

2003 ANNUAL REPORT

REFERENCE DOCUMENT

This reference document was deposited with the French Autorité des marchés financiers on June 4 2004 in compliance with COB regulation N° 98-01. It may be used in support of a financial transaction if supplemented by a transaction memorandum signed by the Autorité des marchés financiers.

Copies of this reference document are available at the Company's head office, on its web site: www.maureletprom.com or on the Autorité des marchés financiers web site (www.amf-france.org).

CONTENTS

SECTION I - THE PEOPLE RESPONSIBLE FOR THE REFERENCE DOCUMENT AND THE AUDITING OF THE FINANCIAL STATEMENTS	6				
1.1 - PEOPLE RESPONSIBLE FOR THE REFERENCE DOCUMENT	6				
1.2 - STATEMENT OF THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT	6				
1.3 - PERSON RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS	6				
1.4 - STATEMENT OF THOSE RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS	7				
1.5 - INFORMATION POLICY	8				
1.5.1 - Person responsible for the information	8				
1.5.2 - Shareholder relations	8				
1.5.3 - Shareholders' diary dates	9				
SECTION II - ISSUE/LISTING ON A REGULATED MARKET OF FINANCIAL INSTRUMENTS REPRESENTING THE CAPITAL OR RECEIVABLES, COMPLEX OR COMPOSITE	10				
SECTION III - GENERAL INFORMATION ON THE COMPANY AND ITS CAPITAL	11				
3.1 - GENERAL INFORMATION CONCERNING THE COMPANY	11				
3.1.1 - Company name and head office	11				
3.1.2 - Legal form and applicable law	11				
3.1.3 - Date of formation and duration of the Company	11				
3.1.4 - Purpose of the Company (Article 3 of the Articles of Association)	11				
3.1.5 - Listing in the commercial and companies register and listing number	12				
3.1.6 - Consultation of legal documents	12				
3.1.7 - Financial year (Article 17 of the Articles of Association)	12				
3.1.8 - Statutory distribution of profits (Article 17 of the Articles of Association)	12				
3.1.9 - General meetings (Article 16 of the Articles of Association)	13				
3.1.10 - Dual voting rights (Article 8 of the Articles of Association)	13				
3.1.11 - Limitations of voting rights	14				
3.1.12 - Violation of thresholds (Article 7 ter of the Articles of Association)	14				
3.1.13 - Identification of holders of shares and information on significant purchases of shareholdings (Article 7 bis of the Articles of Association)	14				
3.1.14 - Particular statutory clauses relating to the limited partnership company's Articles of Association (Article 1 of the Articles of Association)	14				
3.1.15 - Liquidation (Article 18 of the Articles of Association)	15				
3.2 - GENERAL INFORMATION CONCERNING THE CAPITAL STOCK	16				
3.2.1 - Conditions under which the Articles of Association require modifications of capital and the respective rights of the various categories of shares	16				
3.2.2 - The Company's acquisition of its own shares	16				
3.2.3 - Registered capital	18				
3.2.4 - Capital authorized but not issued	18				
3.2.5 - Securities not representing the capital	23				
3.2.6 - Securities providing access to the capital	23				
3.2.6.1 - Share warrants	23				
3.2.6.2 - Share options	23				
3.2.6.3 - Bonds with the option to convert and/or swap for new or existing shares	25				
3.2.6.4 - Convertible bonds	26				
				3.2.6.5 - Maximum potential dilution of the Company's capital if the subscription options and/or OCEANEs are exercised or converted.	26
				3.2.7 - Changes in the Company's registered capital over the last five years	27
				3.3 - CURRENT BREAKDOWN OF CAPITAL AND VOTING RIGHTS	27
				3.3.1 - Company shareholdings as at May 11 2004	27
				3.3.2 - Changes where appropriate in the breakdown of registered capital during the last three years	28
				3.3.3 - Bodies corporate with control of the Company	31
				3.3.4 - Pledges of Maurel & Prom securities or its subsidiaries' securities	31
				3.3.5 - Group organization	32
				3.4 - TRADING IN THE COMPANY'S FINANCIAL INSTRUMENTS	33
				3.4.1 - History of prices and values of transactions concerning the shares of the Company	33
				3.4.2 - History of prices and values of transactions relating to the share warrants	34
				3.4.3 - History of prices and values of transactions concerning the OCEANE convertible bonds of the Company	35
				3.5 - DIVIDENDS	35
				3.5.1 - Allocation policy	35
				3.5.2 - Time limitation	35
				SECTION IV - INFORMATION ON THE COMPANY'S BUSINESS	36
				4.1 - INTRODUCTION TO THE MAUREL & PROM COMPANY AND GROUP	36
				4.1.1 - History of the Maurel & Prom Company and Group	36
				4.1.2 - Main businesses of the Maurel & Prom Company and Group	36
				4.1.2.1 - Business sectors	36
				4.1.2.2 - Positioning of the Group in its markets	37
				4.1.3 - Change in the Company's activity	39
				4.1.4 - Breakdown of sales and operating income for the Maurel & Prom Group by business category and by geographic market	40
				4.1.4.1 - Summary tables	40
				4.1.4.2 - Oil and gas business	43
				4.1.4.3 - Drilling activities	49
				4.1.4.4 - Other businesses	49
				4.1.5 - Locations of the Maurel & Prom Group's main operations	50
				4.1.6 - Description of the deposits, estimate of economically exploitable reserves and probable duration of operation	50
				4.1.6.1 - Methods of assessing the reserves	50
				4.1.6.2 - Description of the deposits	51
				4.1.7 - Markets and competition	53
				4.1.7.1 - Gold business	53
				4.1.7.2 - Maritime business	53
				4.1.7.3 - Oil business	53
				4.2 - POSSIBLE DEPENDENCY OF THE MAUREL & PROM GROUP ON CERTAIN MAJOR CLIENTS OR PROCUREMENT CONTRACTS	53
				4.3 - PERSONNEL	54
				4.4 - INVESTMENT POLICY	55
				4.5 - MAIN MAUREL & PROM GROUP SUBSIDIARIES	56

4.6 - RISK FACTORS	56
4.6.1 - Market risks	56
4.6.1.1 - Liquidity risks	56
4.6.1.2 - Foreign exchange risk	59
4.6.1.3 - Interest rate risk	59
4.6.1.4 - Share risks	60
4.6.2 - Legal risks	60
4.6.2.1 - Risks relating to the regulatory procedure to obtain certain permits	60
4.6.2.2 - Litigation	60
4.6.3 - Risks relating to Maurel & Prom Group business	61
4.6.3.1 - Risks specific to the Maurel & Prom Group's business sector	61
4.6.3.2 - Risks relating to possible dependency of the Maurel & Prom Group upon its customers, suppliers or subcontractors	62
4.6.3.3 - Industrial and environmental risks	62
4.6.3.4 - Risks relating to the Company's key employees	63
4.6.4 - Insurance	63
SECTION V - ASSETS - FINANCIAL SITUATION - INCOME STATEMENT CONSOLIDATED BALANCE SHEET	64
5.1 - CONSOLIDATED FINANCIAL STATEMENTS	64
5.2 - GENERAL REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31 2003	90
5.3 - PREPARING FOR THE TRANSITION TO IFRS STANDARDS	92
5.4 - INVENTORY OF MARKETABLE SECURITIES	93
5.5 - FEES OF THE STATUTORY AUDITORS AND OF THE MEMBERS OF THEIR NETWORKS USED BY THE GROUP	93
5.6 - INFORMATION ON NON TAX DEDUCTIBLE EXPENSES	94
5.7 - SPECIAL REPORT OF THE STATUTORY AUDITORS ON THE REGULATED AGREEMENTS	94
SECTION VI - CORPORATE GOVERNANCE	97
6.1 - MEMBERSHIP AND OPERATION OF CORPORATE BODIES	97
6.1.1 - Members of the corporate bodies	97
6.1.2 - Terms of office and positions held in other companies by members of the corporate bodies	99
6.1.3 - Function of the administrative, management and supervisory bodies	101
6.1.3.1 - Function of the corporate bodies	101
6.1.3.2 - Committees set up by the corporate bodies	103
6.1.4 - Internal audit procedures in force in the Company	105
6.1.5 - Report of the Statutory Auditors on the information supplied by the Company concerning the internal audit procedures covering the drafting and processing of accounting and financial information	107
6.2 - INTERESTS OF THE DIRECTORS AND OTHER OFFICERS OF THE COMPANY	108
6.2.1 - Remuneration paid for the year just ended, for whatever reason, to each member of the administration, management and supervisory bodies	108
6.2.2 - Share subscription or purchase options granted to each officer of the company and options exercised by them	110
6.2.3 - Information on the transactions conducted between the Company and members of the management or supervisory bodies or shareholders holding more than 10% of the voting rights	110

6.2.4 - Loans and guarantees granted or set up in favor of the members of the management or supervisory bodies	110
6.3 - PERSONNEL PROFIT-SHARING SCHEMES	110
6.3.1 - Employees' association: profit-sharing, payroll savings	110
6.3.2 - Share subscription or purchase options granted to employees and options exercised by them	112
SECTION VII - RECENT CHANGES AND OUTLOOK FOR THE FUTURE	113
7.1 - RECENT CHANGES	113
7.1.1 - Mining business	113
7.1.1.1 - Gabon	113
7.1.1.2 - Tanzania	113
7.1.1.3 - Guinea-Bissau	113
7.1.2 - Shareholdings	113
7.1.2.1 - Conversion of OCEANE convertible bonds	113
7.1.3 - Company activity	113
7.1.3.1 - Sales for the first quarter 2004	113
7.2 - FUTURE OUTLOOK	113
APPENDICES TO THE REFERENCE DOCUMENT	116
APPENDIX 1 - GLOSSARY	116
APPENDIX 2 - DRAFT RESOLUTIONS PUT TO THE COMBINED GENERAL MEETING OF JUNE 28 2004	117
APPENDIX 3 - CROSS-REFERENCE TABLE	122

SECTION I -**THE PEOPLE RESPONSIBLE FOR THE REFERENCE DOCUMENT
AND THE AUDITING OF THE FINANCIAL STATEMENTS****1.1 - PEOPLE RESPONSIBLE FOR THE REFERENCE DOCUMENT**

Person responsible for the reference document: Jean-François Hénin, General Manager of Maurel & Prom (hereafter called “**Maurel & Prom**” or “**the Company**”).

1.2 - STATEMENT OF THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

“To my knowledge, the data in this reference document are a true reflection of the facts; they include all the information that investors need to base a judgment on the assets, activity, financial situation, results and prospects of the Company and of the Maurel & Prom Group.

There are no omissions that might adversely affect its full significance:

Jean-François Hénin, General Manager
Paris, June 4 2004

1.3 - PERSON RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS**OFFICIAL STATUTORY AUDITORS:****Monsieur Michel Bousquet**

213, boulevard Saint-Germain
75007 Paris

Date of first appointment: Annual General Meeting of June 14 2002

Duration of current term of office: six years (from June 14 2002)

Term of office ends: after the Annual General Meeting of shareholders called to approve the annual financial statements for the year ending December 31 2007

Ernst & Young Audit

Represented by Monsieur François Carrega

Tour Ernst & Young

Faubourg de l'Arche

92037 Paris – La Défense Cedex

Date of first appointment: Annual General Meeting of June 27 1996

Duration of current term of office: six years (from June 14 2002)

Term of office ends: after the Annual General Meeting of shareholders called to approve the annual financial statements for the year ending December 31 2007

DEPUTY STATUTORY AUDITORS:**Monsieur François Caillet**

66, avenue de Buzenval

92500 Rueil-Malmaison

Date of first appointment: Annual General Meeting of June 14 2002

Duration of current term of office: six years (from June 14 2002)

Term of office ends: after the Annual General Meeting of shareholders called to approve the annual financial statements for the year ending December 31 2007

Monsieur Jean-Louis Robic

24, boulevard du Général Ferrié

94100 Saint-Maur-des-Fossés

Date of first appointment: Annual General Meeting of November 21 1989

Duration of current term of office: six years (from June 14 2002)

Term of office ends: after the Annual General Meeting of shareholders called to approve the annual financial statements for the year ending December 31 2007

1.4 - STATEMENT OF THOSE RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

To the shareholders,

In our capacity as auditors of Établissements Maurel & Prom, S.C.A. and in application of COB regulation 98-01, we have, in compliance with the professional standards applicable in France, audited the information relating to the financial situation and historic financial statements given in this reference document.

This reference document has been drawn up under the responsibility of the Managing Director. It is our task to give an opinion on the sincerity of the information it contains relating to the financial situation and the financial statements.

Our audits, in accordance with the professional standards applicable in France, have involved assessing the sincerity of the information relating to the financial situation and the financial statements, verifying that they comply with the financial statements that have been reported. They have also involved reading the other information contained in the reference document in order to identify, where appropriate, any significant inconsistencies with the information on the financial situation and the financial statements, and to point out the manifestly incorrect information that we find on the basis of the general knowledge of the company that we have acquired as part of our function. With regard to isolated forecast data resulting from a structured drafting process, our reading of the information has taken account of the assumptions made by the management and the way they have been reflected in the figures.

The annual financial statements and the consolidated financial statements for the year ending December 31 2001, approved by Management, have been audited by Jean-François Ramolino de Coll'Alto and Ernst & Young Audit according to the professional standards applicable in France and have been certified without reservation or comment.

The annual financial statements and the consolidated financial statements for the year ending December 31 2002, approved by Management, have been audited by us according to the professional standards applicable in France. The following comments have been formulated:

“Without prejudice to the opinion expressed above, we would draw your attention to:

- The uncertainty concerning the oil and gas assets in France and Vietnam. Specifically, the exploitation of these assets remains conditional upon a change in a number of factors specified in note 4.C.1.a of the notes to the parent company financial statements and in note 4.D.1.a of the notes to the consolidated financial statements.
- The methods of calculating the amortization of the oil production fixed assets acquired as part of the development of the Kouakouala A and M'Boundi deposits as expressed in notes 4.B.b and 4.C.1.b to the parent company financial statements and in notes 4.B.f and 4.D.1.b to the consolidated financial statements.

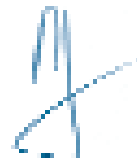
We would also draw your attention to notes 4.C.18 and 4.C.22 to the parent company financial statements and to notes 4.D.21 and 4.D.29 to the consolidated financial statements concerning the presentation of oil sales and taxes relating to the production sharing contracts on the Kouakouala A and M'Boundi operating permits that has been modified to suit the new billing modalities".

The annual financial statements and the consolidated financial statements for the year ending December 31 2003, approved by Management, have been audited by us, according to the professional standards applicable in France. They have been certified without reservation or comment.

On the basis of these audits, we have no comment to make on the sincerity of the information concerning the financial situation and the financial statements contained in this reference document.

Paris, June 4 2004
Statutory Auditors

Monsieur Michel Bousquet
213, boulevard Saint Germain
75007 Paris



Ernst & Young Audit
Tour Ernst & Young
11, allée de l'Arche
92400 Courbevoie
Monsieur François Carrega



This reference document also includes:

- The general report of the Statutory Auditors and the report on the consolidated financial statements as at December 31 2003 (respectively page 107, the Parent Company Financial Statements section and page 90, the Consolidated Financial Statements section of this reference document) containing the justification for the Statutory Auditors' assessments as established under the terms of Article L. 225-235 of the Commercial Code;
- The report produced (on page 132 of this reference document), at the request of the partners of Etablissements Maurel et Prom, S.C.A., relating to the report of the Chairman of the Supervisory Board on the internal audit.

1.5 - INFORMATION POLICY

1.5.1 - Person responsible for the information

Monsieur Jean-François Hémin
Telephone: 01.53.83.16.00
Fax: 01.53.83.16.04
email: maurel.jfh@wanadoo.fr
Company web site: www.maureletprom.com

1.5.2 - Shareholder relations

In general, the Articles of Association, minutes of shareholders' Annual General Meetings, auditors' reports and other company documents can be read at the Company's head office: 66, rue de Monceau - Paris 75008.

Financial opinions are regularly published in the economic and financial press in press releases concerning sales, financial results and other important events in the life of the Company or of the Maurel & Prom Group.

Information on the Company is available on the web site at www.maureletprom.com, so that shareholders, employees and all members of the public can obtain an overview of the Maurel & Prom Group and the essentials of its financial information, such as the financial results, press releases, annual reports, presentations to analysts, letters to shareholders, share prices, key figures, information on shareholders and corporate governance and any other important aspects of the Company and the Maurel & Prom Group.

1.5.3 - Shareholders' diary dates

- Publication of half year sales 2004:	August 13 2004
- Publication of half year results 2004:	October 29 2004
- Publication of third quarter sales 2004:	November 12 2004

These diary dates, available on the web site at www.maureletprom.com, are given for information only and may be changed.

SECTION II

ISSUE/LISTING ON A REGULATED MARKET OF FINANCIAL INSTRUMENTS REPRESENTING THE CAPITAL OR RECEIVABLES, COMPLEX OR COMPOSITE

Not applicable.

Note: in the event of a transaction subject to the signature, registration or assessment of the French financial markets authority (Autorité des marchés financiers), the information applicable to this section would be given in a special transaction memorandum.

SECTION III

GENERAL INFORMATION ON THE COMPANY AND ITS CAPITAL

3.1 - GENERAL INFORMATION CONCERNING THE COMPANY

3.1.1 - Company name and head office

Company name: The Company's registered name is "Établissements Maurel & Prom".

Head office: The Company's head office is at 66, rue de Monceau – Paris 75008. On May 24 2004 the Management decided to transfer the head office on June 21 2004 to 12, rue Volney – Paris 75002. This head office move will be subject to ratification by the Annual General Meeting called for June 28 2004 (see in Appendix 2 of this reference document the draft resolutions that will be put to the combined Annual General Meeting of shareholders called for June 28 2004).

3.1.2 - Legal form and applicable law

Maurel & Prom is a partnership limited by shares subject to the terms of the Commercial Code (and in particular to the terms of articles L. 226-1 to L. 226-14 of the said Code) and of Decree N° 67-236 of March 23 1967 on trading companies and of all other applicable French legal and regulatory requirements.

The legal structure of the Company has the following components:

- two General Managers
- a Supervisory Board
- one general partner
- limited partners or shareholders

The Company has been formed in accordance with French law.

3.1.3 - Date of formation and duration of the Company

Date the Company was formed: November 1 1919 (Article 1 of the Articles of Association)
Company duration: 99 years or until October 31 2018

3.1.4 - Purpose of the Company (Article 3 of the Articles of Association)

The Company's purpose, both in France and abroad, is:

- To manage all shares and rights. As a result, the acquisition of holdings in any companies, groups or associations, particularly through purchase, subscription or contribution; the disposal in whatever manner of the said holdings or rights,
- To prospect for and exploit all mineral deposits, particularly all liquid or gaseous hydrocarbon deposits and associated products,
- To rent, acquire, transfer or sell any wells, land, deposits, concessions, operating permits or prospecting permits either on its own behalf or on behalf of others, in participation or otherwise. To transport, store, process transform and trade in all natural or synthetic hydrocarbons, all liquid or gaseous underground products or subsidiary products, all minerals or metals,
- To acquire all buildings, manage them or sell them,
- To trade in all products and merchandise.

And in general to participate directly or indirectly in all commercial, industrial, real estate, agricultural or financial transactions in France or in any other country through the creation of new companies or by contributing to, subscribing to or purchasing shares or company rights, through mergers, affiliations or otherwise and generally through all transactions of any nature relating directly or indirectly to these activities and likely to facilitate the growth or management of such activities.

3.1.5 - Listing in the commercial and companies register and listing number

The Company is listed on the Paris Commercial and Companies Register under number 457 202 331.

Since March 16 2004, the Company's APE code has been 111Z (former APE code was 741J).

3.1.6 - Consultation of legal documents

The Articles of Association, minutes of Annual General Meetings of shareholders, reports of Statutory Auditors and other company documents may be consulted at the Company head office.

3.1.7 - Financial year (Article 17 of the Articles of Association)

The Company's financial year begins on January 1 and ends on December 31 of each year.

3.1.8 - Statutory distribution of profits (Article 17 of the Articles of Association)

The distributable profit consists of the net profit for the year, minus earlier losses and amounts placed in the reserve according to law and statutes, plus retained earnings.

From the net profit for the year minus, where appropriate, earlier losses, a 5% (five per cent) deduction is made at least to form the legal reserve. This deduction ceases to be mandatory when the reserve reaches a tenth of the registered capital; it resumes when, for whatever reason, the legal reserve falls below that tenth.

After the financial statements have been approved and it is determined that monies can be distributed, the Ordinary General Meeting of shareholders is responsible for appropriating the profit as follows:

The general partner is immediately paid a share of the profits, the gross amount of the payment being 20% of the portion of net income before tax for the past year that exceeds 10% of the total shareholders' equity existing on the first day of the said year. The net portion of profit allocated to the general partner equals the gross amount determined as above, less, where appropriate, any tax payable by the company in relation to this allocation. If the amount of distributable profit for a year is insufficient to pay the general partner some or all of the portion due to him forthwith, the portion that cannot be paid to him shall be lost for all time.

The balance of distributable profit, after allocation, where appropriate, of the portion due to the general partner, may be appropriated by the Ordinary General Meeting, as proposed by management, in full or in part, to retained earnings or to one or more optional reserves items, or to an allocation of dividends to the limited partners.

Furthermore, the shareholders' meeting may, as proposed by management, decide to distribute sums taken from the reserves at its disposal while expressly specifying the reserves items from which the deductions are made. However, the dividends are first taken from the distributable profit for the year.

Excluding cases of capital reduction, no distribution may be made to shareholders when the shareholders' equity is, or becomes as a result, less than the capital amount plus the reserves that the law does not allow to be distributed.

The general meeting of shareholders voting on the financial statements for the year may, as proposed by management, allow each general partner or limited partner, for some or all of the dividend payable, the option of payment of the dividend in cash or in shares issued by the company and this shall be in accordance with the terms set and authorized by law.

Prior to the approval of the financial statements, it may be decided, as allowed by the law, to distribute interim dividends. For some or all of this interim payment, each general partner or limited partner may be offered the option of payment in cash or in shares.

3.1.9 - General meetings (Article 16 of the Articles of Association)

The meetings are called, as specified by law, by the management, failing this by the Supervisory Board, failing this by the Statutory Auditors or by an officer appointed by the Président du Tribunal de Commerce in urgent cases at the request of any interested party or of one or more shareholders holding at least a tenth of the registered capital.

Any shareholder may, in person or by proxy, attend the meetings on providing proof of identity and ownership of shares, either by a share certificate in his name or by depositing his bearer stock in the place specified in the notice of meeting; the deadline by which these formalities must be completed is five days before the date of the meeting. In accordance with the applicable legal requirements, two Works Committee members appointed by that Committee may attend general meetings. They may, at their request, speak during any discussions requiring unanimity of the shareholders.

Due to the abolition by law N° 2001-420 dated May 15 2001 concerning the new economic regulations of Article L. 225-112 of the Commercial Code which authorized the Articles of Association to make access to the Ordinary General Meetings conditional upon the possession of a minimum number of shares, a proposal will be made at the general meeting of shareholders called for June 28 2004 to strike out the last paragraph of Article 6-1 of the Articles of Association which requires that "to be able to attend Ordinary General Meetings, a shareholder must possess or represent at least five shares" (see, in Appendix 2 of this reference document, the draft resolutions that will be put to the Combined General Meeting of shareholders called for June 28 2004).

3.1.10 - Dual voting rights (Article 8 of the Articles of Association)

Each share gives entitlement to one vote: a dual voting right is conferred on the owners of fully paid up registered shares which will give them the right to be entered in the Company register for at least four years without interruption. In addition, in the event of an increase in capital by the incorporation of reserves, profits or goodwill, dual voting rights are conferred, when they are issued, on registered shares allocated free to shareholders by reason of former shares bearing this entitlement.

This dual voting right shall cease forthwith for any share having been converted to bearer stock or transferred, but it may be restored when the new holder of the shares can show proof of his registration for an uninterrupted period of at least four years.

Nevertheless, any transfer from one registered holder to another due to "ab intestat" succession or as part of a legacy or due to sharing of joint assets or community of after-acquired property between spouses shall not interrupt the abovementioned four-year period or shall retain the acquired right. The same shall apply in the case of donations between living people to the benefit of a spouse or a parent entitled to inherit.

Dual voting rights are detailed in the shareholding tables in section 3.3 below.

3.1.11 - Limitations of voting rights

There are no limitations of voting rights.

3.1.12 - Violation of thresholds (Article 7 ter of the Articles of Association)

Any individual or body corporate, any mutual investment fund or any other form of co-ownership, acting alone or in concert, which holds or might come to hold or possess, directly or indirectly, in full ownership, in bare ownership or in life interest, a fraction of the capital or voting rights in the Company equal to 5% of the capital or of the voting rights, shall be required to inform the Company, within 15 days of exceeding that threshold, of the total number of shares or voting rights, and of the potential number of shares or voting rights in the Company that it holds directly or indirectly or that are held by persons acting in concert with it.

This notification must be renewed under the terms specified above every time a new 5% threshold is passed in the upwards or downwards direction.

If they have not been regularly declared as specified above, the shares exceeding the fraction which should have been declared and those previously declared where appropriate, will be deprived of voting rights at any shareholders' meeting that may be held until the end of a two-year period following the date of making good the notification.

In accordance with the new terms of Article L. 233 of the Commercial Code as modified by law N° 2003-706 of August 1 2003, the general meeting of shareholders called for June 28 2004 will be asked to amend the abovementioned deadline for declaring the passing of thresholds to read five stock market trading days from the passing of the threshold (see, in Appendix 2 of this reference document, the draft resolutions that will be put to the Combined General Meeting of shareholders called for June 28 2004).

On April 10 2003, Euroclear Bank SA/NV, acting as a registered intermediary, exceeded the threshold of 10% of the Company's capital, holding as it did at that date in the accounts opened in the name of its customers 710 069 Maurel & Prom shares, or 11.71% of the company's capital. Euroclear Bank SA/NV informed the Board of the trades by mail on April 11 2003 specifying that it had passed this threshold only as a registered intermediary.

3.1.13 - Identification of holders of shares and information on significant purchases of shareholdings (Article 7 bis of the Articles of Association)

The Company may at any time, against payment to the registrars approved by decree, ask for the name or company name, address and nationality of the holders of shares conferring immediately or in the future rights to vote at its own shareholders' meetings, and the quantity of shares held by each of them and, where appropriate, the restrictions that these shares might incur.

3.1.14 - Particular statutory clauses relating to the limited partnership company's Articles of Association (Article 1 of the Articles of Association)

The partnership limited by shares is a company with two categories of partner:

- one or more general partners, with unlimited liability for the company's debts and with rights that are not freely transferable,
- limited partners (shareholders) who are in the same situation as the shareholders of a société anonyme: their shares are negotiable under the same terms and their liability is limited to the amount of their investment. They are represented by a Supervisory Board.

The partnership limited by shares is managed by one or more directors, individuals or bodies corporate, chosen by the general partners.

The Company currently has two managers:

- Aréopage SA (formerly called PLB Finance), a société anonyme with registered capital of 983 530 euros, is the general managing partner and was appointed by the Combined General Meeting of June 27 1996. This company is controlled by Pacifico SCA, the company of which Jean-François Hénin is the general manager;

- Jean-François Hénin, non-partner manager.

Due to the existence of two categories of partner, collective decisions require dual consultation, consultation with the limited partners meeting at a general meeting and consultation with the general partners. However, the limited partners are the only ones who can appoint members of the Supervisory Board, with the general partners, if they are also limited partners, not participating in the vote.

Amendments to the Articles of Association can be made only with the approval of the general partners.

The Maurel & Prom partnership is governed by law and, within the law, by the specific requirements of its Articles of Association which have been amended on several occasions and specify particular procedures for transforming the form of association.

The current form of association may be changed to a société anonyme every ten years and for the first time at the Combined General Meeting to vote in particular on the financial statements for the year 2010. It is to be authorized by the general meeting of shareholders voting extraordinarily, the said vote being a two thirds majority, at the same time as the meeting voting on the financial statements for the year, with the general partner being compensated according to expert opinion, the general partner undertaking not to oppose the vote if this majority is achieved.

If, within this ten year period, the Company's equity made up of the registered capital, reserves and retained earnings, after allocation of income were to reach, at the year end, less than 80% of the shareholders' equity existing at the beginning of the year, or if the total of successive incomes over two or more years were to reduce by more than 25% the shareholders equity as described above existing at the beginning of the ten year period, where appropriate increased by outside contributions and reduced by capital reductions not due to losses, the legal form of the Company would automatically be transformed into an société anonyme under the legal and regulatory requirements relating to such a transformation, without payment being made to the general partner.

The General Manager shall call an Extraordinary General Meeting of the shareholders of the Company so that a vote can be taken on the adoption of the new Articles of Association of the Company as a société anonyme, at the same time as the meeting called to vote on the financial statements for the year at the end of which this inadequacy of shareholders' equity has been reported.

The benchmark for the Company's shareholders' equity is € 114 060 832 as at December 31 2003. It was € 76 988 238 as at December 31 2002.

3.1.15 - Liquidation (Article 18 of the Articles of Association)

The net assets remaining after repayment of par value are shared between the shareholders - general partners or limited partners - in proportion to the number of their shares.

The losses, if any, will be borne by the general shareholders on the day of dissolution and by the owners of shares in the proportions indicated above. But the owners of shares shall be liable only up to the value of their shares.

If, due to this shareholders' limitation of liability, the portion of the loss for which they are liable cannot be entirely taken from the value of their shares, the balance shall be added to the portion of the loss payable by the general partners.

3.2 - GENERAL INFORMATION CONCERNING THE CAPITAL STOCK

3.2.1 - Conditions under which the Articles of Association require modifications of capital and the respective rights of the various categories of shares

Any modification of the capital or of the rights attached to the shares comprising the capital is subject to the requirements of the law, since the Articles of Association do not make any specific requirements.

3.2.2 - The Company's acquisition of its own shares

The Combined General Meeting of shareholders held on September 11 2001 authorized the management, for a period of 18 months, to buy shares in the Company up to a number equivalent to 10% of the shares comprising the registered capital at that date.

These acquisitions of shares were to be made mainly in order to:

- sell - buy them, as market opportunities permit,
- cancel them, particularly to optimize earnings per share, improve return on shareholders' equity or to substitute them for the allocation of dividends,
- give them as a swap in the event of an external growth transaction,
- allocate them to the Company employees specified in Article L. 225-180 of the Commercial Code as part of share subscription or purchase options for their benefit.

This meeting, in its second resolution, authorized the management to cancel a maximum of 10% of the registered capital, that is a maximum of 604 882 shares purchased as part of the share buyback program.

This program received approval number 01-1051 dated August 20 2001 from the Commission des opérations de bourse (the French equivalent of the SEC).

On March 10 2003 (the date on which the authorization expired), as part of this program, Maurel & Prom owned 113 883 of its shares (1.88%). The average purchase price for these shares was € 19.76. As at March 10 2003, none of these own shares had been canceled. These shares having been sold, Maurel & Prom owned none of its own shares at December 31 2003.

The Combined General Meeting of shareholders of June 26 2003 authorized the management to implement a new program to buy back the Company's shares. To date, the management has not taken advantage of this authorization.

It will be put to the vote at the general meeting of shareholders called for June 28 2004 to authorize the management to implement a new share buyback program which will be submitted for approval to the Autorité des marchés financiers and will have the features and objectives described below (see also, in Appendix 2 of this reference document, the draft resolutions which will be put to the Combined General Meeting called for June 28 2004).

The resolution put to the vote at the Combined General Meeting of shareholders called for June 28 2004 will provide that the maximum purchase price paid by the Company for its own shares shall not exceed € 110 (one hundred and ten euros) per share and that the minimum selling price accepted by the Company for its own shares shall not be less than € 70 (seventy euros) per share. If the options provided by the third paragraph of Article L. 225-209 of the Commercial Code is used, the selling price will then be determined according to the legal requirements applicable at the time.

The maximum number of shares that can be bought by virtue of this authorization may not exceed 10% of the total number of shares comprising the Company's registered capital, it being specified that this limit applies to an amount of the Company's registered capital which, where appropriate, will be adjusted to take account of the transactions affecting the registered capital after the general meeting of June 28 2004, the acquisitions made by the Company being in no circumstances allowed to cause the Company, directly or indirectly, to hold more than 10% of its registered capital.

As at April 30 2004, the Company held none of the 7 439 674 shares comprising the registered capital. On this basis, the maximum number of shares that the Company could buy by virtue of this authorization amounts to 743 967 shares and the maximum amount that it could spend to buy these shares is 81 836 370 euros (eighty one million eight hundred and thirty six thousand three hundred and seventy euros).

This authorization is intended to allow the Company to pursue in parallel the following two priority objectives, up to the limit of 6% of the total number of shares comprising the Company's registered capital:

- smooth the Company's stock market share price by systematically intervening against the market trend;
- grant purchase options of the Company's shares to the employees (or to some of them) and/or to officers of the Company performing management functions (or to some of them), in the Company and of the companies affiliated to it under the terms defined by the requirements of Article L. 225-180 of the Commercial Code.

In parallel with the aforementioned objectives and up to the limit of 4% of the total number of shares comprising the Company's registered capital, this share buyback program may also be implemented by the Management in order to achieve the following objectives in descending order of priority:

- (i) buy and/or sell the Company's shares depending on market situations;
- (ii) retain the Company's shares that have been bought, dispose of them, hand them over as guarantees or pledge them or, more generally in the context of the currently applicable stock market regulations, transfer them by whatever legal means, particularly by swapping them or handing over those shares, in particular as part of financial transactions, external growth transactions, in the context of liquidity commitments made by the Company, or following the issue of securities providing access to the Company's capital, or as part of the implementation of the Company's asset and financial management policy;
- (iii) allocate shares in the Company to the company's employees as part of their share in the profits of corporate expansion or of a company savings plan; and
- (iv) cancel the shares that have been bought back, particularly to improve earnings per share, improve the return on shareholders' equity or substitute or supplement the allocation of dividends.

These purchase, disposal, swap or transfer transactions may be made by any means, that is on the market or by mutual agreement, including by acquisition or disposal of blocks, or by the use of financial instruments, particularly derivative financial instruments traded on a regulated market or by mutual agreement, such as purchase or sale options or any combinations of the latter, to the exclusion of the purchase of purchase options by the use of warrants and under the conditions authorized by the competent market authorities and at times that the management of the Company shall approve. The maximum portion of the registered capital acquired or transferred in the form of blocks of shares may reach the full amount of the program.

These transactions may be carried out at any time, in line with the currently applicable regulations, including during periods of public offers initiated by the Company or applying to the Company's shares, except, in the latter situation, in the event that such a public offer should comprise in full or in part the handover of shares, conditional upon the legal and regulatory requirements applicable in such matters, and in particular the requirements of COB regulation N° 2002-04.

The general meeting of shareholders will be asked to grant the Management, in the event of a change in the par value of the shares, the increase in registered capital by the incorporation of reserves, the free allocation of shares, the division or grouping of shares, the distribution of reserves or of any other assets, the amortization of the capital or any other transaction relating to the capital stock, the authority to adjust the abovementioned purchase and selling prices in order to take account of the effect of these transactions on the value of the shares.

In addition, the general meeting will be asked to confer all powers upon the management to decide on and implement this authorization, to specify, if necessary, its terms and in particular to place all stock market orders, sign all agreements, complete all formalities and declarations with all organizations, in particular the Autorité des marchés financiers, and, in general, do all that is necessary to complete the transactions made in application of this authorization.

This authorization supersedes all earlier authorizations of the same nature, and in particular the authority granted by the general meeting of June 26 2003.

The general meeting of shareholders of the Company called for June 28 2004 will also be asked to authorize the management, for a period of twenty four (24) months, to cancel, on one or more occasions, at its own discretion, some or all of the shares acquired by the Company, by virtue of the currently applicable authorization or subsequent authorizations for the Company to buy back its own shares up to the limit, in periods of twenty four (24) months, of 10% of the total number of shares comprising the registered capital existing at the date of the transaction, and, in parallel to reduce the registered capital and to charge the difference between the buyback price of the canceled shares and their par value to the available premiums and reserves of its choice.

This authorization shall supersede all earlier authorizations of the same nature, and in particular the one granted by the general meeting of the Company of June 26 2003 (see, in note 2 of this reference document, the draft resolutions that will be put to the Combined General Meeting of shareholders called for June 28 2004).

3.2.3 - Registered capital

The registered capital as at May 11 2004 was 57 285 489.80 euros; it is divided into 7 439 674 shares of 7.70 euros par value each, fully paid.

3.2.4 - Capital authorized but not issued

The Combined General Meeting of June 26 2003, in its nineteenth resolution, decided:

1. to grant the management, for a period of twenty six (26) months from the date of the general meeting, the authority necessary to issue, while maintaining shareholders' preferential subscription rights, shares in the capital of the Company and/or marketable securities, of whatever nature, including warrants to subscribe to new shares or to acquire existing shares issued independently for payment or free of charge, providing access, immediately or in the future, to a portion of the Company's registered capital, and whose subscription may be fully paid in cash or by linkage deal with certain credits, liquid and payable, held against the Company; and

2. that the par value of the capital increases to be agreed by the Management and carried out, immediately or in the future, by virtue of this authority, may not exceed a maximum of € 100 000 000 (one hundred million euros) excluding issue premiums, not including the par value of the shares in the capital to be issued, where appropriate, by reason of the adjustments made, in accordance with the law, to preserve the rights of the holders of the marketable securities, including in this warrants for subscription to new shares or for acquisition of existing shares issued independently, providing access to shares in the capital of the Company, which may be issued based on this authority.

The issue of investment certificates in application of Article L. 228-30 of the Code of Commerce and the issue of preference shares in application of Article L. 228-11 of the Code of Commerce and the issue of any marketable securities providing access to these shares in the capital are excluded from this authority.

The marketable securities providing access to shares in the capital of the Company that are, where appropriate, issued by virtue of this authority may consist in debt securities or be associated with the issue of such securities, or allow the issue of them as intermediate securities. They may in particular take the form of shares, whether or not floating rate and whether or not perpetual, and may be issued in euros, or in currencies foreign to the euro or in any other monetary units established by reference to several currencies. The maximum par value of the marketable securities thus issued may not exceed € 150 000 000 (one hundred and fifty million euros) excluding issue premiums, or their counter value, on the date the issue is decided, it being specified that this amount is common to all the debt securities which the management was authorized to issue by the general meeting of June 26 2003. The duration of the debt may not exceed 20 years for debt securities that are convertible, exchangeable, redeemable or otherwise transformable into shares in the capital of the Company, it being specified that the said debt securities may be combined with a fixed and/or variable rate of interest or with capitalization, and be redeemed, with or without premium, or amortization. They may also be the subject of stock market buybacks or of a purchase or swap offer by the Company.

The shareholders may, as provided by law, exercise their preferential rights to subscribe irreducibly to the shares in the capital and/or the marketable securities whose issue shall be agreed by the management by virtue of this authority. The management may institute for the benefit of the shareholders a reducible preferential right to subscribe to the shares in the capital and/or to the marketable securities thus issued which will be exercised proportional to the reducible preferential right to subscribe that they have and, in all circumstances, up to the limit of their requests. If the irreducible and, where appropriate, reducible subscriptions have not totally absorbed the shares in the capital and/or the marketable securities issued, the management shall be able, in the order it determines, either to limit, according to law, the issue to the amount of subscriptions received on condition that the amount reaches at least three quarters of the issue that has been agreed, or to distribute free of charge some or all of the unsubscribed shares, or to offer them in the same manner to the public by making a public offering in France and/or, where appropriate, abroad and/or on the international market.

The general meeting of June 26 2003 took formal note and decided, as appropriate, that this authority:

- carried forthwith to the benefit of the holders of marketable securities likely to be issued and providing access, immediately or in future, to shares in the Company capital, renunciation by the shareholders of their preferential right to subscribe to the shares in the capital to which the said marketable securities may give entitlement; and
- carried express renunciation by the shareholders of their preferential right to subscribe to the shares in the capital to which entitlement will be given by those marketable securities issued which take the form of convertible bonds and to the shares in the capital to which the subscription warrants that are issued independently would give entitlement.

The general meeting decided that the Management would, according to law, have all powers to exercise this authority and, on one or more occasions, in the proportion and at the times it so decides, in France and/or, where appropriate, abroad and/or on the international market, to issue shares in the capital and/or abovementioned marketable securities leading to an increase in the registered capital of the Company and,

where appropriate, to delay the same, report the fact and proceed with the appropriate amendments of the Articles of Association.

The Management shall decide the details, amount, date and modalities of any issue of shares in the capital or of marketable securities. The Management shall determine, in particular, the category of shares in the capital or of marketable securities issued and shall set, taking account of the information specified in its report, the subscription price, the date of eligibility for dividend, possibly retroactive, the method of payment and, where appropriate, the methods by which the marketable securities issued shall give access to the Company's registered capital.

In addition, the general meeting specified that the Management:

- shall determine the modalities by which the rights of the holders of marketable securities shall be preserved, including warrants to subscribe to new shares or to acquire existing shares issued independently, giving access, immediately or in the future, to the registered capital of the Company and this shall be in accordance with applicable law and regulations;
- shall allow for the possibility of suspending exercise of rights to shares in the capital attached to the options to subscribe to or purchase shares, or to the marketable securities issued, including warrants to subscribe to new shares or to buy existing shares issued independently, during a period that shall not exceed three (3) months;
- shall take all measures and fulfill all formalities required to float for trading on a regulated market the rights, shares in the capital or marketable securities issued and created;
- may set the modalities for the stock market purchase or offer to purchase or swap marketable securities and/or warrants to subscribe to or acquire shares in the capital, as for the redemption of these marketable securities and/or warrants; and
- may charge the expenses, dues and fees for any issue of shares in the capital or of marketable securities to the amount of the issue premium relating thereto, deduct from the said issue premium the sums necessary to take the legal reserve to one tenth of the Company's registered capital and, more generally, take all measures necessary and make all agreements to ensure that any intended issue is successfully completed.

The Combined General Meeting of June 26 2003 also, in its twentieth resolution, decided

1. to grant the Management, for a period of twenty six (26) months from the date of that general meeting, the authority necessary to issue shares in the capital of the Company and/or marketable securities, of whatever nature, including warrants to subscribe to new shares or acquire existing shares issued independently for payment or free of charge, providing access, immediately or in future, to a portion of the Company's registered capital, and whose subscription may be fully paid in cash or by linkage deal with certain credits, liquid or payable, held against the Company, it being specified that this authority may allow the issue of marketable securities in application of articles L. 225-150 and L. 228-93 of the Commercial Code;
2. to cancel the preferential rights of shareholders to subscribe to shares in the capital and/or to marketable securities that may be issued by virtue of this authority, it being specified that the Management shall be able to grant shareholders the option of preferential subscription to some or all of an issue of shares in the capital or of marketable securities during a period and on terms that it shall set; this preferential subscription shall not give rise to the creation of negotiable rights, but may, if the management considers appropriate, be exercised irreducibly and reducibly; the shares in the capital or the marketable securities not subscribed to by virtue of this non negotiable preferential right shall be the subject of a public placement in France and/or, where appropriate, abroad and/or on the international market; and
3. that the par value of the capital increases likely to be agreed by the Management and carried out, immediately or in the future, by virtue of this authority, may not exceed a maximum of € 50 000 000 (fifty million euros) excluding issue premiums, not including the par value of the shares in the capital to be issued, where appropriate, by reason of the adjustments made, in accordance with the law, to preserve the rights of the holders of the marketable securities, including warrants for subscription to new shares or for acquisition of existing shares issued independently, providing access to shares in the capital of the Company, which may be issued based on this authority.

The issue of investment certificates in application of Article L. 228-30 of the Commercial Code and the issue of preference shares in application of Article L. 228-11 of the Commercial Code and the issue of any marketable securities providing access to these shares in the capital are excluded from this authority.

The marketable securities providing access to shares in the capital of the Company that are, where appropriate, issued by virtue of this authority may consist of debt securities or be associated with the issue of such securities, or allow the issue of them as intermediate securities. They may in particular take the form of shares, whether or not floating rate and whether or not perpetual, and be issued either in euros, or in currencies foreign to the euro or in any other monetary units established with reference to several currencies. The maximum par value of the marketable securities thus issued may not exceed € 150 000 000 (one hundred and fifty million euros) excluding issue premiums, or their counter value, on the date the issue is agreed, it being specified that this amount be common to all the debt securities which the Management was authorized to issue by the general meeting of June 26 2003. The duration of the debt may not exceed 20 years for debt securities that are convertible, exchangeable, redeemable or otherwise transformable into shares in the capital of the Company, it being specified that the said debt securities may be combined with a fixed and/or variable rate of interest or with capitalization, and be the subject of a redemption, with or without premium, or amortization. They may also be the subject of stock market buybacks or of a purchase or swap offer by the Company.

The general meeting took note and decided, as required, that this authority:

- carried forthwith to the benefit of the holders of marketable securities likely to be issued and providing access, immediately or in future, to shares in the Company's capital, renunciation by the shareholders of their preferential right to subscribe to the shares in the capital to which the said marketable securities may give entitlement; and
- carried express renunciation by the shareholders of their preferential right to subscribe to the shares in the capital to which entitlement will be given by those marketable securities issued which take the form of convertible bonds and to the shares in the capital to which the subscription warrants that are issued independently would give entitlement.

The general meeting decided that the Management would, according to law, have all powers to exercise this authority and, on one or more occasions, in the proportion and at the times it so decides, in France and/or, where appropriate, abroad and/or on the international market, to issue shares in the capital and/or abovementioned marketable securities leading to an increase in the registered capital of the Company and, where appropriate, to delay the same, report the implementation and proceed with the appropriate amendments of the Articles of Association.

The Management shall decide the details, amount, date and modalities of any issue of shares in the capital or of marketable securities. The Management shall determine, in particular, the category of shares in the capital or of marketable securities issued and shall set, taking account of the information specified in its report, the subscription price, the date of eligibility for dividend, possibly retroactive, the method of payment and, where appropriate, the methods by which the marketable securities issued shall give access to the Company's registered capital.

In all situations, the issue price of the Company's ordinary shares that are issued by virtue of this authority, shall be at least equal to the average of the price quoted for the ordinary shares of the Company on the Premier Marché d'Euronext Paris S.A. for ten (10) consecutive stock market trading days chosen from the last twenty (20) stock market trading days preceding the beginning of the issue, in accordance with Article L. 225-136 of the Commercial Code, after correction, where appropriate, of this average to take account of the difference in the date of eligibility for dividend. Similarly, the issue price of the marketable securities, other than of the Company's ordinary shares, that are issued by virtue of this authority, shall be such that the amount received by the Company, when the said marketable securities are issued, plus, where appropriate, the amount likely to be received later, shall be, for each ordinary share of the Company issued as a consequence of the issue of these marketable securities, at least equal to the average of the prices quoted for the ordinary shares of the Company on the Premier Marché d'Euronext Paris S.A. under the conditions described above, conditional upon any correction to take account of the difference in the date of eligibility for dividend.

The general meeting decided that the Management could use this authority to issue shares in the capital and/or marketable securities, including warrants for subscription to new shares or for the acquisition of existing shares issued independently, providing access, immediately or in the future, to a portion of the Company's registered capital in payment for shares contributed to any public swap offer initiated by the Company, in application of Article L. 225-148 of the Code of Commerce, against the shares of any company accepted on one of the markets specified by the said Article L. 225-148 of the Code of Commerce, it being specified that the Management shall set the exchange parities and, where appropriate, the balance in cash to be paid to the shareholders who contribute their shares to the public swap offer initiated by the Company.

In addition, the general meeting specified that the Management:

- shall determine the modalities by which the rights of the holders of marketable securities shall be preserved, including warrants to subscribe to new shares or to acquire existing shares issued independently, giving access, immediately or in the future, to the registered capital of the Company and this shall be in accordance with applicable law and regulations;
- shall allow for the possibility of suspending exercise of rights to shares in the capital attached to the options to subscribe to or purchase shares, or to the marketable securities issued, including warrants to subscribe to new shares or to buy existing shares issued independently, during a period that shall not exceed three (3) months;
- shall take all measures and fulfill all formalities required to float for trading on a regulated market the rights, shares in the capital or marketable securities issued and created;
- may set the modalities for the stock market purchase or offer to purchase or swap marketable securities and/or warrants to subscribe to or acquire shares in the capital, as for the redemption of these marketable securities and/or warrants; and
- may charge the expenses, dues and fees for any issue of shares in the capital or of marketable securities to the amount of the issue premium relating thereto, deduct from the said issue premium the sums necessary to take the legal reserve to one tenth of the Company's registered capital and, more generally, take all measures necessary and make all agreements to ensure that any intended issue is successfully completed.

The general meeting of June 26 2003 also, in its twenty first resolution, decided to set at:

1. € 100 000 000 (one hundred million euros) excluding issue premiums, the maximum par value of the capital increase or increases likely to be decided upon by the Management and carried out, immediately or in the future, by virtue of the aforementioned authorities, with no account being taken of the par value of the shares in the capital to be issued, where appropriate, as adjustments made, in accordance with the law, to preserve the rights of the holders of marketable securities, including warrants to subscribe to new shares or to acquire existing shares issued independently, providing access to shares in the Company's capital; and
2. € 150 000 000 (one hundred and fifty million euros) excluding issue premiums or their counter value in currencies foreign to the euro, or in all other monetary units established by reference to several currencies, the maximum par value of the marketable securities issued by virtue of the authorities covered in the nineteenth and twentieth resolutions and which consist in debt securities or are associated with the issue of such securities or allow the issue of such as intermediate securities.

As at date of this reference document, the Management has not made use of the aforementioned authorizations.

The general meeting of shareholders of the Company called for June 28 2004 will be asked to renew the authorization conferred on the Management to make use, in full or in part, in the context of the applicable legal requirements, of the authorities described above to increase the Company's registered capital by issuing shares or other marketable securities as specified in these authorities in the event that one or more public offers to purchase, public offers to swap or any other form of public offer complying with the law and applicable regulations should occur, specifying the shares and marketable securities issued by the Company, for the period of the offer (see, in Appendix 2 of this reference document, the draft resolutions that will be put to the Combined General Meeting of shareholders called for June 28 2004).

3.2.5 - Securities not representing the capital

The Combined General Meeting of shareholders of June 26 2003 decided, in its fourteenth resolution, to authorize the Management, within five years, on its own discretion, on one or more occasions, on the French and/or international market, to issue in euros or in foreign currencies, bonds of any kind or similar marketable securities (in particular floating rate, redeemable or perpetual shares) or warrants to subscribe to bonds, the bonds where necessary being sold with warrants to subscribe to bonds of the same type, up to a maximum par value of € 30 000 000 (thirty million euros), or the counter value of that amount in the event of an issue in foreign currencies, with or without guarantee of any kind whatever, in the proportions, in the forms and at the times, rates and conditions of issue and amortization that it considers appropriate, it being specified that this maximum par value applies globally to the bonds issued directly or following the exercise of bond warrants.

In addition, the general meeting specified that the Management had complete latitude in setting the details of the bonds and warrants which could thus, in particular, comprise a variable interest rate and a redemption premium above par, fixed or variable, the said premium being added to the aforementioned maximum par value of € 30 000 000.

As at the date of this reference document, the Management has not made use of the aforementioned authorization.

3.2.6 - Securities providing access to the capital

3.2.6.1 - Share warrants

By virtue of an authorization of the Combined General Meeting of June 14 2000 and a Management decision dated June 20 2001, the Company, on July 2 2001, issued 6 048 821 independent warrants to the holders, on June 29 2001, of 6 048 821 shares comprising the capital of the Company; ten warrants giving entitlement to subscribe to one Maurel & Prom share at 15 euros per share, during a subscription period from July 2 2001 and December 31 2003. This issue was announced in a memorandum signed by the Commission des opérations de bourse on June 29 2001 under number 01-894.

As at December 31 2003, only 121 301 warrants had not been exercised and were canceled. All the exercised warrants gave rise to the creation of 592 752 new shares.

3.2.6.2 - Share options

The Combined General Meeting of shareholders of September 11 2001, in its third resolution, authorized the Management to grant options giving entitlement to subscribe to or purchase ordinary shares in the Company up to 3% of the number of shares comprising the registered capital at that date.

By virtue of this authorization, the Management, by the decision of October 25 2001, allocated 154 000 share options as follows:

- subscription price: € 12.15 (or 90% of the average price quoted during the twenty stock market sessions preceding October 25 2001, or € 13.50 x 90%),
- no clause was specified barring the immediate resale of some or all of the shares,
- no time limit was stipulated for the retention of the shares from exercise of the option, and
- the options granted cannot be exercised by their beneficiaries within three years of the date on which they were granted.

Date of meeting	Combined General Meeting of September 11 2001.
Date of allocation	Management decision of October 25 2001. The 154 000 share options shall, after three years, give entitlement to the creation of 154 000 shares, which could represent a maximum capital increase (excluding issue premium) of € 1 185 800 on the basis of a par value of € 7.70 per share.
Beneficiaries	Employees of the Company, excluding managers or other officers of the Company.
Exercise starting point	October 26 2004.
Expiry date	The beneficiaries will be able to exercise their options at any time.
Subscription price	€ 12.15 (or 90% of the average price quoted in the twenty stock market sessions preceding October 25 2001, or € 13.50 x 90%).
Options allocated	The 154.000 options were allocated to 12 employees of the Company No options were granted to officers of the Company or of the Maurel & Prom Group.
Number of shares subscribed	None - Period not open.
Options canceled during the year	None - Period not open.

By virtue of the authorization granted by the Combined General Meeting of shareholders of September 11 2001, the Management also, following a decision of June 16 2003, allocated 26 000 share options as follows:

- subscription price: € 19.98 (or 90% of the average price quoted in the twenty stock market sessions preceding June 16 2003, or € 22.20 x 90%),
- no clause was specified barring the immediate resale of some or all of the shares,
- no time limit was stipulated for the retention of the shares from exercise of the option, and
- the options granted cannot be exercised by their beneficiaries within three years of the date on which they were granted.

Date of meeting	Combined General Meeting of September 11 2001.
Date of allocation	Decision of the Management of June 16 2003. The 26 000 share options shall, after three years, give rise to the creation of 26 000 shares, which could represent a maximum capital increase (excluding issue premium) of € 200 200 on the basis of a par value of € 7.70 per share.
Beneficiaries	Employees of the Company, excluding managers or other officers of the Company.
Exercise starting point	June 17 2006.
Expiry date	June 16 2008.
Subscription price	€ 19.98 (or 90% of the average price quoted in the twenty stock market sessions preceding June 16 2003, or € 22.20 x 90%).
Options allocated	The 26 000 options were allocated to one employee of the Company. No options were granted to officers of the Company or of the Maurel & Prom Group.
Number of shares subscribed	None - Period not open.
Options canceled during the year	None - Period not open.

The Combined General Meeting of shareholders of June 26 2003, in its eighteenth resolution, granted the Management a new authorization to assign options giving rights to subscribe to or to purchase ordinary shares in the Company up to 5% of the number of shares comprising the registered capital at that date.

By virtue of this authorization, the Management, by a decision of July 29 2003, allocated 123 000 share options as follows:

- subscription price: € 17.82 (or 80% of the average price quoted in the twenty stock market sessions preceding July 29 2003, or € 22.27 x 80%),
- no clause was specified barring the immediate resale of some or all of the shares,
- no time limit was stipulated for the retention of the shares from exercise of the option.

Date of meeting	Combined General Meeting of June 26 2003.
Date of allocation	Decision by the Management of July 29 2003. The 123 000 share options shall give rise to the creation of 123 000 shares which could represent a maximum capital increase of € 947 100 (excluding issue premium) on the basis of a par value of € 7.70 per share.
Beneficiaries	Employees of the Company, excluding managers or other officers of the Company.
Exercise starting point	July 30 2003.
Expiry date	July 29 2008.
Subscription price	€ 17.82 (or 80% of the average price quoted in the twenty stock market sessions preceding July 29 2003, or € 22.27 x 80%).
Options allocated	The 123 000 options were allocated to one employee of the Company. No options were granted to officers of the Company or of the Maurel & Prom Group.
Number of shares subscribed	None.
Options canceled during the year	None.

3.2.8.3 - Bonds with the option to convert and/or swap for new or existing shares

On February 7 2002, the Company issued 1 512 865 bonds with the option to convert and/or swap for new or existing shares ("OCEANE") accepted on the Premier Marché d'Euronext Paris SA from February 7 2002, on the basis of a subscription price of € 21 representing a gross income of M€ 31.7 (the issue being the subject of a memorandum signed by the COB on January 25 2002 under number 02-060).

The duration of the loan is four years and 328 days from the date of payment of the OCEANE convertible bonds, that is February 7 2002. The OCEANE convertible bonds carry interest at a rate of 6% per year, that is € 1.26 per bond, payable on January 1 of each year from January 1 2003. For the period from February 7 2002 to December 31 2002, € 1.13227 became payable per share on January 1 2003. The OCEANE convertible bonds will be fully amortized by redemption on December 31 2006 at the price of € 25.20 per bond, that is with a redemption premium of 20% above the bond par value.

As at December 31 2003, 111 746 OCEANE convertible bonds had been converted. The number of OCEANE still in circulation was therefore 1 401 119 at December 31 2003. Between January 1 and April 30 2004, 179 190 OCEANE were converted. The maximum number of shares still likely to be created after the conversion of these bonds is therefore 1 221 929. The maximum increase in the registered capital of the Company (excluding issue premium) resulting from this conversion would then be € 9 408 853.30 (or 1 221 929 shares of € 7.70 par value each).

3.2.8.4 - Convertible Bonds

On August 29 2002, the Company issued 456 366 bonds convertible into Maurel & Prom shares for a total value of € 11 101 242 (the "Convertible Bonds"). The conditions and modalities of this issue were fixed in a transaction memorandum signed by the COB on July 29 2002 under number 02-911. The beneficiaries of the issue were Heritage Congo Limited receiving 228 183 Convertible Bonds, and Financière de Rosario receiving 228 183 Convertible Bonds.

Heritage Congo Limited, in a letter dated May 9 2003, and Financière de Rosario, in a letter dated June 26 2003, informed the Company of their requirement to convert all the Convertible Bonds they held.

By management decisions of June 18 2003 and June 30 2003 respectively, the Company therefore converted all the Convertible Bonds by issuing 258 012 new shares for the benefit of Heritage Congo Limited and 249 153 new shares for the benefit of Financière de Rosario, a total of 507 165 new shares giving rise to a total capital increase of € 3 905 170.50.

There are therefore no more Convertible Bonds in circulation.

3.2.8.5 - Maximum potential dilution of the Company's capital if the subscription options and/or OCEANEs are exercised or converted.

	Issue date	Conversion dates		Number of shares		Potential dilution
		Start	End	Actual	Potential	
Capital as at 11/05/2004				7 439 674		
Subscription options	25/10/01	26/10/04	no limit		154 000	2.07%
OCEANE	07/02/02	07/02/02	31/12/06		1 221 929	16.42%
Subscription options	16/06/03	17/06/06	16/06/08		26 000	0.35%
Subscription options	29/07/03	30/07/03	29/07/08		123 000	1.65%
					1 524 929	20.49%
NUMBER OF POTENTIAL SHARES					8 964 603	

3.2.7 - Changes in the Company's registered capital over the last five years

The registered capital has remained stable for several years. So, for 1992 to 1996, it was FF 80 646 950 (12 294 548 euros) divided into 1 612 939 shares of 50 francs (7.70 euros) par value each. The Company's capital was increased in June 1997, thus rising to FF 181 455 600 (27 662 727 euros). Since 1999, the Company's registered capital has changed as follows:

Transactions and dates	Number of shares		Total registered capital	
	Issued	Total		
ABSA issue January 2000	2 419 408	6 048 520	120 970 400	FF 302 426 000
Conversion on 18/06/01 of warrants issued in ABSA issue of January 2000	301	6 048 821	15 050	FF 302 441 050
BSA allocation of 20/06/2001 – Converted on 03/12/01	2 045	6 050 866	102 250	FF 302 543 300
Capital converted into euros. Par raised on 03/12/01		6 050 866	46 122 726.08	€ 46 591 668.20
Share option issued June 2001 – Converted 11/01/02	358	6 051 224	2 756.60	€ 46 594 424.80
Share option issued June 2001 – Converted 05/04/02	2 982	6 054 206	22 961.40	€ 46 617 386.20
Share option issued June 2001 – Converted 31/12/02	6 914	6 061 120	53 322.50	€46 670 708.70
OCEANE February 2002 – Converted 31/12/02	11	6 061 131		
Conv. Bonds 29/08/02 – Heritage conversion 18/06/03	258 012	6 319 143	1 986 692.40	€ 48 657 401.10
Conv. Bonds 29/08/02 – Financière de Rosario converted 30/06/03	249 153	6 568 296	1 918 478.10	€ 50 575 879.20
Share option issued June 2001 – Converted 30/06/03	2 204	6 570 500	16 970.80	€ 50 592 850
Share option issued June 2001 – Converted 31/10/03	28 690	6 599 190		€ 51 118 282.60
OCEANE February 2002 – Converted 31/10/03	39 548	6 638 738	525 432.60	
Share option issued June 2001 – Converted 31/12/03	549 559	7 188 297	4 787 444.20	€ 55 905 726.80
OCEANE February 2002 – Converted 31/12/03	72 187	7 260 484		
OCEANE February 2002 – Converted 30/04/04	179 190	7 439 674	1 379 763	€ 57 285 489.80

3.3 - CURRENT BREAKDOWN OF CAPITAL AND VOTING RIGHTS**3.3.1 - Company shareholdings as at May 11 2004**

At May 11 2004, the breakdown of capital and voting rights was:

Shares held	% of capital s/ 7 439 674 at € 7.70	Voting rights s/ 57 285 489.80 euros	% Voting rights	
INSTITUTIONAL SHAREHOLDERS				
MACIF	1 073 906	14.44	1 073 906	14.34
PACIFICO (managing shareholder)	798 493	10.73	798 493	10.66
AREOPAGE (managing shareholder)	106 438	1.43	106 438	1.42
Subtotal	1 978 837	26.60	1 978 837	26.42
REGISTERED (including)				
COGEP	4 000	0.05	8 000	0.11
DELBURN	45 000	0.60	90 000	1.20
Subtotal	69 331	0.93	119 984	1.60
Memo - Dual votes			50 653	
PUBLIC	5 391 506	72.47	5 391 506	71.98
TOTAL	7 439 674	100.00	7 490 327	100.00

- *To the Company's knowledge, no shareholder other than MACIF and Pacifico holds directly, indirectly, alone or in concert, more than 5% of the capital and/or of the voting rights of the Company.*

- Furthermore, the Company has not been informed of significant capital movements during the 2003 fiscal year.
- The number of registered shares held by members of the management bodies (Management) and of the Supervisory Board was 906 862 as at March 31 2004, or 12.49% of the Company's capital and 12.42% of the voting rights. Maurel & Prom no longer holds any of its own shares acquired as part of the share buyback program described in section 3.2.2 above.
- As at March 31 2004, the shares held in bearer form represented 99.05% of the Company's registered capital.

The Company has no precise knowledge of the number of its shareholders. However, the identification of bearer securities requested from Euroclear France and produced on February 5 2004 indicates that 10 452 shareholders held 7 181 261 bearer shares. The distribution of these 10 452 bearers is as follows: 10 089 individuals (96.5%) and 363 bodies corporate (3.5%) broken down as follows: 166 companies, 110 foreign individuals, 80 mutual trusts and 7 transactions accounts. At the same time, 71 registered shareholders held 69 331 shares.

- As at December 31 2003, 20 Company employees held, through payroll savings plans (Company Savings Plan and Voluntary Payroll Savings Partnership Plan) 6 441 Maurel & Prom shares.

3.3.2 - Changes where appropriate in the breakdown of registered capital during the last three years

Changes in the Company's capital during the last three years are shown in the tables below.

In 2001:

On December 31 2001	Shares held s/ 6 050 866 at € 7.70	% of capital s/ € 46 591 668.20	Voting rights	% Voting rights s/ 6 125 652
INSTITUTIONAL SHAREHOLDERS				
MACIF	1 193 906	19.73	1 193 906	19.49
PACIFICO (managing shareholder)	727 608	12.02	727 608	11.88
E.E.M	342 941	5.67	342 941	5.60
Maurel & Prom on its own behalf	48 534	0.80	0	0
Subtotal	2 312 989	38.22	2 264 455	36.97
REGISTERED (including):				
AREOPAGE (managing shareholder)	106 438	1.76	180 415	2.97
COGEP	4 000	0.07	8 000	0.13
DELBURN	45 000	0.74	90 000	1.47
MORASTO JALOP	38 460	0.64	38 460	0.63
E.E.M.	30 000	0.50	30 000	0.49
PACIFICO (managing shareholder)	65 400	1.08	65 400	1.07
Subtotal	294 296	4.87	417 616	6.82
Memo - dual votes			123 320	
PUBLIC (holders)	3 443 581	56.91	3 443 581	56.21
Total	6 050 866	100.00	6 125 652	100.00

In 2002:

On March 31 2002	Shares held s/ 6 054 206 at € 7.70	% of capital s/ € 46 617 386.20	Voting rights	% Voting rights s/ 6 140 619
INSTITUTIONAL SHAREHOLDERS				
MACIF	1 073 906	17.74	1 073 906	17.49
PACIFICO (managing shareholder)	732 986	12.11	732 986	11.94
Maurel & Prom on its own behalf	103 567	1.71	0	0
Subtotal	1 910 459	31.55	1 806 892	29.43
REGISTERED (including)				
AREOPAGE (managing shareholder)	106 438	1.76	180 415	2.94
COGEP	4 000	0.07	8 000	0.13
DELBURN	45 000	0.74	90 000	1.47
PACIFICO (managing shareholder)	65 400	1.08	130 800	2.13
Subtotal	248 097	4.10	438 077	7.13
Memo - Dual votes			189 980	
PUBLIC	3 895 650	64.35	3 895 650	63.44
Total	6 054 206	100.00	6 140 619	100.00

In 2003:

On March 31 2003	Shares held s/ 6 061 131 at € 7.70	% of capital s/ € 46 670 708.70	Voting rights	% Voting rights s/ 6 137 278
INSTITUTIONAL SHAREHOLDERS				
MACIF	1 073 906	17.72	1 073 906	17.50
PACIFICO (managing shareholder)	733 093	12.09	733 093	11.95
Maurel & Prom on its own behalf	113 883	1.88	0	0
Subtotal	1 920 882	31.69	1 806 999	29.45
REGISTERED (including)				
ALTER FINANCE	11 146	0.18	11 146	0.18
AREOPAGE (managing shareholder)	106 438	1.76	180 415	2.94
COGEP	4 000	0.06	8 000	0.13
DELBURN	45 000	0.74	90 000	1.47
PACIFICO (managing shareholder)	65 400	1.08	130 800	2.13
Subtotal	249 597	4.12	439 627	7.16
Memo - Dual votes			190 030	
PUBLIC	3 890 652	64.19	3 890 652	63.39
Total	6 061 131	100.00	6 137 278	100.00

On June 30 2003	Shares held s/ 6 568 296 at € 7.70	% of capital s/ € 50 575 879.20	Voting rights	% Voting rights s/ 6 505 066
INSTITUTIONAL SHAREHOLDERS				
MACIF	1 073 906	16.35	1 073 906	16.51
PACIFICO (managing shareholder)	798 493	12.15	798 493	12.28
AREOPAGE (managing shareholder)	106 438	1.62	106 438	1.63
Maurel & Prom on its own behalf	113 883	1.74	0	0
Subtotal	2 092 720	31.86	1 978 837	30.42
REGISTERED (including)				
ALTER FINANCE	11 146	0.18	11 146	0.18
COGEPA	4 000	0.06	8 000	0.13
DELBURN	45 000	0.74	90 000	1.47
FINANCIERE DE ROSARIO	249 153	3.79	249 153	3.83
HERITAGE CONGO LTD	258 012	3.93	258 012	3.96
Subtotal	585 724	8.92	636 377	9.78
Memo - Dual votes			50 653	
PUBLIC	3 889 852	59.22	3 889 852	59.80
Total	6 568 296	100.00	6 505 066	100.00
On December 31 2003				
	Shares held s/ 7 260 484 at € 7.70	% of capital s/ € 55 905 726.80	Voting rights	% Voting rights s/ 7 311 137
INSTITUTIONAL SHAREHOLDERS				
MACIF	1 073 906	14.79	1 073 906	14.69
PACIFICO (managing shareholder)	798 493	11.00	798 493	10.92
AREOPAGE (managing shareholder)	106 438	1.47	106 438	1.46
Subtotal	1 978 837	27.26	1 978 837	27.07
REGISTERED (including)				
COGEPA	4 000	0.06	8 000	0.11
DELBURN	45 000	0.62	90 000	1.23
Subtotal	67 491	0.93	118 144	1.61
Memo - Dual votes			50 653	
PUBLIC	5 214 156	71.81	5 214 156	71.32
Total	7 260 484	100.00	7 311 137	100.00

3.3.3 - Bodies corporate with control of the Company

To the knowledge of the managers, there are no pacts between the shareholders of the Company or clauses of agreement giving preferential terms for the disposal or acquisition of Maurel & Prom shares and relating to at least 0.5% of the capital or of the voting rights in the Company.

Nor are there any pacts or agreements between (i) the Company and one of its subsidiaries or between (ii) the Company and a company whether or not listed for trading on a French or foreign regulated market, except for a pact agreed on September 30 2001 between Maurel & Prom and Peberinvest relating to the shares of the Canadian company Pebercan Inc. (a company listed for trading on the Toronto Stock Exchange).

The MACIF holds 14.79% of the capital and 14.69% of the voting rights in the Company. Aréopage and Pacifico together hold 12.47% of the capital and 12.38% of the voting rights in the Company.

3.3.4 - Pledges of Maurel & Prom securities or its subsidiaries' securities

As part of the K\$ 4 000 loan that Maurel & Prom contracted with the Alter Finance on May 2 2002, the Company pledged 70 969 of its own shares and 7 000 000 of the shares it holds in the Canadian company Pebercan Inc. (the counter value as at December 31 2002 was K€ 6 812). The pledge granted in favor of Alter Finance on Maurel & Prom's own shares was released on April 7 2003. The pledge of shares in Pebercan Inc. was released at the time of the total redemption of the loan which occurred on February 16 2004.

Under the terms of the export prefinance agreement made on November 15 2002 between the Company and Natexis Banques Populaires for K\$ 18 000, the Company pledged all its holdings in Zetah M&P Congo SARL. This prefinancing was refinanced through a finance agreement entitled "Reserve Base Facility Agreement" agreed with Natexis Banques Populaires, Banque Belgoise and Standard Bank on September 23 2003 in the amount of K\$ 50 000. All the shares held in Zetah M&P Congo SARL were on this occasion the subject of a new pledge to the benefit of the said banks. As part of this "Reserve Base Facility Agreement", the Company also pledged to the lenders all the shares it holds in the capital of Zetah Kouilou Limited (65%) and Zetah Congo Limited (50%), companies having their registered office at Saffrey Square, Suite 205, Bank Lane, Nassau, Bahamas and whose sole assets consist respectively of the Kouilou exploration permit and the related operating permits and the Kouakouala operating permit.

The foregoing information is summarized in the table below:

in K€	Pledge		Amount of assets pledged	Maurel & Prom SCA asset	
	Start date	End date		Total balance sheet item	Equivalent %
Intangible assets	N/A	N/A	0	57 538	N/A
Tangible assets	N/A	N/A	0	61 023	N/A
Pebercan Inc. shares	02/05/2002	16/02/2004	5 885	11 992	49.1%
Zetah M&P Congo interests	23/09/2003	25/09/2006*	2	2	100%
Zetah Kouilou Ltd interests	23/09/2003	25/09/2006*	1	1	100%
Zetah Congo Ltd interests	23/09/2003	25/09/2006*	1	1	100%
Long term investments			5 889	13 073	45.0%
TOTAL FIXED ASSETS				5 889	131 635
4.5%					
TOTAL BALANCE SHEET			5 889	238 894	2.5%

* due date of the "Reserve Base Facility Agreement", described in greater detail in section 5 below.

Pledges of the issuer's shares:

Shareholder name	Beneficiary	Start date	End date	Number of shares pledged	% of issuer's capital pledged
Pacifico	Faisal Finance	04/04/2003	29/03/2004	474 642	7.83
Aréopage	Faisal Finance	04/04/2003	29/03/2004	106 438	1.76
Pacifico	Halisol	09/10/2003	07/02/2004	168 000	2.56
Pacifico	Faisal Finance	30/03/2004	25/03/2005	306 362	4.21
Aréopage	Faisal Finance	30/02/2004	25/03/2005	106 438	1.46

3.3.5 - Group organization

The organization of the Maurel & Prom Group (hereafter called the "Maurel & Prom Group") as at December 31 2003 is shown below.

There have been no changes to the organization since December 31 2003.

The percentages indicated in these charts reflect capital holdings and not the voting rights.

ORGANIZATION AS AT DECEMBER 31 2003

OIL & GAS	MARITIME	GOLD
CONGO (oil) Permits: • Kouakouala (M&P 50%) Permit holder: Zetah Congo Ltd (M&P: 50%) • Kouilou (M&P 65%) • M'Boundi (M&P 54%) Permit holder: Zetah Kouilou Ltd (M&P: 65%) • La Noumbi (M&P 56%) ⁽²⁾ Regime: PSC ⁽¹⁾ • Pointe Indienne (M&P 65%) Regime: concession Operator: Zetah M&P Congo (M&P 100%)	CUBA (oil) Pebercan Inc ⁽³⁾ M&P holding: 20% DRILLING (oil) Caroil SA: M&P holding: 97.14% VIETNAM (oil & gas) Permit: Hanoi basin (M&P 100%) Regime: PSC ⁽²⁾ Operator: M&P branch office (100%)	ST VINCENT & GRENADINES MAUREL ET PROM INTERNATIONAL SHIPPING LTD – MEPIS M&P holding: 100% Holding ST VINCENT & GRENADINES MEPIS MARIE MEPIS holding: 100% Owner of the multipurpose vessel Miss Marie ST VINCENT & GRENADINES MEPIS CLÉMENTINE MEPIS holding: 100% Owner of the multipurpose vessel Miss Clémentine ST VINCENT & GRENADINES BROOKLYN SHIPPING LTD (BSL) M&P holding: 100% Manager of two multipurpose vessels
FRANCE (oil) Permit: Lavignole (M&P 25%) ⁽⁴⁾		LUXEMBOURG COMPAGNIE EUROPÉENNE & AFRICAINE DU BOIS - CEAB M&P holding: 100% Holding MALI NEW GOLD MALI NGM CEAB holding: 49.5%
HUNGARY (gas) Permit: Nagylengyel West (M&P 35%) Regime: concession		OTHER FIPAS: 66% M&P ODII: 100% M&P

(1) Production sharing contract - (2) allocation order issued; PSC being negotiated - (3) listed on the Toronto stock exchange - (4) concession

3.4 - TRADING IN THE COMPANY'S FINANCIAL INSTRUMENTS

The 7 439 674 shares comprising the registered capital at May 11 2004 of Maurel & Prom are listed for trading on the Premier Marché d'Euronext Paris S.A. (Euroclear code: 5107).

The OCEANE convertible bonds issued on February 7 2002 by the Company are traded on the Premier Marché d'Euronext Paris S.A. (Euroclear code: 18821).

3.4.1 - History of prices and values of transactions concerning the shares of the Company

The prices and values of the transactions concerning the shares of the Company are summarized in the table below:

Month	High/low		Trading volume	
	€ low	€ high	Number of shares	€ thousands
January 2002	15.10	19.50	409 750	7 496.18
February 2002	17.00	19.23	120 812	2 216.63
March 2002	17.89	20.80	452 756	8 661.16
April 2002	20.49	24.98	462 817	10 931.46
May 2002	23.02	24.99	178 150	4 357.20
June 2002	18.60	24.42	282 295	6 244.07
July 2002	19.48	22.50	142 014	3 000.43
August 2002	19.50	22.60	113 681	2 360.45
September 2002	17.50	20.70	101 923	1 941.44
October 2002	15.31	22.40	232 626	4 537.91
November 2002	19.04	23.03	287 520	6 032.69
December 2002	19.82	24.50	106 888	2 349.30
January 2003	19.80	21.34	57 571	1 173.16
February 2003	17.02	20.50	48 633	938.83
March 2003	15.57	18.08	83 232	1 378.29
April 2003	16.15	22.79	108 604	2 062.85
May 2003	21.60	24.25	132 738	3 041.49
June 2003	19.60	22.98	121 749	2 652.09
July 2003	21.80	22.58	148 556	3 253.53
August 2003	21.16	24.13	137 603	3 176.31
September 2003	23.88	28.39	586 338	15 324.51
October 2003	26.20	35.75	526 680	16 945.35
November 2003	33.10	38.40	329 578	11 862.47
December 2003	36.79	40.50	458 593	17 968.61
January 2004	40.10	47.85	727 250	31 981.49
February 2004	40.51	44.44	278 004	11 890.72
March 2004	43.01	57.57	495 644	24 877.80

Source: Euronext Paris SA

3.4.2 - History of prices and values of transactions relating to the share warrants

The prices and values of transactions relating to the share warrants of the Company are summarized in the table below:

Month	High/low		Trading volume	
	€ low	€ high	Number of shares	€ thousands
January 2002	0.57	0.92	294 527	231 729.41
February 2002	0.71	0.89	180 144	144 825.96
March 2002	0.75	1.00	353 867	293 537.04
April 2002	1.05	1.34	356 730	441 073.32
May 2002	1.18	1.38	217 037	277 784.02
June 2002	1.04	1.26	312 454	350 240.76
July 2002	0.86	1.16	195 828	203 261.49
August 2002	0.94	1.20	101 612	111 811.86
September 2002	0.72	1.07	103 435	97 482.66
October 2002	0.80	1.10	108 015	105 830.17
November 2002	0.90	1.17	161 555	168 091.74
December 2002	0.90	1.16	111 456	113 295.46
January 2003	0.81	0.97	70 619	62 658.37
February 2003	0.61	0.85	80 825	58 751.47
March 2003	0.46	0.64	127 523	69 769.87
April 2003	0.49	0.61	51 451	28 519.77
May 2003	0.82	0.97	162 415	146 061.09
June 2003	0.78	0.90	146 199	125 195.68
July 2003	0.76	0.89	147 987	121 574.82
August 2003	0.75	0.92	213 393	177 759.83
September 2003	0.92	1.24	366 209	412 869.96
October 2003	1.01	1.92	781 661	1 326 374.81
November 2003	1.82	2.26	785 591	1 579 850.85
December 2003	2.04	2.48	2 331 601	5 336 031.89

Source: Euronext Paris SA

On December 31 2003, share warrants that had not been exercised were canceled.

3.4.3 - History of prices and values of transactions concerning the OCEANE convertible bonds of the Company

The prices and values of transactions concerning the OCEANE convertible bonds of the Company are summarized below:

Month	High/low		Trading volume	
	€ low	€ high	Number of shares	€ thousands
February 2002	21.10	23.00	32 216	707 265.78
March 2002	21.80	24.00	78 127	1 749 128.37
April 2002	23.20	25.48	103 725	2 549 944.13
May 2002	24.10	26.75	77 136	1 903 623.59
June 2002	22.00	25.30	145 023	3 579 867.59
July 2002	20.75	24.00	8 594	197 094.09
August 2002	21.50	24.00	17 503	409 137.90
September 2002	20.95	23.40	5 801	128 295.10
October 2002	19.75	23.22	20 715	453 142.56
November 2002	21.80	24.50	8 183	187 771.60
December 2002	21.20	24.50	11 727	279 488.91
January 2003	21.80	22.95	6 298	139 800.10
February 2003	20.41	22.95	33 007	734 808.97
March 2003	17.30	21.50	132 644	2 724 653.80
April 2003	19.50	21.75	45 222	956 956.76
May 2003	22.80	24.50	28 179	663 403.29
June 2003	22.10	24.50	16 234	380 895.77
July 2003	23.61	24.50	29 265	697 843.47
August 2003	23.01	25.50	9 638	232 657.24
September 2003	25.25	29.50	22 395	618 204.92
October 2003	27.50	35.00	61 781	1 968 550.04
November 2003	33.20	37.90	22 413	807 107.33
December 2003	35.81	40.00	31 947	1 255 230.27
January 2004	39.10	45.50	27 266	1 195 643.09
February 2004	39.50	43.00	12 321	510 862.38
March 2004	42.39	56.00	27 833	1 359 729.62

Source: Euronext Paris SA

3.5 - DIVIDENDS**3.5.1 - Allocation policy**

No dividends were paid for the years 1998, 1999, 2000, 2001 and 2002. No resolution concerning voting on a payment of a dividend will be put to the Combined General Meeting of June 28 2004 for the year 2003 (see, in note 2 of this reference document, the draft resolutions that will be put to the Combined General Meeting of shareholders called for June 28 2004).

3.5.2 - Time limitation

It should be noted that unclaimed dividends are time-limited to five years from the date of eligibility.

SECTION IV
INFORMATION ON THE COMPANY'S BUSINESS

4.1 - INTRODUCTION TO THE MAUREL & PROM COMPANY AND GROUP

4.1.1 - History of the Maurel & Prom Company and Group

Maurel & Prom was formed to carry on trade between Bordeaux (its original head office) and the French West African colonies. It was one of the main shipping companies between France, Senegal, Ivory Coast, Cameroon, Gabon and the Congo until 1970 when the shipping sector declined. After selling its real estate investments, the Company refocused on the food production business (chicken rearing, aquaculture). 76% controlled by Électricité et Eaux de Madagascar ("EEM") at the beginning of 1996, it wound down its chicken rearing business and progressively developed its business in the maritime, oil services, gold and forestry sectors.

Since 1999, before the Company and EEM were legally separated (the divestment of EEM took place in May 2000) so that it could concentrate on its own activities, Maurel & Prom worked at becoming recognized in the hydrocarbon exploration and production sector.

Of the Company's former self, nothing remained on December 31 2003.

4.1.2 - Main businesses of the Maurel & Prom Company and Group

4.1.2.1 - Business sectors

The assets of the Maurel & Prom Group are, as at December 31 2003, divided between four sectors:

- oil business
- maritime business
- gold business
- other business

These businesses are not dependent on seasonal constraints or on specific periods.

The Group's companies are divided as follows by type of business:

Oil business:

- Hydrocarbon (oil and gas) exploration and production:

Maurel & Prom - Pebercan Inc – Zetah M&P Congo – Zetah Congo Ltd – Zetah Kouilou Ltd

- Oil drilling: Caroil

Geographic locations of the oil activities:



Maritime business Brooklyn Shipping Limited – Maurel & Prom International Shipping Limited "Mepis" – Mepis Clémentine Limited – Mepis Marie Limited

Gold business Compagnie Européenne et Africaine du Bois – New Gold Mali

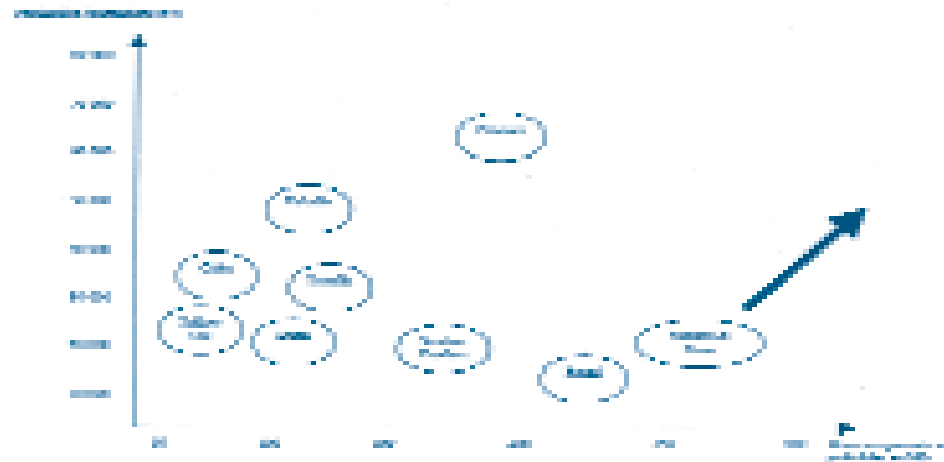
Other businesses Finances Publiques Audit et Solutions - Oil Data International Inc

4.1.2.2 - Positioning of the Group in its markets

Maurel & Prom is France's number two oil company listed on the Premier Marché d'Euronext Paris S.A. after Total (source: Société). The Maurel & Prom Group's main competitors are potentially "Juniors" or mid-sized oil companies for the "energy" business.

The Company's position in Europe amongst quoted independent companies.

In terms of reserves (expressed in millions of barrels ("Mb", see Appendix 1 of this reference document - Glossary), Maurel & Prom is now one of Europe's leading quoted independent companies:



(source: Company/SFAF – April 22 2004)

Company strategy and outlook:

The increasing role of independents in the renewal of reserves and in the growth of production is due to the following:

- The share of the "majors" is decreasing due to more rapid depletion (see Appendix 1 - Glossary) than expected, the increasing rarity of major finds and increased costs in the difficult regions of the Middle East.
- The "majors" prefer profitability to organic growth and so are reducing their investments in exploration.

The independents have competitive advantages: they have a responsiveness suitable for small and medium sized deposits (discoveries of new fields, marginals, in the phase-out stage); their Opex/Capex (see Appendix 1 - Glossary) are lower; they are not involved in the downstream sector; if they are successful, their return on capital invested is higher; due to the shrinkage of the "majors", they are becoming technically stronger. So the independents are capable of combining growth with profitability.

Rapid construction of an independent operator with strong growth in Europe:

The Company's objectives are:

- To have the critical mass suitable for the business (access to offshore, diversification of risks, gas market, etc).
- To benefit from the possible better values of reserves (\$ 4 to 5/barrel).
- To make Maurel & Prom a growth and yield stock.
- To take full advantage in time of a structural increase in oil prices.

To achieve its objectives, the Company intends to use the following resources:

- Finalize its disengagement from non-oil assets by the end of 2004.

- Organic growth: to increase the growth and exploration effort in 2004/2005.
- External growth: to seize diversification opportunities (eg. in Pebercan Inc).

4.1.3 - Change in the Company's activity

In K€	2003		2002	
	Recorded	Economic at constant scope of consolidation	Recorded	Economic at constant scope of consolidation
Sales	45 286	53 196	26 647	33 920
Including oil operation	31 895	39 805	14 170	25 830
Operating income	10 258	14 251	-98*	7 989
Including oil operation	14 638	18 631	4 078	12 039
Net income group share	24 276	24 276	388	894
Including oil operation	29 702	29 702	8 718	8 718

* the 2002 operating income shown above takes account of the reclassification requested by the French Commission des opérations de bourse (COB) on examination and approval of the 2002 reference document. It includes in operating expenses the K€ 1 976 mining duty payable to the Congo. So, operating income published on December 31 2002 was K€ 1 877.

The "economic" data include, in 2002 and 2003 for sales and operating income, the 20% interest in Pebercan Inc. This share, consolidated by the equity method, appears under the recorded figures in net income only.

The 2002 economic data exclude the aquaculture business sold at the end of 2002.

Operating income includes non-recurring financial data (K€ 1 734 loss on oil wells in 2002).

2003 confirms the preponderance of the oil business.

Specifically, of the 2003 recorded sales of K€ 45 286, a 70% increase over 2002, the oil business contributed 70% compared with 53% in 2002 (21% in 2001).

Economic sales were up 57% (K€ 53 196) with a contribution from the oil business of 75%.

- **Economic operating income alone** (excluding the oil well loss in 2002) demonstrates the growth in oil production with an increase of 46.6% compared with 2002 (K€ 14 251 compared with K€ 9 723 including the Pebercan Inc contribution).

- **Net consolidated income, Group share** also marks an important stage in the life of the Company with a major advance in net income before extraordinary items (K€ 9 200 compared with K€ 114 in 2002) and after extraordinary items (K€ 24 276 compared to the same K€ 388). The gain of M€ 27.6 from the sale of the M'Boundi interests to Energy Africa, after taking account in the value of the assets sold of part of the intangible assets relating to the Kouilou operating permit, illustrates the strong value created in this asset in less than two years (compared with the price paid for the 30% held by Heritage Oil in particular which was K\$ 35 000).

This net income also comes after a provision of K€ 6 947 for Vietnam and the rights held in the Lavergne and Lanot permits making a loss of K€ 4 276.

- **As at December 31 2003 the balance sheet** also reflects this rise with shareholders' equity up by 60.8% to K€ 128 060 and a debt to equity ratio of 81% compared with 124% in 2002.

The sale to Energy Africa also meant that the Company could pay off most of its short and medium term debts and reduce the Group's net debt to 52% as at March 31 2004 (that is 17% after the potential conversion of the OCEANE convertible bonds).

- **Maurel & Prom's proven and probable reserves** have grown significantly after the completion of ten new wells and now stand at:
 - M'Boundi: 258.1 Mb
 - Kouakouala: 7.5 Mb

Despite the financial requirements relating to the development of the Congo operating permits, cash flow has improved since 2002 due mainly to the sale of the 11% interest to Energy Africa and the massive support of share warrant holders for the conversion into shares. Cash on hand and at the bank was of the order of M€ 20 on March 31 2004.

Non-oil assets are now marginal on the balance sheet and in the Company's business. The gold exploration campaign in Mali and the good profitability of the multi-purpose ships should create the conditions for these assets to be sold without loss, and even potentially with a gain in the medium term.

Maurel & Prom's capitalization multiplied by 3.5 between April 2003 and April 2004 generating a strong increase in liquidity. In total, since 2001, Maurel & Prom shares have gained almost 400%.

4.1.4 - Breakdown of sales and operating income for the Maurel & Prom Group by business category and by geographic market

4.1.4.1 - Sales by business sector

a) *The breakdown of sales by business sector is:*

Recorded sales by business sector:

	2003	2002	2001
Aquaculture		4 387	3 779
Multi-purpose ships	7 868	7 833	8 366
Oil drilling (Energy Searcher)			7 322
Oil drilling (Caroil)	5 523	257	
Oil operation	31 895	14 170	5 109
Oil operation (%)	70.4%	53.2%	20.8%
Total	45 286	26 647	24 576

Economic sales at constant scope of consolidation by business sector:

2003	2002	2001	
Aquaculture			
Multi-purpose ships	7 868	7 833	8 366
Oil drilling (Energy Searcher)			
Oil drilling (Caroil)	5 523	257	
Oil operation	39 805	25 830	5 109
Oil operation (%)	74.8%	76.1%	37.9%
Total	53 196	33 920	13 475

Energy Searcher was sold at the end of June 2001, the sale of the aquaculture division is retroactive to January 1 2003.

Caroil, a 97.14% held subsidiary of Maurel & Prom, carried out seven drilling operations in the Congo in 2003, five of which were completed as at December 31 2003. The sales included in the consolidated financial statements reflect the share of the third party interest in the association for which it operated, that is 35%.

Thanks to the rapid growth of the M'Boundi field in the Congo, oil operation increased its dominance of the Group's recorded sales (70.4% in 2003 compared with 53.2% in 2002 and only 21.8% in 2001).

In economic data at a constant scope of consolidation, the share of oil operation in the consolidated sales was 74.8% in 2003 compared with 76.1 in 2002 and 37.9% in 2001.

b) *The breakdown of sales by geographic region is: Recorded sales by region:*

	2003	2002	2001
Congo	37 394	14 170	5 109
Cuba			
Persian Gulf and South East Asia	7 868	7 833	15 686
France	24	4 644	3 780
Total	45 286	26 647	24 575

Economic sales by region:

	2003	2002	2001
Congo	37 394	14 170	5 109
Cuba	7 910	11 660	
Persian Gulf and South East Asia	7 868	7 833	8 366
France	24	257	
Total	53 196	33 920	13 475

c) The breakdown of operating income by business sector is:

Recorded operating income by business sector:

	2003	2002	2001
Aquaculture		-126	-759
Multi-purpose ships	1 645	562	657
Gold prospecting	-613	-788	-1 234
Oil drilling (Energy Searcher)			416
Oil drilling (Caroil)	962	-152	
Oil operation	14 638	4 078	2 323
Other	-6 374	-3 672	-2 195
Total	10 258	-98	-792

Economic operating income at a constant scope of consolidation by business sector:

	2003	2002	2001
Aquaculture			
Multi-purpose ships	1 645	562	657
Oil drilling	-613	-788	-1 234
Oil drilling (Energy Searcher)			
Oil drilling (Caroil)	962	-152	
Oil operation	18 631	12 039	2 323
Other	-6 374	-3 672	-2 195
Total	14 251	7 989	-449

Recorded operating income shows significant growth compared with the previous year.

The multi-purpose ships sustained their level of business.

The drilling margin, of which only 35% (the share produced with third parties) is included, was satisfactory thanks to the technical quality of the work done.

Despite the delay in development in the Congo, due to the unavailability of a drilling rig at the beginning of the year, the oil operating margin, reduced in the recorded data in the Congo only, shows a great improvement because it is more than three and a half times the 2002 figure.

The change in "Other" reflects the strengthening of the Company's general resources, in particular technical oil resources.

In terms of economic operating margin, growth was less strong (+55% compared with 2002) due to the technical problems encountered with the oil operation in Cuba (see below).

d) The breakdown of operating income by geographic region is:

Recorded operating income by region:

	2003	2002	2001
Congo	15 601	4 078	2 041
Mali	-613	-788	-1 234
Cuba			282
Persian Gulf and South East Asia	1 645	562	1 073
France	-6 374	-3 179	-2 954
Other			-771
Total	10 258	-98	-792

Economic operating income restated by region:

	2003	2002	2001
Congo	15 601	4 078	2 041
Mali	-613	-788	-1 234
Cuba	3 993	7 961	282
Persian Gulf and South East Asia	1 645	562	657
France	-6 374	-3 053	-2 195
Other			-771
Total	14 251	7 989	-449

4.1.4.2 - Oil and gas business

a) Description of the business

Maurel & Prom operates in the upstream sector of the oil and gas industry, that is in exploration and production of hydrocarbons. Maurel & Prom's business can be divided into several operational processes. These are described below and the financial impacts on the Maurel & Prom financial statements are presented at each stage of the general process.

1. Exploring and assessing fields:

- **Obtaining exploration permits:** to be able to do the exploration work, Maurel & Prom has to obtain exploration or mining permits from the host states. These permits give the Company the right to do the exploration work in a particular region, in return for a commitment to the government of the host state to complete a certain volume of work and/or pay an amount in cash. This amount is recorded in intangible assets and is amortized on a straight line basis throughout the estimated duration of the permit or in line with the amortization of the oil production installations. If the permit is withdrawn or the prospecting fails, the remaining amortization is recorded all at once.
- **Carrying out exploration and assessment work:** when the permit is obtained, Maurel & Prom can undertake the exploration and assessment work (acquisition of seismic surveys, geology and geophysics, reservoir engineering, exploration drilling, etc) to assess the potential of the prospects being explored (see Appendix 1 - Glossary). In accounting terms, the surveys and exploration work, including the geological and geophysics expenses, are recorded as assets on the balance sheet under intangible fixed assets so long as they are not considered completed and an operating permit has not been obtained. Costs of exploration that has not ended in a commercial discovery for a given permit and that culminated in the decision to put a definitive end to the work in that region or on that geological structure are booked as expenses in the year in which the failure is ascertained. Provisions or extraordinary amortizations are booked when the accumulated costs are greater than the discounted cash flow estimates or when technical difficulties are encountered. Depreciations are determined for each exploration permit.

Amortization of the exploration expenses is deferred until the date on which production begins.

2. Developing fields and producing hydrocarbons

- **Developing fields:** the development phase is the phase during which Maurel & Prom provides the architecture and begins construction of the hydrocarbon production and transport infrastructures.
- **Producing hydrocarbons:** production may begin when Maurel & Prom has obtained an operating permit and is sure of a commercial outlet. At the time of the transition to the production phase, the exploration expenses (see above) are transferred to tangible assets. The fixed assets of petroleum production include all the expenses relating to the exploration and development of the fields (exploration and operation drilling, surface installations, oil pumping systems, etc) as soon as they are considered complete. The fixed assets that are not yet complete at year end are recorded as fixed assets in progress, their amortization being deferred until the end of the work in progress. Completed fixed assets are amortized by unit of production. For those concerning a complete field (pipelines - surface units, etc), the rate of amortization equals the ratio of hydrocarbon production of the field during the year over the proven and probable reserves at the beginning of the year that they are capable of handling.

For the fixed assets dedicated to specific regions of the field, the level of reserves used in calculating the rate of amortization is the level of proven reserves developed in the region. Where appropriate, if insufficient data is available to determine the developed proven reserves, the proven reserves are used in the amortization calculation. The reserves included are the reserves based on analyses by independent organizations. Provisions for extraordinary depreciation or amortization are booked when the total costs are greater than the discounted cash flow estimates or when technical difficulties are encountered. Depreciations are determined for each operating permit.

3. Acquiring additional hydrocarbon reserves

Developing hydrocarbon reserves: Maurel & Prom must renew its hydrocarbon reserves. Maurel & Prom's reserves can be renewed by working on new oil or gas prospects or by acquiring additional interests in permits on which Maurel & Prom is already operating. The cost of obtaining these supplementary interests, corresponding in reality to the acquisition of new reserves, is recorded as an intangible asset and amortized by the unit of production method.

4. Restoring production sites to their original state

When production on a deposit is complete, Maurel & Prom is contractually bound to restore the production sites to their original state. Consequently, Maurel & Prom makes provisions for site restoration and records them as provisions for contingencies and charges at the rate of amortization of the oil production installations. They are estimated by country and by field.

b) 2003 results - Outlook

Despite the delay in the program in the Congo due to the late availability of a drilling rig and in Cuba due to insufficient water treatment units, 2003 in a buoyant oil context in terms of barrel price has, despite the fall in the \$/€ parity, sustained Maurel & Prom's emergence as a strongly growing oil "junior".

Oil sales*	+54% at M€ 39.8
Oil operating income*	+54% at M€ 18.6
Oil net income before non-recurring items*	+27% at M€ 13.3

* economic figures

The high margin of oil assets (gross margin 47%, net margin 33%) reflects the very high leverage effect of the Congolese and Cuban assets where costs are low and under control. It also infers the measure of the considerable future impact, in terms of results, of the big expected increase in production in 2004 and 2005.

At the end of 2003, in terms of production, Maurel & Prom had production of 5 200 b/d in the Congo and 1 800 b/d in Cuba compared with 3 500 b/d in the Congo and 1 500 b/d in Cuba in 2002.

4.1.4.2.1 Congo Brazzaville:

a) 2003 income:

Total sales for the oil business of K€ 31 900 (compared with K€ 14 200 in 2002) is the result of the total daily production of the three fields, Pointe Indienne, Kouakouala and M'Boundi, worth 3 587 b/d in 2003, equivalent to 1.3 Mb per year for Maurel & Prom.

Net income from the Congo turned out in 2003 to be K€ 11 200 instead of K€ 5 000 in 2002. These income items do however remain below the end 2002 forecasts due to the delays that occurred in completing the drilling in M'Boundi, essentially because of the unavailability of the Cooper Rig recently begun. This delay is also explained by the discovery of a gas cap (see Appendix 1 - Glossary) generating restricted oil production in two or three wells in the north of M'Boundi.

In total, 2003 saw the completion of five wells (plus two wells in progress as at December 31 2003).

Furthermore, in terms of a sales promise taking effect on December 18 2003, Maurel & Prom was granted an irrevocable option to sell Energy Africa 11% of the rights and interests in the M'Boundi operating permit. By a letter dated December 23 2003, Maurel & Prom exercised this option. The sale took effect after the preemption delay of the partners within this permit and after the Congolese authorities approved the sale on January 26 2004.

The agreed selling price was K\$ 50 000 plus a fee of \$ 1.50 per barrel produced on the M'Boundi permit over and above 15 400 000 barrels on the basis of barrels allocated to Energy Africa under its rights in the permit. This fee is looking extremely attractive with respect to the new reserves.

These reserves have just been assessed by Beicip-Franlab as 258.1 Mb proven and probable for the Maurel & Prom share. Calculated on the basis of an oil volume in place of 2 000 Mb with a total recovery rate of 24%, **Maurel & Prom is virtually quadrupling its Congo reserves from one year to the next.**

While awaiting the installation of a pilot injection well, the recovery rate applied to the proven STOOIP (see Appendix 1 - Glossary) remains at 13% (637 Mb at 100%), or proven reserves for the Maurel & Prom share of 45 Mb for the M'Boundi field taking into account the new distribution of interests on this permit (Maurel & Prom: 54%, Burren/Tacoma: 35% ; Energy Africa: 11%).

For Kouakouala, the 2P (proven and probable - see Appendix 1 - Glossary) reserves have been revised downwards and so are now 7.5 Mb for the Maurel & Prom share, 1.1 Mb of which are proven.

The additional reserves are assessed for the Maurel & Prom share by taking 54% for the M'Boundi extensions and 65% for the rest of Kouilou at 232 Mb.

La Noubi has not yet been assessed at this time.

b) Outlook

The 2004 development program is based on the completion of up to 20 new wells in M'Boundi and two wells in Kouakouala and this is likely to take Maurel & Prom's end 2004 average production share to approximately 20 000 to 25 000 b/d at 100%.

In addition, two to three exploration wells have been started in the Kouilou and La Noubi permits. In total, the various Maurel & Prom investments in the Congo are assessed this year at K\$ 70 000.

Furthermore, a seismic survey campaign will be launched straddling 2004 and 2005 with the priority being to delineate the M'Boundi field (110 km² of 3D) and assess some of the seven to eight prospects in Kouilou (2D seismic being used to reinterpret the equivalent of 250 km²) (see Appendix 1 - Glossary, "seismic").

Assuming that the average selling price per barrel in 2004 is \$ 24, the Company should be in a positive cash flow situation next August/September. This program requires the upfront mobilization of three conventional drilling rigs and one work over rig (see Appendix 1 - Glossary) (a rig from Gabon expected by the end of April and a work over rig expected by end May 2004 would be added to the two rigs already belonging to Caroil, a Maurel & Prom subsidiary).

To date, Maurel & Prom has production capacity of more than 11 000 b/d, or approximately one month ahead of the forecasts issued in February 2004.

The Company is also working on the project to market the large quantities of gas available in the M'Boundi field (gas equivalent to one barrel of oil for every five barrels of oil produced) with partners likely to finance a power station to convert the gas into electricity which could be in place by the end of 2005.

The completion of the aforementioned investments leads to an average annual production target of the order of 13 000 to 14 000 b/d for Maurel & Prom in 2004 and sales targets of M€ 110, operating income of M€ 90 and net income of M€ 65.

Finally, the Company is working on different scenarios to reduce its transport costs and increase the selling price of its production so that it can renegotiate its contract with Total next November.

4.1.4.2.2 Cuba:

a) 2003 result:

Pebercan Inc had another year of technical success with the completion of the Canasi 14 well (first intermediate well; 2 500 b/d) and the Seboruco 4 well (completed last March at 1 459 meters depth with a total length of 3 660 meters and encountering a 930 meter reservoir impregnated and demonstrating the uniformity of the Faustino and Seboruco structures (see Appendix 1 - Glossary).

Nevertheless Pebercan has registered production below that of 2002 because the wells had to be capped off due to the absence of appropriate water and gas treatment installations. These will not be available before the end of 2004.

This explains the fall in oil revenues to K\$ 44 700 compared with K\$ 54 700 in 2002 and the drop in net income, restated by Maurel & Prom according to its standards which, at K\$ 17 600, is down by 34%.

On this basis, the contribution to Maurel & Prom's net income is only K€ 3 116 in 2003.

Furthermore, the receivables unpaid by the Cuban authorities were reduced by the end of 2004 and now cover seven months (compared with 12 months before the summer of 2003).

It seems that the payment due dates renegotiated at the beginning of 2004 should now be complied with.

b) Outlook:

The results of the 3D seismic campaign, currently being interpreted, should identify high potential growth with the reservoirs reproducing in the form of overthrust beds in a major proportion of block 7.

This significant potential should mean that, once the water and gas treatment installations have been delivered, production will be able to grow steeply. It is currently of the order of 8 000 b/d for Pebercan Inc.

For 2004, Maurel & Prom is counting on a contribution from the Pebercan Inc results to the Company's consolidated income of between K€ 3 000 and 4 000.

4.1.4.2.3 Vietnam:

2003 was the year in which we finalized the gas purchase contract with Petrovietnam for 1 300 Vietnamese Dong/m€ or 2.34 \$/kcf (thousands of cubic feet) on December 31 2003. With this contract, the Company will be able in July 2004 to start a long duration production test of the D14 well to check the potential productivity level of the reservoir over a period of around six months.

The technical/economic scenario chosen as the most probable to date leads to daily production of 5 Mcf/day (millions of cubic feet per day) in the first full year of operation (with the exception of the test period which is restricted to 2 Mcf/d).

This scenario will lead to total reserves of the order of 31 000 Mcf, the value of which discounted at 13.6% would be some M€ 20.5. This assessment led the Company to make a provision in 2003 of M€ 7 out of the M€ 27.5 fixed assets for Vietnam.

The 2004 investment (very long duration test and pipeline) will be some \$ 1.4 million which should be recouped with the gas sales during the test period.

4.1.4.2.4 Senegal:

a) 2003 result:

Maurel & Prom informed the Senegalese authorities and its partner, Orchard, that it wanted to reduce its share in the association (initially 60%) and withdraw from its position as operator. Specifically, the recently conducted surveys are spurring the Company to arbitrage the resources to the benefit of other projects. The expenses incurred in 2003 remained extremely low (K€ 139); the bank guarantee required by the Senegalese authorities and the bank counter-guarantee given to Orchard to the value of K\$ 600 were not put in place until March 2004.

b) Outlook:

An agreement is being negotiated with Fortesa which has several blocks of interests in Senegal and can mobilize the rig necessary to complete the first exploration well before October 2004.

This draft agreement provides for a 15% residual Maurel & Prom participation and 2004 investments of only K\$ 200.

4.1.4.2.5 Peru:

After the additional surveys carried out in 2003, Maurel & Prom is concentrating its work on unblocking the layer hole connections (in the wells of the Talara blocks) (see Appendix 1 - Glossary). For this purpose, a thermal process from Interpipe (ITP) will be tested before the summer to neutralize the paraffins and improve productivity. The impact of the pilot project will determine not only the additional investment possible in Peru but also the possible profitability of the process in other similar reservoirs.

The expenses incurred in 2003 remained limited to a few surveys and trips costing K€ 29.

4.1.4.2.6 France:

The interests held in the Lavergne and Lanot permits worth K€ 4 276 were permanently transferred to expenses for 2003 because it is impossible to obtain normal operating conditions in this region due to ecological constraints.

4.1.4.2.7 Gabon:

Maurel & Prom signed several agreements with South Africa's Rockover Oil & Gas to obtain 25 to 50% of the rights in three onshore permits.

The Ofoubou Ankani permits to the north and Banio to the south should be able to be put into production or returned to production in the second half of 2004 on the basis of the deposits discovered between 1975 and 1992 (Ofoubou Ankani: 76 meters depth of impregnated oil not tested by Conoco; Banio: 900 b/d in the last well to be reopened).

Finally, block MT 2000, in the extension of the north Congolese permit of La Noubi could lead to the discovery of two reservoirs: one at 800 meters and the other qualified as ISO Vandji at about 2 200 meters. An exploration well is planned for 2005.

4.1.4.2.8 Central African Republic and Guinea-Bissau:

The Company began work and committed modest operating expenses in 2003 with the intention of obtaining exploration permits in the north of the Central African Republic in a sedimentary basin similar to that in Southern Chad.

For this purpose, it has engaged the services of a local partner to facilitate its entry into the country: the American-African company, African Partners. Furthermore, and with this in mind, a subsidiary has been formed, Finances Publiques Audit et Solutions, known as "FIPAS". This company, 66% owned by Maurel & Prom and 34% by African Partners, is intended to help install Maurel & Prom in new oil countries, particularly in Africa. FIPAS is responsible for conducting or commissioning audits and surveys in the field of drilling rights public finance, customs and raw materials on behalf of governments. These services are intended to wholly or partly replace the traditional oil bonus.

This new method of installation is also being tested in Guinea-Bissau where the Company is trying to obtain onshore and offshore permits. At this time, the Company has made no oil investment commitments in the two countries where negotiations to obtain permits are in progress.

In 2003, the amounts committed for the Central Africa Republic and Guinea-Bissau including the capitalization of FIPAS amounted to K€ 290.

4.1.4.3 Drilling activities:

a) Result:

During 2003, Caroil, a 97.14% owned subsidiary of Maurel & Prom, bought a rig and continued the construction of another rig which was put into service in April 2004. Since July 2003, working on behalf of the operator, it has completed seven new wells, five of which were complete as at December 31 2003, representing overall sales of K€ 5 500 after elimination of intra-group transfers.

b) Outlook:

Caroil will complete the 2004 program with the mobilization of four different rigs.

Despite the very high daily costs (around \$ 15 000 to 17 000 per day depending on the rig) and wells completed in turnkey fashion, Caroil should generate a contribution to Maurel & Prom consolidated net income of some K€ 4 000 in 2004 representing sales, after elimination of intra-group transfers, of K€ 7 000.

The drilling program envisaged for the next four years already values Caroil at K\$ 44 000 discounted at 8%.

4.1.4.4 Other businesses:

4.1.4.4.1 Gold:

2003 saw the first phase of exploration of the Banankoro permit with a dozen test shafts that revealed high gold content in certain veins (20 g per ton).

These initial results are sufficiently attractive to expand prospecting and try, within 12 to 18 months, to obtain a worthwhile project in which Maurel & Prom will hold some 27% of the rights; these will then be sold when the time is right. The expenses incurred were K€ 900.

4.1.4.4.2 Maritime activities:

Stable relative to 2002, the sales revenue of the multi-purpose ships, which amounted to K€ 7 800, reflects a good usage level throughout the year (74%).

Their profitability, calculated after the repayment of financial expenses for the debt contracted by the Company with Lloyds, remains satisfactory at 12% or K€ 900.

The overall contribution of the maritime business to net consolidated income is however only K€ 500 after transfer to expenses of the K€ 400 legal fees and lawyers fees for the lawsuit concerning Energy Searcher (see 4.6.2.2.b).

The date of the proceedings against Cameron is now set for end November/beginning December 2004. The work done in 2003 obtained the written witness statement of an expert who will demonstrate the sound basis of Maurel & Prom's position.

This written statement supports a claim for damages of the order of K\$ 20 000 which will be put to the Singapore courts before the end of 2004.

4.1.5 - Locations of the Maurel & Prom Group's main operations

The head offices or business sites of Maurel & Prom's main subsidiaries are specified in the organization chart in section 3.3.5 of this reference document and in section 4.5 below. The latter table also appears in the notes to the consolidated financial statements in section D "scope of consolidation".

Beyond its usual activities as a holding company, Maurel & Prom has not provided specific services to its subsidiaries during 2003 except for providing three employees to its subsidiary Zetah M&P Congo SARL in the Congo. This service was invoiced at cost.

4.1.6 - Description of the deposits, estimate of economically exploitable reserves and probable duration of operation

4.1.6.1 - Methods of assessing the reserves

The proven and probable reserves of the various oil assets were assessed by specialist consultancies who, for the most part, use a conservative method usually with a static (not dynamic) analysis of the oil reservoirs:

- Beicip-Franlab for the Congo (Congo-Brazzaville) and Cuba,
- Gaffney, Cline and Associates for Vietnam.

The figures below relate to the Maurel & Prom share in the various permits.

2P (proven + probable) reserves – Beicip-Franlab estimate			
	Congo (Mb)	Cuba (Mb)	Total
Latest assessment			
As at December 31 2002	80.6	10.1	90.7
Change in interests	-11.6		-11.6
Reestimate	174.7	4.0	178.7
Downgrade			
2003 production	1.3	0.9	2.2
As at December 31 2003	265.6	13.2	278.8
Possible reserves as at December 2003 (Maurel & Prom estimate)			
Congo	232 Mb		232.1 Mb
Cuba	not available		not available
Vietnam	31 052 Mcf		5.6 Mb
Total			237.7

3P (proven+probable+possible) reserves as at December 31 2003

Congo	498.0 Mb
Cuba	13.2 Mb
Vietnam	5.6 Mb
Total	516.0 Mb

4.1.6.2 - Description of the deposits

4.1.6.2.1 - CONGO-Brazzaville

• Kouakouala A deposit

The Kouakouala deposit was the subject of a Production Sharing Contract (see Appendix 1 - Glossary) made with the Republic of Congo on December 14 1996. The permit is for ten years from the date of allocation, that is April 4 1997. The permit can be renewed once for a five year period.

The Kouakouala reservoir consists of sandstone of fluvial origin, the Vandji sandstone, of the Neocomian age, covered by Sialivakou clays. The Vandji sandstones lie in non-uniform manner on the bedrock. They are regionally terminated by a thin (a few meters) carbonated series called Vandji "A". The oil reservoir of the Vandji formation has been divided into large sequences labeled A to D.

The oil columns are 45, 53 and 52 meters respectively in wells KKL-101, KKL-201 and 202 and the porosities are some 17%. Because of the lack of uniformity of the reservoir, and more particularly of the overall permeabilities that vary significantly from KKL-101 (70 mD (see Appendix 1 - Glossary)) to KKL-201 and 2-202 (of the order 7 mD), there are vertically in each well some zones of very good quality which are reflected by the sometimes high productivity indices.

With an estimated 8% recovery factor, initial Kouakouala reserves are assessed at 3.97 Mb. With a 33.8% recovery rate in a secondary recovery, these proven and probable reserves are assessed at 16.74 Mb based on the assessment of 2P reserves made by Beicip-Franlab. The estimated time to exploit the deposit will be some fifteen years using the above assumptions.

The 2D seismic survey conducted during 2002 changed the tectonic system. However, none of the faults revealed in the central portion should form a seal.

• M'Boundi field (M'Boundi operating permit)

The M'Boundi operating permit is governed by the Kouilou production sharing contract made with the Republic of Congo on December 14 1996. The M'Boundi operating permit, allocated on July 15 2002, runs for fifteen years.

Just like the Kouakouala deposit, the M'Boundi reservoir consists of sandstones of fluvial origin, the Vandji sandstones, of the Neocomian age, covered by Sialivakou clays. The Vandji sandstones lie in non-uniform manner on the bedrock. They are regionally terminated by a thin carbonated series called Vandji "A". The oil reservoir of the Vandji formation has been divided into large sequences called A, B Upper, B Lower, C and D.

Following the acquisition of the 3D seismic survey in 2002 and its interpretation, the structural image of the field has considerably changed for the better.

Today, the M'Boundi field looks like a vast anticlinal component in the NW-SE direction parallel to the border fault which to the east limits the extension of the sedimentary basin. This anticlinal component occupies almost the whole extent covered by the 3D seismic survey (complete coverage C-30) and spills over to a great extent beyond it, in the South-East and North-West direction.

The seven wells drilled since July 2003 (MBD 201, 501, 401, 502ST, 402D, 403 and 503D) have not only consolidated the initial success encountered in 2001 and 2002 with wells MBD 101, 102 and 103, but have also taken the height of the hydrocarbon column to more than 290 meters and revealed a new reservoir unit (Vandji-B-Upper) which has remarkable features both in porosity and permeability.

In the first months of 2004, the two new wells drilled (MBD 403D and 504D) already supported the great potential of Vandji-B-Upper and increased the height of the hydrocarbon column by a further 37 meters. It is remarkable to state that, to this day, the position of the oil-water interface has not yet been found.

At the beginning of 2004, five multi-well platforms had been constructed and three others were already under construction, each of these platforms capable of receiving up to five wells and even more in some circumstances.

At the same time as the delineation drilling, the construction of surface infrastructures was being undertaken to put the wells into production as each one was completed. Amongst these achievements, particular note can be made of the construction of the main M'Boundi production center (including a main storage tank, separators, heaters and manifolds), the completion of the manifold network linking the production platforms to the main M'Boundi production center and the completion of the 12" pipeline to discharge the ever increasing production to the Djeno sea dispatch terminal.

On the basis of the first eleven wells drilled and in the area currently covered by the 3D seismic survey, Beicip-Franlab estimates the field's ultimately proven reserves to be 45 Mb with natural depletion and the ultimate 2P reserves to be 478 Mb with natural depletion and water injection.

An ambitious acquisition program covering 250 km² of 3D seismic surveys is planned in 2004 to cover the possible extension of the M'Boundi field.

Furthermore, the drilling program continues at an accelerated pace with the arrival of a third drilling rig in mid-May 2004.

4.1.6.2.2 - VIETNAM

The legal situation relating to the Vietnamese assets is currently in a transitional phase. An exploration permit was to be granted for fifteen to twenty years by the Vietnamese authorities. Relations between Maurel & Prom and the Vietnamese government will, as for the other permits, be governed by a production sharing contract.

The reserves in the Song Tra Ly field were assessed by the independent engineering consultancy, Gaffney, Cline & Associates, and the assessment was completed in July 2001. Two possibilities were chosen:

- the minimum scenario: the recoverable reserves are estimated at 9.3 billion cubic feet,
- the mid-way scenario: the recoverable reserves are 54 billion cubic feet.

The Company, after the uncertain results obtained in 2002 has downgraded these reserves from probable to possible.

4.1.7 - Markets and competition

4.1.7.1 - Gold business

The Group is in the process of exploring deposits in Mali. The Company has begun a process of disengagement from this business.

4.1.7.2 - Maritime business

The Group has two ships with dynamic positioning. The Company identifies five other competitive ships in this market. The Maurel & Prom Group's ships have been modeled to become "undersea operations support or well operations support ships" (alongside offshore platforms). This market is growing naturally since many oil fields can no longer accept mooring in the middle of their network of pipelines and cables.

Furthermore, the undersea market picked up three years ago in South East Asia (where our ships are operating) due to the efforts made by oil companies in that region to develop new production fields.

As an example, the Maurel & Prom Group's ships are currently on the short list in a long term (five year) tender of an oil "major".

The ships' billing rate was increased a year ago.

4.1.7.3 - Oil business

The crude oil market operates in a world geopolitical and economic environment; its price fluctuations are extremely volatile at certain times.

4.2 - POSSIBLE DEPENDENCY OF THE MAUREL & PROM GROUP ON CERTAIN MAJOR CLIENTS OR PROCUREMENT CONTRACTS

The Company has no major commercial relationship with any supplier.

Maurel & Prom does not maintain direct client relationships in the oil business in the Congo (Congo-Brazzaville) other than with SOCAP. As a subsidiary of Total, this company collects and sells the crude oil from different fields operated by Maurel & Prom in the Congo. The quality of this arrangement means that the Company can consider that, in this respect, there is no client risk in the Congo.

Furthermore, still in the oil business, the Company, through its share in Pebercan Inc, a Canadian company, has an indirect client relationship with the Cuban company Cuba Petroleum ("Cupet"). The risk attached to this client relationship seems to be small since Cupet has hitherto honored its payment commitments which have occasionally required rescheduling.

Finally, for non-oil activities, the Company has identified no risk of dependence upon a specific major client.

As part of its drilling campaigns, the Company may have to face periods of tension on the price of drilling rigs.

The breakdown of the Maurel & Prom Group's client base (excluding the aquaculture business which was sold at the beginning of 2003) can be detailed as follows:

The leading client (SOCAP) accounts for 68.6% of 2003 sales.

The top five clients account for 97.22% of 2003 sales.

The leading client pays in 30 days as part of a multi-year contract.

The second client pays within 30 days. It is the third party partner in the drilling business.

The next three clients pay in 35 or 30 days from the end of the month as part of typical "time charter BIMCO 93" contracts (see Appendix 1 - Glossary).

4.3 - PERSONNEL

The Company's workforce increased slightly from 2002 to 2003 since the departure of the aquaculture business from the Maurel & Prom Group was offset by an increase in employees in the oil business in the Congo, the inclusion of ships' crews that were previously sub-contract and the increase in technical staff at the head office in France.

Breakdown by business	2003	2002	2001
Oil Zetah M&P Congo SARL	40	19	10
Oil drilling	10	-	-
Aquaculture FMB	-	29	30
Gold	18	18	35
Multi-purpose ships	28	-	-
Maurel & Prom holding	21	15	11
Total	117	81	86

Geographic breakdown	2003	2002	2001
Africa	68	37	45
Asia	28	-	-
Europe	21	44	41
Total	117	81	86

As at December 31 2003, to the Company's knowledge, its employees had no shares in the capital of Maurel & Prom or of its subsidiaries other than through the payroll savings plan put in place (see section 6.3.1 below - Company Savings Plan and Voluntary Payroll Savings Partnership Plan).

On January 1 2002, the Company changed its working hours when the 35-hour working week law was introduced.

The Company, in developing its business, will pursue a policy of building up its workforce in 2004.

4.4 - INVESTMENT POLICY

The investment policy is detailed by business and geographic region in section 4.1 above. However, the table below summarizes the Group's main investments over the last three years:

Data in K€	2003	2002	2001
Maritime business:	62	296	0
Multi-purpose ships	62	296	0
Energy Searcher			0
Other:		506	1 323
FMB		31	353
NGM/CAM/STOM		153	923
Other	93	322	47
Non-oil subtotal	155	802	1 323
Drilling rigs	15 565	6 819	-
Oil business:	35 456	70 384	19 390
Congo	33 731	65 672	10 245
Cuba			1 116
Vietnam	591	4 280	3 829
Russia		282	2 550
France	78	54	80
Hungary	2	74	1 570
Senegal		20	
Other	1 054		
TOTAL	51 176	78 005	20 713

The proportion of investments reflecting firm investments is repeated in section 5.1 below.

For 2004, planned oil investments are broken down as follows:

Planned investments for 2004	Congo	Other	TOTAL
Development	M€ 78.6	M€ 1.1	M€ 79.7
Exploration	M€ 3.2		M€ 3.2
Drilling rigs		M€ 1.5	M€ 1.5
Other	€ 2.6M		
Total	M€ 84.4	M€ 1.1	M€ 82.9

The proportion of these investments reflecting contractual and firm commitments are shown in figure 5 of this reference document.

4.5 - MAIN MAUREL & PROM GROUP SUBSIDIARIES

The data of the main subsidiaries of the Maurel & Prom Group is shown in the table below:

Company	Head office	% control 2003	2002	2001
Multi-purpose ships				
Brooklyn Shipping Limited	St Vincent and Grenadines	100.00	100.00	100.00
Maurel & Prom International Shipping Limited, "Mepis"	St Vincent and Grenadines	100.00	100.00	100.00
Mepis Clémentine Limited	St Vincent and Grenadines	100.00	100.00	100.00
Mepis Marie Limited	St Vincent and Grenadines	100.00	100.00	100.00
Oil operation				
Caroil	Paris	97.14	70.00	100.00
Pebercan Inc	Montreal, Canada	20.02	20.02	19.69
Zetah M & P Congo	Pointe Noire, Congo	100.00	100.00	100.00
Zetah Congo Ltd	Nassau, Bahamas	50	33.33	
Zetah Kouilou Ltd	Nassau, Bahamas	65	-	-
Aquaculture				
Aquapole	La Celle Saint-Cloud	-	100.00	73.54
Compagnie Aquacole du Midi	La Celle Saint-Cloud	-	100.00	100.00
Ferme Marine des Baleines	St Clément des Baleines	-	100.00	73.33
Gold processing				
Compagnie Aurifère du Mali	Bamako, Mali	-	100.00	100.00
Compagnie Européenne et Africaine du Bois	Luxembourg	100	100.00	100.00
New Gold Mali	Bamako, Mali	49.50	49.50	49.50
Other				
Oil Data International Inc	Houston, USA	100.00	100.00	100.00
Finances Publiques Audit et Solutions	Paris	66.00	-	-

4.6 - RISK FACTORS

4.6.1 - Market risks

4.6.1.1 - Liquidity risks

All the loans taken out by the Maurel & Prom Group are described below. This description is designed to make it possible to measure the liquidity risk relating, where appropriate, to the Maurel & Prom Group.

a) Bonded debt

Current bonded debt is described in section 3.2.6.3 of this reference document.

The summary data concerning this bonded debt is as follows:

Date	Final issue date	Final conversion date	Value at 31/12/2003 in M€	subscription in €	conversion in €
OCEANE	07/02/02	31/12/06		21.00	25.20
Principal			35 308		
Accrued interest			1 765		
Total bonded debt			37 073		

This bonded debt does not, to the Company's knowledge, present particular risks.

b) Loans taken out with financial establishments and finance houses

The loans taken out by the Maurel & Prom Group with finance houses are broken down as follows:

In euros thousands	31.12.2003	31.12.2002	31.12.2001
Bank loans	50 440	35 251	19 618
Interest accrued on loans		28	318
Lending banks		99	138
	50 440	35 378	20 074

• On April 9 2001, the Maurel & Prom Group took out a ten-year K\$ 18 200 loan, repayable in 40 quarterly installments to Lloyds Bank. **Half of the loan carries fixed interest of 7.24% and the other half variable interest at the Libor rate +1.625%.** To guarantee this loan, a first mortgage was taken out on the two multi-purpose ships owned by the Group, "Miss Marie" and "Miss Clémentine". At December 31 2003, the loan stood at K€ 11 247 (2002: K€ 15 220).

• On May 2 2002, the Company took out a loan of K\$ 4 000 with Alter Finance. Two repayments of K\$ 1 000 were made on November 29 2002 and October 17 2003 respectively. The balance of K€ 1 584 was repaid on February 16 2004.

To guarantee this loan, the Company pledged to Alter Finance (i) 70 969 of its own shares and (ii) 7 000 000 of the shares held by the Company in the Canadian company Pebercan Inc. The pledge by the Company of 70 969 of its own shares was redeemed on April 7 2003. Following the repayment of the balance of the loan, the pledge by the Company of 7 000 000 shares in Pebercan Inc was redeemed on February 16 2004.

• On November 15 2002, the Company made an export prefinancing agreement with Natexis Banques Populaires for K\$ 18 000 (K€ 17 164 as at December 31 2002) to develop the M'Boundi field in the Congo. The loan relating to this agreement was backed by the Company's current hydrocarbon production in the Congo. It was repaid in 2003 through the "Reserve Base Facility Agreement" agreed on September 23 2003 (see below).

• On April 4 2003, the Company took out a K\$ 5 000 loan with Faisal Finance repayable in two installments. The balance of this loan stood at K\$ 2 500 on December 31 2003 (K€ 1980). This balance was repaid on March 18 2004.

• On July 2 2003, Caroil took out a loan with Natexis Banques Populaires for up to K\$ 6 000 repayable one year after the date of draw-down.

As at December 31 2003, the outstanding loan was K\$ 5 000 or K€ 3 959. It was repaid on January 9 2004.

- On September 23 2003, the Company made a credit agreement entitled "Reserve Base Facility Agreement" with Natexis Banques Populaires, as the arranger and lender, Banque Belgoise and Standard Bank as lenders. The total loan is K\$ 50 000. It is intended to finance the development of the M'Boundi and La Noubi field. The loan was also used to repay the Netaxis loan on November 15 2002 (see above). The loan relating to this agreement is backed by the Company's current production of hydrocarbons in the Congo. It is supplemented by insurance to cover the risk of a fall in crude oil price. Under the terms of the loan agreement, the Company undertook to maintain the following main ratios:
 - Total net financial debt over shareholders' equity: less than 1.4
 - Gross operating surplus over net financial expense: greater than 3

On condition of the temporary lifting of these financial ratios, their subsequent modifications or other conditions, failure to comply with these commitments would be likely to create a risk of a demand for early repayment of the funds loaned to the Company under the terms of the loan agreement. As at December 31 2003, these ratios were maintained.

Under the terms of the loan agreement, the Company provided certain securities and pledges in favor of the lenders as security for the amounts being loaned. These securities or pledges consist mainly of:

- the progressive build-up of cash collateral representing 110% of two principal repayments of the loan;
- the pledging of the Company's shares in Zetah M&P Congo SARL;
- the sale, as security, of the Company's rights in an oil export contract relating to the Kouakouala and Kouilou fields;
- the pledging of a bank account receiving, on a provisional basis, the revenues drawn from the production of the Kouakouala and Kouilou fields;
- the pledging of the Company's rights in the Kouakouala and Kouilou production sharing contracts;
- the pledging of the Company's shares in Zetah Congo Limited and Zetah Kouilou Limited.

As at December 31 2003, K\$ 40 000, or K€ 31 670 had been drawn down. A first repayment of K\$ 5 000 was made at the beginning of 2004.

c) Other loans and financial debts

The other loans and financial debts are broken down as follows:

In euros thousands	31.12.2003	31.12.2002	31.12.2001
Heritage Oil loan	0	2 384	
Financière de Rosario loan	7 918	9 536	
Cyril Finance loan	2 500		
Halisol loan	5 000		
Accrued interest	215	124	
	15 633	12 044	-

- The K\$ 2 500 (K€ 2 384) loan taken out with Heritage Oil on October 4 2002 was repaid on October 4 2003.

- A loan of K\$ 15 000 was taken out with Financière de Rosario under the terms of a loan agreement dated April 29 2002. Through an additional clause to this agreement dated July 30 2002, the Company made an early repayment of the loan to the value of K\$ 5 000 through the reserved issue of convertible bonds dated August 29 2002. The balance of the loan was K€ 7 918 at December 31 2003. It was repaid on February 19 2004.

- On February 7 2003, the Company took out a two-year loan of K€ 2 500 with Cyril Finance. This loan was repaid on February 6 2004.

- On October 9 2003, a loan of K€ 5 000 was taken out with Halison for two years from October 15 2003. The balance, which at December 31 2003 was K€ 5 000, was repaid on February 7 2004.

d) Debt schedules

In euros thousands	Gross	Less than one year	More than one year	More than five years
Bonded debt:	37 074	1 766	35 308	
Loans from lending establishments	50 440	16 335	30 863	3 242
Loans and sundry debts	15 633	15 633		
Total	103 147	33 734	66 171	3 242

4.6.1.2 - Foreign exchange risk

The Company is exposed to exchange risk on the dollar for all its activities, its investments and some of its financing.

The Company uses no hedging instruments against exchange rate variations.

4.6.1.3 - Interest rate risk

As described in section 4.6.1.1 above, the Company had four variable rate loans as at December 31 2003:

- A ten-year loan of K\$ 18 200 taken out on April 9 2001 with Lloyds Bank, repayable in 40 quarterly installments, half of which bears fixed interest at 7.24% and the other half variable interest at the Libor rate +1.625%. As at December 31 2003, the loan stood in the financial statements at K€ 11 247.
- A loan of K\$ 50 000 for the development of M'Boundi in the Congo taken out on September 23 2003 with Natexis Banques Populaires, la Banque Belgoise and Standard Bank, repayable in stages up to September 25 2006 bearing interest at the Libor rate +3.5% to 4%. As at December 31 2003, the loan stood in the financial statements at K€ 31 670.
- A loan of a maximum of K\$ 6 000 with Natexis Banques Populaires, to finance the acquisition of the Cooper rig, repayable one year after draw-down and bearing interest at the USD Libor rate +4%. As at December 31 2003, the balance stood at K€ 3 959.
- A loan of K€ 5 000 taken out with Halisol falling due on October 15 2005 bearing interest at the Euribor 3 month rate +5%.

Under the terms of the abovementioned four loans, the Company could be subject to the risk of a rise in interest rates.

In euros thousands	Impact of a rise of 1% in bank rates, year 2003
Natexis loan	Approximately -315
Lloyds loan (multi-purpose ships)	Approximately -55
Rig loan	Approximately -40
Halisol loan	Approximately -50
Total	Approximately -460

Because of the low interest rate risk, the Company does not use specific interest rate hedging instruments.

4.5.1.4 - Share risks

1) Own shares

As a result of the acquisitions made as part of the share buyback program authorized by the general meeting of shareholders on September 11 2001, the Company owned 113 883 of its own shares on March 10 2003 (representing 1.88% of the Company's capital). The average purchase price of these shares was € 19.76. As at March 10 2003, none of these own shares had been canceled. The shares having been sold, Maurel & Prom possessed none of its own shares at December 31 2003.

2) Pebercan Inc. shares

The 20% holding in Pebercan Inc., a company traded on the Toronto Stock Exchange, is in the nature of a major, durable oil industry investment. Its value by the equity method is K€ 15 930. As at December 31 2003, the stock market capitalization of the Company was K\$ 17 428 (or K€ 13 826).

In consequence of the above developments, the Company does not consider itself to be running a share risk and consequently makes no use of any specific hedging instrument.

4.6.2 - Legal risks

4.6.2.1 - Risks relating to the regulatory procedures to obtain certain permits

After a period of oil exploration that ends in success, the Company and/or one of its subsidiaries usually enters a development phase which requires obtaining oil exploration permits (example: M'Boundi permit arising from the Kouilou exploration permit).

Some countries in which the Company and/or one of its subsidiaries benefits from oil exploitation permits may present a political risk that is assessed differently depending on the nature of those countries.

The Maurel & Prom Group always estimates the risk of the loss of such permits to be low. Its experience has shown that so long as the obligations placed on it by the permits it receives are respected, the permits last.

Furthermore, the Maurel & Prom Group's decision to use whenever possible Joint Operating Agreements conforming to the "International Model Form" guaranteeing the rights of the contracting parties against to the company leading the drilling or operating of the hydrocarbon field shelters Maurel & Prom from any commitment that it has not approved.

4.6.2.2 - Litigation

a) Promagra, a partnership limited by shares, was formed on a fifty-fifty basis in 1991 between Maurel & Prom and the Agri Cher-Transagra cooperative group. Many problems very quickly arose between the two partners. These were mainly that access to information became very difficult for Maurel & Prom, disputes arose with the Doux group, the company which sold Promagra securities, there was serious crisis before 1994 in the cooperative group, and major amounts were owed to Maurel & Prom.

Since 1996, the Company has been the subject of a liability suit in the context of the legal administration procedure of Transagra – a subsidiary of the Agri Cher agricultural cooperative in liquidation.

For its part, Maurel & Prom issued personal writs against individuals of the cooperative responsible for the losses incurred by the Company through Promagra. These two respective lawsuits have been examined but no judgment has been handed down as of the date of this reference document. The K€ 1 528 owed to Maurel & Prom by the Agri Cher cooperative and the loan (interest included) of K€ 3 659 have been booked as provisions to the extent that, the cooperative being in legal liquidation, it is not very likely that the Company will recover some or all of that amount.

b) In 2001, the Company filed a lawsuit against Cooper Cameron Pte Ltd and Stork Technology Asia Pte Ltd for the damage done to the Energy Searcher drilling ship. Specifically, on March 16 2001 when Maurel & Prom was still the owner of the ship, since sold, a major component of the blowout prevention system broke free causing major damage. It is the Company's contention that this accident was inevitable due to defective repairs made by Cooper Cameron Pte Ltd and/or its subcontractor Stork Technology Asia Pte Ltd. The lawsuit filed against these two companies should receive judgment by the Singapore courts before the end of 2004. The expenses for this legal action amount to € 445 000.

Finally, to the Company's knowledge, no lawsuits, arbitrations or extraordinary acts are likely to have, or have had in the recent past, a significant impact on the financial situation, income, business and assets of the Company and/or of the Maurel & Prom Group.

4.6.3 - Risks relating to Maurel & Prom Group business

4.6.3.1 - Risks specific to the Maurel & Prom Group's business sectors

• Oil and gas business

This type of business, which assumes that hydrocarbons can be found and extracted, requires committing to sometimes major preliminary operations. These operations come before the exploration drilling. This type of drilling alone can help to decide whether to stop exploration, move on to the production operation startup stage or continue exploration in the face of mixed results concerning the quality of the hydrocarbon and the uncertainties surrounding its extraction.

In addition, once operation has begun, knowing what reserves are there may sometimes be problematical since they are revealed only as the operation continues.

Finally, the practical conditions and cost of operation may vary during the period in which the reserves are exploited.

The Company also estimates the legal risks of this activity to be low, since its experience has shown that so long as the obligations imposed upon it by the permits or concessions it receives are obeyed, they last.

The Company, whenever possible, uses Joint Operating Agreements conforming to the "International Model Form" guaranteeing the rights of the contracting parties against the company leading the drilling or operating of the hydrocarbon field shelters Maurel & Prom from any commitment that it has not approved.

The commitments given in this field as at December 31 2003 were K\$ 51 500 of which K\$ 50 100 was in the Congo and K\$ 1 400 in Vietnam.

The Company's business is to date concentrated in the Congo which accounts for more than 90% of its reserves and more than 70% of its sales. Aware of the pertinence of wider geographic diversification, Maurel & Prom is continuing to consider increasing its interests in Cuba.

In the same spirit, still in the oil business, the Company has opened discussions with new partners which, during the early months of 2004, have culminated in gaining entry into permits in Gabon, Tanzania and Guinea-Bissau.

• Maritime charter business

The Company indirectly owns two ships for which it attempts to obtain long term operating contracts. However, the particular quality of these ships is currently so well known that, as soon as the oil market improves, they are the first to find work. They currently have a satisfactory order book.

4.6.3.2 - Risks relating to possible dependency of the Maurel & Prom Group upon its customers, suppliers or subcontractors

Maurel & Prom has no major commercial relationship with any supplier.

The Company does not maintain direct client relationships in the oil business in the Congo (Congo-Brazzaville) other than with SOCAP, a subsidiary of Total. This company collects and sells the crude oil from the different fields operated by Maurel & Prom in the Congo. The quality of this arrangement means that the Company considers that there is no customer risk in this respect in the Congo.

Still in the oil business, Maurel & Prom has, via its share in Pebercan Inc., a Canadian company, an indirect client relationship with the Cuban company Cupet. The risk attached to this client relationship seems to be small since Cupet has hitherto honored its payment commitments which have occasionally required rescheduling.

Concerning its non-oil activities, the Company has identified no risk of dependency upon a specific major client.

4.6.3.3 - Industrial and environmental risks

In the context of its businesses (currently mainly oil and gas), the Maurel & Prom Group pays particular attention to the prevention of industrial and environmental risks and does the maximum to ensure that the regulatory requirements of the countries in which it is operating are observed. Furthermore it keeps a permanent watch on legal and regulatory changes, national or international, on the subject of industrial and environmental risks.

Maurel & Prom in particular carries out systematic impact studies before beginning specific work. To be able to identify, quantify and prevent such risks, Maurel & Prom uses both its own expertise and that of outside experts.

The Maurel & Prom Group has no knowledge of events or situations that might have a significant impact on its assets or the income of the Company.

However, as part of its exploration, production and oil development work, the Maurel & Prom Group may cause environmental damage particularly following subsidence, blowouts, leaks, fires, and explosions of oil wells and related installations. This damage is covered by specific insurance policies (see section 4.6.4 below).

Furthermore, because of the nature of its activity, the Maurel & Prom Group would normally pay the cost of restoring the operating sites and oil transport systems. Since the Company is currently in the production phase only in the Congo, an annual provision for the costs for restoring sites to their original state is reported in its financial statements according to the unit of production method. The complete cost of restoring non-productive sites to their original state is being evaluated. An initial estimate of these costs ranges between \$ 150 000 and 200 000 per well.

4.6.3.4 - Risks relating to the Company's key employees

The Company believes it has an organization and management structure with which to pursue its business and growth as normal if one of the members of its management team were to be incapable of fulfilling their functions.

4.6.4 - Insurance

The Company has taken out the following insurance:

- Public liability of the managers in the amount of K€ 7 622 per year and per claim.
- Fire, storm, natural disaster and water damage liability in the amount of K€ 150.
- Theft and vandalism liability; breakage of glass in the amount of K€ 75.
- Public liability for offices excluding corporate business public liability, basic legal protection in the amount of K€ 6 400.

In addition to this coverage for conventional risks, the Company has taken out insurance policies specific to its business and the nature and location of its assets.

The insurance policies linked to the oil business cover:

- the risk of any damage to the oil installations, including the pipeline network and drilling rigs to the value of K\$ 2 300 per claim. Risk of actual loss of assets is covered at replacement value,
- public liability risks to the value of K\$ 10 000 (100%) per claim,
- risk of pollution to the value of K\$ 25 000 (100%) per claim.

The total annual insurance premiums paid by the Company are of the order of K€ 1 670.

To date, the Company has decided not to take out insurance cover for loss of business. A study is currently under way into the advisability of taking out such insurance.

SECTION V
ASSETS - FINANCIAL SITUATION - INCOME STATEMENT
CONSOLIDATED BALANCE SHEET

5.1 - CONSOLIDATED FINANCIAL STATEMENTS**ASSETS**

Euros	Net 31.12.2003	Notes	Net 31.12.2002	Net 31.12.2001
Fixed assets				
Intangible assets	60 306 810	1.a.	86 994 511	37 230 963
Goodwill	420 142	2	626 858	810 194
Tangible assets	99 846 343	1.b.	56 281 396	33 506 956
Financial assets	221 162	3	358 436	250 430
Securities consolidated by the equity method	15 930 144	4	15 827 694	12 651 073
	176 724 601		160 088 895	84 449 616
Current assets				
Inventories	253 128	5/8	2 071 316	4 557 810
Trade receivables and associated accounts	10 529 005	6/8/9	6 869 189	4 866 766
Other receivables and deferred income	59 503 312	7/8/9	15 598 643	8 856 278
Marketable securities	4 515	10	451 841	1 230 167
Cash on hand and in the bank	11 938 940		12 387 119	5 821 376
	82 228 900		37 378 108	25 332 397
Total	258 953 501		197 467 003	109 782 013

LIABILITIES

Euros	31.12.2003	Notes	31.12.2002	31.12.2001
Shareholders' equity - Group share				
Capital stock	55 905 727		46 617 386	46 591 666
Bond, merger and share premiums	58 888 674		45 929 839	45 905 457
Consolidated reserves	(11 010 959)		(11 553 932)	(29 985 738)
Own shares			(1 824 858)	(723 814)
Income, Group share	24 276 209		388 471	16 972 704
	128 059 651	12	79 556 906	78 760 275
Minority interests	130 074	13	79 053	194 519
Provisions for liabilities and charges	104 393	14	15 703	2 243 534
Debts				
Bonded debts	37 073 609	15/19	51 166 550	-
Borrowings and debts from lending establishments	50 440 449	16/19	35 377 562	20 073 233
Sundry financial borrowings and debts	15 633 024	17/19	12 043 917	-
Trade payables and related accounts	17 530 553	18/19	11 566 692	4 541 176
Tax and social security	2 404 800	18/19	4 802 682	950 525
Other debts	7 576 948	18/19	2 857 938	3 018 751
	130 659 383		117 815 341	28 583 685
Total	258 953 501		197 467 003	109 782 013

INCOME STATEMENT

Euros	2003	Notes	2002	2001
Operating income				
Sales	45 285 918	21	26 646 780	24 576 094
Own work capitalized	9 376 279			
Writebacks of provisions and transfers of expenses	2 100 011		1 243 621	836 273
Other income	185 246		122 095	51 160
	56 947 454		28 012 496	25 463 527
Operating expenses				
Purchases used in production			2 217 126	1 816 660
Other operating expenses	25 489 466		14 108 518	13 244 773
Taxes	6 337 286		59 270	60 333
Personnel expenses	6 907 652		5 993 303	7 317 385
Amortization	7 866 444		3 737 893	3 807 070
Provisions	88 691		18 884	8 866
	46 689 539		26 134 994	26 255 087
Operating income	10 257 915	22	1 877 502	(791 560)
Financial income	482 194	23	(3 602 527)	(2 504 123)
Income from continuing operations	10 740 109		(1 725 025)	(3 295 683)
Extraordinary income	15 069 467	24	274 281	18 751 946
Corporate income tax	4 337 799	31	3 523 726	430 093
Net income from consolidated companies	21 471 777		(4 974 470)	15 026 170
Share in income of companies consolidated by the equity method	3 116 488	25	5 555 343	1 897 809
Amortization of goodwill	(206 716)		(204 172)	(202 549)
Net income of consolidated companies	24 381 549		376 701	16 721 430
Minority interests	105 340		(11 770)	(251 274)
Net income - Group share	24 276 209		388 471	16 972 704

	2003	2002	2001
Income per share	3.84	0.06	2.81
Income from continuing operations per share	1.70	(0.28)	(0.54)
Income from continuing operations, including income from companies consolidated by the equity method, after tax and before extraordinary items, per share	1.27	0.02	(0.18)
Diluted income per share	3.05	0.05	2.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. - EVENTS OF THE YEAR

On February 10 2003, Maurel & Prom obtained from the Republic of Congo the North Congo Land Permit, known as La Noubi, allowing the Company to double its exploitable mining area in that country.

On March 18 2003, Maurel & Prom sold to Électricité et Eaux de Madagascar (EEM) for K€ 3 300 all the interests (securities and current accounts) that it held in Compagnie Aquacole du Midi, thus finally severing all links with the aquaculture sector. On the same date, Maurel & Prom bought from EEM for the same amount (K€ 3 300) all the interests (securities and current accounts) that the latter owned in the Congo timber business through STCPA-Bois. Its intention, many times reaffirmed, to focus its business exclusively on oil, meant that Maurel & Prom immediately sold STCPA-Bois for the same price (K€ 3 300) to specialist third party investors.

On April 17 2003, Maurel & Prom signed an agreement with the Russian conglomerate Mosneft to sell its share in the Block 1 exploration project in the Komi Republic for K\$ 4 250 incurring a loss of K€ 621 (exchange rate effect included).

In June 2003, the convertible bonds issued in 2002 for K€ 11 101 to the benefit in equal proportions of Heritage Congo Limited and Financière de Rosario were converted into shares at the request of those two companies.

During the year, the Company consolidated the financing of its investments in the Congo with a loan from Natexis Banques Populaires, Banque Belgoise and Standard Bank up to a maximum of K\$ 50 000 which replaced the 2002 prefinancing.

Under the terms of a promise to sell that took effect on December 18 2003, Maurel & Prom granted an irrevocable option to sell to Energy Africa 11% of its rights and interests in the M'Boundi operating permit. By letter dated December 23 2003, Maurel & Prom exercised this option. The sale took effect after the preemption time of the partners in the said permit and after approval of the sale by the Congolese authorities which occurred on January 26 2004. The agreed selling price was K\$ 50 000 plus a fee of \$ 1.50 per barrel of oil for each barrel produced on the M'Boundi permit over and above 15 400 000, on the basis of the barrels allocated to Energy Africa as part of its rights in the permit. So, the new distribution of rights and interests in the M'Boundi operating permit is as follows: Maurel & Prom: 54%, Burren/Tacoma: 35% and Energy Africa: 11%.

The Caroil subsidiary's drilling activity began during the second half of 2003 and concentrated exclusively on the M'Boundi permit which is operated by the Group.

B. - ACCOUNTING RULES AND METHODS

The consolidated financial statements are drawn up according to the accounting principles in force in France and as required the law of January 3 1985, the enabling decree of February 17 1986 and regulation 99-02 of the French Comité de la Réglementation Comptable.

a) Scope of consolidation

The companies controlled exclusively by Maurel & Prom are consolidated by the full consolidation method. The companies in which Maurel & Prom has a notable influence are consolidated by the equity method.

The subsidiaries representing a negligible interest in a fair reflection are not consolidated.

b) Consolidation methods

The consolidation has been based on the annual financial statements at December 31 2003 of Maurel & Prom and its subsidiaries.

All transactions between consolidated companies and internal margins have been eliminated.

The financial statements of subsidiaries drawn up according to different accounting principles from those of the Group have been restated for standardization purposes.

c) Intangible assets

Intangible assets are booked at their acquisition cost.

Formation expenses are amortized over a period of up to five years.

For mining operations, expenses incurred in the pre-operation period are capitalized. They are amortized when operation begins. An extraordinary amortization is applied if the exploration fails.

d) Goodwill

The difference between the acquisition price of securities and the fair value of the identified assets and liabilities of the company is booked:

- when positive, in balance sheet assets under "goodwill". Goodwill is amortized over five years except for low value goodwill which is amortized over one year.
- when negative, in balance sheet liabilities under "provisions for risks". The provision is the subject of a writeback plan staged over five years. When a particular event occurs or when the goodwill is of low value, the writeback procedures may be accelerated.

e) Tangible assets

Tangible assets are booked at their acquisition cost.

Amortization is calculated over the estimated lifetime of the assets using the straight line (L) or declining balance (D) method as follows:

- Buildings: L over 10 years,
- Infrastructure works: L over 8 to 10 years,
- Ships: L over 10 to 20 years,
- Plant: L over 3 to 10 years,
- Fixtures and fittings: L over 4 to 10 years,
- Vehicles: L over 3 to 8 years,
- Office and computer equipment: L or D over 2 to 5 years,
- Office furniture: L over 3 to 10 years.

f) Oil business

The main methods of booking the costs of this business are:

• Mining permits

The expenses involved in the acquisition or allocation of mining permits are entered as intangible assets and amortized by the straight line method over the estimated duration of the permit or at the rate of amortization of the oil production installations. If the permit is withdrawn or the search fails, the remaining amortization is booked all at once.

• **Acquisitions of reserves**
Acquisitions of oil reserves are entered as intangible assets and amortized by the unit of production method.

The rate of amortization equals the ratio of the field's hydrocarbon production during the year over the hydrocarbon reserves estimated at the time of acquisition less the total production since that date.

• **Exploration expenses**
Exploration surveys and work, including geology and geophysical expenses, are entered under balance sheet assets as intangible fixed assets.

Costs of exploration culminating in no commercial discovery for a given permit and in a decision to definitively stop work in that region or on that geological structure are booked as expenses in the year that the failure is ascertained.

Extraordinary provisions or amortizations are booked when the total costs are greater than the discounted cash flow estimates or when technical problems are encountered. Depreciations are determined for each exploration permit.

The amortization of exploration expenses is deferred until the transfer to tangible fixed assets.

• **Oil production assets**
Oil production fixed assets include all expenses relating to the exploration and development of the fields (exploration drilling, surface installations, oil discharge systems, etc).

Fixed assets not completed at year end are booked as fixed assets in progress.

Completed fixed assets are amortized according to the unit of production method. The rate of amortization equals the ratio of hydrocarbon production of the field during the year over the reestimated hydrocarbon reserves at the beginning of the same year.

For fixed assets relating to a completed field (pipelines, surface units, etc), the estimated reserves are the proven and probable reserves.

For assets dedicated to specific zones of a field, the estimated level of reserves is that of the proven reserves developed in the zone. In 2002, since there was insufficient data to determine the developed proven reserves, it was the proven reserves that was used to calculate the amortization rate. In 2003, the above method could be followed because there was a complete assessment report.

The reserves used are the reserves determined from analyses carried out by independent organizations.

Provisions for depreciation or extraordinary amortization are booked when the total costs are greater than the discounted cash flow estimates or when technical difficulties are encountered. Depreciations are determined for each operating permit.

• **Cost of restoring sites to their original state**
Provisions for restoring sites to their original state are recorded as provisions for liabilities and charges at the amortization rate of the oil production installations. They are estimated by country and by field.

g) Unconsolidated holdings, marketable securities
The portfolio shares appear on the balance sheet at their acquisition cost.

A provision is made when the inventory value is less than the acquisition cost. The inventory value is determined for:

- long term holding, according to the shareholders' equity, the profitability prospects of the companies held or of the realization value for holdings being sold,
- marketable securities, relative to the stock market price as at December 31.

h) Inventories
Inventories are valued at cost of acquisition or of production.

Cost of production includes the raw materials consumed and the direct and indirect production costs.

Inventories are valued according to the FIFO method.

Stocks of hydrocarbons are valued at the cost of production including the field expenses, transport, mining fees and amortization of the goods used in production.

A provision is made when a realization value is lower than the gross value of the inventories.

i) Receivables
Receivables are entered at their book value. A provision for depreciation is made if there is a risk of non-recovery.

j) Foreign exchange transactions
Expenses and gains in foreign currencies are recorded at their equivalent value in euros at the date of the transaction. Debts, external financing, receivables and cash in foreign currencies are recorded on the balance sheet at their equivalent value in euros at the year end exchange rate. The differences resulting from foreign currency conversions at this final exchange rate are carried to the income statement on the "financial income" line.

k) Deferred expenses
The expenses for buying stakeholdings and increasing capital are reported as deferred expenses and are amortized over five years.

Expenses relating to bonded debt and other borrowings are spread over the duration of the loan.

l) Redemption premiums
The premiums for redemption of bonds are amortized over the duration of the loans.

Own shares

Own shares are recorded as a diminution of shareholders' equity on the basis of their acquisition cost, except for those purchased to control the share price and they are recorded as marketable securities.

Income from sales of own shares carried as diminution or increase of shareholders' equity is recorded as a consolidated reserve for an amount net of tax. Provisions for depreciation that may be recorded in the Maurel & Prom parent company financial statements and the provisions for contingencies made relating to repurchase commitments are canceled on consolidation.

Provisions for contingencies and charges

Provisions for contingencies and charges are recorded as coverage for sundry eventualities, particularly lawsuits and possible risks with subsidiaries.

Owing to the structure of the Group and the low average years of service of the personnel, pension commitments are not significant and, as such, no provision has been made.

Oil sales

Income from the sale of production on deposits being worked by the Company as part of production sharing contracts includes the delivery of crude oil as production and tax payments.

Deferred taxes

Deferred taxes are reported on the temporary differences between the reported and tax income according to the tax accrual method.

In accordance with regulation 99-02 of the Comité de la Réglementation Comptable, deferred tax assets, particularly due to losses carried forward or deferred amortization, are not included unless it is likely that the Company will be able to recover them within the prescribed time.

Conversion of annual financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries are converted at the year end rate.

Asset and liability items are converted at the exchange rate applicable at the year end. Earnings and expenses are converted at the average rate for the period.

Exchange rate differences reported, either on the opening balance sheet or on the income statement, are carried, for the portion due to the consolidating company, to shareholders' equity under "conversion differences" and, for the third party portion, to "minority interests".

Conversion differences on long term internal financing are charged directly to shareholders' equity.

Extraordinary income

Extraordinary income and expense from the income statement include extraordinary items arising from ordinary activities and extraordinary items. Extraordinary items arising from ordinary activity are those which are not related to normal operation, either because they are abnormal in their amount or their impact or because they occur rarely.

Income per share

Three types of income per share are shown: net basic income, income from continuing operations, including income from companies consolidated by the equity method, after tax and before extraordinary items, and diluted income. The number of shares used to calculate diluted income takes account of the conversion into shares of the diluting instruments in circulation at the year end. The diluted income is calculated from the net income, Group share, corrected by the financial cost of the diluting instruments, net of tax.

Shares held for protective purposes, when they are carried as a reduction to consolidated shareholders' equity, are not included in the calculation.

The methods of distributing profits between the general partners and limited partners are not included in determining income per share (see section 30).

C - SCOPE OF CONSOLIDATION

Company	Head office	Siren	% interest	
			2003	2002
Établissements Maurel & Prom	Paris	457 202 331	Consolidating company	
Multi-purpose ships				
Brooklyn Shipping Limited	St Vincent and Grenadines		100.00%	100.00%
Maurel & Prom International Shipping Limited, "Mepis"	St Vincent and Grenadines		100.00%	100.00%
Mepis Clémentine Limited	St Vincent and Grenadines		100.00%	100.00%
Mepis Marie Limited	St Vincent and Grenadines		100.00%	100.00%
Oil operation				
Caroil	Paris	411 671 027	97.14%	70.00%
Oil Data International Inc	Houston, USA		100.00%	100.00%
Pebercan Inc	Montreal, Canada		20.02%	20.02%
Zetah M & P Congo	Pointe Noire, Congo		100.00%	100.00%
Zetah Congo Ltd	Nassau, Bahamas		50.00%	33.33%
Zetah Kouilou Ltd	Nassau, Bahamas		65.00%	
Aquaculture				
Aquapole	La Celle Saint-Cloud	381 822 832		100.00%
Compagnie Aquacole du Midi	La Celle Saint-Cloud	672 026 507		100.00%
Ferme Marine des Baleines	Saint Clément des Baleines	330 084 377		100.00%
Gold				
Compagnie Aurifère du Mali	Bamako, Mali			100.00%
Compagnie Européenne et Africaine du Bois	Luxembourg		100.00%	100.00%
New Gold Mali	Bamako, Mali		49.50%	49.50%

All companies are consolidated by the full consolidation method with the exception for Pebercan Inc. which is consolidated by the equity method. The aquaculture group was sold on March 18 2003. The Compagnie Aurifère du Mali was merged at the beginning of 2003 with New Gold Mali.

Finances Publiques Audit et Solutions, formed in October 2003 with Maurel & Prom holding a 66% stake, has not been consolidated since it has not begun operating.

D - ADDITIONAL INFORMATION**II Fixed assets***a) Intangible fixed assets*

Changes in intangible assets and amortization:

In euros thousands	31.12.2003	31.12.2002
Gross value at January 1	92 624	42 249
Acquisitions	3 782	52 113
Decreases	(12 226)	(1 738)
Reclassification	(10 183)	
Gross value at December 31	73 997	92 624
Amortization and provisions at January 1	5 629	5 018
Additions	8 199	615
Writebacks	(138)	(4)
Amortization and provisions at December 31	13 690	5 629
Net value	60 307	86 995

Acquisitions involve:

- continuation of the current searches, in Congo to the value of K€ 1 743, in Vietnam to the value of K€ 591 and in other countries to the value of K€ 1 134.

Decreases arise from:

- for K€ 3 668 from the share of the intangible asset relating to the M'Boundi field reflecting the 11% interest sold by Maurel & Prom,
- for K€ 3 895 from the sale of the holding in the exploration project in the Komi Republic,
- for K€ 4 276 from the withdrawal from the Lavergne and Lanot permits in France,
- for K€ 10 183 from the transfer to tangible fixed assets of the assets placed in operation in the Congo.

K€ 6 947 of the additions relate to the Vietnam assets.

Vietnam

In 2002, a strata fracturing campaign showed the possible existence of a potentially profitable gas field in the Song Tra Ly permit.

It was then decided to begin discussions with the Vietnamese authorities on the terms of exploiting this deposit and in particular on the contract to sell the gas.

Negotiations continued throughout 2003 and ended in February 2004 in a marketing agreement in the context of a six month long duration production test which was to begin, after setting up the appropriate discharge installations, at the beginning of the second half of 2004.

In line with known economic and technical data, the Company drafted possible assessment scenarios.

After advice from the Strategic Committee, it was decided, while awaiting the results of the long duration production test, to use a 13.6% discounted value of the deposit of K€ 20 500, inferring through that a provision of K€ 7 000 on the Company's Vietnamese assets.

France

The Lavergne and Lanot permits expired, so Maurel & Prom, associated with Esso which had the operational management of the permits, had planned in 2002 to replace the company and request renewal of the permits.

However, after in-depth study during 2003, the exploration risk on the western part of the permit and the environmental problems of exploiting the oil potential of the southern part prompted Maurel & Prom to drop these projects in this region and to record all amounts previously invested in that region as a loss.

Intangible fixed assets are broken down as follows:

In euros thousands	31.12.2003		31.12.2002	
	Gross	Net	Gross	Net
Mining	3 676	1 376	3 791	1 767
Congo	3 393	1 376	3 393	1 652
Hungary	283	0	283	0
Russia	0	0	115	115
Acquisition of reserves				
Congo	33 759	32 750	37 424	37 180
Oil search and exploration rights	37 435	34 126	41 215	38 947
Exploration expenses	33 365	23 112	48 504	45 199
Congo	17 55	1 755	10 205	10 205
France	70	70	4 267	4 267
Hungary	1 767	0	1 766	0
Russia	0	0	3 778	3 778
Vietnam	29 057	20 571	28 466	26 927
Other countries	716	716	22	22
Oil fixed assets	70 800	57 238	89 719	84 146
Pre-operation expenses and concessions of other drilling activities	2 757	2 757	2 742	2 729
Software	440	312	163	120
Total	73 997	60 307	92 624	86 995

b) Tangible fixed assets

The change in tangible fixed assets and amortizations is as follows:

In euros thousands	31.12.2003	31.12.2002
Gross value at January 1	67 140	41 716
Acquisitions	47 394	25 893
Decreases	(8 990)	(469)
Variations in scope	(4 694)	
Reclassification	10 183	
Gross value at December 31	111 033	67 140
Amortization and provisions at January 1	10 859	8 210
Additions	4 845	2 782
Writebacks	(585)	(133)
Variations in scope	(3 932)	
Amortization and provisions at December 31	11 187	10 859
Net value	99 846	56 281

The main variations are analyzed as follows:

- . continued investment in the Congo in the Kouakouala (K€ 1 022) and M'Boundi (K€ 30 966) permits,
- . Caroil's investment in the two drilling rigs to the value of K€ 15 562,
- . withdrawal from the aquaculture group for K€ 858 (net value),
- . sale of 11% of M'Boundi for K€ 9 025 (net value).

Tangible fixed assets are broken down as follows:

In euros thousands	31.12.2003		31.12.2002	
	Gross	Net	Gross	Net
. Land			305	209
. Buildings	12	9	119	57
. Plant and equipment	80 636	69 748	59 133	48 772
. Other	866	570	749	409
Fixed assets in progress*	29 519	29 519	6 834	6 834
Total	111 033	99 846	67 140	56 281

* Fixed assets in progress as at December 31 2003 are a drilling rig worth K€ 20 051 and the remainder applies to drilling in progress.

The breakdown of fixed assets by business is as follows (gross value):

In euros thousands	2003	2002
. Multi-purpose ships	24 373	24 311
. Oil	63 548	30 168
. Drilling rigs	22 477	6 818
. Aquaculture	0	4 793
. Gold	244	756
. Other	391	294
Total	111 033	67 140

c) Oil assets

Oil assets, both intangible and tangible, are broken down as follows by country (net value):

In euros thousands	2003	2002
Congo	117 676	84 884
France	70	4 267
Russia	0	3 896
Vietnam	20 572	26 927
Other countries	716	22
Total	139 034	119 996

2) Goodwill

Pebercan Inc. was consolidated for the first time in 2001. At December 31 2003, the goodwill stood at K€ 1 034 amortized by K€ 613.

3) Financial assets

The financial assets have changed as follows:

In euros thousands	31.12.2003	31.12.2002
Gross value at January 1	4 017	3 909
Increases	68	137
Decreases	(205)	(29)
Gross value at December 31	3 880	4 017
Amortization and provisions at January 1	3 659	3 659
Amortization and provision at December 31	3 659	3 659
Net value	221	358

Financial assets are broken down as follows:

In euros thousands	31.12.2003		31.12.2002	
	Gross	Net	Gross	Net
Unconsolidated holdings	25	25	202	202
Loans	3 718	59	3 697	38
Other	137	137	118	118
Total	3 880	221	4 017	358

a) Unconsolidated holdings

On December 31 2002, ODII, an American company registered in Texas, owned, for K€ 202, 40% of the Russian company TPX with which the Maurel & Prom Group had invested in oil exploration in the Komi Republic. The shares that ODII held in TPX were sold on April 17 2003 with all the Russian assets.

Maurel & Prom participated in the formation of Finances Publiques Audit et Solutions ("FIPAS"), a consultancy giving advice to financial authorities in Africa, with Maurel & Prom owning 66% to the value of K€ 25.

b) Loans

All the receivables from "Financière Transagra Transformation" (K€ 3 659) are 100% provisioned due to the company going bankrupt.

4) Securities consolidated by the equity method

In 2001, Maurel & Prom swapped all its Cuban oil assets for 19% of Pebercan Inc. to the value of K\$ 10 000. Subsequently, Maurel & Prom acquired other shares taking its holding to 20.02% as at December 31 2002 to the value of K€ 11 992.

Pebercan Inc. has been consolidated by the equity method since January 1 2001. According to the information obtained by Maurel & Prom, the stake the Company holds in the restated equity of Pebercan Inc. stood at K€ 15 930 on December 31 2003, with K€ 3 116 of this being 2003 income (see section 25) (2002: K€ 15 827, with K€ 5 555 of this being income).

5) Inventories

Gross inventories stood at K€ 253 compared with K€ 4 440 in 2002. The reduction relates mainly to the disposal of the aquaculture business (K€ 4 343 in 2002).

The provision equaling the consolidated disposal loss applied in 2002 to the aquaculture business inventories (K€ 2 366) was written back in 2003 when the business was sold.

6) Trade receivables

Trade receivables relate to oil production in the amount of K€ 6 048 (2002: K€ 4 515), oil drilling in the amount of K€ 2 333 (2002: K€ 92) and multi-purpose ships in the amount of K€ 2 147 (2002: K€ 1 628).

7) Other receivables and deferred income

In euros thousands	31.12.2003	31.12.2002
Carry back receivable		337
Transagra receivable	1 528	1 528
Congo partners receivables		3 853
Receivable on sale of holdings	3 328	823
Receivable on sale of Congolese M'Boundi assets	39 588	
Shareholders, capital being paid	6 229	
Prepaid expenses	1 273	513
Charges to be spread	4 399	4 841
Bond redemption premium	3 603	5 188
Other	1 083	868
Gross value	61 031	17 951
Less provisions	(1 528)	(2 352)
Net value	59 503	15 599

. The receivable from sale of holding relates to the sale of STCPA-Bois.

. Capital being paid relates to the conversion of share warrants before December 31 2003, the value of which was not credited by the bank until 2004 (see section 12).

Charges to be spread (in thousands of euros) relate to:

OCEANE issue expenses (see section 15)	540
Expenses for the issue of the K\$ 50 000 loan agreed with Natexis Banques Populaires, Banque Belgoise and Standard Bank (see section 16)	3 845
Other	14
Total	4 399

The bond redemption premium relates to the issue of the OCEANE convertible bonds (see section 15).

8) Provisions for depreciation of current assets

In euros thousands	01.01.2003	Additions	Writebacks	Variation of scope	31.12.2003
Inventories	2 369			(2 369)	
Trade receivables	5			(5)	0
Other receivables	2.352			(824)	1 528
Total	4 726			(3 198)	1 528

Provisions for depreciation of other receivables relate to a receivable from Financière Transagra to the value of K€ 1 528 (2002: the same).

Variations of scope relate to withdrawal from the aquaculture group.

9) Receivable due dates

In euros thousands	Gross	less than one year	More than one year	More than five years
Fixed assets:				
Loans	3 718		51	3 667
Current assets:				
Trade receivables and related accounts	10 529		10 529	-
Other receivables	61 031		59 503	1 528
Total	75 278		70 083	5 195

The receivables from Financière Transagra have been considered as more than one year since they are not recoverable (see section 3b and 8); they are valued at K€ 5 187.

10) Short term securities

The market value of the marketable securities stood at K€ 5 at December 31 2003.

11) Exposure to exchange rate risk

The Company is exposed to exchange rate risk on the dollar for all its activities, its investments and some of its financing.

12) Shareholders' equity - Group share

Consolidated shareholders' equity has changed as follows:

In euros thousands	Equity	Premium	Reserves	Conversion difference	Income for the year	Consolidated shareholders equity
31.12.2001	46 591	45 905	(28 696)	(2 013)	16 973	78 760
Allocation of income			16 973		(16 973)	0
Capital increase	26	25				51
Own shares			(1 102)			(1 102)
Conversion differences				1 460		1 460
Income					388	388
31.12.2002	46 617	45 930	(12 825)	(553)	388	79 557
Allocation of income			388		(388)	
Capital increase	9 289	12 959				22 248
Own shares			2 606			2 606
Conversion differences			54	(681)		(627)
Income					24 276	24 276
31.12.2003	55 906	58 889	(9 777)	(1 234)	24 276	128 060

At December 31 2003, the capital consisted of 7 260 484 shares at a par value of € 7.70 each.

Following a decision taken by the Combined General Meeting of June 26 2003, the Management has, for 26 months from the date of that meeting, the authority to increase, on one or more occasions, the capital by up to K€ 150 000.

In accordance with a previous authorization, the Management decided on June 20 2001 to issue 6 048 821 share warrants free of charge to each of the Maurel & Prom shareholders. The exercise proportion was ten warrants for one share and the exercise price was € 15 per share. The exercise period extended from July 2 2001 to December 31 2003.

As at December 2003, 592 752 shares had been created, 587 367 of them in 2003. This increased the capital by K€ 4 523 and the issue premium by K€ 4 289.

As at December 2003, 111 746 OCEANE convertible bonds had been converted (see section 15). This increased the capital by K€ 860 and the issue premium by K€ 1 662.

In June 2003, the convertible bonds issued to Heritage Congo Limited and Financière de Rosario were converted at the request of those companies. The capital increased by K€ 3 906 and the issue premium by K€ 7 008.

The general meeting of September 11 2001 had authorized the management to grant share subscription or purchase options to Company employees, up to a limit of 3% of the number of shares comprising the Company's registered capital on the date of that meeting. In accordance with this authorization, on October 25 2001, the Management allocated 154 000 share subscription options at a subscription price of € 12.15 per share and, on June 16 2003, 26 000 share subscription options at a subscription price of € 19.98 per share. All these options were allocated to twelve employees. This authorization was replaced by the authorization of June 26 2003 described below.

At the general meeting of June 26 2003, the Management was authorized to grant share subscription or purchase options to employees up to

a limit of 5% of the number of shares comprising the Company's registered capital on the date of that meeting. In accordance with this authorization, five employees were allocated 123 000 share subscription options at a subscription price of € 17.82. No officers of the Company was among the beneficiaries of these plans.

In the context of the authorization granted by the general meeting of September 11 2001, the Company bought back in 2003 11 438 of its own shares in addition to the 97 464 already held. These shares were mainly intended to be canceled, swapped in the event of an external growth transaction or allocated to employees as part of a stock options plan.

All these shares were sold in 2003.

In accordance with regulation 99-02, the shares had been reported as a reduction to shareholders' equity.

This authorization of September 11 2001 was renewed by the Combined General Meeting of June 26 2003 but it was never used.

At the time of their sale, the selling price, in accordance with the regulation, was posted directly to shareholders' equity. The variations in the conversion difference relate mainly to the shareholders' equity of Pebercan Inc (K€ -3 011, the shareholders' equity and fixed assets of Mepis (K€ 4 221) and the financing of Mepis (K€ -1 815).

13) Minority interests

Minority interests have changed as follows:

In euros millions	Reserves	Income for the year	Minority interests
31.12.2001	445	(251)	194
Allocation of income	(251)	251	0
Variations in scope	(103)		(103)
Income		(12)	(12)
31.12.2002	91	(12)	79
Allocation of income	(12)	12	0
Variations in scope	(54)		(54)
Income		105	105
31.12.2003	25	105	130

In 2002, the variation in scope involved the buyback of minority shares in the aquaculture division and the entry of minority shareholders into Caroil.

In 2003, the variation in scope arose from the increase in the Group's holding in Caroil.

14) Provisions for contingencies and charges

The provisions for contingencies and charges have changed as follows:

In euros thousands	31.12.2002	Provisions for the year	Writebacks for the year (provision)	Writebacks for the year (provision used)	Variation in scope not used)	31.12.2003
Site restoration	16	88				104
Total provisions	16	88				104
Net impact of expenses incurred						
Operating income		88				
Financial income						
Extraordinary income						

Provisions for contingencies reflect provisions for site restoration.

Site restoration costs are between K\$ 150 and K\$ 200 per well (see section 29). These restoration costs also include the costs of dismantling the oil installations. With Maurel & Prom having ten producing wells in the Congo, the restoration costs were between K\$ 1 500 and K\$ 2 000 as at December 31 2003.

15) Bonded debt

On February 7 2002, Maurel & Prom issued 1 512 865 bonds with the option of conversion and/or exchanging for new or existing shares (OCEANE) to the total value of € 31 770 165. The bonds carry interest of 6% per year. The bonds will be totally amortized by redemption on December 31 2006 at € 25.20 per bond. Conversion or exchange may be exercised at any time for one share per bond. The bond issue was fully subscribed.

In 2002, the bonded debt was posted on the balance sheet at its redemption value of K€ 38 124 plus in assets a redemption premium of K€ 6 354. This premium is amortized by the straight line method over the period of the loan.

As at December 31 2003, 111 746 bonds had been converted. The remainder of the bonded debt stands at K€ 35 308 and the redemption premium at K€ 3 603.

The interest accrued at December 31 2003 stood at K€ 1 765.

On August 29 2002, Maurel & Prom had issued 456 366 convertible bonds for € 11 101 242 for the equal benefit of Heritage Congo Limited and Financière de Rosario. These bonds were converted in June 2003.

16) Borrowings from lending establishments

Borrowings from lending establishments are broken down as follows:

In euros thousands	31.12.2003	31.12.2002
Lloyds	11 247	15 226
Alter Finance	1 584	2 861
Natexis Banques Populaires	31 670	17 164
Faisal Finance	1 980	
Natexis Banques Populaires – Caroil	3 959	
Accrued interest on loans		28
Lending banks		99
	50 440	35 378

1. On April 9 2001, the Group took out a ten-year K\$ 18 200 loan with Lloyds, repayable in 40 quarterly installments. The loan carries interest at half the Libor rate +1.625%. To guarantee the loan, a first mortgage was taken out on the two multi-purpose ships. At December 31 2003, the loan stood at K\$ 14 205 or K€ 11 247 (2002: € 15 226).

2. On May 2 2002, the Company took out a loan of K\$ 4 000 with Alter Finance. Two repayments of K\$ 1 000 were made on November 29 2002 and October 17 2003 respectively. The balance of K€ 1 584 was repaid on February 16 2004.

3. On November 15 2002, the Company took out a loan of K\$ 18 000 (K€ 17 164 as at December 2002) from Natexis Banques Populaires to develop the M'Boundi field in the Congo. This loan was repaid through the RBL agreement of September 23 2003 (see below).

4. On April 4 2003, the Company took out a K\$ 5 000 loan with Faisal Finance. The balance of this loan stood at K\$ 2 500 (K€ 1 980) on December 31 2003 and was repaid on March 18 2004.

5. On July 2 2003, Caroil took out a loan with Natexis Banques Populaires for up to K\$ 6 000 repayable one year after the date of draw-down. As at December 31 2003, the outstanding loan was K\$ 5 000, or K€ 3 959 and was repaid on January 9 2004.

6. On September 23 2003, the Company agreed a revolving bank loan (RBL) with Natexis Banques Populaires, Banque Belgoise and Standard Bank for K\$ 50 000 repayable in stages from March 26 2004 until September 25 2006. This loan is backed by the reserves of the hydrocarbon fields in the Congo. It is accompanied by specific commitments detailed in Note 27. As at December 31 2003, K\$ 40 000, or K€ 31 670, had been used. A repayment of K\$ 5 000 was made at the beginning of 2004 following the sale of 11% of the rights to the M'Boundi permit.

17) Sundry loans and financial debts

The sundry loans and financial debts are broken down as follows:

In euros thousands	31.12.2003	31.12.2002
Heritage Oil loan	0	2 384
Financière de Rosario loan	7 918	9 536
Cyril Finance loan	2 500	
Halisol loan	5 000	
Accrued interest	215	124
	15 633	12 044

1. A loan of K\$ 2 500 (K€ 2 384) was taken out on October 4 2002 with Heritage Oil Corporation. This loan was repaid on October 4 2003.

2. A loan of K\$ 15 000 was taken out with Financière de Rosario under the terms of a loan agreement dated April 27 2002. Through an additional clause to this agreement dated July 30 2002, the Company made an early repayment of K\$ 5 000 through the reserved issue of convertible bonds dated August 29 2002 (see section 15). The balance of K\$ 10 000 (K€ 7 918) at December 31 2003 was repaid on February 19 2004.

3. On February 7 2003, the Company took out a two-year loan of K€ 2 500 with Cyril Finance. This loan was repaid on February 6 2004.

4. On October 9 2003, a loan of K€ 5 000 was taken out with Halisol for two years from October 15 2003. This loan was fully repaid on February 7 2004.

18) Other debts

The increase in trade payables arises mainly from the increase in prospecting and the oil activity in the Congo.

Social security payments and taxes owing include the tax payable on the sale of oil in the Congo in the amount of K€ 490 (2002: K€ 4 050) and the drilling activity (K€ 485).

Other debts include deferred income of K€ 2 985 and debts to the Congo associates of K€ 3 131.

19) Debt due dates

In euros thousands	Gross	Less than one year	More than one year	More than five years
Bonded debt	37 074	1 766	35 308	
Debts with lending establishments	50 440	16 335	30 863	3 242
Loans and sundry debts	15 633	15 633		
Trade payables	17 530	17 530		
Social security and tax	2 405	2 405		
Other debts	7 577	7 577		
Total	130 659	61 246	66 171	3 242

20) Expenses payable

Expenses payable stand at K€ 6 528 (2002: K€ 4 594) of which K€ 3 502 is in invoices to be received and K€ 1 967 is interest on loans.

21) Breakdown of sales

The breakdown of sales is as follows:

a) by business sector

In euros thousands	2003	2002
Multi-purpose ships	7 868	7 833
Oil exploration/operation	31 896	14 171
Aquaculture (**)		4 387
Oil drilling	5 522	256
Total	45 286	26 647

b) by geographic region

In euros thousands	2003	2002
Congo	37 394	14 171
Persian Gulf and South East Asia (multi-purpose ships)	7 868	7 833
France	24	4 643
Total	45 286	26 647

22) Breakdown of operating income by business sector

The breakdown of operating income is as follows:

a) by business sector

In euros thousands	2003	2002
	Published	Proforma
Multi-purpose ships	1 645	562
Oil exploration/production (*)	14 638	6 054
Aquaculture (**)	0	(126)
Gold	(613)	(788)
Oil drilling (***)	962	(152)
Other (****)	(6 374)	(3 672)
Total	10 258	1 878
		(98)

The proforma income reclassifies under taxes the proportional mining fee and the provision for diversified investments previously classified as corporate income tax. This new presentation was adopted in 2003.

(*) In 2002, operating income included losses on the Vietnam oil wells of K€ 1 735.

(**) The aquaculture division was sold on March 18 2003 with retroactive effect to January 1 2003.

(***) With tax paid in the Congo deducted.

(****) Other reflects the overheads of the parent company and the dormant companies.

The change in business in the Congo explains the steep growth of the contribution of the oil business to operating income. The change in "Other" reflects the increased overhead of the Company, particularly in oil technical resources.

b) by geographic region

In euros thousands	2003	2002
Congo	14 786	8 549
Mali	(613)	(788)
Persian Gulf and South East Asia (multi-purpose ships)	1 645	(1,172)
France		(3 940)
Other	(5 560)	(771)
Total	10 258	1 878

23) Financial income

Financial income is analyzed as follows:

In euros thousands	2003	2002
Other interests	155	151
Writebacks on provisions	3	2 219
Foreign exchange gains	12 567	3 802
Net earnings from sale of marketable securities	117	334
Financial earnings	12 842	6 506
Amortization and provisions	1 292	3 535
Interest	5 512	4 360
Foreign exchange losses	5 556	2 214
Financial expenses	12 360	10 109
Financial income	482	(3 603)

Exchange rate income comes mainly from gains on dollar loans taken out by the Group, of which K€ 4 755 were not realized as at December 31 2003.

Amortization and provisions in 2003 reflect the amortization of the bond redemption premium (K€ 1 292). In 2002, the redemption premium (K€ 1 166) and the loss on the sale of the aquaculture subsidiaries (K€ 2 366) were partially offset by the writeback of the provision for contingencies on the aquaculture subsidiaries (K€ 1 829) and that of the liability guarantee on STCPA-Bois (K€ 390).

Interest mainly includes:

- interest accrued on the convertible bonds and the OCEANEs of K€ 1 766 (2002: K€ 1 713),
- interest paid by Maurel & Prom to its shareholders of K€ 717 (2002: K€ 717),
- interest on bank loans of K€ 2 881 (2002: K€ 1 301).

24) Extraordinary income

Extraordinary income is analyzed as follows:

In euros thousands	2003	2002
On management transactions		1 072
On capital transactions	43 275	428
Writebacks on provisions	44	78
Extraordinary earnings	43 319	1 578
On management transactions	462	882
On capital transactions	20 840	346
Provisions	6 948	75
Extraordinary expenses	28 250	1 303
Extraordinary income	15 069	275

It includes:

the gain from the sale of 11% of the M'Boundi permit	27 571
the loss on the sale of the Russian assets	(621)
the loss on the French permits	(4 275)
the provision for depreciation of the Vietnam assets	(6 947)
the expenses relating to the lawsuits filed by Maurel & Prom concerning the Energy Searcher sale	(445)
other	(214)
Total	15 069

25) Share in income of companies consolidated by the equity method

This line reflects the share of the Pebercan Inc income.

The income received from Pebercan Inc. stood at K\$ 14 192 at December 31 2003. This company uses a method of amortizing its oil assets in accordance with Canadian accounting principles.

To comply with the accounting principles used by the Maurel & Prom Group, these amortizations have been restated. The impact of this restatement is an increase in the income of Pebercan Inc. of K\$ 2 096 in 2003 (K\$ 2 078 in 2002).

The Maurel & Prom Group share in the restated income of Pebercan Inc. is K\$ 3 525 or K€ 3 116.

26) Workforce

The number of employees of fully consolidated companies stood at 117 as at December 31 2003 (2002: 81), 21 of which were in France and 96 abroad.

27) Off-balance sheet commitments

In euros thousands	31.12.2003	31.12.2002
Market cross-guarantee bonds		
Receivables sold before maturity		
Pledges, mortgages and real estate securities	18 060	26 617
Other bonds and guarantees given		
Other commitments given	41 310	31 390
Total	59 370	58 007

Detailed below:

Pledge of shares	Number	
	31.12.2003	31.12.2002
Maurel & Prom own shares		70 969
Pebercan Inc shares	7 000 000	7 000 000
Counter-value		
In euros thousands	31.12.2003	31.12.2002
Maurel & Prom own shares		1 451
Pebercan Inc shares	6 812	9 940
	6 812	11 391

First mortgages in favor of Lloyds on the two multi-purpose ships:

In euros thousands	31.12.2003	31.12.2002
Balance of loan	11 248	15 226

Firm commitments of oil work for the following year:

In euros thousands	31.12.2003	31.12.2002
Congo	40 300	31 110
Vietnam	1 010	280
Total	41 310	31 390

Specific commitments:

Under the terms of a revolving credit agreement made on September 23 2003 with Natexis Banques Populaires, Banque Belgoise and Standard Bank, Maurel & Prom granted certain collateral or pledges to back the monies made available. This collateral or these pledges in favor of the lenders consist mainly in:

- the progressive formation of a cash-collateral account of 10% of the highest borrowing base,

- the pledging of shares held by the Company in Zetah M&P Congo, Zetah Kouilou Ltd and Zetah Congo Ltd,
- the pledging of rights and interests in the Kouilou and Kouakouala production sharing contracts,
- the sale, warranty, of the Company's rights in the oil exporting contracts for the Kouakouala and Kouilou fields,
- the pledging of a bank account receiving the monies from export contracts, the insurance policy and the coverage contracts,
- the sale, warranty, of the coverage contracts and insurance policies,
- insurance guaranteeing a minimum level charged per barrel of crude oil.

Under the terms of the aforementioned revolving credit agreement, the Company committed to maintaining, as at December 31 2003, the main "Net total financial debt to shareholders' equity", "Gross operating surplus to net financial expense" ratios within the following limits:

Net total financial debt to shareholders' equity must be less than 1.4
Gross operating surplus to net financial expense must be greater than 3

Conditional upon the temporary lifting of these financial ratios, their subsequent modifications or other conditions, failure to comply with these commitments would be likely to create a risk of early repayment of the funds loaned to the Company under the terms of the aforementioned loan agreement.

Under the terms of a loan agreement signed on July 2 2003, Caroil granted certain collateral or pledges as a guarantee for the amounts loaned. This collateral or those pledges granted in favor of Natexis Banques Populaires consist mainly of:

- the formation of a cash pledge in the bank account receiving all the monies from the user contracts and a promise to sell the Cooper rig,
- the pledging of the financial instruments account,
- the "delegation" of the contracts to use the rigs for drilling in the Kouakouala and M'Boundi fields,
- the pledging of the Caroil goodwill,
- the pledging by Maurel & Prom of all the shares held in Caroil,
- the first demand guarantee by Maurel & Prom of an amount up to K\$ 6 000.

Under the terms of an agreement signed with Heritage Oil on August 1 2002, Maurel & Prom will owe a fee as soon as the total production of the Kouilou permit reaches 67 000 000 barrels. This fee will apply to 30% of the production exceeding this threshold and will be equal to 5% of the selling price, net of the fee and of certain operating costs. This possible future debt has not been entered on the balance sheet.

In the context of the bank loans to develop the M'Boundi permit, Maurel & Prom used financial instruments to ensure the protection of the resources necessary to service that debt.

The portion of production concerned is restricted (less than 20% of current production).

The cost of this insurance will represent for the Company in 2004 a minimum of K\$ 1 940 and a potential maximum of K\$ 3 840.

Commitments received

Guaranteed by the firm and indivisible bond of the Coopérative Agri Cher are:

- . the loan of € 3 659 interest included, granted to the Transagra group,
- . the receivable of K€ 1 528 from Transagra.

Because these two companies have gone bankrupt, Maurel & Prom has produced these amounts in liabilities.

Maurel & Prom has been summoned as liable for the failure of the Coopérative Agri Cher. The Company considers this action unfounded and has not set aside a provision for the purpose.

Furthermore, under the terms of the sale of 11% of the M'Boundi permit to Energy Africa, it was agreed that Energy Africa would pay \$ 1.50 per barrel of oil for each barrel produced on the M'Boundi operating permit over and above 15 400 000 barrels, on the basis of the barrels allocated to Energy Africa under its rights in the permit. This possible future profit has not been included in the balance sheet.

The Company has not omitted to declare significant off-balance sheet commitments according to the accounting standards that are currently in force or that may in future become so.

28) Litigation

Since 1996, Maurel & Prom has been summoned as part of the judicial administration procedure of Transagra.

Furthermore, Maurel & Prom has issued personal proceedings against the managers of the cooperative group owning Transagra for the losses sustained by Maurel & Prom through Promagra.

To date, the claim is still awaiting judgment. Due to the low probability of recovering Maurel & Prom's money from the cooperative group, it has been fully provisioned.

In June 2001, the Company began proceedings in Singapore against Cameron for the damage done to the ship Energy Searcher prior to it being sold to Maurel & Prom. The case should be heard during the last quarter of 2004.

29) Environment

As part of its business (currently mainly oil and gas), the Maurel & Prom Group tries to comply with the regulatory requirements of the countries in which it operates and in particular to carry out systematic impact studies before beginning specific work.

As part of its oil exploration, production and development work, the Maurel & Prom Group may cause environmental damage. This is covered by specific insurance policies.

Because of the nature of its activity, the Maurel & Prom Group would normally be required to pay the cost of restoring operating sites and oil and gas transport systems. Since the Company is currently in the production phase only in the Congo, an annual provision for the costs of restoring sites to their original state is reported in the financial statements according to the unit of production method. The complete cost of restoring non-productive sites is being assessed. An initial estimate of these costs ranges between \$ 150 000 to \$ 200 000 per well.

30) Remuneration of directors, managers and members of the Supervisory Board

In euros thousands (gross remuneration)	31.12.2003	31.12.2002
Remuneration of directors (five people in 2003, four in 2002)	665	332
Remuneration of Management (Aréopage)	76	76
Supervisory bodies (attendance fees and remuneration of the Strategic Committee for the previous year)	30	30
Total	771	438

In addition, under the terms of Article 17 of the Articles of Association, the general partner is authorized to draw a stakeholder remuneration based on 20% of company net income before tax of the portion exceeding the equivalent of 10% of shareholders' equity at January 1st of the year. The Management agreed to forego its remuneration for 2001. In 2002, due to the losses of Maurel & Prom, this clause did not apply. The positive income in 2003 of K€ 14 825 is not sufficient to offset the retained loss at December 31 2003 (K€ 17 081). Consequently, no remuneration is due to the general partner in 2003.

31) Corporate income tax

The reconciliation between consolidated income - Group share - and the Company's taxable income can be summarized as follows (in euros thousands):

Income, Group share	24 276
Temporary differences	
. writebacks on provisions net of allocations and non-deductible losses of subsidiaries	1 529
. losses on oil assets	6 947
. exchange rate difference on subsidiary	(1 815)
. other	92
	6 753
Permanent differences	
. Pebercan Inc income	(3 116)
. operations not taxable in France (Congo)	(38 296)
. other	(261)
	(41 673)
Total	(10 644)

The tax recorded in the financial statements (K€ 4 338) is mainly local foreign tax on profits due to the oil operations in the Congo (K€ 3 674 for "profit oil"). In 2002, the amounts relating to the proportional drilling fee were booked as corporate income tax. In 2003, they were reclassified as operating expenses (see section 22).

Due to the fiscal deficits of earlier years, Maurel & Prom does not have to pay corporate income tax for 2003.

The fiscal losses carried forward at December 31 2003 were K€ 33 794 (2002: K€ 23 055) and the long term losses were K€ 8 300 (2002: K€ 8 700).

No deferred tax has been reported. Specifically, for the Group's companies fiscally in deficit for at least two years, the recovery of these fiscal deficits is not currently expected. According to regulation 99-02 of the Comité de la Réglementation Comptable, in this case, deferred tax assets are not taken into account.

32) Events after the year end

On January 9 2004, Caroil and the Banque Belgoise signed a financing agreement for K\$ 10 500 to (i) refinance the credit taken out by Caroil on July 2 2003 with Natexis Banques Populaires, (ii) repay the current account advances of Maurel & Prom, and (iii) finance the acquisition of a third drilling rig.

As security for this finance, Caroil granted the Banque Belgoise the following collateral: pledging its goodwill, sale of its business receivables, pledging the balance of the facility account and signing a deed of real estate collateral relating to the provision account. Furthermore, a first demand guarantee was granted by Maurel & Prom as a guarantee of compliance with the Caroil commitments.

On March 12 2004, Maurel & Prom and Rockover Oil & Gas Limited signed an agreement by which Maurel & Prom takes a 50% share in the MT 2000 block and a 25% share in the operating area of the Banio Oil field, in the Republic of Gabon. The price of these interests is K\$ 1 500 and K\$ 2 000 respectively.

Furthermore, under the terms of a contract also signed on March 12 2004, Rockover Oil & Gas Limited gave Maurel & Prom 50% of its interests in the Ofoubou block in the Republic of Gabon to a total value of K\$ 1 500.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

In euros	31.12.2003	31.12.2002	31.12.2001
Net income of consolidated companies	21 471 777	(4 974 470)	15 026 170
Net additions (writebacks) of amortization and provisions	16 150 737	5 062 061	6 566 096
(Gains), losses from disposals	(22 699 533)	1 702 593	(25 759 690)
Increase in deferred charges	(1 589 517)	(5 165 456)	
Funds generated from operations	13 333 464	(3 375 272)	(4 167 424)
Variation in working capital requirement	(38 215 017)	671 817	749 424
I - FUNDS GENERATED FROM (USED IN) OPERATION	(24 881 553)	(2 703 455)	(3 418 000)
Acquisitions of intangible fixed assets	(3 784 199)	(52 112 972)	(10 486 306)
Acquisitions of tangible fixed assets	(47 394 370)	(25 893 054)	(10 226 735)
Acquisitions of financial fixed assets	(87 704)	(429 426)	(11 933 029)
Disposals of intangible fixed assets	14 672 018	0	4 444 463
Disposals of tangible fixed assets	27 716 774	381 541	7 544 981
Disposal of financial fixed assets	907 232	50 827	24 556 910
Impact of the change in the scope of consolidation	(320 675)		12 878 737
II - FUNDS ASSIGNED TO INVESTMENT OPERATIONS	(8 290 924)	(78 003 084)	16 779 021
Capital increase	8 617 657	(1 050 944)	(688 624)
Disposal of protective shares	2 799 668		
Increase (decrease) of financial debts	20 973 299	79 983 326	3 744 436
Impact of the change in the scope of consolidation			(13 359 167)
III - CASH FLOW FROM INVESTMENTS	32 390 624	78 932 382	(10 303 355)
IV - CHANGE IN CASH FLOW	(781 853)	(1 774 157)	3 057 666
V - CASH AT THE BEGINNING OF THE YEAR	12 742 048	6 916 012	3 858 346
VI - IMPACT OF CHANGES IN EXCHANGE RATES	(17 293)	7 600 193	
VII - NET CASH AT YEAR END	11 942 902	12 742 048	6 916 012

5.2 - GENERAL REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31 2003

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we have audited the consolidated financial statements of Etablissements Maurel and Prom for the year ending December 31 2003 as attached to this report.

The consolidated financial statements have been approved by the Management. Our role is to express an opinion on these financial statements based on our audit.

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 a reasonable assurance that the consolidated financial statements are free of material misstatement. An audit involves examining, on a sampling basis, the evidence supporting the data in these financial statements. It also includes assessing the accounting principles used and the significant estimates made by Management to approve the financial statements as well as evaluating their overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed below.

We certify that the consolidated financial statements drawn up according to French accounting principles give a true and fair view of the assets and liabilities, the financial situation and the results of the unit formed by the companies included in the consolidation.

II. Justification of the assessments

In application of the requirements of Article L. 225-235 of the Commercial Code relating to the justification of our assessments, introduced by the financial security law of August 1 2003 and applicable for the first time this year, we would draw your attention to the following:

- Note A of the notes to the consolidated financial statements sets out the accounting rules and methods involved in the sale of 11% of the interest in the M'Boundi permit to Energy Africa.

As part of our assessment of the accounting rules and principles followed by your company, we have verified the appropriate nature of the accounting methods specified above and of the information supplied in the notes.

- During 2003, your company made a provision for the depreciation of its intangible gas assets in Vietnam to the value of M€ 6.9 at year end.

The modalities for determining this provision are given in Note D.1.a of the notes to the consolidated financial statements which also reports the problem that exists on the results of the long duration production test.

As part of our assessment of the significant estimates used to approve the accounts, since it is a complex estimating process involving specialist techniques, we have had to rely on the conclusions of the Company's Strategic and Technical Orientation Committee concerning the technical data used in the valuation model. Further we have verified the other significant data used and the calculations made in order to corroborate the amount of provision recorded in the balance sheet at the year end.

We have assessed the reasonableness of these estimates.

The assessments thus made are part of our procedure for auditing the consolidated financial statements, taken in their entirety, and have therefore contributed to the formation of our unreserved opinion, expressed in the first part of this report.

III. Specific verification

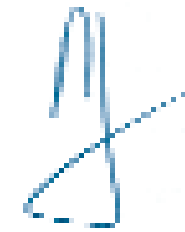
Furthermore, we have also, according to the professional standards applicable in France, verified the group-related information given in the management report.

We have no comment to make on their fairness and how they comply with the consolidated financial statements.

June 1 2004

Statutory Auditors

Michel BOUSQUET



ERNST & YOUNG Audit



François Carrega

5.3 - PREPARING FOR THE TRANSITION TO IFRS STANDARDS

The European Union has decided to adopt the International Financial and Reporting Standards (IFRS) drafted by the International Accounting Standards Board (IASB).

So the rules adopted on this subject by the European Council makes it mandatory from January 1 2005 for companies listed on a regulated market of one of the Member States to present their consolidated financial statements based on IFRS standards with a comparison with 2004.

Maurel & Prom, listed in Paris and being the group's parent company, is bound by this obligation on the drafting of its 2005 consolidated financial statements; the 2004 financial statements, which will remain drafted and published in accordance with currently applicable rules, will therefore have to be restated according to the IFRS standards to provide a comparison with 2005.

In accordance with the recommendations of the European Committee of securities market regulators adopted by the French Autorité des marchés financiers and, on the occasion of the publication of the 2003 financial statements, information is given below on the main requirements and actions to be taken in 2004 to ensure the transition to IFRS standards in 2005.

Conscious of the issues involved in the change of standard, Maurel & Prom has decided to form a project team to carry out an initial analysis of all the IFRS standards as currently defined and more particularly of those likely to have an influence on the Maurel & Prom Group.

The project team will work closely with the Audit Committee and will be assisted in its work by an outside consultant. The Statutory Auditors will be kept informed of the discussions and of progress on the team's work.

So, during the first half of 2004, to prepare for this change of standard as quickly as possibly, the team's task will be:

- to identify the main differences from the current standards and to assess the impacts on the Group's organization, information systems and financial statements
- to supply the criteria and recommendations needed to make any choices concerning future methods and modalities of application
- to quantify any financial impacts of the transition to the new standards on the 2004 financial statements and to assess the training needs for the people involved in producing the financial information.

In the second half of 2004, when the diagnostic phase is complete and the choices have been made, the project team will undertake to:

- prepare the opening balance sheet as at January 1 2004 restated according to IFRS standards
- draft a specification of the changes to be made to the group's processes and information systems
- produce a precise draft of the framework for presenting the consolidated financial statements of the general and sectorial financial information in compliance with the new standards.

It should be emphasized that the team will work on the basis of the texts available as of today.

Specifically, a certain number of IFRS standards are being redrafted and others are in the process of being adopted.

Furthermore, standards 16 and 38, relating respectively to the accounting treatment of tangible and intangible assets have excluded oil and gas exploration and extraction assets from their scope.

Also, following a recent survey report, a standard is being finalized relating to possible alternatives for the first transition to IFRS standards concerning these assets, since the IASB is not able to draft a specific standard on this subject by 2005.

When the standards have been finalized, the Group will then be able to make final decisions and reliably quantify all the impacts involved in the transition to the new accounting standard.

Also, as the texts evolve and the project team's work advances in consequence, the information will be given on any expected cost due to this change, after a prior audit of the results of the various internal studies.

Because of the arrangements made and the action timetable defined, the Group considers that it will be capable of handling the transition to the new IFRS standards without major problems in time for 2005.

5.4 - INVENTORY OF MARKETABLE SECURITIES

• Shares and investments in affiliates: K€ 13 843
(see table of subsidiaries and holdings)

• Bonds and similar securities: none.

5.5 - FEES OF THE STATUTORY AUDITORS AND OF THE MEMBERS OF THEIR NETWORKS USED BY THE GROUP

2003

	Ernst & Young	Michel Bousquet	Other
Audit			
Statutory Auditors, certification, examination of individual and consolidated financial statements	408 128	195 146	6 098
Related tasks (*)	95 602	14 142	
Subtotal	503 730	209 288	6 098
Legal, fiscal, social	56 857		
Subtotal	56 857	0	0
Total	560 588	209 288	6 098

(*) including the task relating to the statement made in the Company's reference document for the year ending December 31 2002 registered with the Commission des opérations de bourse on July 13 2003, number R.03-156

2002

	Ernst & Young	Michel Bousquet	Other
Audit			
Statutory Auditors, certification, examination of individual and consolidated financial statements	376 554	148 581	21 677
Related tasks (*)	76 783		
Subtotal	453 337	148 581	21 677
Legal, fiscal, social	21 483		14 070
Subtotal	21 483	0	14 070
Total	474 820	148 581	35 747

(*) COB memoranda N° R.02-060 and R02-154

5.6 - INFORMATION ON NON TAX DEDUCTIBLE EXPENSES

€ 2 109 has been reintegrated for the determination of the taxable income with relation to non-tax deductible expenses, which is broken down as follows:

- Expenditure on luxuries:	€ 0
- Excess amortizations:	€ 696
- Other expenses (company vehicle tax):	€ 1 413

5.7 - SPECIAL REPORT OF THE STATUTORY AUDITORS ON THE REGULATED AGREEMENTS

To the shareholders,

In our capacity as the Statutory Auditors of your company, we hereby present our report on the regulated agreements.

1. It is not our role to look for agreements, but, on the basis of the information given to us, to inform you of the characteristics and main features of the agreements of which we have been informed, and not to express an opinion on their usefulness or legitimacy. It is your responsibility, in compliance with Article 92 of the decree of March 23 1967, to assess the value of concluding such agreements in order to approve them. We wish to inform you that we have been notified of no agreement being made during the year subject to Article L. 226-10 of Code of Commerce.

Furthermore, in application of the decree of March 23 1967, we have been informed that the following agreements, approved in earlier years, continued to apply during the last year.

1.1 With Pacifico**א. מאמץ אגודת פסיפיקו**

On October 14 2002, your Supervisory Board authorized the domiciliation agreement between Pacifico and your Company.

Modalities

This agreement, made on October 21 2002, took effect on January 1 2003. The annual domiciliation amount is set at € 1 600.00 excluding taxes.

ב. מאמץ אגודת ארעופאז

On October 4 2000, your Supervisory Board authorized a cash advance agreement between Pacifico and your Company.

Modalities

Payment for the current account advances is made at the three month EURIBOR rate +2%. The balance of the advance is € 60 000.00 as at December 31 2003, no interest has been booked for the year 2003.

1.2 With Aréopage**Nature and purpose**

On October 14 2002, your Supervisory Board authorized the domiciliation agreement between Aréopage and your Company.

Modalities

This agreement, made on October 21 2002, took effect on January 12003. The annual amount of the domiciliation is set at € 1 600.00 excluding taxes.

1.3 With Caroil**Nature and purpose**

On October 14 2002, your Supervisory Board authorized the domiciliation agreement between Caroil and your Company.

Modalities

This agreement, made on November 12 2002, took effect on January 1 2003. The annual amount of the domiciliation is set at € 20 558.45 excluding taxes.

1.4 With EEM Conseils**Nature and purpose**

On March 12 1996, your Supervisory Board authorized the domiciliation agreement between your Company and EEM Conseils.

Modalities

This agreement, made on April 26 1996, was terminated, due to the change in your head office, by registered mail dated October 17 2002 and all its effects expired on January 17 2003.

1.5 With Compagnie Aquacole du Midi**Nature and purpose**

On June 30 1997, your Supervisory Board authorized the signing of a current account agreement between your Company and Compagnie Aquacole du Midi.

Modalities

This agreement was made on September 16 1997 for one year, renewable by tacit agreement, providing for the payment of cash advances at the tax deductible rate. The current accounts were sold to Electricité et Eaux de Madagascar when the aquaculture group was sold to that company on March 18 2003. Interest earnings for 2003 were € 46 189.03.

1.6 With Compagnie Européenne et Africaine du Bois (C.E.A.B.)**Nature and purpose**

On September 30 1999, your Supervisory Board authorized the signing of a current account agreement between your Company and the C.E.A.B.

Modalities

This agreement was made on March 20 2000 for one year, renewable by tacit agreement, providing for the payment of cash advances at the tax deductible rate. As at December 31 2003, the current account - interest included - stood at € 132 229 in favor of your company. The interest earned is € 5 856 for 2003.

1.7 With Compagnie Aurifère du Mali**Nature and purpose**

On October 4 2000, your Supervisory Board authorized the signing of a current account agreement between your Company and Compagnie Aurifère du Mali.

Modalities

This agreement was made on October 2000. With effect from March 1 2003, the Compagnie Aurifère du Mali merged, with New Gold Mali. The current account agreement ceased forthwith.

SECTION VI
CORPORATE GOVERNANCE

1.8 With New Gold Mali

Nature and purpose

On September 30 1999, your Supervisory Board authorized the signing of a current account agreement between your Company and New Gold Mali.

Modalities

This agreement was made on October 5 2000 for one year, renewable by tacit agreement, providing for the payment of cash advances at the tax deductible rate. As at December 31 2003, the current account - interest included - stood at € 6 080 854.78 in favor of your company. The interest earned is € 279 824.06 for 2003.

We have carried out our task according to the professional standards applicable in France; these standards require the application of due diligence in checking that the information given to us complies with the basic documents from which it is derived.

2. We would also like to present you our report on the agreement specified in Article L. 225-42 of the Code of Commerce.

In application of Article L. 225-240 of this Code, we would inform you that this agreement has not had prior authorization from your Supervisory Board.

It is our duty, on the basis of the information given to us, to inform you, in addition to the characteristics and main features of this agreement, of the reasons why the authorization procedure was not followed.

With Caroil

Person concerned

Jean-François Hénin, Managing Director of Etablissements Maurel and Prom and Chairman and Chief Executive Officer of Caroil

Nature and purpose

On October 7 2003, your Supervisory Board authorized the signing of a current account agreement between your Company and Caroil.

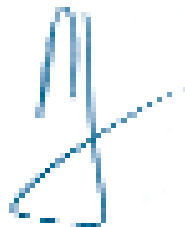
Modalities

This agreement, made on October 9, 2003, took effect on January 1 2003 for one year, renewable by tacit agreement. Payment for the current account advances is made at the tax deductible rate. As at December 31 2003, the current account - interest included - stood at € 15 060 370.22 in favor of your company. The interest earned is € 638 847.44 for 2003.

We wish to inform you that, during its meeting of October 7 2003, your Supervisory Board decided to authorize this agreement after the fact. June 1 2004

Statutory Auditors

Michel BOUSQUET



ERNST & YOUNG Audit



François Carrega

6.1 - MEMBERSHIP AND OPERATION OF CORPORATE BODIES

6.1.1 - Members of the corporate bodies

General partner

Aréopage SA, a French société anonyme with a 94.31% (in terms of capital and voting rights) controlling interest held by Pacifico SCA of which Jean-François Hénin, Managing Director, with the members of his family, holds 99.04% of the registered capital and voting rights.

Aréopage SA is also a limited partner of the Company since, as at March 31 2004, Aréopage SA holds 1.47% of the registered capital (1.46% of the voting rights) of Maurel & Prom.

Aréopage SA is a holding company set up to manage any company, take a direct or indirect holding in any company, operate and manage any goods and any industrial, commercial, financial or other establishments and act as an advisor to companies. A Société Anonyme with registered capital of 983 530 euros, it was appointed the managing partner by the general meeting of June 27 1996. It is chaired by Jean-François Hénin. Aréopage SA holds no interests other than its holding in Maurel & Prom.

At March 31 2004, Pacifico was also a limited partner of the Company since this company holds 11.00% of the registered capital of Maurel & Prom (10.92% of voting rights).

Pacifico is a Partnership limited by shares with capital of 1 000 000 euros and Jean-François Hénin is the Managing Director. It was set up to study, research and examine any financial, industrial, commercial and agricultural affairs, create, organize and control any commercial, industrial and agricultural company and take interests in enterprises or companies that may have a connection with its company objective.

Management

- Aréopage SA (Chairman and permanent representative: Jean-François Hénin)
- Jean-François Hénin

Jean-François Hénin is responsible for management throughout the partnership contract (ten years beginning 2000).

General management

The post of salaried, non-partner chief executive has been filled since September 8 2001 by Frédéric Boulet who is also a director of Aréopage SA.

Supervisory Board

Pierre Jacquard

First appointed on June 19 2001

Term of office renewed by the general meeting of June 26 2003 and due to end at the end of the general meeting called to vote on the financial statements for the year ending December 31 2008.

Appointed Chairman of the Board on October 7 2003 replacing Jacques Vandier who resigned from his post as Chairman of the Supervisory Board. Pierre Jacquard is also Chairman of the Maurel & Prom Strategic Committee.

GLP Conseil

Member

First appointed on June 19 2001

Represented by Gilles Brac de la Perrière

Term of office ended after the general meeting called to vote on the financial statements for 2003. The general meeting of shareholders called for June 28 2004 will not be asked to renew the term of office since GLP Conseil has not requested renewal of its term of office.

Jean-Louis Chambon

Member

First appointed on May 12 1996

Term of office renewed by the general meeting of June 26 2003 and due to end after the general meeting called to vote on the financial statements for the year ending December 31 2008.

Emmanuel de Marion de Glatigny

Member

First appointed on June 19 2001

Term of office due to end after the general meeting called to vote on the financial statements for the year ending December 31 2006.

Jacques Vandier

Member

First appointed on May 12 1996

Term of office due to end after the general meeting called to vote on the financial statements for the year ending December 31 2003. The general meeting of shareholders called for June 28 2004 will not be asked to renew his term of office since Mr Vandier, in April 2004 reached the age limit set by the Articles of Association.

Financière de Rosario

Member

First appointed on June 14 2002

Represented by Jean-François Michaud

Term of office due to end after the general meeting called to vote on the financial statements for the year ending December 31 2007.

Bernard Polge de Combret

Member (until March 4 2004)

Term of office due to end after the general meeting called to vote on the financial statements for the year ending December 31 2008; Mr Polge de Combret resigned from his position on the Supervisory Board on March 4 2004.

Fabien Chalandon

Member

First appointed on March 4 2004

Term of office due to end after the general meeting called to vote on the financial statements for the year ending December 31 2008.

Mr Chalandon was appointed by the Supervisory Board to replace Mr Polge de Combret, who had resigned. The ratification of this appointment will be put to the general meeting called for June 28 2004 (see Appendix 2 of this reference document, draft resolutions that will be put to the Combined General Meeting of shareholders called for June 28 2004).

Each member of the Supervisory Board holds the minimum number of shares required by law (one share).

The number of shares held by the company's directors and members of the Supervisory Board is 906 862 as at March 31 2004, or 12.49% of the capital and 12.42% of the Company's voting rights.

6.1.2 - Terms of office and positions held in other companies by members of the corporate bodies

Jean-François Hénin – Managing Director of Maurel & Prom SCA

Chairman	<ul style="list-style-type: none"> Aréopage SA (General partner of Maurel & Prom) Caroil SA (subsidiary of the Company)
Managing Director	<ul style="list-style-type: none"> Pacifico SCA Zetah M&P Congo SARL
Director	<ul style="list-style-type: none"> CEAB
Permanent representative	<ul style="list-style-type: none"> of Pacifico on the JT Finances Board of CEAB on the NGM Board (Mali) of Maurel & Prom as a shareholder of Finances Publiques Audit et Solutions SAS

Frédéric Boulet – Chief Executive of Maurel & Prom SCA

Chairman	<ul style="list-style-type: none"> Finances Publiques Audit et Solutions SAS
Director	<ul style="list-style-type: none"> Pebercan Inc (oil company listed in Toronto) Aréopage SA (Managing limited partner of Maurel & Prom) Serenus Conseil SA
Permanent representative	<ul style="list-style-type: none"> of Maurel & Prom on the Board of Caroil

Pierre Jacquard – Chairman of the Supervisory Board of Maurel & Prom SCA

Chairman of the Maurel & Prom Strategic Committee	
Chairman of the Supervisory Board	<ul style="list-style-type: none"> Aldran
Director	<ul style="list-style-type: none"> Armines (Association Loi 1901) Sophor Vigicell
Member of the Supervisory Board	<ul style="list-style-type: none"> Sercel

Jean-Louis Chambon – Member of the Supervisory Board
Director of Communications and Public Affairs of the Atomic Energy Commissariat

Financière de Rosario SA - Member of the Supervisory Board
RCS PARIS B n° 716.580.477

Director

- Progessec
- Sope (Société des Participations d'Entreprise)
- Sofiro (Luxembourg)

Represented by Jean-François Michaud who personally holds the following offices:

Chairman and Chief Executive Officer

- Financière de Rosario
- Slota

Chairman (SAS)

- SOPE
- SFIBB
- DYB et Cie

Director

- Financière de Rosario
- Progessec
- Financière Slota
- Slota
- Copagno
- Copagmont
- Taxis Paris Ile de France

Managing Director of SARLS

Ablis Taxis – Amboise Taxis – Appolonia Taxis – Arras Taxis – Atols Location – Benjamin Taxis – Blois Taxis – Brehat Taxis – Caesarea – Chartres Taxis – Chaumont Taxis – Clisson Taxis – Domremy – Dyka – Fredalex – Joutred – Kady – Karam – Kitax – Krizertax – Lahire Taxis – Lavi Taxis – Loches Taxis – Loire Taxis – Micpol - Monfort Taxis – Orléans Taxis – Patay – Pierrefonds Taxis – Polmic – Proxiline – Pyrénées Taxis – Reims Taxis – Rochefort Taxis – Saint-Cloud Taxis – Seva – Splendid Taxis – Taxi Alex – Taxibis – Taxicap – Taxigar – Taxipac – Taxiray – Taxivanes – Tolbiac Taxis – Valisa Taxis – Société Nouvelle Atelier 60 – Vaucresson – Vaucouleurs Taxis – Ville d'Array Taxis

GLP Conseil - Member of the Supervisory Board
RCS PARIS B n° 388 047 383

Represented by Gilles Brac de la Perrière who personally holds the following offices:

Vice-Chairman of the Supervisory Board

- Instinet France SA (investment company)
- Banque Robeco France

General Director

- GLP Conseil SA

Director

- R . DI GIOIA et Cie (Insurance broker)

Emmanuel de Marion de Glatigny - Member of the Supervisory Board

Chairman of the Supervisory Board

- Pacifico

Permanent representative

- of Pacifico on the Board of Aréopage

Director

- AVIP (Insurance company)

Jacques Vandier - Member of the Supervisory Board

Director

- MACIF Participations
- I.D.P.C.
- Financière de Lutèce
- ESFIN
- OFIVALMO Gestion

Member of the Insurance Inspection Commission

Fabien Chalandon - Member of the Supervisory Board (since March 4 2004, provided that the appointment is ratified by the general meeting of June 28 2004)

Chairman of the Management Committee

- The Chart Group, LP (New York)

Director

- Texmaille (France)
- Hibernia Capital Partners (Ireland)
- New Work Trust Holding (Jersey)
- Antwerp International Ltd (USA) (General Partner of The Chart Group, LP (USA))
- Telnic Ltd (Great Britain)
- Chart Capital Partners Ltd (Ireland)
- Chart Capital Placements, Ltd (Jersey)

Member of the Supervisory Board

- Access Capital Partners (France)

Member of the Consultative Board

- Banexi Ventures (France)

Bernard Polge de Combret - Member of the Supervisory Board (until March 4 2004)

Chairman of the Board

- Elf Trading (Geneva)

Director

- Eurotradia International (Paris)
- AXA Ré (Paris)

The Board has not considered the question of independent directors, but according to the criteria of the Bouton report, six out of the seven members of the Supervisory Board qualify as independents.

6.1.3 - Function of the administrative, management and supervisory bodies

6.1.3.1 - Function of the administrative bodies

a) Management

Management decisions are recorded in a special register. They are recorded when the regulations so require with the Centre des Impôts (Tax office) to which the Company reports.

Under the terms of Article 12 of the Company's Articles of Association, the powers of the Management are set as follows:

"The managing director or each director if there are several of them, is invested with the widest powers to act in all circumstances in the name of the Company. He exercises these powers within the limitations of the Company objective and within the powers expressly granted by law to shareholders' meetings.

If there are several directors, the opposition raised by one director to the actions of another director has no effect on third parties unless it is established that they have had knowledge of those actions.

As an internal measure not binding on third parties, it is stipulated that the Management does not have to obtain the approval of the general partners for:

- signing any contract committing the Company up to 762 245.10 euros,
- any decision concerning indebtedness of the Company,
- any commitments by signature.

If there are several directors, each of them may oppose any transaction planned by another director before it is concluded.

The managing director or each of the directors may, at his personal discretion, delegate powers for one or more specific purposes.

The managing director or, in the event of plurality, the directors acting jointly may choose one or more directors for whom they determine the terms for joining and leaving the company and the responsibilities and the fixed or proportional remuneration".

During 2003, the Management of the Company adopted fourteen formal decisions on the dates shown below:

- January 13 2003
- February 1 2003
- April 17 2003
- June 16 2003
- June 18 2003
- June 30 2003
- July 1 2003
- July 16 2003
- July 29 2003
- September 11 2003
- September 25 2003
- September 26 2003
- October 8 2003
- November 7 2003

b) Supervisory Board

The main role of the Supervisory Board is to ensure that the standards of good management and prudence are observed in the establishment of the financial statements and that the risks relating to the Company's business are well controlled, while providing assistance and advice to the Management in its growth strategy and organization. In its membership (described in section 6.1.1 above), it aims for a balance of financial and oil know-how and international experience.

Under the terms of Article 14 ter of the Articles of Association, the powers of the Supervisory Board are set as follows:

"The Supervisory Board constantly supervises the Management of the Company. For this purpose, it has the same powers as the Statutory Auditors.

It reports to the ordinary Annual General Meeting on the conduct of the Company's affairs highlighting in particular the irregularities and inexactitudes revealed in the annual financial statements and, where appropriate, the consolidated financial statements for the year.

It receives the same documents as the Statutory Auditors at the same time as they receive them.

It can call a general meeting of shareholders.

It authorizes the agreements specified in Article 258 of the law of July 24 1966 under the terms specified in articles 101 to 106 of the said law and in Article 14 quinquies of these Articles of Association.

The members of the Supervisory Board are not liable for the Management's actions or for the results thereof. However, they may be declared publicly liable for offences committed by the Management if, having had knowledge of them, they have not reported them to the general meeting. They are also liable for personal errors committed in execution of their office."

Because of the size of the Company, there is no company rule on the function of the Supervisory Board. Furthermore, for the same reason, there is no specific rule concerning restrictions or prohibitions of action of the members of the Supervisory Board in relation to trading in the shares of companies on which they have information which is not yet in the public domain. Only the legal and regulatory requirements apply in this instance.

During 2003, the Supervisory Board met four times on the following dates:

- March 14 2003
- April 22 2003
- October 7 2003
- December 16 2003

The meeting dates of the Supervisory Board and the attendance of its members are given in the table below:

	March 14 2003	April 22 2003	October 7 2003	December 16 2003
Pierre Jacquard	present	present	present	present
Jean-Louis Chambon	present	present	present	absent
GLP Conseil	present	present	present	present
Emmanuel de Marion de Glatigny	present	present	present	present
Pierre de Barbentanne	absent	—	—	—
Jacques Vandier	absent	absent	absent	present
Financiere de Rosario	present	present	present	present
Bernard Polge de Combret	*	*	present	present
	5 out of 7	5 out of 6	6 out of 7	6 out of 7

(*) Appointed during the Combined General Meeting of June 26 2003 to replace M. de Barbentanne who died at the beginning of 2003.

6.1.3.2 - Committees set up by the corporate bodies

a) Strategic and Technical Orientation Committee

In accordance with the requirements concerning corporate governance, the Supervisory Board has set up a Strategic and Technical Orientation Committee.

The Strategy and Technical Orientation Committee's main responsibility is to study, at the management's request, the strategic decisions and generally the projects and new directions taken by the Company. In particular, it focuses on the technical/economic valuation of the oil reserves, the field development projects, the technical investments and the organization of the oil operating structure.

Since its formation on November 1 2001, its members have been:

- M. Pierre Jacquard, former Chairman of the Institut Français du Pétrole (IFP), who acts as Chairman,
- M. Paul Alba, former executive director of Elf Aquitaine,
- M. Micaël Gulbenkian, Chairman of Heritage Oil & Gas (former Chairman of Partex).

During 2003, as for the previous year, the activities of the Strategic and Technical Orientation Committee took several forms:

- 1- Formalization of regular and frequent interchanges with the management and senior management of the Company which, although usually informal, have in particular related to the main projects of Maurel & Prom in the Congo, in Cuba and in Vietnam and to the opportunities available to the Company and to the action to be taken on them;
- 2- Participation in meetings with the Company's general management and outside people concerning all matters relating to the development of Maurel & Prom Group businesses;
- 3- Interchanges with the Statutory Auditors concerning problems in Vietnam and France;
- 4- Examination of the technical studies of consultants on the Company's specific projects and taking these studies to greater depth in liaison with those consultants;
- 5- Taking part in the search for, selection and recruitment of several technical managers of the Maurel & Prom Group who progressively contribute to forming the technical backbone of the Company; and
- 6- Permanent interchanges with the company's technical managers, including assistance and advice on many technical subjects.

During 2003, the Strategic and Technical Orientation Committee met on the following dates:

- April 4 2003
- July 28 2003
- October 28 2003
- November 4 2003
- December 12 2003

b) Audit Committee

An Audit Committee was formed by the Supervisory Board during its meeting of October 7 2003. It was originally made up of Gilles Brac de la Perrière and Bernard Polge de Combret. The main duties of the Audit Committee are:

- to examine the parent company and consolidated financial statements of the Company and of the Maurel & Prom Group;
- to check the pertinence and permanence of the accounting methods used (i) for the parent company and consolidated financial statements and (ii) for the scope of consolidation;
- to examine the internal and external auditing procedures applied in the Maurel & Prom Group;
- to assess the reliability, pertinence, methods, effectiveness and independence of the internal audit;
- to work with the project team set up by Maurel & Prom to analyze all the IFRS accounting standards and in particular those likely to have an influence on the Group (see 5.3);
- to examine the major transactions involving a risk of conflict of interest between the Company and its directors, the general partners or the members of the Company's Supervisory Board;
- to check the independence and objectivity of the Statutory Auditors.

The Audit Committee which now includes Jean-Louis Chambon replacing Bernard Polge de Combret, met for the first time on April 8 2004 in the presence of the Management of the Company and the Statutory Auditors.

6.1.4 - Internal audit procedures in force in the Company

The details below are taken wholesale from the details contained in the report of the Chairman of the Supervisory Board on the internal audit procedures put in place by the Company.

The internal audit procedures in force in the Company are designed:

- to ensure that the actions of management or of implementation of operations and employee behavior fall within the framework defined by the guidelines set for the company's activities by the Company's corporate bodies, by the applicable laws and regulations and by the values, standards and rules of the company;
- on the other hand, to check that the accounting, financial and management information communicated to the company's management bodies provides a true reflection of the activity and financial situation of the company; one of the objectives of the internal audit system is to prevent and control the risks arising from the company's activity and the risk of error or fraud, in particular in the accounting and financial fields. Like any audit system, it may not however provide an absolute guarantee that these risks are totally eliminated.

For this reason, the corporate bodies put in place the organization, the methods and procedures of each of the Company's activities to ensure the Company's survival.

They also set the in-house rules of operation, management and risk prevention related to the business.

As mentioned above, Management conducts the affairs of the Company under the supervision of the Supervisory Board which has an independent role; since the Board is assisted by the Strategic and Technical Orientation Committee as well as by the Audit Committee which was created to help to optimize and protect the Company's decision-making process.

The overview of the organization of the Group's internal audit and procedures for drafting and processing the following accounting and financial information has been based on information supplied by senior management and from interviews conducted with the people actually doing the work and the accounting and management control personnel.

The Group's business, excluding the conventional holding role, is mainly involved in oil. Also, in almost all cases, the drilling business is conducted in a regulatory framework involving the participation of partners and governments of the countries in question. This framework requires highly formalized processes:

- for drafting an annual budget for each permit discussed with the partners and submitted for approval to the authorities in the countries concerned,
- for establishing specific work requests for any major expenditure that needs the approval of the partners,
- for obtaining funds, with authorization obtained from the partners, to provide regular finance for the work as it progresses.

Furthermore:

- any overspend more than 10% above these authorizations must be approved by the partners,
- monthly budget spending reports prepared by management control at head office are sent to the Financial Department and to the partners after review by the local management controller and those responsible for the various cost centers. Finally, the work done is officially presented to the Local Authorities within the Management Committee for approval with respect to oil cost and is subject to a full after-the-fact annual audit by the administrations concerned.

So any investment or oil cost commitment is of necessity included in a budget approved and/or validated by all the parties involved in the various partnership contracts in place.
The result of this is a tight systematic operational internal audit in which the cost center managers at every stage of operation (prospecting, drilling, operation), whether local or at head office, are engaged.

The Management, responsible for publishing reliable financial and accounting information, relies on the Group's finance department, both at head office and the operational sites, an accounting department and a management control department.

The processing software used, covering both financial and cost accounting, personnel and fixed asset management is standard software.
The parent company and consolidated financial statements are produced on a half-yearly basis under the supervision of a firm of chartered accountants.

Produced every six months, the accounting data for the sites in the Congo (which represent 80% of oil sales) are reviewed by head office in Paris before being included in the financial statements.
The management control department analyzes, on an ad hoc basis, the variances between budget and actual and carries out a general cost analysis.
Reconciliations are made, if necessary, with the management controller in the Congo who also performs budget reconciliations with the local managers of the operational cost centers.
The internal audit procedures necessary to produce reliable accounting information are set out in a manual produced in 2003 with the help of head office.

All the accounting data of the consolidated sites and subsidiaries (excluding companies consolidated by the equity method) result in a local audit by the network of Statutory Auditors certifying the consolidated financial statements of the group.
The company consolidated by the equity method is subject to a local audit by an international company.

6.1.5 - Report of the Statutory Auditors on the information supplied by the Company concerning the internal audit procedures covering the drafting and processing of accounting and financial information

To the partners,

In our capacity as auditors of the financial statements of Etablissements Maurel et Prom and at your request, we hereby present our report on the information supplied by your Company with respect to the requirements of Article L. 621-18-3 of the Code Monétaire et Financier arising from Law N° 2003-706 of August 1 2003 (Financial Security Law) for the year ending December 31 2003.

It is the Management's responsibility to define and implement appropriate and effective internal audit procedures. It is the Company's responsibility to give account in particular of how the work of the Supervisory Board is prepared and organized and of the internal audit procedures set up within the Company.

It is our task to inform you of the observations which the information supplied by the Company causes us to make, information concerning the internal audit procedures covering the drafting and processing of the accounting and financial information.

We have carried out our task according to the professional doctrine applicable in France. This requires due diligence in assessing the fairness of the information supplied by the Company concerning the internal audit procedures covering the drafting and processing of accounting and financial information. This task mainly involves:

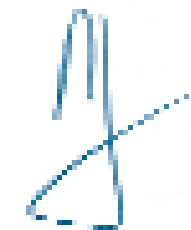
- ascertaining the objectives and general organization of the internal audit and of the internal audit procedures covering the drafting and processing of the accounting and financial information supplied by the Company;
- ascertaining the work underlying the information thus given in the report.

On the basis of our audit, we have no comments to make on the information concerning the Company's internal audit procedures covering the drafting and processing of the accounting and financial information supplied by the Company and satisfying the requirements of Article L. 621-18-3 of the Code Monétaire et Financier arising from Law N° 2003-706 of August 1 2003 (Financial Security Law).

June 1 2004

Statutory Auditors

Michel BOUSQUET



ERNST & YOUNG Audit



François Carrega

6.2 - INTERESTS OF THE DIRECTORS AND OTHER OFFICERS OF THE COMPANY**6.2.1 - Remuneration paid for the year just ended, for whatever reason, to each member of the administration, management and supervisory bodies**

Jean-François Hénin, an individual manager who is not a partner, receives no remuneration for his office as Managing Director of the Company. Neither does he receive any indirect remuneration through (i) commissions and/or dividends paid by Maurel & Prom to Aréopage SA and Pacifico or (ii) benefits in kind.

Nevertheless, Jean-François Hénin receives remuneration for his job as Managing Director of Pacifico.

Aréopage SA, a body corporate manager, received for the year 2000 an annual remuneration of 500 000 francs (excluding tax) (that is € 76 225) set by the Ordinary General Meeting of June 14 2000. This remuneration remained at 500 000 francs (excluding tax) or € 76 225 for the year 2001 and the year 2002. For 2003, it was set at € 76 225. For 2004, the Combined General Meeting of shareholders called for June 28 2004 will be asked to set the gross annual remuneration of the body corporate manager, Aréopage SA, at € 76 225 (see draft resolutions in note 2 of this reference document).

Aréopage SA has to date received no indirect remuneration from Maurel & Prom. Jean-François Hénin receives no remuneration from Aréopage SA for his work as Chairman of the Board of that company.

Aréopage SA could also benefit from the payment of a percentage of the profits of the Company since it is a general partner, in application of Article 17 of the Company's Articles of Association (this article is described in section 3.1.8 of this reference document).

No remuneration will be paid to the general partner for 2003.

During the year, the management team (five people) received K€ 665 in remuneration (gross remuneration).

In 2003, the members of the Supervisory Board received in total € 30 490 in attendance fees due to them for 2002, that is:

- Jacques Vandier:	€ 9 145
- Jean-Louis Chambon:	€ 4 066
- Emmanuel de Marion de Glatigny:	€ 4 066
- Pierre de Barbentanne:	€ 3 630
- GLP Conseil:	€ 3 630
- Pierre Jacquard:	€ 4 066
- Financière de Rosario:	€ 1 888

a total of € 30 490.

Attendance fees received in 2002 for 2001 were:

- Jacques Vandier:	€ 9 145.00
- Jean-Louis Chambon:	€ 1 982.45
- Emmanuel de Marion de Glatigny:	€ 5 475.85
- Pierre de Barbentanne:	€ 5 475.85
- GLP Conseil:	€ 5 475.85
- Pierre Jacquard:	€ 2 935.00

a total of € 30 490.

These remunerations include a fixed portion and a variable portion calculated according to each member's attendance of Supervisory Board meetings.

Summary tables of remuneration of officers of the Company.**Management remuneration:**

	Fixed remuneration		Variable remuneration		Benefits in kind 2003	
	2003	2002	2003	2002	2003	2002
Aréopage	76.225	76.225	*	*	0	0
Mr Hénin	0	0	0	0	0	0

* see section 3.1.8. – Article 17 of the Articles of Association

Remuneration of Supervisory Board members

Attendance fees	Attendance fees 2002	2001
Mr Jacques Vandier*	€ 9 145	€ 9 145.00
Mr Pierre Jacquard	€ 4 066	€ 2 935.00
Mr Emmanuel de Marion de Glatigny	€ 4 066	€ 5 475.85
GLP Conseil	€ 3 630	€ 5 475.85
Financière de Rosario	€ 1 888	
Mr Jean-Louis Chambon	€ 4 066	€ 1 982.45
Mr Pierre de Barbentanne	€ 3 630	€ 5 475.85
Total	€ 30 490	€ 30 490

* Chairman of the Supervisory Board (up to October 7 2003)

The general meeting of June 28 2004 will be asked to approve that € 65 542 be paid to Supervisory Board members. The increase arises from the increasing role taken by the Strategic and Technical Committee and the Audit Committee. This remuneration comprises a fixed portion and a variable portion relating to each member's attendance of Board meetings and also takes account of the function of Mr Jacquard as Chairman of the Strategic and Technical Committee.

The officers of the Company described above receive no remuneration from the subsidiaries of the Maurel & Prom Group.

6.2.2 - Share subscription or purchase options granted to each officer of the company and options exercised by them.

No share subscription or purchase option was granted to the officers of the Company during 2001, 2002 and 2003 by the Company, by the companies of the Maurel & Prom Group, by Aréopage or by Pacifico.

6.2.3 - Information on the transactions conducted between the Company and members of the management or supervisory bodies or shareholders holding more than 10% of the voting rights.

No transaction between the Company and the members of management or supervisory bodies or shareholders holding more than 10% of the voting rights was agreed during the fiscal year 2003.

6.2.4 - Loans and guarantees granted or set up in favor of the members of the management or supervisory bodies.

No loan or guarantee was granted or set up in favor of members of the management or supervisory bodies of the Company during the fiscal year 2003.

On April 29 2002, the Company and Financière de Rosario ("Financière de Rosario") concluded a loan agreement (the "Loan agreement") under the terms of which Financière de Rosario loaned the Company the sum of K\$ 15 000 (the "Loan").

The monies from the Loan were used by the Company to (i) provide its general cash flow requirements and (ii) finance a portion of the acquisition of the share in Heritage Congo Limited on the Kouilou oil and gas operating permit, such acquisition having been described in a transaction memorandum signed by the Commission des opérations de bourse on July 29 2002 under number 02-911.

Subsequent to a supplementary clause to the Loan Agreement dated July 30 2002, the Loan was repaid early by the Company with K\$ 5 000 being offset by the issue of Maurel & Prom convertible bonds on August 29 2002, having been the subject of the aforementioned transaction memorandum. The balance of K\$ 10 000 was repaid on February 19 2004.

Financière de Rosario, represented by its Chairman, Jean-François Michaud, became a member of the Supervisory Board of the Company on June 14 2002.

6.3 - PERSONNEL PROFIT-SHARING SCHEMES

6.3.1 - Employees' association: profit-sharing, payroll savings

The Company operates an ambitious policy of linking employees into the performance of the Company and into its capital by signing a profit-sharing agreement and by setting up a payroll savings scheme.

Profit-sharing plan

A profit-sharing plan was put in place on June 27 2002. The profit-sharing agreement was set up for three years from January 1 2002 and ends on December 31 2004.

This plan has two aims: to ensure solidarity amongst the employees to stimulate the group productive dynamic and respect everyone's contribution to the effort to increase productivity and improve work organization.

All employees (including trainees and full time or part time contract employees) with at least three months service in the Company earn a share in the profits up to the collective and individual ceilings in force.

Profit-sharing is based on the operating income and is calculated with respect to the collective and individual ceilings in force.

The corresponding profit-sharing fund stood at K€ 210 in 2003. It is paid or transferred in full or in part to the Company Savings Plan and in this case receives a Company contribution.

Payroll savings

On March 1 2002, the Company set up an active payroll savings policy by offering its employees the benefit of a Company Savings Plan and a Voluntary Payroll Savings Partnership Plan: the whole system has been in force since 2003. As part of this scheme, twenty employees have a share in the capital of Maurel & Prom in the amount of 6 441 shares.

1 – Company Savings Plan (PEE)

All Company employees with at least three months' service can join if they wish.

The PEE can receive some or all of the employee's share of profit when there is one, the voluntary payments of the beneficiaries (up to the limits provided by law), the Company supplement and the transfers from the beneficiary's savings into the plan, the inter-company savings plan or the profit-sharing agreement of a former employer, becoming available when the employee's contract ends.

The Company encourages the beneficiaries to make the effort to save by adding a supplement that varies according to a general rule and is applicable collectively to all beneficiaries.

The plan, which came into force on March 1 2002 for one year, is renewable by a tacit agreement for periods of one year.

2 – The Sliding Term Voluntary Payroll Savings Partnership Plan (PPESV)

The PPESV is a collective savings scheme by which the Company's employees can participate with the help of the Company in building up a portfolio of marketable securities.

All employees with at least three months' service in the Company can join the PPESV if they wish.

The PPESV can be fed by voluntary cash payments from the beneficiaries (up to the limits provided by law), the Company supplement (according to the collective rules applicable to all beneficiaries), some or all of the share of profit when there is one, the special profit-sharing reserve when it exists, transfers from the beneficiary's savings built up with a former employer which the beneficiary left at the end of a contract of employment, transfers from the beneficiary's savings built up in the Company as part of the profit-sharing scheme.

The PPESV ran until December 31 2003; it was renewed by tacit agreement for one year.

SECTION VII

RECENT CHANGES AND OUTLOOK FOR THE FUTURE

6.3.2 - Share subscription or purchase options granted to employees and options exercised by them.

In accordance with an authorization of the Combined General Meeting of September 11 2001, the Management granted certain Company employees 154 000 share subscription options on October 25 2001 and 26 000 on June 16 2003. Twelve employees were involved in this plan.

In accordance with the new authorization granted by the Combined General Meeting of June 26 2003, the Management granted five Company employees 123 000 subscription options on July 29 2003.

The content of these plans is given in detail in section 3.2.6.2 and in section 5 above.

The main elements of these plans are:

Authorization date	Allocation date	Number of options	Exercise price	Exercise date	Number of options exercised	Number of residual options	Due date
September 11 2001	October 25 2001	154 000	€ 12.15	October 6 2004	0	154 000	no deadline
September 11 2001	June 16 2003	26 000	€ 19.98	June 17 2006	0	26 000	June 16 2008
June 26 2003	July 29 2003	123 000	€ 17.82	July 30 2003	0	123 000	July 29 2008

7.1 - RECENT CHANGES

7.1.1 - Mining business

7.1.1.1 - Gabon

On April 26 2004, the Gabonese authorities approved the sale to Maurel & Prom of a share in the interests of Rockover Oil & Gas held in the Ofoubou Ankani and MT 2000 permits.

The Production Sharing Contract corresponding to the MT 2000 permit is being finalized.

7.1.1.2 - Tanzania

A Production Sharing Contract relating to the Bigwa - Rufiji - Mafia regions should be signed before the end of June 2004 with the Tanzanian authorities.

The terms of the contract were agreed in April 2003 and the contract provides for the completion of one mandatory well within two years of the contract being signed.

7.1.1.3 - Guinea-Bissau

An 18-month exclusivity contract relating to the offshore portion of Block 3 and all of the Guinea onshore portion was signed on April 29 2004. Preliminary studies with minimum financial commitments will be used to decide whether to agree an oil contract with État Petroguin. The main terms and conditions of this contract have already been agreed.

7.1.2 - Shareholdings

7.1.2.1 - Conversion of OCEANE convertible bonds

Between January 1 2004 and April 30 2004, 179 190 OCEANE convertible bonds were converted into shares taking the total number of OCEANE convertible bonds converted since their creation to 290 936. These conversions will be confirmed by a Management decision of May 11 2004. As at April 30 2004, 1 221 929 OCEANEs remain in circulation.

7.1.3 - Company activity

Sales for the first quarter 2004

Maurel & Prom consolidated sales for the first quarter 2004 stood at K€ 13 600, an increase of 30% over the first quarter 2003. Using the proportional contribution of the interests in Pebercan Inc. consolidated from the accounting point of view by the equity method, Maurel & Prom economic sales for the first quarter 2004 work out a K€ 15 100, a 17% increase relative to the first quarter 2003.

7.2 - FUTURE OUTLOOK

The outlook for the activity of the business and of the Maurel & Prom Group is detailed in Section IV (information on the activity of the Group) of this reference document.

These aspects are covered in greater detail in the following sections:

- a. 4.1.3 – Changes in the Company's activity;
- b. sub-sections 4.1.4.2, 4.1.4.2.1, 4.1.4.2.2, 4.1.4.2.3, 4.1.4.2.4, 4.1.4.2.5, 4.1.4.2.6, 4.1.4.2.7 and 4.1.4.2.8 which detail the recent changes and future outlook of the various businesses of the Maurel & Prom Group.

In addition, the Company's web site is regularly updated by a specialist company. This reference document for 2003 will therefore shortly be "on line" on the site.

Furthermore, the key events concerning the business of the Company and of the Maurel & Prom Group plus the provisional financial statements discussed in Supervisory Board meetings are regularly released to the press after the meetings.

Finally, the financial outlook for the Maurel & Prom Group for 2004 as described to institutional investors and financial analysts during road shows conducted by the Management is summarized below:

FINANCIAL OUTLOOK

"After the divestments completed and in progress, the Group is increasingly concentrating on the oil business alone.

This business can fluctuate wildly due mainly to the price of crude and the dollar/euro parity.

Moreover, the Company, mainly in the Congo, is going through a phase of rapid growth in which many problems can arise, particularly with delays in drilling and in the productivity of wells newly brought on line.

In this complex environment, because of the assumptions made by the Group, particularly an oil price of \$ 24 per barrel, the financial outlook for 2004 at the level of the consolidated financial statements is as follows:

Sales	120 to 140 million euros
Net income (excluding extraordinary income)	45 to 55 million euros

With this in prospect, the financial balance for 2004 would be as follows (in euros millions):

Own resources	50 to 64
Including: Cash flow	50 to 64
Capital employed	103
Including: Investments	69
Loan repayments	34
Financing requirement	39 to 53
New loans	19
Cash at beginning of year	44
Cash at year end	10 to 24

Similarly, the Company has released the following objectives for 2005 (Cuban interests included proportionally at 20%): Economic sales: M€ 250 to 290

Net income (excluding extraordinary items): M€ 100 to 120

VALUATION

The Company periodically analyzes its estimate of its market value.

These analyses are mainly based on two methods:

- net asset value,
- value of reserves.

Net asset value

In euros millions	OCEANE / Stock options and share warrants included for the calculation/share	
	Excluding remuneration	with partner remuneration
REVALUED OIL ASSETS	1 159	1 159
Congo	1 117	1 117
Cuba	20	20
Vietnam	22	22
Other industrial assets	47	47
Total short term assets/Long term debt	-6	-6
Partnership remuneration* (15% oil net asset value)		-174
Net asset value	1 200	1 026
Or in euros/share	122	104

* Excluding control premium; Maurel & Prom estimate

The net asset value is calculated for oil assets by discounting the future net cash flows of the necessary investments. Where: price per barrel is \$ 25; discount rate is 10%; long term €/ \$ parity = 1

Valuation by reserves methods*

Average price per barrel

(market value depending on quality of oil): \$ 5/b for the Congo and \$ 2.5/b for Cuba

Proven reserves	=	M\$ 430.0
Probable reserves x 50%	=	M\$ 477.0
Possible reserves x 10%	=	M\$ 109.0
Total oil	=	M\$ 1 016
Other assets	=	M\$ 47.0
Balance of short term assets/		
Long term debt	=	M\$ -6.0
Partnership remuneration*	=	M\$ -174.0
Total	=	M€ 883

Or € 90 per share after all dilutions and remuneration of the partnership (long term €/ \$ parity = 1)

* excluding control premium

Average of the two methods: 97 euros per share after all dilutions.

The result of these two methods is very sensitive to the valuation of the endogenous factors (levels of reserves, well productivity, etc) and exogenous factors (price per barrel, dollar/euro parity, commodity values, etc).

It can also suffer wild fluctuations.

APPENDICES TO THE REFERENCE DOCUMENT

APPENDIX 1 - GLOSSARY

Main terms, symbols or abbreviations used in the reference document.

b (barrel)	A unit of volume of crude oil, 159 liters (42 US gallons). A ton of oil takes approximately 7.5 barrels.
CAM	Compagnie Aquacole du Midi.
CAPEX	Capital expenditures: tangible and intangible investments/development expenses.
Completion	The accomplishment of all operations to make a well operational (installation of the pipework, valves, well head, etc).
Production Sharing Contract (CPP)	A contract between the Government and the company operating the permit; this contract determines all the operator's rights and obligations and in particular the cost oil percentage (by which the operator obtains reimbursement for the exploration and development expenditure borne by the operating company) and the level of profit oil (remuneration).
Depletion	The depletion of an oil field resulting from its operation.
FMB	Ferme Marine des Baleines.
Gas Cap	The top of a structure being filled by a gaseous fluid.
Layer hole connections	All the techniques used to improve the connection of the formation with the surface (in particular, perforation, gravel-pack open hole, etc).
mD	A unit of measurement of permeability.
Multi-purpose ships	Ships suited to multiple uses.
NGM	New Gold Mali.
OPEX	Operating expenses.
Prospect	A region in which, after surveying, the geologists believe it is possible to find hydrocarbons.
2P reserves	Proven and probable reserves. Proven reserves are the quantities of hydrocarbons in reservoirs and blocks found by wells and which, after geological and reservoir analysis, can with reasonable certainty be commercially recovered in the economic conditions pertaining at the time. Probable reserves are reserves that are unproven but there is hope that it will be possible to make them produce particularly (1) by extension drilling within the perimeter defined by the oil-water interface, (2) by using secondary recovery methods.
3P reserves	These are proven + probable + possible reserves. Possible reserves are unproven reserves which, on the basis of geological interpretations (1) could exist beyond the regions defined as probable, (2) appear separated from the proven zone by a major fault, (3) are situated further down than the proven zone but above the structural closure of the field.
Rig	Drilling rig.
STOOIP	Stock Tank Original Oil In Place. The reserves in place, or STOOIP, is the volume of oil in underground condition raised to the surface.
2D-3D seismic	Seismic surveying is one of the basic essential methods of oil exploration. The geophysical method consisting of transmitting waves into the substrata and recording their propagation in the substrata to obtain information on the underground structure. It can be in two or three dimensions.
Work over	An operation to rework a well.

APPENDIX 2 - DRAFT RESOLUTIONS PUT TO THE COMBINED GENERAL MEETING OF JUNE 28 2004

Dividendes

First Resolution (Approval of the consolidated balance sheet and income statement for the year ending December 31 2003). - The general meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting, after hearing the Management Report on the activity of the Maurel & Prom Group, the Report of the Supervisory Board and the Report of the Statutory Auditors, approves the consolidated annual financial statements for the year ending December 31 2003 for the Maurel & Prom Group as read, and the transactions reflected in these financial statements and summarized in these reports.

Second Resolution (Approval of the parent company balance sheet and income statement for the year ending December 31 2003). - The general meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting, after hearing the Management Report and the Reports of the Supervisory Board and the Statutory Auditors, approves the parent company annual financial statements for the year ending December 31 2002 as read, showing a profit of € 14 825 418.10 and the transactions reflected in these financial statements and summarized in these reports.

Third Resolution (Appropriation of income). - The general meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting agrees, as proposed by the Management, to appropriate the profit for the year ending December 31 2003 as follows:

Retained earnings before appropriation of income for the year ending December 31 2003	€ -17 081 309.61
Profit for the year 2003	€ 14 825 418.10
Retained earnings after appropriation of income for the year ending December 31 2003	€ -2 255 891.51

In accordance with the terms of Article 243 bis of the Code Général des Impôts, the general meeting notes that no dividends were distributed during the three previous years.

Fourth Resolution (Discharge of managers and members of the Supervisory Board). - In consequence of the preceding resolutions, the general meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting, discharges the managers and members of the Supervisory Board from the execution of their offices for the year ending December 31 2003.

Fifth Resolution (Regulated agreements). - The General Meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting, after hearing the Special Report of the Statutory Auditors concerning the agreements specified in Article L. 226-10 of the Commercial Code, approves each transaction agreed and continued during the past year and relating to that year.

Sixth Resolution (Ratification of the transfer of the head office). - The General Meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting, ratifies, as stipulated in Article 4 "Head office" of the Articles of Association, the transfer of the head office, as decided by the Management on May 24 2004 to take effect from June 21 2004, from 66 rue de Monceau, Paris (VIII) to 12 rue Volney, Paris (II).

Seventh Resolution (Ratification of the appointment of a member of the Supervisory Board). – The general meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting, as proposed by the Management, ratifies the appointment of Fabien Chalandon as a member of the Supervisory Board, as decided by the Supervisory Board during its meeting of March 4 2004 to replace Bernard Polge de Combret, who has resigned. The general meeting notes that Mr Chalandon has been appointed for the rest of the term of office of his predecessor, that is until the general meeting called to vote on the financial statements for the year 2008.

Eighth Resolution (Non-renewal of the term of office of a member of the Supervisory Board). – The general meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting, notes that the term of office as a member of the Supervisory Board of Jacques Vandier expires at this meeting and that Jacques Vandier has reached the age limit stipulated in the Company's Articles of Association and has decided not to seek re-election.

Ninth Resolution (Non-renewal of the term of office of a member of the Supervisory Board). – The general meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting, notes that Gilles Brac de la Perrière, the permanent representative of GLP Conseil on the Supervisory Board, has reached the age limit stipulated in the Company's Articles of Association and that GLP Conseil does not request the renewal of his term of office as a member of the Supervisory Board which expires at this meeting and has decided not to seek re-election.

Tenth Resolution (Management remuneration). – The general meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting, sets the gross annual remuneration of the Management for 2004 at € 76 225 (seventy six thousand two hundred and twenty five euros).

Eleventh Resolution (Attendance fees for 2003). – The general meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting sets at € 63 256.25 (sixty three thousand two hundred and fifty six euros twenty five centimes) the attendance fees to be allocated to the members of the Supervisory Board for the year ending December 31 2003. The general meeting notes that this amount includes 30 480 euros for the attendance fees allocated to Mr Jacquard for his services as Chairman of the Strategic Committee.

Twelfth Resolution (Authorization of the Management to trade in the Company's shares). – The general meeting, deliberating in accordance with the quorum and majority requirements of an Ordinary General Meeting, having been apprised of the Management report, authorizes the Management, in accordance with the requirements of articles L. 225-209 and following of the Commercial Code, for a period of eighteen (18) months, to buy or sell the Company's shares as part of a share buyback program.

The general meeting agrees that the maximum purchase price paid by the Company for its own shares shall be € 110 per share and that the minimum selling price shall be € 70 per share. Should the facilities offered by the third paragraph of Article L. 225-209 of the aforementioned Commercial Code be used, the selling price shall then be determined in accordance with the legal requirements in force.

The maximum number of shares that can be bought by virtue of this authorization may not exceed 10% of the total number of shares comprising the Company's registered capital, it being specified that this limit applies to an amount of the Company's registered capital which, where appropriate, will be adjusted to take account of the transactions affecting the registered capital after this meeting, the acquisitions made by the Company being in no circumstances allowed to cause the Company, directly or indirectly, to hold more than 10% of its registered capital.

As at April 30 2004, the Company held none of the 7 439 674 shares comprising its registered capital. On this basis, the maximum number of shares that the Company could buy by virtue of this authorization amounts to 743 967 shares and the maximum amount that it could spend to buy these shares is 81 836 370 € (eighty one million eight hundred and thirty six thousand three hundred and seventy euros).

This authorization is intended to allow the Company to pursue in parallel the following two priority objectives, up to the limit of 6% of the total number of shares comprising the Company's registered capital:

- smooth the Company's stock market price by systematically intervening against the market trend;
- grant purchase options of the Company's shares to the employees (or to some of them) and/or to officers of the company performing management functions (or to some of them), in the Company and in the companies affiliated to it under the terms defined by the requirements of Article L. 225-180 of the Code of Commerce.

In parallel with the aforementioned objectives and up to the limit of 4% of the total number of shares comprising the Company's registered capital, this share buyback program may also be implemented by the Management in order to achieve the following objectives in descending order of priority:

- (i) buy and/or sell the Company's shares depending on market situations;
- (ii) retain the Company's shares that have been bought, dispose of them, hand them over as guarantees or pledge them or, more generally in the context of the currently applicable stock market regulations, transfer them by whatever legal means, particularly by swapping them or handing over those shares, in particular as part of financial transactions, external growth transactions, in the context of liquidity commitments made by the Company or following the issue of securities providing access to the Company's capital, or as part of the implementation of the Company's asset and financial management policy;
- (iii) allocate shares in the Company to the company's employees as part of their share in the profits of corporate expansion or of a company savings plan; and
- (iv) cancel the shares that have been bought back, particularly to improve earnings per share, improve the return on the shareholders' equity or substitute or supplement the allocation of dividends.

These purchase, disposal, swap or transfer transactions may be made by any means, that is on the market or by mutual agreement, including by acquisition or disposal of blocks or by the use of financial instruments, particularly derivative financial instruments traded on a regulated market or by mutual agreement, such as purchase or sale options or any combinations of the latter, to the exclusion of the purchase of purchase options by the use of warrants and under the conditions authorized by the competent market authorities and at times that the Management of the Company shall approve. The maximum portion of the registered capital acquired or transferred in the form of blocks of shares may reach the full amount of the program.

These transactions may be carried out at any time in line with the currently applicable regulations, including during periods of public offers initiated by the Company or applying to the Company's shares, except, in the latter situation, in the event that such a public offer should comprise in full or in part the handover of shares, conditional upon the legal and regulatory requirements applicable in such matters, and in particular the requirements of COB regulation 2002-04.

The general meeting grants the Management, in the event of a change in the par value of the shares, the increase in registered capital by the incorporation of reserves, the free allocation of shares, the division or grouping of shares, the distribution of reserves or of any other assets, the amortization of the capital or any other transaction relating to the capital stock, the authority to adjust the abovementioned purchase and selling prices in order to take account of the effect of these transactions on the value of the shares.

In addition, the general meeting confers all powers upon the Management to agree and implement this authorization, to specify, if necessary, its terms and in particular to place all stock market orders, sign all agreements, complete all formalities and declarations with any organizations, in particular the French Autorité des marchés financiers, and, in general, do all that is necessary to complete the transactions made in application of this authorization.

This authorization supersedes all earlier authorizations of the same nature, and in particular the authority granted by the general meeting of June 26 2003.

Extraordinary resolutions

Thirteenth Resolution (Authorization of the Management to cancel the shares acquired as part of the buyback of its own shares by the Company).

- The general meeting, deliberating in accordance with the quorum and majority requirement of an Extraordinary General Meeting, after being apprised of the Management Report and the Special Report of the Statutory Auditors, authorizes the Management, in accordance with Article L. 225-209 of the Commercial Code:

- to cancel, on one or more occasions, at its own discretion, some or all of the shares acquired by the Company, by virtue of the currently applicable authorization for the Company to buy back its own shares as specified in the Twelfth Resolution, or subsequent authorization up to the limit, in periods of twenty four (24) months, of 10% of the total number of shares comprising the registered capital existing at the date of the transaction; and
- to reduce the registered capital accordingly and to charge the difference between the buyback price of the canceled shares and their par value to the available premiums and reserves of its choice. This authorization is valid for a maximum period of twenty four (24) months from the date of this meeting.

The general meeting confers all powers on the Management, to carry out this or these capital reductions, particularly to decide the final amount of the capital reduction, to set its modalities, check its implementation, make the appropriate change to the Articles of Association, carry out all formalities, all procedures and declarations with all bodies, and particular with the French Autorité des marchés financiers and, in general, do all that is necessary.

This authorization supersedes all earlier authorizations of the same nature, and in particular the one granted by the general meeting of the Company on June 26 2003.

Fourteenth Resolution (Authorization of the Management to increase the registered capital by issuing shares and/or other marketable securities giving access immediately or in future to shares in the Company in the event of a public offer on the shares of the Company). - The general meeting, deliberating in accordance with the quorum and majority requirements of an Extraordinary General Meeting, after hearing and taking cognizance of the terms of the Management Report, authorizes the Management to make use, in whole or in part, within the applicable legal requirements, of the authorizations granted by the Sixteenth, Nineteenth and Twentieth resolutions of the Combined General Meeting of June 26 2003 to increase the registered capital of the Company by issuing shares or other marketable securities specified in the said resolutions in the event that one or more public offers to purchase, public offers to swap or any other form of public offer complying with the law and the applicable regulations should occur with respect to the shares and marketable securities issued by the Company during the period of the offer. This authorization is conferred on the Management for a period that shall expire after the general meeting to be called to vote on the financial statements for the year ending December 31 2004.

Fifteenth Resolution (Change to Article 7 ter of the Articles of Association - Information on significant purchase of shareholdings). - The general meeting, deliberating in accordance with the quorum and majority requirements of an Extraordinary General Meeting, after hearing the Management Report, agrees, in accordance with the new requirements of Article L. 233-7 of the Commercial Code as modified by law N° 2003-706 of August 1 2003, to modify, as of this date, Article 7ter of the Company's Articles of Association in its first paragraph relating to the time taken to declare that thresholds in the Company's registered capital and voting rights have been exceeded, this time now being five stock market trading days from the day on which the threshold was crossed.

Sixteenth Resolution (Change to Article 16-1 of the Articles of Association - Shareholders' meetings). - The general meeting, deliberating in accordance with the quorum and majority requirements of an Extraordinary General Meeting, after hearing the Management Report and having noted the abolition by law N° 2001-420 of May 15 2001 concerning the new economic regulations of Article L. 225-112 of the Commercial Code which authorized the Articles of Association to make access to Ordinary General Meetings conditional upon the possession of a minimum number of shares, agrees to strike out this paragraph from Article 16-1 of the Company's Articles of Association which requires that, "to be able to attend Ordinary General Meetings, a shareholder must possess or represent at least five shares".

Seventeenth Resolution (Powers for formalities). - The general meeting grants full powers to the bearer of an original, a copy or extract of the minutes of this meeting to carry out all publicity, filing or other legal formalities that may be required.

APPENDIX 3 - CROSS-REFERENCE TABLE

INFORMATION	Page
STATEMENTS OF THOSE RESPONSIBLE	
• Statement of the person responsible for the reference document	6
• Statement of the legal auditors of the financial statements	7
• Information policy	8
GENERAL INFORMATION	
<i>CAPITAL</i>	
• Particulars	16
• Capital authorized but not issued	18
• Potential capital	23
• Table of capital trend over five years	27
SHARE MARKET	
• Table of share price and volume trend over 18 months	33
• Dividends	35
CAPITAL AND VOTING RIGHTS	
• Current breakdown of capital and voting rights	27
• Changes in shareholders	28
• Shareholder pacts	31
GROUP BUSINESSES	
• Group organization	32-56
• Group sales	40
• Figures by sector	42
• Markets and competitive position of the issuer	38-54
• Investment policy	55
ANALYSIS OF GROUP RISKS	
• Risk factors	56 to 63
- Market risks	56
- Risks specific to the business	61
- Legal risks	60
- Industrial and environmental risks	62
• Risk insurance coverage	63
ASSETS, FINANCIAL SITUATION AND INCOME	
• Consolidated financial statements and note	64
• Off-balance sheet commitments	85
• Fees of the Statutory Auditors and members of their networks	93
CORPORATE GOVERNANCE	
• Members and functions of the administration, management and supervisory bodies	97
• Members and functions of committees	103
• Directors who are officers of the company	97
• Options granted and exercised	110
• Regulated agreements	94
RECENT CHANGES AND OUTLOOK	
• Recent changes	113
• Outlook	115

