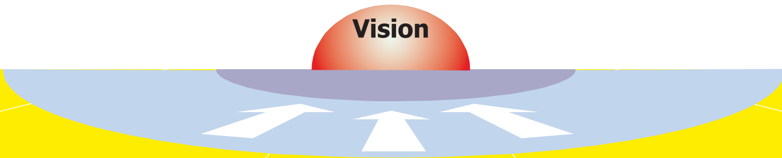
STAATSOLIE

Half-Year Report 2013

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

Mission

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

Values

1. **HSEC Focused:** We put health and safety first, strive for zero harm to our people and the communities around us, and minimize negative impacts upon the environment.

2. **Integrity:** We are honest and do what we say we will do.

3. **People Focused:** We create a supportive and collaborative environment, respect each other, are open to other's ideas and facilitate personal and professional growth.

4. **Excellence:** We set high standards for quality, strive to exceed expectations and do our work with a sense of urgency.

5. **Accountability:** We accept responsibility for our job and actions, are co-operative, and create a non-blaming environment.

STAATSOLIE

Content

I. Shareholder, Supervisory Board, Board of Executive Directors and Management

Sole Shareholder

The Republic of Suriname represented by:

- the President, His Excellency D. D. Bouterse, on his behalf:
- the Vice President, R. Ameerali.

Supervisory Board

E. Boerenveen	Chairman
S. Marica	Member
G. Asadang	Member
R. Graanoogst	Member
A. Hilversum	Member
F. Kasantaroeno	Member
E. Poetisi	Member
E. Jozefzoon	Secretary

Board of Executive Directors

M. Waaldijk	Managing Director
G. Sairras	Production & Development Director
I. Poerschke	Finance Director

Deputy Directors

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

Division Managers

D. Brunings	Manager Human Resources
L. Brunings	Manager Marketing
L. Chang	Manager Refining Operations
H. Chin A Lien	Manager Production Operations
M. Daal-Vogelland	Manager Petroleum Contracts
P. Goerdajal	Manager Drilling Operations
C. Heuvel	Manager Corporate Audit
V. Jadnanansing	Manager Controlling
W. Jungerman-Gangadin	Manager Corporate Communication
R. Liems	Manager Engineering & Maintenance Services
D. Mac Donald	Manager Health, Safety, Environment & Quality
B. Nandlal	Manager Field Evaluation & Development
A. Nelson	Manager Exploration
A. Oemrawsingh	Manager Corporate Planning
R. Ramautar	Manager Renewable Energy Sources
K. Roepnarain	Acting Manager Procurement
A. Sleman	Manager Information & Communication Technology
A. Vermeer	Manager Finance Administration

Managers assigned

E. Frankel	Manager Hydro
C. Hughes	Scope Manager Refinery Expansion Project
T. Ketele	Project Manager Refinery Expansion Project

Subsidiaries

P. Brunings	Operations Manager Paradise Oil Company N.V.
E. Jones	Chief Executive Officer Ventrin
A. Kleiboer	Operations Manager Staatsolie Power Plant
A. Nai Chung Tong	Acting Director Suritex

II. Letter of the Managing Director

In this first half-year of 2013 we continued delivering strong results both financially and operationally. Consolidated gross revenues amounted to US$ 515 million, an increase of 1.5% compared to the corresponding 2012 revenues.
Considering oil prices of US$ 92.50 a barrel for the rest of the year, revenues will be around US$ 1,074 million at year-end or 2.5% higher than 2012. Earnings before tax amounted to US$ 212 million, a decrease of 11% compared to the corresponding 2012 earnings.

Our crude production during the reported period amounted to approximately 3.0 million barrels (16,200 barrels per day), equal to the production of 3.0 million barrels in the first half of 2012. According to our revised strategy, overall crude production will be increased to 17,000 barrels per day by the end of 2015.

The remaining proven reserves at the end of June 2013 amounted to 73.7 million barrels. Increasing proven reserves is still core in our exploration-led growth strategy. To this end we are looking beyond our territories by focusing on the hydrocarbon potential in the region.

The Refinery Expansion Project is progressing well and completion is on schedule for the last quarter in 2014. The shipment of the prefabricated modules from Italy to Suriname was completed in June.
By mid-year the construction of the expanded refinery was at approximately 55%. With an investment of US$ 760 million, the new refinery will significantly decrease Suriname's dependency on imported fuels, while adding approximately US$ 100 million annually to the government budget.

Our top priorities remain to conduct safe, reliable operations with zero harm to people and the environment, and to create long-term growth and value. Simultaneously major emphasis is placed on increasing energy market share through diversification, expanding both product portfolio and markets, while building a strong and resilient company. Expansion of our thermal power generation capacity with 34 MW to 62 MW is under construction and scheduled for completion in the first quarter of 2014.

With the project approval for the Wageningen Sugarcane to Ethanol Project in 2013, another major step was set in expanding both our product portfolio and our markets.

On behalf of the Board of Executive Directors I extend my gratitude to our employees, customers, contractors, the Supervisory Board and the Shareholder. The results of the first half-year are proof that we keep making remarkable progress and your contribution was paramount in achieving our goals!

Thank you!

Paramaribo, September 06, 2013

M.C.H. Waaldijk
Managing Director

Arrival of 14 modules for the refinery expansion.

III. Independent Auditor's Report

To the Shareholder, Supervisory Board, Board of Executive Directors and Management of Staatsolie Maatschappij Suriname N.V.

Report on the condensed interim consolidated financial statements

We have audited the accompanying condensed interim consolidated financial statements 2013 of Staatsolie Maatschappij Suriname N.V., Paramaribo, which comprise the condensed interim consolidated balance sheet as at June 30, 2013, and the related condensed interim consolidated income statement, changes in shareholder's equity and cash flows for the six months ended June 30, 2013 and notes to the condensed interim consolidated financial statements.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these condensed interim consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed interim consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed interim consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed interim consolidated 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 condensed interim consolidated 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 condensed interim consolidated 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 condensed interim consolidated financial statements give a true and fair view of the financial position of Staatsolie Maatschappij Suriname N.V. as at June 30, 2013, and of its result and its cash flows for the six months ended June 30, 2013 in accordance with accounting principles generally accepted in the United States of America.

Paramaribo, September 06, 2013
Lutchman & Co. Accountants
Drs. M.R.A. Lutchman RA, Chartered Accountant

Work in progress at the Refinery Expansion Project. The vacuum tower is placed on its foundation.

The President of Suriname, H.E. D.D. Bouterse (front, second from left) and members of his cabinet visited the Refinery Expansion Project.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IV. Condensed Interim Consolidated Financial Statements

1. Condensed Interim Consolidated Balance Sheet as at June 30, 2013

(before distribution of earnings)

x US$ 1,000

Assets	Notes	**As at June 30, 2013**	As at Dec 31, 2012
Current assets			
Cash and cash equivalents		101,212	224,755
Short-term investments		29,183	35,938
Accounts receivable	3	150,655	108,542
Inventories		29,575	29,281
Prepaid expenses and other current assets		32,873	47,494
		343,498	446,010
Loan		2,293	2,237
Investments			
Participation in Joint Ventures		11,440	8,422
		11,440	8,422
Goodwill		5,447	5,447
Property, plant and equipment			
Oil properties			
Evaluated properties		228,486	214,742
Pipelines		1,987	2,171
		230,473	216,913
Refinery		14,931	17,945
Power plant		23,954	24,827
Other fixed assets		79,153	80,230
		348,511	339,915
Projects in progress		739,893	616,551
		1,088,404	956,466
Total assets		**1,451,082**	1,418,582

The notes in Chapter V are an integral part of these Condensed Interim Consolidated Financial Statements

Paramaribo, September 06, 2013

x US$ 1,000

Liabilities	**Notes**	**As at June 30, 2013**	As at Dec 31, 2012
Current liabilities			
Accounts payable		44,934	49,067
Bank overdraft		3,393	4,398
Accrued liabilities		48,180	97,495
Income and other taxes		35,527	74,095
Short-term portion of Term Loan		50,000	50,000
		182,034	275,055
Long term liabilities			
7% Bond		55,063	55,042
Term Loan		107,798	131,740
FCIB long/medium term loan facility		3,437	2,930
		166,298	189,712
Provisions			
Deferred income taxes	4	2,040	4,435
Dismantlement and abandonment		93,116	88,757
Pensions & other postretirement benefits	5	11,796	11,042
Pension plan	6	7,308	7,318
Environmental Risk		2,220	2,220
		116,480	113,772
Shareholder's equity		986,270	840,043
Total Liabilities & Shareholder's equity		**1,451,082**	1,418,582

The notes in Chapter V are an integral part of these Condensed Interim Consolidated Financial Statements

Paramaribo, September 06, 2013

2. Condensed Interim Consolidated Income Statement for the six months ended June 30, 2013

x US$ 1,000

	Notes	**Jan - Jun 30 2013**	Jan - Jun 30 2012
Revenues from			
Production & Refining		253,858	282,207
Trading activities		243,674	216,483
Electric energy		17,329	8,387
Gross revenues		514,861	507,077
Inventory variation		2,280	3,338
Other revenues		1,002	2,240
		518,143	512,655
Less: export-, transport- and sales costs		(8,624)	(10,225)
Net revenues	8	509,519	502,430
Exploration expenses including dry holes		(5,229)	(17,583)
Production expenses		(20,894)	(16,914)
Refinery expenses		(6,444)	(6,894)
Depreciation		(21,629)	(19,950)
Accretion expenses		(2,663)	(2,437)
Other operational costs		(217,369)	(181,731)
Operating income		235,291	256,921
General and administrative expenses		(14,462)	(13,802)
Expensed projects		(3,683)	(3,031)
Financial expense and income		(5,144)	(2,467)
Earnings before tax		212,002	237,621
Income tax charge	9	(63,558)	(85,857)
Earnings after tax		148,444	151,764
Minority interest		-	(4)
Net profit		**148,444**	151,760

The notes in Chapter V are an integral part of these Condensed Interim Consolidated Financial Statements

Paramaribo, September 06, 2013

3. Condensed Interim Consolidated Statement of Changes in Shareholder's Equity for the six months ended June 30, 2013

The movement for the six months ended June 30, 2013 consists of the following:

X US$ 1,000	Common stock	General reserve	Appropriated reserve for environmental risk	Appropriated reserve Committee Rehabilitation and Expansion of Sports facilities	Accumulated net other comprehensive income	Total
Balance as at January 1	12,104	815,112	6,500	7,456	(1,129)	840,043
Equity movements:						
Transfer from earnings	-	148,611	-	-	-	148,611
Prepaid pension benefits	-	(418)	-	-	-	(418)
Allocation / (Withdrawal)[1]	-		250	(193)	(2,023)	(1,966)
Balance as at June 30	12,104	963,305	6,750	7,263	(3,152)	**986,270**

[1] Allocation / (Withdrawal) consists of the following items:

- Appropriated reserve for environmental risk: US$ 250,000:
  Annually, an amount of US$ 500,000 is allocated for environmental risks. As at June 30, 2013, the appropriated reserve for environmental risk amounted to US$ 6.75 million.

- Appropriated reserve Committee Rehabilitation and Expansion of Sports facilities: (US$ 193,000).

- Accumulated net other comprehensive Income: (US$ 2,023,000):
  See paragraph 4 on the next page for the breakdown of this amount.

4. Condensed Interim Consolidated Statement of Other Comprehensive Income, as at June 30, 2013

x US$ 1,000

	As at June 30, 2013	As at Dec 31, 2012
Balance as at January 1	1,129	27,825
Pensions and other postretirement benefits plans	(332)	(25,241)
Cash flow foreign currency hedge	-	(12,956)
Unrealized (gains) and losses short-term investments	3,493	(3,516)
Tax effects of items included in other comprehensive income	(1,138)	15,017
Balance as at June 30	3,152	1,129

x US$ 1,000

Tax effects related to other comprehensive income, for the six months ended June 30, 2013	**Before Tax amount**	**Tax Expense**	**Net of Tax amount**
Pensions and other postretirement benefits plans	(332)	(119)	(213)
Unrealized (gains) and losses short-term investments	3,493	1,257	2,236
Other comprehensive income	3,161	1,138	2,023

5. Condensed Interim Consolidated Cash Flow Statement for the Six Months Ended June 30, 2013

x US$ 1,000	Jan - Jun 30 2013	Jan - Jun 30 2012
Cash flow from operating activities		
Net profit	**148,444**	151,760
Depreciation	21,629	19,950
Accretion expenses	2,663	2,437
Amortization of debt arrangement fees	323	383
Exploration expenses of dry holes	-	377
Provisions	3,966	4,549
Interest on short term investments	3,262	(1,347)
Accrued interest	(1,183)	(769)
Deferred taxes	(1,191)	7,490
Foreign exchange (gain)/loss	95	3,769
Minority interest Ventrin	-	4
Operating profit before working capital changes	**178,008**	188,603
Working capital changes (Operating assets)		
Accounts receivable	(78,408)	(11,695)
Inventories	(360)	1,722
Accounts payable	(4,133)	(9,653)
Bank overdraft	(1,005)	800
Accrued liabilities	(22,320)	20,502
Income and other taxes	(38,568)	8,080
Pension plan	(2,209)	(1,074)
Provision for pensions and other postretirement benefits	1	(75)
Net cash flow from operating activities	**31,006**	197,210
Cash generated from investing activities		
Investment in property, plant and equipment	(153,730)	(205,745)
Net cash flow from investing activities	**(153,730)**	(205,745)
Cash generated from financing activities:		
Term loan	(21,945)	(11,818)
FCIB long/ medium term loan facility	507	(472)
Distribution of earnings, excl. addition to general reserve	75,929	(1,281)
Distribution of earnings	(55,119)	(32,905)
Committee Rehabilitation and Expansion of Sports facilities	(193)	-
Net cash flow from financing activities	**(821)**	(46,476)
Effects of exchange rate changes on foreign cash balances	2	(3,795)
Net decrease in cash and cash equivalents	**(123,543)**	(58,806)
Cash and cash equivalents at beginning of period	**224,755**	496,788
Cash and cash equivalents at the end of period	**101,212**	437,982
Interest paid	7,819	9,446
Income tax paid	70,716	81,450

V. Notes to the Condensed Interim Consolidated Financial Statements

General Information

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 Plant commenced commercial operations in 2006.

Staatsolie has four (4) subsidiaries of which three (3) are wholly owned: Paradise Oil Company N.V. (POC) and Suritex N.V. incorporated in the Republic of Suriname and Ventrin Petroleum Company Limited, a bunkering company incorporated in the Republic of Trinidad and Tobago.
Staatsolie is the main shareholder of the Staatsolie Power Company Suriname N.V. (SPCS), incorporated in the Republic of Suriname, and the local electricity company N.V. EBS holds one share.

1 Summary of Accounting Policies

Principles of consolidation

These condensed interim 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 intercompany balances, sales and purchases. These Condensed Interim Consolidated Financial Statements do not include all the notes of the type normally included in the annual Consolidated Financial Statement. Accordingly, this report should be read in conjunction with the annual report for the year ended December 31, 2012. The accounting policies adopted are consistent with those of the previous financial year.

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 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 for the period under review was US$ 1 = SRD 3.25, US$ 1 = Euro 0.76 and US$ 1= TT 6.42 .

Exploration and production development

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

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

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' . The unrealized gains and losses on short-term investments, after deduction of deferred income taxes, are recorded under the shareholder's equity. US GAAP allows that the net unrealized gains and losses on short-term investments are recorded in the shareholder's equity as part of the accumulated net other comprehensive income.

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 period-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.

Debt arrangement fees

The term loan and the bonds are recorded at historical cost. US GAAP requires that financing fees which consist of the commitment fees, upfront fees and consultancy costs should be capitalized and amortized as expense over the duration of the loan. The loans are presented net of the capitalized financing fees.

Participation in Joint Ventures

The participation in Joint Ventures is recorded at cost.

Equity investments

Equity investments are accounted for using the equity method.

Goodwill

To the extent that the cost of acquiring an equity investment exceeds the fair value of the net assets acquired, the excess is recorded as goodwill. Goodwill is evaluated for impairment on at least an annual basis.

Property, plant and equipment

Oil properties

The costs of production development such as drilling, testing and completion of development wells are capitalized, notwithstanding if these wells are successful or not. Capitalized costs consist of the purchase price of materials and services, including the company's internal services. Capitalized costs for wells, equipment and production facilities are depreciated using the Unit of Production Method.

Refinery, power plant and other fixed assets

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

Impairment of property, plant and equipment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets of cash-generating units are written down to their recoverable amount.

Current liabilities

This relates to short term obligations which are payable within one year, which are recorded at their nominal values.

Long-term debt

The long-term debt consists of debt obligations of longer than one year and are recorded at their nominal values.

Deferred income taxes

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

Provision for environmental risk

According to Staatsolie's policy, which is based on international accepted Environmental, Health and Safety (EHS) standards for petrol stations and national regulations (NIMOS), an environmental provision is recorded for Suritex N.V. The environmental provision is measured at the expected value of future cash flows. The expected value is not discounted to their present value, because the discounted present value does not significantly deviate from the expected value.

Revenues

Net revenues consist of the sales of petroleum products, electric energy and trade activities of petroleum products after deduction of discounts, export charges, and other sales charges. 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’.

Asset retirement obligations

US GAAP demands that the accretion expense resulting from the change in the passage of time in the asset retirement obligation (ARO) should be recorded as period cost in the income statement under the operating expenses.

Income tax

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

2 Accounting Standards and Interpretations

The new standards/amendments of 2013 are not applicable, or where applicable the adoption of the standards did not have a material impact on the Company’s financial statements.

3 Accounts receivable

	As at June 30, 2013	As at Dec 31, 2012
Accounts receivable in foreign currency (net)	109,192	103,417
Accounts receivable in Surinamese dollars (net)	41,463	5,125
	150,655	108,542

The accounts receivable include a provision for doubtful accounts of US$ 7,047,640 of which US$ 6,314,146 for Staatsolie and US$ 733,494 for Ventrin. (2012: US$ 6,365,626)

4 Deferred income taxes

Movements in 2013 in the deferred income taxes were as follows:

	As at June 30, 2013	As at Dec 31, 2012
Balance as at January 1	4,435	64,497
Movement due to:		
Adjustment of beginning balance deferred tax	-	(72,167)
Difference between commercial and fiscal calculation of profit	(1,191)	(2,332)
Unrealized losses on inventory subsidiaries	(66)	(580)
Unrealized financial gains/(losses) from investment in pension plan and postretirement benefits	119	9,087
Defferred taxes on Hedge	-	4,664
Unrealized financial gains/(losses) from short-term investments	(1,257)	1,266
Balance as at June 30	**2,040**	4,435

5 Provision for pensions and other postretirement benefits

	As at June 30, 2013	As at Dec 31, 2012
Unfunded accrued pension benefits, insured pension plan	714	753
Unfunded accrued pension benefits, health care plan	11,082	10,289
	11,796	11,042

6 Provision for pension plan

The provision for pension plan to the amount of US$ 7,307,759 regards the accrued pension cost related to the pension plan for Staatsolie 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 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.

	Pension benefits		Health care	
Jan-June	2013	2012	2013	2012
Employer's contribution	(1,911)	(1,827)	-	-
Employee's contribution	(637)	(611)	-	-

	Pension benefits		Insured pension benefits		Postretirement health care	
Jan-June	2013	2012	2013	2012	2013	2012
Service costs	(2,142)	(2,474)	(20)	(26)	(457)	(640)
Interest costs	(2,068)	(1,651)	(21)	(16)	(418)	(397)
Return on assets	2,011	1,996	-	-	163	151
Unrecognized transition costs	(11)	(11)	-	-	(60)	(60)
Unrecognized prior service costs	(88)	(88)	-	-	-	-
Unrecognized gains/losses	(165)	(670)	12	-	(20)	(224)
Net pension costs	**(2,463)**	**(2,898)**	**(29)**	**(42)**	**(792)**	**(1,170)**

7 Off-balance commitments and contingencies

As at June 30, 2013 the off-balance commitments and contingencies consist of the following:

	2013	**2014 - 2018 June**	**Total**
Long- term (sales) contracts	220,013	207,926	427,939
Long- term refinery expansion contract	81,445	65,500	146,945
Operational lease	5,456	5,273	10,729
Study grants	191	677	868
	307,105	279,376	586,481

8 Net revenues per product

x US$ 1,000	**Jan-Jun 2013**		Jan-Jun 2012	
	x 1,000 Bbls		x 1,000 Bbls	
Local refined products	2,856	294,219	2,942	323,506
Intracompany sales	(418)	(40,361)	(374)	(41,299)
Local refined products (net)	2,438	253,858	2,568	282,207
Trading activities	1,632	243,674	1,344	216,483
Electric energy *)		17,329		8,387
Total gross revenues	4,070	514,861	3,912	507,077
Net revenue local refined products after deduction of direct sales costs		506,237		496,852
Other sales related revenue				
- inventory change oil stock		2,280		3,338
- other revenues		1,002		2,240
Net sales revenue	**4,070**	**509,519**	3,912	502,430

*) The generated electric energy as at June 2013 is 104,349,848 kWh. (June 2012: 61,626,360 kWh).

9 Income tax charge

The income tax comprises of

x US$ 1,000	**Jan - Jun 30 2013**	**Jan - Jun 30 2012**
Current tax expense or benefit	(64,749)	(78,367)
Deferred tax expense or benefit	1,191	(7,490)
	(63,558)	(85,857)

Reconciliation statutory with effective tax rate	**Jan - Jun 30 2013**	**Jan - Jun 30 2012**
Suriname statutory income tax rate	36%	36%
Effect of unrecognized credits	-	-
Effective tax rate	36%	36%

Tax losses carry forward

Ventrin has accumulated tax losses of approximately US$ 15.1 million (2012: US$ 15.0 million) available for offset against future taxable profits. These losses have no expiry date in Trinidad and Tobago.

VI. 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.

First half year 2013

As at June 30, 2013, after deduction of the prepaid pension benefits amounting to US$ 418,000 and allocation to the reserve for environmental risk of US$ 250,000, a net profit before distribution of earnings was realized of US$ 148 million. Distribution of earnings will take place in accordance with Article 28 of the articles of association.

2. Adoption of Financial Statements of the preceding Fiscal Year

The 2012 Financial Statements were adopted at the General Meeting of Shareholders held on April 24, 2013 and included Management's proposal for the appropriation of the 2012 profit.

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Dr. Ir. H.S. Adhinstraat 21
P.O.Box 4069, Flora
Paramaribo, Suriname
Phone: (597) 499649
Fax: (597) 491105
www.staatsolie.com

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