MAUREL & PROM

Consolidated financial statements

31/12/2015

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2 GROUP CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

2.1 Statement of financial position

In thousands of euros	Notes	31/12/2015	31/12/2014
Intangible assets (net)	3.3.2	319,199	328,232
Property, plant and equipment (net)	3.3.2	1,504,423	1,504,423
Non-current financial assets (net)		3,820	931
Equity associates	3.2.4	125,688	94,028
Deferred tax assets	3.5.1	31,468	280
NON-CURRENT ASSETS		**1,984,598**	**1,715,955**
Inventories (net)	3.3.3	11,897	6,885
Trade receivables and related accounts (net)	3.3.4	24,678	43,377
Other current financial assets	3.4.1	72,318	60,197
Other current assets	3.3.5	74,745	58,400
Current tax receivables	3.5.1	2,050	1,163
Cash and cash equivalents	3.4.2	282,403	229,938
CURRENT ASSETS		**468,091**	**399,960**
TOTAL ASSETS		**2,452,689**	**2,115,915**

In thousands of euros	Notes	31/12/2015	31/12/2014
Share capital		150,412	93,603
Additional paid-in capital		291,101	165,010
Consolidated reserves		826,907	689,432
Treasury shares		(68,475)	(70,507)
Net income, Group share		(97,760)	13,159
EQUITY, GROUP SHARE		**1,102,185**	**890,697**
Non-controlling interests		(728)	(3,181)
TOTAL NET EQUITY	**2.3**	**1,101,458**	**887,516**
Non-current provisions	3.3.6	49,222	10,282
Non-current bonds	3.4.3	332,396	233,989
Other non-current borrowings and financial debt	3.4.3	393,938	359,852
Non-current derivative financial liabilities	3.4.3	8,090	1,612
Deferred tax liabilities	3.5.1	382,047	358,217
NON-CURRENT LIABILITIES		**1,165,694**	**963,952**
Current bond borrowings	3.4.3	9,437	69,631
Other current borrowings and financial debt	3.4.3	10,760	3,654
Trade payables and related accounts		65,227	107,210
Current tax liabilities	3.5.1	7,792	6,509
Other creditors and miscellaneous liabilities		82,472	65,719
Current provisions	3.3.6	9,851	11,724
CURRENT LIABILITIES		**185,538**	**264,447**
TOTAL EQUITY AND LIABILITIES		**2,452,689**	**2,115,915**

2.2 Consolidated statement of comprehensive income

Net income for the period

In thousands of euros	Notes	31/12/2015	31/12/2014 (*)
Sales		275,627	550,398
Other income		12,656	7,395
Purchases and operating expenses		(106,672)	(111,267)
Taxes		(31,455)	(47,480)
Personnel expenses		(43,233)	(47,100)
EBITDA		**106,922**	**351,947**
Depreciation and amortisation charges	3.3.2	(98,059)	(86,720)
Current Operating Income	**3.3.7**	**8,863**	**265,227**
Depreciation of drilling assets	3.3.2/3.3.3	(38,926)	(9,730)
Exploration expenses and depreciation	3.3.2/3.3.6	(125,460)	(103,656)
Non-current income and expenses	3.2.3/3.3.6	(9,431)	(10,939)
Income from asset disposals		(11)	(294)
Badwill	3.2.3	140,228	
EBIT		**(24,737)**	**140,608**
Gross cost of financial debt		*(36,084)*	*(37,953)*
Income from cash		*689*	*655*
Net gains on fair value of financial instruments		*7,551*	*12,005*
Net cost of financial debt		(27,845)	(25,293)
Net foreign exchange differences		27,618	25,000
Other financial income and expenses		(6,943)	(10,514)
Financial income	**3.4.5**	**(7,170)**	**(10,807)**
Income before tax		(31,907)	129,800
Income tax	3.5.1	32,311	(101,567)
Net income from consolidated companies		**404**	**28,233**
Share of income of equity associates (**)	3.2.4	(95,396)	(15,380)
Consolidated net income		**(94,992)**	**12,853**
inc: - Net income, Group share		(97,760)	13,159
- Non-controlling interests		2,768	(306)

Earnings per share in €		31/12/2015	31/12/2014
Basic		-0.82	0.11
Diluted		-0.82	0.10

(*) The presentation of the income statement has been amended from the published financial statements at 31 December 2014 (cf note 3.1.7)
(**) the charges and impairment reported in the share of income of equity associates total €92,063 thousand.

Comprehensive income for the period

In thousands of euros	Notes	31/12/2015	31/12/2014
Net income for the period		**(94,992)**	**12,853**
Currency translation adjustments on the financial statements of foreign entities		110,784	115,397
Profit (loss) on hedging of net investments in foreign entities		(3,210)	(4,144)
Total comprehensive income for the period		**12,581**	**124,105**
- Group share		10,128	124,781
- non-controlling interests		2,454	(675)

2.3 Change in shareholders' equity

In thousands of euros	Share capital	Treasury shares	Additional paid-in capital and reserves	Exchange gains (losses)	Fair value of net investment hedges	Income for the period	Equity, Group share	Non-controlling interests	Total equity
1 January 2014	**93,578**	**(70,860)**	**691,720**	**(11,367)**	**0**	**62,769**	**765,839**	**(2,506)**	**763,333**
Net income						13,159	**13,159**	(306)	**12,853**
Other comprehensive income				115,766	(4,144)		**111,622**	(369)	**111,252**
Total comprehensive income				**115,766**	**(4,144)**	**13,159**	**124,781**	**(675)**	**124,106**
Appropriation of income - dividends			62,769			(62,769)	**0**		**0**
Capital increase	(25)		(490)				**(465)**		**(465)**
Bonus shares			965				**965**		**965**
Changes in treasury shares		353	(776)				**(423)**		**(423)**
Total transactions with shareholders	**(25)**	**353**	**62,468**			**(62,769)**	**(77)**		**(77)**
31 December 2014	**93,603**	**(70,507)**	**754,188**	**104,399**	**(4,144)**	**13,159**	**890,698**	**(3,181)**	**887,516**
1 January 2015	**93,603**	**(70,507)**	**754,188**	**104,399**	**(4,144)**	**13,159**	**890,698**	**(3,181)**	**887,516**
Net income						(97,760)	**(97,760)**	2,768	**(94,992)**
Other comprehensive income				111,099	(3,210)		**107,888**	(315)	**107,573**
Total comprehensive income				**111,099**	**(3,210)**	**(97,760)**	**10,128**	**2,454**	**12,581**
Appropriation of income - dividends			13,159			(13,159)	**0**		**0**
MPI acquisition in progress 17/12	56,793		146,628				**203,421**		**203,421**
Outstanding equity components for OCEANE bonds			(2,307)				**(2,307)**		**(2,307)**
Capital increase	(17)		242				**259**		**259**
Bonus shares		1,453	(2,443)				**(990)**		**(990)**
Changes in treasury shares		579	397				**976**		**976**
Total transactions with shareholders	**56,809**	**2,032**	**155,677**			**(13,159)**	**201,359**		**201,359**
31 December 2015	**150,412**	**(68,475)**	**909,865**	**215,498**	**(7,355)**	**(97,760)**	**1,102,185**	**(728)**	**1,101,457**

2.4 Cash flow statement

In thousands of euros	Notes	31/12/2015	31/12/2014
Net income	2.2	(94,992)	12,853
Tax expense on continuing operations	3.5.1	(32,311)	101,567
Consolidated income from continuing operations		**(127,303)**	**114,420**
Net increase (reversals) of amortisation, depreciation and provisions	3.2.3 to 3.3.6	143,189	110,510
Exploration and decommissioning expenses		125,460	98,384
Share of income of equity associates	3.2.4	95,396	15,380
Expenses and income related to bonus shares		(990)	997
Other calculated income and expenses		(2,462)	(3,933)
Gains (losses) on asset disposals		(11)	294
Badwill	3.2.3	(140,228)	
Unrealised gains (losses) due to changes in fair value	3.4.3	(7,551)	(12,226)
Other financial items		27,796	29,590
CASH FLOW BEFORE TAX		**113,319**	**353,415**
Taxes paid	3.5.1	(21,200)	(42,378)
Change in working capital requirements for operations		(98,840)	82,790
inventories	*3.3.3*	*(2,390)*	*4,485*
trade receivables	*3.3.4*	*22,606*	*92,600*
trade payables		*(55,016)*	*9,666*
other credits and liabilities		*(64,040)*	*(23,961)*
NET CASH FLOW FROM OPERATING ACTIVITIES		**(6,721)**	**393,827**
Proceeds from disposal of property, plant & equipment and intangible assets		0	(64)
Disbursements for acquisition of property, plant & equipment and intangible assets	3.3,2	(177,767)	(331,127)
Cash contributed by subsidiaries acquired	3.2.3	182,689	
Other cash flows from investing activities		(60)	(18,412)
NET CASH FLOW FROM INVESTING ACTIVITIES		**4,862**	**(349,475)**
Amounts received for capital increases	2.3	(17)	380
Proceeds from new loans	3.4.3	112,437	587,514
Repayments	3.4.3	(81,038)	(567,638)
Treasury share acquisitions	2.3	579	353
Interest paid		(20,712)	(29,590)
NET CASH FLOW FROM FINANCING ACTIVITIES		**11,283**	**(8,980)**
Impact of exchange rate fluctuations		34,931	3,440
INCREASE/DECREASE IN CASH FLOW(*)		**44,355**	**38,812**
CASH (*) AT BEGINNING OF PERIOD		**229,474**	**190,662**
CASH (*) AT END OF PERIOD		**273,829**	**229,474**

(*) The cash stated above and presented in Note 3.4.2 means cash and cash equivalents minus bank loans included in borrowings (cf note 3.4.3).

3 NOTES TO THE FINANCIAL STATEMENTS

3.1 General information

Etablissements Maurel & Prom S.A. (the “Company”) is domiciled in France. The Company’s registered office is located at 51 Rue Volney, 75008 Paris. The consolidated financial statements of the Company include the Company and its subsidiaries (the entity designated as the “Group” and each one individually as the “entities of the Group”) and the Group’s share in its joint ventures. The Group, which is listed for trading on Euronext Paris, acts primarily as an operator specialising in the extraction and production of hydrocarbons (oil and gas).

The financial consolidated statements were approved by the Board of Directors on 30 March 2016. They will be submitted to the Shareholders’ Meeting for approval on 15 June 2016.

The consolidated financial statements are presented in euros, which is the functional currency of the Company. Amounts are rounded off to the nearest thousand euros, except where otherwise indicated.

3.1.1 Economic environment and impact on the Group’s operations

The economic environment was marked by the sharp drop in oil prices beginning in September 2014. The price dropped from US$113/b in late June 2014 to US$58/b at the end of December 2014, and to US$38/b at the end of December 2015. Over 2015, the average price of Brent was US$47/b versus US$98/b over 2014, a decline of 51%. At the same time, the EUR/USD average annual exchange rate fell from US$1.33 for EUR 1 over 2014 to US$1.1095 for EUR 1 in 2015, a decline of 17%.

The US dollar appreciated against the EUR over the same period. The EUR/US$ exchange rate at 31 December 2015 was 1.089 compared with 1.214 at 31 December 2014. In this context, the Group recorded a currency translation gain of €28m in financial income and recognised an increase of €107m in currency translation reserves.

This drop in the annual average price of a barrel had an unfavourable impact of €243 M on the Group’s sales and €214 M on its operating profitability.

3.1.2 Production activities

Sales were down 50%, from €550m at year-end 2014 to €276m at the end of December 2015.

- Sales suffered from the impact of lower oil prices, with a 50% decline in the average selling price of a barrel of oil over 2015.
- At the same time, the Group had to face production limits resulting from constraints affecting evacuation. Thus, the Maurel & Prom share of Gabon oil production fell from 20,014 bopd in 2014 to 17,078 bopd in 2015:
    - total shutdown of oil production in September 2015 following the notification by the Coucal Association of a situation of force majeure on the evacuation pipeline;
    - technical restriction of the capacity of the oil evacuation pipeline in Gabon; and
    - temporary production shutdowns in order to increase the capacities of surface facilities: these shutdowns were initiated by Maurel & Prom in order to organise the connection of additional facilities (electricity generation, oil/water processing, etc.) in order to boost oil production capacity on the producing fields in Gabon.
- The share of natural gas in Group revenues rose over 2015 with the start of marketing at Gasco (subsidiary of TPDC) in Tanzania in August 2015 (see note 3.3.1).
- The improvement in the US$/EUR exchange rate partially offset the combined effect of a decline in the quantities sold and falling oil prices.

3.1.3 Refocusing of the Group's activities

In the context of the continued deterioration of oil price, the Group continued to refocus on the production activity.

- Impairment tests improve the value of the assets in Gabon (Ezanga) and in Tanzania (Mnazi Bay).
- the Group withdrew from its activities in Congo, Mozambique and Syria and depreciated its assets in Colombia, Myanmar, Canada, Tanzania (BRM) and Peru, with an impact on net income of €223m.
- the non-renewal of long-term drilling contracts for all the portfolio of drilling rigs because of the freeze on sector investments led the Group to revise the value of the drilling activity assets downward and to recognise impairment of €39m as at 31 December 2015.

The impacts on income and on the value of net non-current assets are summarised in Note 3.3.2.

3.1.4 Merger-absorption of MPI by Maurel & Prom

The Combined Shareholders' Meeting of Maurel & Prom on 17 December 2015 approved the merger-absorption of MPI by Maurel & Prom (with an exchange ratio of 1 share of Maurel & Prom for 1.5 MPI shares).
As the counterparty transferred in the amount of €203m, equal to the market value of the Maurel & Prom shares issued in exchange for the MPI shares, on the transaction date, was less than the fair value of the assets and liabilities contributed by MPI for the amount of €344m, there was badwill that impact the 2015 income statement by €140 M. The effects are presented in Note 3.2.3

3.1.5 ORNANE 2021 bonds / OCEANE 2015 bonds

In May 2015, the Group issued €115 million - after the extension clause was exercised - of ORNANE convertible bonds, which may be redeemed in cash and/or converted into new and/or existing shares, maturing on 1 July 2021. The effects are presented in Note 3.4.3

The features of these ORNANE bonds are as follows:

Maturity:	1 July 2021
Nominal value per unit:	€11.02
Number of bonds issued:	10,425,571
Issue premium:	37%
Nominal rate:	2.75%

The aim with this issue was to refinance the Company's debt and extend its maturity. Maurel & Prom therefore offered an early redemption option for its OCEANE 2015 bondholders.

The OCEANE 2015 bonds outstanding were redeemed at maturity on 31 July 2015. The amount spent on that date was €8.9 million, including repayment of capital and the interest due.

3.1.6 Preparation basis

Pursuant to European Regulation 1606/2002 of 19 July 2002 on international standards, the consolidated financial statements of the Maurel & Prom Group for the year ended 31 December 2015 have been prepared in accordance with IAS/IFRS international accounting standards applicable as at 31 December 2015, as approved by the European Union and available at http://ec.europa.eu/finance/accounting/ias/index_en.htm.

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

New legislation or amendments adopted by the European Union and mandatory from 1 January 2015 have been taken into account:

- *IFRIC 21 (Taxes);*

The Group reviewed these changes and concluded that they did not have any significant impact on the consolidated accounts at 31 December 2015 or the information presented previously in its interim consolidated financial statements.

The Group has opted against the early application of any new standards, amendments or interpretations that have been published by the IASB but will not be mandatory from 1 January 2015, including:

- *IFRS 9 "Financial instruments": according to the IASB, this standard will be applicable for periods starting on or after 1 January 2018. This standard has not yet been approved by the EU;*
- *IFRS 15"Income from customer contract": according to the IASB, this standard will be applicable for periods starting on or after 1 January 2018. This standard has not yet been approved by the EU.*

The recommendations of the AMF in its guide on the relevance, consistency and readability of financial statements, which were published in 2015, primarily covering the presentation of accounting principles within each explanatory note, have been taken into consideration.

The consolidated financial statements are prepared on a historical cost basis, except for certain categories of assets and liabilities valued at fair value (derivative instruments), in accordance with IFRS.

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

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

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

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

The principal management estimates used in preparing the financial statements primarily relate to:

- *impairment tests on oil assets;*
- *provisions for site remediation;*
- *recognition of oil carry transactions;*
- *valuation of equity associates;*
- *accounting treatment of derivative instruments subscribed by the Group;*
- *recognition of deferred tax assets;*

3.1.7 Restatement of the presentation of the income statement

Pursuant to the provisions of standard IAS 1 “Presentation of financial statements” and the recommendations of the Autorité des Marchés Financiers in its guide published 1 July 2015, the Group decided to revise the presentation of its financial statements in order to reconcile them with the aggregates used in the Group’s financial communication.
For this purpose, the aggregates EBITDA and “Current operating income” were added.

“Purchases and change in inventories” and “other operating purchases and expenses” are combined as “Operating purchases and expenses”.
In 2014, personnel expenses for the headquarters, which are reinvoiced to the operational subsidiaries, were reported under “purchases and other operating expenses” for €24 million. They have been reclassified as “Personnel expenses”.
Depreciation of production and exploration assets for €113.4m in 2014, has been divided into 2 categories: depreciation of drilling assets for €9.7 M and production expenses and depreciation of assets for €103.7m.
“Increases in provisions and impairment of current assets”, “reversals of operating provisions” and “other expenses” are combined as “non-current income and expenses”.
The “foreign exchange gains or loss” included in 2014 in “Other financial income and expenses” has been isolated.

In thousands of euros	31/12/2014 (published)	reclassifications	31/12/2014 (restated)
Sales	550,398		550,398
Other income	7,395		7,395
Purchases and change in inventories	*(24,821)*		*(24,821)*
Other purchases and operating expenses	*(110,851)*	*(24,405)*	*(135,256)*
Purchases and operating expenses *(sub-total added)*			(111,267)
Taxes	(47,480)		(47,480)
Personnel expenses	(22,695)	24,405	(47,100)
EBITDA			**351,947**
Depreciation and amortisation charges	(86,720)		(86,720)
Current Operating Income			**265,227**
Depreciation of drilling assets *(new line)*		(9,730)	(9,730)
Expenses and depreciation of exploration assets *(new line)*		(103,656)	(103,656)
Depreciation of exploration and production assets	(113,386)	113,386	
Provisions and impairment of current assets	*(8,956)*		*(8,956)*
Reversals of operating provisions	*2,108*		*2,108*
Other expenses	*(4,091)*		*(4,091)*
Non-current income and expenses *(sub-total added)*			(10,939)
Income from asset disposals	(294)		(294)
EBIT	**140,607**		**140,607**
Gross cost of financial debt	*(37,953)*		*(37,953)*
income from cash	*655*		*655*
Net gains and losses on derivative instruments	*12,005*		*12,005*
Net cost of financial debt	(25,293)		(25,293)
Foreign exchange gains or losses *(new line)*		25,000	25,000
Other financial income and expenses	14,486	(25,000)	(10,514)
Financial income	**(10,807)**		**(10,807)**
Income before tax	129,800		129,800
Income tax	(101,567)		(101,567)
Net income from consolidated companies	**28,233**		**28,233**
Share of income of equity associates	(15,380)		(15,380)
Net income from continuing operations	**12,853**		**12,853**
Income from discontinued operations			0
Consolidated net income	**12,853**		**12,853**

3.2 Basis for consolidation

3.2.1 Consolidation methods

Consolidation

The entities controlled by Maurel & Prom are fully consolidated.
The Group controls a subsidiary when it is exposed or it has a right to variable returns because of its ties with the entity and when it has the capacity to influence these returns because of the power it holds over the subsidiary. The financial statements of the subsidiaries are included in the consolidated financial statements from the data on which control is obtained until the date on which the control ceases.

Intra-group balances, transactions, income and expenses are eliminated on consolidation.

Equity associates

Joint ventures and affiliates are consolidated using the equity method.

- *Joint ventures are arrangements giving the Group joint control, according to which it has rights to the net assets of the arrangement and not rights to the assets and obligations for the liabilities relating to the arrangement.*
- *Affiliated entities are entities over whose financial and operating policies the Group has considerable influence without controlling or jointly controlling them. Considerable influence is assumed when the percentage of voting rights is greater than or equal to 20%, unless a lack of participation in the Company's management reveals a lack of considerable influence. When the percentage is less, the entity is consolidated using the equity method if significant influence can be demonstrated.*

The gains resulting from transactions with the equity associates are eliminated by the contra entry to the securities accounting for using the equity method in the amount of the Group's stake in the company. Losses are eliminated in the same way as gains, but only insofar as they do not represent an impairment.

Business combinations

Business combinations are recognised in accordance with IFRS 3R "Business Combinations" using the acquisition method. Thus, when control of a company is acquired, the assets, liabilities and contingent liabilities of the acquired company are measured at fair value (with exceptions) in accordance with IFRS guidelines.
The Group values the goodwill on the acquisition date as:

- *the fair value of the transferred consideration; plus*
- *the amount recognised for non-controlling interests in the acquired company; plus*
- *if the business combination is carried out in stages, the fair value of any interest previously held in the acquired company; minus; minus*
- *the net amount recognised (generally at fair value) for the identifiable assets acquired and the liabilities taken over.*

When the difference is negative, a profit for acquisition under advantageous conditions must be posted directly as EBIT.
Costs related to the acquisition, other than those related to the issuance of a debt or equity securities, which the Group bears as a result of a business combination, are expensed as they are incurred.
Determination of goodwill is finalised within a period of one year from the date of acquisition.
Such goodwill is not amortised but is subjected to systematic impairment tests at the end of each accounting period and in the case of an impairment indicator; any losses in value recognised on goodwill are irreversible.
Changes in the percentage of the Group's stake in a subsidiary not resulting in loss of control are recognised as equity transactions.
Goodwill relating to equity associates is recognised under equity securities.

When the impairment criteria as defined in IAS 39 "Financial Instruments - Recognition and Measurement" indicate that equity interests have declined in value, the amount of such a loss is measured using the rules specified in IAS 36 "Impairment of Assets".

Currency translation

The financial statements of foreign subsidiaries whose functional currency is not the euro are converted into euros using the closing price method. Assets and liabilities, including goodwill on foreign subsidiaries, are translated at the exchange rate in effect on the closing date of the period. Income and expenses are converted at the average rate for the period. Currency translation adjustments are recognised in items of other comprehensive income and on the balance sheet in shareholders' equity under "currency translation adjustments"; those related to minority interests are recognised under "non-controlling interests". Currency translation adjustments related to a net investment in a foreign activity are posted directly to other comprehensive income.

Expenses and income in foreign currencies are posted at their equivalent in the functional currency of the entity concerned at the transaction date. Assets and liabilities in foreign currencies are reported in the balance sheet at their equivalent value in the functional currency of the entity concerned based on the closing rate. Differences resulting from conversion into foreign currencies at this rate are carried on the income statement as other financial income or other financial expenses.

When the payment of a monetary item that is a receivable or a debt payable to foreign entity is neither planned nor probable in the foreseeable future, the resulting foreign exchange gains and losses are considered to be part of the net investment in a foreign activity and are recognised as other comprehensive income and are presented as a currency reserve.

The Group applies hedge accounting to foreign currency adjustments between the functional currency of the foreign activity and the function currency of the Company (euro).
Foreign exchange adjustments resulting from the translation of financial liabilities designated as a net investment hedge of a foreign activity are recognised as other comprehensive income for the effective portion of the hedge and accumulated in the translation reserve. Any adjustment relating to the ineffective portion of the hedge is recognised in net income. When the net investment hedged is sold, the amount of the adjustments recognised as translation reserve related to it is reclassified as income at the level of the income from disposal.

3.2.2 List of consolidated entities

The scope of consolidation at 31 December 2015 changed as follows:

Company	Registered office	Note	Consolidation Method(*)	31/12/2015	31/12/2014
Etablissements Maurel & Prom S.A.	Paris, France		Parent	100.00%	100.00%
Oil and gas activities					
Caroil S.A.S	Paris, France		FC	100.00%	100.00%
Maurel & Prom Congo S.A.	Pointe Noire, Congo		FC	0.00%	100.00%
Maurel & Prom Drilling Services	Amsterdam, Netherlands		FC	100.00%	100.00%
Maurel & Prom Exploration et Production BRM S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom Exploration Production Tanzania Ltd	Dar es Salaam, Tanzania		FC	100.00%	100.00%
Maurel & Prom Gabon S.A.	Port-Gentil, Gabon		FC	100.00%	100.00%
Maurel & Prom Mnazi Bay Holdings S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom Namibia S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom Peru Holdings S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom Peru SAC	Lima, Peru		FC	100.00%	100.00%
Maurel & Prom Tanzania Ltd	Dar es Salaam, Tanzania		FC	100.00%	100.00%
Maurel & Prom Volney 2 S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom West Africa SAS	Paris, France		FC	100.00%	100.00%
Panther Eureka Srl	Ragusa, Sicily		FC	100.00%	100.00%
Cyprus Mnazi Bay Limited	Nicosia, Cyprus		FC	60.08%	60.08%
Maurel & Prom Colombia BV	Rotterdam, Netherlands		EM	50.00%	50.00%
Seplat	Lagos, Nigeria	3.2.3	EM	21.37%	0.00%
Deep Well Oil & Gas, Inc	Edmonton, Canada	3.2.3	EM	19.67%	6.55%
Maurel & Prom East Asia S.A.S.	Paris, France	3.2.3	FC	100.00%	33.33%
MP Energy West Canada Corp.	Calgary, Canada	3.2.3	FC	100.00%	33.33%
MP Québec S.A.S.	Paris, France	3.2.3	FC	100.00%	33.33%
MP West Canada S.A.S.	Paris, France	3.2.3	FC	100.00%	33.33%
Saint-Aubin Energie Québec Inc	Montreal, Canada	3.2.3	FC	100.00%	33.33%
Saint-Aubin Energie SAS	Paris, France	3.2.3	FC	100.00%	33.33%
Saint-Aubin Exploration & Production Québec Inc	Montreal, Canada	3.2.3	FC	100.00%	33.33%
Other activities					
Maurel & Prom Assistance Technique S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom Assistance Technique International S.A.	Geneva, Switzerland		FC	99.99%	99.99%
Maurel & Prom Nigeria Assistance Technique International	Geneva, Switzerland	3.2.3	FC	99.99%	0.00%

(*) FC: Intégration Globale / MEE :Mise en Equivalence

3.2.3 Merger-Absorption of MPI by Maurel & Prom

The Combined Shareholders' Meeting of Maurel & Prom on 17 December 2015 approved the merger-absorption of MPI by Maurel & Prom. This merger was treated as a business combination according to IFRS 3 – Business Combinations.

Contra item transferred

The contra transferred is equal to the market value of the Maurel & Prom shares issued in exchange for the MPI shares, determined on the basis of:

- an exchange ratio set at 1 Maurel & Prom share for 1.5 MPI shares;
- a market value of the Maurel & Prom shares issued equal to 2.758 euros, corresponding to the closing price of Maurel & Prom on 17 December 2015.

The calculation of the contra transferred from the business combination is presented in the table below:

Number of MPI shares to be exchanged [(1)]	110.635.041
Exchange ratio for Maurel & Prom shares[(2)]	1.5
Number of shares to be issued	73.756.694
Market value of the Maurel & Prom share[(3)] (in euros)	2.758
Contra transferred= Total market value of the Maurel & Prom shares issued in exchange for the MPI shares (in millions of euros)	**203**

[(1)] Number of MPI shares at 17 December 2015 (115,336,534) after restatement of treasury shares (4,701,493) cancelled.

[(2)] The exchange ratio as approved by the Combined Shareholders' Meeting of 17 December 2015.

[(3)] The market value used above represents the closing price on 17 December 2015, the date of execution.

Fair value of identifiable assets and liabilities

On the basis of the calculation presented in the table below, the fair value of the identifiable assets and liabilities and the contingent liabilities of MPI was determined in accordance with IFRS 3 at €344 M.

In millions of euros

Fair value of the Seplat securities[(1)]	120
Fair value of the Saint Aubin Energie securities and advances[(2)]	(48)
Fair value of the working capital requirements	- 6
Fair value of liquid assets	182
Fair value of the identifiable assets and liabilities of MPI	**344**

[(1)] MPI accounted for its stake in the listed Company Seplat, over which it exercised significant influence, using the equity method. The fair value of the stake in Seplat was determined on the basis of its closing market price on the London Stock Exchange on 17 December 2015, which was 72.5 pence on the basis of a Euro/Pound Sterling exchange rate on that date of 0.728.

[(2)] MPI recognised its 67% stake in the company Saint-Aubin Energie over which it exercised joint control with Maurel & Prom, which held 33% in the company, using the equity method. The fair value of the Saint-Aubin Energie securities and advances was determined on the basis of the past costs capitalized, considered to be representative of the fair value of this investment on the basis of the generally accepted practice in the oil sector for the disposal of exploration assets.

Badwill

Thus, as the contra transferred in the amount of €203m was less than the amount of the fair value of the assets and liabilities contributed by MPI in the amount of €344m, the result was badwill, which positively impact the income statement in the amount of €140m.

Transaction costs

The non-recurring costs related to the translation impact the operating income account in the amount of €4.5m, recognised as non-current income and expenses.

Takeover of Saint-Aubin Energie

As the Saint-Aubin Energie step was first a joint venture held at 33.33% by Maurel & Prom and 66.67% by MPI, this was recognised using the equity method in the consolidated financial statements of Maurel & Prom and MPI until the date of the merger transaction. After the merger transaction, Saint-Aubin Energie and its subsidiaries are wholly owned by Maurel & Prom and are fully consolidated.
This change in the equity interests held in Saint-Aubin Energie constitutes an acquisition in stages that must be accounted for in accordance with IFRS 3 – Business Combinations. Thus, the identifiable assets and liabilities as well as the contingent liabilities of Saint-Aubin Energie and its subsidiaries, revalued at their fair value, were accounted for with full consolidation in the Group's statements, while recognising in the income statement a gain or a loss related to the revaluation at fair value of the stake previously held by Maurel & Prom.
In the specific case, and on the basis of the oil sector practice that values disposals of current exploration assets (farm-out) at past costs, it was estimated (i) that the fair value of the identifiable assets and liabilities of Saint-Aubin Energie on the Execution Date corresponded to their net book value, (ii) that this fair value corresponded to the amount of the contra transferred, and (iii) that the gain or loss related to the revaluation at fair value of the stake previously held was negligible.
Among the assets contributed from Saint Aubin Energie, Deepwell Oil and Gas, held at 19.67%, is consolidated using the equity method as presented in 3.2.4.

3.2.4 Equity associates

In thousands of euros	Maurel & Prom Colombia BV	Seplat	DW	Total
Location	Colombia	Nigeria	Canada	
	Joint venture	Associate	Associate	
Activity	Exploration	Production	Exploration	
% interest	50.00%	21.37%	19.67%	
Total non-current assets	20,225	1,198,677	530	
Other current assets	20,369	1,176,633	312	
Cash and cash equivalents	7,758	91,853	1,641	
Total assets	**48,352**	**2,467,163**	**2,483**	
Total non-current liabilities	0	653,072	392	
Total current liabilities	38,826	523,560	254	
Total liabilities (excl. equity)	**38,826**	**1,176,633**	**646**	
Total Shareholders' equity or net assets	**9,526**	**1,290,530**	**1,836**	
historical value adjustment	2,334	0	0	
Net assets	**11,860**	**1,290,530**	**1,836**	
Share held	5,930	275,768	361	
Changes in fair value according to IFRS3 (*)	0	(156,371)	0	
Balance sheet value at 31/12/2015	**5,930**	**119,397**	**361**	**125,688**
Financial income	(3,856)			
Other expenses	(2,810)			
Expenses and depreciation of exploration assets	(177,149)		(17,736)	
Net income of equity associates	**(183,815)**	**0**	**(17,736)**	
Share of income of equity associates	**(91,908)**	**0**	**(3,489)**	**(95,396)**

(*)Changes in fair value according to IFRS3 in the merger-absorption of MPI by MP

The entities of the Saint-Aubin Energie step consolidated using the equity method were presented here in 2014. They are now fully consolidated following the merger with MPI, and therefore no longer appear here.

The date above are presented as published in the financial statements of the joint ventures and associates (at 100% and no proportionately) after, as applicable, translation into Euros, adjustments to fair value made on the acquisition date according to IFRS3 following the merger with MPI, and restatements to homogenise accounting methods.

Maurel & Prom Colombia BV

Impairment indices were identified for the underlying exploration assets for Maurel & Prom Colombia BV resulting in the impairment of certain assets of the joint venture. The net carrying value of the Colombian underlying exploration assets can be analysed as follows:

In thousands of euros	31/12/2014	Exchange gains (losses)	Gross change	Expenses and depreciation	31/12/2015
Muisca	104,422	10,080	827	(115,329)	0
CPO 17	45,368	4,380	1,971	(51,719)	0
COR 15	17,444	1,684	1,097		20,225
Non-current assets at 100%	**167,235**	**16,144**	**3,895**	**(167,048)**	**20,225**

The projects: (i) deactivation because they are not profitable under current market conditions (CPO 17), or (ii) on which the expiration date is close without significant investments planned (Muisca) are written-down in totality.
The values maintained in assets concern the COR 15 permit, where the company believes that they retain potential even in the current market environment, and for which exploration and appraisal investments continue.
Moreover, an impairment test of the equity interests in Maurel & Prom Colombia BV was performed. Thus, the net carrying value of the securities at 31 December 2015 was compared to their recoverable value, and the conclusion was that no additional impairment was necessary.

The charges and depreciation of exploration assets in the amount of €177m reflect not only non-current exploration assets for €167m at 100%, but also an impairment of VAT receivables in the amount of €10m at 100%.

The 2014 comparative information from the Maurel & Prom Colombia BV joint venture are provided here:

In thousands of euros	Maurel & Prom Colombia BV
Location	Colombia
Activity	Exploration
% interest	50.00%
Total non-current assets	167,235
Other current assets	33,680
Cash and cash equivalents	11,680
Total assets	**212,595**
Total non-current liabilities	(15)
Total current liabilities	36,835
Total liabilities (excl. equity)	**36,850**

Total Shareholders' equity or net assets	**175,745**
historical value adjustment	
Net assets	**175,745**
Share held	87,872
Balance sheet value at 31/12/2014	**87,872**
Current operating income	(19,895)
Financial income	(1,833)
Income tax	(221)
Net income of equity associates	**(21,949)**
Share of income of equity associates	**(10,975)**

Seplat

As of 17 December 2015, the Maurel & Prom Group held 21.37% of Seplat, an oil production company based in Nigeria and listed for trading in London and Lagos. This stake was initially recognised at its fair value, then using the Equity Method, given that the Group has significant influence, particularly via the director's seat of the Chief Executive Officer of Maurel & Prom on the Seplat Board of Directors.

The Seplat assets primarily represent interests in six licenses (Oil Mining Licenses 4, 38, 41, 53, 55 and Oil Prospecting License 283). These licenses contain developed fields in production, fields discovered but not developed and a 24-inch diameter pipeline with a capacity of 144,000 barrels per day.

In 2015, Seplat recorded income of US$87 M, down from the previous year because of the substantial drop in oil and gas prices. In 2015, Seplat paid a dividend of US$0.13 per share prior to its acquisition by the Group.

The equity value of Seplat was €120m at 31 December 2015, equivalent to the fair value on the date of the merger transaction as described in Note 3.2.3, the share of income for the period of consolidation within the (17 to 31 December 2015) is considered to be negligible. At 31 December 2015, the market price of the Seplat shares was 73.75 pence, which represents a total market value of €120m. In addition, the Group identified no other index of impairment, particularly operational. As a result, no impairment test was performed.

Deepwell Oil and Gas

As of 17 December 2015, the Maurel & Prom Group held 19.67% of Deepwell Oil and Gas (previously held by Saint Aubin Energie). This company is based in Alberta, Canada and listed for trading in the United States on the OTCQB market, and its main asset is a 25% interest in the Sawn Lake permit. At 31 December 2015, the market price of the Deepwell Oil and Gas shares was US$0.04, representing a total market value of US$8m. The difference from the net carrying value of the stake is negligible and the Group has identified no other index of impairment. As a result, no impairment test was performed.

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3.3 Operating activities

3.3.1 Segment reporting

Segment reporting

In accordance with IFRS 8, segment information is reported based on identical principles to those for internal reporting and shows the internal sector information defined for managing and measuring the Group's performance.

Maurel & Prom's activities are split into three segments: exploration, production and drilling.
Geographic information is pertinent only at the level of the assets and is presented in Note 3.3.2
The other activities mainly concern the holding company's support and financial services.
Operating income and assets are broken down for each segment based on the entities' contributing accounts, which include consolidation restatements.

In thousands of euros	*Gabon*	*Tanzania*	Production	Exploration	Drilling	Other	31/12/2015
Sales	*247,806*	*7,146*	254,952	0	20,675		275,627
EBITDA	***124,818***	***2,371***	**127,189**	**(9,269)**	**(1,079)**	**(9,918)**	**106,922**
Depreciation and amortisation charges	*(92,694)*	*(2,468)*	(95,161)	(1,567)	(735)	(596)	(98,059)
Expenses and depreciation of exploration assets				(125,460)			(125,460)
Depreciation of drilling assets					(38,926)		(38,926)
Other production provisions	*(5,670)*		(5,670)	(718)	245	8,190	2,049
Other non-recurring expenses				(5,734)		(5,746)	(9,431)
Gain (loss) on asset disposals						(11)	(11)
Badwill						140,228	140,228
Operating income	**26,454**	**(96)**	**26,358**	**(142,748)**	**(40,494)**	**132,146**	**(22,688)**
Share of income of equity associates				**(95,396)**			**(95,396)**
Intangible investments	*11,674*	*814*	12,488	30,588	(60)		43,136
Intangible assets (net)	***220,022***	***33,317***	**253,340**	**65,728**	**131**		**319,199**
Investments in property, plant and equipment	*109,885*	*20,697*	130,582		3,217	832	134,631
Property, plant and equipment (net)	***1,425,933***	***53,751***	**1,479,684**	**1,873**	**22,306**	**560**	**1,504,423**

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In thousands of euros	*Gabon*	*Tanzania*	Production	Exploration	Drilling	Other	31/12/2014
Sales	*503,747*	*1,365*	505,112		45,286		550,398
EBITDA	***357,011***	***(1,728)***	**355,283**	**(8,617)**	**10,186**	**(4,906)**	**351,947**
Depreciation and amortisation charges	*(71,230)*	*(42)*	(71,272)	(8,789)	(13,729)	7,070	(86,720)
Expenses and depreciation of exploration assets		*(649)*	(649)	(96,357)		(6,649)	(103,656)
Depreciation of drilling assets					(9,730)		(9,730)
Other non-recurring expenses						(10,939)	(10,939)
Gain (loss) on asset disposals						(294)	(294)
Operating income	**285,781**	**(2,419)**	**283,362**	**(113,763)**	**(13,273)**	**(15,718)**	**140,608**
Share of income of equity associates				**(15,380)**			**(15,380)**
Intangible investments	*48,455*	*9,146*	57,601	60,681			118,282
Intangible assets (net)	***205,463***	***43,136***	**248,599**	**79,468**	**165**		**328,232**
Investments in property, plant and equipment	*202,207*	*6,215*	208,421		4,480	(12)	212,913
Property, plant and equipment (net)	***1,224,451***	***16,770***	**1,241,220**	**1,668**	**49,514**	**(80)**	**1,292,484**

3.3.2 Non-current assets

Maurel & Prom conducts some of its exploration and production activities under Production Sharing Agreements (PSAs). This type of contract, signed with the host country, sets rules for cooperation (in association with any partners), for sharing production with the government or the state-owned company that represents it and defines the rules for taxation.
Under these agreements, the Company agrees to finance its percentage of interest in exploration and production operations, and in exchange it receives a share of the production known as cost oil; the sale of this share of production should make it possible for it to recover its investments, as well as the operating costs incurred; the balance of the production (profit oil) is then shared in variable proportions with the Government; the Company thus pays its share of tax on the revenue from its activities.
Under such Production Sharing Contracts, the Company recognises its share of assets, income and profit in proportion to its percentage holding in the permit concerned.
The following methods were used to account for the costs of oil-related activities.

Oil search and exploitation rights

- Mining permits: Expenditures for the acquisition and award of mining permits are recorded as intangible assets and, during the exploration phase, are amortised on a line basis over the estimated duration of the permit and then, in the development phase, at the rate of amortisation of the oil production facilities. If the permit is withdrawn or the exploration fails, the remaining amortisation is recorded in full at one time.
- Mining rights acquired: Acquisitions of mining rights are recorded as intangible assets and, when they have led to the discovery of oil reserves, they are amortised according to the unit of production method on the basis of proven and probable reserves. The amortisation rate equals the ratio of the field's hydrocarbon production during the year to the proven and probable hydrocarbon reserves at the beginning of the same year, re-estimated on the basis of an independent appraisal.

Exploration costs

The Group applies IFRS 6 for the recognition of exploration costs. Hydrocarbon production fees and assets are recognised in accordance with the full costs method.
Exploration studies and work, including geology and geophysics costs, are entered on the asset side of the balance sheet under intangible assets.
Charges incurred prior to the issuance of the exploration permit are recognised as expenses.
Expenditure incurred after that date is capitalised and amortised once exploitation commences.
Drilling expenditures that do not result in a commercial discovery are recognised as expenses for the costs incurred once it is decided to definitively abandon work in the zone in question or in the attached zone.
When the technical feasibility and commercial viability of the oil production project become demonstrable (analysis based on the outcome of appraisal wells or seismic study work, etc.), following the award of an Exclusive Development and Production Authorisation (AEDE), these costs then become development costs, a portion of which is transferred to property, plant and equipment, depending on their nature.
Once an indicator of impairment arises (expiration of a permit, additional unbudgeted expenses etc.), an impairment test is carried out to verify that the carrying value of the expenses incurred does not exceed the recoverable amount.
In addition, when the technical feasibility and commercial viability of the oil production project become demonstrable, exploration assets are systematically subjected to an impairment test.
Impairment tests are carried out at the permit level, as defined by the contract, in accordance with the industry practice

Oil production assets

Oil production assets include all exploration-related costs transferred to property, plant and equipment following discovery, as well as those relating to field development (production drilling, surface installations, oil routing systems etc.).

Depletion

Assets are amortised using the unit of production method.
For general facilities, i.e. those which concern the entire field (pipelines, surface units, etc.), the amortisation rate equals the ratio of the field's hydrocarbon production during the year to the proven reserves at the beginning of the same year. If applicable, they are weighted by the ratio (proven)/ (proven + probable) reserves for that field, in order to take into account their relative role in the production of all proven and probable reserves of the field in question.
For specific facilities, i.e. those dedicated to specific areas of a field, the amortisation rate used equals the ratio of the field's hydrocarbon production during the year to the proven reserves developed at the beginning of the same year.
The reserves taken into account are the reserves determined on the basis of analyses conducted by independent organisations, to the extent that the said analyses are available on the reporting date.

Costs of site restoration

Provisions for site restoration are made when the Group has an obligation to dismantle and restore sites.
The discounted site restoration cost is capitalised and attached to the value of the underlying asset and amortised at the same rate.

Financing of oil-related costs for third parties

The financing of oil costs for third parties is an activity within an oil association which consists of substitution for another member of the partnership to finance its share of the cost of work.
When the contract terms give it characteristics similar to those of other oil assets, the financing of oil costs on behalf of third parties is treated as an oil asset.
Consequently and in accordance with paragraph 47 (d) of ASC 932 usually applied in the oil sector, the accounting rules are those applicable to expenses of the same types as the Group's own share (non-current assets, amortisation, depreciation, operating costs as expenses):

- *posting of exploration costs financed as intangible assets (partners' share recognised as the Maurel & Prom share);*
- *if prospecting does not result in a producing asset: recognition of all costs as expenses;*
- *in the case of production: the transfer of costs booked as intangible to property, plant and equipment (technical facilities);*
- *the share of hydrocarbons accruing to the partners carried and used to repay that cost of carry is treated as sales for the partner that carries it;*
- *reserves corresponding to the costs carried are added to the reserves of the partner that carries the costs;*
- *amortisation and depreciation of technical facilities (including the share of partners carried) using the unit-of-production method by including in the numerator the production for the period allocated to recovery of the costs carried, and in the denominator the share of reserves used to recover all of the costs carried.*

Other non-current intangible assets:

Other intangible assets are recognised at their acquisition cost and posted on the balance sheet at that value, after deducting accrued amortisation and depreciation if any.
Amortisation is calculated on a straight-line basis, and the amortisation term is based on the estimated useful life of different categories of intangible assets amortised over a term ranging from one to three years.

Other property, plant and equipment:

The gross amount of other property, plant and equipment corresponds to the acquisition or production cost. It is not revalued.
Depreciation is calculated on a straight-line basis, and the depreciation term is based on the estimated useful life of the different categories of property, plant and equipment, the principal categories of which are as follows:

- *buildings: 10 years;*
- *infrastructure: 8 to 10 years;*
- *drilling equipment: 3 to 20 years;*
- *technical facilities: 3 to 10 years;*
- *fixtures and fittings: 4 to 10 years;*
- *transportation equipment: 3 to 8 years;*
- *office and computer equipment: 2 to 5 years; and*
- *office furniture: 3 to 10 years.*

Finance lease contracts are agreements which have the effect of transferring virtually all risks and benefits inherent in the ownership of the asset from the lessor to the lessee. Such contracts are recognised in the balance sheet assets at fair value, or at the minimum discounted value of the leases in the contract, whichever is greater. The corresponding debt is recognised under balance sheet liabilities as financial debt. Such assets are amortised on the basis of useful life by the Group.
Leasing contracts which are not finance lease contracts as defined above are recognised as simple lease contracts. Payments for operating leases are booked in the income statement on a straight-line basis over the period of the lease.
Borrowing costs are capitalised when the asset in question meets the eligibility conditions as defined by IAS 23R.

Asset impairment

When events indicate a risk of impairment of intangible and tangible assets, and with regard to goodwill and intangible assets not amortised at least once a year, an impairment test is carried out in order to determine whether their net carrying value is lower than their recoverable amount; this amount is defined as the higher of fair value (less exit costs) or value in use. Value in use is determined by discounting future cash flows expected from the use and disposal of the assets.
Since these assets are oil assets in production, cash flows are determined as a function of the reserves identified, the related production profile, and the discounted sale prices after taking into account the tax treatment applicable under the Production Sharing Agreements.
The permit is generally used as the cash-generating unit (CGU). A CGU is a set of assets the ongoing use of which generates cash flows that are largely independent of the cash flows generated by the other groups of assets. In certain cases, a permit may contain exploration and production assets.
With regard to the Group's other activities, impairment tests performed on the basis of the Company's business plans, including a terminal value.
The discount rate used takes into account the risk associated with the activity and its geographical location.
If the recoverable amount is less than the net carrying value, an impairment is recognised for the difference between these two amounts.
This impairment may be reversed up to the limit of the net carrying value that the asset would have had on the same date if it had not been impaired. Impairment losses recorded on goodwill are irreversible.

Change in intangible assets

In thousands of euros	31/12/2014	Currency translation adjustments	Investments	Change in scope of consolidation	Transfer	Depreciation and exploration expense	Amortisation	31/12/2015
Ezanga (Gabon)	205,463	26,171	11,674		(9,429)		(13,857)	220,022
Mnazi Bay (Tanzania)	43,136	4,691	814		(10,099)		(5,224)	33,317
assets attached to producing permits	248,599	30,862	12,488	0	(19,528)	0	(19,082)	253,340
Kari (Gabon)	24,179	2,886	135				(173)	27,027
Nyanga Mayombe (Gabon)	11,617	1,370	6,004		6			18,986
Bigwa Rufiji Mafia -BRM (Tanzania)	34,580		2,923		(6,068)	(16,887)		14,549
Licenses 44 & 45 (Namibia)	3,187		1,960					5,147
Fiume Tellaro (Sicily)	4,271					(4,265)		7
Rovuma (Mozambique)	105		17,750			(17,854)		
Sawn Lake		(78)		11,563	(4,120)	(7,364)		
Anticosti		(38)		7,170		(7,133)		
Gaspésie				496		(496)		
Myanmar				50,426	705	(51,132)		
Other	1,529	(83)	1,816	(206)	0	(3,208)		(13)
assets attached to permits in exploration	79,468	4,224	30,588	69,449	(9,490)	(108,339)	(173)	65,728
Drilling	165	5	(60)			(99)		131
Intangible assets (net)	**328,232**	**35,091**	**43,136**	**69,449**	**(29,017)**	**(108,438)**	**(19,255)**	**319,199**

All the assets in the Group's exploration portfolio were analysed for recoverable value in accordance with IFRS6 and IAS 36. No impairment was recognized on the intangible assets of Ezanga and Mnazi Bay (€253m at 31 December 2015).

The assets for Mozambique, Canada, Myanmar and Italy were impaired given that their recoverable value was null on the basis of the following elements:

(i) deactivation of the projects because they are not profitable under current market conditions given the deterioration of the oil and gas market at 31 December 2015 (in particular, the decline in hydrocarbons forwards), confirmed by the intensified decline of around 25% in Brent prices early in January 2016;

(ii) projects that have not received the necessary administrative authorisations, or with a close expiration date without significant investments planned;

(iii) projects for which there is no short-term development

The assets of the BRM permit in Tanzania that must be relinquished soon were impaired for €17m according to the same criteria. Only the recoverable assets of the MKuranga zone were maintained in the assets given the development project in progress.

The investments made over the 1st half of 2015 in order to terminate the work programmes approved on these depreciated assets, particularly on the Rovuma permit in Mozambique, were recognised as charges for an amount of €18m.

The transfers made essentially reflect the reclassification of the development costs as tangible assets on Mnazi Bay suite following the start of production of the field in August 2015, and on the Mabunda and Niembi field on the Ezanga after the Exclusive Development and Production Authorisation (AEDE) was obtained in the autumn of 2015; as well as the sale of parts of BRM to Mnazi Bay which appears in inventories (cf note 3.3.3).

The changes in intangible assets from the previous year are noted below:

In thousands of euros	31/12/2013	Currency translation adjustments	Investments	Change in scope of consolidation	Transfer	Depreciation and exploration expense	Amortisation	31/12/2014
Ezanga (Gabon)	190,166	27,823	48,455		(51,619)		(9,362)	205,463
Mnazi Bay (Tanzania)	29,830	4,851	9,146			(649)	(42)	43,136
assets attached to producing permits	219,996	32,674	57,601	0	(51,619)	(649)	(9,404)	248,599
Kari (Gabon)	24,298	3,101	731		(3,794)		(156)	24,179
Nyanga Mayombe (Gabon)	2,656	1,118	7,950		(107)			11,617
Bigwa Rufiji Mafia -BRM (Tanzania)	52,354		20,211		(81)	(37,904)		34,580
Licenses 44 & 45 (Namibia)	3,085		101		0	0		3,187
Fiume Tellaro (Sicily)	6,403				0	(2,131)		4,271
Noumbie (Congo)	14,009	711	227		(946)	(14,001)		0
Rovuma (Mozambique)	12,365		27,204		(157)	(39,307)		105
Syria	851		350		0	(1,202)		0
Other	8,372	146	3,906		(295)	(1,812)	(8,789)	1,529
assets attached to permits in exploration	124,394	5,075	60,681	0	(5,381)	(96,357)	(8,945)	79,468
Drilling	165							165
Intangible assets (net)	**344,556**	**37,749**	**118,282**		**(56,999)**	**(97,006)**	**(18,349)**	**328,232**

The breakdown in the net values of intangible assets between the gross and the depreciations is as follows:

In thousands of euros	Goodwill	Oil search and exploration rights	Exploration expenses	Other	Total
Gross value at 31/12/2014	6,403	190,591	200,772	3,789	401,555
Impairments at 31/12/2014	(2,138)	(37,955)	(30,209)	(3,021)	(73,323)
Net book value at 31/12/2014	**4,265**	**152,636**	**170,563**	**768**	**328,232**
Gross value at 31/12/2015	6,403	207,795	256,875	4,531	475,604
Impairments at 31/12/2015	(6,403)	(44,556)	(101,884)	(3,562)	(156,405)
Net book value at 31/12/2015	**0**	**163,239**	**154,991**	**969**	**319,199**

Change in property, plant and equipment

In thousands of euros	31/12/2014	Currency translation adjustments	Investments	Change in scope of consolidation	Transfer	Depreciation and exploration expense	Amortisation	31/12/2015
Ezanga (Gabon)	1,224,451	146,222	109,885		24,211		(78,836)	1,425,933
Mnazi Bay (Tanzania)	16,770	2,538	20,697		14,671		(925)	53,751
assets attached to producing permits	1,241,220	148,760	130,582	0	38,882	0	(79,761)	1,479,684
Nyanga Mayombe (Gabon)	1,668	199			6			1,873
Sawn Lake				6,140	4,120	(10,261)		0
assets attached to permits in exploration	1,668	199	0	6,140	4,127	(10,261)	0	1,873
Drilling	49,514	4,036	3,217	0	1,791	(36,252)		22,306
Other	(80)	5	832	8	(1,864)	1,500	0	560
Property, plant and equipment (net)	**1,292,484**	**152,999**	**134,631**	**6,140**	**42,936**	**(45,012)**	**(79,761)**	**1,504,423**

The primary investments in property, plant and equipment for the period:

- the costs of drilling and completion of the injection and producing wells and the investments to boost capacity of the processing facilities made on the Ezanga permit;
- the production investments made on the Mnazi Bay permit to drill well MB4 and for the connections to the Mtwara site;
- the work on drilling rigs, primarily in Colombia.

The transfers made essentially reflect the reclassification of the development costs of Mnazi Bay after it came on stream and of the Mabunda and Niembi fields after the AEDEs were obtained, and the adjustments to the provisions for site restoration on the Ezanga and Mnazi Bay sites as described in Note 3.3.6.

Pursuant to IAS 36, impairment tests were performed in order to determine the recoverable value of the assets.
The fair value of the drilling assets was determined at €22m, leading to the recognition through income of a loss of €36m on intangible assets and €3m on the inventories (cf Note 3.3.3).
Concerning the production activities in Gabon and Tanzania, the value in use was determined on the basis of the reserves, costs and future cash flows resulting from reports of independent experts.
The calculation assumptions are based on (i) a forward price for Brent of USD40/b in 2016, USD50 in 2017, USD65 in 2018 and USD80/b as of 2019 for oil sale or the contract gas price for gas sales, and (ii) a discount rate of 10%. A reasonable change in one of the pertinent indicators of these impairment tests, i.e. a decrease in the selling price of 5% (in the case of Ezanga), of -5% in the production, or of 100 basis points in the discount rate would not lead to impairment of the production assets.
The impairment test performed is not sensitive to reasonable variations in pertinent indicators (production, price, WACC).

The changes in property, plant and equipment for the previous year are stated below:

In thousands of euros	31/12/2013	Currency translation adjustments	Investments	Change in scope of consolidation	Transfer	Depreciation and exploration expense	Amortisation	31/12/2014
Ezanga (Gabon)	880,186	142,302	202,207		61,624		(61,868)	1,224,451
Mnazi Bay (Tanzania)	8,792	1,763	6,215					16,770
assets attached to producing permits	888,978	144,065	208,421	0	61,624	0	(61,868)	1,241,220
Nyanga Mayombe (Gabon)	1,513	208	-0		(53)			1,668
assets attached to permits in exploration	1,513	208	0	0	(53)	0	0	1,668
Drilling	69,793	5,277	4,480		(6,577)	(9,730)	(13,729)	49,514
Other	4,800	7	(12)		(4,739)			(80)
Property, plant and equipment (net)	**965,084**	**149,557**	**212,913**		**50,255**	**(9,730)**	**(75,597)**	**1,292,484**

The breakdown in net values of property, plant and equipment between gross and depreciations is as follows:

In thousands of euros	Land and buildings	Technical facilities	Down payments and construction in progress	Other	Total
Gross value at 31/12/2014	4,073	1,650,067	11,037	58,993	1,724,171
Impairments at 31/12/2014	(458)	(424,151)	0	(7,078)	(431,687)
Net book value at 31/12/2014	**3,615**	**1,225,916**	**11,037**	**51,915**	**1,292,484**
Gross value at 31/12/2015	8,397	2,014,382	674	75,700	2,099,153
Impairments at 31/12/2015	(1,734)	(583,549)	0	(9,448)	(594,730)
Net book value at 31/12/2015	**6,664**	**1,430,833**	**674**	**66,252**	**1,504,423**

3.3.3 Inventories

Inventories are valued according to the FIFO ("First In, First Out") method at acquisition or production cost. Production cost includes consumables and direct and indirect production costs. Hydrocarbon inventories are valued at production cost, including field and transportation costs and the depreciation of assets used in production. A provision is created when the net realisable value is lower than the cost of inventories.

In thousands of euros	31/12/2014	Currency translation adjustments	Change	Transfer	Impairment	31/12/2015
Ezanga	981	113				1,094
Mnazi Bay		154	2,684	5,379		8,217
Drilling	5,906	605	(294)		(3,632)	2,586
Inventories (net)	**6,885**	**872**	**2,390**	**5,379**	**(3,632)**	**11,897**

Inventories essentially consist of consumables.
The transfers made reflect the sale of BRM parts to Mnazi Bay that appear in non-current assets (cf note 3.3.2).
Depreciation of drilling inventories results from the impairment test on drilling assets explained in Note 3.3.2.

3.3.4 Trade receivables

Trade receivables are initially recognised at fair value and then at their amortised cost.
At the end of the period, write-downs are created in the event of proven risk of non-recoverability.

In thousands of euros	31/12/2014	Currency translation adjustments	Change	Perimeter	Reversals	31/12/2015
Ezanga	27,069	2,778	(17,763)			12,084
Mnazi Bay	2,801	395	3,747	(57)		7,000
Drilling	9,707	1,009	(5,942)		223	4,997
Other	3,800		(2,647)	(555)		598
Trade receivables (net)	**43,377**	**4,181**	**(22,606)**	**(498)**	**223**	**24,678**

There is no significant impaired receivable:
The balance of trade receivables on Ezanga for hydrocarbon sales corresponds mainly to receivables from Socap (Total Group) and Sogara, for sales of production from the Ezanga permit fields, as well as receivables from the sale of hydrocarbons from the Mnazi Bay permit.
The outstanding receivables, on Mnazi Bay, for natural gas sales, are mostly from the national company TPDC and Tanesco. The first gas delivery to TPDC resulted in a deferred payment scheduled over a period of 6 to 24 months.

3.3.5 Other current assets

Other current assets are initially recognised at fair value and then at their amortised cost.
At the end of the period, write-downs are created in the event of proven risk of non-recoverability.

In thousands of euros	31/12/2014	Currency translation adjustments	Change	Perimeter	Impairment	31/12/2015
Advances	5,334	563	(1,614)			4,283
Prepaid expenses	1,229	(96)	(133)	(206)		986
Tax and social security receivables:	51,836	(135)	13,062	5,989	(1,276)	69,476
Other current assets (net)	**58,400**	**523**	**11,316**	**5,852**	**(1,276)**	**74,745**
Gross	63,386	523	11,316	6,520		81,676
Impairment	(4,986)			(668)	(1,276)	(6,931)

Tax and social security receivables essentially represent VAT receivables, primarily on Ezanga (€47m), on the drilling activity in Gabon (€9m in net value including depreciation of €5m allocated in 2014), and on the Peruvian (€4m) and Sicilian (€4m) exploration permits.

3.3.6 Provisions

In accordance with IAS 37 - Provisions, contingent liabilities and contingent assets, provisions are recognised when the Group has an obligation at year-end to a third party deriving from a past event, the settlement of which should result in an outflow of resources that constitute economic benefits.
The site restoration obligation is recognised at the discounted value of the estimated cost for the contractual obligation for dismantling; the impact of the passage of time is measured by applying a risk-free interest rate to the amount of the provision. The effect of the accretion is posted under "Other financial income and expenses".
Severance payments on retirement correspond to defined benefit plans. They are provisioned as follows:

- *the actuarial method used is the projected credit unit method, which requires that each year of service results in the recognition of an additional unit of benefit. These calculations incorporate assumptions about mortality, staff turnover and projections of future salaries; and*
- *the differences between actual and forecast commitments (based on new projections or assumptions) as well as between the projected and actual return on funds invested are called actuarial gains and losses. They are recognised as other items of comprehensive income, without the possibility of being subsequently recycled through income. The cost of past services is recognised under income, whether they are acquired or not.*

In thousands of euros	31/12/2014	Change in scope of consolidation	Currency translation adjustments	Transfer	Accretion	Increase	Exploration expense	31/12/2015
Site restoration	11,768		1,616	19,355	1,260		6,558	40,556
Pension commitments	1,015	141				(37)		1,119
Other	9,223	(493)	813			7,855		17,397
Provisions	**22,007**	**(353)**	**2,429**	**19,355**	**1,260**	**7,818**	**6,558**	**59,073**
Non-current	10,282	(353)	1,616	19,355	1,260	10,505	6,558	49,222
Current	11,725		813			(2,687)		9,851

The “increase” on the “other” line reflects several risks of various types in different countries, presented in the income statement with Non-current income and expenses.
The “exploration expenses” on the “site restoration line” primarily represents our share of the restoration commitment on the Block 116 permit in Peru, presented in the income statement with exploration expenses.

Site remediation provisions for the Ezanga permit have been adjusted based on an expert's report, which has led to the recognition of an asset and a further provision for site remediation for €14m.
A provision for site restoration on the Mnazi Bay permit was recognised on the basis of an expert report, which resulted in the recognition of an asset and a provision for site restoration for €4m.

3.3.7 Current Operating Income

Oil sales

Sales representing the sale of the production on the fields operated by the Company under Production Sharing Agreements includes the deliveries of crude oil for production royalties and the taxes (state share of profit oil) when they are effectively paid.
Oil sales are recognised when oil is delivered to the oil terminals. These sales are adjusted to reflect whether the Group is in an over-lift position (in which case the Group posts a debt to its partners), or under-lift position (in which case the Group posts a receivable).
In effect, given the location of the production which is primarily in Gabon, and the existence of a single marketing route (Cap Lopez) in this country, the Group's financial statements can different significantly depending on whether oil is loaded on a tank just before or just after the end of a period.
Thus, the Group uses the "entitlement method" (method of lifting rights), which consists of measuring oil over- or under-lift positions at realisable value at the end of the period. This method is accepted as common practice in the oil industry.
Gas sales are recognised at the point of connection of customers' facilities.

Drilling services

Sales are recognised as drilling stages are completed, with progress measured in terms of the depth reached and time taken.

Current operating income

EBITDA represents revenues net of the following items:

- *purchases of consumable and services (grouped in production purchases and expenses);*
- *taxes (including mining royalties and other taxes related to the activity);*
- *personnel expenses;*
- *other income from the activity;*

Current operating income corresponds to EBITDA before amortisation and depreciation of non-current assets, including depletion.

In thousands of euros	31/12/2015	31/12/2014 (*)
Sales	275,627.	550,398
Other income	12,656	7,395
Other purchases and expenses	(106,672)	(111,267)
Taxes	(31,455)	(47,480)
Personnel expenses	(43,233)	(47,100)
EBITDA	**106,922**	**351,947**
Depreciation and amortisation charges	(98,059)	(86,720)
Current Operating Income	**8,863**	**265,227**

3.4 Financing Transactions

3.4.1 Other current financial assets

Other current assets are initially recognised at fair value and then at their amortised cost.
At the end of the period, write-downs are created in the event of proven risk of non-recoverability.

In thousands of euros	31/12/2014	Currency translation adjustments	Change	Perimeter	Impairment / Reversals	31/12/2015
Receivables on investments	27,923	(3,128)	3,347	(23,764)	(4,132)	245
Miscellaneous receivables	28,833	3,931	22,911	1,217	14,569	71,461
Advances	3,441	(54)	(2,976)	(93)		613
Other current financial assets (net)	**60,197**	**857**	**23,282**	**(22,454)**	**10,437**	**72,318**

The change in "Other receivables" is essentially related to the change in receivables on the State partner on the Ezanga permit (carried in a period of saturation of recoverable costs).

3.4.2 Cash and cash equivalents

Bank deposits represent short-term investments of excess cash.

In thousands of euros	31/12/2015	31/12/2014
Liquid assets, banks and savings banks	70,287	124,344
Short-term bank deposits	212,115	105,594
Marketable securities	-0	0
Cash and cash equivalents	**282,403**	**229,938**
Bank loans (*)	(8,574)	(464)
Net cash and cash equivalents	**273,829**	**229,474**

(*) Bank loans are stated in debt in 3.4.3

3.4.3 Borrowings

In thousands of euros	31/12/2014	Translation	Change	Equity	perimeter	31/12/2015
ORNANE 2019 bonds	233,989		1,920			235,909
ORNANE 2021 bonds	0		96,486			96,486
Revolving credit facility	322,525	38,326	0			360,851
Crédit Suisse	37,327	3,961	(10,752)			30,536
Finance lease debt	3,011	0	(434)			2,577
Non-current	596,852	42,287	87,220	0	0	726,360
OCEANE 2015 bonds	69,631		(71,953)	2,322		0
Current bank borrowings	464	(64)	8,106		(60)	8,574
Accrued interest	179	0	11,418			11,597
Current	70,274	(64)	(52,429)	2,322	(60)	20,171
Borrowings	**667,127**	**42,351**	**34,791**	**2,322**	**(60)**	**746,531**

Bonds and derivative financial instruments

OCEANE bonds

The OCEANE bonds are compound instruments with two components recognised separately pursuant to IAS 32 and IAS 39:

- *the debt component initially valued at fair value less the issue costs allocated to this component. Estimated fair value corresponds to the value of future contractual cash flows (including coupons and repayment) discounted at the market rate (taking into account the credit risk at issuance) of a similar instrument presenting the same terms and conditions (maturity, cash flow) but without a conversion option. After initial recognition, the debt component is measured at amortised cost using the effective interest rate method;*
- *the equity component represents the value of the option to convert the bonds into shares. It is determined by the difference between the proceeds of the bond issue and the debt component calculated according to the methods described above and after deducting the issuance costs allocated to this component; and*
- *a deferred tax liability is recognised for the difference between the carrying value and the value of the debt for tax purposes; this deferred tax is constituted as a contra for the equity.*

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

OCEANE 2014 - On 6 June 2014, the Group redeemed 16,903,714 OCEANE bonds out of the 19,061,198 OCEANE bonds maturing on 31 July 2014, for a total cost of €262.7 million (including accrued coupons). The balance of the OCEANE 2014 bond was repaid on 31 July 2014. Under IAS 32, the cash paid out (including expenses) was apportioned to the "net equity" and "debt" components of the OCEANE bonds using a method consistent with that used to separate the two components initially. The following impacts were therefore recognised:

- the difference between the redemption value of the “debt” component of €270m and the carrying value (amortised cost) of € 260m, recognised in the income statement for €7m;
- the redemption value assigned to the “equity component was €1m.

On 18 May 2015, the Group completed the early redemption of the majority of its OCEANE bonds, covering 4,749,542 OCEANE bonds due to mature on 31 July 2015, with a unit exercise price of €13.605, including €0.72 of accrued interest. Under IAS 32, the cash paid out (including expenses) was apportioned to the "net equity" and "debt" components of the OCEANE bonds using a method consistent with that used to separate the two components initially. The following impacts were therefore recognised:

- the difference between the redemption price of the “debt” component of € 69m and the carrying value (amortised costs of €68m, recognised in the income statement in the amount of €1m;
- the redemption value assigned to the “equity” component was €2m.

ORNANES

ORNANE 2019 - On 6 June 2014, the Group issued 14,658,169 ORNANE bonds maturing on 1 July 2019, with a unit exercise price of €17.26 and a coupon of 1.625%, payable every six months.

ORNANE 2021 - On 12 May 2015, the Group issued 10,425,571 ORNANE bonds maturing on 1 July 2021, with a unit exercise price of €11.02 and a coupon of 2.75%, payable every six months.

Under IAS 32 and IAS 39, the ORNANE bonds are hybrid instruments with two separately recognised components:

- *an option to convert to shares, recognised on the balance sheet as a debt derivative (rate derivative); This option was measured at fair value (at level 2 in the fair value hierarchy) using a binomial model that assumes observable market volatility, spreads and maturities. Changes in fair value are then recognised in the income statement.*

- *A debt instrument, initially recorded on the balance sheet for the fair value of the ORNANE bonds, after deducting the corresponding transaction costs and the option's fair value. Subsequent valuations of this instrument are at amortised cost.*

If holders exercise their rights to be allotted shares, and at the issuer's discretion, these bonds enable: either

- *A cash payment for an amount below the nominal value if the reference price for the underlying share is lower than this nominal value;*
- *A cash payment corresponding to the number of shares to be delivered multiplied by the reference price for the underlying share;*
- *At the issuer's discretion, a cash payment (ranging from 0 to 100% of the conversion value of the ORNANE bonds), combined with a payment in new and/or existing shares for the fraction exceeding the amount paid in cash.*

or

- *total payment in shares: the number of shares to be delivered is then equivalent to the number that would be delivered for a conventional OCEANE bond with identical features.*

The derivative instruments recognised in "non-current derivative financial instrument liabilities" on the balance sheet represent the fair value of the optional component of the ORNANE bonds issued on 6 June 2014 (for an initial amount of €14m, reduce to €2m at closing on 31 December 2014) and 12 May 2015 (for an initial amount of €14m).

Changes in fair value are then recognised in the income statement.

In thousands of euros	31/12/2013 restated	Change	Income	31/12/2014	Change	Income	31/12/2015
Financial instruments	**198**	**13,581**	**(12,167)**	**1,612**	**14,028**	**(7,551)**	**8,090**

Other borrowings

Other borrowings are initially recognised at their fair value and then at amortised cost. Issuance costs are recognised as a deduction against the initial fair value of the loan. Furthermore, financial expenses are calculated on the basis of a loan's effective interest rate (i.e., the actuarial rate taking issue costs into account).

On 18 December 2014, Etablissements Maurel & Prom signed a new Revolving Credit Facility for US$650m with a consortium of four international banks (Natixis, BNP Paribas, Crédit Agricole Corporate & Investment Bank, Standard Bank Plc, Standard Chartered Bank), based on an initial tranche of US$400m and a US$250m accordion feature, which may be drawn down on two occasions under certain conditions.

The terms of this new facility are as follows:
Initial amount: US$400m
Additional amount: US$250m
Maturity: 31 December 2020, i.e. 6 years
First repayment: 31 December 2016
Borrowing rate: LIBOR +3.40% until 31/12/2018, then +3.65%.

In connection with the acquisition of Caroil from Tuscany in 2013, Maurel & Prom took on US$50m of Tuscany's debt, based on a credit agreement with Crédit Suisse. This loan, taken out on 23 December 2013, is repayable in full on 23 December 2018 and is based on an interest rate of LIBOR +2%.
In October 2015, following the renegotiation described in section 3.5.5, the Company made a partial early repayment of US$ 16,667m, representing one-third of the amount borrowed under the Credit Agreement. At the same time, the interest rate of the Credit Agreement increased from Libor + 2% to Libor + 7.5%. This adjustment was considered to be a substantial modification of the loan agreement. The Company thus derecognised the original debt and recognised a debt for this new borrowing with a negative impact of €4m on income, which was recognised as financial expenses.

As of 31 December 2015, all the financial covenants described in Note 3.5.5 were met.

3.4.4 Fair value

All fair value assessments are presented in the following tables:

In thousands of euros	Level		31/12/2015 Balance sheet total	31/12/2015 Fair value	31/12/2014 Balance sheet total	31/12/2014 Fair value
Non-consolidated equity interests	Available-for-sale securities	a	(74)	(74)	216	216
Non-current loans and receivables	Loans and receivables	b	3,746	3,746	715	715
Trade receivables and related accounts	Loans and receivables	b	24,678	24,678	43,377	43,377
Other current financial assets	Loans and receivables	b	72,318	72,318	60,197	60,197
Cash and cash equivalents		c	282,403	282,403	229,938	229,938
Total assets			**383,219**	**383,219**	**334,443**	**334,443**
Other borrowings and financial debt	Liabilities at amortised cost	d	404,698	404,698	363,506	363,506
Bonds	Liabilities at amortised cost	e	341,833	234,200	303,621	300,009
Derivative financial instruments	Fair value	e	8,090	8,090	1,612	1,612
Trade payables	Fair value	b	65,227	65,227	107,210	107,210
Other creditors and liabilities	Fair value	b	82,472	82,472	65,719	65,719
Total liabilities			**497,621**	**389,988**	**478,163**	**474,551**

IFRS 13 establishes a hierarchy for measuring fair value based on three levels:
Level 1: the quoted prices for assets or liabilities identical to those being measured, available on the valuation date in an active market to which the entity has access;
Level 2: inputs are observable data, but do not corresponding to prices listed for identifiable assets or liabilities;
Level 3: inputs not based on observable market data (for example, these data come from extrapolations). This level is applied when there is no observable market or data and the company is forced to use its own assumptions to estimate the data that other market players would have used to measure the fair value of the asset.

The fair values are based on the following assumptions:

a. Non-consolidated equity interests classed as available-for-sale securities, like non-current loans and receivables (linked primarily to equity associates or non-consolidated equity interests), are valued at cost since it is not possible to have a reliable fair value. Checks have been carried out to ensure that there are no impairments to be recorded;
b. The net carrying value of trade receivables, other current financial assets, trade payables and other creditors and liabilities is judged to correspond to a reasonable approximation of their fair value given their short-term nature.
c. The net carrying value of the Group's cash corresponds to its fair value given that it is considered to be liquid;
d. As all other borrowings and financial debts were arranged at variable interest rates, their balance sheet value reflects fair value;
e. The fair value of the ORNANE 2019 bonds was recalculated by applying the binomial valuation model (which was used to value the optional component) to the bond component. The valuation of the OCEANE and ORNANE bonds was level 2 fair value. The revaluation at fair value of the derivative component of the ORNANE bonds was calculated at 31 December 2015; (for information, at 31 December 2014, the fair value of the OCEANE 2015 bonds had been recalculated by discounting the future cash flows at the market rate applicable for an issue with similar features under the conditions in effect at 31 December 2014).

3.4.5 Financial income

In thousands of euros	31/12/2015	31/12/2014
Interest on overdrafts	(69)	(146)
Interest on OCEANE and ORNANE bonds	(15,679)	(24,510)
Interest on other borrowings	(20,337)	(13,297)
Gross finance costs	**(36,084)**	**(37,953)**
Income from cash	689	655
Net income from derivative instruments	7,551	12,005
Net finance costs	**(27,845)**	**(25,293)**
Net foreign exchange differences	27,618	25,000
Other	(6,943)	(10,514)
Other net financial income and expenses	**20,675**	**14,486**
FINANCIAL INCOME	**(7,170)**	**(10,807)**

The cost of gross debt takes the effective interest rate of the loan (i.e. the actuarial rate taking into account issuance fees), which explains the disconnect with the interest effectively paid over the period.
The net gains and losses on derivative transactions essentially reflect the change in the fair value of the option detached from the ORNANE bonds between the closing date of the previous year (for ORNANE 2019 bonds) or the date of issuance(12 May 2015 for the ORNANE 2021bonds) and the account closing date.
The net foreign exchange gains recorded mainly relate to the revaluation of the Group's currency positions based on the closing rate.

3.4.6 Financial risks

Credit Risk

The Group is exposed to credit risk due to loans and receivables that it grants to third parties as part of its operating activities, short-term deposits that it holds at banks, and, if applicable, derivative instrument assets that it holds.

In thousands of euros	31/12/2015		31/12/2014	
	Balance sheet total	Maximum exposure	Balance sheet total	Maximum exposure
Non-current financial assets	3,820	3,746	931	715
Trade receivables and related accounts	24,678	24,678	43,377	43,377
Other current financial assets	72,318	72,318	60,197	60,197
Other current assets	74,745	74,745	58,400	58,400
Cash and cash equivalents	282,403	282,403	229,938	229,938
Total	**457,964**	**457,890**	**392,844**	**392,628**

Maximum exposure corresponds to the balance sheet outstanding net of provisions. The Group believes that it does not incur any significant counterparty risk, as its production is sold to a leading oil group: Total Gabon. For outstanding amounts on gas sales in Tanzania, securities are in place. Other financial and non-financial current assets do not present any significant credit risk.

Liquidity risk

The Group's liquidity is detailed in the consolidated cash flow statements prepared weekly and sent to Management.

Seven-day, monthly, quarterly and year-end forecasts are also prepared at the same time.
The earnings are compared to forecasts using these statements, which, in addition to liquidity, make it possible to see the exchange position. The head office's treasury department consists of a professional directly attached to the Group's finance department. This person is assisted by the managers in each entity. The central treasury's mission is to manage foreign exchange, interest rate and commodities risks.

As at 31 December 2015, unadjusted contractual flows (principal and interest) on outstanding financial liabilities, by maturity, were as follows:

In thousands of euros	2,016	2,017	2,018	2,019	2,020	> 5 years	total contractual flow	total balance sheet value
ORNANE 2019 bonds	4,123	4,111	4,111	255,039			267,384	239,997
ORNANE 2021 bonds	3,154	3,145	3,145	3,145	3,145	116,568	132,303	101,835
Revolving credit facility	29,820	78,562	76,113	74,117	144,117		402,729	362,688
Crédit Suisse	927	927	42,109				43,963	30,860
Current bank borrowings	8,574						8,574	8,574
Finance lease debt	402	402	402	402	402	1,776	3,787	2,577
TOTAL	**46,999**	**87,147**	**125,881**	**332,703**	**147,664**	**118,344**	**858,739**	**746,531**

At 31 December 2015, the Group had US$250M in unused draws and cash and cash equivalents totalling €274 M. To the Company's knowledge, there are no limitations or restrictions on the raising of cash from the Group's subsidiaries.
The Company has specifically reviewed its liquidity risk and its future maturities.
Au 31 December 2015, the Company was in compliance with all financial and production ratios stipulated in the Revolving Credit Facility and the Credit Agreement as amended following arrangement agreed on with the banks. It believes therefore that it is in a position to meet its contractual maturities.

For information, at 31 December 2014, the non-discounted contractual flows (principal and interest) on the outstanding financial liabilities, by maturity date, were the following:

At 31 December 2014 in € thousands	2015	2016	2017	2018	2019	> 5 years	Total contractual flows	Total balance sheet value
Bonds	77,862	4,123	4,111	4,111	255,039		345,246	303,620
Crédit Suisse loan	927	927	927	42,109			44,889	37,506
Revolving credit facility	13,305	29,820	78,562	76,113	74,117	144,117	416,035	322,525
Current bank borrowings	464						464	464
Finance lease debt	402	402	402	402	402	2,178	4,189	3,011
TOTAL	**92,961**	**35,272**	**84,002**	**122,736**	**329,558**	**146,295**	**810,823**	**667,126**

Market risk

The Group's results are sensitive to various market risks. The most significant of these are oil prices, expressed in US$, and the EUR-US$ exchange rate. The Group's operational currency is the US Dollar insofar as sales, a major portion of the operating expenses, and a significant portion of investments are denominated in this currency.

Equity risk

The ORNANE bonds issued by the Group in June 2014 and May 2015 contained both a financial debt component and a derivative component corresponding to the options for conversion into shares.
An increase of 10% in the price of the Maurel & Prom share would result in a charge that depends on volatility.

Foreign exchange risk

Although the Group's reporting currency is the euro, its operating currency is the US dollar since sales, most operating expenses and most investments are denominated in this currency (it should also be noted that certain investments are made in Canadian dollars). This situation leads to a sensitivity of the Group's financial statements to the EUR/USD and EUR/CAD exchange rates related to the translation into the presentation currency at the closing rates of assets and liabilities; the different resulting from this translation is recognised directly as equity.

Given its heavily international activity, the Group is exposed to the foreign exchange rate in several ways.

- changes in foreign exchange rates affect the transactions recognised as operating income (sales flow, cost of sales, etc.).
- the revaluation at the closing rate of debts and receivables in currencies generates a financial foreign exchange risk.
- Finally, along with these operating and financial foreign exchange risks, the impact of which is recognised through income, there is an exchange risk related to the translation into euros of the accounts of the group's entities in which the functional currency is the dollar. The resulting exchange gain/loss is recorded in other comprehensive income.

The Group also holds liquid assets in US dollars intended to finance its projected investment expenses in that currency.
As at 31 December 2015, the Group's exchange position, as shown in the table below, was US$4m (excluding currency translation adjustments as equity).

In millions of US$ 2015	Assets and liabilities	Commitments in currencies	Net position	Hedging financial instruments	Net position after hedging
Trade receivables and payables	181		181		181
Borrowings	(400)		(400)		(400)
Other creditors and liabilities	9		9		9
Cash and cash equivalents	224		224		224
US$ exposure	**4**	**0**	**4**	**0**	**4**

The impact on consolidated income and shareholders' equity as at 31 December 2015 of a 10% rise or fall in the €/USD exchange rate is shown below:

In thousands of euros	Impact on income before tax		Impact on current translation adjustment (shareholders' equity)	
€/$ exchange rate	10% increase	10% decrease	10% increase	10% decrease
USD	**304**	**(372)**	**(68,228)**	**83,389**

Interest risk

Current borrowings as at 31 December 2015 as well as available lines of credit are described in Note 3.4.3, which measure the potential liquidity and rate risk.
Liquid assets held by the Group are placed in a non-interest bearing current account.

rate risk

As at 31 December 2015, rate risk can be evaluated as follows:

In thousands of euros	31/12/2015	31/12/2014
OCEANE 2015 bonds	0	67,348
ORNANE 2019 bonds	239,997	236,273
ORNANE 2021 bonds	101,835	0
fixed rate	341,832	303,621
Revolving credit facility	362,688	322,525
Crédit Suisse	30,860	37,506
Finance lease debt	8,574	3,011
Current bank borrowings	2,577	464
variable rate	404,698	363,506
Borrowings	**746,531**	**667,127**

A one-point rise in interest rates would result in an additional interest expense of €5 million per year on the income statement.

Exposure to hydrocarbon risk

As at 31 December 2015, the Group has no hedges on the selling prices of the oil production.
A decrease of 10% in the price of oil from the average price in 2015 would have impacted sales by €-29m and EBITDA by €-26m.

3.5 Other information

3.5.1 Income taxes

The tax expense presented on the income statement includes the current tax expense (or income) and the deferred tax expense (or income).
Deferred taxes are recorded based on the temporary differences between the carrying values of assets and liabilities and their tax bases. Deferred taxes are not adjusted. Deferred tax assets and liabilities are measured based on the tax rates adopted or quasi-adopted on the closing date.
Deferred tax assets, resulting primarily from losses carried forward or timing differences, are not taken into account unless their recovery is likely. To ascertain the Group's ability to recover these assets, the following elements in particular are taken into consideration:

- *the existence of sufficient temporary differences taxable by the same tax authority for the same taxable entity, which will create taxable amounts on which unutilised losses for tax purposes and tax credits may be charged before they expire, and*
- *forecasts of future taxable income allowing prior tax losses to be offset.*

With the exception of the companies holding the Mnazi Bay permit, for which the possibility of recovery of deferred tax assets is demonstrated, the other deferred tax assets relating to losses carried forward are not recognised in excess of deferred tax liabilities if it is not sufficiently likely that there will be future taxable profits against which the losses may be charged. From a structural perspective, this is notably the case for Etablissements Maurel & Prom SA (parent).
The corporate income tax expense payable primarily concerns the recognition of income tax for the State's share of profit oil on the Ezanga permits in Gabon.
Deferred tax income primarily results from the recognition of the timing difference between recoverable costs from a tax perspective and the recognition of fixed assets in the consolidated financial statements for the Ezanga and Mnazi Bay permits.

Reconciliation between the tax expense and pre-tax income

In thousands of euros	31/12/2015	31/12/2014
Pre-tax income from continuing operations	(127,303)	114,421
- Net income from equity associates	(95,396)	(15,380)
Pre-tax income excluding equity associates	**(31,907)**	**129,801**
distortion taxable base Gabon	(36,077)	(241,591)
distortion base taxable Tanzania	2,883	
distortion taxable base Badwill	(140,228)	
Taxable income (R)	**(205,329)**	**(111,790)**
(a) Theoretical tax income (R*33.33%)	**68,436**	**37,260**
(b) Tax recognised in income	**32,311**	**(101,567)**
Difference (b-a)	**(36,125)**	**(138,827)**
- Tax difference on Gabon tax rate and recoverable costs	16,797	(58,070)
- Tax difference on recoverable costs and Tanzania tax rate	30,878	
- Profit oil tax / notional sales	(20,547)	(40,199)
- Non-capitalised losses	(63,252)	(35,967)
- Other differences	0	(4,591)

The distortion effects in terms of the taxable base in Gabon are due to differences between eligible recoverable costs from a tax perspective and the costs recorded from an accounting perspective.
The distortion effect related to badwill reflect the lack of tax on this income in the consolidated financial statement, include as the merger premium in the individual statements.

Breakdown of deferred taxes

In thousands of euros	31/12/2015	31/12/2014
Goodwill on property, plant and equipment	31,468	0
OCEANE equity component		280
Deferred tax assets	**31,468**	**280**
Goodwill on property, plant and equipment	382,047	358,217
Deferred tax liabilities	**382,047**	**358,217**
Net deferred tax	**350,579**	**357,937**

Reconciliation of the tax expenses with balance sheet positions

In thousands of euros	Deferred tax	Current tax
Assets at 31/12/2014	**280**	**1,163**
Liabilities at 31/12/2014	**(358,217)**	**(6,509)**
Net value at 31/12/2014	**(357,937)**	**(5,346)**
Tax expense	47,674	(15,363)
Change in scope of consolidation		(5,448)
Payments		21,200
Exchange gains (losses)	(40,317)	(784)
Assets at 31/12/2015	**31,468**	**2,050**
Liabilities at 31/12/2015	**(382,047)**	**(7,792)**
Net value at 31/12/2015	**(350,579)**	**(5,742)**

3.5.2 Shareholders' equity

Following the approval by the General Shareholders' Meeting of 12 June 2014, the Board of Directors is authorised to repurchase up to 10% of the Company's existing share capital, under the following terms: a maximum unit price of €18.
Within the context of this buyback plan, in 2015 no shares were bought in 2015, and 21,525 shares were delivered as a result of equity warrant conversions.
Over the same period, 2,664,390 shares were purchased under the liquidity contract and 2,716,795 shares were sold.

Treasury shares are recognised as a deduction from equity on the basis of their acquisition costs.
Subsequent changes in fair value are not taken into account. Similarly, proceeds from the disposal of treasury shares do not affect profit or loss for the year.

At 31 December 2015, the Company held 5,576,271 treasury shares (2.85% of share capital for a gross value of €68.5 million at end-2015), including 223,297 shares under the liquidity agreement).
At 31 December 2015, according to the table of capital transfers below, there were 195,340,313 shares of the Company, and the share capital was €150,412,041.01.

In €	Number of shares	Treasury shares
At 31/12/2010	121,305,001	6,363,053
- Issue for exercise of subscription warrants (BSA)	188,533	
- Share buyback		-389,973
At 31/12/2011	121,493,534	5,973,080
- Issue for exercise of subscription warrants (BSA)	18,900	
- Share buyback		-256,835
At 31/12/2012	121,512,434	5,716,245
- Issue for exercise of subscription warrants (BSA)	17,735	
- Share buyback		-127,204
At 31/12/2013	121,530,169	5,589,041
- Issue for exercise of subscription warrants (BSA)	31,925	
- Share buyback		39,635
At 31/12/2014	121,562,094	5,628,676
- Issue for exercise of subscription warrants (BSA)	21,525	
- Share buyback		-52,405
- Capital increase / MPI merger	73,756,694	
At 31/12/2015	**195,340,313**	**5,576,271**

Bonus shares allocated by Maurel & Prom to its employees are recognised under personnel expenses when they are granted and are spread over the vesting period; the method by which they are spread depends on the respective vesting conditions of each plan. The fair value of bonus shares is determined on the basis of the share price on the allocation date (minus discounted future dividends).

For all the plans issued by the company since 2006, the allocation of shares to their beneficiaries will be definitive at the end of the minimum two-year vesting period, and the minimum lock-in period is set at two years from the vesting date.

The allocations of bonus shares granted since 2009 are as follows:

Date of allocation decision	Number of shares
19/06/2009	57,500
15/12/2009	120,500
21/12/2010	202,256
01/06/2011	29,750
20/07/2011	41,650
19/12/2011	90,238
21/12/2012	72,451
30/08/2013	34,000
28/03/2014	56,840

3.5.3 Earnings per share

Two earnings per share are presented: the basic net earnings per share and the diluted earnings per share. In accordance with IAS 33, diluted earnings per share are equal to the income attributable to ordinary shareholders arising from the parent company divided by the weighted average number of outstanding ordinary shares at the price for the period, after adjusting the numerator and denominator for the impact of any potentially dilutive ordinary shares. Potential ordinary shares are treated as dilutive if, and only if, their conversion to ordinary shares has the effect of reducing earnings per share from the ordinary activities undertaken. Treasury shares are not taken into account in the calculation.

in thousands	**31/12/2015**	**31/12/2014**
Net income, Group share	(97,760)	13,159
Average number of shares outstanding	119,060	115,912
Average number of diluted shares	119,139	135,796

Earnings per share in €	**31/12/2015**	**31/12/2014**
Basic	-0.82	0.11
Diluted	-0.82	0.10

Average number of shares	**31/12/2015**	**31/12/2014**
share capital	195,340,313	121,540,401
treasury shares	5,576,271	5,628,676
average number of shares outstanding	**119,059,915**	**115,911,725**
Share subscription warrants (BSA)	-	14,095,081
bonus shares	79,507	160,503
number of diluted shares	**119,139,422**	**135,795,985**

3.5.4 Related parties

in € thousands at 31 December 2015	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
1) Equity associates				
Maurel & Prom Colombia BV	249	(189)	0	5,842
Seplat	-0	0	287	(77)
2) Other related parties				
- Pacifico	164	(100)	(49)	

in € thousands at 31 December 2014	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
1) Equity associates				
Maurel & Prom Colombia BV	2,597	(198)	3,122	8,071
Saint-Aubin Energie and its subsidiaries	1,258	0	22,713	0
2) Other related parties				
- Pacifico	196	100	147	(25)
- MPI	507		140	

With respect to other related parties, transactions with Pacifico, conducted under normal terms, relate to rentals and support services.
With Pacifico in particular, which is a 23.71% shareholder, Maurel & Prom has signed a subletting agreement for office premises. Pacifico also provides Maurel & Prom with technical and financial support services.

3.5.5 Off-balance-sheet commitments - Contingent assets and liabilities

Work commitments

Oil work-related commitments are valued based on the budgets approved with partners. They are revised on a number of occasions during the year to take various aspects into account, including the results of oil work carried out. They also take into consideration any firm commitments made to States in connection with permits.

in € millions	31/12/2015	31/12/2014
Gabon	1	172
Tanzania	6	(41)
Canada	4	2
Mozambique		(17)
Other	3	(12)
Total	**(14)**	**245**

Concerning the joint ventures, information for which is not included above, there are commitments made with the States in the €2m as the Maurel & Prom share in Colombia.

Guarantees given on loans: Maurel & Prom Revolving Credit Facility

Etablissements Maurel & Prom on 18 December 2014 signed a line of credit for US$650m (Revolving Credit Facility: RCF), distributed between an initial tranche of US$400m and an accordion of US$250m.

The Company is the borrower in respect of the new RCF, which is guaranteed by its French subsidiary Maurel & Prom West Africa and by Maurel & Prom Gabon. The following sureties have also been set up:

- pledge against bank account balance, granted by the Company on the Company's collection account;
- pledge against Maurel & Prom Gabon shares held by Maurel & Prom West Africa;
- pledge against Maurel & Prom West Africa shares held by the Company;
- the transfer, as guarantee, of the respective rights held by Maurel & Prom Gabon, the Company and Maurel & Prom West Africa in any (i) hedge agreement, (ii) insurance policy and (iii) future oil sales agreement concerning underlying assets, entered into between Maurel & Prom Gabon and any party authorised to carry out liftings;
- transfer, as a guarantee, of rights relating to any loan awarded to any Group company.

The sums made available must be used to:

- pay fees and interest due in relation to the new facility;
- repay the existing RCF;
- finance investments in underlying assets; and
- finance all general requirements, including financing for acquisitions.

The Credit Agreement comes with an amortisation schedule that stipulates the final repayment on 31 December 2020. However, under certain conditions, the grace period, initially two years, i.e. until 31 December 2016, may be extended by an additional year, until 31 December 2017.

Maurel & Prom will have to pay interest on the facility, when due, at a rate equal to the LIBOR plus the mandatory costs and a margin of 3.40% per year until 31 December 2018 and then 3.65% per year until 31 December 2020. Interest will be calculated by 3-monthy periods, unless otherwise stipulated.

Maurel & Prom has made commitments to comply with certain financial ratios at 30 June and 31 December each year:

- ratio for the Group's consolidated net debt to EBITDAX (earnings before interest, taxes, depreciation, amortisation and impairment net of the impact of exchange gains and losses), calculated over a 12-month period prior to the reference period, with a maximum limit of 3.00;
- ratio for P1+P2 Group share reserves x 10$, which must not fall below 1.5 times the Group's consolidated net debt.

In addition, Maurel & Prom Gabon's rights to oil production from fields in the Ezanga production sharing agreement must not drop below a net level of production set in the Credit Agreement.

The drop in oil prices and the interruption to oil evacuation in September 2015 due to a situation of force majeure on the Gabon pipeline had an impact on the Group's sales, net income and oil production level. In light of this, sensitivity testing was conducted to gain a better understanding of the risks related to non-compliance with certain minimum production thresholds and financial ratios set out in the contractual provisions of the RCF. Further to this analysis and alongside the request for formal approval from the bank consortium of the merger by absorption of MPI, the Company requested an adjustment for (i) certain periods for calculation of minimum production levels and (ii) certain financial ratios to avoid the risk of non-compliance with these commitments at end-2015. These waivers and arrangements were accepted by the banking consortium on 13 October 2015.

The covenants for 31 December 2015 resulting from adjustments approved by the RCF bank consortium are described below:

- a Group net debt/EBITDAX ratio, calculated over the 12-month period preceding the reference period, that does not exceed 4.20 at 31 December 2015; (returning to 3 thereafter); and
- regarding the level of production for Maurel & Prom Gabon's rights on oil production in fields included in the Ezanga production-sharing contract, the minimum production level at 31 December 2015 is an

average of 19,000 barrels per day (in Company share) calculated over the final quarter of 2015 (instead of the second-half year 2015).

Finally, it is also specified that the Company obtained a shift in the period for calculating a minimum production level that could constitute a case of accelerated repayment of the RCF: the level of production of the rights of Maurel & Prom Gabon to the oil production from fields included in the Ezanga production sharing agreement, which must not be less than 22,000 per day on the average, will be calculated on the period from 1 December 2015 to 29 February 2016 instead of the period covering the last quarter of 2015.

These adjustment set up for a transition period have not resulted in a change in the rate and cost of the loan.

Under the terms of the banking facility (subject to certain exceptions), the Company is not authorised to - and must ensure that its subsidiaries do not - (i) grant any sureties on its assets, (ii) take on any additional financial debt or (iii) dispose of all or part of the underlying assets.

Subject to certain exceptions, the Company has also made commitments (and must ensure that Maurel & Prom Gabon, Maurel & Prom West Africa, Caroil and Maurel & Prom Drilling Services respect these same commitments) to not (x) grant any new loans or (y) grant guarantees to any parties.

In addition, the Company has made commitments to ensure that Maurel & Prom Gabon maintains a minimum level of production as stipulated with the banking facility.

Maurel & Prom Drilling Services BV loan agreement

In connection with the acquisition of Tuscany's African drilling activities, through the acquisition of shares in Caroil, Maurel & Prom Drilling Services BV, a fully-owned subsidiary of the Company, took out a US$50m bank loan with a banking syndicate led by Crédit Suisse on 23 December 2013 (this loan covers part of Tuscany's debt with a banking syndicate led by Crédit Suisse for this amount).

The following sureties have been set up:

- a pledge of bank accounts;
- a second-tier pledge of bank accounts;
- a pledge of Caroil's business;
- a second-tier pledge of Caroil's business;
- a pledge of a securities account of Caroil shares;
- a pledge of facilities contracted by the Company; and
- confirmation of certain guarantees taken out by Caroil in 2011 and 2012 with Crédit Suisse (acting as agent for the banking syndicate).

Given the force majeure event and the market climate as outlined above for the RCF, the Company also approached the banking syndicate led by Credit Suisse to request, in addition to the approval of the merger-absorption of MPI by the Company, waivers and the arrangement of the Group net debt/EBITDAX financial covenant scheduled for 31 December 2015 in the Credit Agreement.

The waivers and the arrangement were formally accepted by the banking syndicate led by Credit Suisse on 27 October 2015 (on the understanding that an agreement in principle had been given in writing by said banking syndicate to the Company on 15 October 2015), subject to the following counterparties:

- a partial early repayment of US$16,667 million corresponding to one-third of the amount borrowed under the Credit Agreement;
- an increase in the interest rate stipulated in the Credit Agreement, from Libor +2% to Libor +7.5%;
- a Group net debt /EBITDAX ratio, calculated over a 12-month period preceding the reference period, which must not exceed 2.25:1.00 at 31 December 2016; thus, the Group net debt/EBITDAX ratio for 31 December 2015 resulting from the arrangement approved by the Credit Agreement bank syndicate, calculated of a 12-month period preceding the reference period, must not exceed 4.20 at 31 December 2015.

Other commitments given

At the end of the reporting period, the commitments given were identical to those presented for the consolidated financial statements at 31 December 2014.

- Cyprus Mnazi Bay Limited

Under the agreement signed on 26 July 2012 to acquire Cyprus Mnazi Bay Limited from Wentworth, Wentworth will be paid up to US$5m if gas production volumes exceed 100 million cubic feet per day over a period of 30 consecutive days. The production threshold was exceeded over the last quarter of 2015 and the commitment is recognised as an expense as payments are made.

- Rockover

The agreement to acquire Rockover in February 2005 included a 10% snap-back clause for former shareholders in the event of a discovery at any of the permits sold (Ofoubou/Ankani, Ezanga (formerly Omoueyi), Nyanga Mayombe, Kari) and a 50% snap-back on the Banio permit.
At the initiative of Maurel & Prom, an agreement to buy out this clause was signed on 13 July 2007. Under this agreement, Maurel & Prom would pay the former shareholders US$55m (paid to date) plus royalties of 2% when cumulative production exceeded 39 million barrels on all fields sold to Maurel & Prom in 2005 (excluding Banio). This volume was reached in the last few days of December 2014.
In addition, the following commitments have been maintained: Maurel & Prom must pay the sellers a total royalty of US$ 1.30 per barrel produced as from the date on which total production in all permit areas exceeds 80 Mbbl; Maurel & Prom must pay one of the two sellers a royalty equivalent to 2% of total available production up to 30 MMboe and 1.5% above this limit, based on production from operational permits with the MT 2000-Nyanga Mayombe exploration permit. The production threshold was exceeded over December 2014 and the commitment is recognised as an expense as payments are made.

- EZANGA exploration and production sharing agreement

The Gabonese State had a right of entry on all the fields (Exclusive Development Authorisation) from the Omoueyi permit under certain conditions.
Following the signing of the new Ezanga exploration and production sharing agreement, a similar right of entry will apply when an Exclusive Development Authorisation is awarded.

- Independent guarantee for the Anticosti project

Saint-Aubin Energie guaranteed, as the first guarantor, the obligations of its fully-owned subsidiary Saint-Aubin Energie Exploration Production Inc, in addition to the €50 million payment concerning the partnership set up with the Government of Quebec. Under the guarantee agreement, Maurel & Prom is jointly responsible with Saint-Aubin Energie for meeting the obligations and payments of any amounts due, up to a maximum of €50 M.

Commitments received

In connection with the sale of its subsidiary Hocol to Ecopetrol in 2009, a price supplement clause was signed enabling Maurel & Prom to receive a maximum price supplement payment of US$50m, based on the valuation of reserves on the Niscota field in Colombia, covered by the transaction.
In principle, the Niscota field’s reserves were due to be valued at 31 December 2012 and validated by an independent expert, appointed jointly by Maurel & Prom and Ecopetrol.
In its accounts at 31 December 2011, Ecopetrol recorded a US$27.3m liability in relation to this earn-out. Maurel & Prom asked Ecopetrol to provide the basis for calculating this valuation and all the information required, as set out in Hocol's sales agreement, to be able to evaluate the changes in the Niscota field's reserves and their level at 31 December 2012.
The information was received late from Ecopetrol and did not allow Maurel & Prom to assess the level of the Niscota field’s reserves before the end of 2012 or to appoint the independent expert provided for in Hocol’s sales agreement. In December 2012, Maurel & Prom therefore opened arbitration proceedings with the International Chamber Of Commerce against Ecopetrol in order to get an expert appointed by the court of arbitration, particularly with a view to determining the amount of potential receivables corresponding to the aforementioned price supplement.

The arbitration proceedings were completed during the first half of 2015 and concluded that there were no amounts receivable in relation to the price supplement.

In Tanzania, on the Mandawa permit granted in January 2011, the Group has received a commitment from Ophir (formerly Dominion) in the amount of US$22.9m, exercisable as an option to enter a permit after drilling an initial well or in the form of a reimbursement. The arbitration proceeding is still ongoing.

3.5.6 Other information

Executive compensation

Principal Officers means Directors (department heads) and members of the Board of Directors, the Chairman, and the Chief Executive Officer.

In thousands of euros	31/12/2015	31/12/2014
Short-term benefits	1,761	2,024
Share-based payment	0	(63)
Total	**1,761**	**2,087**

Auditors' fees

Fees paid to statutory auditors (including members of their networks), are analysed below:

In thousands of euros	KPMG 2015 Amount	KPMG 2015 %	IAC 2015 Amount	IAC 2015 %	KPMG 2014 Amount	KPMG 2014 %	IAC 2014 Amount	IAC 2014 %
Audit								
* Statutory audit, certification, examination of individual and consolidated financial statements:								
- Issuer	538	97%	341	79%	386	100%	224	59%
- Fully consolidated subsidiaries	0	0%	(90)	21%	0	0%	125	33%
* Other measures and services directly related to the mission of the statutory auditor:								
- Issuer	(17)	3%	0	0%	0	0%	(33)	9%
- Fully consolidated subsidiaries	0	0%	0	0%	0	0%	0	0%
Other services rendered via the networks to fully consolidated subsidiaries								
TOTAL	**555**	**100%**	**431**	**100%**	**386**	**100%**	**382**	**100%**

3.5.7 Events after the reporting period

None

4 GLOSSARY

b (barrel)	Unit of volumetric measurement of crude oil, which is 159 litres (42 US gallons). One tonne of oil contains approximately 7.5 barrels.
boepd	Barrels of oil equivalent per day.
boepd	Barrel of oil equivalent per day (baril de pétrole équivalent par jour).
AEDE (Exclusive Exploration and Production Authorization)	Exclusive Development and Production Authorisation
Brent	Quality of oil from the North Sea.
Kboe	Thousands of barrels of oil equivalent.
Mboe	Millions of barrels of oil equivalent.
PSA (Production Sharing Agreement)	Contract signed by the State and the company operating the permit; this contract defines all the rights and obligations of the operator, including the percentage of cost oil (allowing the operator to be reimbursed for the exploration and development expenses incurred by the operating company) and set the division of the profit oil (remuneration).
EBITDA	This Intermediate Management Balance corresponds to sales net of purchases of consumables and services, taxes and personnel expenses.
Drilling	Drilling consists of creating a passage through the earth's surface in order to take samples from the subsoil or extract fluid substances. Originally, drilling was always performed vertically. Today, however, when vertical drilling cannot be performed it is done on an angle, whether it is directed toward specific objectives or not, as in deviated drilling.
HSE	Health, Safety and Environment.
MPI	Public limited company with its registered office at 51, rue d'Anjou - 75008 Paris, and listed in the Paris Trade and Companies Register (RCS) under number 517 518 247, merger with Etablissements Maurel & Prom SA.
Mcf	Million cubic feet.
Oil pipeline	Pipeline for transporting fluids.
OML	Oil Mining Licence.
Operator	Company responsible for the operations on an oilfield.
Annual production	Production available for sale (after oil taxes).
Operated production	Total production from a field, before production sharing.
Maurel & Prom production share / own share	Production operated minus the share of the partners.
Maurel & Prom production share net of royalties	Maurel & Prom share of production minus royalties.
Production available for sale after oil taxes/Entitlement)	Maurel & Prom's net share of production after royalties and oil taxes. This is the production sold.
Royalties	Oil taxes paid in kind, corresponding to a percentage of a field's production.
Assessed reserves	Maurel & Prom's share of reserves, as assessed by an independent expert, after deducting royalties in kind, and before the taxes applicable to each type of contract (production sharing, concession).
Net reserves	Proportion of total reserves from the fields belonging to the Company (as a function of its interests) and taking into account the provisions of the production sharing agreement for the cost-oil and the profit-oil.
Net reserves of royalties	Total reserves of a filed, minus royalties.
P1 reserves (proven)	Gas and oil reserves "reasonably certain" to be producible using current

	technology, at current prices, with current commercial terms and government consent. In the industry, these are also known as P1 reserves. Some industry specialists refer to them as P90 reserves, because they have at least a 90% chance of being produced.
P2 reserves (probable)	Gas and oil reserves "reasonably probable" of being produced using current technology, at current prices, with current commercial terms and government consent. In the industry, these are also known as P2 reserves. Some industry specialists refer to them as P50 reserves, because they have at least a 50% chance of being produced.
P3 reserves (possible)	Gas and oil reserves defined as "having a chance of being developed under favourable circumstances". In the industry, these are also known as P3 reserves. Some industry specialists refer to them as P10 reserves, because they have at least a 10% chance of being produced.
Resources	Reserves that do not yet have any contractual commercial outlet.
C1+C2 resources	Recoverable quantities of hydrocarbons associated with fields that have been discovered but not yet developed and/or connected to a production centre or for which there is no approved budget.
Current Operating Income	This Intermediate Management Balance corresponds to EBITDA minus amortisation and depreciation.
Rig	Drilling rig.
2D/3D seismic survey	Geophysical surveying method consisting of sending sound waves into the subsoil and recording their propagation, thus making it possible to obtain information on the structure of the subsoil. They may be in 2 or 3 dimensions.