

Pareto Annual Report 2008

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This is the Pareto Group

Pareto is a leading, independent Norwegian investment bank. The company has offices in Oslo, Stavanger, Bergen, Trondheim, Kristiansand and Bryne in Norway, and New York internationally. Pareto was founded in 1986 and since then has expanded to become a corporate group offering a wide array of products. Pareto has 398 employees. The Group's development has been made possible by our dedicated and skilful staff, by focusing on creating sound products, growth and, last but by no means least, by the trust placed in us by our clients and business associates.

Business sectors

Through its subsidiaries, Pareto offers a wide range of services within the broking of shares, bonds and partnership interests, the arrangement of issues of various equity and debt capital instruments and direct investments. The company is also active within the management of direct investments, valuations, refinancing, financial counselling and brokering acquisitions and sales of commercial properties, and offers asset management services in the equities and fixed income markets. Pareto also involved in chartering and buying and selling tanker tonnage through its ship broking business. Pareto also offers products and efficient and comprehensive system solutions for independent financial advisers in Norway.

Pareto's strengths lie in diversity and a strong local presence

The breadth of Pareto's product range has given the Group the opportunity to grow and prosper. At the same time, it has given our clients a balanced, well-diversified product portfolio which generates sound, long-term returns. Pareto's long-standing engagement with local markets and companies has given us experience and competence, enabling us to treat each client individually and to safeguard and promote our clients' interests in the best way possible. Pareto gives priority to organic growth and the development of in-house competence. Even so, acquisitions and mergers are continuously under consideration, with a view to complementing and developing the company still further. We cooperate with other operators whenever this is expedient and will offer our clients the optimum products.

Pareto's aims and strategies

Pareto's aim is to be the preferred Norwegian supplier of financial services, based on a thorough and detailed knowledge of Norwegian social conditions and businesses and industries in which Norway enjoys particular advantages. Our mission is to create sound financial solutions and to secure high returns for our clients. Pareto's strategy is based on focus, in-depth knowledge, experience and long-term client relationships. We believe in continuous development and improvement. We have invested both knowledge and financial resources for the long haul. We expect responsibility, integrity and a high ethical standard from our staff. We are an independent operator with an innovative, creative and individual approach to business.

Securities broking

- Shares
- Bonds
- Derivatives
- Foreign exchange

Advisory services

- Listing
- Mergers and acquisitions
- Financing
- Private banking

Project financing

- Limited companies
- Limited partnerships
- Private equity funds
- Unlisted companies

Banking services

- Securities financing
- Property financing
- Day-to-day banking services

Asset broking

- Shipping
- Rigs
- Commercial properties
- Chartering

Active management

- Shares
- Bonds
- Structured products
- Specialised funds

Pareto in 2008

- The financial crisis that spread to large parts of the world economy stamped its imprint on 2008. Oslo Børs' equities index (OSEBX) fell by no less than 54.1 percent during the course of the year, while the world index fell by 42 percent (MSCI World measured in USD). The credit market was hard hit, particularly in the wake of the bankruptcy of Lehman Brothers.
- The Pareto Group reported operating revenues of NOK 1.8 billion (2007: 3.5 billion) and an operating profit of NOK 927 million (2007: NOK 2.3 billion). Equity as of 31 December 2008 stood at NOK 2.8 billion. The number of employees in the Group at yearend was 398.
- Pareto Securities, acting alone or in collaboration with others, was adviser to and arranger of approximately 50 percent of all the issues registered on Oslo Børs/Oslo Axess and also participated in over 60 percent of all issues by OTC registered companies measured in terms of value. The Company retained its position relative to its competitors in 2008, with a 16.6 percent share of broking revenues reported to Kredittilsynet (the Financial Supervisory Authority of Norway) in 2008. Over the past two years Pareto Securities, acting alone or in collaboration with others, arranged bond loans for a total value of ca NOK 54 billion. An active second-hand market in these loans was developed in 2008.
- Pareto Private Equity developed well throughout 2008 and consolidated its position as a leading player within the market for property, shipping, offshore and corporate finance services, with a particular emphasis on M&A. As at the end of 2008, Pareto Private Equity managed a substantial volume of companies and investment capital on behalf of its clients.
- Pareto Forvaltning offers management services in the securities market through its fixed income and equities funds. As at 31 December 2008, the company managed a total of NOK 25.7 billion, of which NOK 8.7 billion was invested in the stock market.
- Pareto Offshore recorded one of its best years ever as a result of extensive rig-broking activities.
- Pareto Bassøe Shipbrokers comprises tanker charterers PF Bassøe AS and dry cargo charterers Pareto Dry Cargo AS. Pareto Bassøe Shipbrokers is a leading operator within the chartering of VLCC tonnage. Rates in 2008 were higher than in the preceding year, although because of the low rate of exchange between the USD and the Norwegian krone, turnover was on a par with 2007. Pareto Dry Cargo performed well throughout the year. High levels of activity in a buoyantly-priced market generated excellent results in 2008.
- Johan G. Olsen Shipbrokers recorded yet another good year within both offshore and large tanker broking.
- Pareto PPN arranged financial products for independent financial advisers to a value equivalent to NOK 1.4 billion, 61 percent of which comprised security fund products and 39 percent alternative investments in property, shipping and options products.
- Pareto Universal Fonds sold investment products for approximately NOK 520 million, arranged by other Pareto companies.
- Pareto Bank has completed its first full year of operations and at yearend had total assets of NOK 2.6 billion. The bank's three main areas of business are securities financing, property financing and day-to-day banking services tailored to the needs of major private clients and their companies.
- Pareto Online was founded as a securities undertaking in January and commenced trading under its licence in November. Pareto Online enables clients to combine a variety of services and products in a single solution, be it investments in equities, funds, bonds, private equity products, high-interest deposit solutions or credit for stock purchases. The services offered are designed to provide clients with a sound basis for their decisions with the aim of increasing the return when a client invests in one or more individual products.

Pareto Securities

Pareto Securities is a leading player in the field of stock and bond broking and financial counselling. The firm concentrates on areas of business and industry in which Norway enjoys particular advantages. Research is based on thorough, detailed knowledge and long-term approach. Our research and brokering products are rated highly by a wide community of international investors.

Stockbroking and financial counselling

Pareto Securities' services consist mainly of stock and bond broking and financial advisory services in connection with company financing, stock exchange listings, and mergers and acquisitions. Pareto has held a sound position in both of these fields for the past 10 years.

Our focus on Norwegian securities and areas of business and industry in which Norway has competitive advantages, enables us to provide research and advice based on detailed knowledge of the industries and companies with which we work. This is of particular importance to our international investors, who seek a precise focus and first-hand knowledge. Pareto's local presence therefore gives us an important competitive edge, which helps to win the confidence of our clients.

Proximity to the companies gives us international placement power

The combination of a local presence and international investor contacts provides the basis for Pareto Securities' placement success in the equities and bond market. International clients accounted for over 50 percent of our revenues in 2008, enabling us to complete a number of complicated large-scale projects.

Our European investors are generally served by our offices in Oslo and Stavanger. Our US clients are followed up by a dedicated group of brokers in Norway. In addition we have brokers in New York. We also have offices in Bergen, Kristiansand and Trondheim. We are therefore able to offer a combination of:

- regular dialogue with analysts and brokers with requisite insight and expertise
- visits from our analysts
- local events at which company management are present (road shows and conferences)

Skilled analysts – the power drive of our operations

Our staff of analysts comprises 22 advisers with special expertise within the industries that they monitor. Our credit analysts follow the Norwegian and international credit markets and compile credit ratings of selected companies. These in turn work closely with stock analysts, who focus on a range of key sectors and the majority of the major companies listed on Oslo Stock Exchange. Interest rate and credit analyses are an integral part of the research product. Pareto believes that first-hand knowledge of the ability of companies to raise loan capital is a prerequisite for understanding their prospects on the equity market. Our analysts also work closely with Pareto Bassøe Shipbrokers, Pareto Private Equity and Pareto Offshore in the areas of shipping, real estate and offshore, respectively. Our analysts enjoy a good reputation in the market and appear at the top of many major rankings and studies.

A comprehensive range of research products

Pareto Securities' research products consist of rolling analyses of companies and business and industry sectors, issued ad hoc and regularly on a daily, weekly, monthly and quarterly basis. The products are made available to our clients continuously on our web site at www.pareto.no.

A central aspect of the research operation is to organise conferences and visits to companies for our investors. Amongst other events, Pareto hosts an annual oil and offshore conference that has become one of Europe's leading investment forums for oil, petroleum and related companies. Over 1500 private and institutional investors from Norway and abroad attended the conference in 2008. Other major conferences include seminars on industrial bonds in London, an offshore conference in New York and an energy conference in Oslo.

Financial advisory services founded on industrial competence and proximity to investors

Being an independent financial adviser, Pareto Securities is able to offer a comprehensive range of financial services, from share and bond issues, listing and diffusion sales to mergers/demergers and acquisitions/disposals of businesses/companies.

Like our research activities, our advisory services are based on a long-term approach and in-depth knowledge of the areas of business on which we focus. With offices in Oslo, Stavanger, Bergen, Kristiansand and Trondheim we are close to the most important business communities in Norway. Our advisory team consists of people with a wide range of management experience from industry, the consultancy sector and the capital market.

Pareto Securities' main area of focus is listed companies or companies that have the potential for listing within a reasonable time horizon. However, we also work closely with Pareto Offshore, Pareto Bassøe Shipbrokers, Pareto Private Equity and Pareto Eiendom, enabling us to serve companies that are in an early stage of development and to take full advantage of the Group's competence and network.

Bond broking – a vital part of the product range

Pareto is a substantial and independent operator on the Norwegian bond market, enabling us to offer debt funding to our corporate clients. We also arrange placements in fixed income instruments for Norwegian and international investors.

As in the case of our activities in the equity sector, our bond broking business is based on detailed research. This gains us the trust of investors and issuers alike.

An important consequence of the close proximity between the equity capital and debt sectors of our operations is that we have broad competence in both advisory services and sales. Pareto is therefore able to implement transactions which involve not only equity and debt, but also structured products such as convertible loans, share or bond issues with relevant subscription rights and wholly or partly guaranteed equity products.

Pareto Inc.

Pareto has built a strong position with North American institutional investors as a broker of Nordic shares. Cooperation between the offices in the US and Norway enables us to combine proximity to the companies with closeness to the investors.

Pareto Securities Asia Pte. Ltd.

Pareto Securities Asia is based in Singapore, has a staff of 10 and is in its fourth year of operations. It offers our advisory services to local companies and Norwegian expatriate operators, mostly in the shipping and offshore sector.

Pareto Offshore AS

Pareto Offshore offers broking, newbuilding, chartering and financing services for drilling units of all types. The firm's staff of five also undertakes valuations and market updates. Although most of Pareto Offshore's clients are American rig owners, in the past few years the company has assisted several Norwegian newcomers and existing clients with newbuilding contracts for floating and jack-up rigs. Additionally, the company has increased its focus on chartering and has been involved in a number of major transactions.

Foreign exchange broking

Since 2006, Pareto Securities has conducted foreign exchange operations in connection with the provision of investment services. Demand for current

services internally has been strong, as a consequence of which we now have a staff of four brokers in place to service this demand.

Syndication/Financial advisory services

In autumn 2007, Pareto Securities established a separate department dedicated to capital advisory services and debt structuring. As a supplement to equity capital and the bond market, our broad network of contacts in Norwegian and international banks and financial institutions enables us to provide advice on and arrange attractive funding solutions for our clients.

Pareto Securities AS

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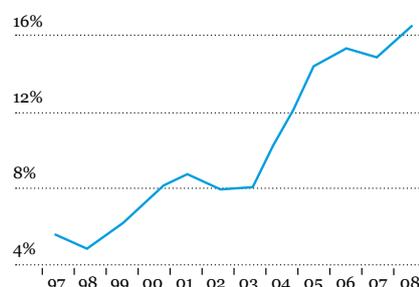
Turnover 2008 NOK 1.1 billion
Number of employees 204

CEO

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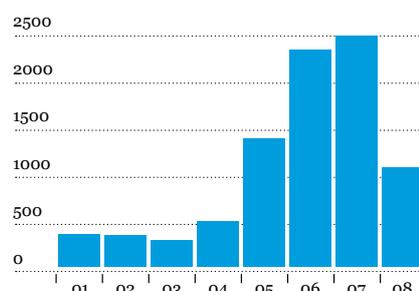
www.pareto.no

Market share



Pareto Securities' share of brokerage in the secondary market for equity instruments reported to Kredittilsynet (Source: Kredittilsynet/Pareto).

Operating revenues NOK million



Pareto Private Equity AS

Pareto Private Equity (PPE) offers corporate finance and project financing services within the shipping, offshore and real estate sectors, as well as M&A services and traditional corporate services for unlisted companies. In addition PPE is extensively engaged in fundraising for and managing investor funds. PPE is focused on solutions and has a wide network of clients and investors in Norway and abroad. We have five main target areas:

I – Shipping & Offshore

PPE has extensive experience and expertise in the syndication and management of shipping projects. To date, we have arranged more than 200 shipping/offshore projects and hold an extensive portfolio of active companies. In our capacity as an independent and long-term collaboration partner, we offer shipping and offshore projects which represent an attractive financial investment. Our ambition is that the projects we arrange should give high expected returns combined with dividends at an acceptable risk, with an expected annual return on equity of between 15 and 30 percent (IRR). Our primary focus is on projects that have long-term charters and recognized charterers, though we also arrange asset play projects involving higher risk. Our projects are set up in collaboration with experienced shipowners/managers who are actively involved as owners. Project investments in shipping/offshore can represent an attractive alternative to other forms of investment, since traditionally shipping is not greatly affected by developments in the Norwegian economy. Shipping is international and is accordingly sensitive to developments in the world economy.

II – Real Estate

As an alternative to investing in shares, bonds and money market instruments, direct investments in real estate have generated very satisfactory returns. Pareto Private Equity has been active on the Norwegian market for more than 20 years. PPE is an adviser in major property transactions, including stock exchange

listings and buying and syndicating properties in Norway and internationally. PPE offers direct investments in property, with an expected annual return on equity of between 10 and 20 percent. In 2008, PPE was involved in purchase/sale and syndication of properties to a value of some NOK 4 billion, with a focus on modern, centrally located assets with long-term leases and financially sound tenants.

III – Corporate Finance

The work of PPE's corporate finance team is concentrated on the Private Equity market. In the past few years it has assisted in implementing more than 100 transactions linked with buying and selling companies (M&A) and private placements/issues. PPE focuses on the oil and offshore, shipping, renewable energy, fish farming and real estate sectors. Our clients are offered access to a substantial national and international investor base of institutional investors and major private investors.

IV – Investment funds

In 2008, PPE continued raising capital for and managing its investment funds. Since we started offering investment funds in 2006, PPE has procured almost NOK 4.5 billion in equity capital. In the coming year, PPE will continue to build up funds in established business sectors as well as developing new investment funds. These will be offered to our investors directly and through established distribution networks.

V – Pareto Investorservice AS

Pareto Investorservice manages some 130

investment companies with interests in real estate, shipping and offshore projects to a value of over approximately NOK 39 billion. Business management services are supplied both to Pareto-related projects and to external principals and involve responsibility for the day-to-day operations of the owner companies, including the provision of accounting, reporting and advisory services. Pareto Investorservice has experienced specialists in the fields of accounting, tax and company law, and technical management. Efficient reporting tools have been established for distributing information, calculating returns and managing portfolios. The reports are available to investors over the internet.

Pareto Private Equity AS

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Turnover 2008 NOK 344 mill
Number of employees 54

CEO
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Pareto Forvaltning AS

A long-term approach, in-depth analyses and consistency are the characteristic features of our management philosophy. Our investments are based on a prudent and selective investment strategy, which over time has generated high added value relative to indices and risk-free interest rate.

Pareto AS and own employees are “co-investors”

Pareto Forvaltning offers securities management through the Active Management service and through our fixed-income and equities funds. Our clients are large and medium-sized enterprises in the private and the public sectors, pension schemes, foundations and private individuals. The company has a staff of 31 people: 10 managers and 17 strategic advisers with an average of 15 years' relevant experience. Four members of the team perform business management and compliance functions. Pareto AS, companies in the Pareto Group and employees constitute our main clients.

A total of NOK 2.5 billion is invested in our products, NOK 1.2 billion of which in our equities funds. Ample evidence of our faith in our expertise, working methods and management philosophy is proved by our own investment in our products.

A selected group of clients and a focus on individual solutions

We believe that individual solutions are a precondition for good, risk-controlled management. Our management concept is to provide a tailor-made service adapted to the individual client's unique needs and risk profile, with close and individual monitoring of a small and exclusive group of clients. The personal attention offered by the firm's advisers and healthy portfolio management results have generated substantial growth in recent years. As of 31 December 2008, the company managed NOK 8.7 billion in equities and NOK 17 billion in fixed-income instruments.

A conservative, consistent and long-term approach to management

Our equity management is value-focused and research-based. Over time there will be a close correlation between the company's economic performance, the price of its share and the return paid to its investors. Accordingly, we focus on analyses of individual companies rather than general market factors, macro-economics, technical analyses etc. Our approach is based on investment principles developed by Benjamin

Graham and David Dodd which with great success have been incorporated in the management philosophies of Warren Buffett and Charlie Munger. This approach entails that we determine the value of a company by looking at movements in and the status of key figures (profits, dividends, assets, capital structure) and strategy. We emphasise a sound capital structure, a good historical return on equity capital and moderate pricing (P/E).

Our research focuses limited attention on speculative factors such as special market conditions (technical, manipulative and psychological) or other factors to which a high degree of uncertainty attaches.

We restrict the number of shares in the portfolio, since in our assessment a good spread of risk can be achieved with as few as 20-25 stocks. A concentrated portfolio allows us to monitor our investments closely and continuously.

We are long-term owners and accordingly avoid high turnover with the associated high transaction costs that reduces the returns of the portfolio.

Similarly, our management of fixed income instruments is based on a fundamental analysis of the economic situation of the individual issuer and an analysis of relevant macro-economic conditions. In the case of our liquidity fund and bond fund with investment grade counterpart risk, our aim is to achieve excess return by taking positions in selected areas of the yield curve. In the case of our two high yield funds, the risk premium must generate excess return. Following a prudent management approach where funds are primarily invested in companies operating within finance, energy, local government and sound industrial companies should allow a satisfactory excess return to be achieved relative to a risk-free interest rate.

Annual average returns of 11 percent

A long-term approach and a value-based management philosophy have paid attractive returns. Our first client, who came to us in August 1995, remains on our list of clients with an actively

managed portfolio. In the autumn of 1998 we expanded our portfolio on the Norwegian stock market to 20 main holdings. Notwithstanding many periods in the interim during which the market has fallen dramatically, our main profile on the Norwegian stock market has generated an annual average return of 11.1 percent over the last ten years, after costs have been taken into account. This represents a very satisfactory excess return, both in relation of the 4.9 percent return recorded by Oslo Børs and a three-month NIBOR of 5.8 percent in the period. During the same period the world index MSCIWorld reported an annual negative rate of return of 2.3 percent.

Pareto Forvaltning AS

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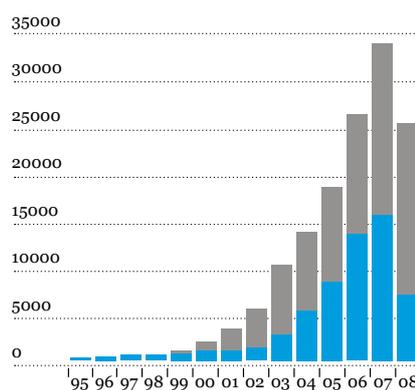
Turnover 2008 NOK 129 mill
Number of employees 31

CEO
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Total assets NOK million

■ Shares ■ Interest



Pareto Bassøe Shipbrokers AS

Pareto Bassøe Shipbrokers comprises tanker charterers P.F. Bassøe AS and dry cargo charterers Pareto Dry Cargo AS.

P.F. Bassøe AS

P.F. Bassøe is a ship broking firm, the activities of which are primarily concentrated on tanker charters. Our services are built on a thorough knowledge of the markets in which we operate and we seek to offer our clients added value by providing the best possible information, and a high standard of service, reliability and creativity. We offer broking of chartering services in most tanker segments and our client base is international, consisting of shipowning companies, international oil companies and oil traders. Geographically, our focus is concentrated on the Scandinavian countries, London and the Far East (Korea, Hong Kong, Singapore).

We have clients in all time zones and a substantial part of our work involves ensuring that they are apprised of market developments at all times. We also place great importance on monitoring transport assignments after the commercial terms have been agreed. Our operations department is staffed by skilled employees with diversified experience of working at sea and in shipping offices.

As well as standard chartering services we also undertake project-oriented work on long-term charter parties and affreightment contracts, in addition to custom tailoring solutions for our clients.

Market research is an important support service for our clients and our own brokers. This work involves continuous market monitoring, projections, in-depth studies of segments and trends within our markets. We work closely with the other companies in the Pareto Group.

Pareto Dry Cargo AS

Pareto Dry Cargo is headed by senior brokers with extensive experience of the dry cargo business. The company works closely with shipowners, charterers and operators. It has a global network of shipowners and industrial clients. Pareto Dry Cargo has a sound footing in dry bulk chartering, with a particular focus on Handymax and Handysize tonnage. The division also works closely with clients in the aluminium, cement and grain industries. The broking division works actively on spot and long-term charters and freight contracts. The division also offers project and advisory services.

P. F. Bassøe AS

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Turnover 2008 NOK 37 mill
Number of employees 11

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Pareto Dry Cargo AS

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Turnover 2008 NOK 16 mill
Number of employees 4

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Johan G. Olsen Shipbrokers AS

Johan G. Olsen Shipbrokers AS (JGO) offers shipping and offshore broking services and has a staff that represents substantial fund of knowledge and experience of the company's market segments. JGO became part of the Pareto group in 2006.

Southern Norway's Preferred Shipbroker

JGO's history dates back to 1912, when Johan G. Olsen started out in the lumber and shipbroking business. Johan G. played a central role in establishing and building up many of Southern Norway's shipping companies in the late 1920s and the 1930s. Until as recently as about 1980, Johan G. Olsen Shipbrokers was the exclusive broker for a great many shipping companies in southern Norway when it came to chartering, contracting newbuildings, buying and selling tonnage. Since the 1980s the company has developed from being a shipbroker that mainly serviced local shipowners, into a competitive shipbroker serving shipowners, operators and charterers the world over.

Today, Johan G. Olsen Shipbrokers AS offers broker services on two major markets: Tanker and Offshore.

The Tanker Department

The Tanker Department mainly arranges contracts for the carriage of crude oil by large tankers. The department is especially active in the market segment for tankers from 80.000 – 150.000 dwt, known as Aframax and Suezmax tankers. JGO acts as a broker for charterers and oil companies needing tonnage to carry crude, as well as for shipowners seeking cargoes for their ships. The Department is staffed by experienced brokers and operators who have earned the confidence and trust of clients by providing good professional services and follow up.

The Offshore Department

Johan G. Olsen Shipbrokers' Offshore Department is numbered among the leaders in its field in Norway. JGO established its Offshore Department in the 1970s, when the supply vessel companies started to grow. Since then

the Department has become a dominant broker in most segments of the offshore market. The offshore brokers arrange long-term contracts between the owners of supply vessels and the operators/oil companies, securing rights of disposition over the vessels for long periods of time, from a few months to several years. In the spot market the brokers arrange short contracts for supply vessels to carry cargoes and supplies to drilling and production platforms and other offshore installations. They also arrange contracts for anchor-handling vessels and tugs for moving and towing rigs. JGO also arranges the chartering, buying and selling of oil rigs.

Over the years the Department has developed in-dept competence in the area of demand analysis, needs assessments and the design of future supply ships and special units for offshore operations. In collaboration with marine architects, designers and shipowners, Johan G. Olsen Shipbrokers has developed a range of new ship projects and contracted for a number of new buildings. Johan G. Olsens Offshore Department has built up a comprehensive database of the international fleet of supply ships. This provides a sophisticated and useful tool for the Department and for the company's clients.

When Johan G. Olsen Shipbrokers AS joined the Pareto Group in 2006, the range of services available to the company's clients became even broader. For example, by cooperating with Pareto Securities and Pareto Private Equity, JGO is able to offer package solutions that include contracting for building/buying ships, full financing of both equity and loan capital, as well as employment for the new ship.

Johan G. Olsen Shipbrokers AS

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Turnover 2008 NOK 46 mill
Number of employees 15

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Pareto PPN AS

Pareto PPN arranges investment products and system solutions for financial advisers in Norway. Through PPN these advisers have access to powerful product solutions, functional and fully-formed system solutions and an outstanding level of service. Pareto PPN represents 17 national and international suppliers and has more than 200 active financial advisers as distributors.

Pareto PPN's concept is the only one of its kind in Norway

Pareto PPN offers a comprehensive selection of investment products comprising both its own product concepts and external investment products. The product solutions help to enhance the competitiveness of the financial advisers on their local markets.

The system solutions are complete packages and satisfy the strict requirements governing the provision of investment advisory services. The concept reduces the need for administration and frees up time for recruiting new clients, providing advisory services, and following up existing clients. Our suppliers enjoy similar savings in resources in that they can concentrate on product development and the actual investment product. Pareto PPN represents suppliers such as Aviva

Investors, BHF-Bank, Credit Suisse, East Capital, FMG, Delphi, Holberg, Jyske Bank, Jyske Invest, New PEL, Oak Capital, Pareto, Realkapital, Storebrand, Sydbank, Sydinvest and Vertikal.

The clients are investment firms that provide advisory services, but also smaller companies that conduct investment counselling as associated agents under Pareto PPN's licence.

Pareto PPN AS

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Turnover 2008 NOK 38 million
Number of employees 22

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Pareto Universal Fonds AS

This company's business is investor counselling and the sale of financial products based on a wide selection of products in a variety of risk classes.

Pareto Universal Fonds

Pareto Universal Fonds sells investment products to the private market, to small and medium-sized enterprises and to associations. In terms of volume of turnover the corporate market and the private market accounted for approximately 50 percent each in 2008.

The company has 23 employees. On the personnel side, attention has mainly been devoted to honing the expertise of existing advisers. During the course of 2008 all employees underwent a process of authorisation, internally and through the Norwegian Securities Dealers' Association. As a result of the turbulence on the financial markets during 2008, the company was forced to streamline its organisation over the course of the year. The company sold investment products for NOK 520 million in 2008. Securities funds, single investments and investments through private banking accounts, as well as Private Equity products and property and shipping funds, accounted for roughly 95 percent of turnover. The company manages resources totalling approximately NOK 1.8 billion.

Partners

Our chief suppliers are Pareto PPN and its collaborators, as well as Pareto Private Equity and Pareto Securities. As a financial adviser, our aim is to tailor our various investment products to each client's needs, safeguarding the client's present and future financial position. Particular weight is attached to securing competence and the development of products and personnel. Product development in collaboration with other Pareto companies is therefore given high priority with a view to creating a robust platform for our clients. The company also seeks to establish a broad product range outside traditional Pareto products, with the aim of supplementing the client's overall investment portfolio.

Working methods

In our industry, the challenge – apart from offering attractive products – lies in creating good relations with our clients. Implementation of the MiFID (Markets in Financial Instruments Directive) and the enactment of a new Securities Trading Act have entailed further quality assurance requirement for internal procedures, resulting in additional focus on the client and the client's situation. A common reporting tool is used, and, in addition, solutions are tailored to the needs of clients as necessary. We emphasise the active use of fundamental portfolio theory for the clients' investments. This entails that we must also maintain a sufficient selection of products which satisfy this requirement.

Challenges and areas of priority

The regulation of our industry noted above has improved framework conditions for our operations. The company has adapted to the new, stricter rules which now apply. Further changes in the regulatory framework cannot be ruled out. We consider that the company is well-positioned to tackle any such changes. Well-defined framework conditions are a necessary and welcome development which will contribute towards raising the standards of all players in the industry, to the benefit of clients, the company and the reputation of the industry as a whole. The company is now devoting even further attention on the more prosperous end of the private market, a market in which experience and understanding of securities investments is deeper than the "average" private market, which is no longer a primary focus of our attention.

Competence and focus are central concepts in our operations. Our employees must be known for their expertise in their fields. We are more interested in excelling in a narrow product range, than in supplying the full range of investment products.

Pareto Universal Fonds AS

Dronning Mauds gate 1
P.O. Box 1396, Vika
0114 OSLO
Norway

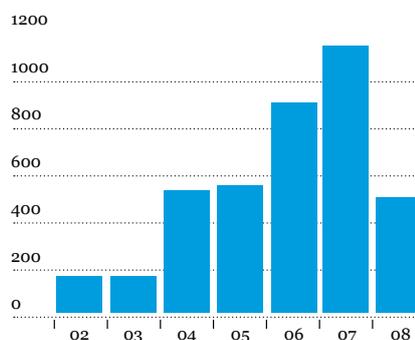
Telephone 23 23 99 00

Turnover 2008 NOK 20 million
Number of employees 23

CEO
Rune Wassum
rune.wassum@pareto.no

www.pareto.no

Sales volume NOK million



Pareto Bank ASA

Pareto Bank acts as a specialist bank for financing projects and investments for major private clients and their companies.

Establishment

In January 2007 Pareto AS was the instigator of a project group established for the purpose of applying for a banking licence and creating a new Norwegian commercial bank.

A licence to establish a new commercial bank was granted by the Norwegian Ministry of Finance on 1 November 2007, and a share issue of NOK 750 million was implemented. In formal terms, Pareto Bank became a commercial bank with effect from 2 January 2008.

Business concept

Pareto Bank's business concept is to contribute to the realisation of value adding projects and investments for major private clients and their investment companies by offering a range of professional banking services. The three main pillars of the bank's business are property financing, securities financing and daily banking services. Competence, products and systems are tailored to the provision of these services.

For the purpose of property/project financing, Oslo and its surrounding areas are the main catchment area. The bank is able to provide funding for the whole property development value chain, from acquisition to building and refurbishing properties. To investors managing a portfolio of financial assets the bank is able to offer bespoke financing solutions. The bank grants mortgages on portfolios of securities and the level of lending will be determined by the negotiability and volatility of the various assets.

The first year of operations

Pareto Bank has now completed its first full year of operations and has attained the solid development and favourable results that were factored into the original blueprint for the bank. The bank is standing firm in the face of the current financial crisis. Compared to the situation prevailing at the time of establishment and the plans that were laid at that time, the market and the competition situation have changed significantly. Faced with this situation the bank has exercised prudence in the extension of credit and given priority to the right clients, sound projects and profitability. Notwithstanding the financial crisis, thus far the business and performance of the bank have not been hit by defaults, losses on lendings or other significant negative factors.

At the end of its first full year of operation the bank recorded a pre-tax profit of NOK 12.0 million and is financially sound as a result of a high equity ratio and a capital adequacy of 36.5 percent. The liquidity situation is healthy as a consequence of a robust growth in deposits over the course of the year. At yearend, deposits as a percentage of lending stood at 148 percent. Client deposits totalled NOK 1.8 billion, and lending totalled NOK 1.2 billion.

Pareto Bank ASA

Dronning Mauds gate 3
P.O.Box 1823, Vika
0123 OSLO
Norway

Telephone 24 02 81 20

CEO
Trond Adland
trond.adland@paretobank.no

www.paretobank.no

The biggest owners of Pareto Bank ASA are:

Name	Share
Pareto AS	15,00 %
Indigo Invest AS	7,24 %
Rasmussengruppen AS	6,50 %
Geveran Tradin Co Ltd.	6,50 %
Goldman Sachs Int.	5,57 %
Tonsenhagen	
Forretningssentrum AS	2,76 %
Deutsche Bank AG London	2,72 %
OBOS Forretningsbygg AS	2,40 %
Credit Suisse Securities	1,96 %
Skeie Capital Investment AS	1,94 %

Senior staff of the Pareto Group and Pareto Bank own a total of 5 percent. Other employees of the Pareto Group own an additional 5 percent.

Pareto Online AS

Pareto Online is a securities undertaking offering Internet-based trading in securities as well as providing access to news and information. Since it forms part of the Pareto Group, clients have access to the expertise of the house and have the possibility of investing in, inter alia, shares, equity funds, fixed income funds, bonds and private equity products.

Establishment

Pareto Online was established as a separate securities firm in January and operations under the licence from The Financial Supervisory Authority of Norway commenced in November. Pareto Online enables clients to combine various services and products in a single solution, be it investments in equities, funds, bonds, private equity products, favourable deposit solutions or share purchase credit. The services offered are designed to provide clients with an enhanced decision-making basis with a view to increase their returns when they invest in one or more individual products.

Solutions

The starting point for all Pareto Online clients is the Web solution, which provides a full overview of markets and clients' own investments, be they deposit accounts, individual shares and equity funds or fixed income and private equity products.

Clients also have access to Pareto's full investment universe, with IPOs, private equity projects and various options on the second-hand market.

Our cooperation with Pareto Bank enables us to offer favourable deposit solutions and share purchase credit.

Competence

Pareto Online comprises experienced and dedicated personnel well versed in Internet-based securities trading. In parallel with this, the Pareto Group has extensive experience of managing client assets. This expertise is available to Pareto Online clients.

Long experience of Internet-based business activities combined with Pareto's sound financial expertise enables Pareto Online to offer a solution that is unparalleled in today's market.

Clients

Pareto Online's solutions are directed in part at existing clients of the Pareto Group and in part at entirely new clients. Common to all these clients is their wish to perform Internet-based transactions in the securities markets themselves and to access information, expertise and products available from Pareto and a range of preferred partners.

As at yearend 2008, Pareto Online had some 1,000 clients.

Pareto Online AS

Dronning Mauds gate 3
P.O. Box 1411, Vika
0115 Oslo

Telephone 24 13 39 39

Number of employees: 16

CEO:
Lars Thorstensen
lars.thorstensen@pareto.no

www.paretoonline.no

Board of Directors' report

Our business objectives

Pareto will continue to develop as a focused and profitable company. The aim of the directors and management is that the cornerstone of the business should be the respect and trust of the company's employees, clients, competitors and public authorities.

Operations

The company's business is the provision of financial advisory services, broking services in the field of securities, real estate and shipping, project development and asset management.

Pareto's head office is located in Oslo. Group activities are conducted mainly through its subsidiaries: Pareto Securities AS, Pareto Private Equity AS, Pareto Forvaltning AS, Pareto Bassøe Shipbrokers AS, Johan G. Olsen Shipbrokers AS, Pareto PPN AS, Pareto Universal Fonds AS and Pareto Online AS. Pareto AS is the parent company of the Group.

The market

2008 was a very challenging year on both the Norwegian and the international financial markets. Oslo Børs' equities index (OSEBX) fell by no less than 54.1 percent over the course of the year, while the world index fell by 42 percent (MSCI World measured in USD). The downturn is unparalleled by anything seen since the 1930s. Many companies encountered cash flow problems as the financial crisis spread to virtually all markets and industries during the course of the autumn. Several major international financial institutions were forced to turn to the authorities for help. Most dramatic of all was the bankruptcy of the heavyweight US financial institution Lehman Brothers, which disrupted the fundamental trust that prevailed between the world's banks and created what amounted to panic on the financial markets. Certain smaller countries and regions such as Iceland and the Baltic States are undergoing a major economic downturn.

Looking back there can be no doubt that the propensity to take risk was too great and that the growth in credit was excessive, internationally and in Norway. Very few observers, however, foresaw the dramatic problems that struck the financial institutions of the world and then spread to large parts of the real economy. Private operators and public authorities alike undoubtedly had an exaggerated belief in economic stability, control and sophisticated risk models.

The Norwegian economy is probably amongst the most robust in the world. Even so, the fall in the oil price from the peak of USD 147 per barrel (Brent) in July to USD 42 per barrel at the end of the year, combined with a dramatic drop in freight rates and broad fluctuations in the rate of exchange of the Norwegian krone have also created uncertainty here in Norway.

Earnings

The negative developments on the Norwegian and international securities markets had a major impact on Pareto's earnings and results. The company maintained its strong position in some areas of business and, notwithstanding the most dramatic year in recent securities history most of the companies in the Group reported satisfactory results.

The parent company of the Group has for many years invested surplus liquidity in the securities market and has built up a relatively extensive portfolio of securities, mainly in the form of investments in equities and fixed income funds. As at yearend, the portfolio was written down to market value, with a loss for accounting purposes of NOK 423 million.

Group operating revenues in 2008 amounted to NOK 1,755 million as compared with NOK 3,470 million in 2007. The operating profit was NOK 927 million, as against NOK 2,349 million in 2007. Pre-tax profit totalled NOK 189 million, as compared with NOK 1,568 million in 2007.

The financial strength and liquidity of the Group are good. Book equity at yearend stood at NOK 2,801 million, of which goodwill constituted NOK 14 million. Bank deposits amounted to NOK 789 million, interest-bearing securities to NOK 1,267 million, whereas equity investments not related to operations stood at NOK 1,296 million at yearend. The Group has no interest-bearing debt.

The Board is very satisfied with the progress and results reported by the subsidiaries and we have chosen to continue the long-term investment strategy of the parent company.

Pareto Securities

Pareto Securities reported very satisfactory earnings in 2008, recording an operating profit of NOK 608 million.

Our assessment is that Pareto Securities succeeded in maintaining its strong position relative to its competitors in 2008. The company's share of revenues from brokerage services reported to Kredittilsynet (the Financial Supervisory Authority of Norway), was 16.6 percent in 2008, as compared with 15 percent in both 2006 and 2007.

During 2008 Pareto Securities, operating alone or in collaboration with others, acted as advisor on and lead manager of approximately 50 percent of all offerings by listed companies on Oslo Børs/Oslo Axess and participated in over 62 percent measured in terms of value of all issues by OTC-registered companies.

The company maintained its strong position on the bond market. Over the last two years the company, alone or in collaboration with other brokers, has arranged bond loans with a total value of some NOK 54 billion. The second-hand market for these and other bonds in 2008 was active.

There were no significant losses on accounts receivable from clients and the company's trading for its own account is limited. A conservative and unambiguous

attitude to risk played an important part in the company's excellent results for the year.

Pareto Offshore, which offers broking, newbuilding, chartering and financing services for drilling units of all types recorded yet another very satisfactory year with an operating profit of NOK 45 million. Most of Pareto Offshore's clients are American rig owners, although in recent years the company has assisted a number of Norwegian operators with newbuilding contracts for both floating units and jack-up rigs. The company has also increased its focus on chartering and has been involved in a number of major transactions.

Pareto Private Equity

2008 was a good year for Pareto Private Equity. The company reported an operating profit of NOK 227 million. The company was involved in a number of property and shipping projects and at yearend managed a property portfolio valued at NOK 11 billion and a shipping portfolio comprising 84 ships valued at NOK 17.5 billion.

Since mid 2006 the shipping, property and private equity investment funds have attracted investments of over NOK 4.6 billion. During 2008, the company completed a number of M&A transactions and private placements/ issues and consolidated its position as an active corporate finance player on the Norwegian market.

Pareto Investorservice acts as business manager for companies and projects arranged and syndicated by Pareto Private Equity. The company's performance in 2008 was stable and sound.

Pareto Forvaltning

Pareto Forvaltning was hard hit by the downturn in the stock market and the increased risk premium on fixed income papers. Nevertheless, the company recorded a satisfactory operating profit of NOK 79 million.

All the company's equity funds and active management mandates delivered better returns than their benchmarks. The company's main profile on the Norwegian stock market, Pareto Aksje Norge, fell by 51 percent, compared with a drop of 57 percent in the Oslo Børs reference index.

Pareto Forvaltning's fixed income funds were hit by redemptions, particularly Pareto Høyrente. At yearend the capital managed in the high-yield market stood at NOK 3.9 billion.

At yearend the company managed a total of approximately NOK 8.6 billion in equities and 16.4 billion in fixed income securities.

Pareto Bassøe Shipbrokers and Johan G. Olsen Shipbrokers

Shipbrokers P.F. Bassøe, Pareto Dry Cargo and Johan G. Olsen Shipbrokers had a good year in 2008. All three companies reported improvements in performance, recording total operating profits of NOK 62 million.

P.F. Bassøe's turnover was on a par with 2007. After a year of personnel reductions and cost cutting in 2007 the company is focusing on the shipment of crude oil and heating oil with a particular emphasis on the large tanker sector. Rates for large tankers in 2008 reach an all-time high, although the low rate of exchange of the dollar in the first three quarters of the year served to reduce earnings. Activities remained stable within the market for longer time-charters. The Operations Department has continued to be an important contributor.

Pareto Dry Cargo is a dry-bulk chartering agency. The growth and activity levels of the company were high, although the effects of a dramatic reduction in rates towards the end of the year made an impact.

The earnings of Johan G. Olsen Shipbrokers' Offshore Department were on a par with the preceding year and the Department also arranged a number

of newbuilding contracts, which will serve to further strengthen the forward book. Several projects were completed in collaboration with associate companies in the Pareto Group. As a result of a healthy market the earnings of the Tanker Department were improved.

Pareto PPN and Pareto Universal Funds

The business of Pareto PPN was hard hit by the financial crisis and the challenges associated with the introduction of new regulations governing the investment counselling industry. During the course of the year the company traded investment products to a value of NOK 1.4 billion through its distribution network. Of this, 61 percent represented securities fund products and 39 percent alternative investments such as property, shipping and structured products. The companies recorded total operating profits of NOK 7 million.

Pareto PPN represents 17 national and international suppliers and has distribution contracts with partners with over 200 financial advisors.

Distribution agreements with Pareto PPN and other companies in the Pareto Group give Pareto Universal Funds access to international and national financial products. In 2008 the company sold investment products to a value of approximately NOK 520 million. The customer group primarily comprises private investors and their companies, associations and foundations.

Pareto Online

The company was established in January 2008 and was granted a licence by Kredittilsynet in November of the same year. The company is a securities firm and offers Internet-based trading in securities as well as access to information and news. In addition to access to the Group's expertise and the opportunity to invest in equities, equities funds, fixed income funds and private equity products, the company also offers deposit solutions and credit in collaboration with Pareto Bank.

Pareto Bank

In January 2007, Pareto AS was the instigator of a project group formed for the purpose of applying for a banking licence to establish a new commercial bank in Norway. A licence to do so was granted by the Norwegian Ministry of Finance on 1 November 2007 and the bank opened on 4 January 2008. In compliance with the licence conditions, Pareto AS owns 15 percent and leading staff in the Pareto Group and Pareto Bank own of total of 5 percent. A further 5 percent is owned by other employees of the Pareto Group. The bank offers specialised banking services in the field of financing securities and property. In its first year of trading the bank recorded a satisfactory operating profit of NOK 12 million.

Pareto's strategy

The company's strategy remains unaltered: to be a leading, independent and focused Norwegian investment company. Although priority is given to organic growth and the development of in-company competence, acquisitions and mergers will also be options if they will serve to develop and complement the company. Pareto will cooperate with other players wherever appropriate and whenever doing so will offer clients the optimum product. One example might be transactions requiring greater international competence and distribution than Pareto is able to provide alone. Pareto's aim is to be the preferred Norwegian provider of financial services, reflecting the company's thorough and detailed knowledge of Norwegian social conditions and businesses in which Norway enjoys particular advantages.

Energy and maritime industries serve as examples of this.

The Directors believe that Pareto still has considerable potential for improvement and growth. Pareto is registering a steady increase in demand for its research and advisory services within brokerage, syndication and management. Over the past few years the company has invested substantial sums in upgrading and developing its IT systems and Internet solutions. Communicating, reporting and trading on the Internet offer major business opportunities for Pareto, especially in combination with the company's conventional and personal brokerage and advisory services.

Outlook

In addition to its own efforts and development, Pareto's earnings are affected by the general level of activity on the financial markets. Pareto has a modest cost structure and a very sound balance sheet and is accordingly well equipped to tackle challenges thrown up by the market. It is likely that the world economy will be in difficulty for some time to come, although normally the securities market turns around 6 to 12 months before the real economy does so. We are cautiously optimistic, although we acknowledge that the situation is very uncertain.

Distribution of profits and other matters

In addition to its role as the parent company of the Group, Pareto AS' operations consist in investing in various securities. The company is exposed to market risks on its own holdings of financial instruments. In addition,

its subsidiaries are exposed to risks associated with their own trading, market making, and client payments.

The working environment within the Group is good and it has not been necessary to implement special measures. The level of absence due to sickness is low and no injuries or accidents were reported during the year.

The Group practises equality of opportunity between men and women.

The company's operations do not pollute the external environment.

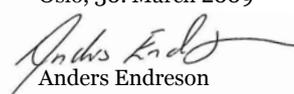
The Group's profit after tax cost totals NOK 2.1 million. The parent company's after-tax profit is NOK 236.9 million. The Directors propose that NOK 50.8 million be set aside for dividends and that NOK 186.1 million be transferred to Other Equity. At year-end owner's equity in the parent company had increased to NOK 2,123.3 million, of which NOK 1,684.4 million is distributable capital as provided for in the Norwegian Companies Act. Consolidated book equity has increased to NOK 2,801.1 million.

The annual report and accounts are based on the going-concern assumption. The Directors consider that the accounts give a true presentation of the Pareto Group's assets and liabilities, its financial situation and profits. The Directors wish to thank the company's clients for the trust they have placed in us and to thank the employees for their excellent work in the past year.

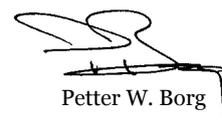
Oslo, 30. March 2009



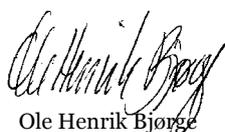
Erik Bartnes (styreformann)



Anders Endreson



Petter W. Borg



Ole Henrik Bjørge



Kristen Jakobsen



Mette Andersen



Svein Støle (Director/CEO)

Income Statement

Parent company (NOK 1000)			Group (NOK 1000)	
2007	2008	Notes	2008	2007
Operating revenues				
0	0	Operating revenues	1 755 166	3 469 838
0	0	Total operating revenues	1 755 166	3 469 838
Operating expenses:				
-21 281	-11 191	Personnel costs	-548 249	-836 813
-3 743	-1 367	Sundry other operating costs	-232 296	-238 333
-453	-930	Ordinary depreciation	-47 586	-45 806
-25 477	-13 488	Total operating expenses	-828.131	-1 120 952
-25 477	-13 488	Operating profit/loss	927 035	2 348 886
Financial income/expenses				
67 707	96 155	Financial income	136 085	176 353
854 839	595 058	Share dividends	45 386	23 912
-78 520	-423 058	Regulation, securities	-487 016	-78 973
-4 727	-1 333	Share of associated companies	897	-4 499
-19	-218	Interest costs	-2 807	-11 900
-355	-11 852	Other financial expenses	-430 742	-886 259
838 925	254 752	Total financial income/expenses	-738 197	-781 366
813 448	241 264	Income before tax	188 838	1 567 520
1 411	-4 402	Tax cost	-186 728	-441 320
814 859	236 862	Profit for year	2 110	1 126 200
Allocations:				
0	0	-Minority's share of profit	-1 199	-90 390
-29 116	-50 803	-Provision for dividend	-137 979	-219 571
-785 743	-186 059	-Transferred to other equity	137 068	-816 239
-814 859	-236 862	Net	-2 110	-1 126 200

Balance Sheet Assets

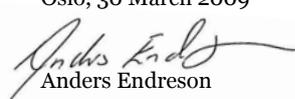
Parent company (NOK 1000)			Group (NOK 1000)		
31.12.2007	31.12.2008		Notes	31.12.2008	31.12.2007
Fixed assets					
Intangible assets					
0	0	Goodwill acquired	4	13 726	32 009
2 208	11 966	Deferred tax assets	13	38 524	17 547
2 208	11 966	Total intangible assets		52 250	49 556
Tangible fixed assets					
3 387	2 637	Fixtures, fittings, machinery etc.	4	35 881	54 794
Financial fixed assets					
251 176	301 724	Shares in subsidiaries	5	0	0
35 294	20 574	Shares in associated companies	5	25 014	37 504
235 211	264 751	Other securities	6	297 767	254 716
7 456	5 243	Other long-term receivables	7	14 301	16 687
0	33	Premium fund	8	19 341	27 800
0	0	Pension funds	8	4 316	4 200
529 137	592 325	Total financial fixed assets		360 739	340 907
534 732	606 928	Total fixed assets		448 870	445 257
Current assets					
Receivables					
0	0	Trade receivables	9	705 300	2 895 957
17 798	54 534	Other receivables	17	0	0
17 798	54 534	Total receivables		705 300	2 895 957
Investments					
1 416 243	1 391 989	Securities	10	2 572 043	4 020 965
1 416 243	1 391 989	Total investments		2 572 043	4 020 965
13 509	147 270	Bank deposits	11	789 371	454 284
1 447 550	1 593 793	Total current assets		4 066 714	7 371 206
1 982 282	2 200 721	Total assets		4 515 584	7 816 463

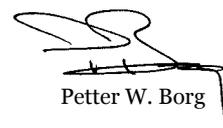
Balance Sheet Equity and Liabilities

Parent company (NOK 1000)		Group (NOK 1000)		
31.12.2007	31.12.2008	Notes	31.12.2008	31.12.2007
Equity				
Paid-in capital				
18 800	23 500		23 500	18 800
439 427	439 427		0	0
458 227	462 927		23 500	18 800
Total paid-in capital				
Retained earnings				
1 474 302	1 660 361		2 647 627	2 784 982
1 474 302	1 660 361		2 647 627	2 784 982
Total retained earnings				
			129 960	127 403
1 932 529	2 123 288	12	2 801 087	2 931 185
Total equity				
Liabilities				
Provision for commitments				
0	0	8	5 598	5 000
0	0	13	2 221	2 326
0	0		7 819	7 326
Total provision for commitments				
Non-current liabilities				
0	0		125 249	81 211
0	0		125 249	81 211
Total non-current liabilities				
Current liabilities				
20 449	12 256	17	1 206 755	4 101 266
52	14 166	13	211 918	447 027
29 116	50 803		138 006	219 571
136	208		24 750	28 877
49 753	77 433		1 581 429	4 796 741
Total current liabilities				
49 753	77 433		1 714 497	4 885 278
Total liabilities				
1 982 282	2 200 721		4 515 584	7 816 463
Total liabilities and equity				

Oslo, 30 March 2009


Erik Bartnes (styreformann)


Anders Endreson


Petter W. Borg


Ole Henrik Bjørge


Kristen Jakobsen


Mette Andersen


Svein Støle (Director/CEO)

Cash Flow Statement

Parent company (NOK 1000)			Group (NOK 1000)	
2007	2008		2008	2007
Cash flow from operational activities				
813 448	241 264	Ordinary profit before income tax	188 838	1 567 520
0	-46	Tax paid in period	-442 919	-415 918
0	0	Gain on sale of tangible assets	-251	-614
453	930	Ordinary depreciation	47 586	45 806
78 520	423 058	Securities adjustments	487 016	78 973
0	-33	Net change in pensions without cash effect	941	-11 847
4 727	1 333	Share of profit in associated companies	-897	4 499
-8 325	-36 736	Change in receivables	2 190 657	-1 608 062
7 904	-8 121	Change in other debt items	-2 898 638	1 928 329
896 727	621 649	Net cash flow from operational activities	-427 667	1 588 686
Cash flow from investment activities				
-3 532	-180	Payments for purchasing tangible assets	-10 139	-72 843
0	0	Payments received on sale of tangible assets	0	969
-720 491	-398 804	Net cash flow, short-term investments	961 906	-998 922
-145 173	-80 365	Payments for purchasing financial fixed assets	-43 997	-121 692
12 727	15 877	Received from inv. in financial fixed assets	24 719	12 727
-856 469	-463 472	Net cash flow from investment activities	932 489	-1 179 761
Cash flow from financing activities				
-71 325	-29 116	Dividends paid	-219 544	-338 413
0	4 700	Payments of equity received	4 700	0
0	0	Change non-current liabilities	44 038	-1 094
0	0	Payments of equity to/from minority interests	1 071	-8 492
-71 325	-24 416	Net cash flow from financing activities	-169 735	-347 999
-31 067	133 761	Net change in bank deposits	335 087	60 926
44 576	13 509	Bank deposits in hand at 1 Jan.	454 284	393 358
13 509	147 270	Bank deposits in hand at 31 Dec.	789 371	454 284

Notes

Note 1 Group structure

Pareto AS owns 75.0 percent of Pareto Securities AS, 81.6 percent of Pareto Private Equity AS, 81.3 percent of Pareto Forvaltning AS, 100 percent of Pareto Bassøe Shipbrokers AS, 100 percent of Pareto Commodity AS, 100 percent of Pareto PPN AS, 100 percent of Pareto Universal Fonds AS, 100 percent of Johan G. Olsen Shipbrokers AS, 100 percent of Gazza Eiendom AS and 100 percent of Pareto Online AS.

Pareto Securities AS owns 100 percent of Pareto Offshore AS and 62.5 percent of Pareto Securities Asia Pte Ltd.

Pareto Private Equity AS owns 100 percent of Pareto Eiendom AS, Pareto Investorservice AS and Pareto Consulting AS.

Pareto Bassøe Shipbrokers AS owns 100 percent of the shares in P.F.Bassøe AS, Pareto Shipbrokers AS and Pareto Dry Cargo AS.

Pareto Commodity AS owns 100 percent of the shares in Pareto Commodity Consulting AS.

Consolidation principles

Investments in subsidiaries are valued at procurement cost. In the consolidated accounts, the cost price of shares in the subsidiaries is eliminated against the share capital in the subsidiaries at the time of purchase. Inter-company transactions, receivables and debts as of 31 December are eliminated in the consolidated accounts.

Accounting principles

The annual accounts are prepared in accordance with the rules provided for in the Norwegian Accountancy Act.

Income items are entered as earned and when claims for payment arise. Income is recorded at the value of the payment at the time of the transaction.

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables payable within one year are classified as current assets. Corresponding criteria are applied for classifying current and long-term liabilities.

Fixed assets are valued at procurement cost, but are written down to the real value when a drop in value is not expected to be temporary. Assets with a limited economic life are depreciated systematically. Long-term loans are entered in the balance sheet at the nominal sum received at the time of establishment.

Investments in companies in which the company owns between 20 and 50 percent and has considerable influence, are reported according to the equity method.

Current assets are valued at whichever is the lower of procurement cost and fair value. Current liabilities are entered in the balance sheet at the nominal sum received at the time of establishment. Current liabilities are not written up to the real value as a consequence of changes in interest rates.

Some items are valued according to other principles, as explained below.

The operational subsidiaries are principals in their respective internal partnerships. Accounts for the internal partnerships are incorporated in the principals' accounts, based on gross values. Silent partners' shares of the internal partnerships' profits, are debited as personnel costs and other financial expenses respectively. Debts to silent partners are included under other current liabilities.

Provisions for bad debts are based on an assessment of the individual receivable. In addition, a provision is made to cover estimated losses on other trade receivables.

Financial instruments included in the trading portfolio that are traded on an efficient market, are valued at their fair value as of the balance sheet date. Other financial instruments are valued at whichever is the lower of the average procurement cost and fair value as of the balance sheet date.

Pensions are entered according to a straight-line earning profile with the estimated retirement salary as the contribution base. Estimate variances are amortised over the anticipated remaining earnings period in so far as they exceed 10 percent of the pension commitments or the pension assets, whichever is higher. The group companies introduced a defined contribution pension scheme in 2006. Contribution plans are accrued according to the matching principle.

Tax cost is matched with the pre-tax book profit. Tax related to equity transactions is set off against equity. Tax cost consists of payable tax, change in deferred tax and reimbursements pursuant to the Tax Act.

Monetary items in foreign currencies are translated at the rate of exchange applicable on the balance sheet date.

Notes

Note 2 Operating revenues, consolidated

	2008	2007
Brokerage/Corporate finance	1 535 594	3 131 981
Management/Business management	219 572	334 736
Other project revenues	0	3 121
Total operating revenues	1 755 166	3 469 838

Note 3 Salaries, number of employees, remuneration etc

	Parent company		Consolidated	
	2008	2007	2008	2007
Wages and salaries, holiday pay, nat. insurance	2 700	1 501	199 210	185 512
Profit-related remuneration	5 292	18 500	323 864	642 789
Pensions and other personnel costs	3 199	1 280	25 175	8 512
Total	11 191	21 281	548 249	836 813
Number of man-years	3	2	385	357

The CEO was paid NOK 5,450,000 in remuneration. No provision has been made for remuneration for the directors of the parent company. A provision of NOK 260,000 has been made for remuneration for directors of subsidiaries.

Deloitte AS received fees of NOK 130,000 for auditing the parent company and NOK 1,940,000 for the Group. Payment for other certification services totalled NOK 26,000 for the parent company and NOK 381,000 for the Group. Payments to other auditors for services provided to the Group totalled NOK 342,000.

The law firm Deloitte Advokatfirma DA was paid NOK 582,000 for services provided to the parent company and NOK 1,624,000 for services for the Group. All figures are exclusive of VAT.

Note 4 Tangible fixed assets

	Parent company		Consolidated
	Fixtures, fittings, IT	Fixtures, fittings, IT	Goodwill
Procurement cost	3 830	147 878	84 270
Additions in year	180	10 139	0
Disposals/sale	0	0	0
Procurement cost 31.12	4 010	158 017	84 270
Acc. depreciation 01.01.	443	92 833	52 261
Depreciation this year	930	29 303	18 283
Acc. depreciation 31.12.	1 373	122 136	70 544
Book value 31.12.	2 637	35 881	13 726
Economic life	3-6 years	2-6 years	3 years
Depreciation plan	Straight-line	Straight-line	Straight-line

The parent company holds a 5-year lease on premises in Dronning Mauds gate 1-3 which expires on 13 July 2011. In addition, the parent company has a 10 year lease on a floor in Dronning Mauds gt. 1-3 with an option to terminate as at 13 July 2011. Annual rent for 2008 excluding common expenses totalled NOK 12.2 million.

Notes

Note 5 Shares in subsidiaries

	Office	% stake and votes	Book value 31.12
Pareto Securitates AS	Oslo	75,00 %	50 728
Pareto Private Equity AS	Oslo	81,63 %	12 885
Pareto Forvaltning AS	Oslo	81,33 %	14 941
Pareto Bassøe Shipbrokers AS	Oslo	100,00 %	40 600
Johan G. Olsen Shipbrokers AS	Kristiansand	100,00 %	41 500
Gazza Eiendom AS	Oslo	100,00 %	23 906
Pareto Commodity AS	Oslo	100,00 %	7 205
Pareto Universal Fonds AS	Oslo	100,00 %	17 957
Pareto PPN AS	Bryne	100,00 %	56 782
Pareto Online AS	Oslo	100,00 %	35 220
			301 724

Shares in associated companies

Company: Office in: Pareto's interest::	Parent company			Total Group Associated comp.
	Fondsforvaltning Oslo	Odin Marine New York	Nordic Partners New York	
	35,0 %	35,0 %	33,3 %	
Procurement cost	40 001	30 906	3 283	
Equity at time of purchase	23 939	10 540	3 043	
Goodwill at time of purchase	16 062	20 366	240	
Opening balance 1 Jan.	7 426	27 869	2 210	37 505
Purchases in year	0	-2 822	0	-2 822
Share of year's profit/loss	816	4 420	2 310	7 546
Write-down goodwill	0	-6 569	-80	-6 649
Dividends received	-1 061	-9 505	0	-10 566
Closing balance 31 Dec.	7 181	13 393	4 440	25 014

Note 6 Other shares/bonds

	Quantity	Cost price	Book value
Other securities, parent company:			
International Maritim Exchange ASA	108 662	10 596	10 596
Pareto Bank ASA	127 500	53 700	53 700
Oslo Børs VPS Holding ASA	3 172 230	195 893	195 893
Norsk Tillitsmann ASA	5 925	4 562	4 562
Total other securities, parent company		264 751	264 751
Oslo Børs VPS Holding ASA	600 000	24 021	24 021
Other securities in subsidiaries		8 995	8 995
Total other securities in Group		297 767	297 767

Notes

Note 7

The parent company has granted the employees/partners in the subsidiaries an interest-bearing loan on which the outstanding balance as of 31.12.2008 was NOK 5,243,210.

Group companies have granted Nordic Partners Inc. an interest-bearing loan which translated amounted to NOK 8,630,000 as of 31.12.2008.

Note 8 Pensions

The Group has a defined contribution pension scheme as required under the Act concerning Mandatory Service Pensions. Premium paid in 2008 totalled NOK 6,000 for the parent company and NOK 2,565,000 for the Group.

The premium fund assets recorded in the balance sheet as at 31 December 2008 stood at NOK 33,000 for the parent company and NOK 19,341,000 for the Group.

One of the subsidiaries of the Group has a group pension scheme encompassing 12 people.

The actuarial assumptions about demographic factors and exits are based on those normally employed in the insurance industry.

	2008	2007
Present value of year's pension earnings	348	385
Interest cost on pension commitments	456	555
Estimate adjustment entered in income statement	91	112
Administration expenses	55	0
Accrued employer's nat. ins. contribution	53	0
Return on pension funds	-664	-664
Net pension costs	339	388
Estimated pension commitments	-8 640	-9 782
Pension funds (at market value)	11 244	11 251
Effect of estimate variances, not recognised in income statement	1 712	2 731
Pension funds in balance sheet	4 316	4 200
Unsecured pension commitments	-5 598	-5 000
Financial assumptions:		
Anticipated return on funds	7,0 %	7,0 %
Discount rate	5,0 %	5,0 %
Anticipated wage growth	3,0 %	3,0 %
Anticipated adjustment of basic nat. ins. amount	3,0 %	3,0 %

Note 9 Trade receivables, subsidiaries

	2008	2007
Specified bad debt provision as of 01.01.	14 788	959
Verified losses in period for which loss prov. made	-34	0
Change in specified bad debt provision	2 049	13 829
Specified bad debt provision 31.12.	16 803	14 788

Notes

Note 10 Securities

	Cost	Book value	
Securities funds, parent company:			
Fixed income funds	191 249	164 547	
Direct investment funds	103 858	82 092	
Equities funds	1 154 648	830 579	
	1 449 755	1 077 218	
Other securities, parent company:			
Shares (Norwegian)	264 260	177 627	
Shares (Swedish)	61 147	46 216	
Shares (GB)	19 823	17 368	
Shares (US)	66 536	50 885	
Other securities	22 632	22 675	
	434 398	314 771	
Total securities, parent company			1 391 989
		Market value	
Shares		10 117	
Norwegian government bonds		834 150	
Bonds and certificates		194 648	
Securities funds		141 139	
Total securities, subsidiaries			1 180 054
Total securities, Group			2 572 043

Note 11 Bank deposits

The parent company has a non-distributable deposit of NOK 125,252 lodged in an account for tax withholdings. The Group's bank deposits include NOK 87,605,000 in non-distributable accounts, of which NOK 10,809,000 in accounts for tax withholdings.

Sums lodged in client accounts belonging to clients (client funds) are not recorded in the balance sheet.

Notes

Note 12 Equity

Parent company	Share capital	Share premium account	Other equity	Total
Equity as of 1 Jan.	18 800	439 427	1 474 302	1 932 529
Issue 18 Nov. 2008	4 700			4 700
Provision for dividends			-50 803	-50 803
Year's profit			236 862	236 862
Total equity as of 31 Dec.	23 500	439 427	1 660 361	2 123 288

Group	Share capital	Other equity	Total
Equity as of 1 Jan.	18 800	2 912 385	2 931 185
Emisjon 18.11.2008	4 700		4 700
Provision for dividends		-137 979	-137 979
Net payment by minority interest		1 071	1 071
Year's profit after tax		2 110	2 110
Total equity as of 31 Dec.	23 500	2 777 587	2 801 087

Share capital as of 31 Dec. is NOK 23,500,000, divided into 47,000 shares with a nominal value of NOK 500 each.

	Number of shares	Stake voting %
Svein Støle	35 000	74,5%
Castel AS / Erik Bartnes	3 000	6,4%
Skoghøy Invest AS /Anders Endreson	6 000	12,8%
Svele AS / Svein Støle	3 000	6,4%
	47 000	100,0%

There are two classes of shares. Shares owned by Svele AS are classified as B shares and have a preferential right to dividend as determined by the General Meeting.

Notes

Note 13 Taxes

Parent company			Group	
2007	2008		2008	2007
813 448	241 264	Profit before income tax	188 838	1 567 520
-818 486	-225 522	Permanent differences	478 795	43 243
7 056	34 852	Change in temporary differences	92 348	26 897
-1 833	0	Loss brought forward from earlier years	0	-9 521
185	50 594	Year's tax base	759 981	1 628 139
52	14 166	Tax payable	211 265	446 374
0	0	Tax payable, supplement	653	653
52	14 166	Total tax payable	211 918	447 027
Specification of temporary differences				
-7 442	-42 384	Current assets	-44 658	-7 742
-65	-50	Tangible fixed assets	-56 312	-16 920
-377	-302	Intangible assets	-23 728	-29 678
0	0	Remaining loss for carrying forward	-4 954	-20
-7 884	-42 736	Basis for calculating deferred tax benefit/tax	-129 652	-54 360
-2 208	-11 966	28% deferred tax benefit/tax	-36 303	-15 221
Year's income tax				
52	14 166	Tax payable	211 265	446 375
0	-6	Tax correction for earlier years	-3 549	-998
-1 463	-9 758	Change in deferred tax benefit/tax	-20 988	-4 057
-1 411	4 402	Income tax	186 728	441 320
-0,2 %	1,8 %	Effective income tax rate	98,9 %	28,2 %
Reconciliation from nominal to actual tax cost				
227 765	67 554	Anticipated tax cost at nominal rate	50 353	429 329
-229 176	-63 146	Permanent differences	134 062	12 174
0	-6	Other items	2 313	-183
-1 411	4 402	Tax cost	186 728	441 320

Notes

Note 14

DnB NOR furnished guarantees for Pareto Securities AS and the company's participation in securities settlements with Norges Bank in the amount of NOK 600 mill and with VPS Clearing ASA in the amount of NOK 12 mill. These guarantees are secured by a first priority factoring lien on trade receivables and a lien on short-term securities.

Pareto Securities AS has given the Monetary Authority of Singapore an undertaking that it will cover any commitments its subsidiary Pareto Securities Asia Pte Ltd may have, to a maximum limit of NOK 41 mill.

Note 15

The parent company is exposed to the risk of fluctuations in the price of its own securities. In addition, the subsidiaries are subject to risks linked with their own trading, market making and payments from clients.

The financial market risk for the subsidiaries' activities is managed according to the rules of the Companies Act and the Internal Control Regulations issued by Kredittilsynet.

Note 16

Transactions with close associate companies take place at arm's length prices and terms.

Note 17

The parent company has claim of NOK 52,866,000 on the Group, and owes the Group NOK 152,000.

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Pareto AS

AUDITOR'S REPORT FOR 2008

We have audited the annual financial statements of Pareto AS as of 31 December 2008, showing a profit of NOK 236.862.000 for the parent company and a profit of NOK 2.110.000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway have been applied to prepare the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company and of the Group as of 31 December 2008, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting practice in Norway
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Oslo, 30 March 2009
Deloitte AS

Jørn Borchgrevink (signed)
State Authorised Public Accountant (Norway)

Audit & Advisory. Tax & Legal. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

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 Pareto

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