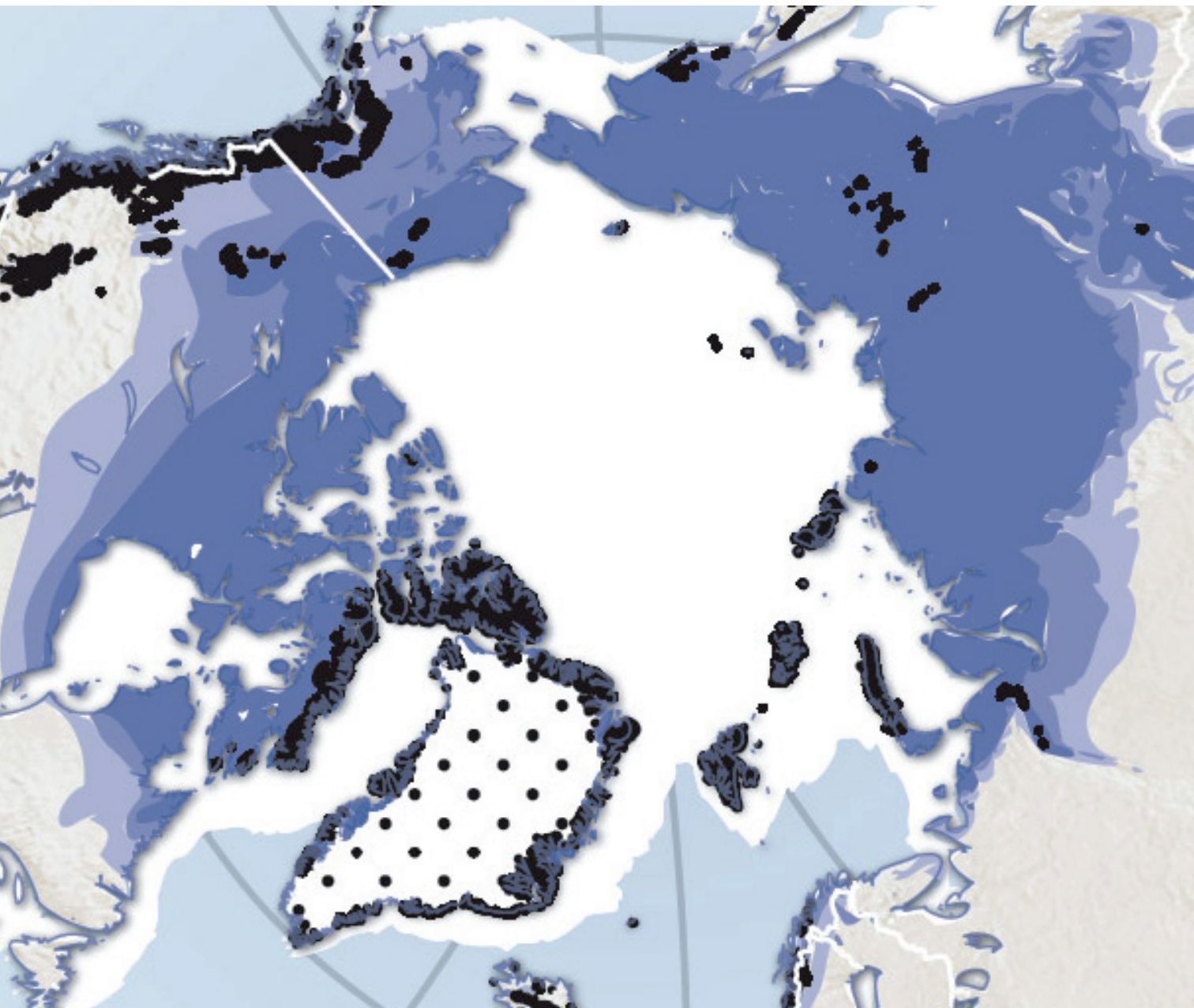


GRID-Arendal Board Report 2008



Report of GRID-Arendal's Board of Directors

In 2008, GRID-Arendal continued to pursue its mission to support and strengthen the capacities of the United Nations Environment Programme (UNEP) in providing high-quality information products and services.

The Board is pleased to report a positive financial result of 3,5 Mill NOK in 2008. A positive result after 5 years with losses was absolutely necessary for the continued operation of GRID-Arendal. In the present times with international financial difficulties, GRID-Arendal needs to build up a reserve towards difficult times and also to make new development possible. Therefore the Board aims at similar results for the next 2 years to come.

The financial result of 3,5 Mill NOK is contributing to the strengthening of the equity which now is 4,5 Mill NOK at the end of the year. The equity/capital ratio has now increased to 27%. It should be kept in mind that the Board follows the general principle that earnings will be used solely to support the mission statement and the long term goals of the foundation.

The Board considers the outlook for 2009 as promising. The second year of the framework agreement between GRID-Arendal and the Norwegian Ministry of Foreign Affairs will continue to provide GRID-Arendal with a financial basis for more focused work in key areas to support UNEP. UNEP has confirmed its interest in and commitment to promoting GRID-Arendal as an important col-

laborating centre that will help in implementing UNEP's Programme of Work. GRID-Arendal's work programme is progressing well and there is a growing demand for new projects and new products within GRID-Arendal's core activities.

Consistent with its overall institutional objective, we are pleased to report that the foundation does not conduct activities that damage the environment, as defined by the Norwegian Accounting Law.

Efforts are being made at GRID-Arendal to raise awareness among staff and to reduce its ecological footprint through a "green office" policy. During 2008, a carbon emission fee was added to the cost of air travel made by staff. We strive to "green" all our meetings, conferences and events.

The working conditions within GRID-Arendal were found to be good. The sick leave in 2008 amounted to 4.1 percent of the total working days. There were no injuries to staff in 2008, and there were no significant damages to the equipment of the organization. Regular meetings were held between staff and management where issues



concerning work conditions were discussed. Continuing efforts are being made to reduce stress, improve teamwork and provide more effective feedback to staff.

GRID-Arendal follows the Gender and Diversity policy objectives the organization used and reported on in previous years. GRID-Arendal started a process in 2008 to integrate its gender policy into a more comprehensive human resource policy, which will be used from 2009. By the end of year 2008 the staff consisted of 16 women and 23 men.

The Board concludes that GRID-Arendal's activities are consistent with its charter purposes and that it has a competent staff for continuing operations and for planning further strategy-relevant operational activities in the future.

Altogether the Board congratulates the staff and the management for its performance in 2008 and for the very positive financial result, which is the best for the last 10 years.

30 June 2009

Olav Orheim
Olav Orheim
 Chairman of the Board

Peter Prokosch
Peter Prokosch
 Managing Director

Dystein Dahle
Dystein Dahle

Katarina Eckerberg
Katarina Eckerberg

Peter T. Gilruth
Peter Gilruth

Kathrine Ivsett Johnsen
Kathrine Ivsett Johnsen

Berit Lein
Berit Lein

K. Liedtke
Klaus Liedtke

Kari Nygaard
Kari Nygaard

Randi Eidsmo Reinertsen
Randi Eidsmo Reinertsen

Balance sheet 31.12	NOTE 1	31.12.08	31.12.07
Fixed Assets			
Machinery and equipment	3	239,188	226 076
Investments in subsidiaries	8	3,012,000	3 012 000
Shares, Geodatasenteret A/S	8	100,000	100 000
Total fixed assets		3,351,188	3 338 076
Current assets			
Accounts receivable trade		5,871,494	6 008 467
Other receivables		750,836	440 405
Work in progress	2, 6	1,945,000	5 426 665
Petty cash and bank accounts	9	4,198,776	994 695
Total current assets		12,766,106	12 870 232
Total assets		16,117,294	16 208 308
Equity			
Paid in capital			
Foundation capital		500,000	500 000
Total paid in capital		500,000	500 000
Retained earnings		3,985,306	451 280
Total retained earnings		3,985,306	451 280
Total equity		4,485,306	951 280
Long term liabilities			
Pension liabilities	5	889,707	739 707
Loan	7	382,580	492 498
Total long term liabilities		1,272,287	1 232 205
Short term liabilities			
Liabilities to financial institutions		0	456 104
Accounts payable trade		2,168,208	3 534 897
Employee taxes withheld, payable social security etc		2,388,850	2 558 411
Accrued salaries and vacation fees		1,446,245	1 897 083
Other current liabilities		538,788	1 857 839
Advance		3,800,000	3 720 488
Total short term liabilities		10,342,091	14 024 823
Total equity and liabilities		16,117,294	16 208 308

30 June 2009



Olav Orheim
Chairman of the Board



Øystein Dahle



Katarina Eckerberg



Peter Gilruth



Peter Prokosch
Managing Director



Kathrine Ivsett Johnsen



Berit Lein



Klaus Liedtke



Kari Nygaard



Randi Eidsmo Reinertsen

Financial statement

NOTE 1

Basic principles – assessment and classification – other issues

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31 December 2008 for small companies, consist of the profit and loss account, balance sheet and notes to the accounts. The financial statements give a true and fair view of assets, debt, financial status and result. In order to simplify the understanding of the balance sheet and the profit & loss account, they have been compressed. The necessary specification has been provided in notes to the accounts, thus making the notes an integrated part of the financial statements.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations, congruence and caution. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time of delivery of goods or services sold. Costs are expensed in the same period as the income to which they relate is recognised. Costs that can not be directly related to income are expensed as incurred.

When applying the basic accounting principles and presentation of transactions and other issues, a “substance over form” view is taken. Contingent losses which are probable and quantifiable are taken to cost.

Accounting principles for material items

Revenue recognition

Revenue is normally recognised at the time of delivery of goods or services sold.

Cost recognition/matching

Costs are expensed in the same period as the income to which

Profit loss and account (NOK)		2008	2007
Operating revenues			
Operating revenues	NOTE 2	42,595,800	42 787 957
Total operating revenues		42,595,800	42 787 957
Operating expenses			
Project costs		9,117,553	13 018 804
Personnel costs	4	21,024,790	26 992 328
Depreciation	3	156,302	86 964
Other operating expenses		9,737,742	6 321 426
Total operating expenses		40,036,386	46 419 523
Operating result		2,559,413	-3 631 566
Financial income and expenses			
Financial income		1,693,835	117 829
Financial expenses		719,603	631 658
Net financial items		974,232	-513 829
Result for the year		3,533,645	-4 145 396

they relate is recognised. Costs that cannot be directly related to income are expensed as incurred.

Fixed assets

Fixed assets are entered in the accounts at original cost, with deductions for accumulated depreciation and write-down. Assets are capitalised when the economic useful life is more than 3 years, and the cost is greater than 15 000 NOK. Operating lease costs are expensed as a regular leasing cost, and are classified as an operating cost.

Depreciation

Based on the acquisition cost, straight line depreciation is applied over the economic lifespan of the fixed assets, 3 years.

Accounts receivables

Trade receivables are accounted for at face value with deductions for expected loss.

NOTE 2

Project provision

4% of the turnover has been taken as a provision for any losses and deducted as part of project revenue.

NOTE 3

Machinery and equipment (NoK)

Purchase value 01.01.08	5 306 961,-
Added this year	169 414,-
Accumulated depreciation 31.12.08	5 237 187,-
Book value 31.12.08	239 188,-
Depreciation this year:	156 302,-

NOTE 4

Salary costs (NoK)

	2008	2007
Salary and holiday pay	13 585 766,-	17 615 287,-
Employers contribution	2 005 291,-	2 565 805,-
Pension costs	993 581,-	4 230 868,-
Other personal costs	4 440 152,-	2 580 368,-
Total	21 024 790,-	26 992 328,-
Average no of employees	38	43

Salary to Managing Director	NoK 713 403,-
Fee to Chairman of the Board	NoK 29 000,-
Fee to other Board members	NoK 76 000,-

The company is obliged to have a pension scheme for all employees to meet the law of obligatory pension scheme. The company has subscribed to such a pension scheme, which meets the requirements of this law.

The audit fee for 2008 is split into: Audit as required by law NoK 37 000,-. Fee for other authorization services NoK 7 000,-. Other services provided by the auditor NoK 5 000,-.

NOTE 5

Pension obligations

The pension premium to the contribution plan for the employees is NoK 993 581,- and the premium is charged to personnel costs. When changing the pension scheme, GRID-Arendal has an obligation towards 3 employees to pay a pension payment equal to what they would have received under the old pension scheme from 62 to 67 years of age. GRID-Arendal has also an obligation related to a former employee to pay him an early retirement pension from 60 to 62 years of age until end of 2009.

NOTE 6

Work in progress

Work in progress carried out and costs incurred not invoiced at the year end, relate to Framework Agreement, UNEP and others, and amounted to a gross total of NoK 1 890 000,- plus last instalment of EarthPrint payment Nok 55 000,-. Deduction of provision for losses has been taken as revenue reduction in 2008, of 1,9 MNOK distributed over many projects.

NOTE 7

Security for the credit and loan

Sparebanken Sør has security for the credit and the loan against the fixed assets and the accounts receivable.

NOTE 8

Long term investments (NoK)

Shares	Owners	Purchase cost	Share of result 2008	Share of equity 31.12.08
Teaterplassen AS	60%	3 012 000,-	(not ready)	(not ready)

Other shares	No. of shares	Purchase cost	Market value
Geodatasenteret AS	1000	100 000,-	100 000,-

The shares in Geodatasenteret AS are valued at purchase cost.

NOTE 9

Petty cash and bank accounts

NoK 783 180,- of the total cash at bank is restricted to meet the liability arising from withheld payroll taxes.



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To the Foundation's Board of Directors for GRID-Arendal

AUDITOR'S REPORT FOR 2008

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of the GRID-Arendal Foundation as of 31 December 2008, showing a profit of NOK 3 533 645. 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 appropriation of the profit. The annual financial statements comprise the balance sheet, the statements of income and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to prepare the financial statements. These financial statements and the Board of Directors' report are the responsibility of the Foundation's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good 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 good auditing practice an audit also comprises a review of the management of the Foundation's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Foundation as of 31 December 2008 and the results of its operations for the year then ended, in accordance with the rules of the Norwegian accounting act and good accounting practice in Norway
- the foundation's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit is consistent with the financial statements and comply with the law and regulations

No matters have come to our attention that would cause us to believe that the process of managing the Foundation and its distribution are not in accordance with the law, the purpose of the Foundation and its bylaws.

Arendal, 18 March 2009

KPMG AS

Terje H. Holst

State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only

Offices in:

Dala	Haugesund	Sandnessjøen
Bodo	Kristiansund	Sandnessjøen
Alta	Larvik	Stavanger
Arendal	Lilleshammer	Stord
Bergen	Mo i Rana	Tromsø
Elverum	Molde	Trondheim
Finnøy	Narvik	Tvedestrand
Hamar	Roros	Ålesund

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