The Future is NEAR

STAATSOLIE

2018 ANNUAL REPORT

CONTENTS

LIST OF USED ABBREVIATIONS

bbl: barrel (ca. 159 liter)

Kbbls: thousands of barrels

MMbbls: millions of barrels

oz.: (troy) ounce

HSE: Health, Safety and Environment

HSEC: Health, Safety, Environment and Community

NSD: Nearshore Drilling

EBITDA: Earnings before interest, taxes, depreciation, and amortization

IOC: international oil company

IPO: Initial Public Offering

IFRS: International Financial Reporting Standards

CAPEX: Capital expenditures

ESIA: Environmental and Social Impact Assessment

bopd: barrels of oil per day

DDP: Development Drilling Program

EOR: Enhanced Oil Recovery

IOR: Improved Oil Recovery

CSS: Cyclic Steam Stimulation

ULSD: Ultra Low Sulphur Diesel

MWh: megawatt-hour

IMO: International Maritime Organization

HSEQ: Health, Safety, Environment and Quality

LTI: Lost Time Incident/Injury

PSC: Production Sharing Contract

MT/CSEM: Magneto Telluric and Controlled Source Electromagnetic

2D: two-dimensional

3D: three-dimensional

Staatsolie has identified a major opportunity to expand our commercial oil reserves and support our company's and our country's future economic success.

The opportunity is near at hand: The Nearshore Drilling (NSD) Project has targeted nine highly promising locations for drilling in the nearshore area – approximately 40 kilometers off Suriname's coast in waters up to 30 meters deep.

For decades our Calcutta, Tambaredjo and Tambaredjo Northwest oil fields have been producing. But to ensure we continue meaningful production for the years to come, we must also find new commercial reserves. And that is precisely what the NSD Project promises to do.

In 2018, Staatsolie focused on the painstaking preparations necessary to launch this project on a world-class scale, analyzing data, designing wells, conducting environmental and social impact assessments (ESIAs), awarding contracts and more. Our successful efforts in 2018 have put us into prime position to launch the NSD Project in 2019.

We have made our commitments, and we are confident today that success in the future is near.

VISION

Leading the sustainable development of Suriname's energy industry.

Making a strong contribution to the advancement of our society.

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

MISSION

To develop Suriname's hydrocarbon potential over the full value chain, to generate electricity, and to develop renewable sustainable energy resources.

To secure the energy supply of Suriname and to establish a solid position in the regional market.

To expand our reputation based on our growth performance, flexibility and corporate social responsibility.

VALUES

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.

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

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

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

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

OVERVIEW

2018

CRUDE PRODUCTION

6 MMbbls

GROSS REVENUES (2018 VS. 2017)

US$ 506 million	US$ 434 million
2018	2017

TOTAL SALES

2,523 Kbbls	1,963 Kbbls
Fuel Oil & Crude	Premium Diesel
640 Kbbls	22 Kbbls
Premium Gasoline	Bitumen

GOLD REVENUES

US$ 92 million

Supervisory Board

G. Asadang	**M. Rommy**	**E. Boerenveen**	**E. Poetisi**	**I. Tholen**
Member	*Member*	*Chairman*	*Member*	*Secretary*

Board of Executive Directors

A. Jagesar	**A. Moensi-Sokowikromo**	**R. Elias**	**B. Dwarkasing**
Downstream Deputy Director	*Finance Director*	*Managing Director*	*Upstream Director*

General Information

As at December 31, 2018

SOLE SHAREHOLDER

The Republic of Suriname represented by:

- The President, **His Excellency D. Bouterse**, on his behalf:
- The Vice President, **A. Adhin**

SUPERVISORY BOARD

E. Boerenveen
Chairman

G. Asadang
Member

E. Poetisi
Member

M. Rommy
Member

I. Tholen
Secretary

BOARD OF EXECUTIVE DIRECTORS

R. Elias
Managing Director

B. Dwarkasing
Upstream Director

A. Moensi-Sokowikromo
Finance Director

DEPUTY DIRECTOR

A. Jagesar
Downstream Deputy Director

ASSET MANAGERS

P. Brunings
Production Asset Manager

C. Hughes
Refinery Asset Manager

R. Spuij
Exploration & Appraisal Asset Manager

DIVISION MANAGERS

CORPORATE

I. Ambrose
Manager Corporate Audit

E. Bergval
Manager Corporate Communication

M. Daal-Vogelland
Manager Petroleum Contracts

J. Gajadin-Joella
Manager Corporate Legal Affairs

V. Gangaram Panday
Manager Strategy & Business Development

T. Haarloo
Manager Corporate HR

K. Kalijan
Manager Corporate HR Development

S. Mannes
Manager Corporate Health, Safety, Environment & Quality

K. Raghosing
Manager Corporate Controlling & Treasury

A. Ramsaransingh-Karg
Manager Corporate Procurement

D. Ratchasing
SAP Program Manager

A. Sleman
Manager Information & Communication Technology

A. Vermeer
Manager Finance Administration

UPSTREAM

K. Ashruf-Thijm
Manager HR Upstream

R. Bissumbhar
Manager Exploration

A. Dest
Manager Procurement Upstream (Acting)

D. Kertotiko
Manager Technical Support Services

T. Ketele
Manager Nearshore Project

D. Lim A Po
Manager Projects

R. Mangnoesing
Manager Business Economics

V. Mitchelll
Manager Drilling Operations

K. Moe Soe Let
Program Manager IOR/EOR

B. Nandlal
Manager Functional Support Services

A. Schuitemaker-Nghollo
Manager Production Unit TNW/Calcutta

R. Soekhlal
Manager Health, Safety & Environment Upstream

DOWNSTREAM

P. Braaf
Manager HR Downstream

A. De Marco
Manager Health, Safety & Environment Downstream

E. Fränkel
Manager Refining Operations

W. Gajapersad
Manager Maintenance & Reliability

A. Mohamedhoesein
Manager Integrity & Projects

D. Pello
Manager Technical Services

M. Refos
Manager Marketing

M. Woelkens
Manager Procurement Downstream

SUBSIDIARIES

GOw2 ENERGY SURINAME N.V.

P. Gray
Managing Director

C. Venetiaan-Heuvel
Finance Director

VENTRIN PETROLEUM COMPANY LTD

L. Brunings
Chief Executive Officer

STAATSOLIE POWER COMPANY SURINAME N.V.

R. Vlaming
Operations Manager

Letter of the Managing Director

Fiscal 2018 was a year of strong financial results for Staatsolie – and a year of continuing preparations for the significant commercial offshore discovery that we believe to be around the corner. As we follow the key elements of our Strategy for Success, we are well on the way to transforming Staatsolie into a world-class oil company.

FINANCIAL RESULTS OVERVIEW

Overall, Staatsolie's 2018 performance was up in several key areas from 2017.

- The average posting price of our crude was US$ 61/bbl in 2018, compared to US$ 47/bbl in 2017.
- In 2018, we realized consolidated gross revenues of US$ 506 million, up 16% from the prior year.
- Our 2018 EBITDA reached a near record level of US$ 355 million, compared to US$ 285 million in 2017.
- Our profit before tax in 2018 was US$ 149 million, compared to US$ 94 million in 2017.
- Our 25% share of the Merian gold mine yielded 131,000 oz., contributing US$ 92 million to our EBITDA at an average gold price of US$ 1,264/oz. This compares to our share of 127,000 oz. of production, EBITDA contribution of US$ 92 million and average gold price of US$ 1,265/oz. in 2017.
- Staatsolie's contribution to Suriname's government, consisting of taxes, dividend and royalties, amounted to US$ 150 million in 2018 from which US$ 10 million relates to royalties of the 25% interest of Staatsolie in the gold mine of Newmont Suriname, compared to US$ 139 million (US$ 10 million royalties) in the previous year.

FOLLOWING OUR STRATEGY FOR SUCCESS

We continue to be guided by our Strategy for Success, first introduced in 2016. The strategy contains six key elements.

1. HSEC COMMITMENT

The safety of our people is our highest priority. We strive for zero harm to our people and our communities and to minimize any negative impacts upon the environment. Therefore, we have a Health, Safety and Environment (HSE) Policy, an Environmental Policy and a Corporate Social Investment Policy to ensure that we live up to our Health, Safety, Environment and Community (HSEC) commitment. Although there were 7 more safety incidents in 2018 than in 2017, we stay committed to further implement our safety programs and to support behavior-changing training and education.

2. REFOCUS UPSTREAM

In 2018, we placed particular focus on our Nearshore Drilling (NSD) Project. Extensive preparations were conducted to set the stage for a successful 9-well exploration drilling campaign, which will be the focus again in 2019.

As for production, recognizing the continuing commodification of crude oil, we remain committed to be a low-cost producer. To compete, we must be a lowest quartile producer, and we achieved that goal in 2018. We managed our operations to be successful in a US$ 40-60/bbl range, which we expect international oil prices to be for the foreseeable future.

In 2018, we produced an average of 16,383 bbls Saramacca Crude per day, which is approximately 6 MMbbls produced in total on a yearly basis, nearly 100% of our target.

Going forward, we look to secure production of approximately 6 MMbbls per year from our 3 existing onshore fields. To help us do so, we will continue to aggressively pursue Enhanced/ Improved Oil Recovery (EOR/IOR) methods, with an eye to increasing our ultimate recovery rate to 25-27%.

With recent discoveries in Guyana near the border of Suriname, our optimism remains high for an imminent offshore commercial discovery.

To be ready to reap the benefits of such a discovery, we continue our efforts to become the partner of choice for international oil companies (IOCs). Reflecting industry confidence in Suriname's oil future, Staatsolie signed two new production sharing contracts in 2018, with IOCs Cairn Energy and Tullow Oil. An even greater indication of that shared confidence: multiple IOCs will be drilling wells offshore Suriname in 2019 and 2020.

In addition to transforming our own company into a world-class enterprise capable of participating in the development of a major oil discovery, Staatsolie is looking to help the business community and educational institutes of Suriname prepare for the opportunities that we believe are coming. To that end, we conducted an Industrial Baseline Study in 2018 together with our offshore partners, to highlight all the areas in which companies and educational institutes need to ramp up their capabilities to serve the international oil industry.

We are also encouraging the government of Suriname to prepare a plan for handling its oil and gas resources in a way that fully benefits the country – before such a discovery is made.

3. OPTIMIZE DOWNSTREAM

We continue to make improvements at the refinery operations. In 2018, our refinery produced 2.74 MMbbls of high-end products. By 2020, we are targeting sustainable production of 10,050 bbls of high-end products per day. The focus remains to ensure a steady output of products while rigorously lowering costs.

4. PREPARE FOR AN IPO

As part of our internal transformation, we plan to enter the international capital market, preferably through an Initial Public Offering (IPO). A major step in that process during 2018 was assigning Ernst & Young as our external auditor to ensure that our finances are reported in accordance with International Financial Reporting Standards (IFRS).

5. SIMPLIFY OUR PROCESSES

In 2019, continuing to simplify our corporate processes will be a major priority. We will focus on eliminating time-consuming, error-prone or non-value-adding steps in our day-to-day operations.

6. BE PEOPLE-FOCUSED

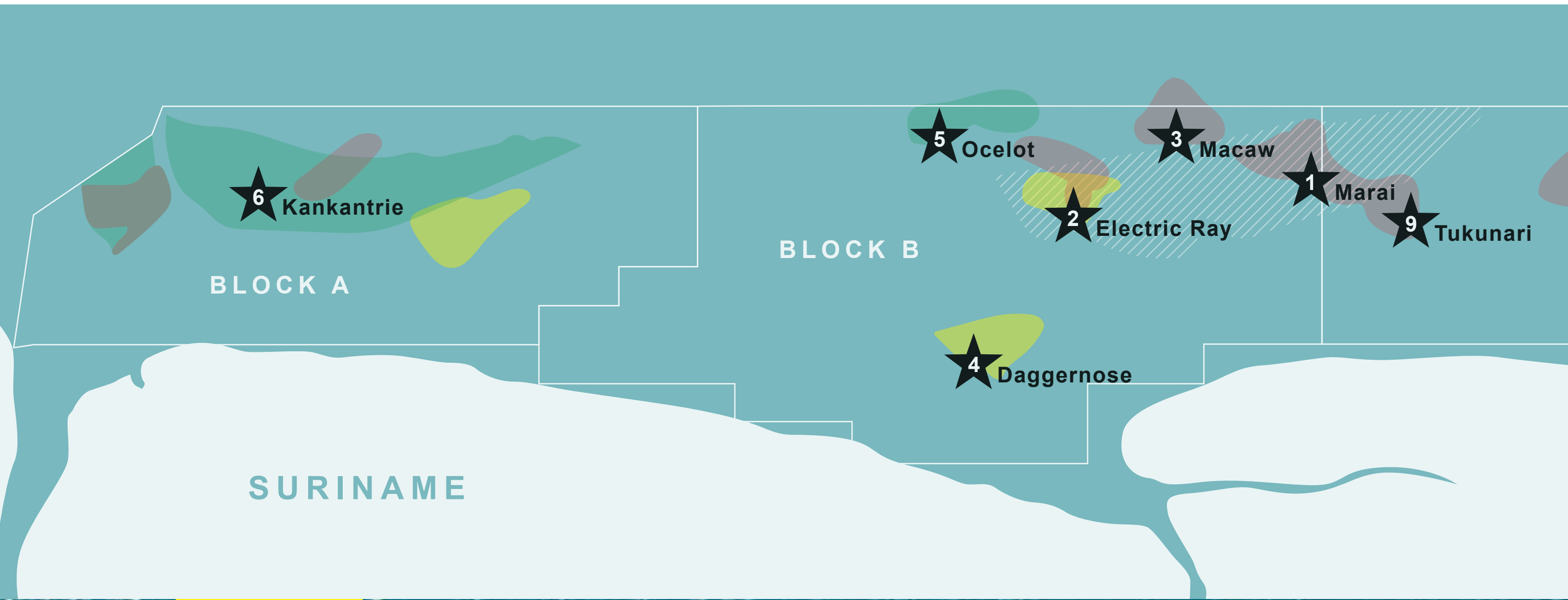
Staatsolie is determined to have the right people in the right roles at all times. Tactics we have enacted to improve our people's success include succession planning and implementing secondments to IOCs in order to accelerate the development of our talent.

MOVING FORWARD

With promising prospects both nearshore and offshore and a clear strategy for success, both near-term and long-term, it is an exciting time for Staatsolie. I would like to thank our employees, our Supervisory Board and our Shareholder for their continued support as we look forward to entering a new era for Staatsolie and for Suriname, in 2019 and beyond.

Rudolf Elias
Managing Director

Opportunity is Near



9
Most promising drilling locations selected after extensive analysis

<30 M
Depth of NSD target locations

Drilling area
11,250 KM²

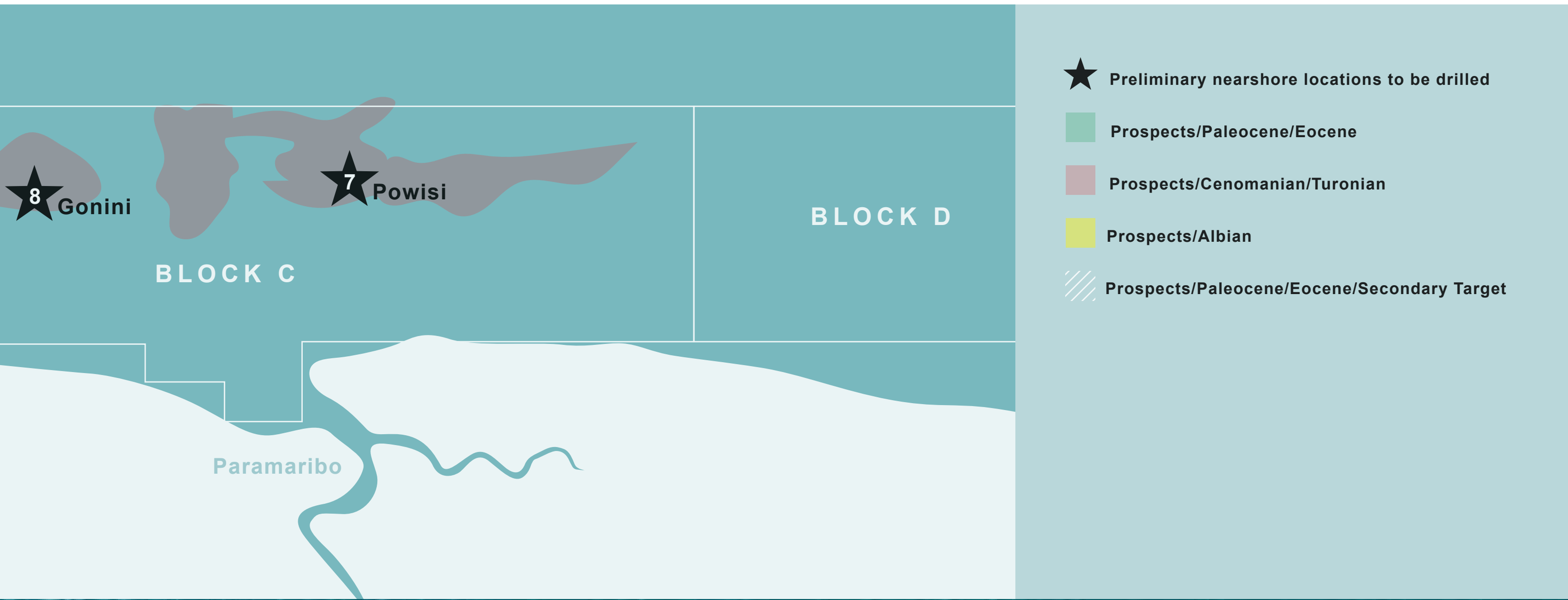
38 YEARS
Time Staatsolie's onshore wells have produced crude

~40 KM
NSD target locations distance from shore

US$ 99 MM
Capex devoted to NSD

PREPPING THE NEARSHORE DRILLING PROJECT

Many of our efforts in 2017 and 2018 were devoted to preparing the Nearshore Drilling (NSD) Project for a launch in 2019 in order to discover new hydrocarbon resources needed to secure Staatsolie's and Suriname's future



2-4 Weeks of drilling time per location

NOW Time to find new reserves!

15 BN+ Barrels of potential oil reserves in Suriname-Guyana Basin

10-27% Probability of success for 9 wells

Well depths **800 M-2.5 KM**

TIMELINE FOR THE NEARSHORE DRILLING PROJECT

2017

- Collect and analyze seismic and other data
- Conduct ESIA
- Stakeholder meetings in Paramaribo and with fishing communities

2018

- Continue collecting and analyzing data
- Target well locations
- Update prospect volumes
- Design wells
- Survey drilling locations to identify hazards and reduce risks
- Order materials
- Sign contract with Medserv as partner for logistics
- Sign contract with Seadrill as partner for drilling
- Sign contract with Halliburton as partner for support services
- Mobilize contractors and equipment to Suriname

“Everyone must be aware of all the work done before the first exploration well can be drilled. We don’t want to leave anything to chance, and that means that we adhere to world-class standards.”

Roland Spuij
Exploration & Development
Asset Manager

Financial and Operational Performance 2018

FINANCIALS 2018

RESULTS OVERVIEW

Though the oil industry remained volatile in 2018, Staatsolie's financial results were impacted by crude prices that were significantly higher, with the average posting price per barrel reaching US$ 61 compared to US$ 47 in 2017. Staatsolie attained gross revenue of US$ 506 million in 2018, up from US$ 434 million in 2017. Profit before tax was US$ 149 million, compared to US$ 94 million the prior year. Our contribution to the government of Suriname, consisting of taxes, dividend and royalties due to the 25% interest of Staatsolie in the gold mine of Newmont Suriname amounted to US$ 150 million for 2018, compared to US$ 139 million in 2017.

Sales and revenue for 2018 breaks down as follows:

In 2018, we continued to maintain a healthy debt to EBITDA ratio of less than 2.5. Going forward, we are planning to diversify our funding sources through the issuance of an international bond anticipated for 2020. In preparation for a potential entry of the international capital market, we continue to engage Ernst & Young to audit our yearly financial statements, with 2018 marking the second year we are sharing our results in accordance with International Financial Reporting Standards (IFRS). We are further enhancing our processes with initiatives focused on improved financial closing and reporting as well as on the controls framework.

Concerning capital expenditures, our investments over the next 3 years will focus on sustaining production at 6 MMbbls per year going forward, Enhanced/Improved Oil Recovery (EOR/IOR) and – as this year's report highlights – nearshore exploration.

In 2018, Staatsolie committed US$ 203 million to Capex, with approximately US$ 99 million devoted to the Nearshore Drilling (NSD) Project.

SALES AND REVENUE

	2018		2017	
	x 1000 Bbls	in M$	x 1000 Bbls	in M$
Fuel Oil & Crude	2,523	175	2,795	162
Diesel	1,963	188	1,940	147
Gasoline	640	65	666	61
Bitumen	22	2	24	2
Other	175	19	149	13
Total	**5,323**	**449**	**5,574**	**386**
Electric Energy in MWh	438,388	57	335,056	48
Total revenues (x US$ 1 mln)		**506**		**434**

MERIAN GOLD MINE

For a measure of diversification, Staatsolie owns a 25% Equity share in the Merian gold mine CV. Merian's consolidated production was 534,000 oz. of gold in 2018, compared to 513,000 oz. in 2017. The construction of the new Sabajo pit is scheduled for 2020. Merian's consolidated gross property, plant and mine development at December 31, 2018 was US$ 782 million, compared to US$ 787 million the prior year. Total consolidated proven and probable reserves at the end of 2018 were 4,970,000 oz. Projected production for 2019 is estimated at 520,000 oz.

UPSTREAM OPERATIONAL PERFORMANCE

RESERVES

Staatsolie's proven reserves at the end of 2018 stood at 74.4 MMbbls, down from 84.4 MMbbls. Reasons for the decline include attaining 6 MMbbls of production per year, a higher decline rate in some areas and limited new reserves from appraisal drilling and EOR methods. A second phase of polymer flooding in 2019 is expected to add to our proven reserves.

EXPLORATION

In 2018, extensive preparations were made for the NSD Project, which will begin its nearshore exploration drilling program of up to 9 wells in 2019. The most promising prospect is Kankantrie, with expected recoverable volumes of 826 MMbbls. Preparations included:

- Prospect volume updates;
- Farmout sessions to explore the possibility of IOC partnerships (which Staatsolie decided not to pursue prior to a discovery);
- Expanding our data acquisition program;
- Well proposals;
- Technical feasibility assessments;
- Reprocessing and inversion of 2D seismic data;
- An Environmental and Social Impact Assessment (ESIA);
- Geophysical and geotechnical surveys;
- Placing of resources in operational readiness for 2019.

These successful preparations were optimized by improved internal processes, including the reorganization of our Exploration Division, and by prioritizing projects using a play-based exploration approach.

We began exploration with the evaluation of the shallow offshore area (a continuation of the nearshore area, with water depths of 25-60 meters), with reprocessed seismic data and play-based workflows in forming the creation of a shallow offshore prospect portfolio in 2019.

CRUDE PRODUCTION

In 2018, crude production from our three onshore fields – Calcutta, Tambaredjo and Tambaredjo Northwest – was 16,383 bopd, compared to 16,300 bopd in 2017. Going forward, our production goal is 6 MMbbls per year.

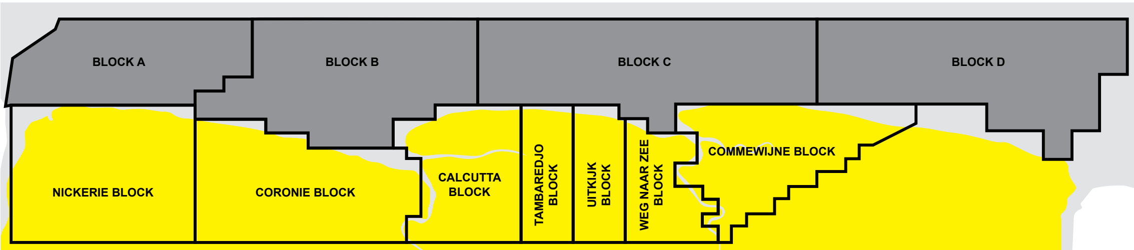
The average production cost per barrel in 2018 was US$ 9.43 (2017: US$ 8.60), keeping us where we need to be to compete: in the lowest cost quartile.

During our 2018 Development Drilling Program (DDP), 152 wells were drilled, of which 127 had sufficient oil volumes to be regarded as producers; 117 of these wells were put into production, along with 18 wells remaining from the 2017 DDP. These 135 wells were distributed across our three onshore oil fields.

In 2018, 34 appraisal wells were drilled to find new reserves close to our current fields, with interesting results north of Calcutta and northeast of Tambaredjo. Production tests will be conducted in these areas in 2019.

With an eye to acquiring new reserves with EOR/IOR, preparations were made to implement polymer flooding on a large scale in 2019 and 2020. In addition, based on a re-evaluation of the pilot Cyclic Steam Stimulation (CSS) project that was implemented in 1985, a second pilot for CSS in the Tambaredjo field is planned to start in the third quarter of 2020. Preparations were also made to start with a large-scale 2D/3D seismic program beginning in 2019. The focus will be on Uitkijk and the northern areas of Calcutta, Tambaredjo and Tambaredjo Northwest.

ONSHORE OILFIELDS



We also initiated IOR pilot projects including horizontal wells, downhole water sinks and high fluid rate vertical wells as part of the development strategy for areas with a high oil/water contact ratio.

In 2018, Capex projects included 10 facilities built to connect new wells from the Development Drilling Program and multiple tank and header replacements. Additional projects going forward include the construction of a power plant and a polymer flooding plant.

DOWNSTREAM OPERATIONAL PERFORMANCE

REFINERY & MARKETING OPERATIONS

TOTAL SALES IN BBLS

	2018	2017
ULSD	1,962,541	1,940,191
Gasoline	639,568	666,035
Fuel Oil	2,523,472	2,795,198
Others	197,055	172,936
Total BBLS	**5,322,636**	**5,574,359**

At our refinery in Tout Lui Faut, Staatsolie's Saramacca Crude is refined to different grades of fuel oil, premium diesel, premium gasoline and bitumen, which are sold domestically and to Caribbean markets.

In 2018, production of high-end products (gasoline and diesel) was 2.74 MMbbls, slightly higher than the 2.66 MMbbls produced in 2017 and significantly higher than the 1.8 MMbbls produced in 2016. This enhanced production was due to continuing improvements of our refinery operations, including improved maintenance, resulting in higher availability and reliability of key equipment; the ability to utilize more of the installed refinery capacity; and the growing skills of our workforce. We are well on the way to reaching our target of 10,500 bbls of high-end products a day by 2020.

Average availability across 2018 was 93%, with 79.7% utilization, compared to 92.7% availability and 76.5% utilization in 2017.

Total sales of petroleum products including trading and after elimination of intra-company sales amounted to 5.32 MMbbls in 2018, compared to 5.57 MMbbls in 2017.

Refinery improvements in 2018 included:

- Replaced catalyst of the first bed of the reactor in the hydrocracker.
- Installed and commissioned a dry-gas-seal conditioner in the hydrocracker.
- Repaired a blower in the hydrogen production unit.
- Installed an extra separation vessel in the sour water stripper to enable higher production of sulfuric acid.
- Utilized the hydrocracker for 100% during October and November 2018.
- Completed the pre-filtration project of water treatment plant.

STAATSOLIE POWER COMPANY SURINAME N.V.

Staatsolie Power Company Suriname (SPCS) operates a thermal power plant that delivers electricity and steam to the Staatsolie refinery and electricity to the Paramaribo grid.

SPCS delivered 350,178 MWh to the public grid in 2018, a 4.5% increase from the prior year, and 88,299 MWh to the refinery, a 2.4% decrease from 2017 due to fluctuating refinery loads and downtimes. Overall, total power generation increased 3% in 2018 from 2017. The production represents 64.4% of the installed annual generating capacity of 680,000 MWh. The process steam delivered to the refinery rose from 26,042 tons in 2017 to 70,245 tons in 2018.

The continuous effort to increase the reliability paid off with a reduction in the unplanned engine shutdowns of 33%.

In 2018, SPCS was certified to be in accordance with the ISO 9001:2015 quality management standard, demonstrating our commitment to delivering power and steam with consistent quality, customer satisfaction and continuous improvement.

GOw2 ENERGY SURINAME N.V.

VOLUMES IN BBLS

	2018	2017
Unleaded and diesel sales	855,463	911,007
Average unleaded sales/day	1,437	1,785
Average diesel sales/day	1,345	1,252

GOw2 PERFORMANCE

GOw2 service stations provide Staatsolie presence in the domestic retail market. The premium gasoline and diesel produced by the Staatsolie refinery for the local market is sold mainly through GOw2.

GOw2 maintained its share of the Surinamese retail market in 2018 and saw a significant increase in lubricants and diesel volumes sold to the commercial and industrial segment.

In 2018, GOw2 began its SAP implementation, with plans to go live in 2019, in order to align with other Staatsolie corporate systems and to increase efficiency within the subsidiary.

Demonstrating its commitment to quality, GOw2 also received certification for complying with the ISO 9001:2015 standard in 2018.

VENTRIN PETROLEUM COMPANY LTD.

Ventrin is Staatsolie's Trinidad-based bunkering company. Bunkering entails selling fuel to local and international ships from storage tanks and pipelines at Point Lisas. Fiscal 2018 was again a challenging year for Ventrin. The company recorded a loss of US$ 1.8 million compared to US$ 3 million in 2017. The shore-based operations restarted in March 2018. Also, some spot barge deliveries were made. Sales in 2018 were 24,120 metric ton compared to 98,579 metric ton in 2017. An important market change was that Petrotrin terminated its operations. However, other competitors entered the bunker market of Trinidad. Ventrin, together with Staatsolie, is preparing for the IMO 2020 regulation, which stipulates that bunker fuels should not have a sulfur percentage higher than 0.5%.

PEOPLE, COMMUNITY & ENVIRONMENT

PEOPLE

In 2018, we continued our program to embed a culture of ownership, personal responsibility and cost management throughout our company. We are striving to see our core values, such as safety, integrity, respect, excellence and accountability, embodied in all our corporate activities.

One key "people" initiative, succession planning, saw marked progress in 2018, with all critical positions now having at least one successor identified. Successors undergo training, coaching and education to prepare them to assume vital roles and responsibilities when called upon.

To improve our abilities to support the success of all of our people, we are implementing SAP Success Factors for Human Resources, targeting a full roll out of recommended HR best practices in 2019.

HSEQ

One of Staatsolie's core values is to put health and safety first, striving for zero harm to our people, our contractors and to the communities around us. To realize this aspiration, appropriate national and international industry standards and practices are implemented and projects are carried out in accordance with Health, Safety & Environmental (HSE) guidelines, rules and regulations.

In 2018, we began implementing our integrated HSEQ management system. To motivate action, we made our safety observation process a leading HSE key performance indicator in our performance reward system.

Staatsolie's leadership regularly visits work places to discuss safety with employees. Every year, we have a number of HSEC days to communicate important messages with regard to health, safety, the environment and our community. In 2018, there were 13 HSEC Days, focused on topics like first aid, recycling, and community engagement.

The safety of our contractors is equally important to Staatsolie. In 2018, we made sure that we have a consistent approach towards safety, together with our procurement department, management and HSE teams.

INJURY STATISTICS

	2018		2017	
Type of incident	Staatsolie	Contractors	Staatsolie	Contractors
Fatality	0	0	0	0
LTI	3	2	2	0
Injuries	15	26	16	10

HEALTH AND SAFETY

Unfortunately, our overall safety performance declined in 2018, compared to 2017. The total number of HSE-related incidents was 430 in 2018, compared to 423 in 2017. We went from 2 to 5 Lost Work Day Cases. Major hydrocarbon spills decreased from 30 to 23. Looking at our leading indicators for safety performance, our performance on safety observations is stable at a good level. On walkthrough inspections and risk notifications we are showing an improvement towards the target in the last quarter. We will work on continuation of the upward trend.

ENVIRONMENT

We had a decrease in major hydrocarbon spills from 30 to 23. Extracting, producing and processing oil has an impact on the environment. At Staatsolie, we are committed to minimizing that impact by adopting nationally and internationally accepted guidelines and standards in the planning, commissioning, operation and closing of our projects.

Measures in 2018 included committing to executing an odor study to address community complaints and the decision to purchase a drone with the capability to monitor air quality.

We also submitted several ESIAs to NIMOS (National Institute for Environment and Development in Suriname) regarding projects that will help Staatsolie sustain production and protect the environment.

QUALITY

In 2018, Staatsolie was re-certified by its new certification body, Det Norske Veritas, as complying with the new ISO 9001:2015 quality standard. As mentioned, Staatsolie subsidiaries GOw2 and SPCS also received ISO 9001:2015 quality certification in 2018.

COMMUNITY

Through the Staatsolie Foundation, Staatsolie is proud to help support a range of initiatives that improve the health, education and development of the people of Suriname. Since 2017 we have placed a particular emphasis on working closely with the communities most directly connected to our operations.

Community projects Staatsolie provided support to in 2018 through our Staatsolie Foundation as well as directly through Staatsolie include:

- A health textbook for elementary school students.
- A school renovation in Paramaribo.
- A public sports facility in Paramaribo.
- Renovated sanitary facilities for 4 schools in Wanica.
- A counseling room in 's Lands Hospitaal (local hospital).
- The movie "Wiren," about a deaf child.
- A new building for the visually impaired to perform Shiatsu massages.
- Improving project identification and proposal writing for NGOs in Saramacca.
- Scholarship programs for students in communities near our refinery.
- Household waste collection in Saramacca.
- Renovation of a water utilities plant in Tijgerkreek (area of Saramacca).

STAKEHOLDER ENGAGEMENT

Staatsolie consistently reaches out to stakeholders, having regular meetings both with members of the communities near our operations and with local government representatives.

To assess our standing with key stakeholders, we started with a company-wide reputation measurement in Tout Lui Faut in 2018 with approximately 1,200 people, and the results were positive. We also reached out with a run and walk event in Saramacca, which drew 1,500 participants.

Going forward, we will continue to develop our Corporate Social Responsibility policies to ensure we are engaging meaningfully with all our stakeholders, both public and private, across Suriname.

INSTITUTIONAL ACTIVITIES

Staatsolie is the regulator and attracts qualified IOCs to invest in the hydrocarbon industry and monitors their operations.

Suriname is part of the Guyana-Suriname Basin, and we share the optimism of the IOCs for an imminent commercial discovery offshore Suriname, seeing the recent discoveries in Guyana. IOCs operating offshore Suriname include Apache Corporation, Kosmos Energy, Tullow Oil, Equinor, Cairn Energy, Petronas and ExxonMobil.

In 2018, two exploration wells were drilled with no yield. The IOCs remain optimistic, with plans to drill additional wells in 2019 and 2020.

Amplifying the industry optimism, Staatsolie signed two new Production Sharing Contracts (PSCs) in 2018, one with Cairn Energy and one with Tullow Oil.

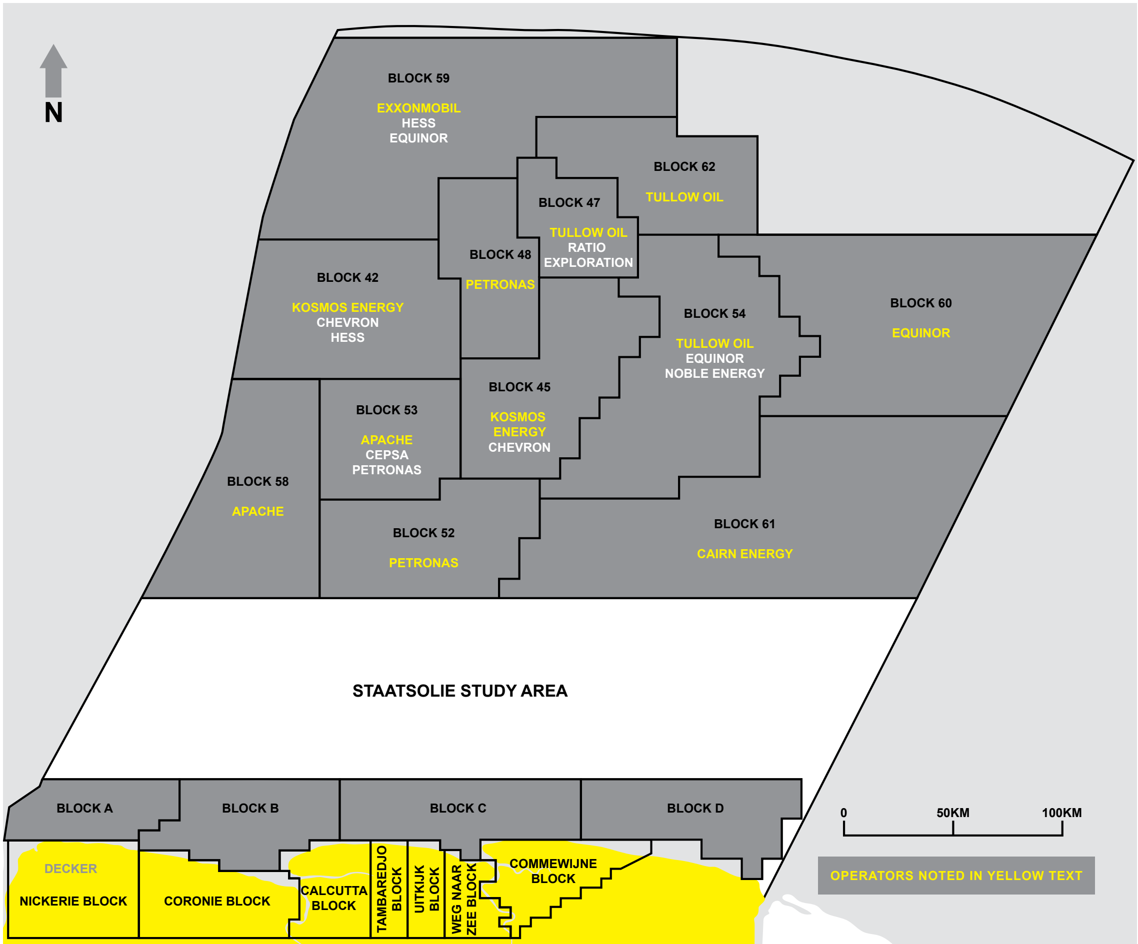
2018 activities:

- Kosmos Energy drilled two explorations wells, Anapai-1 in Block 45, and Pontoenoe-1 in Block 42.
- Petronas executed a 3D seismic acquisition program in Block 48.
- Equinor shot a 2D survey in Block 60 at the start of 2018.
- PSC for Block 61 signed with Cairn Energy.
- PSC for Block 62 signed with Tullow Oil.
- Start of MT/CSEM (Magneto Telluric and Controlled Source Electromagnetic) scan by Petronas over blocks 42, 45, 47, 48, 52, 53, 54, 58 and 59.

Planned activities 2019/2020:

- 2D seismic acquisition in blocks 61 and 59 (in 2019).
- At least one exploration well in Block 58 (in 2019).
- 5 notional wells in 2020 (blocks 42, 52, 47, 48, 53).

PSCs AS AT YEAR END 2018




STAATSOLIE

Independent Auditor's Report

TO THE SHAREHOLDERS OF STAATSOLIE MAATSCHAPPIJ SURINAME N.V.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Staatsolie Maatschappij Suriname N.V. ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of 2018. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
ESTIMATION OF DECOMMISSIONING AND RESTORATION PROVISIONS Provisions associated with decommissioning and restoration are disclosed in Note 4.7 to the consolidated financial statements; a description of the accounting policy and key judgements and estimates is included in Note 2.4. The calculation of decommissioning and restoration provisions is conducted by specialist engineers and requires the use of significant judgement in the application of key assumptions in respect of asset lives, timing of restoration work being undertaken, environmental legislative requirements, the extent of restoration activities required and estimation of future costs. Changes in these assumptions may result in material changes to the decommissioning and restoration provisions recorded by the Group	Our audit procedures focused on the work of the consolidated entity's experts. In obtaining sufficient audit evidence, we: • assessed the competence and objectivity of both the Group's internal and external experts involved in the estimation process; • assessed the reasonableness of the assumptions of the Group and industry; • evaluated the adequacy of and ensured it was consistent with our knowledge the expert's work; • understood the Group's decommissioning and restoration estimation processes; • tested the consistency in the application of principles and assumptions to other areas of the audit such as reserves estimation and impairment testing; • tested the mathematical accuracy of the net present value calculations and discount rate applied; and • reconciled the calculations to the financial report prepared by internal and external experts.

Key audit matter	How our audit addressed the key audit matter
DEBT REFINANCING Based on the refinancing that was completed in May 2018 and the amendment of the debt covenants, the accounting treatment for the refinancing and adequate disclosure of the amended covenant requirements were considered a key audit matter. In addition, we also consider compliance with debt covenant requirements a key audit matter as this is part of management's assessment of the going concern assumption.	Our audit procedures included: • We have inspected the terms of the new loan and evaluated the accounting treatment of the loan agreements including the existing and new amendment fees; • We reviewed the debt covenant requirements including the covenant ratios and events of default; • We evaluated management's calculation of the covenant ratios in accordance with the loan agreements; • Given the relevance of the EBITDA amount in the covenant calculations, we reviewed the correct classification of items in EBITDA and specific and exceptional items included in and excluded from Adjusted EBITDA in accordance with criteria as stated in the loan agreements; • We also assessed the adequacy of the Company's disclosure regarding the covenants and loan agreements, which are included in notes 5.2 and 5.3 of the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE GROUP'S 2018 ANNUAL REPORT

Other information consists of the information included in the Group's 2018 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2018 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated

RESPONSIBILITIES OF MANAGEMENT AND SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

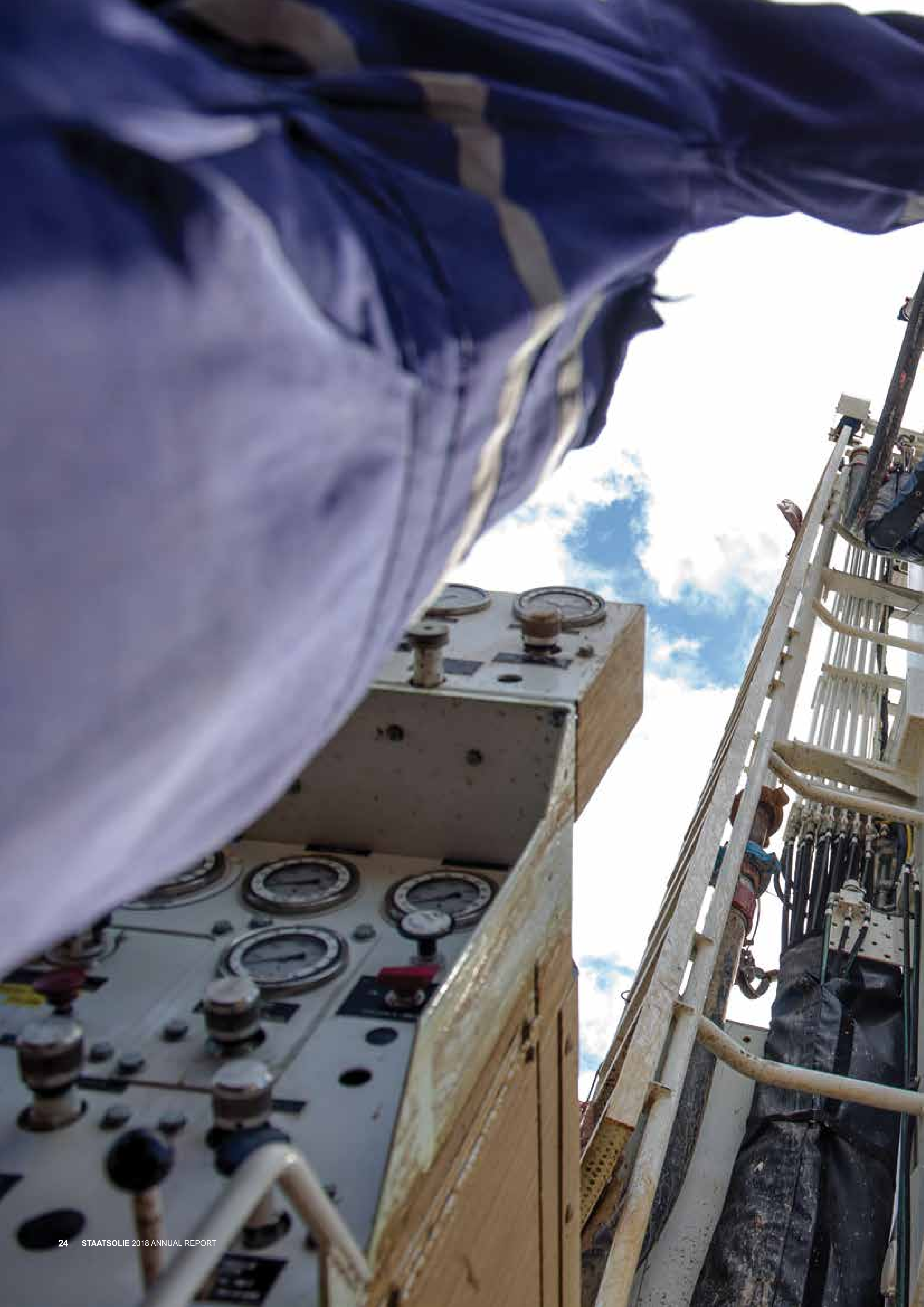
We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of 2018 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in charge of the audit resulting in this independent auditor's report is Andrew Tom.

Paramaribo
Suriname
14 August 2019



STAATSOLIE MAATSCHAPPIJ SURINAME N.V.

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED DECEMBER 31, 2018			
(X US$ 1,000)	**Notes**	**2018**	**2017**
Revenue	3.1	505,773	433,678
Cost of sales		(252,285)	(247,229)
Gross profit		**253,488**	**186,449**
Other expense (net)	3.2	(8,926)	(23,637)
Expensed projects		(819)	(3,205)
Exploration expenses	3.2	(18,118)	(3,192)
Selling and distribution expenses	3.2	(18,954)	(19,925)
Other operating expenses	3.2	(6,825)	(12,019)
General and administrative expenses	3.2	(30,374)	(27,167)
Operating profit		**169,472**	**97,304**
Finance income	3.2	777	1,126
Finance costs	3.2	(87,813)	(67,885)
Share of profit of Suriname Gold Project JV	4.4	66,268	63,725
Profit before income tax		**148,704**	**94,270**
Income tax expense	3.3	(48,397)	(33,119)
Profit for the year		**100,307**	**61,151**
Attributable to:			
Equity holders of the parent		100,307	61,151
		100,307	61,151
Basic and diluted earnings per ordinary share (US$ per share)	3.4	20.06	12.23

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2018			
(X US$ 1,000)	**Notes**	**2018**	**2017**
Profit for the year		**100,307**	**61,151**
Other comprehensive income (loss) not to be reclassified to profit in subsequent periods			
Pensions and other postretirement benefits	4.8	11,040	25,623
Tax effect	3.3	(3,569)	(8,255)
		7,471	17,368
Unrealized gains short-term investments		(198)	-
Tax effect	3.3	64	-
		(134)	-
Net other comprehensive income not to be reclassified to profit in subsequent periods		**7,337**	**17,368**
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Unrealized gains short-term investments		-	42
Tax effect	3.3	-	(14)
		-	28
Currency translation adjustment GOw2		(93)	(920)
Tax effect		-	-
		(93)	(920)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(93)**	**(892)**
Other comprehensive income for the year net of tax		**7,244**	**16,476**
Total comprehensive income for the year, net of tax		**107,551**	**77,627**
Attributable to:			
Equity holders of the parent		107,551	77,627
		107,551	77,627

STAATSOLIE MAATSCHAPPIJ SURINAME N.V.

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2018			
(X US$ 1,000)	**Notes**	**2018**	**2017**
Assets			
Non-current assets			
Oil, exploration and producing properties	4.1	541,777	512,628
Refining properties	4.2	922,457	966,130
Other property, plant and equipment*	4.3	117,933	124,431
Investment properties*	4.6	16,882	17,762
Goodwill	4.5	5,447	5,447
Other intangible assets	4.5	5,020	6,024
Investments in Joint Ventures	4.4	282,997	277,306
Loan receivable long term	5.3	7,338	11,007
Restricted cash	6.1	4,537	16,851
Deferred tax asset	3.3	5,708	7,315
Total non-current assets		1,910,096	1,944,901
Current assets			
Inventories*	6.3	75,588	62,224
Trade receivables	6.2	122,824	107,248
Prepayments and other current assets*	6.2	17,763	23,274
Loan receivable short- term	5.3	3,759	8,368
Short-term investments	5.3	3,640	3,838
Restricted cash	6.1	4,201	10,611
Cash and short-term deposits	6.1	42,980	46,521
Total current assets		270,755	262,084
Total Assets		**2,180,851**	**2,206,985**
Equity and liabilities			
Equity			
Common stock	5.1	12,104	12,104
Retained earnings		1,190,103	1,145,993
Other capital reserves		12,240	11,566
Total equity		1,214,447	1,169,663
Non-current liabilities			
Bond	5.3	98,862	98,668
Term loans	5.3	589,214	500,840
Provisions	4.7	67,438	93,054
Employee defined benefit liabilities	4.8	35,623	42,752
Other long term liabilities		1,348	3,862
Total non-current liabilities		792,485	739,176
Current liabilities			
Bank overdraft	6.1	3,620	3,713
Trade payables	6.4	106,957	90,570
Accruals and other liabilities*	6.4	37,170	93,624
Income tax payable		1,172	4,878
Short-term portion of loans	5.3	25,000	105,361
Total current liabilities		173,919	298,146
Total liabilities		**966,404**	**1,037,322**
Total equity and liabilities		**2,180,851**	**2,206,985**

**Refer to paragraph 2.5 Reclassification*

These Financial statements have been authorized for issuance by the Supervisory Board members and the Executive Board members on July 23, 2019.

The Board of Executive Directors:

R. Elias — *Managing Director*
B. Dwarkasing — *Upstream Director*
A. Moensi-Sokowikromo — *Finance Director*

The Supervisory Board:

E. Boerenveen — *Chairman*
G. Asadang — *Member*
E. Poetisi — *Member*
M. Rommy — *Member*

STAATSOLIE MAATSCHAPPIJ SURINAME N.V.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2018							
(X US$ 1,000)	**Notes**		**Retained earnings**		**Other capital reserves**		
		Common Stock	Retained Earnings	Translation Adjustment GOw2	Appropriated reserve for environmental risk	Appropriated reserve for committee of sports facilities	Total Equity
Balance at January 1, 2017		**12,104**	**1,092,583**	**(15,306)**	**8,500**	**2,616**	**1,100,497**
Profit for the year		-	61,151	-	-	-	61,151
Other comprehensive income		-	17,396	(920)	-	-	16,476
Total comprehensive income / (loss) 2017		**-**	**78,547**	**(920)**	**-**	**-**	**77,627**
Hyper Inflation GOw2		-	200	-	-	-	200
Allocation/ (Withdrawal)		-	(500)	-	500	(50)	(50)
Other Allocation/(withdrawal)	5.1	-	(8,611)	-	-	-	(8,611)
Balance at December 31, 2017		**12,104**	**1,162,219**	**(16,226)**	**9,000**	**2,566**	**1,169,663**
Balance at January 1, 2018		**12,104**	**1,162,219**	**(16,226)**	**9,000**	**2,566**	**1,169,663**
Opening balance adjustment Adoption of IFRS 9		-	448	-	-	-	448
Adjusted balance at January 1, 2018		**12,104**	**1,162,667**	**(16,226)**	**9,000**	**2,566**	**1,170,111**
Profit for the year		-	100,307	-	**-**	**-**	100,307
Other comprehensive income			7,337	(93)	**-**	**-**	7,244
Total comprehensive income / (loss) 2018		**-**	**107,644**	**(93)**	**-**	**-**	**107,551**
Dividend 2015	3.5	-	(16,620)	-	-	-	(16,620)
Dividend 2017	3.5	-	(31,467)	-	-	-	(31,467)
Interim dividend prior to share-holder meeting	3.5	-	(15,802)	-	-	-	(15,802)
Allocation/ (Withdrawal)		-	-	-	-	674	674
Balance at December 31, 2018		**12,104**	**1,206,422**	**(16,319)**	**9,000**	**3,240**	**1,214,447**

STAATSOLIE MAATSCHAPPIJ SURINAME N.V.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2018			
(X US$ 1,000)	**Notes**	**2018**	**2017**
Operating activities			
Profit before income tax from operations	3.1	**148,704**	**94,270**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of Property, plant and equipment (PPE)	3.2	90,263	93,299
Impairment of Investment properties	3.2	880	-
Expensed projects	4.1-4.3	14,284	4,820
Amortization of intangible assets	4.5	1,004	2,817
Amortization of debt arrangement fee		12,766	194
Accretion expense	4.7	7,586	4,697
Hyperinflation and currency translation adjustment		(93)	(720)
Loss on disposal of PPE		989	19
Finance income	3.2	(777)	(959)
Finance costs (excluding accretion expenses)		67,462	64,080
Before tax Share of profit in Suriname Gold Project JV	4.4	(66,268)	(63,725)
Movements employee defined benefit liabilities		3,910	3,306
Movement in Provisions		1,059	-
Cash from operations before working capital changes		**281,769**	**202,098**
Working capital adjustments:			
(Increase)/decrease in Inventories		(13,365)	3,645
Increase in Trade receivables		(15,127)	(25,370)
Decrease in Prepayments and other current assets		6,287	21,147
Increase/(decrease) in Trade payables		16,387	(6,048)
(Decrease)/Increase in Accruals and other liabilities		(60,712)	4,137
Cash generated from operations		**215,239**	**199,609**
Interest received		-	2,018
Interest paid		(77,550)	(56,880)
Income taxes paid		(54,002)	(41,592)
Net cash flows from operating activities		**83,687**	**103,155**
Investing activities			
Expenditures on PPE (Purchase)		(118,773)	(82,745)
Cash distributions received from Suriname Gold Project JV		160,176	171,878
Cash calls paid to Suriname Gold Project JV		(99,599)	(100,153)
Movement of loan receivables		8,278	4,474
Net cash flows used in investing activities		**(49,918)**	**(6,546)**
Financing activities			
Repayment of Term loans		-	(59,118)
Re-financing of Term loans		279,153	-
Repayment of GOS loan		(261,534)	-
Repayment of DSB loan		(10,345)	-
Dividends paid to equity holders of the parent	3.5	(63,889)	-
Addition to Sports Fund		2,000	-
Payments to the Sports fund		(1,326)	(50)
Movement in restricted cash		18,724	(8,291)
Net cash flows used in financing activities		**(37,217)**	**(67,459)**
(Decrease)/ increase in cash		**(3,448)**	**29,150**
Cash and cash equivalents, beginning of year*	6.1	**42,808**	**13,658**
Cash and cash equivalents, end of year*	6.1	**39,360**	**42,808**

**Includes banks overdrafts; refer to footnote 6.1*

Significant non-cash transactions

Refer to note 5.3 loan receivable section


INDRIVE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ONZE GEMEENSCHAP!
RENOVATIE
O.S. HUWELIJKSZORG
NOVEMBER 2018
STAATSOLIE
VERTROUWEN IN EIGEN KUNNEN

Notes to the Consolidated Financial Statements

INDEX TO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION 1.
CORPORATE AND GROUP INFORMATION

1.1 CORPORATE INFORMATION

The consolidated financial statements of the Group, which comprise Staatsolie Maatschappij Suriname NV (Staatsolie, as the parent) and all its subsidiaries, for the year ended December 31, 2018, were authorized for issue in accordance with a resolution of the Supervisory Board on July 23, 2019.

Staatsolie is a limited liability company incorporated and domiciled in Suriname whose shares are solely owned by the Government of Suriname (GoS). The registered office is located at Dr. Ir. H. S. Adhinstraat 21, Paramaribo, Suriname

Staatsolie (the Company) is an integrated oil company in the Republic of Suriname of which the integrated activities include exploration, production, refining, marketing and distribution of petroleum and retail products.

Through its subsidiary (SPCS), Staatsolie is engaged in thermal electric power generation.

The Group's parent and other related party relationships is presented in section 7- Group information and related party disclosures.

Staatsolie's vision is:

- 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 sector.

Staatsolie's mission is:

- 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.

Its values are:

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 others' 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 cooperative, and create a non-blaming environment.

1.2 GROUP INFORMATION

Staatsolie has four (4) subsidiaries of which three (3) are wholly owned: Paradise Oil Company N.V. (POC) and GOw2 Energy Suriname N.V. (GOw2) incorporated in the Republic of Suriname and Ventrin Petroleum Company Limited (Ventrin), a bunkering company incorporated in the Republic of Trinidad and Tobago.

Staatsolie holds 102,999 out of 103,000 shares 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.

POC is, at the moment, a dormant company. In June 2015, POC's operations were put on hold and the company did not have any activity during the reporting period of 2018.

Furthermore, since November 2014, to date, Staatsolie has a participating interest of 25% in the Suriname Gold Project CV ('Surgold'), a limited partnership created between Newmont Suriname LLC and Staatsolie.

Information on other related party relationships of Staatsolie and its subsidiaries is further provided in section 7.

SECTION 2. BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of Staatsolie as a group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated statements are presented in US dollars, and all values are rounded to the nearest thousand (US$ 1000), except when otherwise indicated.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Staatsolie and its controlled subsidiaries as at December 31, 2018 and 2017.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interest (NCI).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied in preparing its consolidated financial statements:

a. Other intangible assets and goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets with definite lives are carried at cost less any accumulated amortization (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Indefinite lived intangibles, such as goodwill, are not amortized, instead they are tested for impairment annually as a minimum, or when there are indicators of impairment.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. 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. Currently, the group carries goodwill on the books related to the acquisition of GOw2 which occurred in fiscal year 2011.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset, if any, are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

b. Investment in a joint venture

The Group has a 25% participation in the Suriname Gold Project JV (SurGold) Limited partnership, whereas the Group has joint control over the limited partnership. The Group invests monthly through cash calls to SurGold. The Group's investment in the limited partnership is considered a joint venture and is accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the limited partnership since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the limited partnership. Any change in OCI of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the limited partnership, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Group's share of profit or loss of the limited partnership is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss before tax. The financial statements of the limited partnership are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss, if any, on its investment in the limited partnership. The Group determines at each reporting date whether there is any objective evidence that the investment in the limited partnership is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognizes the loss as 'Share of profit of the participation in a JV' in the statement of profit or loss.

c. Investment properties

Investment properties are carried at historical cost less accumulated depreciation and impairment, where applicable. Investment properties are de-recognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

d. Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current and non-current distinction.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e. Fair value measurement

The Group measures financial instruments and non-financial assets, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

f. Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of oil products and thermal energy

Revenue from the sale of oil products is recognized when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenues are recorded from the sales of thermal energy when the product is delivered at a fixed or determinable price, title has transferred, and collectability is reasonably assured.

Sales between group companies, as disclosed in the operating segment information, are based on prices generally equivalent to commercially available prices.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of oil products give rise to a consideration payable to customers.

Consideration payable to customers

Consideration payable to a customer includes cash amounts that an entity pays, or expects to pay, to the customer. The Group has some contracts for the sale of oil products that give rise to a penalty when failing to perform according to the agreed upon terms. The consideration payable to customers is accounted for as a reduction of the transaction price and, therefore, of revenue. If the consideration payable to a customer includes a variable amount, the Group estimates the transaction price.

(ii) Significant financing component

Generally, the Group provides short-term advances to its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the sale of oil products. However, the timing of the transfer of these goods or services is at discretion of the customer, this is not considered as a significant financing component.

Warranty obligations

The Group typically provides warranties for guarantee of quality, providing the customer a timeframe of fifteen (15) days after delivery to raise a claim in regard to shortages and defect in quality/quantity of delivered goods. Under IFRS 15 this is not considered an additional good or service to the client and is therefore considered to be an assurance-type warranty. When material these types of warranties are accounted for as warranty obligations and the estimated cost of satisfying them is accrued in accordance with the requirements in IAS 37. Refer to the accounting policy on warranty provisions in section c) Provisions.

Transportation services

In some cases, the Group provides transportation services as part of contracts with customers when providing oil products. Transportation services are not considered a distinct performance obligation since this service to the client is not considered to be separately identifiable from the sale of oil products to the customer, these are considered highly interrelated.

Equipment rental

The Group makes equipment available to the customers as part of contracts with customers when providing oil products. Equipment rental is not considered a separate performance obligation since this service to the client is not considered to be separately identifiable from the sale of oil products to the customer, these are considered highly interrelated.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

g. Other income

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate ("EIR"). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statement of profit or loss.

Dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

h. Foreign currencies

The consolidated financial statements are presented in United States dollars (US$), which is also the Group's functional currency and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity is measured using that functional currency. Within the Group, GOw2's functional currency changed from US$ to the Surinamese dollars (SRD) effective January 1, 2016. This change arose due to the change in major contracts previously denominated in US$ to SRD. Therefore, as it relates to GOw2, transactions are initially recorded in the functional currency (being SRD) at the rate of exchange ruling at the date of the transaction.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss.

(ii) Foreign subsidiaries

As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and, their statements of profit or loss are translated at the weighted average exchange rates for the year. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates as at the date of the initial transaction. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign entity is recognized in the consolidated statement of profit or loss.

i. Taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences subject to certain specific exceptions.

Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the temporary differences and carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current income tax assets against current income tax liabilities, and the deferred taxes relate to the same taxation authority.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and or payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

j. Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Significant accounting judgments, estimates and assumptions (Note 2.4) and Provisions (Note 4.7) for further information about the recognized decommissioning provision.

Land and buildings are measured at historical cost, less accumulated depreciation on buildings, and impairment losses are recognized at the date of revaluation.

Exploration and evaluation assets

Exploration and evaluation activity involve the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalized as exploration and evaluation projects in progress until the drilling of the well is complete and the results have been evaluated.

These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

Geological and geophysical costs are recognized in the consolidated statement of profit or loss, as incurred.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through the statement of profit as a dry hole.

If extractable hydrocarbons are found and, subject to further appraisal activity (e.g. the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried as projects in progress while sufficient/ continued progress is made in assessing the commerciality of the hydrocarbons.

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as projects in progress.

All such capitalized costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the consolidated statement of profit or loss.

When proved reserves of oil are identified and development is sanctioned by management, the relevant capitalized expenditure is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to oil properties.

Other than license costs, no amortization is charged during the exploration and evaluation phase.

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 Group’s internal services. Capitalized costs for wells, equipment and production facilities are depreciated using the units of production (UOP) method.

All costs for development wells, related plant and equipment, and related Asset Retirement Obligation (ARO) are capitalized. Capitalized costs relating to investments in the oil field, including productive land properties, are depreciated based on the UOP method, generally by individual field, as the proved developed reserves are produced. The UOP factor is derived from the year oil production and the related proved developed oil reserves.

Oil properties – assets under construction

Expenditure is transferred from ’Exploration and evaluation assets’ to ‘Assets under construction’ which is a subcategory of ‘Oil and gas properties’ once the work completed to date supports the future development of the asset and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities such as pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalized within ‘oil properties.’

Development expenditure is net of proceeds from the sale of oil produced during the development phase to the extent that it is considered integral to the development of the asset. Any costs incurred in testing the assets to determine whether they are functioning as intended, are capitalized, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognized in the consolidated statement of profit or loss.

When a development project moves into the production stage, all assets included in 'Assets under construction' are then transferred to 'Producing assets' which is also a sub-category of 'Oil properties'. The capitalization of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to 'Oil and gas properties' asset additions, improvements or new developments.

Oil properties – producing assets and other property, plant and equipment

(i) Initial recognition

'Oil and gas properties' and 'Other property, plant and equipment' are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost (if the asset was previously classified as assets in development), any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs.
The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

(ii) Depreciation/amortization

Oil properties are depreciated/amortized on a UOP basis over the total proved developed reserves of the field concerned. The UOP rate calculation for the depreciation/amortization of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives, which is generally 25 years for the refinery, and major inspection costs are amortized over three to five years, which represents the estimated period before the next planned major inspection.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation/amortization are reviewed at each reporting period and adjusted prospectively, if appropriate.

(iii) Major maintenance, refits, inspection and repairs

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off, is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalized. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programs are capitalized and amortized over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

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 significant components of the refinery.

Projects in progress

Projects in progress relates to work in progress, for which at the date of completion the cost is capitalized to the appropriate category of property plant and equipment. Project in progress is not depreciated.

Power plant assets

The power plant assets are depreciated on a straight-line basis and as follows:

Asset Category	Percentage
Building hall	5%
Production hall	10%
Furniture	33.33%
Tank battery	20%
Powerhouse equipment	5 - 50 %
Other units	5 - 20%

Corporate & Other fixed assets

Land and freehold estates are not depreciated. Other properties outside the production field are being amortized on a straight-line basis. The annual depreciation percentages are as follows; Where applicable a residual value is taken into consideration.

Asset Category	Percentage
Building hall	10%
Telecommunication equipment	20%
Dock Tout Lui Faut	4%
Oil tanker	10%
Drilling machinery	20%
Heavy equipment	20%
Transportation equipment	33.33%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

k. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease, if fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if the asset (or assets are) is not explicitly specified in an arrangement.

Group as a lessee

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. The Group has concluded that there are no finance leases as at December 31, 2018.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the consolidated statement of profit or loss on a straight-line basis over the lease term.

l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs incurred on or after the date of transition for all eligible qualifying assets are capitalized.

m. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized. Instead, the related expenditure is recognized in the consolidated statement of profit or loss when it is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible assets. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

n. Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Except for trade receivables, for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss

The categories concerning financial assets at fair value through OCI and financial assets designated at fair value through OCI are not applicable for the Group.

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include trade receivables, cash and short-term deposits including restricted cash and loan receivables from the Government of Suriname.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity instruments as investment as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from the proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrecoverably its investment in locally listed equity securities under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures if applicable and relating to impairment of financial assets are discussed in respective disclosures for significant assumptions and trade receivables, including contract assets.

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full, before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes short-term investments of the Group in locally listed equity securities of local companies.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

o. Inventories

Petroleum products are valued at the lower of cost and net realizable value.

Raw materials:

- Purchase cost is valued on weighted average method

Finished goods and work in progress:

- Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

The cost of crude oil and refined products is the purchase cost, the cost of refining, including the appropriate proportion of depreciation, depletion and amortization and overheads based on normal operating capacity, determined on a weighted average basis.

The net realizable value of crude oil and refined products is based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Materials and supplies are valued using the weighted average cost method.

Pipeline fill

Crude oil, which is necessary to bring a pipeline into working order, is treated as a part of the related pipeline. This is on the basis that it is not held for sale or consumed in a production process but is necessary to the operation of a facility during more than one operating cycle, and its cost cannot be recouped through sale (or is significantly impaired). This applies even if the part of inventory that is deemed to be an item of property, plant and equipment cannot be separated physically from the rest of inventory. It is valued at cost and is depreciated over the useful life of the related asset.

p. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash generating units (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to OCI. In this case, the impairment is also recognized in OCI up to the amount of any previous revaluation.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

q. Cash and short–term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Restricted Cash

Restricted cash is required for financing purposes as this has been the requirement of Staatsolie' s financiers. The restricted accounts are used for international collections from our international customers to deposit their payments. The accounts contain a three months' worth of debt service and are funded monthly. Every three months interest and principal, if any, is paid out. After the necessary funding has taken place, Staatsolie can obtain the remaining cash for its operations.

r. Cash dividend

The Group recognizes a liability to make cash distributions to owners of equity when the distribution is authorized, and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

s. Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of profit or loss.

Warranty provisions

The Group typically provides warranties for guarantee of quality, providing the customer a timeframe of fifteen (15) days after delivery to raise a claim in regard to shortages and defect in quality/quantity of delivered goods. Provisions related to these assurance-type warranties are recognized when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

Decommissioning liability

The Group recognizes a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the field location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related oil assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of inventory are expensed when the inventory item is recognized in cost of goods sold. Additional disturbances which arise due to further development/construction at the oil and gas property are recognized as additions or charges to the corresponding assets and decommissioning liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in profit or loss as production continues.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas properties. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of profit or loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of profit or loss as a finance cost.

t. Pensions and other post–employment benefits

The Group operates defined benefit pension plans. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. In addition, the Group operates other long-term employee benefit plans, of which the re-measurements are recognized in the profit or loss. Furthermore, for both the defined benefit pension plans and the other long-term employee benefit plans past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment

And

- The date on which the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitments — group as lessee

The Group has entered into commercial car and vessel leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the cars and vessels, and the present value of the minimum lease payments not amounting to substantially all of the fair value of the cars and vessels, that it does not retain all the significant risks and rewards of ownership of these cars and vessels, and accounts for the contracts as operating leases.

Investment in Joint Venture

Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work program and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity's joint arrangements. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries, as set out in Note 2.3b. Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - The legal form of the separate vehicle
  - The terms of the contractual arrangement
  - Other facts and circumstances, considered on a case by case basis

This assessment often requires significant judgment. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations in a bundled sale of oil products and transportation services

In some cases, the Group provides transportation services as part of contracts with customers when providing oil products. The Group determined that transportation services are not considered a distinct performance obligation since this service to the client is not considered to be separately identifiable from the sale of oil products to the customer, these are considered highly interrelated.

- Identifying performance obligations in a bundled sale of oil products and equipment rental

The Group makes equipment available to the customers as part of contracts with customers when providing oil products. The Group determined that the sale of oil products and equipment rental are not capable of being distinct. The sale of oil products and equipment rental are highly interrelated, because the Group would not be able to sell the oil products if the customer declined equipment rental.

- Determining the timing of satisfaction of sale of oil products

The Group determined that for contracts that are considered consignment arrangements, the obligation is to transfer the product to the consignee. The Group will not relinquish control of the consigned product until the product is sold to the end-customer. Consignees do not have any obligation to pay for the product, other than to pay the Group the agreed-upon portion of the sale price once the consignee sells the product to a third party. As a result, for consignment arrangements, revenue is recognized when the products are delivered to the end customer and the performance obligation has been satisfied.

- Consideration of significant financing component in a contract

Generally, the Group provides short -term advances to its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the sale of oil products. However, seen the timing of the transfer of these goods or services is at discretion of the customer, this is not considered as a significant financing component.

- Determining method to estimate variable consideration

Some contracts for the sale of oil products give rise to a consideration payable to customers. In case the Group is not able to supply the customer with oil products in the timeframe as agreed in the contract and before its stock out date, the Group is liable for the difference between the price of a third party for concerning oil products and the price as agreed in the contract. However, since the Group has no history of failing to deliver on contractual obligations, penalties are not considered upon determination of the transaction price.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Functional currency

The functional currency for the parent entity and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The functional currency for GOw2 is Surinamese dollar (SRD). The functional currency of Staatsolie, SPCS and Ventrin is the US dollar (US$). Determination of functional currency may involve certain judgements to identify the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

The default rate for the Group is determined as an average of the write -offs compared to the outstanding trade receivables balances using a window of a few years. This default rate is then determined per age bracket by adjusting the rate to align with the variation in the provision percentages per age bracket. For credit balances no ECL is considered.

The Group expects the same pattern for the future, therefore forward-looking estimates are not considered to have an impact on the default rate.

At every reporting date the historical observed default rate will be updated and changes in the forward-looking estimates will be analyzed.

Decommissioning liability

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, estimates of the extent and costs of decommissioning activities, the emergence of new restoration techniques or experience at other production sites, cost increases as compared to the inflation rates of 2.5% (2017: 2.5%), and changes in discount rates of 10.28% (2017: 8.38%). The expected timing, extent and amount of expenditure may also change, for example, in response to changes in oil and gas reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

Environmental risk liability

Liabilities for environmental costs are recognized when a clean-up is probable, and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognized is the best estimate of the expenditure required. If the effect of the time value of money is material, the amount recognized is the present value of the estimated future expenditure.

Contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractual and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

Recoverability of assets

The Group assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) in each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less cost of disposal (FVLCD) and value- in-use (VIU). The assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Units of production (UOP) depreciation of oil assets

Oil properties are depreciated using UOP method over total proved developed and undeveloped hydrocarbon reserves. This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, relates to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortization will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change. Changes to prove reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on proved reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Defined benefit plans (pension benefits)

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an ‘AA’ rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about pension obligations are provided in Note 4.8.

Hydrocarbon reserve and resource estimates

Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Group’s oil properties. The Group estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves that are attributable to the host government under the terms of the production-sharing agreements (PSAs). Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

The economic tests for the December 31, 2018 reserve volumes were based on a future projection of crude oil prices using crude oil prices forecasted by PIRA Energy group as the reference price.

Average price of actual crude sales and the PIRA price premise for 2018 are the same requiring no adjustment for price differential. The same oil price premise was applied for all reserve categories less a transfer premium. A shrinkage factor of 1% was also applied to capture losses in delivery of crude to the refinery.

Average price differential between the PIRA crude price forecast and actual crude price realized by the Group in 2018 was US$ 12.55/Bbl. (PIRA US$ 48.74/Bbl. versus actual US$ 61.29/Bbl.).

The current long-term PIRA crude oil prices used in the estimation of the commercial reserves are listed in the table below.

Year	US$/Bbl
2019	57.82
2020	74.58
2021	68.66
2022	59.51
2023	55.10
2024	57.80
2025	60.99
2026	63.04
2027	64.76
2028	66.42
2029	68.20
2030	70.11
2031	71.88
2032	73.48
2033	75.12
2034	76.78
2035	78.47
2036	80.20

The carrying amount of oil properties at December 31, 2018 is shown in Note 4.1.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of exploration and evaluation assets; oil properties; property, plant and equipment; and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortization charges in the consolidated statement of profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change (Note 4.1).
- Provisions for decommissioning may require revision - where changes to reserves estimates affect expectations about when such activities will occur and the associated cost of these activities (Note 4.7).
- The recognition and carrying value of deferred tax assets may change due to changes in the judgments regarding the existence of such assets and in estimates of the likely recovery of such assets (Note 3.3).

Deferred tax

Judgment is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgment is also required to determine whether deferred tax assets are recognized in the consolidated statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require the Group to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilize recognized deferred tax assets. Judgment is also required in respect of the application of existing tax laws in each jurisdiction.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions).
To the extent that future cash flows and taxable income differ significantly from estimates, the

ability of the Group to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Oil properties

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is, in itself, an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the consolidated statement of profit or loss in the period when the new information becomes available.

2.4.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

In 2018 the Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each amendment is described below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying IFRS 15 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

Based on analysis performed by the Group, there are no significant changes to the timing and amounts of existing revenue contracts under IFRS 15 as compared to the superseded revenue guidance. Financial statement line items were not affected as at 01 January 2018 and for the year ended 31 December 2018 as a result of the adoption of IFRS 15.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings and other components of equity.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Group.

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9 the Group determined that additional adjustments on the Group's Trade receivables and Debt instruments at amortized costs was needed. This resulted in a reduction in the provision for Trade receivables of US$ 449 which was recognized as an adjustment to Retained earnings as at 1 January 2018.

IFRIC 22 - Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40, 'Investment Property' - Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IAS 28, 'Investments in Associates and Joint Ventures' - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 1, 'First-time Adoption of International Financial Reporting Standards' - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's consolidated financial statements.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures – Effective 1 January 2019
- IFRS 16, 'Leases' – Effective 1 January 2019
- IFRIC 23, 'Uncertainty over Income Tax Treatments' – Effective 1 January 2019
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Annual improvements to IFRS standards 2015 – 2017 cycle, resulting in amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 – Effective 1 January 2019
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement – Effective 1 January 2019
- Amendments to References in the Conceptual Framework in IFRS Standards – Effective 1 January 2020
- Amendments to IFRS 3 – Definition of Business – Effective 1 January 2020
- Amendments to IAS 1 and IAS 8 – Definition of Material – Effective 1 January 2020

2.5 RECLASSIFICATION

For the 2018 financial statement preparation, it was necessary to reclassify comparative information in order to conform with changes in presentation in the current year. The reclassifications have no effect on the net profit and net asset of the Group for the previous or current year.

Reclassification within the 2017 consolidated statement of financial position:

1. Wageningen investment properties was reclassified from Other property plant and equipment properties to Investment properties for US$17,762 (See Note 4.6)
2. A reclassification was performed between inventory groups: Petroleum (increased by US$ 15,552), Materials and supplies (decreased by US$ 18,706) and Ordered goods (increased by US$ 3,184).
3. In 2017, included in Prepayments and other current assets was an amount of US$ 3,900 (See notes 6.2 and 6.4) with a corresponding entry in Accruals and other liabilities. These amounts should have been netted against each other, which was done in 2018 and therefore the comparative was reclassified.

SECTION 3. RESULTS FOR THE YEAR

This section provides additional information that is most relevant in explaining the Group's consolidated performance during the year.

- Segment information (Note 3.1)
- Information about key items comprising operating profit/loss (Note 3.2)
- The calculation of income tax (Note 3.3)
- Earnings per share (Note 3.4)
- Dividends paid and proposed (Note 3.5)

3.1 SEGMENT INFORMATION

For management purposes, Staatsolie is organized into reportable segments that include three operating segments and a corporate segment.

The three operating segments are:

- Upstream: this segment is responsible for exploring, developing, producing and transporting crude oil to the refinery.
- Downstream: is responsible for refining the crude oil, marketing, selling, and distributing the related oil products. Furthermore, trading which is related to trading fuel products and selling these products to wholesale, retail and bunkering customers. Lastly, part of this segment is also the 96 megawatt thermal power plant operation, which delivers the electric power to the single source customer, the national electricity company EBS.
- Gold Mining: the Group has an investment in a joint venture that is involved in the exploration, development and exploitation of the Merian Gold mine which regularly reviewed by the Chief Operating Decision Maker ("CODM").

These functions have been defined as the operating segments of the Group because they are the segments:

1. That engage in business activities from which revenues are earned and expenses are incurred.
2. Whose operating results are regularly reviewed by the board of executive directors to make decisions about resources to be allocated to the segment and assess its performance.
3. For which discrete financial information is available.

The corporate segment are the functional departments of the Group that consists of Petroleum Contracts and all other corporate administrative functions.

The board of executive directors (which collectively is considered to be the Chief Operating Decision Maker) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

FOR THE YEAR ENDED DECEMBER 31, 2018

(X US$ 1,000)	Upstream	Downstream	Gold mining	Corporate	Total segments	Corporate - adjustments & eliminations	Consolidated
Revenue							
External customers	-	505,773	-	-	505,773	-	505,773
Inter segment crude	335,065	(335,065)	-	-	-	-	-
Inter segment other	-	170,341	-	-	170,341	(170,341)	(0)
Total revenue	**335,065**	**341,049**	**-**	**-**	**676,114**	**(170,341)**	**505,773**
Income/(expenses)							
Depreciation	(37,838)	(52,425)	-	-	(90,263)	-	(90,263)
Investment properties -Impairment	-	-	-	(880)	(880)	-	(880)
Amortization	-	-	-	(1,004)	(1,004)	-	(1,004)
Accretion	(6,658)	(928)	-	-	(7,586)	-	(7,586)
Finance income/expenses (excluding Accretion)	-	(2,887)	-	(76,564)	(79,451)	-	(79,451)
Share of profit of Suriname Gold Project JV	-	-	66,268	-	66,268	-	66,268
EBITDA*	**260,760**	**31,504**	**92,722**	**(18,880)**	**366,106**	**(12,644)**	**353,462**
Segment profit (loss) (before tax)	**216,265**	**(24,446)**	**66,268**	**(96,739)**	**161,348**	**(12,644)**	**148,704**
Income tax expense	-	(5,435)	-	(42,962)	(48,397)	-	(48,397)
Segment net profit (loss) for the year	**216,265**	**(29,881)**	**66,268**	**(139,701)**	**112,951**	**(12,644)**	**100,307**
Total assets	**567,255**	**1,246,666**	**282,997**	**522,911**	**2,619,829**	**(438,979)**	**2,180,850**
Other disclosures							
Investment properties	-	-	-	16,882	16,882	-	16,882
Investments in Suriname Gold Project JV	-	-	282,997	-	282,997	-	282,997
Capital expenditure	112,735	5,684	-	1,016	119,435	-	119,435

FOR THE YEAR ENDED DECEMBER 31, 2017

(X US$ 1,000)	Upstream	Downstream	Gold mining	Corporate	Total segments	Corporate - adjustments & eliminations	Consolidated
Revenue							
External customers	-	433,678	-	-	433,678	-	433,678
Inter segment crude	272,697	(272,697)	-	-	-	-	-
Inter segment other	-	156,313	-	-	156,313	(156,313)	-
Total revenue	**272,697**	**317,294**	**-**	**-**	**589,991**	**(156,313)**	**433,678**
Income/(expenses)							
Depreciation	(38,436)	(54,108)	-	(755)	(93,299)	-	(93,299)
Amortization	(2,037)	-	-	(780)	(2,817)	-	(2,817)
Accretion	(4,118)	(579)	-	-	(4,697)	-	(4,697)
Finance income/expenses (excluding Accretion)	-	(2,420)	-	(59,642)	(62,062)	-	(62,062)
Share of profit of Suriname Gold Project JV	-	-	63,725	-	63,725	-	63,725
EBITDA*	**213,683**	**22,974**	**91,995**	**(26,320)**	**302,332**	**(16,915)**	**285,417**
Segment profit (loss) (before tax)	**169,091**	**(34,133)**	**63,725**	**(87,498)**	**111,185**	**(16,915)**	**94,270**
Income tax expense	-	(9,380)	-	(23,945)	(33,325)	206	(33,119)
Segment net profit (loss) for the year	**169,091**	**(43,513)**	**63,725**	**(111,443)**	**77,860**	**(16,709)**	**61,151**
Total assets	**626,766**	**1,274,676**	**277,306**	**459,664**	**2,638,412**	**(427,526)**	**2,210,886**
Other disclosures							
Investment properties	-	-	-	17,762	17,762	-	17,762
Investments in Suriname Gold Project JV	-	-	277,306	-	277,306	-	277,306
Capital expenditure	111,450	20,690	-	221	132,361	-	132,361

Adjustments and eliminations

- Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.
- Capital expenditure consists of additions of property, plant and equipment and intangible assets including assets from the acquisition of subsidiaries.
- Inter-segment revenues are eliminated on consolidation.

***Explanation of non-IFRS measures**

The Group discloses one financial measure, namely earnings before interest, taxes, depreciation and amortization (EBITDA), that is not prepared in accordance with IFRS and is therefore considered a non-IFRS financial measure. The Group calculated EBITDA by taking the net income and adding back interest, taxes, depreciation, and amortization. As EBITDA is used by management as a key performance indicator, the Group believes that it is useful to be presented to the readers of the consolidated financial statements.

Geographic information

Revenues from external customers

(X US$ 1,000)	2018	2017
Suriname	290,418	234,178
Guyana	100,585	79,838
Other Caribbean Territories	87,236	54,650
Trinidad and Tobago	15,334	45,673
Europe	5,500	3,984
Middle East and Asia	4,457	4,000
United States	2,243	11,355
Total revenue per consolidated statement of profit or loss	**505,773**	**433,678**

The revenue information above is based on the location of the customers. In addition, revenue from one customer domiciled in Guyana amounted to US$ 72,485 (2017: US$ 57,884), arising from sales by the downstream operating segment.

Non-current operating assets

(X US$ 1,000)	2018	2017
Suriname	1,601,272	1,624,306
Trinidad and Tobago	2,797	2,669
Total	**1,604,069**	**1,626,975**

Non-current assets for this purpose consist of property, plant and equipment and other intangible assets. Only Ventrin, the subsidiary domiciled in Trinidad and Tobago, has non-current operating assets outside of Suriname.

Components of Revenue

(X US$ 1,000)	2018	2017
Own refined products (gross)	447,226	368,595
Intersegment sales	(140,052)	(129,923)
Local refined products (net)	307,174	238,672
Trading activities (gross)	153,334	156,899
Intersegment sales	(11,726)	(10,581)
Trading activities (net)	141,608	146,318
Electric energy (gross)	75,196	64,189
Intersegment sales	(18,563)	(15,801)
Electric energy (net)	56,633	48,388
Other revenues (gross)	358	300
Total revenues	**505,773**	**433,678**

Revenues consist of the sales of petroleum products, electric energy and trade activities of petroleum products. Petroleum products are generally being sold at prevailing market prices. Revenues are recognized when products are delivered, which occurs when the customer has taken title and has assumed the risks and rewards of ownership, prices are fixed or determinable and collectability is reasonably assured.

Sales between group companies (intersegment sales) are based on prices generally equivalent to commercially available prices.

3.2 INFORMATION ABOUT KEY ITEMS COMPRISING OPERATING PROFIT/LOSS

Exploration expenses

(X US$ 1,000)	2018	2017
Expensed projects (see below)	(13,465)	(1,616)
Employee benefits expense*	(2,603)	(1,163)
External services	(1,895)	(301)
Depreciation and amortization of PPE	(84)	(17)
Other expenses	(71)	(95)
Total	**(18,118)**	**(3,192)**

During 2018 the Group wrote off two projects at Coronie (US$ 11,155) and Coesewijne (US$ 1,533) as it was determined that these projects were no longer commercial.

Selling and distribution expenses

(X US$ 1,000)	2018	2017
Freight	(9,962)	(12,367)
Employee benefits expense*	(2,825)	(2,641)
Bad debt expense	(416)	-
External services	(4,352)	(3,683)
Depreciation and amortization of PPE	(21)	(65)
Maintenance expense	(713)	(616)
Insurance costs	(148)	(97)
Utility expenses	(16)	(11)
Donations	(50)	-
Travel expenses	(12)	(18)
Other expenses	(439)	(427)
Total	**(18,954)**	**(19,925)**

Other operating expenses

(X US$ 1,000)	2018	2017
External services	(2,205)	(2,069)
Employee benefits expense	(1,971)	(1,673)
Provision for bad debt	(1,124)	(814)
Vessel lease expenses (see below)	(144)	(4,824)
Maintenance expense	(171)	(103)
Insurance costs	(118)	(154)
Utility expenses	(91)	(95)
Depreciation and amortization of PPE	(6)	(6)
Travel expenses	(3)	(20)
Freight	(2)	(364)
Other expenses	(990)	(1,897)
Total	**(6,825)**	**(12,019)**

In 2018 the Group's subsidiary significantly reduced its trading activities in Trinidad & Tobago and accordingly there was a significant reduction in Vessel Lease expenses.

General and administrative expenses

(X US$ 1,000)	2018	2017
Employee benefits expense*	(15,711)	(17,012)
External services	(9,100)	(4,500)
Depreciation and amortization of PPE	(1,336)	(1,573)
Maintenance expense	(508)	(299)
Insurance costs	(886)	(880)
Freight	-	(817)
Utility expenses	(726)	(554)
Donations	(648)	(278)
GOw2 rebranding	-	(89)
Travel expenses	(59)	(54)
Other expenses	(1,400)	(1,111)
Total	**(30,374)**	**(27,167)**

**When compared with the "Employee benefits expense" disclosure, the amounts differ due to the additional presentation of "car lease benefit expense."*

Employee benefits expense

(X US$ 1,000)	2018	2017
Included in cost of sales		
Wages, salaries, emoluments and other benefits	(35,645)	(34,090)
Employers contribution of employee pension benefits	(3,856)	(3,861)
Medical expenses	(3,628)	(1,634)
Safety and training expenses	(2,479)	(989)
Car lease benefit	(2,855)	(2,766)
Other personnel expenses	(344)	(557)
Sub total	**(48,807)**	**(43,897)**
Included in Exploration expenses		
Wages, salaries, emoluments and other benefits	(2,301)	(1,026)
Employers contribution of employee pension benefits	(160)	(97)
Medical expenses	(71)	(35)
Safety and training expenses	(66)	(5)
Car lease benefit	(159)	(78)
Other personnel expenses	(5)	-
Sub total	**(2,762)**	**(1,241)**
Included in Selling and distribution expenses		
Wages, salaries, emoluments and other benefits	(2,417)	(2,321)
Employers contribution of employee pension benefits	(192)	(212)
Medical expenses	(152)	(85)
Safety and training expenses	(62)	(20)
Car lease benefit	(89)	(101)
Other personnel expenses	(2)	(3)
Sub total	**(2,914)**	**(2,742)**
Included in Other operating expenses		
Wages, salaries, emoluments and other benefits	(1,772)	(1,483)
Medical expenses	(103)	-
Other personnel expenses	(96)	(190)
Sub total	**(1,971)**	**(1,673)**
Included in General and administrative expenses		
Wages, salaries, emoluments and other benefits	(13,061)	(13,824)
Employers contribution of employee pension benefits	(913)	(918)
Medical expenses	(810)	(1,520)
Safety and training expenses	(505)	(530)
Car lease benefit	(754)	(484)
Other personnel expenses	(422)	(220)
Sub total	**(16,465)**	**(17,496)**
Grand total	**(72,919)**	**(67,049)**

Depreciation of property, plant and equipment, and amortization of intangible assets

(X US$ 1,000)	2018	2017
Included in cost of sales		
Depreciation and amortization upstream	(37,754)	(40,455)
Depreciation downstream	(52,066)	(54,000)
Sub total	**(89,820)**	**(94,455)**
Included in Exploration expenses including dry holes		
Depreciation upstream-exploration	(84)	(17)
Sub total	**(84)**	**(17)**
Included in Selling and distribution expenses		
Depreciation downstream	(21)	(65)
Sub total	**(21)**	**(65)**
Included in General and administrative expenses		
Depreciation and amortization corporate	(1,295)	(1,535)
Depreciation downstream	(41)	(38)
Sub total	**(1,336)**	**(1,573)**
Included in Other operating expenses		
Depreciation downstream	(6)	(6)
Sub total	**(6)**	**(6)**
Grand total	**(91,267)**	**(96,116)**

Finance income

(X US$ 1,000)	2018	2017
Interest income on loans	764	960
Other interest income	13	166
Total finance income	**777**	**1,126**

Finance costs

(X US$ 1,000)	2018	2017
Interest on borrowings	(69,587)	(62,908)
Accretion expenses	(7,586)	(4,697)
Other finance charges	(10,640)	(280)
Total finance costs	**(87,813)**	**(67,885)**

Other expense (net)

(X US$ 1,000)	2018	2017
Sales tax	(8,960)	(6,389)
Government of Suriname share in SurGold	(3,171)	(11,985)
Settlement of BNIS claim	-	(9,440)
Third party claims	(1,159)	(1,486)
Interest on late payments	-	(2,619)
Insurance claim income	-	2,000
(Loss) / Gain on foreign currency transactions	(311)	(1,364)
Other income	5,555	7,646
Investment properties-Impairment	(880)	-
Total other expense (net)	**(8,926)**	**(23,637)**

Other expense net as at December 31, 2018 comprises income / (expense) from several sources.

The significant items in 2018 relate to: 1) Included in the Sales tax receivable of US$ 8,960 is an amount of US$ 6,677 that was written off based on recent communication and verification received from the tax authority; 2) US$ 3,171 relates to GOS share in the profit of SurGold up until May-2018 and 3) Other income which consists of: write back of outstanding payables of US$ 4,528 and other of US$ 1,027, 4) Impairment loss of US$ 880 on the investment properties recognized as a result of an external valuation of the Investment properties in July 2019.

The significant items in 2017 relate to: 1) management evaluated the sales tax receivable taken in the sales tax returns for previous years and based on communication and confirmation received from the tax authority, recognized a provision of US$ 6,389; 2) the GoS share in SurGold which was an expense of US$ 11,985 for Staatsolie because the revenues which GoS earned with their 4.8% participating interest, exceeded their part of the cash calls paid and 3) BNIS had a claim against Staatsolie regarding civil technical tasks they performed for the refinery expansion project. The claim was settled with a net impact of US$ 9,440.

3.3 INCOME TAX

The major components of income tax for the year ended 2018 are as follows:

Consolidated statement of profit or loss

(X US$ 1,000)	2018	2017
Current income tax:		
Current tax expense	(50,295)	(25,726)
Income tax expense relating to changes in accounting policies (IFRS) and restatements and equity items	-	(6,480)
Deferred tax:		
Income relating to origination and reversal of temporary differences	1,898	(913)
Income tax expense reported in the consolidated statement of profit or loss (net)	**(48,397)**	**(33,119)**

A reconciliation between tax expense and the accounting profit / (loss) multiplied by Staatsolie's domestic tax rate is as follows.

(X US$ 1,000)	2018	2017
Accounting profit before income tax	148,704	94,270
At Staatsolie's statutory tax rate of 32.4% for Staatsolie and 36% for the subsidiaries	(48,397)	(33,119)
Tax expense at the effective income tax rate reported in the consolidated statement of profit or loss	**(48,397)**	**(33,119)**
Effective tax rate	32.5%	35.1%

Consolidated statement of other comprehensive income

(X US$ 1,000)	2018	2017
Deferred tax related to items recognized in other comprehensive income during the year:		
Net gain (loss) on unrealized gains (losses) from equity instruments	64	(14)
Net gain on remeasurement gains/losses on defined benefit plans	(3,569)	(8,255)
Income tax recognized in other comprehensive income (net)	**(3,505)**	**(8,269)**

Reconciliation of deferred tax asset / (liability)

(X US$ 1,000)	2018	2017
Opening balance as of January 1	7,315	16,497
Tax income/(expense) during the period recognized in profit or loss	1,898	(913)
Tax expense during the period recognized in other comprehensive income	(3,505)	(8,269)
Closing balance as at December 31	**5,708**	**7,315**

Deferred income tax at December 31 relates to the following:

Consolidated statement of financial position

(X US$ 1,000)	2018	2017
Deferred tax assets		
Short-term investments	(584)	(649)
Other property, plant and equipment	(955)	(1,314)
Provisions	(1,704)	(1,528)
Employee defined benefit liabilities	8,951	10,806
Deferred tax asset (net) related to income tax	**5,708**	**7,315**

Tax losses carry forward

Ventrin is subject to the fiscal regime of Trinidad and Tobago and has accumulated tax losses of approximately US$ 11,334 as at December 31, 2018, (2017: US$ 16,453) available for offset against future taxable profits. These losses have no expiry date.

3.4 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

	2018	2017
Net profit attributable to ordinary shareholders (US$'000)	100,307	61,151
Weighted average number of ordinary shares (number of shares - million)	5,000	5,000
Basic earnings per ordinary share (US$ per share)	**20.06**	**12.23**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these consolidated financial statements.

3.5 DIVIDENDS PAID AND PROPOSED

(X US$ 1,000)	2018	2017
Declared and paid during the year:		
Cash dividends on ordinary shares:		
Final dividend for 2015: US$ 3.32 per share	16,620	-
Final dividend for 2017: US$ 6.29 per share	31,467	-
Interim dividend for 2018: US$ 3.16 per share	15,802	-
	63,889	**-**
Proposed for approval at the annual general meeting:		
Note: below dividends have been recognized in the Financial statements in line with the dividend policy with the shareholders		
Dividends on ordinary shares:		
Final (proposed) dividend for 2018: US$ 0.0 per share	-	-

Final dividends on ordinary shares are subject to approval at the annual general shareholders' meeting and will be recognized in the 2019 appropriation of retained earnings.

SECTION 4. INVESTED CAPITAL

4.1 OIL, EXPLORATION AND PRODUCING PROPERTIES

(X US$ 1,000)	Land & Lease hold improvement	Building and Structure	Machine & Equipment	Abandonment Costs
Cost				
At January 1, 2017	**9,276**	**20,407**	**52,731**	**42,253**
Additions	-	6	316	-
Adjustments*	-	-	-	(2,383)
Capitalized from PIP to PPE current Year	-	1,053	(157)	37,237
Disposals /Disinvestment current year	-	-	-	-
Internal transfers	-	-	(122)	-
Expensed to P&L	-	-	-	-
At December 31, 2017	**9,276**	**21,466**	**52,768**	**77,107**
Additions	-	65	647	-
Adjustments*	-	-	-	(67,791)
Capitalized from PIP to PPE current Year	-	3,954	223	-
Disposals /Disinvestment current year	-	-	(692)	-
Internal transfers	-	-	-	-
Expensed to P&L	-	-	-	-
At December 31, 2018	**9,276**	**25,485**	**52,946**	**9,316**
Depreciation				
At January 1, 2017	**-**	**(17,006)**	**(47,223)**	**(40,521)**
Adjustments*	-	-	-	4,791
Depreciation current year	-	(703)	(2,197)	(4,961)
Depreciation on disinvestment current year	-	-	-	-
Internal transfers	-	-	121	-
At December 31, 2017	**-**	**(17,709)**	**(49,299)**	**(40,691)**
Adjustments*	-	-	-	36,548
Depreciation current year	-	(586)	(126)	(3,426)
Depreciation on disinvestment current year	-	-	687	-
Internal transfers	-	-	-	-
At December 31, 2018	**-**	**(18,295)**	**(48,738)**	**(7,569)**
Net book value:				
At December 31, 2017	**9,276**	**3,757**	**3,469**	**36,416**
At December 31, 2018	**9,276**	**7,190**	**4,208**	**1,747**

*Adjustments to abandonment cost relates to changes in the decommissioning provision

Well & Equipment	Pipelines	Other Fixed Assets	Exploration & Evaluation	Production Projects in Progress	Exploration Projects in Progress	Grand Total
659,829	**11,264**	**4,312**	**531**	**59,489**	**72,890**	**932,982**
-	-	92	89	109,933	1,013	111,449
-	-	11	-	-	-	(2,372)
87,286	-	7	-	(124,984)	-	442
(36)	-	(2)	-	-	-	(38)
(5)	-	-	-	-	-	(127)
-	-	-	-	(1,157)	(1,613)	(2,770)
747,074	**11,264**	**4,420**	**620**	**43,281**	**72,290**	**1,039,566**
38	-	164	-	97,328	14,492	112,734
-	-	-	-	-	-	(67,791)
99,367	-	-	138	(103,909)	-	(227)
(1,364)	-	(1,021)	(57)	-	-	(3,134)
-	-	-	-	226	(248)	(22)
-	-	-	-	(419)	(13,465)	(13,884)
845,115	**11,264**	**3,563**	**701**	**36,507**	**73,069**	**1,067,242**
(368,058)	**(11,264)**	**(4,052)**	**(524)**	**-**	**-**	**(488,648)**
(9,845)	-	-	-	-	-	(5,054)
(25,318)	-	(185)	(17)	-	-	(33,381)
19	-	2	-	-	-	21
3	-	-	-	-	-	124
(403,199)	**(11,264)**	**(4,235)**	**(541)**	**-**	**-**	**(526,938)**
-	-	-	-	-	-	36,548
(34,313)	835	(134)	(84)	-	-	(37,834)
994	-	1,021	57	-	-	2,759
-	-	-	-	-	-	-
(436,518)	**(10,429)**	**(3,348)**	**(568)**	**-**	**-**	**(525,465)**
343,875	**-**	**185**	**79**	**43,281**	**72,290**	**512,628**
408,597	**835**	**215**	**133**	**36,507**	**73,069**	**541,777**

4.2 REFINING PROPERTIES

(X US$ 1,000)	Land & Lease hold Improvement	Building and Structure
Cost		
At January 1, 2017	**9,774**	**1,106,249**
Additions	-	-
Adjustments*	-	(9,112)
Capitalized from PIP to PPE and Expensed current Year	-	14,769
Disposals /Disinvestment current year	-	-
Expensed to P&L	-	-
At December 31, 2017	**9,774**	**1,111,906**
Additions	-	-
Adjustments*	-	-
Capitalized from PIP to PPE and Expensed current Year	-	-
Disposals /Disinvestment current year	-	(1,903)
Expensed to P&L	-	-
At December 31, 2018	**9,774**	**1,110,003**
Depreciation		
At January 1, 2017	**(1,666)**	**(146,711)**
Depreciation current year	-	(45,131)
Adjustments	-	878
Depreciation on disinvestment current year	-	-
At December 31, 2017	**(1,666)**	**(190,964)**
Depreciation current year	-	(42,008)
Adjustments	-	-
Depreciation on disinvestment current year	-	1,903
At December 31, 2018	**(1,666)**	**(231,069)**
Net book value:		
At December 31, 2017	**8,108**	**920,942**
At December 31, 2018	**8,108**	**878,934**

*Adjustments to abandonment cost relates to changes in the decommissioning provision

Machine & Equipment	Abandonment Costs	Pipelines	Other Fixed Assets	Projects in Progress	Grand Total
12,590	**4,829**	**33,249**	**2,577**	**1,297**	**1,170,565**
-	-	-	37	16,720	16,757
-	2,776	-	-	-	(6,336)
155	-	-	-	(14,933)	(9)
-	-	-	-	-	-
-	-	-	-	(1,949)	(1,949)
12,745	**7,605**	**33,249**	**2,614**	**1,135**	**1,179,028**
29			59	3,984	4,072
-	(3,302)	-	-	-	(3,302)
100	-	-	-	(100)	-
(54)	-	-	-		(1,957)
-	-	-	-	-	-
12,820	**4,303**	**33,249**	**2,673**	**5,019**	**1,177,841**
(9,255)	**(342)**	**(5,763)**	**(2,515)**	**-**	**(166,252)**
(915)	(187)	(1,240)	(51)	-	(47,524)
-	-	-	-	-	878
-	-	-	-	-	-
(10,170)	**(529)**	**(7,003)**	**(2,566)**	**-**	**(212,898)**
(1,180)	(308)	(1,240)	(43)	-	(44,779)
-	345	-	-	-	345
45	-	-	-	-	1,948
(11,305)	**(492)**	**(8,243)**	**(2,609)**	**-**	**(255,384)**
2,575	**7,076**	**26,246**	**48**	**1,135**	**966,130**
1,515	**3,811**	**25,006**	**64**	**5,019**	**922,457**

4.3 OTHER PROPERTY, PLANT AND EQUIPMENT

(X US$ 1,000)	Land & Lease hold Improvement	Building and Structure
Cost		
At January 1, 2017	**36,273**	**37,077**
Adjustments	-	-
Additions	-	146
Capitalized from PIP to PPE and Expensed current Year	-	-
Translation adjustment on Cost	143	550
Internal transfers	(17,762)	-
Expensed to P&L	-	-
Disposals /Disinvestment current year	-	-
At December 31, 2017	**18,654**	**37,773**
Additions	-	-
Capitalized from PIP to PPE and Expensed current Year	-	469
Translation adjustment on Cost	-	-
Internal transfers	-	-
Expensed to P&L	-	-
Disposals /Disinvestment current year	-	(812)
At December 31, 2018	**18,654**	**37,430**
Depreciation and impairment 1 January 2017	**(493)**	**(15,002)**
Depreciation current year	(15)	(1,665)
Translation adjustment on Accumulated Depreciation	(32)	(90)
Internal transfer	-	-
Depreciation on Disinvestment/Internal transfer current year	-	-
At December 31, 2017	**(540)**	**(16,757)**
Adjustments	-	-
Depreciation current year	(14)	(1,320)
Translation adjustment on Accumulated Depreciation	-	-
Internal transfer	-	-
Depreciation on Disinvestment/Internal transfer current year	-	515
At December 31, 2018	**(554)**	**(17,562)**
Net book value:		
At December 31, 2017	**18,114**	**21,016**
At December 31, 2018	**18,100**	**19,868**

Machine & Equipment	Abandonment Costs	Well & Equipment	Other Fixed Assets	Projects in Progress	Grand Total
122,748	**82**	**912**	**12,050**	**1,363**	**210,505**
-	-	-	(108)	-	(108)
163	97	-	405	3,343	4,154
-	-	-	2	(707)	(705)
1,417	-	-	(174)	(3,031)	(1,095)
121	-	5	-	-	(17,636)
-	-	-	-	(101)	(101)
(5)		-	(2)	-	(7)
124,444	**179**	**917**	**12,173**	**867**	**195,007**
498	-	-	152	1,977	2,627
-	-	-		(471)	(2)
-	-	-			-
-	-	-		20	20
-	-	-		(400)	(400)
(2,042)	(107)	(5)	(229)		(3,195)
122,900	**72**	**912**	**12,096**	**1,993**	**194,057**
(33,712)	**(21)**	**(698)**	**(11,352)**	**-**	**(61,278)**
(6,258)	(2)	(13)	(430)	-	(8,383)
(593)	-	-	-	-	(715)
(121)	-	(4)	-	-	(125)
(77)	-	-	2	-	(75)
(40,761)	**(23)**	**(715)**	**(11,780)**	**-**	**(70,576)**
(40)	-	-	-	-	(40)
(6,104)	(8)	(18)	(186)	-	(7,650)
-	-	-	252	-	252
-	-	-	-	-	-
1,357	14	4	-	-	1,890
(45,548)	**(17)**	**(729)**	**(11,714)**	**-**	**(76,124)**
83,683	**156**	**202**	**393**	**867**	**124,431**
77,352	**55**	**183**	**382**	**1,993**	**117,933**

4.4 CAPITAL INVESTMENT IN JOINT VENTURE

On 14 November 2014 Staatsolie entered as a limited partner with an interest of 25% into the partnership 'Suriname Gold Project C.V.'. Newmont Suriname LLC, a subsidiary of Newmont Mining Corporation, is the managing partner with a 75% interest in this partnership. Newmont Suriname LLC is a limited liability company formed pursuant to the laws of the State of Delaware, United States of America.

The Suriname Gold Project C.V. encompasses the exploration, development and exploitation of the gold mine 'Merian', which is a gold deposit located in the eastern part of Suriname close to the French Guiana border. Construction of the Merian Gold project (the current mine) began after the right of exploitation was granted. Suriname Gold Project C.V. commenced commercial gold production on October 1, 2016.

The Suriname Gold Project CV partnership is financed through monthly cash calls (capital contributions) which is the mechanism to fund approved operating costs and capital expenditures. Each partner is responsible for funding the partnership for its portion based on its participating interest.

Monthly the partnership allocates capital contributions which is the total compensation received by the partnership in exchange for selling the partnership's gold production attributable to each partner in proportion to its respective participating interest. Staatsolie' s maximum exposure to loss from its interest in the Suriname Gold Project CV partnership equals the annual capital contributions.

The Group's interest in the Suriname Gold Project CV is accounted for in the consolidated financial statements using the equity method. The summarized financial information of the joint venture and reconciliation with the carrying amount of the investment and share in the profit of the JV in the consolidated financial statements are set out below:

(X US$ 1,000)	2018	2017
Summarized statement of financial position of Suriname Gold Project CV:		
Current assets, including cash and cash equivalents $39,988 (2017: $26,700) and inventories $81,664 (2017: $78,691)	199,534	132,384
Non-current assets	1,046,059	1,068,783
Current liabilities, including accounts payable $23,370 (2017: $22,125) and due to related parties $26,095 (2017: $19,053)	(76,895)	(69,079)
Non-current liabilities	(36,706)	(22,862)
Partnership capital	**1,131,992**	**1,109,226**
Proportion of the Group's ownership	25%	25%
Carrying amount of the investment	282,997	277,306

(X US$ 1,000)	2018	2017
Summarised statement of profit or loss of Suriname Gold Project CV:		
Revenue	676,884	643,136
Cost of Sales	(275,025)	(237,710)
Administrative expenses, including depreciation $105,815 (2017: $110,175)	(126,539)	(136,224)
Other Income (expense)	2,663	(373)
Management Fee	(12,911)	(13,929)
Profit before tax	**265,072**	**254,900**
Group's share of the profit for the year	**66,268**	**63,725**

The Group had no contingent liabilities or capital commitments relating to its interest in the Suriname Gold Project CV as at December 31, 2018 (2017: NIL). The joint venture had no contingent liabilities or capital commitments as at December 31, 2018 (2017: NIL) that may be considered to have a material adverse effect on its financial position or result of operations.

With the completion of the refinancing in May 2018, Staatsolie settled its liability with the Government of Suriname of US$ 63,087, effectively extinguishing the Government of Suriname's beneficial ownership of 4.8% share of the Suriname Gold Project CV.

The above summarized financial information of Suriname Gold Project C.V. as at December 31, 2018 and 2017 was based on audited figures.

4.5 GOODWILL AND OTHER INTANGIBLE ASSETS

		Other intangible assets		
(X US$ 1,000)	Goodwill	ERP Implementation	E&P Data Information Management system	Total
Cost				
At 1 January 2017	5,447	12,048	2,037	19,532
Additions	-	-	-	-
Acquisition of a subsidiary	-	-	-	-
At 31 December 2017	**5,447**	**12,048**	**2,037**	**19,532**
Additions	-	-	-	-
Acquisition of a subsidiary	-	-	-	-
Discontinued operations	-	-	-	-
At 31 December 2018	**5,447**	**12,048**	**2,037**	**19,532**
Amortization and impairment				
At 1 January 2017	-	3,615	1,629	5,244
Amortization	-	2,409	408	2,817
At 31 December 2017	**-**	**6,024**	**2,037**	**8,061**
Amortization	-	1,004	-	1,004
Impairment	-	-	-	-
At 31 December 2018	**-**	**7,028**	**2,037**	**9,065**
Net book value				
At 31 December 2018	5,447	5,020	-	10,467
At 31 December 2017	5,447	6,024	-	11,471

Other intangible assets

The balance at December 31, 2018 of other intangible assets represents capitalized computer software with regard to ERP implementation of SAP and is amortized on a straight-line basis over a remaining period of 5 years (2017: 3 years).

Impairment testing of goodwill

The Group performed the annual impairment test as at December 31, 2018.

Goodwill acquired through business combinations with indefinite live has been allocated to one CGU (GOw2). The carrying value (net assets including Goodwill) of this CGU is US$ 44,847 as at December 31, 2018 (US$ 38,344 as at December 31, 2017).

The recoverable amount of the GOw2 CGU of US$ 75,135 as at December 31, 2018 (US$ 69,570 as at December 31, 2017) has been determined based on a value-in-use (VIU) calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for finished oil products.

The post-tax weighted average cost of capital (WACC) discount rate applied to the cash flow projections is 12.48% (2017: 12.27%), and cash flows beyond the five-year period are extrapolated using a 2% (2017: 2%) growth rate that is the same as the long-term average fuel consumption growth rate for the petroleum products sector. As a result of the analysis, management did not identify impairment for this CGU. The GOw2 CGU forms part of the downstream reportable segment. Applying a pre-tax WACC discount rate 19.03% (2017: 20.04%) to the cash flow projections provides the same VIU for the CGU.

Key assumptions used in value-in-use calculations

The calculation of VIU for the GOw2 CGU is most sensitive to the following key assumptions:

- Gross margin
- Discount rates
- Oil prices
- Market share during the budget period
- Growth rate used to extrapolate cash flows beyond the budget period

Gross margins

Gross margins are based on average values achieved in the three years preceding the start of the budget period. These are increased over the budget period for anticipated improvements in the efficiency of operations. An increase of 2% (2017: 2%) per annum was applied based on economic growth (quantities) of the CGU.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its WACC, with appropriate adjustments made to reflect the risks specific to the CGU. The WACC takes into account both debt and equity, weighted 46.68% (2017: 47.21%) debt versus 53.32% (2017: 52.79%) equity, due to the debt to equity structure of the Group. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Oil prices

Long term forecasted oil prices are based on management's estimates and available market data.

Market share assumptions

These assumptions are important because as well as using industry data for growth rates (as noted below), management assesses how the CGU's position, relative to its competitors, might change over the forecast period. Management expects the Group's share of the oil retail products market to be stable over the forecast period.

Growth rate estimates

Rates are based on economic growth rates, growth domestic product and relevant published research.

Sensitivity to changes in assumptions

With regard to the assessment of VIU for the GOw2 CGU, management believes that there are no reasonably possible changes in any of the above key assumptions that would cause the carrying value of the CGU to materially exceed its recoverable amount.

4.6 INVESTMENT PROPERTIES

Staatsolie purchased the land situated in Wageningen, District Nickerie in 2009. The investment property is carried at historic cost less accumulated impairment losses. Initially the land would accommodate the Ethanol Business of Staatsolie which was cancelled in 2015.

A valuation of the investment properties was carried out by an external independent qualified assessor on June 26, 2019 and the carrying value does not materially differ from the fair value.

One thousand two hundred and two (1202) hectares of the investment property is leased out under operating lease, amounting to US$ 32 thousand annual income. There are no direct operating expenses arising from the rental agreement on account for Staatsolie.

(X US$ 1,000)	2018	2017
Reconciliation of carrying amount		
Balance at 1 January	17,762	-
Acquisitions	-	-
Reclassification from Property, Plant and Equipment*	-	17,762
Impairment loss	(880)	-
Balance at 31 December	**16,882**	**17,762**

*Refer to paragraph 2.5 Reclassification

4.7 PROVISIONS

(X US$ 1,000)	Decommissioning production field & facilities	Decommissioning Refinery
At January 1, 2017	40,062	5,539
Arising during the year	-	-
Write-back of unused provisions	-	-
Discount rate adjustment & imputed interest	35,242	2,776
Unwinding of discount	4,118	569
Utilisation	-	-
At December 31, 2017	**79,422**	**8,884**
Arising during the year	7	-
Write-back of unused provisions	-	-
Discount rate adjustment & imputed interest	(31,251)	(2,959)
Unwinding of discount	6,658	744
Utilisation	-	-
At December 31, 2018	**54,836**	**6,669**
Comprising:		
Current at December 31, 2017	-	-
Non-current at December 31, 2017	79,422	8,884
	79,422	**8,884**
Comprising:		
Current at December 31, 2018	-	-
Non-current at December 31, 2018	54,836	6,669
	54,836	**6,669**

Decommissioning provision

The Group makes full provision for the future cost of decommissioning oil wells and production facilities, on a discounted basis on the installation of those wells and facilities. The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties, which are expected to be incurred up to 2055, when the producing oil properties are expected to cease operations. These provisions have been created based on the Group's internal estimates.

In addition, the Group makes full provision for the future cost of decommissioning the refinery, on a discounted basis on the installation of the refinery. The decommissioning provision represents the present value of decommissioning costs relating to the refinery, which are expected to be incurred up to 2040, when the refinery expected to cease operations. This provision has been created based on the Group's internal estimates utilizing a third party estimating the dismantlement cost.

Lastly, the Group makes full provision for the future cost of decommissioning the power plant, on a discounted basis on the installation of the power plant. The decommissioning provision represents the present value of decommissioning costs relating to the power plant, which are expected to be incurred up to 2055, when the power plant expected to cease operations. This provision has been created based on the Group's internal estimates utilizing a third party estimating the dismantlement cost.

Assumptions based on the current economic environment have been made, which management believes form a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately

Decommissioning Power Plant	Environmental Risk	Other Provisions	Total
98	2,588	1,600	49,887
-	157	1,758	1,915
-		-	-
101	36	-	38,155
10	-	-	4,697
-	-	(1,600)	(1,600)
209	**2,781**	**1,758**	**93,054**
-	-	1,126	1,133
-	-	-	-
(107)	48	-	(34,269)
17	167	-	7,586
-	-	(66)	(66)
119	**2,996**	**2,818**	**67,438**
-	-	-	-
209	2,781	1,758	93,054
209	**2,781**	**1,758**	**93,054**
-	-	-	-
119	2,996	2,818	67,438
119	**2,996**	**2,818**	**67,438**

depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

The discount rate used in the calculation of the provision as at December 31, 2018 is 10.28% (2017: 8.38%).

Other provisions

A provision at fair value of US$ 2,818 as at December 31, 2018 (US$ 1,758 as of December 31, 2017) mainly comprise provisions for litigation or contractual claims. The claims are subject to legal arbitration and are not expected to finalize during 2019.

Environmental risk provision

GOw2 purchased Chevron in 2011 which included their marketing activities in Suriname of 22 petrol stations and 3 oil terminals. These sites will be remediated in a nine-year timeframe. The present value of the estimated costs as at December 31, 2018 is US$ 2,996 (December 31, 2017 is US$ 2,781). The amount recognized is the best estimate calculated by management of the expenditure required.

4.8 EMPLOYEE DEFINED BENEFIT LIABILITIES

The Group has three types of employee benefit plans, namely pensions, post-employment benefits and other long-term employee benefit plans. A summary of the net employee benefit liabilities for the different benefits are shown in the table below:

(X US$ 1,000)	As at December 31, 2018	As at December 31, 2017
Pension Plans		
Employee pension plan	2,359	13,487
Executive pension plan	509	646
GOw2 retiree pension plan	79	96
Post-employment benefit plans		
Retiree Medical Plan Staatsolie	15,080	13,506
Retiree Medical plan GOw2	582	492
Retiree Medical Plan SPCS	303	240
Pension gratuity Staatsolie	2,988	2,965
Pension gratuity SPCS	20	18
Funeral grant plan Staatsolie	860	894
Funeral grant plan SPCS	9	8
Supplementary Provision Board members	819	733
Other long-term employee benefit plans		
Jubilee gratuity Staatsolie	8,919	6,602
Jubilee gratuity SPCS	146	103
Jubilee gratuity GOw2	101	93
Additional holiday allowance Staatsolie	2,796	2,839
Additional holiday allowance SPCS	53	30
Total	**35,623**	**42,752**

Pensions and other post-employment benefit plans

The Group has two defined benefit pension plans (funded), one for the employees and one for the directors. The employee pension plan is a final salary plan and requires contributions to be made to a separately administered fund. The directors pension plan is an insured plan. In addition, the Group provides certain post-employment benefits to employees (unfunded) such as healthcare, excedent gratuity, funeral grants, pension gratuity, jubilee and additional holiday allowances.

Pensions

Employee pension plan

The employee pension plan provides entitlements to retirement and disability pension for the benefit of the participant and widow's, widower's and orphans' pension for the benefit of the survivors. The pension entitlements are accrued time-proportionately.

The pension entitlements are determined according to a formula based on the pensionable salary and an employee accrual rate of 2% per annum. The last pensionable salary also applies to past service. Hence, increase of pensionable salary in future years will lead to an increase of accrued pension entitlements. According to the formal terms of the plan, for every year the pensionable salary is determined by the Board of the pension fund according to a formula.

The pension base percentage for financial year 2017 has been set at l00% of the base salary. The pension base percentage for financial year 2018 has not yet been determined by the Board of the pension fund. The annual actuarial valuation, taking into account the funding as at December 31, 2017 and the salary increase as at January 1, 2018, has led to the conclusion that a pension base percentage of 100% is possible for financial year 2018. Therefore, it is assumed that pensionable salary for 2018 will be set at 100% of the salary as at January 1, 2018.

The retirement pension commences upon reaching the retirement age of 60. However, a retirement age of 55 applies to employees in certain special categories. The retirement pension amounts to a maximum of 70% of the pension base on the retirement date. The pension accrual rate is 2%.

Annually, the pensions in payment and deferred pensions are adjusted on the basis of excess interest, which is the difference between the return on the pension assets and the actuarial interest of 4%, which is used to determine the present value of the pension obligations of the fund.

The employee pension plan is administered by the "Stichting Pensioenfonds voor Werknemers of Staatsolie Maatschappij Suriname N.V." (Pension Fund for Employees of Staatsolie Maatschappij Suriname N.V.), for which Staatsolie has entered into an agreement with the fund.

The plan is financed by contributions and by the returns on the plan assets. The employer's and employee's contributions are limited to a maximum percentage of the participant's salary as set by the labor agreement.

Employee pension plan

2018 changes in the defined benefit obligation and fair value of the plan assets.

(X US$ 1,000)		Pension cost charged to profit or loss			
	1.1.2018	**Service cost**	**Net Interest expense**	**Sub-total included in profit or loss**	**Benefits paid**
Defined benefit obligation	**(125,801)**	(5,935)	(5,255)	**(11,190)**	1,461
Fair value of plan assets	**112,314**	-	4,853	**4,853**	(1,461)
Benefit liability	**(13,487)**	**(5,935)**	**(402)**	**(6,337)**	**-**

2017 changes in the defined benefit obligation and fair value of the plan assets.

(X US$ 1,000)		Pension cost charged to profit or loss			
	1.1.2017	**Service cost**	**Net Interest expense**	**Sub-total included in profit or loss**	**Benefits paid**
Defined benefit obligation	**(139,070)**	(7,159)	(6,258)	**(13,417)**	1,172
Fair value of plan assets	**104,949**	-	4,849	**4,849**	(1,172)
Benefit liability	**(34,121)**	**(7,159)**	**(1,409)**	**(8,568)**	**-**

Remeasurement gains/(losses) in other comprehensive income								
Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub total included in OCI	Contribution by employer	Contribution from provident fund	Contribution by employee	31.12.2018
-	-	13,645	(824)	**12,821**	-	-	-	**(122,709)**
(3,264)	-	-	-	**(3,264)**	5,139	1,056	1,713	**120,350**
(3,264)	**-**	**13,645**	**(824)**	**9,557**	**5,139**	**1,056**	**1,713**	**(2,359)**

Remeasurement gains/(losses) in other comprehensive income								
Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub total included in OCI	Contribution by employer	Contribution from provident fund	Contribution by employee	31.12.2017
-	-	23,707	1,807	**25,514**	-	-	-	**(125,801)**
(3,099)	-	-	-	**(3,099)**	5,087	3	1,697	**112,314**
(3,099)	**-**	**23,707**	**1,807**	**22,415**	**5,087**	**3**	**1,697**	**(13,487)**

The major categories of the employee pension plan assets at fair value are, as follows:

(X US$ 1,000)	2018	2017
Investments quoted in active markets:		
Securities in foreign mutual funds	7,054	6,625
Unquoted investments:		
Equity instruments (international)	4,206	5,997
Available-for-sale instruments	1,876	1,876
Property	44,224	44,499
Loans receivables	27,212	26,071
Term deposits	4,500	14,404
Net other receivables	578	447
Cash and cash equivalents	30,700	12,395
Fair value of assets	**120,350**	**112,314**

Executive pension plan

The executive pension plan is a final pay scheme; the pension base is equal to the salary. The pension plan provides entitlements to retirement and disability pension for the benefit of the participant and their widow's/widower's and orphans' pension for the benefit of their spouse and children.

The retirement pension commences upon reaching the age of 60 and amounts to:

1. for Board members designated by Staatsolie: at retirement 70% of the last salary;

2. for other Board members: per year of service, up to a maximum of 28 years of service, 2.5% of the last salary.

The pension entitlements are accrued time-proportionately. The disability pension is equal to the potential retirement pension. The widow's/widower's pension is 70% of the (potential) retirement pension. Upon termination of employment of a participant who has participated in the scheme for less than 3 years, the contributions paid by the director shall be refunded. As soon as a participant who has participated in the plan for at least 3 years, the director shall be entitled to the pension entitlements accrued up to the date of termination of employment. It is noted that the 3-year period on the basis of the "Wet Pensioenfondsen en Voorzieningsfondsen" should be reduced to one year or less.

Pensions in payment and deferred pensions may be increased in the event of a "general increase in the cost of living". This possibility has not been applied yet. Pensions in payment and deferred pensions shall, in any case, be adjusted annually on the basis of profit sharing based on excess interest, arising from the agreement with the insurance company.

The pension entitlements arising from the plan are insured with Assuria Levensverzekeringen N.V. (Assuria), for which Staatsolie has entered into an agreement with, which provides for profit sharing based on excess interest on assets of Assuria.

The participants and Staatsolie contribute to the financing of this plan. The participants contribute a set percentage of their salary. Other costs of the plan are fully borne by Staatsolie

The plan asset value for this insured executive pension plan consist of the insurance policy covering participants. As the insurance policy exactly matches the amount and timing of the accrued pension entitlements of the participants, the fair value of the insurance policy has been set at the present value of the related obligations excluding any effects of future salary increases.

(X US$ 1,000)	2018	2017
Fair value of assets	**4,339**	**3,947**

Executive pension plan

2018 changes in the defined benefit obligation and fair value of the plan assets.

(X US$ 1,000)	1.1.2018	Pension cost charged to profit or loss: Service cost	Net Interest expense	Sub-total included in profit or loss	Benefits paid
Defined benefit obligation	**(4,593)**	(284)	(207)	**(491)**	-
Fair value of plan assets	**3,947**	-	183	**183**	-
Benefit liability	**(646)**	**(284)**	**(24)**	**(308)**	**-**

2017 changes in the defined benefit obligation and fair value of the plan assets.

(X US$ 1,000)	1.1.2017	Pension cost charged to profit or loss: Service cost	Net Interest expense	Sub-total included in profit or loss	Benefits paid
Defined benefit obligation	**(4,015)**	(254)	(181)	**(435)**	-
Fair value of plan assets	**2,818**	-	155	**155**	-
Benefit liability	**(1,197)**	**(254)**	**(26)**	**(280)**	**-**

GOw2 retiree pension plan

GOw2 has a long-term pension obligation regarding eight former Chevron retirees and widowers. The payment to those retirees are made by GOw2 out of funds deposited by Chevron at the time of the acquisition in 2011. The remaining balance as at December 31, 2018 is US$ 79, while the remaining balance as at December 31, 2017 was US$ 95.

Post-employment benefits

Retiree medical plan

Retired employees of Staatsolie, GOw2 and SPCS whose employment was terminated due to reaching the retirement age after a specified number of years of service, as well as those who are part of their family, shall be entitled to medical care at the expense of the Group. Entitlements shall also be granted to retired employees of Staatsolie whose employment was terminated due to disability with the entitlement to a disability pension, as well as those who are part of their family at that time. There is no requirement for a minimum service.

Remeasurement gains/(losses) in other comprehensive income							
Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub total included in OCI	Contribution by employer	Contribution by employee	31.12.2018
-	-	65	171	**236**	-	-	**(4,848)**
(53)		-	-	**(53)**	230	32	**4,339**
(53)	**-**	**65**	**171**	**183**	**230**	**32**	**(509)**

Remeasurement gains/(losses) in other comprehensive income							
Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub total included in OCI	Contribution by employer	Contribution by employee	31.12.2017
-	-	(220)	77	**(143)**	-	-	**(4,593)**
(282)	-	-	-	**(282)**	1,224	32	**3,947**
(282)	**-**	**(220)**	**77**	**(425)**	**1,224**	**32**	**(646)**

Pension gratuity plan

Staatsolie and SPCS employees are eligible for a gratuity upon retirement. The amount of the gratuity depends on the years of service. Permanent employees whose service until the retirement date is at least 10 years, shall be eligible for the gratuity.

Funeral grants plan

In the event of death of a retired employee of Staatsolie and SPCS, whose employment was terminated due to reaching the retirement age after a specified number of service years and in the event of death of their spouse, a funeral grant shall be paid by Staatsolie. Retired employees whose employment was terminated due to disability with the entitlement to a disability pension, as well as those who are part of their family at that time are also eligible to the funeral grant plan and there is no requirement for a minimum service.

Excedent gratuity plan
(Supplementary provision for board members)

Board members shall be eligible for an excedent gratuity upon retirement or earlier honorable termination of employment with Staatsolie. The amount of the excedent gratuity shall depend on the number of years of service, including years of service at Staatsolie before the date of appointment as board member, if applicable.

Retiree medical plan Staatsolie

2018 changes in the defined benefit obligation and fair value of the plan assets.

(X US$ 1,000)	1.1.2018	Pension cost charged to profit or loss: Service cost	Net Interest expense	Sub-total included in profit or loss	Benefits paid
Defined benefit obligation	**(20,206)**	(1,189)	(2,526)	**(3,715)**	161
Fair value of plan assets	**6,700**	-	844	**844**	(136)
Benefit liability	**(13,506)**	**(1,189)**	**(1,682)**	**(2,871)**	**25**

2017 changes in the defined benefit obligation and fair value of the plan assets.

(X US$ 1,000)	1.1.2017	Pension cost charged to profit or loss: Service cost	Net Interest expense	Sub-total included in profit or loss	Benefits paid
Defined benefit obligation	**(21,834)**	(1,249)	(975)	**(2,224)**	122
Fair value of plan assets	**6,393**	-	291	**291**	(116)
Benefit liability	**(15,441)**	**(1,249)**	**(684)**	**(1,933)**	**6**

The plan asset value of the Staatsolie retiree medical plan is provided by the insurance company where the plan assets are incorporated in an annuity insurance policy. The fair value of plan assets is the sum of the surrender value and the estimated excess interest, as shown below:

(X US$ 1,000)	2018	2017
Surrender value	7,158	6,620
Excess interest	50	80
Fair value of assets	**7,208**	**6,700**

Remeasurement gains/(losses) in other comprehensive income						
Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Change in exchange rate	Sub total included in OCI	Contribution by employer	31.12.2018
-	600	976	(104)	**1,472**	-	**(22,288)**
(443)	-	-	-	**(443)**	243	**7,208**
(443)	**600**	**976**	**(104)**	**1,029**	**243**	**(15,080)**

Remeasurement gains/(losses) in other comprehensive income						
Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Change in exchange rate	Sub total included in OCI	Contribution by employer	31.12.2017
-	3,338	152	240	**3,730**	-	**(20,206)**
(89)	-	-	-	**(89)**	221	**6,700**
(89)	**3,338**	**152**	**240**	**3,641**	**221**	**(13,506)**

Retiree medical plan others

	2018		
(in US$)	**GOw2**	**SPCS**	**Total**
Defined benefit obligation as at January 1	(491,689)	(239,962)	(731,651)
Interest cost	(60,325)	(30,125)	(90,450)
Current service cost	(53,606)	(46,611)	(100,217)
Net benefit expense(recognized in P&L)	(113,931)	(76,736)	(190,667)
Benefits paid	6,610	-	6,610
Currency translation	6,017	(1,038)	4,979
Experience different than assumed	82,824	5,925	88,749
Changes in assumptions	(72,320)	8,748	(63,572)
Sub total included in OCI	16,521	13,634	30,155
Defined benefit obligation as at December 31	**(582,489)**	**(303,064)**	**(885,553)**

Funeral grant benefits

	2018		
(in US$)	**Staatsolie**	**SPCS**	**Total**
Defined benefit obligation as at January 1	(893,525)	(8,128)	(901,653)
Interest cost	(40,076)	(366)	(40,442)
Current service cost	(41,832)	(1,473)	(43,305)
Net benefit expense (recognized in P&L)	(81,908)	(1,839)	(83,747)
Benefits paid	6,006	-	6,006
Experience different than assumed	(8,340)	(274)	(8,614)
Changes in assumptions	118,245	1,684	119,929
Sub total included in OCI	109,905	1,410	111,315
Defined benefit obligation as at December 31	**(859,522)**	**(8,557)**	**(868,079)**

2017		
GOw2	SPCS	Total
(423,847)	(221,957)	(645,804)
(47,968)	(9,889)	(57,857)
(36,750)	(36,455)	(73,205)
(84,718)	(46,344)	(131,062)
2,146	-	2,146
4,222	2,211	6,433
7,965	(12,192)	(4,227)
2,543	38,320	40,863
14,730	28,339	43,069
(491,689)	**(239,962)**	**(731,651)**

2017		
Staatsolie	SPCS	Total
(832,772)	(6,620)	(839,392)
(37,360)	(298)	(37,658)
(41,047)	(1,090)	(42,137)
(78,407)	(1,388)	(79,795)
879	-	879
(10,031)	(364)	(10,395)
26,806	244	27,050
16,775	(120)	16,655
(893,525)	**(8,128)**	**(901,653)**

Pension gratuity benefits

	2018		
(x US$1)	**Staatsolie**	**SPCS**	**Total**
Defined benefit obligation as at January 1	(2,964,598)	(17,941)	(2,982,539)
Interest cost	(130,171)	(807)	(130,978)
Current service cost	(167,992)	(2,652)	(170,644)
Net benefit expense (recognized in P&L)	(298,163)	(3,459)	(301,622)
Benefits paid	132,224	-	132,224
Experience different than assumed	241,263	182	241,445
Changes in assumptions	(98,689)	1,524	(97,165)
Sub total included in OCI	142,574	1,706	144,280
Defined benefit obligation as at December 31	**(2,987,963)**	**(19,694)**	**(3,007,657)**

Supplementary provision board members

(x US$1)	**2018**	**2017**
Defined benefit obligation as at January 1	(733,249)	(646,212)
Interest cost	(32,996)	(29,079)
Current service cost	(42,715)	(38,632)
Net benefit expense (recognized in P&L)	(75,711)	(67,711)
Benefits paid	-	-
Experience different than assumed	25,479	(19,326)
Changes in assumptions	(35,137)	-
Sub total included in OCI	(9,658)	(19,326)
Defined benefit obligation as at December 31	**(818,618)**	**(733,249)**

2017		
Staatsolie	SPCS	Total
(2,734,095)	(15,041)	(2,749,136)
(120,970)	(677)	(121,647)
(161,902)	(2,140)	(164,042)
(282,872)	(2,817)	(285,689)
75,927	-	75,927
(23,558)	(83)	(23,641)
-	-	-
(23,558)	(83)	(23,641)
(2,964,598)	**(17,941)**	**(2,982,539)**

Other long-term employee benefits

Jubilee gratuity plan

Staatsolie, SPCS and GOw2 employees are eligible to receive a jubilee gratuity based on a specified number of service years. The amount of the gratuity depends on the jubilee and varies with the numbers of service years as stated in the labor agreement.

Jubilee benefits	**2018**			
(x US$1)	**Staatsolie**	**SPCS**	**GOw2**	**Total**
Defined benefit obligation as at January 1	(6,601,978)	(103,300)	(93,227)	(6,798,505)
Adjustment of Defined benefit obligation	(3,035,763)	(54,952)	-	(3,090,715)
Interest cost	(284,190)	(6,294)	(11,511)	(301,995)
Current service cost	(770,739)	(19,202)	(8,821)	(798,762)
Net benefit expense(recognized in P&L)	(4,090,692)	(80,448)	(20,332)	(4,191,472)
Benefits paid	911,474	35,693	-	947,167
Currency translation	-	-	1,141	1,141
Experience different than assumed	405,625	5,515	(4,410)	406,730
Changes in assumptions	456,806	(2,991)	15,042	468,857
Sub total included in the P&L	862,431	2,524	11,773	876,728
Defined benefit obligation as at December 31	**(8,918,765)**	**(145,531)**	**(101,786)**	**(9,166,082)**

Additional holiday allowances

Staatsolie and SPCS employees are eligible for an additional holiday allowance for a set number of months of salary based on their years of service as stated in the labor agreement.

	2018		
(x US$1)	**Staatsolie**	**SPCS**	**Total**
Defined benefit obligation as at January 1	(2,838,695)	(30,102)	(2,868,797)
Interest cost	(94,974)	(1,294)	(96,268)
Current service cost	(1,270,568)	(20,953)	(1,291,521)
Net benefit expense(recognized in P&L)	(1,365,542)	(22,247)	(1,387,789)
Benefits paid	1,622,285	2,574	1,624,859
Experience different than assumed	(168,907)	(1,916)	(170,823)
Changes in assumptions	(45,185)	(1,468)	(46,653)
Sub total included in OCI	(214,092)	(3,384)	(217,476)
Defined benefit obligation as at December 31	**(2,796,044)**	**(53,159)**	**(2,849,203)**

2017			
Staatsolie	SPCS	GOw2	Total
(6,429,764)	(87,307)	(88,708)	(6,605,779)
-	-	-	-
(195,105)	(3,929)	(9,674)	(208,708)
(513,215)	(11,620)	(8,488)	(533,323)
(708,320)	(15,549)	(18,162)	(742,031)
962,453	-	6,895	969,348
-	-	883	883
(378,782)	(444)	5,865	(373,361)
(47,565)	-	-	(47,565)
(426,347)	(444)	6,748	(420,043)
(6,601,978)	**(103,300)**	**(93,227)**	**(6,798,505)**

2017		
Staatsolie	SPCS	Total
(2,680,707)	(29,703)	(2,710,410)
(89,298)	(910)	(90,208)
(1,243,907)	(12,359)	(1,256,266)
(1,333,205)	(13,269)	(1,346,474)
1,530,076	20,938	1,551,014
(354,859)	(8,068)	(362,927)
-	-	-
(354,859)	(8,068)	(362,927)
(2,838,695)	**(30,102)**	**(2,868,797)**

The significant assumptions used in determining pension, post-employment healthcare and other long-term employee benefit obligations for the Group's plans are shown below:

	2018	2017
Discount rate:		
Staatsolie employee pension plan	4.8%	4.6%
Staatsolie retiree medical plan	7.5%	12.5%
Staatsolie funeral grant plan for retirees	4.9%	4.5%
Staatsolie pension gratuity	4.1%	4.5%
Staatsolie jubilee benefits	3.8%	3.1%
Staatsolie periodic additional holiday allowance	3.1%	4.5%
Executive pension plan	4.6%	4.5%
Supplementary Provision Board members	3.4%	4.5%
GOw2 retiree medical plan	Between 7.5% and 8.5%	Between 7.5% and 12.5%
GOw2 jubilee benefits	Between 7.5% and 8.5%	Between 7.5% and 12.5%
SPCS retiree medical plan	7.5%	12.5%
SPCS funeral grant plan for retirees	4.9%	4.5%
SPCS pension gratuity	4.9%	4.5%
SPCS jubilee benefits	4.3%	4.5%
SPCS periodic additional holiday allowance	3.2%	4.5%
Future consumer price index increases:		
Staatsolie employee pension plan & Executive pension plan	3.0%	3.0%
Staatsolie jubilee benefits	3.0%	3.0%
Staatsolie & SPCS retiree medical plan	6.0%	11.0%
Staatsolie & SPCS funeral grant plan for retirees	3.0%	3.0%
Staatsolie & SPCS pension gratuity	3.0%	3.0%
Staatsolie & SPCS periodic additional holiday allowance	3.0%	3.0%
Supplementary Provision Board members	3.0%	3.0%
GOw2 retiree medical plan	Between 6.0% and 7.0%	Between 6.0% and 11.0%
GOw2 jubilee benefits	Between 6.0% and 7.0%	Between 6.0% and 11.0%
Future salary increases:		
Staatsolie employee pension plan & Executive pension plan	3.0% + age related merit - for both years	
Staatsolie & SPCS jubilee benefits	3.0% + age related merit - for both years	
Staatsolie & SPCS pension gratuity	3.0% + age related merit - for both years	
Staatsolie & SPCS periodic additional holiday allowance	3.0% + age related merit - for both years	
Supplementary Provision Board members	3.0% + age related merit - for both years	
GOw2 jubilee benefits	Between 6.0% and 13% + merit	Between 7.0% and 26% + merit
Healthcare cost increase rate:		
Staatsolie & SPCS retiree medical plan	8.0%	13.0%
GOw2 retiree medical plan	Between 8.0% and 9.0%	Between 8.0% and 13.0%

	Years	Years
Life expectation for retirees at the age of 60:		
Staatsolie employee pension plan & Executive pension plan		
Male	18.4	18.4
Female	21.0	21.0
Post-employment healthcare & other long-term benefit plans		
Male	18.4	18.4
Female	21.0	21.0

The average duration of the various employee benefit obligations at the end of the reporting periods is presented below:

	2018	2017
Weighted average life of the plans:		
Staatsolie employee pension plan	18	19
Staatsolie retiree medical plan	22	22
Staatsolie funeral grant plan for retirees	26	27
Staatsolie pension gratuity	10	9
Staatsolie jubilee benefits	8	7
Staatsolie periodic additional holiday allowance	2	1
Executive pension plan	14	15
Supplementary Provision Board members	5	5
GOw2 retiree medical plan	20	19
GOw2 jubilee benefits	6	7
SPCS retiree medical plan	34	34
SPCS funeral grant plan for retirees	41	41
SPCS pension gratuity	20	21
SPCS jubilee benefits	11	10
SPCS periodic additional holiday allowance	3	3

A quantitative sensitivity analysis for significant assumptions on the pension, post-employment healthcare and other long-term employee benefits as at December 31, 2018 and 2017 is shown below. The sensitivity analyses are presented in US$.

Staatsolie employee pension plan

The effect of a 1 percentage point change in the assumed discount rate, the assumed salary increases and the pension adjustment on the defined benefit obligation are:

Assumptions	Pension adjustment		Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	14,912,529	(12,620,863)	(18,377,819)	23,378,475	7,307,713	(6,474,642)
2017	15,989,569	(13,457,090)	(20,194,171)	25,996,374	9,577,072	(8,438,706)

Executive pension plan

The effect of a 1 percentage point change in the assumed discount rate and the assumed salary increases on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(585,443)	710,115	147,538	(139,215)
2017	(595,536)	728,625	234,617	(220,421)

Staatsolie medical retiree plan

The effect of a 1 percentage point change in the assumed discount rate and assumed medical cost inflation on the defined benefit obligation are:

Assumptions	Discount rate		Medical cost inflation	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(3,847,993)	5,038,190	4,827,174	(3,773,482)
2017	(3,561,356)	4,669,039	4,452,180	(3,478,493)

GOw2 medical retiree plan

The effect of a 1 percentage point change in the assumed discount rate and assumed medical cost inflation on the defined benefit obligation are:

Assumptions	Discount rate		Medical cost inflation	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(92,260)	119,039	113,754	(90,198)
2017	(78,229)	100,826	95,850	(76,144)

SPCS medical retiree plan

The effect of a 1 percentage point change in the assumed discount rate and assumed medical cost inflation on the defined benefit obligation are:

Assumptions	Discount rate		Medical cost inflation	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(78,551)	111,405	107,585	(77,756)
2017	(63,971)	91,495	88,073	(63,179)

Staatsolie funeral grant plan

The effect of a 1 percentage point change in the assumed discount rate and assumed funeral grant increase on the defined benefit obligation are:

Assumptions	Discount rate		Funeral grant increase	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(181,305)	247,901	239,742	(179,095)
2017	(195,922)	270,373	260,695	(193,198)

SPCS funeral grant plan

The effect of a 1 percentage point change in the assumed discount rate and assumed funeral grant increase on the defined benefit obligation are:

Assumptions	Discount rate		Funeral grant increase	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(2,610)	3,953	3,873	(2,612)
2017	(2,574)	3,956	3,863	(2,571)

Staatsolie pension gratuity plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(236,435)	274,122	257,333	(226,583)
2017	(232,138)	267,703	283,256	(249,663)

SPCS pension gratuity plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(3,295)	4,069	3,960	(3,277)
2017	(3,197)	3,993	4,083	(3,314)

Staatsolie jubilee plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(584,329)	666,130	612,176	(548,278)
2017	(448,557)	513,033	537,075	(478,662)

SPCS jubilee plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(14,067)	16,469	15,545	(13,569)
2017	(8,902)	10,472	10,931	(9,451)

GOw2 jubilee plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(4,923)	5,567	5,978	(5,388)
2017	(5,554)	6,247	6,364	(5,762)

Staatsolie periodic additional holiday allowance plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(32,447)	33,338	19,211	(19,082)
2017	(34,511)	35,469	49,027	(48,464)

SPCS periodic additional holiday allowance plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(1,136)	1,173	889	(882)
2017	(847)	882	1,019	(993)

Supplementary provision board members plan

The effect of a 1 percentage point change in the assumed discount rate and assumed salary increase on the defined benefit obligation are:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
2018	(32,062)	34,608	30,245	(28,603)
2017	(34,444)	37,295	41,132	(38,583)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following payments are expected contributions to the defined benefit plan (employee pension plan) in future years:

(X US$ 1,000)	2018	2017
Within the next 12 months (next annual reporting period)	6,241	5,397
Between 2 and 5 years	29,004	25,081
Between 5 and 10 years	43,232	38,506
Beyond 10 years	83,943	85,417
Total expected payments	**162,420**	**154,401**

The following payments are expected contributions to the defined benefit plan (executive pension plan) in future years:

(X US$ 1,000)	2018	2017
Within the next 12 months (next annual reporting period)	237	134
Between 2 and 5 years	1,023	579
Between 5 and 10 years	1,461	828
Beyond 10 years	1,334	959
Total expected payments	**4,055**	**2,500**

4.9 IMPAIRMENT TESTING OF OTHER NON-CURRENT ASSETS

Management considered the development in crude oil prices, oil construction and development activities around the world in 2015 through 2018. As of December 31, 2018 there appears to be more steadiness regarding above factors. Management concluded that there were no indicators for an impairment of two CGUs (three oil fields and the refinery).

4.10 CAPITAL COMMITMENTS AND OTHER CONTINGENCIES

Operating lease commitments

The Group has entered into operating leases on certain motor vehicles and vessels.

These leases have an average life of five years with renewal terms.

Future minimum lease payments under non-cancellation operating leases as at December 31, 2018 is, as follows:

(X US$ 1,000)	2018	2017
Within one year	6,047	6,295
After one year but not more than five years	6,539	5,457
More than five years	249	267
	12,835	**12,019**

Other contractual obligations / commitments

(X US$ 1,000)	2018	2017
Within one year	15,192	6,916
After one year but not more than five years	14,471	844
	29,663	**7,760**

Sales contractual obligations

The Group has sales obligations of US$ 125,568 as at December 31, 2018

(X US$ 1,000)	2018	2017
Within one year	85,376	75,347
After one year but not more than five years	40,192	102,465
	125,568	**177,812**

Legal claim contingency

The Group also has a legal claim relating to a lease contract where there is not enough probability to reasonably recommend a provision. The case is not pending in the courts of Suriname nor have been entered into arbitration. The case has been reviewed by the in-house legal department. Based hereon it is advised to the Group that the case is only possible, but not probable that the action will succeed. Accordingly, no provision for any liability has been made in these consolidated financial statements for this case.

The Group currently has legal claims amounting to US$ 4,000 (2017: US$ 1,384) (exclusive of interest and judicially imposed penalties) relating to restoration and repair of the water management system in Saramacca. Based on legal advice obtained, management is of the view that the Group is in a strong and defendable position and that no further provision is required.

Lastly, Ventrin has contingent liabilities in respect of customs bonds of US$ 147 (2017: US $147).

These are of a continuing nature, subject to cancellation of the Comptroller of Customs and Excise.

SECTION 5.
CAPITAL AND DEBT STRUCTURE

5.1 ISSUED CAPITAL AND RESERVES

The authorized share capital of Staatsolie as the parent of the Group amounts to US$ 12,104 as at December 31, 2018 and is divided into 5 million shares. The earnings per share were US$ 20.06 (2017: US$ 12.23). During the year, the authorized share capital remained unchanged.

Issued capital is as follows:

(X US$ 1,000)	2018	2017
Ordinary share capital		
5,000,000 ordinary shares	12,104	12,104

Reserve for environment risk

The environmental risk reserve is a reserve taken against environmental risk claims based on damages which may result from an environmental disaster in the execution of ocean freight cargo deliveries. In addition, damages to the environment due to onshore well operations are also appropriated for in this reserve. Based on historical information and experience, the Group believes that an annual addition of US$ 500,000 is sufficient, which is decided by the board of directors.

Reserve for committee of sports facilities

As decided by the shareholder, a portion of the profit attributable to the shareholder is retained in a Sport Fund to support corporate social responsibility in the area of sports. On behalf of the sole shareholder, the GoS, a committee "Sport Development Fund" was established in April 2013 to conform to governance principles. The committee, composed of representatives from the GoS and Staatsolie, provides guidelines for submission of proposals, approves and monitors the allocation of funds. Every year, the shareholder decides how much to withdraw from this reserve.

Other allocation / (withdrawal)

Included in the other reserves as at December 31, 2017 is an amount of US$ 13,520, net of tax, which is a credit to the Government of Suriname ("GoS") for amounts previously invoiced by, and paid to, SPCS for energy delivered, but that, ultimately, was less than the minimum energy output, as specified in the Power Purchase Agreement (PPA) between GoS and SPCS.

5.2 CAPITAL MANAGEMENT

For the purpose of the Staatsolie's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders. The main objective of the capital management of Staatsolie is to ensure a financial structure that optimizes the cost of capital, maximizes the performance of its shareholder and allows access to financial markets at a competitive cost to cover its financing needs that supports sustainable growth and ensuring healthy capital ratios to be in compliance with the financial covenants to support the business.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to its interest-bearing loans and borrowings that form part of its capital structure requirements. Breaches in the financial covenants would permit the lenders to immediately call interest-bearing loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current or prior period.

The main financial covenants monitored by the Group are:

- The interest coverage ratio which is calculated by dividing the consolidated EBITDA by the financial expenses and income. For 2018 this ratio was 4.12 (2017: 4.60); the minimum permitted is 3.50.
- The PV 10 ratio and the Petroleum PV 10 ratio were introduced with the refinancing in May 2018. "PV10" means the Net Present Value of the future net revenues and the calculated ratio for 2018 was 1.63; the minimum permitted is 1.30.

“Petroleum PV10” means the Net Present Value of the future net revenues with respect to the hydrocarbon IP reserves only, as evidenced in the most recent petroleum reserve report. The calculated ratio for 2018 was 1.32; the minimum permitted is 1.00.

5.3 FINANCIAL INSTRUMENTS

Interest-bearing loans and borrowings

Bond

(X US$ 1,000)	Maturity	2018	2017
Local Bond	May-20	98,862	98,668

Term loans

(X US$ 1,000)	Maturity	2018	2017
Loan facility DSB	Jan-18	-	9,657
Corporate term loan	May-25	614,214	259,844
Loan SPCS	Nov-21	-	78,288
Loan Government of Suriname	Oct-26	-	258,412
Balance as at December 31		**614,214**	**606,201**
Current portion of the loans		25,000	105,361
Non current portion of the loans		589,214	500,840

Local Bond

On May 14, 2015, Staatsolie issued a second five year 7.75% unsecured coupon bond and raised US$ 99,142. The applicable annual interest rate is 7.75%. A coupon was sold for US$ 100 each. The maturity date of this bond is May 14, 2020. Interest will be paid semi annually on May 14 and November 14 each year.

As at December 31, 2018, unamortized debt arrangement fees amounted to US$ 280 (2017: US$ 474). The amortization of debt arrangement fees for 2018 amounted US$ 193 (2017: US$ 193) and is presented under finance cost in the consolidated statement of profit or loss.

Term loans

Loan facility DSB

This regards a bullet loan of US$ 9,657 obtained in June 2016 from “De Surinaamsche Bank N.V”. The initial maturity date of the loan was December 30, 2017. This was extended with one month to January 30, 2018. This loan was fully paid off in January 2018.

Corporate term loan

The total loan amount consisted of US$ 625,000 term loan, an uncommitted revolving loan of US$ 35,000 and the option for an accordion of US$ 50,000 given certain conditions. Repayment of the term loan was planned for 23 quarterly installments, to commence in the fourth quarter of 2019.

With the completion of the refinancing in May 2018, Staatsolie settled its liability with the Government of Suriname of US$ 63,087, effectively extinguishing the Government of Suriname’s beneficial ownership of 4.8% share of the Suriname Gold Project CV.

Staatsolie also paid off its loan outstanding with the Government and repaid the loan of SPCS.

A new amortization schedule is agreed, and the last repayment is due in May 2025. The outstanding amount as of December 31, 2018 amounted to US$ 625,000 (2017: US$ 265,782).

With regard to the term loan, the financial institutions required security for Staatsolie's payment obligations. The security mainly consists of the offshore receivables. Staatsolie also has to comply with several affirmative and negative covenants. As at December 31, 2018 Staatsolie is in compliance with the covenants.

As at December 31, 2018, unamortized debt arrangement fees amounted to US$ 10,786 (2017: US$ 6,627). The amortization of debt arrangement fees for 2018 amounted US$ 2,229 (2017: US$ 3,397) and is presented under finance cost in the consolidated statement of profit or loss. The amount expensed during the year for the previous loan was US$ 6,627.

Loan SPCS

In September 2013, SPCS entered into a seven-year loan with Credit Suisse for the expansion of the power plant. On November 17, 2014, SPCS restated and amended it credit agreement from US$ 74,000 to US$ 120,000 with an applicable interest rate of 5.50% plus 3 months LIBOR. As at December 31, 2017, the outstanding loan balance amounted to US$ 80,064 and the unamortized debt arrangement fees amounted to US$ 1,776.

The collaterals for this loan included 100% of SPCS's fixed assets, all rights and benefits gained in the PPW as well as establishment of various offshore collateral accounts.

On May 25, 2018, Staatsolie paid off this debt in full and the unamortized debt arrangement fees of US$ 1,776 was expensed to the consolidated profit or loss under Finance costs.

Loan from the Government of Suriname

In November 2016, Staatsolie refinanced the secure long-term bank loan with a secured loan from the GoS. The loan from the GoS amounted to US$ 261,534 and bears interest of 9.25% semi-annual interest payable in April and October and required a bullet repayment in November 2026.

As at December 31, 2017, unamortized debt arrangement fees amounted to US$ 3,122.

On May 25, 2018, Staatsolie paid off this debt in full and the unamortized debt arrangement fees of US$ 3,122 was expensed to the consolidated profit or loss under Finance costs.

Loan receivables

In accordance with the Power Purchase Agreement dated March 1, 2013 (with latest amendment in April 2016) by and between SPCS and the GoS, SPCS constructed a transmission line to the grid of EBS. The aggregated cost of US$ 27,293 was divested in favor of GoS in 2016, and accordingly derecognized in the books of SPCS. As at December 2018, US$ 16,196 of the principal balance was repaid by GoS. The remaining balance is to be considered as long-term loan with interest rate of 5.76% p.a., payable in quarterly installments with maturity date of November 2021. As at December 31, 2018, the short-term portion of this loan amounts to US$ 3,759 (2017: US$ 8,368) and the long-term portion amounts to US$ 7,338 (2017: US$ 11,007). The loan receivable is disclosed in section 7, related party disclosures.

Fair Value

The initial recognition of the loans and bonds is at fair value while the subsequent measurement is at amortized cost, assuming the contractual interest rate equals the effective interest rate. The local financial market consists of traditional bank loans for business and is not capable to provide for the capital needed for Staatsolie' s growth strategy. Staatsolie' s finance structure comprises financing by the GoS and bespoke credit agreements by a consortium of international banks, which is considered the principal or most advantageous market.

Staatsolie uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the uses of relevant inputs and minimizing the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the consolidated financial statements, are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, Staatsolie determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial risk management objectives and policies

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commodity price risk, interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables, trade payables and accrued liabilities.

Market risks due to interest rate (LIBOR) risk have been accepted and is evaluated and managed as part of the portfolio risk management policies. In addition, Staatsolie monitors a desired ratio for its available cash in US$ to fulfill its foreign currency business obligations. Furthermore, Staatsolie accepts the risks of price fluctuations of oil products, while takes into account a conservative low price for its work program and budget.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(x US$ 1)	Increase / decrease in basis points	Effect on profit before tax Corporate term loan	Effect on profit before tax Loan SPCS
2018			
US dollar	+60	(3,750)	(424)
	-60	3,750	424
2017			
US dollar	+60	1,595	470
	-60	(1,595)	(470)

Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities of subsidiary GOw2 (as revenues and expenses are denominated in a foreign currency).

The Group manages trade transactions by offsetting local payments and local receivables in SRD creating a natural hedge for the SRD transactions.

Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of oil products it produces. The Group's policy is to manage these risks through the use of contract-based prices with customers. As mentioned in the market risk section above, Staatsolie takes a conservative low-price approach for its work program and budget.

The analysis is based on the assumption that changes in the crude oil price result in a change of 10% in the sale prices of the oil products, with all other variables held constant. Reasonably possible movements in commodity prices were determined based on a review of the last two years' historical prices and economic forecasters' expectations.

(x US$ 1,000)		
Increase / decrease in crude oil prices	Effect on profit before tax for the year ended 31 December 2018 (increase/decrease)	Effect on profit before tax for the year ended 31 December 2017 (increase/decrease)
+10%	45,962	38,025
-10%	(45,962)	(38,025)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group manages its liquidity risk based on reporting covenants, encompassing sensitivity analysis for production and conservative price assumptions, and restrained capital expenditures. Furthermore, optional debt is available within the credit agreement in accordance with the debt basket. Cash in excess is being managed by the corporate treasury department through “intercompany cash pooling” agreements with its subsidiaries.

The table below summarizes the maturity profile of the Group’s financial liabilities as at December 31:

(X US$ 1,000)	1 year	2 to 4 years	> 4 years	Total
2018				
Bond and term loans	82,623	512,111	335,393	930,127
Trade payable	106,957	-	-	106,957
Accruals and other liabilities	29,617	-	-	29,617
2017				
Bond and term loans	156,944	450,259	382,493	989,696
Trade payable	90,570	-	-	90,570
Accruals and other liabilities	84,325	-	-	84,325

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument leading to a financial loss.

The Group trades with recognised, creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. In addition, receivable balances are monitored on an on-going basis and GoS receivables are settled with GoS payables. Note 6.2 shows an analysis of the trade receivable ageing.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash, short-term investments and short-term deposits, the Group’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of the financial assets disclosed in section 6.2 as shown below:

(X US$ 1,000)	2018	2017
Trade receivables	122,824	107,248
Prepayments and other current assets*	17,763	23,274
	140,587	**130,522**

*Refer to paragraph 2.5 Reclassification

Fair values

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(X US$ 1,000)	Carrying amount		Fair value	
	2018	2017	2018	2017
Financial Liabilities				
Local Bond	98,862	98,668	100,629	101,125
Corporate term loan	614,214	259,884	614,214	259,884
Loan Government of Suriname	-	258,412	-	279,679
Total	**713,076**	**616,964**	**714,843**	**640,688**

The fair values of the financial liabilities are included at the amount of which the instrument could be exchanged at the reporting date between willing parties, other than in a forced or liquidation sale. The fair values of the financial liabilities are determined based on price quotations at the respective reporting dates. The financial assets of the Group approximate fair value and are therefore excluded from the table above.

- Local Bond: The fair value as of each reporting date was obtained from the officially published numbers from the Suriname stock exchange; the official exchange in the country. There is a meeting every two weeks where the market price is determined.
- Corporate term loan: The fair value of the Corporate term loan equals the carrying value.

Financial Assets

Financial assets at fair value through OCI

The Group has short-term investments in locally listed equity securities of local companies. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

(X US$ 1,000)	2018	2017
Financial assets at fair value through OCI		
Quoted equity shares	3,640	3,838
Total	**3,640**	**3,838**

SECTION 6. WORKING CAPITAL

This section provides additional information that the directors consider is most relevant in understanding the composition and management of the Group's working capital:

- Cash and short-term deposits (Note 6.1)
- Trade and other receivables (Note 6.2)
- Inventories (Note 6.3)
- Trade payables, accruals and other liabilities (Note 6.4)

6.1 CASH AND SHORT-TERM DEPOSITS

(X US$ 1,000)	2018	2017
Cash at banks and on hand	39,263	41,005
Short-term deposits	3,717	5,516
	42,980	**46,521**

Cash at banks earns interest at floating rates based on daily interest rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

(X US$ 1,000)	2018	2017
Cash at banks and on hand	39,263	41,005
Short-term deposits	3,717	5,516
Cash and short-term deposits	42,980	46,521
Bank overdrafts	(3,620)	(3,713)
Cash and cash equivalents	**39,360**	**42,808**

Restricted cash is US$ 8,738 as at December 31, 2018 (December 31, 2017: US$ 27,462) of which US$ 4,201 (December 31, 2017: US$10,611) is current relates to:

- Collateral with reference to Staatsolie's long term loans and funding for interest and loan (re)payment US$ 4,201. Funding for the local bond is US$ 817.
- Corporate parent guarantees of Staatsolie to secure Ventrin's operational activities is US$ 3,720.

Restricted cash as at December 31, 2017 was related to:

- Collateral with reference to Staatsolie's long term loans and funding for interest and loan (re) payment US$ 11,351.
- Collateral with reference to the SPCS loan and funding of interest and loan (re)payment of US$ 10,611.
- Corporate parent guarantees of Staatsolie to secure Ventrin's operational activities US$ 5,500.

6.2 TRADE AND OTHER RECEIVABLES

(X US$ 1,000)	2018	2017
Trade receivables	122,824	107,248
Prepayments and other current assets*	17,763	23,274
	140,587	**130,522**

*Refer to paragraph 2.5 Reclassification

For terms and conditions relating to related party receivables, refer to Note 7. Trade receivables are non-interest bearing and are generally on terms of 30–90 days net of allowance for expected credit losses.

Movements in the allowance for expected credit losses of trade receivables:

(X US$ 1,000)	2018	2017
As at January 1	7,981	11,288
Addition	1,051	813
Amounts written off	(267)	(687)
Unused amounts reversed	(935)	(3,433)
As at December 31	**7,830**	**7,981**

The ageing analysis of the trade receivables (net of allowance for expected credit losses) is, as follows:

				Past due but not impaired			
(X US$ 1,000)	Total	Neither past due nor impaired	< 30 days	30-60 days	61-90 days	91-120 days	>120 days
2018	122,824	80,653	10,965	6,806	2,764	2,171	19,465
2017	107,248	30,490	8,845	9,614	1,339	2,674	54,286

The accounts receivable amount of US$ 122,824 as at December 31, 2018 consists of a balance of US$ 88,446 for the delivery of electricity to GoS and oil deliveries to N.V. EBS (GoS Receivables) and other trade receivables of US$ 34,378. The outstanding payable to PDVSA Petróleo, S.A. (“PDVSA”) amounting to US$ 49,144 has been used as a settlement with the GoS Receivables, based on the written confirmation from GoS that all payment obligations of Staatsolie due to PDVSA pursuant to the contract will be assigned to GoS. The remainder of the GoS Receivables amounting to US$ 39,551 will be settled by applying the amounts payable (income tax and dividend) to GoS at December 31, 2018. After these settlements, the net receivable balance from GoS amounts to US$ 5,200.

In determining the recoverability of a trade or other receivable, the Group performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparties. The Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Prepaid expenses and other current assets consisted of the following:

(X US$ 1,000)	2018	2017
Receivable from personnel	-	18
Prepaid insurance costs	1,191	805
Interim dividend	-	6,000
Downpayment vendors	11,269	4,246
Prepaid purchased goods, services and other	3,983	4,814
Net sales tax receivable	1,320	7,392
	17,763	**23,275**

6.3 INVENTORIES

(X US$ 1,000)	2018	2017
Petroleum products*	22,121	18,611
Materials and supplies*	53,022	39,968
Ordered goods*	445	3,645
Carrying value at NRV	**75,588**	**62,224**

*Refer to paragraph 2.5 Reclassification

During 2018, US$ 365 (2017: US$ 950) was recognized as an expense for inventories to recognize a provision for obsolete inventories.

During 2018, US$ 319,308 (2017: US$ 236,866) was recognized as an expense for inventories carried at cost. This is recognized in cost of sales.

6.4 TRADE PAYABLES, ACCRUALS AND OTHER LIABILITIES

(X US$ 1,000)	2018	2017
Trade payables	106,957	90,570
Accrued liabilities*	37,170	93,624
	144,127	**184,194**

*Refer to paragraph 2.5 Reclassification

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Accrued and other liabilities are non-interest bearing.

Accrued and other liabilities consisted of the following:

(X US$ 1,000)	2018	2017
Current account Government of Suriname	-	63,087
Allowances payable to Management and Personnel	9,555	5,959
Interest payable loans	7,553	9,299
Down Payments - Customers	3,266	3,458
Current account Surgold	3,239	3,659
Payroll taxes	2,737	80
Sales taxes and other duties	1,263	1,472
Current account Pension fund	756	543
Accrued expenses	740	179
Deposits	461	-
Other	7,600	5,888
	37,170	**93,624**

In 2017, the Group repaid the amounts owed to the Government of Suriname of US$ 63,087 (See note 4.4)

SECTION 7.
GROUP INFORMATION AND RELATED PARTY DISCLOSURES

Information about subsidiaries

The consolidated financial statements of the Group with Staatsolie N.V. as the main shareholder includes the following subsidiaries:

Subsidiaries	Activities	Country of in Corporation	% Equity Interest	
			2018	2017
GOw2	Distributions and Trading	Suriname	100	100
Ventrin	Distributions and Trading	Trinidad and Tobago	100	100
POC	Exploration activities	Suriname	100	100
SPCS	Electricity Generator	Suriname	99.99	99.99

POC is at this moment a dormant company and activities were put on hold since 2015. The non-controlling interest in SPCS is not material to the Group.

Joint arrangement in which the Group is a joint venture

The Group has a 25% interest in Suriname Gold Project C.V. (2017: 25%).

Transactions with related parties

During the year, the Group entered into the following transactions, in the ordinary course of business with related parties. These transactions consist of sale and delivery of petroleum products and electricity, purchase of electricity, and rendering of maritime services from the Maritieme Autoriteit Suriname. The following companies are all state-owned enterprises and therefore are related parties due to the common ownership:

N.V. Energie Bedrijven Suriname (EBS)

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2017	36,168	11,013	16,593	380
2018	38,677	12,699	30,731	3,419

Government of Suriname (GoS)

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2017	48,387	-	9,142	-
2018	59,633	-	-	-

Suriname American Industries Limited (SAIL)

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2017	626	-	1,952	-
2018	380	-	1,942	-

Melkcentrale Paramaribo N.V.

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2017	73	-	7	-
2018	87	-	-	-

Maritieme Autoriteit Suriname (MAS, the maritime authority of Suriname)

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2017	10	12	-	-
2018	-	-	-	-

N.V. Surinaamse Waterleiding Maatschappij

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2017	-	-	-	-
2018	763	-	12	-

Grassalco N.V.

(X US$ 1,000)	Sales of goods	Purchases of goods	Trade receivables	Trade payables
2017	-	-	-	-
2018	304	-	-	-

Loans from/to related parties

(X US$ 1,000)				
From:	**To:**		**Interest charges**	**Amounts owed by related parties**
Government of Suriname	Staatsolie	2017	24,192	258,412
		2018	9,985	-
SPCS	Government of Suriname	2017	959	19,375
		2018	743	11,097

Dividend to related parties

The Group made an interim payment, subject to approval, regarding dividend to their shareholders, GoS, of US$ 15,802 in 2018 regarding fiscal year 2018.

Trade receivables from / trade payables to shareholder (GoS)

As at December 31, 2018, the Group had a trade receivable balance of US$ 88,446 due from their shareholders for the delivery of electricity to GoS and oil deliveries to N.V. EBS (GoS receivables).

The outstanding payable to PDVSA Petróleo, S.A. (“PDVSA”) amounting to US$ 49,144 has been used as a settlement with the GoS Receivables, based on the written confirmation from GoS that all payment obligations of Staatsolie due to PDVSA pursuant to the contract will be assigned to GoS. The remainder of the GoS Receivables amounting to US$ 39,551 will be settled by applying the amounts payable (income tax and dividend) to GoS at December 31, 2018. After these settlements, the net receivable balance from GoS amounts to US$ 5,200.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made in the ordinary course of business. There is an arrangement with GoS for the settlement of the trade receivables from EBS and the outstanding payables to GoS.

For the year ended December 31, 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties, except for one related party namely SAIL. The receivable amounted to US$ 1,942 as at December 31, 2018 and 2017 of which the amount is fully provided in both years.

Compensation of key management personnel of the Group:

(X US$ 1,000)	2018	2017
Short term employee benefits	2,636	2,432
Post-employment pension and medical benefits	315	827
Total Compensation paid to key management personnel	**2,951**	**3,259**

There are no other related party transactions.

SECTION 8. OTHER

8.1 EVENTS AFTER THE REPORTING PERIOD

Staatsolie Maatschappij Suriname N.V. and Decker Petroleum Marketing Co. LTD (Decker), from Trinidad and Tobago, signed the production sharing contract for the Nickerie block on 24 May 2019.

The duration of the contract is 37 years, of which the exploration period is 7 years. Rudolf Elias, Managing Director of Staatsolie Maatschappij Suriname N.V., and Mahase Ragoonath, Managing Director of Decker, signed the contract on behalf of the companies.

The block was offered to oil and gas companies during the “Open door invitation”, which ran from 15 September 2017 to 15 September 2018. During this period, interested companies were able to bid on the Road to Sea, Nickerie, Commewijne and Coronie blocks. Negotiations from Weg naar Zee are still ongoing, while the Commewijne and Coronie bloc are still open.

Decker will, at its own risk and for its own account, develop petroleum activities in the Nickerie block. In a commercial find, Suriname’s share consists of contributions from income tax and profit. And if we decide to start production, we have the option to participate in the Nickerie block for a maximum of 50% from the development phase. The contract also states that there are no obligations for Staatsolie if the exploration activities do not lead to a commercial find.

As an operator of the Nickerie block, Decker is now responsible for operational activities as well as guaranteeing the safety of employees and protecting the environment.

Further, in May 2019 an Interim dividend of US$ 6,100 was paid to the shareholder.

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