

Q42008

The power of respect. Improving financial performance through quantifying risk. Ormen Lange's need for accuracy. Strengthening Norway's technology cluster. A complete picture of the reservoir. Maximum reservoir performance. Better decision-making at all levels. A business model built on innovation. Turning raw data into information. Integrated Reservoir Production Management system. Securing a sustainable gas supply in Tunisia. Optimizing production. Unlocking productivity in assets and people. Leveraging investments. Excellence. Make sure it's Roxar.

Interim Report + Interim Condensed Financial Information for the period ended December 31 2008

Interim report 4th quarter 2008

Effective 25 July 2007, CorrOcean ASA acquired all the shares of Roxar AS. Subsequently, the name of the company has been changed to Roxar ASA. The 2007 numbers in this report include 5 months of the acquired Roxar AS. Proforma effects from the acquisition of Roxar AS are presented in note 5.

Condensed consolidated income statements

Fourth quarter results

Q4 2008 revenues increased by 23.4% compared to Q3 2008. YE 2008 revenue of NOK 1,365 million represents an increase of 13% over last year. This growth is driven by better performance in most business segments with a particularly strong growth in Topsides metering and software sales.

Q4 2008 operating profit (EBITDA) was NOK 79.0 million, and this represents an increase of 99% compared to Q3 2008. The company 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 Q4 is 9.4% higher than previous quarter.

The YE 2008 EBITDA amounted to NOK 219.2 million compared to NOK 112.4 million YE 2007 (proforma), which represents a growth of 95% and a 63% growth if one-off effects are excluded.

The hardware division altogether saw 23% higher revenue in Q4 2008 than the previous quarter. Particularly promising was that the majority of the growth came from Topside metering and Service. These are markets which generally consist of many and small orders spread across the globe, and give a good representation of the current underlying market activity. Topside and Service revenues increased by 44% and 40% respectively for the whole of 2008 (compared to 2007 proforma numbers) which

indicates a strong underlying market. Subsea had a soft performance for the quarter and the year. 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.

Q4 2008 EBITDA for hardware came in at NOK 57.6 million and excluding one-off effects from pension scheme conversion mentioned above, the EBITDA was NOK 34,6 million which represents a growth over previous quarter of 86.4% and 12.0% respectively.

The software division had a strong revenue performance in Q4, with growth of 24.9% over previous quarter. Most encouraging has been the 59% growth

in sales and leases for 2008, which demonstrates the strong demand for Roxar's software solutions. YE 2008 revenues amounted to NOK 372.0 million, and this represents an increase of 32% compared to same period in 2007 (proforma). The software Q4 EBITDA of NOK 29.4 million was weaker than expected, and adjusted for one-off effects from pension scheme conversion mentioned above, the EBITDA was NOK 20.3 million. There is not one single explanation for the weaker margin in Q4, but the majority of factors relates to higher cost of sales and accruals of bonus/sales commissions to employees. YE EBITDA came in at NOK 102.5 million, and adjusted for one-off effects the EBITDA was NOK 93.4 million, which gives a margin of 28% and 25% respectively.

Interim report 4th quarter 2008

Operations and outlook

Net financial cost in Q4 2008 amounted to NOK 197.9 million compared to a net financial cost of NOK 102.9 million in Q3 2008. Most of this shortfall stems from a NOK 146 million unrealised loss related to the USD debt, see note 3 for details. For 2008, Roxar had a net financial cost of NOK 307.9 million, of which NOK 140.7 million is related to unrealised loss on USD debt.

The company's USD denominated debt is reduced from USD 184 million to USD 102.6 million throughout 2008. The conversion of USD debt to NOK debt was done at favourable 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.

Operating cash flow from Q4 2008 was NOK 65.5 million compared to NOK 61.7 million for Q3 2008. YE 2008 operating cash flow increased by 32% compared to YE 2007. YE 2008 operating cash flow of NOK 198.3 million compared to EBITDA adjusted for non cash pension effect of NOK 183.7 million is a strong performance, particularly when the revenue growth for 2008 was 13%.

Net cash was reduced by NOK 10.6 million in Q4 2008, including repayment of debt of NOK 28.9 million. Net cash for full year 2008 was reduced by NOK 39.7 million, including debt instalments and acquisition of PolyOil Ltd. Roxar focus continuously on optimising cash flows, however, we will see cash flows continue to fluctuate somewhat as a result of changes in activity levels and product mix.

Overall

The market for Roxar's products has been relatively stable with a positive underlying growth in 2008. In particular, we have seen a weaker than expected growth in the Subsea market, predominantly as a consequence of delays in schedule on major projects. The underlying positive trend is that nearly all areas of Roxar, with the exception of Subsea, showed positive growth in 2008. Subsea projects often consist of large and binary contracts, whilst the rest of Roxar's business consists of smaller orders scattered over the entire globe. The growth seen in Topside, Downhole and Software sales therefore demonstrates a strong and global demand for Roxar's technology.

The growth in Service revenue demonstrates the company's ability to grow its global organisation and execute its business plans to take advantage of the underlying market growth.

In general, Roxar has never had a stronger strategic position, with a wide product portfolio, a proven track record and a long standing business relationship with its clients.

Hardware Division (proforma discussion)

Topside

Topside metering grew by 44% in 2008. Generally, the topside market consists of many small orders and potentially a few large orders in Saudi Arabia. The growth observed in Topside this year comes without any large contracts in Saudi Arabia. Roxar has been effective throughout the year in securing orders and holding on to its dominant position in a growing global market. Future technology adaptation is expected to take place in the global client base.

The topside market in general may be impacted by deferral of some projects with large OPEC producers, but this should have a smaller effect on Roxar sales. Roxar's large and global client base is expected to continue its technology adoption in 2009 and 2010 as Topside instrumentation investments are relatively small, and payback fast and significant.

Subsea

The Subsea market has been relatively soft for the last 18 months, predominantly due to delays in projects. Roxar has seen an increase in orders throughout second half of 2008 and we observe a strong underlying market. The market has come from a situation with strong underlying growth and a growing latent demand as a result of delays. The financial crisis must be expected to impact projects

with smaller operators, which depend on the financial market for financing. However, we believe that the latent demand, underlying growth and increased technology adoption will more than outweigh any impact of financial turmoil in 2009 and 2010.

Downhole

The target for the Downhole business in 2008 was to consolidate the nearly 50% growth the business had in 2007. The 4% revenue growth for 2008, means that this target was met. The Downhole business has become more geographically diversified and works on longer term contracts. The business also has a strong technology development pipeline and continued growth is expected as a result of this.

Services

The hardware service business had a 40% growth in revenue for 2008. The business had a new record performance in Q4 2008 and business growth has historically been limited by our ability to grow the global organisation. During 2007 and 2008, the company experienced high turn over rates on personnel which limited growth, as global employment markets overheated. We expect a strong market in 2009 and believe that turn over rates on personnel will fall as the employment markets cool down.

Software Division (proforma discussion)

License sales and leases

Licence sales and leases grew by 59% in 2008. The growth experienced has come from regions where Roxar is strong, like CIS and Scandinavia, but other growth regions such as Asia and South America have been even stronger contributors to the growth in 2008. The sales growth stems from clients who are facing more challenging reservoir issues coupled with strong expectations to Roxar's RMS 2009 release.

Maintenance

In spite of improved software sales, maintenance revenue has historically remained relatively flat as more clients have converted from purchase of software licences to lease of software. In 2008, maintenance revenue increased by 14%, which has buckled this old trend. The growth in maintenance is linked to the sales growth as well as from older clients who enter into new maintenance contracts and therefore pay back maintenance. The trend with older clients turning maintenance back on can only be due to strong expectations in the market place to the RMS 2009 release in January 2009.

Services

The service activity was up 16% for 2008, following a slow start. New management and the introduction of a service improvement programme has so far resulted in service revenue in the second half of 2008 which was 47% better than first half of the year. As a result of improved staff utilisation and a strong market, we now observe a shortage of staff in this business.

Stavanger, 19 February 2009
The Board of Directors
Roxar ASA

Questions should be directed to Roxar ASA management represented by:

Gunnar Hviding, CEO
Even Gjesdal, CFO

Profit & loss statement

CONSOLIDATED

Segment information

CONDENSED CONSOLIDATED

AMOUNTS IN NOK 1 000

4Q 2008

3Q 2008

4Q 2007

2008

2007

AMOUNTS IN NOK 1 000

4Q 2008

3Q 2008

4Q 2007

2008

2007

Revenue	414 407	335 782	315 015	1 365 434	605 592	FLOW MEASUREMENT							
Cost of goods sold	157 858	120 918	126 847	476 092	236 029	Revenues	306 143	249 102	254 794	993 245	490 549		
Personnel expenses	103 040	126 608	143 585	459 590	248 391	EBITDA before allocations of administrative expenses	78 836	43 925	24 745	203 582	58 321		
Other operating expenses	74 496	48 564	45 116	210 535	90 608	Allocations of administrative expenses	21 202	13 009	13 055	66 880	20 716		
Operating profit before depreciation / EBITDA	79 013	39 692	-532	219 217	30 564	EBITDA after allocations	57 634	30 916	11 690	136 702	37 605		
Depreciation and amortisation	32 468	34 613	32 773	133 671	56 073	Profit Margin	19%	12%	5%	14%	8%		
Operating profit	46 545	5 080	-33 304	85 546	-25 509	Ordertake / Bookings	310 944	185 321	168 273	876 201	385 584		
Financial income	21 980	162	15 461	138 354	101 881	Backlog	367 413	336 330	325 696	367 413	325 696		
Financial cost	-219 850	-103 019	-46 436	-446 230	-97 066	Number of Employees	481	488	465	481	465		
Net financial income / (costs)	-197 871	-102 857	-30 975	-307 877	4 815	SOFTWARE SOLUTIONS							
Profit before income tax	-151 326	-97 779	-64 279	-222 331	-20 694	Revenues	108 265	86 679	60 222	372 189	115 043		
Income tax expense	47 203	45 555	20 053	84 781	8 608	EBITDA before allocations of administrative expenses	36 878	26 041	-1 957	139 570	10 632		
Net profit	-104 122	-52 223	-44 226	-137 549	-12 086	Allocations of administrative expenses	7 527	14 232	8 673	37 084	14 494		
Attributable to:						EBITDA after allocations	29 351	11 809	-10 630	102 487	-3 862		
Majority interest	-104 209	-52 110	-43 909	-137 778	-12 611	Profit Margin	27%	14%	-18%	28%	-3%		
Minority interest	87	-115	-317	229	525	Ordertake / Bookings	140 758	16 449	9 491	247 946	9 491		
Earnings per share for profit attributable to the equity holders of the company (Expressed in NOK per share)						Backlog	124 662	36 856	47 636	124 662	47 636		
Basic	-0.43	-0.22	-0.16	-0.57	-0.09	Number of Employees	242	246	243	242	243		
Diluted	-0.38	-0.18	-0.16	-0.47	-0.09	OTHER / NOT ALLOCATED							
						EBITDA before allocations of administrative expenses	-36 701	-30 274	-23 319	-123 936	-38 390		
						Allocations of administrative expenses	-28 729	-27 240	-21 728	-103 964	-35 210		
						EBITDA after allocations	-7 973	-3 033	-1 591	-19 972	-3 180		
						Number of Employees	90	98	90	90	90		
						GROUP							
						Revenues	414 407	335 782	315 015	1 365 434	605 592		
						EBITDA before allocations of administrative expenses	79 013	39 692	-532	219 217	30 563		
						Allocations of administrative expenses	-	-	-	-	-		
						EBITDA after allocations	79 013	39 692	-532	219 217	30 563		
						Profit Margin	19%	12%	0%	16%	5%		
						Ordertake / Bookings	451 702	201 770	177 764	1 124 147	395 075		
						Backlog	492 075	373 186	373 332	492 075	373 332		
						Number of Employees	813	832	798	813	798		

Balance sheet

CONSOLIDATED

AMOUNTS IN NOK 1 000

31.12.08

31.12.07

AMOUNTS IN NOK 1 000

31.12.08

31.12.07

AMOUNTS IN NOK 1 000	31.12.08	31.12.07	AMOUNTS IN NOK 1 000	31.12.08	31.12.07
ASSETS			EQUITY & RESERVES		
NON-CURRENT ASSETS			CAPITAL ATTRIBUTABLE TO EQUITY		
Property, plant and equipment	46 758	43 371	HOLDERS OF THE COMPANY		
Goodwill	1 249 124	1 204 615	Share capital	243 497	238 783
Intangible assets	935 475	994 533	Share premium reserve	944 986	921 450
Deferred income tax assets	-	3 176	Other paid-in equity	27 938	27 938
Other long-term receivables	7 140	8 957	Retained earnings	-170 551	-31 653
Total non-current assets	2 238 497	2 254 652	Minority interest in equity	6 285	6 056
			Total equity	1 052 155	1 162 574
CURRENT ASSETS	158 172	134 204			
Inventories			LIABILITIES		
Earned, not invoiced revenue on construction contracts	126 969	151 546	NON-CURRENT LIABILITIES		
Trade receivables	372 783	233 699	Deferred income tax liabilities	170 594	287 567
Other receivables	96 306	64 758	Convertible loan	160 208	155 246
Cash and cash equivalents	130 394	170 120	Pension obligations	7 738	41 299
Total current assets	884 622	754 327	Provisions for other liabilities and charges	781	7 688
			Borrowings	1 118 806	-
Total assets	3 123 120	3 008 979	Total non-current liabilities	1 458 127	491 800
			CURRENT LIABILITIES		
			Accounts payable	101 168	89 748
			Public duties payables	21 816	18 373
			Other short-term debt	362 587	161 832
			Current income tax liabilities	27 266	4 325
			Borrowings	100 000	1 080 327
			Total current liabilities	612 837	1 354 605
			Total liabilities	2 070 965	1 846 406
			Total equity and liabilities	3 123 120	3 008 979

4 CHANGE IN PENSION SCHEME

Following 1 December 2008, Roxar has changed its pension scheme for all employees in the Norwegian legal entities. The pension scheme has been converted from a defined benefit scheme to a fixed contribution scheme. As a direct result of this conversion, Q4 2008 personnel expenses have been reduced by NOK 35.6 million. This conversion has no cash effect.

5 PRO FORMA INFORMATION INCLUDING ACQUISITION OF ROXAR

Pro forma Condensed Consolidated Profit & Loss statement

AMOUNTS IN NOK 1 000	4Q 2008	3Q 2008	4Q 2007	2008	2007
Revenues	414 407	335 782	315 015	1 365 434	1 208 801
Operating profit before deprectian / EBITDA	79 013	39 692	-532	219 217	112 390
Depreciation	6 099	6 175	5 633	22 802	21 883
Amortisation	26 369	28 438	27 140	110 869	108 288
Operating profit	46 545	5 080	-33 305	85 546	-17 780
Financial income	21 980	162	15 461	138 354	162 603
Financial cost	-219 850	-103 019	-46 436	-446 230	-153 357
Profit before tax expenses before discontinued operations	-151 326	-97 778	-64 280	-222 331	-8 535
Tax expenses	47 203	45 555	19 620	84 781	-127
Profit before discontinued operations	-104 122	-52 223	-44 660	-137 549	-8 661
Discontinued operations	-	-	-	-	17 557
Net profit	-104 122	-52 223	-44 660	-137 549	8 896

Pro forma Condensed Revenue per segment

AMOUNTS IN NOK 1 000	4Q 2008	3Q 2008	4Q 2007	2008	2007
Flow Measurement	306 143	249 102	254 793	993 245	926 596
- Topside	114 706	74 695	69 006	319 989	222 655
- Subsea	76 856	82 748	89 604	308 370	399 359
- Downhole	60 382	50 810	55 218	178 209	171 418
- Services	54 198	40 849	40 964	186 677	133 164
Software Solutions	108 265	86 679	60 222	372 189	282 204
- Sales / leases	52 952	26 349	22 792	170 921	107 873
- Maintenance	26 103	27 803	20 738	97 461	85 163
- Services	29 210	32 527	16 692	103 807	89 168
Total revenue	414 407	335 782	315 015	1 365 434	1 208 801

Pro forma Condensed EBTIDA per segment

AMOUNTS IN NOK 1 000	4Q 2008	3Q 2008	4Q 2007	2008	2007
FLOW MEASUREMENT					
Revenues	306 143	249 102	254 793	993 245	926 596
EBITDA before allocations of administrative expenses	78 836	43 925	24 745	203 582	148 540
Allocations of administrative expenses	21 202	13 009	13 055	66 880	49 167
EBITDA after allocations	57 634	30 916	11 690	136 702	99 373
Profit Margin	19%	12%	5%	14%	11%
SOFTWARE SOLUTIONS					
Revenues	108 265	86 679	60 222	372 189	282 204
EBITDA before allocations of administrative expenses	36 878	26 041	-1 957	139 570	60 331
Allocations of administrative expenses	7 527	14 232	8 673	37 084	34 087
EBITDA after allocations	29 351	11 809	-10 630	102 487	26 244
Profit Margin	27%	14%	-18%	28%	9%
OTHER / NOT ALLOCATED					
EBITDA before allocations of administrative expenses	-36 701	-30 274	-23 319	-123 936	-96 482
Allocations of administrative expenses	-28 729	-27 240	-21 728	-103 964	-83 255
EBITDA after allocations	-7 973	-3 033	-1 591	-19 972	-13 227
GROUP					
Revenues	414 407	335 782	315 015	1 365 434	1 208 801
EBITDA before allocations of administrative expenses	79 013	39 693	-532	219 217	112 390
Allocations of administrative expenses	-	-	-	-	-
EBITDA after allocations	79 013	39 693	-532	219 217	112 390
Profit Margin	19%	12%	0%	16%	9%

Basis for preparation. The unaudited pro forma financial information has been compiled in connection with the acquisition of Roxar AS to illustrate what the main effects would be on the consolidated profit and loss statement for 2007 for Roxar ASA if the transaction had occurred at an earlier period.

Pro forma accounting principles. The unaudited 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 Company's 2007 annual report.

The unaudited pro forma 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. There is a greater degree of uncertainty associated with pro forma figures than with actual reported results.

Sources of pro forma financial information – historical financial information
The unaudited pro forma financial information has been compiled based on the audited financial statements of Roxar ASA for the financial year ended 31 December, 2007 and the unaudited interim financial report of Roxar ASA (IFRS) and the unaudited interim financial report of Roxar AS (IFRS) for the quarter and period ended 31 December 2007.

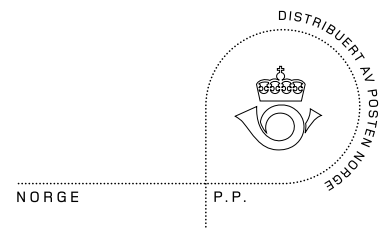
Basis for preparation of the unaudited pro forma financial information
Roxar ASA acquired all the shares in Roxar AS on 25 July 2007.

Roxar ASA acquired 70% of the shares in Mareco AS on 1 March 2007 and this is included in Roxar ASA's unaudited interim financial report for Q4 2008 from 1 March 2007. The acquisition is not directly attributable to the transaction that requires pro forma financial information and no pro forma adjustments have been made for this acquisition in the pro forma financial information presented.

Roxar ASA acquired 100% of the shares in PolyOil Ltd on 3 March 2008 and this is included in Roxar ASA's unaudited interim financial report for Q4 2008 from 3 March 2008. The acquisition is not directly attributable to the transaction that requires pro forma financial information and no pro forma adjustments have been made for this acquisition in the pro forma financial information presented.

Stavanger, 19 February 2009

/s/ Hans Olav Torsen Chairman of the Board	/s/ Kaare M. Gisvold Board Member	/s/ Marit Jannecke Olstad Board Member
/s/ Maria N. Pedersen Board Member	/s/ Svein O. Eimhjellen Board Member	/s/ Gunn-Jane Håland Board Member
/s/ Eli Skyberg Board Member	/s/ Johan Fredrik Odjfell Board Member	/s/ Morten Bergesen jr. Board Member
	/s/ Gunnar Hviding Chief Executive Officer	



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