Annual Report 2008
Staatsolie Maatschappij Suriname N.V.

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State Oil Company of Suriname

Vision and Values

Vision

The core business of Staatsolie is the development of energy resources. Activities include exploration, development, production and refining & marketing of hydrocarbons and the generation of power. Staatsolie may pursue other business opportunities, if these are aligned with its business vision. To this end the following vision has been formulated.

Staatsolie Vision 2020

- 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.

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.

Contents

I. Shareholder, Supervisory Board, Board of Executive Directors and Management as of December 31, 2008

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

Deputy Directors

Sairras G.	Deputy Director Production & Development
Dwarkasing B.	Deputy Director Exploration & Petroleum Contracts

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 Technical Services
Mac Donald D.	Manager Health, Safety, Environment & Quality
Moensi - Sokowikromo A.	Manager Controlling
Murli S.	Manager Procurement
Nai Chung Tong A.	Manager Marketing
Nandlal B.	Manager Field Evaluation & Development
Ramautar R.	Manager Renewable Energy Sources
Sam-Sin A.	Manager Engineering & Drilling
Sleman A.	Manager Information & Communication Technology
Vermeer A.	Manager Finance Administration

Managers assigned

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

Supervisory Board

S. Marica
Acting Chairman

R.S. Adhin
Member

F.T. Kasantaroeno
Member

R.K. Pahladsingh
Member

H.S. Kensmil
Secretary

II. Letter of the Managing Director

I am pleased to report that 2008 was another year of solid growth and achievement for Staatsolie. For the fiscal year revenues exceeded a half billion US dollars and amounted to US$ 576 million, with a profit before tax of US$ 360 million. These excellent financial results were achieved despite the global recession.

Our crude production increased with 8.5%. The record in revenues however, was mainly the result of high oil prices during the year. In general, the first half of 2008 was a period of a sharp increase of prices of other commodities and services related to the oil & gas industry. Continuous cost control initiatives however resulted in a marginal increase of our production cost and I would like to express my appreciation to the entire organization for their efforts in achieving these results.

In the reporting year we developed a 'Vision 2020 Implementation Strategy', in our journey to the year 2020. In this strategy, four periods of three years each were identified, resulting in plateaus reflecting the realization of selected strategic goals. We developed different themes for each three-year period, characterizing the focus of the development effort e.g.: '*Foundation for Growth', 'Transition', 'Exponential Growth', and 'Rationalization'*.

In the first period, which coincides with our 'Strategic Plan 2008 – 2012', we will lay the foundation for the second period in which the transition of Staatsolie into an energy company will take place. In the third period Staatsolie will substantially increase its crude production and will also be active as a producer of bio-fuels, hydropower and thermal power. In the fourth and last period to the year 2020, we envision a separation between the institutional and the commercial role within Staatsolie.

From our activities in 2008, I would like to highlight four important strategic goals marking the first plateau, the '*Foundation for growth*'.

The first strategic goal is increasing our onshore reserves by at least 64 million barrels at the end of this planning period. To this end a new exploration strategy was formulated with an allocated budget of US$ 85 million for onshore. Implementation has started in the reporting year. An extensive appraisal and exploration program of 35 wells was carried out. The 540 km, 2D regional seismic survey, with a total budget of US$ 25 million, started in Nickerie on November 13, 2008. The program is progressing and at the end of March, 293 km of seismic data has been recorded.

In our offshore exploration program with production sharing contract partners, more than US$ 100 million was invested in seismic and drilling programs. The greater part of this investment was for the drilling of an exploration well to a depth of 12,700 ft.
Repsol YPF and partners drilled this well in offshore block 30, in the West Tapir prospect, in April 2008. Although the well was not a commercial success, it provided crucial information to proceed with future programs.

The second strategic goal I would like to highlight is the expansion of our existing refining capacity and the diversification of our product portfolio. The basic engineering design was awarded to CB&I Lummus and the contract was signed on July 21, 2008.
In addition, contracts with technology suppliers (licensors) for the refining processes were signed. Major upcoming milestones for 2009 are the start of site development in July, and the tendering for the detailed Engineering, Procurement & Construction contract of the refinery in September 2009. The completion of the refinery expansion is scheduled for the end of 2012. This project will have a major impact on the company and on the economy of Suriname, mainly as a result of import substitution of motor fuels.

The third strategic goal is to formulate a policy regarding renewable energy and the conclusion of a portfolio of feasibility studies. In 2008, several options of producing bio-fuels in Suriname were evaluated. While renewable energy sources hold great promise for the future, only feasible projects based on proven technology, will be considered by Staatsolie.

Finally the fourth strategic goal is to build a robust organization enabling us to create our own future. To support this goal, the development of the Human Resources (HR) function was intensified in 2008. Amongst others, the completion of the design of a new Performance Management System must be mentioned. In 2009 a pilot will be conducted to test the functionality of the system.
Late 2008 the preparation of a new HR Strategy & HR Development Plan started, which will be concluded in 2009 and which will be more closely aligned with our 'Vision 2020' and the Corporate Strategic Plan.

Although we face major difficulties in the year ahead, due to the global economic recession, I am convinced that Staatsolie can stand up to the challenges of the future.

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 success of Staatsolie in the past year. I would also like to specially thank the Shareholder, the members of the Supervisory Board, our employees and contractors, whose dedication and efforts have resulted in yet another successful year for Staatsolie.

Confidence in Our Own Abilities!

Paramaribo, April 2009
M.C.H. Waaldijk
Managing Director

Board of Executive Directors. From left to right: G. Sairras, Deputy Director Production & Development; B. Nuboer, Refining & Marketing Director; M. Waaldijk, Managing Director; I. Kortram, Finance Director; W. Dwarkasing, Deputy Director Exploration & Petroleum Contracts

III. Operational Performance 2008 & Work Program 2009

Financial Performance

In many respects, 2008 has been the best year in the history of Staatsolie. Gross revenues of US$ 575.9 million were recorded, an increase of 71% compared with the US$ 336.5 million turnover of 2007. This exceptional result was achieved through a combination of high oil prices, increased oil production and trading activities. The average net price per barrel for Saramacca Crude and its derivatives increased to US$ 78.89 per barrel in 2008 from US$ 56.43 per barrel in 2007, an increase of 40%. Profit before taxes amounted to US$ 359.8 million compared to US$ 228.3 million in 2007, an increase of 58%. The resulting return on equity increased to 69% from 58% in 2007.

Contributions to the government budget over 2008 will amount to US$ 247.7 million, an increase of 55% compared to 2007; US$ 121.9 million for tax obligations and US$ 125.8 million as dividend. Total investment expenditures on cash basis amounted to US$ 85.8 million, of which US$ 60.1 million was for production development and US$ 25.7 million for downstream activities and other projects. The entire investment program was financed from the company's operating cash flow.

Upstream

Crude Production

In 2008, Staatsolie produced 5.90 million barrels of Saramacca Crude which is just below the target of 5.93 million barrels. Production increased by 8.5% compared to 2007; the main contributing factor being the higher than projected production from older wells in the Tambaredjo field. A total of 99 new development wells were drilled, of which 85 were completed into production wells, while 14 were plugged and abandoned. Further, five (5) strattest wells from 2007 were taken into production. At year-end, a total of 1,188 wells were in production.

The addition of new production wells resulted in an increase of fluid production. Average water content, however, remained around 78% as a result of a modest decline of old wells and low water content of new wells. Several programs were implemented to improve and expand water and oil separation. Primarily gas instead of crude oil was used for heating the emulsion, thereby saving 21,000 barrels of crude oil on an annual basis. In addition, a number of in-depth investments were made to upgrade the TA58 plant to deal with the increasing water production.

In September 2008 a polymer injection pilot project was implemented in the Sarah Maria South area in the Tambaredjo field. Polymer flood is an enhanced oil recovery method whereby a polymer solution is injected into the reservoir with the objective of efficiently displacing the oil in the direction of the well bore.

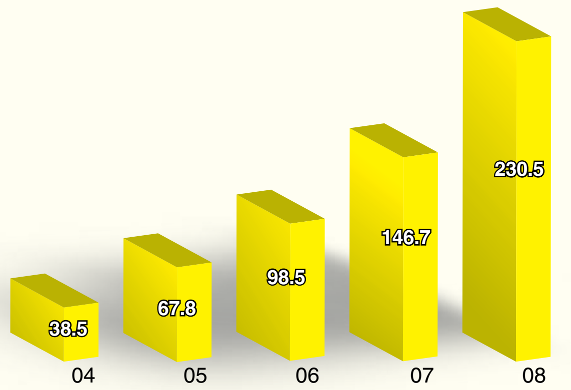
Reservoir Studies

In addition to the 2008 Development Drilling Program ten (10) strattest wells, six (6) in the Calcutta Field and four (4) in the Tambaredjo Field were drilled. The main objectives of the strattest and production test drilling programs were to identify and prioritize future reservoirs within the Tambaredjo, Tambaredjo North West and Calcutta fields and to identify the 2009 development areas. Due to their good sand development and oil saturation properties, two strattest wells were drilled in the Tambaredjo field and were converted into development wells. These wells have delineated some potential development locations, which have been included in the 2009 development-drilling program for the Tambaredjo field. In addition, several studies were carried out to improve production performance in the Tambaredjo and Calcutta fields.

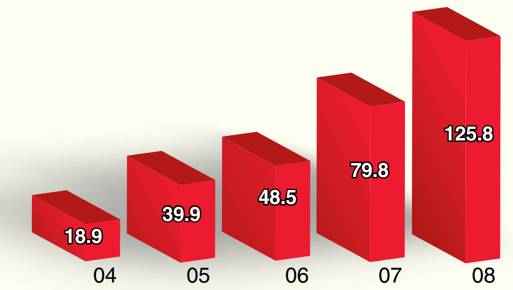
Staatsolie plans to start full-scale production development of the Tambaredjo North West field in 2010. To assure an optimal depletion of the field, it is necessary to devise a cost- effective field development plan taking into consideration the Health, Safety & Environmental (HSE) constraints, and the company's strategic crude production goal. In conjunction with

Financial Highlights 2008

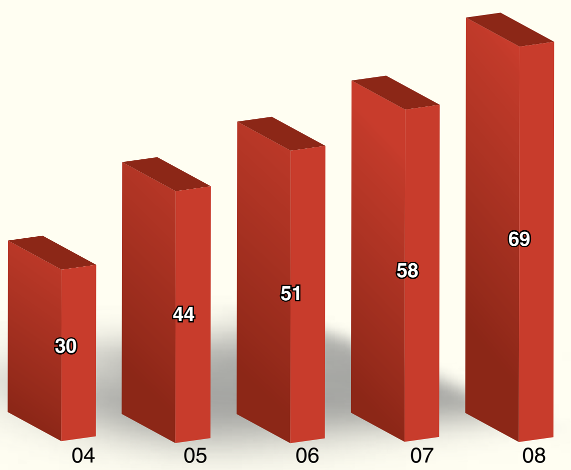
Net income x US$ 1 million



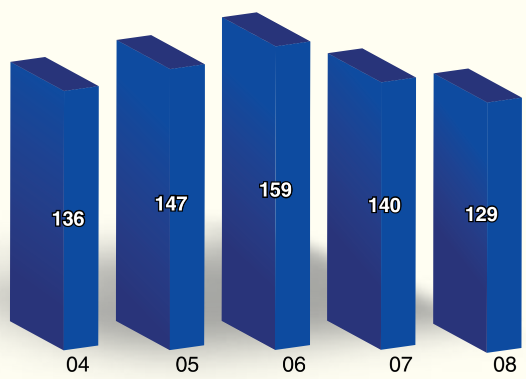
Dividends x US$ 1 million



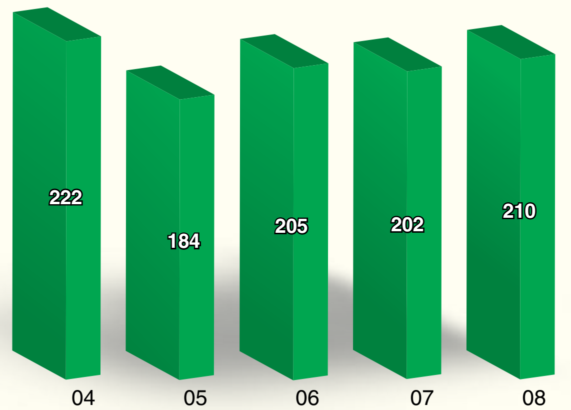
Return on equity in %



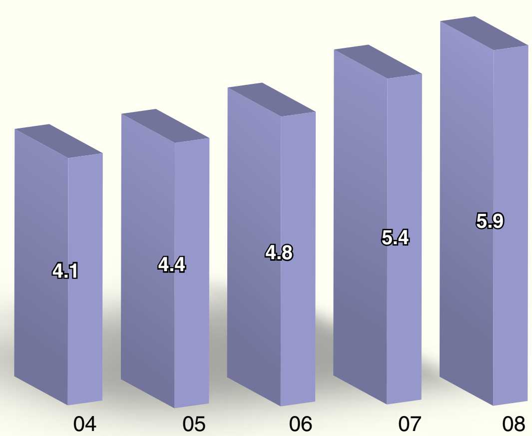
Equity to debt ratio in %



Current ratio in %



Annual crude production
x 1 million bbls



Halliburton Landmarks, a specialized consulting firm, Staatsolie's staff is currently developing the field-development plan. This project started in November 2008 and is scheduled for completion in April 2009.

The remaining proven reserves (P90) at year-end 2008 were 82.3 million barrels: 56.6 million barrels in the Tambaredjo field; 6.2 million barrels in the Calcutta field; and 19.5 million barrels in the Tambaredjo North-West area. In addition, total probable reserves (P50-P90) were estimated at 10.9 million barrels.

Exploration

Challenging exploration objectives have been set in Staatsolie's Strategic Plan 2008-2012. During fiscal year 2008, an Exploration Strategy 2008-2012 was developed detailing programs to achieve the strategic objectives. In the period indicated, approximately US$ 85.0 million will be spent on an exploration program to establish a minimum of 64 million barrels of additional reserves.

The 2008 appraisal and exploration-drilling program consisted of 35 wells: seven (7) in Nickerie; eight (8) in Tambaredjo South and Calcutta South; ten (10) in Weg naar Zee East; and ten (10) in Commewijne. Of this program, 18 were drilled in 2008. Oil was encountered in four (4) wells in the Weg naar Zee East area and two (2) wells in the Commewijne area. Evaluation of these results is still in progress.

The 2D regional seismic survey of 540 km started in Nickerie and will continue eastwards. The contract for this program was awarded to Geokinetics, for a total budget of US$ 25.0 million.

For the first time the District of Commewijne has been included in Staatsolie's coastal plain exploration program. Exploration drilling started in July 2008. So far, eight (8) wells have been drilled with oil indications in two (2) wells. The results so far indicate that there could be more Petroleum Systems at play in the on- and offshore Suriname acreage. The exploration program in Commewijne is scheduled to continue through 2009 with a ten (10) wells program.

Downstream

Refinery

The Refinery's 2008 total production of 2.54 million barrels was 3% higher than its targeted 2.46 million barrels. A throughput of 7,592 barrels per stream-day was realized, compared with the target of 7,350 barrels. In 2008, the production was 4% lower than the 2007 realization of 2.65 million barrels. The production mix consisted of Staatsolie Diesel, Asphalt Bitumen and various grades of Fuel Oil.

Availability was relatively low at 91.3% due to the third Turnaround Testing & Inspection (T&I). The T&I was executed from August 15 through September 11, 2008 as scheduled.

The basic design phase of the Staatsolie Refinery Expansion Project was awarded to CB&I Lummus. Signing of the contract took place in July 2008 at Staatsolie's main office; the contract budget being 12.4 million Euros. The duration of the design phase will be nearly 18 months. The Front-End Design Phase 3 (FED3) will be the final preparatory phase before bids go out for the construction phase. In the FED3, CB&I Lummus Inc. will develop the basic design, execution plan and budget for construction. The new refinery has to be operational by the end of 2012 and will produce diesel, gasoline, fuel oil, and bitumen, mainly for the local market and sulfuric acid for export.

Marketing

The net realized product price for 2008 was US$ 78.89 per barrel, which is 75% higher than the budgeted price of US$ 45.00 per bbl. Sales in foreign currency amounted to US$ 504.0 million, while sales in Surinamese dollars amounted to the equivalent of US$ 71.8 million.
In December 2008 oil prices fell below US$ 31.00 per barrel due to the financial crisis in the USA, a worsening global economy, and as a consequence a serious decline in energy demand. With major economies such as the USA, Japan, UK and Germany in recession, it is not likely that oil prices will increase dramatically in the near future. In December 2008,

OPEC announced a cut in production by 2.2 million barrels a day in an attempt to stabilize oil prices.

In the reporting year, excluding trading activities, approximately 5.3 million barrels of petroleum products, were sold: 2.0 million barrels in exports and 3.3 million barrels in local sales and bunkering. Sales were distributed as follows: 38% for exports, 14% for bunkering, and 48% to various local industries.

In 2008, a 43% increase in export volumes was realized. Export shipments to Guyana Power & Light and Curoil (Curaçao) started slowly in 2007 and continued in 2008 with a share of 51% in total export volume. Additionally, shipments were made to Barbados and Trinidad. Compared with 2007 there was a decrease in the local sales volume, mainly due to lower demands from the fishing industry and local utility company, N.V. EBS.

Paradise Oil Company N.V.

In 2008, Paradise Oil Company (POC) as operator of the Uitkijk and Coronie Blocks continued with the drilling program of the remaining five (5) exploration wells in the Uitkijk Block. Of this program, one (1) well was drilled and the results were encouraging. A second well is currently in progress. Depending upon these results, an appraisal program will be executed (phase 2). Drilling of five (5) exploration wells in the Coronie Block will start in the second quarter of 2009.

Staatsolie Power Company Suriname

The production target for Staatsolie Power Company Suriname (SPCS) for 2008 was set at 61,000 MWh of electrical energy, anticipating a normal inflow of water into the Van Blommenstein Hydro-power Lake. However, lake levels remained at a historic high, resulting in a limited generation of 3,000 MWh electrical power. At critical times, however, SPCS proved its value by continueing to supply electricity to Paramaribo. SPCS operated at full capacity, supporting EBS in fulfilling total energy demand during its planned maintenance work on both 161 kV lines from Afobaka, as well as during maintenance work on the hydroelectric power plant at Afobaka and the N.V. EBS 161 kV sub-station at Menckendam. Gross sales to EBS amounted to US$ 6.7 million.

Corporate Services

Human Resource Management

In order to improve occupational healthcare of our company, an Occupational Health Advisor was recruited in 2008. This consultant will assist Staatsolie with the implementation of policies regarding our ageing workforce, by identifying work-related disorders.

In 2008, our first Personnel Satisfaction Survey was conducted. Our employees were able to indicate the extent to which they were satisfied with matters such as working conditions, corporate culture and policies, and Staatsolie's Human Resource Management. Personnel satisfaction appears to be at a reasonably high level. For a more effective execution of the ambitious Vision 2020, the consultant, who provided support during the survey, made several recommendations.

The design of a new Performance Management System was completed in 2008. With the new Performance Management System, production-related and competency development objectives for the individual employees will be derived 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 pilot will be executed during the first part of 2009.

At the end of 2008, the development of a long-term strategic and development plan for the Human Resource (HR) function started. The plan will be derived from Staatsolie's Vision 2020 and Strategic Plan. The new HR Strategy and Development plan will be delivered in 2009.

Within the framework of Staatsolie's increasing flexibility and job rotation, approximately 40% of the Division Managers were transferred into new functions. This was the case for the divisions of Corporate Planning, Human Resource Management, Finance Administration, Procurement, Information Communication Technology (ICT), Refinery Operations and Health, Safety, Environment & Quality (HSEQ).

Health, Safety, Environment and Quality (HSEQ)

In 2008, Staatsolie achieved several important safety milestones. The first being an excellent overall record of 453 continuous days of work without a single 'Lost Time Injury', followed by Tout Lui Faut Operations surpassing the milestone of 1,000 safe working days without any loss of working hours.

In the table below some incident statistics are included for 2008 and 2007.

	First aid Injuries	Lost time Injuries	Vehicle accidents	Oil spills >1 barrel
2008	11	5	69	34
2007	17	2	77	21

The total number of incidents for 2008 was 187, which is 13% higher than the number of incidents that occurred over the same period in 2007. The total number of oil spills was 77. The majority of the spills (56%) were spills of less than one barrel, while 8% were more than ten (10) barrels. The total number of vehicle accidents was 69; less than the year before when 77 vehicle accidents were recorded. In 2009, an ongoing 'Safe Driver Training Program' will be executed tailored to the specific Surinamese traffic situation.

HSE risk identification and assessment of company activities continued in 2008. The objective of this process was to identify and analyze all significant HSE risks associated with company activities, so that measures can be initiated and implemented to pro-actively prevent accidents. HSE risk identification is of essence for the ISO14001/OHSAS 18001 development process.

Environmental Impact Assessments (EIAs) were executed for the 2008 Regional Onshore 2D seismic acquisition program and the Commewijne exploration-drilling program. Regarding the onshore 2D seismic acquisition program, stakeholders' meetings were held for the government agencies and the communities of Coronie, Nieuw Nickerie, Paradise, Groot Henar and Wageningen.

With regard to quality, emphasis was put on further enhancing the continuously improving processes of the company. In this context a pilot project was successfully carried out within the Procurement division and Refining Operations divisions to select, train and install improvement teams for continuous improvement of the quality processes.

Management Information, Procurement and Financing

In 2008, PricewaterhouseCoopers executed an EDP (Electronic Data Processing) audit to evaluate the integrity of the purchasing business application, the security of its underlying IT infrastructure, and to identify potential security risks. No significant integrity and security risks were found. This audit was necessary as Staatsolie's Purchasing Agent in Miami (MMI) recently implemented two major improvements to this system, namely electronic approval of purchasing documents and remote access using new technologies.
Secured remote access to the DataStream application was introduced to allow Staatsolie Managers to approve / authorize purchases when they are out of office. This functionality has already noticeably reduced overhead time during the FED3 phase of the Refinery Expansion Project.

In 2008, representatives of Procurement and Internal Auditing executed an audit of our Purchasing Agents, IDSCO and MMI in the USA, to determine whether purchases on behalf of Staatsolie complied with the Purchasing Policy and Procedures (PPP). No material deviations were found.

Automated fluid treatment for separation of oil, gas and water

Corporate Image & Social Responsibility

In 2008, forty sustainable-development projects were supported by Staatsolie in the areas of education, culture & sports, health, and benefits for the underprivileged. A total of US$ 1.5 million was granted.

The Staatsolie Foundation for Community Development was formally established on February 25, 2009. This Foundation will secure a more independent support of development projects for the benefit of our community.

Institutional Activities

The focus of our institutional activities during 2008 was on the drilling of West Tapir I in offshore Block 30. The well was a technical success, but no commerciality was established. The well was plugged and abandoned at a depth of 12,700 feet. In 2009, Repsol and its partners Noble Energy and Petro Hunt will execute different studies to fully evaluate the results of West Tapir I.

In offshore Block 31, phase 2 of the exploration program started in May 2008. Maersk Oil opted not to continue and as of this date Teikoku Oil has a 100% interest in this block and will act as the operator. In October 2008, a merger between Teikoku Oil and Inpex took place, resulting in Teikoku Suriname becoming a 100% subsidiary of Inpex. This company plans to execute a 1,600 km^2 3D survey in April 2009.

In offshore Block 32, Staatsolie granted Noble Energy an extension of six (6) months for phase 1. In May 2009 they are required to inform Staatsolie as to whether it will enter into phase 2 of the exploration period.

Murphy oil has a 100% interest in offshore Block 37 and has executed a 1,500 km^2 3D seismic program. It is anticipated that data acquisition will be completed by the end of March 2009.

Onshore, the consortium Paradise Oil/Tullow Oil started finalized its phase 1 drilling program of ten (10) exploration wells in the Uitkijk Block in January 2009. Exploration operation in the Coronie Block is expected to start in the second half of 2009.

On November 18, 2008 the 4th International Bidding Round was launched. After in-depth studies, offshore blocks 43 and 44 were selected for an international tender (Bidding Round). The objective is to attract qualified partners to explore these blocks at their own cost and risk. The Bidding Round will be closed on May 19, 2009.

On December 5, 2008, Suriname made its submission to the Commission on the Limits of the Continental Shelf (CLCS), as set out in article 76 of the United Nations Convention on the Law of the Sea (UNCLOS). According to this article, coastal states have the right to submit their claims until May 12, 2009, establishing the outer limits of their Continental Shelf.

The CLCS will discuss Suriname's submission during its 24th session in August 2009. If granted, this will imply an extension of approx. 83,000 km^2 of Suriname's sea area.

Participation and Acquisitions

In 2008, Staatsolie acquired the remaining shares of Ventrin Petroleum Ltd. in Trinidad & Tobago, owned by AIC Barbados Ltd. With this purchase, Staatsolie's interest in Ventrin Petroleum Ltd. increased to 98.4%. This gave Staatsolie the additional flexibility of enforcing the execution of various programs at Ventrin. The focus on performance improvement was further increased. To this end a new management team was appointed and a new business plan developed. In order to enable the company to implement the business plan, financial restructuring was implemented. The financial results improved considerably compared to 2007.

International Activities

Staatsolie participated in several international and regional conferences.
In May, Staatsolie attended the 2008 International Oil Spill Conference in Savannah, Georgia, USA. Participants from 80 countries attended the technical sessions. This conference provides a forum for professionals from the international community, the private sector, government and non-government

organizations to highlight and discuss innovations and best practices across the spectrum of prevention, preparedness, response, and restoration.
In June 2008, Staatsolie attended the 19th World Petroleum Congress in Madrid, Spain. This congress is the largest international gathering in the oil and gas industry where governments, national and international oil companies and representatives of international institutions meet to discuss the future of the industry.

Simultaneously, Staatsolie participated in the World Petroleum Exhibition, where participants were informed of Suriname's offshore and onshore petroleum activities and its future plans.

The 8th Annual Energy Caribbean Conference was held in December 2008 in Trinidad. Staatsolie presented a progress report of its 2008-2009 International Bidding Round.

In October 2008, Staatsolie participated in the 38th Annual General Meeting, Conference and Exhibition of the Caribbean Shipping Association (CSA) in Trinidad. This Conference provides a regional forum for the shipping industry, in which matters relevant to the growth and development of the Caribbean shipping industry are discussed. In 2009, Suriname will host the 39th Annual General Meeting of the CSA.

Work Program 2009

Commercial

In line with the Strategic Plan 2008-2012, the focus in 2009 will be on:

- Continued acceleration of the exploration programs onshore and offshore;
- Preparations for the infrastructural developments in Tambaredjo North West;
- Finalizing of the Front End Design Phase 3 of the Refinery Expansion Project;
- Crude production sustaining program;
- Institutional strengthening of the company.

The total investment budget for 2009 amounts to US$ 127.8 million, of which US$ 95.5 is reserved for the Upstream Operations; US$ 28.9 million for the Downstream Operations; and US$ 3.4 million for general projects.
The crude production development program for 2009 is based on a production target of 5.9 million barrels. This program includes the drilling of 73 wells in the Tambaredjo field, and 53 wells in the Calcutta field. In addition, ten (10) stratigraphic test wells will be drilled in 2009 to determine the most prospective areas for future drilling within the developed area. Operations will be conducted with three (3) drilling rigs: two (2) for the wetland areas and one (1) for the dry-land area.

A total of US$ 29.3 million is budgeted for the 2009 exploration program. This includes the continuation of the regional 2D seismic survey covering an area of 390 km in the onshore coastal area of Suriname, for an amount of US$ 16.1 million. For 2009 an appraisal and exploration drilling program of 33 wells is planned, consisting of five (5) wells in Nickerie, five (5) wells in Coronie, ten (10) wells in Coesewijne, five (5) wells in Weg naar Zee and eight (8) wells in Commewijne. Additionally, five (5) appraisal wells will be drilled in Weg naar Zee, including two (2) production test wells.

The average throughput of the Refinery is scheduled for 7,350 barrels per stream day (BPSD), resulting in an annual production target of 2.68 million barrels and an availability of 98.6%.

The world recession, which started in 2008, caused a major drop in oil prices. It is expected that Staatsolie will face depressed oil prices throughout 2009. However, the fundamentals of the oil and gas industry are sound, and it is expected that prices will pick up again. As of January 2009, the update price forecast of PIRA for the no 6, 3% Sulfur Fuel oil is US$ 42.80 per barrel.
In 2009, the execution of the refinery expansion FED3 phase will be continued, which will include basic engineering, site development (early work) and pre-Engineering, Procurement and Construction activities. A total amount of US$ 13.2 million is budgeted for 2009.

Institutional

The institutional activities for 2009 are:

1. Strengthening of the Petroleum Contracts division to comply with the commitments from the increasing number of Production Sharing Contracts (PSCs);
2. Completion of the structure of the National Petroleum Database on Suriname petroleum data;
3. Monitoring of the petroleum activities in the offshore blocks 30 (Repsol YPF), 31 (Teikoku Suriname), 32 (Noble) and 37 (Murphy Oil) and the onshore blocks Uitkijk and Coronie operated by POC;
4. Managing the open petroleum acreage and promotion of the exploration opportunities and available offshore blocks in Suriname in accordance with the corporate strategy, culminating in the international Bidding Round 2009;
5. Continued support for the Commission on the Limits of the Continental Shelf session on Suriname's claim to extend the Continental Shelf from 200 nautical miles to maximum 350 nautical miles.

Corporate Services

A selection of 2009 objectives for Corporate Services is included below:

1. Pilot phase of the Performance & Competence Management Program;
2. Review of the Finance Directorate organizational structure and implementation of findings;
3. Implementation of the Corporate Information Plan;
4. Implementation of a cost accounting system to better monitor cost efficiency;
5. Formalization and implementation of a Corporate Governance Code and development of an Integral Risk Management System;
6. Development and implementation of a Treasury Management System and execution of the Investment Policy.

'WEMCO' Water Treatment Unit to reduce oil content in waste water

IV. Technology

Staatsolie is in an expansion and diversification mode. Application of technology plays an important role in the executing strategy. Some major developments in the application of technology in Upstream and Downstream are briefly described.

Upstream

Exploration

Effective integration of exploration techniques in the search for oil in the Suriname-Guyana Basin is the major focus for an effective identification of prospective areas.

The integrated use of 2D seismic and aeromagnetic data can result in early identification of prospective areas in oil and gas exploration, since a significant element of the prospectivity lies in structural elements in the subsurface, such as faults and basement blocks. These elements are best identified on a regional scale using aeromagnetic data, while 2D delivers validation on top of stratigraphic information.

The software for processing and interpreting aeromagnetic data has made a significant leap forward during recent years. Based on these developments, Staatsolie decided to reprocess the aeromagnetic data acquired some years ago, in the coastal area.
This approach was also spurred by this application and subsequent oil finds in the Red Sea, where wells were successfully drilled based on aeromagnetic data.

Since some aeromagnetic data is non-proprietary it is readily available, enabling evaluation of acreage beyond our territories. This presents future opportunities in the neighbouring countries. In the end the approach results in a more focused exploration effort and more effective use of exploration dollars by lowering the risks.

Regional 2D Seismic Survey

3D-Data Visualization Room

In March 2009, a 3D-data visualization room was launched in the Sara Maria offices with the objective to visualize real-time Exploration & Production data in any desired shape for optimal decision-making.

The data visualization room contains a large display which allows viewers to get a better understanding of structural subsurface and spatial data, and improves the understanding of the hydrocarbon reservoirs.

This room also facilitates multi-disciplinary teams to view, discuss and interpret data from various sources on a single large screen. This will result in faster, better interpretations and decision making.

Crude Production

Over the last five years, several technical innovations have been implemented in the crude production development and in the production operations activities. The nature of these innovations spans over a wide range of benefits from improvements in cost, efficiency and safety, to increases in reserves and production. Some of these innovations are still in a testing stage, while others are already being applied on a field-wide scale. The results already show increases in production.

It is a real challenge to handle up to 86,000 barrels per day of fluid (16,000 barrels per day oil and 70,000 barrels per day water) from approximately 1,200 wells, through an extended piping system of more than 500 km. Treatment of the fluid to obtain saleable crude of less than 1% water, requires application of advanced technology for the separation of gas and water in several stages.

Unique production protocols, real-time measurements and updated automation are necessary to obtain optimization of such a large number of individual wells in an extended area of more than 170 km^2.

Challenges in development of shallow reservoirs of heavy oil and the need for technical innovations

Challenges start in the exploration program when production tests are necessary to determine the producibility of the oil and to establish additional reserves.

Accurate data are needed to determine if the foamy heavy oil can be produced, even at relatively low production rates. The main challenge in the development of new and existing fields is to minimize development time, well costs, cost for infrastructure and lifting costs. Two significant improvements can be highlighted:

- In 2005, the introduction of wetland operations in new swamp areas, reduced preparation time for development and environmental impact;
- In 2006, the use of “AMKA” electrical cables for the extension of low voltage lines reduced installation time, resulted in longer life-span and lower costs.

Production optimization of individual wells is the first step to obtain adequate primary recovery and to determine the need for EOR (Enhanced Oil Recovery) and IOR (Improved Oil Recovery).

Technical innovations include:
- Introduction of multiphase flow meters and electric submersible pumps;
- Remote well monitoring in the Calcutta Fields;
- Introduction of Surface Read Out (SRO) gauges.

With the focus on increasing the recovery rate of existing wells, a Pilot Polymer Flooding Injection Project was implemented in September 2008 with the ultimate objective to increase the recovery rate of the Tambaredjo oilfield by 10-12%.

Technical innovations with respect to fluid handling, crude treatment and pipeline operations included:
- The installation of 'WEMCO' unit for water treatment to upgrade the treatment facility in terms of delivering cleaner water to the environment and subsequently reducing environmental impact;
- The use of HDPE (High Density Poly Ethylene) piping for flow lines and headers created a reduction in oil spills caused by corrosion and erosion, thus lowering costs and environmental impact.

Downstream

Refining Maintenance Management System

The profitability and safety of oil refineries highly depend on a safe and reliable operation of processing and supporting equipment. At our Tout Lui Faut (TLF) refinery, maximizing up-time and proper functioning of heaters, vessels, pumps and piping systems, is an important requirement to maximize product volumes while maintaining product specifications. Proper functioning of a maintenance management system is crucial for achieving this objective.

During the first few years of operations, efforts at the refinery focused on safety, process management, product quality and equipment operation. A basic maintenance management system was implemented based on preventive and reactive maintenance to improve the availability of equipment.
During the last five years, emphasis slowly started to shift and the concept of reliability assurance was introduced, the DataStream D7i software was fully implemented and the system was upgraded to a Computerized Maintenance Management System (CMMS), integrated planning, scheduling, material supply, job monitoring, historical data gathering and cost control.

Predictive activities were added to preventive and reactive maintenance and average availability of equipment improved to 90%.

Staatsolie Diesel

Improving product quality to meet customer expectation is a continuous process in the TLF Refinery Operations. In addition to cost and reliability of supply, maintaining and improving product quality is of great importance in the supply of the fuels, to consolidate and expand market share.

The quality of Staatsolie Diesel has steadily improved over the last few years through adjustments in process parameters and the use of additives. In close collaboration with our suppliers several additives, based on the latest technologies, were tested in our laboratory and introduced in the production process. As a result product stability improved and cleaner combustion quality and better product odour were achieved. Driven by these results, domestic market share increased, product reputation improved, and revenues from diesel sales increased.

Sulfur Measurements

The full range of products produced by the TLF Refinery is accompanied by a Certificate of Quality (COQ). Among the most critical parameters to be determined is the sulfur content. A new sulfur analyzer, based on X-ray fluorescence spectroscopy, was installed, using improved technology. Enhanced sulfur measurements are obtained, reducing testing time from hours to minutes, thereby reducing costs and improving efficiency and accuracy.

Marketing

Since the start-up of the TLF Refinery, the availability of Heavy Vacuum Gasoil (HVGO) or IFO-120 was presented as an alternative to our customers, using premium diesel in their processes. Staatsolie provided assistance in the modification of the combustion systems to facilitate the shift from diesel to IFO-120, thereby significantly lowering the total fuel cost to the customer.

Supply of fuel (bunkering) to ocean-going ships is considered a special market segment in the sales of oil products. The availability of a wide range of fuels and an around-the-clock operation, 365 days per year, is an important characteristic of this market.

Staatsolie's TLF operations commenced developing the sale of oil products to ocean-going ships in 2000. The Staatsolie IV and Staatsolie V oil barges were modified, marine personnel was trained and the Transport Organization was transformed into a Bunkering Organization.

Staatsolie bunker barges supply the majority of ships visiting the harbours along the Suriname River. By entering the bunker market, Staatsolie further increased its profit margin.

Staatsolie Power Company Suriname (SPCS)

The continuous endeavour to lower costs through energy consumption reduction in processing plants is common practice. These benefits can become substantial when synergies between adjacent plants are explored and energy reduction opportunities are identified. Such an opportunity was identified between Staatsolie's Refinery Operations and SPCS at the TLF site.

In 2006, a co-generation system was installed at the SPCS power plant, producing electricity for the grid and process steam for the refinery. The installed reciprocating engines are fed by very heavy fuel (700 centistokes) from the refinery. As such, fuel consumption and costs have been lowered and annual carbon dioxide emissions of the refinery have been reduced.

Currently no environmental legislation exists which imposes environmental standards on companies constructing thermal power plants in Suriname. By adopting World Bank standards in the design of the SPCS power plant, a benchmark was set for the construction of thermal power plants. During the design process of the SPCS facility in 2005, additional investments were approved for noise abatement and reduction of air pollution. The power plant now fully adheres to the international standards set by the World Bank.

Financial Statements 2008

V. Consolidated Financial Statements

1. Consolidated Balance Sheet as of December 31, 2008

(after distribution of earnings)

x US$ 1,000

A s s e t s	**Notes**	**2008**	2007
Current assets			
Cash and cash equivalents	4.2.1	303,058	125,512
Short-term investments	4.2.2	14,941	13,734
Accounts receivable	4.2.3	44,546	59,839
Inventories	4.2.4	19,415	13,713
Prepaid expenses and other current assets	4.2.5	5,461	4,908
		387,421	217,706
Investments	4.2.6		
Pension plan		57	8,177
		57	8,177
Property, plant and equipment	4.2.7		
Oil properties			
Evaluated properties		171,784	159,918
Pipelines		2,855	3,132
		174,639	163,050
Refinery		23,910	27,664
Power plant		17,794	19,609
Other fixed assets		28,539	26,142
Paradise Oil Assets		42	23
Ventrin assets		2,564	-
		247,488	236,488
Projects in progress		44,158	27,049
		291,646	263,537
Total assets		679,124	489,420

Paramaribo, April 23, 2009

The Board of Executive Directors

M.C. Waaldijk, Managing Director

I.E. Kortram, Finance Director

B.F. Nuboer, Refining & Marketing Director

x US$ 1,000

Liabilities	**Notes**	**2008**	2007
Current liabilities			
Accounts payable	4.2.8	6,605	8,704
Bank overdraft	4.2.9	448	-
Accrued liabilities	4.2.10	149,015	66,135
Income and other taxes	4.2.11	28,289	32,985
		184,357	107,824
Provisions			
Deferred income taxes	4.2.12	46,255	37,415
Provision for dismantlement and abandonment	4.2.13	59,418	52,505
Provision for pensions & other post retirement benefits	4.2.14	5,868	5,946
Provision for pension plan	4.2.15	522	-
		112,063	95,866
Minority interest Ventrin	4.2.16	2	-
Stockholders' equity	4.2.17		
Share capital (SRD 1 par value 5,000,000 shares issued and outstanding)		12,104	12,104
General reserve		360,984	259,051
Appropriated reserve 'Commissie Rehabilitatie en uitbreiding Sportfaciliteiten'		5,248	5,960
Appropriated reserve 'Staatsolie Foundation for Community Development'		1,000	-
Unrealized gains and losses short-term investments		11,596	10,390
Net other comprehensive income		(8,230)	(1,775)
		382,702	285,730
Total stockholders' equity & liabilities		679,124	489,420

Paramaribo, April 23, 2009

The Supervisory Board

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

2. Consolidated Income Statement 2008

x US$ 1,000

	Notes	2008	2007
Revenues from			
Production & Refining		434,558	310,054
Trading activities		134,597	24,600
Electric energy		6,683	1,778
Inventory variation		3,003	639
Other revenues		75	1,230
		578,916	338,301
Less: export-, transport- and sales costs		(13,969)	(6,424)
Net revenues	4.3.1	564,947	331,877
Exploration expenses including dry holes		(5,366)	(3,963)
Production expenses		(26,141)	(20,216)
Refinery expenses		(10,679)	(8,148)
Depreciation	4.3.2	(36,242)	(34,266)
Other operational costs	4.3.3	(99,530)	(27,011)
Operating income		386,989	238,273
General and administrative expenses		(24,155)	(13,287)
Impairment of equity investment		(7,379)	(377)
Financial income		4,411	3,688
Earnings before tax		359,866	228,297
Income tax charge		(129,232)	(81,622)
Other taxes		(157)	-
Earnings after tax		230,477	146,675
Minority interest Ventrin		16	-
Net profit		230,493	146,675

Paramaribo, April 23, 2009

The Board of Executive Directors
M.C. Waaldijk, Managing Director
I.E. Kortram, Finance Director
B.F. Nuboer, Refining & Marketing Director

The Supervisory Board
S. Marica, Acting Chairman
R.S. Adhin, Member
R.K. Pahladsingh, Member
F.T. Kasantaroeno, Member

3. Consolidated Cash Flow Statement 2008

x US$ 1,000

	2008	2007
Cash flow from operational activities		
Net earnings	230,492	146,675
Depreciation	36,242	34,266
Distribution of earnings excl. addition to general reserve	(130,917)	(84,409)
(De)increase in income and other taxes	(4,696)	20,826
(De)increase in accounts payable	(2,099)	3,569
Increase in bank overdraft	448	-
Increase in accrued liabilities	82,879	28,916
De(in)crease in receivables	14,741	(30,571)
Increase in inventories	(5,701)	(2,236)
Cash flow from operational activities	221,389	117,036
Cash flow from investment activities		
Investment in property, plant and equipment	(64,689)	(62,755)
Disinvestment in property, plant and equipment	335	-
Decrease in equity investment	-	377
Increase in short-term investments	(1,206)	(3,616)
Cash flow from investment activities	(65,560)	(65,994)
Cash flow from financial activities		
In(de)crease in provision for pension plan	8,641	(1,357)
Increase in provision for dismantlement and abandonment	6,913	8,052
Decrease in provision for pensions & other post retirement benefits	(78)	(692)
Increase in deferred income taxes	8,840	6,408
In(de)crease in general reserve	2,360	(2,930)
(De)increase in appropriated reserve 'Commissie Rehabilitatie en uitbreiding Sportfaciliteiten'	(712)	5,960
Increase in appropriated reserve 'Staatsolie Foundation for Community Development'	1,000	-
Decrease in net other comprehensive income	(6,455)	(756)
Increase in unrealized gains and losses short-term investment	1,206	3,616
Increase in minority interest Ventrin	2	-
Cash flow from financial activities	21,717	18,301
Net cash flow	177,546	69,343
Cash and cash equivalents at end of previous year	125,512	56,169
Cash and cash equivalents at end of current year	303,058	125,512

4. Notes to the Consolidated Financial Statements

4.1 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 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%. The amount payable for these shares is included in the accrued liabilities.

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 consolidated and the financial statements of Staatsolie are presented.
The financial data of Staatsolie and its subsidiaries are taken into consolidation 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 and the Euro in the year under review was US$ 1 = SRD 2.71, US$ 1 = Euro 0.71 and US$ 1= 6.25 TT.

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 expensed.

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 yearly 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, Paradise Oil and other fixed assets
The refinery, power plant, assets Paradise Oil 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.

Ventrin assets
The capitalized costs of these assets are depreciated on the reducing balance method.

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 postretirement 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 oil revenues consist of the sales of goods, electric energy and trade activities 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.

4.2 Notes to the Consolidated Balance Sheet as of December 31, 2008 (All tables x US$ 1,000, unless indicated otherwise)

Current assets

4.2.1 Cash and cash equivalents

	2008	2007
Cash at foreign banks	178,310	111,949
Cash at local banks	124,335	13,475
Total bank balance	302,645	125,424
Petty cash	413	88
	303,058	125,512

4.2.2 Short-term investments

	2008	2007
Powisie Gold certificates	13,698	12,742
Shares	1,243	992
	14,941	13,734

4.2.3 Accounts receivable

	2008	2007
Accounts receivable in foreign currency (net)	43,253	54,959
Accounts receivable in Surinamese Dollars (net)	1,293	4,880
	44,546	59,839

4.2.4 Inventories

	2008	2007
Petroleum products	6,913	5,680
Materials and supplies (net)	5,051	4,497
Ordered Goods	7,451	3,536
	19,415	13,713

4.2.5 Prepaid expenses and other current assets

	2008	2007
Loan and interest N.V. EBS regarding 'Substation TLF'	1,788	1,675
Prepaid insurance costs	907	686
Receivables regarding interest in deposits	732	553
Other prepaid expenses	2,034	1,994
	5,461	4,908

4.2.6 Investments

The amount of US$ 57,228 regards the back service pension costs.

4.2.7 Property, plant and equipment

Movements in 2008 in property, plant and equipment are as follows:

	2008										2007
	Wells & equipment	Pipelines	Total production investments	Refinery	Power plant	Other fixed assets	Paradise Oil Company	Ventrin assets	Projects in progress	Total tangible fixed assets	Total tangible fixed assets
Investments January 1	368,097	16,746	384,843	73,987	21,823	65,478	31		27,049	**573,211**	510,790
Adjustments					(308)					(308)	
Disinvestments current year	(1,997)		(1,997)	(457)		(1,050)				(3,504)	(333)
Capitalized current year	33,748	86	33,834	848	48	10,440	43	3,248	17,109	65,570	62,756
Total investments December 31	**399,848**	**16,832**	**416,680**	**74,378**	**21,563**	**74,868**	**74**	**3,248**	**44,158**	**634,969**	573,213
Total depreciation January 1	(208,180)	(13,614)	(221,794)	(46,322)	(2,214)	(39,337)	(9)	(574)		(310,250)	(275,742)
Depr. disinvestments current year	1,864		1,864	255		1,050				3,169	332
Depreciation current year	(21,748)	(363)	(22,111)	(4,401)	(1,555)	(8,042)	(23)	(110)		(36,242)	(34,266)
Total depreciation value Dec. 31	**(228,064)**	**(13,977)**	**(242,041)**	**(50,468)**	**(3,769)**	**(46,329)**	**(32)**	**(684)**	**-**	**(343,323)**	(309,676)
Book value as of December 31	**171,784**	**2,855**	**174,639**	**23,910**	**17,794**	**28,539**	**42**	**2,564**	**44,158**	**291,646**	263,537

Investment in wells and equipment

The 2008 depreciation rate of 0.13 (2007: 0.16) for the Tambaredjo field and 0.22 for the Calcutta field (2007: 0.14) 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

	2008	2007
Wells and equipment	346,444	321,530
Capitalized cost for dismantlement	53,404	46,567
	399,848	368,097
Less: Accumulated depreciation	(228,064)	(208,179)
	171,784	159,918

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:

	2008	2007
Land and land improvement	1,666	1,666
Crude desalting and vacuum unit, visbreaker unit, tankfarm en utilities	62,778	62,997
Distributed control system	1,825	1,821
Crude storage tanks	3,884	3,537
Capitalized cost for dismantling	4,225	3,965
	74,378	73,986
Less: Accumulated depreciation	(50,468)	(46,322)
Total refinery assets	**23,910**	27,664

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 33⅓%, 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:

	2008	2007
Buildings and production hall	3,212	3,212
Steam boilers and metering	1,148	1,148
Yard	300	300
Field equipment	3,530	3,530
Fuel treatment	248	248
Electric installation	1,601	1,601
Inventory	134	117
Powerhouse equipment	9,979	9,979
Tank battery	768	768
Capitalized cost for dismantling	643	920
	21,563	21,823
Less: Accumulated depreciation	(3,769)	(2,214)
Total power plant assets	**17,794**	19,609

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 33⅓% and office furniture, fixtures and similar assets at 50%. Where applicable a residual value is taken into consideration.

Movement in other fixed assets is as follows:

	Book value 01-01-08	Investment 2008	Depreciation 2008	Book value 12-31-08
Properties & Dock TLF	9,150	1,623	(148)	10,625
Buildings and installations	5,302	3,583	(1,304)	7,581
Oil tankers	979	173	(127)	1,025
Drilling machinery, heavy equipment and transportation equipment	8,993	695	(3,516)	6,172
Office furniture, fixtures and tools	1,718	4,365	(2,947)	3,136
	26,142	10,439	(8,042)	28,539

Paradise Oil Company

The Paradise Oil Company assets, regard inventory and are depreciated on a straight-line basis at 33⅓%.

Paradise Oil Company's assets comprise the following:

	2008	2007
Inventory	74	32
Less: Accumulated depreciation	(32)	(9)
Total Paradise Oil company assets	**42**	23

Ventrin assets
The ventrin assets are annually depreciated on the reducing balance method. The inventory are depreciated at 12.5% to 25%, communication equipment and computers at 25%, machines at 5%, land and buildings 2%.

Movement in bunker assets is as follows:

	Balance 01-01-08	Depreciation 2008	Book value 12-31-08
Inventory	108	(48)	60
Communication equipment and computers	143	(83)	60
Machines	1,333	(362)	971
Land and buildings	1,664	(191)	1,473
	3,248	(684)	**2,564**

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:

	2008	2007
Balance as of January 1	27,049	30,024
Capitalized costs	62,021	58,394
	89,070	88,418
Less: reclassification to		
- wells and equipment	(26,903)	(43,841)
- refinery	(588)	(30)
- other fixed assets	(8,042)	(13,773)
- expense	(7,753)	(3,725)
- dividend*	(1,626)	-
Balance as of December 31	**44,158**	27,049

*) The prepaid costs for the extension of the Exclusive Economic Zone are substracted from dividend.

Current liabilities

4.2.8 Accounts payable

	2008	2007
Accounts payable in foreign currencies	4,935	7,114
Accounts payable in Surinamese dollars	1,670	1,590
	6,605	8,704

4.2.9 Bank overdraft

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

4.2.10 Accrued liabilities

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

	2008	2007
Cash dividend	116,692	58,326
Payables regarding the import of fuel oil	17,825	316
Allowances payable to management and personnel	4,162	3,221
Payables AIC regarding the acquisition of shares Ventrin	4,000	-
Payables regarding consultancy and other services	3,271	2,040
Other short term provisions	1,752	1,073
Sales expenses	912	145
Other payables	401	113
Maintenance costs to be paid for the refinery	-	901
	149,015	66,135

4.2.11 Income and other taxes

	2008	2007
Income tax	35,575	36,745
Other taxes and social security	(7,286)	(3,760)
	28,289	32,985

Provisions

4.2.12 Deferred income taxes

Movements in 2008 in the deferred income taxes were as follows:

	2008	2007
Balance as of January 1	37,415	31,007
Movement due to:		
Difference between commercial and fiscal calculation of profit	12,471	6,833
Less: result of unrealized financial gains from investments for pension plan	(3,631)	(425)
Balance as of December 31	46,255	37,415

4.2.13 Provision for dismantlement and abandonment

Provision for dismantlement and abandonment comprises the following:

	2008	2007
Production field in 2008: 1,188 wells (2007: 1,098 wells)	50,654	44,166
Production facilities: Saramacca and pipeline to TLF	3,897	3,454
Refinery and pipeline to Paranam	4,225	3,965
Power plant	642	920
	59,418	52,505

4.2.14 Provision for pensions and other postretirement benefits

	2008	2007
Unfunded accrued pension benefits insured pension plan	645	463
Unfunded accrued pension benefits health care plan	5,223	5,483
	5,868	5,946

4.2.15 Provision for pension plan

The provision for pension plan of US$ 521,892 regards an accrued pension cost related to the pension plan for employees.

Pensions and other postretirement benefits

Staatsolie maintains 3 plans with regard to pensions and postretirement 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	
	2008	2007	2008	2007	2008	2007
Benefit obligation as of December 31	(42,234)	(29,615)	(645)	(463)	(8,906)	(8,230)
Fair value of plan assets as of December	41,712	37,692	-	-	3,683	2,748
31 Funded status as of December 31	(522)	8,077	(645)	(463)	(5,223)	(5,482)

(in %)	Pension benefits		Insured pension benefits		Health care	
Actuarial assumptions	2008	2007	2008	2007	2008	2007
Actuarial discount rate	5.8	6.0	5.9	6.0	6.0	6.0
Expected return on plan assets	6.5	6.5	-	-	-	-
Adjustment for inflation and salary developments	6.5	6.0	5.0	4.5	-	-
Rate of benefit increase	2.5	2.5	-	-	-	-

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

	Pension benefits		Health care	
	2008	2007	2008	2007
Employer's contribution	2,140	1,893	-	-
Employee's contribution	713	635	-	-
Benefits paid	162	129	43	21

as of December 31	Pension Benefits 2007	2008	2009	Insured Pension benefits 2007	2008	2009	Post-retirement health care 2007	2008	2009
Service costs	(1,711)	(1,877)	(2,582)	(20)	(23)	(32)	(436)	(534)	(537)
Interest costs	(1,415)	(1,777)	(2,428)	(20)	(28)	(37)	(345)	(491)	(509)
Return on assets	2,180	2,530	2,803		-	-	-	178	239
Unrecognized Transition cost	(21)	(21)	(21)	(19)	(15)	(9)	(121)	(121)	(121)
Unrecognized Prior Service Cost	-	-	(176)	(17)	(13)	(6)	-	-	-
Unrecognized Gains/Losses	-	-	(66)	9	5	-	(58)	(113)	(92)
Net Pension costs	**(967)**	**(1,145)**	**(2,470)**	**(67)**	**(74)**	**(84)**	**(960)**	**(1,081)**	**(1,020)**

Investments Pension Fund [1)]

	2008	**%**	**2007**	**%**
Real estate	11,007	29	10,224	29
Securities	7,584	20	9,033	25
Mortgage loans	19,236	51	16,161	46
	37,827		**35,418**	

[1)] The segmentation of investments of the 'Stichting Pensioenfonds' is restricted to the guidelines of the "Centrale Bank van Suriname".

4.2.16 Minority interest Ventrin

The amount of US$ 2,414 regards the minority interest of 1.6% in Ventrin in name of Entech Limited.

4.2.17 Stockholders equity

In 2008, the stockholders' equity consists of the following:

	Common stock	General reserve	Appropriated reserve: Commissie Rehabiltatie en Uitbreiding Sportfaciliteiten	Appropriated reserve: Staatsolie Foundation for Community Development [2]	Unrealized gains and losses short term investments	Net other compre-hensive income [3]	Total
Balance as of Januari 1	12,104	259,051	5,960		10,390	(1,775)	285,730
Equity movements:							
Transfer from earnings 2008		99,573					99,573
Prepaid pension benefits 2008		1,843					1,843
Appropriated reserve for environmental risk [1]		500					500
Consolidation difference		274					274
Common stock POC		(259)					(259)
Withdrawal			(712)				(712)
Allocation				1,000	1,206	(6,455)	(4,249)
Balance as of December 31	12,104	360,982	5,248	1,000	11,596	(8,230)	**382,700**

[1] Annually, an amount of US$ 500,000 is allocated for environmental risks. As of December 31, 2008, the appropriated reserve for environmental risk amounted to US$ 4.5 million.

[2] An additional amount of US$ 1 million has been allocated for community development projects.

[3] Net other comprehensive income is specified as follows:

Balance as of January 1		(1,775)
Unrecognized transition cost	157	
Unrecognized prior service cost	(2,991)	
Unrecognized gains/losses	(7,252)	
		(10,086)
Deferred income tax		3,631
Balance as of December 31, 2008		**(8,230)**

The difference of US$ 199,878 between the stockholders' equity and the consolidated stockholders equity regards the following:

- Thenegative net capital value of US$ 258,543 of POC, regards the cumulative negative result of 2006, 2007 and 2008; based on this, the equity investment is valued at nil. The net loss of POC amounts to US$ 120,970.
- Theelimination of Staatsolie's profit from sales to Ventrin to the amount of US$ 347,238, according to the ending-stock as of December 31, 2008.
- Adjustmentof the dividend of US$ 225,274 and taxes of US$ 180,629 as a result of the facts listed above.

Off-balance commitments and contingencies

In 2008, the off-balance commitments and contingencies consist of the following:

	2009	2010-2013	Total
Long-term sales contracts	(225,663)	(225,663)	(451,326)
Operational lease	1,440	1,388	2,828
Claims	1,194	-	1,194
Ordered goods, not shipped	51,297	-	51,297
Study grants	450	802	1,252
Total	(171,282)	(223,473)	(394,755)

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

- InMarch 2009, Staatsolie has acquired a 5.96% equity interest in 'Hakrinbank'. With this the equity interest in 'Hakrinbank' increased to 6.27%.

- Aspart of the refinery expansion project, Staatsolie has entered into contractual obligations in 2008 with License and Engineering companies to the amount of US$ 25 million. Besides, there will be contractual obligations with other service providers amounting to US$ 7.8 million. Most of these contracts with the service providers will be signed in 2009. These contracts are:

Contract		**Allocation and terms**
CB & I Lummmus B.V.	18,400	Front End Design 3; 5 years
Chevron Lummus Global LLC	3,300	Engineering and Licence Hydrocracker unit; 10 years
Haldor Topsoe A/S	1,200	Engineering and License Sulfuric Acid unit; 10 years
Grimm Engineering	800	Units of the new Refinery; 5 years
Haldor Topsoe A/S	800	Engineering and License Hydrogen unit; 10 years
CB & I Lummmus B.V.	500	Engineering and Licence Visbreaker unit; 15 years
	25,000	

Other service providers *)	
Consultancy 'Patfinder'	400
Environmental Impact study	370
Soil Investigation Refinery	120
Site Development	7,000
	7,890

4.3 Notes to the 2008 Consolidated Income Statement

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

4.3.1 Net revenues per product

	2008		2007	
	x1,000 bbls		x1,000 bbls	
Local refined products	5,343	434,558	5,403	310,054
Trading activities	1,481	134,597	395	24,600
Electric energy	-	6,683	-	1,778
Total gross revenues	6,824	575,838	5,798	336,432
Net revenue local refined products after deduction of direct sales costs, including electric energy	-	561,869	-	330,008
Other sales related revenue				
- inventory change oil stock	-	3,003	-	639
- other revenues	-	75	-	1,230
Net sales revenue	**6,824**	**564,947**	5,798	331,877

4.3.2 Depreciation

The breakdown of the depreciation expenses is as follows:

	2008	2007
Wells and equipment	21,748	22,974
Oil pipelines	363	928
Refinery	4,401	4,200
Power plant	1,555	1,568
Other fixed assets	8,042	4,587
Paradise Oil Company	23	9
Ventrin assets	110	-
	36,242	34,266

4.3.3 Other operational costs

The breakdown of the other operational costs is as follows:

	2008	2007
Trading activities Staatsolie	58,565	24,602
Imported petroleum products for blending	2,490	169
Electric energy	543	2,190
Paradise Oil	160	50
Trading activities Ventrin	37,772	-
	99,530	27,011

VI. Financial Statements Staatsolie

1. Balance Sheet as of December 31, 2008

(after distribution of earnings)

x US$ 1,000		
Assets	**2008**	2007
Current assets		
Cash and cash equivalents	300,833	125,508
Short-term investments	14,941	13,734
Accounts receivable	45,100	59,839
Inventories	18,194	13,695
Prepaid expenses and other current assets	13,377	5,080
	392,445	217,856
Investments		
Pension plan	57	8,177
Equity investment	148	-
	205	8,177
Property, plant and equipment		
Oil properties		
Evaluated properties	171,784	159,918
Pipelines	2,855	3,132
	174,639	163,050
Refinery	23,910	27,664
Power plant	17,794	19,609
Other fixed assets	28,539	26,142
	244,882	236,465
Projects in progress	44,158	27,049
	289,040	263,514
Total assets	**681,690**	489,547

Paramaribo, April 23, 2009

The Board of Executive Directors
M.C. Waaldijk, Managing Director
I.E. Kortram, Finance Director
B.F. Nuboer, Refining & Marketing Director

x US$ 1,000

Liabilities	**2008**	2007
Current liabilities		
Accounts payable	6,487	8,686
Accrued liabilities	149,206	66,181
Income and other taxes	31,016	33,035
	186,709	107,902
Provisions		
Deferred income taxes	46,272	37,420
Provision for dismantlement and abandonment	59,418	52,505
Provision for pensions & other post retirement benefits	5,868	5,946
Provision for pension plan	522	-
	112,080	95,871
Stockholders' equity		
Share capital (SRD 1 par value 5,000,000 shares issued and outstanding)	12,104	12,104
General reserve	361,183	259,095
Appropriated reserve 'Commissie Rehabilitatie en uitbreiding Sportfaciliteiten'	5,248	5,960
Appropriated reserve 'Staatsolie Foundation for Community Development'	1,000	-
Unrealized gains and losses short-term investments	11,596	10,390
Net other comprehensive income	(8,230)	(1,775)
	382,901	285,774
Total stockholders' equity & liabilities	**681,690**	489,547

Paramaribo, April 23, 2009

The Supervisory Board

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

2. Income statement 2008

x US$ 1,000

	2008	2007
Revenues from		
Production & Refining	473,921	310,054
Trading activities	58,096	24,600
Electric energy	6,683	1,778
Inventory variation	2,618	639
Other revenues	75	1,230
	541,393	338,301
Less: export-, transport- and sales costs	(14,447)	(6,424)
Net revenues	526,946	331,877
Exploration expenses including dry holes	(5,366)	(3,963)
Production expenses	(25,945)	(20,128)
Refinery expenses	(10,679)	(8,617)
Depreciation	(36,109)	(34,257)
Other operational costs	(61,762)	(26,492)
Operating income	387,085	238,420
General and administrative expenses	(23,468)	(13,287)
Impairment of equity investment/goodwill	(8,356)	(377)
Financial income	4,930	3,688
Earnings before tax	360,191	228,444
Income tax charge	(129,357)	(81,675)
Net profit	**230,834**	146,769

Paramaribo, April 23, 2009

The Board of Executive Directors
M.C. Waaldijk, Managing Director
I.E. Kortram, Finance Director
B.F. Nuboer, Refining & Marketing 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 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%. The amount payable for these shares is included in the accrued liabilities.

Paradise Oil Company (POC) is a wholly owned subsidiary of Staatsolie and is domiciled in Suriname. In 2008, POC has a negative net asset value of US$ 258,543 and therefore the participation was valued at nil. The net loss of POC in 2008 amounted US$ 120,970.

Shareholders' equity

The difference between corporate and consolidated shareholders' equity is disclosed on page 40.

VII. Other Information

TJONG A HUNG | Accountants

1. Auditors' report

Report on the financial statements
We have audited the accompanying financial statements 2008 of Staatsolie Maatschappij Suriname N.V., Paramaribo, which comprise the balance sheet as at December 31, 2008, the cashflow statement and 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, 2008 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, April 6, 2009
Tjong A Hung Accountants

Tjong A Hung is an associated firm of PricewaterhouseCoopers

2. 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.

2008 distribution of earnings

In 2008, a net profit was realized of US$ 230.5 million. Management proposed a cash dividend of 55%, an addition to the appropriated reserve for ‘Staatsolie Foundation for Community Development’, profit sharing for management and personnel, a reserve for environmental risks and the remaining balance to be added to the general reserve. This proposal was adopted at the general meeting of shareholders held on April 23, 2009.

3. Adoption of Financial Statements of the preceding fiscal year

The 2007 Financial Statements were adopted at the General Meeting of Shareholders held on June 26, 2008 and included Management's proposal for the appropriation of the 2007 profit.

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