H1 2010

FINANCIAL REPORT – MAUREL & PROM

Imagine

Explore

Discover

Develop

1 TABLE OF CONTENTS

2 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

As the Chief Administrative and Financial Officer of Etablissements Maurel & Prom (hereinafter **"Maurel & Prom"** or the **"Company"**), and under the responsibility of the Chairman and Chief Executive Officer Jean-François Hénin, Michel Hochard is responsible for the financial information, including the half-year financial report.

His contact details are:

Michel Hochard
Chief Administrative and Financial Officer
Maurel & Prom
12, rue Volney
75002 Paris
Telephone: 01 53 83 16 00
Fax: 01 53 83 16 04

Certification

"I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards, and present fairly the assets, financial position and results of the Company and all companies included within the scope of consolidation, and that the half-year business report presented on pages 4 to 13 presents fairly the major events which have occurred during the first six months of the year and their impact on the half-year accounts, the main related-party transactions, and the description of the principal risks and uncertainties which they may face."

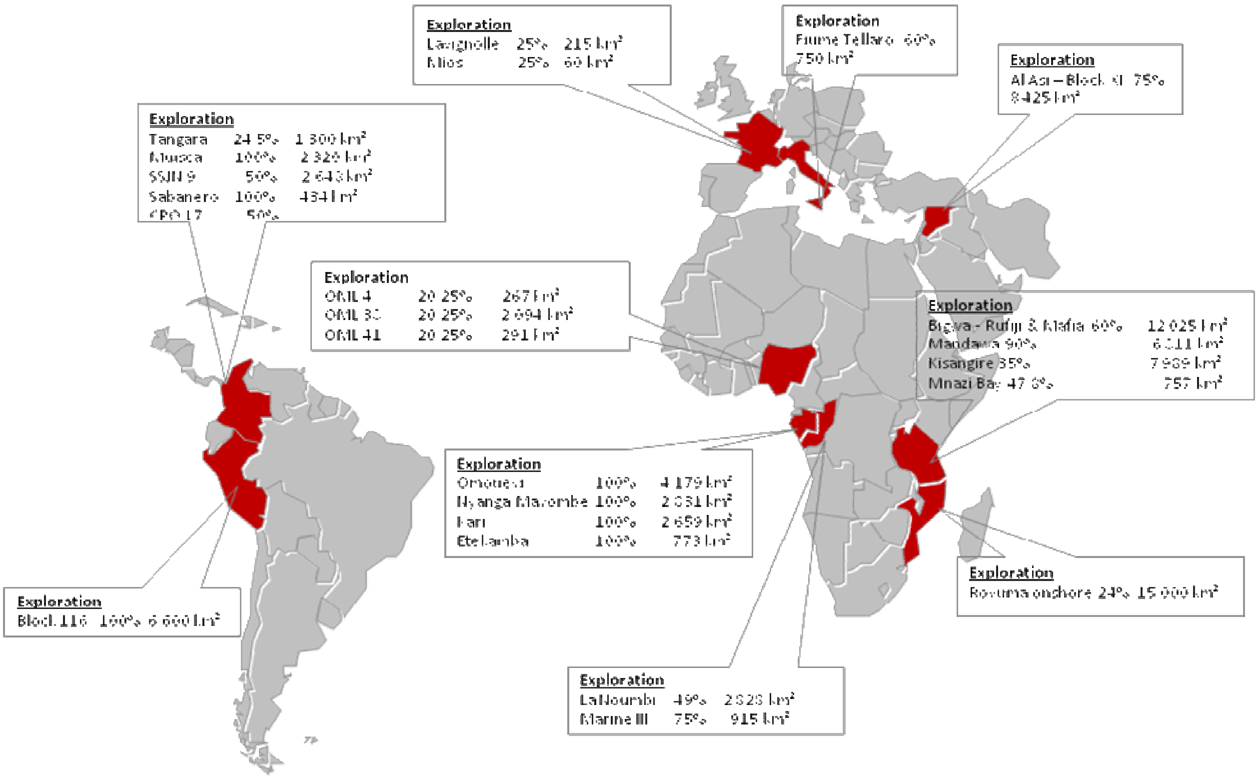
Chief Administrative and Financial Officer

Michel Hochard,
Paris, Friday 27 August 2010

To facilitate the reading of this report, Etablissements Maurel & Prom shall be referred to as the "Company" or "Maurel & Prom", and Maurel & Prom and/or one of its subsidiaries together shall be referred to as the "Maurel & Prom Group" or the "Group".

3 STRATEGIC REPOSITIONING OF THE GROUP

Maurel & Prom has based its strategy on developing its exploration segment and quickly getting its discoveries into production.



In order to adapt to the economic and financial context, in 2009 and during the first six months of 2010, the Group refocused its strategy on appraising and developing its resources, particularly in Gabon and Nigeria.

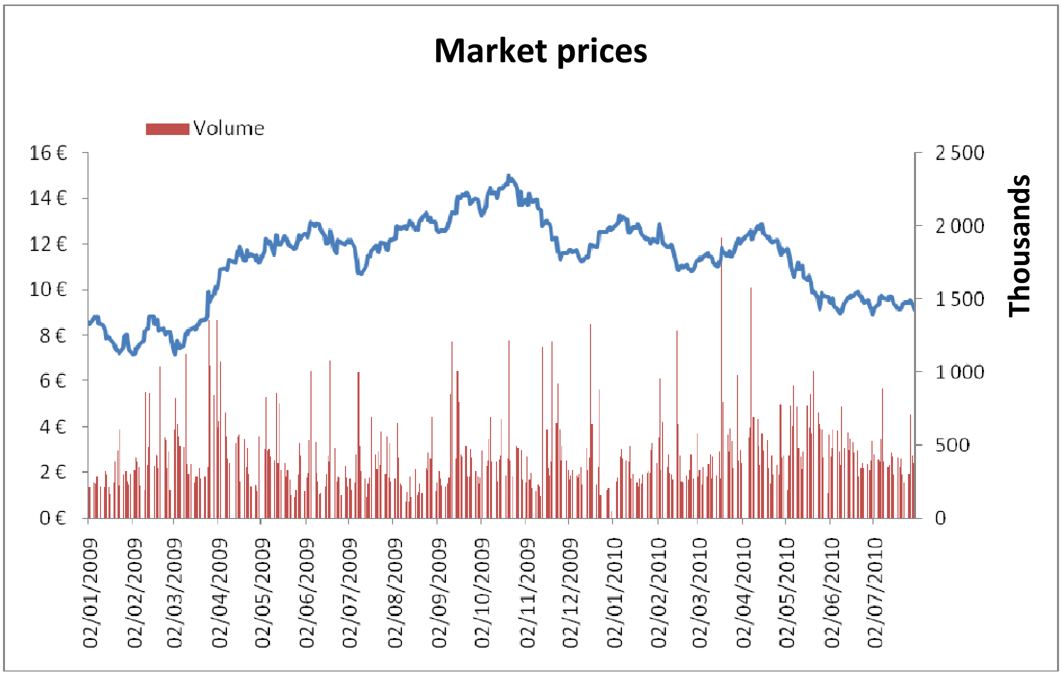
In a particularly difficult environment, the Group sold some of its assets in Colombia, the proceeds of which helped restore the Group's financial balance and allowed the Group to continue exploration work in order to replenish its reserves and have the means to leverage potential opportunities.

Consequently, at the end of January 2010 the Group signed a memorandum of understanding with Shell, Total and Eni, via the Nigerian-registered company Seplat (M&P 45%), to acquire 45% of the rights on OMLs 4, 38 and 41 in Nigeria.

This transaction was a significant development for Maurel & Prom, given the potential of this acquisition.

Continued exploration and development efforts on the Omoueyi license means that the Group now has two real development hubs in Gabon and Nigeria.

This revised strategy, the result of work carried out in 2009 and 2010, will lower Maurel & Prom's risk profile through a smoother flow of operations, while still keeping the door open to potential exploration opportunities.



4 GROUP ACTIVITY DURING THE FIRST HALF OF 2010

4.1 Oil and gas activity

4.1.1 Exploration

In Gabon, exploration work during the first half of the year identified a new formation in both the Omoueyi and Onal exploration licenses: Kissenda. This new formation was proven when the OMOC-N-101 well was spudded in February 2010.

The OMOC-N-1 exploration well revealed a 111-m column of oil in the Grès du Kissenda. Pump tests established a flow of 1,700 b/d of 33.4° API oil. (Flow was limited by the pump's maximum capacity.) As the characteristics of this oil are similar to that of Onal, it can be processed and evacuated using existing facilities.

The discovery of this oil accumulation confirms the extension of the Grès du Kissenda in the Onal license and the importance of this new exploration play for the entire eastern rim of Gabon's coastal basin, where the Group has significant exploration acreage.

The Kissenda play was encountered several times in the Omoueyi exploration license (M&P operator, 100%) with the OMKO, OMOE, OMAL and OMOC discoveries. This new play supplements the Group's traditional focus of research, hitherto the Grès de Base, which was the source of the Group's major success in this sedimentary basin.

In addition, the Group continued its seismic acquisition work in the Omoueyi license, with 789 km of 2D seismic.

In Tanzania, the Group selected RPS Energy, independent experts who had already worked with most operators in Tanzania and thus had good technical knowledge of the region, to assess the potential of the gas zones of the Mafia Deep well. Studies are underway and the results should enable the Group to enter into discussions from October 2010 to further develop all work performed to date.

The net book value of intangible assets in the Bigwa Rufiji Mafia block is €156m as of 30/06/2010, of which €104m for the Mafia well.

Maurel & Prom and Dominion have signed an agreement in principle related to an additional working interest in the Mandawa license and a new carried interest in the Kisangire license as follows:

- 40% in the Mandawa exploration license, thus taking Maurel & Prom's interest to 90% and reducing Dominion's to 10%;
- 35% carried interest in the Kisangire exploration license, operated by Heritage Oil, which owns a 55% interest.

In Colombia, the Cascabel-1 and Bachue-1 exploration wells were spudded during the first half of 2010. Drilling reached final depth of 5,190 m and 2,956 m respectively in August 2010, without proving oil.

The SAB-1 exploration well was spudded in the Sabanero exploration license. The well reached final depth of 924 m and proved oil in the Carbonera C7 formation with a thickness of 12 m and a potential yet to be confirmed.

The Group is planning to start immediately drilling the deviated well SAB-SE1 from the same platform with the objective of proving additional reserves. 3D seismic covers a large portion of the drilling area, facilitating the assessment of reserves and potential development, should this be required.

Maurel & Prom and Hocol, a Grupo Empresarial Ecopetrol company, have entered into an Exchange Agreement to exchange a 50% working interest in the exploration and production license in block SSJN-9 (Lower Magdalena) for a 50% working interest in the exploration license CP-17 (Llanos basin). The agreement includes exchange of operatorship in the blocks, once the ongoing seismic acquisition programmes are completed. Maurel & Prom will be the operator in block CPO-17 and Hocol will be the operator in block SSJN-9.

In the Congo, the NGoumba-1D (NGB-1) exploration well was drilled as a deviated borehole in the Marine-3 license from a platform located in the Noumbi license. Drilling reached final depth of 2,600 m in the Djeno formation. During drilling, sandstone and porous levels were encountered in the Pointe Indienne formation. On the basis of the test results, the well was plugged and abandoned. The M'Bafou exploration well reached a depth of 2,701 m and hit oil, but the characteristics of the reservoir were too poor for production. As a result, the well was abandoned.

In the Noumbi license (M&P operator, 49%), the Tié-Tié-NE-1 well reached final depth of 2,550 m in the Djeno formation (Lower Cretaceous). Between 1,775 m and 1,875 m, a siltstone interval showed hydrocarbon indications. Well completion measurements showed that this interval (exhibiting strong gas shows) would not be commercially viable due to its distance from potential markets. The well was therefore plugged and abandoned.

In Syria, the Al Asi license is located along the Mediterranean coast north of the Lebanon-Syria border and covers an area of 8,427 km². Following the 890 km of 2D seismic acquired by the Group in 2007 and 2008, two zones of interest were identified. The Draco prospect was identified in the East zone. The Draco-1 well reached final depth of 3,919 m in the Lower Carboniferous. Two zones of the Kurrachine formation (Trias), which had shown hydrocarbon indications during drilling, were tested in succession. The characteristics of the Kurrachine reservoirs proved too poor for hydrocarbon production. Based on the results from the Draco-1 well, the Group will now concentrate its efforts on the second zone of interest situated to the west of the license.

In France, the Group took a 25% stake in the Mios exploration license. As a reminder, the Group owns 25% of the rights in the adjacent Lavignolle exploration license.

4.1.2 Development

When developing the Onal field, the teams from Maurel & Prom decided to make the production centre large enough to accommodate production from potential adjacent fields.

Such a strategy meant that the Group was able to develop almost immediately and at limited cost the Ombg and Omgw fields, which were discovered in Gabon in 2008 and 2009 respectively. The OMGW-102 and OMGW-201 wells were thus drilled and linked to the production centre during the first half of the year. The OMGW-103 well, drilled during the summer, should enter production in the coming days.

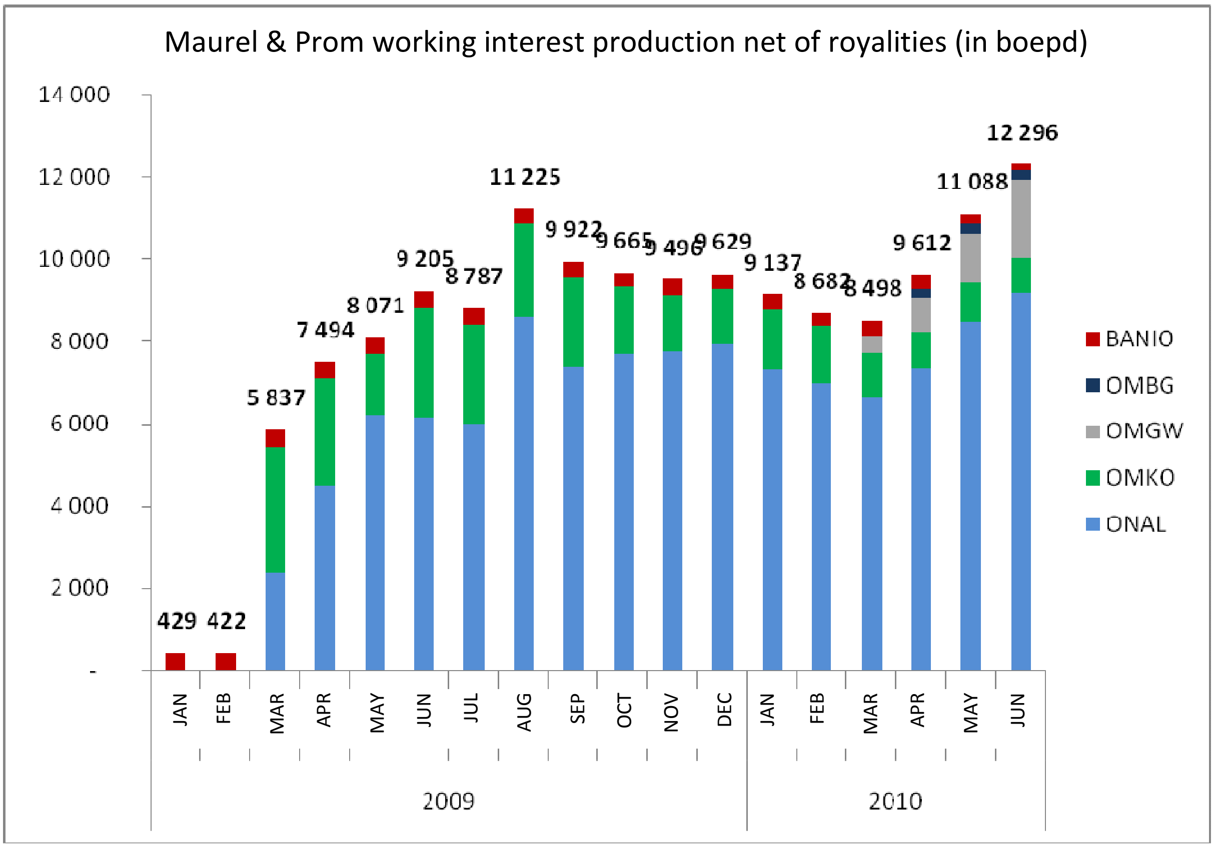
At the same time, the Group began developing the OMOC-North field. Initial orders have been placed and appraisal wells began to be drilled at the end of July 2010. Development expenditure for this discovery focuses on drilling the wells and laying pipeline to connect them to the Onal field facilities.

In the Nyanga Mayombe license, the Banio-5 exploration well was drilled in Gabon on the Banio EDA. Drilling reached final depth of 1,853 m in the Melania formation. This well encountered Banio limestone 4 m thick, filled with formation water. Based on these results, the well was cemented in anticipation of possibly re-using it as a side-track, the direction of which would need to be determined by further studies.

4.1.3 Production

The Group's production during the first half of 2010 came solely from fields in Gabon. As a result of the Group's strategy, teams were able to have first oil in March 2010 from the Omgw field, which was discovered in December 2009. The Ombg field, discovered in December 2008, was connected in April 2010.

The water injection in the Onal field and the development of the OMOC-N field should continue to increase the level of the oil production over the next 12 months.



The production of oil and gas in Venezuela, after a 30% in-kind tax, was 1,038 barrels of oil equivalent per day over the first half. Oil represents 52% of production. This activity, consolidated using the equity method, is not included in Group sales.

The signature of the final agreements relating to the acquisition of assets in Nigeria will enable SEPLAT, Maurel & Prom 45%, to benefit from the production of OMLs 4, 38 and 41 some time in August 2010.

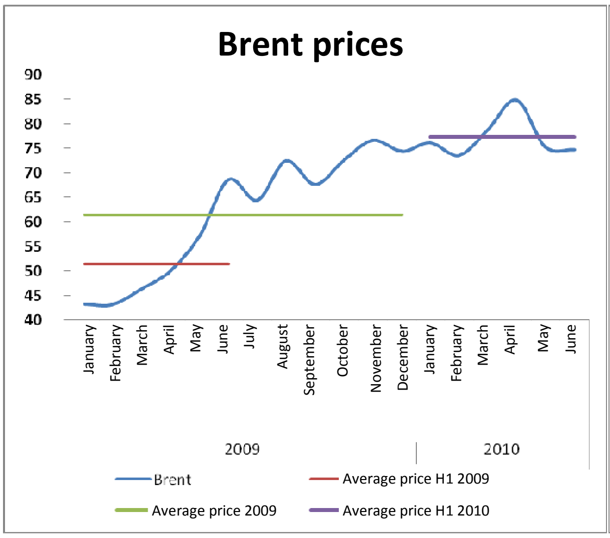
4.2 Oil services

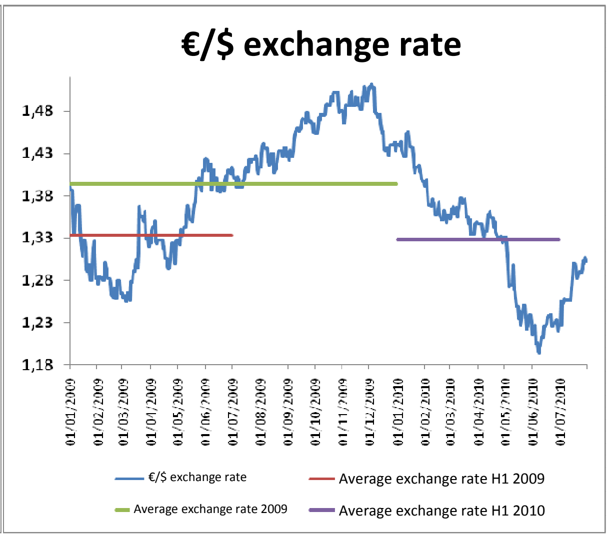
Maurel & Prom Group drilling operations are conducted through its wholly-owned Caroil subsidiary, which owns 15 drilling rigs.

The first half of 2010 featured the opening of a subsidiary in Cameroon where rigs from Tanzania started drilling on 14 July 2010. The average use rate of the Caroil rigs was 90% during the first half of 2010. Caroil generated 69% of its business with customers other than Maurel & Prom.

5 FINANCIAL SITUATION AS OF 30 JUNE 2010

5.1 Economic environment





The average price of Brent during the first half of 2010 was $77.3 (up 50% compared with the first half of 2009). The average €/$ exchange rate was 1.33. As of 30 June 2010, the €/$ exchange rate was 1.23, up 15% over the first six months of the year.

5.2 Financial items

The Group's activity described above and the economic and financial environment are reflected in the consolidated financial statements through the items outlined below. The consolidated financial statements were approved by the Board of Directors on 25 August 2010.

5.2.1 Sales

Group sales for the first half of 2010 were up 68% at €131.3m compared with €78.3m for the first half of 2009.

Higher sales were the result of increased production from the fields in Gabon and in particular the start-up of production in the Omgw and Ombg fields during the first half of the year. With respect to the Onal field, which came on stream in March 2009, the water injection programme, introduced in December 2009, resulted in production being at least maintained if not increased.

The Group has changed the accounting method used for the presentation of its sales; it now recognises as sales and as a contra to current tax, the tax for which the company is liable and which is liquidated in the State's share of Profit Oil as specified in the production sharing contracts. This change in accounting method affects sales and corporate income tax and, as a result, has no impact on net income.

In early 2009, at the conclusion of the Reserve-Based Loan financing, the Group established hedges on oil prices. The average hedge price in the first half of 2010 was $60.9/bbl, whereas the average price of Brent was $77.3/bbl. This led to a negative adjustment of €18.4m.

Excluding the impact of hedging, the average selling price in Gabon for first half of 2010 stood at $76.5/bbl for production from Onal, Omko, Ombg and Omgw, and $63.3/bbl for production from Banio.

Caroil's contribution to sales in the first half of 2010 (oil services) was €51.0m, compared with €42.8m for the same period in 2009. Expressed in US dollars, the contribution of this activity totalled $67.8m.

Caroil's corporate sales in the first half of 2010 amounted to €74.0m. Expressed in US dollars, Caroil's corporate sales were stable at $98.4m compared with $98.2m in the first half of 2009.

Caroil generated 69% of its business with customers other than Maurel & Prom.

5.2.2 Operating income

Income from oil production and services was up sharply as a result of increased hydrocarbon sales. It stood at €36m after depletion amortisation, an increase directly related to increased production.

In thousands of euros	30/06/2010	30/06/2009*
Sales	131,281	78,301
Gross margin	78,640	37,896
Gross operating income	60,020	24,676
Depletion amortisation and impairment of production assets	(23,836)	(18,133)
Income from oil production and services activities	***36,184***	***6,543***
Exploration write-off	(75,398)	(6,143)
Income from oil production, exploration and services	***(39,214)***	***400***
Income from sale of assets	2	4,285
Other operating items	(2,629)	1,256
Operating income	**(41,841)**	**5,941**

(*) Adjusted the change in accounting method

Operating income recorded a significant amount in exploration costs written off (€75.4m), reflecting the Group's contrasting results from such operations in the first half of 2010. Exploration costs written off are broken down as follows:

Draco – Syria	8.2
Mihambia – Tanzania	1.0
Banio 5 – Gabon	14.0
Kokorong – Senegal	0.9
Cascabel – Colombia	16.7
Bachue – Colombia	5.5
N'Goumba – Congo	15.9
M'Bafou – Congo	8.3
Tié-Tié – Congo	5.0
Total	75.4

Amortisation primarily involves the amortisation of Caroil's rigs for €8.1m and depletion of the Onal and Omko fixed assets for €11.9m.

5.2.3 Financial income

Financial income amounted to €103.8m. It was strongly impacted by favourable foreign exchange differences (€122.8m), related to the revaluation at the closing rate of the Group's currency positions. It should be noted that this result is volatile and depends on the closing rate of the period. A 10% increase in the €/$ exchange rate would have a negative impact of €70m, whereas a 10% decline would have a positive impact of €86m.

As a reminder, the €/$ closing rate as of 31/12/2009 was 1.44. As of 30/06/2010, it was 1.23.

Interest on the OCEANE 2014 bond amounted to €12.3m.

5.2.4 Net income

The Maurel & Prom Group's consolidated net income amounted to €51m.

This was impacted by the difference between the tax applied on a regulatory basis and that calculated in the consolidated financial statements on the Omoueyi license for €9.2m. Taking into account the tax charge due for the period (€10.5m), total income tax amounted to -€20.1m.

Group income was positively impacted by the equity accounting of the Group's stake in the public/private company Lagopetrol for €2.5m, as well as by net income from activities sold for €6.7m (related to the earn-out clause), which was marked by the receipt in the first half of the year of a premium of €44.6m after sales of crude oil call options were established to monetise the earn-out clause attached to the sale of the Colombian assets and based on WTI prices between 01/01/2010 and 31/12/2010.

5.2.5 Balance Sheet

The balance sheet total as of 30 June 2010 amounted to €1,663m. Shareholders' equity, Group share, was €1,061m compared with €940m as of 31 December 2009, an increase of €121m, due primarily to the impact of income for the period (€51m), the adjustment made to the derivative valuation as of 30 June 2010 (€24m), the dividend distribution (-€12m paid in June 2010), and the translation adjustment (+€58m).

The change in bond debt was related to the redemption of the OCEANE 2010 bonds for €183m and the accretion of the amount of the OCEANE 2014 bond for €12m.

5.2.6 Investments

Total investments in the first half of 2010 amounted to €191m and can be broken down as follows:

In thousands of euros	Colombia	Gabon	Tanzania	Congo	Syria	Other	TOTAL
Exploration	19	63	27	27	8	2	**147**
Production		27					**27**
Oil services	4	3	0	7		1	**16**
TOTAL	23	94	27	34	8	4	**191**

In Gabon, development work on the Omgw and Ombg fields is classified under exploration activity until an Exclusive Development Authorisation is obtained for these fields. Production investment corresponds to work carried out in the Onal and Omko fields. It should be noted that the discovery of Omoc-N was made in the Onal field.

Intangible assets as of 30 June 2010 were valued at €578m, of which €156m pertained to the Bigwa Mafia Rufiji license in Tanzania.

5.2.7 Cash flow

As of 30 June 2010, Maurel & Prom posted net cash of €128m (including $130.6m equivalent to €106.5m), down €300m from 31 December 2009, primarily due to:

- the redemption on 1 January 2010 of OCEANE 2010 for €183m, including interest of €6.2m;
- steady investments (€191m) for all Group operations;
- an increase in production and therefore in cash flow from operating activities (+€170m);
- receipt of €45m related to the establishment of crude oil call option sales to monetise the earn-out clause attached to the sale of the Colombian assets;
- currency impacts (-€93m);
- funds paid in connection with new interests in Nigeria (-€42m).

5.3 Post-balance sheet events and outlook for 2010

Recent developments in Gabon (identification of Kissenda and increased production), together with Nigeria's entry into the consolidation scope, will enable the Group to increase significantly its production and reserves over the coming months.

The end of the 2010 fiscal year will see a gradual reduction in high risk exploration efforts in favour of appraisal-delineation and development operations.

The final signing of the agreements between Seplat (the Nigerian-registered company, M&P 45%), SPDC, TOTAL and ENI became effective on 29 July 2010. A gradual takeover of operations by Seplat will result in that company having the full benefit of its working interest production during the month of August 2010. It should be noted that the operated production level of these OMLs has been forecast initially at 30,000 b/d of oil and 120 MMscf of natural gas, translating to 4,800 b/d of oil and 22.5 MMscf of gas for the Maurel & Prom working interest production net of royalties.

At the conclusion of these transactions, Maurel & Prom consolidated its financial structure by:

- issuing OCEANE bonds maturing in 2015 in the form of a private investment of €70m;
- drawing $240m from the RBL-type facility (Reserve-Based Loan) at the end of July 2010;
- monetising the "Hocol" earn-out clause based on the price of WTI in May 2010 for an amount of $60m;
- establishing a short-term credit line of $50m in July 2010.

6 OIL RESERVES AS OF AS OF JANUARY 2010

For 2009, Group oil and gas reserves are presented in two distinct tables for a more detailed breakdown.

The reserves have been certified as of 1 January 2010 by DeGolyer & MacNaughton based on the current economic conditions and existing geological and engineering data used to estimate the quantity of hydrocarbon that could be produced. The measurement process includes subjective assessments and may call for subsequent re-assessments based on newly-acquired knowledge of the fields.

P1+P2 reserves as of 1 January 2009 totalled 119 Mboe, corresponding to 114.3 Mbbl (oil) and 4.6 Mboe (gas). After adjustment for the portion of reserves associated with gas fields, the Group had 114 Mbbl as of 1 January 2009. In 2009 the Group found an additional 5 Mbbl of P1+P2 reserves net of royalties, compared with entitled production net of royalties of 3 Mbbl (including Venezuela).

The development of the Onal field increased P1 reserves by +66% as a result of reclassifying P2 reserves as P1 reserves.

6.1 Oil reserves

The following table presents the Group’s level of oil reserves net of royalties (in Mboe). This table does not include potential reserves related to exploration.

Region	License	Oil reserves/net of royalties	P1	P2	2P = P1+P2	P3
Gabon	Onal (Oil)	*Reserves (01/01/2009)*	*23.6*	*61.0*	*84.6*	*22.1*
		2009 production (net of royalties)	*-2.0*	*-*	*-2.0*	*-*
		Revision	*14.9*	*-10.4*	*4.6*	*13.6*
		Reserves (01/01/2010)	*36.6*	*50.6*	*87.2*	*35.7*
	OMKO (Oil)	*Reserves (01/01/2009)*	*3.1*	*15.3*	*18.5*	*153.0*
		2009 production (net of royalties)	*-0.6*	*-*	*-0.6*	*-*
		Revision	*4.8*	*-9.9*	*-5.2*	*-148.1*
		Reserves (01/01/2010)	*7.3*	*5.4*	*12.7*	*4.9*
	OMBG (Oil)	*Reserves (01/01/2009)*	*0.8*	*3.4*	*4.2*	*13.9*
		2009 production (net of royalties)	*-*	*-*	*-*	*-*
		Revision	*-*	*-*	*-*	*-*
		Reserves (01/01/2010)	*0.8*	*3.4*	*4.2*	*13.9*
	Banio (Oil)	*Reserves (01/01/2009)*	*0.4*	*0.1*	*0.6*	*-*
		2009 production (net of royalties)	*-0.1*	*-*	*-0.1*	*-*
		Revision	*0.1*	*-*	*0.1*	*-*
		Reserves (01/01/2010)	*0.4*	*0.1*	*0.5*	*-*
	TOTAL Gabon	*Reserves (01/01/2009)*	*28.0*	*79.8*	*107.8*	*188.9*
		2009 production (net of royalties)	*-2.8*	*-*	*-2.8*	*-*
		Revision	*19.8*	*-20.3*	*-0.6*	*-134.5*
		Reserves (01/01/2010)	*45.0*	*59.5*	*104.6*	*54.4*
Venezuela	B2X 70-80	*Reserves (01/01/2009)*	*4.2*	*2.0*	*6.2*	*0.1*
		2009 production (net of royalties)	*-0.3*	*-*	*-0.3*	*-*
		Revision	*-0.3*	*-*	*-0.2*	*-*
		Reserves (01/01/2010)	*3.7*	*2.0*	*5.7*	*-*
TOTAL	Certified oil reserves	*Reserves (01/01/2009)***	*32.2*	*81.8*	*114.1*	*189.0*
		2009 production (net of royalties)	*-3.0*	*-*	*-3.0*	*-*
		Revision	*19.5*	*-20.3*	*-0.7*	*-134.5*
		Reserves (01/01/2010)	*48.7*	*61.5*	*110.3*	*54.5*
Congo	Loufika (Oil)	*Reserves (01/01/2009)*	*-*	*0.2*	*0.2*	*0.5*
		2009 production (net of royalties)	*-*	*-*	*-*	*-*
		Revision	*-*	*-0.2*	*-0.2*	*0.2*
		Reserves (01/01/2010)	*-*	*-*	*-*	*0.7*
Gabon	OMGW (Oil)	*Reserves (01/01/2009)*	*-*	*-*	*-*	*-*
		2009 production (net of royalties)	*-*	*-*	*-*	*-*
		Revision	*1.8*	*4.3*	*6.1*	*3.2*
		Reserves (01/01/2010)	*1.8*	*4.3*	*6.1*	*3.2*
TOTAL	Other oil reserves***	*Reserves (01/01/2009)***	*-*	*0.2*	*0.2*	*0.5*
		2009 production (net of royalties)	*-*	*-*	*-*	*-*
		Revision	*1.8*	*4.1*	*6*	*3.4*
		Reserves (01/01/2010)	*1.8*	*4.3*	*6.1*	*3.9*
GRAND TOTAL	Certified and other oil reserves	*Reserves (01/01/2009)***	*32.2*	*82.0*	*114.3*	*189.5*
		2009 production (net of royalties)	*-3.0*	*-*	*-3.0*	*-*
		Revision	*21.3*	*-16.2*	*5.2*	*-131.1*
		Reserves (01/01/2010)	*50.5*	*65.8*	*116.4*	*58.3*

** Mbbl = Millions of barrels of oil. ** Adjusted for reserves in Colombia and gas.*
**** Reserves in the Congo were certified by DGMN as of 1 January 2009.*
OMGW reserves in Gabon were the subject of a preliminary report by DGMN dated 1 April 2010.
P1 = proven reserves; P2 = probable reserves; P3 = possible reserves.

As of 1 January 2010, proven reserves stood at 50.5 Mbbl (P1) and proven and probable reserves stood at 116.4 Mbbl (P1+P2). They represent the interest portion of the Company in each of its licenses, less royalties.

6.2 Gas resources

Resources are reserves that do not yet have commercial outlets under contract. These resources are not certified but are being valued or estimated.

Region	License	Gas reserves and resources Net of royalties	P1	P2	2P = P1+P2	P3
Sicily	Fiume Tellaro (Gas)	*Resources (01/01/2009)*	-	-	-	98.3
		2009 production (net of royalties)	-	-	-	-
		Revision	-	-	-	-
		Resources (01/01/2010)	-	-	-	98.3
Tanzania	Mnazi Bay (Gas)	*Resources (01/01/2009)*	-	-	-	-
		2009 production (net of royalties)	-	-	-	-
		Revision	-	45.0	45.0	75.0
		Resources (01/01/2010)	-	45.0	45.0	75.0
Venezuela	B2X 70-80	*Reserves (01/01/2009)*	3.0	1.6	4.6	-
		2009 production (net of royalties)	-0.3	-	-0.3	-
		Revision	0.3	0.2	0.4	-
		Reserves (01/01/2010)	3.0	1.8	4.8	-
TOTAL	GAS	*Reserves and resources (01/01/2009)***	3.0	1.6	4.6	98.3
		2009 production (net of royalties)	-0.3	-	-0.3	-
		Revision	0.3	45.2	45.4	75.0
		Reserves and resources (01/01/2010)	3.0	46.8	49.8	173.3

** Mboe = Millions of barrels of oil equivalent.*
*** Adjusted for reserves in Colombia and gas.*
P1 = proven reserves; P2 = probable reserves; P3 = possible reserves.

The oil/gas conversion factor: 1 barrel of oil = 5,610 cubic feet of gas.

The quantities of gas associated with the Mnazi Bay license in Tanzania, in which the Group acquired a 38.2% stake, were estimated by Rose & Associates at 45 Mboe in P1+P2 and 75 Mboe in P3 for the Group's share net of royalties. The Group's gas reserves in Venezuela were certified by the American firm DeGolyer & MacNaughton as of 1 January 2010. Gas resources in Sicily were evaluated by DeGolyer & MacNaughton as of 1 January 2009.

6.3 Impact of 2009 and 2010 acquisitions on resource levels

In 2009 the Group enlarged its mining area in Tanzania and Mozambique by taking back certain Artumas assets in partnership with Cove Energy.

These gas resources have been evaluated by Rose & Associates at an oil equivalent of 45 Mboe in P1+P2 and 75 Mboe in P3 for the Group's share net of royalties.

At the end of January 2010, the Group acquired a 45% stake in the Nigerian-registered company Seplat. That company signed an agreement with Shell, AGIP and Total to acquire a 45% stake in OMLs 4, 38 and 41 in Nigerian onshore operations. The final agreements were signed on 29 July 2010.

The 2P reserves (P1+P2) of these licenses, before the deduction of royalties, were evaluated by Gaffney, Cline & Associates at 76 Mboe for the Seplat share (oil and condensate), i.e. 27 Mboe for Maurel & Prom net of royalties. In addition, there are some discovered fields that require more work in order to certify additional reserves (evaluated at 53 Mboe for M&P's working interest production net of royalties and classified as C1+C2), as well as an as-yet unquantified exploration potential supported by a 3D seismic on almost all of the licenses.

Similarly, there are gas resources that have been poorly valued. These resources have been evaluated by Gaffney, Cline & Associates at 31 Mboe for Maurel & Prom's share net of royalties for the gas fields in production and at 40 Mboe for the gas fields that have been discovered but not developed.

7 CAPITAL AND CORPORATE EVENTS

7.1 Shareholders' meeting

The Combined Ordinary and Extraordinary Shareholders' Meeting of Maurel & Prom, which was held on Thursday, 20 May 2010 under the chairmanship of Jean-François Hénin, Chairman and Chief Executive Officer, approved all resolutions submitted to the Meeting.

The Meeting approved the corporate and consolidated financial statements for the year ended 31 December 2009 and discharged the Board of Directors.

7.2 Dividend

On the recommendation of the Board of Directors, the Shareholders' Meeting approved the payment of a dividend of €0.10 for fiscal year 2009. This dividend was paid on 2 June 2010.

7.3 Total number of voting rights and shares representing capital

Pursuant to Article L. 233-8 II of the French Commercial Code and the general regulations of the AMF, Maurel & Prom is informing its shareholders of the total number of voting rights and shares representing its capital as of 30 June 2010:

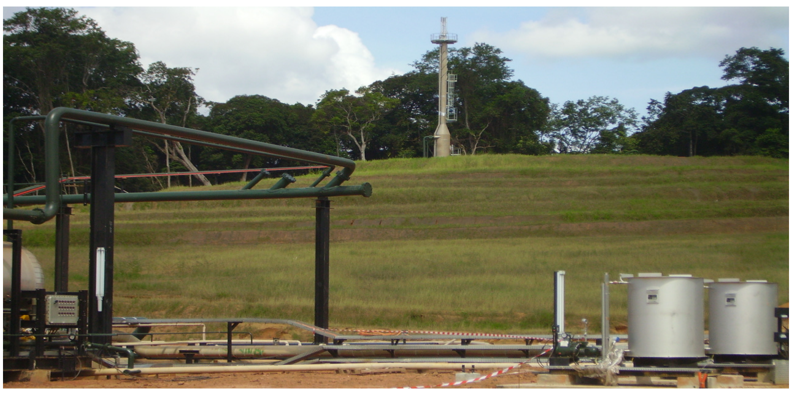
Date	Number of shares representing the capital	Number of voting rights
30 June 2010	121,252,271	Theoretical*: 128,990,371 Exercisable: 116,323,095

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

7.4 Risks and uncertainties

The Group's results are sensitive to various market risks. The most significant are the price of oil and gas and the EUR/US$ exchange rate.

Because of uncertainty about the price of oil and gas, the Group has implemented the hedging policy discussed in Note 9 to the consolidated financial statements.



With respect to exchange rates, the Group proactively manages foreign currency flows by using dollar revenues to cover works and expenses. However, because the Group finances its subsidiaries, its primary exchange position is dollars revalued in euros, the reporting currency of its financial statements, which exposes it to the volatility of the €/$ exchange rate (1.44 as of 31 December 2009 versus 1.23 as of 30 June 2010). Such revaluations, which are not specifically hedged, can cause significant fluctuations in financial income.

Given the Group's sustained exploration activity, major sums have been committed. In the event of failure, the Group may have to recognise corresponding exploration expenses.

As a reminder, the value of the intangible assets as of 30/06/2010 was €578m, including €156m in the Bigwa Mafia Rufiji license in Tanzania.

The risks related to Maurel & Prom's business are described in Chapter 2 of the Group's 2009 Annual Report.

8 GROUP CONSOLIDATED FINANCIAL STATEMENTS

8.1 Group Balance Sheet

8.1.1 Assets

In thousands of euros	Notes	30/06/2010	31/12/2009
Intangible assets	4	578,497	457,731
Property, plant and equipment	5	671,255	547,432
Non-current financial assets	6	43,467	21,030
Investments accounted under the equity method	7	41,405	32,508
Non-current derivative instruments	9	0	37,912
Deferred tax assets	17	10,438	10,647
Non-current assets		**1,345,062**	**1,107,260**
Inventories		5,467	4,095
Trade receivables and related accounts	8	49,564	33,434
Other current financial assets	8	41,537	31,671
Other current assets	8	41,062	39,432
Income tax receivable	17	582	1,518
Current derivative instruments	9	50,520	162
Cash and cash equivalents	10	129,461	427,576
Current assets		**318,193**	**537,888**
Total Assets		**1,663,255**	**1,645,148**

8.1.2 Liabilities

In thousands of euros	Notes	30/06/2010	31/12/2009
Common stock		93,364	93,364
Additional paid-in capital		220,943	221,607
Consolidated reserves		774,366	753,972
Treasury shares		(78,609)	(78,664)
Net income, Group share		51,141	(50,650)
Net equity Group share		**1,061,205**	**939,629**
Minority interests		(106)	1
Net equity total		**1,061,099**	**939,630**
Non-current provisions	11	17,916	15,346
Non-current bond loans	12	262,542	260,770
Non-current derivative instruments	9	11,995	14,976
Deferred taxes, liabilities	17	40,422	27,339
Non-current liabilities		**332,875**	**318,431**
Current bond loans	12	23,179	195,682
Other current loans and financial debt	12	3,593	53
Trade payables and related accounts	13	92,395	89,165
Income tax liability payable	17	8,138	3,849
Other creditors and liabilities	13	55,988	45,277
Current derivative instruments	9	70,585	40,395
Current provisions	11	15,403	12,666
Current liabilities		**269,281**	**387,087**
Total Liabilities		**1,663,255**	**1,645,148**

8.2 Change in net equity

In thousands of euros	Capital	Treasury shares	Share premium	Derivative instruments	Other reserves	Currency trans. adjustments	Net income for the period	Net equity Group share	Minority interests	Net equity total
1 January 2009	**92,839**	**(86,016)**	**199,113**	**10,475**	**801,328**	**(43,798)**	**62,505**	**1,036,446**	**1**	**1,036,447**
Net income							1,642	1,642		**1,642**
Other comprehensive income items				(58,587)		38,759		(19,828)		**(19,828)**
Total comprehensive income				**(58,587)**		**38,759**	**1,642**	**(18,186)**		**(18,186)**
Allocation of net income – Dividends					20,305		(62,505)	(42,200)		**(42,200)**
Increase/decrease in capital										
Stock options – free shares					925			925		**925**
Movements on treasury shares		2,580			(187)			2,393		**2,393**
Total transactions with shareholders		**2,580**			**21,043**		**(62,505)**	**(38,882)**		**(38,882)**
30 June 2009	**92,839**	**(83,436)**	**199,113**	**(48,112)**	**822,371**	**(5,039)**	**1,642**	**979,378**	**1**	**979,379**

In thousands of euros	Capital	Treasury shares	Share premium	Derivative instruments	Other reserves	Currency trans adjustments	Net income for the period	Net equity Group share	Minority interests	Net equity total
1 January 2010	**93,364**	**(78,664)**	**221,607**	**(50,840)**	**823,998**	**(19,185)**	**(50,650)**	**939,629**	**1**	**939,630**
Net income							51,141	51,141	(107)	51,034
Other comprehensive income items				23,954		57,750		81,704		81,704
Total comprehensive income				**23,954**		**57,750**	**51,141**	**132,845**	**(107)**	**132,738**
Allocation of net income – Dividends					(62,182)		50,650	(11,532)		(11,532)
Increase/decrease in capital			(664)		(35)			(699)		(699)
Stock options – free shares					1,087			1,087		1,087
Movements on treasury shares		55			(181)			(126)		(126)
Total transactions with shareholders		**55**	**(664)**		**(61,311)**		**50,650**	**(11,269)**		**(11,269)**
30 June 2010	**93,364**	**(78,609)**	**220,943**	**(26,886)**	**762,687**	**38,565**	**51,141**	**1,061,205**	**(106)**	**1,061,099**

8.3 Consolidated statement of comprehensive income

8.3.1 Net income for the period

In thousands of euros	Notes	30/06/2010	30/06/2009*	30/06/2009
Sales		131,281	78,301	75,697
Other income		215	212	212
Purchases and change in inventories		(16,933)	(12,440)	(12,440)
Other purchases and operating expenses		(35,923)	(28,177)	(28,177)
Other taxes		(8,430)	(3,941)	(3,941)
Compensation expense		(10,190)	(9,279)	(9,279)
Amortisation and depreciation		(23,836)	(18,133)	(18,133)
Impairment of exploration assets		(75,398)	(6,143)	(6,143)
Provisions and impairment of current assets		(4,642)	(3,901)	(3,901)
Reversals of operating provisions		3,459	5,589	5,589
Gains on sale of assets		2	4,285	4,285
Other expenses		(1,446)	(432)	(432)
Operating income	**15**	**(41,841)**	**5,941**	**3,337**
Gross cost of debt		*(12,326)*	*(13,149)*	*(13,149)*
Income from cash		*297*	*280*	*280*
Net gains or losses on derivatives instruments		*(692)*	*27,984*	*27,984*
Net cost of debt		(12,721)	15,115	15,115
Other financial income and financial expenses		116,509	(6,062)	(6,063)
Financial income	**16**	**103,788**	**9,053**	**9,052**
Income before tax		**61,947**	**14,994**	**12,389**
Corporate income taxes	17	(20,053)	(5,248)	(2,644)
Net income of consolidated companies		**41,894**	**9,746**	**9,745**
Total share in net income (loss) of companies consolidated under the equity method	7	2,487	1,890	1,890
Net income from continuing activities		**44,381**	**11,636**	**11,635**
Net income from activities sold	14	6,653	(9,994)	(9,994)
Net income of consolidated Group		**51,034**	**1,642**	**1,641**
Net income, Group share		*51,141*	*1,642*	*1,642*
Minority interests		*(107)*	*0*	*0*
Earnings per share				
Basic		0.44	0.01	0.01
Diluted		0.41	0.01	0.01
Earnings per share from activities sold				
Basic		0.06	-0.09	-0.09
Diluted		0.05	-0.07	-0.07
Earnings per share from continuing activities				
Basic		0.38	0.10	0.10
Diluted		0.36	0.09	0.09

(*) Adjusted for the change in accounting method (see Note 18).

8.3.2 Total comprehensive income for the period

	30/06/2010	30/06/2009
Net income for the period	**51,034**	**1,642**
Other comprehensive income items		
Currency trans. adjustments	57,750	38,759
Derivative instruments	23,954	(58,587)
- Change in fair value of hedges not due (current during the previous period)	*23,954*	
- Fair value of new hedges for the period recognised in equity		*(48,759)*
- Fair value of the portion of hedges recycled in the income statement		*(15,274)*
- Taxes on derivative instruments		5,446
Total comprehensive income for the period	**132,738**	**(18,186)**
- Group share	*132,845*	*(18,186)*
- Minority interests	*(107)*	*0*

(*) Adjusted for the change in accounting method (see Note 18).

8.4 Cash flow statement

In thousands of euros	**Notes**	**30/06/2010**	**30/06/2009***
Consolidated net income from continuing operations		**44,381**	**11,636**
Tax expense from continuing operations		20,053	5,248
Consolidated income from continuing operations before taxes		**64,434**	**16,884**
Net amortisation and provisions (reversals)		23,928	(28,690)
- Unrealised gains and losses due to changes in fair value		166	(15,337)
- Write-offs		75,398	6,066
- Calculated expenses and income related to stock options and similar		1,087	925
- Other calculated income and expenses		16,617	(54)
- Gains and losses from sales of assets		(2)	(3,845)
- Share in income (loss) of companies consolidated by the equity method	7	(2,487)	(1,890)
- Other financial items		(296)	188
Cash flow before tax		**178,845**	**(25,753)**
Corporate income tax payment/disbursements		(6,013)	(3,340)
Change in working capital requirements on operations		(3,011)	36,429
- Trade receivables		(8,094)	(27,962)
- Trade payables		(9,272)	22,321
- Inventories		(611)	(1,050)
- Other		14,966	43,120
NET CASH FLOWS FROM OPERATING ACTIVITIES		**169,821**	**7,336**
Disbursements for acquisitions of tangible and intangible assets		(192,105)	(176,882)
Receipts from sales of tangible and intangible assets		4	4,285
Disbursements for acquisitions of financial assets (unconsolidated securities)		(4,698)	(14,648)
Receipts from sales of financial assets (unconsolidated securities)		10,321	0
Change in loans and advances granted		(39,981)	(36,391)
Other cash flows from investing activities		17	1,439
Net receipts from activities sold	14	44,565	461,315
NET CASH FLOW FROM INVESTING ACTIVITIES		**(181,877)**	**239,118**
Amounts received from shareholders during capital increases		(699)	0
Dividends paid		(11,532)	0
Receipts from new loans		374	0
Interest paid		296	(188)
Loan repayments		(183,040)	(13,160)
Treasury share acquisitions		56	2,580
NET CASH FLOW FROM FINANCING ACTIVITIES		**(194,545)**	**(10,768)**
Impact of foreign currency fluctuations		(93,429)	6,389
NET CHANGE IN CASH FLOW		**(300,030)**	**242,075**
Opening net cash and cash equivalents		427,544	188,695
CLOSING NET CASH AND CASH EQUIVALENTS	10	**127,514**	**430,768**
(*) Adjusted for the change in accounting method (see Note 18).			

8.5 Notes to the consolidated financial statements

The Group's oil and gas activities are particularly geared to exploration and the development of the Group's mining portfolio. Maurel & Prom also focuses on getting its discoveries quickly into production through ambitious development campaigns that rely on its drilling subsidiary Caroil among other resources.

8.5.1 NOTE 1: GENERAL INFORMATION

In Gabon, exploration work during the first half of the year identified a new formation in both the Omoueyi and Onal exploration licenses: Kissenda. This new formation was proven when the OMOC-N-101 well was spudded in February 2010. This latest success is also a major step in the development of the Omoueyi license.

In Tanzania, the Group selected RPS Energy, independent experts who had already worked with most operators in Tanzania and thus had good technical knowledge of the region, to assess the potential of the gas zones of the Mafia Deep well. Studies are underway and the findings should enable the Group to enter into discussions to further develop all work performed to date.

The net book value of intangible assets in the Bigwa Rufiji Mafia block is €156m as of 30/06/2010, of which €104m for the Mafia well.

In Colombia, the Cascabel-1 and Bachue-1 exploration wells were spudded during the first half of 2010. Drilling reached final depth of 5,190 m and 2,956 m respectively in August 2010, without proving oil.

The SAB-1 exploration well was spudded in the Sabanero exploration license. The well reached final depth of 924 m and proved oil in the Carbonera C7 formation with a thickness of 12 m and a potential yet to be confirmed.

In the Congo, the NGoumba-1D (NGB-1) exploration well was plugged and abandoned. The M'Bafou exploration well reached a depth of 2,701 m and hit oil, but the characteristics of the reservoir were too poor for production. As a result, the well was abandoned. In the Noumbi license (M&P operator, 49%), the Tié-Tié-NE-1 was plugged and abandoned.

In Syria, the Draco-1 well reached final depth of 3,919 m in the Lower Carboniferous. Based on the negative results from this well, the Group will now concentrate its efforts on the second zone of interest situated to the west of the license.

In France, the Group took a 25% stake in the Mios exploration license. As a reminder, the Group owns 25% of the rights in the adjacent Lavignolle exploration license.

In Gabon, when developing the Onal field, the teams from Maurel & Prom decided to make the production centre large enough to accommodate production from potential adjacent fields.

Such a strategy meant that the Group was able to develop almost immediately and at limited cost the Ombg and Omgw fields, which were discovered in Gabon in 2008 and 2009 respectively. The OMGW-102 and OMGW-201 wells were thus drilled and linked to the production centre during the first half of the year. The OMGW-103 well, drilled during the summer, should enter production in the coming days.

At the same time, the Group began developing the OMOC-North field. Initial orders have been placed and appraisal wells began to be drilled at the end of July 2010. Development expenditure for this discovery focuses on drilling the wells and laying pipeline to connect them to the Onal field facilities.

In the Nyanga Mayombe license, the Banio-5 exploration well was drilled in Gabon on the Banio EDA. This well encountered Banio limestone 4 m thick, filled with formation water. Based on these results, the well was cemented in anticipation of possibly re-using it as a side-track, the direction of which would need to be determined by further studies.

The Group’s production during the first half of 2010 came solely from fields in Gabon. As a result of the Group’s strategy, teams were able to have first oil in March 2010 from the Omgw field, which was discovered in December 2009. The Ombg field, discovered in December 2008, was connected in April 2010. The water injection in the Onal field and the development of the OMOC-N field should continue to increase the level of the oil production over the next 12 months.

The signature of the final agreements relating to the acquisition of assets in Nigeria will enable SEPLAT, Maurel & Prom 45%, to benefit from production from OMLs 4, 38 and 41 some time in August 2010.

The average price of Brent during the first half of 2010 was $77.3 (up 50% compared with the first half of 2009). The average €/$ exchange rate was 1.33. As of 30 June 2010, the €/$ exchange rate was 1.23, up 15% over the first six months of the year.

Group sales for the first half of 2010 were up 68% at €131.3m compared with €78.3m for the first half of 2009.

Income from oil production and services was up sharply as a result of increased hydrocarbon sales. It stood at €36m after depletion amortisation, an increase directly related to increased production. Operating income recorded a significant amount in exploration costs written off (€75.4m), reflecting the Group’s contrasting results from such operations in recent months.

Financial income amounted to €103.8m. It was strongly impacted by favourable foreign exchange differences (€122.8m), related to the revaluation at the closing rate of the Group’s currency positions. It should be noted that this result is volatile and depends on the closing rate of the period. A 10% increase in the €/$ exchange rate would have a negative impact of €70m, whereas a 10% decline would have a positive impact of €86m. Interest on the OCEANE 2014 bond amounted to €12.3m.

The Maurel & Prom Group's consolidated net income amounted to €51m.

The balance sheet total as of 30 June 2010 amounted to €1,663m. Shareholders’ equity, Group share, was €1,061m compared with €940m as of 31 December 2009, an increase of €121m.

The change in bond debt was related to the redemption of the OCEANE 2010 bonds for €183m and the accretion of the amount of the OCEANE 2014 bond for €12m.

Total investments in the first half of 2010 amounted to €191m.

As of June 2010, Maurel & Prom held net cash of €128m.

8.5.2 NOTE 2: ACCOUNTING METHODS

The interim condensed consolidated financial statements for the period ended 30 June 2010 of the Maurel & Prom Group have been prepared in accordance with IAS 34 – Interim Financial Reporting, which allows the presentation of a selection of notes. Therefore, the interim consolidated financial statements do not include all the notes and information required by the IFRS for annual financial statements and must, therefore, be read jointly with the annual financial statements for fiscal year 2009.

The accounting principles applied for the interim financial statements do not differ substantially from those used in the consolidated financial statements as of 31 December 2009, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and available on the Internet site http://ec.europa.eu/internal_market/accounting/ias/index_en.htm#adopted-commission, apart from the change in accounting method described in Note 18. The Group applies the method of recognising notional sales for oil sales in Gabon, consisting of recognising as sales and as a contra to tax, the tax for which the Company is liable and which is liquidated in the State's share of Profit Oil as specified in the applicable production sharing contracts.

Account has been taken of the new texts or amendments adopted by the European Union and their mandatory application as from 1 January 2010, namely:

Amendments to IFRIC 9 and IAS 39 (Eligible Hedged Items);
The revised IFRS 3 (Business Combination) and amended IAS 27 (Consolidated and Separate Financial Statements);
The revised IFRS 3 is applied prospectively and therefore has no impact on business combinations made before 1 January 2010;
The revised IAS 27, applied retrospectively, also has no impact on the financial statements as of 30 June 2010 in the absence of interest rate change;
IFRIC 12 (Concessions);
IFRIC 16 (Hedges of a Net Investment in a Foreign Operation);
IFRIC 17 (Distribution of Non-Cash Assets to Owners);
Amendment to IAS 32 (Classification of Rights Issues);
IFRIC 18 (Transfer of Assets from Customers);
IFRIC 15 (Agreements for the Construction of Real Estate);
Amendment to IFRS 2 (Accounting for Group Cash-settled Share-based Payment Transactions).

These new texts had no significant impact on the consolidated financial statements as of 30 June 2010.
The Group has not adopted early standards and interpretations which are not mandatory as of 1 January 2010, such as:

IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments) (passed on 23/07/2010, applicable to fiscal years beginning on or after 01/07/2010)
Amendment to IAS 24 (Related Party Disclosures), (passed on 19/07/2010, applicable to fiscal years beginning on or after 01/01/2011)
Amendment IFRIC 14 (Prepayments of a Minimum Funding Requirement) (passed on 19/07/2010, applicable to fiscal years beginning on or after 01/01/2011)

Moreover, these principles do not differ from the IFRS as published by the IASB insofar as the application of the following standards or interpretations, required in the years opened on or after 1

January 2009 and not yet endorsed by the European Union, has no impact on the Group's statements:

IFRS 9 (Financial Instruments) (not passed, applicable to fiscal years beginning on or after 01/01/2013)
Amendment to IAS 32 (Classification of Rights Issues) (passed on 24/12/2009, applicable to fiscal years beginning on or after 01/02/2010)

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

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

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

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

8.5.3 NOTE 3: CHANGES IN THE GROUP

Company	Registered office	Consolidation method	control %	
			30/06/2010	31/12/2009
Etablissements Maurel & Prom	Paris	Holding company	Holding company	
Oil and gas activities				
Caroil	Paris	Fully consolidated	100.00%	100.00%
Panther Eureka Srl	Ragusa, Sicily	Fully consolidated	60.00%	60.00%
Maurel & Prom West Africa SAS	France	Fully consolidated	100.00%	100.00%
M&P Gabon (ex Nyanga Mayombe)	Port-Gentil	Fully consolidated	100.00%	100.00%
M&P Etekamba Gabon	Port-Gentil	Fully consolidated	100.00%	100.00%
Quartier General M&P Gabon	Port-Gentil	Fully consolidated	100.00%	100.00%
M&P Peru	Peru	Fully consolidated	100.00%	100.00%
M&P Venezuela SAS	France	Fully consolidated	100.00%	100.00%
Hocol (UK) Petroleum Holdings Ltd	United Kingdom	Non-consolidated	-	100.00%
Maurel & Prom Colombie BV	Netherlands	Fully consolidated	100.00%	100.00%
Maurel & Prom Latin America BV	Netherlands	Fully consolidated	100.00%	100.00%
Lagopetrol	Venezuela	Equity-method companies	26.35%	26.35%
Zetah M&P Congo	Congo	Fully consolidated	100.00%	100.00%
Zetah Kouilou Ltd	Nassau, Bahamas	Proportionately consolidated	15.00%	15.00%
Zetah Noumbi Ltd	Nassau, Bahamas	Proportionately consolidated	49.00%	49.00%
Maurel & Prom Congo S.A.	Pointe Noire, Congo	Fully consolidated	100.00%	100.00%
Maurel & Prom Tanzanie Ltd	Tanzania	Fully consolidated	100.00%	100.00%
Raba Xprom Energia Kft	Hungary	Equity-method companies	34.30%	34.30%
Renaissance Energy	Switzerland	Non-consolidated	35.00%	35.00%
Prestoil Kouilou	Congo	Fully consolidated	100.00%	100.00%
Maurel & Prom Assistance Technique (ex Prestoil S.A.S.)	Paris, France	Fully consolidated	100.00%	100.00%
Maurel & Prom Exploration Production Tanzania Ltd	Dar el Salem, Tanzania	Fully consolidated	100.00%	100.00%
M&P Developpement Gabon	Libreville, Gabon	Fully consolidated	100.00%	100.00%
Maurel & Prom Nigeria	France:	Fully consolidated	100.00%	-
Miscellaneous activities				
New Gold Mali (NGM)	Bamako, Mali	Equity-method companies	26.00%	26.00%
Maurel & Prom International S.A.	Geneva, Switzerland	Fully consolidated	99.99%	99.99%

The change in the Group's consolidation scope during the first half of 2010 relates primarily to the entry of Maurel & Prom Nigeria. This entity is designed to carry the investment in Seplat, which itself will carry the Nigerian assets (see Post-Balance Sheet Events).

Caroil created a new operation in Cameroon, in addition to its operations in Congo, Gabon, Tanzania and Colombia, in order to develop business in that country.
Hocol UK Petroleum Holding Ltd was liquidated over the period, following the sale of Hocol division in 2009.

In Gabon, all Gabonese licenses have been grouped into the entity Maurel & Prom Gabon, formerly known as Nyanga Mayombe, since 2009. Maurel & Prom Gabon Etekamba and Maurel & Prom Gabon Développement have been mothballed.

8.5.4 NOTE 4: INTANGIBLE ASSETS

Changes in intangible assets

In thousands of euros	Goodwill	Oil search and exploration rights	Exploration costs	Other	Total
Gross value as of 01/01/2009	**0**	**524,801**	**269,235**	**23,216**	**817,253**
Exploration investments	0	1,685	248,554	433	250,672
Disposals/Decreases	0	0	(5,927)	(3,281)	(9,208)
Write-offs	0	0	(53,657)	(438)	(54,095)
Acquisitions of subsidiaries	6,403	5,325	948	44	12,720
Sales of subsidiaries	0	(408,527)	(88,322)	(7,221)	(504,070)
Currency translation adjustments	0	(2,125)	(6,763)	(12)	(8,900)
Transfers	0	1,058	(2,180)	(10,817)	(11,939)
Gross value as of 31/12/2009	**6,403**	**122,217**	**361,888**	**1,925**	**492,433**
Exploration investments	0	151	146,943	124	147,218
Disposals/Decreases	0	0	0	0	0
Write-offs	0	0	(75,398)	0	(75,398)
Acquisitions of subsidiaries	0	0	0	0	0
Sales of subsidiaries	0	0	0	0	0
Currency translation adjustments	0	19,942	37,177	77	57,196
Transfers	0	0	(24,639)	0	(24,639)
Gross value as of 30/06/2010	**6,403**	**142,310**	**445,971**	**2,126**	**596,810**
Cumulative amortisation and impairment as of 01/01/2009	**0**	**97,707**	**27,833**	**9,947**	**135,487**
Amortisation and depreciation	0	3,828	0	386	4,214
Disposals/reversals	0	0	0	(3,281)	(3,281)
Write-offs	0	0	0	(438)	(438)
Currency translation adjustments	0	309	(894)	(1)	(586)
Changes in consolidation scope	0	0	0	2	2
Sales of subsidiaries	0	(95,529)	0	(5,138)	(100,667)
Transfers	0	0	0	(29)	(29)
Cumulative amortisation and impairment as of 31/12/2009	**0**	**6,315**	**26,939**	**1,448**	**34,702**
Amortisation and depreciation	0	3,000	0	147	3,147
Disposals/reversals	0	0	0	0	0
Write-offs	0	0	0	0	0
Currency translation adjustments	0	827	2,445	18	3,290
Changes in consolidation scope	0	0	0	0	0
Sales of subsidiaries	0	0	0	0	0
Transfers	0	0	(22,826)	0	(22,826)
Cumulative amortisation and impairment as of 30/06/2010	**0**	**10,142**	**6,558**	**1,613**	**18,313**
Net book value as of 30/06/2010	**6,403**	**132,168**	**439,413**	**513**	**578,497**
Net book value as of 31/12/2009	**6,403**	**115,902**	**334,949**	**478**	**457,731**

Exploration activity

Acquisitions of intangible assets totalled €147,218k as of 30 June 2010. The principal investments were:

- investments made in Gabon for exploration work conducted in the Omoueyi license for €50,829k (primarily exploratory seismic work and the drilling of several wells in the Omoueyi license), as well as rehabilitation work on platforms and drilling expenses on the Banio field for €11,700k;
- exploration expenses incurred in the drilling of the M'Bafou and N'Goumba wells at Prestoil Kouilou in the Marine 3 license for €22,533k;

- drilling in Tanzania, primarily in the Bigwa-Rufiji-Mafia license, for €19,991k, as well as an assessment currently being conducted, the results of which are expected at the end of the year;
- exploration expenses at Maurel & Prom Colombie BV for €18,953k; these mainly correspond to exploration expenses for the Cascabel 1 well (Tangara association contract) and to drilling and civil engineering works in the Muisca, Sabanero and SSJN9 licenses;
- works on the Draco well in Syria for €8,152k;
- drilling costs in Tanzania in the Kianika license for €6,917k;
- exploration expenses on the Noumbi license in Congo (Tié-Tié well) amounting to €4,734k, primarily for drilling costs and civil engineering works related to platforms and improving access trails.

Write-offs

Exploration costs written off are broken down as follows:

Draco – Syria	8,153
Mihambia – Tanzania	962
Banio 5 – Gabon	14,046
Kokorong – Senegal	906
Cascabel – Colombia	16,700
Bachue – Colombia	5,473
N'Goumba – Congo	15,905
M'Bafou – Congo	8,292
Tié-Tié – Congo	4,961
Total	75,398

The net book value of intangible assets in the Bigwa Rufiji Mafia block is €156m as of 30/06/2010, of which €104m for the Mafia well.

Transfers

Transfers for a net value of -€1,813k correspond to the reclassification of exploration costs on the Banio field, transferred into tangible assets following authorisation from the Gabonese government to begin developing the field.

Amortisation and depreciation

Amortisation, depreciation and provisions over the period relate primarily to the depletion of the Onal reserves amounting to -€1,759k. Onal's production began in March 2009.

Currency translation adjustments

The revaluation of dollar-denominated assets at the closing rate resulted in an exchange gain of €53,906k net value.

8.5.5 NOTE 5: TANGIBLE ASSETS

Changes in tangible assets

In thousands of euros	Land and buildings	Technical facilities	Down payments and construction in progress	Other assets	Total
Gross value as of 01/01/2009	**4,107**	**811,911**	**4,678**	**24,769**	**845,466**
Develop/prod. Investments	991	165,668	20,717	1,098	188,474
Dismantling assets		2,219			2,219
Disposals/Decreases	0	(77,831)	0	(541)	(78,372)
Scrapping	0	(1,005)	0	(166)	(1,171)
Disposals on changes in consolidation scope	80	0	0	207	287
Sales of subsidiaries	(4,827)	(328,080)	0	(6,717)	(339,624)
Currency translation adjustments	(29)	(20,962)	(600)	(334)	(21,924)
Transfers	3,000	20,751	(6,803)	(3,680)	13,268
Gross value as of 31/12/2009	**3,322**	**572,671**	**17,992**	**14,638**	**608,623**
Develop/prod. investments	0	29,093	13,257	1,504	43,854
Dismantling assets		1,673			1,673
Disposals/Decreases	0	(3)	0	(38)	(41)
Scrapping	0	(3,494)	0	0	(3,494)
Disposals on changes in consolidation scope	0	0	0	0	0
Sales of subsidiaries	0	0	0	0	0
Currency translation adjustments	43	109,490	3,611	1,893	115,037
Transfers	(125)	31,651	(7,118)	(47)	24,361
Gross value as of 30/06/2010	**3,240**	**741,081**	**27,742**	**17,950**	**790,013**
Cumulative amortisation and impairment as of 01/01/2009	**2,931**	**109,290**	**0**	**4,951**	**117,172**
Amortisation and depreciation	181	30,911	0	1,181	32,273
Disposals/reversals	0	(451)	0	(419)	(870)
Scrapping	0	(862)	0	(143)	(1,005)
Currency translation adjustments	12	(1,614)	0	(18)	(1,620)
Disposals on changes in consolidation scope	23	0	0	71	94
Sales of subsidiaries	(2,931)	(78,530)	0	(2,702)	(84,163)
Transfers	0	(680)	0	(10)	(690)
Cumulative amortisation and impairment as of 31/12/2009	**216**	**58,064**	**0**	**2,911**	**61,191**
Amortisation and depreciation	121	20,451	0	628	21,200
Disposals/reversals	0	(83)	0	(36)	(119)
Scrapping	0	0	0	0	0
Currency translation adjustments	10	13,566	0	203	13,779
Disposals on changes in consolidation scope	0	0	0	0	0
Sales of subsidiaries	0	0	0	0	0
Transfers	0	22,707	0	0	22,707
Cumulative amortisation and impairment as of 30/06/2010	**347**	**114,705**	**0**	**3,706**	**118,758**
Net book value as of 30/06/2010	**2,893**	**626,376**	**27,742**	**14,244**	**671,255**
Net book value as of 31/12/2009	**3,107**	**514,606**	**17,992**	**11,727**	**547,432**

Development/production investments

Acquisitions over the period amounted to €43,854k and relate primarily to the development of the Onal fields and Caroil investments.

- the production investments on Onal amounted to €26,752k. These investments mainly correspond to costs related to the end of the water injection phase on the Onal field;
- investments made by Caroil amounted to €15,639k in the first half of 2010 and pertain to the acquisition of rig-related equipment (improvements and safety).

Scrapping

Scrapping relates to ST Tank 106 at Onal's production centre. The tank is out of commission due to warping during a fire network test in 2009. The corresponding fixed asset has therefore been fully depreciated for €3,494k (the write-off also includes the costs of dismantling the tank).

Dismantling assets

Dismantling assets posted through the provision for rehabilitating production facilities in Gabon amounted to €1,673k. A dismantling asset of €1,263k was recorded for the Banio license and a change in dismantling asset relating to the Omoueyi license (Onal and Omko) was booked for €410k.

Transfers

Transfers for a net value of €1,654k (€24,361k in gross value and -€22,707k in amortisation) primarily correspond to the reclassification of exploration costs on the Banio field, transferred into tangible assets for €1,813k. In accordance with IFRS 6, the Company reclassified the field's net exploration costs as tangible assets following the authorisation granted during the first half of 2010 to develop the field.

Amortisation and depreciation

The allowances of €21,200k during the period mainly concerned the amortisation of the Caroil rigs for €8,107k and the depletion of the Onal and Omko fixed assets for €11,923k.

Currency translation adjustments

The revaluation of dollar-denominated assets at the closing rate resulted in an exchange gain of €101,258k net value.

Impairment test

The Group conducts annual impairment tests on all of its production assets in accordance with stated accounting principles. The impact of these tests will consequently be measured in the context of the year-end closing on 31 December 2010.

8.5.6 NOTE 6: OTHER FINANCIAL ASSETS

In thousands of euros	Financial assets available for sale	Loans and receivables	Total
Value as of 01/01/2009	**12,773**	**8,227**	**21,000**
Disposals on changes in consolidation scope	0	0	0
Increase	168	9,499	9,667
Decrease	0	(10,418)	(10,418)
Impairment	(2,739)	(130)	(2,869)
Fair value	0	0	0
Reversal of impairment	0	3,659	3,659
Currency translation adjustments	0	(9)	(9)
Transfers	0	0	0
Value as of 31/12/2009	**10,202**	**10,828**	**21,030**
Disposals on changes in consolidation scope	(41)	0	(41)
Increase	225	31,958	32,183
Decrease	(10,321)	(112)	(10,433)
Impairment	0	0	0
Fair value	0	0	0
Reversal of impairment	666	0	666
Currency translation adjustments	0	62	62
Transfers	0	0	0
Value as of 30/06/2010	**731**	**42,736**	**43,467**

Financial assets available for sale

The decline in this item is due to the repayment of available-for-sale securities, corresponding essentially to a 19.10% share in Pebercan, the business of which consists of operating oil fields in Cuba through its Peberco subsidiary. That company had announced in February 2009 its intention to end its sale activities and distribute its residual assets to its shareholders. As a result, the Group's stake in Pebercan was reduced to €9,254k as of 31 December 2009, following Pebercan's announcement that it had obtained an order authorising a first distribution of a maximum amount of CAD$1.01 per diluted common share.
The amount recorded as a decrease corresponds to the repayment obtained in March 2010.

Non-current loans and receivables

This item comprises:

- firstly, security deposits for works to be performed on licenses held in Colombia and Peru for an amount of €10,697k;
- secondly, funds paid to Seplat in the amount of €28,062k, corresponding to $34,776k, for the stake in Seplat's capital increase prior to closing, in accordance with the provisions of the shareholder agreement (see Note 22 – Post-Balance Sheet Events.

8.5.7 NOTE 7: INVESTMENTS ACCOUNTED UNDER THE EQUITY METHOD

Equity-accounted entities are: RabaXProm Energia Kft, New Gold Mali and Lagopetrol.

As of 31 December 2009

In thousands of euros	Balance sheet value	Share of net income for the year
Lagopetrol	34,543	10,422
New Gold Mali	(115)	(188)
Raba Xprom Energia Kft	(1,920)	(113)
Total	**32,508**	**10,121**

As of 30 June 2010

In thousands of euros	Balance sheet value	Share of net income for the period
Lagopetrol	43,335	2,570
New Gold Mali	(115)	(82)
Raba Xprom Energia Kft	(1,815)	0
Total	**41,405**	**2,488**

FINANCIAL REPORTING AS OF 30 JUNE 2010

In thousands of euros	Lagopetrol	New Gold Mali	Raba Xprom Energia Kft
Assets	248,149	3,603	107
Liabilities	129,724	12,119	2,959
Sales	23,802	0	0
Net income	9,753	(317)	0

8.5.8 NOTE 8: TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Trade receivables can be analysed as follows:

In thousands of euros	30/06/2010	31/12/2009
Oil and gas	23,288	17,821
Drilling	26,059	16,870
Other	217	207
Total	**49,564**	**34,898**
Depreciation to be deducted	0	(1,464)
Net value	**49,564**	**33,434**

The balance of trade receivables for hydrocarbon sales corresponds mainly to receivables from Socap (Total Group), to which production of the Onal and Omko fields in the Omoueyi license was sold for €22,116k. The increase was primarily due to greater entitlement volumes as a result of the increase in the level of production.

With respect to drilling operations, the increase over 31 December 2009 corresponds mainly to the increase in the volume of operations in Congo and Colombia (lease of an additional rig) as well as in Cameroon (start-up of operations).

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

In thousands of euros		
Other Current Financial Assets	**30/06/2010**	**31/12/2009**
Receivable assets		8
Receivables on Investments and associations	41,287	37,887
Loans and others	12,307	4,018
Other debtors	31,810	32,048
Gross value	**85,404**	**73,961**
Depreciation to be deducted	(43,867)	(42,290)
Net value	**41,537**	**31,671**
Other current assets	**30/06/2010**	**31/12/2009**
Advances and down payments	2,088	1,512
Prepaid expenses	1,934	2,177
Tax and corporate receivables (excluding income taxes)	31,392	29,173
Other assets	5,648	6,570
Gross value	**41,062**	**39,432**
Depreciation to be deducted	0	0
Net value	**41,062**	**39,432**

Other current financial assets:

As of 30 June 2010, this item consists mainly of the following:
- the 2008 dividend receivable from Lagopetrol for €8,226k;
- the deposit paid in escrow (in January 2010) under the Seplat shareholder agreement ($17m, corresponding to €12,172k) as a guarantee for the payment of funds for financing the acquisition of the Seplat entity prior to closing (see Post-Balance Sheet Events);
- receivables held by Maurel & Prom Gabon for €12,501k, primarily relating to its partner Tulip Oil for the Onal and Omko fields.

The bank guarantee deposit relating to work commitments on the license in Syria was repaid over the period and amounted to €4,095k.

Tax and corporate receivables:

As of 30 June 2010, the balance of tax and corporate receivables of €31,392k was primarily related to VAT receivables presented for Gabonese and Colombian companies and for Panther, and did not change significantly.

Other assets:

As of 30 June 2010, this item comprises mainly the recognition of deferred charges (€5,648k) for costs relating to the establishment of the Reserve-Based Loan (RBL) concluded in 2009. These costs are entered under financial income for the term of the credit line.

8.5.9 NOTE 9: DERIVATIVE INSTRUMENTS AND OTHER FINANCIAL INSTRUMENTS

In thousands of euros	30/06/2010			31/12/2009
	Current	**Non-current**	**Total**	**Total**
Financial instruments (assets)	**50,520**	**0**	**50,520**	**38,074**
Interest rate instruments	0	0	0	0
Currency instruments	0	0	0	0
Oil and gas instruments	*50,520*	0	50,520	38,074
Financial instruments (liabilities)	**70,585**	**11,995**	**82,580**	**55,371**
Interest rate instruments	0	0	0	0
Currency instruments	0	0	0	0
Oil and gas instruments	*70,585*	11,995	82,580	55,371
Total	**(20,065)**	**(11,995)**	**(32,060)**	**(17,297)**

In the context of its current operations, the Group uses financial instruments to reduce its exposure to the risk of fluctuations in oil prices and, to a lesser extent, foreign exchange rates.

Various instruments are used, including contracts on organised or over the counter markets, forward transactions, swaps and options.

The derivative instruments fair value variance is recorded through the income statement or shareholders' equity in compliance with IFRS, specifically IAS 32 and 39.

Characteristics of derivative instruments

For the start-up of production in Gabon, in late 2008 and early 2009, the Group subscribed to derivative instruments (swap sales) on Brent oil, the price of which is closely correlated with the Rabi light crude produced locally.

These derivative instruments were not treated as hedging instruments for accounting purposes until 1 May 2009, since sales of oil from the Onal and Omko fields did not begin until April 2009. The balance of the instruments subscribed to prior to this date remain revalued and recycled under financial income for their remaining life.

The characteristics of the derivative instruments established and reported as a liability are detailed in the table below:

							b/d				
Contract	Quality	Start date	End date	b/d	Selling price	2009	1st half 2010	2nd half 2010	2011	MTM 31 Dec 2009 €M	MTM 30 Jun 2010 €M
Swap sale	Brent	01/04/09	30/06/10	1,500	71.0	1,500	750			-1.0	
Swap sale	Brent	01/04/09	31/12/10	500	63.4	500	500	500		-2.4	-1.2
Swap sale	Brent	01/01/09	31/12/10	1,000	57.0	1,000	1,000	1,000		-6.6	-3.3
Swap sale	Brent	01/03/09	31/12/10	2,250	58.8	2,250	2,250	2,250		-13.7	-6.8
Swap sale	Brent	01/01/09	31/12/10	500	55.0	500	500	500		-3.6	-1.8
Swap sale	Brent	01/01/09	31/12/11	500	62.0	500	500	500	500	-5.6	-3.8
Swap sale	Brent	01/05/09	31/12/11	2,000	62.15	2,000	2,000	2,000	2,000	-22.3	-15.2
						8,750	**7,500**	**6,750**	**2,500**	**-55.3**	**-32.1**
			Average price in US$			***61.7***	***60.9***	***59.8***	***62.1***		
Sales of call options/Natixis		**16/04/10**	**31/12/10**								**-50.5**
										Derivative instruments (liabilities)	**-82.6**
										o/w current	**70.6**
										Non-current	**12**

The revaluation at market price of these transactions as of 30 June 2010 resulted in the recognition of liabilities of €82.6m, which for swaps was the result of the differential between the average price of Brent at that date (US$75.7) and the subscription cost (US$60.9).

The sale of Natixis call options reflects the Group's desire to monetise the value of the earn-out clause, which was supplemented by the contract for the disposal of the Colombian assets and the amount of which is determined based on the average price of WTI between 01/01/2010 and 31/12/2010 as follows:

- Price of WTI<$55: zero gain;
- $55<average price of WTI<$60: gain will be $25m;
- $60<average price of WTI<$65: gain will be $40m;
- $65<average price of WTI: gain will be $65m, the earn-out cap

These call options were revalued as a contra in income from activities sold.

Fair value reserve in net equity

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

Impact of financial instruments on net equity			
In thousands of euros	**30/06/2010**		**31/12/2009**
Fair value reserve at the beginning of the period	**(50,840)**		**11,618**
Change in the portion of unexpired hedges (in existence during the previous period)	5,566		
Fair value of the new hedges for the period recognised in net equity			(50,817)
Fair value of the portion of hedges recycled in the income statement	18,388	(1)	(15,943)
Deferred taxes		(2)	5,446
Exchange gain/loss			(1,143)
Fair value reserve at the end of the period	**(26,886)**		**(50,840)**
Change in net equity during the period (excluding foreign exchange effect)	**23,954**		**(61,314)**
Closing rate as of 31/12/2009	*1.4406*		
Average rate at 30/06/2010	*1.3285*		
Closing rate as of 30/06/2010	*1.2271*		

Including impact in 2009 on Colombian assets sold:

(1) -€17,326k for the "Fair value of the portion of the hedges recycled to the income statement"
(2) €5,446k for deferred taxes

Derivative instruments that do not qualify as hedges relate to:

- the clause for a price surcharge on the barrel price provided for in the contract for sale of the Colombian assets (earn-out clause). The market value of this asset at the end of the year was €50.5m ($62.0m). It should be noted that this price surcharge is capped at $65m;
- the Natixis call options, reflecting the earn-out clause (cf. infra).

With regard to foreign exchange positions, the Group holds liquid assets (cash and sight deposits) in US dollars totalling €130.6m.

8.5.10 NOTE 10: CASH AND CASH EQUIVALENTS

Cash equivalents consist of liquid assets and investments maturing in less than 3 months.

In thousands of euros	30/06/2010	31/12/2009
Liquid assets, Banks and other financial institutions	81,407	77,342
Short-term bank deposits	27,668	231,761
Short term investments	20,386	118,473
Total	**129,461**	**427,576**
Bank overdrafts	1,947	32
Net flow and flow equivalents at the period-end	**127,514**	**427,544**

As of 30 June 2010, Maurel & Prom posted net cash of €127.5m (including $130.6m equivalent to €106.5m), down €300m from 31 December 2009, primarily because of the following:

- the redemption on 1 January 2010 of OCEANE 2010 for €183m, including interest of €6.2m;
- steady investments (€191m) for all group operations;
- cash flow generated by operating activities (+€170m);
- receipts from sold activities (+€45m);
- currency impacts (-€93m);
- funds paid in connection with new interests in Nigeria (-€42m).

8.5.11 NOTE 11: PROVISIONS

In thousands of euros	Site restoration	Employee benefits	Other	Total
Balance as of 31/12/2009	**14,245**	**688**	**13,079**	**28,012**
Currency translation adjustments	2,468	0	739	3,207
Disposals on changes in consolidation scope	0	0	0	0
Increase for the period	0	79	4,463	4,542
Utilisation	(14)	(16)	(2,394)	(2,424)
Other allocations and reversals	1,673	0	(2,064)	(391)
Discounting effect	373	0	0	373
Balance as of 30/06/2010	**18,745**	**751**	**13,823**	**33,319**
Current part	1,111	469	13,823	15,403
Non-current part	17,634	282	0	17,916

Site restoration

In addition to the impact of unrealised foreign exchange gains or losses relating to provisions recorded in dollars, the changes in provisions for site restoration are primarily due to a provision for the restoration of the Banio license sites amounting to €1,263k (following the award of the EDA on the license) and to the adjustment of the provision on the Omoueyi license for €410k.

Other provisions

The other provisions for risks and contingencies are analysed in the table below:

	Dec.-09	change	June-10	
Risks on Congo operations	1,500		1,500	
Risks on equity associates	2,002		2,002	
Caroil/Panafrican litigation	2,104	-2,104	0	*(1)*
Repatriation costs of Caroil rigs	3,910	1,021	4,931	
Other	3,563	1,827	5,390	*(2)*
Other provisions for risks and contingencies	**13,079**	**744**	**13,823**	

(1) In 2009, Caroil recorded a provision for the litigation with Panafrican of €2,104k. In 2010, the two parties reached an agreement leading to the reversal of this provision (see Contingent Assets and Liabilities).
(2) Other provisions are mainly associated with risks incurred under miscellaneous litigation risk.

8.5.12 NOTE 12: BOND LOANS, OTHER LOANS AND FINANCIAL DEBTS

Bond loans, other loans and financial debts are detailed below:

In thousands of euros	Currency	30/06/2010			31/12/2009
		Current	Non-current	Total	Total
Bond loans		23,179	262,542	285,721	456,451
Other loans and debts		**1,632**	**0**	**1,632**	**2**
Banco de Occidente (guarantee)	USD	1,629	0	1,629	0
Debts on lease financing		**14**	**0**	**14**	**19**
Bank overdrafts		**1,947**	**0**	**1,947**	**32**
Total of other loans and financial debts		3,593	0	3,593	53

Bond loans

On 1 January 2010 the Group redeemed the residual amount of €176,844k of the OCEANE bond subscribed to in 2005 and partially repurchased in 2009, to which was added the interest on the remaining OCEANES, which totalled €6,191k.

OCEANE 2014 bond

On 7 July 2009 the Group issued 19,074,519 OCEANE bonds at €15.60, maturing on 31 July 2014, at a rate of 7.125% for a total amount of €297,562,496.40, including €11,733k in issuance fees.

The bonds bear interest at 7.125% a year (coupons payable on 31 July each year) and will be fully amortised by redemption at par on 31 July 2014. The conversion or exchange may be exercised at any time at the rate of one share per bond.

Initially, the bond issue was booked under financial liabilities at its amortised cost of €260,760k. This amortised cost was determined by discounting contractual future cash flow at the effective interest rate of 10.42%.

As of 31 December 2009, net equity was also credited with the value of the conversion option for €25,070k, or €16,714k net of deferred tax.
Interest for the period recognised under the OCEANE 2014 bond was €12,315k.

Other loans and financial debts

On 29 May 2009, the Group signed with a consortium of four banks (BNP Paribas, Calyon, Natexis and Standard Bank) a bank facility of US$255m guaranteed by a pledge of oil reserves in Gabon (“Reserve-Based Loan”, or RBL). This facility had not been used as of 30 June but was drawn upon post-balance sheet (see Post-Balance Sheet Events).

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

	30/06/2010			31/12/2009		
In thousands of euros	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Trade payables	**92,395**	**0**	**92,395**	**89,165**	**0**	**89,165**
Trade payables	64,606	0	64,606	60,733	0	60,733
Accrued expenses	27,789	0	27,789	28,432	0	28,432
Other sundry creditors and liabilities	**55,988**	**0**	**55,988**	**45,277**	**0**	**45,277**
Social security liabilities	4,097	0	4,097	4,293	0	4,293
Tax liabilities	6,162	0	6,162	3,837	0	3,837
Fixed asset suppliers	1,656	0	1,656	6,849	0	6,849
Sundry creditors	44,073	0	44,073	30,298	0	30,298

Trade creditors and related accounts did not change substantially over the period.

Other sundry creditors and liabilities

The change in other sundry creditors and liabilities primarily relates to:

- the debt recorded as part of the agreement signed in 2009 following litigation with a banking institution, firstly because of its revaluation at the closing rate for €4,000k and secondly because of its accretion for €4,651k; The balance of that debt is €32,407k.
- the reduction of €5,193k from the item fixed asset suppliers. This decrease is primarily due to the settlement of the balance of the guarantee withholding, which was recognised as fixed asset suppliers as part of Maurel & Prom's repurchase of the clawback provision for former Rockover shareholders for €4,473k (see Note 20 – Contingent Assets and Liabilities);
- the increase of €2,325k in tax liabilities generated by the increased tax on oil prices due on the Omoueyi field, as a result of the increase in oil production on Onal and Omko and the production start-up of Gwedidi and M'Bigou;
- the increase of €2,424k from sundry creditors in Gabon on the Omoueyi license. This change is primarily due to the increase in retrocessions from sales to its partner Tollow Oil, which are directly correlated to the volume of activity.

8.5.14 NOTE 14: NET INCOME FROM ACTIVITIES SOLD

On 9 March 2009, Maurel & Prom and Ecopetrol signed a memorandum of understanding on the sale of Hocol Petroleum Ltd (Hocol Colombia), wholly owned by Maurel & Prom.

The sale of the assets came with an earn-out clause, the amount of which is determined based on the average price of WTI between 1 January 2010 and 31 December 2010, capped at $65m. The mark to market of the earn-out was recognised as income from activities sold in 2009.

In April 2010, Maurel & Prom decided to sell crude oil call options to Natixis in order to monetise the value of this earn-out clause. The characteristics of the call option sales are identical to those of the earn-out in that Maurel & Prom will relinquish amounts received from Ecopetrol to Natixis at maturity. In exchange, Maurel & Prom received a premium of $60.1m, corresponding to €44.6m. Maurel & Prom pledged the future receivable on Ecopetrol to Natixis.

Since all items relate to the same transaction, the income from discontinued operations as of 30 June 2010 corresponds to the recognition of transactions as detailed below:

Income from activities sold

In thousands of euros	
Earn-out mark to market	12,608
Premium on sale of call options	44,565
Natixis mark to market call options	-50,520
Income from a	6,653

In this instance, the cost of discounting the receivables is shown through the difference between the premium received and the mark to market of the earn-out, which is the identical counterpart to the call options sold to Natixis, i.e.: 44,565-50,520 = -€5,955k.

Cash flow statement for the activities sold

In thousands of euros	
Income from activities sold	6,653
Changes in fair value	37,912
Cash flows from operating activities	44,565
Net change in cash and cash equivalents	**44,565**

8.5.15 NOTE 15: OPERATING INCOME

Income from oil production and services was up sharply as a result of increased hydrocarbon sales. It stood at €36m Mafter depletion amortisation, an increase is directly related to increased production.

In thousands of euros	30/06/2010	30/06/2009*
Sales	131,281	78,301
Gross margin	78,640	37,896
Gross operating income	60,020	24,676
Depletion amortisation and impairment of production assets	(23,836)	(18,133)
Income from oil production and services activities	***36,184***	***6,543***
Exploration write-off	(75,398)	(6,143)
Income from oil production, exploration and services	***(39,214)***	***400***
Income from sale of assets	2	4,285
Other operating items	(2,629)	1,256
Operating income	**(41,841)**	**5,941**

(*) Adjusted for the change in accounting method

Operating income recorded a significant amount in exploration costs written off (€75.4m), reflecting the Group's contrasting results from such operations in the first half of 2010. Exploration costs written off are broken down as follows:

Draco – Syria	8,153
Mihambia – Tanzania	962
Banio 5 – Gabon	14,046
Kokorong – Senegal	906
Cascabel – Colombia	16,700
Bachue – Colombia	5,473
N'Goumba – Congo	15,905
M'Bafou – Congo	8,292
Tié-Tié – Congo	4,961
Total	75,398

As of 30 June 2009, the book result on the sale of assets comes from the retrocession of 15% of the Group's oil interests on the Onal field pursuant to the Omoueyi production sharing contract. Maurel & Prom's partner on Onal is Tulip Oil, a subsidiary of the Tullow Group, which purchased its interest from the State. The accounting income from this asset transfer results from the fact that certain costs that are borne cannot be capitalised in the accounts when they involve recoverable oil costs. This is the case for the financial expenses in particular.

As of 30 June 2010, other expenses essentially comprise the costs involved in liquidating Maurel & Prom Gabon Développement and Zetah Congo for €518k and €494k respectively, as well as corrections on Maurel & Prom Assistance Technique for €1,122k.

8.5.16 NOTE 16: FINANCIAL INCOME

Interest on overdrafts	(74)	(172)
OCEANE interest	(12,313)	(12,961)
Interest on other loans	61	(17)
Gross cost of debt	**(12,326)**	**(13,149)**
Income from cash	297	280
Net gains or losses on derivatives instruments	(692)	27,984
Cost of net debt	**(12,721)**	**15,115**
Other net financial income	**116,509**	**(6,062)**
Net currency translation adjustments	122,788	(14,653)
Other	(6,279)	(8,591)
FINANCIAL INCOME	**103,788**	**9,053**

Interest expenses on the OCEANE 2014 bond, the characteristics of which are described in Note 12 (Bond Loans, Other Loans and Financial Debt), amount to €12,313k. This amount can be broken down as follows:

- interest expenses calculated at the nominal rate for loans and paid at each annual maturity: €10.5m;
- “debt accretion” technical expenses: €1.8m.

The breakdown of bonds issued into a shareholder equity component and a debt component pursuant to IFRS results in the recognition of a “debt accretion” technical expense every year until maturity.

As very few transactions have been carried out over the period, the result on derivative transactions is close to equilibrium. By contrast, as of 30 June 2009, this item generated a net gain of €28m, primarily broken down as follows:

- €13m from gains on hydrocarbon derivative instruments subscribed to in order to limit the Group’s exposure to fluctuations in oil prices;
- €17m related to the revaluation to market price of common foreign exchange transactions in order to limit the effects of the Group's exposure to the dollar at a time when the currency was losing value. As of 30 June 2009, the cash and investments in US dollars amounted to US$541m because of the receipt of the income from the sale of the Colombian assets at the end of May.

Foreign exchange gains (+€123m) relate primarily to the revaluation of the Group’s currency positions at the closing rate. The €/$ exchange rate at the end of the period significantly impacted Maurel & Prom’s financial income because at the same time:

- the dollar exchange position of the parent company, traditionally the lender since it finances the Group, was revalued in euros (the Group’s functional and reporting currency);
- the euro debts of the operating subsidiaries (mainly Gabon) were revalued in their functional currency, the dollar.

As such, the current rise in the dollar is reflected in a foreign exchange gain in the financial statements of the operating subsidiaries.

This effect is particularly significant given the number of foreign exchange positions. As of 30 June, the parent company was thus the lender of €321m and M&P Gabon the borrower of €441m.

The impact on consolidated net financial income as of 30 June of a 10% change up or down of the €/$ exchange rate at that date is presented below (in millions of euros):

	Impact on income before tax	
	10% rise €/$ exchange rate	10% drop €/$ exchange rate
USD	-70.2	85.8
Other currencies		
Total	-70.2	85.8

A €/$ exchange rate of 1.42 at the end of the period led to virtually zero foreign exchange income, apart from gains generated during the period. As a reminder, the closing rate as of 30 June 2010 was $1.2271 for €1.

8.5.17 NOTE 17: INCOME TAXES

Breakdown of expenses for the period

Corporate income tax payable corresponds to tax on Caroil Congo amounting to €2.2m and the State's share of profit oil in M&P Omoueyi amounting to €7.7m.

As of 30 June 2010, the Company is reporting notional sales, which involves recognising as sales and current tax, the tax for which the Company is liable and which is liquidated in the State's share of profit oil (see Note 18 – Adjustments to the 2009 financial statements).

As of 30 June 2009, the impact of recognising notional sales amounted to €2.6m. This reclassification had no impact on net income.

The change in deferred taxes resulted mainly from:

- the recognition of a deferred tax relating to the difference between the recognition of recoverable costs on a tax basis and in the consolidated financial statements on the Omoueyi license for €9.2m;
- a deferred tax on amortisations of Caroil rigs in Tanzania of €0.4m.

In thousands of euros	30/06/2010	30/06/2009*
Corporate income tax due for the period	10,457	5,248
Recognition of prior tax losses in assets		
Adjustment on the tax due for the period		
	10,457	**5,248**
Deferred tax income or expense	9,596	0
Deferred tax adjustment due to change in tax rates		
Deferred tax income resulting from a prior deficit		
	9,596	**0**
TOTAL	**20,053**	**5,248**

* ***Adjusted for the change in accounting method***

Origin of deferred tax assets and liabilities

In thousands of euros	30/06/2010	31/12/2009
Tax losses	7,750	7,959
Provisions for dismantling	0	
Retirement provisions	0	
Deferred tax on financial instruments	2,688	2,688
Other	0	
TOTAL DEFERRED TAX ASSETS	**10,438**	**10,648**
Goodwill on oil reserves valuation		0
Direct oil tax on equity-accounted assets	12,130	10,512
Valuation difference of tangible assets	15,007	4,153
Accelerated amortisation and depreciation	2,847	2,027
Deferred tax on financial instruments	2,688	2,688
Equity component, OCEANEs	7,750	7,959
Other		
TOTAL DEFERRED TAX LIABILITIES	**40,422**	**27,339**
Net	**29,984**	**16,691**

The first tax between the tax basis of recoverable costs and the Omoueyi consolidated assets was recognised as of 31 December 2009. As of 30 June 2010, this difference in basis generated deferred tax liabilities of €15m.

Within the Group, the deferred tax assets related to tax loss carry-forwards are not recognised above deferred tax liabilities because of a lack of sufficient probability of future taxable profits against which the losses can be charged.

Reconciliation of tax expense to income before tax

In thousands of euros	30/06/2010	30/06/2009
Income before tax from continuing operations	64,434	16,884
-Net income of equity associates	2,487	1,890
Income before tax excl. equity-accounted entities	**61,947**	**14,994**
Theoretical tax expense 33.33%	20,647	4,997
Reconciliation		
-Tax paid in kind		
-Divergence of tax rates	-37,840	-3,416
-Tax difference on recoverable costs – Gabon	9,358	
-Profit oil tax – Gabon/notional sales	6,863	2,604
-Capitalisation of prior losses		
Non-capitalised losses	21,025	1,062
Actual tax expense	**20,053**	**5,248**

Tax rate divergences relate mainly to the tax applied to the entities or companies with oil operations or services (drilling) in African countries. The change in the balance between 30 June 2009 and 30 June 2010 corresponds to an increase in operations on Omoueyi with the start-up of production on Onal and Omko in March 2009, substantially increasing income before tax between the two periods.
Non-capitalised losses correspond to the portion of non-capitalised taxes for subsidiaries or entities for which the outlook for recovery is uncertain. Structurally, this applies in particular to the Maurel & Prom parent company and in the Congo, due to write-offs recorded over the period.

8.5.18 NOTE 18: ADJUSTMENTS TO THE 2009 FINANCIAL STATEMENTS

Change in accounting method

The Group changed the accounting method with respect to reporting its sales. The tax for which the Company is liable and which is liquidated in the State's share of Profit Oil as specified in production sharing contracts is now recognised as sales, with current tax as a cross entry.

This change in method impacts sales and income tax and as a result has no impact on net income. The impact of this change in method on the consolidated financial statements is as follows:

In thousands of euros

	June 2010 before adjustment	Notional sales	June 2010 published
Sales	124,418	6,863	131,281
Operating income	(48,794)	6,863	(41,841)
Financial income	103,788		103,788
Income before tax	55,084	6,863	61,947
Corporate income taxes	(13,190)	(6,863)	(20,053)
Net income	51,034		51,034

In thousands of euros

	June 2009 published	Notional sales	June 2009 adjusted
Sales	75,697	2,604	78,301
Operating income	3,337	2,604	5,941
Financial income	9,052		9,052
Income before tax	12,389	2,604	14,993
Corporate income taxes	(2,644)	(2,604)	(5,248)
Net income	1,641		1,641

8.5.19 NOTE 19: RELATED PARTIES

Commercial and financial transactions

30/06/2010 *In thousands of euros*	**Income**	**Expenses**	**Amounts due by related parties (net)**	**Amounts due to related parties**
1) Companies accounted under the equity method				
- Lagopetrol	0		8,226	0
- New Gold Mali (NGM)	190		2,770	0
- Raba Xprom Energia Kft	42		1,429	13
2) Other related parties				
- Pacifico	107	779	62	121

1) Companies accounted under the equity method

The amount due from Lagopetrol corresponds to dividends to be paid.

2) Other related parties

With respect to other related parties, the transactions with Pacifico, executed at arm's length, pertain to leasing services and support services.
Thus, Maurel & Prom signed an agreement to sub-lease premises with Pacifico, a 23.82% shareholder. In addition, Pacifico has provided Maurel & Prom with technical and financial assistance. The service agreement with Pacifico was amended, approved by the Maurel & Prom Supervisory Board on 29 May 2007, and signed on 11 June 2007 (effective as of 1 February 2007). This rider concerns primarily the adjustment of fees for services provided.

Senior executives' compensation

Senior executives include Directors (Department managers), members of the Board of Directors and the CEO.

In thousands of euros	**30/06/2010**	**30/06/2009**
Short-term benefits	1,369	1,442
Severance benefits		
Post-employment indemnities	0	
Share-based compensation	106	15
	1,475	**1,457**

8.5.20 NOTE 20: CONTINGENT ASSETS AND LIABILITIES

Guarantees given on loans

On 29 May 2009, the Group signed with a consortium of four banks (BNP Paribas, Calyon, Natexis and Standard Bank) a bank facility of US$255m guaranteed by a pledge of oil reserves in Gabon ("Reserve-Based Loan", or RBL). This facility has not been used to date.
The amount available as of 30 June 2010 in consideration of the guaranteed reserves is $255m, but was drawn upon post-balance sheet (see Post-Balance Sheet Events).
In addition, Maurel & Prom undertook to comply with certain technical and financial covenants for the duration of the loan.

Other commitments given

Caroil
On 1 July 2009, Maurel & Prom signed a joint and several bond in favour of its subsidiary Caroil in an amount of $8m with Crédit Industriel et Commercial. The bond covers any payment defaults by Caroil vis-à-vis the bank for any reason whatsoever.

Rockover
The contract to purchase Rockover in February 2005 stipulated a return clause for former shareholders for 10% in the event of a discovery in one of the licenses sold (Ofoubou/Ankani, Omoueyi, Nyanga Mayombe, Kari) and for 50% on the Banio license.
At the initiative of Maurel & Prom, an agreement to purchase this clause was signed on 13 July 2007. The agreement stipulates the payment by Maurel & Prom to former shareholders of $55m (paid in 2009) plus a royalty of 2% when total production exceeds 39 million barrels on all fields sold to Maurel & Prom in 2005 (excluding Banio), and a royalty of 10% on production from the Banio field when total production from this field exceeds 3.9 million barrels.
In addition the following commitments were continued:

- Maurel & Prom will have to pay the sellers a total royalty in the amount of $1.30 per barrel produced as of the date on which total production in all the license zones exceeds 80 Mboe;
- Maurel & Prom will have to pay one of the two sellers a royalty equivalent to 2% of the total production available up to a threshold of 30 Mboe and 1.5% above that threshold on the production from the production licenses resulting from the MT 2000-Nyanga Mayombe exploration license.

Transworld
Following the purchase of Transworld's residual rights on the Etekamba license on 18 March 2008, a "net profit interest agreement" was signed, under the terms of which Maurel & Prom will have to pay 10% of the oil profit and 8% of the gas profit to Transworld Exploration Ltd.

Omoueyi exploration and production sharing contract
As of the start of production on the Onal field, the Gabonese State automatically obtains 15% of the rights and obligations resulting from the Omoueyi contract for the development and production of the Onal production zone, unless it expressly waives this interest within 120 days after the start date of production on the license. On 13 December 2006, an exclusive development authorisation was granted for the Onal zone located in this license. As part of this, the Gabonese State ceded to Tulip Oil the entirety of its 15% interest in the Onal and Omko fields, which began production on 28 September 2009 and on which the State automatically obtains up to 15% under the same conditions.

The Gabonese State has this right of entry on all fields of the Omouiye license under the same conditions as described above for Onal and Omko, but it also has the same right on all licenses held by Maurel & Prom in Gabon, under the terms and conditions stipulated in each production sharing contract.

In addition, Maurel & Prom is liable for a customs duty of 5% on the exploration and production assets which were admitted duty-free until then. These customs duties will be due only when production on the Onal and Omko fields exceeds 10,000 tons (approximately 75,000 bbls).

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

SEPLAT
Through the acquisition by SEPLAT of 45% of OMLs 4, 38 and 41, SEPLAT (Maurel & Prom 45%) has granted an earn-out clause of $ 33 million on oil prices.

Natixis
In April 2010, Maurel & Prom decided to sell crude oil call options to Natixis in order to monetise the value of this earn-out clause based on oil prices. The earn-out, whose final amount will not be known until early 2011, is capped at $65m. The characteristics of the call option sales are identical to those of the earn-out in that Maurel & Prom will relinquish amounts received from Ecopetrol to Natixis at maturity. In exchange, Maurel & Prom received a premium of $60.1m, corresponding to €44.6m. Maurel & Prom pledged the future receivable on Ecopetrol to Natixis.

Commitments received

Agricher litigation
The following are guaranteed by joint and several bond of the Agricher cooperative:

- the loan of €3,659k including interest made to the Transagra group; and
- the claim for €1,528k against the Transagra company.

Because these two companies have filed for bankruptcy, Maurel & Prom has written off all of these receivables.

Legal disputes

Messier Partners
Messier Partners, a financial consultancy company hired by the Company to provide financial assistance, brought legal proceedings in 2007 against the Company for payment of a success commission following the signing of the sale agreement with Eni. The claims put forward by Messier Partners in these proceedings totalled €14.7m. Messier Partners partially won in the first instance proceedings and the Company was ordered to pay Messier Partners the sum of €5.6m. The Company has lodged an appeal against the ruling. A provision has been booked in the Company's account for this sum. The Paris Court of Appeals, in a judgment issued on 5 March 2009, dismissed all provisions of the judgment rendered on 18 December 2007 by the Paris Commercial Court, dismissing all claims of Messier Partners and ordering Messier Partners to pay court costs for the lower court and appeals court and the payment of €50k for unrecoverable legal costs.

Messier Partners lodged an appeal on 6 May 2009. On 4 May 2010, the Supreme Court of Appeal (*Cour de Cassation*) ruled to reverse and quash the Paris Court of Appeal's ruling of 5 March 2009, sending the parties back to the Paris Court of Appeal.

Agricher/Transagra
From its prior business activity, there is still a contractual liability action dating back to 1996 against Maurel & Prom in connection with the court-supervised bankruptcy restructuring of Transagra and in the insolvency of the Agricher cooperative. The Company considers that action, for the amount of approximately €33m, to be unfounded and has made no provision for it. As the parties finally expressed their intention in writing not to continue the proceeding, this dispute has been removed from the docket by the District Court in Bourges.

Caroil/Panafrican Energy Tanzania Ltd arbitration
As part of its onshore drilling business, Caroil signed a contract in February 2007 with the company Panafrican Energy Tanzania Ltd in relation to the provision in Tanzania of drilling services, including the supply of a drilling rig and suitable staff to construct a firm well, with an option on a second well.
In late September 2008, Panafrican Energy Tanzania Ltd instituted arbitration proceedings at the International Chamber of Commerce seeking payment of the sum of $6.4m plus interest as reimbursement of direct and indirect expenses related, according to Panafrican Energy Tanzania Ltd, to the alleged malfunctioning of the drilling equipment. Caroil challenged the claims of Panafrican Energy Tanzania Ltd, and asked that Panafrican Energy Tanzania Ltd be ordered to pay its invoices and the VAT advanced for a total amount of $2.3m plus interest. In April 2010 the two parties agreed to settle their litigation, each withdrawing its claims. Caroil reiterated that its Caroil-6 equipment successfully drilled the SS-10 well on 2 November 2007, leading to the discovery of gas for the operator PanAfrican.

Banking institution litigation
On 26 November 2008, a bank initiated legal action against the Company in the Paris Commercial Court to obtain a judgment for the recognition of the validity of a framework agreement signed by the Company. This claim is seeking a finding that the complex financial instruments executed under this framework agreement in the summer of 2008 were validly issued, in order to obtain payment from the Company of the sum of $51m (€36.8m) due for unwinding those instruments.

The Company, which provided information on this transaction when it published its half-year and annual financial statements, is disputing these transactions and believes that the bank acted in violation of the applicable rules and procedures. Negotiations between the parties led to an amicable solution to this litigation, which was closed on 31 December 2009. The bank agreed to reduce its claim by €11m and pay the balance of $33.4m on 1 April 2011 without interest (see Suppliers and Other Creditors).

Alphin Capital Litigation
Alphin Capital, a company specialising in marketing African oil assets, in assisting with the negotiating of contracts for the development of hydrocarbon deposits and the setting up of related financing, initiated legal action in April 2010 against the Company to obtain the payment of a procuration fee of $2.6m following the signing by Seplat (the Nigerian-registered company in which Maurel & Prom has a 45% stake) of an interest in OMLs 4, 38 and 41 licenses in Nigeria. This action is currently pending before the Paris Commercial Court.

8.5.21 NOTE 21: OPERATIING SEGMENTS

Pursuant to IFRS8, effective as of 1 January 2009, the segment information is now presented by businesses and reflects the internal segment information defined to manage and measure the Group's performance. The activities of Maurel & Prom are divided into 3 segments: exploration, production and drilling.

The other activities primarily cover the administrative and financial activities of the holding companies.

The operating income and assets are allocated to the segments based on the contributing accounts of the entities, which include consolidation restatements.

Information by segment

The data presented below come from the IFRS statements.

01/06/2010	Exploration	Production	Oil drilling	Other activities	Adjustments and intra-group eliminations	Total
Inter-segment sales			23,026	(641)	(22,385)	0
Sales	**(0)**	**98,655**	**51,014**	**(18,388)**		**131,281**
Write-off on intangible assets	(75,398)	0	0	0		(75,398)
Write-off on property, plant and equipment	0	0	0	0		0
OPERATING INCOME	**(82,125)**	**49,173**	**13,039**	**(21,929)**		**(41,841)**
Intangible assets (gross)						
Investments for the period	146,717	0	8	494		147,218
Total investments to end of period	324,852	271,248	217	492		596,810
Property, plant and equipment (gross)						
Investments for the period	1,373	26,752	15,639	91		43,854
Total investments to end of period	7,409	586,638	193,880	2,086		790,013
TOTAL ASSETS	**(49,081)**	**370,727**	**62,865**	**1,278,745**		**1,663,255**

In thousands of euros

30/06/2009*	Exploration	Production	Oil drilling	Other activities	Adjustments and intra-group eliminations	Total
Inter-segment sales			30,843	1,038	(31,881)	0
Sales	**104**	**36,220**	**42,831**	**(853)**		**78,301**
Write-off on intangible assets	(6,066)	0	0	0		(6,066)
Write-off on property, plant and equipment	0	0	0	0		0
OPERATING INCOME	**(10,926)**	**10,153**	**9,945**	**(3,232)**		**5,941**
Intangible assets (gross)						
Investments for the period	52,227	33,475	18	108		85,828
Total investments to end of period	306,567	96,192	3,861	450		407,069
Property, plant and equipment (gross)						
Investments for the period	1,583	84,783	4,716	46		91,128
Total investments to end of period	29,661	397,843	144,033	2,029		573,566
TOTAL ASSETS	**9,269**	**64,920**	**30,596**	**1,489,647**		**1,594,431**

*Adjusted for the change in accounting method

As of 31 December 2009, accumulated investments were as follows:

In thousands of euros

31/12/2009	Exploration	Production	Oil drilling	Other activities	Adjustments and intra-group eliminations	Total
Intangible assets (gross)						
Total investments to end of period	265,475	225,886	191	881		492,433
Total investments to end of period	7,027	448,662	150,929	2,005		608,623
TOTAL ASSETS	**(40,852)**	**226,205**	**37,772**	**1,422,021**		**1,645,147**

Sales by geographic region

30/06/2010	Congo	Gabon	Cameroon	Colombia	Tanzania	Other	Total
Oil sales	0	98,364	0	(1)	291	(18,388)	80,266
Services rendered	31,191	545	4,864	12,542	2,493	104	51,739
Inter-region sales	0	0	0	0	0	(725)	(725)
Total sales	**31,191**	**98,909**	**4,864**	**12,541**	**2,784**	**(19,009)**	**131,280**

30/06/2009*	Congo	Gabon	Cameroon	Colombia	Tanzania	Other	Total
Oil sales	104	36,220		(0)	-	(853)	35,471
Services rendered	32,911			10,509	(58)		43,362
Inter-region sales	0	0		0	-	(532)	(532)
Total sales	**33,014**	**33,616**	**0**	**10,509**	**(58)**	**(1,385)**	**78,301**

* Adjusted for the change in accounting method

8.5.22 NOTE 22: POST-BALANCE SHEET EVENTS

Strategic equity investment in Nigerian onshore operations

On 15 June 2010, NNPC (Nigerian National Petroleum Corporation) approved the sale by Shell/Total/Eni to Seplat (a Nigerian-registered company 45% owned by the Maurel & Prom Group) of 45% of the rights on OMLs 4, 38 and 41.

This $340m-transaction was finalised on 31 July and formalised Maurel & Prom’s entry into Nigeria as an oil operator through its subsidiary Seplat.

To finance the acquisition, Maurel & Prom made an open account advance to its subsidiary of $153m ($340m * 45%). The Group also made a temporary collateral deposit of $187m to BNP as a guarantee of a loan by BNP to Seplat in the same amount. Establishing a guarantee on the Nigerian reserves under negotiation should enable this deposit to be repaid before the end of the year.

These advances and deposits correspond to a net outflow in July of $323m (taking into account the repayment of $17m into an escrow account in January).

Despite this investment, the Group’s cash and cash equivalents as of 31 July remained high at €130m as a result of the July issue of an OCEANE bond maturing in 2015 in a gross amount of €70m and the use of the RBL credit line totalling $228m.

Along with these loans and deposits, Maurel & Prom put $35m into Seplat during the first half of the year. These funds are intended to be accounted for as shareholders’ equity once the capital increase of $90m (M&P share: $40m) is finalised. It is currently in progress, pursuant to the shareholders’ agreement.

Maurel & Prom issue of an OCEANE bond maturing on 31 July 2015 for a maximum amount of approximately €70m

In July 2010 Maurel & Prom launched an offering of bonds convertible into and/or exchangeable for new or existing shares (OCEANE) maturing on 31 July 2015 in an initial principal amount of approximately €65m (after Maurel & Prom exercised the extension clause), which was increased to approximately €70m following the over-allotment option granted to BNP Paribas (the “Lead Manager and Bookrunner”) was exercised.

The offering aims to contribute to financing the acquisition transactions in progress in Nigeria – OMLs 4, 38 and 41 – by Seplat, in which Maurel & Prom holds a 45% interest. The final closing for the transfer of ownership to Seplat is described above.

This offering of OCEANE bonds, reserved for qualified investors, will enable Maurel & Prom to maintain the rhythm of its development programmes underway in Gabon. Maurel & Prom treasury shares are intended to be used in priority to meet conversion demand within the framework of this offering.

The unit par value of the bonds has been set at €12.70, representing a premium of 30% over the reference price of €9.7681 for Maurel & Prom shares on Euronext Paris. The bonds will entitle the holders to receive Maurel & Prom shares at the ratio of one share for one bond, subject to any further adjustments. The bonds will bear interest at an annual rate of 7.125% and will be redeemed at par on 31 July 2015. The bonds may be subject to early redemption under certain conditions.

Income from exploration in Colombia

Sabanero exploration license (wholly operated by M&P).

The SAB-1 exploration well was drilled in the Sabanero exploration license, which was signed in August 2007 with Colombia's National Hydrocarbon Agency (ANH) and is located in the Llanos plain, 350 km south-east of Bogota.

The well reached final depth of 924 m and proved oil in the Carbonera C7 formation with a thickness of 12 m and a potential yet to be confirmed.

The Group is planning to start immediately drilling the deviated well SAB-SE1 from the same platform with the objective of proving additional reserves. 3D seismic covers a large portion of the drilling area, facilitating the evaluation of reserves and potential development.

Exploration license for Tangara (24.5%-held by M&P, operated by Hocol)

The CASC-1 exploration well was drilled in the Tangara license, 24.5%-held by Maurel & Prom, but found no oil. The Tangara license was signed in October 2001 by Hocol with Ecopetrol in partnership with Talisman and Total. The CASC-1 well was drilled by Maurel & Prom and Hocol at sole risk. It reached a depth of 5,190 m and met the Barco, Guadalupe and Une formations, but revealed no hydrocarbons at any level.

Muisca exploration license (wholly operated by M&P)

The Bachue-1 exploration well was spudded in the Muisca license, Maurel & Prom operator, 100%, without finding oil.

Disclosure of trading in treasury shares

In accordance with Article 241-4 of the General Regulations of the AMF (French Financial Markets Authority), and as part of the share buy-back programme approved at the Annual Shareholders' Meeting of 20 May 2010, Maurel & Prom discloses below a trade in its treasury shares on 9 July 2010:

Trading session	Transaction type	Number of shares	Gross share price in €	Gross amount in €
9 July 2010	Purchase	672,746	9.60	6,458,361.60

9 STATUTORY AUDITORS' REPORT

This is a free translation into English of the statutory auditor's review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity of statutory auditors and in accordance with article L.451-1-2 III of the French monetary and financial code (Code Monétaire et Financier), we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of Etablissements Maurel & Prom, for the period from January 1, 2010 to June 30, 2010, and
- the verification of 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 the financial statements, taken as a whole, are free from material misstatements, as we would not 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 - IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to the following points:

- Note 18 "ADJUSTMENTS TO THE 2009 FINANCIAL STATEMENTS", indicates the changes in the accounting methods related to the presentation of revenue and income taxes in the production sharing contracts.
- Notes 1 "General information", 4 "Intangible assets", , which describe the situation of the exploratory drilling of the Mafia Deep well and of the whole Bigwa Mafia Rufiji permit, and state the amounts incurred and booked within the assets of the balance sheet of your company at June 30, 2010.

9.2 Specific verification

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

We have no matters to report on the fairness and consistency of this information with the condensed half-yearly consolidated financial statements.

The Statutory Auditors

Daniel de Beaurepaire

Ernst & Young

Maurel & Prom is listed for trading on Euronext Paris – Compartment A – CAC mid 100 Index
Isin **FR0000051070** / Bloomberg **MAU.FP** / Reuters **MAUP.PA**