CONTENTS

1 FINANCIAL POSITION

1.1 Financial summary of fiscal year 2012

1.1.1 Consolidated financial statements

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

In €M	31/12/2012	31/12/2011
€/US$ rate	*1,285*	*1,392*
SALES	472	374
INCOME FROM PRODUCTION ACTIVITIES	255	208
as % of sales	*54%*	*55%*
OPERATING INCOME	201	258
of which income from disposals	*-*	*122*
Financial income	*-42*	*-17*
Income before tax	*158*	*241*
Net income from consolidated companies	*63*	*143*
Equity associates	*-5*	*9*
Net income from discontinued activities	*-*	*16*
NET INCOME, GROUP SHARE	58	165
of which disposals	*-*	*135*
CASH AT OPENING	61	95
CASH AT CLOSING	67	61

1.1.1.1 *Activity*

Activity in fiscal year 2012 focused mainly on exploiting assets in the Group's portfolio through development work, managing production and uncovering potential areas for exploration.

Development of existing fields

In Gabon, the ramping up of regular production following the start of the water injection programme was interrupted early in the year as a result of an incident at platform 100 on the Omoc-Nord field. The impact of this incident had consequences throughout the year on production levels, which fluctuated between 12,000 and 17,000 boepd in the first six months before exceeding 22,000 boepd at the end of the year, as well as on the pace of development at the field as additional drilling had to be carried out.

However, following development work and improved production management, the water injection programme at the Omko (Kissenda) field has become more effective and similar results are expected at the Omoc-Nord field. At the Omgw (Grès de Base) field, the water injection begun in February 2012 is continuing and is enabling the pressure in the reservoir to be stabilised. At the Onal field, when early water breakouts were observed at some producing wells, the injection rigs responsible were modified to remedy the problem, the consequences of which will affect production at this field in 2013.

On the Mnazi Bay permit in Tanzania, the Group carried out workovers at three gas production wells. Only one of them now remains in limited production in order to supply gas to an electricity plant, generating US$1.3 million in sales for the Group.

A sustained programme of studies in 2012

In Colombia, production on the Sabanero exploration permit began on 17 December 2011. For the record, this permit covers an area of 434 km2 and is located approximately 250 km south-east of Bogota in the Llanos basin, an area rich in heavy oil, and approximately 50km north of the Rubiales and Quifa fields. This block is owned by Maurel & Prom Colombia BV (Maurel & Prom as operator owns 50.01% of MP Colombia BV). At the end of 2012, production on the Sabanero permit stabilised at approximately 1,200 boepd (at 100%). This level of production is constrained by current processing and produced water reinjection capacities. Note that an application for a production permit for the Sabanero field has been filed with the National Hydrocarbon Agency (ANH). This permit will allow the Group to launch a work programme to significantly increase production at this field.

On this same Sabanero permit, the Group began drilling the Chaman prospect in December 2012. The Chaman-1 well, drilled in the central part of the permit (approximately 6 km from the Sabanero field's central producing area) revealed a new oil discovery in the C7 formation (12 ° API). A production test is currently in progress, and aims to reveal a new oil-prolific area in the northern part of the permit. The test recorded a flow rate of 174 boepd. The size of this discovery is currently being assessed.

On the SSJN-9 permit, the Santa Fe-1 well was drilled to a depth of 2,527 m MD (gas target in the Cienaga de Oro formation). As the targets were not reached, this well has been sealed and abandoned. After abandoning the SantaFe-1 well, the Group decided to free up this permit in northern Colombia.

On the CPO-17 permit, the information collected during the drilling of the EST-11 stratigraphic well at the Godric prospect revealed saturated intervals of oil in the Mirador formation. Analyses revealed a quality of oil of between 16 and 18° API. This preliminary data thus confirms the existence of lighter oil than that found at the Merlin (Grès de Base) and Dorcas (C7 formation) prospects. Since the press release dated 14 November 2012, the Group has no further information about the size of the well or its estimated resources.

In Gabon, on the Etekamba permit (100%), the Group drilled two wells in the first half of the year. Both wells proved negative. The work done revealed very high-quality reservoirs in Gamba. The Group is currently working on uncovering new themes with regard to the results obtained and has asked the Gabonese authorities to extend the duration of this permit.

The Ziwani-1 well on the Mnazi Bay permit in Tanzania revealed a 3-metre interval, tested for gas. A flow of 7.2 million cubic feet per day was recorded without pressure stabilisation. This test was carried out in a new carbonated reservoir, not yet evident on the Mnazi Bay concession. The measurements taken did not reveal commercial reserves but have definitely proven that an effective deposit system exists, thereby confirming the interest of various prospects already identified by the Group on this permit.

Asset consolidation in East Africa

Maurel & Prom exercised its pre-emption right on Cove Energy's interests in the Mnazi Bay concession in Tanzania.

The operation is worth a total of US$18.9 million, paid to Wentworth following the approval of this transaction by the Tanzanian authorities on 26 July 2012. An additional payment of up to US$5.1 million will be made if future gas production exceeds certain thresholds.

After this transaction, the various Mnazi Bay interests are as follows:

	Production	Exploration
M&P (operator)	48.06%	60.075%
Wentworth	*31.94%*	*39.925%*
TPDC	*20.00%*	-

Restructuring the line of credit

On 29 May 2009, the Group entered into a US$255 million bank facility ("Reserve Based Loan" or "RBL"). This RBL was increased to US$330 million in January 2011. The amount drawn down as at 31 December 2012 was US$130 million.

On 8 November 2012, the Group announced that a new line of credit had been set up in the amount of US$350 million (Senior Secured Facility) (see paragraph 1.4.1 of the Annual Report). This was drawn down in full on 25 January 2013. At the same time, the Group repaid the entire outstanding RBL, amounting to US$130 million, as well as the BGFI loan (€15 million).

1.1.1.2 Sales

Group consolidated sales were €472 million, up 26% on fiscal year 2011.

This increase on fiscal year 2011 was mainly due to higher volumes sold in Gabon, in an environment of steady sale prices (average US$110.6/bbl in 2012 versus US$110.9/bbl in 2011).

The following table shows the Group's production data in Gabon and Colombia for fiscal year 2012.

		Q1 2012	Q2 2012	Q3 2012	Q4 2012	12 months 2012	12 months 2011
PRODUCTION AT 100%	boepd	17,493	17,982	18,704	21,615	18,955	18,140
Gabon		*16,575*	*16,407*	*17,313*	*20,451*	*17,693*	*18,140*
Colombia		*918*	*1,575*	*1,391*	*1,164*	*1,262*	-
M&P SHARE	boepd	14,587	14,765	15,413	17,966	15, 688	15,461
Gabon		*14,128*	*13,978*	*14,717*	*17,384*	*15,057*	*15,461*
Colombia		*459*	*788*	*696*	*582*	*631*	-
ENTITLEMENTS	boepd	13,780	13,946	14,391	16,968	14,776	14,607
Gabon		*13,348*	*13,206*	*13,902*	*16,421*	*14,224*	*14,607*
Colombia		*432*	*741*	*489*	*547*	*552*	-
PRODUCTION SOLD	boepd	19,785	10,006	12,420	19,939	15,541	14,269
AVERAGE SALE PRICE	US$/bbl						
Gabon		*118.9*	*101.5*	*108.4*	*108.1*	*110.6*	*110.9*
Colombia		*104.7*	*93.3*	*96.2*	*105.0*	*99.5*	-

Oil hedges had a limited negative impact over the fiscal year due to the reduction in volumes hedged in comparison with the previous year. As at 31 March 2013, hedges (2,500 boepd taking into account trading operations) for fiscal year 2013 cover significantly reduced volumes, the impact of which on consolidated sales in fiscal year 2013 will be limited to 500 boepd sold at an average US$87.

Note, at the same time, the favourable impact of the movement in the US$/€ exchange rate (-8%) in 2012.

In addition, the Group reported oil sales at the Sabanero field in Colombia of €16.8 million (Group share 50.01%) for fiscal year 2012.

1.1.1.2.1 Sales by activity

In €M	2012	2011	2010*
Oil activities	488.5	414.8	254.5
Oil hedges	-16.4	-42.3	-37.9

* Restated for discontinued activities in 2011.

1.1.1.2.2 Sales by geographic region

In €M	2012	2011	2010**
Gabon	470.7	414.9	253.9
Colombia	16.8	-	-
Tanzania	1.0	0.7	0.6
Congo	-	0.2	0,3
France*	-16.4	-42.3	- 37.9
TOTAL	472.0	373.5	217.0

*Impact of hedges.

** Restated for discontinued activities in 2011.

1.1.1.3 Operating income

The Group's operating income for fiscal year 2012 was €201 million versus €258 million (including €122 million from disposals) in 2011, which corresponds to a 48% increase excluding disposals.

The improvement in income from production activities was mainly due to higher volumes sold in Gabon (15,541 boepd versus 14,269 boepd in 2011) in an environment of steady sale prices.

Excluding changes in consolidation scope, the margins on production activities (operating income restated for any asset impairments linked to exploration results and disposals) are steady at 54%.

Impairment of exploration and operating assets was €42 million for the full year 2012 and mainly relates to the Etekamba permit in Gabon and the Mnazi Bay permit in Tanzania.

1.1.1.4 Financial income

The Group's financial income in fiscal year 2012 was -€42 million versus -€17 million the previous year.

This mainly reflects expenses on the OCEANE 2014 and 2015 bonds (€34 million – interest and "debt readjustment" expenses), interest expense on the Reserve Based Loan (€3.3 million) and interest expense on the BGFI line of credit (€0.3 million).

A new line of credit in the amount of US$350 million (Senior Secured Facility) set up in November 2012 (see paragraph 1.4.1 of the Annual Report) was drawn down in full on 25 January 2013. At the same time, the Group repaid the entire outstanding RBL (US$130 million) as well as the BGFI loan (€15 million).

1.1.1.5 Net income

Pre-tax income was €158 million for fiscal year 2012, versus €241 million in 2011. The tax charge is unchanged overall from the previous year at €95 million, €29 million of which is payable for fiscal year 2012.

The Group's consolidated net income was therefore €58 million versus €165 million for fiscal year 2011 (including €135 million from non-recurring disposals).

The Group's income in fiscal year 2012 is not directly comparable with that of the previous year, as the sale of Maurel & Prom Colombia securities, the sale of Caroil and the sale of Maurel & Prom Venezuela as well as the distribution of MP Nigeria shares allowed the Group to generate positive non-recurring income in the amount of €135 million for fiscal year 2011.

1.1.1.6 Balance sheet

The balance sheet total at 31 December 2012 was €1,643 million, compared with €1,488 million at 31 December 2011, an increase of €155 million. Shareholders' equity, Group share, at 31 December 2012 was €768 million, compared with €765 million at 31 December 2011, an increase of €3 million.

1.1.1.7 Investments

Total investments made in 2012 amounted to €295 million versus €179 million in 2011.

In Colombia, under the terms of the agreement signed in 2011, all of the investments made were financed by Pacific Rubiales Energy.

In Gabon, development work mainly related to ramping up production and managing water injection.

The table below shows all of the Group's investments per country in 2012.

In €M	GABON	CONGO	TANZANIA	MOZAMBIQUE	OTHER	SUBTOTAL	COLOMBIA	TOTAL
Exploration	*42*	*3*	*12*	*6*	*6*	*69*	*20*	*89*
Development	*153*	*-*	*5*	*-*	*-*	*159*	*47*	*206*
TOTAL	195	3	18	6	6	*228*	67	295

1.1.1.8 Cash flow

As at 31 December 2012, Maurel & Prom had cash of €67 million versus €61 million at 31 December 2011, up €6 million on the previous year. Cash fluctuations in fiscal year 2012 were due to the following:

- cash flow generated by operating activities (+€322 million);
- payments related to investments (-€308 million);
- the dividend for 2011 paid by Maurel & Prom to its shareholders in the amount of €46 million;
- additional drawdown of US$50 million (€41 million) of the RBL.

The investments financed by Pacific Rubiales Energy are recognised partly under "Assets" and partly under "Other creditors and miscellaneous liabilities".

As at 28 February 2013, after the drawdown on 25 January 2013 of the US$350 million line of credit (Senior Secured Facility), and the simultaneous repayment in full of the outstanding RBL (US$130 million) and the BGFI loan (€15 million), Maurel & Prom had cash of €217 million.

1.1.1.9 Intra-Group relations

The table below shows the Group's principal financial aggregates and their distribution between its main subsidiaries at the close of fiscal year 2012:

Value in consolidation (excluding dividends)

in €K	Colombia / Peru	Gabon	Other	Listed company	Consolidated total
Fixed assets (including goodwill)	*175,159*	*1,028,331*	*106,740*	*2,081*	*1,312,312*
Financial debt (*)	*46*	*-*	*-*	*471,215*	*471,260*
Cash position on the balance sheet (**)	*10,917*	*3,530*	*4,896*	*47,896*	*67,240*
Cash flow linked to activity	*59,863*	*267,650*	*46,718*	*-52,348*	*321,883*
Dividends paid in the year and returning to the listed company	*-*	*-*	*-*	*-46,207*	*-46,207*

(*) Excluding bank overdrafts presented in net cash

(**) Cash net of bank overdrafts (see Note 12 to the consolidated financial statements)

Transactions between Maurel & Prom and its subsidiaries are for various purposes (service provision, current account agreements, etc.). The financial flows covered by regulated agreements are presented in the Statutory Auditors' Report appearing in paragraph 8.3 of this Annual Report.

Jean-François Hénin, Chairman and Chief Executive Officer of Maurel & Prom, also exercises management roles in some of the Group's subsidiaries. Most of the mandates held by Jean-François Hénin in the subsidiaries are listed in paragraph 3.2.1.2 of this Annual Report.

1.1.2 Company financial statements

The company financial statements for fiscal year 2012 were marked by three key events:

1) The Company posted financial income of €77.5 million following the payment of an interim dividend by its subsidiary Maurel & Prom West Africa. The latter is an intermediary holding company with an equity stake in the Company in Gabon, Maurel & Prom Gabon in particular, which had previously paid it a dividend of €79 million.

2) The Company exercised its pre-emption right on Cove Energy's interests in the Mnazi Bay concession. Following the completion of this operation, the Company holds a 48.06% stake in production and a 60.07% stake in exploration.

3) The Company restructured its lines of credit. The RBL concluded on 29 May 2009 in the amount of US$255 million, increased to US$330 million in January 2011, and US$130 million of which was drawn down as at 31 December 2012, was repaid in full on 25 January 2013. This repayment was made possible by the signing of the Credit Agreement (as detailed in paragraph 1.4.1 of this Annual Report) in the amount of US$350 million between Maurel & Prom Gabon and a consortium of seven international banks (Natixis, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Standard Bank, Rand Merchant Bank, Standard Chartered Bank and Nedbank) and Canada's export development agency (Export Development Canada).

The Company's sales, which amounted to €12.9 million in 2012, correspond exclusively to services and studies provided for the Company's subsidiaries.

Reversals in 2012 of provisions constituted in previous years amounted to nearly €30 million.

Operating expenses were €69.2 million in 2012 versus €92.6 million in fiscal year 2011, due mainly to the sharp decline in amortisation and depreciation allowances and provisions.

Financial income in fiscal year 2012 was €68.8 million compared with -€61.8 million for the previous year, mainly due to the interim dividend payment it received from its subsidiary Maurel & Prom West Africa.

Net income for fiscal year 2012 was €46.6 million versus -€29.5 million the previous year.

The balance sheet total at 31 December 2012 was €882 million versus €893 million at 31 December 2011, virtually unchanged from one year to the next. Shareholders' equity at 31 December 2012 was €345 million.

1.2 Group oil and gas reserves and resources

The Group's reserves correspond to hydrocarbon volumes revealed by exploration and delineation wells that can be exploited commercially. P1 (proven), P2 (probable) and P3 (possible) oil reserves net of royalties were evaluated by DeGolyer and MacNaughton on 1 January 2013 for Gabon and by GLJ for Colombia.

Gas resources on the Mnazi Bay permit in Tanzania were evaluated by RPS-APA on 30 September 2007. This report is still valid today.

Included in our "Other hydrocarbon resources" classification are resources corresponding to hydrocarbon volumes that have been revealed but which have not been made the subject of a development plan and for which the development economics are still to be proven. These resources were evaluated by DeGolyer and MacNaughton on 1 January 2008 for Sicily, and by GLJ on 1 January 2013 for Colombia. In line with the Group's historical standards, reserves and resources are presented as Maurel & Prom's share, net of royalties and before taxes specific to each type of contract (production sharing, concession, etc.).

Oil reserves (M&P share net of royalties)

As at 1 January 2013, the Group's P1+P2 oil reserves amounted to 198 Mboe, up 7% on the figure for the same date the previous year. These amounts are shown as the Group's share, net of royalties.

			2012	2013			
		Unit	P1+P2	P1	P2	P1+P2	P3
Omoueyi	*85%*	*Mboe*	*176.4*	*53.8*	*140.5*	*194.4*	*94.5*
Banio	*100%*	*Mboe*	*0.5*	*0.3*	*0.1*	*0.4*	*0.2*
GABON		*Mboe*	176.9	54.2	140.6	194.8	94.7
Sabanero	*50%*	*Mbbls*	*7.8*	*2.1*	*1.3*	*3.4*	*3.6*
COLOMBIA		*Mbbls*	7.8	2.1	1.3	3.4	3.6
TOTAL		*Mbbls*	184.7	56.3	141.9	198.2	98.4

The variations in relation to the previous year correspond to:

- production for the year, primarily in Gabon, -5,5 Mboe;
- an upward revaluation of P1 + P2 reserves in Gabon, +23.1 Mboe;
- a downward revaluation of P1+P2 reserves at Sabanero in Colombia, -4.2 Mboe.

In Gabon the results of drilling carried out in 2012 and improvements to water injection management helped to increase the Group's reserves. In addition to these P1 and P2 reserves, the Group also has 95 Mboe of P3 reserves net of royalties.

In Colombia, the Sabanero field reserves were evaluated by GLJ, an independent certifier based in Canada. It showed that Maurel & Prom's share of reserves net of royalties were 2.1 Mboe (P1) and 1.3 Mboe (P2). The downward revision is the result of flooding observed on this field's production wells in 2012. The reserves published by Pacific Rubiales Energy are higher, as their certifier uses historical data provided by the operator for similar fields in Quifa and Rubiales to which GLJ did not have access. The P3 reserves in this field total 3.6 Mboe.

Gas resources (M&P share net of royalties)

In Mboe		2013				2012			
		% MP	2C = C1 + C2	C3	3C = C1+C2+C3	% MP	2C = C1 + C2	C3	3C = C1+C2+C3
Mnazi Bay	*Tanzania*	*48.06%*	*52.5*	*77.2*	*129.7*	*38.22%*	*41.7*	*61.4*	*103.1*

The data in the above table shows the gas resources net of royalties, as determined by the RPS-APA evaluation report produced in 2007.

While awaiting the finalisation of a gas sales agreement, the Group has published the resource valuation by RPS-APA for the Mnazi Bay permit in Tanzania. This report, dated 30 September 2007, remains valid.

During the first half of 2012, the Group exercised its pre-emption right on Cove Energy's interest in the Mnazi Bay concession. Following this operation, Maurel & Prom's interest in this permit increased to 48.06%. Consequently, the Group's C1+C2 resources total 294 Bscf, or 52.5 Mboe.

C3 resources at this Mnazi Bay field were 433 Bscf, or 77 Mboe. A 3D seismic campaign is under way regarding the possible extension of this offshore deposit in order to refine our understanding of this region prolific in gas.

To this, the potential linked to the drilling of the Mafia Deep well, must be added. The volume of local natural gas for this well was evaluated by Schlumberger to be between 1.97 and 4.15 Tscf (the Group share net of royalties would be between 1.0 and 2.2 Tscf).

Additional resources (M&P share net of royalties)

The hydrocarbon volumes shown in the table below correspond to an evaluation of resources (net of royalties) linked to discoveries or to wells that have revealed the presence of hydrocarbons, but which have not yet been assessed.

In Colombia, the reserves have been evaluated by GLJ, an independent certifier based in Canada. They are 41 Mboe on the CPO-17 field. Indications from the one Godric field discovered in December 2012 allowed the Group to report additional resources of 13.3 Mboe (Group share net of royalties).

In Sicily, the resources were evaluated on 1 January 2008 by DeGolyer & MacNaughton.

			Type of hydrocarbon	2013
Colombia	*CPO-17*	*25%*	*Oil*	*41 Mboe*
Sicily	*Fiume Tellaro*	*100%*	*Gas*	*1.8 Tscf*

Additional exploration potential

The resources mentioned above do not take into account the potential linked to the intensive exploration which began this year, particularly through seismic data acquisition campaigns and well drilling.

Glossary:

Tscf: trillion cubic feet

Bscf: billion cubic feet

Mboe: million barrels of oil equivalent

Mbbl: millions of barrels

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

P1 (proven) reserves: Gas and oil reserves "reasonably certain" to be producible 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 (probable) reserves: Gas and oil reserves "reasonably certain" to be producible 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 (possible) reserves: Gas and oil reserves that «have a chance of being developed in 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.

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.

1.3 Investments

1.3.1 Main investments made during the last three years

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

In thousands of euros	2012			2011			2010		
	Production	Exploration	Total	Production	Exploration	Total	Production	Exploration	Total
OIL ACTIVITIES	205,365	88,944	294,579	88,550	91,704	180,254	138,306	309,577	447,883
Gabon	153,26	42,071	195,397	81,081	51,779	132,860	61,663	110,795	172,458
Congo	37	3,321	3,358	62	1,208	1,270	70	27,464	27,534
Colombia	47,092	20,040	67,132	4,041	25,625	29,666	57	52,817	52,874
Tanzania	5,152	12,362	17,514	1,447	8,921	7,368	506	40,839	41,345
Mozambique	-	6,015	6,015	-	1,050	1,050	-	546	546
Namibia	-	2,341	2,341	-	-	-	-	-	-
Peru	-	1,887	1,887	-	1,816	1,816	5	2,789	2,794
Senegal	-	-	-	-	-	-	-	906	906
Syria	-	900	900	-	1,794	1,794	-	9,441	9,441
Nigeria	-	-	-	1,910	-	1,910	76,005	63,980	139,985
Sicily	28	7	35	9	-	9	-	-	-
France	-	-	-	-	2,511	2,511	-	-	-
OIL SERVICES	-	-	-	-	-	10,998	-	-	23,407
OTHER ACTIVITIES	-	-	623	-	-	234	-	-	742
TOTAL	-	-	295 202	-	-	191 486	-	-	472 032

This data has not been restated for discontinued activities for fiscal years 2011 and 2010.

The investments made in fiscal year 2012 are shown in paragraph 1.1.1.7 of this Annual Report.

1.3.2 Main investments in progress

Investments in progress at 31 December 2012 amounted to €1.9 million and mainly related to exploration investment in Tanzania. All exploration investments, of any type, are financed by the Group's equity capital.

1.3.3 Main investments considered

Planned exploration investment for 2013 is in the region of US$86 million. These projects may be reviewed over the course of the year depending on the results of studies and drilling.

The US$271 million investment for production and development scheduled for 2013 mainly relates to Gabon (US$258 million) and Tanzania (US$13 million).

1.4 Borrowing and financing

1.4.1 Borrowing conditions and financing structure

Bonds

OCEANE 2015 bonds

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 bond-based borrowing was initially entered as a financial debt at its amortised cost, i.e. €64 million. This amortised cost was measured by discounting the future contractual cash flow at the effective interest rate of 9.292%.

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 2012, the accrued interest expense for OCEANE 2015 bonds was €2.5 million in the consolidated financial statements.

OCEANE 2014 bonds

On 7 July 2009, the Company issued 19,074,519 OCEANE bonds with a nominal value of €15.60 per bond, maturing on 31 July 2014, at a rate of 7.125%, with a total gross value of €298 million, including €12 million in issue costs.

Conversions or exchanges may be made at any time at a ratio of 1.22 shares for one OCEANE 2014 bond.

This issue has enabled the OCEANE 2010 bonds to be repaid.

The accrued interest expense at 31 December 2012 was €11.8 million in the consolidated financial statements.

Other borrowings and financial debt

Reserve based loan / Credit Agreement

On 30 January 2009, the Company entered into a new loan agreement with a consortium of four banks (BNP Paribas, Calyon, Natixis and Standard Bank) for up to US$255 million, guaranteed by the pledge of the oil reserves in Gabon ("Reserve Based Loan" or "RBL"). The RBL was subsequently modified by three amendments dated 29 May 2009, 18 December 2009 and 21 October 2010. The amendment of 21 October 2010 was to increase the total committed amount of the RBL to US$330 million. In accordance with the RBL amortisation and depreciation plan, the draw-down ceiling at 31 December 2012 was US$198 million.

As at 31 December 2012, the amount drawn on the RBL was $130 million (€98.53 million). The remaining balance outstanding on the RBL was repaid in full by partly drawing on sums borrowed under the Credit Agreement (details of which are given below). The sureties granted for the RBL were also released.

On 5 November 2012, Maurel & Prom Gabon entered into an agreement with a consortium of seven international banks (Natixis, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Standard Bank, Rand Merchant Bank, Standard Chartered Bank and Nedbank) and Canada's export agency (Export Development Canada) for a senior loan facility in the amount of US$350 million (the "Credit Agreement").

This Credit Agreement is guaranteed by the Company and its French subsidiary Maurel & Prom West Africa. The following sureties have also been granted as part of the Credit Agreement:

- a pledge of receivables agreed by Maurel & Prom Gabon as part of the contract for the sale of "Rabi Light" crude oil concluded between the Company and Socap International Limited on 25 July 2008 (i) as amended by addendum no 1 dated 9 March 2009 and by addendum no 2 dated 10 April 2010 by which the Company gave up all of its rights and obligations under that contract to sell oil to Maurel & Prom Gabon and (ii) as transferred by Socap International Limited to Totsa Total Oil Trading SA on 1 January 2012;
- a pledge of the receivables agreed by Maurel & Prom Gabon under the contract for the sale of crude oil concluded between Maurel & Prom Gabon and Société Gabonaise de Raffinage on 4 February 2011;
- a pledge of the receivables agreed by Maurel & Prom Gabon as part of the intra-Group loans granted by Maurel & Prom Gabon to the Company under the cash pooling agreements;
- a pledge of the bank account balance agreed by the Company on the latter's collection account;
- a pledge of the bank account balance agreed by Maurel & Prom West Africa on the latter's collection account;
- a pledge of the bank account balance agreed by Maurel & Prom Gabon on the latter's collection account;
- a pledge of the bank account balance agreed by Maurel & Prom Gabon on the latter's collection account denominated in CFA francs;
- a pledge of the Maurel & Prom Gabon shares held by Maurel & Prom West Africa;
- a pledge of the Maurel & Prom West Africa shares held by the Company; and
- 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 sums made available under the Credit Agreement must be used to:

- lend the Company the necessary funds to repay the RBL;
- finance Maurel & Prom Gabon's investments in the Underlying Assets; and
- finance Maurel & Prom Gabon's general requirements, including granting loans to any member company of the Group.

The Credit Agreement comes with an amortisation schedule that stipulates that the final repayment should be made on 31 December 2017. Maurel & Prom Gabon 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 3.5% and 4% per year. This margin varies depending on the credit usage ratio (3.50% when the usage ratio is less than or equal to 50%, 3.75% when more than 50% and less than or equal to 75%, and 4% when more than 75%). Interest will be calculated per three-month period, unless specified otherwise.

Off-balance-sheet commitments as at 31 December 2012 are detailed in Note 23 to the Company's consolidated financial statements, appended to this Annual Report.

BGFI financing

In April 2011, the Group subscribed to a line of credit for €15 million from BGFI Bank. This line of credit's initial maturity of 12 months was extended for a further 12 months, and was repaid in full in February 2013.

1.4.2 Restrictions on the use of capital having a significant effect on operations

Under the terms of the Credit Agreement, Maurel & Prom Gabon undertakes to respect certain financial ratios as at 30 June and 31 December of every year:

- the ratio of Group consolidated current assets/current debt is to be at least 1.10; and
- the debt ratio (Group consolidated 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.

In addition, the debt service coverage ratio must be at least 1.30 for each six-month period. Maurel & Prom Gabon's entitlements on oil production from the fields included in the Omoueyi Production Sharing Contract must not be less than the net production level set out in the Credit Agreement, and Maurel & Prom Gabon must not cease to hold the majority of the entitlements in the Omoueyi Production Sharing Contract.

Under the terms of the Credit Agreement (subject to certain exceptions), Maurel & Prom Gabon and Maurel & Prom West Africa are not authorised to (i) issue a guarantee on their assets; (ii) bear additional financial debt; or (iii) take out new loans. Maurel & Prom Gabon also undertakes not to (x) issue guarantees to any person or entity and not to (y) sell all or some of its Underlying Assets with the consequence that production falls below the threshold set in the Credit Agreement. In terms of guarantees, a subordinated guarantee may be granted for issues of debt securities or bonds made by the Company provided that such a guarantee is expressly subordinated to the debt of the Credit Agreement lenders and that the maturity date of said borrowings or bonds is later than the final repayment date of the Credit Agreement.

1.5 Trends and outlook

1.5.1 Events occurring after closing

Restructuring the line of credit

On 29 May 2009, the Group entered into a US$255 million bank facility ("Reserve Based Loan" or RBL). This RBL was increased to US$330 million in January 2011. The amount drawn down as at 31 December 2012 was US$130 million.

On 8 November 2012, the Group announced that a new line of credit had been set up in the amount of US$350 million (Senior Secured Facility). This was drawn down in full on 25 January 2013. At the same time, the Group repaid the entire outstanding RBL, amounting to US$130 million.

Exploration results

On the Sabanero permit in Colombia, the Group began drilling the Chaman prospect in December 2012. This drilling revealed a new oil discovery in the C7 formation (12° API). On the SSJN-9 permit, after abandoning the SantaFe-1 well, the Group decided to free up this permit in northern Colombia.

The Kola-1 well on the La Noumbi permit in the Congo was drilled to a depth of 1,363 metres. This block is owned by Zetah Noumbie Ltd (Maurel & Prom, as operator, owns 49%). The targets for the Chela and Vandji formations have not been achieved. Samples with traces of oil were taken during the drilling and should allow for a better understanding of the region's oil system. The drilling rig is being assembled to drill the Kola-2 prospect, which is independent of Kola-1.

Exercise of Tuscany International Drilling warrants

On 19 March 2013, Maurel & Prom informed its shareholders of the exercising of the Tuscany International Drilling ordinary share warrants, held since the sale of Caroil, with a view to acquiring 27,500,000 ordinary shares in the capital of Tuscany (representing approximately 7.32% of the ordinary shares in circulation) without consideration.

Following the exercise of the Tuscany International Drilling ordinary warrants, Maurel & Prom now owns more than 109,000,000 ordinary shares (and no warrants), equivalent to 29.05% of the Tuscany International Drilling ordinary shares issued and in circulation.

Tuscany International Drilling is a Canadian oil services company which offers Drilling, completion and well workover services to the entire oil and gas industry. Tuscany International Drilling is listed in Canada on the Toronto Stock Exchange (code: TID).

Q1 2013 production data for Gabon and Colombia

Barrels per day (boepd)		Q1 2013*	Q1 2012*	Chg.
PRODUCTION AT 100%	boepd	21,580	17,493	+23%
Gabon		*20,753*	*16,575*	
Colombia		*827*	*918*	
COMPANY SHARE	boepd	18,054	14,587	+24%
Gabon		*17,640*	*14,128*	
Colombia		*414*	*459*	
ENTITLEMENTS	boepd	17,052	13,779	+24%
Gabon		*16,663*	*13,348*	
Colombia		*389*	*431*	

**90 days in Q1 2013 vs 91 days in Q1 2012.*

Total barrels per day (bbl)		Q1 2013*	Q1 2012*	Chg.
PRODUCTION SOLD	bbl	1,353,060	1,564,108	-13%
IMPACT OF INVENTORIES OVER THE PERIOD	bbl	181,593	-309,974	
ENTITLEMENTS	bbl	1,534,680	1,254,134	22%
CHANGE IN SALE PRICE				
AVERAGE SALE PRICE	US$/bbl	110.7	117.7	-6%
Gabon		*110.7*	*118.1*	
Colombia		*112.6*	*104.7*	
EXCHANGE RATE MOVEMENTS				
AVERAGE SALE PRICE	€/US$	1.32	1.311	1%

In Gabon, production at the Banio field, which had been suspended since July 2012 following a pump failure, restarted towards the end of March 2013. The Group was not affected by strikes but had to reduce production for several days to adapt to the reductions imposed by the routing facilities.

In Tanzania, sales of gas on the Mnazi Bay permit amounted to US$369,000. The sale price was set at US$5.36/MBtu. The Company is currently negotiating a gas sales contract with the Tanzanian authorities in order to increase the volumes of gas produced and sold. The sale price will range from US$3.20 - US$3.50/Mscf.

Production at the Sabanero field was steady at 900-1,000 boepd while awaiting potential future works. This field is still in test phase, until the required production permit is obtained.

Q1 2013 Sales

In €M	Q1 2013	Q1 2012
Exchange rate	*1.32*	*1.311*
ASSESSED ENTITLEMENTS	129.1	112.7
Gabon	*125.8*	*109.4*
Colombia	*3.0*	*3.1*
Tanzania	*0.3*	*0.2*
OTHER	-16.1	+20.0
Impact of hedges	*-0.9*	*-7.9*
Impact of inventories	*-15.2*	*+27.9*
CONSOLIDATED SALES	113.0	132.8

Group consolidated sales in the first quarter of 2013 were €113 million, down 15% on the same period in 2012. This reduction is mainly due to the effect of significant changes in entitlements. In the first quarter of 2013, Maurel & Prom's share of unsold production amounted to 181,000 barrels. The change in inventories versus the first quarter of 2012 reflected an inventory consumption of 310,000 barrels.

The average sale price was US$110.7 per barrel, down 6% on the first quarter 2012.

The adverse change in the €/US$ exchange rate reduced the value of sales in euros by 1% in the first quarter of 2013.

Lastly, the Group's oil hedges had only a limited effect. In the first quarter of 2013, 500 barrels a day were hedged at an average price of US$87.

Partnership formed between the Company and MP Nigeria

At its meeting of 27 March 2013, the Company's Board of Directors authorised the establishment of a partnership with MP Nigeria and approved its guiding principles.

This partnership will take the form of a joint venture with capital of €100 million, one-third of which will be held by the Company with the remaining two-thirds held by MP Nigeria. In accordance with the legal provisions, up to a quarter of the joint venture's capital will be immediately paid-up, with the balance being paid-up by the partners within five years, as calls for funds are made by the joint venture.

The joint venture's purpose will be to support development projects put forward by one or other of the partners. Under this partnership, future development projects relating to oil exploration and production will be carried out jointly by the two companies through the joint venture (except for new projects in areas in which the respective companies have carried out activities in the past). However, if one of the two partners decides not to take part in a development operation, the other partner will be free to carry out the development operation outside the joint venture (alone or in association with another partner).

The interest for the two companies in joining forces resides in their complementary characteristics, as Maurel & Prom is a recognised player in the oil sector and has the required expertise and skills, while MP Nigeria has the necessary cash to be able to invest (particularly as part of its new policy of diversifying its asset portfolio), but does not have its own technical resources. Moreover, human resources will be made available to the joint venture by Maurel & Prom, under the terms of a service agreement. The partnership will give the Company increased access to a larger number of operations, which will lessen the average risk profile of its decisions by multiplying opportunities and reducing the amount of its unit investments.

A partners' agreement will be signed in due course to (i) formalise the governance rules for the joint venture (particularly regarding the principle of unanimity when taking significant decisions within the joint venture), (ii) define the procedure for presenting projects to the joint venture, and (iii) set up certain restrictions on the transfer of securities of the joint venture held by the Company and by MP Nigeria respectively (with, in particular, a reciprocal unilateral purchase option (call) exercisable at any time by either party on the shares held by the other party upon the decision of one or other of the Boards of Directors of the shareholding companies, for which the price will be determined by an independent expert).

This partnership will be the subject of a specific resolution to be approved at the Company's Ordinary and Extraordinary General Shareholders' Meeting, to be held on 13 June 2013.

1.5.2 Changes in the Company's activity

In Gabon, the work carried out in 2012 has allowed the Company to return to the production levels achieved at the beginning of the year before the subsidence of platform 100 and, by the end of the year, to exceed 20,000 barrels of oil equivalent per day, in line with our expected pace.

Strong oil prices and a favourable US dollar/euro exchange rate contributed to an increase in our operating income, excluding the results of asset disposals, of more than 40% between 2011 and 2012.

The significant level of investment made in 2012, which will continue in 2013 and 2014, should support the increase in production on a steady basis to reach the target of some 27,000 boepd by the end of 2013 and 35,000 boepd by the end of 2014. These estimates suggest an expected average gross production of approximately 24,000 boepd in 2013 versus average gross production of just over 17,500 boepd in 2012.

The upward trend in Group consolidated sales should continue over the coming years, in line with the expected increase in oil production in Gabon, assuming oil prices, exchange rates and hedge prices relatively unchanged.

These massive investments should be completed in the first half of 2014. In the absence of new short- or long-term developments in Gabon, this will free up very significant cash flow (given no change in exogenous factors between the two years, the Group expects positive free cash flow in 2013). The Company will then be in a position to repay its financial debts whilst still having enough budget to markedly diversity its activities. (the Group is currently considering various investment projects to diversify the assets in its oil portfolio).

In addition, a sustained programme of exploration activities was conducted, with two main focuses:

- promising new themes with significant potential (Peru, Mozambique, Namibia); and
- themes already studied and which still show potential (Tanzania, Colombia and Gabon).

Some 15 wells (exploration and stratigraphic) should be drilled in 2013 in these various countries with objectives corresponding to the search themes mentioned above. In addition to and in preparation for future exploration campaigns, seismic data acquisition campaigns were conducted. After studying the results, the Group will be able to identify the prospects to drill. The projected exploration investments for fiscal year 2013 amount to US$86 million.

1.6 Large contracts

The RBL described in paragraph 1.4.1 of this Annual Report was repaid in full on 25 January 2013 and therefore expired on that date. The sureties relating to it were released.

On 5 November 2012, Maurel & Prom Gabon entered into a Credit Agreement with a consortium of seven international banks (Natixis, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Standard Bank, Rand Merchant Bank, Standard Chartered Bank and Nedbank) and Canada's export agency (Export Development Canada), which is better suited to the Group's needs and which replaced the RBL. The terms and conditions of the Credit Agreement are described in paragraphs 1.4.1 and 1.4.2 of this Annual Report. The Company is party to the Credit Agreement as a guarantor.

In Gabon, the Group, through its subsidiary Maurel & Prom Gabon, only maintains a major direct customer relationship with Socap International Ltd, a subsidiary of the Total Group. Socap International Ltd 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 amounted to €47.8 million at the end of 2012 (US$63 million). They were settled in January 2013. Sales in 2012 with Socap International amounted to €436.8 million or 89% of Group sales before the impact of hedges.

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

1.7 Financial information

1.7.1 Historical financial information

The management report, the consolidated and annual financial statements for the years ended 31 December 2010 and 31 December 2011, including the Statutory Auditors' reports on these fiscal years, appear, respectively, in the Annual Reports filed on 20 April 2011 with the French Financial Markets Authority (AMF) under number D.11-0341 and on 24 April 2012 under number D.12-0401, which are incorporated by reference in this Annual Report.

1.7.2 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 1.7.1 above.

1.7.3 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.

2

2 RISK FACTORS

Hydrocarbon exploration and production require high levels of investment and are 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 the risks specific to the oil industry, the risks relating to the Group's own industrial and commercial activity must be added.

Consequently, investors, before deciding to invest, and shareholders are invited to examine all the information contained in this Annual Report, including the risks described below. If they arise, these are the risks that, at the date of filing this Annual Report, could have a significant adverse impact on the Group, its activity, its financial position and/or its earnings, and that are significant when making investment decisions.

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 contract ("PSC") entered into by these parties and the Oil Minister of the host country.

Furthermore, a "Joint Operating Agreement" (or "JOA") generally defines the relationship between parties other than the host government. In addition to the PSCs, permits are granted by the host government that authorises the Group to carry out its hydrocarbon exploration and production activities.

The duration of these permits is limited in time, with renewal periods. They also carry obligations regarding surface area rehabilitation during the exploration period.

Between 2016 and 2023, the various exploration permits granted to the Company in Gabon will be due for renewal by the local authorities. The PSCs and Gabonese law provide for the option of renewal in cases where the Company has complied with its production sharing commitments. Therefore, any such renewal must be negotiated with the Minister, and the conditions of the renewal, particularly the financial terms, will depend on the outcome of these negotiations and could have a negative impact on the outlook, financial position and results of the Company.

The impact on the conditions for the use of oil permits, 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, is a risk that is difficult to quantify.

Lastly, with respect to Gabon, the country in which the Group achieves most of its production (96% of Group sales before the impact of hedges), the mining code review currently underway could end up having an adverse impact on the terms and conditions applicable to new contracts or permits concluded by the Company or any permits granted to it, as well as to its current contracts when they come up for renewal between 2016 and 2023.

2.1.2 Risks linked to the appraisal of reserves

Reserves at 1 January 2013, as presented in paragraph 1.2 of this Annual Report (p. 30) 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 judgments and subsequent re-evaluations may be required as more information is obtained about the deposits.

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 to be undertaken. Geological and seismic analyses are therefore 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 carrying out drilling may be absent, or in insufficient quantities to be commercially viable.

Consequently, the many uncertainties that remain in the exploration phase mean that the Group cannot ensure that the investments made will be profitable enough.

In addition, knowledge of reserves can sometimes be unpredictable and may only be acquired gradually during the course of exploration. In addition, 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 or to allow the Group to recover all of the capital invested in exploration activities and to ensure the profitability of the investments made.

In order to limit the technical risks related to exploration, exploration programmes are validated upstream based on technical criteria before being submitted to the Board of Directors for approval. The Group's exploration schedule is also sent to shareholders twice a year and the results of any exploration well are released through the media as soon as they are known.

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 inside or outside the Group, among which include malfunctions of production or hydrocarbon routing facilities, administrative delays particularly 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.

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 Board of Directors for approval;
- dedicated teams are put in place for each major project;
- 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

Part of the Group's activities and hydrocarbon reserves are in countries that may in some cases 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 PSCs, exchange control restrictions, losses due to armed conflict or terrorist groups, or other problems arising from these countries' political or economic instability. Furthermore, 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 (on this point, see for example the formation in Gabon in December 2012 of a national oil company, the Gabon Oil Company, tasked with controlling Gabon's State interests in Gabonese oil and oil exploration companies). Such a policy could lead to heavier State participation in this sector.

As at the date of this Annual Report, the Group achieves most of its production in Gabon (96% of Group sales before the impact of cash flow hedges). This makes the Group dependent on the economic and political developments in that country, especially as far as future hydrocarbon production levels and permit renewals are concerned.

It is also worth noting that Gabon is an emerging country with significantly higher political and economic risks and more precarious personal and material safety than in more-developed countries, which exposes the Group to the risks mentioned in the first paragraph above. The political transition following the election of President Ali Bongo as Head of State in August 2009 was relatively smooth, although the announcement of the results had initially provoked a protest movement. The ruling Gabonese Democratic Party retained a large majority in the legislative elections in December 2011. Faced with active opposition and serious social unrest, and with the aim of strengthening its legitimacy, the President launched a modernisation programme aimed at improving the governance of the country.

In order to limit political risks, the Group is diversifying its exploration and production programmes across multiple countries and, within those countries, the Group strives to maintain a discreet presence by emphasising its skills.

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 its size, the main competitors of the Group are *"junior"* or *"mid-size"* oil companies.

In keeping with oil industry practices (in exploration activity, in particular), the Group often partners with other oil companies as part of the process for obtaining permits from the competent authorities, particularly with a view to sharing the risks 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 damaging or destroying the hydrocarbon wells in production as well as the surrounding facilities, endangering human lives or property, leading to 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. 55).

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 constantly monitors national and international legal and regulatory developments concerning industrial and environmental risks. Furthermore, Maurel & Prom constantly seeks to improve its safety, security and risk prevention mechanisms on the production sites.

Systematic impact studies

In accordance with the applicable regulations in the countries in which the Group operates, Maurel & Prom conducts systematic impact studies before starting any specific work, enabling it 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, Maurel & Prom relies on its own expertise, as well as on external experts approved by the governments of the countries involved.

Approval of surface facilities

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

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

In its drilling operations, Maurel & Prom applies the API (American Petroleum Institute) standards. 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.). Maurel & Prom is also governed by radio and satellite communication standards and obtains the relevant authorisations required by the host country.

Safety procedures

Maurel & Prom has developed its HSE management system by implementing a decentralised 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, Maurel & Prom employees benefit from an HSE awareness and training policy involving constant improvement of 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

Maurel & Prom 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 Company evaluates and if necessary updates the provisions it has established to cover the future costs of dismantling and restoring the sites.

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 marketing structure, it has to enter into agreements with companies specialising in this field.

The Group believes that it does not incur any counterparty risk, as its production is sold to leading oil groups such as Socap (Total Group) in Gabon. 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:

	2012	2011	2010
Top customer as a percentage of total sales	*89%*	*91%*	*65%*
Top five customers as a percentage of total sales	*100%*	*100%*	*94%*

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

	2012	2011	2010
Top supplier as a percentage of total purchases and capital outlays	*13%*	*7%*	*10%*
Top five suppliers as a percentage of total purchases and capital outlays	*41%*	*27%*	*28%*
Top ten suppliers as a percentage of total purchases and capital outlays	*56%*	*36%*	*38%*

2.2 Financial risks

2.2.1 Risks of fluctuations in hydrocarbon prices

The economy and in particular the profitability of the oil and gas industry are very sensitive to the price of hydrocarbons expressed in US dollars.

The Group's *cash flow* and future results are strongly impacted by changes in the price of hydrocarbons expressed in US dollars.

In order to limit the risk of exposure to fluctuations in oil and gas prices, the Group has a policy of hedging a part of its future production against any decrease in prices, using financial instruments appropriate to its size and its production, thereby taking advantage of any rise in these prices on the unhedged part of production. This hedging policy also forms part of the management of the bank lines of credit made available to the Group.

Hedging transactions

In order to hedge against commodity risks, Maurel & Prom has set up *cash flow* hedges on the quality of Brent, accounting for its hydrocarbon production in Gabon.

Type of commitments

There are two types of derivatives used to reduce exposure to the risk of fluctuations in hydrocarbon prices:

- "swaps" of sales of crude for a given volume and over a given period at a given sale price per barrel; and
- more sophisticated products that combine sales of swaps and options to set the barrel sale price of crude while benefiting to a certain extent from favourable market conditions.

Although they are used for economic hedging, when these derivative products display certain optional characteristics they may not be fully or partially eligible for hedge accounting treatment under IFRS. For this reason, the economic hedging portfolio includes hedge derivatives that are treated as *trading* instruments for accounting purposes.

Derivatives in 2012 covered 5,500 boepd, of which 500 boepd for hedge accounting treatment and 1,000 boepd for trading treatment remain in place in 2013. During the first quarter of 2013, an additional trading transaction for 1,000 boepd was entered into for the period from 1 March to 31 December 2013. This transaction brings the trading derivatives portfolio to 2,000 boepd in 2013, plus 500 boepd solely for hedge accounting treatment.

Authorisation and tracking of commitments

Transactions are set up at the decision of the Chairman and Chief Executive Officer and confirmed by the two required signatories, the Chairman and CEO and the Chief Financial Officer of the Group. Reporting, which is updated after each transaction, allows the structure of the positions to be checked. The transactions are recorded in the systems by the Treasury Department and confirmed by the Accounting Department.

Sensitivity analysis of the oil derivatives portfolio at 31 December 2012

The accounting treatment applicable to future cash flow hedges can be summarised as follows:

- the instruments are initially recognised at fair value;
- at the closing date, the change in fair value corresponding to the effective portion of the hedges is recognised under recyclable shareholders' equity; the change in fair value corresponding to the ineffective portion is recognised under financial income and expenses; and
- the change in fair value recognised under shareholders' equity is recycled through income (other operating expenses and income) either when the hedged element impacts upon 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.

As these are trading transactions, liquidations at expiry as well as changes in the fair value of current operations are recognised with a counterpart in financial income.

The Company has evaluated the impact of a +/-10% change in the current price of Brent for the volumes involved, until the expiry of the portfolio. The potential impact of a movement in the Brent forward curves on the value of derivative instruments posted at 31 December 2012, calculated in accordance with IFRS 7, would be:

- a €2.9 million decrease in shareholders' equity in the event of a 10% upward price movement;
- a €3.0 million increase in shareholders' equity in the event of a 10% downward price movement.

The table below shows the sensitivity of derivatives in the portfolio to fluctuations in the price of Brent in 2012.

In US$M	2012	
	Impact on income	Impact on shareholders' equity
PRICE REDUCTION SCENARIO (-10%)		
Cash flow hedges(CFH)	*1.2*	*3.1*
Fair value hedges (FVH)	*-*	*-*
Contracts not allocated (trading)	*-0.1*	*-*
PRICE INCREASE SCENARIO (+10%)		
Cash flow hedges (CFH)	*-1.2*	*-3.1*
Fair value hedges (FVH)	*-*	*-*
Contracts not allocated (trading)	*0.2*	*0.2*

Impact on consolidated net income of the change in the barrel price of oil during 2012.

This impact was not significant as the barrel price of oil changed very little during the course of 2012 (the average sale price per barrel in 2012 being US$111.7 versus US$111.1 in 2011).

2.2.2 Foreign exchange risk

Although the Group's reporting currency is the euro, its operating currency is the US dollar since sales, the major portion of operating expenses and a significant part of investments, are denominated in this currency. Consequently, the Group's accounts are highly sensitive to the €/US$ exchange rate.

The impact on consolidated income and shareholders' equity as at 31 December 2012 of a 10% rise or fall in the €/US$ exchange rate is shown below (in millions of euros):

	Impact on pre-tax income		Impact on exchange gain/loss (shareholders' equity)	
	10% rise in €/US$ rate	10% fall in €/US$ rate	10% rise in €/US$ rate	10% fall in €/US$ rate
In €M	-41.0	+36.3	-43.0	+52.5
TOTAL	-41.0	+36.3	-43.0	+52.5

With respect to the impact of the change in the €/US$ exchange rate on Group income during fiscal year 2012, the restatement of the Group's currency positions at the period-end €/US$ rate of 1.3194 produced a net foreign exchange gain of €3.0 million.

In order to limit its exposure to foreign exchange risk, from time to time the Company uses hedging strategies that use derivative instruments (currency futures and foreign exchange options) and maintains a portion of its cash and cash equivalents in US dollars in order to finance foreseeable investment expenses in US dollars.

There were no foreign exchange transactions as at 31 December 2012.

The Company's consolidated foreign exchange position at 31 December 2012 was US$492 million, which is broken down as follows:

in millions of US$	Assets and liabilities	Foreign currency commitments	Net position before hedging	Financial hedging instruments	Net position after hedging
Trade receivables and payables	104	-	104	-	104
Non-current financial assets	7	-	7	-	7
Other current assets	-	-	-	-	-
Derivative instruments	-	-	-	-	-
Other creditors and miscellaneous liabilities	317	-	317	-	317
Cash and cash equivalents	64	-	64	-	64
US$ EXPOSURE (IN US$M)	492	-	492	-	492

Foreign exchange risks are detailed in Note 25 to the consolidated financial statements of this Annual Report p. 206.

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.

To deal with this risk, the Group maintains a balance between debt and equity on the one hand, and indebtedness and its ability to repay on the other, in compliance with ratios that are usually considered cautious.

The financing options are reviewed and validated by the Board of Directors, the Group's cash is centralised and the sources of financing are diversified.

A report on the sources of financing available at 31 December 2012 and the main covenants appears in Note 15 to the consolidated financial statements for the period ending 31 December 2012 (p. 188 of the Annual Report). A summary of the financing statement is shown in paragraph 1.4.1 of this Annual Report (p. 34).

Given the volatility of commodity prices and exchange rates, the Group's budget is updated semi-annually and cash-flow simulations that account for adverse changes are sent at least monthly, and whenever requested by the Group's management.

The Group's debt ratios at 31 December 2012 were as follows:

- consolidated debt/equity: 0.52;
- current assets/current liabilities: 0.74.

The breakdown of financial liabilities by contractual maturity is shown in the table below:

Breakdown of financial liabilities by contractual maturity

In thousands of euros	31/12/2012	2013**		2014**	
		Interest	Nominal	Interest	Nominal
Bonds	*367,562*	*26,086*	-	*26,086*	*297,562*
RBL	*98,530*	-	*98,530*	-	-
BGFI	*15,000*	-	*15,000*	-	-
Other borrowings and financial debt	*113,530*	-	*113,530*	-	-
Derivative instruments	*5,787*	-	*5,787*	-	-
TOTAL	486,879	26,086	119,317	26,086	297,562

** Loans denominated in US dollars were converted into euros at the €/US$ closing rate on 31 December 2012 of 1.3194.*
*** Contracual flows not updated.*

On 31 December 2012, all of the Company's available lines of credit were being used. On that date, the Company had cash and cash equivalents amounting to €67 million. To the best of 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.

The Company does not feel that it would have any particular difficulty in obtaining financing terms at least similar to those currently in place.

2015**		2016**	
Interest	Nominal	Interest	Nominal
4,987	*70,000*	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
4,987	**70,000**	**-**	**-**

2.2.4 Interest rate risk

The Group's borrowing terms and financing structure are detailed in paragraph 1.4.1 of this Annual Report p. 34.

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 2012 was €471.3 million. This consisted notably of two OCEANE fixed-rate convertible bond issues for a total principal amount of €357.7 million and variable-rate debt amounting to €113.5 million, consisting mainly of the RBL (€98.5 million) (see paragraph 1.4.1 of this Annual Report p. 34). An increase of 1 point in interest rates would result in an additional interest expense of €1.1 million per year.

Guarantees (commitments on works in Colombia) are repaid at a fixed rate. A 1% rise or fall in interest rates would have no significant impact on income.

Interest rate risk is detailed in Note 25 to the consolidated financial statements of this Annual Report p. 206.

2.2.5 Equity risk

General information

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 that (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 2012, the number of treasury shares held by the Company was 5,954,221 (number of treasury shares held at 31 December 2012, as shown on the management statement as at that date, not taking into account the final allocation on 20 December 2012 of 237,976 treasury shares to employee beneficiaries of the bonus share plan of 20 December 2010; these shares should theoretically be deducted from the figure on the management statement).The gross book value of these treasury shares held at 31 December 2012 was €76.1 million, with a market value of €74.3 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 decrease of 10% in the value of these securities would have a negative impact of €7.4 million on the Company's earnings.

In view of the above, the Company does not consider there to be an equity risk and has not therefore used a specific hedging instrument.

Risk involving other companies' shares

The Group has a 29.05% stake in Tuscany International Drilling, a company listed in Canada on the Toronto Stock Exchange (TSX). A significant and/or prolonged decline in the market price of its holdings could adversely impact the Group's results. In this respect, the financial information published by Tuscany International Drilling and the value in use of this holding led the Company to conduct an analysis of the value of its equity interest. Details of this analysis are given in Note 7 to the consolidated financial statements (p. 175 of this Annual Report).

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 estimates that the first risk is 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 2012.

2.3 Legal risks

2.3.1 Legal risks associated with the hydrocarbon sector

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 PSCs).

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. 43, with respect to Gabon, the country in which the Group achieves most of its production (96% of Group sales before the impact of hedges), the Gabonese Mining Code review currently in progress could have an adverse impact on the terms and conditions applicable to new contracts concluded by the Company or any permits granted to it, as well as to its current contracts when they come up for renewal between 2016 and 2023.

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 of shareholder control

The Group draws the attention of investors to the fact that the OCEANE 2014 and OCEANE 2015 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 described in paragraph 1.4.1 of this Annual Report p. 34, 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).

With respect to Gabon in particular, 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 who, 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 in 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 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 in 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

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 or 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 the Annual Report (p. 53).

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. 141).

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 risk insurance cover is set out in paragraph 2.4 of this Annual Report (p. 55).

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. Discontinuity in 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:

- civil liability of executive officers;
- fire, storm, natural disaster and water damage;
- theft and vandalism, glass damage; and
- civil liability for offices, not including professional civil 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.

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 civil 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 €1.5 million for the period 1 July 2012 to 30 June 2013, based on a €/US$ exchange rate of 1.29.

The Company has not taken out business interruption cover to date.

As part of its oil exploration, production and development work, 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 Maurel & Prom also contain an obligation for these subcontractors and service providers to take out insurance for an amount that covers their civil liability under the agreement in question.

3 CORPORATE GOVERNANCE

(Chairman of the Board of Directors' report pursuant to Article L. 225-37 of the French Commercial Code)

This report was approved by the Board of Directors on 27 March 2013.

3.1 Statement on corporate governance

The Company has confirmed that the AFEP/MEDEF corporate governance code is the corporate governance code it voluntarily complies with, as defined by Article L. 225-37 of the French Commercial Code.

3.2 Administration and management of Maurel & Prom

3.2.1 Administration, executive management and management bodies

Jean-François Hénin, appointed Chairman of the Board of Directors at the close of the General Shareholders' Meeting of 14 June 2007, had his term of office as Chairman renewed by the Board on 20 May 2010, and was given the additional title of Chief Executive Officer.

3.2.1.1 Composition of the Board of Directors, executive management and management

3.2.1.1.1 Board of Directors and executive management

The Board of Directors is composed of at least three members and at most twelve members, appointed 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.

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

The General Shareholders' Meeting of 14 June 2012 renewed the directorships of Gérard Andreck, Ambrosie Bryant Chukwueloka Orjiako and Alexandre Vilgrain for a further three-year period which will end at the close of the General Shareholders' Meeting called in 2015 to approve the financial statements for the year ending 31 December 2014.

At 31 December 2012, only one woman, Ms Delapalme, was a member of the Company's Board of Directors. As the Board is made up of eight directors, the proportion of women on the Board is only 12.5%. In accordance with Law 2011-103 of 27 January 2011 on balanced male/female representation on boards of directors and supervisory boards, the proportion of women on the Board of Directors needs to be increased to 20% by 2014 and 40% by 2017.

The AFEP/MEDEF corporate governance code for listed companies, as amended on 19 April 2010, requires at least 20% of board members to be women within three years of the amendment of 19 April 2010, i.e. earlier than the legally imposed deadline.

Ambrosie Bryant Chukwueloka Orjiako resigned his directorship, which the Board of Directors accepted with immediate effect at its meeting of 27 March 2013, coopting Ms Carole Delorme d'Armaillé to replace Ambrosie Bryant Chukwueloka Orjiako for the remaining term of her predecessor. The General Shareholders' Meeting of 13 June 2013 will be asked to ratify this cooptation.

The composition of the Board of Directors at 31 December 2012 was as follows:

Members of the Board	Date of appointment	Date on which term of office expires	Functions
Jean-François Hénin	*20 May 2010*	*General Shareholders' Meeting called to approve the financial statements for 2012*	*Chairman and Chief Executive Officer*
Gérard Andreck	*14 June 2012*	*General Shareholders' Meeting called to approve the financial statements for 2014*	*Vice Chairman*
Xavier Blandin	*29 June 2011*	*General Shareholders' Meeting called to approve the financial statements for 2013*	*Director*
Nathalie Delapalme	*29 June 2011*	*General Shareholders' Meeting called to approve the financial statements for 2013*	*Director*
Roman Gozalo	*29 June 2011*	*General Shareholders' Meeting called to approve the financial statements for 2013*	*Director*
Emmanuel de Marion de Glatigny	*20 May 2010*	*General Shareholders' Meeting called to approve the financial statements for 2012*	*Director*
Ambrosie Bryant Chukwueloka Orjiako (*)	*14 June 2012*	*General Shareholders' Meeting called to approve the financial statements for 2014*	*Director*
Alexandre Vilgrain	*14 June 2012*	*General Shareholders' Meeting called to approve the financial statements for 2014*	*Director*

(*) Ambrosie Bryant Chukwueloka Orjiako resigned his directorship, which the Board of Directors accepted with immediate effect at its meeting of 27 March 2013, coopting Ms Carole Delorme d'Armaillé to replace Ambrosie Bryant Chukwueloka Orjiako for the remaining term of her predecessor. The General Shareholders' Meeting of 13 June 2013 will be asked to ratify this cooptation.

Jean-François Hénin, 68 years of age

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 President 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 transformed into a public limited company with a management board and supervisory board on 28 December 2004.

Mr Hénin was appointed Chairman of the Board of Directors on 14 June 2007, at the close of the General Shareholders' Meeting called to approve the transformation of the Company into a société anonyme with a Board of Directors. His mandate as director was initially renewed by the General Shareholders' Meeting of 20 May 2010. On that occasion, the Board of Directors also appointed him Chairman of the Board of Directors and Chief Executive Officer.

The General Shareholders' Meeting of 13 June 2013 will be asked to renew his term of office for a further period of three years, until the close of the General Shareholders' Meeting called in 2016 to approve the financial statements for the 2015 fiscal year.

Mr Hénin also performs management functions in the Group which are described in paragraph 3.2.1.2 of this Annual Report.

Gérard Andreck, 68 years of age

Maurel & Prom
51, rue d'Anjou
75008 Paris

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

Mr Andreck was initially appointed on 29 June 2005 as the permanent representative of Macif on the Supervisory Board, then as a member of the Supervisory Board in his own right from 7 November 2005 and was appointed Chairman of the Supervisory Board on the same day, replacing Mr Jacquard.

The cooptation 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.

Mr Andreck has been a member of the Board of Directors since the General Shareholders' Meeting of 14 June 2007. His initial term of office was renewed on 18 June 2009. It was then renewed for three years by the Combined Ordinary and Extraordinary General Shareholders' Meeting of 14 June 2012, at the close of the General Shareholders' Meeting called in 2015 to approve the financial statements for the year ending 31 December 2014.

Xavier Blandin, 62 years of age

Maurel & Prom
51, rue d'Anjou
75008 Paris

Xavier Blandin was appointed director by the General Shareholders' Meeting of 29 June 2011 for a period of three years, until the close of the Ordinary General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2013.

A graduate of the HEC business school in Paris and 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 Cabinets of Mr Cabana and subsequently Mr Balladur (1986-1988), head of the public enterprise office (1988-1989) and Assistant Director of the Treasury Department (1989-1991).

From 1991 until 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 Senior Banker.

Nathalie Delapalme, 56 years of age

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51, rue d'Anjou
75008 Paris

Ms Delapalme was coopted as a director by the Board of Directors on 20 May 2010 to replace the company Financière de Rosario, which resigned from its position. Her mandate, which expired at the close of the General Shareholders' Meeting called to approve the financial statements for 2010, was then renewed by the General Shareholders' Meeting of 29 June 2011 for a period of three years, until the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2013.

Nathalie Delapalme began her career in the French Senate, serving between 1984 and 1985 and then between 1997 and 2002, mainly as an administrator and then as an advisor to the National Finance, Budget and Accounts Commission.

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

Roman Gozalo, 67 years of age

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 transformation of the Company into 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.

Mr Gozalo was appointed as a Company director by the General Shareholders' Meeting of 12 June 2008. As his term of office was due to expire at the close of the General Shareholders' Meeting of 29 June 2011, it was renewed 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 2013.

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

Emmanuel de Marion de Glatigny, 66 years of age

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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.

He has been a member of the Board of Directors since the General Shareholders' Meeting of 14 June 2007. His mandate, renewed on 20 May 2010, will expire at the close of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2012.

The General Shareholders' Meeting of 13 June 2013 will be asked to renew his mandate for a further period of three years, until the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2015.

Mr de Marion de Glatigny developed his management expertise through his work as the director of an insurance company and during his terms as a member of supervisory boards and boards of directors since 1984.

Ambrosie Bryant Chukwueloka Orjiako, 52 years of age

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Ambrosie Bryant Chukwueloka Orjiako was coopted as a director by the Board of Directors of Maurel & Prom at its meeting of 31 March 2010. His cooptation was ratified by the General Shareholders' Meeting of 20 May 2010, with his mandate expiring at the close of the General Shareholders' Meeting called to approve the financial statements for fiscal year 2011.

His mandate was renewed by the General Shareholders' Meeting of 14 June 2012 for a further period of three years, until the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2014.

Mr Orjiako has more than fifteen years' experience as a CEO/Chairman and CEO/President in various organisations both upstream and downstream of the oil industry. Trained in medicine, Dr Orjiako began his career as a specialist in orthopaedic and trauma surgery before achieving success in the oil and gas sector, where he has been involved in the importing and exporting of oil products in Nigeria and abroad.

He sits on the boards of directors of several companies whose activities include industries upstream and downstream of the oil industry, shipping, banking services, insurance and pharmaceutical products. Notably, he is CEO/Chairman of Shebah E&P Company Ltd (Sepcol), a company founded in 2004 and headquartered in Lagos. This company's aim is to redevelop its Nigerian assets and become a technical and financial services provider to owners of proven undeveloped oil reserves in West Africa.

Mr Orjiako is also committed to charitable causes and has set up a foundation to support access to education, healthcare and resources for the poor and disadvantaged.

Mr Orjiako resigned his directorship, which the Board of Directors accepted with immediate effect at its meeting of 27 March 2013, coopting Ms Carole Delorme d'Armaillé to replace Mr Orjiako for the remaining term of her predecessor. The General Shareholders' Meeting of 13 June 2013 will be asked to ratify this cooptation.

Alexandre Vilgrain, 57 years of age

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Mr Vilgrain has been a member of the Board of Directors since the General Shareholders' Meeting of 14 June 2007. His most recent mandate was renewed for three years by the General Shareholders' Meeting of 14 June 2012, until the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2014.

Prior to that, Mr Vilgrain was coopted as a member of the supervisory board of Maurel & Prom by the Board on 18 August 2005, replacing Mr Chambon.

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 mandates within other companies (CARE, 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 a French-style café-bakery chain based in a number of countries in Asia. The unexpected success of this concept in 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 the Group's activities in Africa.

Carole Delorme d'Armaillé, 50 years of age

Maurel & Prom
51, rue d'Anjou
75008 Paris

Ms Delorme d'Armaillé was coopted by the Board of Directors on 27 March 2013 to replace Mr Orjiako, who had resigned. Her cooptation is subject to ratification by the General Shareholders' Meeting of 13 June 2013.

Carole Delorme d'Armaillé began her career in 1984 at Péchiney (now Alcan). She then joined Batif, the merchant bank for Thomson CSF (now Thales) in 1987, and went from there to J.P. Morgan Paris in 1992. 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 l'Association Française des Trésoriers d'Entreprise (AFTE) in 2000 as managing director.

Between 2004 and 2009, she also worked on the editorial board of Echanges, a review published by DFCG, the French national association of financial directors and management controllers. She has spoken at numerous conferences sponsored by SIMI, AFTE, AGEFI and Europlace, in particular on Islamic finance.

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 in more than 10 countries every year (North America, South-East Asia, Japan and the Middle East).

Since September 2012, she has been Advisor - Corporate Finance at Aurel BGC (a subsidiary of BGC Partners, the world leader in financial market brokerage).

3.2.1.1.2 Observer

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 called upon 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 proposals submitted to them, if they deem it appropriate. They must be invited to each 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, except for the Audit 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 that observers incur during the course of their work for the Company.

At its meeting of 29 June 2011, the Board of Directors appointed Christian Bellon de Chassy as observer.

Christian Bellon de Chassy, 79 years of age

Maurel & Prom
51, rue d'Anjou
75008 Paris

Mr Bellon de Chassy became a member of the 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 coopted by the supervisory board of Maurel & Prom on 11 May 2006 to replace Laurent Lafond, who had resigned. The cooptation of Christian Bellon de Chassy was ratified by the General Shareholders' Meeting of 20 June 2006.

Mr Bellon de Chassy is an expert court witness and international arbitrator. He is a graduate in Science (Chemistry and Geology) and Engineering from the Institut Francais du Petrole (Ecole Nationale Superieure du Petrole 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.

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

3.2.1.1.3 Management

Details of the Company's management team are given on page 6.

3.2.1.1.4 Other information

To the best of the Company's knowledge, no member of the Board of Directors or former member of the management board or former member of the supervisory board:

- has been convicted of fraud during at least the last five years;
- has ever been involved, as an executive or non-executive corporate officer, in any bankruptcy, sequestration or liquidation proceedings;
- has been prohibited by a court from serving as a member of an administrative, management or supervisory board of an issuer or from participating in the management or conduct of an issuer's business during the last five years;
- 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 Fréderic Boulet:

  - Mr Hénin was ordered by the Court of Budgetary and Financial Discipline [Cour de Discipline Budgetaire et Financière], in the Altus Finance case, to pay a fine (Judgment of 24 February 2006) and, under the terms of the approval of a transaction in July 2006 in the Executive Life case (a US procedure which allows the defendant to maintain his innocence while agreeing, depending on the circumstances, to plead guilty to the facts in order to end the prosecution), had to pay a fine of US$1 million and was banned from US territory for a period of five years. Lastly, in the Altus Finance case, the Paris High Court, in a judgment handed down on 14 May 2008, acquitted Mr Hénin of all of the charges against him; and

  - Mr Hénin and Mr Boulet were fined by the disciplinary tribunal of the French Financial Markets Authority (AMF), which, by a decision dated 4 December 2008, ordered Maurel & Prom and Mr Hénin, Chairman of its management board at the time of the offence, to pay monetary sanctions of €300,000 and €200,000 respectively for their failure to disclose accurate, fair and precise information to the public through two statements released on 10 June and 26 October 2005. The statement published in June 2005 included the third-party portion in the oil reserves the Company had just acquired. The inclusion of this third-party portion also skewed the cost price per barrel announced to the public. The statement published in October 2005 mentioned 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 portion in the statement released in June. The disciplinary tribunal stressed the importance for an oil and gas exploration and production company of the basic distinction between the directly owned portion and the third-party portion, and the evident anomaly to which the inclusion of the third-party portion in calculating the purchase price had led. Furthermore, the disciplinary tribunal of the AMF disciplined Mr Boulet, the Company's former Chief Executive Officer. Both Mr Hénin personally and Maurel & Prom appealed against this decision under Articles R. 621-44 to R. 621-46 of the French Monetary and Financial Code. The Paris Court of Appeal, in an order dated 2 February 2010, rejected the appeal against the decision of the disciplinary tribunal of the AMF. Mr Hénin personally, and Maurel & Prom, have decided not to lodge an appeal with the Court of Cassation.

3.2.1.2 List of positions and duties performed by the members of the Board of Directors and executive management in other companies in the last five years

Jean-François Hénin

Positions held during fiscal year 2012

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

Within the Group:

Chairman and Chief Executive Officer	*Etablissements Maurel & Prom S.A. (listed company)*
Managing Director A	*Maurel & Prom Latin America BV*
General Director	*Prestoil Kouilou*

Positions held in French companies:

Chairman of the management board	*Pacifico S.A.*
Chairman of the Board of Directors	*MP Nigeria (listed company)*
Director	*Pacifico Forages*
Member of the supervisory board	*CIMV*

Positions held in foreign companies:

Director	*Seplat Petroleum Development Company Ltd; New Gold Mali; representative of Pacifico (until 12 October 2012)*

Positions held in previous years

Fiscal year 2011

Within the Group:

Chairman and Chief Executive Officer	*Etablissements Maurel & Prom S.A. (listed company); MP Nigeria (until 22 September 2011)*
Chairman of the Board of Directors	*MP Nigeria (listed company since 15 December 2011), since 22 September 2011*
Managing Director A	*Maurel & Prom Latin America BV*
General Director	*Prestoil Kouilou*

Positions held in French companies:

Chairman of the management board	*Pacifico S.A.*
Director	*Pacifico Forages*
Member of the supervisory board	*CIMV*

Positions held in foreign companies:

Director	*New Gold Mali; representative of Pacifico*

Fiscal year 2010

Within the Group:

Chairman and Chief Executive Officer	*Etablissements Maurel & Prom S.A (listed company).; MP Nigeria*
Chairman	*Caroil SAS*
Managing Director A	*Maurel & Prom Colombia BV; Maurel & Prom Latin America BV*
General Director	*Prestoil Kouilou*

Positions held in French companies:

Chairman of the management board	*Pacifico S.A.*
Director	*Pacifico Forages; E02*
Member of the supervisory board	*CIMV*

Positions held in foreign companies:

Director	*New Gold Mali; representative of Pacifico*

Fiscal year 2009

Within the Group:

Chairman and Chief Executive Officer	*Etablissements Maurel & Prom S.A.(listed company)*
Chairman	*Caroil SAS*
Managing Director A	*Maurel & Prom Colombia BV; Maurel & Prom Latin America BV*
General Director	*Prestoil Kouilou*

Positions held in French companies:

Chairman of the management board	*Pacifico S.A.*
Director	*Pacifico Forages; EO2*

Positions held in foreign companies:

Director	*New Gold Mali; representative of Pacifico*

During fiscal years 2007 and 2008, Mr Hénin was Chairman of the Management Board of Pacifico.

Gérard Andreck

Positions held during fiscal year 2012

Chairman of the Board of Directors	*AFA; MACIF; MACIF SGAM; OFI Holding (formerly OFI Instit); SOCRAM BANQUE S.A.*
Chairman	*GEMA*
Vice Chairman	*IMA S.A. (member of the supervisory board); OFI Asset Management S.A.; SFEREN*
Director	*CEGES; Foncière de la Macif; Couleurs Mutuelles (UGM); Foncière de Lutèce S.A.; Fondation MACIF; MACIF Gestion; MACIF Participations S.A.; MACIFILIA S.A.; MACIF Mutualité; SICAV OFI SMIDCAP OPPORTUNITIES; SCOR (listed company)*
Member of the supervisory board	*GPIM S.A.S.; Mutavie S.A.*
Member of the management committee	*SIEM S.A.S.; SIIL S.A.S. (rental investment property company)*
Member of the steering committee	*MACIFIMO S.A.S.*
Observer	*SICAV OFI Trésor ISR*

Positions held in foreign companies:

Chairman	*Eurecos (Spain)*
Director	*Atlantis Seguros (Spain); Atlantis Vida (Spain); S.A. EURESA Holding (Luxembourg)*

Positions held in previous years

Fiscal year 2011

Chairman of the Board of Directors	*CEMM; CEGES; MACIF; MACIF SGAM; OFI Holding (formerly OFI Instit); SOCRAM BANQUE S.A.*
Chairman	*GEMA*
Vice Chairman	*AFA; IMA S.A. (member of the supervisory board); OFI Asset Management S.A.*
Director	*Foncière de la Macif; Couleurs Mutuelles (UGM); Foncière de Lutèce S.A.; Fondation MACIF; MACIF Gestion; MACIF Participations S.A.; MACIFILIA S.A.; MACIF Mutualité; SICAV OFI MIDCAP; SCOR (listed company); SFEREN*
Member of the supervisory board	*GPIM S.A.S.; Mutavie S.A.*
Member of the management committee	*SIEM S.A.S.; SIIL S.A.S. (rental investment property company)*
Member of the steering committee	*MACIFIMO S.A.S.*
Observer	*SICAV OFI Trésor*

Positions held in foreign companies:

Chairman	*Eurecos (Spain)*
Director	*Atlantis Seguros (Spain); Atlantis Vida (Spain); S.A. EURESA Holding (Luxembourg)*

Fiscal year 2010

Positions held in French companies:

Chairman of the Board of Directors	*CEMM; CEGES; MACIF; MACIF SGAM; OFI Holding (formerly OFI Instit); SOCRAM BANQUE S.A.*
Chairman	*GEMA*
Vice Chairman	*AFA; IMA S.A. (member of the supervisory board); OFI Asset Management S.A.*
Director	*Foncière de la Macif; Couleurs Mutuelles (UGM); Foncière de Lutèce S.A.; Fondation MACIF; MACIF Gestion; MACIF Participations S.A.; MACIFILIA S.A.; MACIF Mutualité; SICAV OFI MIDCAP; SCOR (listed company); SFEREN*
Member of the supervisory board	*GPIM S.A.S.; Mutavie S.A.*
Member of the management committee	*SIEM S.A.S.; SIIL S.A.S. (rental investment property company)*
Member of the steering committee	*MACIFIMO S.A.S.*
Observer	*SICAV OFI Trésor*

Positions held in foreign companies:

Chairman	*Eurecos (Spain)*
Director	*Atlantis Seguros (Spain); Atlantis Vida (Spain); S.A. EURESA Holding (Luxembourg)*

Fiscal year 2009

Positions held in French companies:

Chairman of the Board of Directors	*CEMM S.A.S.; CEGES; MACIF SAM; MACIF SGAM; OFI Holding (formerly OFI Instit); SOCRAM BANQUE S.A.*
Chairman	*GEMA S.A.*
Vice Chairman	*AFA; IMA S.A. (member of the supervisory board); OFI Asset Management S.A.*
Director	*Compagnie Foncière de la Macif SAS; Couleurs Mutuelles (UGM); Foncière de Lutece S.A.; MACIF Gestion; MACIF Participations S.A.; MACIFILIA S.A.; MACIF Mutualité; SICAV OFI MIDCAP; OFIMALLIANCE; SEREN S.A.; SCOR (listed company); SFEREN; SGAM*
Member of the supervisory board	*GPIM S.A.S.; Mutavie S.A.; OFI RES*
Member of the management committee	*SIEM S.A.S.; SIIL S.A.S. (rental investment property company)*
Member of the steering committee	*MACIFIMO S.A.S.*
Observer	*SICAV OFI Trésor*

Positions held in foreign companies:

Director	*Atlantis Seguros (Spain); Atlantis Vida (Spain); S.A. EURESA Holding (Luxembourg).*

Fiscal year 2008

Positions held in French companies:

Director	*SCOR (listed company); CCR (Caisse Centrale de Reassurance); SEREN S.A.*
Chairman	*MACIF; GEMA S.A. (Groupement des Assurances Mutuelles)*

Xavier Blandin

Positions held during fiscal year 2012

Director	*MP Nigeria (listed company since 15 December 2011); FIDEAL*
Chairman	*FISTRA Conseil SAS*

Positions held in previous years

Fiscal year 2011

Director	*MP Nigeria (listed company); FIDEAL*
Chairman	*FISTRA Conseil SAS*

Mr Blandin was a director of various SOFICA companies in 2008, 2009 and 2010.

Nathalie Delapalme

Positions held during fiscal year 2012

Director	*MP Nigeria (listed company)*
Member of the supervisory board	*CFAO (listed company)*

Positions held in previous years

Fiscal year 2011

Director	*MP Nigeria (listed company since 15 December 2011)*
Member of the supervisory board	*CFAO (listed company)*

Fiscal year 2010

Positions held in French companies:

Member of the supervisory board	*CFAO (listed company)*

Roman Gozalo

Positions held during fiscal year 2012

Observer	*MP Nigeria (listed company)*

Positions held in previous years

Fiscal year 2011 Roman Gozalo has held the position of Observer at MP Nigeria since 14 December 2011.

Positions held in fiscal years 2009 and 2010

To the best of the Company's knowledge, Roman Gozalo held no other positions or roles.

Fiscal year 2008

Director	*Maurel & Prom Congo; Hocol S.A.; Hocol Peru; Homcol Cayman*
Chairman of the supervisory board	*Caroil*

Emmanuel de Marion de Glatigny

Positions held during fiscal year 2012

Chairman of the supervisory board	*Pacifico S.A.*
Director	*MP Nigeria (listed company); Pacifico Forages*
Manager	*Glatigny Patrimoine SARL*

Positions held in previous years

Fiscal year 2011

Chairman of the supervisory board	*Pacifico S.A.*
Director	*MP Nigeria (listed company since 15 December 2011); Pacifico Forages; Safetic*
Manager	*Glatigny Patrimoine SARL*

Fiscal year 2010

Chairman of the supervisory board	*Pacifico S.A.*
Director	*MP Nigeria; Safetic; Pacifico Forages*
Manager	*Glatigny Patrimoine SARL*

Fiscal year 2009

Chairman of the supervisory board	*Pacifico S.A.*
Director	*Easydentic; SEREN; Pacifico Forages*
Manager	*Glatigny Patrimoine SARL*

Fiscal year 2008

Chairman of the supervisory board	*Pacifico S.A.*
Director	*Easydentic; SEREN; Pacifico Forages*
Manager	*Glatigny Patrimoine SARL*

Ambrosie Bryant Chukwueloka Orjiako

Positions held during fiscal year 2012

Director	*MP Nigeria (listed company)*
Chairman/CEO	*Shebah E&P Co. Ltd*
Chairman and director	*Zebra Energy Ltd; Shebah Marine Services Ltd; Neimeth International Pharmaceutical Plc*

Positions held in previous years

Fiscal year 2011

Director	*MP Nigeria (listed company since 15 December 2011)*
Chairman/CEO	*Shebah E&P Co. Ltd*
Chairman and director	*Zebra Energy Ltd; Shebah Marine Services Ltd; Neimeth International Pharmaceutical Plc*

Fiscal year 2010

Positions held in Nigerian companies:

Chairman/CEO	*Shebah E&P Co. Ltd*
Chairman and director	*Zebra Energy Ltd; Shebah Marine Services Ltd; Neimeth International Pharmaceutical Plc*

Fiscal year 2009

Positions held in Nigerian companies:

Chairman/CEO	*Shebah E&P Co. Ltd*
Chairman/CEO	*Ordrec Investments Ltd*
Chairman	*Zebra Energy Ltd; Shebah Marine Services Ltd; Berwick Nig. Ltd; Helko Marine Services Ltd; Helko Nig. Ltd; Abbeycourt Energy Services Ltd; Abbeycourt Trading Co. Ltd; Neimeth International Pharmaceutical Plc*
Director	*Leadway Assurance Co. Ltd*

Alexandre Vilgrain

Positions held during fiscal year 2012

Positions held in French companies:

Chairman and Chief Executive Officer	Somdiaa; Conetrage; Alexandre Vilgrain Holding; Fromentiers de France; Europe des Pains (Board of Directors of 25 May 2012)
Permanent representative:	Somdiaa on the Board of Directors of Sominfor
Director	Secria; Care France; MP Nigeria (listed company)
Chairman	CIAN (French Council of Investors in Africa); Fromentiers Magasins (General Shareholders' Meeting of 25 May 2012)

Positions held in foreign companies:

Director	Gabonese company SMAG; Société Sucrière du Cameroun (SOSUCAM); Compagnie Sucrière du Tchad (C.S.T.); US company Food Research Corporation; SUCAF Ivory Coast; SUCAF Gabon; SUCAF RCA
Chairman and Chief Executive Officer	Saris-Congo; Société Le Grand Moulin du Cameroun (SGMC)

Positions held in previous years

Fiscal year 2011

Positions held in French companies:

Chairman and Chief Executive Officer	Somdiaa; Conetrage; Alexandre Vilgrain Holding
Chairman of the Board of Directors	Fromentiers de France
Permanent representative:	Somdiaa on the Board of Directors of Sominfor
Director	Secria; Sonopros (until 1 January 2012); Care France; MP Nigeria (listed company since 15 December 2011)
Chairman	CIAN (French Council of Investors in Africa)
Member of the supervisory board	CFAO (listed company) (until 25 January 2011)

Positions held in foreign companies:

Director	SMAG (Gabonese company); Société Sucrière du Cameroun (SOSUCAM); Compagnie Sucrière du Tchad (C.S.T.); US company Food Research Corporation; SUCAF Ivory Coast
Chairman and Chief Executive Officer	Saris-Congo; Société Le Grand Moulin du Cameroun (SGMC)

Fiscal year 2010

Positions held in French companies:

Chairman and Chief Executive Officer	Somdiaa; Conetrage; Alexandre Vilgrain Holding
Chairman of the Board of Directors	Fromentiers De France
Permanent representative:	Somdiaa on the Board of Directors of Sominfor
Manager	Fromimo (until 31 October 2010)
Director	Secria; Sonopros; Care France; MP Nigeria
Chairman	CIAN (French Council of Investors in Africa)
Member of the supervisory board	CFAO (listed company)

Positions held in foreign companies:

Director	SMAG (Gabonese company); Société Sucrière du Cameroun (SOSUCAM); Compagnie Sucrière du Tchad (C.S.T.); US company Food Research Corporation; SUCAF Ivory Coast
Chairman and Chief Executive Officer	Saris-Congo; Société Le Grand Moulin du Cameroun (SGMC)

Fiscal year 2009

Positions held in French companies:

Chairman and Chief Executive Officer	*Somdiaa; Conetrage; Alexandre Vilgrain Holding*
Chairman of the Board of Directors	*Fromentiers De France*
Permanent representative:	*Somdiaa on the Board of Directors of Sominfor*
Representative	*COGEDAL on the Board of Directors of Petrigel (Reunion Island)*
Manager	*Fromimo*
Director	*Secria; Sonopros; Care France*
Chairman	*CIAN (French Council of Investors in Africa)*
Member of the supervisory board	*CFAO (listed company)*

Positions held in foreign companies:

Director	*SMAG (Gabonese company); Société Sucrière du Cameroun (SOSUCAM); Compagnie Sucrière du Tchad (C.S.T.); US company Food Research Corporation; Le Grand Moulin du Cameroun (SGMC)*
Chairman and Chief Executive Officer	*Saris-Congo*

Fiscal year 2008

Positions held in French companies:

Chairman and Chief Executive Officer	*Somdiaa*
Chairman of the Board of Directors	*CIAN (French Council of Investors in Africa)*
Director	*Secria; Sonopros; Care France*

Positions held in foreign companies:

Director	*SMAG (Gabonese company); Société Sucrière du Cameroun (SOSUCAM); Compagnie Sucrière du Tchad (C.S.T.); US company Food Research Corporation*
Chairman of the Board of Directors	*SGMC (Cameroon)*

Christian Bellon de Chassy – Observer

Positions held during fiscal year 2012

To the best of the Company's knowledge, Christian Bellon de Chassy held no other positions or roles.

Positions held in previous years

In 2008, 2009, 2010 and 2011, Christian Bellon de Chassy, who was then a Director of the Company, held no other positions or roles.

3.2.1.3 Potential conflicts of interest

The Company is not aware of any potential conflict of interest between the private interests of the members of the Board of Directors and/or former members of the management board 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. has invoiced a total sum of €362,032 net of taxes.

Mr Hénin also has 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 and Chief Executive Officer of the Company, and a Director and Chairman of the Board of Directors of MP Nigeria.

He is also a shareholder of the Company and of MP Nigeria through Pacifico S.A., of which 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 MP Nigeria were pre-approved by the Company's Board of Directors on 23 May 2011 and will be submitted for the approval of its General Shareholders' Meeting of 14 June 2012. The technical services agreement renews automatically. The transitional technical services agreement, having expired, was renewed on 5 November 2012.

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

Under the terms of the Company's Bylaws, all directors must 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 information available to directors) and refrain from voting in the corresponding deliberations.

3.2.2 Functioning of administrative and management bodies

3.2.2.1 Relations between members of the Board of Directors and the 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 during fiscal year 2012.

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 signed 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 study 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; and
- monitoring and technical, accounting, financial and administrative support for drilling activities.

The financial terms of this agreement are as follows:

- annual lump-sum fee of €100,000, 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. To date, only one consultant, with drilling-related responsibilities remains Michel Perret (the Company's drilling director). In total, Pacifico S.A. invoiced €362,032 excluding tax for the 2012 fiscal year.

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

Sublease agreement with Pacifico S.A.

A sublease agreement was signed between the Company and Pacifico S.A. and was approved by the meeting of the Company's Board of Directors on 13 December 2007.

This sublease covers the offices located on the ground floor of the building located at 12 rue Volney, 75002 Paris with a surface area of approximately 240 m².

The agreement was signed for a period of one year commencing on 11 June 2007 and renews automatically.

The annual rent paid in 2012 was €225,701 excluding tax.

3.2.2.2 Organisation and functioning of the Board of Directors

3.2.2.2.1 Presentation of the Board of Directors

The Board of Directors determines the strategies for the Company's business and ensures their 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 functioning of the Company and governs, by its decisions, the affairs that concern it.

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 ignore that fact), the publication of the Articles of Association alone not constituting sufficient proof.

The Board of Directors carries out the audits and controls that it deems necessary.

The Company's Board of Directors, in its meeting on 25 April 2008, formulated and unanimously approved its Bylaws. These Bylaws were updated by the Board of Directors at its meetings on 31 March 2010 and 29 March 2012.

These Bylaws outline and specify certain articles of the Articles of Association such as the composition of the Board of Directors and the notion of independent director, the rules of functioning, the missions, rights and obligations imposed upon members as part of a "charter", the designation and role of observers as well as the composition and the tasks of the Audit Committee and the Appointments and Compensation Committee. The Bylaws are available on the Company's website.

To the best of the Company's knowledge, the breakdown of equity interests held by corporate officers in the Company at 31 December 2012 is shown in the following table:

Corporate officer	Shares	OCEANE	Warrants
Jean-François Hénin [1]	28,749,616		28,749,616
Gérard Andreck [2]	1	-	-
Emmanuel de Marion de Glatigny [3]	135,097	-	135,097
Xavier Blandin	-		
Nathalie Delapalme	100	-	-
Roman Gozalo	17,266	-	20,936
ABC Orjiako	-	-	-
Alexandre Vilgrain	1	-	-

(1) Held by Pacifico S.A., of which Mr Hénin and his family have majority control.
(2) Mr Andreck is also Chairman of Macif, the Company's second largest shareholder with 8,324,204 shares held at 31 December 2012.
(3) Mr de Marion de Glatigny directly owns 111,847 shares of the Company and indirectly through a PEA (company shareholding plan) held in his spouse's name, a further 23,250 shares.

The Bylaws of the Board of Directors, in their updated version of 29 March 2012, specify the criteria, listed below, that the Appointments and Compensation Committee and the Board examine to qualify an independent director:

- not be an employee or corporate officer of the Company, an employee or director or of a company consolidated by the Company, and not have been so in the last five years;
- not be a corporate officer of a company in which the Company directly or indirectly holds a directorship 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;
- 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 part of its activity;
- not have any close family relationships with a corporate officer;
- not have been, in the preceding five years, a Statutory Auditor of the Company or of a company that owns at least 10% of the Company's capital or of a company of which the Company owns at least 10% of the capital, when its duties end;
- not be a director of the Company for more than 12 years; and
- not be or represent a significant shareholder of the Company holding more than 10% of the capital or voting rights of the Company.

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 qualification of independence, taking into consideration the composition of the Company's capital and the existence of potential conflicts of interest.

On this basis, and after consulting the Appointments and Compensation Committee, the Board of Directors, during its meeting on 27 March 2013, deemed that as at 31 December 2012, five members of the Board of Directors should be considered as being independent:

- Alexandre Vilgrain;
- Gérard Andreck;
- Xavier Blandin;
- Nathalie Delapalme; and
- Ambrosie Bryant Chukwueloka Orjiako.

Each of these directors satisfies the criteria used by the AFEP-MEDEF Corporate Governance Code to define the independence of directors and adopted in full by the Bylaws of the Board of Directors as indicated above.

3.2.2.2.2 Chairmanship and convening of the Board of Directors

The Board of Directors chooses 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 term of their mandate, which cannot exceed the term of their mandate as a director. The Board can terminate these mandates at any time.

After the General Shareholders' Meeting of 14 June 2007 in which it was decided that the Company should be transformed into a public limited company with a board of directors, its Board of Directors appointed Mr Hénin as its Chairman on that same day. Mr Hénin's mandate was renewed by the General Shareholders' Meeting of 20 May 2010, after which the Board of Directors met on that same day and appointed him Chairman.

As Mr Hénin's directorship is due to expire at the close of the General Shareholders' Meeting of 13 June 2013, the Meeting was asked to renew his mandate for a further three years, until the close of the General Shareholders' Meeting called to approve the financial statements for the 2015 fiscal year.

The age limit for holding the position of Chairman of the Board of Directors is currently set at seventy (70) years of age. If the Chairman of the Board of Directors reaches this age during his term of office, he shall be deemed to have automatically resigned. The next General Shareholders' Meeting, to be held 13 June 2013, will be asked to raise this limit to seventy-five (75) years of age.

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 functioning of the Company's bodies and ensures, in particular, that the directors are capable of fulfilling their duties.

3.2.2.2.3 Deliberations

The Board of Directors meets as often as required in the interests of the Company when convened by the Chairman or when the Board of Directors has not met for more than two months. At least one-third of the members of the Board of Directors may ask the Chairman to convene a Board meeting.

The Board of Directors may only validly deliberate when at least half of its members are present.

Decisions are taken by the majority of its members present or represented. In the case of a tied vote, the Chairman of the meeting has the casting vote.

The deliberations of the Board of Directors are recorded in meeting minutes established in accordance with law.

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.

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

The 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.

The Board of Directors met six times during 2012 and the average attendance rate of its members was 91.67%.

In accordance with the applicable legal provisions, the Statutory Auditors are invited to the meetings of the Board of Directors called to review the semi-annual and annual financial statements. They have also been invited to attend all meetings of the Board of Directors.

Board of Directors' meetings	Attendance rate
29 March 2012	*88%*
14 June 2012	*88%*
13 July 2012	*100%*
30 August 2012	*100%*
9 November 2012	*88%*
18 December 2012	*88%*
AVERAGE ATTENDANCE	91.67%

The Board of Directors meetings of 29 March, 14 June, 13 July, 30 August, 9 November and 18 December 2012 deliberated in particular on the following key points:

- review and approval of the individual company and consolidated financial statements for the year ending 31 December 2011, proposal of the allocation of income for the year ending 31 December 2011 and the distribution of dividends;
- the date and venue of the Ordinary and Extraordinary General Shareholders' Meeting, its agenda, and draft resolutions;
- activation of the share repurchase programme;
- approval of the Company's contribution of its equity in New Gold Mali;
- regulated agreements;
- review of the financial statements for the first half of 2012 and the draft statement concerning results for the first half of 2012;
- investment projects;
- presentation of a year-end estimate for 2012, and the draft budget for 2013.

3.2.2.2.4 Missions of the Board of Directors

Management mission

The Board of Directors determines the strategies for the Company's business and ensures their 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 Company's proper functioning and governs, by its decisions, the affairs that concern it.

Appointment and dismissal of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers

The Board of Directors appoints the Chief Executive Officer and the Deputy Chief Executive Officers and appoints the Chairman of the Board of Directors from among its members. The Board of Directors determines and may revoke the compensation of the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers. The Board of Directors may also grant to one or more of its members or to third parties, who may or may not be shareholders, any special mandates for one or more specific purposes.

Audits and controls

The Board of Directors carries out the audits and controls that it deems necessary. In particular its mission is to ensure adherence to the standards of good management and prudence in preparing the financial statements and managing the risks linked to the Company's activity, while providing its assistance and its advice to management in its strategy for growth and organisation.

The Board of Directors conducts these controls and audits at any time during the year and may obtain any documents it considers useful in order to carry out its mission. Each director receives all the information necessary for the performance of his/her duties, and may obtain all necessary documents from the Chairman and Chief Executive Officer.

This audit is independent from that conducted by the Statutory Auditors, since it involves not only the regularity and consistency of the financial statements, but also the compliance of the Company's management activities with the rules of good governance.

Specialised committees

The Board of Directors has specialised committees that carry out their activities under its responsibility. The functioning and activities of the specialised committees established by the Board of Directors are described in paragraph 3.2.2.3.

Powers of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer organises and directs the work of the Board of Directors, and in this regard, in accordance with the Articles of Association, he convenes and chairs the meetings of the Board of Directors; more generally, he oversees the proper functioning of the Company's bodies. The Chairman and Chief Executive Officer has the broadest powers to act in all circumstances in the name of the Company, 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.

In compliance with the provisions of Articles L. 225-35 and R. 225-28 of the French Commercial Code, the Board of Directors unanimously decided to authorise for one year, starting on 14 June 2012, regardless of the duration of commitments that are secured, endorsed or guaranteed, the Chairman and Chief Executive Officer to freely grant endorsements or guarantees in the name of the Company, up to a maximum unit amount of €50 million and a maximum overall amount of €200 million.

Above these ceilings, the Chairman and Chief Executive Officer cannot grant any security, endorsement or guarantee in favour of third parties without the express authorisation of the Board of Directors. He may grant securities, 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 Chairman and Chief Executive Officer, other than those described above.

3.2.2.2.5 Nature of information provided to members of the Board of Directors for the preparation of work

Information prior to each meeting of the Board of Directors

A detailed file is sent to the members of the Board of Directors prior to each meeting containing the information that allows a full examination to be made of the points included within the agenda of the Board of Directors.

More specifically, it contains the minutes of the previous meeting, the significant events occurring since the previous meeting of the Board of Directors and, where relevant, ongoing or planned operations. These documents are generally commented on by the Chairman and Chief Executive Officer 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 Chairman and Chief Executive Officer, with the assistance of the Chief Financial 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 shall be presented by the Chief Financial Officer at the time of each half-year or annual closing.

In the three months after the closing 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 financial statements for the period to the General Shareholders' Meeting.

Information on particular transactions

With regard to external growth transactions or the sale of assets, the Board of Directors examines the information provided to it by the Chairman and Chief Executive Officer on the transactions and strategy, gives its opinion on the expediency of the files presented and, if necessary, gives authorisation to the Chairman and Chief Executive Officer to carry out the transactions.

Permanent information

The Board of Directors may also ask the Chairman and Chief Executive Officer and management, whenever necessary, for any information or analysis it deems appropriate or to give a presentation on a specific subject.

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.

3.2.2.2.6 Assessment of the Board of Directors

In accordance with the AFEP-MEDEF Corporate Governance Code to which the Company adheres, the Board of Directors conducted a self-assessment to review its composition, organisation and functioning, as well as that of its committees.

This assessment was conducted using a questionnaire sent to each Board member plus individual interviews with the Chairman of the Appointments and Compensation Committee. The results of these questionnaires were compiled by the Appointments and Compensation Committee at its meeting of 18 December 2010, and presented to the Board of Directors during its meeting on 30 March 2011.

Upon reviewing the results, the members of the Board of Directors expressed a generally very favourable opinion on the Board's composition and functioning, as well as that of its committees. It was specifically noted that the pertinence and quality of the information contained in the reports given to the directors contributed to the overall improvement of the Board's work.

The Board of Directors took the work conducted as part of this self-assessment into consideration in order to identify certain areas for operational improvement, which will be implemented at its subsequent meetings.

3.2.2.2.7 Prevention of insider trading

In order to ensure the prudent management of securities in compliance with applicable regulations, and in accordance with the principle of precaution, escalation to directors, the chairman, the chief executive officer and, to the extent that such roles exist, the vice chairman and managing director (collectively, the "Corporate Officers") of the Company and its employees, the Company's Board of Directors decided, at its meeting of 30 August 2012, to update the code of ethics as it relates to insider trading and to ensure that it complies with AMF recommendation No 2010-07 of 3 November 2010.

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 to 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 regulation definition of privileged 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, 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) that could be considered "insiders" in the sense of the applicable regulations.

The prevention of insider trading requires the establishment of specific procedures. In this respect, the code of ethics 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 (securities must be held in registered form, percentage holding of free shares and stock options, 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;
- 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 sanctions that can be applied against insider deals or against a 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 Sanctions Commission can be up to €100 million or may be deducted from any resulting profit;
- 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 functioning 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 and 29 March 2012, the Board of Directors has set up specialised committees: (i) an Audit Committee and (ii) an Appointments and Compensation Committee.

3.2.2.3.1 Audit Committee

Composition du comité d'audit

The Audit Committee is made up of at least three members chosen by the Board of Directors from among its members. The Chair of the Audit Committee is elected by his/her peers. The Board of Directors aims to ensure that at least two-thirds of the Audit Committee is made up of independent directors.

Since 29 June 2011, the Audit Committee is composed of:

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

The members of the Audit 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 during any meeting of the Board of Directors without reason or advance notice.

Missions of the Audit Committee

The general role of the Audit 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.

The primary missions of the Audit Committee are as follows:

- monitoring the process of preparing financial information;
- examining the individual company and consolidated financial statements of the Company and those of its main subsidiaries;

- verifying the relevance and consistency of the accounting methods adopted (i) for the preparation of the company and consolidated financial statements and (ii) for the consolidation scope;
- examining major transactions involving the risk of a conflict of interest between the Company and members of the Board of Directors;
- monitoring legal compliance of the semi-annual, annual, consolidated and individual company financial statements by the Statutory Auditors;
- monitoring the independence of the Statutory Auditors;
- examining the main risks to which the Company is exposed and the solutions used by the Company to address such risks;
- monitoring the effectiveness of the internal control and risk management systems, and examining the report on these subjects by the Chairman of the Board of Directors to the General Shareholders' Meeting; and
- examining any subject likely to have a significant impact on the substance and presentation of the financial statements.

The Audit Committee issues a recommendation on the Statutory Auditors proposed for appointment by the General Shareholders' Meeting.

It reports regularly on its work to the Board of Directors and immediately informs the latter of any problem encountered.

The Audit Committee meets as often as it deems necessary or appropriate, at the invitation of any one of its members, at least twice yearly and in all cases before the meetings of the Board of Directors to approve the financial statements. For its deliberations to be valid, at least half of its members must be present.

The resolutions of the Audit Committee are adopted by majority approval of the members attending the meeting. Each member has one vote. In the case of a tied vote, the Chairman shall have the casting vote.

The Audit Committee may issue non-binding written or verbal recommendations for the Board of Directors. The members of the Audit Committee can, as part of their mission, interview the corporate officers of the Group, including the Chairman and Chief Executive Officer.

Activity of the Audit Committee during fiscal year 2012

During the year 2012, the Audit Committee held three working sessions attended by the company's administrative and financial management and the Statutory Auditors. The attendance rate at these sessions was 100%.

During these sessions, the Audit Committee worked primarily on reviewing the 2012 budget, approving the 2011 financial statements, reviewing the Annual Report, approving the financial statements for the first six months of 2012, the 2012 results, and the budget for 2013.

3.2.2.3.2 Appointments and Compensation Committee

Composition of the Appointments and Compensation Committee

The Appointments and Compensation Committee is composed of 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 Chair of the Appointments and Compensation Committee is elected by his/her peers. 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.

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 during any meeting of the Board of Directors without reason or advance notice.

It consists of:

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

Missions of the Appointments and Compensation Committee

Selection and appointment missions

The Chairman is involved in the work of the Appointments and Compensation Committee in such matters;

Applicants for director positions:

The Appointments and Compensation Committee may have to make proposals and issue opinions on individual candidates, whether independent or not, for the Company's director positions;

Applicants for executive corporate officer positions (CEO/Deputy CEO):

The Appointments and Compensation Committee may have to make proposals and issue opinions on candidates for the Company's executive corporate officer positions.

The Appointments and Compensation Committee must draw up a plan of succession for the executive corporate officers in the event of unforeseen vacancies.

Recruitment of executives who are not corporate officers:

The Board of Directors may seek the opinion of the Appointments and Compensation Committee when recruiting or dismissing a director who is not a corporate officer.

Missions with respect to compensation

Compensation of executive corporate officers:

- the mission of the Appointments and Compensation Committee is to make proposals regarding the compensation of executive corporate officers (amounts of fixed and variable compensation, if any);
- the Appointments and Compensation Committee also makes recommendations with regard to the retirement and benefits plan, benefits in kind and rights to various monetary benefits for executives and corporate officers and the financial conditions of the termination of their mandate;
- the Appointments and Compensation Committee makes its proposals at the beginning of each year for the year in progress. In particular, the Appointments and Compensation Committee, at the beginning of each year, will issue its opinion on the details of compensation, company benefits and benefits in kind for the Chairman and Chief Executive Officer, in compliance with regulations, market conditions and in the best interests of the Company.

Compensation policy for executives who are not corporate officers:

The Appointments and Compensation Committee ensures that the compensation policy for directors who are not corporate officers of the Company is consistent with market practice and in the Company's best interests.

Allocation of attendance fees and non-recurring compensation:

- each year, the Appointments and Compensation Committee is responsible for determining, (i) the overall amount of attendance fees submitted to the General Shareholders' Meeting for approval and (ii) the procedures for allocating such attendance fees among the members of the Board of Directors, which will be submitted to the Board, taking into consideration, in particular, the attendance of these members at the meetings of the Board and the committees on which they sit;
- the Appointments and Compensation Committee may also be asked to issue an opinion on any proposals for non-recurring compensation made by the Board of Directors for the compensation of 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.

The Appointments and Compensation Committee meets as often as its members consider necessary or appropriate, and at least twice a year. For its deliberations to be valid, at least half of its members must be present.

The Appointments and Compensation Committee's resolutions are adopted by majority approval of the members attending the meeting. Each member has one vote. In the case of a tied vote, the Chairman has the casting vote.

The Appointments and Compensation Committee can issue non-binding written or oral recommendations for the Board of Directors' attention.

Activity of the Appointments and Compensation Committee during 2012

The Committee met three times during 2012, with a 100% attendance rate. It dealt mainly with the compensation of corporate officers and the allocation of attendance fees. Its recommendations were based principally on an analysis of the individual performances and contributions of the people concerned.

3.2.3 Compensation and benefits of all kinds given to corporate officers

With the exception of the Chairman and Chief Executive Officer, no corporate officer received any compensation in 2012, for whatever reason, other than the attendance fees allocated each year to the members of the Company's Board of Directors (see paragraph 3.2.3.2.1 table 3 and paragraph 3.2.3.2.2).

3.2.3.1 Non-executive corporate officers

The members of the Board of Directors receive attendance fees which are voted on each year by the General Shareholders' Meeting. The Board of Directors, based on a proposal of the Appointments and Compensation Committee, distributes the budget of attendance fees according to the following rule:

- a fixed portion, which represents 50% of the overall budget and is proportionally distributed over the year of the duties;
- a variable portion, representing 50% of the overall budget, which is allocated based on attendance and on the functions performed by each member.

Details of the attendance fees paid in the last three fiscal years appear in paragraph 3.2.3.2.2.

The total amount of attendance fees allocated by the General Shareholders' Meeting has remained unchanged for five years.

3.2.3.2 Executive corporate officers

The Board of Directors, based on a proposal of the Appointments and Compensation Committee, determines the compensation of its executive corporate officers.

This compensation within the Company concerns only one person, the Chairman and Chief Executive Officer.

The compensation of the Chairman and Chief Executive Officer does not include a variable portion. Its amount is reviewed every year and is set based on a decision of the Board of Directors. It has remained unchanged since 2007.

There is no specific retirement plan for executive corporate officers, who benefit from the same retirement plans as those applicable to the Group's employees.

No bonus shares or stock options are allocated to the executive corporate officers.

3.2.3.2.1 Compensation of the Chairman and Chief Executive Officer

Details of compensation, options and shares granted to executive corporate officers

Name and title of executive corporate officer Jean-François Hénin, Chairman and Chief Executive Officer	Fiscal year 2011	Fiscal year 2012
Compensation due for the year (detailed in Table 2)	*500,000*	*500,000*
Value of options allocated during the year (detailed in Table 2)	-	-
Value of performance shares allocated during the year (detailed in Table 4)	-	-
TOTAL	500,000	500,000

Summary table of compensation granted to executive corporate officers

Name and title of executive corporate officer Jean-François Hénin, Chairman and Chief Executive Officer	Amounts in fiscal year 2011		Amounts in fiscal year 2012	
	due	paid	due	paid
Fixed compensation	*500,000*	*500,000*	*500,000*	*500,000*
Variable compensation	-	-	-	-
NON-RECURRING COMPENSATION	-	-	-	-
Attendance fees	*55,945*	*55,945*	*53,805*	-
Benefits in kind / car	-	-	-	-
TOTAL	555,945	555,945	553,805	500,000

Table of attendance fees

Members of the Board	Attendance fees paid in 2011	Attendance fees paid in 2012
Jean-François Hénin	-	*55,945*
TOTAL	-	55,945

For the other corporate officers, see the table in paragraph 3.2.3.2.2.

No option to subscribe or purchase shares has been allocated during 2012 to any corporate officer, or has been exercised by any executive corporate officer.

In addition, no performance shares have been allocated to any corporate officer during this fiscal year.

History of allocations of options for the subscription or purchase of shares granted to corporate officers

Options to subscribe or purchase shares granted to the top ten non-executive corporate officer employees and options exercised by them	Total number of options allocated/ shares subscribed or purchased	Average weighted price	Plan No 1	Plan No 2
Options granted, during the period, by the issuer and any company included in the scope of option allocation, to the top ten employees of the issuer and of any company included in this scope, of which the number of options granted is highest (overall information)	*None*			
Options held on the issuer and above-referenced companies exercised during the year by the top ten employees of the issuer and of these companies, with the highest number of options thus purchased or subscribed (overall information)	*None*			

Executive corporate officers	Work contract		Supplementary retirement plan		Indemnities or benefits due or likely to be due because of termination or change of functions		Indemnities relating to a non-compete clause	
Name: *J.F. Hénin* Position: Chairman and CEO Start date of mandate: *14 June 2007* End date of mandate: *Approval of financial statements for 2012*		*No*		*No*		*No**		*No*

* *Except for group retirement plan.*

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, pursuant to a support and consulting agreement dated 21 June 2005, as amended by amendments dated 22 December 2005 and 11 June 2007 (see paragraph 3.2.2.1.2 of this Annual Report), for €394,268.33 (excluding tax) for fiscal year 2011 and €362,032 (excluding tax) for fiscal year 2012.

3.2.3.2.2 Board of Directors

The members of the Company's Board of Directors received the following amounts (in €) in attendance fees for fiscal years 2012, 2011 and 2010, paid in 2013, 2012 and 2011 respectively.

Members of the Board	Fixed attendance fees			Variable attendance fees			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Mr Hénin	25,000	25,000		28,805	30,945		53,805	55,945	-
Mr Andreck	25,000	25,000	25,000	22,884	25,143	14,072	47,884	50,143	39,072
Mr Blandin	25,000	12,808	-	28,805	18,052	-	53,805	30,860	-
Mrs Delapalme	25,000	25,000	15,274	27,205	25,788	13,918	52,205	50,788	29,192
Mr Gozalo	25,000	25,000	25,000	30,085	28,109	29,691	55,085	53,109	54,691
Mr de Marion de Glatigny	25,000	25,000	25,000	25,605	24,499	26,289	50,605	49,499	51,289
Mr Orjiako	25,000	25,000	15,274	9,602	12,894	9,278	34,602	37,894	24,552
Mr Vilgrain	25,000	25,000	25,000	22,404	20,630	23,196	47,404	45,630	48,196
Mr Bellon de Chassy (observer)	25 000	25 000	25 000	29 605	26 046	31 546	54 605	51 046	56 546
Mr d'Hauteville	-	12,192	25,000	-	12,894	30,928	-	25,086	55,928
Financière de Rosario	-	-	9,726	-	-	4,639	-	-	14,365
Mr Brac de la Perrière (former observer)	-	-	9,726	-	-	11,134	-	-	20,860
TOTAL	225,000	225,000	200,000	225,000	225,000	194,691	450,000	450,000	394,691

The above breakdown takes into consideration the respective term of office of each director on the Board of Directors (for the fixed attendance fees) as well as their presence at the meetings of the Board of Directors and the committees (for the variable attendance fees).

Since his appointment as a director on 14 June 2007, and until 2011, Mr Hénin had voluntarily declined to receive attendance fees (and these have not been redistributed among the other directors). However, in 2012 he received attendance fees in respect of fiscal year 2011.

Mr Hénin is compensated as Chief Executive Officer of the Company as described in paragraph 3.2.3.2.1.

Mr d'Hauteville has not been a director since 29 June 2011.

The company Financière de Rosario has not been a director since 20 May 2010.

Mr Orjiako was coopted at the Board of Directors' meeting of 30 March 2010. His appointment was ratified by the General Shareholders' Meeting of 20 May 2010.

Ms Delapalme was coopted at the Board of Directors' meeting of 20 May 2010. Her appointment was ratified by the General Shareholders' Meeting of 29 June 2011.

The corporate officers, however, receive no particular benefits in kind. There is no additional retirement plan in place for corporate officers.

The allocations of options for the subscription and/or purchase of shares and bonus shares are detailed in paragraph 3.2.3.2.3 below.

3.2.3.2.3 Stock options and bonus shares

The information below is up to date as at the issue date of this Annual Report.

No options have been granted to corporate officers during the last three fiscal years.

No options for the subscription or purchase of shares were granted to the Company's corporate officers by the Company or by the Group's companies during fiscal year 2012. In addition, no corporate officer has exercised any options to subscribe or purchase shares during that year.

To date, Mr Gozalo, former Chief Executive Officer, and Mr Pelerin, Director of Exploration until 31 December 2010, both members of the management board until 14 June 2007, received bonus shares allocated to them according to the plans shown below:

	Plan	Plan	Plan	Plan
Allocation date	*25/04/08*	*15/10/08*	*16/12/08*	*19/06/09*
Vesting period	*25/04/10*	*15/10/10*	*16/12/10*	*19/06/11*
Retention period	*25/04/12*	*15/10/12*	*16/12/12*	*19/06/13*
Number of bonus shares				
- Roman Gozalo	*1,250*	*6,330*	-	-
- Daniel Pelerin	*1,250*	-	*10,200*	*1,275*

No other bonus shares were granted to the Company's corporate officers by the Company or by the Group's companies.

To the best of the Company's knowledge, no corporate officers have set up any hedging instruments in respect of the bonus shares that they hold. In all cases, under the terms of the code of ethics on the prevention of insider trading (see paragraph 3.2.2.2.7 of this Annual Report), Corporate Officers shall refrain from entering into hedging transactions on Company securities granted free of charge and on any Company stock options or warrants that they may hold.

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

As at 31 March 2013 and to the best of the Company's knowledge, the Company's corporate officers together held 28,902,081 Company shares (corresponding to 23.78% of its capital), which represent 38,628,113 (or 28.97%) of the theoretical voting rights (versus 30.28% of the exercisable voting rights).

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

The members of the Board of Directors are subject to the legal and regulatory provisions governing transactions on the securities of companies regarding which they possess information that is not yet public.

3.3. Internal control and risk management

3.3.1 Internal control and risk management procedures

At the request of the Chairman and Chief Executive Officer, the administrative and financial management has compiled the elements that make up this report on the basis of various work conducted by the Company's internal departments. The resulting report was presented to the Audit 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:

- the reliability and truthfulness of accounting and financial data;
- the accuracy and completeness of accounting records;
- execution and optimisation in the conduct of the Group's transactions;
- that the actions of management and execution of the transactions as well as the conduct of personnel are consistent with the guidelines given to the Group's activities 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 providing, among other things, for the prevention and control of the risks resulting from the Group's activity, particularly those detailed in Chapter 7 of this Annual Report.

The objective of internal control is to provide reasonable assurance of compliance with rules and regulations, the securitisation of assets and the effectiveness of operations. It cannot however provide an absolute guarantee that these risks are totally 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 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 organisation, the methods and the procedures to ensure the control and supervision of activities. It meets regularly to discuss management issues within and outside the normal course of business. The members of the management committee (the Chairman and Chief Executive Officer, the Director of Production, the Director of Exploration, the Director of Drilling and the Chief Financial Officer) 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 officials and monitors their proper application.

3.3.1.3 Risk management

The Group has implemented 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 activities are fully understood and also provide for the implementation of risk-monitoring measures. A biannual review of all risks has been drawn up under its authority, with the support of the audit committee, at the closing of accounting periods. In addition, the identification and management of risks is based on an organisational structure with an allocation of clearly defined competencies, 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 "Risk factors" of this Annual Report.

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

The Group has insurance covering several types of risks, including specific policies for its oil activity 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 activities by country or by geographic area of activity.

In the countries in which the Group's operations are the most developed, the operating subsidiaries, in addition to their technical functions, have their own financial, accounting and legal departments. 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 benefit, on a case-by-case basis, from the appropriate delegations of powers.

The specific "business" responsibilities are ensured by the different functional managers in charge, at the Group level, of exploration, development and production, drilling, HSE, and finance/administration/human resources activities. Consequently, the 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.

Legally, the preparation and validation of key actions in the life of the Group's subsidiaries are centralised by the Group's legal services.

To limit the legal risks linked to disputes, the Group has set up a centralised legal department, assisted 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.

Administrative and financial risk management was reorganised in 2009 by combining the accounting and management control services under the accounting and management control department.

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 biannually. 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 controlled by management, the Audit 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 variations between the budget and the results as well as a general analysis of costs.

In the main operating entities, a management auditor, with a dual operational and functional attachment, strengthens the internal control process.

The management of cash flows, positions and liquid assets as well as the financial instruments are centralised (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 promulgated by the Group's executive management.

With regard to the information systems, the Group uses standard tools for processing general and cost accounting, consolidation, cash and personnel management (integrated consolidation software used in all subsidiaries, use of consultants at closings, subcontracting of information systems to outside service providers).

The entire financial communication process is placed under the responsibility of the Chief Executive Officer and the Chief Financial Officer.

Each quarter, Maurel & Prom sends its sales data to the financial market, and in the months following the half-year closing, 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 NYSE Euronext requirements. The financial documents provided to the market are prepared by the accounting and management control departments and validated by the Board of Directors.

The administrative and financial management then ensures that the information sent to markets 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 that have 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 as partners.

The usual practice of partnerships involves the partners' participation, with the understanding that all investments or commitments of oil cost 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, exploitation).

3.3.1.5 Supervision of the internal control procedures

3.3.1.5.1 Board of Directors

The Board of Directors has always emphasised the importance that it places, along with its executive management, on internal control and its main areas of application.

3.3.1.5.2 Audit Committee

The Audit Committee is in charge of 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 Committee include:

- monitoring the process of preparing financial information;
- examining the individual company and consolidated financial statements of the Company and those of its main subsidiaries;
- verifying the relevance and consistency of the accounting methods adopted (i) for the preparation of the company and consolidated financial statements and (ii) for the consolidation scope;
- examining major transactions involving the risk of a conflict of interest between the Company and members of the Board of Directors;
- monitoring legal compliance of the semi-annual, annual, consolidated and individual company financial statements by the Statutory Auditors;
- monitoring the independence of the Statutory Auditors;
- examining the main risks to which the Company is exposed and the solutions used by the Company to address such risks;
- monitoring the effectiveness of the internal control and risk management systems, and examining the report on these subjects by the Chairman of the Board of Directors to the General Shareholders' Meeting; and
- examining any subject likely to have a significant impact on the substance and presentation of the financial statements.

3.3.1.5.3 Executive management

The executive management has the particular task of defining the general principles governing internal control and ensuring their proper application.

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 to the Audit 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 Statutory Auditors

The Statutory Auditors, through their various checks, 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 of preparing the financial statements, and they present a summary of their work to financial and executive management, the Audit Committee and to the Board of Directors.

The Statutory Auditors conduct the internal control checks deemed necessary as part of their duty to certify the financial statements, and communicate their observations to the Audit Committee.

3.3.1.5.6 2012 achievements and 2013 outlook

The Group continued to strengthen its internal control procedures in 2012, focusing in particular on those applicable to the treasury function. The Group entered into hedging transactions in commodities (oil), foreign exchange (US$) and interest rates, by means of all types of instruments, including sophisticated options.

In order to improve the internal control of its treasury function, the Group, with the assistance of a specialist consultancy firm, conducted a review of the applicable accounting procedures on the subject. The review validated the main aspects of the organisational structure and processes in place and resulted in an updated guide to treasury-related procedures being produced.

In 2012, as part of its sustainable development policy, the Group also set up (via its HSE Committee) a collection process aimed at obtaining from every Group company that has employees a certain amount of corporate, environmental and societal information as well as a description of the internal procedures applicable to such matters. Accordingly, a questionnaire was prepared on the topics mentioned above and sent to every Group company concerned. Once collected at Group level, this data was consolidated and analysed by the Company for inclusion in this Annual Report (see chapter 4 of this Annual Report).

3.4. Rules for admission and convening annual and extraordinary 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.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

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 participate in 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, of the third 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 a shareholder wishing to attend the meeting in person and who has not received their admission card by midnight, Paris time, on the third business day before the meeting.

3.4.2 Access and participation of shareholders 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.

Every shareholder, regardless of the number of shares that he/she owns, 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 accounting records or by 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 before 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 cases 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 notice of meeting.

The Board of Directors may organise, under the applicable legal and regulatory conditions, the participation and voting of shareholders at the Meeting via videoconferencing or other telecommunications methods that allow shareholders to be identified and which comply with legal and regulatory requirements. The Board shall ensure the effectiveness of the means of identification.

For the calculation of the quorum and majority required for any General Shareholders' Meeting, shareholders who attend the General Shareholders' Meeting via videoconferencing or other telecommunications methods 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

In 2012, the Group continued to implement its sustainable development strategy formalised since 2006 in its "Safety, Environment and Quality" Charter. The Group's daily application of these principles in its activities is one of the keys to its performance. Thus, Maurel & Prom has the duty to enhance, as much as possible, the beneficial aspects of its activities for the economic development of the regions that host them and to maintain the highest degree of protective vigilance in managing the potential impacts of its activities on the environment.

The Group's attractiveness was confirmed in 2012 by the expansion of its teams, Gabon leading the recruitment drive with 93 out of a total 110 new hires. In a context of strong growth, the Group's HSE indicators encourage it to continue its efforts. Its management of the incident in the first quarter on platform 100 at Omoc Nord demonstrated the reactivity of its teams.

On the African continent, the Group's history shows its long experience of managing relations with local authorities. To satisfy their demands for localisation and for help in disseminating the principles of sustainable development, its subsidiaries have organised themselves and proactively collaborate with specialised bodies if necessary.

[In 2013, the Group will focus on disseminating and implementing its fundamental principles and will continue, in particular, to support its teams in achieving its HSE objectives by allocating the necessary technical, human and financial resources.]

In accordance with the provisions of the French Commercial Code pursuant to the New Economic Regulations Act of May 2001, as amended by the Law of 12 July 2010 on national commitment to the environment (the "Grenelle II" Law), the Law of 22 October 2010 on banking and financial regulation, the Law of 27 January 2011 on the balanced representation of men and women on boards of directors and supervisory boards and on professional equality, the Law of 16 June 2011 on immigration, integration and nationality, and the Law of 22 March 2012 on the simplification of legal and administrative procedures, the Management Report presents information on the manner in which the Company takes into account the social and environmental consequences of its activities as well as its societal commitments to promote sustainable development, non-discrimination and diversity. This presentation is made in accordance with the terms of the Decree of 24 April 2012 relating to the obligation of corporate transparency in social and environmental matters.

4.1 Corporate information

The global oil and gas industry is facing a major challenge: satisfying growing energy demand in a strained labour market. Massive investments, technological progress, the exploration of new geographical regions that are increasingly difficult to access, combined with an ageing labour force and experienced workers being replaced by those less so, creating a shortage of skilled labour in the short term.

Training up a skilled local workforce, and promoting access for women to positions at every level of the organisation, are some of the issues to be addressed by the oil and gas industry.

4.1.1 Employment

The Group's recruitment policy is aimed at providing it with the best skills to support its development.

Fiscal year 2012 was marked by the development of activities and an increase in the workforce in Gabon. Maurel & Prom Gabon formed its teams by recruiting locally, by giving responsibility for well management activities to in-house personnel, and by continuing its training programmes for young people.

(A) Total workforce and breakdown by gender, age and geographic region

At 31 December 2012, the Group had 341 employees in seven countries, compared with 238 employees as at 31 December 2011.

The tables below show, as at the end of 2012, the breakdown by the following criteria:
position, age range, geographic region and gender.

Position

Position	2012
Engineers	*84*
Technicians	*74*
Support functions	*183*
TOTAL	341

Breakdown by age range

Breakdown by age range	2012
< 25 years	*5*
25 to 34 years	*102*
35 to 44 years	*135*
45 to 54 years	*72*
> 55 years	*27*
TOTAL	341

Geographic breakdown (registered workforce, all types of employment contract) by gender

	2012		
	Men	Women	Men + Women
Africa	*236*	*38*	*274*
Latin America	*22*	*9*	*31*
Europe – Middle East	*26*	*10*	*36*
TOTAL	284	57	341

(B) Recruitment and dismissals

The recruitment policy in 2012 was established in a context of activity growth in Gabon and the need to strengthen the teams in Gabon and Colombia. Between the years ended 31 December 2011 and 31 December 2012, the workforce increased by 43%. In Gabon, the subsidiary significantly strengthened its teams in charge of production by internalising its well-production activity. In Colombia, the subsidiary equipped itself with additional skills in production engineering, reservoir engineering and geological expertise.

The table below shows departures from the Group, excluding retirees, role changes and early retirement:

Recruitment

	2012		
	Permanent	Casual	Total
TOTAL GROUP	101	9	110
o/w Company	*2*	*2*	*4*

	2012
Departures excluding retirees/role changes/early retirement	*18*
Voluntary departures (resignations, negotiated departures, termination of contract)	*5*
End of fixed-term contract	*7*
Dismissals	*6*
Deaths	*-*
TOTAL DEPARTURES / TOTAL WORKFORCE	5.28%

In the present context and given the development of the Group's activities, there are no plans to reduce the workforce and safeguard jobs.

(C) Compensation and changes in compensation

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.

For the Group as a whole, personnel expenses break down as follows:

Total payroll, including:	2012
- salaries and compensation	*17,777,841*
- profit-sharing	*624,992*
- expenses/employer contributions	*6,131,880*
TOTAL	24 534 713

(1) Profit-sharing

The Group has a profit-sharing policy for employees of the Company and Maurel & Prom Assistance Technique (the "Group's French companies"), allowing employees to share in the Group's performance and its capital by implementing 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.

(a) Profit-sharing plan

Since 2002, Group companies that are headquartered in France and have employees have operated a profit-sharing plan. The profit-sharing plans currently in place at the Group's French companies were set up for Maurel & Prom Assistance Technique and for the Company on 23 June 2010 and 21 May 2012 respectively, with the latter replacing the previous agreement which had expired on 31 December 2011. 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 work organisation.

(b) Employee savings scheme

On 1 March 2002, Group companies that are headquartered in France and have employees 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.

Under this plan, as at 31 December 2012, 63 participating employees (including 22 former employees) of the Group's French companies held 198,000 Company shares representing 0.16% of its share capital.

All employees of the Group's French 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), contributions of the Group's French companies, and transfers of savings to the plan by the beneficiary.

The Group's French companies encourage employees to save through a flexible contribution schedule that is applied across the board and available to all beneficiaries.

Contributions to the CSP in 2012 (amounts paid to the CSP for employees working in the Group's French companies) amounted to €230,468.

(c) Bonus shares granted to employees

	Plan 2009 n°1	Plan 2009 n°2	Plan 2010	Plan 2011 n°1	Plan 2011 n°2	Plan 2011 n°3	Plan 2012
Allocation date	*19/06/09*	*15/12/09*	*20/12/10*	*01/06/11*	*20/07/11*	*19/12/11*	*21/12/12*
Vesting period	*19/06/11*	*15/12/11*	*20/12/12*	*01/06/13*	*20/07/13*	*19/12/13*	*21/12/14*
Retention period	*19/06/13*	*15/12/13*	*20/12/14*	*01/06/15*	*20/07/15*	*19/12/15*	*21/12/16*
Number of employees concerned	*46*	*32*	*47*	*2*	*4*	*41*	*35*
Number of bonus shares	*51,000*	*145,035*	*252,100*	*29,750*	*41,650*	*90,238*	*72,451*

(d) Pension plan and other benefits

The Group's French companies belong to a supplementary pension plan, which is a Group insurance policy with Generali. This affiliation concerns all employees of the Group's French companies, with employer contributions set at [8]% for tranches A, B and C. The sums paid under this plan by the Group's French companies amounted to €422,299 in 2012, compared to €452,676 in 2011.

4.1.2 Organisation of work

(A) Organisation of working hours

The average working week is set by national law and adjusted according to the local context.

Organisation of working hours at Maurel & Prom

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 working week for Company employees 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 for a set number of days. However, the latter may recoup any day worked over and above the limit set by the collective agreement.

(B) Absenteeism

The total rate of absenteeism is estimated to be 5%, including 0.7% due to illness. The following calculation method is used:

- total absenteeism: **B / (A+B)**
- absenteeism due to illness: **C / (A+B)**

Where:

(A) corresponds to the number of days effectively worked by all contractual employees, training days included;

(B) corresponds to the number of days of absence (due to sickness, occupational illness, 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.).

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 employees' 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 participate in the social dialogue.

In Colombia, the joint health and safety committee (see paragraph 4.4.4.B of this Annual Report) provides an opportunity for exchanging ideas between employees and employers that go beyond occupational health and safety issues.

(B) Overview of collective agreements

The Group operates in countries where the relatively recent local oil and gas exploration and production industry does not always have a collective branch agreement.

In the absence of such measures, the Group's subsidiaries, on a case-by-case basis, enter into collective agreements in particular to cover employee healthcare costs and compensation.

In Gabon, Maurel & Prom Gabon has had a compensation agreement since 2010. In 2012, the subsidiary entered into a negotiation process for a company agreement with its employee representatives. In addition, a collective branch agreement is in the process of being negotiated between the Gabonese government and the country's main trade union, ONEP. Once it enters into force, it will apply to all oil companies operating in Gabon.

4.1.4 Health and safety

Health and safety are a key Group concern. Maurel & Prom 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.

The Chairman and Chief Executive Officer of Maurel & Prom is responsible for the application of the principles of the Charter within the Group. 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 Chairman and Chief Executive Officer. It consists of the Group's Production Director, the Group's Exploration Director, the Group's Drilling Director, the Group's Chief Financial Officer, and the head of the Group's HSE department. This committee confirms 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 are ultimately responsible 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 Colombia, with regard to HSE, Maurel & Prom Colombia relies on its local partnership with Pacific Rubiales Energy. This partner sits on the HSE committees of Maurel & Prom's Colombian subsidiary.

(A) Occupational health and safety conditions

The countries in which the Group operates, notably 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 workplace accidents and occupational illness is verified via semi-annual 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. Maurel & Prom Colombia's internal procedures (HSE audits, training) ensure 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. The emphasis is notably on the storage and handling of hazardous chemical products as well as on fire-fighting training as part of an agreement with the Libreville fire brigade and the prevention of road traffic risks. In addition, Maurel & Prom's Gabonese subsidiary has signed a service agreement covering occupational health and consultations with the Clinic at Port-Gentil, its purpose being to provide medical check-ups for its employees.

(B) Overview of collective agreements on occupational health and safety signed with trade unions or employee representatives

For several years now, at most of its subsidiaries (France, Gabon, Colombia, Tanzania), the Group has established agreements on social protection for its employees. 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 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.

(C) Workplace accidents and occupational illness

The frequency of workplace accidents involving Group employees are shown in the table below:

	2012
Lost Time Injury Frequency (LTIF)	*3.41*
Total Recordable Injury Rate (TRIR)	*8.20*

The Lost Time Injury Frequency (LTIF) rate is the total number of deaths and injuries or illnesses resulting from the work that prevent the person from working on the day following the accident (Lost Time Injuries - LTI), per 1 million hours worked.

The Total Recordable Injury Rate (TRIR) is the total number of (i) deaths plus (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) cases requiring medical treatment (Medical Treatment Cases – MTC) defined as an injury requiring treatment by a doctor or nurse, per 1 million hours worked.

For Gabon, the severity rate representing the average work stoppage duration per accident is 6.04 days.

The Group's French companies did not report any occupational illnesses in 2012. Furthermore, the Company is not aware of any occupational illnesses 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. They are the cause of 32.83% of accidents reported in 2012. 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, by setting up a "Good Driving" training programme. A vehicle geolocation system will also be set up in 2013.

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.

(A) Training policies implemented

Maurel & Prom's training policy is organised around missions 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. In every Group subsidiary, training, information and awareness sessions are given on HSE topics. In Gabon, a "buddy" system has been set up between expats and locals.

(B) Number of hours of training

The table below shows the number of hours of external training, as well as its associated cost, given to Group employees in fiscal year 2012.

	Number of hours of training	Cost
Group employees	*7,098*	*€252,219*

4.1.6 Equality of treatment

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 2012, women represented 16.7% of the Group's workforce and 7.3% of new hires in the year. Also, 24.6% of the women employed in the Group hold an engineering degree. Also as at this same date, the positions of geologist, oil engineer, drilling engineer, the head of the HSE department and the head of legal services were occupied by women.

(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 2012, 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 and – unless declared incapacitated by an occupational physician – 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 non-discrimination principles, as set out in applicable French (declaration of the rights of man and of the citizen, laws and decrees in force), European and local texts.

In Gabon, the subsidiary strives to reflect the country's ethnic diversity in its workforce.

4.1.7 Promotion of and compliance with the International Labour Organisation'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, 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 the identification, prevention and mitigation of environmental risks.

At the end of January 2012, an event with potentially significant impact occurred in Gabon. While a new well was being drilled, cracks appeared on platform 100 on the Omoc-Nord field, where two wells were already in production. Operations were immediately suspended and the rig was retired. The investigation into the event revealed that the casing of both wells had disintegrated. Production was not restarted. The abandonment of the well was the object of a special procedure that will need to be discussed with the Gabonese authorities.

The drilling programme was modified, and 13 new wells have now been drilled on Omoc-Nord without incident. The acquisition of 3D seismic data could provide a more accurate picture of the underground fracture network, which apparently caused the incident.

The Group feels that the various aspects of this incident, in particular the environmental aspects, are under control.

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 integrated into 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. It should be reincorporated into the HSE department in 2013.

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.

Site management and restoration requires access to financial reserves. These are mentioned 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 activity level. Maurel & Prom's Gabonese subsidiary is a pilot facility for the Group. It has entered the consolidation phase of its management system. In Colombia, until 9 December 2012, Sabanero operations were partly driven by a service agreement with Meta Petroleum Corp., a subsidiary of Pacific Rubiales Energy Corporation, an oil operator recognised for its societal performance.

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 actions on environmental protection

Just as much as health and safety, the environment lies at the heart of the Group's employee training and awareness programme.

In 2012, Maurel & Prom Gabon provided the following training and information for its employees on the theme of the environment:

- environmental tours of platforms with on-site HSE;
- awareness initiatives for teams working on platforms, on cleaning and tidying the work space and equipment at the end of the shift;
- awareness initiatives for environmental staff working in waste disposal, on selective sorting and waste treatment;
- debriefing meetings with the head of the site and site HSE managers, after every visit to report the anomalies found and corrective actions;
- establishing and sending a written report sent after every visit; and
- workshops on reinforcing the capacity to monitor and control cross-border shipments of chemical waste and substances, with a view to their rational ecological management in Gabon, as well as workshops on validating Gabon's national coastal adaptation strategy for tackling climate change and environmental security.

(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 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 enable the identification, assessment and prevention of risks, the Group relies on internal expertise and on independent experts recommended by the local authorities.

If the site is situated 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 rehabilitating deforested areas and by the sorting and controlled destruction of waste.

In Gabon, 10 full-time employees of the subsidiary are assigned to environmental issues. In Colombia, in 2012, on the various COR-15, Muisca and Sabanero permits/blocks, Maurel & Prom's Colombian subsidiary estimates that 200 people were assigned at a total cost of US$6.4 million.

(D) Amount of provisions and guarantees for environmental risks

As at 31 December 2012, provisions and guarantees for environmental risks across the Group were nil. However, the Group had constituted a provision for abandoning and restoring sites. As at 31 December 2012, this amounted to €10.36 million.

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 aimed at limiting 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.

In Colombia, the Group assesses atmospheric emission levels in relation to the applicable standards. Fixed and mobile emission sources are measured by monitoring the various stages of construction and drilling. Maurel & Prom Colombia measures particulate matter (PM10), suspended particulate matter (SPM), nitrous oxide (NOx), sulphur oxide (SOx), volatile organic compounds (VOC), carbon monoxide (CO) and methane hydrocarbons. Based on the results obtained, vehicle and equipment maintenance and standardisation work is carried out.

Samples have been taken in compliance with applicable regulations, and are not continuous. Therefore, the subsidiary does not have total atmospheric emission figures for fiscal year 2012.

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 2012, on the Omoueyi permit, a tanker truck accident caused the spillage of 5 cubic metres of diesel.

This was the only accidental hydrocarbon spill exceeding one barrel into the natural environment in 2012.

(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 enclosed equipment such as electricity generators.

In Colombia, noise levels are compared against the regulatory maximum standards for the zone concerned. The Colombian subsidiary complies with these standards in all operational zones and when the noise registered approaches the maximum level permitted, sound baffles are installed.

The subsidiary has also altered tanker-truck operating times to limit traffic noise.

In Gabon, noise pollution is not deemed to be significant outside the sites.

	2012
Number of hydrocarbon spills reaching the environment (→1 barrel)	*1*
Total volume of hydrocarbons spills reaching the environment, in cubic metres	*5*

In addition, it should be noted that the Group's facilities in Tanzania, situated 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. Wastewater is treated and then sprinkled on roads to combat dust or is returned to the soil by spraying.

In Gabon, the majority of the underground freshwater extracted for sanitation purposes was then reinjected or treated and released into the natural environment. Industrial process water is not subject to any specific authorisations, and the volume extracted is not metered.

In Tanzania, freshwater consumption is limited to bottled drinking water (camp water is desalinated). Water for industrial use, for drilling, is extracted from wells close to the facilities and is not specially metered. It is used in a closed water circuit to limit the volumes extracted.

(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 presented 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 on the rigs, fuel (kerosene, diesel, petrol) for transportation, and a marginal amount of electricity.

To improve the energy efficiency of the Gabonese activities, 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 consumption reduction reasons.

The Group's estimated energy consumption to operate fixed sources within the Gabonese scope in 2012 was 17,529 tep.

(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 the 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. 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). The footprint of the Colombian subsidiary's activities covers 70 hectares out of a total permit limit of more than 145,000 hectares.

4.2.4 Climate change

(A) Greenhouse gas (GHG) emissions

In oil exploration and production activities, greenhouse gas emissions are mainly caused by natural gas flaring, venting and any possible leaks.

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 have been put in place for reinjecting gas and infrastructures for processing gas, using the gas internally at the facility, selling the hydrocarbons extracted 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 Colombia, the heavy oil extracted does not contain any associated gas. Lastly, 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 needs to be flared, relatively speaking. Moreover, the Group does not practice "venting".

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, planes and potential fugitive leaks).

In Gabon, on the scope existing in 2012, the volume of gas flared was 25.5 MNm3. GHG emissions were an estimated 17,447 tCO2e/M barrels corresponding to emissions from fixed sources within the subsidiary's scope.

In line with the Gabonese national policy to reduce greenhouse gas emissions and the associated gas flaring, the Group has decided to install compressors in Gabon to recover the associated gas and use it to supply heating plants used to heat exported oil. This gas would be a substitute for the natural gas currently bought from third parties. This project is included in the 2012 budget. The objective is for it to be operational in 2014.

(B) Adapting to the consequences of climate change

There is great uncertainly over a large number of specific climate change impacts. In this context, for the oil and gas industry, adapting to climate change means, on the one hand, improving the robustness and flexibility of infrastructures, and on the other hand, increasing the "adaptation capacity" of the sector, of the host countries and of 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 participates in workshops relating to 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 the permits, the potential impact of activities 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 Noumbi 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.

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 participates in regional development. In terms of sustainable development, the Group is committed, on the one hand contractually, alongside national governments, to local development programmes, and on the other hand 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 activities

(A) Regional, economic and social impact of maurel & prom on employment and regional development

Firstly, impact studies have concluded that Maurel & Prom's activities have a positive impact on local development.

The Group takes a proactive approach to local employment. Between 2010 and 2012, it created 1,179 temporary and 96 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 within the Group at subsidiary level and adapted to the countries in which they operate. In Colombia, Peru, Gabon and Tanzania, employees form 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 quadripartite commission that consists of the Directorate-General for Hydrocarbons, the Company, the local administrative authority and community representatives. In practice, the fund identified programmes at local level, ensures their implementation and monitors them.

The projects identified by the quadripartite commission in 2012 and continued in 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, rehabilitation of a road, strengthening of infrastructures); (iii) micro-development projects; and (iv) agriculture.

In addition to its contractual obligations, Maurel & Prom Gabon provides aid and assistance to populations, non-governmental organisations, administrations and local communities. In 2012, Maurel & Prom Gabon dedicated US$266,000 to this voluntary aid.

In Colombia, its support for local community development initiatives mainly related to (i) education (teacher training), (ii) culture, (iii) healthcare, (iv) infrastructure and (v) habitat and biodiversity. In 2012, Maurel & Prom Colombia dedicated around US$3,569,000 to this local community development aid.

In Peru, Maurel & Prom Peru's social investment mainly related to (i) the setting up of a permanent structure to manage relations with the local community of Santa Maria de Nieva; (ii) the construction of infrastructures (pumped water system powered by solar panels in the community of Alto Kashap), education and support for various local actions; (iii) compensation for the use of community land; (iv) generation of production capacities (installation of two cocoa plantations, poultry farming); and (v) civic action. In 2012, Maurel & Prom Peru dedicated over US$1 million to this local community development aid.

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.

4.3.2 Relations between persons or organisations with an interest in Maurel & Prom's activities, notably occupational insertion associations, teaching establishments, environmental protection associations, consumer groups and local residents' associations

(A) Conditions for dialogue with these persons or organisations

Maurel & Prom 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 activities.

In order to develop focuses for sustainable development in the Lacs-du-Sud Canton in Moyen-Ogooué province where the Group's Gabonese subsidiary operates, Maurel & Prom Gabon approached researchers at Cenarest in Gabon (the national centre for scientific and technical research). This work led to the creation of the Lacs-du-Sud Canton Strategy for Sustainable Development, which aims to involve local populations in planning and development projects in the canton.

(B) Partnership or sponsorship actions

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 (CBG) and the National Parks Agency (ANPN). The Group's Gabonese subsidiary sits on national park local management advisory committees. These committees are consultation bodies intended to promote dialogue between villages, civil society, non-governmental organisations, the private sector and the administrative authorities. In the Congo, in accordance with an agreement signed in 2007 with the Warden of the Conkouati-Ndouli National Park, Maurel & Prom helps finance the eco-guards tasked with park surveillance.

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, close to the Group's registered office. 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, to the extent that the supplier is able to control them.

(B) Importance of subcontracting and of taking social and environmental responsibility into consideration in relations with suppliers and subcontractors

As part of its operations, the Group regularly calls for technical assistance in its exploration and production activities, civil engineering works, and also 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 will adopt an HSE management procedure and a global subcontractor selection procedure that will apply 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 (in excess of UD$750,000 for Gabon), which is launched after companies are shortlisted. The bids are opened in the presence of the supervisory authority.

The Group is committed to the fight against corruption, participating in Extractive Industry Transparency Initiative investigations (in Gabon, Tanzania, Colombia and the Congo).

(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. Non-adherence 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.

4.4 Report of the independent body on the verification of CSR data

Opinion on social, environmental and societal data

Maurel & Prom Group, year ended 31 December 2012

Report of the third-party auditors on social, environmental and societal data

Following the request made to us, and pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code and the Decree of 24 April 2012, we conducted a review in order to certify the presence of all required social, environmental and societal data (the "Data") and to issue an opinion on the fairness of the data selected by the Maurel & Prom Group and presented in its 2012 Annual Report.

This Data was prepared under the responsibility of Mr Alain Torre – General Secretary of the Maurel & Prom Group – in accordance with the procedures of the Maurel & Prom Group.

Based on our work, we have formed the following opinion in respect of this Data. The conclusions below relate only to the information required by the Decree of 24 April 2012 (Chapter 4: Corporate Social Responsibility) and not to the 2012 Annual Report as a whole.

Nature and scope of work

Socotec completed its work specifically by undertaking:

- a strategic analysis with the objective of understanding the activities and structure of the Maurel & Prom Group (including an analysis of the 2011 and 2012 Annual Reports);
- a risk assessment to establish an audit plan specific to the activities undertaken and the Data reported;
- the implementation of the audit plan;
- the drafting of a preliminary opinion subject to the approval of the client;
- the drafting of a final opinion (declaration of presence and opinion on the Data).

Based on a documentary audit (20 March-19 April 2013) and an on-site audit (9-10 April 2013) involving interviews with several members of the management at the Maurel & Prom head office and with the managers of subsidiaries in Gabon and Tanzania and the Deputy Director of the subsidiary in Colombia, our work consisted of performing the audit work outlined below.

We implemented the following procedures to obtain assurance that the selected Data does not contain any material misstatement:

- we assessed the Maurel & Prom Group's procedures in terms of their relevance, reliability, understandable nature and completeness (use of a questionnaire sent to subsidiaries, additional requests made to the CSR Steering Committee and consolidation tools);

- at the Maurel & Prom Group, we conducted interviews with the persons responsible for environmental and social reporting and with subsidiary directors to check compliance with internal procedures. At this level we conducted an analytical review and, via the use of surveys, verified the calculations and associated consolidation of the Data;
- concerning the sites and entities selected, we verified the understanding and proper application of procedures in detail (questionnaire responses), and conducted in-depth tests based on surveys, consisting of checking the calculations made and reconciling the Data with the supporting evidence in terms of quantitative information; and
- we conducted interviews and reviewed the documents cited in the declared items in order to assess the fairness of the qualitative information.

Our work covered at least 70% of the consolidated workforce of the Maurel & Prom Group for social indicators (France and Gabon), and 96% of production (as regards Gabon, based on sales excluding oil hedges) for environmental and societal indicators. A large number of items relating to the sites in Colombia and Tanzania were also examined, covering, along with Gabon, the entire production of the Maurel & Prom Group in 2012.

Being a first audit, there was no comparison with previous years.

We believe that our audit of the identified Data provides a reasonable basis for the conclusion and comments expressed hereafter.

Conclusion

Declaration of presence

We confirm the presence in the Maurel & Prom 2012 Annual Report of all the information set out in the Decree of 24 April 2012 (extensive list of listed companies), except:

- information on measures taken in favour of the health and safety of consumers, 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 the Data

Based on our work, we did not identify any material misstatements that could call into question:

- the development and consolidation of the Data drawn up in accordance with the procedures of the Maurel & Prom Group and the information gathered; and
- the fairness of the Data reported.

Without calling into question the above conclusion, we draw your attention to the following point(s):

- data regarding energy consumption and greenhouse gas emissions does not cover the Maurel & Prom Group in its entirety: in 2012, the Gabonese subsidiary was taken into account in terms of sources of combustion and processes, while the other subsidiaries, along with energy consumption and greenhouse gas emissions from mobile sources, were not taken into account; and
- data regarding the severity of workplace accidents does not cover the Maurel & Prom Group in its entirety. In 2012, Gabon was the only subsidiary taken into account.

For SOCOTEC, 22 April 2013

The Auditors

Patrick Armando and Jean-Michel Prioleau

5

5 MAUREL & PROM AND ITS SHAREHOLDERS

5.1 Current shareholding structure

5.1.1 Composition

As at 31 March 2013, the Company's share capital and voting rights is distributed as follows:

31/03/2013	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights	% of theoretical voting rights
				s/127,589,072	s/133,350,628
Institutional shareholders	59,530,330	48.99%	59,530,330	46.65%	44.64%
*Pacifico S.A.**	*10,644,326*	*8.76%*	*10,644,326*	*8.34%*	*7.98%*
Macif	*8,324,204*	*6.85%*	*8,324,204*	*6.52%*	*6.24%*
Other	*40,561,800*	*33.38%*	*40,561,800*	*31.79%*	*30.42%*
Registered shareholders	20,213,568	16.63%	31,585,752	24.76%	23.69%
*o/w Pacifico S.A.**	*18,105,290*	*14.90%*	*27,355,290*	*21.44%*	*20.51%*
Maurel & Prom (treasury shares)	5,761,556	4.74%	-	-	(4.32%)
Employees	1,192,908	0.98%	1,647,511	1.29%	1.23%
Public	34,825,479	28.66%	34,825,479	27.30%	26.12%
TOTAL	121,523,841	100.00%	127,589,072	100.00%	100.00%

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares (non-voting shares).
** At 31 March 2013, Pacifico S.A. held a total of 28,749,616 shares, representing 23.66% of the share capital and 29.78% of exercisable voting rights (and 28.49% of theoretical voting rights).*

The composition of the Company's share capital at the close of fiscal years 2010, 2011 and 2012 is shown in the following tables.

At 31 December 2012, the share capital and voting rights were distributed as follows:

31/12/2012	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights	% of theoretical voting rights
				s/126,086,070	s/132,040,291
Institutional shareholders	**60,533,530**	**49.82%**	**60,533,530**	**48.01%**	**45.84%**
*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%*
• Registered shareholders	**20,280,024**	**16.69%**	**30,352,778**	**24.07%**	**22.99%**
*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%**	**-**	**-**	**(4.51)%**
Employees	**982,559**	**0.81%**	**1,437,662**	**1.14%**	**1.09%**
Public	**33,762,100**	**27.78%**	**33,762,100**	**26.78%**	**25.57%**
TOTAL	**121 512 434**	**100 %**	**126 086 070**	**100 %**	**100 %**

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares (non-voting shares).

** 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 exercisable voting rights (and 28.78% of theoretical voting rights).*

*** This figure corresponds to the number of treasury shares held by the Company at 31 December 2012, as shown on the management statement as at that date not taking into account the final allocation on 20 December 2012 of 237,976 treasury shares to employee beneficiaries of the bonus share plan of 20 December 2010; these shares should theoretically be deducted from the figure on the management statement.*

At 31 December 2011, the share capital and voting rights were distributed as follows:

31/12/2011	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights	% of theoretical voting rights
					s/131,862,733
Institutional shareholders	60,521,530	49.81%	60,521,530	48.13%	45.90%
*Pacifico S.A.**	*10,644,326*	*8.76%*	*10,644,326*	*8.47%*	*8.08%*
Macif	*8,324,204*	*6.85%*	*8,324,204*	*6.62%*	*6.31%*
Other	*41,553,000*	*34.20%*	*41,553,000*	*33.04%*	*31.51%*
Registered shareholders	20,120,285	16.56%	30,126,018	23.96%	22.85%
*o/w Pacifico S.A.**	*18,105,290*	*14.90%*	*27,355,290*	*15.72%*	*21.75%*
Maurel & Prom (treasury shares)	6,119,440	5.04%	-	-	(4.64)%
Employees	936,020	0.77%	1,299,486	1.03%	0.98%
Public	33,796,259	27.82%	33,796,259	26.88%	25.63%
TOTAL	121,493,534	100%	125,743,293	100%	100%

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares (non-voting shares).

** At 31 December 2011, Pacifico S.A. held a total of 28,749,616 shares, representing 23.66% of the share capital and 24.19% of exercisable voting rights (and 29.83% of theoretical voting rights).*

At 31 December 2010, the share capital and voting rights were distributed as follows:

31/12/2010	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights	% of theoretical voting rights
Institutional shareholders	**53,923,630**	**44.46%**	**53,923,630**	**46.57%**	**41.78%**
*Pacifico S.A.**	*10,644,326*	*8.78%*	*10,644,326*	*9.19%*	*8.25%*
Macif	*8,324,204*	*6.86%*	*8,324,204*	*7.19%*	*6.45%*
Other	*34,955,100*	*28.82%*	*34,955,100*	*30.19%*	*27.09%*
Registered shareholders	**20,128,966**	**16.59%**	**20,638,616**	**17.83%**	**21.34%**
*o/w Pacifico S.A.**	*18,105,290*	*14.93%*	*18,205,290*	*15.72%*	*19.45%*
Maurel & Prom (treasury shares)	**6,363,052**	**5.25%**	**-**	**-**	**(4.93%)**
Employees	**928,981**	**0.76%**	**1,271,347**	**1.10%**	**0.99%**
Public	**39,952,270**	**32.94%**	**39,952,270**	**34.50%**	**30.96%**
TOTAL	**121,296,899**	**100%**	**115,785,863**	**100%**	**100%**

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares (non-voting shares).

** At 31 December 2010, Pacifico S.A. held a total of 28,749,616 shares, representing 23.71% of the share capital and 24.91% of exercisable voting rights (and 27.70% of theoretical voting rights).*

5.1.2 Shareholders with more than 5% of capital

On the date of this Annual Report and to the best of the Company's knowledge, only Macif and Pacifico S.A. each hold, directly or indirectly, more than 5% of the share capital and/or voting rights of the Company.

Pacifico S.A. is a company of which 99% of the capital and voting rights are controlled by Mr Jean-François Hénin, Chairman and Chief Executive Officer of Maurel & Prom, and his family (Mr Hénin personally owning approximately 10% of the capital and voting rights of Pacifico S.A.).

The percentage of shares held by the Company fluctuates depending on the share repurchase plan and changes in the liquidity contract (described in paragraph 6.2.2 of this Annual Report). On 31 January 2012, after maintaining the treasury shares holding threshold for several months, the Company dropped below the 5% threshold to 4.91% of total share capital. On 31 December 2012 it was 4.90%.

5.1.3 Voting rights of the main shareholders exceeding their share of capital

In accordance with Article 11, paragraph 7 of the 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 General Shareholders' Meeting of 29 June 2011 approved the payment of a dividend of €0.25 per share for the year ended 31 December 2010. The dividend was paid out on 5 July 2011 in the total amount of €28,772,332.

The Combined General Shareholders' Meeting of 14 June 2012 approved the payment of a dividend of €0.40 per share for the year ended 31 December 2011. The dividend was paid out on 26 June 2012 in the total amount of €46,205,552.

The Group's Board of Directors will propose a dividend of €0.40 per share at the General Shareholders' Meeting of 13 June 2013.

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

To the best of the Company's knowledge, no shareholder, acting alone or in concert, controls the Company, as defined by Article L. 233-3 of the French Commercial Code.

5.3.2 Agreements known to the issuer, the implementation of which could result in a change in control

To the best of 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.

6 CORPORATE INFORMATION

6.1 Information about the Company

Corporate name: "Etablissements Maurel & Prom".

The Company's NAF code (French business code, formerly "APE" 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 Societes 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, until 1 November 2018, unless dissolved early or extended.

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 transformed 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.

Registered office: at its meeting on 27 March 2013, the Company's Board of Directors decided to transfer, with immediate effect, the registered office from 12, rue Volney (Paris 2nd arr.), to 51, rue d'Anjou, in Paris' 8th arrondissement.

The General Shareholders' Meeting of 13 June 2013 will be asked to ratify this decision to transfer the registered office.

6.2 Share capital

6.2.1 Share capital and authorisations to increase capital

6.2.1.1 Subscribed capital

At 1 January 2012, Maurel & Prom's share capital was ninety-three million five hundred and fifty thousand and twenty-one euros and eighteen euro cents (€93,550,021.18), divided into one hundred and twenty-one million four hundred and ninety-three thousand and five hundred and thirty-four (121,493,534) fully paid-up shares with a nominal value of seventy-seven euro cents (€0.77) each.

At 31 December 2012, Maurel & Prom's share capital was ninety-three million five hundred and sixty-four thousand and seventy-four euros and eighteen euro cents (€93,564,574.18), divided into one hundred and twenty-one million five hundred and twelve thousand and four hundred and thirty-four (121,512,434) fully paid-up shares with a nominal value of seventy-seven euro cents (€0.77) each.

A capital increase was formally arranged by the Chairman and CEO on 10 January 2013 to take account of the shares issued upon the exercise of the share subscription warrants in the second half of 2012. The Company's share capital was accordingly increased to ninety-three million, five hundred and sixty-eight thousand, two hundred and six euros, and twenty-seven euro cents (€93,568,206.27).

A second capital increase was formally arranged by the Chairman and CEO on 15 April 2013 to take account of the shares issued upon the exercise of the share subscription warrants in the first quarter of 2013. The Company's share capital was accordingly increased to €93,573,357.57.

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.

6.2.1.2 Authorised 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 were as follows:

Resolution No.	Type of delegation or authorisation	Ceiling (€)	Duration of authorisation from 14/06/2012
Ten	*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 shareholders' preferential subscription rights maintained[1]*	*Total nominal value of capital increases: €50 million applied against a total limit for capital increases of €50 million* *Maximum nominal amount of debt security issues: €1 billion applied against a total limit for debt security issues of €1 billion*	*26 months, until 14 August 2014*
Eleven	*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 as part of a public offering[1]*	*Total nominal value of capital increases: €25 million[2]* *Total nominal value of any debt securities that may be issued: €450 million[3]*	*26 months, until 14 August 2014*
Twelve	*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. 4211-2 section II of the French Monetary and Financial Code.[1]*	*Total nominal value of capital increases: €25 million.[2]* *Total nominal value of any debt securities that may be issued: €450 million.[3]* *Limit: 20% per year of the Company's share capital as calculated as at the date of the Board of Directors' deci sion to use the delegation.*	*26 months, until 14 August 2014*

Resolution No.	Type of delegation or authorisation	Ceiling (€)	Duration of authorisation from 14/06/2012
Thirteen	*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.[1]*	*Total nominal value of capital increases: 10% of the Company's share capital (existing at the date of decision of the Board of Directors) per 12-month period.[2, 3]*	*26 months, until 14 August 2014*
Fourteen	*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.[1]*	*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.[2, 3]* *This applies to each issue pursuant to Resolutions 10, 11, 12, and 13 adopted by the General Shareholders' Meeting of 14 June 2012.* *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*	*26 months, until 14 August 2014*
Fifteen	*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.[1]*	*Total nominal value of capital increases: €25 million.[2]* *Total nominal value of any debt securities that may be issued: €450 million.[3]*	*26 months, until 14 August 2014*

Resolution No.	Type of delegation or authorisation	Ceiling (€)	Duration of authorisation from 14/06/2012
Sixteen	*Authorisation to 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.*[1]	*Maximum nominal value of capital increases: 10% of the Company's share capital (as at the date of the Board of Directors' decision).*[2] *Total nominal value of any debt securities that may be issued: €450 million.*[3]	*26 months, until 14 August 2014*
Seventeen	*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.*	*Maximum nominal value equal to the total sums that may be incorporated into the capital pursuant to the regulations in force.*	*26 months, until 14 August 2014*
Eighteen	*Delegation to the Board of Directors for the purpose of issuing transferable securities that confer the right to allocate debt securities.*	*Maximum nominal value: €300 million.*	*26 months, until 14 August 2014*
Nineteen	*Authorisation to the Board of Directors to freely allocate Company shares to employees and/or corporate officers of the Company and its subsidiaries.*	*The total number of shares allocated free of charge may not represent more than 1% of the Company's share capital (as at the date of the Board of Directors' decision to allocate them).*	*26 months, until 14 August 2014*
Twenty	*Delegation of authority to the Board of Directors to execute capital increases reserved for employees who are members of the company savings plan.*	*Maximum nominal value of capital increases: €1 million.*	*26 months, until 14 August 2014*

(1) Applied to the €50 million total ceiling on capital increases and the €1 billion total ceiling on debt securities.

(2) €25 million ceiling on the nominal value of capital increases applicable to all resolutions referenced in this footnote.

(3) €450 million ceiling on the nominal value of debt securities applicable to all resolutions referenced in this footnote.

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 14 June 2012

The authorisation given to the Board of Directors by the General Shareholders' Meeting of 29 June 2011 to repurchase treasury shares (Resolution Ten) was renewed by the General Shareholders' Meeting of 14 June 2012 by adopting Resolution Nine.

The share repurchase plan adopted on 14 June 2012, detailed in paragraph 6.2.2.2 below, 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 the date of 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 €218,688,360 (calculated on the basis of the share capital at 31 December 2011);
- the authorisation is given for a period of 18 months, beginning on 14 June 2012 and expiring on 13 December 2013.

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 approved by the General Shareholders' Meeting of 14 June 2012 through the adoption of Resolution Nine, which reads:

"The General Shareholders' Meeting, acting with the quorum and majority required for Ordinary General Shareholders' Meetings, having considered 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 AMF General Regulations as well as all other laws and regulations that may apply, to purchase or arrange for the purchase of shares of the Company, up to a maximum of the number of shares representing 10% of the share capital as it exists on the date of this General Shareholders' Meeting (provided that when the shares are redeemed to maintain liquidity in the market as part of the liquidity contract under the conditions mentioned below, the number of shares taken into account in the calculation of this 10% limit equals the number of shares purchased, less the number of shares resold 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 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 programme is €218,688,360;*

- the purchases made by the Company under this authorisation may under no circumstances cause the Company to directly or indirectly hold, 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, multinational trading platforms or over-the-counter 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 concerned and subject to the time periods estimated by the Board of Directors.

2°) decides that 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 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;
- 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;
- 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 the Resolution Twenty-One 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 inform its shareholders through a statement.

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 Ten of the Combined Ordinary and Extraordinary General Shareholders' Meeting of 29 June 2011 and is valid for a period of 18 months from the date of this General Shareholders' Meeting."

In addition, the General Shareholders' Meeting of 14 June 2012, in Resolution Twenty-One, authorised the Board of Directors to reduce the Company's share capital by cancelling shares, up to the limit of 10% of the Company's share capital, by 24-month periods. Resolution Twenty-One reads:

"The General Shareholders' Meeting, acting with the quorum and majority required for Extraordinary General Shareholders' Meetings, after having considered the report of the Board of Directors and the special report of the Statutory Auditors, and acting in accordance with the legislative and regulatory provisions in force and specifically those of Article L. 225-209 of the French Commercial Code,

1°) *delegates to the Board of Directors all authority to cancel, on one or more occasions, within the limit of 10% of the Company's share capital, by 24-month periods, all or some of the shares of the Company acquired as part of the share repurchase plan authorised by Resolution Nine submitted to this meeting, or share repurchase plans authorised prior to or after the date of this meeting;*

2°) *decides to allocate any positive difference between the purchase price and nominal value of the shares to the "Issue premiums" item in the financial statements or to any other available reserves item, including the legal reserve, within the limit of 10% of the capital reduction made; and*

3°) *delegates to the Board of Directors all authority, with the option to delegate under the conditions set out in the legislative and regulatory provisions, to reduce the capital resulting from the cancellation of shares and the aforementioned allocation, as well as to consequently amend Article 6 of the Articles of Association.*

This authorisation terminates with immediate effect and replaces the authorisation granted by Resolution Twenty-Two of the Combined Ordinary and Extraordinary General Shareholders' Meeting of 29 June 2011 and is valid for a period of 18 months from the date of this General Shareholders' Meeting."

Number of securities and proportion of capital that the issuer directly or indirectly holds

At 31 December 2012, the Company held 5,954,221 of its own shares, or 4.90% of the share capital. This figure corresponds to the number of treasury shares held by the Company at 31 December 2012, as shown on the management statement as at that date not taking into account the final allocation on 20 December 2012 of 237,976 treasury shares to employee beneficiaries of the bonus share plan of 20 December 2010; these shares should theoretically be deducted from the figure on the management statement.

Breakdown of securities held by the company by objective

At the end of fiscal year 2012, these 5,954,221 shares held by the Company were distributed as follows:

- 31,217 shares or 0.52% of treasury shares (representing 0.03% of the share capital) were held under a liquidity contract;
- 5,923,004 shares or 99.48% of treasury shares (representing 4.87% of the share capital) were held as part of the Company's share retention objective with a view to using them subsequently in payment or exchange as part of potential external growth operations. Of these shares, 250,000 or 4.22% of treasury shares (representing 0.21% of the share capital) are allocated for cancellation.

During fiscal year 2012, 237,976 shares were cancelled as part of plans for the allocation of bonus shares to Company employees.

Objectives of the new repurchase plan submitted to the general shareholders' meeting of 13 june 2013

- to honour obligations under stock 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 for employees under 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 stock option plan or bonus share allocation for employees and corporate officers or for a subset 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 French Financial Markets Authority;
- to hold shares for subsequent use as exchange or payment in a possible external growth operation; and
- to reduce the Company's capital.

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. 6,075,857 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 13 June 2013. 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, including on the market or over-the-counter operations, and by the purchase or sale of blocks included, 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 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, including during any public offering, subject to the laws and regulations governing such operations.

Duration of the repurchase plan

The duration of this share repurchase plan is 18 months from the General Shareholders' Meeting of 13 June 2013, i.e. until 12 December 2014 (inclusive).

Report on preceding plans

During the past year, the Company made use of its share repurchase plan (share repurchase agreement and liquidity contract):

Situation as at 31/12/2012

Percentage of capital held as treasury shares	*4.90%*
Number of shares cancelled in the past 24 months (434,011)	*0.36%*
Number of shares held in portfolio	*5,954,221 (*)*
Carrying value of the portfolio in €	*€76,050,257*
Market value of the portfolio in €	*€74,347,975.94*
(Based on the average share price in December 2012 of: €12.4866)	*-*

** This figure corresponds to the number of treasury shares held by the Company at 31 December 2012, as shown on the management statement as at that date not taking into account the final allocation on 20 December 2012 of 237,976 treasury shares to employee beneficiaries of the bonus share plan of 20 December 2010; these shares should theoretically be deducted from the figure on the management statement.*

From 1 January to 31 December 2012, the repurchased shares were subject to the following movements:

- 237,976 shares (of the 434,011 cancelled during the previous 24 months) cancelled;
- 2,854 shares issued as part of the conversion of 2,340 OCEANE 2014 bonds;
- 1,547 shares issued as part of the conversion of 1,300 OCEANE 2015 bonds.

The execution report of the preceding plans undertaken between 1 January and 31 December 2012 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	*2,200,754*	*2,215,211*	-	-		-	-	
Average maximum term	-	-	-	-		-	-	
Average transaction price	*12.1663*	*11.4977*	-	-		-	-	
Average strike price	-	-	-	-		-	-	
AMOUNTS	26,775,131	25,469,756	-	-		-	-	

* *Total gross flows include cash purchases and sales as well as exercised or expired options and futures.*

At the Combined General Shareholders' Meeting of the Company on 13 June 2013, shareholders will be asked to renew the authorisation to allow the Board of Directors to purchase, hold or transfer Company shares.

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 total 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).

Between their issue date and 31 December 2009, 1,266 OCEANE 2014 bonds were converted into 1,266 existing treasury shares, based on a conversion ratio of one share per bond.

During 2010, 265 OCEANE 2014 bonds were converted into 270 existing treasury shares, based on a conversion ratio of 1.02 shares per bond.

During 2011, 9,383 OCEANE 2014 bonds were converted into 9,571 existing treasury shares, based on a conversion ratio of 1.02 shares per bond.

In January 2012, a request to convert 2,340 bonds was made to the Company to obtain 2,854 shares, the conversion ratio being 1.22 shares per bond. No other conversion took place during the fiscal year.

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, 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 2010, there have been no conversions of OCEANE 2015 bonds. At 30 November 2011, 100,000 OCEANE 2015 bonds were converted into 100,000 existing treasury shares, based on a conversion ratio of one share per bond.

In April and July 2012, a total of 1,300 OCEANE bonds were converted into 1,547 existing treasury shares, based on a conversion ratio of 1.19 shares per bond. No other conversion took place during the fiscal year.

Share subscription warrants

By a decision of the Board of Directors dated 7 April 2010, the Company proceeded with the free 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 are exercised, the Company would bolster its equity up to a maximum amount of €172,178,223.40.

At 31 December 2010, 527,300 share subscription warrants had been exercised, resulting in the creation of 52,730 new shares. Between 1 January and 31 December 2011, 1,887,830 share subscription warrants were exercised and 188,783 new shares were created.

During the course of fiscal year 2012, 196,150 share subscription warrants were exercised, resulting in the creation of 23,617 new shares, taking adjustments into account and the allocation ratio of 1.19 shares for 10 share subscription warrants. The capital increase resulting from the exercising of 39,690 share subscription warrants was only recorded for legal and accounting purposes on 10 January 2013 (see paragraph 6.2.1.1 of the Annual Report).

At 1 January 2013, there were 112,720,781 share subscription warrants still to be exercised.

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 conversion ratios (for OCEANE bonds) and allocation ratios (for share subscription warrants) are as follows:

OCEANE 2014 bonds

- 1.22 shares for 1 OCEANE 2014 bond

OCEANE 2015 bonds

- 1.19 shares for 1 OCEANE 2015 bond

Share subscription warrants

- 1.19 shares for 10 share subscription warrants

6.2.4 Share capital history

The table below shows the change in the share capital of Maurel & Prom during fiscal year 2010.

Transaction date		Change in capital: Total share capital	Change in capital: Number of shares	Total share capital after transaction	Total number of shares outstanding
25/04/10	Capital increase	€35,035	45,500	€93,399,283.67	121,297,771
25/04/10	Cancellation of treasury shares	(€35,035)	(45,500)	€93,364,248.67	121,252,271
27/08/10	Capital increase on exercise of share subscription warrants	€34,363.56	44,628	€93,398,612.23	121,296,899
15/10/10	Capital increase	€71,792.49	93,237	€93,470,404.72	121,390,136
15/10/10	Cancellation of treasury shares	(€71,792.49)	(93,237)	€93,398,612.23	121,296,899
16/12/10	Capital increase	€79,914.45	103,785	€93,478,526.68	121,400,684
16/12/10	Cancellation of treasury shares	(€79,914.45)	(103,785)	€93,398,612.23	121,296,899

The table below shows the change in the share capital of Maurel & Prom during fiscal year 2011.

Transaction date		Change in capital		Total share capital after transaction	Total number of shares outstanding
		Total share capital	Number of shares		
04/01/11	*Capital increase on exercise of share subscription warrants*	*€6,238.54*	*8,102*	*€93,404,850.77*	*121,305,001*
25/05/11	*Capital increase on exercise of share subscription warrants*	*€21,100.31*	*27,403*	*€93,425,951.08*	*121,332,404*
19/06/11	*Capital increase (bonus share allocation plan)*	*€39,270.00*	*51,000*	*€93,465,221.08*	*121,383,404*
19/06/11	*Cancellation of treasury shares*	*(€39,270.00)*	*(51,000)*	*€93,425,951.08*	*121,332,404*
28/06/11	*Capital increase on exercise of share subscription warrants*	*€32,269.16*	*41,908*	*€93,458,220.24*	*121,374,312*
04/10/11	*Capital increase on exercise of share subscription warrants*	*€18,033.40*	*23,420*	*€93,476,253.64*	*121,397,732*
14/12/11	*Capital increase on exercise of share subscription warrants*	*€73,767.54*	*95,802*	*€93,550,021.18*	*121,493,534*
15/12/11	*Capital increase (bonus share allocation plan)*	*€111,676.95*	*145,035*	*€93,661,698.13*	*121,638,569*
15/12/11	*Cancellation of treasury shares*	*(€111,676.95)*	*(145,035)*	*€93,550,021.18*	*121,493,534*

The table below shows the change in the share capital of Maurel & Prom during fiscal year 2012.

Transaction date		Change in capital		Total share capital after transaction	Total number of shares outstanding
		Total share capital	Number of shares		
31/05/12	*Capital increase on exercise of share subscription warrants*	*€14,553*	*18,900*	*€93,564,574.18*	*121,512,434*
20/12/12	*Capital increase (bonus share allocation plan*	*€183,241.52*	*237,976*	*€93,747,815.70*	*121,750,410*
20/12/12	*Cancellation of treasury shares*	*€(183,241.52)*	*(237,976)*	*€93,564,574.18*	*121,512,434*

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 2013 (OCEANE 2014 bonds, OCEANE 2015 bonds, share subscription warrants) or the allocation of bonus shares:

Capital at 01/01/2013	*€93,564,574.18*	*121,512,434*	-

	Allocation date	Vesting date	Number of potential shares	Potential dilution
Bonus shares	*01/06/2011*	*01/06/2013*	*25,000*	*0.021%*
Bonus shares	*20/07/2011*	*20/07/2013*	*35,000*	*0.029%*
Bonus shares	*19/12/2011*	*19/12/2013*	*90,238*	*0.074%*
Bonus shares	*21/12/2012*	*21/12/2014*	*72,451*	*0.059%*
TOTAL BONUS SHARES	-	-	222,689	0.183%

	Allocation date	Conversion expiration	Number of potential shares	Potential dilution
Share subscription warrants *Balance at 01/01/2013: 112,720,781*	*19/05/2010*	*30/06/2014*	*13,413,773*	*11.039%*
TOTAL SHARE SUBSCRIPTION WARRANTS	-	-	13,413,773	11.039%

	Issue date	Conversion expiration	Number of potential shares	Potential dilution
OCEANE 2014 bonds Balance at 01/01/2013: 19,061,265	*07/07/2009*	*31/07/2014*	*23,254,743*	*19.138%*
OCEANE 2015 bonds Balance at 01/01/2013: 5,410,512	*08/07/2010*	*31/07/2015*	*6,438,509*	*5.298%*
TOTAL OCEANE	-	-	29,693,252	24.436%

SHARE SUBSCRIPTION WARRANTS + OCEANE			43,107,025	35.475%
Total including bonus shares (note that bonus shares will have no dilutive impact because the same number of treasury shares will be cancelled as the number of shares issued and bonus shares granted).			*43,107,025* *+ 222,689* *43,329,714*	*35.658%*

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;
- 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

The Company's Articles of Association were amended during the General Shareholders' Meeting of 29 June 2011 to take into account the changes pursuant to the Decree of 23 June 2010 and Order No 2010-1511 of 9 December 2010.

They were further amended to permit the distribution of MP Nigeria shares to the Company's shareholders.

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;
- 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 29 March 2012, 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 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.

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 owns or represents, without any limitations other than those arising from statutory provisions.

Each share entitles the holder to one vote. Pursuant to Article 11.7 of the Company Bylaws, 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.

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 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 OCEANE 2014 and OCEANE 2015 bonds, described in paragraph 1.4.1 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 RBL described in paragraph 1.4.1 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 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 in 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 in 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 directly or indirectly hold 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 shall be penalised, with respect to the shares exceeding the percentage that should have been declared, by the withdrawal of the right to vote at any General Shareholders' Meeting that may be held until the end of a two-year period following 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.

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.

7

7 OTHER INFORMATION ABOUT THE GROUP

7.1 Transactions with related parties

In addition to its traditional holding business, through technical and general assistance contracts, cash centralisation and current account advances, Maurel & Prom has not rendered any specific services to its subsidiaries either during 2012 or during the two previous fiscal years, except for providing employees to its subsidiaries (M&P Congo S.A. in the Congo, Maurel & Prom Colombia BV in Colombia and Venezuela, Maurel & Prom Gabon in Gabon). This provision was re-invoiced at cost plus a margin.

The special report of the statutory auditors on Maurel & Prom's regulated agreements for the 2012 fiscal year is presented in paragraph 8.3.

In addition to the transactions indicated in the paragraphs above, no other transaction has been concluded with related parties since the beginning of fiscal year 2012.

7.2 Litigation and arbitration

The main disputes in which the Company or its subsidiaries are involved are described below. The Company is not aware, for the period of the last twelve months, of any contentious governmental, legal or arbitration dispute, whether pending or threatened, that could have or that recently had significant effects on the financial position or profitability of the Company and/or the Group.

7.2.1 Messier Partners dispute

Messier Partners, a financial advisory company, to which the Company had entrusted a mission for financial assistance, filed a lawsuit in 2007 against the Company in order to obtain payment of a performance fee following the conclusion of the sales agreement with Eni. All of the claims made by Messier Partners within the context of these proceedings amounted to €14.7 million.

Partial justification was awarded to Messier Partners in the first instance and the Company was ordered to pay Messier Partners the sum of €5.6 million. The Company appealed this ruling. The Paris Court of Appeal, in a ruling dated 5 March 2009, overturned all provisions of the ruling issued on 18 December 2007 by the Paris Commercial Court, on the one hand by dismissing all of the claims brought by Messier Partners and on the other hand by ordering Messier Partners to pay procedural costs of the first instance and the appeal, and to pay €50,000 for unrecoverable costs. Messier Partners lodged an appeal with the Court of Cassation on 6 May 2009. Under the terms of a ruling dated 4 May 2010, the Court of Cassation quashed the ruling of the Paris Court of Appeal and referred the case to the same court. In a ruling dated 24 November 2011, the Paris Court of Appeal ordered the Company to pay Messier Partners the sum of €5.6 million plus the statutory interest. The Company is appealing the ruling.

7.2.2 Update on other disputes

Agri-Cher — Transagra dispute

In 1996, Maurel & Prom was the subject of legal proceedings in respect of an alleged contractual liability in a legal bankruptcy case of the company Transagra and in the business failure of the Agri-Cher cooperative. As the Company deemed this action to be unfounded, it did not set aside a provision for it. All the parties to the dispute have given written notice of their intention not to continue with the action, and the Court ordered that these proceedings be withdrawn in 2009.

The ad hoc attorney appointed in this case requested that the case be re-entered for 2011. The case was heard on 7 February 2013 at Bourges District Court. The ruling dated 21 March 2013 dismissed all of the plaintiff's claims.

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.

7.3 Property, plant and equipment

With the exception of one building located in Gabon, no company in the Group owns any buildings.

The registered office is under commercial lease.

The Maurel & Prom Group is co-owner, with its associated companies, 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 Maurel & Prom 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 Maurel & Prom Group provided in this Annual Report is founded on the certification or evaluation of independent experts, whose names are given in paragraph 1.2 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: (i) before the effective transfer of the Company's registered office, at 12 rue Volney, 75002 Paris, France; and (ii) from the date of this transfer, at 51 rue d'Anjou, 75008 Paris, France.

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 communications of sales data, results and other important events in the life of the Company or the Group.

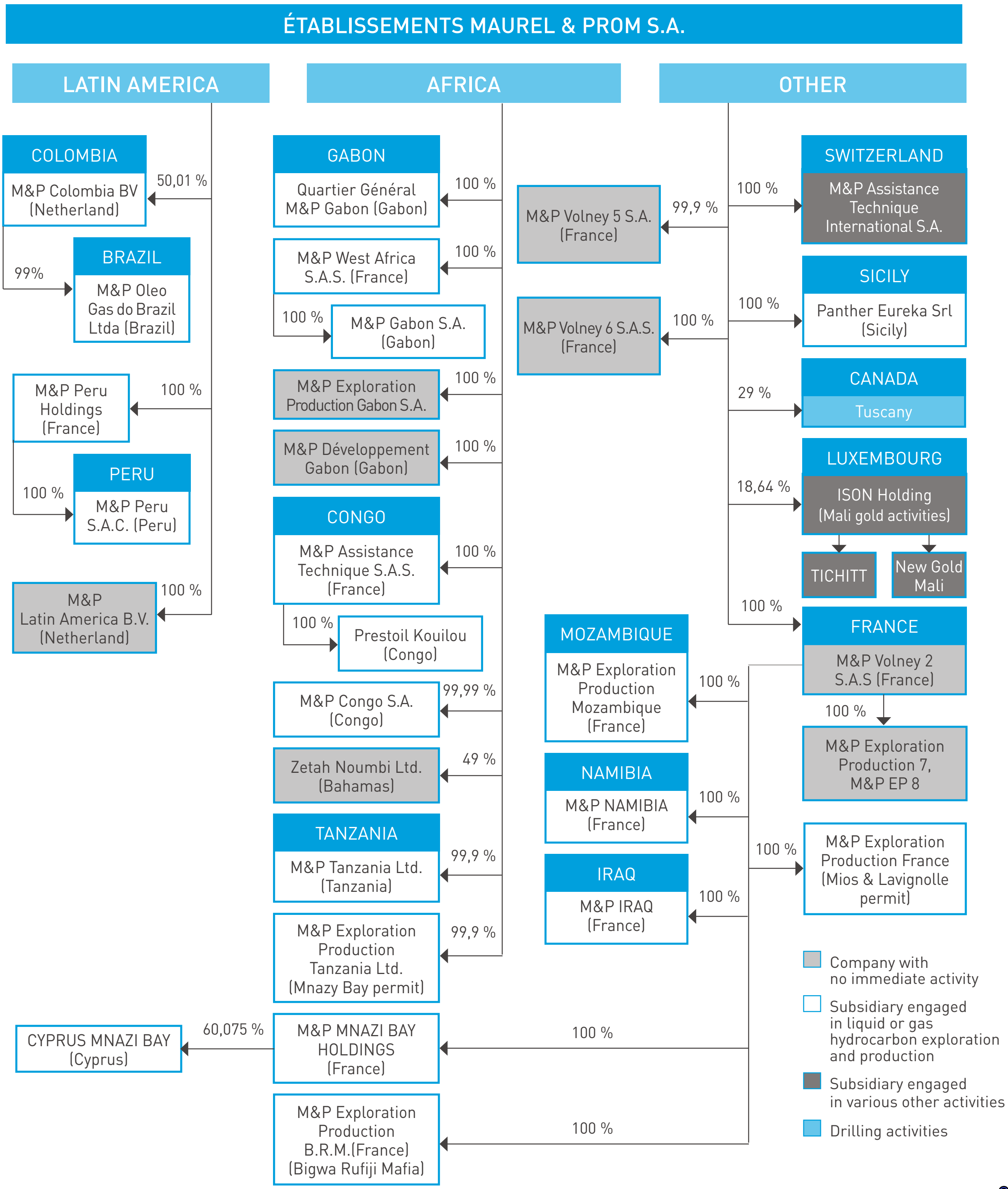
Information on the Company is available on the website www.maureletprom.fr, which allows shareholders, employees and the general public to access a general presentation of the Group and its key financial information, such as results, press releases, annual reports, presentations to analysts, share prices, key figures, information on shareholders and corporate governance and all other significant events concerning the Company and the Group.

Financial communications agency:

INFLUENCES
Tel.: +33 (0)1 42 72 46 76
Email : communication@agence-influences.fr

7.7 Organisation chart

Group organisation chart as at 31 December 2012



Tuscany International Drilling is listed in Canada on the Toronto Stock Exchange (code: TID).

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, it 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), paying for them in kind through the contribution of shares (26%) 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 registered office have rallied strongly to support development and production operations in Gabon (at the Onal field) and in Colombia, as well as the Group's exploration programme.

7.8.3 Maurel & Prom Assistance Technique International

The company Maurel & Prom Assistance Technique International is entirely devoted to managing the majority of the personnel dedicated to international activities.

8 ANNEXES

8.1 Glossary

The table below contains a list of the main terms, acronyms and abbreviations used in the Annual Report.

bbl (barrel)	*Volumetric measurement unit of crude oil, equivalent to 159 litres or 42 American 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.*
Mcf	*Million cubic feet.*
Tcf	*Trillion cubic feet.*
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).*
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 downhill deviated drilling.*
HSE	*Health, Safety and Environment.*
MBtu	*Million British thermal units*
Mscf	*Million cubic feet*
MP Nigeria	*Maurel & Prom Nigeria*
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).*

Production realised	The total production of a field, before production sharing.
Maurel & Prom production share/ own share	The production realised minus the share of partners.
Maurel & Prom production share net of royalties	Maurel & Prom production share after deducting royalties.
Production available for sale after oil taxes/entitlements	Maurel & Prom net share of production after royalties and oil taxes. This is the production sold, excluding the effect of inventories.
Royalties	Oil taxes paid in kind, 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 (proven) reserves	Gas and oil reserves "reasonably certain" to be producible 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 (probable) reserves	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 (possible) reserves	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 seismics	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. They may be in 2 or 3 dimensions.
WTI	West Texas Intermediate, reference price with respect to a quality of oil in the United States.

8.2. Consolidated financial statements and corporate financial statements as of December 31, 2012

8.2.1. Consolidated financial statements

Contents

I. Statement of financial position

Assets

In thousands of euros	Note	31/12/2012	31/12/2011
Intangible assets	4	441,533	411,129
Property, plant and equipment	5	870,778	739,546
Non-current financial assets	6	740	8,844
Investments accounted by equity method	7	72,496	81,031
Non-current derivative instruments	10	-	1,186
Deferred tax assets	20	6,751	8,133
NON-CURRENT ASSETS		1,392,298	1,249,869
Inventories	8	5,060	9,240
Trade receivables and related accounts	9	75,287	60,246
Other current financial assets	9	40,426	71,437
Other current assets	9	60,573	31,002
Income tax receivable	20	290	21
Current derivative instruments	10	2,166	5,323
Cash and cash equivalents	12	67,371	60,771
CURRENT ASSETS		251,173	238,040
TOTAL ASSETS		1,643,471	1,487,909

Liabilities

In thousands of euros	Note	31/12/2012	31/12/2011
Share capital		93,565	93,550
Additional paid-in capital		218,280	221,199
Consolidated reserves		470,361	362,047
Treasury shares		(72,737)	(76,246)
Net income, Group share		58,079	164,560
EQUITY, GROUP SHARE		767,548	765,110
Non-controlling interests		2,408	1
TOTAL NET EQUITY		769,956	765,111
Non-current provisions	14	8,531	7,206
Non-current bonds	15	346,752	338,271
Other non-current borrowing and financial debt	15	-	61,829
Non-current derivative instruments	10	-	2,974
Deferred tax liabilities	20	179,975	118,755
NON-CURRENT LIABILITIES		535,258	529,035
Current bond borrowing	15	10,933	10,968
Other current borrowings and financial debt	15	113,707	11,144
Trade payables and related accounts	16	104,028	78,059
Income tax payable	20	2,506	12,421
Other creditors and miscellaneous liabilities	16	93,678	53,118
Current derivative instruments	10	5,787	16,506
Current provisions	14	7,618	11,547
CURRENT LIABILITIES		338,257	193,763
Assets held for sale and discontinued operations		-	-
TOTAL LIABILITIES		1,643,471	1,487,909

Changes in net equity

In thousands of euros	Capital	Treasury shares	Premiums	Derivative instruments	Other reserves	Currency translation adjustment	Income for the year	Net equity, Group share	Non-controlling interests	Total net equity
1 January 2011	93,405	(81,501)	221,483	(28,099)	764,120	4,159	(138,776)	834,790	1	834,791
Net income from continuing activities	-	-	-	-	-	-	*151,925*	*151,925*	-	*151,925*
Activities held for sale	-	-	-	-	-	-	*12,635*	*12,635*	-	*12,635*
Other comprehensive income	-	-	-	*17,395*	-	*29,971*	-	*47,366*	-	*47,366*
TOTAL income	-	-	-	17,395	-	29,970	164,560	211,926	-	211,926
Allocation of net income - Dividends	-	-	-	-	*(428,210)*	-	*138,776*	*(289,434)*	-	*(289,434)*
Increase/decrease in capital	*145*	-	*(284)*	-	*(151)*	-	-	*(290)*	-	*(290)*
Stock options - bonus shares	-	-	-	-	*2,868*	-	-	*2,868*	-	*2,868*
Movements on treasury shares	-	*5,255*	-	-	*(6)*	-	-	*5,249*	-	*5,249*
TOTAL transactions with shareholders	145	5,255	(284)	-	(425,499)	-	138,776	(281,607)	-	(281,607)
31 December 2011	93,550	(76,246)	221,199	(10,704)	338,621	34,129	164,560	765,110	1	765,111
1 January 2012	93,550	(76,246)	221,199	(10,704)	338,621	34,129	164,560	765,110	1	765,111
Net income from continuing activities	-	-	-	-	-	-	58,079	58,079	(158)	57,921
Other comprehensive income	-	-	-	6,819	-	(14,710)	-	(7,891)	(186)	(8,077)
TOTAL income	-	-	-	*6,819*		*(14,710)*	*58,079*	*50,187*	*(344)*	49,844
Allocation of net income - Dividends	-	-	-	-	118,354	-	(164,560)	(46,206)	-	(46,206)
Increase/decrease in capital	15	-	(2,919)	-	(5,324)	-	-	(8,228)	2,751	(5,477)
Stock options - bonus shares	-	-	-	-	3,004	-	-	3,004	-	3,004
Movements on treasury shares	-	3,509	-	-	172	-	-	3,681	-	3,681
TOTAL transactions with shareholders	15	3,509	(2,919)	-	116,206		(164,560)	(47,750)	*2,751*	(45,000)
31 December 2012	93,565	(72,737)	218,280	(3,885)	454,827	19,419	58,079	767,547	2,408	769,956

II – Consolidated comprehensive income statement

Net income for the period

In thousands of euros	Note	31/12/2012	31/12/2011
Sales		472,104	373,575
Other income		2,897	793
Purchases and change in inventories		(13,484)	(17,762)
Other purchases and operating expenses		(79,793)	(45,830)
Tax expense		(25,537)	(23,834)
Personnel expenses		(17,471)	(14,196)
Amortisation and depreciation charges		(83,393)	(65,616)
Depreciation of exploration and production assets		(42,064)	(36,514)
Provisions and impairment of current assets		(13,188)	(26,111)
Reversals of operating provisions		1,840	634
Gain (loss) on asset disposals		1	122,141
Other expenses		(1,155)	(9,210)
OPERATING INCOME	18	200,757	258,070
Gross cost of financial debt		(38,358)	(40,284)
Income from cash		538	3,217
Net gains and losses on derivative instruments		4,459	1,616
Net cost of financial debt		(33,361)	(35,451)
Other financial income and expenses		(9,064)	18,647
FINANCIAL INCOME	19	(42,425)	(16,804)
Income before tax		158,332	241,266
Income tax	20	(95,212)	(98,214)
NET INCOME FROM CONSOLIDATED COMPANIES		63,120	143,052
Net income from equity associates	7	(5,199)	8,873
NET INCOME FROM CONTINUING ACTIVITIES		57,921	151,925
Net income from discontinued activities		-	15,955
Gain/Loss on distribution (IFRIC 17)		-	(3,320)
CONSOLIDATED NET INCOME		57,921	164,560
Net income, Group share		58,079	164,560
Non-controlling interests		(158)	-
EARNINGS PER SHARE			
Basic		0.500	1.43
Diluted		0.592	1.27
EARNINGS PER SHARE FROM DISCONTINUED ACTIVITIES			
Basic		-	0.11
Diluted		-	0.08
EARNINGS PER SHARE FROM CONTINUING ACTIVITIES			
Basic		0.500	1.32
Diluted		0.592	1.19

Total income for the period

In thousands of euros	31/12/2012	31/12/2011
NET INCOME FOR THE PERIOD	57,921	164,560
OTHER COMPREHENSIVE INCOME		
Currency translation adjustment	*(14,896)*	*29,971*
- of which recycled through discontinued activities	*-*	*12,217*
Derivative instruments	*6,819*	*17,395*
- Change in fair value of unexpired hedges (in existence the previous year)	*197*	*19,558*
- Fair value of new hedges for the period recognised as equity	*-*	*(3,319)*
- Fair value of the portion of hedges recycled through income	*6,622*	*1,156*
TOTAL INCOME FOR THE PERIOD	49,844	211,926
- Group share	*50,188*	*211,926*
- Non-controlling interests	*(344)*	*-*

III. Cash flow Statement

In thousands of euros	Note	31/12/2012	31/12/2011
CONSOLIDATED NET INCOME FROM CONTINUING ACTIVITIES		57,921	151,925
Tax expense for continuing activities		95,212	98,214
CONSOLIDATED INCOME FROM CONTINUING ACTIVITIES BEFORE TAX		153,133	250,139
- Net increase (reversals) of amortisation, depreciation and provisions		86,604	91,469
- Unrealised gains (losses) due to changes in fair value		308	30,197
- Exploration expenses		42,064	36,514
- Calculated expenses and income related to stock options and similar benefits		2,232	2,511
- Other calculated income and expenses		13,965	(10,757)
- Gains (losses) on asset disposals		(1,582)	(122,141)
- Income (loss) from equity associates		5,199	1,330
- Other financial items		3,769	6,219
CASH FLOW BEFORE TAXES		305,692	285,481
Payment of tax due		(38,985)	(24,092)
Change in working capital requirements for operations		55,178	(22,258)
- Customers		(16,320)	(23,179)
- Suppliers		33,712	24,508
- Inventories		1,673	740
- Other		36,113	(24,327)
Cash flow from operating activities of discontinued activities			214,604
NET CASH FLOW FROM OPERATING ACTIVITIES		321,885	453,735
Disbursements associated with acquisitions of tangible and intangible fixed assets		(295,202)	(178,585)
Proceeds from disposals of tangible and intangible fixed assets		10	43,880
Disbursements for acquisitions of financial assets (unconsolidated securities)		(66)	(539)
Proceeds from disposals of financial assets (unconsolidated securities)		2,375	34
Acquisition of subsidiaries		(15,311)	478
Increased interests in equity associates		-	-
Change in loans and advances granted		31	145,166
Other cash flows from investment activities		-	(589)
Cash flows from investment operations of discontinued activities			(288,075)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		(308,163)	(278,230)
Amounts received from shareholders for capital increases		(818)	(205)
Dividends paid		(46,206)	(28,772)
Proceeds from new loans		45,253	68,155
Interest paid		(3,769)	(6,226)
Borrowing repayments		(161)	(267,445)
Treasury share acquisitions		3,509	5,255
Cash flow from financing of discontinued activities			17,260
NET CASH FLOW FROM FINANCING ACTIVITIES		(2,192)	(211,978)
Impact of exchange rate fluctuations		(4,991)	(3,774)
Impact of exchange rate fluctuations of discontinued activities			5,446
CHANGE IN NET CASH		6,539	(34,801)
Cash at start of period		60,701	95,375
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12	67,240	60,701

Note 1. Overview

Activity in fiscal year 2012 focused mainly on exploiting assets in the Group's portfolio through development work, managing production and uncovering potential areas for exploration.

Development of existing fields

In Gabon, the ramping up of regular production following the start of the water injection programme was interrupted early in the year as a result of an incident at platform 100 on the Omoc-Nord field. The impact of this incident had consequences throughout the year on production levels, which fluctuated between 12,000 and 17,000 boepd in the first six months before exceeding 22,000 boepd at the end of the year, as well as on the pace of development at the field as additional drilling had to be carried out.

However, following development work and improved production management, the water injection programme at the Omko (Kissenda) field has become more effective and similar results are expected at the Omoc-Nord field. At the Omgw (Grès de Base) field, the water injection begun in February 2012 is continuing and is enabling the pressure in the reservoir to be stabilised. At the Onal field, when early water breakouts were observed at some producing wells, the injection rigs responsible were modified to remedy the problem, the consequences of which will affect production at this field in 2013.

On the Mnazi Bay permit in Tanzania, the Group carried out workovers at three gas production wells. Only one of them now remains in limited production in order to supply gas to an electricity plant, generating US$1.3 million in sales for the Group.

A sustained programme of studies in 2012

In Colombia, production on the Sabanero exploration permit began on 17 December 2011. By the end of 2012, production had stabilised at approximately 1,200 boepd at 100%. This level of production is constrained by current processing and produced water reinjection capacities. Note that an application for a production permit for the Sabanero field has been filed with the National Hydrocarbon Agency (ANH). This permit will allow the Group to launch a work programme to significantly increase production at this field.

On this same Sabanero permit, the Group began drilling the Chaman prospect in December. The drilling has revealed a new oil discovery in the C7 formation (12° API).

On the SSJN-9 permit, following the abandonment of the SantaFe-1 well, the Group decided to free up this permit in northern Colombia.

On the CPO-17 permit, the information collected during the drilling of the EST-11 stratigraphic well at the Godric prospect revealed saturated intervals of oil in the Mirador formation. Analyses revealed a quality of oil of between 16 and 18° API. This preliminary data confirms the existence of lighter oil than that found at the Merlin (Grès de Base) and Dorcas (C7 formation) prospects.

In Gabon, on the Etekamba permit (100%), the Group drilled two wells in the first half of the year. Both wells were negative. The work done revealed very high-quality reservoirs in Gamba. The Group is currently working on uncovering new themes with regard to the results obtained and has asked the Gabonese authorities to extend the duration of this permit.

The Ziwani-1 well on the Mnazi Bay permit in Tanzania revealed a three-metre interval, tested for gas. A flow of 7.2 million cubic feet per day was recorded without pressure stabilisation. This test was carried out in a new carbonated reservoir, not yet evident on the Mnazi Bay concession. The measurements taken did not reveal commercial reserves but have definitely proven that an effective deposit system exists, thereby confirming the interest of various prospects already identified by the Group on this permit.

Asset consolidation in East Africa

Maurel & Prom exercised its pre-emption right on Cove Energy's interests in the Mnazi Bay concession in Tanzania.

The operation is worth a total of US$18.9 million, paid to Wentworth following the approval of this operation by the Tanzanian authorities on 26 July 2012. An additional payment of up to US$5.1 million will be made if future gas production exceeds certain thresholds.

After this transaction, the various Mnazi Bay interests are as follows:

	Production	Exploration
M&P (operator)	48.06%	60.075%
Wentworth	*31.94%*	*39.925%*
TPDC	*20.00%*	*-*

Restructuring the line of credit

On 29 May 2009, the Group entered into a US$255 million bank facility (Reserve Based Loan or "RBL"). This RBL was increased to US$330 million in January 2011. The amount drawn down as at 31 December 2012 was US$130 million.

On 8 November 2012, the Group announced that a new line of credit had been set up in the amount of US$350 million (Senior Secured Facility). This was drawn down in full on 25 January 2013. At the same time, the Group repaid the entire outstanding RBL (US$130 million) as well as the BGFI loan (€15 million).

Note 2: Accounting methods

The consolidated financial statements are prepared on a historical cost basis, except for certain categories of assets and liabilities, in accordance with IFRS standards.

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 2012 have been prepared in accordance with IAS/IFRS international accounting standards applicable at 31 December 2012, as approved by the European Union and available at:

http//ec.europa.eu/internal_market/accounting/iasfr.htm#adoptedcommission.

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations (Standing Interpretations Committee and International Financial Reporting Interpretations Committee).

New legislation or amendments adopted by the European Union and mandatory from 1 January 2012 have been taken into account. They do not have a significant impact on the consolidated financial statements as at 31 December 2012. They are:

Amendment to IFRS 7 "Disclosures – Transfers of Financial Assets".

The Group has chosen not to apply the standards and interpretations which were not mandatory on 1 January 2012, including:

IAS 1 "Presentation of Items of Other Comprehensive Income" (applicable to reporting periods starting on 01/07/2012).

Amendment to IAS 19 "Employee Benefits" (applicable to reporting periods starting on 01/01/2013).

IFRS 13 "Fair Value Measurement" (applicable to reporting periods starting on 01/01/2013).

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (applicable to reporting periods starting on 01/01/2013).

IAS 12 "Recovery of Underlying Assets" (applicable to reporting periods starting on 01/01/2013).

Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters" (applicable to reporting periods starting on 01/01/2013).

IFRS 10 "Consolidated financial statements" (applicable to reporting periods starting on 01/01/2014).

IFRS 11 "Joint Arrangements" (applicable to reporting periods starting on 1 January 2014). Should this standard be implemented, the Group would need to reconsider how its interests in partnerships are presented.

IFRS 12 "Disclosure of Interests in Other Entities" (applicable to reporting periods starting on 01/01/2014).

IAS 27R "Separate Financial Statements" (applicable to reporting periods starting on 01/01/2013).

IAS 28R "Investments in Associates and Joint Ventures" (applicable to reporting periods starting on 01/01/2013).

Amendments to IFRS 7 "Disclosures - Offsetting Financial Assets and Financial Liabilities" (applicable to reporting periods starting on 01/01/2013).

Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (applicable to reporting periods starting on 01/01/2014).

Moreover, these principles do not differ from the IFRS as published by the IASB insofar as the application of the following standards or interpretations, mandatory for periods starting on or after 1 January 2012 and not yet ratified by the European Union, has no impact on the Group's financial statements:

Annual improvements to various standards (2009-2011 cycle applicable to periods starting on 01/01/2013).

Amendments to IFRS 12 "Disclosure of Interests in Other Entities" (methods of application for first-time adopters applicable to reporting periods starting on 01/01/2013) ("An exception to consolidating particular subsidiaries of an investment entity" applicable to reporting periods starting on 01/01/2014).

Amendments to IFRS 11 "Joint Arrangements" (methods of application for first-time adopters applicable to reporting periods starting on 01/01/2013) ("An exception to consolidating particular subsidiaries of an investment entity" applicable to reporting periods starting on 01/01/2014).

Amendments to IFRS 10 "Consolidated Financial Statements" (methods of application for first-time adopters applicable to reporting periods starting on 01/01/2013) ("An exception to consolidating particular subsidiaries of an investment entity" applicable to reporting periods starting on 01/01/2014).

Amendments to IFRS 1 "Public Subsidies" (applicable to reporting periods starting on 01/01/2013).

IFRS 9 "Financial Instruments" (applicable to reporting periods starting on 01/01/2015).

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 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 and financial 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. Control is assumed when the percentage of voting rights is greater than 50% or established when the Company has actual control through agreements with partners.

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

Companies in which Maurel & Prom has considerable influence are consolidated by the equity method. 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.

Joint ventures are proportionately consolidated.

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 assessed at their fair value in accordance with IFRS guidelines.

Goodwill generated in such a circumstance is recognised in the corresponding assets and liabilities, including the share of non-controlling interests.

The residual difference representing the difference between the purchase price and the buyer's share in the net assets assessed at their fair value is entered as goodwill.

If the cost of an acquisition is lower than the fair value of the net assets of the subsidiary acquired, the identification and valuation of the identifiable asset and liability elements are further analysed.

The residual negative goodwill must be posted directly under operating income.

The analysis 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 close, and any losses in value ascertained on goodwill are irreversible.

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 interests may have declined in value, the amount of such a loss is measured using the rules specified in IAS 36 "Impairment of Assets".

If a business combination is formed in stages, the interests and/or assets held are assessed at their fair value and any possible variance is recognised in profit and loss.

Acquisition of non-controlling interests will also be recognised in accordance with IFRS 3R and IAS 27R.

In the acquisition of Cyprus Mnazi Bay Limited (see Note "Composition of the Group"), the Group has opted for the partial goodwill recognition method in applying IFRS 3R.

2.3 Oil activity assets

Maurel & Prom conducts its exploration and production activities partly under Production Sharing Contracts (PSCs). 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; the Company thus settles its share of tax on the revenue from its activities.

Under such Production Sharing Contracts, 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.

Acquisitions of reserves

Acquisitions of oil reserves are recorded as intangible assets and 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 year to the proven and probable hydrocarbon reserves at the beginning of the same year, 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.

At the time of discovery, 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; this test is performed at least once per year.

Besides indicators of impairment concerning operating expenses, impairment tests are carried out once the Maurel & Prom Group has enough data (based on the outcome of appraisal wells or seismic study work, etc.) to determine technical feasibility and commercial viability; these tests are done at field level.

Oil production assets

Oil production assets include all exploration-related costs transferred into exploration costs 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, 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.

Cost 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 FAS 19 usually applied in the oil sector, the accounting rules are those applicable to expenses of the same nature as the Group's own share (assets, amortisation, depreciation, 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;
- 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 revalued. 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 leasing contracts are agreements whose effect is to transfer virtually all risk and benefits inherent in the ownership of the asset from the lessor to the lessee. Such contracts are recognised in the balance sheet 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 leasing agreements as defined above are recognised as simple leasing contracts.

2.6 Asset impairment

When events indicate a risk of impairment of intangible and tangible assets, and in any case at least once a year, these are subject to a detailed analysis in order to determine whether their net carrying amount is lower than their recoverable amount, with the latter defined as the higher of fair value (less costs to sell) or value in use. Value in use is determined by discounting future cash flows expected to arise from the use of the asset and its disposal.

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 Contracts.

The discount rate used takes into account the risk associated with the activity and its geographical location.

A field is generally taken as being the cash-generating unit (CGU). A CGU is a homogeneous set of assets whose ongoing utilisation generates cash flows that are largely independent of the cash flows from other groups of assets.

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 securities 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 are recognised directly under equity. If there is objective evidence of lasting value impairment, a depreciation is recognised in profit and loss. Any such depreciation is not reversed in profit and loss until the date that the securities concerned are sold.

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.

A provision is created when the net realisable value is lower than the gross value of inventories.

2.9 Trade receivables

Trade receivables are initially recognised at their fair value.

At the end of the period, write-downs are created in the event of 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 for the entity concerned at the transaction date. Debts, external financing, receivables and liquid assets in foreign currencies are reported in the balance sheet at their equivalent value in the functional currency for 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 cash in foreign currencies 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 for which the functional currency is not the euro are converted into euros using the closing price method.

Asset and liability elements, 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.

The currency translation adjustments ascertained, both on the initial balance sheet as well as on the income statement, are entered, for the share due to the consolidating company, in its net equity under "currency translation adjustments" and, for the share due to minority interests, under "non controlling interests".

Currency translation adjustments related to a net investment in a foreign activity are posted directly to net equity.

2.12 Derivative instruments

In order to hedge the selling price of oil or foreign exchange risk, Maurel & Prom uses future cash flow hedges consisting mainly of options and swaps. Such transactions are treated as follows:

- the financial instrument is initially recognised at its fair value;
- on the closing date, the change in fair value corresponding to the effective portion (intrinsic value of the option) is posted under recyclable shareholders' equity; the change in fair value corresponding to the ineffective portion (time value of the option) is posted under financial expenses and income; and
- the change in fair value recognised under equity is recycled through income (other operating expenses and income) either when the hedged element impacts upon 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.

Fair value hierarchy

IFRS 7 "Financial Instruments: Disclosures", as amended in 2009, establishes a hierarchy for measuring fair value based on three levels:

- level 1: the quoted prices for assets and liabilities identical (to those being measured), available on the valuation date in an active market to which the entity has access;

- level 2: inputs are observable data, but do not correspond to the prices quoted for identical assets or liabilities;
- level 3: inputs are not based on observable market data (for example, the data resulting from 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.

2.13 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 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: Disclosure and Presentation", these two components are recognised separately and determined as follows:

- the debt component 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 (maturity, cash flow) but without a conversion option, plus the impact of issuance costs (effective interest rate);
- 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
- 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 as a draw-down from the equity component.

The OCEANE conversion is posted when the bonds are converted and the corresponding shares are delivered.

2.15 Other borrowings

Other borrowings are initially recognised at fair value. They are entered on the balance sheet at amortised cost. The effect of this is to post issuance expenses as a deduction against the initial fair value of the loan. Furthermore, financial expenses are calculated on the basis of a loan's effective interest rate (i.e., the actuarial rate taking issue costs into account).

2.16 Fair value

For the purposes of presentation in accordance with IFRS 7 (see Note 11: Fair Value):

- the fair value of loans and debts 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 amount represents a reliable approximation of 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.

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 or 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 readjustment 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 "corridor method" is used. Thus, only actuarial differences representing more than 10% of the amount of the commitments or the market value of the investments are posted and amortised over the employee's average residual working life.

For basic plans and other defined contribution plans, the Group recognises in 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

Sales corresponding to the sale of production from deposits operated by the Company under Production Sharing Contracts include deliveries of crude oil as production royalties and taxes when they are effectively paid.

Income is recognised as sales when the Company has transferred the risks and benefits inherent in ownership of the assets to the buyer, i.e. when the oil is collected from oil terminals.

2.21 Share-based payments

Share subscription options and 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 subscription options is estimated using the Black-Scholes method.

The fair value of bonus shares is determined on the basis of the share price on the allocation date, minus a discount depending on the terms of the particular plan in order to take into account their unavailability during the lock-in period.

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 approved on the reporting date.

Deferred tax assets, resulting primarily from losses carried forward or deferred amortisation, 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.

As a result of the change in the accounting method cited in Note 20, the tax expense now includes the tax for which the company is liable and which is liquidated in the Profit Oil, State share, as specified in exploration and production sharing contracts.

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	
			31/12/2012	31/12/2011
Etablissements Maurel & Prom	Paris	Consolidating company	Consolidating company	
OIL AND GAS ACTIVITIES				
Panther Eureka S.r.l.	*Ragusa, Sicily*	*Fully consolidated*	*100.00%*	*94.00%*
Maurel & Prom West Africa SAS	*France*	*Fully consolidated*	*100.00%*	*100.00%*
M&P Gabon (e.g. Nyanga Mayombe)	*Port-Gentil*	*Fully consolidated*	*100.00%*	*100.00%*
M&P Etekamba Gabon	*Port-Gentil*	*Fully consolidated*	*100.00%*	*100.00%*
Quartier General M&P Gabon	*Port-Gentil*	*Fully consolidated*	*100.00%*	*100.00%*
M&P Peru	*Peru*	*Fully consolidated*	*100.00%*	*100.00%*
Maurel & Prom Colombia BV	*Rotterdam, Netherlands*	*Proportional consolidation*	*50.01%*	*50.01%*
Maurel & Prom Latin America BV	*Amsterdam, Netherlands*	*Fully consolidated*	*100.00%*	*100.00%*
Zetah Noumbie Ltd	*Nassau, Bahamas*	*Proportional consolidation*	*49.00%*	*49.00%*
Maurel & Prom Congo S.A.	*Pointe-Noire, Congo*	*Fully consolidated*	*100.00%*	*100.00%*
Maurel & Prom Tanzania Ltd	*Dar es Salaam, Tanzania*	*Fully consolidated*	*100.00%*	*100.00%*
Prestoil Kouilou	*Pointe-Noire, Congo*	*Fully consolidated*	*100.00%*	*100.00%*
Maurel & Prom Technical Support (e.g. Prestoil S.A.S.)	*Paris, France*	*Fully consolidated*	*100.00%*	*100.00%*
Maurel & Prom Exploration Production Tanzania Ltd	*Dar es Salaam, Tanzania*	*Fully consolidated*	*100.00%*	*100.00%*
M&P Developpement Gabon	*Libreville, Gabon*	*Fully consolidated*	*100.00%*	*100.00%*
M&P Volney 2	*Paris, France*	*Fully consolidated*	*100.00%*	*100.00%*
Cyprus Mnazi Bay Limited	*Nicosia, Cyprus*	*Fully consolidated*	*60.075%*	*-*
M&P Mnazi Bay Holdings	*Paris, France*	*Fully consolidated*	*100.00%*	*-*
M&P Peru Holdings	*Paris, France*	*Fully consolidated*	*100.00%*	*100.00%*
M&P EP BRM	*Paris, France*	*Fully consolidated*	*100.00%*	*100.00%*
M&P Iraq	*Paris, France*	*Fully consolidated*	*100.00%*	*-*
M&P Namibia	*Paris, France*	*Fully consolidated*	*100.00%*	*100.00%*
Tuscany	*Calgary, Canada*	*Equity associate*	*29.05%*	*29.05%*
OTHER ACTIVITIES				
New Gold Mali (NGM)	*Bamako, Mali*	*Equity associate*	*-*	*26.00%*
Maurel & Prom Assistance Technique International S.A.	*Geneva, Switzerland*	*Fully consolidated*	*99.99%*	*99.99%*

Acquisition of Cyprus Mnazi Bay Limited

On 26 July 2012, Maurel & Prom acquired 60.075% of Cyprus Mnazi Bay Limited upon the expiry of the agreement on the exercise of pre-emptive rights on Cove Energy's interests in the Mnazi Bay concession in Tanzania. This company is held with minority partner Wentworth and it owns a 20.475% interest in the exploration part of the Mnazi Bay permit and a 16.38% interest in the production part of the permit.

New Gold Mali

The equity interest held by Etablissements Maurel & Prom in New Gold Mali was sold at the end of a restructuring which led the Company to take a non-consolidated 18.64% equity interest in the company ISON following the contribution of the New Gold Mali interest. ISON has interests in several gold permits in Mali.

Note 4: Intangible assets

Changes in intangible assets

In thousands of euros

	Goodwill	Oil search and exploitation rights	Exploration costs	Other	Total
GROSS VALUE AS AT 01/01/2011	6,403	195,620	306,611	2,626	511,259
Exploration investments	-	-	57,345	677	58,022
Sales/Decreases	-	(34)	(422)	(118)	(574)
Exploration expenses	-	-	(37,427)	-	(37,427)
Changes in consolidation scope	-	(65,785)	(16,455)	(81)	(82,321)
Changes in fair value	-	64,560	-	-	64,560
Currency translation adjustments	-	12,657	6,811	(25)	19,443
Transfers	-	-	(763)	(164)	(927)
GROSS VALUE AS AT 31/12/2011	6,403	207,018	315,701	2,915	532,036
Exploration investments	-	467	85,218	3,576	89,261
Sales/Decreases	-	-	-	-	-
Exploration expenses	-	-	(41,694)	-	(41,694)
Changes in consolidation scope	-	12,921	1,577	-	14,498
Changes in fair value	-	-	-	-	-
Currency translation adjustments	-	(4,756)	(4,736)	(14)	(9,506)
Transfers	-	-	(19,892)	-	(19,892)
GROSS VALUE AS AT 31/12/2012	6,403	215,650	336,174	6,477	564,703
CUMULATIVE AMORTISATION AND DEPRECIATION AS AT 01/01/2011	-	14,978	85,895	1,751	102,624
Amortisation and depreciation charges	-	7,297	13,659	408	21,364
Disposals/Reversals	-	-	(4)	-	(4)
Exploration expenses	-	-	(913)	-	(913)
Currency translation adjustments	-	903	490	(10)	1,383
Changes in consolidation scope	-	(3,271)	-	(83)	(3,354)
Transfers	-	-	-	(194)	(194)
CUMULATIVE AMORTISATION AND DEPRECIATION AS AT 31/12/2011	-	19,907	99,127	1,872	120,906
Amortisation and depreciation charges	-	6,440	2,906	300	9,646
Disposals/Reversals	-	-	-	-	-
Exploration expenses	-	-	-	-	-
Currency translation adjustments	-	(455)	(210)	(4)	(669)
Changes in consolidation scope	-	-	-	-	-
Transfers	-	-	(6,713)	-	(6,713)
CUMULATIVE AMORTISATION AND DEPRECIATION AS AT 31/12/2012	-	25,892	95,110	2,168	123,170
NET CARRYING VALUE AS AT 31/12/2012	6,403	189,758	241,064	4,309	441,533
NET CARRYING VALUE AS AT 31/12/2011	6,403	187,111	216,574	1,043	411,129

Exploration investments

Acquisitions of intangible assets amounted to €89,261K as at 31 December 2012.

The main investments in the period related to:

- investments made in Gabon concerning exploration work carried out on the Omoueyi permit in the amount of €14,515K, relating mainly to a seismic acquisition programme, expenditure on the Etekamba permit in the amount of €12,750K on the Ngoma and Bibonga wells, a seismic data acquisition campaign on Kari in the amount of €13,088K and expenditures on Nyanga Mayombé in the amount of €1,052K;
- exploration expenses incurred by Maurel & Prom Colombia BV in the amount of €19,816K. These correspond to investments on the Muisca permit amounting to €8,095K (including €7,625K for seismic data acquisition), on the CPO-17 permit amounting to €6,053K (including €5,261K for drilling work), on the SSJN-9 permit amounting to €3,034K (including €2,684K for drilling work) and €2,626K on the COR-15 permit (including €2,197K for seismic data acquisition);
- investments in 2012 in Tanzania on the Mnazi Bay permit amounting to €10,151K. These mainly relate to work on the Ziwani well amounting to €9,617K and to the acquisition of further seismic data on the Mnazi Bay permit amounting to €528K;
- exploration expenses incurred in the Congo on the Noumbi permit amounting to €3,316K and relating to the Kola 1 well;
- investments at the Rovuma field in Mozambique amounting to €6,015K and concerning the acquisition of 2D seismic data;
- investments at Block 116 in Peru amounting to €1,887K;
- investment expenses in Namibia amounting to €2,113K.

Exploration expenses

At 31 December 2012, exploration costs recognised as expenses amounted to a net value of €41,695K and related to:

Bibonga (Etekamba - Gabon)	*7,739*
Ngoma (Etekamba - Gabon)	*6,771*
Mounyouga NE (Etekamba - Gabon)	*6,448*
Mios Lavignolle (France)	*2,671*
SSJN-9 (Colombia)	*6,478*
Ziwani (Mnazi Bay - Tanzania)	*11,590*
	41,695

Amortisation and depreciation

Amortisation and depreciation allowances and provisions for oil search and exploitation rights for the period relate to the depletion of reserves in Gabon (Onal) in the amount of €3,947K.

At 31 December 2012, the amortisation of mining permits amounted to €2,490K (mainly €714K for the Mnazi Bay permit and €661K for the Etekamba permit).

Amortisation and depreciation allowances and provisions for exploration costs for the period mainly relate to:

- exploration assets held in Syria (excluding the exploration permit) which were written down by €900K, corresponding to the provisioning of additional expenses incurred in 2012;
- all additional expenses incurred in 2012 on the Bigwa Rufiji Mafia permit were written down by €552K.

Change in consolidation scope

The change in scope of intangible assets is reflected in the acquisition of a 60.07% equity interest in Cyprus Mnazi Ltd, releasing goodwill posted to the development of hydrocarbon reserves in the amount of €12,921K and the entry into consolidation of exploration expenses amounting to €1,577K.

Transfers

Transfers of net intangible assets mainly relate to:

- the reclassification of existing intangible assets at the start of the period on the Sabanero permit in the amount of -€18,852K after the transition to production;
- the reclassification of intangible assets and of property, plant and equipment in the combined amount of €2,848K on the Mnazi Bay permit in Tanzania and the reclassification of the Marine 3 assets in the amount of €2,815K as part of the exit from the permit, to offset receivables against partners.

Currency translation adjustments

The revaluation of assets held in US dollars at the closing exchange rate produced a net negative translation adjustment of €8,837K.

Reclassification at opening

In order to reflect the correct allocation of production assets at the Onal, Mbigou, Gwedidi and North Morocco fields, there was a reclassification between gross intangible assets and property, plant and equipment on the financial data as at the start of the period in the amount of -€151,974K. The impact on gross intangible assets in 2011 was as follows:

In thousands of euros	Goodwill	Oil search and exploitation rights	Exploration costs	Other	Total
Published gross value at 31/12/2011	*6,403*	*207,018*	*467,675*	*2,915*	*684,010*
Corrected gross value at 31/12/2011	*6,403*	*207,018*	*315,701*	*2,915*	*532,036*
RECLASSIFICATION AT OPENING	-	-	(151,974)	-	(151,974)

Net carrying value of intangible assets per permit

Permit In millions of euros	Drilling	Studies	Total	Permit and Reserves	Other	Total Intangible Assets
Omoueyi	*49*	*56*	*105*	*98*	-	*203*
Etekamba	-	*9*	*9*	-	-	*9*
Nyanga Mayombé	-	*1*	*1*	*2*	-	*3*
Kari	-	*14*	*14*	*1*	-	*15*
Bigwa Rufiji Mafia (BRM)	*21*	*22*	*43*	-	-	*43*
Block 116	-	*8*	*8*	-	-	*8*
Colombia	*16*	*18*	*34*	*70*	-	*103*
Rovuma - Mozambique	-	*7*	*7*	-	-	*7*
Mnazi Bay	-	*4*	*4*	*5*	*12*	*20*
Alasi	-	-	-	*1*	-	*1*
Noumbi	*2*	*14*	*16*	*1*	-	*17*
Other permits	-	*5*	*5*	-	*6*	*12*
TOTAL	88	157	245	179	18	442

The main estimates used by the Company are as follows:

- an application was filed with the competent administrative authorities to renew the Etekamba permit with effect from 1 January 2013. The management is confident that its application will be successful and that it will be able to continue its activities on this permit;
- in Tanzania, development prospects on the BRM permit depend on expressions of interest from other players in the sector, in particular in terms of gas supply, and the support of the Tanzanian authorities to set up a contractual framework for selling the gas produced;
- as a result of the change of control in 2011 (joint venture with Pacific Rubiales), the Company reported intangible assets relating to all its Colombian assets, measured at fair value on the transaction date. The value of this asset is rising in line with our Company's success in this country (Colombia), taking into account the exploration and production prospects, and the work commitments related to the underlying permits.

Note 5: property, plant and equipment

Changes in property, plant and equipment

In thousands of euros	Land and buildings	Technical facilities	Down payments and construction in progress	Other fixed assets	Total
GROSS VALUE AS AT 01/01/2011	4,018	941,393	11,137	22,468	979,016
Development/production investments	1,866	118,854	10,798	1,946	133,464
Dismantling assets	-	3,946	-	-	3,946
Sales/Decreases	(32)	(181)	-	(167)	(380)
Assets decommissioned	-	(2,154)	(333)	(10)	(2,497)
Changes in consolidation scope	87	(258,798)	(8,958)	(3,798)	(271,467)
Currency translation adjustments	100	30,275	(232)	249	30,392
Transfers	(381)	15,101	(11,326)	(3,633)	(239)
GROSS VALUE AS AT 31/12/2011	5,658	848,436	1,086	17,055	872,235
Development/production investments	99	197,930	169	7,742	205,940
Dismantling assets	-	621	-	-	621
Sales/Decreases	-	-	-	(374)	(374)
Assets decommissioned	-	(908)	-	-	(908)
Changes in consolidation scope	-	370	-	(38)	332
Currency translation adjustments	9	(22,671)	1	(443)	(23,104)
Transfers	(2,071)	21,707	(872)	944	19,708
GROSS VALUE AS AT 31/12/2012	3,695	1,045,485	384	24,886	1,074,450
CUMULATIVE AMORTISATION AND DEPRECIATION AS AT 01/01/2011	573	139,439	-	4,170	144,182
Amortisation and depreciation charges	331	66,263	-	1,262	67,856
Disposals/Reversals	-	(2,146)	-	(69)	(2,215)
Assets decommissioned	-	(281)	-	(8)	(289)
Currency translation adjustments	(23)	5,206	-	(12)	5,171
Changes in consolidation scope	127	(80,428)	-	(1,669)	(81,970)
Transfers	(262)	486	-	(270)	(46)
CUMULATIVE AMORTISATION AND DEPRECIATION AS AT 31/12/2011	746	128,539	-	3,404	132,689
Amortisation and depreciation charges	364	75,198	-	738	76,300
Disposals/Reversals	-	-	-	(365)	(365)
Assets decommissioned	-	(538)	-	-	(538)
Currency translation adjustments	(2)	(4,426)	-	(11)	(4,439)
Changes in consolidation scope	-	-	-	-	-
Transfers	1	-	-	24	25
CUMULATIVE AMORTISATION AND DEPRECIATION AS AT 31/12/2012	1,109	198,773	-	3,790	203,672
NET CARRYING VALUE AS AT 31/12/2012	2,586	846,712	384	21,096	870,778
NET CARRYING VALUE AS AT 31/12/2011	4,912	719,897	1,086	13,651	739,546

Development/production investments

Investment in property, plant and equipment over the period amounted to €205,940K, primarily for:

- production investments on the Omoueyi permit in the amount of €152,716K. These mainly relate to development costs incurred for the Onal field. In particular, these involve investments in production infrastructures, platforms, and investments in drilling and completions;
- investments made in Colombia relating to the Sabanero permit in the amount of €47,092K during the production phase. These investments mainly reflect the cost of oil installations, drilling costs and seismic data acquisition;
- investments at the Mnazi Bay permit fields amounted to €4,830K.

Dismantling assets

Dismantling assets recognised in Colombia rose by €621K.

At 31 December 2012, the dismantling assets recognised in the financial statements related to the Omoueyi fields in the amount of €6,351K and to the Colombian fields in the amount of €621K.

Amortisation and depreciation

Allowances amounting to €75,198K recognised under amortisation and depreciation of technical facilities relate mainly to the depletion of field assets on the Omoueyi permit in the amount of €69,021K and the depletion of Colombian assets in the amount of €5,719K.

Transfers

Net transfers amounted to €19,683K and mainly correspond to:

- the reclassification of (intangible) exploration expenses on the Omoueyi permit for technical oil facilities amounting to +€1,107K, in order to reflect the correct allocation of production assets at the Onal, Mbigou, Gwedidi and North Morocco fields;
- the reclassification of existing intangible assets at the start of the period on the Sabanero permit in the amount of +€18,852K after the transition to production.

Currency translation adjustments

The revaluation of assets held in US dollars at the closing exchange rate produced a net negative translation adjustment of €18,665K.

Reclassification at opening

In order to reflect the correct allocation of production assets at the Onal, Mbigou, Gwedidi and North Morocco fields, there was a reclassification between gross intangible assets and property, plant and equipment on the financial data as at the start of the period in the amount of €151,974K. The impact on gross property, plant and equipment assets in 2011 was as follows:

In thousands of euros	Land and buildings	Technical facilities	Down payments and construction in progress	Other fixed assets	Total
Published gross value at 31/12/2011	*5,658*	*696,462*	*1,086*	*17,055*	*720,261*
Corrected gross value at 31/12/2011	*5,658*	*848,436*	*1,086*	*17,055*	*872,235*
RECLASSIFICATION AT OPENING	-	151,974	-	-	151,974

Note 6: Other non-current financial assets

In thousands of euros	Financial assets available for sale	Loans and receivables	Total
VALUE AS AT 01/01/2011	915	61,311	62,226
Changes in consolidation scope	(85)	(245)	(330)
Increase	554	2,011	2,565
Decrease	-	(55,853)	(55,853)
Impairment	-	(3)	(3)
Fair value	-	-	-
Impairment reversals	10	238	248
Currency translation adjustments	-	(8)	(8)
Transfers	-	(1)	(1)
VALUE AS AT 31/12/2011	1,394	7,450	8,844
Changes in consolidation scope	(74)	-	(74)
Increase	66	1	67
Decrease	(779)	(3,868)	(4,647)
Impairment	-	-	-
Fair value	-	-	-
Impairment reversals	-	-	-
Currency translation adjustments	-	(1)	(1)
Transfers	(6)	(3,443)	(3,449)
VALUE AS AT 31/12/2012	601	139	740

Financial assets available for sale

The reduction in this item is mainly due to the disposal of the equity interest in Banque Congolaise de l'Habitat (-€762K).

Non-current loans and receivables

The change in this item is mainly due to:

- the short-term reclassification of the balance of the guarantee deposit relating to the drawdown of the RBL, corresponding to 5% of the amount drawn down as at 1 January 2012 (-€3,091K) and of the head office guarantee (-€372K);
- repayment of the guarantee deposit paid by Maurel & Prom to Calyon relating to work commitments in Colombia, in the amount of €1,853K;
- adjustment to the 1-year-plus portion of the receivable relating to the exploration financing commitment by Pacific Rubiales Energy as part of the sale of 49.99% of Colombia, in the amount of -€1,983K. The total receivable recognised at 31 December 2012 was €16,216K. From now on, the entire receivable is recognised as having a maturity of less than one year.

Note 7: Investments accounted by equity method

As at 31 December 2012, only Tuscany International Drilling, in which Maurel & Prom took a 29.05% equity interest following the sale of Caroil in 2011, is an equity associate. New Gold Mali, which was previously an equity associate, was sold in the second half of the year (see Note "Changes in the composition of the Group"). The deconsolidation of the Company released income recognised as equity in the amount of €2,725K.

31/12/2011 In thousands of euros	Share of equity	Goodwill	Balance sheet value	Share of income in the fiscal year
New Gold Mali	-	-	-	*(428)*
Tuscany International Drilling	*81,031*	-	*81,031*	*(902)*
TOTAL	**81,031**	**-**	**81,031**	**(1,330)**

** The initial consolidation of Tuscany International Drilling generated negative goodwill in the amount of €10,203K, recognised in 2011 under income from equity associates. This line shows only Tuscany International Drilling's net income for the period, excluding this negative goodwill.*

31/12/2012 In thousands of euros	Share of equity	Goodwill	Balance sheet value	Share of income in the fiscal year
Tuscany International Drilling	*72,496*	-	*72,496*	*(7,924)*
TOTAL	**72,496**	**-**	**72,496**	**(7,924)**

Financial information as at 31 December 2012

In thousands of euros	Tuscany International Drilling
Assets	*488,855*
*Liabilities**	*239,300*
Sales	*259,354*
Net income	*(27,279)*

** Excluding net equity position.*

The carrying value of Tuscany shares accounted for by the equity method in the consolidated financial statements is greater than their market value at period-end (CAD 0.23/share, or €19 million for all shares held).

Based on its analysis, Maurel & Prom is of the opinion that the current undervaluation of Tuscany shares is related to its rapid growth (having acquired Caroil and Drillfor in 2011) and its existing debt. The Group has confirmed its commitment to support this Company, regardless of any debt restructuring or changes in the composition of its shareholding.

In accordance with IAS 36, as Tuscany's market value is less than its carrying value, the Group has measured its value-in-use by calculating the present discounted value of its projected future cash flow.

For this purpose, Maurel & Prom has prepared a 5-year business plan for Tuscany, based on:

- the information published by the company;
- its reputation in this sector via its former drilling subsidiary Caroil, which it sold to Tuscany in 2011 but which it continues to work with on a regular basis, especially in Gabon and Tanzania;
- Tuscany's growth prospects, as it has significant market shares in Brazil, Colombia and Ecuador where oil activities should continue steadily into the foreseeable future.

This business plan also takes Tuscany's 2012 results into account and its impairment losses on four rigs. The latter relate in particular to an anticipated future rig usage rate of approximately 80%, and average daily invoicing of US$33K in line with realised income in 2012 and current market prices.

The business plan was prepared solely on the basis of organic growth, with the assumptions used for the calculation of the terminal value corresponding to normative rates of growth and profitability of 1% and 12% respectively. The 10% discount rate adopted takes into account the nature of the markets in which the company operates as well as their geographical location.

The value-in-use derived from this calculation is higher than the carrying value of the Tuscany shares held as equity associates. Therefore, any loss in value is not recorded in the financial statements at 31 December 2012.

A sensitivity analysis showed that 5% rise in the discount rate, a 5% decline in the long-term growth rate, a 5% fall in sales or a 5% drop in margin compared to the business plan, would not lead to an impairment.

Note 8: Inventories

In thousands of euros	31/12/2012	31/12/2011
Hydrocarbon inventories	*2,047*	*7,313*
Current	-	-
Consumables	*3,013*	*1,927*
TOTAL	5,060	9,240
Write-down to be deducted	-	-
NET VALUE	5,060	9,240

The net value of inventories at 31 December 2012 was €4,180K less than at 31 December 2011. This change was mainly due to:

- the reduction in hydrocarbon inventories at Omoueyi (-€5,344K) due to the difference in the extraction levels between the two period-ends;
- the increase in inventories of chemical products at Omoueyi in the amount of €1,222K.

Note 9. Trade receivables and other current assets

In thousands of euros	31/12/2012	31/12/2011
Trade receivables - oil and gas activities	*74,258*	*59,591*
Other	*1,029*	*655*
TOTAL	75,287	60,246
WRITE-DOWN TO BE DEDUCTED	-	-
NET VALUE	75,287	60,246

The outstanding trade receivables for hydrocarbon sales mainly correspond to receivables from Socap (Total Group) and Sogara, to which the production of the fields on the Omoueyi permit is sold (€68,572K); to receivables from Hocol S.A., to which the production of the Sabanero field is sold (€3,382K); and to the receivables held on hydrocarbon sales at the Mnazi Bay permit (€2,188K).

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

In thousands of euros Other current financial assets	31/12/2012	31/12/2011
Receivables on investments and associations	*18,955*	*40,611*
Loans and other borrowings:	*6,390*	*1,123*
Miscellaneous receivables	*69,526*	*100,867*
GROSS VALUE	94,871	142,601
Write-down to be deducted	*54,445*	*71,164*
NET VALUE	40 426	71 437

Other current assets	31/12/2012	31/12/2011
Advances and down payments	*16,882*	*3,702*
Prepaid expenses	*1,646*	*1,311*
Tax and social security receivables (excluding income tax)	*33,125*	*21,566*
Other assets	*8,920*	*4,423*
GROSS VALUE	60,573	31,002
Write-down to be deducted	-	-
NET VALUE	60,573	31,002

Receivables on investments and associations:

The change in “Receivables on investments and associations” mainly relates to:

- the balance of the New Gold Mali current account following its sale in the amount of -€10,658K, and related interests amounting to -€421K;
- the Ison Holding current account amounting to €11,453K. This current account corresponds to a receivable held against the company that acquired New Gold Mali. It essentially corresponds to the current account held on New Gold Mali prior to its sale. This current account has been fully written off;
- the current account balance on the Tilapia permit becoming non-Group after the retrocession of interests on 29 April 2009 in the amount of €18,685K (including accrued interest), as part of the capitalisation of the current account on the permit holder, Prestoil Kouilou. This current account has been fully written off;
- the reduction in the current accounts on the Mnazi Bay permit, in the amount of -€4,369K.

As at 31 December 2012, this item consisted primarily of the following:

- the Ison Holding current account amounting to €11,453K, fully written off;
- the current accounts of partners on the Mnazi Bay permit in the amount of €2,944K;
- non-Group current accounts of partners on the Noumbi permit, in the amount of €2,083K.

Loans and other borrowings:

The balance of this item mainly consists of the guarantee deposit relating to the drawdown of the RBL, corresponding to 5% of the amount drawn down as at 31 December 2012 (€4,926K) and of the head office guarantee (€372K).

Miscellaneous receivables:

As at 31 December 2012, the balance of miscellaneous receivables was made up mainly of the following elements:

- the recognition of the Integra receivable as part of the sale of Maurel & Prom Venezuela in the amount of €37,500K, fully written off;
- the receivable relating to the exploration financing commitment by Pacific Rubiales Energy as part of the sale of 49.99% of Colombia, in the amount of €16,741K;
- various receivables held by Maurel & Prom Gabon in the amount of €8,216K, of which €8,155K relates to the reinvoicing of costs to the partner Tullow;
- the SOCOFRAN receivable in the amount of €2,573K (including €204K interest). This receivable has been fully written off;
- various receivables held by Maurel & Prom Colombia BV in the amount of €2,452K. These receivables mainly correspond to agreed advances to the partner Hocol S.A. (€2,319K);
- various receivables recognised in the financial statements for Cyprus Mnazi Bay Ltd, relating to the Mnazi Bay permit, in the amount of €1,083K.

Impairment of other current financial assets:

The changes in this item mainly relate to:

- the provisioning of the Integra receivable as part of the sale of Maurel & Prom Venezuela (additional €12,500K impairment in the first half of 2012). As at 31 December 2012, the receivable was fully written off;
- the reversal of the provision for receivables of partners of Panther Eureka in the amount of €11,269K following the abandonment of the recorded receivable;
- the provision for the whole of the Ison Holding current account, in the amount of €11,472K;
- the reversal of the provision on the current account of the sold company New Gold Mali, in the amount of €8,198K (non-Group share);
- on the Tilapia permit, the reversal of the provision recorded on the Tilapia current account held by Maurel & Prom Assistance Technique in the amount of €16,834K as well as the reversal of the provision on various Tilapia receivables held by Prestoil Kouilou, in the amount of €4,118K.

Advances and down payments:

The change in "Advances and down payments" is mainly due to an increase in the advances and down payments on orders for the investment needs of the Omoueyi field, in the amount of €12,813K.

Tax and social security receivables:

Group tax and social security receivables rose by €11,559K. These were mainly VAT receivables. This increase is due to:

- an increase in VAT receivables in Colombia, in the amount of €4,641K. This rise is linked to the increase in investments made on the COR-15, Muisca, SSJN-9 fields and mainly at the Sabanero field which accounted for more than 60% of the investments in Colombia in 2012;
- an increase in VAT receivables on the Omoueyi permit, in the amount of €9,624K linked to the increase in investments primarily in North Morocco;
- a reduction in tax receivables on the Tanzanian permit, in the amount of -€1,696K.

Other assets:

As at 31 December 2012, the balance of other assets mainly consisted of:

- expenses to be allocated in relation to the cost of setting up the Reserve Based Loan (RBL) entered into in 2009 (€1,939K);
- expenses to be allocated to the financing put in place in Gabon in the amount of €6,431K (see Note "Off-balance-sheet commitments").

Note 10: Financial instruments

In thousands of euros	31/12/2012			31/12/2011
	Current	Non-current	Total	Total
FINANCIAL INSTRUMENTS (ASSETS)	2,166	-	2,166	6,509
Interest rate instruments	-	-	-	-
Exchange rate instruments	-	-	-	-
Hydrocarbon instruments	2,166	-	2,166	6,509
FINANCIAL INSTRUMENTS (LIABILITIES)	5,787	-	5,787	19,480
Interest rate instruments	-	-	-	-
Exchange rate instruments	-	-	-	-
Hydrocarbon instruments	5,787	-	5,787	19,480
TOTAL	3,621	-	3,621	12,971
o/w Mark-to-Market assets	2,166	-	2,166	6,509
o/w Mark-to-Market liabilities	5,231	-	5,231	16,224
o/w liquidation	556	-	556	3,256
	3,621	-	3,621	12,971

As part of its ongoing operations, the Group uses financial instruments to reduce its exposure to the risk of fluctuations in oil prices and, to a lesser degree, to foreign exchange rates.

Various instruments are used, including contracts on organised or over-the-counter markets for futures, forwards, swaps and options.

Changes in the fair value of derivative instruments are posted under income or shareholders' equity in accordance with IFRS, specifically IAS 32 and 39.

The fair values of energy derivative instruments are classed at level 2, corresponding to the use of prices based on observable data.

Hydrocarbon derivative instruments

There are two types of derivatives used to reduce exposure to the risk of changes in hydrocarbon prices:

- "swaps" of sales of crude for a given volume and over a given period at a given sale price per barrel;
- more sophisticated products that combine sales of swaps and options to set the barrel sale price of crude while benefiting to a certain extent from favourable market conditions.

Although they are used for economic hedging, when these derivative products display certain optional characteristics they may be fully or partially ineligible for hedge accounting treatment under IFRS. For this reason, some derivative instruments in the hedging portfolio are classified as trading instruments.

The hedges in place in 2012 represented 5,500 barrels a day, of which 1,500 remained after the end of the period with a maturity of 31 December 2013.

The revaluation at market price of these various transactions as at 31 December 2012 led to the posting of an asset of €2.1 million and a liability of €5.2 million.

Fair value reserve in shareholders' equity

The impact on shareholders' equity of hedging derivatives is shown in the table below:

In thousands of euros

Impact of financial instruments on shareholders' equity

	31/12/2012	31/12/2011
FAIR VALUE RESERVE AT PERIOD START	(10,704)	(28,099)
Change in the portion of unexpired hedges (in existence the previous year)	*122*	*19,126*
Fair value of new hedges for the period recognised as shareholders' equity	*-*	*(3,319)*
Fair value of the portion of hedges recycled in the income statement	*6,666*	*1,156*
Deferred tax	*-*	*-*
Foreign exchange effect	*32*	*433*
FAIR VALUE RESERVE AT END OF PERIOD	(3,885)	(10,703)
CHANGE IN SHAREHOLDERS' EQUITY DURING THE PERIOD (EXCLUDING FOREIGN EXCHANGE EFFECT)	6,788	16,963
Closing rate at 31/12/2011	*1.2939*	
Average rate at 31/12/2012	*1.2854*	
Closing rate at 31/12/2012	*1.3194*	

Note 11: Fair value

Financial assets

The various categories of financial assets (excluding financial instruments) as at 31 December 2012 and 31 December 2011 are shown in the following tables:

31/12/2012 In thousands of euros	Financial assets available for sale	Loans and receivables	Balance Sheet Total	Fair value
Other non-current financial assets	*601*	*139*	*740*	*740*
Trade receivables and related accounts	-	*75,287*	*75,287*	*75,287*
Other current financial assets	-	*40,426*	*40,426*	*40,426*
Cash and cash equivalents	-	*67,371*	*67,371*	*67,371*
TOTAL BALANCE SHEET VALUE	601	*183,223*	*183,824*	*183,824*
TOTAL FAIR VALUE	601	183,223	183,824	183,824

31/12/2011 In thousands of euros	Financial assets available for sale	Loans and receivables	Balance Sheet Total	Fair value
Other non-current financial assets	*1,393*	*7,451*	*8,844*	*8,844*
Trade receivables and related accounts	-	*60,246*	*60,246*	*60,246*
Other current financial assets	-	*71,437*	*71,437*	*71,437*
Cash and cash equivalents	-	*60,771*	*60,771*	*60,771*
TOTAL BALANCE SHEET VALUE	1,393	199,905	201,298	201,298
TOTAL FAIR VALUE	1,393	199,905	201,298	201,298

Other assets at 31 December 2012 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;
- other current financial assets, such as trade receivables and related accounts, with maturities of less than one year, are not discounted. When necessary, the receivables are assessed at their economic value and are recognised as such in the Group's financial statements (Pacific Rubiales receivable relating to the financing of exploration in Colombia);
- 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 financial instruments) at 31 December 2012 and 31 December 2011 are as follows:

31/12/2012 In thousands of euros	Current	Non-current	Balance Sheet Total	Fair value
Bonds	*10,933*	*346,752*	*357,685*	*377,133*
Other borrowings and financial debt	*113,707*	-	*113,707*	*113,706*
Trade payables	*104,028*	-	*104,028*	*104,028*
Other creditors and sundry financial liabilities	*80,582*	-	*80,582*	*80,582*
TOTAL	309,250	346,752	656,002	675,449

31/12/2011 In thousands of euros	Current	Non-current	Balance Sheet Total	Fair value
Bonds	*10,968*	*338,271*	*349,239*	*345,261*
Other borrowings and financial debt	*11,144*	*61,829*	*72,973*	*72,973*
Trade payables	*78,059*	-	*78,059*	*78,059*
Other creditors and sundry financial liabilities	*40,005*	-	*40,005*	*40,005*
TOTAL	140,176	400,100	540,276	536,298

Assumptions made

The two OCEANE bonds are measured at their fair value.

The value of each borrowing has been recalculated using the market rate prevailing at 31 December 2012, based on the amount borrowed over the residual term of each bond, as if the bond had been issued on 31 December 2012. The rates used were 3.11% and 3.68% for OCEANE 2014 and 2015, respectively.

This analysis valued the two bond issues at €377,133K.

As the BGFI line of credit is short-term, its fair value is considered to be equal to its book value.

The repayment of the RBL loan is indexed to the LIBOR plus a margin representing the Maurel & Prom spread. Market conditions are used to confirm that the applicable market conditions do not differ from the conditions applied.

Trade payables and other creditors at 31 December 2012 and sundry financial liabilities have maturities of less than one year and therefore their fair value does not differ from their balance sheet value.

Estimates were updated where necessary and have already been taken into account in the presentation of the financial statements.

Note 12: Cash and cash equivalents

Cash equivalents include liquid assets and investments with a term of less than three months.

In thousands of euros	31/12/2012	31/12/2011
Liquid assets, banks and savings banks	*37,980*	*57,861*
Short-term bank deposits	*29,391*	*2,910*
Marketable securities	-	-
TOTAL	67,371	60,771
Bank loans	*131*	*70*
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	67,240	60,701

At 31 December 2012, Maurel & Prom had net cash of €67.2 million, in comparison to €61 million at 31 December 2011, an increase of €6.5 million. Changes in cash during fiscal year 2012 reflected:

- cash flow generated by operating activities (+€322 million);
- payments linked to acquisitions of property, plant and equipment and intangible assets in the amount of -€295 million;
- payment by Maurel & Prom of a dividend in respect of fiscal year 2011 to its shareholders in the amount of €46 million;
- additional drawdown of US$50 million (€41.2 million) of the RBL.

Note 13: Shareholders' equity

At 31 December 2012, the share capital was comprised of 121,512,434 shares with a nominal value of €0.77, or total equity of €93,564,574.18.

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 all or some employees and/or to all or some 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.

For all 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 in previous years are as follows:

Date of allocation decision	Number of shares
03/10/2006	70,000
14/12/2006	66,800
21/12/2007	116,524
25/04/2008	46,750
15/10/2008	93,892
16/12/2008	102,750
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

Share repurchase plan

Following the approval by the General Meeting of 14 June 2012, 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.

As part of this repurchase plan, in 2012 no shares were bought and 4,402 shares were delivered in the form of OCEANE bond conversions.

Over the same period, 2,200,754 shares were bought and 2,215,211 shares were sold under the liquidity contract.

At 31 December 2012, the Company held 5,716,245 treasury shares (4.70% of the share capital for a gross value of €72.7 million at the end of 2012), including 31,217 shares under the liquidity contract.

At 31 December 2012, as shown in the capital movements table below, there were 121,512,434 Company shares and the share capital amounted to €93,564,574.18.

Summary of capital movements

In euros	Number of shares	Treasury shares
At 31/12/2008	120,569,807	6,436,408
- Issued as dividend payments	*682,464*	-
- Repurchase of treasury shares	-	*-406,669*
At 31/12/2009	121,252,271	6,029,739
- Issued for exercise of BSARs	*52,730*	-
- Repurchase of treasury shares	-	*333,314*
At 31/12/2010	121,305,001	6,363,053
- Issued for exercise of BSARs	*188,533*	-
- Repurchase of treasury shares	-	*-389,973*
At 31/12/2011	121,493,534	5,973,080
- Issued for exercise of BSARs	*18,900*	-
- Repurchase of treasury shares	-	*-256,835*
At 31/12/2012	121,512,434	5,716,245

Distribution

The General Shareholders' Meeting of 14 June 2012 ratified the distribution of a dividend of €0.40 per share for the fiscal year ended 31 December 2011.

The dividend was paid out on 22 June 2012 in the total amount of €46,205,552.40.

Note 14: Provisions

In thousands of euros	Site restoration	Employee benefits	Other	Total
BALANCE AT 01/01/2011	7,304	708	15,262	23,275
Currency translation adjustments	*566*	*13*	*(117)*	*462*
Changes in consolidation scope	*(3,461)*	*(66)*	*(1,907)*	*(5,434)*
Provisions in the period	-	*244*	*147*	*391*
Use	*701*	-	*(1,130)*	*(429)*
Other prov. and reversals	*3,325*	-	*(3,539)*	*(214)*
Impact of accretions	*703*	-	-	*703*
BALANCE AT 31/12/2011	9,138	899	8,716	18,753
Current portion	*2,172*	*659*	*8,716*	*11,547*
Non-current portion	*6,966*	*240*	-	*7,206*

In thousands of euros	Site restoration	Employee benefits	Other	Total
BALANCE AT 31/12/2011	9,138	899	8,716	18,753
Currency translation adjustments	*(199)*	*(6)*	*(4)*	*(209)*
Changes in consolidation scope	-	-	-	-
Provisions in the period	*400*	*287*	*616*	*1,303*
Use	*(4)*	-	-	*(4)*
Other prov. and reversals	*621*	-	*(4,720)*	*(4,099)*
Impact of accretions	*405*	-	-	*405*
BALANCE AT 31/12/2012	10,361	1,180	4,608	16,149
Current portion	*2,073*	*937*	*4,608*	*7,618*
Non-current portion	*8,288*	*243*	-	*8,531*

Site restoration

At 31 December 2012, the provision for site restoration in the Maurel & Prom financial statements mainly relates to Gabon in the amount of €8,988K (including €8,928K for the Omoueyi permit), €728K for Sicily (Panther Eureka) and €643K for the Sabanero permit in Colombia.

Employee benefits

At 31 December 2012, the provision for retirement and other post-employment benefits mainly concerns the Maurel & Prom head office (€879K) and Maurel & Prom Colombia BV (€292K). This liability is measured by an independent actuary.

Other provisions

Other provisions for risks and contingencies are shown in the table below:

In thousands of euros	December 2011	Change	December 2012	
Operating risks in the Congo	1,073	-	*1,073*	(1)
Risks on equity associates	2,710	-2,710	-	(2)
Other	4,932	*-1,398*	*3,535*	(3)
OTHER PROVISIONS FOR RISKS AND CONTINGENCIES	8,716	-4,108	4,608	

(1) The provision allocated in 2007 to hedge a series of risks linked to the sale of most of the Group's activities in the Congo to Eni still appears in the financial statements in the amount of €1,073K, awaiting final write-down.

(2) The Group creates provisions, when necessary, for net negative positions of equity associates in accordance with IAS 28. At 31 December 2012, the provision for New Gold Mali, consolidated as an equity associate, was reversed in full in consideration of its sale in 2012.

(3) The change in other provisions mainly relates to the resolution of the Group's litigation against Alphin Capital (see Note "Risks").

Note 15: Bonds, other borrowings and financial debt

Bonds, other borrowings and financial debt are detailed below:

In thousands of euros	Currency	31/12/2012			31/12/2011
		Current	Non-current	Total	Total
BONDS		10,933	346,752	357,685	349,239
Other borrowings and debts		113,530	-	113,530	72,902
BGFI - line of credit	*EUR*	*15,000*	-	*15,000*	*11,000*
BNP - RBL	*US$*	*98,530*	-	*98,530*	*61,903*
Debts on finance leasing		46	-	46	-
Bank loans		131	-	131	70
TOTAL OTHER BORROWINGS AND FINANCIAL DEBT		113,707	-	113,707	72,972

Bonds

The Group issued two OCEANE bonds in 2009 and 2010, maturing on 31 July 2014 and 31 July 2015, respectively.

The interest expensed for the OCEANE 2014 bond during the reporting period amounted to €28,690K.

The interest expensed for the OCEANE 2015 bond during the reporting period amounted to €5,940K.

Other borrowings and financial debt

On 29 May 2009, the Group entered into a new bank credit facility with a consortium of four banks (BNP Paribas, Calyon, Natixis and Standard Bank) for US$255 million, guaranteed by the pledge of the oil reserves in Gabon («Reserve Based Loan» or RBL). This facility was initially obtained as part of the financing of the acquisition of assets in Nigeria.

The RBL was increased to US$330 million in January 2011.

In accordance with the RBL amortisation and depreciation plan, the draw-down ceiling at 31 December 2012 was US$198 million.

As at 31 December 2012, the amount drawn on the RBL was $130 million (€98,530K).

The draw-down comes with the obligation to set aside an amount corresponding to 5% of the amount drawn, i.e. US$6.5 million at 31 December 2012, equal to €4,926K, which appears as a deposit in the Group's financial statements.

This facility is conditional on certain semi-annual commitments being met to guarantee the draw-down conditions:

- consolidated financial debt/equity ratio (excluding impact of foreign exchange and hedging derivatives) < 1;
- current ratio > 1.1, designating the ratio of current financial assets/current liabilities (excluding derivatives).

These commitments were complied with in 2012.

The Company has also committed to:

- regularly update the liquidity plan and submit it for approval;
- grant no sureties or guarantees on certain assets of a Group member;
- not sell Group oil assets that support the RBL, particularly certain oil fields in Gabon;

- not commit to additional financial debt, apart from current borrowing, an additional OCEANE issue, subordinated debt maturing later than the RBL, or certain intra-group borrowing, or other debt; and
- not to grant loans to third parties, other than in the routine commercial transactions linked to its activities.

Furthermore, on 8 November 2012, the Group announced that its subsidiary Maurel & Prom Gabon SA had set up a new line of credit in the amount of US$350 million (Senior Secured Facility) with a consortium of seven international banks (Natixis, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Standard Bank, Rand Merchant Bank, Standard Chartered Bank and Nedbank) and Canada's export agency (Export Development Canada), approved by the Gabon authorities in late January 2013. At the same time, the Group will repay its current line, US$130 million of which is drawn down (see below). Consequently, the present line is qualified in its entirety as short-term debt at period-end on 31 December 2012.

The Group also took out a line of credit at BGFI in April 2011 in the amount of €15 million, drawn down in full as at 31 December 2012. This line initially had a maturity of 12 months. This line was repaid in February 2013 after the new facility was set up (see above).

Note 16: Trade payables – other creditors and miscellaneous financial liabilities

In thousands of euros	31/12/2012			31/12/2011		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
SUPPLIERS AND ACCRUED EXPENSES	**104,028**	**-**	**104,028**	**78,059**	**-**	**78,059**
Suppliers	*50,810*	-	*50,810*	*32,413*	-	*32,413*
Accrued expenses	*53,218*	-	*53,218*	*45,646*	-	*45,646*
OTHER CREDITORS AND MISCELLANEOUS LIABILITIES	**93,678**	**-**	**93,678**	**53,118**	**-**	**53,118**
Social security liability	*5,524*	-	*5,524*	*4,409*	-	*4,409*
Tax liability	*7,572*	-	*7,572*	*8,704*	-	*8,704*
Miscellaneous creditors	*80,582*	-	*80,582*	*40,005*	-	*40,005*

Trade payables and related accounts

The balance of trade payables at 31 December 2012 mainly consists of trade payables directly related to requirements generated in Gabon in the amount of €23,290K, of which €21,360K is for the Omoueyi permit. This balance also includes M&P Colombia BV trade payables amounting to €21,015K (mainly trade payables of Meta Petroleum Corp. which operates on the Sabanero permit) and trade payables relating to the Mnazi Bay permit amounting to €4,199K.

The change in trade payables over the course of 2012 was +€18,397K, which was mainly due to expenditures in Colombia (+€17,043K) and in Gabon (+€2,697K).

The balance of the payables at 31 December 2012 mainly consisted of the following:

- accrued expenses on the fields in Gabon amounting to €46,261K (of which €41,371K related to payables on Omoueyi);
- accrued expenses on the Colombian permit amounting to €4,095K relating to invoices receivable from the supplier Meta Petroleum Corp. which operates on the Sabanero permit.

Other creditors and miscellaneous liabilities

The +€40,560K change in other creditors and miscellaneous liabilities is mainly due to:

- the increase in other M&P Colombia BV creditors and miscellaneous liabilities in the amount of +€56,229K which is mainly related to the financing by Pacific Rubiales Energy of the Sabanero and COR-15 permits (+€56,112K in fiscal year 2012);
- the reduction in other Maurel & Prom Gabon creditors and miscellaneous liabilities from operating the Omoueyi permit (-€7,792K), resulting mainly from the change in retrocessions of sales to its partner, Tulip Oil. At 31 December 2012, the balance of retrocessions of sales on the Omoueyi permit amounted to €11,962K.

Note 17: Personnel expenses

In thousands of euros	31/12/2012	31/12/2011
Wages	*10,909*	*8,546*
Profit-sharing	*625*	*616*
Stock options and bonus shares	*2,232*	*2,512*
Social contributions and other personnel-related expenses	*3,705*	*2,522*
TOTAL	17,471	14,196

The change in personnel expenses is mainly due to the increase in expenses in Gabon, linked to the strengthening of the workforce (an additional 84 employees making a total workforce of 228 at 31 December 2012).

Note 18: Operating income

In thousands of euros	31/12/2012	31/12/2011
Sales	*472,104*	*373,575*
Gross margin	*381,724*	*310,776*
Gross operating surplus	*338,716*	*272,746*
Amortisation and depreciation of depletion and other impairment	*(83,393)*	*(65,616)*
Income from production activities	**255,323**	**207,130**
Depreciation of exploration and production assets	*(42,064)*	*(36,514)*
Income from production and exploration activities	**213,259**	**170,616**
Income from disposal of assets	*1*	*122,141*
Other operating items	*(12,503)*	*(34,687)*
OPERATING INCOME	200,757	258,070

The gross margin corresponds to sales of services, net of purchases of materials and consumables. The gross operating surplus corresponds to the gross margin net of taxes and duties (excluding income tax) and personnel expenses. These two indicators provide a good overview of the performance from production activities.

The improvement in income from production activities was mainly due to higher volumes being sold in Gabon in a context of steady sale prices (average US$110.6/bbl in 2012 versus US110.9/bbl in 2011). In Gabon, production sold was 15,541 boepd compared with 14,269 boepd in 2011. The Group also posted oil sales at the Sabanero field in Colombia in the amount of €16.8 million (at Group share 50.01%) for fiscal year 2012.

The Group also benefited from a relatively favourable economic environment in terms of the €/US$ exchange rate. The rate rose from 1.2939 at 31 December 2011 to 1.3194 at 31 December 2012 (+1.9%), for an average rate in 2012 of 1.2854, whereas the average rate in 2011 was 1.39219, an 8% improvement.

Change in sales

In millions of euros	
31/12/2011	374
Impact of hedges	*25*
Gabon	*56*
Sabanero	*17*
31/12/2012	472

Change in operating income

In millions of euros	
31/12/2011	258
Gain/loss on asset disposals 2011	*-122*
Sales	*98*
Opex Colombia	*-15*
Exploration expenses	*-6*
Messier	*6*
Provision for bad debts, Integra	*13*
Other	*-31*
31/12/2012	201

Impairment of exploration and production assets

In thousands of euros	
Bibonga (Etekamba - Gabon)	*7,739*
Ngoma (Etekamba - Gabon)	*6,770*
Mounyouga NE (Etekamba - Gabon)	*6,448*
Mios Lavignolle (France)	*2,671*
SSJN-9 (Colombia)	*6,478*
Ziwani (Mnazi Bay - Tanzania)	*11,588*
Miscellaneous facilities	*370*
TOTAL	42,064

The change in gross operating surplus is shown in the table below

In millions of euros	2012			2011		
	Sales	Gross Operating Surplus		Sales	Gross Operating Surplus	
*Gabon**	*471*	*372*	*79%*	*415*	*331*	*80%*
Other (Colombia – Tanzania)	*18*	*-*	*3%*	*1*	*-*	*-*
Hydrocarbon production	*489*	*372*	*76%*	*415*	*331*	*80%*
Hedges	-16	-16	-	-42	-42	-
Structures	-	-17	-	-	-16	-
TOTAL	472	339	72%	374	273	72%

** Omoueyi and Nyanga Mayombé*

Amortisation and depreciation charges mainly consisted of the following:

- depletion of assets in Gabon: €74,263K including the amortisation of the mining permits;
- depletion of Sabanero in Colombia: €5,828K;
- depreciation of assets of the Alasi permit in Syria: €1,176K.

The other elements of operating income mainly reflect the provisioning of Integra receivables in the amount of €12.5 million, thereby setting the net value of this receivable at zero (see "Other Assets").

Note 19: Financial income

In thousands of euros	31/12/2012	31/12/2011
Interest on overdrafts	(136)	(177)
Interest on OCEANE bonds	(34,589)	(33,958)
Interest on other borrowings	(3,633)	(6,150)
GROSS COST OF DEBT	(38,358)	(40,284)
Income from cash	538	3,217
Net gains and losses on derivative instruments	4,459	1,616
NET COST OF DEBT	(33,361)	(35,451)
OTHER NET FINANCIAL INCOME AND EXPENSES	(9,064)	18,647
Net foreign exchange differences	1,384	22,150
Other	(10,448)	(3,503)
FINANCIAL INCOME	(42,425)	(16,804)

Interest expense on the OCEANE 2014 and 2015 bonds whose characteristics are described above in the Note "Bonds, other borrowings and financial debt" amounted to €34,589K. This amount breaks down as follows:

- interest charges calculated at the nominal rate of loans and paid at each annual maturity: €25.1 million;
- "debt readjustment" technical charge: €8.5 million.

The breakdown of bonds at the time of their issue into a shareholders' equity component and a debt component in accordance with IFRS, requires a technical "debt readjustment" charge to be recorded every year until maturity.

Les charges d'intérêts sur autres emprunts sont composées des intérêts sur le RBL pour 3,3 M€ et sur la ligne de financement BGFI pour 0,3 M€.

Income from cash corresponds to the return from interest-bearing accounts, in the amount of €0.6 million.

Income from derivatives transactions amounting to €4.5 million relates to the revaluation at fair value through income, of hedges recognised as trading hedges in the Group's financial statements (derivative instruments on hydrocarbons entered into to limit the Group's exposure to barrel price fluctuations) in the amount of €0.2 million, and to the liquidation of positions over the fiscal year in the amount of €4.6 million.

Net foreign exchange gains (€0.8 million) were linked primarily to the revaluation of the Group's currency positions at the closing rate. The €/US$ exchange rate at the end of the period had a significant impact on Maurel & Prom's financial income because at the same time:

- the US$ exchange position of the parent company, which is traditionally a lending position as it ensures the Group's financing, has been revalued in euros (its functional currency and the Group's reporting currency);
- the debts in euros of operating subsidiaries (mainly Gabon) were revalued in their functional currency, i.e., the US dollar.

Thus, the relative stability of the US dollar throughout the year was reflected in the limited impact of foreign exchange gains and losses in the financial statements of the holding company and the operating subsidiaries.

At 31 December 2012, the parent company had a net borrowing position of US$311 million and M&P Gabon a borrowing position of €608 million.

The impact on consolidated financial income at 31 December of a 10% rise or fall in the €/US$ exchange rate on that date is shown below (in millions of euros):

Impact on pre-tax income

In thousands of euros	Hausse de 10 % parité €/$, *ie* baisse du $	Baisse de 10 % parité €/$, *ie* hausse du $
US$	*-41,024.8*	*36,269.2*
Other currencies	-	-
TOTAL	-41,024.8	36,269.2

Other elements of financial income comprise:

- undrawn commissions and amortisation and depreciation of charges to be allocated under the RBL in the amount of €4 million;
- the accretion expense of the receivable recognised in 2011 relating to the price adjustment on the sale of 49.99% of Colombia, in the amount of €4 million;
- the accretion expense of the provision for site restoration in Gabon, in the amount of €0.8 million;
- the net impact of equity interest taken in Ison following the Group's divestment of its stake in New Gold Mali (-€1.3 million).

Note 20: Income tax

Breakdown of the charge for the fiscal year

The corporate income tax payable corresponds mainly to the recognition of the government's share of profit oil on the Omoueyi and Nyanga Mayombé permits in Gabon in the amount of €30,813K and the income from tax consolidation in the amount of €1,969K of Maurel & Prom Paris on its subsidiary Maurel & Prom Venezuela SAS, which was sold in 2011.

The deferred tax charge reflects the posting of the difference between the recognition of the recoverable costs, on a taxable base, and the posting in the consolidated financial statements under the Omoueyi permit of -€65,208K.

In thousands of euros	31/12/2012	31/12/2011
Tax charge payable for the fiscal year	*28,760*	*29,274*
Deferred tax income or charge	*66,452*	*68,940*
TOTAL	95,212	98,214

Change in current tax

In thousands of euros	31/12/2012	31/12/2011
Income tax receivable	*290*	*21*
Income tax payable	*2,506*	*12,421*

The reduction in income tax payable is mainly due to the reduction in Gabonese debt on the Omoueyi permit related to profit oil.

Origin of deferred taxes

In thousands of euros	31/12/2012	31/12/2011
Tax deficits	*4,966*	*6,897*
Temporary difference in the valuation of Gabon oil inventories	*1,785*	*1,236*
TOTAL DEFERRED TAX ASSETS	6,751	8,133
Goodwill on property, plant and equipment	*175,009*	*111,858*
Accelerated depreciation	*-*	*-*
OCEANE equity component	*4,966*	*6,897*
Other	*-*	*-*
TOTAL DEFERRED TAX LIABILITIES	179,975	118,755
NET	173,224	110,622

The initial deferred taxation between the taxable base of recoverable costs and consolidated assets at Omoueyi was measured on 31 December 2009. At 31 December 2012, this base difference generated a deferred tax liability of €175 million.

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.

Reconciliation of the tax charge and pre-tax income

In thousands of euros	31/12/2012	31/12/2011
Pre-tax income from continuing activities	161,406	250,139
- Net income from equity associates	*3,074*	*8,873*
PRE-TAX INCOME EXCLUDING EQUITY ASSOCIATES	158,332	241,266
Distortion of the Gabon taxable base	*-280,664*	*-297,184*
Non-taxable gains - France	*-*	*-224,103*
TAXABLE INCOME BEFORE TAX	-122,332	-280,021
Theoretical tax charge of 33.33%	-40,773	-93,331
Reconciliation	-	-
- In-kind liquidated tax	*-*	*-*
- Tax rate discrepancy	*-92*	*242*
- Tax difference on Gabon recoverable costs	*65,209*	*69,333*
- Profit oil tax/Notional sales	*30,814*	*29,239*
- Activation of prior deficits	*-*	*-*
- Non-activated deficits and other	*40,054*	*92,731*
ACTUAL TAX CHARGE	95,212	98,214

Tax rate discrepancies are mainly due to the taxation applied to entities or establishments that have an oil activity or that are linked to oil services (drilling) in African countries.

Non-activated deficits correspond to the non-activated share of tax on subsidiaries or establishments whose recovery prospects are not proven. 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 activities undertaken.

In thousands of euros	31/12/2012	31/12/2011
Net income, Group share	58,079	164,560
Net income from discontinued activities	-	12,635
Net income from continuing activities	58,079	151,925
Average number of shares outstanding	115,788,370	115,234,001
Stock options and bonus shares (weighted number)	411,231	417,091
Share subscription warrants	14,130,852	12,089,960
OCEANE bonds (weighted number)	29,694,953	24,613,253
Average number of diluted shares	165,741,652	158,473,745
EARNINGS PER SHARE		
Basic	0.500	1.43
Diluted	0.592	1.27
EARNINGS PER SHARE FROM DISCONTINUED ACTIVITIES		
Basic	-	0.11
Diluted	-	0.08
EARNINGS PER SHARE FROM CONTINUING ACTIVITIES		
Basic	0.500	1.32
Diluted	0.592	1.19

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.

Thus, the resulting income has been adjusted for interest expenses related to the OCEANE bonds and expenses incurred for bonus shares, in the total amount of €36,882K at 31 December 2012.

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 activities undertaken.

Note 22: Related parties

Commercial and financial transactions

31/12/2012 In thousands of euros	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
1) EQUITY ASSOCIATES				
- Tuscany International Drilling	*76*	*-*	*205*	*2,825*
2) OTHER RELATED PARTIES				
- Pacifico	*226*	*362*	*66*	*22*

31/12/2011 In thousands of euros	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
1) EQUITY ASSOCIATES				
- Tuscany International Drilling	*94*	*-*	*127*	*2,936*
- New Gold Mali (NGM)	*421*	*-*	*2,881*	*-*
2) OTHER RELATED PARTIES				
- Pacifico	*210*	*394*	*22*	*-*

Equity associates

Tuscany International Drilling has been an equity associate since 15 September 2011. It conducts drilling operations through its subsidiary, Caroil, on behalf of Maurel & Prom Group companies, mainly in Gabon on the Omoueyi permit.

New Gold Mali, previously consolidated as an equity associate, was sold in the last quarter of 2012.

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 and to the Chairman and Chief Executive Officer.

In thousands of euros	31/12/2012	31/12/2011
Short-term benefits	*2,719*	*2,594*
Severance indemnities	*-*	*-*
Post-employment benefits	*437*	*481*
Payment in shares	*365*	*375*
TOTAL	3,521	3,450

Note 23: Off-balance-sheet commitments

In thousands of euros	31/12/2012	31/12/2011
Customs guarantees	*898*	*898*
Guarantees made on borrowings	*150,068*	*255,043*
Work commitments	*252,813*	*298,293*

Guarantees made on borrowings

Reserve Based Loan of 29 May 2009

On 29 May 2009, the Group entered into a new bank credit facility with a consortium of four banks (BNP Paribas, Calyon, Natixis and Standard Bank) for US$255 million, guaranteed by the pledge of the oil reserves in Gabon ("Reserve Based Loan" or RBL). This facility was obtained as part of the financing of the acquisition of assets in Nigeria.

The RBL was increased to US$300 million in the fourth quarter of 2010 and was drawn down in full at 31 December 2010.

The RBL was increased to US$330 million in January 2011.

At 31 December 2012, US$130 million (€98.5 million) of the RBL had been drawn down. Maurel & Prom is required to hold 5% of the amount drawn, corresponding to US$6.5 million (€4.9 million) at 31 December 2012.

In addition, Maurel & Prom is obligated for the term of the loan to comply with certain technical and financial covenants (disclosed in the Note "Bonds, other borrowings and financial debt").

Maurel & Prom Gabon SA credit facility

On 5 November 2012, Maurel & Prom Gabon entered into an agreement with a consortium of seven international banks (Natixis, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Standard Bank, Rand Merchant Bank, Standard Chartered Bank and Nedbank) and Canada's export agency (Export Development Canada) for a senior loan facility in the amount of US$350 million (the "Credit Agreement").

Under the terms of the Credit Agreement, Maurel & Prom Gabon can draw the entire amount available under this agreement until 30 June 2014. At the end of this period, the amount available under the Credit Agreement will decline in accordance with a predetermined schedule.

In addition to the standard market conditions that may lead to the cancellation of the facility, the amount available under the Credit Agreement may be reduced if Maurel & Prom Gabon sells all or some of its interests in the Production Sharing Contract on the Omoueyi permit, including the Onal, Omko, Omgw, Ombq, Omoc and Omoc-Nord fields in Gabon (the "Underlying Assets"), and as a consequence, does not achieve the projected minimum production level set out in the Credit Agreement.

This Credit Agreement is guaranteed by the Company and Maurel & Prom West Africa. The following sureties have also been granted as part of the Credit Agreement:

- a pledge of the entitlements held by Maurel & Prom Gabon under the "Contract for the Sale of Rabi Light Crude Oil" concluded between Maurel & Prom Gabon and Socap International Limited on 25 July 2008 (as amended);
- a pledge of the receivables held by Maurel & Prom Gabon as part of the intra-Group loans granted by Maurel & Prom Gabon to the Company under the cash pooling agreements;
- a pledge of certain bank accounts held by Maurel & Prom Gabon, the Company and Maurel & Prom West Africa;
- a pledge of the entitlements held by Maurel & Prom Gabon under the "Contract for the Sale of Crude Oil" concluded between Maurel & Prom Gabon and Société Gabonaise de Raffinage on 4 February 2011;
- a pledge of the Maurel & Prom Gabon shares held by Maurel & Prom West Africa;
- a pledge of the Maurel & Prom West Africa shares held by the Company; and
- 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 sums made available under the Credit Agreement must be used to:

- lend the Company the necessary funds to repay the RBL;
- finance Maurel & Prom Gabon's investments in the Underlying Assets; and
- finance Maurel & Prom Gabon's general requirements, including granting loans to any member company of the Group.

The Credit Agreement comes with an amortisation schedule that stipulates that the final repayment should be made on 31 December 2017. Maurel & Prom Gabon 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 3.5% and 4% per year. This margin varies depending on the credit usage ratio (3.50% when the usage ratio is less than or equal to 50%, 3.75% when more than 50% and less than or equal to 75%, and 4% when more than 75%). Interest will be calculated per three-month period, unless specified otherwise.

Maurel & Prom Gabon undertakes to respect certain financial ratios as at 30 June and 31 December of every year:

- the ratio of Group consolidated current assets/ current debt is to be at least 1.10:1.00; and
- the debt ratio of Group consolidated debt/income (before interest, taxes, amortisation and depreciation excluding the impact of foreign exchange gains and losses) calculated on the 12-month period preceding the observation period must not exceed 3.00:1.00.

In addition, the debt service coverage ratio must be at least 1.300:1.00 for each six-month period. Maurel & Prom Gabon's entitlements on oil production from the fields included in the Omoueyi Production Sharing Contract must not be less than the net production level set out in the Credit Agreement, and Maurel & Prom Gabon must not cease to hold the majority of the entitlements in the Omoueyi Production Sharing Contract.

Under the terms of the Credit Agreement (subject to certain exceptions), Maurel & Prom Gabon and Maurel & Prom West Africa are not authorised to (i) issue a guarantee on their assets, (ii) bear additional financial debt or (iii) take out new loans. Maurel & Prom Gabon also undertakes not to (x) issue guarantees to any person or entity and not to (y) sell all or some of its Underlying Assets with the consequence that production falls below the threshold set in the Credit Agreement. In terms of guarantees, a subordinated guarantee may be granted for issues of debt securities or bonds made by the Company provided that such a guarantee is expressly subordinated to the debt of the Credit Agreement lenders and that the maturity date of said borrowings or bonds is later than the final repayment date of the Credit Agreement.

Work commitments

In thousands of euros	31/12/2012	31/12/2011
Congo	*8,170*	*7,574*
Gabon	*210,128*	*247,349*
Colombia	-	-
Tanzania	*16,410*	*30,605*
Other	*18,105*	*12,765*
TOTAL	252 813	298 293

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.

In Gabon, the commitments partly relate to exploration work:

- Kari permit, for the acquisition of seismic data, valued at US$4.5 million;
- Omoueyi permit, for processing seismic data, amounting to US$1.4 million;
- Nyanga Mayombé permit, for the acquisition of seismic data, amounting to US$12.9 million;
- Etekamba permit, for civil engineering works, amounting to US$0.6 million.

The use of the facility will also apply to development work on the Omoueyi permit, in particular for the full connection of North Morocco and the finalisation of its development plan.

In Colombia, commitments are carried by the partner Pacific Rubiales on the Sabanero, CPO-17, COR-15, Muisca and SSJN-9 permits. These commitments mainly relate to Sabanero as part of the start-up of production, as well as to CPO-17 (stratigraphic wells) and COR-15 (acquisition of 3D seismic data).

In Peru, taking into account the farm-in agreement finalised with Pacific Rubiales on a 50:50 basis on block 116 with carriage, the commitment to drill two wells is carried by our partner.

In the Congo, the Group intends to drill two wells on the La Noumbi permit, one of which was in the process of being drilled at the end of 2012.

In Tanzania, the Group is obligated under the Mnazi Bay permit to acquire seismic data and to drill a development well, in the amount of US$12.3 million. On the Bigwa-Rufiji-Mafia permit, the Group is committed to acquiring seismic data and undertaking development work to connect Mkuranga, at a total cost of US$9.3 million.

The other areas concerned are:

- Namibia, where taking stakes in the 0044 and 0045 permits requires a commitment to acquire 2D seismic data, the processing of which will cost US$0.3 million in 2013.
- Mozambique, where a firm programme of work was agreed upon, valued at US$25.6 million, to produce 1,000 km of 2D seismic data and drill one well.
- In Syria, given the international context, the Group invoked "force majeure" following the prohibition by European governments aimed at regulating transactions conducted in Syria. Accordingly, the US$6 million guarantee was annulled. The circumstances remained unchanged in 2012.

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, being 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 help value the change in reserves at the Niscota field and their level at 31 December 2012.

The information belatedly received from Ecopetrol has, as at the date of this report, not yet enabled Maurel & Prom to assess the level of reserves at the Niscota field at 31 December 2012, or to appoint an independent expert as specified in the Hocol sale contract. Maurel & Prom has therefore initiated arbitration proceedings against Ecopetrol at the International Chamber of Commerce in order to have an arbitral tribunal appoint an expert whose role will be to decide the amount of the potential receivable corresponding to the price adjustment mentioned above.

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.

Tuscany

As part of the sale of Caroil to Tuscany International Drilling, Maurel & Prom gave the latter a standard liability guarantee in this matter. This guarantee expired on 22 June 2012.

Rockover

The Rockover acquisition contract in February 2005 included a 10% snap-back clause for former shareholders in the event of a discovery at any of the sold permits (Ofoubou/Ankani, Omoueyi, Nyanga Mayombé, Kari) and a 50% snap-back on the Banio permit.

At the initiative of Maurel & Prom, an agreement to buy out this provision was signed on 13 July 2007. This agreement specified the payment of US$55 million by Maurel & Prom to former shareholders (paid to date) plus royalties of 2% when cumulative production exceeds 39 million barrels on all fields sold to Maurel & Prom in 2005 (excluding Banio), as well as a royalty of 10% on production from the Banio field when the cumulative production of this field exceeds 3.9 million barrels.

In addition, 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 Mboe;
- Maurel & Prom will have to pay one of the two sellers a royalty equivalent to 2% of the total available production up to a threshold of 30 Mboe and 1.5% for any production over 30 Mboe, from the MT 2000-Nyanga Mayombé exploration permit.

Transworld

Upon the completion of the purchase of Transworld's residual rights to the Etekamba permit on 18 March 2008, a net profit interest agreement was signed, whereby Maurel & Prom must pay 10% of the profit oil and 8% of the profit gas to Transworld Exploration Ltd.

Omoueyi CEPP (exploration and production sharing contract)

As of the start of production at the Onal field, the state of Gabon is automatically entitled to 15% of the rights and obligations under the Omoueyi CEPP contract to develop and operate the Onal exploitation zone, unless it expressly waives this interest within 120 days of the permit production start date. On 13 December 2006, an exclusive operation authorisation was granted for the Onal zone on this permit. As part of this, the state of Gabon sold its entire 15% stake in the Onal field to Tulip Oil, as well as its stake in the Omko field, which began production on 28 September 2009, in which the state automatically held a 15% stake under the same terms and conditions.

The state of Gabon automatically benefited from this right of entry into all fields on the Omoueyi permit under the same terms as set out for Onal and Omko, as well as all permits held by Maurel & Prom in Gabon, under the terms and conditions set out in each CEPP.

Maurel & Prom also owes a 5% duty on exploration and production assets that have so far been exempt from tax. These customs duties were paid in 2009, when production from the Onal and Omko fields rose above 10,000 tonnes (approx. 75,000 barrels). Under this permit, any investment in a new well is liable to a 5% duty.

Ecopetrol

As part of the sale of Hocol Colombia to Ecopetrol, Maurel & Prom gave the latter a standard liability guarantee in this matter.

Litigation

Messier Partners dispute

Due to the appeal by Maurel & Prom to the Court of Cassation in November 2011, this litigation was still ongoing at 31 December 2012.

Alphin Capital dispute

In a ruling dated 8 December 2011, the Paris Commercial Court dismissed the claims of Alphin Capital. As Alphin did not lodge an appeal against this ruling, it became final and binding in the first half of 2012.

Agri-Cher - Transagra dispute

From its former activity, Maurel & Prom remains the subject of proceedings in respect of an alleged contractual liability dating from 1996 in a legal bankruptcy case of the company Transagra and in the business failure of the Agri-Cher cooperative. The Company deems this action of €33 million to be unfounded and has not made any provision for it. All the parties to the dispute have given written notice of their intention not to continue with the action, and the Court ordered that these proceedings be withdrawn in 2009. The ad hoc attorney appointed in this case requested that the case be re-entered for 2011. The case will be heard on 7 February 2013 at Bourges District Court. According to the judgment of 21 March 2013 the applicant was dismissed from all his requests

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.

Note 24: Operating segments

In compliance with IFRS 8, in effect since 1 January 2009, 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. Taking into account the sale of Caroil in September 2011, the Group now has two business segments: exploration and production.

The other activities mainly cover the holding companies' support and financial services.

Operating income and assets are broken down for each segment from the contributing entity statements that include consolidation restatements.

Information by activity

The data presented below come from the IFRS statements.

31/12/2012 In thousands of euros	Exploration	Production	Other activities	Intra-group adjustments and eliminations	Total
Inter-segment sales			*(2,821)*	*2,821*	-
SALES	16,805	471,735	(16,436)		472,104
Write-off of intangible assets	*(41,694)*	-	-		*(41,694)*
Write-off of property, plant and equipment	-	-	*(370)*		*(370)*
OPERATING INCOME	(61,309)	296,119	(34,053)		200,757
INTANGIBLE ASSETS (GROSS)					
Investments in the period 31/12/2012	*89,261*	-	-		*89,261*
Accumulated investments at the end of the period	*354,732*	*134,048*	*2*		*488,782*
PROPERTY, PLANT AND EQUIPMENT (GROSS)					
Investments in the period 31/12/2012	*675*	*204,959*	*306*		*205,940*
Accumulated investments at the end of the period	*8,527*	*1,064,401*	*1,525*		*1,074,453*

Write-offs are detailed in Note 4 "Intangible Assets".

31/12/2011 In thousands of euros	Exploration	Production	Oil drilling	Other activities	Intra-group adjustments and eliminations	Total
Inter-segment sales	-	-	-	(1,126)	1,126	-
SALES	242	415,675	-	(42,342)		373,575
Write-off of intangible assets	(36,514)	-	-	-	-	(36,514)
Write-off of property, plant and equipment	-	-	-	-	-	-
OPERATING INCOME	(86,639)	247,750	-	96,959		258,070
INTANGIBLE ASSETS (GROSS)						
Investments in the period 31/12/2011	91,700	-	2	80	-	91,782
Accumulated investments at period-end	568,312	114,241	-	1,454	-	684,008
PROPERTY, PLANT AND EQUIPMENT (GROSS)						
Investments in the period 31/12/2011	4,801	83,749	10,996	159	-	99,705
Accumulated investments at period-end	12,375	705,369	-	2,515	-	720,259

Sales by geographic region

Income statement as at 31/12/2012 In thousands of euros	Congo	Gabon	Colombia	Tanzania	Other	Total
Oil sales	-	470,731	16,805	1,004	(16,436)	472,104
Services	-	-	-	-	2,887	2,887
Inter-zone sales	-	-	-	-	(2,887)	(2,887)
TOTAL SALES	-	470,731	16,805	1,004	(16,436)	472,104

Income statement as at 31/12/2012 In thousands of euros	Congo	Gabon	Colombia	Tanzania	Other	Total
Oil sales	*242*	*414,928*	*-*	*747*	*(42,342)*	*373,575*
Services	*-*	*-*	*-*	*-*	*2,139*	*2,139*
Inter-zone sales	*-*	*-*	*-*	*-*	*(2,139)*	*(2,139)*
TOTAL SALES	242	414 928	-	747	(42 342)	373 575

The Group's two main customers are customers of M&P Gabon, i.e., Socap and Sogara, to which the production from the fields on the Omoueyi permit is sold.

Note 25: Risks

Credit risk

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.

In thousands of euros	2012		2011	
	Maximum exposure to credit risk	Balance sheet outstanding	Maximum exposure to credit risk	Balance sheet outstanding
Other non-current financial assets	*139*	*740*	*7,450*	*8,844*
Trade receivables and related accounts	*75,287*	*75,287*	*60,246*	*60,246*
Other current financial assets	*40,426*	*40,426*	*71,252*	*71,252*
Derivative financial instruments	*2,166*	*2,166*	*6,509*	*6,509*
Cash and cash equivalents	*67,371*	*67,371*	*60,771*	*60,771*
TOTAL	185,389	185,990	206,229	207,623

Maximum exposure corresponds to the balance sheet outstanding net of provisions.

The Group believes that it does not incur any counterparty risk, as its production is sold to leading oil groups such as Socap (Total Group) in Gabon.

Receivables due but not depreciated

On the reporting date, only trade receivables show payment delays.

31/12/2012 In thousands of euros	Assets due but not depreciated					Assets depreciated (net)	Assets neither due nor depreciated	Total
	0-1 months	1-3 months	3-12 months	→ 1 year	Total	Total	Total	
Trade receivables and related accounts (net)	*3,546*	*58,246*	*12,558*	*166*	*74,516*	-	*771*	*75,287*

31/12/2011 In thousands of euros	Assets due but not depreciated					Assets depreciated (net)	Assets neither due nor depreciated	Total
	0-1 months	1-3 months	3-12 months	→ 1 year	Total	Total	Total	
Trade receivables and related accounts (net)	*10,373*	*49,137*	*222*	*32*	*59,763*	*58*	*425*	*60,246*

Liquidity risk

The Group's liquidity is detailed in the consolidated cash flow statements drawn up weekly and sent to executive management.

Seven-day, monthly, quarterly and year-end estimates are drawn up at the same time.

The earnings are compared to estimates 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 2012 and 31 December 2011, unadjusted contractual flows (principal and interest) on the outstanding financial liabilities, by maturity date, are as follows:

As at 31 December 2012 In thousands of euros	2013	2014	2015	2016	2017	> 5 years	Total contractual flows	Total balance sheet value
BONDS	26,086	323,750	74,987				424,823	357,685
OTHER BORROWINGS AND FINANCIAL DEBT								
BNP - RBL	*98,530*						*98,530*	*98,530*
BGFI	*15,000*						*15,000*	*15,000*
FINANCE-LEASE LOANS	-	-	-	-	-	-	-	-

As at 31 December 2011 In thousands of euros	2012	2013	2014	2015	2016	> 5 years	Total contractual flows	Total balance sheet value[1]
BONDS	26,099	26,086	314,596	71,574			438,355	349,239
OTHER BORROWINGS AND FINANCIAL DEBT								
BNP - RBL		61,829					*61,829*	*61,829*
BGFI	*11,000*						*11,000*	*11,000*
FINANCE-LEASE LOANS	-	-	-	-	-	-	-	-

(1) Includes current and non-current amounts outstanding

Group debt consists of:

- a convertible bond of €297.6 million at a fixed rate of 7.125% issued in 2010 and maturing in July 2014;
- a convertible bond of €70 million at a fixed rate of 7.125% issued in 2011 and maturing in July 2015;
- a reserve based loan (RBL) banking facility, secured by the pledge of the oil reserves in Gabon, US$130 million of which had been drawn down at the end of the period;
- a short-term bank loan in the amount of €15 million from BGFI at a rate of Euribor +2%.

On 8 November 2012, the Group announced that a new line of credit had been set up in the amount of US$350 million (Senior Secured Facility). It was drawn down in full on 25 January 2013. Further details of this are given in Notes 15, 23 and 26.

Liquid assets of €67.2 million at the reporting date are held in sight deposit accounts.

Market risk

The Group's income is sensitive to various market risks. The most significant of these are oil prices, expressed in US dollars, and the €/US$ exchange rate. The Group's operating currency is the US dollar, insofar as sales, a large portion of operating expenses and a significant portion of its investments are denominated in this 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 operating income (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 under income, there is an exchange risk linked to the conversion into euros of the accounts of the Group's entities whose functional currency is the US dollar. The resulting exchange gain/loss is recorded directly in shareholders' equity.

In order to reduce its financial exchange risk, during the fiscal year Maurel & Prom conducted a number of foreign currency futures transactions including sales and purchases of exchange options on the euro and US dollar. No such transaction was outstanding at the period-end of fiscal 2012.

The Group also holds liquid assets in US dollars (US$64 million at period-end) intended to finance its projected investment expenses in that currency.

As at 31 December 2012, the Group's exchange position, as shown in the table below, was US$492 million (excluding shareholders' equity currency translation adjustments).

In thousands of euros	Assets and liabilities	Foreign currency commitments	Net position before hedge	Financial hedging instruments	Net position after hedge
Trade receivables and payables	*104*	-	*104*	-	*104*
Non-current financial assets	*7*	-	*7*	-	*7*
Other current assets	-	-	-	-	-
Derivative instruments	-	-	-	-	-
Other creditors and miscellaneous liabilities	*317*	-	*317*	-	*317*
Cash and cash equivalents	*64*	-	*64*	-	*64*
US$ EXPOSURE (IN US$M)	492	-	492	-	492

The foreign exchange position linked to the consolidation of Tuscany under the equity method should also be taken into account (US$96 million).

The following table shows the impact of exchange rate fluctuations on pre-tax income and on Group equity.

In thousands of euros	Impact on pre-tax income		Impact on currency translation adjustment (Shareholders' equity)	
	10% rise in €/US$ parity	10% fall in in €/US$ parity	10% rise in €/US$ parity	10% fall in in €/US$ parity
€M	*-41.0*	*+36.3*	*-43.0*	*+52.5*
TOTAL	-41.0	+36.3	-43.0	+52.5

Interest rate risk

Current borrowings as at 31 December 2012 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 2012, interest rate risk can be assessed as follows:

The amounts below summarise bonds, other borrowings and financial debt:

Bonds, other borrowings and financial debts

In thousands of euros	31/12/2012			31/12/2011		
	Before	Accounting impact of hedging derivatives	After	Before	Accounting impact of hedging derivatives	After
Variable	*113,530*	-	*113,530*	*72,829*	-	*72,829*
Fixed	*357,685*	-	*357,685*	*349,239*	-	*349,239*
TOTAL	471,215	-	471,215	422,068	-	422,068

Financial assets exposed to interest rate risk, representing debt

In thousands of euros	31/12/2012			31/12/2011		
	Before	Accounting impact of hedging derivatives	After	Before	Accounting impact of hedging derivatives	After
Variable	-	-	-	-	-	-
Fixed	-	-	-	*1,853*	-	*1,853*
TOTAL	-	-	-	1,853	-	1,853

Variable rate debt amounted to €72.8 million. An increase of 1% in interest rates would result in an additional interest expense of €0.7 million over one year.

Exposure to hydrocarbon risk

The Company's policy is to protect a portion of its future production against any decline in prices and take advantage of any rise in prices on the unhedged portion of production.

This hedging policy forms part of its management of bank lines of credit made available to the Group, the amount of which would be increased if the protection price is higher than the price used by the banks to determine the "Borrowing Base".

Existing hedges are disclosed in Note 10 "Financial Instruments".

The fair value of hedges as at 31/12/2012 was -€3.1 million. A 10% decrease in the price of crude oil at the end of December would have led to a reduction of this unrealised liability in the order of €0.3 million. This calculation does not take the difference between the spot price and the future price of the derivative instruments into consideration.

Exposure to equity and management risk

The Group's financial assets are not exposed to equity risk.

Note 26: Events occurring after closing

Restructuring the line of credit

On 29 May 2009, the Group entered into a US$255-million bank facility (Reserve Based Loan or "RBL"). This RBL was increased to US$330 million in January 2011. The amount drawn down as at 31 December 2012 was US$130 million.

On 8 November 2012, the Group announced that a new line of credit had been set up in the amount of US$350 million (Senior Secured Facility). This was drawn down in full on 25 January 2013. At the same time, the Group repaid the entire outstanding RBL, amounting to US$130 million.

Exploration results in Colombia (Chaman-1)

On the Sabanero permit in Colombia, the Group began drilling the Chaman prospect in December 2012. This drilling revealed a new oil discovery in the C7 formation (12° API).

On the SSJN-9 permit, after abandoning the SantaFe-1 well, the Group decided to free up this permit in northern Colombia.

Exercise of Tuscany warrants

On 19 March 2013, Maurel & Prom exercised the Tuscany ordinary-share warrants, held since the sale of Caroil, with a view to acquiring 27,500,000 ordinary shares in the capital of this company (representing approximately 7.32% of the ordinary shares in circulation) without consideration.

Following the exercise of the Tuscany ordinary warrants, Maurel & Prom now owns more than 109,000,000 ordinary shares (and no warrants), equivalent to 29.05% of the Tuscany ordinary shares issued and in circulation.

Tuscany is a Canadian oil services company which offers drilling, completion and well workover services to the entire oil and gas industry. Tuscany is listed in Canada on the Toronto Stock Exchange (code: TID).

Note 27: Audit fees

Fees paid to statutory auditors in 2012 totalled €901K (including members of their networks), and are summarised below:

In thousands of euros	ERNST & YOUNG				DANIEL DE BEAUREPAIRE			
	Amount		%		Amount		%	
	2012	2011	2012	2011	2012	2011	2012	2011
Audit								
Statutory auditor, certification, examination of individual and consolidated statements:								
Issuer	*546*	*669*	*85%*	*79%*	*252*	*287*	*98%*	*93%*
Fully consolidated subsidiaries	*94*	*130*	*15%*	*15%*	-	-	-	-
Other measures and services directly related to the duties of the statutory auditor:								
Issuer	*4*	*29*	*1%*	*3%*	*5*	*21*	*2%*	*7%*
Fully consolidated subsidiaries	-	*22*	-	*3%*	-	-	-	-
SUBTOTAL	644	850	100%	100%	257	308	100%	100%
Other services rendered via the networks to fully consolidated subsidiaries								
Legal, tax, corporate	-	-	-	-	-	-	-	-
Other (specify if > 10% of audit fees)	-	-	-	-	-	-	-	-
SUBTOTAL	-	-	-	-	-	-	-	-
TOTAL	644	850	100%	100%	257	308	100%	100%

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 year ended 31 December 2012, on:

- the audit of the consolidated financial statements of Etablissements Maurel & Prom, as attached to this report;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Based on our audit, we have formed the following opinion on the financial statements.

I Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional 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 accounting estimates made, as well as the overall presentation of the consolidated 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 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 its 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.

II Justification of our assessments

In accordance with the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following matters to your attention:

- as disclosed in Note 2.3 «Oil activity assets», Note 2.6 "Asset depreciation», Note 4 «Intangible assets» and Note 5 «Property, plant and equipment», of the notes to the consolidated financial statements, your Company depreciates its intangible fixed assets (capitalised exploration costs and rights) and tangible fixed assets (related to oil production), and records impairment of these assets, where applicable, based on the economic value of the recoverable oil reserves;
- our assessment of the reasonableness of the data and assumptions used in valuing the above mentioned assets is based on the conclusions of independent experts appointed by your Company to assess the reserves or, in the absence of certified oil reserves, on the grounds presented by the management of your company for undertaking exploration work;
- your Company recognises provisions for risks and contingencies in accordance with the conditions and procedures disclosed in Note 2.18 "Provisions for risks and contingencies", Note 2.19 "Retirement and other post-employment benefits" and Note 14 «Provisions» in the Notes to the consolidated financial statements. Because these are sometimes complex estimation processes, our opinions have been based on an evaluation of the reasonableness of the assumptions used by the management of your company for these estimates.

These 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.

III Specific verification

In accordance with the professional 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, 18 April 2013

The Statutory Auditors

Daniel de BEAUREPAIRE

ERNST & YOUNG Audit
Patrick CASSOUX
François CARREGA

8.2.3 Corporate financial statements as at 31 December 2012

Contents

Assets

In thousands of euros	Note	31/12/2012	31/12/2011
Concessions, patents, permits		*3,665*	*4,473*
Other intangible assets		*36,206*	*28,989*
INTANGIBLE ASSETS	3.1	39,871	33,462
Technical facilities		*60*	*155*
Other property, plant and equipment		*462*	*766*
Assets under construction		-	-
PROPERTY, PLANT AND EQUIPMENT	3.1	522	921
Equity interests		*174,328*	*175,042*
Other financial assets		*5,355*	*5,373*
FINANCIAL ASSETS	3.2	179,683	180,415
FIXED ASSETS		220,076	214,798
Inventories		*444*	*443*
Trade receivables and related accounts	*3.4*	*42,548*	*33,252*
Other receivables	*3.3/4*	*488,707*	*496,092*
Treasury shares and other investment securities	*3.5*	*71,336*	*68,534*
Cash instruments		-	-
Liquid assets	*3.5*	*48,873*	*43,941*
CURRENT ASSETS		651,907	642,262
Prepaid expenses		*293*	*362*
Expenses to be allocated	*3.6*	*6,659*	*11,340*
CURRENCY TRANSLATION ASSETS	*3.14*	*3,382*	*24,173*
ASSETS		*882,317*	*892,935*

Liabilities

In thousands of euros	Note	31/12/2012	31/12/2011
Capital		*93,565*	*93,550*
Additional paid-in capital		*179,965*	*182,883*
Legal reserve		*9,336*	*9,336*
Other reserves		*-*	*88,027*
Retained earnings		*15,546*	*1,689*
Profit (loss) for the period		*46,661*	*- 29,551*
SHAREHOLDERS' EQUITY	3.7	345,072	345,935
PROVISIONS FOR RISKS AND CONTINGENCIES	3.8	6,617	28,898
Convertible bond borrowing	*3.9/13*	*377,002*	*377,090*
Bank borrowings and debt	*3.10/13*	*113,588*	*72,946*
Sundry borrowings and financial debt	*3.11/13*	*16*	*16*
Trade payables and related accounts	*3.13*	*3,001*	*7,085*
Tax and social security liabilities	*3.13*	*3,514*	*3,179*
Debts on assets and related accounts	*3.13*	*23*	*24*
Other debts	*3.13*	*21,349*	*29,499*
Cash instruments	*3.15*	*5,787*	*19,481*
DEBTS		524,282	509,319
Currency translation liabilities	*3.14*	*6,346*	*8,782*
LIABILITIES		*882,317*	*892,935*

Income statement

In thousands of euros	Note	31/12/2012	31/12/2011
Sales	3.16	12,875	13,180
Stored production		-	-
Reversals on provisions, transfers of expenses	3.17	29,998	57,560
Other income	3.18	485	516
OPERATING INCOME		43,358	71,257
Purchase costs and external expenses	3.19	-17,057	- 23,470
Duties, taxes and similar payments		-1,035	- 1,736
Salaries and social security contributions		-8,763	- 9,673
Amortisation and depreciation allowances and provisions	3.20	-23,639	- 54,739
Other expenses		-18,677	- 2,976
OPERATING EXPENSES		-69,171	- 92,595
OPERATING INCOME		-25,813	- 21,339
Financial expenses and income		-17,921	- 37,977
Dividends		77,500	-
Allowances and reversals of provisions		-1,425	- 21,154
Exchange differences		10,723	- 2,693
Other		-	-
Net non-recurring financial charges		-	-
FINANCIAL INCOME	3.21	68,877	- 61,825
EBIT		43,064	- 83,163
Non-recurring income		7,902	237,559
Non-recurring expenses		-15,031	- 184,208
NON-RECURRING INCOME	3.22	-7,129	53,351
Corporation tax	3.23	10,726	261
NET INCOME		46,661	- 29,551

Notes to the corporate financial statements

1. Significant events during the fiscal year

€77.5 million dividend payment from Gabonese activity

Maurel & Prom SA posted financial income of €77.5 million following the decision taken by its subsidiary Maurel & Prom West Africa in late 2012 to pay an interim dividend of that amount.

Maurel & Prom West Africa, an intermediary holding company which carries the Group's interests in Gabon, had itself previously benefited from a €79 million dividend voted by its operational subsidiary M&P Gabon as part of the latter's 2011 allocation of income.

This recovery of profits reflects the ramping up of Gabonese activity within the Group. MP Gabon sales in 2012 were €470 million versus €415 million in 2012, a 13% improvement. This was despite a lower increase in production than projected due to an incident on platform 100 at the Omoc-Nord field early in the year, the impact of which was felt throughout the rest of the fiscal year in terms of production, which remained below expectations, fluctuating between 12,000 and 17,000 boepd in the first half of the year before topping 22,000 boepd at the end of the year, and in terms of the pace of development at the field as additional drilling had to be carried out.

The cash generated during the year by MP Gabon allowed it to significantly reduce (by €92 million) its position net of current account advances. Current account receivables held by Etablissements Maurel & Prom against M&P Gabon have therefore decreased from €404 million at the end of 2011 to €312 million at the end of 2012.

Asset consolidation in East Africa

Maurel & Prom exercised its pre-emption right on Cove Energy's interests in the Mnazi Bay concession in Tanzania.

The transaction worth US$18.9 million was completed following the approval of this transaction by the Tanzanian authorities on 26 July 2012. An additional payment of up to US$5.1 million will be made if future gas production exceeds certain thresholds.

This investment took the form of the purchase of 60% of Cove Energy Mnazi Bay Ltd "CEMBL", with the remaining 40% being acquired by Wentworth, the other partner on this permit.

After this transaction, the various Mnazi Bay interests are as follows:

	Production	Exploration
M&P (operator)	48.06%	60.075%
Wentworth	*31.94%*	*39.925%*
TPDC	*20.00%*	-

Restructuring the line of credit

On 29 May 2009, the Group entered into a US$255 million bank facility (Reserve Based Loan or "RBL") which was increased to US$330 million in January 2011. As at 31 December 2012, the amount drawn down was US$130 million.

On 8 November 2012, the Group announced that it had arranged a syndicated revolving loan in the amount of US$350 million (Senior Secured Facility) between MP Gabon and a consortium of seven international banks (Natixis, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Standard Bank, Rand Merchant Bank, Standard Chartered Bank and Nedbank) and Canada's export agency (Export Development Canada).

This loan, whose repayment schedule was spread out to the end of 2017, benefits from deferred amortisation for 19 months, the first repayment being due in June 2014. It bears interest at a rate equal to the LIBOR rate + a margin of between 3.5% and 4% depending on the amount drawn.

The Group is committed to meeting, at every interim and annual due date, the following covenants calculated on the basis of the consolidated financial statements:

- the "current ratio" (current assets/current liabilities) must be at least 1.10;
- the "total debt-to-earnings ratio" ("earnings" being earnings before interest, taxes, depreciation and excluding the impact of foreign exchange) over the last 12 months must be less than 3.00;
- the "debt service cover ratio" must be at least 1.30.

This line of credit was drawn down in full on 25 January 2013 by MP Gabon, which allowed it to repay a significant part of its current account debt to Etablissements Maurel & Prom. The US$130 million received by the holding company was used to pay off the RBL loan and Đ15 million was used to repay the BGFI loan.

2. Accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles in France and in particular with the Accounting Plan approved in April 1999 by Regulation 99-03 of the French Accounting Regulations Committee.

Accounting conventions have been adopted on a prudent basis and in accordance with the following basic assumptions:

- business continuity,
- consistency of accounting methods,
- independence of financial periods,

and in accordance with the general rules on the preparation and presentation of annual financial statements.

The historical cost method was adopted as the basic method of accounting.

The principal methods used are as follows:

2.1. Intangible assets

Intangible assets are recognised at their acquisition cost. Amortisation and depreciation are calculated on a straight-line basis.

2.2. Oil operations

The following methods were used to account for the costs of oil-related activities:

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.

Acquisitions of reserves

Acquisitions of oil reserves are recorded as intangible assets and 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 year to the hydrocarbon reserves at the beginning of the same year, re-estimated based on an independent appraisal.

Exploration expenditure

Exploration studies and work, including geology and geophysics costs, are entered on the asset side of the balance sheet under intangible assets.

At the time of discovery, these costs then become operating costs, a portion of which is transferred to property, plant and equipment, depending on their nature.

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.

Provisions for non-recurring impairment or amortisation and depreciation are recognised when accumulated costs are higher than the estimates of discounted future cash flow or when technical difficulties are encountered. Impairment is calculated per exploration permit.

Amortisation and depreciation of exploration expenses is deferred until they are transferred to property, plant and equipment.

Oil production assets

Oil production assets include all exploration-related costs transferred into exploration costs following discovery, as well as those relating to field development (production drilling, surface installations, oil routing systems, etc.).

Assets not completed at fiscal year-end are entered as assets under construction.

Completed assets are amortised according to the unit of production method. The amortisation rate equals the ratio of the field's hydrocarbon production during the year to the hydrocarbon reserves at the beginning of the same year, re-estimated based on an independent appraisal.

For assets that relate to the entire field (pipeline, surface units, etc.), the estimated reserves are the proven and probable ("P2") reserves.

For specific facilities, i.e. facilities for specific parts of a field, the estimated reserves correspond to the area's 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.

Provisions for non-recurring impairment or amortisation and depreciation are recognised when accumulated costs are higher than the estimates of discounted future cash flow or when technical difficulties are encountered. Impairment is calculated per exploration permit.

Costs of site restoration

Provisions for site restoration are made when the Group has an obligation to dismantle and restore sites, and are recognised as provisions for risks and contingencies at the same pace as the depreciation of oil production facilities. They are estimated per country and per field.

2.3. Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost.

Depreciation is calculated over the estimated lifetime of the assets using the following straight-line method (L) or degressive (D) methods:

- fixtures and fittings: L over 5 to 10 years,
- office and computer equipment: L or D, over 3 to 5 years,
- office furniture: L over 10 years.

2.4. Equity interests and investment securities

Equity interests are carried at their acquisition cost.

A provision is booked when the net asset value is less than the acquisition cost. The net asset value is calculated according to shareholders' equity and the earnings outlook for the companies concerned.

When the profitability outlook is uncertain, the receivables on subsidiaries and equity interests are written down by the amount of the latter's' shareholders' equity. When losses exceed receivables, a provision for risks is recorded for the corresponding amount.

Other equity securities are measured at their acquisition value or market value, whichever is lower. This mainly relates to specifically allocated Company treasury shares.

2.5. Inventories

Hydrocarbon inventories are valued at production cost, including field and transportation costs and the depreciation of assets used in production.

Inventories are valued according to the FIFO ("First In, First Out") method.

A provision is created when the net realisable value is lower than the gross value of inventories.

2.6. Receivables

Receivables are recorded at their nominal value. A provision for impairment is established if there is a risk of non-recovery.

2.7. Marketable securities

Investment securities are measured at their acquisition value or market value, whichever is lower.

2.8. Expenses to be allocated

Bond redemption charges are amortised over the term of the loan.

2.9. Foreign currency transactions

Income and expenses in foreign currency are recorded at their equivalent value in euros as at the transaction date.

Debts, financing and receivables in foreign currencies appear on the balance sheet at their equivalent value in euros as at the closing price. Any difference arising from the translation of foreign-currency debts and receivables at this closing rate are reported in the balance sheet under "Currency translation adjustments". A provision for risks is established on any unrealised losses that are not offset.

Liquid assets in foreign currencies are converted at the closing price and the exchange gains/losses are posted to the income statement. When cash in a foreign currency relates solely to future investments (specific contracts) and is ring-fenced as such, future inflows and outflows are considered to be a kind of natural hedge against currency profit and loss.

2.10. Provisions for risks and contingencies

Provisions for risks and contingencies are established to cover various eventualities, notably risks on subsidiaries, disputes and risks of loss on foreign exchange transactions.

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.

These retirement payments are made under a defined benefit plan and 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;
- the "corridor method" is used. Thus, only actuarial differences representing more than 10% of the amount of the commitments or the market value of the investments are posted and amortised over the employee's average residual working life.

2.11. Sales

Sales correspond exclusively to services and studies provided to the Company's subsidiaries.

2.12. Currency translation of the financial statements of Group entities

Since 2008, the entities of Maurel & Prom in Gabon, whose functional currency is the US dollar, have acquired a significant degree of autonomy in operational, financial and accounting terms. The annual financial statements are therefore translated into the Company's presentation currency, the euro, by applying the following principles:

- the exchange rate adopted is the closing rate at period-end with the exception of financial liaison accounts which remain at the historic exchange rate;
- the exchange rate adopted for income statement items is the average rate over the period.

The other entities cannot be considered, at this time, to be autonomous entities. Their accounting operations, the primary currency of which is the US dollar, are translated using the same rules as those used for transactions made by the French entity.

2.13. Financial instruments

In order to hedge foreign exchange risk, Maurel & Prom uses future cash flow hedges consisting mainly of currency options, swaps and futures. Such transactions are treated as follows:

- transactions that cannot be reliably qualified as a hedge:
  - they are initially recognised at fair value;
  - at the reporting date, the change in fair value (gains and losses) is posted under income if the instrument is concluded on an organised market (or similar, as evidenced by high liquidity). Otherwise (over-the-counter market with little liquidity), only losses are recognised.
- transactions that can be reliably qualified as a hedge:
  - if the hedge is certain to implemented, the instrument remains posted at its acquisition value;
  - if there is uncertainty over whether the hedge will be implemented, the fair value of the instrument is reviewed; in the event of an unrealised loss, a provision for risk or an impairment is constituted; in the event of an unrealised gain, the gain is not recognised and the instrument remains posted at its acquisition value;
- the fair value of the instruments taken out by the Group is determined according to appraisals by independent experts.

3. Additional information on the balance sheet and income statement

3.1. Assets

Changes in fixed assets and amortisation and depreciation are presented as follows:

In thousands of euros	31/12/2011	Increases	Decreases	31/12/2012
Intangible assets	*94,434*	*10,711*	*7,266*	*97,878*
To be deducted: amortisation and depreciation	*-6,931*	*-856*	*-*	*-7,787*
To be deducted: impairment	*-54,040*	*-3,516*	*-7,338*	*-50,219*
NET VALUE	33,462	6,338	-71	39,871
Property, plant and equipment	*2,574*	*301*	*1,296*	*1,580*
To be deducted: amortisation and depreciation	*-1,653*	*-310*	*-905*	*-1,057*
To be deducted: impairment	*-*	*-*	*-*	*-*
NET VALUE	921	-9	391	522
TOTAL GROSS VALUE	97,007	11,012	8,562	99,457
To be deducted: amortisation and depreciation	*-8,584*	*-1,166*	*-905*	*-8,845*
To be deducted: impairment	*-54,040*	*-3,516*	*-7,338*	*-50,219*
TOTAL NET VALUE	34,383	6,329	319	40,393

3.1.1. Intangible assets

In thousands of euros	31/12/2012		31/12/2011	
	Gross value	Net value	Gross value	Net value
SOFTWARE	1,766	229	1,718	320
MINING PERMITS	8,203	3,436	8,203	4,154
Gabon	*4,190*	*1,890*	*4,190*	*2,174*
Hungary	*283*	*-*	*283*	*-*
Syria	*2,761*	*1,128*	*2,761*	*1,404*
Mozambique	*968*	*419*	*968*	*576*
ACQUISITION OF RESERVES	-	-	-	-
OIL EXPLORATION EXPENSES	87,909	36,206	84,513	28,989
Congo	*38,988*	*29,068*	*42,282*	*25,285*
France	*3,611*	*-*	*3,331*	*2,391*
Hungary	*1,767*	*-*	*1,767*	*-*
Syria	*26,237*	*-*	*25,391*	*-*
Mozambique	*17,301*	*7,137*	*11,551*	*1,123*
Other countries	*1*	*1*	*190*	*190*
OIL ASSETS	96,112	39,642	92,716	33,143
TOTAL	97,878	39,871	94,434	33,462

Exploration expenses incurred in the Congo in 2012 on the La Noumbi permit relating to operations prior to the drilling of the Kola-1 well amounted to €3.8 million. The total amount invested on this permit since the outset is €39 million gross or €29.1 million net.

The Marine 3 permit, also in the Congo, in which Maurel & Prom held a 20% stake, was returned in 2012. This explains the €7.1 million reduction in the gross value of these assets which had been totally written off.

Expenses on the Mios permit in France were written off in full in the amount of €2.7 million.

Exploration assets on the Draco permit in Syria were written off in full in light of the political situation in that country making normal working impossible and leading M&P to invoke force majeure to release the Company from any work obligations.

The investments made on the Rovuma field in Mozambique operated by the Canadian company Anadarko total €5.8 million and relate to the acquisition of 2D seismic data.

3.1.2. Property, plant and equipment

In thousands of euros	2012	2011
GROSS VALUE	1,580	2,574
Amortisation, depreciation and impairment	*-1,057*	*-1,653*
NET VALUE	522	921

3.2. Financial assets

Change in financial assets

In thousands of euros	31/12/2011	Increases	Decreases	31/12/2012
Equity interests	*194,814*	*871*	*-799*	*194,886*
To be deducted: provisions	*-19,772*	*-800*	*15*	*-20,557*
NET VALUE	175,042	71	-784	174,329
Other financial assets	*5,373*	*1,835*	*-1,853*	*5,355*
To be deducted: provisions	*-*	*-*	*-*	*-*
NET VALUE	5,373	1,835	-1,853	5,355
TOTAL GROSS VALUE	200,187	2,706	-2,652	200,241
To be deducted: provisions	*-19,772*	*-800*	*15*	*-20,557*
NET VALUE	180,415	1,906	-2,637	179,684

“Other financial assets” were €4.9 million (US$6.5 million) and corresponds to a contractual deposit equal to 5% of the RBL drawn.

Equity interests

In thousands of euros	2011	Change	2012
GROSS VALUES			
Maurel & Prom Assistance Technique securities	*15,805*	*-*	*15,805*
Panther securities	*9,256*	*800*	*10,056*
Pebercan securities	*935*	*-*	*935*
Tuscany International Drilling securities	*66,351*	*-*	*66,351*
Maurel & Prom Colombia securities	*100,951*	*-*	*100,951*
Other	*1,515*	*-729*	*786*
TOTAL	**194,814**	**71**	**194,885**
IMPAIRMENTS			
Maurel & Prom Assistance Technique securities	*-15,805*	*-*	*-15,805*
Panther securities	*-2,853*	*-800*	*-3,653*
Pebercan securities	*-935*	*-*	*-935*
Other	*-179*	*15*	*-163*
TOTAL	**-19,772**	**-785**	**-20,557**
NET VALUES	***175,042***	***-714***	***174,328***

Panther Eureka S.r.l. securities

Maurel & Prom subscribed to a Panther capital increase in the amount of €800K which was fully paid up by being offset against receivables. These securities remain fully written off.

New Gold Mali and Ison securities (grouped under the heading "Other")

As part of a coming together of partners wishing to group their interests in gold exploration permits in Mali within a common structure, Maurel & Prom contributed its 26% stake in New Gold Mali to the company Ison. As a result of this restructuring Maurel & Prom holds 18.64% of Ison, which is present in four permits.

Tuscany Securities

The carrying value of Tuscany securities held at equity in the financial statements is higher than their market value at period-end (C$ 0.23/share, or €19 million for all shares held).

Based on its analysis, Maurel & Prom is of the opinion that the present undervaluation of Tuscany securities is related to its rapid growth (having acquired Caroil and Drillfor in 2011) and to its present debt. Maurel & Prom confirms its commitment to this Company even if it restructures its debt or its shareholding.

As Tuscany's market value is less than its carrying value, the Group has measured its utility value ("value in use") by calculating the present discounted value of its likely future cash flow.

To establish a framework for this calculation, Maurel & Prom has prepared a five-year business plan for Tuscany, based on:

- the information published by the company;
- its reputation in this sector, via its drilling subsidiary Caroil which it sold to Tuscany in 2011 but which it continues to work with on a regular basis, especially in Gabon and Tanzania;
- Tuscany's growth prospects, as it has significant market shares in Brazil, Colombia and Ecuador where oil activities should continue steadily for the foreseeable future.

This business plan is also based on Tuscany's 2012 results and its impairment losses on four rigs. The latter relate in particular to an anticipated future rig usage rate of 80%, and average daily invoicing of US$33K in line with realised income in 2012 and existing market prices.

The business plan was prepared solely on the basis of organic growth, with terminal value based on normal assumptions of 1% growth and 12% profitability per year. The 10% discount rate adopted takes into account the nature of the markets in which the company operates as well as their geographical locations.

The utility value derived from this calculation is higher than the carrying value of the Tuscany securities. Therefore, any loss in value is not recorded in the 31 December 2012 financial statements.

3.3. Other receivables

In thousands of euros	31/12/2012	31/12/2011
Advances to Group subsidiaries	*481,264*	*569,380*
Receivables from oil associates	*10,321*	*19,681*
Receivables from the sale of STCPA Bois and Transagra securities	*2,573*	*2,573*
Down payments to suppliers and debit notes to subsidiaries	*13,064*	*20,799*
Sundry receivables	*115,876*	*38,713*
TOTAL (GROSS)	623,098	651,147
IMPAIRMENT	134,391	155,055
TOTAL (NET)	488,707	496,092

At the end of 2012, "Other receivables" amounted to €489 million, as detailed below:

In millions of euros	2012			2011		
	Gross	Impairment	Net	Gross	Impairment	Net
Gabon advances	*312*	*-*	*312*	*404*	*-*	*404*
Tanzania advances	*126*	*-35*	*91*	*85*	*-30*	*55*
Integra receivable	*38*	*-38*	*-*	*38*	*-25*	*13*
Other	*147*	*-61*	*86*	*124*	*-100*	*24*
TOTAL OTHER RECEIVABLES	623	-134	489	651	-155	496

Gabon advances:

The reduction in outstanding receivables on Gabon is due to the repayments made during the period by MP Gabon thanks to the cash generated by its activities. This point is covered above in the Note entitled "General Information".

Tanzania advances:

The increase in current account receivables from the Tanzanian subsidiaries (MP BRM, MPEP Tanzania, M&P Mnazi Bay Holdings) is mainly due to the advances granted to M&P Mnazi Bay Holdings so that it could take a 60% stake in the company CEMBL as part of taking over Cove Energy's interests in the Mnazi Bay permit. This point is covered above in the Note entitled "General Information".

Receivables from MP BRM amounted to €77 million and were written down by €35 million at the end of 2012 based on the subsidiary's net financial position.

Integra receivable:

The €37.5 million receivable which Maurel & Prom holds against the Argentinean company Integra following the sale of MP Venezuela SAS on 21 March 2011, which was written down by €25 million at the end of 2011, was the subject of an additional provision of €12.5 million over the fiscal year.

Other:

Other net receivables with a total net value of €106 million include a €77.5 million interim dividend to be received from MP West Africa. This point is covered above in the Note entitled "General Information".

3.4. Statement of maturities

Net receivables in thousands of euros	Total amount	≤ 1 year	> 1 year	> 5 years
FIXED ASSET RECEIVABLES				
Deposits and guarantees	*5,355*	*5,299*	*56*	-
CURRENT ASSET RECEIVABLES				
Trade receivables and related accounts	*42,548*	*42,548*	-	-
Other receivables	*488,706*	*488,706*	-	-
TOTAL	536,609	536,553	56	-

3.5. Treasury shares, liquid assets and cash instruments

	€M	o/w in US$M
Treasury shares	*71.3*	-
SICAVs and mutual funds (a)	-	-
Equity securities	71.3	
Short-term interest-bearing deposits	-	-
Bank current accounts and others	*48.9*	57
Liquid assets (b)	48.9	57
SICAVs and liquid assets (a+b)	*120.2*	*57*

As at 31 December 2012, Maurel & Prom Nigeria held 5,716,245 treasury shares with a gross value of €72.7 million.

A comparison of the average acquisition cost of treasury shares and their average price over December since listing (€12.48) led the Company to establish a provision in the amount of €1.4 million to bring their net carrying value to €71.3 million.

3.6. Expenses to be allocated

In thousands of euros	31/12/2012	31/12/2011
EXPENSES TO BE ALLOCATED AS AT 1 JANUARY	11,340	16,010
Increase in the fiscal year	-	19
AMORTISATION AND DEPRECIATION IN THE FISCAL YEAR	-4,680	-4,690
TOTAL	6,660	11,340

Expenses to be allocated correspond to the various expenses on bonds and bank borrowing amortised over the principal repayment period.

3.7. Shareholders' equity

In thousands of euros	2011	Appropriation of income	Income for the fiscal year	Capital reduction	Currency translation adjustment	Capital increase	2012
Capital	93,550	-	-	-183	-	198	93,565
Premiums	182,883	-	-	-3,130	-	211	179,964
Legal reserve	9,336	-	-	-	-	-	9,336
Other reserves	88,027	-88,027	-	-	-	-	-
Retained earnings	1,690	12,270	-	-	1,769	-183	15,546
Income	-29,551	29,551	46,661	-	-	-	46,661
TOTAL	345,935	-46,206	46,661	-3,313	1,769	226	345,072

At 31 December 2012, the share capital was comprised of 121,512,434 shares with a nominal value of €0.77, or total equity of €93,564,574.18.

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 all or some employees and/or to all or some 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.

For all 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 in previous years are as follows:

Date of allocation decision	Number of shares
03/10/2006	70,000
14/12/2006	66,800
21/12/2007	116,524
25/04/2008	46,750
15/10/2008	93,892
16/12/2008	102,750
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

Share repurchase plan

Following the approval by the General Shareholders' Meeting of 14 June 2012, 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.

As part of this repurchase plan, in 2012 no shares were bought and 4,402 shares were delivered in the form of OCEANE bond conversions.

Over the same period, 2,200,754 shares were bought and 2,215,211 shares were sold under the liquidity contract.

At 31 December 2012, the Company held 5,716,245 treasury shares (4.70% of the share capital for a gross value of €72 million at the end of 2012), including 31,217 shares under the liquidity contract.

At 31 December 2012, as shown in the capital movements table below, there were 121,512,434 Company shares and the share capital amounted to €93,564,574.18.

Summary of capital movements

In euros	Number of shares	Treasury shares
At 31/12/2008	120,569,807	6,436,408
Issued as dividend payments	*682,464*	
Repurchase of treasury shares		*-406,669*
At 31/12/2009	121,252,271	6,029,739
Issued for exercise of BSARs	*52,730*	
Repurchase of treasury shares		*333,314*
At 31/12/2010	121,305,001	6,363,053
Issued for exercise of BSARs	*188,533*	
Repurchase of treasury shares		*-389,973*
At 31/12/2011	121,493,534	5,973,080
Issued for exercise of BSARs	*18,900*	
Repurchase of treasury shares		*-256,835*
At 31/12/2012	121,512,434	5,716,245

Distribution

The General Shareholders' Meeting of 14 June 2012 ratified the distribution of a dividend of €0.40 per share for the fiscal year ended 31 December 2011.

The dividend was paid out on 22 June 2012 in the total amount of €46,205,552.40.

3.8. Provisions for risks and contingencies

Provisions for risks and contingencies changed as follows:

In thousands of euros	2011	Provision for the fiscal year	Reversal for the fiscal year (provision used)	Reversal for the fiscal year (provision unused)	Other changes*	2012
Foreign exchange risk	*24,173*	*3,381*	-	*-24,173*	-	*3,381*
Litigation	*2,209*	-	-	*-2,119*	*109*	*200*
Other	*2,515*	*520*	-	-	-	*3,036*
TOTAL PROVISIONS	28,898	3,901	-	-26,291	109	6,617
Operating income	-	*520*	-	-	-	-
Financial income	-	*3,381*	-	*-24,173*	-	-
Non-recurring income	-	-	-	*-2,119*	-	-

* *Exchange gains/losses caused by the revaluation of risks recognised in foreign currencies.*

- The revaluation at the closing rate of debts and receivables in foreign currencies led to a provision being established for foreign exchange loss in the amount of €3.4 million;
- provisions for disputes related to industrial tribunal issues;
- the provision for retirement severance pay was increased by €170K to €879K at the end of 2012. The expense for fiscal year 2012 amounted to €189K and the cost of services rose to €165K.

In thousands of euros	
Actuarial debt at 31/12/11	709
Cost of services 2012	*165*
Financial cost 2012	*24*
Expense for fiscal year 2012	189
Intra-group transfer (MP Nigeria)	*-19*
ACTUARIAL DEBT AT 31/12/2012	879

3.9. Convertible bond borrowing

In millions of euros	2012			2011		
	Capital	Interest	Total	Capital	Interest	Total
OCEANE 2014 bonds	297.4	8.9	306.3	297.4	8.9	306.3
OCEANE 2015 bonds	68.7	2.1	70.8	68.7	2.1	70.8
CONVERTIBLE BOND BORROWING	366.1	11.0	377.1	366.1	11.0	377.1

OCEANE 2014 bonds

On 7 July 2009, the Company issued 19,074,519 OCEANE bonds with a total nominal value of €297,562K. The bonds pay interest of 7.125% per year and will be amortised in full by repayment at par value on 31 July 2014. The bonds may be converted or exchanged at any time at the rate of 1.22 shares per bond. The bond issue was fully subscribed.

As at 31 December 2012, 2,340 bonds had been converted, reducing the bond borrowing to €297,356K. Delivery is made by drawing on treasury shares; the number of bonds remaining at 31 December 2012 was 19,061,265. The amount of interest accrued as at 31 December 2012 was €8,881K.

OCEANE 2015 bonds

On 28 July 2010, the Company issued 5,511,812 OCEANE bonds with a total nominal value of €70 million. The bonds pay interest of 7.125% per year and will be amortised in full by repayment at par value on 31 July 2015. The bonds may be converted or exchanged at any time at the rate of 1.19 shares per bond. The bond issue was fully subscribed.

As at 31 December 2012, 1,300 bonds had been converted, reducing the bond borrowing to €68,714K. Delivery is made by drawing on treasury shares; the number of bonds remaining at 31 December 2012 was 5,410,512. The amount of interest accrued as at 31 December 2012 was €2,052K.

3.10. Bank borrowings

In thousands of euros	2012	2011
BGFI	15,000	11,000
BNP (RBL)	98,530	61,902
Accrued interest	10	19
Creditor banks	48	25
TOTAL	113,588	72,946

On 29 May 2009, the Company entered into a new bank credit facility with a consortium of four banks (BNP Paribas, Calyon, Natixis and Standard Bank) for US$255 million, guaranteed by the pledge of the oil reserves in Gabon ("Reserve Based Loan" or RBL).

This facility was increased to US$330 million during the first quarter of 2011.

As at 31 December 2012, the amount drawn down was US$130 million, leaving a credit capacity of US$198 million at that date.

Under the RBL, a sum corresponding to 5% of the amount drawn is inaccessible and must remain permanently in the current account. This sum, which amounted to US$6.5 million (€4.9 million) at 31 December 2012, is recognised in assets as other financial assets.

The RBL has a four-year amortisation and depreciation plan conditional upon the respect of covenants calculated on the basis of the consolidated data:

- consolidated financial debt/equity ratio (excluding impact of foreign exchange and hedging derivatives) < 1;
- current ratio >1.1, designating the ratio of current financial assets/current liabilities (excluding derivatives).

These covenants were complied with throughout fiscal year 2012.

The Company has also committed to:

- regularly update the liquidity plan and submit it for approval;
- grant no sureties or guarantees on certain assets of a Group member;
- not sell Group oil assets that support the 2009 RBL, particularly certain oil fields in Gabon;
- not commit to additional financial debt, apart from current borrowing, an additional OCEANE issue, subordinated debt maturing later than the 2009 RBL, certain intra-group borrowing, or other debt; and
- not to grant loans to third parties, other than in the routine commercial transactions linked to its activities.

The Company also took out a line of credit at BGFI in April 2011 in the amount of €15 million, drawn down in full as at 31 December 2012. This line initially had a maturity of 12 months, but has been extended by a further 12 months.

3.11. Sundry borrowings and financial debt

In thousands of euros	2012	2011
Accrued interest	-	-
Other	*16*	*16*
TOTAL	16	16

3.12. Other debts

Other debts mainly correspond to the balance of current accounts with the subsidiaries.

3.13. Statement of debt maturities

In thousands of euros	Gross amount	≤ 1 year	> 1 year	> 5 years
Bonds	*377,002*	*10,933*	*366,069*	-
Bank borrowings	*113,588*	*113,588*	-	-
Sundry borrowings and financial debt	*16*	*16*	-	-
Trade payables and related accounts	*3,001*	*3,001*	-	-
Tax and social security liabilities	*3,514*	*3,179*	-	-
Debts on assets and related accounts	*23*	*23*	-	-
Other debts	*21,349*	*21,349*	-	-
TOTAL	518,493	152,424	366,069	-

3.14. Currency translation adjustments

Exchange gains/losses, for both assets and liabilities, correspond to the revaluation at the closing price of debts and receivables in a foreign currency (mainly on current accounts and loans with subsidiaries).

The unrealised exchange loss of €3.4 million (2011: €24.2 million) is fully provisioned.

3.15. Derivative instruments and other financial instruments

As part of its ongoing operations, the Group uses financial instruments to reduce its exposure to the risk of fluctuations in oil prices and foreign exchange rates. These risks are managed centrally and the derivatives are carried by the holding company.

There are two types of derivatives used to reduce exposure to the risk of changes in hydrocarbon prices:

- "swaps" of sales of crude for a given volume and over a given period at a given sale price per barrel;
- more sophisticated products that combine sales of swaps and options to set the barrel sale price of crude while benefiting to a certain extent from favourable market conditions.

Although consistent with the rationale underlying the economic hedging of the Group's future cash flows, these derivatives do not qualify as hedges in Maurel & Prom's company financial statements because of an agreement between the parent company and its production subsidiaries. Consequently, monthly liquidations and the revaluation of the portfolio at the closing market value (liability of €5.7 million) were recorded against financial income (total impact on income: -€0.8 million).

Hedges in 2012 covered 5,500 boepd, of which 1,500 boepd will remain in place after the closing date of the 2013 fiscal year.

As these are currency hedges, the Group holds US dollar-denominated liquid assets with a view to financing projected investment expenses in that currency.

In addition, some currency futures and options to reduce exposure to exchange rate risk as part of day-to-day cash management were arranged during the year. No such transaction was outstanding at the end of the period.

3.16. Sales

In thousands of euros	2012	2011
Services	*12,875*	*13,180*
TOTAL	12,875	13,180

Sales correspond exclusively to services and studies provided to the Company's subsidiaries in the amount of €12.9 million.

3.17. Reversals of operating provisions and transfers of expenses

In thousands of euros	2012	2011
France expense transfer	*-2*	*2,758*
Capitalisation of investments in Tanzania	*-*	*893*
Capitalisation of investments in the Congo	*1,252*	*1,446*
Reversals of amortisation, depreciation and provisions	*28,727*	*52,442*
Other	*21*	*21*
TOTAL	29,998	57,560

Losses posted due to restoration costs on the Marine 3 permit in the Congo (€14.1 million), the liquidation of Mandawa in Tanzania (€3 million) and the abandonment of receivables granted to former partners in Panther (€11.3 million) led to a reversal of provisions established in previous years on the corresponding assets.

In 2011, the restoration of the Sebikotane permit in Senegal, Kouilou in the Congo and Mandawa in Tanzania similarly led to significant reversals of provisions.

3.18. Other income

Other income mainly related to the invoicing of rents and making staff available to other Group companies.

3.19. Purchase costs and external expenses

The fall in this item (-€6.4 million) is mainly due to a reduction in fees that had been particularly high in 2011 due to asset sales completed in Colombia, Venezuela and Nigeria.

3.20. Amortisation and depreciation allowances and provisions

In thousands of euros	2012	2011
Asset amortisation and depreciation	*1,160*	*1,201*
Asset impairment	*3,688*	*10,576*
Expenses to be allocated	*4,680*	*4,690*
Receivables	*13,591*	*38,216*
Provisions for risks and contingencies	*520*	*57*
TOTAL	23,639	54,740

Asset impairment identified this year mainly concerned the Mios and Lavignolle permits in France (€2.7 million).

Expenses to be allocated related to the cost of setting up the OCEANE and RBL borrowings.

Allowances for the impairment of receivables mainly related to the €12.5 million receivable against Integra.

3.21. Financial income

Financial income for 2012 is presented in the table below:

In thousands of euros	2012	2011	
Interest on subsidiaries' current accounts	*12,192*	*17,981*	(1)
Interest on OCEANE bonds	*-26,056*	*-26,184*	(2)
Interest on other borrowings	*-3,754*	*-6,145*	(3)
Net cash income (expenses)	*492*	*697*	
Net gains and (losses) on financial instruments	*-812*	*-24,326*	(4)
Financial expenses and income	**-17,938**	**-37,977**	
Dividends	**77,500**	**-**	(5)
Other income and expenses	*-1,407*	*-21,154*	
Exchange differences (including provision for exchange loss)	**10,723**	**-2,693**	
TOTAL	**68,878**	**-61,825**	

(1) This mainly relates to interest invoiced to Gabon (€7.3 million) and Tanzania (Ð3.7 million) in compensation for sums advanced on current accounts.

(2) Interest expense on the OCEANE 2014 and 2015 bonds amounted to €21.2 million and €4.9 million, respectively.

(3) Interest expense of €3.3 million on the RBL loan.

(4) Losses on derivative instruments amounted to €0.8 million, and are analysed as follows:

Revaluation of derivatives on crude in portfolio	*27.2*
Income from liquidations in the year	*- 28.0*
Loss on derivative instruments on hydrocarbons	- 0.8 (4.1)

(4.1) The purpose of derivative instruments on hydrocarbons (sales of swaps of Brent crude) is to limit the Group's exposure to changes in sales figures due to price fluctuations.
These derivative instruments cannot be recognised in the holding company's financial statements as cash flow hedges due to an agreement with the subsidiary carrying the activity. Consequently, monthly liquidations of these swaps and the revaluation of the portfolio at the closing market price are recorded under financial income.

(5) This item corresponds to the €77.5 million interim dividend receivable from MP West Africa (see Note entitled "General Information" above).

3.22. Non-recurring income

Non-recurring income mainly relates to the recognition in the income statement of the exploration expenses incurred on the Marine 3 permit prorated to its 20% interest in the permit after its rehabilitation in 2012. A provision reversal in the same amount is recorded under operating income.

3.23. Corporation tax

Income from tax consolidation corresponds to a tax saving linked to the charging against income of all 2012 corporation tax expenses for the companies MPAT and West Africa.

Maurel & Prom is the parent company of the tax consolidation group composed of Maurel & Prom, M&P Volney 2, M&P Peru Holdings, M&P Volney 5, M&P Volney 6, M&P West Africa, MPEP Mozambique, MPEP BRM, MPEP France, M&P Iraq, MPEP Namibia, MPEP Mnazi Bay, MPEP 7, MPEP 8 and M&P Assistance Technique.

The consolidation group's tax loss carry-forwards amounted to €578 million at 31 December 2012, compared to €535 million in 2011. Taxable income for fiscal year 2012 was a loss of €62 million.

3.24. Exposure to foreign exchange risk and crude oil price risk

Market risk

The Company'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, a large portion of operating expenses and a significant portion of its investments are denominated in this currency.

Risk relating to the hydrocarbon market

The Company has a policy of protecting part of its future production against a potential drop in oil prices, thereby profiting from any potential rise in oil prices on the unhedged part of production. This hedging policy is also in line with the Group's management of bank lines of credit (Reserve Based Loan or "RBL") made available to it.

On the unhedged part of production, the Company is therefore exposed to oil price fluctuations. For hedging purposes, the Group uses oil derivatives (swaps, futures, floors) on WTI prices, on the NYMEX market, and Brent prices.

Existing hedges are disclosed in the notes on derivative instruments and financial income in the notes to financial statements.

Foreign exchange risk

Although the US dollar is the Company's operating currency (through its subsidiaries), fluctuations in the €/US$ exchange rate impact the Company's income statement when liquid assets held in that currency are revalued at the balance sheet date.

In order to reduce this risk, the Company uses hedging strategies through derivative instruments (currency futures and foreign exchange options).

Projected investment expenses in US dollars are hedged by keeping dollar-denominated liquid assets specially dedicated for such outlays.

From time to time, the Company uses foreign exchange hedges, mainly for transactions to buy or sell US$/€ foreign exchange options and forwards, aimed at reducing exposure to a decline in the US dollar.

Interest rate and liquid asset risks

The Company's debt consists of two fixed-rate bond issues: an OCEANE bond issue maturing in 2014 with a value of €297 million returning 7.125% interest, and an OCEANE bond issue maturing in July 2015 with a value of €68.7 million returning 7.125% interest.

Liquid assets, valued at €48.9 million at the reporting date are all held in current accounts. The risk incurred if interest rates fluctuate is an opportunity loss if rates fall and an opportunity gain if rates rise.

Equity risk

Successive share redemption plans have been put in place since 12 January 2005. As at 31 December 2012, the Company held 5,716,245 treasury shares with a gross carrying value of €72.8 million compared to a market value of €71.4 million. A provision was therefore established in the amount of €1.4 million.

The Company does not consider itself to be exposed to equity risk and therefore does not use any specific hedging instruments.

Counterparty risk

The Company has no significant receivables other than those from its operating subsidiaries and oil partners engaged in the same operations as it is itself and relating to the exploration and/or development stage of production infrastructures. It is therefore not exposed to counterparty risk as such but rather to risks inherent in exploration and production.

3.25. Off-balance-sheet commitments

In thousands of euros	2012	2011
Guarantees made on borrowings	*150,068*	*255,043*
Other commitments made	*26,048*	*9,893*
TOTAL	176,116	264,936

To the best of Maurel & Prom's knowledge, there are no exceptional events, disputes, risks or off-balance-sheet commitments that could call into question the Group's financial position, assets, income or activities.

Commitments given

Guarantees made on borrowings

On 29 May 2009, the Group entered into a new bank credit facility with a consortium of four banks (BNP Paribas, Calyon, Natixis and Standard Bank) for US$255 million, guaranteed by the pledge of the oil reserves in Gabon ("Reserve Based Loan" or RBL). This facility, which was increased to US$300 million in 2010, was drawn down in full.

The RBL was increased to US$330 million in January 2011.

At 31 December 2012, US$130 million (€98.5 million) of the RBL had been drawn down. Maurel & Prom is required to hold 5% of the amount drawn, corresponding to US$6.5 million (€4.9 million) at 31 December 2012.

In addition, Maurel & Prom is obligated for the term of the loan to comply with certain technical and financial covenants (see Note 3.10).

Other commitments

Work commitments

As part of Etablissements Maurel & Prom's current operations and in keeping with accepted industry practices, the Company participates in various agreements with third parties. These arrangements are often made for commercial, regulatory or other operational reasons.

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.

In 2012, work commitments amounted to €8.2 million on the La Noumbi permit in the Congo and €17.9 million at Rovuma in Mozambique.

Financial instruments

See Note 3.15.

Other commitments

Tuscany

As part of the sale of Caroil to Tuscany International Drilling, Maurel & Prom gave the latter a standard liability guarantee in this matter. This guarantee expired on 22 June 2012.

Rockover

The Rockover acquisition contract in February 2005 included a 10% snap-back clause for former shareholders in the event of a discovery at any of the sold permits (Ofoubou/Ankani, Omoueyi, Nyanga Mayombé, Kari) and a 50% snap-back on the Banio permit.

At the initiative of Maurel & Prom, an agreement to buy out this provision was signed on 13 July 2007. This agreement specified the payment of US$55 million by Maurel & Prom to former shareholders (paid to date) plus royalties of 2% when cumulative production exceeds 39 million barrels on all fields sold to Maurel & Prom in 2005 (excluding Banio), as well as a royalty of 10% on production from the Banio field when the cumulative production of this field exceeds 3.9 million barrels.

In addition, 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 Mboe.

Maurel & Prom agrees to pay one of the two sellers a royalty equivalent to 2% of the total available production up to a threshold of 30 Mbbl and 1.5% for any production over that figure, from the MT 2000-Nyanga Mayombé exploration permit.

Transworld

Following the purchase of Transworld's residual rights to the Etekamba permit on 18 March 2008, a net profit interest agreement was signed, whereby Maurel & Prom must pay 10% of the profit oil and 8% of the profit gas to Transworld Exploration Ltd.

Ecopetrol

As part of the sale of Hocol Colombia to Ecopetrol, Maurel & Prom gave the latter a standard liability guarantee in this matter.

3.26. Litigation

Messier Partners

Following the appeal by Maurel & Prom to the Court of Cassation in November 2011, this litigation was still ongoing at 31 December 2012.

Agri-cher/Transagra

In 1996, Maurel & Prom was the subject of legal proceedings in respect of an alleged contractual liability in a legal bankruptcy case of the company Transagra and in the business failure of the Agri-Cher cooperative. As the Company deemed this action to be unfounded, it did not set aside a provision for it. All the parties to the dispute have given written notice of their intention not to continue with the action, and the Court ordered that these proceedings be withdrawn in 2009. The ad hoc attorney appointed in this case requested that the case be re-entered for 2011. The case was heard on 7 February 2013 at Bourges District Court. The ruling dated 21 March 2013 dismissed all of the plaintiff's claims.

Alphin Capital dispute

Alphin Capital is a company specialising in marketing African oil assets. In a ruling dated 8 December 2011, the Paris Commercial Court dismissed the claims brought by Alphin Capital. As Alphin did not lodge an appeal against this ruling, it became final and binding in the first half of 2012.

3.27. Environment

Due to its activities, which are currently oil and gas, the Maurel & Prom Group ensures that it complies with the regulatory constraints of the countries in which it is present and in particular carries out systematic impact assessment studies before engaging in any specific work.

As part of its exploration, production and development work, some environmental damage may be caused by the Maurel & Prom Group. This is covered by ad hoc insurance policies.

Due to the nature of its activity, the Group will bear the cost of restoring its operations sites and oil routing facilities. If appropriate, a provision is established for such site restoration costs in the financial statements.

3.28. Workforce

The Company had 31 employees as at 31 December 2012, compared to 37 at 31 December 2011.

Compensation for Executive Management and members of the Board of Directors

In thousands of euros	2012	2011
*Compensation for Executive Management**	*1,551*	*1,464*
Board of Directors (attendance fees and Committees' compensation)	*450*	*450*
TOTAL	2,001	1,914

** Executive Management consists of the Chief Executive Officer and four departmental directors, making five members in 2011 and five members in 2012.*

3.29. Related party disclosures

In thousands of euros	2012	2011
ASSETS		
Equity interests	194,814	194,814
Trade receivables	43,546	33,553
Other receivables	542,513	588,242
LIABILITIES		
Trade payables	-	-
Debts on assets	23	24
Other debts	15,873	27,199
INCOME STATEMENT		
Share of joint operations	-	-
Financial income	12,324	17,401
Dividends	77,500	-
Other income	237	319
Financial expenses	132	315

3.30. Events occurring after closing

Restructuring the line of credit

On 29 May 2009, the Group entered into a US$255 million bank facility (Reserve Based Loan or "RBL"). This RBL was increased to US$330 million in January 2011. The amount drawn down as at 31 December 2012 was US$130 million.

On 8 November 2012, the Group announced that a new line of credit had been set up in the amount of US$350 million (Senior Secured Facility). This was drawn down in full on 25 January 2013. At the same time, the Group repaid the entire outstanding RBL, amounting to US$130 million.

Exercise of Tuscany warrants

On 19 March 2013, Maurel & Prom informed its shareholders of the exercising of the Tuscany ordinary-share warrants, held since the sale of Caroil, with a view to acquiring 27,500,000 ordinary shares in the capital of Tuscany (representing approximately 7.32% of the ordinary shares outstanding) without consideration.

Following the exercise of the Tuscany ordinary warrants, Maurel & Prom now owns a block of more than 109,000,000 ordinary shares (and no warrants), equivalent to 29.05% of the Tuscany ordinary shares issued in circulation.

Tuscany is a Canadian oil services company which offers drilling, completion and well rehabilitation services to the entire oil and gas industry. Tuscany is listed in Canada on the Toronto Stock Exchange (code: TID).

3.31. Table of subsidiaries and equity interests

Amounts expressed in monetary units

Companies 2012	Currency	% held	Capital (in local currency)	Shareholders' equity other than share capital (in local currency)	Gross carrying value of securities held (€)
FRANCE					
Maurel & Prom Assistance Technique	*EUR*	*100%*	*120,000*	*-9,236,545*	*15,804,893*
Maurel & Prom West Africa	*EUR*	*100%*	*80,000*	*-147,960*	*80,000*
FOREIGN					
Zetah (Pointe Noire)	*CFA*	*100%*	*10,000,000*	*-2,783,992,494*	*15,245*
MPAT International (Geneva)	*EUR*	*99.99%*	*195,270*	*270,938*	*194,263*
Maurel & Prom Colombia BV	*USD*	*50%*	*61,000*	*100,002,889*	*100,951,273*
Panther Eureka S.r.l. (Sicily)	*EUR*	*100%*	*128,572*	*157,815*	*10,056,245*
Tuscany International Drilling (Canada)	*USD*	*29.05%*	*366,301,761*	*-1,967,582*	*-*
MISCELLANEOUS (C)					496,879

(a) Including interest.

(b) Company in liquidation (see Note 3.2).

(c) M&P Latin America BV, M&P Tanzania, BSL, M&P Gabon Développement, M&P Volney 2, M&P Volney 4, M&P Exploration et Production Tanzania, M&P Etekamba, M&P Quartier Général, M&P Congo, M&P Volney 5, M&P Exploration et Production Gabon, M&P Volney 6 and Ison.

Current account advances depreciated at:
1 - Advances depreciated in full

Net carrying value of securities held (€)	Gross loans and advances granted (€) (a)	Guarantees and sureties given	Dividends received	Sales for the previous fiscal year (in local currency)	Income for the previous fiscal year (in local currency)	Note
-	16,604,002	-	-	1,716,319	-3,533,968	1
80,000	1,414,781	-	-	None	77,380,229	-
-	4,250,513	-	-	None	-33,500,259	1
194,263	324,066	-	-	4,273,766	56,657	-
100,951,273	356,226	-	-	None	-21,989,331	-
6,402,835	6,348,335	-	-	None	-600,944	-
66,351,302	-	-	-	179,511,000	1,544,000	-
348,654	416,999,836					

Cash flow statement

In thousands of euros	31/12/2012	31/12/2011
Income for the fiscal year	46,661	-29,551
Net allocations (reversals) for amortisation, depreciation and provisions	-25,166	-104,385
Impairment of exploration assets	-8,395	-14,808
Other calculated income and expenses	-13,693	-18,348
Increase in expenses to be allocated	4,680	4,671
(Gain) loss on disposals	-	-
Cash flow	4,087	-162,421
Change in working capital requirements	-81,192	6,953
I. CASH FLOW FROM / (USED IN) OPERATIONS	-77,105	-155,468
Acquisitions of intangible assets, net of transfers	-10,711	-9,300
Acquisitions of property, plant and equipment	-301	-378
Acquisitions of financial assets	-2,701	-259,871
Disposals of intangible assets and property, plant and equipment	8,563	176,432
Disposals of financial assets	2,649	202,261
Net increase in Group current accounts	75,847	284,173
Net investments	73,346	393,317
Impact of discrepancies related to investment activities	-1	-19
II. CASH FLOW ALLOCATED TO INVESTMENT ACTIVITIES	73,345	393,298
Change in capital and hedging instruments	-3,087	-290
Dividends paid	-46,206	-28,772
Increase (decrease) in financial debt	40,555	-190,762
III. FINANCING FLOWS	-8,737	-219,824
IV. CHANGE IN CASH	-12,498	18,006
V. CASH AT START OF PERIOD	112,472	125,363
VI. IMPACT OF FLUCTUATION IN CURRENCY RATES	20,235	-30,897
VII. NET CASH AT END OF PERIOD	120 209	112 472

8.2.4. Statutory Auditors' report on the corporate financial statements

Dear Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby present our report for the year ended 31 December 2012, on:

- the audit of the annual financial statements of Etablissements Maurel & Prom, as attached to this report;
- the justification of our assessments;
- the specific checks and information required by law.

The annual financial statements have been approved by the Board of Directors. Based on our audit, we have formed the following opinion on the financial statements.

I. Opinion on the annual financial statements

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual 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 annual financial statements. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting 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 annual financial statements are, with regard to French accounting principles and regulations, consistent and fair and give a true and fair view of the income from operations over the past year, as well as the financial position and assets of the company at the end of this fiscal year.

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.

II. Justification of our assessments

In accordance with the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following matters to your attention:

- as disclosed in Notes 2.4 "Equity interests and investment securities", 2.6 "Receivables", 3.2 "Financial assets" and 3.4 "Provision for impairment of trade and other receivables" of the notes to the financial statements, your Company constitutes provisions to cover impairment risks on equity interests and receivables in respect of its subsidiaries based on their shareholders' equity and business outlook. As part of our assessment of their estimations, we have obtained reasonable assurance of the assumptions used and of the resulting valuations;
- your Company recognises provisions for risks and contingencies in accordance with the conditions and methods described in Notes 2.10 and 3.9 "Provisions for risks and contingencies" in the notes to the financial statements. Because these are complex estimation processes, our opinions have been based on an evaluation of the reasonableness of the assumptions used by the management of your company for these estimates.

The resulting assessments form part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the formation of our opinion expressed in the first part of this report.

III. Specific checks and information

In accordance with the professional standards applicable in France, we have also carried out the specific checks required by law.

We have no observations to make on the fair presentation and consistency with the annual financial statements of the information provided in the Board of Directors' management report and in the documents for shareholders on the financial position and annual financial statements.

In respect of the information provided in application of the provisions of Article L. 225-102-1 of the French Commercial Code on the compensation and benefits paid to the corporate officers and on the commitments made to them, we have verified their consistency with the financial statements and/or with the data used to prepare these financial statements and, where applicable, with the items gathered by your company from the companies controlling or controlled by your company. Based on this work, we hereby certify the accuracy and fair presentation of this information.

In application of the law, we have verified that the various information relating to the identity of the shareholders has been communicated to you in the management report.

Paris and Paris-La Défense, 18 April 2013

The Statutory Auditors

Daniel de BEAUREPAIRE

ERNST & YOUNG Audit
Patrick CASSOUX
François CARREGA

8.3. Special Statutory Auditors' Report on regulated agreements and commitments

Dear Shareholders,

As Statutory Auditors of your company, we present to you our report on the related-party agreements and commitments.

Our duty is to communicate to you, on the basis of the information provided to us, the main characteristics and terms of the agreements and commitments that we have informed of or that have come to our attention during our work, without being required to offer an opinion on their usefulness or their legitimacy or identify any other agreements or commitments. According to the provisions of Article R. 225-31 of the French Commercial Code, it is your duty to assess the benefits of entering into these agreements and commitments when they are submitted for your approval.

Furthermore, it is our duty, 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 execution, during the previous 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 assignment. These procedures are designed to verify the consistency of the information that we have been provided, with the documents from where this information originates.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

Agreements and commitments authorised during the past year

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. Approval of the contribution of your company's equity in New Gold Mali as well as the transfer of a current account receivable on New Gold Mali to a Luxembourg-incorporated company, ISON Holding Sarl ("ISON").

Persons concerned

Jean-François Hénin, chairman and Chief Executive Officer of your company, chairman of the management board of Pacifico S.A. and director of New Gold Mali ("NGM"), and Emmanuel Marion de Glatigny, director of your company and chairman of the supervisory board of Pacifico S.A..

Nature and purpose

On 13 July 2012 your board of directors authorised the following:

- the draft Contribution Agreement, including the contribution by your company of 520 NGM shares to Ison Holding Sarl («ISON»), being the total number of shares that your company owns in NGM, in exchange for 5,323,968 ordinary ISON shares representing 20.44% of the share capital and voting rights in ISON ;
- the draft transfer, to ISON, of the receivable that the company holds against NGM as part of a current account overdraft agreement signed between your company and NGM on 5 October 2000, which at 30 June 2012 amounted to €11,430,615.52 principal and interest, as counterpart to the signing of a loan agreement between your company and ISON under the same terms and conditions for a debit balance of principal and interest in the same amount;
- the draft sale agreement by which the company sells to Pacifico S.A. 782,665 shares in ISON at a price of €0.01 per share.

Conditions

Your company and the co-shareholders of NGM (a Mali-incorporated gold prospection and exploration company operating in the Kangaba Circle in Mali) have contributed their holdings in NGM (the "Contribution") to ISON Holding Sarl, a Luxembourg-incorporated company with a share capital of €12,500 made up of 1,250,000 shares each with a nominal value of €0.01. In compensation for this Contribution, your company and the other shareholders have been granted shares in ISON.

The NGM shareholder composition was as follows: Pacifico S.A. (60%), Maurel & Prom (26%) and M. Diallo (14%).

The Contribution forms part of an overall transaction whereby ISON will own not only 100% of the shares in NGM but also 100% of the shares in Tichitt S.A. ("Tichitt"), another Mali-incorporated prospection and exploration company operating in the Kangaba Circle in Mali. To do this, the shareholders of Tichitt have also contributed their holdings in Tichitt to ISON ("Contribution 2" and collectively with the "Contribution": the "Contributions").

The Tichitt shareholder composition was as follows: Pacifico S.A. (75%), Mr Diallo (13%), L'Outray SARL (8%), Aurum Invest S.A.RL. (2%) and Mrs Ba (2%).

The value of the contributions was calculated on the basis of the value of the NGM and Tichitt shares. The same calculation method was used for NGM shares as for Tichit shares. The valuation of the shares in these companies was calculated on the basis of the estimated gold reserves in certain exploration sectors which were the object of exploration permits held by these companies.

In compensation for the contributions, the share capital of ISON was increased. The shares paid in compensation for the contributions are all a single class of shares. Thus, the capital distribution in ISON is proportionate to the estimated reserves. It therefore fairly represents the relative weight of NGM and Tichitt shareholders, the weight of the former NGM shareholders in ISON being 4.74 times that of the former Tichitt shareholders.

Lastly, your company sold to Pacifico S.A. 782,665 shares in ISON at a price of €0.01 per share.

As a result of these transactions, your company holds 18.64% of ISON capital.

2. Agreement to abandon a current account with Panther Eureka S.r.l.

Persons concerned

Jean-François Hénin, chairman and Chief Executive Officer of your company and Director of Panther Eureka S.r.l.

Nature and purpose

On 13 July 2012, the board of directors authorised the abandonment of a receivable, to the benefit of Panther Eureka S.r.l.

Conditions

As the losses registered in fiscal 3011 and the estimated losses in fiscal 2012 exceeded the capital and reserves of Panther Eureka S.r.l., it was necessary, in order to comply with Italian law, for your company to abandon the receivable that it held against Panther Eureka S.r.l. in the amount of €800,000 as counterpart to an increase in the shareholder equity of Panther Eureka S.r.l.

3. Financing agreement

Persons concerned

Jean-François Hénin, chairman and Chief Executive Officer of your company and director of MP Gabon as well as the chairman of MP West Africa.

Nature and purpose

On 30 August 2012, your board of directors authorised (i) the signing of a Revolving Credit agreement between the subsidiary MP Gabon and Natixis (and potentially one or more other banks) in the amount of US$350 million, in which your company acts as guarantor, (ii) the signing of an agreement to cancel the securities account covering all shares in MP West Africa and (iii) the signing of other Security Documents as needed.

Conditions

On 5 November 2012, MP Gabon entered into an agreement with a consortium of five international banks (Natixis, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Rand Merchant Bank, Standard Bank, Nedbank and Standard Chartered Bank) and Canada's export agency (Export Development Canada) for a senior loan facility in the amount of US$350 million.

This Credit Agreement is guaranteed by your company and MP West Africa. The following sureties have also been granted as part of the Credit Agreement:

- a pledge of the entitlements held by MP Gabon under the "Contract for the Sale of Rabi Light Crude Oil" concluded between MP Gabon and Socap International Limited on 25 July 2008 (as amended);
- a pledge of the receivables held by MP Gabon as part of the intra-Group loans granted by MP Gabon to your company under the cash pooling agreements;
- a pledge of certain bank accounts held by MP Gabon, your company and MP West Africa;
- a pledge of the entitlements held by MP Gabon under the "Contract for the Sale of Crude Oil" concluded between MP Gabon and Société Gabonaise de Raffinage on 4 February 2011;
- a pledge of the MP Gabon shares held by MP West Africa;
- a pledge of the MP West Africa shares held by your company; and
- the transfer, in the form of a guarantee, of the respective entitlements held by MP Gabon, the company and MP West Africa under any (i) hedge agreement, (ii) insurance policy and (iii) future oil sale contract on the underlying assets concluded between MP Gabon and any party authorised to carry out extractions.

Agreements and commitments authorised post-closure

We have been informed of the following agreements and commitments authorised since the closure of past year's accounts, which required the prior approval of your board of directors.

Partnership agreement with MP Nigeria

Persons concerned

Jean-François Hénin, Xavier Blandin, Alexandre Vilgrain, Emmanuel de Marion de Glatigny and Nathalie Delapalme, all directors of both your company and MP Nigeria.

Nature and purpose

At its meeting of 27 March 2013, your board of directors authorised a partnership between MP Nigeria and appointed its key directors.

In terms of this partnership, future development projects relating to oil exploration and production will be carried out jointly by both companies (except in the two companies' respective historical regions of operation).

Conditions

This partnership will take the form of a joint venture involved in various development projects. Maurel & Prom will own one-third of the capital in this joint venture and MP Nigeria the remaining two-thirds. This company will have share capital of €100 million, fully paid up in compliance with the applicable legal provisions, the amount varying as and when necessary.

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in previous years whose implementation continued during the past year

In application of Article R. 225-30 of the French Commercial Code, we have been informed that the execution of the following agreements and commitments already approved by the General Shareholders' Meeting during previous years continued during the past year.

1. With Pacifico S.A.

a. Nature and purpose

A service agreement was concluded on 21 June 2005 between your company and Pacifico S.A.. This agreement was subject to an addendum dated 11 June 2007, previously authorised by your board of directors on 29 May 2007.

Conditions

This addendum amended several articles of the agreement, in particular Article 1, in order to clarify the parties' respective duties and to eliminate any ambiguities in the wording.

For the record, 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 study 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.

The financial terms of this agreement are as follows:

- payment of an annual lump-sum fee of €100,000 excluding taxes;
- the payment of additional fees calculated based on services rendered, and the actual cost of services in the field of financial consultation and tasks related to the drilling area of the subsidiary of your company. For 2008, the additional fees were fixed at €84,470, before taxes, per month. This monthly amount is adjusted quarterly according to the number of days of services actually provided and the corresponding daily rate. These services correspond to missions performed by five Pacifico S.A. consultants. On 1 September 2008, the number of consultants was reduced to four, then on 1 October 2010, to one.

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

The amount paid by your company for the fiscal year ended 31 December 2012 was €361,032 excluding taxes.

b. Nature and purpose

A sublease dated 11 June 2007 was concluded between your company and Pacifico S.A.; it was authorised by your company's board of directors on 13 December 2007.

Conditions

This sublease covers the offices situated on the ground floor of the building located at 12 Rue Volney, 75002 Paris with a surface area of approximately 240 m^2.

The agreement was signed for a period of one year commencing 11 June 2007 and renews automatically.

The rent invoiced by your company for fiscal year 2012 was €225,701 before taxes.

2. With Panther Eureka S.r.l.

Nature and purpose

As part of a contract to buy Panther Eureka securities 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.

Conditions

This contract provides for interest fees at a rate of 8.30% p.a.

At 31 December 2012, the current account, interest included, amounted to €6,348,335 in credit to your company.

Interest income in 2012 was €531,168.

3. With Compagnie Europeenne et Africaine du Bois (CEAB) and New Gold Mali, S.A., and then ISON Holding Sarl («ISON»)

Nature and purpose

Votre conseil de surveillance du 30 septembre 1999 a autorisé une convention de trésorerie entre CEAB, New Gold Mali et votre société.

Conditions

This agreement, concluded on 20 March 2000, took effect on 1 January 2000 for a one year term, automatically renewable for equivalent terms. Current account advances are compensated at the tax-deductible rate.

The receivable which at 30 June 2012 amounted to €11,430,616 principal and interest was transferred to ISON as counterpart to 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.

At 31 December 2012, the current account (interest included) amounted to €11,472,359 to the benefit of your company. Interest income in 2012 was €19,151.

4. Transitional services agreements with MP Nigeria

Nature and purpose

As a result of MP Nigeria leaving the Etablissements Maurel & Prom Group and insofar as MP Nigeria for the time being has no employees or the necessary technical means or resources to (i) perform day-to-day administrative and accounting operations, (ii) provide to Seplat the services required under the aforementioned service agreement, it was necessary for MP Nigeria and your company to enter into a transitional services agreement ("Transitional Services Agreement").

Conditions

Under the terms of this agreement concluded on 2 November 2011, your company provides to MP Nigeria, for a 12-month period beginning 15 December 2011 and renewable for a further 12 months, services enabling it to perform its administrative and accounting functions and to honour its agreements with Seplat. This agreement was renewed on 5 November 2012, for a period of one year expiring 15 December 2013.

The rent invoiced by your company for fiscal year 2012 was €821,831 before taxes.

Paris and Paris-La Défense, 18 April 2013

The Statutory Auditors

Daniel de BEAUREPAIRE

ERNST & YOUNG Audit
Patrick CASSOUX
François CARREGA

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 Etablissements 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 your company's Chairman, in accordance with Article L. 225-37 of the French Commercial Code for the year ended 31 December 2012.

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.

We are required 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 processing 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 work in accordance with the professional standards applicable in France.

Information on internal control procedures and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures 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 processing of the accounting and financial information. These procedures mainly consist of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing 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 involved in the preparation of this information and existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, 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 processing of the accounting and financial information contained in the report

Other information

We hereby confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code.

Paris and Paris-La Défense, 18 April 2013

The Statutory Auditors

Daniel de BEAUREPAIRE	ERNST & YOUNG Audit Patrick CASSOUX François CARREGA

8.5 Audit fee table

Fees paid to statutory auditors in 2012 totalled €901K (including members of their networks), and are summarised below:

In thousands of euros	ERNST & YOUNG				DANIEL DE BEAUREPAIRE			
	Amount		%		Amount		%	
	2012	2011	2012	2011	2012	2011	2012	2011
Audit								
Statutory auditor, certification, examination of individual and consolidated financial statements								
Issuer	546	669	85%	79%	252	287	98%	93%
Fully consolidated subsidiaries	94	130	15%	15%	-	-	-	-
Other measures and services directly related to the duties of the statutory auditor								
Issuer	4	29	1%	3%	5	21	2%	7%
Fully consolidated subsidiaries	-	22	-	3%	-	-	-	-
SUBTOTAL	644	850	100%	100%	257	308	100%	100%
Other services rendered via the networks to fully consolidated subsidiaries								
Legal, tax, corporate	-	-	-	-	-	-	-	-
Other (specify if > 10% of audit fees)	-	-	-	-	-	-	-	-
SUBTOTAL	-	-	-	-	-	-	-	-
TOTAL	644	850	100 %	100 %	257	308	100 %	100 %

8.6 Five-year financial summary for Maurel & Prom

In euros	2008	2009	2010	2011	2012
I - FINANCIAL POSITION AT THE END OF THE FISCAL YEAR					
a) Share capital	92,838,751	93,364,249	93,404,851	93,550,021	93,564,574
b) Number of shares issued	120,569,807	121,252,271	121,305,001	121,493,534	121,512,434
II - TOTAL INCOME FROM OPERATING ACTIVITIES					
a) Sales excluding taxes	31,933,297	12,279,500	14,396,078	13,180,296	12,875,149
b) Income before tax, amortisation, depreciation and provisions	158,738,229	-30,330,400	38,149,480	-7,079,270	-9.844.960
c) Income tax	392,864	-42,260	-9,615,417	-261,127	-10,726,043
d) Income after tax, amortisation and provisions	-41,701,817	143,466,435	-179,517,484	-29,551,000	46,661,303
e) Distributed profits	137,080,246	40,044,276	11,531,602	28,772,332	46,205,552
III - EARNINGS PER SHARE					
a) Earnings after tax, but before amortisation, depreciation and provisions	1.313	-0.250	0.394	-0.056	0.007
b) Earnings after tax, amortisation, depreciation and provisions	-0.35	1.18	-1.48	-0.24	0.38
c) Net dividend per share	1.20	0.35	0.10	0.25	0.40*
IV - PERSONNEL					
a) Number of employees	49	46	40	37	31
b) Total payroll	9,058,911	7,304,867	6,739,725	6,184,489	5,290,727
c) Sums paid for employee benefits (social security, welfare schemes, etc.)	3,533,604	3,461,980	3,407,750	3,488,834	3,472,659

**Subject to the approval of the General Shareholders' Meeting of 13 June 2013 and excluding treasury shares.*

8.7 Availability of the information

Electronic version

All relating to the Company are available on the Company's website:

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

and on the Euronext website:

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 Concordance tables

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	SECTIONS Corresponding sections of the Annual Report	PAGES 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 previous fiscal year (L. 225-100 and L. 232-1 of the French Commercial Code)	Introduction; 1; 8.2.1; 8.2.3 ; 8.6	2-19; 23-41; 215-246; 221
Analysis of the development of the business, earnings and financial position of the Group, the Group's position during the previous fiscal year (L. 225-100-2 and L. 233-26 of the French Commercial Code)	Introduction; 1; 8.2.1	2-19; 23-41; 149-213
Results of subsidiaries and controlled companies by branch of activity (L. 233-6 of the French Commercial Code)	1; 8.2.1; 8.2.3	23-41; 149-213; 215-246
Projected changes (L. 232-1 and L. 233-26 of the French Commercial Code)	1.5	36-39
Significant events occurring after the end of the fiscal year (L. 232-1 and L. 233-26 of the French Commercial Code)	1.5.1	36-39
Research and development activities (L. 232-1 and L. 233-26 of the French Commercial Code)	7.4	142
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	97-115
Description of main risks and uncertainties (L. 225-100 and L. 225-100-2 of the French Commercial Code)	2	43-55
Group financial risk management policy (L. 225-100 and L. 225-100-2 of the French Commercial Code)	2.2; 3.3	47-54; 90-93
Group exposure to price, credit, liquidity and treasury risks (L. 225-100 and L. 225-100-2 of the French Commercial Code)	2.2	47-54

ITEMS REQUIRED BY THE FRENCH COMMERCIAL CODE, MONETARY AND FINANCIAL CODE, GENERAL TAX CODE AND GENERAL REGULATIONS OF THE AMF	SECTIONS Corresponding sections of the Annual Report	PAGES 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	124-126
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	137-138
Employee share capital shareholding at the last day of the fiscal year (L. 225-102 of the French Commercial Code)	4.1.1; 5.1.1	97-100; 117-120
Identity of shareholders holding more than 5%; treasury shares (L. 233-13 of the French Commercial Code)	5.1.2	123
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	76
Total compensation and benefits of any kind paid to each corporate officer (L. 225-102-1 of the French Commercial Code)	3.2.3	85-89
Positions and roles held in any company by each of the corporate officers during the year (L. 225-102-1 of the French Commercial Code)	3.2.1.2	63-75
Information on treasury share repurchases (L. 225-211 of the French Commercial Code)	6.2.2	127-131
Amount of dividends distributed during the last three fiscal years (243-bis of the French General Tax Code)	5.2	121
Changes made in the presentation of the annual financial statements (L. 232-6 of the French Commercial Code)	8.2.1	149-213

8.8.2 EC Regulations

In order to facilitate the interpretation of this Annual Report, the following concordance table identifies the information required by Commission Regulation (EC) No 809/2004 of 24 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council (as amended by Commission Delegated Regulation (EU) 486/2012 of 30 March 2012).

	HEADING	SECTIONS Corresponding sections of the Annual Report	PAGES Corresponding pages of the Annual Report
1	*Responsible persons*		Inside front cover
2	*Statutory auditors*		Inside front cover
3	*Selected financial information*	Introduction	2-19
4	*Risk factors*	2	43-55
5	*Information about the issuer*	6	123-139
5.1	*History and development of the Company*	Introduction	2-19
5.1.1	*Corporate and trade name of the issuer*	6.1	123
5.1.2	*Registration location and number of the issuer*	6.1	123
5.1.3	*Date of incorporation and term of the issuer*	6.1	123
5.1.4	*Registered office and legal form of the issuer, legislation governing its activities, its country of origin, address and telephone number of its registered office*	6.1	123
5.1.5	*Significant events in the development of the issuer's activities*	Introduction; 1.1.1.1; 1.5	2-19; 23-25; 36-39
5.2	*Investments*	1.3	33-34
5.2.1	*Main investments made over the previous three fiscal years*	1.3.1	33
5.2.2	*Main investments in progress*	1.3.2	34
5.2.3	*Main investments considered*	1.3.3	34

	HEADING	SECTIONS Corresponding sections of the Annual Report	PAGES Corresponding pages of the Annual Report
6	*Overview of activities*	Introduction; 1.1.1.1; 7.7; 7.8	2-19; 23-25; 144; 145
6.1	*Main activities*	Introduction; 1.1.1.1	2-19; 23-25
6.2	*Main markets*	1.1.1.1; 1.1.1.2.2; 1.2	23-25; 26; 30-32
6.3	*Exceptional events*	N/A	N/A
6.4	*Possible dependence of the Group with regard to certain significant customers or procurement contracts*	2.1.8; 2.2.6	46; 52
6.5	*Competitive position*	2.1.6	45
7	*Organisation chart*	7.7	144
7.1	*Place of the issuer within the Group*	7.7	144
7.2	*Main subsidiaries*	7.7; 8.2.3	144; 215-246
8	*Reserves – real estate properties, plants and equipment*	7.3	142
8.1	*Most significant property, plant and equipment*	7.3	142
8.2	*Environmental issues concerning the most significant fixed assets*	2.1.7; 4.2; 4.3	45-46; 106-110; 111-113
9	*Review of the financial position and results*	1	23-41
9.1	*Financial position*	1	23-41
9.2	*Operating income*	1.1.1.3 to 1.1.1.5	26-27

	HEADING	SECTIONS Corresponding sections of the Annual Report	PAGES Corresponding pages of the Annual Report
10	*Cash and capital*	1.1.1.3 to 1.1.1.9	26-28
10.1	*Information on short-term and long-term capital*	1.1.1.3 to 1.1.1.5 and 1.1.1.8 to 1.1.1.9	26-27; 28
10.2	*Source, amount and description of cash flows*	1.1.1.8	28
10.3	*Borrowing conditions and financing structure*	1.4.1	34-35
10.4	*Restrictions on the use of capital having a significant effect on operations*	1.4.2	36
10.5	*Sources of financing planned for the main investments considered and major expenses on the most significant property, plant and equipment*	1.3.3	34
11	*Research and development, patents and permits*	7.4	142
12	*Information on trends*	1.5	36-40
12.1	*Main trends having affected production, sales and inventories, costs and sale prices since the close of the previous fiscal year*	1.5.1	36-39
12.2	*Known trends, uncertainties, commitments or events likely to significantly influence the outlook for the current year*	1.5.2	39
13	*Forecasts and estimates of sales and investment budgets*	N/A	N/A
14	*Administrative, management and supervisory bodies and executive management*	3.2.1; 3.2.2	57-84
14.1	*Information regarding members of the administrative and management bodies*	3.2.1.1.1; 3.2.1.2	57-62; 63-76
14.2	*Conflicts of interest, commitments relative to appointments, restrictions on disposals of interests in the issuer's share capital*	3.2.1.3	76

	HEADING	SECTIONS Corresponding sections of the Annual Report	PAGES Corresponding pages of the Annual Report
15	*Compensation and benefits*	3.2.3	85-89
15.1	*Compensation allocated for the last completed fiscal year, of any kind, to each member of the administrative, management and supervisory bodies*	3.2.3	85-89
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