MAUREL & PROM

INTERIM FINANCIAL REPORT

30 June 2014

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2 PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

As Chief Executive Officer of Etablissements Maurel & Prom (hereinafter "**Maurel & Prom**" or the "**Company**"), and reporting to the Chairman Mr Jean-François HENIN, Mr Michel HOCHARD is responsible for financial information and the interim financial report.

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Certification

"I hereby certify that, to the best of my knowledge, the consolidated semi-annual financial statements have been prepared in accordance with the applicable standards and provide a true and fair picture of the assets, financial position and income of the Company and its consolidated entities, and that the interim management report on pages 4 to 13 offers a true and fair picture of the significant events in the first six months of the fiscal year, their impact on the financial statements, the main transactions between related parties, as well as a description of the main risks and uncertainties in the remaining six months of the year."

The Chief Executive Officer

Michel HOCHARD,
Paris, 27 August 2014

In order to make this report easier to read, Etablissements Maurel & Prom will be referred to as the "Company" or "Maurel & Prom", and Maurel & Prom and/or any of its subsidiaries together will be referred to as the "Maurel & Prom Group" or the "Group".

3 GROUP ACTIVITY IN THE FIRST HALF OF 2014

3.1 New exploration and production sharing contract signed in Gabon

The new permit called "Ezanga", which replaces the "Omoueyi" permit, was the subject of a contract between Maurel & Prom Gabon and the Republic of Gabon.

The corresponding exploration and production sharing contract renews the five existing Exclusive Exploitation Authorisations for a period of 20 years. The company also has a pre-emptive right, should it wish to use it, to extend the AEEs for a further twenty years.

Maurel & Prom is proud of the renewed trust shown by the Gabonese authorities, who have laid the best foundations for collaboration for the next 20 years and beyond. The Gabonese Republic's participation in the profits from the exploitation of oil resources has been rebalanced in its favour, mainly on account of its share in the permit having been raised from 15% to 20%, with a proportional increase in royalties.

Such an agreement gives Maurel & Prom strategic mobility to build its future.

3.2 New Exclusive Exploitation Authorisation (AEE) obtained

In the first half of 2014, the Group obtained a new AEE for the Maroc zone.

To date, Maurel & Prom Gabon holds six AEEs (Onal, Omko, Ombg, Omgw, Maroc-Nord and Omoc) under the Ezanga PSA.

3.3 Works programme launched at production fields in Gabon

In the first half of 2014, gross output from production fields under the Ezanga PSA averaged 25,134 bopd. This was 7% higher than the average production in the same period in 2013.

A major works programme was launched at water injection and oil production wells with the aim of improving their performance.

These works require that water injection into the reservoirs concerned be suspended. This results in an automatic reduction in production, which should gradually return to normal levels. The complexity of the phenomena involved makes it difficult to make any predictions as regards the date when the deposit can be fully repressurised, which is a pre-requisite for an increase in production.

3.4 Work begins in Canada via Saint-Aubin Energie (M&P stake: 33.33%)

3.4.1 In Alberta

At Sawn Lake in Alberta, Canada, steam injection began on 21 May 2014 in the two horizontal wells at the SAGD Demonstration Pilot project, with the aim of preheating the oil between the two wells.

Steam injection into the reservoir should allow oil production to begin in the second half of 2014.

3.4.2 In Quebec

In April 2014, Saint-Aubin Energie (1/3 owned by Maurel & Prom, 2/3 by MPI) signed an agreement to form a joint venture in partnership with Ressources Québec, Pétrolia and Corridor Resources.

The equity interests of the partners in the joint venture are as follows:

- Ressources Québec 35%
- Pétrolia 21.7%
- Corridor Resources 21.7%
- Saint-Aubin Energie 21.7%

This joint venture holds exploration permits on Anticosti Island, Quebec.

The first phase of the exploration programme, consisting of 15 to 18 stratigraphic wells, is currently underway. This summer campaign will use four drilling rigs. Well sampling at Caribou, Sainte-Marie and Canard began in late July 2014.

The selection of Saint-Aubin Energie as the Government of Quebec's partner to test the island's potential gives the Company access to new assets that may be of fundamental importance. This is a major step forward in the Group's strategic positioning in the field of non-conventional hydrocarbons, which represent three-quarters of the oil and gas resources available to humanity.

3.5 Other exploration work undertaken in the first half of 2014

3.5.1 In Tanzania

In Tanzania, on the Mnazi Bay permit, production is currently limited to supplying gas to a local plant. The Company is in ongoing negotiations with the Tanzanian authorities to supply 80 million cubic feet per day, for a commercialisation phase due to start in 2015.

Two seismic data acquisition campaigns are underway on the Mnazi Bay and Bigwa-Rufiji-Mafia permits in order to gain a better understanding of the oil systems in this gas-rich region.

3.5.2 In Mozambique

The operator Anadarko began drilling the Tembo-1 well in June 2014. Drilling was ongoing as at the date of this document.

3.5.3 In Colombia

In Colombia, the operator M&P Colombia (M&P 50%) finished drilling the Balsa-1 well on the Muisca permit, without proving oil. An additional well will be drilled in the second half of 2014 to achieve the targets set.

M&P Colombia has entered into negotiations with the National Hydrocarbons Agency (ANH) to convert the COR-15 TEA into an exploration permit. The permit is in the process of being signed.

Three stratigraphic wells have been drilled on the CPO-17 permit operated by Hocol. The results and discoveries are currently being interpreted in order to define an appraisal programme.

On 23 July 2014, at the "Ronda ANH 2014" (a bidding process in Colombia), Etablissements Maurel & Prom was awarded the SN-11 exploration permit. The permit is located in the San Jacinto basin and covers a surface area of 440 km^2.

3.5.4 In Peru

In Peru, the drilling of the Fortuna-1 well is still ongoing. The Group does not envisage continuing this project once it enters the third exploration period.

Within the framework of the agreement signed in December 2011 and coming into effect on 1 January 2012, Pacific Rubiales Energy (PRE) provided financing for the works in the amount of US$73 million. Costs incurred prior to the effective date were provisioned at 30 June 2014 in the amount of €6.4 million.

3.6 ORNANE/OCEANE

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

The key features of these ORNANE bonds are as follows:

- Maturity: 1 July 2019
- Nominal value per unit: €17.26
- Number of bonds: 14,658,169
- Issue premium: 40%
- Nominal interest: 1.625%

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

3.7 Extension of the deadline for exercising share subscription warrants

On 16 May 2014, the first general meeting of share subscription warrant holders was not able to validly deliberate as it had not reached the legally required quorum, i.e. 25% of the warrant holders with voting rights. A second General Meeting of share subscription warrant holders was therefore called, with the same agenda and the same draft resolutions. This second general meeting of share subscription warrant holders, having reached a quorum of 30.77% (i.e. above the legally required 20% of warrant holders eligible to vote in the second convening), was therefore able to validly deliberate and approved all the resolutions submitted to it, specifically to extend the deadline for exercising share subscription warrants and to grant the powers to complete the corresponding formalities.

Resolution One, which was to extend the deadline for exercising share subscription warrants by 18 months from 30 June 2014 to 31 December 2015, was approved with 99.85% of the votes.

The extension of the deadline for exercising share subscription warrants was approved by Maurel & Prom shareholders at their general meeting on 12 June 2014.

4 LIST OF PERMITS HELD BY THE COMPANY ON 27 AUGUST 2014

Country	Company	Name	Percentage held by the Company
Canada	SAE*	Alberta	25%
	SAE*	Anticosti	21.70%
	SAE*	Gaspé Peninsula	50%
Myanmar	SAE*	Block M2	40%
Tanzania	M&P	Bigwa-Rufiji-Mafia	60%
		Mnazi Bay-Production	48.06%
		Mnazi Bay-Exploration	60.075%
Mozambique	M&P	Rovuma onshore-Exploration	32.60%
		Rovuma onshore-Production	27.71%
Namibia	M&P	2212B	37%
		2413A	37%
		2413B	37%
		2313A	37%
Congo	M&P	La Noumbi	77.8%
Gabon	M&P	Ezanga-Exploration	100%
		Ezanga-Production	80%
		Nyanga Mayombe	100%
		Banio	100%
		Kari	100%
Syria	M&P	Alasi	75%
Peru	M&P	Block 116	50%
Colombia	M&P Colombia**	Muisca	100%
		COR-15	100%
		CPO-17	50%
	M&P	SN 11	100%
France	M&P	Mios	50%
		Lavignolle	50%

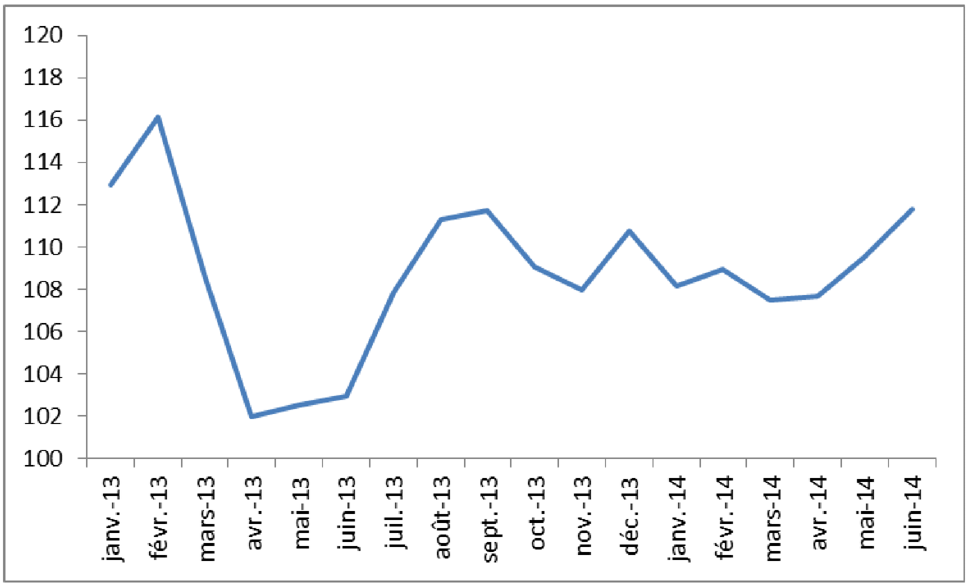
** Saint-Aubin Energie is 33.33% owned by M&P*

*** M&P Colombia is 50% owned by M&P*

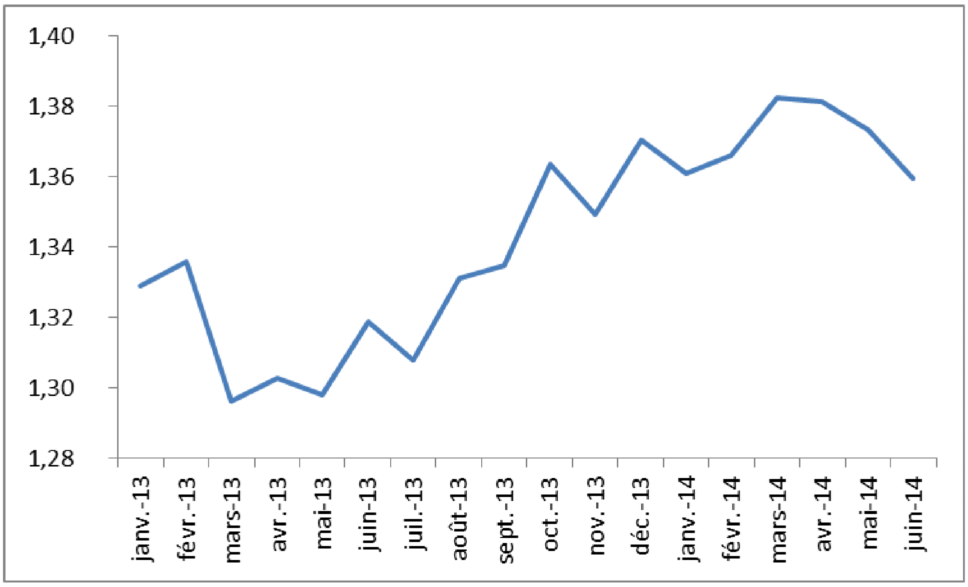
5 FINANCIAL POSITION AT 30 JUNE 2014

5.1 Economic environment

The average cost of Brent in the first half of 2014 was US$108.9 (versus US$107.5 in the first half of 2013).



In the first half of 2014, the average €/US$ exchange rate was 1.370, versus 1.313 in the first half of 2013. On 30 June 2014, the €/US$ exchange rate was 1.366, versus 1.308 on 30 June 2013.



5.2 Financial elements

5.2.1 Sales

Gross field output in the first half of 2014 was up 7% on the same period the previous year, and was steady quarter-on-quarter. This steady performance reflects the extensive work undertaken on water injection and oil producing wells in order to improve their efficiency. The works programme currently underway is expected to boost production in the second half of the year.

From 1 January 2014, the Group started applying the terms of the new Ezanga PSA (exploration and production sharing agreement), which gives Maurel & Prom an 80% stake in the fields in production, versus the 85% held previously.

Consolidated sales in the first half of 2014 amounted to €295.5 million, up 13% on the same period the previous year. This change was primarily due to the integration of non-Group (Caroil) sales.

As at 30 June 2014, the Group no longer had hedges on oil prices. This impacted first-half 2013 sales by -€1.5 million.

5.2.2 Operating income

Operating income for the first half of 2014 was €156 million, up 29% on the same period the previous year. This improvement reflects the increased production in Gabon, the integration of Caroil, the reduction in amortisation and depreciation provisions following the increase of P1 reserves and limited exploration write-offs.

Amortisation and depreciation provisions amounted to €45 million and can essentially be broken down as follows:

- depletion of assets in Gabon: €30.5 million;
- the amortisation of Caroil drilling rigs: €7.0 million;
- provisions associated with assets in Peru: €6.4 million.

In Peru, the drilling of the Fortuna-1 well is still under way to date. The Group does not envisage continuing this project once it enters the third exploration period.

Within the framework of the agreement signed in December 2011 and coming into effect on 1 January 2012, Pacific Rubiales Energy (PRE) provided financing for the works in the amount of US$73 million. Costs incurred prior to the effective date were provisioned at 30 June 2014 in the amount of €6.4 million.

The €4.8 million expense for asset depreciation consists primarily of the decommissioning of Caroil’s C06 drilling rig in Tanzania, following the decision to stop using that rig.

5.2.3 Financial income

In the first half of 2014, financial income –was a loss of €28 million.

Interest expenses on OCEANE 2014 and 2015 bonds amounted to €17.6 million. The interest expense relating to the new ORNANE bond issued on 6 June 2014 at the nominal rate of 1.625% was recognised at amortised cost based on the effective interest rate of 3.45%, and amounted to €0.4 million. Interest on bank borrowings was €5 million.

The US$200 million line of credit made available in the first half of 2014 for the possible redemption of OCEANE 2014 bonds, but not drawn down, was cancelled at the end of the period.

5.2.4 Net income

Income before tax was €128 million. The corporation tax payable (€23 million) corresponds primarily to the recognition of the State's share of "profit oil" under the Ezanga permit in Gabon.

The deferred tax charge (€39 million) primarily reflects the posting of the tax based on the difference between the recognition of the recoverable costs, on a tax base, and the recognition of these costs in the consolidated financial statements under the Ezanga permit.

As at 30 June 2014, both M&P Colombia BV and all the companies within Saint-Aubin Energie, which had previously been consolidated proportionately, were consolidated using the equity method. This change followed the entry into effect of IFRS 10 and 11 on 1 January 2014.

Consequently, the Group's net income for the first half of 2014 stood at €59 million.

5.2.5 Investments

The total Group investments made in the first half of 2014 amounted to €155 million. The following table shows the breakdown per country and per activity:

in € M	GABON	TANZANIA	MOZAMBIQUE	OTHER	**TOTAL**
Exploration	40.5	10.8	7.5	0.4	**59.2**
Development	92.9	0.4		0.4	**93.7**
Oil services	1.4			0.5	**1.9**
TOTAL	134.7	11.2	7.5	1.3	**154.7**

Following the application of IFRS 10 and 11, investments made via M&P Colombia BV (of which Maurel & Prom owns 50%) and Saint-Aubin Energie (of which Maurel & Prom owns 33.33%) are no longer recognised as assets.

5.2.6 Cash flow

At 30 June 2014, Maurel & Prom had cash and equivalents of €174 million. Cash flow during the period consisted of:

- investments made in the period in the amount of €155 million;
- cash flow from operating activities in the amount of €202 million;
- proceeds from the ORNANE bond issue on 6 June 2014, in the amount of €253 million;
- repayment of OCEANE 2014 bonds in the amount of €264 million plus €16 million in interest;
- repayment of the first tranche of the RSF facility in Gabon in the amount of US$40 million (€29 million) plus €4.7 million in interest.

Group debt at 30 June 2014 amounted to:

- OCEANE 2015: €70 million;
- ORNANE 2019: €253 million;
- RCF M&P Gabon: US$310 million;
- Crédit Suisse loan: US$50 million.

6 OIL RESERVES AND RESOURCES

The Group's reserves correspond to hydrocarbon volumes revealed by exploration and delineation wells that can be exploited commercially. The P1 (proven), P2 (probable) and P3 (possible) oil reserves, net of royalties, were evaluated by DeGolyer and MacNaughton on 1 January 2014.

In line with the Group's historical standards, reserves and resources are presented as Maurel & Prom's share, net of royalties and before application of the taxes specific to each type of contract (production sharing, concession, etc.).

6.1.1 Oil reserves at 1/1/2014

The certified reserves at 1 January 2014 reflect the application of the terms of the new Ezanga exploration and production sharing contract.

AEE	Interests at 1/1/2014	P1	P2	2P = P1+P2	P3	3P = P1+P2+P3
Onal	80%	80.6	20.7	101.3	23.9	125.2
Omko	80%	3.4	4.5	8.0	4.4	12.4
Ombg	80%	1.3	0.3	1.6	0.6	2.2
Omgw	80%	11.3	2.9	14.3	5.5	19.8
Omoc-Nord	80%	40.1	3.0	43.1	6.7	49.8
Omoc	80%	4.9	10.5	15.4	6.2	21.7
Banio	100%	0.0	0.4	0.4	0.0	0.4
		141.7	42.3	**184.0**	47.4	**231.0**

At 1 January 2014, the reserves in Gabon stood at 194.8 Mbbls, and entitled production in that country for the 2013 fiscal year came to 7.1 Mbbls net of royalties. Reserves stood at 187.7 Mbbls before the application of the new contract, and 184.1 Mbbls after the application of the new terms.

The application of the new, more stringent terms is offset by the longer duration of the contracts, which allows for more rational investment planning to maximise the oil recovery rate. This partly explains the significant increase (161%) in P1 reserves from 54.2 to 141.7 Mbbls.

On 1 January 2014 P1 proven reserves accounted for 77% of certified P1+P2 reserves, versus 28% on 1 January 2013.

6.1.2 Gas resources

Once the gas sales contract is signed by all parties, the gas resources under the Mnazi Bay permit will be reclassified as reserves, as they will be commercially exploitable. Based on a report drawn up by RPS-APA and dated 30 September 2007, these resources amount to 294 Bscf, or 52.5 Mboe (C1+C2). C3 resources at this field amounted to 433 Bscf, or 77 Mboe.

7 SHAREHOLDERS' EQUITY AND CORPORATE LIFE

7.1 General shareholders' meeting

The combined general meeting of Maurel & Prom's shareholders held on Thursday 12 June 2014 and chaired by Mr Jean-François HENIN approved all the resolutions proposed, including those relating to the company financial statements and consolidated financial statements for the year ended 31 December 2013.

7.2 Total number of voting rights and shares comprising the capital

Pursuant to Article L. 233-8 II of the French Commercial Code and the AMF (French Financial Markets Authority) General Regulations, Maurel & Prom informed its shareholders that the total number of voting rights and shares comprising its share capital at 30 June 2014 was as follows:

Date	Number of shares comprising the capital	Number of voting rights
30 June 2014	121,532,243	Theoretical*: 133,466,542 Exercisable: 127,836,224

*: *theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares and not-voting shares.*

7.3 Maurel & Prom eligible for the PEA-PME investment scheme in France

The Maurel & Prom Group has announced that it meets all the PEA-PME eligibility criteria (decree 2014-283) in that it has less than 5,000 employees, and total annual sales of less than €1,500 million or a balance sheet total of less than €2,000 million.

The PEA-PME scheme was introduced to encourage share-based saving and to create a new instrument to support the financing of small, medium and intermediate sized companies.

The Maurel & Prom Group has been selected for inclusion in the CAC PME Index. This index, compiled by Euronext, was launched on 27 February 2014 as a basket of 40 stocks drawn from the list of small, medium and intermediate sized companies eligible for the PEA-PME scheme.

7.4 Change in Group governance

Maurel & Prom's Board of Directors, at its meeting on 26 May 2014, noted that its Chairman and Chief Executive Officer, Mr Jean-François HENIN, had reached the upper age limit for exercising the functions of Chief Executive Officer, as specified in the company's Articles of Association.

Accordingly, it appointed Mr Jean-François HENIN as Chairman of the Board of Directors and Mr Michel HOCHARD, formerly the Company's Chief Financial Officer, as Chief Executive Officer.

7.5 Risks and uncertainties

The Group's income is sensitive to various market risks. The most significant are hydrocarbon prices and the €/US$ exchange rate.

In terms of exchange rates, the Group anticipates currency movements by pricing inflows in dollars against works and expenses. However, as the Group is responsible for financing its subsidiaries, its operating currency is essentially dollars, revalued as euros, which is the presentational currency for financial statements, leading to fluctuations due to the volatility of €/US$ rate movements. These re-valuations can lead to significant fluctuations in financial income. They are not subject to specific hedging.

Given its sustained exploration activity, large amounts are involved. In the event that the exploration fails, the Group can post corresponding exploration expenses.

The risks linked to Maurel & Prom's activities are described in chapter 2 of the Group's 2013 Annual Report.

8 GROUP CONSOLIDATED FINANCIAL STATEMENTS

8.1 Statement of financial position

8.1.1 Assets

In thousands of euros	Note	30/06/2014	31/12/2013*
Intangible assets	4	340,903	344,556
Property, plant and equipment	5	1,081,742	965,084
Non-current financial assets		1,178	1,141
Equity associates	6	79,026	79,408
Deferred tax assets	17	1,001	2,753
Non-current assets		**1,503,850**	**1,392,942**
Inventories		6,445	8,332
Trade receivables and related accounts	7	121,916	128,056
Other current financial assets	7	98,931	62,908
Other current assets	7	76,776	71,519
Income tax receivable	17	278	9
Cash and cash equivalents	10	176,710	200,982
Current assets		**481,056**	**471,806**
			0
Total Assets		**1,984,906**	**1,864,748**

** restated to reflect the application of IFRS 10 and 11*

8.1.2 Liabilities

In thousands of euros	Note	30/06/2014	31/12/2013*
Share capital		93,580	93,578
Additional paid-in capital		216,414	216,391
Consolidated reserves		535,129	463,961
Treasury shares		(71,425)	(70,860)
Net income, Group share		59 343	62,768
Net equity, Group share		**833,041**	**765,838**
Non-controlling interests		(2,615)	(2,506)
Total net equity		**830,426**	**763,332**
Non-current provisions	12	8,715	8,937
Non-current bonds	13	303,060	66,383
Other non-current borrowing and financial debt	13	179,669	226,608
Non-current derivative instruments		14,512	0
Deferred tax liabilities	18	301,604	261,926
Non-current liabilities		**807,560**	**563,854**
Current bond borrowing	13	34,277	300,677
Other current borrowings and financial debt	13	82,416	68,479
Trade payables and related accounts	14	81,408	89,603
Income tax payable	18	4,430	3,544
Other creditors and miscellaneous liabilities	14	132,283	64,389
Current derivative instruments	8	0	198
Current provisions	12	12,106	10,672
Current liabilities		**346,920**	**537,562**
Total liabilities		**1,984,906**	**1,864,748**

** restated to reflect the application of IFRS 10 and 11*

8.2 Changes in net equity

In thousands of euros	Capital	Treasury shares	Premiums	Derivative instruments	Other reserves	Currency translation adjustments	Income for the fiscal year	Net equity, Group share	Non-controlling interests	Total net equity
1 January 2013	**93,565**	**(72,737)**	**218,280**	**(3,885)**	**474,827**	**20,475**	**41,001**	**771,524**	**2,408**	**773,931**
Net income from continuing activities							(7,659)	(7,659)	(136)	**(7,795)**
Income from discontinued activities							(2,676)	(2,676)		**(2,676)**
Other comprehensive income				2,425		6,351		8,776	(22)	**8,754**
TOTAL INCOME				**2,425**		**6,351**	**(10,335)**	**(1,559)**	**(158)**	**(1,717)**
Allocation of net income - Dividends					11,808		(41,000)	(29,192)		**(29,192)**
Increase/decrease in capital	8		96					104		**104**
Other reclassifications					4,803			4,803	-4,803	**0**
Stock options - bonus shares					779			779		**779**
Movements on treasury shares		(1,442)			(122)			(1,564)		**(1,564)**
Total transactions with shareholders	**8**	**(1,442)**	**96**		**17,268**		**(41,000)**	**(25,070)**	(4,803)	**(29,873)**
30 June 2013*	**93,573**	**(74,179)**	**218,376**	**(1,460)**	**492,095**	**26,826**	**(10,335)**	**744,896**	**(2,553)**	**742,343**
1 January 2014	**93,578**	**(70,860)**	**216,392**		**475,328**	**(11,367)**	**62,769**	**765,838**	**(2,506)**	**763,332**
Net income from continuing activities							59,343	59,343	(85)	**59,258**
Income from discontinued activities										
Other comprehensive income						7,886		7,886	(24)	**7,862**
Total income						**7,886**	**59,343**	**67,229**	**(109)**	**67,120**
Allocation of net income - Dividends					62,769		(62,769)			
Increase/decrease in capital	2		22					24		**24**
Stock options - bonus shares					400			400		**400**
Movements on treasury shares		(565)			114			(451)		**(451)**
Total transactions with shareholders	**2**	**(565)**	**22**		**63,283**		**(62,769)**	**(27)**		**(27)**
30 June 2014	**93,580**	**(71,425)**	**216,414**		**538,611**	**(3,481)**	**59,343**	**833,041**	**(2,615)**	**830,426**

** restated to take into account the change in the method for recognising sales to the entitlement method and the application of IFRS 10 and 11*

8.3 Consolidated comprehensive income statement

8.3.1 Net income for the period

In thousands of euros	Note	30/06/2014	30/06/2013*
Sales		295,501	260,832
Other income		2,061	499
Purchases and change in inventories		(5,673)	(8,141)
Other purchases and operating expenses		(52,382)	(36,158)
Tax expense		(19,915)	(17,811)
Personnel expenses		(9,956)	(7,785)
Amortisation and depreciation provisions		(44,986)	(52,545)
Depreciation of exploration and production assets		(4,830)	(18,815)
Provisions and impairment of current assets		(2,558)	(642)
Reversals of operating provisions		312	4
Gain (loss) on asset disposals		(108)	0
Other expenses		(1,316)	1,285
Operating income	15	**156,150**	**120,723**
Gross cost of financial debt		*(23,091)*	*(23,028)*
Income from cash		*401*	*513*
Net gains and losses on derivative instruments		*(832)*	*598*
Net cost of financial debt		(23,522)	(21,917)
Other financial income and expenses		(4,541)	486
Financial income	16	**(28,063)**	**(21,430)**
			0
Income before tax		**128,087**	**99,293**
Income tax	17	(62,074)	(55,417)
Net income from consolidated companies		**66,013**	**43,876**
Income from disposals of equity associates	6	0	0
Net income from equity associates	6	(6,755)	(51,671)
Net income from continuing activities		**59,258**	**(7,795)**
Net income from discontinued activities		0	(2,676)
Consolidated net income		**59,258**	**(10,471)**
Net income, Group share		*59,343*	*(10,335)*
Non-controlling interests		*(85)*	*(136)*
Earnings per share			
Basic		0.511	-0.091
Diluted		0.488	-0.091
Earnings per share from discontinued activities			
Basic		0.00	-0.020
Diluted		0.00	-0.020
Earnings per share from continuing activities			
Basic		0.511	-0.067
Diluted		0.488	-0.067

** restated to take into account the change in the method for recognising sales to the entitlement method and the application of IFRS 10 and 11*

8.3.2 Total income for the period

In thousands of euros	30/06/2014	30/06/2013*
Net income for the period	**59,258**	**(10,471)**
Other comprehensive income		
Currency translation adjustments	7,862	6,329
Derivative instruments		2,425
- Change in fair value of unexpired hedges (in existence the previous year)		*1,757*
- Fair value of the portion of hedges recycled through the income statement	*0*	*668*
Total income for the period	**67,120**	**(1,717)**
- Group share	*67,229*	*(1,559)*
- Non-controlling interests	*(109)*	*(158)*

** restated to take into account the change in the method for recognising sales to the entitlement method and the application of IFRS 10 and 11*

8.4 Cash flow statement

In thousands of euros	Note	30/06/2014	30/06/2013*
Consolidated net income from continuing activities		**59,258**	**2,331**
Tax expense for continuing activities		62,074	55,417
Consolidated income from continuing activities before tax		**121,332**	**47,317**
- Net increase (reversals) of amortisation, depreciation and provisions		47,203	54,797
- Unrealised gains (losses) due to changes in fair value		829	(1,069)
- Exploration expenses		4,830	18,815
- Calculated expenses and income related to stock options and similar benefits		399	692
- Other calculated income and expenses		1,748	17,118
- Gains (losses) on asset disposals		108	1,747
- Income from equity associates		6,755	51,598
- Other financial items		21,128	5,351
Cash flow before taxes		**204,334**	**196,366**
Payment of tax due		(22,721)	(19,122)
Change in working capital requirements for activities		19,962	21,151
- Customers		6,994	5,651
- Suppliers		(5,061)	11,340
- Inventories		1,570	1,360
- Other		16,459	2,800
NET CASH FLOW FROM OPERATING ACTIVITIES		**201,575**	**198,395**
Payments associated with acquisitions of intangible assets and property, plant and equipment		(154,637)	(133,903)
Proceeds from disposals of intangible assets and property, plant and equipment		44	0
Payments associated with acquisitions of financial assets (unconsolidated securities)		0	13
Proceeds from disposals of financial assets (unconsolidated securities)		0	61
Acquisition of subsidiaries		(1)	0
Change in loans and advances granted		(37)	4,668
Other cash flows from investment activities		0	36
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(154,631)**	**(129,125)**
Amounts received from shareholders for capital increases		25	(5,391)
Dividends paid		0	(46,271)
Proceeds from new loans		258,354	267,151
Interest paid		(21,128)	(5,351)
Borrowing repayments		(300,833)	(113,530)
Treasury share acquisitions		(564)	(1,442)
NET CASH FLOW FROM FINANCING ACTIVITIES		**(64,146)**	**95,166**
Impact of exchange rate fluctuations		540	206
CHANGE IN NET CASH		**(16,662)**	**164,639**
Cash at start of period		190,662	57,953
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	**174,000**	**222,594**

** restated to take into account the change in the method for recognising sales to the entitlement method and the application of IFRS 10 and 11*

8.5 Notes to the consolidated accounts

8.5.1 NOTE 1: OVERVIEW

New exploration and production sharing contract signed in Gabon

The new “Ezanga” permit, which replaces the “Omoueyi” permit, was the subject of a contract between Maurel & Prom Gabon and the Gabonese Republic.

The corresponding exploration and production sharing contract (PSA) renews the five existing Exclusive Exploitation Authorisations (AEE) for a period of 20 years. The company also has a pre-emptive right, should it wish to use it, to extend the AEEs for a further twenty years.

Maurel & Prom is proud of the renewed trust shown by the Gabonese authorities, who have laid the best foundations for collaboration for the next 20 years and beyond. The Gabonese Republic’s participation in the profits from the exploitation of oil resources has been rebalanced in its favour, mainly on account of its share in the permit having been raised from 15% to 20%, with a proportional increase in mining royalties.

Such an agreement gives Maurel & Prom strategic mobility to build its future.

New Exclusive Exploitation Authorisation (AEE) obtained

In the first half of 2014, the Group obtained a new AEE for the Maroc zone.

To date, Maurel & Prom Gabon holds six AEEs (Onal, Omko, Ombg, Omgw, Maroc-Nord and Omoc) under the Ezanga PSA.

Works programme launched at production fields in Gabon

In the first half of 2014, gross output from production fields under the Ezanga PSA averaged 25,134 bopd. This was 7% higher than the average production in the same period in 2013.

A major works programme was launched at water injection and oil production wells with the aim of improving their performance.

These works require that water injection into the reservoirs concerned be suspended. This results in an automatic reduction in production, which should gradually return to normal levels. The complexity of the phenomena involved makes it difficult to make any predictions as regards the date when the deposit can be fully repressurised, which is a pre-requisite for an increase in production.

Work begins in Canada via Saint-Aubin Energie (M&P stake: 33%)

At Sawn Lake in Alberta, Canada, steam injection began on 21 May 2014 in the two horizontal wells at the SAGD Demonstration Pilot project, with the aim of preheating the oil between the two wells.

Steam injection into the reservoir should allow oil production to begin in the second half of 2014.

In April 2014, Saint-Aubin Energie (1/3 owned by Maurel & Prom, 2/3 by MPI) signed an agreement to form a joint venture in partnership with Ressources Québec, Pétrolia and Corridor Resources.

The equity interests of the partners in the joint venture are as follows:

- Ressources Québec 35%
- Pétrolia 21.7%
- Corridor Resources 21.7%
- Saint-Aubin Energie 21.7%

This joint venture holds exploration permits on Anticosti Island, Quebec.

The first phase of the exploration programme, consisting of 15 to 18 stratigraphic wells, is currently underway. This summer campaign will use four drilling rigs. Well sampling at Caribou, Sainte-Marie and Canard began in late July 2014.

The selection of Saint-Aubin Energie as the Government of Quebec's partner to test the island's potential gives the Company access to new assets that may be of fundamental importance. This is a major step forward in the Group's strategic positioning in the field of non-conventional hydrocarbons, which represent three-quarters of the oil and gas resources available to humanity.

Other exploration work undertaken in the first half of 2014

In Tanzania, on the Mnazi Bay permit, production is currently limited to supplying gas to a local plant. The Company is in ongoing negotiations with the Tanzanian authorities to supply 80 million cubic feet per day for a commercialisation phase due to start in early 2015.

Two seismic data acquisition campaigns are underway on the Mnazi Bay and Bigwa-Rufiji-Mafia permits in order to gain a better understanding of the oil systems in this gas-rich region.

The operator Anadarko began drilling the Tembo-1 well in June 2014 in Mozambique. Drilling was ongoing as at the date of this document.

In Colombia, the operator M&P Colombia finished drilling the Balsa-1 well on the Muisca permit, without proving oil. An additional well will be drilled in the second half of 2014 to achieve the targets set.

M&P Colombia has entered into negotiations with the National Hydrocarbons Agency (ANH) to convert the COR-15 TEA into an exploration permit. The permit is in the process of being signed.

Three stratigraphic wells have been drilled on the CPO-17 permit operated by Hocol. The results and discoveries are currently being interpreted in order to define an appraisal programme.

On 23 July 2014, at the "Ronda ANH 2014" (a bidding process in Colombia), Etablissements Maurel & Prom was awarded the SN-11 exploration permit. The permit is located in the San Jacinto basin and covers a surface area of 440 km2.

In Peru, the drilling of the Fortuna-1 well is still ongoing. The Group does not envisage continuing this project once it enters the third exploration period.

Within the framework of the agreement signed in December 2011 and coming into effect on 1 January 2012, Pacific Rubiales Energy (PRE) provided financing for the works in the amount of US$73 million. Costs incurred prior to the effective date were provisioned at 30 June 2014 in the amount of €6.4 million.

ORNANE/OCEANE

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

The key features of these ORNANE bonds are as follows:

- Maturity: 1 July 2019
- Nominal value per unit: €17.26
- Number of bonds: 14,658,169
- Issue premium: 40%
- Nominal interest: 1.625%

The purpose of the bond issue is to refinance and extend the maturity of the Company's debt.

The net proceeds from the bond issue were used for the redemption of the OCEANE 2014 bonds. As at 30 June 2014, Maurel & Prom had redeemed 16,903,514 OCEANE 2014 bonds representing approximately 89% of the OCEANE 2014 bonds initially issued, at a price of €16.90 per bond.

On 31 July 2014, the Group redeemed the remaining OCEANE bonds for €34 million.

Extension of the deadline for exercising share subscription warrants

On 16 May 2014, the first general meeting of share subscription warrant holders was not able to validly deliberate as it had not reached the legally required quorum, i.e. 25% of the warrant holders with voting rights. A second general meeting of share subscription warrant holders was therefore called, with the same agenda and the same draft resolutions. This second General Meeting of share subscription warrant holders, having reached a quorum of 30.77% (i.e. above the legally required 20% of warrant holders eligible to vote in the second convening), was therefore able to validly deliberate and approved all the resolutions submitted to it, specifically to extend the deadline for exercising share subscription warrants and to grant the powers to complete the corresponding formalities.

Resolution One, which was to extend the deadline for exercising share subscription warrants by 18 months from 30 June 2014 to 31 December 2015, was approved with 99.85% of the votes.

The extension of the deadline for exercising share subscription warrants was approved by Maurel & Prom shareholders at their General Meeting on 12 June 2014.

8.5.2 NOTE 2: ACCOUNTING METHODS

The Maurel & Prom Group's interim consolidated financial statements as at 30 June 2014 have been prepared in accordance with IAS 34 – Interim Financial Reporting, which allows a selection of notes to be presented). As such, the interim condensed consolidated financial statements do not include all the disclosures and information required under IFRS for annual financial statements, and must therefore be read together with the annual financial statements for 2013.

The accounting principles applied for the interim accounts are not significantly different from those used for the consolidated financial statements of 31 December 2013, drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and available online at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.
The application of the IASB IFRS would have no impact on the financial statements presented herein.

New legislation or amendments adopted by the European Union and mandatory from 1 January 2014 have been taken into account.

IFRS 10 (Consolidated financial statements), IFRS 11 (Joint arrangements), IFRS 12 (Disclosure of interests in other entities), IAS 27R (Separate Financial Statements), IAS 28R (Investments in associates and joint ventures) and their subsequent amendments.
Amendments to IAS 32 (Offsetting financial assets and financial liabilities)
Amendments to IAS 36 (Recoverable amount disclosures for non-financial assets)
Amendments to IAS 39 (Novation of derivatives and continuation of hedge accounting)

With the exception of IFRS 10 and 11, these new standards and interpretations have had no material impact on the consolidated accounts at 30 June 2014.

IFRS 10 introduces a new control model, which requires the Group to determine whether it has power over an entity, whether it is exposed to or is entitled to variable returns as a result of its links to said entity, and whether it has the ability to exercise its power in a way that influences the value of those returns.

In accordance with IFRS 11, the Group classifies its interests in its joint arrangements:

- as a joint operation, if it has rights to the joint arrangement's assets and obligations relating to its liabilities, which requires a "line by line" recognition of the Group's share of the partnerships' assets, liabilities, income and expenses;

- or as a joint venture, if it has rights to the partnership's net assets, which requires an equity-based recognition of its interests.

Applying IFRS 10 and 11 has resulted in the consolidation via the equity method of both Maurel & Prom Colombia BV (50.01% owned) and Saint-Aubin Energie (33.33% owned) and its wholly-owned subsidiaries (Maurel & Prom East Asia, Saint-Aubin Energie Québec Inc, Saint-Aubin E&P (Québec) Inc, MP Energy West Canada Corp, MP Québec and MP West Canada), which had previously been consolidated proportionately.

The effects of the change in accounting methods due to the application of these new standards were identified as restatements in the 2013 comparative financial statements and are detailed in Note 14 "Change in accounting methods".

The Group has chosen not to apply the standards and interpretations that were not mandatory on 1 January 2014, including:

IFRIC 21 (Taxes) (applicable to reporting periods starting on or after 17/06/2014 – approved by the European Union on 13/06/2014). This interpretation is not expected to have any significant impact.

IFRS standards have been applied by the Group consistently for all of the periods presented.

The preparation of consolidated financial statements under IFRS requires the Group to make accounting choices, produce a number of estimates and use certain assumptions that affect the reported amounts of assets and liabilities, the notes on the assets and liabilities at the closing date, and the income and expenses during the period. Changes in facts and circumstances may lead the Group to review such estimates.

The results obtained may significantly differ from such estimates when different circumstances or assumptions are applied.

In addition, when a specific transaction is not treated by any standard or interpretation, the Group's Management uses its own discretion to define and apply the accounting methods that will provide relevant, reliable information. The financial statements present a faithful representation of the Group's financial position, performance and cash flows. They reflect the substance of transactions, are prepared in a cautious manner, and are complete in all material respects.

Management estimates used in preparing financial statements relate primarily to:

- impairment tests on petroleum assets;
- provisions for site restoration;
- recognition of oil carry transactions;
- accounting treatment of derivative instruments subscribed by the Group;
- recognition of deferred tax assets;
- assessment of the necessary investments to develop proven undeveloped reserves included in asset depletion calculations.

The key estimates used by the Company in preparing the 30 June 2014 financial statements were as follows:

In Tanzania, development prospects in relation to the BRM permit depend on expressions of interest from other players in the sector, in particular in terms of gas supply, and the support of the Tanzanian authorities to set up a contractual framework for selling the gas produced;

As a result of the change of control in 2011 (joint venture with Pacific Rubiales Energy), the Company reported an intangible asset relating to all its Colombian assets (consolidated using the equity method in M&P Colombia BV), measured at fair value on the transaction date. The value of this asset is estimated in relation to the Company's activity as a whole in this country (Colombia), taking into account the exploration and production prospects, and the work commitments associated with the underlying permits, especially the Muisca permit.

8.5.3 NOTE 3: CHANGES IN THE COMPOSITION OF THE GROUP

Company	Registered office	Consolidation method	% control 30/06/2014	% control 31/12/2013
Etablissements Maurel & Prom S.A.	Paris	Consolidating company	Consolidating company	
Oil and gas activities				
Caroil SAS	Paris, France	Fully consolidated	100.00%	100.00%
Saint-Aubin Energie S.A.S.	Paris, France	Equity associate	33.33%	33.33%
Panther Eureka S.r.l.	Ragusa, Sicily	Fully consolidated	100.00%	100.00%
Maurel & Prom West Africa S.A.S.	Paris, France	Fully consolidated	100.00%	100.00%
Maurel & Prom Gabon S.A.	Port-Gentil, Gabon	Fully consolidated	100.00%	100.00%
Quartier General M&P Gabon	Port-Gentil, Gabon		-	100.00%
Maurel & Prom East Asia S.A.S.	Paris, France	Equity associate	33.33%	33.33%
Maurel & Prom Peru SAC	Lima, Peru	Fully consolidated	100.00%	100.00%
Maurel & Prom Colombia BV	Rotterdam, Netherlands	Equity associate	50.01%	50.01%
Maurel & Prom Drilling Services	Amsterdam, Netherlands	Fully consolidated	100.00%	100.00%
Maurel & Prom Congo S.A.	Pointe-Noire, Congo	Fully consolidated	100.00%	100.00%
Maurel & Prom Tanzania Ltd	Dar es Salaam, Tanzania	Fully consolidated	100.00%	100.00%
Maurel & Prom Exploration Production Tanzania Ltd	Dar El-Salam, Tanzania	Fully consolidated	100.00%	100.00%
Maurel & Prom Volney 2 S.A.S.	Paris, France	Fully consolidated	100.00%	100.00%
Cyprus Mnazi Bay Limited	Nicosia, Cyprus	Fully consolidated	60.075%	60.075%
Maurel & Prom Mnazi Bay Holdings S.A.S.	Paris, France	Fully consolidated	100.00%	100.00%
Maurel & Prom Peru Holdings S.A.S.	Paris, France	Fully consolidated	100.00%	100.00%
Maurel & Prom Exploration et Production BRM S.A.S.	Paris, France	Fully consolidated	100.00%	100.00%
Saint-Aubin Energie Québec Inc	Montreal, Canada	Equity associate	33.33%	33.33%
Saint-Aubin E&P (Québec) Inc	Montreal, Canada	Equity associate	33.33%	
MP Energy West Canada Corp.	Calgary, Canada	Equity associate	33.33%	33.33%
MP Québec S.A.S.	Paris, France	Equity associate	33.33%	33.33%
MP West Canada S.A.S.	Paris, France	Equity associate	33.33%	33.33%
Maurel & Prom Namibia S.A.S.	Paris, France	Fully consolidated	100.00%	100.00%
Other activities				
Maurel & Prom Assistance Technique S.A.S.	Paris, France	Fully consolidated	100.00%	100.00%
Maurel & Prom Assistance Technique International S.A.	Geneva, Switzerland	Fully consolidated	99.99%	99.99%

No significant change has occurred in the composition of the Group.

However, Saint-Aubin Energie (consisting of Maurel & Prom East Asia, Saint-Aubin Energie Québec Inc, Saint-Aubin E&P (Québec) Inc, MP Energy West Canada Corp., MP Québec and MP West Canada), which is 33.33% owned under a partnership with MPI, and the 50%-owned Maurel & Prom Colombia BV, are now no longer consolidated proportionately but, with effect from 1 January 2014, are recognised using the equity method. The 2013 financial statements have been restated to reflect the entry into effect of IFRS 11.

The company Quartier Général M&P Gabon merged with Maurel & Prom Gabon S.A. on 1 January 2014, with no impact on the Group.

8.5.4 NOTE 4: INTANGIBLE ASSETS

Changes in intangible assets

In thousands of euros	Goodwill	Oil search and exploitation rights	Exploration costs	Other	Total
Gross value at 01/01/2013*	**6,403**	**146,133**	**299,145**	**6,242**	**457,923**
Exploration investments	0	0	49,020	(76)	48,944
Sales/Decreases	0	0	(1,727)	0	(1,727)
Exploration expenses	0	(2,780)	(18,912)	0	(21,692)
Changes in consolidation scope	0	0	0	224	224
Changes in fair value	0	0	0	0	0
Currency translation adjustments	0	(5,891)	(8,679)	(18)	(14,588)
Transfers	0	0	5,704	(2,188)	3,516
Gross value at 31/12/2013*	**6,403**	**137,462**	**324,551**	**4,184**	**472,600**
Exploration investments	0	32,169	26,793	278	59,240
Sales/Decreases	0	0	0	0	0
Exploration expenses	0	(730)	(1,715)	0	(2,445)
Changes in consolidation scope	0	0	0	0	0
Changes in fair value	0	0	0	0	0
Currency translation adjustments	0	1,484	1,750	8	3,242
Transfers	0	0	(51,665)	0	(51,665)
Gross value as at 30/06/2014	**6,403**	**170,273**	**299,714**	**4,470**	**480,972**
Cumulative amortisation and depreciation at 01/01/2013*	**0**	**25,894**	**91,436**	**2,141**	**119,471**
Amortisation and depreciation provisions	0	5,296	3,470	271	9,037
Disposals/Reversals	0	0	0	0	0
Exploration expenses	0	(2,780)	0	0	(2,780)
Currency translation adjustments	0	(984)	(419)	(11)	(1,414)
Changes in consolidation scope	0	0	0	215	215
Transfers	0	0	3,515	0	3,515
Cumulative amortisation and depreciation at 31/12/2013*	**0**	**27,426**	**98,002**	**2,616**	**128,044**
Amortisation and depreciation provisions	0	3,183	8,497	139	11,819
Disposals/Reversals	0	0	0	0	0
Exploration expenses	0	(100)	(45)	0	(145)
Currency translation adjustments	0	224	123	6	351
Changes in consolidation scope	0	0	0	0	0
Sales of subsidiaries	0	0	0	0	0
Transfers	0	0	0	0	0
Cumulative amortisation and depreciation at 30/06/2014	**0**	**30,731**	**106,577**	**2,761**	**140,069**
Net carrying value at 30/06/2014	**6,403**	**139,654**	**193,137**	**1,709**	**340,903**
Net carrying value at 31/12/2013, restated	**6,403**	**110,036**	**226,549**	**1,568**	**344,556**

** restated to reflect the application of IFRS 10 and 11*

Exploration investments

Acquisitions of intangible assets amounted to €59,240K as at 30 June 2014.

The main investments in the period related to:

- investments made in Gabon in the amount of €40,380K, which mainly related to:
  - the acquisition of the Ezanga permit for €32,169K. This new permit replaces the Omoueyi permit and incorporates new contractual terms for the exploration and production sharing contract;
  - exploration work on the Ezanga permit in the amount of €4,642K, related primarily to the cost of the Maroc Sud, Mavoungou and Niembi exploration platforms;
  - expenses incurred in relation to the Nyanga Mayombe permit in the amount of €3,169K (mainly for seismic data acquisition).
- exploration expenses incurred in Tanzania relating primarily to the Mnazi Bay permit, in the amount of €4,331K, and to the Bigwa-Rufiji/Mafia permit, in the amount of €6,376K, (mainly for additional 2D and 3D seismic data acquisition);
- investments amounting to €7,456K at the Rovuma field in Mozambique to drill the Tembo-1 well, which was ongoing as at 30 June 2014.

Exploration expenses

At 30 June 2014, exploration costs recognised as expenses amounted to €2,300K.

Amortisation and depreciation

Amortisation and depreciation relates primarily to the depletion of intangible assets under the Ezanga permit and the constitution of a provision on assets in Peru.

Transfers

Transfers in the amount of €51,665K are due primarily to the reclassification of the costs incurred at the Maroc field (€47,864K) recorded on 31 December 2013 as property, plant and equipment following the awarding of the Exclusive Exploitation Authorisation.

Currency translation adjustments

The re-valuation of assets held in US dollars at the closing exchange rate produced a net positive translation adjustment of €2,891K.

8.5.5 NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment

In thousands of euros	Land and buildings	Technical facilities	Down payments and assets under construction	Other fixed assets	Total
Gross value at 01/01/2013*	**3,584**	**976,723**	**384**	**24,663**	**1,005,354**
Development/production investments	640	172,749	17,204	14,422	205,015
Sales/Decreases	0	0	0	(175)	(175)
Assets decommissioned	0	0	0	(16)	(16)
Changes in consolidation scope	0	106,994	397	1,759	109,150
Currency translation adjustments	*(4)*	*(50,665)*	*(12)*	*(1,366)*	*(52,047)*
Transfers	(1,124)	(54)	(67)	121	(1,124)
Gross value at 31/12/2013*	**3,096**	**1,205,747**	**17,906**	**39,408**	**1,266,157**
Development/production investments	12	88,282	442	6,781	95,517
Sales/Decreases	0	0	0	(180)	(180)
Assets decommissioned	0	(2,530)	0	0	(2,530)
Currency translation adjustments	11	12,502	7	364	12,884
Transfers	0	59,790	(11,926)	(50)	47,814
Gross value at 30/06/2014	**3,119**	**1,363,791**	**6,429**	**46,323**	**1,419,662**
Cumulative amortisation and depreciation at 01/01/2013*	**1,067**	**193,201**	**0**	**3,751**	**198,019**
Amortisation and depreciation provisions	138	57,330	0	741	58,209
Disposals/Reversals	0	0	0	(173)	(173)
Assets decommissioned	0	0	0	(5)	(5)
Currency translation adjustments	(2)	(10,876)	0	(28)	(10,906)
Changes in consolidation scope	0	55,773	0	1,279	57,052
Transfers	(1,028)	(285)	0	190	(1,123)
Cumulative amortisation and depreciation at 31/12/2013*	**175**	**295,143**	**0**	**5,755**	**301,073**
Amortisation and depreciation provisions	127	33,527	0	434	34,088
Disposals/Reversals	0	(241)	0	(27)	(268)
Currency translation adjustments	1	2,999	0	27	3,027
Cumulative amortisation and depreciation at 30/06/2014	**303**	**331,428**	**0**	**6,189**	**337,920**
Net carrying value at 30/06/2014	**2,816**	**1,032,363**	**6,429**	**40,134**	**1,081,742**
Net carrying value at 31/12/2013*	**2,922**	**910,603**	**17,906**	**33,653**	**965,084**

** restated to reflect the application of IFRS 10 and 11*

Development/production investments

Investment in property, plant and equipment over the period amounted to €95,517K, primarily for:

- production investments in relation to the Ezanga PSA, in the amount of €92,430K. These relate primarily to investments in production infrastructure, platforms, drilling and completions for wells at the Onal, Maroc and Gwedidi fields;
- Caroil investments in the amount of €1,822K, mainly in Gabon (€1,377K).

Assets decommissioned

Decommissioning expenses amounted to €2,530K and related to the decommissioning of the C06 drilling rig in Tanzania, following the decision to stop using that equipment.

Transfers

Transfers in the amount of €47,814K are due primarily to the reclassification of the intangible assets present at the opening of the Maroc field (valued at €47,864K) as property, plant and equipment, following the awarding of the Exclusive Exploitation Authorisation for this field.

Amortisation and depreciation

The provisions amounting to €34,088K recognised under amortisation and depreciation of technical facilities relate primarily to the depletion of field assets covered by the Ezanga permit in the amount of €26,316K and the amortisation of Caroil assets in the amount of €7,244K.

Currency translation adjustments

The re-valuation of assets held in US dollars at the closing exchange rate produced a net positive translation adjustment of €9,862K.

8.5.6 NOTE 6: EQUITY ASSOCIATES

As at 30 June 2014, M&P Colombia BV and all the companies within Saint-Aubin Energie, which had previously been consolidated proportionately, were consolidated using the equity method. This change followed the entry into effect of IFRS 10, 11 and 12 on 1 January 2014.

At 31/12/2013*

In thousands of euros	Share of equity	Balance sheet value	Share of income in the fiscal year
M&P Colombia BV	79,653	79,653	(26,970)
MP East Asia	78	78	65
Saint-Aubin Energie	(233)	(233)	(245)
MP Québec	0	0	0
MP West Canada	(90)	(90)	(102)
Saint-Aubin Energie Québec Inc.	0	0	0
MP Energy West Canada Corp.	0	0	0
Saint-Aubin E&P (Québec) Inc	0	0	0
Total	**79,408**	**79,408**	**(27,252)**

restated to reflect the application of IFRS 10 and 11

At 30/06/2014

In thousands of euros	Share of equity	Balance sheet value	Share of income in the fiscal year
M&P Colombia BV	79,026	79,026	(6,034)
MP East Asia	0	0	(265)
Saint-Aubin Energie	0	0	(142)
MP Québec	0	0	0
MP West Canada	0	0	(202)
Saint-Aubin Energie Québec Inc.	0	0	0
MP Energy West Canada Corp.	0	0	(14)
Saint-Aubin E&P (Québec) Inc	0	0	(96)
Total	**79,026**	**79,026**	**(6,659)**

FINANCIAL INFORMATION AS AT 30 JUNE 2014

In thousands of euros	Maurel & Prom Colombia BV	MP East Asia	Saint-Aubin Energie	MP Québec	MP West Canada	Saint-Aubin Energie Québec Inc.	MP Energy West Canada Corp.	Saint-Aubin E&P (Québec) Inc.
Assets	192,625	31,896	65,330	0	25,439	351	650	0
Liabilities*	34,573	32,459	66,454	0	26,316	351	694	297
Sales	0	0	0	0	0	0	0	0
Net income	(12,069)	(395)	(2,026)	0	(395)	0	(42)	(289)

** excluding net equity position.*

8.5.7 NOTE 7: TRADE RECEIVABLES AND OTHER CURRENT ASSETS

In thousands of euros	30/06/2014	31/12/2013*
Trade receivables - oil and gas activities	109,237	118,226
Trade receivables - drilling activities	10,723	9,056
Other	2,313	774
Total	**122,273**	**128,056**
Write-down to be deducted	357	0
Net value	**121,916**	**128,056**

** restated to reflect the application of IFRS 10 and 11*

The balance of trade receivables for hydrocarbon sales corresponds mainly to receivables from Socap (Total Group) and Sogara, to which the production from the fields on the Ezanga permit is sold (€106,694K), and to receivables from hydrocarbon sales on the Mnazi Bay permit (€2,348K).

Caroil receivables for drilling activities mainly relate to services performed in Gabon in the amount of €6,736K and in Congo in the amount of €3,457K.

Other current financial and non-financial assets consist of the following items:

Other current financial assets	**30/06/2014**	**31/12/2013***
Receivables on investments and associations	42,818	37,818
Loans and other borrowings:	2,580	2,067
Miscellaneous receivables	108,520	76,823
Gross value	**153,918**	**116,708**
Write-down to be deducted	- 54,987	- 53,800
Net value	**98,931**	**62,908**

Other current assets	**30/06/2014**	**31/12/2013***
Advances and down payments	19,806	24,043
Prepaid expenses	3,234	1,661
Tax and social security receivables (excluding income tax)	53,456	42,132
Other assets	280	3,683
Gross value	**76,776**	**71,519**
Write-down to be deducted	-	-
Net value	**76,776**	**71,519**

** restated to reflect the application of IFRS 10 and 11*

Receivables on investments and associations

The change in the “Receivables on equity interests and joint ventures” item was mainly due to the change in the current accounts for Saint-Aubin Energie SAS (+€2,987K), MP East Asia (+€999K) and non-Group partners under the Noumbi permit (+€857K).

As at 30 June 2014, this item consisted primarily of the following:

- the Ison Holding current account, fully written off, in the amount of €11,965K;
- the current accounts of partners on the Mnazi Bay permit, in the amount of €2,241K;
- non-Group current accounts of partners under the Noumbi permit, in the amount of €4,112K;
- the current accounts of Saint-Aubin Energie equity associates, in the amount of €23,063K.

Miscellaneous receivables

As at 30 June 2014, the balance of miscellaneous receivables was made up mainly of the following elements:

- various receivables held by Maurel & Prom Gabon in the amount of €64,283K, of which €64,225K relates to the reinvoicing of costs to their partner under the Ezanga permit;
- the recognition of the Integra receivable as part of the sale of Maurel & Prom Venezuela in the amount of €37,500K, fully written off;
- the balance of the receivable recognised in 2011 relating to the price adjustment on the sale of 49.99% of Colombia in the amount of €1,923K;
- the Socofran receivable in the amount of €2,573K (including €204K interest). This receivable has been fully written off.

The change in miscellaneous receivables (+€31,697K) mainly reflects:

- the increase in receivables from partners under the Ezanga permit, in the amount of +€54,152K;
- the reduction in the receivable recognised in 2011 relating to the price adjustment on the sale of 49.99% of Colombia, in the amount of -€4,377K;
- the balance of the receivable relating to entitlement rights on unsold oil production in Gabon as at 31 December 2013, in the amount of -€14,528K. Overlift of inventories as at 30 June 2014 was recognised as debt.

Impairment of other current financial assets:

There were no significant developments to report as at 30 June 2014.

The balance of the depreciations on other current financial assets mainly consisted of:

- the provision for the entire Integra receivable as part of the sale of Maurel & Prom Venezuela in the amount of €37,500K;
- the provision for the entire Ison Holding current account, in the amount of €11,965K;
- the provision of the entire Socofran receivable, in the amount of €2,573K;
- the provision for the current accounts of equity associates, in the amount of €1,006K;
- the provision for the Maurel & Prom Développement Gabon current account in the amount of €978K, fully written off.

Advances and down payments:

The change in the “Advances and down payments” item is mainly due to a €5,464K reduction in advances and down payments on orders for the investment needs of the Ezanga permit, and an increase in respect of this item for Quartier Général M&P Gabon in the amount of €1,109K. As at 30 June 2014, the balance of this account amounted to €17,256K, corresponding to advances and down payments on Ezanga PSA oil sales.

Tax and social security receivables:

Group tax and social security receivables rose by €11,324K. This rise mainly reflects an increase in VAT receivables in Gabon amounting to €8,150K and Caroil VAT receivables amounting to €2,479K.

As at 30 June 2014, this item mainly consisted of VAT receivables:

- in Gabon amounting to €32,830K (including €31,499K under the Ezanga permit);
- pertaining to the drilling company Caroil, in the amount of €13,908K;
- in Sicily pertaining to the company Panther in the amount of €3,427K.

8.5.8 NOTE 8: DERIVATIVE FINANCIAL INSTRUMENTS

in thousands of euros	30/06/2014			31/12/2013
	Current	Non-current	Total	Total
Financial instruments (assets)	-	-	-	-
Interest rate instruments	-	-	-	-
Exchange rate instruments	-	-	-	-
Hydrocarbon instruments	-	-	-	-
Financial instruments (liabilities)	-	**14,512**	**14,512**	**198**
Exchange rate instruments	-	-	-	-
Interest rate instruments	-	14,512	14,512	-
Hydrocarbon instruments	-	-	-	198
Total	-	**- 14,512**	**- 14,512**	**- 198**

Under IAS 32 and IAS 39, the ORNANE bonds issued on 6 June 2014 are hybrid instruments with two separately recognised components:

- an option to convert to shares, recognised on the balance sheet as a debt derivative (fixed-income derivative);
- a debt instrument initially recognised on the balance sheet at the fair value of ORNANE bonds minus the associated transaction costs and after deducting the fair value of the option. Subsequent valuations of this instrument are at amortised cost.

The Group posted as an interest-rate derivative the option attached to its ORNANE issue of 6 June 2014, in the amount of €13,779K.

The value of this level 2 option was calculated in accordance with IAS 32 and 39 using a binomial model that assumes observable market volatility, spreads and maturities.

The change in the fair value of this option between the issue date and 30 June 2014 was recognised in the income statement, generating an expense of €733K, to produce an option value of €14,512K in the financial statements for 30 June 2014.

8.5.9 NOTE 9: FAIR VALUE

Financial assets at fair value by income

The various categories of financial assets (excluding financial instruments) as at 30 June 2014 and 31 December 2013 are shown in the following tables:

In thousands of euros	30/06/2014			
	Financial assets available for sale	Loans and receivables	Balance Sheet Total	Fair value
Other non-current financial assets	527	651	1,178	1,178
Trade receivables and related accounts	0	121,916	121,916	121,916
Other current financial assets	0	98,931	98,931	98,931
Cash and cash equivalents	0	176,710	176,710	176,710
Total Balance Sheet Value	**527**	**398,208**	**398,735**	**398,735**
Total Fair Value	**527**	**398,208**	**398,735**	**398,735**

In thousands of euros	31/12/2013*			
	Financial assets available for sale	Loans and receivables	Balance Sheet Total	Fair value
Other non-current financial assets	527	614	1,141	1,141
Trade receivables and related accounts	0	128,056	128,056	128,056
Other current financial assets	0	62,908	62,908	62,908
Cash and cash equivalents	0	200,982	200,982	200,982
Total Balance Sheet Value	**527**	**392,560**	**393,087**	**393,087**
Total Fair Value	**527**	**392,560**	**393,087**	**393,087**

** restated to reflect the application of IFRS 10 and 11*

Other assets at 30 June 2014 were analysed according to the following principles:

- other non-current financial assets are already valued at their fair value in the Group's financial statements;
- trade receivables and related accounts with maturities of less than one year are not discounted;
- other current financial assets, such as trade receivables and related accounts, with maturities of less than one year, are not discounted. When necessary, the receivables are assessed at their economic value and are recognised as such in the Group's financial statements;
- the Group's cash is viewed as liquid assets.

Financial liabilities (excluding derivatives and finance leases) and fair value

The various categories of financial liabilities (excluding financial instruments) at 30 June 2014 and 31 December 2013 are as follows:

In thousands of euros	30/06/2014			
	Current	Non-current	Balance Sheet Total	Fair value
Bonds	34,277	303,060	337,337	334,283
Other borrowings and financial debt	82,416	179,669	262,085	262,085
Trade payables	81,408	0	81,408	81,408
Other creditors and sundry financial liabilities	103,466	0	102,726	102,726
Total	**301,567**	**482,729**	**783,557**	**446,220**

In thousands of euros	31/12/2013*			
	Current	Non-current	Balance Sheet Total	Fair value
Bonds	300,677	66,383	367,060	364,499
Other borrowings and financial debt	68,479	226,608	295,087	295,087
Trade payables	89,603	0	89,603	89,603
Other creditors and sundry financial liabilities	39,784	0	39,784	39,784
Total	**498,543**	**292,991**	**791,534**	**788,973**

** restated to reflect the application of IFRS 10 and 11*

Assumptions made

The Gabon facility draw-down is valued and recognised at amortised cost in the Maurel & Prom Group financial statements. The Crédit Suisse loan is recognised at the discounted value of the contractual cash flows at the loan interest rate.

Other liabilities at 30 June 2014 were analysed according to the following principles: trade payables and other creditors and sundry financial liabilities have maturities of less than one year and therefore their fair value does not differ from their balance sheet value. Estimates were updated where necessary and have already been taken into account in the presentation of the financial statements.

The two OCEANE bonds are measured at their fair value.

As its remaining maturity was less than one month, the value adopted for OCEANE 2014 bonds is the redemption value.

The fair value of the OCEANE 2015 bond is recalculated at current market conditions producing an interest rate of 3.50%.

The ORNANE bonds were valued on the date of issue, 6 June 2014. As at 30 June 2014 there had been no significant change to require a re-valuation.

8.5.10 NOTE 10: CASH AND CASH EQUIVALENTS

Cash equivalents include liquid assets and investments with a term of less than three months.

In thousands of euros	30/06/2014	31/12/2013*
Liquid assets, banks and savings banks	57,799	78,228
Short-term bank deposits	118,911	122,754
Total	**176,710**	**200,982**
Bank loans	2,710	10,320
Net cash and cash equivalents at end of period	**174,000**	**190,662**

** restated to reflect the application of IFRS 10 and 11*

At 30 June 2014, Maurel & Prom had cash of €174 million, down €16.6 million from 31 December 2013, mainly due to:

- payments linked to acquisitions of property, plant and equipment and intangible assets, in the amount of €155 million;
- cash flow from operating activities (€202 million);
- proceeds from the ORNANE bond issued on 6 June 2014, in the amount of €253 million;
- repayment of OCEANE 2014 bonds in the amount of €264 million plus €16 million in interest;
- repayment of the first tranche of the RSF facility in Gabon in the amount of US$40 million (€29 million) plus €4.7 million in interest.

8.5.11 NOTE 11: PROVISIONS

In thousands of euros	Site restoration	Employee benefits	Other	Total
Balance at 01/01/2013	**9,716**	**888**	**4,608**	**15,212**
Currency translation adjustments	(419)	0	(30)	(449)
Changes in consolidation scope	0	72	3,804	3,876
Provisions in the period	422	142	0	564
Other prov. and reversals	(4)	0	0	(4)
Impact of accretions	412	0	0	412
Balance at 31/12/2013*	**10,125**	**1,102**	**8,382**	**19,609**
Current portion	1,750	540	8,382	10,672
Non-current portion	8,375	562	0	8,937

In thousands of euros	Site restoration	Employee benefits	Other	Total
Balance at 01/01/2014	**10,125**	**1,102**	**8,382**	**19,609**
Currency translation adjustments	91	0	37	128
Provisions in the period	0	0	2,184	2,184
Use	0	0	(845)	(845)
Other prov. and reversals	(4)	0	(251)	(255)
Balance at 30/06/2014	**10,212**	**1,102**	**9,507**	**20,823**
Current portion	2,059	540	9,507	12,108
Non-current portion	8,153	562	0	8,715

** restated to reflect the application of IFRS 10 and 11*

Site restoration

At 30 June 2014, the provision for site restoration recorded in the Maurel & Prom financial statements for Gabon and Sicily amounted to €9,494K (including €9,435K for the Ezanga permit) and €720K respectively.

The Company is currently re-evaluating the implications of this new Ezanga contract on the obligation to restore sites. It is expected to report its conclusion by the end of the year.

Employee benefits

As at 30 June 2014, the provision for retirement and other post-employment benefits relates primarily to Maurel & Prom's head office (€1,007K).

Other provisions

Other provisions for risks and contingencies are shown in the table below:

In thousands of euros	Dec 2013	Change	June 2014
Operating risks in the Congo(1)	1,073	0	1,073
Other (2)	7,309	1,125	8,434
Other provisions for risks and contingencies	**8,382**	**1,125**	**9,507**

(1) The provision allocated in 2007 to hedge a series of risks linked to the sale of most of the Group's activities in the Congo to Eni still appears in the financial statements in the amount of €1,073K, awaiting final liquidation.
(2) The change in other provisions mainly reflects the recognition of a provision in Tanzania in the amount of €758K and adjustments to Caroil provisions in the amount of €506K.

8.5.12 NOTE 12: BONDS, OTHER BORROWINGS AND FINANCIAL DEBTS

Bonds, other borrowings and financial debts are detailed below:

In thousands of euros	Currency	30/06/2014			31/12/2013*
		Current	Non-current	Total	Total
Bonds		**34,277**	**303,060**	**337,337**	**367,060**
Other borrowings and debts		**76,878**	**179,669**	**256,548**	**281,876**
Crédit Suisse loan	USD	0	32,667	32,667	32,253
Gabon credit facility	USD	76,878	147,002	223,880	249,623
Debts on finance leasing		**2,828**	**0**	**2,828**	**2,892**
Bank loans		**2,710**	**0**	**2,710**	**10,320**
Total other borrowings and financial debt		**82,416**	**179,669**	**262,085**	**295,088**

**restated to reflect the application of IFRS 10 and 11*

Bonds

<u>OCEANE</u>

The Group issued two OCEANE bonds in 2009 and 2010, maturing on 31 July 2014 and 31 July 2015, respectively.

On 6 June 2014, Etablissements Maurel & Prom redeemed 16,903,714 of the 19,061,198 OCEANE bonds maturing on 31 July 2014, at a total cost of €262.7 million (including €16 million in accrued interest).

The cash paid out (including expenses) was apportioned to the “net equity" and “debt” components of the OCEANE bonds using a method consistent with that used to separate the two components initially. The following impacts were therefore recognised:

- the difference between the redemption price of the “debt” component (€269.7 million) and its carrying value at amortised cost (€262.4 million) was recognised in the income statement in the amount of €7.3 million;
- the redemption value assigned to the “net equity” component was not significant.

The interest expensed over the period was:

- for the OCEANE 2014 bond: €13,239K;
- for the OCEANE 2015 bond: €3,083K.

<u>ORNANE</u>

On 6 June 2014 the Group issued a bond in the form of an ORNANE bond, amounting to 14,658,169 ORNANEs maturing on 1 July 2019 with an exercise price of €17.26 per unit, offering 1.625% interest payable every six months.

If exercised by the holder, and at the discretion of the issuer, the bond may be:

either,

- redeemed in cash for an amount less than its nominal value if said nominal value is greater than the reference price of the underlying shares;
- redeemed in cash for an amount equal to the number of shares to be issued multiplied by the reference price of the underlying shares;
- at the discretion of the issuer, be the subject of a redemption in cash (between 0% and 100% of the conversion value of the ORNANE bond) plus a redemption in the form of new and/or existing shares for the proportion exceeding the amount paid out in cash;

or,

- redeemed in the form of shares only: the number of shares to be issued being the same as for an ordinary OCEANE bond with the same characteristics.

Under IAS 32 and IAS 39, the ORNANE bonds issued on 6 June 2014 are hybrid instruments with two separately recognised components:

- an option to convert to shares, recognised on the balance sheet as a debt derivative (interest rate derivative – see Note 9);
- a debt instrument recognised initially on the balance sheet at the fair value of ORNANE bonds minus the associated transaction costs and after deducting the fair value of the option, in the amount of €231,599K. This instrument was then valued at amortised cost based on an effective interest rate of 3.45%, amounting to €231,912K at 30 June 2014.

The interest expense recorded in respect of the ORNANE bond issue in the 30 June 2014 financial statements is €417K.

Other borrowings and financial debt

Gabon credit facility

Maurel & Prom Gabon SA has set up a new US$350 million line of credit (Senior Secured Facility) with a consortium of seven international banks (Natixis, BNP Paribas, Crédit Agricole Corporate & Investment Bank, Standard Bank Plc, Standard Chartered Bank, Rand Merchant Bank and Export Development Canada), approved by the Gabonese authorities in late January 2013.

The Credit Agreement comes with a repayment schedule that specifies 31 December 2017 as the date for the final repayment. Maurel & Prom Gabon will have to pay interest on the loan, on predetermined due dates, at a rate equal to LIBOR plus mandatory costs as well as a margin of between 3.5% and 4% per year. This margin varies depending on the credit usage ratio (3.50% when the usage ratio is less than or equal to 50%, 3.75% when it is greater than 50% and less than or equal to 75%, and 4% when it is greater than 75%). Interest will be calculated per three-month period, unless specified otherwise.

Crédit Suisse loan

As part of the purchase of Caroil from Tuscany International Drilling in 2013, Maurel & Prom took on US$50 million of Tuscany's debt following a credit agreement with Crédit Suisse. This loan, signed on 23 December 2013, is repayable in full on 23 December 2018 and carries interest at LIBOR +2%.

8.5.13 NOTE 13: TRADE PAYABLES – OTHER CREDITORS AND MISCELLANEOUS FINANCIAL LIABILITIES

In thousands of euros	30/06/2014			31/12/2013*		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Trade payables and related accounts	**81,408**	**-**	**81,408**	**89,603**	**-**	**89,603**
Suppliers	28,529	-	28,529	33,679	-	33,679
Payables	52,879	-	52,879	55,924	-	55,924
Other creditors and miscellaneous liabilities	**132,283**	**-**	**132,283**	**64,389**	**-**	**64,389**
Social security liability	6,006	-	6,006	6,441	-	6,441
Tax liability	22,811	-	22,811	18,164	-	18,164
Miscellaneous creditors	103,466	-	103,466	39,784	-	39,784

** restated to reflect the application of IFRS 10 and 11*

Trade payables and related accounts

The balance of trade payables at 30 June 2014 mainly consists of trade payables directly related to requirements generated in Gabon in the amount of €17,272K, of which €16,392K is for the Ezanga permit. This balance also includes Caroil trade payables amounting to €7,638K, and trade payables in Tanzania relating to the Mnazi Bay permit, in the amount of €337K, and to the Bigwa-Rufiji/Mafia permit in the amount of €1,953K.

The balance of the payables at 30 June 2014 mainly consisted of the following:

- payables on the fields in Gabon, in the amount of €47,803K (of which €43,646K related to debts on the Ezanga permit);
- payables recognised by Caroil, in the amount of €3,268K;
- payables recognised in relation to the Mnazi Bay permit, in the amount of €1,070K.

Other creditors and miscellaneous liabilities

Social security liability

Outstanding social security liability corresponds primarily to debts to personnel and social welfare bodies at the Maurel & Prom head office (in the amount of €1,786K) in Gabon (in the amount of €1,792K) and at Caroil (in the amount of €1,512K).
There was no significant change in this item in the first half of 2014.

Tax liability

The change in tax liabilities mainly reflect:

- the €4,080K increase in tax liabilities on Ezanga, due mainly to a €4,747K increase in the Sogara royalties account and a €684K reduction in the mining royalties account;
- the €712K increase in Caroil's tax liability.

The balance consists of tax liabilities in Gabon amounting to €19,862K (of which €18,976K is Sogara's contribution in relation to Ezanga), plus Caroil's tax liability amounting to €2,103K (of which €2,033K pertains to its Gabon operations).

Miscellaneous creditors

The balance and changes in miscellaneous creditors can be broken down as follows:

- retrocessions of sales under the Ezanga permit, in the amount of €81,238K (up €65,287K over the period);

- entitlements on oil production; entitlements as at 30 June 2014 were higher than the volume produced, which led the Group to recognise a debt of €2,210K;
- deferred income for Maurel & Prom Gabon generated via their operation of the Ezanga permit, in the amount of €5,142K;
- recognised debt to M&P Colombia BV, in the amount of €5,891K.

8.5.14 NOTE 14: CHANGE IN ACCOUNTING METHOD

The 2013 comparative financial statements were restated to take into account the change in the method for recognising sales to the “entitlement method”, which has been in use since 31 December 2013.

The 2013 comparative financial statements were restated to take into account the change in method associated with the application of IFRS 10 and 11 which has resulted in Maurel & Prom Colombia BV and Saint-Aubin Energie being consolidated on an equity basis, rather than via proportional consolidation (see the Note on “Accounting Principles and Methods”).

The Group has decided that its other partners constitute joint operations, in that they are not structured as a distinct vehicle. These are key partnerships linked under various production sharing or oil concession contracts in which the Group participates. In accordance with IFRS 11, the Group recognises its share of these partnerships’ assets, liabilities, income and expenses in a similar manner to their previous treatment under IAS 31.

Balance sheet

In thousands of euros	31/12/2013 Published	Change IFRS 10 & 11	31/12/2013[1] Restated	31/12/2012 Published	31/12/2012[2] Published Restated	Change IFRS 10 & 11	31/12/2012[1] IFRS 10 & 11
Intangible assets	431,655	-87,099	344,556	441,533	441,533	-103,080	338,453
Property, plant and equipment	965,248	-164	965,084	870,778	870,778	-63,444	807,334
Non-current financial assets	6,683	-5,542	1,141	740	740	0	740
Equity associates	0	79,408	79,408	72,496	72,496	99,263	171,759
Deferred tax assets	2,753	0	2,753	6,751	4,966	0	4,966
Non-current assets	**1,406,339**	**-13,397**	**1,392,942**	**1,392,298**	**1,390,513**	**-67,260**	**1,323,253**
Inventories	8,349	-17	8,332	5,060	3,268	-273	2,995
Trade receivables and related accounts	127,777	279	128,056	75,287	75,287	-2,747	72,540
Other current financial assets	60,508	2,400	62,908	40,426	47,978	-2,208	45,769
Other current assets	78,852	-7,333	71,519	60,573	60,573	-7,426	53,147
Income tax receivable	1,185	-1,176	9	290	290	-283	7
Current derivative instruments	0	0	0	2,166	2,166	0	2,166
Cash and cash equivalents	208,396	-7,414	200,982	67,371	67,371	-9,240	58,131
Current assets	**485,067**	**-13,261**	**471,806**	**251,173**	**256,933**	**-22,178**	**234,755**
Total Assets	**1,891,406**	**-26,658**	**1,864,748**	**1,643,471**	**1,647,446**	**-89,438**	**1,558,008**

(1) restated for IFRS 10 and 11

(2) restated and published on 31/12/2013, following the change in the method applied on 31/12/2013 for recognising sales to the entitlement method

In thousands of euros	31/12/2013 Published	Chg. IFRS 10 & 11	31/12/2013[1] Restated IFRS 10 & 11	31/12/2012 Published	31/12/2012[2] Restated	Chg. Published	31/12/2012[1] Restated IFRS 10 & 11
Share capital	93,578	0	93,578	93,565	93,565	0	93,565
Additional paid-in capital	216,391	0	216,391	218,280	218,280	0	218,280
Consolidated reserves	463,961	0	463,961	470,361	491,414		491,414
Treasury shares	(70,860)	0	(70,860)	(72,737)	(72,737)	0	(72,737)
Net income, Group share	62,768	0	62,768	58,079	41,001	0	41,001
Net equity, Group share	**765,838**	**0**	**765,838**	**767,548**	**771,523**	**0**	**771,523**
Non-controlling interests		0	(2,506)	2,408	2,408	0	2,408
Total net equity	**763,332**	**0**	**763,332**	**769,956**	**773,931**	**0**	**773,931**
Non-current provisions	8,937	0	8,937	8,531	8,531	0	8,531
Non-current bonds	66,383	0	66,383	346,752	346,752	0	346,752
Other non-current borrowing and financial debt	226,608	0	226,608	0	0	0	0
Non-current derivative instruments		0	0	0		0	0
Deferred tax liabilities	261,926	0	261,926	179,975	179,975	0	179,975

Non-current liabilities	**563,854**	**0**	**563,854**	**535,258**	**535,258**	**0**	**535,258**
Current bond borrowing	300,677	0	300,677	10,933	10,933	0	10,933
Other current borrowings and financial debt	68,522	(43)	68,479	113,707	113,707	(46)	113,661
Trade payables and related accounts	92,860	(3,257)	89,603	104,028	104,028	(25,110)	78,918
Income tax payable	3,634	(90)	3,544	2,506	2,506	0	2,506
Other creditors and miscellaneous liabilities	87,384	(22,995)	64,389	93,678	93,678	(63,345)	30,333
Current derivative instruments	198	0	198	5,787	5,787	0	5,787
Current provisions	10,945	(273)	10,672	7,618	7,618	(938)	6,680
Current liabilities	**564,220**	**(26,658)**	**537,562**	**338,257**	**338,257**	**(89,438)**	**248,819**
Assets held for sale and discontinued activities		0	0	0			0
Total liabilities	**1,891,406**	**(26,658)**	**1,864,748**	**1,643,471**	**1,647,446**	**(89,438)**	**1,558,008**

(1) restated for IFRS 10 and 11

(2) restated and published on 31/12/2013, following the change in the method applied on 31/12/2013 for recognising sales to the entitlement method

Income statement

In thousands of euros	**Note**	**30/06/2013 Published**	**Recognition of sales**	**IFRS 10 and 11**	**30/06/2013* Restated**
Sales		270,337	(3,852)	(5,653)	260,832
Other income		499		0	499
Purchases and change in inventories		(8,672)	906	(375)	(8,141)
Other purchases and operating expenses		(42,513)		6,355	(36,158)
Tax expense		(17,908)		97	(17,811)
Personnel expenses		(7,865)		80	(7,785)
Amortisation and depreciation provisions		(55,035)		2,490	(52,545)
Depreciation of exploration and production assets		(28,343)		9,528	(18,815)
Provisions and impairment of current assets		(642)		0	(642)
Reversals of operating provisions		4		0	4
Other expenses		1,278		7	1,285
Operating income	**18**	**111,140**	**(2,946)**	**12,529**	**120,723**
Gross cost of financial debt		*(23,031)*		*3*	*(23,028)*
Income from cash		*516*		*(3)*	*513*
Net gains and losses on derivative instruments		*598*		*0*	*598*
Net cost of financial debt		(21,917)		0	(21,917)
Other financial income and expenses		(94)		580	486
Financial income	**19**	**(22,010)**	**0**	**580**	**(21,430)**
Income before tax		**89,130**	**(2,946)**	**13,109**	**99,293**
Income tax	20	(56,466)	977	72	(55,417)
Net income from consolidated companies		**32,664**	**(1,968)**	**13,180**	**43,876**
Net income from equity associates	7	(38,490)		(13,180)	(51,671)
Net income from continuing activities		**(5,826)**	**(1,968)**	**(0)**	**(7,795)**
Net income from discontinued activities		(2,676)			(2,676)
Consolidated net income		**(8,502)**	**(1,968)**	**(0)**	**(10,471)**
Net income, Group share		*(8,367)*	*(1,968)*	*(0)*	*(10,335)*
Non-controlling interests		*(136)*			*(136)*

** restated to take into account the change in the method for recognising sales to the entitlement method and the application of IFRS 10 and 11*

Cash flow statement

In thousands of euros	Note	30/06/2013 Published	Recognition of sales	IFRS 10 and 11	30/06/2013* Restated
Consolidated net income from continuing activities		**(8,503)**	**(2,346)**	**13,180**	**2,331**
Tax expense for continuing activities		56,466	(977)	(72)	55,417
Consolidated income from continuing activities before tax		**50,640**	**(3,323)**	**0**	**47,317**
- Net increase (reversals) of amortisation, depreciation and provisions		57,297		(2,500)	54,797
- Unrealised gains (losses) due to changes in fair value		(1,069)		0	(1,069)
- Exploration expenses		28,343		(9,528)	18,815
- Calculated expenses and income related to stock options and similar benefits		692			692
- Other calculated income and expenses		17,124		(6)	17,118
- Gains (losses) on asset disposals		1,747		0	1,747
- Income from equity associates		38,490		13,108	51,598
- Other financial items		5,357		(6)	5,351
Cash flow before taxes		**198,621**	**(3,323)**	**1,068**	**196,366**
Payment of tax due		(19,316)		194	(19,122)
Change in working capital requirements for activities		32,907	3,323	(15,079)	21,151
- Customers		8,700		(3,049)	5,651
- Suppliers		(6,657)		17,997	11,340
- Inventories		207		1,153	1,360
- Other		30,657	3,323	(31,180)	2,800
NET CASH FLOW FROM OPERATING ACTIVITIES		**212,212**	**0**	**(13,817)**	**198,395**
Payments associated with acquisitions of intangible assets and property, plant and equipment		(153,747)		19,844	(133,903)
Payments associated with acquisitions of financial assets (unconsolidated securities)		13		0	13
Proceeds from disposals of financial assets (unconsolidated securities)		61		0	61
Acquisition of subsidiaries		9		(9)	0
Change in loans and advances granted		4,658		10	4,668
Other cash flows from investment activities		36		0	36
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(148,970)**	**0**	**19,845**	**(129,125)**
Amounts received from shareholders for capital increases		103		(5,494)	(5,391)
Dividends paid		(46,271)		0	(46,271)
Proceeds from new loans		267,151		0	267,151
Interest paid		(5,357)		6	(5,351)
Borrowing repayments		(113,539)		9	(113,530)
Treasury share acquisitions		(1,442)		0	(1,442)
NET CASH FLOW FROM FINANCING ACTIVITIES		**100,645**	**0**	**(5,479)**	**95,166**
Impact of exchange rate fluctuations		282		(76)	206
CHANGE IN NET CASH		**164,169**	**0**	**470**	**164,639**
Cash at start of period		67,240		(9,287)	57,953
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**9**	**231,409**		**(8,815)**	**222,594**

** restated to take into account the change in the method for recognising sales to the entitlement method and the application of IFRS 10 and 11*

8.5.15 NOTE 15: OPERATING INCOME

	30/06/2014	30/06/2013*
Sales	295,501	260,832
Gross margin	239,507	217,032
EBITDA	209,636	191,436
Amortisation and depreciation of depletion and other impairment	(44,986)	(52,545)
Income from oil production and services	***164,650***	***138,891***
Depreciation of exploration and production assets	(4,830)	(18,815)
Income from oil production, services and exploration activities	***159,820***	***120,076***
Income from disposal of assets	(108)	0
Other operating items	(3,562)	647
EBIT	**156,150**	**120,723**

** restated to take into account the change in the method for recognising sales to the entitlement method and the application of IFRS 10 and 11*

The gross margin corresponds to sales of services, net of purchases of materials and consumables.

The EBITDA corresponds to the gross margin net of taxes and duties (excluding income tax) and personnel expenses.

These two indicators provide a realistic picture of the performance from production activities and oil services.

Volumes sold in Gabon were up slightly, with entitlements of 18,813 bopd in the first half of 2014, versus 18,053 bopd in the same period the previous year.

The increase in sales was mainly due to the inclusion of non-Group sales by Caroil, a wholly owned subsidiary, which posted €23.6 million in sales in the first half of 2014.

Impairment of exploration and production assets

The €4,830K charge mainly relates to the decommissioning of Caroil's C06 drilling rig in Tanzania, following the decision to stop using that equipment (€2,530K).

The change in gross operating surplus is shown in the table below (in millions of euros):

	30/06/2014			30/06/2013**	
	Sales	EBITDA		Sales	EBITDA
Gabon*	271	209	*77%*	261	199
Other (Mnazi Bay)	1	0	*-80%*	1	-1
Hydrocarbon production	**272**	**209**	*77%*	**262**	**198**
Drilling	24	6			
Hedges				-1	-1
Structures		-5			-5
	296	**210**	*71%*	**261**	**192**

** Ezanga and Banio*

*** restated to reflect the change in accounting method*

Amortisation and depreciation provisions mainly consisted of the following:

- depletion of assets in Gabon: €30,502K including the amortisation of mining permits;
- amortisation of Caroil drilling rigs: €7,015K;
- provisions regarding assets in Peru: €6,446K.

In Peru, the drilling of the Fortuna-1 well is still under way to date. However, the Group does not envisage continuing this project once it enters the third exploration period.

Within the framework of the agreement signed in December 2011 and coming into effect on 1 January 2012, Pacific Rubiales Energy (PRE) provided financing for the works in the amount of US$73 million. Costs incurred prior to the effective date were provisioned at 30 June 2014 in the amount of €6.4 million.

Other items of operating income relate primarily to provisions for miscellaneous risks at Caroil in Gabon.

8.5.16 NOTE 16: FINANCIAL INCOME

In thousands of euros	30/06/2014	30/06/2013*
Interest on overdrafts	(63)	(23)
OCEANE and ORNANE interest	(18,020)	(17,676)
Interest on other borrowings	(5,007)	(5,329)
Gross cost of debt	**(23,091)**	**(23,028)**
Income from cash	401	513
Net gains and losses on derivative instruments	(832)	598
Net cost of debt	**(23,522)**	**(21,917)**
Other net financial income and expenses	**(4,541)**	**486**
Net foreign exchange differences	5,008	1,926
Other	(9,550)	(1,439)
FINANCIAL INCOME	**(28,063)**	**(21,430)**

** restated to reflect the application of IFRS 10 and 11*

Gross cost of debt on the OCEANE 2014 and 2015 bonds was €17,604K.

Interest expense on the new ORNANE bond issued on 6 June 2014 at the nominal rate of 1.625% was recognised at amortised cost based on an effective interest rate of 3.45% and amounted to €0.4 million.

The net loss of €0.8 million on derivate transactions mainly reflects the change in the fair value of the detachment option on the ORNANE bond between the issue date (6 June 2014) and period-end, in the amount of €0.7 million.

Net foreign exchange gains (€5 million) mainly reflect the revaluation of the Group's currency positions at the closing rate.

The impact on consolidated financial income at 30 June 2014 of a 10% rise or fall in the €/US$ exchange rate on that date is shown below:

	Impact on pre-tax income in €K	
	10% rise in €/US$ rate (i.e. drop in $ value)	10% fall in €/US$ rate (i.e. rise in $ value)
USD	-19,446.5	4,628.9
Total	-19,446.5	4,628.9

Other elements of financial income comprise:

- the redemption premium on 16,903,714 OCEANE 2014 bonds, redeemed at the price of €16.90, coupons included, generating a premium of €6 million;
- the balance of the deferred charges on the undrawn line of credit set up in 2013 in the amount of US$200 million, cancelled in the first half of 2014: €2.8 million.

8.5.17 NOTE 17: INCOME TAX

Breakdown of the charge for the fiscal year

The corporation tax payable corresponds primarily to the recognition of the State's share of "profit oil" under the Ezanga permits in Gabon in the amount of €21,605K, and the corporation tax borne by Caroil for its drilling activities in Gabon and Congo in the amount of €1,320K.

The deferred tax charge reflects the posting of the difference between the recognition of the recoverable costs, on a tax base, and the posting of -€29,579K in the consolidated financial statements under the Ezanga permit.

In thousands of euros	30/06/2014	30/06/2013*
Tax charge payable for the fiscal year	23,301	19,339
Deferred tax income or charge	38,773	36,077
TOTAL	**62,074**	**55,417**

** restated to take into account the change in the method for recognising sales to the entitlement method and the application of IFRS 10 and 11*

Change in current tax

In thousands of euros	30/06/2014	31/12/2013*
Income tax receivable	278	9
Income tax payable	4,430	3,544

** restated to reflect the application of IFRS 10 and 11*

Origin of deferred taxes

In thousands of euros	30/06/2014	31/12/2013
Tax deficits	1,001	2,753
TOTAL DEFERRED TAX ASSETS	**1,001**	**2,753**
Goodwill on property, plant and equipment(*)	300,603	259,173
OCEANE equity component	1,001	2,753
TOTAL DEFERRED TAX LIABILITIES	**301,604**	**261,926**
Total (net)	**300,603**	**259,173**

** this impact corresponds to the difference between the accounting basis for Ezanga consolidated assets and their tax base corresponding to recoverable costs.*

Deferred tax assets relating to deferred losses are not recognised in excess of deferred tax liabilities if there is not sufficient probability of future taxable profits on which the tax losses could be charged.

Reconciliation of the tax charge and income before tax

In thousands of euros	30/06/2014	30/06/2013*
Pre-tax income from continuing activities	121,335	47,622
- Net income from equity associates	-6,755	-51,671
Pre-tax income excluding equity associates	**128,090**	**99,293**
Distortion of the Gabon taxable base	**-166,726**	**-160,070**
Non-taxable gains - France		
Taxable income before tax	**-38,637**	**-60,777**
Theoretical tax charge of 33.33%	-12,878	-20,257
Reconciliation		
- In-kind liquidated tax		
- Tax rate divergence	2,643	-31
- Tax difference on Gabon recoverable costs	38,774	37,055
- Profit oil tax / Notional sales	21,605	18,021
- Activation of prior deficits		
- Non-activated deficits and other	11,930	20,629
Actual tax charge	**62,074**	**55,417**

** restated to take into account the change in the method for recognising sales to the entitlement method and the application of IFRS 10 and 11*

The distortive effects of the taxable base in Gabon are mainly due to the difference between eligible recoverable costs on a fiscal basis and the costs posted on an accounting basis.

Tax rate discrepancies are mainly due to the taxation applied to entities or establishments that have oil activities in African countries.

Non-activated deficits correspond to the non-activated share of tax on subsidiaries or establishments whose recovery prospects are not proven. This is particularly the case, structurally, for the Maurel & Prom parent company.

8.5.18 NOTE 18: RELATED PARTIES

30/06/2014 ***in thousands of euros***	**Income**	**Expenses**	**Amounts due from related parties**	**Amounts due to related parties**
1) Equity associates				
M&P Colombia BV	-	(96)	2,197	6,838
MP East Asia	13		1,103	-
Saint-Aubin Energie	285		22,173	-
MP Québec	-		-	-
MP West Canada	-		17	-
Saint-Aubin Energie Québec Inc.	-		-	-
MP Energy West Canada Corp.	-		25	-
Saint-Aubin E&P (Québec) Inc	-		-	-
2) Other related parties				
- Pacifico	50	114	49	-
- MPI	207	-	-	-

31/12/2013* **in thousands of euros**	**Income**	**Expenses**	**Amounts due from related parties**	**Amounts due to related parties**
1) Equity associates				
M&P Colombia BV	-	(48)	813	6,989
MP East Asia	1		-	-
Saint-Aubin Energie	247		19,520	-
MP Québec	-		-	-
MP West Canada	-		330	-
Saint-Aubin Energie Québec Inc.	-		32	-
MP Energy West Canada Corp.	-		14	-
Tuscany International Drilling				
2) Other related parties				
- Pacifico	111	362	-	22
- MPI	493	-	-	-

** restated to reflect the application of IFRS 10 and 11*

Equity associates

M&P Colombia BV and companies within Saint-Aubin Energie have become equity associates following the application of IFRS 10 and 11 which came into effect on 1 January 2014.

The current account with Saint-Aubin Energie amounts to €22.1 million and corresponds to Maurel & Prom's share of the funding of operations undertaken (primarily in Myanmar and Canada) via Saint-Aubin Energie and its subsidiaries.

Other related parties

With respect to other related parties, transactions with Pacifico were conducted on normal terms and relate to rentals and support services.

Accordingly, Maurel & Prom signed a premises sub-leasing agreement with Pacifico (a 23.71% shareholder). Pacifico also provides Maurel & Prom with technical and financial support services. The service agreement with Pacifico was the subject of an addendum approved by the Maurel & Prom Supervisory Board on 29 May 2007 and signed on 11 June 2007 (effective 1 February 2007). This addendum relates solely to fee adjustments for services rendered.

8.5.19 NOTE 19: OFF-BALANCE SHEET COMMITMENTS

Guarantees made on borrowings: Maurel & Prom Gabon SA credit facility

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

Under the terms of the Credit Agreement, Maurel & Prom Gabon can draw down the entire amount available under this agreement until 30 June 2014. At the end of this period, the amount available under the Credit Agreement will decrease in accordance with a predetermined schedule.

In addition to the standard market conditions that may lead to the cancellation of this facility, the amount available under the Credit Agreement may be reduced if Maurel & Prom Gabon sells all or some of its interests in the exploration and production sharing contract (PSA) under the Ezanga permit, including the Onal, Omko, Omgw, Ombg, Omoc and Omoc-Nord fields in Gabon, thereby failing to achieve the projected minimum production level set out in the Credit Agreement.

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

- a pledge of the entitlements held by Maurel & Prom Gabon under the "Contract for the Sale of Rabi Light Crude Oil" concluded between Maurel & Prom Gabon and Socap International Limited on 25 July 2008 (as amended);
- a pledge of the receivables held by Maurel & Prom Gabon as part of the intra-Group loans granted by Maurel & Prom Gabon to the Company under the cash pooling agreements;
- a pledge of certain bank accounts held by Maurel & Prom Gabon, the Company and Maurel & Prom West Africa;
- a pledge of the entitlements held by Maurel & Prom Gabon under the "Contract for the Sale of Crude Oil" concluded between Maurel & Prom Gabon and Société Gabonaise de Raffinage on 4 February 2011;
- a pledge of the Maurel & Prom Gabon shares held by Maurel & Prom West Africa;
- a pledge of the Maurel & Prom West Africa shares held by the Company; and
- the transfer, in the form of a guarantee, of the respective entitlements held by Maurel & Prom Gabon, the Company and Maurel & Prom West Africa under any (i) hedge agreement, (ii) insurance policy and (iii) future oil sale contract on the Underlying Assets concluded between Maurel & Prom Gabon and any party authorised to carry out extractions.

The sums made available under the Credit Agreement must be used to:

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

The Credit Agreement comes with a repayment schedule that specifies 31 December 2017 as the date for the final repayment. Maurel & Prom Gabon will have to pay interest on the loan, on predetermined due dates, at a rate equal to LIBOR plus mandatory costs as well as a margin of between 3.5% and 4% per year. This margin varies depending on the credit usage ratio (3.50% when the usage ratio is less than or equal to 50%, 3.75% when it is greater than 50% and less than or equal to 75%, and 4% when it is greater than 75%). Interest will be calculated per three-month period, unless specified otherwise.

Maurel & Prom Gabon undertakes to respect certain financial ratios as at 30 June and 31 December of every year:

- the ratio of Group consolidated current assets/current debt is to be at least 1.10:1.00; and
- the debt ratio of Group consolidated debt/income (before interest, taxes, amortisation and depreciation excluding the impact of foreign exchange gains and losses) calculated on the 12-month period preceding the observation period must not exceed 3.00:1.00.

In addition, the debt service coverage ratio must be at least 1.300:1.00 for each six-month period. Maurel & Prom Gabon's entitlements on oil production from the fields included in the Ezanga production sharing contract must not be less than the net production level set out in the Credit Agreement, and Maurel & Prom Gabon must continue to hold the majority of the entitlements in the Ezanga production sharing contract.

As at 30 June 2014 all covenants were complied with.

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

US$200 million credit agreement

In December 2013, the Company signed a credit agreement with a bank consortium, which is virtually identical to the agreement described above, for US$200 million.

This package is to cover, if necessary, the redemption of OCEANE 2014 bonds by their maturity date on 31 July 2014.

This package was cancelled in the first half of 2014 following the ORNANE issue.

Maurel & Prom Drilling Services BV credit agreement

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

The following sureties have been set up:

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

Commitments received

Sale of Hocol

As part of the sale of its subsidiary Hocol to Ecopetrol in 2009, a price adjustment clause was agreed allowing Maurel & Prom to receive a price supplement of up to US$50 million, based on the valuation of the reserves at the Niscota field in Colombia, which formed part of the transaction.

The valuation of the reserves at the Niscota field should in principle have taken place on 31 December 2012 and been validated by an independent expert appointed jointly by Maurel & Prom and Ecopetrol.

In its financial statements dated 31 December 2011, Ecopetrol recorded a debt in the amount of US$27.3 million in respect of this price adjustment. Maurel & Prom asked Ecopetrol for the basis on which it calculated this valuation and for any information contained within the Hocol sale contract that may help value the change in reserves at the Niscota field and their level at 31 December 2012.

The information belatedly received from Ecopetrol did not allow Maurel & Prom to assess the level of reserves at the Niscota field by the end of 2012, or to appoint an independent expert as specified in the Hocol sale contract. In December 2012, Maurel & Prom therefore initiated arbitration proceedings against Ecopetrol with the International Chamber of Commerce in order to have an arbitral tribunal appoint an expert who would, among other duties, determine the amount of the potential receivable corresponding to the abovementioned price adjustment. The case is still ongoing.

Autonomous first-call guarantee issued by MPI to the benefit of the Company

The Company has guaranteed the execution of the obligations of Saint-Aubin Energie E&P Québec and the payment of up to US$50 million for work committed as part of the Anticosti project in Quebec. As it is a project conducted through the investment vehicle Saint-Aubin Energie and two-thirds funded by MPI, the latter has issued to the benefit of the Company an autonomous first-call guarantee of up to US$33.33 million.

Other commitments made

Cyprus Mnazi Bay Limited

The contract for Wentworth to buy Cyprus Mnazi Bay Limited signed on 26 July 2012 provides for the payment to Wentworth of up to US$5 million if gas production exceeds 100 million cubic feet per day over a period of 30 consecutive days.

Rockover

The Rockover acquisition contract in February 2005 included a 10% snap-back clause for former shareholders in the event of a discovery at any of the sold permits (Ofoubou/Ankani, Omoueyi, Nyanga Mayombe, Kari) and a 50% snap-back on the Banio permit.

At the initiative of Maurel & Prom, an agreement to buy out this provision was signed on 13 July 2007. This agreement specified payment by Maurel & Prom to former shareholders of US$55 million (paid to date) plus royalties of 2% when cumulative production exceeds 39 million barrels on all fields sold to Maurel & Prom in 2005 (excluding Banio), as well as a royalty of 10% on production from the Banio field when the cumulative production of this field exceeds 3.9 million barrels.

In addition, the following commitments have been maintained:

- Maurel & Prom will have to pay the sellers a total royalty amounting to US$1.30 for every barrel produced from the date that cumulative production across all permits exceeds 80 Mboe;
- Maurel & Prom will have to pay one of the two sellers a royalty of 2% of the total available production up to 30 Mboe and 1.5% for any production over 30 Mboe, from the MT 2000-Nyanga Mayombe exploration permit.

Ezanga PSA (exploration and production sharing contract)

As under the previous Omoueyi PSA (exploration and production sharing contract), the Gabonese government has a right of entry to all fields (Exclusive Exploitation Authorisation or “AEE”) on the Ezanga PSA under certain conditions.

8.5.20 NOTE 20: OPERATING SEGMENTS

In compliance with IFRS 8, segment information is reported according to the same principles as internal reporting, reproducing the internal segment information defined to manage and measure the Group's performance. Maurel & Prom's activities are divided into three segments: exploration, production and drilling.

The other activities mainly cover the holding companies' support and financial services. Operating income and assets are broken down for each segment from the contributing entity statements that include consolidation restatements.

Information by activity

The data presented below come from the IFRS statements.

In thousands of euros

30/06/2014	Exploration	Production	Oil drilling	Other activities	Intragroup adjustments and eliminations	Total
Inter-segment sales			0	(207)	207	0
Sales	**0**	**271,892**	**23,609**	**0**		**295,501**
Write-off of intangible assets	(1,670)	(629)	0	0		(2,300)
Write-off of property, plant and equipment	0	0	(2,530)	0		(2,530)
OPERATING INCOME	**(13,250)**	**177,026**	**(4,968)**	**(2,659)**		**156,150**
Intangible assets (gross)						
Investments in the period	59,098	0	97	46		59,240
Total investments at period-end	352,869	119,391	321	1,876		474,457
Property, plant and equipment (gross)						
Investments in the period	464	92,824	1,822	407		95,518
Total investments at period-end	9,045	1,282,557	108,791	19,271		1,419,663

Exploration expenses are detailed in Note 4: Intangible assets.

In thousands of euros

30/06/2013*	Exploration	Production	Other activities	Intragroup adjustments and eliminations	Total
Inter-segment sales			(330)	330	0
Sales	**0**	**262,297**	**(1,465)**		**260,832**
Write-off of intangible assets	(18,815)	0	0		(18,815)
OPERATING INCOME	**(16,035)**	**146,392**	**(9,634)**		**120,723**
Intangible assets (gross)					
Investments in the period	30,510	0	0		30,510
Total investments at period-end	339,658	124,667	2		464,327
Property, plant and equipment (gross)					
Investments in the period	388	102,609	468		103,465
Total investments at period-end	8,915	1,107,293	1,982		1,118,190

** restated to take into account the change in the method for recognising sales to the entitlement method and the application of IFRS 10 and 11*

Sales by geographic region

	Congo	Gabon	Tanzania	Other	Total
Income statement as at 30/06/2014					
Oil sales	0	271,282	610	0	271,892
Services	5,282	14,955	0	4,388	24,625
Inter-zone sales	0	0	0	(1,016)	(1,016)
Total sales	**5,282**	**286,237**	**610**	**3,372**	**295,501**

	Congo	Gabon	Tanzania	Other	Total
Income statement at 30/06/2013 *					
Oil sales	0	261,709	587	(1,464)	260,832
Services	0	0	0	853	853
Inter-zone sales	0	0	0	(853)	(853)
Total sales	**0**	**261,709**	**587**	**(1,464)**	**260,832**

** restated to take into account the change in the method for recognising sales to the entitlement method and the application of IFRS 10 and 11*

The Group’s two main customers are M&P Gabon’s customers, i.e., Socap and Sogara, to which the production from the fields on the Ezanga permit is sold.

8.5.21 NOTE 21: EVENTS OCCURRING AFTER CLOSING

On 23 July 2014, at the “Ronda ANH 2014” (a bidding process in Colombia), Etablissements Maurel & Prom was awarded the SN-11 exploration permit. The permit is located in the San Jacinto basin and covers 440 km2.

On 31 July 2014, the Group redeemed the remaining 2014 OCEANE bonds for €34 million.

9 STATUTORY AUDITOR'S REPORT

To the shareholders,

Following our appointment as Statutory Auditors by your Annual General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Etablissements Maurel & Prom S.A., for the six-month period ended 30 June 2014 ;
- the verification of the information presented in the half-yearly management report.

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

9.1 Conclusion on the financial statements

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

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

Without qualifying our conclusion, we draw your attention to the matters set out in:

- note 14 « change in accounting method » that describes in particular the implications of the changes in accounting method related to the initial adoption as of January 1st, 2014 of IFRS 10 and IFRS 11. This note also describes the impact on the comparative figures on and as of June 30, 2013 of the change in accounting method concerning the recognition of sales according to the entitlements method accounted for in the financial statements as of December 31, 2013;

- note 2 « accounting methods » that describes the main estimates by the company for the evaluation of exploration assets related to permits held in Tanzania and Colombia.

9.2 Specific verification

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

Paris La Défense, August 27, 2014	Paris, August 27, 2014
KPMG Audit *Département de KPMG S.A.*	International Audit Company
Eric Jacquet	Michel Bousquet
Parner	*Partner*