

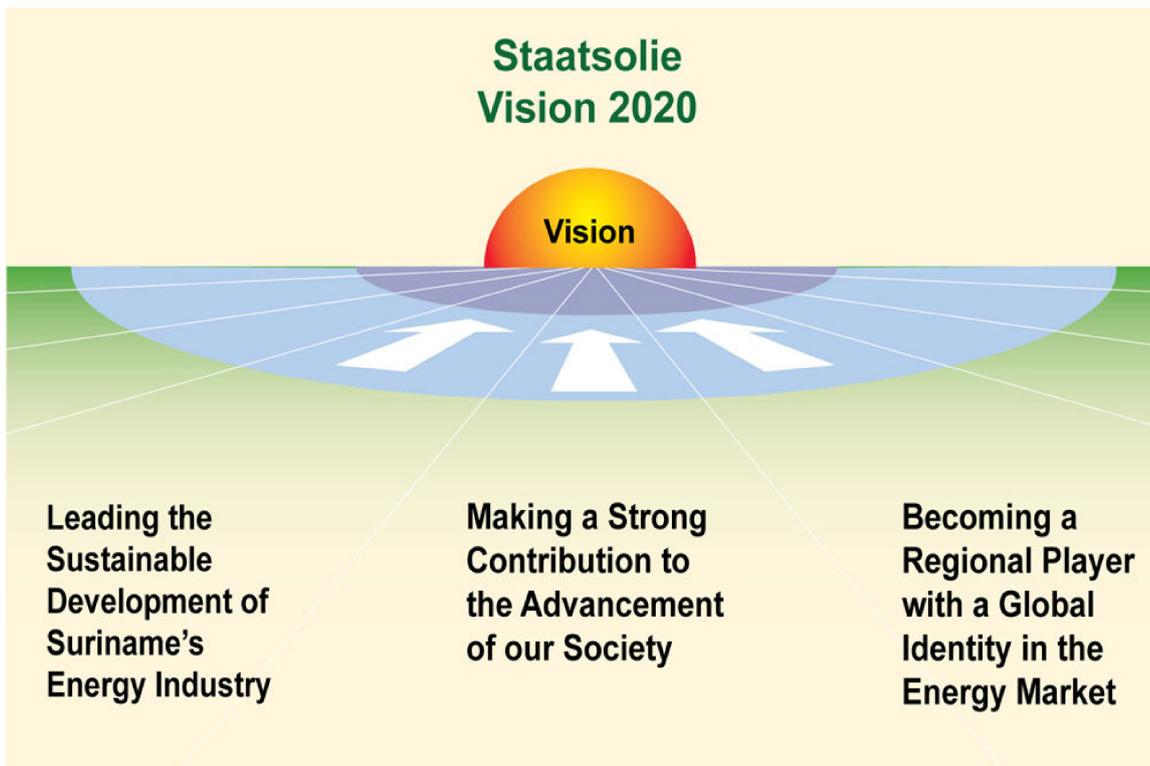


Annual Report 2009

Staatsolie Maatschappij Suriname N.V.



Vision, Mission and Values



Mission

- To develop Suriname's hydrocarbon potential over the full value-chain, to generate electricity, and to develop renewable sustainable energy resources.
- To secure the energy supply of Suriname and to establish a solid position in the regional market.
- To expand our reputation based on our growth performance, flexibility and corporate Social Responsibility.

Values

1. Excellence: We shall be strong result-oriented and strive for continual improvement in everything we do. We shall meet or exceed the product quality that our clients expect.
2. Integrity: We shall be honest and transparent in our dealings with employees, clients, suppliers, shareholders and the community in which we work.
3. Employee-focus: We consider our employees the most distinctive factor to our success.
4. Growth: We shall focus on continuous growth and maximize shareholders' value.
5. Public spirit: As a responsible member of the community, we shall base our business principles on sustainable development and regard for the environment. Moreover, we shall make a strong contribution to the advancement of our society.

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I. Shareholder, Supervisory Board, Board of Executive Directors and Management as of December 31, 2009

Sole Shareholder

The Republic of Suriname represented by:

- the President, His Excellency R.R. Venetiaan, on his behalf:
- the Minister of Natural Resources, G.A. Rusland

Supervisory Board

Marica S.	Acting Chairman
Adhin R.S.	Member
Kasantaroeno F.T.	Member
Pahladsingh R.K.	Member
Kensmil H.S.	Secretary

Board of Executive Directors

Waaldijk M.C.	Managing Director
Kortram I.E.	Finance Director
Nuboer B.F.	Refining & Marketing Director
Sairras G.	Production & Development Director

Deputy Directors

Dwarkasing B.	Deputy Director Exploration & Petroleum Contracts
Elias T.	Deputy Director Business Development
Moensi - Sokowikromo A.	Deputy Director Finance

Division Managers

Brunings D.	Manager Human Resources
Daal - Vogelland M.	Manager Petroleum Contracts
Goerdajal P.	Manager Production Operations
Hughes C.	Manager Refining Operations
Jagesar A.	Manager Corporate Planning
Kleiboer A.	Manager Drilling Operations
Liems R.	Manager Engineering & Maintenance Services
Mac Donald D.	Manager Health, Safety, Environment & Quality
Murli S.	Manager Procurement
Nai Chung Tong A.	Manager Marketing
Nandlal B.	Manager Field Evaluation & Development
Ramautar R.	Manager Renewable Energy Sources
Sleman A.	Manager Information & Communication Technology
Vermeer A.	Manager Finance Administration

Managers assigned

Brunings P.	Operations Manager Paradise Oil Company N.V.
Fränkel E.	Operations Manager Staatsolie Power Plant
Ketele T.	Project Manager Refinery Expansion

II. Letter of the Managing Director

I am pleased to present the consolidated financial report for the fiscal year 2009. In this report our subsidiaries Paradise Oil Company N.V. in Suriname, and Ventrin Petroleum Company Limited in Trinidad and Tobago, are incorporated.

The global economic recession of 2009 had a major impact on the business environment of Staatsolie. The reference price for Staatsolie's crude oil, USGC Fuel Oil No.6, 3% S, decreased from US\$ 72.56 per barrel in 2008 to US\$ 55.86 per barrel in 2009 (23%). With regard to the operations this price development had a major impact on revenues and profits of Staatsolie. Besides, international and regional banks step up their risk profile and were reluctant to finance investment projects, especially in emerging countries. This is of relevance, with regard to the expansion, as Staatsolie N.V. is implementing the investment program 2008-2012 of approximately US\$ 1,000 million of which US\$ 275 million will be secured in the regional and international market.

Notwithstanding the adverse developments, I am proud to report that the overall performance of Staatsolie was stronger than had been anticipated and the process to secure debt financing is in a final phase.

In a year where worldwide a general sense of uncertainty was present, we continued to build on the Business Plan for 2008-2012, the 'Foundation for Growth', the first plateau of our Vision 2020 implementation strategy. The budget for the investment program 2008-2012 is approximately US\$ 1,000 million: US\$ 85 million for exploration; US\$ 310 million for production; US\$ 575 million for the refinery expansion and US\$ 30 million for power generation and renewable energy projects. The budget for the refinery expansion is currently in the final phase of review. The investments will be executed to realize the following goals:

- Increase the hydrocarbon reserves with 64 million barrels by 2012;
- Sustain the production level of 16,000 barrels per day;
- Increase the refinery capacity from 7,000 barrels per day to 15,000 barrels per day with an increase of high value, light end products from 15% to 65%;
- Increase the power generation capacity from 14 MW to 28 MW.

Financing of the budget will be as follows: US\$ 680 million from internal cashflow and US\$ 320 million through debt financing, US\$ 275 million in the international and regional market and US\$ 45 million in the local market. The funding in the local market of US\$ 45 million consists of US\$ 25 million in bonds and US\$ 20 million in commercial loans. The first tranche consists of a bonds issue starting in April 2010, of US\$ 15 million. Two major international banks and one local bank have been selected as lead arrangers. The objective is to have all financing arrangements in place before mid 2010.

In 2009 the key focus was laying the foundation, ensuring the continued growth and development of Staatsolie. We continued our exploration campaign by completing the 2D onshore regional survey and by the execution of an extensive drilling program in Commewijne and the Coesewijne area. Based on the results, several production test wells were drilled and initial indications are positive.

In the downstream we progressed substantially with the refinery expansion project. Site development commenced with filling the construction area, to the east side of the existing refinery, with approximately 425,000 m³ of river sand for preloading and site fill.

An Environment and Social Impact Study was completed and submitted to the National Institute for Environment and Development in Suriname (NIMOS) for approval, which was granted on February 24, 2010. The basic design was completed in December 2009, the selection of Engineering Procurement Construction (EPC) contractors was successfully concluded, and on February 22, 2010, Staatsolie received bids from the selected four EPC contractors. The bid evaluation process is progressing and the intention is to award the contract to the successful bidder on May 15, 2010.

Despite last year's difficult environment, our overall performance was better than anticipated, with the exception of our safety performance. We recorded seven Lost Work Day Cases (contractors included), which resulted in a substantial increase in the Lost Time Accident Frequency Rate from 0.15 to 0.4. The Severity Rate increased from 0.3 to 16.9. All efforts will be focused to reverse this trend in 2010.

There are other opportunities for improvement and in 2010 we will continue with even greater diligence to work on the growth and further development of Staatsolie.

As indicated, the effects of the global economic downturn on the other hand clearly impacted our financial results. A gross revenue of US\$ 425 million was realized with a profit before tax of US\$ 181 million. The average net price per barrel for Saramacca Crude and petroleum products decreased to US\$ 57.66 from US\$ 78.89 per barrel in 2008. Contributions to the government budget over 2009 amounted to US\$ 124 million; US\$ 66 million for tax obligations and US\$ 58 million as dividend. Contributions to the balance of payments amounted to US\$ 171 million

In line with our strategy, to be leading in the sustainable development of the energy industry in Suriname, Staatsolie was assigned as the coordinating agent by the Ministry of Natural Resources for Renewable Energy Projects in Suriname. To that end we started with the preparations to implement the Tapa-Jai hydropower project. The intention is to start with the feasibility study, with special attention to the social and environmental aspects. A pre-feasibility study on the production of ethanol in Wageningen, in the western part of Suriname, was concluded and preparations were made to start a three-year pilot cultivation project in 2010. The production of dehydrated ethanol could provide Suriname the opportunity to benefit from preferential treaties with the European Union and the United States of America (USA).

As I look back to 2009, I am pleased that we have realized our objectives, set at the beginning of the year. Staatsolie is in a strong position in terms of its net asset value and its employees. We also welcome the appointment of Mr. Glenn Sairras as Director Production & Development, Mr. Rudolf Elias as Deputy Director Business Development and Mrs. Agnes Moensi-Sokowikromo as Deputy Director of Finance.

The year 2010 is a special year, in the first place because we will finally, after many years of preparations, commence with the EPC phase of the refinery expansion project. But we have another reason to celebrate since on December 13 we will commemorate Staatsolie's 30th anniversary. With our Vision 2020 implementation strategy in place, I am confident that Staatsolie can face the next 30 years with pride and a renewed sense of purpose.

On behalf of my fellow Directors, I would like to take this opportunity to thank our customers and other external relations for their contribution to the development and continuous growth of Staatsolie. I also extend my appreciation to the Shareholder and the members of the Supervisory Board, our employees and contractors, for their contribution and trust in the future of Staatsolie.

Confidence in Our Own Abilities!

Paramaribo, April 2010
M.C.H. Waaldijk
Managing Director

Final draft: 300310

III. Operational Performance 2009 and Work program 2010

Financial Performance

In 2009 gross revenues amounted to US\$ 425 million, which is 26% lower than to 2008 when gross revenues reached a record high of US\$ 576 million. This downturn reflects the effect of declining oil prices, although an overall trend of increasing prices was observed after the first quarter of 2009.

The 2009 average product net sales price was US\$ 57.66 per barrel. Compared to an average net price of US\$ 78.89 per barrel in 2008; a decrease of 27%. The resulting return on equity decreased from 69% in 2008 to 28% in 2009. The profit before tax amounted to US\$ 181 million, compared to US\$ 360 million in 2008; a decrease of 50%.

Contributions to the government budget for the fiscal year 2009 amounted to US\$ 124 million; a decrease of 50% compared to 2008; US\$ 66 million for tax obligations and US\$ 58 million as dividend.

In 2009, total investment expenditures on cash basis amounted to US\$ 135 million, compared to US\$ 86 million in 2008, of which US\$ 58 million was spent on production sustaining activities and exploration activities. Additionally US\$ 44 million was spent on various upstream and downstream projects, including the Refinery Expansion Project. Additional investments regarding the diversification of the company's business activities amounted to US\$ 33 million. The total investment program was financed from cash flow.

Upstream

Crude Production

Staatsolie produced 5.86 million barrels of Saramacca Crude; a decrease of 0.7% compared to 2008. A total of 87 new development wells were drilled, of which 72 were completed into production wells. At year-end, a total of 1,263 wells were in production.

Several programs were implemented to improve water and oil separation and expand treatment capacity. Primarily gas instead of crude oil was used for heating the emulsion, thereby saving 21,000 barrels of crude oil. In addition, a number of investments were made to upgrade the TA58 treatment plant to process more water.

Reservoir Studies

To delineate new development areas and reduce production risks, a total of seven (7) strattest wells, two (2) wells in TA53 North, one (1) well in the Josi area, and four (4) wells in the Tambaredjo Field were drilled. A saturated and well developed reservoir encountered in one (1) well drilled in the Tambaredjo Field was converted into a production well. Staatsolie intends to start full-scale production development of its Tambaredjo North-West (NW) field in 2010. To assure optimal depletion of the field, a cost-effective field development plan was formulated, taking into consideration the HSE standards and the company's crude production goal.

A monitoring program was executed for the polymer mixing and injection process as well as for the production wells relating to the polymer test. Although the five pilot wells have shown pressure response to injection, no increase in production has been observed as yet.

Several subsurface studies were carried out to improve production performance in the Tambaredjo field and to delineate potential areas for future development. In this regard a detailed reservoir geological study is taking place on the undeveloped areas on third party properties targeted for development after 2012. Studies were prepared for the Field Development Plan of the Tambaredjo NW field, where development will start mid-2010 and a quick scan study to identify areas suitable for horizontal well application.

The remaining proven reserves (P90) at year-end 2009 were 78.9 million barrels: 57.3 million barrels in the Tambaredjo field; 6.2 million barrels in the Calcutta field; and 15.4 million barrels in the Tambaredjo NW area. In addition, total probable reserves (P50-P90) were estimated at 8.7 million barrels.

Exploration

In 2009, Staatsolie continued the regional exploration and appraisal-drilling program, which entailed the entire onshore acreage from Commewijne to Nickerie with the exception of the Coronie and Uitkijk Blocks.

Thirty two wells were drilled, twenty in Coesewijne, which was expanded with an appraisal program after the TAM 03 / TAM 04 Eocene discoveries, and ten (10) in Commewijne which resulted in the COM 13 Paleocene discovery. Two (2) production test wells were drilled, respectively in Weg naar Zee and in the Coesewijne area. The results from the production test well in Weg naar Zee are promising and declaration of technical reserves may not be far away. Results are expected in the third quarter of 2010. The Coesewijne production test well is still in the clean-up phase and results will be available at the end of the first quarter 2010. Due to delays in preparations of the drilling rig, the Nickerie drilling program was not executed in 2009.

The two dimensional (2D) onshore regional seismic survey that started in September 2008 was completed at the end of June 2009. The total program consisted of approximately 582 km of seismic lines. The 2D data acquired is being processed in Houston, Texas and the results will be available early 2010.

In addition to the data-acquisition projects, significant efforts were made related to oil analysis, data reprocessing of old vintage data such as aeromagnetic and 2D seismic near shore data. All the results will be incorporated into a Petroleum Systems Study, the first of its kind conducted within Staatsolie. This study evaluates all elements of the Petroleum Systems, proven and unproven, and will be completed in the first half of 2010. The final result will allow a better risk assessment of the various onshore and offshore exploration areas.

Downstream

Refinery

The 2009 production of 2.74 million barrels was approximately 8% higher compared to 2008. A throughput of 7,686 barrels per stream day (bpsd) was realized, compared to 7,592 bpsd in 2008. The Refinery availability was 96.3% due to the extended decoking shutdown of the Visbreaker Heater in November.

On March 19, 2009 the Refining Maintenance Department celebrated 10 years of work without a lost workday.

The basic design of the Refinery Expansion Project, of the Front End Design Phase 3, was completed. The tendering process for the Detailed Engineering, Procurement and Construction (EPC) contract commenced in December 2009, resulting in four (4) contractors being selected to participate in the tender. A constructability study was done and a preliminary construction plan was developed. A basic design for the product pipelines was completed for transport of premium diesel and gasoline to the retail companies.

Site preparation for the new refinery has already started east of the existing site at Tout Lui Faut, and a contract with Boskalis International was signed in August 2009. A total of 425,000 m³ of river sand was dredged from the Suriname River, transported to the construction site and used for site fill.

Site fill was completed by the end of February 2010.

The company continued to advance its object objective to double the refinery's processing capacity to 15,000 bpsd by 2013.

The following major projects were executed:

- Upgrading of the crude and product storage facilities at the refinery. This project is executed to replace the bolted crude storage tanks, and inspect and repair several fuel oil tanks. In addition fire fighting system will be improved in order to comply with the required environmental standards. Civil works for the new crude storage tanks commenced in August 2009 and construction will continue through 2010.
- Setting up of a phenol treatment plant to improve the quality of the effluent released into the environment. Installation was completed at year-end.

Marketing

The average net price for petroleum products decreased to US\$ 57.66 per barrel in 2009 compared to US\$ 78.89 per barrel in 2008; a decrease of 27%.

In total 6.8 million barrels of petroleum products were sold, of which 5.2 million barrels from our own production, an increase of 2% compared to 2008, and 1.6 million barrels from trading activities.

Domestic demand for bitumen was fully supplied and amounted 97,000 barrels.

Export shipments of fuel oil and gasoil to Guyana, Curaçao, Barbados and Trinidad continued, with a share of 93% in total export volume. In the second quarter the first shipment of fuel oil was imported from Venezuela, and in the fourth quarter, the first delivery of fuel oil to Jamaica was realized. Bitumen export to French Guiana, Guyana, Montserrat, St. Vincent and St. Lucia amounted to 5,200 barrels.

Excluding trading activities, sales volumes were distributed as follows: 2.0 million barrels for exports and 3.2 million barrels for local sales and bunkering. This coincides with the following distribution: 38% for exports; 37% for the local bauxite industry; 15% for bunkering; and 10% to various local industries.

Staatsolie Power Company Suriname (SPCS)

Preceding July 2009 there was a surplus of hydropower from the Van Blommenstein Lake. As of August 2009 SPCS restarted its operations by delivering 7 MW to the local electricity company EBS, and from September 2009 delivery was increased to the maximum capacity of 14 MW. The production target of SPCS for 2009 was set at 61,000 MWh. A total of 39,000 MWh has been generated by SPCS by year-end. Gross revenues amounted to approximately US\$ 5 million.

Paradise Oil Company NV (POC)

Staatsolie's subsidiary POC, in conjunction with its joint venture partner Tullow Oil, continued exploration activities in Uitkijk and Coronie consisting of a ten well drilling program and the evaluation of the Uitkijk exploration program. Five (5) wells were drilled in the Uitkijk Block, with all wells having oilshows. After the evaluation, the joint venture parties agreed to enter into the next phase of the exploration program in the Uitkijk Block. In this phase at least two (2) evaluation wells will be drilled in the Uitkijk block. The goal for Coronie was to execute a five well exploration program. Due to a delay in the assembly and preparation of the rig and the delay in the preparation of the trails, the drilling of the wells was postponed to 2010.

Ventrin Petroleum Company (Ventrin)

Ventrin is engaged in bunkering activities, supplying fuel and gas oil to ocean-going vessels. Ships entering the Gulf of Paria have the possibility of off-port deliveries by barge or ex-pipe deliveries in the Point Lisas port.

Ventrin received an official bunkering license, in June 2009. Prior to this the company operated under conditional approval, received on September 2, 2005, from the Ministry of Energy and Energy Industries of Trinidad and Tobago.

Gross revenues for 2009 amounted to US\$ 83.6 million (2008: US\$ 78.3 million) of which 84% from barge sales.

Based on a renewed focus on financial restructuring, strengthening of the marketing function and the business plan 2010, it is believed that the company will achieve improvement in the financial results.

Corporate Services

Human Resources Management (HRM)

Within our Vision 2020 Implementation Strategy, the plan period 2009- 2012 is identified as the phase for the Foundation for Growth. One of the associated corporate goals is to secure a robust organization to realize the strategic plans in the subsequent periods. In this respect more stringent requirements will be imposed upon the organization and the operations and as a first step the design of a new Performance Management system was completed. With the new system production related and competency development objectives for individual employees will be derived annually from the company objectives. Assessment and coaching will be based on these individual objectives, as well as the extent to which employees demonstrate the required behavior. A pilot was conducted in 2009, while preparations were made for the implementation within the Refining & Marketing Directorate in early 2010.

A new HRM Strategy and Development Plan 2009-2012 was formalized in August 2009 and was specifically aligned with Vision 2020 and the current Business Plan. In 2010 the new HRM Strategy will be rolled out further, with focus upon policy formulation, organizational development and improved workforce management.

Financing, Management Information and Procurement

Of the Investment Program 2008-2012 of US\$ 1,000 million, US\$ 680 million will be financed from internal cash flow and US\$ 320 million will be funded externally. Staatsolie anticipates raising US\$ 275 million from regional/ international banks and US\$ 45 million from local banks and investors.

The Investment Program 2008-2012 was presented to the Council of Ministers and various local, regional and international financial institutions. A Request For Proposal (RFP) was submitted to a selection of banks in November 2009. The leading local bank and regional/ international bank(s) were appointed in March 2010. The objective is to conclude the loan agreement before mid 2010.

In September 2009 a pilot project to implement a company wide, Business Intelligence (BI) System based on Data Warehousing Technology was started for the refinery and crude operations. This project will result in an improved Management Information System. The roll out of the BI system is scheduled for 2010 and will result in uniform data definitions and data integration.

To increase the efficiency in the preparation of the annual report, a financial reporting tool was implemented.

The Purchasing Policy & Procedures for Goods and Services (PPP) was revised, to improve the control of the purchasing process. Electronic signing and emailing of documents are part of the revised PPP.

In order to strengthen the corporate governance structure, preparatory activities were initiated with focus on the development of an integrated risk policy, an integrated risk assessment methodology and the development and formalization of an audit protocol.

Health, Safety, Environment and Quality (HSEQ)

Safety and health of employees and contractors as well as the sustainable management of our environment, received special attention in 2009. To increase awareness among staff and contractors, various activities were organized including risk analysis, safety training and inspections, safety talks and our well-known HSE Week.

Despite the many efforts, we failed to further improve our safety records. A total of seven (7) Lost Work Day Cases among staff and contractors were registered. This has resulted in an increase of Staatsolie's Lost Time Injury Frequency Rate to 0.4 and a significant increase in the Severity Rate to 16.9.

The total number of incidents was 218, which is 35% higher than the number of incidents that occurred over the same period in 2008. The total number of oil spills was 93. The majority of the spills (72%) were less than one barrel, while 3% was more than ten (10) barrels. The total number of vehicle accidents was 72 compared to 69 in 2008.

In the table below some incident statistics are included for 2009 and 2008.

	First aid injuries	Lost time injuries		LTIF Rate*	Severity Rate*	Vehicle accidents	Oil spills > 1 barrel
		Contractors	Staatsolie				
2009	22	4	3	0.40	16.9	72	26
2008	16	4	1	0.15	0.3	69	34

* Staatsolie employees only

Severity Rate = Lost Days per 200.000 hours worked

LTIF Rate = Lost Time Injury Frequency Rate per 200.000 hours worked

This year we executed more than fifteen (15) environmental studies of which the Environmental Impact and Social Assessment (EISA) study regarding the refinery expansion has been the most extensive.

In 2009 a Contractor Management Program was further developed, with the objective to increase our contractors HSE awareness. In the first quarter of 2010, follow-up activities will be implemented.

In July, Lloyds Register Quality Assurance (LRQA) executed an ISO 9001: 2008 recertification audit, which was obtained on September 15, 2009.

Institutional Activities

During the first quarter, the focus was entirely on promoting the International Bidding Round 2008-2009 for blocks 43 and 44. The bidding round, launched in November 2008, was closed on May 19, 2009.

A total of five data packages were sold to Repsol, Noble Energy, Tullow, CGX and BPTT however, at the conclusion no bids were received. The global economic crisis may be the biggest contributor to the lack of interest in offshore Suriname. In the first quarter of 2010 some companies have shown new interest in the northwestern part of offshore Suriname, sparked by the recent discoveries in Africa.

On January 15, 2009 Repsol YPF and its partners Noble Energy and Petro Hunt decided to go forward with phase 3 of the exploration phase. After evaluation of the results of the well drilled in block 30, the planning is to study prospects with the possibility to acquire additional 3D seismic data. The minimum exploration work program in this block has been completed.

Early 2009, Inpex, the operator of block 31, signed an agreement with Fugro to gather 1600 km² 3D seismic and the acquisition program that was completed in June. Data processing finished in December. Inpex intends to start with the preparation for the drilling of an exploration well in 2010-2011.

In April, Noble Energy informed Staatsolie that they were unable to find a partner to share the risk to start phase 2 of the exploration period, thereby terminating the Production Sharing Contract (PSC). The 3D seismic acquisition in block 37 started on December 12, 2008 and was completed on April 4, 2009. The execution of the project suffered much delay mainly due to mechanical problems with the vessel and equipment. The focus is now on the interpretation of the acquired 3D seismic data.

Murphy's Drilling Operations visited Suriname to kick off the preparations of the drilling campaign planned for late 2010 / early 2011. The PSC requires Murphy to drill two exploration wells in the first phase of the exploration period.

On August 24, Suriname formally presented its case for extension of the continental shelf to the Commission on the Limits of the Continental Shelf (CLCS). Staatsolie expects that in the fourth quarter of 2010, Suriname will receive an invitation to be interviewed by the sub commission reviewing its request based on article 76 of United Nations Conference on the Law of the Sea (Unclos).

The contract to establish a National Petroleum Database was signed with Halliburton and the execution of the project started in October 2009. The completion is scheduled for the first quarter 2010.

Business Development

In 2009, Business Development was established as the 6th directorate within Staatsolie. This new directorate will be responsible for the development of the Hydropower and Renewable Energy potential. The directorate consists of the divisions Corporate Planning, Hydro, Renewable Energy Resources and Projects. The 2009 year-activities were mainly focused on the strategic planning cycle. Preparations were made for the Tapa-Jai hydro project Environmental & Social Impact Assessment.

The design of a pilot to determine the production of ethanol in Suriname and a pre-feasibility study on the production of ethanol in Wageningen was concluded. As a consequence of the positive results, 12,616 hectares of land was purchased from Stichting Machinale Landbouw Suriname NV. Preparations were made to start a three-year sugar cane pilot cultivation project in 2010.

A start was made on the pre-feasibility study for setting up an ethanol dehydration plant adjacent to the Refinery. In this plant the assumed water content of ethanol will be reduced from 5% to 0.5%. The production of dehydrated ethanol could provide Suriname with the opportunity to benefit from preferential treaties with the European Union, the United States of America (USA) and Canada. The options under these treaties need to be further explored, as Suriname has not signed the relevant treaties with the USA and Canada yet.

A high-level study on Hydro Opportunities for Staatsolie was conducted for the hydro energy opportunities in Suriname. Due to its competitive price for power and the possibility of a phased execution, the Tapa-Jai project was identified as the most attractive option. The Board of Executive Directors (BOED) has already approved the high-level project plan for the Tapa-Jai development. In 2009 the Ministry of Natural Resources assigned Staatsolie as the coordinating agent for hydro and renewable energy projects in Suriname.

Staatsolie continued to strengthen its planning and control business cycle. The Strategic Plan 2009-2012 was updated and will be detailed in Multi Annual Plans per directorate. In addition, a Performance Management System was developed consisting of an automated reporting system of all Key Performance Indicators (KPI). These indicators include both corporate and departmental level KPIs.

Corporate Image & Social Responsibility

Staatsolie supported many projects in the areas of education, culture and sports, health, and projects for the benefit of the underprivileged. A total of US\$ 0.5 million has been committed.

The Staatsolie Foundation for Community Development, which supports sustainable development projects, started in the second half of 2009 with a budget of US\$ 1 million. This foundation will secure a more independent support of development projects for the benefit of the community.

The 'Committee for Rehabilitation and Expansion of Sports Facilities' granted US\$ 0.9 million in 2009 to various organizations and realized a total of nineteen projects. Sports facilities including Parima, Jeugdcentrum, SV Sea Boys, Sophia's Lust and Dennertschool were rehabilitated. In addition, Noble Energy, one of our PSC partners, donated US\$ 0.1 million to the renovation of two schools in Suriname. The donation is a requirement of an existing production sharing agreement with Staatsolie.

International Activities

Staatsolie participated in several international and regional conferences in 2009.

In February, Staatsolie participated in the North American Prospect Expo (NAPE) in Houston, Texas. The main objective of the expo was to bring prospects and produce properties, services and technologies from around the world together in one location, creating a market place to establish strategic alliances and initiating purchases and trades. Since Staatsolie is interested in multiple partners to participate in the offshore blocks, the expo served as a means to reveal more about the international bidding round for the offshore blocks 43 and 44 in Suriname territorial waters.

In March, Staatsolie attended the 15th Latin Oil Week 2009 in Rio de Janeiro, Brasil. The 15th Annual Latin Upstream is a key event for the Latin American Continent focusing on the exploration and gas industry. During this meeting Staatsolie promoted its International Bidding Round 2008-2009.

By invitation of the Minister of Natural Resources, Staatsolie also attended the 4th OPEC International Seminar in Vienna, Austria. Within the framework of the theme 'Petroleum: future stability and sustainability', the need was expressed for an enhanced dialogue on the long-term prospects of the petroleum industry and how the industry can continue to support the world economy. This seminar also highlighted the role of petroleum in the development of emerging economies, as well as the realization of the Millennium Development Goals in an increasingly carbon-constrained world.

In April, Staatsolie attended the 2009 ARPEL conference on 'Sustainable Development: The role of the oil and gas industry in Latin America and the Caribbean', in Punta del Este, Uruguay. Staatsolie as co-sponsor held an exhibition on the efforts in the field of sustainable development as well as a presentation of its land and swamp operations. More than 300 participants from oil and gas companies, the industry's goods and services suppliers, international organizations, financial institutions and non-governmental organizations of the region attended the conference. Discussions were held on the impact of the global financial crisis on the industry and the region; corporate governance and transparency; climate change and energy efficiency; and advances and challenges of industry environmental management.

The 6th Summit of PetroCaribe in St. Kitts and Nevis was held in June. As a member state of PetroCaribe, Suriname's delegation participated in various meetings, among others, the optimization of logistics related to hydrocarbon supplies within the region and the implementation of projects in the areas of energy savings, efficient use and renewable energy sources.

In October, the 39th Annual General Meeting Conference and Exhibition of the Caribbean Shipping Association (CSA) was held in Paramaribo, Suriname. Under the banner 'Tomorrow begins today', the conference focused on the need to implement the identified regional opportunities within the shipping industry and examine the current 'Business and economic outlook for global trade and cruise tourism' in a fast-changing world. The conference served as an excellent opportunity to promote the company's bunkering activities to the regional shipping, industry and at the same time stay on top of the latest developments in shipping.

Work Program 2010

Commercial

Derived from the business plan 2008-2012, the focus in 2010 will be on:

- The development of Tambaredjo NW;
- Continuation of the accelerated exploration program;
- Enhanced Oil Recovery (EOR) projects and studies;
- Organizational development;
- Development of hydro energy and biofuels;
- The Engineering, Procurement and Construction (EPC) phase of the Refinery Expansion Project;
- The financing of the investments associated with the business plan 2008-2012.

The total investment budget for 2010 amounts to US\$ 229.9 million of which US\$ 52.5 million is allocated for the upstream production sustaining program, US\$ 46.6 million for exploration activities and other upstream projects and US\$ 13.3 million for capital goods. For the downstream operations, including the Refinery Expansion Project an amount of US 104.9 million is allocated. For general

projects, including capital goods, an amount of US\$ 12.6 million is allocated.

A total of US\$ 46.6 million is budgeted for the 2010 exploration program. This includes US\$ 12.9 million for appraisal 2D seismic acquisition (298 line km) in Nickerie, Coesewijne and Commewijne. For 2010 an appraisal and exploration drilling program of 32 wells is planned, consisting of ten (10) wells in Nickerie, ten (10) wells in Commewijne, nine (9) wells in Coesewijne. Additionally, three (3) appraisal wells will be drilled in Weg naar Zee.

The objective of the 2010 development drilling program is the realization of 98 producers tot sustain with an annual production of 5.84 millions barrels, 4.84 million barrels for the Tambaredjo field, 0.85 million barrels for the Calcutta field, and 0.15 million barrels for the Tambaredjo NW field. The production sustaining program consists of the further development of the Tambaredjo, Calcutta and Tambaredjo North West field. This program includes drilling of 47 wells in the Tambaredjo field, 17 wells in the Calcutta field and 67 wells in the Tambaredjo NW fields.

The objective for the refinery is to realize an average throughput of 7,350 barrels per stream day, resulting in an annual production target of 2.68 million barrels.

In 2010, the execution of the Refinery Expansion Project will continue with EPC activities, including site development. A total amount of US\$ 95 million is budgeted for 2010.

Institutional

The institutional activities for 2010 are:

1. Conservation and verification of all offshore data;
2. Establish a National Petroleum Data Centre;
3. Extension of the continental shelf from 200 to 350 sea miles;
4. Negotiations of petroleum sharing contracts;
5. Acquire 2D seismic data in Corridor Area and Demerara Plateau;
6. Contract acreage evaluation: 3D evaluation blocks 31 and 37, and well preparation;
7. Digitize geological and geophysical (G&G) documentation.

Business Development

The new business development activities for 2010 are:

1. Execution of the feasibility study for a ethanol drying plant;
2. Execution of the pilot phase of the sugarcane cultivation project;
3. Pre-feasibility study of the Tapa-Jai project, including an Environment and Social Impact Assessment (ESIA).

Corporate Services

The objectives for Corporate Services includes:

Human Resources Management

1. Performance management phase 2, of which implementation is planned within the Refinery and Marketing directorate;
2. Career development and management development phase 2: determine career paths, and implementation of the career planning process;

3. Function analysis phase 2: design of result-oriented job descriptions including basic and distinctive competences, and determination of behavioral indicators for basic competencies company wide.

Finance Directorate

4. Continue implementation of the ICT Corporate Information Plan;
5. Formalization and implementation of a Corporate Governance Code and the development of an integrated risk-management system;
6. Implementation of a cost-accounting system to better monitor cost efficiency;
7. Organizational review of the Finance Directorate.
8. The conclusion of the local/regional/international financing of US\$ 320 million for the implementation of the investment program 2008-2012.

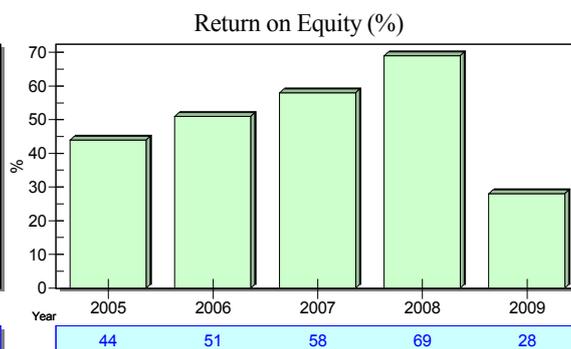
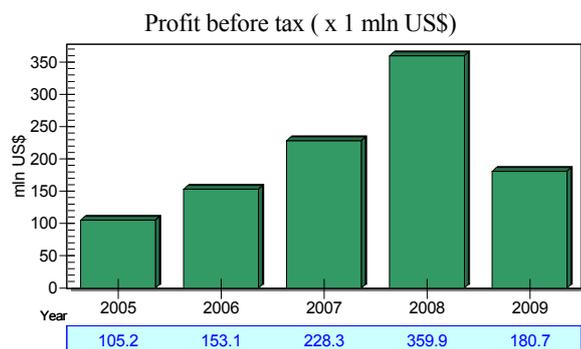
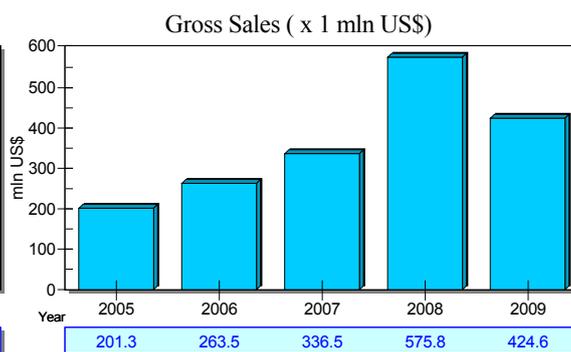
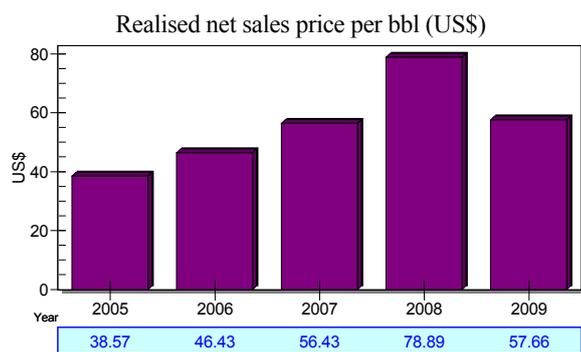
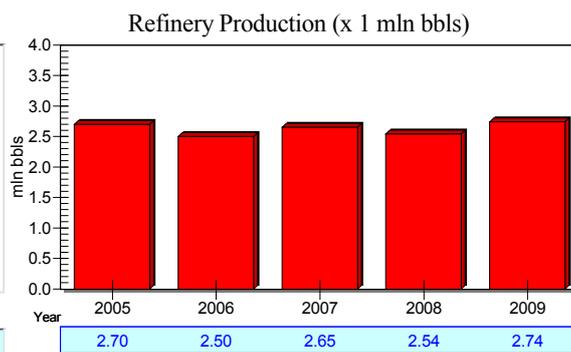
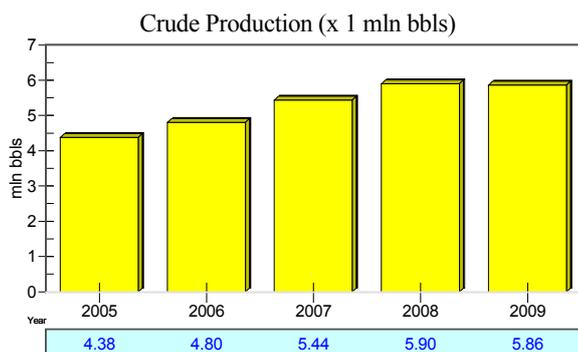
HSEQ

9. Development and implementation of a Staatsolie Air Quality Monitoring Program;
10. Further development of ISO: 14000/OHSAS: 18000 requirements/standards for certification in 2011-2012.

Engineering & Maintenance Services

11. Implementation of a Reliability Excellence Program.

Financial Highlights 2009



IV. Auditors' Report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Staatsolie Maatschappij Suriname N.V, Paramaribo, which comprise the balance sheet as at December 31, 2009, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with accounting principles generally accepted in the United States of America. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Staatsolie Maatschappij Suriname N.V. as of December 31, 2009 and the result for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Furthermore, we report, to the extent of our competence, that the management board report is consistent with the financial statements.

Paramaribo,

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Financial Statements 2009

V. Consolidated Financial Statements

1. Consolidated Balance Sheet as of December 31, 2009

(after distribution of earnings)

x US\$ 1,000

A s s e t s	Notes	2009	2008
Current assets			
Cash and cash equivalents	5.2.1	206,450	303,058
Short-term investments	5.2.2	20,987	14,941
Accounts receivable	5.2.3	43,031	44,546
Inventories	5.2.4	19,407	19,415
Prepaid expenses and other current assets	5.2.5	<u>7,000</u>	<u>5,461</u>
		296,875	387,421
Investments			
Pension plan	5.2.6	<u>50</u>	<u>57</u>
		50	57
Property, plant and equipment			
	5.2.7		
Oil properties			
Evaluated properties		175,109	171,784
Pipelines		<u>2,677</u>	<u>2,855</u>
		177,786	174,639
Refinery		20,962	23,910
Power plant		16,307	17,794
Other fixed assets		<u>56,662</u>	<u>31,145</u>
		271,717	247,488
Projects in progress		<u>60,464</u>	<u>44,158</u>
		332,181	291,646
Minority interest Ventrin			
	5.2.8	26	-
Total assets		<u>629,132</u>	<u>679,124</u>

Paramaribo, April 08, 2010

The Board of Executive Directors:

M.C. Waaldijk	Managing Director
I.E. Kortram	Finance Director
B.F. Nuboer	Refining & Marketing Director
G.P. Sairras	Production & Development Director

x US\$ 1,000

Liabilities	Notes	2009	2008
Current liabilities			
Accounts payable	5.2.9	1,696	6,605
Bank overdraft	5.2.10	2,161	448
Accrued liabilities	5.2.11	46,734	149,015
Income and other taxes	5.2.12	<u>12,214</u>	<u>28,289</u>
		62,805	184,357
Provisions			
Deferred income taxes	5.2.13	50,303	46,255
Provision for dismantlement and abandonment	5.2.14	65,686	59,418
Provision for pensions & other post retirement benefits	5.2.15	8,722	5,868
Provision for pension plan	5.2.16	<u>2,400</u>	<u>522</u>
		127,111	112,063
Minority interest Ventrin		-	2
Stockholders' equity		439,216	382,702
Total stockholders' equity & liabilities		<u>629,132</u>	<u>679,124</u>

Paramaribo, April 08, 2010

The Supervisory Board:

S. Marica	Acting Chairman
R.S. Adhin	Member
R.K. Pahladsingh	Member
F.T. Kasantaroeno	Member

2. Consolidated Income Statement 2009

x US\$ 1,000

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
Revenues from			
Production & Refining		311,218	434,558
Trading activities		108,145	134,597
Electric energy		5,234	6,683
Inventory variation		5,632	3,003
Other revenues		<u>745</u>	<u>75</u>
		430,974	578,916
Less: export-, transport- and sales costs		<u>(17,862)</u>	<u>(13,969)</u>
Net revenues	5.3.1	413,112	564,947
Exploration expenses including dry holes		(30,283)	(5,366)
Production expenses		(28,953)	(26,141)
Refinery expenses		(9,131)	(10,679)
Depreciation	5.3.2	(35,154)	(36,242)
Other operational costs	5.3.3	<u>(83,013)</u>	<u>(99,530)</u>
Operating income		226,578	386,989
General and administrative expenses		(20,101)	(24,155)
Refinery expansion		(30,763)	-
Impairment of equity investment		(148)	(7,379)
Financial income		<u>5,143</u>	<u>4,411</u>
Earnings before tax		180,709	359,866
Income tax charge		(64,572)	(129,232)
Other taxes		<u>(169)</u>	<u>(157)</u>
Earnings after tax		115,968	230,477
Minority interest Ventrin		<u>29</u>	<u>16</u>
Net profit		<u>115,997</u>	<u>230,493</u>

Paramaribo, April 08, 2010

The Board of Executive Directors:

M.C. Waaldijk	Managing Director
I.E. Kortram	Finance Director
B.F. Nuboer	Refining & Marketing Director
G.P. Sairras	Production & Development Director

The Supervisory Board:

S. Marica	Acting Chairman
R.S. Adhin	Member
R.K. Pahladsingh	Member
F.T. Kasantaroeno	Member

3. Consolidated Statement of Changes in Stockholders' Equity

In 2009, the stockholders' equity consists of the following:

	Common stock	General reserve	Appropriated reserve		Unrealized gains and losses short term investments	Net other comprehensive income ²⁾	Total
			Committee Rehabilitation and Expansion of Sports facilities	Staatsolie Foundation for Community Development			
Balance as of January 1	12,104	360,984	5,248	1,000	11,596	(8,230)	382,702
Equity movements:							
Transfer from earnings	-	54,786	-	-	-	-	54,786
Prepaid pension benefits	-	979	-	-	-	-	979
Appropriated reserve for environmental risk ¹⁾	-	500	-	-	-	-	500
Consolidation difference	-	493	-	-	-	-	493
Adjustment allowances	-	82	-	-	-	-	82
Withdrawal	-	-	(1,047)	(500)	-	-	(1,547)
Allocation	-	-	-	-	4,244	(3,023)	1,221
Balance as of December 31	12,104	417,824	4,201	500	15,840	(11,253)	439,216

¹⁾ Annually, an amount of US\$ 500,000 is allocated for environmental risks. As of December 31, 2009, the appropriated reserve for environmental risk amounted to US\$ 5.0 million.

2) Net other comprehensive income is specified as follows:

Balance as of January 1, 2009		(8,230)
Unrecognized transition cost	152	
Unrecognized prior service cost	182	
Unrecognized gains/losses	<u>(5,058)</u>	(4,724)
Deferred income tax		<u>1,701</u>
Balance as of December 31, 2009		<u>(11,253)</u>

The difference of US\$ 2.5 million between the stockholders' equity and the consolidated stockholders equity regards the following:

- The negative net capital value of US\$ 408,360 of POC, regards the cumulative negative result as of december 31, 2009; based on this, the equity investment is valued at nil. The net loss of POC over 2009 amounts to US\$ 149,817.
- The negative net capital value of US\$ 1,643,138 of Ventrin, regards the cumulative negative result as of december 31, 2009; based on this, the equity investment is valued at nil. The net loss of Ventrin over 2009 amounts to US\$ 1,794,004.
- The elimination of Staatsolie's profit from sales to Ventrin to the amount of US\$ 362,926, according to the ending-stock as of 31 December 2009.
- Adjustment of the taxes of US\$ 130,653 as a result of eliminating the profit from the ending-stock of Ventrin.

4. Consolidated Cash Flow Statement 2009

x US\$ 1,000

	<u>2009</u>	<u>2008</u>
Cash flow from operational activities		
Net earnings	115,997	230,492
Depreciation	35,154	36,242
Distribution of earnings, excl. addition to general reserve	(61,211)	(130,919)
Decrease in income and other taxes	(16,075)	(4,696)
Decrease in accounts payable	(4,909)	(2,099)
Increase in bank overdraft	1,713	448
(De)increase in accrued liabilities	(102,281)	82,879
(In)decrease in receivables	(24)	14,741
De(in)crease in inventories	<u>8</u>	<u>(5,701)</u>
Cash flow from operational activities	(31,628)	221,389
Cash flow from investment activities		
Investment in property, plant and equipment	(75,695)	(64,689)
Disinvestment in property, plant and equipment	6	335
Increase in short-term investments	<u>(6,046)</u>	<u>(1,206)</u>
	(81,735)	(65,560)
Cash flow from financial activities		
Increase in provision for pension plan	1,885	8,641
Increase in provision for dismantlement and abandonment	6,268	6,913
In(de)crease in provision for pensions & other post retirement benefits	2,854	(78)
Increase in deferred income taxes	4,048	8,840
Increase in general reserve	2,054	2,360
Decrease in appropriated reserve 'Committee Rehabilitation and Expansion of Sports Facilities'	(1,047)	(712)
(De)increase in appropriated reserve 'Staatsolie Foundation for Community Development'	(500)	1,000
Decrease in net other comprehensive income	(3,023)	(6,455)
Increase in unrealized gains and losses short-term investments	4,244	1,206
(De)increase in minority interest Ventrin	<u>(28)</u>	<u>2</u>
	16,755	21,717
Net cash flow	(96,608)	177,546
Cash and cash equivalents at end of previous year	<u>303,058</u>	<u>125,512</u>
Cash and cash equivalents at end of current year	<u>206,450</u>	<u>303,058</u>

5. Notes to the Consolidated Financial Statements

5.1 Accounting Principles - Balance Sheet and Income Statement

General

Staatsolie Maatschappij Suriname N.V. (Staatsolie) is an integrated oil company incorporated in the Republic of Suriname. The integrated activities include exploration, production, refining, marketing and distribution of oil products. In addition, the Staatsolie Power Company Suriname (SPCS) commenced commercial operations in 2006.

Staatsolie has a wholly owned subsidiary, 'Paradise Oil Company' (POC), incorporated in the Republic of Suriname. Furthermore, Staatsolie has a majority interest in Ventrin Petroleum Company Limited. Ventrin is a bunkering company incorporated in the Republic of Trinidad and Tobago. In 2008, Staatsolie's interest of 30% in Ventrin was increased to 98.4%.

Principles of consolidation

The consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America (US-GAAP) for the oil and gas industries in particular. Due to consolidation, the consolidated and the financial statements of Staatsolie are presented.

The financial data of Staatsolie and its subsidiaries are consolidated under elimination of inter-company balances, sales and purchases. Minority interests are presented separately in the consolidated financial statements.

Currency translation

The US-dollar is the reporting currency. Foreign currency transactions as well as Surinamese dollar (SRD) transactions are translated at applicable buying rates derived from exchange rates published by the 'Centrale Bank van Suriname'. At the end of the fiscal year, monetary items in foreign currency are translated into US-dollars at the applicable year-end exchange rate. The year-end exchange rate for the Surinamese dollar, the Euro and the TT dollars in the year under review was US\$ 1 = SRD 2.71, US\$ 1 = Euro 0.69 and US\$ 1 = TT 6.36 .

Exploration and production development

The company utilizes the successful efforts method to account for expenditure incurred on exploration and production. On this basis, exploration costs incurred (drilling costs and material fixed assets) are initially capitalized, pending outcome of the technical findings of the exploration effort. If the drilling operation is not commercially successful, the capitalized costs are charged in full to the expense account after deduction of any residual value. All other exploration costs, including geological and geophysical expenses, are charged to the expense account as incurred.

Capitalized costs relating to investments in the oil field, including productive land properties, are depreciated based on the Unit of Production Method (UPM). The UPM factor is derived from the year oil production and the

related proven developed oil reserves.

Specific principles

Balance sheet

Short-term investments

Short-term investments are stated at market value. The market value of shares is derived from the value quoted by the 'Effectenbeurs van Suriname' (Stock Exchange of Suriname), while the value of the 'Powisie Gold certificates' is derived from the selling and buying price quoted by the 'Centrale Bank van Suriname' (Central Bank of Suriname).

Accounts receivable

Receivables are recorded at their nominal value and, if necessary, an allowance is made for doubtful accounts.

Inventories

Crude oil and refined products' inventories at year-end are valued at the lower of either cost or market value. Cost comprises all direct purchase costs, attributable operating expenses – including depreciation - and allocated overhead.

Drilling supplies and other materials are recorded at the weighted average cost price or lower market value. The cost price consists of the purchase price plus a surcharge for import and transportation costs.

If necessary, a provision for obsolete inventory is taken into consideration and deducted from the inventory. Ordered goods have been recorded at purchase value and only the goods that are in transit at balance sheet date are recorded on the balance sheet.

Investments

Equity investments

Equity investments are accounted for using the equity method.

Pension plan

The investment in the pension plan regards the prepaid pension benefit related to the pension plan managed by the 'Stichting Pensioenfonds voor Werknemers van Staatsolie Maatschappij Suriname N.V.'. The determination of the prepaid pension benefit is based on an independent actuarial evaluation using the US-GAAP guidelines. In the case of an accrued pension cost, this is recorded under 'Provision for pension plan'.

Back service costs

In addition, investments in pension plan also comprise the prior service costs related to the insured pension plan recorded at contract value and to be amortized over the participants' remaining service period.

Property, plant and equipment

Oil properties

The costs of production development such as drilling, testing and completion of development wells are capitalized, notwithstanding if these wells are successful or not. Capitalized costs consist of the purchase price

of materials and services, including the company's internal services. Capitalized costs for wells, equipment and production facilities are depreciated using the unit of production method.

Refinery, power plant and other fixed assets

The refinery, power plant and other fixed assets are valued at cost or acquisition price. The capitalized costs of these assets are depreciated on a straight-line basis, taking into account the estimated useful lifetime of the assets.

Current liabilities

This relates to short-term obligations of less than one year, which are recorded at their nominal values.

Provisions

Deferred income taxes

This relates to the difference between the commercial and fiscal calculation of profits and the resulting difference in tax position.

Provision for dismantlement and abandonment

This provision regards the expected costs of the dismantlement of the production field, the related production facilities, the pipelines (Saramacca-Tout Lui Faut-Paranam), the refinery and the power plant. The calculation of this provision is based on the cash value of the estimated full cost, taking into account an adjustment for inflation.

Annually, a portion of the expected costs of dismantlement and abandonment is expensed. The allocation of the cost for related production facilities, for example production fields, is based on the unit of production method. The allocation of the costs for the other tangible fixed assets is based on the straight-line method. The period for allocation is based on the expected moment of dismantling.

Provision for pensions and other post retirement benefits

This provision includes the unfunded accrued pension benefit related to the health care plan and the insured pension plan. The determination of this provision is based on an independent actuarial evaluation using the US-GAAP guidelines.

Income statement

Revenues

Net revenues consist of the sales of petroleum products, electric energy and trade activities of petroleum products after deduction of discounts, export charges, etc. Revenues are recognized in the year in which the goods are delivered and services have been rendered.

The difference between the opening and closing inventory balance of finished products for sale as well as for internal use is recorded as 'Inventory variation'.

Profits are taken into consideration at the moment they are realized; losses are taken into consideration in the year in which they are foreseen.

Expenditures

Expenditures are valued according to the above mentioned valuation principles and are expensed in the year incurred.

All costs relating to production, including maintenance and repair of production equipment, are accounted for as production costs ('lifting costs'), and are expensed as incurred.

The costs of the trade activities and electric energy are recorded as 'Other operational costs'.

Income tax

Income taxes are computed on the financial results as shown in the income statement.

5.2 Notes to the Consolidated Balance Sheet as of December 31, 2009

(x US\$ 1,000, unless indicated otherwise)

Current assets

5.2.1 Cash and cash equivalents

	<u>2009</u>	<u>2008 *)</u>
Cash at foreign banks	192,836	178,409
Cash at local banks	<u>12,935</u>	<u>124,236</u>
Total bank balance	205,771	302,645
Petty cash	<u>679</u>	<u>413</u>
	<u>206,450</u>	<u>303,058</u>

*) figures adjusted

5.2.2 Short-term investments

	<u>2009</u>	<u>2008</u>
Powisie Gold certificates	17,632	13,698
Shares	<u>3,355</u>	<u>1,243</u>
	<u>20,987</u>	<u>14,941</u>

5.2.3 Accounts receivable

	<u>2009</u>	<u>2008</u>
Accounts receivables in foreign currency (net)	40,359	43,253
Accounts receivables in Surinamese dollars (net)	<u>2,672</u>	<u>1,293</u>
	<u>43,031</u>	<u>44,546</u>

5.2.4 Inventories

	<u>2009</u>	<u>2008</u>
Petroleum products	9,355	6,913
Materials and supplies (net)	5,273	5,051
Ordered goods	<u>4,779</u>	<u>7,451</u>
	<u>19,407</u>	<u>19,415</u>

5.2.5 Prepaid expenses and other current assets

	<u>2009</u>	<u>2008</u>
Loan and interest N.V. EBS regarding 'Substation TLF'	1,900	1,788
Prepaid expenses Joint Venture POC/Tullow oil	1,833	529
Prepaid insurance costs	1,114	907
Prepayment of oil purchases	817	-
Other prepaid expenses	<u>1,336</u>	<u>2,237</u>
	<u>7,000</u>	<u>5,461</u>

5.2.6 Investments

The amount of US\$ 50,292 regards the back service pension costs related to the insured pension plan.

5.2.7 Property, plant and equipment

Movement in 2009 in property, plant and equipment are as follows:

	2009							2008	
	Wells & equipment	Pipelines	Total oil properties	Refinery	Power plant	Other fixed assets	Projects in progress	Total tangible fixed assets	Total tangible fixed assets
Investments January 1	399,848	16,832	416,680	74,378	21,563	78,190	44,158	634,969	573,211
Adjustments	(1,109)	-	(1,109)	-	-	-	-	(1,109)	(308)
Disinvestments current year	-	-	-	-	-	(551)	-	(551)	(3,504)
Capitalized current year	23,403	191	23,594	1,283	75	35,546	16,306	76,804	65,570
Total investments December 31	422,142	17,023	439,165	75,661	21,638	113,185	60,464	710,113	634,969
Total depreciation January 1	(228,064)	(13,977)	(242,041)	(50,468)	(3,769)	(47,045)	-	(343,323)	(310,250)
Depreciation disinvestments current year	-	-	-	-	-	545	-	545	3,169
Depreciation current year	(18,969)	(369)	(19,338)	(4,231)	(1,562)	(10,023)	-	(35,154)	(36,242)
Total depreciation value December 31	(247,033)	(14,346)	(261,380)	(54,699)	(5,331)	(56,523)	-	(377,932)	(343,323)
Book value as of December 31	175,109	2,677	177,786	20,962	16,307	56,662	60,464	332,181	291,646

Investment in wells and equipment

The 2009 depreciation rate of 0.10 (2008: 0.13) for the Tambaredjo field and 0.17 for the Calcutta field (2008: 0.22) is based on the Unit of Production Method, which is calculated by using the quotient of the annual production and the proven developed reserve, plus the production in the current fiscal year.

Staatsolie's oil producing properties are primarily obtained through concessions provided by the Surinamese government. They have also been acquired through a decree in long lease or through the purchase of the right to long lease. Regarding these concessions, the government decided by decree in June 1988 that there will be no retribution on the produced oil from the Staatsolie oil fields.

Wells and equipment

	<u>2009</u>	<u>2008 *)</u>
Wells and equipment	362,952	346,436
Capitalized cost for dismantlement	<u>59,190</u>	<u>53,412</u>
	422,142	399,848
Less: accumulated depreciation	<u>(247,033)</u>	<u>(228,064)</u>
Bookvalue fixed assets	<u><u>175,109</u></u>	<u><u>171,784</u></u>

*) figures adjusted

Pipelines

The pipeline facilities that transport fuel oil from Tout Lui Faut to Paranam were put into use in July 2000. This pipeline is depreciated on a straight-line basis over a period of 15 years.

Refinery

The refinery assets are depreciated on a straight-line basis. The refinery units and land improvement are depreciated at a rate of 6% per year, while the distributed control system and the crude storage tanks are depreciated at respectively 8% and 20% annually.

Refinery assets comprise the following:

	<u>2009</u>	<u>2008 *)</u>
Land and land improvement	1,666	1,666
Crude desalting and vacuum unit, visbreaker unit, tankfarm and utilities	63,664	62,778
Distributed control system	1,825	1,825
Crude storage tanks	4,015	3,884
Capitalized cost for dismantlement	<u>4,491</u>	<u>4,225</u>
	75,661	74,378
Less: accumulated depreciation	<u>(54,699)</u>	<u>(50,468)</u>
Total refinery assets	<u><u>20,962</u></u>	<u><u>23,910</u></u>

*) figures adjusted

Power plant

The power plant assets are depreciated on a straight-line basis. The buildings and production hall are depreciated at respectively 5% and 10%, inventory at 33 1/3%, tank battery at 20%, powerhouse equipment at 5% to 50%, other units are depreciated at 5% to 20% annually.

Power plant's assets comprise the following:

	<u>2009</u>	<u>2008</u>
Buildings and production hall	3,212	3,212
Steam boilers and metering	1,148	1,148
Yard	300	300
Field equipment	3,532	3,530
Fuel treatment	248	248
Electric installation	1,643	1,601
Inventory	134	134
Powerhouse equipment	9,979	9,979
Tank battery	768	768
Capitalized cost for dismantlement	<u>674</u>	<u>643</u>
	21,638	21,563
Less: accumulated depreciation	<u>(5,331)</u>	<u>(3,769)</u>
Total power plant assets	<u>16,307</u>	<u>17,794</u>

Other fixed assets

With the exception of freehold estate, properties outside the production field are being amortized on a straight-line basis, based on the expenditures incurred in acquiring the long lease and on the terms of the lease.

Freehold estates are not depreciated.

The annual depreciation percentage for buildings is 10%, telecommunication equipment 20%, dock TLF 4% and oil tanker 10%. Drilling machinery and heavy equipment are depreciated annually at 20%, transportation equipment at 331/3% and office furniture, fixtures and similar assets at 50%. Where applicable a residual value is taken into consideration.

Other fixed assets comprise the following:

	<u>2009</u>	<u>2008</u>
Properties & Dock TLF	36,751	12,410
Buildings and installations	29,782	24,218
Oil tankers	7,429	7,246
Drilling machinery, heavy equipment and transportation	18,344	16,920
Office furniture, fixtures and tools	<u>20,879</u>	<u>17,396</u>
	113,185	78,190
Less: accumulated depreciation	<u>(56,523)</u>	<u>(47,045)</u>
	<u>56,662</u>	<u>31,145</u>

The assets from Ventrin and POC are also included in the overview above. The bookvalue of the Ventrin assets as of December 31, 2009 amounts US\$ 2,484,596 (2008: US\$ 2,564,243).

The book value of the POC assets as of December 31, 2009 amounts US\$ 26,140 (2008: US\$ 42,413).

Projects in progress

This relates to uncompleted projects, including self-construction projects, of which the expenditures are capitalized upon completion.

The movement of the projects in progress is as follows:

	<u>2009</u>	<u>2008 *)</u>
Balance as of January 1	44,158	27,049
Capitalized cost	<u>129,438</u>	<u>67,708</u>
	173,596	94,757
Less: reclassification to		
- wells and equipment	(16,515)	(26,903)
- refinery	(1,017)	(588)
- powerplant	(75)	-
- other fixed assets	(35,545)	(13,730)
- expense 3)	(59,754)	(7,752)
- dividend 4)	<u>(226)</u>	<u>(1,626)</u>
Balance as of December 31	<u>60,464</u>	<u>44,158</u>

3) As of december 31, 2009, an amount of US\$ 34.2 million was spent for the Refinery Expansion Project of which US\$ 30.7 million has been expensed in 2009. Furthermore, an amount of US\$ 24.5 million regarding the 2D onshore regional seismic survey was expensed.

4) The prepaid costs for the extension of the Exclusive Economic Zone are subtracted from dividend.

*) figures adjusted

5.2.8 Minority interest Ventrin

The amount of US\$ 26,290 regards the minority interest of 1.6% in Ventrin in name of Entech Limited.

Current liabilities

5.2.9 Accounts payable

	<u>2009</u>	<u>2008</u>
Accounts payable in foreign currencies	1,013	4,935
Accounts payable in Surinamese dollars	<u>683</u>	<u>1,670</u>
	<u>1,696</u>	<u>6,605</u>

5.2.10 Bank overdraft

Ventrin has an overdraft facility of US\$ 2,160,500. The facility accrues interest at 9.5%, and additional interest of 5% if the overdraft exceeds US\$ 448,134. The additional interest is charged on the excess amount.

5.2.11 Accrued liabilities

Accrued liabilities relate to liabilities other than to suppliers of goods and services for production. These debts are as follows:

	<u>2009</u>	<u>2008</u>
Cash dividend	33,212	116,692
Payables regarding the import of fuel oil	3,738	17,825
Allowances payable to management and personnel	3,215	4,162
Allocation for community development projects	1,000	-
Payables regarding the acquisition of shares Ventrin	-	4,000
Payables regarding consultancy and other services	3,215	3,271
Other short term provisions	1,894	1,752
Sales expenses	175	912
Other payables	<u>285</u>	<u>401</u>
	<u>46,734</u>	<u>149,015</u>

5.2.12 Income and other taxes

	<u>2009</u>	<u>2008</u>
Income tax	18,226	35,575
Other taxes and social security	<u>(6,012)</u>	<u>(7,286)</u>
	<u>12,214</u>	<u>28,289</u>

The other taxes and social security of 2009 includes an credit balance of US\$ 5,649,699 (2008: US\$ 5,610,451) regarding value added taxes.

Provisions

5.2.13 Deferred income taxes

Movements in 2009 in the deferred income taxes were as follows:

	<u>2009</u>	<u>2008</u>
Balance as of January 1	46,255	37,415
Movement due to:		
Difference between commercial and fiscal calculation of profit	5,749	12,471
Unrealized financial gains from investment in pension plan and post retirement benefits	<u>(1,701)</u>	<u>(3,631)</u>
Balance as of December 31	<u>50,303</u>	<u>46,255</u>

5.2.14 Provision for dismantlement and abandonment

Provision for dismantlement and abandonment comprises the following:

	<u>2009</u>	<u>2008</u>
Production field in 2009: 1,263 wells (2008: 1,188 wells)	55,975	50,654
Production facilities: Saramacca and pipeline to TLF	4,546	3,897
Refinery and pipeline to Paranam	4,491	4,225
Power plant	<u>674</u>	<u>642</u>
	<u>65,686</u>	<u>59,418</u>

5.2.15 Provision for pensions and other post retirement benefits

	<u>2009</u>	<u>2008</u>
Unfunded accrued pension benefits, insured pension plan	701	645
Unfunded accrued pension benefits, health care plan	<u>8,021</u>	<u>5,223</u>
	<u>8,722</u>	<u>5,868</u>

5.2.16 Provision for pension plan

The provision for pension plan of US\$ 2,400,061 regards the accrued pension cost related to the pension plan for employees, which is managed by the 'Stichting Pensioenfonds voor Werknemers van Staatsolie Maatschappij Suriname N.V.'.

Pensions and other postretirement benefits

Staatsolie maintains 3 plans with regard to pensions and post retirement benefits:

- The pension plan for employees, which is managed by the 'Stichting Pensioenfonds voor Werknemers van Staatsolie Maatschappij Suriname N.V.';
- The insured pension plan;
- The unfunded health care benefit plan for retired personnel.

These plans can be specified as follows:

	Pension benefits		Insured pension benefits		Post-retirement health care	
	2009	2008	2009	2008	2009	2008
Benefit obligation as of December 31	(50,035)	(42,234)	(701)	(645)	(11,927)	(8,906)
Fair value of plan assets as of December 31	47,635	41,712	-	-	3,906	3,683
Funded status as of December 31	(2,400)	(522)	(701)	(645)	(8,021)	(5,223)

(in %)	Pension benefits		Insured pension benefits		Post-retirement health care	
	2009	2008	2009	2008	2009	2008
Actuarial assumptions						
Actuarial discount rate	5.6	5.8	5.6	5.9	5.6	6.0
Expected return on plan assets	6.5	6.5	-	-	-	-
Adjustment for inflation and salary developments	4.0	6.5	4.0	5.0	-	-
Rate of benefit increase	2.5	2.5	-	-	-	-

The expected increase of medical cost is rated at 5.5% annually.

	Pension benefits		Health care	
	2009	2008	2009	2008
Employer's contribution	2,437	2,140	-	-
Employee's contribution	907	713	-	-
Benefits paid	209	162	37	43

As of December 31	Pension benefits			Insured pension benefits			Post-retirement health care		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Service costs	(1,877)	(2,582)	(2,998)	(23)	(32)	(46)	(534)	(537)	(716)
Interest costs	(1,777)	(2,428)	(2,802)	(28)	(37)	(39)	(491)	(509)	(664)
Return on assets	2,530	2,812	3,208	-	-	-	178	239	258
Unrecognized transition costs	(21)	(21)	(21)	(15)	(9)	(9)	(121)	(121)	(121)
Unrecognized prior service costs	-	(176)	(176)	(13)	(6)	(6)	-	-	-
Unrecognized gains/losses	-	(54)	(202)	5	-	-	(113)	(92)	(202)
Net pension costs	(1,145)	(2,449)	(2,991)	(74)	(84)	(100)	(1,081)	(1,020)	(1,445)

Investments Pension Fund 5)

	2009		2008	
		%		%
Real estate	13,069	30	11,007	29
Securities	7,208	17	7,584	20
Mortgage loans	23,344	53	19,236	51
	43,621		37,827	

⁵⁾ The segmentation of investments of the 'Stichting Pensioenfond's' is restricted to the guidelines of the "Centrale Bank van Suriname"

Off-balance commitments and contingencies

In 2009, the off-balance commitments and contingencies consist of the following:

	2010	2011-2014	Total
Long-term sales contracts	(281,157)	(149,471)	(430,628)
Operational lease	1,790	952	2,742
Claims	1,284	-	1,284
Ordered goods, not shipped	45,315	-	45,315
Study grants	385	847	1,232
	(232,383)	(147,672)	(380,055)

The following events, after the balance-sheet date, are disclosed:

The Four EPC contractors that were selected have already sent in their bids. The bid evaluation process is in progress. The EPC contract will be awarded to the successful bidder and the objective is to conclude the EPC contract before mid 2010.

The closing of the loan agreement to finance the investment program 2008-2012 is also planned to be in place before mid 2010.

5.3 Notes to the 2009 Consolidated Income Statement

(x US\$ 1,000, unless indicated otherwise)

5.3.1 Net revenues per product

	2009		2008	
	x 1,000 Bbls		x 1,000 Bbls	
Local refined products	5,174	311,218	5,343	434,558
Trading activities	1,640	108,145	1,481	134,597
Electric energy		<u>5,234</u>		<u>6,683</u>
Total gross revenues	<u>6,814</u>	<u>424,597</u>	<u>6,824</u>	<u>575,838</u>
Net revenue local refined products after deduction of direct sales costs, including electric energy		406,735		561,869
Other sales related revenue				
- inventory change oil stock		5,632		3,003
- other revenues		<u>745</u>		<u>75</u>
Net sales revenue	<u>6,814</u>	<u>413,112</u>	<u>6,824</u>	<u>564,947</u>

5.3.2 Depreciation

The breakdown of the depreciation expenses is as follows:

	<u>2009</u>	<u>2008</u>
Wells and equipment	18,969	21,748
Oil pipelines	369	363
Refinery	4,231	4,401
Power plant	1,562	1,555
Other fixed assets	<u>10,023</u>	<u>8,175</u>
	<u>35,154</u>	<u>36,242</u>

5.3.3 Other operational costs

The breakdown of the other operational costs is as follows:

	<u>2009</u>	<u>2008</u>
Trading activities Staatsolie	28,260	58,565
Imported petroleum products for blending	1,824	2,490
Electric energy	2,478	543
Paradise Oil Company	161	160
Trading activities Ventrin	<u>50,290</u>	<u>37,772</u>
	<u>83,013</u>	<u>99,530</u>

VI. Financial Statements Staatsolie

1. Balance Sheet as of December 31, 2009

(after distribution of earnings)

x US\$ 1,000

A s s e t s	<u>2009</u>	<u>2008</u>
Current assets		
Cash and cash equivalents	203,738	300,833
Short-term investments	20,987	14,941
Accounts receivable	46,893	45,100
Inventories	17,482	18,194
Prepaid expenses and other current assets	<u>12,613</u>	<u>13,377</u>
	301,713	392,445
Investments		
Pension plan	50	57
Equity investment	<u>-</u>	<u>148</u>
	50	205
Property, plant and equipment		
Oil properties		
Evaluated properties	175,109	171,784
Pipelines	<u>2,677</u>	<u>2,855</u>
	177,786	174,639
Refinery	20,962	23,910
Power plant	16,307	17,794
Other fixed assets	<u>54,153</u>	<u>28,539</u>
	269,208	244,882
Projects in progress	<u>60,464</u>	<u>44,158</u>
	329,672	289,040
Total assets	<u>631,435</u>	<u>681,690</u>

Paramaribo, April 08, 2010

The Board of Executive Directors:

M.C. Waaldijk	Managing Director
I.E. Kortram	Finance Director
B.F. Nuboer	Refining & Marketing Director
G.P. Sairras	Production & Development Director

x US\$ 1,000

Liabilities	<u>2009</u>	<u>2008</u>
Current liabilities		
Accounts payable	1,595	6,487
Accrued liabilities	46,565	149,206
Income and other taxes	<u>14,404</u>	<u>31,016</u>
	62,564	186,709
 Provisions		
Deferred income taxes	50,303	46,272
Provision for dismantlement and abandonment	65,686	59,418
Provision for pensions & other post retirement benefits	8,722	5,868
Provision for pension plan	<u>2,400</u>	<u>522</u>
	127,111	112,080
 Stockholders' equity	441,760	382,901
 Total stockholders' equity & liabilities	<u>631,435</u>	<u>681,690</u>

Paramaribo, April 08, 2010

The Supervisory Board:

S. Marica	Acting Chairman
R.S. Adhin	Member
R.K. Pahladsingh	Member
F.T. Kasantaroeno	Member

2. Income Statement 2009

x US\$ 1,000

	<u>2009</u>	<u>2008</u>
Revenues from		
Production & Refining	345,052	473,921
Trading activities	24,538	58,096
Electric energy	5,234	6,683
Inventory variation	5,498	2,618
Other revenues	<u>745</u>	<u>75</u>
	381,067	541,393
Less: export-, transport- and sales costs	<u>(17,781)</u>	<u>(14,447)</u>
Net revenues	363,286	526,946
Exploration expenses including dry holes	(30,283)	(5,366)
Production expenses	(28,856)	(25,945)
Refinery expenses	(9,131)	(10,679)
Depreciation	(35,026)	(36,109)
Other operational costs	<u>(32,696)</u>	<u>(61,762)</u>
Operating income	227,294	387,085
General and administrative expenses	(19,354)	(23,468)
Refinery expansion	(30,763)	
Impairment of equity investment/goodwill	(148)	(8,356)
Financial income	<u>5,821</u>	<u>4,930</u>
Earnings before tax	182,850	360,191
Income tax charge	<u>(65,473)</u>	<u>(129,357)</u>
Net profit	<u><u>117,377</u></u>	<u><u>230,834</u></u>

Paramaribo, April 08, 2010

The Board of Executive Directors:

M.C. Waaldijk	Managing Director
I.E. Kortram	Finance Director
B.F. Nuboer	Refining & Marketing Director
G.P. Sairras	Production & Development Director

The Supervisory Board:

S. Marica	Acting Chairman
R.S. Adhin	Member
R.K. Pahladsingh	Member
F.T. Kasantaroeno	Member

3. Notes to Staatsolie Balance Sheet

The accounting principles used for the consolidated financial statements are also applicable for the financial statements of Staatsolie.

Stated below are the specific notes applicable for the financial statements regarding the equity investment and the shareholders' equity in the balance sheet.

Equity investment

This account regards the majority interest in associated companies.

Equity investments are accounted for using the equity method. Staatsolie has a 98.4% interest in Ventrin Petroleum Company Limited. Ventrin is a bunkering company incorporated in the Republic of Trinidad and Tobago. The net loss of Ventrin in 2009 amounted to US\$ 1,794,004.

Paradise Oil Company (POC) is a wholly owned subsidiary of Staatsolie and is domiciled in Suriname. In 2009, POC has a negative net asset value of US\$ 408,360 and therefore the participation was valued at nil. The net loss of POC in 2009 amounted to US\$ 149,817.

Shareholders' equity

The difference between corporate and consolidated shareholders' equity is disclosed on page 22.

VII. Other information

1. Distribution of earnings

Articles of association

Distribution of earnings takes place in accordance with Article 28 of the articles of association, which stipulates that net earnings reflected in the balance sheet and income statement, adopted by the Annual General Meeting, is placed at the disposal of the General Meeting of Shareholders.

2009 distribution of earnings

In 2009, a net profit was realized of US\$ 116 million. Management proposed a cash dividend of 50%, profit sharing for management and personnel, a reserve for environmental risk and the remaining balance to be added to the general reserve. The proposal was adopted at the General Meeting of Shareholders held on April 8, 2010.

2. Adoption of financial statements of the preceding fiscal year

The 2008 Financial Statements were adopted at the General Meeting of Shareholders held on April 23, 2009 and included Management's proposal for the appropriation of the 2008 profit.