HALF-YEAR REPORT

30 June 2020

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1 GROUP BUSINESS ACTIVITIES IN THE FIRST HALF OF 2020

in $m	H1 2020	H1 2019	*Change*
Income statement			
Sales	**142**	**229**	***-38%***
Opex & G&A	(86)	(88)	
Royalties and production taxes	(21)	(36)	
Change in overlift/underlift position	(24)	23	
Other	6	9	
EBITDA	**18**	**137**	***-87%***
Depreciation, amortisation and provisions and impairment on assets in production and development	(539)	(72)	
Expenses and impairment of exploration assets	(30)	(5)	
Other	(2)	(5)	
Operating income	**(553)**	**56**	***N/A***
Financial income	(12)	(17)	
Income tax	(8)	(32)	
Share of income/loss of associates	(33)	27	
Net income	**(606)**	**33**	
O/w net income before non-recurring items[1]	*(61)*	*33*	
Cash flow			
Cash flow before income tax	17	142	
Income tax paid	(16)	(21)	
Operating cash flow before change in working capital	**1**	**121**	***-99%***
Change in working capital	94	52	
Cash flow from operating activities	**96**	**173**	***-45%***
Development capex	(26)	(70)	
Exploration capex	(45)	(6)	
M&A	–	–	
Free cash flow	**25**	**97**	***-74%***
Net cost of debt	(49)	(13)	
Dividends received	6	6	
Dividends paid	–	-9	
Other	0	–	
Change in cash position	**(19)**	**81**	***N/A***
Opening cash	**231**	**280**	
Closing cash	**212**	**361**	

[1] Reconciliation of net income before non-recurring items can be found in note 3.5.4.1

At its meeting of 6 August 2020, chaired by Aussie Gautama, the Board of Directors of the Maurel & Prom Group (“M&P”, “the Group”) approved the financial statements for the period ended 30 June 2020.

Olivier de Langavant, Chief Executive Officer at Maurel & Prom, stated: *“M&P has demonstrated its resilience in the face of a challenging economic environment, thanks to a wide-ranging adaptation plan aimed at preserving the Group’s liquidity. The reduction in operating and investment expenditure allowed the Group to maintain a relatively stable cash position over the period. We will remain committed to pursue this financial discipline while actively preparing for the resumption of development and growth activities as soon as conditions allow.”*

Economic environment and production

The oil markets were severely disrupted in first-half 2020 as a result of the economic slowdown triggered by the COVID-19 outbreak as well as Saudi Arabia’s decision to significantly boost its oil production in early March. Consequently, oil prices plummeted, with Brent dropping below $20/bbl in March, albeit briefly. Prices have since risen gradually and been hovering above $40/bbl since mid-June, most notably following OPEC's announcement of production cuts.

M&P’s working interest production for first-half 2020 stood at 26,917 boepd, up 6% from first-half 2019 (25,326 boepd) following the integration of production in Angola.

In Gabon, the Group made voluntary, targeted production cuts on the Ezanga permit in the second quarter, taking advantage of the period of low crude prices to temporarily suspend output at certain wells and consequently improve reservoir conditions for the future. To this effect, and in conjunction with work on water injection, total production was voluntarily limited to 20,000 bopd (or 16,000 bopd for M&P working interest). Further production cuts are expected in the second half of the year, this time under the quotas set by OPEC.

Financial performance

Group consolidated sales totalled $142 million in first-half 2020, down 38% on the same period in 2019. EBITDA stood at $18 million, versus $137 million in first-half 2019. Meanwhile, the cost-reduction plan launched in the second quarter of 2020 has begun to yield results. A 20% reduction in operating and G&A expenses has been observed from first-half 2019 on a like-for-like basis, excluding the acquisition of the assets in Angola.

In addition to depreciation and amortisation totalling $65 million in first-half 2020, the Group recognised a one-time impairment charge on consolidated assets in production and development of $474 million at 30 June 2020. This was driven by adjustments made to assumptions on oil price in light of the current situation (particularly an average Brent price of $37/bbl in 2020, then $43/bbl in 2021, $53/bbl in 2022, and a long-term price of $56/bbl in constant currency), as well as revised cost and production profiles.

A one-time charge of $30 million was also recognised for exploration activities. This comprised $18 million in expenses incurred on the Kama-1 exploration well in Gabon and $11 million in costs related to the seismic acquisition campaign in Sicily.

Financial income came in at negative $12 million versus negative $17 million in first-half 2019. The improvement was due to the decrease in Libor, the benchmark rate for the Group's borrowings. Debt reprofiling costs were capitalised for $3.5 million.

Results from equity associates amounted to negative $33 million. This primarily comprised negative $22 million in respect of the 20.46% stake in Seplat (including $8 million in net income before non-recurring items and negative $30 million in asset impairment) and negative $10 million in asset impairment in respect of other Group equity associates (particularly M&P's interest in Venezuela).

Consequently, net income stood at negative $606 million in first-half 2020 versus $33 million for the same period in 2019. Net income adjusted for exploration and non-recurring items came at negative $61 million.

Cash position

As at 30 June 2020, the Group's cash position stood at $212 million, down slightly compared to the end of fiscal year 2019 ($231 million at 31 December 2019).

The second quarterly instalment of the $600 million Term Loan was paid in June, i.e. a total repayment during the first half of 2020 of $37.5 million.

2 SHAREHOLDERS' EQUITY AND CORPORATE LIFE

2.1 General Shareholders' Meeting

The Combined General Meeting of Maurel & Prom shareholders, held behind closed doors on 30 June 2020 and chaired by Aussie Gautama adopted all resolutions on the agenda and in particular approved the company financial statements and the consolidated financial statements for the fiscal year ended 31 December 2019.

2.2 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 2020 was as follows:

Date	Number of shares comprising the capital	Number of voting rights
30 June 2020	200,893,522	Theoretical: 201,404,972 Exercisable: 196,779,641

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

2.3 Risks and uncertainties

The risks linked to Maurel & Prom's activities are described in Chapter 2 of the Group's 2019 Universal Registration Document. As a reminder, the main risk factors identified are as follows:

Category	Risk	Significance
Financial risks	Risk of volatility of hydrocarbon prices	High
	Risk related to the illiquidity of the Company's share	High
	Counterparty risk	High
	Liquidity risk for the Company	Moderate
	Risk related to competitive position	Moderate
	Interest rate risk	Moderate
Risks related to oil and gas exploration and production activities	Risks related to exploration and the renewal of reserves; geological risk	High
	Risks related to safety and security	High
	Risks related to equity associates and joint operating agreements with third-party operators	High
	Risks of lower-than-expected production	Moderate
Political and regulatory risks	Political risks	High
	Regulatory risks	High
Environmental, social and governance risks	Risk related to social factors independent of the Company	High
	Risks related to site remediation obligations	Moderate
	Risks related to the effects of climate change policies on the value of the Group's assets	Moderate
	Ethical and non-compliance risk	Moderate

3 GROUP'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3.1 Consolidated statement of financial position

ASSETS (in $ thousands)	Note (3.5.X)	30/06/2020	31/12/2019
Intangible assets (net)	4.3	121,246	223,228
Property, plant and equipment (net)	4.4	869,747	1,446,082
Non-current financial assets (net)	5.1	7,139	6,441
Other non-current assets (net)	4.7	43,411	43,554
Equity associates	3.2	259,449	295,268
Deferred tax assets	6.1	9,722	11,588
NON-CURRENT ASSETS		**1,310,714**	**2,026,161**
Inventories (net)	4.5	21,981	13,991
Trade receivables and related accounts (net)	4.6	30,873	144,104
Other current financial assets	5.1	59,900	59,250
Other current assets	4.7	65,198	48,118
Underlift position receivables	4.8	28,358	39,755
Current tax receivables	6.1	550	680
Cash and cash equivalents	5.2	212,370	231,043
CURRENT ASSETS		**419,230**	**536,942**
TOTAL ASSETS		**1,729,944**	**2,563,103**

LIABILITIES (in $ thousands)	Note	30/06/2020	31/12/2019
Share capital		193,496	193,345
Additional paid-in capital		42,448	42,753
Consolidated reserves		930,584	891,989
Treasury shares		(40,835)	(40,772)
Net income, Group share		(603,517)	37,383
EQUITY, GROUP SHARE		**522,174**	**1,124,699**
Non-controlling interests		14,132	17,117
TOTAL EQUITY		**536,306**	**1,141,816**
Non-current provisions	4.11	86,884	85,597
Shareholder loans	5.3	91,750	94,118
Other non-current borrowings and financial debt	5.3	484,883	448,519
Deferred tax liabilities	6.1	199,393	398,330
NON-CURRENT LIABILITIES		**862,910**	**1,026,564**
Shareholder loans	5.3	9,021	5,882
Other current borrowings and financial debt	5.3	76,973	153,036
Trade payables and related accounts	4.10	64,467	75,656
Current tax liabilities	6.1	11,163	12,489
Overlift position liability	4.8	12,524	1,296
Other current liabilities	4.9	131,364	125,746
Current derivative financial liabilities	5.4	4,599	3,304
Current provisions	4.11	20,617	17,313
CURRENT LIABILITIES		**330,728**	**394,723**
TOTAL LIABILITIES		**1,729,944**	**2,563,103**

3.2 Consolidated statement of profit & loss and other comprehensive income

3.2.1 Net income for the period

In $ thousands	Note (3.5.X)	30/06/2020	30/06/2019
Sales	4.2	141,970	228,826
Other income from operations		6,215	9,061
Change in overlift/underlift position and inventory revaluation		(23,782)	22,951
Other operating expenses	4.2	(106,340)	(123,363)
EBITDA		**18,065**	**137,476**
Depreciation and amortisation & provisions related to production activities net of reversals		(62,834)	(71,738)
Depreciation and amortisation & provisions related to drilling activities net of reversals		(2,744)	(207)
Current operating income		**(46,655)**	**65,531**
Provisions and impairment of production and drilling assets		(473,668)	
Expenses and impairment of exploration assets net of reversals		(29,658)	(4,666)
Other non-current income and expenses		(1,705)	14
Income from asset disposals		-0	(5,059)
Operating Income	4.1	**(552,544)**	**55,821**
Cost of gross debt		*(9,006)*	*(16,117)*
Income from cash		*1,152*	*1,987*
Income and expenses related to interest-rate derivative financial instruments		*(842)*	*(71)*
Cost of net financial debt		(8,695)	(14,201)
Net foreign exchange adjustment		(2,558)	(2,516)
Other financial income and expenses		(1,209)	(707)
Financial income	5.7	**(12,462)**	**(17,424)**
Income tax	6.1	(8,010)	(32,184)
Net income from consolidated companies		**(572,414)**	**6,213**
Share of income/loss of associates	3.2	(32,686)	26,974
Consolidated net income		**(605,703)**	**33,187**
o/w: - Net income, Group share		(603,517)	32,982
- Non-controlling interests		(2,185)	205

3.2.2 Comprehensive income for the period

In $ thousands	Note	30/06/2020	30/06/2019
Net income for the period		**(605,703)**	**33,187**
Foreign exchange adjustment for the financial statements of foreign entities		1,243	320
Change in fair value of hedging Investments instruments		(1,294)	(5,564)
Total comprehensive income for the period		**(605 754)**	**27,942**
- Group share		(602,768)	27,737
- Non-controlling interests		(2,986)	205

3.2.3 Earnings per share

	30/06/2020	30/06/2019
Net income attributable to Group equity holders for the period (in $ thousands)	**(603,517)**	**32,982**
Share capital	200,713,522	200,713,522
Treasury shares	4,625,331	4,684,418
Average number of shares outstanding	**196,088,191**	**196,029,104**
Number of diluted shares	**196,364,261**	**196,029,104**
Earnings per share ($)		
Basic	-3.08	0.17
Diluted	-3.08	0.17

3.3 Changes in shareholders' equity

In $ 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 2019	**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**
Fair value of hedging instruments				(5,564)			**(5,564)**		**(5,564)**
Other comprehensive income				442	(123)		**320**	(0)	**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)**
Bonus shares				376			**376**		**376**
Changes in treasury shares		(3,909)	0				**(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**

1 January 2020	**193,345**	**(40,772)**	**42,753**	**904,326**	**(12,337)**	**37,383**	**1,124,699**	**17,117**	**1,141,816**
Net income						(603,517)	**(603,517)**	(2,185)	**(605,703)**
Fair value of hedging instruments				(1,294)			**(1,294)**		**(1,294)**
Other comprehensive income					2,044		**2,044**	(800)	**1,243**
Total comprehensive income				**(1,294)**	**2,044**	**(603,517)**	**(602,767)**	**(2,986)**	**(605,754)**
Appropriation of income - dividends				37,383		(37,383)	**0**		**0**
Bonus shares	151			462			**613**		**613**
Changes in treasury shares		(64)	(306)				**(370)**		**(370)**
Total transactions with shareholders	**151**	**(64)**	**(306)**	**37,846**		**(37,383)**	**243**		**243**
30 June 2020	**193,496**	**(40,835)**	**42,448**	**940,877**	**(10,293)**	**(603,517)**	**522,174**	**14,132**	**536,306**

3.4 Consolidated statement of cash flow

In $ thousands	Note	30/06/2020	30/06/2019
Net income		(605,703)	33,187
Tax expense for continuing operations		8,010	32,184
Consolidated income from continuing operations		**(597,692)**	**65,371**
Net increase (reversals) of amortisation, depreciation and provisions	*4.3 & 4.4 & 4.6 & 4.11*	540,589	76,803
Exploration expenses	4.3	29,658	9,724
Share of income from equity associates	3.2	32,686	(26,974)
Other income and expenses calculated on bonus shares		462	376
Gains (losses) on asset disposals			
Dilution gains and losses			
Other financial items		11,062	16,733
CASH FLOW BEFORE TAX		**16,765**	**142,034**
Income tax paid		(15,589)	(20,772)
Change in working capital requirements for operations		94,208	51,946
Inventories	*4.5*	*(12,530)*	*1,293*
Trade receivables	*4.6*	*113,234*	*32,860*
Trade payables	*4.9*	*(11,152)*	*7,462*
Overlift/underlift position	*4.7*	*22,626*	*(22,951)*
Other receivables	*3.8 & 5.1*	*(17,198)*	*(19,619)*
Other payables	*4.10*	*(773)*	*52,902*
NET CASH FLOW FROM OPERATING ACTIVITIES		**95,383**	**173,208**
Proceeds from disposals of property, plant and equipment and intangible assets			
Disbursements for acquisitions of property, plant and equipment and intangible assets	4.3	(70,541)	(76,194)
Acquisitions of property, plant & equipment paid in equity instruments			
Dividends received from equity associates	3.2	6,020	6,018
Change in deposits		717	651
Acquisition of equity associates			
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(63,804)**	**(69,525)**
Treasury share acquisitions/sales		151	(3,909)
Dividends paid out			(8,782)
Loan repayments	5.4	(37,647)	(145)
Additional paid-in capital on hedging instruments		(3,749)	
Interest paid on financing	5.4	(9,071)	(15,046)
Interest received on investment		1,152	1,987
NET CASH FLOW FROM FINANCING ACTIVITIES		**(49,164)**	**(25,896)**
Impact of exchange rate fluctuations		(1,218)	3,462
CHANGE IN CASH POSITION (**)		**(18,802)**	**81,249**
CASH (**) AT BEGINNING OF PERIOD		**230,914**	**279,757**
CASH (**) AT END OF PERIOD		**212,112**	**361,007**

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

3.5 Notes to the condensed consolidated financial statements

3.5.1 General information

Établissements 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 condensed 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 condensed consolidated financial statements, presented in thousands of dollars, were approved by the Board of Directors on 6 August 2020.

3.5.1.1 Specific context of the half-year

The year 2020 was marked by economic uncertainties related to the Covid-19 pandemic and the unprecedented scale of its effects on the global economic outlook. Against this backdrop, oil markets were severely impacted both in terms of supply and demand. Global oil demand fell sharply as a result of the economic slowdown triggered by the Covid-19 outbreak and in particular its impact on the Chinese economy. This was further exacerbated by Saudi Arabia's decision to increase its oil production and by the end of the informal alliance between OPEC and Russia which had kept prices relatively stable over the past two years.

As a result, oil prices plummeted, with Brent dropping below $25/bbl in March 2020 from an average of $60/bbl in January and February.

This crisis of unknown duration is affecting every aspect of life and business and could have repercussions on the Group's entire value chain as well as on the availability of its resources.

In the face of these unprecedented events, the Group reacted quickly by taking appropriate measures to protect the health and safety of all Group employees while ensuring the continuity of current operations.

In March, executive management introduced a plan to reduce capital expenditure (60% reduction in development capex originally budgeted for 2020) and operating expenses (saving of at least €25 million over the full year). The aim was to protect the Group's cash while maintaining its ability to resume operations quickly, as soon as the situation permits.

This 2020 half-year financial statement is not just a continuation of the 2019 annual financial statements but has generated additional work, most notably a review of the Group's assets, risks and ability to meet its financial commitments. As a result of the impairment recorded for the period, depreciation and amortisation charges will be lower in future years, thus improving the Group's financial performance, all other things being equal.

3.5.1.2 Going Concern

Thanks to the robustness of the Company's assets and the measures it has undertaken, the Group's ability to continue as a going concern is not currently in question, as evidenced by its net cash position of $212 million at 30 June 2020.

The fact that the Group's core assets are operated by the Group itself means it has considerable control and flexibility when it comes to development programmes and cost-reduction initiatives.

In Gabon, the effects of the decision made in March to suspend development drilling were immediate. The drilling rig was demobilised and stored on site, and subcontractors halted their services.
Operations in Tanzania represent a steady source of cash that is not exposed to oil prices.

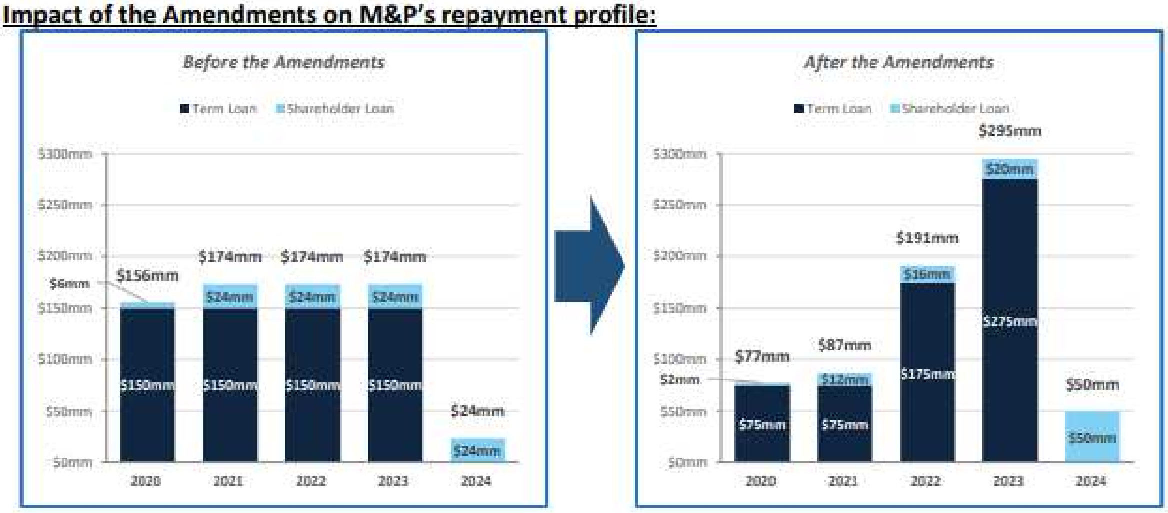
The Group maintained its cash position in the first half of 2020 (down 8% from 31 December 2019). The inflow in January 2020 of $107 million from liftings in December 2019 offset the $51 million in debt servicing and $70 million in development and exploration expenses in the first quarter before the cost reduction measures.

Furthermore, on 16 March 2020 the Group successfully rescheduled its two loans:

- the $600-million term loan with a syndicate of lenders (the “Term Loan”), and
- the $200-million loan ($100 million of it drawn and $100 million undrawn) from M&P’s controlling shareholder PT Pertamina International Eksplorasi Dan Produksi (“PIEP”) (the “Shareholder Loan”).

Under the terms of the signed amendments, the amount of the repayments to be paid in 2020 and 2021 has been halved. The new repayment profile will improve liquidity by reducing the short-term portion of borrowings.

Impact of the Amendments on M&P’s repayment profile:



Lastly, M&P can also unlock additional liquidity on request, thanks to the undrawn $100-million tranche of the Shareholder Loan.

3.5.1.3 Expenses related to the public health crisis

To cope with the public health crisis, the Group introduced a series of enhanced safety measures for its staff.

At production sites, a comprehensive set of health measures were quickly instituted. Staff were asked to work from home whenever possible, while employees unable to work remotely were provided with support and social distancing measures.

The cost of these measures, around $500,000, is included in the operating expenses presented in these financial statements, with no specific restatement.

3.5.2 Accounting rules and methods

3.5.2.1 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 2020 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 2019.

3.5.2.2 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 https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements) and as published by the IASB.

The Group has applied the same accounting standards, interpretations, principles and methods at 30 June 2020 as in the 2019 consolidated financial statements, with the exception of the following mandatory changes under IFRS as of 1 January 2020.
Effective 1 January, the Group has applied the amendments to IFRS 7 and IFRS 9 related to the interest rate benchmark reform. Under these amendments, the effects of the interest rate reform can be disregarded until the transition to the new indices comes into effect and in consequence, interest rate derivatives can continue to qualify for hedge accounting. The Group is currently analysing the future impact of these index changes.

IFRS have been applied by the Group consistently for all the periods presented, with the exception of the changes mentioned. Full details can be found in the Group's 2019 Universal Registration Document.

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.

3.5.2.3 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;*
- *underlift/overlift positions;*
- *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 2019, except for the points mentioned below:

The Group is facing exceptional circumstances: the oil market crisis and Covid-19 public health crisis are creating major uncertainty.
The Group has taken the current economic environment into account in its forecasts, particularly those related to:

- **impairment of property, plant and equipment and intangible assets;**

With regard to impairment tests conducted on assets in Gabon, Angola and France, the Group deemed it appropriate to review the assumptions used, based in particular on:
- an average Brent price of $37.7/bbl in 2020, $43.3/bbl in 2021, $53/bbl in 2022 and long term price in constant currency at $56/bbl,
- production and development profiles adjusted according to the cost-saving initiatives for 2020 and 2021,
- a discount rate individualised by country.

With regard to drilling rigs, given the termination of provision agreements and no order book, a recoverable value has been maintained only for the two drilling rigs recently refurbished and expected to be able to find new contracts.

Consequently, the Group recognised an impairment charge for property, plant and equipment and intangible assets of $474 million, net of deferred taxes, as per table below:

(in millions of dollars)	30/06/2020		
	Assets	Deferred tax	Net
Ezanga	583	-192	391
Angola	42		42
Autres	41		41

The sensitivity of the impairment test on the Group main operated assets (Ezanga) is presented below:

(in millions of dollars)	Brent/bbl		
Production	-$10/bbl	Base case	+$10/bbl
Production at -5%	-254	-39	164
Forecast production	-224	0	213
Production at +5%	-194	39	262

WACC	-$10/bbl	Base case	+$10/bbl
Discount rate -1pt	-254	-39	164
Discount rate 11.1%	-224	0	213
Discount rate +1pt	-191	44	268

Lastly, the Tanzanian gas asset was not considered a sensitive asset for the purpose of these financial statements.

- **the valuation of equity associates;**

Seplat, a company listed in London and Lagos and in which the Group holds a 20.46% stake, is exposed to the same exceptional circumstances and saw its share price fall by more than 50% in March 2020. Seplat has booked in its Half-year financial statements an impairment expense of $146 million. A multi-criteria analysis based on market indicators has determined that the recoverable amount of M&P share was greater than the net book value of the investment accounted for using the equity method.

With regard to the Venezuelan asset, the Group revised the value in use of its interest based on projected future cash flows. These were determined using the same assumptions as for property, plant and equipment and intangible assets. Consequently, the Group recognised an impairment charge for these assets of $10 million.

3.5.2.4 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 2020 is not necessarily representative of the results to be expected for the full fiscal year in 2020.

3.5.3 Basis for consolidation

3.5.3.1 List of consolidated entities

Company	Registered office	Consolidation method (*)	% control 30/06/2020	% control 31/12/2019
Établissements Maurel & Prom S.A.	Paris	Parent	Consolidating company	
Maurel & Prom Assistance Technique International S.A.	Geneva, Switzerland	FC	100.00%	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 Amérique Latine S.A.S.	Paris, France	FC	100.00%	Not consolidated
Maurel & Prom Italia Srl (formerly Panther Srl)	Ragusa, Sicily	FC	100.00%	100.00%
Maurel & Prom East Asia S.A.S.	Paris, France	FC	Deconsolidated	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 Énergie Québec Inc	Montreal, Canada	FC	100.00%	100.00%
Saint-Aubin Exploration & Production Québec Inc	Montreal, Canada	FC	Liquidated	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	Liquidated	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 Services S.A.S	Paris, France	FC	100.00%	100.00%
Maurel & Prom Trading S.A.S	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

3.5.3.2 Investments in equity associates

In $ thousands	Maurel & Prom Colombia BV	Seplat	Deep Well Oil	Petroregional Del Lago	Total
Equity associates as at 31/12/2019	**(1,684)**	**214,801**	**44**	**82,108**	**295,268**
Income	(1,109)	(21,577)		(10,000)	(32,686)
Change in OCI		93			93
Reclassification (4)	2,794				2,794
Dividends		(6,020)			(6,020)
Equity associates as at 30/06/2020	**0**	**187,2987**	**44**	**72,108**	**259,449**

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

In $ thousands	Seplat
Location	Nigeria
Activity	Associate Production
% Interest	20.46%
Total non-current assets	2,270,784
Other current assets	434,051
Cash and cash equivalents	342,595
Total assets	**3,047,430**
Total non-current liabilities	869,681
Total current liabilities	508,687
Total liabilities (excl. equity)	**1,378,368**
Reconciliation with balance sheet values	
Total shareholders' equity or net assets	**1,669,062**
Share held	341,502
IFRS 3 fair value adjustment (1)	(162,954)
Value of diluted shares (2)	8,749
Impairment (3)	
Reclassification to Provisions (4)	
Balance sheet value at 30/06/2020	**187,2987**
Sales	233,609
Operating income	24,557
Impairment (3)	(146,028)
Financial income	(26,215)
Income from JV and deconsolidation	2,359
Corporate income tax	35,149
Net income from equity associates	**(110,178))**
Share held	(22,543)
Impairment (3)	
Restatements for standardisation (5)	966
P&L value at 30/06/2020	**(21,577)**

(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) In 2018 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, valued at the market price of $8.7 million.
(3) Impairment recorded so that the assets' book value would equal their value in use.
(4) Share of net negative assets is reclassified to other provisions.
(5) The main restatement for standardisation relates to the recognition through profit or loss of Seplat share-based payments.

3.5.4 Operating activities

3.5.4.1 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.

In $ thousands	Production	Exploration	Drilling	Other	30/06/2020	*Reccuring*	*Exploration and other non-recurring items*
Sales	136,163	17	5,791		141,970	141,970	
Operating Income and expenses	(116,692)	(5,085)	(6,942)	4,813	(123,906)	(123,906)	
EBITDA	**19,471**	**(5,068)**	**(1,151)**	**4,813**	**18,065**	**18,065**	**0**
Depreciation and amortisation, impairment loss & provisions for assets in production and drilling assets	(62,144))	)	(2,744)	(614)	(65,578)	(65,578)	
Current operating income	**(42,673)**	**(5,068)**	**(3,896)**	**4,199**	**(47,513)**	**(47,513)**	**0**
Provisions and impairment of production and drilling assets	*(433,367)*	*(28,921)*	*(8,333)*	*(3,046)*	*(473,668)*		*(429,424)*
Expenses and impairment of exploration assets net of reversals		*(29,658)*			*(29,658)*		*(29,658)*
Other non-recurring expenses	*6*	*(170)*	*(841)*	*(700)*	*(1,705)*		*(1,705)*
Gain (loss) on asset disposals					-0		
Operating income	**(476,035)**	**(63,817)**	**(13,070)**	**454**	**(552,544)**	**(47,513)**	**0**
Provisions and impairment of assets of equity associates	*(39,878)*				*(39,878)*		*(39,878)*
Share of underlying profit of equity associates	8,302	(1,109)			7,192	7,192	
Share of income of equity associates	**(31,401)**	**(1,109)**	**0**	**0**	**(32,510)**	**7,250**	**(39,760)**
Financial income	*(5,557)*	*951*	*288*	*(8,145)*	*(12,462)*	*(12,462)*	
Income tax	*(7,721)*		*350*	*(639)*	*(8,010)*	*(8,010)*	
Net income	**(520,889)**	**(63,976)**	**(12,432)**	**(8,330)**	**(605,703)**	**(60,794)**	**(544,908)**
Intangible investments	**5,874**	**38,894**	**0**	**(4)**	**44,764**		
Intangible assets (net)	**116,250**	**4,861**	**16**	**118**	**121,246**		
Investments in property, plant and equipment	**21,117**	**2,765**	**843**	**1,052**	**25,777**		
Property, plant and equipment (net)	**849,980**	**2,240**	**14,918**	**2,580**	**869,717**		

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

In $ thousands	Production	Exploration	Drilling	Other	30/06/2019	reccuring items	Exploration and other non-recurring items
Sales	219,852	0	6,754	2,221	228,826	228,826	
Operating Income and expenses	(63,856)	(1,498)	(16,946)	(9,050)	(91,350)	(91,350)	
EBITDA	**155,996**	**(1,498)**	**(10,192)**	**(6,829)**	**137,476**	**137,476**	
Depreciation and amortisation, impairment loss & provisions for assets in production and drilling assets	(73,072)	486	(206)	848	(71,945)	(71,945)	
Current operating income	**82,924**	**(1,012)**	**(10,398)**	**(5,982)**	**65,532**	**65,532**	
Expenses and impairment of exploration assets net of reversals	(3,856)	(809)	0	0	(4,666)		(4,666)
Other non-recurring expenses	15	1	(2)	0	14		14
Gain (loss) on asset disposals	(5,059)	0	0	0	(5,059)		(5,059)
Operating income	**74,024**	**(1,821)**	**(10,400)**	**(5,982)**	**55,821**	**65,532**	**(9,711)**
Share of income of equity associates	**27,718**	**(744)**	**0**	**0**	**26,974**	**36,685**	**(9,711)**
				0			
Intangible investments	**1,564**	**4,940**	**0**	**58**	**6,563**		
Intangible assets (net)	**187,629**	**11,044**	**18**	**134**	**198,824**		
Investments in property, plant and equipment	**51,705**	**14,400**	**5,925**	**4,716**	**69,631**		
Property, plant and equipment (net)	**1,400,944**	**18,477**	**26,808**	**4,722**	**1,442,774**		

3.5.4.2 Operating income

- ***Sales***

Change		H1 2020	H1 2019	Change
M&P working interest production				
Gabon (oil)	bopd	18,134	20,026	*-9%*
Angola (oil) [1]	bopd	4,108	–	*N/A*
Tanzania (gas)	mmcf pd	28.0	31.8	*-12%*
Total	**boep d**	**26,917**	**25,326**	*6%*
Average sale price				
Oil	$/bbl	34.6	68.4	*-49%*
Gas	$/BTU	3.32	3.27	*2%*
Sales				
Gabon	$m	*119*	*233*	*-49%*
Angola	$m	*20*	–	*N/A*
Tanzania	$m	*17*	*16*	*4%*
Valued production	**$m**	**156**	**249**	***-38%***
Drilling activities	$m	6	7	
Restatement for lifting imbalances and inventory revaluation	$m	-20	-27	
Consolidated sales	**$m**	**142**	**229**	*-38%*

[1] 4,484 bopd for M&P working interest during the asset-holding period in the second half of 2019 (between August and December)

The Group's valued production was €156 million in the first half of 2020, down 38% compared to first-half 2019, mainly due to the collapse in oil prices.
The average sale price of oil in first-half 2020 fell 49% to $34.6/bbl versus $68.4/bbl in first-half 2019.
With regard to gas sales in Tanzania, figures were up 4% from first-half 2019, despite a 12% decline in production. This increase was due not only to the slightly higher sale price (up 2%) but also to the technical effect of additional rights corresponding to corporate income tax being charged to the partner TPDC, pursuant to the production sharing contract.
After taking drilling activities into account, lifting imbalances and inventory revaluation, the Group's consolidated sales for the first half 2020 stood at $142 million.

- ***Operating income***

Others operating expenses are:

In $ thousands	30/06/2020	30/06/2019
Purchases and external services	(49,351)	(47,306)
Taxes, contributions & royalties	(20,638)	(35,837)
Personnel expenses	(36,351)	(40,219)
Other operating expenses	**(106,340)**	**(123,363)**

Current operating income stood at -$47.5 million and was directly impacted by the collapse in oil prices, despite the voluntary plan under way to reduce operating expenses.

Operating income includes the following non-current items:
- $474 million impairment loss (net of deferred tax effects) on production and exploration assets in Gabon, France and Angola, and impairment loss on drilling rigs,
- €30 million in exploration expenses on the Kari permit related to the ending of operations that began in 2019 and a campaign to acquire seismic data in Sicily,
- $2 million in expenses related to termination payments.

3.5.4.3 Intangible assets

In $ thousands	31/12/2019	Currency translation adjustment	Investments	Transfer	Operating expenses & impairment	Amort.	30/06/2020
Assets attached to permits in production	214,922		5,874	22	(98,076)	(6,492)	116,250
Assets attached to permits in exploration	8,146		38,894		(42,142)	(36)	4,861
Drilling	16					(1)	16
Other	144		(4)	29		(51)	118
Intangible assets (net)	**223,228**	**0**	**44,764**	**51**	**(140,218)**	**(6,579)**	**121,246**

Exploration expenses in 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 related to operations that began at the end of 2019 in Gabon have been impaired relative to the projects' cost non-effectiveness.
The Group recognised an impairment charge for intangible assets of $98 million on the producing assets in Gabon and Angola, as per the assumptions described in Note 3.5.2.3.

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

In $ thousands	31/12/2018	Currency translation adjustment	Investments	Transfer	Operating expenses	Amort.	30/06/2019
Assets attached to permits in production	192,804		1,564		(12)	(6,728)	187,629
Assets attached to permits in exploration	6,919	(6)	4,940		(748)	(61)	11,044
Drilling	28					(10)	18
Other	169		58	(48)		(45)	134
Intangible assets (net)	**199,920**	**(6)**	**6,563**	**(48)**	**(761)**	**(6,844)**	**198,824**

3.5.4.4 Property, plant and equipment

In $ thousands	31/12/2019	Currency translation adjustment	Investments	Transfer	Operating expenses & impairment	Amort.	30/06/2020
Assets attached to permits in production	1,404,132		21,117	5,980	(525,980)	(55,269)	849,980
Assets attached to permits in exploration	11,421	(133)	2,765		(11,814)		2,240
Drilling	25,152		843		(8,333)	(2,744)	14,918
Other	5,376	(2)	1,052	(29)	(3,046)	(772)	2,580
Property, plant and equipment (net)	**1,446,082**	**(136)**	**25,777**	**5,952**	**(549,173)**	**(58,785)**	**869,717**

Investments in property, plant and equipment during the period were primarily related to development on the Ezanga permit in the first quarter.
The Group recognised an impairment charge for assets of $526 million (before deferred taxes) on the producing assets in Gabon, France and Angola, as per the assumptions described in Note 3.5.2.3.

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

In $ thousands	31/12/2018	Currency translation adjustment	Investments	Transfer	Impairment	Amort.	30/06/2019
Assets attached to permits in production	1,425,779	3	51,705		(12,915)	(63,628)	1,400,944
Assets attached to permits in exploration	2,966	46	7,200				10,212
Drilling	21,793		5,925			(910)	26,808
Other	625		4,801			(616)	4,810
Property, plant and equipment (net)	**1,451,162**	**49**	**69,631**	**0**	**(12,915)**	**(65,153)**	**1,442,774**

3.5.4.5 Inventories

In $ thousands	31/12/2019	Currency translation adjustment	Change	Transfer	Impairment/Reversals	30/06/2020
Ezanga oil inventory (Gabon)	6,371		(232)			6,139
Ezanga chemicals (Gabon)	3,080		135			3,215
Trading oil inventory		0	12,627		0	12,627
BRM (Tanzania)	4,540	(86)			(4,454)	
Inventories (net)	**13,991**	**(86)**	**12,530**	**0**	**(4,454)**	**21,981**

Trading oil inventories are valued at market price less cost of sales.
Oil inventories on Ezanga correspond to inventory in the pipeline and are valued at production cost.

3.5.4.6 Trade receivables and related accounts

In $ thousands	31/12/2019	Currency translation adjustment	Change	Transfer	Impairment/Reversals	30/06/2020
Ezanga (Gabon)	17,768		(2,466)			15,303
Trading	106,764		(104,222)			2,541
Mnazi Bay (Tanzania)	16,566		(4,716)			11,849
Drilling	2,964		(2,153)			811
Other	43	4	323			369
Trade receivables and related accounts (net)	**144,104**	**4**	**(113,234)**	**0**	**0**	**30,873**

Trade receivables on Ezanga for hydrocarbon sales essentially reflect the receivables from Sogara, which purchases a percentage of the production from the Ezanga permit fields.
Trade receivables on Mnazi Bay for natural gas sales are mostly from the national company TPDC and Tanesco.
The recoverability of all of these receivables is not called into question. There is no significant impaired receivable.

3.5.4.7 Other assets

In $ thousands	31/12/2019	Currency translation adjustment	Change	Transfer	Impairment/Reversals	30/06/2020
Supplier advances	2,615		(427)			2,188
Prepaid and deferred expenses	1,789	(4)	4,207		(60)	5,932
Tax and social security receivables	87,269	308	12,750		163	100,489
Other assets (net)	**91,672**	**304**	**16,530**	**0**	**103**	**108,609**
Gross	107,345	304	16,492			124,140
Impairment	(15,673)		39		103	(15,531)
Non-current	43,554		(422)			43,411
Current	48,118	25	16,952		103	65,198

“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.

3.5.4.8 Overlift/underlift position

In $ thousands	31/12/2019	Currency translation adjustment	Change	Transfer	Impairment/Reversals	30/06/2020
Underlift position receivables	39,755		(11,398)			28,358
Overlift position liability	(1,296)		(11,229)			(12,524)
Net overlift/underlift position	**38,460**	**0**	**(22,626)**	**0**	**0**	**15,833**

Overlift or underlift positions posted to current assets (underlift position receivable) or current liabilities (overlift position liability) are valued at the period-end market price.

3.5.4.9 Other current liabilities

In $ thousands	31/12/2019	Currency translation adjustment	Change	Transfer & scope	Impairment/Reversals	30/06/2020
Social security liabilities	17,636	(3)	(2,326)			15,307
Tax liabilities	29,100		3,761			32,861
WCR financing advances from partners			20,645			20,645
TPDC advances	27,180					27,180
Angola operator liability	11,688		214	5,980		17,882
PRDL investment liabilities	19,129	(430)	(18,699)			
Miscellaneous liabilities	21,014	(1)	(3,523)			17,490
Other current liabilities	**125,746**	**(433)**	**(773)**	**5,980**	**0**	**131,364**

The TPDC advance corresponds to a deposit received as a sales guarantee. It will be reimbursed once TPDC has set up another type of financial guarantee.
Investment liabilities at 31 December 2019 correspond to the balance due to Shell for the PRDL acquisition which was paid in full in the first half of 2020.
The Angola operator liability corresponds to calls for funds to be issued by Sonangol.

3.5.4.10 Trade payables and related accounts

In $ thousands	31/12/2019	Currency translation adjustment	Change	Transfer	Impairment/Reversals	30/06/2020
Ezanga (Gabon)	51,295		(6,308)			44,997
Mnazi Bay (Tanzania)	488		(314)			174
Drilling	6,953		(3,484)			3,469
Other	16,921	(44)	(1,047)			15,827
Trade payables and related accounts	**75,656**	**(44)**	**(11,152)**	**0**	**0**	**64,467**

3.5.4.11 Provisions

In $ thousands	31/12/2019	Currency translation adjustment	Increase	Reversal	Transfer	30/06/2020
Site remediation	84,770	(15)	1,302			86,057
Pension commitments	1,406					1,406
Other	16,734	(15)	525		2,794	20,038
Provisions	**102,910**	**(30)**	**1,827**	**0**	**2,794**	**107,501**
Non-current	85,597	(15)	1,302	0	0	86,884
Current	17,313	(15)	525	0	2,794	20,617

Site remediation provisions for sites in production are revised regularly 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.

3.5.5 Financing activities

3.5.5.1 Other financial assets

In $ thousands	31/12/2019	Currency translation adjustment	Change	Transfer	Impairment/Reversals	30/06/2020
Equity associate current accounts	4,601	(3)	665	(15)		5,249
RES escrow funds	1,839	(1)	52			1,890
GOC escrow fund	43,339					43,339
Gabonese partners' carry receivables	1,399		(281)			1,118
Tanzanian partners' carry receivables	1,735		1,573			3,308
Sucre carry receivables	11,000					11,000
Miscellaneous receivables	1,777	(18)	(624)			1,134
Other financial assets (net)	**65,691**	**(22)**	**1,385**	**(15)**	**0**	**67,039**
Non-current	6,441		717	(15)		7,139
Current	59,250	(18)	668			59,900

Gabon Oil Company (GOC), carried partner of the Group on Ezanga permit, has paid in June 2019 a $43-million deposit on an escrow account related to the carry balance prior to 2018. The fund should be paid to M&P after the expertise ongoing

3.5.5.2 Cash and cash equivalents

In $ thousands	30/06/2020	31/12/2019
Liquid assets, banks and savings banks	119,045	132,555
Short-term bank deposits	5,698	3,803
Short-term investments	87,627	94,685
Cash and cash equivalents	**212,370**	**231,043**
Bank loans (*)	(259)	(129)
Net cash and cash equivalents	**212,112**	**230,914**

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

3.5.5.3 Borrowings

In $ thousands	31/12/2019	Repayment	Transfer	Interest expense	Interest withdrawal	Other movements	30/06/2020
Term loan (600M$)	445,673	(37,500)	74,640	(110)			482,702
Shareholder loan	94,118		(2,368)				91,750
Lease financing debt	2,847	(147)	44	110	(110)	(563)	2,180
Non-current	542,637	(37,647)	72,316	0	(110)	(563)	576,633
Term loan (600M$)	150,066		(74,640)			(360)	75,066
Shareholder loans	5,882		2,368				8,250
Lease financing debt	1,357		(44)	44			1,357
Current bank loans	129			0	0	130	259
Accrued interest	1,484			8,961	(8,961)	(422)	1,062
\/ Shareholder loan ($100m)	*0*			*1,689*	*(1,689)*	*771*	771
\/ Term loan ($600m)	*1,484*			*7,273*	*(7,273)*	*(1,193)*	291
Current	158,918	0	(62,919)	9,006	(8,961)	(652)	85,994
Borrowings	**701,555**	**(37,647)**	**0**	**9,006**	**(9,071)**	**(1,216)**	**662,627**

On 16 March 2020 the Group obtained amendments to the repayment profile of its two loans:

- the $600-million term loan with a syndicate of lenders (the "Term Loan"), and
- the $200-million loan ($100 million of it drawn and $100 million undrawn) from M&P's controlling shareholder PT Pertamina International Eksplorasi Dan Produksi ("PIEP") (the "Shareholder Loan").

In accordance with IFRS 9, as this was not a significant change in the terms of the loan, the Group recognised the costs relating to the implementation of these amendments in the overall cost by adjusting the effective interest rate. As a result, the impact on the results for the period was limited.

3.5.5.4 Derivative instruments

In $ thousands	31/12/2019	Income	OCI	30/06/2020
Current derivative financial assets	0		0	
Current derivative financial liabilities	(3,304)		(1,295)	(4,599)
Derivative financial instruments, net	**(3,304)**	**0**	**(1,295)**	**(4,599)**

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 $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 "current derivative financial assets".
Under the amendments to IFRS 7 and IFRS 9 in connection with interest rate benchmark reform, the effects of the interest rate reform can be disregarded until the transition to the new indices comes into effect. Consequently, interest rate derivatives can continue to qualify for hedge accounting.

3.5.5.5 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 2019.

3.5.5.6 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 2019.
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 3.5.5.4.

In $ thousands	Categories	Level	30/06/2020 Balance sheet total	30/06/2020 Fair value	31/12/2019 Balance sheet total	31/12/2019 Fair value
Non-current financial assets	Amortised cost	Level 2	7,139	7,139	6,441	6,441
Trade receivables and related accounts	Amortised cost	Level 2	30,873	30,873	144,104	144,104
Other current financial assets	Amortised cost	Level 2	59,900	59,900	59,250	59,250
Derivative financial instruments	Fair value	Level 1	0	0	0	0
Cash and cash equivalents			212,370	212,370	231,043	231,043
Total assets			**310,282**	**310,282**	**440,838**	**440,838**
Other borrowings and financial debt	Amortised cost	Level 2	662,627	662,627	701,555	701,555
Trade payables	Amortised cost	Level 2	64,467	64,467	75,656	75,656
Derivative financial instruments	Fair value	Level 1	4,599	4,599	3,304	3,304
Other creditors and sundry liabilities	Amortised cost	Level 2	131,364	130,521	125,746	125,746
Total liabilities			**863,057,213**	**862,213**	**909,566**	**909,566**

3.5.5.7 Financial income

In $ thousands	30/06/2020	30/06/2019
IFRS 16 financial expense	(44)	
Interest on shareholder loans	(1,689)	(2,194)
Interest on loans and overdrafts	(7,273)	(13,923)
Gross finance costs	**(9,006)**	**(16,117)**
Income from cash	1,152	1,987
Net income from derivative instruments	(842)	(71)
Net finance costs	**(8,695)**	**(14,201)**
Net foreign exchange adjustment	(2,558)	(2,516)
Other	(1,209)	(707)
Other net financial income and expenses	**(3,767)**	**(3,223)**
Financial income	**(12,462)**	**(17,424)**

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 31/12/2019 was 1.1234 versus 1.1198 at 30/06/2020.
- 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.

3.5.6 Other information

3.5.6.1 Income taxes & deferred taxes

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 $ thousands	Deferred tax	Current tax	Total
Assets at 31/12/2019	**11,588**	**680**	**12,268**
Liabilities at 31/12/2019	**(398,330)**	**(12,489)**	**(410,819)**
Net value at 31/12/2019	**(386,742)**	**(11,809)**	**(398,551)**
Tax expense	6,382	(13,791)	(7,408)
Impairment	190,689		190,689
Payments		14,987	14,987
Assets at 30/06/2020	**9,722**	**550**	**10,273**
Liabilities at 30/06/2020	**(199,393)**	**(11,163)**	**(210,557)**
Net value at 30/06/2020	**(189,671)**	**(10,613)**	**(200,284)**

3.5.6.1 Contingent assets and liabilities & Off-balance sheet commitments

It was agreed with the lenders that, as a condition to the amendment to the Term Loan, dividend payments would be limited to an annual amount of $15 million in 2021 and 2022.

The following financial ratios were complied with as at 30 June 2020:

- ratio for the Group's consolidated net debt (excluding shareholder loan) 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 (including intangible oil & gas assets) to exceed $500 million at each reference date.

Other off-balance-sheet commitments were consistent with those presented in the consolidated financial statements at 31 December 2019.

3.5.6.2 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 permitted exemptions as described in the consolidated financial statements at 31 December 2019. On this basis, only the leasing agreement for the Paris head office fell within the scope of IFRS 16. No new contracts were eligible for IFRS 16 in the first half of 2020. The impact of the transition to IFRS 16 on the financial statements at 30 June 2019 is very limited.

3.5.6.3 Events after the reporting period

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

4 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, 2020

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 2020,
- 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 on August 6th 2020 on the basis of available information at this stage regarding the changing context of crisis related to Covid-19 and the difficulty in assessing the consequences and prospects for the future. 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 3.5.2.3 to the condensed half-year consolidated financial statements detailing the impairment of tangible and intangible assets recognized during the semester.

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 6th August 2020

KPMG

François Quédiniac
Partner

Paris, on the 6th August 2020

International Audit Company

Fabienne Hontarrede
Partner

Maurel & Prom is listed for trading on Euronext Paris
Isin FR0000051070 / Bloomberg MAU.FP / Reuters MAUP.PA

5 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

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.

Paris, 6 August 2020

Olivier de Langavant

Chief Executive Officer