



**PAN ORIENT ENERGY CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
THREE AND SIX MONTHS ENDED JUNE 30, 2009**

**Pan Orient Energy Corp.**  
**Consolidated Balance Sheets**  
*(Unaudited)*

(\$000s)	June 30, 2009	December 31, 2008
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	51,092	98,925
Accounts receivable	12,719	13,161
	<b>63,811</b>	<b>112,086</b>
<b>Deposits</b>	<b>5,064</b>	<b>4,299</b>
<b>Petroleum and natural gas properties</b> (note 3)	<b>159,023</b>	<b>142,823</b>
	<b>227,898</b>	<b>259,208</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	17,424	14,739
Taxes payable (note 6)	9,482	55,260
	<b>26,906</b>	<b>69,999</b>
<b>Future income tax</b>	<b>34,142</b>	<b>22,698</b>
<b>Asset retirement obligation</b> (note 4)	<b>2,839</b>	<b>1,964</b>
	<b>63,887</b>	<b>94,661</b>
<b>Non-controlling interest</b>	<b>18,618</b>	<b>18,774</b>
<b>Shareholders' equity</b> (note 5)		
Share capital	103,968	103,078
Contributed surplus	7,221	6,531
Accumulated other comprehensive income	4,545	4,037
Retained earnings	29,659	32,127
	<b>34,204</b>	<b>36,164</b>
	<b>145,393</b>	<b>145,773</b>
<b>Commitments</b> (note 8)	<b>227,898</b>	<b>259,208</b>

See accompanying notes.

**Pan Orient Energy Corp.**  
**Consolidated Statements of Operations and Retained Earnings**  
*(Unaudited)*

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
(\$000s, except per share amounts)				
<b>Revenue</b>				
Petroleum revenue	26,432	35,486	53,132	67,984
Royalties	(1,899)	(2,349)	(4,014)	(4,603)
Interest	109	93	412	359
	<b>24,642</b>	<b>33,230</b>	<b>49,530</b>	<b>63,740</b>
<b>Expenses</b>				
Transportation	1,065	945	2,318	1,963
Operating	1,866	1,121	3,281	1,789
General and administrative	1,740	1,378	3,262	2,263
Depletion, depreciation and accretion	3,543	2,955	10,302	6,042
Stock-based compensation	562	446	879	742
Foreign exchange loss (note 5)	11,056	696	11,204	491
Foreign new venture expenditures	-	-	36	-
	<b>19,832</b>	<b>7,541</b>	<b>31,282</b>	<b>13,290</b>
<b>Income before taxes and non-controlling interest</b>	<b>4,810</b>	<b>25,689</b>	<b>18,248</b>	<b>50,450</b>
<b>Taxes</b> (note 6)				
Special remuneratory benefit	1,371	9,601	4,291	20,936
Income tax	2,768	8,262	5,048	14,622
Future income tax expense (reduction)	6,090	(483)	11,533	3,148
	<b>10,229</b>	<b>17,380</b>	<b>20,872</b>	<b>38,706</b>
<b>(Loss) income before non-controlling interest</b>	<b>(5,419)</b>	<b>8,309</b>	<b>(2,624)</b>	<b>11,744</b>
Non-controlling interest	70	149	156	137
<b>Net (loss) income for the period</b>	<b>(5,349)</b>	<b>8,458</b>	<b>(2,468)</b>	<b>11,881</b>
<b>Retained earnings beginning of period</b>	<b>35,008</b>	<b>4,435</b>	<b>32,127</b>	<b>1,012</b>
<b>Retained earnings end of period</b>	<b>29,659</b>	<b>12,893</b>	<b>29,659</b>	<b>12,893</b>
<b>Net (loss) income per share</b> (note 5)				
Basic	<b>(0.12)</b>	0.19	<b>(0.05)</b>	0.26
Diluted	<b>(0.12)</b>	0.17	<b>(0.05)</b>	0.24

See accompanying notes.

**Pan Orient Energy Corp.**  
**Consolidated Statements of Comprehensive (Loss) Income**  
*(Unaudited)*

(\$000s)	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Net (loss) income	<b>(5,349)</b>	8,458	<b>(2,468)</b>	11,881
Cumulative translation of self-sustaining operations	<b>581</b>	(2,741)	<b>1,257</b>	2,519
Foreign exchange gain realized	<b>(969)</b>	(590)	<b>(749)</b>	(590)
Comprehensive (loss) income	<b>(5,737)</b>	5,127	<b>(1,960)</b>	13,810

See accompanying notes.

**Pan Orient Energy Corp.**  
**Consolidated Statements of Cash Flows**  
*(Unaudited)*

(\$000s)	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
<b>Cash Provided By (Used in)</b>				
<b>Operating Activities</b>				
Net (loss) income for the period	(5,349)	8,458	(2,468)	11,881
Items not affecting cash				
Depletion, depreciation and accretion	3,543	2,955	10,302	6,042
Stock-based compensation	562	446	879	742
Future income tax expense (reduction)	6,090	(483)	11,533	3,148
Unrealized foreign exchange loss (gain)	11,801	(280)	11,726	(116)
Non-controlling interest	(70)	(149)	(156)	(137)
	<b>16,577</b>	10,947	<b>31,816</b>	21,560
Changes in non-cash working capital	(53,086)	14,454	(51,387)	32,883
	<b>(36,509)</b>	25,401	<b>(19,571)</b>	54,443
<b>Investing Activities</b>				
Petroleum and natural gas properties	(14,906)	(6,686)	(28,502)	(10,267)
Indonesia acquisition	-	(15,406)	-	(15,406)
Deposits	722	-	(765)	-
Change in non-cash working capital	2,760	(2,173)	2,030	(2,723)
	<b>(11,424)</b>	(24,265)	<b>(27,237)</b>	(28,396)
<b>Financing Activities</b>				
Issue of common shares, net of issue costs	550	364	550	429
	<b>550</b>	364	<b>550</b>	429
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(47,383)</b>	1,500	<b>(46,258)</b>	26,476
<b>Effect of foreign exchange on cash balances</b>	<b>(5,738)</b>	(16)	<b>(1,575)</b>	116
<b>Cash and cash equivalents, beginning of period</b>	<b>104,213</b>	61,960	<b>98,925</b>	36,852
<b>Cash and cash equivalents, end of period</b>	<b>51,092</b>	63,444	<b>51,092</b>	63,444
<b>Taxes paid</b>	<b>51,223</b>	-	<b>51,223</b>	-

See accompanying notes.

**PAN ORIENT ENERGY CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**1) DESCRIPTION OF BUSINESS**

Pan Orient Energy Corp. ("Pan Orient" or the "Company"), is an oil and natural gas company based in Calgary, Alberta, which holds properties onshore Thailand and Indonesia as well as interests in subsidiaries with properties in Northern Alberta. The Company pursues other oil and natural gas exploration acreage in Asia.

**2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

The unaudited interim consolidated financial statements of Pan Orient have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim financial statements have been prepared following the same accounting policies and methods of computation as the audited financial statements of the Company for the year ended December 31, 2008. Certain information and disclosures normally required in the notes to the annual financial statements have been condensed or omitted and therefore these interim financial statements and notes thereto should be read in conjunction with the audited financial statements for the year ended December 31, 2008. Unless otherwise indicated, all financial amounts are reported in thousands of Canadian dollars.

***Recent Accounting Pronouncements***

*Business Combinations*

In January 2009, the CICA issued section 1582, "Business Combinations," which will replace CICA section 1581 of the same name. Under this guidance, the purchase price used in a business combination is based on the fair value of shares exchanged at their market price at the date of the exchange. Currently the purchase price used is based on the market price of the shares for a reasonable period before and after the date the acquisition is agreed upon and announced. This new guidance generally requires all acquisition costs to be expensed, which currently are capitalized as part of the purchase price. Contingent consideration is to be recognized at fair value at the acquisition date and will generally be measured at fair value through earnings each period until settled. Currently only contingent consideration that is resolved and payable is included in the cost to acquire the business. In addition, negative goodwill (bargain purchase gain) is required to be recognized immediately in earnings, unlike the current requirement to first reduce non-current assets in the purchase price allocation with any excess being recognized as an extraordinary gain. Section 1582 is effective January 1, 2011 with prospective application and early adoption permitted.

*Consolidated Financial Statements*

In January 2009, the CICA issued section 1601, "Consolidated Financial Statements" which will replace CICA section 1600 of the same name. This guidance requires uniform accounting policies to be consistent throughout all consolidated entities and the difference between reporting dates of a parent and a subsidiary to be no longer than three months. These are not explicitly required under the current standards. Section 1601 is effective on January 1, 2011 with early adoption permitted. This standard is not anticipated to have a significant effect on the Company.

*Non-controlling Interests*

In January 2009 the CICA issued section 1602, "Non-controlling Interests" which will replace CICA section 1600, "Consolidated Financial Statements". Minority interest is now referred to as non-controlling interest and is presented within equity. Under this new guidance, when there is a change in control there is a gain or loss recognized on the sale of the held interests whereas increases or decreases in a parent's ownership interest while retaining control is a capital transaction. Section 1602 is effective on January 1, 2011 with early adoption permitted.

*Financial Instruments*

In May 2009, the CICA amended Section 3862, "*Financial Instruments – Disclosures*" to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level One are determined by reference to quoted prices in active markets for identical assets and liabilities. Fair values of assets and liabilities in Level Two include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Fair values in Level Three are based on inputs that are unobservable and significant to the overall fair value measurement. These disclosures will be effective for Pan Orient on December 31, 2009.

**PAN ORIENT ENERGY CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**3) PETROLEUM AND NATURAL GAS PROPERTIES**

<b>As at June 30, 2009 (\$000s)</b>	<b>Cost</b>	<b>Accumulated Depreciation and Amortization</b>	<b>Net Book Value</b>
Oil & Natural Gas			
Canada	55,435	-	55,435
Thailand	103,212	(33,369)	69,843
Indonesia	32,919	-	32,919
Office equipment	1,662	(836)	826
	<b>193,228</b>	<b>(34,205)</b>	<b>159,023</b>

<b>As at December 31, 2008 (\$000s)</b>	<b>Cost</b>	<b>Accumulated Depreciation and Amortization</b>	<b>Net Book Value</b>
Oil & Natural Gas			
Canada	55,075	-	55,075
Thailand	81,765	(23,303)	58,462
Indonesia	28,504	-	28,504
Office equipment	1,491	(709)	782
	<b>166,835</b>	<b>(24,012)</b>	<b>142,823</b>

General and administrative and stock-based compensation expenses totaling \$1.0 million (2008 - \$0.1 million) and \$1.8 million (2008 - \$0.2 million) that were directly related to exploration and development activities have been capitalized for the three and six months ended June 30, 2009, respectively.

Costs associated with unproven properties of \$24.5 million (2008 - \$9.6 million) with respect to the Thai full cost pool have been excluded from the depletion calculation. Capitalized costs associated with Canada and Indonesia are not subject to depletion as production has not commenced.

Recoverability of the Canadian and Indonesian capitalized costs is dependent on successfully completing development of the properties. With respect to the Canadian properties, recoverability is also dependent on determining the technical feasibility of the project. Capitalized costs incurred to date do not necessarily represent present or future values.

**4) ASSET RETIREMENT OBLIGATIONS**

(\$000s)	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Asset retirement obligations, beginning of period	2,462	84	1,964	84
Obligations incurred	316	-	766	-
Accretion	61	-	109	-
Asset retirement obligations, end of period	<b>2,839</b>	84	<b>2,839</b>	84

Total undiscounted cash flows, escalated at 2.0%, required to settle the Company's asset retirement obligations are estimated to be \$9.1 million (2008 - \$0.1 million).

**PAN ORIENT ENERGY CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**5) SHARE CAPITAL**

**a) Issued and Outstanding Common Shares**

<b>Common Shares</b>	Number of shares	Amount (000s)
Outstanding as at December 31, 2008	45,568,366	\$103,078
Exercise of stock options	600,000	550
Transfer from contributed surplus on exercise of stock options	-	340
Outstanding as at June 30, 2009	46,168,366	\$103,968

**b) Options to Purchase Common Shares**

	Number of options	Weighted average exercise price (\$)
Outstanding as at December 31, 2008	4,441,500	3.54
Granted	750,000	4.43
Exercised	(600,000)	0.92
Forfeited	(50,000)	11.75
Outstanding as at June 30, 2009	4,541,500	3.65

During the three months ended June 30, 2009, the exercise price for 164,000 stock options previously granted to employees and consultants (not officers or directors of the Company) was modified to \$3.41. The vesting, expiration and other terms remained unchanged. Of the 164,000 options, 70,000 originally had an exercise price of \$11.00 and 94,000 originally had an exercise price of \$11.75. The total incremental stock-based compensation expense related to the modification, to be amortized over the remaining life of the options, is approximately \$38,000.

Exercise Price (\$)	Options Outstanding			Options Exercisable		
	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
0.75 – 2.00	1,734,000	0.79	0.82	1,734,000	0.79	0.82
2.01 - 4.00	1,932,500	3.49	2.78	1,424,668	3.48	2.23
4.01 - 6.00	300,000	5.67	4.95	25,000	5.20	4.89
11.75	575,000	11.75	3.46	287,500	11.75	3.46
0.75 - 11.75	4,541,500	3.65	2.26	3,471,168	2.83	1.65

**PAN ORIENT ENERGY CORP.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

A Black-Scholes option pricing model is used to estimate the fair value of options on the date of the grant and revalue stock options granted to consultants on a quarterly basis. Weighted average assumptions and resultant fair values for stock options granted or revalued during the three and six months ended June 30, including modified stock options, were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Risk free interest rate (%)	1.3	4.2	1.0	4.2
Expected lives (years)	5	5	5	5
Expected volatility (%)	85	62	85	62
Dividend per share (%)	-	-	-	-
Weighted average fair value	<b>\$2.82</b>	\$6.21	<b>\$2.82</b>	\$6.21

**c) Andora Energy Corporation**

**i) Issued and Outstanding Class A Common Shares**

As at June 30, 2009 Andora had 57.6 million (2008 – 57.6 million) common shares issued and outstanding. At June 30, 2009 Pan Orient held 53.2% (2008 – 53.2%) of these common shares.

**ii) Options to Purchase Common Shares of Andora**

Andora's stock options outstanding and exercisable at June 30, 2009 are as follows:

Options Outstanding				Options Exercisable		
Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
1.35	3,750,000	1.35	0.40	3,750,000	1.35	0.40
1.60	1,425,000	1.60	1.98	862,500	1.60	1.79
1.35 – 1.60	5,175,000	1.42	0.84	4,612,500	1.40	0.66

Weighted average assumptions and resultant fair values for Andora stock options granted or revalued during the three and six months ended June 30 were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Risk free interest rate (%)	1.0	-	1.0	3.3
Expected lives (years)	5	-	5	5
Expected volatility (%)	20	-	20	20
Dividend per share (%)	-	-	-	-
Weighted average fair value	<b>\$0.21</b>	-	<b>\$0.21</b>	\$0.29

d) **Contributed Surplus**

(\$000s)	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
	Balance, beginning of period	6,849	5,955	6,531
Pan Orient stock-based expense	558	330	875	626
Pan Orient expense capitalized	124	106	116	122
Andora stock-based expense	4	116	4	116
Andora expense capitalized	26	60	35	60
Transferred to share capital	(340)	(33)	(340)	(61)
Balance, end of period	7,221	6,534	7,221	6,534

e) **Share Appreciation Rights Plan**

At December 31, 2008 the Company had 55,000 share appreciation rights (SARs) (June 30, 2008 – nil) outstanding with an exercise price of \$4.00 per SAR. During the first quarter of 2009, an additional 95,000 SARs were granted with an exercise price of \$4.00 per SAR. During the three months ended June 30, 2009, all SARs were cancelled at no cost to the Company. No compensation expense has been recorded for the SARs for the three or six months ended June 30, 2009.

f) **Accumulated Other Comprehensive Income**

(\$000s)	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
	Balance at beginning of period	4,933	3,538	4,037
Unrealized foreign currency translation gain (loss)	581	(2,741)	1,257	2,519
Foreign exchange gain realized	(969)	(590)	(749)	(590)
Balance at end of period	4,545	207	4,545	207

In previous reporting periods foreign exchange gains and losses on translation of the Thailand operations were recorded as other comprehensive income with a portion transferred to earnings based on the amount of funds recovered from the Company's investment. During the three months ended June 30, 2009 the process to repatriate the entire investment in Thailand was initiated and as a result from April 1, 2009 all such translation gains and losses are recorded in earnings. Translation gains and losses on the Company's self-sustaining entities in Indonesia will continue to be recorded as other comprehensive income.

g) **Income per Share**

The basic weighted average and diluted common shares outstanding were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
	Weighted average basic shares outstanding	46,014,564	45,409,752	45,792,697
Dilutive effect of stock options	-	3,440,460	-	3,475,177
Weighted average diluted	46,014,564	48,850,212	45,792,697	48,798,903

In computing diluted per share amounts for the three and six months ended June 30, 2009 all of the Company's options have been excluded as they are anti-dilutive.

6) SPECIAL REMUNERATORY BENEFIT AND INCOME TAXES

Pan Orient pays a special remuneratory benefit (SRB) and income tax on its Thailand operations. SRB is a tax at sliding scale rates of 0-75% applied on a concession-by-concession basis to petroleum profits, as defined in Thai tax legislation, which includes a deduction for capital spent. The rate is principally determined by production and pricing but is subject to other adjustments such as changes in Thailand's consumer and wholesale price indices and cumulative metres drilled on the concession. Thai current income tax is 50% of taxable income which is calculated as cash flow from operations before changes in non-cash working capital less capital expenditures, SRB and other permitted deductions.

A summary of taxes payable at June 30, 2009 is as follows:

(\$000s)	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Balance, beginning of period	61,352	18,548	55,260	-
SRB expense – current period	1,371	9,601	4,291	20,936
Income tax – current period	2,768	8,262	5,048	14,622
Prior period SRB paid	(36,048)	-	(36,048)	-
Prior period income tax paid	(15,175)	-	(15,175)	-
Foreign exchange	(4,786)	(2,577)	(3,894)	(1,724)
Balance, end of period	9,482	33,834	9,482	33,834

7) FINANCIAL INSTRUMENTS

**Credit Risk**

The most significant exposure to this risk is relative to the sale of oil production; all of the Company's production is sold to a refinery owned by the Thai National Oil Company. Pan Orient is paid for its production on a monthly basis and the Company has assessed the risk of non-collection from the Thai government as minimal. As at June 30, 2009 the Company's accounts receivable from the Thai government was \$9.6 million (2008 - \$12.5 million) which was collected subsequent to the end of the period.

**Foreign Currency Exchange Rate Risk**

The Company's reporting currency is the Canadian dollar and its functional currencies are the Canadian dollar, the Thai baht and the U.S. dollar (USD). Changes in foreign exchange rates between the Canadian dollar and the other functional currencies affect net income and other comprehensive income. As at June 30, 2009 the following financial instruments were denominated in currencies other than the Canadian dollar:

(\$000s)	As at June 30, 2009		As at June 30, 2008	
	Thai baht (000s of Thai baht)	USD (\$000s)	Thai baht (000s of Thai baht)	USD (\$000s)
Cash and cash equivalents	1,129,951	7,617	1,974,534	7,697
Accounts receivable	306,983	971	760,398	661
Deposits	44,000	3,703	40,500	-
Accounts payable	(419,036)	(1,752)	(288,289)	(2,357)
Taxes payable	(274,040)	-	(1,139,562)	-
Net exposure in functional currency	787,858	10,539	1,347,581	6,001
Net exposure in Canadian dollars <sup>(1)</sup> (\$000s)	27,034	12,174	41,085	6,069

(1) Translated at June 30, 2009 exchange rates of CAD\$1 = 29.14 Thai baht and US \$1 = CAD \$1.156.

**PAN ORIENT ENERGY CORP.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

Fluctuations in the exchange rates as indicated would have the following effect on net income and other comprehensive income:

(\$000s)	As at June 30	
	2009	2008
Effect of \$0.02 change in CAD\$ to USD:		
Pre-tax net income	10	126
Other comprehensive income	219	21
Effect of 1.0 baht change in baht to CAD\$:		
Pre-tax net income	961	-
Other comprehensive income	-	1,462

The Company did not have any forward exchange contracts in place as at or during the three and six months ended June 30, 2009 or 2008.

**8) COMMITMENTS**

As at June 30, 2009 the Company's estimated outstanding capital commitments were as follows:

Country and Concession Name	Work Program Commitment	Obligation Period Ending	Estimated Net Financial Commitment	
			USD (\$000s)	CAD (\$000s)
<b>Thailand</b>				
L 53/48	<ul style="list-style-type: none"> <li>▪ geological studies</li> <li>▪ drill 2 exploration wells</li> </ul>	January 2013	780	902
L 44/43	<ul style="list-style-type: none"> <li>▪ drill 3 exploration wells</li> <li>▪ study and training fund</li> </ul>	July 2012	924	1,068
L33/43	<ul style="list-style-type: none"> <li>▪ drill 3 exploration wells</li> </ul>	July 2012	630	728
<b>Indonesia</b>				
Batu Gajah	<ul style="list-style-type: none"> <li>▪ 500 km 2D seismic</li> <li>▪ 400 km<sup>2</sup> 3D seismic</li> <li>▪ drill 3 exploration wells</li> </ul>	January 2010	32,492	37,561
Citarum	<ul style="list-style-type: none"> <li>▪ 1,250 km 2D seismic</li> <li>▪ drill 3 exploration wells</li> </ul>	October 2009	25,446	29,416
South CPP	<ul style="list-style-type: none"> <li>▪ 200 km 2D seismic reprocessing;</li> <li>▪ drill one exploration well</li> </ul>	November 2011	5,050	5,838
<b>Total</b>			<b>65,322</b>	<b>75,513</b>

(1) Translated at June 30, 2009 exchange rates of CAD\$1 = 29.14 Thai baht and US \$1 = CAD \$1.156

Indonesia financial commitments only include the current exploration phase that the Company is conducting. If Pan Orient exercises its options to continue beyond the obligation periods noted above, additional commitments will be determined on a year-by-year basis through submission of a work program and approval from the Indonesian government. The actual commitments are the work programs themselves and the expenditures as provided in the table above represents the Company's estimated costs in meeting these commitments. Actual expenditures required to carry out these commitments may be significantly different than the estimates.

The intended timing of the Indonesian capital activities does not always fall within the "obligation period ending" in the table above. Each year the Company submits a work program for each PSC to the Government of Indonesia (GOI) and along with it, a request to roll forward any incomplete commitments from the previous year. The above obligation periods for the Citarum and Batu Gajah operations represent the most-recently approved work programs for 2009 pursuant to this practice. Although in the past, such requests on behalf of Pan Orient have been accepted by the GOI, and management has no reason to believe that they will not be in the future; there is no guarantee that future requests will be approved.

**PAN ORIENT ENERGY CORP.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**9) SEGMENTED INFORMATION**

The Company has properties in three countries, each of which is considered a separate operating segment. The three segments consist of: 1) partially developed conventional oil and gas properties in Thailand; 2) undeveloped conventional oil and gas properties in Indonesia; and 3) an undeveloped heavy oil property in Canada. The following table provides information for each geographical segment as at and for the three and six months ended June 30:

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Petroleum revenue				
Thailand	<b>26,432</b>	35,486	<b>53,132</b>	67,984
Indonesia	-	-	-	-
Canada	-	-	-	-
<b>Total</b>	<b>26,432</b>	35,486	<b>53,132</b>	67,984
Interest revenue				
Thailand	<b>106</b>	24	<b>390</b>	29
Indonesia	-	-	-	-
Canada	<b>3</b>	69	<b>22</b>	330
<b>Total</b>	<b>109</b>	93	<b>412</b>	359
Current income tax expense <sup>(1)</sup>				
Thailand	<b>4,139</b>	17,863	<b>9,339</b>	35,558
Indonesia	-	-	-	-
Canada	-	-	-	-
<b>Total</b>	<b>4,139</b>	17,863	<b>9,339</b>	35,558
Depletion, depreciation and accretion				
Thailand	<b>3,497</b>	2,984	<b>10,178</b>	6,009
Indonesia	<b>11</b>	-	<b>43</b>	-
Canada	<b>35</b>	(29)	<b>81</b>	33
<b>Total</b>	<b>3,543</b>	2,955	<b>10,302</b>	6,042
Net (loss) income				
Thailand	<b>(3,975)</b>	9,457	<b>102</b>	13,195
Indonesia	<b>(151)</b>	-	<b>(455)</b>	-
Canada	<b>(1,223)</b>	(999)	<b>(2,115)</b>	(1,314)
<b>Total</b>	<b>(5,349)</b>	8,458	<b>(2,468)</b>	11,881
Capital expenditures <sup>(2)</sup>				
Thailand	<b>12,465</b>	6,447	<b>23,243</b>	9,715
Indonesia	<b>2,338</b>	-	<b>5,012</b>	-
Canada	<b>103</b>	239	<b>247</b>	552
<b>Total</b>	<b>14,906</b>	6,686	<b>28,502</b>	10,267
Total assets				
Thailand	<b>118,779</b>	70,476	<b>118,779</b>	70,476
Indonesia	<b>41,104</b>	20,773	<b>41,104</b>	20,773
Canada	<b>68,015</b>	105,368	<b>68,015</b>	105,368
<b>Total</b>	<b>227,898</b>	196,617	<b>227,898</b>	196,617

(1) Includes SRB and income tax.

(2) Does not include acquisition activities.