MAUREL & PROM

Consolidated Financial Statements

Maurel & Prom Group

31 December 2018

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Group consolidated financial statements as at 31 December 2018

Statement of financial position

ASSETS (in US$ thousands)	Notes	31/12/2018	31/12/2017 (*) Adjusted
Intangible assets (net)	3.3	199,920	162,636
Property, plant and equipment (net)	3.3	1,451,162	1,470,890
Non-current financial assets (net)	4.2	7,835	7,884
Other non-current assets (net)	3.6	44,675	46,568
Equity associates	2.4	253 629	150,589
Deferred tax assets	6.1	23,741	32,497
NON-CURRENT ASSETS		**1,980,962**	**1,871,063**
Inventories (net)	3.4	14,104	7,796
Trade receivables and related accounts (net)	3.5	95,188	59,111
Other current financial assets	4.2	53,511	80,479
Other current assets	3.6	39,114	43,160
Current tax receivables	6.1	473	534
Current financial instruments	4.4	1,615	(0)
Cash and cash equivalents	4.3	279,871	260,138
CURRENT ASSETS		**483,875**	**451,218**
TOTAL ASSETS		**2,464,837**	**2,322,281**

LIABILITIES (in US$ thousands)		31/12/2018	31/12/2017 (*) Adjusted
Share capital		193,345	188,554
Additional paid-in capital		44,836	32,010
Consolidated reserves		853,124	842,768
Treasury shares		(41,453)	(55,330)
Net income, Group share		58,066	6,422
EQUITY, GROUP SHARE		**1,107,918**	**1,014,424**
Non-controlling interests		2,425	(1,351)
TOTAL EQUITY		**1,110,343**	**1,013,073**
Non-current provisions	3.9	38,019	49,245
Shareholder loans	4.4	100,000	100,000
Other non-current borrowings and financial debt	4.4	595,692	593,612
Deferred tax liabilities	6.1	390,247	370,286
NON-CURRENT LIABILITIES		**1,123,958**	**1,113,143**
Shareholder loans	4.4	0	95
Current bond borrowings	4.4	0	348
Other current borrowings and financial debt	4.4	2,047	1,887
Trade payables and related accounts	3.7	59,852	56,784
Current tax liabilities	6.1	4,971	6,107
Other current liabilities	3.8	147,829	115,031
Current provisions	3.9	15,838	15,813
CURRENT LIABILITIES		**230,536**	**196,065**
TOTAL EQUITY AND LIABILITIES		**2,464,837**	**2,322,281**

(*) Reported in EUR in the 2017 published financial statements and translated for reporting in USD for year 2018, pursuant to Note 6.10

Consolidated statement of profit & loss and other comprehensive income

Net income for the period

In US$ thousands	Notes	31/12/2018	31/12/2017 (*) Adjusted
Sales	3.1	440,179	400,629
Other income from operations	2.4	2,689	85
Change in overlift/underlift position	1.2	(13,217)	0
Operating expenses	3.2	(184,645)	(211,593)
EBITDA		**245,006**	**189,121**
Depreciation and provision related to production activities net of reversals		(104,970)	(111,182)
Depreciation and provisions related to drilling activities net of reversals		(904)	852
Current operating income		**139,131**	**78,791**
Impairment of drilling assets		(9,146)	(6,916)
Expenses and impairment of exploration assets net of reversals		(1,158)	5,539
Other non-current income and expenses		(2,972)	(12,514)
Income from asset disposals		215	(64)
Operating income	3.2	**126,071**	**64,836**
Gross cost of debt		*(28,924)*	*(57,192)*
Income from cash		*5,156*	*1,473*
Net gains on fair value of financial instruments		*(111)*	*6,820*
Net cost of debt		(23,879)	(48,899)
Net foreign exchange adjustment		(2,527)	(32,658)
Other financial income and expenses		(233)	(1,553)
Financial income	4.1	**(26,639)**	**(83,111)**
Income tax	6.1	(68,352)	(31,198)
Net income from consolidated companies		**31,080**	**(49,472)**
Income from equity associates	2.4	30,585	56,281
Consolidated net income		**61,665**	**6,809**
o/w: - Net income, Group share		58,066	6,422
- Non-controlling interests		3,599	385

Other comprehensive income for the period

In US$ thousands	Notes	31/12/2018	31/12/2017 (*) Adjusted
Net income for the period		**61,665**	**6,809**
Foreign exchange adjustment for the financial statements of foreign entities		1,139	(2,738)
Change in fair value of financial instruments		1,680	
Total comprehensive income for the period		**64,484**	**4,071**
- Group share		60,707	3,616
- Non-controlling interests		3,776	453

(*) Reported in EUR in the 2017 published financial statements and translated for reporting in USD for year 2018, pursuant to Note 6.10. In addition, the operating expenses presentation have been modified as explained in the same Note. And, according to IFRS 15, a reclassification form Net Sale to the new line “Change in overlift/underlift position” has been presented, pursuant to Note 1.2.

Consolidated changes in shareholders' equity

In US$ thousands	Capital	Treasury shares	Premiums	Other reserves	Currency translation adjustment	Income for the period	Equity, Group share	Non-controlling interests	Total equity
31 December 2016	**188,554**	**(71,839)**	**90,636**	**985,533**	**(8,966)**	**(50,150)**	**1,133,768**	**(1,804)**	**1,131,964**
Change in accounting method				(125,054)		(833)	**(125,887)**		**(125,887)**
1 January 2017 adjusted	**188,554**	**(71,839)**	**90,636**	**860,479**	**(8,966)**	**(50,983)**	**1,007,881**	**(1,804)**	**1,006,077**
Net income						6,422	**6,422**	385	**6,807**
Other comprehensive income					(2,806)		**(2,806)**	68	**(2,738)**
Total comprehensive income	**0**	**0**	**0**	**0**	**(2,806)**	**6,422**	**3,616**	**453**	**4,069**
Appropriation of income – dividends			(41,784)	(9,199))		50,983	**0**		**0**
Bonus shares				3,260			**3,260**		**3,260**
Changes in treasury shares		16,509	(16,842)				**(333)**		**(333)**
Total transactions with shareholders	**0**	**16,509**	**(58,626)**	**(5,939)**	**0**	**50,983**	**2,927**	**0**	**2,927**
31 December 2017 (*)	**188,554**	**(55,330)**	**32,010**	**854,540**	**(11,772)**	**6,422**	**1,014,424**	**(1,351)**	**1,013,073**
Net income						58,066	**58,066**	3,599	**61,665**
Fair value of hedging instruments				1,680			**1,680**		**1,680**
Other comprehensive income				(104)	1,066		**962**	177	**1,139**
Total comprehensive income	**0**	**0**	**0**	**1,576**	**1,066**	**58,066**	**60,707**	**3,776**	**64,484**
Appropriation of income – dividends				6,422		(6,422)	**0**		**0**
Reserved capital increases	4,791		27,452				**32,243**		**32,243**
Others				(179)			**(179)**		**(179)**
Bonus shares				1,472			**1,472**		**1,472**
Changes in treasury shares		13,877	(14,626)				**(749)**		**(749)**
Total transactions with shareholders	**4,791**	**13,877**	**12,827**	**7,715**	**0**	**(6,422)**	**32,787**	**0**	**32,787**
31 December 2018	**193,345**	**(41,453)**	**44,836**	**863,830**	**(10,706)**	**58,066**	**1,107,918**	**2,425**	**1,110,343**

(*) Reported in EUR in the 2017 published financial statements and translated for reporting in USD for year 2018, pursuant to Note 6.10

Consolidated statement of cash flows

In US$ thousands	Notes	31/12/2018	31/12/2017 (*) Adjusted
Net income		61,665	7,860
Tax expense for continuing operations		68,352	31,393
Consolidated income from continuing operations		**130,017**	**39,253**
Net increase (reversals) of amortisation, depreciation and provisions	*3.3, 3.4, 3.5, 3.6, 3.9*	111,575	118,757
Exploration and decommissioning expenses	3.3	1,158	8,362
Income from equity associates	2.4	(30,585)	(56,281)
Other income and expenses calculated on bonus shares		1,472	3,183
Gains (losses) on asset disposals		(215)	64
Dilution gains and losses	2.4	(2,215)	0
Unrealised gains (losses) due to changes in fair value			(6,522)
Other financial items		24,378	86,081
CASH FLOW BEFORE TAX		**235,584**	**192,896**
Income tax paid		(40,719)	(29,272)
Change in working capital requirements for operations		(2,563)	21,373
inventories	*3.4*	*(1,058)*	*1,701*
trade receivables	*3.5*	*(37,447)*	*(26,786)*
trade payables	*3.7*	*3,448*	*3,352*
other receivables	*3.6 & 4.2*	*15,180*	*22,269*
other payables	*3.8*	*17,314*	*20,837*
NET CASH FLOW FROM OPERATING ACTIVITIES		**192,301**	**184,997**
Proceeds from disposals of property, plant and equipment and intangible assets		215	(0)
Disbursements for acquisitions of property, plant and equipment and intangible assets	3.3	(143,575)	(37,775)
Acquisitions of property, plant & equipment paid in equity instruments	3.3	32,243	
Dividends received from Equity Shares	2.4	12,059	0
Change in deposits		(100)	71,729
Acquisition of equity associates	2.4	(50,928)	0
Other cash flows from investment activities			0
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(150,0859)**	**33,954**
Proceeds from new loans			662,440
Repayments	4.4	(714)	(803,792)
Additional paid-in capital on hedging instruments	4.4	(464)	0
Interest paid on financing	4.4	(25,648)	(27,472)
Interests from investment	4.1	5,156	1,410
NET CASH FLOW FROM FINANCING ACTIVITIES		**(21,669)**	**(167,413)**
Impact of exchange rate fluctuations		(144)	4,742
CHANGE IN CASH POSITION (**)		**20,403**	**56,279**
CASH (**) AT BEGINNING OF PERIOD		**259,354**	**203,075**
CASH (**) AT END OF PERIOD		**279,757**	**259,354**

(*) Reported in EUR in the 2017 published financial statements and translated for reporting in USD for year 2018, pursuant to Note 6.10
(**) Bank overdrafts are included in cash

Notes to the consolidated financial statements

Note 1 : General information

Etablissements Maurel & Prom S.A. (the "Company") is domiciled in France. The Company's registered office is located at 51 rue d'Anjou, 75008 Paris, France. The Company's consolidated financial statements include the Company and its subsidiaries (the entity designated as the "Group" and each one individually as the "entities of the Group") and the Group's share in its joint ventures. The Group, which is listed for trading on Euronext Paris, acts primarily as an operator specialising in the exploration and production of hydrocarbons (oil and gas).

The consolidated financial statements were approved by the Board of Directors on 20 March 2019.
To make the Group's financial information easier to read and better reflect the results of its activities, which are primarily in US dollars, the Group changed the reporting currency of its financial statements from the euro to the dollar in fiscal year 2018, as permitted by IAS 21. Following this change in accounting method under IAS 8, the comparative financial statements are presented in US Dollars.
The Group has also changed to reporting operating expenses, in accordance with general practice in the sector.
The method for changing the reporting currency is detailed in Note 6.10: Change in reporting currency method.
Amounts are rounded off to the nearest thousand dollars, except where otherwise indicated.

Note 1.1: Significant events

As a reminder, the Group entered Gabon in February 2005 by acquiring assets from Rockover and Masasa. At the time of the acquisition, the Group undertook to pay a percentage of future production.
In October 2018, the Group acquired these commitments from Rockover for a consideration price of US$43 million ("Consideration"), recorded in the parent company financial statements under "intangible assets". The Consideration was as follows:

- 25% paid in cash (US$10.75 million);
- 75% (US$32.25 million) was settled by issuing new Maurel & Prom shares as compensation. The Group implemented a capital increase for a total nominal amount of €4,137,370.93 (US$4,791,075.54 at a fixed rate of US$1.158 for €1) by issuing 5,373,209 new shares, each with a nominal value of €0.77 (US$0.89) and a unit subscription price of €5.182 (US$6.001). These shares were fully subscribed by Rockover and paid up by offsetting the receivable held as a result of M&P's buyback of the deferred payments. The new shares were issued with all entitlements and are equivalent to existing shares. Upon concluding this transaction, M&P's share capital stood at €154,549,411.94 (US$193,344,949 converted at the historic rate) divided into 200,713,522 shares each with a nominal value of €0.77 (US$0.96).

Also in October 2018, the Group signed a sale and purchase agreement for the acquisition of the 20% interest owned by AJOCO in two production and development blocks in shallow waters off the coast of Angola. A deposit of US$2 million was paid prior to the effective closing of this acquisition. It will be finalised once the administrative approvals have been published.

In December 2018, the Group signed an agreement to acquire the 40% holding of Shell Exploration and Production Investments B.V. ("Shell") in Petroregional del Lago mixed company ("PRDL Mixed Company"), which operates the Urdaneta West oil field in Lake Maracaibo, Venezuela. The total consideration for the acquisition of Shell's shares in the Mixed Company was €70 million, financed by Maurel & Prom's existing cash position and composed as follows:

- €47 million paid upon closing the transaction; and
- €23 million payable in December 2019, on the anniversary date of the transaction closure.

Note 1.2: Preparation basis

Normative framework

Pursuant to Regulation (EC) No 1606/2002 of 19 July 2002 on international standards, the consolidated financial statements of the Maurel & Prom Group for the fiscal year ended 31 December 2018 have been prepared in accordance with IAS/IFRS international accounting standards applicable as at 31 December 2018, as approved by the European Union and available at: http://ec.europa.eu/finance/accounting/ias/index_fr.htm.
International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations (Standing Interpretations Committee and International Financial Reporting Standards Interpretations Committee).

The application of IFRS as published by the IASB would have no material impact on the financial statements presented herein. New legislation or amendments adopted by the European Union and mandatory from 1 January 2018 do not have a material impact on the Group's financial statements as at 31 December 2018, with the exception of the impact of IFRS 15 described below.

IFRS 15 "Revenue from Contracts with Customers":

Maurel & Prom has adopted the new IFRS 15 standard in its financial statements as from 1 January 2018 and has elected to apply the "cumulative catch-up" transition and implementation method without restating comparative periods.
The impact of the transition to IFRS 15 on the financial statements of the Group is essentially a reporting adjustment between sales and change in overlift/underlift position.
Given that production is mainly located in Gabon and the existence of a single supply route (Cap Lopez) for the Group's production in that country, the Group's financial statements can differ significantly depending on whether the extracted oil is lifted onto a tanker (which corresponds to the sale of the oil) just before or just after the closing.
Until 31 December 2017, sales were recognised on the basis of the Group's entitlements on the production delivered to the oil terminals ("entitlement method") and not on the actual liftings. The entry into force of IFRS 15 from 1 January 2018 led to a change in sales recognition, which is now determined based on oil sold, i.e. oil lifted. The Group now recognises timing variances between liftings and the theoretical entitlement in the cost of sales by posting over- or underlift positions (on a separate line in the income statement), valued at market price, to other current assets (underlift position) or other current liabilities (overlift position). This change of method does not impact EBITDA.

The impacts on the consolidated financial statements are as follows:

In US$ thousands	31/12/2018 before IFRS 15	Impact of IFRS 15	31/12/2018 as reported
Sales	426,962	13,217	440,179
Other income from operations	2,689		2,689
Change in overlift/underlift position	0	(13,217)	(13,217)
Operating expenses	(184,645)		(184,645)
EBITDA	**245,006**	**0**	**245,006**

ASSETS (in US$ thousands)	31/12/2018 before IFRS 15	Impact of IFRS 15	31/12/2018 as reported
NON-CURRENT ASSETS	**1,980,962**		**1,980,962**
Inventories (net)	14,104		14,104
Trade receivables and related accounts (net)	81,971	13,217	95,188
Other current financial assets	53,511		53,511
Other current assets	39,114		39,114
Current tax receivables	473		473
Current financial instruments	1,615		1,615
Cash and cash equivalents	279,871		279,871
CURRENT ASSETS	**470,658**	**13,217**	**483,875**
TOTAL ASSETS	**2,451,620**	**13,217**	**2,464,837**

LIABILITIES (in US$ thousands)	31/12/2018 before IFRS 15	Impact of IFRS 15	31/12/2018 as reported
TOTAL EQUITY	**1,110,343**		**1,110,343**
NON-CURRENT LIABILITIES	**1,123,958**		**1,123,958**
Other current borrowings and financial debt	2,047		2,047
Trade payables and related accounts	59,852		59,852
Current tax liabilities	4,971		4,971
Other current liabilities	134,611	13,217	147,829
Current provisions	15,838		15,838
CURRENT LIABILITIES	**217,319**	**13,217**	**230,536**
TOTAL EQUITY AND LIABILITIES	**2,451,620**	**13,217**	**2,464,837**

IFRS 9 “Financial Instruments”:

The provisions of IFRS 9 on the classification, measurement and impairment of financial assets are applied retrospectively by the Group at 1 January 2018, with no restatement of the comparative period. The application of the “impairment of financial assets” component had no material impact for the Group as at 1 January 2018, but the application of the “Classification and Measurement” component led the Group to reformulate the Fair Value table, as provided in Note 5.7: Fair value.

The standards or interpretations published respectively by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRS IC) adopted by the European Union at December 31, 2018 which were not yet in effect at December 31, 2018, are as follows

IFRS 16 “Leases”:

IFRS 16, which will be mandatory as from 1 January 2019, has not been applied early by the Group. Analyses performed in this regard led to the application of the simplified retrospective transition method. The expected effects are outlined in Note 6.5.2: Lease commitments: IFRS 16 transition estimate.

IFRIC 23 “uncertainty over income tax treatments”:

IFRIC 23 interpretation, applicable as of January 1, 2019 clarifies the application requirements under IAS 12 "Income taxes" as regards evaluation and accounting of any situation of uncertainty regarding the acceptability of a tax treatment on income tax. An analysis of these situations is underway within the Group to assess the impacts of applying this interpretation and the transition method.

The consolidated financial statements are prepared according to the historical cost convention, except for certain categories of assets and liabilities valued at fair value (derivative instruments), in accordance with IFRS.
IFRS have been applied by the Group consistently for all the periods presented, expect to changes mentioned above.

Use of judgement and accounting estimates
The preparation of consolidated financial statements under IFRS requires the Group to make accounting choices, produce a number of estimates and use certain assumptions that may affect the reported amounts of assets and liabilities, the notes concerning potential assets and liabilities as at the reporting date, and the income and expenses for the period. Changes in facts and circumstances may lead the Group to review such estimates.
The results obtained may differ materially from such estimates when different circumstances or assumptions are applied.
In addition, when a specific transaction is not treated by any standard or interpretation, the Group's Management uses its own discretion to define and apply the accounting methods that will provide relevant, reliable information. The financial statements give a true and fair view of the Group's financial position, performance and cash flows. They reflect the substance of transactions, are prepared with prudence, and are complete in all material respects.

Management estimates used in preparing financial statements relate primarily to:

- recognition of oil carry transactions and impairment tests on oil assets,
- provisions for site remediation;
- valuation of equity associates and underlying assets;
- accounting treatment of derivative instruments subscribed by the Group;
- estimated proven and probable hydrocarbon reserves;
- recognition of deferred tax assets.

Note 2 : Basis for consolidation

Note 2.1: Consolidation methods

Consolidation

The entities controlled by Etablissements Maurel & Prom SA are fully consolidated.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements as from the date control is gained until the date control ceases.

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

Equity associates

Joint ventures and associates are consolidated using the equity method.

- Joint ventures are arrangements giving the Group joint control, according to which it has rights to the net assets of the arrangement and not rights to the assets and obligations for the liabilities of the arrangement.
- Associated entities are entities over whose financial and operating policies the Group has significant influence without controlling or jointly controlling them. Significant influence is assumed when the percentage of voting rights is greater than or equal to 20%, unless a lack of participation in the Company's management reveals a lack of significant influence. When the percentage is less, the entity is consolidated using the equity method if significant influence can be demonstrated.

The gains resulting from transactions with the equity associates are eliminated through a reduction of the equity associate to the extent of the Group's stake in the associate. Losses are eliminated in the same way as gains, but only insofar as they do not represent an impairment.

When the impairment criteria as defined in IAS 39 "Financial Instruments: Recognition and Measurement" indicate that equity associates may have declined in value, the amount of the impairment loss is measured using the rules specified in IAS 36 "Impairment of Assets".

Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 "Business Combinations". Thus, when control of a company is acquired, this method requires the recognition of the identifiable assets and assumed liabilities by the Group at their fair value (with exceptions) in accordance with IFRS guidelines.

The Group values the goodwill on the acquisition date as:

- the fair value of the transferred consideration; plus
- the amount recognised for non-controlling interests in the acquired company; plus
- if the business combination is carried out in stages, the fair value of any interest previously held in the acquired company; minus
- the net amount recognised (generally at fair value) for the identifiable assets acquired and the liabilities taken over.

When the difference is negative, a profit for acquisition under advantageous conditions must be recognised directly in operating income.

Costs related to the acquisition, other than those related to the issuance of a debt or equity securities, which the Group bears as a result of a business combination, are expensed as they are incurred.

Determination of goodwill is finalised within a period of one year from the acquisition date.

Such goodwill is not amortised but tested for impairment at the end of each accounting period and whenever there is an impairment indicator; any impairment charge recognised on goodwill is irreversible.

Changes in the percentage of the Group's stake in a subsidiary which do not result in a loss of control are recognised as equity transactions.

Goodwill relating to equity associates is recognised under equity associates.

Currency translation

The consolidated financial statements are presented in US Dollars, which is the Group's reporting currency.

The functional currency of the operating subsidiaries is the US dollar.

The Group refinanced its historic debt (which was in both euros and US Dollars) in US Dollar at the end of December 2017 and as a result of this change, updated its analysis of the functional currency of its financial holdings. As a result of this analysis, the US dollar was adopted as the functional currency instead of the euro as from the refinancing date. This change in the functional currency of its financial holdings was reflected in the financial statements as at 31 December 2017.
The Group then changed the reporting currency in its 2018 financial statements, as outlined in Note 6.10: Change in presentation.

The financial statements of foreign subsidiaries for which the functional currency is not the US dollar are converted using the closing rate method. Assets and liabilities, including goodwill on foreign subsidiaries, are translated at the exchange rate in effect on the closing date of the fiscal year. Income and expenses are converted at the average rate for the period. Currency translation adjustments are recognised under the "currency translation adjustments" item of other comprehensive income within shareholders' equity, while those related to minority interests are recognised under "non-controlling interests". Currency translation adjustments related to a net investment in a foreign activity are recorded directly under other comprehensive income.

Expenses and income in foreign currencies are recognised at their equivalent in the functional currency of the entity concerned at the transaction date. Assets and liabilities in foreign currencies are reported in the balance sheet at their equivalent value in the functional currency of the entity concerned based on the closing rate. Differences resulting from conversion into foreign currencies at this closing rate are carried on the income statement as other financial income or other financial expenses.

When the payment of a monetary item that is a receivable or a payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the resulting foreign exchange gains and losses are considered to be part of the net investment in a foreign operation and are accounted for in other comprehensive income and presented as a translation reserve.

In case of difference in the functional currency, the Group applies hedge accounting to foreign currency adjustments between the functional currency of the foreign activity and the functional currency of the holding.
Foreign exchange adjustments resulting from the translation of financial liabilities designated as a net investment hedge of a foreign activity are recognised as other comprehensive income for the effective portion of the hedge and accumulated in the translation reserve. Any adjustment relating to the ineffective portion of the hedging is recognised in net income. When the net investment hedged is sold, the amount of the adjustments recognised as the translation reserve related to it is reclassified in the income statement as income from the disposal.

Note 2.2: Information about reporting entities and non-consolidated equity interests

Pursuant to ANC recommendation 2017-01 of 2 December 2017, the full list of Group entities is presented in the period's Annual Report, chapter 7.

Note 2.3: List of consolidated entities

Notable changes in reporting entities in fiscal year 2018 primarily pertained to the following companies:

Companies integrated into the consolidation scope

- Maurel & Prom Angola S.A.S, responsible for the Group's interests in the Angolan permits, particularly Blocks 3/05 and 3/05A.
- Maurel & Prom Exploration Production France S.A.S, responsible for the Group's interests in the Français Mios permit as from 2018.
- Maurel & Prom Venezuela S.L., holding shares acquired in the mixed company Petroregional del Lago S.A.
- M&P Servicios Integrados UW S.A., a technical support company.
- Caroil Assistance Technique International S.A, a payroll services company.
- Maurel & Prom Trading S.A., a company dedicated to oil and gas marketing.

Acquisition of interest in an associate company

In December 2018, the Group acquired a 40% stake in Petroregional del Lago (PRDL) for €70 million, of which €47 million was paid in cash on the acquisition date. The book value of Petroregional del Lago's net assets was US$205 million, representing a US$82 million share in the Group's financial statements.

The consolidated companies are as follows:

Company	Registered office	Consolidation method (*)	% control 31/12/2018	% control 31/12/2017
Etablissements Maurel & Prom S.A.	Paris	Parent	Consolidating company	
Maurel & Prom Assistance Technique S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Assistance Technique International S.A.	Geneva, Switzerland	FC	99.99%	99.99%
Maurel & Prom West Africa S.A.	Brussels, Belgium	FC	100.00%	100.00%
Maurel & Prom Gabon S.A.	Port-Gentil, Gabon	FC	100.00%	100.00%
Maurel & Prom Exploration et Production BRM S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Exploration Production Tanzania Ltd	Dar es Salaam, Tanzania	FC	100.00%	100.00%
Cyprus Mnazi Bay Limited	Nicosia, Cyprus	FC	60.08%	60.08%
Maurel & Prom Mnazi Bay Holdings S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Namibia S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Peru Holdings S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Peru SAC	Lima, Peru	FC	100.00%	100.00%
Panther Eureka Srl	Ragusa, Sicily	FC	100.00%	100.00%
Maurel & Prom East Asia S.A.S.	Paris, France	FC	100.00%	100.00%
MP Energy West Canada Corp.	Calgary, Canada	FC	100.00%	100.00%
MP West Canada S.A.S.	Paris, France	FC	100.00%	100.00%
Saint-Aubin Energie Québec Inc.	Montreal, Canada	FC	100.00%	100.00%
Saint-Aubin Exploration & Production Québec Inc.	Montreal, Canada	FC	100.00%	100.00%
Maurel & Prom Colombia BV	Rotterdam, Netherlands	EM	50.00%	50.00%
Seplat	Lagos, Nigeria	EM	20.46%	21.37%
Deep Well Oil & Gas, Inc.	Edmonton, Alberta, Canada	EM	19.57%	19.67%
Maurel & Prom Drilling Services	Amsterdam, Netherlands	FC	100.00%	100.00%
Caroil S.A.S	Paris, France	FC	100.00%	100.00%
Caroil Assistance Technique International S.A.	Geneva, Switzerland	FC	100.00%	N/A
Maurel & Prom Trading S.A.	Paris, France	FC	100.00%	N/A
Maurel & Prom Venezuela S.L.	Madrid, Spain	FC	100.00%	N/A
Petroregional del Lago (PRDL)	Caracas, Venezuela	EM	40.00%	N/A
M&P Servicios Integrados UW S.A.	Caracas, Venezuela	FC	100.00%	N/A
Maurel & Prom Angola S.A.S.	Paris, France	FC	100.00%	N/A
Maurel & Prom Exploration Production France S.A.S.	Paris, France	FC	100.00%	N/A

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

Note 2.4: Equity associates

In US$ thousands	Maurel & Prom Colombia BV	Seplat	Deep Well Oil	Petroregional del Lago	Total
Equity associates as at 31/12/2017	**856**	**149,817**	**(84)**	**0**	**150,589**
Income	(1,374)	32,024	(65)	0	30,585
Dilution reserves effect (2)		(6,354)	192	0	(6,162)
Value of diluted shares (2)		8,749		0	8,749
Change in OCI		(179)		-0	(179)
Additions to the consolidation scope				82,108	82,108
Dividends		(12,059)		0	(12,059)
Equity associates as at 31/12/2018	**(519)**	**171,996**	**44**	**82,108**	**253,629**

The data below is presented as reported in the financial statements of the joint ventures and associates (those wholly owned and not proportionately owned) as at 31 December 2018, after translation into US Dollar, adjustments to fair value and for accounting method consistency where applicable.

In US$ thousands	Maurel & Prom Colombia BV	Seplat	Deep Well Oil	Petroregional del Lago	Total
Location	Colombia	Nigeria	Canada	Venezuela	
	Joint venture	Associate	Associate	Joint venture	
Activity	Exploration	Production	Exploration	Production	
% Interest	50.001%	20.46%	19.57%	40.00%	
Total non-current assets	151	1,663,131,	398	205,270	
Other current assets	4,266	273,376	66		
Cash and cash equivalents	352	584,723	298		
Total assets	**4,768**	**2,521,230**	**762**	**205,270**	
Total non-current liabilities	429	601,976	493		
Total current liabilities	5,377	324,973	45		
Total liabilities (excl. equity)	**5,805**	**926,949**	**539**	**0**	
Reconciliation with balance sheet values					
Total shareholders' equity or net assets	**(1,037)**	**1,594,281**	**223**	**205,270**	
Share held	(519)	326,201	44	82,108	
IFRS 3 fair value adjustment (1)		(162,954)			
Value of diluted shares (2)		8,749			
Balance sheet value at 31/12/2018	**(519)**	**171,996**	**44**	**82,108**	**253,629**
Sales	151	746,140	9		
Operating income	(1,283)	325,097	(336)		
Exchange loss		1,433)			
Loss on derivatives on hydrocarbons		(1,936)			
Financial income	(1,280)	(61,230)	6		
Corporate income tax	(185)	(116,814)			
Net income from equity associates	**(2,749)**	**146,550**	**(330)**	**0**	
Share held	(1,374)	29,985	(65)	0	
Restatements for standardisation (3)		2,039			
P&L value at 31/12/2018	**(1,374)**	**32,024**	**(65)**	**0**	**30,585**

(1) Fair value adjustment for Seplat under IFRS 3 (consolidated at the stock market value) recorded in 2015 in connection with the merger with MPI.

(2) Seplat issued 25 million bonus shares which resulted in a 0.9% dilution of M&P's equity stake less the IFRS 3 fair value adjustment from 2015. Equity was thus reduced by US$6.5 million. At the same time, the diluted shares were valued at the market price of US$8.7 million. On a net basis, the dilution gain on the equity share, recorded in "Other income from operations", was US$2million.

(3) For Seplat, this is mainly recognition through profit or loss of share-based payments and the deconsolidation of a subsidiary.

The Group's share of income from equity associates amounted to US$ 31 million, reflecting the full return of Seplat's hydrocarbon production to the levels achieved before a force majeure was declared on the export terminal and the stepping up of its gas production.

In December 2018, the Group acquired a 40% stake in Petroregional del Lago (PRDL) for €70 million, pursuant Note 1.1. The book value of Petroregional del Lago's net assets was US$205 million, representing a US$82 million share in the Group's financial statements.
Identifiable assets acquired and liabilities assumed were measured on a preliminary basis as at 31 December 2018, resulting in the fair value of this investment being recognised in con-current assets. During the 12-month measurement period, the fair values of the identifiable assets acquired and liabilities assumed will be refined.
As at 31 December 2018, and given the current local context, the Group did not recognise any material difference between the fair value of this investment and the acquisition price.

The 2017 comparative information is provided below:

In US$ thousands (Adjusted)	**Maurel & Prom Colombia BV**	**Seplat**	**Deep Well Oil**	**Total**
Location	Colombia	Nigeria	Canada	
	Joint venture	Associate	Associate	
Activity	Exploration	Production	Exploration	
% Interest	50.001%	21.369%	19.670%	
Total non-current assets	92	1,764,789		
Other current assets	8,064	412,629		
Cash and cash equivalents	832	437,212		
Total assets	**8,988**	**2,614,630**	**0**	
Total non-current liabilities	580	431,407	427	
Total current liabilities	6,696	685,426		
Total liabilities (excl. equity)	**7,276**	**1,116,833**	**427**	
Reconciliation with balance sheet values				
Total shareholders' equity or net assets				
Historical conversion adjustment		109,742		
Net assets	**1,712**	**1,607,539**	**(427)**	
Share held	856	343,509	(84)	
IFRS 3 fair value (1)		(193,691)		
Balance sheet value at 31/12/2017	**856**	**149,817**	**(84)**	**150,589**
Sales		452,179		
Operating income	(2,143)	130,250	(1,941)	
Exchange loss		682		
Loss on derivatives on hydrocarbons		(18,518)		
Financial income	(65)	(68,417)		
Corporate income tax	(242)	221,233		
Net income from equity associates	**(2,450)**	**265,230**	**(1,941)**	
Share held	(1,225)	56,676	(382)	
Restatements for standardisation (2)		1,212		
P&L value at 31/12/2017	**(1,225)**	**57,888**	**(382)**	**56,281**

(1) Fair value adjustment for Seplat under IFRS 3 (consolidated at the stock market value) recorded in 2015 in connection with the merger with MPI.
(2) For Seplat, this is mainly recognition through profit or loss of share-based payments and the deconsolidation of a subsidiary.

Note 3 : Operations

Note 3.1: Segment reporting

In accordance with IFRS 8, the segment information reported must be based on the very same principles as those used in the internal reporting. It must reproduce the internal segment information defined to manage and measure the Group's performance.

Maurel & Prom's activities are split into three segments: exploration, production and drilling. Information by region is only relevant at the asset level and is presented in the notes on fixed assets. The other activities mainly concern the holding companies' support and financial services. Operating income and assets are broken down for each segment based on the entities' contributing accounts, which include consolidation adjustments.

	Hydrocarbon production					Other activities			
In US$ thousands	**Gabon**	**Tanzania**	**Nigeria (Seplat)**	**Angola (*)**	**Venezuela (*)**	**Exploration**	**Drilling**	**Holding company**	**31/12/2018**
Sales	389,299	38,911					11,970		440,179
Operating income and expenses	(161,813)	3,509	2,407	(9)	(782)	(2,862)	(26,959)	(8,663)	(195,174)
EBITDA	**227,485**	**42,420**	**2,407**	**(9)**	**(782)**	**(2,862)**	**(14,989)**	**(8,663)**	**245,006**
Depreciation and amortisation, impairment loss & provisions for assets in production and drilling assets	(95,472)	(9,029)				79	(904)	(548)	(105,874)
Provisions and impairment of drilling assets							(9,146)		(9,146)
Expenses and impairment of exploration assets net of reversals						(1,158)			(1,158)
Other non-recurring expenses					(693)		(186)	(2,092)	(2,972)
Gain (loss) on asset disposals							125	90	215
Operating income	**132,014**	**33,391**	**2,407**	**(9)**	**(1,476)**	**(3,942)**	**(25,101)**	**(11,214)**	**126,071**
Share of income of equity associates			**32,024**			**(1,439)**			**30,585**
Net cash flow generated from operating activities	**182,434**	**29,108**		**(2,374)**	**(1,321)**	**16,335**	**(6,892)**	**(24,989)**	**192,031**
Intangible investments	**44,139**					**6,214**	**(2)**	**206**	**50,557**
Intangible assets (net)	**175,428**	**17,375**				**6,919**	**28**	**169**	**199,920**
Investments in property, plant and equipment	**70,225**	**2,440**				**1,053**	**19,005**	**294**	**93,017**
Property, plant and equipment (net)	**1,376,838**	**48,941**				**2,968**	**21,793**	**623**	**1,451,162**

(*) The hydrocarbon sectors in Angola and Venezuela were created in 2018 but will not make a full-year contribution to the Group's net income until 2019.

The 2017 comparative information is provided below:

In US$ thousands (*) Adjusted	Gabon	Tanzania	Seplat	Exploration	Drilling	Holding company	31/12/2017
Sales	361,290	23,126		96	16,117		400,629
Purchases & operating expenses and personnel expenses, net of other income	(158,297)	(6,318)		(5,444)	(22,905)	(17,725)	(210,688)
EBITDA	202,994	16,808		**(5,347)**	**(6,788)**	**(17,726)**	**189,941**
Depreciation and amortisation, impairment loss & provisions for assets in production and drilling assets	(107,623)	(6,548)			852	3,188	(110,132)
Provisions and impairment of drilling assets					(6,916)		(6,916)
Expenses and impairment of exploration assets net of reversals				5,196			5,196
Other non-recurring expenses						(11,990)	(11,990)
Gain (loss) on asset disposals	(65)					1	(64)
Operating income	95,307	10,259		**(151)**	**(12,852)**	**(26,527)**	**66,035**
Share of income of equity associates	0	0	**57,888**	**(1,607)**	**0**	**0**	**56,281**
Net cash flow generated from operating activities	177,107	1,501		**12,129**	**(7,517)**	**1,777**	**184,997**
Intangible investments	138			**2,377**	**34**		**2,549**
Intangible assets (net)	132,402	19,105		**1,741**	**21**	**0**	**153,269**
Investments in property, plant and equipment	33,100	1,775			**225**	**126**	**35,226**
Property, plant and equipment (net)	1,316,104	49,546		**1,834**	**17,094**	**461**	**1,385,038**

(*) Reported in EUR in the 2017 published financial statements and translated for reporting in USD for year 2018, pursuant to Note 6.10

Note 3.2: Operating income

Sales
Oil-related sales, corresponding to the sale of production on deposits operated by the Company, were determined based on oil sold, i.e. oil lifted. The Group now recognises time variances between liftings and the theoretical entitlement in the cost of sales by posting over- or underlift positions, valued at market price, to other current assets (underlift position) or other current liabilities (overlift position).

Gas sales are recognised at the point of connection to customers' facilities.

Drilling services sales are recognised using the percentage of completion principle based on the drilling, the progress being measured in terms of depth reached and time spent on the task.

Operating income
The Group uses a number of indicators to assess the performance of its activities:
Earnings before interest, taxes, depreciation and amortisation (EBITDA) represents sales net of the following items:

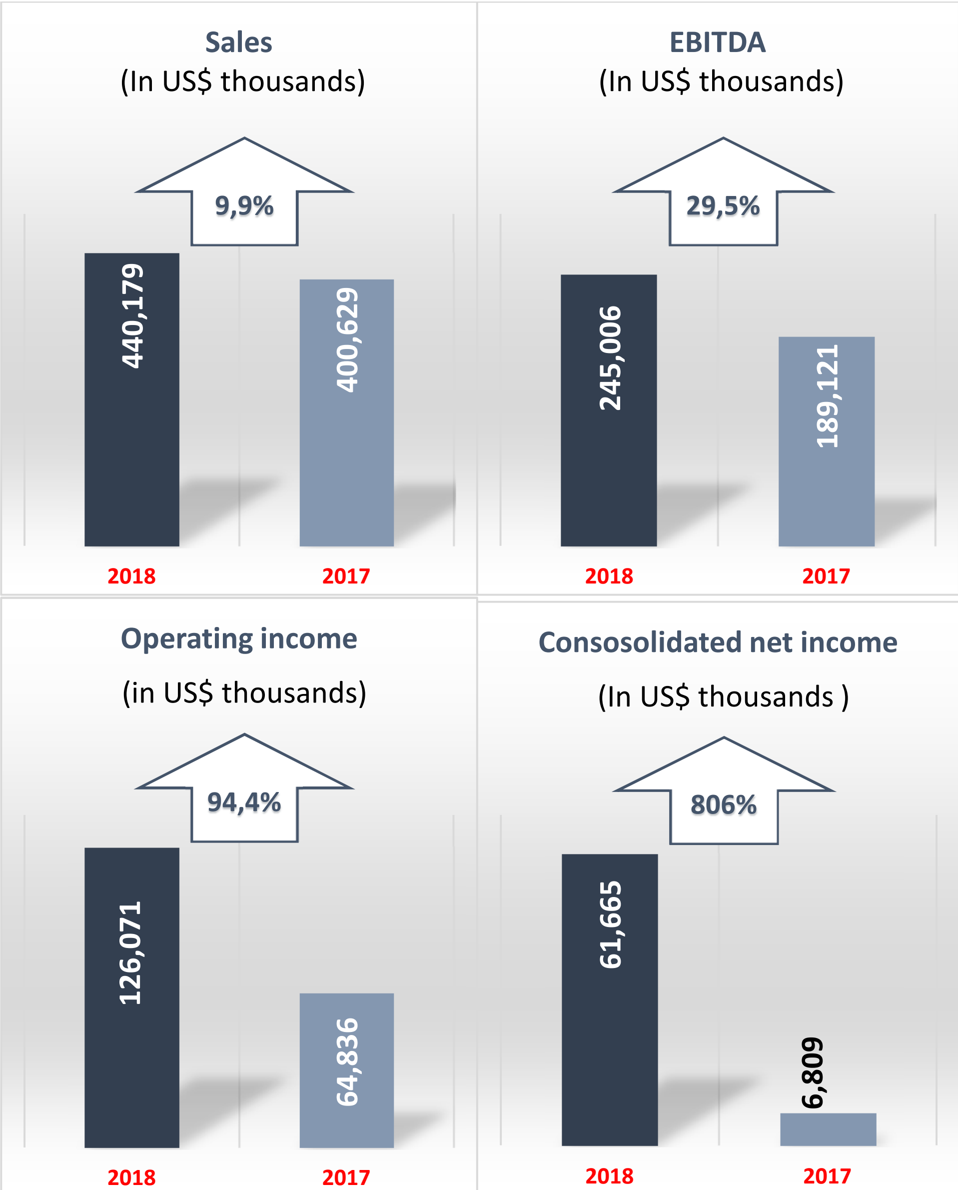
- other income from operations;
- purchases of consumables and services (grouped in production purchases and expenses);
- taxes (including mining royalties and other taxes associated with operations);
- personnel expenses.

The last three items were grouped together in operating expenses.

Current operating income corresponds to EBITDA after amortisation and depreciation of tangible and intangible assets, including depletion.

Items between current operating income and operating income correspond to income and expenses considered as unusual, non-recurring and material, including:

- material capital gains and losses resulting from asset sales;
- impairment of operating assets;
- depreciations related to discontinued exploration assets;
- expenses incurred in the exploration phase (up to the identification of a prospect), given that the volatility of such expenditures is unpredictable, depending on the results of exploration activities;
- costs relating to business combinations and restructuring.



The Group's consolidated sales for 2018 amounted to US$440 million, up 10% compared to 2017. The sharp rise in oil prices in 2018 – the average sale price was up 30% at US$68.8/bbl versus US$53.0/bbl in 2017 – more than offset the drop in oil production volume in Gabon related to technical evacuation constraints, leading to an overall increase in sales. The increase in the demand for gas in Tanzania led to a significant increase in gas production in 2018. Total production stood at 83.2 MMcfpd at 100% in 2018, up 69% compared to the previous year. In the second half of 2018, average production was 87.0 MMcfpd.

Operating income amounted to US$139 million, up from the previous year largely because of the increase in the price of Brent.

Other non-current income and expenses mostly comprised costs related to business combinations.

Note 3.3: Fixed assets

Maurel & Prom conducts part of its exploration and production activities under Production Sharing Agreements (PSAs). This type of contract, signed with the host country, sets rules for cooperation (in association with potential partners) and for production sharing with the government or the state-owned company that represents it, and defines the taxation terms.
Under these agreements, the Company agrees to finance its percentage of interest in exploration and production operations, and in exchange receives a share of production known as “cost oil”. The sale of this production share normally allows the Company to recover its investments, as well as the operating costs incurred. The production balance (known as “profit oil”) is then split between the Company and the state in variable proportions and the Company pays its share of tax on the revenue from its activities.
Under such Production Sharing Agreements, the Company recognises its share of assets, sales and net income in light of its percentage held on the permit in question.
The following methods are used to account for the costs of oil-related activities:

Oil search and exploration rights

- Mining permits: Expenditures for the acquisition and allocation of mining permits are recorded as intangible assets and, during the exploration phase, amortised on a straight-line basis over the estimated duration of the permit or, during the development phase, in line with the amortisation rate for the oil production facilities. If the permit is withdrawn or the exploration fails, the remaining amortisation is recorded once.
- Acquired mining rights: Acquisitions of mining rights are recorded as intangible assets and, if they have led to the discovery of oil reserves, depreciated in accordance with the unit-of-production method based on proven and probable reserves. The depreciation rate equals the ratio between the field’s hydrocarbon production over the fiscal year and the proven and probable hydrocarbon reserves at the beginning of the same fiscal year, re-estimated on the basis of an independent appraisal.

Exploration costs

The Group applies IFRS 6 for the recognition of exploration costs.
Hydrocarbon production fees and assets are accounted for in accordance with the “successful efforts” method.
Charges incurred prior to the issuance of the exploration permit are recognised as expenses.
Studies and works concerning the exploration, including geology and geophysics costs, are recorded under expenses until a prospect is identified.
Expenses incurred to identify a prospect such as exploratory drilling are capitalised and are depreciated as soon as the production starts.
Drilling expenditure that does not result in a commercial discovery is posted under expenses for the total amount incurred once it is decided to permanently abandon work in the zone concerned or in the connected zone.
When the technical feasibility and commercial viability of the oil production project can be proven (analysis based on the outcome of appraisal wells or seismic study work, etc.) and following the issuance of an Exclusive Development and Production Authorisation (AEDE), these costs then become development costs, a portion of which is transferred to property, plant and equipment, depending on their nature.
Once an impairment indicator appears (permit expiry date, absence of further budgeted exploration expenses, etc.), an impairment test is carried out to ensure that the book value of the expenses incurred does not exceed the recoverable amount.
In addition, when the technical feasibility and commercial viability of the oil production project can be demonstrated, exploration assets are systematically subject to an impairment test.
Impairment tests are carried out at the permit level, in accordance with the common practice within the industry.

Oil production assets

Oil production fixed assets include assets recognised during the exploration phase and transferred to property, plant and equipment following discoveries, and assets relating to field development (production drilling, surface facilities, oil routing systems etc.).

Depletion
Fixed assets are depreciated according to the unit-of-production method.
For general facilities, i.e. those which concern the entire field (pipelines, surface units, etc.), the depreciation rate equals the ratio of the field's hydrocarbon production during the fiscal year to the proven reserves at the beginning of the same fiscal year. If applicable, they are weighted by the ratio (proven)/(proven + probable) reserves for that field, in order to take into account their relative role in the production of all proven and probable reserves of the field in question.
For specific facilities, i.e. those dedicated to specific areas of a field, the depreciation rate used equals the ratio of the field's hydrocarbon production during the fiscal year to the proven developed reserves at the beginning of the same fiscal year.
The reserves taken into account are the reserves determined on the basis of analyses conducted by independent organisations, to the extent that the said analyses are available on the reporting date.

Site remediation costs
Provisions for site remediation are recognised when the Group has an obligation to dismantle and remediate a site.
The discounted site remediation cost is capitalised and added to the value of the underlying asset and amortised at the same rate.

Financing of oil-related costs for third parties (carry)
The financing of third-party oil costs is an activity that consists of the substituting, as part of an oil joint operation, for another member of the joint operation to finance its share of the cost of works.
When the contract terms give it similar characteristics to those of other oil assets, the financing of oil costs on behalf of third parties is treated as an oil asset.
Consequently, and in accordance with paragraph 47 (d) of ASC 932 usually applied in the oil sector, the accounting rules are those applicable to expenses of the same nature as the Group's own share (fixed assets, depreciation, impairment, operating costs as expenses):
- accounting for exploration costs financed as intangible assets (carried partners' share entered as the Maurel & Prom share);
- if prospecting does not result in a producing asset: recognition of all costs as expenses;
- in the case of producing assets: the transfer of costs booked as intangible assets to property, plant and equipment (technical facilities);
- the share of hydrocarbons accruing to the carried partners and used to repay that cost of carry is treated as sales for the partner that carries it;
- reserves corresponding to the carried costs are added to the reserves of the partner that carries the costs;
- depreciation of technical facilities (including the share of carried partners) according to the unit-of-production method by including in the numerator the production for the period allocated to recovery of the carried costs and in the denominator the share of reserves used to recover all of the carried costs.

Other intangible assets
Other intangible assets are recognised at their acquisition cost and posted on the balance sheet at that value, after deducting accrued amortisation, depreciation and any impairment.
Amortisation is calculated on a straight-line basis and the amortisation period is based on the estimated useful life of the different categories of intangible assets depreciated over a period ranging from one to three years.

Other property, plant and equipment
The gross value of other property, plant and equipment corresponds to the acquisition or production cost. It is not revalued.
Depreciation is calculated on a straight-line basis, and the depreciation period is based on the estimated useful life of the different categories of property, plant and equipment, which are predominantly as follows:
- buildings: 10 years;
- infrastructure: 8 to 10 years;
- drilling rigs: 3 to 20 years;
- technical facilities: 3 to 10 years;
- fixtures and fittings: 4 to 10 years;

- transportation equipment: 3 to 8 years;
- office and computer equipment: 2 to 5 years; and
- office furniture: 3 to 10 years.

Finance leasing contracts are agreements whose effect is to transfer virtually all risk and benefits inherent in the ownership of the asset from the lessor to the lessee. Such contracts are recognised in the balance sheet as assets at fair value, or at the discounted value of the minimum lease payments as defined in the contract if lower. The corresponding debt is recognised under balance sheet liabilities as financial debt. Such assets are depreciated on the basis of the Group's estimation of their useful life.
Leasing contracts that are not lease financing agreements as defined above are recognised as regular leasing contracts. Payments for regular leasing contracts are booked in the income statement on a straight-line basis over the period of the lease.
Borrowing costs are capitalised when the asset in question meets the eligibility conditions as defined by IAS 23R.

Asset impairment
When events indicate a risk of impairment on the intangible and tangible assets, and with regard to goodwill and intangible assets not amortised at least once a year, an impairment test is carried out in order to determine whether their net book value is lower than their recoverable amount, with the recoverable amount defined as the higher between the fair value (less exit costs) and the value in use. The value in use is determined by discounting future cash flows expected from the use and disposal of the assets.
Concerning the oil assets in production, cash flows are determined based on the hydrocarbon reserves identified, the related production profile and the discounted sale prices after taking into account the applicable tax terms as defined in the Production Sharing Agreements.
The permit is generally used as the cash-generating unit (CGU). A CGU is a set of assets whose ongoing use generates cash flows that are largely independent of the cash flows generated by other groups of assets. In certain cases, a permit may contain exploration and production assets.
With regard to the Group's other activities, impairment tests are performed on the basis of the Company's business plans, including a terminal value.
The discount rate used takes into account the risk associated with the activity and its geographical location.
If the recoverable amount is lower than the net book value, an impairment is recognised for the difference between these two amounts.
This impairment may be reversed according to the net book value that the asset would have held on the same date, had it not been impaired. However, impairment losses recorded on goodwill are irreversible.

Note 3.3.1 Intangible assets

In US$ thousands	31/12/2017 (*) Adjusted	Currency translation adjustment	Invest.	Transfer	Op. expenses	Amort.	31/12/2018
Ezanga (Gabon)	140,608		44,139	(344)		(8,975)	175,428
Mnazi Bay (Tanzania)	20,289					(2,914)	17,375
Exploration Permits Assets	1,687	65	6,214	1,004	(1,801)	(250)	6,919
Drilling	22	13	(2)			(5)	28
Other	29		206			(66)	169
Intangible assets (net)	**162,636**	**77**	**50,557**	**660**	**(1,801)**	**(12,210)**	**199,920**

(*) Reported in EUR in the 2017 published financial statements and translated for reporting in USD for year 2018, pursuant to Note 6.10

On the Ezanga permit, investments correspond to the rights purchased from Rockover for US$43 million as consideration for a reserved capital increase of US$32.25 million and a cash payment of US$10.75 million.
The recoverable values of all the assets in the Group's exploration portfolio were analysed in accordance with IFRS 6 and IAS 36. No impairment was recognised on the intangible assets of Ezanga, Kari, Nyanga-Mayombé and Mnazi Bay.
Exploration expenses in Namibia relating to the acquisition of seismic data were incurred before the presence of a hydrocarbon prospect had been determined and consequently were expensed for the period under the "successful effort" method.

The changes in intangible assets for the previous fiscal year are stated below in US dollars:

In US$ thousands (*) Adjusted	31/12/2016	Currency translation adjustment	Invest.	Transfer	Op. expenses	Amort.	31/12/2017
Ezanga (Gabon)	148,277		138			(7,806)	140,608
Mnazi Bay (Tanzania)	38,724			(10,478)		(3,268)	20,289
Exploration Permits Assets	7,912		2,337				1,687
Drilling	56	(2)	34	1	(8,023)	(65)	22
Other	9		40			(21)	29
Intangible assets (net)	**194,978**	**(2)**	**2,549**	**(10,477)**	**(8,023)**	**(11,160)**	**162,636**

(*) Reported in EUR in the 2017 published financial statements and translated for reporting in USD for year 2018, pursuant to Note 6.10

The breakdown of the net values of intangible assets between gross and amortisation is as follows:

In US$ thousands	Goodwill	Oil search and production rights	Exploration expenses	Other	**Total**
Gross value at 31/12/2017 adjusted	7,679	231,334	88,459	4,756	332,228
Impairment at 31/12/2017adjusted	(7,679)	(69,123)	(88,459)	(4,331)	(169,592)
Net book value at 31/12/2017 adjusted	**0**	**162,210**	**(0)**	**425**	**162,636**
Gross value at 31/12/2018	7,331	278,443	96,020	3,203	384,997
Impairment at 31/12/2018	(7,331)	(85,266)	(89,782)	(2,698)	(185,078)
Net book value at 31/12/2018	**(0)**	**193,177**	**6,238**	**505**	**199,920**

Note 3.3.2 Property, plant and equipment

In US$ thousands	31/12/2017 (*) Adjusted	Currency translation adjustment	Invest.	Transfer	Impairment	Amort.	31/12/2018
Ezanga (Gabon)	1,397,683		70,225	344		(91,414)	1,376,838
Mnazi Bay (Tanzania)	52,617		2,440			(6,115)	48,941
Mios (France)		(32)	1,053				1,020
Nyanga-Mayombé (Gabon)	1,948						1,948
Drilling	18,153	2	19,005		(9,146)	(6,222)	21,793
Other	490		294			(161)	623
Property, plant and equipment (net)	**1,470,890**	**(30)**	**93,017**	**344**	**(9,146)**	**(103,913)**	**1,451,162**

(*) Reported in EUR in the 2017 published financial statements and translated for reporting in USD for year 2018, pursuant to Note 6.10

Investments in property, plant and equipment over the period primarily concern production investments on the Ezanga permit.

Pursuant to IAS 36, impairment tests were performed in order to determine the recoverable value of the assets.
Concerning the production activities in Gabon and Tanzania, the value in use was determined on the basis of the reserves, costs and future cash flows resulting from reports issued by independent appraisers.
The calculation assumptions are based on (i) a forward price for Brent of US$62/bbl in 2019, US$70/bbl in 2020, US$77/bbl in 2021 and US$79/bbl inflated as from 2022 for oil sales or the contract gas price for gas sales, and (ii) a discount rate of 10%. A reasonable change in one of the pertinent indicators of these impairment tests, i.e. a decrease in the sale price of 5% (in the case of Ezanga), of -5% in production, or of 100 basis points in the discount rate would not lead to the impairment of the production assets.
The fair value of drilling assets was determined at US$22 million (using the same methodology as in previous fiscal years based on reports by appraisers).

The changes in property, plant and equipment for the previous fiscal year are presented in US dollars:

In US$ thousands (*) Adjusted	31/12/2016	Currency translation adjustment	Invest.	Transfer	Impairment	Amort.	31/12/2017
Ezanga (Gabon)	1,464,399		33,100			(99,816)	1,397,683
Mnazi Bay (Tanzania)	43,643		1,775	10,478		(3,280)	52,617
Nyanga-Mayombé (Gabon)	1,948						1,948
Drilling	23,520		225	(1)	(4,861)	(729)	18,153
Other	521	(7)	126			(151)	489
Intangible assets (net)	**1,534,032**	**(7)**	**35,226**	**10,477**	**(4,861)**	**(103,976)**	**1,470,890**

(*) Reported in EUR in the 2017 published financial statements and translated for reporting in USD for year 2018, pursuant to Note 6.10

The breakdown of the net values of property, plant and equipment between gross and amortisation is as follows:

In US$ thousands	Land and buildings	Technical facilities	Down payments and construction in progress	Other	**Total**
Gross value at 31/12/2017 adjusted	9,262	2,235,239	1,038	82,504	2,328,042
Amortisation at 31/12/2017 adjusted	(2,791)	(844,828)	(661)	(8,871)	(857,151)
Net book value at 31/12/2017 adjusted	**6,471**	**1,390,411**	**376**	**73,632**	**1,470,890**
Gross value at 31/12/2018	9,268	2,301,358	5,701	90,260	2,406,586
Amortisation at 31/12/2018	(3,291)	(944,577)	(519)	(7,036)	(955,423)
Net book value at 31/12/2018	**5,976**	**1,356,781**	**5,182**	**83,223**	**1,451,162**

Note 3.4: Inventories

In US$ thousands	31/12/2017 Adjusted	Currency translation adjustment	Change	Transfer	Impairment/Reversals	31/12/2018
Ezanga (Gabon)			9,896			9,896
Mnazi Bay (Tanzania)						0
BRM (Tanzania)	6,087	(225)			(1,653)	4,208
Drilling	1,710		(8,838)		7,128	0
Inventories (net)	**7,796**	**(225)**	**1,058**	**0**	**5,474**	**14,104**

Inventories are valued according to the Weighted Average Cost method at acquisition or production cost. Production cost includes consumables and direct and indirect production costs. Hydrocarbon inventories are valued at production cost, including field and transportation costs and the depreciation of assets used in production. A provision is created when the net realisable value is lower than the cost of inventories.

Note 3.5: Trade receivables

Trade receivables are initially recognised at fair value and then at amortised cost.
At the end of the period, write-downs are created to the amount of expected loss over the life-time receivable, accordingly to IFRS 9. The Group exposure to credit risk is influenced by individual customer characteristic.

In US$ thousands	31/12/2017 Adjusted	Currency translation adjustment	Change	Transfer	Impairment/Reversals	31/12/2018
Ezanga (Gabon)	13,183		34,798			47,981
Mnazi Bay (Tanzania)	37,954		4,741			42,695
Drilling	7,865		(2,001)	(175)	(1,192)	4,498
Other	109	(3)	(92)			14
Trade receivables and related accounts (net)	**59,111**	**(3)**	**37,447**	**(175)**	**(1,192)**	**95,188**

Trade receivables on Ezanga for hydrocarbon sales essentially reflect the receivables from Total Oil Trading SA and Sogara, both of which purchase production from the Ezanga permit fields. The change in the balance of receivables for the period is due to timing variances in lifting.

The trade receivables on Mnazi Bay for natural gas sales are mostly from the national company TPDC and Tanesco.

Drilling trade receivables mainly correspond to receivables from leading oil companies.

The recoverability of all of these receivables is not called into question. There is no significant impaired receivable.

Note 3.6: Other assets

Other current assets include assets related to the regular operating cycle, some of which can be produced more than 12 months after the reporting date. These other assets are initially recognised at fair value and then at amortised cost.
At the end of the period, write-downs are created to the amount of expected loss over the life-time receivable, accordingly to IFRS 9.

In US$ thousands	31/12/2017 Adjusted	Currency translation adjustment	Change	Transfer	Impairment/Reversals	31/12/2018
Supplier advances	3,505		(510)		(300)	2,695
Prepaid and deferred expenses	1,153	(3)	741		(56)	1,836
Tax and social security receivables	85,070	(2,000)	(2,919)	(124)	(768)	79,259
Other assets (net)	**89,728**	**(2,003)**	**(2,688)**	**(124)**	**(1,124)**	**83,789**
Gross	94,470	(2,003)	(2,743)			89,723
Impairment	(4,742)		56	(124)	(1,124)	(5,934)
Non-current	46,568	(1,893)	0			44,675
Current	43,160	(110)	(2,688)	(124)	(1,124)	39,114

"Tax and social security receivables (excluding corporate income tax)" primarily comprise VAT receivables from the Gabonese state, denominated in XAF, the portion subject to a protocol being classified as non-current.

Note 3.7: Trade payables

In US$ thousands	31/12/2017 Adjusted	Currency translation adjustment	Change	Transfer	Impairment/Reversals	31/12/2018
Ezanga (Gabon)	43,548		2,163			45,711
Mnazi Bay (Tanzania)	673		298			971
Drilling	5,727		732	(259)		6,199
Other	6,836	(120)	255			6,970
Trade payables and related accounts	**56,784**	**(120)**	**3,448**	**(259)**	**0**	**59,852**

Note 3.8: Other debts

In US$ thousands	31/12/2017 Adjusted	Currency translation adjustment	Change	Transfer & Scope	Impairment/Reversals	31/12/2018
Social security liabilities	11,658	(66)	1,056			12,648
Tax liabilities	37,774	(10)	8,780			46,544
Fixed asset liabilities	2,025		(41)			1,984
Advances	27,180		(606)			26,574
Overlift position liability			13,252			13,252
Investment liabilities				27,000		27,000
Miscellaneous liabilities	36,394	587	(5,127)	(12,026)		19,827
Other current liabilities	**115,031**	**511**	**17,314**	**14,973**	**0**	**147,829**

Investment liabilities correspond to the balance due to Shell on the anniversary of the closing of the acquisition of its stake in Petroregional del Lago.

Note 3.9: Provisions

In accordance with IAS 37 – “Provisions, contingent liabilities and contingent assets”, provisions are recognised when the Group has an obligation at fiscal year-end to a third party deriving from a past event, the settlement of which should result in an outflow of resources that constitute economic benefits.
The site remediation obligation is recognised at the discounted value of the estimated cost for the contractual obligation for dismantling; the impact of the passage of time is measured by applying a risk-free interest rate to the amount of the provision. The effect of the accretion is recognised under “Other financial income and expenses”.
Severance payments on retirement correspond to defined benefit plans. They are provisioned as follows:

- *the actuarial method used is known as the projected unit credit method, which states that for each year of service, an additional unit of benefit must be allocated. These calculations incorporate assumptions about mortality, staff turnover and projections of future salaries; and*
- *the differences between actual and forecast commitments (based on projections or new assumptions) and those between the projected and actual return on funds invested are called actuarial gains and losses. They are recognised under other comprehensive income, without the possibility of being subsequently recycled through net income. The cost of past services is recognised under net income, whether they are acquired or not.*

In US$ thousands	31/12/2017 Adjusted	Currency translation adjustment	Increase	Reversal	Transfer	31/12/2018
Site remediation	42,957	(116)	986	(7,364)	1,004	37,466
Pension commitments	1,070	(6)	100			1,164
Other	21,031	(253)		(5,511)	(39)	15,227
Provisions	**65,058**	**(376)**	**1,085**	**(12,875)**	**965**	**53,857**
Non-current	49,245	(122)	1,085	(7,364)	(4,824)	38,019
Current	15,813	(253)	0	(5,511)	5,789	15,838

Site remediation provisions for production sites are established based on an appraisal report and updated using US Bloomberg Corporate AA rates to remain aligned with the term of the commitment. For example, a 4.7% rate projected over 40 years is used to calculate the provision for the Ezanga remediation.

The other provisions cover various risks including tax and employee-related risks in the Group’s various host countries.

Note 4 : Financing

Note 4.1: Financial income

In US$ thousands	31/12/2018	31/12/2017 Adjusted
Interest on overdrafts	(422)	(50)
Interest on ORNANE bonds	(17)	(32,283)
Interest on shareholder loans	(3,793)	(4,486)
Interest on other borrowings	(24,692)	(20,373)
Gross finance costs	**(28,924)**	**(57,192)**
Income from cash	5,156	1,473
Net income from derivative instruments	(111)	6,820
Net finance costs	**(23,879)**	**(48,899)**
Net foreign exchange adjustment	(2,527)	(32,658)
Other	(233)	(1,553)
Other net financial income and expenses	**(2,760)**	**(34,211)**
Financial income	**(26,639)**	**(83,111)**

Gross borrowing costs use the effective interest rate of the loan (i.e. the actuarial rate which takes into account issuance fees).
Net foreign exchange variances are mainly due to the revaluation at the closing rate of the Group's foreign currency positions that are not in the Group's functional currency (USD).

- The €/US$ conversion at 31/12/2017 was 1.199 versus 1.145 at the balance sheet date.
- Positions in transactional currencies that are not in the USD functional currency used by all consolidated entities are largely Gabonese receivables amounting to €69 million (denominated in XAF).

Other financial income and expenses are mainly comprised of the accretion of the provision for site remediation.

Note 4.2: Other financial assets

Other financial assets are initially recognised at fair value and then at amortised cost.
At the end of the period, write-downs are created to the amount of expected loss over the life-time receivable, accordingly to IFRS 9.

In US$ thousands	31/12/2017 Adjusted	Currency translation adjustment	Change	Transfer	Impairment/Reversals	31/12/2018
Equity associates current accounts	3,267	(221)	96			3,142
Deposits	4,617	(22)	99			4,693
Other advances	13,064	2,911	(14,237)		(97)	1,641
Ezanga carry receivables (Gabon)	56,925		(2,660)	(12,026)		42,238
Mnazi Bay carry receivables (Tanzania)	9,534		(1,791)			7,743
Miscellaneous receivables	956	(21)	1,524		(571)	1,888
Other financial assets (net)	**88,363**	**2,647**	**(16,969)**	**(12,026)**	**(668)**	**61,346**
Non-current	7,884	(244)	195	(0)	0	7,835
Current	80,479	2,890	(17,164)	(12,026)	(668)	53,511

Carry receivables correspond to the Group's financing of the share of costs accruing to its partners under partnership agreements. These are recovered by reallocating a portion of the hydrocarbon sales accruing to carried partners to the Group. The pace of recovery of these carry receivables is based on the activity's regular operating cycle and may consequently exceed 12 months.

Note 4.3: Cash and cash equivalents

Bank deposits correspond to the balances of current accounts and short-term investments of excess cash.

In US$ thousands	31/12/2018	31/12/2017 Adjusted
Liquid assets, banks and savings banks	199,076	199,170
Short-term bank deposits	1,468	948
Marketable securities	79,327	60,020
Cash and cash equivalents	**279,871**	**260,138**
Bank loans (*)	(113)	(784)
Net cash and cash equivalents	**279,757**	**259,354**

(*) Bank loans are reported under debt as shown below

Note 4.4: Borrowings

In US$ thousands	31/12/2017 Adjusted	Repayment	Interest expense	Interest withdrawal	Other movements	31/12/2018
Term loan (US$600m)	591,385		2,080			593,465
Shareholder loan	100,000					100,000
Lease financing debt	2,226		334	(334)		2,226
Non-current	693,612		2,414	(334)		695,692
2019 ORNANE bonds	345	(345)	17	(17)		
2021 ORNANE bonds	3	(3)				
Lease financing debt	412	(366)				46
Current bank loans	784		422	(422)	(670)	113
Accrued interest	787		26,071	(24,875)	(95)	1,888
\/ shareholder loan (US$100m)	*95*		*3,793*	*(3,793)*	*(95)*	
\/ Term loan (US$600m)	*692*		*22,278*	*(21,082)*		*1,888*
Current	2,330	(714)	26,510	(25,313)	(765)	2,047
Borrowings	**695,942**	**(714)**	**28,924**	**(25,648)**	**(765)**	**697,739**

Note 4.4.1 Bonds

At the end of the 2017 fiscal year, only 16,936 ORNANE 2019 bonds and 240 ORNANE 2021 bonds remained outstanding. The Group exercised its right to amortise the convertible bonds early, under the terms and conditions set forth in their respective issue contracts, effective as at 12 February 2018.

Note 4.4.2 Other borrowings

Other borrowings are initially recognised at their fair value and then at amortised cost. Issuance costs are recognised as a deduction against the initial fair value of the loan. Financial expenses are then calculated on the basis of the loan's effective interest rate (i.e. the actuarial rate taking issuance costs into account).

By refinancing its entire debt on favourable terms at the end of December 2017, the Group rescheduled its repayments over seven years, including a two-year grace period. It was also an opportunity to align the functional currency of the financial holdings with that of the operational entities and denominate them in US dollars, thereby reducing future exposure to exchange rate fluctuations.

Shareholder loan

In December 2017, as part of its refinancing, the Group set up a shareholder loan with PIEP for an initial amount of US$100 million, with a second tranche of US$100 million that can be drawn down at Maurel & Prom's discretion.

The terms of this new facility are as follows:

Initial amount:	US$100 million
Additional amount:	US$100 million that can be drawn down at will
Maturity:	December 2024
First repayment:	December 2020
Repayment:	17 quarterly instalments
Borrowing rate:	LIBOR + 1.60%.

US$600-million term loan

The Group took out a US$600-million term loan with a group of nine international banks on 21 December 2017.

The terms of this loan are as follows:

Initial amount:	US$600 million
Maturity:	December 2023
First repayment:	March 2020
Repayment:	16 quarterly instalments
Borrowing rate:	LIBOR + 1.50%.

At the end of June 2018, the Group took out interest-rate derivatives to limit the cost of debt in the event of a rise in interest rates.

The nominal value of Financial Instruments amount to US$250 million, with maturity date in between July 2020 and July 2022, on LIBOR 3 months.

The hedge was qualified as a "cash flow hedge" under IFRS 9. Only the intrinsic value was designated as a hedging instrument. The time value was treated as a hedging cost and recognised as OCI then amortised in the income statement in accordance with the straight-line method. The fair value of these derivatives is recognised on the balance sheet under "Non-current derivative financial assets".

In US$ thousands	31/12/2017	OCI	31/12/2018
Financial instruments	**0**	**1,615**	**1,615**

Note 5 : Financial risk & fair value

Note 5.1: Risks of fluctuations in hydrocarbon prices

Historically, oil and gas prices have always been highly volatile and can be impacted by a wide variety of factors, such as the demand for hydrocarbons directly related to the general economy, production capacities and levels, government energy policies and speculative practices. The oil and gas industry's economy and especially its profitability are very sensitive to fluctuations in the price of hydrocarbons expressed in US dollars.
The Group's cash flows and future results are therefore strongly influenced by changes in the price of hydrocarbons expressed in US dollars. No hedging on the price of hydrocarbons took place in 2018.

For the full year, the average price of Brent increased by 30% to US$68.8/bbl versus US$53/bbl in 2017.
A decrease of 10% in the price of oil from the average price in 2018 would have impacted sales and EBITDA by – US$ 39 million.

Note 5.2: Foreign exchange risk

Given that its activity is to a large extent international, the Group is theoretically exposed to various types of foreign exchange risk:

- changes in foreign exchange rates affect the transactions recognised as operating income (sales flow, cost of sales, etc.);
- the revaluation at the closing rate of debts and receivables in foreign currencies generates a financial exchange risk;
- there is also a foreign exchange risk linked to the conversion into US dollars of the accounts of Group entities whose functional currency is the euro. The resulting exchange gain/loss is recorded in other comprehensive income.

In practice, this exposure is currently limited, since sales, most operating expenses, most investments and the Group's borrowings are denominated in US dollars.

The Group's reporting and operating currencies are both US dollars.

The impact on consolidated income and on shareholders' equity as at 31 December 2018 of a 10% rise or fall in the €/US$ exchange rate is shown below:

In US$ thousands	Impact on pre-tax income		Impact on exchange gain/loss (equity)	
	10% rise in €/US$ exchange rate	10% decline in €/US$ exchange rate	10% rise in €/US$ exchange rate	10% decline in €/US$ exchange rate
EUR equivalent	(7,233)	7,233	(5,179)	5,179
Other currencies				
Total	**(7,233)**	**7,233**	**(5,179)**	**5,179**

The average annual €/US$ exchange rate was relatively stable at US$1.13 for €1 in 2017 versus US$1.18 for €1 in 2018. The €/US$ exchange rate as at 31 December 2018 was 1.15 versus 1.20 at 31 December 2017.

Against this backdrop, the Group booked a foreign exchange loss of US$2.5 million to financial income in 2018 – substantially less than the foreign exchange loss of US$32.7 million in 2017.

The Group holds liquid assets primarily in US dollars to finance its projected investment expenses in that currency. There were no ongoing foreign exchange transactions as at 31 December 2018.

The Group's consolidated foreign exchange position as at 31 December 2018 (i.e. positions on the currencies in which transactions were conducted) was US$72 million and can be analysed as follows:

In US$ thousands	Assets and liabilities	Commitments in foreign currency	Net position before hedging	Hedging instruments	Net position after hedging
Trade receivables and payables	91,151		91,151		91,151
Other creditors and sundry liabilities	(18,818)		(18,818)		(18,818)
Equivalent EUR exposure	**72,332**	**0**	**72,332**	**0**	**72,332**

Note 5.3: Liquidity risk

Due to the nature of its industrial and commercial activity, the Group is exposed to liquidity shortage risks or risks that its financing strategy proves to be inadequate. These risks are increased by oil price levels, which could affect the Group's ability to obtain refinancing if they were to remain low over the long term. A report on the sources of financing available as at 31 December 2018 appears in Note 4.4: Borrowings.

The Group's liquidity is detailed in the consolidated statements of cash flow drawn up weekly and sent to executive management.
Seven-day, monthly, quarterly and year-end forecasts are also prepared at the same time.
The earnings are compared to forecasts using those statements, which, in addition to liquidity, make it possible to assess the foreign exchange position.

As at 31 December 2018, the Group had cash and cash equivalents amounting to US$280 million.
To the Company's knowledge, there are no limitations or restrictions on the raising of cash from the Group's subsidiaries.

The table below shows the breakdown of financial liabilities by contractual maturity:

In US$ thousands	2019	2020	2021	2022	2023	>5 years	Total contractual flow	Total balance sheet value
Shareholder loan	3,966	9,852	26,881	25,947	25,014	24,084	115,744	100,000
Term loan (US$600m)	24,694	172,376	166,511	160,714	154,867		679,162	595,353
Current bank loans	113						113	113
Lease financing debt	341	341	341	341	341	4,032	5,737	2,272
TOTAL	**29,115**	**182,568**	**193,732**	**187,002**	**180,223**	**28,115**	**800,755**	**697,739**

The Company has specifically reviewed its liquidity risk and its future maturities.
As at 31 December 2018, the Company was in compliance with all ratios set out in the Term Loan. As at the date of this Annual Report, the Group believes that it is in a position to meet its contractual maturities.

For information, as at 31 December 2017, the non-discounted contractual flows (principal and interest) on the outstanding financial liabilities, by maturity date, were as follows:

In US$ thousands	2018	2019	2020	2021	2022	>5 years	Total contractual flow	Total balance sheet value
Shareholder loan	3,148	3,140	9,031	26,206	25,468	48,721	115,714	100,095
2019 ORNANE bonds	3						3	3
2021 ORNANE bonds	345						345	345
Other	18,939	18,887	167,118	162,357	157,648	152,938	677,888	592,077
Current bank loans	784						784	784
Lease financing debt	412	341	341	341	341	3,646	5,423	2,638
TOTAL	**23,631**	**22,368**	**176,490**	**188,905**	**183,457**	**205,306**	**800,157**	**695,942**

Note 5.4: Interest rate risk

Like any company that uses external lines of credit and invests its excess cash, the Group is exposed to an interest rate risk.
The Group's consolidated gross debt as at 31 December 2018 amounted to US$698 million. It mainly consisted of two floating-rate loans.
In order to reduce the interest rate risk, the Group has subscribed financial instruments, pursuant note 4.4.2
As at 31 December 2018, the interest rate risk can be assessed as follows:

In US$ thousands	31/12/2018	31/12/2017
2019 ORNANE bonds		3
2021 ORNANE bonds		346
Fixed rate	0	348
Term loan (US$600m)	595,353	592,077
Shareholder loan	100,000	100,095
Lease financing debt	2,272	2,638
Current bank loans and other	113	784
Floating rate	697,739	695,594
Borrowings	**697,739**	**695,942**

A 1-point rise in interest rates would result in an additional interest expense of US$4 million per year on the income statement.

A significant portion of cash is held in floating rate demand deposits. A 1-point rise in interest rates would result in a US$2 million increase in net income.

Note 5.5: Counterparty risk

The Group is exposed to a credit risk due to loans and receivables that it grants to third parties as part of its operating activities, short-term deposits that it holds at banks, and, if applicable, derivative instrument assets that it holds.

In US$ thousands	31/12/2018		31/12/2017 (*), translated	
	Balance sheet total	Maximum exposure	Balance sheet total	Maximum exposure
Non-current financial assets	7,835	7,835	7,884	7,884
Other non-current assets	44,675	44,675	46,568	46,568
Trade receivables and related accounts	95,188	95,188	59,111	59,111
Current financial assets	53,511	53,511	80,479	80,479
Other current assets	39,114	39,114	43,160	43,160
Cash and cash equivalents	279,871	279,871	260,138	260,138
Total	**520,194**	**520,194**	**497,339**	**497,339**

Maximum exposure corresponds to the balance sheet outstanding net of provisions. The Group believes that it does not incur any significant counterparty risk, as its production is mainly sold to a leading oil group: Total Gabon. Guarantees are in place to cover outstanding amounts on gas sales in Tanzania. Other financial or non-financial current assets do not present any significant credit risk.

Note 5.6: Country risk

A significant proportion of the Group's production and reserves is located in countries outside the OECD area, some of which may be affected by political, social and economic instability. In recent years, some of these countries have experienced one or more of the following situations: economic and political instability, conflicts, social unrest, terrorist group actions, and the imposition of international economic sanctions. The occurrence and extent of incidents related to economic, social and political instability are unpredictable but it is possible that such incidents may have a material adverse impact on the Group's production, reserves and activities in the future.

In addition, the Group conducts exploration and production activities in countries whose government and regulatory framework may be unexpectedly modified and where the application of tax rules and contractual rights is unpredictable. In addition, the Group's exploration and production activities in these countries are often conducted in collaboration with national entities, where the State exercises significant control. Interventions by governments in these countries, which may be strengthened, may concern different areas, such as:

- allocation or refusal to grant exploration and production mining rights;
- imposition of specific drilling requirements;
- control over prices and/or production quotas as well as export quotas;
- higher taxes and royalties, including those related to retroactive claims, regulatory changes and tax adjustments;
- renegotiation of contracts;
- late payments;
- currency restrictions or currency devaluation.

If a host State intervenes in one of these areas, the Group could be exposed to significant costs or see its production or the value of its assets decline, which could have a significant adverse effect on the Group's financial position.

At the reporting date, no material restrictions that would limit the Group's ability to access or use its assets and settle its liabilities were recorded with regard to its activities in geographic regions that have been experiencing political or regulatory instability, or with regard to financing agreements of Group entities/projects (subsidiaries, joint ventures or associates). Country risk was taken into consideration in the impairment tests of fixed assets by applying a risk factor per country to the discount rate.

At the end of January 2019, the Office of Foreign Assets Control of the United States Department of the Treasury announced that the Venezuelan state oil company Petróleos de Venezuela, S.A. ("PDVSA") was considered a "specially designated national" within the meaning of US regulations and therefore subject to international sanctions. With regard to our activities in Venezuela, the Group is taking the necessary steps to avoid falling within the scope of the US sanctions related to Venezuela and thus towards PDVSA. It should be noted that cash flows relating to the Group's business in Venezuela are denominated in euros and reported in the consolidated financial statements in US dollars.

Note 5.7: Fair value

Fair value positions according to the hierarchy set out in IFRS 13 are established based on the same assumptions as those presented for the consolidated financial statements as at 31 December 2017.
The application of IFRS 9 led to a review of the reporting of financial asset and liability categories, and these are now reported as follows (no major changes versus the reporting under IAS 39):

			31/12/2018		31/12/2017 (*), Adjusted	
In US$ thousands			**Balance sheet total**	**Fair value**	**Balance sheet total**	**Fair value**
Non-current financial assets	Amortised cost	Level 2	7,835	7,835	7,884	7,884
Trade receivables and related accounts	Amortised cost	Level 2	95,188	95,188	59,111	59,111
Other current financial assets	Amortised cost	Level 2	53,511	53,511	80,479	80,479
Derivative financial instruments	Fair value	Level 1	1,615	1,615	0	0
Cash and cash equivalents			279,871	279,871	260,138	260,138
Total assets			**438,019**	**438,019**	**407,611**	**407,611**
Other borrowings and financial debt	Amortised cost	Level 2	597,739	597,739	595,499	595,499
Bonds	Amortised cost	Level 2	0	0	348	348
Trade payables	Amortised cost	Level 2	59,852	59,852	56,784	56,784
Other creditors and sundry liabilities	Amortised cost	Level 2	147,829	147,829	115,031	115,031
Total liabilities			**805,419**	**805,419**	**767,662**	**767,662**

The net book value of financial assets and liabilities at the amortised cost is considered to correspond to a reasonable approximation of their fair value given their nature.
The net book value of the Group's cash corresponds to its fair value given that it is considered to be liquid.
The fair value of derivative financial instruments is based on the instrument's market value at period-end, as explained in Note 4.4.2 "Other borrowings".

Note 6 : Other information

Note 6.1: Income taxes

The tax expense on the income statement includes the current tax expense or income and the deferred tax expense or income.
Deferred taxes are recorded based on the temporary differences between the book values of assets and liabilities and their tax bases. Deferred taxes are not discounted. Deferred tax assets and liabilities are measured based on the tax rates adopted or to be adopted on the closing date.
Deferred tax assets, resulting primarily from losses carried forward or temporary differences, are not taken into account unless their recovery is considered likely. To ascertain the Group's ability to recover these assets, factors taken into account include the following:

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

With the exception of the companies holding the Mnazi Bay permit, for which the possibility of recovery of deferred tax assets has been demonstrated, the other deferred tax assets relating to losses carried forward are not recognised in excess of deferred tax liabilities in the absence of sufficient probability of future taxable profits on which the carried forward losses could be offset. From a structural perspective, this is notably the case for Etablissements Maurel & Prom S.A. (parent company).
The corporate income tax expense payable mainly corresponds to the recognition of the income tax paid in kind through profit oil to the State on the Ezanga permit in Gabon.
Deferred tax income primarily results from the depreciation of the temporary difference between recoverable costs from a tax perspective and the recognition of fixed assets in the consolidated financial statements for the Ezanga and Mnazi Bay permits.

Note 6.1.1 Reconciliation between the balance sheet total, tax liability and tax paid

In US$ thousands	Deferred tax	Current tax	Total
Assets at 31/12/2017 (*) Adjusted	**32,497**	**534**	**33,031**
Liabilities at 31/12/2017 (*) Adjusted	**(370,286)**	**(6,107)**	**(376,393)**
Net value at 31/12/2017 (*) Adjusted	**(337,789)**	**(5,573)**	**(343,363)**
Tax expense	(28,709)	(39,642)	(68,352)
Payments		40,719	40,719
Currency translation adjustments	(8)	(2)	(10)
Assets at 31/12/2018	**23,741**	**473**	**24,214**
Liabilities at 31/12/2018	**(390,247)**	**(4,971)**	**(395,218)**
Net value at 31/12/2018	**(366,506)**	**(4,498)**	**(371,004)**

Note 6.1.2 Breakdown of deferred taxes

In US$ thousands	31/12/2018	31/12/2017 Adjusted
Valuation difference of property, plant and equipment	23,741	32,497
Deferred tax assets	**23,741**	**32,497**
Valuation difference of property, plant and equipment	390,247	370,286
Deferred tax liabilities	**390,247**	**370,286**
Net deferred tax	**366,506**	**337,789**

Note 6.1.3 Reconciliation between the tax expense and income before tax

In US$ thousands	31/12/2018	31/12/2017 Adjusted
Income before tax from continuing operations	130,017	39,306
- Net income from equity associates	30,585	56,335
Income before tax excluding equity associates	**99,432**	**(17,029)**
Distortion taxable base Gabon	(123,017)	(18,763)
Distortion taxable base other income and expenses calculated under IFRS	(2,407)	
Distortion taxable base Tanzania	(1,143)	(3,913)
Taxable income (I)	**(27,135)**	**(39,705)**
(a) Theoretical tax income (I*33.33%)	**9,044**	**13,234**
(b) Tax recognised in income	**(68,352)**	**(31,392)**
Difference (b-a)	**(77,396)**	**(44,627)**
- Tax difference on recoverable costs and Gabon tax rate	(20,250)	718
- Tax difference on recoverable costs and Tanzania tax rate	(3,797)	(2,600)
- Profit oil tax/Notional sales	(31,065)	(30,812)
- Non-activated deficits and other	(22,284)	(11,933)

Note 6.2: Earnings per share

Two earnings per share are presented: the basic net earnings per share and the diluted earnings per share. In accordance with IAS 33, diluted earnings per share is equal to the net income attributable to holders of ordinary shares arising from the parent company divided by the weighted average number of ordinary shares outstanding during the period, after adjusting the numerator and denominator for the impact of any potentially dilutive ordinary shares. Potential ordinary shares are treated as dilutive if, and only if, their conversion to ordinary shares has the effect of reducing earnings per share from the ordinary activities undertaken. Treasury shares are not taken into account in the calculation.

	31/12/2018	31/12/2017 (*) Adjusted
Net income (Group share) for the period in US$ thousands	**58,066**	**6,422**
Share capital	200,713,522	195,340,313
Treasury shares	3,521,082	4,312,391
Average number of shares outstanding	**192,040,048**	**191,027,922**
Number of diluted shares	**192,101,692**	**192,162,922**
Earnings per share (US$)		
Basic	0.30	0.03
Diluted	0.30	0.03

Note 6.3: Shareholders’ equity

Treasury shares are recognised as a reduction of shareholders’ equity evaluated at acquisition cost. Subsequent changes in fair value are not taken into account. Similarly, proceeds from the disposal of treasury shares do not affect net income for the fiscal year.

Bonus shares allocated by Maurel & Prom to its employees are recognised under personnel expenses once granted and are spread over the vesting period; the method by which they are spread depends on the respective vesting conditions of each plan. The fair value of bonus shares is determined in line with the share price on the allocation date (minus discounted future dividends).

Following the approval by the General Shareholders’ Meeting of 20 June 2018, the Board of Directors is authorised to repurchase up to 10% of the Company’s existing share capital at a maximum unit price of €10.
Over the same period, 2,242,865 shares were bought and 2,139,174 shares were sold under the liquidity agreement.
As at 31 December 2018, the Company held 3,521,081 treasury shares (1.75% of share capital for a gross value of €42 million at the end of 2018), including 195,547 shares under the liquidity agreement.
As at 31 December 2018, according to the table of capital transfers below, there were 200,713,522 Company shares, and the share capital was €154,549,411.94.

	Number of shares	Treasury shares
As at 31/12/2016	**195,340,313**	**5,448,245**
- Variance of treasury shares		-1,135,854
As at 31/12/2017	**195,340,313**	**4,312,391**
- Variance of treasury shares		-791,310
- Capital increase	5,373,209	
As at 31/12/2018	**200,713,522**	**3,521,081**

The bonus share allocations are as follows:

Date of allocation decision	Vesting date	Number of shares
31/03/2017	31/03/2018 (*)	895,000
24/04/2017	24/04/2020 (**)	180,000
03/08/2018	03/08/2019 (*)	157,700
03/08/2018	03/08/2020 (*)	157,700
03/08/2018	03/08/2021 (*)	157,700

(*) The minimum lock-in period for the shares held by beneficiaries is set at one year from the vesting date. 2018 Bonus Shares scheme are subject to performance realisation.
(**) There is no minimum lock-in period for this plan.

Note 6.4: Related parties

In US$ thousands	Income	Expenses	Amount due from related parties (net)	Amount payable to related parties
1) Equity associates				
Maurel & Prom Colombia BV			2,756	
2) Other related parties				
PIEP		(3,793)		100,000

Note 6.5: Off-balance-sheet commitments – Contingent assets and liabilities

Note 6.5.1 Work commitments

Oil-related work commitments are valued based on the budgets approved with partners. They are revised on numerous occasions during the fiscal year depending on aspects such as the results of oil work carried out.
Unconditional commitments made to governments for 2019 as part of permit applications are limited to two mandatory wells in Gabon on the Kari and Nyanga-Mayombé permits. No information has been provided relating to equity associates.

Note 6.5.2 Lease commitments: IFRS 16 transition estimate

The Group has decided to apply IFRS 16 as of 1st of January, 2019, with retrospective simplified method, including below exemptions:

- Short term contract (less than 12 months)
- Small value contract
- Contract not preliminary identified by the Group, as leasing, according to IAS 17 and IFRIC 4.

The Group has analysed its commitments that could potentially meet Lease commitment definition. Very few contracts has then been identified. Consequently, the first time adoption impact of IFRS 16 on the Group Financial Gross Debt should be less than US$30 million.

Note 6.5.3 US$600-million term loan

Maurel & Prom West Africa S.A., sole and whole owner of Maurel & Prom Gabon, took out a US$600-million term loan on 10 December 2017. This loan is guaranteed by the parent company Etablissements Maurel & Prom. The borrower also benefits from the financial support of the Group’s main shareholder, PT Pertamina Internasional Eksplorasi Dan Produksi (PIEP), should it fail to meet its payment obligations in respect of this loan. No Group assets have been pledged as collateral. However, restrictions on the use of certain bank accounts registered in the name of Maurel & Prom Gabon and Maurel & Prom West Africa were specified in the event of default on this new loan (except in certain cases).
Furthermore, under the terms of the loan, the Group has undertaken to meet certain financial ratios at 30 June and 31 December of each year:

- ratio for the Group’s consolidated net debt to EBITDAX (earnings before interest, taxes, depreciation, amortisation and impairment net of the impact of foreign exchange gains and losses and exploration costs) not to exceed 4.00:1.00, calculated over a 12-month period prior to the reference date;
- the Group’s debt service cover ratio (DSCR) calculated over the six months preceding the reference date, to be higher than 3.50:1.00; and
- Group tangible net worth to exceed US$500 million at each reference date.

The Group was in compliance with these covenants as at 31 December 2018.

The Group is also committed to maintaining a minimum consolidated amount of US$100 million cash in its bank accounts, failing which it would be forced to draw on the unused portion of the PIEP shareholder loan described above.

Etablissements Maurel & Prom has agreed that the total dividend paid out per calendar year for a period of 36 months after drawdown will not exceed US$10 million, while guaranteeing that minimum working capital requirements agreed by the parties will be respected.

Note 6.5.4 Subordination agreements with PIEP

Under the term loan of December 2017, the Group signed a subordination agreement pursuant to which some liabilities towards PIEP are subordinate to the repayment of the bank term loan.

Note 6.5.5 Financial support agreement with PIEP

As part of the term loan of December 2017, the Group signed a Sponsor Support Agreement with PIEP and the credit agent whereby PIEP promises to make the necessary funds available to the Group in the event of default on the new loan.

Note 6.5.6 Commitments in Gabon

Under the terms of the purchase agreement and subsequent amendments thereto entered into with the Gabonese government and Rockover in February 2005, Maurel & Prom is obliged to pay the Masasa Trust:

- 1.4% of production valued at the official sale price, paid monthly;
- US$0.65 for every barrel produced from the date that total production in all licensed zones exceeds 80 MMbbl; and
- 5% on production from the sole Banio field, valued at the official sale price, when total production from this field exceeds 3.865 million barrels;
- 2% of total available production, valued at the official sale price, up to 30 MMbbl and 1.5% above this limit, based on production from operating permits with the Nyanga-Mayombé exploration permit. This commitment is recognised in expenses commensurate with production, knowing that production in the Banio field (the only Nyanga-Mayombé exploration permit to date) is currently suspended indefinitely.

Note 6.5.7 Angola

The Group is in the process of finalising the acquisition of the 20% stake held by AJOCO. The total amount of the transaction will be US$80 million, which will be funded on the Group's existing cash resources and by offsetting amounts owed by AJOCO to the operator, Sonangol EP. The transaction also provides for an additional payment of up to US$25 million subject to oil price performance and resource development.

Note 6.6: Group workforce

As at 31 December 2018, the Group had 660 employees.

Note 6.7: Executive compensation

Principal Officers include the management team composed of the Chairman, the Chief Executive Officer and the Chief Operating Officer and members of the Board of Directors.

In US$ thousands	31/12/2018	31/12/2017 (*)
Short-term benefits	1,691	1,812
Share-based payment	331	1,090
Total	2,022	**2,902**

Note 6.8: Auditors' fees

Fees paid to statutory auditors (including members of their networks) are analysed below:

In US$ thousands	KPMG Amount	%	IAC Amount	%	KPMG Amount	%	IAC Amount	%
	2018				2017			
* Statutory audit, certification, examination of individual and consolidated financial statements:								
- Issuer	748	79%	431	78%	697	83%	418	84%
- Fully consolidated subsidiaries	37	4%	119	21%	44	5%	80	16%
* Other work and services directly related to the audit assignment:								
- Issuer	158	17%	5	1%	82	10%		
- Fully consolidated subsidiaries					11	1%		
TOTAL	**943**	**100%**	**555**	**100%**	**835**	**100%**	**497**	**100%**

Note 6.9: Events after the reporting period

To the best of Maurel & Prom's knowledge, there are no other post-balance sheet events likely to adversely affect the Company's financial position, assets and liabilities, net income or activities.

Note 6.10: Change in Presentation

To facilitate comparison with the sector peers, the Group has changed the reporting of operating expenses. This change consisted in grouping purchases, personnel expenses and taxes under the financial caption “operating expenses”.

To ease the Group's financial information reading and better reflect the results of its activities, which are primarily in US dollars, the Group changed the reporting currency of its financial statements from the euro to the dollar in fiscal year 2018, as permitted by IAS 21. Following this change in accounting method under IAS 8, the comparative financial statements are presented in US Dollar.

At the end of 2017, following the refinancing, the Group changed the holding companies’ functional currency from the euro to the US Dollar to align most of the Group’s functional currencies to the US Dollar.

The Group then changed the reporting currency of its financial statements from the euro to the US dollar for fiscal year 2018 to make the Group's financial information easier to read and better reflect the results of its activities, which are primarily in US dollars.

The change in reporting currency in the consolidated financial statements following the change in functional currency of the holding companies complies with IFRS insofar as IAS 21 allows the Group to choose its reporting currency.
This change was applied retrospectively, in accordance with IAS 8.
In accordance with IAS 1, currency translation adjustments were reset to zero at 1 January 2004, the date of transition to IFRS. The cumulative translation adjustments from consolidation are presented as if the Group had used the US dollar as the reporting currency for its consolidated financial statements since that date.

The translation reserve as at 31 December 2018 corresponds mainly to the translation of the parent company’s equity items, denominated in euros and translated at the historic rate.

In the context of a significant change in reporting, below are the last three years of financial position and comprehensive income, in accordance with IAS 40.

Extract of financial position in USD

ASSETS (in US$ thousands)	31/12/2018	31/12/2017	31/12/2016
Intangible assets (net)	199,920	162,636	194,978
Property, plant and equipment (net)	1,451,162	1,470,890	1,534,032
Non-current financial assets (net)	7,835	7,884	81,039
Other non-current assets (net)	44,675	46,568	40,803
Equity associates	253,629	150,589	94,697
Deferred tax assets	23,741	32,497	35,097
NON-CURRENT ASSETS	**1,980,962**	**1,871,063**	**1,980,644**
Inventories (net)	14,104	7,796	9,678
Trade receivables and related accounts (net)	95,188	59,111	32,315
Other current financial assets	53,511	80,479	112,386
Other current assets	39,114	43,160	32,989
Current tax receivables	473	534	1,333
Current financial instruments	1,615		
Cash and cash equivalents	279,871	260,138	203,230
CURRENT ASSETS	**483,875**	**451,218**	**391,930**
TOTAL ASSETS	**2,464,837**	**2,322,281**	**2,372,575**

LIABILITIES (in US$ thousands)	31/12/2018	31/12/2017	31/12/2016
Share capital	193,345	188,554	188,554
Additional paid-in capital	44,836	32,010	90,636
Consolidated reserves	853,124	842,768	856,948
Treasury shares	(41,453)	(55,330)	(71,839)
Net income, Group share	58,066	6,422	(56,418)
EQUITY, GROUP SHARE	**1,107,918**	**1,014,424**	**1,007,881**
Non-controlling interests	2,425	(1,351)	(1,804)
TOTAL EQUITY	**1,110,343**	**1,013,073**	**1,006,077**
Non-current provisions	38,019	49,245	47,514
Shareholder loans	100,000	100,000	
Other non-current borrowings and financial debt	595,692	593,612	664,939
Non-current derivative financial liabilities	0	0	6,088
Deferred tax liabilities	390,247	370,286	371,004
NON-CURRENT LIABILITIES	**1,123,958**	**1,113,143**	**1,089,545**
Other current borrowings and financial debt	2,047	2,330	105,453
Trade payables and related accounts	59,852	56,784	52,788
Current tax liabilities	4,971	6,107	6,699
Other current liabilities	142,829	115,031	96,606
Current provisions	15,838	15,813	15,407
CURRENT LIABILITIES	**230,536**	**196,065**	**276,952**
TOTAL EQUITY AND LIABILITIES	**2,464,837**	**2,322,281**	**2,372,575**

Extract of comprehensive income in USD

In US$ thousands	**31/12/2018**	**31/12/2017**	**31/12/2016**
Sales	440,179	400,629	351,046
Other income from operations	2,689	85	653
Change in overlift/underlift position	(13,217)	0	
Purchases and operating expenses	*(73,674)*	*(102,547)*	*(101,445)*
Taxes	*(44,239)*	*(56,216)*	*(44,724)*
Personnel expenses	*(66,732)*	*(52,831)*	*(49,785)*
Expenses from operations	(184,645)	(211,593)	(195,954)
EBITDA	**245,006**	**189,121**	**155,746**
Depreciation and provisions related to production activities net of reversals	(104,970)	(111,182)	(130,421)
Depreciation and provisions related to drilling activities net of reversals	(904)	852	(4,448)
Current operating income	**139,131**	**78,791**	**20,877**
Impairment of drilling assets	(9,146)	(6,916)	0
Expenses and impairment of exploration assets net of reversals	(1,158)	5,539	(8,385)
Other non-current income and expenses	(2,972)	(12,514)	7,179
Income from asset disposals	215	(64)	(413)
Operating income	**126,071**	**64,836**	**19,258**
Cost of gross debt	*(28,924)*	*(57,192)*	*(39,486)*
Income from cash	*5,156*	*1,473*	*1,427*
Income and expenses related to interest-rate derivative financial instruments	*(111)*	*6,820*	*2,561*
Cost of net debt	(23,879)	(48,899)	(35,498)
Net foreign exchange adjustment	(2,527)	(32,658)	4,410
Other financial income and expenses	(233)	(1,553)	(2,373)
Financial income	**(26,639)**	**(83,111)**	**(33,461)**
Income before tax	99,432	(18,274)	(14,204)
Income tax	(68,352)	(31,198)	(11,539)
Net income from consolidated companies	**31,080**	**(49,472)**	**(25,743)**
Income from equity associates	30,585	56,281	(30,581)
Consolidated net income	**61,665**	**6,809**	**(56,324)**
o/w: - Net income, Group share	58,066	6,422	(56,418)
- Non-controlling interests	3,599	385	94

To facilitate the transition, the main aggregates of the financial statements are shown below as if they had been presented in euros:

Extract of financial position in EUR

ASSETS (in € thousands)	31/12/2018	31/12/2017	31/12/2016
Intangible assets (net)	174,592	135,720	179,607
Property, plant and equipment (net)	1,267,391	1,226,457	1,455,236
Other non-current financial assets (net)	6,841	6,572	76,879
Other non-current assets (net)	39,018	38,829	38,708
Equity associates	221,275	125,564	89,837
Deferred tax assets	20,734	27,096	33,295
NON-CURRENT ASSETS	**1,729,850**	**1,560,239**	**1,873,563**
Inventories (net)	12,318	6,501	9,181
Trade receivables and related accounts (net)	83,133	49,288	30,657
Other current financial assets	46,726	67,019	112,046
Other current assets	34,160	35,988	31,296
Current tax receivables	413	445	1,264
Current financial instruments	1,410	0	0
Cash and cash equivalents	244,429	216,908	192,799
CURRENT ASSETS	**422,590**	**376,148**	**377,243**
TOTAL ASSETS	**2,152,440**	**1,936,387**	**2,250,806**

LIABILITIES (in € thousands)	31/12/2018	31/12/2017	31/12/2016
EQUITY, GROUP SHARE	967,385	845,722	955,105
Non-controlling interests	2,118	(979)	(662)
TOTAL EQUITY	**969,503**	**844,743**	**954,443**
Non-current provisions	33,205	41,062	45,076
Shareholder loans	87,336	83,382	0
Other non-current borrowings and financial debt	520,255	494,965	630,812
Non-current derivative financial liabilities	0	0	5,776
Deferred tax liabilities	340,827	308,752	351,963
NON-CURRENT ASSETS	**981,623**	**928,160**	**1,033,626**
Current borrowings and financial debt	1,788	1,943	100,040
Trade payables and related accounts	52,272	47,347	50,078
Current tax liabilities	4,341	5,092	6,355
Other current liabilities	129,081	95,915	91,648
Current provisions	13,832	13,185	14,616
CURRENT LIABILITIES	**201,314**	**163,483**	**262,738**
TOTAL EQUITY AND LIABILITIES	**2,152,440**	**1,936,387**	**2,250,806**

Extract of comprehensive income in EUR

NET INCOME (€ thousands)	31/12/2018	31/12/2017	31/12/2016
Sales	372,718	354,759	317,227
Other operating income and expenses	(165,243)	(186,565)	(176,486)
EBITDA	**207,432**	**168,194**	**140,741**
Income from operations	106,725	58,475	17,402
Financial income	(22,586)	(73,553)	(30,238)
Income tax	(57,876)	(27,798)	(10,428)
Income from equity associates	25,896	49,837	(27,635)
Consolidated net income	**52,159**	**6,960**	**(50,897)**