MAUREL & PROM

H1 2012

INTERIM FINANCIAL REPORT

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2 PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

As the Chief Financial Officer of Etablissements Maurel & Prom ("**Maurel & Prom**" or the "**Company**"), and reporting to the Chairman and Chief Executive Officer Mr Jean-François Hénin, Mr Michel Hochard is responsible for the financial information and the interim financial report.

His contact details are:

Mr Michel Hochard
Chief Financial Officer
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Certification

"I hereby certify that, to the best of my knowledge, the condensed interim financial statements have been prepared in accordance with applicable accounting standards and give a true and fair picture of the assets, financial position and income of the Company and its consolidated entities, and that the interim management report on pages 4 to 12 offers a true and fair picture of the significant events in 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."

The Chief Financial Officer

Michel Hochard,
Paris, Thursday, 30 August 2012

In order to make this report easier to read, Etablissements Maurel & Prom will be referred to as the "Company" or "Maurel & Prom", and Maurel & Prom and/or any of its subsidiaries together will be referred to as the "Maurel & Prom Group" or the "Group".

3 STRATEGIC ORIENTATION OF THE GROUP

Maurel & Prom is an independent mid-size player specialising in Africa and Latin America. The Group's teams combine experience and references in its various fields of activity.

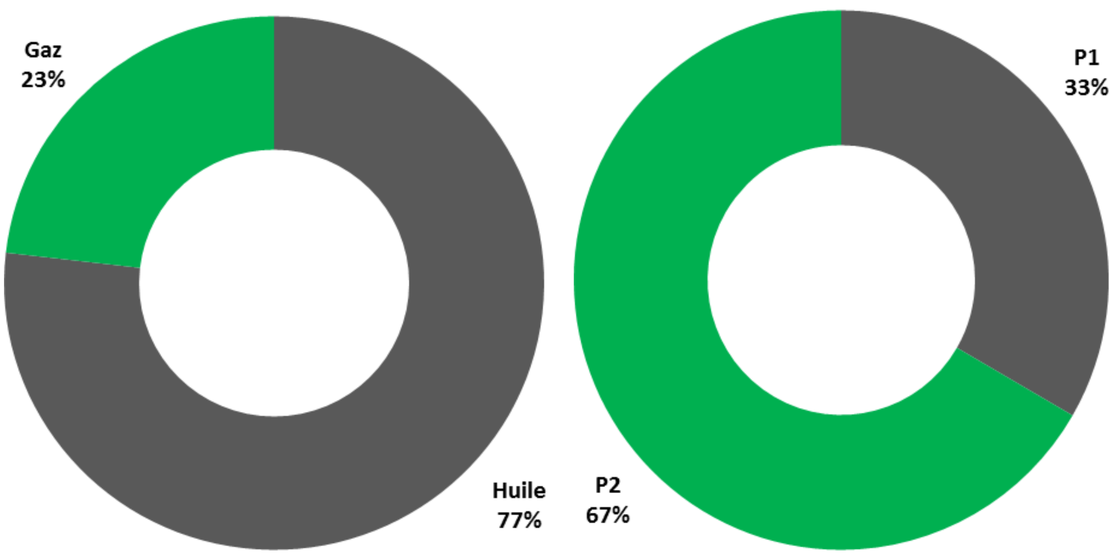
As at 30 June 2012, Maurel & Prom was present in six operating permits and 20 exploration permits.

Maurel & Prom funds its strategy on capitalising on its exploration activities and rapidly bringing its discoveries into production.

In order to adapt to the economic and financial situation, since 2009 the Group has refocused its strategy towards the assessment and development of its resources, particularly in Gabon and Colombia. As a result, the Group now has:

- Output of approximately 14,500 boepd as its own share;
- 2P reserves net of royalties estimated at 240 Mboe;
- Substantial identified resources;
- High-potential territories for exploration of more than 80,000 km²;
- Experienced teams from well-known oil companies.

Breakdown of P1+P2 reserves net of royalties: 240 Mboe



The reserves shown were certified on 1 January 2012 and have been restated to take into account the pre-emptive rights on the interests of Cove Energy on the Mnazi Bay permit.

4 GROUP ACTIVITY IN THE FIRST HALF OF 2012

The Group's activity in the first half of 2012 is principally focused on development on assets already in the Group's portfolio while also actively seeking out new partnerships.

4.1 Development of existing fields

4.1.1 Stabilisation of Gabon production

In the first half of 2012, output from Gabon fields stabilised at 16,491 boepd. The Group applied to the Hydrocarbons Directorate for an Exploration and Operation Permit for the Omoc field and offered to withdraw from the existing Onal permit in return, following the discovery of the Omoc-Nord field.

4.1.2 Update on the incident at PF Omoc-N 100

The steady ramping-up of production after the initiation of the water injection programme was interrupted by an incident in late January on platform 100 at the Omoc-Nord field. The impact of this incident (at least 1,700 boepd) will be felt until the end of the third quarter of 2012, with the exact date being dependent on the progress made in connecting the wells of the replacement platforms.

4.1.3 Target for the second half of 2012

The Group reaffirms its production target of approximately 24,500 boepd (at 100%) by the end of 2012. This target will be reached by connecting to four additional platforms in September, November and December.

4.2 Continuing exploration activity

4.2.1 In Colombia

Production at the Sabanero field began on 17 December 2011, and by the end of June 2012 output had stabilised at approximately 1,500 boepd (at 100%). This production level is temporarily restricted by existing processing capacity and the reinjection of the water produced. Note that a production permit for the Sabanero field has been filed with the ANH (National Hydrocarbon Agency). This permit should be granted in the first quarter of 2013 and will allow a works programme to be launched to significantly increase the field's output.

4.2.2 In Gabon

At the Etekamba permit (100%), the Group drilled two wells during the first half of the year. Both wells proved to be negative.

The work done showed that the Gamba reservoirs are of very high quality. This license ending in January 2013, the Group is currently working on the identification of new play according to observed results.

4.2.3 In Tanzania

The Ziwani-1 well on the Mnazi Bay permit (M&P operator, 60.075%) was drilled to a depth of 2,671 m.

A three-metre interval was tested for gas between 1,106 and 1,109 m. An unstable flow of 7.2 million cubic feet per day was reported without being able to stabilise the pressure. This test was conducted on a new carbonate reservoir, not yet identified on the Mnazi Bay concession.

The measures taken did not reveal commercial reserves but nevertheless proved that an effective deposit system exists, therefore confirming the significant potential of the prospects already identified by the Group on this permit.

4.3 Consolidation of assets in East Africa

Maurel & Prom exercised its pre-emptive rights on Cove Energy's interests in the Mnazi Bay concession in Tanzania.

The value of the transaction amounts to US$18.9 million, which was paid to Wentworth following its approval by the Tanzanian authorities on 26 July 2012. An additional amount of up to US$5.1 million will be payable if future gas production exceeds certain thresholds.

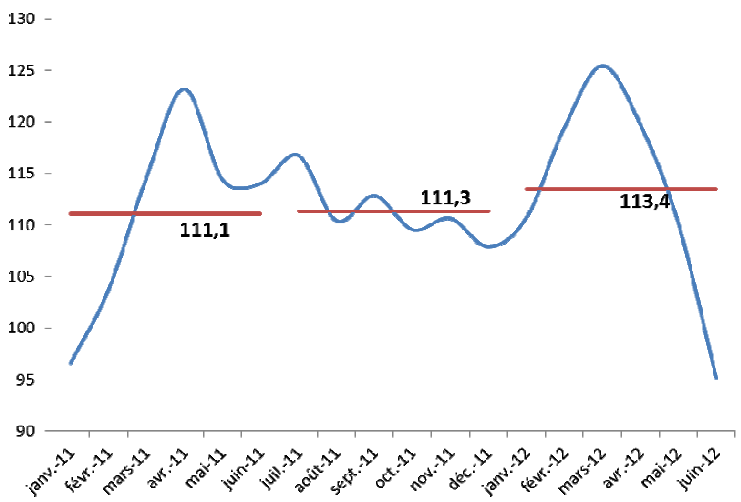
Following this transaction, the various interests in Mnazi Bay break down as follows:

	Production	Exploration
M&P (operator)	**48.06%**	**60.075%**
Wentworth	31.94%	39.925%
TPDC	20.00%	-

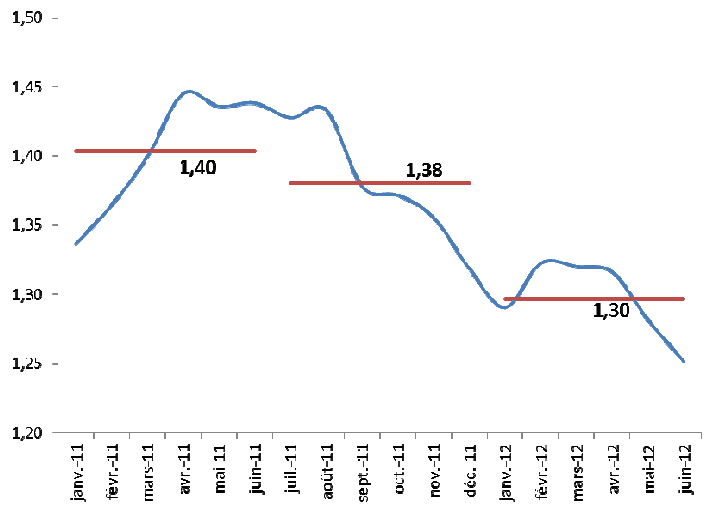
5 FINANCIAL POSITION AT 30 JUNE 2012

5.1 Economic environment

The average price of Brent during the first half of 2012 was US$113.4. It averaged US$95.2 in June 2012, compared with US$107.9 in December 2011.



In the first half of 2012, the average €/US$ exchange rate was 1.297 versus 1.404 for the same period in 2011. At 30 June 2012, the rate was 1.259, compared with 1.294 at 31 December 2011.



5.2 Financial elements

The Group's activity, described above, as well as the economic and financial environment, is reflected in the following elements of the consolidated financial statements. The consolidated financial statements were approved by the Board of Directors on 30 August 2012.

5.2.1 Sales – Oil production

Group half-year consolidated sales were €225.9 million, up 24% on the same period in 2011.

This increase was mainly due to the increase in oil prices (average sale price of US$113.2/bbl in Gabon versus US$109.8/bbl for the first half of 2011) and the incorporation of the oil sales from the Sabanero field in Colombia for the first time.

5.2.2 Operating income

In thousands of euros	30/06/2012	30/06/2011*
Sales	**226**	**183**
Gross margin	182	147
as % of sales	*81%*	*80%*
Gross operating surplus	**164**	**129**
as % of sales	*73%*	*70%*
Amortisation and depreciation of depletion and other impairments	-35	-18
Income from production activities	***129***	***111***
as % of sales	*57%*	*61%*
Exploration expenses	-30	-5
Income from oil production and exploration activities	***99***	***106***
as % of sales	*44%*	*58%*
Income from disposal of assets	0	112
Other operating items	-13	1
Operating income	**86**	**218**

(*) Restated for discontinued activities

In the first half of 2012 the Group benefitted from a more favourable economic environment than in 2011, which improved its operating margins.

The average price of Brent was US$113.4 in the first half of 2012 versus US$111.1 in the corresponding period of the previous year. At the same time, the US dollar appreciated against the euro with an average exchange rate of 1.2972 in the first half of 2012, up 7.6% on the exchange rate of 1.4036 in the corresponding period of the previous year.

Exploration expenses reflect the impairment of drilled and negative wells, specifically Mounyouga NE (drilled in 2006), ETBIB-1 and ETGO-1 on the Etekamba permit in Gabon (€18 million) and the Ziwani-1 well in Tanzania (€11 million).

Other elements of operating income mainly relate to the provisioning of the Integra debt (Venezuela) in the amount of €12.5 million, reflecting the uncertainty over when this debt will be paid.

Most of the change between the first half of 2011 and the first half of 2012 is due to proceeds from the sale of assets (€112 million).

5.2.3 Financial income

The Group's debt mainly consists of borrowings through two OCEANE bonds and an RBL (Reserve Based Loan) line of credit. The combined interest on these borrowings was €19 million during the first half of 2012.

The income from derivatives transactions (€8.3 million) arises from the reassessment of the fair value of trading hedges and the liquidation of positions in the first half of 2012.

The ongoing rise in the US dollar led to a foreign exchange gain of €14.6 million being reported, following the revaluation of the Group's foreign exchange positions at period end.

Financial income represented an expense of €5.6 million in the first half of 2012, compared with an expense of €73.5 million during the same period in 2011, with the change being linked to net foreign exchange differences.

5.2.4 Net income

The Group's net income before tax was €80 million. The corporation tax payable (€12 million) corresponds mainly to the taxation of the government's share of profit oil on the Omoueyi and Banio permits in Gabon (€14.5 million).

The deferred tax expense (€36 million) was mainly due to the accounting of the difference between fiscally recoverable costs, and the (consolidated) book value of those assets on the Omoueyi permit.

Group net income in the first half of 2012 was €32 million. The corresponding figure for the same period in 2011 included €112 million in proceeds from asset sales.

Investments

The Group's total investments in the first half of 2012 amounted to €136 million. Exploration expenses and development and production investments break down as follows:

in millions of euros	Gabon	Colombia	Tanzania	Namibia	Other	Total
Exploration	21	7	10	2	4	**44**
Development	66	24	-	-	3	**93**

Cash flow

At 30 June 2012, Maurel & Prom posted cash of €38.4 million. The main cash flows were:

- Investments during the period in the amount of €136 million;
- A dividend payment in the amount of €46 million;
- Cash flow from operating activities (+€157 million).

5.3 Events occurring after closing

5.3.1 Tanzania

The exercising of pre-emptive rights by Maurel & Prom on Cove Energy's interests in the Mnazi Bay permit in Tanzania has been approved by the Tanzanian Authorities. The transaction was completed on 26 July 2012.

The various interests in Mnazi Bay break down as follows:

	Production	Exploration
M&P (operator)	**48.06%**	**60.075%**
Wentworth	31.94%	39.925%
TPDC	20.00%	-

6 OIL RESERVES AND RESOURCES

6.1 P1+P2 reserves

in Mboe	P1+P2 reserves net of royalties						
	2011	production	revision	acquisition	2012	P1	P2
OMOUEYI	173.2	-5.3	8.5		176.4	56.5	119.9
BANIO	0.4	-0.1	0.2		0.5	0.3	0.1
GABON	173.6	-5.4	8.7		176.8	56.8	120
SABANERO	0	0	7.8		7.8	2.9	4.9
COLOMBIA	0	0	7.8		7.8	2.9	4.9
MNAZI BAY	44.5	-0.2	0	11.4	55.7	20.5	35.2
TANZANIA	44.5	-0.2	0	11.4	55.7	20.5	35.2
Total - Oil	173.6	-5.4	16.5		184.6	59.7	124.9
Total - Gas	44.5	-0.2	0	11.4	55.7	20.5	35.2
TOTAL	218.1	-5.6	16.5	11.4	240.3	80.2	160.1

Following the exercising by the Group of its pre-emptive rights on the interests of Cove Energy, the Group's oil and gas reserves at 1 January 2012 were restated and now total 240 Mboe.

The Group's P1+P2 reserves net of royalties in Gabon were certified by DeGolyer & MacNaughton on 1 January 2012 as 177 Mboe. Work carried out at the fields in 2011, such as improved water injection and the many drillings undertaken, revealed an additional 8.7 Mboe, compared to a production level net of royalties of 5.4 Mboe.

In Tanzania, P1+P2 reserves net of royalties were 56 Mboe, restated to take into account the Group's exercise of its pre-emptive rights on Cove Energy's interests in the Mnazi Bay permit.

In Colombia, the Sabanero field reserves were assessed by GLJ, an independent certifier based in Canada. It showed that Maurel & Prom's share of reserves (50%) net of royalties equated to 2.9 Mboe (P1) and 4.9 Mboe (P2).

6.2 Identified resources

In addition to the certified reserves presented above, the Group also has resources corresponding to the potential linked to discoveries, or to wells that have revealed the presence of hydrocarbons, but which have not yet been assessed.

Hydrocarbon reserves (M&P share net of royalties)

			Type of hydrocarbons	2012	Type of resource
				millions of barrels	
GABON P3	OMOUEYI	*85.00%*	Oil	85	P3
COLOMBIA	Sabanero	*50.00%*	Oil	6	P2
	Sabanero	*50.00%*	Oil	6	2C
	CPO-17	*25.00%*	Oil	21	2C
	Muisca	*50.00%*	Oil	9	2C
	SSJN-9	*25.00%*	Oil	8	2C
PERU	COR-15	*50.00%*	Oil	76	2C
TANZANIA	Mnazi Bay	*48.06%*	Gas	130	P3
SICILY	Fiume Tellaro	*100.00%*	Gas	163	P3
TOTAL				**504**	

In Gabon, in addition to its P1 and P2 reserves, the Group also has potential P3 reserves of 85 Mboe net of royalties.

Resources in Colombia and Peru have been appraised by GLJ, the independent certifier based in Canada. They were estimated at 50 Mboe in Colombia and 76 Mboe in Peru.

In Tanzania, the Group has 130 Mboe of gas resources related to the Mnazi Bay field.

7 SHAREHOLDERS' EQUITY AND CORPORATE LIFE

7.1 General Meeting

The Combined General Meeting of Maurel & Prom shareholders, held on Thursday, 14 June 2012 and chaired by Mr Jean-François Hénin, Chairman and Chief Executive Officer, approved all of the resolutions proposed.

The General Meeting approved the company and consolidated financial statements for the fiscal year ended 31 December 2011 and discharged the Board of Directors' duties for the year.

7.2 Dividend

At the proposal of the Board of Directors, the General Shareholders' Meeting has approved the payment of a dividend of €0.40 per share for 2011.

7.3 Total number of voting rights and shares comprising the capital

Pursuant to Article L. 233-8 II of the French Commercial Code and the Autorite des Marches Financiers (AMF) General Regulations, Maurel & Prom informs its shareholders that the total number of voting rights and shares comprising its capital at 30 June 2012 was as follows:

Date	Number of shares comprising the capital	Number of voting rights
30 June 2012	121,512,434	Theoretical*: 131,952,176 Exercisable: 125,927,853

*: *Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares and non-voting shares.*

7.4 Risks and uncertainties

The Group's income is sensitive to various market risks. The most significant are hydrocarbon prices and the €/US$ exchange rate.

To alleviate uncertainty over hydrocarbon prices, the Group has put in place a hedging policy as described in Note 8 of the Notes to the consolidated financial statements.

In terms of exchange rates, the Group anticipates currency movements by pricing inflows in dollars against works and expenses. However, as the Group is responsible for financing its subsidiaries, its operating currency is predominantly US dollars, revalued as euros which is the currency in which the financial statements are reported, bringing about fluctuations due to the volatility of €/US$ rate movements. These revaluations can lead to significant fluctuations in financial income. They are not subject to specific hedging.

Given its sustained exploration activity, large sums are involved. In the event that the exploration fails, the Group may need to post corresponding exploration expenses.

The risks related to Maurel & Prom's activities are described in Chapter 2 of the Group's 2011 Annual Report.

8 GROUP CONSOLIDATED FINANCIAL STATEMENTS

8.1 Statement of financial position

8.1.1 Assets

In thousands of euros	Note	30/06/2012	31/12/2011
Intangible assets	4	570,663	563,103
Property, plant and equipment	5	685,377	587,572
Non-current financial assets	6	13,738	8,844
Investments accounted for by equity method	7	83,561	81,031
Non-current derivative instruments	10	0	1,186
Deferred tax assets	18	7,170	8,133
Non-current assets		**1,360,509**	**1,249,869**
Inventories	8	7,165	9,240
Trade receivables and related accounts	9	78,240	60,246
Other current financial assets	9	52,504	71,437
Other current assets	9	42,256	31,002
Income tax receivable	18	0	21
Current derivative instruments	10	7,980	5,323
Cash and cash equivalents	11	38,583	60,771
Current assets		**226,728**	**238,040**
Total Assets		**1,587,237**	**1,487,909**

8.1.2 Liabilities

In thousands of euros	Note	30/06/2012	31/12/2011
Share capital		93,565	93,550
Additional paid-in capital		221,410	221,199
Consolidated reserves		504,747	362,047
Treasury shares		(76,797)	(76,246)
Net income, Group share		32,428	164,560
Equity, Group share		**775,352**	**765,110**
Non-controlling interests		1	1
Total net equity		**775,353**	**765,111**
Non-current provisions	12	7,024	7,206
Non-current bonds	13	348,586	338,271
Other non-current borrowing and financial debt	13	63,542	61,829
Other creditors and miscellaneous non-current liabilities	14	(0)	(0)
Non-current derivative instruments	10	1,287	2,974
Deferred tax liabilities	18	157,542	118,755
Non-current liabilities		**577,981**	**529,035**
Current bond borrowing	13	17,915	10,968
Other current borrowings and financial debt	13	11,229	11,144
Trade payables and related accounts	14	101,786	78,059
Income tax payable	18	9,334	12,421
Other creditors and miscellaneous liabilities	14	77,682	53,118
Current derivative instruments	10	4,877	16,506
Current provisions	12	11,080	11,547
Current liabilities		**233,903**	**193,763**
Assets held for sale and discontinued operations		0	0
Total Liabilities		**1,587,237**	**1,487,909**

8.2 Changes in net equity

In thousands of euros	Capital	Treasury shares	Share premium	Derivative instruments	Other reserves	Currency translation adjustment	Income for the period	Net equity, Group share	Non-controlling interests	Total net equity
1 January 2011	93,405	(81,501)	221,483	(28,099)	764,120	4,159	(138,776)	834,790	1	834,791
Net income from continuing activities	-	-	-	-	-	-	92,786	92,786	-	92,786
Assets held for sale	-	-	-	-	-	-	(2,710)	(2,710)	-	(2,710)
Other components of comprehensive income	-	-	-	(4,464)	-	(28,999)	-	(33,463)	-	(33,463)
Total comprehensive income	-	-	-	(4,464)	-	(28,999)	90,076	56,613	-	56,613
Allocation of net income – dividends	-	-	-	-	(169,102)	-	138,776,	(30,326)	-	(30,326)
Increase/decrease in capital	53	-	146	-	(39)	-	-	160	-	160
Fair value of OCEANE bonds	-	-	-	-	-	-	-	-	-	-
Stock options – bonus shares	-	-	-	-	1,045	-	-	1,045	-	1,045
Movements on treasury shares	-	1,751	-	-	335	-	-	2,086	-	2,086
Total transactions with shareholders	53	1,751	146	-	(167,761)	-	138,776	(27,036)	,	(27,036)
30 June 2011	93,458	(79,750)	221,629	(32,563)	596,359	(24,840)	90,076	864,369	1	864,369
1 January 2012	93,550	(76,246)	221,199	(10,704)	338,621	34,129	164,560	765,110	1	765,111
Net income from continuing activities	-	-	-	-	-	-	32,428	32,428	-	32,428
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Other components of comprehensive income	-	-	-	3,997	-	18,996	-	22,993	-	22,993
Total comprehensive income	-	-	-	3,997	-	18,996	32,428	55,421	-	55,421
Allocation of net income – dividends	-	-	-	-	118,354	-	(164,561)	(46,207)	-	(46,207)
Increase/decrease in capital	15	-	211	-	,	-	-	225	-	225
Fair value of OCEANE bonds	-	-	-	-	,	-	-	-	-	-
Stock options – bonus shares	-	-	-	-	1,335	-	-	1,335,	-	1,335
Movements on treasury shares	-	(551)	-	-	18	-	-	(533)	-	(533)
Total transactions with shareholders	15	(551)	211	-	119,707	-	(164,561)	(45,180)	-	(45,180)
30 June 2012	93,565	(76,798)	221,410	(6,708)	458,326	53,125	32,427	775,352	1	775,353

8.3 Consolidated comprehensive income statement

8.3.1 Net income for the period

In thousands of euros	Note	30/06/2012	30/06/2011*
Sales		225,900	182,726
Other income		635	476
Purchases and change in inventories		(3,893)	(9,018)
Other purchases and operating expenses		(40,218)	(27,500)
Tax expense		(14,446)	(13,065)
Personnel expense		(4,179)	(5,030)
Depreciation allowance		(34,620)	(17,649)
Depreciation of exploration and production assets		(30,037)	(5,296)
Provisions and impairment of receivables		(12,481)	(10)
Reversals of operating provisions		4	1,103
Gain (loss) on asset disposals		0	111,638
Other expenses		(555)	7
Operating income	**16**	**86,110**	**218,382**
Gross cost of debt		*(18,925)*	*(20,461)*
Income from cash		*443*	*2,086*
Net gains and losses on derivative instruments		*8,329*	*(2,527)*
Net cost of debt		(10,154)	(20,902)
Other financial income and expenses		4,538	(52,626)
Financial income	**17**	**(5,616)**	**(73,528)**
Income before tax		**80,494**	**144,854**
Income tax	18	(47,964)	(51,742)
Net income from consolidated companies		**32,530**	**93,112**
Net income from equity associates	7	(102)	(326)
Net income from continuing activities		**32,428**	**92,786**
Net income from discontinued activities		0	(2,710)
Gain/Loss on distribution (IFRIC 17)			0
Consolidated net income		**32,428**	**90,076**
Net income, Group share		*32,428*	*90,076*
Non-controlling interests		*0*	*0*
Earnings per share			
Basic		0.28	0.78
Diluted		0.25	0.74
Earnings per share from discontinued activities			
Basic		0.00	-0.02
Diluted		0.00	-0.02
Earnings per share from continuing activities			
Basic		0.28	0.81
Diluted		0.25	0.75

** restated for discontinued activities (see Note 14)*

8.3.2 Comprehensive income for the period

In thousands of euros	30/06/2012	30/06/2011
Net income for the period	**32,428**	**90,076**
Other components of comprehensive income		
Currency translation adjustment	18,996	-28,999
- of which recycled through discontinued activities		*-12,054*
Derivative instruments	3,997	-4,464
- Change in the fair value of unexpired hedges (in existence the previous year)	*5,539*	*-1,666*
- Fair value of new hedges for the period recognised as net equity	*0*	*-3,354*
- Fair value of the portion of hedges recycled in the income statement	*-1,542*	*556*
Total comprehensive income for the period	**55,421**	**56,613**
- Group share	*55,421*	*56,613*
- Non-controlling interests	*0*	*0*

8.4 Cash flow statement

In thousands of euros	Note	30/06/2012	30/06/2011*
Consolidated net income from continuing activities		**80,394**	**144,527**
- Net increase (reversals) of amortisation, depreciation and provisions		38,185	15,472
- Unrealised gains (losses) due to changes in fair value		10,615	975
- Exploration expenses		30,037	5,252
- Calculated expenses and income related to stock options and similar benefits		1,120	1,045
- Other calculated income and expenses		17,318	3,208
- Gains (losses) on asset disposals		0	(111,565)
- Income (loss) from equity associates		102	326
- Other financial items		1,626	3,597
Cash flow before taxes		**179,397**	**62,837**
Payment of tax due		(15,645)	(10,087)
Change in working capital requirements for activities		(5,386)	(55,087)
- Customers		(15,889)	(45,914)
- Suppliers		28,024	(13,432)
- Inventories		2,267	2,274
- Other		(19,788)	1,985
NET CASH FLOW FROM OPERATING ACTIVITIES		**158,366**	**(2,337)**
Payments associated with acquisitions of property, plant and equipment and intangible assets		(136,372)	(73,080)
Proceeds from disposals of property, plant and equipment and intangible assets		0	43,653
Payments associated with acquisitions of financial assets (unconsolidated securities)		0	(303)
Proceeds from disposal of financial assets (unconsolidated securities)		0	34
Change in loans and advances granted		1,766	131,553
Other cash flows from investing activities		0	2,397
Net proceeds from discontinued activities	18		16,999
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(134,606)**	**121,253**
Amounts received from shareholders for capital increases		225	199
Dividends paid		(46,206)	0
Proceeds from new loans		1,770	74,391
Interest paid		(1,626)	(3,604)
Borrowing repayments		(111)	(155,809)
Treasury share acquisitions		(551)	1,751
NET CASH FLOW FROM FINANCING ACTIVITIES		**(46,499)**	**(83,072)**
Impact of exchange rate movements		452	20,537
CHANGE IN NET CASH		**(22,287)**	**56,381**
Cash and cash equivalents at start of period		60,699	95,375
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**12**	**38,411**	**151,758**

(*) Restated for discontinued activities (see Note 14)

8.5 Notes to the consolidated financial statements

8.5.1 NOTE 1: GENERAL

Stabilisation of Gabon production

In the first half of 2012, output from Gabon fields stabilised at 16,491 boepd. The Group applied to the Hydrocarbons Directorate for an Exploration and Operation Permit for the Omoc field and offered to withdraw from the existing Onal permit in return, following the discovery of the Omoc-Nord field.

Update on the incident at PF Omoc-N 100

The steady ramping-up of production after the initiation of the water injection programme was interrupted by an incident in late January on platform 100 at the Omoc-Nord field. The impact of this incident (at least 1,700 boepd) will be felt until the end of the third quarter of 2012, with the exact date being dependent on the progress made in connecting the wells of the replacement platforms.

Target for the second half of 2012

The Group reaffirms its production target of approximately 24,500 boepd (at 100% in Gabon) by the end of 2012. This target will be reached by connecting to four additional platforms in September, November and December.

Sabanero field in Colombia brought into production

Production at the Sabanero field began on 17 December 2011, and by the end of June 2012 output had stabilised at approximately 1,500 boepd (at 100%). This production level is temporarily restricted by existing processing capacity and the reinjection of the water produced. Note that a production permit for the Sabanero field has been filed with the ANH (National Hydrocarbon Agency). This permit should be granted in the first quarter of 2013 and will allow a works programme to be launched to significantly increase the field’s output.

Exploration failure in Gabon

At the Etekamba permit (100%), the Group drilled two wells during the first half of the year. Both wells proved to be negative.

The work done showed that the Gamba reservoirs are of very high quality. This license ending in January 2013, the Group is currently working on the identification of new play according to observed results.

A new carbonate reservoir in Tanzania

The Ziwani-1 well on the Mnazi Bay permit (M&P operator, 60.075%) was drilled to a depth of 2,671 m.

A three-metre interval was tested for gas between 1,106 and 1,109 m. An unstable flow of 7.2 million cubic feet per day was reported without being able to stabilise the pressure. This test was conducted on a new carbonate reservoir, not yet identified on the Mnazi Bay concession.

The measures taken did not reveal commercial reserves but nevertheless proved that an effective deposit system exists and confirms the interesting potential of the prospects already identified on this permit.

Growth in interests in Mnazi Bay, Tanzania

Maurel & Prom exercised its pre-emptive rights on Cove Energy's interests in the Mnazi Bay concession in Tanzania.

The value of the transaction amounts to US$18.9 million, which was paid to Wentworth following its approval by the Tanzanian authorities on 26 July 2012. An additional sum of up to US$5.1 million will be payable if future gas production exceeds certain thresholds.

Following this transaction, the various interests in Mnazi Bay break down as follows:

	Production	Exploration
M&P (operator)	**48.06%**	**60.075%**
Wentworth	31.94%	39.925%
TPDC	20.00%	-

8.5.2 NOTE 2: ACCOUNTING METHODS

The Maurel & Prom Group interim consolidated financial statements as at 30 June 2012 have been prepared in accordance with IAS 34 – Interim Financial Reporting, which allows a selection of notes to be presented. As such, the interim consolidated financial statements do not include all of the disclosures and information required under IFRS for annual financial statements, and must therefore be read together with the annual financial statements for 2011.

The accounting principles applied for the interim financial statements are not significantly different from those used for the consolidated financial statements at 31 December 2011, drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and available online at:
http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.

New legislation or amendments adopted by the European Union and mandatory from 1 January 2012 have been taken into account.

IFRS 7 "Financial Instruments: Disclosures"

These new standards and interpretations had no material impact on the consolidated financial statements at 30 June 2012.
The Group has chosen not to apply the standards and interpretations which were not mandatory on 1 January 2012, such as:

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (mandatory for reporting periods starting on or after 1 January 2013 – not endorsed);

Amendments to IFRS 7 and IAS 32 "Offsetting Financial Assets and Financial Liabilities" (mandatory for reporting periods starting on or after 1 January 2013 (IFRS 7) and 1 January 2014 (IAS 32) – not endorsed).

IFRS 13 "Fair Value Measurement" (mandatory for reporting periods starting on or after 1 January 2013 – not endorsed);

Amendment to IAS 19 "Employee Benefits" (mandatory for reporting periods starting on or after 1 January 2013 – endorsed on 6 June 2012);

Amendments to IAS 1 "Presentation of Other Comprehensive Income" (mandatory for reporting periods starting on or after 1 July 2012 – endorsed on 6 June 2012);

IAS 27 (revised) "Separate Financial Statements" (mandatory for reporting periods starting on or after 1 January 2013 – not endorsed);

IAS 28 (revised) "Investments in Associates and Joint Ventures" (mandatory for reporting periods starting on or after 1 January 2013 – not endorsed);

IFRS 12 "Disclosure of Interests in Other Entities" (mandatory for reporting periods starting on or after 1 January 2013 – not endorsed);

IFRS 10 "Consolidated Financial Statements" (mandatory for reporting periods starting on or after 1 January 2013 – not endorsed);

IFRS 9 "Financial Instruments" (mandatory for reporting periods starting on or after 1 January 2015 – not endorsed);

Amendments to IAS 12 "Recovery of Underlying Assets" (mandatory for reporting periods starting on or after 1 January 2012 – not endorsed);

Amendments to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters" (mandatory for reporting periods starting on or after 1 July 2011 – not endorsed);

Amendments to IFRS 1 "Public Subsidies" (mandatory for reporting periods starting on or after 1 January 2013 – not endorsed);

IFRS 11 "Joint Arrangements" (mandatory for reporting periods starting on or after 1 January 2013 – not endorsed). The future application of this last standard could cause the Group to reconsider the way in which some joint arrangements are consolidated.

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

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

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

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

Management estimates used in preparing financial statements relate primarily to:

- impairment tests on petroleum assets;
- provisions for site remediation;
- recognition of oil carrying costs;
- accounting treatment of derivative instruments subscribed by the Group;
- recognition of deferred tax assets;
- valuation of the necessary investments to develop proven undeveloped reserves included in asset depletion calculations.

8.5.3 NOTE 3: CHANGES IN THE COMPOSITION OF THE GROUP

Company	Registered office		% control 30/06/2012	% control 31/12/2011
Etablissements Maurel & Prom	Paris	Consolidating company	Consolidating company	
Oil and gas activities		**Consolidation method**		
Panther Eureka Srl	Sicily	Full	100.00%	94.00%
M&P West Africa SAS	France	Full	100.00%	100.00%
M&P Gabon (formerly Nyanga Mayombe)	Gabon	Full	100.00%	100.00%
M&P Etekamba Gabon	Gabon	Full	100.00%	100.00%
Quartier General M&P Gabon	Gabon	Full	100.00%	100.00%
Oleoducto de Colombia SA	Colombia	Full	100.00%	100.00%
M&P Peru	Peru	Full	100.00%	100.00%
M&P Colombia BV	Netherlands	Proportional	50.00%	50.00%
M&P Latin America BV	Netherlands	Full	100.00%	100.00%
Zetah M&P Congo	Congo	Full	100.00%	100.00%
Zetah Noumbie Ltd	Bahamas	Proportional	49.00%	49.00%
M&P Congo S.A.	Congo	Full	100.00%	100.00%
M&P Tanzania Ltd	Tanzania	Full	100.00%	100.00%
Prestoil Kouilou	Congo	Full	100.00%	100.00%
M&P Assistance Technique (formerly Prestoil S.A.S.)	France	Full	100.00%	100.00%
M&P E&P Tanzania Ltd	Tanzania	Full	100.00%	100.00%
M&P Development Gabon	Gabon	Full	100.00%	100.00%
Volney 2	France	Full	100.00%	100.00%
M&P Peru Holdings	France	Full	100.00%	100.00%
M&P BRM	France	Full	100.00%	100.00%
M&P Namibia	France	Full	100.00%	100.00%
Tuscany	Canada	Equity associate	29.05%	29.05%
Other activities				
New Gold Mali (NGM)	Mali	Equity associate	26.00%	26.00%
M&P Assistance Technique International S.A.	Switzerland	Full	99.99%	99.99%

There were no changes to the composition of the Group during the first half of 2012.

8.5.4 NOTE 4: INTANGIBLE ASSETS

Changes in intangible assets

In thousands of euros	Goodwill	Oil search and exploitation rights	Exploration costs	Other	Total
Gross value at 31/12/2011	**6,403**	**207,018**	**467,675**	**2,915**	**684,010**
Exploration investments	0	463	42,806	332	43,601
Disposals/Decreases	0	0	0	0	0
Exploration expenses	0	0	(29,979)	(58)	(30,037)
Currency translation adjustments	0	5,539	9,718	16	15,273
Transfers	0	0	(15,977)	(75)	(16,052)
Gross value at 30/06/2012	**6,403**	**213,020**	**474,243**	**3,129**	**696,794**
Cumulative amortisation and impairment as at 31/12/2011	**0**	**19,907**	**99,127**	**1,872**	**120,906**
Amortisation allowance	0	3,127	1,138	134	4,399
Disposals/Reversals	0	0	0	0	0
Exploration expenses	0	0	0	0	0
Currency translation adjustments	0	522	301	4	827
Transfers	0	0	0	0	0
Cumulative amortisation and impairment as at 30/06/2012	**0**	**23,556**	**100,566**	**2,010**	**126,132**
Net book value as at 30/06/2012	**6,403**	**189,464**	**373,677**	**1,119**	**570,663**
Net book value as at 31/12/2011	**6,403**	**187,111**	**368,548**	**1,043**	**563,103**

Exploration investments

The gross value of intangible asset acquisitions as at 30 June 2012 was €43,601K, with the main investments during the period relating to:

- Investments in Gabon relating to exploration work conducted on the Omoueyi permit in the amount of €2,397K, expenses incurred on the Etekamba permit in the amount of €12,003K on the Ngoma and Bibonga wells, and seismic-related expenditure at Kari in the amount of €7,000K.
- Maurel & Prom Colombia BV's exploration expenditure in the amount of €6,709K, mainly relating to exploration expenditure on the COR-15, CPO-17 and Muisca permits.
- Exploration expenditure incurred in Tanzania on the Mnazi Bay permit, mainly relating to the Ziwani well, in the amount of €9,531K.
- Seismic-related exploration expenditure in Namibia in the amount of €1,686K.

Exploration expenses

At 30 June 2012, exploration costs recognised as net expenses amounted to €30,037K and related to:

Bibonga (Etekamba, Gabon)	6,473
Ngoma (Etekamba, Gabon)	5,633
Mounyouga NE (Etekamba, Gabon)	6,389
Ziwani (Mnazi Bay, Tanzania)	11,484
Other	58
	30,037

Net book value of intangible assets

The net book value of intangible assets was €571 million at 30 June 2012. It breaks down as follows:

In millions of euros	A	B	C=A+B	D	E	F=C+D+F
Permit	**Drilling**	**Analyses**	**Total**	**Permits and reserves**	**Other**	**Total intangible assets**
Omoueyi	149	106	254		105	359
Etekamba	0	12	12	0		12
Nyanga Mayombe			0	2		2
Kari		9	9	1		10
Bigwa-Rufiji-Mafia (BRM)	21	21	42	0		42
Bloc 116		8	8			8
Colombia	10	19	29	73		102
Mnazi Bay			0	5		5
Alasi			0	1		1
Noumbi		14	14	1		15
Other permits	1	7	8	1	6	15
Total	181	194	376	84	111	571

In Tanzania, the Group continued its search for strategic partners, particularly for the Bigwa-Rufiji-Mafia permit. Some expressions of interest were received following recent Tanzanian offshore discoveries.

In Gabon, as the Etekamba permit (100%) is due to reach its contractual maturity in January 2013, the Group is currently working to highlight new themes revealed by recent results.

Amortisation and impairment

Amortisation allowances and provisions for the period relate to the depletion of reserves in Gabon (Onal) in the amount of €1,805K.

At 30 June 2012, amortisation of mining permits amounted to €1,323K.

Exploration assets in Syria (other than the exploration permit) were written down by €941K, corresponding to the provisioning of additional expenses incurred in the first half of 2012.

Transfers

Transfers of intangible assets mainly correspond to the reclassification of intangible assets in Colombia (Sabanero permit), entailing an -€18,163K write-down in the value of property, plant and equipment following the switch to production mode (test phase while awaiting formalisation by the Colombian authorities) as well as on the Mnazi Bay permit in Tanzania in the amount of €2,555K.

Currency translation adjustments

The revaluation of assets held in US dollars at the closing exchange rate produced a positive net translation adjustment of €14,446K.

8.5.5 NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment

In thousands of euros	Land and buildings	Technical facilities	Down payments and construction in progress	Other fixed assets	Total
Gross value at 31/12/2011	**5,658**	**696,462**	**1,086**	**17,055**	**720,261**
Development/production investments	26	85,520	40	7,186	92,772
Dismantling assets		0			0
Disposals/Decreases	0	0	0	0	0
Assets decommissioned	0	0	0	0	0
Changes in consolidation scope	0	0	0	(38)	(38)
Currency translation adjustments	0	23,339	46	508	23,893
Transfers	(2,052)	19,910	0	(1,445)	16,413
Gross value at 30/06/2012	**3,632**	**825,231**	**1,172**	**23,266**	**853,301**
Cumulative depreciation and impairment as at 31/12/2011	**746**	**128,539**	**0**	**3,404**	**132,689**
Depreciation allowance	176	30,179	0	351	30,706
Disposals/Reversals	0	0	0	0	0
Assets decommissioned	0	0	0	0	0
Currency translation adjustments	1	4,489	0	13	4,503
Changes in consolidation scope	0	0	0	0	0
Transfers	1	0	0	24	25
Cumulative depreciation and impairment as at 30/06/2012	**924**	**163,207**	**0**	**3,792**	**167,923**
Net book value as at 30/06/2012	**2,709**	**662,023**	**1,172**	**19,474**	**685,377**
Net book value as at 31/12/2011	**4,913**	**567,922**	**1,086**	**13,651**	**587,572**

Development/production investments

Investment in property, plant and equipment over the period amounted to €92,772K, mainly concerning:

- Production investments on the Omoueyi permit in the amount of €65,567K. These principally relate to development costs incurred for the Onal field. In particular, they involve investments in production infrastructures, platforms, and investments in drilling and completions for the Omoc-Nord field.

- Investments made in the amount of €24,394K in Colombia relating to the pre-production phase on the Sabanero permit.

Depreciation and impairment

The €30,179K charge recognised as depreciation of technical facilities relates mainly to asset depletion at the Omoueyi permit fields in the amount of €28,445K, the Banio fields in the amount of €272K and the Sabanero permit in the amount of €1,371K.

Transfers

Transfers in the amount of €19,910K regarding technical facilities mainly relate to the Sabanero permit in Colombia (€18,163K).

Currency translation adjustments

The revaluation of assets held in US dollars at the closing exchange rate produced a net positive translation adjustment of €19,390K.

8.5.6 NOTE 6: OTHER NON-CURRENT FINANCIAL ASSETS

In thousands of euros	Financial assets available for sale	Loans and receivables	Total
Value at 31/12/2011	**1,394**	**7,450**	**8,844**
Changes in consolidation scope	0	0	0
Increase	0	6,655	6,655
Decrease	0	(1,763)	(1,763)
Impairment	0	0	0
Fair value	0	0	0
Impairment reversals	0	0	0
Currency translation adjustments	0	2	2
Transfers	0	0	0
Value at 30/06/2012	**1,394**	**12,345**	**13,738**

Non-current loans and receivables

The change in this item mainly reflects:

- The reimbursement received of the guarantee deposit paid by Maurel & Prom to Calyon relating to work commitments in Colombia, in the amount of €1,853K.
- The regularisation of the proportion of receivables beyond one year that relate to the price adjustment on the sale of 49.99% of Colombia in the amount of €6,655K. The total receivable amount recognised at 30 June 2012 was €27,943K, of which €8,671K is longer than one year.

8.5.7 NOTE 7: INVESTMENTS ACCOUNTED FOR BY EQUITY METHOD

At 30 June 2012, Tuscany International Drilling, in which Maurel & Prom held a 29.05% equity interest following the sale of Caroil in 2011, and New Gold Mali, were accounted for using the equity method.

At 31/12/2011

In thousands of euros	Share of equity	Balance sheet value	Share of income in the fiscal year
New Gold Mali	(0)	(0)	(428)
Tuscany International Drilling	81,031	81,031	(902)
Total	**81,031**	**81,031**	**(1,330)**

At 30/06/2012

In thousands of euros	Share of equity	Balance sheet value	Share of income in the fiscal year
New Gold Mali	(0)	(0)	(163)
Tuscany International Drilling	83,561	83,561	62
Total	**83,561**	**83,561**	**(102)**

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In thousands of euros	New Gold Mali	Tuscany International Drilling*
Assets	3,598	514,836
Liabilities*	14,708	225,453
Sales	0	138,383
Net income	(628)	1,190

** Excluding net equity position*

Tuscany's financial statements as at 30 June 2012 were prepared on the basis of the Tuscany International Drilling press release of 9 August 2012. In the absence of complete Tuscany financial statements as at 30 June 2012, Maurel & Prom in its own financial statements has used its share of income from the most recent Tuscany financial statements, which were published on 31 March 2012.

8.5.8 NOTE 8: TRADE RECEIVABLES AND OTHER CURRENT ASSETS

In thousands of euros	30/06/2012	31/12/2011
Trade receivables – oil and gas activities	76,763	59,591
Other	1,477	655
Total	**78,240**	**60,246**
Write-down to be deducted	0	0
Net value	**78,240**	**60,246**

The balance of trade receivables for hydrocarbon sales corresponds mainly to receivables from the Socap (Total Group) and Sogara companies, to which the production from the fields on the Omoueyi permit is sold (€68,381K), to receivables from Perenco to which the production from the Banio field is sold (€996K) and to receivables from Meta Petroleum Corp to which the production from the Sabanero field is sold (€6,281K).

At 30 June 2012, the Group recorded an increase in its receivables from Sogara due to late payments.

Other current financial and non-financial assets consist of the following items:

In thousands of euros

Other current financial assets	**30/06/2012**	**31/12/2011**
Receivables on investments and associations	45,203	40,611
Loans and other borrowings	1,205	1,123
Miscellaneous receivables	81,110	100,867
Gross value	**127,518**	**142,601**
Write-down to be deducted	(75,014)	(71,164)
Net value	**52,504**	**71,437**

Other current assets	**30/06/2012**	**31/12/2011**
Advances and down payments	12,406	3,702
Prepaid expenses	1,468	1,311
Tax and social security receivables (excluding income tax)	25,809	21,566
Other assets	2,573	4,423
Gross value	**42,256**	**31,002**
Write-down to be deducted	0	0
Net value	**42,256**	**31,002**

Receivables on investments and associations:

The change in the "Receivables on investments and associations" item mainly relates to changes in the current accounts of Maurel & Prom Paris (€3,086K) along with Maurel & Prom Venezuela SAS (€2,051K), New Gold Mali (€352K) and Colombia (€591K).

As at 30 June 2012, this item consisted primarily of the following:

- A current account on the Tilapia permit becoming non-Group after the retrocession of interest on 29 April 2009 in the amount of €16,916K. This current account has been fully written off.

- A current account with M&P Venezuela in the amount of €9,653K. This current account has been fully written off.

- A current account with New Gold Mali, an equity associate, in the amount of €11,222K. This current account has been fully written off.

- A current account of a partner on the Mnazi Bay in the amount of 8,346K.

Miscellaneous receivables:

As at 30 June 2012, the balance of this item was predominantly made up of the following items:

- The recognition of the Integra receivable as part of the sale of Maurel & Prom Venezuela in the amount of €37,500K, written off in full.

- The recognition in 2012 of the proportion of receivables maturing in less than one year that relate to the price adjustment on the sale of 49.99% of Colombia for €19,272K. The total receivable amounts to €27,943K.

- Miscellaneous receivables held by Maurel & Prom Gabon Omoueyi in the amount of €8,646K, of which €8,488K relates to the reinvoicing of costs to the partner Tullow.

- Following exploration operations undertaken in Namibia, M&P Namibia's receivables from its partners amounted to €3,089K.

Impairment of other current financial assets:

The main change in this item relates to the provisioning of the Integra receivable as part of the sale of Maurel & Prom Venezuela (additional write-down of €12,500K in the first half of 2012).

8.5.9 NOTE 9: FINANCIAL INSTRUMENTS

In thousands of euros (Mark to Market)	30/06/2012			31/12/2011
	Current	Non-current	Total	Total
Financial instruments (assets)	**7,980**	**0**	**7,980**	**6,509**
Interest rate instruments	0	0	0	0
Exchange rate instruments	0	0	0	0
Hydrocarbon instruments	*7,980*	0	7,980	6,509
Financial instruments (liabilities)	**4,877**	**1,287**	**6,164**	**19,480**
Interest rate instruments	0	0	0	0
Exchange rate instruments	0	0	0	0
Hydrocarbon instruments	*4,877*	1,287	6,164	19,480
Total	**3,103**	**(1,287)**	**1,816**	**(12,971)**

As part of its ongoing activities, the Group uses financial instruments to reduce its exposure to the risk of fluctuations in oil prices and, to a lesser degree, to foreign exchange rates.

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

Changes in the fair value of derivative instruments are posted under income or shareholders' equity in accordance with IFRS, specifically IAS 32 and 39.

The fair values of energy derivative instruments are included at level 2, corresponding to the use of prices based on observable data.

Hydrocarbon derivative instruments

There are two types of derivatives used to reduce exposure to the risk of changes in hydrocarbon prices:

- Crude oil sale swaps, setting the sale price per barrel for a given volume and period;
- More sophisticated products that combine sales of swaps and options so as to set the sale price per barrel of crude oil while benefiting to a certain extent from favourable market conditions.

Although they are used for economic hedging, when these derivative products display certain optional characteristics they may be fully or partially ineligible for hedge accounting treatment under IFRS. For this reason, some derivative instruments in the portfolio are classified as trading instruments.

Details of the characteristics of the derivative instruments in place and the volumes hedged are given in the table below:

Nature du contrat	Produit synthétique	Risk for RBL	Contrepartie	Trade Date	Start Date	End Date	Cours	Klité	MTM 30/06/2012 M€	Cash flow couvert (en USD)	Volumes résiduels (en Bbl)	2012				2013			
												Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Swap vente	Structure 1	unlimited	Calyon	22/10/10	01/01/11	31/12/12	91,00	Brent		8 372 000	92 000	500	500	500	500				
Vente asian put	Structure 2 3 ways		Calyon	22/10/10	01/01/11	31/12/13	59,00	Brent			0								
Option achat call			Calyon	22/10/10	01/01/11	31/12/13	80,70	Brent			0								
Option vente call			Calyon	22/10/10	01/01/11	31/12/13	100,00	Brent			0								
Swap vente		unlimited	Calyon	22/10/10	01/01/11	31/12/13	80,00	Brent		21 960 000	274 500	500	500	500	500	500	500	500	500
Option vente put *	Structure 3 4 ways	limited	BNP	09/11/10	01/01/12	31/12/13	59,00	Brent		0	0								
Option achat put *			BNP	09/11/10	01/01/12	31/12/13	80,00	Brent		21 960 000	274 500	500	500	500	500	500	500	500	500
Option vente call *			BNP	09/11/10	01/01/12	31/12/13	110,00	Brent			0								
Option achat call *			BNP	09/11/10	01/01/12	31/12/13	143,00	Brent		0	0								
Achat de put	Structure 4 3 ways	unlimited	Natixis	12/01/11	01/01/12	31/12/13	80,00	Brent		0	0								
Achat de call			Natixis	12/01/11	01/01/12	31/12/13	105,00	Brent			0								
Vente de call			Natixis	12/01/11	01/01/12	31/12/13	146,00	Brent			0								
Swap vente	Structure 5 3 ways	limited	Standard	12/01/11	01/01/12	31/12/12	101,50	Brent		9 338 000	92 000	500	500	500	500				
Vente asian put			Standard	12/01/11	01/01/12	31/12/12	85,00	Brent		0	0								
Achat de call			Standard	12/01/11	01/01/12	31/12/12	135,00	Brent		0	0								
Vente de put	Cancellable swap	unlimited	Natixis		01/04/12	31/12/13	90,00	Brent		74 115 000	823 500								
Vente SWAPTION					01/04/12	31/12/12													
SWAP vente			Natixis		01/04/12	31/12/13	114,50	Brent		94 290 750	823 500		1 500	1 500	1 500	1 500	1 500	1 500	1 500
Swap vente	NA	unlimited	Calyon	20/09/11	01/01/12	31/12/12	105,00	Brent		9 660 000	92 000	500	500	500	500				
Swap vente	NA	unlimited	Calyon	20/09/11	01/01/12	31/12/12	104,00	Brent		9 568 000	92 000	500	500	500	500				
Swap vente	Structure 7	unlimited	Natixis	21/09/11	01/01/12	31/03/12	111,50	Brent		0	0	500							
Vente put			Natixis	21/09/11	01/01/12	31/03/12	85,00	Brent											
Swap vente	Structure 8	unlimited	Natixis	22/09/11	01/01/12	31/03/12	106,20	Brent		0	0	500							
Vente put			Natixis	22/09/11	01/01/12	31/03/12	80,00	Brent											
Swap vente	Structure 9	unlimited	BNP	06/10/11	01/01/12	31/12/12	102,00	Brent		18 768 000	184 000	500	500	500	500				
Vente put			BNP	06/10/11	01/01/12	31/12/12	75,00	Brent											
Swap vente	Structure 10	unlimited	Natixis	21/10/11	01/01/12	31/03/12	108,20	Brent		0	0	500							
Vente put			Natixis	21/10/11	01/01/12	31/03/12	75,00	Brent											

The revaluation of the market price of these various transactions as at 30 June 2012 led to the posting of an asset of €7 million and a liability of €6 million.

Fair value reserve in shareholders' equity

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

Impact of financial instruments on net equity		
In thousands of euros	**30/06/2012**	**31/12/2011**
Fair value reserve at the start of the period	**(10,704)**	**(28,099)**
Change in the portion of unexpired hedges (in existence the previous year)	8,282	19,126
Fair value of new hedges for the period recognised as net equity		(3,319)
Fair value of the portion of hedges recycled in the income statement	(1,542)	1,156
Deferred tax		
Foreign exchange impact	(2,744)	433
Fair value reserve at period end	**(6,708)**	**(10,704)**

Change in net equity during the period (excluding foreign exchange impact)	**6,740**	**16,963**

Closing rate at 31/12/2011	*1.2939*	
Average rate at 30/06/2012	*1.2972*	
Closing rate at 30/06/2012	*1.2590*	

8.5.10 NOTE 10: CASH AND CASH EQUIVALENTS

Cash equivalents are comprised of liquid assets and investments with a term of less than three months.

In thousands of euros	**30/06/2012**	**31/12/2011**
Liquid assets, banks and savings banks	27,108	57,861
Short-term bank deposits	11,475	2,910
Short-term investments	0	0
Total	**38,583**	**60,771**
Bank loans	172	70
Net cash and cash equivalents at period end	**38,411**	**60,701**

At 30 June 2012, Maurel & Prom had net cash of €38.4 million, down €22.3 million from 31 December 2011, resulting from, in particular:

- Payments related to acquisitions of property, plant and equipment and intangible assets in the amount of €136 million.
- A dividend payment in the amount of €46 million.
- Cash flow from operating activities (+€157 million).

8.5.11 NOTE 11: PROVISIONS

In thousands of euros	Site remediation	Employee benefits	Other	Total
Balance at 01/01/2011	**7,304**	**708**	**15,262**	**23,274**
Currency translation adjustments	566	13	(117)	462
Changes in consolidation scope	(3,461)	(66)	(1,907)	(5,434)
Provisions in the period	0	244	147	391
Use	701	0	(1,130)	(429)
Other prov. and reversals	3,325	0	(3,539)	(214)
Impact of accretions	703	0	0	703
Balance at 31/12/2011	**9,138**	**899**	**8,716**	**18,753**
Current portion	2,172	659	8,716	11,547
Non-current portion	6,966	240	0	7,206

In thousands of euros	Site remediation	Employee benefits	Other	Total
Balance at 31/12/2011	**9,138**	**899**	**8,716**	**18,753**
Currency translation adjustments	261	6	0	267
Changes in consolidation scope	0	0	0	0
Provisions in the period	(8)	19	0	11
Use	(4)	0	0	(4)
Other prov. and reversals	517	0	(1,846)	(1,329)
Impact of accretions	405	0	0	405
Balance at 30/06/2012	**10,309**	**924**	**6,870**	**18,103**
Current portion	3,534	675	6,871	11,080
Non-current portion	6,775	249	0	7,024

Site remediation

As at 30 June 2012, the provision for site remediation recorded in the Maurel & Prom financial statements mainly relates to Gabon in the amount of €8,974K for the Omoueyi permit, €728K for Sicily and €543K for the Sabanero permit in Colombia.

In Gabon, provisions for site remediation began to be calculated in the second half of 2012, but the calculations have not yet been completed. The provision shown in this report has therefore been calculated based on the same hypotheses as at 31 December 2011.

Employee benefits

As at 30 June 2012, the provision for retirements and other post-employment benefits mainly related to the Maurel & Prom registered office. This liability is assessed by an independent actuary.

Other provisions

Other provisions for risks and contingencies are shown in the table below:

In thousands of euros	Dec 2011	Change	June 2012	
Risks on Congo activities	1,073	0	1,073	*(1)*
Risks on equity associates	2,710	163	2,874	*(2)*
Other	4,932	-2,009	2,923	*(3)*
Other provisions for risks and contingencies	**8,716**	**-1,846**	**6,870**	

(1) The provision allocated in 2007 to hedge a series of risks linked to the sale of most of the Group's activities in the Congo to Eni still appears in the financial statements in the amount of €1,073K awaiting final write-down.
(2) The Group creates provisions, when necessary, for net negative positions of equity associates in accordance with IAS 28. At 30 June 2012, New Gold Mali, an equity associate, was the only company to be the subject of such a provision.
(3) The change in other provisions is due to the end of the dispute between the Group and Alphin Capital (see Note 20 "Contingent Assets and Liabilities").

8.5.12 NOTE 12: BONDS, OTHER BORROWINGS AND FINANCIAL DEBT

Bonds, other borrowings and financial debt are detailed below:

In thousands of euros	Currency	30/06/2012			31/12/2011
		Current	Non-current	Total	Total
Bonds		17,915	348,586	366,501	349,239
Other borrowings and debts		**11,000**	**63,542**	**74,543**	**72,902**
BGFI – line of credit	EUR	11,000	0	11,000	11,000
BNP - RBL	US$	0	63,542	63,542	61,903
Debts on finance leasing		**57**	**0**	**57**	**0**
Bank loans		**172**	**0**	**172**	**70**
Total other borrowings and financial debt		11,229	63,542	74,772	72,972

Bonds

The Group issued two OCEANE bonds in 2009 and 2010, maturing on 31 July 2014 and 31 July 2015, respectively.

The interest expensed over the reporting period amounted to:

- €14,343K for OCEANE 2014;
- €2,956K for OCEANE 2015.

Other borrowings and financial debt

On 29 May 2009, the Group entered into a new loan agreement with a consortium of four banks (BNP Paribas, Calyon, Natixis and Standard Bank) for US$255 million, guaranteed by the pledge of the oil reserves in Gabon ("Reserve Based Loan" or RBL). This facility was obtained as part of the financing of the acquisition of assets in Nigeria.

The RBL was increased to US$330 million in January 2011.

Given the RBL amortisation schedule, the maximum amount drawn down at 30 June 2012 was US$264 million.

At 30 June 2012, US$80 million of the RBL was drawn down (€63,542K).

The draw-down comes with the obligation to set aside an amount equal to 5% of the amount drawn down, i.e. US$4 million (€3,177K) at 30 June 2012, which appears as a deposit in the Group's financial statements.

This facility is conditional on certain semi-annual commitments being met to guarantee the draw-down conditions:

- A consolidated financial debt/equity ratio (excluding the impact of foreign exchange movements and hedging derivatives) of < 1;
- A current ratio of > 1.1, designating the ratio of current financial assets/current liabilities (excluding derivatives).

These agreements were complied with in 2012.

The Company has also committed to:

- Regularly update the liquidity plan and submit it for approval;
- Grant no sureties or guarantees on certain assets of a Group entity;
- Not sell Group oil assets that support the RBL, particularly certain oil fields in Gabon;
- Not commit to additional financial debt, apart from current borrowing, in the form of an additional OCEANE issue, subordinated debt maturing later than the RBL, intra-Group loans, or other debt; and
- Not lend to third parties, excluding current business-related commercial activities.

The Group also took out a line of credit at BGFI in April 2011 in the amount of €15 million, of which €11 million had been drawn down as at 31 December 2011. This line had an initial term of 12 months, but has been extended for a further 12 months.

8.5.13 NOTE 13: TRADE PAYABLES – OTHER CREDITORS AND MISCELLANEOUS FINANCIAL LIABILITIES

	30/06/2012			31/12/2011		
In thousands of euros	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Suppliers and accrued expenses	**101,786**	**0**	**101,786**	**78,059**	**0**	**78,059**
Suppliers	54,741	0	54,741	32,413	0	32,413
Accrued expenses	47,045	0	47,045	45,646	0	45,646
Other creditors and miscellaneous liabilities	**77,682**	**0**	**77,682**	**53,118**	**0**	**53,118**
Social security liability	3,483	0	3,483	4,409	0	4,409
Tax liability	5,859	0	5,859	8,704	0	8,704
Miscellaneous creditors	68,340	0	68,340	40,005	0	40,005

Trade payables and related accounts

The balance of trade payables at 30 June 2012 mainly consists of trade payables related to requirements generated in Gabon in the amount of €25,756K (€22,146K of which is for the Omoueyi permit). The remainder also consists of trade payables of M&P Colombia BV in the amount of €11,522K, the Mnazi Bay permit in the amount of €8,433K and Namibia in the amount of €4,540K.

The change in trade payables over the course of the first half of 2012 was +€22,328K and was mainly due to expenditure in Colombia on the Sabanero permit (+€7,551K), in Namibia for the seismic programme (+€4,523K), in Tanzania on the Mnazi Bay permit with the drilling of the Ziwani well (+€6,137K) and the Omoueyi site (+€2,741K).

The balance of the payables at 30 June 2012 mainly consisted of the following:

- Expenses payable on the Omoueyi permit in Gabon in the amount of €29,340K relating to the partner company Tulip Oil.
- Expenses payable on the Kari permit in the amount of €5,598K, up from €5,464K due to seismic-related expenditures.
- Expenses payable on the Sabanero and COR-15 permits in Colombia in the amount of €7,923K.

Other miscellaneous creditors and liabilities

The +€28,335K change in the miscellaneous creditors item is mainly due to:

- The reduction in other Maurel & Prom Gabon miscellaneous creditors and liabilities involved in operating the Omoueyi permit (-€12,042K) is mainly due to the change in retrocessions of sales to its partner, Tulip Oil. At 30 June, the balance of retrocessions on sales on the Omoueyi permit amounted to €11,105K;
- The increase in other M&P Colombia BV miscellaneous creditors and liabilities operating the Sabanero and COR-15 permits in the amount of +€29,107K;
- The increase in other Mnazi Bay miscellaneous creditors and liabilities relating to the Ziwani well (+€5,518K).

8.5.14 NOTE 14: ASSETS HELD FOR SALE – IFRS 5

On 15 December 2011 Maurel & Prom distributed the entire share capital of its subsidiary MP Nigeria to its shareholders on the basis of one MP Nigeria share for one Maurel & Prom share. At the same time, Maurel & Prom Nigeria's shares were admitted for trading on the NYSE Euronext regulated market in Paris. This transaction was approved in advance by Maurel & Prom's shareholders at their Ordinary General Meeting on 12 December 2011.

Upon completion of this operation, Maurel & Prom no longer holds any MP Nigeria shares (since 15 December 2011).

This transaction falls within the scope of IFRS 5 in the financial statements as at 31 December 2011.

To allow the statements for the first half of 2011 to be compared to those for the first half of 2012, the 2011 statements have been restated.

Income statement

In thousands of euros	30/06/2011 published	Restatement of Nigeria	30/06/2011* restated
Sales	253,553	70,827	182,726
Other income	476	0	476
Purchases and changes in inventories	(9,018)	0	(9,018)
Other purchases and operating expenses	(36,693)	(9,193)	(27,500)
Tax expense	(27,982)	(14,917)	(13,065)
Personnel expense	(5,848)	(818)	(5,030)
Amortisation and depreciation allowance	(25,413)	(7,764)	(17,649)
Depreciation of exploration and production assets	(5,296)	0	(5,296)
Provisions and impairment of current assets	(2,334)	(2,324)	(10)
Reversals of operating provisions	1,103	0	1,103
Gain (loss) on asset disposals	111,638	0	111,638
Other expenses	(97)	(104)	7
Operating income	**254,089**	**35,707**	**218,382**
Gross cost of debt	*(23,198)*	*(2,737)*	*(20,461)*
Income from cash	*2,086*	*0*	*2,086*
Net gains and losses on derivative instruments	*(5,101)*	*(2,574)*	*(2,527)*
Net cost of debt	(26,213)	(5,311)	(20,902)
Other financial income and expenses	(58,581)	(5,955)	(52,626)
Financial income	**(84,794)**	**(11,266)**	**(73,528)**
		0	0
Income before tax	**169,295**	**24,441**	**144,854**
Income tax	(74,705)	(22,963)	(51,742)
Net income from consolidated companies	**94,590**	**1,478**	**93,112**
Net income from equity associates	(326)	0	(326)
Net income from continuing activities	**94,264**	**1,478**	**92,786**
Net income from discontinued activities	(4,188)	(1,478)	(2,710)
Consolidated net income	**90,076**	**0**	**90,076**

Cash flow from discontinued activities

In thousands of euros	Note	30/06/2011 published	Restatement of Nigeria	30/06/2011 restated
Consolidated net income from continuing activities		**168,969**	**24,442**	**144,527**
- Net increase (reversals) of amortisation, depreciation and provisions		25,802	10,330	15,472
- Unrealised gains (losses) due to changes in fair value		3,550	2,575	975
- Exploration expenses		5,252	0	5,252
- Calculated expenses and income related to stock options and similar benefits		1,045	0	1,045
- Other calculated income and expenses		3,208	0	3,208
- Gains (losses) on asset disposals		(111,565)	0	(111,565)
- Share of income from equity associates		326	0	326
- Other financial items		6,333	2,736	3,597
Cash flow before tax		**102,920**	**40,083**	**62,837**
Payment of tax due		(17,943)	(7,856)	(10,087)
Change in working capital requirements for activities		(61,279)	(6,192)	(55,087)
- Customers		(53,889)	(7,975)	(45,914)
- Suppliers		(16,979)	(3,547)	(13,432)
- Inventories		1,247	(1,027)	2,274
- Other		8,342	6,357	1,985
NET CASH FLOW FROM OPERATING ACTIVITIES		**23,698**	**26,035**	**(2,337)**
Payments associated with acquisitions of property, plant and equipment and intangible assets		(73,981)	(901)	(73,080)
Proceeds from disposals of property, plant and equipment and intangible assets		43,653	0	43,653
Payments associated with acquisitions of financial assets (unconsolidated securities)		(303)	0	(303)
Proceeds from disposals of financial assets (unconsolidated securities)		34	0	34
Change in loans and advances granted		131,553	0	131,553
Other cash flows from investment activities		2,397	0	2,397
Net proceeds from discontinued activities	18	(3,870)	(20,869)	16,999
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**99,483**	**(21,770)**	**121,253**
Amounts received from shareholders for capital increases		199	0	199
Dividends paid		0	0	0
Proceeds from new loans		77,186	2,795	74,391
Interest paid		(6,340)	(2,736)	(3,604)
Borrowing repayments		(158,720)	(2,911)	(155,809)
Treasury share acquisitions		1,751	0	1,751
NET CASH FLOW FROM FINANCING ACTIVITIES		**(85,924)**	**(2,852)**	**(83,072)**
Impact of exchange rate movements		19,124	(1,413)	20,537
			0	
CHANGE IN NET CASH		**56,381**	**0**	**56,381**
Cash and cash equivalents at start of period		95,375	0	95,375
Net cash and cash equivalents at period end of the discontinued activities			0	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**12**	**151,758**	**0**	**151,758**

8.5.15 NOTE 15: OPERATING INCOME

In thousands of euros

	30/06/2012	30/06/2011*
Sales	225,900	182,726
Gross margin	182,424	146,684
Gross operating surplus	163,799	128,589
Amortisation and depreciation of depletion and other impairments	(34,620)	(17,649)
Income from production activities	***129,179***	***110,940***
Exploration expenses	(30,037)	(5,296)
Income from oil production and exploration activities	***99,142***	***105,644***
Income from disposal of assets	0	111,638
Other operating items	(13,032)	1,100
Operating income	**86,110**	**218,382**

(*) Restated for discontinued activities

The gross margin corresponds to sales of services net of purchases of materials and consumables. The gross operating surplus corresponds to the gross margin net of taxes and duties (excluding income tax) and personnel expenses.

These two indicators provide a realistic picture of the performance from oil production activities.

The improvement in income from production activities is mainly due to environmental factors, with the Group having benefited from a more favourable economic environment than in 2011. The average price of Brent stood at US$113.44 in the first half of 2012 compared to US$111.10 for the same period in 2011, representing a slight increase of 2%. At the same time, the US dollar rose in value against the euro with an average US$/€ exchange rate of 1.2972 in the first half of 2012, up 7.6% on its corresponding rate of 1.4036 in the same period in 2011, as part of the continuing appreciation of the US currency throughout the first half of the year.

Change in sales

30/06/2011	183
Impact of hedges	10
Gabon	25
Sabanero	8
30/06/2012	226

Change in operating income

30/06/2011	218
Income from asset disposals in 2011	-112
Exploration expenses	-25
Provision for Integra receivable risk	-13
Other	-17
30/06/2012	86

Details of exploration expenses

Bibonga (Etekamba, Gabon)	6,473
Ngoma (Etekamba, Gabon)	5,633
Mounyouga NE (Etekamba, Gabon)	6,389
Ziwani (Mnazi Bay, Tanzania)	11,484
Other	58
	30,037

The change in the gross operating surplus is shown in the table below:

	2012			2011		
	Sales	Gr Op Surplus		Sales	Gr Op Surplus	
Gabon	*227*	*154*	*68%*	*202*	*158*	*78%*
Other (Colombia – Mnazi Bay)	8	-8				
Hydrocarbon production	236	146	*61%*	202	158	*78%*
Hedges	-10	-10		-20	-20	
Structures		27		1	-11	
	226	**163**	*72%*	**183**	**128**	***70%***

Amortisation and depreciation charges primarily break down as follows:

- Depletion of assets in Gabon: €25,488K including amortisation of mining permits;
- Depletion of Sabanero in Colombia: €1,178K;
- Depreciation of assets on the Al Asi permit in Syria: €1,090K.

Other elements of operating income mainly relate to the provisioning of the Integra receivable in the amount of €12.5 million, thereby making the net value of this receivable zero (see "Other assets").

8.5.16 NOTE 16: FINANCIAL INCOME

In thousands of euros	30/06/2012	30/06/2011*
Interest on overdrafts	(90)	(137)
Interest on OCEANE bonds	(17,300)	(16,910)
Interest on other borrowings	(1,535)	(3,414)
Gross cost of debt	**(18,925)**	**(20,462)**
Income from cash	443	2,086
Net gains and losses on derivative instruments	8,328	(2,527)
Net cost of debt	**(10,154)**	**(20,902)**
Other net financial income and expenses	**4,538**	**(52,626)**
Net foreign exchange differences	14,619	(51,670)
Other	(10,081)	(956)
FINANCIAL INCOME	**(5,616)**	**(73,529)**

* *Restated for discontinued activities*

Interest expense on the OCEANE 2014 and 2015 bonds, the characteristics of which are explained above in the Note on "Bonds, other borrowings and financial debt", amounted to €17,300K. This amount breaks down as follows:

- Interest expense calculated at the nominal rate of loans and paid at each annual maturity: €12.9 million;
- "Debt readjustment" technical charge: €4.4 million.

Income from derivatives transactions in the amount of €8.3 million relates to the revaluation at fair value through income of hedges recognised as trading hedges in the Group's financial statements (derivative instruments on hydrocarbons entered into to limit the Group's exposure to barrel price fluctuations), in the amount of €6.2 million, and to the liquidations of positions in the first half of the year in the amount of €2.1 million.

Net foreign exchange gains (€14.6 million) mainly relate to the revaluation of the Group's currency positions at period end.

The larger the foreign exchange exposure, the greater the impact. At 30 June 2012, the parent company showed a net borrowing position of US$178 million and M&P Gabon a borrowing position of €449 million.

The impact on consolidated financial income at 30 June 2012 of a 10% rise or fall in the €/US$ exchange rate on that date is shown below:

	Impact on income before income tax in thousands of euros	
	10% rise in €/US$ rate (i.e. drop in US$ value)	10% fall in €/US$ rate (i.e. rise in US$ value)
US$	-34,327.8	31,468.9
Other currencies		
Total	-34,327.8	31,468.9

Other elements of financial income comprise:

- Undrawn commissions and amortisation of charges to be allocated under the RBL;
- Current account provisions for Maurel & Prom Venezuela SAS in the amount of €2.3 million;
- Accretion expense of the receivable recognised in 2011 relating to the price adjustment on the sale of 49.99% of M&P Colombia, in the amount of €5.2 million.

8.5.17 NOTE 17: INCOME TAX

Breakdown of the charge for the fiscal year

The corporation tax payable mainly corresponds to the recognition of the government's share of profit oil on the Omoueyi and Nyanga Mayombe permits in Gabon in the amount of €14,506K and to the tax consolidation profit of €2,524K on the integration into Etablissements Maurel & Prom of the subsidiary that it sold in 2011, Maurel & Prom Venezuela SAS.

The deferred tax expense is mainly due to:

- The posting of the difference between the recognition of the recoverable costs, on a taxable base, and the posting in the consolidated financial statements under the Omoueyi permit of -€37,216K;

- The activation of a deferred tax asset at Maurel & Prom Colombia BV in the amount of €1,149K corresponding to the recoverable tax credit on the write-off of the Nemqueteba well.

In thousands of euros	30/06/2012	30/06/2011*
Tax expense payable for the fiscal year	12,360	14,704
Deferred tax income or expense	35,603	37,038
TOTAL	**47,964**	**51,742**

** Restated for discontinued activities*

Change in tax due

In thousands of euros	30/06/2012	31/12/2011
Income tax receivable	0	21
Income tax payable	9,334	12,421

The reduction in the tax payable is mainly due to the reduction in the Gabonese debt relating to profit oil on the Omoueyi permit.

Origin of deferred taxes

In thousands of euros	30/06/2012	31/12/2011
Tax deficits	5,900	6,897
Tax deficits on the Colombia write-off	1,270	1,236
TOTAL DEFERRED TAX ASSETS	**7,170**	**8,133**
Goodwill on property, plant and equipment	151,643	111,858
Accelerated depreciation	0	0
OCEANE equity component	5,900	6,897
Other	0	0
TOTAL DEFERRED TAX LIABILITIES	**157,542**	**118,755**
Net	**150,372**	**110,622**

The initial deferred taxation between the taxable basis of recoverable costs and consolidated assets on the Omoueyi permit was recorded on 31 December 2009. At 30 June 2012, this base difference generated a deferred tax liability of €153 million.

Deferred tax assets relating to losses carried forward are not recognised beyond deferred tax liabilities if there is no sufficient probability of future taxable profits on which the losses could be charged.

Reconciliation of the tax expense and pre-tax income

In thousands of euros	30/06/2012	30/06/2011*
Pre-tax income from continuing activities	80,392	144,528
- Net income from equity associates	-102	-326
Pre-tax income excluding equity associates	**80,494**	**144,854**
Distortion of the Gabon taxable base	**-159,253**	**-88,751**
Non-taxable gains France		**-69,850**
Income before tax	**-78,758**	**-13,747**
Theoretical tax charge of 33.33%	-26,250	-4,582
Reconciliation		
- In-kind liquidated tax		
- Tax rate divergence	0	0
-Tax difference on Gabon recoverable costs	35,604	37,038
- Profit oil tax/Notional sales	14,506	14,201
- Activation of prior deficits		
- Non-activated deficits and other	24,104	5,086
Real tax charge	**47,964**	**51,742**

** Restated for discontinued activities*

Tax rate discrepancies are mainly due to the taxation applied to entities or establishments that have an oil activity in African countries.

Non-activated deficits correspond to the unactivated share of tax on subsidiaries or establishments whose recovery prospects are not proven. This is particularly the case, structurally, for the Maurel & Prom parent company, or in Tanzania, due to the write-offs during the period.

8.5.18 NOTE 18: RELATED PARTIES

Commercial and financial transactions

30/06/2012 in thousands of euros	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
1) Equity associates				
- Tuscany International Drilling	43	-	128	3,423
- New Gold Mali (NGM)	209	-	2,972	-
2) Other related parties				
- Pacifico	116	181	44	138

31/12/2011 in thousands of euros	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
1) Equity associates				
- Tuscany International Drilling	94	-	127	2,936
- New Gold Mali (NGM)	421	-	2,881	-
2) Other related parties				
- Pacifico	210	394	22	-

Equity associates

As at 30 June 2012, the amount owed by New Gold Mali corresponded to its current account at Maurel & Prom's head office. This current account has been fully written off. In terms of net value, only the share of debts owed by the other shareholders of New Gold Mali is recognised in the Group's financial statements. Income corresponds to accrued interest on the current account.

Tuscany International Drilling has been an equity associate since 15 September 2011. It conducts drilling operations through its subsidiary Caroil on behalf of Maurel & Prom Group companies, mainly in Gabon on the Omoueyi permit.

Other related parties

With regard to other related parties, transactions with Pacifico were conducted on normal terms and relate to rentals and support services.

Accordingly, Maurel & Prom signed an office premises sub-leasing agreement with Pacifico, which is a 23.66% shareholder. Pacifico also provides Maurel & Prom with technical and financial support services. The service agreement with Pacifico was the subject of an amendment approved by the Maurel & Prom Supervisory Board on 29 May 2007 and signed on 11 June 2007 (effective 1 February 2007). This amendment relates solely to fee adjustments for services rendered.

Compensation of senior executives

"Senior executives" refers on the one hand to Directors (department heads) and on the other hand to members of the Board of Directors and to the Chairman and CEO.

In thousands of euros	**30/06/2012**	**30/06/2011**
Short-term benefits	1,366	1,420
Severance indemnities	-	-
Post-employment benefits	240	-
Payment in shares	197	199
	1,803	**1,619**

8.5.19 NOTE 19: CONTINGENT ASSETS AND LIABILITIES

Guarantees given on borrowings

On 29 May 2009, the Group entered into a new loan agreement with a consortium of four banks (BNP Paribas, Calyon, Natixis and Standard Bank) for US$255 million, guaranteed by the pledge of the oil reserves in Gabon ("Reserve Based Loan" or RBL). This facility was obtained as part of the financing of the acquisition of assets in Nigeria.

This RBL was increased to US$300 million in the 4th quarter of 2010 and was drawn down in full at 31 December 2010.

The RBL was increased to US$330 million in January 2011.

At 30 June 2012, US$80 million (€63.5 million) of the RBL was drawn down. Maurel & Prom is required to hold 5% of the amount drawn down, with the 5% corresponding to US$4 million (€3 million) at 30 June 2012.

In addition, Maurel & Prom is required to comply with certain technical and financial covenants for the duration of the loan (details of which are given in the Note "Bonds, other borrowings and financial debt").

Commitments received

As part of the sale of its subsidiary Hocol to Ecopetrol in 2009, a price adjustment clause was agreed whereby Maurel & Prom would receive an additional payment of up to US$50 million based on the valuation of the Niscota field reserves in Colombia, which were part of the transaction.

The Niscota field reserves must be evaluated by an independent expert appraiser no later than 31 December 2012.

In its financial statements dated 31 December 2011, Ecopetrol posted a debt in the amount of US$27.3 million to reflect this price adjustment. M&P, through its chairman, asked Ecopetrol to clarify the approach used to calculate the appraisal value.

However, to date, Maurel & Prom has not yet received an appraiser's report that would allow a receivable corresponding to the price adjustment mentioned above to be recognised.

Other commitments given

Tuscany

As part of the sale of Caroil to Tuscany International Drilling, Maurel & Prom granted the latter a guarantee of liabilities in this matter. This guarantee expired on 22 June 2012.

Rockover

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

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

In addition, the following commitments have been maintained:

- Maurel & Prom will be required to pay the sellers a total royalty amounting to US$1.30 for every barrel produced from the date that cumulative production across all permits exceeds 80 Mboe;

- Maurel & Prom will be required to pay one of the two sellers a royalty of 2% of the total available production up to a threshold of 30 Mboe and 1.5% for any production beyond that amount, for the production from the MT 2000-Nyanga Mayombe exploration permit.

Transworld

Following the purchase of Transworld's residual rights to the Etekamba permit on 18 March 2008, a net profit interest agreement was signed, whereby Maurel & Prom must transfer 10% of the profit oil and 8% of the profit gas to Transworld Exploration Ltd.

Omoueyi CEPP (exploration and production sharing agreement)

From the start of production at the Onal field, the Gabonese government is automatically entitled to 15% of the rights and obligations under the Omoueyi CEPP contract relating to the development and operation of the Onal exploitation zone, unless it expressly waives this interest within 120 days of the permit's production start date. On 13 December 2006, an exclusive operation authorisation was granted for the Onal zone on this permit. As part of this, the Gabonese government sold its entire 15% stake in the Onal field to Tulip Oil, as well as its stake in the Omko field, which was put into production on 28 September 2009 and in which the government automatically held a 15% stake under the same terms and conditions.

The Gabonese government automatically benefited from this right of entry across all fields of the Omoueyi permit under the same terms as for Onal and Omko, as well as all permits held by Maurel & Prom in Gabon, under the terms and conditions set out in each CEPP.

Maurel & Prom also owes a 5% duty on exploration and production assets that have so far been exempt from tax. These customs duties were paid in 2009, as the production from the Onal and Omko fields had exceeded 10,000 tonnes (approximately 75,000 barrels). On this permit, any investment in a new well is liable to a 5% customs duty.

Ecopetrol

As part of the sale of Hocol Colombia to Ecopetrol, Maurel & Prom granted the latter a guarantee of liabilities in this matter.

Litigation

Messier Partners dispute

Following Maurel & Prom's appeal in November 2011, this litigation was still active at 30 June 2012.

Alphin Capital dispute

Alphin Capital, a company specialised in placing African oil assets on the market and in assisting negotiations on contracts concerning the exploitation of hydrocarbon deposits and the financing arrangements relating thereto, brought a lawsuit in April 2010 against the Company to obtain the payment of a finder's fee of US$2.6 million resulting from Seplat (a company incorporated under the laws of Nigeria in which Maurel & Prom has a 45% stake) signing interests in the OML 4, 38 and 41 permits in Nigeria. In a ruling dated 8 December 2011, the Paris Commercial Court dismissed the claims of Alphin Capital. As Alphin did not lodge an appeal against the ruling, it became binding during the first half of 2012.

Agri-Cher - Transagra dispute

From its former activity, Maurel & Prom remains the subject of proceedings in respect of an alleged contractual liability dating from 1996 in a legal bankruptcy case of the company Transagra and in the collapse of the Agri-Cher cooperative. The Company deems this action of €33 million to be unfounded and has not made any provision for it. All the parties to the dispute have given written notice of their intention not to continue with the action, and the Court ordered these proceedings to be withdrawn in 2009. The ad-hoc attorney appointed in this matter has requested that this matter be re-entered for 2011.

No other governmental, legal or arbitration proceeding exists, including any proceeding of which the Company is aware, whether pending or threatened, that is likely to have or did have over the last 12 months a significant impact on the Company's and/or Group's financial position or profitability.

8.5.20 NOTE 20: OPERATING SEGMENTS

In accordance with IFRS 8, in effect since 1 January 2009, segment information is reported according to the same principles as internal reporting, reproducing the internal segment information defined to manage and measure the Group's performance. Maurel & Prom's activities are divided into three segments: exploration, production and drilling. Following the sale of Caroil in September 2011, the Group now operates in two segments: exploration and production. Drilling activities have been restated as income from discontinued activities in accordance with IFRS 5.

The other activities mainly cover the holding company's support and financial services.
Operating income and assets are broken down for each segment from the contributing entity statements that include consolidation restatements.

Information by activity

The data presented below come from the IFRS statements.

In thousands of euros

30/06/2012	Exploration	Production	Other activities	Intra-Group adjustments and eliminations	Total
Inter-segment sales			(199)	199	0
Sales	**8,013**	**227,715**	**(9,828)**		**225,900**
Write-down of intangible assets	(30,037)	0	0		(30,037)
Write-down of property, plant and equipment	0	0	0		0
OPERATING INCOME	**(31,670)**	**148,464**	**(30,684)**		**86,110**
Intangible assets (gross)					
Investments in the period	43,601	0	0		43,601
Accumulated investments at period end	564,470	124,204	1,717		690,391
Property, plant and equipment (gross)					
Investments in the period	24,244	68,459	69		92,772
Accumulated investments at period end	56,571	794,147	2,583		853,301

Details of write-offs are given in Note 4 "Intangible Assets".

In thousands of euros

30/06/2011*	Exploration	Production	Oil drilling	Other activities	Intra-Group adjustments and eliminations	Total
Inter-segment sales			0	(1,117)	1,117	0
Sales	**242**	**202,318**	**(0)**	**(19,834)**		**182,726**
Write-off of intangible assets	(5,296)	0	0	0		(5,296)
Write-off of property, plant and equipment	0	0	(0)	0		(0)
OPERATING INCOME	**(39,392)**	**112,370**	**(0)**	**145,404**		**218,382**
Intangible assets (gross)						
Investments in the period 30/06/2011*	35,624	0	2	5		35,631
Accumulated investments 31/12/2011	568,312	114,241	(0)	1,454		684,008
Property, plant and equipment (gross)						
Investments in the period 30/06/2011	326	37,098	3,201	25		40,650
Accumulated investments 31/12/2011	12,375	705,369	0	2,515		720,259

Sales by geographic region

	Congo	Gabon	Colombia	Tanzania	Other	Total
Income statement at 30/06/2012						
Oil sales	0	227,314	8,013	401	(9,828)	225,900
Services	0	0	0	0	239	239
Inter-zone sales	0	0	0	0	(239)	(239)
Total sales	**0**	**227,314**	**8,013**	**401**	**(9,828)**	**225,900**

	Congo	Gabon	Colombia	Tanzania	Other	Total
Income statement at 30/06/2011*						
Oil sales	242	201,958	-	360	-19,810	182,750
Services	-	-	-	-	-24	-24
Interzone sales	-	-	-	-	-	-
Total sales	**242**	**201,958**	**-**	**360**	**-19,834**	**182,726**

** Restated for discontinued activities*

The Group's two main customers are customers of M&P Gabon, namely Socap and Sogara, to which the production from the fields on the Omoueyi permit is sold.

8.5.21 NOTE 21: EVENTS OCCURRING AFTER CLOSING

Tanzania: approval of the transaction on 26 July 2012

Maurel & Prom exercised its pre-emptive rights on Cove Energy's interests in the Mnazi Bay concession in Tanzania.

The value of the transaction amounts to US$18.9 million, which was paid to Wentworth following its approval by the Tanzanian authorities on 26 July 2012. An additional amount of up to US$5.1 million will be payable if future gas production exceeds certain thresholds.

Following this transaction, the various interests in Mnazi Bay break down as follows:

	Production	Exploration
M&P (operator)	**48.06%**	**60.075%**
Wentworth	31.94%	39.925%
TPDC	20.00%	-

9 STATUTORY AUDITORS' REPORT

To the Shareholders,

In compliance with the assignment entrusted to us by your general 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, for the period from January 1 to June 30, 2012, and
- the verification of the information contained in the interim 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 Conclusion 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 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 note 4 "Intangibles assets" of the financial statements which indicates the situation of the exploration licenses of Bigwa-Rufiji-Mafia (BRM) in Tanzania and of Etekamba in Gabon, which represent respectively €M 42 and €M 12 within intangible assets.

9.2 Specific verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Paris and Paris-La Défense, August 30, 2012

The Statutory Auditors

Daniel de Beaurepaire

Ernst & Young (François Carrega and Patrick Cassoux)

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