, run seamlessly together with the same underlying simulation engine – something which was introduced with IRAP RMS™ 7.1.

The August 2006 acquisition of Energy Scitech Ltd and its history matching and uncertainty estimation production, EnABLE™, also allows all three

solutions (IRAP RMS™, Tempest™, and EnABLE™) to work alongside each to help exploration and development departments make better decisions, reduce uncertainty, and quickly identify the attributes that impact hydrocarbon distribution and reservoir potential.

” Roxar’s integrated IRAP RMS™ solution can help accelerate the field development planning cycle by allowing multiple disciplines to work together on a common reservoir model in parallel. The capability to build reliable reservoir models in a collaborative environment also assists in increasing the ultimate recovery.

The present and the future

So what of the present and future of IRAP RMS™?

There are many more chapters to the IRAP RMS™ story. In February 2009, Roxar introduced RMS2009, a completely redesigned version with a brand new and modernised user interface, improved data import functionality, and the ability to quickly and easily update facies and petrophysical models based upon new data or interpretations.

Structural modelling capabilities have also been improved, resulting in higher quality grids, as have geosteering tools which will allow users to potentially make better decisions while drilling.

Reservoir modelling lays the foundation for the entire development of a field. IRAP RMS™ has set the standards over the last 22 years and will continue to do so for many years to come.

Roxar’s software solutions:

IRAP RMS™

User area: Reservoir modelling

Roxar’s integrated IRAP RMS™ Solution can help accelerate the field development planning cycle by allowing multiple disciplines to work together on a common reservoir model in parallel. The capability to build reliable reservoir models in a collaborative environment also assists in increasing the ultimate recovery.

TEMPEST™

User area: Simulation

The Tempest reservoir simulator provides a modern integrated solution for full field reservoir simulation. Tempest™ provides users with the ability to take advantage of the power of parallel processing and simulation.

ENABLE™

User area: History matching + uncertainty

EnABLE™ assists the making of oil & gas industry decisions, estimating technical and economic uncertainty more accurately and comprehensively for inclusion in well informed decision making.

Roxar Multiphase metering

25

years



In February 2009, Roxar launched its third generation multiphase meter – the Roxar MPFM 2600 based on its new Zector Technology. The meter is another significant milestone for a company that has been responsible for some of the key landmarks in multiphase metering over the last 25 years. Here we take a look at how Roxar has led the way in the evolution of multiphase meters.

RoxarZector™
Technology
for the future

The new standard
in multiphase
metering technology

Simple, light-weight design, 80% weight reduction and half length compared to previous generation.

Innovative Zector technology: Signal processing, new field electronics, accurate characterisation of flow.

Compact, integrated measurement solution for pressure, differential pressure and temperature.

Non-radioactive version covering most operating conditions.



MPFM 2600 class

Multiphase metering today

Multiphase meters provide critical, reliable, real-time information on a well's capabilities during production. They allow operators maximise cash flow through increased production rates but also enable them to alleviate the risk of overproduction which can lead to damaged wells and reduced output or recovery from the field. In this respect, multiphase meters are a kind of 'speedometer' for producing

wells, telling you if you go too fast for your reservoir or too slow for your financial statement.

Yet, multiphase meters haven't always enjoyed this pre-eminent position in reservoir management. Multiphase meters have had a long journey and, to a large extent, the story behind multiphase meters mirrors the story of Roxar. To fully understand this, let's go back to 1984.

The first commercial
Multiphase meter

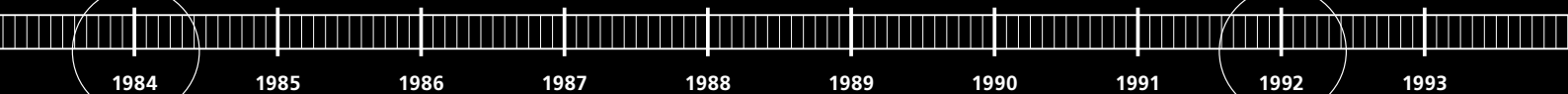
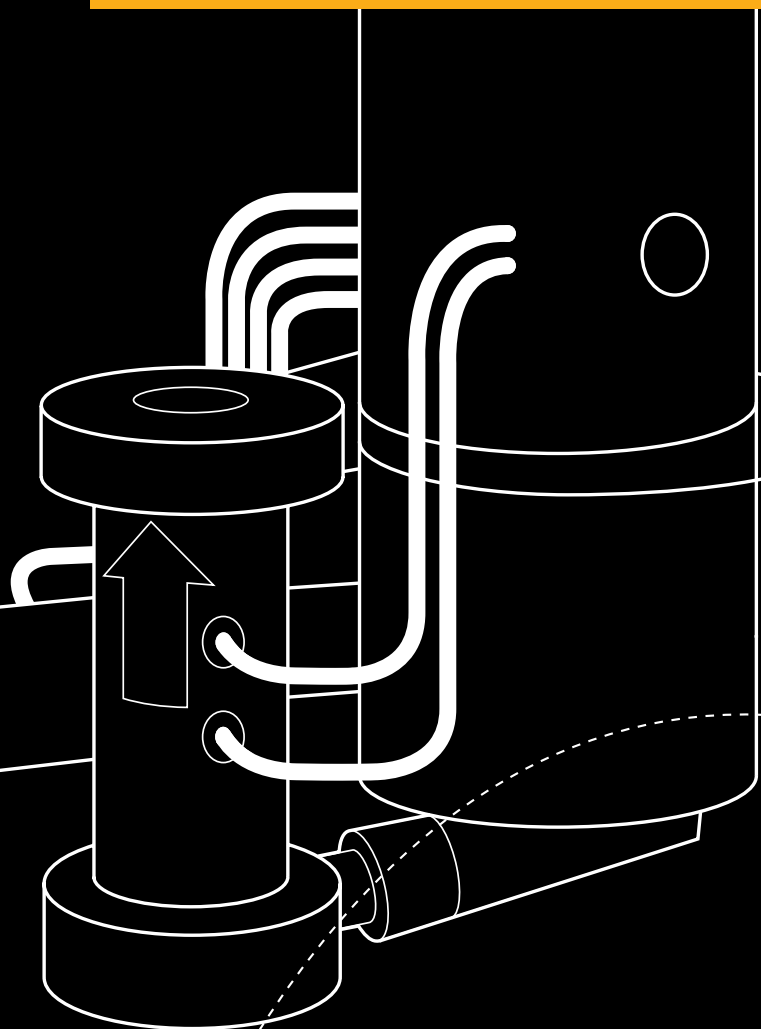
1992

The concept of multiphase metering was first introduced to the public by CMI (Chr. Michelsen Institute) at the Offshore Northern Seas (ONS) exhibition in Stavanger in August 1984. Eight years later, in 1992, Fluenta, who was later acquired by Roxar, launched the first generation multiphase meter, operating on a single velocity basis. This was a true 'industry first', but only gained commercial success in 1998, after another 6 years of technology development.

In the mean time, also Roxar, then known as MFI (Multi-Fluid International), introduced a multiphase meter

based on microwave technology. This was also a result of extensive R&D effort, almost ten years before the commercial launch in 1996. This was successful in the market and well accepted in the industry. For the first time, operators could gain critical, real-time information on their wells' capabilities during production.

The first subsea multiphase meter was launched the same year, and a landmark North Sea development order for 30 of Roxar's subsea multiphase meters followed soon after. Roxar had made its mark as a true industrial pioneer.



The second generation meter

2001

In 2001 Roxar acquired Fluenta, and introduced the second generation meter, largely based on the Fluenta developed dual velocity based meter.

The second generation meter was the result of a massive 100 million NOK of R&D investment and allowed, for the first time, for both the velocities of oil & gas to be measured. The meter incorporated a Dual Velocity™ method with calculated phase fractions based on capacitance and conductivity measurements in combination with a single energy gamma densitometer.

Other highlights of the second generation meter included parts designed to withstand more than 30 years of operating in harsh environments, power consumption at less than 25% that of the first generation meter, and for subsea meters, a retrievable canister which houses the meter's electronics and flow computing modules.

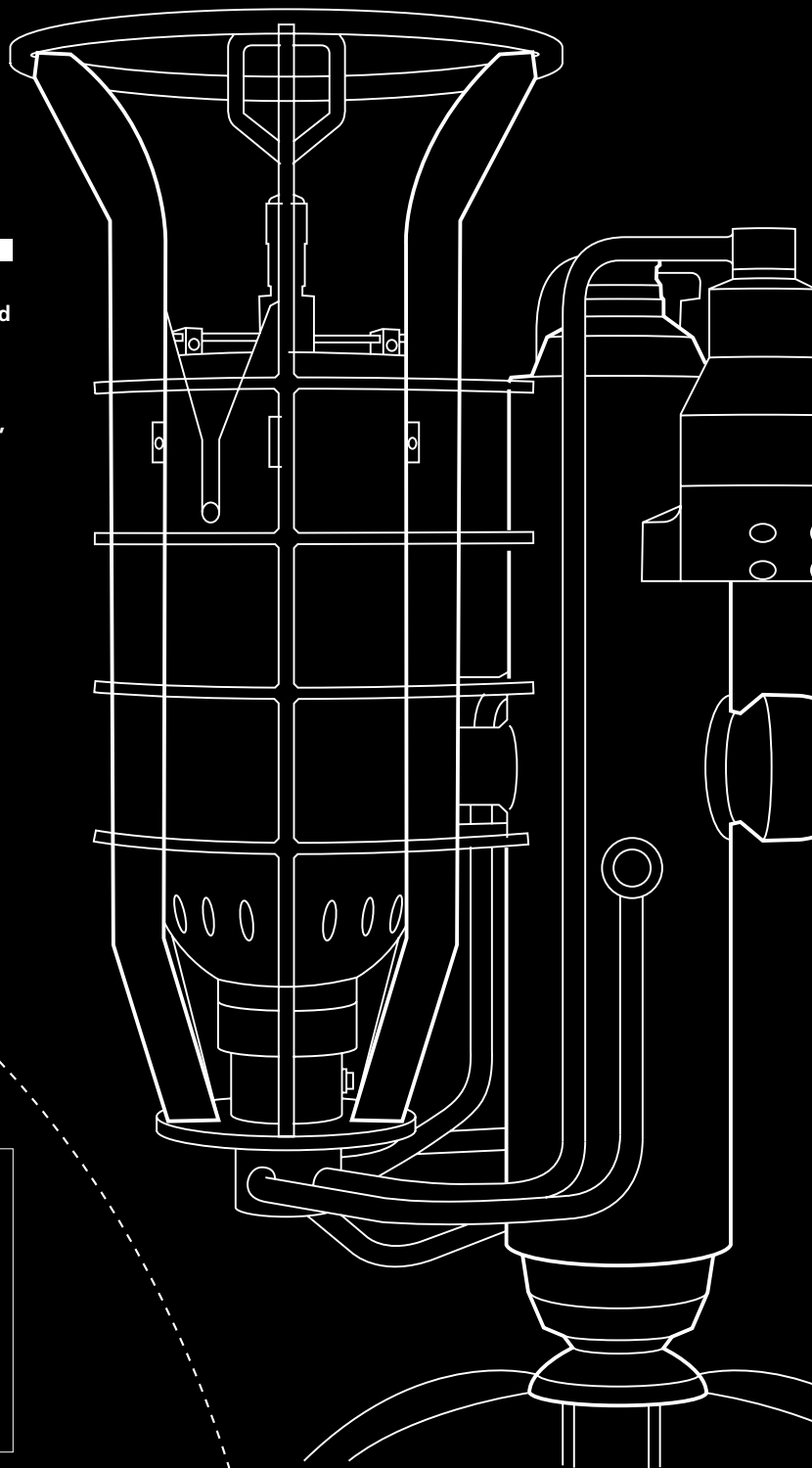
The microwave principles applied in the early MFI multiphase meters have been further developed into the Roxar Wetgas meter and is also used in the Watercut meter.

20%

of Subsea wells utilise a multiphase meter.

31

years mean time to failure of a Roxar subsea Multiphase meter.



1995

1996

1997

1998

1999

2000

2001

2002

2003

2004

3,000

meters is the depth at which the Roxar subsea Multiphase meter can be installed.

10,000

PSI is the operation pressure the Roxar subsea Multiphase meter can handle.

The third generation Multiphase meter

2009

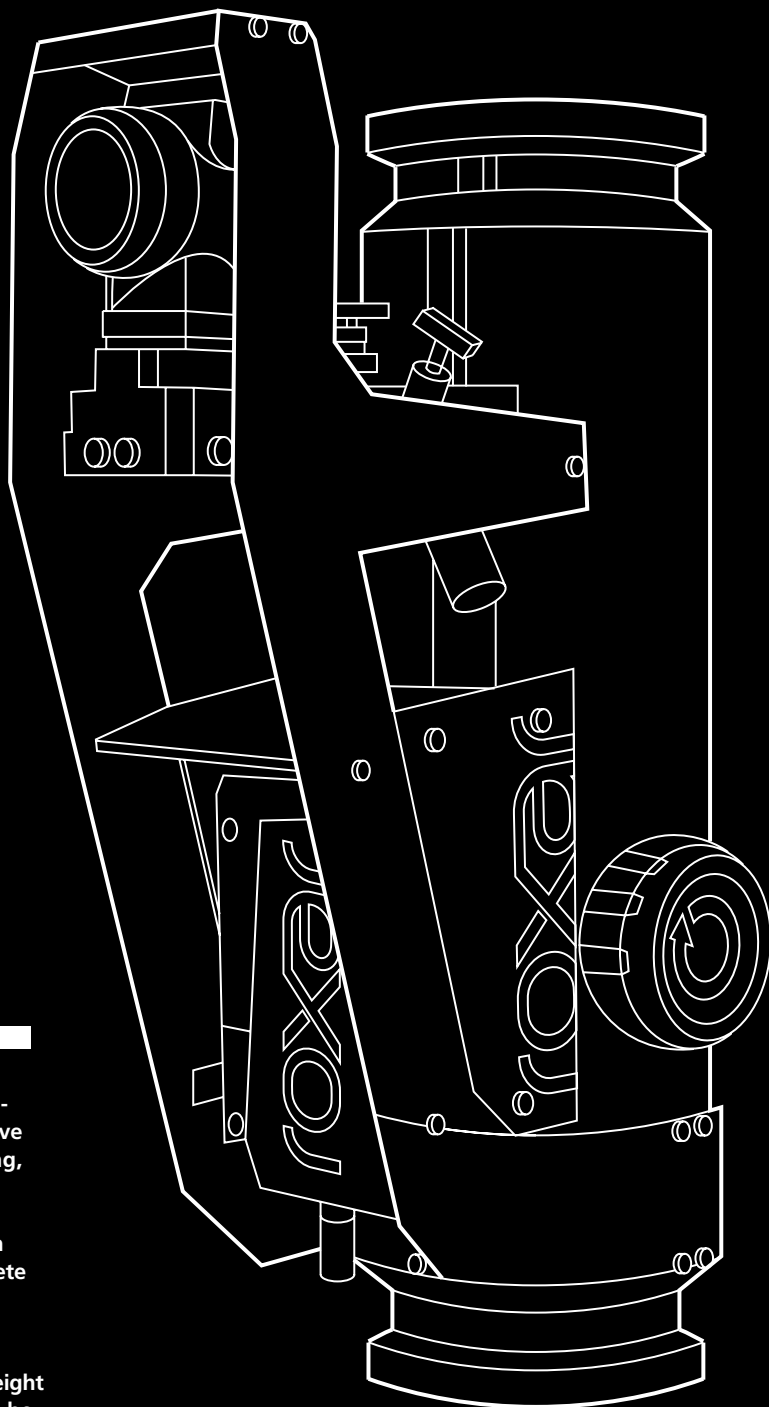
The last few years have seen a host of new challenges for multiphase meters.

As fields become more complex and often more remote, operators need greater accuracy and knowledge on flow rates. They also require reduced maintenance and installation requirements and costs, greater flexibility over installations, and need to meet some of the environmental concerns of using radioactive technologies.

It was against this context and with the needs of the operator firmly in its sights that Roxar developed its third generation meter – the MPFM 2600.

The meter's Zector technology, with its non-radioactive algorithm, signal processing, compact sensor geometry, and new field electronics, provides the operator with a more accurate and complete characterisation of flow pattern modules.

And the simple and light-weight design allows the meter to be installed on individual wells and in previously inaccessible locations. The result, Roxar believes, will be increased installations worldwide.



2005

2006

2007

2008

2009

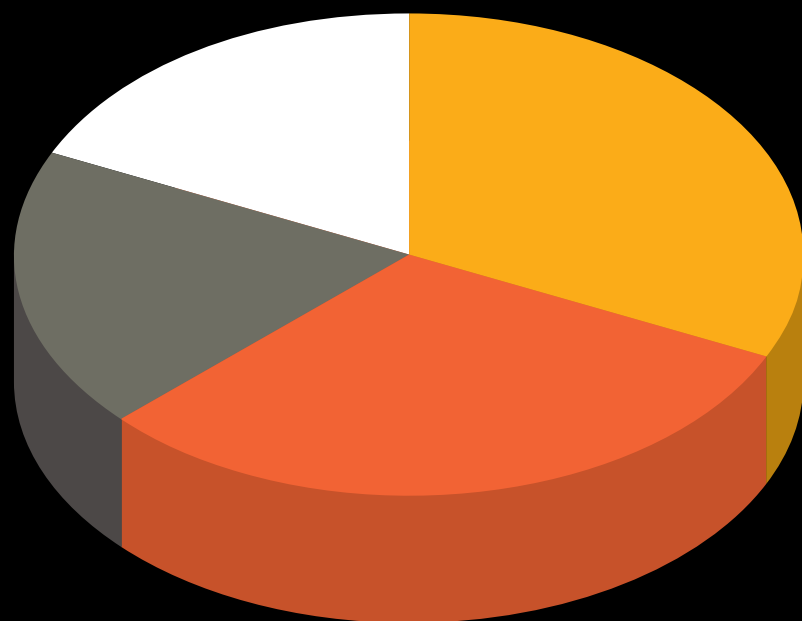
2010

2011

2012

2013

2014



Revenue

per segment

(NOK 1000)

Flow Measurement	
Topside	319 989
Subsea	308 370
Services	186 677
Downhole	178 209

150°C

The maximum temperature the Roxar subsea Multiphase meter operates at.

-28°C

The minimum temperature the Roxar subsea Multiphase meter operates at.

-46°C

The minimum temperature the Roxar MPFM 2600 operates at.

45%

World energy demand will increase by 45% between 2006 and 2030.

So what about the future?

Multiphase meters have come a long way since 1984!

The real-time data from multiphase meters is finally being used to its full potential for reservoir monitoring, flow assurance calculations, production optimisation, and reservoir engineering analysis.

And when integrated with gauges and other intelligent devices, the multiphase meter can become a critical component in measuring flow and production rates, and contributing to real-time decision-making.

2016

2017

2018

2019

2020

2021

2022

2023

2024

2025

X-works: The sky is the limit with Roxar's technologies

Roxar has always been synonymous with innovation. By challenging the established ways of doing business and through its industry leading solutions, Roxar takes great pride in bringing the products of tomorrow to the market today. Yet are there hidden values in Roxar's technologies? We believe the answer is yes, which is why we have established X-Works.

X-WORKS AS IS is a registered company fully owned by Roxar ASA which is taking Roxar's focus on innovation in the oil & gas sector and applying it in other market sectors. X-Works has exclusive rights to transform, use and commercialise all Roxar technology in non oil & gas markets – markets that can include everything from environmental and health research to logistics and the military.

IMAGINE A SOLUTION that can offer you as detailed and as relevant information on your health as Roxar provides to the oil & gas industry with its systematic approach and geological software. Our technical expertise and experience in integrating modelling, statistics, uncertainty quantification and instrumentation is unique in the oil & gas industry and there's no reason why this cannot be applied in areas such as health or thermal energy. This is why we have decided to explore these exiting opportunities.

There are a host of other exciting, potential new applications for Roxar technologies with the sky quite literally the limit.

IMAGINE A SYSTEM that can identify and map new water resources, and at the same time, provide valuable information on how to avoid pollutants

contaminating the water. Roxar's decades of experience with modelling, simulation and consulting in preventive strategies is a resource base which X-Works can draw upon to create new solutions to global challenges, such as water shortages.

Imagine how companies can increase their logistics efficiencies and identify at any stage in the process what the most significant variables and uncertainties are. An optimised and reliable logistics system is vital for cutting inventory costs and Roxar has the technology to deliver this.

Imagine a system that can give our armed forces reliable decision making tools, so that their strategic decisions align as closely as possible with the key goals of their mission. Roxar has the technology that enables this – technology which also accounts for changing conditions once operations have commenced.

ROXAR IS FIRST AND foremost a technology company, developing and delivering technologies, such as 3D geological modelling, reservoir simulation and flow measurement, to the oil & gas company. Our secret is to never stand still, bring fresh thinking and creativity to everything we do, and always believe that we can improve. Few companies can rival the speed in which Roxar transfers R&D into fully operational commercial products.





WHILE DELIVERING such innovation, the oil & gas industry is and will continue to remain our core business, Roxar is committed to developing beyond oil & gas. We intend to allow our technologies to benefit other sectors and organisations and to meet challenges relating to logistics, health, the environment and many others.

This is what Roxar X-Works is all about. Roxar holds a number of patents and protected key technologies that could easily be transferred to other business areas, and our well-educated and experienced people have the skills, expertise and invention to adapt and progress our solutions.

Roxar CEO, Gunnar Hviding, concludes with his thoughts on Roxar X-Works:

“Our decision to set up Roxar X-Works was driven by two motivating factors. Firstly, because it is a good, commercial decision to take our skills into other sectors. And secondly and most importantly of all, because it’s something that Roxar staff and management are genuinely passionate about.”

“A lot of Roxar’s success to date has been down to our relentless focus on innovation, our antennae for new market drivers, and our ability to develop solutions that meet the challenges of our oil & gas customers. It’s going to be a wonderful challenge to transfer our technologies and apply these unique skills in new sectors and also make a real difference in areas such as health and the environment.”

xworks

Corporate governance policy

The Board of Directors ('BoD') of Roxar ASA ('Roxar' or 'Company') considers good corporate governance to be an important foundation for long term value creation, for building trust between the Roxar and its stakeholders and maintaining shareholder value. Owners, investors, customers, employees and other key parties should always be confident that Roxar's business activities are characterised by reliability, control, transparency and high ethical standards. The Company will in endeavour to follow the Norwegian Code of Practice for Corporate Governance as amended from time to time in all material aspects. Any exceptions will be explained in the following.

These Corporate Governance Principles has been approved by the Company's BoD, and will be subject to annual review to evaluate compliance and need for potential amendments.

Business

Roxar is a technology supplier to the upstream oil & gas industry. The objective of the Company is to offer products and associated services for reservoir management and flow assurance. Roxar's business is further defined in the Company's Articles of Association.

Equity and dividends

Roxar's equity is considered to be, and shall be adequate, to the Company's objectives, strategy and risk profile.

The equity capital is subject to review by the BoD before all quarterly reporting, where the BoD evaluates if the equity

is at a level appropriate to the objectives, strategy and risk profile of the Company.

It is a primary goal for Roxar to maximise shareholders value in such a way that the return on investment measured in the form of dividends and increase in share price, will be at least at the same level as alternative investments involving similar risks. Roxar will strive to find a good balance between paying dividend and the possibility of growth through investments in development and / or acquisitions.

The BoD has been granted a proxy by the General Meeting in favour of issuance of new shares. This proxy may also be used in take-over situations as determined by the General Meeting. The proxy shall normally only be valid for one year or until the next General Meeting, whatever comes first.

Equal treatment of shareholders and transactions with close associates

The Company's corporate governance is based on equal treatment of all shareholders. Roxar has only one class of shares and there are no voting restrictions on any of the shares. Roxar strictly adheres to the principle of equal treatment of all shareholders.

Members of the BoD, key employees, close associates etc. who wish to purchase or sell Roxar shares are obliged to clear the transaction with the Company in advance and shall at all times adhere to the Insider Trading Rules put in place for the Company.

Freely negotiable shares

All shares in Roxar are freely negotiable.

General Meetings

The General Meeting (GM) is the body within the Company with supreme authority. The mandate of the GM is amongst others to elect the members of the BoD (other than the employee elected members). Further, Norwegian mandatory law provides that certain issues must be dealt with and decided by the GM, including approval of the financial statements, annual report, distribution of dividends, choice of auditor and the remuneration for the members of the BoD and the auditor. The candidates for the BoD and appointment of the Chairman of the BoD also have to be approved by the GM. In addition, members to the Nomination Committee shall be elected by the GM.

Roxar encourages all shareholders to exercise their rights by participating at the GM. Shareholders receive the supporting documents on the resolutions to be considered at the General Meeting no later than two weeks prior to the date of the General Meeting. Notice for the GM, the supporting documents and the minutes of the GM shall be available on the Company's web site www.roxar.com. Shareholders who are unable to attend in person can vote by proxy. Motions from shareholders that want the GM to consider specific issues must be submitted to the BoD in writing in good time before the GM.

Management of the Company will be represented at the GM by at least the CEO and/or CFO. The General Meeting shall normally be opened by the Chairman of the BoD.

Nomination committee

Roxar shall have a nomination committee consisting of knowledgeable industry participants from outside the Company.

The committee is elected pursuant to the Company's Articles of Association. The purpose of the committee is to recommend candidates for election to the BoD and the nomination committee and to review the remuneration and performance of the BoD.

Composition and independence of the Board of Directors

The BoD of the Company currently consists of 9 members and 1 observer. 7 are elected by the General Meeting, 2 are elected by, and among, the employees of the Company in Norway. The Company will on the GM in 2009 adapt a new employee representation scheme approved by the regulators, being [Norwegian Register of Business Enterprises](#). The observer has been elected among the employee representatives of the BoD and appointed by the GM. The observer will be discontinued when the new representative scheme for employees are established.

The composition of the BoD as a whole represents sufficient diversity of background and expertise to help ensure that the BoD carries out its work in a satisfactory manner. In this respect due attention is paid to the balance between male and female members of the BoD, according to law.

All members of the BoD are deemed to be independent in accordance with the Code of Practice and Norwegian stock exchange guidelines.

The chairman of the BoD is elected by the GM. The members of the BoD are elected for 2 years at a time.

The work of the Board of Directors

The BoD is elected by the General Meeting, and where relevant by the employees, see above. The BoD determines an annual plan for its work where objectives, strategy and implementation are important issues. The BoD is ultimate responsible for the management of the Company and for supervising the day to day management according to statutory requirements and recommendations. The BoD determines an instruction for the management of the Company. The leading management of the Company shall report to the BoD on a regular basis, with relevant and adequate information and documentation on the performance and development of the Company. The BoD shall, however, be responsible for establishing and maintaining a continuous contact and dialogue with the management to follow-up on the activities of the Company. The composition of the BoD from time to time shall reflect the combination of the intention to meet the requirements for independence set out in the Norwegian Code of Practice for Corporate Governance, and the requirements of major shareholders to be represented on the BoD.

The BoD works continuously on internal control in accordance with relevant regulations. It is the policy of the Company to invite the external auditor to report to the BoD at least twice a year.

Audit committee

The BoD shall appoint an audit committee among themselves with special responsibility to report to the BoD on the financial reporting, internal control systems

and risk evaluation systems etc. of the Company along with suggested improvements and amendments of a corrective nature when necessary.

Risk control and internal control

The Company has systems regarding risk control and internal control in order to handle any risks regarding the business. These systems include value base and ethical guidelines. The BoD undertakes annual examinations of the most important risk areas and the internal control. The major elements regarding the systems for risk control and internal control are listed in the annual report.

Remuneration of the Board of Directors

The remuneration of the BoD is determined by the General Meeting. In certain circumstances and after prior approval by the BoD, directors can perform special and additional assignments for the Company. The remuneration for such additional duties is set by the BoD.

No share options have been granted to the BoD.

Remuneration to members of the BoD is listed in the annual report.

Remuneration committee – remuneration for the executive management

The BoD shall appoint a remuneration committee among themselves with special responsibility to report and make recommendations to the BoD on the remuneration for the chief executive and set guidelines for remuneration of the executive management, in accordance with the statement with regard to remuneration as determined and recommended by the ordinary General Meeting each year.

The guidelines shall contribute to establish coincident interests between the shareholders and the leading management of the Company. The BoD shall consider and make the final resolutions with respect to remuneration on the basis of input from the remuneration committee. The annual report shall report details of all elements of the chief executive remuneration

Information and communications

Roxar has established guidelines for reporting financial and other information to the market in order to ensure that market participants receive correct and up-to-date information in a timely manner and that all participants are treated equal. The information shall at all times be distributed to as wide as possible.

Each year a financial calendar is published with the dates for major events such as the annual General Meeting, publication of interim reports and public presentations etc.

The quarterly and annual reports are presented openly to invited analysts and business journalists at the same time as the information is made public on the Oslo Stock Exchange and on the Company's web site at www.roxar.com.

Information about the Company is provided on its web site at www.roxar.com including an overview of the development in the share price and regular updates of the 20 largest shareholders.

Takeovers

The shares of the Company are traded freely and distributed in such a way that there are no hindrances or obstructions to take-over bids for the companies activities or shares. The BoD has been granted a proxy in favour of issuance of new shares granted by the GM. This proxy may also be used in take over situations as determined by the GM, ref paragraph 'Equity and dividends' above.

Auditor

The Company's auditor attends BoD meetings as required, and is always present when the annual accounts are under consideration. The auditor is elected by the GM and shall be independent of the Company in order to ensure an objective and impartial approach to the engagement.

The auditor provides the BoD with a review of the work on the annual accounts, and explains changes in the accounting principles and other significant aspects. Should either side find it appropriate, the BoD can meet the auditor without the presence of the administration. At least once a year, the auditor and the BoD together shall examine the Company's internal control, including identified weak points and proposal for changes.

The auditor's fee, broken down by audit work and other consultancy services is specified in the annual report and at the annual GM.

Stavanger, 2 April 2009

Directors' report

General

Roxar ASA is a leading international provider of technological products and solutions for the oil & gas market. The strength of Roxar ASA is its understanding of both the complexity of reservoirs, and the technology that can enhance production flow and overall recovery.

Roxar ASA is organised into two business units, Software Solutions and Flow Measurement. These two businesses share the same global infrastructure and are represented with 28 offices in 19 countries.

Roxar Flow Measurement develops and offers advanced technology for the monitoring of real-time oil & gas production. This technology will give the operator access to detailed information, including the flow rate of oil, gas and water from a well, pressure and temperature

conditions in the reservoir, production of sand and pipe erosion. This data enhances the operator's reservoir management and provides a more reliable decision-making basis for enhanced production and recovery. In addition, installation and maintenance services are provided.

Roxar Software Solutions offers a complete portfolio of software solutions for reservoir management and optimisation of the production flow. The business unit's solutions include 3D modelling, interpretation, well planning and reservoir simulation. Furthermore, Roxar Software Solutions provides consultancy services related to all its products.

Group profit and loss analysis

The following section is a summary of results of Roxar's ongoing business. To provide a better

understanding of the underlying performance, comparisons to 2007 are made on a proforma basis, as if CorrOcean ASA (now Roxar ASA) had acquired all the shares of Roxar AS effective 1 January 2007. The International Financial Reporting Standards (IFRS) are used as a basis for the accounting principles, as approved by the European Union (EU).

Revenues amounted to NOK 1,365 million in 2008. This was NOK 157 million more than in 2007, and represents a growth of 13%.

Roxar Flow Measurement altogether had 7.2% higher revenue in 2008 compared to 2007. Particularly promising was that the majority of the growth came from Topside metering and Service. These are markets which generally consist of many small orders spread across the globe, and give a good representation of the current underlying market activity. Topside and Service revenues increased by 43.7% and 40.2% respectively for 2008 compared to 2007. Subsea and Downhole had a somewhat lower performance in 2008. However, the Subsea market looks strong and Roxar has announced several orders around the year end, and as such we expect this segment to improve going forward.

Roxar Software Solutions had a topline growth of 31.9% in 2008 compared to 2007. Most encouraging was the 58.5% growth in licence sales and leases, which demonstrates the strong demand for Roxar's software solutions.

The 2008 operating profit (EBITDA) amounted to NOK 219.2 million compared to NOK 112.4 million for 2007, which represents a growth of 95.0%. Roxar had a positive one-off EBITDA effect (non cash) from converting from a defined benefit pension scheme to a fixed contribution pension scheme of NOK

35.6 million. Adjusted for this one-off effect the EBITDA for 2008 was 63.4% higher than 2007.

Depreciation and amortisation amounts to NOK 133.6 million for 2008 compared to NOK 130.2 million for 2007. Amortisation of intangible assets for 2008 amounts to NOK 110.9 million, of which NOK 106.9 million relates to amortisation of intangible assets from the acquisition of Roxar AS in 2007.

In 2008, Roxar reported a net financial cost of NOK 308.0 million, compared to a net financial income of NOK 9.3 million in 2007. Roxar's financial strategy include hedging 75-100% of the group's net forecasted cash flows on a rolling 12 months basis. In addition, Roxar has a policy in which the company secures 100% of interest exposure related to USD denominated debt. The changes in financial items from year to year are principally the result of changes in currency gains and losses related to revaluation of balance sheet items in general and USD denominated debt in particular, together with effects from foreign exchange and interests hedging contracts. In 2008, Roxar booked unrealised losses of NOK 140.7 million related to the USD denominated debt. The company's USD denominated debt is reduced from USD 184 million to USD 102.6 million throughout 2008. The refinancing of USD debt to NOK debt was done at favorable exchange rates. Hence, in spite of the latest strengthening of the USD, the company's total debt is, when converted to NOK, the same as at the time the company was refinanced in the summer of 2007. Over time, a strengthening of the USD/NOK ratio will have a positive effect on Roxar's operating profit.

The effective income tax rate was -36.9% and 1.5% for 2008

Key financial information (K NOK)

2008

2007*

Profit & loss statement		
Consolidated revenue	1 365 434	1 208 800
Flow Measurement	993 245	926 596
Software solutions	372 189	282 204
EBITDA	219 217	112 390
Flow Measurement	136 703	99 373
Software solutions	102 487	26 244
Unallocated corporate cost	-19 973	-13 227
Depreciation and amortisation	133 593	130 170
EBIT	85 624	-17 780
Net financial cost	-307 955	9 246
Tax expenses	81 995	-127
Profit from business area held for sale	-	17 557
Net profit	-140 335	8 896

*pro-forma

and 2007 respectively. The main reason for the negative tax rate in 2008 is the relatively high level of amortisation of intangible assets together with financing costs. The main reason for the high tax rate for 2008 is related to income not subject to tax / expenses not deductible for tax purposes. Payable tax amounts to NOK 29.8 million for 2008 compared to NOK 5.1 million for 2007.

Net profit for the Roxar Group was NOK -140.3 million for 2008 compared to NOK 8.9 million for 2007. In spite of the increase in operating profit, net profit was offset by the increased financial costs. 2008 had a negative net result of NOK 187 944 000 in the parent company Roxar ASA. The Board of Directors proposes that the net loss should be transferred to other equity. The parent company had no unrestricted equity at 31 December 2008.

In accordance with Section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared on the basis of the going concern assumption.

Cash flow operations and investments

The Roxar Group's primary source of cash flow consists of funds generated from operations. In 2008, net cash flow from operating activities amounted to NOK 199.3 million. The 2008 operating cash flow was strong, relative to the operating results and the underlying growth of the business.

Investments in 2008 amounted to NOK 99.8 million, of which NOK 25.7 million related to the acquisition of PolyOil Ltd, and NOK 44.5 related to capitalized R&D expenses.

In 2008, Roxar spent a net of NOK 139.2 million on financing activities. Of this, paid interests related to debt amounts to NOK

84.7 million, and net repayment of debt amounts to NOK 65.9 million.

Net cash for full year 2008 was reduced by NOK 39.7 million, including debt installments and the acquisition of PolyOil Ltd. While Roxar focuses continuously on optimising cash flows, we will however see cash flows continue to fluctuate somewhat as a result of changes in activity levels and product mix.

Balance sheet

The balance sheet of the Roxar Group was significantly impacted by the acquisition of Roxar AS in 2007. As of 31 December 2008, NOK 1.198 million of goodwill and NOK 851.8 of intangible assets stems from this acquisition (representing 65% of group assets).

As of 31 December 2008 the net interest bearing debt of the Roxar Group is NOK 1.321,2 million, of which NOK 687.9 represents net bank debt. The bank debt is subject to five covenants, of which the Roxar Group is in compliance as of 31 December 2008. In 2008, the Roxar Group has repaid bank debt of NOK 425.1 million, of which NOK 372.0 million is related to refinancing of debt and NOK 53.1 million is related to ordinary installments. 2009 estimated loan repayments amounts to NOK 180.2 million. The Roxar Group focus continuously on optimizing cash flows, however, to meet the increased repayment schedule to the banks, cash flows for 2009 will have to improve compared to 2008.

As of 31 December 2008 the assets of the Roxar Group were NOK 3,133.5 million, compared with NOK 3,009,0 million at 31 December 2007. As of 31 December 2008 the equity ratio was 33.5% compared to 38.6% at 31 December 2007.

Research and Development (R&D)

In order to maintain its position as market leader, it is important for Roxar to keep investing in improving its existing products and to carry out research and development of new products and solutions. In 2008, Roxar capitalized NOK 44.5 million related to technology development activities. In addition, NOK 101.1 million has been expensed as R&D costs associated with upgrading of existing products. In total, 10.7% of operating revenues has been allocated to R&D activities.

Risk

The Roxar Group's activities involve different types of financial risk: market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk. The risk management plan focuses on the unpredictability of the capital markets and seeks to minimise the potential negative impact on the group's financial results. The Roxar Group employs financial derivatives as a hedge against certain risks.

The Roxar Group's risk management is the responsibility of the corporate finance department in accordance with guidelines approved by the Board of Directors. The corporate finance department identifies, assesses and hedges financial risk in close collaboration with the different business units.

Currency and interest risk

The company is exposed to fluctuations in exchange rates, particularly USD, as a substantial portion of the Roxar Group's revenues are in foreign currency. As part of the hedging strategy, the company uses foreign exchange forward contracts. Furthermore, a significant portion of the financing is denominated in USD.

Credit risk

The Roxar Group's outstanding receivables are continuously monitored to uncover any payment irregularities and to limit loss and the risk of loss. Historically, the group's losses on receivables have been low.

Liquidity risk

The debt level in the Roxar Group is relatively high compared to many other growth companies. In addition, and as a result of the global turmoil, it has become more challenging to refinance debt. As such, strong growth and/or reduced cash generation can have a negative impact on the company's ability to service debt and other commitments. The Board of Directors are authorized to increase the share capital by up to 10%, and this together with a potential extension of the loan repayment schedule could in a given situation increase the company's financial flexibility. The Roxar Group focuses continuously on cash management, and has for a long time had processes in place to optimise cash flows, reduce production lead times and minimise working capital.

Risk related to asset management

The Roxar Group's goal with regard to asset management is to safeguard ongoing operations to secure a return for the owners and other stakeholders and to maintain an optimal capital structure to reduce the capital costs. To improve the capital structure, the group can issue new shares or sell assets to repay debt. Furthermore, the capital structure can be influenced by paying dividends or by other sorts of repayment of capital to shareholders.

Organisation, human resources and the environment

The structure and working environment

Roxar is structured to allow each business unit to have defined responsibilities and decision-making authority. This autonomy gives each individual employee the opportunity to make a difference and fits in with the Directors' view that Roxar offers challenging tasks in a healthy working environment.

The working environment at Roxar is good. The company continuously monitors the physical and social working environment to maintain a good work-life balance.

Employees are familiar with their responsibilities, tasks and rights through extensive internal training and guidance provided by line management, as well as the company's communication systems.

With an average age of 37, Roxar employs many parents with small children. The company makes it possible to combine parenting and work, by offering flexible work hours and the opportunity to have

a home office. The work hour schemes are linked to different job roles and are independent of gender. The number of employees who are working part time is somewhat higher among female staff.

Roxar is a technology company and approximately 60% of our employees have the equivalent of an MSc or higher. The company has an internal career programme, providing both a professional and administrative career ladder based on talent and personal goals. Roxar is dedicated to providing long-term career opportunities for all employees, including women. In 2008, a leadership development programme was launched to address leadership and business challenges within Roxar.

Equal opportunities

Roxar is committed to the equal treatment of all employees. We emphasise diversity in all areas, such as nationality, culture, gender and educational background.

At the end of 2008, Roxar had 810 employees divided among 32 different nationalities. The proportion of women was 26%

of the total workforce. The deliberate recruitment of women is important in order to increase gender equality in Roxar and in 2008, we hired 214 employees, of which 33% were women. Of the directors, 44% are women, and the percentage of females in the corporate management structure is 17%.

Relevant qualifications, such as education, experience, previous results and other professional criteria are taken into account when offering employment and there are no significant pay differentials based on gender for employees within Roxar.

Health, safety and environment (HSE)

Health, safety and environment (HSE) has a top priority at Roxar, and considerable resources are invested into promoting a safety oriented culture. Our business planning process is also designed to ensure continuous improvement throughout the organisation. Safety delegates, working environment committees and the company medical service are all

involved in drafting action plans and implementing improvements.

In 2008, Roxar suffered three lost-time accidents and three near lost-time accidents. Sick leave for the whole group was 1.87%, which is similar to the two previous years.

Roxar's operations have a minimal impact on the environment. Special waste, including radioactive material, is managed in accordance with national and international standards, and deposited of according to these standards. Roxar's environment management system is based on ISO 14001.

Events after the balance sheet day

On 4 March 2009, Aegir Norge Holding AS, an indirectly wholly owned subsidiary of Emerson Electric Co, issued a voluntary offer to purchase all outstanding shares in Roxar ASA. The offer is subject to all necessary material permits, consents, approvals and actions from competent governmental and regulatory authorities being obtained. One of the conditions are related to Aegir



Hans Olav Torsen
(Born: 1945)
Chairman of the Board



Morten S. Bergesen jr
(Born: 1974)
Board member



Kaare M. Gisvold
(Born: 1943)
Board member



Gunn-Jane Håland
(Born: 1963)
Board member



Johan Fredrik Odfjell
(Born: 1948)
Board member

Position: Independent consultant and board director.
Background: Founder and group president of SEATEX AS. Senior Vice President of Business Development, Kongsberg Group ASA. Board director in a number of Norwegian technology and investment companies.

Position: Managing Director Havfonn AS. **Background:** Economist, Econ (2000 - 2002). Working as consultant (2000 - 2002).

Position: Independent consultant and board director.
Background: Managing Director, Marintek AS (1975 - 1981). Managing Director, Nordenfjeldske Offshore. Managing Director, Golar-nor Offshore. Responsible for production activity, PGS.

Position: Area Manager Tampen/Oseberg Petoro.
Background: Deputy Managing Director, Sandnes Sparebank (1998 - 2002). A number of managing positions, Sandnes Sparebank (1987 - 1988). Serves on the board of Sparebank 1 SR Bank.

Position: Independent consultant and board member.
Background: Chief Executive Officer, Vesta Group (1986 - 1994). Managing Director, AS Investa (1980 - 1986). A broad range of experience from senior positions in Norwegian industry to a number of board appointments in Norwegian and international companies. Has served on several boards among others, Skandia Forsikring, Kværner, Star Shipping and Orkla.

Norge Holding AS receiving acceptances of more than 90% of the capital and voting rights of Roxar ASA. On 1 April 2009, approximately 96.5 % of the shares of Roxar ASA were either tendered to or owned by Aegir Norge Holding AS.

Outlook

The Roxar Group has had a strong financial performance throughout this entire decade, with robust growth in sales and EBITDA. The key to this growth has been the market uptake of new technology introduced by the company. This aspect is easiest to visualise in the Subsea market where the industry sold 240 wellheads in year 2000 going up to approximately 420 in 2008. In year 2000, approximately 2% of the wellhead trees had a meter installed whilst in 2008, approximately 34% had a meter installed. This implies an average technology adaptation rate of 4% per year, and for 2009 the technology adoption rate alone should be expected to contribute to a 12% sales growth for Roxar in this segment.

The company has had two major product enhancements in 2008. RMS 2009 is a major upgrade to the company's existing reservoir modelling software. The Roxar MPFM 2600 is the first 3rd generation multiphase meter which enhances measurement accuracy and robustness. Both these developments are expected to drive technology adaptation with existing clients and appeal to a wider market which is not currently utilising this technology.

Varying oil prices is not new in the industry. Past experience indicates that the sales growth for Roxar products has a primary driver in technology adoption and a secondary driver from the general industry activity level. Roxar's products are focused on gathering and analyzing data for better decision making. This is equally relevant for operators, independent of oil price.

Roxar's business is founded on the development of new technologies. Technology development is normally associated with considerable risk attached to schedule and cost. However, the company's

core technology is now well proven and the company's procedures and plans for technology development are more robust than before. As a result, we consider this risk to be reduced compared to historical performance.

The current financial crisis has led to expectations in the financial markets of slower growth for companies. There are indeed signals of deferred projects and


reduced investment spending, but projected global investments are still at high historical levels. Going into 2009, Roxar has never experienced a stronger demand for its products and we expect the technology adoption to continue its normal growth. We therefore hold an optimistic but cautious view on 2009, where we foresee a positive development for the company as a whole.


Stavanger, 2 April 2009


Hans Olav Torsen
Chairman


Kaare M. Gisvold


Marit Jannecke Olstad


Maria N. Pedersen


Svein O. Eimhjellen


Gunn-Jane Håland


Eli Skyberg


Johan Fredrik Odjell


Morten Bergesen jr.


Gunnar Hviding
Managing Director



Marit Jannecke Olstad
(Born: 1962)
Board member



Eli Skyberg
(Born: 1956)
Board Member



Svein Ove Eimhjellen
(Born: 1961)
Employee elected repr.



Maria Nøstvik Pedersen
(Born: 1977)
Employee elected repr.



Jan Leif Kristiansen
(Born: 1948)
Observer

Position: Head of Controlling, E&R Finance & Control.
Background: Auditor, Deloitte. Finance Manager, Nortra. Finance director, Norges Turistråd (1990 -1999). Manager, Finance, Planning and Control, Norsk Hydro (now StatoilHydro).

Position: Engineering Manager and QA manager, Kitron AS. **Background:** Scientist, Sintef (1999 -2006). Senior Designer, Fieldbus International. (1996 -1998). Manager, Tandberg Data (1992 -1996). Digital Designer, Dolphin Server Technology (1989 -1992). CPU Designer, Norsk data (1980 -1989).

Position: Department Manager Production.
Background: Development of high voltage equipment, Siemens (1986 -1991). Development Engineer, CorrOcean (1991 -1998). Manager positions, CorrOcean (1998 -2005). Operations Manager, CorrOcean (2005 -2006).

Position: Project Manager.
Background: Project Engineer, CorrOcean (now Roxar).

Position: Senior Project Manager. **Background:** Long experience from a number of pumping companies such as Grundfos Pumper and Hamo Pumper. Managing Director, P.J. Kersbergen (1992 -1994). Owner and Managing Director, Bergen Pumpe-teknikk Project Manager, Roxar (2001 -).

Annual accounts

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Income statement

YEAR ENDED 31 DECEMBER
FIGURES IN NOK '000

ROXAR ASA				ROXAR GROUP			
2007		2008		NOTE	2008	2007	
	131 728	106 462	Revenue	3	1 365 434	605 592	
	131 728	106 462	Total revenue		1 365 434	605 592	
	82 039	55 334	Cost of goods sold	8	476 092	236 029	
	52 260	45 421	Personnel expenses	16	459 590	248 391	
	1 226	2 505	Depreciation and amortisation	4,5	133 593	56 073	
	11 423	23 578	Other operating expenses	20	210 535	90 608	
	146 948	126 838	Total operating expenses		1 279 810	631 102	
	-15 220	-20 375	Operating profit/(loss)		85 624	-25 509	
	74 683	108 903	Financial income	17	138 354	101 881	
	-75 854	-376 209	Financial cost	17	-446 308	-97 066	
	-1 171	-267 306	Net financial (costs)/income		-307 955	4 815	
	-16 391	-287 681	Loss before income tax		-222 331	-20 694	
	4 278	99 737	Income tax expense	13	81 995	8 608	
	-12 113	-187 944	Net loss		-140 335	-12 086	
			Attributable to:				
			Equity holders of the parent		-140 564	-12 611	
			Minority interest		229	525	
			Earnings per share for profit attributable to the equity holders of the parent				
			(Expressed in NOK per share)				
			Basic earnings continuing operations	18	-0.58	-0.09	
			Diluted earnings continuing operations		-0.58	-0.09	

Balance sheet

AS AT 31 DECEMBER
FIGURES IN NOK '000

ROXAR ASA			NOTE	ROXAR GROUP	
2007	2008			2008	2007
		ASSETS			
		NON-CURRENT ASSETS			
5 590	5 115	Property, plant and equipment	4	46 758	43 371
-	-	Goodwill	5	1 249 124	1 204 615
8 816	13 665	Intangible assets	5	935 475	994 533
2 326 998	2 389 652	Investments in subsidiaries	21	-	-
38 200	137 938	Deferred income tax assets	13	3 938	3 176
40	103 220	Other long-term receivables		7 140	8 957
2 379 644	2 649 590	Total non-current assets		2 242 436	2 254 652
		CURRENT ASSETS			
11 332	19 513	Inventories	8	160 016	134 204
		Earned, not invoiced revenue			
32 040	16 385	on construction contracts	23	131 524	151 546
44 447	23 754	Trade receivables	7	372 783	233 699
19 728	17 754	Other receivables	6,7	96 306	64 758
9 974	15 942	Cash and cash equivalents	9	130 394	170 120
117 521	93 348	Total current assets		891 022	754 327
2 497 165	2 742 938	Total assets		3 133 458	3 008 979

[illegible]

FIGURES IN NOK '000

SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	OTHER PAID-IN EQUITY	TOTAL
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SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	CUMULATIVE CURRENCY TRANSLATION ADJUSTMENTS	OTHER PAID-IN EQUITY	TOTAL	MINORITY INTERESTS IN EQUITY	TOTAL EQUITY
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SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	CUMULATIVE CURRENCY TRANSLATION ADJUSTMENTS	OTHER PAID-IN EQUITY	TOTAL	MINORITY INTERESTS IN EQUITY	TOTAL EQUITY
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YEAR ENDED 31 DECEMBER
FIGURES IN NOK '000

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Notes

1

GENERAL INFORMATION

Roxar ASA (the company) and its subsidiaries (together 'the Group') is a leading international provider of products and associated services used to optimize production and maximize exploration from oil and gas reservoirs for companies all over the world. The Group is organized in two independent business areas, Software Solutions and Flow Measurement. The Group is represented in 19 countries.

Roxar ASA is a Norwegian company and the address of its registered office is Gamle Forusvei 17, Stavanger. The company is listed on the Oslo Stock Exchange.

These financial statements were authorised for issue by the board of directors on 2 April 2009.

2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. All numbers are presented in NOK '000, unless otherwise stated.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the EU.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Roxar ASA and its subsidiaries as at 31 December 2008.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Minority interests represent the portion of profit or loss and net assets that is not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using

the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

Changes in accounting policies

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements.

The amendments to IFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the income statement in the separate financial statement.

Both revisions will be effective for financial years beginning on or after 1 January 2009, however may be early adopted. The Group has chosen to take advantage of this possibility. The revision to IAS 27 will have to be applied prospectively. The new requirements affect only the parent's separate financial statement and do not have an impact on the consolidated financial statements.

Standards, amendments and interpretations published, but not yet effective

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss

of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to take advantage of this possibility.	the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. IFRIC 16 was issued in July 2008 and becomes effective for financial years beginning on or after 1 October 2008. The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The Group is currently assessing which accounting policy to adopt for the recycling on disposal of the net investment	
<i>IAS 1 Revised Presentation of Financial Statements</i> The revised Standard was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.	Business combination and goodwill Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest. Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.	
<i>Improvements to IFRSs</i> The Group has not yet adopted the following amendments and anticipates that these changes will have no material effect on the financial statements.		
■ IFRS 7 Financial Instruments: Disclosures: Removal of the reference to 'total interest income' as a component of finance costs.		
■ IAS 8 Accounting Policies, Change in Accounting Estimates and Errors: Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.		
■ IAS 10 Events after the Reporting Period: Clarification that dividends declared after the end of the reporting period are not obligations.		
■ IAS 34 Interim Financial Reporting: Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.	Foreign currency Functional currency The Group's consolidated financial statements are presented in Norwegian Kroner (NOK), which is both the Group's functional currency and the presentation currency of the Parent company. That is the currency of the primary economic environment in which the Parent operates. The accounts of the different entities in the Group are measured at the entities functional currency, mainly NOK.	
■ IAS 39 Financial Instruments: Recognition and Measurement: Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge. Require		

	Foreign currency translation	Product- and software sale	
	Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.	Revenue is recognized as income at the time of delivery, that is when the risk and use is transferred to the customer. Software lease agreements are recognised in accordance with the substance of the agreement, normally on a straight-line basis over the life of the agreement. Maintenance contracts related to software licenses are recognised by the straight-line method over the contract period. Revenue on service contracts is recognised according to the Work in Progress method, meaning that income is recognised as work is being performed.	
	Translation of financial statements of foreign operations	Taxes	
	For the purpose of the consolidated financial statements, the statement of income and balance sheet of each entity are translated into Norwegian kroner (NOK). The assets and liabilities of foreign subsidiaries (whose presentation currencies are other than NOK) are translated into NOK at the foreign exchange rate at the balance sheet date. The revenues and expenses of foreign subsidiaries are translated using average monthly foreign exchange rates, which approximates the foreign exchange rates on the dates of the transactions. Foreign exchange differences arising on translation are recognised directly as a separate component of equity.	Current income tax Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.	
	Revenue recognition	Deferred income tax	
	Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty.	Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not provided for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.	
	Long-term construction contracts	Pension liabilities	
	The turnover of the group comes mainly from large long-term contracts for delivery of sensors and measurement systems. Many of the contracts also include an agreement for installation of the delivered equipment. The group has several small contracts for sale of measuring systems as well as maintenance and service contracts. Equipment deliveries and installation are recognised according to IAS 11-Construction Contracts. Progress is measured based on the degree of completion of the work done. Earned income is calculated as total value of the contract multiplied by progress. % of completion is estimated on the basis of calculated progress for the delivery based on the degree of completion for the individual components included. Profit is calculated as contract income according to the progress less accrued costs. The contract costs include direct material costs, costs of labour in production, costs of labour for project management, prospective directly related travel costs and other costs as specified in the contract. If a project or delivery is expected to incur a loss, the total loss is recognised in the accounting period when such an expected loss has become probable. Work performed not invoiced is presented as Earned, not invoiced revenue on construction contracts, in the balance sheet. Invoiced, incomplete projects are presented as prepayments and classified as short-term liability. If a change in estimates related to income, costs or the degree of completion occurs, a re-estimation is performed. The reconsideration may lead to an increase or a decrease in original estimates. The effect is recognised in the period such information has become probable.	Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit	

obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs.	Depreciation is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:	
The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.	<ul style="list-style-type: none"> ■ Computer equipment 3-5 years ■ Vehicles and machinery 3- 8 years ■ Furniture, fittings and equipment 3-8 years 	
When actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions exceed a corridor equivalent to 10 per cent of the highest of either the net present pension liability or the real value of the pension funds, the excess amount is recognised in the result over the expected average remaining period of employment.	The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.	
Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.	An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.	
For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.	Intangible assets	
	Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.	
	The useful lives of intangible assets are assessed as either finite or indefinite.	
	Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.	
Financial assets	Estimated useful lives are as follows:	
The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.	<ul style="list-style-type: none"> ■ Technology rights – 10 years ■ Customer relationships – 15 years ■ Order reserve – 3 years 	
Loans and receivables	Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.	
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' in the balance sheet.	Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.	
Derivative financial instruments	Goodwill	
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in the consolidated income statement within 'net financial (costs)/income'.	Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries and associates is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.	
Property, plant and equipment	Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.	
Plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.		
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.		

	Research and development	Inventories	
	Development costs which are expected to generate probable future economic benefits are capitalised as intangible assets if, and only if, all of the following have been demonstrated: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; the ability to measure reliably the expenditure attributable to the intangible asset during its development. All other research and development expenditure is expensed as incurred. Subsequent to initial recognition, capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment losses.	Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.	
		Trade receivables	
		Trade receivables are recognised initially at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the estimated recoverable amount.	
	Computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire the specific software until it is ready for use. These costs are amortised over their estimated useful lives (3-8 years). Costs associated with developing or maintaining computer software programmes recognised as assets, are amortised over the estimated useful lives (not exceeding three years).	Cash and cash equivalents	
		Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.	
	Impairment of non-financial assets	Share capital and share premium	
	The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.	Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.	
		Trade payables	
	Goodwill	Trade payables are recognised initially at fair value.	
	Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.	Borrowings	
		Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings with maturity within 12 months or less, are classified as current liabilities; borrowings with maturity over 12 months are classified as long-term liabilities.	
	Intangible assets	Convertible loan. The convertible loan has been divided into a debt element and an equity element. The debt has been recognised at fair value and the equity element has been recognised as the residual value on the date the loan was issued. The transaction costs are allocated between the two elements and recorded to debt and equity. The transaction costs and the equity element are amortised over the loans' lifetime.	
	Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.	Dividend distribution	
	Segment reporting	Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.	
	A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.		

Significant accounting judgements, estimates and assumptions	Development costs. Development costs are capitalised in accordance with the accounting policy described above. Initial capitalisation of costs	
The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods	is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. Changes in management assumptions may lead to charging previous capitalized development cost to profit and loss.	
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.		
Revenue recognition. The group uses the percentage-of-completion method in accounting for its long-term construction contracts. Use of the percentage-of-completion method requires the group to estimate the services performed to date as a proportion of the total services to be performed. The underlying estimates that make up the basis of revenue recognition depend upon different variables such as costs of components and labour and the ability to complete on schedule. Events and changes in the assumptions and the managements assessment will influence the revenue recognition in the current period.	Pension benefits. The cost of a defined benefit plan is calculated by an actuary. The actuarial calculations include management's assumptions regarding discounting rate, required rate of return, future salary growth, cause of mortality and future changes in the pension schemes. Because of the long time-frame, the estimates will be subject to high uncertainty.	
Impairment of Non-financial Assets. The Group's impairment test for goodwill and intangible assets with indefinite useful lives is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 5.	Business combinations. In an acquisition transaction the group perform a purchase price allocation for the costs of the business combination at the assets acquired and the obligations obtained in accordance with IFRS 3. Management has engaged independent valuation experts to assist with calculation of fair value of acquired assets and debt for the largest acquisition. The fair value calculation requires that management make significant assessments of applied method, estimates and assumptions. Significant acquired intangible assets, which the group has capitalized, are technology rights, customer relationship, brand name and order reserve. Assumptions that are used for assessment of useful lifetime for intangible assets includes, but is not limited to, estimated average lifetime for customer relationship based on customer churn rate, order horizon, technological and market development. Assumptions that are used for fair market assessment of assets includes among other things discount rate, expected future sales and cost development as well as technological development. Management calculation of fair value is based on assumptions which are assumed to be reasonable, but has inherent uncertainty, and as a consequence actual result may deviate from the calculation.	
Taxes. The Group annually incurs significant amounts of income taxes payable to various jurisdictions around the world, and also recognises significant changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws, regulations and relevant court decisions. The quality of these estimates is highly dependent upon management's ability to properly apply at times complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.	Accounting principles separately for the parent company Subsidiaries Subsidiaries are presented in accordance with the cost method in the financial statements of the parent company. The investment is recognised at purchase price of the shares unless impairment has been necessary. Impairment is being performed at fair value when the loss in value is due to circumstances that are not assumed to be temporary. The impairment is being reversed when the basis of impairment is no longer present.	
Depreciation. Depreciation is based on the management's assessment of the assets expected lifespan of the fixed asset or intangible asset. Assessment can be changed, based on other factors such as, technological development, competition and changes in the market, this could result in changes of the estimated lifespan, and thereby the depreciation. Technological development is difficult to predict and the management's vision on future development can change over time. If the expectation is changed substantially, the time period of depreciation is adjusted equally for future periods.	Dividend and other distributions Dividend and other distributions are being recognised in the period in which the dividends are approved by the General Meeting of the different entities. Dividends and group contributions from subsidiaries are recognized in the income statement when the right to receive the dividend or group contribution is established.	

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SEGMENT REPORTING

The segments are being reported based upon the group's management and reporting structure and represent business areas that provide different types of products and services. The group has two different business segments: Flow Measurement and Software Solutions.

Flow Measurement. Roxar Flow Measurement develops and offers advanced technology for supervision of oil and gas production on real time. With the assistance of this technology the operator will have access to detailed information on, for example high temperature wells, multiphase measuring, erosion sensors and measurement

of quantity of oil in produced water. This again results in better control of the reservoir and a better basis for decision making.

Software Solutions. Roxar Software Solutions offers a complete portfolio of software solutions addressed towards reservoir management and optimization of production. The company's solutions include among others 3D modeling, interpretation, well planning and simulation of reservoirs. Furthermore the company offers consultancy services related to all the company's products, from interpretation to production.

Primary reporting format – business segments

SEGMENT RESULTS FOR THE YEAR ENDED 31.12.2008

	FLOW MEASUREMENT	SOFTWARE SOLUTIONS	OTHER / NOT ALLOCATED	GROUP
Segment Revenue	993 245	372 189	-	1 365 434
Cost of goods sold	433 654	42 326	112	476 092
Personnel expenses	263 556	143 489	52 546	459 590
Other operating expenses	92 452	46 804	71 279	210 535
EBITDA before allocations of administrative expenses	203 583	139 571	-123 937	219 217
Allocation of administrative expenses	66 880	37 084	-103 964	-
EBITDA after allocations	136 703	102 487	-19 973	219 217
Depreciation and amortisation	82 220	48 415	2 958	133 593
Segment result	46 489	53 817	-14 681	85 624
Net financial cost	-	-	-307 955	-307 955
Income tax expense	-	-	81 995	81 995
Loss for the year			-240 641	-140 335
Assets	1 998 625	994 241	140 592	3 133 458
Investments				
- Non-current assets	16 145	6 828	657	23 631
- Intangible assets	31 822	12 713	-	44 535
- Acquisition of PolyOil Ltd.	56 765	-	-	56 765
Liabilities				
Pension obligations	5 933	824	473	7 231
Accounts payables	89 611	13 711	7 281	110 603
Public duties payables	11 168	8 806	1 842	21 816
Other short-term liabilities	225 131	128 450	10 689	364 271
Current income tax liabilities	-	-	24 973	24 973

SEGMENT RESULTS FOR THE YEAR ENDED 31.12.2007	FLOW	SOFTWARE	OTHER / NOT	
	MEASUREMENT	SOLUTIONS	ALLOCATED	GROUP
Segment Revenue	490 549	115 043	-	605 592
Cost of goods sold	218 899	17 130	-	236 029
Personnel expenses	165 519	63 867	19 006	248 391
Other operating expenses	47 810	23 414	19 384	90 608
EBITDA before allocations of administrative expenses	58 321	10 632	-38 390	30 563
Allocation of administrative expenses	20 716	14 494	-35 210	-
EBITDA after allocations	37 605	-3 862	-3 180	30 563
Depreciation and amortisation	34 927	19 494	1 652	56 073
Segment result	2 678	-23 356	-4 832	-25 509
Net financial cost	-	-	4 815	4 815
Income tax expense	-	-	8 608	8 608
Loss for the year	-	-	-12 086	-12 086
Assets	1 953 166	879 924	175 889	3 008 979
Investments				
- Non-current assets	6 948	486	465	7 899
- Intangible assets	14 729	3 723	-	18 452
- Purchase of Roxar AS	1 631 250	693 364	-10 406	2 341 207
- Purchase of CorrOcean Mareco AS	12 904	-	-	12 904
Liabilities				
Pension obligations	27 434	10 250	3 615	41 299
Provisions for other liabilities and charges	-	7 688	-	7 688
Accounts payables	77 464	6 997	5 287	89 748
Public duties payables	17 314	7 233	-6 173	18 373
Other short-term liabilities	110 163	39 368	12 301	161 832
Current income tax liabilities	-	-	4 325	4 325

Secondary reporting format – geographical segments

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
		Revenue from external customers		
13 699	22 440	Scandinavia	485 379	182 693
76 582	33 447	Europe (incl. Russia)	332 106	170 562
30 045	25 446	America	206 594	93 473
810	392	Middle-East / North Africa	167 228	103 083
10 592	24 737	Asia	174 127	55 781
131 728	106 462	Total	1 365 434	605 592
		Assets		
		Scandinavia	2 801 342	2 826 397
		Europe (incl. Russia)	194 312	115 917
		America	47 480	27 411
		Middle-East / North Africa	40 173	16 611
		Asia	50 152	22 643
		Total	3 133 458	3 008 979

	SCANDINAVIA	EUROPE (INCL. RUSSIA)	AMERICA	MIDDLE-EAST/ NORTH AFRICA	ASIA	TOTAL
Investments 2008						
- Non-current assets	14 054	4 673	868	1 679	2 357	23 631
- Intangible assets	44 535	-	-	-	-	44 535
- Purchase of PolyOil Ltd	56 765	-	-	-	-	56 765
Liabilities 2008						
Pension obligations	7 231	-	-	-	-	7 231
Accounts payable	92 644	11 941	3 307	1 061	1 651	110 603
Public duties payables	17 784	3 166	-307	-61	1 234	21 816
Other short-term liabilities	284 028	31 410	9 856	14 250	24 726	364 271
Current income tax liabilities	-	19 841	2 551	-	2 581	24 973
Investments 2007						
- Non-current assets	7 005	114	568	8	204	7 899
- Intangible assets	18 452	-	-	-	-	18 452
- Purchase of Roxar AS	2 314 207	-	-	-	-	2 314 207
- Purchase of CorrOcean Mareco AS	12 904	-	-	-	-	12 904
Liabilities 2007						
Pension obligations	41 299	-	-	-	-	41 299
Provisions for other liabilities and charges	7 688	-	-	-	-	7 688
Accounts payable	73 020	12 949	1 113	2 443	223	89 748
Public duties payables	13 215	83	3 662	-4	1 417	18 373
Other short-term liabilities	105 669	35 102	6 207	5 365	9 489	161 832
Current income tax liabilities	918	2 460	1 865	-	-	4 325

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PROPERTY, PLANT AND EQUIPMENT

ROXAR ASA					ROXAR GROUP				
COMPUTER EQUIPMENT	VEHICLES AND MACHINERY	FURNITURE, FITTINGS & EQUIPMENT	TOTAL		COMPUTER EQUIPMENT	VEHICLES AND MACHINERY	FURNITURE, FITTINGS & EQUIPMENT	TOTAL	
596	986	1 038	2 620	Cost at 1 January 2007	596	986	2 255	3 837	
-	-	-	-	Purchase of Roxar AS	14 864	22 897	4 946	42 707	
214	4 294	138	4 646	Additions	1 679	123	6 096	7 899	
810	5 280	1 176	7 266	Cost at 31 December 2007	17 140	24 006	13 297	54 443	
196	186	227	609	Accumulated depreciation at 1 January 2007	196	186	558	940	
181	645	242	1 068	This year's depreciation	3 229	1 694	5 209	10 133	
377	831	469	1 677	Accumulated depreciation at 31 December 2007	3 426	1 880	5 767	11 073	
433	4 449	707	5 590	Net book value at 31 December 2007	13 714	22 127	7 530	43 371	
810	5 280	1 176	7 266	Cost at 1 January 2008	17 140	24 006	13 297	54 443	
-	-	-	-	Purchase of PolyOil Ltd.	-	-	2 480	2 480	
335	262	453	1 049	Additions	9 875	8 650	5 106	23 631	
1 145	5 542	1 629	8 316	Cost at 31 December 2008	27 015	32 656	20 884	80 554	
377	831	469	1 677	Accumulated depreciation at 1 January 2008	3 426	1 880	5 767	11 073	
238	1 045	240	1 523	This year's depreciation	9 714	10 107	2 902	22 723	
615	1 876	709	3 200	Accumulated depreciation at 31 December 2008	13 140	11 987	8 670	33 796	
530	3 666	920	5 115	Net book value at 31 December 2008	13 875	20 669	12 214	46 758	
3 - 5 years	3 - 8 years	3 - 8 years		Estimated useful life	3 - 5 years	3 - 8 years	3 - 8 years		
Straight-line	Straight-line	Straight-line		Depreciation method	Straight-line	Straight-line	Straight-line		

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INTANGIBLE ASSETS

ROXAR ASA			ROXAR GROUP					
INTANGIBLE ASSETS	TOTAL		TRADE-MARKS	TECHNOLOGY RIGHTS	CUSTOMER RELATIONS	ORDER RESERVE	GOODWILL	TOTAL
1 963	1 963	Cost at 1 January 2007	-	2 246	-	-	-	2 246
-	-	Purchase of Roxar AS and CorrOcean Mareco AS	32 391	801 826	125 869	59 971	1 209 079	2 229 136
7 011	7 011	Additions		18 452				18 452
8 974	8 974	Cost at 31 December 2007	32 391	822 524	125 869	59 971	1 209 079	2 249 834
-	-	Accumulated amortisation and impairment at 1 January 2007	-	283	-	-	-	283
-	-	This year's reallocation ¹⁾	-	-	-	-	4 464	4 464
158	158	This years amortisation	-	34 114	3 496	8 329	-	45 939
158	158	Accumulated amortisation and impairment at 31 December 2007	-	34 397	3 496	8 329	4 464	50 686
8 816	8 816	Net book value at 31 December 2007	32 391	788 127	122 373	51 642	1 204 615	2 199 148
8 974	8 974	Cost at 1 January 2008	32 391	822 524	125 869	59 971	1 209 079	2 249 834
	-	Purchase of PolyOil Ltd		7 277			40 233	47 510
5 979	5 979	Additions ²⁾		44 535			5 889	50 424
14 953	14 953	Cost at 31 December 2008	32 391	874 335	125 869	59 971	1 255 201	2 347 768
158	158	Accumulated amortisation and impairment at 1 January 2008	-	34 397	3 496	8 329	4 464	50 686
	-	This year's reallocation ¹⁾					1 613	1 613
1 130	1 130	This years amortisation	-	82 488	8 391	19 990		110 869
1 288	1 288	Accumulated amortisation and impairment at 31 December 2008	-	116 885	11 887	28 319	6 077	163 168
13 665	13 665	Net book value at 31 December 2008	32 391	757 450	113 982	31 652	1 249 124	2 184 599

1) This year's reallocation is related to adjustment of contingent liabilities related to "earn out" agreement in connection with the purchase of shares in Energy SciTech Ltd.

2) This year's addition of goodwill is related to additional cost price of shares in CorrOcean Srl

Impairment of goodwill. Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Goodwill and non-depreciable intangible assets that arise from acquisitions are allocated to the relevant cash generating units (CGUs) for impairment assessments as follows:

		2008	2007
	Cash generating unit (CGU) Flow Measurement		
	Book value of goodwill from purchase of Roxar AS	816 221	816 221
	Non- depreciable intangible assets unit	20 512	20 512
	Cash generating unit (CGU) Software Solutions		
	Book value of goodwill from purchase of Roxar AS	382 050	383 663
	Non- depreciable intangible assets unit	11 879	11 879
	Cash generating unit (CGU) Mareco		
	Book value of goodwill from purchase of CorrOcean Mareco AS	4 731	4 731
	Cash generating unit (CGU) PolyOil		
	Book value of goodwill from purchase of PolyOil Ltd.	40 233	-
	Cash generating unit (CGU) CorrOcean Srl		
	Book value of goodwill from purchase of CorrOcean Srl	5 889	-
	Flow Measurement. The recoverable amount of Flow Measurement has been calculated based on a value in use and upon cash flow forecasts from financial estimates prepared by management of the business area for a period of five years. Flow Measurment has the last years had a steady growth. Componed proforma annual growth rate from 2003 to 2008 has been 17%. In the cash flow analysis the revenue is expected to increase considerably during the first three years, but with a growth rate lower than the historical growth. For the period 3-5 year the growth prospects in the cash flow analysis is reduced to approximately 2-3% growth. Beyond the five-year period no real increase in revenue has been the basis for the cash flow analysis. The discount rate used is 12.3%.	The key assumptions used for value-in-use calculations are as follows: Discount rate - The value in use have been calculated using post tax cash flows and discount rates, thereafter we have calculated the nominal pre-tax discount rate of 12.3% giving the same value in use. Growth rate - The estimated growth rate for the five year period has been based upon the existing business plans prepared by the management of the business unit. Beyond the five year period no growth has been assumed. Sensitivity analysis concerning changes in assumptions - The calcula-tions are most sensitive to changes in cash flow, market development and expected growth.	
	Software Solutions. The recoverable amount of Software Solutions has been calculated based on a value in use and upon cash flow forecasts from financial estimates prepared by the management of the business area for a period of five years. The Software Solutions has the last years had a steady growth. Componed proforma annual growth rate from 2003 to 2008 has been 12%. In the cash flow analysis the revenue is expected to increase considerably during the first three years, but with a growth rate lower than the historical growth. For the period 3-5 year the growth prospects in the cash flow analysis is reduced to approximately 2% growth. Beyond the five-year period no real increase in revenue has been the basis for the cash flow analysis. The discount rate used is 12.3%.	Based upon calculations performed and underlying assumptions, there is no need for any impairment of goodwill for any of the business units as of December 31st 2008. An increase in sales of 3 % per annum, all other factors kept unchanged, would have resulted in an increase in the enter-prise value of MNOK 100 and MNOK 128 for the CGU Flow Measurement and Software Solutions respectively. An equivalent reduction in sales growth of -3 % per annum, all other factors kept unchanged, would result in a reduction in the enterprise value of MNOK 105 and MNOK 118 for the CGU Flow Measurement and Software Solutions respec-tively. An increase in the discounting rate of 1%, all other factors kept unchanged, would have resulted in a reduction of the enterprise value of MNOK 238 and MNOK 123 for the CGU Flow Measurement and Software Solutions respectively. An equivalent reduction in the discount rate of -1%, all other factors kept unchanged, would have resulted in an increase of the enterprise value of MNOK 320 and MNOK 165 for the CGU Flow Measurement and Software Solutions respectively. An increase in the discount rate with 1% would have resulted in an impairment of the assets of MNOK 114 and MNOK 1 for the CGU Flow Measurement and Software Solutions respectively. None of the other changes would have resulted in impairment of the assets.	
	PolyOil. The recoverable amount of PolyOil has been calculated based on a value in use and upon cash flow forecasts from financial estimates prepared by the management of the business area for a period of five years. The increase in revenue is expected to be moderate the next five years. Beyond the five-year period there has been assumed no real growth in income in the cash flow analysis. The discount rate used is 12.3%. The test performed did not result in impairment of the assets.		

6

DERIVATIVE FINANCIAL INSTRUMENTS

ROXAR ASA					ROXAR GROUP			
2007		2008			2008		2007	
ASSETS	LIABILITIES	ASSETS	LIABILITIES		ASSETS	LIABILITIES	ASSETS	LIABILITIES
				Forward foreign exchange contracts				
-	-101	-	-30 694	– held for trading	-	-30 694	6 790	-101
-	-10 654	-	-38 850	Interest rate swap	-	-38 850	-	-10 654
-	-10 755	-	-69 544	Total	-	-69 544	6 790	-10 755
-	-10 755	-	-69 544	Current portion	-	-69 544	6 790	-10 755

Trading derivatives and interest swaps held for trading are classified as current assets or liabilities. The fair value of a trading derivative and interest swap is classified as non-current asset or liability if the remaining maturity of the trading derivative or interest swap is more than 12 months and as a current asset or liability if the maturity of the trading derivative or interest swap is less than 12 months.

The company has through use of forward foreign exchange contracts sold MUS\$ 34.5 and purchased MNOK 212.8 with settlement in the period from 26 January 2009 to 21 December 2009, sold MEUR 4.6 and purchased MNOK 44.6 in the period from 27 February 2009 until 7 December 2009.

The interest swap is related to Roxars external USD bank loan. See note 12 for more information.

7

TRADE AND OTHER RECEIVABLES

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
44 639	24 065	Trade receivables	377 582	238 271
192	310	Provision for impairment of trade receivables	4 800	4 572
44 447	23 754	Trade receivables – net	372 783	233 699
-	23 754	Trade receivables	372 783	233 699
-	1 300	Pre-payments	15 881	15 928
10 000	118 675	Intercompany receivables	-	-
9 768	999	Other receivables	87 565	57 787
64 215	144 728	Total trade and other receivables	476 229	307 414
40	103 220	Non-current assets	7 140	8 957
64 175	41 508	Current assets	469 088	298 457

All non-current receivables are due within five years from the balance sheet date.

The fair values of trade and other receivables are as follows:

44 447	23 754	Trade receivables	372 783	233 699
10 000	118 675	Intercompany receivables	-	-
9 768	2 299	Other receivables	103 446	73 715
64 215	144 728	Total	476 229	307 414

As of 31 December 2008 trade receivables of MNOK 4.800 (2007: 4.572) for the group and MNOK 0.310 (2007: 0.192) for the parent company were impaired and provided for. The ageing analysis of these trade receivables that are provided for are as follows:

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
-	-	3 - 6 months	1 225	-
192	310	Over 6 months	3 575	4 572
192	310	Total	4 800	4 572

As at 31 December 2008, trade receivables were MNOK 372.783 (2007: 233.699) for the group and MNOK 23.754 (2007: 44.447) for the parent company. Of this, MNOK 133.577 (2007: 86.223) for the group and MNOK 0.475 (2007: 19.216) for the parent company were past due date, but not provided for. The ageing of these trade receivables is as follows:

37 653	20 265	Current	239 206	147 476
5 537	2 644	1-3 months past due	106 336	64 066
422	84	3-6 months past due	10 935	2 923
622	59	6-9 months past due	5 353	14 004
213	702	More than 9 months overdue	10 954	5 230
44 447	23 754	Total	372 783	233 699

The carrying amount of the group's trade and other receivables are denominated in the following currencies:

7 310	13 331	EURO	52 999	13 763
9 371	8 279	USD	204 548	86 633
1 633	263	GPB	42 954	29 462
43 457	119 017	NOK	121 157	129 978
2 444	3 837	Other	54 571	47 578
64 215	144 728		476 229	307 414

Movements on the group provision for impairment of trade receivables are as follows:

719	192	At 1 January	4 572	719
107	349	Provision for uncollectible receivables	1 515	2 060
-	-	Provisions for receivables in Roxar at the time of acquisition		2 620
-285	-231	Receivables written off during the year as uncollectible	-386	-692
-349	0	Unused amounts reversed	-901	-135
192	310		4 800	4 572

The creation and release of provision for impaired receivables have been included in "other operating expenses" in the income statement.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The group does not hold any collateral as security.

8

INVENTORIES

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
2 446	9 523	Raw materials	132 417	109 279
1 698	4 166	Work in progress	9 357	7 938
7 188	5 824	Finished goods	18 242	16 986
11 332	19 513	Total	160 016	134 204

Impairment for obsolescent inventories as of 31 December 2008 was MNOK 14.709 (2007: MNOK 14.649) for the group and MNOK 3.966 (2007: 2.915) for the parent company.

9

CASH AND CASH EQUIVALENTS

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
9 974	15 942	Cash and cash equivalents	130 394	170 120
9 974	15 942		130 394	170 120

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

9 974	15 942	Cash and cash equivalents	130 394	170 120
9 974	15 942		130 394	170 120

The group had as of 31 December 2008 MNOK 10.383 in restricted capital related to employee's tax deduction.

The parent company has established a bank guarantee arrangement.

10

SHARE CAPITAL AND SHAREHOLDERS' INFORMATION

The parent company of the group had 1 782 shareholders as of 31 December 2008

SHAREHOLDERS AS OF 31 DECEMBER 2008 OWING MORE THAN 1% OF THE SHARES

	NO. OF SHARES	PERCENTAGE
Kongsberg Gruppen ASA	37 609 060	15.45%
Arendals Fossekompagni ASA	37 100 801	15.24%
FMC Kongsberg Holding AS	25 000 000	10.27%
JP Morgan Chase Bank	7 467 000	3.07%
RBC Dexia Investor Services Bank	6 947 000	2.85%
Credit Suisse Securities	6 665 942	2.74%
Havfonn AS	6 093 015	2.50%
Invesco Perpetual S. C. FD	5 846 521	2.40%
Deutsche Bank AG London	5 526 222	2.27%
Skagen Vekst	5 000 000	2.05%
Glastad Invest AS	4 745 375	1.95%
Bergan AS	4 418 000	1.81%
JP Morgan Chase Bank	3 685 381	1.51%
JP Morgan Chase Bank	3 105 000	1.28%
Credit Suisse Securities (USA) LLC	3 100 000	1.27%
Sirius Securities AS	2 700 000	1.11%
Shareholders owning more than 1% of the shares	165 009 317	67.77%
Others	78 487 157	32.23%
Total number of shares	243 496 474	100.00%

SHARES IN ROXAR ASA HELD BY MEMBERS OF THE BOARD AND MANAGEMENT

	NO. OF SHARES*
Hans Olav Torsen (Chairman)	970 000
Morten S. Bergesen (Board Member)	6 093 015
Kåre M. Gisvold (Board Member)	300 000
Gunnar Hviding (CEO)	1 616 666
Even Gjesdal (CFO)	1 000 000
Ordin Husa (MD Software Solutions)	10 000
Terje Svendsen (MD Flow Measurement)	100 000

*Includes shares owned by close family / relatives and controlled companies.

11

OTHER SHORT-TERM LIABILITIES

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
6 462	1 202	Project related short term liabilities	76 063	32 226
1 492	1 564	Accrued royalty expenses	1 564	1 492
-	-	Deferred revenue	82 432	33 804
5 983	8 228	Personnel costs	43 641	41 176
10 755	69 544	Fair value of derivatives	69 544	10 755
17 049	79 927	Other short term liabilities	91 027	42 379
45 174	214 026	Intercompany account Roxar Group	-	-
86 915	374 491		364 271	161 832

BORROWINGS

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
		Non-current		
155 246	165 169	Convertible loans	165 169	155 246
-	405 430	Subordinated bond	405 430	-
	239 733	Term loan A	239 733	-
	288 461	Term loan B	288 461	-
155 246	1 098 792		1 098 792	155 246
		Current		
624 929	62 990	Term loan A	62 990	624 929
355 399	117 232	Term loan B	117 232	355 399
100 000	100 000	Credit loan	100 000	100 000
1 080 328	280 222		280 222	1 080 328
1 235 575	1 379 014	Total borrowings	1 379 014	1 235 575

Convertible loan. In connection with the acquisitions of shares in Roxar AS a convertible loan was issued with a nominal value of MNOK 200. The loan has an interest of 4.5 % per year and can be converted at any time before 26 June 2012 at NOK 7.5. The effective interest rates is calculated to be 11.26% IAS 39 requires that convertible loans are split into a liability

component and an equity conversion element. The liability component is booked at fair value and the equity conversion element is considered to be the residual amount at the time of borrowing.

Total transactions costs and the equity component are being amortised on a straight-line basis over the term to maturity.

	CONVERTIBLE LOAN
Nominal value of convertible loan	200 000
Equity component	-41 699
Loan component	158 301
Capitalised transactions costs on the time of borrowing	-7 915
Amortised in 2007	4 860
Net book value (31.12.2007)	155 246
Amortised in 2008	9 923
Net book value (31.12.2008)	165 169

Term loan A and B. As part of the establishment of a new financial platform, Roxar ASA signed a loan agreement with DNB Nor and Fokus Bank 25 July 2007. The loan agreement consisted of MUSD 184 in term loan (MUSD 117 term loan A and MUSD 67 term loan B) and a MNOK 200 credit loan. In May 2008, Roxar issued a NOK 400 million subordinated bond that was used to refinance part of the company's USD 117 million short-term bank debt. After the refinancing the MUSD 117 term loan A was reduced to MUSD 44.

Total transactions costs amount to MNOK 15.6 and are being amortised on a straight-line basis over the term to maturity.

Term Loan A and B interest rates are based on LIBOR + margin. Libor interest on Term loan A and B are 100% secured until maturity by use of interest swaps. In December 2008, 3 months Libor was 2%. Roxar does not use hedge accounting. Roxar have at the end of 2008 booked an unrealized loss on interest swap

of NOK 38.8 million.(ref note 6)

Credit loan interest rates are based on NIBOR + margin. In December 2008, 3 months Nibor was 4.58%. If the interest level changes by +/- 1 %, all other variables equals, net profit would change by +/- 0.7 million.

The interest margin will, depending on the ratio between interest bearing debt and EBITDA, be between 1.75% -3.75%. Based on the company's performance per 31 December 2008 the interest margin was 3.75% The effective interest rate is 8.19% for Term loan A and 9.33% for Term loan B.

The final maturity for Term loan A and B is June 2012. Term loan B will be repaid in equal quarterly instalments of USD 4,187 million.

The first repayment was paid in September 2008. Term loan A will be repaid in eight quarterly instalments of USD 3 million, and thereafter four quarterly instalments of USD 4 million. The first instalment on Term Loan A is due in June 2009.

	CREDIT LOAN	TERM LOAN A	TERM LOAN B	
	(NOK)	(USD)	(USD)	TOTAL
Nominal value in local currency	100 000	44 000	58 625	
Exchange rate as of 31 December 2007	1,00	7,00	7,00	
Nominal value of term loan in NOK	100 000	307 952	410 311	818 262
Capitalised transactions costs on the time of borrowing	-	-6 607	-8 997	-15 604
Amortised transactions cost in 2007	-		1 416	1 416
Amortised transactions cost in 2008		1 378	2 962	4 340
	100 000	302 723	405 692	808 415
Nibor/Libor interest rate December 2008	4.58%	2.00%	2.00%	
Hedged interest rate		3.67%	4.99%	
Margin	1.75% - 3.75%	1.75% - 3.75%	1.75% - 3.75%	
Subordinated bond. In May 2008, Roxar issued a NOK 400 million subordinated bond to refinance part of the company's USD 117 million short-term bank debt. The underwriting syndicate consisted mainly of larger shareholders.		of the issue of additional bonds. A 2.5 % commitment fee was paid up front. In addition, the company paid an underwriting fee of 2.5% to the underwriters. Roxar may call the bonds at any time at decreasing rates starting at 106% of par value and decreasing		
The Subordinated bond of NOK 400 million will mature in May 2013 and carry a coupon of NIBOR + 700bps for the first two years with a step-up to NIBOR + 1000bps for the remaining 36 months. Interest are accrued quarterly, and is to be paid in kind, in the form		by 0.25 percentage points per month until 24 months after settlement date, after which the bonds will be callable at par value. The effective interest on the subordinated bond based on future Nibor of 3,63% is 15.87%		
			SUBORDINATED	
			BOND	
Nominal value of convertible loan			400 000	
Capitalised transactions costs on the time of borrowing			-35 013	
Accrued interest in 2008			33 296	
Amortised transactions cost in 2008			7 146	
Net book value (31.12.2008)			405 430	
THE CARRYING AMOUNTS OF THE PARENT COMPANY AND THE GROUP'S BORROWINGS ARE DENOMINATED IN THE FOLLOWING CURRENCIES:				
		2008	2007	
NOK		670 599	255 246	
USD		708 415	980 329	
		1 379 014	1 235 575	
The terms of the company's credit loan and term loans contain five different financial covenants in order to comply with the loan agreement. These are:		3. total net debt/EBITDA (gross debt-cash and cash equivalents / 12 months EBITDA)		
1. total interest coverage (12 months EBITDA/12 months interest expense)		4. equity ratio (total assets/total equity) and		
2. total debt service (12 months cash-flow from operations / 12 months interests and instalments)		5. maximum investments (limitations regarding purchase of non-current assets)		
In December 2007, Roxar was in breach with 2 of the bank covenants. As a part of this, Roxar renegotiated the covenants. New sets of covenants applied from June 2008.				

The following table presents an overview of time to maturity for the group's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. In circumstances where the counter party could require earlier repayment, the amount has		been presented in the earliest period where such requirements could be claimed. If the liability could be required paid on request, the liability is presented in the first column (less than 1 month):		
OVERVIEW OF MATURITY GROUPINGS OF THE GROUP'S				
FINANCIAL LIABILITIES, 31-12-08	ON REQUEST	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS
Convertible loan	-	-	-	200 000
Subordinated bond	-	-	-	762 281
Term loan A	-	62 990	188 970	55 991
Term loan B	-	117 232	234 463	58 616
Credit loan	-	100 000	-	-
Accounts payable	-	110 603	-	-
Public duties payables	-	21 816	-	-
Other short-term liabilities	-	387 955	-	-
Interest payable convertible loan	-	9 000	18 000	4 500
Interest payable Subordinated bond	-	-	-	362 281
Interest payable Term Loan A	-	3 140	3 628	206
Interest payable Term Loan B	-	4 637	4 821	281
Interest payable Credit loan	-	8 330	-	-
OVERVIEW OF MATURITY GROUPINGS OF THE GROUP'S				
FINANCIAL LIABILITIES, 31-12-07	ON REQUEST	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS
Convertible loan	-	-	-	200 000
Term loan A	633 859	-	-	-
Term loan B	362 979	-	-	-
Credit loan	100 000	-	-	-
Accounts payable	-	89 748	-	-
Public duties payables	-	18 373	-	-
Other short-term liabilities	-	166 157	-	-
Interest payable convertible loan	-	9 000	18 000	14 000
Assets pledged as security for debt. The company has pledged receivables, inventories, furniture, fittings, shares and equipment in Roxar ASA as security for term loan A and B. Roxar ASA has also pledged security in shares, inventories,		property, plant and equipment and receivables in RFM Holding AS, Roxar Holding AS, RSS Software Holding AS, Roxar Software Solutions AS, Roxar Flow Measurement AS and Roxar Services AS for the credit loan.		
THE FOLLOWING ASSETS HAVE BEEN PLEDGED AS SECURITY FOR TERM LOAN A AND B			2008	2007
Trade receivables			38 331	96 215
Inventories			19 513	11 332
Shares			2 389 652	2 326 998
Furniture, fittings and equipment			5 115	5 590
			2 452 611	2 440 135
THE FOLLOWING ASSETS HAVE BEEN PLEDGED AS SECURITY FOR THE CREDIT LOAN			2008	2007
Trade receivables			616 711	316 815
Inventories			120 399	114 259
Furniture, fittings and equipment			25 298	28 131
			762 408	459 205

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INCOME TAXES

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
Income tax is composed of the following:				
-37 233	-	Tax payable	29 823	5 074
-	-	Tax payable previous years and withholding tax	323	3 486
11 521	-	Tax booked directly in equity	-	11 521
-	-	Deferred tax related to acquisitions	-	-57 638
-	-	Deferred tax related to added value in connection with acquisitions	-	-271 652
21 434	-99 737	Net change in deferred tax	-112 141	300 600
-4 278	-99 737	Total income tax expense ordinary profit	-81 995	-8 608
-	-	Foreign part of total tax expense	24 026	-1045
Reconciliation of actual tax expense to calculated tax expense base based on the tax rate of the parent company				
-1 806	-99 737	Total income tax expense	-81 995	-8 608
-2 117	-80 539	Calculated tax using the parent company tax rate (28%)	-62 252	-5 794
310	-19 198	Difference	-19 743	-2 813
The difference consists of:				
Income not subject to tax /				
80	-19 198	Expenses not deductible for tax purposes	-21 231	-4 749
Difference between the parent company				
-	-	tax rate and local tax rate	-661	161
230	-	Tax related to previous years and withholding tax	-514	2 653
-	-	Exemption method	-	-
-	-	Unrecognised deferred tax assets	2 662	-879
310	-19 198		-19 743	-2 813
Payable tax in the balance sheet comprises:				
-	-	Tax payable on taxable income current year	23 805	5 074
-	-	Tax payable previous years	1 168	-749
-	-	Tax payable on group contribution	-	-
-	-		24 973	4 325
Specification of deferred tax/deferred tax assets				
-18 454	-2 210	Fixed assets	-246 679	-288 472
-3 025	-3 373	Current assets	-29 212	-37 668
-17 154	-20 546	Long-term debt	-20 546	-17 154
-3 267	-	Other liabilities and provisions	-	-15 427
-41 899	-26 129	Total deferred tax liabilities	-296 437	-358 721
3 406	19 503	Short-term debt	19 948	4 656
1 637	874	Pension obligations	1 851	12 131
75 056	143 690	Tax loss carry-forwards	102 388	57 544
80 099	164 067	Total deferred tax assets	124 188	74 331
38 200	137 938	Net deferred tax assets	-172 250	-284 390
38 200	137 938	Deferred tax assets recognised at gross value	3 938	3 176
-	-	Book value of deferred tax	-176 188	-287 566

Deferred tax and tax assets are presented net when the parent company and the group have a legal right to offset tax liabilities against tax assets in the balance sheet, and if the deferred tax relates to the same tax authority. Deferred tax assets of MNOK 3.938 apply to subsidiaries in the US and UK, and are presented at gross values.

14 PENSION OBLIGATIONS

The group has previously had a defined benefit plan for some of the employees in Norway. From December 1, 2008 this plan was terminated, and now only retired persons are still left under the plan. Additionally, the group has an early retirement scheme (AFP) for Norwegian employees which is part of the national wage agreement. Some of the foreign subsidiaries have also defined contribution plans for their employees. Costs related to these plans amount to the following:

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
-	972	Recognised costs related to defined contribution plans	8 690	4 390
		The principal actuarial assumptions used when estimating the pension assets and liabilities		
4.50%	3.80%	Discount rate	3.80%	4.50%
5.50%	5.80%	Expected return on plan assets	5.80%	5.50%
4.50%	4.00%	Future salary increases	4.00%	4.50%
4.25%	3.75%	Future G-increases	3.75%	4.25%
1.75%	1.50%	Future pension increases	1.50%	1.75%
14.10%	14.10%	Payroll tax	14.10%	14.10%
0-8%	0-8%	Voluntary retirement	0-8%	0-8%
25.00%	25.00%	Expected AFP retirement from 62 years	25.00%	25.00%
		The amounts recognised in the income statement are as follows:		
2 734	1 482	Current service cost	15 945	12 053
939	857	Interest costs	4 893	2 523
-774	-944	Expected return on plan assets	-4 514	455
-	-3 935	Recognised in profit and loss as a result of plan settlement	-35 590	-
628	-4	Actuarial losses/(gains)	-5	872
3 526	-2 545	Total pension cost	-19 271	13 445
		The amounts recognised in the balance sheet are determined as follows:		
20 411	6 955	Present value of funded obligations	17 286	123 003
17 652	4 684	Fair value of plan assets	10 683	82 603
2 759	2 270		6 603	40 400
1 140	-	Present value of unfunded obligations	-	1 140
1 950	851	Unrecognised past service cost	627	-241
5 847	3 121	Net pension liabilities	7 231	41 299

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
		The movement in the defined benefit obligation over the year is as follows:		
20 910	21 498	Pension obligation 1.1.	119 438	20 910
-	-	Additions from purchase of Roxar	-	93 651
2 734	1 433	Current service cost	15 802	10 857
939	857	Interest cost	4 893	2 523
-	-11 429	Plan settlement	-94 158	-
-2 820	-5 582	Actuarial losses/(gains)	-28 245	-8 058
-265	-	Benefits paid	-57	-446
21 498	6 777	Pension obligation 31.12.	17 673	119 438
		The movement in the fair value of plan assets of the year is as follows:		
13 058	17 652	Pension assets 1.1.	82 603	13 058
-	-	Additions from purchase of Roxar	-	60 879
795	944	Expected return on plan assets	4 514	2 025
1 272	-4 127	Actuarial(losses)/gains	-30 485	-837
-	-10 465	Plan settlement	-58 610	-
2 774	680	Employer contributions	12 661	7 889
-247	-	Benefits paid	-	-411
17 652	4 684	Pension assets 31.12.	10 683	82 603

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PROVISIONS FOR OTHER LIABILITIES AND CHARGES

ROXAR GROUP	PROVISION
At 1 January 2007	-
Additions from acquisitions of Roxar	12 274
Additional provisions	-
Unused amounts reversed	-4 500
Used during year	-13
Exchange differences	-74
At 31 December 2007	7 688
Additions from acquisitions of Roxar	-
Additional provisions	-
Unused amounts reversed	-1 613
Used during year	-6 075
Exchange differences	-
At 31 December 2008	-
Provision at 1 January 2008 relates to "earn-out" agreement in connection with the purchase of Energy SciTech and Softplast. Final calculation has been performed in 2008 and payment will be done in Q1 2009, and this is therefore classified as other short-term liabilities in 2008.	

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PERSONNEL EXPENSES

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
40 352	35 636	Salaries	350 884	181 979
5 818	6 030	Payroll tax	57 688	23 338
-	1 456	Pension costs – defined contribution plan	10 259	4 390
3 526	-2 545	Pension costs – defined benefit plan ¹⁾	-19 271	13 445
2 564	4 844	Other personnel expenses	60 030	25 239
52 260	45 421	Total	459 590	248 391
62	67	Average number of employees	796	385

1) The Defined contribution plan was settled in 2008 converting all employees over to a defined contribution plan. As a direct result of this conversion pension costs relating to the defined benefit plan has been reduced with MNOK 35,6 for the Group and MNOK 3,9 for Roxar ASA. For more information see note 14 Pension obligation.

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FINANCIAL INCOME AND COSTS

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
		Financial income		
3 140	6 492	Interest income	7 008	6 093
-	-	Gain on forward exchange contracts	-	20 630
-	86 341	Group contribution	-	-
68 911	-	Exchange gain on external loans	-	68 911
2 632	16 070	Exchange gains from operation	131 346	6 053
-	-	Other finance income	-	194
74 683	108 903	Total	138 354	101 881
		Financial cost		
50 448	65 469	Interest cost – Bank loan	65 469	50 448
4 500	9 000	Interest cost – Convertible bond	9 000	4 500
-	33 296	Interest cost – Subordinated bond	33 296	-
1 307	434	Other financial expenses	1 283	4 981
-	11 180	Intercompany interest expenses	-	-
8 197	29 696	Amortization of borrowing cost	29 696	8 197
-	28 249	Loss on forward exchange contracts	33 300	-
10 654	39 226	Loss on interest swap	39 226	10 654
-	140 738	Exchange loss on external loans	140 738	-
748	18 922	Exchange loss from operation	94 301	18 286
75 854	376 209	Total	446 308	97 066
-1 171	-267 306	Net financial income/(costs)	-307 954	4 815

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EARNINGS PER SHARE

	ROXAR GROUP	
	2008	2007
Number of shares issued as at 1 January	238 783	52 184
Share issuance	4 714	186 599
Number of shares issued as at 31 December	243 497	238 783
Net profit equity holders of the parent	-140 564	-12 611
Basis for calculation of earnings per share	240 478	134 329
Basis for calculation of diluted earnings per share	240 478	134 329
Earnings per share from continuing operations	-0.58	-0.09
Diluted earnings per share from continuing operations ¹⁾	-0.58	-0.09

1) The company has a convertible loan of MNOK 200 which could be converted into 26.667 million shares at NOK 7.50 in the period to 25 July 2012. As of 31 December 2008 this loan is not considered to have a diluted effect.

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REMUNERATIONS

REMUNERATIONS TO THE MANAGEMENT	FIXED		OTHER	PENSION	
2008	SALARY	BONUS	REMUNERATIONS	COST	TOTAL
Gunnar Hviding (CEO)	1 855 371	1 025 000	104 906	207 088	3 192 365
Even Gjesdal (CFO)	1 544 846	579 000	88 276	169 444	2 381 566
Terje Sigurd Svendsen (MD Hardware division)	1 405 990	46 125	19 746	203 749	1 675 610
Ordin Husa (MD Software division)	1 319 435	35 100	19 157	201 381	1 575 073
Kjersti Heggheim (Director Human Resources)	882 918	40 000	14 758	193 660	1 131 336
Dimitry Bolotnik (General Manager CIS)	677 879	6 327 714	1 225 067	-	8 230 660

	TERM OF NOTICE	PAYMENT AFTER TERMINATION OF EMPLOYMENT
Gunnar Hviding	6 months	12 months
Even Gjesdal	6 months	12 months
Terje Sigurd Svendsen	3 months	
Ordin Husa	6 months	12 months
Kjersti Heggheim	3 months	
Dimitry Bolotnik	3 months	

	REMUNERATIONS TO THE MANAGEMENT					
	2007	FIXED SALARY	BONUS	OTHER REMUNERATIONS	PENSION COST	TOTAL
	Gunnar Hviding (CEO in the period 25.07 - 31.12) ¹⁾	616 882	1 850 000	27 388	80 046	2 574 316
	Even Gjesdal (CFO in the period 25.07 - 31.12) ¹⁾	516 666	1 550 000	24 000	60 166	2 150 832
	Terje Sigurd Svendsen (MD Hardware division 25.07 - 31.12) ¹⁾	519 549	-	11 058	80 259	610 866
	Øystein L. Narvhus (CEO in the period 01.01 - 25.07 and COO in the period 25.07 - 31.12) ²⁾	1 914 577	2 106 200	57 375	138 478	4 216 630
	Solveig Høyvik Garten (CFO in the period 01.01 - 25.07) ³⁾	423 983	106 166	8 411	107 961	646 521
	Mark Anthony Bashforth (MD Software division 25.07 - 31.12) ¹⁾	713 764	1 603 766	407 580	79 537	2 804 646
	1) Became part of group management in connection with the acquisition. The amounts include benefits received from the time of the acquisition, 25.07.07 to 31.12.07.					
	2) Part of group management 1.1. - 31.12.07. The amounts include benefits received in the period 01.01.07 to 31.12.07.					
	3) Was CFO until the time of the acquisition 24.07.07. The amounts include benefits received in the period 01.01.07 to 25.07.07.					
				TERM OF NOTICE	PAYMENT AFTER TERMINATION OF EMPLOYMENT	
	Gunnar Hviding			6 months ¹⁾	12 months	
	Even Gjesdal			6 months ¹⁾	12 months	
	Terje Sigurd Svendsen			3 months		
	Øystein L. Narvhus			3 months	18 months	
	Mark Anthony Bashforth			6 months ¹⁾	12 months	
	1) The term of notice is 6 months, however the persons have committed themselves to stay with the company for a minimum of 12 months in connection with the acquisition. The earliest time of resignation is July 2008.					
	DIRECTORS' FEES	2007		2008		
		ORDINARY FEE	REMUNERATION FOR OTHER SERVICES	ORDINARY FEE	REMUNERATION FOR OTHER SERVICES	
	Hans Olav Torsen	166 740	302 400 ¹⁾	200 000	129 000 ¹⁾	
	Kaare M. Gisvold	93 342	-	100 000	-	
	Marit Jannecke Olstad	93 342	-	100 000	-	
	Maria N. Pedersen	56 644	-	100 000	-	
	Svein O. Eimhjellen ³⁾	-	-	-	-	
	Gunn-Jane Håland	-	-	35 000	5 000 ²⁾	
	Eli Skyberg	-	-	35 000	-	
	Johan Fredrik Odfjell	-	-	35 000	5 000 ²⁾	
	Morten S. Bergesen jr.	-	-	35 000	-	
	Others	239 986	-	230 000	17 500 ²⁾	
	Total	650 054	302 400	640 000	42 500 ²⁾	
	1) In 2008 NOK 114 000 (2007: NOK 302 400) was invoiced excl. VAT related to consulting services from Hering AS. Hering AS is owned 100 % by Hans Olav Thorsen. The hourly rate was NOK 1,200.- excl. VAT.					
	In 2008 Hans Olav Thorsen has also received NOK 15 000 as remuneration as member of other Audit Committee and Compensation Committee.					
	2) Remuneration as member of other Audit Committee, Compensation Committee and Election Committee.					
	3) Member of the board from 12.03.08.					
	ROXAR ASA			ROXAR GROUP		
	2007	2008		2008	2007	
			Remunerations to the auditors consist of:			
	520 000	200 000	Audit regulated by law	890 988	692 810	
	1 570 606	826 141	Other attestations	1 244 524	1 570 606	
	-	-	Tax consultancy	-	-	
	225 000	-	Other non-audit services	-	235 000	
	2 315 606	1 026 141		2 135 512	2 498 416	

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OTHER OPERATING EXPENSES

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
5 560	4 718	Travel expenses	47 742	30 034
1 734	884	Marketing expenses	14 694	5 762
688	44	Expenses in connection with legal settlements	44	688
3 441	17 933	Other sales and administrative expenses	148 055	54 124
11 423	23 578	Total	210 535	90 608

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SHARES IN SUBSIDIARIES

SUBSIDIARIES DIRECT OWNERSHIP	BUSINESS ADDRESS	BOOK VALUE	OWNERSHIP	VOTING SHARE
RFM Holding AS ²⁾	Stavanger, Norway	1 437 124	100%	100%
RSS Software Holding AS ²⁾	Stavanger, Norway	786 282	100%	100%
Roxar Holding AS ²⁾	Stavanger, Norway	90 801	100%	100%
CorrOcean Srl.	Rome, Italy	5 889	100%	100%
CorrOcean Mareco AS	Oslo, Norway	12 791	70%	100%
PolyOil Ltd	Aberdeen, Scotland	56 765	100%	100%
		2 389 652		
SUBSIDIARIES INDIRECT OWNERSHIP				
Roxar Flow Measurement Ltd	Aberdeen, Scotland	-	100%	100%
Roxar Flow Measurement Inc	Houston, US	-	100%	100%
Roxar Software Solutions AS	Stavanger, Norway	58 215	100%	100%
Roxar Flow Measurement AS	Stavanger, Norway	24 708	100%	100%
Roxar Services AS	Stavanger, Norway	100	100%	100%
Roxar International AS	Stavanger, Norway	65 805	100%	100%
Roxar Ltd.	London, UK	6 480	100%	100%
Roxar Inc.	Houston, US	49 607	100%	100%
Roxar Pty.	Perth, Australia	11 485	100%	100%
Roxar Canada Ltd.	Calgary, Canada	99	100%	100%
Roxar de Venezuela S.A	Puerto la Cruz, Venezuela	4 519	100%	100%
Roxar Services 000	Moscow, Russia	6 335	100%	100%
IRAP Technologies Sdn Bhd ¹⁾	Kuala Lumpur, Indonesia	5 055	49%	100%
Roxar Nigeria Ltd.	Lagos, Nigeria	131	100%	100%
Energy Scitech Ltd.	Guildford, UK	92 028	100%	100%
Energy Scitech Inc.	Houston, US	7	100%	100%
Roxar Maxumim Reservoir				
Performance W.L.L	Manamah, Bahrain	317	100%	100%
Roxar do Brasil Ltda	Rio de Janeiro, Brasil	1 109	99.99%	99.99%
Roxar Vietnam Company Ltd.	Ho Chi Minh, Vietnam	333	100%	100%
Roxar De Mexico S.A de C.V.	Mexico City, Mexico	-	100%	100%
Roxar Strategic Staffing S.A. de CV	Mexico City, Mexico	-	100%	100%
Roxar Flow Measurement Sdn Bhd	Kuala Lumpur, Indonesia	1 582	100%	100%
Roxar Saudi Arabia LLC	Al Khobar, Saudi Arabia	-	100%	

1) Formal ownership share in IRAP Technologies Sdn Bhd is 49%. However, due to a shareholder agreement Roxar is deemed to have a controlling interest.

2) On 25 July 2007 Roxar ASA purchased 100% of the shares in Roxar AS, and the same year a restructuring was carried out. Roxar AS was liquidated and demerged to RFM Holding AS, RSS Software Holding AS and Roxar Holding AS.

BUSINESS COMBINATIONS

PolyOil Ltd. On 3 March 2008 Roxar ASA signed a contract to acquire 100% of the shares in PolyOil Ltd. The purchase price is based on an entity value of NOK 56.1 million (GBP 5.25 million) net of interest bearing debt and cash, whereby NOK 23.2 million have been settled by issuing shares in Roxar ASA as compensation and the remaining amount has been settled in cash.

PolyOil Ltd. is based in Aberdeen and the company is market leader within design, development and delivery of polymer based downhole products for the oil and gas industry.

Roxar has performed a purchase price allocation of the cost of the business combinations to the assets acquired and liabilities and contingent liabilities assumed in accordance with IFRS 3.

THE NET ASSETS AND GOODWILL ARISING FROM THE ACQUISITION ARE AS FOLLOWS:

PURCHASE PRICE

Cash amount	32 847
Payment in Roxar ASA shares with 3.879.670 shares	23 247
Direct costs related to the acquisition	672
Total costs	56 765
Fair value of net assets	16 532
Goodwill	40 233

ASSETS AND LIABILITIES RELATED TO THE ACQUISITION 16.02.08 ARE AS FOLLOWS:

BOOK VALUE OF

ACQUIRED COMPANY

FAIR VALUE

Intangible assets	-	7 277
Fixed Assets	2 480	2 480
Inventory	1 385	1 385
Accounts receivables	4 617	4 617
Cash and cash equivalents	7 787	7 787
Other short-term receivables	79	79
Total assets	16 348	23 625
Deferred taxes	-	2 037
Creditors	1 545	1 545
Accounts payable	3 634	3 634
Taxation	-123	-123
Total liabilities	5 056	7 093
Net assets	11 293	16 532
Cost price of shares paid by cash		32 847
+ Direct costs related to the acquisition		672
- Cash amount in the acquired company		-7 787
= Net changes in cash position related to the acquisition		25 731

Pro forma figures

Basis for preparation. On 8 June 2007 Roxar ASA entered into an agreement with FlowInvest Acquisition AS regarding a purchase of the shares in Roxar AS for a compensation of MUSD 387.7. The transaction was executed 25 July 2007.

The proforma financial information has been compiled in connection with the acquisitions to illustrate what the main effects would be on the consolidated profit and loss statement for 2007. The proforma profit and loss statement presents the acquisitions as if it had occurred on 1 January 2007.

Roxar ASA also purchased 70% of the shares in Mareco AS on the 16 February 2007 and 100% of the shares in PolyOil Ltd on the 3 March 2008. Based on the size of the companies, pro forma figures related to this acquisitions have not been prepared.

Pro forma accounting principles. The pro forma financial information has been compiled using accounting principles that are consistent with Roxar ASA (International Financial Reporting Standards - IFRS). These accounting principles are described in the beginning of this annual report.

The proforma financial information has been prepared for illustrative purposes only. Because of its nature it addresses a hypothetical situation and therefore does not represent the company's actual financial position or results.

		FLOW	SOFTWARE	OTHER / NOT	
		MEASUREMENT	SOLUTIONS	ALLOCATED	GROUP
2007					
Revenue		926 596	282 204	-	1 208 801
Total revenue		926 596	282 204	-	1 208 801
Cost of goods sold		415 421	29 099	-	444 520
Personnel expenses		280 413	144 053	44 715	469 181
Depreciation and amortisation		79 588	46 629	3 954	130 170
Other operating expenses		82 222	48 721	51 767	182 710
Allocation of administration costs		49 167	34 087	-83 255	-
Total operating costs		906 811	302 590	17 180	1 226 582
Operating profit		19 786	-20 385	-17 180	-17 780
Financial income					162 603
Financial cost					-153 357
Net financial income / (costs)					9 246
Profit before income tax					-8 535
Income tax expenses					-127
Profit for the year					-8 661
Profit from business area held for sale					17 557
Net profit					8 896

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CONSTRUCTION CONTRACTS

ROXAR ASA			ROXAR GROUP	
2007	2008		2008	2007
87 864	35 420	Recognised revenue / ongoing projects	372 091	257 644
-	-	Additions recognized revenue related to acquisition of Roxar	-	348 554
55 824	19 035	Invoiced revenue	-240 567	-175 308
-	-	Additions in invoiced revenue related to acquisition of Roxar	-	-279 345
32 040	16 385	Earned not billed revenue on construction contracts	131 524	151 546
56 625	21 090	Accumulated costs related to ongoing projects	215 346	352 704
31 239	14 330	Contribution margin ongoing projects	151 187	253 494
36%	40%		41%	42%
31-12-07	31-12-08		31-12-08	31-12-07
87 864	35 420	Accumulated recognized income ongoing projects	398 087	257 644

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OTHER PROVISIONS

ROXAR ASA			ROXAR GROUP		
BONUS	TOTAL		OTHER GUARANTEES	BONUSES	TOTAL
153	153	At 1 January 2007	-	153	153
		Additions related to purchase			
-	-	of Roxar	1 900	1 428	3 328
3 908	3 908	Charged to the income statement	2 706	26 255	28 961
-153	-153	Unused amounts reversed	-	-153	-153
-3 408	-3 408	Used during year	-2 706	-21 415	-24 121
500	500	At 31 December 2007	1 900	6 268	8 168
2 892	2 892	Charged to the income statement	785	26 754	27 538
-	-	Unused amounts reversed	-	-	-
-1 038	-1 038	Used during year	-785	-20 291	-21 076
2 354	2 354	At 31 December 2008	1 900	12 730	14 630

The provisions are presented as other short-term debt.

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LEASING CONTRACTS

Operational leasing contracts: The group has entered into several different operational leasing contracts where the main part of the cost is related to renting offices. The leasing contracts have different terms to maturity, varying from 1 to 10 years. The leasing contracts are typically being regulated by changes in Norwegian consumer price-index, increases in public taxes etc. None of the leasing contracts include conditions about variable rent. There are no legal rights regarding purchase of leased objects.

COSTS OF LEASES:			2008	2007
Ordinary lease payments			28 724	11 529
Future minimum rent related to time-limited leasing contracts mature as follows:		Within 1 year	1 to 5 years	After 5 years
		33 264	99 300	157 216
				289 780

ESTIMATION OF FAIR VALUE AND CLASSIFICATION OF FINANCIAL ASSETS AND OBLIGATIONS

Financial risk management. The group's activities result in different types of financial risks: market risk (including currency risk, fair value interest risk, floating interest risk and price risk), credit risk and liquidity risk. The group's superior risk management plan is focusing on the fluctuations of the capital markets and attempts to minimise the potential negative effects on the group's financial results. The group is using financial derivatives in order to safeguard itself against certain risks.

Risk management for the group is being carried out by a central finance department in accordance with guidance approved by the board of directors. The group's financial department identifies, evaluates and control financial risk at close co-operation with the different operating units. The board of directors present written principles for the superior risk management, and give written instructions for certain specific areas such as currency risk, interest risk, credit risk, use of financial derivatives and investment of cash.

Currency and interest risk. The company is subject to changes in exchange rates, especially USD since a material part of the group's income is in foreign currency. As part of the protective strategy of Roxar a forward exchange contract has been signed in order to reduce exposure in USD. Furthermore a material part of the financing is in USD, refer note 12.

If USD vs NOK had been strengthen/impaired by 10%, assumed all other variables held constant, net profit would be MNOK 55.7 lower/higher. The main reason for the large currency effect is the revaluation of USD borrowings.

The group's USD loan amounts to MUS\$ 102.6 and has a floating interest rate. The company has reduced the interest risk related to these loans by entering interest swap contracts with term to maturity that equals the loans and interests from 3.67% to 4.99% + margin. The convertible loan of MNOK 200 has an interest rate of 4.5%.

If the interest rate on the credit loan had changed with +/- 1%, assumed all other variables held constant, net profit would be respectively MNOK 0.7 higher/lower.

If the interest rate on the subordinated bond had changed with +/- 1%, assumed all other variables held constant, net profit for 2008 would be respectively MNOK 3.0 higher/lower. This would not have an cash effect before the maturity of the loan.

Credit risk. The group's accounts receivable are being subject to continuous monitoring in order to reveal irregularities in payments and minimise loss and risk of loss. The group has historically had low loss on receivables. As of 31 December 2008 a provision of MNOK 4.8, has been made related to various customers. Total accounts receivable as of 31 December 2008 was MNOK 372.7 deducted by provision for prospective losses. Financial instruments or counter-claim are being used to a very limited extent in order to minimise the credit risk.

Liquidity risk. The company has high focus on managing its cash position. As of 31 December 2008 the company had an unused bank overdraft in DNB/Fokus of MNOK 36.7.

In 2008, Roxar had cashflow from operations of NOK 199.3 million. Deducted for capitalized expenditures and capitalized development cost the cashflow was NOK 131.2 million.

In 2008, Roxar has paid NOK 53.1 million in ordinary instalments. In 2009, estimated loan repayments amounts to NOK 180.2 million.

To meet the increased repayment schedule to the banks, cash flows for 2009 will have to improve compared to 2008. As a result of the global turmoil, it has become more challenging to refinance debt. As such, strong growth and/or reduced cash generation can have a negative impact on the company's ability to service debt and other commitments. The Board of Directors are authorized to increase the share capital by up to 10%, and this together with a potential extension of the loan repayment schedule could in a given situation increase the company's financial flexibility. The Roxar Group focuses continuously on cash management, and has for a long time had processes in place to optimise cash flows, reduce production lead times and minimise working capital.

If Aegir Norge Holding AS acquire more than 40% of the shares of Roxar ASA (ref note 27), a change of control clause in the bank loan agreements will become effective, and give the banks a right to have the loans redeemed. A similar right becomes effective for the bondholders at 50% control.

Capital management. The group's objective related to capital management is to secure the going concern assumption in order to secure yield for the owners and other interested parties and remain an optimal capital structure in order to reduce the cost of capital.

In order to improve the management of the capital structure the company could issue new shares or sell assets in order to repay borrowings. Further more the company could influence the management of the capital structure by paying dividends or repaying capital to the shareholders.

The group follows up its capital structure by evaluating the total net debt/EBITDA which is defined as net interest bearing debt over 12 months EBITDA. Net interest bearing debt is defined as interest bearing debt (short-term and long-term) less cash. EBITDA is defined as earnings before interest tax depreciation and amortization.

Determination of fair value. Fair value of forward currency contracts is calculated by using the exchange rate on the balance sheet date. The fair value of currency swaps is calculated by present value of future cash flows. For these derivatives fair value is being confirmed by the financial institution in which the company has entered the contract.

The following of the group's financial instruments has not been valued at fair value: Cash and cash equivalents, trade receivables, other short-term receivables, bank overdraft, long-term debt.

Book value of cash and cash equivalents and bank overdraft is approximately equal to fair value due to the short maturity. Corresponding, the book value of trade receivables and accounts payables approximately equals fair value since the contracts are made upon "normal" conditions.	The subordinated bond has an estimated fair value of MNOK 322. The convertible loan has an estimated fair value of MNOK 151. For financial assets and liabilities recognised at book value, fair value has been calculated as present value of estimated future cash flows discounted by the rate applicable to corresponding debt and assets on the balance sheet date.
Term Loan A and B has an estimated fair value of MNOK 298 and MNOK 395. The Credit loan is a short-term loan and approximates book value since the effect of discounting is not considered to be material.	Below follows a comparison of book values and fair values for the group's financial instruments.

	2007		2008	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Financial assets				
Cash	170 120	170 120	130 394	130 394
Trade receivables	233 699	233 699	372 783	372 783
Other long-term receivables	8 957	8 957	7 140	7 140
Forward currency contracts	6 689	6 689		
Financial liabilities				
Accounts payable	89 748	89 748	110 603	110 603
Interest bearing debt:				
Borrowings	1 080 328	1 096 838	808 415	789 701
Subordinated bond	-	-	405 430	322 425
Convertible loan	155 246	151 076	165 169	151 580
Forward currency contracts	-	-	30 694	30 694
Interest swap contracts	10 654	10 654	38 850	38 850

CLASSIFICATION OF FINANCIAL INSTRUMENTS	AT FAIR VALUE OVER	LOANS AND	AT AMORTISED	
31-12-08	PROFIT AND LOSS	RECEIVABLES	COST	TOTAL
Assets				
Long-term receivables	-	7 140	-	7 140
Trade receivables	-	372 783	-	372 783
Other short-term receivables	-	17 849	-	17 849
Cash and cash equivalents	-	130 394	-	130 394
Total financial assets	-	528 166	-	528 166
Obligations				
Interest bearing debt	-	-	789 701	789 701
Subordinated bond	-	-	322 425	322 425
Other provisions for liabilities	-	-	-	-
Convertible loan	-	-	151 580	151 580
Interest swap contracts	30 694	-		30 694
Forward currency contracts	38 850	-		38 850
Accounts payable and other short-term debt	-			
Total financial obligations	69 544	-	1 263 706	1 333 250

[illegible]

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EVENTS AFTER THE BALANCE SHEET DATE

Voluntary offer. On 4 March 2009, Aegir Norge Holding AS, an indirectly wholly owned subsidiary of Emerson Electric Co, issued a voluntary offer to purchase all outstanding shares in Roxar ASA. The offer is subject to all necessary material permits, consents, approvals and actions from competent governmental and regulatory authorities being obtained.

On the 1st of April 2009, Emerson announced that its wholly owned subsidiary Aegir owns or has received acceptances for approximately 96.5% of the share of Roxar.

The offer was conditional upon Aegir receiving acceptances of more than 90% of the capital and voting rights of Roxar ASA, including shares owned by Aegir.

Subject to the satisfaction or waiver of the remaining conditions to the offer, Aegir intends to make a compulsory acquisition of the

remaining shares in Roxar pursuant to the Norwegian public companies Act, and propose to the general meeting of Roxar than an application is filed with Oslo Stock Exchange to de-list the shares of Roxar.

Aegir will issue a notification through the Oslo Stock Exchange as soon as each of the remaining conditions to the offer has been met.

Bonus scheme. Roxar has in place a share appreciation and bonus scheme applicable for 2009 and 2010. On 21 January 2009 the remuneration committee of the Board of Directors resolved to incorporate a similar updated and enhanced scheme for 2009 and 2010. No members of the Board of Directors are included in the above referred scheme. The scheme involves 7.3 million synthetic shares with an average base price of NOK 3.71 per share.

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GOING CONCERN

The current financial crisis has led to expectations in the financial markets of slower growth for companies. There are signals of deferred projects and reduced investment spending, but projected global investments are still at high historical levels. Going into 2009, Roxar has never experienced a stronger demand for its products and we expect the technology adoption to continue its normal growth.

In 2008, Roxar had cashflow from operations of NOK 199.3 million. Deducted for capitalized expenditures and capitalized development cost the cashflow was NOK 131.2 million.

In 2008, Roxar has paid NOK 53.1 million in ordinary instalments. In 2009, estimated loan repayments amounts to NOK 180.2 million. To meet the increased repayment schedule to the banks, cash flows for 2009 will have to improve compared to 2008. As a result of the global turmoil, it has become more challenging to refinance debt.

As such, strong growth and/ or reduced cash generation can have a negative impact on the company's ability to service debt and other commitments. The Board of Directors are authorized to increase the share capital by up to 10%, and this together with a potential extension of the loan repayment schedule could in a given situation increase the company's financial flexibility. The Roxar Group focuses continuously on cash management, and has for a long time had processes in place to optimise cash flows, reduce production lead times and minimise working capital.

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DIRECTORS' RESPONSIBILITY STATEMENT

Today the board of directors and the chief executive officer reviewed and approved the board of director's report and the consolidated and separate annual financial statements for Roxar ASA, for the year ending and as of 31 December 2008.

Roxar consolidated financial statements and Roxar ASA financial statements have been prepared in accordance with IFRSs and IFRICs as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act, and that should be used as of December 2008. The board of Directors Report for the group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian accounting standard no 16, as of 31 December 2008.

To the best of our knowledge:

- The consolidated and the parent company annual financial statements for 2008 have been prepared in accordance with applicable accounting standards.
- The consolidated and the parent company annual financial statements give a true and fair view of the assets, liabilities, financial position and profit/loss as a whole as of 31 December 2008 for the group and parent company.
- The board of director's report for the group and the parent company includes a true and fair review of
- The development and performance of the business and the position of the group and the separate company
- The principal risks and uncertainties the group and the parent company face

Stavanger, 2 April 2009



Hans Olav Torsen
Chairman



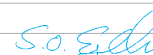
Kaare M. Gisvold



Marit Jannecke Olstad



Maria N. Pedersen



Svein O. Eimhjellen



Gunn-Jane Håland




Eli Skyberg



Johan Fredrik Odjell



Morten Bergesen jr.



Gunnar Hviding
Managing Director

TO THE ANNUAL SHAREHOLDERS'
MEETING OF ROXAR ASA

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