

## 9.2 CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2009

### 9.2.1 Consolidated financial statements

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 BALANCE SHEET

## ASSETS

In € thousands	Notes	31/12/2009	31/12/2008
<i>Intangible assets</i>	4	457,731	681,766
<i>Property, plant and equipment</i>	5	547,432	728,294
<i>Non-current financial assets</i>	6	21,030	21,000
<i>Investments accounted under the equity method</i>	7	32,508	37,701
<i>Non-current derivative instruments</i>	10	37,912	-
<i>Deferred tax assets</i>	21	10,647	18,979
<b>FIXED ASSETS</b>		<b>1,107,260</b>	<b>1,487,740</b>
<i>Inventories</i>	8	4,095	10,123
<i>Trade receivables and related accounts</i>	9	33,434	39,003
<i>Other current financial assets</i>	9	31,671	23,220
<i>Other current assets</i>	9	39,432	72,482
<i>Income tax receivable</i>	21	1,518	417
<i>Current derivative instruments</i>	10	162	70,734
<i>Cash and cash equivalents</i>	12	427,576	191,544
<b>CURRENT ASSETS</b>		<b>537,888</b>	<b>407,523</b>
<b>TOTAL ASSETS</b>		<b>1,645,148</b>	<b>1,895,263</b>

## Liabilities

In € thousands	Notes	31/12/2009	31/12/2008
<i>Common stock</i>	13	93,364	92,839
<i>Additional paid-in capital</i>	13	221,607	199,113
<i>Consolidated reserves</i>	13	753,972	768,005
<i>Treasury shares</i>	13	(78,664)	(86,016)
<i>Net income, Group share</i>	13	(50,650)	62,505
<b>NET EQUITY GROUP SHARE</b>		<b>939,629</b>	<b>1,036,446</b>
<i>Minority interests</i>		1	1
<b>NET EQUITY, TOTAL</b>		<b>939,630</b>	<b>1,036,447</b>
<i>Non-current provisions</i>	14	15,346	42,830
<i>Non-current bonds</i>	15	260,770	-
<i>Other non-current loans and financial debt</i>	15	-	3,656
<i>Non-current derivative instruments</i>	10	14,976	4,500
<i>Deferred taxes, liabilities</i>	21	27,339	157,005
<b>NON-CURRENT LIABILITIES</b>		<b>318,431</b>	<b>207,991</b>
<i>Current bonds loan</i>	15	195,682	375,024
<i>Other current loans and financial debt</i>	15	53	16,008
<i>Trade payables and related accounts</i>	16	89,165	104,395
<i>Income tax liability payable</i>	21	3,849	29,644
<i>Other creditors and liabilities</i>	16	45,277	60,708
<i>Current derivative instruments</i>	10	40,395	14,861
<i>Current provisions</i>	14	12,666	50,185
<b>CURRENT LIABILITIES</b>		<b>387,087</b>	<b>650,825</b>
<b>TOTAL LIABILITIES</b>		<b>1,645,148</b>	<b>1,895,263</b>

## Change in net equity

In € thousands	Capital	Treasury shares	Share premium	Derivative instruments	Other reserves	Currency trans. adjustments	Net income for the fiscal year	Net equity, Group share	Minority interests	Net equity total
1 January 2008	92,811	(54,296)	201,139	(12,518)	170,740	(105,837)	766,096	1,058,135	(342)	1,057,793
<i>Net income</i>							62,505	62,505	1	62,506
<i>Other elements of total income</i>				22,992		62,039		85,031	342	85,373
<b>TOTAL income</b>				22,992		62,039	62,505	147,536	343	147,879
<i>Allocation of net income - Dividends</i>					629,016		(766,096)	(137,080)		(137,080)
<i>Increase/decrease in capital</i>	28		34					62		62
<i>Stock options – bonus shares</i>					1,677			1,677		1,677
<i>Movements on treasury shares</i>		(31,720)	(2,060)		(104)			(33,884)		(33,884)
<b>TOTAL transactions with shareholders</b>	28	(31,720)	(2,026)		630,589		(766,096)	(169,225)		(169,225)
31 December 2008	92,839	(86,016)	199,113	10,474	801,329	(43,798)	62,505	1,036,446	1	1,036,447
1 January 2009	92,839	(86,016)	199,113	10,474	801,329	(43,798)	62,505	1,036,446	1	1,036,447
<i>Net income</i>							(50,650)	(50,650)		(50,650)
<i>Other elements of total income</i>				(61,314)		24,613		(36,701)		(36,701)
<b>TOTAL income</b>				(61,314)		24,613	(50,650)	(87,351)		(87,351)
<i>Allocation of net income - Dividends</i>					22,460		(62,505)	(40,045)		(40,045)
<i>Fair value of OCEANE</i>			16,714					16,714		16,714
<i>Increase/decrease in capital</i>	525		5,780		(84)			6,221		6,221
<i>Stock options – bonus shares</i>					2,060			2,060		2,060
<i>Movements on treasury shares</i>		7,352			(1,767)			5,585		5,585
<b>TOTAL transactions with shareholders</b>	525	7,352	22,494		22,669		(62,505)	(9,466)		(26,180)
31 December 2009	93,364	(78,664)	221,607	(50,840)	823,998	(19,185)	(50,650)	939,629	1	939,630

## II CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

### Net income for the period

In € thousands	Notes	31/12/2009	31/12/2008 *
Sales		183,249	92,968
Other income		848	8,630
Purchases and change in inventories		(26,439)	(22,028)
Other purchases and operating expenses		(56,801)	(39,092)
Other taxes		(6,620)	(3,387)
Personnel expenses	17	(20,297)	(14,165)
Amortisation		(35,258)	(16,222)
Depreciation of exploration and production assets		(56,472)	(24,859)
Provisions and impairment of current assets		(7,738)	(27,547)
Reversals of operating provisions		3,913	11,662
Gains on sale of assets		3,068	19,024
Other expenses		(9,708)	5,332
<b>OPERATING INCOME</b>	<b>19</b>	<b>(28,255)</b>	<b>(9,684)</b>
Gross cost of debt		(35,669)	(27,093)
Income from cash		1,922	12,378
Net gains and losses on derivative instruments		36,200	63,596
Net cost of debt		2,453	48,881
Other financial income and financial expenses		(27,419)	(66,985)
<b>FINANCIAL INCOME</b>	<b>20</b>	<b>(24,966)</b>	<b>(18,104)</b>
Income before tax		(53,221)	(27,788)
Corporate income taxes	21	(2,906)	(3,916)
<b>NET INCOME FROM CONSOLIDATED COMPANIES</b>		<b>(56,127)</b>	<b>(31,704)</b>
Total share in net income of companies consolidated	7	10,121	9,694
<b>NET INCOME FROM CONTINUING OPERATIONS</b>		<b>(46,006)</b>	<b>(22,010)</b>
Net income from discontinued operations	18	(4,644)	84,515
<b>NET INCOME OF CONSOLIDATED GROUP</b>		<b>(50,650)</b>	<b>62,505</b>
Net income, Group share		(50,650)	62,504
Minority interests		-	1
<b>EARNINGS PER SHARE</b>	<b>22</b>		
Basic		-0.44	0.55
Diluted		-0.44	0.55
<b>EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS</b>			
Basic		-0.04	0.74
Diluted		-0.04	0.74
<b>EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>			
Basic		-0.40	-0.19
Diluted		0.40	-0.19

\*Adjusted for activities sold

## Total income for the period

In € thousands	31/12/2009	31/12/2008
<b>NET INCOME FOR THE PERIOD</b>	(50,650)	62,506
<i>Currency translation adjustments</i>	24,613	62,381
– <i>Fair value of new hedges for the period recognised as net equity</i>	(50,817)	7,482
– <i>Fair value of the portion of hedges recycled in the income statement</i>	(15,943)	20,668
– <i>Taxes on derivative instruments</i>	5,446	(5,158)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	(87,351)	147,879
– <i>Group share</i>	(87,351)	147,536
– <i>Minority interests</i>	-	343

### III CASH FLOW REPORT

In € thousands

	Notes	31/12/2009	31/12/2008 *
Consolidated income from continuing operations before tax		(43,100)	(18,094)
Net increase (reversals) of amortisation, depreciation and provisions		10,450	73,712
Unrealised gains & losses due to changes in fair value		(471)	(14,665)
Exploration expenses written off		53,823	14,072
Calculated expenses and income related to stock options and similar benefits		2,060	1,677
Other calculated income and expenses		(547)	25,477
Gains and losses from sales of assets		167	(24,488)
Share in income (loss) of companies consolidated by the equity method	7	(10,121)	(9,694)
Autres éléments financiers		778	301
<b>OTHER FINANCIAL ITEMS</b>		<b>13,040</b>	<b>48,298</b>
Payment of tax due		(4,662)	(4,266)
Change in working capital requirements on operations		44,965	5,497
– Trade receivables		(19,318)	(707)
– Trade payables		39,553	10,935
– Inventories		(988)	(1,130)
– Other		25,718	(3,601)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>53,343</b>	<b>49,529</b>
Disbursements for acquisitions of tangible and intangible assets		(384,556)	(381,297)
Receipts from sales of intangible and tangible assets		77,739	7
Disbursements from acquisitions of financial assets (unconsolidated securities)		(15,135)	(919)
Receipts transfers of financial assets (unconsolidated securities)		(399)	-
Acquisition of subsidiaries		(13,933)	(18)
Increased stake in equity method companies		6,861	8,932
Change in loans and advances granted		840	(5,583)
Other cash flows from investing activities		573	300
Net receipts from operations sold	18	457,240	(35,306)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>129,230</b>	<b>(413,884)</b>
Amounts received from shareholders during capital increases		6,222	439
Dividends paid		(40,045)	(56,812)
Receipts from new loans		285,829	1,086
Interest paid		(778)	(301)
Loan repayments		(211,176)	(51,071)
Treasury share acquisitions		7,352	(33,884)
<b>NET CASH FLOW FROM FINANCING TRANSACTIONS</b>		<b>47,404</b>	<b>(140,543)</b>
Impact of foreign currency fluctuations		8,872	(713)
<b>NET CHANGE IN CASH FLOW</b>		<b>238,849</b>	<b>(505,611)</b>
Opening net cash and cash equivalents		188,695	694,306
<b>CLOSING NET CASH AND CASH EQUIVALENTS</b>	<b>12</b>	<b>427,544</b>	<b>188,695</b>

\*Adjusted for activities sold

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Consolidated financial statements

## NOTE 1 GENERAL INFORMATION

The 2009 financial year opened in a complex economic and financial environment marked by volatility in raw materials prices and exchange rates, very low stock market valuations and a virtually non-existent bank lending market.

In this climate, the Group took adequate measures to ensure its financial autonomy:

- The disposal of producing assets and a portion of the exploration in Colombia for US\$740m (+ price supplements that may be as high as US\$115m) while retaining a significant exploration segment;
- The restructuring of the Company's debt with the signature of a bank loan (not yet drawn) of US\$255m in the form of a Reserve Based Loan (RBL), the introduction of a new convertible bond in the form of 2014 OCEANE for 298m, and the redemption of a portion of the 2010 OCEANE bond;

During the year, the company thus continued to invest in oil exploration by drilling 12 exploration wells. The drilling campaign revealed oil discoveries in Gabon, in the Onal region with the success of wells OMOG-1 and OMGW-1. The Group also undertook seismic acquisition campaigns in Gabon, Tanzania and Colombia.

At the same time, the Group continued to expand its area of operation by purchasing Artumas's interests in Tanzania and Mozambique, as well as by increasing its stake in the Marine III license in Congo.

From a production point of view, the Group put the Onal field into production less than three years after the Group's first exploration wells in this region of Gabon. The Omko field, discovered in July 2008, was put into production simultaneously and received an Exclusive Operation Authorisation on 28 September 2009:

- At Onal, the facilities construction work began in late January, and the first oil was produced on 9 March 2009. At the same time, the drilling of production wells and injectors continued. In late 2009, the 20 production wells and 15 injectors in the initial development plan had been drilled. The injection and water treatment facility construction projects were begun in May 2009 and completed in December 2009. Water injection in the wells actually began on 20 December 2009.

Production at the Onal field reached an initial plateau of 10,000 bbl/d in production operated between the end of July and the beginning of December.

The wells drilled on the PF-1000 platform in the last quarter of 2009 showed the presence of an additional geological reserve level (Kissenda) impregnated with hydrocarbons and tested for oil. This discovery

required adjusting the initial development plan in this area. The decision was made in fact to put these wells (initially "Grès de Base" injectors) into production in these new reserves. Their start-up is planned for the second half of 2010.

A new platform (PF-1400) dedicated to injection was thus built more to the south to be able to drill the initial injectors.

Similarly, the drilling of wells in the PF-1200 platform showed that the oil area extends beyond the north boundary originally planned. An additional PF-1600 platform has thus also been built to delineate this part of the field.

- At Omko, the Omko-101 (2008) discovery well was connected for a long-term test on 20 February 2009. The other two wells, Omko-102 and Omko-103, were also connected in 2009 after the Exclusive Operation Authorisation was awarded on 28 September. The field started up with output of 3,500 b/d and declined to 1500 b/d at the end of 2009. The Omko-102 and Omko-103 wells are expected to be converted into injectors in 2010.

The Group's strategy, which consisted of increasing the size of the Onal facilities in order for this production centre to be able to receive the future production of its satellite fields (i.e. OMGW, OMBG, OMOG and OMKO), proved wise. During 2010, these different satellite fields will be put into production and can thus be connected to Onal directly.

Drilling for the Mafia Deep well, which began on 4 August 2008, ended on 30 August 2009. Three zones of interest were detected. Testing began in December 2009.

The deep zone could not be tested due to technical conditions encountered in the well at this depth (5,632 meters). The intermediate zone, which demonstrated the existence of gas, is being evaluated by an independent expert. The upper zone is still being tested.

This study and analysis phase as well as the completion of tests will allow final conclusions on the status of the well. The amount of exploration assets committed on this well is at €83.5 M at the close of 2009.

In application of the full cost method, this amount was kept as an asset at closing.

The technical details of the Mafia Deep well are mentioned in Note 27 «Events occurring after closing».

## NOTE 2 ACCOUNTING METHODS

The consolidated financial statements are prepared according to the historical cost basis, except for some categories of assets and liabilities in accordance with IFRS standards.

Pursuant to European Regulation 1606/2002 of 19 July 2002 on international standards, the consolidated financial statements of the Maurel & Prom Group for the financial year ending 31 December 2009 are prepared according to IAS/IFRS international accounting standards applicable on 31 December 2009 as approved by the European Union and available at [http://ec.europa.eu/internal\\_market/accounting/ias fr.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission).

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations (Standing Interpretations Committee and International Financial Reporting Interpretations Committee).

New mandatory laws or amendments adopted by the European Union as of 1 January 2009 have been taken into account, as described in Note 2.24 of the notes to the Group's consolidated financial statements as at 31 December 2009. Two new standards have an impact on the Group's financial statements: IAS1 as revised, IFRS8.

Pursuant to IAS1 Revised (presentation of the financial statements), a statement of consolidated total income/loss is presented in a note to the statement of changes in net equity.

Pursuant to IFRS8, the segment information which was previously provided on the basis of geographic locations, then by business, is not presented by businesses and reflects the internal segment information defined to manage and measure the Group's performance. Three segments are identified: exploration, production and drilling.

The main new texts or amendments adopted by the European Union whose application is mandatory as of 1 January 2009 that have no significant effect on the consolidated financial statements as at 31 December 2009 are the following:

- IAS23R, capitalisation of borrowing costs
- Amended IAS32 (puttable financial instruments and obligations arising on liquidation),
- IFRIC 11 (treasury shares and intra-group transactions),
- IFRIC 14 (limit on a defined benefit asset, minimum funding requirements and interactions),
- Amended IFRS2 (share-based payment, conditions for acquisition and cancellation).
- Amendment IFRS7 relative to enhancing disclosures on financial instruments.

The Group has not anticipated standards and interpretations which are not mandatory as of 1 January 2009, such as Revised IFRS 3 (business combinations), Revised IAS27 (consolidated and individual financial statements), amendment to IAS39 (exposures eligible for hedge accounting), IFRIC16 (hedges of a net investment in a foreign operation), and IFRIC17 (Distribution of non-cash assets to owners).

Moreover, these principles do not differ from the IFRS as published by the IASB insofar as the application of the following standards or interpretations, required in the years opened on or after 1 January 2009 and not yet endorsed by the European Union, has no impact on the Group's statements.

IFRS standards have been applied by the Group consistently for all periods presented.

In order to prepare consolidated financial statements compliant with IFRS, the Group had to make accounting choices, undertake a certain number of estimates and select assumptions which affect group consolidated financial statements 31 the amount of assets and liabilities, the notes on the potential assets and liabilities at the end of the year, and the income and expenses recorded for the period. Changes in facts and circumstances may lead the Group to review these estimates.

The results obtained may significantly differ from these estimates when different circumstances or assumptions are applied.

In addition, when a specific transaction is not treated by any standard or interpretation, the Group's Management uses its own discretion to define and apply the accounting policies that will provide relevant and reliable information. The financial statements present fairly the Group's financial position, performance, and cash flows. They reflect the substance of transactions, are prepared in a prudential manner, and are complete in all material aspects.

The main estimates made by the Management during the preparation of the financial statements primarily regard:

- oil asset impairment tests;
- site restoration provisions;
- the recognition of oil carry transactions;
- the accounting treatment of derivatives instruments subscribed by the group;
- and the recognition of deferred tax assets.

## 2.1 Consolidation methods

The companies controlled by Maurel & Prom are fully consolidated. Control is assumed when the percentage of voting rights is greater than 50% or established when the company has actual control through agreements with partners.

Intra-group balances, transactions, income and expenses are eliminated in consolidation.

Companies in which Maurel & Prom have considerable influence are consolidated by the equity method. Considerable influence is assumed when the percentage of voting rights is greater than or equal to 20%, unless a lack of participation in the company's management reveals a lack of considerable influence. When the percentage is lower, consolidation by the equity method applies in cases where considerable influence can be demonstrated.

Joint ventures are proportionately consolidated.

## 2.2 Business combinations and goodwill

Business combinations are posted according to the acquisition method. Thus when control of a company is acquired, the assets, liabilities and contingent liabilities of the acquired company are valued at fair value in accordance with IFRS requirements.

The equity method valuation differences made at this time are posted under the assets and liabilities concerned, including for minority interests.

The residual difference representing the difference between the purchase price and the buyer's share in the net assets valued at fair value is entered as goodwill.

If the cost of an acquisition is lower than the fair value of the net assets of the subsidiary acquired, the identification and valuation of the identifiable asset and liability elements are analysed further.

The residual negative goodwill must be posted directly under net operating income.

The analysis of goodwill must be finalised within a period of one year as of the date of acquisition.

Such goodwill is not amortised but subjected to systematic impairment tests at each close: any losses in value ascertained on goodwill are irreversible.

Goodwill relative to companies consolidated by the equity method is posted as equity investments.

When the criteria for impairment as defined by IAS 39 "Financial instruments – recognition and measurement" indicate that equity investments may have lost value, the amount of this loss is determined according to the rules defined by IAS 36 "Impairment of assets."

Furthermore, acquisitions of minority interests are posted using the "parent entity extension method" whereby the difference between the price paid and the carrying amount of the share in the net assets acquired is posted as goodwill.

## 2.3 Oil business property, plant and equipment

Maurel & Prom conducts its exploration and production activities partly under Production Sharing Agreements (PSAs). This type of contract, entered into with the Host Country, sets the rules for cooperation (in association with any partners) and for production sharing with the Government or the local company that represents it, and it defines the terms for taxation of the business.

By virtue of these agreements, the Company agrees to finance its percentage of interest in exploration and production operations, and in exchange it receives a share of the production known as cost oil; the sale of this share of production should make it possible to recover its investments, as well as the operating costs incurred; the balance of the production (profit oil) is then shared in variable proportions with the Government; the Company thus settles its share of tax on the revenue from its activities in kind.

In the case of Production Sharing Agreements (PSAs), the Company recognises its share of assets, revenues and income by applying the percentage it holds in the license in question.

The main methods of posting oil activity costs are the following:

### OIL EXPLORATION AND OPERATION FEES

#### ■ Mining licenses

Costs for the acquisition and attribution of mining licenses are entered under intangible assets and amortised during the exploration phase using the straight-line method over the estimated duration of the license; then, during the development phase, at the rate of amortisation for oil production facilities.

If a license is withdrawn or exploration fails, the amortisation yet to run is posted once.

#### ■ Acquisitions of reserves

Acquisitions of oil reserves are entered under intangible assets and amortised according to the units-of-production method based on proven and probable reserves.

The amortisation rate is equal to the ratio of a field's hydrocarbon production during the year to the hydrocarbon reserves at the start of the same year, re-estimated based on an independent appraisal.

## OPERATING COSTS

The group applies the IFRS 6 standard for entering operating costs. Hydrocarbon production fees and assets are posted in accordance with the “full costs” method.

Operational studies and work, including geology and geophysics costs, are entered under assets on the balance sheet as intangible assets.

Expenses incurred prior to the issuance of the operating license are recognised as expenses.

Expenses incurred after this date are capitalised, and they are amortised as of the start of operations.

Drilling expenses that do not lead to a commercial discovery are entered as expenses in the amount of the costs incurred once it is decided to definitively abandon the work in the area concerned or in the neighbouring area.

At the time of a discovery, these costs then become operating costs, a portion of which is transferred to property, plant and equipment, according on their nature.

Once an indicator of impairment arises (expiration of a license, additional unbudgeted expenses, etc.), an impairment test is done to verify that the carrying amount of the expenses borne does not exceed the recoverable amount; this test is performed at least once a year.

Besides indicators of impairment concerning operating expenses, impairment tests are done once the Maurel & Prom Group has enough data (data based on the outcome of evaluation wells or seismic study work, etc.) to determine technical feasibility and commercial viability; these tests are done at the field level.

## OIL PRODUCTION PROPERTY, PLANT AND EQUIPMENT

Oil production property, plant and equipment includes all costs associated with exploration transferred as operating expenses following discoveries and those associated with field development (operational drilling, ground facilities, oil extraction systems, etc.).

These assets appear under the technical facilities heading (see Note 5).

Property, plant and equipment not determined at the end of the financial year are entered as current year property, plant and equipment.

Property, plant and equipment completed are amortised according to the units-of-production method. The rate of amortisation is the same as the ratio of a field’s hydrocarbon production during the year to the hydrocarbon reserves at the beginning of

the same year re-estimated based on an independent appraisal.

For property, plant and equipment concerning an entire field (pipelines, ground units, etc.), the estimated reserves are the “2 P” proven and probable reserves related to the Group’s share.

For those dedicated to specific areas of a field, the estimated level of reserves is the estimate of proven developed reserves in the area.

The reserves taken into account are the reserves determined on the basis of analyses conducted by independent organizations to the extent that they are available on the date of preparation of the financial statements.

In accordance with IAS23R, the application of which is mandatory as of 1 January 2009, borrowing costs directly chargeable to the acquisition of an eligible asset are capitalised when the conditions set by the standard are met. Otherwise, borrowing costs are not included in the cost price of a fixed asset under construction.

## SITE RESTORATION COSTS

Provisions for site restoration are made when the Group has an obligation to dismantle and remediate sites (see Note 2.18).

The adjusted site restoration expense is capitalised and added to the value of the underlying asset and amortised at the same rate.

## FINANCING OIL COSTS FOR THIRD PARTIES

Financing oil costs for third parties is a transaction within an oil partnership that consists of being subrogated to another member of the partnership for the financing of its share in the cost of the work.

When contractual conditions grant it characteristics similar to those of other oil assets, the financing of oil costs for third parties is treated as an oil asset.

Consequently and in accordance with paragraph 47 (d) of FAS 19 usually applied in the oil sector, the accounting rules are those applicable to expenses of the same nature as the group’s own share (property, plant and equipment; amortisation, impairment, operating costs as expenses).

- posting of exploration costs financed as intangible assets (partners’ share entered as the Maurel & Prom share)
- in the case of exploration that did not lead to production: entry of all the costs as expenses;
- in the case of start of production: transfer of costs entered as intangible assets to property, plant and equipment (technical facilities);

- the portion of hydrocarbons due to partners booked and serving as reimbursement for carriage is considered as revenues for the carrying partner;
- reserves corresponding to costs carried are added to the reserves of the partner bearing the costs;
- amortisation of technical facilities (including the share of partners carried) according to the units of production method by including in the numerator the production for the period allocated to recovery of the costs carried and in the denominator the share of reserves used to recover all the costs carried.

## 2.4 Other intangible assets

Other intangible assets are posted at their acquisition cost and appear on the balance sheet at this amount, after deducting accrued depreciation and any impairment.

Depreciation is calculated by the straight-line method, and the depreciation term is based on the estimated useful life of different categories of intangible assets depreciated over a term ranging from one to three years.

## 2.5 Other tangible assets

The gross amount of other tangible assets corresponds to their acquisition or production cost. It is not revalued. Borrowing costs are capitalised when the asset in question meets the eligibility conditions as defined by IAS23R.

Depreciation is calculated by a straight-line method, and the depreciation term is based on the estimated useful life of the different categories of tangible assets, the main ones of which are the following:

- buildings: 10 years;
- infrastructure works: 8 to 10 years;
- drilling equipment: 3 to 20 years;
- technical facilities: 3 to 10 years;
- upgrades and facilities: 4 to 10 years;
- transportation equipment: 3 to 8 years;
- office and computer equipment: 2 to 5 years; and
- office furniture: 3 to 10 years.

Finance leasing contracts are those intended to transfer nearly all the risks and advantages inherent to the ownership of the asset from the lessor to the lessee. These contracts are entered on the balance sheet at fair value or, if lower, at the adjusted amount of the minimum rent under the contract. The corresponding debt is entered in liabilities on the balance sheet under financial debts. These assets are amortised according

to the useful life periods applied by the Group.

Rental contracts that are not finance leasing contracts as defined above are entered as operating leases.

## 2.6 Impairment of assets

When events indicate a risk of impairment of intangible and tangible assets, and automatically at least once a year, these are subject to a detailed analysis in order to determine if their net book value is lower than their recoverable amount, with the latter defined as fair value (minus transfer costs) or value in use, whichever is higher. Value in use is determined by discounting expected future cash flows from the use of the assets and from its disposal.

Cash flows are determined in keeping with the reserves identified, the related production profile and the discounted sales prices after taking into account the applicable tax according to the Production Sharing Agreements.

The discount rate used takes into account the risk associated with the activity and its geographical location.

A field is generally taken as being the cash-generating unit (CGU). A CGU is a homogeneous set of assets whose ongoing utilisation generates cash inflow largely independent of cash inflows generated by other groups of assets.

In the event the recoverable amount is lower than the net book value, an impairment is entered for the difference between these two amounts.

This impairment may eventually be reversed for up to the net book value that the asset would have had on the same date if it had not been impaired. Impairments ascertained on goodwill are irreversible.

## 2.7 Other non-current financial assets

Financial loans and debts are initially booked as fair value and appear on the balance sheet at their amortised cost. They are subject to impairment if there is an objective indicator of impairment. This impairment, posted under income, may later be reversed under income if the conditions that led to this impairment have ceased to exist.

Non-consolidated equity securities are classified in the category of Financial Assets Held for Sale (see Note 6) and valued initially and on the date of preparation at their fair value. For listed securities, this fair value corresponds to the market price representative of a liquid and open market; for unlisted securities, valuation models are used; if the fair value cannot be reliably determined, the securities are recognised at cost.

Changes in fair value are recognised directly under shareholders' equity. In the event of an objective

indicator of lasting impairment, a write-down is entered under income. This write-down is not reversed under income until on the date of disposal of the securities in question.

## 2.8 Inventories

Inventories are valued at acquisition or production cost. The production cost includes consumables and direct and indirect production costs.

Inventories are valued according to the FIFO ("First In First Out") method.

Hydrocarbon inventories are valued at production costs, including field and transportation costs, as well as the amortisation of assets contributing to production.

A provision is created when the net realisable value is lower than the gross amount of the inventories.

## 2.9 Trade receivables

Trade receivables are recognised initially at their fair value.

At the close, write-downs are created in the event of proven risk of non-recoverability.

## 2.10 Transactions in foreign currencies

Expenses and income in foreign currencies are posted at their equivalent in the operating currency for the entity concerned on the date of the transaction. Debts, external financing, receivables and liquid assets in foreign currency appear on the balance sheet at their equivalent in the operating currency for the entity concerned on the closing price. Differences resulting from conversion into foreign currencies at this last price are carried on the income statement as other financial income or other financial expenses.

However, when cash in foreign currency is allocated only to the financing of a foreign investment in the same currency, the impact of the revaluation of the investment concerned is entered under net equity.

## 2.11 Conversion of annual financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries for which the operating currency is not the euro are converted according to the closing price method.

Asset and liability elements, including equity method valuation differences and goodwill on foreign subsidiaries, are converted at the exchange rate in effect on the closing date for the year. Income and expenses are converted at the average rate for the period.

The currency translation adjustments ascertained, both on the initial balance sheet as well as on the

income statement are entered, for the share due to the consolidating company, in its net equity under "currency translation adjustments" and, for the share due to minority interests, under "minority interests".

Currency translation adjustments related to a net investment in a foreign activity are posted directly under net equity.

## 2.12 Derivative instruments

In order to hedge the oil sale price or exchange risk, Maurel & Prom uses future cash flow hedging instruments comprised essentially of options and swaps. These transactions are recognised as follows:

- initially, the financial instrument is posted at its fair value;
- on the closing date, the change in fair value corresponding to the effective portion (intrinsic value of the option) is posted under recyclable shareholders' equity; the change in fair value corresponding to the ineffective portion (time value of the option) is posted under financial expenses and income; and
- the change in fair value posted under net equity is recycled under income (other operating expenses and income) either when the hedged element impacts income or when the contract matures.

The fair value of the instruments taken out by the Group is determined by the appraisals of external independent appraisers.

## 2.13 Cash / Cash equivalents

Cash equivalents correspond to short-term investments of excess cash.

Purchases and sales of assets are recognised on their settlement date.

Undertakings for Collective Investment in Transferrable Securities (UCITS) in cash managed at their liquidation amount are valued at fair value by the income in accordance with standards for monitoring these assets under management.

Short-term bank certificates of deposit are classified as loans and debts and recognised at amortised cost.

## 2.14 Convertible bonds

Some financial instruments contain both a financial debt component and a net equity component at the same time. This is the case with the OCEANE bonds issued by the Group in March 2005 and July 2009. In accordance with IAS 32 "Financial instruments – Disclosure and presentation," these two components are recognised separately and determined as follows:

- the debt component corresponds to the amount of the contractual future cash flows (including coupons and redemption) adjusted at market rate (taking into account credit risk at the time of issuance) of a similar instrument offering the same conditions (maturity, cash flow) but with no conversion option, plus the impact of issuance fees (actual interest rate);
- the shareholders' equity component represents the value of the option for conversion of the bonds into shares. It is determined by the difference between the proceeds of the bond issue and the debt component calculated according to the methods described below; and
- a deferred tax liability is ascertained as the difference between the book value and the value of the debt for tax purposes; this deferred tax is constituted by draw-down of the net equity component.

The conversion of the OCEANE bonds is entered on the financial statements at the time of conversion of the bonds and their exchange into shares.

## 2.15 Other bonds

Other bonds are posted initially at their fair value. They are entered on the balance sheet at their amortised cost. The effect of this is to post the issuance expenses as a deduction against the initial fair value of the bond issue. Furthermore, financial expenses are calculated on the basis of a bond's effective interest rate (i.e., the actuarial rate taking issuance expenses into account).

## 2.16 Fair value

For purposes of presentation according to the IFRS7 standard (see Note 11: Fair value):

- the fair value of loans and debts is determined by discounting expected cash flows at the market rate at the end of the year; for debts with a term of less than 6 months, the balance sheet amount represent a good approximation of their fair value.
- the fair value of financial liabilities is determined by discounting cash flows yet to be collected at market rate, at the end of the year, for a debt with the same residual maturity. For trade payables, the balance sheet amount is a good approximation of their fair value.

## 2.17 Treasury shares

Treasury shares are posted as a deduction against net equity based on their acquisition cost.

Further changes in fair value are not taken into account. Likewise, income from the disposal of treasury shares does not affect income for the period.

## 2.18 Provisions for risks and charges

In accordance with the IAS 37 standard, "Provisions, contingent liabilities and contingent assets," provisions are recognised when the Group has an obligation at the end of the year to a third party deriving from a past event, the settlement of which should result in an outflow of resources constituting economic advantages.

Provisions are adjusted when the effect of the adjustment is significant.

The obligation of site remediation is recognised at the adjusted amount of the estimated cost or of the contractual obligation for dismantlement; the impact of the passage of time is measured by applying a risk-free interest rate to the amount of the provision.

The effect of the readjustment is posted under "Other financial expenses".

## 2.19 Pensions and other post-employment benefits

The Group's obligations in terms of retirement pensions and similar benefits are limited to the payment of contributions to mandatory general plans and to the payment of retirement indemnities; these are defined by collective bargaining agreements.

Retirement indemnities correspond to defined-benefit plans. Provisions are made for them as follows:

- the actuarial method used is the so-called projected unit credit method that stipulates that each period of service entitles the employee to one unit of benefit entitlement. These calculations include mortality, personnel turnover and future salary projection assumptions; and
- the so-called corridor method is applied. Thus actuarial differences representing more than 10% of the amount of the commitments or of the market value of the investments are recognised and amortised over the average residual duration of the active life of the employees under the plan.

For basic plans and other defined-contribution plans, the Group recognises the contributions payable under expenses when they are due and no provision has been recognised, since the Group is not committed beyond the contributions paid.

## 2.20 Oil revenue

### HYDROCARBON SALES

Production sales revenue for the deposits operated by the Company under Production Sharing Agreements includes only the share of Maurel & Prom in the production sold, excluding production royalties and taxes.

Income is recognised as revenue when the company has transferred the risks and advantages inherent to the ownership of assets, i.e., at the time when oil is collected from oil terminals.

#### DRILLING SERVICE

Revenue is posted depending on the progress of the drilling service, which progress is measured according to drilling depth and past mobilisation time.

### 2.21 Share-based payments

Share subscription options, as well as bonus shares allocated by Maurel & Prom to its employees are recognised as personnel expenses at the time they are awarded and staggered over the rights acquisition period; the method of staggering depends on the respective acquisition conditions of each plan.

The estimated amount of the fair value of the subscription options is determined according to the Black and Scholes method.

The fair value of bonus shares is based on the market price on the date of allocation, to which any relevant discount is applied, according to the terms of the plan in order to take into account the bar on disposal associated with the mandatory period for keeping these securities.

### 2.22 Income tax

The tax expense presented on the income statement includes the regular tax expense (or income) and the deferred tax expense (or income).

Deferred taxes are ascertained on the temporary differences between the book value of assets and liabilities and their tax basis. Deferred taxes are not adjusted. Deferred tax income and liabilities are valued based on the tax rates approved on the closing date.

Deferred tax income, resulting primarily from losses carried forward or deferred amortisation, are not taken into account unless their recovery is probable.

To evaluate the Group's ability to recover its assets, the following elements in particular have been taken into account:

- existence of sufficient temporary differences taxable by the same tax authority for the same taxable entity, which will create taxable amounts on which unutilised losses for tax purposes and tax credits may be charged before they expire; and
- forecasts of future taxable income allowing for charging previous losses for tax purposes.

### 2.23 Earnings per share

Two earnings per share are presented: basic earnings per share and diluted earnings per share. The number of shares used for calculating the diluted earnings per share takes into account the conversion into shares of instruments providing deferred access to the capital and having a dilutive effect. The diluted earnings per share are calculated based on net earnings, Group share, adjusted by the financial cost, net of taxes, of dilutive instruments providing deferred access to the capital.

Treasury shares are not taken into account in the calculation.

### 2.24 New standards applied

#### (i) Revised IAS1 "Presentation of financial statements"

IAS1 as revised was published in September 2007 for mandatory application as of 1 January 2009. The income statement became the statement of total income and included both net income and other elements of total income.

The necessary information is to be summarised in the statement of change in net equity and in the statement of total income.

#### (ii) IFRS8 "Operating sectors"

IFRS8 replaces standard IAS14. The group has adapted its presentation of sector information to meet IFRS8, which requires sector information to be presented in keeping with the reporting formats used for internal decision-making by the General Management.

This information is in Annex 25 to the consolidated financial statements.

### 2.25 New standards not yet applicable

The standards or interpretations published by the IASB (International Accounting Standards Board) and the IFRIC (International Financial Reporting Interpretations Committee), respectively, not yet in effect at 31 December 2009, but which may impact the financial statements of the group concern IFRS 3 as revised "business combinations" and IAS27 as revised "Consolidated and individual financial statements."

(i) *IFRS3 "Business combinations" and IAS27 as revised "Consolidated and individual financial statements"*

The changes made to IFRS3 affect the valuation of minority interests, the recognition of transaction expenses and the initial recognition of goodwill in combinations by stages. These changes are liable to impact the group when goodwill is recognised, in the event of a business combination.

IAS 27 as revised requires only that changes to a parent company's share of interest in a subsidiary that do not lead to a loss of control should be recognised as transactions affecting net equity (i.e./e.g., transactions made with owners acting in this capacity).

The changes to IFRS3 and IAS27 will thus affect any future acquisition or loss of control of a subsidiary and transactions with minority interests.

## NOTE 3 CHANGES IN THE GROUP

Company	Registered Office	Consolidation Method	Control %	
			31/12/2009	31/12/2008
Maurel and Prom Establishments	Paris	Holding company	Holding company	
<b>OIL AND GAS ACTIVITIES</b>				
Caroil	Paris	Fully consolidated	100.00%	100.00%
Panther Eureka Srl	Raguse, Sicily	Fully consolidated	60.00%	30.00%
Maurel & Prom West Africa S.A.S.	France	Fully consolidated	100.00%	100.00%
Maurel & Prom Gabon Ltd (ex Rockover Oil and Gas)	British Virgin Islands	Fully consolidated	-	100.00%
M&P Gabon (ex Nyanga Mayombe)	Port-Gentil, Gabon	Fully consolidated	100.00%	100.00%
M&P Gabon Omoueyi *	Libreville, Gabon	Fully consolidated	-	100.00%
M&P Etekamba Gabon	Port-Gentil, Gabon	Fully consolidated	100.00%	100.00%
Quartier General M&P Gabon	Port-Gentil, Gabon	Fully consolidated	100.00%	100.00%
Hocol Petroleum Ltd	Bermuda	Non-consolidated	-	100.00%
Hocol Ltd	Bermuda	Non-consolidated	-	100.00%
Hocol S.A.	Cayman Islands	Non-consolidated	-	100.00%
Hocol Cayman Inc	Cayman Islands	Non-consolidated	-	100.00%
Oleoducto de Colombia S.A.	Colombia	Non-consolidated	-	21.82%
Hocol Peru	Peru	Fully consolidated	100.00%	100.00%
Hocol Maurel et Prom Venezuela SAS	France	Fully consolidated	100.00%	100.00%
Hocol (UK) Petroleum Holdings Ltd	United Kingdom	Fully consolidated	100.00%	100.00%
Maurel & Prom Colombie BV	Netherlands	Fully consolidated	100.00%	100.00%
Maurel & Prom Latin America BV	Netherlands	Fully consolidated	100.00%	100.00%
Lagopetrol	Venezuela	Equity-method companies	26.35%	26.35%
Zetah M&P Congo	Congo	Fully consolidated	100.00%	100.00%
Zetah Kouilou Ltd	Nassau, Bahamas	Proportionately consolidated	15.00%	15.00%
Zetah Noubmie Ltd	Nassau, Bahamas	Proportionately consolidated	49.00%	49.00%
Maurel & Prom Congo S.A.	Pointe Noire, Congo	Fully consolidated	100.00%	100.00%
Maurel & Prom Tanzanie Ltd	Tanzania	Fully consolidated	100.00%	100.00%
Raba Xprom Energia Kft	Hungary	Equity-method companies	34.30%	34.30%
Renaissance Energy	Switzerland	Non-consolidated	35.00%	35.00%
Prestoil Kouilou	Congo	Fully consolidated	100.00%	-
Maurel & Prom Assistance Technique (ex Prestoil S.A.S.)	Paris, France	Fully consolidated	100.00%	-
Maurel & Prom Exploration et Production Tanzania Ltd	Dar el Salam, Tanzania	Fully consolidated	100.00%	-
M&P Developpement Gabon	Libreville, Gabon	Fully consolidated	100.00%	-
<b>OTHER ACTIVITIES</b>				
New Gold Mali (NGM)	Bamako, Mali	Equity-method companies	26.00%	26.00%
Maurel & Prom International S.A.	Genève, Switzerland	Fully consolidated	99.99%	99.99%

(\*) Combination in 2009 of the Gabonese assets within Maurel & Prom Gabon.

The main changes in the scope of consolidation of the Group over 2009 concern the following events:

- The sale of Colombian assets to Ecopetrol on 28 May 2009. The transaction is described in Note 18 – Income from the sale of assets and was treated in accordance with IFRS5 in the group's consolidated financial statements
- Pursuant to the Omoueyi Production Sharing Contract, Maurel & Prom retroceded 15% of its interest in the Onal field. Maurel & Prom's partner on Onal is Tulip Oil, a subsidiary of the Tullow Group, in accordance with the applicable provisions in the CEPP.
- Following Maurel et Prom's acquisition of an additional interest in Panther Euréka, the interest percentage was increased from 30% to 60%, giving control to Maurel & Prom and leading to a change from the equity method to the full consolidation method.
- Maurel et Prom West Africa intends to carry the securities of the Group's Gabonese entities. Maurel & Prom Gabon Ltd was consequently liquidated in December 2009.
- Etablissements Maurel & Prom acquired control of Prestoil SAS and its wholly-owned subsidiary Prestoil Kouilou, operational in the Congo. The percentage held is 100% as of 29 July 2009. This transaction increased the interest of Maurel & Prom in the Marine 3 license in the Congo, in which Prestoil Kouilou was the operating partner of Maurel & Prom and the SNPC. At the same time, the interests held in the Tilapia license were retroceded. Maurel & Prom remained the operator through its subsidiary Prestoil Kouilou.
- Renaissance Energy, in the course of liquidation, was deconsolidated in the financial statements as at 31 December 2009, with no impact on the group's consolidated financial statements, considering the insignificant nature of the entity.
- Maurel & Prom Exploration et Production Tanzania Ltd was created in order to carry the interests acquired in Tanzania in the Mnazi Bay license.

## NOTE 4 INTANGIBLE ASSETS

Changes in intangible assets In € thousands	Goodwill	Oil search and exploration rights	Exploration costs	Other	Total
<b>GROSS VALUE AS AT 01/01/08</b>	-	519,005	130,548	13,360	662,914
<i>Exploration investments</i>	-	1,830	206,138	11,193	21,161
<i>Disposals / Decreases</i>	-	-	(1,488)	-	(1,488)
<i>Exploration written off</i>	-	(2,719)	(53,254)	(233)	(56,206)
<i>Changes in scope</i>	-	1,158	(2,341)	(876)	(2,059)
<i>Conversion differentials</i>	-	28,452	9,377	(224)	37,605
<i>Exchange</i>	-	(22,867)	-	-	(22,867)
<i>Transfers</i>	-	(58)	(19,745)	(4)	(19,807)
<b>GROSS VALUES AT 31/12/08</b>	-	524,801	269,235	23,216	817,253
<i>Exploration investments<sup>(1)</sup></i>	-	1,685	248,554	433	250,672
<i>Disposals/ Decreases<sup>(2)</sup></i>	-	-	(5,927)	(3,281)	(9,208)
<i>Exploration written off</i>	-	-	(53,657)	(438)	(54,095)
<i>Acquisitions of subsidiaries</i>	6,403	5,325	948	44	12,720
<i>Sales of subsidiaries</i>	-	(408,527)	(88,322)	(7,221)	(504,070)
<i>Currency translation adjustments<sup>(3)</sup></i>	-	(2,125)	(6,763)	(12)	(8,900)
<i>Transfers<sup>(4)</sup></i>	-	1,058	(2,180)	(10,817)	(11,939)
<b>GROSS VALUE AS AT 31/12/2009</b>	6,403	122,217	361,888	1,925	492,433
<b>CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 01/01/08</b>	-	80,677	24,538	2,777	107,992
<i>Amortisation</i>	-	19,971	2,983	973	23,927
<i>Disposals/ Reversals</i>	-	-	-	-	-
<i>Exploration written off</i>	-	(242)	-	(145)	(387)
<i>Currency translation adjustments</i>	-	5,283	1,436	(122)	6,597
<i>Changes in scope</i>	-	-	(1,124)	(8)	(1,132)
<i>Exchange</i>	-	(953)	-	-	(953)
<i>Transfers</i>	-	(7,029)	-	6,472	(557)
<b>ACCRUED AMORTISATION AND DEPRECIATION AS AT 31/12/08</b>	-	97,707	27,833	9,947	135,487
<i>Amortisation allowance</i>	-	3,828	-	386	4,214
<i>Disposals/ Reversals</i>	-	-	-	(3,281)	(3,281)
<i>Exploration written off</i>	-	-	-	(438)	(438)
<i>Currency translation adjustment<sup>(3)</sup></i>	-	309	(894)	(1)	(586)
<i>Acquisition of subsidiaries</i>	-	-	-	2	2
<i>Sales of subsidiaries</i>	-	(95,529)	-	(5,138)	(100,667)
<i>Transfers</i>	-	-	-	(29)	(29)
<b>CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 31/12/09</b>	-	6,315	26,939	1,448	34,702
<b>NET BOOK VALUE AS AT 31/12/09</b>	6,403	115,902	334,949	478	457,731
<i>Net book value as at 31/12/08</i>	-	427,094	241,402	13,269	681,766

Inc. changes related to the Colombian entities sold:

(1) €21,023 K in acquisitions on exploration costs. (2) - €5,927 K in decreases on exploration costs. (3) €1,201 K on currency translation adjustments.

(4) -€3,420 K in transfers related to the reclassification of exploration costs as property, plant and equipment.

## EXPLORATION INVESTMENTS

Acquisitions of intangible assets amounted as at 31 December 2009 were €250,672 K, i.e., an increase of 14% compared to the previous year, reflecting the ongoing effort made by the Maurel & Prom group in terms of exploration.

The main investments reflect:

- the investments made in Gabon amounted to €98,753 K and mainly concerned the exploration work conducted on the Omoueyi license for €91,150 K.
- the seismic and drilling work undertaken in Tanzania mostly for the Bigwa - Rufiji – Mafia licenses for €62,057 K.
- the investments made in Colombia up to the date of sale at the end of May on the Guarrojo, Lince, Tangara licenses amounting to €21,023 K.
- the exploration expenses at Maurel & Prom Colombia BV for €18,821 K, corresponding mainly to exploration expenses on the Cascabel 1 (Tangara partnership) wells and seismic and civil engineering works on the Muisca, Sabanero and SSJN9 licenses.
- drilling works on the Draco wells in Syria for €12,608 K.
- exploration expenses undertaken on the Rovuma license for €10,278 K.

## EXPLORATION WRITTEN OFF

Exploration written off is itemised as follows (cumulative costs committed per well at 31 December 2009):

<i>Minangu (2009 supplement)</i>	166
<i>Draco - Syria</i>	10,556
<i>Rovuma - Mozambique</i>	10,278
<i>Mohoro - Tanzania</i>	13,465
<i>Mihambia - Tanzania - Dominion</i>	6,332
<i>Kokorong 1 - Sénégal</i>	3,775
<i>M'Bafou - Congo</i>	4,334
<i>Tié-Tié - Congo</i>	4,748
<b>TOTAL</b>	<b>53,657</b>

The estimate of all the costs undertaken on these wells in the year 2010 is \$13.7 million, i.e. \$9.5 million at the closing rate on 31/12/2009.

## ACQUISITION OF SUBSIDIARIES, STAKES AND CHANGE OF SCOPE OF CONSOLIDATION

The group acquired control and became the operator on 1 December 2009 of the Mnazi Bay license in Tanzania. The entity carrying the assets is Maurel & Prom Exploration et Production Tanzania Ltd. The value of the mining license on the consolidation start date was valued at €6,596 K.

Panther, which was previously consolidated by the equity method, has now been fully consolidated. This change in consolidation method has led to goodwill of €6,403 K.

## DISPOSAL OF SUBSIDIARIES

The net amount of the Colombian intangible assets sold amounted to €403,404 K (i.e. €504,070 K in gross value and €100,667 K in amortisation). This sale transaction is explained in "Note 18 – Income from disposal."

## TRANSFERS

Transfers, in the gross amount of €-11,939 K, were due primarily to:

- reclassification of exploration costs on the NZamo-1 wells transferred to property, plant and equipment in the amount of €3,858 K.
- reclassification of exploration costs as property, plant and equipment on the operations sold in Colombia in the amount of €3,420 K.
- reclassification of Omko exploration assets under development in the amount of €6,588 K.

## AMORTISATION AND DEPRECIATION

Amortisation and depreciation allowances for the period primarily concerned the depletion of €2,337 K in Onal and Omko reserves on the Omoueyi license, for which production started in March 2009 and February 2009, respectively (Omko PSA in September 2009).

## CURRENCY TRANSLATION ADJUSTMENTS

The revaluation of assets held in dollars at the closing exchange rate led to the posting of a negative conversion differential in the net amount of €8,314 K.

## IMPAIRMENT TEST

The group also conducted impairment tests on its main intangible assets allocated to its CGUs, without the results having led to the posting of impairments (see Note 5 "Property, plant and equipment").

## INTANGIBLE ASSETS BY LICENSE

In millions of euros License	A	B	C=A+B	D	E	F=C+D+E
	Drilling	G&G	Total exploration expenses	Oil research and production / Goodwill	Other	Total Intangible assets
<i>Omoueyi</i>	68	49	117	101		217
<i>Etekamba</i>	8	10	18	2		20
<i>Nyanga Mayombe</i>	-	4	4	2		6
<i>Bigwa Rufiji Mafia (BRM)*</i>	116	25	141	1		142
<i>Colombia</i>	8	12	19			19
<i>Alasi</i>	-	12	12	2		14
<i>Kouilou</i>	5	2	8			8
<i>Marine 3</i>	-	6	6			6
<i>Other licenses</i>		8	10	15	-	26
<b>TOTAL</b>	<b>206</b>	<b>127</b>	<b>335</b>	<b>123</b>	<b>-</b>	<b>458</b>

(\*) BRM, in millions of euros

	Drilling	G&G	Total exploration expenses
<b>VALEURS BRUTES</b>			
<i>Mafia deep</i>	83	-	83
<i>M'Kuranga</i>	20	6	26
<i>M'Bezi</i>	13	-	13
<i>Common costs of BRM license</i>	-	19	19
<b>TOTAL</b>	<b>116</b>	<b>25</b>	<b>141</b>

## NOTE 5 PROPERTY, PLANT AND EQUIPMENT

### 5.1 Changes in property, plant and equipment

In € thousands	Land and Buildings	Technical Facilities	Down payments and constructions in progress	Other fixed assets	Total
<b>GROSS VALUE AS AT 1/01/2008</b>	7,516	397,616	69,244	8,064	482,441
<i>Acquisitions</i>	161	310,812	4,147	4,720	319,840
<i>Dismantling assets</i>		24,020			24,020
<i>Sales / Decreases</i>	-	(2,688)	-	(247)	(2,935)
<i>Assets decommissioned</i>	(4)	(2,307)	-	(34)	(2,345)
<i>Changes in scope of consolidation</i>	(38)	(88)	-	(159)	(285)
<i>Currency translation adjustments</i>	227	35,280	18	1,122	36,647
<i>Transfers</i>	(3,755)	49,266	(68,731)	11,303	(11,917)
<b>GROSS VALUE AS AT 31/12/2008</b>	4,107	811,911	4,678	24,769	845,466
<i>Development/ prod. investments <sup>(1)</sup></i>	991	165,668	20,717	1,098	188,474
<i>Dismantling assets</i>		2,219			2,219
<i>Disposals/ Decreases <sup>(2)</sup></i>	-	(77,831)	-	(541)	(78,372)
<i>Assets decommissioned</i>	-	(1,005)	-	(166)	(1,171)
<i>Changes in scope of consolidation</i>	80	-	-	207	287
<i>Disposals of subsidiaries</i>	(4,827)	(328,080)	-	(6,717)	(339,624)
<i>Currency translation adjustments <sup>(3)</sup></i>	(29)	(20,962)	(600)	(334)	(21,924)
<i>Transfers <sup>(4)</sup></i>	3,000	20,751	(6,803)	(3,680)	13,268
<b>GROSS VALUE AS AT 31/12/2009</b>	3,322	572,671	17,992	14,638	608,623
<b>CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 01/01/2008</b>	2,557	84,752	-	5,179	92,488
<i>Amortisation allowances</i>	255	53,567	-	1,331	55,153
<i>Disposals / Reversals</i>	-	(2)	-	(216)	(218)
<i>Assets decommissioned</i>	(3)	(1,632)	-	93	(1,542)
<i>Currency translation adjustments</i>	160	2,346	-	181	2,687
<i>Changes in scope of consolidation</i>	(38)	(88)	-	(154)	(280)
<i>Sales on changes in scope of consolidation</i>	-	-	-	-	-
<i>Transfers</i>	-	(29,653)	-	(1,463)	(31,116)
<b>CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 31/12/08</b>	2,931	109,290	-	4,951	117,172
<i>Amortisation allowances</i>	181	30,911	-	1,181	32,273
<i>Disposals / Reversals</i>	0	(451)	-	(419)	(870)
<i>Assets decommissioned</i>	0	(862)	-	(143)	(1,005)
<i>Currency translation adjustments <sup>(3)</sup></i>	12	(1,614)	-	(18)	(1,620)
<i>Changes in scope of consolidation</i>	23	-	-	71	94
<i>Sales of subsidiaries</i>	(2,931)	(78,530)	-	(2,702)	(84,163)
<i>Transfers</i>	-	(680)	-	(10)	(690)
<b>CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 31/12/2009</b>	216	58,064	-	2,911	61,191
<b>NET BOOK VALUE AS AT 31/12/2009</b>	3,107	514,606	17,992	11,727	547,432
<i>Net book value as at 31/12/2008</i>	1,176	702,621	4,678	19,818	728,294

*Inc. changes related to the Colombian assets transferred: (1) €30,294 K in acquisitions of technical facilities. (2) - €605 K in decreases of technical facilities (3) - €682 K in net value of currency translation adjustments. (4) €3,420 K in transfers related to the reclassification of exploration costs as property, plant and equipment*

## DEVELOPMENT/ PRODUCTION INVESTMENTS

Acquisitions for the period, which amount to €188,474 K, mainly concern the development of the Onal field in Gabon and the Ocelote field in Colombia.

- The production investments made in Omoueyi totalled €140,129 K. These acquisitions primarily correspond to installation work on the Onal-Coucal pipe-export system, the construction of a pipeline intended for routing the gas necessary for the operation of the heating stations, and work undertaken in view of the water injection stage.
- The investments made in Colombia up to the date of disposal at the end of May were €31,141 K, €30,294,000 of which were for technical facilities.
- The investments made by Caroil were €15,405 K for 2009. They primarily concerned the rigs operating in Congo and involved the acquisition of different equipment for the Rig motors, sludge tanks and pipes in particular.

## SALES / DECREASES

The sale of property, plant and equipment reached a gross value of €78,372 K and primarily concerned the decommissioning of property, plant and equipment following the retrocession by the Republic of Gabon of its 15% share in the Onal field to Tulip Oil for €76,786 K.

## DISPOSAL OF SUBSIDIARIES

Disposals of subsidiaries came to a net amount of €255,461 K as at 31/12/2009 (i.e., a gross amount €339,624 K after deducting amortisation of €84,163 K).

Of these, €257,514 K correspond to the book value of the Colombian assets sold (i.e., a gross amount of €319,697 K after deducting amortisation of €62,183,000), and €21,979 K is for the Tilapia license (fully depreciated).

## DISMANTLING ASSETS

The dismantling assets posted as a cross-entry to the production site restoration allowance amounted to €2,219 K for the Omoueyi license (Onal and Omko) in Gabon.

## TRANSFERS

Transfers in the net amount of €13,958 K (i.e., a gross amount of €13,268 K and amortisation of - €690,000), are related primarily to:

- Reclassification of the exploration costs for the NZamo-1 wells transferred to property, plant and equipment for €3,858 K;

- Reclassification of exploration costs as property, plant and equipment for the activities sold in Colombia for €3,420 K;
- Reclassification of the Omko exploration assets under development for €6,588 K.

## AMORTISATION AND DEPRECIATION

The allowances of €32,273 K during the period mainly concerned the amortisation of the Caroil Rigs for €14,546 K and the depletion of the Onal and Omko fixed assets for €16,281 K following the start of production.

## CURRENCY TRANSLATION ADJUSTMENTS

The revaluation of assets held in dollars at the closing rate led to the posting of a negative translation adjustment in the net amount of €20,304 K.

## IMPAIRMENT TEST

The oil asset valuation monitoring tests performed confirmed the lack of impairment. These tests in particular concerned the Gabon assets (Omoueyi and Banio licenses), the book value of which reached €656.7 M and, secondly, the Venezuelan assets, consolidated by the equity method.

To perform these tests, the Group applies the following methodology:

The assets are grouped into cash-generating units (CGU). In Gabon, the grouping is done by licenses. The CGU include all the assets, tangible and intangible, contributing to the generation of cash flows (reserves, goodwill, exploration expenses, and industrial equipment). As such, the intangible assets tested as part of the evaluations represent €217 M (Omoueyi), i.e. 47% of the intangible assets. The other intangible assets are accounted for and evaluated using the full cost method as described in Note 2 Accounting principles and methods.

Future cash flows are determined based on the production profiles of the reserves certified by the firm DeGolyer Mac Naughton. The Group uses a probability of producing proven reserves (P1) of 100% and a probability of producing probable reserves (P2) of 50%. With regard to future oil prices, the Group Management has given preference to a price per barrel of \$75 and has considered two alternate scenarios: \$60 (i.e., the average price for 2009) and \$ 90. A per-barrel price lower than 25% than the preferred scenario (\$75) would not entail impairment. An adjustment rate greater than 25% would not entail impairment.

The discount rates are determined based on the weighted average cost of the Group's capital

estimated on the basis of market data and specific risks on the assets tested. In Gabon, a discount rate of 13% was used.

## LEASES

Assets under finance leases and assets under operating leases are not significant.

## NOTE 6 OTHER NON-CURRENT FINANCIAL ASSETS

In € thousands	Financial assets available for sale	Loans and receivables	Total
<b>AMOUNT AS AT 01/01/2008</b>	<b>21,924</b>	<b>6,292</b>	<b>28,216</b>
<i>Changes in consolidation scope</i>	(85)	(1)	(86)
<i>Increase</i>	18	7,795	7,813
<i>Decrease</i>	-	(236)	(236)
<i>Write-downs</i>	(9,084)	-	(9,084)
<i>Fair value</i>	-	-	-
<i>Reversals of impairment</i>	-	-	-
<i>Currency translation adjustments</i>	-	15	15
<i>Transfers</i>	-	(5,638)	(5,638)
<b>AMOUNT AS AT 31/12/2008 <sup>(1)</sup></b>	<b>12,773</b>	<b>8,227</b>	<b>21,000</b>
<i>Changes in consolidation scope</i>	-	-	-
<i>Increase</i>	168	9,499	9,667
<i>Decrease</i>	-	(10,418)	(10,418)
<i>Write-downs</i>	(2,739)	(130)	(2,869)
<i>Fair value</i>	-	-	-
<i>Reversals of impairment</i>	-	3,659	3,659
<i>Currency translation adjustments</i>	-	(9)	(9)
<i>Transfers</i>	-	-	-
<b>AMOUNT AS AT 31/12/2009</b>	<b>10,202</b>	<b>10,828</b>	<b>21,030</b>

(1) Of which Colombian activities disposed of under loans and debts: €77,000

### FINANCIAL ASSETS AVAILABLE FOR SALE

Available for sale securities correspond essentially to a 19.10% stake in Pebercan, the business of which is operating oil fields in Cuba through its Peberco subsidiary. This company announced in February 2009 its intention to end its sale activities and distribute its residual assets to its shareholders. The group's stake in Pebercan was consequently valued as at

31 December 2008 as a liquidation amount of €11,992,000. This stake was decreased to €9,254,000 as at 31 December 2009 following Pebercan's announcement concerning the obtainment of an order authorising an initial distribution in the maximum amount of 1.01 CAD per diluted ordinary share.

## NON-CURRENT LOANS AND DEBTS

The increase in this item resulted mainly from deposits paid as security for the performance of work commitments on the licenses maintained in Colombia and in Peru (€9,111 K).

In 2008, a sum of €5,030 K was deposited in connection with a dispute with a banking institution over transactions in complex financial instruments that the group was disputing. Following an agreement reached between the parties in 2009, the deposit was settled. This dispute is described in Note 14 – “Provisions for risks and charges”.

## NOTE 7 INVESTMENTS ACCOUNTED UNDER THE EQUITY METHOD

The following companies are accounted for under the equity method: RabaXProm Energia Kft, New Gold Mali and Lagopetrol.

In April 2009, Maurel & Prom increased its percentage of interest in Panther from 30% to 60%. As a result of this acquisition of control, Panther is now consolidated by full inclusion, explaining the change in the item during the period.

Renaissance Energy was removed from the scope of consolidation (see Note 3 Change in the composition of the group).

In € thousands As at 31/12/2008	Balance sheet value	Of which the share of income for the period
<i>Lagopetrol</i>	33,159	8,502
<i>New Gold Mali</i>	-	(119)
<i>Panther Eureka Srl</i>	6,403	1,497
<i>Raba Xprom Energia Kft</i>	(1,827)	(166)
<i>Renaissance Energy</i>	(34)	(20)
<b>TOTAL</b>	<b>37,701</b>	<b>9,694</b>

In € thousands As at 31/12/2009	Balance sheet value	Of which the share of income for the period
<i>Lagopetrol</i>	34,543	10,422
<i>New Gold Mali</i>	(115)	(188)
<i>Raba Xprom Energia Kft</i>	(1,920)	(113)
<b>TOTAL</b>	<b>32,508</b>	<b>10,121</b>

In € thousands Financial information as at 31 December 2009	Lagopetrol	New Gold Mali	Raba Xprom Energia Kft
<i>Assets</i>	257,913	3,608	113
<i>Liabilities*</i>	166,714	11,808	3,130
<i>Revenues</i>	121,454	-	-
<b>NET INCOME</b>	<b>39,552</b>	<b>(723)</b>	<b>(178)</b>

\* excluding net equity position

## NOTE 8 INVENTORIES

In € thousands	2009	2008
<i>Hydrocarbon inventories</i>	751	4,188
<i>In progress</i>	-	-
<i>Consumables</i>	3,344	8,164
<b>TOTAL</b>	<b>4,095</b>	<b>12,352</b>
<i>DEPRECIATION TO BE DEDUCTED</i>	-	(2,229)
<b>NET VALUE</b>	<b>4,095</b>	<b>10,123</b>

The net value of inventories as at 31 December 2009 dropped by €3,363 K compared to the previous year, due primarily to the sale of Hocol.

## NOTE 9 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

The breakdown of trade receivables is as follows:

In € thousands	31/12/2009	31/12/2008
<i>Trade receivables – oil and gas business</i>	17,821	26,218
<i>Trade receivables – drilling business forage</i>	16,870	13,487
<i>Other</i>	207	278
<b>TOTAL</b>	<b>34,898</b>	<b>39,983</b>
<i>DEPRECIATION TO BE DEDUCTED</i>	(1,464)	(980)
<b>NET AMOUNT</b>	<b>33,434</b>	<b>39,003</b>

The balance of trade receivables for hydrocarbon sales corresponds mainly to receivables from Socap (Total Group), to which the production of the Onal and Omko fields on the Omoueyi license is sold, in the amount of

€16,413 K. The trade receivables at the end of 2008 corresponded to Hocol sales in the amount of €23,040 K.

Other current financial and non-financial assets included the following items:

In € thousands	31/12/2009	31/12/2008
<b>Other Current Financial Assets</b>		
<i>Credits receivable</i>	8	-
<i>Receivables on investments and associations</i>	37,887	36,648
<i>Loans and other</i>	4,018	5,585
<i>Miscellaneous receivables</i>	32,048	16,137
<b>GROSS AMOUNT</b>	<b>73,961</b>	<b>58,370</b>
<i>DEPRECIATION TO BE DEDUCTED</i>	<i>(42,290)</i>	<i>(35,150)</i>
<b>NET AMOUNT</b>	<b>31,671</b>	<b>23,220</b>
<b>Other current assets</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
<i>Advances and down payments</i>	1,512	1,659
<i>Pre-paid expenses</i>	2,177	2,845
<i>Tax and corporate receivables (excluding income tax)</i>	29,173	67,993
<i>Other assets</i>	6,570	(15)
<b>GROSS AMOUNT</b>	<b>39,432</b>	<b>72,482</b>
<i>DEPRECIATION TO BE DEDUCTED</i>	<i>-</i>	<i>-</i>
<b>NET AMOUNT</b>	<b>39,432</b>	<b>72,482</b>

### RECEIVABLES ON INVESTMENTS AND ASSOCIATIONS

As at 31 December 2009, this item consisted primarily of the following:

- current accounts of subsidiaries of companies accounted under the equity method (€9,804 K for New Gold Mali, €2,161 K for Raba Xprom), fully depreciated (see below);
- a current account on the Tilapia license becoming non-group after the retrocession of interest on 29 April 2009 in the amount of €16,025 K. This current account is fully depreciated;
- a dividend receivable from Lagopétrol recognised in the amount of €7,007 K on the financial statements of Hocol Maurel & Prom Venezuela.

The main changes in this item are as follows:

- The dividends receivable from Lagopétrol as mentioned above (€+7,007 K);
- The inclusion of Maurel & Prom Assistance Technique (formerly Prestoil SAS) in the group scope (€+16,276 K);
- The abandonment of the receivables from the current account of Panther in the amount of €-22,437 K.

### LOANS AND OTHER

As at 31 December 2009, this item consisted mainly of €3,686 K in deposits and security, including a security deposit of €3,279 K in Syria.

The main change in this item is due to the deconsolidation of Hocol SA in 2009, which generated a change of €-1,922 K compared to the previous year (€-1,845 K of which were loans).

### MISCELLANEOUS RECEIVABLES

The change in the miscellaneous receivables item (€+15,911 K) is due primarily to the following:

- The increase in miscellaneous receivables for Omoueyi, which changed by €12,308 K. This change directly reflects the start-up of production at the Onal and Omko wells over the course of the year, as well as the progressive resumption of exploration projects and work;
- The deconsolidation of the Colombian companies sold during the first half of 2009 (impact of €-9,090 K);
- The recognition at Maurel & Prom headquarters of the Panther receivables from its main partners in the amount of €9,024 K, following the abandonment of

a receivable in the amount of the Maurel & Prom group's interest in Panther. This receivable, as well as the related interest accrued (€527,000) are written off in full.

As at 31 December 2009, the balance of this item was made up mainly of the following elements:

- Miscellaneous receivables held by Maurel & Prom Gabon Omoueyi in the amount of €12,521 K;
- Maurel & Prom receivables from partners of Panther in the amount of €9,551 K;
- Miscellaneous receivables of Prestoil Kouilou acquired during the third quarter of 2009 in the amount of €4,119 K.

#### WRITE-OFFS OF OTHER CURRENT FINANCIAL ASSETS

This item includes the following:

- the write-off of receivables and interest from the partners of Maurel & Prom in Panther (9,551 K€), following the abandonment of Maurel & Prom's receivable for the benefit of Panther, which also led to a reversal of €22,438 K;
- creation of a provision for miscellaneous receivables (€3,699 K) and the Tilapia current account (€16,025 K) held mainly by Maurel & Prom Assistance Technique;
- a balance of €9,085 K for provisions on current accounts held by companies accounted for under the equity method.

#### TAX AND SOCIAL SECURITY RECEIVABLES

The decrease of €38,820 K in tax and social security receivables is due primarily to the impact of the sale of the Colombian assets (€-50,290 K), and the increase in VAT receivables of Maurel & Prom Gabon Omoueyi (€+6,382 K) considering the increase in investments.

As at 31 December 2009, the balance of tax receivables of €29,169 K mainly included the VAT receivables of the Gabon and Tanzania companies (€14,684 K and €5,379 K, respectively).

#### OTHER ASSETS

The change in other assets is due to recognition under expenses to be broken down (€6,417 K) of costs for the implementation of the "RBL," Reserve Based Loan entered into in 2009. The RBL agreement is described in Note 24 – "Off-balance sheet commitments."

## NOTE 10 DERIVATIVE INSTRUMENTS AND OTHER FINANCIAL INSTRUMENTS

In € thousands	31/12/2009			31/12/2008
	Current	Non-current	Total	Total
<b>DERIVATIVE INSTRUMENTS (ASSETS)</b>	162	37,912	38,074	70,734
<i>Interest rate instruments</i>	-	-	-	-
<i>Exchange rate instruments</i>	-	-	-	403
<i>Hydrocarbon instruments</i>	162	37,912	38,074	70,331
<b>DERIVATIVE INSTRUMENTS (LIABILITIES)</b>	40,395	14,976	55,371	19,361
<i>Interest rate instruments</i>	-	-	-	-
<i>Exchange rate instruments</i>	-	-	-	12,317
<i>Hydrocarbon instruments</i>	40,395	14,976	55,371	7,044
<b>Total</b>	(40,233)	22,936	(17,297)	51,373
<i>Inc. derivative instruments, assets</i>	162	37,912	38,074	4,516
<i>Inc. other instruments, assets</i>		-	-	66,218
<i>Inc. derivative instruments, liabilities</i>	40,395	14,976	55,371	19,361
<i>Inc. other financial instruments, liabilities</i>		-	-	-
	(40,233)	22,936	(17,297)	51,373

In connection with its ongoing operations, the Group uses financial instruments to decrease its exposure to the risk of oil price and foreign exchange rate fluctuations.

Different instruments are used, including contracts on organised or over-the-counter markets, as well as futures, forwards, swaps and options.

The change in fair value of derivative instruments is posted under income or under shareholders' equity according to IFRS standards, specifically IAS 32&39.

In late 2008 and early 2009, in view of production start-up in Gabon, the Group subscribed derivatives (swap sales) on Brent oil, for which the price is strongly correlated to the price of Rabi Light crude produced locally.

These derivative instruments were not treated as hedging instruments for accounting purposes until 1 May, since sales of oil from the Onal and Omko fields did not begin until April. The gains they generated during the period prior to the implementation of the hedging, i.e., €13 million, were posted under financial income.

Start date	End date	bbl/d	Selling price	2009	1 <sup>st</sup> half 2010	2 <sup>nd</sup> half 2010	2011	MTM 31/12 €M
01/04/09	30/06/10	1,500	71.0	1,500	750			-1.0
01/04/09	31/12/10	500	63.4	500	500	500		-2.4
01/01/09	31/12/10	1,000	57.0	1,000	1,000	1,000		-6.6
01/03/09	31/12/10	2,250	58.8	2,250	2,250	2,250		-13.7
01/01/09	31/12/09	500	58.3	500				-0.2
01/01/09	31/12/09	500	58.3	500	500	500		-3.6
01/01/09	31/12/11	500	62.0	500	500	500	500	-5.6
01/05/09	31/12/11	2,000	62.2	2,000	2,000	2,000	2,000	-22.3
				8,750	7,500	6,750	2,500	-55.3
Average price in US\$				61.7	60.9	59.8	62.1	

The revaluation of the market price of these different transactions as at 31 December 2009 led to the posting of a liability of €55.3 million.

In addition, in December 2009 the Company acquired a call option on hydrocarbons capped at US\$140 on 1,042,780 bbl, maturing on 31 December 2011. The fair value of this derivative instrument was US\$368 K, i.e. €255 K at 31 December 2009.

The value of derivative instruments designed to hedge the sales of the Colombia unit until its final sale in late May 2009 was US\$12.5 million, i.e. 9 million, at the end of December 2008 (see Note 18), kept under net equity in accordance with IAS 39 (hedging of future cash flows). This amount was recycled under income from discontinued operations in 2009.

The impact on net equity of hedging derivatives is shown in the table below:

In € thousands	31/12/2009	31/12/2008
<b>Impact of financial instruments on net equity</b>		
<b>FAIR VALUE RESERVE AT BEGINNING OF THE YEAR</b>	11,618	(11,652)
<i>Change in the portion of unexpired hedges (in existence during the previous year)</i>		
<i>Fair value of new hedges for the year posted under net equity</i>	(50,817)	7,482
<i>Fair value of the portion of hedges recycled on the income statement</i>	(15,943) <sup>(1)</sup>	20,668
<i>Deferred tax</i>	5,446 <sup>(2)</sup>	(5,158)
<i>Foreign exchange effect</i>	(1,143)	278
<b>FAIR VALUE RESERVE AT PERIOD-END</b>	(50,840)	11,618
<b>CHANGE IN NET EQUITY DURING THE PERIOD (excluding foreign exchange effect)</b>	(61,314)	22,992
<i>Closing rate as at 31.12.2008</i>	1.3917	
<i>Average rate as at 31.12.2009</i>	1.3942	
<i>Closing rate as at 31.12.2009</i>	1.4406	

*Inc. the impact on the Colombian assets transferred:*

*(1) - €17,362 K concerning the « Fair value of the portion of hedges recycled under the income statement»*

*(2) €5,446 K for deferred tax*

Derivative instruments that do not qualify as hedges involve the clause for a price surcharge on the barrel price provided for in the contract for sale of the Colombian assets. The market value of this asset at the end of the year was €37.9 million (\$ 54.6 million). It should be noted that this price surcharge is limited to \$65 million.

With regard to foreign exchange positions, the group holds liquid assets (cash and sight deposits) in U.S. dollars totalling \$ 302 million.

Forward foreign exchange transactions and foreign exchange options used to partially reduce the foreign exchange risk resulting from this position were initiated during the year. No transaction of this type was in progress at the end of the year.

## NOTE 11 FAIR VALUE

### FINANCIAL ASSETS VALUED AT FAIR VALUE BY INCOME

The different categories of financial assets (excluding derivative instruments) as at 31 December 2009 and 31 December 2008 are shown in the tables below:

In € thousands	31/12/2009				
	Financial assets held for sale	Loans and credits	Financial assets at fair value by income	Total book value	Fair value
<i>Other Non-Current Financial Assets</i>	10,202	10,828	-	21,030	21,030
<i>Trade Receivables</i>	-	33,434	-	33,434	33,434
<i>Other Current Financial Assets</i>	-	31,671	-	31,671	31,671
<i>Cash and Cash Equivalents</i>	-	427,576	-	427,576	427,576
<b>TOTAL BOOK VALUE</b>	10,202	503,509	-	513,711	513,711
<b>Total Fair Value</b>	10,202	503,509	-	513,711	513,711

In € thousands	31/12/2008				
	Financial assets held for sale	Loans and credits	Financial assets at fair value by income	Total book value	Fair value
<i>Other Non-Current Financial Assets</i>	12,773	8,227	-	21,000	21,000
<i>Trade Receivables</i>	0	39,003	-	39,003	39,003
<i>Other Current Financial Assets</i>	0	23,220	-	23,220	23,220
<i>Cash and Cash Equivalents</i>	0	191,544	-	191,544	191,544
<b>TOTAL BOOK VALUE</b>	12,773	261,994	-	274,767	274,767
<b>Total Fair Value</b>	12,773	261,994	-	274,767	274,767

## FINANCIAL LIABILITIES (EXCLUDING DERIVATIVE INSTRUMENTS AND FINANCE LEASES) AND FAIR VALUE

The different categories of financial liabilities (excluding derivative instruments) as at 31 December 2009 and 31 December 2008 are the following:

In € thousands	31/12/2009			
	Current	Non-current	Total book value	Fair value
<i>Bond issues</i>	195,682	260,770	456,451	456,451
<i>Other bonds and financial debts</i>	53	-	53	53
<i>Trade payables</i>	89,165	-	89,165	89,165
<i>Other creditors and misc. financial liabilities</i>	45,277	-	45,277	45,277
<b>Total</b>	<b>329,827</b>	<b>260,770</b>	<b>590,947</b>	<b>590,947</b>

In € thousands	31/12/2008			
	Current	Non-current	Total book value	Fair value
<i>Bond issues</i>	375,024		375,024	364,231
<i>Other bonds and financial debts</i>	16,008	3,656	19,664	19,664
<i>Trade payables</i>	104,395		104,395	104,395
<i>Other creditors and misc. financial liabilities</i>	60,708	-	60,708	60,708
<b>Total</b>	<b>556,135</b>	<b>3,656</b>	<b>559,791</b>	<b>548,998</b>

### SCENARIOS USED

As at 31 December 2009, the fair value of the Oceane bonds was equal to their book value:

- The Oceane 2010 bond matures on 1 January 2010
- The fair value of the Oceane 2014 bond was determined at the time of its issuance on 7 July 2009 based on a market rate of 9.41%, leading to an

effective interest rate (EIR) of 10.42%. As at 31 December 2009, market conditions had not changed significantly since the issuance, so much so that the bond's fair value as determined during issuance reflects the fair value on 31 December 2009.

**NOTE 12 CASH AND CASH EQUIVALENTS**

Cash equivalents include liquid assets and investments for which the term is less than 3 months.

In € thousands	31/12/2009	31/12/2008 (€)
Liquid assets, Banks and Savings Banks	77,342	130,899
Short-term bank deposits	231,761	60,645
Short-term investments	118,473	-
<b>TOTAL</b>	<b>427,576</b>	<b>191,544</b>
Bank overdrafts	32	2,849
<b>NET CASH AND CASH EQUIVALENTS AT PERIOD-END</b>	<b>427,544</b>	<b>188,695</b>

\* Inc. Colombia assets transferred:  
 - Liquid assets, Banks and Saving Banks: €27.5 M  
 - Short-term bank deposit: €46.4 M

As at 31 December 2009, Maurel & Prom posted net cash of €427.5 M (including \$209.5 M equivalent to €301.8 M related to the collection of the sale price of the Colombian assets at the end of May), an increase of €238.8 M compared to 31 December 2008 due specifically to the following:

- the collection of the sale price of the Colombian assets of €457.2 M,
- a sustained investment effort (- €439.2 M) for all group operations: exploration (- €250.7 M), development (- €173.1 M) and drilling (- €15.4 M), adding a gross amount for acquisitions of €51 M in Colombian assets later sold to Ecopetrol,
- the retrocession to Tulip of 15% of the interest in the Onal and Omko fields (€+77.7 M)
- the difference between the Oceane 2014 issuance proceeds and the partial redemption of Oceane 2010 (€+84 M),
- the collection from the sale of derivative instruments allocated to hedging the risks related to the Colombian assets sold (€66.2 M)
- dividends paid to shareholders (€-40M)

The cash asset equivalents (investment assets) are composed of liquidities and investments that mature in less than 3 months.

**NOTE 13 EQUITY CAPITAL**

At 31 December 2009, the equity capital was composed of 121,252,271 shares with an estimated par value of €0.77 for total capital of €93,364,248.67.

**INSTRUMENTS GIVING RIGHTS TO THE CAPITAL****Stock options**

At the Extraordinary General Meeting of 11 September 2001, Management was authorised to give options to its employees and managers for subscription or purchase of Maurel & Prom shares.

On 25 October 2001 Management allotted 154,000 subscription options at a price of €12.15 per share, exercisable starting 26 October 2004 and without holding period to 12 people, and on 16 June 2003 to one employee, 26,000 subscription options at a strike price of €19.98. These numbers became 1,579,030 and 266,540, respectively, following the adjustment made after the BSAR (redeemable warrant) issue and the tenfold split of par value; the new strike prices became €1.185 and €1.949 per share, respectively.

By amendment dated 23 May 2005 of the plan rules of October 2001 and 16 June 2003, the corresponding subscription options became exercisable immediately.

According to the authorisation given by the General Meeting on 26 June 2003, on 29 July 2003, Management allotted 123,000 share subscription options at a strike price of €17.82 spread out over 5 beneficiaries, immediately exercisable within 5 years. This number was raised to 1,261,160 options exercisable at a price of €1.738 following the adjustment from the issue of the BSAR and the tenfold split of the par value.

Based on the authorisation on the same date, i.e. 26 June 2003, Management allotted 13,500 share subscription options to Company employees (3 beneficiaries) on 22 June 2004, immediately exercisable within 5 years at a price of €66.94. This number was raised to 138,420 and the strike price became €6.529 per share following the issue of the BSAR and the tenfold split in par value.

By authorisation of the General Meeting of 28 December 2004, on 16 March the Management Board allocated 220,000 share subscription options to an employee (who later became corporate officer) at a

strike price of €13.59, with options exercisable immediately within 5 years. By virtue of the same authorisation and exercisable under the same conditions, on 6 April 2005, 430,000 share subscription options were allocated to 8 employees for a price of €13.44 per option and on 21 December 2005, 170,000 subscription options were allocated for a price of €12.91 to 2 people including one corporate officer.

During the year 2006, 160,000 subscription options were allocated to two employees, i.e., 80,000 options allocated on 3 January 2006 at the price of 12.86 and

MOVEMENTS IN PLANS	Plan	Plan	Plan
DATE ALLOCATED	25/10/2001	16/06/2003	29/07/2003
<i>Exercise price</i>	1.185	1.949	1.738
<i>Maturity date</i>	none	16/06/2008	29/07/2008
<i>Average exercise price 2005</i>	16.84	15.45	17.14
<i>Average exercise price 2006</i>	15.95		17.04
<i>Average exercise price 2007</i>	15.61		
<i>Average exercise price 2008</i>		13.67	
<i>Number of options</i>			
AU 01/01/2006	95,300		97,410
<i>Allocated in 2006</i>			
<i>Allocated in 2007</i>			
<i>Cancelled in 2007</i>			
<i>Exercised in 2007</i>	71,270		
<i>Outstanding at 31/12/2008</i>	10,760		35,890
OUTSTANDING AT 31/12/2007	10,760		35,890
<i>Allocated in 2008</i>			
<i>Cancelled in 2008</i>			
<i>Exercised in 2008</i>		35,890	15,804,893
OUTSTANDING AT 31/12/2008	10,760		
EXERCISABLE AT 31/12/2008	10,760		
EXERCISABLE AT 31/12/2009	10,760		

80,000 options allocated on 10 April 2006 at the price of €14.72.

In addition, 121,790 options were exercised, generating 121,790 shares, for a capital increase of €94 K and a gross issue premium of €668 K.

In 2007, 344,310 options were exercised, creating 344,310 shares, for a capital increase of €265 K and a gross issue premium of €2,638 K.

In 2008, 35,890 options were exercised, generating 35,890 shares, for a capital increase of €28 K and a gross issue premium of €35 K.

At 31 December 2009, 620,760 options were yet to be exercised, likely to create 620,760 new shares.

Plan	Plan	Plan	Plan	Plan	Plan	Total
22/06/2004	16/03/2005	06/04/2005	21/12/2005	03/01/2006	10/04/2006	
6.529	13.59	13.44	12.91	12.86	14.72	
22/06/2009	16/03/2010	06/04/2010	21/12/2010	03/01/2011	10/04/2011	
18.52	19.92	20.18				17.06
	19.20					17.75
16.59		16.60				16.21
						13.67
123,040	47,000	430,000	170,000			962,750
				80,000	80,000	160,000
123,040		150,000				344,310
	280,000	170,000	80,000	80,000	656,650	344,310
	280,000	170,000	80,000	80,000	656,650	656,650
						35,890
		280,000	170,000	80,000	80,000	620,760
		280,000	170,000	80,000	80,000	620,760
		280,000	170,000	80,000	80,000	620,760

The assumptions used to evaluate the fair value of options in application of the Black & Scholes model are the following:

B&S ASSUMPTIONS	16/06/03	16/03/05	06/04/05	21/12/05	03/01/06	10/04/06
<i>Exercise price</i>	1.949	13.59	13.44	12.91	12.86	14.72
<i>Volatility</i>	41%	44%	42%	38%	38%	38%
<i>Maturity</i>	3 years	1 year	1 year	1 year	1 year	1 year
<i>Interest rate</i>	4%	4%	4%	4%	4%	4%
<i>Benchmark price</i>	22.98	16.52	17.28	16.14	16.08	18.40
<i>Dividends expected</i>	-	-	-	-	-	-

### SHARES RESERVED FOR EMPLOYEES AND BONUS SHARES

The General Meeting of 20 June 2006 delegated authority to the Management Board for a period of 38 months, to decide to undertake, in one or several times, the bonus allocation, to employees and/or corporate officers, of existing shares or shares to be issued. The total number of bonus shares allocated cannot represent more than 0.5% of the capital on the day of the meeting, or the equivalent value of this amount, if necessary with the understanding that, in application of this delegation, the par value of any capital increase by incorporating bonuses, reserves or benefits when issuing bonus shares cannot exceed €1,000 K. The allocation of shares to their beneficiaries shall be final at the end of a minimum vesting period of 2 years and beneficiary minimum holding time for shares is set at 2 years starting from the final allocation of said shares.

The Management Board has used these authorisations and allotted 70,000 bonus shares on 3 October 2006, and 66,800 on 14 December for a total of 136,800 shares over the year representing 0.11% of the number of share capital; the vesting period was set at 2 years, and this right required the presence of the employee at the end of the period, and the holding time was 2 years starting from the date of vesting.

The Mixed General Meeting of 14 June 2007 delegated authority to the Board of Directors, for a period of 26 months, to issue new shares (within the limit of a nominal amount of €2,000 K) reserved for Company employees with elimination of preferential rights, and granted it all powers to determine the subscription terms.

The Board of Directors has also delegated, at that same meeting, authority to allocate bonus shares, existing or to be issued, to employees and/or corporate officers, within the limit of 1% of the capital

on the day of the meeting. The allocation of shares to their beneficiaries shall be final at the end of a minimum vesting period of 2 years and beneficiary's minimum holding time for shares is set at 2 years starting from the final allocation of said shares.

The Board of Directors has used this authorisation and allotted 116,524 bonus shares on 21 December 2007, the vesting period was set at 2 years and the holding time was 2 years from the date of vesting.

On 25 April 2008, the Board of Directors also decided to allot 46,750 bonus shares. The vesting period was set at 2 years and the holding time was 2 years from the date of vesting.

The Mixed General Meeting of 12 June 2008 delegated authority to the Board of Directors, for a period of 38 months, to decide to allocate bonus shares in one or more stages, limited to 1% of equity capital on 12 June 2008, for Company employees or certain employees and/or corporate officers or certain officers and/or companies of economic interest groups linked to it. This delegation of 12 June 2008 ended the delegation granted on 14 June 2007 with regard to the unused portion, effective immediately .

The Board of Directors used this new authorisation and allotted 93,892 bonus shares on 15 October 2008, and 102,750 bonus shares on 16 December 2008 for a total of 196,642 shares representing 0.16% of the number of shares composing the equity capital. For these 2 allotments, the vesting time is set at 2 years and the holding period is 2 years starting from the vesting date.

The Ordinary and Extraordinary General Meeting of 24 February 2009 delegated authority to the Board of Directors, for a period of 38 months, to decide to allocate bonus shares in one or more stages, limited to 1% of the equity capital on 24 February 2009, for Company employees or certain employees and/or corporate officers or certain officers and/or companies

of economic interest groups linked to it. This delegation of 24 February 2008 ended the delegation granted on 12 June 2008 with regard to the unused portion, effective immediately.

The Board of Directors has used this authorisation and allotted 57,500 bonus shares on 19 June 2009, and 120,500 bonus shares on 15 December 2009 for a total of 178,000 shares representing 0.15% of the number of shares composing equity capital. For these 2 allotments, the acquisition time is set at 2 years and the holding period is 2 years starting from the vesting date.

### SHARE REPURCHASE PROGRAMME

Pursuant to the authorisation given by the Mixed General Meeting of 28 December 2004, the Management Board launched and set the procedures for a share repurchase programme on 12 January 2005: repurchase limited to 10% of capital and maximum per unit purchase price and minimum sale price set at €17 and €11.

As part of this repurchase program, 308,994 shares were repurchased at 19 June 2006 for an average price of €16.08 and 31,829 shares were sold for an average price of €15.98 and no shares were cancelled.

Pursuant to the authorisation given by the Mixed General Meeting of 20 June 2006, the Management Board amended the procedures of the 12 January 2005 share repurchase programme: repurchase limited to 10% of capital and maximum per unit purchase price and minimum sale price set at €25 and €15.

As part of the repurchase program, starting 20 June 2006, 756,333 shares were repurchased for an average price of €16.97 and 615,702 shares were sold for an average price of €17.21 and no shares were cancelled.

Concerning the shares purchased, 794,064 were purchased as part of the liquidity contract, 265,000 were purchased to be allocated to employees and 6,263 were used in the conversion of the OCEANE.

Concerning the shares sold, 641,268 were sold as part of the liquidity contract and 6,263 for the conversion of the OCEANE.

At 31 December 2006 the number of treasury shares held by the Company was thus 657,477 for a total acquisition value of €10,483 K.

Pursuant to the authorisation given by the Mixed General Meeting of 14 June 2007 for a duration of 18 months, the Board of Directors authorised Maurel & Prom to repurchase its own shares under the following conditions: repurchase limited to 10% of the capital at

a maximum purchase price per unit of €22 and a minimum sale price of €12.

As part of this repurchase program, 3,274,710 shares were purchased in 2007 for an average price of €13.79 and 15,739 shares were allocated (15,000 bonus shares and 739 for conversion of OCEANE). No shares were cancelled.

Purchases concerning the liquidity contract represented 4,185,707 shares during the same year, and 4 236 399 shares were sold.

At 31 December 2007, the Company held 3,865,756 treasury shares (i.e., 3.22% of capital resources for a value of €54.3M at the end of 2007) including 102,104 shares under the liquidity contract.

Pursuant to the authorisation given by the General Meeting of 12 June 2008 for a duration of 18 months, the Board of Directors authorised Maurel & Prom to repurchase its own shares, up to the limit of 10% of the amount of shareholder capital, under the following conditions: maximum per unit purchase price of €24 and minimum sales price of €3.

As part of this repurchase program, 2,527,168 shares we repurchased in 2008 for an average price of €12.73 and 135,728 shares were allocated (135,300 bonus shares and 428 for conversion of OCEANE). Because of the allocation of bonus shares to employees, 135,300 shares were cancelled.

Purchases under the liquidity contract represented, during the year, 2,969,634 shares, and 2,790,422 shares were sold.

At 31 December 2008, the Company held 6,436,408 treasury shares (i.e., 5.34% of capital resources for a value of €86 M at the end of 2008) including 281,316 shares under the liquidity contract.

At 31 December 2008, in compliance with the table of capital movements below, the number of shares of the company was 120,569,807 and equity capital was at €92,838,751.39.

Pursuant to the authorisation given by the General Meeting of 24 February 2009 for a duration of 18 months, the Board of Directors authorised Maurel & Prom to repurchase its own shares, up to the limit of 10% of the amount of shareholder capital, under the following conditions: maximum per unit purchase price of €18.

As part of this repurchase program, no shares were purchased in 2009 and 241,127 shares were returned (239,751 to pay the sale price for the acquisition of shares issued by Prestoil SAS held by Sister Holding SAS as part of Maurel 1 Prom SA's repurchase of Prestoil SAS and 1,376 for OCEANE conversions).

Purchases under the liquidity contract represented 2,885,311 shares during the year, and 3,053,353 shares were sold.

At 31 December 2009, the Company held 6,029,739 treasury shares (i.e., 4.97% of capital resources) including 113,274 shares under the liquidity contract.

At 31 December 2009, in compliance with the table of capital movements below, the number of shares of the company was 121,252,271 and equity capital was at €92,364,248.67.

## SUMMARY OF CAPITAL MOVEMENTS

	Number of shares	Treasury shares
At 31 December 2007	120,533,917	3,865,756
- Issue of stock options	35,890	
- Repurchase of treasury shares		2,570,652
At 31 December 2008	-4,778	-2,148
- Issue for payment in shares or dividends	682,464	
- Repurchase of treasury shares		-406,669
At 31 December 2009	121,252,271	6,029,739

### Distribution

The General Meeting of 18 June 2009 had decided to pay a total dividend of €0.35 per share on the basis of the number of shares outstanding at that date.

The Meeting decided to grant to each shareholder the possibility of opting for payment of the dividend, either

in cash or in new shares. The issue price for Maurel & Prom shares remitted as payment was set at €11.48.

The dividend was paid on 20 July 2009 for a total amount of €40,044,275.60 of which €7,834,686.72 were reinvested in new shares.

## NOTE 14 PROVISIONS

In thousands of euros	Restoration of sites	Employee Benefits	Other	Total
BALANCE AT 01/01/2008	6,545	9,710	36,215	52,471
Currency translation adjustments	1,825	548	(1,749)	623
Changes in consolidation scope	(162)	-	-	(162)
Provisions in the period	-	713	41,712	42,425
Use	(132)	(1,176)	(4,558)	(5,866)
Other provisions and reversals	23,567	-	(21,345)	2,222
Effect of accretions	477	825	-	1,302
BALANCE AT 31/12/2008	32,120	10,620	50,275	93,015
Current portion	1,765	424	47,996	50,185
Non-current portion	30,355	10,196	2,279	42,830

In thousands of euros	Restoration of sites	Employee Benefits	Other	Total
<b>BALANCE AT 01/01/2008</b>	6,545	9,710	36,215	52,471
<i>Balance at 31/12/2009</i>	32,120	10,620	50,275	93,015
<i>Currency translation adjustments</i>	(401)	(59)	(133)	(593)
<i>Changes in consolidation scope</i>	(22,085)	(12,043)	(4,496)	(38,624)
<i>Provisions in the period <sup>(1)</sup></i>	(13)	1,865	10,219	12,071
<i>Use</i>	(259)	0	(40,442)	(40,701)
<i>Other provisions and reversals</i>	3,575	0	(2,344)	1,231
<b>BALANCE EFFECT OF ACCRETIONS <sup>(2)</sup></b>	1,308	305	0	1,613
<i>Current portion</i>	1,112	484	11,069	12,666
<i>Non-current portion</i>	13,132	204	2,010	15,346

Including movements linked to the discontinued Colombian entities:

(1) €1,059 K for the provisions for employee benefits and €131 K for other provisions

(2) €824 K on the effect of provision accretion for site restoration and €305 K on personnel benefits.

### Changes in consolidation scope

The major changes in consolidation scope during the period (€38,624 K) are essentially linked to the transfers of the Colombian companies at the end of May 2009.

### Restoration of sites

The creation of additional provisions for restoring Gabon sites for €2,219 K, mainly on the Omoueyi license, and the reclassification of the provision for restoring the Panther sites for €1,356 K.

### Retirement and other post-employment benefits

Following the disposal of Colombian companies in 28 May 2009, provisions relating to retirement and other post-employment benefits were by and large smaller at 31 December 2009, totalling €688 K. The liability data was established by an independent actuary.

### Other provisions

Other provisions for risks and expenses are analysed in the table below:

In thousands of euros	Dec.-08	Chg.	Dec.-09	
<i>Dispute with financial establishment</i>	36,849	-36,849	-	(1)
<i>Operating risks in the Congo</i>	1,500		1,500	(2)
<i>Costs of dismantling in Sicily</i>	3,851	-3,851	-	(3)
<i>Risks of equity method</i>	1,929	73	2,002	(4)
<i>Various disputes in Colombia</i>	4,139	-4,139	-	
<i>Caroil / Panafrican dispute</i>		2,104	2,104	(5)
<i>Repatriation of Caroil rigs</i>		3,910	3,910	(6)
<i>Other</i>	2,007	1,556	3,563	
<b>OTHER PROVISIONS FOR RISKS AND EXPENSES</b>	<b>50,275</b>	<b>-37,196</b>	<b>13,079</b>	

(1) reversals of provisions for other risks and expenses amounted to €36,849 K, linked to the reversal of the entirety of the provision created in 2008 by Maurel & Prom to hedge the risk related to a dispute with a banking institution about structured derivative transactions contested by the Group. In this matter, the parties ended by agreeing to register a debt of €20,936 K to other creditors.

(2) The provision allocated in 2007 to hedge a series of risks following the sale of most of the Group's activities in the Congo to ENI still appears in the accounts in the amount of €1,500 K.

(3) The provision of €3,851 K created for the end of work costs of Panther was entered in costs for restoration of sites.

(4) The Group creates provisions, when necessary, for net negative situations of companies it consolidates under the equity method in compliance with IAS 28. The provision created concerns NGM.

(5) As part of Caroil's dispute with Panafrican (see the Annex «Off-balance Sheet Commitments»), an additional provision was created in the amount of €2,104 K.

(6) At Caroil Congo, a provision for risks and expenses was entered for €3,910 K. This is mainly for the costs that will be charged to Caroil under the new contract signed with ENI, mentioning at the end of the contract the fact that costs associated with demobilisation of rigs are not invoiced.

## NOTE 15 BONDS, OTHER BORROWINGS AND FINANCIAL DEBT

Bonds, other borrowings and financial debts are detailed here below:

In thousands of euros	Currency	31/12/2009			31/12/2008
		Current	Non current	Total	Total
<b>BONDS</b>		195,682	260,770	456,451	375,024
<i>Other borrowings and debts</i>		2	-	-	2 <sup>(1)</sup>
<i>Banco Colombia (Syndicated credit)</i>	USD/COP	-	-	-	12,655 <sup>(1)</sup>
<i>Debts on financial leasing</i>	USD/COP	19	-	19	4,156 <sup>(1)</sup>
<i>Bank loans</i>		32	-	-	32 <sup>(1)</sup>
<b>TOTAL OF OTHER BORROWINGS AND FINANCIAL DEBTS</b>		<b>53</b>	<b>-</b>	<b>53</b>	<b>19,664</b>

(1) Including Columbian activities sold: - Other borrowings and debts: €12,655 K - Debts on financial leasing: €4,129 K

## Bonds

On 9 March 2005, the Company issued 16,711,229 bonds with option for conversion and/or exchange for new or existing shares (OCEANE) for a total amount of €374,999 K. The bonds bear interest at 3.5% per year (coupons payable on the 1st day of the year) and shall be entirely amortised by reimbursement of par value on 1 January 2010. Conversion or exchange may be exercised at any time at the rate of 1.1 shares per bond. All bonds have been subscribed.

Initially, the bond debt was entered as a financial debt at its amortized cost, i.e., €327,658 K. This amortized cost was determined by adjusting the future contractual cash flow at the effective interest rate of 7.17%.

The shareholders' equity were credited the value of the conversion option for €44,003 K gross, i.e., €29,115 K net of deferred tax.

To face its financing needs, particularly the reimbursement of the OCEANE 2010 for €375,000 K, the Group decided to restructure its bonds in several stages:

### Proposal to redeem OCEANE 2010s

The Group has opened a period to repurchase OCEANE 2010s, at the par value with premium of 1.6% (i.e., a redemption price of €22.80) in exchange for relief from the 2009 interest. The resulting premium was entered under financial income in an amount of €3,176 K (see Financial Income annex).

This repurchase of 8,820,635 OCEANE involved a total amount of €201,110,478.

The residual amount to reimburse at 1 January 2010 was €176,844 K, on top of which is added the interest on the remaining Océanes for €6,191 K.

Taking into consideration the maturity of the bonds at 1 January 2010, the original premium imputed was entirely entered as an expense in the amount of €12,790 K.

The debt was repaid on 1 January 2010.

### ISSUE OF NEW OCEANE 2014 BONDS

On 7 July 2009 the Group issued 19,074,519 OCEANES at €15.60, which mature on 31 July 2014 at a rate of 7.125%, for a total amount of €297,562,496.40, including €11,733 K in issue fees.

The bonds pay interest of 7.125% per year (coupons payable on 31 July each year) and shall be entirely amortised by full reimbursement of par value on 31 July 2010. Conversion or exchange may be exercised at any time at the rate of 1 share for one bond.

Initially, the bond debt was entered as a financial debt at its amortized cost, i.e., €260,760 K. This amortized

cost was determined by adjusting the future contractual cash flow at the effective interest rate of 10.42 %.

The shareholders' equity was credited the value of the conversion option for €25,070 K gross, i.e., €16,714 K net of deferred tax (see the Group's capital equity change statement).

### Other borrowings and financial debts

On 29 May 2009, the Group signed along with a consortium of 4 banks including BNP Paribas, Calyon, Natexis and Standard Bank, a banking facility of US\$255 M guaranteed by the pledging of oil reserves in Gabon (Reserve Based Loan or RBL). This facility has not been used. The amount available at 31 December 2009 was US\$255 M.

The use of this facility rests on covenants that need to be followed every half-year to guarantee the conditions for drawing:

- Ratio of consolidated financial debt to capital resources (excluding foreign exchange impact and derivative hedge instruments) < 1
- Current ratio >1.1, designating the ratio of current financial assets/current liabilities (excluding derivatives)

These covenants have been observed.

The Company has also agreed to:

- periodically update the cash plan and submit it for approval;
- grant no sureties or guarantees on certain assets of a Group member;
- engage in no disposals of certain oil assets of the Group on which the 2009 RBL was established, particularly the disposal of certain oil fields located in Gabon;
- to not incur any additional financial indebtedness, except for the current borrowings, a new issue of OCEANE to occur before 30 June 2009, subordinated borrowings with maturities longer than that of the 2009 Reserve Based Loan, certain intragroup loans, and other forms of indebtedness up to US\$15 M for the Group as a whole; and
- to not make loans to third parties, other than in current commercial transactions linked to its business.

## NOTE 16 SUPPLIER DEBTS – OTHER CREDITORS AND MISCELLANEOUS FINANCIAL LIABILITIES

In thousands of euros	31/12/2009			31/12/2008		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
<b>TRADE PAYABLES AND RELATED ACCOUNTS</b>	89,165	-	89,165	104,395	-	104,395
<i>Suppliers</i>	60,733	-	60,733	83,742	-	83,742
<i>Expenses to pay</i>	28,432	-	28,432	20,653	-	20,653
<b>OTHER CREDITORS AND SUNDRY LIABILITIES</b>	45,277	-	45,277	60,708	-	60,708
<i>Company debts</i>	4,293	-	4,293	5,468	-	5,468
<i>Tax debts</i>	3,837	-	3,837	12,810	-	12,810
<i>Fixed asset supplier</i>	6,849	-	6,849	19,258	-	19,258
<i>Sundry creditors</i>	30,298	-	30,298	23,172	-	23,172

### Trade payables and related accounts

At 31 December 2009, the €23,009 K in the balance of trade payables can be explained by:

- the disposal of Columbian assets for €50 287 K
- The start up of production at the Onal and Omko fields and the continuation of exploration work in Gabon for €19,857 K

At 31 December 2009, the increase in expenses of €7,779 K is linked, on the one hand, to the disposal of Columbian assets for €4,852 K, offset by the increase in expenses to pay for Gabon.

The balance in trade payables at 31 December 2009 mainly included the following:

- Trade payables of €31,175 K directly linked to the needs created by the Omoueyi field in Gabon,
- Trade payables of €8,251 K for the Tanzania establishment generated by the Bigwa Rufiji Mafia field.

The balance of expenses to be paid at 31 December 2009 is made up primarily of expenses amounting to €20,218 K directly linked to the needs generated by the Omoueyi field in Gabon.

### Other creditors and sundry liabilities

The €15,431 K decrease from other creditors and sundry liabilities comes mainly from:

- the impact of the disposal of Columbian assets (€-24,165 K),
- the reduction in the guarantee withholding entered in fixed asset suppliers (€14,764 M) accounting for payments made as part of Maurel & Prom's repurchase of the clawback provision for former Rockover shareholders. This agreement, dated 13 July 2007, is detailed in Note 24 – «Off-balance Sheet Commitments»,
- entering the adjusted debt maturing in 2011 of €20,936 K pursuant to the agreement between the parties regarding the 2008 dispute with a banking institution concerning transactions on structured derivatives contested by the Group. Details of this agreement are contained in Note 24 – «Off-balance Sheet Commitments»
- Sundry creditors for Maurel & Prom for debts amounting to €4,060 K with respect to third-parties that also operate at the Omoueyi field.

Thus at 31 December 2009, the sundry creditor balance reaches €30,298 K and mainly includes the €20,936 K debt recognised pursuant to the agreement of the parties on the dispute with the banking establishment (see Note 24 – «Off-balance Sheet Commitments»).

**NOTE 17 EMPLOYEE EXPENSES**

These break down as follows:

In thousands of euros	31/12/2009	31/12/2008*
Employees	12,895	8,989
Profit sharing	665	-
Stock-options and bonus shares	2,060	1,677
Benefits and other expenses for employees	4,677	3,499
<b>TOTAL</b>	<b>20,297</b>	<b>14,165</b>

\* Restated of HOCOL activities sold in 2009

**NOTE 18 INCOME FROM DISPOSAL OF ASSETS**

On 9 March 2009 Maurel & Prom and Ecopetrol signed an agreement regarding the disposal of Hocol Petroleum Ltd (Hocol Colombia), wholly owned by Maurel & Prom, for a provisional price of US\$748 M, taking effect on 1 January 2009.

The disposal does not concern the entirety of the Group's Columbian assets, and the following are still held by Maurel & Prom:

- 100% of the Muisca exploration license;
- 50% of the Hocol rights in the Tangara exploration license (in partnership with Ecopetrol and Talisman);
- 100% of the Sabanero exploration license;
- 100% of the SN-9 exploration license;
- 100% of block 116 in Peru;
- all of its rights in Venezuela;
- rights in Brazil (signature pending).

The transaction was definitively concluded on 28 May 2009, when Ecopetrol settled the transaction, thereby transferring control of the entities sold. The entities sold were deconsolidated at that date.

The amount of the transaction, which was settled in cash, was US\$742.2 million. This amount became final at the end of the Ecopetrol's audit of the financial items included in the sale price. The resulting price adjustment reached €1.3M. The adjustment of the main price results from the application of the following two clauses:

- adjustment based on the certified 2P reserves on the potential Huron field under the Niscota license;
- adjustment based on the per barrel price of oil.

The additional price clause for the reserves of the Huron field under the Niscota license is not used at this stage since it depends, in particular, on an appraisal by an independent certifier of these reserves at 31 December 2010. It is limited to US\$50 M.

The additional price clause based on the average price per barrel of oil in 2010 is valued at the market value at the end of December 2009, i.e. €37.8 M. The amount of this final price adjustment of unknown amount is limited to US\$65 M.

This disposal and its entry in the accounts have been treated in accordance with IFRS 5 «Non-current Assets Held for Sale and Discontinued Operations».

Consequently, summary statements are presented in order to distinctly show the net income from activities sold from 1 January 2009 to 28 May 2009, as well as the related cash flows:

- the consolidated income statement for 2008 and 2009 combines, on one line, all proceeds, expenses, income after taxes on activities sold, as well as the gains on the assets sold;
- the 2009 cash flow tables separately present all cash flows related to activities sold;
- the sold assets were no longer amortised as at February 2009, as the sale was by then highly probable.

Intragroup transactions conducted between the sold entities until the effective loss of control on 28 May 2009 were eliminated in application of the consolidation principles specified by IAS 27.

This concerns, in particular, the drilling services invoiced by Caroil to Hocol Colombia. Sales and the net margin achieved from this activity are respectively higher in 2008, at €19.4 M and €1.0 M.

## INCOME STATEMENT FOR THE INTERIM PERIOD FROM 1 JANUARY – 28 MAY 2009

In thousands of euros

<i>Sales net of in-kind deductions</i>	106,399
<i>Operating expenses</i>	-42,062
<i>Operating income</i>	64,337
<i>Financial income (loss)</i>	11,075
<i>Income tax</i>	-14,971
<i>Recognition of derivative hedging instruments as income <sup>(c)</sup></i>	6,319
<b>INCOME IN THE PERIOD (EXCLUDING DEPLETIONS)</b>	<b>66,760</b>
<i>Sale price <sup>(a)</sup></i>	534,282
<i>Price adjustment based on the price per barrel <sup>(b)</sup></i>	37,912
<i>Foreign exchange gains</i>	5,444
<i>Consolidated net assets of discontinued entities at 28 May 2009</i>	-594,055
<i>Balance of conversion differences</i>	-53,628
<i>Other elements</i>	-1,359
<b>NET RESULT FROM DISCONTINUED ACTIVITIES</b>	<b>-4,644</b>

(a) US\$742 converted at the final transaction conclusion price on 28 May 2009. This amount became final at the end of the Ecopetrol audit of the financial items that made up the sale price, resulting in an additional price of 1.3 M.

(b) the amount used at this stage corresponds to the market value on the closing date of the period 31 December 2009 of the supplementary price clause based on the average price per barrel of oil in 2010. The amount of this price adjustment, the final amount of which is unknown, is limited to US\$65 M.

(c) This amount is for the hedging instruments (crude seller swaps) for cash flows expected from the Colombian entities, recognised as 2009 income.

## Table of cash flows of discontinued activities

In thousands of euros

<i>Deposit from sale price</i>	534,282
<i>Net flows from operating activities</i>	23,321
<i>Net flows from investment activities</i>	-137,165
<i>- of which sold cash</i>	-85,725
<i>Net flows from financing activities</i>	-7,423
<i>Impact of changes in currency prices</i>	44,225
<b>NET CASH FLOWS</b>	<b>457,240</b>

**NOTE 19 OPERATING INCOME**

In thousands of euros	31/12/2009	31/12/2008 *
Sales	183,249	92,968
Gross margin	100,857	40,478
Gross operating surplus	73,940	22,926
Depletion amortization	(35,258)	(16,222)
<b>INCOME FROM OIL PRODUCTION AND SERVICE ACTIVITIES</b>	<b>38,682</b>	<b>6,704</b>
Depreciation of exploration and production assets	(56,472)	(24,859)
<b>INCOME FROM OIL PRODUCTION AND SERVICE ACTIVITIES</b>	<b>(17,790)</b>	<b>(18,155)</b>
Income from asset disposals	3,068	19,024
Other operating items	(13,533)	(10,553)
<b>OPERATING INCOME</b>	<b>(28,255)</b>	<b>(9,684)</b>

\* Restated to account for discontinued activities

The gross margin corresponds to the Sales of services, net of purchases of materials and consumables.

The gross operating surplus corresponds to the gross margin net of taxes and duties (excluding IS) and personnel expenses.

These two indicators provide a good view of the performance from oil production and services.

Exploration costs entered as expenses are presented in Note 4 – Intangible Assets and break down as follows:

Draco – Syria	10,556
Rovuma – Mozambique	10,278
Mohoro – Tanzania	13,465
Mihambia – Tanzania - Dominion	6,332
Kokorong 1 - Senegal	3,775
M'Bafou - Congo	4,334
Tié-Tié - Congo	4,748
<b>TOTAL</b>	<b>53,488</b>

To these costs should be added €2,737 K in depreciation recognised on the Pebercan assets

The recorded income on the disposal of assets comes from the retrocession of 15% of the Group's oil interests in the Onal field in application of the Omoueyi CEPP (exploration and production sharing contract). Maurel & Prom's partner at Onal is the company Tulip Oil, a subsidiary of the Tullow Group, which repurchased its stake from the government. The accounting income from this asset transfer results from the fact that certain costs that are borne cannot be capitalised in the accounts when they involve recoverable oil costs. This is the case for financial charges in particular,.

Income from asset disposals realised at 31 December 2008 came from the positive impact of the first equity accounting of Lagopetrol, the public/private company in Venezuela, for €19.2 M.

## NOTE 20 FINANCIAL INCOME

In thousands of euros	31/12/2009	31/12/2008 *
<i>Interest on overdrafts</i>	(706)	(468)
<i>Interest on OCEANE</i>	(34,963)	(25,012)
<i>Interest on other borrowings</i>	(1)	(1,613)
<b>GROSS COST OF DEBT</b>	<b>(35,669)</b>	<b>(27,093)</b>
<i>Income from cash</i>	1,922	12,378
<i>Net gains and losses on derivative instruments</i>	36,200	63,596
<b>NET COST OF DEBT</b>	<b>2,453</b>	<b>48,881</b>
<b>OTHER FINANCIAL INCOME AND FINANCIAL EXPENSES</b>	<b>(27,419)</b>	<b>(66,985)</b>
<i>Net foreign exchange differences</i>	(30,786)	(28,930)
<i>Other</i>	3,367	(38,055)
<b>FINANCIAL INCOME</b>	<b>(24,965)</b>	<b>(18,104)</b>

\* The December 2008 period is restated for 2009 activities sold.

In July 2009 the Company issued OCEANE 2014 bonds at 7.125% for a gross amount of €297 M. It also conducted a partial repurchase--in the amount of €201.1 M of a portion of the 3.5% OCEANE 2010

bonds of €375 M. These transactions are mentioned in Note 15 «Bonds».

The interest expenses for these borrowings are summarized here below:

En milliers d'euros	31/12/2009			OCEANE 2010 Repurchased
	OCEANE 2010	OCEANE 2014	OCEANE Expenses	
<i>Repurchase premium</i>	3,175		3,175 <sup>(1)</sup>	
<i>Interest expenses</i>	6,191	10,281	16,472 <sup>(2)</sup>	13,125
<i>Spreading of the imputed issue</i>	12,790	2,526	15,316 <sup>(3)</sup>	11,887
	22,156	12,807	34,963	25,012

(1) 8,820,635 Océane 2010s were repurchased at a price of €22.80, i.e., a repurchase premium of 1.6% over the redemption price at maturity of €22.44.

(2) These are interest charges calculated at the nominal rate for borrowings and paid at each annual maturity.

(3) The breakdown of bonds issued into a shareholder equity component and a debt component pursuant to the IFRS standard results in the spreading via the effective interest rate (EIR) of the difference between the book value of the liability component and the final amount repayable.

The extremely low interest rates in the market in 2009 have led to a sharp decline in the yields on term deposits

in spite of the size of funds invested.

In 2008, gains on derivative instruments were high due to the liquidation of crude oil hedges assigned to Colombian sales prior to the sale of the Colombian assets.

In 2009, gains from derivative instruments reached €42.0 M as follows (in € millions):

Profits on hydrocarbon derivative instruments *	13.0
Gains on foreign exchange transactions ***	22.2
Other	1.0
<b>GAINS ON OTHER FINANCIAL INSTRUMENTS</b>	<b>36.2</b>

\* In view of the start-up of production in Gabon, in late 2008 and early 2009, the Group subscribed derivative instruments on oil (crude oil seller swaps) in order to limit its exposure to the risk of a drop in the price of hydrocarbons. These derivatives were only qualified as hedging instruments for cash flows of the Gabon subsidiary starting 1 May, with the first sales taking place in April.

These derivatives on a volume of approximately 7000bbl/d in the 1st quarter guarantee a sales price of US\$61 compared with the Brent price of US\$50 in the same period. The €13 M in gains generated until the end of April were entered as financial income.

\*\*\* The €22 M income on derivative exchange instruments results mainly from current cash management transactions performed to limit the approximately €31 M in exchange losses by the Company due to its strong dollar position in an environment of declining value of the currency in the second half of the year.

At 31 December, cash and investments in US dollars reached US\$301.8 M due to the proceeds from the disposal of the Colombian assets at the end of May.

The other €3.4 M proceeds and expenses are primarily explained by:

- A provision reversal of €9.8 M following the agreement signed between the Group and a financial institution

to end their dispute. The difference involved a bank receivable of US\$51.2 M (i.e., €36.8 M) that was contested by Maurel & Prom. This risk was provisioned in totality in 2008.

- €3 M in bank fees and commissions for setting up the RBL facility

## NOTE 21 INCOME TAX

### Details of the expense during the year

Corporate income tax payable comes mainly from tax on Caroil Congo.

The change in deferred tax results from the recognition of:

- the deferred tax income relating to activation of the deficit portion of the equity capital component of the

IFRS bonds value following the issue of the OCEANE 2014s on 7 July 2009 (€8.5 M),

- a deferred tax on amortisations of Caroil rigs in Tanzania (€-2.1 M),
- in Gabon, a deferred tax relating to the difference between the recognition of costs recoverable in the CEPP (exploration and production sharing agreement) (tax basis) and in the consolidated financial statements (€4.3 M).

In thousands of euros	31/12/2009	31/12/2008*
Payable tax expense for the year	5,456	5,924
Activation of prior tax deficits		
Adjustment of payable tax for the year		
	5,456	5,924
Deferred tax income or expense	-2,550	-2,008
Deferred tax adjustment resulting from the change in rates		
Deferred tax income resulting from a prior deficit		
	-2,550	-2,008
<b>TOTAL</b>	<b>2,906</b>	<b>3,916</b>

\* The December 2008 period is restated for 2009 activities sold.

### CHANGE IN CURRENT TAX

In thousands of euros	31/12/2009	31/12/2008
Income tax receivable	1,518	417
Tax liabilities payable	3,849	29,644

The €25.8 M reduction in the Group's payable tax debt is essentially the result of the disposal of the Columbian entities (€27.5 M).

## ORIGIN OF DEFERRED TAX ASSETS AND LIABILITIES

In thousands of euros	31/12/2009	31/12/2008
<i>Tax deficits</i>	7,959	3,668
<i>Provisions for dismantling</i>	-	7,007
<i>Retirement provisions</i>	-	3,310
<i>Deferred tax on financial instruments</i>	2,688	4,863
<i>Other</i>	-	131
<b>TOTAL TAX DEFERRED ASSETS</b>	<b>10,648</b>	<b>18,979</b>
<i>Oil reserves valuation difference</i>		120,441
<i>IDP (direct oil tax) on equity-accounted assets</i>	10,512	12,085
<i>Valuation difference of tangible and intangible long-term assets</i>	4,153	
<i>Accelerated depreciation</i>	2,027	11,467
<i>Deferred tax on financial instruments</i>	2,688	5,299
<i>OCEANE shareholder equity component</i>	7,959	3,668
<i>Other</i>	-	4,045
<b>TOTAL TAX DEFERRED LIABILITIES</b>	<b>27,339</b>	<b>157,005</b>
<b>NET</b>	<b>16,691</b>	<b>138,025</b>

The disposal of Columbian assets results in a major reduction in deferred tax. The remaining amounts bear on:

- accelerated depreciation of the Caroil rigs in Tanzania (€2.0 M),
- the Lagopetrol reserves (€10.5 M),
- the difference between the recognition of recoverable costs on a tax basis and in the consolidated statements under the Omoueyi license (€4.3 M),

The deferred tax assets linked to Etablissements Maurel & Prom's loss carry-forwards are not recognised beyond the deferred tax liabilities, in the absence of adequate probability of future taxable profits on which the losses could apply. The amount of loss carry-forwards in question is €307 M.

## RECONCILIATION OF TAX EXPENSE AND PRE-TAX INCOME

In thousands of euros	31/12/2009	31/12/2008 (*)
<i>Pre-tax income of continuing activities</i>	-43,100	-18,094
- <i>Net income of companies accounted for under the equity method</i>	10,121	9,694
<b>PRE-TAX INCOME EXCLUDING COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD</b>	<b>- 53,221</b>	<b>- 27,788</b>
<i>Theoretical tax expense 33.33%</i>	-17,738	-9,262
<i>Reconciliation</i>		
<i>In-kind liquidated tax</i>		
<i>Tax rate divergence</i>	-1,545	-5,091
<i>Tax difference on Omoueyi recoverable costs</i>	4,291	
<i>Activation of prior deficits</i>		
<i>Non-activated deficits</i>	17,898	18,269
<b>REAL TAX EXPENSE</b>	<b>2,906</b>	<b>3,916</b>

(\*) The December 2008 period is restated for 2009 activities sold.

## NOTE 22 INCOME PER SHARE

In thousands of euros	31/12/2009	31/12/2008
<i>Net income, Group share</i>	-50,650	62,504
<i>Net income from discontinued activities</i>	-4,644	84,515
<i>Net income from continuing activities</i>	-46,006	-22,010
<i>Average number of shares outstanding</i>	114,883,122	114,683,940
<i>Stock-options and free shares (weighted number)</i>	1,009,127	828,272
<i>OCEANE (weighted number)</i>	21,675,706	18,374,244
<i>Average number of diluted shares</i>	137,567,955	133,886,457
<b>INCOME PER SHARE</b>		
<i>Basic</i>	-0.44	0.55
<i>Diluted</i>	-0.44	0.55
<b>INCOME PER SHARE OF DISCONTINUED ACTIVITIES</b>		
<i>Basic</i>	-0.04	0.74
<i>Diluted</i>	-0.04	0.74
<b>INCOME PER SHARE OF CONTINUED ACTIVITIES</b>		
<i>Basic</i>	-0.40	-0.19
<i>Diluted</i>	-0.40	-0.19

Potential ordinary shares are considered diluted if and only if their conversion into ordinary shares reduces the per share income of continuing operations.

As such, OCEANES, bonus shares and stock options in 2009 had an anti-dilutive effect and the 2009 per share income is calculated excluding the effect of the conversion of the OCEANES and bonus shares both on potential dilution and on income.

## NOTE 23 RELATED PARTIES

### COMMERCIAL AND FINANCIAL TRANSACTIONS

31/12/2008 In thousands of euros	Revenues	Expenses	Amounts due from related parties (net)	Amounts due to related parties
<b>1) COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD</b>				
<i>Pacifico</i>	-			
<i>New Gold Mali (NGM)</i>	202		2 363	
<i>Panther Euréka SRL</i>	1 396		24	
<i>Raba Xprom Energia Kft</i>	119		1 293	13
<i>Renaissance Energy</i>	5		29	
<b>2) OTHER RELATED PARTIES</b>				
<i>Lagopetrol</i>	254	1 438	-	196

31/12/2009 In thousands of euros	Revenues	Expenses	Amounts due from related parties (net)	Amounts due to related parties
<b>1) COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD</b>				
<i>Lagopetrol</i>	-		7 007	-
<i>New Gold Mali (NGM)</i>	442		2 876	-
<i>Raba Xprom Energia Kft</i>	98		1 375	13
<b>2) OTHER RELATED PARTIES</b>				
<i>Pacifico</i>	214	1 103	57	236

The amount owed by Lagopetrol corresponds to dividends to be paid.

As such, Maurel & Prom signed a sub-leasing agreement for offices with Pacifico, a 23.82% shareholder. In addition, the company Pacifico has provided financial and technical assistance to Maurel & Prom since August 2005. The services agreement with Pacifico was covered in an amendment approved by the Maurel & Prom Supervisory Board on 29 May 2007

and signed on 11 June 2007 (taking effect on 1<sup>st</sup> February 2007). This amendment essentially updated the fees for the services provided.

#### Senior executives' compensation

Senior executives are the Directors (Department managers) and the members of the Board of Directors and the Chairman and CEO.

## Rapprochement entre la charge d'impôt et le résultat avant impôt

In thousands of euros

	2009	2008
<i>Short-term benefits</i>	2,835	2,891
<i>Severance indemnities</i>	-	448
<i>Post-employment indemnities</i>	403	305
<i>Share-based compensation</i>	255	650
	<b>3,493</b>	<b>4,294</b>

## NOTE 24 OFF-BALANCE SHEET COMMITMENTS

Maurel & Prom is not aware of any exceptional events, disputes, risks or off-balance sheet commitments other than those mentioned in the Notes 1 – «Introduction» and 26 – «Events occurring after closing»,

that could noticeably influence the Group's financial situation, assets, income or the Group's activities.

In thousands of euros

	2009	2008
<i>Customs guarantees</i>	813	610
<i>Guarantees made on borrowings</i>	177,010	53,891
<i>Performance bonds</i>	96,789	54,691

### PERFORMANCE BONDS

#### Customs guarantees

Customs guarantees are the guarantees issued by the Group in response to the requirements of local governments for the importation of equipment. These include, in particular, the custom's guarantees issued in Gabon for a value of €813 K.

#### Guarantees given on borrowings

As part of the Group's refinancing operations, in 2006 Maurel & Prom contracted a Reserve Based Loan of US\$350 M from a pool of banks including Natexis and BNP, allocated to the financing of operations in the Congo for US\$200 M and in Colombia for US\$150 M.

The US\$200 M facility was cancelled as part of the disposal of Congolese assets in 2007 and likewise the US\$150 M facility allocated to Colombian reserves was also cancelled as part of the disposal of Colombian assets in 2009.

On 29 May 2009, the Group signed a banking facility of US\$255 M, i.e. €177 M, with a consortium of 4 banks including BNP Paribas, Calyon, Natexis and Standard Bank, and guaranteed by the pledging of oil reserves in Gabon (Reserve Based Loan referred to as an RBL). This facility has not been used.

In addition, Maurel & Prom is committed for the duration of the loan to respect certain technical and financial covenants (cf. Note 15 – «Bonds, other borrowings, and financial debts»).

## WORK COMMITMENTS

In thousands of euros	31/12/2009	31/12/2008
<i>Congo</i>	18,483	12,812
<i>Gabon</i>	58,277	719
<i>Colombia</i>	15,517	24,956
<i>Tanzania</i>		14,874
<i>Other</i>	4,512	1,330
<b>TOTAL</b>	<b>96,789</b>	<b>54,691</b>

Commitments for oil work are evaluated on the basis of budgets approved with partners. They are revised often during the year according to the results of oil work completed.

The commitments for work in the Congo relate to the Marine 3 license and involve the MBafou and NGoumba wells.

In Gabon, commitments break down as follows:

- Kari license: 500km of 2D seismic, valued at US\$15 M,
- OMKO, GWedidi and Omoc: 1 firm well per field and the connections, for a total of US\$14,409 K,
- Nyanga Mayombe: 2 firm wells and related civil engineering, for US\$14,372 K,
- ONAL: US\$40,173 K, corresponding to the finalisation of the field's phase 2 commitments (start of production and water injection) for US\$16,970 K and to phase 3 (extension of the field ) budgeted for US\$30,293 K.

In Syria, under the Al Asi license, work commitments come to US\$6,500, which corresponds to US\$5,000 K for tests and well completion and US\$1,500 K for drilling.

In Colombia, the Group's commitments correspond to the drilling of a well at Tangara, a well at Muisca and a well at Sabanero, as well as the related civil engineering.

The Group has no firm commitment in Tanzania, and the contractual obligations have already been fulfilled.

## Other commitments made

## CAROIL

On 1 July 2009, Maurel & Prom signed a contract for a joint and several guarantee to Caroil's benefit for an amount of US\$8 M for Crédit Industriel et Commercial. The bond covers any payment default by Caroil to the bank for any reason whatsoever.

## ROCKOVER

The contract to purchase the company Rockover in February 2005 included a clawback provision for former shareholders up to 10% in the case of a discovery under one of the licenses sold (Ofoubou/Ankani, Omoueyi, Nyanga Mayombe, Kari) and of 50% under the Banio license.

At the initiative of Maurel & Prom, an agreement to buy out this provision was signed on 13 July 2007. This agreement specified payment by Maurel & Prom to former shareholders of US\$55 M (paid to date) plus royalties of 2% when the cumulative production exceeds 39 million barrels on all fields sold to Maurel & Prom in 2005 (excluding Banio), as well as a royalty of 10% on production from the Banio field when the accumulated production of this field exceeds 3.9 million barrels.

In addition, the following commitments have been maintained:

- Maurel & Prom shall pay vendors a total royalty in the amount of US\$1.30 per barrel produced starting on the date on which the cumulative production in all zones with licenses exceeds 80 Mb,
- Maurel & Prom shall pay to one of the two vendors a royalty equivalent to 2% of the total production available up to a threshold of 30 Mboe and 1.5% beyond that threshold, on the production under the MT 2000-Nyanga Mayombe exploration license.

## TRANSWORLD

Following the repurchase of the residual rights of Transworld on the Etekamba license of 18 March 2008, a «net profit interest agreement» was signed under which Maurel & Prom shall pay 10% of the oil profit and 8% of the gas profit to the company Transworld Exploration Ltd.

## CEPP OMOUEYI

As of production start up at the Onal field, the Gabon government owned interests of 15% in the rights and obligations under the Omoueyi CEPP for development and operation in the Onal operation zone, unless it expressly waives this participation within 120 days following the date of production start up under the license. On 13 December 2006, an exclusive operating authorisation was granted for the Onal field set forth in the license. Gabon government thus sold its entire 15% interest in the Onal field to Tulip Oil, as well as its interests in the Omko field (where production started on 28 September 2009) in which the government held an interest of 15% under the same conditions.

The Gabon government holds full entry rights on the all fields specified in the Omouye license under the same conditions as those described herein after for Onal and Omko, but also on the entire license held by Maurel & Prom in Gabon, under the terms and conditions stipulated in each CEPP.

In addition, Maurel & Prom owes a customs duty of 5% on the exploration and production installations that were tax exempt up to then. These customs duties are only payable when production at the Onal and Omko fields exceeds 10,000 tons (approximately 75,000 bbls).

## ECOPETROL

As part of the disposal of Hocol Colombia to Ecopetrol, Maurel & Prom conceded to Ecopetrol a customary liabilities guarantee.

## COMMITMENTS RECEIVED

### Disputes

#### MESSIER PARTNERS

Messier Partners, a financial advising company, to which the Company had entrusted a mission for financial assistance, filed a lawsuit in 2007 against the Company in order to obtain payment of a success commission following the conclusion of the sales agreement with Eni. All of the claims made by Messier Partners as part of this procedure amounted to €14.7 M. Partial justification was awarded to Messier Partners in the première instance and the Company was ordered to pay Messier Partners the amount of €5.6 M. The Company appealed this judgement. This amount has been provisioned in the Company's accounts. The Paris Court of Appeals, in a decree dated 5 March 2009, overturned all provisions of the judgement issued on 18 December 2007 by the Paris Tribunal de Commerce, on the one hand by dismissing all of the claims brought by Messier Partners and on the other hand by ordering Messier Partners to pay the costs for the fees of the proceedings of the première instance and the appeals proceedings, and to pay 50,000 euros for unrecoverable fees.

Messier Partners lodged an appeal with the cour de cassation on 6 May 2009 and the process is currently pending.

#### AGRICHER/TRANSAGRA

From its former activity, Maurel & Prom remains the subject of proceedings in respect of an alleged contractual liability dating from 1996 in a legal bankruptcy case of the company Transagra and in the business failure of the Agricher cooperative. The Company deems this action of €33 M unfounded and has not made any provision for it. All parties have expressed in writing their intent not to engage in legal proceedings, and the Court has ordered the proceeding be withdrawn from the Bourges *tribunal de grande instance*.

#### CAROIL/PANAFRICAN ENERGY TANZANIA LTD ARBITRATION

As part of its land drilling activities, Caroil signed a contract in February 2007 with Panafrican Energy Tanzania Ltd to provide drilling services in Tanzania, which included furnishing a drilling rig and adequate personnel to build a shut-in well, with the option of a second well.

In late September 2008, Panafrican Energy Tanzania Ltd initiated arbitration proceedings in the International Chamber of Commerce in order to obtain USD 6.4 million, plus interest as reimbursement of the direct and indirect fees related, according to Panafrican Energy Tanzania Ltd, to the alleged malfunction of the drilling rig. Caroil challenges the claims of Panafrican Energy Tanzania Ltd, and asks that Panafrican Energy Tanzania Ltd be ordered to pay its invoices and the V.A.T. advanced, for a total amount of USD 2.3 million plus interest. The arbitration proceedings are still in progress.

#### BANKING ESTABLISHMENT DISPUTE

This dispute is described in Note 14 – «Provisions» in this annex.

On 26 November 2008, a banking establishment brought a lawsuit against the Company in the Paris Tribunal de Commerce, in order to confirm the validity of a Master agreement signed with the Company. The aim of this request is for it to be found that the complex financial instruments signed under the master agreement in the Summer of 2008 were validly issued, in so that the Company pays the amounts to settle these instruments, i.e., the amount of \$51 M (i.e., €36.8 M).

The Company that had communicated with regard to this transaction by publishing its 2008 semi-annual and annual financial statements challenges these transactions, stating that the bank had acted in violation of the applicable rules and procedures on the matter. Negotiations between the parties reached an amicable solution to this dispute.

## NOTE 25 OPERATING SECTORS

In compliance with IFRS8, in effect since 1 January 2009, sector information is presented according to principles identical to those of internal reporting and shows the internal sector information defined to manage and measure the Group's performance. Maurel & Prom's operations are divided into 3 sectors: exploration, production and drilling.

The other operations cover mainly functional and financial operations of holdings.

Operating income and assets are broken down for each sector from the contributing entity accounts that include consolidation restatements.

### 25.1. INFORMATION BY ACTIVITY

The data presented here below come from the IFRS statements.

December 2009 In thousands of euros	Exploration	Production	Oil drilling	Other activities	Intragroup adjustments and eliminations	Total
<i>Inter-sector sales</i>			55,429	(1,684)	(53,745)	-
<b>SALES</b>	5,167	110,550	83,458	(15,926)*		183,249
<i>Write-off on intangible long-term assets</i>	(53,657)	-	-	-		(53,657)
<i>Write-off on tangible long-term assets</i>	(23)	-	(143)	-		(166)
<b>OPERATING INCOME</b>	(89,286)	55,662	13,851	(8,482)		(28,255)
<b>INTANGIBLE LONG-TERM ASSETS(GROSS)</b>						
<i>Investments in the period</i>	137,929	112,173	18	552		250,672
<i>Accumulated investments end of period</i>	265,475	225,886	191	881		492,433
<b>TANGIBLE LONG-TERM ASSETS(GROSS)</b>						
<i>Investments in the period</i>	1,363	171,586	15,405	120		188,474
<i>Accumulated investments end of period</i>	7,027	448,662	150,929	2,005		608,623
<b>TOTAL ASSETS</b>	(40,852)	226,205	37,772	1,422,021		1,645,147

\* Impact of hedges on the price per barrel subscribed by the parent company on sales of crude oil produced in Gabon

December 2008 In thousands of euros	Exploration	Production	Oil drilling	Other activities	Intragroup adjustments and eliminations	Total
<i>Inter-sector sales (*)</i>			19,706	708	(20 414)	-
<b>SALES <sup>(1)</sup></b>	7,418	-	84,818	732		92,968
<i>Write-off on intangible long-term assets (*)</i>	(13,602)	-	-	-		(13,602)
<i>Write-off on intangible long-term assets (*)</i>	(440)	-	(29)	-		(470)
<b>OPERATING INCOM <sup>(1)</sup></b>	<b>(3,339)</b>	<b>(2,250)</b>	<b>18,146</b>	<b>(22,241)</b>		<b>(9,684)</b>
<b>INTANGIBLE LONG-TERM ASSETS(GROSS)</b>						
<i>Investments in the period</i>	73,131	123,785 <sup>(1)</sup>	95	22,151		219,162
<i>Accumulated investments end of period</i>	280,446	530,863 <sup>(2)</sup>	3,902	2,041		817,252
<b>TANGIBLE LONG-TERM ASSETS(GROSS)</b>						
<i>Investments in the period</i>	6,273	285,555 <sup>(3)</sup>	27,604	407		319,840
<i>Accumulated investments end of period</i>	28,650	673,106 <sup>(4)</sup>	141,726	1,983		845,465
<b>TOTAL ASSETS</b>	<b>(17,615)</b>	<b>469,027</b>	<b>41,768</b>	<b>1,402,083</b>		<b>1,895,263</b>

(\*) Restated to account for activities sold

(1) including €85,900 K for activities sold in 2009

(2) including €490,836 K for activities sold in 2009

(3) including €73,430 K for activities sold in 2009

(4) including €286,244 K for activities sold in 2009

## 25.2. SALES BY GEOGRAPHIC REGION

Les données présentées ci-après sont issues des comptes IFRS.

In thousands of euros	Congo	Gabon	Colombia	Venezuela	Tanzania	Syria	Other	Total
<i>Income statement at 31/12/2009</i>								
<i>Oil sales</i>	245	115,438	(1)	-	33.00	-	-	115,715
<i>Services provided</i>	63,359	2,218	17,435	-	446	-	(13,200)	70,258
<i>Interzone sales</i>	-	-	-	-	-	-	(2,725)	(2,725)
<b>TOTAL SALES *</b>	<b>63,604</b>	<b>117,656</b>	<b>17,434</b>	<b>-</b>	<b>479</b>	<b>-</b>	<b>(15,925)</b>	<b>183,249</b>
<i>Income statement at 31/12/2008</i>								
<i>Oil sales</i>	521	6,897	292,887	-	-	-	-	300,305
<i>Services provided</i>	64,793	50.00	17,920	-	2,055	-	11,234	96,052
<i>Interzone sales</i>	-	-	-	-	-	-	(11,144)	(11,144)
<b>TOTAL SALES</b>	<b>65,314</b>	<b>6,947</b>	<b>310,807</b>	<b>-</b>	<b>2,055</b>	<b>-</b>	<b>90</b>	<b>385,213</b>

## NOTE 26 RISKS

### Credit risk

The Group is exposed to credit risk from:

- loans and receivables to third parties as part of its operating activities,
- short-term deposits made at banking establishments and derivative instruments presenting a positive fair value.

In thousands of euros	2009		2008	
	Maximum exposure to credit risk	Outstanding Balance sheet	Maximum exposure to credit risk	Outstanding Balance sheet
<i>Other non-current financial assets</i>	10,828	21,030	8,228	21,000
<i>Trade receivables and related accounts</i>	33,434	33,434	39,003	39,003
<i>Other current financial assets</i>	31,671	31,671	23,220	23,220
<i>Derivative financial instruments</i>	38,074	38,074	70,734	70,734
<i>Cash and cash equivalents</i>	427,576	427,576	191,544	191,544
<b>TOTAL</b>	<b>541,583</b>	<b>551,785</b>	<b>332,729</b>	<b>345,501</b>

Maximum exposure corresponds to the balance sheet outstanding net of provisions.

The Group considers that there is no counterparty risk to the extent that the Gabon production is sold to the Socap, a company in the Total group.

In Venezuela, as for all oil operators, the subsidiary's production is sold to PdVSA, the Venezuelan national oil company.

### Receivables due but not depreciated

Only trade receivables due at closing date reveal payment delays.

Provisions amount to €1.5 M (€1 M in 2008) and essentially concern an amount owed to Caroil by the company Panafrican in Tanzania.

In thousands of euros	31 December 2009							
	Assets due but not depreciated					Depreciated assets	Assets neither due or depreciated	Total
	0-1 months	1-3 months	3-12 months	more than 1 year	Total	Total	Total	
<i>Trade receivables and related accounts</i>	18,994			51	19,045	1,464	12,925	33,434

In thousands of euros	31 December 2008							
	Assets due but not depreciated					Depreciated assets	Assets neither due or depreciated	Total
	0-1 months	1-3 months	3-12 months	more than 1 year	Total	Total	Total	
<i>Trade receivables and related accounts</i>	25,881	3,022	1,028	-	29,931	37	9,035	39,003

### Liquidity risk

Liquidity risk is included in the cash flow statements generated weekly and sent to Executive Management.

A consolidated cash position (borrowings and surplus) in currencies based on these statements is prepared as well as any foreseeable changes on weekly, monthly and quarterly horizons.

The earnings are compared to forecasts using these statements, which, in addition to their liquidity, make it possible to see the exchange position.

The forecast cash flow is tracked every 7 days, at the end of the month and every three months. The earnings are systematically compared to forecasts.

The treasury department at the headquarters includes a professional who is directly part of the Group's financial management. This person is assisted by managers in each entity. The mission of central treasury is to manage foreign exchange risk, interest rates and commodities.

At 31 December 2009 and 31 December 2008, unadjusted contractual flows (principal and interest) on the outstanding financial liabilities, by date and maturity, are the following:

At 31 December 2009 In thousands of euros	2010	2011	2012	2013	2014	> 5 yrs	Total of contractual flows	Total Balance-sheet value <sup>(1)</sup>
<i>Bonds</i>	205,634	21,201	21,259	21,201	318,763		588,058	467,333
<b>OTHER BORROWINGS AND FINANCIAL DEBTS</b>								
<i>Crédipar</i>	2						2	2
<i>Financial lease loans</i>	5	5	5	5			18	18

At 31 December 2008 In thousands of euros	2009	2010	2011	2012	2013	> 5 yrs	Total of contractual flows	Total Balance-sheet value <sup>(1)</sup>
<i>Bonds</i>	388 125						388,125	375,024
<b>OTHER BORROWINGS AND FINANCIAL DEBTS</b>								
<i>Banco Colombia (Syndicated credit)</i>	14 252						14,252	12,655
<i>Banco Colombia</i>								
<b>FINANCIAL LEASE LOANS</b>	937	937	937	937	937	373	5,058	4,156

(1) Includes current and non-current outstanding

The Group's debts include:

- a convertible bond issue of €177 M at the fixed rate of 3.5% maturing January 2010. This borrowing in the initial amount of €375 M was partially repurchased for €198 M in July 2009.
- a convertible bond issue of €297.6 M at the fixed rate of 7.125% with maturity in July 2014. Liquidities that on the closing date were €427.6 M, were placed in sight deposit accounts.

The portfolio of financial investments covers 94% of the Group's indebtedness. In addition, the Group has confirmed, unused bank credit lines of US\$255 M in the Reserve Based Loan facility linked to pledges on the hydrocarbon reserves in Gabon.

### MARKET RISKS

The Group's income is sensitive to various market risks. The most significant of these is the hydrocarbon price expressed in US dollars, and the euro-dollar exchange rate. The Group's operating currency is the US dollar to the extent that sales and a large portion of operating expenses and a significant portion of its investments are in US dollars.

#### Foreign exchange risk

The Company is exposed to foreign exchange risk at several levels.

The changes in the €/€ exchange rate impact the Group's net income, because a significant part of such income is generated in dollars.

The Group moreover faces a foreign exchange risk linked to the revaluation of the closing rate of monetary items in foreign currencies held by the companies whose accounts are prepared in euros.

In order to reduce this risk, Maurel & Prom conducts currency futures transactions and buys and sells currency options on the euro and the dollar. No transaction of this type was in progress at the time of closing.

The Group moreover holds liquidities in US dollars to finance its forecast investment expenses in this currency.

At 31 December 2009, the Group's foreign exchange position was at US\$266 M.

Based on a euro-dollar parity of 1.4406 at 31 December 2009, the unfavourable change of US\$0.01 per euro would have an impact of €1.3 M on the net position in the currency.

#### Foreign exchange derivatives

Foreign exchange derivatives are presented below:

In thousands of euros	31/12/2009 Total Fair Value	31/12/2008 Total Fair Value
<i>Fair value hedge</i>		
<i>Cash flow hedge</i>		
<i>Net investment hedge</i>		
<i>Non-qualified derivatives hedge</i>	-	-12,089
<b>TOTAL</b>	-	-12,089

#### Risk of interest rate change

Borrowings in progress at 31 December 2009 in the Group as well as available credit lines are described in Note 15. This note makes it possible to measure the potential liquidity and interest rate risks.

Liquidities held by the Group are placed in very short term deposits at variable rates. These liquidities, at 31 December 2009 were €427.5 M. In the event of a 1%

change in interest rates, the Company runs the risk of an opportunity loss of €4.3 M in the event of a decline, which becomes an opportunity gain in the event of a rise.

#### Interest rate risk

At 31 December 2009, the interest rate risk can be evaluated as follows:

**GROSS DEBT**

The amounts below show the bonds and other borrowings and financial debts:

In thousands of euros	31/12/2009			31/12/2008		
	Before	Impact of hedging derivatives	After	Before	Impact of hedging derivatives	After
<i>Variable</i>	-		-	12,655		12,655
<i>Fixed</i>	456,470		456,470	379,180		379,180
<b>TOTAL</b>	<b>456,470</b>	<b>-</b>	<b>456,470</b>	<b>391,835</b>	<b>-</b>	<b>391,835</b>

**FINANCIAL ASSETS EXPOSED TO INTEREST RATE RISK REPRESENTING DEBT**

In thousands of euros	31/12/2009			31/12/2008		
	Before	Impact of hedging derivatives	After	Before	Impact of hedging derivatives	After
<i>Variable</i>	427,576		427,576	191,544		191,544
<i>Fixed</i>						
<b>TOTAL</b>	<b>427,576</b>	<b>-</b>	<b>427,576</b>	<b>191,544</b>	<b>-</b>	<b>191,544</b>

The remuneration of investments brought the Company €1.9M in interests in 2009. A decrease in interest rate of 100 base points would have brought this income to nearly zero.

Borrowings in place at 31 December 2009 as well as the available lines are described in Note 15 to the statements, and makes it possible to measure any liquidity and interest rate risk knowing that the borrowings in place are fixed rate loans.

**Exposure to hydrocarbons risks**

The Company's policy is to protect a portion of its future production against any decline in prices and take advantage in any rise in prices on the non-hedged portion of production.

This hedging policy is part of the management of bank lines made available to the Group whose amount would increase if the price of the protection was higher than the price used by the establishments to determine the Borrowing Base.

The hedges in place in 2009 are shown in Note 10 «Derivative instruments».

The fair value of hedges at 31 December 2009 is -€55.4 M. A decrease of 10% in the price of crude oil at the end of December would have reduced this unrealised liability by €5 M. This calculation does not take into consideration the difference between the spot price and the future price of the derivative instruments.

**SHARE RISK****Exposure to share and management risk**

The only financial assets that are theoretically exposed to share risk are the securities available for sale that contain mainly an investment of 19.15% in the company Pebercan, in the balance sheet for a value of €9.3 M currently in liquidation phase. This investment is described in Note 6 «Other non-current financial assets».

## NOTE 27 EVENTS OCCURRING AFTER CLOSING

### SUCCESS OF THE OMOG-N-1 WELL: MINIMUM FLOW RATE 1,700 B/D

The OMOG-N-1 exploration well, drilled under the Onal exploration license, showed a 111 metre oil column. Tests made it possible to establish a minimum pumping flow of 1,700 b/d of an oil similar to that of Onal that will be processed and extracted using existing facilities.

*(See press release 06-10 of 1 March 2010).*

Following the success the OMOG-N-1 well, located on the Onal AEE in Gabon (85% M&P operated), Maurel & Prom asked the independent auditor DeGolyer and MacNaughton for a first evaluation of the potential reserves linked to the new field.

According to the results analysis of the well and of seismic data of the zone, DGMN identified xx Mboe of P1 reserves net of royalties and xx p2 reserves net of royalties, bringing the M&P share of 2P reserves net of royalties to xx Mboe for the OMOG-N field.

These reserves evaluated in March 2010 shall be certified on 01/01/2011 by DGMN following revisions after various drilling and seismic work conducted during the year on this field.

### MAUREL & PROM ENTRY INTO NIGERIA: A STRATEGIC MOVE

The Maurel & Prom group held a 45% interest in the Nigerian company Seplat. The remaining 55% was shared between the Nigerian companies Shebah Petroleum Development Company Ltd and Platform Petroleum Ltd.

This company, moreover, signed an agreement with SHELL, AGIP and TOTAL to acquire 45% of the interests in the OML 4, 38 and 41 licenses in the Nigerian on-shore.

The transaction would bear on 2P (P1+P2) reserves before deducting royalties evaluated by Gaffney, Cline and Associates at 76 Mboe for the Seplat portion (oil and condensate), i.e. 27 Mboe net of royalties for Maurel & Prom. Moreover, fields have been discovered that require supplementary work prior to certification of additional reserves (evaluated at 53 Mboe net of royalties for M&P's portion), as well as an exploration potential that is not quantified to date and supported by a number of 2D and 3D seismic lines.

*(See press releases 03-10 of 3 February 2010 and 01-10 of 29 January 2010).*

### EXPANSION OF THE MINING RIGHTS IN TANZANIA

Maurel & Prom and Dominion signed an agreement under which Dominion would sell the following interests in Tanzania:

- 40% in the exploration license of Mandawa, bring the share held by Maurel & Prom to 90% and that by Dominion to 10%;
- 35% of interests financially covered in the Kisangire exploration license, operated by Heritage Oil.

*(See press release 05-10 of 15 February 2010).*

### INFORMATION ON THE DRILLING OF MAFIA DEEP

#### History

Drilling on the Mafia Deep well began on 4 August 2008. The initial objective was to reach a maximum depth of 4,600 metres. During the drilling, interpretation of the well's data led to revising the seismic interpretation and redefining the objective to a depth of approximately 5,600 metres.

#### Technical conditions and drilling

The depth of 3,050 metres was reached on 22 November 2008. The Group then carried out a series of three side tracks to reach the final depth of 5,632 metres on 30 August 2009.

As drilling progressed deeper and deeper, the teams encountered exceptionally high temperatures for the oil industry (over 255°C, then over 500°F) and pressures of 10,000 psi, requiring long delays at each operation.

#### Zones of interest and tests

Three zones of interest were revealed during the drilling:

- The deep zone (starting at 5,519 metres) was first reached on 5 May 2009. Drilling conditions made controlling the well difficult making it impossible to test this zone the potential of which remains both intact and unknown.
- The logs from the intermediate zone confirmed a column of gas approximately 600 metres thick in a fractured formation and also a column of gas with a cumulative thickness of 110 metres in low porosity sandstone reservoirs. As this gas appeared through a network of faults that was not the objective, and that were systematically blocked by large quantities of unsuitable material and barytes during drilling.

It nonetheless remains that the sum of various impregnated heights makes it possible to quantify the gas present in this zone at approximately 4 TCF. To confirm the quantity of these resources, the Group will hire an independent expert who will evaluate the amounts of economically recoverable gas.

- Tests conducted in the upper zone showed a good, weakly eruptive reservoir (100 to 160 b/day of filtrate) following the invasion of the formation during drilling.

At this stage the Group has not yet evaluated the expansion of the possible reservoir.

(See press release 07-10 of 17 March 2010).

## NOTE 28 AUDIT FEES

Fees paid to statutory auditors in 2009 amounted to €1,776 K (including the members of their networks) and break down as follows:

In thousands of euros	ERNST & YOUNG				DANIEL DE BEAUREPAIRE			
	Amount		%		Amount		%	
	2009	2008	2009	2008	2009	2008	2009	2008
<i>Audit</i>								
<i>* Statutory auditor, certification, examination of corporate and consolidated statements:</i>								
- Issuer (*)	742	1,140	68%	85%	238	322	55%	69%
- Fully consolidated subsidiaries	158	181	10%	13%	156	145	36%	31%
<i>* Other diligences and services directly linked to the mission of the statutory auditor:</i>								
- Issuer (*)	288	22	13%	2%	96		9%	-
- Fully consolidated subsidiaries	-		-	-	-		-	-
<b>SUB-TOTAL</b>	<b>1 188</b>	<b>1,343</b>	<b>91%</b>	<b>100%</b>	<b>490</b>	<b>467</b>	<b>100%</b>	<b>100%</b>
<i>Other services provided by the fully consolidated subsidiaries</i>								
* Legal, tax, corporate	98		9%		-		-	-
* Other (to specify if > 10% of audit fees)	-		-		-	1	-	-
<b>SUB-TOTAL</b>	<b>98</b>	<b>-</b>	<b>9%</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1,286</b>	<b>1,343</b>	<b>100%</b>	<b>100%</b>	<b>490</b>	<b>468</b>	<b>100%</b>	<b>100%</b>

(\*) Amount inc. tax; the issuer has no taxable activity in France.