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MAUREL & PROM

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2012 FIRST HALF RESULTS

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In €m	H1 2012	H1 2011*	*Var*	Key comments
Sales	**226**	**183**	*+23%*	$/€: +8% Sale price: +3%
Gross operating income	**164**	**129**	*+27%*	First sales on Sabanero in Colombia
Income from asset disposals	**0**	**112**	*Nc*	Non recurrent result in 2011 1H
Operating income	**86**	**218**	*Nc*	Current operating income 2011: 116 Non current op. income 2011: 112
Financial income	**(6)**	**(74)**	*Nc*	Favourable $/€ effect
Net consolidated income	**32**	**90**	*Nc*	
Net consolidated income exc. Income from asset disposals	**32**	**(22)**	*nc*	Increase in net income exc. income from asset disposals

(*) Restated for discontinued activities

Maurel & Prom is an independent mid-size player specialising in Africa and Latin America. The Group's teams combine experience and references in its various fields of activity.

As at 30 June 2012, Maurel & Prom was present in six operating permits and 20 exploration permits.

Maurel & Prom funds its strategy on capitalising on its exploration activities and rapidly bringing its discoveries into production.

In order to adapt to the economic and financial situation, since 2009 the Group has refocused its strategy towards the assessment and development of its resources, particularly in Gabon and Colombia. As a result, the Group now has:

- Output of approximately 14,500 boepd as its own share;
- 2P reserves net of royalties estimated at 240 Mboe;
- Substantial identified resources;
- High-potential territories for exploration of more than 80,000 km²;
- Experienced teams from well-known oil companies.

The Group's activity in the first half of 2012 is principally focused on development on assets already in the Group's portfolio while also actively seeking out new partnerships.

Development of existing fields

Stabilisation of Gabon production

In the first half of 2012, output from Gabon fields stabilised at 16,491 boepd. The Group applied to the Hydrocarbons Directorate for an Exploration and Operation Permit for the Omoc field and offered to withdraw from the existing Onal permit in return, following the discovery of the Omoc-Nord field.

Update on the incident at platform Omoc-N 100

The steady ramping-up of production after the initiation of the water injection programme was interrupted by an incident in late January on platform 100 at the Omoc-Nord field. The impact of this incident (at least 1,700 boepd) will be felt until the end of the third quarter of 2012, with the exact date being dependent on the progress made in connecting the wells of the replacement platforms.

Target for the second half of 2012

The Group reaffirms its production target of approximately 24,500 boepd (at 100%) by the end of 2012. This target will be reached by connecting to four additional platforms in September, November and December.

Continuing exploration activity

In Colombia

Production at the Sabanero field began on 17 December 2011, and by the end of June 2012 output had stabilised at approximately 1,500 boepd (at 100%). This production level is temporarily restricted by existing processing capacity and the reinjection of the water produced. Note that a production permit for the Sabanero field has been filed with the ANH (National Hydrocarbon Agency). This permit should be granted in the first quarter of 2013 and will allow a works programme to be launched to significantly increase the field's output.

In Gabon

At the Etekamba permit (100%), the Group drilled two wells during the first half of the year. Both wells proved to be negative.

The work done showed that the Gamba reservoirs are of very high quality. This license ending in January 2013, the Group is currently working on the identification of new play according to observed results.

In Tanzania

The Ziwani-1 well on the Mnazi Bay permit (M&P operator, 60.075%) was drilled to a depth of 2,671 m.

A three-metre interval was tested for gas between 1,106 and 1,109 m. An unstable flow of 7.2 million cubic feet per day was reported without being able to stabilise the pressure. This test was conducted on a new carbonate reservoir, not yet identified on the Mnazi Bay concession.

The measures taken did not reveal commercial reserves but nevertheless proved that an effective deposit system exists, therefore confirming the significant potential of the prospects already identified by the Group on this permit.

Consolidation of assets in East Africa

Maurel & Prom exercised its pre-emptive rights on Cove Energy's interests in the Mnazi Bay concession in Tanzania.

The value of the transaction amounts to US$18.9 million, which was paid to Wentworth following its approval by the Tanzanian authorities on 26 July 2012. An additional amount of up to US$5.1 million will be payable if future gas production exceeds certain thresholds.

Following this transaction, the various interests in Mnazi Bay break down as follows:

	Production	Exploration
M&P (operator)	**48.06%**	**60.075%**
Wentworth	31.94%	39.925%
TPDC	20.00%	-

Financial position at 30 JUNE 2012

The Group's activity, described above, as well as the economic and financial environment, is reflected in the following elements of the consolidated financial statements. The consolidated financial statements were approved by the Board of Directors on 30 August 2012.

Sales – Oil production

Group half-year consolidated sales were €225.9 million, up 24% on the same period in 2011.

This increase was mainly due to the increase in oil prices (average sale price of US$113.2/bbl in Gabon versus US$109.8/bbl for the first half of 2011) and the incorporation of the oil sales from the Sabanero field in Colombia for the first time.

Operating income

In thousands of euros	30/06/2012	30/06/2011*
Sales	**226**	**183**
Gross margin	182	147
as % of sales	*81%*	*80%*
Gross operating surplus	**164**	**129**
as % of sales	*73%*	*70%*
Amortisation and depreciation of depletion and other impairments	-35	-18
Income from production activities	***129***	***111***
as % of sales	*57%*	*61%*
Exploration expenses	-30	-5
Income from oil production and exploration activities	***99***	***106***
as % of sales	*44%*	*58%*
Income from disposal of assets	0	112
Other operating items	-13	1
Operating income	**86**	**218**

(*) Restated for discontinued activities

In the first half of 2012 the Group benefitted from a more favourable economic environment than in 2011, which improved its operating margins.

The average price of Brent was US$113.4 in the first half of 2012 versus US$111.1 in the corresponding period of the previous year. At the same time, the US dollar appreciated against the euro with an average exchange rate of 1.2972 in the first half of 2012, up 7.6% on the exchange rate of 1.4036 in the corresponding period of the previous year.

Exploration expenses reflect the impairment of drilled and negative wells, specifically Mounyouga NE (drilled in 2006), ETBIB-1 and ETGO-1 on the Etekamba permit in Gabon (€18 million) and the Ziwani-1 well in Tanzania (€11 million).

Other elements of operating income mainly relate to the provisioning of the Integra debt (Venezuela) in the amount of €12.5 million, reflecting the uncertainty over when this debt will be paid.

Most of the change between the first half of 2011 and the first half of 2012 is due to proceeds from the sale of assets (€112 million).

Financial income

The Group's debt mainly consists of borrowings through two OCEANE bonds and an RBL (Reserve Based Loan) line of credit. The combined interest on these borrowings was €19 million during the first half of 2012.

The income from derivatives transactions (€8.3 million) arises from the reassessment of the fair value of trading hedges and the liquidation of positions in the first half of 2012.

The ongoing rise in the US dollar led to a foreign exchange gain of €14.6 million being reported, following the revaluation of the Group's foreign exchange positions at period end.

Financial income represented an expense of €5.6 million in the first half of 2012, compared with an expense of €73.5 million during the same period in 2011, with the change being linked to net foreign exchange differences.

Net income

The Group's net income before tax was €80 million. The corporation tax payable (€12 million) corresponds mainly to the taxation of the government's share of profit oil on the Omoueyi and Banio permits in Gabon (€14.5 million).

The deferred tax expense (€36 million) was mainly due to the accounting of the difference between fiscally recoverable costs, and the (consolidated) book value of those assets on the Omoueyi permit.

Group net income in the first half of 2012 was €32 million. The corresponding figure for the same period in 2011 included €112 million in proceeds from asset sales.

Investments

The Group's total investments in the first half of 2012 amounted to €136 million. Exploration expenses and development and production investments break down as follows:

in millions of euros	Gabon	Colombia	Tanzania	Namibia	Other	Total
Exploration	21	7	10	2	4	**44**
Development	66	24	-	-	3	**93**

Cash flow

At 30 June 2012, Maurel & Prom posted cash of €38.4 million. The main cash flows were:

- Investments during the period in the amount of €136 million;
- A dividend payment in the amount of €46 million;
- Cash flow from operating activities (+€157 million).

Assets

In thousands of euros	30/06/2012	31/12/2011
Intangible assets	570,663	563,103
Property, plant and equipment	685,377	587,572
Non-current financial assets	13,738	8,844
Investments accounted for by equity method	83,561	81,031
Non-current derivative instruments	0	1,186
Deferred tax assets	7,170	8,133
Non-current assets	**1,360,509**	**1,249,869**
Inventories	7,165	9,240
Trade receivables and related accounts	78,240	60,246
Other current financial assets	52,504	71,437
Other current assets	42,256	31,002
Income tax receivable	0	21
Current derivative instruments	7,980	5,323
Cash and cash equivalents	38,583	60,771
Current assets	**226,728**	**238,040**
Total Assets	**1,587,237**	**1,487,909**

Liabilities

In thousands of euros	30/06/2012	31/12/2011
Share capital	93,565	93,550
Additional paid-in capital	221,410	221,199
Consolidated reserves	504,747	362,047
Treasury shares	(76,797)	(76,246)
Net income, Group share	32,428	164,560
Equity, Group share	**775,352**	**765,110**
Non-controlling interests	1	1
Total net equity	**775,353**	**765,111**
Non-current provisions	7,024	7,206
Non-current bonds	348,586	338,271
Other non-current borrowing and financial debt	63,542	61,829
Other creditors and miscellaneous non-current liabilities	(0)	(0)
Non-current derivative instruments	1,287	2,974
Deferred tax liabilities	157,542	118,755
Non-current liabilities	**577,981**	**529,035**
Current bond borrowing	17,915	10,968
Other current borrowings and financial debt	11,229	11,144
Trade payables and related accounts	101,786	78,059
Income tax payable	9,334	12,421
Other creditors and miscellaneous liabilities	77,682	53,118
Current derivative instruments	4,877	16,506
Current provisions	11,080	11,547
Current liabilities	**233,903**	**193,763**
Assets held for sale and discontinued operations	0	0
Total Liabilities	**1,587,237**	**1,487,909**

Net income for the period

In thousands of euros	30/06/2012	30/06/2011*
Sales	225,900	182,726
Other income	635	476
Purchases and change in inventories	(3,893)	(9,018)
Other purchases and operating expenses	(40,218)	(27,500)
Tax expense	(14,446)	(13,065)
Personnel expense	(4,179)	(5,030)
Depreciation allowance	(34,620)	(17,649)
Depreciation of exploration and production assets	(30,037)	(5,296)
Provisions and impairment of receivables	(12,481)	(10)
Reversals of operating provisions	4	1,103
Gain (loss) on asset disposals	0	111,638
Other expenses	(555)	7
Operating income	**86,110**	**218,382**
Gross cost of debt	*(18,925)*	*(20,461)*
Income from cash	*443*	*2,086*
Net gains and losses on derivative instruments	*8,329*	*(2,527)*
Net cost of debt	(10,154)	(20,902)
Other financial income and expenses	4,538	(52,626)
Financial income	**(5,616)**	**(73,528)**
Income before tax	**80,494**	**144,854**
Income tax	(47,964)	(51,742)
Net income from consolidated companies	**32,530**	**93,112**
Net income from equity associates	(102)	(326)
Net income from continuing activities	**32,428**	**92,786**
Net income from discontinued activities	0	(2,710)
Gain/Loss on distribution (IFRIC 17)		0
Consolidated net income	**32,428**	**90,076**
Net income, Group share	*32,428*	*90,076*
Non-controlling interests	*0*	*0*

Earnings per share		
Basic	0.28	0.78
Diluted	0.25	0.74

Earnings per share from discontinued activities		
Basic	0.00	-0.02
Diluted	0.00	-0.02

Earnings per share from continuing activities		
Basic	0.28	0.81
Diluted	0.25	0.75

** restated for discontinued activities*

Cash flow statement

In thousands of euros	30/06/2012	30/06/2011*
Consolidated net income from continuing activities	**80,394**	**144,527**
- Net increase (reversals) of amortisation, depreciation and provisions	38,185	15,472
- Unrealised gains (losses) due to changes in fair value	10,615	975
- Exploration expenses	30,037	5,252
- Calculated expenses and income related to stock options and similar benefits	1,120	1,045
- Other calculated income and expenses	17,318	3,208
- Gains (losses) on asset disposals	0	(111,565)
- Income (loss) from equity associates	102	326
- Other financial items	1,626	3,597
Cash flow before taxes	**179,397**	**62,837**
Payment of tax due	(15,645)	(10,087)
Change in working capital requirements for activities	(5,386)	(55,087)
- Customers	(15,889)	(45,914)
- Suppliers	28,024	(13,432)
- Inventories	2,267	2,274
- Other	(19,788)	1,985
NET CASH FLOW FROM OPERATING ACTIVITIES	**158,366**	**(2,337)**
Payments associated with acquisitions of property, plant and equipment and intangible assets	(136,372)	(73,080)
Proceeds from disposals of property, plant and equipment and intangible assets	0	43,653
Payments associated with acquisitions of financial assets (unconsolidated securities)	0	(303)
Proceeds from disposal of financial assets (unconsolidated securities)	0	34
Change in loans and advances granted	1,766	131,553
Other cash flows from investing activities	0	2,397
Net proceeds from discontinued activities		16,999
NET CASH FLOW FROM INVESTMENT ACTIVITIES	**(134,606)**	**121,253**
Amounts received from shareholders for capital increases	225	199
Dividends paid	(46,206)	0
Proceeds from new loans	1,770	74,391
Interest paid	(1,626)	(3,604)
Borrowing repayments	(111)	(155,809)
Treasury share acquisitions	(551)	1,751
NET CASH FLOW FROM FINANCING ACTIVITIES	**(46,499)**	**(83,072)**
Impact of exchange rate movements	452	20,537
CHANGE IN NET CASH	**(22,287)**	**56,381**
Cash and cash equivalents at start of period	60,699	95,375
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**38,411**	**151,758**

(*) Restated for discontinued activities

For more information: www.maureletprom.fr

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