MAUREL & PROM

HALF-YEAR REPORT

30 June 2019

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2 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

As the Chief Executive Officer of Etablissements Maurel & Prom (hereinafter "**Maurel & Prom**" or the "**Company**"), reporting to the Chairman, Aussie B. Gautama, Michel Hochard is in charge of financial information and particularly the half-year financial report.

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Certification

"I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the half-year ended have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of operations of the Company and its consolidated entities, and that the half-year management report on pages 4 to 32 provides a true and fair view of significant events for the first six months of the fiscal year, their impact on the financial statements, the main transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year."

The Chief Executive Officer

Michel Hochard
Paris, 1 August 2019

3 GROUP BUSINESS ACTIVITIES IN THE FIRST HALF OF 2019

3.1 Production activities

	Units	Q1 2019	Q2 2019	H1 2019	H1 2018	*H1 2019 vs H1 2018 change*
Production 100% operated by Maurel & Prom						
Oil	*bopd*	24,666	25,395	25,033	21,561	*16%*
Gas	*MMcfpd*	73.7	58.7	66.2	79.3	*-17%*
TOTAL	***boepd***	**36,950**	**35,812**	**36,061**	**34,780**	*4%*
Maurel & Prom working interest production						
Oil	*bopd*	19,733	20,316	20,026	17,249	*16%*
Gas	*MMcfpd*	35.4	28.2	31.8	38.1	*-17%*
TOTAL	***boepd***	**25,636**	**25,020**	**25,326**	**23,602**	*7%*

In first-half 2019, operated oil production in Gabon stood at 25,033 bopd (20,026 bopd for M&P working interest), up 16% compared to the previous year. Production increased during the first half, climbing from 25,003 bopd in January to 26,729 bopd in June, and was not limited by the evacuation issues faced in 2018. This increase reflects progress achieved in the management of oil evacuation, as well as the consolidation of the field’s potential production through development drilling and the continuation of the water injection programme. Moreover, the development drilling campaign launched in 2018 continued during the first half of 2019. This campaign will consolidate potential production and offset the impact of the field's natural depletion.

In Tanzania, average operated production was around 66.2 MMcfpd at 100%, corresponding to 31.8 MMcfpd for M&P’s working interest (48.06%), a 17% decrease compared to the first half of 2018. This decline was due to an early and very heavy rainy season in Eastern Africa this year, which led to a marked increase in hydropower generation capacity at the expense of gas demand.

3.2 Other activities

Elements related to other activities are significant events for the period and are included in Note 6.5.1.1.

3.3 Financial information

3.3.1 Sales

	Q1 2019	Q2 2019	H1 2019	H1 2018	*H1 2019 vs H1 2018 change*
Total production sold in the period (M&P working interest)					
millions of barrels of oil	*1.4*	*1.6*	*3.0*	*3.1*	*-2%*
millions of MBTU	*3.3*	*2.6*	*5.9*	*7.1*	*-17%*
Average sale price					
OIL, in US$/bbl	*63.9*	*72.5*	*68.4*	*69.2*	*-1%*
GAS, in US$/BTU	*3.26*	*3.28*	*3.27*	*3.17*	*3%*
SALES (in US$m)					
Hydrocarbon sales	**100**	**123**	**222**	**231**	*-4%*
Gabon	*91*	*115*	*206*	*213*	*-3%*
Tanzania	*9*	*7*	*16*	*18*	*-14%*
Drilling activities	**4**	**3**	**7**	**6**	*10%*
Consolidated sales (in US$m)	**103**	**126**	**229**	**237**	
Restatement of timing variances in lifting (in US$m)			-27	+14	
Revenue restated for timing variances in lifting (in US$m)			**256**	**223**	**+15%**

The Group's consolidated sales for the first half of 2019 stood at US$229 million, down 4% compared to the first half of 2018.
The increase in production in Gabon during the first half of 2019 (+16% from the first half of 2018) in a similar pricing environment (average sale price of oil US$68.4/bbl in H1 2019 compared to US$69.2/bbl in H1 2018 and US$68.2/bbl in H2 2018) was not reflected in sales due to a timing variance in lifting of 591 thousand barrels: 382 thousand barrels produced but not lifted over H1 2019, in addition to timing variances in lifting recorded in H1 2018, which had the reverse effect, as lifting exceeded production by 209 thousand barrels.
Excluding lifting effects, the Group's restated revenue was up 15% from H1 2018, at US$256 million, compared to US$223 million in the first half of 2018.
Sales generated in Tanzania in H1 2019 stood at US$16 million, compared to US$18 million in H1 2018.

3.3.2 Operating income

Increased production, in a stable price environment, led to a rise in EBITDA. Current operating income stood at US$66 million in H1 2019 compared to US$67 million in H1 2018, reflecting the increase in the depletion expense, which depends on the volumes produced. Group operating income amounted to US$56 million in H1 2019 versus US$64 million in H1 2018.
Non recurring items include a non-cash charge following the drilling incident in Gabon on 17 March 2019.

3.3.3 Financial expenses

Financial expenses for the first half of 2019 stood at US$17 million, which included in particular a net borrowing cost of US$14 million.

3.3.4 Income from equity associates

The Group's share of income from equity associates amounted to US$25.6 million, based mainly on the share of income from Seplat.
As at 30 June 2019 the Group did not recognise income from its stake in Petroregional del Lago, due to the local context.

3.3.5 Cash flow

The Group's cash position stood at US$361 million at 30 June 2019, a major increase from 31 December 2018 (US$280m).

In June 2019, the Group signed an agreement with the Gabon Oil Company (GOC), the Group's partner for the Ezanga permit, to end the GOC carry mechanism.
This agreement provides that the GOC will have priority access to 812 thousand barrels that will be sold to it in H2 2019, in consideration for a cash payment of US$45 million at end-June 2019 and an additional payment of US$7.5 million in H2 2019.
Moreover, an amount of US$43 million was paid by the GOC into an escrow account to settle the historical carrying offset receivable (amounts prior to 2018). This amount will be available for release in December 2019 and is therefore not included in M&P's cash position as at 30 June.

Cash flow from operating activities stood at US$173 million, including the US$45 million cash inflow explained above. These cash flows were used to fund operating investments of US$67 million, financial expenses and dividends, and to generate a cash surplus of US$81 million.

4 HYDROCARBON RESERVES

The Group's reserves correspond to the volumes of recoverable hydrocarbons currently in production plus those revealed by discovery and delineation wells that can be operated commercially.
At 31 December 2018, oil reserves were certified in Gabon by DeGolyer and MacNaughton and gas reserves were certified in Tanzania by RPS Energy. Seplat reserves correspond to 20.46% of M&P's share of the reserves reported in Seplat's 2018 annual report. They were certified by Ryder Scott.

	M&P net reserves		
	Oil MMbbl	**Gas Bcf**	**Oil equivalent MMboe (*)**
2P reserves of interests consolidated by M&P			
Gabon	151.1	–	151.1
Tanzania	–	231.6	38.6
Total consolidated	151.1	231.6	189.7
2P reserves of M&P equity associates			
Seplat	46.4	301.4	96.7
Total equity associates	46.4	301.4	96.7
Total consolidated and equity associates	**197.6**	**533.0**	**286.4**

Reserves relating to recent acquisitions in Angola and Venezuela are undergoing certification.
(*) 1 boe= 1 b of oil ≈ 6000 pc of gas

5 SHAREHOLDERS' EQUITY AND CORPORATE LIFE

5.1 General Shareholders' Meeting

The Combined General Meeting of Maurel & Prom shareholders on 13 June 2019, chaired by Aussie B. Gautama, approved the resolutions concerning the company financial statements and the consolidated financial statements for the fiscal year ended 31 December 2018.

5.2 Total number of voting rights and shares comprising the share capital

Pursuant to Article L. 233-8 II of the French Commercial Code and the French Financial Markets Authority (AMF) General Regulations, Maurel & Prom informs its shareholders that the total number of voting rights and shares comprising its share capital at 30 June 2019 was as follows:

Date	Number of shares comprising the capital	Number of voting rights
30 June 2019	200,713,522	Theoretical: 201,242,355 Exercisable: 196,558,078

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

5.3 Risks and uncertainties

The Group's results are sensitive to various market risks. The most significant concern hydrocarbon prices, risks inherent to host countries and the €/US$ exchange rate.

Due to the change in the functional currency from € to US$, the exposure of the Group's income to the €/US$ exchange rate is mainly related to the revaluation of the foreign currency positions of transactions in a currency other than the US$.
The Group's exposure is currently low, since sales, most operating expenses, most investments and the Group's borrowings are denominated in US dollars.

The risks linked to Maurel & Prom's activities are described in Chapter 2 of the Group's 2018 Annual Report.

6 GROUP'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6.1 Consolidated statement of financial position

ASSETS (in US$ thousands)	Note	30/06/2019	31/12/2018
Intangible assets (net)	3.2	198,824	199,920
Property, plant and equipment (net)	3.3	1,442,774	1,451,162
Non-current financial assets (net)	4.1	8,483	7,835
Other non-current assets (net)	3.5	44,134	44,675
Investments in equity associates	2.2	274,586	253,629
Deferred tax assets	5.1	19,607	23,741
NON-CURRENT ASSETS		**1,988,4093**	**1,980,962**
Inventories (net)		13,489	14,104
Trade receivables and related accounts (net)	3.4	62,380	95,188
Other current financial assets	4.1	68,406	53,511
Other current assets	3.5	41,184	39,114
Underlift position receivables	3.6	9,700	0
Current tax receivables	5.1	363	473
Current derivative financial assets	4.4	0	1,615
Cash and cash equivalents	4.2	361,190	279,871
CURRENT ASSETS		**556,712**	**483,875**
TOTAL ASSETS		**2,545,121**	**2,464,837**

EQUITY AND LIABILITIES (US$ thousands)		30/06/2019	31/12/2018
Share capital		193,345	193,345
Additional paid-in capital		44,836	44,836
Consolidated reserves		897,539	853,124
Treasury shares		(45,362)	(41,453)
Net income, Group share		32,982	58,066
EQUITY, GROUP SHARE		**1,123,340**	**1,107,918**
Non-controlling interests		2,630	2,425
TOTAL EQUITY		**1,125,970**	**1,110,343**
Non-current provisions	3.9	38,891	38,019
Shareholder loans	4.3	100,000	100,000
Other non-current borrowings and financial debt	4.3	528,425	595,692
Deferred tax liabilities	5.1	397,127	390,247
NON-CURRENT LIABILITIES		**1,064,444**	**1,123,958**
Shareholder loans	4.3	23	0
Other current borrowings and financial debt	4.3	77,209	2,047
Trade payables and related accounts	3.8	67,292	59,852
Current tax liabilities	5.1	5,262	4,971
Overlift position liability	3.6	0	13,252
Other current liabilities	3.7	187,310	134,577
Current derivative financial liabilities	4.4	3,950	0
Current provisions	3.9	13,660	15,838
CURRENT LIABILITIES		**354,706**	**230,536**
TOTAL LIABILITIES		**2,545,121**	**2,464,837**

(**) The Group initially applied IFRS 16 as from 1 January 2019, using a simplified retrospective approach. Under this approach, comparative data are not restated and the cumulative impact of the first-time application of IFRS 16 is recognised in retained earnings at the initial application date. See Note 6.5.5.3.

6.2 Consolidated statement of comprehensive income

6.2.1 Net income for the period

In US$ thousands	**Note**	**30/06/2019**	**30/06/2018**
Sales		228,826	237,416
Other income from operations		9,061	2,493
Change in overlift/underlift position		22,951	(17,882)
Other operating expenses		(123,363)	(101,984)
EBITDA	3.1	**137,476**	**120,043**
Depreciation and amortisation & provisions related to production activities net of reversals		(71,739)	(51,693)
Depreciation and amortisation & provisions related to drilling activities net of reversals		(206)	(897)
Current Operating Income		**65,531**	**67,452**
Provisions and impairment of drilling assets		0	
Expenses and impairment of exploration assets net of reversals		(4,666)	(2,401)
Other non-current income and expenses		14	(1,080)
Income from asset disposals		(5,059)	68
Operating income	3.1	**55,821**	**64,039**
Cost of gross debt		*(16,117)*	*(13,480)*
Income from cash		*1,987*	*2,597*
Income and expenses related to interest-rate derivative financial instruments		*(71)*	*(2)*
Net cost of financial debt		(14,201)	(10,885)
Net foreign exchange adjustment		(2,516)	1,157
Other financial income and expenses		(707)	(183)
Financial income	4.7	**(17,424)**	**(9,911)**
Income tax	5.1	(32,184)	(40,827)
Net income from consolidated companies		**6,213**	**13,302**
Share of income/loss of associates	2.2	26,974	10,914
Net consolidated income		**33,187**	**24,216**
Of which: - Net income, Group share		32,982	22,419
- Non-controlling interests		205	1,796

(*) Presented in EUR in the published financial statements as at 30 June 2018 and converted for presentation in USD for the half-year ended 30 June 2019, pursuant to note 6.5.5.4. The presentation of the income statement has also been amended, as explained in the same note.
(**) The Group initially applied IFRS 16 as from 1 January 2019, using a simplified retrospective approach. Under this approach, comparative data are not restated and the cumulative impact of the first-time application of IFRS 16 is recognised in retained earnings at the initial application date. See Note 6.5.5.3.

6.2.2 Comprehensive income for the period

In US$ thousands	Note	30/06/2019	30/06/2018(*)
Net income for the period		**33,187**	**24,216**
Foreign exchange adjustment for the financial statements of foreign entities		320	962
Change in fair value of investment hedging instruments		(5,564)	
Total comprehensive income for the period		**27,942**	**25,177**
- Group share		27,737	23,381
- Non-controlling interests		205	1,796

(*) Presented in EUR in the published financial statements as at 30 June 2018 and converted for presentation in USD for the half-year ended 30 June 2019, pursuant to note 6.5.5.4.
(**) The Group initially applied IFRS 16 as from 1 January 2019, using a simplified retrospective approach. Under this approach, comparative data are not restated and the cumulative impact of the first-time application of IFRS 16 is recognised in retained earnings at the initial application date. See Note 6.5.5.3.

6.2.3 Earnings per share

	30/06/2019	30/06/2018(*)
Net income attributable to Group equity holders for the period in US$ thousands	**32,982**	**22,419**
Share capital	200,713,522	195,340,313
Treasury shares	4,684,418	3,336,625
Average number of shares outstanding	**196,029,104**	**192,003,688**
Number of diluted shares	**196,209,104**	**192,183,688**
Earnings per share (US$)		
Basic	0.17	0.12
Diluted	0.17	0.12

(*) Presented in EUR in the published financial statements as at 30 June 2018 and converted for presentation in USD for the half-year ended 30 June 2019, pursuant to note 6.5.5.4.
(**) The Group initially applied IFRS 16 as from 1 January 2019, using a simplified retrospective approach. Under this approach, comparative data are not restated and the cumulative impact of the first-time application of IFRS 16 is recognised in retained earnings at the initial application date. See Note 6.5.5.3.

6.3 Changes in shareholders' equity

In US$ thousands	Capital	Treasury shares	Additional paid-in capital	Other reserves	Currency translation adjustment	Income for the period	Equity, Group share	Non-controlling interests	Total equity
1 January 2018 (*)	**188,554**	**(55,330)**	**32,010**	**854,540**	**(11,772)**	**6,422**	**1,014,424**	**(1,351)**	**1,013,073**
Net income						22,419	**22,419**	1,796	**24,216**
Fair value of hedging instruments				(147)			**(147)**		**(147)**
Other comprehensive income					(234)		**(234)**	177	**(57)**
Total comprehensive income				**(147)**	**(234)**	**22,419**	**22,039**	**1,974**	**24,012**
Appropriation of income - dividends				6,422		(6,422)	**0**		**0**
Implications of IFRS 9 (Seplat)				(1,190)			**(1,190)**		**(1,190)**
Bonus shares			(14,626)	1,119			**(13,506)**		**(13,506)**
Changes in treasury shares		15,036					**15,036**		**15,036**
Total transactions with shareholders	**0**	**15,036**	**(14,626)**	**6,352**	**0**	**(6,422)**	**340**	**0**	**340**
30 June 2018 (*)	**188,554**	**(40,294)**	**17,384**	**860,745**	**(12,006)**	**22,419**	**1,036,802**	**623**	**1,037,425**
1 January 2019 (*) as reported	**193,345**	**(41,453)**	**44,836**	**863,830**	**(10,706)**	**58,066**	**1,107,918**	**2,425**	**1,110,343**
Net income						32,982	**32,982**	205	**33,187**
Net income from discontinued activities							**0**		**0**
Fair value of hedging instruments				(5,564)			**(5,564)**		**(5,564)**
Other comprehensive income				442	(123)		**320**		**320**
Total comprehensive income	**0**	**0**	**0**	**(5,122)**	**(123)**	**32,982**	**27,737**	**205**	**27,942**
Appropriation of income - dividends				49,284		(58,066)	**(8,782)**		**(8,782)**
Reserved capital increases							**0**		**0**
Bonus shares				376			**376**		**376**
Changes in treasury shares		(3,909)					**(3,909)**		**(3,909)**
Total transactions with shareholders	**0**	**(3,909)**	**0**	**49,660**	**0**	**(58,066)**	**(12,315)**	**0**	**(12,315)**
30 June 2019	**193,345**	**(45,362)**	**44,836**	**908,368**	**(10,829)**	**32,982**	**1,123,340**	**2,630**	**1,125,970**

(*) Presented in EUR in the published financial statements as at 30 June 2018 and converted for presentation in USD for the half-year ended 30 June 2019, pursuant to note 6.5.5.4.
(**) The Group initially applied IFRS 16 as from 1 January 2019, using a simplified retrospective approach. Under this approach, comparative data are not restated and the cumulative impact of the first-time application of IFRS 16 is recognised in retained earnings at the initial application date. See Note 6.5.5.3.

6.4 Cash flow statement

In US$ thousands	Note	30/06/2019	30/06/2018 (*) restated
Net income		33,187	24,216
Tax expense for continuing operations		32,184	40,827
Consolidated income from continuing operations		**65,371**	**65,042**
Net increase (reversals) of amortisation, depreciation and provisions	*3.2 & 3.3 & 3.4 & 3.8*	76,803	52,975
Exploration and disposal expenses	3.2	9,724	2,401
Share of income from equity associates	2.2	(26,974)	(10,914)
Other income and expenses calculated on bonus shares		376	930
Gains (losses) on asset disposals			(68)
Dilution gains and losses	2.2	0	(2,438)
Unrealised gains (losses) due to changes in fair value			30
Other financial items		16,733	9,513
CASH FLOW BEFORE TAX		**142,034**	**117,472**
Income tax paid		(20,772)	(17,667)
Change in working capital requirements for operations		51,946	(7,122)
Inventories		*1,293*	*506*
Trade receivables	*3.4*	*32,860*	*(47,512)*
Trade payables	*3.8*	*7,462*	*4,768*
Overlift/underlift position	*3.6*	*(22,951)*	
Other receivables	*3.5 & 4.1*	*(19,619)*	*9,973*
Other payables	*3.7 & 4.1*	*52,902*	*25,143*
NET CASH FLOW FROM OPERATING ACTIVITIES		**173,208**	**92,683**
Proceeds from disposals of property, plant & equipment and intangible assets			68
Disbursements for acquisition of property, plant & equipment and intangible assets	3.2 & 3.3	(76,194)	(36,994)
Dividends received from equity associates		6,018	0
Change in deposits		651	10
Interest received on deposits	4.7	1,987	2,597
Acquisition of equity associates			(262)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(67,539)**	**(34,581)**
Amounts received during capital increases			0
Treasury share acquisitions/sales		(3,909)	346
Dividends paid out		(8,782)	0
Loan repayments	4.3	(145)	(348)
Additional paid-in capital on hedging instruments	4.4		(204)
Interest paid on financing	4.3	(15,046)	(8,724)
NET CASH FLOW FROM FINANCING ACTIVITIES		**(27,882)**	**(8,931)**
Impact of exchange rate fluctuation		3,462	(30)
CHANGE IN CASH POSITION (**)		**81,249**	**49,140**
CASH (**) AT BEGINNING OF PERIOD		**279,757**	**259,354**
CASH (**) AT END OF PERIOD		**361,007**	**308,494**

(*) Presented in EUR in the published financial statements as at 30 June 2018 and converted for presentation in USD for the half-year ended 30 June 2019, pursuant to note 6.5.5.4.
(**) The Group initially applied IFRS 16 as from 1 January 2019, using a simplified retrospective approach. Under this approach, comparative data are not restated and the cumulative impact of the first-time application of IFRS 16 is recognised in retained earnings at the initial application date. See Note 6.5.5.3.
(***) Bank loans are reported under cash as shown below.

6.5 Notes to the consolidated financial statements

6.5.1 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 (together referred to as "the Group" and each individually referred to 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 extraction and production of hydrocarbons (oil and gas).

The consolidated financial statements were approved by the Board of Directors on 1 August 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 presentation currency of its financial statements from the euro to the US 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 the presentation of operating expenses, in accordance with general practice in the sector.
The method for changing the presentation currency is detailed in Note 6.5.5.4. Changes in presentation.
Amounts are rounded off to the nearest thousand dollars, except where otherwise indicated.

6.5.1.1 Significant Events and Management Report

Production activities
The Group's consolidated sales for the first half of 2019 stood at US$229 million, down 4% compared to the first half of 2018.
Increased production in Gabon during the first half of 2019 (+16% from the first half of 2018) in a similar pricing environment (average sale price of oil US$68.4/bbl in H1 2019 compared to US$69.2/bbl in H1 2018 and US$68.2/bbl in H2 2018) was not reflected in sales due to a timing variance in lifting, and explains the rise in EBITDA. Current operating income stood at US$66 million in H1 2019 compared to US$67 million in H1 2018, reflecting the increase in the depletion expense, which depends on the volumes produced. Group operating income amounted to US$56 million in H1 2019 versus US$64 million in H1 2018. Non recurring items include a non-cash charge following the drilling incident in Gabon on 17 March 2019.

In June 2019, the Group signed an agreement with the Gabon Oil Company (GOC), the Group's partner for the Ezanga permit, to end the GOC carry mechanism.
This agreement provides the GOC with priority access to 812 thousand barrels that will be sold to it in H2 2019, in consideration for a cash payment of US$45 million at end-June 2019 and an additional payment of US$7.5 million in H2 2019.
Moreover, an amount of US$43 million was paid by the GOC into an escrow account to settle the historical carrying offset receivable (amounts prior to 2018). This amount will be available for release in December 2019 and is therefore not included in M&P's cash position as at 30 June.

Exploration activities
Exploration activities continued:

- In France, the positive exploration result for the Caudos-Nord-2D (CDN-2D) well announced during the first-half 2019 results led the Group to continue its drilling campaign with the completion of the Caudos-Nord-3D (CDN-3D) well. Drilling at this second well began in mid-April and came to a positive conclusion at the end of May, confirming the results of CDN-2D. However, this discovery is expected to remain modest in size, with estimated total tradeable oil volume in the region of one million barrels.
- In Gabon, an AGG (Airborne Gravity Gradiometry) was performed on the Kari and Nyanga Mayombe permits to confirm drilling locations and complement the seismic interpretations. Civil engineering works to prepare the exploration drilling on the Kari permit in South Gabon began at the end of May 2019. Half of the access channel to the drilling areas has been completed and work remains underway. The actual start-up of drilling is expected during the last quarter of 2019.
- In Namibia, seismic analysis on licences 44 and 45 will continue to determine the location of the next drilling campaign, expected in 2020.

- In Sicily, preparation for the campaign to acquire seismic data has begun.

Trading activities

Maurel & Prom now sells oil volumes produced by M&P Gabon through its French subsidiary M&P Trading (100% M&P). Since the first lifting completed by M&P Trading at the Cap Lopez terminal in Gabon on 31 March 2019, the company has sold 2.2 million barrels over the period. M&P Trading thus replaces TOTSA, the TOTAL group's trading company, as the buyer of the M&P Gabon subsidiary’s crude oil.

Venezuela

Following sanctions by the US Office of Foreign Assets Control (“OFAC”) on 28 January 2019 against Petroleos de Venezuela (“PDVSA”), which also apply to companies more than 50%-owned by PDVSA (therefore to Petroregional Del Lago (“PRDL”) 40%-owned by Maurel & Prom Iberoamerica S.L., the Group’s Spanish subsidiary), the only operations that have been able to be carried out locally until now by the Group’s Venezuelan subsidiary, M&P Servicios Integrados U.W., have been strictly limited to maintenance operations relating to asset security, employee safety and environmental protection.

Against this backdrop, the Group could not finalise the consolidation of its share in PRDL. As such, the share of PRDL’s income included in the M&P Group’s income statement for H1 2019 was nil.

Angola

On 4 June 2019, the Angolan government published an official decree recognising the transfer of 20% of blocks 3/05 and 3/05A previously owned by Angola Japan Oil Co., Ltd. (“AJOCO”) and Maurel & Prom.

The finalisation of this acquisition took place at the end of July 2019, with no impact on the half-year financial statements as at 30 June 2019.

6.5.1.2 Declaration of compliance

The Group's condensed consolidated financial statements (including the accompanying notes) have been prepared in line with International Accounting Standard (IAS) 34 Interim Financial Reporting. In accordance with IAS 34, the notes exclusively concern significant events that occurred during the first half of 2019 and they do not present all the information required for full-year financial statements. As such, they must be read in conjunction with the annual consolidated financial statements for the fiscal year ended 31 December 2018.

6.5.1.3 Principal accounting methods

The interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (available at http://ec.europa.eu/finance/accounting/ias/index_fr.htm) and as published by the IASB.

The Group has applied the same accounting standards, interpretations, principles and methods at 30 June 2019 as in the 2018 consolidated financial statements, with the exception of the following mandatory changes under IFRS as of 1 January 2019:

IFRS 16 "Leases"

The Group adopted IFRS 16 as from 1 January 2019 using a simplified retrospective approach and has therefore not restated comparative data for the 2018 reference period, as allowed under the standard's specific transitional provisions.

The application of IFRS 16 led to the recognition of right-of-use assets and lease liabilities, previously classified as operating leases under IAS 17, with the exception of the Group's short-term leases, as the distinction between operating leases and finance leases has been abolished.

The impact of the adoption of this standard and the new accounting standard is presented in Note 6.5.5.3.

IFRIC 23 "Uncertainty Over Income Tax Treatments":

The interpretation of IFRIC 23, applicable from 1 January 2019, clarifies the application of the provisions of IAS 12 "Income Taxes" regarding recognition and assessment when there is uncertainty about the treatment of income tax. This application has no material impact on the Group's financial statements.

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 reported periods, with the exception of the changes mentioned.

6.5.1.4 Estimates

The preparation of consolidated financial statements under IFRS requires the Group to make accounting choices, produce a number of estimates and use certain assumptions that affect the reported amounts of assets and liabilities, the notes concerning potential assets and liabilities 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;*
- *recognition of deferred tax assets;*
- *estimates of proven and probable hydrocarbon reserves.*

When preparing these interim financial statements, the Management's main estimates and the Group's accounting standards are consistent with those applied for the consolidated financial statements for the fiscal year ended 31 December 2018.

6.5.1.5 Seasonality

The Group's business is affected by the consequences of seasonal trends and its full-year earnings largely depend on the performance levels achieved over the second half of the year. The upstream oil sector is therefore impacted by international demand and prices per barrel. As such, income for the first half of 2019 is not necessarily representative of the results to be expected for the full fiscal year in 2019.

6.5.2 Basis for consolidation

6.5.2.1 List of consolidated entities

Notable changes in reporting entities in fiscal year 2019 primarily pertained to the following companies:

Deconsolidation of non-contributing entities
As the operating actives of Maurel & Prom Peru Holdings S.A.S. and Maurel & Prom Peru SAC are no longer material, the companies have been removed from the scope of consolidation at 1 January 2019 with no material impact.

Consolidated companies are as follows:

Company	Registered office	Consolidation method (*)	% control	
			30/06/2019	31/12/2018
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	Deconsolidated	100.00%
Maurel & Prom Peru SAC	Lima, Peru	FC	Deconsolidated	100.00%
Maurel & Prom Italia Srl (formerly Panther 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%	20.46%
Deep Well Oil & Gas, Inc.	Edmonton, Alberta, Canada	EM	19.57%	19.57%
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%	100.00%
Maurel & Prom Trading S.A.	Paris, France	FC	100.00%	100.00%
Maurel & Iberoamerica S.L. (formerly M&P Venezuela S.L)	Madrid, Spain	FC	100.00%	100.00%
Petroregional Del Lago (PRDL)	Caracas, Venezuela	EM	40.00%	40.00%
MP Servicios Integrados UW S.A.	Caracas, Venezuela	FC	100.00%	100.00%
Maurel & Prom Angola S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Exploration Production France S.A.S.	Paris, France	FC	100.00%	100.00%

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

6.5.2.2 Investments in equity associates

In US$ thousands	Maurel & Prom Colombia BV	Seplat	Deep Well Oil	Petroregional Del Lago	Total
Investments in equity associates at 31/12/2018	**(519)**	**171,996**	**44**	**82,108**	**253,629**
Income	(744)	27,718			26,974
Dividends		(6,018)			(6,018)
Equity associates as at 30/06/2019	**(1,262)**	**193,696**	**44**	**82,108**	**274,586**

Information on Seplat, the main entity contributing to income from equity associates are detailed below:

In US$ thousands	Seplat
Location	Nigéria
Activity	Associate Production
% interest	20.46%
Total non-current assets	1,787,808
Other current assets	378,628
Cash and cash equivalent	433,261
Total assets	**2,599,697**
Total non-current liabilities	497,641
Total current liabilities	401,717
Total Liabilities (excl. equity)	**899,358**
Reconciliation with balance sheet values	
Total shareholders’ equity or net assets	**1,700,339**
Share held	347,901
IFRS 3 fair value adjustment (1)	(162,954)
Value of shares diluted (2)	8,749
Balance Sheet value as at 30/06/2019	**193,696**
Sales	355,086
Operating income	132,116
Foreign exchange gains and losses	1,312
Loss on derivatives on hydrocarbons	5,655
Financial income	(18,894)
JV and discontinued operation income	3,436
Corporate income tax	(1,426)
Net income from equity associates	**122,199**
Share held	25,003
Standardisation adjustments (3)	2,715
P&L value as at 30/06/2019	**27,718**

(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 mostly recognition through profit or loss of share-based payments.

6.5.3 Operating activities

6.5.3.1 Segment reporting

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.

In US$ thousands	Production	Exploration	Drilling	Others	30/06/2019
Sales	219 852		19,535		228,826
Operating Income and expenses	(63,856)	(1,498)	(29,727)	(7,569)	(91,350)
EBITDA	**(155,996)**	**(1,498)**	**(10,192)**	**(7,569)**	**137,476**
Depreciation and amortisation, impairment loss & provisions for assets in production and drilling assets	(73,072)	486	(206)	848	(71,945)
Expenses and impairment of exploration assets net of reversals	(3,856)	(809)			(4,666)
Other non-recurring expenses	15	1	(2)	0	14
Gain (loss) on asset disposals	(5,059)				(5,059)
Operating income	**(74,024)**	**(1,821)**	**(10,400)**	**(6,721)**	**55,821**
Share of income of equity associates	**27,718**	**(744)**			**26,974**
Intangible investments	**1,564**	**4,940**	**0**	**58**	**6,563**
Intangible assets (net)	**187,629**	**11,044**	**18**	**134**	**198,824**
Tangible investments	**51,705**	**14,400**	**5,925**	**4,716**	**69,631**
Tangible assets (net)	**1,400,944**	**18,477**	**26,808**	**4,722**	**1,442,774**

For reference, data for the previous half year are presented below:

In US$ thousands	Production	Exploration	Drilling	Other	30/06/2018
Sales	231,127		6,289		237,416
Operating Income and expenses	(88,613)	(1,362)	(14,082)	(13,317)	(117,372)
EBITDA	**142,514**	**(1,362)**	**(7,792)**	**(13,317)**	**120,043**
Depreciation and amortisation, impairment loss & provisions for assets in production and drilling assets	(51,597)		(897)	(96)	(52,591)
Expenses and impairment of exploration assets net of reversals		(2,401)			(2,401)
Other non-recurring expenses				(1,080)	(1,080)
Gain (loss) on asset disposals			68		68
Operating income	**90,916**	**(3,763)**	**(8,622)**	**(14,493)**	**64,039**
Share of income of equity associates	**11,063**	**(149)**			**10,914**
Intangible investments		**3,691**	**2**		**4,668**
Intangible assets (net)	**156,146**	**4,016**	**29**		**160,191**
Investments in property, plant and equipment	**30,552**		**1,631**	**180**	**32,363**
Property, plant and equipment (net)	**1,434,043**	**1,948**	**19,337**	**593**	**1,455,920**

6.5.3.2 Intangible assets

Exploration expenses in Namibia and Sicily 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.
Exploration expenses in France and Gabon related to drilling have been capitalised. If the results of drilling do not confirm the presence of marketable hydrocarbon reserves, they will then be impaired.

In US$ thousands	31/12/2018	Currency translation adjustment	Investments	Transfer	Operating expenses	Amort. & depr.	30/06/2019
Ezanga (Gabon)	175,428		1,052		(12)	(5,394)	171,074
Mnazi Bay (Tanzania)	17,375		0			(1,329)	16,046
Venezuela	1		54			(4)	51
Angola	0		458				458
Assets attached to producing permits	192,804		1,564		(12)	(6,728)	187,629
Sawn Lake (Canada)	0	0	61		0	(61)	0
Mios (France)	973	(6)	0				967
Kari (Gabon)	2,920		3,709				6,629
Nyanga-Mayombé (Gabon)	3,025		423				3,448
Permits 44 & 45 (Namibia)	0		291		(291)		0
Panther (Italy)	0		457		(457)		0
Assets attached to permits in exploration	6,919	(6)	4,940		(748)	(61)	11,044
Drilling	28		0			(10)	18
Other	169		58	(48)		(45)	134
Intangible assets (net)	**199,920**	**(6)**	**6,563**	**(48)**	**(761)**	**(6,844)**	**198,824**

In US$ thousands	Goodwill	Oil search and production rights	Exploration expenses	Other	Total
Gross value at 31/12/2018	7,331	278,443	96,020	3,203	384,997
Amortisation and depreciation 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**
Gross value at 30/06/2019	7,286	278,442	26,842	3,749	316,320
Amortisation and depreciation at 30/06/2019	(7,286)	(91,980)	(15,463)	(2,766)	(117,495)
Net book value at 30/06/2019	**0**	**186,462**	**11,379**	**983**	**198,824**

For reference, data for the previous half year are presented below:

In US$ thousands	31/12/2017	Currency translation adjustment	Investments	Impairment Operating expenses	Amort. & depr.	30/06/2018
Ezanga (Gabon)	140,608		975	(938)	(3,337)	137,308
Mnazi Bay (Tanzania)	20,289				(1,451)	18,838
Assets attached to producing permits	160,897		975	(938)	(4,788)	156,146
Kari (Gabon)			1,250			1,250
Nyanga Mayombe (Gabon)	1,687	103	909			2,699
Permits 44 & 45 (Namibia)			1,397	(1,397)		
Sawn Lake (Canada)			66	(66)		
Other	29		68		(31)	67
Assets attached to permits in exploration	1,716	103	3,691	(1,463)	(31)	4,016
Drilling	22	13	2		(3)	29
Intangible assets (net)	**162,636**	**115**	**4,668**	**(2,401)**	**(4,822)**	**160,191**

In US$ thousands	Goodwill	Oil search and production rights	Exploration expenses	Other	Total
Gross value at 31/12/2017	7,679	231,334	88,459	4,768	332,240
Impairments at 31/12/2017	(7,679)	(69,123)	(88,459)	(4,331)	(169,592)
Net book value at 31/12/2017	**0**	**162,210**	**(0)**	**438**	**162,648**
Gross value at 30/06/2018	7,464	235,837	87,710	4,874	335,885
Impairments at 30/06/2018	(7,464)	(78,241)	(85,551)	(4,438)	(175,694)
Net book value at 30/06/2018	**0**	**157,595**	**2,159**	**436**	**160,191**

6.5.3.3 Property, plant and equipment

Investments in property, plant and equipment during the period were primarily production investments on the Ezanga permit.
Pursuant to IFRS 6 and IAS 36 and in the absence of a trigger event or new factors calling into question the estimates applicable to assets as at 31 December 2018, the Group did not consider it necessary to analyse the assets' recoverable value as at 30 June 2019.

In US$ thousands	31/12/2018	Currency translation adjustment	Investments	Transfer	Impairment	Amort. & depr.	30/06/2019
Ezanga (Gabon)	1,376,838		51,263		(12,915)	(60,811)	1,354,375
Mnazi Bay (Tanzania)	48,941		32			(2,816)	46,157
Venezuela	0	3	410			(1)	412
Angola	0		0				0
Assets attached to producing permits	1,425,779	3	51,705	0	(12,915)	(63,628)	1,400,944
Mios (France)	1,020	46	7,200				8,264
Nyanga-Mayombé (Gabon)	1,948		0				1,948
Assets attached to permits in exploration	2,966	460	7,200				10,212
Drilling	21,793		5,925			(910)	26,808
Other	623		4,801			(616)	4,810
Property, plant and equipment (net)	**1,451,162**	**49**	**69,631**	**0**	**(12,915)**	**(65,153)**	**1,442,774**

In US$ thousands	Land and buildings	Technical facilities	Down payments and construction in progress	Other	Total
Gross value at 31/12/2018	9,268	2,301,358	5,701	90,260	2,406,586
Amortisation and depreciation 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**
Gross value at 30/06/2019	9,269	2,329,066	13,147	94,288	2,445,770
Amortisation and depreciation at 30/06/2019	(3,532)	(989,787)	(519)	(9,158)	(1,002,995)
Net book value at 30/06/2019	**5,737**	**1,339,279**	**12,628**	**85,130**	**1,442,774**

For reference, data for the previous half year are presented below:

In US$ thousands	31/12/2017	Currency translation adjustment	Investments	Impairment Operating expenses	Amort. & depr.	30/06/2018
Ezanga (Gabon)	1,397,683		29,063		(43,960)	1,382,787
Mnazi Bay (Tanzania)	52,617		1,489		(2,849)	51,256
Assets attached to producing permits	1,450,300		30,552		(46,809)	1,434,043
Nyanga Mayombe (Gabon)	1,948					1,948
Assets attached to permits in exploration	1,948					1,948
Drilling	18,153	2	1,631		(454)	19,337
Other	489		180		(76)	593
Property, plant and equipment (net)	**1,470,890**	**2**	**32,363**	**0**	**(47,340)**	**1,455,920**

In US$ thousands	Land and buildings	Technical facilities	Down payments and construction in progress	Other	**Total**
Gross value at 31/12/2017	9,262	2,235,239	1,038	82,505	2,328,043
Amortisation and depreciation at 31/12/2017	(2,791)	(844,828)	(661)	(8,871)	(857,151)
Net book value at 31/12/2017	**6,471**	**1,390,411**	**376**	**73,634**	**1,470,892**
Gross value at 30/06/2018	9,265	2,252,220	2,598	85,272	2,349,355
Amortisation and depreciation at 30/06/2018	(3,043)	(880,888)	(519)	(8,986)	(893,435)
Net book value at 30/06/2018	**6,222**	**1,371,332**	**2,079**	**76,286**	**1,455,920**

6.5.3.4 Trade receivables and related accounts

In US$ thousands	**31/12/2018**	**Currency translation adjustment**	**Change**	**Transfer**	**Impairment / Reversals**	**30/06/2019**
Ezanga (Gabon)	47,981		(26,342)			21,639
Trading	0	0	0	0	0	0
Mnazi Bay (Tanzania)	42,695		(3,705)			38,990
Drilling	4,498		(2,845)		52	1,705
Other	14		32			46
Trade receivables and related accounts (net)	**95,188**	**(0)**	**(32,860)**	**0**	**52**	**62,380**

Trade receivables at the end of the half year reflect the receivables from:

- the national company TPDC and Tanesco on Mnazi Bay;
- from SOGARA on Ezanga; and
- from leading oil companies on drilling.

The change in the balance of receivables for the period is due to timing variances in lifting.
Moreover, the Group now trades volumes produced on Ezanga through M&P Trading, thus replacing TOTSA, the Total group’s trading company. Payments on sales to Glencore were received as at 30 June 2019.

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

6.5.3.5 Other assets

In US$ thousands	**31/12/2018**	**Currency translation adjustment**	**Change**	**Transfer**	**Impairment / Reversals**	**30/06/2019**
Supplier advances	2,695		(553)			2,142
Prepaid and deferred expenses	1,836		1,681		(60)	3,457
Tax and social security receivables	79,259	(272)	3,635		(2,903)	79,719
Other assets (net)	**83,789**	**(272)**	**4,763**	**0**	**(2,962)**	**85,318**
Gross	89,723	(272)	4,703			94,154
Impairment	(5,934)		60		(2,962)	(8,836)
Non-current	44,675	(269)	(272)			44,134
Current	39,114	(3)	5,034	0	(2,962)	41,184

“Tax and social security receivables (excluding corporation tax)” primarily comprise VAT receivables from the Gabonese state, denominated in XAF, the portion under an MOU being classified as non-current.

6.5.3.6 Overlift/underlift position

In US$ thousands	31/12/2018	Currency translation adjustment	Change	Transfer	Impairment / Reversals	30/06/2019
Underlift position receivables	0		9,700			9,700
Overlift position liability	(13,252)		13,252			0
Net overlift/underlift position	**(13,252)**	**0**	**22,951**	**0**	**0**	**9,700**

6.5.3.7 Other current liabilities

In US$ thousands	31/12/2018	Currency translation adjustment	Change	Transfer & Scope	Impairment / Reversals	30/06/2019
Social security liabilities	12,648	(1)	1,549			14,195
Tax liabilities	46,544	(2)	(522)			46,019
Fixed asset liabilities	1,984		(9)			1,976
Advances	26,574		(2,201)			24,373
Reallocation of GOC rights	-0	0	55,562			55,562
Investment liabilities	27,000	(165)				26,835
Miscellaneous liabilities	19,827	0	(1,477)			18,351
Other current liabilities	**134,577**	**(169)**	**52,902**	**0**	**0**	**187,310**

The “reallocation of GOC rights” reflects the retransfer of entitlements for 812 thousand barrels lifted by M&P under the GOC carry mechanism for 2018 to 30 June 2019. This reallocation, which was recognised as a liability at 30 June 2019, was made in consideration for a cash payment of US$45 million, included in the cash position at 30 June 2019. This reallocation liability will be offset in H2 2019, during which the Group will consequently lift less oil.

6.5.3.8 Trade payables and related accounts

In US$ thousands	31/12/2018	Currency translation adjustment	Change	Transfer	Impairment / Reversals	30/06/2019
Ezanga (Gabon)	45,711		6,646			52,357
Mnazi Bay (Tanzania)	971		(913)			58
Drilling	6,199		1,995			8,194
Other	6,970	(22)	(266)			6,683
Trade payables and related accounts	**59,852**	**(22)**	**7,462**	**0**	**0**	**67,292**

6.5.3.9 Provisions

In US$ thousands	31/12/2018	Currency translation adjustment	Increase	Reversal	Transfer	30/06/2019
Site remediation	37,466	(13)	886			38,339
Pension commitments	1,164	(1)				1,163
Other	15,227	(26)		(2,151)		13,050
Provisions	**53,857**	**(41)**	**886**	**(2,151)**	**0**	**52,552**
Non-current	38,019	(14)	886	0	0	38,891
Current	15,838	(26)	0	(2,151)	(0)	13,660

Site remediation provisions for sites in production are revised annually based on an appraisal and discounted using US Bloomberg Corporate AA rates to keep pace with the length of the commitment.
Other provisions cover various risks including tax (excluding corporation tax) and employee-related risks in the Group’s various host countries.

6.5.4 Financing activities

6.5.4.1 Other financial assets

In US$ thousands	31/12/2018	Currency translation adjustment	Change	Transfer	Impairment / Reversals	30/06/2019
Equity associate current accounts	3,142		619			3,760
Non-current deposits	4,693	(3)	32			4,723
Other advances	1,641		(1,641)			
GOC escrow account				43,339		43,339
Gabon receivables	42,238	0	16,383	(43,339)		15,282
Tanzania receivables	7,743		649			8,393
Miscellaneous receivables	1,888	8	(534)	0	29	1,392
Other financial assets (net)	**61,346**	**5**	**15,508**	**0**	**29**	**76,889**
Non-current	7,835	(3)	651	0	0	8,483
Current	53,511	8	14,857	0	29	68,406

Carry receivables correspond to costs advanced by the Group to its partners in application of oil contract mechanisms. They are recovered based on hydrocarbon sales. The pace of recovery of these carry receivables is based on the activity's regular operating cycle and may consequently exceed 12 months.

The transfer of Ezanga carry receivables to an escrow account was due to the signing in June 2019 of an agreement with the Gabon Oil Company (GOC), the Group's partner on the Ezanga permit, to terminate the GOC carry mechanism. This agreement led to the payment of US$43 million by the GOC into an escrow account to settle the balance of the historical carry receivable (amounts prior to 2018). This amount will be available for release in December 2019 and is therefore not included in M&P's cash position at 30 June.

6.5.4.2 Cash and cash equivalents

In US$ thousands	30/06/2019	31/12/2018
Liquid assets, banks and savings banks	264,053	199,076
Short-term bank deposits	3,765	1,468
Investment securities	93,372	79,327
Cash and cash equivalents	**361,190**	**279,871**
Bank loans (*)	(184)	(113)
Net cash and cash equivalents	**361,007**	**279,757**

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

6.5.4.3 Borrowings

In US$ thousands	31/12/2018	Repayment	Transfer	Interest expense	Interest disbursements	Other	30/06/2019
Term loan (600M$)	593,465		(75,000)	1,085			594,550
Shareholder loan	100,000						100,000
Lease financing liabilities	2,226	(145)	46	0	0	6,748	8,875
Non-current	695,692	(145)	(74,954)	1,085	0	6,748	628,425
Term loan (600M$)			75,000			66	75,066
Lease financing liabilities	46		(46)				
Current bank loans	113			1,379	(1,379)	71	184
Accrued interest	1,888			13,653	(13,667)	108	2,048
/ Shareholder loan (US$100m)	*0*			*2,194*	*(2,194)*	*23*	*23*
/ Term loan (US$600m)	*1,888*			*11,459*	*(11,473)*	*85*	*1,959*
Current	2,047	0	74,954	15,032	(15,046)	245	77,232
Borrowings	**697,739**	**(145)**	**0**	**16,117**	**(15,046)**	**6,993**	**705,657**

6.5.4.4 Derivative instruments

In US$ thousands	31/12/2018	Income	OCI	30/06/2019
Current derivative financial assets	1,615		(1,615)	
Current derivative financial liabilities			(3,950)	(3,950)
Net derivative financial instruments	**1,615**	**0**	**(5,564)**	**(3,950)**

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 amount hedged was US$250 million for maturities between July 2020 and July 2022 at the three-month Libor.
The hedge was then 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 using the straight-line method. The fair value of these derivatives is recognised on the balance sheet under “Non-current derivative financial assets”.

6.5.4.5 Financial risk management

The Group’s financial risk management (market risk, country risk, credit risk and liquidity risk) and the objectives and guidelines applied by the Group’s Management are identical to those presented for the consolidated financial statements at 31 December 2018.

6.5.4.6 Fair value

Fair value positions according to IFRS 13 hierarchy are established based on the same assumptions as those presented in the consolidated financial statements at 31 December 2018.
The application of IFRS 9 led to a review of the presentation of financial asset and liability categories, and these are now presented as follows (no material changes compared to the presentation under IAS 39):

			30/06/2019		31/12/2018	
In US$ thousands	**Categories**	**Level**	**Balance sheet total**	**Fair value**	**Balance sheet total**	**Fair value**
Non-current financial assets	Amortised cost	Level 2	8,483	8,483	7,835	7,835
Trade receivables and related accounts	Amortised cost	Level 2	62,380	62,380	95,188	95,188
Other current financial assets	Amortised cost	Level 2	68,406	68,406	53,511	53,511
Derivative financial instruments	Fair value	Level 1			1,615	1,615
Cash and cash equivalents			361,190	361,190	279,871	279,871
Total assets			**500,459**	**500,459**	**438,019**	**438,019**
Other borrowings and financial debt	Amortised cost	Level 2	705,657	705,657	697,739	697,739
Trade payables	Amortised cost	Level 2	67,292	67,292	59,852	59,852
Derivative financial instruments	Fair value	Level 1	3,950	3,950	0	0
Other creditors and sundry liabilities	Amortised cost	Level 2	187,310	187,310	134,577	134,577
Total liabilities			**964,209**	**964,209**	**890,553**	**890,553**

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 carrying 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 6.5.4.4.

6.5.4.7 Financial income

In US$ thousands	30/06/2019	30/06/2018 converted
Interest on overdrafts	(12,544)	(201)
Interest on ORNANE bonds	-0	(17)
Interest on shareholder loans	(2,194)	(1,787)
Interest on other borrowings	(1,379)	(11,475)
Gross borrowing costs	**(16,117)**	**(13,480)**
Income from cash	1,987	2,597
Net income from derivative instruments	(71)	(2)
Net borrowing costs	**(14,201)**	**(10,885)**
Net foreign exchange adjustment	(2,516)	1,157
Other	(707)	(183)
Other net financial income and expenses	**(3,223)**	**974**
Financial income	**(17,424)**	**(9,911)**

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$ exchange rate as at 31/12/2018 was 1.145 versus 1.1298 at 30/06/2019.
- Positions in transactional currencies that are not in the US$ 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.

6.5.5 Other information

6.5.5.1 Income taxes & deferred taxes

In US$ thousands	Deferred tax	Current tax	Total
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)**
Tax expense	(11,011)	(21,174)	(32,184)
Payments		20,772	20,772
Currency translation adjustment	(3)	1	(3)
Assets at 30/06/2019	**19,607**	**363**	**19,970**
Liabilities at 30/06/2019	**(397,127)**	**(5,262)**	**(402,389)**
Net value at 30/06/2019	**(377,520)**	**(4,899)**	**(382,419)**

The deferred tax expense was primarily the result of the depreciation of the timing 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.
The corporate income tax expense payable is largely income tax recognised for the state's share of profit oil on the Ezanga permits in Gabon and corporate income tax on the Mnazi Bay permit.

In US$ thousands	**30/06/2019**
Pre-tax income from continuing operations	65,371
- Net income from equity associates	26,974
Pre-tax income excluding equity associate	**38,397**
Distortion taxable base Gabon	**(60,172)**
Distortion taxable base Tanzania	**471**
Taxable income (I)	**(21,304)**
(a) Theoretical tax income(I*33,33%)	**7,101**
(b) Tax recognised in income	**(32,184)**
Difference (b-a):	**(39,285)**
- Tax difference on recoverable costs and Gabon tax rate	(6,880)
- Tax difference on recoverable costs and Tanzania tax rate	(3,101)
- Profit oil tax / notional sales	(16,727)
- Non-activated deficits and other	(12,577)

6.5.5.2 Off-balance-sheet commitments - Contingent assets and liabilities

Off-balance-sheet commitments were consistent with those presented in the consolidated financial statements at 31 December 2018.

6.5.5.3 Impact of IFRS 16

The Group decided to apply IFRS 16 as from 1 January 2019, using the simplified retrospective method, and to apply the following exemptions:
- short-term contracts (less than or equal to 12 month);
- low-value contracts;
- contracts that the Group had not previously identified as containing a lease, pursuant to IAS 17 and IFRIC 4.

The Group has analysed the commitments that could potentially meet the definition of a lease (or a lease component within a contract). On this basis, there are a limited number of contracts that fall within the scope of IFRS 16.

The impact of the first-time adoption of IFRS 16 on the Group's debt was US$8,604 thousand at 1 January 2019. At 30 June 2019 debt stood at US$6,748 thousand and the net value of fixed assets was US$6,682 thousand.

No new contracts are eligible under IFRS 16 in the first half of 2019.

The following tables summarise the impact of the transition to IFRS 16 on the financial statements at 1 January 2019 and 30 June 2019 for each relevant line item. Campaign elements not affected by the changes have not been included. As a result, the tables presented in the Note correspond to the sum of the IFRS 16 impacts and not to the Balance Sheet or P&L's subtotals.

Simplified retrospective method at 1 January 2019

Type of contract	Debt at 01/01/2019	Reimbursement of capital 30/06/2019	Liability at 30/06/2019	Of which due within one year 30/06/2019
Property	3,264	(502)	2,762	1,036
Vehicles	5,341	(1,355)	3,986	2,791
Total simplified retrospective method	**8,604**	**(1,856)**	**6,748**	**3,826**

Type of contract	Net book value at 01/01/2019	Depreciation 30/06/2019	Net book value at 30/06/2019	Impact on equity 30/06/2019	Interest expense 30/06/2019	Cancellation of rental expenses 30/06/2019
Property	3,264	(529)	2,734	(28)	(60)	562
Vehicles	5,341	(1,393)	3,948	(39)	(94)	1,449
Total simplified retrospective method	**8,604**	**(1,922)**	**6,682**	**(66)**	**(155)**	**2,011**

Type of contract	Liability at 30/06/2019	Net book value at 30/06/2019	Impact on equity 30/06/2019
Property	2,762	2,734	(28)
Vehicles	3,986	3,948	(39)
Total simplified retrospective method	**6,748**	**6,682**	**(66)**

The application of IFRS 16 has no material impact on the Group's results.

Impact on P&L presentation 30/06/2019	IAS 17 previous standard	IFRS 16
Lease payments	(2,011)	
EBIT	**(2,011)**	**0**
Depreciation and amortisation		(1,922)
EBITDA	**(2,011)**	**(1,922)**
Net borrowing costs		(155)
Net income excluding tax impact	**(2,011)**	**(2,082)**

A +/-0.5% change in the effective interest rate does not have a significant impact on the Group's results.

Impact on P&L presentation 30/06/2019	IAS 17 previous standard	IFRS 16 4.03% rate	IFRS 16 +50 basis points	IFRS 16 -50 basis points
Lease payments	(2,011)			
EBIT	**(2,011)**			
Depreciation and amortisation		(1,916)	(1,905)	(1,926)
EBITDA	**(2,011)**	**(1,916)**	**(1,905)**	**(1,926)**
Net borrowing costs		(161)	(184)	(148)
Net income excluding tax impact	**(2,011)**	**(2,077)**	**(2,089)**	**(2,075)**

6.5.5.4 Changes in presentation

The Group has changed its presentation of operating expenses to facilitate comparison with other sector players. This change consisted in presenting purchases and operating expenses, taxes and personnel expenses as a single line item, "Operating expenses", in the income statement.

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 presentation currency of its financial statements from the euro to the US 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.

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 presentation 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 presentation 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 presentation currency.
This change was applied retrospectively, in accordance with IAS 1.
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.

In the context of a significant change in presentation, below are the last two half years of comprehensive income, in accordance with IAS 40.

Extract of comprehensive income in USD

In US$ thousands	**30/06/2019**	**30/06/2018**
Sales	228,826	237,416
Other operating income	9,061	2,493
Change in overlift/underlift position	22,951	(17,882)
Purchases and operating expenses	(47,306)	*(45,794)*
Taxes	(35,837)	*(23,286)*
Personnel expenses	(40,219)	*(32,904)*
Operating expenses	(123,363)	(101,984)
EBITDA	**137,476**	**120,043**
Depreciation and amortisation, provisions related to production activities net of reversals	(71,739)	(51,693)
Depreciation and amortisation, provisions related to drilling activities net of reversals	(206)	(897)
Current Operating Income	**66,143**	**67,452**
Expenses and impairment of exploration assets net of reversals	(4,666)	(2,401)
Other non-current income and expenses	14	(1,080)
Income from asset disposals	(5,059)	68
Operating income	**55,821**	**64,039**
Cost of gross debt	*(16,117)*	*(13,480)*
Income from cash	*1,987*	*2,597*
Income and expenses related to interest-rate derivative financial instruments	*(71)*	*(2)*
Net cost of financial debt	(14,201)	(10,885)
Net foreign exchange adjustment	(2,516)	1,157
Other financial income and expenses	(707)	(183)
Financial income	**(17,424)**	**(9,911)**
Income tax	(32,184)	(40,827)
Net income from consolidated companies	**6,213**	**13,302**
Share of income/loss of associates	26,974	10,914
Net consolidated income	**33,187**	**24,216**
Of which: - Net income, Group share	32,982	22,419
- Non-controlling interests	205	1,796

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

Extract of comprehensive income in EUR

INCOME (in € thousands)	**30/06/2019**	**30/06/2018**
Sales	202,537	196,146
Other operating income and expenses	(80,855)	(96,970)
EBITDA	**121,682**	**99,176**
Operating income	49,408	52,907
Financial income	(15,423)	(8,188)
Income tax	(28,487)	(33,730)
Share of income/loss of associates	23,875	9,017
Net consolidated income	29,374	**20,006**

6.5.5.5 Events after the reporting period

Venezuela

An agreement was signed on 17 July 2019 with Sucre Energy Latam B.V. ("Sucre Energy") under which Sucre Energy took a 20% equity stake in Maurel & Prom's Spanish subsidiary, Maurel & Prom Iberoamerica S.L. (formerly Maurel & Prom Venezuela S.L.), the holding vehicle for the Group's interest in PRDL. On 24 July 2019, Sucre Energy also acquired 20% of the share capital of Venezuelan services company M&P Servicios Integrados U.W.

Angola

On 31 July 2019, all preconditions for the transfer of 20% of blocks 3/05 and 3/05A previously owned by Angola Japan Oil Co., Ltd. ("AJOCO") to Maurel & Prom were met.

The payment of US$35 million to Ajoco for the acquisition was comprised of an initial consideration of US$80 million less the deposit of US$2 million paid in 2018 and the offsetting of US$43 million in receipts and disbursements by Ajoco on behalf of Maurel & Prom of relating to the price-adjustment mechanisms during the period from 1 January 2018 to the date on which the transaction was finalised.

Amerisur Resources Plc

On 18 July 2019, M&P made an initial proposal to the Board of Directors of Amerisur Resources Plc ("Amerisur") regarding a potential acquisition, in exchange for cash and M&P shares, of the entire issued and to be issued share capital of Amerisur. The announcement by M&P on 22 July of this potential acquisition followed the decision announced by Amerisur on 19 July to conduct a formal sale process for the company. M&P is a participant in the formal sale process. Further information is available on the Company's website at https://www.maureletprom.fr and M&P will make further announcements in due course

7 STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

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This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Etablissements Maurel & Prom S.A.

Registered office: 51, rue d'Anjou - 75008 Paris

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2019

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Etablissements Maurel & Prom S.A., for the period from January 1 to June 30, 2019.
- the verification of the information presented in the half-yearly management report.

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

I. Conclusion on the financial statements

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

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

Without qualifying our conclusion, we draw your attention to the matter set out in note Y to the half-yearly consolidated financial statements regarding:

- Note 6.5.5.3 to the condensed half-year consolidated financial statements, which sets out the impacts of the first application of IFRS 16 "Leases",

- Note 6.5.5.4 to the condensed half-year consolidated financial statements detailing the change in presentation of operating expenses, as well as the change in presentation currency of the consolidated financial statements from the euro to the US dollar. These changes, already applied December 31, 2018, impact some comparative financial information.

II. Specific verification

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

Paris La Défense, on the 1 August 2019

KPMG Audit
Department of KPMG S.A.

Éric Jacquet
Partner

Paris, on the 1 August 2019

International Audit Company

Francois Caillet
Partner