



2014

ANNUAL REPORT



MAUREL & PROM

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# Chairman's message

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Dear Shareholders,

The entire oil industry was shaken up in the second half of 2014 after the collapse of oil prices in the summer. This drop, which has continued into 2015, weighs on the Group's operating profitability and has led us to implement measures to sustain our performance and thus the Company's value. This has involved restructuring all debt and in particular extending its maturity, drastically reducing costs, and strict arbitrage of current investments.

The results of fiscal year 2014 are very much characterised by this environment and the measures we have taken to address it.

We are now focusing on assets with strong potential, namely those already in production plus the two discoveries made in Gabon, which we will be developing, and on gas assets in Tanzania, which will contribute to cash flow as from 2015.

The goal of this adaptation strategy is to maintain the Group's financial health so that we can take advantage of acquisition opportunities that may arise from a weak oil-industry environment.

**Jean-François Hénin**  
Chairman of the Board of Directors

# Key dates

## 15 years of experience in the oil industry



1831

- Creation of the Company
- Development of shipping lines and trading posts in West Africa

1998/99

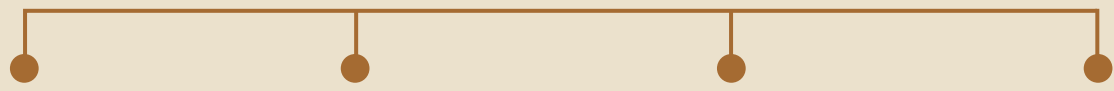
- Strategic refocusing around hydrocarbon exploration and production activities
- Entry into the Congo

2001

- Discovery of the M'Boundi field in the Congo

2003

- Creation of the drilling subsidiary Caroil



2005

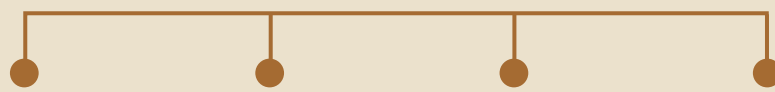
- Geographic diversification of the Group's oil assets:
  - entry into Tanzania
  - entry into Gabon
  - entry into Colombia, Venezuela and Peru
  - entry into Sicily

2006/07

- Exploration successes:
  - discovery of the Onal field in Gabon
  - discovery of the Ocelote field in Colombia
  - discovery of natural gas in Tanzania (M'Kurunga)
- Acquisition of ten new exploration permits
- Sale of M'Boundi and Kouakouala fields to Eni

2008/09

- Successful exploration in Gabon:
  - discovery of Omko and Ombg fields
  - discovery of Omoc and Omgw
- Sale of Hocol Colombia
- Takeover of Artumas assets in Tanzania and Mozambique



2010

- Entry into Nigeria
- Discovery of Omoc-Nord in Gabon

2011

- Sale of M&P Venezuela
- Strategic alliance formed with Pacific Rubiales Energy in Colombia and Peru
- Sale of Caroil
- Spin-off of Maurel & Prom Nigeria (MPN)

2013

- Sale of the Sabanero field in Colombia
- Formation of Saint-Aubin Energie as an investment joint venture with MPI (1/3 M&P)
  - entry into Myanmar
  - entry into Canada
- Takeover of Caroil's activities in Africa

2014

- New Exploration and Production Sharing Agreement - Ezanga - signed in Gabon
- Signature of a strategic partnership with Ressources Québec
- Signature of a gas sales and purchase agreement in Tanzania



# Company Profile

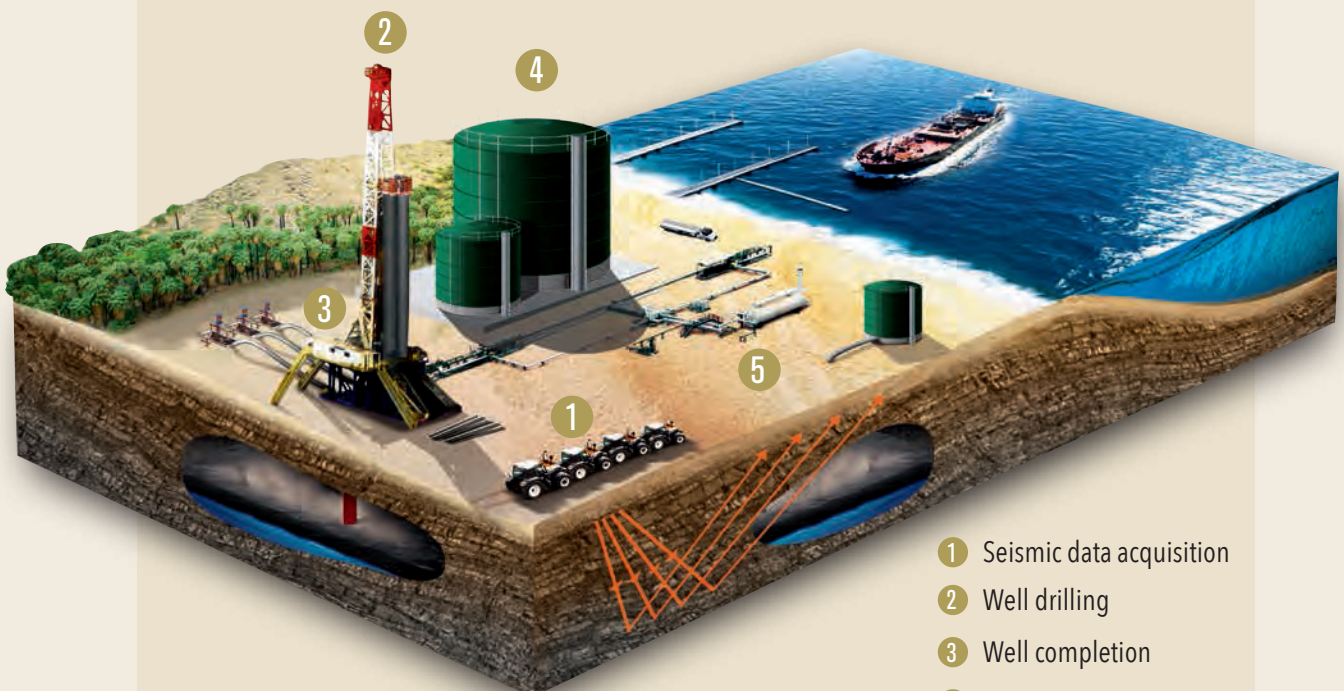
Maurel & Prom is an independent oil company specialising in the exploration and production of hydrocarbons. It is listed on the Paris stock exchange.

Over 15 years, Maurel & Prom has demonstrated its ability to develop large oil fields, build sustainable relations with local authorities and communities, and implement a growth strategy that will provide a source of cash flow over the long term.

The Company's management is comprised of professionals with many years of experience in the oil industry.

- **Imagining** oil systems
- **Researching** oil plays
- **Discovering** new reserves

## Recognised know-how



- 1 Seismic data acquisition
- 2 Well drilling
- 3 Well completion
- 4 Storage
- 5 Evacuation pipeline

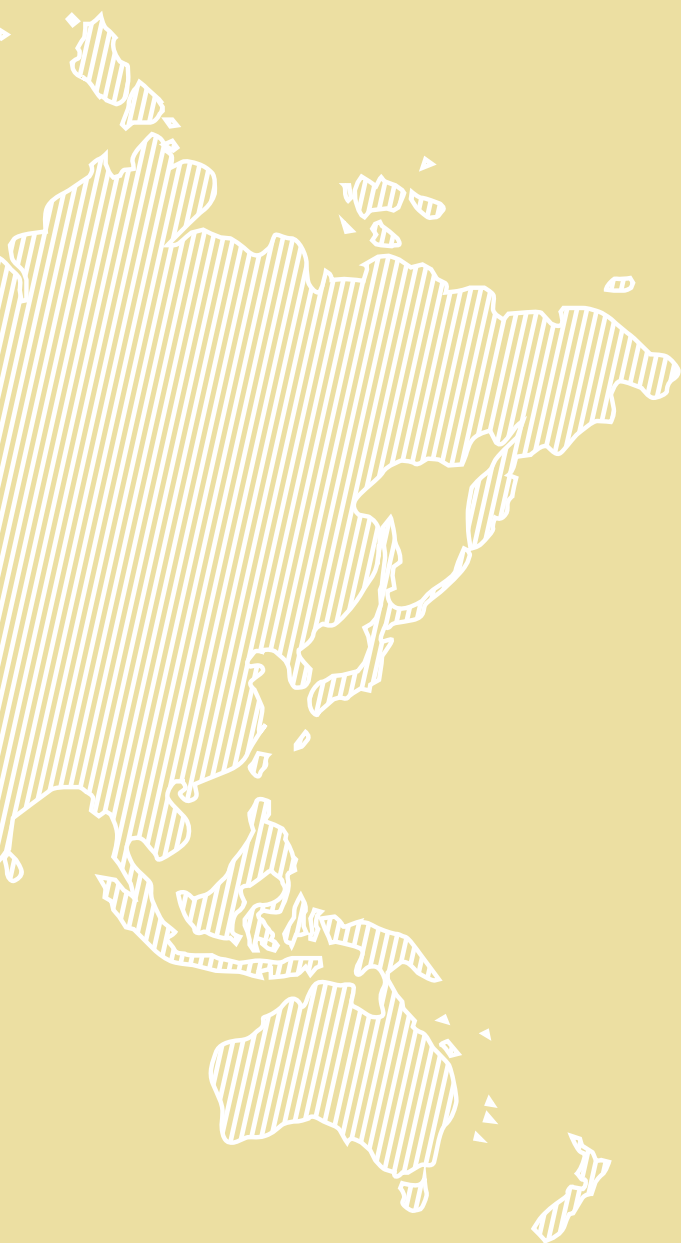
# Where we operate

*(At the date of the Annual Report)*

## Concentration of operations in regions with



strong potential



## Canada

### Via Saint-Aubin Energie (33% M&P)

Gaspé Peninsula (13 permits)	1,892 km <sup>2</sup>	50%
Alberta (12 permits)	31 km <sup>2</sup>	25%
Anticosti	6,195.6 km <sup>2</sup>	21.7%



## Colombia

### Via M&P Colombia (50% M&P)

Muisca	2,320 km <sup>2</sup>	100%
COR-15	1,194 km <sup>2</sup>	100%
CPO-17	2,104 km <sup>2</sup>	50%

### Via Maurel & Prom

SN-11	633 km <sup>2</sup>	100%
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## Gabon

Kari	2,659 km <sup>2</sup>	100%
Nyanga-Mayombé	2,831 km <sup>2</sup>	100%
Ezanga	6,100 km <sup>2</sup>	100%



## Namibia

Permit 0044	5,122 km <sup>2</sup>	37%
Permit 0045	17,133 km <sup>2</sup>	37%



## Tanzania

Bigwa-Rufiji-Mafia	12,025 km <sup>2</sup>	60%
Mnazi Bay	756 km <sup>2</sup>	
- Development:		48.06%
- Exploration:		60.075%

# Management team



## Jean-François Hénin

### Chairman of the Board of Directors

Graduate of the Paris IAE in Economics. Director of Treasury and Foreign Exchange of Lyonnaise de Dépôts, Treasurer of Thomson CSF, Chief Executive Officer of Altus Finance, Vice-Chairman of the Supervisory Board of Altus Finance, Chairman and Chief Executive Officer of Électricité et Eaux de Madagascar (EEM). Since March 1996, he has served as Manager, then Chairman of the Management Board and then Chairman and Chief Executive Officer of Maurel & Prom. Since 26 May 2014 he has chaired the Maurel & Prom Board of Directors.



## Michel Hochard

### Chief Executive Officer

Graduate of the Commercial Institute of Nancy (ICN) and qualified public accountant. Internal auditor in the Elf Aquitaine Finance Department, head of the Elf Aquitaine Finance Division for Africa and the Middle East, and Finance Director of SNEAP (Société Nationale Elf Aquitaine Production) and then Elf Aquitaine Production. He was Deputy Director of Human Resources at Elf Exploration Production and Director of Operations for PriceWaterhouseCoopers BPO. He currently serves as Chief Executive Officer of the Company, having been Chief Financial Officer from September 2007 to May 2014.



## Philippe Corlay

### Chief Operating Officer

Graduate of Hautes Études Industrielles (Lille) and École du Pétrole et des Moteurs. Engineer for Beicip-Franlab, Manager of the assisted hydrocarbons recovery project, Head of the Reservoir department at Coparex, Manager of oil field activities. In August 2007 he became Director of Production at Maurel & Prom.

In 2013, Philippe Corlay was appointed Chief Operating Officer.



## Jean Bié

### Director of Exploration

Graduate of École Nationale Supérieure des Mines in Paris. As an engineer and geophysicist at Elf, which became Total, he worked in the exploration and production division for 26 years, before becoming Chief Executive Officer of Total Nederland, then Total Gabon. He was the Purchasing Director of the Total group, before joining Maurel & Prom in January 2011 as Director of Exploration.



# Governance

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At the date of the annual report

## Board of directors

Chairman

Jean-François Hénin

Directors

Gérard Andreck

Xavier Blandin

Nathalie Delapalme

Roman Gozalo

Emmanuel de Marion de Glatigny

Carole Delorme d'Armaillé

Alexandre Vilgrain

## Audit and risk committee

Chairman

Roman Gozalo

Members

Nathalie Delapalme

Xavier Blandin

## Appointments and compensation committee

Chairman

Carole Delorme d'Armaillé

Members

Emmanuel de Marion de Glatigny

Alexandre Vilgrain

The Board of Directors met seven times in fiscal year 2014 with an average attendance rate of 96%. The Audit and Risk Committee held four meetings (92% attendance rate), while the Appointments and Compensation Committee met three times, with an attendance rate of 89%.



# Significant events

## New Exploration and Production Sharing Agreement (PSA) in Gabon

The new “Ezanga” permit, which replaces the “Omoueyi” permit, was awarded to Maurel & Prom Gabon by the Gabonese Republic under an agreement approved by decree on 11 March 2014.

This new PSA formalises a mutually beneficial partnership between the Gabonese Republic and Maurel & Prom for a 20-year period, and includes a right of priority to renew it for a further 20-year period.

It also renews the five existing Exclusive Exploitation Authorisations (AEEs) for the same duration. The interest of the Gabonese Republic is increased, mainly on account of its share in the permit having been raised from 15% to 20%, with a proportional increase in royalties.

## Oil discoveries

The Mabounda-1 (EZMAB-1D) and Niembi-1 (EZNI-1D) exploration wells located on the Ezanga permit in Gabon were drilled on independent structures to a total depth of 2,060 metres and 2,425 metres respectively.

A 24-hour production test was conducted on each of the two wells in February 2015 with the following positive results:

- ▶ the Grès de Base test on the EZMAB-1D well showed a stabilised eruptive flow of 1,002 bopd of anhydrous oil with surface pressure stabilised at nine bars. The oil has a density of 28° API;
- ▶ the test at the Lower Kissenda summit on the EZNI-1D well revealed a stabilised eruptive flow of 1,162 bopd of anhydrous oil with surface pressure stabilised at 40 bars. This oil has a density of 35° API. The other hydrocarbon reservoirs of Upper Kissenda and at the base of Lower Kissenda have different pressure systems and will be tested later.

The Group is now looking into all possibilities to connect to the existing treatment and evacuation network so that production can be as fast as possible.

## Signature of a gas sales and purchase agreement in Tanzania

Maurel & Prom, along with its Mnazi Bay permit partners Wentworth and Tanzania Petroleum Development Corporation (TPDC), announced the signature of a sales and purchase agreement on 12 September 2014 for the long-term sale of natural gas from the Mnazi Bay and Msimbati fields in southern Tanzania.

The partners are contracted to supply up to a maximum of 80 mmcf of natural gas per day during the first eight months, with the option to increase production over time to a maximum of 130 mmcf per day for a period of up to seventeen years.

The sales price was set at USD3.07 per mcf, increasing with the United States industrial-sector consumer price index. Terms for the payment guarantee are still under negotiation.

## Strengthening of the Group's financial structure

In June 2014, the Group carried out an issuance of net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE) maturing on 1 July 2019, in the amount of €253 million (after exercise of the over-allocation option).

The purpose of the bond issue was to restructure the debt by extending its maturity. The net proceeds from the bond issue were used to redeem the OCEANE 2014 bonds.

In addition to the above transaction, on 18 December 2014 Maurel & Prom set up a new Revolving Credit Facility of \$650 million, split into an initial tranche of \$400 million and an accordion of \$250 million that can be drawn down twice subject to certain conditions.

The debt restructuring leaves the Group leeway to adjust its maturities based on its development strategy and changes in the oil products market.

# 2014 in numbers

## ► Key financial data for the Group

	Units	2014	2013*	Change
SALES	€m	550.4	570.7	-4%
EBITDA		351.9	421.7	-17%
Write-offs		-113.4	-18.9	N/A
Amortisation, depreciation and other adjustments		-98.0	-64.5	N/A
EBIT		140.6	338.2	-58%
FINANCIAL INCOME	€m	-10.8	-67.1	-84%
Net income, Group share	€m	13.2	62.8	-79%
INVESTMENTS	€m	331	254	+30%
Cash at period-end	€m	229	191	+20%
P1 RESERVES AT 01/01/2015	MMboe	148.5	141.7	+5%
P1+P2 reserves at 01/01/2015	MMboe	207.1	184.0	+13%

\* Restated to reflect the change in accounting method.

The Group's consolidated sales for 2014 amounted to €550.4 million, down 3.5% on 2013. This change was largely due to the following:

- a quantity effect on sales from the Ezanga permit in Gabon, including:
  - > -\$39,7 million (-€29,9 million) related to the application of the terms of the new Ezanga PSA;
  - > +\$43,2 million (+€33,4 million) related to increased production between 2013 and 2014;
- a price effect of -€62 million on those sales;
- a currency effect limited to -€0.3 million;
- consolidation of non-Group sales arising from drilling activities in the amount of +€45.2 million.

At 31 December 2014, the Group's EBIT stood at €140.6 million, down by 58.4% compared to 2013. The Group's gross margin reflects in particular the consequences of the drop in sales prices as from summer 2014 and the consolidation of drilling activity, which has lower margins. Following the downgraded economic environment and negative exploration results, the Group has started to reduce its exposure to certain regions (-€113 million).

The Group's financial income for fiscal year 2014 stood at -€10.8 million. Gross borrowing costs correspond to:

- interest expense on OCEANE 2014 and 2015 bonds amounting to €20 million;
- interest expense on the new ORNANE bond issued on 6 June 2014 in the amount of €4.4 million;
- interest expense on bank borrowings: €13.3 million.

In addition, the revaluation of the year-end EUR/USD exchange rate of the Group's currency positions and the foreign exchange effect over the period led to the recognition of positive foreign exchange income of €25 million.

The corporation tax payable corresponds primarily to the tax charge related to the Government's share of profit oil under the Ezanga permit in Gabon in the amount of €40.2 million. The deferred tax charge reflects the difference between the tax and accounting amortisations of Gabonese assets in the amount of €58 million.

Total income for equity associates amounted to -€15.4 million, mainly due to operations in Colombia.

As a result, consolidated net income, Group share for fiscal year 2014 amounted to €13.2 million.

The balance sheet total at 31 December 2014 stood at €2,116 million, versus €1,865 million at 31 December 2013. Equity, Group share at 31 December 2014 stood at €890.7 million, versus €765.8 million in 2013, representing an increase of €124.9 million, due primarily to the appreciation of the dollar against the euro.

Investment stood at €331 million in 2014, versus €254 million for fiscal year 2013.

At 31 December 2014, Maurel & Prom had cash of €229 million, up €39 million from 31 December 2013, mainly due to:

- ▶ investments in the amount of €331 million;
- ▶ cash flow from operating activities in the amount of €376 million;
- ▶ proceeds from the ORNANE bond issued on 6 June 2014 in the amount of €253 million;
- ▶ repayment of OCEANE 2014 bonds in the amount of €296 million plus €16 million in interest;
- ▶ the €328 million (\$400 million) drawdown on the new credit facility signed on 18 December 2014 and full repayment of the existing facility in the amount of €263 million (\$350 million).

## ▶ Reserves at 1 January 2015

The Group's reserves correspond to volumes of hydrocarbons recoverable from fields already in production or volumes revealed by discovery and delineation wells that can be operated commercially. The P1 (proven), P2 (probable) and P3 (possible) oil reserves, net of royalties, were evaluated by DeGolyer and MacNaughton as at 1 January 2015. Gas reserves were evaluated by RPS Energy as at 31 December 2014.

In line with the Group's traditional policy, reserves are presented net of royalties as Maurel & Prom's share, before contract-specific taxes (e.g. Production Sharing and concessions).

The Group's P1+P2 reserves totalled 207.1 MMboe, broken down as follows:

- ▶ 171.6 million barrels of oil (MMbbls); and
- ▶ 212.9 billion cubic feet of gas (bcf), i.e. 35.5 MMboe.

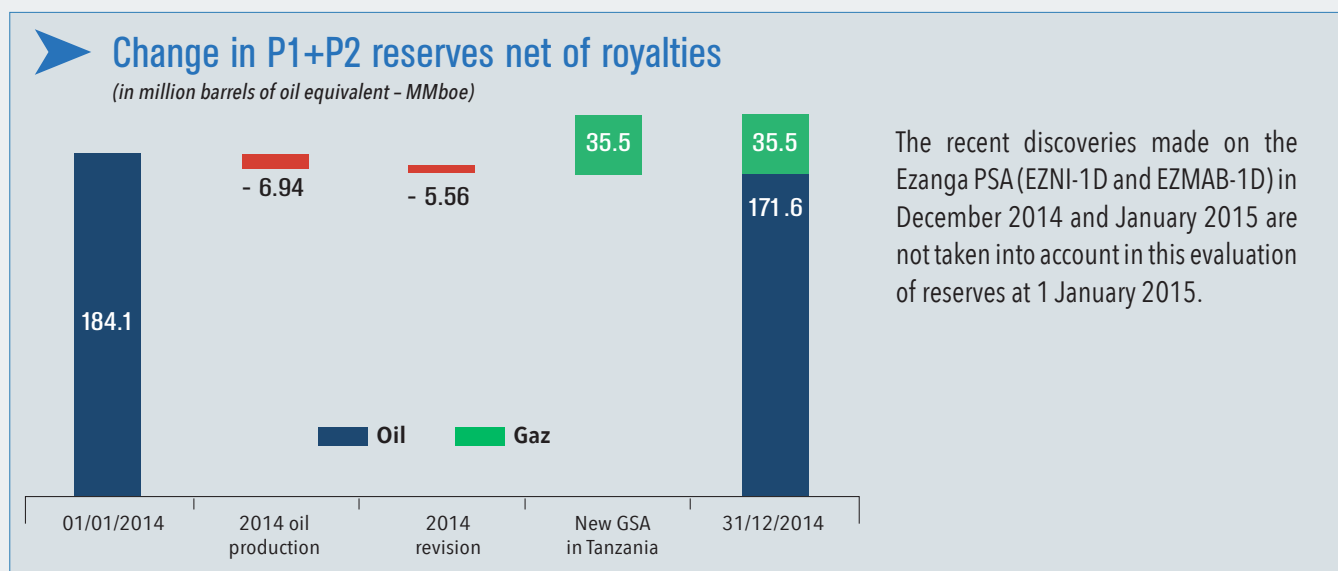
In Gabon, the level of P1+P2 oil reserves at 1 January 2015 amounted to 171.6 MMbbls. P1 proven oil reserves represented 73% of certified P1+P2 reserves.

Production net of royalties due to the Group came in at 6.94 MMbbls for fiscal year 2014. The audit conducted by the certifiers led to a reduction in P1 reserves of 8.7 MMbbls, of which 3.2 MMbbls were reclassified as P2 reserves. As at 1 January 2015, P1 reserves stood at 126.1 MMbbls, and P2 reserves at 45.5 MMbbls.

In Tanzania, following the signature of the gas sales and purchase agreement in September 2014, the Group mandated RPS Energy to certify the reserves related to the Mnazi Bay production permit, of which Maurel & Prom is the operator with a 48.06% working interest.

Gas reserves reflect the Group's share, with royalties due under the Production Sharing Agreement being paid by TPDC (Tanzanian Petroleum Development Corporation) in accordance with the agreements in place.

As at 31 December 2014, the level of reserves of P1+P2 gas from Tanzania was 212.9 bcf, or 35.5 MMboe. P1 proven gas reserves represented 63% of certified P1+P2 reserves



# Sustainable development

## CSR approach

Due to the nature of its hydrocarbon exploration and production activities, the Maurel & Prom Group manages social, environmental and societal risks on a daily basis.

Due to the nature of its hydrocarbon exploration and production activities, the Maurel & Prom Group manages social, environmental and societal risks on a daily basis.

Implementing the principles of sustainable development is one of the keys to its performance. For Maurel & Prom, assessing the environmental and social impact of its activities is central to its business as an oil and gas operator. Such assessments are carried out prior to any development. Whether its activities have the potential to benefit local economic development or adversely affect the health and safety of people and the environment, the Group works with the relevant authorities to devise prevention and management programmes, and is committed to ensuring that they are properly applied.

2014 was a year of sustained activity in the Group's host countries.

- ▶ Thirty-five new wells were drilled on the Ezanga permit in Gabon.
- ▶ In Colombia, drilling of the Balsa-1 well was completed without incident, despite the high altitude (over 3,000 metres), which required the acclimatisation of the teams to the altitude and low temperatures, steep slopes of the terrain and proximity of local populations.

With regard to employment, 2014 was marked by the consolidation of the subsidiary Caroil, the increase in the workforce in Gabon, and continued preparation for activity development in Tanzania.

The Gabonese subsidiary continued and completed the projects initiated in 2013 aimed at optimising its human resources management and improving the prevention and management of HSE risk. The Tanzanian subsidiary continued to strengthen its HSE procedures and bring them in line with the site's future configuration.

In all countries, the Group's policy of reducing the environmental impact of its activities remained a priority.

In terms of sustainable development and aid to local communities, the Group renewed its financial contribution to local sustainable development and social projects.

In 2015, the Group will continue to support its teams in achieving its sustainable development objectives by allocating the necessary technical, human and financial resources.





Details of all of the Group's actions are given in Chapter 4, «Corporate social and environmental responsibility of the Company».

# Stock market information

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**121,562,094 shares**  
at 31 December 2014

including **5,628,676** treasury shares  
(4.63% of share capital)

## Share price performance

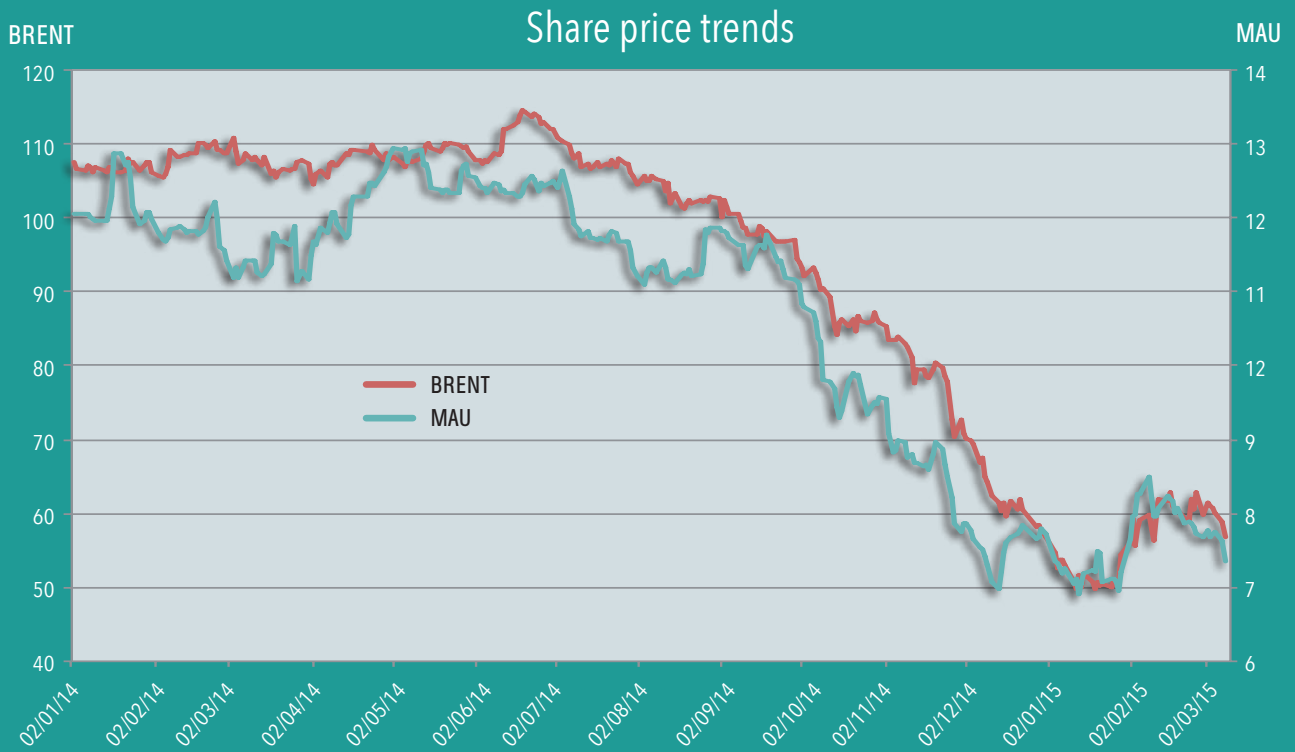
- Average daily volume in 2014: 279,413 shares
- Market capitalisation:  
at 31 December 2014: €943,200,287.34 at €7.76 per share  
(based on 121,562,094 shares)

## Share price performance for 2014

- Low: €6.77, reached on 16 December 2014
- High: €13.06, reached on 17 January 2014
- Price at 31 December 2014: €7.76



➤ **Maurel & Prom is eligible for the PEA-PME investment scheme in France**

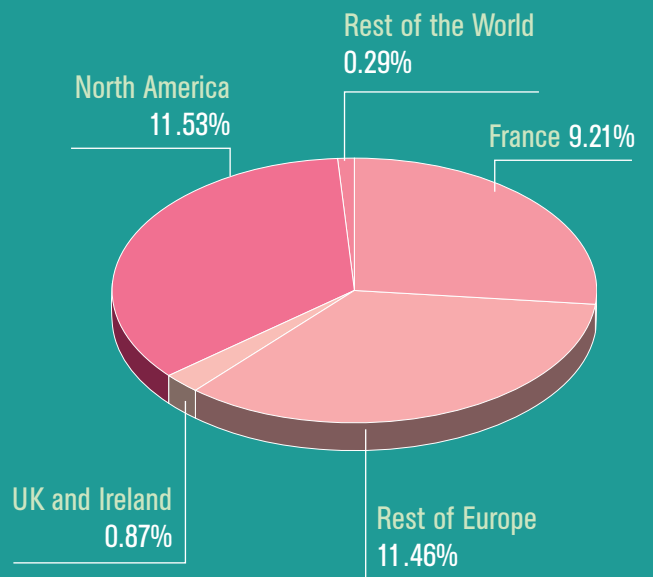
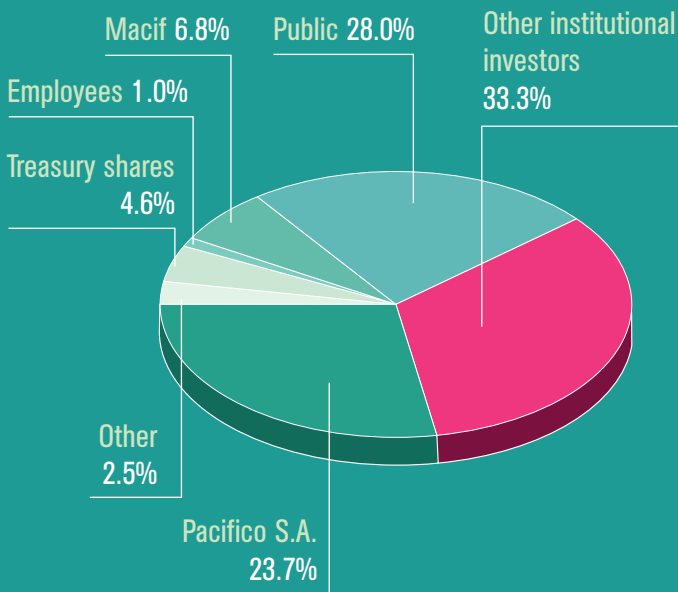


Shareholder structure at 31 December 2014

Geographic breakdown of other institutional investors at 31 December 2014

(% of capital)

(% of capital)





# FINANCIAL INFORMATION

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# Annual report 2014



Etablissements Maurel & Prom  
Public Limited Company with a Board of Directors  
with capital of €93 602 812.38

Registered office: 51, rue d'Anjou – 75008 Paris, France  
Tel.: 01 53 83 16 00 – Fax: 01 53 83 16 04  
R.C.S. Paris 457 202 331 – Siret 457 202 331 00072

This 2014 Annual Report includes the annual financial report  
as referred to in Article 222-3 of the AMF General Regulations



This Annual Report was filed with the Autorité des marchés financiers on 17 April 2015 pursuant to the provisions of Article 212-13 of its General Regulations. It may be used in support of a financial transaction if it includes the relevant transaction notice from the Autorité des marchés financiers. It was prepared by the issuer and is the responsibility of its signatories.

Incorporation by reference: pursuant to Article 28 of Regulation (EC) No 809/2004 of 29 April 2004, the reader is referred to prior Annual Reports with regard to certain information:

1 - for the 2012 fiscal year: the management report, consolidated and annual financial statements, including the reports of the statutory auditors on those statements, appear in the Annual Report, filed on 29 April 2013 with the Autorité des marchés financiers under number D. 13-0452 (in paragraphs 8.2.1 to 8.2.4);

2 - for the 2013 fiscal year: the management report, consolidated and annual financial statements, including the reports of the statutory auditors on those statements, appear in the Annual Report, filed on 29 April 2014 with the Autorité des marchés financiers under number D. 14-0449 (in paragraphs 8.2.1 to 8.2.4).

These documents are available on the websites of the Company ([www.maureletprom.fr](http://www.maureletprom.fr)) and the Autorité des marchés financiers ([www.amf-france.org](http://www.amf-france.org)).

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# 1

# Presentation, activity and financial position of the Group

## 1.1. Group presentation

### 1.1.1.

#### Company profile

Maurel & Prom is an independent oil company specialising in oil and gas exploration and production.

The Company's shares are listed on the Paris stock exchange.

Over 15 years, Maurel & Prom has demonstrated its ability to develop large oil fields, build sustainable relations with local authorities and communities, and implement a growth strategy that will provide a source of cash flow over the long term.

The Company's management is comprised of professionals with many years of experience in the oil industry and who contribute to the Company's success.

### 1.1.2.

#### Group oil and gas reserves

The Group's reserves correspond to volumes of hydrocarbons recoverable from fields already in production or volumes revealed by discovery and delineation wells that can be operated commercially. The P1 (proven), P2 (probable) and P3 (possible) oil reserves, net of royalties, were evaluated by DeGolyer and MacNaughton as at 1 January 2015. Gas reserves were evaluated by RPS Energy as at 31 December 2014.

In line with the Group's traditional policy, reserves are presented net of royalties as Maurel & Prom's share, before contract-specific taxes (e.g. Production Sharing and concessions).

The Group's P1+P2 reserves totalled 207.1 MMboe, broken down as follows:

- 171.6 million barrels of oil (MMbbls); and
- 212.9 billion cubic feet of gas (bcf), i.e. 35.5 MMboe.

In Gabon, the level of P1+P2 oil reserves at 1 January 2015 amounted to 171.6 MMboe. P1 proven oil reserves represented 73% of certified P1+P2 reserves.

Production net of royalties due to the Group came in at 6.94 MMbbls for fiscal year 2014. The audit conducted by the certifiers led to a reduction in P1 reserves of 8.7 MMbbls, of which 3.2 MMbbls were reclassified as P2 reserves. At 1 January 2015, P1 reserves were accordingly 126.1 MMbbls and P2 reserves were 45.5 MMbbls.

In Tanzania, following the signature of the gas sales and purchase agreement in September 2014, the Group mandated RPS Energy to certify the reserves related to the Mnazi Bay production permit, of which Maurel & Prom is the operator with a 48.06% working interest.

Gas reserves reflect the Group's share. Royalties due under the Production Sharing Agreement are paid by TPDC (Tanzanian Petroleum Development Corporation) in accordance with the agreements in place.

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## Presentation, activity and financial position of the Group

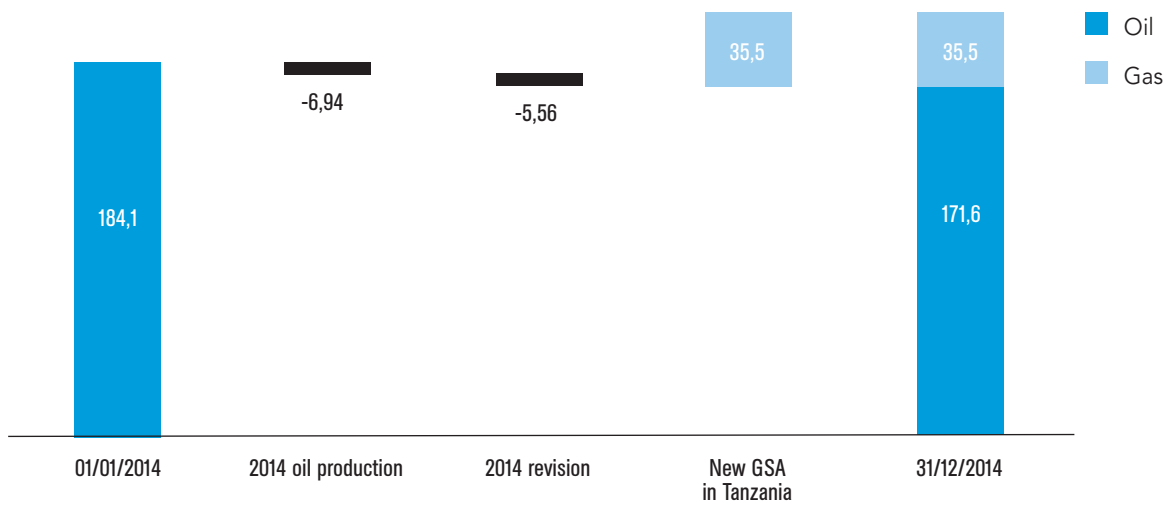
### Group presentation

As at 31 December 2014, the level of reserves of P1+P2 gas from Tanzania was 212.9 bcf, or 35.5 MMboe. P1 proven gas reserves represented 63% of certified P1+P2 reserves.

The recent discoveries made on the Ezanga PSA (EZNI-1D and EZMAB-1D) in December 2014 and January 2015 are not taken into account in the evaluation of reserves at 1 January 2015.

#### Change in P1+P2 reserves net of royalties

(in million barrels of oil equivalent – MMboe)





## Group presentation

### 1.1.3.

## Group activity in 2014

### 1.1.3.1. Exploration and production

#### 1.1.3.1.1. Gabon

##### Signature of a new Exploration and Production Sharing Agreement (PSA)

The new "Ezanga" permit, which replaces the "Omoueyi" permit, was awarded to Maurel & Prom Gabon by the Gabonese Republic under a contract approved by decree on 11 March 2014.

The new PSA is for a period of 20 years with a pre-emptive right to extend this for a further 20 years; it is the result of a mutually beneficial partnership between the Gabonese Republic and Maurel & Prom.

It also renews the five existing Exclusive Exploitation Authorisations (AEEs) for the same duration. The interest of the Gabonese Republic is increased, mainly on account of its share in the permit having been raised from 15% to 20%, with a proportional increase in mining royalties.

Total production from fields in Gabon remained steady in 2014 at an average level of approximately 25,000 bopd, up 6% compared with the previous year and equivalent to approximately 90% of the 2014 theoretical production capacity. Work continued throughout the year to improve well productivity and boost reservoir pressure, which is key to increasing future production.

#### Oil discoveries

The Mabounda-1 (EZMAB-1D) and Niemi-1 (EZNI-1D) exploration wells located on the Ezanga permit in Gabon were drilled on independent structures to a total depth of 2,060 metres and 2,425 metres respectively.

A 24-hour production test was conducted on each of the two wells in February 2015 with the following positive results:

- ▶ the Grès de Base test on the EZMAB-1D well showed a stabilised eruptive flow of 1,002 bopd of anhydrous oil with surface pressure stabilised at nine bars. The oil has a density of 28° API;
- ▶ the test at the Lower Kissenda summit on the EZNI-1D well revealed a stabilised eruptive flow of 1,162 bopd

of anhydrous oil with surface pressure stabilised at 40 bars. This oil has a density of 35° API. The other hydrocarbon reservoirs of Upper Kissenda and at the base of Lower Kissenda have different pressure systems and will be tested later.

#### 1.1.3.1.2. Tanzania: Signature of a gas sales and purchase agreement in Tanzania

The Company, along with its Mnazi Bay permit partners Wentworth and Tanzania Petroleum Development Corporation (TPDC), signed a sales and purchase agreement on 12 September 2014 for the long-term sale of natural gas from the Mnazi Bay and Msimbati fields in southern Tanzania. The gas will be delivered and transported via the pipeline between Mtwara and Dar es Salaam.

Pursuant to the agreement, the partners have undertaken to supply up to a maximum of 80 mmcf of natural gas per day during the first eight months, with the option to increase production over time to a maximum of 130 mmcf per day for a period of up to 17 years.

The sales price was set at USD3.07 per mcf, increasing with the United States industrial-sector consumer price index.

At the date of this annual report, terms for the payment guarantee are still under negotiation.

#### 1.1.3.1.3. Mozambique

In Mozambique on the Rovuma onshore permit, two exploration wells were drilled during the period. The Tembo-1 well was plugged, even though it had issued a Notice of Discovery in December, since the operator did not plan to undertake additional appraisal work immediately. Drilling on the Kifaru-1 well that began in December 2014 stopped in March 2015 after encountering all targeted formations (Miocene, Oligocene and Eocene) without revealing any hydrocarbons.

As part of a programme to reduce its exploration activities, operator Anadarko plans to relinquish this permit. The Company is considering what action to take in light of this information and the results recently obtained on this permit.

This permit is operated by Anadarko, which has a 42% working interest. Working interests of Wentworth, PTTEP and Maurel & Prom are 13.64%, 11.76% and 32.60% respectively.

## Group presentation

### 1.1.3.1.4. Canada (via Saint-Aubin Energie)

In Sawn Lake, Alberta, the pilot test of the SAGD (*Steam Assisted Gravity Drainage*) production process continued. The test was performed on two wells to appraise the technical and commercial feasibility of this project, which aims to produce bitumen by steam injection. Production began in September 2014 and will continue until summer 2015 to gather the data needed to assess the potential of the deposit.

In Quebec, on Anticosti Island, the stratigraphic core holes campaign was a technical and operational success. The Macasty target was met in each of the five drilling locations and the results of the core analysis met or exceeded the partners' expectations. The drilling programme, which has so far consisted of 18 stratigraphic wells, was suspended during the winter. It is expected to resume in May 2015 and end at the beginning of autumn 2015. Meanwhile, the Hydrocarbures Anticosti joint venture announced on 23 October 2014 that it had signed a strategic partnership agreement with Quebec company Gaz Métro to develop natural gas from Anticosti Island.

### 1.1.3.1.5. Myanmar (via Saint-Aubin Energie)

Drilling of the SP-1X well, operated by Petrovietnam, began on 27 December 2014 and was completed in March 2015. The results of this drilling are currently being analysed.

### 1.1.3.1.6. Colombia

In 2011 Pacific Rubiales Energy had contracted a carry obligation of US\$120 million in exploration costs after taking interests in the Muisca, SSJN 9 and CPO 17 permits. Given the investment made at end-2014, the partner met its commitment and this obligation was fulfilled.

Maurel & Prom Colombia, an operator in which the Company has a 50% stake, finished drilling the Balsa-1 well on the Muisca permit without proving oil.

Maurel & Prom Colombia has entered into negotiations with the National Hydrocarbons Agency (ANH) to convert the COR-15 TEA (*Technical Evaluation Agreement*) into an exploration permit. The permit is in the process of being signed.

Three stratigraphic wells have been drilled on the CPO-17 permit (in which Maurel & Prom Colombia has a 50% working interest), operated by Hocol. The results are currently being interpreted against prior discoveries in order to define an appraisal programme.

On 23 July 2014, at the "Ronda ANH 2014" (a bidding process in Colombia), the Company was awarded the SN-11 exploration permit. Negotiations are under way to find a partner to finance the exploration work.

### 1.1.3.1.7. Peru

In Peru, drilling of the Fortuna-1 well was abandoned. The Group has no plans to continue this project once it enters the third exploration period.

Within the framework of the agreement signed in December 2011 and which came into effect on 1 January 2012, Pacific Rubiales Energy (PRE) financed the works under a carrying obligation in the amount of US\$75 million.

## 1.1.3.2. Oil services

Since 23 December 2013, the Group wholly owned subsidiary Caroil has been carrying out the drilling activities of Maurel & Prom; it owns a fleet of eight drilling rigs outright and has an additional rig under management.

The use rate of the drilling activities' rigs averaged 83% in fiscal year 2014. Company sales for 2014 were US\$100.2 million, broken down for Africa as follows:

- ▶ Gabon: 80.6%;
- ▶ Congo: 14.2%;
- ▶ Uganda: 4.6%;
- ▶ Tanzania: 0.6%.

Company operating margin stood at US\$31.2 million, accounting for 31% of sales, freeing up cash flow of US\$10.6 million for fiscal year 2014.

Caroil generated 59% of its sales with non-Group customers and contributed US\$60 million to sales in the Group's financial statements for the 2014 fiscal year.

## 1.1.3.3. Headquarters

### 1.1.3.3.1. Restructuring of Group debt

In June 2014, the Group carried out an issuance of net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE) maturing on 1 July 2019, in the amount of €253 million (after exercise of the over-allocation option).

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# Presentation, activity and financial position of the Group

## Group presentation / Financial position

The key features of these ORNANE bonds are as follows:

- maturity: 1 July 2019;
- nominal value per unit: €17.26;
- number of bonds: 14,658,169;
- issue premium: 40%;
- nominal interest: 1.625%.

The purpose of the bond issue was to refinance and extend the maturity of the Company's debt. The net proceeds from the bond issue were used to redeem the OCEANE 2014 bonds. As at 30 June 2014, Maurel & Prom had redeemed 16,903,514 OCEANE 2014 bonds representing approximately 89% of the OCEANE 2014 bonds initially issued, at a price of €16.90 per bond. On 31 July 2014, the Group redeemed the remaining OCEANE bonds for €34 million.

On 18 December 2014, the Company set up a new Revolving Credit Facility (RCF) of US\$650 million, split into an initial tranche of US\$400 million and an accordion of US\$250 million that can be drawn down twice subject to certain conditions.

The terms of this new facility are as follows:

- initial amount: US\$400 million;
- additional tranche: US\$250 million;
- maturity: 31 December 2020, i.e. 6 years;
- first amortisation: 31 December 2016;
- prime interest rate: LIBOR +3.40% until 31/12/2018, then +3.65%.

The financial covenants related to this new credit line are as follows:

- net debt/gross operating surplus (EBITDAX) < 3
- P1+P2 reserves (Maurel & Prom share) x US\$10 > 1.5 x net debt

This loan, drawn in the amount of US\$400 million, has allowed the Group to close the US\$350-million Maurel & Prom Gabon RCF currently in repayment (i.e. US\$270 million of residual debt).

### 1.1.3.3.2. Extension of the deadline for exercising share subscription warrants

The initial deadline for exercising share subscription warrants was set at 30 June 2014. It became evident that the share subscription warrants could not be exercised before the set date. Therefore, the general meeting of share subscription warrant holders held on 2 June 2014 approved the extension of the deadline for converting share subscription warrants to 31 December 2015. The Maurel & Prom General Shareholders' Meeting held on 12 June 2014 validated this extension.

### 1.1.3.3.3. Extension of the length of life of the Company

On 13 October 2014, the Company's Extraordinary General Shareholders' Meeting approved the amendment to its Articles of Association: the Company's length of life was extended to 13 October 2113, except in the case of early dissolution or extension provided for in the Company's Articles of Association.

## 1.2. Financial position

### 1.2.1.

#### Consolidated financial statements

The economic environment was marked by a sharp drop in the price of Brent in the fourth quarter of 2014. This dropped from US\$92 in September 2014 to US\$58 at end-December 2014. Over the full year, the drop in the barrel price was contained at 9%, the average price of Brent falling from US\$108 in 2013 to US\$98 in 2014.

The drop in the barrel price negatively impacted Group sales (which fell by €62 million) as well as operating profitability. This event led Maurel & Prom to refocus its exploration efforts on the most promising projects, withdraw from areas that were no longer a priority, and conduct impairment tests on all assets in production in order to identify and recognise any impairment. In a context of falling prices, the Group had to record very significant impairment charges on some of its exploration and production assets in an amount of €113 million.

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# Presentation, activity and financial position of the Group

## Financial position

The US dollar gained strength against the euro in the same period. The EUR/USD exchange rate at 31 December 2014 was 1.21 versus 1.38 at 31 December 2013. The average annual exchange rate nevertheless remained stable between 2013 and 2014, at USD1.33 for €1.

Against this backdrop, the Group booked an exchange gain of €25 million in financial income and an increase in translation adjustment reserves of €111 million.

The following table shows the key financial data for the Group:

In €M	2014	2013 *
€/US\$ average rate	1.329	1.328
SALES	550	571
EBITDA	352	422
EBIT	141	338
Financial income	-11	-67
Income before tax	130	271
Net income from consolidated companies	28	137
NET INCOME, GROUP SHARE	13	63
CASH AT OPENING	191	58
CASH AT CLOSING	229	191

\* Restated to reflect the application of IFRS 11

### 1.2.1.1. Sales

Consolidated sales for 2014 amounted to €550.4 million, down 3.5% on 2013. This change was largely due to the following:

- ▶ a quantity effect on sales from the Ezanga permit in Gabon, including:
  - - US\$39.7m (-€29.9 million) related to the application of the terms of the new PSA, namely an 80% share for Maurel & Prom in the production fields, versus 85% previously, and 70% cost oil, versus 75%. This falls under the basic renewal of long-term agreements with the Gabonese Republic;
  - +US\$43.2m (+€33.4 million) related to increased production between 2013 and 2014;

- ▶ a price effect of -€62 million on those sales;
- ▶ a currency effect limited to -€0.3 million; and
- ▶ consolidation of non-Group sales arising from drilling activities in the amount of +€45.2 million.

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# Presentation, activity and financial position of the Group

## Financial position

Breakdown of sales by activity, country and quarter:

<i>In €M</i>	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014
Exchange rate	1.37	1.37	1.33	1.25	1.33
<b>OIL PRODUCTION</b>	135.5	136.4	132.6	100.5	505.0
Gabon	135.2	136.1	132.3	100.1	503.7
Tanzania	0.3	0.3	0.3	0.4	1.4
<b>OIL SERVICES</b>	13.2	10.4	10.6	11.0	45.2
<b>CONSOLIDATED SALES</b>	148.7	146.8	143.2	111.5	550.4

### 1.2.1.2. EBIT

At 31 December 2014, the Group's EBIT stood at €140.6 million.

<i>In €M</i>	31/12/2014	31/12/2013 *
<b>SALES</b>	550.4	570.7
Gross margin	422.1	479.3
EBITDA	351.9	421.7
<i>as % of sales</i>	64%	74%
Amortisation and depreciation of depletion and other impairment	-86.7	-66.4
Impairment of exploration and production assets	-113.4	-18.9
Other operating items	-11.2	1.9
<b>EBIT</b>	140.6	338
<i>as % of sales</i>	26%	59%

\* Restated to reflect the application of IFRS 11

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## Presentation, activity and financial position of the Group

### Financial position

The Group's gross margin was lower than in fiscal year 2013, largely as a consequence of the drop in sales prices as from summer 2014 and the drilling activities, which have lower margins. Following the downgraded economic

environment and negative exploration results, the Group has started to reduce its exposure to certain regions and has therefore recognised impairment losses on the assets of some permits or other assets as follows:

<i>In thousands of euros</i>	31/12/2014
<b>IMPAIRMENT RELATED TO EXPLORATION</b>	-101,336
Mozambique	-39,307
Tanzania	-37,904
Peru	-10,123
Congo	-14,002
<b>IMPAIRMENT RELATED TO OIL SERVICES</b>	-9,625
Drilling activities	-9,625
<b>OTHER</b>	-2,425
<b>TOTAL</b>	<b>-113,386</b>

Amortisation and depreciation charges mainly consisted of the following:

- ▶ amortisation of depletion of assets in Gabon: €71.1 million;
- ▶ amortisation of Caroil rigs under drilling activities: €13.3 million.

#### 1.2.1.3. Financial income

The Group's net income for fiscal year 2014 stood at -€10.8 million. Gross borrowing costs correspond to:

- ▶ interest expense on OCEANE 2014 and 2015 bonds amounting to €20 million;
- ▶ interest expense on the new ORNANE bond issued on 6 June 2014 in the amount of €4.4 million; and
- ▶ interest expense on bank borrowings: €13.3 million.

In addition, the revaluation of the year-end EUR/USD rate of the Group's currency positions led to the recognition of foreign exchange income of €25 million.

#### 1.2.1.4. Net income

The corporation tax payable corresponds primarily to the tax charge related to the Government's share of profit oil under the Ezanga permit in Gabon in the amount of €40.2 million. The deferred tax charge reflects the difference between the tax and accounting amortisations of Gabonese assets in the amount of €58 million.

Total income for equity associates amounted to -€15.4 million, mainly due to operations in Colombia.

As a result, the Group's consolidated sales for fiscal year 2014 amounted to €13.2 million.

#### 1.2.1.5. Balance sheet

The balance sheet total at 31 December 2014 stood at €2,116 million, versus €1,865 million at 31 December 2013. Equity, Group share at 31 December 2014 stood at €890.7 million, versus €765.8 million in 2013, representing an increase of €124.9 million, due primarily to the appreciation of the dollar against the euro.

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# Presentation, activity and financial position of the Group

## Financial position

### 1.2.1.6. Investments

Investment stood at €331 million in 2014, versus €254 million for fiscal year 2013. The following table shows investments per country and per activity:

<i>in thousands of euros</i>	Gabon	Tanzania	Mozambique	Other	TOTAL
Development	201	6	-	-	207
Intangible assets/Exploration	57	29	27	5	118
Oil services	4	-	-	1	6

### 1.2.1.7. Cash flow

At 31 December 2014, Maurel & Prom had cash of €229 million, up €39 million from 31 December 2013, mainly due to:

- investments in the amount of €331 million;
- cash flow from operating activities in the amount of €376 million;
- proceeds from the ORNANE bond issued on 6 June 2014 in the amount of €253 million;
- repayment of OCEANE 2014 bonds in the amount of €296 million plus €16 million in interest; and
- the €328 million (US\$400 million) drawdown on the new credit facility signed on 18 December 2014 and full repayment of the existing facility in the amount of €263 million (US\$350 million).

### 1.2.1.8. Intra-Group relations

#### Consolidation value (excluding dividends)

<i>In thousands of euros</i>	Colombia/ Peru	Exploration/ Production Gabon	Drilling	Other	Holding company	Consolidated total
Fixed assets (including goodwill)	100	1,467,378	38,499	103,451	11,288	1,620,716
Borrowings	-	3,011	37,506	-	626,146	666,663
Cash position on the balance sheet	904	4,410	3,757	7,759	212,644	229,474
Cash flow linked to activity	2,870	472,787	10,409	67,480	-177,974	375,571
Dividends paid in the year and returning to the listed company	-	-	-	-	-	-

## 1

# Presentation, activity and financial position of the Group

## Financial position

### 1.2.2.

#### Statutory accounts

Company sales in 2014 amounted to €17.3 million and correspond to services and studies provided to the Company's subsidiaries.

Operating expenses, including asset impairment, amounted to €109.5 million compared to €39.8 million in fiscal year 2013. Asset impairment identified for fiscal year 2014 mainly concerned the recognised expense of the exploration assets on the La Noubi permit in the Congo and exploration assets in Mozambique.

Financial income for fiscal year 2014 was negative at €44 million compared to negative income of €3 million in 2013. This drop was largely due the impairment charges recorded in the current accounts in Tanzania and Peru.

Net income for fiscal year 2014 was a loss of €140.6 million versus a loss of €64.6 million the previous year.

The balance sheet total at 31 December 2014 stood at €817 million, versus €686 million at 31 December 2013. Equity at 31 December 2014 stood at €95 million, versus €230 million at 31 December 2013.

### 1.2.3.

#### Investments

##### 1.2.3.1. Principal investments made during the last three years

The table below summarises the investments relating to the Group's fixed assets made in the last three years.

<i>In thousands of euros</i>	2014	2013*	2012*
<b>OIL OPERATIONS</b>	324,965	236,213	227,447
Gabon	257,985	201,141	195,397
Congo	238	6,889	3,358
Colombia	42	161	-
Tanzania	35,572	21,724	17,514
Mozambique	27,204	5,039	6,015
Namibia	101	669	2,341
Peru	3,473	165	1,887
Syria	350	249	900
Sicily	-	176	35
<b>OIL SERVICES</b>	4,625	17,204	-
<b>OTHER ACTIVITIES</b>	1,625	542	623
<b>TOTAL</b>	<b>331,195</b>	<b>253,959</b>	<b>228,070</b>

\* These data were restated to reflect the change in accounting method (as a result of the application of IFRS 11).



## Financial position

### 1.2.3.2. Main investments in progress

Investments in progress at 31 December 2014 amounted to €11 million, including €10.4 million related to the acquisition of a drilling rig under the agreement to take over Caroil's African activities.

### 1.2.3.3. Main investments planned

Planned exploration investments for 2015 are in the region of €44 million. They may be revised over the course of the year depending on the results of studies and drilling operations and also on the economic environment.

Investments for production and development worth €186 million are scheduled for 2015, primarily in Gabon and Tanzania.

## 1.2.4.

## Borrowing and financing

### 1.2.4.1. Borrowing conditions and financing structure

#### Bonds

##### OCEANE 2015

On 28 July 2010, the Company issued 5,511,812 bonds that are convertible or exchangeable for new or existing shares (OCEANE) with a nominal value of €12.70 per OCEANE, maturing on 31 July 2015, at a rate of 7.125%, with a total gross value of €70 million. Conversions or exchanges may be made at any time at a ratio of 1.19 shares for one OCEANE 2015 bond.

The main purpose of the 2015 OCEANE bond issue, which is reserved for qualified investors, is to help fund Seplat's acquisition of 45% of the OML 4, 38 and 41 permits, in which Maurel & Prom was initially a 45% shareholder.

At 31 December 2014, the accrued interest expense for OCEANE 2015 bonds was €2.5 million in the consolidated financial statements.

##### ORNANE 2019

On 6 June 2014, the Group carried out an issuance of net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE) maturing on 1 July 2019, in the amount of €253 million (after exercise of the over-allocation option).

The key features of these ORNANE bonds are as follows:

- maturity: 1 July 2019;
- nominal value per unit: €17.26;
- number of bonds: 14,658,169;
- issue premium: 40%;
- nominal interest: 1.625%.

The purpose of the bond issue, available to qualified investors only, was to refinance and extend the maturity of the Company's debt. The net proceeds from the bond issue were used to redeem the OCEANE 2014 bonds at a price per bond of €16.90.

#### Other Borrowings and Financial Debt

##### Revolving Credit Facility

On 18 December 2014, the Company signed a new Revolving Credit Facility of US\$650 million, split into an initial tranche of US\$400 million and an accordion of US\$250 million that can be drawn down twice subject to certain conditions.

The terms of this new facility are as follows:

- initial amount: US\$400 million;
- additional tranche: US\$250 million;
- maturity: 31 December 2020, i.e. 6 years;
- first amortisation: 31 December 2016;
- prime interest rate: LIBOR +3.40% up to 31/12/2018, then +3.65%.

This loan has allowed the Group to close the US\$350 million Maurel & Prom Gabon RCF currently in repayment (i.e. US\$270 million of residual debt) and free up additional cash of US\$130 million.

The previous facility was entered into on 5 November 2012 between Maurel & Prom Gabon and a consortium of seven international banks.

This new RCF is guaranteed by its French subsidiary Maurel & Prom West Africa and by Maurel & Prom Gabon. The following sureties have also been granted:

- a pledge of the bank account balance agreed by the Company on the latter's collection account;
- a pledge of the Maurel & Prom West Africa shares held by the Company; and

## Financial position

- the transfer, in the form of a guarantee, of the respective entitlements held by Maurel & Prom Gabon, the Company and Maurel & Prom West Africa under any (i) hedge agreement, (ii) insurance policy and (iii) future oil sale contract on the Underlying Assets concluded between Maurel & Prom Gabon and any party authorised to carry out extractions.
- the transfer, as guarantee, of rights related to any loan granted to one of the Group's companies.

The sums made available must be used to:

- pay commission and interest due in respect of the new credit line;
- repay the existing RCF;
- finance investments in the underlying assets; and
- finance any general needs, including the financing of acquisitions.

The Credit Agreement includes an amortisation schedule that stipulates that the final repayment should be made on 31 December 2020. However, and subject to certain conditions, the grace period, which was initially set at two years, i.e. until 31 December 2016, may be extended by an additional year, i.e. until 31 December 2017.

Maurel & Prom will have to pay interest on the loan at a rate equal to LIBOR plus mandatory costs as well as a margin of between 3.40% per year until 31 December 2018 and 3.65% per year until 31 December 2020. Interest will be calculated per three-month period, unless specified otherwise.

Off-balance-sheet commitments as at 31 December 2014 are detailed in Note 23 to the Company's consolidated financial statements, appended to this Annual Report.

### Maurel & Prom Drilling Services BV credit agreement

As part of the acquisition of Tuscany's African drilling activities through the acquisition of shares in Caroil, on 23 December 2013 Maurel & Prom Drilling Services BV, a wholly owned subsidiary of the Company, signed a credit agreement with a bank syndicate led by Crédit Suisse, in the form of a US\$50 million bank loan (corresponding to the assumption of US\$50 million of Tuscany debt owed to a bank syndicate led by Crédit Suisse), with a 5-year maturity date (repayment terms LIBOR +2%).

The following sureties have been set up:

- a pledge of bank accounts;
- a second-tier pledge of bank accounts;

- a pledge of Caroil goodwill;
- a second-tier pledge of Caroil goodwill;
- a pledge of the securities account of Caroil shares;
- a pledge of the receivables subscribed by the Company;
- confirmations of certain guarantees subscribed by Caroil in 2011 and 2012 with Crédit Suisse (acting as the agent of the bank syndicate).

### Banking Facility

As the banking facility set up by the Company on 20 December 2013 with a consortium of five international banks for a maximum amount of US\$200 million had not been used, the Company cancelled it early.

### 1.2.4.2. Restriction on the use of capital having a significant effect on operations

Under the terms of the Credit Agreement in the form of an RCF, the Company undertakes to respect certain financial ratios as at 30 June and 31 December of each year:

- the debt ratio of Group consolidated net debt/income (before interest, taxes, amortisation, depreciation and impairment excluding the impact of foreign exchange gains and losses), calculated on the 12-month period preceding the observation period, must not exceed 3.00.
- ratio of P1+P2 reserves, Group share x US\$10, which cannot be below one-and-a-half times the Group's consolidated net debt.

As of 31 December 2014, all of these covenants were complied with.

Maurel & Prom Gabon's entitlements on oil production from the fields included in the Ezanga production sharing agreement must not be less than the net production level set out in the Credit Agreement.

Under the terms of the Bank Facility, subject to certain exceptions, the Company is not authorised (and must ensure that its subsidiaries also comply) (i) to pledge its assets as collateral, (ii) to incur additional financial debt or (iii) to sell all or part of the underlying assets.

Subject to certain exceptions, the Company also agrees, in its own name and on behalf of Maurel & Prom Gabon, Maurel & Prom West Africa, Caroil and Maurel & Prom Drilling Services, not to (x) take out new loans and (y) give guarantees to anyone.

## Financial position

### 1.2.5.

#### Trends and outlook

##### 1.2.5.1. Events occurring after closing

In Mozambique, on the Rovuma onshore permit, the Kifaru-1 well was drilled to a final depth of 3,100 metres in the Jurassic formation.

The well encountered all targeted formations (Miocene, Oligocene and Eocene) without revealing any oil. The well was plugged and abandoned in February 2015.

Following this drilling operation, work obligations under the production sharing agreement for this phase were fulfilled.

As part of a programme to reduce its exploration activities, operator Anadarko plans to withdraw from this permit. The Company is considering what action to take in light of this information and the results recently obtained on this permit.

The permit is operated by Anadarko, which has a 42% working interest. Working interests of Wentworth, PTTEP and Maurel & Prom are 13.64%, 11.76% and 32.60% respectively.

In Gabon, a 24-hour production test was conducted on each of the two discovery wells with the following positive results:

- ▶ the Grès de Base test on the EZMAB-1D well showed a stabilised eruptive flow of 1,002 bopd of anhydrous oil with surface pressure stabilised at nine bars. The oil has a density of 28° API;
- ▶ the test at the Lower Kissenda summit on the EZNI-1D well revealed a stabilised eruptive flow of 1,162 bopd of anhydrous oil with surface pressure stabilised at 40 bars. This oil has a density of 35° API. The other hydrocarbon reservoirs of Upper Kissenda and at the base of Lower Kissenda have different pressure systems and will be tested later.

In Myanmar, drilling of the SP-1X well, operated by Petrovietnam, began on 27 December 2014 and was completed in March 2015. The results of this drilling are currently being analysed.

##### 1.2.5.2. Changes in the Company's activity: known trends, uncertainties, commitments or events likely to significantly influence the outlook for the current year

The exploration programme set up by the Company for fiscal year 2015 takes account of the new economic environment, especially the sharp drop in the price of Brent, which weighs on cash levels.

The programme fulfils the mandatory minimum work requirement to retain certain permits and includes the work already under way to enhance the Group's mining portfolio, particularly in Gabon following the recent discoveries.

At the date of this Annual Report, a budget of €44 million has been allocated to exploration, which may be revised during the year depending on the results of studies and drilling operations and also on the economic environment.

Investment for production and development worth €186 million is scheduled for 2015, primarily in Gabon and Tanzania.

In the current economic climate, the Group is studying the shutdown and/or sale of some of its subsidiaries and marginal holdings.

### 1.2.6.

#### Large contracts

On 10 January 2014, the Company entered into an Exploration and Production Sharing Agreement, dubbed "Ezanga", with the Gabonese Republic, which re-allocates to Maurel & Prom Gabon the five existing Exclusive Exploitation Authorisations for a 20-year period, with the potential to extend for a further 20 years if economic conditions so allow.

On 18 December 2014, Etablissements Maurel & Prom signed a new Revolving Credit Facility of US\$650 million, split into an initial tranche of US\$400 million and an accordion of US\$250 million that can be drawn down twice subject to certain conditions. The terms and conditions of the Credit Agreement are described in paragraphs 1.2.4.1 and 1.2.4.2 of this Annual Report.

In Gabon, the Group, through its subsidiary Maurel & Prom Gabon, only maintains a major direct customer relationship with Socap International Limited, a subsidiary of the Total group, for all sales intended for export, and with SOGARA for sales intended to meet the needs of

# 1

## Presentation, activity and financial position of the Group

### *Financial position*

the Gabonese domestic market. Socap International Limited extracts and sells crude oil from the Onal field in Gabon. Given Socap's credit quality, the Company does not consider there to be a customer risk. Trade receivables from Socap International Limited amounted to €27 million (US\$33 million) at end-2014. They were settled in January 2015. Sales in 2014 with Socap International Limited amounted to €506 million or 92% of Group sales.

Apart from these contracts and others signed in the course of its normal activities, the Company has not entered into any significant agreements.

#### 1.2.7.

### Financial information

#### 1.2.7.1. Historical financial information

The management report, the consolidated and annual financial statements for the years ended 31 December 2012 and 31 December 2013, including the Statutory Auditors' reports on these fiscal years, appear, respectively, in the Annual Reports filed on 29 April 2013 with the French Financial Markets Authority (AMF) under number D.13-0452 and on 29 April 2014 under number D.14-0449, which are incorporated by reference in this Annual Report.

#### 1.2.7.2. Verification of historical financial information

For verifications of historical financial information, please see the Statutory Auditors' reports on the individual company and consolidated financial statements appearing in the Notes to this Annual Report and the previous Annual Reports mentioned in paragraph 1.2.7.1 above.

#### 1.2.7.3. Other information featured in the Annual Report, verified by the Statutory Auditors

The Statutory Auditors' reports on the report of the Chairman of the Board of Directors and on the regulated agreements can be found in the Notes to this Annual Report.



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# 2

## Risk factors

Hydrocarbon exploration and production requires high levels of investment and is associated with a high risk of loss of the capital invested, due mainly to risks associated with the geographic, economic, legal or political factors described hereafter. In addition to risks specific to the oil industry, there are also risk factors relating to the Group's own industrial and commercial activity.

Consequently, investors and shareholders are encouraged to review all the information contained in this Annual Report, including the risks described below, before deciding to invest. At the date of filing this Annual Report, any of these risks could have a significant adverse impact on the Group, its activity, its financial position and/or its earnings and are important to bear in mind when making investment decisions. Other risks of which the Group is not currently aware or that the Group does not consider significant at the date of this Annual Report could also impact its activities.

### 2.1. Risks linked to the Group's oil and gas exploration and production activities

#### 2.1.1.

#### Risks linked to the regulatory procedure for obtaining and renewing certain permits

The Group's oil and gas exploration and exploitation activities are subject to the various regulations that apply in this sector (Oil Code, law relating to hydrocarbon exploitation) in each of the countries in which the Group undertakes this activity, particularly as regards the granting of mining rights or the obligations concerning minimum work programmes.

The context of oil and gas activities, particularly production sharing procedures, operational decisions, recognising and limiting oil costs, certain tax issues in connection with operations and rules of cooperation between the Group and its partners who hold oil or gas exploration or operating permits, on the one hand, and the host country, on the other hand, are generally defined in a production sharing agreement ("PSA") entered into by these parties and the host government.

Furthermore, a "Joint Operating Agreement" (or "JOA") generally defines the relationship between parties other than the host government.

In addition to the PSAs, permits are granted by the host government that authorise the Group to carry out its hydrocarbon exploration and production activities. The permits are of limited duration and may be renewed. They also carry obligations regarding surface rehabilitation during the exploration period.

In the first quarter of 2014, the Gabonese Republic awarded the Group a new permit called "Ezanga" to replace the Omoueyi exploration and production sharing agreement and the related Exclusive Exploitation Authorisations (AEEs). This new permit renews the five existing AEEs for a period of 20 years with a pre-emptive right to extend this for a further 20 years. The new permit was approved by decree of the President of the Gabonese Republic on 11 March 2014.

More generally, it is difficult to assess the impact on the conditions for using oil permits that could arise from a downturn in the political or economic situation, or tighter regulations or conditions for obtaining permits in one or more of the countries in which the Group currently holds oil exploration or operating permits.

With respect to Gabon, the country in which the Group carries out most of its production (91% of Group sales), the Gabonese Mining Code review currently in progress could have an adverse impact on the terms and conditions applicable to any new contracts or permits taken out by the Company or awarded to it, as well as to its current contracts when they come up for renewal.

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## Risk factors

### *Risks linked to the Group's oil and gas exploration and production activities*

#### 2.1.2.

### Risks linked to the appraisal of reserves

Reserves at 1 January 2015, as presented on page 31 of this Annual Report have been assessed by external evaluators on the basis of economic conditions and by using existing geologic and engineering data to estimate the quantities of hydrocarbons that can be produced. The evaluation process involves subjective judgements and subsequent reviews may be required as more information is obtained about the deposits. A variety of factors beyond the Group's control may lead to a downward revision of these estimates in the future, for example if it appears that the Group's subjective judgements based on available geoscience and engineering data were not sufficiently cautious or if the Group's assumptions regarding factors or variables beyond its control prove inaccurate over time. Downward revisions of estimated reserves may lead to lower production volumes which would have a negative bearing on the results of the Group's operations as well as on its profits and financial position.

#### 2.1.3.

### Risks linked to the exploration and renewal of reserves

Exploration activity that relies on the discovery and extraction of hydrocarbons requires major preliminary operations. For example, geological and seismic analyses are conducted prior to exploration drilling. Operations of this type make it possible to decide on the location of exploration drilling, to transition to the production start-up phase or to decide whether to pursue exploration. At the time these operations are launched, there are still numerous uncertainties about the quality of the hydrocarbons and the feasibility of their extraction.

The hydrocarbons sought when obtaining permits and during drilling operations may be absent or in insufficient quantities to be commercially viable.

As a result of the many uncertainties that remain during the exploration phase, the Group cannot ensure that the investments made will be sufficiently profitable.

In addition, knowledge of reserves can sometimes be unpredictable and may only be acquired gradually during the course of exploration. Furthermore, the practical conditions and costs may vary during the exploration phase for reserves.

It is therefore impossible to guarantee that new oil or gas resources will be discovered in sufficient quantities to replace existing reserves and allow the Group to recover all of the capital invested in exploration activities and ensure that the investments made will be profitable.

In order to limit the technical risks related to exploration, the Company's exploration programmes are validated upstream based on technical criteria and then submitted to the Board of Directors for approval. In 2013 the Group also established and has since been expanding a partnership with MPI to develop outside its traditional sphere of activity while limiting its financial risk.

#### 2.1.4.

### Risks linked to hydrocarbon production capacity

When the estimate of hydrocarbon reserves and the economic analysis justify the development of a discovery, the reserves may, during production, turn out to be lower than predicted and thus compromise the economics of the operation.

In addition, developing a hydrocarbon production field requires significant investments to build facilities, drill production or injection wells and implement advanced technologies to extract and produce hydrocarbons with complex properties over the duration of the permit, and generally over several decades.

Making these investments and implementing these technologies, generally under difficult conditions, can result in uncertainties about the amount of investment necessary and the operating costs, and have a negative impact that lowers the expected results.

Lastly, the Group's oil or gas production may be restricted, delayed or cancelled due to a number of factors internal or external to the Group; in particular, malfunctions of production or hydrocarbon routing facilities, administrative delays especially in the approval of development projects by host countries, shortages, delays in the delivery of equipment and materials and adverse weather conditions. Such factors may have an impact on the Group's cash flow and results.



# 2

## Risk factors

### *Risks linked to the Group's oil and gas exploration and production activities*

In order to limit the risks of underestimating investments or production costs and avoid delays in completion:

- ▶ all development projects are validated in technical and financial terms before being submitted to the Company's Board of Directors for approval;
- ▶ dedicated teams are put in place for each major project; and
- ▶ risks are continually assessed on the basis of technical and financial reports and indicators to measure how effectively projects are progressing.

#### 2.1.5.

### Political risks

A major part of the Group's activities and hydrocarbon reserves are in countries that may be considered to harbour risks of political or economic instability. In one or more of these countries, the Group could face risks in the future such as the expropriation or nationalisation of its assets, the breach or renegotiation of PSAs, exchange control restrictions, losses due to armed conflict or terrorist groups, or other problems arising from the country's political or economic instability. Consequently, in order to ground their policy of energy independence, some countries in which the Group operates may in future be led to set up or strengthen measures aimed at promoting the emergence of their own home-grown companies in this sector (such as the formation in Gabon in December 2012 of a national oil company, the Gabon Oil Company, tasked with controlling Gabon's government interests in Gabonese oil and oil exploration companies). Such a policy could lead to heavier participation of the host government in this sector.

The emerging countries in which the Group operates are exposed to significantly higher political and economic risks and risks to personal and material safety than in more developed countries, in particular exposing the Group to the risks mentioned in the first paragraph above.

It is also worth noting that the Group carries out the bulk of its production in just one country which is in itself a risk factor.

In order to limit political risks, the Group is diversifying its exploration and production programmes across multiple countries and, within those countries, strives to maintain a discreet presence while promoting its skills. In this respect, the partnership that the Group has established with MPI has allowed it to develop activities in geographic regions in which it was not yet present, such as Canada and Myanmar.

#### 2.1.6.

### Risks linked to competition

The Group faces competition from other oil companies to acquire rights on oil permits for the exploration and production of hydrocarbons. Due to its positioning and size, the main competitors of the Group are "junior" or "mid-size" oil companies. This competitive pressure could have an adverse impact on obtaining new projects.

In order to benefit from new opportunities in this competitive environment, and in keeping with oil industry practices (especially with regard to exploration), the Group often partners with other oil companies as part of the process for obtaining permits from the competent authorities. This also allows it to share the costs associated with such processes.

#### 2.1.7.

### Industrial and environmental risks

The Group faces industrial and environmental risks that are specific to the oil and gas industry. Among these risks are eruptions of crude oil or natural gas, cave-ins of well heads, spills or leaks of hydrocarbons leading to toxic risks, fires or explosions.

All these events are capable of endangering human lives or property, damaging or destroying the hydrocarbon wells in production as well as the surrounding facilities, incurring business interruptions and causing environmental damage with certain direct consequences for the health and economic wellbeing of local communities.

In order to limit industrial and environmental risks, the Group has put in place an HSE (Health, Safety and Environment) policy described in Chapter 4 of this Annual Report. The Group also hedges against certain risks through specific insurance policies (see paragraph 2.4. of this Annual Report, p. 49).

# 2

## Risk factors

### *Risks linked to the Group's oil and gas exploration and production activities*

In its oil activities, the Group pays constant attention to preventing industrial and environmental risks and takes the utmost care to respect the regulatory constraints of the countries in which it operates.

It also monitors national and international legal and regulatory developments concerning industrial and environmental risks on an ongoing basis. Furthermore, the Group constantly seeks to improve its safety, security and risk prevention mechanisms on the production sites.

Details of the Group's environmental policy and the measures taken to limit the Company's environmental impact are presented in paragraph 4.2 of this Annual Report (p. 114).

#### Systematic impact studies

In accordance with the applicable regulations in the countries in which the Group operates, systematic impact studies are conducted before the start of any specific work to examine and assess the safety risks and the impact on the environment. In order to identify, quantify and prevent the occurrence of such risks, the Group relies on its own expertise as well as on external experts approved by the governments of the countries involved.

#### Approval of surface facilities

The Group seeks to obtain the competent ministry's approval with regard to the safety of its surface facilities. This approval may also be required by the Group's insurers and/or by the local government (civil defence).

#### Approval and permission to install pipelines

In compliance with the host country's regulations, the Group carries out the preliminary studies necessary to obtain the authorisations and approvals needed to install pipelines to route the hydrocarbons that have been produced.

#### Standards

The Group applies the API (American Petroleum Institute) standards in respect of its drilling operations. Its production facilities are designed according to the recommendations of American insurance companies (GE GAP Guidelines) and its systems and equipment comply with French or international standards, depending on the area in question (API, ISO, ASME, NF, etc.). The Group is also governed by radio and satellite communication standards and obtains the relevant authorisations required by the host country.

#### Safety procedures

The Group has updated its HSE system by decentralising HSE management. This has led to an HSE policy based on rules recognised by the International Association of Oil & Gas Producers (OGP). A Group-wide reference manual has been developed to enable each subsidiary to set its own HSE rules and for its main operating subsidiaries to assemble their own in-house HSE expertise. As part of the HSE management system, Group employees benefit from an HSE awareness and training policy aimed at constantly improving safety and risk prevention. The Group is constantly making improvements in terms of the prevention of industrial and environmental risks. It strives to develop its oil activities while improving the management and operating rules concerning the safety of people, facilities and intellectual property.

#### Site restoration

The Group has a policy of restoring exploration sites (dry wells) to their original state once operations are completed. Furthermore, due to the nature of its business, the Group will normally be required to bear the costs of restoring sites that have been affected by operations and oil routing equipment. Each year, the Group evaluates and if necessary updates the provisions it has established to cover the future costs of dismantling and restoring the sites.

# 2

## Risk factors

### *Risks linked to the Group's oil and gas exploration and production activities*

#### 2.1.8.

#### Risks linked to the possible dependence of the Group on customers, suppliers or subcontractors

As the Group does not have its own structure for marketing its hydrocarbon production, it has to enter into agreements with companies specialising in this field.

The Group does not believe this to lead to any counterparty risk, as its production is sold to leading oil groups such as Socap (Total Group) in Gabon. A factoring agreement has been established with the Gabonese bank BGF I in order to regulate the cash flows produced in conjunction with the Gabonese refining company.

However, the routing of production to Gabon is dependent on the proper functioning of Total's facilities.

The table below shows the Group's share of the sales made with the Group's top customer and top five customers:

	2014	2013	2012
Top customer as a percentage of total sales	70%	85%	89%
Top five customers as a percentage of total sales	100%	100%	100%

The table below shows the Group's share of purchases and capital outlays to its top supplier, top five suppliers and top ten suppliers:

	2014	2013	2012
Top supplier as a percentage of total purchases and capital outlays	7%	10%	13%
Top five suppliers as a percentage of total purchases and capital outlays	28%	39%	41%
Top ten suppliers as a percentage of total purchases and capital outlays	41%	53%	56%

## 2.2. Financial risks

### 2.2.1.

#### Risks of fluctuations in hydrocarbon prices

Historically, oil and gas prices have always been highly volatile and can be impacted by a wide variety of factors, such as the demand for hydrocarbons directly related to the general economy, production capacities and levels, government energy policies and speculative practices. The oil and gas industry's economy and especially its profitability are very sensitive to fluctuations in the price of hydrocarbons expressed in US dollars.

The Group's cash flows and future results are therefore strongly influenced by changes in the price of hydrocarbons expressed in US dollars.

Under its previous bank loans, such as Reserve Based Loans, the Group had set up derivative instruments at the banks' requests to hedge part of its production against the risk of a drop in hydrocarbon prices. As this type of financing was not renewed, no new transaction of this nature was carried out in 2014.

#### Impact on consolidated net income of the change in the barrel price of oil during 2014

The economic environment in fiscal-year 2014 was marked by a sharp drop in the price of Brent in the fourth quarter. This fell from US\$92 in September 2014 to US\$58 at end-December 2014. Over the full year, the drop in the barrel price levelled out at 9%. The average sale price of hydrocarbon production was US\$96.7 in 2014 (versus US\$106.8 in 2013).

This drop in the annual average barrel price of 9% between 2013 and 2014 negatively impacted the Group's sales by €62 million and its operating profitability by €56 million.

In order to deal with the economic environment, the Group restructured most of its debt by extending the maturity, reduced its costs significantly and performed a strict arbitrage on current investments by focusing on assets in production.

### 2.2.2.

#### Foreign exchange risk

Although the Group's reporting currency is the euro, its operating currency is the US dollar since sales, most operating expenses and most investments are denominated in this currency. Consequently, the Group's accounts are highly sensitive to the €/USD exchange rate.

The impact on consolidated income and shareholders' equity as at 31 December 2014 of a 10% rise or fall in the €/USD exchange rate is shown below:

# 2

## Risk factors

### Financial risks

in M€	Impact on pre-tax income		Impact on exchange gain/loss (equity capital) [pre-tax]	
	10% rise in €/US\$ rate	10% drop in €/US\$ rate	10% rise in €/US\$ rate	10% drop in €/US\$ rate
TOTAL	-1,5	1,8	-74,6	91,2

With respect to the impact of the change in the €/USD exchange rate on Group income during fiscal year 2014, the revaluation of the Group's currency positions at the €/US\$ closing rate of 1.2141 and the foreign exchange effects during the period produced a net foreign exchange gain of €25 million.

To limit its exposure to currency risk, the Group holds a certain amount of US dollar-denominated liquid assets to finance projected investment expenses in that currency.

There were no foreign exchange transactions as at 31 December 2014.

The Company's consolidated foreign exchange position at 31 December 2014 was US\$16 million, which is broken down as follows (in US\$ million):

	Assets and liabilities	Foreign currency commitments	Net position before hedging	Financial hedging instruments	Net position after hedging
Trade receivables and payables	217	-	217	-	217
Non-current financial assets	-	-	-	-	-
Other current assets	-	-	-	-	-
Borrowings	-400	-	-400	-	-400
Other creditors and sundry liabilities	-43	-	-43	-	-43
Cash and cash equivalents	242	-	242	-	242
<b>US\$ EXPOSURE (IN US\$ M)</b>	<b>16</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>16</b>

Foreign exchange risks are detailed in Note 25 to the consolidated financial statements (p. 225 of this Annual Report).

# 2

## Risk factors

### *Financial risks*

#### 2.2.3.

### Liquidity risk

As with any industrial and commercial activity, the Group is exposed to a risk of insufficient liquidity or to a risk that its financing strategy is inadequate. This risk is exacerbated by the current drop in oil prices which is affecting the Group's cash flow and could also affect its ability to obtain financing should prices remain low over the long term.

However, despite the context of falling oil prices, the Group successfully obtained financing in 2014 through the bond and banking markets: on 6 June 2014 the Group issued ORNANE bonds in the amount of €253 million which will not mature until 1 July 2019. In addition, on 18 December 2014 it set up a new Revolving Credit Facility of \$650 million, the first tranche of which was drawn down in the amount of \$400 million, that will be amortised as from 31 December 2016.

Excluding the bond in the amount of €70 million, which matures on 31 July 2015, the next capital repayment is not due until 31 December 2016 and amounts to €15 million (corresponding to the amortisation of the Revolving Credit Facility). This limits the cash outflows which the Group must undertake in 2015 and 2016 to repay the debt.

A report on the sources of financing available at 31 December 2014 and the main covenants appears in Note 15 to the consolidated financial statements for the period ended 31 December 2014 (p. 208 of this Annual Report). A summary of the financing statement is shown in paragraph 1.2.4.1 of this Annual Report (p. 31).

Lastly, it is worth noting that cash flow is monitored on a daily basis. A comparison is made systematically between forecasts and actual. Simulations incorporating new assumptions, especially in the event of falling commodity prices, are updated based on changes in these indicators.

The Group's debt ratios at 31 December 2014 were as follows:

- ▶ consolidated debt/equity: 49%; and
- ▶ current assets/current liabilities: 151%.

# 2

## Risk factors

### Financial risks

#### Breakdown of financial liabilities by contractual maturity

The table below shows the breakdown of financial liabilities by contractual maturity (in € thousands):

	2014	2015		2016		2017		2018		2019		Over 5 years	
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal
Oceane 2015 bonds	68,647	4,890	68,647	-	-	-	-	-	-	-	-	-	-
Ormane 2019 bonds	253,000	4,325	-	4,123	-	4,111	-	4,111	-	2,039	253,000	-	-
Revolving Credit Facility	329,462	12,262	-	12,039	15,444	10,628	61,774	8,371	61,774	6,532	61,774	4,120	128,696
Bank loan of US\$50 million	41,183	927	-	927	-	927	-	927	41,183	-	-	-	-
Current bank borrowings	464	-	-	-	-	-	-	-	-	-	-	-	-
Debts on lease financing	27,140	237	165	222	180	205	197	186	216	166	236	458	1,721
<b>TOTAL</b>	<b>719,896</b>	<b>22,641</b>	<b>68,812</b>	<b>17,311</b>	<b>15,624</b>	<b>15,871</b>	<b>61,971</b>	<b>13,595</b>	<b>103,173</b>	<b>8,737</b>	<b>315,010</b>	<b>4,578</b>	<b>130,417</b>

Note : loans denominated in US\$ were converted into euros at the €/US\$ closing rate on 31 December 2014 of 1.2141. Contractual flows not updated.

As at 31 December 2014, the Group had US\$250 million of unused drawdown capacity, as well as cash and cash equivalents amounting to €229.5 million. To the Company's knowledge, there are no limitations or restrictions on the raising of cash from the Group's subsidiaries. The Company has conducted a specific review of its liquidity risk and future maturity dates and considers that it is able to meet its contractual maturities.

As at 31 December 2014, the Company was also in compliance with the financial ratios specified in the Revolving Credit Facility (see paragraph 1.2.4 of this Annual Report, p. 31). Finally, it should be noted that:

- as part of the Company's acquisition of the African drilling activities of Tuscany International Drilling, and the Company's sale of its stake in Tuscany International Drilling (see paragraph 1.2.4.1 of this Annual Report, p.31), and following a credit agreement with Credit Suisse, on 23 December 2013 the Company took on US\$50 million of Tuscany International Drilling's bank debt with a five-year maturity date; and
- the Company entered into a Revolving Credit Facility with a banking consortium for a maximum amount of US\$650 million (see paragraph 1.2.4.1 of this Annual Report, p.31).

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## Risk factors

### Financial risks

#### 2.2.4.

#### Interest rate risk

The Group's borrowing terms and financing structure are detailed in paragraph 1.2.4 of this Annual Report (p.31).

Like any company that uses external lines of credit and investments of available cash, the Group is exposed to an interest rate risk.

The Group's consolidated gross debt at 31 December 2014 was €667.1 million. This consisted mainly of two OCEANE and ORNANE fixed-rate convertible bond borrowings amounting to principal plus accrued interest totalling €303.6 million on the balance sheet and a variable-rate debt consisting of a new line of credit (Revolving Credit Facility) of US\$400 million (€322.5 million on the balance sheet) and a bullet loan of US\$50 million (€37.5 million on the balance sheet) over five years (see paragraph 1.2.4.1 of this Annual Report, p.31). A one-point rise in interest rates would result in an additional interest expense of €3.6 million per year on the income statement.

A significant portion of cash (US\$115.8 million and €10.8 million) is held in variable interest rate sight deposits. A 1% rise in interest rates would result in a €1.1 million increase in income.

Interest rate risk is detailed in Note 25 to the consolidated financial statements (p.223).

#### 2.2.5.

#### Equity risk

##### Overview

Now that the Company's shares have been admitted for trading on a regulated market, it is worth noting that (i) the market for them may offer only limited liquidity and be highly volatile, and (ii) the potentially heavy volumes being sold may adversely impact their market price.

#### Risk involving the Company's shares

Successive plans to repurchase treasury shares have been in place since 12 January 2005. At 31 December 2014, the Company held 5,628,676 treasury shares. The gross book value of these treasury shares held at 31 December 2014 was €70.5 million, with a market value of

€42.4 million. The difference between the gross and net values has no impact on the consolidated financial statements and is provisioned in the company financial statements. A 10% decrease in the value of these securities would have a negative impact of €4.2 million on the Company's earnings.

The Company does not use any specific hedging instrument.

#### Risk involving other companies' shares

The Company is no longer exposed to this risk having sold its 29.05% stake in Tuscany International Drilling, a company listed in Canada on the Toronto Stock Exchange, on 23 December 2013.

#### 2.2.6.

#### Counterparty risk

The Group is exposed to counterparty risk with respect to:

- ▶ loans and credit granted to customers and other third parties as part of its operating activities; and
- ▶ investment, hedging and financing transactions made with banks or financial institutions.

The Company considers the first risk to be limited to the extent that the Group's customers are generally internationally renowned oil companies, recognised independents or national operators with which the Group has had business relations for a long time. When this is not the case, the Group conducts an in-depth examination of the solvency of its counterparties.

As part of its activities, which may be conducted through partnerships, the Group applies a rigorous selection policy for its partners.

The Company deems that the second risk is also limited to the extent that the Group's significant financial transactions are only handled by several leading banking and financial establishments. No issues involving counterparties were encountered in fiscal-year 2014.

[Details of trade receivables are presented in Note 9 (p.199) to this Annual Report.



## 2.3. Legal risks

### 2.3.1.

#### Legal risks associated with the hydrocarbon sector

As stated in paragraph 2.1.1 of this Annual Report (p.37), the Group's oil and gas exploration and operating activity is strictly governed by the various regulations applicable to this sector (Oil Code, law on hydrocarbon exploitation) in each of the countries in which the Group undertakes this activity, particularly with respect to the allocation of mining rights, the durations and legal conditions of operations, which focus on the obligations for minimum work programmes and, if applicable, the contractual procedures for sharing production (described in the PSAs).

The oil and gas sector often represents a significant economic weight in the countries where the Group operates, and it may be subject to the payment of royalties, taxes and duties that are higher than other economic sectors.

A downturn in the political or economic situation, a tightening of oil or tax regulations, or of the conditions for obtaining or using permits in one or more countries in which the Group currently holds oil exploration or operating permits, presents a risk that is difficult to evaluate in terms of its impact on the Group's activity and on the valuation and the profitability of the assets that may be concerned.

As indicated in paragraph 2.1.1 of this Annual Report (p. 37), with respect to Gabon, the country in which the Group carries out most of its production (91% of Group sales), the Gabonese Mining Code review currently in progress could have an adverse impact on the terms and conditions applicable to any new contracts or permits taken out by the Company or awarded to it, as well as to its current contracts when they come up for renewal.

To limit the legal and tax risks linked to the oil sector, the Group tries to establish adequate relations both with the local authorities and communities in the countries in which it operates.

### 2.3.2.

#### Risks for the Company in the event of a change in shareholder control

The Group draws the attention of investors to the fact that the OCEANE 2015 and ORNANE 2019 bonds, described in paragraph 1.4.1 of this Annual Report (p. 34), each contain a change-in-control clause stipulating that any bearer may request the early repayment of his/her bonds in cash in the event of a change in control of the Company.

The Credit Agreement and Revolving Credit Facility, described in paragraph 1.2.4.1 of this Annual Report (p. 31), also contain a change of control clause whereby the lenders, by majority vote, can cancel the credit arrangements granted to the Company and require it to repay each outstanding line of credit immediately, in the event of a change of control in the Company.

Above all, the Group draws the attention of investors to the regulatory and contractual environment inherent to the Group's activities in the hydrocarbon sector, described in paragraph 2.3.3 of this Annual Report, which, in certain jurisdictions, includes provisions that may apply in the event of a change of control of the Company (notably in Gabon, Tanzania, the Congo and Mozambique).

In the case of Gabon, pursuant to Decree 0673/04/MECIT dated 16 May 2011 relating to the application of the investment charter to foreign investments in the Gabonese Republic, the direct or indirect acquisition, by a foreign investor, of control of a company whose registered office is in Gabon and which carries on activities related to the research and exploitation of mines and hydrocarbons, is subject to prior authorisation of the Gabonese Minister for the Economy who has two months from the date on which the authorisation request is received to rule on it. The authorisation may, in certain circumstances, be accompanied by conditions aimed at ensuring that the proposed investment does not harm national interests. If the authorisation is refused, the Minister must explain the reasons for doing so. If a foreign investment is found to have been made in violation of these provisions, activity will be immediately suspended until authorisation is obtained.

*Legal risks*

Such regulatory or contractual constraints are generally applicable to players in the industry which, however, call for the following observations:

- ▶ change-in-control clauses are not all of equal importance and should be assessed according to several criteria, such as penalties for failure to comply (suspension of activity, invalidity of the transfer of control, right of pre-emption or call for additional guarantees), local practice (notably the frequency of objections effectively made in practice by the relevant government body), the identity and financial resources of the new controlling shareholder (certain authorisations are more concerned with defending national interests) and, above all, the proportion represented by the Company's activities exercised in the respective jurisdiction out of all activities exercised by the Company;
- ▶ in some jurisdictions, contracts entered into with government authorities contain a stabilisation clause preventing the application of a regulation – potentially less favourable for the investor – that postdates the regulation in force on the date that the contract was entered into; and
- ▶ even if the penalty for failure to comply with the change-in-control clause is the suspension of activity in the jurisdictions in question or the transfer of control being rendered invalid, the Group emphasises that these penalties are, to its knowledge, rarely applied in practice and are more often than not subject to discussions with the competent authorities. With this in mind, the Group strives to maintain good relations with the authorities in the countries in which it operates.

**2.3.3.**

### Legal risks linked to the regulatory framework of exploration and production activities in the hydrocarbon sector

As indicated in paragraphs 2.2.1 and 2.3.1 of this Annual Report, the Group carries out oil and gas exploration and production activities in a very large number of countries and is therefore subject to a large number of regulations, particularly with regard to the allocation of mining rights, the durations and legal conditions of operations, which focus on the obligations for minimum work programmes and, if any, the contractual procedures for sharing production.

The specific risks related to the existence, in most countries in which the Group operates, of legal, regulatory or contractual provisions that may apply in the event of a change of control of the Company, are detailed in paragraph 2.3.2 of this Annual Report (p. 47).

**2.3.4.**

### Risks linked to unresolved disputes

The Group is involved in various procedures and claims in the normal course of its activities. The Group's disputes and the risks of dispute of which it is aware are set out in paragraph 7.2 of this Annual Report (p. 153).

**2.3.5.**

### Risks linked to claims not covered by insurance

In addition to traditional risk cover insurance, the Group has taken out insurance policies that are specific to its business and to the nature and location of its assets. The policy for insuring against risk is set out in paragraph 2.4 of this Annual Report (p. 49).

The Group deems that the cover provided by the policies it has taken out is reasonably suited to the risks incurred as part of the Group's ongoing activities. The discontinuation of hydrocarbon production operations on a field or in a country, for whatever reason, is not covered by business interruption insurance.

## 2.4. Insurance

The Group has taken out the following insurance:

- ▶ third-party liability of executive officers;
- ▶ fire, storm, natural disaster and water damage;
- ▶ theft and vandalism, glass damage; and
- ▶ third-party liability for offices, not including professional third-party liability, and basic legal protection.

In addition to this traditional risk cover insurance, the Group has taken out insurance policies that are specific to its business and to the nature and location of its assets.

The Company regularly reviews its policies (coverage and premiums) in consultation with a specialist broker as part of a uniform Group programme for corporate third-party liability and property damage, and third-party liability of corporate officers and executives.

Insurance policies related to oil activities cover:

- ▶ risks of damage to oil facilities, including the pipeline network and drilling rigs that are reimbursed up to their declared value, risks of real losses of assets that are covered up to their replacement value and risks of pollution related to drilling operations; and
- ▶ risks of general and third-party liability up to US\$50 million per claim.

The total amount of insurance premiums per year paid by the Group is in the order of €3.12 million for the period from 1 March 2014 to 28 February 2014, based on a €/US\$ exchange rate of 1.3285.

To date, the Company has not taken out business interruption cover.

As part of its oil exploration, production and development operations, the Group risks causing environmental damage resulting, for example, from collapses, eruptions, pollution, leaks, fires and explosions of oil wells and surrounding facilities. Damage of this type is covered by policies providing "Energy Package"-type cover. Agreements signed with the subcontractors and service providers used by the Group also contain an obligation for these subcontractors and service providers to take out insurance for an amount that covers their third-party liability under the agreement in question.

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# 3

## Corporate governance

The report from the Chairman of the Board of Directors, prepared in accordance with Article L. 225-37 of the French Commercial Code, covers, for the year ended 31 December 2014, the information relating to the membership of the Board of Directors and the conditions for preparing and organising the work of the Board of Directors, the application of the principle of gender equality within the Board, the internal control and risk management procedures put in place by the Company, potential limits on the powers granted by the Board of Directors to the Chief Executive Officer, the principles and

rules applicable to the calculation of compensation and benefits of any kind for corporate officers as well as any special provision relating to shareholder participation in the General Shareholders' Meeting. This report was prepared by the Chairman of the Board of Directors based on contributions from the Company's administrative, financial and legal support services, including the Audit and Risk Committee, the Appointments and Compensation Committee and the General Secretary.

The report was approved by the Board of Directors on 25 March 2015.

### 3.1. Statements on corporate governance

The Company has confirmed that the AFEP-MEDEF Corporate Governance Code, as revised in June 2013, is the corporate governance code with which it voluntarily complies, within the meaning of Article L. 225-37 of the French Commercial Code and, in accordance with Article 25.2 of the AFEP-MEDEF Code, that it is a member the Corporate Governance Steering Committee (Haut Comité de Gouvernement d'entreprise). The AFEP-MEDEF Corporate Governance Code is available on the websites of AFEP ([www.afep.com](http://www.afep.com)) and MEDEF ([www.medef.com](http://www.medef.com)). The Company also complies with the AMF's Final Report on the Audit Committee, dated 22 July 2010.

In accordance with the "apply or explain" rule of Article L. 225-37 of the French Commercial Code and Article 25.1 of the AFEP-MEDEF Corporate Governance Code, the Company considers that, with the exception of factors disclosed and explained in full in the following table relating to the fiscal year ended 31 December 2014, the Company complies with the recommendations of that code.

#### 10.4. Assessment of the Board of Directors

*"It is recommended that non-executive directors meet periodically without executive or internal directors in attendance. The Bylaws of the Board of Directors should provide for a meeting of this type once a year, at which the performance of the Chairman, the Chief Executive Officer or Deputy Chief Executive Officers could be assessed and future management could be discussed."*

At the Board of Directors' meeting of 28 August 2013, the directors decided, without the Chairman and Chief Executive Officer in attendance, to increase his compensation which had remained unchanged since 2007 and thus indirectly made an assessment of the Chairman and Chief Executive Officer's performance. However, the Bylaws of the Company's Board of Directors as at 31 December 2014 do not mention the holding of regular meetings without the presence of executive or internal directors.

...

## Statements on corporate governance

...

To comply with AFEP-MEDEF recommendations, the Bylaws of the Board of Directors as amended on 25 March 2015 now provide for non-executive directors to meet once a year, without executive or internal directors in attendance, at which the performance of the Chairman, the Chief Executive Officer and any Deputy Chief Executive Officers will be assessed and future management will be discussed.

#### 14. Term of office for directors

*"Although not required by law, it is essential that the Articles of Association or the Bylaws set a minimum number of shares of the company that each individual director must hold."*

#### 20. Directors' code of ethics

*"In the absence of legal provisions to the contrary, a director must be a shareholder in his/her own right and hold a relatively significant number of shares to justify the attendance fees received: if he/she does not own those shares when he/she takes up his/her post, he/she must use his/her attendance fees to purchase them."*

The Board of Directors' meeting discussed adopting the principle that each director should personally hold a significant number of shares in the Company, if necessary by using the attendance fees each receives to purchase shares in the Company. The Board of Directors, however, decided not to adopt this principle in its Bylaws and gave each director the option to freely acquire shares in the Company.

To comply with AFEP-MEDEF recommendations, the Bylaws of the Board of Directors as amended on 25 March 2015 now include this rule and require every director to hold 500 shares in the Company. As a transitional arrangement, the current members of the Board of Directors have until 31 December 2016 at the latest to comply with this new rule.

#### 18.1. The Compensation Committee

*"It must not include executive corporate officers and a majority must be independent directors. It must be chaired by an independent director."*

Christian Bellon de Chassy is a former independent director of the Company and, since his term of office ended on 29 June 2011, he has held the position of observer on the Board of Directors. The Company therefore considers him to have all the qualities required, including independence, to be a member of the Appointments and Compensation Committee and to perform the role of Chairman of the Committee.

However, to comply with AFEP-MEDEF recommendations, at its meeting on 25 March 2015 the Board of Directors decided to appoint a new member to the Appointments and Compensation Committee, Carole Delorme d'Armaillé, an independent director, also appointing her as Chairman to replace Christian Bellon de Chassy.

...

## Statements on corporate governance

**22. Termination of employment upon appointment as a corporate officer**

*"It is recommended that, if an employee becomes a corporate officer, their employment contract with the Company or a company within the Group should be terminated either by signing a severance agreement, or by their resignation.*

*This recommendation applies to the Chairman, the Chairman & Chief Executive Officer, and the Chief Executive Officer in companies with a Board of Directors, and to the Chairman of the Management Board and to the Chief Executive Officer in companies with a Management Board and Supervisory Board, and to the managing partners of partnerships limited by shares.*

*It is not aimed at employees of a group of companies who are executive corporate officers in a subsidiary of that group, whether listed or unlisted."*

The Board of Directors did not wish to terminate the employment contract of Michel Hochard who, until his appointment as Chief Executive Officer of the Company on 26 May 2014, had held the position of Chief Financial Officer for the Group for a number of years. The Board of Directors considered that although this provision would be understandable in the case of a director who was recruited externally or was a newcomer to the Group, it would be difficult to justify in the case of a manager who had led a successful career in the Company for a number of years and was now being asked to take on more senior responsibilities.

Indeed, on an individual level this measure would make the position of interested candidates more precarious given the risks incurred in their new responsibilities, and could lead internal candidates to refuse the position or to require higher compensation, which are certainly not the objectives sought by the recommendations of the AFEP-MEDEF Code. This measure would distance the officers from the corporate fabric, and would be inconsistent with the goals of internal promotion and "sustainable management" which are key to building the Company and its development. Accordingly, the Board of Directors decided to maintain Michel Hochard's employment contract as Chief Financial Officer while still appointing him as Chief Executive Officer. His contract was therefore suspended, in accordance with relevant case law, from the time of his appointment as Chief Executive Officer of the Company and shall remain so until his term of office as CEO expires.

**21.1 Compensation paid to directors**

*"It should be noted that the method of distributing this compensation, the total amount of which is decided by the General Shareholders' Meeting, is approved by the Board of Directors. It must consider, as per the terms that it has defined, directors' actual contribution to the Board and its Committees, and therefore the predominant component of it should be variable."*

The fixed and variable portions of directors' attendance fees each amount to 50% of the compensation paid to directors. The variable portion of the attendance fees granted to directors for the fiscal year ended 31 December 2014 was not predominant but was equal to the fixed portion.

The Company intends, however, to comply with this recommendation for the fiscal year ending 31 December 2015. Based on the recommendations of its Appointments and Compensation Committee, the Board of Directors will propose to increase the variable portion as a percentage of attendance fees and therefore correspondingly reduce the fixed portion, so that the variable portion becomes the predominant component as recommended by the AFEP-MEDEF Code.

...

## Statements on corporate governance

**23.2.5. Signing-on bonus, severance pay and non-compete compensation***"Severance pay*

*(...) The law gives shareholders a major role by requiring predefined severance pay, paid when an executive corporate officer's term of office is discontinued, to comply with the terms and conditions governing regulated agreements. It requires total transparency and makes severance pay conditional on performance. Performance should be assessed over a two-year period or longer.*

*The performance conditions set by Boards should be challenging and should not permit severance pay for a director unless the departure is forced and connected with a change of control or strategy, regardless of how the departure is portrayed.*

*Severance pay should not be paid to an executive corporate officer who leaves the Company voluntarily to take on other functions, or to change roles internally within a group, or who is close to receiving a retirement package.*

*If paid, severance should not exceed two years' normal compensation (fixed and variable). When a non-compete clause is included in the terms of office, the total of the signing-on bonus plus severance pay must not exceed the ceiling (see below).*

*Non-compete compensation*

*(...) The Board should state in the terms of departure when the director leaves whether a non-compete clause applies, especially when the director leaves the company to accept a retirement package or after accepting a retirement package.*

*Non-compete compensation should not exceed two years' normal compensation (fixed and variable).*

*When a severance payment also has to be made, the total of the two must not exceed this ceiling (see above)."*

Under his employment contract as Chief Financial Officer (suspended during his term of office as the Company's Chief Executive Officer), Michel Hochard receives (i) non-compete compensation amounting to 35% of the compensation he would have received for two years after the end of his contract and (ii) dismissal compensation equivalent to 24 months' gross pay, if dismissed or forced to discontinue his role as Chief Financial Officer within 18 months following a change of control of the Company or a significant change in the majority shareholder's interest in the Company. These benefits, which were granted to Michel Hochard when he joined the Company in 2007 as Chief Financial Officer, were adjusted in 2011 to take account of the economic and financial context and the Group's development outlook at the time. These benefits, the principle and amount of which have remained unchanged since 2011, were granted in the employment contract and relate solely to the employment contract.

When appointing Michel Hochard as the Company's Chief Executive Officer, the Company and the Board of Directors did not want to put an end to the compensation or benefits owed or that might be owed for the discontinuation of or a change in his role as Chief Financial Officer or for non-compete clauses, or to change them to comply with the AFEP-MEDEF Code applicable to executive corporate officers. These benefits are actually connected only with the termination of his contract as the Company's Chief Financial Officer (suspended for the term of his position as the Company's Chief Executive Officer) and are consistent with the corporate office of the Chief Executive Officer as performed by Michel Hochard.

The Company wishes to point out that as the Company's Chief Executive Officer, Michel Hochard does not receive any actual or potential compensation or benefit for the discontinuation of or a change in his role or any non-compete compensation.



## 3.2. Administration and management of the Company

### 3.2.1.

#### Administrative, executive management and management bodies

Jean-François Hénin has been Chairman of the Board of Directors and Chief Executive Officer since 14 June 2007. His terms of office were subsequently renewed, on the recommendation of the Appointments and Compensation Committee, by the Board of Directors' meetings held following the General Shareholders' Meetings of 20 May 2010 and 13 June 2013.

To facilitate the smooth operation of the Board of Directors and to allow its Chairman to focus on major strategic decisions affecting the Company, the meeting of the Board of Directors held on 26 May 2014 resolved to separate the role of Chairman of the Board of Directors from that of Chief Executive Officer of the Company, on the recommendation of the Appointments and Compensation Committee.

Accordingly, the Board of Directors decided, on the recommendation of the Appointments and Compensation Committee, to appoint (i) Jean-François Hénin as Chairman of the Board of Directors, for his term of office as director, which runs until the close of the General Meeting called to approve the financial statements for the year ending 31 December 2015 and (ii) Michel Hochard as Chief Executive Officer until the close of the General Meeting called in 2015 to approve the financial statements for the year ended 31 December 2014.

#### 3.2.1.1. Members of the Board of Directors, executive management and management

##### 3.2.1.1.1. Board of Directors

The Board of Directors is composed of at least three members and no more than twelve members, appointed for three-year periods by the Ordinary General Shareholders' Meeting, barring legal exception in the case of mergers. The members of the Board of Directors may be re-elected. To comply with the recommendations of the AFEP-MEDEF Code, directors' terms of office are renewed on a staggered basis.

The number of Board members over the age of seventy may not exceed one-third of the members in office.

In accordance with Law 2011-103 of 27 January 2011 on balanced gender representation on boards of directors and supervisory boards, the proportion of women on the Board of Directors needs to be (i) 20% by 2014 and (ii) 40% by 2017 (provided that total board membership is not reduced in the meantime). Furthermore, the AFEP-MEDEF Code required the Company to ensure that by the close of the 2013 General Meeting at least 20% of its Board members were women, and that by the close of the 2016 General Meeting, at least 40% are women (provided that total board membership is not reduced in the meantime).

The Company reached its first target of 20% on 27 March 2013 and there have been two women directors, Nathalie Delapalme and Carole Delorme d'Armaillé, on the Board of Directors since then. As the Board is made up of eight directors, women represent 25% of the Board, which is more than the 20% required by Law no. 2011-103 of 27 January 2011 and the AFEP-MEDEF Code.

The following table shows the membership of the Company's Board of Directors at 31 December 2014 as well as the changes in its membership during the fiscal year ended 31 December 2014:

## 3

## Corporate governance

## Administration and management of the Company

Board member	Appointment/ renewal date	Date on which term of office expires	Position	Comments
Jean-François Hénin	13 June 2013	General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2015	Director and Chairman of the Board of Directors	The meeting of the Board of Directors held on 26 May 2014 resolved, on the recommendation of the Appointments and Compensation Committee, to separate the role of Chairman of the Board of Directors from that of Chief Executive Officer and to appoint Jean-François Hénin as Chairman of the Board of Directors from that date. This separation of roles is intended to facilitate the smooth operation of the Board of Directors and to allow its Chairman to focus on the major strategic decisions affecting the Company.
Gérard Andreck	14 June 2012	General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014	Director and Vice-Chairman	N/A
Xavier Blandin	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2016	Director	Xavier Blandin's term of office was renewed by the General Shareholders' Meeting of 12 June 2014. This renewal allowed the Company to bring Xavier Blandin's professional skills and experience to the Board.
Nathalie Delapalme	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2016	Director	Nathalie Delapalme's term of office was renewed by the General Shareholders' Meeting of 12 June 2014. This renewal allowed the Company to bring Nathalie Delapalme's professional skills and experience to the Board and to ensure that it is compliant with the rules on gender representation.
Roman Gozalo	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2016	Director	Roman Gozalo's term of office was renewed by the General Shareholders' Meeting of 12 June 2014. This renewal allowed the Company to bring Roman Gozalo's professional skills and experience to the Board.
Emmanuel de Marion de Glatigny	13 June 2013	General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2015	Director	N/A

# 3

## Corporate governance

### Administration and management of the Company

Board member	Appointment/ renewal date	Date on which term of office expires	Position	Comments
<b>Carole Delorme d'Armaillé</b>	13 June 2013	General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014	Director	N/A
<b>Alexandre Vilgrain</b>	14 June 2012	General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014	Director	N/A

On the recommendation of the Appointments and Compensation Committee, the Board of Directors asked the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014, to renew the terms of office of Carole Delorme d'Armaillé, Gérard Andreck and Alexandre Vilgrain.

#### Jean-François Hénin, 70 years of age

##### *Chairman of the Board of Directors*

*French citizen*

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Mr Hénin was Chief Executive Officer of Thomson CSF Finance, then of Altus until May 1993. He was then Chairman and Chief Executive Officer of Électricité et Eaux de Madagascar between 1994 and 2000. Since that date, Mr Hénin has been a manager and partner at Maurel & Prom (a partnership limited by shares until 2004) with the role of Chairman and Chief Executive Officer of Aréopage. He became Chairman of the Management Board after the Company was converted into a public limited company with a management board and supervisory board on 28 December 2004.

On 14 June 2007, the Board of Directors appointed him Chairman and Chief Executive Officer, at the first Board of Directors' meeting held after the General Shareholders' Meeting that decided to convert the firm to a limited company with a Board of Directors. His term of office as a director was renewed by the General Shareholders' Meeting of 20 May 2010, then by the General Shareholders' Meeting of 13 June 2013 for a further three-year period ending at the close of the General Shareholders' Meeting called in 2016 to approve the financial statements for the year ending 31 December

2015. The Board of Directors' meetings following these General Shareholders' Meetings had reappointed him as the Company's Chairman & CEO, on the recommendation of the Appointments and Compensation Committee.

As from 26 May 2014, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided to separate the roles of Chairman and Chief Executive Officer and to appoint Jean-François Hénin as Chairman of the Board of Directors for the remainder of his term of office as director, which is until the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2015.

Mr Hénin also performs a management role within the Group, as indicated in paragraph 3.2.1.2. of this Annual Report.

#### Gérard Andreck, 70 years of age

##### *Vice-Chairman of the Board of Directors, independent director*

*French citizen*

MACIF  
17/21, rue Etienne Pernet  
75015 Paris

As Chairman of Macif and the Macif Group, Gérard Andreck has knowledge and expertise in corporate finance, strategy and governance.

Mr Andreck was initially appointed on 29 June 2005 as the permanent representative of Macif on the Supervisory Board. He then became a member of the Supervisory Board in his own right on 7 November 2005 and was appointed Chairman of the Supervisory Board on the same day. The co-optation of Gérard Andreck as a member of the Supervisory Board in his own right was ratified by the General Shareholders' Meeting of 20 June 2006.

*Administration and management of the Company*

Mr Andreck has been a member of the Board of Directors since the General Shareholders' Meeting of 14 June 2007. His directorship was renewed by the General Shareholders' Meetings of 18 June 2009 and 14 June 2012, for a three-year period each time. As his term of office as director expires at the close of the General Shareholders' Meeting called in 2015 to approve the financial statements for the year ended 31 December 2014, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, will ask the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2014 (to be convened for the first time on 18 June 2015), to renew his term of office for a further three-year period, until the close of the General Shareholders' Meeting called to approve the financial statements for the year ended 2017.

**Xavier Blandin, 64 years of age**

*Independent director, member of the Audit and Risk Committee*

*French citizen*

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Xavier Blandin has been a member of the Board of Directors since 29 June 2011. His term of office was renewed by the General Shareholders' Meeting of 12 June 2014 for a further three years, until the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2016.

A graduate of the HEC business school in Paris and a former student of the prestigious ENA administrative college, Mr Blandin spent the early part of his career (1978-1991) in the French civil service, notably with the Treasury Department. During this time, he was Deputy Director for France with the International Monetary Fund in Washington and financial attaché at the French Embassy in the United States (1983-1985), head of the Banks and Banking Regulation office at the Treasury Department (1985-1986), technical advisor to the offices of Camille Cabana and subsequently Edouard Balladur (1986-1988), head of the public enterprise office (1988-1989) and Assistant Director at the Treasury Department (1989-1991).

From 1991 to the end of December 2010, Mr Blandin worked in the banking sector, first for Banque Paribas (1991-1999) and then for BNP Paribas, where he was a member of the Executive Committee of the Corporate

Finance Department before becoming a Senior Banker. He has been Chairman of Fistra Conseil since 2013 and Chief Executive Officer of MPI since 27 August 2014.

**Nathalie Delapalme, 58 years of age**

*Independent director, member of the Audit and Risk Committee*

*French citizen*

MO IBRAHIM Foundation  
35, Portman Square  
Londres W1H6LR

Nathalie Delapalme was co-opted by the Board of Directors on 20 May 2010 to replace Financière de Rosario which had resigned its position, for the remainder of its term. As that term of office ended at the close of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2010, Ms Delapalme's was renewed by the General Shareholders' Meetings of 29 June 2011 and 12 June 2014, for a three-year period each time. Her present term of office will end at the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2016.

Nathalie Delapalme began her career in the French Senate, where she served from 1984 to 1985 and again from 1997 to 2002, mainly as an administrator and then as an advisor to France's National Finance, Budget and Accounts Commission.

From 1995 to 1997 she was a Deputy Director serving under the Minister for Development Cooperation, and then became Africa advisor to the Foreign Minister from 2002 to 2007. From 2007 to 2010 she worked as General Inspector of Finances for the Inspectorate-General of Finance (IGF), and in June 2010 she joined the Mo Ibrahim Foundation as Director of Research and Public Policy.

*Administration and management of the Company***Carole Delorme d'Armaillé, 52 years of age***Independent director, Chair of the Appointments and Compensation Committee**French citizen*Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Carole Delorme d'Armaillé was co-opted by the Board of Directors on 27 March 2013 to replace Ambrosie Bryant Chukwueloka Orjiako, who had resigned, for the remainder of his term of office and the General Shareholders' Meeting of 13 June 2013 ratified this co-optation. Her mandate will expire at the close of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors will ask the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014 (scheduled to be convened for the first time on 18 June 2015) to renew her term of office for a further three-year period, until the close of the General Shareholders' Meeting called to approve the financial statements for the 2017 fiscal year.

Achieving dual success in finance and communication, Carole Delorme d'Armaillé began her career in 1984 in the financial department at Pechiney. She then joined BATIF, the merchant bank of Altus Group, and then J.P. Morgan Paris. In 1995 she returned to the packaging sector at Crown Cork & Seal (formerly CarnaudMetalBox) where she was international treasurer for five years before moving to the business association sector in 2000 as Managing Director of the Association Française des Trésoriers d'Entreprise (AFTE, the French Association of Corporate Treasurers).

From 2003 to September 2012, she was director of investor communications and relations at Paris Europlace, an organisation tasked with promoting the Paris financial market, including, in particular, a role on the Finance Law Committee chaired by Michel Prada and participation in various events arranged abroad (North America and EMEA).

Since September 2012, Ms Delorme d'Armaillé has undertaken assignments advising on asset-backed debt and financing and since early January 2014 has been senior advisor at the Corporate Finance Department at AUREL BGC through her own company, Athys Finances, in partnership with Accola Ltd (UK).

**Roman Gozalo, 69 years of age***Independent director, Chairman of the Audit and Risk Committee**French citizen*Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Roman Gozalo was a member of the Management Board from 24 October 2005 to 14 June 2007. Following the Company's conversion to a public limited company with a Board of Directors, he was appointed Chief Executive Officer by the Board of Directors on 30 August 2007, holding this position until May 2008.

Roman Gozalo has been a member of the Board of Directors since the General Shareholders' Meeting of 12 June 2008. His directorship was renewed by the General Shareholders' Meetings of 29 June 2011 and 12 June 2014, for a three-year period each time. His present term of office will end at the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2016.

Mr Gozalo developed his management expertise by serving as the executive manager of three subsidiaries of the Total Group from 1988 to 2002 and also as Administrative Director (General Secretary) of the Elf Group from 1995 to 1999.

**Emmanuel de Marion de Glatigny, 68 years of age***Director, member of the Appointments and Compensation Committee**French citizen*Maurel & Prom  
51, rue d'Anjou  
75008 Paris

A member and Vice Chairman of the Supervisory Board of Maurel & Prom (which, at that time, was a partnership limited by shares), Emmanuel de Marion de Glatigny was first appointed to the Supervisory Board on 19 June 2001.

Mr de Marion de Glatigny has been a member of the Board of Directors since the General Shareholders' Meeting of 14 June 2007. His directorship was renewed by the General Shareholders' Meetings of 20 May 2010 and 13 June 2013, for a three-year period each time. His present term of office will end at the close of the General Shareholders' Meeting called in 2016 to approve the financial statements for the year ending 31 December 2015.

*Administration and management of the Company*

A graduate of ESC Marseille (Euromed), Centre d'Etudes du Commerce Extérieur and Université d'Auvergne, Emmanuel de Marion de Glatigny began his career in 1973 working in various roles in the sales division of Automobiles Peugeot. In 1987, he joined the company's financial division as deputy director of the SOCIA and SOFIB banks. In 1990, Emmanuel de Marion de Glatigny joined Colbert bank, a subsidiary of Crédit Lyonnais, as director and took part in the development of the life insurance company Elysis. *In 1996, Elysis was acquired by Avip (Allianz group) where as director, Emmanuel de Marion de Glatigny developed a network of insurance producers (agents/brokers). In 2008, Emmanuel de Marion de Glatigny left the Allianz group to form a Wealth Management consulting company.*

**Alexandre Vilgrain, 59 years of age**

*Independent director, member of the Appointments and Compensation Committee*

*French citizen*

SOMDIAA

39, rue Jean-Jacques Rousseau  
75001 Paris

Alexandre Vilgrain was co-opted as a member of the supervisory board of Maurel & Prom by the Board on 18 August 2005, replacing Jean-Louis Chambon. His co-optation was ratified by the General Shareholders' Meeting of 5 June 2006.

Mr Vilgrain has been a member of the Board of Directors since the General Shareholders' Meeting of 14 June 2007. His directorship was renewed by the General Shareholders' Meetings of 18 June 2009 and 14 June 2012, for a three-year period each time. As his term of office as director was to expire at the close of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014, on the recommendation of the Appointments and Compensation Committee the Board of Directors will ask the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2014 (which will be convened for the first time on 18 June 2015), to renew his term of office for a further three-year period, until the close of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2017.

Mr Vilgrain has been Chief Executive of the Somdiaa Group since 1995. Appointed to succeed his father, Jean-Louis Vilgrain, as head of the Group, he now runs all Somdiaa subsidiaries and holds various offices in other companies (CARE and SIDA Enterprises). With extensive experience of Africa's economic development and as Chief Executive of a leading African agro-industrial group, Mr Vilgrain has been Chairman of the Conseil Français des Investisseurs en Afrique (French Council of Investors in Africa – CIAN) since 2009.

Having joined the family company in 1979 after studying Law at the Paris II Panthéon-Assas University, Mr Vilgrain held various positions within the family business in Africa, Asia and Europe.

In 1985, he founded Délifrance Asia, a French-style café-bakery chain based in a number of Asian countries. The success of this unique concept for the region allowed Mr Vilgrain to have the company listed on the Singapore Stock Exchange in 1996, before leaving this position in 1998 to focus on Somdiaa Group's activities in Africa.

**3.2.1.1.2. Chief Executive Officer****Michel Hochard, 65 years of age**

*Chief Executive Officer*

*French citizen*

Maurel & Prom

51, rue d'Anjou  
75008 Paris

On 26 May 2014, on the recommendation of the Appointments and Compensation Committee, the Board of Directors appointed Michel Hochard as the Company's Chief Executive Officer with immediate effect. His term of office will expire at the close of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014.

Mr Hochard has a diploma from the Institut Commercial de Nancy (ICN). He is a qualified accountant and worked as an internal auditor in the Finance Department of Elf Aquitaine and as head of the finance division for Africa & the Middle East. He also served as Finance Director at SNEAP and at ELF Aquitaine Production. He was Deputy Director of Human Resources at Elf Exploration Production and Operations Director at PricewaterhouseCoopers BPO. From September 2007 until his appointment as Chief Executive Officer, he was the Company's Chief Financial Officer. His employment contract as CFO has been suspended for his term of office as the Company's Chief Executive Officer.

*Administration and management of the Company***3.2.1.1.3. Observer**

In accordance with its Bylaws, the Board of Directors may appoint a maximum of four observers to the Company, chosen from among the individual shareholders.

The term of office for observers is set at three years.

Observers are required to attend and observe the meetings of the Board of Directors, and may be consulted by it. They may also present observations at General Shareholders' Meetings on the proposals submitted to them, if they see fit. They must be invited to every meeting of the Board of Directors. The Board of Directors may assign specific tasks to observers.

They may sit on committees created by the Board of Directors, with the exception of the Audit and Risk Committee.

The Board of Directors may decide to pay observers a proportion of the attendance fees allotted to it by the General Shareholders' Meeting, and authorise the reimbursement of expenses incurred by observers in the course of their work for the Company.

Christian Bellon de Chassy has been an observer since 29 June 2011.

**Christian Bellon de Chassy, 81 years of age****Observer****French citizen**

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Christian Bellon de Chassy became a member of the Company's Board of Directors at the General Shareholders' Meeting of 14 June 2007. His term of office expired at the close of the General Shareholders' Meeting of 29 June 2011 and he did not request its renewal. He was appointed as an observer by the Board of Directors on 29 June 2011 following the General Shareholders' Meeting held on the same date.

Prior to that, he was a member of the supervisory board of Maurel & Prom, having been co-opted by the supervisory board of Maurel & Prom on 11 May 2006 to replace Laurent Lafond, who had resigned. The co-optation of Mr Bellon de Chassy was ratified by the General Shareholders' Meeting of 20 June 2006.

He is a graduate in Science (Chemistry and Geology) and Engineering from the Institut Français du Pétrole (École Nationale Supérieure du Pétrole et des Moteurs, ENSPM 1966: drilling and production).

As a director of Comex, and then of Elf, he acquired a great deal of first-hand experience in drilling, production and offshore construction, particularly in Norway. In founding and running his own oil consulting company, Orcal Offshore (with 15 employees), he has completed more than 200 marine oil assignments as a Lloyds-certified loss adjuster. He has acted as an advisor to oil operators and/or their insurers, and has certified oil work procedures in more than 30 countries. He has also acted as an expert witness in international court and arbitration proceedings.

As a consultant to the European Community (DG 13), he contributed to directing energy research, and was subsequently tasked with managing budgets for the European Investment Bank. Appointed by the International Chamber of Commerce, he worked as an arbitrator for the International Court of Arbitration.

**3.2.1.1.4. Direction**

Details of the Company's management team can be found on page 6 of this Annual Report.

**3.2.1.1.5. Other information**

To the best of the Company's knowledge, over the past five years no member of the Board of Directors or Management Board, or former member of the Management Board or Supervisory Board:

- ▶ has been convicted of fraud;
- ▶ has been involved, as an executive or non-executive corporate officer, in any bankruptcy, sequestration or liquidation proceedings;
- ▶ has been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer, or from being involved in managing or conducting the affairs of an issuer;

*Administration and management of the Company*

has been subject to official public sanctions applied against him or her by statutory or regulatory authorities (including designated professional bodies), with the exception of Jean-François Hénin and Frédéric Boulet, who were fined by the disciplinary tribunal of the French Financial Markets Authority (AMF). By a decision dated 4 December 2008, the tribunal ordered Maurel & Prom and Mr Hénin, Chairman of its Management Board at the time of the offence, to pay financial penalties of €300,000 and €200,000 respectively for their failure to disclose accurate, fair and precise information to the public in two statements released on 10 June and 26 October 2005. The statement published in June 2005 included the third-party share of the oil reserves the Company had just acquired. The inclusion of this third-party share also skewed the cost price per barrel announced to the public. The statement published in October 2005 gave a less substantial reserve amount and attributed this difference to a change in the calculation criteria and to the adoption of IFRS accounting standards without clearly showing the inaccurate accounting for the third-party share in the statement released in June. The disciplinary tribunal of the AMF stressed the importance for an oil and gas exploration and production company of the basic distinction between the directly owned share and the third-party share, and the clear anomaly to which the inclusion of the third-party share in calculating the purchase price had led. The disciplinary tribunal of the AMF also took action against Frédéric Boulet, the Company's former Chief Executive Officer. Mr Hénin personally, and Maurel & Prom, appealed this decision. In an order dated 2 February 2010, the Paris Court of Appeal rejected the appeal against the decision by the disciplinary tribunal of the AMF. Jean-François Hénin, personally, and Maurel & Prom decided not to lodge an appeal with the Court of Cassation.

### 3.2.1.2. List of positions and offices held by the members of the Board of Directors and executive management in other companies in the last five years

As a preliminary point, it should be noted that in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, Jean-François Hénin and Michel Hochard, the Company's executive corporate officers, no longer hold more than two directorships in listed companies outside the Group, including foreign companies. Executive corporate officers of the Company must also seek the Board of Directors' advice before accepting a new directorship in a listed company outside the Group.

Furthermore, when appointing a director or renewing their term of office, the Appointments and Compensation Committee ensures that the Company director concerned holds no more than four directorships in listed companies outside the Company, including foreign companies.

In order to ensure compliance with the aforementioned rules and the rules relating to the total number of directorships permitted by the French Commercial Code, each director must inform the Board of Directors (and the Appointments and Compensation Committee) of any positions that he/she holds in other companies, including membership of committees of the boards of directors of these French or foreign companies.

The positions held by the members of the Board of Directors and executive management are described below.



## 3

## Corporate governance

*Administration and management of the Company***Jean-François HENIN***Chairman of the Board of Directors***Main positions held outside the Company in the fiscal year ended 31 December 2014:**

Chairman of the Management Board of Pacifico S.A. and Chairman of the Board of Directors of MPI SA<sup>(1) (2)</sup>

**Other positions held in the fiscal year ended 31 December 2014**

For information, it should be noted that pursuant to Article 14.1 of Annex 1 to Regulation (EC) No 809/2004

of 29 April 2004, the Company does not list in the tables below all of the positions held by Mr Hénin in the Group's companies.

*Within the Group:*

<i>Managing Director A</i>	Maurel & Prom Drilling Services BV (formerly Maurel & Prom Latin America BV)
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*Outside the Group:*

<i>Director</i>	Pacifico Forages SA; Newton Energy Ltd (Canada)
<i>Member of the supervisory board</i>	CIMV SA

**Positions held in the last five fiscal years but now expired**

For information, it should be noted that pursuant to Article 14.1 of Annex 1 to Regulation (EC) No 809/2004 of 29 April 2004, the Company does not list in the tables

below all of the expired positions held by Mr Hénin in the Group's companies in the last five fiscal years.

*Within the Group:*

<i>Chairman and Chief Executive Officer</i>	Etablissements Maurel & Prom SA* (until 26 May 2014); MPI SA* (until 22 September 2011)
<i>Chairman</i>	Caroil SAS
<i>Managing Director A</i>	Maurel & Prom Colombia B.V. (Netherlands)
<i>General Director</i>	Prestoil Kouilou (until 30 September 2013) (Congo)

*Outside the Group:*

<i>Director</i>	E02 SA; Seplat Petroleum Development Company Ltd Nigeria; New Gold Mali; representative of Pacifico S.A. until 12 October 2012 (Mali)
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(1) Formerly Maurel & Prom Nigeria and a listed company since 15 December 2011.

(2) Companies marked with an asterisk are listed companies

# 3

## Corporate governance

### Administration and management of the Company

#### Michel HOCHARD

*Chief Executive Officer (since 26 May 2014)*

#### Main positions held outside the Company in the fiscal year ended 31 December 2014:

Chief Executive Officer MPI SA\* until 27 August 2014 and Deputy Chief Executive Officer MPI SA\* since then.

#### Other positions held in the fiscal year ended 31 December 2014

##### *Within the Group:*

For information, it should be noted that pursuant to Article 14.1 of Annex 1 to Regulation (EC) No 809/2004 of 29 April 2004, the Company does not list in the tables below all of the positions held by Mr Hochard in the Group's companies.

##### *Outside the Group:*

During the fiscal year ended 31 December 2014, Michel Hochard held no other positions.

#### Positions held in the last five fiscal years but now expired

For information, it should be noted that pursuant to Article 14.1 of Annex 1 to Regulation (EC) No 809/2004 of 29 April 2004, the Company does not list in the tables

below all of the expired positions held by Mr Hochard in the Group's companies in the last five fiscal years.

##### *Within the Group:*

Chief Executive Officer

MPI SA\* (until 27 August 2014)

## 3

## Corporate governance

*Administration and management of the Company***G rard ANDRECK***Vice-Chairman of the Board of Directors, independent director*

Main positions held outside the Company in the fiscal year ended 31 December 2014:

Chairman of Macif and the Macif Group.

## Other positions held in the fiscal year ended 31 December 2014

*Within the Group:*

NONE.

*Outside the Group:*

Chairman of the Board of Directors	AFA; MACIF SGAM; OFI HOLDING; SOCRAM BANQUE SA
Chairman	GEMA; Eurecos (Spain)
Vice-Chairman	IMA SA (member of the supervisory board); OFI Asset Management SA; SFEREN
Director	CEGES; Fonci�re de la Macif; Couleurs Mutuelles (UGM); Fonci�re de Lut�ce SA; Fondation MACIF; MACIF Gestion; MACIF Participations SA; MACIFILIA SA; MACIF Mutualit�; SICAV OFI SMIDCAP; SCOR SA*; Atlantis Seguros (Spain); Atlantis Vida (Spain); and SA EURESA Holding (Luxembourg)
Member of the supervisory board	Mutavie SA
Member of the management committee	SIEM SAS; SIIL SAS (rental investment property company)
Member of the steering committee	MACIFIMO SAS
Observer	SICAV OFI Tr�sor ISR

## Positions held in the last five fiscal years but now expired

*Within the Group:*

None.

*Outside the Group:*

Chairman of the Board of Directors	MACIF SAM; CEMM; CEGES MACIF
Chairman	AFA
Director	SFEREN; CEGES
Member of the supervisory board	GPIM SAS
Observer	Altima Assurances

# 3

## Corporate governance

### Administration and management of the Company

#### Xavier BLANDIN

*Independent director, member of the Audit and Risk Committee*

Main positions held outside the Company in the fiscal year ended 31 December 2014:

Chief Executive Officer of MPI SA\* (since 27 August 2014) and Chairman of FISTRA Conseil SAS

Other positions held in the fiscal year ended 31 December 2014:

*Within the Group:*

None.

*Outside the Group:*

Director	MPI SA*; FIDEAL
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Positions held in the last five fiscal years but now expired

*Within the Group:*

None.

*Outside the Group:*

In previous years (2009 and 2010), Mr Blandin was a director of various SOFICA companies.

#### Nathalie DELAPALME

*Independent director, member of the Audit and Risk Committee*

Main positions held outside the Company in the fiscal year ended 31 December 2014:

Executive Director in charge of Research and Public Policy at the Mo Ibrahim Foundation.

Other positions held in the fiscal year ended 31 December 2014:

*Within the Group:*

None.

*Outside the Group:*

Director	MPI SA*
Member of the supervisory board	CFAO SA*

Positions held in the last five fiscal years but now expired

*Within the Group:*

None.

*Outside the Group:*

None.

*Administration and management of the Company***Carole DELORME d'ARMAILLÉ***Independent director, Chair of the Appointments and Compensation Committee (since 25 March 2015)*

Main positions held outside the Company in the fiscal year ended 31 December 2014:

Chair of Athys Finance SAS

Other positions held in the fiscal year ended 31 December 2014:

***Within the Group:***

None.

***Outside the Group:***

None.

Positions held in the last five fiscal years but now expired

***Within the Group:***

None.

***Outside the Group:***

None.

**Roman GOZALO***Independent director, Chairman of the Audit and Risk Committee*

Main positions held outside the Company in the fiscal year ended 31 December 2014:

Observer at MPI SA\*

Other positions held in the fiscal year ended 31 December 2014:

***Within the Group:***

None.

***Outside the Group:***

None.

Positions held in the last five fiscal years but now expired

***Within the Group:***

None.

***Outside the Group:***

None.

## 3

## Corporate governance

*Administration and management of the Company***Emmanuel de MARION de GLATIGNY***Director, member of the Appointments and Compensation Committee*

Main positions held outside the Company in the fiscal year ended 31 December 2014:

Chairman of the supervisory board of Pacifico S.A.

Other positions held in the fiscal year ended 31 December 2014:

*Within the Group:*

None.

*Outside the Group:*

Director	MPI SA*; Pacifico Forages SA
Manager	Glatigny Patrimoine

Positions held in the last five fiscal years but now expired

*Within the Group:*

None.

*Outside the Group:*

Director	Safetic
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# 3

## Corporate governance

### Administration and management of the Company

#### Alexandre VILGRAIN

*Independent director, member of the Appointments and Compensation Committee*

Main positions held outside the Company in the fiscal year ended 31 December 2014:

Chairman and Chief Executive Officer of Somdiaa Group.

Other positions held in the fiscal year ended 31 December 2014:

*Within the Group:*

None.

*Outside the Group:*

Chairman and Chief Executive Officer	Conetrage; Alexandre Vilgrain Holding; Fromentiers de France; Europe des Pains; Société Saris-Congo (Congo); Société Le Grand Moulin du Cameroun (SGMC) (Cameroon)
Permanent representative	Somdiaa on the Board of Directors of Sominform
Director	Secria; Care France; MPI SA* Société Gabonaise SMAG (Gabon); Société Sucrière du Cameroun (SOSUCAM) (Cameroon); Compagnie Sucrière du Tchad (CST) (Chad); Food Research Corporation (USA); SUCAF Côte d'Ivoire (Ivory Coast); SUCAF Gabon; SUCAF RCA (Central African Republic)
Chairman	CIAN (French Council of Investors in Africa); Fromentiers Magasins

Positions held in the last five fiscal years but now expired

*Within the Group:*

None.

*Outside the Group:*

Manager	FROMIMO
Director	Sonopros
Member of the supervisory board	CFAO SA*

*Administration and management of the Company***Christian BELLON DE CHASSY***Observer*

Main positions held outside the Company in the fiscal year ended 31 December 2014:

None.

Other positions held in the fiscal year ended 31 December 2014:

*Within the Group:*

None.

*Outside the Group:*

None.

Positions held in the last five fiscal years but now expired

*Within the Group:*

Director

Etablissements Maurel & Prom SA\* (until 2011)

*Outside the Group:*

None.

**3.2.1.3. Potential conflicts of interest**

As at 31 December 2014, the Company was not aware of any potential conflict of interest between the private interests of the members of the Board of Directors and/or executive management and their duties with respect to the Company, other than those shown below.

Under the terms of a service agreement concluded in 2005 by Maurel & Prom and Pacifico S.A., a company in which Mr Hénin is a shareholder and Chairman of the management board, Pacifico S.A. invoiced a total sum of 100,000 net of taxes for the fiscal year ended on 31 December 2014 (see section 3.2.2.1.2. of this Annual Report). The Company also holds a lease for its registered office and a sub-lease was signed on 5 April 2013 with Pacifico S.A.. The rent received by the Company under the sub-lease agreement amounted to €196,003.78 net of taxes for the year ended 31 December 2014.

Jean-François Hénin and Michel Hochard also have an interest in two service agreements (technical services agreement and transitional services agreement) concluded in 2011 by the Company and MP Nigeria.

Mr Hénin is both Chairman of the Company's Board of Directors and Director and Chairman of the Board of Directors of MPI, and Mr Hochard is the Company's Chief Executive Officer and the Deputy Chief Executive Officer of MPI.

Mr Hénin is also a shareholder of the Company and of MPI through Pacifico S.A., where he is Chairman of the management board.

Consequently, these agreements are subject to the regulated agreements procedure. The service agreement signed by the Company and Pacifico S.A. was subject to the prior authorisation of the Company's Board of Directors and the approval of its General Shareholders' Meeting.

The technical services agreement and the transitional services agreement signed by the Company and MPI were pre-approved by the Company's Board of Directors on 23 May 2011 and were submitted for the approval of its General Shareholders' Meeting of 14 June 2012. The technical services agreement came into effect on 15 December 2011 and renews automatically. The transitional services agreement, having expired, was renewed in November 2014 for a further one-year period.



*Administration and management of the Company*

In addition, Mr Blandin, Ms Delapalme, Mr de Marion de Glatigny and Mr Vilgrain are all directors of both the Company and of MPI.

To prevent any potential conflict of interest, the Bylaws of the Board of Directors require strict compliance with obligations by the members of the Board of Directors. In this respect, the Bylaws require every director to:

- ▶ “inform the Board of Directors of any existing or potential conflict of interest arising from his or her duties in another company, and must take all appropriate measures (particularly concerning the information available to directors) and refrain from voting in the corresponding deliberations”;
- ▶ refrain from “taking on personal responsibilities in any company or business in direct competition with the Company or Group without informing the Board of Directors and the Chairman of the Appointments and Compensation Committee in advance”;
- ▶ refrain from “the use of his or her title and position as director to gain, or give others, a monetary or other advantage”;
- ▶ “inform the Chairman of the Board of Directors promptly of any agreement signed by the Company in which he or she has a direct or indirect interest”.

The Company also asks its directors each year to report any potential conflict of interest.

The Company's Bylaws, including the rules relating to the prevention of conflicts of interest, are available on the Company's website ([www.maureletprom.fr](http://www.maureletprom.fr)).

**3.2.2.****Operation of administrative and management bodies****3.2.2.1. Relations of members of the Board of Directors and management with the Company****3.2.2.1.1. Securities transactions**

The Company is not aware of any securities transactions carried out by its corporate officers in the fiscal year ended 31 December 2014.

**3.2.2.1.2. Contracts with the issuer or its subsidiaries granting benefits under the terms of such contracts**

With the exception of the agreements described below, the members of the Board of Directors have not, during the last three years, entered into any contracts with Maurel & Prom or its subsidiaries that grant benefits under the terms of such contracts.

Agreement with Pacifico S.A. for the provision of services

A support and consulting agreement dated 21 June 2005, as amended by amendments dated 22 December 2005 and 11 June 2007, was concluded between Maurel & Prom and Pacifico S.A., of which Mr Hénin is a shareholder and Chairman of the management board. The services provided by Pacifico S.A. for Maurel & Prom are as follows:

- ▶ search for strategic partners in the area of oil and gas;
- ▶ conduct fact-finding missions for investment and divestment projects, determine the target parameter;
- ▶ search for new markets and new opportunities for growth;
- ▶ design and development of acquisition or disposal scenarios and definition of financing policy;
- ▶ advice and follow-up on any negotiations entrusted to it (draft contracts or Group development), in particular with respect to proposals for technical cooperation; and
- ▶ monitoring and technical, accounting, financial and administrative support for drilling activities.

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The financial terms of this agreement are as follows:

- ▶ annual lump-sum fee of €100,000 net of taxes, payable quarterly; and
- ▶ additional fees calculated on the basis of the services rendered and the actual cost of these services provided by the consultants. This amount is adjusted quarterly according to the number of days of services actually rendered and the corresponding daily rate.

Pacifico S.A. invoiced the Company for a total of €100,000 net of tax for the fiscal year ended 31 December 2014.

This agreement may be terminated by the parties at any time with two months' advance notice.

Sublease agreement with Pacifico S.A.

As decided by the Board of Directors effective 27 March 2013, the Company signed a further lease agreement with Pacifico S.A. on 5 April 2013 for offices at 51, rue d'Anjou, 75008 Paris, France, to which it has moved its head office. The sub-lease was effective on 29 April 2013 and will end on 31 January 2022, when the main lease expires. It covers offices on the fourth floor with a floor area of 250 m<sup>2</sup>. The rent paid by Pacifico S.A. to the Company under the sub-lease amounted to €196,003.78 net of tax for the fiscal year ended 31 December 2014.

### 3.2.2.2. Organisation and operation of the Board of Directors

#### 3.2.2.2.1. Description of the Board of Directors

The Board of Directors determines the Company's business strategy and ensures its implementation. With due respect to the powers expressly given to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses all questions related to the proper running of the Company and its decisions govern the matters that concern it. The Board of Directors is mandated by all the shareholders. It is collectively answerable and legally responsible to the General Shareholders' Meeting in the performance of its duties.

In its relations with third parties, the Company is bound even by acts of the Board of Directors that are not included within the scope of the corporate purpose (unless the Company can prove that the third party knew that the act was beyond the scope of that purpose or that, given the circumstances, the third party could not have been unaware of that fact), the publication of the Articles of Association alone not constituting sufficient proof.

The Bylaws of the Board of Directors as updated on 25 March 2015 incorporate and expand on certain articles in the Articles of Association, including the membership of the Board of Directors and the concept of independent director, the operating rules, tasks, rights and obligations incumbent on directors laid down in a "charter", the appointment and role of the observer and the membership and remits of the Audit and Risk Committee and the Appointments and Compensation Committee. The Bylaws are available on the Company's website ([www.maureletprom.fr](http://www.maureletprom.fr)).

To the best of the Company's knowledge, the breakdown of equity interests held in the Company by corporate officers as at 31 December 2014 is shown in the following table:

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Corporate officer	Shares	OCEANE bonds	Warrants	ORNANE bonds
Jean-François Hénin <sup>(1)</sup>	28,749,616	-	28,749,616	-
Michel Hochard	66,000	-	16,250	-
Gérard Andreck <sup>(2)</sup>	1	-	-	-
Emmanuel de Marion de Glatigny <sup>(3)</sup>	129,097	-	135,097	-
Xavier Blandin	40	-	-	-
Nathalie Delapalme	100	-	-	-
Carole Delorme d'Armaillé	10	-	-	-
Roman Gozalo	17,266	-	20,936	-
Alexandre Vilgrain	1	-	-	-

<sup>(1)</sup> Held by Pacifico S.A., of which Jean-François Hénin and his family have majority control.

<sup>(2)</sup> Gérard Andreck is also Chairman of Macif, the Company's second largest shareholder with 8,324,204 shares held as at 31 December 2014.

<sup>(3)</sup> Mr de Marion de Glatigny directly owns 111,847 shares of the Company, with a further 17,250 owned indirectly through a PEA (company shareholding plan) held in his spouse's name.

It should be noted that the Bylaws of the Board of Directors as updated on 25 March 2015 now specify that every director must personally hold 500 shares in the Company, which may be paid for from the attendance fees received. As a transitional arrangement, current members of the Board of Directors have until 31 December 2016 at the latest to comply with this new rule.

In accordance with the AFEP-MEDEF Code recommendations and the Bylaws of the Company, the Company strives to ensure that a significant percentage of Board members are independent directors. A director is considered independent when he or she has no relationship of any kind with the Company, its Group or its management that may influence his or her judgment. Thus, an independent director should be understood to be not merely a non-executive director, i.e., a director not exercising management functions within the Company or its Group, but also as not having any special links with it (in the form of a significant shareholding, salary, or other).

The updated version of the Bylaws of the Board of Directors dated 25 March 2015 specifies the criteria, listed below, that the Appointments and Compensation Committee and the Board examine to classify a director as independent:

- he/she must not be an employee or executive corporate officer of the Company, or an employee or director of a company consolidated by the Company, and must not have been so in the last five years;
- he/she must not be an executive corporate officer of a company in which the Company holds a directorship, either directly or indirectly, or in which an employee designated as such or a corporate officer of the Company (currently or having been so for less than five years) holds a directorship;
- he/she must not be a customer, supplier, investment banker or financing banker of the Company or of its Group or for which the Company or its Group represents a significant proportion of its business;
- he/she must not have any close family relationships with a corporate officer;
- he/she not have been an auditor of the Company in the preceding five years;
- he/she must not be a director of the Company of more than twelve years' standing; and
- he/she must not be or represent a significant shareholder of the Company holding more than 10% of the capital or voting rights of the Company.

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Directors who represent major shareholders of the Company can be considered independent if they do not participate in the control of the Company. If a director has in excess of 10% of the Company's capital or voting rights, the Board of Directors should automatically investigate, through its Appointments and Compensation Committee, the director's independent status, taking into consideration the composition of the Company's capital and the existence of potential conflicts of interest.

The Board of Directors may also decide that a director, although meeting the above criteria, should not qualify as an independent director as a result of his or her particular circumstances or those of the Company, in terms of his or her shareholding or for any other reason. Conversely, the Board of Directors may decide that a director who does not meet the above criteria is nevertheless independent.

On this basis, and after consulting the Appointments and Compensation Committee, the Board of Directors deemed at its meeting on 25 March 2015 that six members of the Board of Directors should be considered independent as at 31 December 2014:

- ▶ Gérard Andreck;
- ▶ Xavier Blandin;
- ▶ Nathalie Delapalme;
- ▶ Carole Delorme d'Armaillé;
- ▶ Roman Gazalo; and
- ▶ Alexandre Vilgrain.

Each of these directors satisfies the criteria used by the AFEP-MEDEF Code to define the independence of directors and adopted in full by the Bylaws of the Board of Directors as indicated above. It is expressly acknowledged that none of the independent directors has any business relationships with the Company or the Group. The Board of Directors has therefore had no need to assess the significance of business relationships in terms of the independence criteria, given the characteristics of the Company and its business relationships.

The following table summarises the situation of the Company's directors with respect to the independence criteria set out in the Bylaws of the Board of Directors of the Company:

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	Jean-François Hénin	Gérard Andreck	Xavier Blandin	Nathalie Delapalme	Carole Delorme d'Armaillé	Roman Gozalo	Emmanuel de Marion de Glatigny	Alexandre Vilgrain
<i>Employee or executive corporate officer of the Company, employee or director of a company within its scope of consolidation in the last five years</i>	X	-	-	-	-	-	-	-
<i>Executive corporate officer of a company in which the Company holds a directorship, either directly or indirectly, or in which an employee designated as such or a corporate officer of the Company (currently or having been so in the past five years) holds a directorship</i>	-	-	-	-	-	-	-	-
<i>Significant customer, supplier, investment banker or financing banker of the Company or of its Group or for which the Company or its Group represents a significant proportion of its business</i>	-	-	-	-	-	-	-	-
<i>Close family relationship with a corporate officer</i>	-	-	-	-	-	-	-	-
<i>Auditor of the Company within the last five years</i>	-	-	-	-	-	-	-	-
<i>Director of the Company for more than 12 years</i>	-	-	-	-	-	-	X	-
<i>Significant shareholder or representative of a significant shareholder of the Company holding more than 10% of the capital or voting rights</i>	X	-	-	-	-	-	X	-
<b>Independent status</b>	<b>NO</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>NO</b>	<b>YES</b>

*Administration and management of the Company***3.2.2.2.2. Chairmanship and convening of the Board of Directors**

The Board of Directors elects a Chairman from among its own members, who should be an individual, and, if it deems it necessary, one or more Vice-Chairmen. It sets the terms of their mandates, which cannot exceed the terms of their mandates as directors. The Board may terminate these mandates at any time.

Since the General Shareholders' Meeting of 14 June 2007 decided to convert the Company into a limited company with a Board of Directors, Jean-François Hénin has held the positions of Chairman of the Board of Directors and Chief Executive Officer of the Company. Following the decision by the Board of Directors on 26 May 2014, the roles of Chairman of the Board of Directors and Chief Executive Officer were separated to facilitate the smooth operation of the Board of Directors and to allow the Chairman of the Board of Directors to focus on the major strategic decisions affecting the Company. Since that date, the roles of Chairman of the Board of the Directors and executive management are performed by Jean-François Hénin and Michel Hochard respectively.

The age limit for holding the position of Chairman of the Board of Directors is set at seventy-five (75). If the Chairman of the Board of Directors reaches this age during his or her term of office, he or she shall be deemed to have automatically resigned.

The Chairman of the Board of Directors organises and directs the work of the Board of Directors, and reports on this work to the General Shareholders' Meeting. The Chairman oversees the proper operation of the Company's bodies and ensures, in particular, that the directors are capable of fulfilling their duties.

The Board of Directors meets at least four times a year and as often as is necessary in the interest of the Company, and is convened by its Chairman. When the Board of Directors has not met for more than two months, at least one-third of the Board's members are required to ask the Chairman to convene a Board meeting. The Chief Executive Officer may also ask the Chairman to convene a Board meeting to consider a specific agenda. The Chairman is then bound to act on such requests. The frequency and duration of Board of Directors' meetings allow for in-depth review and discussion of matters within its remit.

The agenda is set by the Chairman of the Board of Directors, and is sent to the members within a reasonable amount of time before the meeting is held.

**3.2.2.2.3. Attendance at Board of Directors' meetings**

Directors may be represented at Board of Directors meetings by another director, in accordance with laws, regulations and Bylaws. The proxy authority must be in writing. No director may hold more than one proxy in any given meeting.

Except when the Board of Directors meets to deliberate on matters specified in Articles L. 232-1 and L. 233-16 of the French Commercial Code (preparation and approval of the parent company and consolidated financial statements for the Company and the Group), directors are deemed to be present, for the purposes of establishing a quorum and a majority, if attending by videoconferencing or teleconferencing and using equipment that allows them to be identified and guarantees their actual participation, i.e., by at least transmitting attendees' voices and ensuring clear, continuous, live transmission of the deliberations.

**3.2.2.2.4. Deliberations by the Board of Directors**

Board of Directors' meetings are chaired by the Chairman of the Board of Directors. If the Chairman and Vice-Chairman of the Board of Directors are both absent, the Board of Directors appoints one of the directors present to chair the meeting. The general secretary of the Company acts as the secretary for the meeting.

The Board of Directors is only quorate when at least half of its members are present. Decisions are taken by majority of its members present or represented. In the case of a tied vote, the Chairman of the meeting has the casting vote.

An attendance register is kept, which is signed by the directors attending each Board of Directors' meeting and gives the names of the directors attending the meeting by videoconference or by any other means of telecommunication authorised by law, who are deemed to be present.

Each member is informed of the responsibilities and of the confidentiality of the information received in the Board of Directors' meetings that he/she attends.

The deliberations of the Board of Directors are recorded in meeting minutes drawn up in accordance with the law. Meeting minutes are recorded in a special register. The minutes of each meeting must be expressly approved at the next meeting of the Board of Directors. They summarize the discussion and specify the decisions made. They are particularly important because they are what provide, if necessary, an audit trail of the action taken by the Board of Directors in carrying out its tasks.

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They also record questions raised and reservations tabled.

The Board of Directors met seven times during the year ended 31 December 2014 and the average attendance rate of its members was 96.4%.

In accordance with the applicable legal provisions, the statutory auditors are invited to attend the meetings of the Board of Directors called to review the semi-annual and annual financial statements.

The main agenda points of the Board of Directors' meetings held in 2014 were as follows:

- review and approval of the parent company and consolidated financial statements for the fiscal year ended 31 December 2013, proposed allocation of income for the fiscal year ended 31 December 2013, the management report and the Chairman's report on corporate governance and internal control;
- statutory auditors' presentation of the parent company and consolidated financial statements for the 2013 fiscal year, as well as for the interim consolidated financial statements as at 30 June 2014;
- review of the financial statements for the first half of 2014 and the draft statement on the results for the first half of 2014;
- presentation of a year-end estimate for 2014, and the draft budget for 2015;
- convening of the Ordinary and Extraordinary General Shareholders' Meeting and setting of the agenda, draft resolutions, and approval of the Board of Directors' Report for that Meeting;
- partnership agreement with MPI - update on projects;
- discussion of strategic issues facing the Company;
- production-sharing agreement in Gabon;
- financing with, in particular, the issuance of ORNANE bonds and the signing of a credit agreement;
- review of the extension of the exercise period for share subscription warrants;
- delegation of powers to the Chief Executive Officer with respect to security bonds, endorsements and guarantees;
- authorisation of regulated agreements ;
- membership of the Board of Directors (renewal of directorships);
- management structure of the Company – separation of the role of Chairman of the Board of Directors from that of Chief Executive Officer; appointment of the Chairman and the Chief Executive Officer;
- setting of compensation for the Chairman of the Board of Directors and the Chief Executive Officer;
- review of directors' status in terms of the independence criteria adopted in the Bylaws of the Board of;
- distribution of attendance fees; and
- extension of the lifetime of the Company and convening of a General Shareholders' Meeting to submit this matter to the shareholders.

Board of Directors' meetings	Attendance rate
26 March 2014	100%
23 April 2014	100%
26 May 2014	87.5%
12 June 2014	87.5%
27 August 2014	100%
13 October 2014	100%
18 December 2014	100%
<b>AVERAGE ATTENDANCE</b>	<b>96.4%</b>

#### 3.2.2.2.5. Missions of the Board of Directors

The Board of Directors is a collegiate body mandated by all the shareholders and exercises the authority devolved to it by law to act in the corporate interests of the Company in all circumstances. It determines the Company's business strategy and ensures its implementation. With due respect to the powers expressly given to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses all questions related to the proper running of the Company and its decisions govern the matters that concern it.

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As part of its mission, the Board of Directors is responsible for but not limited to the following matters:

- ▶ preparation of the parent company financial statements, the consolidated financial statements, the annual management report (for the Company and the Group) and documents setting out management forecasts;
- ▶ remaining informed of the financial position, cash position and commitments of the Company and the Group;
- ▶ discussing and approving the major operations envisaged by the Group (i.e., (i) that may significantly impact the strategy of the Company and of the companies that it controls, their financial structure or their scope of activity, the Group's results or the structure of its balance sheet or risk profile, (ii) organic growth operations and (iii) internal restructuring operations) and giving its prior approval to any significant operation outside the Company's stated strategy;
- ▶ approving all proposed mergers and demergers;
- ▶ defining the Company's financial communication policy and ensuring the quality of the information provided to shareholders and the financial markets via the financial statements that it approves, the Annual Report and press releases, or when major transactions are conducted;
- ▶ devoting at least one meeting a year to reviewing the entire strategy of the Group;
- ▶ authorising security bonds, endorsements and guarantees;
- ▶ convening General Shareholders' Meetings and setting their agenda;
- ▶ choosing the Company's organisational structure;
- ▶ appointing and revoking the Chairman of the Board of Directors, the Chief Executive Officer, and any deputy chief executive officer tasked with managing the Company, checking their management performance, setting their compensation and approving the scope of their powers;
- ▶ appointing members of the Board of Directors' special committees;
- ▶ approving the list of directors each year who are considered to be independent in accordance with the Bylaws;
- ▶ assessing its own work by reviewing its own operating procedures, checking that important issues are properly prepared and discussed and measuring each director's actual contribution to its work in terms of their expertise and their involvement in its deliberations. For this purpose, at least once a year it devotes an agenda item to discussion of the way that it operates;
- ▶ distributing attendance fees;
- ▶ authorising "regulated" agreements;
- ▶ staying informed of all important events affecting the Company's markets;
- ▶ carrying out all inspections and checks that it considers appropriate.

It addresses the following issues in particular, in conjunction with its specialised committees:

- ▶ proper definition of powers within the Company and the proper exercise of the respective powers and responsibilities of management bodies within the Company;
- ▶ ensuring that no one person has the power to commit the Company without supervision, excluding corporate officers acting under delegated powers received;
- ▶ the proper operation of internal management bodies and the satisfactory nature of the terms of the statutory auditors' assignment;
- ▶ the proper operation of the specialised committees that it creates.

**Powers of the Chairman of the Board of Directors**

The Chairman represents the Board of Directors, organises and directs its work, and reports on it to the General Shareholders' Meeting. The Chairman oversees the proper operation of the Company's bodies and ensures that the directors are capable of fulfilling their duties (Article L. 225-51 of the French Commercial Code).

**Powers of the Chief Executive Officer**

The Chief Executive Officer has the broadest powers to act in the Company's name in all circumstances, and exercises his powers within the limits of the Company's corporate purpose, in due respect of those powers that the law expressly reserves for Shareholders' Meetings and Board of Directors' meetings.



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He represents the Company in its relations with third parties. The Chief Executive Officer's actions commit the Company, even if they do not relate to the corporate purpose.

Provisions of the Bylaws and decisions of the Board of Directors limiting the powers of the Chief Executive Officer shall not be binding on third parties (Article L. 225-56 of the French Commercial Code).

In compliance with the provisions of Articles L. 225-35 and R. 225-28 of the French Commercial Code, the Board of Directors unanimously resolved to authorise the Chairman and Chief Executive Officer to freely grant endorsements or guarantees in the name of the Company for one year, starting on 26 May 2014, regardless of the term of the commitments that are secured, endorsed or guaranteed and up to a maximum unit amount of €50 million and a maximum overall amount of €200 million.

The Chief Executive Officer may not grant any endorsement, security bond or guarantee that exceeds this cap to a third party without the express authorisation of the Board of Directors. Furthermore, he may grant security bonds, endorsements or guarantees in the name of the Company to the tax and customs authorities with no restriction as to the amount.

There are no limitations on the powers of the Chief Executive Officer, other than those described above.

#### *3.2.2.2.6. Nature of the information provided to members of the Board of Directors for the preparation of directors' work and duties*

##### **Information prior to each meeting of the Board of Directors**

A detailed pack is sent to the members of the Board of Directors prior to each meeting containing the information that allows for comprehensive consideration of the points included within the agenda for the Board of Directors' meeting.

More specifically, it contains the minutes of the previous meeting, significant events occurring since the previous meeting of the Board of Directors and, where relevant, ongoing or planned operations. The Chief Executive Officer generally provides comment on these documents during the meetings of the Board of Directors.

The members of the Board of Directors can also ask to be provided with any additional information and documents in advance of or during the meetings of the Board of Directors.

##### **Financial information**

Each quarter, the Chief Executive Officer presents a report on the activity of the Group and its main subsidiaries for the past quarter.

A detailed and annotated income statement and balance sheet are presented by the Chief Financial Officer at each half-year and year-end.

In the three months after the close of each fiscal year, the draft consolidated financial statements are sent to the Board of Directors for verification. The Board of Directors then presents its activity report and the financial statements for the period to the General Shareholders' Meeting.

The members of the Board of Directors are also informed of the Company's cash position when making decisions relating to financing and debt.

##### **Information on particular transactions**

With regard to transactions for external growth or the sale of assets, the Board of Directors examines the data that are provided to it by the Chief Executive Officer on the transactions and strategy, and gives its view on the advisability of the proposals submitted, and if necessary, authorises the Chief Executive Officer to proceed with the transactions.

##### **Permanent information**

The Board of Directors may also ask the Chief Executive Officer and management, whenever necessary, for any information or analysis it deems appropriate or to give a presentation on a specific subject. Once provided with the information, directors may ask to meet with the Company's senior executives, from which executive corporate officers may be excluded.

In addition, between meetings, the members of the Board of Directors are regularly kept informed of the events or transactions that are of significance for the Company.

Each director may also request any additional training that he or she may consider necessary on the specific features of the Company, its businesses and its industry sector.

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The Bylaws of the Company's Board of Directors include a directors' charter that sets out the principles to which directors must adhere. This charter tasks directors with certain obligations aimed mainly at ensuring that they understand the provisions that are applicable to them, avoid conflict of interest situations, devote the necessary time and attention to their duties, comply with the legal provisions governing multiple simultaneous mandates, and observe strict confidentiality requirements in respect of information of a non-public nature that go beyond merely exercising discretion. It also reminds them that despite their being individual shareholders in the Company, they each represent all shareholders and must act in the corporate interest in all circumstances, unless acting on their own account. They are also bound by an obligation of loyalty. The Bylaws of the Board of Directors are available on the Company's website ([www.maureletprom.fr](http://www.maureletprom.fr)).

**3.2.2.2.7. Assessment of the Board of Directors**

The Board of Directors carries out a self-evaluation in which it reviews its membership, structure and operation as well as that of its committees. This assessment is designed to review the Board of Directors' operating procedures, to check that important issues are correctly prepared and discussed and to measure each director's actual contribution to the work of the Board of Directors in terms of their expertise and their involvement in its deliberations.

In this respect, the Board of Directors devotes one agenda item a year to discussion of the way that it operates and carries out a formal evaluation every three years. This formal evaluation may be carried out under the supervision of the Appointments Committee or an independent director, with the help of an external consultant. The last formal evaluation was conducted in 2014 by the Board of Directors and focused on the fiscal year ended 31 December 2013.

At its meeting on 25 March 2015, the Board of Directors discussed its membership (in terms of the number of female directors on the Board, members' skills and international representation) and operation, as well as the operation of its specialised committees, and the information contained in the reports given to members with the aim of improving the Board's work.

**3.2.2.2.8. Prevention of insider trading**

In order to ensure the prudent management of securities in compliance with applicable regulations and, in accordance with the precautionary principle, escalation to directors, the Chairman, the Chief Executive Officer and, to the extent that such roles exist, the Vice-Chairman and Deputy Chief Executive Officer (collectively, the "Corporate Officers") of the Company and its employees, the Company's Board of Directors has introduced a code of ethics relating to insider trading that complies with AMF recommendation No. 2010-07 of 3 November 2010, as amended on 8 July 2013.

The code explains in some detail the rules of professional conduct relating to transactions in financial instruments (within the meaning of Article L. 211-1 of the French Monetary and Financial Code) issued or to be issued in the future by the Company and in derivative and other instruments linked to these securities (options, units in undertakings for collective investment etc.) (collectively, the "Securities") executed by Corporate Officers.

The code of ethics on the prevention of insider trading adopts the regulatory definition of inside information and gives examples of information that could be considered privileged. This is, in particular, information about the Company's and/or Group's financial position, strategy, development focus, operations, commercial activity, disputes, and investigations or actions involving the Company and/or Group in court, arbitration or administrative proceedings. The code of ethics on the prevention of insider trading then outlines the type of person(s) who could be considered "insiders" within the meaning of the applicable regulations.

The prevention of insider trading requires the establishment of specific procedures. In this respect, the code of ethics on the prevention of insider trading sets out:

- ▶ the obligation of insiders to observe discretion, such as the general obligations relating to Securities Transactions, the prohibition on disclosing privileged information, specific obligations (requirement to hold securities in registered form, percentage holding of bonus shares and option exercise shares, prohibition on potentially speculative transactions, closed periods or "freezes", prior consultation with a compliance officer) as well as a description of structured management mandates that may, under certain conditions, fall outside the presumption of use of privileged information arising from the European Court of Justice ruling in *Spector Photo Group NV, Chris Van Raemdonck v CBFA*;

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- the establishment of a list of insiders, kept updated and made available to the AMF, in accordance with the applicable regulations; and
- a specific obligation on insiders to individually disclose their Securities Transactions, in accordance with the applicable regulations.

Lastly, the code of ethics on the prevention of insider trading presents the penalties that can be applied in the event of insider deals or failure to refrain from using privileged information. In addition to any disciplinary sanctions that the Company may decide upon, the code of ethics on the prevention of insider trading specifies that:

- the administrative sanctions decided by the AMF disciplinary tribunal can be up to €100 million or 10 times the amount of any profits realised; and
- the criminal sanctions decided by a court can range from one year's imprisonment plus a €150,000 fine to seven years' imprisonment plus a €1.5 million fine.

### 3.2.2.3. Organisation and operation of the specialised committees

In accordance with the Bylaws of the Board of Directors, adopted by the Board of Directors on 25 April 2008 and updated on 31 March 2010, 29 March 2012 and 25 March 2015, the Board of Directors has set up specialised committees: (i) an Audit and Risk Committee and (ii) an Appointments and Compensation Committee.

The specialised committees' secretarial functions are performed by individuals appointed by the committee chairman with the committee's consent.

#### 3.2.2.3.1. Audit and Risk Committee

The Board of Directors resolved on 26 March 2014 to rename the Audit Committee as the "Audit and Risk Committee". This new name appears more appropriate in view of the current responsibilities of this committee.

##### Membership of the Audit and Risk Committee

The Audit and Risk Committee comprises at least three members chosen by the Board of Directors from among its members. The members of the Audit and Risk Committee are experts in finance and accounting (see paragraph [3.2.1.1.1] of this Annual Report). The appointment or renewal of the Chairman of the Audit and Risk Committee, as proposed by the Appointments and Compensation Committee, is closely reviewed by the Board of Directors. The Board of Directors aims to ensure that at least two-thirds of the members of the Audit and Risk Committee are independent directors.

It does not include any executive corporate officers of the Company.

When appointed, the members of the Audit and Risk Committee may receive information on the particularities of the Company's accounting, financial and operational systems.

The members of the Audit and Risk Committee are appointed for a term commensurate with their term of office as a member of the Board of Directors, or for a term set by the Board of Directors. They may, however, resign at any meeting of the Board of Directors without reason or advance notice.

The membership of the Audit and Risk Committee was not modified during the fiscal year ended 31 December 2014 or subsequently up to the date of this Annual Report. As at the date of this Annual Report, its members are:

- Roman Gozalo, Independent Director, Chairman;
- Xavier Blandin, Independent Director; and
- Nathalie Delapalme, Independent Director.

##### Operation of the Audit and Risk Committee

###### Convening meetings of the Audit and Risk Committee

The Audit and Risk Committee is convened by its Chairman and meets as often as he or she deems necessary or appropriate, at least twice yearly and in any event prior to the meetings of the Board of Directors held to approve the financial statements.

The Audit and Risk Committee may be convened by any means (orally, by letter, by email, by fax or by phone) with reasonable advance notice, unless in an emergency.

The Chairman of the Audit and Risk Committee sets the agenda for the meetings and sends it to the Chairman of the Board of Directors and the Chief Executive Officer, as required.

##### Attendance at meetings of the Audit and Risk Committee

Only the members of the Audit and Risk Committee are automatically entitled to attend its meetings.

The Chairman of the Board of Directors, the Chief Executive Officer, the other directors, the Chief Financial Officer, the Internal Control Manager, the external auditors and all other persons may attend its meetings only when invited to do so by the Committee's Chairman. The Committee may, provided that it notifies the Chairman of the Board of Directors and the Chief Executive Officer in advance, call on external experts as needed, making sure to verify their competence and independence.

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At least once a year, the Audit and Risk Committee must meet to speak with the internal and external auditors without other members of management being present. It is preferable that the Audit and Risk Committee schedule separate meetings to speak with the internal and external auditors.

Audit and Risk Committee meetings may be held anywhere. Before each meeting, at the request of one or more members of the Audit and Risk Committee, the Chairman of the Committee may decide to hold the meeting via teleconference or videoconference, it being understood that members of the Audit and Risk Committee attending the meeting via these means are deemed to be present for the purposes of establishing a quorum.

**Deliberations by the Audit and Risk Committee**

**Audit and Risk Committee meetings are chaired by its Chairman.**

Audit and Risk Committee meetings are chaired by its Chairman.

The Audit and Risk Committee shall only be quorate if at least half its members are present. The proposals, opinions, reports and recommendations that the Committee issues to or prepares for the attention of the Board of Directors are agreed by a majority of the Committee's members in attendance at the meeting. In the event of a tied vote, the Committee's Chairman has the deciding vote.

Documentation relating to the agenda for the Audit and Risk Committee meeting is prepared using a standard format and is sent to committee members in advance of the relevant meeting.

**Secretarial functions of the Audit and Risk Committee**

The Chairman of the Audit and Risk Committee appoints the person who will perform the Committee's secretarial functions.

**Minutes of the meetings of the Audit and Risk Committee**

The Audit and Risk Committee reports on its work at the next meeting of the Board of Directors, in the form of opinions, information, proposals, reports, recommendations or full and accurate minutes, and notifies the Board promptly of any problems encountered.

**Duties of the Audit and Risk Committee**

The general role of the Audit and Risk Committee, as defined by the Bylaws, is to assist the Board of Directors so that the latter has the information and resources needed to ensure the quality of internal controls and the reliability of the financial information provided to shareholders and the financial markets.

**Accounts/transactions and financial information**

- ▶ review the parent company and consolidated financial statements as well as those of the Company's main subsidiaries;
- ▶ review the scope of the Group's consolidated companies and, as the case may be, the reasons why companies have not been included;
- ▶ check that the accounting methods adopted (i) for the preparation of the company and consolidated financial statements and (ii) for the Group's scope of consolidation, are relevant and consistent;
- ▶ review major transactions involving the risk of a conflict of interest between the Company and members of the Board of Directors;
- ▶ monitor the process of preparing financial information;
- ▶ monitor the effectiveness of internal control and risk management systems, their deployment and the implementation of corrective actions when significant weaknesses or anomalies are found or identified;
- ▶ review the main findings of the statutory auditors regarding the company and consolidated financial statements as well as internal control and internal audit;
- ▶ prepare internal audit and risk control reports;
- ▶ remain informed of the internal audit programme;
- ▶ receive internal audit reports and a periodic summary of those reports;
- ▶ review the Chairman of the Board of Directors' reports on these same topics to the General Shareholders' Meeting;
- ▶ review the main risks to which the Company is exposed and the solutions adopted by the Company to address such risks;
- ▶ review significant off-balance-sheet commitments;
- ▶ assess the importance of any malfunctions or weaknesses that have been notified to it, and in turn notify the Board of Directors regarding them;
- ▶ review any matter likely to have a significant impact on the substance and presentation of the company and consolidated financial statements.

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The company and consolidated financial statements are reviewed by the Audit and Risk Committee sufficiently far in advance and in any case no fewer than two days before those documents are reviewed by the Board of Directors. This timing was complied with in respect of the fiscal year ended 31 December 2014.

Review of the accounts is accompanied by (i) a presentation by the statutory auditors focusing on the key points of the statutory audit, including adjustments and any significant weaknesses in internal control identified in the course of their work, and the accounting options adopted, as well as (ii) a presentation explaining the Company's risk exposure and its significant off-balance sheet commitments.

**Relations with the statutory auditors**

- ▶ regularly interview the statutory auditors, in particular at meetings discussing the process of preparing financial information and the review of company and consolidated financial statements, to hear their reports on the performance of their tasks and the conclusions of their review, it being understood that the statutory auditors may be interviewed without directors being present. The purpose of such meetings is to allow the Audit and Risk Committee to remain informed by the statutory auditors of the main risk areas or uncertainties identified, the audit approach adopted, and any problems encountered in performing their tasks;
- ▶ remain informed by the statutory auditors of any significant weaknesses in internal control identified during their review in terms of the procedures for preparing and processing accounting and financial information;
- ▶ interview the statutory auditors regarding (i) their schedule of work and the sampling they have undertaken, (ii) any modifications that they consider should be made to the accounts or accounting documents and their observations on the evaluation methods used, (iii) any irregularities and inaccuracies they may have discovered and (iv) any conclusions arising from the observations and adjustments to the results for the period compared to those for the previous period;
- ▶ propose to the Board of Directors the procedure for selecting the statutory auditors and preparing a call for tender, if necessary;
- ▶ drive the process for selecting the statutory auditors and submit a recommendation regarding the statutory auditors proposed for appointment by the General Shareholders' Meeting;
- ▶ oversee the call for tenders process, if any, and approve the specifications and the choice of auditor on a "best bid" rather than a "lowest bid" basis.
- ▶ oversee the statutory auditors' legal review of the company and consolidated financial statements.

**Monitoring the rules for independence and objectivity of the statutory auditors**

- ▶ monitor the independence of the statutory auditors;
- ▶ ensuring that it receives communication from the statutory auditors each year including (i) their statement of independence, (ii) the amount of fees paid to the statutory auditors' network by the companies controlled by the Company for services not directly linked to the statutory auditors' duties and (iii) information on the services performed relating directly to the statutory auditors' duties;
- ▶ review with the statutory auditors the risks to their independence and the safeguard measures taken to mitigate those risks;
- ▶ make sure that the fees paid by the Company and the Group to the statutory auditors, and the percentage they represent of the revenue of the auditors' firms and their network, do not jeopardise the independence of the statutory auditors;
- ▶ make sure that the statutory auditors ensure that their duties exclude all other work not linked to this assignment by referring to the statutory auditors' professional code of ethics and standards of practice, with the firm appointed and the network to which it belongs refraining from all other work or consultancy (legal, tax, IT or other) performed directly or indirectly for the Company;
- ▶ review beforehand work that is incidental or directly additional to the audit of the accounts that may be performed by the selected firms (such as acquisition audits) but excluding evaluation and consultancy work.

**Activity of the Audit and Risk Committee during the fiscal year ended 31 December 2014**

During the fiscal year ended 31 December 2014, the Audit and Risk Committee held four working sessions attended by the Company's administrative and financial management and the statutory auditors. The attendance rate at these sessions was 91.7%.

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At these sessions, the Audit and Risk Committee worked mainly on approving the company and consolidated financial statements for the fiscal year ended 31 December 2013, reviewing the Annual Report (including the Company and Group management report, the annual financial report and the Chairman's report on corporate governance and internal control), approving the financial statements for the first half of 2014, the profit forecasts for 2014 and the budget for 2015.

**3.2.2.3.2. Appointments and Compensation Committee****Membership of the Appointments and Compensation Committee**

The Appointments and Compensation Committee comprises at least three members, chosen by the Board of Directors from among its members or third parties from outside the Company who are recognised for their expertise. The Chairman of the Appointments and Compensation Committee is appointed by the Board of Directors for the period of his term of office as director, unless decided otherwise. The Board of Directors aims to ensure that at least half of the Appointments and Compensation Committee's members are independent directors.

The Company's executive corporate officers may not be members of the Appointments and Compensation Committee, it being understood, however, that the Chief Executive Officer is involved with the work of the Appointments and Compensation Committee when it carries out its selection and appointment duties.

Members of the Appointments and Compensation Committee who are also directors are appointed for a term commensurate with their term of office as members of the Board of Directors. Members of the Appointments and Compensation Committee who are not directors are appointed for a term of one year, renewable automatically. They may resign at any meeting of the Board of Directors without reason or advance notice.

In the fiscal year ended 31 December 2014 and until 25 March 2015, the members of the Appointments and Compensation Committee were:

- ▶ Christian Bellon de Chassy, Observer, Chairman;
- ▶ Emmanuel de Marion de Glatigny, Director; and
- ▶ Alexandre Vilgrain, Independent Director.

Since the Board of Directors' meeting of 25 March 2015, which also updated the Bylaws of the Company, the members of the Appointments and Compensation Committee have been:

- ▶ Carole Delorme d'Armaillé, Independent Director, Chairman;
- ▶ Emmanuel de Marion de Glatigny, Director; and
- ▶ Alexandre Vilgrain, Independent Director.

**Operation****Convening meetings of the Appointments and Compensation Committee**

The Appointments and Compensation Committee is convened by its Chairman and meets as often as he or she deems necessary or appropriate, at least twice yearly and in any event prior to the meetings of the Board of Directors held to approve the financial statements.

The Appointments and Compensation Committee may be convened by any means (orally, by letter, by email, by fax or by phone) with reasonable advance notice, unless in an emergency.

The Chairman of the Appointments and Compensation Committee sets the agenda for the meetings and sends it to the Chairman of the Board of Directors and the Chief Executive Officer, as required.

**Attendance at meetings of the Appointments and Compensation Committee**

Only the members of the Appointments and Compensation Committee are automatically entitled to attend its meetings.

To carry out its work, the Appointments and Compensation Committee may interview members of the Company's or Group's executive management and, if appropriate, may be assisted by external consultants while ensuring (i) their competence and independence and (ii) notifying the Chairman of the Board of Directors and the Chief Executive Officer before doing so.

Appointments and Compensation Committee meetings may be held anywhere. Before each meeting, at the request of one or more members of the Appointments and Compensation Committee, the Chairman of the Committee may decide to hold the meeting via teleconference or videoconference, it being understood that members of the Appointments and Compensation Committee attending the meeting via these means are deemed to be present for the purposes of establishing a quorum.

*Administration and management of the Company***Deliberations by the Appointments and Compensation Committee**

Appointments and Compensation Committee meetings are chaired by its Chairman.

The Appointments and Compensation Committee shall only be quorate if at least half its members are present. The proposals, opinions, reports and recommendations that the Committee issues to or prepares for the attention of the Board of Directors are agreed by a majority of the Committee's members in attendance at the meeting. In the event of a tied vote, the Committee's Chairman has the deciding vote.

**Information for members of the Appointments and Compensation Committee**

Documentation relating to the agenda of the Appointments and Compensation Committee meeting is prepared using a standard format and is sent to its members before each meeting.

**Secretarial functions for the Appointments and Compensation Committee**

The Chairman of the Appointments and Compensation Committee appoints the person who will perform the Committee's secretarial functions.

**Minutes of Appointments and Compensation Committee meetings**

The Appointments and Compensation Committee reports on its work at the next meeting of the Board of Directors, in the form of opinions, information, proposals, reports, recommendations or full and accurate minutes.

The Annual Report must also include an outline of the activity of the Appointments and Compensation Committee in the past year.

**Role of the Appointments and Compensation Committee****Selection and appointment**

The Appointments and Compensation Committee is responsible for the preparation and membership of the Company's management bodies. In this respect, its duties are as follows:

- ▶ to formulate reasoned proposals for the Board of Directors regarding the appointment of the Company's executive corporate officers and directors. These proposals are made after reviewing in detail all factors to be taken into account in its deliberations, i.e., (i) the desired balance of representation on the Board of Directors in light of the composition of and changes in the Company's shareholding, (ii) the gender balance on the Board of Directors, (iii) the search for and assessment of possible candidates and (v) the opportunities for renewing mandates;
- ▶ to strive to reflect a diversity of experience and points of view, while ensuring that the Board of Directors retains the necessary objectivity and independence from executive management and any particular group of shareholders, and ensuring the stability of the Company's corporate bodies;
- ▶ to strive, when formulating its proposals, to ensure that (i) the independent directors in office account for at least half of the members of the Board of Directors and (ii) the Audit and Risk Committee does not include any executive corporate officer and that at least two-thirds of its members are independent directors;
- ▶ to carry out its own reviews of potential candidates before approaching them;
- ▶ to review, each year before the publication of the Annual Report and on a case by case basis, the status of each director in terms of the independent criteria given in the Bylaws of the Board of Directors and submit its proposals to the Board of Directors for the latter to review the status of each candidate;
- ▶ to prepare a succession plan for executive corporate officers that can be submitted to the Board of Directors in the event of an unforeseen vacancy; and
- ▶ to give its advice, when requested by the Board of Directors, on the recruitment or dismissal of a non-executive corporate officer.

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Compensation (for executive corporate officers, non-executive corporate officers, corporate officers and employees)

- ▶ to review and formulate proposals regarding compensation for executive corporate officers (fixed and variable compensation, where appropriate). Regarding the variable portion of compensation, it defines the rules for setting the variable portion taking into account the performance of executive corporate officers in the past year and the Company's and Group's medium-term strategy, and then checking that these rules are applied;
- ▶ to make recommendations regarding pension and insurance schemes, bonus or performance share allocations, long-term incentive arrangements, financial instruments, various benefits in kind and monetary entitlements for directors and corporate officers and the financial terms of their departure from the Board;
- ▶ to formulate proposals, at the beginning of each fiscal year, for that year, regarding the details of compensation mentioned above. In particular, the Appointments and Compensation Committee will issue its opinion at the beginning of each year on the details of compensation (fixed and variable) mentioned above, in compliance with laws, regulations, the AFEP-MEDEF Code and with as market conditions and the best interests of the Company. Board of Directors meetings relating to the compensation of executive corporate officers will be held without the latter attending;
- ▶ to check that the compensation policy for executives who are not corporate officers of the Company is consistent with market practices and the best interests of the Company. In this respect, the Appointments and Compensation Committee must be kept informed of the policy for compensating key non-executive corporate officers. On such occasions, the Committee meeting is held with executive corporate officers in attendance;
- ▶ to provide advice to the Board of Directors on the general policy for granting bonus shares or performance shares, long-term incentive arrangements and financial instruments proposed by the Group's executive management in accordance with applicable rules and recommendations;
- ▶ to submit its proposal to the Board of Directors on granting bonus shares or performance shares, long-term incentive arrangements and financial instruments, explaining the reasons for its choice and its consequences;
- ▶ to propose to the Board of Directors (i) the total amount of attendance fees that will be submitted for approval to the General Shareholders' Meeting and (ii) the method for distributing attendance fees among the members of the Board of Directors, taking into account the actual attendance of those members at meetings of the Board of Directors and of the specialised committees on which they sit, it being specified that the variable portion is the predominant component. To do so, at the end of each fiscal year the Appointments and Compensation Committee obtains the attendance record for the meetings of the Board of Directors and its specialised committees from the Company's General Secretary. Using the applicable rules, the Appointments and Compensation Committee calculates the compensation and proposes the corresponding attendance fees for each of the directors and their services. The proposals are then submitted to the Board of Directors for deliberation, in principle no later than the Board of Directors' meeting held to approve the financial statements;
- ▶ the Committee may be asked to issue an opinion on any proposals for non-recurring compensation made by the Board of Directors to compensate any member assigned particular duties or given a special mandate, in compliance with the provisions of Article L. 225-46 of the French Commercial Code; and
- ▶ to review any issue submitted to it by the Chairman of the Board of Directors relating to the matters described above as well as any planned capital increases reserved for employees.

#### Activity of the Appointments and Compensation Committee during the fiscal year ended 31 December 2014.

The Appointments and Compensation Committee met three times during 2014, with an attendance rate of 88.9%. It dealt mainly with [the separation of the roles of Chairman of the Board of Directors and the appointment of the Chairman of the Board of Directors and of the Chief Executive Officer], compensation for corporate officers, the distribution of attendance fees and the preparation of the self-evaluation questionnaire for the Board. Its recommendations regarding compensation were based principally on an analysis of the individual performances and contributions of the individuals concerned.



**3.2.3.****Compensation and benefits of all kinds granted to corporate officers**

No non-executive corporate officer received any compensation in the fiscal year ended 31 December 2014, for whatever reason, other than the attendance fees allocated each year to the members of the Company's Board of Directors (see paragraph 3.2.3.1.1. of this Annual Report). Any positions held by the corporate officers in the Company's subsidiaries are not compensated.

**3.2.3.1. Non-executive corporate officers*****3.2.3.1.1. Compensation of non-executive corporate officers***

The Company's non-executive corporate officers received the compensation shown in the table below (in euros) during the fiscal years ending 31 December 2013 and 31 December 2014, respectively:

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AMF table n°. 3 – Statement of attendance fees and other compensation received by non-executive corporate officers

Non-executive corporate officers	Amounts paid in 2013	Amounts paid in 2014
<b>GÉRARD ANDRECK</b>		
Attendance fees	47,776	38,205
Other compensation	-	-
<b>XAVIER BLANDIN</b>		
Attendance fees	52,742	43,698
Other compensation	-	-
<b>NATHALIE DELAPALME</b>		
Attendance fees	49,822	39,390
Other compensation	-	-
<b>CAROLE DELORME D'ARMAILLÉ<sup>(1)</sup></b>		
Attendance fees	29,863	35,081
Other compensation	-	-
<b>ROMAN GOZALO</b>		
Attendance fees	55,370	44,130
Other compensation	-	-
<b>EMMANUEL DE MARION DE GLATIGNY</b>		
Attendance fees	49,822	41,544
Other compensation	-	-
<b>AMBROSIE BRYANT CHUKWUELOKA ORJIAKO<sup>(2)</sup></b>		
Attendance fees	14,118	-
Other compensation	-	-
<b>ALEXANDRE VILGRAIN</b>		
Attendance fees	45,441	34,003
Other compensation	-	-
<b>CHRISTIAN BELLON DE CHASSY</b>		
Attendance fees	51,574	41,329
Other compensation	-	-
<b>TOTAL</b>	<b>396,528</b>	<b>317,380</b>

<sup>(1)</sup> Ms Delorme d'Armaillé was co-opted at the Board meeting of 27 March 2013. Her co-optation was ratified by the General Shareholders' Meeting of 13 June 2013.

<sup>(2)</sup> Mr Orjiako is no longer a director since 27 March 2013.

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The members of the Board of Directors and the observer receive attendance fees which are voted on each year by the General Shareholders' Meeting. The above breakdown takes into consideration the respective term of office of each member of the Board of Directors (for the fixed attendance fees) as well as their presence at meetings of the Board of Directors and the committees (for the variable attendance fees).

On the recommendation of the Appointments and Compensation Committee, the Board of Directors distributes the budget for directors' fees according to the following rule:

- ▶ a fixed portion, which accounts for 50% of the overall budget and is distributed proportionally over the year of the duties;
- ▶ a variable portion, which accounts for 50% of the overall budget and is distributed in accordance with attendance and with the rating attached to each member's role (director, Chairman of the Board of Directors, Vice-Chairman of the Board of Directors, Chairman of a specialised committee, and member of a specialised committee).

The total annual amount of attendance fees of €450,000 allocated by the General Shareholders' Meeting has remained unchanged for seven years.

It should be noted that at its meeting of 25 March 2015, the Board of Directors resolved, on the recommendation of the Appointments and Compensation Committee that only 80% of the budget of €450,000 for attendance fees that had been allocated by the General Shareholders' Meeting would be paid out, reflecting the challenging economic context. The data on attendance fees for 2014 account for this reduction in the amount paid out.

Non-executive corporate officers, however, receive no specific benefits in kind. There is no supplementary pension scheme in place for non-executive corporate officers.

Allocations of options for the subscription and/or purchase of shares and bonus shares are detailed in paragraph 3.2.3.1.2 below.

#### **3.2.3.1.2. Stock options and bonus shares**

No options for the subscription or purchase of shares or for bonus shares have been granted to the Company's non-executive corporate officers by the Company or by Group companies during the last three fiscal years. In addition, no non-executive corporate officer exercised any options to subscribe or purchase shares during the fiscal year ended 31 December 2014.

### **3.2.3.2. Executive corporate officers**

#### **3.2.3.2.1. Compensation of executive corporate officers**

On the recommendation of the Appointments and Compensation Committee, the Board of Directors determines the compensation of its executive corporate officers, taking into account in particular the rules set out in the AFEP-MEDEF Code.

This compensation concerns the Chairman of the Board of Directors and the Chief Executive Officer.

The compensation of the Chairman of the Board of Directors and of the Chief Executive Officer does not include a variable portion. Their compensation was reviewed during the fiscal year ended 31 December 2014 by the Board of Directors on 12 June 2014 and takes into account the separation of the role of Chairman of the Board of Directors from that of Chief Executive Officer.

There is no specific pension scheme for executive corporate officers, who are entitled to the same pension schemes as those applicable to the Group's employees.

No bonus shares or stock options were granted to executive corporate officers, with the exception of those indicated in paragraph 3.2.3.2.2. of this Annual Report.

Furthermore, executive corporate officers do not receive any (i) compensation or benefits due or that may be due on the expiry of or a change in their role or (ii) non-compete compensation. By way of information, it should be noted that under his employment contract as the Company's Chief Financial Officer (suspended for his term of office as the Company's Chief Executive Officer), Michel Hochard is bound by a non-compete clause applicable for two years following the termination of his contract for any reason, which prohibits him from performing any equivalent paid function in a similar field of activity for a competitor of the Company. The financial recompense for this obligation amounts to 35% of the compensation that he would receive in the corresponding period. The Company may, however, decide unilaterally to release the beneficiary from this obligation. Furthermore, should Mr Hochard be dismissed or be forced to leave his role as Chief Financial Officer within 18 months of a change in control of the Company or a significant change in the majority shareholding in the Company, he would receive contractual compensation for dismissal amounting to 24 months' gross salary (calculated on the basis of the average monthly gross salary received over the 15 months preceding the dismissal or forced departure), it being understood that this compensation would be in addition to the compensation provided by collective bargaining agreements and in law that is due at the time that the employment contract is broken.

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Furthermore, provision was also made special compensation in the form of a retirement package paid at a reducing amount over one year, with an allowance of one month per quarter starting on 1 April 2012. As at

the publication date of this Annual Report, no amounts would be payable in respect of this special compensation in the event of the potential dismissal or forced departure of Michel Hochard.

### AMF table n°. 1 – Summary of compensation, options and shares granted to each executive corporate officer

Name and title of executive corporate officer: Jean-François Hénin, Chairman of the Board of Directors	Fiscal year 2013	Fiscal year 2014
Compensation due for the year	575,000	425,000
Value of options allocated during the year	-	-
Value of performance shares allocated during the year	-	-
<b>TOTAL</b>	<b>575,000</b>	<b>425,000</b>

Name and title of executive corporate officer: Michel Hochard, Chief Executive Officer <sup>(3)</sup>	Fiscal year 2013	Fiscal year 2014
Compensation paid for the year	-	175,000
Value of options allocated during the year	-	-
Value of performance shares allocated during the year	-	-
<b>TOTAL</b>	<b>-</b>	<b>175,000</b>

<sup>(3)</sup> Michel Hochard has been Chief Executive Officer of the Company since 26 May 2014.

### AMF table n°. 2 – summary of compensation to each executive corporate officer

Jean-François Hénin, Chairman of the Board of Directors	Amounts for fiscal year 2013		Amounts for fiscal year 2014	
	due	paid	due	paid
Fixed compensation	575,000	575,000	425,000	425,000
Annual variable compensation	-	-	-	-
Multiannual variable compensation	-	-	-	-
<b>NON-RECURRING COMPENSATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Attendance fees	53,472	53,472	42,621	42,621
Benefits in kind	-	-	-	-
<b>TOTAL</b>	<b>628,472</b>	<b>628,472</b>	<b>467,621</b>	<b>467,621</b>

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Name and title of executive corporate officer: Michel Hochard, Chief Executive Officer	Amounts for fiscal year 2013		Amounts for fiscal year 2014	
	due	paid	due	paid
Fixed compensation*	-	-	175,000	175,000
Annual variable compensation	-	-	-	-
Multiannual variable compensation	-	-	-	-
<b>NON-RECURRING COMPENSATION</b>	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind*	-	-	10,760	10,760
<b>TOTAL</b>			<b>185,760</b>	<b>185,760</b>

\* For the period from 1 June to 31 December 2014.

## Table of attendance fees

Members of the Board of Directors	Attendance fees paid in 2013	Attendance fees paid in 2014
Jean-François Hénin	53,472	42,621
<b>TOTAL</b>	<b>53,472</b>	<b>42,621</b>

For the other corporate officers, see the table in paragraph 3.2.3.1.1 of this Annual Report.

## 3.2.3.2.2. Stock options and bonus shares

## AMF table n°. 4 – Options to subscribe or purchase shares granted during the fiscal year to each executive corporate officer

No options to subscribe or purchase shares were granted to any executive corporate officer during the fiscal year ended 31 December 2014.

## AMF table n°. 5 – Options to subscribe or purchase shares exercised during the fiscal year by each executive corporate officer

No options to subscribe or purchase shares were exercised by any executive corporate officer during the fiscal year ended 31 December 2014.

## AMF table n°. 6 – Bonus shares granted to each corporate executive officer during the fiscal year

No bonus shares or performance shares were allocated to any executive corporate officer during the fiscal year ended 31 December 2014.

## AMF table n°. 7 – Bonus shares becoming available to each corporate officer during the fiscal year

No bonus shares or performance shares became available to any executive corporate officer during the fiscal year ended 31 December 2014.

For information purposes, it should be noted that in connection with his role as the Company's Chief Financial Officer exercised prior to his appointment as the Company's Chief Executive Officer on 26 May 2014, Michel Hochard was granted bonus shares in 2011 and 2012 as shown in the table below:

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	Plan	Plan	Plan
Issue date	20/07/2011	119/12/2011	21/12/2012
Vesting date	20/07/2013	19/12/2013	21/12/2014
End of lock-in period	20/07/2015	19/12/2015	21/12/2016
Number of bonus shares granted to Michel Hochar	5,950	5,000	4,830

## AMF table n°. 11 – Summary of benefits granted to executive corporate officers

Executive corporate officer	Employment contract	Supplementary pension scheme	Compensation or benefits due or likely to be due as a result of termination or change of role	Compensation relating to a non-compete clause
<b>Name:</b> Jean-François Hénin <b>Position:</b> Chairman of the Board of Directors <b>Term of office start date:</b> 14 June 2007 <sup>(1)</sup> <b>Term of office end date:</b> Approval of the financial statements for the year ended 31 December 2015	No	No <sup>(2)</sup>	No	No

(1) Jean-François Hénin was Chairman of the Board of Directors and the Company's Chief Executive Officer from 14 June 2007 to 26 May 2014. Since the Board of Directors' decision to separate the role of Chairman of the Board of Directors from that of Chief Executive Officer on 26 May 2014, he has been Chairman of the Company's Board of Directors, with Michel Hochar being the Chief Executive Officer.

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Executive corporate officer	Employment contract		Supplementary pension scheme		Compensation or benefits due or likely to be due as a result of termination or change of role		Compensation relating to a non-compete clause	
Name: <b>Michel Hochard</b>								
Position: <b>Chairman of the Board of Directors</b>								
Term of office start date: <b>26 May 2014</b>	Yes <sup>(3)</sup>		No <sup>(2)</sup>		No <sup>(4)</sup>		No <sup>(4)</sup>	
Term of office end date: <b>Approval of the financial statements for the year ended 31 December 2014</b>								

(2) Except for the group pension scheme.

(3) The employment contract for the role of Company's Chief Financial Officer held by Michel Hochard has been suspended since his appointment as the Company's Chief Executive Officer on 26 May 2014 for his term of office as CEO (see paragraph 3.1 of this Annual Report).

(4) No provisions or stipulations provide for compensation in the event that Michel Hochard is forced to leave his role as Chief Executive Officer. However, his employment contract, which is suspended for his term of office, provides for a severance and non-compete compensation package if his employment contract as Chief Financial Officer is broken. This compensation package is described in paragraph 3.2.3.2.1 of this Annual Report.

Lastly, it should be noted that Pacifico S.A., a company of which 99% of the capital and voting rights are controlled by Mr Hénin and his family (with Mr Hénin personally owning approximately 10% of the capital and voting rights of Pacifico S.A.), invoiced Maurel & Prom

for a total of €100,000 net of taxes for the fiscal year ended 31 December 2014, pursuant to a support and consulting agreement dated 21 June 2005, as amended by addendums dated 22 December 2005 and 11 June 2007 (see paragraph 3.2.2.1.2 of this Annual Report).

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## Consultation of shareholders on the details of the compensation of executive corporate officers

The details of the compensation due or granted to Jean-François Hénin for the fiscal year ended 31 December 2014 are described in the table below:

Jean-François HENIN		
Details of compensation due or granted for the period	Accounting amounts or valuation submitted for vote	Description
Fixed compensation	€425,000 per year (gross)	During fiscal year 2014, Jean-François Hénin received compensation for his roles as Chairman and Chief Executive Officer in the first half of the year (€650,000 gross/year) and as Chairman of the Board of Directors (€200,000 gross/year) for the second half of the year.
Annual variable compensation	N/A	Jean François Hénin receives no variable compensation.
Deferred variable compensation	N/A	Jean François Hénin receives no other deferred variable compensation.
Multiannual variable compensation	N/A	Jean-François Hénin receives no other multi-year variable compensation.
Non-recurring compensation	N/A	Jean-François Hénin receives no non-recurring compensation.
Stock options, performance shares and any other long-term compensation	Options = N/A Shares = N/A Other compensation = N/A	Jean-François Hénin is not entitled to any stock options, performance shares or any other long-term compensation.
Attendance fees	42,621	This amount corresponds to the attendance fees paid to Jean-François Hénin during the fiscal year ended 31 December 2014.
Valuation of benefits of any kind		Jean François Hénin receives no other benefits.

Compensation due or awarded for the fiscal year ended submitted for vote to the General Shareholders' Meeting under the procedure for regulated agreements and commitments	Amount submitted for vote	Description
Severance pay	N/A	Jean François Hénin is not entitled to a severance package.
Non-compete compensation	N/A	Jean François Hénin is not entitled to non-compete compensation.
Supplementary pension scheme	N/A	Jean-François Hénin is not entitled to any supplementary pension scheme, with the exception of the existing group pension scheme.



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## Corporate governance

## Administration and management of the Company

The details of the compensation due or granted to Michel Hochard for the fiscal year ended 31 December 2014 are described in the table below:

Michel HOCHARD		
Compensation due or granted for the period	Accounting amounts or valuation submitted for vote	Description
Fixed compensation	€175,000 per year (gross)	In the fiscal year ended 31 December 2014, Michel Hochard received compensation in the first five months of the year as Chief Financial Officer and from 1 June 2014 as Chief Executive Officer (€350,000 gross/year) The fixed compensation which the shareholders are asked to approve relates solely to the compensation due or granted in respect of his functions as the Company's Chief Executive Officer.
Annual variable compensation	N/A	Michel Hochard receives no variable compensation.
Deferred variable compensation	N/A	Michel Hochard receives no deferred variable compensation.
Multiannual variable compensation	N/A	Michel Hochard receives no multi-year variable compensation.
Non-recurring compensation	N/A	Michel Hochard receives no non-recurring compensation.
Stock options, performance shares and any other long-term compensation	Options = N/A Shares = N/A Other compensation = N/A	Michel Hochard is not entitled to any stock options, performance shares or any other long-term compensation.
Attendance fees	None	As Michel Hochard is not a Company director or observer, he is not entitled to attendance fees.
Valuation of benefits of any kind	€10,760	Michel Hochard has his travel expenses paid.

Compensation due or awarded for the fiscal year ended submitted for vote to the General Shareholders' Meeting under the procedure for regulated agreements and commitments	Amount submitted for vote	Description
Severance pay*	N/A	Michel Hochard is not entitled to a severance package for his role as CEO.
Non-compete compensation*	N/A	Michel Hochard is not entitled to non-compete compensation for his role as CEO.
Supplementary pension scheme	N/A	Michel Hochard is not entitled to any supplementary pension scheme.

\* A description of the severance package and non-compete agreement benefits under the suspended employment contract is provided in paragraph 3.2.3.2.1.

### 3.2.3.3. Equity interests of corporate officers in the Company's capital

As at 31 December 2014 and to the best of the Company's knowledge, the Company's corporate officers together held 28,968,920 Company shares (corresponding to 23.83% of its capital), which represent 38,678,109 voting rights (or 28.97% of the theoretical voting rights and 30.25% of the exercisable voting rights).

To the best of the Company's knowledge, the details of equity interests in the Company as well as the transferable securities issued by Company and held by the corporate officers on the same date are shown in the table in paragraph 3.2.2.2.1 of this Annual Report.

In addition to the provisions in the code of ethics on the prevention of insider trading (see paragraph 3.2.2.2.8 of this Annual Report), the members of the Board of Directors are subject to the laws and regulations governing trading in company securities about which they have information that has not yet been made public.

## 3.3. Internal control and risk management

### 3.3.1.

### Internal control and risk management procedures

In preparing this report, the Company states that it complies with the provisions of the AMF Final Report on the Audit Committee of 22 July 2010. At the request of the Chief Executive Officer, administrative and financial executives collated the items making up this report based on the different work carried out by the Company's internal departments. The resulting report was presented to the Audit and Risk Committee.

#### 3.3.1.1. Definition and objectives

Internal control at Maurel & Prom may be defined as all of the policies and procedures for control implemented by the management and personnel of the Company and of the Group, the aim of which is to ensure:

- ▶ that accounting and financial data is reliable and truthful;
- ▶ that accounting records are accurate and complete;
- ▶ that the Group's transactions are executed and optimized;
- ▶ that the actions of management, execution of transactions and the conduct of personnel are consistent with the guidelines given to Group operations by the company bodies, and consistent with the values, standards and internal rules of the Group;
- ▶ adherence to applicable local laws and regulations; and

- ▶ safekeeping of the Group's assets by, among other things, providing for the prevention and control of the risks resulting from the Group's business, particularly those detailed in chapters 2 and 7 of this Annual Report.

The purpose of internal control is to provide reasonable assurance of compliance with rules and regulations, the safeguarding of assets and the effectiveness of operations. It cannot, however, provide an absolute guarantee that these risks have been completely eliminated.

#### 3.3.1.2. Organisation of internal control

Maurel & Prom's objective is to make its workers aware of their responsibilities with regard to internal control procedures, knowing that these procedures rest on the culture, behaviour and expertise of each individual.

To do this, and as personnel dedicated to internal control, Maurel & Prom's executive management and administrative and financial management, together with the Board of Directors and more specifically its Audit and Risk Committee, define the priorities of internal control. On the basis of these priorities, the Group's employees work together to implement procedures that aim to achieve these objectives. Operational coordination of the internal audit procedure is ensured by Maurel & Prom's General Secretary.

Maurel & Prom's management implements the organisational structure, the methods and the procedures to ensure that activities are controlled and supervised. It meets regularly to discuss management issues within and outside the normal course of business. The members of the management committee (the Chief Executive Officer,

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## Corporate governance

### *Internal control and risk management*

the Director of Production, the Director of Exploration, and the Director of Drilling) meet every two weeks to deal with matters relating to the Company's management and to analyse the effectiveness of the actions undertaken. Between these meetings, each member of the management committee may, if necessary, call an exceptional meeting.

An expanded management committee including, in addition to the members of the management committee, the Director of Health, Safety and the Environment as well as the main operational and functional managers, meets quarterly. This committee's primary goal is to analyse anomalies and malfunctions, as well as risk factors, and prevent any possible consequences resulting from them. In this regard, it issues recommendations and suggestions to the relevant managers and monitors their proper application.

#### **3.3.1.3. Risk management**

Circulars to the various departments concerned and at internal company meetings (legal, insurance and management control) identify and quantify the significant off-balance sheet commitments and risks to the Company. Commitments likely to be made by the Company are handled centrally at the registered office.

The Group has introduced an approach, led by management, to identify and manage risks and which includes the process of review and approval of operations by operating subsidiaries. The Board of Directors shall, throughout the year, ensure that the risks involved in the Group's operations are fully understood and also provide for the implementation of risk-monitoring measures. A half-yearly review of all risks is drawn up under its authority, with the assistance of the Audit and Risk Committee, at the close of accounting periods. In addition, risks are identified and managed on the basis of an organisational structure in which clearly defined responsibilities are assigned and formalised through the distribution of operational and functional organisation charts, the establishment of delegated powers, a regular process of operational and financial reporting and the formation of multidisciplinary teams dedicated to each project or action plan presenting specific risks that are deemed significant.

The main external risks are oil prices and the legal and political risks related to the Group's exploration and production regions, as described in chapter 2 of this Annual Report, "Risk factors".

Maurel & Prom's management, in coordination with the subsidiary managers, the Board of Directors and the Audit and Risk Committee, identify and analyse the risks that are likely to have a significant impact on Group operations or assets.

The Group has insurance covering several types of risks, including specific policies for its oil operations and the nature and location of its assets. These policies are described in paragraph 2.4 of this Annual Report.

#### **3.3.1.4. Implementation**

The Group is made up of a head office establishment, subsidiaries and operating establishments, with each of these being placed under the responsibility of a local management team which reports to the Group's executive management. This local management team coordinates the Group's operations by country or by geographic area of activity.

In the countries in which the Group's operations are the most developed, the operating subsidiaries have their own financial, accounting and legal departments in addition to their technical functions. For the subsidiaries that do not have their own administrative departments, Maurel & Prom's operating departments provide support services for such operations. The prevention and control of industrial and environmental risks are the responsibility of the operating entities.

The operational and financial managers of the establishments and subsidiaries receive appropriate delegations of powers on a case-by-case basis.

The specific "business" responsibilities are assumed by the different functional managers in charge of exploration, development and production, drilling, HSE, and finance/administration/human resources activities at Group level. Consequently, important decisions are prepared in coordination with and validated by the functional managers concerned before being sent to the Group's executive management for approval.

From a legal standpoint, the preparation and validation of key actions in the life of the Group's subsidiaries are handled centrally by the Group's legal department.

To limit the legal risks linked to disputes, the Group has set up a centralised legal department, supported by lawyers specialising in the areas of law concerned, in order to formalise its contractual commitments, comply with its obligations of all kinds and defend its interests, when these are deemed to present a significant risk factor.

*Internal control and risk management*

Maurel & Prom's accounting department is responsible for preparing the Group's consolidated income statements. This department continuously monitors changes in accounting regulations, in particular those concerning international standards, in close coordination with the statutory auditors. The consolidated financial statements are prepared half-yearly. The accounting data from the operating subsidiaries are reviewed by the head office in Paris before being incorporated into the financial statements. The financial statements are prepared by the Company's accounting department prior to being evaluated and checked by management, the Audit and Risk Committee and the Board of Directors.

Maurel & Prom's management control department coordinates the financial preparation of the Group's budget and the consolidated monthly reporting. It conducts analyses of the variances between the budget and actual figures as well as a general analysis of costs.

In the main operating entities, a management auditor, with a dual operational and functional reporting line, strengthens the internal control process.

The management of cash flows, positions and liquid assets as well as financial instruments are handled centrally (under the cash pooling agreement) by the treasury and financing department. This department is also in charge of managing risks associated with financial instruments and cash and foreign exchange activities as part of the policy issued by the Group's executive management.

With regard to information systems, the Group uses standard tools to handle general and cost accounting, consolidation, cash and personnel management (consolidation software is used in all subsidiaries, consultants are used at period ends and information systems are contracted to outside service providers).

The entire financial communication process is the responsibility of the Chief Executive Officer, the Board of Directors and the Deputy Chief Financial Officer in charge of financial communication.

Each quarter, Maurel & Prom sends its sales data to the financial market, and in the months following the half-year close, an income statement, a balance sheet and a consolidated financing summary for the half-year.

The communication schedule is distributed at the beginning of the period in accordance with Euronext requirements. The financial documents provided to the market are prepared by the accounting and management control departments and approved by the Board of Directors.

Financial management then ensures that the information sent to the market is consistent with the Group's results, with the recommendations of the Board of Directors and with legal and regulatory requirements. The statutory auditors validate the interim and annual financial documents before they are distributed.

The Group has drawn the attention of its employees with access to inside information to the obligation not to conduct market transactions on Company securities during certain periods, and not to disclose information likely to have an impact on the share price.

Oil operations are carried out within a framework that involves host countries which must intervene in the application of specific legal limits, and frequently act as partners.

The usual practice of partnerships involves the partners' participation, with the understanding that all investments or oil cost commitments must be within a budget that is approved and/or validated by all stakeholders to the various partnership contracts in place.

This results in operational internal control procedures, which involve the systematic commitment of expenses by the people in charge of the cost centres at each of the operational stages (prospecting, drilling and exploitation).

### 3.3.1.5. Supervision of internal control procedures

#### 3.3.1.5.1. Board of Directors

The Board of Directors has always emphasised the importance that it and its executive management place on internal control and its main areas of application.

#### 3.3.1.5.2. Audit and Risk Committee

The Audit and Risk Committee is responsible for monitoring internal control measures, with priority being placed on the accounting and financial areas, without disregarding the other functions. This committee reports to the Board of Directors.

The main duties of the Audit and Risk Committee are described on pages 82 and 83 of this Annual Report.

#### 3.3.1.5.3. Executive management

Executive management has the particular task of defining the general principles governing internal control and ensuring their proper application.

*Internal control and risk management***3.3.1.5.4. Internal auditors**

Since 2009, the General Secretary of Maurel & Prom has coordinated the Group's audit and internal control process. He reports directly to the management committee and reports on his work to the Audit and Risk Committee.

To perform the due diligence procedures, he relies on the internal auditing in place at the Group's main operating subsidiary (Maurel & Prom Gabon) and on external consultants who are duly appointed for this purpose.

The duties assigned will specifically take into account the assessment of the most significant risks. The weight and contribution of prior activities and their precedence are taken into consideration in the risk assessment. The action plans decided upon following the audits are regularly monitored by the General Secretary.

**3.3.1.5.5. The Statutory Auditors**

Through their various checks, the statutory auditors perform their professional due diligence to validate the preparation, treatment and consistency of the accounting and financial information for Maurel & Prom and its subsidiaries.

They are informed in advance of the process used to prepare the financial statements, and they present a summary of their work to financial and executive management, the Audit and Risk Committee and the Board of Directors.

The statutory auditors conduct the internal control checks deemed necessary as part of their engagement to certify the financial statements, and provide their observations to the Audit and Risk Committee.

**3.3.2.****Achievements in 2014 and outlook for 2015**

Over the course of 2014, major improvements were introduced in the Group's cash management by introducing new software to centralise management at Group level and tighten cash control and security with the elimination of manual payments and the use of electronic signatures. All Group treasurers received training to allow them to use this new solution.

In conjunction with the Audit and Risk Committee, management worked on risk mapping with the goal of formalising CSR risks and positioning them in relation to standard risks (see Chapter 2 of this Annual Report). Using this mapping, a general matrix including CSR risks and challenges was prepared for fiscal year 2015.

With respect to its sustainable development policy in Gabon, the Group continued to strengthen its process for gathering corporate, environmental and social information. For this purpose, an audit was carried out in Gabon aimed at ensuring that the information sent by the subsidiary was reliable. Once collected, consolidated and analysed by the Company, this data was incorporated into this Annual Report (see Chapter 4 of this Annual Report).

## 3.4. Rules for admission and convening General Shareholders' Meetings

### 3.4.1.

#### Convening General Shareholders' Meetings

Shareholders' Meetings are convened, under conditions stipulated by law, by the Board of Directors or, otherwise, by the statutory auditors or by any other legally authorised persons.

General Shareholders' Meetings are held at the registered office or at any other location specified in the meeting notice.

The conditions of admission to General Shareholders' Meetings are as follows:

In accordance with Article R. 225-85 of the French Commercial Code, a person is entitled to attend a General Shareholders' Meeting on the basis of the registration of shares in the name of the shareholder or the authorised intermediary registered on the shareholder's behalf, pursuant to paragraph 7 of Article L. 228-1 of the French Commercial Code, by midnight, Paris time, on the second business day before the meeting, either in the registered share accounts kept by the Company or in the bearer share accounts kept by the authorised intermediary.

The registration or accounting entry of shares in the bearer share accounts kept by the authorised intermediary is evidenced by a shareholding certificate issued by the authorised intermediary, sent electronically where necessary, under the conditions set out in Article R. 225-61 of the French Commercial Code, and attached to the postal vote or proxy form or to the request for the admission card made out in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary. A certificate is also issued to any shareholder wishing to attend the meeting in person who has not received their admission card by midnight, Paris time, on the second business day before the meeting.

## 3.4.2.

**Shareholder access to and participation in General Shareholders' Meetings**

A duly convened General Shareholders' Meeting represents all shareholders. Its decisions are binding for all shareholders, even those who are absent, dissenting or legally incapable.

Regardless of the number of shares that he/she owns, every shareholder has the right to participate in General Shareholders' Meetings, be it personally, by appointing a proxy, or by voting remotely, in accordance with current laws and regulations.

Any shareholder may also send a proxy to the Company without indicating the name of their representative. Any such proxies which do not indicate the name of the representative will be considered as a vote in favour of the resolutions submitted or approved by the Board of Directors to the Meeting.

However, proof of the right to participate in the Company's General Shareholders' Meetings, in any form whatsoever, can be shown by the accounting entry or the registration of shares under the terms and conditions stipulated by the applicable regulations.

Postal or proxy voting forms, as well as shareholding certificates may, if the Board of Directors so stipulates, be established in electronic form and duly signed in accordance with applicable laws and regulations. For this purpose, the form may be directly entered and signed

electronically on the website set up by the Meeting's clearing agent. The form may be electronically signed (i) by entering, in accordance with the provisions of the first sentence of the second paragraph of Article 1316-4 of the French Civil Code, an identifying code and a password, or (ii) by any other process that meets the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code. The proxy or vote thus expressed prior to the meeting via this electronic method, as well as the acknowledgement of receipt given, if any, shall be considered an irrevocable written instruction enforceable against all parties, except in case of sales of securities, which are subject to the notification provided for in Article R. 225-85 Section IV of the French Commercial Code.

The procedures for sending postal and proxy voting forms shall be specified by the Board of Directors in the advance notice and the meeting notice.

Under the applicable legal and regulatory conditions, the Board of Directors may arrange for shareholders to attend and vote at the Meeting via videoconferencing or other means of telecommunication that allow shareholders to be identified and which comply with legal and regulatory requirements. The Board shall ensure that the means of identification are effective.

For the purposes of establishing the quorum and majority required for any General Shareholders' Meeting, shareholders who attend the General Shareholders' Meeting via videoconferencing or other means of telecommunication that allow them to be identified, in accordance with applicable legal and regulatory conditions, shall be deemed present.

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## 4

# Corporate, social and environmental responsibility of the Company

Due to the nature of its hydrocarbon exploration and production activities, the Maurel & Prom Group manages corporate, environmental and social risks on a daily basis.

Implementing the principles of sustainable development is one of the keys to its performance. Central to its business as an oil & gas operator and before undertaking any development, Maurel & Prom assesses the environmental and social impact of its operations. Whether its activity has potentially beneficial effects on local economic development, or is potentially negative in terms of the health and safety of people and the environment, the Group in conjunction with local authorities defines prevention and management programmes and undertakes to ensure that they are properly applied.

When the Group partners with other operators, the quality of the management of those partners' health, safety, security and environment ("HSE") risks is a determining factor in the decision to invest. The Group takes all reasonable measures to assess and manage environmental and social risks. Risk monitoring and the identification of appropriate means for managing them properly are an integral part of technical and financial project tracking and are carried out to the most stringent professional standards. The non-financial aspects of the projects in which the Group invests are central to its relations with its operating partners. Alongside financial investment, the Group may provide access to its extensive expertise and human and technical resources.

2014 was marked by sustained activity in the countries in which the Group operates.

Thirty-five new wells were drilled on the Ezanga permit in Gabon.

In Colombia, the drilling of the Balsa-1 wells produced good results without incident despite the high altitude (above 3,000 metres) requiring teams to acclimatise to the thin air and low temperatures, the steep slopes and the proximity of local populations.

In terms of jobs, 2014 was marked by the consolidation of subsidiary company Caroil, an increase in the workforce in Gabon, and preparation for business development in Tanzania.

The Gabonese subsidiary continued with and completed the projects launched in 2013 aimed at optimizing its human resource management and improving HSE risk prevention and management. The Tanzanian subsidiary continues to update its HSE procedures to suit the site's future configuration.

In all countries, the Group's policy of reducing the environmental impact of its activities remained a priority.

In terms of sustainable development and aid to local communities, the Group renewed its financial contribution to local sustainable development and social projects. In 2014, the Group's contractual commitments to local communities increased significantly with an exceptional contribution of US\$45 million paid to the Gabonese government under the terms of the Ezanga permit and totalling, all subsidiaries included, nearly US\$61 million. In addition to its contractual commitments, the Group voluntarily donated US\$1.2 million to funding projects that support local communities.

In 2015, the Group will continue to support its teams in achieving its sustainable development objectives by allocating the necessary technical, human and financial resources.

In accordance with Articles L. 225-102-1 and R. 225-105 et seq. of the French Commercial Code, the management report presents information on the manner in which the Company addresses the social and environmental consequences of its activities as well as its corporate commitments to promote sustainable development, anti-discrimination measures and diversity. This presentation is given in accordance with the applicable laws and regulations and focuses on Group entities that the Group controls and that employ staff.

The activities of Saint-Aubin Energie, the joint investment vehicle with MPI in which the Company has a 33.33% stake, have been and continue to be subject to environmental and social risk monitoring at the time of investment and throughout the lifetime of its projects. As Saint-Aubin Energie is not an operator in the permits in which it is invested, risk monitoring is conducted via questionnaires sent to the operators. The information provided by these companies has not been incorporated into the presentation that follows.

## 4.1. Corporate information

The collapse in oil prices which began in 2014 and has continued into 2015 threatens the short-term financial equilibrium of many players in the sector and has complicated human resources and skills management in a structurally tight labour market.

In 2014, the Maurel & Prom Group maintained its long-term strategy and level of activity while engaging in dynamic asset management permitting it to safeguard jobs and continue consolidating its staff teams.

The Group's vision – in a sector heavily marked by massive investment, technological progress, and the exploration of new geographic areas that are more difficult to access, requiring training skilled local labour and encouraging women at every level of the organisation – remains unchanged.

### 4.1.1.

#### Employment

The Group's recruitment policy is aimed at providing it with the best skills to support its development. In promoting mobility, the Group offers international career opportunities to strengthen the loyalty of its managerial staff.

As at 31 December 2014, the Gabonese subsidiary accounted for 61% of the total workforce, with 77% of the overall workforce located in Gabon (including Caroil). In 2013, the subsidiary adopted a new career management tool in the form of a jobs matrix reclassifying staff and redefining positions to enhance flexibility and implement 20-year career plans. In 2014, the pay and company benefits scales at the Gabonese subsidiary were revised to make pay terms and conditions consistent and to facilitate recruitment and pay policies.

#### 4.1.1.1. Total workforce and breakdown by gender, age and geographic region

As at 31 December 2014, the Group had 556 employees in nine countries, compared with 411 employees (excluding Caroil) as at 31 December 2013.

The tables below show, as at the end of 2012, 2013 and 2014, the breakdown by the following criteria: position, age bracket, geographic region and gender and expatriates/ local employees.

The following information includes Caroil staff information from 2014.

In 2014, job titles were revised to better reflect the actual functions performed in the Group. This matrix has been applied retroactively to staff as at end 2012 and end 2013, which have therefore now been changed as follows:

Position	2012*	2013*	2014
Engineers	65	67	81
Technicians	141	195	285
Support staff	137	149	190
<b>TOTAL</b>	<b>343</b>	<b>411</b>	<b>556</b>

\* The corresponding breakdown for the Group (Maurel & Prom excluding Caroil) prior to adopting the new job titles was 84 engineers, 74 technicians and 185 support staff in 2012, and 111 engineers, 72 technicians and 228 support staff in 2013.

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# Corporate, social and environmental responsibility of the Company

## Corporate information

Breakdown by age bracket	2012	2013	2014
< 25 years	5	7	17
25 to 34 years	103	124	180
35 to 44 years	136	155	196
45 to 54 years	72	87	116
> 55 years	27	38	47
<b>TOTAL</b>	<b>343</b>	<b>411</b>	<b>556</b>

### Geographic breakdown

(registered workforce, all types of employment contract) by gender

	2012			2013			2014		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Africa	238	38	276	311	43	354	433	53	486
Latin America	22	9	31	14	10	24	11	8	19
Europe – Middle East	26	10	36	23	9	32	38	11	49
North America	-	-	-	1	-	1	2	-	2
<b>SUBTOTAL</b>	<b>286</b>	<b>57</b>	<b>343</b>	<b>349</b>	<b>62</b>	<b>411</b>	<b>484</b>	<b>72</b>	<b>556</b>
<b>TOTAL</b>	<b>343</b>		<b>343</b>	<b>411</b>		<b>411</b>	<b>556</b>		<b>556</b>

Breakdown of expatriate/local employees as at 31 December 2014	Expatriate	Local	Total
Africa	61	425	486
Latin America	2	17	19
Europe - Middle East	2	47	49
North America	2	-	2
<b>TOTAL</b>	<b>67</b>	<b>489</b>	<b>556</b>

## 4

# Corporate, social and environmental responsibility of the Company

## Corporate information

### 4.1.1.2. Recruitment and dismissals

In 2014, as in 2013, the recruitment policy was marked by the continued insourcing of skills in Gabon, the reallocation of resources in Latin America and the integration of Caroil's workforce.

The Group's workforce grew by 35% between the years ended 31 December 2013 and 31 December 2014. The integration of Caroil's workforce in 2013 accounted for a 9% growth in the Group's 2014 workforce.

In Gabon, the subsidiary continued to strengthen its production and maintenance teams. It hired 46 people, 67% of total Group hires. Of its new hires, 72% were on permanent contracts.

In Tanzania, the subsidiary hired two production supervisors who had previously worked in Gabon as site managers.

In 2014, four people were transferred from Maurel & Prom Colombia BV to Maurel & Prom Sur America, which has held the SN-11 permit since July 2014.

Recruitment	2012			2013			2014 *		
	Permanent	Casual	Total	Permanent	Casual	Total	Permanent	Casual	Total
<b>TOTAL GROUP</b>	105	9	114	69	30	99	51	18	69
<b>o/w Company</b>	2	2	4	1	1	2	1	4	5

\* Excluding internal moves (eight people). The figures shown above for hires in 2013 do not include five internal transfers on permanent contracts. There were no transfers in 2012

The table below shows departures from the Group, excluding retirees, role changes and early retirements, as at 31 December 2012, 2013 and 2014:

	2012	2013	2014
Departures excluding retirees/role changes/early retirement, of which:	20	26	21
Voluntary departures (resignations, negotiated departures, termination of contract)	4	15	5
End of fixed-term contract	9	3	4
Dismissals	6	6	9
Deaths	1	1	2
Leave to start up a business	-	1	-
End of term of office as corporate officer			1
<b>TOTAL DEPARTURES/TOTAL WORKFORCE</b>	<b>5.83%</b>	<b>6.33%</b>	<b>3.78%</b>

In the current context and given the development of the Group's operations, there are no plans to reduce the workforce and safeguard jobs.

## 4

# Corporate, social and environmental responsibility of the Company

## Corporate information

### 4.1.1.3. Compensation and changes in compensation

The compensation of corporate officers is described in paragraph 3.2.3 of this Annual Report, it being understood that the variable portion of that compensation (attendance fees) is not subject to qualitative or quantitative criteria associated with the Company's corporate, social and environmental responsibility.

For the Group as a whole, personnel expenses break down as follows:

	2013*	2014
<b>TOTAL PAYROLL, INCLUDING:</b>		
Salaries and compensation	20,191,283	28,775,822
Profit-sharing	591,007	361,271
Expenses/employer contributions	6,916,309	11,557,258
<b>NET VALUE</b>	<b>27,698,600</b>	<b>40,694,351</b>

\* 2013 net value has been updated to take into account the corrected payroll for the MPATI subsidiary and the application of IFRS 11.

#### 4.1.1.3.1. Profit-sharing

The employees of the Company and those of Maurel & Prom Assistance Technique are able to share in the Group's performance and its capital through a profit-sharing plan and an employee savings scheme. The Group has also decided to establish a comprehensive bonus share allocation system to reward employees of the Group's foreign companies in which the collective profit-sharing schemes permitted under French law do not exist.

##### 4.1.1.3.1.1. Profit-sharing plan

The employees of the Company and those of Maurel & Prom Assistance Technique can participate in a profit-sharing plan. The profit-sharing plans currently in place at these companies were set up for Maurel & Prom Assistance Technique and for the Company on 23 June 2013 and 21 May 2012 respectively. These agreements have a dual purpose: (i) to rally employees in order to boost Group productivity and (ii) to reward each person's contribution to the common effort to increase productivity and improve the way that work is organised.

The Group strives to recognise and fairly reward the contribution of each employee to the Company's success. Compensation varies according to each person's position, skills, performance and potential. These common principles are adjusted in accordance with local parameters such as social legislation, economic conditions and the job market in the various countries in which the Group operates.

#### 4.1.1.3.1.2. Company savings plan

On 1 March 2002, the Company set up a proactive employee savings scheme by giving employees the option of subscribing to a Company Saving Plan ("CSP"). This plan has a one-year term and is automatically renewable for one-year periods. Since 8 September 2010, a CSP has been set up within Maurel & Prom Assistance Technique

Under this plan, as at 31 December 2014, 53 participating employees (including 13 former employees) held 208,000 Company shares representing 0.17% of its share capital.

All employees of these companies with at least three months' service may join the plan, if they wish to do so.

Contributions to the CSP may be made from all or part of any employee profit-sharing, voluntary additional payments by the beneficiary (to the extent permitted by law), employer contributions, and transfers of savings to the plan by the beneficiary.

Employees are encouraged to save through a flexible contribution schedule that is applied across the board and available to all beneficiaries.

Employer contributions to the CSP in 2014 (amounts paid into the CSP on behalf of the employees) amounted to €208,604 (versus €196,488 in 2013).

# 4

## Corporate, social and environmental responsibility of the Company

### Corporate information

#### 4.1.1.3.1.3. Bonus shares granted to employees

	Plan 2010	Plan 2011 n°.1	Plan 2011 n°.2	Plan 2011 n°.3	Plan 2012	Plan 2013	Plan 2014
Issue date	20/12/2010	01/06/2011	20/07/2011	19/12/2011	21/12/2012	30/08/2013	28/03/2014
Vesting period	20/12/2012	01/06/2013	20/07/2013	19/12/2013	21/12/2014	30/08/2015	28/03/2016
Retention period	20/12/2014	01/06/2015	20/07/2015	19/12/2015	21/12/2016	30/08/2017	28/03/2018
Number of employees concerned	47	2	4	41	35	3	18
Number of bonus shares	252,100	29,750	41,650	90,238	72,451	34,000	56,840

#### 4.1.1.3.1.4. Pension plan and other benefits

The Company and Maurel & Prom Assistance Technique participate in a supplementary pension scheme, which is a group insurance policy with Generali. This affiliation covers all employees, with employer contributions set at 8% for tranches A, B and C. The sums paid under this scheme amounted to €428,300 in 2014 (versus €400,075 in 2013).

### 4.1.2.

## Organisation of work

### 4.1.2.1. Organisation of working time

The average working week is set by national law and adjusted according to the local context.

In France, the Company has been governed by the oil industry collective agreement since 1 March 2004.

#### Working hours

A protocol to control and reduce working hours has been in place since 19 May 2003. Under this protocol, the Company's working week is 35 hours.

In addition, on 1 January 2011, the Company implemented a system for all managers and employees who have discretion over how to assign their time, based on a set number of working days. Under this system, the working time for the employees concerned is counted in days and no longer in hours. An annual limit of 218 days per year is set by collective agreement, but an employee may lawfully work beyond this up to a maximum of 282 days per year.

#### Overtime

There is no overtime system in place for employees who work a 35-hour week, or for employees working a set number of days. However, the latter may recoup any days worked over and above the limit set by the collective agreement.

The limit for employees of Caroil in metropolitan France is 218 days a year. Caroil expatriate employees are bound by their particular shift work system.

### 4.1.2.2. Absenteeism

In 2014, the overall rate of absenteeism was an estimated 4.12%, versus 3.63% in 2013. For absenteeism through illness, it was 2.25%, versus 1.45% in 2013. The corresponding figures for 2012 were 2.3% and 1% respectively<sup>(1)</sup> using the following calculation method:

- ▶ overall absenteeism:  $B / (A+B)$
- ▶ absenteeism through illness:  $C / (A+B)$

Where:

(A) corresponds to the number of days actually worked by all employees under contract, including training days;

(B) corresponds to the number of days of absence (through sickness, occupational disease, maternity, workplace accident including work-related travel accident, or any other absence not provided for contractually); and

(C) is the number of sick days (excluding occupational illness, maternity, workplace accident or work-related travel accident, etc.).

(1) In 2012, the scope of calculation included staff available to Maurel & Prom but who were not employees of the Company. In 2013, the scope was reduced to include Maurel & Prom staff only and the 2012 data was revised accordingly.

## 4.1.3.

**Industrial relations****(A) Organisation of social dialogue, notably procedures for employee information, consultation and negotiation**

The quality of industrial relations within the Group is the result of dialogue between employees, their representatives and management. In the Group's subsidiaries, dialogue is organised in accordance with applicable laws and regulations.

In Gabon, social dialogue is of particular importance. A Permanent Committee for Economic and Social Cooperation, pursuant to the country's Labour Code, meets at least once a year. At these meetings, the employee representatives are presented with current budgets, budget forecasts, the company's areas for development and recruitment needs. An Industrial Relations Organising Committee and the financial or technical backer of Maurel & Prom's Gabonese subsidiary for social projects also take part in the social dialogue. Revisions to the pay and corporate benefits scales were successfully negotiated in 2014.

In Colombia, the joint occupational health and safety committee (see paragraph 4.1.4.2 of this Annual Report) provides an opportunity for discussion between employees and employers that goes beyond occupational health and safety issues.

**(B) Overview of collective agreements**

The Group operates in countries where the relatively recent local hydrocarbon exploration and production industry does not always have a collective branch agreement.

In the absence of such measures, the Group's subsidiaries enter into collective agreements on a case-by-case basis, in particular to cover employee healthcare costs and compensation.

In Gabon, negotiation of the branch collective bargaining agreement between the Gabonese government and the country's main trade union, ONEP (Organisation nationale des employés du pétrole) was not concluded in 2014. However, once it does come into effect, it will apply to all oil companies operating in Gabon.

Maurel & Prom Gabon has had a compensation agreement since 2010 which was revised in 2014 based on the job matrix set up in 2013 (see paragraph 4.1.1 of this Annual Report).

In Congo, a tripartite Government/Union/Employer commission has been set up.

In Tanzania, with the projected growth in activity in 2015, social dialogue is being formalised further. Introduced in 2013, quarterly meetings dedicated to social dialogue including employee participation were held in 2014. In August 2014, employees joined the Tanzania Mines, Energy, Construction and Allied Workers Union (TAMICO).

## 4.1.4.

**Health and safety**

Health and safety are a key Group concern. The Company is committed to continuing to improve working conditions, preventing risks and reducing nuisances, by implementing a "Health and Safety, Security, Environment and Quality" management programme, which is based on industrial best practices, in compliance with national regulations.

In terms of organisation, the responsibilities for health, safety and environment ("HSE") are clearly defined at all levels.

Maurel & Prom's Chief Operating Officer is responsible for the Group-wide implementation of the principles of the Group's Safety, Environment and Quality Charter drawn up in 2006. In this respect, he defines the HSE policy, objectives and organisation for the Group.

The Group has also set up an HSE executive committee, chaired by Maurel & Prom's Chief Executive Officer. It consists of the Group's Chief Operating Officer, Director of Exploration, Director of Drilling, General Secretary and HSE Manager. This committee defines the Group's HSE policy and objectives, revises the objectives when necessary, and monitors HSE performance and the corresponding action plans.

Within the Group's subsidiaries, their respective CEOs have ultimate responsibility for HSE issues and are tasked with ensuring that, in all their subsidiary's activities, the health and safety of individuals, environmental protection and the protection of goods and property are respected.

In May 2013, the Gabonese subsidiary adopted its own Health & Safety policy covering health, safety and the environment. It commits M&P Gabon's executive management and its employees, partners and subcontractors to continuous improvement of performance.

In 2014 the Tanzanian subsidiary began revising, upgrading and adapting its HSE procedures to its expected activity in 2015.

*Corporate information*

The traditional approach to HSE responsibilities in drilling operations is to allocate them on a strict contractual basis between the drilling company and the operator. The drilling company sets up an HSE management system and is in charge of its implementation. The same rules apply in intra-group relations, between Caroil and the Group's exploration and production subsidiaries.

Note that Caroil's quality, occupational health & safety, and environment management system is underpinned by a robust and efficient documentation system with triple certification (ISO 14001:2004, ISO 9001:2008 and OHSAS 18001:2007).

#### 4.1.4.1. Occupational health and safety conditions

The countries in which the Group operates, in particular Gabon and Colombia, have passed specific laws governing employee health and working conditions, which the subsidiaries apply.

In Colombia, compliance with the guidelines for the prevention of industrial accidents and occupational diseases is verified via half-yearly HSE activity and performance reports sent to the National Hydrocarbon Agency, by audits carried out by the Agency as part of its annual HSE audits of all exploration and production contracts as well as via audits conducted by the Colombian Security Council. Based on its internal procedures (for HSE audits and training), Maurel & Prom Colombia BV ensures that its subcontractors also apply the relevant legal standards.

In Gabon, risk prevention programmes are systematically deployed at all Maurel & Prom Gabon sites and facilities. In 2014, special procedures were introduced to prevent upper-body accidents, the transmission of the Ebola virus, and travel-related accidents. On-site induction procedures were revised to make a medical check-up mandatory before starting a job and to permit better control of Ebola risk from new entrants. Traditionally, company infirmaries would accept the local population, but this walk-in option has been temporarily prohibited. If necessary, the company doctor travels to the village, subject to the site manager's consent. Geolocation devices and radios have been installed in every vehicle and throughout the site.

#### 4.1.4.2. Overview of collective agreements on occupational health and safety signed with trade unions or employee representatives

In recent years, the Group has established agreements on social protection for its employees at most of its subsidiaries (in France, Gabon, Colombia and Tanzania). Under certain conditions, these agreements will cover employees' medical expenses and potentially their families' medical expenses.

In Colombia, local laws stipulate that any company doing business in the country and employing more than 10 people must have a joint occupational safety committee. Maurel & Prom Colombia BV has set up this committee, which includes an employee representative and an employer representative. This committee is tasked with promoting and monitoring compliance with occupational health and safety rules and regulations.



## 4

# Corporate, social and environmental responsibility of the Company

## Corporate information

### 4.1.4.3. Industrial accidents and occupational diseases

The frequency of industrial accidents involving Group employees is shown in the table below:

	2012	2013	2014
Lost Time Injury Frequency (LTIF) <sup>(3)</sup>	4.55	7.27	3.62
Total Recordable Injury Rate (TRIR) <sup>(4)</sup>	7.93	8.49	4.82

<sup>(3)</sup> <sup>(4)</sup> In 2012, the scope of calculation included staff available to Maurel & Prom but who were not employees of the Company. In 2013, the scope was reduced to include Maurel & Prom staff only and the 2012 data was revised accordingly

The Lost Time Injury Frequency (LTIF) rate is the total number of deaths and injuries or illnesses resulting from work that prevent the person from working on the day following the accident (Lost Time Injuries - LTI), multiplied by one million hours worked and divided by the number of hours worked.

The Total Recordable Injury Rate (TRIR) is the total number of (i) deaths; (ii) injuries or illnesses resulting from work that prevent the person from working on the day following the accident (LTI); (iii) Restricted Work Day Cases (RWDC) corresponding to an injury causing medically certified incapacity provided it is not caused by death or injury with work stoppage; plus (iv) Medical Treatment Cases (MTC), defined as an injury requiring treatment by a doctor or nurse, multiplied by one million hours worked and divided by the number of hours worked.

For Gabon, the severity rate (average working time lost per accident) was 24 days in 2014 versus 9.71 days in 2013 and 6.04 days in 2012. The other subsidiaries did not report any accidents incurring lost time.

The Group's French companies did not report any occupational diseases in 2014. Furthermore, the Company is not aware of any occupational diseases that could be reportable by the Group's subsidiaries under the applicable regulations in the countries in which those subsidiaries are based.

In Gabon, road accidents account for a large proportion of industrial accidents. This figure is partly due to the site's geographical remoteness in a mountainous region. During the rainy season and during the dry season, both of which are extreme, the tracks are slippery. The area's undulating terrain exacerbates the safety issue. Since 2009, Maurel & Prom has successively taken various corrective measures to reduce this risk, mainly by setting up a "Good Driving" training programme. Additionally, a vehicle geolocation system was rolled out in 2013. In 2014, six vehicles with internal and external rollbars were put into use at the Onal and Coucal sites. Impacts and collisions were the main source of incidents in 2014.

Critical drilling operations include handling with the risk of pinching/crushing, lifting operations with the risk of objects falling, and working at height. Transportation and malaria are also causes of accidents and illness.

The risk of explosion from the uncontrolled release of a gas cloud or of flammable hydrocarbons is considered a major or catastrophic scenario. A series of equipment and redundant barriers are provided, as well as training for sensor staff whose ability to control an eruption is tested every two years.

# 4

## Corporate, social and environmental responsibility of the Company

### Corporate information

#### 4.1.5.

### Training

The Group faces a two-fold challenge in its training programme: on the one hand, to develop an HSE corporate culture internally and among its contractors and subcontractors, and, on the other, to develop continuous training and skills transfer to local workers.

#### 4.1.5.1. Training policies implemented

The Company's training policy is organised around tasks such as the updating and renewal of skills certificates in safety techniques, training local employees in oil-related occupations, continuous training based on individual career paths and training for HSE managers, all of which are entrusted to external training agencies.

Skills transfer and "localisation" are arranged internally.

There are two objectives for internal training:

- ▶ minimise training costs and prioritize training in HSSE and typical occupations (exploration and operations);
- ▶ as a priority, strengthen the abilities and further develop the skills of exploration and operating staff.

In Gabon, preventive safety training covers electrical certification and command of preventive safety techniques in an oil & gas environment.

Exploration and operations-related training is also provided in the form of on-the-job training. The training given by production engineers and managers covered 26 topics in 2014.

#### 4.1.5.2. Number of hours of training

The table below shows the number of hours of external training provided to Group employees in fiscal years 2012, 2013 and 2014, along with the associated cost.

	2012		2013		2014	
	Number of hours of training	Cost	Number of hours of training	Cost	Number of hours of training	Cost
Group employees	7,098	€252,219	38,653	€705,631	15,837	€652,972

The reduction in the number of hours devoted to external training in 2014 relative to 2013 reflects the reduction in training

in Colombia in 2014 and the effort put into developing internal training in Gabon mentioned in paragraph 4.1.5.1.

## 4.1.6.

**Equal opportunities**

The Group ensures that all employees receive equal opportunities by basing its recruitment around explicit and non-discriminatory criteria, by raising the awareness of operating entity managers and recruitment staff on these issues, and by complying with applicable laws. Due to its international presence, the Group is fully aware that promoting diversity is also synonymous with the fight against all forms of discrimination, whether it involves access to different social environments, gender equality or integration.

**(A) Measures taken to promote gender equality**

The Group does not discriminate between men and women when hiring to fill vacancies. As at 31 December 2014, women represented 13% of the Group's workforce and 10% of its recruitment that year, versus 15% and 10%, respectively, in 2013. In 2014, 10% of the women employed in the Group held positions as engineers – oil engineers, drilling engineers and HSE department heads – compared with 15% of the Group's workforce as a whole.

**(B) Measures taken to encourage the employment and integration of people with disabilities**

The Group has not taken affirmative action to integrate the diverse range of disabilities into its working environment and strategic business planning.

An ILO report entitled "Current and future skills, human resources development and safety training for contractors in the oil and gas industry" released in 2012, indicates that at the end of 2012 only one oil company had joined the Global Business and Disability Network created by the International Labour Office. This illustrates the sector-wide problems in doing more in this field.

In 2014, only one employee in the Group's entire workforce was disabled.

**(C) Anti-discrimination policy**

The Group strives to offer equal opportunities for all employees at every stage of their professional career. In this respect, the Group's decision-making criteria are not based on race, nationality, religion, ethnic origin, gender, marital status, morals, political opinions, union activities or – unless declared incapacitated by Occupational Health – state of health. The only criteria that the Group recognises as valid are a person's professional qualities and qualifications.

The Group is committed to full compliance with the principles of non-discrimination, as set out in applicable French (declaration of human and citizens' rights, laws and decrees in force), European and local texts.

## 4.1.7.

**Promotion of and compliance with the International Labour Organization's Fundamental Conventions**

*Freedom of association and the right to collective bargaining/elimination of discrimination in respect of employment and occupation/elimination of forced and compulsory labour/effective abolition of child labour*

The Company's general policy complies with the general principles of international law (OECD, ILO and EU law) as well as national laws that exclude, in particular, all forms of discrimination, harassment, forced labour and child labour.

## 4.2. Environmental information

In terms of environmental protection, the Group's objective is to preserve the areas that may be impacted by its activities and to raise awareness among local communities of environmental issues. Each subsidiary implements an environmental management programme aimed at identifying, preventing and mitigating environmental risks.

### 4.2.1.

#### General environmental policy

The Group's environmental policy is based on control of its energy consumption, control of its greenhouse gas emissions and optimal management of its release of waste products.

#### (A) Group arrangements to address environmental issues and, where necessary, environmental assessment and certification initiatives

The management of environmental issues is embedded in the HSE departments of the Group's subsidiaries. It is the subject of regular reporting to the highest echelons of the company. In Gabon, there is an environment department that is separate from all other functions.

The Group's integrated HSE management system was defined in 2008, based on the HSE management model used by the International Association of Oil and Gas Producers ("OGP").

The management programmes concerning respect for the environment are built around waste management, environmental impact assessment, transport and storage of hazardous products, and the development and restoration of sites and platforms.

The review of HSE procedures began in early 2012 with an audit and continued throughout 2013, culminating in the adoption of Group guidelines and procedures as well as the updating of subsidiaries' procedures.

Site management and restoration requires access to financial reserves. These are referenced in paragraph 4.2.1 (D) of this Annual Report.

The operational implementation of the environmental management system in the Group's various subsidiaries varies according to the size of the subsidiary concerned and its level of activity. Maurel & Prom's Gabonese subsidiary is a pilot facility for the Group. It has entered the consolidation phase of its management system.

Although the Group recognises the value of certification, all of the Group's facilities in each of the various countries are subject to regular inspections and audits by non-governmental organisations, local governments and local populations, and it has therefore not sought, until now, to set up a certification process for its facilities.

#### (B) Employee training and information action on environmental protection

In the same way as health and safety, the environment is central to the Group's employee training and awareness programme.

In the environmental study for a project, a management plan is drawn up as stated in paragraph 4.2.1. (C) of this Annual Report. That management plan is then distributed to the on-site operators for implementation.

It is supported by information and awareness sessions for the operators involved in implementing the project, both Group employees and subcontractors.

In 2014 in Gabon, internal training was given on the HSE induction and on waste management at the Coucal site.

In 2014, the Gabonese subsidiary's Environment Department took part in the following workshops:

- ▶ workshop to launch the third communication on climate change The purpose of this workshop was to present the content of the final report of Gabon's second communication on climate change and to introduce an action plan to improve the reliability of climate data; and
- ▶ sub-regional workshop on the international compensation system for damage caused by hydrocarbon pollution, organized by the Global Initiative for West, Central and Southern Africa ("GI WACAF") under Gabon's Department of Environment.

*Environmental information***(C) Resources dedicated to the prevention of environmental and pollution risks**

Every project is initially based on a preliminary risk study that leads to the definition of an environmental action plan approved by the competent authorities. Adequate financial, human and technical resources are then made available to apply it. The implementation of these management plans is subject to regular internal and external audits by the competent authorities.

Impact studies are carried out in accordance with local regulations, before the project and then throughout the project. In order to identify, assess and prevent risks, the Group relies on internal expertise and on independent experts recommended by the local authorities.

If the site is located in a national or marine park, every project is discussed with the park administrators.

Once these risk studies have been completed, the Group deploys the following action plans:

- ▶ upstream, to combat soil degradation, the deterioration of water tables or sludge seeping into farmland and rivers, the Group asks civil engineering contractors and services to consolidate landscaping work along roads and at site platforms. Weaker areas are stabilised by putting in plant cover (replanting by hydroseeding); and
- ▶ downstream, sites are preserved by restoring deforested areas and by the sorting and controlled destruction of waste.

In Gabon, 16 of the subsidiary's full-time employees worked in the environmental field in 2014, attached to the HSE and Environment Departments. Twelve of them worked on-site as environmental staff in charge of the waste collection centre at the Onal site, site HSE supervisors, or environmental safety assistants.

**(D) Amount of provisions and guarantees for environmental risks**

As at 31 December 2014, provisions and guarantees for environmental risks across the Group were nil. However, the Group had established a provision for abandoning and restoring sites. As at 31 December 2014, it amounted to €11.7 million, versus €10.13 million for fiscal year 2013.

As at 31 December 2014, the Group had not established any other provisions for non-financial risk.

**4.2.2.****Pollution and waste management****(A) Measures to prevent, reduce or remedy releases into the air, water and soil that seriously affect the environment***Water*

In Gabon, in order to control water quality, Maurel & Prom has built a water treatment plant to process waste water from drilling and has installed piezometric wells on certain fields (four at the Onal field). These measures allow it to sample, monitor and analyse waste water from drilling, river water surrounding the platforms, and groundwater. These monitoring actions are supplemented by measures intended to limit the effects of accidental hydrocarbon pollution through the availability of floating booms and dispersants to be used only when absolutely necessary.

*Air*

Hydrocarbon exploitation produces atmospheric emissions that can contribute to the formation of particle clouds and acid rain. These atmospheric emissions may be governed by local standards that define the type of substance to be controlled, based on local standards and operating permits.

*Soil*

The risks of soil contamination related to the Group's activities arise essentially from drilling mud, accidental spills and waste storage (see paragraph 4.2.2.B of this Annual Report).

In 2014, there were nine accidental hydrocarbon spills into the natural environment with a total volume of 43 m<sup>3</sup>. The spills led to the following corrective actions: deployment of environmental teams and clean-up teams, awareness training for staff in charge of operations, pollution containment, dredging of a burn pit, dredging of an oil pit, involvement of external companies specialising in decontamination, as required, and treatment of the resulting waste.

## 4

## Corporate, social and environmental responsibility of the Company

## Environmental information

	2012	2013	2014 *
Number of hydrocarbon spills reaching the environment & (>1 barrel)	1	7	9
Total volume of hydrocarbons spills reaching the environment, in cubic metres	5	63	42.9

\* including Carolil.

### (B) Measures to prevent, recycle and eliminate waste

In accordance with Article 9 of the Charter, the Group strives to control its waste production. The Group's subsidiaries engaged in hydrocarbon exploration and production have set up waste sorting, treatment and recycling systems.

### (C) Management of noise and other forms of pollution specific to an activity

Oil and gas activities can cause a nuisance for people living or working near the exploration or production sites. This is mainly due to noise and smells, but could also be vibrations and road, sea or waterway traffic.

To prevent noise nuisance, the Group encloses equipment such as electricity generators.

In Gabon, noise pollution is not deemed to be significant outside the sites.

In addition, it should be noted that the Group's facilities in Tanzania, which are located in a protected marine park, must strive not to create light pollution during the turtle egg-laying and whale breeding seasons.

### 4.2.3.

## Sustainable use of resources

### (A) Water consumption and supply in accordance with local restrictions

No Group sites are involved in water-use disputes.

The water produced by the Group, which is water mixed with reservoir oil or brine, is separated, treated and reinjected into the geological formation.

Freshwater extractions are for domestic needs (human consumption for life's essentials) and industrial needs (making concrete for construction, civil engineering and maintenance, making mud during drilling, and cooling systems for facilities).

In Colombia, the use of freshwater for domestic and industrial needs is tightly controlled and is subject to authorisation.

In Gabon, the majority of the underground and surface freshwater extracted for sanitation or industrial (drilling) purposes is then reinjected or treated and released into the natural environment.

In Tanzania, freshwater consumption is limited to bottled drinking water (the camp water is desalinated). Water for industrial use, for drilling, is extracted from wells close to the facilities. This water is not metered. It is used in a closed water circuit to limit the volumes extracted.

*Environmental information***(B) Consumption of raw materials and measures taken to improve the efficiency of their use**

The main raw materials consumed by the Group's activities are water and power. The measures taken by the Group for the recovery and re-use of associated gas are set out below:

**(C) Energy consumption, measures taken to improve energy efficiency, and use of renewable energy**

The Group uses various energy sources for its oil and gas exploration and production operations. The facilities consume bought or produced natural gas, diesel for certain generators, fuel (kerosene, diesel and petrol) for transportation, and a marginal amount of electricity.

To improve the energy efficiency of the Gabonese operations, all platforms will eventually be electrified in order to be able to use gas associated with oil extraction, rather than diesel. The diesel burner of the boiler at the Onal field has also been replaced with a gas burner for the same reasons of reducing consumption.

The Group's estimated energy consumption to operate fixed and mobile combustion sources at the Gabonese subsidiary and Caroil in 2014 was 31,425 tep, versus 29,844 tep in 2013 for the Gabonese subsidiary.

**(D) Land use**

The land footprint of seismic surveys and exploration activities is very limited over time. When operations cease and the land is surrendered, the Group works to return it to its original state by involving local populations in the restoration process (choice of varieties to be replanted, for example). The effects of its production activities are felt over a longer period. The Group strives to minimise its footprint by reconstituting slopes, seeding embankments and the differences in levels created by the activity and that may cause water run-off and landslides.

The Group's activities are located on land that is not subject to any land use disputes. In Gabon, the areas used are situated in logging concessions exploited by other companies. At the end of 2014, the estimated total footprint occupied by platforms and access roads was 720 hectares. In Colombia and Peru, operating restrictions are in force depending on the type of zone (exclusion zone,

operating zone with tight restrictions, operating zone with moderate restrictions, and operating zone with no restrictions). After selling its stake in the Sabanero field in September 2013, the Colombian subsidiary's footprint as at 31 December 2013 was limited to the four Muisca platforms, representing 15 hectares of the total 86,650 permit hectares. It was only 6.5 hectares at the end of 2014.

**4.2.4.****Climate change****(A) Greenhouse gas (GHG) emissions**

In oil exploration and production activities, greenhouse gas emissions are mainly linked to natural gas associated with oil production, which may be flared, vented or possibly leaked.

It is standard practice to "flare" (burn off) excess gas to ensure the safety of the facility. The quantity of gas flared can also depend on whether or not processes for reinjecting gas and infrastructures for processing gas have been put in place, whether the gas is used internally at the facility, whether the hydrocarbons extracted are sold commercially or even the type of hydrocarbon extracted. Flared gas is clearly a non-value-adding resource and a source of pollution. In recent years, the sector has made progress in reducing the volumes of gas flared and the associated greenhouse gas emissions.

In the Group, gas flaring is limited. In Tanzania, the subsidiary does not flare gas. In Gabon, the Onal wells have a low gas/oil ratio (GOR). The GOR represents the amount of gas dissolved in the oil; the lower the ratio, the less gas is present and the lower the volume of gas flared, relatively speaking.

Other direct sources of greenhouse gas emissions are mainly generator groups that run on petrol and gas, generators, compressors at facilities and camps, and transportation methods used by the Group (small boats, vehicles, trucks and planes) and potential fugitive leaks.

In Gabon, over the scope of operations, the volume of gas flared in 2014 was 38.7 MNm<sup>3</sup> versus 35.5 MNm<sup>3</sup> in 2013. In 2014, GHG figures reflected emissions from fixed and mobile sources over the whole of the subsidiary's scope, amounting to an estimated 18,486 tCO<sub>2</sub>e/M barrels versus 19,567 tCO<sub>2</sub>e/M barrels in 2013.

In line with Gabon's national policy to reduce greenhouse gas emissions and associated gas flaring, the Group has decided to install compressors in Gabon to recover the

*Environmental information*

associated gas and use it to supply heating plants used to heat exported oil. This gas will replace the natural gas currently bought from third parties. This project, launched in the 2012 budget, has been delayed. It will be operational in 2016.

**(B) Adapting to the consequences of climate change**

There is great uncertainty over a large number of specific climate change impacts. In this context, for the oil and gas sector, adapting to climate change means, firstly, improving the reliability and flexibility of infrastructure and, second, boosting the “adaptability” of the sector, the host countries and their populations.

The adaptation strategy must include the impact of climate change in the sector’s risk management system, throughout the entire value chain. It requires answers and technical solutions to be provided to curb such risks, and the sharing of knowledge with countries and communities to help them plan their climate change adaptations such as, for example, preparing for emergency situations.

The Group’s facilities are located in climate zones with severe seasonal extremes. The Group intends to capitalise on its experience to internally assess the risks posed by climate change and to define an adaptation policy. In Gabon, the Group supports the national policy for adapting to climate change, has taken part in workshops on this issue and implements measures to lower GHG emissions, in line with the national reduction policy.

**4.2.5.****Protection of biodiversity****(A) Measures taken to preserve or develop biodiversity**

On all permits, the potential impact of operations on biodiversity is assessed by conducting environmental impact studies. Species are surveyed, detailed forest inventories are produced and environmental management plans are drawn up.

Preservation of the ecosystem requires training and raising the awareness of staff, subcontractors and local populations, by emphasising the prohibition on clearing plant material, hunting and poaching.

In the Congo, the La Noubi research permit zone lies within the bounds of a protected area rich in wildlife. Maurel & Prom’s Congo subsidiary has implemented a strategy to prevent environmental degradation, aimed in particular at preventing the impact of intensified hunting due to an uncontrolled influx of people in wildlife areas. Non-governmental regional programmes for the study, monitoring and conservation of wildlife are also proposed to offset the potential impacts. Maurel & Prom Congo continues to contribute to paying for eco-guards tasked with surveillance of the Conkouati National Park protected area. Maurel & Prom Congo pays for ten eco-guards at a monthly cost of XOF 2,000,000 (approximately €3,050).

In Gabon, a memorandum of understanding on environmental protection in the Gamba protected areas corridor (Kari permit) was signed in 2014. As part of this project, which is scheduled to start in 2015, awareness campaigns for workers and surveillance staff are planned to be run in conjunction with the Compagnie des Bois du Gabon (“CBG”), the WWF and the Ministry for Water and Forests. The memorandum of understanding is the culmination of a series of meetings and discussions with CBG, resulting in an agreement to pool resources to combat poaching and safeguard the environment. The project will be funded on a quarterly basis in conjunction with other operators in the area and will have an oversight body.



### 4.3. Information on corporate commitments to promote sustainable development

In the regions in which it operates, the Group contributes to developing employment at local level and plays a part in regional development. In terms of sustainable development, the Group is committed, both contractually, alongside national governments, to local development programmes, and on its own initiative, by being involved in projects identified by its subsidiaries.

#### 4.3.1.

#### Regional, economic and social impact of the Company's operations

##### (A) Regional, economic and social impact of Maurel & Prom on employment and regional development

Impact studies have concluded that Maurel & Prom's operations have a positive impact on local development.

The Group takes a proactive approach to local employment. Between 2010 and 2014, the Group created 1,291 temporary and 99 permanent jobs in Gabon.

##### (B) Regional, economic and social impact of Maurel & Prom on neighbouring or local populations

The policies with regard to local communities are developed with at Group subsidiary level and adapted to the countries in which they operate. In Colombia, Peru, Gabon and Tanzania, staff include a dedicated team to manage relations with the communities living near the sites.

In Gabon, the Group's subsidiary contributes to the Local Communities Development Fund created in 2010. This fund, which receives an annual donation of US\$1.3 million from Maurel & Prom Gabon for its four permits, is administered by a four-party commission that consists of the Directorate-General for Hydrocarbons, Maurel & Prom Gabon, the local administrative authority and community representatives. In practice, the fund identifies programmes at local level, ensures their implementation and monitors them.

The projects identified by the four-party commission in 2012 and 2013 relate to (i) education and health (construction of housing or dispensary, renovation of schools, provision of equipment for schools, provision of an operating theatre, studies for village electrification and water-supply projects, capacity expansion for the Gamba medical centre, provision of equipment for dispensaries); (ii) infrastructure and equipment (water drilling and supply, provision of a bulldozer and boats, renovation of a road, strengthening of infrastructures); (iii) micro-development projects; and (iv) agriculture.

Of the projects identified by the four-party commission in 2012 and 2013, the following were completed in 2014: the renovation of two schools in the villages of Allonah and Nombedouma and the renovation of housing for teachers and nurses in the town of Ndindi.

Since 1 January 2013, Maurel & Prom Gabon has also contributed to the Provision for Diversified Investment (PID) and the Provision for Hydrocarbon Investment (PIH) as part of the Ezanga exploration and production sharing contract, in order to contribute to the challenges of sustainable development. The PID and PIH provide financial support for nationwide development projects. The selected projects are managed and supervised by a commission statutorily comprised of a representative of the Gabonese Presidential Office, two representatives of the oil authorities, a representative of the Ministry of the Economy and one person representing the operator. The winning project is to renovate and develop the road system in the city of Lambarene (in the Province of Moyen-Ogooue) for a contribution of €7.3 million for the fiscal year 2013. In 2014, the contribution ratio doubled, with the provision for the year totalling US\$14.3 million (approximately €11.7 million).

In addition to its contractual obligations, Maurel & Prom Gabon provides aid and assistance to populations, non-governmental organisations, and administrative and local authorities. In 2014, Maurel & Prom Gabon earmarked US\$400,000 for this voluntary aid, versus US\$393,000 in 2013 and US\$266,000 in 2012.

# 4

## Corporate, social and environmental responsibility of the Company

*Information on corporate commitments to promote sustainable development*

In Colombia, support for local community development projects in 2014 mainly focused on (i) education and culture (to promote local culture), (ii) infrastructure (to design, build and maintain a drinking water supply system and a wastewater treatment system), and (iii) a system for hiring staff from local communities. In 2014, Maurel & Prom Colombia BV committed US\$714,386 to these projects.

In Tanzania, the Bylaws of the Group's subsidiary require it to develop a social project for every industrial project in the country. In 2012, its contribution was the construction of a classroom in the village of Mnete. In 2013, the subsidiary committed US\$25,000 to building classrooms and offices for elementary schools in Msimbati and Mtandi, and as a donation to the medical staff of the Rafiki Foundation. In 2014, the project to build a school in Newala was postponed so is not included in the figures for the year.

In the Congo, Maurel & Prom Congo's voluntary contribution in 2014 totalled XOF 39,000,000 (US\$72,150) consisting of (i) a subsidy of XOF 5,000,000 (US\$9,250) for children's cancer projects for the Calissa Ikama Foundation, (ii) a subsidy of XOF 5,000,000 (US\$9,250) for a papillomavirus vaccination programme for the Congo Assistance Foundation, (iii) XOF 5,000,000 (US\$9,250) to help rebuild the perimeter wall of the Jean Félix Tchikaya Primary School, and (iv) XOF 24,000,000 (US\$44,400) to help pay for ten eco-guards at the Conkouati Reserve.

### 4.3.2.

#### Relations with persons or organisations with an interest in Maurel & Prom's activities, notably occupational integration associations, teaching establishments, environmental protection associations, consumer groups and local residents' associations

##### (A) Conditions for dialogue with these persons or organisations

The Group has special relationships with environmental NGOs that work in the national parks, or in their surroundings, in which the Group carries out some of its operations (WWF and ANPN).

##### (B) Partnership and sponsorship initiatives

The Group offers sponsorship, particularly with regard to environmental protection issues. Maurel & Prom Gabon contributes material and logistical assistance, as well as awareness programmes for neighbouring populations and agents, to anti-poaching initiatives, in collaboration with the WWF, the Compagnie des Bois du Gabon and the National Parks Agency (ANPN). The Group's Gabonese subsidiary sits on national park local management advisory committees. These committees are advisory bodies intended to promote dialogue between villages, civil society, non-governmental organisations, the private sector and the administrative authorities. In Congo, in accordance with an agreement signed in 2007 with the Warden of the Conkouati-Douli National Park, Maurel & Prom Congo helps finance the eco-guards tasked with park surveillance.

# 4

## Corporate, social and environmental responsibility of the Company

*Information on corporate commitments to promote sustainable development*

### 4.3.3.

#### Subcontractors and suppliers

##### (A) Social and environmental issues taken into account in the Group's procurement policy

Sourcing is guided by accessibility criteria. The equipment purchased by the Group is prefabricated and assembled in European countries. Recently, there has been a trend to relocate the production of this equipment to countries that may be considered sensitive from an environmental or social point of view. The Group remains particularly attentive, insofar as the control measures allow, to the quality produced by the supplier and to production conditions.

##### (B) Importance of subcontracting and of considering social and environmental responsibility in relations with suppliers and subcontractors

In connection with its operations, the Group regularly seeks technical assistance for its exploration and production activities, civil engineering and construction works, as well as its programmes to promote environmental protection and sustainable development.

In 2012, the Group's subsidiaries reflected the Group's social and environmental policies in their own internal procedures. In 2013, the Group adopted an HSE management procedure and a comprehensive subcontractor selection procedure that applies to all subsidiaries.

### 4.3.4.

#### Fair practices

##### (A) Anti-corruption measures

To prevent corruption, the Group's purchasing policy is based on a tendering process. Calls for tender are open to shortlisted companies. The bids are opened in the presence of the supervisory authority. In Gabon, the threshold at which tenders become compulsory is now US\$500,000, in accordance with the new terms of the Ezanga permit.

The Caroil subsidiary introduced an ethics charter in February 2014, which applies to its employees and its consultants. It is primarily concerned with conflicts of interest.

##### (B) Measures taken to promote consumer health and safety

As it is not a downstream participant in the hydrocarbon sector, the Group is not able to provide or adopt measures to promote the health and safety of consumers.

### 4.3.5.

#### Other actions undertaken to promote human rights

As part of its responsible approach, the Group also strives to ensure respect for human rights when evaluating new investment projects. Failure to adhere to human rights principles can have an adverse effect on the feasibility of a project, its financing, progress and completion as well as the Group's image.

*Report of the Independent Third-Party Body on the social, environmental and societal information contained within the 2014 Annual Report*

## 4.4. Report of the Independent Third-Party Body on the social, environmental and societal information contained within the 2014 Annual Report

Etablissements Maurel & Prom, fiscal year ended 31 December 2014

### Report of the independent third-party auditors on social, environmental and societal data

Following the request made to us as auditors (COFRAC-accredited under Certificate 03-990 Rev. 61), we hereby present the results of our audit carried out in accordance with Articles L.225-102-1 and R.225-105 et seq. of the French Commercial Code.

The purpose of our audit was to verify the presence of all required social, environmental and societal information ("CSR Information") and to issue an opinion on the fairness of the CSR Information selected by the Maurel & Prom Group and presented in its 2014 Annual Report.

This CSR Information was collected and consolidated under the responsibility of the Chief Executive Officer and coordinated by the Etablissements Maurel & Prom administration department, in accordance with the Maurel & Prom Group's procedures.

We are required to issue an opinion on this CSR Information pursuant to Articles A.225-2 et seq. of the French Commercial Code governing the procedures to be followed by independent third parties, and based on our own audit. The conclusions below relate only to the information required by Article R.225-105-1 of the French Commercial Code (Chapter 4 of the 2014 Annual Report: Corporate, social and environmental responsibility) and not to the 2014 Annual Report as a whole.

### Nature and extent of the audit

Socotec's audit primarily consisted of:

- an assessment of the Company for the purposes of understanding the Maurel & Prom Group's activities and structure (including an analysis of the 2014 Annual Report and interviews with management);
- a risk assessment to establish an audit plan specific to the activities undertaken and the CSR Information reported;
- the implementation of the audit plan;
- the drafting of a preliminary report subject to the Company's approval; and
- the drafting of a final report (declaration of presence and opinion on the CSR Information).

Based on a documentary audit (10 March to 2 April 2015) and an on-site audit on 16 and 17 March 2015 by two of our CSR experts, our review consisted of interviews with several members of the management at the Maurel & Prom Group's head office and with the individuals at the head office and in Gabon responsible for preparing the CSR Information.

We carried out the following audit to obtain assurance that the selected CSR Information is free from material misstatement:

- ▶ we assessed the Maurel & Prom Group's procedures in terms of their relevance, reliability, ease of comprehension and completeness (use of a questionnaire sent to subsidiaries, additional requests made to the CSR Steering Committee, consolidation tools and internal control);

1 : List of offices and coverage available at [www.cofrac.fr](http://www.cofrac.fr).

# 4

## Corporate, social and environmental responsibility of the Company

*Report of the Independent Third-Party Body on the social, environmental and societal information contained within the 2014 Annual Report*

- ▶ at the Maurel & Prom Group, we conducted interviews with the persons responsible for environmental and social reporting to check compliance with internal procedures; and
- ▶ with regard to the sites and entities selected, we performed a thorough examination of the understanding and proper application of procedures for important information<sup>2</sup> (questionnaire responses), and conducted in-depth tests based on sampling techniques, consisting of checking the calculations made and reconciling the CSR Information with the supporting evidence in terms of quantitative information.

In 2014, the quantitative data selected covered the entire consolidated workforce with respect to social/societal aspects, and operations in Gabon (99.7% of oil production value) with respect to the environment.

Checks have been performed on all quantitative 2014 CSR Information for all the consolidated subsidiaries of the Maurel & Prom Group (including Caroil, which was acquired in December 2013) with regard to its consistency with the previous year's data and with the Maurel & Prom Group's current position, and correct compilation.

In our opinion, our methodology for identifying important information and auditing data based on the selected sampling provides a reasonable basis for the conclusions and comments expressed below.

### Conclusion

#### *Declaration of presence*

We confirm the presence in the Maurel & Prom 2014 Annual Report of all the information set out in Articles R.225-105 et seq. of the French Commercial Code, except:

- information on measures taken to promote consumer health and safety,

for which the explanation given by the Maurel & Prom Group as to its lack of relevance in terms of the Group's activities and customers was deemed satisfactory.

#### *Opinion on CSR Information*

Based on our audit, we did not identify any material misstatements that could call into question:

- ▶ the compilation and consolidation of the CSR Information drawn up in accordance with the procedures of the Maurel & Prom Group and the information gathered; and
- ▶ the fairness of the CSR Information reported.

In due respect of the conclusion expressed above, we make the following observations:

- energy consumption data cover the Gabon subsidiary and all of Caroil's drilling activities. The energy consumption of the other subsidiaries was not taken into account;
- data on greenhouse gas emissions cover the activities of the Maurel & Prom Gabon subsidiary and correspond to permanent combustion sources and to operated mobile sources. Associated-gas production volumes used to calculate greenhouse gas emissions are estimates only and may not be accurate. The energy consumption of the other subsidiaries was not taken into account.

For Socotec, the Auditors

**Patrick ARMANDO and Jean-Michel PRIOLEAU,**

7 April 2015

<sup>2</sup> : Important information taken into account in 2014: Workforce and age distribution; salaries; organisation of working hours; organisation of social dialogue; health and safety conditions and workplace accidents; training; ways and means of preventing environmental risks and discharges; financial guarantees; greenhouse gas emissions; economic and social impact of activities; stakeholder relations; subcontractor and supplier relations; corruption.

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## 5

# Maurel & Prom and its shareholders

## 5.1. Current shareholding structure

### 5.1.1.

#### Composition

To the Company's knowledge, since 31 December 2014 and up to the date of publication of this Annual Report, its shareholding structure has not changed significantly.

At 31 December 2014, the capital and voting rights of the Company were distributed as follows:

At 31/12/2014	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights	% of theoretical voting rights
				on 127,859,733	on 133,488,409
<b>INSTITUTIONAL SHAREHOLDERS</b>	<b>48,423,604</b>	<b>39.84%</b>	<b>48,423,604</b>	<b>37.87%</b>	<b>36.27%</b>
Pacifico S.A.*	58,500	0.048%	58,500	0.046%	0.044%
Macif	8,324,204	6.85%	8,324,204	6.51%	6.24%
Other	40,040,900	32.94%	40,040,900	31.32%	30.00%
<b>REGISTERED SHAREHOLDERS</b>	<b>30,459,419</b>	<b>25.05%</b>	<b>41,852,430</b>	<b>32.73%</b>	<b>31.35%</b>
o/w Pacifico s.A.*	28,691,116	23.60%	38,296,406**	29.95%	28.69%
<b>MAUREL &amp; PROM (treasury shares)</b>	<b>5,628,676</b>	<b>4.63%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EMPLOYEES</b>	<b>1,239,357</b>	<b>1.02%</b>	<b>1,772,661</b>	<b>1.39%</b>	<b>1.33%</b>
<b>PUBLIC AND OTHER</b>	<b>35,811,038</b>	<b>29.46%</b>	<b>35,811,038</b>	<b>28.00%</b>	<b>26.83%</b>
<b>TOTAL</b>	<b>121,562,094</b>	<b>100.00%</b>	<b>127,859,733</b>	<b>100.00%</b>	<b>95.78 %</b>

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares (non-voting shares). In accordance with the regulation applicable to the crossing of thresholds, the ownership thresholds relating to voting rights are calculated on the basis of theoretical voting rights (and not exercisable voting rights).

\* At 31 December 2014, Pacifico S.A. held a total of 28,749,616 shares, representing 23.65% of the share capital and 30% of the exercisable voting rights (and 28.73% of the theoretical voting rights). Between 31 December 2013 and 31 December 2014, a total of 10,585,826 shares out of 10,644,326 bearer shares held by Pacifico S.A. as at 31 December 2013 were registered.

\*\* The variance between the number of shares held by Pacifico S.A. and the number of exercisable voting rights is due to the fact that Pacifico S.A. holds double voting rights.

## 5

## Maurel &amp; Prom and its shareholders

*Current shareholding structure*

The composition of the Company's capital at the close of fiscal years 2012 and 2013 is shown in the following tables.

At 31 December 2013, the capital and voting rights of the Company were distributed as follows:

At 31/12/2013	Number of shares	% of capital	Number of exercisable voting rights	% of	
				exercisable voting rights	theoretical voting rights
				on 127,859,960	on 133,449,000
<b>INSTITUTIONAL SHAREHOLDERS</b>	<b>59,628,430</b>	<b>49.07%</b>	<b>59,628,430</b>	<b>46.64%</b>	<b>44.69%</b>
Pacifico S.A.*	10,644,326	8.76%	10,644,326	8.33%	7.98%
Macif	8,324,204	6.85%	8,324,204	6.51%	6.24%
Other	40,659,900	33.46%	40,659,900	31.80%	30.47%
<b>REGISTERED SHAREHOLDERS</b>	<b>20,264,741</b>	<b>16.67%</b>	<b>31,707,094</b>	<b>24.80%</b>	<b>23.76%</b>
o/w Pacifico s.A.*	18,105,290	14.90%	27,710,580**	21.67%	20.76%
MAUREL & PROM (treasury shares)	5,589,040	4.60%	-	-	-
EMPLOYEES	1,291,370	1.06%	1,767,848	1.38%	1.32%
PUBLIC AND OTHER	34,756,588	28.60%	34,756,588	27.18%	26.04%
<b>TOTAL</b>	<b>121,530,169</b>	<b>100.00%</b>	<b>127,859,960</b>	<b>100.00%</b>	<b>95.81%</b>

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares (non-voting shares). In accordance with the rules applicable to the crossing of thresholds, the ownership thresholds relating to voting rights are calculated on the basis of theoretical voting rights (and not exercisable voting rights).

\* At 31 December 2013, Pacifico S.A. held a total of 28,749,616 shares, representing 23.66% of the share capital and 30% of the exercisable voting rights (and 28.74% of the theoretical voting rights).

\*\* The variance between the number of shares held by Pacifico S.A. and the number of exercisable voting rights is due to the fact that Pacifico S.A. holds double voting rights.



## 5

## Maurel &amp; Prom and its shareholders

## Current shareholding structure

At 31 December 2012, the share capital and voting rights were distributed as follows:

At 31/12/2012	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights on 126,086,070	% of theoretical voting rights on 132,040,291
<b>INSTITUTIONAL SHAREHOLDERS</b>	<b>60,533,530</b>	<b>49.82%</b>	<b>60,533,530</b>	<b>48.01%</b>	<b>45.84%</b>
Pacifico s.A.*	10,644,326	8.76%	10,644,326	8.44%	8.06%
Macif	8,324,204	6.85%	8,324,204	6.60%	6.30%
Other	41,565,000	34.21%	41,565,000	32.97%	31.48%
<b>REGISTERED SHAREHOLDERS</b>	<b>20,280,024</b>	<b>16.69%</b>	<b>30,352,778</b>	<b>24.07%</b>	<b>22.99%</b>
o/w Pacifico s.A.*	18,105,290	14.90%	27,355,290**	21.71%	20.72%
MAUREL & PROM (treasury shares)	5,954,221	4.90%	-	-	-
EMPLOYEES	982,559	0.81%	1,437,662	1.14%	1.09%
PUBLIC AND OTHER	33,762,100	27.78%	33,762,100	26.78%	25.57%
<b>TOTAL</b>	<b>121,512,434</b>	<b>100.00%</b>	<b>126,086,070</b>	<b>100.00%</b>	<b>95.49%</b>

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares (non-voting shares). In accordance with the rules applicable to the crossing of thresholds, the ownership thresholds relating to voting rights are calculated on the basis of theoretical voting rights (and not exercisable voting rights).

\* At 31 December 2012, Pacifico S.A. held a total of 28,749,616 shares, representing 23.66% of the share capital and 30.15% of the exercisable voting rights (and 28.78% of the theoretical voting rights).

\*\* The variance between the number of shares held by Pacifico S.A. and the number of exercisable voting rights is due to the fact that Pacifico S.A. holds double voting rights.

# 5

## Maurel & Prom and its shareholders

### Current shareholding structure

#### 5.1.2.

### Shareholders with more than 5% of capital

To the Company's knowledge, as at the date of this Annual Report only Macif and Pacifico S.A. each held, directly or indirectly, more than 5% of the share capital and/or voting rights of the Company.

Pacifico S.A. is a company controlled by Jean-François Hénin, Chairman of the Maurel & Prom Board of Directors, and his family (with more than 99% of the share capital and voting rights).

The percentage of shares held by the Company fluctuates depending on the share repurchase plan and changes in the liquidity agreement (described in section 6.2.2 of this Annual Report). At the fiscal year-end at 31 December 2014, the Company held 4.63% of its share capital.

#### 5.1.3.

### Voting rights of the main shareholders exceeding their share of capital

In accordance with Article 11, paragraph 7 of the Company's Articles of Association, "Rights and obligations attached to shares", *"a double voting right is granted to fully paid-up shares for which registration in the name of the same shareholder in the Company's registers can be proven for at least four uninterrupted years from the date on which they were fully paid up"*.

## 5.2. Dividends

The Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 14 June 2012 approved the payment of a dividend of €0.40 per share for the fiscal year ended 31 December 2011. The dividend was paid out on 26 June 2012 in the total amount of €46,205,552.

The Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 13 June 2013 approved the payment of a dividend of €0.40 per share for the fiscal year ended 31 December 2012. The dividend was paid out on 26 June 2013 in the total amount of €46,270,690.

No dividend was paid for fiscal year 2013.

No resolution will be submitted to the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 18 June 2015 regarding the payment of a dividend for the fiscal year ending 31 December 2014.

## 5.3. Control of the issuer exercised by one or more shareholders

### 5.3.1.

#### Control of the issuer exercised by one or more shareholders

As of December 31, 2014, Pacifico S.A. owned 23.65% of the Company's share capital and 30% of its exercisable voting rights.

Note that there is no control of the Company by one shareholder due to the presence of another major shareholder, Macif, which held 6.85% of the Company's share capital and 6.51% of its exercisable voting rights at 31 December 2014; the organisation and operating procedures of the Board of Directors and its specialised committees; the number of independent directors (forming three-quarters of the Board – which ensures there are no conflicts of interest and regularly conducts assessments – as well as the entire Audit and Risk Committee and two-thirds of the Appointments and Compensation Committee since 25 March 2015, it being specified that no executive corporate officer is a member of any of these Committees); the dissociation of the functions of chairman and chief executive officer; and compliance with the bylaws, the code of conduct related to the prevention of insider trading and the AFEP-MEDEF Corporate Governance code.

### 5.3.2.

#### Agreements known to the issuer, the implementation of which could result in a change in its control

To the Company's knowledge, no agreements between its shareholders or clauses in any agreement exist providing preferential terms for the sale or purchase of Maurel & Prom shares affecting 0.5% or more of the share capital or voting rights of the company, the implementation of which could result in a change in control of the Company.

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## 6.1. Information about the Company

**Company name:** “Etablissements Maurel & Prom”.

The Company's APE code (French business code) is 7010Z (Registered office activities).

**Trade and Companies Register:** the Company is entered in the Paris Trade and Companies Register (Registre du Commerce et des Sociétés de Paris) under number 457 202 331.

**Company's date of incorporation (entry in the Trade and Companies Register):** 10 December 1919. The Company is incorporated under French law.

**Company duration:** 99 years, unless dissolved early or extended. Initially intended until 31 December 2018, the Company's duration was extended, by decision of the shareholders at the Extraordinary General Shareholders' Meeting of 13 October 2014, to 99 years from the date of the meeting, i.e., until 13 October 2113.

Since 14 June 2007, Maurel & Prom is a public limited company (société anonyme) with a Board of Directors, governed by the French Commercial Code (in particular by the provisions of Articles L. 225-17 et seq. of the Code), as well as by all other French laws and regulations applicable to it.

From 21 November 1989 to 28 December 2004, Maurel & Prom was a partnership limited by shares. The Combined Ordinary and Extraordinary General Shareholders' Meeting of 28 December 2004 decided to merge Maurel & Prom with its general partner, Aréopage, by absorbing the latter and subsequently converted Maurel & Prom into a public limited company. The Combined Ordinary and Extraordinary General Shareholders' Meeting of 14 June 2007 decided to change the Company's management model and replace the management board and supervisory board with a Board of Directors and executive management structure.

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## 6.2. Share capital

### 6.2.1.

### Share capital and authorisations to increase capital

#### 6.2.1.1. Subscribed capital

At 1 January 2014, the Maurel & Prom's share capital was €93,578,230.13 (ninety-three million five hundred and seventy-eight thousand two hundred and thirty euros and thirteen euro cents), divided into 121,530,169 (one hundred and twenty-one million five hundred and thirty thousand one hundred and sixty-nine) fully paid-up shares with a nominal value of €0.77 (seventy-seven euro cents) each.

To take into account the shares issued in 2014 upon the exercise of a number of share subscription warrants:

- ▶ a first capital increase dated 1 April 2014 raised the Company's share capital to €93,579,827.11 (ninety-three million five hundred and seventy-nine thousand eight hundred and twenty-seven euros and eleven euro cents);

- ▶ a second capital increase dated 1 October 2014 raised the Company's share capital to €93,602,812.38 (ninety-three million six hundred and two thousand eight hundred and twelve euros and thirty-eight euro cents).

Thus, at 31 December 2014, the Company's share capital was €93,602,812.38 (ninety-three million six hundred and two thousand eight hundred and twelve euros and thirty-eight euro cents), divided into 121,562,094 (one hundred and twenty-one million five hundred and sixty-two thousand and ninety-four) fully paid-up shares with a nominal value of €0.77 (seventy-seven euro cents) each.

Each share confers a right to the Company's profits and capital in proportion to the fraction of the capital that it represents. Maurel & Prom's share capital may be increased, reduced or amortised under the terms and conditions governed by law, the Articles of Association making no specific provision for this (see paragraph 6.3.7 of this Annual Report).

## Share capital

## 6.2.1.2. Authorised capital

Authorisations and delegations granted by the Company's General Shareholders' Meetings still in force or that were in force in fiscal year 2014 are described in the table below:

Authorisations and delegations granted to the Board of Directors by the Combined Ordinary and Extraordinary General Shareholders' Meeting of 12 June 2014 with respect to issues of shares and securities conferring access to capital were as follows:

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 12/06/2014	Comments
Sixteen	Authorisation to be granted to the Board of Directors to purchase, retain or transfer Company shares.	<p>10% of the share capital at any time (this percentage applying to share capital adjusted by transactions subsequent to this General Shareholders' Meeting) or 5% in the case of acquisitions with a view to retaining them or their subsequent delivery in payment or exchange as part of an external growth transaction.</p> <p>Impossibility for the Company of exceeding the threshold of 10% of its share capital.</p> <p>Maximum purchase price of €18 per share.</p> <p>Maximum amount of the share repurchase plan set at €218,754,305.</p>	18 months until 12 December 2016	<p>Resolution used (see paragraph 6.2.2 of this Annual Report).</p> <p>You are asked to approve the renewal of this resolution (Resolution 12th submitted to the Combined General Shareholders' Meeting of 18 June 2015).</p>
Seventeen	Delegation of authority to the Board of Directors to issue Company shares and transferable securities conferring access to the capital of the Company or of one of its subsidiaries, with shareholders' preferential subscription rights maintained <sup>(1)</sup> .	<p>Total nominal value of capital increases: €50 million.</p> <p>Total nominal value of any debt securities that may be issued: €1 billion.</p>	26 months, until 12 August 2016.	You are asked to approve the renewal of this resolution (Resolution 13th submitted to the Combined General Shareholders' Meeting of 18 June 2015).

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## Corporate information

## Share capital

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 12/06/2014	Comments
Eighteen	Delegation of authority to the Board of Directors to issue Company shares and transferable securities conferring access to the capital of the Company or of one of its subsidiaries, with removal of shareholders' preferential subscription rights as part of a public offering <sup>(1)(2)</sup> .	Total nominal value of capital increases: €25 million.  Total nominal value of any debt securities that may be issued: €50 million.	26 months, until 12 August 2016.	You are asked to approve the renewal of this resolution (Resolution 14th submitted to the Combined General Shareholders' Meeting of 18 June 2015).
Nineteen	Delegation of authority to the Board of Directors to issue Company shares or transferable securities conferring access to the capital of the Company or of one of its subsidiaries, with removal of shareholders' preferential subscription rights by private investment governed by Article L. 411-2 section II of the French Monetary and Financial Code <sup>(1)(2)</sup> .	Total nominal value of capital increases: €25 million.  Total nominal value of any debt securities that may be issued: €450 million.  Limit: 20% per year of the Company's share capital as calculated on the date of the Board of Directors' decision to use the delegation.	26 months, until 12 August 2016.	You are asked to approve the renewal of this resolution (Resolution 15th submitted to the Combined General Shareholders' Meeting of 18 June 2015).
Twenty	Delegation of authority to the Board of Directors, in the event of an issue, with removal of shareholders' preferential subscription rights, of shares and transferable securities conferring access to capital, to set the issue price in accordance with the conditions set by the Shareholders' Meeting <sup>(1)(2)</sup> .	Total nominal value of capital increases: 10% of the Company's share capital (as it exists at the date of decision of the Board of Directors) per 12-month period.	26 months, until 12 August 2016.	You are asked to approve the renewal of this resolution (Resolution 16th submitted to the Combined General Shareholders' Meeting of 18 June 2015).

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## Corporate information

## Share capital

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 12/06/2014	Comments
Twenty-one	Authorisation to the Board of Directors to increase the number of instruments to be issued, in the event of capital increase with or without removal of shareholders' preferential subscription rights <sup>(1)(2)</sup> .	<p>The increase must be made within 30 days of the end of the initial subscription period and may not exceed 15% of the initial issue.</p> <p>In the event of a capital increase in which preferential subscription rights are maintained, this authorisation may be used solely to service reducible requests made by shareholders and/or sellers of preferential subscription rights.</p>	26 months, until 12 August 2016.	You are asked to approve the renewal of this resolution (Resolution 17th submitted to the Combined General Shareholders' Meeting of 18 June 2015).
Twenty-two	Delegation of authority to the Board of Directors to issue shares and transferable securities conferring access to capital in the event of a public exchange offer initiated by the Company <sup>(1)(2)</sup> .	<p>Total nominal value of capital increases: €25 million.</p> <p>Total nominal value of any debt securities that may be issued: €450 million.</p>	26 months, until 12 August 2016.	You are asked to approve the renewal of this resolution (Resolution 18th submitted to the Combined General Shareholders' Meeting of 18 June 2015).
Twenty-three	Authorisation for the Board of Directors to issue shares and transferable securities conferring access to capital, with a view to compensating in-kind contributions granted to the Company in the form of shares or transferable securities conferring access to capital <sup>(1)(2)</sup> .	<p>Total nominal value of capital increases: dual limit of €25 million and 10% of the Company's share capital (on the date of the Board of Directors' decision).</p> <p>Total nominal value of any debt securities that may be issued: €450 million.</p>	26 months, until 12 August 2016.	You are asked to approve the renewal of this resolution (Resolution 19th submitted to the Combined General Shareholders' Meeting of 18 June 2015).



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## Corporate information

## Share capital

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 12/06/2014	Comments
Twenty-four	<i>Delegation of authority to the Board of Directors to increase the Company's capital by incorporating reserves, profits, premiums or other sums which may be capitalised.</i>	<i>Maximum nominal value equal to the total sums that may be incorporated into the capital pursuant to the regulations in force.</i>	<i>26 months, until 12 August 2016.</i>	<i>You are asked to approve the renewal of this resolution (Resolution 20th submitted to the Combined General Shareholders' Meeting of 18 June 2015).</i>
Twenty-five	<i>Delegation to the Board of Directors for the purpose of issuing transferable securities that confer the entitlement to debt securities.</i>	<i>Total nominal value of transferable securities that may be issued: €300 million.</i>	<i>26 months, until 12 August 2016.</i>	<i>Since Order No. 2014-863 of 31 July 2014, the decision to issue these securities falls under the sole competence of the Board of Directors. You are therefore not asked to renew this resolution.</i>
Twenty-seven	<i>Authorisation for the Board of Directors to allocate Company preference shares free of charge to employees and/or corporate officers of the Company and its subsidiaries, removing shareholders' preferential subscription rights.</i>	<i>Total number of preference shares: 0.2% of the Company's share capital (on the date of the Board of Directors' decision to allocate them).</i> <i>Total number of ordinary shares created by conversion: 2% of the Company's share capital (on the conversion date).</i>	<i>38 months, until 12 August 2017.</i>	<i>You are asked to approve the renewal of this resolution (Resolution 22nd submitted to the Combined General Shareholders' Meeting of 18 June 2015).</i>

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## Corporate information

## Share capital

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 12/06/2014	Comments
Twenty-eight	<i>Delegation of authority to the Board of Directors to execute capital increases reserved for employees who are members of the Company savings plan, with the removal of shareholders' preferential subscription rights.</i>	<i>Total nominal value of capital increases: €1 million.</i>	<i>26 months, until 12 August 2016.</i>	<i>You are asked to approve the renewal of this resolution (Resolution 24th submitted to the Combined General Shareholders' Meeting of 18 June 2015).</i>
Twenty-nine	<i>Delegation of authority to the Board of Directors to reduce share capital by cancelling shares.</i>	<i>Limit: 10% of the Company's share capital per 24-month period.</i>	<i>18 months, until 12 December 2015.</i>	<i>Resolution used on 21 December 2014 (cancellation of 72,451 shares). You are asked to approve the renewal of this resolution (Resolution 25th submitted to the Combined General Shareholders' Meeting of 18 June 2015).</i>

(1) Counts towards €50 million total ceiling on capital increases and the €1 billion total ceiling on debt securities.

(2) Counts towards the €25 million ceiling on capital increases and the €450 million ceiling on debt securities.

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## Corporate information

*Share capital*

Authorisation given to the Board of Directors by the Combined Ordinary and Extraordinary General Shareholders' Meeting of 14 June 2012 with respect to issues of shares and securities conferring access to capital:

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 14/06/2012	Comments
Nineteen	<i>Authorisation to the Board of Directors to freely allocate Company shares to employees and/or corporate officers of the Company and its Subsidiaries.</i>	<i>1% of the Company's share capital (on the date of the Board of Directors' decision to allocate them).</i>	<i>38 months, until 14 August 2015.</i>	<i>Resolution used on 28 March 2014: 56,840 bonus shares were allocated to 18 Company employees.  You are asked to approve the renewal of this resolution (Resolution 23rd submitted to the Combined General Shareholders' Meeting of 18 June 2015).</i>

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## Corporate information

## Share capital

Authorisations and delegations granted by the Combined Ordinary and Extraordinary General Shareholders' Meeting of 14 June 2012 to the Board of Directors with respect to issues of shares and securities conferring access to capital and used before being renewed by the Combined Ordinary and Extraordinary General Shareholders' Meeting of 12 June 2014:

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 14/06/2012	Comments
Twelve	<i>Delegation of authority to the Board of Directors to issue Company shares or transferable securities conferring access to the capital of the Company or of one of its subsidiaries, with removal of shareholders' preferential subscription rights by private investment governed by Article L. 411-2 section II of the French Monetary and Financial Code.</i>	<i>Total nominal value of capital increases: €25 million. Total nominal value of any debt securities that may be issued: €450 million. Limit: 20% per year of the Company's share capital as calculated on the date of the Board of Directors' decision to use the delegation.</i>	<i>26 months, until 14 August 2014.</i>	<i>Resolution used on 6 June 2014 (14,658,169 redeemable bonds issued in cash and/or new shares and/or existing shares representing a nominal value of €253 million after exercise of the option described below). Resolution replaced on 12 June 2014 by Resolution 19 of the General Shareholders' Meeting of 12 June 2014.</i>
Fourteen	<i>Authorisation for the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without removal of shareholders' pre-emptive subscription rights.</i>	<i>The increase must be made within 30 days of the end of the initial subscription period and may not exceed 15% of the initial issue. In the event of a capital increase in which preferential subscription rights are maintained, this authorisation may be used solely to service reducible requests made by shareholders and/or sellers of preferential subscription rights.</i>	<i>26 months, until 14 August 2014.</i>	<i>Resolution used on 9 June 2014 (initial nominal value of the bonds issued redeemable in cash and/or new shares and/or existing shares of €220 million increased to €253 million after exercise of the over-allocation option). Resolution replaced on 12 June 2014 by Resolution 21 of the General Shareholders' Meeting of 12 June 2014.</i>

*Share capital***6.2.2.****Treasury shares held by the issuer or on its behalf, or by its subsidiaries – Treasury share repurchase plan****6.2.2.1. Authorisation granted by the Combined General Shareholders' Meeting of 12 June 2014**

The authorisation given to the Board of Directors by the Combined Ordinary and Extraordinary General Shareholders' Meeting of 13 June 2013 to repurchase the Company's shares (Resolution Thirteen) was renewed by the Combined Ordinary and Extraordinary General Shareholders' Meeting of 12 June 2014 by adopting Resolution Sixteen.

The share repurchase plan adopted on 12 June 2014, detailed in paragraph 6.2.2.2 below of this Annual Report, can be summarised as follows:

- ▶ the Board of Directors is authorised to purchase, hold or transfer shares of the Company, within the limit of the number of shares representing 10% of the existing share capital at any time (this percentage applying to share capital adjusted by transactions subsequent to this General Shareholders' Meeting);
- ▶ when the shares are redeemed to boost liquidity (under the conditions detailed below), the number of shares used for the calculation of this 10% limit corresponds to the number of shares purchased, less the number of shares resold over the term of this authorisation;
- ▶ the maximum purchase price must not exceed €18 per share. This price may be adjusted in the event of transactions relating to the share capital such as, in particular, the incorporation of reserves followed by the creation and allocation of bonus shares and/or the splitting or grouping of shares;
- ▶ the maximum value of funds designated for the repurchase plan is €218,754,305 (calculated on the basis of the share capital at 31 December 2013); and
- ▶ authorisation is given for a period of 18 months, beginning on 12 June 2014 and expiring on 12 December 2015.

**6.2.2.2. Description of the share repurchase plan pursuant to Articles 241-1 et seq. of the French Financial Markets Authority (AMF) General Regulations***Legal framework*

This plan is implemented in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, Regulation (EC) No 2273/2003 of 22 December 2003 and the AMF General Regulations.

It was ratified by the Combined Ordinary and Extraordinary General Shareholders' Meeting of 12 June 2014 under Resolution Sixteen. The resolution reads:

The General Shareholders' Meeting, acting with the quorum and majority required for Ordinary Shareholders' General Meetings, having reviewed the report of the Board of Directors,

1) authorises the Board of Directors, in compliance with the conditions and obligations set out in Articles L. 225-209 et seq. of the French Commercial Code, Regulation (EC) No. 2273/2003 of 22 December 2003 and the General Regulations of the French Financial Markets Authority (AMF) as well as all other laws and regulations that may apply, to purchase or arrange for the purchase of shares of the Company at any time, up to a maximum of the number of shares representing 10% of the share capital, with this percentage being adjusted to reflect transactions subsequent to this General Shareholders' Meeting, (provided that when the shares are redeemed to maintain liquidity in the market as part of the liquidity agreement under the conditions mentioned below, the number of shares taken into account for calculating this 10% limit equals the number of shares purchased, less the number of shares re-sold over the term of this authorisation) or 5% if it involves shares acquired for holding and their subsequent delivery in payment or exchange as part of external growth operations, under the following conditions:

- ▶ *the maximum purchase price may not exceed €18 per share, although this price may be adjusted in the event of capital operations such as, in particular, the incorporation of reserves followed by the creation and free allocation of bonus shares and/or the splitting or grouping of shares;*
- ▶ *the maximum amount of funds that the Company may use for this repurchase plan is €218,754,305;*

*Share capital*

- ▶ the purchases made by the Company under this authorisation may under no circumstances cause the Company to hold, directly or indirectly at any time, more than 10% of the shares making up the share capital at the date under consideration, and
- ▶ the shares may be purchased, sold or transferred, including during a public offering of Company shares, under the conditions set out in the applicable legislative and regulatory provisions, by any means; specifically on regulated markets, multilateral or over-the-counter trading systems, including when purchased or sold in blocks, or through derivative financial instruments or transferable securities conferring access to the Company's capital, in accordance with the law and regulations in force on the date of the transactions in question and subject to the time periods estimated by the Board of Directors.

2°) decides that these shares may be purchased within the allocation terms specified by law or regulations, the aims of this repurchase plan being:

- ▶ to honour obligations under stock-option plans, bonus share (or preference share) allocations or other share allocations or sales to employees and/or corporate officers of the Company and its subsidiaries, specifically as part of Company profit-sharing or any share purchase plan or bonus share plan (or, if applicable, any plan involving preference shares);
- ▶ to honour obligations relating to transferable securities conferring access to Company shares, by any means, immediately or as futures (including any hedging transactions by virtue of the Company's obligations relating to such transferable securities);
- ▶ to ensure the liquidity of Company shares through an investment services provider under a liquidity agreement in accordance with the ethics charter of the French Association of Financial Markets (AMAFI) recognised by the French Financial Markets Authority (AMF);
- ▶ to hold shares for subsequent use as exchange or payment in a possible external growth operation; and
- ▶ to cancel all or part of the shares thus repurchased as part of a capital reduction decided or authorised by the General Shareholders' Meeting pursuant to Resolution Twenty-Nine or by any subsequent General Shareholders' Meeting.

This plan would also be intended to allow the Company to operate for any other purpose authorised or that comes to be authorised by the laws and regulations in force. In such a case, the Company would make a statement to inform its shareholders.

The General Shareholders' Meeting confers all powers to the Board of Directors to decide and implement this authorisation, to specify the terms and procedures for this implementation, to place any stock market orders, enter into any agreements, prepare any documents, particularly information documents, carry out any formalities, including allocating or reallocating the shares acquired for any purpose, and file any declarations with any entity and, generally, to do everything necessary in order to implement this authorisation.

The Board of Directors may, within the previously set limits, sub-delegate the powers granted to it under this Resolution, in accordance with applicable laws and regulations.

This authorisation terminates with immediate effect and replaces the authorisation granted by Resolution Thirteen of the Ordinary and Extraordinary General Shareholders' Meeting of 13 June 2013 and is valid for a period of 18 months from the date of this General Shareholders' Meeting.

#### **Number of securities and proportion of capital held directly or indirectly by the issuer**

At 31 December 2014, the Company held 5,628,676 of its own shares, or 4.63% of share capital.

#### **Breakdown by objective of securities held by the Company:**

- ▶ 168,871 shares, or 3% of the treasury shares held (representing 0.14% of the Company's share capital) were held under a liquidity contract; and
- ▶ 5,363,385 shares or 95.3% of treasury shares (representing 4.41% of the Company's share capital) were held as part of the Company's share retention objective with a view to their subsequent use in payment or exchange as part of potential external growth operations.
- ▶ of these shares, 96,420 or 1.71% of treasury shares (representing 0.08% of the capital) are allocated for cancellation.

During fiscal year ended 31 December 2014, 72,451 shares have been cancelled as part of plans for the allocation of bonus shares to Company employees.

*Share capital**Objectives of the new repurchase plan submitted to the General Shareholders' Meeting of 18 June 2015*

The Combined Ordinary and Extraordinary General Shareholders' Meeting of 18 June 2015 will be asked, in Resolution 12, to renew the authorisation granted by the Combined Ordinary and Extraordinary Shareholders' Meeting of 12 June 2014.

The purpose of the new programme will be:

- ▶ to honour obligations under share option plans or other share allocations to employees and/or corporate officers, specifically as part of (a) company profit-sharing, (b) any share purchase plan or bonus share allocation or preference share allocation for employees under the conditions laid down by law, in particular Article L. 3331-1 et seq. of the French Labour Code (including any sale of shares referred to in Article L. 3332-24 of the French Labour Code), or (c) any share option plan or bonus share allocation or preference share allocation for employees and corporate officers or for some of them;
- ▶ to honour obligations relating to transferable securities conferring access to Company shares, by any means, immediately or as futures (including any hedging transactions by virtue of the Company's obligations relating to such transferable securities);
- ▶ to ensure the liquidity of Company shares through an investment services provider under a liquidity agreement in accordance with the ethics charter recognised by the AMF;
- ▶ to hold shares for subsequent use as exchange or payment in a potential external growth operation;
- ▶ to reduce the Company's capital; and
- ▶ any other purpose authorised or that comes to be authorised by the laws and regulations in force.

*Maximum share of capital, maximum number and characteristics of securities, maximum purchase price*  
Securities concerned

The repurchase plan concerns Company shares (ISIN code FR0000051070), traded on Euronext Paris (compartment A).

*Maximum share of capital*

No more than 10% of the total number of shares making up the Company's share capital may be purchased, it being stated that:

- ▶ the number of shares purchased by the Company to hold for use as payment or exchange in a merger, demerger or capital contribution may not exceed 5% of its share capital, in accordance with the provisions of Article L. 225-209, paragraph 6 of the French Commercial Code, i.e. 6,078,104 shares at the date of this publication; and
- ▶ this limit refers to the Company's share capital which may, if necessary, be adjusted to account for subsequent transactions affecting the share capital that take place after the General Shareholders' Meeting of 18 June 2015. Under no circumstances may the purchases made by the Company cause it to directly or indirectly hold more than 10% of its share capital.

*Purchase price*

The Company may not pay more than €18 per share for its treasury shares.

*Repurchase procedures*

Such shares may be purchased, sold or transferred by any means, i.e. on the market or over-the-counter operations, including by the purchase or sale of blocks, financial instruments, particularly derivatives traded on regulated or over-the-counter markets, such as buy or sell options or any combination thereof, excluding call options or warrants to do so, under the terms authorised by the competent market authorities and within the time periods estimated by the Company's Board of Directors. The maximum share capital purchased or transferred as blocks may be the total authorised amount for the plan.

Such transactions may be executed at any time in accordance with the applicable regulations, with the exception of during a public offering period.

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## Share capital

## Duration of the repurchase plan

The duration of this share repurchase plan is 18 months from the General Shareholders' Meeting of 18 June 2015, i.e. until 18 December 2016.

## Report on preceding plans

During the past fiscal year, the Company made use of its share repurchase plan (share repurchase agreement and liquidity contract):

## Situation at 31/12/2014

Percentage of capital held as treasury shares	4.63%
Number of shares cancelled in the past 24 months (228,744)	0.19%
Number of shares held in portfolio	5,628,676
Carrying value of the portfolio in €	70,547,169
Market value of the portfolio in € (Based on the weighted average share price in December 2014 of: €7.534)	42,406,444.98

From 1 January to 31 December 2014, the repurchased shares were subject to the following movements:

- ▶ 72,451 shares (of the 228,744 cancelled during the previous 24 months) cancelled;
- ▶ 60,266 shares issued as part of the conversion of 49,402 OCEANE 2014 bonds; and

- ▶ 6,246 shares issued as part of the conversion of 5,249 OCEANE 2015 bonds.

The execution report of the preceding plans undertaken between 1 January and 31 December 2014 under the liquidity contract is as follows:

	Total gross flows*		Positions open on the date that the plan was published			
	Purchases	Sales/transfers	Open buy positions		Open sell positions	
Number of securities	2,307,416	2,201,268	-	-	-	-
Average maximum term	-	-	-	-	-	-
Average transaction price	10.9261	9.6761	-	-	-	-
AMOUNTS	25,210,986	22,211,173	-	-	-	-

\* Total gross flows include cash purchases and sales as well as exercised or expired options and futures.



*Share capital***6.2.3.****Convertible or exchangeable securities and warrants***OCEANE 2014 bonds*

On 7 July 2009 the Company issued, with removal of preferential subscription rights, bonds with an option to convert to and/or exchange for new or existing shares, maturing on 31 July 2014, with a nominal value of €297,562,496.40.

This loan represented 19,074,519 bonds with a nominal value of €15.60 each (OCEANE 2014, ISIN code FR0010775098).

The Company redeemed, at a price of €16.90 each (at the end of a reverse book building process on 6 June 2014), 16,005,307 OCEANE 2014 bonds representing approximately 84% of the number of OCEANE 2014 bonds initially issued.

At the end of this off-market repurchase, in order to ensure the fair treatment of all holders of OCEANE 2014 bonds, the Company launched an on-market repurchase process in France. The repurchase period closed on 19 June 2014 and resulted in the redemption of an additional 898,207 OCEANE 2014 bonds, representing approximately 5% of the number of OCEANE 2014 bonds initially issued at a price of €16.90 each.

The total number of OCEANE 2014 bonds repurchased by Maurel & Prom in the off-market and off-market repurchase processes thus amounted to 16,903,514 OCEANE 2014 bonds, or 89% of the number of OCEANE 2014 bonds initially issued. Consequently the number of OCEANE 2014 bonds still outstanding was 2,154,719, or 11% of the number of OCEANE 2014 bonds initially issued. The remaining OCEANE 2014 bonds outstanding were redeemed at maturity on 31 July 2014.

*OCEANE 2015 bonds*

On 28 July 2010, the Company launched an issue, reserved for qualified investors, of bonds with an option to convert and/or exchange for new or existing shares, maturing on 31 July 2015 (OCEANE 2015), with a nominal value of approximately €65 million, increased to approximately €70 million after the full exercise of the over-allocation option.

This bond issue is represented by 5,511,812 bonds issued at a price of €12.70 per bond (OCEANE 2015, ISIN code FR0010921916).

Between their issue date and 31 December 2013, 101,300 OCEANE 2015 bonds were converted to 101,547 existing treasury shares.

Between 1 January 2014 and 31 December 2014, the Company received a request to convert 5,249 OCEANE 2015 bonds to obtain 6,246 existing treasury shares.

As at 31 December 2014, there were still 5,405,263 OCEANE 2015 bonds outstanding.

*Share subscription warrants*

By a decision of the Board of Directors dated 7 April 2010, the Company proceeded with the bonus allocation of share subscription warrants. Each shareholder was therefore allocated one share subscription warrant per share held (as registered at the close of business on 18 May 2010), totalling 121,252,271 share subscription warrants, with 10 share subscription warrants carrying the right to subscribe to one new Company share at a strike price of €14.20. The share subscription warrants, which were issued to shareholders on 19 May 2010, may be exercised at any time between 19 May 2010 and 30 June 2014 inclusive. If all share subscription warrants had been exercised, the Company would have increased its equity to approximately €172 million.

At the request of the representative of the warrant holders' group, the Company's Board of Directors at its meeting of 26 March 2014 decided to convene a General Meeting of warrant holders to approve an extension of the warrant exercise period. The reason for the extension was that warrant holders were finding market conditions unfavourable for exercising their warrants and, consequently, the Company lacked the opportunity to boost its equity to approximately €160 million. The General Meeting of warrant holders met after being convened for a second time on 2 June 2014, and approved an extension of the warrant exercise period to 31 December 2015. The Combined Ordinary and Extraordinary General Shareholders' Meeting held on 12 June 2014 ratified this extension by approving Resolution Thirty submitted to it.

Between their issue date and 31 December 2013, 2,720,240 warrants were exercised resulting in the creation of 277,898 new shares.

Between 1 January 2014 and 31 December 2014, 268,230 share subscription warrants had been exercised, resulting in the creation of 31,925 new shares.

As at 31 December 2014, there remained 112,343,221 unexercised share subscription warrants.

*Share capital***ORNANE 2019 bonds**

On 6 June 2014, the Company launched an issue, reserved for qualified investors, of bonds redeemable in cash and/or new shares and/or existing shares (ORNANE) maturing 1 July 2019, with an initial nominal value of approximately €220 million. This initial nominal value was increased to a maximum nominal value of approximately €253 million on 9 June 2014, by the exercise of the entire over-allocation option.

This bond issue is represented by 14,658,169 bonds issued on 11 June 2014 at a nominal price of €17.26 each (ORNANE 2019). The ORNANE 2019 bonds will be redeemed at their nominal value on 1 July 2019.

Between their issue date and 31 December 2014, there have been no conversions of ORNANE 2019 bonds. As at 31 December 2014, there were thus still 14,658,169 ORNANE 2019 bonds outstanding.

**ALLOCATION/CONVERSION RATIO**

Since 15 December 2011, the rights of holders of OCEANE 2014 and OCEANE 2015 bonds and those of share subscription warrant holders have been adjusted.

The allocation/conversion ratios are as follows:

**SHARE SUBSCRIPTION WARRANTS:** 1.19 shares for 10 share subscription warrants

**OCEANE 2014:** 1.22 shares for 1 OCEANE 2014 bond

**OCEANE 2015:** 1.19 shares for 1 OCEANE 2015 bond

**ORNANE 2019:** 1 share for 1 ORNANE 2019 bond

**6.2.4.****Share capital history**

The table below shows the change in the share capital of Maurel & Prom during fiscal years 2012, 2013 and 2014.

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## Corporate information

## Share capital

Dates and transactions		Change in capital		Total share capital after transaction	Total number of shares outstanding
		Nominal value of the transaction	Number of shares		
31/05/2012	Capital increase for exercise of share subscription warrants	€14,553	18,900	€93,564 574.18	121,512,434
20/12/2012	Capital increase (bonus share allocation plan)	€183,241.52	237,976	€93,747 815.70	121,750,410
20/12/2012	Cancellation of treasury shares	€(183,241.52)	(237,976)	€93,564 574.18	121,512,434
10/01/2013	Capital increase for exercise of share subscription warrants	€3,632.09	4,717	€93,568 206.27	121,517,151
15/04/2013	Capital increase for exercise of share subscription warrants	€5,151.30	6,690	€93,573,357.57	121,523,841
13/06/2013	Capital increase (bonus share allocation plan)	€22,907.50	29,750	€93,596,265.07	121,553,591
13/06/2013	Cancellation of treasury shares	€(22,907.50)	(29,750)	€93,573,357.57	121,523,841
28/08/2013	Capital increase (bonus share allocation plan)	€32,070.50	41,650	€93,605,428.07	121,565,491
28/08/2013	Cancellation of treasury shares	€(32,070.50)	(41,650)	€93,573,357.57	121,523,841
02/12/2013	Capital increase for exercise of share subscription warrants	€4,872.56	6,328	€93,578,230.13	121,530,169
19/12/2013	Capital increase (bonus share allocation plan)	€65,367.61	84,893	€93,643,597.74	121,615,062
19/12/2013	Cancellation of treasury shares	€(65,367.61)	(84,893)	€93,578,230.13	121,530,169
01/04/2014	Capital increase for exercise of share subscription warrants	€1,596.98	2,074	€93,579,827.11	121,532,243
01/10/2014	Capital increase for exercise of share subscription warrants	€22,985.27	29,851	€93,602,812.38	121,562,094
21/12/2014	Capital increase (bonus share allocation plan)	€55,787.27	72,451	€93,658,599.65	121,634,545
21/12/2014	Cancellation of treasury shares	€(55,787.27)	72,451	€93,602,812.38	121,562,094

## 6

## Corporate information

## Share capital

## 6.2.5.

## Potential capital dilution

The table below shows the maximum potential dilution of the Company's share capital resulting from the conversion or exercise of all securities conferring access

to the Company's share capital existing at 1 January 2015 (ORNANE 2019 bonds, OCEANE 2015 bonds, share subscription warrants) or the allocation of bonus shares:

Capital at 31 December 2014	€93,602,812,38	121,562,094 shares
-----------------------------	----------------	--------------------

ORNANE 2019 bonds	Issue date	Conversion expiration	Number of potential shares	Potential dilution
Balance at 31 December 2014: 14,658,169	06/06/2014	01/07/2019	14,658,169	12.06%
<b>TOTAL ORNANE BONDS</b>	-	-	14,658,169	12.06%

OCEANE 2015 bonds	Issue date	Conversion expiration	Number of potential shares	Potential dilution
Balance at 31 December 2014: 5,405,263	08/07/2010	31/07/2015	6,432,262	5.29%
<b>TOTAL OCEANE</b>	-	-	6,432,262	5.29%

Share subscription warrants	Allocation date	Conversion expiration	Number of potential shares	Potential dilution
Balance at 31 December 2014: 112,343,221	19/05/2010	31/12/2015	13,368,843	11%
<b>TOTAL SHARE SUBSCRIPTION WARRANTS</b>	-	-	13,368,843	11%
<b>TOTAL ORNANE + WARRANTS + OCEANE</b>	-	-	34,459,274	28.34%

Bonus shares	Allocation date	Acquisition date	Number of potential shares	Potential dilution
Bonus shares	30/08/2013	30/08/2015	34,000	0.03%
Bonus shares	28/03/2014	28/03/2016	56,840	0.05%
<b>TOTAL BONUS SHARES</b>	-	-	<b>90,840</b>	<b>0.08%</b>
<b>TOTAL</b> including bonus shares (note that bonus shares will have no dilutive impact because the number of treasury shares cancelled will be the same as the number of shares issued and bonus shares ranted)	-	-	<b>34,550,114</b>	<b>28,42 %</b>

### 6.3. Charter and Articles of Association

The following information:

- ▶ corporate purpose;
- ▶ provisions relating to administrative and management bodies;
- ▶ conditions for exercising voting rights – double voting rights;
- ▶ disposal and transfer of shares;
- ▶ procedure for modifying shareholders' rights;
- ▶ Shareholders' Meeting notices and conditions of admission;
- ▶ statutory thresholds; and
- ▶ rights and obligations attached to each share class;

is included in the Company's Articles of Association and available on the website: [www.maureletprom.fr](http://www.maureletprom.fr)

In addition to the amendments to the Company's Articles of Association relating to share capital (as presented in paragraph 6.2.4 of this Annual Report), in the last three fiscal years, the following amendments to the Articles of Association were approved by the Company's General Shareholders' Meeting:

(i) transfer of the Company's registered office by the Board of Directors' decision of 27 March 2013 as ratified by the

Combined Ordinary and Extraordinary General Shareholders' Meeting of 13 June 2013;

(ii) amendment to Article 17 of the Company's Articles of Association relating to the officers of the Board of Directors as ratified by the Combined Ordinary and Extraordinary General Shareholders' Meeting of 13 June 2013; and

(iii) amendment to Article 5 of the Company's Articles of Association relating to the extension of the Company's life to 13 October 2113 by decision of the Extraordinary General Shareholders' Meeting of 13 October 2014.

#### 6.3.1.

#### Corporate purpose

The Company's corporate purpose is described in Article 3 of its Articles of Association. The Company has the following purpose, both in France and abroad:

- ▶ the management of all shares and membership rights and, to this end, the acquisition of interests in any company, group or association, particularly by way of purchase, subscription and contribution, as well as the sale in any form of said shares or membership rights;
- ▶ the prospecting and exploitation of all mineral deposits, particularly liquid or gaseous hydrocarbon deposits and related products;

*Charter and Articles of Association*

- ▶ the leasing, acquisition, transfer and sale of all wells, land, deposits, concessions, operating permits and prospecting permits, either on its own account or on behalf of third parties, whether by participation or otherwise, and the transportation, storage, processing, transformation and trading of all natural or synthetic hydrocarbons, all liquid or gaseous products or by-products of the subsoil, and all minerals or metals;
- ▶ the acquisition of any buildings and their management or sale;
- ▶ trading in all products and commodities; and
- ▶ generally speaking, the Company's direct or indirect participation in all commercial, industrial, real estate, agricultural and financial transactions, in France or other countries, either by the formation of new companies or by the contribution, subscription or purchase of shares or membership rights, merger, joint venture or otherwise, and generally all transactions of any kind whatsoever directly or indirectly related to these activities and likely to facilitate development or management.

**6.3.2.****Provisions relating to administrative and management bodies**

At its meeting of 25 March 2015, the Company's Board of Directors updated the Bylaws which its members had unanimously approved on 31 March 2010.

These Bylaws reprise and set out certain articles in the Articles of Association including membership of the Board and the concept of independent director, the operating rules, missions, rights and obligations incumbent on directors laid down in a "charter", the appointment and role of observers and the membership and remits of the Audit and Risk Committee and the Appointments and Compensation Committee.

Since the Company has not adopted any specific rules limiting or preventing members of the Board of Directors from trading in the Company's shares, the relevant statutory provisions and regulations apply. It has also adopted a code of conduct to prevent insider trading (see paragraph 3.2.2.2.8 of this Annual Report).

**6.3.3.****Rights, privileges and restrictions attached to each class of existing shares**

At all General Shareholders' Meetings, every shareholder who is a member of such meetings has as many votes as the shares that he/she owns or represents, without any limitations other than those arising from statutory provisions.

Each share entitles the holder to one vote. A double voting right is conferred upon the holders of fully paid-up registered shares who are able to prove that they have been shareholders for at least four years without interruption. Furthermore, in the event of a capital increase through the capitalisation of reserves, profits or issue premiums, the double voting right is conferred – immediately upon the issue of any registered shares allocated free of charge – to a shareholder who had old shares benefiting from this same entitlement.

This double voting right will automatically lapse in respect of any shares that were able to be converted into bearer shares or transferred, but it may be reinstated if the new holder of the shares can prove that he/she has been their registered holder for at least four years.

Nevertheless, any transfer from registered share to registered share following an "ab intestate" succession or testamentary succession or division of jointly owned assets or joint property as between spouses shall not interrupt the above four-year period or shall retain the acquired right. The same applies in the case of inter-vivos gifts between living persons in favour of a spouse or of a relative entitled to inherit.

The double voting right was removed by decision of the Extraordinary General Shareholders' Meeting after ratification by the special meeting of beneficiary shareholders.

Details of double voting rights are given in the share ownership tables in paragraph 5.1 of this Annual Report.

**6.3.4.****Necessary procedures for modifying shareholders' rights**

Any amendment to the Company's Articles of Association must be decided or authorised by the General Shareholders' Meeting, acting with the quorum and majority required by the legislative or regulatory provisions in force for Extraordinary General Shareholders' Meetings.

**6.3.5.****Provisions to delay, defer or prevent a change of control****Statutory restrictions on the exercise of voting rights**

Article 10 of the Articles of Association, which also appears in paragraph 6.3.6 of this Annual Report, deprives any shareholder of the right to vote who has not declared to the Company that they have exceeded a threshold of 2% of the capital or voting rights or any multiple of this 2% threshold, with respect to the shares exceeding the percentage which should have been declared. This restriction may, as the case may be, have an impact in the event of a public offering.

**Agreements modified or terminated in the event of a change in control of the company**

The Group draws the attention of investors to the fact that the ORNANE 2019 and OCEANE 2015 bonds, described in paragraph 1.2.4 of this Annual Report, each contain a change in control clause, stipulating that any bearer may request the early repayment of his/her bonds in cash in the event of a change in control of the Company.

The new line of credit, agreed on 18 December 2014 in the form of a Revolving Credit Facility (RCF) and described in paragraph 1.2.4 of this Annual Report also contains a change in control clause which, if the majority of the lenders so decide, means that the credit arrangements granted to the Company may be cancelled and the immediate repayment of the line of credit may be demanded in the event of a change in control of the Company.

Above all, the Group draws the attention of investors to the regulatory and contractual environment inherent to the Group's activities in the hydrocarbon sector, described in paragraph 2.3.3 of this Annual Report, which, in certain jurisdictions, includes provisions that may apply in the event of a change of control of the Company (notably in Gabon, Tanzania, the Congo and Mozambique).

In the case of Gabon, pursuant to Decree 0673/04/MECIT dated 16 May 2011 relating to the application of the investment charter to foreign investments in the Republic of Gabon, the direct or indirect acquisition, by a foreign investor, of control of a company whose registered office is in Gabon and which carries on activities related to the research and exploitation of mines and hydrocarbons, is

subject to prior authorisation of the Gabonese Minister for the Economy who has two months from the date on which the authorisation request is received to rule on it. The authorisation may, in certain circumstances, be accompanied by conditions aimed at ensuring that the proposed investment does not harm national interests. If the authorisation is refused, the Minister must explain the reasons for doing so. If a foreign investment is found to have been made in violation of these provisions, activity will be immediately suspended until authorisation is obtained.

Such regulatory or contractual constraints are generally applicable to players in the industry. However, the following observations should be made:

- change in control clauses are not all of equal importance and should be assessed according to several criteria, such as penalties for failure to comply (suspension of activity, invalidity of the transfer of control, right of pre-emption or call for additional guarantees), local practice (notably the frequency of objections effectively made in practice by the relevant government body), the identity and financial resources of the new controlling shareholder (certain authorisations are more concerned with defending national interests) and, above all, the proportion represented by the Company's activities exercised in the respective jurisdiction out of all activities exercised by the Company;
- in some jurisdictions, contracts concluded with the government authorities contain a stabilisation clause preventing the application of a regulation, when it is less favourable for the investor, which postdates the regulation in force on the date that the contract was concluded; and
- lastly, even if the penalty for failure to comply with the change in control clause is the suspension of activity in the jurisdictions in question or the transfer of control being rendered invalid, the Group emphasises that these penalties are, to its knowledge, rarely applied in practice, and are more often than not subject to discussions with the competent authorities. With this in mind, the Group strives to maintain good relations with the authorities in the countries in which it operates.

**6.3.6.****Declarations of thresholds exceeded**

In addition to the thresholds provided by the applicable legal and regulatory provisions, any individual or legal entity, acting alone or in concert, that comes to hold, directly or indirectly, a number of shares representing a percentage of the capital or voting rights equal to or greater than 2%, or a multiple of 2%, as long as it does not hold, alone or in concert, a total number of shares representing more than two thirds of the Company's capital and voting rights, must inform the Company of the total number of shares conferring entitlement to the Company capital that it owns, by registered mail with acknowledgement of receipt sent to the registered office within a period of five trading days from the date on which the aforementioned ownership thresholds are exceeded.

At the request, recorded in the minutes of the General Shareholders' Meeting, of one or more shareholders holding at least 2% of the Company's capital or voting rights, any failure to comply with this obligation to provide information shall be penalised, with respect to the shares exceeding the percentage that should have been declared, by withdrawal of the right to vote at any General Shareholders' Meeting that may be held until the end of a two-year period after the date on which the notification was formally recorded.

The same duty of information applies, with the same timescale and under the same conditions, each time the fraction of capital or voting rights held by a shareholder falls below one of the thresholds mentioned above.

For the calculation of the thresholds mentioned above, account is taken of the shares and voting rights held, as well as – even if the person concerned does not personally hold shares or voting rights in another manner – comparable shares or voting rights in application of Article L. 233-9 of the French Commercial Code, in relation to the total number of shares comprising the Company's capital and the total number of voting rights attached to those shares. The total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares not eligible for voting rights.

In order to identify the owners of bearer shares, the Company is at all times entitled, in accordance with the conditions and the methods laid down by the legal and regulatory provisions, to request that the central depository keeping its share issue account disclose the identity of the owners of shares conferring immediate or future voting rights at General Shareholders' Meetings, as well as the number of shares held by each of them and, if applicable, any restrictions relating to the shares.

**6.3.7.****Provisions of the Articles of Association reinforcing the laws governing changes to share capital**

The Company's share capital may only be changed in accordance with the laws and regulations in force. The law takes precedence over any provision of the Articles of Association, Charter or Bylaws in matters concerning changes to the Company's share capital.

**6.3.8.****Disposal and transfer of shares**

Subject to the legal and regulatory provisions, the shares are freely transferable. The shares are registered in an account and are transferred by means of a transfer from one account to another.





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# 7

## Other information about the Group

### 7.1. Transactions with related parties

Beyond its traditional holding business, through technical and general assistance contracts, cash centralisation and current account advances, the Company has not rendered any specific services to its subsidiaries either the fiscal year ended 31 December 2014 or during the two previous fiscal years, except for providing employees to its subsidiaries (Maurel & Prom Congo in the Congo, Maurel & Prom Colombia in Colombia, Maurel & Prom Gabon in Gabon). This provision was re-invoiced at cost plus a margin.

The Statutory Auditors' special report on the Company's related-party transactions for the fiscal year ended 31 December 2014 is presented in paragraph 8.3 of this Annual Report. In particular it presents the rider to the Credit Agreement described in paragraph 1.2.4 of this

Annual Report and entered into by Maurel & Prom Gabon. This Credit Agreement is guaranteed by the Company and its subsidiary Maurel & Prom West Africa.

Note that on 18 December 2014, the Company set up a new line of credit in a maximum amount of US\$650 million in the form of a Revolving Credit Facility guaranteed by its subsidiaries, Maurel & Prom West Africa and Maurel & Prom Gabon, mainly to refinance the Credit Agreement described in paragraph 1.2.4 of this Annual Report. For a description of this new line of credit, please refer to paragraph 1.2.4 of this Annual Report.

### 7.2. Litigation and arbitration

The main dispute in which the Company or its subsidiaries are involved is described below.

Beside this dispute, no other governmental, legal or arbitration proceeding exists, including any proceeding of which the Company is aware, whether pending or threatened, that could have or that has had significant effects on the financial position or profitability of the Company and/or the Group over the course of the last twelve months.

#### 7.2.1.

#### Ecopetrol dispute

As part of the sale of its subsidiary Hocol to Ecopetrol during fiscal year 2009, the Company, under the terms of the underlying sale, benefits from a price supplement of up to US\$50 million based on the assessment of the reserves at the Niscota field in Colombia. This assessment was in principle to be done on 31 December 2012 and confirmed by an independent expert appointed jointly by the Company and Ecopetrol.

In its financial statements as at 31 December 2011, Ecopetrol recorded a debt in the amount of US\$27.3 million in respect of this price supplement. Maurel & Prom asked Ecopetrol for the basis on which it calculated this valuation and for any information contained in the Hocol sale contract that might help value the change in reserves at the Niscota field and their level at 31 December 2012.

As Ecopetrol did not submit this information on time, the Company was not able to assess the level of reserves at the Niscota field before the end of 2012, or to appoint an independent expert as specified in the Hocol sale contract. Consequently, in December 2012, the Company initiated arbitration proceedings against Ecopetrol with the International Chamber of Commerce in order to have an arbitral tribunal appoint an expert who would, among other duties, determine the amount of the abovementioned price supplement.

*Litigation and arbitration / Property, plant and equipment  
Research and development, patents and permits /  
Information from third parties, declarations of experts and declarations of interests /*

Under a decision dated 31 October 2014, the arbitral panel of the International Chamber of Commerce ordered the appointment of an oil expert and the implementation of the procedure as stipulated in the contract. Now that the Company has obtained through these arbitration

proceedings the technical data and other information required for it to assess the level of reserves at the Niscota field, the expert was appointed in the first quarter of 2015 and the expert's assessment is expected in the second quarter of 2015.

### 7.3. Property, plant and equipment

With the exception of one building located in Gabon, no company in the Group owns any buildings.

The Company's registered office is under a commercial lease entered into on 31 January 2013 for the offices at 51, rue d'Anjou, 75008 Paris. It ends on 31 January 2022 after a nine-year period.

The Group is co-owner, with its partners, of the equipment and facilities necessary for producing hydrocarbons at the fields it operates for the duration of their exploitation, as well as certain pipelines used to deliver crude oil to the point of extraction.

### 7.4. Research and development, patents and permits

The Group does not conduct research and development and does not own any patents or significant permits.

### 7.5. Information from third parties, declarations of experts and declarations of interests

Any information relating to the hydrocarbon reserves and resources of the Group provided in this Annual Report is founded on the certification or evaluation of

independent experts, whose names are given on page 11 of this Annual Report.

## 7.6. Publicly available documents

Generally speaking, the Articles of Association, the minutes of General Shareholders' Meetings, the Statutory Auditors' reports and other corporate documents related to Maurel & Prom may be consulted at the Company's registered office: 51, rue d'Anjou – 75008 Paris.

The nature of these documents and the conditions for delivering or making them available are established by the applicable laws and regulations.

Financial notices are published regularly in the economic and financial press for the Company's communications of sales data, results and other important events in the life of the Company or the Group.

Information on the Company is available on the website [www.maureletprom.fr](http://www.maureletprom.fr), which allows shareholders, employees and the general public to access a general presentation of the Group and its key financial information, such as results, press releases, annual reports, presentations to analysts, share prices, key figures, information on shareholders and corporate governance and all other significant events concerning the Company and the Group.

For information:

[Press, shareholder and investor relations](#)

Tel.: +33 (0)1 53 83 16 45

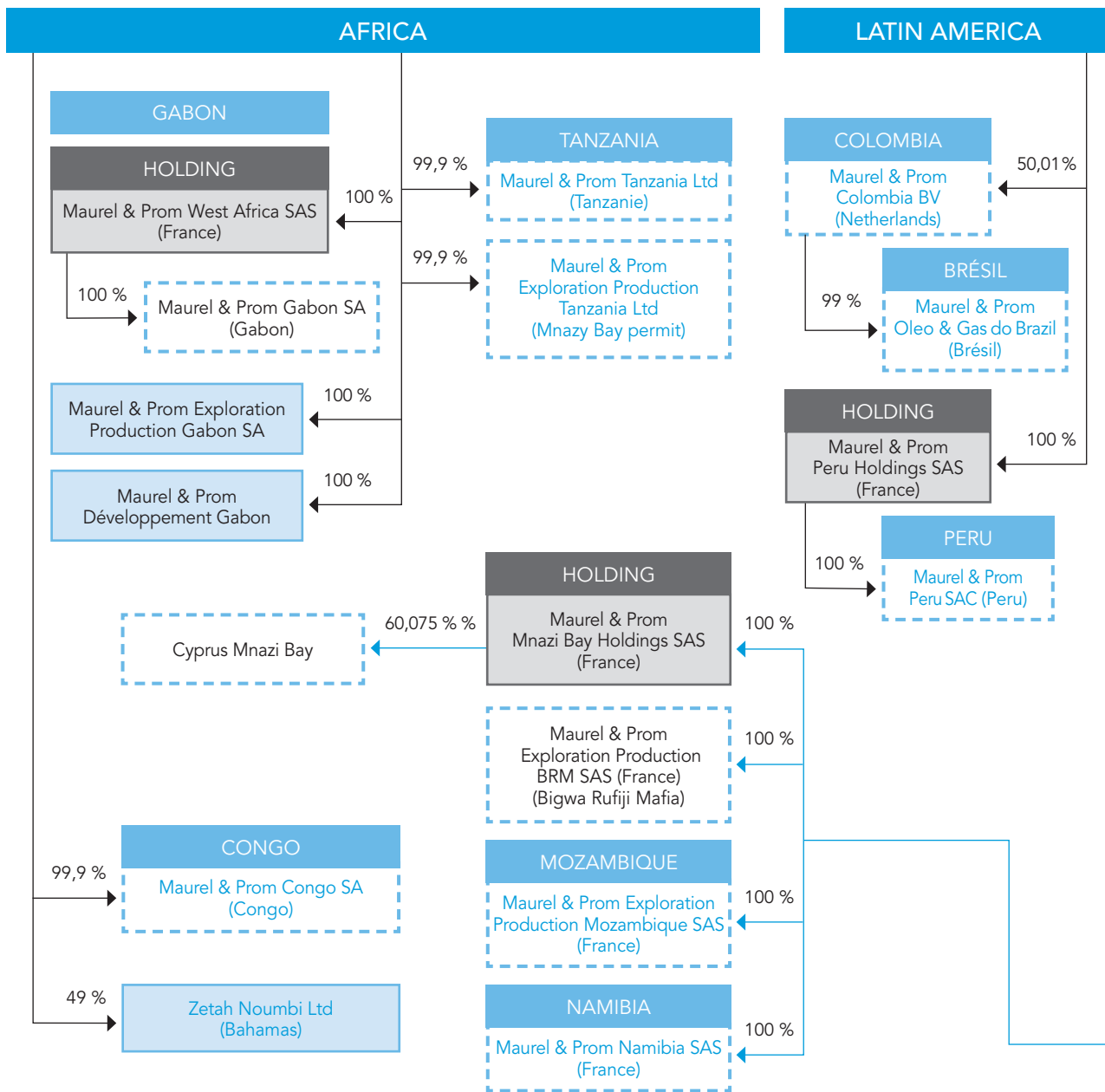
Email : [ir@maureletprom.fr](mailto:ir@maureletprom.fr)

## Organisation chart

## 7.7. Organisation chart

Group organisation chart as at 31 December 2014

ETABLISSEMENTS



■ Company with no immediate activity

■ Holding

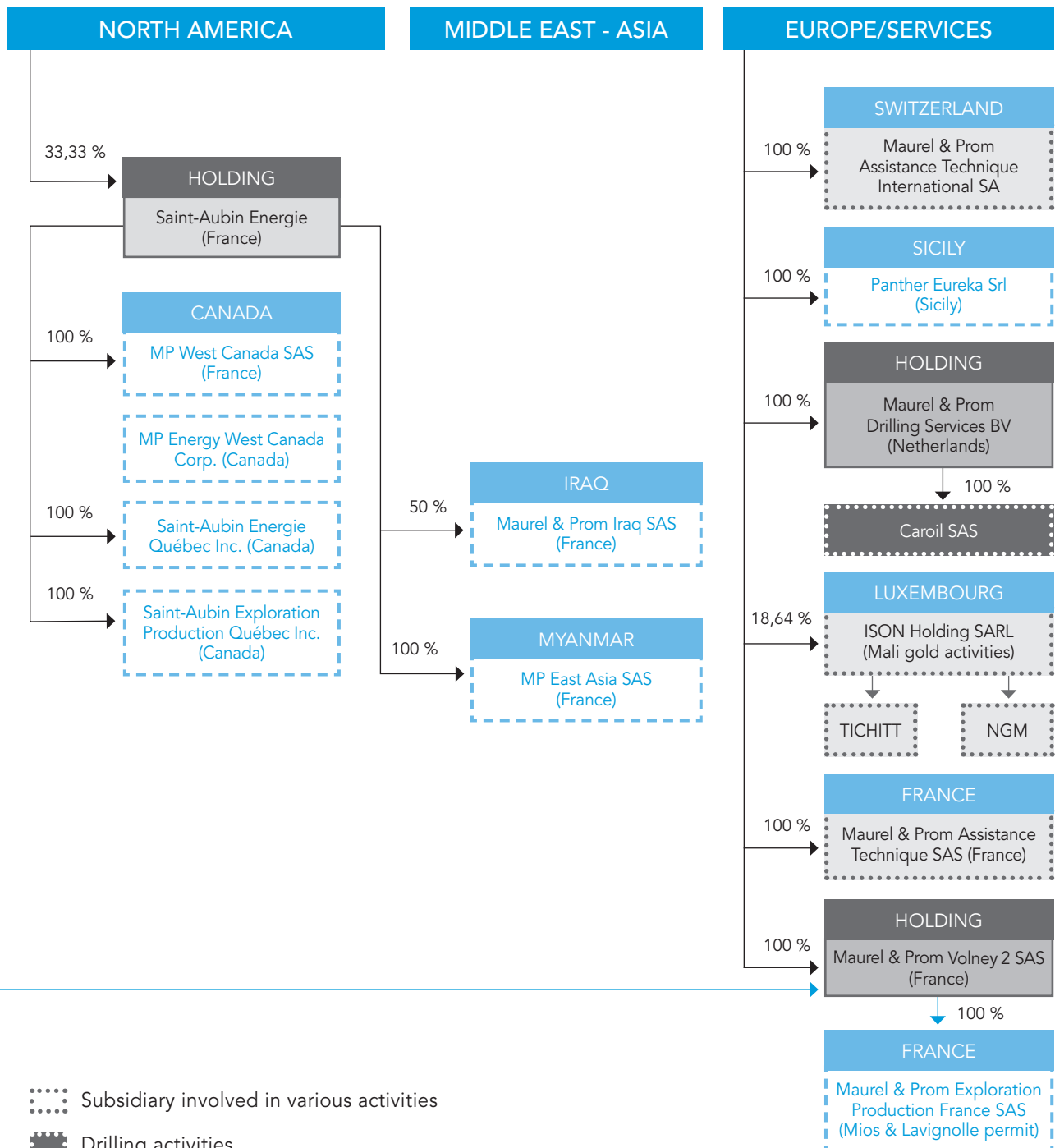
▤ Subsidiaries engaged in liquid or gas hydrocarbon exploration and production

# 7

## Other information about the Group

### Organisation chart

MAUREL & PROM S.A.



*Other Group activities /  
Person responsible for the Annual Report and its updating /*

## 7.8. Other Group activities

### 7.8.1.

#### Gold

In July 2012, the Company acquired the entire share capital of Ison Holding SARL, a company incorporated under Luxembourg law.

On 20 July 2012, the Company launched a capital increase in which some new partners participated. For its part, the Company subscribed to 5,323,968 new company shares (nominal value of €0.01), paid up in kind through the contribution of shares (26%) that it held in the capital of New Gold Mali (NGM).

The Company no longer holds any shares in NGM and its gold activities are now limited to its 18.64% stake in Ison Holding SARL.

### 7.8.2.

#### Registered office

The teams at the Company's registered office have mainly been active in the development and production operations in Gabon and under the partnership with Saint-Aubin Energie.

### 7.8.3.

#### Maurel & Prom Assistance Technique International

Maurel & Prom Assistance Technique International is a company entirely devoted to managing the majority of the personnel dedicated to the Group's international activities.

## 7.9. Person responsible for the Annual Report and its updating

### 7.9.1.

#### Person responsible for the Annual Report and its updating

Michel Hochard, the Company's Chief Executive Officer, is responsible for the financial information and the Annual report.

His contact details are:

**Michel Hochard**

Chief Executive Officer

**Etablissements Maurel & Prom**

51, rue d'Anjou - 75008 Paris

Tel.: +33 (0)1 53 83 16 00

Fax: +33 (0)1 53 83 16 04



## 7.9.2.

## Certification of the person responsible

*"I hereby certify, after having taken every reasonable measure to this effect, that the information contained in this Annual Report is, to my knowledge, accurate and does not contain any omission that could affect its scope.*

*I also hereby certify, to my knowledge, that the financial statements have been prepared in compliance with applicable standards in France and accurately represent the assets, financial position and earnings of the Company and all companies included in the consolidation, and that this Annual Report including the management report presents a true picture of the progress of the business, earnings and financial position of the Company and of all companies included in the consolidation as well as a description of the main risks and uncertainties it faces.*

*I have obtained a completion of work letter from the Statutory Auditors, in which they indicate that they have verified the financial data and the financial statements contained in this document and have read the document in its entirety.*

*The historical financial data presented in the Annual Report are covered in the Statutory Auditors' reports, shown in paragraph 8 of said document."*

***The report on the 2014 consolidated financial statements contains the following observation.***

In due respect of the opinion expressed above, we draw your attention to:

- ▶ note 28, "Change in Accounting Method", of the notes to the consolidated financial statements, which describes the implications of the changes in accounting method related to the initial adoption on or after 1 January 2014 of IFRS 10, IFRS 11 and IFRS 12.
- ▶ note 7, "Equity Associates", which describes the main assumptions and estimates used by the company for the measurement of Maurel & Prom Colombie's equity-accounted securities.

***The report on the 2014 company financial statements is presented with no observations.***

The report on the 2013 consolidated financial statements (appearing on pages 231 and 232 of the 2013 Annual Report) contains the following observation:

In due respect of the opinion expressed above, we draw your attention to:

- ▶ note 1, "Overview", of the notes to the consolidated financial statements, which includes a reference to the "Ezanga" production sharing agreement in Gabon, taken into consideration for the certification of the Group's reserves and the calculation of the depletion expense on Gabonese assets. The Note states that, under current regulations, this contract must be formally promulgated by a decree of the Gabonese Republic.
- ▶ note 4, "Intangible assets", of the notes to the consolidated financial statements, which shows in particular the net carrying value of the assets associated with the Bigwa-Rufiji-Mafia (BRM) permit in Tanzania and the Company's activities in Colombia. The Note describes the methodology adopted by the Company for estimating the value of such intangible assets.
- ▶ note 17, "Change in accounting method", concerning the recognition of sales according to the entitlements method.

***The report on the 2013 company financial statements (appearing on pages 265 and 266 of the 2013 Annual Report) is presented with no observations.***

***The report on the 2012 consolidated financial statements (appearing on page 210 of the 2012 Annual Report) contains the following observation:***

In due respect of the opinion expressed above, we draw your attention to:

- ▶ note 4, "Intangible assets", of the notes to the consolidated financial statements, which shows in particular the net carrying value of the assets associated with the Bigwa-Rufiji-Mafia (BRM) permit in Tanzania, the Etekamba permit in Gabon and activities in Colombia. The Note describes the methodology adopted by the Company for estimating the value of such intangible assets.
- ▶ note 7 of the notes to the consolidated financial statements, which describes the principles and the methods adopted for calculating the value of your Company's equity interests in Tuscany.

## 7

# Other information about the Group

## Person responsible for the Annual Report and its updating

*The report on the 2012 company financial statements (appearing on page 243 of the 2012 Annual Report) contains the following observation:*

In due respect of the opinion expressed above, we draw your attention to Note 3.2 "Financial Assets" of the notes

to the annual financial statements, which explains the methods used for estimating the value of the Tuscany securities held by your Company.

**Michel HOCHARD**

Chief Executive Officer  
Paris, 17 April 2015

### 7.9.3.

## Persons responsible for auditing the financial statements

Incumbent statutory auditors	Date of first appointment	Duration of present mandate	Expiration of mandate
<b>International Audit Company</b> 46, rue du Général Foy 75008 Paris	General Shareholders' Meeting of 12 June 2014	Six years starting on 12 June 2014	At the end of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2019
<b>KPMG S.A.</b> 43, cours du Triangle Immeuble Le Palatin 92939 Paris La Défense Cedex	General Shareholders' Meeting of 12 June 2014	Six years starting on 12 June 2014	At the end of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2019
Alternate statutory auditors			
<b>Fabienne Hontarrede</b> 459, avenue de Circourt 78170 La Celle-Saint-Cloud	General Shareholders' Meeting of 12 June 2014	Six years starting on 12 June 2014	At the end of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2019
<b>Salustro Reydel</b> 3, cours du Triangle Immeuble Le Palatin 92939 Paris La Défense Cedex	General Shareholders' Meeting of 12 June 2014	Six years starting on 12 June 2014	At the end of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2019



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## 8

## Notes

## 8.1. Glossary

The table below contains a list of the main terms, acronyms and abbreviations used in the Annual Report.

bbl (barrel)	Unit of volumetric measurement for crude oil, equivalent to 159 litres (42 US gallons). One tonne of oil contains approximately 7.5 barrels.
bbl/d	Barrels per day.
boepd	Barrel of oil equivalent per day.
Brent	Class of North Sea oil.
Kboe	Thousands of barrels of oil equivalent.
Mboe	Millions of barrels of oil equivalent.
PSC Production Sharing Contract	Contract signed by the government and the company operating under the permit. This contract determines all the rights and obligations of the operator, in particular the percentage of cost oil (so that the operator can be reimbursed for exploration and development costs borne by the operating company) and the share of the profit oil (remuneration).
EPSC	Exploration and production sharing contract
Drilling	Drilling consists of creating a passage through the surface of the earth in order to take samples from the subsoil or extract fluids. Originally, drilling was always performed vertically. Today, however, when drilling cannot be done vertically, it is done at an angle, whether directed or not towards specific objectives, as in directional drilling.
HSE	Health, Safety and Environment.
MPI	Public limited company with its registered office at 51, rue d'Anjou - 75008 Paris, and listed in the Paris Trade and Companies Register (RCS) under number 517 518 247.
Mcf	Million cubic feet.
Oil pipeline	Pipeline for transporting fluids.
OML	Oil Mining Licence.
Operator	The company in charge of operations on an oil field.
Annual production	The production available for sale (after oil taxes).
Operated production	The total production of a field, before production sharing.
Maurel & Prom production share/ own share	The production realised minus the share of partners.

## Glossaire

Maurel & Prom production share net of royalties	Maurel & Prom's production share after deducting royalties.
Production available for sale after oil taxes/entitlements	Maurel & Prom's net share of production after royalties and oil taxes. This is the production sold.
Royalties	In-kind oil taxes corresponding to a percentage of a field's production.
Assessed reserves	Maurel & Prom's share of reserves, as assessed by an independent expert, after deducting royalties in kind, and before the taxes applicable to each type of contract (production sharing, concession).
Net reserves	The proportion of total reserves from fields reverting to the Company (according to its interest share), taking into consideration the stipulations of the production sharing contract for the cost oil and profit oil.
Reserves net of royalties	The total reserves of a field after deducting royalties.
P1 reserves (proven)	Gas and oil reserves "reasonably certain" of being produced using current technology, at current prices, with current commercial terms and government consent. In the industry, these are also known as P1 reserves. Some industry specialists refer to them as P90 reserves, because they have at least a 90% chance of being produced.
P2 reserves (probable)	Gas and oil reserves "reasonably probable" of being produced using current technology, at current prices, with current commercial terms and government consent. In the industry, these are also known as P2 reserves. Some industry specialists refer to them as P50 reserves, because they have at least a 50% chance of being produced.
P3 reserves (possible)	Gas and oil reserves defined as "having a chance of being developed under favourable circumstances". In the industry, these are also known as P3 reserves. Some industry specialists refer to them as P10 reserves, because they have at least a 10% chance of being produced.
Resources	Reserves that do not yet have any contractual commercial outlet.
C1+C2 resources	Recoverable quantities of hydrocarbons associated with fields that have been discovered but not yet developed and/or connected to a production centre or for which there is no approved budget.
Rig	Drilling apparatus.
2D/3D seismic survey	Geophysical surveying method consisting of sending sound waves into the subsoil and recording their propagation, thus making it possible to obtain information on the structure of the subsoil.

## 8.2. Consolidated financial statements at 31 december 2014

### 8.2.1

#### Consolidated financial statements at 31 december 2014

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## I. Statement of financial position

### Assets

<i>In thousands of euros</i>	Note	31/12/2014	31/12/2013 *	01/01/2013 *
Intangible assets	4	328,232	344,556	338,454
Property, plant and equipment	5	1,292,484	965,084	807,335
Non-current financial assets	6	931	1,141	740
Investments in equity associates	7	94,028	79,408	171,759
Deferred tax assets	20	280	2,753	4,966
<b>NON-CURRENT ASSETS</b>		<b>1,715,955</b>	<b>1,392,942</b>	<b>1,323,254</b>
Inventories	8	6,885	8,332	2,995
Trade receivables and related accounts	9	43,377	128,056	72,540
Other current financial assets	9	60,197	62,908	45,769
Other current assets	9	58,400	71,519	53,147
Income tax receivable	20	1,163	9	7
Current derivative instruments		-	-	2,166
Cash and cash equivalents	12	229,938	200,982	58,131
<b>CURRENT ASSETS</b>		<b>399,960</b>	<b>471,806</b>	<b>234,755</b>
<b>TOTAL ASSETS</b>		<b>2,115,915</b>	<b>1,864,748</b>	<b>1,558,009</b>

\* Restated to reflect the application of IFRS 11 (see Note 28, Change in accounting method)



## Liabilities

<i>In thousands of euros</i>	Note	31/12/2014	31/12/2013 *	01/01/2013 *
Share capital		93,603	93,578	93,565
Additional paid-in capital		165,010	216,391	218,280
Consolidated reserves		689,432	463,961	491,414
Treasury shares		(70,507)	(70,860)	(72,737)
Net income, Group share		13,159	62,768	41,001
<b>EQUITY, GROUP SHARE</b>		<b>890,697</b>	<b>765,838</b>	<b>771,523</b>
Non-controlling interests		(3,181)	(2,506)	2,408
<b>TOTAL NET EQUITY</b>		<b>887,516</b>	<b>763,332</b>	<b>773,931</b>
Non-current provisions	14	10,282	8,937	8,532
Non-current bonds	15	233,989	66,383	346,752
Other non-current borrowing and financial debt	15	359,852	226,608	-
Non-current derivative instruments	10	1,612	-	-
Deferred tax liabilities	20	358,217	261,926	179,975
<b>NON-CURRENT LIABILITIES</b>		<b>963,952</b>	<b>563,854</b>	<b>535,259</b>
Current bond borrowing	15	69,631	300,677	10,933
Other current borrowings and financial debt	15	3,654	68,479	113,661
Trade payables and related accounts	16	107,210	89,603	78,918
Income tax payable	20	6,509	3,544	2,506
Other creditors and miscellaneous liabilities	16	65,719	64,389	30,333
Current derivative instruments	10	-	198	5,787
Current provisions	14	11,724	10,672	6,680
<b>CURRENT LIABILITIES</b>		<b>264,447</b>	<b>537,562</b>	<b>248,819</b>
<b>TOTAL LIABILITIES</b>		<b>2,115,915</b>	<b>1,864,748</b>	<b>1,558,009</b>

\* Restated to reflect the application of IFRS 11 (see Note 28, Change in accounting method)

## Consolidated financial statements at 31 december 2014

## Changes in net equity

<i>In thousands of euros</i>	Capital	Treasury shares	Premiums	Derivative instru- ments	Other reserves	Currency translation adjust- ments	Net income for the fiscal year	Net equity, Group share	Non- controlling interests	Total net equity
<b>1 JANUARY 2013*</b>	93,565	(72,737)	218,280	(3,885)	474,825	20,475	41,001	771,524	2,408	773,931
Net income from continuing activities	-	-	-	-	-	-	65,344	65,344	(223)	65,120
Net income from discontinued activities	-	-	-	-	-	-	(2,575)	(2,575)	-	(2,575)
<b>ITEMS OF OTHER COMPREHENSIVE INCOME</b>	-	-	-	3,885	-	(31,842)	-	(27,957)	112	(27,845)
Total comprehensive income	-	-	-	3,885	-	(31,842)	62,769	34,811	(111)	34,701
Allocation of net income - Dividends	-	-	-	-	(5,271)	-	(41,001)	(46,272)	-	(46,272)
Increase/decrease in capital	13	-	(1,889)	-	(122)	-	-	(1,998)	-	(1,998)
Other reclassifications*	-	-	-	-	4,803	-	-	4,803	(4,803)	-
Stock options - bonus shares	-	-	-	-	1,288	-	-	1,288	-	1,288
Movements on treasury shares	-	1,877	-	-	(195)	-	-	1,682	-	1,682
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS</b>	13	1,877	(1,889)	-	503	-	(41,001)	(40,497)	(4,803)	(45,300)
<b>31 DECEMBER 2013*</b>	93,578	(70,860)	216,392	-	475,328	(11,367)	62,769	765,838	(2,506)	763,332
Net income from continuing activities	-	-	-	-	-	-	13,159	13,159	(305)	12,854
Income from discontinued activities	-	-	-	-	-	-	-	-	-	-
Items of other comprehensive income	-	-	-	-	(4,144)	115,766	-	111,621	(369)	111,252
<b>TOTAL COMPREHENSIVE INCOME</b>	-	-	-	-	(4,144)	115,766	13,159	124,781	(675)	124,106
Allocation of net income - Dividends	-	-	(50,892)	-	113,661	-	(62,769)	-	-	-
Increase/decrease in capital	25	-	(490)	-	-	-	-	(465)	-	(465)
Other reclassifications*	-	-	-	-	-	-	-	-	-	-
Stock options - bonus shares	-	-	-	-	965	-	-	965	-	965
Movements on treasury shares	-	354	-	-	(776)	-	-	(422)	-	(422)
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS</b>	25	354	(51,382)	-	113,850	-	(62,769)	78	-	78
<b>31 DECEMBER 2014</b>	93,603	(70,507)	165,010	-	585,033	104,399	13,159	890,697	(3,181)	887,516

\* Restated to reflect the application of IFRS 11 (see Note 28, Change in accounting method)

## II. Consolidated statement of comprehensive income

### Net income for the period

<i>In thousands of euros</i>	Note	31/12/2014	31/12/2013*
<b>SALES</b>		550,398	570,712
Other income		7,395	800
Purchases and change in inventories		(24,821)	(17,403)
Other purchases and operating expenses		(110,851)	(74,792)
Tax expense		(47,480)	(39,627)
Personnel expenses		(22,695)	(18,036)
Amortisation and depreciation charges		(86,720)	(66,398)
Depreciation of exploration and production assets		(113,386)	(18,912)
Provisions and impairment of current assets		(8,956)	(513)
Reversals of operating provisions		2,108	142
Gain (loss) on asset disposals		(294)	2
Other expenses		(4,091)	2,244
<b>EBIT</b>	18	140,607	338,219
Gross cost of financial debt		(37,953)	(47,696)
Income from cash		655	962
Net gains and losses on derivative instruments		12,005	264
Net cost of financial debt		(25,293)	(46,470)
Other financial income and expenses		14,486	(20,603)
<b>FINANCIAL INCOME</b>	19	(10,807)	(67,073)
<b>INCOME BEFORE TAX</b>		129,800	271,146
Income tax	20	(101,567)	(134,522)
<b>NET INCOME FROM CONSOLIDATED COMPANIES</b>		28,233	136,624
Income from disposals of equity associates	7	-	(19,721)
Net income from equity associates	7	(15,380)	(51,784)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>		12,853	65,120
Net income from discontinued activities		-	(2,575)
<b>CONSOLIDATED NET INCOME</b>		12,853	62,544
<i>Net income, Group share</i>		13,159	62,768
<i>Non-controlling interests</i>		(306)	(223)
<b>EARNINGS PER SHARE</b>			
Basic		0.114	0.539
Diluted		0.108	0.510
<b>EARNINGS PER SHARE FROM DISCONTINUED ACTIVITIES</b>			
Basic		-	-0.020
Diluted		-	-0.020
<b>EARNINGS PER SHARE FROM CONTINUING ACTIVITIES</b>			
Basic		0.114	0.562
Diluted		0.108	0.536

\* Restated to reflect the application of IFRS 11 (see Note 28, Change in accounting method)

## Comprehensive income for the period

<i>In thousands of euros</i>	31/12/2014	31/12/2013 *
<b>NET INCOME FOR THE PERIOD</b>	12,853	62,544
<b>ITEMS NOT RECLASSIFIED TO PROFIT OR LOSS:</b>	-	-
Foreign exchange adjustment for the financial statements of foreign entities	115,396	(31,730)
Portion of foreign exchange adjustment for equity associates	-	-
Profit (loss) on hedging of net investments in foreign entities	(4,144)	-
Changes in fair value:	-	-
- cash flow hedges	-	3,885
- financial assets available for sale	-	-
Tax impact on items reclassified to income	-	-
<b>ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS</b>	111 252	(27 845)
<b>TOTAL INCOME FOR THE PERIOD</b>	124,106	34,701
- Non-controlling interests	124,781	34,811
- Non-controlling interests	(675)	(111)

\* Restated to reflect the application of IFRS 11 (see Note 28, Change in accounting method)

### III. Cash Flow Statement

<i>In thousands of euros</i>	Note	31/12/2014	31/12/2013*
<b>CONSOLIDATED NET INCOME FROM CONTINUING ACTIVITIES</b>		12,853	65,120
Tax expense for continuing activities		101,567	134,522
<b>CONSOLIDATED INCOME FROM CONTINUING ACTIVITIES BEFORE TAX</b>		114,420	199,642
- Net increase (reversals) of amortisation, depreciation and provisions		110,510	66,969
- Unrealised gains (losses) due to changes in fair value		(12,226)	4,673
- Exploration and decommissioning expenses		98,384	18,923
- Expenses and income related to stock options and similar benefits		997	1,167
- Other income and expenses		(3,905)	5,372
- Gains (losses) on asset disposals		294	(2,977)
- Income from equity associates		15,380	71,505
- Other financial items		29,590	38,380
<b>CASH FLOW BEFORE TAXES</b>		353,415	403,654
Payment of tax due		(42,378)	(41,711)
Change in working capital requirements for operations		82,746	(36,343)
- Customers		92,600	(51,965)
- Suppliers		9,666	3,143
- Inventories		4,485	676
- Other		(24,005)	11,803
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		393,983	325,600
Payments associated with acquisitions of intangible assets and property, plant and equipment		(331,127)	(253,883)
Proceeds from disposals of tangible and intangible fixed assets		64	2,977
Disbursements for acquisitions of financial assets (unconsolidated securities)		-	-
Proceeds from disposals of financial assets (unconsolidated securities)		-	1,854
Acquisition of subsidiaries		-	(5,644)
Change in loans and advances granted		(154)	4,917
Other cash flows from investment activities		(18,412)	(11,140)
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>		(349,629)	(260,819)
Amounts received from shareholders for capital increases		380	(2,010)
Dividends paid		-	(46,271)
Proceeds from new loans		587,514	268,489
Interest paid		(29,590)	(38,380)
Borrowing repayments		(567,638)	(113,530)
Treasury share acquisitions		353	1,877
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		(8,981)	70,175
Impact of exchange rate fluctuations		3,440	(2,219)
<b>CHANGE IN NET CASH</b>		38,812	132,709
Cash at start of period		190,662	57,953
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	12	229,474	190,662

\*Restated to reflect the application of IFRS 11 (see Note 28, Change in accounting method)

## Note 1

## Overview

## Comment on the economic environment

The economic environment was marked by a sharp drop in the price of Brent in the fourth quarter of 2014. This dropped from US\$92 in September 2014 to US\$58 at end-December 2014. Over the full year, the drop in the barrel price was contained at 9%, the average price of Brent falling from US\$108 in 2013 to US\$98 in 2014.

The drop in the barrel price negatively impacted Group sales (which fell by €62 million) as well as operating profitability. This event led Maurel & Prom to refocus its exploration efforts on the most promising projects, withdraw from areas that were no longer a priority, and conduct impairment tests on all assets in production in order to identify and recognise any impairment. In a context of falling prices, the Group had to record very significant impairment charges on some of its exploration and production assets in an amount of €113 million.

The US dollar gained strength against the euro in the same period. The US\$ exchange rate at 31 December 2014 was 1.21 versus 1.38 at 31 December 2013. The average annual exchange rate nevertheless remained stable between 2013 and 2014, at US\$1.33 for €1.

Against this backdrop, the Group booked an exchange gain of €25 million in financial income and an increase in translation adjustment reserves of €111 million.

## Exploration and production

## 1. Gabon

*Signature of a new exploration and production sharing agreement*

Maurel & Prom Gabon and the Republic of Gabon negotiated a new permit called "Ezanga" to replace the "Omoueyi" permit effective January 2014.

The Exploration and Production Sharing Agreement (PSA) grants the company exploration rights for a five-year period and renews the five existing Exclusive Exploitation Authorisations (AEE) for a period of 20 years with a pre-emptive right to extend this for a further 20 years.

The Gabonese Republic's participation has increased, mainly on account of its share in the permit having been raised from 15% to 20%, and with an increase in mining royalties.

*Production steady at an intermediate level of 25,000 barrels per day*

Production from fields in Gabon remained steady in 2014 at an average level of approximately 25,000 b/d, up 6% compared with the previous year and equivalent to approximately 90% of the 2014 theoretical production capacity. Work continued throughout the year to improve well productivity and boost reservoir pressure, which is key to increasing future production.

*Oil discovery*

The Mabounda-1 (EZMAB-1D) and Niembi-1 (EZNI-1D) exploration wells located on the Ezanga permit in Gabon were drilled on independent structures to a total depth of 2,060 metres and 2,425 metres respectively.

A 24-hour production test was conducted on each of the two wells in February 2015 with the following positive results:

- ▶ the Grès de Base test on the EZMAB-1D well showed a stabilised eruptive flow of 1,002 bopd of anhydrous oil with surface pressure stabilised at nine bars. The oil had a density of 28° API;
- ▶ the test at the Lower Kissenda summit on the EZNI-1D well revealed a stabilised eruptive flow of 1,162 bopd of anhydrous oil with surface pressure stabilised at 40 bars. This oil had a density of 35° API. The other hydrocarbon reservoirs of Upper Kissenda and at the base of Lower Kissenda have different pressure systems and will be tested later.

## 2. Tanzania

*Abandonment of a portion of the Bigwa-Rufiji-Mafia (BRM) permit*

The Group decided to discontinue its research activities on a portion of the BRM exploration permit. Consequently, an amount of €37,904,000 was recognised in expenses, corresponding to expenses incurred in the region since the beginning. Investments made in the M'Kurunga region that had led to a discovery in 2007 and for which a development plan has been submitted to authorities are being kept under assets.

*Signature of a gas sales and purchase agreement on Mnazi Bay*

Maurel & Prom, along with its Mnazi Bay permit partners Wentworth and Tanzania Petroleum Development Corporation (TPDC), signed a sales and purchase agreement on 12 September 2014 for the long-term sale of natural gas from the Mnazi Bay and Msimbati fields in southern Tanzania. The gas will be delivered and transported via the pipeline between Mtwara and Dar es Salaam.

Pursuant to the agreement, the partners are contracted to supply up to a maximum of 80 mmcf of natural gas per day during the first eight months, with the option to increase production over time to a maximum of 130 mmcf per day for a period of up to 17 years.

The sales price was set at US\$3.07 per mcf, increasing with the United States industrial-sector consumer price index.

At the date of this annual report, terms for the payment guarantee are still under negotiation.

**3. Mozambique**

In Mozambique on the Rovuma onshore permit, two exploration wells were drilled during the period. The Tembo-1 well has been plugged, even though a Notice of Discovery had been issued in December, since the operator did not foresee undertaking additional appraisal work immediately. Drilling on the Kifaru-1 well that began in December 2014 stopped in March 2015 after encountering all targeted formations (Miocene, Oligocene and Eocene) without revealing any hydrocarbons.

As part of a programme to reduce its exploration activities, operator Anadarko plans to withdraw from this permit. The Company is considering what action to take in light of this information and the results recently obtained on this permit.

Against this backdrop, all costs incurred at end-2014 were recognised in expenses for the period for an amount of €40 million. Work obligations under the Production Sharing Agreement for this phase were fulfilled.

This permit is operated by Anadarko, which has a 42% working interest. Working interests of Wentworth, PTTEP and Maurel & Prom are 13.64%, 11.76% and 32.60% respectively.

**4. Congo**

The Company decided not to continue exploring the regions that had been explored in the past on the La Noubi permit. As a result, all assets held on this permit

were written off in the amount of €14 million.

**5. Canada (via Saint-Aubin Energie)**

In Sawn Lake, Alberta, the pilot test of the SAGD (Steam Assisted Gravity Drainage) production process continued. The test was performed on two wells to appraise the technical and commercial feasibility of this project, which aims to produce bitumen by steam injection. Production began in September 2014 and will continue until summer 2015 to gather the data needed to assess the potential of the deposit.

In Quebec, on the island of Anticosti, the stratigraphic core holes campaign has been a technical and operational success. The Macasty target has been met in each of the five drilling locations and the results of the core analysis met or exceeded the expectations of the partners. The drilling programme, which includes up to eighteen stratigraphic wells, was suspended during the winter season. It is expected to resume in May 2015 and end at the beginning of autumn 2015. Meanwhile, on 23 October 2014, the joint venture Hydrocarbures Anticosti announced that it had signed a strategic partnership with Quebec company Gaz Métro to develop natural gas from Anticosti Island.

**6. Myanmar (via Saint-Aubin Energie)**

The drilling of the SP-1X well, operated by Petrovietnam, started on 27 December 2014 and was completed in March 2015. The results of this drilling are currently being analysed.

**7. Colombia**

In 2011 Pacific Rubiales Energy had contracted a carry obligation of US\$120 million in exploration costs after taking interests in the Muisca, SSJN 9 and CPO 17 permits. Given the investment made at end-2014, the partner met its commitment and this obligation was fulfilled.

Maurel & Prom Colombia, an operator in which the Company has a 50% stake, finished drilling the Balsa-1 well on the Muisca permit, without proving oil. The costs of this drilling operation were consequently recognised as expenses. An additional well will be drilled in 2015 to achieve the targets set.

Maurel & Prom Colombia has entered into negotiations with the National Hydrocarbons Agency (ANH) to convert the COR-15 TEA (Technical Evaluation Agreement) into an exploration permit. The permit is in the process of being signed.

Three stratigraphic wells have been drilled on the CPO-17 permit (in which Maurel & Prom Colombia has a 50% working interest), operated by Hocol. The results and previous disco-

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veries are currently being interpreted in order to define an appraisal programme, which will be implemented in 2015.

On 23 July 2014, at the "Ronda ANH 2014" (a bidding process in Colombia), the Company was awarded the SN-11 exploration permit. Negotiations are in progress to find a partner for the financing of the exploration works.

### 8. Peru

In Peru, drilling of the Fortuna-1 well, which had been financially carried by Pacific Rubiales Energy (PRE) for US\$75 million, was abandoned. The Group has no plans to continue this project once it enters the third exploration period. Consequently, costs incurred on this permit since the beginning were recognised as expenses in 2014 and totalled €10 million.

### Oil services

Caroil, the Group's wholly owned subsidiary since 23 December 2013, is responsible for Maurel & Prom's drilling activities. It owns eight rigs outright and has one additional rig under management.

The slowdown in the investment programmes of oil operators, which is related to falling hydrocarbon prices, has led the Group to take steps to ensure that the value in use of the assets concerned remains higher than their book value.

The impairment test conducted evidenced a loss of €9 million and, accordingly, the residual value of the drilling assets was €45 million.

Drilling activities generate 59% of its sales with non-Group customers. (The contribution to sales for the 2014 fiscal year amounted to €45.3 million.)

### Restructuring of Group debt

In June 2014, the Group carried out an issuance of net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE) maturing on 1 July 2019, in the amount of €253 million (after exercise of the over-allocation option).

The key features of these ORNANE bonds are as follows:

- ▶ maturity: 1 July 2019;
- ▶ nominal value per unit: €17.26;
- ▶ number of bonds: 14,658,169;

- ▶ issue premium: 40%;
- ▶ nominal interest: 1.625%.

The purpose of the bond issue is to refinance and extend the maturity of the Company's debt. The net proceeds from the bond issue were used for the redemption of the OCEANE 2014 bonds. As at 30 June 2014, Maurel & Prom had redeemed 16,903,514 OCEANE 2014 bonds representing approximately 89% of the OCEANE 2014 bonds initially issued, at a price of €16.90 per bond. On 31 July 2014, the Group redeemed the remaining OCEANE bonds for €34 million.

On 18 December 2014, the Company set up a new revolving credit facility of US\$650 million, split into an initial tranche of US\$400 million and an accordion of US\$250 million that can be drawn down twice subject to certain conditions.

The terms of this new facility are as follows:

- ▶ initial amount: US\$400 million;
- ▶ additional tranche: US\$250 million;
- ▶ maturity: 31 December 2020, i.e. 6 years;
- ▶ first amortisation: 31 December 2016;
- ▶ prime interest rate: LIBOR +3.40% until 31/12/2018, then +3.65%.

The financial covenants related to this new credit line are as follows:

- ▶ net debt/EBITDA (EBITDAX) < 3;
- ▶ P1+P2 reserves (Maurel & Prom share) x US\$10 > 1.5 x net debt.

This loan, drawn in the amount of US\$400 million, has allowed the Group to close the US\$350-million Maurel & Prom Gabon RCF currently in repayment (i.e. US\$270 million of residual debt).

### Extension of the deadline for exercising share subscription warrants

The deadline for exercising share subscription warrants was initially set at 30 June 2014, but it became apparent that the share subscription warrants could not be exercised before the set date. Therefore, the general meeting of share subscription warrant holders held on 2 June 2014 approved the extension of the deadline for converting share subscription warrants to 31 December 2015. The



Maurel & Prom General Shareholders' Meeting held on 12 June 2014 validated this extension.

### Extension of the length of life of the Company

On 13 October 2014, the Company's Extraordinary General Shareholders' Meeting approved the amendment to its Articles of Association: the Company's length of life was extended to 13 October 2113, except in the case of early dissolution or extension provided for in the Company's articles of association

#### Note 2

### Accounting methods

#### Valuation basis

The consolidated financial statements are prepared on a historical cost basis, except for certain categories of assets and liabilities valued at fair value (derivative instruments), in accordance with IFRS.

#### Preparation basis

Pursuant to Regulation (EC) No 1606/2002 of 19 July 2002 on international standards, the consolidated financial statements of the Maurel & Prom Group for the year ended 31 December 2014 have been prepared in accordance with the international accounting standards (IAS/IFRS) applicable as at 31 December 2014, as approved by the European Union and available at [http://ec.europa.eu/finance/accounting/ias/index\\_en.htm](http://ec.europa.eu/finance/accounting/ias/index_en.htm).

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations (Standing Interpretations Committee and International Financial Reporting Standards Interpretations Committee).

New legislation or amendments adopted by the European Union and mandatory from 1 January 2014 have been taken into account.

IFRS 10 (Consolidated financial statements), IFRS 11 (Joint arrangements), IFRS 12 (Disclosure of interests in other entities).

IAS 27R (Separate financial statements), IAS 28R (Investments in associates and joint ventures)

Amendments to IFRS 10, IFRS 11 and IFRS 12 (Transition rules)

Amendments to IFRS 10, IFRS 11 and IAS 27 (Investment entities)

Amendments to IAS 32 (Offsetting financial assets and financial liabilities)

Amendments to IAS 36 (Recoverable amount disclosures for non-financial assets)

Amendments to IAS 39 (Novation of derivatives and continuation of hedge accounting)

With the exception of the application of the new consolidation standards (IFRS 10, 11 and 12), these new standards and interpretations have had no material impact on the consolidated financial statements at 31 December 2014.

Applying IFRS 10 had no impact on the consolidation scope. Applying IFRS 11 has resulted in the consolidation via the equity method of both Maurel & Prom Colombia BV (50.01% owned) and Saint-Aubin Energie (33.33% owned) and its wholly-owned subsidiaries (MP East Asia, Saint-Aubin Energie Québec Inc, Saint-Aubin Exploration & Production (Québec) Inc, MP Energy West Canada Corp, MP Québec and MP West Canada), which were previously recognised according to the proportionate consolidation method. Applying IFRS 12 has led to more disclosures in the Notes regarding the Group's interests in other entities.

The effects of the change in accounting methods due to the application of these new standards were recognised retrospectively and restated for the comparative periods at 31 December 2013 and 1 January 2013. The impact is detailed in Note 28, "Change in accounting methods".

The Group has not applied any standards and interpretations whose application was not mandatory as at 1 January 2014, such as IFRIC 21 (Levies) (applicable to the fiscal years beginning on 17/6/2014 – endorsed on 13/6/2014).

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

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

The results obtained may significantly differ from such

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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 present a faithful representation of the Group's financial position, performance and cash flows. They reflect the substance of transactions, are prepared in a cautious manner, and are complete in all material respects.

Management estimates used in preparing financial statements relate primarily to:

- ▶ impairment tests on oil assets;
- ▶ provisions for site restoration;
- ▶ recognition of oil carry transactions;
- ▶ accounting treatment of derivative instruments subscribed by the Group;
- ▶ recognition of deferred tax assets;
- ▶ assessment of the necessary investments to develop proven undeveloped reserves included in asset depletion calculations.

## 2.1. Consolidation methods

The entities controlled by Maurel & Prom are fully consolidated.

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

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

Joint ventures and affiliates are consolidated under the equity method.

Joint ventures are arrangements giving the Group joint control, according to which it has rights to the net assets of the arrangement and not rights to the assets and obligations for the liabilities relating to the arrangement.

Affiliated entities are entities over whose financial and operating policies the Group has considerable influence without controlling or jointly controlling them. Considerable influence is assumed when the percentage

of voting rights is greater than or equal to 20%, unless a lack of participation in the Company's management reveals a lack of considerable influence. When the percentage is less, the entity is consolidated using the equity method if significant influence can be demonstrated.

Gains arising from transactions with entities accounted for using the equity method are eliminated by consideration for securities accounted for using the equity method to the extent of the Group's stake in the company. Losses are eliminated in the same way as gains, but only insofar as they do not represent an impairment.

## 2.2. Business combinations and goodwill

Business combinations are recognised in accordance with IFRS 3R using the acquisition method. Thus, when control of a company is acquired, the assets, liabilities and contingent liabilities of the acquired company are measured at fair value (with exceptions) in accordance with IFRS guidelines.

The Group assesses goodwill on the acquisition date as:

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

When the difference is negative, a profit for acquisition under advantageous conditions must be posted directly under EBIT.

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

For each business combination, the Group elects to measure the non-controlling interests in the acquired entity, either at the fair value (full goodwill method) or in proportion to the identifiable net assets of the acquired entity, which are generally at fair value (partial goodwill method).

The Group has not yet had to choose between the partial and full goodwill methods given the nature of its activities since the publication of IFRS 3R.

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

Such goodwill is not amortised but rather subjected to systematic impairment tests at each accounting period-end and in the case of an impairment indicator; any losses in value ascertained on goodwill are irreversible.

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

Goodwill relating to equity associates is recognised under equity associates.

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

### 2.3. Oil activity assets

Maurel & Prom conducts its exploration and production activities partly under Production Sharing Agreements (PSAs). This type of contract, signed with the host country, sets rules for cooperation (in association with any partners), for sharing production with the government or the national company that represents it and defines the taxation method.

By virtue of these agreements, the Company agrees to finance its percentage of interest in exploration and production operations, and in exchange it receives a share of the production known as "cost oil"; the sale of this share of production should make it possible for it to recover its investments, as well as the operating costs incurred; the balance of the production (profit oil) is then shared in variable proportions with the government; and the Company thus settles its share of tax on the revenue from its activities.

Under such Production Sharing Agreements, the Company recognises its share of assets, income and profit in proportion to its percentage holding in the permit concerned.

The following methods were used to account for the costs of oil-related activities.

#### Oil search and exploitation rights

##### Mining permits

Expenditures for the acquisition and allocation of mining permits are recorded as intangible assets and, during the exploration phase, amortised on a straight-line basis over the estimated duration of the permit or at the amortisation rate for the oil production installations.

If the permit is withdrawn or the exploration fails, the remaining amortisation is recorded in full at once.

##### Acquired mining rights

Acquisitions of mining rights are recorded as intangible assets and, if they have led to the discovery of oil reserves, they are amortised according to the unit of production method based on proven and probable reserves.

The amortisation rate equals the ratio of the field's hydrocarbon production during the fiscal year to the proven and probable hydrocarbon reserves at the beginning of the same year, re-estimated based on an independent appraisal.

##### Exploration costs

The Group applies IFRS 6 for the recognition of exploration costs. Hydrocarbon production fees and assets are posted in accordance with the "full cost" method.

Exploration studies and work, including geology and geophysics costs, are entered on the asset side of the balance sheet under intangible assets.

Charges incurred prior to the issuance of the exploration permit are recognised as expenses.

Expenditure incurred after that date is capitalised and amortised once exploitation commences.

Drilling expenditure that does not result in a commercial discovery is posted under expenses for the total amount incurred, at the time that it is decided to totally abandon work in the zone concerned or in the connected zone.

When the technical feasibility and commercial viability of the oil exploration project become demonstrable (analysis based on the outcome of appraisal wells or seismic study work, etc.), these costs then become operating costs, a portion of which is transferred to property, plant and equipment, depending on their nature.

Once an indicator of impairment arises (expiration of a permit, additional unbudgeted expenses etc.), an impairment test is carried out to verify that the carrying value of the expenses incurred does not exceed the recoverable amount.

In addition, when the technical feasibility and commercial viability of the oil exploration project become demonstrable, exploration assets are systematically subjected to

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an impairment test.

Impairment tests are carried out at the field level.

**Oil production assets**

Oil production assets include all exploration-related costs transferred to property, plant and equipment following discovery, as well as those relating to field development (production drilling, surface installations, oil routing systems etc.).

These assets appear under the technical facilities heading (see Note 5).

Assets not completed at fiscal year-end are entered as assets under construction.

Completed assets are amortised according to the unit of production method. General facilities that support all aspects of a field (pipelines, surface units, etc.) are weighted by the ratio (proven)/(proven + probable) reserves for that field, in order to take into account their relative role in the exploitation of all proven and probable reserves of the field concerned. The amortisation rate equals the ratio of the field's hydrocarbon production during the year to the proven reserves at the beginning of the same year, re-estimated based on an independent appraisal.

For specific facilities, i.e. facilities for specific parts of a field, the estimated reserves correspond to the area's proven reserves.

The depreciation base consists of the investments made plus the future investments necessary for developing undeveloped proven reserves.

The reserves taken into account are the reserves determined on the basis of analyses conducted by independent organisations, to the extent that the said analyses are available on the reporting date.

In accordance with IAS 23R, the application of which is mandatory from 1 January 2009, borrowing costs directly chargeable to the acquisition of an eligible asset are capitalised when the conditions set by the standard are met. Otherwise, borrowing costs are not included in the cost price of a fixed asset under construction.

**Costs of site restoration**

Provisions for site restoration are made when the Group has an obligation to dismantle and restore sites (see Note 2.18).

The adjusted site restoration cost is capitalised and added to the value of the underlying asset and amortised at the same rate.

**Financing of oil-related costs for third parties**

The financing of third-party oil costs is an activity that consists of the substituting, as part of an oil partnership, for another member of the partnership to finance its share of the cost of works.

When the contractual terms give it characteristics similar to those of other oil assets, the financing of third-party oil costs is treated as an oil asset.

Consequently and in accordance with paragraph 47 (d) of ASC 932 usually applied in the oil sector, the accounting rules are those applicable to expenses of the same nature as the Group's own share (fixed assets, amortisation, impairment, operating costs as expenses):

- ▶ posting of exploration costs financed as intangible assets (partners' share entered as the Maurel & Prom share);
- ▶ if prospection does not result in a producing asset: entry of all the costs as expenses;
- ▶ if prospection does result in a producing asset: costs shown under intangible assets are transferred to property, plant and equipment (technical facilities);
- ▶ the share of hydrocarbons accruing to the partners carried and used to repay that cost of carry is treated as sales for the partner that carries it;
- ▶ reserves corresponding to the costs carried are added to the reserves of the partner that carries the costs; and
- ▶ amortisation and depreciation of technical facilities (including the share of partners carried) according to the unit-of-production method by including in the numerator the production for the period allocated to recovery of the costs carried and in the denominator the share of reserves used to recover all of the costs carried.

**2.4. Other intangible assets**

Other intangible assets are recognised at their acquisition cost and posted on the balance sheet at that value, after deducting accrued amortisation, depreciation and any impairment.

Amortisation is calculated on a straight-line basis, and the amortisation term is based on the estimated useful life of different categories of intangible assets amortised over a term ranging from one to three years.

**2.5. Other property, plant and equipment**

The gross amount of other property, plant and equipment corresponds to their acquisition or production cost. It is

not remeasured. Borrowing costs are capitalised when the asset in question meets the eligibility conditions as defined by IAS 23R.

Depreciation is calculated on a straight-line basis, and the depreciation term is based on the estimated useful life of the different categories of property, plant and equipment, which are predominantly as follows:

- buildings: 10 years;
- infrastructure: 8 to 10 years;
- drilling equipment: 3 to 20 years;
- technical facilities: 3 to 10 years;
- fixtures and fittings: 4 to 10 years;
- transportation equipment: 3 to 8 years;
- office and computer equipment: 2 to 5 years; and
- office furniture: 3 to 10 years.

Finance lease contracts are agreements whose effect is to transfer virtually all risk and benefits inherent in the ownership of the asset from the lessor to the lessee. Such contracts are recognised in the balance sheet assets at fair value, or at the minimum discounted value of the leases in the contract, whichever is greater. The corresponding debt is recognised under balance sheet liabilities as financial debt. Such assets are amortised on the basis of the Group's estimation of their useful life.

Leasing contracts which are not finance lease contracts as defined above are recognised as simple lease contracts. Payments for operating leases are booked in the income statement on a straight-line basis over the period of the lease.

## 2.6. Asset impairment

When events indicate a risk of impairment of intangible and tangible assets, and with regard to goodwill and intangible assets not amortised at least once a year, an impairment test is carried out in order to determine whether their net carrying value is lower than their recoverable amount, with the latter defined as the higher of fair value (less exit costs) or value in use. Value in use is determined by discounting future cash flows expected to arise from the use of the assets and their disposal.

Since these assets are oil assets in production, cash flows are determined in keeping with the reserves identified, the related production profile and the discounted sale prices after taking into account the applicable tax according to the Production Sharing Agreements.

A field is generally taken as being the cash-generating

unit (CGU). A CGU is a set of assets whose ongoing utilisation generates cash flows that are largely independent of the cash flows from the other groups of assets.

With regard to the Group's other assets, impairment tests are carried out based on the Company's business plans.

The discount rate used takes into account the risk associated with the activity and its geographic location.

If the recoverable amount is lower than the net carrying value, an impairment is recognised for the difference between these two amounts.

This impairment may be reversed according to the net carrying value that the asset would have had on the same date, had it not been impaired. Impairment losses recorded on goodwill are irreversible.

## 2.7. Other non-current financial assets

Loans and financial receivables are initially recognised at fair value and are posted on the balance sheet at their amortised cost. They are subject to impairment if there is an objective indicator of impairment. This impairment, carried through profit and loss, may later be reversed under income if the conditions that led to the impairment cease to exist.

Non-consolidated equity interests are classified as Financial Assets Available for Sale (see Note 6) and are assessed at their fair value both initially and on the reporting date. For listed securities, this fair value corresponds to the representative share price on a liquid and open market; for unlisted securities various valuation models are used; if the fair value cannot be reliably determined, the securities are recognised at cost. Changes in fair value of available-for-sale assets are posted to items of other comprehensive income. If there is objective evidence of material or prolonged impairment, a depreciation is recognised in profit and loss.

## 2.8. Inventories

Inventories are valued at acquisition or production cost. Production cost includes consumables and direct and indirect production costs.

Inventories are valued according to the FIFO ("First In, First Out") method.

Hydrocarbon inventories are valued at production cost, including field and transportation costs and the depreciation of assets used in production.

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A provision is created when the net realisable value is lower than the cost of inventories.

### 2.9. Trade receivables

Trade receivables are initially recognised at fair value and then at their amortised cost.

At the period-end, write-downs are created in the event of there being a proven risk of non-recoverability.

### 2.10. Foreign currency transactions

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

However, when a foreign currency loan relates solely to the financing of a foreign investment in that same currency, the impact of the revaluation of the investment concerned is posted to equity.

### 2.11. Currency translation of annual financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries whose functional currency is not the euro are converted into euros using the closing price method.

Assets and liabilities, including goodwill on foreign subsidiaries, are converted at the exchange rate in effect on the reporting date. Income and expenses are converted at the average rate for the period.

Currency translation adjustments are recognised in items of other comprehensive income and on the balance sheet in shareholders' equity under "currency translation adjustments"; those related to minority interests are recognised under "non-controlling interests".

Currency translation adjustments related to a net investment in a foreign activity are posted directly to other comprehensive income.

### 2.12. Derivative instruments

In order to hedge foreign exchange risk, Maurel & Prom uses future cash flow hedges consisting mainly of currency options and swaps. Such transactions are treated as fol-

lows:

1. the financial instrument is initially recognised at fair value;
2. on the closing date, the change in fair value corresponding to the effective portion (intrinsic value of the option) is posted to items that may be reclassified from other comprehensive income; the change in fair value corresponding to the ineffective portion (time value of the option) is posted to financial expenses and income; and
3. the change in fair value recognised under items of other comprehensive income is reclassified to profit or loss (other operating expenses and income), either when the hedged element impacts income, or when the contract expires.

The fair value of the instruments taken out by the Group is determined according to appraisals by independent experts.

### 2.13. Cash and cash equivalents

Cash equivalents correspond to short-term investments of surplus cash.

Purchases and sales of these assets are recognised on their settlement date.

Money market UCITS funds managed on a net asset value basis are measured at fair value through income in accordance with the principles applied in managing those assets.

Short-term bank certificates of deposit are classified as loans and receivables and are recognised initially at their fair value and then at amortised cost.

### 2.14. Convertible bonds

Some financial instruments contain both a financial debt component and a net equity component at the same time.

This is the case with the OCEANE bonds issued by the Group in July 2009 and July 2010. In accordance with IAS 32 "Financial Instruments: Presentation", these two components are recognised separately and determined as follows:

- ▶ the debt component is initially valued at fair value less the issuance costs allocated to this component. Estimated fair value corresponds to the value of future contractual cash flows (including coupons and repayment) discounted at the market rate (taking into account the credit risk at issuance) of a similar instrument presenting the same terms and conditions (matu-

riety, cash flow) but without a conversion option. After initial recognition, the debt component is measured at amortised cost using the effective interest rate method;

- ▶ the equity component represents the value of the option to convert the bonds into shares. It is determined by the difference between the proceeds of the bond issue and the debt component calculated according to the methods described above and after deducting the issuance costs allocated to this component; and
- ▶ a deferred tax liability is ascertained as the difference between the carrying value and the value of the debt for tax purposes; this deferred tax is constituted in exchange for equity.

The OCEANE conversion is posted when the bonds are converted and the shares exchanged.

On 6 June 2014, the Group issued net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANEs). Under IAS 32 and IAS 39, the ORNANE bonds are hybrid instruments with two separately recognised components:

- ▶ an option to convert to shares, recognised on the balance sheet as a debt derivative (fixed-income derivative);

This option was measured at fair value (at level 2 in the fair value hierarchy) using a binomial model that assumes observable market volatility, spreads and maturities. Changes in fair value are then recognised in the income statement.

- ▶ a debt instrument initially recognised on the balance sheet at the fair value of ORNANE bonds minus the associated transaction costs and after deducting the fair value of the option. Subsequent valuations of this instrument are at amortised cost.

### 2.15. Other borrowings

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

### 2.16. Fair value

For the purposes of presentation in accordance with IFRS 7 and IFRS 13 (see Note 11: Fair value):

- ▶ the fair value of loans and receivables is determined by discounting expected cash flows at the market rate in

force at the reporting date; for debts with a term of less than six months, the balance sheet value represents a reliable approximation of their fair value;

- ▶ the fair value of financial liabilities is determined by discounting the cash flows outstanding at the market rate in force on the reporting date, for debt with the same residual maturity. For trade payables, the balance sheet amount is a reliable approximation of fair value.

### Fair value hierarchy

IFRS 13 establishes a hierarchy for measuring fair value based on three levels:

- ▶ **level 1:** the quoted prices for assets or liabilities identical to those being measured, available on the valuation date in an active market to which the entity has access;
- ▶ **level 2:** inputs other than the prices in Level 1 that are observable market data for the asset or liability;
- ▶ **level 3:** inputs not based on observable market data (for example, extrapolations). The latter level applies when no market or observable data exists and the Company is required to make its own assumptions when estimating the data that other market operators would have used to measure the fair value of the asset.

All fair value assessments are disclosed, according to their level, in Note 10 to the consolidated financial statements.

### 2.17. Treasury shares

Treasury shares are recognised as a reduction of shareholders' equity measured at their acquisition cost.

Subsequent changes in fair value are not taken into account. Similarly, proceeds from the disposal of treasury shares do not affect profit or loss for the year.

### 2.18. Provisions for risks and contingencies

In accordance with IAS 37 - Provisions, contingent liabilities and contingent assets, provisions are recognised when the Group has an obligation at year-end to a third party deriving from a past event, the settlement of which should result in an outflow of resources embodying economic benefits.

Provisions are adjusted when the effect of the adjustment is significant.

The site restoration obligation is recognised at the adjusted amount of the estimated cost in respect of the contractual obligation for dismantlement; the impact of the passage of time is measured by applying a risk-free

interest rate to the amount of the provision.

The effect of the accretion is posted under "Other financial expenses".

### 2.19. Retirement and other post-employment benefits

The Group's obligations in respect of retirement and other post-employment benefits are limited to paying contributions to general mandatory pension plans and to making severance payments on retirement; these are defined by the applicable collective agreements.

Severance payments on retirement correspond to defined benefit plans. They are provisioned as follows:

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

For basic plans and other defined contribution plans, the

Group recognises under expenses the payable contributions when they are due and no provision is constituted, as the Group is not committed to more than the contributions paid.

### 2.20. Oil sales

#### *Hydrocarbon sales*

Sales corresponding to the sale of production from deposits operated by the Company under Production Sharing Agreements include deliveries of crude oil as production royalties and taxes (state share of profit oil) when they are actually paid.

Income is recognised as sales when the Company has transferred the risks and benefits inherent in ownership of the assets to the buyer.

Oil sales are recognised when oil is delivered to the oil terminals. These sales are adjusted to reflect whether the Group is in an over-entitlement position (in which case the Group posts a debt to its partners), or under-entitlement position (in which case the Group posts a receivable).

Given that production is mainly located in Gabon, and that only a single commercialisation route exists in that country (Cap Lopez), the Group's financial statements can differ significantly depending on whether oil is loaded onto a tanker just before or just after the end of a period.

The Group therefore uses the "entitlement method", which consists of measuring over- and under-entitlement positions at the period-end at their realisable value. This method is accepted as common practice in the oil industry.

#### *Drilling services*

Sales are recognised as drilling stages are completed, with progress measured in terms of the depth reached and time taken.

### 2.21. Share-based payments

Bonus shares allocated by Maurel & Prom to its employees are recognised under personnel expenses when they are granted and are spread over the vesting period; the



method by which they are spread depends on the respective vesting conditions of each plan.

The fair value of bonus shares is determined on the basis of the share price on the allocation date.

### 2.22. Income tax

The tax expense presented on the income statement includes the current tax expense (or income) and the deferred tax expense (or income).

Deferred taxes are recorded based on the temporary differences between the carrying values of assets and liabilities and their tax bases. Deferred taxes are not adjusted. Deferred tax assets and liabilities are measured based on the tax rates adopted or almost adopted on the reporting date.

Deferred tax assets, resulting primarily from losses carried forward or timing differences, are not taken into account unless their recovery is likely.

To ascertain the Group's ability to recover these assets, the following elements in particular have been taken into account:

- the existence of sufficient temporary differences taxable by the same tax authority for the same taxable entity,

which will create taxable amounts on which unutilised losses for tax purposes and tax credits may be charged before they expire, and

- forecasts of future taxable income allowing prior tax losses to be offset.

### 2.23. Earnings per share

Two earnings per share are presented: basic net earnings per share and diluted earnings per share. The number of shares used for calculating diluted earnings per share takes into account the conversion into shares of instruments providing deferred access to the capital and having a dilutive effect. Diluted earnings per share are calculated based on net earnings, Group share, adjusted by the financial cost, net of taxes, of dilutive instruments providing deferred access to the capital.

Treasury shares are not taken into account in the calculation.

## Note 3

## Changes in the composition of the Group

Company	Registered office	Consolidation method	% control	
			31/12/2014	31/12/2013
Etablissements Maurel & Prom	Paris	Consolidating company	Consolidating company	
<b>OIL AND GAS ACTIVITIES</b>				
Caroil	Paris, France	Fully consolidated	100.00%	100.00%
Saint-Aubin Energie	Paris, France	Equity associate	33.33%	33.33%
Panther Eureka S.r.l.	Ragusa, Sicily	Fully consolidated	100.00%	100.00%
Maurel & Prom West Africa	Paris, France	Fully consolidated	100.00%	100.00%
Maurel & Prom Gabon	Port-Gentil	Fully consolidated	100.00%	100.00%
Quartier General M&P Gabon	Port-Gentil	Fully consolidated	100.00%	100.00%
MP East Asia	Paris, France	Equity associate	33.33%	33.33%
M&P Peru SA	Peru	Fully consolidated	100.00%	100.00%
Maurel & Prom Colombia BV	Rotterdam, Netherlands	Equity associate	50.01%	50.01%
Maurel & Prom Drilling Services (formerly Maurel & Prom Latin America BV)	Rotterdam, Netherlands	Fully consolidated	100.00%	100.00%
Maurel & Prom Congo SA	Pointe-Noire, Congo	Fully consolidated	100.00%	100.00%
Maurel & Prom Tanzania Ltd	Dar L.C. Salaam, Tanzania	Fully consolidated	100.00%	100.00%
Prestoil Kouilou	Pointe-Noire, Congo	NA		100.00%
Maurel & Prom Exploration Production Tanzania Ltd	Dar L.C. Salaam, Tanzania	Fully consolidated	100.00%	100.00%
Maurel & Prom Volney 2	Paris, France	Fully consolidated	100.00%	100.00%
Cyprus Mnazi Bay Limited	Nicosia, Cyprus	Fully consolidated	60.075%	60.08%
Maurel & Prom Mnazi Bay Holdings	Paris, France	Fully consolidated	100.00%	100.00%
Maurel & Prom Peru Holdings	Paris, France	Fully consolidated	100.00%	100.00%
Maurel & Prom Exploration and Production BRM	Paris, France	Fully consolidated	100.00%	100.00%
Saint-Aubin Energie Québec Inc	Montreal, Canada	Equity associate	33.33%	33.33%
Saint-Aubin Exploration & Production (Québec) Inc.	Montreal, Canada	Equity associate	33.33%	
MP Energy West Canada Corp.	Calgary, Canada	Equity associate	33.33%	33.33%
Maurel & Prom Iraq	Paris, France	Deconsolidated	16.67%	16.67%
MP Québec	Paris, France	Equity associate	33.33%	33.33%
MP West Canada	Paris, France	Equity associate	33.33%	33.33%
Maurel & Prom Namibia	Paris, France	Fully consolidated	100.00%	100.00%
<b>OTHER ACTIVITIES</b>				
Maurel & Prom Assistance Technique	Paris, France	Fully consolidated	100.00%	100.00%
Maurel & Prom Assistance Technique International SA	Geneva, Switzerland	Fully consolidated	99.99%	99.99%

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Maurel & Prom Gabon SA merged with and into Quartier Général M&P Gabon. The transaction was completed on 1 January 2014.

Prestoil Kouilou was taken over by Maurel & Prom Assistance Technique resulting from a universal transfer of assets.

## Note 4

## Intangible assets

## Changes in intangible assets

<i>In thousands of euros</i>	Goodwill	Oil search and exploitation rights	Exploration costs	Other	Total
<b>GROSS VALUE AT 01/01/2013*</b>	6,403	146,133	299,145	6,242	457,923
Exploration investments	-	-	49,020	(76)	48,944
Sales/Decreases	-	-	(1,727)	-	(1,727)
Exploration expenses	-	(2,780)	(18,912)	-	(21,692)
Changes in consolidation scope	-	-	-	224	224
Changes in fair value	-	-	-	-	-
Currency translation adjustments	-	(5,891)	(8,679)	(18)	(14,588)
Transfers	-	-	5,704	(2,188)	3,516
<b>GROSS VALUE AT 31/12/2013*</b>	6,403	137,462	324,551	4,184	472,600
Exploration investments	-	33,186	84,282	814	118,282
Sales/Decreases	-	-	-	(11)	(11)
Exploration expenses	-	(753)	(176,905)	-	(177,658)
Changes in consolidation scope	-	-	-	(14)	(14)
Changes in fair value	-	-	-	-	-
Currency translation adjustments	-	20,695	22,562	172	43,429
Transfers	-	-	(53,717)	(1,355)	(55,072)
<b>GROSS VALUE AT 31/12/2014</b>	6,403	190,590	200,773	3,790	401,556
<b>CUMULATIVE DEPRECIATION AND IMPAIRMENT AT 01/01/2013*</b>	-	25,892	91,436	2,141	119,469
Charges	-	5,296	3,470	271	9,037
Disposals/Reversals	-	-	-	-	-
Exploration expenses	-	(2,780)	-	-	(2,780)
Currency translation adjustments	-	(984)	(419)	(11)	(1,414)
Changes in consolidation scope	-	-	-	215	215
Transfers	-	-	3,515	-	3,515
<b>CUMULATIVE AMORTISATION AND DEPRECIATION AT 31/12/2013*</b>	-	27,424	98,002	2,616	128,042
Charges	2,138	7,036	10,788	333	20,295
Disposals/Reversals	-	-	-	(11)	(11)
Exploration expenses	-	(103)	(80,549)	-	(80,652)
Currency translation adjustments	-	3,598	1,967	116	5,681
Changes in consolidation scope	-	-	-	-	-
Transfers	-	-	-	(31)	(31)
<b>CUMULATIVE DEPRECIATION AND IMPAIRMENT AT 31/12/2014</b>	2,138	37,955	30,208	3,023	73,324
<b>NET BOOK VALUE AT 31/12/2014</b>	4,265	152,635	170,565	767	328,232
<b>NET CARRYING VALUE AT 31/12/2013*</b>	6,403	110,038	226,549	1,568	344,556

\*Restated to reflect the application of IFRS 11

*Consolidated financial statements at 31 december 2014*

Acquisitions of intangible assets amounted to €118,282K as at 31 December 2014. The main investments in the period related to:

- ▶ investments made in Gabon in the amount of €56,786K, which mainly related to:
  - environmental contributions paid on signature of the Ezanga permit in the amount of €33,186K. This new permit replaces the Omoueyi permit;
  - exploration work on the Ezanga permit in the amount of €14,919K related primarily to the cost of the Mavoungou and Niembi exploration platforms and drilling;
  - expenses incurred in relation to the Nyanga Mayombe permit in the amount of €7,950K (mainly for seismic data acquisition);
- ▶ exploration expenses incurred in Tanzania relating primarily to the Mnazi Bay permit, in the amount of €9,145K, and to the Bigwa-Rufiji-Mafia permit, in the amount of €20,152K, (mainly for additional 2D and 3D seismic data acquisition);
- ▶ investments amounting to €27,202K at the Rovuma field in Mozambique to drill the Tembo-1 and Kifaru-1 wells, ongoing as at 31 December 2014.
- ▶ exploration assets on the La Noubi permit in the Congo, which were fully expensed in the amount of €14,001K;
- ▶ expenditure on the Fortuna-1 well in Peru on the Block 116 permit in the amount of €3,472K. This expenditure corresponds to the costs of abandoning the Fortuna-1 well which exceeded the carrying budget agreed with PRE. The Group is funding its share of those costs. (See also "Amortisation and impairment charges" below.)

### Exploration expenses

At 31 December 2014, exploration costs recognised as expenses amounted to a net value of €97,006K and primarily related to:

- ▶ all exploration expenditure on the Rovuma permit in Mozambique in the amount of €39,307K;
- ▶ costs relating to the Bigwa-Rufiji-Mafia permit in the amount of €37,904K. As at 31 December 2014, the balance of the exploration assets on the Bigwa-Rufiji-Mafia permit relates solely to expenses incurred in the M'Kuranga region, for which a development plan has been submitted to the authorities;

### Transfers

Transfers in the amount of €55,041K are due primarily to the reclassification of the costs incurred at the Maroc field (€49,377K) recorded on 31 December 2013 as property, plant and equipment following the awarding of the Exclusive Exploitation Authorisation.

### Amortisation and impairment charges

Amortisation and impairment largely concerns the depletion of intangible assets (particularly seismic studies and signing bonuses) relating to the Ezanga permit in the amount of €9,229K and impairment of residual assets in Peru in the amount of €6,651K.

Impairment losses recognized on goodwill for Panther amounted to €2,138K.

### Currency translation adjustments

The revaluation of assets held in US dollars at the closing exchange rate produced a net positive translation adjustment of €37,748K. This significant increase was the consequence of the appreciation of the US dollar.

## Net carrying value of intangible assets per permit

Permit <i>In €m</i>	Drilling	Studies	Total	Permit and Reserves	Other	Total Intangible Assets
Ezanga	4	68	72	133	-	205
Nyanga Mayombé	-	10	10	2	-	12
Kari	-	24	24	-	-	24
Bigwa Rufiji Mafia (BRM)	20	15	35	-	-	35
Peru block 116	-	-	-	-	-	-
Mnazi Bay	-	26	26	17	-	43
Alasi	-	-	-	1	-	1
Noumbi	-	-	-	-	-	1
Rovuma (Mozambique)	-	-	-	-	-	-
Other permits	-	3	3	-	5	8
<b>TOTAL</b>	<b>24</b>	<b>146</b>	<b>170</b>	<b>153</b>	<b>5</b>	<b>328</b>

## Note 5

## Property, plant and equipment

## Changes in property, plant and equipment

<i>In thousands of euros</i>	Land and buildings	Technical facilities	Down payments and construction in progress	Other fixed assets	Total
<b>GROSS VALUE AT 01/01/2013*</b>	3,584	976,723	384	24,663	1,005,354
Development/production investments	640	172,749	17,204	14,422	205,015
Sales/Decreases	-	-	-	(175)	(175)
Assets decommissioned	-	-	-	(16)	(16)
Changes in consolidation scope	-	106,994	397	1,759	109,150
<i>Currency translation adjustments</i>	(4)	(50,665)	(12)	(1,366)	(52,047)
Transfers	(1,124)	(54)	(67)	121	(1,124)
<b>GROSS VALUE AT 31/12/2013*</b>	3,096	1,205,747	17,906	39,408	1,266,157
Development/production investments	620	196,951	1,608	13,734	212,913
Sales/Decreases	-	(1,359)	-	(258)	(1,617)
Assets decommissioned	-	(2,454)	-	(24)	(2,478)
Changes in consolidation scope	-	0	-	-	-
<i>Currency translation adjustments</i>	357	191,394	82	6,185	198,018
Transfers	-	59,788	(8,559)	(52)	51,177
<b>GROSS VALUE AT 31/12/2014</b>	4,073	1,650,067	11,037	58,993	1,724,170

## Changes in property, plant and equipment

<i>In thousands of euros</i>	Land and buildings	Technical facilities	Down payments and construction in progress	Other fixed assets	Total
<b>CUMULATIVE DEPRECIATION AND IMPAIRMENT AT 1/1/2013*</b>	1,067	193,201	-	3,751	198,019
Charges	138	57,330	-	741	58,209
Disposals/Reversals	-	-	-	(173)	(173)
Assets decommissioned	-	-	-	(5)	(5)
Currency translation adjustments	(2)	(10,876)	-	(28)	(10,906)
Changes in consolidation scope	-	55,773	-	1,279	57,052
Transfers	(1,028)	(285)	-	190	(1,123)
<b>CUMULATIVE AMORTISATION AND DEPRECIATION AT 31/12/2013*</b>	175	295,143	-	5,755	301,073
Charges	246	83,876	-	867	84,989
Disposals/Reversals	-	(1,678)	-	(78)	(1,756)
Assets decommissioned	-	(1,083)	-	(17)	(1,100)
Currency translation adjustments	37	47,893	-	550	48,686
<b>CUMULATIVE DEPRECIATION AND IMPAIRMENT AT 31/12/2014</b>	458	424,151	-	7,077	431,686
<b>NET BOOK VALUE AT 31/12/2014</b>	3,615	1,225,916	11,037	51,916	1,292,484
<b>NET CARRYING VALUE AT 31/12/2013*</b>	2,922	910,603	17,906	33,653	965,084

\* Restated to reflect the application of IFRS 11

### Development/production investments

Investment in property, plant and equipment over the period amounted to €212,913K, primarily for:

- ▶ costs of drilling, injection and production wells and investments made on the Ezanga permit to boost capacity of treatment facilities in the amount of €199,317K;
- ▶ production investment in the amount of €6,215K on the Mnazi Bay permit for facility maintenance, connecting the site to the pipeline between Mtwara and Dar es Salam, and the start of drilling operations on the MB4 well;
- ▶ work on drilling rigs amounting to €4,480K, primarily in Gabon.

### Transfers

Transfers in the amount of €51,177K are due primarily to the reclassification of the intangible assets present at the opening of the Maroc field (valued at €49,377K) as property, plant and equipment, following the awarding of the Exclusive Exploitation Authorisation for this field.

### Amortisation and impairment charges

The amortisation charges for the period amounted to €84,989K and relate primarily to the amortisation of the technical facilities of the Ezanga permit in the amount of €61,868K and amortisation and write-down of drilling activity assets in the amount of €22,081K, including a €8,352K impairment.

The plunge in hydrocarbon prices observed over the last six months of the fiscal year has led oil operators to revise downward their investment programmes which will have a direct negative impact on the volume of activity and profitability of drilling in 2015. The Group sees this slowdown in activity as something temporary and anticipates that drilling programmes will pick up pace again as early as in 2016.

Pursuant to IAS 36, an impairment test was conducted to determine the value in use of drilling activities by calculating the present value of future cash flows that those activities are expected generate. To this end, a five-year business plan was prepared with a resulting value in use of €45 million; this consequently led to posting a loss of €8.3 million on the income statement.

The assumptions made in this calculation include the Company's 2014 results. They were based, among other things, on (i) a 63% rig usage rate by 2015 (compared with 82% in 2014) and rising to 93% as from fiscal year 2016, (ii) average daily invoicing consistent with current market prices, (iii) a discount rate of 8.5%, and (iv) a five-year rig resale value of US\$32 million.

The results of the sensitivity analyses were as follows:

- ▶ an increase of 100 basis points in the discount rate would decrease the valuation by €1.4 million;
- ▶ a decrease of 500 basis points in the rig usage rate would decrease the valuation by €4.8 million.

### Currency translation adjustments

The revaluation of assets held in US dollars at the closing exchange rate produced a net positive translation adjustment of €149,538K. This significant increase was the consequence of the appreciation of the US dollar in 2014.



## Note 6

## Other non-current financial assets

<i>In thousands of euros</i>	Financial assets available for sale	Loans and receivables	Total
VALUE AT 01/01/2013*	601	139	740
Changes in consolidation scope	(74)	214	140
Increase	0	265	265
Currency translation adjustments	0	(4)	(4)
VALUE AT 31/12/2013*	527	614	1,141
Increase	0	99	99
Decrease	0	(37)	(37)
Currency translation adjustments	0	39	39
Transfers	(311)	0	(311)
VALUE AT 31/12/2014	216	715	931

\*Restated to reflect the application of IFRS 11

## Note 7

## Quity associates

Following the entry into effect of IFRS 10, 11 and 12 on 1 January 2014, Maurel & Prom Colombie BV and all the companies within Saint-Aubin Energie that had previously been consolidated proportionately are now consolidated

using the equity method. This change in accounting method was applied retrospectively and comparative data at 1 January and 31 December 2013 were restated accordingly.

At 31/12/2014	Share of equity	Value of shares on the balance sheet	Share of income in the fiscal year
<i>In thousands of euros</i>			
Maurel & Prom Colombia BV	87,872	87,872	(10,974)
MP East Asia	12	12	(2,342)
Saint-Aubin Energie	6,130	6,130	(702)
MP Québec	-	-	-
MP West Canada	13	13	(1,152)
Saint-Aubin Energie Québec Inc	-	-	-
MP Energy West Canada Corp.	-	-	(13)
Saint-Aubin Exploration & Production (Québec) Inc.	1	1	(197)
<b>TOTAL</b>	<b>94,028</b>	<b>94,028</b>	<b>(15,380)</b>

The net negative position of the companies' current accounts led to the recognition of an impairment (see Note 9).

The data below are presented as reported in the joint ventures' financial statements (fully and not proportionately), after, where applicable, conversion into euros, fair value adjustments made on the acquisition date and adjustments for accounting method consistency.

Consolidated financial statements at 31 december 2014

### Financial information for the main joint ventures at 31 december 2014

Joint ventures and affiliates <i>In thousands of euros</i>	Maurel & Prom Colombia BV	MP East Asia	MP Energy West Canada Corp.	Saint-Aubin Exploration & Production (Québec) Inc.
Location	Colombia	Myanmar	Canada	Québec
Activity	Exploration	Exploration	Exploration	Exploration
Ownership %	50%	33%	33%	33%
Intangible assets	167,000	34,959	8,996	4,343
Property, plant and equipment	235	-	-	42
Other non-current assets	-	-	-	13
<b>TOTAL NON-CURRENT ASSETS</b>	<b>167,235</b>	<b>34,959</b>	<b>8,996</b>	<b>4,399</b>
Cash and cash equivalents	11,680	73	-	335
Other current assets	33,680	-	-	563
<b>TOTAL CURRENT ASSETS</b>	<b>45,360</b>	<b>73</b>	<b>-</b>	<b>899</b>
<b>TOTAL ASSETS</b>	<b>212,595</b>	<b>35,032</b>	<b>8,996</b>	<b>5,298</b>
<b>EQUITY, GROUP SHARE</b>	<b>87,872</b>	<b>-2,264</b>	<b>-13</b>	<b>-206</b>
<b>NON-GROUP EQUITY</b>	<b>87,872</b>	<b>-4,528</b>	<b>-27</b>	<b>-411</b>
Non-current financial liabilities	15	-	-	5,798
Other non-current liabilities	-	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>5,798</b>
Current financial liabilities	-	-	-	-
Other current liabilities	36,835	41,824	9,036	117
<b>TOTAL CURRENT LIABILITIES</b>	<b>36,835</b>	<b>41,824</b>	<b>9,036</b>	<b>117</b>
<b>TOTAL LIABILITIES</b>	<b>212,595</b>	<b>35,032</b>	<b>8,996</b>	<b>5,298</b>
<b>Reconciliation with balance sheet values</b>				
<i>Net assets</i>	<i>175,745</i>	<i>-6,792</i>	<i>-41</i>	<i>-617</i>
<i>Share held</i>	<i>87,872</i>	<i>-2,264</i>	<i>-14</i>	<i>-206</i>
<i>Adjustments*</i>		<i>2,276</i>	<i>14</i>	<i>207</i>
<b>BALANCE SHEET VALUE</b>	<b>87,872</b>	<b>12</b>	<b>-</b>	<b>1</b>

\* The adjustments reflect the fact that the net negative positions were taken into account through a current-account provision with these entities.

## Consolidated financial statements at 31 december 2014

Intangible assets primarily comprise €76 million in research and exploration rights, and €137 million in exploration costs.

The value of the Colombian assets includes an intangible asset in the amount of €83 million representing Maurel & Prom's share, which includes €43 million in exploration expenses and €38 million in residual goodwill recognised at the time of the control change in 2011 (joint venture with Pacific Rubiales).

The value of this asset is estimated in relation to our company's activity as a whole in this country (Colombia), taking into account the exploration and production prospects, and the work commitments associated with the underlying permits, especially the Muisca permit.

Joint ventures and affiliates	Maurel & Prom Colombia BV	MP East Asia	MP Energy West Canada Corp.	Saint-Aubin Exploration & Production (Québec) Inc.
<i>In thousands of euros</i>				
Sales	-	-	-	171
Current operating income	-19,895	-2,742	-	-854
<i>o/w:</i>				
- Amortisation and depreciation charges	-311	-	-	-2
Financial income	-1,833	-4,138	-39	-79
<i>o/w:</i>				
- Interest income	548	-	-	-
- Interest expense	-2	-1,046	-39	-80
Income tax	-221	-146	-	341
Income from discontinued operations	-	-	-	-
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>-21,949</b>	<b>-7,026</b>	<b>-39</b>	<b>-592</b>
Items of other comprehensive income	-	-	-	-
<b>COMPREHENSIVE INCOME</b>	<b>-21,949</b>	<b>-7,026</b>	<b>-39</b>	<b>-592</b>

## Financial information for other joint ventures at 31 december 2014

<i>In thousands of euros</i>	Saint-Aubin Energie	MP West Canada	Saint-Aubin Energie Québec Inc
Total non-current assets	151	16,591	351
Total current assets	85,774	8,743	-
<b>TOTAL ASSETS</b>	<b>85,925</b>	<b>25,334</b>	<b>351</b>
<b>EQUITY, GROUP SHARE</b>	<b>6,130</b>	<b>-1,315</b>	<b>-</b>
<b>NON-GROUP EQUITY</b>	<b>12,376</b>	<b>-2,630</b>	<b>-</b>
Total non-current liabilities	-	-	-
Total current liabilities	67,419	29,279	351
<b>TOTAL LIABILITIES</b>	<b>85,925</b>	<b>25,334</b>	<b>351</b>
Sales	-	-	-
Financial income	-583	-3,426	-
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>-2,107</b>	<b>-3,456</b>	<b>-</b>

Joint ventures included in the Group's consolidation scope did not pay dividends during the 2014 fiscal year.

<i>At 31/12/2013*</i> <i>In thousands of euros</i>	Share of equity	Value of shares on the balance sheet	Share of income in the fiscal year
Maurel & Prom Colombia BV	79,653	79,653	(26,970)
MP East Asia	78	78	65
Saint-Aubin Energie	(233)	(233)	(245)
MP West Canada	(90)	(90)	(102)
Tuscany International Drilling	-	-	(44,801)
Maurel & Prom Iraq	-	-	548
<b>TOTAL</b>	<b>79,408</b>	<b>79,408</b>	<b>(71,505)</b>

\*Restated to reflect the application of IFRS 11

## Financial information for the main joint ventures at 31 december 2013

Joint ventures and affiliates <i>In € thousands/before disposals</i>	Maurel & Prom Colombia BV	MP East Asia	MP Energy West Canada Corp.	Saint-Aubin Exploration & Production (Québec) Inc.
Location	Colombia	Myanmar	Canada	Quebec
Activity	Exploration	Exploration	Exploration	Exploration
Ownership %	50%	33%	33%	33%
Intangible assets	147,613	30,030	650	-
Property, plant and equipment	326	-	-	-
Other non-current assets	-	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>147,940</b>	<b>30,030</b>	<b>650</b>	<b>-</b>
Cash and cash equivalents	14,360	22	-	-
Other current assets	34,084	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>48,444</b>	<b>22</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>196,383</b>	<b>30,052</b>	<b>650</b>	<b>-</b>
<b>EQUITY, GROUP SHARE</b>	<b>79,703</b>	<b>78</b>	<b>-</b>	<b>-</b>
<b>NON-GROUP EQUITY</b>	<b>79,671</b>	<b>156</b>	<b>-</b>	<b>-</b>
Non-current financial liabilities	40	-	-	-
Other non-current liabilities	547	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>587</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current financial liabilities	-	30	-	-
Other current liabilities	36,422	29,789	650	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>36,422</b>	<b>29,819</b>	<b>650</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>196,383</b>	<b>30,052</b>	<b>650</b>	<b>-</b>
<i>Reconciliation with balance sheet values</i>				
<i>Net assets</i>	<i>159,374</i>	<i>233</i>	<i>-</i>	<i>-</i>
<i>Share held</i>	<i>79,653</i>	<i>78</i>	<i>-</i>	<i>-</i>
<b>BALANCE SHEET VALUE</b>	<b>79,653</b>	<b>78</b>	<b>-</b>	<b>-</b>

Consolidated financial statements at 31 december 2014

Joint ventures and affiliates <i>In € thousands/before disposals</i>	Maurel & Prom Colombia BV	MP East Asia	MP Energy West Canada Corp.	Saint-Aubin Exploration & Production (Québec) Inc.
Sales	19,181	-	-	-
Current operating income	-24,944	-168	-	-
<i>o/w:</i> - Amortisation and depreciation charges	-5,715	-	-	-
Financial income	-1,001	476	-	-
<i>o/w:</i> - Interest income - Interest expense	205 -15	- -438	- -	- -
Income tax	-1,444	-103	-	-
Income from discontinued operations	-	-	-	-
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>-53,939</b>	<b>206</b>	<b>-</b>	<b>-</b>
Items of other comprehensive income	-	-	-	-
<b>COMPREHENSIVE INCOME</b>	<b>-53,939</b>	<b>206</b>	<b>-</b>	<b>-</b>

## Financial information for other joint ventures at 31 december 2013

<i>In thousands of euros</i>	Saint-Aubin Energie	MP West Canada	Saint-Aubin Energie Québec Inc
Total non-current assets	148	25,439	351
Total current assets	56,954	12	-
<b>TOTAL ASSETS</b>	<b>57,102</b>	<b>25,452</b>	<b>351</b>
<b>EQUITY, GROUP SHARE</b>	<b>-233</b>	<b>-90</b>	<b>-</b>
<b>NON-GROUP EQUITY</b>	<b>-465</b>	<b>-180</b>	<b>-</b>
Total non-current liabilities	-	-	-
Total current liabilities	57,799	25,721	351
<b>TOTAL LIABILITIES</b>	<b>57,102</b>	<b>25,452</b>	<b>351</b>
Sales	-	-	-
Financial income	-304	929	-
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>-726</b>	<b>-307</b>	<b>-</b>



## Note 8

## Inventories

In thousands of euros	31/12/2014	31/12/2013 *
Hydrocarbon inventories	-	-
Current	-	-
Consumables	7,378	8,332
<b>TOTAL</b>	<b>7,378</b>	<b>8,332</b>
Write-down to be deducted	(493)	-
<b>NET VALUE</b>	<b>6,885</b>	<b>8,332</b>

\* Restated to reflect the application of IFRS 11

The net value of inventories of consumables at 31 December 2014 was €1,447K less than at 31 December 2013. This drop was primarily due to a

fall of €808K in chemical inventories on Ezanga and a fall of €509K in inventories of replacement parts for drilling platforms.

## Note 9

## Trade receivables and other current assets

In thousands of euros	31/12/2014	31/12/2013 *
Trade receivables - oil and gas activities	30,015	118,226
Trade receivables - drilling activities	9,938	9,056
Other	3,768	774
<b>TOTAL</b>	<b>43,721</b>	<b>128,056</b>
Write-down to be deducted	344	-
<b>NET VALUE</b>	<b>43,377</b>	<b>128,056</b>

\* Restated to reflect the application of IFRS 11

The balance of trade receivables for hydrocarbon sales corresponds to €27,069 in receivables from Total Gabon, which buys the production from the fields on the Ezanga permit (excluding deliveries to the Sogara refinery which are carried out in accordance with the obligation made to the producers of "Rabi Light" crude to supply a portion of their production to this refinery).

The drop in receivables relating to hydrocarbon sales is mainly due to:

- the receipt of receivables from Sogara (down €37,195K), resulting in a zero balance at 31 December 2014;
- the drop in barrel price, which fell by 46% between 31 December 2013 and 31 December 2014, and the reduction in delivered volumes at end-December 2014 compared with end-December 2013.

Receivables for drilling activities mainly relate to services performed in Gabon in the amount of €5,240K and in Congo in the amount of €4,698K.

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

Other current financial assets	31/12/2014			31/12/2013 *		
	Gross	Impairment	Net	Gross	Impairment	Net
<i>In thousands of euros</i>						
Receivables on investments and associations	44,773	-16,850	27,923	37,818	-12,771	25,047
Loans and other borrowings:	3,677	-235	3,442	2,067	-294	1,773
Miscellaneous receivables	69,320	-40,488	28,832	76,823	-40,735	36,088
<b>TOTAL</b>	<b>117,770</b>	<b>-57,573</b>	<b>60,197</b>	<b>116,708</b>	<b>-53,800</b>	<b>62,908</b>

\* Restated to reflect the application of IFRS 11

Other current assets	31/12/2014			31/12/2013 *		
	Brut	Dépréciation	Net	Brut	Dépréciation	Net
<i>In thousands of euros</i>						
Advances and down payments:	5,334	-	5,334	24,043	-	24,043
Prepaid expenses	1,229	-	1,229	1,661	-	1,661
Tax and social security receivables (excluding income tax)	56,823	-4,986	51,837	42,132	-	42,132
Other assets:	-	-	-	3,683	-	3,683
<b>TOTAL</b>	<b>63,386</b>	<b>-4,986</b>	<b>58,400</b>	<b>71,519</b>	<b>-</b>	<b>71,519</b>

\* Restated to reflect the application of IFRS 11

### Receivables on investments and associations

The change in the "Receivables on equity interests and joint ventures" item (+€2,876K in net value) was mainly due to the change in the current accounts for Saint-Aubin Energie (+€3,389K) and non-Group partners on the Noubi permit in the Congo (+€1,809K), and to the provision for equity associates that had negative net equity (€3,750K).

As at 31 December 2014, this item totalled €28,816K and consisted primarily of the following:

- the non-Group share of Saint-Aubin Energie current accounts, consolidated using the equity method in the amount of €22,217K;

- the current accounts of partners on the Mnazi Bay permit, in the amount of €5,064K, and the La Noubi permit, in the amount of €4,069K;

- the Ison Holding current account in the amount of €12,122K, fully written off;

### Loans and other borrowings

The balance of this item mainly consists of receivables from personnel in the amount of €2,964K (including €2,738K in Gabon) and sundry guarantee deposits maturing in less than one year in the amount of €477K.

### Miscellaneous receivables

As at 31 December 2014, this item (€28,817K in net value) consisted of €25,908K in miscellaneous receivables held against Ezanga, mainly from the state. Miscellaneous receivables also include a fully written-off receivable held against Integra, which bought Maurel & Prom Venezuela in 2011, in the amount of €37,500K.

### Advances and down payments

The change in this item is mainly due to a €19,207K reduction in the down payments for investments on the Ezanga permit.

### Tax and social security receivables:

The Group's tax and social security receivables were up by €14,691K in gross value (€9,705K in net value). The rise reflects the increase in VAT receivables in Gabon (€7,751K), from drilling activities (€2,624K of which €2,577K was in Gabon), and in Peru (€4,050K).

In 2014, a €4,986K provision for the impairment of VAT receivables was allocated to drilling activities.

As at 31 December 2014, this item (€51,837K in net value) primarily consisted of VAT receivables:

- ▶ in Gabon amounting to €32,431K from the Ezanga permit;
- ▶ from drilling activities, in the amount of €9,068K.

### Other assets:

The change in this item is due to the amortisation over the period of the balance of issue costs relating to the bridge loan set up at end-2013 and not drawn down.

## Note 10

### Derivative financial instruments

In thousands of euros

	31/12/2014			31/12/2013 *
	Current	Non-current	Total	Total
<b>DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)</b>	-	-	-	-
Interest rate instruments	-	-	-	-
Exchange rate instruments	-	-	-	-
Hydrocarbon instruments	-	-	-	-
<b>DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)</b>	-	1,612	-	198
Exchange rate instruments	-	-	-	-
Interest rate instruments	-	1,612	-	-
Hydrocarbon instruments	-	-	-	198
<b>TOTAL</b>	-	1,612	-	198

\* Restated to reflect the application of IFRS 11

## Consolidated financial statements at 31 december 2014

Under IAS 32 and IAS 39, the ORNANE bonds issued on 6 June 2014 (see Note 1: Overview) are hybrid instruments with two separately recognised components:

- ▶ an option to convert to shares, recognised on the balance sheet as a debt derivative (fixed-income derivative);
- ▶ a debt instrument initially recognised on the balance sheet at the fair value of ORNANE bonds minus the associated transaction costs and after deducting the fair value of the option. Subsequent valuations of this instrument are at amortised cost.

The Group booked the conversion option at its fair value on the bond issue date of 6 June 2014 in the amount of €13,779K.

Under IAS 39 this option was valued at its fair value (at level 2) using a binomial model that assumes observable market volatility, spreads and maturities.

The change in the fair value of this option between 6 June and 31 December 2014 was recognised in profit or loss, generating income of €12,167K. The value of the option in the financial statements as at 31 December 2014 is €1,612K.

## Note 11

## Fair value

## Financial assets (excluding derivatives)

The various categories of financial assets (excluding derivative financial instruments) as at 31 December 2014 and 31 December 2013 are shown in the following tables:

At 31/12/2014	Financial assets available for sale	Loans and receivables	Balance Sheet Total	Fair value
<i>In thousands of euros</i>				
Other non-current financial assets	216	715	931	931
Trade receivables and related accounts	-	43,377	43,377	43,377
Other current financial assets	-	60,197	60,197	60,197
Cash and cash equivalents	-	229,938	229,938	229,938
<b>TOTAL BALANCE SHEET VALUE</b>	<b>216</b>	<b>334,227</b>	<b>334,443</b>	<b>334,443</b>
<b>TOTAL FAIR VALUE</b>	<b>216</b>	<b>334,227</b>	<b>334,443</b>	<b>334,443</b>

At 31/12/2013*	Financial assets available for sale	Loans and receivables	Balance Sheet Total	Fair value
<i>In thousands of euros</i>				
Other non-current financial assets	527	614	1,141	1,141
Trade receivables and related accounts	-	128,056	128,056	128,056
Other current financial assets	-	62,908	62,908	62,908
Cash and cash equivalents	-	200,982	200,982	200,982
<b>TOTAL BALANCE SHEET VALUE</b>	<b>527</b>	<b>392,560</b>	<b>393,087</b>	<b>393,087</b>
<b>TOTAL FAIR VALUE</b>	<b>527</b>	<b>392,560</b>	<b>393,087</b>	<b>393,087</b>

\* Restated to reflect the application of IFRS 11

## Consolidated financial statements at 31 december 2014

Other assets at 31 December 2014 were analysed according to the following principles:

- ▶ other non-current financial assets are already valued at their fair value in the Group's financial statements;
- ▶ trade receivables and related accounts with maturities of less than one year are not discounted. Consequently their book value corresponds to a reasonable approximation of their fair value;
- ▶ other current financial assets, such as trade receivables and related accounts, with maturities of less than one year, are not discounted. Consequently their book value corresponds to a reasonable approximation of their fair value;
- ▶ the Group's cash is viewed as liquid assets.

## Financial liabilities (excluding derivatives and finance leases) and fair value

The various categories of financial liabilities (excluding derivative financial instruments) at 31 December 2014 and 31 December 2013 are as follows:

At 31/12/2014				
<i>In thousands of euros</i>	Current	Non-current	Balance Sheet Total	Fair value
Bonds	69,631	233,989	303,620	300,009
Other borrowings and financial debt	3,654	359,852	363,506	363,506
Trade payables	107,210	-	107,210	107,210
Other creditors and sundry financial liabilities	45,641	-	45,641	45,641
<b>TOTAL</b>	<b>226,136</b>	<b>593,841</b>	<b>819,977</b>	<b>816,366</b>

At 31/12/2013 *				
<i>In thousands of euros</i>	Current	Non-current	Balance Sheet Total	Fair value
Bonds	300,677	66,383	367,060	364,499
Other borrowings and financial debt	68,479	226,608	295,087	295,087
Trade payables	89,603	-	89,603	89,603
Other creditors and sundry financial liabilities	39,784	-	39,784	39,784
<b>TOTAL</b>	<b>498,543</b>	<b>292,991</b>	<b>791,534</b>	<b>788,973</b>

\* Restated to reflect the application of IFRS 11

## Consolidated financial statements at 31 december 2014

## Assumptions made

*Other borrowings and financial debt:*

As all other borrowings and financial debts were arranged at variable interest rates, their balance sheet value reflects fair value.

*Trade payables and other sundry liabilities:*

Trade payables and other creditors at 31 December 2014 and sundry financial liabilities have maturities of less than one year and therefore their book value corresponds to a reasonable approximation of their fair value.

*Bonds:*

The fair value of the OCEANE 2015 bonds was recalculated by discounting future cash flows at the market rate applicable for a loan with similar characteristics based on conditions prevailing at 31 December 2014 (based on the borrowed amount of €70 million over the residual term). The interest rate is 2.67%. The calculated fair value is €68 million.

The fair value of the ORNANE 2019 bond was recalculated by applying the binomial valuation model that was used to value the optional component to the bond component.

The valuation of the OCEANE and ORNANE bonds determined fair value at Level 2.

## Note 12

## Cash and cash equivalents

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

<i>In thousands of euros</i>	31/12/2014	31/12/2013 *
Liquid assets, banks and savings banks	124,344	78,228
Short-term bank deposits	105,594	122,754
Marketable securities	-	-
<b>TOTAL</b>	<b>229,938</b>	<b>200,982</b>
Bank loans	464	10,320
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>229,474</b>	<b>190,662</b>

\* Restated to reflect the application of IFRS 11

At 31 December 2014, Maurel & Prom had cash of €229 million, up €39 million from 31 December 2013, mainly due to:

- ▶ payments linked to acquisitions of property, plant and equipment and intangible assets, in the amount of €331 million;
- ▶ cash flow from operating activities (+€394 million);
- ▶ proceeds from the ORNANE bond issued on 6 June 2014, in the amount of €253 million;
- ▶ repayment of OCEANE 2014 bonds in the amount of €296 million plus €16 million in interest;
- ▶ the €328 million drawdown on the credit facility and the full repayment of the Gabon facility in the amount of €350 million, namely €263 million.

### Note 13

## Shareholders' equity

### Instruments conferring access to capital

#### Employee share issues and bonus shares

The Combined Ordinary and Extraordinary General Shareholders' Meeting of 14 June 2012 authorised the Board of Directors, for a period of 38 months, to decide on one or more occasions to allocate bonus shares, representing no more than 1% of share capital at 14 June 2012 to some or all employees and/or to some or all of the Company's corporate officers and/or to related companies and groups with related economic interests.

This authorisation of 14 June 2012 terminated with immediate effect the unused portion of the authorisation granted on 29 June 2011. This authorisation, which is valid for 38 months, was not renewed at the General Shareholders' Meeting of June 2013.

For all of the plans issued by the Company since 2006, the allocation of shares to their beneficiaries will be definitive at the end of the minimum two-year vesting period, and the minimum lock-in period is set at two years from the vesting date.

The allocations of bonus shares granted since 2009 are as follows:

Date of allocation decision	Number of shares
19/06/2009	57,500
15/12/2009	120,500
21/12/2010	202,256
01/06/2011	29,750
20/07/2011	41,650
19/12/2011	90,238
21/12/2012	72,451
30/08/2013	34,000
28/03/2014	56,840

#### Share repurchase plan

Following the approval by the General Shareholders' Meeting of 13 June 2013, the Board of Directors is authorised to repurchase up to 10% of the Company's existing share capital, under the following terms: maximum purchase price of €18 per share.

Over the period, 2,307,416 shares were bought and 2,201,268 shares were sold under the liquidity contract.

At 31 December 2014, the Company held 5,628,676 treasury shares (4.63% of share capital for a gross value of €70.5 million at end-2014, including 168,871 shares under the liquidity agreement).

At 31 December 2014, as shown in the capital movements table below, there were 121,562,094 Company shares and the share capital amounted to €93,602,812.38.

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<i>In euros</i>	Number of shares	Treasury shares
<b>AT 31/12/2009</b>	121,252,271	6,029,739
Issue for exercise of share subscription warrants	52,730	
Repurchase of treasury shares		333,314
<b>AT 31/12/2010</b>	121,305,001	6,363,053
Issue for exercise of share subscription warrants	188,533	
Repurchase of treasury shares		-389,973
<b>AT 31/12/2011</b>	121,493,534	5,973,080
Issue for exercise of share subscription warrants	18,900	
Repurchase of treasury shares		-256,835
<b>AT 31/12/2012</b>	121,512,434	5,716,245
Issue for exercise of share subscription warrants	17,735	
Repurchase of treasury shares		-127,204
<b>AT 31/12/2013</b>	121,530,169	5,589,041
Issue for exercise of share subscription warrants	31,925	
Repurchase of treasury shares		39,635
<b>I.E. AT 31/12/2014</b>	121,562,094	5,628,676



## Note 14

## Provisions

<i>In thousands of euros</i>	Site restoration	Employee benefits	Other	Total
<b>BALANCE AT 01/01/2013*</b>	9,716	888	4,608	15,212
Currency translation adjustments	(419)	-	(30)	(449)
Changes in consolidation scope	-	72	3,804	3,876
Provisions in the period	422	142	-	564
Other prov. and reversals	(4)	-	-	(4)
Impact of accretions	412	-	-	412
<b>BALANCE AT 31/12/2013*</b>	<b>10,125</b>	<b>1,102</b>	<b>8,382</b>	<b>19,609</b>
<i>Current portion</i>	1,750	540	8,382	10,672
<i>Non-current portion</i>	8,375	562	-	8,937

\* Restated to reflect the application of IFRS 11

<i>In thousands of euros</i>	Site restoration	Employee benefits	Other	Total
<b>BALANCE AT 01/01/2014</b>	10,125	1,102	8,382	19,609
Currency translation adjustments	1,277	-	698	1,975
Provisions in the period	369	2	4,592	4,963
Use	-	-	(881)	(881)
Other prov. and reversals	(4)	(89)	(3,567)	(3,660)
Impact of accretions	-	-	-	-
<b>BALANCE AT 31/12/2014</b>	<b>11,767</b>	<b>1,015</b>	<b>9,224</b>	<b>22,006</b>
<i>Current portion</i>	2,047	453	9,224	11,724
<i>Non-current portion</i>	9,720	562	-	10,282

## Site restoration

At 31 December 2014, the provision for site restoration in the Maurel & Prom financial statements relates to the Ezanga permit in the amount of €10,614K and the Panther permit in Sicily in the amount of €1,088K.

The company also records a provision for site restoration in relation to its activities in the Ezanga field. The provision is based on a periodically updated external evaluation.

The amount of the provision recognised at 31 December 2014 is the best estimate of the Company's anticipated costs based on available information and existing contractual obligations.

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## Employee benefits

As at 31 December 2014, the provision for retirement and other post-employment benefits relates primarily to Maurel & Prom's head office (€918K).

## Other provisions

Other provisions cover various risks including tax risks in the different countries where the Group operates.

<i>In thousands of euros</i>	December 2013*	Change	December 2014
Other provisions	8,382	842	9,224
<b>OTHER PROVISIONS FOR RISKS AND CONTINGENCIES</b>	<b>8 382</b>	<b>842</b>	<b>9 224</b>

\* Restated to reflect the application of IFRS 11

## Note 15

## Bonds, other borrowings and financial debt

Bonds, other borrowings and financial debt are detailed below:

<i>In thousands of euros</i>	Currency	31/12/2014	31/12/2013 *
<b>BONDS</b>		233,989	66,383
<b>OTHER BORROWINGS AND DEBTS</b>		359,852	223,867
Revolving Credit Facility	US\$	322,525	-
Crédit Suisse loan	US\$	37,327	32,253
Senior Secured Facility	US\$	-	191,615
<b>DEBTS ON FINANCE LEASING</b>		-	2,741
<b>BANK LOANS</b>		-	-
<b>TOTAL OTHER BORROWINGS AND NON-CURRENT FINANCIAL DEBT</b>		<b>359,852</b>	<b>226,608</b>

\* Restated to reflect the application of IFRS 11

In thousands of euros	Currency	31/12/2014	31/12/2013 *
<b>BONDS</b>		69,631	300,677
<b>OTHER BORROWINGS AND DEBTS</b>		179	58,009
Revolving Credit Facility	US\$	-	-
Crédit Suisse loan	US\$	179	-
Senior Secured Facility	US\$	-	58,009
<b>DEBTS ON FINANCE LEASING</b>		3,011	150
<b>BANK LOANS</b>		464	10,320
<b>TOTAL OTHER BORROWINGS AND CURRENT FINANCIAL DEBT</b>		3,654	68,479

\* Restated to reflect the application of IFRS 11

## Bonds

### ORNANE issue maturing in 2019

On 6 June 2014 the Company issued an ORNANE bond consisting of 14,658,169 bonds redeemable in cash and/or shares with a unit value of €17.26 maturing on 1 July 2019 and offering 1.625% interest payable every six months.

The Company offers the following options for each ORNANE conversion request:

- a cash amount equal to the conversion value; or
- new or existing shares; or
- a combination of an amount in cash and an amount in new or existing shares for a total value equal to the conversion value.

Under IAS 32 and IAS 39, the ORNANE bonds issued on 6 June 2014 are hybrid instruments with two separately recognised components:

- an option to convert to shares, recognised on the balance sheet as a debt derivative (interest rate derivative – see Note 10);
- a debt instrument recognised initially on the balance sheet at the fair value of ORNANE bonds minus the associated transaction costs and after deducting the fair value of the option, in the amount of €231,599K. This instrument was then valued at amortised cost based on an effective interest rate of 3.46%, amounting to €231,910K at 31 December 2014.

The interest expense recorded in respect of the ORNANE bond issue in the 31 December 2014 financial statements is €4,449K.

### OCEANE

Income from the issue of the ORNANE bond allowed the Company to redeem 16,903,714 of the 19,061,198 OCEANE bonds maturing on 31 July 2014 at a total cost of €262.7 million (including €16 million in accrued interest).

Under IAS 32, the cash paid out (including expenses) was apportioned to the “net equity” and “debt” components of the OCEANE bonds using a method consistent with that used to separate the two components initially. The following impacts were therefore recognised:

- the difference between the redemption price of the “debt” component (€269.7 million) and its carrying value at amortised cost (€262.4 million), recognised in the income statement in the amount of €7.3 million;
- the redemption value assigned to the “net equity” component was estimated at €845K.

The balance of the OCEANE 2014 bond was repaid on 31 July 2014. An OCEANE bond with a nominal value of €70 remains. It matures in July 2015.

The interest expensed during the reporting period amounted to €13,904K for the OCEANE 2014 bond and €6,157K for the OCEANE 2015 bond.

## Other borrowings and financial debt

### Gabon credit facility

Maurel & Prom Gabon SA had a US\$350 million line of credit (Senior Secured Facility) with a consortium of seven international banks (Natixis, BNP Paribas, Crédit Agricole Corporate & Investment Bank, Standard Bank Plc, Standard Chartered Bank, Rand Merchant Bank and Export Development Canada), approved by the Gabonese authorities in late January 2013.

This facility was fully drawn down as at 31 December 2013 and had been subject to two initial repayments, in June and September, for a total amount of €80 million, leaving a balance in December of €270 million. It was fully repaid on 28 December 2014 after Etablissements Maurel & Prom arranged new financing (Senior Secured Facility).

### Arrangement of a revolving credit line

Etablissements Maurel & Prom signed a new revolving credit facility of US\$650 million with a consortium of four international banks (Natixis, BNP Paribas, Crédit Agricole Corporate & Investment Bank, Standard Bank Plc, Standard Chartered Bank). The amount is split into an initial tranche of US\$400 million and an accordion of US\$250 million that can be drawn down twice subject to certain conditions.

The terms of this new facility are as follows:

<b>Initial amount:</b>	US\$400 million
<b>Additional tranche:</b>	US\$250 million
<b>Maturity:</b>	31 December 2020, i.e. 6 years
<b>First amortisation:</b>	31 December 2016
<b>Prime interest rate:</b>	LIBOR +3.40% until 31/12/2018, then +3.65%.

As previously indicated, this loan, drawn in the amount of €400 million in December, was used to repay the US\$350-million Gabonese line of credit, the balance of which amounted to €270 million at end-2014.

Maurel & Prom undertook to respect certain financial ratios as at 30 June and 31 December of every year:

- ▶ ratio of Group consolidated net debt/EBITDAX (income before interest, taxes, amortisation, depreciation and impairment excluding the impact of foreign exchange gains and losses), calculated on the 12-month period preceding the observation period, which must not exceed 3.00;
- ▶ ratio of P1+P2 reserves, Group share x €10, which cannot be below one-and-a-half times the Group's consolidated net debt.

Maurel & Prom Gabon's entitlements on oil production from the fields included in the Ezanga production sharing agreement must not be less than the net production level set out in the Credit Agreement.

Under the terms of the Bank Facility, subject to certain exceptions, the Company is not authorised (and must ensure that its subsidiaries also comply) (i) to pledge its assets as collateral, (ii) to incur additional financial debt or (iii) to sell all or part of the underlying assets.

Subject to certain exceptions, the Company also agrees, in its own name and on behalf of Maurel & Prom Gabon, Maurel & Prom West Africa, Caroil and Maurel & Prom Drilling Services, not to (x) take out new loans and (y) give guarantees to anyone.

Furthermore, the Company agrees to ensure that Maurel & Prom Gabon maintains the minimum level of production specified in the Bank Facility.

### Crédit Suisse loan

As part of the purchase of Caroil from Tuscany International Drilling in 2013, Maurel & Prom took on US\$50 million of Tuscany's debt following a credit agreement with Crédit Suisse. This loan, signed on 23 December 2013, is repayable in full on 23 December 2018 and carries interest at LIBOR +2%.

## Note 16

## Trade payables – other creditors and miscellaneous financial liabilities

In thousands of euros	31/12/2014			31/12/2013 *		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
<b>TRADE PAYABLES AND RELATED ACCOUNTS</b>	107,210	-	107,210	89,603	-	89,603
Suppliers	50,091	-	50,091	33,679	-	33,679
Accrued expenses	57,119	-	57,119	55,924	-	55,924
<b>OTHER CREDITORS AND MISCELLANEOUS LIABILITIES</b>	65,719	-	65,719	64,389	-	64,389
Social security liability	6,267	-	6,267	6,441	-	6,441
Tax liability	13,811	-	13,811	18,164	-	18,164
Miscellaneous creditors	45,641	-	45,641	39,784	-	39,784

\* Restated to reflect the application of IFRS 11

## Trade payables and related accounts

The balance of trade payables at 31 December 2014 mainly consists of trade payables directly related to requirements generated in Gabon in the amount of €32,180K, of which €30,771K is for the Ezanga permit. This balance also includes Caroil trade payables amounting to €9,360K, and trade payables in Tanzania relating to the Mnazi Bay permit, in the amount of €5,045K, and to the Bigwa-Rufiji-Mafia permit in the amount of €1,679K.

The change in trade payables over the course of 2014 was €16,412K, mainly due to increased expenditure in Gabon on the Ezanga permit in the amount of €13,284K.

The balance of the payables at 31 December 2014 mainly consisted of the following:

- ▶ payables on the fields in Gabon, in the amount of €52,710K (of which €46,616K related to debts on the Ezanga permit);
- ▶ payables recognised by Caroil, in the amount of €2,886K.

## Other creditors and miscellaneous liabilities

*Social security liability*

Outstanding social security liability corresponds primarily to debts to personnel and social welfare bodies at the Maurel & Prom head office (in the amount of €1,766K), Maurel & Prom Gabon (in the amount of €2,201K) and Caroil (in the amount of €1,448K).

There was no significant change in this item (-€174K).

*Tax liability*

The change in tax payables (€4,354K) was mainly due to the reduction in taxes and contributions based on sales generated by the drop in the barrel price;

*Miscellaneous creditors*

The balance of miscellaneous creditors mainly consists of:

- ▶ partner entitlements on oil product in the amount of €11,835K;
- ▶ debts entered for Maurel & Prom Colombia BV in the amount of €9,543K;

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- ▶ debts entered for partners on the Rovuma permit (€4,570K), Mnazi Bay permit (€4,386K) and Block 116 (€5,205K);
- ▶ debt of €3,799K relating to the abandonment of the Fortuna-1 well in Peru;
- ▶ financing of trade receivables for drilling activities in the amount of €3,162K.

**Note 17****Personnel expenses**

Personnel expenses are as follows:

<i>In thousands of euros</i>	31/12/2014	31/12/2013 *
Wages	15,242	12,483
Profit-sharing	361	518
Bonus shares	967	1,167
Social contributions and other personnel-related expenses	6,125	3,868
<b>TOTAL</b>	<b>22,695</b>	<b>18,036</b>

\* Restated to reflect the application of IFRS 11

## Note 18

## EBIT

<i>In thousands of euros</i>	31/12/2014	31/12/2013 *
Sales	550,398	570,712
Gross margin	422,121	479,317
<b>EBITDA</b>	<b>351,946</b>	<b>421,654</b>
Amortisation and depreciation of depletion and other amortisation items	(86,720)	(66,398)
Depreciation of exploration and production assets	(113,386)	(18,912)
Income from disposal of assets	(294)	2
Other operating items	(10,939)	1,873
<b>EBIT</b>	<b>140,607</b>	<b>338,219</b>

\* Restated to reflect the application of IFRS 11

Gross margin corresponds to sales of services, net of purchases of materials and consumables.

EBITDA corresponds to the gross margin net of taxes and duties (excluding income tax) and personnel expenses.

The Group's consolidated sales for 2014 amounted to €550.4 million, down 3.5% on 2013. This change was largely due to the following:

- ▶ a quantity effect on sales from the Ezanga permit in Gabon, including:
  - ▶ -US\$39.7 million (-€29.9 million) related to the application of the terms of the new PSA, namely an 80% share for Maurel & Prom in the production fields, versus 85% previously, and 70% cost oil, versus 75%. This falls under the basic renewal of long-term agreements with the Republic of Gabon;
  - ▶ +US\$43.2 million (+€33.4 million) related to increased production between 2013 and 2014;
- ▶ a price effect of -€62 million on those sales;
- ▶ a currency effect limited to -€0.3 million;
- ▶ consolidation of non-Group sales of drilling activities in the amount of +€45.2.

## Impairment of exploration and production assets

*In thousands of euros*

Mozambique	-39,307
Tanzania	-37,904
Congo	-14,002
Peru	-10,123
Drilling activities	-9,625
Other	-2,425
<b>31/12/2014</b>	<b>(113,386)</b>

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The change in EBITDA is shown in the table below:

In millions of euros	31/12/2014			31/12/2013 * **		
	Sales	EBITDA		Sales	EBITDA	
Gabon*	503,747	352,737	70%	572,504	439,316	77%
Other (Colombia – Mnazi Bay)	1,365	-1,750	n.s.	1,230	-1,230	n.s.
Hydrocarbon production	505,112	350,987	69%	573,734	438,085	76%
Drilling activities	45,286	11,100	25%	-	-	
Hedges	-	-		-3,022	-3,022	
Structures	-	-10,141		-	-13,409	
<b>TOTAL</b>	<b>550,398</b>	<b>351,946</b>	<b>64%</b>	<b>570,712</b>	<b>421,654</b>	<b>74%</b>

\* Ezanga and Nyanga Mayombe

\*\* Restated to reflect the application of IFRS 11

## Changes in sales

In millions of euros

31/12/2013*	570,712
Gabon – oil production	-68,757
Caroil – drilling	45,286
Other changes	3,156
<b>31/12/2014</b>	<b>550,398</b>

\* Restated to reflect the application of IFRS 11.

## Changes in EBIT

In millions of euros

31/12/2013*	338,219
Sales (excluding drilling services)	-65,600
Caroil operating income contribution	-10,642
Gabon depletion	-7,601
Exploration expenses	-94,474
Royalties – Sogara contribution	-6,127
Other changes	-13,168
<b>31/12/2014</b>	<b>140,607</b>

\* Restated to reflect the application of IFRS 11.

Amortisation and depreciation charges mainly consisted of the following:

- ▶ amortisation of depletion of assets in Gabon: €71,097K including the amortisation of mining permits;
- ▶ amortisation of drilling rigs: €13,260K.

Other items of operating income relate primarily to provisions for miscellaneous risks and charges relating to hydrocarbon support funds and local community aid in Gabon.



## Note 19

## Financial income

<i>In thousands of euros</i>	31/12/2014	31/12/2013 *
Interest on overdrafts	(146)	(67)
OCEANE and ORNANE interest	(24,510)	(35,458)
Interest on other borrowings	(13,297)	(12,171)
<b>GROSS COST OF DEBT</b>	<b>(37,953)</b>	<b>(47,696)</b>
Income from cash	655	962
Net gains and losses on derivative instruments	12,005	264
<b>NET COST OF DEBT</b>	<b>(25,293)</b>	<b>(46,470)</b>
<b>OTHER NET FINANCIAL INCOME AND EXPENSES</b>	<b>14,486</b>	<b>(20,603)</b>
<b>NET FOREIGN EXCHANGE DIFFERENCES</b>	<b>25,000</b>	<b>(19,278)</b>
Other	(10,514)	(1,325)
<b>FINANCIAL INCOME</b>	<b>(10,807)</b>	<b>(67,073)</b>

\* Restated to reflect the application of IFRS 11

Interest expenses on OCEANE 2014 and 2015 bonds amounted to €20,061K.

Interest expense on the new ORNANE bond issued on 6 June 2014 at the nominal rate of 1.625% was recognised at amortised cost based on an effective interest rate of 3.45% and amounted to €4,449K.

The net loss of €12,005K on derivative transactions mainly reflects the change in the fair value of the detachment option on the ORNANE bond between the issue date (6 June 2014) and period-end, in the amount of €12,166K.

Net foreign exchange gains (€25,000K) mainly reflect the revaluation of the Group's currency positions at the closing rate.

The impact on consolidated financial income at 31 December 2014 of a 10% rise or fall in the EUR/USD exchange rate on that date is shown below:

<i>In thousands of euros</i>	At 31 December 2014		At 31 December 2013	
	10% rise in €/US\$ rate (i.e. drop in US\$ value)	10% fall in €/US\$ rate (i.e. rise in US\$ value)	10% rise in €/US\$ rate (i.e. drop in US\$ value)	10% fall in €/US\$ rate (i.e. rise in US\$ value)
<b>IMPACT ON PRE-TAX INCOME</b>				
US\$	-1,481	1,810	-40,661	29,873
<b>TOTAL</b>	<b>(1,481)</b>	<b>1,810</b>	<b>(40,661)</b>	<b>29,873</b>

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Other elements of financial income comprise:

- the redemption premium on 16,903,714 OCEANE 2014 bonds, redeemed at the price of €16.90, coupons included, generating a premium of €6 million;
- the balance of the deferred charges for the undrawn bridge facility set up in 2013 in the amount of US\$200 million, cancelled in the first half of 2014: €2.8 million;
- accretion expense for the Crédit Suisse loan in the amount of €0.9 million.

## Note 20

## income tax

## Breakdown of the charge for the fiscal year

The corporation tax payable corresponds primarily to the recognition of the State's share of profit oil under the Ezanga permit in Gabon in the amount of €40,199K.

The deferred tax charge reflects the posting of the difference between the recognition of the recoverable costs, on a tax base, and the posting of €58,070K in the consolidated financial statements under the Ezanga permit.

## Breakdown of the charge for the fiscal year

In thousands of euros

	31/12/2014	31/12/2013 *
Tax charge payable for the fiscal year	43,497	39,259
Deferred tax income or charge	58,070	95,263
<b>TOTAL</b>	<b>101,567</b>	<b>134,522</b>

\* Restated to reflect the application of IFRS 11.

## Change in current tax

In thousands of euros

	31/12/2014	31/12/2013 *
Income tax receivable	1,163	9
Income tax payable	6,509	3,544

\* Restated to reflect the application of IFRS 11.

## Origin of deferred taxes

In thousands of euros

	31/12/2014	31/12/2013 *
Tax deficits	280	2,753
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>280</b>	<b>2,753</b>
GOODWILL ON PROPERTY, PLANT AND EQUIPMENT <sup>(1)</sup>	357,937	259,173
OCEANE equity component	280	2,753
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>358,217</b>	<b>261,926</b>
<b>NET</b>	<b>357,937</b>	<b>259,173</b>

\* Restated to reflect the application of IFRS 11.

<sup>(1)</sup> This impact corresponds to the difference between the accounting basis for Ezanga consolidated assets and their tax base corresponding to recoverable costs.

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Deferred tax assets relating to deferred losses are not recognised in excess of deferred tax liabilities if there is

not sufficient probability of future taxable profits on which the tax losses could be charged.

<i>In thousands of euros</i>	31/12/2014	31/12/2013*
Pre-tax income from continuing activities	114,420	199,642
- Net income from equity associates	-15,380	-71,504
<b>PRE-TAX INCOME EXCLUDING EQUITY ASSOCIATES</b>	<b>129,800</b>	<b>271,146</b>
Distortion of the Gabon taxable base	-241,591	-321,098
<b>TAXABLE INCOME BEFORE TAX</b>	<b>-111,789</b>	<b>-49,952</b>
Theoretical tax charge of 33.33%	-37,259	-16,648
<b>Reconciliation</b>		
- Tax rate divergence	4,591	-2,885
- Tax difference on Gabon recoverable costs	58,070	95,263
- Profit oil tax / Notional sales	40,199	38,845
- Non-activated deficits and other	35,967	19,947
<b>ACTUAL TAX CHARGE</b>	<b>101,567</b>	<b>134,522</b>

\* Restated to reflect the application of IFRS 11.

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

Non-capitalised losses correspond to the portion of non-capitalised taxes for subsidiaries or entities for which the outlook for recovery is uncertain. This is particularly the case, structurally, for the Maurel & Prom parent company, or in Tanzania, due to the write-offs during the period.

## Note 21

## Earnings per share

Potential ordinary shares are treated as dilutive if, and only if, their conversion to ordinary shares has the effect

of reducing earnings per share from the ordinary activities undertaken.

	31/12/2014	31/12/2013 *
Net income, Group share	13,159	62,768
Net income from discontinued activities		-2,575
Net income from continuing activities	13,159	65,343
Average number of shares outstanding	115,911,725	115,933,284
Bonus shares (weighted number)	160,503	205,807
Share subscription warrants	14,095,081	14,113,151
ORNANE & OCEANE (weighted number)	14,584,614	29,693,215
Average number of diluted shares	150,380,600	165,661,702
<b>EARNINGS PER SHARE</b>		
Basic	0.114	0.539
Diluted	0.108	0.510
<b>EARNINGS PER SHARE FROM DISCONTINUED ACTIVITIES</b>		
Basic	-	-0.02
Diluted	-	-0.02
<b>EARNINGS PER SHARE FROM CONTINUING ACTIVITIES</b>		
Basic	0.114	0.562
Diluted	0.108	0.536

\* Restated to reflect the application of IFRS 11.

In accordance with IAS 33, diluted earnings per share are equal to the income attributable to ordinary shareholders arising from the parent company divided by the weighted average number of outstanding ordinary shares at the price for the period, after adjusting the numerator and denominator for the impact of any potentially dilutive ordinary shares.

In accordance with IAS 33, potential ordinary shares are treated as dilutive if, and only if, their conversion to ordinary shares has the effect of reducing earnings per share from the ordinary activities undertaken.

## Note 22

## Related parties

## Commercial and financial transactions

At 31/12/2014 <i>In thousands of euros</i>	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
<b>1) EQUITY ASSOCIATES</b>				
Maurel & Prom Colombia BV	2,597	198	3,122	8,071
MP East Asia	67		44	-
Saint-Aubin Energie	1,076		22,461	-
MP Québec	-		-	-
MP West Canada	-		27	-
Saint-Aubin Energie Québec Inc.	8		40	-
MP Energy West Canada Corp.	59		73	-
Saint-Aubin Exploration & Production (Québec) Inc.	48		68	-
<b>2) OTHER RELATED PARTIES</b>				
- Pacifico	196	100	147	25
- MPI	507	-	140	-

At 31/12/2013 * <i>In thousands of euros</i>	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
<b>1) EQUITY ASSOCIATES</b>				
Maurel & Prom Colombia BV	-	(48)	813	6,989
MP East Asia	1		95	-
Saint-Aubin Energie	247		19,520	-
MP Québec	-		-	-
MP West Canada	-		330	-
Saint-Aubin Energie Québec Inc.	-		32	-
MP Energy West Canada Corp.	-		14	-
<b>2) OTHER RELATED PARTIES</b>				
- Pacifico	111	362	-	22
- MPI	493			

\* Restated to reflect the application of IFRS 11.

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## Equity associates

Maurel & Prom Colombia BV and companies within Saint-Aubin Energie have become equity associates following the application of IFRS 11 which came into effect on 1 January 2014.

## Other related parties

With respect to other related parties, transactions with Pacifico were conducted on normal terms and relate to rentals and support services. Accordingly, Maurel & Prom signed a premises sub-leasing agreement with Pacifico,

which is a 23.71% shareholder. Pacifico also provides Maurel & Prom with technical and financial support services. The service agreement with Pacifico was the subject of an addendum approved by the Maurel & Prom Supervisory Board on 29 May 2007 and signed on 11 June 2007 (effective 1 February 2007). This addendum relates solely to fee adjustments for services rendered.

## Compensation of senior executives

"Senior executives" refers to directors (department heads) and other members of the Board of Directors, to the Chairman and to the Chief Executive Officer.

In thousands of euros	31/12/2014	31/12/2013 *
Short-term benefits	2,706	2,842
Severance indemnities	-	-
Post-employment benefits	-	24
Payment in shares	63	170
	2,769	3,036

\* Restated to reflect the application of IFRS 11.

## Note 23

## Off-balance sheet commitments and contingent assets and liabilities

Guarantees made on borrowings:  
Maurel & Prom Revolving Credit Facility

Etablissements Maurel & Prom signed on 18 December 2014 a new Revolving Credit Facility (RCF) of US\$650 million, split into an initial tranche of US\$400 million and an accordion of US\$250 million that can be drawn down twice subject to certain conditions.

The Company is the borrower in respect of the new RCF, which is guaranteed by its French subsidiary Maurel & Prom West Africa and by Maurel & Prom Gabon. The following sureties have also been granted:

- ▶ a pledge of the bank account balance agreed by the Company on the latter's collection account;
- ▶ a pledge of the Maurel & Prom West Africa shares held by the Company;
- ▶ a pledge of the Maurel & Prom Gabon shares held by Maurel & Prom West Africa;
- ▶ the transfer, in the form of a guarantee, of the respective entitlements held by Maurel & Prom Gabon, the Company and Maurel & Prom West Africa under any (i) hedge agreement, (ii) insurance policy and (iii) future oil sale contract on the Underlying Assets concluded between Maurel & Prom Gabon and any party authorised to carry out extractions;
- ▶ the transfer, as guarantee, of rights related to any loan granted to one of the Group's companies.

The sums made available must be used to:

- ▶ pay commission and interest due in respect of the new credit line;
- ▶ repay the existing RCF;
- ▶ finance investments in the underlying assets; and
- ▶ finance any general needs, including the financing of acquisitions.

The Credit Agreement includes an amortisation schedule that stipulates that the final repayment should be made on 31 December 2020. However, and subject to certain conditions, the grace period, which was initially set at two years, i.e. until 31 December 2016, may be extended by an additional year, i.e. until 31 December 2017.

Maurel & Prom will have to pay interest on the loan, on predetermined due dates, at a rate equal to LIBOR plus mandatory costs as well as a margin of between 3.40% per year until 31 December 2018 and 3.65% per year until 31 December 2020. Interest will be calculated per three-month period, unless specified otherwise.

### Maurel & Prom Drilling Services BV credit agreement

As part of the acquisition of Tuscany's African drilling activities through the acquisition of shares in Caroil, on 23 December 2013 Maurel & Prom Drilling Services BV, a wholly owned subsidiary of the Company, signed a credit agreement with a bank syndicate led by Crédit Suisse, in the form of a US\$50 million bank loan (corresponding to the assumption of US\$50 million of Tuscany debt owed to a bank syndicate led by Crédit Suisse), with a 5-year maturity date (repayment terms LIBOR +2%).

The following sureties have been set up:

- ▶ a pledge of bank accounts;
- ▶ a second-tier pledge of bank accounts;
- ▶ a pledge of Caroil goodwill;
- ▶ a second-tier pledge of Caroil goodwill;
- ▶ a pledge of the securities account of Caroil shares;
- ▶ a pledge of the receivables subscribed by the Company;
- ▶ confirmations of certain guarantees subscribed by Caroil in 2011 and 2012 with Crédit Suisse (acting as the agent of the bank syndicate).

### Work commitments

*In thousands of euros*

	31/12/2014	31/12/2013
Gabon	172,274	192,172
Canada	2,222	20,303
Tanzania	40,870	38,127
Mozambique	17,273	16,823
Other	12,020	4,274
<b>TOTAL</b>	<b>244,659</b>	<b>271,699</b>

Oil-related work commitments are assessed on the basis of budgets approved with the partners. They are subject to multiple revisions during the year, mainly to reflect the oil work completed.

They also take into account firm commitments made to governments under the permit agreements.

## Other commitments made

### Cyprus Mnazi Bay Limited

The contract for Wentworth to buy Cyprus Mnazi Bay Limited signed on 26 July 2012 provides for the payment to Wentworth of up to US\$5 million if gas production exceeds 100 million cubic feet per day over a period of 30 consecutive days.

### Rockover

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

At the initiative of Maurel & Prom, an agreement to buy out this clause was signed on 13 July 2007. This agreement specified the payment by Maurel & Prom to the former shareholders of US\$55 million (paid to date) plus a royalty of 2% when total production exceeds 39 million barrels on all fields sold to Maurel & Prom in 2005 (excluding Banio). This threshold was reached at the end of December 2014.

In addition, a royalty of 10% on the production from the Banio field will be paid when total production from this field exceeds 3.9 million barrels.

Lastly, the following commitments have been maintained:

- ▶ Maurel & Prom will have to pay the sellers a total royalty amounting to US\$1.30 for every barrel produced from the date that cumulative production across all permits exceeds 80 mbls;
- ▶ Maurel & Prom will have to pay one of the two sellers a royalty equivalent to 2% of the total production available up to a threshold of 30 mbls and 1.5% above that threshold on the production from the production permits resulting from the MT 2000-Nyanga Mayombé exploration permit.

### Ezanga PSA

The Gabonese government benefited from a right of entry to all fields (Exclusive Exploitation Authorisation or "AEE") on the Omoueyi permit under certain conditions.

Following the signature of the new Ezanga PSA, a similar right of entry is applicable once an AEE is granted.

### Commitments received

As part of the sale of its subsidiary Hocol to Ecopetrol in 2009, a price adjustment clause was agreed allowing Maurel & Prom to receive a price supplement of up to US\$50 million, based on the valuation of the reserves at the Niscota field in Colombia, which formed part of the transaction.

The valuation of the reserves at the Niscota field should in principle have taken place on 31 December 2012 and been validated by an independent expert appointed jointly by Maurel & Prom and Ecopetrol.

In its financial statements dated 31 December 2011, Ecopetrol recorded a debt in the amount of US\$27.3 million in respect of this price adjustment. Maurel & Prom asked Ecopetrol for the basis on which it calculated this valuation and for any information contained within the Hocol sale contract that may enable the change in reserves at the Niscota field to be assessed and to ascertain their level at 31 December 2012.

The information belatedly received from Ecopetrol did not allow Maurel & Prom to assess the level of reserves at the Niscota field by the end of 2012, or to appoint an independent expert as specified in the Hocol sale contract. In December 2012, Maurel & Prom therefore initiated arbitration proceedings against Ecopetrol with the International Chamber of Commerce in order to have an arbitral tribunal appoint an expert who would, among other duties, determine the amount of the potential receivable corresponding to the abovementioned price adjustment. The case is still ongoing.



## Note 24

## Operating segments

In compliance with IFRS 8, segment information is reported according to the same principles as internal reporting, reproducing the internal segment information defined to manage and measure the Group's performance. Maurel & Prom's activities are divided into three segments: exploration, production and drilling.

The other activities mainly cover the holding companies' support and financial services.

EBIT and assets are broken down for each segment from the contributing entity statements that include consolidation restatements.

## 24.1. Information by activity

The data presented below come from the IFRS statements.

At 31/12/2014 <i>In thousands of euros</i>	Exploration	Production	Oil drilling	Other activities	Intragroup adjustments and eliminations	Total
Inter-segment sales	-	-	-	(3,545)	3,545	-
<b>SALES</b>	-	505,112	45,286	-	-	550,398
Write-offs of intangible assets	(96,357)	(649)	-	-	-	(97,006)
Write-offs of property, plant and equipment	-	-	(9,730)	-	-	(9,730)
<b>EBIT</b>	(106,844)	277,020	(17,287)	(12,283)	-	140,606
<b>INTANGIBLE ASSETS (GROSS)</b>						
Investments in the period	117,877	-	145	260	-	118,282
Accumulated investments at period-end	258,374	134,309	378	2,091	-	395,152
<b>PROPERTY, PLANT AND EQUIPMENT (GROSS)</b>						
Investments in the period	1,556	205,531	4,480	1,345	-	212,912
Accumulated investments at period-end	39,460	1,548,594	114,685	12,294	-	1,715,033

Write-offs are detailed in Note 4: Intangible assets.

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At 31/12/2013 *	Exploration	Production	Oil drilling	Other activities	Intragroup adjustments and eliminations	Total
<i>In thousands of euros</i>						
Inter-segment sales	-	-	-	(493)	493	-
<b>SALES</b>	-	573,734	-	(3,022)	-	570,712
Write-offs of intangible assets	(18,913)	-	-	-	-	(18,913)
Write-offs of property, plant and equipment	-	-	-	-	-	-
<b>EBIT</b>	(17,195)	372,525	-	(17,111)	-	338,219
<b>INTANGIBLE ASSETS (GROSS)</b>						
Investments in the period	48,944	-	-	-	-	48,944
Accumulated investments at period-end	347,731	118,240	223	2	-	466,196
<b>PROPERTY, PLANT AND EQUIPMENT (GROSS)</b>						
Investments in the period	1,198	186,071	-	17,746	-	205,015
Accumulated investments at period-end	8,543	1,130,124	108,447	19,043	-	1,266,157

\* Restated to reflect the application of IFRS 11.

## 24.2. Sales, property, plant and equipment and intangible assets by geographic region

<i>In thousands of euros</i>	Congo	Gabon	Tanzania	Uganda	Other	Total
<b>INCOME STATEMENT AT 31/12/2014</b>						
Oil sales	-	503,747	1,365	-	-	505,112
Services rendered	10,682	30,984	90	3,479	51	45,286
Inter-region sales	-	-	-	-	-	-
<b>TOTAL SALES</b>	10,682	534,731	1,455	3,479	51	550,398
Intangible assets	717	241,263	77,716	-	8,536	328,232
Property, plant and equipment	4,168	1,258,664	17,203	1,233	11,216	1,292,484

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<i>In thousands of euros</i>	Congo	Gabon	Tanzania	Colombia	Other	Total
<b>INCOME STATEMENT AT 31/12/2013*</b>						
Oil sales	-	572,504	1,230	-	(3,022)	570,712
Services rendered	-	-	-	-	1,317	1,317
Inter-region sales	-	-	-	-	(1,317)	(1,317)
<b>TOTAL SALES</b>	-	572,504	1,230	-	(3,022)	570,712
Intangible assets	14,026	217,125	82,185	-	31,220	344,556
Property, plant and equipment	8,592	914,172	12,786	-	29,534	965,084

\* Restated to reflect the application of IFRS 11.

The Group's two main customers are M&P Gabon's customers, i.e., Total Gabon and Sogara, to which the

production from the fields on the Ezanga permit is sold.

## Note 25

## Risks

The Group is exposed to credit risk due to loans and receivables that it grants to third parties as part of its operating activities, short-term deposits that it holds at

banks, and, if applicable, derivative instrument assets that it holds.

<i>In thousands of euros</i>	2014		2013*	
	Maximum exposure to credit risk	Balance sheet outstanding	Maximum exposure to credit risk	Balance sheet outstanding
Other non-current financial assets	715	931	614	1,141
Trade receivables and related accounts	43,377	43,377	128,056	128,056
Other current financial assets	60,197	60,197	62,908	62,908
Other current assets	58,400	58,400	71,519	71,519
Cash and cash equivalents	229,938	229,938	200,982	200,982
<b>TOTAL</b>	<b>392,627</b>	<b>392,843</b>	<b>464,079</b>	<b>464,606</b>

\* Restated to reflect the application of IFRS 11.

Maximum exposure corresponds to the balance sheet outstanding net of provisions.

Other financial and non-financial current assets do not present any significant credit risk.

The Group believes that it does not incur any significant counterparty risk, as its production is sold to a leading oil group, Total Gabon.

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## Receivables due but not impaired

The trade receivables repayment schedule is as follows:

At 31/12/2014 <i>In thousands of euros</i>	Assets due but not impaired					Assets impaired (net)	Assets neither due nor impaired	Total
	0-1 months	1-3 months	3-12 months	> 1 year	Total	Total	Total	
Trade receivables and related accounts (net)	1,278	3,694	2,428	232	7,632	-	35,745	43,377

At 31/12/2013* <i>In thousands of euros</i>	Assets due but not impaired					Assets impaired (net)	Assets neither due nor impaired	Total
	0-1 months	1-3 months	3-12 months	> 1 year	Total	Total	Total	
Trade receivables and related accounts (net)	-	10,323	17,378	344	28,045	-	100,011	128,056

\* Restated to reflect the application of IFRS 11.

## Liquidity risk

The Group's liquidity is detailed in the consolidated cash flow statements generated weekly and sent to the executive management.

Seven-day, monthly, quarterly and year-end forecasts are drawn up at the same time.

The earnings are compared to forecasts using these statements, which, in addition to liquidity, make it possible to see the exchange position.

The registered office's treasury service is provided by a professional directly attached to the Group's finance department. This person is assisted by the managers in each entity. The central treasury's mission is to manage foreign exchange, interest rate and commodities risks.

At 31 December 2014 and 31 December 2013, unadjusted contractual flows (principal and interest) on the outstanding financial liabilities, by maturity date, are as follows:

At 31/12/2014 <i>In thousands of euros</i>	2015	2016	2017	2018	2019	> 5 years	Total contractual flows	Total balance sheet value <sup>1</sup>
Bonds	77,862	4,123	4,111	4,111	255,039	-	345,246	303,620
<b>OTHER BORROWINGS AND FINANCIAL DEBT</b>								
Crédit Suisse loan	927	927	927	42,109	-	-	44,889	37,506
Maurel & Prom France facility	12,262	27,482	72,402	70,145	68,306	132,816	383,414	322,525
FINANCE-LEASE LOANS	402	402	402	402	402	2,178	4,188	3,011

<sup>(1)</sup> Includes current and non-current amounts outstanding

## Consolidated financial statements at 31 december 2014

At 31/12/2013*	2015	2016	2017	2018	2019	> 5 years	Total contractual flows	Total balance sheet value <sup>1</sup>
<i>In thousands of euros</i>								
Bonds	323,750	74,987	-	-	-	-	398,737	367,059
<b>OTHER BORROWINGS AND FINANCIAL DEBT</b>								
Crédit Suisse loan	816	816	816	816	37,072	-	40,336	36,256
Gabon credit facility	58,009	90,639	59,459	38,431	7,251	-	253,789	249,613
<b>FINANCE-LEASE LOANS</b>	<b>170</b>	<b>165</b>	<b>180</b>	<b>197</b>	<b>215</b>	<b>1,985</b>	<b>2,911</b>	<b>2,911</b>

\* Restated to reflect the application of IFRS 11.

<sup>(1)</sup> Includes current and non-current amounts outstanding

Group debt consists of:

- ▶ a convertible bond of €70 million at a fixed rate of 7.125% issued in 2011 and maturing in July 2015;
- ▶ a banking facility (similar to a Senior Secured Facility) in a maximum amount of €650 million, of which US\$400 million was used at 31 December 2014. This banking facility matures on 31 December 2020 and is repayable through amortisation from 2016. Interest is based on LIBOR +3.4% until 2018 and then LIBOR +3.65%;
- ▶ a Crédit Suisse loan of €50 million, repayable in full on 23 December 2018 and carrying interest at LIBOR +2%.

### Market risk

The Group's income is sensitive to various market risks. The most significant of these are hydrocarbon prices, expressed in US dollars, and the €/US\$ exchange rate. The Group's operating currency is the US dollar, since sales, the majority of operating expenses and a significant portion of investments are denominated in that currency.

#### Foreign exchange risk

Given that its activity is to a large extent international, the Company is exposed to various types of foreign exchange risk.

First of all, exchange rate fluctuations affect the transactions recorded in EBIT (revenue stream, cost of sales etc.).

Revaluation at the closing rate of debts and receivables in foreign currencies also generates a financial exchange risk.

Lastly, in parallel with these operating and financial exchange risks, the impact of which is recorded in the income, there is an exchange risk linked to the conversion into euros of the accounts of the Group's entities whose operating currency is the US dollar. The resulting exchange gain/loss is recorded in other comprehensive income.

In order to reduce its financial exchange risk, during the fiscal year Maurel & Prom conducted a number of currency futures transactions including sales and purchases of foreign exchange options on the euro and US dollar. No such transaction was outstanding at the period-end.

The Group also holds liquid assets in US dollars intended to finance its projected investment expenses in that currency.

As at 31 December 2014, the Group's exchange position, as shown in the table below, was US\$16 million (excluding shareholders' equity currency translation adjustments).

	Assets and liabilities	Commitments in currencies	Net position before hedging	Hedging instruments	Net position after hedging
Trade receivables and payables	217	-	217	-	217
Non-current financial assets	-	-	-	-	-
Other current assets	-	-	-	-	-
Loan	-400		-400		-400
Other creditors and miscellaneous liabilities	-43	-	-43	-	-43
Cash and cash equivalents	242	-	242	-	242
<b>US\$ EXPOSURE (IN US\$ MILLIONS)</b>	<b>16</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>16</b>

#### Interest rate risk

Current borrowings as at 31 December 2014 as well as available lines of credit are described in Note 15. This note makes it possible to measure potential liquidity and interest rate risk.

Liquid assets held by the Group are placed in a non-interest bearing current account.

#### Rate risk

As at 31 December 2014, interest rate risk can be evaluated as follows:

The amounts below include bonds, other borrowings and financial debt:

#### Bonds, other borrowings and financial debts:

*In thousands of euros*

	31/12/2014	31/12/2013 *
Variable	360,031	281,876
Fixed	303,621	367,059
<b>TOTAL</b>	<b>663,652</b>	<b>648,935</b>

\* Restated to reflect the application of IFRS 11.

#### Financial assets exposed to interest rate risk, representing debt

*In thousands of euros*

	31/12/2014	31/12/2013 *
Variable	229,474	190,662
Fixed	-	-
<b>TOTAL</b>	<b>229,474</b>	<b>190,662</b>

\* Restated to reflect the application of IFRS 11.

Variable rate debt amounted to €360 million. An increase of 1% in interest rates would result in an additional interest expense of €3.6 million over one year.

#### *Exposure to hydrocarbon risk*

At the date of this annual report, the Group has no hedges on the selling prices of oil production.

#### **Equity risk**

##### *Exposure to equity and management risk*

The Group's financial assets are not exposed to equity risk.

#### Note 26

### Events occurring after closing

In Mozambique on the Rovuma onshore permit, two exploration wells were drilled during the period. The Tembo-1 well was plugged, even though it had issued a Notice of Discovery in December, since the operator did not plan to undertake additional appraisal work immediately. Drilling on the Kifaru-1 well that began in December 2014 stopped in March 2015 after encountering all targeted formations (Miocene, Oligocene and Eocene) without revealing any hydrocarbons.

As part of a programme to reduce its exploration activities, operator Anadarko plans to withdraw from this permit. The Company is considering what action to take in light of this information and the results recently obtained on this permit.

Against this backdrop, all costs incurred at end-2014 were recognised in expenses for the period for an amount of €40 million. Work obligations under the Production Sharing Agreement for this phase were fulfilled.

This permit is operated by Anadarko, which has a 42% working interest. Working interests of Wentworth, PTTEP and Maurel & Prom are 13.64%, 11.76% and 32.60% respectively.

In Gabon, a 24-hour production test was conducted on each of the two discovery wells with the following positive results:

- the Grès de Base test on the EZMAB-1D well showed a stabilised eruptive flow of 1,002 bopd of anhydrous oil with surface pressure stabilised at nine bars. The oil had a density of 28° API;
- the test at the Lower Kissenda summit on the EZNI-1D well revealed a stabilised eruptive flow of 1,162 bopd of anhydrous oil with surface pressure stabilised at 40 bars. This oil had a density of 35° API. The other hydrocarbon reservoirs of Upper Kissenda and at the base of Lower Kissenda have different pressure systems and will be tested later.

In Myanmar, drilling on the SP 1X, operated by Petrovietnam, started on 27 December 2014 and was completed in March 2015. The results of this drilling are currently being analysed.

## Note 27

## Audit fees

Fees paid to statutory auditors in 2014 totalled €768K (including members of their networks), and are summarised below:

*In thousands of euros*

Audit	KPMG		IAC		Daniel de Beaurepaire		Ernst & Young	
	Amount	%	Amount	%	Amount	%	Amount	%
	2014	2014	2014	2014	2013	2013	2013	2013
<i>Statutory auditor, certification, examination of individual and consolidated financial statements</i>								
- Issuer	386	100%	224	59%	263	96%	571	75%
- Fully consolidated subsidiaries	-	-	125	33%	6	2%	115	15%
<i>Other measures and services directly related to the duties of the statutory auditor:</i>								
- Issuer	-	-	33	9%	5	2%	61	8%
- Fully consolidated subsidiaries	-	-	-	-	-	-	16	2%
<b>SUBTOTAL</b>	<b>386</b>	<b>100%</b>	<b>382</b>	<b>100%</b>	<b>274</b>	<b>100%</b>	<b>762</b>	<b>100%</b>
<i>Other services rendered via the networks to fully consolidated subsidiaries</i>								
- Legal, tax, corporate	-	-	-	-	-	-	-	-
- Other (specify if > 10% of audit fees)	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>386</b>	<b>100%</b>	<b>382</b>	<b>100%</b>	<b>274</b>	<b>100%</b>	<b>762</b>	<b>100%</b>

## Note 28

## Change in accounting method

Following the adoption of IFRS 10, the Group changed its accounting methods to determine whether or not it controls its interests and if so, whether it should consolidate them. IFRS 10 introduces a new control model, which requires the Group to determine whether it has power over an entity, whether it is exposed to or is entitled to variable returns as a result of its links to said entity, and whether it has the ability to exercise its power in a way that influences the value of those returns. However, application of IFRS 10 has not led the Group to change the consolidation scope of its subsidiaries.

Following the adoption of IFRS 11, the Group classified its interests in its joint arrangements:

- ▶ as a joint operation, if it has rights to the joint arrangement's assets and obligations relating to its liabilities, which requires a "line by line" recognition of the Group's share of the partnerships' assets, liabilities, income and expenses;
- ▶ or as a joint venture, if it has rights to the partnership's net assets, which requires an equity-based recognition of its interests.



Applying IFRS 11 has therefore led the Group to use the equity method of accounting for its interests in Maurel & Prom Colombia BV and entities within the scope of Saint-Aubin Energie (see Note on Accounting Principles and Methods"), which are classified as joint ventures and were previously accounted for using the proportionate consolidation method. This change in accounting method was applied retrospectively and comparative data at 1 January and 31 December 2013 were restated accordingly.

The Group has decided that its other partners constitute joint operations, in that they are not structured as a distinct vehicle. These are key partnerships linked under various production sharing or oil concession contracts in which the Group participates. In accordance with IFRS 11, the Group recognises its share of these partnerships' assets, liabilities, income and expenses in a similar manner to their previous treatment under IAS 31.

## Balance sheet

*In thousands of euros*

	31/12/2013 published	IFRS 11 restatement	31/12/2013 * restated
Intangible assets	431,655	-87,099	344,556
Property, plant and equipment	965,248	-164	965,084
Non-current financial assets	6,683	-5,542	1,141
Investments in equity associates	-	79,408	79,408
Deferred tax assets	2,753	-	2,753
<b>NON-CURRENT ASSETS</b>	<b>1,406,339</b>	<b>-13,397</b>	<b>1,392,942</b>
Inventories	8,349	-17	8,332
Trade receivables and related accounts	127,777	279	128,056
Other current financial assets	60,508	2,400	62,908
Other current assets	78,852	-7,333	71,519
Income tax receivable	1,185	-1,176	9
Current derivative instruments	-	-	-
Cash and cash equivalents	208,396	-7,414	200,982
<b>CURRENT ASSETS</b>	<b>485,067</b>	<b>-13,261</b>	<b>471,806</b>
<b>TOTAL ASSETS</b>	<b>1,891,406</b>	<b>-26,658</b>	<b>1,864,748</b>

\*Restated to reflect the change in accounting method.

## Consolidated financial statements at 31 december 2014

*In thousands of euros*

	31/12/2013 published	IFRS 11 restatement	31/12/2013 * restated
Share capital	93,578	-	93,578
Additional paid-in capital	216,391	-	216,391
Consolidated reserves	463,961	-	463,961
Treasury shares	(70,860)	-	(70,860)
Group comprehensive income	62,768	-	62,768
<b>EQUITY, GROUP SHARE</b>	<b>765,838</b>	<b>-</b>	<b>765,838</b>
Non-controlling interests	(2,506)	-	(2,506)
<b>TOTAL NET EQUITY</b>	<b>763,332</b>	<b>-</b>	<b>763,332</b>
Non-current provisions	8,937	-	8,937
Non-current bonds	66,383	-	66,383
Other non-current borrowing and financial debt	226,608	-	226,608
Deferred tax liabilities	261,926	-	261,926
<b>NON-CURRENT LIABILITIES</b>	<b>563,854</b>	<b>-</b>	<b>563,854</b>
Current bond borrowing	300,677	-	300,677
Other current borrowings and financial debt	68,522	(43)	68,479
Trade payables and related accounts	92,860	(3,257)	89,603
Income tax payable	3,634	(90)	3,544
Other creditors and miscellaneous liabilities	87,384	(22,995)	64,389
Current derivative instruments	198	-	198
Current provisions	10,945	(273)	10,672
<b>CURRENT LIABILITIES</b>	<b>564,220</b>	<b>(26,658)</b>	<b>537,562</b>
Assets held for sale and discontinued operations	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,891,406</b>	<b>(26,658)</b>	<b>1,864,748</b>

\*Restated to reflect the change in accounting method.

Income statement	Note	31/12/2013 published	IFRS 11	31/12/2013 * Restated
<i>In thousands of euros</i>				
<b>SALES</b>		580,302	(9,590)	570,712
Other income		800	-	800
Purchases and change in inventories		(19,557)	2,154	(17,403)
Other purchases and operating expenses		(82,501)	7,708	(74,792)
Tax expense		(39,806)	179	(39,627)
Personnel expenses		(18,428)	391	(18,036)
Amortisation and depreciation charges		(69,255)	2,858	(66,398)
Depreciation of exploration and production assets		(28,242)	9,329	(18 912)
Provisions and impairment of current assets		(513)	-	(513)
Reversals of operating provisions		142	-	142
GAIN (LOSS) ON ASSET DISPOSALS		(13,273)	13,275	2
Other expenses		2,733	(489)	2,244
<b>EBIT</b>	18	312,402	25,817	338,219
Gross cost of financial debt		(47,704)	8	(47,696)
Income from cash		967	(5)	962
Net gains and losses on derivative instruments		264	-	264
Net cost of financial debt		(46,473)	3	(46,470)
Other financial income and expenses		(20,731)	128	(20,603)
<b>FINANCIAL INCOME</b>	19	(67,204)	131	(67,073)
<b>INCOME BEFORE TAX</b>		245,198	25,948	271,146
Income tax	20	(135,278)	756	(134,522)
<b>NET INCOME FROM CONSOLIDATED COMPANIES</b>		109,920	26,704	136,624
Income from disposals of equity associates	7	(19,721)	-	(19,721)
Net income from equity associates	7	(25,080)	(26,704)	(51,784)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>		65,120	-	65,120
Net income from discontinued activities		(2,575)	-	(2,575)
Gain/Loss on distribution (IFRIC 17)		-	-	-
<b>CONSOLIDATED NET INCOME</b>		62,544	-	62,544
<i>Net income, Group share</i>		62,768	-	62,768
<i>Non-controlling interests</i>		(223)	-	(223)

\*Restated to reflect the change in accounting method.

## Consolidated financial statements at 31 december 2014

## Cash flow Statement

In thousands of euros

	Note	31/12/2013 as reported	IFRS 11 restatement	31/12/2013 restated
<b>CONSOLIDATED NET INCOME FROM CONTINUING ACTIVITIES</b>		65,120	-	65,120
Tax expense for continuing activities		135,278	(756)	134,522
<b>CONSOLIDATED INCOME FROM CONTINUING ACTIVITIES BEFORE TAX</b>		200,398	(756)	199,642
- Net increase (reversals) of amortisation, depreciation and provisions		69,796	(2,827)	66,969
- Unrealised gains (losses) due to changes in fair value		4,673	-	4,673
- Exploration expenses		28,252	(9,329)	18,923
- Expenses and income related to stock options and similar benefits		1,167	-	1,167
- Other income and expenses		4,831	541	5,372
- Gains (losses) on asset disposals		10,298	(13,275)	(2,977)
- Income from equity associates		44,801	26,704	71,505
- Other financial items		38,555	(175)	38,380
<b>CASH FLOW BEFORE TAXES</b>		402,771	883	403,654
Payment of tax due		(43,315)	1,604	(41,711)
Change in working capital requirements for operations		(11,622)	(24,721)	(36,343)
- Customers		(48,605)	(3,360)	(51,965)
- Suppliers		(18,423)	21,566	3,143
- Inventories		930	(254)	676
- Other		54,476	(42,673)	11,803
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		347,834	(22,234)	325,600
Payments associated with acquisitions of intangible assets and property, plant and equipment		(282,989)	29,106	(253,883)
Proceeds from disposals of tangible and intangible fixed assets		2,977	-	2,977
Disbursements for acquisitions of financial assets (unconsolidated securities)		(5,542)	5,542	-
Proceeds from disposals of financial assets (unconsolidated securities)		1,854	-	1,854
Acquisition of subsidiaries		(5,648)	4	(5,644)
Change in loans and advances granted		4,917	-	4,917
Other cash flows from investment activities		(11)	(11,129)	(11,140)
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>		(284,442)	23,523	(260,819)
Amounts received from shareholders for capital increases		(2,010)	-	(2,010)
Dividends paid		(46,271)	-	(46,271)
Proceeds from new loans		268,489	-	268,489
Interest paid		(38,555)	175	(38,380)
Borrowing repayments		(113,554)	24	(113,530)
Treasury share acquisitions		1,877	-	1,877
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		69,976	(199)	70,175
Impact of exchange rate fluctuations		(2,555)	336	(2,219)
<b>CHANGE IN NET CASH</b>		130,813	1,896	132,709
Cash at start of period		67,240	(9,287)	57,953
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	9	198,053	(7,391)	190,662

## 8.2.2

## Statutory auditors' report on the consolidated financial statements

Dear Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby present our report for the fiscal year ended 31 December 2014, on:

- ▶ the audit of the consolidated financial statements of Etablissements Maurel & Prom S.A., as appended to this report;
- ▶ the basis of our opinion;
- ▶ the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. It is our responsibility, based on our audit, to express an opinion on the financial statements.

### 1. Opinion on the consolidated financial statements

We conducted our audit in accordance with the auditing standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have gathered is a sufficient and appropriate basis on which to form our opinion.

We hereby certify that the consolidated financial statements for the period give a true and fair view of the assets, financial position and income of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union.

In due respect of the opinion expressed above, we draw your attention to:

- ▶ note 28 to the financial statements, "Change in accounting method", which describes the implications of the changes in accounting method related to the first-time adoption of IFRS 10, IFRS 11 and IFRS 12 starting on 1 January 2014;
- ▶ note 7 to the financial statements, "Investments in equity associates", which describes the assumptions used by the company to determine the value of the investment in the equity associate Maurel & Prom Colombia.

### 2. Basis of our opinion

In accordance with the provisions of Article L.823-9 of the French Commercial Code relating to the basis of our opinion, we bring the following matters to your attention:

Notes 2.3 "Oil activity assets", 2.6 "Asset impairment", 4 "Intangible assets" and 5 "Property, plant and equipment" to the consolidated financial statements describe the accounting rules and methods used by your company for determining the value of its tangible and intangible assets.

Our audit involved assessing the data and assumptions used to determine the value of the above-mentioned assets and to review the procedures for conducting impairment tests based on:

- ▶ the conclusions of the independent experts appointed by your company to assess the reserves of oil production assets,
- ▶ the grounds for undertaking exploration work in the absence of certified oil reserves, as presented by the management of your company;
- ▶ future discounted cash flows determined on the basis of the long-term plan established by the company for other operating assets.

We have also verified that the notes to the financial statements provide appropriate information.

The resulting assessments form part of our audit of the consolidated financial statements as a whole, and have therefore contributed to the formation of our opinion expressed in the first part of this report.

### 3. Specific verification

In accordance with the auditing standards applicable in France, we have also carried out the specific verification required by law on the information presented in the Group's management report.

We have no observations to make on its fair presentation and consistency with the consolidated financial statements.

Paris and Paris-La Défense, 14 April 2015  
The Statutory Auditors

KPMG Audit  
Division of KPMG S.A.

Eric JACQUET  
*Partner*

International Audit Company

Michel BOUSQUET  
*Partner*

François CAILLET  
*Partner*

## 8.3. Statutory auditors' report on related-party agreements and commitments

Dear Shareholders,

In our capacity as statutory auditors of your company, we hereby present our report on the related-party agreements and commitments.

Our responsibility is to report to shareholders, based on the information provided to us, on the main characteristics and terms of the agreements and commitments that have been disclosed to us or that have come to our attention during our audit, without being required to offer an opinion on their usefulness or their legitimacy or identify any other agreements or commitments. It is your responsibility, under the provisions of Article R.225-31 of the French Commercial Code, to assess the benefits of entering into these agreements and commitments when they are submitted for your approval.

Furthermore, it is our responsibility, where applicable, to communicate to you any information of the type referred to in Article R.225-31 of the French Commercial Code relating to the performance, during the previous fiscal year, of any agreements and commitments already approved by the General Shareholders' Meeting.

We performed the procedures that we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) in respect of this audit. These procedures are designed to verify that the information provided to us is consistent with the documents from where that information originates.

### Agreements and commitments submitted for the approval of the General Shareholders' Meeting

In accordance with Article L.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments which were subject to the prior approval of your Board of Directors.

#### 1. Addendum to the suspended employment contract of Michel Hochard

##### *Persons concerned*

Michel Hochard, Chief Executive Officer of your company as from 26 May 2014.

##### *Nature and purpose*

At its meeting of 26 May 2014, your Board of Directors voted to appoint Michel Hochard as your company's chief executive officer.

##### *Terms and conditions*

Insofar as Michel Hochard was your company's chief financial officer prior to his appointment as your company's chief executive officer, the Board of Directors, on the recommendation of the appointments and compensation committee, noted the automatic suspension of Michel Hochard's employment contract dated 27 November 2007 (and its addendum dated 10 October 2011) (the "Employment Contract"), it being specified that the Employment Contract would automatically go back into effect when Michel Hochard's term of office as chief executive officer expires for any reason whatsoever.

Accordingly, your Board of Directors authorised the formalisation of this suspension of the Employment Contract in an addendum dated 26 May 2014, describing the system for suspending and resuming said contract.

#### 2. Addendum to the financing contract signed in favour of Maurel & Prom Gabon

##### *Persons concerned*

Jean-François Hénin, chairman of your company and chairman of Maurel & Prom West Africa, and Michel Hochard, chief executive officer of your company and director of Maurel & Prom Gabon.

##### *Nature and purpose*

At its meeting of 12 June 2014, your Board of Directors authorised the signature of an addendum to the revolving credit agreement signed on 5 November 2012 by the subsidiary Maurel & Prom Gabon and Natixis.

##### *Terms and conditions*

On 5 November 2012, your company signed a revolving credit agreement as guarantor for Maurel & Prom Gabon in the amount of US\$350 million. The main purpose of this revolving credit agreement was to finance the investments required to develop the interests held by

*Statutory auditors' report on related-party agreements and commitments*

Maurel & Prom Gabon in the Omoueyi permit and in the related exclusive exploitation authorisations ("Omoueyi PSA"). In early 2014, Maurel & Prom Gabon and the Gabonese Republic signed a new exploration and production sharing agreement called "Ezanga" (the "Ezanga PSA") to replace the Omoueyi PSA. As a consequence of the replacement of the Omoueyi PSA by the Ezanga PSA, Maurel & Prom Gabon, as borrower, and Natixis, as loan agent, signed an addendum to the revolving credit agreement formally amending the provisions concerned; no other substantive change was made to the agreement.

### Agreements and commitments already approved by the General Shareholders' Meeting

#### *Agreements and commitments approved in previous years for which implementation continued during the past fiscal year*

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by the General Shareholders' Meeting in previous years, continued to be implemented during the past fiscal year.

#### 1. With Pacifico S.A.

##### *Nature and purpose*

A service agreement was entered into on 21 June 2005 by your company and Pacifico S.A., your company's main shareholder. This agreement was subject to an addendum dated 11 June 2007, previously authorised by your Board of Directors on 29 May 2007.

##### *Terms and conditions*

The services provided by Pacifico S.A. to your company are as follows:

- ▶ search for strategic partners in the area of oil and gas;
- ▶ conduct fact-finding missions for investment and divestment projects, determine the target parameter;
- ▶ search for new markets and new opportunities for growth;
- ▶ design and development of acquisition or disposal scenarios and determination of financing policy;
- ▶ advise and follow-up on any negotiations entrusted to it (draft contracts, Group development), in particular with respect to technical cooperation proposals;
- ▶ monitoring and technical, accounting, financial and administrative support for drilling activities.

This agreement may be terminated by the parties at any time with two months' advance notice.

The financial terms of the agreement are as follows:

- ▶ an annual lump-sum fee of €100,000, excluding taxes, payable quarterly; and
- ▶ additional fees calculated on the basis of the services rendered and the actual cost of these services provided by the consultants.

The amount paid by your company for the fiscal year ended 31 December 2014 was €100,000 excluding taxes.

#### 2. With Panther Eureka S.r.l.

##### *Nature and purpose*

As part of an agreement to buy securities in Panther Eureka signed on 19 February 2005 and authorised by your company's supervisory board on 22 April 2005, your company opened an affiliate current account with Panther Eureka S.r.l.

##### *Terms and conditions*

This contract provides for interest fees at a rate of 8.30% p.a.

At 31 December 2014, the current account, interest included, amounted to €3,953,476 to the benefit of your company.

Interest income in 2014 was €412,684.

#### 3. With New Gold Mali S.A., then with Ison Holding Sarl ("ISON")

##### *Nature and purpose*

On 4 October 2000, your Board of Directors authorised a cash management agreement between New Gold Mali and your company.

##### *Terms and conditions*

This agreement, signed on 5 October 2000, took effect on 1 January 2000 for a one year term, automatically renewable for equivalent terms. Interest on current account advances are paid at the tax-deductible rate.

The receivable, which at 30 June 2012 amounted to €11,430,616 principal and interest was transferred to ISON, the company in which your company holds an 18.64% equity interest, in consideration for the signing of a loan agreement between ISON and your company under the same terms and conditions and for a debit balance of principal and interest in the same amount.



*Statutory auditors' report on related-party agreements and commitments*

At 31 December 2014, the current account (interest included) amounted to €12,121,714 to the benefit of your company. Interest income in respect of fiscal year 2014 was €329,278.

**4. With MPI***a. Transitional services agreement**Nature and purpose*

As a result of MPI leaving the Etablissements Maurel & Prom Group at end-2011, and insofar as MPI for the time being has no employees or the necessary technical means or resources to (i) perform day-to-day administrative and accounting operations; or (ii) provide services to Seplat, an MPI subsidiary, it was necessary for your company to enter into a transitional services agreement.

*Terms and conditions*

Under the terms of this agreement entered into on 2 November 2011, your company provides to MPI, for a period of 12 months beginning on 15 December 2011 and renewable for a further 12 months, services enabling it to perform its administrative and accounting functions and to honour its commitments to Seplat. This agreement was renewed for a period of one year expiring on 15 December 2015.

The services invoiced by your company for fiscal year 2014 amounted to €367,214 excluding taxes.

*b. Partnership Agreement**Nature and purpose*

At its meeting of 27 March 2013, your Board of Directors authorised the establishment of a partnership with MPI and approved its guiding principles. Under the terms of this partnership, future development projects relating to oil exploration and production will be carried out jointly by the two companies (except in the two companies' respective historical regions of operation).

*Terms and conditions*

This partnership took the form of a joint venture, called Saint-Aubin Energie, which is involved in various

development projects. Maurel & Prom owns one-third of the capital in this joint venture, with MPI holding the remaining two-thirds. Development projects led by Saint-Aubin Energie are financed by your company and MPI in proportion to their equity interest.

As at 31 December 2014, your company's current account in respect of Saint-Aubin Energie amounted to €22,217,141 (interest included).

**Agreements and commitments authorised during the past fiscal year**

We have also been informed of the performance, during the past fiscal year, of the following agreement, already approved by the General Shareholders' Meeting of 12 June 2014, on the special statutory auditors' report of 29 April 2014.

**First demand guarantee agreement with MPI as part of the Anticosti project***Nature and purpose*

On 23 April 2014, your Board of Directors authorised the signing of a first demand guarantee agreement as part of the oil exploration programme on Anticosti Island in Quebec.

*Terms and conditions*

Saint-Aubin Energie (one-third owned by your company and two-thirds by MPI) guaranteed, as the primary guarantor, the obligations of its wholly owned subsidiary Saint-Aubin Energie Exploration Production Inc., and the payment of €50,000,000 to establish a partnership with the government of Quebec. Under the terms of this guarantee, your company is jointly responsible with Saint-Aubin Energie for meeting the obligations up to a maximum of €50,000,000.

Furthermore, MPI decided to issue, to the benefit of your company, an independent first demand guarantee of up to €33,333,333 representing two-thirds of the maximum amount that may be owed by your company under the terms of the guarantee agreement.

Paris and Paris-La Défense, 14 April 2015  
The Statutory Auditors

**KPMG Audit**  
Division of KPMG S.A.  
**Eric JACQUET**  
Partner

**International Audit Company**  
**Michel BOUSQUET**      **François CAILLET**  
Partner                      Partner

## 8.4 Statutory auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of Etablissements Maurel & Prom

Dear Shareholders,

In our capacity as statutory auditors of Maurel & Prom and in accordance with Article L.225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of your company, in accordance with Article L.225-37 of the French Commercial Code for the year ended 31 December 2014.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by Article L.225-37 of the French Commercial Code relating to matters such as corporate governance.

Our responsibility is to:

- ▶ report on any matters relating to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information; and
- ▶ confirm that the report also includes the other information required by Article L.225-37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this other information.

We conducted our audit in accordance with the auditing standards applicable in France.

### Information on internal control procedures and risk management procedures relating to the preparation and treatment of accounting and financial information

The auditing standards require that we plan and perform our audit to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information. An audit mainly involves:

- ▶ obtaining an understanding of the internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- ▶ obtaining an understanding of the work leading to the preparation of this information and the existing documentation; and
- ▶ determining if any material weaknesses in the internal control procedures relating to the preparation and treatment of the accounting and financial information that we would have noted in the course of our audit are properly disclosed in the Chairman's report.

*Statutory auditors' report*

On the basis of our audit, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L.225-37 of the French Commercial Code.

**Other information**

We hereby confirm that the report prepared by the Chairman of the Board of Directors contains the other information required by Article L.225-37 of the French Commercial Code.

Paris and Paris-La Défense, 14 April 2015  
The Statutory Auditors

KPMG Audit  
Division of KPMG S.A.  
Eric JACQUET  
*Partner*

International Audit Company  
Michel BOUSQUET      François CAILLET  
*Partner*                      *Partner*

## Audit fees

## 8.5. Audit fees

Fees paid to statutory auditors in 2014 totalled €768K (including members of their networks), and are summarised below:

*In thousands of euros*

Audit	KPMG		IAC		Daniel de Beaurepaire		Ernst & Young	
	Amount	%	Amount	%	Amount	%	Amount	%
	2014	2014	2014	2014	2013	2013	2013	2013
<i>Statutory auditor, certification, examination of individual and consolidated financial statements</i>								
- Issuer	386	100%	224	59%	263	96%	571	75%
- Fully consolidated subsidiaries	-	-	125	33%	6	2%	115	15%
<i>Other measures and services directly related to the duties of the statutory auditor:</i>								
- Issuer	-	-	33	9%	5	2%	61	8%
- Fully consolidated subsidiaries	-	-	-	-	-	-	16	2%
<b>SUBTOTAL</b>	<b>386</b>	<b>100%</b>	<b>382</b>	<b>100%</b>	<b>274</b>	<b>100%</b>	<b>762</b>	<b>100%</b>
<i>Other services rendered via the networks to fully consolidated subsidiaries</i>								
- Legal, tax, corporate	-	-	-	-	-	-	-	-
- Other (specify if > 10% of audit fees)	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>386</b>	<b>100%</b>	<b>382</b>	<b>100%</b>	<b>274</b>	<b>100%</b>	<b>762</b>	<b>100%</b>

## 8.6. Five-year financial summary for the company

<i>In euros</i>	2010	2011	2012	2013	2014
<b>I – FINANCIAL POSITION AT THE END OF THE FISCAL YEAR</b>					
a) Share capital	93,404,851	93,550,021	93,564,574	93,578,230	93,602,812.38
b) Number of shares issued	121,305,001	121,493,534	121,512,434	121,530,169	121,562,094
<b>II – TOTAL INCOME FROM OPERATING ACTIVITIES</b>					
a) Sales (exclusive of tax)	14,396,078	13,180,296	12,875,149	13,287,876	17,337,130
b) Income before tax, amortisation, depreciation and provisions	38,149,480	-7,079,270	-9,844,960	-36,098,069	3,834,131
c) Income tax	-9,615,417	-261,127	-10,726,043	420,004	5,795
d) Income after tax, amortisation, depreciation and provisions	-179,517,484	-29,551,000	46,661,303	-64,648,732	-140,559,277
e) Distributed profits*	28,772,332	46,205,552	46,270,690	-	-
<b>III – EARNINGS PER SHARE</b>					
a) Earnings after tax, but before amortisation, depreciation and provisions	0.394	-0.056	0.007	-0.300	0.031
b) Earnings after tax, amortisation, depreciation and provisions	-1.48	-0.24	0.38	-0.53	-1.16
c) Net dividend per share*	0.25	0.40	0.40	-	-
<b>IV – PERSONNEL</b>					
a) Number of employees	40	37	31	32	29.5
b) Total payroll	6,739,725	6,184,489	5,290,727	5,322,096	4,684,313
c) Sums paid for employee benefits (social security, welfare schemes, etc.)	3,407,750	3,488,834	3,472,659	2,846,624	3,101,679

\* Amount payable for the year indicated, paid in the next fiscal year.

## 8.7. Availability of the information

### Electronic version

All relating to the Company are available on the Company's website:

[www.maureletprom.fr](http://www.maureletprom.fr)

Press releases, statements, annual reports, declarations of directors regarding their treasury shares and notes on operations are available on the AMF website:

[www.amf-france.org](http://www.amf-france.org)

and on the Euronext website:

[www.euronext.com](http://www.euronext.com)

Press releases are also available on the Les Echos website:

<http://www.lesechos-comfi.fr>

BALO publications are available on the Bulletin des Annonces Legales Obligatoires website:

<http://balo.journal-officiel.gouv.fr>

The annual financial statements are filed with the Clerk of the Paris Commercial Court, and may be consulted at:

<http://www.infogreffe.fr>

### Printed version

All documents mentioned in this Annual Report are available free of charge on request from the Company:

Établissements Maurel & Prom  
51, rue d'Anjou - 75008 Paris

## 8.8. Cross-reference table

### 8.8.1.

#### Management report

ITEMS REQUIRED BY THE FRENCH COMMERCIAL CODE, MONETARY AND FINANCIAL CODE, GENERAL TAX CODE AND GENERAL REGULATIONS OF THE AMF	Corresponding sections of the Annual Report	Corresponding pages of the Annual Report
Analysis of the development of the business, earnings and financial position of the Company, the Company's position during the fiscal year just ended (L.225-100 and L.232-1 of the French Commercial Code)	Presentation of the Group; 1; 8.2.1; 8.6	2-15; 21-34; 165-233; 237-266; 275
Analysis of the development of the business, earnings and financial position of the Group, the Group's position during the fiscal year just ended (L.225-100-2 and L.233-26 of the French Commercial Code)	Presentation of the Group; 1; 8.2.1	2-15; 21-34; 165-233
Results of subsidiaries and controlled companies by branch of activity (L.233-6 of the French Commercial Code)	1; 8.2.1	21-34; 165-233
Projected changes (L.232-1 and L.233-26 of the French Commercial Code)	1.2.5	33
Significant events occurring after the end of the fiscal year (L.232-1 and L.233-26 of the French Commercial Code)	1.2.5.1	33
Research and development activities (L.232-1 and L.233-26 of the French Commercial Code)	7.4	154
Interests or controlling interests in companies with their registered office in France (L.233-6 of the French Commercial Code)	N/A	N/A
Information on corporate, social and environmental responsibility, corporate commitments in favour of sustainable development and anti-discrimination measures and the promotion of diversity (L.225-100 and L.225-102-1 of the French Commercial Code)	4	103-123
Description of main risks and uncertainties (L.225-100 and L.225-100-2 of the French Commercial Code)	2	37-49
Group financial risk management policy (L.225-100 and L.225-100-2 of the French Commercial Code)	2.2; 3.3	42-46; 96-99
Group exposure to price, credit, liquidity and treasury risks (L.225-100 and L.225-100-2 of the French Commercial Code)	2.2	42-46

*Cross-reference table*

ITEMS REQUIRED BY THE FRENCH COMMERCIAL CODE, MONETARY AND FINANCIAL CODE, GENERAL TAX CODE AND GENERAL REGULATIONS OF THE AMF	Corresponding sections of the Annual Report	Corresponding pages of the Annual Report
Table summarising delegations of powers currently in force granted by the General Shareholders' Meeting to the Board of Directors for capital increases and the use of these delegations of powers during the year (L.225-100 of the French Commercial Code)	6.2.1.2	132-138
Elements likely to have an impact in the event of a public offering (L.225-100-3 of the French Commercial Code)	6.3.5	149
Employee share capital shareholding at the last day of the fiscal year (L.225-102 of the French Commercial Code)	5.1.1	125
Identity of shareholders holding more than 5%; treasury shares (L.233-13 of the French Commercial Code)	5.1.2	128
Summary of transactions made by directors involving the securities of the Company (L.621-18-2 of the French Monetary and Financial Code and 223-26 of the AMF General Regulations)	3.2.2.1.1	69
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Information on treasury share repurchases (L.225-211 of the French Commercial Code)	6.2.2	139-142
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Changes made in the presentation of the annual financial statements (L.123-17 of the French Commercial Code)	8.2.1	165-234



## Cross-reference table

## 8.8.2.

## EC Regulations

In order to facilitate the interpretation of this Annual Report, the following concordance table identifies the information required by Regulation EC 809/2004 of the Commission of 24 April 2004 implementing EC Directive

71/2003 of the European Parliament and of the Council (as amended by the Commission Delegated Regulation (EU) 486/2012 of 30 March 2012).

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4	RISK FACTORS	2	37-49
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5.1.2	Registration location and number of the issuer	6.1	131
5.1.3	Date of incorporation and term of the issuer	6.1	131
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20.2	Pro forma financial information	N/A	N/A
20.3	Annual financial statements	8.2.1	165-233
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20.4.1	Audits of the historical financial information	1.2.7.2	34
20.4.2	Other information featured in the Annual Report, verified by the Statutory Auditors	1.2.7.3	34
20.4.3	Financial information appearing in the Annual Report and not taken from the issuer's certified financial statements	N/A	N/A
20.5	Date of the last audited financial information	31/12/2014	31/12/2014
20.6	Interim and other information	N/A	N/A
20.6.1	Quarterly or half-yearly financial information established since the date of the last audited financial statements	N/A	N/A
20.6.2	Interim financial information for the first six months of the year following the end of the last fiscal year audited	N/A	N/A
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25	INFORMATION ON EQUITY INTERESTS	7.7	156-157













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