# HALF-YEAR REPORT

30 June 2015

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## 2 PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

As the Chief Executive Officer of Etablissements Maurel & Prom (“**Maurel & Prom**” or the “**Company**”), reporting to the Chairman, Mr Jean-François Hénin, Mr Michel Hochard is in charge of financial information and particularly the half-year financial report.

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**Certification**

*“I hereby certify that, to the best of my knowledge, the condensed interim consolidated financial statements have been prepared in accordance with applicable standards and give a true and fair picture of the assets and liabilities, financial position and results of the Company and its consolidated entities, and that the interim management report on pages 3 to 44 offers a true and fair picture of significant events for the first six months of the fiscal year, their impact on the financial statements, the main transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the year”.*

Chief Executive Officer

Michel Hochard,
Paris, 27 August 2015

# 3 GROUP ACTIVITY IN THE FIRST HALF OF 2015

The economic environment has been marked by a sharp drop in Brent prices since mid-2014. From US$113 at end-June 2014, it fell to US$58 at end-December 2014 and US$63 at end-June 2015. Over the first half of 2015, Brent prices averaged out at US$57.8 compared with US$108.9 for the first half of 2014, down 47%.

This drop in the price per barrel has directly impacted the Group's operational profitability and sales.

In terms of currency trends, the dollar appreciated against the euro. The EUR-USD exchange rate at 30 June 2015 was 1.12, compared with 1.21 at 31 December 2014. The average exchange rate for the period came to 1.12, compared with 1.37 for the first half of 2014.

## 3.1 Production

During the first half of the year, technical constraints restricted oil exports from Gabon:

- Temporary production shutdowns in order to increase surface installation capacity levels. These shutdowns were initiated by Maurel & Prom to organise the connection of additional facilities (electricity generation, oil / water treatment, etc.) with a view to increasing oil production capacity levels for the various producing fields;

- Flow-rate issues with the pipeline. The Group has had to temporarily restrict its oil production flows. Since the start of the year, the product mix carried in the pipeline for the various exporters has changed. Led by the operator, they are putting in place the operational procedures that should make it possible to get the oil pipeline working properly again within the next few weeks.

Overall, crude oil shipments from the Gabonese fields have been limited. On average, 20,447 bopd were shipped during the first quarter of 2015 and 23,048 bopd during the second quarter of 2015 (production levels).

In February 2015, the Mabounda-1 (EZMAB-1D) and Niembi-1 (EZNI-1D) exploration wells, located on the Ezanga permit in Gabon, delivered the following positive results:

- The Grès de Base sandstone test on the EZMAB-1D well found a stabilised flow rate of 1,002 bopd of anhydrous oil with a stable surface pressure of nine bars. The oil produced has a density of 28° API;

- The test carried out on the peak of Lower Kissenda for well EZNI-1D found a stabilised flow rate of 1,162 bopd of anhydrous oil with a stable surface pressure of 40 bars. This oil has a density of 35° API. The other hydrocarbon reserves for Upper Kissenda and the base of Lower Kissenda, which show different pressure regimes, will be tested at a later date.

The Marketing Agreement for the Mabounda discovery (EZMA-1D well) was concluded on 30 March 2015. The corresponding Development Plan, which includes two additional wells and connection to the Onal production network, is expected to be approved by the Gabonese authorities during the summer, with production to start up from autumn 2015.

In Tanzania, the MB-4 development well, drilled on the Mnazi Bay gas field and located 800 metres from wells MB-2 and MB-3, crossed the Miocene gas reservoirs with useful thickness levels of 24 metres (Upper Mnazi Bay) and 43 metres (Lower Mnazi Bay) respectively. These thickness levels are the highest encountered when drilling the five existing wells on this field. The pressure measurements confirm the lateral and vertical extensions of both reservoirs.

The well will be connected to the field’s production facilities with a view to starting up by the end of 2015.

Based on these results, with the first production expected by the end of 2015, the next evaluation of the Mnazi Bay field's reserves is expected to confirm the volumes of gas already recorded.

## 3.2 Exploration

Following the exploration results achieved in Mozambique, the Group has depreciated all the expenditure relating to this permit. The exploration operations, carried out by a third party, exceeded the budget assigned. As a result of these insufficient oil findings and the operator's budget overruns, the Group is not moving forward with research work in Mozambique in this context.

In Myanmar, drilling on well SP-1X, operated by Petrovietnam, began on 27 December 2014 and ended in March 2015. This drilling has identified significant volumes of gas on site. The well has not been tested and has been capped on account of the high pressure levels encountered when drilling, considering that it could be easier to assess the reservoir in the future by drilling elsewhere in this area.

In Quebec, on Anticosti Island, the stratigraphic drilling campaign that began in 2014 restarted in May 2015. To date, ten stratigraphic wells have been completed and an eleventh is currently being concluded. A 12th well will be drilled in 2015 and its location will be optimised taking into account results from the previous core holes. These core holes drilled in 2015 are part of the program to assess the Macasty reservoir's resources. The results already achieved will make it possible to determine the locations of the three horizontal wells to be fracked, as planned for summer 2016.

At Sawn Lake in Alberta, the pilot test of the Steam Assisted Gravity Drainage (SAGD) process, conducted on the first pair of horizontal wells to assess the technical and commercial feasibility of bitumen production through steam injection, is continuing. Average production, with 325 bopd for the first half of 2015, is continuing to improve. The average production for July was 400 bopd. To assess the field's economic viability, the pilot testing will continue until fall 2015.

## 3.3 Drilling

During the first half of 2015, this activity was significantly penalised by the dramatic reduction in oil operators' investment programmes, with an immediate and direct impact on drilling programmes. The fleet utilisation rate came to 49% for the first half of 2015, in addition to the management of a facility on behalf of the Ezanga association, compared with 87.5% for the first half of 2014. This business generated US$33.6 million in sales, spread across the African continent, between Gabon (68%), the Congo (15%) and Tanzania (17%). Caroil generated 52.7% of its sales with non-group customers, contributing US$17.7 million to Maurel & Prom's consolidated sales at 30 June 2015.

Since certain long-term drilling contracts have not been renewed between Caroil and some of its longstanding customers as a result of the general economic environment, the Group has revised down the value of assets for the drilling business at 30 June 2015.

## 3.4 Refinancing

In May 2015, the Group issued €115 million - after the extension clause was exercised - of ORNANE convertible bonds, which may be redeemed in cash and/or converted into new and/or existing shares, maturing on 1 July 2021.

The features of these ORNANE bonds are as follows:

| | |
|---|---|
| Maturity: | 1 July 2021 |
| Unit nominal value: | €11.02 |
| Number of bonds issued: | 10,425,571 |
| Issue premium: | 37% |
| Nominal rate: | 2.75% |

The aim with this issue was to refinance the Company's debt and extend its maturity. Maurel & Prom therefore offered an early redemption option for its OCEANE 2015 bondholders.

By 30 June 2015, Maurel & Prom had redeemed 4,749,542 OCEANE 2015 bonds, representing around 86% of the number of OCEANE 2015 bonds initially issued, at a price of €13.605 per bond, for a total of €64.6 million. The remaining bonds were redeemed when they reached maturity on 31 July 2015. The total amount paid out on this date represented €8.9 million, including capital repayments and interest due.

Borrowings at 30 June 2015 (nominal value) and nominal repayment schedule for the next three financial years:

| in €M | 30 June 15 | H2 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| US$400 M RCF | 357 | - | - | 67 | 67 |
| CS loan | 45 | - | - | - | 45 |
| OCEANE 2015 bonds | 9 | 1 | - | - | - |
| ORNANE 2019 bonds | 253 | - | - | - | - |
| ORNANE 2021 bonds | 115 | - | - | - | - |
| TOTAL (€M) | 779 | 1 | - | 67 | 112 |

# 4 LIST OF THE MAIN PERMITS HELD BY THE GROUP AT 28 AUGUST 2015

| Country | Company | Name | Company's interest |
|---|---|---|---|
| Canada | SAE* | Alberta | 25% |
| | SAE* | Anticosti | 21.67% |
| | SAE* | Gaspé Peninsula | 50% |
| Myanmar | SAE* | Block M2 | 40% |
| Tanzania | M&P | Bigwa-Rufiji-Mafia | 60% |
| | | Mnazi Bay-Production | 48.06% |
| | | Mnazi Bay-Exploration | 60.075% |
| Mozambique | M&P | Rovuma onshore-Exploration | 32.60% |
| Namibia | M&P | 0044 | 37% |
| | | 0045 | 37% |
| Congo | M&P | La Noumbi | 77.77% |
| Gabon | M&P | Ezanga-Exploration | 100% |
| | | Ezanga-Production | 80% |
| | | Nyanga Mayombe | 100% |
| | | Banio | 100% |
| | | Kari | 100% |
| Colombia | M&P Colombia** | Muisca | 100% |
| | | COR 15 | 100% |
| | | CPO 17 | 50% |
| | M&P | SN 11 | 100% |

** M&P has a 33.33% interest in Saint-Aubin Energie*

*** M&P has a 50% interest in M&P Colombia*

# 5 FINANCIAL POSITION AT 30 JUNE 2015

## 5.1 Economic environment

The economic environment has been marked by a sharp drop in Brent prices since summer 2014. From US$113 at end-June 2014, it fell to US$58 at end-December 2014 and US$63 at end-June 2015. Over the first half of 2015, Brent prices averaged out at US$57.8, compared with US$108.9 for the first half of 2014, down 47%.

Over the same period, the dollar appreciated against the euro. The EUR-USD exchange rate at 30 June 2015 was 1.12, compared with 1.21 at 31 December 2014. The average exchange rate for the period came to 1.12, compared with 1.37 for the first half of 2014.

## 5.2 Financial information

### 5.2.1 Sales

| | Q1 2015 | Q2 2015 | H1 2015 | H1 2014 | *Chg.15/14* |
|---|---|---|---|---|---|
| **Total production sold over the period** | | | | | |
| *barrels of oil* | *1,378,825* | *1,569,899* | *2,948,724* | *3,468,161* | *-15%* |
| *million BTUs* | *95,438* | *102,419* | *197,857* | *171,625* | *+15%* |
| **Average sales price** | | | | | |
| *in US$ per barrel* | *48.8* | *57.6* | *53.5* | *107.8* | *-50%* |
| *in US$ per million BTUs* | *5.36* | *5.36* | *5.36* | *5.36* | *-* |
| **EUR-USD exchange rate** | **0.89** | **0.91** | **0.90** | **0.73** | *+23%* |
| **SALES in €m** | | | | | |
| **Oil production** | **59.8** | **82.4** | **142.2** | **271.9** | *-48%* |
| *Gabon* | *59.4* | *81.9* | *141.3* | *271.3* | |
| *Tanzania* | *0.4* | *0.5* | *0.9* | *0.6* | |
| **Drilling activities** | **10.1** | **5.5** | **15.6** | **23.6** | *-34%* |
| **Consolidated sales** | **69.9** | **87.9** | **157.8** | **295.5** | *-47%* |

During the first half of 2015, the average sales price per barrel of oil fell by nearly 50% (US$53.5/b in H1 2015, versus US$107.8/b in H1 2014). Following the contraction in prices per barrel, Maurel & Prom's consolidated sales came to €158 million.

The 47% contraction in sales compared with the same period in 2014 primarily reflects the following factors:

- A volume effect on sales for the Ezanga permit in Gabon: technical constraints restricted oil exports from Gabon. These restrictions concern the following two elements:
  - Temporary production shutdowns in order to increase surface installation capacity levels. These shutdowns were initiated by Maurel & Prom to organise the connection of additional facilities

(electricity generation, oil / water treatment, etc.) with a view to increasing oil production capacity levels for the various producing fields.

- o Flow-rate issues with the pipeline. The Group has had to temporarily restrict its oil production flows. Since the start of the year, the product mix carried in the pipeline for the various exporters has changed. Led by the operator, they are putting in place the operational procedures that should make it possible to get the oil pipeline working properly again.

- A negative price effect on these same sales;

- A positive exchange rate effect.

Drilling activities have been significantly penalised by the dramatic reduction in oil operators' investment programmes, with an immediate and direct impact on drilling programmes. Caroil generated 52.7% of its sales with non-group customers, contributing US$17.7 million to Maurel & Prom's consolidated sales at 30 June 2015.

### 5.2.2 Operating income

| In thousands of euros | 30/06/2015 | 30/06/2014 |
|---|---|---|
| Sales | 157,808 | 295,501 |
| Gross margin | 103,103 | 239,508 |
| **Gross operating surplus** | **68,150** | **209,638** |
| Depreciation and depletion | (43,264) | (38,540) |
| Impairment of exploration and operational assets | (44,381) | (11,276) |
| Income from asset disposals | (25) | (108) |
| Other operating items | (13,316) | (3,561) |
| **Operating income** | **(32,836)** | **156,152** |

Operating income came to -€33 million. The Group's margins have been directly affected by the drop in oil prices. In Mozambique, exploration costs for the first half of 2015 represented €22 million and have been written off.

Drilling activities have also been affected by the economic environment. Since certain long-term drilling contracts between Caroil and some of its longstanding customers were not renewed during the first half of the year, as a result of customers putting their investments on hold, the Group has revised down the value of assets for this business. At 30 June 2015, a €20 million impairment was recorded, reducing the drilling business' balance sheet value to €35.5 million.

### 5.2.3 Financial income

Financial income for the first half of 2015 came to €7.4 million. This improvement directly reflects the Group’s restructuring of its financing and therefore the reduction in its debt service levels, as well as the positive change in the EUR-USD exchange rate. It also factors in €8 million in non-recurring income linked to the optional component of the ORNANE 2021 bonds being restated at fair value.

### 5.2.4 Net income

Pre-tax income came to -€25.4 million. The corporate income tax charge payable (€13 million) primarily concerns the recognition of the State’s share of profit oil for the Ezanga permit in Gabon.

The Group's net income for the first half of 2015 came to -€44 million.

### 5.2.5 Investments

The Company has taken steps to reduce its costs and has reviewed its investment programme. The full impact of these actions will become clear from the second half of 2015, once the work launched previously has been completed (including a significant share focused on exploration operated by third parties).

Over the first half of 2015, the Group's investments totalled €137 million. The following table presents a detailed breakdown for each country and activity:

| In thousands of euros | Gabon | Tanzania | Mozambique | Other | TOTAL |
|---|---|---|---|---|---|
| Development | 75.8 | 15.9 | | | 91.7 |
| Exploration | 14.6 | 5.0 | 22.3 | 2.2 | 44.1 |
| Drilling activities | 0.8 | | | 0.5 | 1.2 |
| **Investments** | **91.3** | **20.9** | **22.3** | **2.6** | **137.1** |

### 5.2.6 Cash flow

At 30 June 2015, Maurel & Prom had €102 million in cash. Cash flow for the period (-€128 million) corresponds to:

- Investments made over the period for -€137 million;
- Advances awarded to Saint-Aubin Energie and MP Colombia for -€11 million;
- Cash flow from operating activities for -€21 million;
- Cash inflows from the ORNANE bonds for €115 million;
- Redemption of the OCEANE 2015 bonds for -€64 million;
- Other items: -€10 million.

### 5.2.7 Outlook

The Company has decided to focus its investment programme on production assets in Gabon. The programme aims to increase capacity levels for:

1. Electricity generation
2. Oil / water treatment
3. Water injection, from 25,000 to 70,000 barrels of water/day

The first two stages have now been completed. Work on the third stage is expected to be completed during the third quarter. Overall, this programme will enable the Group to achieve an oil production capacity of around 30,000 bopd in Gabon (100%) by the end of the current financial year.

In 2016, water injection capacity levels will be ramped up to over 100,000 barrels of water per day, giving the Group the technical means to increase production capacity to 35,000 bopd (100%) for its Gabonese assets. The Group is even more confident that it will be able to achieve these targets thanks to recent discoveries, which will be connected up to the oil processing facilities for the end of 2015.

In Tanzania, the first gas shipments took place on 20 August 2015 after the trade agreements had effectively been put in place.

Alongside this, the Company is moving forward with its cost reduction programme, with the full impacts to be seen during the second half of 2015.

Excluding macroeconomic factors (exchange rates and oil prices), the Group's earnings are expected to improve over the second half of 2015, thanks in particular to the following factors:

- Full impact of the cost reduction programme (investments and expenditure) over the entire period;
- Increase in production for the Gabonese fields;
- Launch of production for the Mnazi Bay field in Tanzania (gas);
- No exploration risks;
- Reduced financing costs.

## 6 OIL RESERVES AND RESOURCES

*The Group's reserves correspond to the hydrocarbon volumes able to be recovered from fields already in production and the volumes identified by commercially viable discovery and delineation wells. P1 (proven), P2 (probable) and P3 (possible) oil reserves net of royalties were evaluated by DeGolyer & MacNaughton at 1 January 2015. Gas reserves were evaluated by RPS Energy at 31 December 2014.*

*In line with the Group’s historical policy, reserves net of royalties are presented as Maurel & Prom’s share, before taxes specific to each type of contract (production sharing, concession, etc.).*

The Group's P1+P2 reserves represent 207.1 million barrels of oil equivalent (Mmboe), with the following breakdown:

- 171.6 million barrels of oil (MMbls);
- 212.9 billion cubic feet of gas (Bcf), equivalent to 35.5 Mmboe.

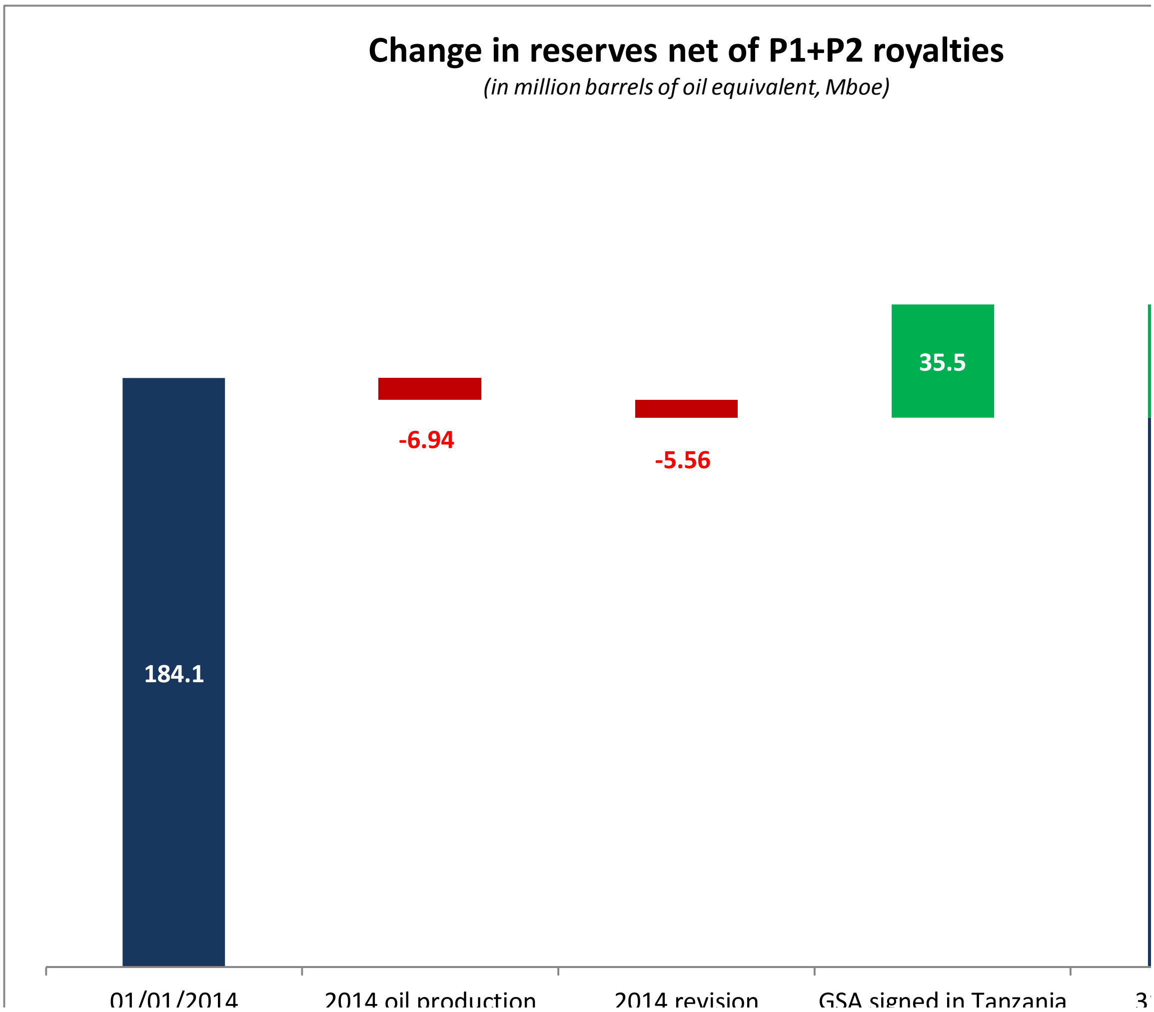
In Gabon, P1+P2 oil reserves totalled 171.6 MMbls at 1 January 2015. P1 proven oil reserves represent 73% of the P1+P2 certified reserves.

For the full year in 2014, production net of royalties attributable to the Group came to 6.94 MMbls. Following the certification work, the P1 reserves were reduced by 8.7 MMbls, with 3.2 MMbls reclassified as P2 reserves. At 1 January 2015, P1 reserves represented 126.1 MMbls, with 45.5 MMbls of P2 reserves.

In Tanzania, following the gas sales agreement signed in September 2014, the Group appointed RPS Energy to certify the reserves for the Mnazi Bay production licence, which is operated by Maurel & Prom with a 48.06% interest.

Gas reserves are presented based on the Group's share, with the royalties due under the Production Sharing Contract paid by TPDC (Tanzanian Petroleum Development Corporation) in line with the agreements in place.

At 31 December 2014, Tanzania had 212.9 Bcf of P1+P2 gas reserves, equivalent to 35.5 Mmboe. P1 proven gas reserves represent 63% of the P1+P2 certified reserves.




Recent discoveries under the Etekamba exploration and production sharing agreement (EZNI-1D and EZMAB-1D) in Gabon are not included in this assessment of reserves at 1 January 2015.

# 7 SHAREHOLDERS' EQUITY AND CORPORATE LIFE

## 7.1 General Meeting

The Combined General Meeting of Maurel & Prom shareholders on Thursday 18 June 2015, chaired by Mr Jean-François Hénin, approved all the resolutions proposed, and particularly those concerning the company and consolidated financial statements for the fiscal year ended 31 December 2014.

## 7.2 Total number of voting rights and shares comprising the share capital

Pursuant to Article L. 233-8 II of the French Commercial Code and the French Financial Markets Authority (AMF) General Regulations, Maurel & Prom informs its shareholders that the total number of voting rights and shares comprising its share capital at 30 June 2015 was as follows:

| Date | Number of shares comprising the capital | Number of voting rights |
|---|---|---|
| 30 June 2015 | 121,562,094 | Theoretical*: 133,119,103<br>Exercisable: 127,496,009 |

**: Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares without voting rights.*

## 7.3 Maurel & Prom eligible for the French “PEA PME” investment scheme

The Maurel & Prom Group has announced that it meets all the eligibility criteria for the French “PEA-PME” system for SME share-based savings schemes (Decree 2014-283), i.e. fewer than 5,000 employees on the one hand, and on the other, less than €1,500 million in annual sales or a balance sheet total of less than €2,000 million.

The “PEA-PME” system for SME share-based savings schemes was introduced to encourage the investment of savings in shares and create a new instrument to support financing for SMEs and mid-market companies.

The Maurel & Prom Group has been selected to be part of the CAC PME index. This index, created by Euronext, was launched on 27 February 2014 and includes 40 stocks carefully chosen from the list of SMEs and mid-market companies eligible for the “PEA-PME” system.

## 7.4 Risks and uncertainties

The Group’s results are sensitive to various market risks. The most significant concern hydrocarbon prices and the EUR-USD exchange rate.

In terms of exchange rates, the Group has a forward-looking currency approach for managing currency fluctuations, pricing inflows in dollars against work and expenses. However, since the Group is responsible for financing its subsidiaries, its exchange position is primarily in dollars, revalued as euros, which is the reporting currency for the accounts, resulting in fluctuations linked to the volatility of the EUR-USD exchange rate. These revaluations may result in significant fluctuations in financial income. They are not subject to any specific hedging.

Considering its sustained exploration activities, the amounts involved are significant. If explorations fail, the Group may post the corresponding exploration costs.
The risks linked to Maurel & Prom's activities are described in Chapter 2 of the Group’s 2014 Annual Report.

# 8 GROUP'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 8.1 Statement of financial position

| In thousands of euros | Notes | 30/06/2015 | 31/12/2014 |
|---|---|---|---|
| Intangible assets (net) | 4 | 368,094 | 328,232 |
| Property, plant and equipment (net) | 5 | 1,460,848 | 1,292,484 |
| Non-current financial assets (net) | 6 | 24,901 | 931 |
| Equity associates | 7 | 100,795 | 94,028 |
| **NON-CURRENT ASSETS** | | **1,954,637** | **1,715,955** |
| Inventories (net) | 8 | 1,065 | 6,888 |
| Trade receivables and related (net) | 9 | 57,078 | 43,377 |
| Other current financial assets | 10 | 72,969 | 60,197 |
| Other current assets | 11 | 81,848 | 58,399 |
| Current tax assets | 18 | 560 | 1,163 |
| Cash and cash equivalents (net) | 12 | 108,419 | 229,938 |
| **CURRENT ASSETS** | | **321,939** | **399,962** |
| **TOTAL ASSETS** | | **2,276,577** | **2,115,917** |

| In thousands of euros | Notes | 30/06/2015 | 31/12/2014 |
|---|---|---|---|
| Share capital | | 93,603 | 93,603 |
| Additional paid-in capital | | 0 | 165,011 |
| Consolidated reserves | | 946,211 | 689,432 |
| Treasury shares | | (69,784) | (70,507) |
| Net income, Group share | | (44,451) | 13,159 |
| **EQUITY, GROUP SHARE** | | **925,579** | **890,698** |
| Non-controlling interests | | (2,735) | (3,181) |
| **TOTAL EQUITY** | | **922,843** | **887,516** |
| Non-current provisions | 13 | 33,995 | 10,282 |
| Non-current bonds | 14 | 334,661 | 233,989 |
| Other non-current borrowings and financial debt | 14 | 394,860 | 359,852 |
| Non-current derivative financial liabilities | 15 | 7,603 | 1,612 |
| Deferred tax liabilities | 18 | 392,906 | 358,217 |
| **NON-CURRENT LIABILITIES** | | **1,164,025** | **963,953** |
| Current bond borrowings | 14 | 9,323 | 69,631 |
| Other current borrowings and financial debt | 14 | 7,022 | 3,654 |
| Trade payables and related | | 86,089 | 107,210 |
| Income tax payable | 18 | 7,655 | 6,509 |
| Other creditors and miscellaneous liabilities | | 68,072 | 65,719 |
| Current provisions | 13 | 11,546 | 11,725 |
| **CURRENT LIABILITIES** | | **189,708** | **264,448** |
| **TOTAL LIABILITIES** | | **2,276,576** | **2,115,917** |

## 8.2 Consolidated statement of comprehensive income

Net income for the period

| In thousands of euros | Notes | 30/06/2015 | 30/06/2014 |
|---|---|---|---|
| Sales | | 157,808 | 295,501 |
| Other operating income | | 227 | 2,061 |
| Purchases and change in inventories | | (17,623) | (5,673) |
| Other purchases and operating expenses | | (37,309) | (52,382) |
| Taxes and duties | | (17,868) | (19,915) |
| Personnel expenses | | (17,085) | (9,956) |
| Depreciation charges | | (43,264) | (38,540) |
| Impairment of exploration assets | | (24,684) | (8,746) |
| Impairment of operational assets | | (19,697) | (2,530) |
| Provisions and impairment of current assets | | (9,069) | (2,558) |
| Reversal of operating provisions | | 522 | 312 |
| Income from asset disposals | | (25) | (108) |
| Other expenses | | (4,768) | (1,316) |
| **Operating income** | **16** | **(32,836)** | **156,152** |
| Gross finance costs | | *(16,137)* | *(23,091)* |
| *Income from cash* | | *328* | *401* |
| *Net gains or losses on financial instruments* | | *7,929* | *(832)* |
| Net finance costs | | (7,881) | (23,522) |
| *Foreign exchange gains* | | 76,348 | 16,160 |
| *Foreign exchange losses* | | (60,124) | (11,152) |
| Foreign exchange gains (losses) | | 16,224 | 5,008 |
| *Other financial income* | | *954* | *687* |
| *Other financial expenses* | | *(1,867)* | *(10,237)* |
| Other financial income and expenses | | (913) | (9,550) |
| **Financial income** | **17** | **7,430** | **(28,063)** |
| Pre-tax income | | (25,406) | 128,089 |
| Income tax expense | 18 | (17,229) | (62,074) |
| **Net income from consolidated companies** | | **(42,636)** | **66,015** |
| Share of income from equity associates | 7 | (1,100) | (6,755) |
| **Net income from continuing operations** | | **(43,735)** | **59,260** |
| Income from discontinued operations | | 0 | 0 |
| **Consolidated net income** | | **(43,735)** | **59,260** |
| Of which: - Net income, Group share | | (44,451) | 59,343 |
| - Non-controlling interests | | 716 | (84) |
| | | | |
| **Number of shares ('000)** | | | |
| Average number of shares outstanding | | 115,939 | 115,900 |
| Average number of diluted shares | | 121,562 | 123,069 |
| | | | |
| **Earnings per share** | | | |
| Basic | | -0.38 | 0.51 |
| Diluted | | -0.37 | 0.48 |

Comprehensive income for the period

| In thousands of euros | Notes | 30/06/2015 | 30/06/2014 |
|---|---|---|---|
| **Net income for the period** | | **(43,735)** | **59,260** |
| Exchange rate gains (losses) on conversion of foreign entities' accounts | | 83,465 | 7,862 |
| Profit (loss) on hedging of net investments in foreign entities | | (1,957) | |
| Tax impact for items that may be recycled to profit or loss | | | |
| **Items that may be recycled to profit or loss** | | **81,507** | **7,862** |
| **Total comprehensive income for the period** | | **37,772** | **67,122** |
| - Group share | | 37,326 | 67,229 |
| - Non-controlling interests | | 446 | (109) |

## 8.3 Changes in shareholders' equity

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| In thousands of euros | Share capital | Treasury shares | Additional paid-in capital | Other reserves | Exchange gains (losses) | Income for the period | Equity, Group share | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| 1 January 2014 | 93,578 | (70,860) | 216,392 | 475,328 | (11,367) | 62,769 | 765,839 | (2,506) | 763,333 |
| Consolidated net income | | | | | | 59,343 | 59,343 | (85) | 59,258 |
| Other comprehensive income | | | | | 7,886 | | 7,886 | (24) | 7,862 |
| **Total comprehensive income** | | | | | **7,886** | **59,343** | **67,229** | **(109)** | **67,120** |
| Appropriation of income - dividends | | | | 62,769 | | (62,769) | 0 | | 0 |
| Capital increase / reduction | 2 | | 22 | | | | 24 | | 24 |
| Bonus shares | | | | 400 | | | 400 | | 400 |
| Changes in treasury shares | | (565) | | 114 | | | (451) | | (451) |
| **Total transactions with shareholders** | **2** | **(565)** | **22** | **63,283** | **0** | **(62,769)** | **(27)** | **0** | **(27)** |
| **30 June 2014** | **93,580** | **(71,425)** | **216,414** | **538,611** | **(3,481)** | **59,343** | **833,041** | **(2,615)** | **830,426** |
| 1 January 2015 | 93,603 | (70,507) | 165,011 | 585,033 | 104,399 | 13,159 | 890,698 | (3,181) | 887,516 |
| Consolidated net income | | | | | | (44,451) | (44,451) | 716 | (43,735) |
| Other comprehensive income | | | | (1,957) | 83,735 | | 81,777 | (270) | 81,507 |
| **Total comprehensive income** | **0** | **0** | **0** | **(1,957)** | **83,735** | **(44,451)** | **37,326** | **446** | **37,772** |
| Appropriation of income - dividends | | | | 13,159 | | (13,159) | 0 | | 0 |
| Allocation of additional paid-in capital to reserves | | | (127,540) | 127,540 | | | 0 | | 0 |
| Reclassifications | | | (37,470) | 37,470 | | | 0 | | 0 |
| Outstanding equity components for OCEANE bonds | | | | (2,285) | | | (2,285) | | (2,285) |
| Bonus shares | | 1,006 | | (1,747) | | | (741) | | (741) |
| Changes in treasury shares | | (283) | | 864 | | | 580 | | 580 |
| **Total transactions with shareholders** | **0** | **723** | **(165,011)** | **175,002** | **0** | **(13,159)** | **(2,445)** | | **(2,445)** |
| **30 June 2015** | **93,603** | **(69,784)** | **0** | **758,077** | **188,134** | **(44,451)** | **925,579** | **(2,735)** | **922,843** |

## 8.4 Cash flow statement

| In thousands of euros | Notes | 30/06/2015 | 30/06/2014 |
|---|---|---|---|
| Net income | | (43,735) | 59,260 |
| Tax expense for continuing operations | | 17,229 | 62,074 |
| **Consolidated income from continuing operations** | | **(26,506)** | **121,334** |
| Net increase (reversals) of amortisation, depreciation and provisions | | 72,225 | 47,203 |
| Unrealised gains (losses) due to changes in fair value | | (7,929) | 829 |
| Exploration written off and decommissioned | | 24,684 | 4,830 |
| Other calculated income and expenses | | (547) | 2,147 |
| Gains (losses) on asset disposals | | 25 | 108 |
| Share of income from equity associates | | 1,100 | 6,755 |
| Other financial items | | 15,833 | 21,128 |
| **CASH FLOW BEFORE TAX** | | **78,885** | **204,334** |
| Payment of tax due | | (11,504) | (22,721) |
| Change in working capital requirements for operations | | (88,593) | 20,257 |
| *- Inventories* | | *0* | *1,570* |
| *- Trade receivables* | | *(10,365)* | *6,994* |
| *- Trade payables* | | *(29,743)* | *(5,061)* |
| *- Other payables* | | *(1,845)* | *65,463* |
| *- Other receivables* | | *(46,639)* | *(48,709)* |
| **NET CASH FLOW FROM OPERATING ACTIVITIES** | | **(21,212)** | **201,870** |
| Proceeds from disposal of property, plant & equipment and intangible assets | | 2 | 44 |
| Disbursements for acquisition of property, plant & equipment and intangible assets | | (137,080) | (154,637) |
| Acquisition of new consolidated company | | 0 | (1) |
| Change in loans and advances made | | (11,238) | (7,427) |
| **NET CASH FLOW FROM INVESTMENT ACTIVITIES** | | **(148,317)** | **(162,021)** |
| Amounts received for capital increases | | 0 | 25 |
| Receipts from new loans | | 98,450 | 258,354 |
| Repayment of borrowings | | (61,047) | (300,833) |
| Treasury share acquisitions | | (283) | (564) |
| Financial instruments | | 13,919 | (295) |
| Interest paid | | (14,989) | (21,128) |
| **NET CASH FLOW FROM FINANCING ACTIVITIES** | | **36,050** | **(64,441)** |
| Impact of exchange rate fluctuations | | 5,592 | 538 |
| **CHANGE IN NET CASH** | | **(127,886)** | **(24,054)** |
| Cash at start of period | | (229,474) | (198,053) |
| **NET CASH AT PERIOD END** | **12** | **101,588** | **174,000** |

## 8.5 Notes to the consolidated financial statements

### Note 1: General information

**Economic environment**
The economic environment has been marked by a sharp drop in Brent prices since mid-2014. From US$113 at end-June 2014, it fell to US$58 at end-December 2014 and US$63 at end-June 2015. Over the first half of 2015, Brent prices averaged out at US$57.8, compared with US$108.9 for the first half of 2014, down 47%.

This drop in the price per barrel has directly impacted the Group's operational profitability and sales. Sales came to €158 million at end-June 2015, compared with €295 million at the end of June 2014, down 47%.

Taking this deterioration in the pricing environment on board, from the end of 2014 Maurel & Prom realigned its exploration work around the most promising projects, withdrawing from areas that were no longer a priority and carrying out impairment tests on its production assets. In 2014, following the realignment of priorities and the impairments recognised, assets were written down for a total of €113 million. The investments made during the first half of 2015 with a view to completing the programmes of work approved for these impaired assets, including the Rovuma permit in Mozambique, have been written off for a total of €23 million.

Since certain long-term drilling contracts between Caroil and some of its longstanding customers were not renewed during the first half of the year, as a result of customers putting their investments on hold, the Group has revised down the value of the drilling business' assets at 30 June, recording a €20 million impairment.

In terms of currency trends, the dollar appreciated against the euro. The EUR-USD exchange rate at 30 June 2015 was 1.12, compared with 1.21 at 31 December 2014. The average exchange rate for the period came to 1.12, compared with 1.37 for the first half of 2014.

This change in the EUR-USD exchange rate is reflected in the Group's accounts with €16.2 million in foreign exchange gains recorded under financial income, as well as an €83.7 million increase in foreign currency translation reserves.

**ORNANE 2021 bonds / OCEANE 2015 bonds**
In May 2015, the Group issued €115 million - after the extension clause was exercised - of ORNANE convertible bonds, which may be redeemed in cash and/or converted into new and/or existing shares, maturing on 1 July 2021.

The features of these ORNANE bonds are as follows:

| | |
|---|---|
| Maturity: | 1 July 2021 |
| Unit nominal value: | €11.02 |
| Number of bonds issued: | 10,425,571 |
| Issue premium: | 37% |
| Nominal rate: | 2.75% |

The aim with this issue was to refinance the Company's debt and extend its maturity. Maurel & Prom therefore offered an early redemption option for its OCEANE 2015 bondholders.

By 30 June 2015, Maurel & Prom had redeemed 4,749,542 OCEANE 2015 bonds, representing around 86% of the number of OCEANE 2015 bonds initially issued, at a price of €13.605 per bond, for a total of €64.6 million. The remaining bonds were redeemed when they reached maturity on 31 July 2015. The total amount paid out on this date represented €8.9 million, including capital repayments and interest due.

**Production in Gabon**
During the first half of 2015, production levels were significantly impacted by development work and technical issues affecting the third party-operated pipeline linking Coucal to Cap Lopez. Temporary production

shutdowns were also necessary to allow new facilities to be connected up with a view to increasing capacity levels for surface installations.

**Exploration update**

Following the exploration results achieved in Mozambique, the Group has written down the expenditure from the first half of the year relating to this permit, representing €22 million. The exploration operations, carried out by a third party, exceeded the budget assigned. As a result of these insufficient oil findings and the operator's budget overruns, the Group is not moving forward with research work in Mozambique in this context.

In Peru, for the Lotte 116 permit, work is underway to identify the drilling area remediation costs for the Fortuna well, which was ended in 2014 without finding any oil. €6 million of provisions have been recorded for this work, which is expected to be carried out during the first quarter of 2016.

In Myanmar, drilling on well SP-1X, operated by Petrovietnam, began on 27 December 2014 and ended in March 2015. This drilling has identified significant volumes of gas on site. The well has not been tested and has been capped on account of the high pressure levels encountered when drilling, considering that it could be easier to assess the reservoir in the future by drilling elsewhere in this area.

## Note 2: Accounting methods

**Declaration of compliance**

The Group's condensed consolidated financial statements (including the notes) have been prepared in line with International Accounting Standard (IAS) 34 Interim Financial Reporting. In accordance with IAS 34, the notes exclusively concern significant events that occurred during the first half of 2015 and they do not present all the information required for full-year financial statements. As such, they must be read in conjunction with the full-year consolidated financial statements for the year ended 31 December 2014.

**Principal accounting methods**

The accounting principles applied for the interim financial statements are not significantly different from those used for the consolidated financial statements at 31 December 2014, drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and available online at: http://ec.europa.eu/finance/accounting/ias/index_fr.htm. The application of IFRS, as published by the IASB, would not have had any material impact on the financial statements presented herein.

New legislation or amendments adopted by the European Union and mandatory from 1 January 2015 have been taken into account:

- IFRIC 21 (Levies);
- Amendments to IFRS 1 (significance of effective IFRS for first-time adopters);
- Amendments to IFRS 3 (exemption from IFRS 3 for the financial statements of joint ventures when they are formed);
- Amendments to IFRS 13 (exemption for portfolios of financial instruments);
- Amendments to IAS 40 (clarification concerning investment properties versus owner-occupied properties).

The Group reviewed these changes and concluded that they did not have any significant impact on the consolidated accounts at 30 June 2015 or the information presented previously in its interim consolidated financial statements.

The Group has opted against the early application of any new standards, amendments or interpretations that have been published by the IASB but will not be mandatory from 1 January 2015, including:

- IFRS 9 Financial Instruments: according to the IASB, this standard will be applicable for periods starting on or after 1 January 2018. This standard has not yet been approved by the EU;
- IFRS 15 Revenue from Contracts with Customers: the IASB has proposed to defer the application of IFRS 15, currently set for 1 January 2017, to 1 January 2018. This standard has not yet been approved by the EU;

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

**Estimates**

The preparation of consolidated financial statements under IFRS requires the Group to make accounting choices, produce a number of estimates and use certain assumptions that affect the reported amounts of assets and liabilities, the notes concerning potential assets and liabilities on the reporting date, and the income and expenses for the period. Changes in facts and circumstances may lead the Group to review such estimates.

The results obtained may significantly differ from such 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 methods that will provide relevant, reliable information. The financial statements provide a faithful representation of the Group’s financial position, performance and cash flows. They reflect the substance of transactions, are prepared in a cautious manner, and are complete in all material respects.

Management estimates used in preparing financial statements relate primarily to:

- Impairment tests on oil assets;
- Provisions for site remediation;
- Recognition of oil carry transactions;
- Valuation of equity associates;
- Accounting treatment of derivative instruments taken out by the Group;
- Recognition of deferred tax assets;
- Assessment of the investments required to develop undeveloped proven reserves included in asset depletion calculations.

When preparing these interim financial statements, Management's main estimates and the Group's accounting standards are consistent with those applied for the consolidated financial statements for the year ended 31 December 2014.

With regard to equity associates, and particularly the securities of Maurel & Prom Colombia, the Group has assessed the situation in terms of its assets and whether or not there are any indications that they may have been impaired in accordance with IFRS 6 (for the underlying exploration assets) and IAS 39 (for the securities). On this basis, the Group considers that there is no need to carry out any impairment tests. To reach this conclusion, a series of indicators have been taken into account, such as the continuation of exploration work carried out by experts and the strategic interest of permits for the Group, as well as for industry operators.

With regard to drilling activities, the impairments are intended to bring these assets down to their value-in-use. Value-in-use is determined by discounting the future cash flows expected from the use of assets.

**Financial risk management**
The Group's financial risk management (market risk, credit risk and liquidity risk) and the objectives and guidelines applied by the Group's Management are identical to those presented for the consolidated financial statements at 31 December 2014.

The Group's results are sensitive to various market risks. The most significant of these are oil prices, expressed in USD, and the EUR-USD exchange rate. The EUR-USD closing rate used to reassess the closing positions at 30 June 2015 was 1.12, compared with 1.21 at 31 December 2014.

**Seasonality**
The Group's business is affected by the consequences of seasonal trends and its full-year earnings depend to a great extent on the performance levels achieved over the second half of the year. The upstream oil sector is being negatively impacted by international demand and prices per barrel. As such, operating income for the first half of 2015 is not necessarily representative of the results to be expected for the full year in 2015.

## Note 3: Basis for consolidation

The basis for consolidation at 30 June 2015 is unchanged from 31 December 2014. For reference, the consolidated companies are as follows:

| Company | Registered office | Consolidation method (*) | % control 30/06/2015 | % control 31/12/2014 |
|---|---|---|---|---|
| Etablissements Maurel & Prom S.A. | Paris, France | Parent | Consolidating company | |
| **Oil and gas activities** | | | | |
| Caroil S.A.S | Paris, France | FC | 100.00% | 100.00% |
| Maurel & Prom Congo S.A. | Pointe Noire, Congo | FC | 100.00% | 100.00% |
| Maurel & Prom Drilling Services | Amsterdam, Netherlands | FC | 100.00% | 100.00% |
| Maurel & Prom Exploration et Production BRM S.A.S. | Paris, France | FC | 100.00% | 100.00% |
| Maurel & Prom Exploration Production Tanzania Ltd | Dar es Salaam, Tanzania | FC | 100.00% | 100.00% |
| Maurel & Prom Gabon S.A. | Port-Gentil, Gabon | FC | 100.00% | 100.00% |
| Maurel & Prom Mnazi Bay Holdings S.A.S. | Paris, France | FC | 100.00% | 100.00% |
| Maurel & Prom Namibia S.A.S. | Paris, France | FC | 100.00% | 100.00% |
| Maurel & Prom Peru Holdings S.A.S. | Paris, France | FC | 100.00% | 100.00% |
| Maurel & Prom Peru SAC | Lima, Peru | FC | 100.00% | 100.00% |
| Maurel & Prom Tanzanie Ltd | Dar es Salaam, Tanzania | FC | 100.00% | 100.00% |
| Maurel & Prom Volney 2 S.A.S. | Paris, France | FC | 100.00% | 100.00% |
| Maurel & Prom West Africa SAS | Paris, France | FC | 100.00% | 100.00% |
| Panther Eureka Srl | Ragusa, Sicily | FC | 100.00% | 100.00% |
| Cyprus Mnazi Bay Limited | Nicosia, Cyprus | FC | 60.08% | 60.08% |
| Maurel & Prom Colombia BV | Rotterdam, Netherlands | EM | 50.01% | 50.01% |
| Maurel & Prom East Asia S.A.S. | Paris, France | EM | 33.33% | 33.33% |
| MP Energy West Canada Corp. | Calgary, Canada | EM | 33.33% | 33.33% |
| MP Québec S.A.S. | Paris, France | EM | 33.33% | 33.33% |
| MP West Canada S.A.S. | Paris, France | EM | 33.33% | 33.33% |
| Saint-Aubin Energie Québec Inc | Montreal, Canada | EM | 33.33% | 33.33% |
| Saint-Aubin Energie SAS | Paris, France | EM | 33.33% | 33.33% |
| Saint-Aubin Exploration & Production Québec Inc | Montreal, Canada | EM | 33.33% | 33.33% |
| **Other activities** | | | | |
| Maurel & Prom Assistance Technique S.A.S. | Paris, France | FC | 100.00% | 100.00% |
| Maurel & Prom Assistance Technique International S.A. | Geneva, Switzerland | FC | 99.99% | 99.99% |

*(*) FC: Full consolidation / EM: Equity method consolidation*

## Note 4: Intangible assets

| In thousands of euros | Goodwill | Oil search and exploration rights | Exploration expenses | Other | Total |
|---|---|---|---|---|---|
| **Gross value at 31/12/2014** | **6,403** | **190,591** | **200,772** | **3,789** | **401,555** |
| **Impairments at 31/12/2014** | **(2,138)** | **(37,955)** | **(30,209)** | **(3,021)** | **(73,323)** |
| **Net book value at 31/12/2014** | **4,265** | **152,636** | **170,563** | **768** | **328,232** |
| Acquisitions | 0 | 0 | 42,963 | 363 | 43,325 |
| Amortisation and impairment | 0 | (4,692) | (2,017) | (242) | (6,952) |
| Exploration expenses (net) | 0 | 0 | (24,684) | 0 | (24,684) |
| Exchange gains / losses (gross) | 0 | 15,386 | 14,966 | 152 | 30,505 |
| Exchange gains / losses (depreciation) | 0 | (2,585) | (1,568) | (102) | (4,254) |
| Transfer | 0 | 1,932 | 0 | (11) | 1,922 |
| **Gross value at 30/06/2015** | **6,403** | **207,910** | **235,416** | **4,293** | **454,022** |
| **Impairments at 30/06/2015** | **(2,138)** | **(45,232)** | **(35,193)** | **(3,365)** | **(85,928)** |
| **Net book value at 30/06/2015** | **4,265** | **162,678** | **200,223** | **928** | **368,094** |

Exploration costs primarily concern the balance for investments on the Rovuma field in Mozambique and the Mabounda and Niembi fields for the Ezanga permit in Gabon.

All the exploration costs for the Rovuma field have been written off.

**Geographical breakdown of intangible assets:**

| In thousands of euros | Permits and reserves | Research & drilling | Other | Total |
|---|---|---|---|---|
| Ezanga (Gabon) | 142,796 | 90,151 | 795 | 233,742 |
| Nyanga Mayombe (Gabon) | 1,560 | 13,678 | 0 | 15,238 |
| Kari (Gabon) | 394 | 25,992 | 0 | 26,387 |
| Bigwa Rufiji Mafia -BRM (Tanzania) | 20 | 37,091 | (14) | 37,096 |
| Mnazi Bay (Tanzania) | 17,809 | 29,606 | 0 | 47,416 |
| Licenses 44 & 45 (Namibia) | 0 | 3,408 | 0 | 3,408 |
| Fiume Tellaro (Sicily) | 0 | 7 | 4,265 | 4,271 |
| Other | 96 | 290 | 148 | 534 |
| **Net book value at 30/06/2015** | **162,678** | **200,223** | **5,193** | **368,094** |

## Note 5: Property, plant and equipment

| In thousands of euros | Land and buildings | Technical facilities | Down payments and construction in progress | Other | Total |
|---|---|---|---|---|---|
| **Gross value at 31/12/2014** | **4,073** | **1,650,061** | **11,044** | **58,993** | **1,724,171** |
| **Impairments at 31/12/2014** | **(456)** | **(424,153)** | **0** | **(7,078)** | **(431,687)** |
| **Net book value at 31/12/2014** | **3,617** | **1,225,908** | **11,044** | **51,915** | **1,292,484** |
| Development / prod. investments | 530 | 88,287 | 850 | 4,578 | 94,246 |
| Amortisation and impairment | (155) | (50,296) | 0 | (361) | (50,812) |
| Net disposals | 0 | 0 | (27) | 0 | (27) |
| Exchange gains / losses (gross) | 354 | 143,010 | 59 | 4,856 | 148,279 |
| Exchange gains / losses (depreciation) | (39) | (36,036) | 0 | (483) | (36,557) |
| Transfer | 264 | 10,068 | (11,434) | (25) | (1,127) |
| Site remediation assets | 0 | 14,362 | 0 | 0 | 14,362 |
| **Gross value at 30/06/2015** | **5,222** | **1,905,788** | **492** | **68,402** | **1,979,904** |
| **Impairments at 30/06/2015** | **(650)** | **(510,484)** | **0** | **(7,922)** | **(519,057)** |
| **Net book value at 30/06/2015** | **4,572** | **1,395,303** | **492** | **60,480** | **1,460,848** |

Investments in property, plant and equipment over the period primarily concern production investments for the Ezanga permit and, to a lesser extent, the Mnazi Bay permit.

**Geographical breakdown of property, plant and equipment:**

| In thousands of euros | Oil facilities | Other technical facilities | Other | Total |
|---|---|---|---|---|
| Ezanga (Gabon) | 1,302,109 | 328 | 86,324 | 1,388,761 |
| Drilling | 0 | 34,905 | 640 | 35,545 |
| Mnazi Bay (Tanzania) | 33,767 | 0 | 246 | 34,012 |
| Other | 1,743 | 357 | 429 | 2,529 |
| **Net book value at 30/06/2015** | **1,337,619** | **35,590** | **87,639** | **1,460,848** |

In accordance with IAS 36, an impairment test has been carried out to determine the value-in-use of drilling activities, calculating the present value of the future cash flows that it is expected to generate. A five-year business plan has therefore been drawn up, with a €20 million loss recognised in profit or loss.

The calculation assumptions take into account the Company's results for the first half of 2015. In particular, they are based on (i) a facility occupancy rate of 39% for 2015 (compared with 82% in 2014), rising back up to 75% from 2016, (ii) an average billing rate in line with current market prices, and (iii) a discount rate of 8.5%.

The sensitivity analyses carried out give the following results:

- A 100 basis point increase in the discount rate would have a negative €1.1 million impact on the value;
- A 500 basis point reduction in the facility utilisation rate would have a negative €2.3 million impact on the value.

## Note 6: Non-current financial assets

| In thousands of euros | Non-consolidated equity interests | Loans and receivables | Total |
|---|---|---|---|
| **Gross value at 31/12/2014** | **364** | **715** | **1,079** |
| **Impairments at 31/12/2014** | **(148)** | **0** | **(148)** |
| **Net book value at 31/12/2014** | **216** | **715** | **931** |
| Change in gross receivables | 0 | 6,301 | 6,301 |
| Exchange gains / losses (gross) | 0 | (745) | (745) |
| Reclassification and transfers (gross) | 0 | 22,853 | 22,853 |
| Reclassification (impairments) | 0 | (4,729) | (4,729) |
| Changes in impairments | 0 | 289 | 289 |
| **Gross value at 30/06/2015** | **364** | **29,125** | **29,489** |
| **Impairments at 30/06/2015** | **(148)** | **(4,440)** | **(4,588)** |
| **Net book value at 30/06/2015** | **216** | **24,685** | **24,901** |

The increase in “loans and receivables” is linked primarily to the change in current accounts with the equity associate Saint-Aubin Energie SAS, reclassified as non-current over the period.

The impairment primarily concerns the share in the negative net position of equity associates.

## Note 7: Equity associates

| In thousands of euros | Balance sheet value of securities | Share of income over the period |
|---|---|---|
| Maurel & Prom Colombia BV | 94,465 | (1,521) |
| MP East Asia | 12 | 1,426 |
| Saint-Aubin Energie | 6,304 | 136 |
| MP West Canada | 12 | 376 |
| MP Energy West Canada Corp. | 0 | (1,267) |
| Saint-Aubin Exploration et Production Québec Inc | 1 | (249) |
| **Total at 30/06/2015** | **100,795** | **(1,100)** |

| In thousands of euros | Maurel & Prom Colombia BV | MP East Asia | Saint-Aubin Energie | MP West Canada | MP Energy West Canada Corp. | Saint-Aubin Exploration et Production Québec Inc | Total |
|---|---|---|---|---|---|---|---|
| Location | Colombia | Myanmar | France | Canada | Canada | Canada | |
| Activity | Exploration | Exploration | Exploration | Exploration | Exploration | Exploration | |
| % interest | 50% | 33% | 33% | 33% | 33% | 33% | |
| | | | | | | | |
| Total non-current assets | 183,455 | 45,435 | 151 | 16,591 | 13,611 | 5,893 | |
| Other current assets | 31,605 | 705 | 94,243 | 9,000 | (686) | 485 | |
| Cash and cash equivalents | 9,170 | 75 | 1,212 | 76 | 731 | 197 | |
| **Total assets** | **224,231** | **46,216** | **95,606** | **25,666** | **13,656** | **6,575** | |
| Total current liabilities | 37,156 | 48,756 | 76,693 | 28,254 | 16,852 | 7,692 | |
| **Total liabilities (excl. equity)** | **37,156** | **48,756** | **76,693** | **28,254** | **16,852** | **7,692** | |
| | | | | | | | |
| **Reconciliation with balance sheet values** | | | | | | | |
| Reported net assets | 187,075 | (2,540) | 18,913 | (2,587) | (3,197) | (1,117) | |
| Remeasurement at historical value | 1,856 | 27 | 0 | (11) | (628) | (254) | |
| **Net assets** | **188,931** | **(2,513)** | **18,913** | **(2,598)** | **(3,825)** | **(1,371)** | |
| Share held | 94,465 | (838) | 6,304 | (866) | (1,275) | (457) | |
| Adjustments (*) | 0 | 850 | 0 | 878 | 1,275 | 458 | |
| **Balance sheet value at 30/06/2015** | **94,465** | **13** | **6,304** | **12** | **(0)** | **1** | **100,795** |
| | | | | | | | |
| Operating income | 0 | 2,678 | 0 | 0 | 696 | 91 | |
| Financial income | (1,626) | 1,603 | 832 | 662 | (116) | (98) | |
| **Net income from continuing operations** | **(3,041)** | **4,278** | **407** | **1,127** | **(3,802)** | **(748)** | |
| Share held | (1,521) | 1,426 | 136 | 376 | (1,267) | (249) | |
| **Included in earnings at 30/06/2015** | **(1,521)** | **1,426** | **136** | **376** | **(1,267)** | **(249)** | **(1,100)** |

*(*) Adjustments concern the recognition of negative net positions through an impairment of current accounts with these entities.*

## Note 8: Inventories

| In thousands of euros | Chemical products | Maintenance parts | Other inventories | Total |
|---|---|---|---|---|
| **Gross value at 31/12/2014** | **981** | **5,276** | **1,123** | **7,381** |
| **Impairments at 31/12/2014** | **0** | **(472)** | **(21)** | **(493)** |
| **Net book value at 31/12/2014** | **981** | **4,803** | **1,103** | **6,888** |
| Change in provisions | 0 | (4,648) | (1,779) | (6,426) |
| Exchange gains (losses) | 84 | 423 | 97 | 604 |
| Reclassification | 0 | -579 | 579 | 0 |
| **Gross value at 30/06/2015** | **1,065** | **6,594** | **2,085** | **9,744** |
| **Impairments at 30/06/2015** | **0** | **(6,594)** | **(2,085)** | **(8,679)** |
| **Net book value at 30/06/2015** | **1,065** | **(0)** | **0** | **1,065** |

Impairments of inventories for the period primarily concern the impairment recorded for drilling activities.

## Note 9: Trade receivables

| In thousands of euros | Receivables - oil and gas activities | Receivables – drilling activities | Other | Total trade receivables |
|---|---|---|---|---|
| **Gross value at 31/12/2014** | **30,015** | **9,938** | **3,768** | **43,721** |
| **Impairments at 31/12/2014** | **(113)** | **(231)** | **0** | **(344)** |
| **Net book value at 31/12/2014** | **29,902** | **9,707** | **3,768** | **43,377** |
| Change in gross receivables | 16,955 | (6,033) | (556) | 10,365 |
| Exchange gains / losses (gross) | 2,504 | 862 | 0 | 3,366 |
| Exchange gains / losses (depreciation) | (10) | (20) | 0 | (29) |
| **Gross value at 30/06/2015** | **49,474** | **4,767** | **3,211** | **57,452** |
| **Impairments at 30/06/2015** | **(122)** | **(251)** | **0** | **(373)** |
| **Net book value at 30/06/2015** | **49,351** | **4,516** | **3,211** | **57,078** |

The balance of trade receivables for hydrocarbon sales corresponds mainly to receivables from Socap (Total Group) and Sogara, for sales of production from the Ezanga permit fields, as well as receivables from the sale of hydrocarbons from the Mnazi Bay permit.

## Note 10: Other current financial assets

| In thousands of euros | Receivables on investments | Loans and other | Miscellaneous receivables | Other current financial assets |
|---|---|---|---|---|
| **Gross value at 31/12/2014** | **44,773** | **3,677** | **69,320** | **117,770** |
| **Impairments at 31/12/2014** | **(16,850)** | **(235)** | **(40,488)** | **(57,573)** |
| **Net book value at 31/12/2014** | **27,923** | **3,441** | **28,833** | **60,197** |
| Change in gross receivables | 3,762 | 2,429 | 31,510 | 37,701 |
| Change in provisions | (86) | 0 | (5,186) | (5,272) |
| Exchange gains / losses (gross) | (3,268) | 40 | 2,287 | (940) |
| Exchange gains / losses (depreciation) | 0 | (20) | (424) | (444) |
| Reclassification and transfers (gross) | (22,853) | 12 | (160) | (23,002) |
| Reclassification (impairments) | 4,729 | 0 | 0 | 4,729 |
| **Gross value at 30/06/2015** | **22,414** | **6,158** | **102,957** | **131,529** |
| **Impairments at 30/06/2015** | **(12,207)** | **(255)** | **(46,098)** | **(58,560)** |
| **Net book value at 30/06/2015** | **10,207** | **5,903** | **56,859** | **72,969** |

The change in “receivables on investments” is primarily linked to the change in non-group current accounts with various partners on the Noumbi permit.

The change in “miscellaneous receivables” primarily concerns the change in receivables with the Ezanga permit partner.

## Note 11: Other current assets

| In thousands of euros | Advances and down payments | Prepaid expenses | Tax and social security receivables (excl. corporation tax) | Other current assets |
|---|---|---|---|---|
| **Gross value at 31/12/2014** | **5,334** | **1,229** | **56,823** | **63,386** |
| **Impairments at 31/12/2014** | **0** | | **(4,987)** | **(4,987)** |
| **Net book value at 31/12/2014** | **5,334** | **1,229** | **51,836** | **58,399** |
| Change in gross receivables | 982 | 1,831 | 10,430 | 13,242 |
| Change in provisions | 0 | | 4,987 | 4,987 |
| Exchange gains / losses (gross) | 430 | 65 | 4,725 | 5,220 |
| **Gross value at 30/06/2015** | **6,745** | **3,125** | **71,978** | **81,848** |
| **Impairments at 30/06/2015** | **0** | | | **0** |
| **Net book value at 30/06/2015** | **6,745** | **3,125** | **71,978** | **81,848** |

The change in “tax and social security receivables (excluding corporation tax)” is linked primarily to the increase in VAT receivables from the Gabonese State.

## Note 12: Cash and cash equivalents

| In thousands of euros | 30/06/2015 | 31/12/2014 |
|---|---|---|
| Liquid assets, banks and savings banks | 20,449 | 124,344 |
| Short-term bank deposits | 87,970 | 105,594 |
| **Total assets** | **108,419** | **229,938** |
| Bank overdrafts | (6,831) | (464) |
| **Net cash and cash equivalents** | **101,588** | **229,474** |

## Note 13: Provisions

| In thousands of euros | Site remediation | Employee benefits | Other | Total |
|---|---|---|---|---|
| *Non-current at 31/12/2014* | *9,720* | *562* | *0* | *10,282* |
| *Current at 31/12/2014* | *2,049* | *453* | *9,223* | *11,725* |
| **Value at 31/12/2014** | **11,768** | **1,015** | **9,223** | **22,007** |
| Exchange gains (losses) | 867 | 0 | 555 | 1,422 |
| Provisions for the period | 619 | 17 | 7,540 | 8,176 |
| Reversals used | (5) | 0 | (421) | (426) |
| Site remediation provisions | 14,362 | 0 | 0 | 14,362 |
| **Value at 30/06/2015** | **27,612** | **1,032** | **16,897** | **45,541** |
| *Non-current at 30/06/2015* | *27,612* | *579* | *5,803* | *33,995* |
| *Current at 30/06/2015* | *0* | *453* | *11,093* | *11,546* |

Other provisions for the period primarily concern our estimated share of remediation commitments for the Lotte 116 permit in Peru.

Site remediation provisions for the Ezanga permit have been adjusted based on an expert's report, which has led to the recognition of an asset and a further provision for site remediation for €14 million.

## Note 14: Borrowings

| In thousands of euros | Bonds | Financial debt | Bank loans | Total |
|---|---|---|---|---|
| *Current at 31/12/2014* | *69,631* | *3,190* | *464* | *73,285* |
| *Non-current at 31/12/2014* | *233,989* | *359,852* | *0* | *593,842* |
| **Total at 31/12/2014** | **303,621** | **363,042** | **464** | **667,127** |
| Exchange gains (losses) | 0 | 31,803 | 23 | 31,826 |
| New borrowings | 98,409 | 212 | 6,344 | 104,965 |
| Repayments | (60,319) | (728) | -0 | (61,047) |
| Outstanding equity components for previous bond issues | 2,322 | -0 | -0 | 2,322 |
| Change in accrued interest | (48) | 721 | 0 | 673 |
| **Total at 30/06/2015** | **343,984** | **395,051** | **6,831** | **745,866** |
| *Current at 30/06/2015* | *9,323* | *191* | *6,831* | *16,345* |
| *Non-current at 30/06/2015* | *334,661* | *394,860* | *0* | *729,521* |

| In thousands of euros | Current | 30/06/2015 Non-current | Balance sheet total | 31/12/2014 Balance sheet total |
|---|---|---|---|---|
| Bonds | 9,323 | 334,661 | 343,984 | 303,621 |
| *ORNANE 2021 bonds* | *399* | *98,695* | *99,094* | *0* |
| *ORNANE 2019 bonds* | *0* | *235,966* | *235,966* | *236,273* |
| *OCEANE 2015 bonds* | *8,924* | *0* | *8,924* | *67,348* |
| Other borrowings and debt | 191 | 392,309 | 392,500 | 360,031 |
| *Revolving credit facility* | *0* | *351,307* | *351,307* | *322,525* |
| *Crédit Suisse loan* | *191* | *41,002* | *41,193* | *37,506* |
| Finance-lease debt | | 2,551 | 2,551 | 3,011 |
| Bank overdrafts | 6,831 | | 6,831 | 464 |
| **Total other borrowings and financial debt** | **16,345** | **729,521** | **745,866** | **667,127** |

**Bonds**
On 6 June 2014, the Group issued 14,658,169 ORNANE bonds maturing on 1 July 2019, with a unit exercise price of €17.26 and a coupon of 1.625%, payable every six months.

On 12 May 2015, the Group issued 10,425,571 ORNANE bonds maturing on 1 July 2021, with a unit exercise price of €11.02 and a coupon of 2.75%, payable every six months.

If holders exercise their rights to be awarded shares, and at the issuer's discretion, these bonds enable:
Either,

- A cash payment for an amount below the nominal value if the reference price for the underlying share is lower than this nominal value;
- A cash payment corresponding to the number of shares to be delivered multiplied by the reference price for the underlying share;
- At the issuer's discretion, a cash payment (ranging from 0 to 100% of the conversion value of the ORNANE bonds), combined with a payment in new and/or existing shares for the fraction exceeding the amount paid in cash.

Or,

- A payment based exclusively on shares: the number of shares to be delivered is equivalent to the number that would be delivered for a conventional OCEANE bond with identical features.

Under IAS 32 and IAS 39, the ORNANE bonds are classed as hybrid instruments, with two components that are recognised separately:

- An option for conversion into shares, recorded as a liability derivative on the balance sheet (cf. Note 15: Derivative financial instruments);
- A debt instrument, initially recorded on the balance sheet for the fair value of the ORNANE bonds, after deducting the corresponding transaction costs and the option's fair value.

The debt instrument is then posted at its amortised cost based on an effective interest rate.

On 18 May 2015, the Group completed the early redemption of the majority of its OCEANE bonds, covering 4,749,542 OCEANE bonds due to mature on 31 July 2015, with a unit exercise price of €13.605, including €0.72 of accrued interest. At 30 June 2015, there were still 655,721 OCEANE bonds maturing on 31 July 2015, with a nominal of €12.70 and a coupon of 7.125%, to be redeemed.

**Other borrowings**
*Revolving credit facility*
On 18 December 2014, Etablissements Maurel & Prom signed a new revolving credit facility for US$650 million with a consortium of four international banks (Natixis, BNP Paribas, Crédit Agricole Corporate & Investment

Bank, Standard Bank Plc, Standard Chartered Bank), based on an initial tranche of US$400 million and a US$250 million accordion feature, which may be drawn down on two occasions under certain conditions.

The terms of this new facility are as follows:

| | |
|---|---|
| Initial amount: | US$400 million |
| Additional amount: | US$250 million |
| Maturity: | 31 December 2020, i.e. 6 years |
| First repayment: | 31 December 2016 |
| Borrowing rate: | LIBOR +3.40% until 31/12/2018, then +3.65%. |

*Crédit Suisse loan*
In connection with the acquisition of Caroil from Tuscany in 2013, Maurel & Prom took on US$50 million of Tuscany's debt, based on a credit agreement with Crédit Suisse. This loan, taken out on 23 December 2013, is repayable in full on 23 December 2018 and is based on an interest rate of LIBOR +2%.

## Note 15: Derivative financial instruments

| In thousands of euros | 30/06/2015 | 31/12/2014 |
|---|---|---|
| **Financial instruments (assets)** | **0** | **0** |
| *Interest rate instruments* | 0 | 0 |
| *Currency instruments* | 0 | 0 |
| *Hydrocarbon instruments* | 0 | 0 |
| **Financial instruments (liabilities)** | **7,603** | **1,612** |
| *Currency instruments* | 0 | 0 |
| *Interest rate instruments* | 7,603 | 1,612 |
| *Hydrocarbon instruments* | 0 | 0 |
| **Total non-current financial instruments** | **(7,603)** | **(1,612)** |

The interest rate derivatives recorded as liability derivatives on the balance sheet are linked to the ORNANE bonds issued on 6 June 2014 and 12 May 2015 and correspond to the share conversion options.

The Group has recorded the option relating to its ORNANE bond issue from 12 May 2015 as an interest rate derivative instrument for a total of €13,984,000.

This level 2 option has been valued in accordance with IAS 32 and 39, based on a binomial model and observational volatility, spread and maturity assumptions.

The change in the fair value of this option between the issue date and 30 June 2015 has been recognised in profit or loss, generating €8,140,000 of income, with the option valued at €5,844,000 in the accounts at 30 June 2015.

## Note 16: Operating income

| In thousands of euros | 30/06/2015 | 30/06/2014 |
|---|---|---|
| Sales | 157,808 | 295,501 |
| Gross margin | 103,103 | 239,508 |
| **Gross operating surplus** | **68,150** | **209,638** |
| Depreciation and depletion | (43,264) | (38,540) |
| Impairment of exploration and operational assets | (44,381) | (11,276) |
| Income from asset disposals | (25) | (108) |
| Other operating items | (13,316) | (3,561) |
| **Operating income** | **(32,836)** | **156,152** |

**Change in sales**

The Group's consolidated sales for the first half of 2015 came to €157,808,000. The change compared with 2014 primarily reflects the following factors:

- A volume effect on sales for the Ezanga permit in Gabon: the volumes sold in Gabon are down, with entitlements contracting from 18,813 bopd for the first half of 2014 to 16,291 bopd for the first half of 2015;
- A negative price effect on these same sales;
- A positive exchange rate effect.

**Gross operating surplus**

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

| In thousands of euros | 30/06/2015 | | 30/06/2014 | |
|---|---|---|---|---|
| | Sales | Gr Op Surplus | Sales | Gr Op Surplus |
| Gabon | 141,327 | 71,916 | 271,282 | 209,877 |
| Tanzania | 864 | (364) | 610 | (491) |
| **Hydrocarbon production** | **142,191** | **71,552** | **271,892** | **209,386** |
| Drilling | 15,701 | 983 | 23,609 | 5,646 |
| Structure | | (4,385) | | (5,395) |
| **TOTAL** | **157,892** | **68,150** | **295,501** | **209,638** |

**Personnel expenses**

In 2014, personnel expenses for the headquarters, which are charged back to the operational subsidiaries, were reported under “other purchases and operating expenses” for €8.8 million. In 2015, they are presented in full under personnel expenses.

**Impairments**

| In thousands of euros | 30/06/2015 | 30/06/2014 |
|---|---|---|
| Mozambique | (22,331) | |
| Drilling | (19,697) | (2,530) |
| Peru | | (6,446) |
| Other | (2,353) | (2,300) |
| **TOTAL** | **(44,381)** | **(11,276)** |

## Note 17: Financial income

| In thousands of euros | 30/06/2015 | 30/06/2014 |
|---|---|---|
| Interest on overdrafts | (30) | (63) |
| Interest on OCEANE and ORNANE bonds | (7,732) | (18,020) |
| Interest on other borrowings | (8,376) | (5,007) |
| **Gross finance costs** | **(16,137)** | **(23,091)** |
| Income from cash | 328 | 401 |
| Net income from derivative instruments | 7,929 | (832) |
| **Net finance costs** | **(7,881)** | **(23,522)** |
| Net foreign exchange differences | 16,224 | 5,008 |
| Other | (913) | (9,550) |
| **Other net financial income and expenses** | **15,311** | **(4,541)** |
| **FINANCIAL INCOME** | **7,430** | **(28,063)** |

The interest expense for the ORNANE bond issue from 6 June 2014, with a nominal rate of 1.625%, is recorded at its amortised cost for €4 million, based on an effective interest rate of 3.45%.

The interest expense for the ORNANE bond issue from 12 May 2015, with a nominal rate of 2.75%, is recorded at its amortised cost for €2.8 million, based on an effective interest rate of 5.6%.

“Net income from derivative instruments” primarily concerns the change in the fair value of the option linked to the ORNANE 2021 bonds between the issue date (12 May 2015) and the reporting date.

The net foreign exchange gains recorded mainly relate to the revaluation of the Group's currency positions based on the closing rate.

## Note 18: Income taxes

The tax expense is determined based on the expected effective annual tax rates for each country. The increase in the average nominal rate compared with the previous period is attributable to non-capitalised losses.

Deferred tax assets relating to losses carried forward are not recognised in excess of deferred tax liabilities if it is not sufficiently likely that there will be future taxable profits against which the losses may be allocated. From a structural perspective, this is notably the case for Etablissements Maurel & Prom SA (parent).

The corporate income tax expense payable primarily concerns the recognition of income tax for the State's share of profit oil on the Ezanga permits in Gabon.

The deferred tax expense primarily reflects the difference between the recognition of recoverable costs from a tax perspective and the recognition of fixed assets in the consolidated financial statements for the Ezanga permit.

**Reconciliation between the balance sheet total, the tax charge and tax paid**

| In thousands of euros | Deferred tax | Current tax |
|---|---|---|
| **Assets at 31/12/2014** | **280** | **1,163** |
| **Liabilities at 31/12/2014** | **(358,217)** | **(6,509)** |
| **Net value at 31/12/2014** | **(357,937)** | **(5,346)** |
| Tax expense for the fiscal year | | (12,702) |
| Deferred tax income or expense | (4,527) | |
| Payments | | 11,504 |
| Exchange gains (losses) | (30,442) | (551) |
| **Assets at 30/06/2015** | **0** | **560** |
| **Liabilities at 30/06/2015** | **(392,906)** | **(7,655)** |
| **Net value at 30/06/2015** | **(392,906)** | **(7,095)** |

**Breakdown of deferred taxes**

| In thousands of euros | 30/06/2015 | 31/12/2014 |
|---|---|---|
| Tax losses | 0 | 280 |
| **Deferred tax assets** | **0** | **280** |
| | | |
| Goodwill on property, plant and equipment | 392,906 | 357,937 |
| OCEANE equity component | 0 | 280 |
| **Deferred tax liabilities** | **392,906** | **358,217** |
| | | |
| **Net deferred tax** | **392,906** | **357,937** |

**Reconciliation between the tax expense and pre-tax income**

| In thousands of euros | 30/06/2015 | 30/06/2014 |
|---|---|---|
| Pre-tax income from continuing operations | (26,506) | 121,334 |
| - Net income from equity associates | (1,100) | (6,755) |
| **Pre-tax income excluding equity associates** | **(25,406)** | **128,089** |
| Income tax | (17,229) | (62,074) |
| Theoretical tax expense at 33.33% | 8,468 | (42,692) |
| **Difference attributable to** | **(25,697)** | **(19,382)** |
| - Tax difference on Gabon tax rate and recoverable costs | (11,774) | (30,753) |
| - Profit oil tax / notional sales | 11,724 | 23,301 |
| - Non-capitalised losses | (25,647) | (11,930) |

The distortion effects in terms of the taxable base in Gabon are due to differences between eligible recoverable costs from a tax perspective and the costs recorded from an accounting perspective.

## Note 19: Segment reporting

In accordance with IFRS 8, segment information is reported based on identical principles to those for internal reporting and shows the internal sector information defined for managing and measuring the Group's performance.

Maurel & Prom's activities are split into three segments: exploration, production and drilling.

The other activities mainly concern the holding company's support and financial services.

Sales for each region are detailed in Note 16: Operating income.

Operating income and assets are broken down for each segment based on the entities' contributing accounts, which include consolidation restatements.

Exploration costs are detailed in Note 4: Intangible assets.

| In thousands of euros at 30/06/2015 | Exploration | Production | Oil drilling | Other activities | Adjustments & elim. | Total |
|---|---|---|---|---|---|---|
| Inter-segment sales | | | | | 0 | 0 |
| **Sales** | **0** | **142,191** | **15,617** | **0** | | **157,808** |
| Impairment of intangible assets | (24,684) | 0 | 0 | 0 | | (24,684) |
| Impairment of property, plant and equipment & inventories | 0 | 0 | (19,697) | 0 | | (19,697) |
| **OPERATING INCOME** | **(33,526)** | **32,445** | **(24,433)** | **(7,322)** | **0** | **(32,836)** |
| **Intangible assets (gross)** | | | | | | |
| Investments during the period | 43,265 | 0 | 30 | 30 | | 43,325 |
| Accumulated investments at period-end | 133,188 | 317,909 | 814 | 2,111 | | 454,022 |
| **Property, plant & equipment (gross)** | | | | | | |
| Investments during the period | 3 | 91,714 | 1,715 | 815 | | 94,246 |
| Accumulated investments at period-end | 31,855 | 1,798,516 | 147,583 | 1,950 | | 1,979,904 |

| In thousands of euros at 30/06/2014 | Exploration | Production | Oil drilling | Other activities | Adjustments & elim. | Total |
|---|---|---|---|---|---|---|
| Inter-segment sales | | | 0 | (207) | 207 | 0 |
| **Sales** | **0** | **271,892** | **23,609** | **0** | | **295,501** |
| Impairment of intangible assets | (1,670) | (629) | 0 | 0 | | (2,299) |
| Impairment of property, plant and equipment | (6,446) | 0 | (2,530) | 0 | | (8,976) |
| **OPERATING INCOME** | **(13,250)** | **177,026** | **(4,968)** | **(2,659)** | | **156,149** |
| **Intangible assets (gross)** | | | | | | |
| Investments during the period | 59,098 | | 97 | 46 | | 59,241 |
| Accumulated investments at period-end | 352,869 | 119,391 | 321 | 1,876 | | 474,457 |
| **Property, plant & equipment (gross)** | | | | | | |
| Investments during the period | 464 | 92,824 | 1,822 | 407 | | 95,517 |
| Accumulated investments at period-end | 9,045 | 1,282,557 | 108,791 | 19,271 | | 1,419,664 |

## Note 20: Fair value

The various categories of financial assets and liabilities are presented in the following tables:

| In thousands of euros | | 30/06/2015 Balance sheet total | 30/06/2015 Fair value | 31/12/2014 Balance sheet total | 31/12/2014 Fair value |
|---|---|---|---|---|---|
| Non-consolidated equity interests | Available-for-sale securities | 216 | 216 | 216 | 216 |
| Non-current loans and receivables | Loans and receivables | 24,685 | 24,685 | 715 | 715 |
| Trade receivables and related | Loans and receivables | 57,078 | 57,078 | 43,377 | 43,377 |
| Other current financial assets | Loans and receivables | 72,969 | 72,969 | 60,197 | 60,197 |
| Cash and cash equivalents | | 108,419 | 108,419 | 229,938 | 229,938 |
| **Total assets** | | **263,367** | **263,367** | **334,443** | **334,443** |
| Bonds | Liabilities at amortised cost | 343,984 | 343,984 | 303,621 | 303,621 |
| Other borrowings and financial debt | Liabilities at amortised cost | 401,882 | 401,882 | 363,506 | 363,506 |
| Derivative financial instruments | Fair value | 7,603 | 7,603 | 1,612 | 1,612 |
| Trade payables | Fair value | 86,089 | 86,089 | 107,210 | 107,210 |
| Other creditors and liabilities | Fair value | 68,099 | 68,099 | 65,719 | 65,719 |
| **Total liabilities** | | **907,658** | **907,658** | **841,669** | **841,669** |

The fair values are based on the following assumptions:

- Non-consolidated equity interests classed as available-for-sale securities, like non-current loans and receivables (linked primarily to equity associates or non-consolidated equity interests), are valued at cost since it is not possible to have a reliable fair value. Checks have been carried out to ensure that there are no impairments to be recorded;
- Other current financial assets, such as trade receivables and related accounts, have maturities of less than one year and do not need to be discounted. If applicable, receivables are measured at their economic value and are recognised as such in the Group's accounts;
- The Group's cash position is considered to be liquid;
- Borrowings (US$50 million Crédit Suisse loan and US$400 million revolving credit facility) are recorded at the present value of contractual cash flow based on the facility's interest rate;
- Since trade payables and other creditors and miscellaneous financial liabilities have a maturity of less than one year, their fair value is identical to their balance sheet value. A present value has been calculated when necessary and is already taken into consideration for the presentation of the accounts;
- The derivative component of the ORNANE bonds was restated at fair value at 30 June 2015.

## Note 21: Related parties

| In thousands of euros | Income | Expenses | Amounts due from related parties (net) | Amounts due to related parties |
|---|---|---|---|---|
| **1) Equity associates** | | | | |
| Maurel & Prom Colombia BV | | (757) | 2,366 | 8,880 |
| MP East Asia | 26 | | 75 | |
| Saint-Aubin Energie | 898 | (110) | 25,855 | |
| MP West Canada | | | 27 | |
| MP Energy West Canada Corp. | 26 | | 99 | |
| Saint Aubin Exploration et Production Québec Inc | | | 215 | |
| **2) Other related parties** | | | | |
| - Pacifico | 196 | (100) | 147 | 25 |

**Equity associates**

The current account with Saint-Aubin Energie concerns Maurel & Prom's share of financing for the operations carried out primarily in Myanmar and Canada through Saint Aubin Energie and its subsidiaries.

**Other related parties**

With respect to other related parties, transactions with Pacifico, conducted under normal terms, relate to rentals and support services.

With Pacifico in particular, which is a 23.71% shareholder, Maurel & Prom has signed a subletting agreement for office premises. Pacifico also provides Maurel & Prom with technical and financial support services. The service agreement with Pacifico is covered by an addendum that was approved by Maurel & Prom's Supervisory Board on 29 May 2007 and signed on 11 June 2007 (effective 1 February 2007). This addendum primarily updated the fees for the services provided.

## Note 22: Off-balance-sheet commitments - Contingent assets and liabilities

**Work commitments**

Oil work-related commitments are valued based on the budgets approved with partners. They are revised on a number of occasions during the year to take various aspects into account, including the results of oil work carried out. They also take into consideration any firm commitments made to States in connection with permits.

**Guarantees given on loans: Maurel & Prom revolving credit facility**

On 18 December 2014, Etablissements Maurel & Prom signed a US$650 million revolving credit facility (RCF), based on an initial tranche of US$400 million and a US$250 million accordion feature.

The Company is the borrower for the new RCF, which is also guaranteed by its French subsidiary Maurel & Prom West Africa and Maurel & Prom Gabon. The following sureties have also been set up:

- Pledge against bank account balance, granted by the Company on the Company's collection account;
- Pledge against Maurel & Prom Gabon shares held by Maurel & Prom West Africa;
- Pledge against Maurel & Prom West Africa shares held by the Company;
- Transfer, as a guarantee, of the respective rights held by Maurel & Prom Gabon, the Company and Maurel & Prom West Africa in any (i) hedge agreement, (ii) insurance policy and (iii) future oil sales agreement concerning underlying assets, entered into between Maurel & Prom Gabon and any party authorised to carry out extractions;
- Transfer, as a guarantee, of rights relating to any loan awarded to any Group company.

The sums made available must be used to:

- Pay fees and interest due in relation to the new facility;
- Repay the existing RCF;

- Finance investments in underlying assets; and
- Finance all general requirements, including financing for acquisitions.

The credit agreement is based on a repayment schedule with the final instalment set for 31 December 2020. However, under certain conditions, the grace period, initially set for two years, i.e. until 31 December 2016, may be extended by a further year, i.e. until 31 December 2017.

Maurel & Prom will have to pay interest on the facility, in line with the planned instalments, based on a rate equal to the LIBOR plus the mandatory costs and a margin of 3.40% per year until 31 December 2018 and then 3.65% per year until 31 December 2020. Interest will be calculated per three-month period, unless stipulated otherwise.

Maurel & Prom has made commitments to comply with certain financial ratios at 30 June and 31 December each year:

- Ratio for the Group's consolidated net debt to EBITDAX (earnings before interest, taxes, depreciation and amortisation, net of the impact of exchange gains and losses), calculated over a 12-month period prior to the reference period, with a maximum limit of 3.00;
- Ratio for P1+P2 Group share reserves x 10$, which must not fall below 1.5 times the Group's consolidated net debt.

In addition, Maurel & Prom Gabon's rights concerning oil production from fields in the Ezanga production sharing agreement must not drop below a net level of production set in the credit facility agreement.

Under the terms of the banking facility (subject to certain exceptions), the Company is not authorised to - and must ensure that its subsidiaries do not - (i) grant any sureties on its assets, (ii) take on any additional financial debt or (iii) dispose of all or part of the underlying assets.

Subject to certain exceptions, the Company has also made commitments (and must ensure that Maurel & Prom Gabon, Maurel & Prom West Africa, Caroil and Maurel & Prom Drilling Services respect these same commitments) to not (x) grant any new loans or (y) grant guarantees to any parties.

In addition, the Company has made commitments to ensure that Maurel & Prom Gabon maintains a minimum level of production as stipulated with the banking facility.

**Maurel & Prom Drilling Services BV loan agreement**
In connection with the acquisition of Tuscany's African drilling activities, through the acquisition of shares in Caroil, Maurel & Prom Drilling Services BV, a fully-owned subsidiary of the Company, took out a US$50 million bank loan, repayable after five years (interest rate: LIBOR +2%), with a banking syndicate led by Crédit Suisse on 23 December 2013 (this loan covers part of Tuscany's debt with a banking syndicate led by Crédit Suisse for this amount).

The following sureties have been set up:

- Pledge against bank accounts;
- Second-tier pledge against bank accounts;
- Pledge against Caroil's business assets;
- Second-tier pledge against Caroil's business assets;
- Pledge against securities accounts for Caroil shares;
- Pledge against debt facilities taken out by the Company; and
- Confirmation of certain guarantees taken out by Caroil in 2011 and 2012 with Crédit Suisse (acting as agent for the banking syndicate).

**Other commitments given**
At the end of the reporting period, the commitments given were identical to those presented for the consolidated financial statements at 31 December 2014.

- Cyprus Mnazi Bay Limited

Under the agreement signed on 26 July 2012 to acquire Cyprus Mnazi Bay Limited from Wentworth, Wentworth will be paid up to US$5 million if gas production volumes exceed 100 million cubic feet per day over a period of 30 consecutive days.

- Rockover

The agreement to acquire Rockover in February 2005 included a 10% snap-back clause for former shareholders in the event of a discovery at any of the permits sold (Ofoubou/Ankani, Ezanga (formerly Omoueyi), Nyanga Mayombe, Kari) and a 50% snap-back on the Banio permit.

On Maurel & Prom's initiative, an agreement to buy out this provision was signed on 13 July 2007. Under this agreement, Maurel & Prom would pay the former shareholders US$55 million (paid to date) plus royalties of 2% when cumulative production exceeded 39 million barrels on all fields sold to Maurel & Prom in 2005 (excluding Banio). This volume was reached in the last few days of December 2014.
In addition, the following commitments have been maintained: Maurel & Prom will have to pay the sellers a total royalty of US$1.30 for every barrel produced from the date that cumulative production across all permits exceeds 80 MMboe. Maurel & Prom will have to pay one of the two sellers a royalty equivalent to 2% of total available production up to 30 MMboe and 1.5% above this limit, based on production from operational permits with the MT 2000-Nyanga Mayombe exploration permit.

- EZANGA exploration and production sharing agreement

The Gabonese State had a right of entry on all the fields (Exclusive Development Authorisation) from the Omoueyi permit under certain conditions. Following the signing of the new Ezanga exploration and production sharing agreement, a similar right of entry will apply when an Exclusive Development Authorisation is awarded.

- Independent guarantee for the Anticosti project

Saint-Aubin Energie (in which your Company holds 1/3 of the capital, with 2/3 held by MPI) has guaranteed, as the first guarantor, the obligations of its fully-owned subsidiary Saint-Aubin Energie Exploration Production Inc, in addition to the €50 million payment concerning the partnership set up with the Government of Quebec. Under the guarantee agreement, Maurel & Prom is jointly responsible with Saint-Aubin Energie for meeting the obligations and payments of any amounts due, up to a maximum of €50 million. In addition, MPI has decided to issue an independent first-demand guarantee for Maurel & Prom for up to €33.3 million, i.e. two thirds of the maximum amount potentially payable by Maurel & Prom, representing MPI's interest in Saint-Aubin Energie.

**Commitments received**
In connection with the sale of its subsidiary Hocol to Ecopetrol in 2009, an earn-out clause was signed enabling Maurel & Prom to receive a maximum earn-out payment of US$50 million, based on the valuation of reserves on the Niscota field in Colombia, covered by the transaction.

In principle, the Niscota field's reserves were due to be valued at 31 December 2012 and validated by an independent expert, appointed jointly by Maurel & Prom and Ecopetrol.

In its accounts at 31 December 2011, Ecopetrol recorded a US$27.3 million liability in relation to this earn-out. Maurel & Prom asked Ecopetrol to provide the basis for calculating this valuation and all the information required, as set out in Hocol's sales agreement, to be able to evaluate the changes in the Niscota field's reserves and their level at 31 December 2012.

The information was received late from Ecopetrol and did not allow Maurel & Prom to assess the level of the Niscota field's reserves before the end of 2012 or to appoint the independent expert provided for in Hocol's sales agreement. In December 2012, Maurel & Prom therefore opened arbitration proceedings with the International Chamber Of Commerce against Ecopetrol in order to get an expert appointed by the court of arbitration, particularly with a view to determining the amount of potential receivables corresponding to the aforementioned earn-out.

The arbitration proceedings were completed during the first half of 2015 and concluded that there were no amounts receivable in relation to the ear-nout.

## Note 23: Events after the reporting period

**Tanzania**

On 20 August 2015, Maurel & Prom (operator, 48.06%) opened the first two wells on the Mnazi Bay field, which will supply gas for the Madimba processing centre (operated by GASCO, a subsidiary of TPDC), which is the point of entry for the gas pipeline between Mtwara and Dar es Salaam.

This production, which will initially focus exclusively on commissioning operations for TPDC/GASCO's new facilities, is expected to quickly reach 70 million cubic feet per day when a further two wells are connected up in October 2015. A production capacity of 80 million cubic feet per day is expected by the end of the year.

**Maurel & Prom to merge with MPI**

The Boards of Directors of Maurel & Prom and MPI have unanimously approved the principle of a merger between the two companies under a merger by absorption of MPI by Maurel & Prom.

The merger must be approved by the General Shareholders' Meetings of the two companies in December 2015 with retroactive effect from 1 January 2015.

According to the indicative parity proposed by the Boards of Directors of Maurel & Prom and MPI, dated 27 August 2015, MPI shareholders would receive 1 Maurel & Prom share for 2 MPI shares.

The definitive exchange parity will be decided at the next meeting of the Maurel & Prom and MPI Boards of Directors, to be held mid-October, after getting the final report from the merger auditors.

The indicative parity takes into account the payment of an exceptional dividend of €45 cents per MPI share. This will be submitted for approval by the MPI General Shareholders' Meeting called to approve the transaction and will be paid to shareholders on the condition precedent that the transaction is approved by the Maurel & Prom and MPI General Shareholders' Meetings.

# 9 STATUTORY AUDITORS' REPORT

To the Shareholders,

In compliance with the assignment entrusted to us by the General Shareholders’ Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Etablissements Maurel & Prom S.A., for the period from January 1 to June 30, 2015,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

## 9.1 Opinion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the note 2 to the condensed half-yearly consolidated financial statements regarding, which describes the assumptions used by the company to determine the value of the investment in the equity associate Maurel & Prom Colombia.

## 9.2 Specific verifications

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

| | |
|---|---|
| Paris La Défense, 27 August 2015 | Paris, 27 August 2015 |
| KPMG Audit<br>*Department of KPMG S.A.* | International Audit Company |
| Eric Jacquet | François Caillet |
| *Partner* | *Partner* |

DISCLAIMER

By their nature, forward-looking statements contain risks and uncertainties to the extent that they are based on events or circumstances that may or may not happen in the future. These projections are based on assumptions that we believe to be reasonable, but that may prove to be incorrect and that depend on a number of risk factors, such as fluctuations in crude oil prices, changes in exchange rates, uncertainties related to the valuation of our oil reserves, actual rates of oil production and related costs, operational problems, political stability, legislative or regulatory reforms, or even wars, terrorism and sabotage.