



H1 2009

FINANCIAL REPORT— MAUREL & PROM

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2 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

As the Chief Administrative and Financial Officer of Etablissements Maurel & Prom (hereinafter “**Maurel & Prom**” or the “**Company**”), and under the responsibility of the Chairman and Chief Executive Officer Jean-François Hénin, Michel Hochard is responsible for the financial information, including the half-year financial report.

His contact details are:

Mr Michel Hochard

Chief Administrative and Financial Officer

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Certification

“I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards, and present fairly the assets, financial position and results of the Company and all companies included within the scope of consolidation, and that the half-year business report presents fairly the major events which have occurred during the first six months of the year and their impact on the half-year accounts, the main related-party transactions, and the description of the principal risks and uncertainties which they may face.”

Chief Administrative and Financial Officer

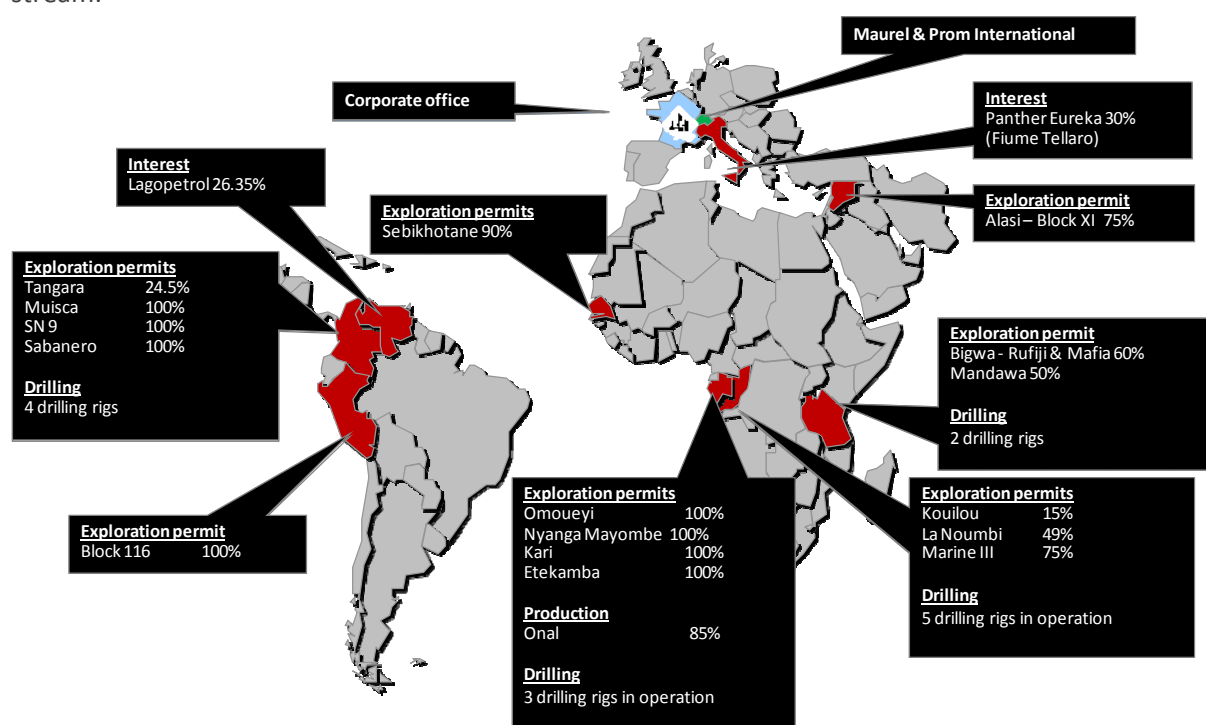
Michel Hochard,

Paris, Thursday, 27 August 2009

To facilitate the reading of this report, Etablissements Maurel & Prom shall be referred to as the “Company” or “Maurel & Prom”, and Maurel & Prom and/or one of its subsidiaries together shall be referred to as the “Maurel & Prom Group” or the “Group”.

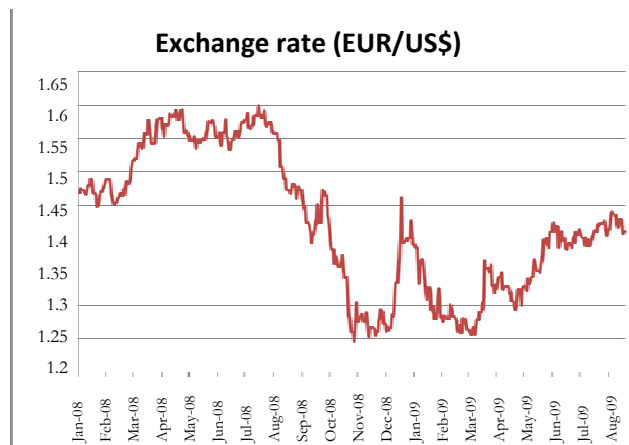
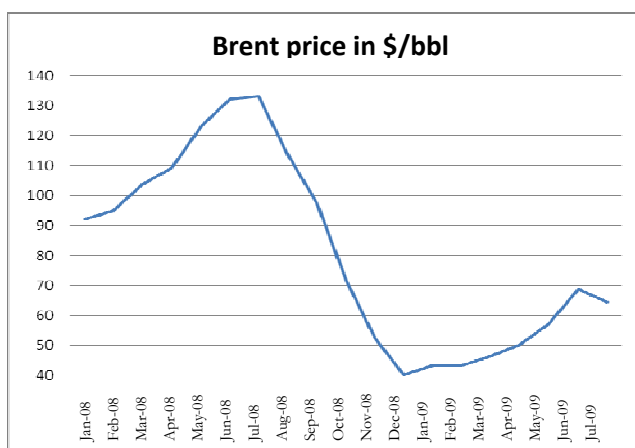
3 A BUSINESS SERVING STRATEGIC OBJECTIVES

Maurel & Prom has defined its strategy with a focus on the development of its exploration segment. The sale of the Congolese assets on 1 January 2007 gave the Group the possibility of financing a voluntary exploration programme and financed the development of the Onal field in Gabon. Today, continuing this approach, the Group is actively diversifying its mining rights, and focusing in its operations on drilling large projects that will allow the discovery of new significant, if not unexpected, reserves and mobilise the Group’s teams and resources to rapidly bring discoveries on stream.



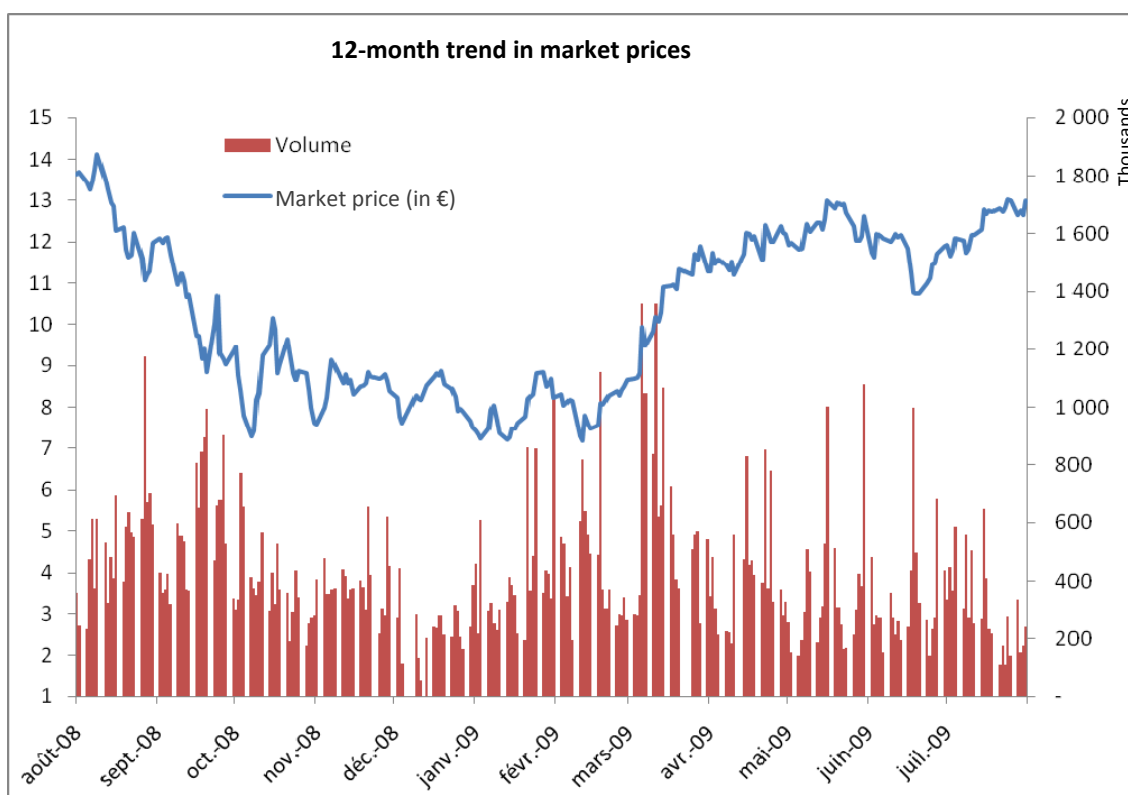
In 2007, the Group conducted intense geological and geophysical campaigns which led to the discovery of prospects and, in 2008, to significant discoveries, particularly in Gabon. Those two years were guided by the Group’s strategy and illustrate its relevance.

The year 2009 opened in a complex economic and financial environment marked by volatility in commodities and foreign exchange rates, by very low valuation levels and by an almost non-existent banking market.



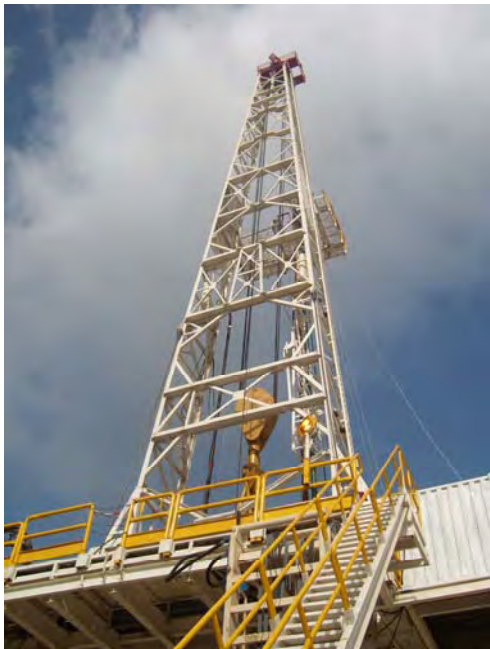
In this deteriorated climate, the Group had to guarantee to its shareholders its continued pursuit of its strategic objectives:

- to select mining rights with high potential;
- to discover new resources;
- to find proven and probable reserves;
- to bring discoveries on stream rapidly.



For this reason and because of the failure of the banking market, the Group developed sufficient resources to guarantee its financial independence.

Through the first half of 2009, the Maurel & Prom teams continued to implement the Group's strategy through the following actions:




- The disposal of producing assets and a portion of the exploration in Colombia for US\$742m (+ price supplements that may be as high as US\$115m) while retaining a significant exploration segment that meets our desire to pursue the strategic objectives cited above.
- The launch of initiatives to expand the Group's mining rights, particularly in exploration licenses in Congo, Tanzania and Mozambique; the Group works daily on selecting mining rights, which are geologically promising and commercially viable, and on discovering new prospects.
- The launch of seismic campaigns in Gabon, Tanzania and Colombia.
- The continuation of the intense exploration-appraisal campaign:
 - o the launch of 10 new wells at the end of August: OMKO-104, MIHAMBIA, ZINGALI, OMOC-1, KKR-1, OMKO-103, OMKO-102, MOHORO, OMTI and DRACO (*see drilling schedule*). OMKO-103, OMKO-102 and OMOC-1 were positive, Zingali is waiting for tests by the operator Eni, DRACO and MOHORO were still being drilled at the end of August 2009;
 - o continuation of the Mafia Deep ST well in Tanzania, which encountered especially difficult drilling conditions and has already revealed natural gas accumulations pending tests;

Drilled on the north of Onal in Gabon, the OMTI-1 well, reached the basement at a depth of 2 203 m. Between 1 300 and 2 100 m, it encountered 500 m cumulated of good quality reservoirs, 85 m from which put in evidence oil saturation. Samples have been taken and show a 38° API oil.

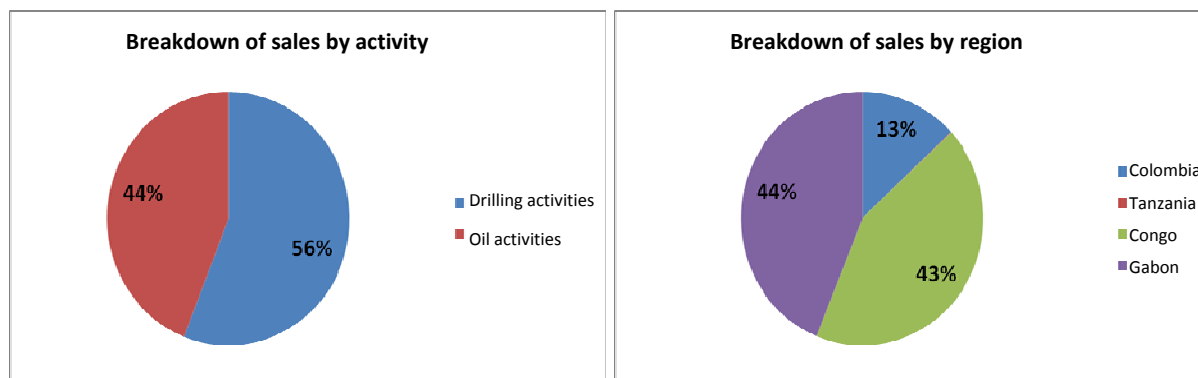
The well is currently stopped until technical solutions are available for testing, owing to the salt water content. At this stage, no conclusion may be reached about the commercial discovery.

These results confirm the potential of the north part of the Omoueyi Permit (Maurel & Prom operator, 100%) and reinforce the Group to continue exploration in this zone with the drilling of OMSN-1 well. The drilling will be conducted in the next days to be concluded in mid-October

- The start of production from the Onal field in Gabon, less than three years after the Group's first exploration well in this region. The rise in production on this field, coupled with the start of production from neighbouring fields, will provide the Group with significant cash flow to facilitate financing for various exploration production activities.
- 
- For Onal, completion of Phase 1 work (Depletion). Work underway on Phase 2 (Water Injection), with the start-up of facilities scheduled for November. As the drilling of certain peripheral injection wells has confirmed the foreseeable extension of the Onal field to the north and south-east of the structure, additional platforms will be built over the coming months. These platforms will result in a redistribution of part of the injection plan to take account of this extension.
 - The start of the long-term test on the OMKO-101 well.
 - Exclusive Development Authorisation requested for Omko. Following the drilling of the Omko-102 and Omko-103 wells which indicated pressure communication and continuity of reservoirs with the Omko-101 discovery well, an Exclusive Development Authorisation was requested for that field.
 - The finalisation of the programme to lease Caroil rigs to third party clients with the renegotiation of the contract with ENI to lease 5 rigs.
 - The restructuring of the Company's debt with the signature of a bank loan (not yet drawn) of US\$255m in the form of a Reserve Based Loan (RBL), the introduction of a new convertible bond in the form of 2014 OCEANE for €298m, and the redemption of a portion of the 2010 OCEANE bond (€200m).
 - The implementation of a programme to hedge our oil production using forward sales with an average price of US\$61.7, for 8,750 b/d over the rest of 2009, thus ensuring stable and recurring cash flow in a volatile climate of economic and financial crisis.

The Group's activity described above is the result of an active policy of self-financed research and work and is reflected in the consolidated financial statements through the following key elements:

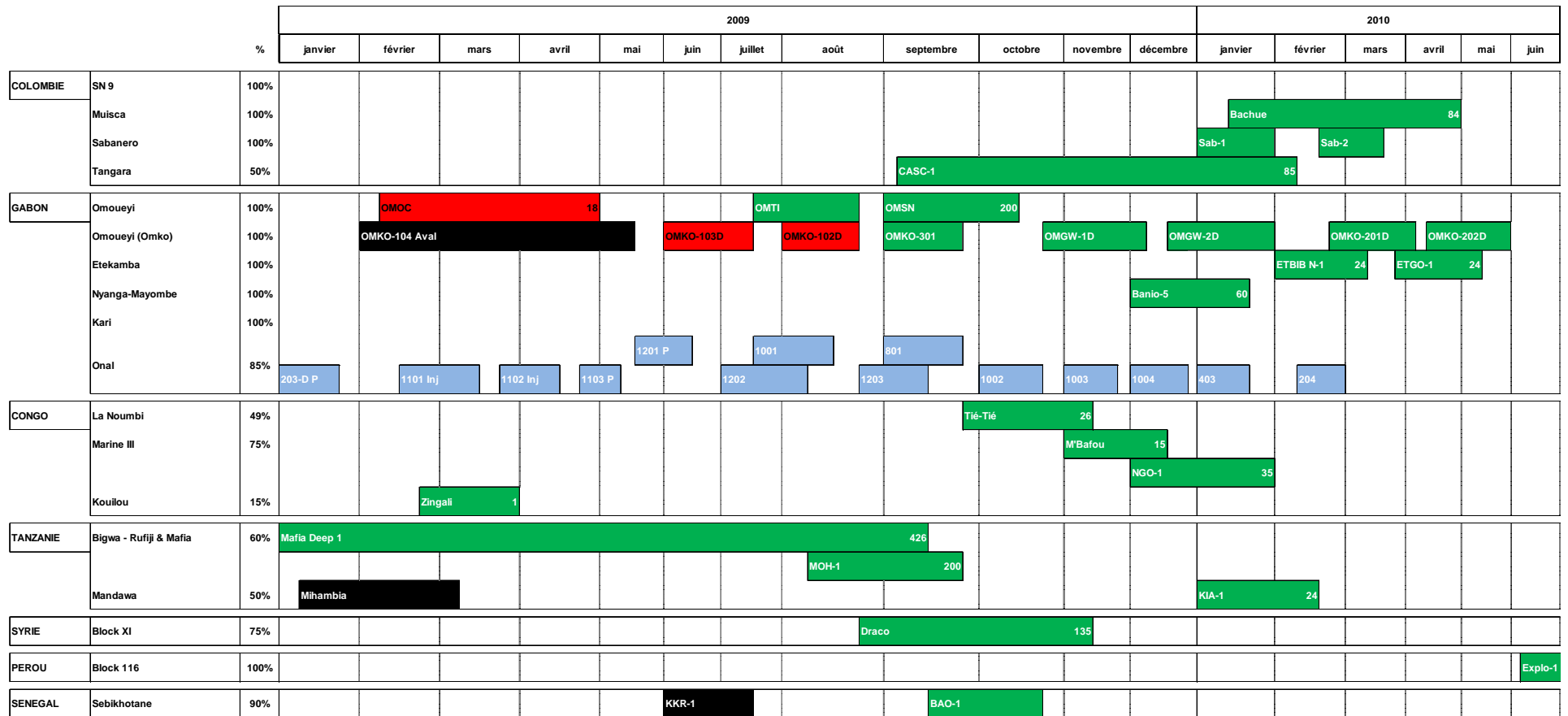
- Sales, excluding activities sold, of €75.7m, up from €41.4m in the first half of 2008, an increase of 83%, resulting from the start of production from the Onal field on 9 March 2009 and the impact of the highly volatile economic environment.



- Operating income of €3.3m. Excluding non-recurring items (asset disposals) and current exploration, it represents a higher percentage of sales than last year. The start of production on Onal has in fact contributed to the Group's improved margins.
- Financial income of €9.1m, composed of the interest expense on the OCEANEs, the gains realized on hedging sales, foreign exchange differences on cash, the market value of the hedging instruments, and the reversal of the provision recognised on non-authorized operations.
- Net income from operations sold was a loss of €9.9m from 01/01/2009 to 28/05/2009 (after recognition of €54m in currency translation adjustments). It should be recalled that this operation generates income (in US\$), excluding additional earn-out (maximum of US\$115m), of some US\$400m, given an acquisition price of US\$470m, dividends received of US\$196m, the reimbursement of sums advanced by Hocol (US\$87m) and a sale price of US\$742m. Moreover, the Group still has four exploration permits in Colombia and an exploration permit in Peru.
- Consolidated Group net income of €1.6m.
- The balance sheet total is €1,594m integrating the impact of the sale of the Colombia assets. The Group's net equity totalled €979m and cash €434m (bank overdrafts excluded and taking into account the margin calls for €32m).

As a result of substantial financial resources, the Group intends to maintain its activity rate in the second half of 2009 in order to advance its strategic goals and achieve its objectives.

With a significant portfolio of prospects that could, if successful, significantly increase our reserves, the Group is implementing a dynamic drilling programme (see programme below) from which it expects a positive return. In Tanzania and Mozambique, the option to purchase the Artumas gas assets and prospects is in line with the Group's objective in East Africa, which is to reach a sufficient level of gas resources to rapidly demonstrate a commercial role in this region.



135 = P50 in case of success

The use of wholly-owned Caroil drilling rigs gives the Group flexibility and cost control, both of which are strategic factors in the current context.



4 OIL RESERVES AS OF 1 JANUARY 2009

The reserves have been certified as of 1 January 2009 by DeGolyer & MacNaughton based on the current economic conditions and existing geological and engineering data used to estimate the quantity of hydrocarbon that could be produced. The measurement process includes subjective assessments and may call for subsequent re-assessments based on newly-acquired knowledge of the fields.

The table below presents the Group reserves level net of royalties as of 1 January 2009. This table excludes the potential reserves related to the exploration and reflects the reclassification of all the P2 Sicily reserves to P3 reserves.

Following the disposal of Hocol Colombia, all the Colombian reserves were adjusted for the Group's certified reserves as of 1 January 2009.

M&P Reserves (less royalties) in mboe		P1	P1+P2	P3
Oil	Reserves (01/01/2008)	44.7	108.8	47.2
	2008 Production	6.0	6.0	0.0
	Revisions	52.7	100.4	153.2
	Disposals	-59.2	-89.0	-10.8
	Reserves (01/01/2009)	32.2	114.2	189.6
Gas	Reserves (01/01/2008)	4.7	16.8	90.0
	2008 Production	0.6	0.6	0.0
	Revisions	-0.3	-9.8	9.3
	Disposals	-0.8	-1.7	-1.1
	Reserves (01/01/2009)	3.0	4.7	98.3
Total	Reserves (01/01/2008)	49.4	125.6	137.2
	2008 Production	6.6	6.6	0.0
	Revisions	52.4	90.6	162.5
	Disposals	-60.0	-90.7	-11.9
	Reserves (01/01/2009)	35.2	118.9	287.8

P1 = proven reserves.

P2 = probable reserves.

P3 = possible reserves.

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

As of 1 January 2009, proven reserves stood at 35.2 mboe (P1) and proven and probable reserves totalled 118.9 mboe (P1+P2). They represent the interest portion of the Company in each of its licenses, less royalties.

In Gabon, where the Group is developing the Onal field, the P1+P2 reserves were up 110%. This increase is due to the numerous drilling activities carried out in 2008 in order to develop and get a

better knowledge of the overall structure of the Onal field. This increase is also the result of discoveries made with the Omoueyi license (OMKO, OMGB and OMAL).

In Sicily, the P2 reserves were reclassified to P3 following the unsuccessful drilling of the Eureka-1 well.

In accordance with applicable practices in such matters, absent a contract guaranteeing the commercialisation of the resources related to the gas discovery in Tanzania in early 2007, DeGolyer & MacNaughton did not account them as reserves.

As of 1 January 2009, Maurel & Prom had overall 6.4 years in P1 reserves and 21.7 years in P1+P2 reserves for a production rate of 15,000 boepd.

5 CAPITAL AND CORPORATE EVENTS

5.1 Shareholders' Meeting



The Combined Ordinary and Extraordinary Shareholders' Meeting of Maurel & Prom, which was held on Thursday, 18 June 2009 under the chairmanship of Jean-François Hénin, Chairman and Chief Executive Officer, approved all resolutions submitted to the Meeting. The Meeting approved the corporate and consolidated financial statements for the year ended 31 December 2008 and discharged the Board of Directors.

5.2 Dividend

On the recommendation of the Board of Directors, the Shareholders' Meeting approved the payment of a dividend of €0.35 for fiscal year 2008.

The Meeting gave each shareholder the possibility of opting for payment of the dividend in cash or in new shares.

The issue price of the Maurel & Prom shares remitted in payment was set at 11.48 euros.

682,464 new shares were issued on 23 July 2009 and the amount paid in cash was €32,091,745.

5.3 Total number of voting rights and shares representing capital

Pursuant to Article L. 233-8 II of the French Commercial Code and the general regulations of the AMF, Maurel & Prom is informing its shareholders of the total number of voting rights and shares representing its capital:

Date	Number of shares representing the capital	Number of voting rights
30 June 2009	120,569,807	Theoretical*: 127,939,196 Exercisable: 114,654,509
31 July 2009	121,252,271	Theoretical*: 128,621,910 Exercisable: 115,557,749

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

Following the payment of the dividend in new shares on 23 July 2009, the capital of Etablissements Maurel & Prom is now €93,364,248.67.

There were 6,184,687 treasury shares as of 30 June 2009, representing 5.13% of the capital. As of 31 July 2009, there were 5,964,161 treasury shares, or 4.92% of the capital. The variation comes from the number of shares included in the liquidity agreement and from the payment in shares of the Prestoil transaction.

5.4 Risks and uncertainties

The Group's results are sensitive to various market risks. The most significant are the price of oil and gas and the EUR/US\$ exchange rate.

Because of uncertainty about the price of oil and gas, the Group has implemented the hedging policy discussed in Note 9 to the consolidated financial statements. For exchange rates, the Group relies on management practices to anticipate currency positions.

The risks related to Maurel & Prom's business are described in Chapter 7 of the Group's 2008 Annual Report.



6 GROUP CONSOLIDATED FINANCIAL STATEMENTS

6.1 Group Balance Sheet

6.1.1 Assets

<i>In thousands of euros</i>	Notes	30/06/2009	31/12/2008
Intangible assets	4	366,315	681,766
Property, plant and equipment	5	507,350	728,294
Non-current financial assets	6	57,246	21,000
Investments accounted under the equity method	7	32,629	37,701
Non-current derivative instruments	9	32,066	
Deferred tax assets	17	1,060	18,979
Non-current assets		996,666	1,487,740
Inventories		6,531	10,123
Trade receivables and related accounts	8	39,747	39,003
Other current financial assets	8	78,927	23,220
Other current assets	8	35,024	72,482
Income tax receivable	17	339	417
Current derivative instruments	9	3,568	70,734
Cash and cash equivalents	11	433,629	191,544
Current assets		597,765	407,523
Total Assets		1,594,431	1,895,263

6.1.2 Liabilities

<i>In thousands of euros</i>	Notes	30/06/2009	31/12/2008
Common stock		92,839	92,839
Additional paid-in capital		199,113	199,113
Consolidated reserves		769,221	768,005
Treasury shares		(83,436)	(86,016)
Net income, Group share		1,642	62,505
Net equity Group share		979,379	1,036,446
Minority interests		0	1
Net equity, Total		979,379	1,036,447
Non-current provisions	12	11,471	42,830
Other non-current loans and financial debts	13	0	3,656
Non-current derivative instruments	9	21,628	4,500
Deferred taxes, liabilities	17	12,960	157,005
Non-current liabilities		46,059	207,991
Current bonds loan	13	374,866	375,024
Other current loans and financial debt	13	2,887	16,008
Trade payables and related accounts		69,661	104,395
Income tax liability payable	17	3,752	29,644
Other creditors and liabilities		80,052	60,708
Current derivative instruments	9	27,727	14,861
Current provisions	12	10,048	50,185
Current liabilities		568,993	650,825
Total Liabilities		1,594,431	1,895,263

6.2 Group Income Statement

6.2.1 Net income for the period

<i>In thousands of euros</i>	Notes	30/06/2009	30/06/2008 (*)
Sales		75,697	41,426
Other income		212	4,465
Purchases and change in inventories		(12,440)	(10,178)
Other purchases and operating expenses		(28,177)	(19,789)
Other taxes	17	(3,941)	(768)
Personnel expenses		(9,279)	(7,970)
Amortisation		(18,133)	(6,324)
Depreciation of exploration and production assets		(6,143)	(88)
Provisions and impairment of current assets		(3,901)	(333)
Reversals of operating provisions		5,589	1,494
Gains on sale of assets		4,285	16,201
Other expenses		(432)	(965)
Operating income	15	3,337	17,171
Gross cost of debt		(13,149)	(13,371)
Income from cash		280	332
Net gains or losses on derivatives instruments		27,984	(39,033)
Net cost of debt		15,115	(52,072)
Other financial income and financial expenses		(6,062)	(1,513)
Financial income	16	9,053	(53,585)
Income before tax		12,390	(36,414)
Corporate income taxes	17	(2,644)	(3,689)
Net income of consolidated companies		9,746	(40,103)
Total share in net income (loss) of companies consolidated under the equity method	7	1,890	4,747
Net income from continuing operations		11,636	(35,356)
Net earnings of business activities sold	19	(9,994)	52,675
Net income of consolidated Group		1,642	17,319
<i>Net income, Group share</i>		1,642	17,319
<i>Minority interests</i>		0	0

(*) Adjusted for activities sold (see Note 19).

Earnings per share

Basic	0.01	0.15
Diluted	0.01	0.15

Earnings per share from discontinued operations

Basic	(0.09)	0.46
Diluted	(0.07)	0.46

Earnings per share from continuing operations

Basic	0.10	(0.31)
Diluted	0.09	(0.31)

6.2.2 Total income for the period

<i>In thousands of euros</i>	30/06/2009	30/06/2008 (*)
Net income for the period	1,642	17,319
Other elements of total income		
Currency translation adjustments	38,759	(59,834)
Derivative instruments	(58,587)	(207,701)
- Fair value of new hedges for the period recognised as net equity	(48,759)	0
- Fair value of the portion of hedges recycled in the income statement	(15,274)	(229,539)
- Taxes on derivative instruments	5,446	21,838
Total income for the period	(18,186)	(250,216)
- Group share	(18,186)	(250,557)
- Minority interests	0	342

(*) Adjusted for activities sold (see Note 19).

6.3 Change in net equity

In thousands of euros	Capital	Treasury shares	Share premium	Derivative instruments	Other reserves	Currency trans. adjustments	Net income for the fiscal year	Net equity Group share	Minority interests	Net equity total
1 January 2008	92,811	(54,296)	201,139	(12,518)	170,740	(105,837)	766,096	1,058,135	(342)	1,057,793
Net income							17,320	17,320		17,320
Other elements of total income				(195,183)	(12,860)	(59,834)		(267,877)	342	(267,535)
Total income				(195,183)	(12,860)	(59,834)	17,320	(250,557)	342	(250,215)
Allocation of net income – Dividends					628,961		(766,096)	(137,135)		(137,135)
Increase/decrease in capital	28		34					62		62
Stock options - free shares					747			747		747
Movements on treasury shares		(31,602)			174			(31,428)		(31,428)
Total transactions with shareholders	28	(31,602)	34		629,882		(766,096)	(167,754)		(167,754)
30 June 2008	92,839	(85,898)	201,173	(207,701)	787,762	(165,671)	17,320	639,824		639,824
1 July 2008	92,839	(85,898)	201,173	(207,701)	787,762	(165,671)	17,320	639,824		639,824
Net income							45,185	45,185	1	45,186
Other elements of total income				218,176	12,859	121,873		352,908		352,908
Total income				218,176	12,859	121,873	45,185	398,093	1	398,094
Allocation of net income – Dividends					55			55		55
Increase/decrease in capital										
Stock options - free shares					930			930		930
Movements on treasury shares		(118)	(2,060)		(278)			(2,456)		(2,456)
Total transactions with shareholders		(118)	(2,060)		707			(1,471)		(1,471)
31 December 2008	92,839	(86,016)	199,113	10,475	801,328	(43,798)	62,505	1,036,446	1	1,036,447

In thousands of euros	Capital	Treasury shares	Share premium	Derivative instruments	Other reserves	Currency trans. adjustments	Net income for the fiscal year	Net equity Group share	Minority interests	Net equity total
1 January 2009	92,839	(86,016)	199,113	10,475	801,328	(43,798)	62,505	1,036,446	1	1,036,447
Net income							1,642	1,642		1,642
Other elements of total income				(58,587)		38,759		(19,828)		(19,828)
Total income				(58,587)		38,759	1,642	(18,186)		(18,186)
Allocation of net income – Dividends					20,305		(62,505)	(42,200)		(42,200)
Increase/decrease in capital Stock options - free shares					925			925		925
Movements on treasury shares		2,580			(187)			2,393		2,393
Total transactions with shareholders		2,580			21,043		(62,505)	(38,882)		(38,882)
30 June 2009	92,839	(83,436)	199,113	(48,112)	822,371	(5,039)	1,642	979,378	1	979,379

6.4 Statement of Cash Flows

In thousands of euros	30/06/2009	30/06/2008 (*)
Consolidated net income from continuing operations	11,636	-35,356
Tax on continuing operations	2,644	3,689
Consolidated income from continuing operations before taxes	14,280	-31,666
- Net increase (reversals) of amortisation, depreciation and provisions	-28,690	9,154
- Unrealised gains and losses due to changes in fair value	-15,337	30,281
- Exploration expenses	6,066	528
- Calculated expenses and income related to stock options and similar benefits	925	925
- Other calculated income and expenses	-54	10,308
- Gains and losses from sales of assets	-3,845	-20,487
- Share in income (loss) of companies consolidated by the equity method	7	-4,747
- Other financial items	188	164
Cash flow before tax	-28,357	-5,540
Payment of tax due	-736	-2,403
Change in working capital requirements on operations	36,429	19,113
- Trade receivables	-27,962	3,998
- Trade payables	22,321	21,063
- Inventories	-1,050	-6,735
- Other (1)	43,120	787
NET CASH FLOWS FROM OPERATING ACTIVITIES	7,336	11,170
Disbursements for acquisitions of tangible and intangible assets	-176,882	-166,067
Receipts from sales of tangible and intangible assets	4,285	1
Disbursements for acquisitions of financial assets (unconsolidated securities)	-14,648	211
Receipts from sales of financial assets (unconsolidated securities)	0	0
Acquisition of subsidiaries	0	0
Increased stake in equity-method companies	0	0
Change in loans and advances granted	-36,391	-72,183
Other cash flows from investing activities	1,439	-95
NET CASH FLOW FROM INVESTING ACTIVITIES	-222,197	-238,133
Amounts received from shareholders during capital increases	0	-98
Dividends paid	0	-137,135
Receipts from new loans	0	0
Interest paid	-188	-164
Loan repayments	-13,160	-12
Treasury share acquisitions	2,580	-31,601
NET CASH FLOW FROM FINANCING ACTIVITIES	-10,768	-169,010
Impact of foreign currency fluctuations	6,389	-13,138
Net receipts from operations sold*	19	461,315
NET CHANGE IN CASH FLOW	242,075	-421,061
Opening net cash and cash equivalents	188,695	694,305
Net cash and cash equivalents at year end from sold activities	0	0
CLOSING NET CASH AND CASH EQUIVALENTS	11	273,242

(*) Adjusted for activities sold

(1) From the variation of the debt linked to the litigation with a bank on unauthorized transactions.

Note: there has been a reclassification for presentation: interest received has been reclassified in net cash flows generated by operating activities, but it was previously presented in cash flows related to financing activities.

6.5 Notes to the consolidated financial statements

The Group's oil and gas operations are particularly geared to exploration and the development of the Group's mining rights. Maurel & Prom also works to ensure the rapid production of its discoveries through ambitious development campaigns that rely on its drilling subsidiary Caroil among other resources.

6.5.1 NOTE 1: GENERAL INFORMATION

Change in the oil environment

The average price of a barrel of Brent, which was US\$51.5 over the first half of 2009, is down sharply (-53%) from the same period last year. This negative change in oil prices is partially offset by the increase in the average price of the US currency (+15% at the end of June 2009 versus the end of June 2008).

The environmental data are presented below:

Environmental data	2009	2008	Change
	6 months	6 months	
Exchange rate (€/US\$)	1.33	1.53	-13%
Exchange rate (€/US\$)	0.75	0.65	+15%
Brent (US\$/bbl)	51.5	109.3	-53%
WTI (US\$/bbl)	51.7	111.0	-53%

Activities of the Group

Exploration and appraisal

In accordance with its stated strategy to create value for its mining rights, Maurel & Prom in the first half of 2009 continued a steady exploration programme in the amount of €107m, which included studies, seismic campaigns and drilling.

The seismic acquisition campaigns recorded a total of 145 km of 2D lines in Colombia on the retained licenses of Sabanero (Maurel & Prom operator, 100%) and 138 km² of 3D lines in Tanzania on the Bigwa – Rufiji – Mafia license (Maurel & Prom operator, 60%).

Seven exploration wells were also initiated or continued during the first half of 2009. At the end of June:

- 4 exploration wells are finished. 2 were abandoned (OMKO-104 and Mihambia) and 1 well gave positive results (OMOC-1: flow of 1,120 b/d). The results obtained during drilling on the Zingali well operated by Eni in Congo are currently being studied;
- Two exploration wells are still being drilled, including KKR-1 in Senegal which proved to be negative early in August, and OMKO-103 in Gabon which yielded positive results in July 2009.

- The Mafia Deep ST well in Tanzania, initiated in 2008, was still being drilled as of 27 August 2009.

Development and production

The first half of 2009 was marked by the start of production of the Omko-101 well in Gabon for a long-term test beginning 23 February 2009, and by the start of production from the Onal field on 9 March 2009. During the first half, 5 liftings were completed at an average sale price of US\$55/b generating sales of €31.2m, or 41% of the Group's sales.

The production of oil and gas in Venezuela, after a 30% in-kind withdrawal, was 1,648 barrels of oil equivalent per day over the first half. The oil represents 52% of production. This activity is not included in the Group's sales because the Venezuelan company Lagopetrol is consolidated using the equity method.

The table below, in barrels per day, indicates the production data for the first half of 2009 based on taxes and the fields in production.

Country	License	Gross production from the fields		Production for Maurel & Prom share		Entitled production (entitlement)		Production sold	
		T1	T2	T1	T2	T1	T2	T1	T2
<i>in boepd</i>									
Congo	Tilapia 20%	146	50	29	10	24	8	24	8
Gabon		2,525	9,623	2,375	8,590	2,142	7,607	367	8,580
	Banio 100%	429	398	429	398	429	398	367	433
	Onal 85%	1,001	6,886	851	5,853	749	5,151	-	5,341
	Omko 100%	1,095	2,339	1,095	2,339	964	2,058	-	2,806
Sub-total		2,671	9,673	2,404	8,600	2,166	7,615	391	8,588
Venezuela	Lagopetrol 26.35%	8,036	7,272	2,117	1,916	1,728	1,570	-	-
Total Group		10,707	16,945	4,521	10,516	3,894	9,185	391	8,588

It should be noted that royalties are paid in currency in Gabon and in kind in Venezuela. In addition, the "profit oil" due to the Gabonese State is paid in currency for the Banio field and in kind for the Onal and Omko fields.

For Onal, Phase 1 (Depletion) of the development has been completed. Phase 2 (Water injection) is in progress and the facilities are scheduled to start in November.

The drilling of certain peripheral injection well confirmed the foreseeable extension of the Onal field to the north and to the south-east of the structure and, as a result, other additional platforms will be

built in the coming months. Those platforms will ensure a redistribution of a portion of the injection plan to account for such extension.

For Omko, following the drilling of the Omko-102 and Omko-103 wells, which have shown pressure communication and reservoir continuity with the Omko-101 discovery well, an application for an Exclusive Operating Authorisation has been filed for the Omko field.

The drilling of the Omko-301 field, located in a separate compartment to the south of the field has just started.

For Banio, a new exploration well, Banio-5, will be drilled before the end of 2009.

The current level of crude production in Gabon, where 96% is produced on the Onal and Omko fields, is stabilized at 13,350 b/d, which corresponds to 10,350 b/d net of in-kind taxes.

Oil services

The drilling activity of the Maurel & Prom Group is conducted through its wholly-owned Caroil subsidiary, which owns 15 drilling rigs, 14 of which are operational.

Over the first half of 2009, Caroil's activity was negatively impacted by lower oil prices passed on to 2009 exploration and development drilling budgets, which resulted in a contraction of the activity during the second half, particularly in Colombia.

Within this unfavourable context, the contract with Eni for 5 owned drilling rigs and the management of a well maintenance rig expired. This contract was renegotiated in the second quarter of 2009 on the basis of daily rates versus the previous flat rate.

The average use rate for the Caroil rigs was 86% over the first half of 2009, representing 93% in first quarter 2009 and 79% in second quarter 2009. The use rate in the second half of the year should be equal to the first quarter rate of 93%.

As of 27 August 2009, 13 of the 15 Caroil drilling rigs were operating. Caroil 11 was transported from Colombia to Gabon to work for the Group. In Colombia, the 3 drilling rigs are working for third-party clients, 5 rigs are working for the Eni Group in Congo, 3 rigs are work for Maurel & Prom in Gabon, and 2 rigs are working for the Group in Tanzania (Mafia Deep ST and Mohoro).

Refocusing of the assets and debt restructuring

Sale of Colombian assets

On 9 March 2009, Maurel & Prom and Ecopetrol signed a memorandum of understanding on the sale of Hocol Petroleum Ltd (Hocol Colombia), wholly owned by Maurel & Prom, for a provisional price of US\$748m.

The sale was for some of the Group's Colombian assets and the Group retained the following assets:

- 100% of the Muisca exploration license;
- 50% of Hocol's rights to the Tangara exploration license (in partnership with Ecopetrol and Talisman);
- 100% of the Sabanero exploration license;
- 100% of the SN-9 exploration license;
- 100% of block 116 in Peru;
- all its rights in Venezuela;
- potential rights in Brazil (pending signature).

The transaction was definitive on 28 May 2009. The entities sold were deconsolidated on that date.

The amount of the transaction, paid in cash, was US\$742.2m. This amount will be final only at the end of the year, after the audit conducted by Ecopetrol of the financial elements composing the sale price. The main price may be increased by price supplements resulting from the application of the following two clauses:

- earn-out based on certified 2P reserves on the Huron field on the Niscota license;
- earn-out based on the level of oil prices.

The transaction and the accounting impact as of 30 June 2009 are described in Note 19.

Signature of an "RBL" loan for US\$255m

The RBL loan contracted by the Company in July 2006, which was not used by the Group, was cancelled in May 2009. On 30 January 2009, the Company signed a new facility for a maximum of US\$500m. US\$255m of this amount carried firm commitments, guaranteed by a pledge of the Group's Gabonese and Colombian oil reserves ("Reserve Based Loan 2009", known as RBL 2009).

This facility, which has not been used, has been renegotiated in order to take into consideration the sale of Hocol, the shares of which were used to secure the facility. Following the sale of Hocol Colombia, Maurel & Prom on 29 May 2009 confirmed this bank facility of US\$255m with four international banks, which signed the initial agreement, based on its oil reserves in Gabon.

The Company also undertook to comply with the following main ratios:

- Working capital ratio > 1.1;
- Total debt / Equity < 1.0.

Issuance of an OCEANE bond maturing in 2014 and partial redemption of the 2010 OCEANE

On 29 June 2009, Etablissements Maurel & Prom launched a bond issue with an option for conversion and/or exchange for new or existing shares (OCEANE) maturing 31 July 2014 for a gross nominal amount of €297.6m, represented by 19,074,519 bonds.

The face value of the Bonds was set at 15.60 euros. The Bonds give the right to the allotment of new or existing shares of Maurel & Prom stock in a ratio of one share for one Bond. They bear interest at an annual nominal rate of 7.125% and will be redeemed at par on 31 July 2014.

The objective of the issue was to refinance the Company's debt and extend the maturity through amortisation, in the form of a non-market redemption of the OCEANEs maturing on 1 January 2010.

On 7 July 2009, the settlement/delivery date of the bonds, seller interests for 8,820,635 OCEANE 2010 bonds, representing 53% of the bonds outstanding, were collected. Those bonds were redeemed at the nominal value of €22.44 plus a premium of 1.6% or €22.80, for a total amount of €201.1m. As a result, there are 7,883,223 OCEANE 2010 bonds outstanding to date, representing 47.2% of the number initially issued. This operation had no significant impact on the Group's half-year financial statements.

Acquisitions of interests

Relying on a solid balance sheet and substantial financial resources (net equity is €979m and cash €431m as of 30 June 2009), the Group intends to strengthen its presence in the countries in which it is already operating, diversify its mining portfolio in zones that are still underexplored, and obtain new oil licenses.

Maurel & Prom has signed a memorandum of understanding to increase its interest in the Marine III exploration license in Congo (Brazzaville). At the end of the process, Maurel & Prom will hold 75% (compared with 20% currently) of the rights on this license, in partnership with Société Nationale des Pétrole Congolais. At the same time, the Group is selling, effective 1 May 2009, its interests in the Tilapia production license. The transaction, which was being negotiated at the end of June, would involve an amount of €10m payable in cash and in Maurel & Prom shares (see Note 20).

On 21 July 2009, in partnership with Cove Energy plc (70% Maurel & Prom - 30% Cove Energy), Maurel & Prom also signed a purchase option for certain Artumas assets in Tanzania and Mozambique. This option may be exercised in the third quarter of 2009. The total amount of the planned transaction is US\$12m. In addition, the buyers agree to:

- finance a 3D seismic campaign of 600 km² in Tanzania;
- give Artumas the possibility of financing its portion for the drilling of two appraisal wells in Tanzania in exchange for an additional interest of 5% per well in Artumas' interests in Tanzania;
- pay a royalty of 0.85% on the assets in Mozambique, after repayment of the costs incurred;
- finance Artumas' share in the first exploration well in onshore Mozambique.

An extension of the purchase option to 18 September 2009 has been signed by the partners, Maurel & Prom and Cove Energy, leading to the settlement of the July and August 2009 calls (US\$3.6m) due by Artumas Mozambique. In exchange, the option on the Tanzanian assets of Artumas was increased from 51% to 54.6%.

Along with its exploration-production activity, Maurel & Prom signed an option with Greenext Energy Europe SA to decide to acquire a license for a process based on enzyme hydrolysis of wood cellulose.

This option has not been exercised by the Group; however, Maurel & Prom continue to study opportunities in collaboration with experienced teams.

Financial summary of the period

Sales

Excluding operations sold, the Group's sales totalled €75.7m, compared with €41.4m on a constant consolidation based in the first half of 2008, representing an increase of 83%, resulting from the start of production from the Onal field on 9 March 2009. At the end of June, the Group's sales net of oil royalties in Gabon was 809 Kbbls.

Sales were impacted favourably by the €/US\$ exchange rate as the dollar appreciated by 15%, and negatively by the sharp decline in oil prices (see table above §1.1).

Caroil's contribution to sales in the first half of 2009 was €42.8m, up from €38.2m over the same period in 2008, an increase of 12%. Expressed in US dollars, Caroil's contribution to sales was US\$57.1m, down from US\$58.5m in the first half of 2008.

The oil services activity performed with Hocol Colombia from 1 January until 31 May 2009, representing sales of US\$5.2m (€3.9m), is not included in the Group's contributing sales, as the loss of control was considered effective only at the definitive signing of the Hocol sale on 28 May 2009.

Operating income

Operating income was a profit of €3.3m. Excluding non-recurring items (sale of assets) and exploration expenses, it represented a higher percentage of sales than the previous year.

The exploration expensed for €6m represents the portion for drilling the Mihambia well in Tanzania (Maurel & Prom 50%).

The start-up of production on Onal contributed to the Group's improved margins; the sale of oil and gas in this case offers greater profitability than on drilling activities.

The book income on asset disposals comes from the retrocession of 15% of the Group's oil interest on the Onal field pursuant to the Omoueyi Production Sharing Contract. Maurel & Prom's partner on Onal is Tulip Oil, a subsidiary of the Tullow Group, which purchased its interest from the State. The gain realised on this asset sale is the result of the fact that certain costs paid cannot be capitalised in the accounts when they are recoverable petroleum costs. This is the case for the financial expenses in particular.

The result on asset sales made at the end of June 2008 corresponded to the positive impact of the first consolidation using the equity method of the public-private company Lagopetrol in Venezuela for €16.2m.

Financial income

Financial income amounted to €9.1m. It can be analysed as follows (in €m):

Interest expense on the Ocean bonds:	-12.9
Gains realised on oil and gas derivative instruments:	13.0 *
Change in market value of derivative instruments:	17.3 **
Currency translation adjustments on cash in currencies:	-14.7 ***
Reversals of provisions net of use:	11.0 ****
Other:	-4.6
Financial income:	9.1

* For the start-up of production in Gabon, the Group subscribed in late 2008 and early 2009 oil derivative instruments (crude sale swaps) intended to limit its exposure to the risk of a decline in oil and gas prices. These derivatives were classified as cash flow hedge instruments for the Gabonese subsidiary only as of 1 May as the first sales were made in April.

These derivatives, which cover a volume of approximately 9,375 b/d over the first half, guarantee a sale price of US\$61.4, compared with the average Brent price of about US\$50 over this period. The gains they generated until the end of April, in the amount of €13m, were recognised as financial income.

** The change over the period in the market value of the portfolio of derivative instruments existing at closing (primarily foreign exchange instruments) resulted in the recognition of an unrealised profit of €17.3m.

*** Currency translation adjustments amounted to €-14.7m. They are primarily due to the slight erosion in the price of the dollar over the month of June (-2%), which led to a revaluation downward of the cash in currencies. As of 30 June, the cash and investments in US dollars of the corporate office amounted to US\$541m because of the receipt of the income from the sale of the Colombian assets at the end of May. However, a portion of this exposure in dollars is hedged, resulting in a foreign exchange position of about US\$379m at the end of June.

**** An agreement was reached between the Group and a financial institution to end their dispute over complex derivative transactions. The dispute concerned a bank claim for US\$51.2m (€36.8m) disputed by Maurel & Prom. This risk had been entirely provisioned in 2008.

Net earnings of business activities sold

The net result from the operations sold in Colombia (Hocol) was a loss of €9.9m in the half-year accounts. This is a non-final result based on a price which could be adjusted following the accounting audit conducted by Ecopetrol and taking only partial account of the price supplement clauses.

The price supplement clause concerning the reserves of the Huron field on the Niscota license in particular has not been valued at this stage because it depends on a valuation of these reserves by an independent certifier at 31 December 2010. It is capped at US\$50m.

The price supplement clause based on the average price of a barrel of oil over 2010 is valued at the market value at the end of June 2009, which is US\$44.4m. The amount of this price adjustment (the final amount is not known) is capped at US\$65m.

Balance Sheet

<i>In € millions</i>	June-09	% balance sheet	Dec-08	% balance sheet	Change Jun 09 vs. Dec 08
	€m		€m		
Current assets	598	37%	408	22%	190
Non-current assets	997	63%	1,488	78%	-491
Net equity	979	61%	1,036	55%	-57
Current liabilities	569	36%	651	34%	-82
Non-current liabilities	46	3%	208	11%	-162
Balance sheet total	1,594	100%	1,895	100%	-301

Net equity, Group share, totalled €979m compared with €1,036m as of 31 December 2008, which is a decline of €57m, due primarily to the impact of the adjustment of the valuation of the derivative instruments as of 30 June 2009 (€-58.6m), the dividend distribution decision (€-42.2m, paid in July 2009) and currency translation adjustments (€+38.8m).

The change in non-current assets (€-491m) is the result of the following items (in m€):

• Sale of assets in Colombia	-642.8
• Exploration investments (including 28% on the Mafia license in Tanzania and 31% on the Omoueyi license in Gabon)	106.8
• Production investments (70% for the Onal)	117.6
• Retrocession of a 15% interest on the Onal field to Tulip Oil pursuant to the Production Sharing Contract	-65.9
• Amortisation and depreciation (including €7.7m resulting from the start-up of Onal production)	-18.9
• Deposits paid to the banks for margin calls on crude hedges	32.2
• Other changes	-14.0
Total	-491.1

The change in current assets (€+190m) can be analysed as follows:

• Claim against Tulip Oil following the retrocession of a 15% interest on the Onal field	69.8
• Decrease in derivative assets *	-67.2
• Cash increase **	242.1
• Other changes (primarily working capital assets of the Colombian entities sold)	-54.5
Total	190.2

* At the end of December 2008, derivative assets included a receivable for €66.2m representing sums still to be collected on the liquidation of the hedges (crude swaps) assigned to the sales from Colombia. This receivable was collected in January 2009.

** The increase in net cash (€+242m) was primarily generated by the receipt of the sale price of the Colombian assets (€+535m) and the investments for the period (€-229m).

Current and non-current liabilities declined sharply (€-244m) because of the sale of the Colombian entities.

Investments

In the first half of 2009, the total amount of the investments made was €229m, which can be analysed as follows:

thousands of euros	Colombia	Gabon	Tanzania	Other	TOTAL
Exploration	26,884	33,890	36,834	9,225	106,833
Development	31,180	85,495	508	371	117,553
Oil services	545	2,462	662	1,065	4,734
TOTAL	58,609	121,847	38,003	10,662	229,121

The investments relative to Colombia include acquisitions related to the Colombian entities sold for €21,023k in Exploration and €31,141k in Development.

Cash flow

The Group's cash flow was €-28.4m in the first half of 2009. The net cash flow generated by operating activities was €49.5m.

As of 30 June 2009, Maurel & Prom held net cash of €431m, representing a change of €242m from 31 December 2008, which reflects the following:

- The inflow following the sale of assets in Colombia for €535m;
- A significant investment effort (included the activity sold):
 - Exploration expenses for €107m;
 - Development investments for €118m;
 - Investments in drilling activity for €5m.

6.5.2 NOTE 2: ACCOUNTING METHODS

The interim consolidated financial statements for the period ended 30 June 2009 of the Maurel & Prom Group have been prepared in accordance with IAS34 – Interim Financial Reporting, which allows the presentation of a selection of notes. Therefore, the interim consolidated financial

statements do not include all the notes and information required by the IFRS for annual financial statements and must, therefore, be read jointly with the annual financial statements for fiscal year 2008.

The accounting principles applied for the interim financial statements do not differ substantially from those used in the consolidated financial statements as of 31 December 2008, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and available on the Internet site

http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

The statements as of 30 June 2009 apply new texts or amendments adopted by the European Union as of 30 June 2009 and mandatory as of 1 January 2009 as described in Note 2 to the Group's consolidated financial statements for the year ended 31 December 2008. Two new standards have an impact on the Group's statements: IAS1 revised and IFRS 8.

Pursuant to IAS1 Revised (presentation of the financial statements), a statement of consolidated total income/loss is presented in a note to the statement of changes in net equity.

Pursuant to IFRS8, the segment information which was previously provided on the basis of geographic locations, then by business, is not presented by businesses and reflects the internal segment information defined to manage and measure the Group's performance. Three segments are identified: exploration, production and drilling.

The other new texts: IAS23 Revised (borrowing costs), IAS32 Amended (Puttable instruments and obligations arising on liquidation), IFRIC 11 (Group and treasury share transactions), IFRIC 13 (Customer loyalty programmes), IFRIC 14 (limit on a define-benefit assets, minimum funding requirements and their interaction), IFRS2 amended (Share-based compensation, vesting conditions and cancellations) and IAS32 amended (financial instruments: classification of puttable instruments) have no significant effect on the consolidated financial statements as of 30 June 2009.

Moreover, these principles do not differ from the IFRS as published by the IASB insofar as the application of the following standards or interpretations, required in the years opened on or after 1 January 2009 and not yet endorsed by the European Union, has no impact on the Group's statements: amendments IFRS 7, amendments IFRIC 9 and IAS39, IFRIC 15.

The Group has not anticipated standards and interpretations which are not mandatory as of 1 January 2009, such as IFRIC 12 (Service concession arrangements) and IFRIC 16 (Hedges of a net investment in a foreign operation), IFRS3 revised (Business Combinations), IAS27 amended (Consolidated and separate financial statements).

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

In order to prepare consolidated financial statements compliant with IFRS, the Group had to make accounting choices, undertake a certain number of estimates and select assumptions which affect

the amount of assets and liabilities, the notes on the potential assets and liabilities at the end of the year, and the income and expenses recorded for the period. Changes in facts and circumstances may lead the Group to review these estimates.

The results obtained may significantly differ from these 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 policies that will provide relevant and reliable information. The financial statements present fairly the Group's financial position, performance, and cash flows. They reflect the substance of transactions, are prepared in a prudential manner, and are complete in all material aspects.

6.5.3 NOTE 3: CHANGES IN THE GROUP

Company	Registered Office	Consolidation Method	Control %	
			30/06/2009	31/12/2008
Etablissements Maurel & Prom	Paris	Holding company	Holding company	
Oil and gas activities				
Caroil	Paris	Fully consolidated	100.00%	100.00%
Panther Eureka Srl	Ragusa, Sicily	Fully consolidated	60.00%	30.00%
Maurel & Prom West Africa SAS	France	Fully consolidated	100.00%	100.00%
Maurel & Prom Gabon Ltd (ex Rockover Oil and Gas)	British Virgin Islands	Fully consolidated	100.00%	100.00%
M&P Gabon (ex Nyanga Mayombe)	Port-Gentil	Fully consolidated	100.00%	100.00%
M&P Gabon Omoueyi (*)	Libreville	Fully consolidated	-	100.00%
M&P Etekamba Gabon	Port-Gentil	Fully consolidated	100.00%	100.00%
Quartier General M&P Gabon	Port-Gentil	Fully consolidated	100.00%	100.00%
Hocol Petroleum Ltd	Bermuda	Non-consolidated	-	100.00%
Hocol Ltd	Bermuda	Non-consolidated	-	100.00%
Hocol SA	Cayman Islands	Non-consolidated	-	100.00%
Homcol Cayman Inc	Cayman Islands	Non-consolidated	-	100.00%
Hocol Peru	Peru	Fully consolidated	100.00%	100.00%
Hocol Maurel & Prom Venezuela SAS	France	Fully consolidated	100.00%	100.00%
Hocol (UK) Petroleum Holdings Ltd	United Kingdom	Non-consolidated	-	100.00%
Maurel & Prom Colombie BV	Netherlands	Fully consolidated	100.00%	100.00%
Maurel & Prom Latin America BV	Netherlands	Fully consolidated	100.00%	100.00%
Oleoducto de Colombia SA	Colombia	Non-consolidated	-	21.82%
Lagopetrol	Venezuela	Equity-method companies	26.35%	26.35%
M&P Volney 1 S.A.S.	France	Fully consolidated	100.00%	-
Zetah M&P Congo	Congo	Fully consolidated	100.00%	100.00%
Zetah Kouilou Limited	Nassau, Bahamas	Proportionately consolidated	15.00%	15.00%
Zetah Noubie Limited	Nassau, Bahamas	Proportionately consolidated	49.00%	49.00%
Maurel & Prom Congo S.A.	Pointe Noire, Congo	Fully consolidated	100.00%	100.00%
Maurel & Prom Tanzanie Limited	Tanzania	Fully consolidated	100.00%	100.00%
Raba Xprom Energia Kft	Hungary	Equity-method companies	34.30%	34.30%
Renaissance Energy	Switzerland	Equity-method companies	35.00%	35.00%
Miscellaneous activities				
New Gold Mali (NGM)	Bamako, Mali	Equity-method companies	26.00%	26.00%
Maurel & Prom International SA	Geneva, Switzerland	Fully consolidated	99.99%	99.99%

(*) Combination in 2009 of the Gabonese assets within Maurel & Prom Gabon.

The change in the scope of consolidation of the Group in the first half of 2009 reflects:

- the sale of Colombian assets; the transaction is described in Note 19 – Income on sale of assets;
- Pursuant to the Omoueyi Production Sharing Contract, Maurel & Prom retroceded 15% of its interest in the Onal field. Maurel & Prom's partner on Onal is Tulip Oil, a subsidiary of the Tullow Group, which purchased from the State its right to acquire an interest in the license.
- Hocol (UK) Petroleum Holdings Ltd was deconsolidated following liquidation.
- Following Maurel & Prom's acquisition of an additional interest in Panther Euréka, the interest percentage was raised from 30% to 60%, given Maurel & Prom control, and resulting in a change in consolidation from the equity method to full consolidation for the consolidation of the Panther Euréka accounts in the Group's financial statements.

Maurel & Prom West Africa (ex Maurel & Prom Syria) will carry the stock of the Group's Gabonese companies.

6.5.4 NOTE 4: INTANGIBLE ASSETS

Changes in intangible assets

<i>In thousands of euros</i>	Goodwill	Oil search and exploration rights	Exploration costs	Other	Total
Gross value as of 31 December 2008	0	524,801	269,235	23,216	817,253
Exploration investments ⁽¹⁾	0	0	106,755	96	106,851
Disposals/Decreases ⁽²⁾	0	0	(5,927)	0	(5,927)
Exploration expenses	0	0	(6,066)	0	(6,066)
Acquisitions of subsidiaries	6,403	0	0	0	6,403
Sales of subsidiaries	0	(408,527)	(88,402)	(7,221)	(504,150)
Currency translation adjustments ⁽³⁾	0	15	(4,014)	(51)	(4,050)
Transfers ⁽⁴⁾	0	176	(3,420)	0	(3,244)
Gross value as of 30 June 2009	6,403	116,465	268,161	16,040	407,069
Cumulative amortisation and impairment as of 31 December 2008	0	97,707	27,833	9,947	135,487
Amortisation	0	1,320	4,635	248	6,203
Disposals/reversals	0	0	0	0	0
Write-offs	0	0	0	0	0
Currency translation adjustments ⁽³⁾	0	361	(575)	(55)	(269)
Disposals on changes in consolidation scope	0	0	0	0	0
Sales of subsidiaries	0	(95,529)	0	(5,138)	(100,667)
Transfers	0	0	0	0	0
Cumulative amortisation and impairment as of 30 June 2009	0	3,859	31,893	5,002	40,754
Net Book value as of 30 June 2009	6,403	112,606	236,268	11,038	366,315
Net Book value as of 31 December 2008	0	427,094	241,402	13,269	681,766

Inc. changes related to the Colombian entities sold:

(1) €21,023k in acquisitions on exploration costs

(2) €-5,927k in decreases on exploration costs

(3) €1,201k on currency translation adjustments

(4) €-3,420k in transfers related to the reclassification of exploration costs as tangible assets

Exploration activity

Acquisitions of intangible assets totalled €106.9m as of 30 June 2009. The principal investments were:

- the seismic work and drilling preparation carried out in Tanzania for €36.9m, essentially on the Bigwa – Rufiji – Mafia license;
- exploration work conducted in Gabon on the Omoueyi license for €33.6m. These expenses cover exploratory seismic work, the drilling of several wells, and completion and testing work, primarily on the Omko field.

- seismic work carried out in Syria for €5.1m;
- the investments made in Colombia until the sale date at the end of May on the Guarrojo, Lince, and Tangara licenses, in the amount of €21.0m.

Write-offs

The Mihambia-1 well in Tanzania resulted in a failure, which led to the recognition of a loss of €6.1m over 2009.

Acquisition of subsidiaries, acquisitions of interests

Panther, which was previously consolidated using the equity method is now fully consolidated. This change in consolidation method leads to the recognition of €6.4m in goodwill.

Sales of subsidiaries

The net value of the Colombian intangible assets sold was €403.5m (representing €504.1m in gross value and €100.7m in amortisation). This sale transaction is explained in “Note 19 – Income on assets disposals”.

Amortisation and depreciation

Increases in amortisation for the period reflect:

- €3m for the Omko assets, where production started in February 2009 as part of a 7-month test;
- €1.7m in exploration expenditures on the KKR-1 well in Senegal, which was negative;
- the amortisation of various mining rights for €0.5m, primarily on the Etekamba and Nyanga Mayombe licenses in Gabon;
- depletion in the amount of €0.8m on the oil reserves allocated to the Omoueyi license in Gabon following the start of production on Onal.

Assets impairment

As of 30 June, in the absence of any indicator of impairment, the conclusions of the impairment tests as of 31 December 2008 have not changed.

6.5.5 NOTE 5: TANGIBLE ASSETS

Changes in tangible assets

<i>In thousands of euros</i>	Land and buildings	Technical facilities	Down payments and construction in progress	Other assets	Total
Gross value as of 31 December 2008	4,107	811,911	4,678	24,769	845,466
Develop./prod. investments ⁽¹⁾	782	99,827	14,107	7,554	122,270
Dismantling assets		564			564
Disposals/Decreases ⁽²⁾	0	(1,045)	0	(248)	(1,293)
Write-offs	0	(13)	0	0	(13)
Sales of subsidiaries	(4,827)	(374,173)	(1,688)	(6,835)	(387,522)
Currency trans. adjustments ⁽³⁾	(21)	(8,854)	(635)	(571)	(10,081)
Transfers ⁽⁴⁾	2,814	5,245	(4,818)	935	4,176
Gross value as of 30 June 2009	2,855	533,462	11,644	25,604	573,566
Cumulative amortisation and impairment as of 31 December 2008	2,931	109,290	0	4,951	117,172
Amortisation and depreciation	31	12,095	0	564	12,690
Disposals/reversals	0	(451)	0	(221)	(672)
Write-offs	0	(13)	0	0	(13)
Currency trans. adjustments ⁽³⁾	12	(781)	0	(9)	(778)
Sales of subsidiaries	(2,931)	(56,551)	0	(2,702)	(62,183)
Transfers	0	0	0	0	0
Cumulative amortisation and impairment as of 30 June 2009	43	63,589	0	2,583	66,216
Net book value as of 30 June 2009	2,813	469,873	11,644	23,020	507,350
Net book value as of 31 December 2008	1,176	702,621	4,678	19,818	728,294

Including changes related to the Colombian assets sold:

(1) €30,294k for acquisitions of technical facilities

(2) €-605k for decreases in technical facilities

(3) €-682k in net value of currency translation adjustments

(4) €3,420k in transfers related to the reclassification of exploration costs as tangible assets

Development/production investments

Acquisitions during the period, totalling €122.3m, primarily correspond to the development of the Onal field in Gabon and the Ocelote field in Colombia.

- The production investments on Onal amounted to €84.8m. These acquisitions were primarily for installation work on the Onal-Coucal export pipe system, the construction of a pipeline to carry the gas necessary to operate the heating stations, and the work performed for the water injection phase.
- Investments by Caroil totalled €4.7m.

Sales of subsidiaries

Sales totalled €325.3m in net value (gross value of €387.5m minus €62.2m in amortisation) which represents the book value of the Colombian assets sold for €257.5m and the withdrawal of €67.8m in fixed assets as a result of the retrocession by the Republic of Gabon of its 15% interest in the Onal field to the Tulip Oil company.

Amortisation and depreciation

Increases (€12.7m) for the period primarily represent the Caroil drilling rigs for €7.3m and the amortisation to depletion of the Onal assets for €4.6m following production start-up.

6.5.6 NOTE 6: OTHER NON-CURRENT FINANCIAL ASSETS

<i>In thousands of euros</i>	Financial assets available for sale	Loans and receivables	Total
Value at 31 December 2008	12,773	8,227	21,000
Disposals on changes in consolidation scope	0	0	0
Increase	52	41,506	41,558
Decrease	0	(5,313)	(5,313)
Impairment	0	0	0
Fair value	0	0	0
Reversal of impairment	0	0	0
Currency trans. adjustments	0	1	1
Transfers	0	0	0
Value at 30 June 2009	12,825	44,421	57,246

Financial assets available for sale

Available-for-sale securities correspond essentially to a 19.10% stake in Perbercan, the business of which is operating oil fields in Cuba through its Peberco subsidiary. It should be noted that this company announced in February 2009 its intention to end its sale activities and distribute its residual assets to its shareholders. The Group's stake in Pebercan was, therefore, valued at 31 December 2008 at liquidation value of €12.0m. The valuation was the same as of 30 June in the absence of any significant change in the situation.

Non-current loans and receivables

The increase in this item was generated by:

- deposits paid to the banks for margin calls on crude hedges (€32.2m on the basis of the market value of the portfolio derivative instruments at 30 June 2009)
- deposits paid to guarantee the completion of the work commitments on the licenses retained in Colombia and Peru (€9.3m).

As of 31 December 2008, €5.0m had been deposited in the context of a dispute with a banking institution over transactions in complex financial instruments which the Group was disputing. Following the agreement reached in 2009 between the parties, the deposit was settled at 30 June 2009. This dispute is described in Note 12 – “Provisions for risks and contingencies”.

6.5.7 NOTE 7: INVESTMENTS ACCOUNTED UNDER THE EQUITY METHOD

<i>In thousands of euros</i>	June-09		Dec-08
	Balance sheet value	Net income for the year	Balance sheet value
Lagopetrol	34,482	1,952	33,159
New Gold Mali	0	-40	0
Panther Eureka Srl			6,403
Raba Xprom Energia Kft	-1,853	-54	-1,827
Renaissance Energy	0	34	-34
Total	32,629	1,890	37,701

In April 2009, Maurel & Prom increased its holding in Panther from 30% to 60%. As a result of this acquisition of control, Panther is now fully consolidated. This explains the change in the item over the period.

6.5.8 NOTE 8: TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Trade receivables can be analysed as follows:

<i>In thousands of euros</i>	30/06/2009	31/12/2008
Oil and gas	17,761	26,218
Drilling	25,118	13,487
Other	168	278
Total	43,047	39,983
Depreciation to be deducted	(3,300)	(980)
Net value	39,747	39,003

Trade receivables on oil and gas sales essentially reflect the receivables due from Socap (Total Group) to which the Onal production is sold. Trade receivables at the end of 2008 represented Hocol sales for €23m.

In the drilling activity, the renegotiation of the service contracts with ENI in Congo resulted in periodic deferred payments.

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

<i>In thousands of euros</i>		
Other Current Financial Assets	30/06/2009	31/12/2008
Receivables on Investments and associations	14,574	36,648
Loans and others	3,922	5,585
Other debtors	73,234	16,137
Gross value	91,730	58,370
Depreciation to be deducted	(12,803)	(35,150)
Net value	78,927	23,220
Other current assets	30/06/2009	31/12/2008
Advances and down payments	1,592	1,659
Prepaid expenses	2,449	2,845
Tax and corporate receivables (excluding income taxes)	24,733	67,993
Other assets	7,190	(15)
Gross value	35,964	72,482
Depreciation to be deducted	(940)	0
Net value	35,024	72,482

Other debtors include primarily a receivable of €65,9m (US\$93.2m) from Tulip Oil for the Group's retrocession of 15% of its petroleum interests on the Onal field pursuant to the Omoueyi Production Sharing contract. This receivable corresponds to 15% of the development investments made. Tulip Oil has already made a first payment of US\$73m over July for the investments made until the "first oil" date in March 2009. The balance will be paid by the end of September.

On a constant consolidation basis, excluding operations sold, this item is €6.9m higher because of the increase in the VAT deductible on Onal (€+2.2m) and on Panther (€+3.4m).

6.5.9 NOTE 9: DERIVATIVE INSTRUMENTS AND OTHER FINANCIAL INSTRUMENTS

<i>In thousands of euros</i>	30/06/2009			31/12/2008
	Current	Non-current	Total	Total
Financial instruments (assets)	3,568	32,066	35,634	70,734
<i>Interest rate instruments</i>	0	0	0	0
<i>Currency instruments</i>	3,568	0	3,568	403
<i>Oil and gas instruments</i>	0	32,066	32,066	70,331
Financial instruments (liabilities)	27,727	21,628	49,355	19,361
<i>Interest rate instruments</i>	603	0	603	12,317
<i>Currency instruments</i>	0	0	0	0
<i>Oil and gas instruments</i>	27,124	21,628	48,752	7,044
Total	(24,159)	10,438	(13,721)	51,373

<i>Derivative instruments, assets</i>	3,568		3,568	4,516
<i>Other financial instruments, assets</i>			0	66,218
<i>Derivative instruments, liabilities</i>	27,727	21,628	49,355	19,361
<i>Other financial instruments, liabilities</i>			0	0
	(24,159)	(21,628)	(45,787)	51,373

A non-current derivative asset of €32m corresponding to the market value at the end of June 2009 of the price supplement clause on the barrel price stipulated in the sale agreement for the Colombian assets was also recognised as a contra to the income from operations sold (see Note 19 – Net income from activities sold).

In the context of its current operations, the Group uses financial instruments to reduce its exposure to the risk of fluctuations in oil prices and foreign exchange rates.

Various instruments are used, including contracts on organised or over the counter markets, forward transactions, swaps and options.

The change in fair value of the derivative instruments is recognised as income or net equity, depending on whether they are trading or hedging instruments pursuant to IFRS, particularly IAS32&39.

For the start-up of production in Gabon, in late 2008 and early 2009, the Group subscribed to derivative instruments (swap sales) on Brent oil, the price of which is closely correlated with the Rabi light crude produced locally.

These derivatives were accounted for as hedging instruments only as of 1 May, as the sales of oil from the Onal and Omko fields began in April. The gains they generated over the period prior to the placement of the hedge (€13m) were booked as financial income.

The features of the hedge established are detailed in the table below:

Type of contract	Subscription price	Hedge price	Volumes in b/d				Mark to market 30 June in €k		
			June 2009	January to June 2010	June to December 2010	June to December 2011	Total	Non-current	Current
Brent swap	71.00	55.91	1,500	750			-345	-41	-304
Brent swap	63.40	59.04	500	500	500		-2,016	-676	-1,340
Brent swap	57.00	58.97	1,000	1,000	1,000		-6,499	-2,178	-4,321
Brent swap	58.80	58.99	2,250	2,250	2,250		-13,060	-4,377	-8,683
Brent swap	58.30	56.87	500				-841	-	-841
Brent swap	55.00	61.15	500	500	500		-3,641	-1,220	-2,421
Brent swap	62.00	64.04	500	500	500	500	-4,372	-2,626	-1,746
Brent swap	62.15	62.83	2,000	2,000	2,000	2,000	-17,296	-10,389	-6,907
			8,750	7,500	6,750	2,500	-48,070	-21,507	-26,563

Along with the subscription of these swaps, and in order to improve the sale price, “floors” (sales of puts) were subscribed at a level of \$50/b for 500 b/d (1st quarter 2009), 2,500 b/d (from April to December 2009), 1,250 b/d (1st half of 2010) and 500 b/d (second half of 2010). The floors have not been recognised as hedges and are revalued as a contra in income. At the end of June, they had a negative market value of €641k.

Revaluation of these various transactions (hedging and trading derivatives) at 30 June 2009 led to the recognition of a liability in the amount of €48,759k.

The derivatives intended to cover the sale of the Colombia division until its sale at the end of May 2009 had a value of US\$12,535k at the end of December, which was maintained in net equity pursuant to IAS39 (hedging of future cash flows). This amount was recycled as income from operations sold in.

The impact of the hedging derivatives on equity capital is presented in the table below:

Impact of financial instruments on net equity		
<i>In thousands of euros</i>	30/06/2009	31/12/2008
Fair value reserve at beginning of year	22,992	(11,652)
Change in the portion of hedges not due (current during the previous year)		
Fair value of the new hedges for the period recognised in net equity	(48,759)	7,482
Fair value of the portion of hedges recycled in the income statement	(15,274)	⁽¹⁾ 20,668
Deferred taxes	5,446	⁽²⁾ (5,158)
Exchange gain/loss	276	278
Fair value reserve at year-end	(46,694)	11,618
Change in net equity for the period	(58,587)	22,992
Closing rate as of 31 December 2008	1.3917	
Closing average rate 2009	1.3174	
Closing rate 2009	1.3856	

including impact on Colombian assets sold:

- (1) €-15,274k for the "Fair value of the portion of the hedges recycled to the income statement"
 (2) €5,446k for deferred taxes

With respect to foreign exchange positions, the Group holds liquidities (cash and demand investments) in US dollars in the amount of US\$541m following receipt of the sale price for the Colombian assets at the end of May.

Forward currency transactions and currency options to partially reduce exposure to the foreign exchange risk resulting from this position were initiated during the year. As of 30 June 2009, the re-marking to market of these instruments led the company to record a net asset €3m.

6.5.10 NOTE 10: RELATED PARTIES**Commercial and financial transactions**

30/06/2009 <i>in thousands of euros</i>	Income	Expenses	Amounts due by related parties (net)	Amounts due to related parties
1) Companies carried on an equity basis				
- Lagopetrol	0	0	0	0
- New Gold Mali (NGM)	0	0	2,396	0
- Raba Xprom Energia Kft	54	0	1,347	13
2) Other related parties				
- Pacifico	114	610	140	61
- Renaissance Energy	1	0	30	0

Entities accounted under the equity method

The transactions with equity-accounted entities are for interest on interest-bearing financial advances to finance exploration work under contractual agreements made for this purpose at the time of the acquisition of the stake. The advance made to the Hungarian equity-accounted entity for exploration work was depreciated given the failure of this work.

Other related parties

With respect to other related parties, the transactions with Pacifico, executed at arm's length pertain to leasing services and support services.

Thus, Maurel & Prom signed an agreement to sub-lease premises with Pacifico, a 23.82% shareholder. In addition, Pacifico has provided Maurel & Prom with technical and financial assistance. The service agreement with Pacifico was amended, approved by the Maurel & Prom Supervisory Board on 29 May 2007, and signed on 11 June 2007 (effective as of 1 February 2007). This rider concerns primarily the adjustment of fees for services provided.

Senior executives' compensation

Senior executives include Directors (Department managers) and members of the Board of Directors (formerly members of the Supervisory Board).

<i>In thousands of euros</i>	30/06/2009	30/06/2008
Short-term benefits	1,442	1,605
Severance benefits		449
Post-employment indemnities		40
Share-based compensation	15	337
	1,457	2,431

6.5.11 NOTE 11: CASH AND CASH EQUIVALENTS

Cash equivalents consist of liquid assets and investments maturing in less than 3 months.

<i>In thousands of euros</i>	30/06/2009	31/12/2008 (*)
Liquid assets, Banks and other financial institutions	56,303	130,899
Short-term bank deposits	9,401	60,645
Short term investments	367,924	0
Total	433,628	191,544
Bank overdrafts	2,861	2,849
Net flow and flow equivalents at year end	430,767	188,695

(*) Inc. Colombian operations sold:

Liquid assets, Banks and other financial institutions €27.5m

Short-term bank deposits €46.4m

As of 30 June 2009, Maurel & Prom posted net cash of €430.8m (including US\$541m equivalent to €382m), up €242.1m from 31 December 2008, primarily because of the following:

- the collection of the sale price for the Colombian assets in the amount of €535.6m;
- steady investments (€229.1m) for all group operations: exploration (€106.8m), development (€117.6m) and drilling (€4.7m); it should be noted that the investments for continued activities which stood at €177m in the first half (included exploration: €85.5m; development: €86.4m; and drilling: €4.7m);
- temporary deposits paid to the banks under crude hedging contracts (€32.2m on the basis of the market value of these derivatives as of 30 June 2009);
- the repayment of the “cash pooling” positions with Hocol as part of the sale to Ecopetrol.

6.5.12 NOTE 12: PROVISIONS

<i>In thousands of euros</i>	Site restoration	Employee benefits	Other	Total
Balance as of 1 January 2009	32,120	10,620	50,275	93,015
Currency trans. adjustments	(158)	668	206	716
Disposals on changes in consolidation scope	(22,085)	(12,043)	(4,496)	(38,624)
Increase for the period	0	1,055	3,804	4,859
Utilisation	(16)	0	(40,937)	(40,953)
Other allocations and reversals	564	0	813	1,377
Discounting effect	824	305	0	1,129
Balance as of 30 June 2009	11,249	605	9,665	21,519
<i>Current part</i>	0	383	9,665	10,048
<i>Non-current part</i>	11,249	222	0	11,471

Inc. transfers related to the Colombian entities sold:

(1) €1,059k for the allocation to employee benefits and €131k in other provisions

(2) €824k on the effect of discounting provisions for site restoration and €305k on other provisions

Site restoration

An increase in provisions for site restoration in the amount of €0.6m was recognised as a contra to a dismantling asset on the Omoueyi license.

Pensions and other post-employment benefits

Following the sale of Hocol, the provisions for pensions and other post-employment benefits primarily represent retirement benefits for the employees of the group holding company: Établissements Maurel & Prom The liability is calculated by an independent actuary.

Other provisions

The decrease in other provisions for risks and contingencies (€-40.6m) includes €36.8m for the reversal of the entire provision recognised in 2008 to cover the risk of a dispute with the bank on transactions in structured derivatives disputed by the Group. In this dispute, the parties reached an agreement which led to the recognition of a debt of €20.5m as other creditors.

6.5.13 NOTE 13: BONDS LOAN, OTHER LOANS AND FINANCIAL DEBTS

Bonds, other borrowings and financial debts are detailed below:

In thousands of euros	Currency	30/06/2009			31/12/2008
		Current	Non-current	Total	Total
Bonds loan		374,866	0	374,866	375,024
Other borrowings and debts		3	0	3	12,659⁽¹⁾
Banco Colombia (syndicated loan)	US\$/COP	0	0	0	12,655
Debts on lease financing	US\$/COP	23	0	23	4,156⁽¹⁾
Bank overdrafts		2,861	0	2,861	2,849
Total of other loans and financial debts		2,887	0	2,887	19,664

(1) Inc. Colombian operations sold:

- Other loans and debts €12,655k;

- Debts on finance leases: €4,129k;

Oceane bond maturing 1 January 2010

On 9 March 2005, the company issued 16,711,229 bonds with option for conversion and/or exchange for new or existing shares (OCEANE) for a total amount of €374,999k. The bonds bear interest at 3.5% a year (coupons payables on the first day of each year) and will be fully amortised by redemption at par on 1 January 2010. The conversion or exchange may be exercised at any time in a ratio of 1.1 share for one bond. The bond issue was fully subscribed.

Initially, the bond issue was booked under financial liabilities at its amortised cost of €327,658k. This amortised cost was determined by discounting contractual future cash flow at the effective interest rate of 7.17%.

Net equity was also credited with the value of the conversion option for €44,003k, or €29,115k net of deferred tax.

As of 30 June 2009, the bond appears on the balance sheet for €374,866k (compared with €375,024k as of 31 December 2008). There were no bond conversions over the first half. As of 30 June 2009, there were 16,703,858 bonds outstanding.

Other borrowings and financial debts

Other borrowings and financial debts (€2.8m) represent short-term bank overdrafts.

On 29 May 2009, the Group signed with a consortium of 4 banks (BNP Paribas, Calyon, Natexis and Standard Bank) a bank facility of US\$255m guaranteed by a pledge of oil reserves in Gabon ("Reserve Based Loan", or RBL). This facility has not been used to date.

6.5.14 NOTE 14: CONTINGENT ASSETS AND LIABILITIES

Rockover

The contract to purchase the Rockover company in February 2005 stipulated a return clause for former shareholders for 10% in the event of a discovery on one of the licenses sold (Ofoubou/Ankani, Omoueyi, Nyanga Mayombe, Kari) and for 50% on the Banio license.

At the initiative of Maurel & Prom, an agreement to purchase this clause was signed on 13 July 2007. This agreement stipulates the payment by Maurel & Prom to former shareholders of US\$55m (including US\$30m paid on 13 July and US\$25m in debts, plus interest, 5 days after the first production of 1,000 b/d for 30 days on the Onal field currently being developed), plus a royalty of 2% when total production exceeds 39 million barrels on all the fields sold to Maurel & Prom in 2005 (excluding Banio), and a royalty of 10% on the production from the Banio field when total production from this field exceeds 3.9 million barrels.

In addition the following commitments were continued:

- Maurel & Prom will have to pay the sellers a total royalty of \$1.30 per barrel produced as of the date on which the accumulated production in all the licence zones exceeds 80 Mb;
- Maurel & Prom will have to pay one of the two sellers a royalty equivalent to 2% of the total production available up to a threshold of 30 Mboe and 1.5% above that threshold, on the production from the production licenses resulting from the MT 2000-Nyanga Mayombé exploration license.

Transworld

Following the purchase of Transworld's residual rights to the Etekamba license on 18 March 2008, a "net profit interest agreement" was signed, under which Maurel & Prom must pay 10% of the profit oil and 8% of the profit gas to Transworld Exploration Ltd.

Agricher/Transagra

In 1996, an action was brought against Maurel & Prom in relation to Transagra receivership proceedings and the insolvency of the Agricher cooperative. The company believes that this action for approximately €33m has no legal basis and has not funded a provision.

Maurel & Prom has filed action against the individual directors of the cooperative Group holding Transagra for liability for the losses incurred by Maurel & Prom through the Promagra company.

As the parties finally expressed their intention not to continue the proceeding, this dispute has been removed from the docket by the District Court in Bourges.

Caroil/Panafrican Energy Tanzania Ltd arbitration

As part of its onshore drilling business, Caroil signed a contract in February 2007 with the company

Panafrican Energy Tanzania Ltd in relation to the provision in Tanzania of drilling services, including the supply of a drilling rig and suitable staff to construct a firm well, with an option on a second well. In late September 2008, Panafrican Energy Tanzania Ltd instituted arbitration proceedings at the International Chamber of Commerce seeking payment of the sum of US\$8.7m as reimbursement of direct and indirect expenses related to the alleged malfunctioning of the drilling equipment. Caroil is disputing the claim and is claiming payment of its invoices and the VAT advanced for a total of US\$2.3m plus interest.

Messier Partners

In 2007, the consulting firm of Messier Partners initiated legal action against Maurel & Prom to obtain payment of a performance commission following the sale of the Congolese assets to the Eni oil group. The Court of Appeals of Paris dismissed all Messier Partners claims in a judgment of 5 March 2009. Messier Partners is appealing this decision.

Ecopetrol

In the context of the sale of Hocol Colombia to Ecopetrol, Maurel & Prom granted the latter a liabilities guarantee as is commonly the case in such operations.

6.5.15 NOTE 15: OPERATING INCOME

The operating income of €3.3m for the first half has been positively impacted by the Onal first oil, from where the margin is better than the one from the oil services that was the only income last year for the same period and restated from the activity sold.

The improvement in income from oil production and services activities is due to the start-up of production on Onal. The oil and gas sale business contributed more than the drilling operations.

The exploration costs written off are for the Mihambia 1 well in Tanzania.

The book result on the sale of assets comes from the retrocession of 15% of the Group's oil interests on the Onal field pursuant to the Omoueyi production sharing contract. Maurel & Prom's partner on Onal is Tulip Oil, a subsidiary of the Tullow Group, which purchased its interest from the State. The gain realised on this asset sale is the result of the fact that certain costs paid cannot be capitalised in the accounts when they are recoverable petroleum costs. This is the case for the financial expenses in particular.

The result on asset sales made at the end of June 2008 corresponded to the positive impact of the first consolidation using the equity method of the public-private company Lagopetrol in Venezuela for €16.2m.

6.5.16 NOTE 16: FINANCIAL INCOME

<i>In thousands of euros</i>	30/06/2009	30/06/2008 (*)
Interest on overdrafts	(172)	(77)
OCEANE interest	(12,961)	(12,187)
Interest on other borrowings	(17)	(1,106)
Gross cost of debt	(13,149)	(13,371)
Income from cash	280	332
Net gains or losses on derivatives instruments	27,984	(39,033)
Cost of net debt	15,115	(52,072)
Other net financial income	(6,062)	(1,513)
Net currency translation adjustments	(14,653)	(17,088)
Other	8,591	15,575
FINANCIAL INCOME	9,053	(53,585)

(*) The June 2008 period is adjusted for the activities sold in 2009.

The financial expenses resulting from the Oceane 2010 and 2014 bonds represents €6.6m in interest expense at the rate of 3.5% and a discounting effect on the debt of €6.5m. The Oceane 2014 bond issued at the end of June had no significant impact on the half-year accounts.

Gains on derivative instruments totalled €28.0m and can be analysed as follows (in €m):

<i>In € millions</i>	
Profits on oil and gas derivative instruments *	13.0
Losses on foreign exchange transactions **	(2.3)
Unrealised losses resulting from the mark to market of the derivatives existing at closing ***	17.3
Gains on financial instruments	28.0

* For the start-up of production in Gabon, the Group subscribed in late 2008 and early 2009 oil derivative instruments (crude sale swaps) intended to limit its exposure to the risk of a decline in oil and gas prices. These derivatives were classified as cash flow hedge instruments for the Gabonese subsidiary only as of 1 May as the first sales were made in April. These derivatives, which cover a volume of approximately 9,375 b/d over the first half, guarantee a sale price of US\$61.4, compared with the average Brent price of about US\$50 over this period. The gains they generated until the end of April, in the amount of €13m, were recognised as financial income.

** The loss on currency derivative instruments (€-2.3m) results from current cash management transaction.

*** The mark to market of the portfolio of derivative instruments existing at closing (primarily foreign exchange instruments) resulted in the recognition of an unrealised profit of €17.3m.

Currency translation adjustments amounted to €-14.7m. They are essentially due to the slight erosion in the price of the dollar over the month of June (-2%), which led to a revaluation downward of the cash in currencies. As of 30 June, the cash and investments in US dollars of the corporate office amounted to US\$541m because of the receipt of the income from the sale of the Colombian assets at the end of May. However, a portion of this exposure in dollars is hedged, resulting in a foreign exchange position of about US\$379m at the end of June.

The gain on other financial income and expenses (€+8.6m) is primarily due to the agreement between the Group and a bank to end their dispute. The dispute was over a bank claim for US\$51.2m (€36.8m) disputed by Maurel & Prom. This risk was fully provisioned in 2008.

6.5.17 NOTE 17: CORPORATE TAX

The tax due includes primarily the tax on Caroil Congo.

The decrease of €25.9m in tax liabilities due comes from the sale of the Colombian entities.

Origin of deferred tax assets and liabilities

	30/06/09	31/12/08
Tax losses	1,060	3,668
Provisions for dismantling	0	7,007
Retirement provisions	0	3,310
Deferred tax on financial instruments	0	4,863
Other	0	131
TOTAL DEFERRED TAX ASSETS	1,060	18,979
Goodwill on oil reserves valuation	0	120,441
Deferred tax assets on equity interests	11,900	12,085
Accelerated amortisation and depreciation	0	11,467
Deferred tax on financial instruments	0	5,299
Equity component, OCEANES	1,060	3,667
Other	0	4,046
TOTAL DEFERRED TAX LIABILITIES	12,960	157,005
NET	11,900	138,026

The sale of the Colombian assets generated a substantial decrease in deferred taxes. The amounts remaining are on the OCEANE 2010 and the equity interests.

The deferred tax assets related to deficit carry-forwards are not recognised above deferred tax liabilities because of a lack of sufficient probability of future taxable profits against which the losses can be charged.

Reconciliation of tax expense to income before tax

<i>In thousands of euros</i>	June 2009	June 2008 (*)
Income before tax from continuing operations	14,280	-31,667
Net income of equity-accounted entities	1,890	4,747
Income before tax	12,390	-36,414
Theoretical tax expense 33.33%	4,130	-12,137
Reconciliation		
-Tax paid in kind		
-Divergence of tax rates	-2,548	-2,661
-Activation of prior losses		
-Non-activated losses	1,062	18,486
Actual tax expense	2,644	3,689

() Data adjusted for the impact of the sale of the Colombian entities*

6.5.18 NOTE 18: OPERATING SEGMENTS

Pursuant to IFRS8, effective as of 1 January 2009, the segment information is now presented by businesses and reflects the internal segment information defined to manage and measure the Group's performance. The activities of Maurel & Prom are divided into 3 segments: exploration, production and drilling.

The other activities primarily cover the administrative and financial activities of the holding companies.

The operating income and assets are allocated to the segments based on the contributing accounts of the entities, which include consolidation restatements.

In thousands of euros

June 2009	Exploration	Production	Oil drilling	Other activities	Adjustments and intra-group eliminations	Total
Inter-segment sales			(30,843)	1,038	(31,881)	0
Sales	104	33,616	42,831	(853)		75,697
Write-off on intangible assets	(6,066)	0	0	0		(6,066)
Write-off on tangible assets	0	0	0	0		0
OPERATING INCOME	(10,926)	7,549	9,945	(3,232)		3,336
Intangible assets (gross)						
Investments for the period	52,227	33,475	18	108		85,828
Total investments to end of period	306,567	96,192	3,861	450		407,069
Property, plant and equipment (gross)						
Investments for the period	1,583	84,783	4,716	46		91,128
Total investments to end of period	29,661	397,843	144,033	2,029		573,566
TOTAL ASSETS	9,269	64,920	30,596	1,489,647		1,594,431

In thousands of euros

June 2008 (*)	Exploration	Production	Oil drilling	Other activities	Adjustments and intra-group eliminations	Total
Inter-segment sales			19,706	708	(20,414)	0
Sales	258	2,431	38,234	503		41,426
Write-off on intangible assets	(88)	0	0	0		(88)
Write-off on property, plant and equipment	(440)	0	0	0		(440)
OPERATING INCOME	14,329	(688)	7,364	(3,835)		17,171
Intangible assets (gross)						
Investments for the period	20,646	13,660	64	132		34,501
Investments to end of period	178,619	36,002	4,203	237		219,060
Property, plant and equipment (gross)						
Investments for the period	3,336	108,686	18,084	221		130,327
Total investments to end of period	25,018	242,874	131,470	1,966		401,328
TOTAL ASSETS	(51,236)	14,016	29,804	1,268,307		1,260,891

(*) Adjusted for activities sold.

6.5.19 NOTE 19: NET INCOME FROM ACTIVITIES SOLD (01/01/2009-28/05/2009)

On 9 March 2009, Maurel & Prom signed a memorandum of understanding on the sale of Hocol Petroleum Ltd (Hocol Colombia), wholly owned by Maurel & Prom, for a provisional price of US\$748m.

The sale does not cover all the Colombian assets of the Group, which retains the following assets:

- 100% of the Muisca exploration license;
- 50% of Hocol's rights to the Tangara exploration license (in partnership with Ecopetrol and Talisman);
- 100% of the Sabanero exploration license;
- 100% of the SN-9 exploration license;
- 100% of block 116 in Peru;
- all its rights in Venezuela;
- potential rights in Brazil (pending signature).

The transaction was definitively executed on 28 May 2009. The entities sold were deconsolidated on that date. The amount of the transaction, paid in cash, was US\$742.2m. This amount will be final only at year end, at the end of the audit conducted by Ecopetrol of the financial elements composing the

sale price. The principle price may be increased by price supplements resulting of the application of the following two clauses:

- adjustment based on certified 2P reserves on the potential Huron field on the Niscota license;
- adjustment based on the level of oil prices.

This disposal and its presentation have been adjusted in accordance with IFRS 5, “Non-current assets held for sale and discontinued operations”.

In accordance with this standard, the summary statements are presented so as to distinguish clearly net income from discontinued operations from 01/01/2009 to 28/05/2009 and the related cash flows.

- the consolidated income statement for 2008 and 2009 places on one line all income, expenses, earnings on discontinued operations after tax and capital gain on the assets sold;
- the 2009 cash flow statement lists separately all the net cash flows relating to discontinued operations;
- the assets sold ceased being amortised as of February 2009 when the sale became highly probable.

The intra-group transactions executed between the entities retained and the entities sold until effective loss of control on 28 May 2009 have been eliminated pursuant to the consolidation principles defined by IAS27. This particularly affects the drilling services invoiced to Hocol Colombia by Carolil. Sales and net margin generated for this activity amounted to €19.4m and €1.0m respectively in 2008.

In thousands of euros

Income statement for the interim period from 1 January to 28 May

Sales net of deductions in kind	106,399
Operating expenses	-42,062
Operating income	<u>64,337</u>
Financial income	11,075
Corporate income taxes	-14,971
Recycling of hedge derivatives as income (c)	6,319
Income for the period (excluding depletion)	66,760
Sale price (a)	535,642
Price supplement based on the barrel price (b)	32,065
Currency gains	5,444
Consolidated net equity of the entities sold on 28 May	-594,055
Net exchange gains	-54,199
Other items	-1,651
2009 Income from discontinued operations	-9,994

(a) US\$742m converted at the price on the definitive closing of the transaction on 28 May 2009. This amount will be final only at year end, at the end of the audit of the financial elements composing the sale price conducted by Ecopetrol.

(b) The amount used at this stage corresponds to the market value at the end of June 2009 of the price supplement clause based on the average barrel price in 2010. The amount of this price adjustment, the final amount of which is not known, is capped at US\$65m.

(c) The amount corresponds to the recycling as income over the 1st half of 2009 hedge instruments (crude sale swaps) on the cash flow expected from the Colombian entities.

The price supplement clause concerning the reserves of the Huron field on the Niscota license in particular has not been valued at this stage because it depends on a valuation of these reserves by an independent certifier at 31 December 2010. It is capped at US\$50m.

In thousands of euros

Statement of cash flows for the interim period from 1 January to 28 May

Cash inflow on disposal price	535,642
Net flows from operating activities	11,979
Net flows from investing activities	-129,946
<i>incl. cash sold</i>	-85,725
Net flows from financing activities	-7,423
Impact of foreign currency fluctuations	51,063
2009 Net cash flows	461,316

More information in the Chapter 3.

6.5.20 NOTE 20: POST-BALANCE SHEET EVENTS

Issue of an OCEANE bond maturing in 2014 and partial redemption of the 2010 OCEANE bond

On 29 June 2009, Etablissements Maurel & Prom launched a bond issue with an option for conversion and/or exchange for new or existing shares (OCEANE) maturing 31 July 2014 for a gross nominal amount of €297.6m in 19,074,519 bonds.

The face value of the Bonds was set at 15.60 euros. The Bonds give the right to the allotment of new or existing shares of Maurel & Prom stock in a ratio of one share for one Bond. They bear interest at an annual nominal rate of 7.125% and will be redeemed at par on 31 July 2014.

The objective of the issue was to refinance the Company's debt and extend the maturity through amortisation, in the form of a non-market redemption of the OCEANEs maturing on 1 January 2010.

As of 7 July 2009, the date of delivery and settlement and delivery of the bonds, seller interests on 8,820,635 OCEANE 2010 bonds, representing 53% of the existing bonds had been received. Those bonds were redeemed at the nominal value of €22.44 plus a premium of 1.6% or €22.80. As a result, the number of OCEANE 2010s outstanding to date is 7,883,223, i.e., 47.2% of the number originally issued. This transaction has no material impact on the Group's half-year statements.

Signature of an option to purchase interests in the Artumas interests in Tanzania and Mozambique

On 21 July 2009, in partnership with Cove Energy plc (70% Maurel & Prom – 30% Cove Energy), Maurel & Prom also signed a purchase option for certain Artumas assets in Tanzania and Mozambique.

The option is on the following interests:

- 51% of the interest in the development and 63.75% of the interest in the exploration of the Mnazi Bay license in Tanzania (current Artumas interest: 80%, operator);
- 34% of the Rovuma license in onshore Mozambique (current Artumas interest: 49.3%, Anardako operator);
- 8.5% of the Rovuma license in offshore Mozambique (current Artumas interest: 8.5%, Anardako operator).

Maurel & Prom would assume the role of operator on the Mnazi Bay license in Tanzania.

The exercise of this option is subject to a number of conditions and agreements and may take place in the third quarter of 2009. Maurel & Prom and Cove Energy plc had an exclusivity through 18 August 2009.

The amount of the option is US\$1.02m. If this option is exercised, the buyers will have to pay an additional US\$10.98m, raising the total transaction of US\$12m. Moreover, the buyers agreed to:

- finance a 3D seismic campaign of 600 km² in Tanzania;
- give Artumas the possibility of financing its portion for the drilling of two appraisal wells in Tanzania in exchange for an additional interest of 5% per well in Artumas' interests in Tanzania;
- pay a royalty of 0.85% on the assets in Mozambique, after repayment of the costs incurred;
- finance Artumas' share in the first exploration well in onshore Mozambique.

An extension of the purchase option to 18 September 2009 has been signed by the partners, Maurel & Prom and Cove Energy, leading to the settlement of the July and August 2009 calls (US\$3.6m) due by Artumas Mozambique. In exchange, the option on the Tanzanian assets of Artumas was increased from 51% to 54.6%.

Maurel & Prom restructuring of its portfolio of operations and interests in Congo

In its press release of 17 June 2009, Maurel & Prom announced that they hold 75% of the rights to the Marine III exploration license (vs. 20% previously), and had sold its stake in the Tilapia production license (vs. 20% previously). After the signature of this memorandum of understanding, signed on 29 July 2009, Maurel & Prom proceeded through merger to purchase Prestoil, which holds 100% of Prestoil Kouilou. At the end of these transactions for about €10m, a portion of which was paid through a transfer of Maurel & Prom treasury stock (239,751 shares), Maurel & Prom hold all capital of Prestoil and its assets, excluding the Tilapia interests.

Exploration programme results

The drilling of well KKR-1 in Senegal did not result in a discovery of producible reserves. This well was abandoned.

Drilled on the north of Onal in Gabon, the OMTI-1 well, reached the basement at a depth of 2 203 m. Between 1 300 and 2 100 m, it encountered 500 m cumulated of good quality reservoirs, 85 m from which put in evidence oil saturation. Samples have been taken and show a 38° API oil.

The well is currently stopped until technical solutions are available for testing, owing to the salt water content. At this stage, no conclusion may be reached about the commercial discovery.

These results confirm the potential of the north part of the Omoueyi Permit (Maurel & Prom operator, 100%) and reinforce the Group to continue exploration in this zone with the drilling of OMSN-1 well. The drilling will be conducted in the next days to be concluded in mid-October

For the Omko field, following the drilling of the Omko-102 and Omko-103 wells, which have shown pressure communication and reservoir continuity with the Omko-101 discovery well, an application for an Exclusive Operating Authorisation (EOA) has been filed for the Omko field.

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This press release may contain forward-looking statements with respect to the financial condition, results of operations, business, strategy and plans of Maurel & Prom. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. These forward-looking statements are based on assumptions which we believe are reasonable but that could ultimately prove inaccurate and are subject to a number of risk factors, including but not limited to price fluctuations in crude oil; exchange rate fluctuations; uncertainties inherent in estimating quantities of oil reserves; actual future production rates and associated costs; operational problems; political stability; changes in laws and governmental regulations; wars and acts of terrorism or sabotage.

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