

# **Independent Oil & Resources ASA**

## **4. quarter 2008**

### **Operation and business management**

Independent Oil & Resources ASA ("IOR" or the "Company") is an investment and holding company, located in Stavanger. The Company's shares are traded at the OTC list.

### **Investments**

The Company held approx 22.5% in Petrolia Drilling ASA ("PDR"), 17.8% in Petrojack ASA ("Petrojack"), 14% in Marine Farms ASA ("Marine Farms") and other listed and not listed investments. The Company has no subsidiaries, and the preliminary accounts reflects the company only accounts.

### **The accounts (unaudited).**

The accounts are in accordance with Norwegian GAAP, the presentation currency is NOK and the interim report was approved by the Board of Directors 24 February 2009.

### **Financial Information**

(All figures in MNOK)

### **Q4 Highlights**

#### **Impairment charges**

The 4q accounts reflect an impairment charge of MNOK 755. The listed shares are, based on the current market situation and the current financial situation of the companies IOR has invested in, stated to market value (stock exchange value) 31.12 2008.

#### **Income statement**

##### **Year 2008**

The net, after-tax result (loss) for the fiscal year of 2008 was MNOK - 855. The net result was impacted by an impairment charge of MNOK 755. The impairment charge related mainly to shares.

##### **Fourth quarter 2008**

The net, after tax result (loss) for the 3 months period was MNOK - 750. The net result was impacted by an impairment charge of MNOK 755. The impairment charge related mainly to shares.

#### **Cash flow for the year 2008**

Cash flow from operations equalled MNOK -39 for the fiscal of 2008, compared to MNOK - 222 for the same period in 2007. Cash flow from investments in 2008 was MNOK - 115. Investments in the fiscal of 2007 amounted to MNOK + 16. Cash flow from financing activities in 2008 was MNOK +17 mainly related to shares issued. Cash flow from financing activities in the same period of 2007 equalled MNOK+ 191. Cash at period end in 2008 was MNOK 37 compared to MNOK 174 in 2007. Regarding the cash flow for 4q 2008 we refer to the enclosed cash flow statement.

#### **Balance sheet**

As of December 31, 2008, IOR's total assets were MNOK 443, of which MNOK 269 relates to long term investments in shares. The main investment is in PDR, book value 123 MNOK.

At the end of fourth quarter, IOR's short term debt amounted to MNOK 98.

**Equity**

The book value of the Group's equity totalled MNOK 345 at the end of the fourth quarter 2008.

Board of Directors, IO&R,  
24<sup>th</sup> of February 2009

# Independent Oil & Resources ASA

## Income statement

Unofficial translation from Norwegian  
All amounts in NOK thousands

Operating revenue and operating costs	4 quarter 2008	4 quarter 2007	12 months ended 31.12.2008	12 months ended 31.12.2007
<b>Revenues</b>	-	-	-	-
Cost of goods sold	-	-	-	-
Salaries and fees	-	-	-	-
Loss on receivables	22 220	-	22 220	-
Other operating expenses	1 101	4 977	6 045	7 758
<b>Total operating expenses</b>	<b>23 321</b>	<b>4 977</b>	<b>28 265</b>	<b>7 758</b>
<b>Operating profit/-loss</b>	<b>-23 321</b>	<b>-4 977</b>	<b>-28 265</b>	<b>-7 758</b>
Gain/-loss on sale of shares	-1 305	-46 889	-100 151	-50 197
Impairment loss on shares/investments	-754 623	-	-754 623	-
Other financial income/-expense – net	34 685	13 498	30 815	25 446
<b>Financial items – net</b>	<b>-721 243</b>	<b>-33 391</b>	<b>-823 959</b>	<b>-24 751</b>
<b>Income before tax and extraordinary items</b>	<b>-744 564</b>	<b>-38 368</b>	<b>-852 224</b>	<b>-32 509</b>
Income taxes	-5 320	407	-2 852	-2 160
Extraordinary items	-	-	-	-
Gain on sale of subsidiary	-	-	-	103 304
<b>Net income</b>	<b>-749 884</b>	<b>-37 961</b>	<b>-855 076</b>	<b>68 635</b>
Average number of shares	312 853 972	306 006 146	307 732 173	306 006 146
Number of shares at end of period	336 006 146	306 006 146	336 006 146	306 006 146
<b>Net income per share</b>	<b>-2,40</b>	<b>-0,12</b>	<b>-2,78</b>	<b>0,22</b>

# Independent Oil & Resources ASA

## Balance Sheet

Unofficial translation from Norwegian

All amounts in NOK thousand

<b>Assets</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
Deferred tax asset	-	464
Investment in affiliates	123 094	651 958
Project investments	-	-
Long-term investment in shares	146 159	348 843
<b>Total long-term assets</b>	<b>269 253</b>	<b>1 001 801</b>
Short-term investments	10 178	30 320
Short term receivables	126 427	239 464
Cash and bank deposits	37 156	174 013
<b>Total current assets</b>	<b>173 761</b>	<b>443 796</b>
<b>Total assets</b>	<b>443 014</b>	<b>1 445 061</b>
<b>Equity and liabilities</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
<b>Paid-in-capital</b>		
Share capital	8 400	7 650
Own shares	-592	- 442
Share premium	207 277	191 528
Other paid-in-equity	472 845	472 845
<b>Total paid-in-equity</b>	<b>687 930</b>	<b>671 581</b>
<b>Retained earnings</b>	<b>-342 796</b>	<b>523 609</b>
<b>Shareholders equity</b>	<b>345 134</b>	<b>1 195 190</b>
<b>Long-term liabilities</b>		
Deferred tax	-	-
<b>Total long-term liabilities</b>	<b>-</b>	<b>-</b>
<b>Short term debt</b>		
Income taxes	-	825
Short-term debt (secured)	97 880	249 046
<b>Total short-term liabilities</b>	<b>97 880</b>	<b>249 871</b>
<b>Total liabilities</b>	<b>97 880</b>	<b>249 871</b>
<b>Total equity and liabilities</b>	<b>443 014</b>	<b>1 445 061</b>

# Independent Oil & Resources ASA

## Cash flow statement

Unofficial translation from Norwegian  
All amounts in NOK thousand

Cash flow statement	4 quarter 2008	4 quarter 2007	12 months ended 31.12.2008	12 months ended 31.12.2007
Cash flow from operating activities	-46 378	116 783	-38 794	-222 129
Cash flow from investing activities	-3 458	-80 462	-114 563	16 249
Cash flow from financing activities	16 500	-	16 500	190 694
<b>Cash flow in the period</b>	<b>- 33 336</b>	<b>36 321</b>	<b>-136 857</b>	<b>-15 186</b>
Cash / cash equivalents at period beginning	70 492	137 692	174 013	189 199
<b>Cash / cash equivalents at period end</b>	<b>37 156</b>	<b>174 013</b>	<b>37 156</b>	<b>174 013</b>

# Independent Oil & Resources ASA

## Changes in equity

Unofficial translation from Norwegian  
All amounts in NOK thousand

	31.12.2008	31.12.2007
Equity at period beginning	1 195 190	983 596
Capital increase in period	16 500	192 488
Purchase of own shares	-11 480	-49 761
Other changes in equity	-	232
Net income for the period	-855 076	68 635
<b>Equity at period end</b>	<b>345 134</b>	<b>1 195 190</b>

# Independent Oil & Resources ASA

## Notes to interim financial statements

As from 1 January 2008, the financial statements of Independent Oil & Resources ASA are represented by the parent company financial statements (since the company no longer owns any subsidiaries). Comparable figures for 2007 consist of the parent company financial statements.

The financial statements for 4<sup>th</sup> quarter 2008 and 2007 have been prepared in accordance with Norwegian Generally Accepted Accounting principles consistent with the principles applied in the annual financial statements for 2007 (for the parent company).

Long term investments in shares are accounted for using the cost method. Short term investments in shares that are traded on the Oslo Stock Exchange are accounted for using market value at the balance sheet date. Other short term investments in shares are accounted for using the cost method.

### Note 1 Investments in shares

Investment in affiliated companies	No of shares	Book Value	Market Value 31 Dec 2008
Petrolia Drilling ASA	227 952 747	123 094	123 094
<b>Total investment in affiliated companies</b>		<b>123 094</b>	

Impairment loss on NOK 472 million related to investment in affiliated companies has been recognized through the income statement in 4 quarter 2008.

Long-term investment	No of shares	Book Value	Market Value 31 Dec 2008
Marine Farms ASA	5 172 540	65 691	65 691
Opra Technologies ASA	4 654 000	13 962	
Petrojack ASA	11 566 328	33 889	33 889
Feed Control Norway AS	2 453 000	1 600	
PetroResources Ltd		10 383	
Epsis AS	70 484	14 097	
Heavy Minerals Ltd	150	6 537	
Other investments		0	
<b>Total long-term investment in shares</b>		<b>146 059</b>	

Impairment loss on NOK 273 million related to long term investments has been recognized through the income statement in 4 quarter 2008. In addition, an impairment loss on NOK 7 mill related to long term project investments has been recognized through the income statement in 4 quarter 2008.

Short-term investments at cost	No of shares	Book Value	Market Value 31 Dec 2008
IGE Nordic AB	160 000	400	
Nordic Petroleum ASA	2 000 000	500	
Norsk Helsetelefon 24 AS	5 000	1 000	
<b>Total short-term investment in shares</b>		<b>1 900</b>	

Impairment loss on NOK 3 million related to short term investments at cost has been recognized through the income statement in 4 quarter 2008.

Short-term investments at market value	No of shares	Book Value	Market Value 31 Dec 2008
Global Geo Services ASA	514 000	221	221
Det Norske Oljeselskap ASA	47 500	1 382	1 382
DNO International ASA	1 500 000	6 675	6 675
<b>Total short-term investment in shares</b>		<b>8 278</b>	<b>8 278</b>

<b>Gain/-loss on sale of shares</b>	<b>4 quarter 2008</b>	<b>4 quarter 2007</b>	<b>12 months ended 31.12.08</b>	<b>12 months ended 31.12.07</b>
Sale of shares	-10 231	-8 293	-5 359	3 586
Forward contracts	332	-39 634	- 86 087	-54 821
Change in market value for short-term investments	8 594	1 038	- 8 715	1 038
<b>Total gain/-loss on sale of shares</b>	<b>-1 305</b>	<b>-46 889</b>	<b>-100 151</b>	<b>-50 197</b>

Forward contracts have been prolonged at expiration date. However, gain/loss on the original contracts measured at the expiration date is recognized through the income statement.

#### **Note 2 Short term receivables**

Short term receivables includes receivables from Independent Oil Tools AS (and subsidiaries) of NOK 126 million.

#### **Note 3 Short term debt**

Short term debt is mainly debt relating to purchase of shares.