MAUREL & PROM

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First half 2007 results, €812.1 m

Strong increase due to disposal of Congo assets

- **Sales of €137.1 m down 14% compared with the first half 2006 restated**
- **Income from disposals (IFRS 5) on target at €798.2 m**
- **Net consolidated income of €812.1 m**
- **Exploration: new play revealed**
- **Exploration strategy: focus on three objectives**
    - ⇨ Priority to targets with major impact
    - ⇨ Promotion of plays and zones constituting the permit portfolio
    - ⇨ Generating value from new zones
- **Development: ongoing Onal project in Gabon, a lever of growth for the Group**
- **Development of the Caroil drilling subsidiary**

Financial indicators

In € millions	1st half 2007	1st half 2006 restated with the assets sold*	Change	For information 1st half 2006
Consolidated sales	**137.1**	**159.4**	*-14%*	309.6
Operating income	**21.6**	**43.2**	*-50%*	154.4
Net income of operations retained	**13.9**	**-1.5**	*na*	103.7
Net consolidated income	**812.1**	**-1.5**	*na*	
Net cash flow generated by operations	**17.3**	**-122.6**	*na*	159.5
Other indicators				
Maurel & Prom production share (bopd)	**13 903**	**20 543**	*-32%*	48 910
Production sold (bopd)	**11 573**	**18 157**	*-36%*	33 490

** restated with the assets sold to Eni in Congo*

According to the sale protocol signed on February 21, 2007, Maurel & Prom, on May 29, 2007 sold its share in the Congolese operating permits of M'Boundi and Kouakouala to petroleum company ENI Congo S.A., a subsidiary of Italian group Eni S.p.A, and reduced its interest in the Kouilou exploration permit from 65 to 15% (note that the contract date of this property transfer is January 1, 2007).

This disposal and its display in the company's accounts have been treated according to IFRS 5 "Non-current assets held for sale and discontinued operations".

According to this standard, the summary statements are presented so as to clearly separate out the net income of the discontinued operations and the cash flow and balance sheet situations attached to them:

- The consolidated income statement for the first halves of 2006 and 2007 combines all the incomes, expenses, and income after tax of the discontinued operations on a single line, as well as gains from assets sold.

- The cash flow table for the first half shows separately all the net cash flows pertaining to discontinued operations.

The income statement and the cash flow table for the first half 2006 are shown restated, excluding the Congolese assets sold.

First half 2007 activity

The Group's activity and results are the outcome of a dynamic strategy initiated in 2006 and producing its effects in 2007. More specifically, the sale of the Congolese assets to Eni and the arbitrages carried out in the management of the permit portfolio have changed Maurel & Prom's geographic equilibrium. The results of the first half 2007 therefore arise essentially from the income from selling certain Congolese assets, petroleum sales in Colombia and the drilling activity of its subsidiary Caroil (100%subsidiary).

Sales for the first half 2007 were €137.1 m compared with €159.4 m for the first half 2006 restated, or a 14% reduction.

This change in sales includes the following changes in scope:

- Retrocession of the Tello concession in Colombia on February 14, 2006;

- Venezuela sales since April 1, 2006 being excluded prior to the finalization of the ongoing negotiations with the government;

- Eni, the operator of M'Boundi and Kouakouala taking over the contracts for the five drilling rigs operating on these sold permits;

- Development of the Caroil drilling subsidiary.

The reduction in sales is also due to the unfavourable change in certain macro-economic factors (US$/€ exchange rate down 7%, Brent and WTI down 4% and 8% respectively in the first half 2007 compared with the first half 2006).

Environmental data	1st half 2007	1st half 2006	*Change*
US$/€ exchange rate	**0.75**	0.81	*-7%*
Brent (US$/barrel)	**63.2**	65.7	*-4%*
WTI (US$/barrel)	**61.6**	67.2	*-8%*

In the first half 2007, Caroil's contribution to consolidated sales was €44.2 m or an increase of 135% compared with the first half 2006 restated, taking account of the inclusion of all of Caroil's activity on the M'Boundi and Kouakouala permits, now operated by Eni in Congo.

Operating income for the period was €21.6 m compared with €43.2 m for the first half 2006 restated. Operating income represents 16% of sales compared with 27% in the first half 2006 restated. This reduction in operating margin arises from greater income volatility linked to certain nonrecurring elements: exploration expense, restructuring, increase in proportional fixed costs.

Sale of Congolese assets

As forecast, the income from the sale was €798.2 m. This is broken down as follows:

In € millions	
Selling price	**1 061,0**
Interest on selling price	23.9
Book value of the assets sold	(356.8)
Profit from the sale of asset	728.1
Income restated before depletion	77.5
Other expenses	(7.4)
Income from sale	**798.2**

The average exchange rate used from January 1, 2007 to May 29, 2007 is US$1.3264 to the euro. The rate used on May 29, 2007 for the selling price is US$1.3509 to the euro.

Net consolidated income

Financial income less financial expense was €(6.5) m, made up of €(14.9) m interest on the OCEANEs and other borrowings, €11.7 m cash income, €(3.6) m exchange rate variances and €0.3 m other financial expenses and income.

Net income of the retained companies was €13.9 m over the first half 2007 compared with €(1.5) m for the first half 2006 restated.

Consolidated net income for the period was €812.1 m compared with €(1.5) m in the first half 2006 restated.

This net income includes the income from the sale of the Congolese businesses to Eni for €798.2 m and includes the following changes in scope:

- ⇨ retrocession of the Tello concession in Colombia on February 14, 2006;
- ⇨ suspension of the Venezuela contribution from April 1, 2006 while awaiting the result of ongoing negotiations for the transition to a joint public/private company;

- ⇨ inclusion in income of the Caroil margin on its Congo work for the operator Eni.

Balance sheet

The total balance sheet stands at €1 964.6 m compared with €1 434.1 m at December 31, 2006.

The balance sheet at June 30, 2007 reflects the major asset disposal in Congo and highlights the cash generated by that transaction.

Group shareholders' equity stands at €1 213.3 m compared with €569.3 m at December 31 2006. This increase is due to the funds generated by the sale of the Congolese assets.

Non-current liabilities are down 10% following repayment for €75.3 m of the debt linked to the assets sold.

Investments

The Maurel & Prom group has invested €68.1 m in exploration, particularly in Colombia (€24.0 m) and Gabon (€35.9 m). Expensed exploration is €9.6 m. This amount is related to the exploration setbacks on the Kouilou permit (the Loufika and Tioni wells, Maurel & Prom 15%) and in Colombia (two dry wells out of five drilled).

Production investment was €64.4 m. It reflects the development program on the Onal field (€20 m), on the Congolese Tilapia field (€3.7 m) and in the Colombian fields (€15.3 m) and the investment linked to the Group's drilling activity (€19.2 m).

Cash flow

Funds generated from the Group's operations were €51.9 m in the first half 2007. Net cash flow generated by operations was €17.3 m.

On May 29, 2007 Maurel & Prom received €1 032 m for a portion of the Congolese asset sale. Prior to this receipt, the Group repaid the loan taken out to finance the growth of its assets (€75.3 m). Furthermore, the company paid a dividend on June 25, 2007 to the value of €145.2 m.

Consequently, on June 30, 2007, Maurel & Prom reported net cash of €893.8 m.

Deducting the OCEANEs, Maurel & Prom's net cash situation is positive at €500 m on June 30, 2007. The Group's debt ratio fell from 45.5% on December 31, 2006 to 25% on June 30, 2007.

Maurel & Prom states that its cash is invested in dollar deposits with leading banks and therefore is unaffected by the recent financial crisis. There is no investment in mutual investment vehicles.

Development

In **Colombia**, the development drilling campaign has focused mainly, with eight new wells, on the San Francisco, Balcon and La Hocha fields where the Group is the operator. In the eastern region of Llanos where Perenco is the operator, six new wells have been drilled. The goal of this campaign has been to limit the natural decline in these mature fields and in some cases to increase production. A proposal to extend the Estero, Garcero, Corocora & Orocue (EGOC) contracts was officially formulated by the operator Perenco at the beginning of July this year.

In the beginning of 2008, the Don Pedro gas find will be put into production at 1 000 bopd oil equivalent for Maurel & Prom's share which is 61% of this permit. This production is subject to a 9% royalty.

In **Gabon**, on the Onal permit, surveying and engineering work continues; equipment subject to a long delivery period have already been ordered. The oil pipeline route is being constructed and will be completed as forecast at the end of 2007. At the same time, the development well drilling campaign began in April 2007 with the Onal 302D, 701D, 702D and Onal-703 wells. The latter has been tested with natural flows of 1 550 bopd of oil on the upper interval and 320 bopd on the lower interval of the base sandstone. At the same time, the OZO-1ST well has been tested as a water producer for the future injection in this field. The Company expects work to begin on the production center and the manifolds and on laying the pipeline in the first quarter 2008. First production is expected in the second half 2008.

On the Nyanga Mayombe permit, the construction work (production installations and undersea pipeline) making possible a very long duration test of the Banio-2 well is complete. The well was put in production on July 24, 2007. It was shut down to establish the reserves connected to the well through a pressure build-up test.

In **Congo**, two wells were drilled during the first half 2007 on the Tilapia permit (Maurel & Prom 20%), including one deviated well, showing evidence of oil. The deviated well started production on May 3, 2007 with a flow that was intentionally restricted in order to study the behaviour of the reservoir. In the first half, total production was 41 227 barrels at 100%.

Exploration

In **Colombia**, three oil wells gave positive results during the first half 2007 on the San Jacinto/Rio Paez, Guarrojo and Doima-Ortega permits. These discoveries currently being tested on a long period will sustain Hocol's production in Colombia.

During the first half 2007, Maurel & Prom's activities in **Gabon** were concentrated on continuing the seismic campaign and the aeromagnetic campaign on the Omoueyi permit.

As for the Kari TEA and based on information supplied by the Gabon General Directorate of Hydrocarbons and by the previous operators, Maurel & Prom Gabon prepared a summary study that was presented to the authorities in June 2007. Following the results of this study, it was decided to open negotiations for signing a Production Sharing Agreement.

In March 2007, the Gabonese authorities approved Maurel & Prom Gabon's purchase of 65% of the interests in the Etekamba permit operated by Transworld. The results of the three wells drilled at the end of 2006 and beginning of 2007, of which one was positive, and the interpretation of the seismic lines received are being analyzed. The 2007 works program includes "Gradient Gravimetry" mixed acquisition work and airborne HARM ("High Resolution Air Mag") in order to identify future drilling objectives.

In **Congo**, drilling of the LFK-2, LFK-3, LFK-4 and LFK-5 wells permitted the delineation of the Loufika field. The long duration test of the LFK-1 well was completed at the beginning of July. An exploitation permit request should be made by the new operator ENI. Maurel & Prom retains 15% of the Kouilou permit in Congo.

In **Tanzania**, the Mkuranga-1 well showed evidence of gas in the Ruaruke (upper Cretaceous) formation. During the isochronous tests, the well showed a stable flow of 19.2 million cubic feet per day, or 3 300 barrels of oil equivalent per day. During the first half 2007, a seismic campaign and an aeromagnetic campaign were prepared so that a start could be made during the second half 2007.

In **Sicily**, the delays due to the environmental studies affected the drilling program. The start of an exploration well is scheduled for the end of 2007.

Group strategy

Maurel & Prom's core business and expertise are the exploration and production of hydrocarbons and a large proportion of investments and an experienced team are allocated to them. With this in mind, the sale of the Congolese fields to Eni for US$1 434 m gives the Group the means to pursue the development of its fields and bolster its exploration program so that it can rapidly rebuild its reserves.

Maurel & Prom's exploration approach is directly linked to the pursuit of these objectives. Accordingly, its work will center on three complementary lines:

- ⇨ focusing its efforts on targets that have a major impact;
- ⇨ rationalizing and pursuing value generation from the plays and zones already identified that form Maurel & Prom's permit portfolio, and seeking satellites to the fields that have been discovered so that the Group's reserves can be built up again and developed;
- ⇨ creating value from the zones recently acquired.

Under the first objective, Maurel & Prom has determined three priorities:

- ⇨ in Tanzania, the exploration of a prospect on the island of Mafia and the assessment of M'Kuranga offering considerable gas potential;
- ⇨ in Gabon, the geological structure, similar to Congo, means that two oil plays can be identified: the "shallow oil" play and the "Base Sandstone" play, both similar to those discovered in Kouilou in the Congo;
- ⇨ in Colombia, the Andes zone promises major deposits. The level of difficulty and the significant cost of exploration in this feature is leading us to concentrate on two targets in partnership with major oil companies. The Llanos zone has a set of characteristics that are encouraging us to work on structuring this zone as part of a work program aiming to create value from the string of small deposits and to test certain objectives with greater potential (heavy oil).

With respect to the second objective, we will concentrate our work on:

- searching for satellite deposits on Onal in Gabon;
- our ongoing surveys on the Etekamba permit in Gabon;
- the drilling to be continued in Sicily;

With respect to the third objective, we will carry out surveys in recently acquired territories:

- in Peru, a recognized oil producer;
- in Syria where our exploration crews have already worked;

In parallel with these three lines, the company is currently looking into the opportunity of getting into offshore operations.

To achieve these objectives, Maurel & Prom intends to strengthen its presence in Gabon and Colombia, step up its work in Tanzania and assess blocks in Peru and Brazil. Further more, Maurel & Prom will concentrate its search for potential targets, particularly with oil operators that do not have the financial muscle needed for their growth, and suffering from a lack of qualified personnel and/or drilling rigs.

Outlook for 2007

Maurel & Prom predicts production for sale, after oil tax, of approximately 13 000 bopd assuming an estimated production share of 870 bopd in Venezuela.

In **Colombia**, predicted net production is 12 000 bopd. This incorporates the technical problem, now solved, in Balcon 21ST (a loss of 1 000 bopd for 9 month, Maurel & Prom share).

In **Congo**, following the asset sale, production comes from the Tilapia and upper Loufika (Kouilou) fields at the rate of 70 bopd.

In **Gabon**, Maurel & Prom has begun a long duration test on the Banio well. 400 bopd are expected in the second half 2007. Currently, the test has been suspended for three weeks.

In **Venezuela**, Maurel & Prom should include in its financial statements the production of the B2X70/80 block with retroactive effect to January 1, 2007. This production level is currently 1 305 bopd for Maurel & Prom's share (26.35%). Following the change of status, Maurel & Prom should pay the 33% royalty in kind, which would bring Maurel & Prom's net production to 870 bopd. The agreements made with PDVSA have been ratified by the Venezuelan General Assembly and are due to be signed by the Minister of Oil.

Maurel & Prom states that its cash, invested as deposits with leading banks, has not been affected by the recent financial crisis. Since its activity and costs are essentially in dollars, the Group has decided to keep the income from the Congolese asset sale in dollars, necessarily having an influence on the results at December 31, 2007.

Consolidated income statements at June 30, 2007

The income statement and cash flow table for the first half 2006 are shown restated with the assets sold in Congo.

In thousands of euros	June 30 2007	June 30 2006 restated	Change
Sales	**137 052**	**159 430**	***-14%***
Other income	15 911	6 807	*134%*
Purchases and inventory variations	-12 055	-6 013	*100%*
Other purchases and operating expenses	-48 276	-47 980	*1%*
Taxes	-2 963	-5 385	*-45%*
Personnel expenses	-19 490	-13 684	*42%*
Amortization	-41 650	-42 197	*-1%*
Depreciation of exploration assets	-9 396	0	-
Provisions and depreciation of current assets	-5 831	-26	-
Reversals of operating provisions	12 466	558	-
Income from sale of assets	-2 533	-396	-
Other expenses	-1 664	-7 931	*-79%*
Operating income	**21 571**	**43 183**	***-50%***
Gross cost of borrowings	-14 894	-13 783	*8%*
Cash flow generated	11 666	3 326	*251%*
Net cost of borrowings	**-3 228**	**-10 457**	***-69%***
Other financial income	21 281	18 776	*13%*
Other financial expenses	-24 562	-17 381	*41%*
Net income before tax	**15 062**	**34 121**	***-56%***
Income tax	-862	-33 273	*-97%*
Net income of consolidated companies	**14 200**	**848**	**-**
Total share of net income carried on an equity basis	-341	-2 340	*-85%*
Net income of retained operations	**13 859**	**-1 492**	**-**
Income from discontinued operations	798 247	0	-
Net income of the consolidation	**812 106**	**-1 492**	**-**
Net income - Group share	*812 106*	*-1 516*	-
Minority interests	-	*24*	-

Balance sheet - Assets at June 30, 2007

In thousands of euros	June 30 2007	Dec. 31 2006	*Change*
Intangible fixed assets	556 590	614 525	*-9%*
Tangible fixed assets	257 420	418 919	*-39%*
Long-term investments	44 470	20 260	*119%*
Holdings carried on an equity basis	3 331	24 750	*-87%*
Deferred tax assets	25 624	23 840	*7%*
Non-current assets	**887 435**	**1 102 294**	***-19%***
Inventories	13 286	9 674	*37%*
Trade receivables and related accounts	41 561	71 227	*-42%*
Other assets	111 826	55 905	*100%*
Tax assets payable	-	316	*nc*
Financial instruments	3 296	0	*nc*
Cash flow and cash equivalents	907 155	194 716	*366%*
Current assets	**1 077 124**	**331 838**	***225%***
Non-current assets held for sale and discontinued operations	**-**	**-**	***na***
Total assets	**1 964 559**	**1 434 132**	***37%***

Balance sheet - Liabilities at June 30, 2007

In thousands of euros	June 30 2007	Dec. 31 2006	*Change*
Shareholders' equity	92 796	92 546	*0%*
Issue, merger and share premiums	201 130	198 500	*1%*
Consolidated reserves	118 772	108 089	*10%*
Treasury stock	(11 493)	(10 483)	*10%*
Group income	812 106	180 665	*350%*
Group shareholders' equity	**1 213 311**	**569 317**	***113%***
Minority interests			
Total shareholders' equity	**1 213 311**	**569 317**	***113%***
Noncurrent provisions	16 079	17 252	*-7%*
Noncurrent bond borrowings	350 704	338 872	*3%*
Other noncurrent borrowings and loans	28 976	90 468	*-68%*
Deferred taxes, liabilities	176 433	191 712	*-8%*
Noncurrent liabilities	**572 192**	**638 304**	***-10%***
Other current borrowings and loans	27 624	46 290	*-40%*
Trade payables and related accounts	59 556	101 424	*-41%*
Tax liabilities payable	1 042	2 406	*-57%*
Other creditors and sundry liabilities	68 105	59 860	*14%*
Financial instruments	13 443	0	*nc*
Current provisions	9 286	16 531	*-44%*
Current liabilities	**179 056**	**226 511**	***-21%***
Total liabilities	**1 964 559**	**1 434 133**	***37%***

Cash flow table at June 30 2007

The income statement and cash flow table for the first half 2006 are shown restated with the assets sold in Congo.

In thousands of euros	June 30 2007	June 30 2006 restated	*Change*
Consolidated income from retained operations before tax	14 721	31 780	*-54%*
- Net amortization and provisions added (reversed)	36 554	41 852	*-13%*
- Unrealized gains and losses due to changes in fair value	0	6 870	*-100%*
- Expensed exploration	9 396		*-*
- Calculated expenses and income relating to stock options and similar	0	815	*-100%*
- Other calculated income and expenses	(3 090)	29 371	*-111%*
- Gains and losses from sales	2 533	690	*267%*
- Share of income from companies carried on an equity basis	341	2 341	*-85%*
- Cash income	(11 666)	(3 326)	*251%*
- Gross cost of borrowings	3 063	2 331	*31%*
Cash flow before tax	**51 852**	**112 724**	***-54%***
Tax	(862)	(84 123)	*-99%*
Change in working capital requirement linked to operations	(33 664)	(151 228)	*-78%*
NET CASH FLOW GENERATED BY OPERATIONS	**17 326**	**(122 627)**	***-114%***
Disbursements relating to acquisitions of tangible and intangible fixed assets	(132 654)	(72 024)	*84%*
Receipts relating to sales of intangible and tangible fixed assets	21	(74)	*-128%*
Disbursements relating to acquisitions of long-term investments (unconsolidated shares)	(762)	0	*-*
Receipts relating to sales of long-term investments (unconsolidated shares)	0	0	*-*
Acquisition of subsidiaries	0	(22 790)	*-100%*
Increased shares in companies carried on an equity basis	0	0	*-*
Change in loans and advances	(5 846)	497	*-*
Other cash flows relating to investment operations	0	11 871	*-100%*
NET CASH FLOW RELATING TO INVESTMENT OPERATIONS	**(139 241)**	**(82 520)**	***69%***
Sums received from shareholders during the capital increase	3 417	1 143	*199%*
Dividends paid	(143 885)	0	*-*
Receipts relating to new borrowings	6 626	0	*-*
Interest paid	(3 063)	(2 331)	*31%*
Interest received	11 666	3 326	*251%*
Repayment of loans	(4 299)	(5 204)	*-17%*
Acquisition of own shares	(1 010)	(4 468)	*-77%*
NET CASH FLOW RELATING TO FINANCE OPERATIONS	**(130 548)**	**(7 534)**	***-***
Impact of changes in exchange rates	(1 857)	(13 816)	*-87%*
Net receipt on sale of operations *	961 820		*-*
CHANGE IN NET CASH FLOW	**707 500**	**(226 497)**	***-***
Net cash flow at beginning of year	186 342	232 059	*-20%*
**CASH FLOW AND NET CASH EQUIVALENTS AT YEAR END ** **	**893 842**	**5 562**	***-***
Cash generated by operations sold		220 232	*-100%*
CASH FLOW AND NET CASH EQUIVALENTS AT YEAR END * **	**893 842**	**225 794**	***-100%***

* Net of operating cash flow less investments and repayment of the RBL
** Restated for the discontinued operations
*** History published (with the Congolese activities)

The Statutory Auditors' verifications are being completed. It could be that the finalization of the Statutory Auditors' current checks result in minor amendments (mainly reclassification of accounts) that are not likely to affect income and shareholders' equity

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

Maurel & Prom is listed on Eurolist of Euronext Paris – compartment A - CAC mid 100 Index
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Coming next: Wednesday November 7, 2007 – 3rd quarter sales.

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