

A full-page photograph of a worker in a yellow hard hat, safety glasses, and a grey safety vest over a red shirt. He is sitting on a barge, operating a large crane. The background shows a blue sky with clouds and a dense line of green trees. The worker is looking upwards and to the right. The crane is a tall, white lattice structure. The barge has some yellow railings and a sign that says 'FUEL STORAGE TA'.

STAATSOLIE

Staatsolie Maatschappij Suriname N.V.
HALF-YEAR REPORT 2010

Staatsolie Vision 2020

Vision

Leading the sustainable development of Suriname's energy industry.

Making a strong contribution to the advancement of our society.

Becoming a regional player with a global identity in the energy market.

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

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.

Employee focus

We consider our employees the most distinctive factor to our success.

Integrity

We shall be honest and transparent in our dealings with employees, clients, suppliers, shareholders and the community in which we work.

Growth

We shall focus on continuous growth and maximize shareholders' value.

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.

Contents

1. Shareholder, Supervisory Board, Board of Executive Directors and Management as of June 30, 2010	3
2. Letter of the Managing Director	4
3. Operational Performance First Half Year 2010 and Work Program Second Half Year 2010	8
4. Auditors' Report	18
5. Consolidated Financial Statement	19
1. Consolidated Balance Sheet as of June 30, 2010	20
2. Consolidated Income Statement Six Months Ended June 30, 2010	22
3. Consolidated Statement of Changes in Stockholders' Equity	23
4. Consolidated Cash Flow Statement Six Months Ended June 30, 2010	24
5. Notes to the Consolidated Financial Statements	25
5.1 Accounting Principles Balance Sheet and Income Statement	25
5.2 Notes to the Consolidated Balance Sheet as of June 30, 2010	29
5.3 Notes to the Consolidated Income Statement Six Months Ended June 30, 2010	33
6. Other information	35
1. Distribution of Earnings	35
2. Adoption of Financial Statements of the Preceding Fiscal Year	35

1 Shareholder, Supervisory Board, Board of Executive Directors and Management as of June 30, 2010

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

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

Deputy Directors

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

Division Managers

Ali N.	Manager Drilling Operations
Brunings D.	Manager Human Resources
Daal- Vogelland M.	Manager Petroleum Contracts
Fränkel E.	Manager Hydro
Goerdajal P.	Manager Production Operations
Heuvel C.	Acting Manager Controlling
Hughes C.	Manager Refining Operations
Jagesar A.	Manager Corporate Planning
Kertotiko D.	Acting Manager Projects
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
Nelson A.	Manager Exploration
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.
Kleiboer A.	Operations Manager Staatsolie Power Plant
Ketele T.	Project Manager Refinery Expansion

2 Letter of the Managing Director

US\$ 284 MILLION

Gross revenues

US\$ 150 MILLION

Earnings before tax



Production well in the Tambaredjo North-West oilfield.

It gives me great pleasure to report that we are well on our way to achieving or exceeding our objectives for 2010. We emphasize that all our short-, medium and long-term objectives are aligned with our vision 2020 and prudent execution toward these objectives will lead to the realization of this vision.

To support the production objectives until at least 2015, a third producing oilfield, the Tambaredjo North-West (TNW), was added in 2010. The preparation for the development of the field was completed in 2009 and development drilling commenced in July 2010. The photo's used in this report provides an illustration of the activities in the new producing oilfield

In the first half of 2010 the consolidated gross revenues amounted to US\$ 284 million, which is, 66% higher compared to the gross revenues of US\$ 171 million over the same period in 2009. The resulting consolidated earnings before tax amounted to US\$ 150 million compared to US\$ 36 million in the first half of 2009. The main reason for these higher realizations was the higher net sales price of US\$ 74.77 per barrel compared to an average net price of US\$ 45.80 per barrel in the first half of 2009. Contributions to the government budget over the first half of 2010 amounted to US\$ 100 million, an increase of 285% compared to US\$ 26 for the first half of 2009. Contributions to the balance of payments amounted to US\$ 131 million, an increase of 198% compared to US\$ 44 million for the first half of 2009.

In 2010 we continued and expanded our exploration efforts. The current focus is

on delineating the discoveries in the Weg naar Zee, Coesewijne and Commewijne blocks, and testing the producibility of these reservoirs. The production test in Weg naar Zee has yielded promising results, while production tests in Coesewijne and Commewijne will start in the second half of 2010. In addition, preparations are made to start exploration campaigns in Coronie, Nickerie as well as the remaining Commewijne area and in the nearshore area adjacent to the Tambaredjo oilfield.

The current expected ultimate recovery from the Staatsolie fields with primary production technologies varies between 17% and 25% of the original oil in place. Improved Oil Recovery (IOR) & Enhanced Oil Recovery (EOR) techniques have proven elsewhere in the world to have the potential to recover additional oil in oil reservoirs with similar characteristics. In view hereof, a number of IOR/EOR techniques are prepared for testing in our oilfields of which Polymer Flooding is already in the pilot execution phase. Secondly a three well directional well program is now being executed in order to build a learning curve for drilling horizontal wells, with the aim to recover currently not accessible oil with an oil water contact. In addition an IOR/EOR master plan is being developed, which will guide the IOR/EOR implementation in the fields.

Some exciting developments took place with regard to our offshore exploration blocks. We concluded the Heads of Agreement with Tullow Oil for a Production Sharing Contract for block 47. Murphy Oil presented their drilling prospects, the Caracara I and the Aracari I in block 37. Drilling is planned to commence in the

4th quarter of 2010. Teikoku Suriname also informed Staatsolie of their intention to drill the Aitkanti prospect in block 31, which well is scheduled to be spud in January 2011.

After a thorough evaluation of the bids submitted by the four (4) selected contractors, out of the initial list of 57 potential contractors, for the Engineering, Procurement and Construction (EPC) contract for the Refinery Expansion Project, the contract was awarded to Saipem Engineering from Italy. The expansion will double the refinery's processing capacity to 15,000 barrels per day by 2013 and will produce among others Euro specification Diesel and Gasoline.

With Regard to our Tapa-Jai hydropower project phase 1, activities included the execution of a solution study to identify the project option with the optimum economic, social and environmental balance. In addition, activities to conduct the Environmental and Social Impact Assessment (ESIA) have been started. Phase 1 has the potential to generate 60 MW of electrical power and if all goes according to plan this capacity will become available in 2014.

Our efforts regarding the production of Ethanol from sugarcane progressed according to plan. In the first half of 2010 the contract to conduct a solution study for the agriculture part was signed, while the contract for the industrial solution study will be signed in the 4th quarter of 2010. These studies will ultimately provide the most feasible options for the successful completion of this project. In addition preparations for the pilot project continued with the replication of planting

material and civil work. Planting of the fourteen hectares will be completed in the 4th quarter of 2010.

In July 2010 the expansion of the Staatsolie Power Company Suriname (SPCS) was completed, increasing the capacity from 14 to 28 MW, supporting government's policy to safeguard national electricity generating capacity, to cope with the increased demand.

Important steps forward were made to obtain financing for the Staatsolie 2008-2012 investment program. A loan of US\$ 235 million with international and regional banks is almost concluded, and the local bond that was issued was overwritten by approximately 300%, yielding an amount of US\$ 55 million.

Above mentioned programs will continue. The plan is to review our business plan in the last quarter of 2010 and to align the programs based on the progress and outlook for the planning period.

On behalf of my fellow Directors, I would like to take this opportunity to thank all our customers and other external relations that contributed to the development and continuous growth of Staatsolie. I 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, August 2010

M.C.H. Waaldijk
Managing Director



Pipeline through which the produced emulsion in the Tambaredjo North-West oilfield is pumped to the collection tanks

3 Operational Performance First Half Year 2010 and Work Program Second Half Year 2010

2.88 MILLION BARRELS

Crude production first half year of 2010

1.42 MILLION BARRELS

Refinery production first half year of 2010



Completion of a production well in the Tambaredjo North-West oilfield.

Commercial activities

In the first half of 2010 the consolidated gross revenues amounted to US\$ 284 million, which is 66% higher compared to the 2009 consolidated gross revenues of US\$ 171 million. This reflects the favorable effect of higher prices compared to last year. The average product net sales price was US\$ 74.77 per barrel compared to an average net price of US\$ 45.80 per barrel in the first half of 2009. The resulting return on equity increased from 26% to 39% in the first half of 2010. The earnings before tax amounted to US\$ 150 million in the first half of 2010, compared to US\$ 36 million in the same period of 2009.

In the first quarter of 2010 an update of the oil reserves estimates for the Staatsolie fields, existing of the Tambaredjo, Calcutta and Tambaredjo North-West, has been carried out as per December 31, 2009. The total reserves in the developed and undeveloped areas are estimated at 78.9 MMSTB, while the probable and possible reserves are respectively estimated at 8.7 and 19.9 MMSTB. The exploration strategy for the coastal plain is to establish a minimum of 64 million barrels of additional reserves by 2012. These additional reserves will allow Staatsolie to maintain a production of 16,000 barrels per day for the next 20 years.

In 2010, the Exploration Division primarily started with evaluating the results of the previous exploration campaigns in the Coesewijne, Weg naar Zee and Commewijne areas, where three (3) reservoir test

wells were initiated, namely:

- WnZ09.1 in the Weg naar Zee area, testing the Lower Paeocene find;
- TAM07.1 in the Coesewijne area, testing the Eocene find;
- COM20 in the Commewijne area, testing the Lower Paleocene find.

These test wells are necessary to test the reservoir behavior and the ability to produce oil under normal production circumstances before further appraisal can take place. These wells have performed differently from each other and so far WnZ09.1 has performed quite positive. Since the Weg naar Zee area is the most mature area with regard to reservoir testing and data availability, an appraisal program is being developed to further delineate the test wells.

Also the locations for further appraisal in the Coesewijne area have been identified and will mainly focus on the areas South of Borneo and Calcutta.

In the COM13 appraisal area, several wells were drilled. Most of these wells did penetrate thin reservoirs and the results are being evaluated to arrive at a detailed stratigraphic model to get a better handle on the geology for further appraisal. In the second half of 2010 the focus will be on appraisal and further exploration drilling in Commewijne and Coesewijne while doing a detailed evaluation of the Weg naar Zee area to arrive at technical resources in the not to distant future.

The preparations for the Nickerie drilling program which consists of ten (10) wells with depths of more than one (1) km, has started with contracts being prepared for surveying and environmental permitting. Field activities are planned for August 2010.

Several studies have been initiated and are progressing:

- Petroleum Systems study, which will provide clarity on the geologic elements that influence generation, migration and entrapment within the structural and stratigraphic framework of the Suriname-Guyana basin. To prepare for a sound nearshore program, the reprocessing of vintage data together with the log-integrity project have continued in the first half of 2010. These projects scrutinize and optimize old data, so it can be used for evaluation of the nearshore.
- In order to integrate and make better sense of all the data such as, well log, seismic, aeromagnetic, geochemical and biostatic gathered so far, a 3D geological modeling project was started in the second quarter of 2010.

The main focus of Paradise Oil Company N.V. (POC) was on exploration activities in the three (3) exploration areas for 2010, which are the two (2) onshore blocks Uitkijk and Coronie, where POC has a Joint Operating Agreement with Tullow Oil, and the nearshore Block IV.

The two (2) Joint Venture partners POC and Tullow Oil agreed in December 2009 to officially enter phase II of the Uitkijk Production Sharing Contract (PSC) exploration program, and preparations are

ongoing for production tests in Uitkijk.

At this moment a study is in progress while an extension of the existing Environmental Impact Assessment (EIA) is evaluated for its applicability for these tests.

In the Coronie block the EIA was updated with an extended area. Further a ground survey was done for the total length of 100 km of the project, 30 km of swamp vegetation was removed and several canals, dams and roads were also rehabilitated.

At the end of 2009, it was decided that POC would continue with exploration activities in nearshore Block IV, this on behalf of Staatsolie. For this a 2D and 3D seismic program was presented to and approved by the Board of Executive Directors (BOED).

In June 2010 the preparations for the actual seismic survey started with the selection of a viable contractor. The company Environmental Services Limited (ESL) was selected to conduct the Environmental and Social Impact Assessment (ESIA) associated with the survey. ESL started with their activities on July 1, 2010. GEDCO, who is responsible for the design of the seismic survey also started according to plan on 1 July 2010.

In the first half of 2010, Staatsolie produced 2.88 million barrels of Saramacca Crude which is 0.3% lower compared to the first half of 2009. The average daily crude production of 15,903 barrels in the first half of 2010 was 50 barrels lower compared with the same period of 2009. A total of 34 development wells were taken into production during the first half year of which 13 in the Calcutta field



Production activities in the Tambaredjo North-West oilfield.

and 21 in the Tambaredjo field. Nine (9) dry holes were encountered, six (6) in the Tambaredjo field and three (3) in the Calcutta field. At the end of June a total of 1,297 wells were in production.

In addition to the development drilling programs, two (2) appraisal/stratigraphic programs were carried out in respectively the TNW Field and the Tambaredjo Field. Of the planned 24 stratigraphic/appraisal wells in the TNW field, 17 wells were drilled in the first half of 2010 of which 16 wells contained economic producible oil. During the recurring year, five (5) of these wells will be converted into producers, while the others will be completed next year. Furthermore new reservoirs have been penetrated which enable additional possible new reserves in the last quarter of this year.

This stratigraphic/appraisal-drilling program in the TNW field was executed to reduce the risk of the first year development drilling, to delineate future development areas in this field and to convert at least 25% of the probable and possible reserves into proved reserves. The remaining seven (7) wells are postponed to 2011, because of rig capacity constraints.

The Development Drilling Program in TNW started as of 15 July 2010. Currently three (3) producers have been drilled in TNW. According to the initial forecast, 50 producers are scheduled in 2010, from 67 locations. These should provide a cumulative 0.15 MMBLS at the end of 2010, and reach a peak production of 25 BOPD per well.

Further a three dimensional (3D) high-resolution seismic feasibility study for the TNW field was carried out. Recom-

mendations were done, with regard to the seismic data acquisition applicabilities in the TNW field.

Due to the environmentally sensitive location of the TNW field, an EIA study has been conducted for a full-scale development of the field, and a HSE permit has been provided by NIMOS.

The Development Drilling Program of the Calcutta Field started as of 7 January 2010 and ended 22 April 2010. Drilling was executed in the Clusters 5E and 5W.

A total of 16 wells were drilled of which 13 are producers and three (3) were plugged and abandoned due to non-economical producible oil. A success rate of 81% has been reached. Oil is currently being produced from 8 reservoirs, ranging in age from Paleocene to Eocene.

Efforts to improve the E&P data management system of Staatsolie continued in 2010. In the first half of 2010, the Physical Data Management System and the Well Operations Data Management System were implemented as part of the "Restructuring of the E&P Data Management System" project. Further deployment of these systems within the company will take place in the second half of 2010. In preparation of the Production Data Management System implementation in 2011, a Production Data Management Assessment will be executed in the 4th quarter of 2010.

In the first half of 2010, the refinery production was 1.42 million barrels, which was approximately 2% higher than the same period of 2009. The production mix consisted of SO-Diesel, Asphalt Bitumen, and various grades of Fuel Oil.

The company continues to advance the objective to double the refinery's processing capacity to 15,000 barrels per day by 2013. To this end, an EPC contract was awarded to Saipem Engineering and the detailed engineering work commenced on 5 July in the home office of Saipem. During the first half of 2010, preparation of the construction site was finalized. A total of 440,000 m³ sand was dredged from the river and deposited on the construction site. The new refinery will be equipped with new process units to diversify Staatsolie's product portfolio with Euro IV Diesel and premium Gasoline and will be operational by the end of 2013.

Other highlights during the first half of 2010 were:

- The commissioning of the DAF Unit in March. This unit will reduce the hydrocarbon and suspended solid of wastewater effluent to the Suriname River.
- The dredging of the area around the Jetty was completed in March. This work allows the loading of 50,000 barrels cargo into Staatsolie's leased vessels at the Tout Lui Faut Jetty.
- Start of the construction of two new 45,000 barrels crude tanks by Weldfab Ltd.

The generation of electrical energy from Staatsolie Power Company Suriname (SPCS) to the local electricity company EBS continued. Activities were started to install two (2) additional units of 7 MW each. By the end of June 2010 these units were tested and power delivery to the grid started on 8 July. Due to high water inflow, more electrical energy became available from the hydro Powerhouse

at Afobaka. Therefore in July 2010 the generation of SPCS was reduced to a minimum.

Institutional activities

The first half of 2010 the concentration was on the negotiations with Tullow for a PSC concerning offshore block 47. In April parties signed a Heads of Agreement that outlined the crucial elements of the PSC, such as the minimum work program, the profit oil sharing and the fiscal terms.

In April, Murphy presented their drilling prospects for the Caracara I and the Aracari I that will be drilled next half-year in Block 37. Up to date the preparations concentrated on drafting the Environmental Impact Assessment for review by NIMOS and the stakeholders. It is good to note that for the drilling of the wells planned by Murphy Oil in block 37 and the well in Block 31, the shore base will be at the Port of Paramaribo. Teikoku also informed Staatsolie that they received approval from their management to drill the Aitkanti prospect.

Financing

Staatsolie has already spent US\$ 272 million in 2008, 2009 and the first half of 2010 of its US\$ 1,000 million investment program 2008-2012 out of cash flow from operations. Staatsolie will continue to fund a significant part of the investment program using its own cash flow. To finance part of Staatsolie's investment program 2008-2012, a five-year 7% coupon bond was issued on 14 May 2010. In the local market US\$ 55 million was raised through this bond issue, which was three times oversubscribed. To complete the investment program, US\$ 235 million will

be secured through loans with regional and international financial institutions. In this respect, commitment documents to provide the full US\$ 235 million have been signed with the selected Joint Lead Arrangers ING bank and Credit Suisse on 22 May. As part of the syndicating process led by the Joint Lead Arrangers, other regional and international banks have already committed to participate in the transaction. The signing of the loans is planned for September 2010.

Corporate Services

As part of Staatsolie's strategic planning process, Corporate Planning initiated the Multi Annual Plan exercise. This plan should detail programs for the two years period 2011-2012 to achieve corporate goals as defined in the business plan. This will give more confidence regarding the realization of stated goals as well the opportunity to optimize planning of the programs. The Multi Annual Plan will be an important input for the review of the business plan, which is scheduled to take place in the fourth quarter of 2010.

In order to optimize its support to the 2008-2012 corporate goals, the Engineering & Maintenance Services Division was reorganized and in this process two new departments were established.

- The reliability and maintenance-engineering department. The main purpose of this department is to shift the focus from Periodic maintenance to predictive maintenance, and to implement a reliability excellence program.
- Planning & scheduling and project cost control. Simultaneous scheduling of various engineering and maintenance activities in order to minimize

equipment downtime will be one of the focus areas of this department.

The process to strengthen the corporate governance structure continued. The focus was on the development of an enterprise risk management system. In that respect a pilot project was conducted with AON Global Risk Consulting in August 2010. The pilot was focused on testing the risk methodology resulting in a risk assessment of the Sugarcane Cultivation project Wageningen.

In July 2010 Lloyds Register Quality Assurance (LRQA) executed its external ISO 9001:2008 audit. All outstanding Non-conformities from previous audits were closed, and no new Non-conformities were raised.

During the first half of 2010, the Refining & Marketing Directorate started using the new Human Resource Performance Management system. At the same time, preparations were made for implementation of the system within the remaining directorates as of 2011. These preparations will continue over the remaining of the year. With the new system, production-related and competency development objectives for individual employees are to be derived annually from the company objectives. Assessment and coaching will be based on these individual objectives, as well as the extent to which the employee demonstrates the required behavior. The second half of 2010 specific projects in the areas of organizational development and workforce management will start.

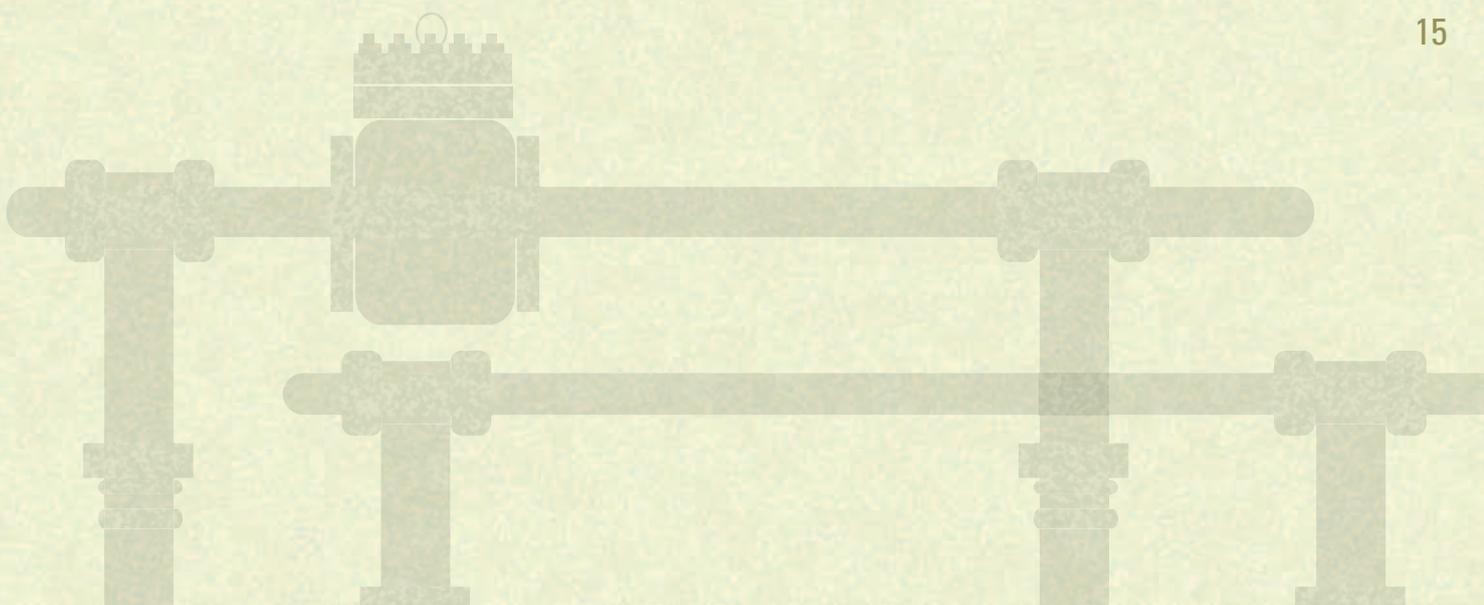
The British company Booker Tate was selected to execute an agricultural Solution

Study. An important part of the solutions for this study will come from the scheduled 31 hectare pilot project in Wageningen. The Brazilian company Dedini was contracted to execute this pilot project. Fourteen sugarcane varieties were selected for the pilot. Planting will commence in October 2010 and the first assessments on yields will be available approximately 12 months after planting. For the industrial part the Dutch company Aker Solutions was assigned to prepare a Term of Reference (TOR) for the Solution Study. The TOR for the ESIA at Wageningen was finalized and the tendering is in progress.

One of Staatsolie's Strategic Goals is the generation of hydropower. This will be achieved through the development of the Tapa-Jai hydropower project. Phase 1 of the Tapa-Jai project has the potential to generate 60MW of electrical power. The Hydro Division started with a Solutions Study for Tapa-Jai phase 1 and the prepa-

ration of a Terms of Reference (TOR) for the execution of the Environmental and Social Impact Assessment (ESIA) for the project. The solution study will be completed by the end of October 2010, and the Terms of Reference will be available by mid August 2010. The Work program for the second half of the year entails the execution of the project economic studies and the ESIA execution, which will start in the fourth quarter of 2010.

In line with our Corporate Image & Social Responsibility program, Staatsolie supported several sustainable development projects, in the first half of 2010. During this period a total amount of US\$ 0.5 million was granted by the 'Committee Rehabilitation and Expansion of Sports Facilities'. The 'Staatsolie Community Development Fund Foundation', which started its activities in March 2009, granted a total amount of US\$ 0.3 million to several projects in the first half of 2010.



WORK PROGRAM SECOND HALF YEAR 2010

Commercial

1. Continuation of the execution and monitoring of the 2010 development drilling program for the Tambaredjo and Tambaredjo NW fields;
2. Continue updating the Tambaredjo and Tambaredjo NW reservoir models;
3. Execute detailed analyses of the Tambaredjo 3DHRS data;
4. Continuation of evaluations of undeveloped areas in Tambaredjo;
5. Continue feasibility study Enhanced Oil Recovery/Improved Oil Recovery Techniques;
6. Prepare execution Reserve Management System project;
7. Prepare Annual Reserve Estimation 2010-2011;
8. Continue Well Optimization Efforts.

Corporate Services

Pilot phase of the Performance and Competence Management Program.

Review of the Finance Directorate organizational structure and implementation of recommendations.

Formalization and implementation of a Corporate Governance Code and development of an integral risk management system.

Institutional

1. Completion of the structure of the National Petroleum Database on Suriname's petroleum data;
2. Monitoring of the petroleum activities in the offshore blocks 30 (RepsolYPF), 31 (Impex), and 37 (Murphy Oil Corporation), and the on-shore blocks Uitkijk and Coronie operated by POC;
3. Managing the open petroleum acreage and promotion of the exploration opportunities and available offshore blocks in Suriname;
4. Continued support for the Commission on the Limits of the Continental Shelf session on Suriname's claim to extend the Continental Shelf from 200 NM to maximum 350 NM.



Implementation of the Corporate Information Plan.

Implementation of a cost accounting system, remote access for purchasing agents phase II, new purchase invoice matching system and purchase order tracking system.

Development and implementation of a Treasury Management System and execution of the Investment Policy.

4 Auditors' Report

Report on the financial statements

We have audited the accompanying consolidated financial statements for the period January 1 till June 30, 2010 of Staatsolie Maatschappij Suriname N.V., Paramaribo, which comprise the consolidated balance sheet as at June 30, 2010, the related consolidated profit and loss account, the consolidated cash flow statement for the period then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Staatsolie Maatschappij Suriname N.V. as at June 30, 2010 and the result for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Paramaribo, August 27, 2010

Tjong A Hung Accountants

drs. R.K. Burgos RA

Partner

Financial Statements 2010

5 CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheet as of June 30, 2010

(before distribution of earnings)

x US\$ 1,000

Assets	Notes	As of June 30, 2010	As of Dec 31, 2009
Current assets			
Cash and cash equivalents		274,510	206,450
Short-term investments		23,995	20,987
Accounts receivable	5.2.1	50,630	43,031
Inventories	5.2.2	21,415	19,407
Prepaid expenses and other current assets		35,264	7,000
		405,814	296,875
Investments			
Pension plan		47	50
		47	50
Property, plant and equipment	5.2.3		
Oil properties			
Evaluated properties		170,355	175,109
Pipelines		2,490	2,677
		172,845	177,786
Refinery		18,803	20,962
Power plant		15,561	16,307
Other fixed assets		61,950	56,662
		269,159	271,717
Projects in progress		97,414	60,464
		366,573	332,181
Minority interest Ventrin		31	26
Total assets		772,465	629,132

Paramaribo, August 27, 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	As of June 30, 2010	As of Dec 31, 2009
Current liabilities			
Accounts payable		1,886	1,696
Bank overdraft		3,233	2,161
Accrued liabilities		11,865	46,734
Income and other taxes		26,340	12,214
		43,324	62,805
Long term debt	5.2.4	55,144	-
Provisions			
Deferred income taxes	5.2.5	55,084	50,303
Provision for dismantlement and abandonment	5.2.6	70,593	65,686
Provision for pensions & other post retirement benefits	5.2.7	8,583	8,722
Provision for pension plan	5.2.8	1,911	2,400
		136,171	127,111
Stockholders' equity		537,826	439,216
Total stockholders' equity & liabilities		772,465	629,132

2. Consolidated Income Statement Six Months Ended June 30, 2010

x US\$ 1,000

	Notes	Jan - Jun 30, 2010	Jan - Jun 30, 2009
Revenues from			
Production & Refining		208,531	123,675
Trading activities		71,305	47,044
Electric energy		4,578	5
Inventory variation		3,269	4,671
Other revenues		229	310
		287,912	175,705
Less: export-, transport- and sales costs		(10,866)	(7,042)
Net revenues	5.3.1	277,046	168,663
Exploration expenses including dry holes		(2,785)	(24,237)
Production expenses		(14,541)	(12,467)
Refinery expenses		(4,843)	(4,192)
Depreciation		(20,497)	(23,281)
Other operational costs		(64,768)	(42,351)
Operating income		169,612	62,135
General and administrative expenses		(11,409)	(8,729)
Refinery expansion		(5,478)	(21,116)
Financial expenses and income		(2,788)	3,536
Earnings before tax		149,937	35,826
Income tax charge		(53,892)	(13,025)
Other taxes		(115)	-
Earnings after tax		95,930	22,801
Minority interest Ventrin		4	2
Net profit		95,934	22,803

Paramaribo, August 27, 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*

3. Consolidated Statement of Changes in Stockholders' Equity

x US\$ 1,000

	Common stock	General reserve	Appropriated reserve Committee Rehabilita- tion and Expansion of Sports facilities	Staatsolie Founda- tion for Communi- ty Devel- opment	Unrealized gains and losses short term invest- ments	Net other compre- hensive income	Total
Balance as of							
January 1	12,104	417,824	4,201	500	15,840	(11,253)	439,216
Equity movements:							
Net earnings	-	95,445	-	-	-	-	95,445
Prepaid pension benefits	-	489	-	-	-	-	489
Consolidation difference	-	363	-	-	-	-	363
Withdrawal	-	-	(445)	(250)	-	-	(695)
Allocation	-	-	-	-	3,008	-	3,008
Balance as of							
June 30	12,104	514,121	3,756	250	18,848	(11,253)	537,826

4. Consolidated Cash Flow Statement Six Months Ended June 30, 2010

x US\$ 1,000	Jan - Jun 30, 2010	Jan - Jun 30, 2009
Cash flow from operational activities		
Net earnings	95,934	22,803
Depreciation	20,497	23,281
Distribution of earnings, excl. addition to general reserve	(489)	-
In(de)crease in income and other taxes	14,126	(23,678)
In(de)crease in accounts payable	190	(5,191)
In(de)crease in bank overdraft	1,072	(110)
Decrease in accrued liabilities	(34,869)	(140,417)
(In)decrease in receivables	(35,863)	4,030
(In)decrease in inventories	(2,008)	2,140
	58,590	(117,142)
Cash flow from investment activities		
Investment in property, plant and equipment	(54,890)	(17,497)
Disinvestment in property, plant and equipment	1	-
Increase in short-term investments	(3,008)	(3,309)
	(57,897)	(20,806)
Cash flow from financial activities		
In(de)crease in long term debt	55,144	-
Decrease in provision for pension plan	(486)	(901)
Increase in provision for dismantlement and abandonment	4,907	5,458
(De)increase in provision for pensions & other post retirement benefits	(139)	577
Increase in deferred income taxes	4,781	646
In(de)crease in general reserve	852	-
Decrease in appropriated reserve 'Committee Rehabilitation and Expansion of Sports Facilities'	(445)	(447)
Decrease in appropriated reserve 'Staatsolie Foundation for Community Development'	(250)	-
Increase in unrealized gains and losses short-term investments	3,008	1,507
Decrease in minority interest Ventrin	(5)	(1)
	67,367	6,839
Net cash flow	68,060	(131,109)
Cash and cash equivalents at end of previous year	206,450	303,058
Cash and cash equivalents as of June 30	274,510	171,949

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 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. 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 reporting period, monetary items in foreign currency are translated into US dollars at the applicable period end exchange rate. The period end exchange rate for the Surinamese dollar, the Euro and the TT dollars in the half year under review was US\$ 1 = SRD 2.71, US\$ 1 = Euro 0.81 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 oilfield, 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.

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.

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.

Long term debt

The long term debt regards a five year 7% coupon bond and is recorded at nominal value. The associated interest expense is reported in the income statement.

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 Paramam), 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.



Production drilling in the Tambaredjo North-West oilfield.

5.2 Notes to the Consolidated Balance Sheet as of June 30, 2010

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

5.2.1 Accounts receivable

	As of June 30, 2010	As of Dec 31, 2009
Accounts receivables in foreign currency (net)	42,652	40,359
Accounts receivables in Surinamese dollars (net)	7,978	2,672
	50,630	43,031

5.2.2 Inventories

	As of June 30, 2010	As of Dec 31, 2009
Petroleum products	11,329	9,355
Materials and supplies (net)	6,922	5,273
Ordered goods	3,164	4,779
	21,415	19,407

5.2.3 Property, plant and equipment

Movement as of June 30, 2010 in property, plant and equipment are as follows:

As of June 30, 2010	As of June 30, 2010			
	Wells & equipment	Pipelines	Total oil properties	Refinery
Investments January 1	422,142	17,023	439,165	75,661
Adjustments	-	-	-	(663)
Disinvestments current year	-	-	-	-
Capitalized current year	9,094	-	9,094	443
Total investments June 30,	431,236	17,023	448,259	75,441
Total depreciation January 1	(247,032)	(14,346)	(261,378)	(54,699)
Depreciation disinvestments current year	-	-	-	-
Depreciation current year	(13,849)	(187)	(14,036)	(1,939)
Total depreciation value June 30	(260,881)	(14,533)	(275,414)	(56,638)
Book value as of June 30	170,355	2,490	172,845	18,803

Well completion equipment on the move in the Tambaredjo North-West oilfield.

2009

Power plant	Other fixed assets	Projects in progress	Total tangible fixed assets	Total tangible fixed assets
21,638	113,185	60,464	710,113	634,969
-	-	-	(663)	(1,109)
-	(2)	-	(2)	(551)
-	9,063	36,950	55,550	76,804
21,638	122,246	97,414	764,998	710,113
(5,331)	(56,521)	-	(377,929)	(343,323)
-	1	-	1	545
(746)	(3,776)	-	(20,497)	(35,154)
(6,077)	(60,296)	-	(398,425)	(377,932)
15,561	61,950	97,414	366,573	332,181



5.2.4 Long term debt

On May 14, 2010, Staatsolie issued a five year 7 % coupon bond, which is due on May 14, 2015. Interest is paid semi annually on May 14 and November 14 each year.

5.2.5 Deferred income taxes

Movements in the first half of 2010 in the deferred income taxes were as follows:

	As of June 30, 2010	As of Dec 31, 2009
Balance as of January 1	50,303	46,255
Movement due to:		
Difference between commercial and fiscal calculation of profit	4,781	5,749
Unrealized financial gains from investment in pension plan and post retirement benefits	-	(1,701)
Balance as of June 30 / December 31	55,084	50,303

5.2.6 Provision for dismantlement and abandonment

Provision for dismantlement and abandonment comprises the following:

	As of June 30, 2010	As of Dec 31, 2009
Production field as of June 30, 2010: 1,297 wells (2009: 1,263 wells)	60,882	55,975
Production facilities: Saramacca and pipeline to TLF	4,546	4,546
Refinery and pipeline to Paranam	4,491	4,491
Power plant	674	674
	70,593	65,686

5.2.7 Provision for pensions and other post retirement benefits

	As of June 30, 2010	As of Dec 31, 2009
Unfunded accrued pension benefits, insured pension plan	52	701
Unfunded accrued pension benefits, health care plan	8,531	8,021
	8,583	8,722

5.2.8 Provision for pension plan

The provision for pension plan of US\$ 1,910,706 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.

5.3 Notes to the Consolidated Income Statement Six Months Ended June 30, 2010

(x US\$ 1,000, unless indicated otherwise)				
5.3.1 Net revenues per product	Jan - Jun 30, 2010		Jan - Jun 30, 2009	
	x 1,000 Bbls		x 1,000 Bbls	
Local refined products	2,681	208,531	2,599	123,675
Trading activities	872	71,305	854	47,044
Electric energy ^{*)}		4,578		5
Total gross revenues	3,553	284,414	3,453	170,724
Net revenue after deduction of direct sales costs		273,548		163,682
Other sales related revenue				
- inventory change oil stock		3,269		4,671
- other revenues		229		310
Net sales revenue	3,553	277,046	3,453	168,663

^{*)}The generated electric energy in the first half of 2010 consists of 55,127,835 kWh. (2009: 69,193 kWh)



A production testing facility in the Tambaredjo Northwest oilfield.

6 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.

2010 distribution of earnings

As of June 30, 2010, after deduction of the prepaid pension benefits amounting to US\$ 489,000 a net profit was realized of US\$ 95 million.

2. Adoption of Financial Statements of the Preceding Fiscal Year

The 2009 Financial Statements were adopted at the General Meeting of Shareholders held on April 8, 2010 and included Management's proposal for the appropriation of the 2009 profit.



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Production activities in the Tambaredjo North-West oilfield commenced in the first half of 2010.

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