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Financial statements and supplementary information

The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

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Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Group

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS Regulation to prepare the Group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Directors are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Company

The Directors have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Parent Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

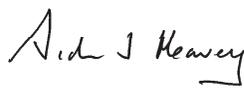
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement required by DTR 4.1.12R

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board



Aidan Heavey
Chief Executive Officer
9 March 2010



Ian Springett
Chief Financial Officer
9 March 2010

Independent auditors' report

To the members of Tullow Oil plc

We have audited the Group financial statements of Tullow Oil plc for the year ended 31 December 2009 which comprise the Group income statement, the Group statement of comprehensive income and expense, the Group balance sheet, the Group cash flow statement and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the Group financial statements:

- Give a true and fair view of the state of the Group's affairs as at 31 December 2009 and of its profit for the year then ended;
- Have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation

Separate opinion in relation to IFRSs as issued by the IASB

As explained in the accounting policies to the Group financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- The Directors' statement contained within the Directors' report in relation to going concern; and
- The part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Other matters

We have reported separately on the parent company financial statements of Tullow Oil plc for the year ended 31 December 2009 and on the information in the Directors' Remuneration Report that is described as having been audited.



Matthew Donaldson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK

9 March 2010

Group income statement

Year ended 31 December 2009

	Notes	2009 £m	2008 £m
Sales revenue	2	582.3	691.7
Cost of sales		(398.1)	(366.1)
Gross profit		184.2	325.6
Administrative expenses		(49.5)	(43.0)
Profit on disposal of subsidiaries	26	10.1	213.2
Profit on disposal of oil and gas assets	26	3.1	30.6
Exploration costs written off	9	(52.8)	(226.7)
Operating profit	3	95.1	299.7
(Loss)/gain on hedging instruments	18	(37.2)	42.9
Finance revenue	2	1.3	3.9
Finance costs	5	(38.9)	(47.2)
Profit from continuing activities before tax		20.3	299.3
Income tax expense	6	(1.8)	(73.1)
Profit for the year from continuing activities		18.5	226.2
Attributable to:			
Owners of the parent		15.1	223.2
Minority interest	24	3.4	3.0
		18.5	226.2
Earnings per ordinary share	8	Stg p	Stg p
Basic		1.87	30.86
Diluted		1.85	30.49

Group statement of comprehensive income and expense

Year ended 31 December 2009

	Notes	2009 £m	2008 £m
Profit for the year		18.5	226.2
Cash flow hedges			
(Losses)/gains arising in the year	18	(25.6)	88.5
Reclassification adjustments for (losses)/gains included in profit on realisation	18	(15.3)	74.8
		(40.9)	163.3
Exchange differences on translation of foreign operations		(128.1)	222.3
Other comprehensive income		(169.0)	385.6
Tax relating to components of other comprehensive income		8.2	(2.3)
Other comprehensive income for the year		(160.8)	383.3
Total comprehensive income for the year		(142.3)	609.5
Attributable to:			
Owners of the parent		(143.4)	599.7
Minority interest		1.1	9.8
		(142.3)	609.5

Group balance sheet

As at 31 December 2009

	Notes	2009 £m	2008 £m
ASSETS			
Non-current assets			
Intangible exploration and evaluation assets	9	1,333.2	1,417.8
Property, plant and equipment	10	1,380.2	986.4
Investments	11	0.7	0.4
Deferred tax assets	20	31.6	–
Derivative financial instruments	18	–	29.3
		2,745.7	2,433.9
Current assets			
Inventories	13	68.8	37.8
Trade receivables	12	58.0	69.3
Other current assets	14	185.8	60.2
Cash and cash equivalents	15	158.3	311.0
Derivative financial instruments	18	1.4	20.0
		472.3	498.3
		3,218.0	2,932.2
Total assets			
LIABILITIES			
Current liabilities			
Trade and other payables	16	(350.0)	(330.2)
Other financial liabilities	17	–	(210.5)
Current tax liabilities		(46.3)	(105.3)
		(396.3)	(646.0)
Non-current liabilities			
Trade and other payables	16	(20.0)	(6.1)
Other financial liabilities	17	(825.4)	(489.0)
Deferred tax liabilities	20	(297.6)	(347.9)
Provisions	20	(140.3)	(134.0)
Derivative financial instruments	18	(12.5)	–
		(1,295.8)	(977.0)
		(1,692.1)	(1,623.0)
Total liabilities			
		1,525.9	1,309.2
Net assets			
EQUITY			
Called up share capital	22	80.4	73.3
Share premium	22	167.8	160.7
Other reserves	23	427.6	582.2
Retained earnings	21	823.7	467.7
		1,499.5	1,283.9
Equity attributable to equity holders of the parent		1,499.5	1,283.9
Minority interest	24	26.4	25.3
		1,525.9	1,309.2
Total equity			

Approved by the Board and authorised for issue on 9 March 2010



Aidan Heavey
Chief Executive Officer



Ian Springett
Chief Financial Officer

Financial statements
Group cash flow statement
Year ended 31 December 2009

	Notes	2009 £m	2008 £m
Cash flows from operating activities			
Cash generated from operations	25	293.8	587.7
Income taxes paid		(118.8)	(76.9)
Net cash from operating activities		175.0	510.8
Cash flows from investing activities			
Disposal of subsidiaries	26	3.2	207.7
Disposal of oil and gas assets		7.8	77.5
Purchase of intangible exploration and evaluation assets		(425.9)	(323.5)
Purchase of property, plant and equipment		(331.5)	(136.8)
Finance revenue		0.8	3.4
Net cash used in investing activities		(745.6)	(171.7)
Cash flows from financing activities			
Net proceeds from issue of share capital		397.1	8.1
Debt arrangement fees		(64.2)	(5.3)
Repayment of bank loans		(240.3)	(372.6)
Drawdown of bank loan		448.2	312.9
Finance costs		(31.4)	(40.4)
Dividends paid	7	(48.1)	(43.2)
Purchase of treasury shares		(3.5)	(11.2)
Net cash generated by /(used in) financing activities		457.8	(151.7)
Net (decrease)/increase in cash and cash equivalents		(112.8)	187.4
Cash and cash equivalents at beginning of year		311.0	82.2
Translation difference		(39.9)	41.4
Cash and cash equivalents at end of year	15	158.3	311.0