HALF-YEAR REPORT

30 June 2016

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2 PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

As the Chief Executive Officer of Etablissements Maurel & Prom (hereinafter "**Maurel & Prom**" or the "**Company**"), reporting to the Chairman, Mr Jean-François Hénin, Mr Michel Hochard is in charge of financial information and particularly the half-year financial report.

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Certification

"I hereby certify that, to the best of my knowledge, the condensed interim consolidated financial statements have been prepared in accordance with applicable standards and give a true and fair view of the assets and liabilities, financial position and results of operations of the Company and its consolidated entities, and that the interim management report on pages 4 to 28 provides a true and fair view of significant events for the first six months of the fiscal year, their impact on the financial statements, the main transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the year."

Chief Executive Officer

Michel Hochard,
Paris, 30 August 2016

3 GROUP ACTIVITY IN THE FIRST HALF OF 2016

The economic environment continues to be characterised by the low price of Brent since mid-2014. The price dropped from US$113/bbl in late June 2014 to US$58/bbl at the end of December 2014, US$38/bbl at the end of December 2015 and US$50/bbl at the end of June 2016. In the first half of 2016, the average selling price was US$39.2/bbl versus US$53.5/bbl in the first half of 2015, a year-on-year drop of 27%.

Over the same period, the dollar depreciated against the euro. The euro to dollar exchange rate at 30 June 2016 was 1.1102 versus 1.0887 at 31 December 2015. The average exchange rate for the period was 1.12, consistent with the first half of 2015.

3.1 Production

In Gabon, the Group's priority was to increase production by optimising water injection. This would support pressure and improve oil sweeping in reservoirs.

Production from the Ezanga production sharing agreement fields, operated by Maurel & Prom, remained above 28,000 bopd in January and February 2016. In mid-March 2016, the pipeline operator carried out further reinforcement work on the 12" routing line between the Coucal station and the junction with the 18" pipeline. As a result, production was limited between 13 March and 5 April 2016. It gradually picked up to average 27,744 bopd in total production in the second quarter of 2016, or 22,195 bopd for M&P's share, versus an average of 19,910 bopd (M&P share) in the first quarter of 2016, a quarter-to-quarter rise of 11%.

Following the opening of the first two wells at the Mnazi Bay field in Tanzania at the end of August 2015, the amount of gas delivered in the first half of 2016 averaged 49 million cubic feet per day (total production). Gas deliveries depend on demand from the national company, TPDC.

Total production (Gabon and Tanzania) for M&P's share was 25,144 bopd in the first half of 2016 versus 17,581 bopd for the same period in 2015, an increase of 43%.

3.2 Exploration/Appraisal

In Canada, at Sawn Lake in Alberta, the pilot test of the Steam Assisted Gravity Drainage (SAGD) process, conducted on the first pair of horizontal wells to assess the project's technical and commercial feasibility, produced excellent results with production above 600 bopd and an SOR of around 2. An application has also been made for a permit to develop eight pairs of horizontal wells. The project has been temporarily suspended and facilities mothballed while economic viability is determined.

In Quebec, Hydrocarbures Anticosti obtained an environmental authorisation certificate in July 2016 to carry out operations at the three exploration drilling locations. Discussions are currently under way with the project's partners regarding the work to be done.

3.3 Adjustment of banking covenants

Maurel & Prom and the banking consortium undertook the adjustment of debt ratios linked to the $400-million Revolving Credit Facility (RCF) to adapt them to the current environment.

New ratios were accepted by the banking consortium on 24 August 2016, extending the loan's initial maturity accordingly. Specifically, they involve:

- A revised ratio for Group net consolidated debt to EBITDAX of 6 at 30/06/2016, 5.5 at 31/12/2016, 5 at 30/06/2017, 4 at 31/12/2017, 3 from 30/06/2018;
- A security deposit of $75 million;
- The pledge of Seplat shares equivalent to $25 million.

3.4 Agreement between Pertamina and Pacifico

Pertamina and Pacifico announced on August 25th 2016 the purchase by Pertamina of all the shares held by Pacifico in Maurel & Prom. This block trade follows the agreement signed between Pertamina and Pacifico on July 31st 2016 whose condition precedents have been cleared on August 25th.

The block trade has been completed for €4.20 per share, plus a €0.50 earn-out per share payable if, from January 1st 2017 (included) to December 31st 2017 (included), the Brent price remains above USD 65 per barrel during all trading days within a period of ninety consecutive calendar days.

Should Maurel & Prom's Board of Directors deliver a favourable reasoned advice on the offer following the conclusions of the report from the independent expert, Pertamina undertook to file, to the French market authority, a voluntary tender offer on (i) all Maurel & Prom shares under the same conditions as those offered to Pacifico and on (ii) 2019 and 2021 convertible bonds at their par value plus accrued interests. This offer is expected to be completed by the end of 2016.

Maurel & Prom's Board of Directors has unanimously indicated that it supports the offer and has the intention to recommend the shareholders to tender their shares. In accordance with applicable regulation, Maurel & Prom's Board of Directors will deliver its definitive reasoned opinion on the tender offer once it has obtained the fairness opinion from the independent expert it has appointed.

3.5 Financial information

3.5.1 Sales

	Q1 2016	Q2 2016	H1 2016	H1 2015	*Chg. 16/15*
Total production sold over the period					
barrels of oil	1,692,349	1,886,151	**3,578,500**	*2,948,724*	*+21%*
million BTUs	2,126,535	2,280,973	**4,407,508**	*197,857*	*n/a*
Average selling price					
in US$ per barrel	32.6	45.1	**39.2**	*53.5*	*-27%*
in US$ per million BTUs	3.11	3.11	**3.11**	*5.36*	*-*
EUR/USD exchange rate	0.91	0.89	**0.90**	**0.90**	*0%*
SALES in €m					
Oil production	55	81	**136**	**142**	*-4%*
Gabon	50	76	**126**	*141*	
Tanzania	5	5	**10**	*1*	
Drilling operations	3	3	**6**	**16**	*-60%*
Consolidated sales	58	84	**142**	**158**	*-10%*

Sales for the first half of 2016 stood at €142 million versus €158 million for the first half of 2015. This decline was due to the addition of following factors:

- Drop in oil prices: selling price down by 27% to $39.2/bbl;
- Increase in quantities produced in Gabon: +22% to 21,169 bopd for M&P share;
- Increase in gas sales in Tanzania: Average of 23.7 MMcf/d in H1 2016 for M&P share.

3.5.2 Current operating income

The Group's margins have been quite steady thanks to cost reduction measures. At the same time, the rise in quantities produced led to an increase in the depletion expense. This caused the Group to post a current operating loss of €2 million in the first half of 2016.

3.5.3 Financial income

Financial income for first-half 2015 was -€21 million, which included a €15 million borrowing cost and foreign exchange losses of €5 million.

3.5.4 Income of equity associates

The Group's share of the income of equity associates was -€11 million for Seplat and +€0.5 million for Maurel & Prom Colombia BV. Seplat's income was heavily impacted by the shutdown of the export terminal, operated by a third party, in mid-February 2016.

3.5.5 Investments

The Company has taken steps to reduce its costs and has revised its investment programme downwards. In the first half of 2016, the Group's total investments amounted to €19 million. A detailed breakdown by country and activity appears in note 7.5.3.1.

3.5.6 Cash flow

At 30 June 2016, Maurel & Prom had cash of €230 million. The €43-million reduction in cash since the start of the year was largely due to changes in working capital requirement (an increase in trade receivables of €29 million and a drop in outstanding payables of €27 million). Pre-tax cash flow generated by operating activities in the amount of €39 million was used to finance €19 million in investment and pay interest of €14 million. The Group also received a €4-million dividend from Seplat.

4 LIST OF THE MAIN ASSETS HELD BY THE GROUP AT 30 JUNE 2016

Country	Company	Name	Company's interest
Gabon	M&P	Ezanga-Exploration	100%
		Ezanga-Production	80%
		Nyanga Mayombe	100%
		Banio	100%
		Kari	100%
Tanzania	M&P	Bigwa-Rufiji-Mafia	60%
		Mnazi Bay-Production	48.06%
		Mnazi Bay-Exploration	60.075%
Canada	M&P	Alberta	25%
		Anticosti	21.7%
		Gaspésie	50%
Namibia	M&P	0044	42.5%
		0045	42.5%
Myanmar	M&P	M2 bloc	40%
Nigeria	SEPLAT(1)	OMLs 4, 38 and 41	45%
		OML 283	40%
		OML 53	40%
		OML 55	22.5%
Colombia	M&P Colombia(2)	Muisca	100%
	M&P Colombia(2)	COR 15	100%
	M&P Colombia(2)	CPO 17	50%
	M&P	SN 11	100%
Italy	M&P	Fiume Tellaro	100%
France	M&P	Lavignolle	50%
		Mios	50%

(1) M&P has a 21.37% interest in Seplat

(2) M&P has a 50% interest in M&P Colombia

5 OIL RESERVES AND RESOURCES

The Group's reserves correspond to volumes of hydrocarbons recoverable from fields already in production or volumes revealed by discovery and delineation wells that can be operated commercially. Oil reserves in Gabon were evaluated by DeGolyer and MacNaughton as at 1 January 2016. Gas reserves in Tanzania were evaluated by RPS Energy as at 31 December 2015.

P1+P2 reserves net of royalties	Oil (MMBBL) Gabon	Gas (bcf) Tanzania[1]	**MMboe**
01/01/2015	171.6	212.9	207.1
production	*-5.8*	*-2.4*	*-6.2*
revision	*-6.4*	*62.0*	*3.9*
01/01/2016	**159.5**	**272.5**	**204.9**
of which P1 reserves net of royalties	*126.6*	*161.6*	*153.5*
or	*79%*	*49%*	*75%*

Maurel & Prom's share of P1+P2 (2P) reserves net of royalties at 1 January 2016 amounted to 205 MMboe.

In Gabon, 2P reserves net of royalties amounted to 159.5 MMbbls, a 4% downward adjustment from the certified reserves at 1 January 2015 (171.6 MMbbls), and take into account annual production net of royalties of 5.8 MMbbls in 2015.

The adaptation of the multiyear capex programme for fields under development in Gabon, which has involved focusing on streamlining the water injection programme, is beginning to show results. This programme adjustment allows the Group to consolidate its reserves in spite of the current climate of low prices and thereby benefit from strong cash flow over the long term.

As at 31 December 2015 the Group also had gas reserves amounting to 272.5 bcf, which is equivalent to 45.4 MMboe. This 28% increase in P1+P2 reserves in Tanzania, compared to the same period in 2014, is the consequence of the results from the MB-4 well drilled in June 2015 and the start of gas supply from the treatment centre in August 2015.

For information purposes, as at 1 January 2016, Seplat's 2P reserves, of which Maurel & Prom owns 21.37%, totalled 480 MMboe, of which 44% is in oil.

1 Royalties due under the Production Sharing Agreement are paid by TPDC (Tanzanian Petroleum Development Corporation) in accordance with the agreements in place.

6 SHAREHOLDERS' EQUITY AND CORPORATE LIFE

6.1 General Shareholders' Meeting

The Combined General Meeting of Maurel & Prom shareholders on Wednesday 15 June 2016, chaired by Mr Jean-François Hénin, approved all the resolutions proposed, and particularly those concerning the company and consolidated financial statements for the fiscal year ended 31 December 2015.

6.2 Total number of voting rights and shares comprising the share capital

Pursuant to Article L. 233-8 II of the French Commercial Code and the French Financial Markets Authority (AMF) General Regulations, Maurel & Prom informs its shareholders that the total number of voting rights and shares comprising its share capital at 30 June 2016 was as follows:

Date	Number of shares comprising the capital	Number of voting rights
30 June 2016	195,340,313	Theoretical*: 212,322,984 Exercisable: 206,787,566

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

6.3 Risks and uncertainties

The Group's results are sensitive to various market risks. The most significant concern hydrocarbon prices and the EUR-USD exchange rate.

In terms of exchange rates, the Group has a forward-looking currency approach for managing currency fluctuations, pricing inflows in dollars against work and expenses. However, since the Group is responsible for financing its subsidiaries, its exchange position is primarily in dollars, revalued as euros, which is the reporting currency for the accounts, resulting in fluctuations linked to the volatility of the EUR-USD exchange rate. These revaluations may result in significant fluctuations in financial income. They are not subject to any specific hedging.
The risks linked to Maurel & Prom's activities are described in Chapter 2 of the Group's 2015 Annual Report.

7 THE GROUP'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7.1 Statement of financial position

In € thousands	Note	30/06/2016	31/12/2015
Intangible assets (net)	7.5.3.2	310,102	319,199
Property, plant and equipment (net)	7.5.3.3	1,444,748	1,504,423
Non-current financial assets (net)		5,469	3,820
Other non-current assets (net)	7.5.3.5	30,871	
Investments in equity associates	7.5.2.2	107,377	125,688
Deferred tax assets	7.5.5.1	29,810	31,468
NON-CURRENT ASSETS		**1,928,377**	**1,984,598**
Inventories (net)		3,151	11,897
Trade receivables and related accounts (net)	7.5.3.4	53,610	24,678
Other current financial assets	7.5.4.1	61,721	72,318
Other current assets	7.5.3.5	45,771	74,745
Current tax receivables	7.5.5.1	2,726	2,050
Cash and cash equivalents	7.5.4.2	232,256	282,403
CURRENT ASSETS		**399,234**	**468,091**
TOTAL ASSETS		**2,327,612**	**2,452,689**

In € thousands	Note	30/06/2016	31/12/2015
Share capital		150,412	150,412
Additional paid-in capital		79,577	291,101
Consolidated reserves		919,199	826,907
Treasury stock		(68,135)	(68,475)
Net income, Group share		(37,052)	(97,760)
EQUITY, GROUP SHARE		**1,044,001**	**1,102,185**
Non-controlling interests		(389)	(728)
TOTAL NET EQUITY		**1,043,613**	**1,101,458**
Non-current provisions	7.5.3.6	48,815	49,222
Non-current bonds	7.5.4.3	335,635	332,396
Other non-current borrowings and financial debt	7.5.4.3	2,526	393,938
Non-current derivative financial liabilities	7.5.4.4	6,328	8,090
Deferred tax liabilities	7.5.5.1	362,488	382,047
NON-CURRENT LIABILITIES		**755,792**	**1,165,694**
Current bond borrowings	7.5.4.3	5,371	9,437
Other current borrowings and financial debt	7.5.4.3	389,669	10,760
Trade payables and related accounts		37,374	65,227
Current tax liabilities	7.5.5.1	10,235	7,792
Other creditors and miscellaneous liabilities		76,710	82,472
Current provisions	7.5.3.6	8,848	9,851
CURRENT LIABILITIES		**528,207**	**185,538**
TOTAL EQUITY AND LIABILITIES		**2,327,612**	**2,452,689**

7.2 Consolidated statement of comprehensive income

7.2.1.1 Net income for the period

In € thousands	Note	30/06/2016	30/06/2015 (*)
Sales	7.5.3.1	142,465	157,808
Other income from operations		519	227
Purchases and operating expenses		(47,253)	(52,140)
Taxes		(17,577)	(17,868)
Personnel expenses		(21,180)	(24,645)
EBITDA	**7.5.3.1**	**56,973**	**63,382**
Property, plant & equipment and intangible assets depreciation and amortisation	7.5.3.1	(58,698)	(37,666)
Current operating income		**(1,725)**	**25,716**
Impairment of drilling assets		(335)	(25,294)
Expenses and impairment of exploration assets		(179)	(30,933)
Non-current income and expenses		(2,493)	(2,299)
(Gains) losses on asset disposals		(113)	(25)
Operating income	**7.5.3.1**	**(4,845)**	**(32,836)**
Cost of gross debt		*(17,756)*	*(16,137)*
Income from cash		*737*	*328*
Net gains on fair value of financial instruments		*1,779*	*7,929*
Cost of net debt		(15,241)	(7,881)
Net foreign exchange adjustment		(4,979)	16,224
Other financial income and expenses		(1,323)	(913)
Financial income	**7.5.4.5**	**(21,543)**	**7,430**
Income before tax		(26,388)	(25,406)
Income tax	7.5.5.1	1,400	(17,229)
Net income from consolidated companies		**(24,988)**	**(42,636)**
Share of income (loss) of equity associates		(11,741)	(1,100)
Consolidated net income		**(36,729)**	**(43,735)**
Of which: - Net income, Group share		(37,052)	(44,451)
- Non-controlling interests		323	716

(*) The presentation of the income statement has been amended from the published financial statements at 30 June 2015 (see note 7.5.1.6)

Earnings per share (€)	30/06/2016	30/06/2015
Basic	-0.31	-0.38
Diluted	-0.31	-0.37

7.2.1.2 Comprehensive income for the period

In € thousands	Note	30/06/2016	30/06/2015
Net income for the period		**(36,729)**	**(43,735)**
Foreign exchange adjustment for the financial statements of foreign entities		(21,823)	83,465
Profit (loss) on hedging of net investments in foreign entities		0	(1,957)
Total comprehensive income for the period		**(58,553)**	**37,772**
- Group share		(58,890)	37,326
- Non-controlling interests		338	446

7.3 Changes in shareholders' equity

In € thousands	Share capital	Treasury shares	Additional paid-in capital and reserves	Fair value of net investment hedges	Currency translation adjustment	Income for the period	Equity, Group share	Non-controlling interests	Total equity
1 January 2015	**93,603**	**(70,507)**	**754,186**	**(4,143)**	**104,399**	**13,159**	**890,698**	**(3,181)**	**887,516**
Consolidated net income			0			(44,451)	**(44,451)**	716	**(43,735)**
Other comprehensive income			0	(1,957)	83,735		**81,777**	(270)	**81,507**
Total comprehensive income	**0**	**0**	**0**	**(1,957)**	**83,735**	**(44,451)**	**37,326**	**446**	**37,772**
Appropriation of income - dividends			13,159			(13,159)	**0**		**0**
Outstanding equity components for OCEANE bonds			(2,285)				**(2,285)**		**(2,285)**
Bonus shares		1,006	(1,747)				**(741)**		**(741)**
Changes in treasury shares		(283)	864				**580**		**580**
Total transactions with shareholders	**0**	**723**	**9,991**	**0**	**0**	**(13,159)**	**(2,445)**		**(2,445)**
30 June 2015	**93,603**	**(69,784)**	**764,178**	**(6,100)**	**188,134**	**(44,451)**	**925,579**	**(2,735)**	**922,843**
1 January 2016	**150,412**	**(68,475)**	**909,865**	**(7,355)**	**215,498**	**(97,760)**	**1,102,185**	**(728)**	**1,101,457**
Net income			0			(37,052)	**(37,052)**	323	**(36,729)**
Other comprehensive income			0		(21,838)		**(21,838)**	15	**(21,823)**
Total comprehensive income			**0**	**0**	**(21,838)**	**(37,052)**	**(58,890)**	**338**	**(58,553)**
Appropriation of income - dividends			(97,760)			97,760	**0**		**0**
Outstanding share subscription warrants			(519)				**(519)**		**(519)**
Bonus shares			525				**525**		**525**
Changes in treasury shares		340	360				**701**		**701**
Total transactions with shareholders	**0**	**340**	**(97,394)**			**97,760**	**706**		**706**
30 June 2016	**150,412**	**(68,135)**	**812,471**	**(7,355)**	**193,660**	**(37,052)**	**1,044,001**	**(390)**	**1,043,611**

7.4 Cash flow statement

In € thousands	Note	30/06/2016	30/06/2015
Net income		(36,729)	(43,735)
Tax expense for continuing operations		(1,400)	17,229
Consolidated income from continuing operations		**(38,130)**	**(26,506)**
Net increase (reversals) of amortisation, depreciation and provisions		58,831	72,225
Exploration and decommissioning expenses		179	24,684
Income from equity associates		11,741	1,100
Calculated expenses and income related to shares		495	
Other calculated income and expenses		(26)	(547)
Gains (losses) on asset disposals		113	25
Unrealised gains (losses) due to changes in fair value		(1,779)	(7,929)
Other financial items		15,984	15,833
CASH FLOW BEFORE TAX		**47,408**	**78,885**
Taxes paid		(7,719)	(11,504)
Change in working capital requirements for operations		(56,082)	(88,593)
Inventories		*(592)*	*0*
Trade receivables		*(29,217)*	*(10,365)*
Trade payables		*(26,600)*	*(29,743)*
Other credits and liabilities		*327*	*(48,484)*
NET CASH FLOW FROM OPERATING ACTIVITIES		**(16,392)**	**(21,212)**
Proceeds from disposals of property, plant & equipment and intangible assets		113	2
Disbursements for acquisition of property, plant & equipment and intangible assets		(19,377)	(137,080)
Cash contributed by subsidiaries acquired		0	
Dividends received from Seplat		4,340	
Other cash flows from investing activities			(11,238)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(14,923)**	**(148,317)**
Amounts received for capital increases			0
Proceeds from new loans			98,450
Repayments		(38)	(61,047)
Treasury share acquisitions		(340)	(283)
Financial instruments			13,919
Interest paid		(14,237)	(14,989)
NET CASH FLOW FROM FINANCING ACTIVITIES		**(14,616)**	**36,050**
Impact of exchange rate fluctuations		2,521	5,592
CHANGE IN CASH POSITION (*)		**(43,410)**	**(127,886)**
CASH (*) AT BEGINNING OF PERIOD		**273,829**	**229,474**
CASH (*) AT END OF PERIOD		**230,419**	**101,588**

(*) Bank loans are stated under cash below

7.5 Notes to the consolidated financial statements

7.5.1 General information

Etablissements Maurel & Prom S.A. (the "Company") is domiciled in France. The Company's registered office is located at 51 rue d'Anjou, 75008 Paris, France. The Company's consolidated financial statements 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 consolidated financial statements were approved by the Board of Directors on 28 August 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.

7.5.1.1 Economic environment

The economic environment continues to be characterised by the low price of Brent which fell from US$113/bbl at the end of June 2014 to US$58/bbl at the end of December 2014 and US$38/bbl at the end of December 2015 before rising to US$50/bbl at the end of June 2016.

In the first half of 2016, the average price of discounted Rabi Light was US$39/bbl versus US$53/bbl in the first half of 2015.

M&P's production share averaged 21,169 bopd in the first half of 2016, an increase of 22% over the first half of 2015 (and despite several days of limited production at the end of the first quarter).

Sales fell 26% to €142 million at the end of June 2016, compared with €158 million at the end of June 2015, the increase in quantities produced not enough to offset the price effect. The Group's margins have been directly affected by the drop in oil prices. At the same time, the increase in quantities produced has had a direct impact on the depletion expense.

The euro to dollar exchange rate at 30 June 2016 was 1.1102 versus 1.0887 at 31 December 2015. The average exchange rate for the period was 1.11594, consistent with the first half of 2015.

This change in the euro to dollar exchange rate is reflected in the Group's financial statements with €5 million in foreign exchange losses recorded under financial income and a reduction in foreign currency translation reserves of €22 million.

Against a backdrop of the continued fall in oil prices, the Group has remained focused on production activities, as presented in the financial statements as at 31 December 2015.

Investments made in the first half of 2016 in order to complete the work programmes approved for these impaired assets were mostly expensed against the permits in Canada and Myanmar.

Seplat's income was heavily impacted by the shutdown of the export terminal, operated by a third party, in mid-February 2016. The Maurel & Prom Group received a dividend during the period of €4 million in respect of the 2015 fiscal year.

In view of the economic climate, Maurel & Prom and its banking consortium began discussions during the period aimed at adjusting the financial ratios going forward. As these negotiations had not been finalised by the reporting date, and in accordance with IAS 1.74, the Group reclassified as current borrowings the outstanding amounts related to the credit facility (RCF) and to the Maurel & Prom Drilling Services BV credit agreement at 30 June 2016, as described in note 7.5.4.3.

7.5.1.2 Declaration of compliance

The Group's condensed consolidated financial statements (including the notes) have been prepared in line with International Accounting Standard (IAS) 34 Interim Financial Reporting. In accordance with IAS 34, the Notes exclusively concern significant events that occurred during the first half of 2016 and they do not present all the information required for full-year financial statements. As such, they must be read in conjunction with the full-year consolidated financial statements for the fiscal year ended 31 December 2015.

7.5.1.3 Principal accounting methods

The accounting principles applied for the interim accounts are not materially different to those used for the consolidated financial statements at 31 December 2015, drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and available online at: http://ec.europa.eu/finance/accounting/ias/index_en.htm. The application of IFRS as published by the IASB would have no material impact on the financial statements presented herein. New legislation or amendments adopted by the European Union and mandatory from 1 January 2016 do not have a material impact on the Group's financial statements as at 30 June 2016.

7.5.1.4 Estimates

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 as at 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 differ materially 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.

Management estimates used in preparing financial statements relate primarily 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.*

When preparing these interim financial statements, Management's main estimates and the Group's accounting standards are consistent with those applied for the consolidated financial statements for the fiscal year ended 31 December 2015.

7.5.1.5 Seasonality

The Group's business is affected by the consequences of seasonal trends and its full-year earnings depend to a great extent on the performance levels achieved over the second half of the year. The upstream oil sector is being negatively impacted by international demand and prices per barrel. As such, income for the first half of 2016 is not necessarily representative of the results to be expected for the full fiscal year in 2016.

7.5.1.6 Restatement of the presentation of the income statement

Pursuant to the provisions of IAS 1, "Presentation of financial statements", and the recommendations of the French Financial Markets Authority (AMF) in its guide published on 1 July 2015, the Group decided to revise the presentation of its financial statements as from 31 December 2015 to reconcile them with the aggregates used in the Group's financial communications. To this end, the "EBITDA" and "Current operating income" aggregates have been added for consistency with what was presented in the full-year consolidated financial statements for the fiscal year ended 31 December 2015.

"Purchases and change in inventories", "Other purchases and operating expenses" and "Other expenses" (corresponding to current operations) are now combined as "Purchases and operating expenses".

In the first half of 2015, some personnel expenses, charged back to the various subsidiaries, were reported under "Purchases and other operating expenses" in the amount of €7.6 million. They have been reclassified as "Personnel expenses".

"Impairment of production assets" amounting to €19.7 million in the first half of 2015 was renamed "Impairment of drilling assets", while depreciation expenses of €5.6 million on drilling assets incurred before the impairment were reclassified as impairment.

"Impairment of production assets" totalling €24.7 million and "Increase in provisions and impairment of current assets" totalling €9 million in the first half of 2015 were combined as "Expenses and impairment of production assets" for a total of €30.9 million. This was to ensure that only expenses relative to other non-drilling and exploration receivables were posted to "Increases in provisions and impairment of current assets".

"Increases in provisions and impairment of current assets", "Reversals of operating provisions" and "Other expenses" (corresponding to non-current operations) are combined as "Non-current income and expenses".

In € thousands	**30/06/2015 (reported)**	Reclassifications	**30/06/2015 (restated)**
Sales	157,808		157,808
Other income from operations	227		227
Purchases and change in inventories	*(17,623)*		*(17,623)*
Other purchases and operating expenses	*(37,309)*	*2,791*	*(34,517)*
Purchases and operating expenses *(sub-total added)*			(52,140)
Taxes	(17,868)		(17,868)
Personnel expenses	(17,085)	*(7,560)*	(24,645)
EBITDA *(sub-total added)*			**63,382**
Depreciation and amortisation charges	(43,264)	5,597	(37,666)
Current operating income *(sub-total added)*			**25,716**
Impairment of drilling assets *(new line)*		(25,294)	(25,294)
Impairment of operating assets	(19,697)	19,697	0
Impairment of exploration assets	(24,684)	24,684	0
Expenses and impairment of exploration assets *(new line)*		(30,933)	(30,933)
Provisions and impairment of current assets	(9,069)	*6,249*	*(2,820)*
Reversals of operating provisions	522		*522*
Other expenses	*(4,768)*	*4,768*	*0*
Non-current income and expenses *(sub-total added)*			(2,299)
(Gains) losses on asset disposals	(25)		(25)
Operating income	**(32,836)**		**(32,836)**

7.5.2 Basis for consolidation

7.5.2.1 List of consolidated entities

The consolidation scope at 30 June 2016 was stable compared to 31 December 2015.

However, it should be noted that all assets and liabilities were transferred between wholly owned companies:

- MPNATI S.A. merged with Maurel & Prom Assistance Technique International S.A.
- Saint-Aubin Energie SAS; MP Québec S.A.S. and Maurel & Prom Volney 2 S.A.S. merged with Etablissements Maurel & Prom S.A.

Consolidated companies are as follows:

Company	Registered office	Consolidation method (*)	% control	
			30/06/2016	31/12/2015
Etablissements Maurel & Prom S.A.	Paris, France	Parent	Consolidating company	
Oil and gas activities				
Caroil S.A.S	Paris, France	FC	100.00%	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 S.A.C.	Lima, Peru	FC	100.00%	100.00%
Maurel & Prom Tanzanie Ltd	Dar es Salaam, Tanzania	FC	100.00%	100.00%
Maurel & Prom Volney 2 S.A.S.	Paris, France	Merged	0.00%	100.00%
Maurel & Prom West Africa S.A.S.	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	Nigeria	EM	21.37%	21.37%
Deep Well Oil & Gas, Inc.	Edmonton, Alberta, Canada	EM	19.67%	19.67%
Maurel & Prom East Asia S.A.S.	Paris, France	FC	100.00%	100.00%
MP Energy West Canada Corp.	Calgary, Canada	FC	100.00%	100.00%
MP Québec S.A.S.	Paris, France	Merged	0.00%	100.00%
MP West Canada S.A.S.	Paris, France	FC	100.00%	100.00%
Saint-Aubin Energie Québec Inc.	Montreal, Canada	FC	100.00%	100.00%
Saint-Aubin Energie S.A.S.	Paris, France	Merged	0.00%	100.00%
Saint-Aubin Exploration & Production Québec Inc.	Montreal, Canada	FC	100.00%	100.00%
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%
MPNATI S.A.	Geneva, Switzerland	Merged	0.00%	99.99%

(*) FC: full consolidation / EM: equity method

7.5.2.2 Investments in equity associates

In € thousands	Maurel & Prom Colombia BV	Seplat	Deep Well Oil	Total
Location	Colombia	Nigeria	Canada	
	Joint venture	Associate	Associate	
Activity	Exploration	Production	Exploration	
% interest	50.00%	21.37%	19.67%	
Total non-current assets	19,965	1,337,239	520	
Other current assets	5,428	755,033	306	
Cash and cash equivalents	5,304	161,953	1,609	
Total assets	**30,697**	**2,254,226**	**2,434**	
Total non-current liabilities	(0)	738,955	384	
Total current liabilities	37,597	306,965	249	
Total liabilities (excl. equity)	**37,597**	**1,045,920**	**634**	
Reconciliation to balance sheet values				
Equity, Group share	(3,450)	258,198	354	
Non-Group equity	(3,450)	950,108	1,447	
Total shareholders' equity or net assets	**-6,900**	**1,208,306**	**1,801**	
Restatement of stock options		(1,479)		
Net assets	**(6,900)**	**1,206,827**	**1,801**	
Share held	(3,450)	257,882	354	
Adjustments (*)	8,961	(156,371)	0	
Balance sheet value at 30/06/2016	**5,511**	**101,511**	**354**	**107,376**
Sales	0	128,164	0	
Operating income	(2,013)	10,980	0	
Loss on derivatives on hydrocarbons		(18,627)		
Financial income	981	(41,417)	-0	
Corporate income tax	(91)	(3,255)	0	
Net income from equity associates	**(1,123)**	**(52,319)**	**0**	
Share of income of equity associates	**(561)**	**(11,180)**	**0**	**(11,741)**

(*) The adjustments are the fair value adjustment for Seplat under IFRS 3 recorded in 2015 in connection with the merger with MPI, and a restatement for MPCBV after taking account of net equity.

The entities of the Saint-Aubin Energie step consolidated using the equity method were presented in this section in the first half of 2015. As they are now fully consolidated following the merger by absorption of MPI by Maurel & Prom at the end of 2015, they no longer appear here.

The above data are presented as published in the financial statements of the joint ventures and associates (those wholly owned and not proportionately owned), where applicable after translation into euros, adjustments to fair value made on the acquisition date according to IFRS 3 following the merger with MPI, and restatements to standardise accounting methods.

Seplat's income was heavily impacted by the shutdown of the export terminal, operated by a third party, in mid-February 2016. The drop in operating income means that interest expenses are no longer absorbed. Furthermore, Seplat suffered a fair value loss of €19 million on its derivatives on hydrocarbons and a foreign exchange loss of €25 million, mainly related to the NPDC receivable which was denominated in naira (heavily devalued).

7.5.3 Operating activities

7.5.3.1 Segment reporting

Maurel & Prom's activities are split into three segments: exploration, production and drilling. Information by region is only relevant at the asset level and is presented in the notes on fixed assets. The other activities mainly concern the holding companies' 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	*Gabon*	*Tanzania*	Production	Exploration	Drilling	Other	30/06/2016
Sales	*125,697*	*10,165*	135,863	179	6,423	0	142,465
EBITDA	***59,302***	***8,991***	**68,293**	**(2,795)**	**(2,660)**	**(5,864)**	**56,973**
Property, plant & equipment and intangible assets depreciation and amortisation	*(55,026)*	*(3,231)*	(58,257)	(313)		(128)	(58,698)
Expenses and impairment of exploration assets				(179)		0	(179)
Impairment of drilling assets					(335)	0	(335)
Other non-recurring expenses				0		(2,493)	(2,493)
Gain (loss) on asset disposals						(113)	(113)
Operating income	**4,276**	**5,760**	**10,036**	**(3,288)**	**(2,995)**	**(8,599)**	**(4,845)**
Share of income of equity associates				**(11,741)**			**(11,741)**
Intangible investments	*0*	*168*	168	2,767	17	1	2,953
Intangible assets (net)	***206,512***	***38,135***	**244,647**	**65,342**	**113**		**310,102**
Investments in property, plant and equipment	*13,662*	*2,320*	15,983		109	332	16,423
Property, plant and equipment (net)	***1,364,853***	***54,593***	**1,419,446**	**1,836**	**22,957**	**509**	**1,444,748**

7.5.3.2 Intangible assets

In € thousands	31/12/2015	Currency translation adjustment	Investments	Transfer	Impairment and exploration expense	Amortisation	30/06/2016
Ezanga (Gabon)	220,022	(4,763)	0	(17)		(8,731)	206,512
Mnazi Bay (Tanzania)	33,317	(617)	168	6,819		(1,552)	38,135
Assets attached to producing permits	253,340	(5,380)	168	6,802		(10,283)	244,647
Kari (Gabon)	27,027	(541)	93			(287)	26,292
Nyanga Mayombe (Gabon)	18,986	(352)	373				19,007
Bigwa Rufiji Mafia - BRM (Tanzania)	14,549		190		(189)		14,550
Permits 44 & 45 (Namibia)	5,147		294				5,441
Fiume Tellaro (Italy)	7		0				7
Rovuma (Mozambique)			0				
Sawn Lake (Canada)			832		(832)		
Anticosti (Canada)			329		(329)		
Gaspésie (Canada)			0				
Block M2 (Myanmar)			624		(624)		
Other	13		33				46
Assets attached to permits in exploration	65,729	(893)	2,767		(1,973)	(287)	65,342
Drilling	131	(1)	17		(31)		113
Intangible assets (net)	**319,199**	**(6,273)**	**2,953**	**6,801**	**(2,005)**	**(10,570)**	**310,102**

In € thousands	Goodwill	Oil search and exploration rights	Exploration expenses	Other	Total
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**
Gross value at 30/06/2016	6,403	203,849	255,573	4,515	470,340
Impairments at 30/06/2016	(6,403)	(48,739)	(101,348)	(3,748)	(160,238)
Net book value at 30/06/2016	**0**	**155,110**	**154,225**	**767**	**310,102**

All exploration expenses for Canada and Myanmar corresponding to remaining work were expensed for the period.

7.5.3.3 Property, plant and equipment

In € thousands	31/12/2015	Currency translation adjustment	Investments	Transfer	Impairment and exploration expense	Depreciation and amortisation & reversals	30/06/2016
Ezanga (Gabon)	1,425,933	(28,464)	13,662	17	0	(46,295)	1,364,853
Mnazi Bay (Tanzania)	53,751	(997)	2,320	1,198		(1,679)	54,593
Assets attached to producing permits	1,479,684	(29,462)	15,983	1,214	0	(47,974)	1,419,446
Nyanga Mayombe (Gabon)	1,873	(37)	-0	0	0	0	1,836
Sawn Lake (Canada)	0	0	228	(0)	(228)	0	(0)
Assets attached to permits in exploration	1,873	(37)	228	0	(228)	0	1,836
Drilling	22,306	(426)	109	223	0	744	22,957
Other	560	0	104	(64)	0	(90)	509
Property, plant and equipment (net)	**1,504,423**	**(29,924)**	**16,423**	**1,374**	**(228)**	**(47,320)**	**1,444,748**

In € thousands	Land and buildings	Technical facilities	Down payments and construction in progress	Other	**Total**
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**
Gross value at 30/06/2016	8,210	1,987,230	863	73,576	2,069,879
Impairments at 30/06/2016	(1,953)	(615,283)	(467)	(7,427)	(625,131)
Net book value at 30/06/2016	**6,257**	**1,371,946**	**395**	**66,150**	**1,444,748**

Investments in property, plant and equipment over the period primarily concern production investments for the Ezanga permit and, to a lesser extent, the Mnazi Bay permit.

Pursuant to IFRS 6 and IAS 36, in the absence of a "trigger event" or new factors calling into question the estimates applicable to assets as at 31 December 2015, the Group did not deem it necessary to analyse the assets' recoverable value at 30 June 2016.

7.5.3.4 Trade receivables

In € thousands	**31/12/2015**	**Currency translation adjustment**	**Change**	**Transfer**	**Reversals**	**30/06/2016**
Ezanga	12,084	(74)	30,981	0	0	42,991
Mnazi Bay	7,000	(153)	(3,279)	(0)	0	3,568
Drilling	4,997	(91)	1,285		29	6,221
Other	598	2	230	0	0	830
Trade receivables (net)	**24,678**	**(314)**	**29,217**		**29**	**53,610**

Outstanding receivables on Ezanga for hydrocarbon sales for the most part reflect the receivables from Socap (Total Group) and Sogara, both of which purchase production from the Ezanga permit fields. Sales to Total are settled within 30 days. The change in the balance of receivables for the period is due to the high volume of entitlements in June (852 kb) compared to last December (250 kb). The receivable due from Total at the end of June was collected in July.

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. Outstanding receivables from drilling mainly correspond to receivables due from ENI. The recoverability of these receivables is not called into question.

7.5.3.5 Other assets

In € thousands	**31/12/2015**	**Currency translation adjustment**	**Change**	**Transfer**	**Reversals**	**30/06/2016**
Advances	4,283	(85)	(1,464)			2,734
Prepaid expenses	986	(2)	1,750			2,734
Tax and social security receivables	69,476	(1,242)	2,484		456	71,174
Other assets (net)	**74,746**	**(1,329)**	**2,769**	**0**	**456**	**76,642**
Gross	81,676	(1,329)	2,769	(136)		82,980
Impairment	(6,930)			136	456	(6,338)
Non-current				30,871		30,871
Current	74,746	(1,329)	2,769	(30,871)	456	45,771

"Tax and social security receivables (excluding corporation tax)" primarily comprise VAT receivables from the Gabonese state, which offered to repay this debt over three years. As a result, the portion due in more than one year has been reclassified as non-current. This agreement still held at the balance-sheet date.

7.5.3.6 Provisions

In € thousands	31/12/2015	Currency translation adjustment	Increase	Reversal	Accretion	30/06/2016
Site remediation	40,556	(625)		(488)	879	40,323
Pension commitments	1,119		0			1,119
Other	17,397	(215)	2,443	(3,404)		16,221
Provisions	**59,073**	**(840)**	**2,443**	**(3,892)**	**879**	**57,663**
Non-current	49,222	(625)		(661)	879	48,815
Current	9,851	(215)	2,443	(3,231)		8,848

7.5.4 Financing activities

7.5.4.1 Other current financial assets

In € thousands	31/12/2015	Currency translation adjustment	Change	Transfer	Impairment / Reversals	30/06/2016
Receivables on investments	245	0	(230)		(14)	1
Miscellaneous receivables	71,461	(1,379)	(9,154)		95	61,023
Advances	613	(31)	115		0	697
Other current financial assets (net)	**72,318**	**(1,410)**	**(9,267)**	**0**	**81**	**61,721**

The change in "Miscellaneous receivables" primarily concerns the change in receivables from the Ezanga permit partner.

7.5.4.2 Cash and cash equivalents

In € thousands	30/06/2016	31/12/2015
Liquid assets, banks and savings banks	58,601	70,287
Short-term bank deposits	173,655	212,115
Cash and cash equivalents	**232,256**	**282,403**
Bank loans (*)	(1,837)	(8,574)
Net cash and cash equivalents	**230,419**	**273,829**

(*) Bank loans are stated under debt below

7.5.4.3 Borrowings

In € thousands	31/12/2015	Currency translation adjustment	Movements	Reclass	30/06/2016
ORNANE 2019 bonds	235,909		1,440		237,349
ORNANE 2021 bonds	96,486		1,799		98,285
Revolving credit facility	360,851	(7,115)	0	(353,736)	0
Crédit Suisse	30,536		0	(30,536)	
Other			37		37
Lease financing debt	2,577	(50)	(38)		2,489
Non-current	726,360	(7,165)	3,238	(384,272)	338,160
Revolving credit facility			1,309	353,736	355,045
Crédit Suisse	0	(593)	303	30,536	30,246
Current bank loans	8,574	(27)	(6,710)		1,837
Accrued interest	11,597	(3)	(3,682)		7,913
of which Accrued interest / ORNANE 2019 bonds	*4,087*		(1,349)		*2,739*
of which Accrued interest / ORNANE 2021 bonds	*5,349*		(2,717)		*2,633*
of which Accrued interest / CS	*324*		(108)		*216*
of which Accrued interest / RCF	*1,837*		489		*2,326*
Current	20,171	(623)	(8,780)	384,272	395,041
Borrowings	**746,531**	**(7,789)**	**(5,541)**	**0**	**733,201**

Bonds

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.

Maurel & Prom Revolving Credit Facility

On 18 December 2014, Etablissements Maurel & Prom signed a new Revolving Credit Facility (RCF) for US$650 million with a consortium of four international banks (Natixis, BNP Paribas, Crédit Agricole Corporate & Investment Bank, and Standard Chartered Bank), based on an initial tranche of US$400 million and a US$250-million 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$400 million
Additional amount: US$250 million
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%.

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 concerning oil production from fields in the Ezanga Production Sharing Agreement must not drop below a net level of production set in the Credit Agreement.

Maurel & Prom and the banking consortium undertook the adjustment of debt ratios linked to the $400-million Revolving Credit Facility (RCF) to adapt them to the current environment.

New ratios were accepted by the banking consortium on 24 August 2016, extending the loan's initial maturity accordingly. Specifically, they involve:

- A revised ratio for Group net consolidated debt to EBITDAX of 6 at 30/06/2016, 5.5 at 31/12/2016, 5 at 30/06/2017, 4 at 31/12/2017, 3 from 30/06/2018;
- A security deposit of $75 million;
- The pledge of Seplat shares equivalent to $25 million.

As negotiations had not been finalised by 30 June 2016, the corresponding debts were reclassified as current items in accordance with IAS 1.74. In addition, the lack of a revised early repayment schedule meant that the interest expense related to the loan has not been recalculated.

Maurel & Prom Drilling Services BV loan agreement

In connection with the acquisition of Caroil from Tuscany in 2013, Maurel & Prom took on US$50 million of Tuscany's debt. The balance of this loan at 30 June 2016 was US$33 million, bearing interest of Libor +7.5%.

Maurel & Prom had agreed to comply with a 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, up to a maximum of 3 at 30 June 2016 and 2.25 thereafter.

Pursuant to IAS 1.74, the Company has reclassified this debt in the consolidated financial statements at 30 June 2016 as current liabilities in an amount of €30.5 million, since the consequence of exceeding the originally defined debt ratio of 3 is the repayment of the outstanding loan amount.

7.5.4.4 Derivative financial instruments

In € thousands	31/12/2015	Change	Income	31/12/2015
Financial instruments	**(8,090)**	**0**	**1,762**	**(6,328)**

7.5.4.5 Financial income

In € thousands	30/06/2016	30/06/2015
Interest on overdrafts	21	(30)
Interest on OCEANE and ORNANE bonds	(6,856)	(7,732)
Interest on other borrowings	(10,921)	(8,376)
Gross finance costs	**(17,756)**	**(16,137)**
Income from cash	737	328
Net income from derivative instruments	1,779	7,929
Net finance costs	**(15,241)**	**(7,881)**
Net foreign exchange adjustment	(4,979)	16,224
Other	(1,323)	(913)
Other net financial income and expenses	**(6,302)**	**15,311**
FINANCIAL INCOME	**(21,543)**	**7,430**

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 mainly reflect the change in the fair value of the option detached on the ORNANE bonds between the 2015 fiscal year closing date and period-end at 30 June 2016.

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

Other financial income and expenses mainly include the accretion of the provision for site remediation for -€0.7 million.

7.5.4.6 Financial risk management

The Group's financial risk management (market risk, credit risk and liquidity risk) and the objectives and guidelines applied by the Group's Management are identical to those presented for the consolidated financial statements at 31 December 2015.

The Group's results are sensitive to various market risks. The most significant of these are hydrocarbon prices, expressed in USD, and the EUR-USD exchange rate. The EUR-USD closing rate used to reassess the closing positions at 30 June 2016 was 1.1102, compared with 1.0887 at 31 December 2015.

7.5.5 Other information

7.5.5.1 Income taxes

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 company).

The corporate income tax expense payable mainly reflects the income tax recognised for the state's share of profit oil on the Ezanga permits in Gabon.

Deferred tax income primarily results from the depreciation 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 of the balance sheet total, the tax charge and tax paid

In € thousands	Deferred tax	Current tax
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)**
Tax expense	11,055	(9,655)
Payments		7,719
Currency translation adjustment	6,846	169
Assets at 30/06/2016	**29,810**	**2,726**
Liabilities at 30/06/2016	**(362,488)**	**(10,235)**
Net value at 30/06/2016	**(332,678)**	**(7,509)**

Reconciliation of the tax expense and pre-tax income

In € thousands	30/06/2016
Pre-tax income from continuing operations	(38,130)
- Net income from equity associates	(11,741)
Pre-tax income excluding equity associates	**(26,388)**
Distortion taxable base Gabon	4,972
Distortion taxable base Tanzania	(6,189)
Taxable income (I)	**(27,606)**
(a) Theoretical tax income (I*33.33%)	**9,201**
(b) Tax recognised in income	**1,400**

Difference (b-a)	**(7,801)**
- Tax difference on recoverable costs and Gabon tax rate	12,098
- Tax difference on recoverable costs and Tanzania tax rate	(1,043)
- Profit oil tax / notional sales	(9,480)
- Non-activated deficits and other	(9,375)

7.5.5.2 Fair value

Fair value positions according to IFRS 3 hierarchy are established based on the same assumptions as those presented for the consolidated financial statements at 31 December 2015.

In € thousands	Level	30/06/2016 Balance sheet total	30/06/2016 Fair value	31/12/2015 Balance sheet total	31/12/2015 Fair value
Non-consolidated equity interests	Available-for-sale securities	111	111	74	74
Non-current loans and receivables	Loans and receivables	5,358	5,358	3,746	3,746
Trade receivables and related accounts	Loans and receivables	53,610	53,610	24,678	24,678
Other current financial assets	Loans and receivables	61,721	61,721	72,318	72,318
Cash and cash equivalents		232,256	232,256	282,403	282,403
Total assets		**353,056**	**353,056**	**383,219**	**383,219**
Other borrowings and financial debt	Liabilities at amortised cost	392,195	392,195	404,698	404,698
Bonds	Liabilities at amortised cost	341,006	230,700	341,833	234,200
Derivative financial instruments	Fair value	6,328	6,328	8,090	8,090
Trade payables	Fair value	37,374	37,374	65,227	65,227
Other creditors and sundry liabilities	Fair value	76,710	76,710	82,472	82,472
Total liabilities		**461,418**	**351,112**	**497,621**	**389,988**

7.5.5.3 Related parties

In € thousands	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
1) Equity associates				
Maurel & Prom Colombia BV			1,912	
Seplat			35	77
2) Other related parties				
- Pacifico	82	(50)	49	

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 24.53% shareholder, Maurel & Prom has signed a subletting agreement for office premises. Pacifico also provides Maurel & Prom with technical and financial support services.

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

Off-balance-sheet commitments were similar with those presented in the consolidated financial statements at 31 December 2015.

7.5.5.5 Events after the reporting period

Adjustment of covenants received

Adjustments on the Revolving Credit Facility were accepted by the banking consortium on 24th August 2016, as described in note 0.

Announcement of an agreement to sell the stock of the main shareholder

Pertamina and Pacifico announced on August 25th 2016 the purchase by Pertamina of all the shares held by Pacifico in Maurel & Prom. This block trade follows the agreement signed between Pertamina and Pacifico on July 31st 2016 whose condition precedents have been cleared on August 25th.

The block trade has been completed for €4.20 per share, plus a €0.50 earn-out per share payable if, from January 1st 2017 (included) to December 31st 2017 (included), the Brent price remains above USD 65 per barrel during all trading days within a period of ninety consecutive calendar days.

Should Maurel & Prom's Board of Directors deliver a favourable reasoned advice on the offer following the conclusions of the report from the independent expert, Pertamina undertook to file, to the French market authority, a voluntary tender offer on (i) all Maurel & Prom shares under the same conditions as those offered to Pacifico and on (ii) 2019 and 2021 convertible bonds at their par value plus accrued interests. This offer is expected to be completed by the end of 2016.

Maurel & Prom's Board of Directors has unanimously indicated that it supports the offer and has the intention to recommend the shareholders to tender their shares. In accordance with applicable regulation, Maurel & Prom's Board of Directors will deliver its definitive reasoned opinion on the tender offer once it has obtained the fairness opinion from the independent expert it has appointed.

8 STATUTORY AUDITORS' REPORT

To the shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting and in accordance with Article L.451-1-2 III of the French Monetary and Financial Code, we have conducted:

- a review of the accompanying condensed interim consolidated financial statements of Etablissements Maurel & Prom S.A. for the period from 1 January to 30 June 2016;
- the verification of the information presented in the interim management report.

The condensed interim consolidated financial statements were prepared under the responsibility of the Maurel & Prom board of directors. Our role is to express an opinion on these financial statements based on our review.

8.1 Opinion on the financial statements

We conducted our review in accordance with auditing standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Such a review is less in scope than an audit conducted in accordance with the auditing standards applicable in France. Consequently, any assurance that the financial information as a whole contains no material irregularities is less confident when obtained from a review than from an audit.

Based on our review, we have found no material irregularities that could cause us to believe that the accompanying condensed interim consolidated financial statements were not prepared, in all material respects, in accordance with IAS 34, which is part of the IFRS reporting framework as adopted by the European Union applicable to interim financial information.

Without qualifying our opinion, we draw your attention to the matter set out in the note "Restatements of the presentation of the income statement" regarding a modification of the presentation of some aggregates of the income statement.

8.2 Specific verifications

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

Paris La Défense, 30 August 2016	Paris, 30 August 2016
KPMG Audit *A division of KPMG S.A.*	International Audit Company
Eric Jacquet	François Caillet
Partner	*Partner*