



Interim management statement and consolidated interim financial results

For the first quarter ended 31
March 2015 (expressed in
US Dollars and Naira)

28 April 2015

Seplat Petroleum Development Company Plc

Seplat Petroleum Development Company Plc

Interim management statement and consolidated interim financial results for the first quarter ended 31 March 2015

Lagos and London, 28 April 2015: Seplat Petroleum Development Company Plc (“Seplat” or the “Company”), a leading Nigerian indigenous oil and gas company, listed on both the Nigerian Stock Exchange and London Stock Exchange, today announces average working interest production for the first three months of 35,811 boepd, up 63% from the same period last year, and maintains average working interest guidance of 32,000 to 36,000 boepd for the full year. Working interest 2P reserves are up 24% year-on-year at 281 MMboe following an independent assessment completed in the period.

After lifting adjustments, crude revenue was US\$120 million, 16% lower than in 2014 while gas revenue increased by 170% year-on-year to US\$11 million. Gross profit stood at US\$73 million and net profit US\$23 million reflecting the significantly lower realised oil price during the first three months. Capital investments during the first three months were US\$14 million against operating cash flow before working capital of US\$62 million. Statutory reported cash at bank was US\$191 million at period end. The Company successfully completed in January a US\$1 billion debt refinancing with a number of local and international banks and in February completed, with an effective date of 1 July 2013, the acquisition of interests in two blocks, OML 53 and OML 55, materially adding to its inventory of reserves and production growth opportunities. Expansion plans for the gas business gathered pace as final commissioning work on the new 150 MMscfd Oben gas processing facility was undertaken that will allow for increased supply to the domestic market in 2015 and beyond.

“The first quarter has been a busy period for Seplat. Production has been strong, we have delivered material reserves growth when many of our peers have seen reserves decrease, grown our footprint in the Niger Delta to six blocks, re-financed our debt and expanded our gas business to increase domestic supply,” said Austin Avuru, Seplat’s Chief Executive Officer. “Whilst we continue to deal with the challenges presented by the lower oil price environment head-on, and have set the 2015 work programme accordingly, we are excited about the numerous growth opportunities available to us in our current portfolio and will remain opportunistic in respect of new business ventures,” he added. Information contained within this release is un-audited and is subject to further review.

Production update

- Average working interest production during the first quarter of 35,811 boepd (compared to 21,494 boepd in 2014) and comprised 27,935 bopd liquids and 47.3 MMscfd gas
- Reported production figures reflect 25 days of downtime on the third party operated Trans Forcados System (TFS) in the first three months. There were no shut-ins recorded at OML 53 and OML 55. Excluding downtime, average working interest production in the first three months was 41,040 boepd (comprising 33,164 bopd liquids and 47.3 MMscfd gas)
- Deliveries to the Warri refinery via the Seplat operated alternative export pipeline were 246,702 bbls
- During the first three months, approximately 95% of liquids production from OMLs 4, 38 and 41 was transported through the TFS. This volume was subject to an average of 9.67% reconciliation losses for the quarter
- Average oil price realisation of US\$52.8/bbl (2014: US\$112.9/bbl), achieving an average US\$1.52/bbl premium to Brent, and an average gas price of US\$2.6/Mscf (2014: US\$1.41/Mscf)

Working interest production for the first three months of 2015⁽¹⁾

	Seplat %	Gross			Working Interest		
		Liquids bopd	Gas MMscfd	Oil equivalent boepd	Liquids bopd	Gas MMscfd	Oil equivalent boepd
OMLs 4, 38 & 41	45.0%	53,750	105.0	71,252	24,187	47.3	32,063
OPL 283	40.0%	3,532	-	3,532	1,413	-	1,413
OML 53	40.0%	2,782	-	2,782	1,113	-	1,113
OML 55 ⁽²⁾	22.5%	5,430	-	5,430	1,222	-	1,222
Total		69,493	105.0	82,995	27,935	47.255	35,811

⁽¹⁾ Liquid production volumes as measured at the LACT unit for OMLs 4, 38 and 41 and OPL 283 flow station. Volumes stated are subject to reconciliation and will differ from sales volumes within the period.

⁽²⁾ Volumes associated with Seplat’s 56.25% in Belemaoil producing Limited, equivalent to an effective 22.5% working interest in OML 55

Reserves and resources

- Independent reserves assessment completed by Degolyer and MacNaughton in the first quarter confirmed working interest 2P reserves of 281 MMboe at 31 December 2014, comprising 139 MMbbls of oil and condensate and 827 Bscf of natural gas, representing an overall increase of 24% year-on-year
 - Key drivers of the upwards revision are the recognition of reserves at Orogho, Sapele Shallow and Okwefe following a review of 2014 well performance data and the conversion from 2C to 2P as a result of 2014 development activities
- Working interest 2C resources (including management estimates for OML 53 and OML 55) stand at 281 MMboe
 - 2P + 2C working interest volumes of 562 MMboe, split evenly between oil and gas

Drilling and capital projects update

- Commissioning work has been completed for the new 150 MMscfd Oben gas plant, gas has been introduced to the system and final pre-start up audits and checks are underway. The expansion of processing capacity at Oben is a major step forward for Seplat's gas business and increases gas supply available to the domestic market in Nigeria
- Work is progressing on the construction of two 50,000 bbl storage tanks at the Amukpe field, with tanks one and two 90% and 74% complete respectively. Commissioning of the tanks and ancillary plant is expected in Q2
- Following the installation of three 10 MMscfd compressors, the Oben associated gas compression project is set for commissioning in the second quarter and is designed to eliminate the flaring of gas and process those volumes to sales quality
- The Ovhor - Amukpe associated gas compressor is fully operational with continual gaslift enhancing production
- Modification work is ongoing at the liquid treatment facility to address issues with the composition of separated water to enable full continuous injection
- The Company completed two oil production wells at OML 38, three gas production wells at OMLs 4 and 38 during the first three months and presently has three rigs operating

New ventures

- Completed the acquisition of a 40.0% working interest in OML 53 and an effective 22.5% working interest in OML 55 from Chevron Nigeria Limited ("CNL") in February with an effective date of 1 July 2013. Both blocks fit neatly with Seplat's strategy of prioritising opportunities in the onshore and shallow water areas of Nigeria that offer near term production, cash flow and reserve replacement potential. Seplat has been designated as operator of both blocks
- The Company estimates net recoverable hydrocarbon volumes attributable to its working 40.0% working interest in OML 53 to be approximately 51 MMbbls of oil and condensate and 611 Bscf of gas (total 151 MMboe). The Jisike oil field is currently the only producing field on the block. The block also contains the large undeveloped Ohaji South gas and condensate field, the development of which will be co-ordinated with the SPDC operated Assa North field on adjacent OML 21 with the expectation of further boosting gas supply to the domestic market. Seplat expects to focus initial work on increasing oil production at the Jisike field as plans to develop Ohaji South are finalised
- The Company estimates net recoverable volumes attributable to its effective 22.5% working interest in OML 55 to be approximately 20 MMbbls of oil and condensate and 156 Bscf of gas. The block contains five producing fields (Robertkiri, Inda, Belema North, Idama and Jokka). The majority of production on the block is from the Robertkiri, Idama and Inda fields. All produced liquids from OML 55 are delivered via third party infrastructure to the Bonny terminal for processing and shipping. Seplat expects to focus initial work on optimising and increasing oil production, taking advantage of the significant infrastructure capacity that already exists on the block
- In 2014 the Company reported that US\$453 million had been allocated as a refundable deposit against a potential investment of which US\$408 million is in an escrow account. The investment was not consummated as expected and the Company has demanded repayment of the full amount of US\$453 million with accrued interest. The Company is also pursuing legal remedies to facilitate the repayment of these sums. As at 31 March 2015 the US\$453 million was recognised within the reported balance of trade and other receivables

Finance update

- Gross revenue for the first three months was US\$131 million (~~₦25.6 billion~~) (2014: US\$146 million (~~₦22.7 billion~~))
 - Crude revenue (after adjusting for changes in lifting) was US\$120 million (~~₦23.4 billion~~), a 16% decrease from the same period in 2014 (US\$142 million (~~₦22.1 billion~~)) mainly due to the significantly lower realised oil price, partially offset by increased sales volumes
 - Gas revenue was US\$11.0 million (~~₦2.2 billion~~), a 170% increase from the same period in 2014 mainly due to the increased production capacity resulting from wells and work-overs completed by the Company in the latter parts of 2014 and higher offtake from the gas buyers
- Working interest sales volumes during the first three months increased to 2.46 MMboe from 1.90 MMboe in 2014. The total volume of crude lifted in the first three months was 1.76 MMbbls compared to 1.50 MMbbls in 2014. Total gas volume sold was 0.7 MMboe (2014: 0.5 MMboe)
- Three month net profit was US\$23 million (2014: US\$47 million)
 - Decrease year-on-year primarily due to the lower realised oil price, increased cost of sales and finance charges offsetting the higher oil and gas sales volumes
- Cash at bank US\$191 million (~~₦38.5 billion~~); initiated legal processes to retrieve US\$453 million paid as a refundable deposit against potential investment in 2014
- US\$1 billion re-financing and up-sizing of existing debt facilities completed and funds drawn down in January
 - US\$700 million seven year secured term facility closed with a consortium of banks in Nigeria comprising First Bank of Nigeria Limited, Stanbic IBTC Bank Plc, United Bank for Africa Plc and Zenith Bank Plc, is repayable quarterly from end June 2015 and has a margin of LIBOR +8.75% per annum. The facility also includes an option for the Company to upsize the facility by up to an additional US\$700 million for qualifying acquisition opportunities
 - US\$300 million three year revolving credit facility has been closed with a consortium of eight international banks comprising Bank of America Merrill Lynch, Citibank, JP Morgan Limited, Natixis, Nedbank Limited, Rand Merchant Bank, Standard Bank and Standard Chartered Bank, has a quarterly reduction schedule from end December 2015 and has a margin of LIBOR +6.00% per annum
- Capital investments of US\$14 million in the first nine months funded by net operating cash flow before working capital of US\$62 million; full year capex expectation is around US\$168 million
- The outstanding NPDC receivable at 31 March was US\$499 million (~~₦100.5 billion~~), consisting of both current year performances and outstanding payments brought forward from prior period performances
 - US\$291 million (~~₦58.6 billion~~) approved as cash calls
 - US\$208 million (~~₦41.9 billion~~) still undergoing various approval levels within NPDC
 - Total of US\$46 million (~~₦9.3 billion~~) collected by the Company as cash calls from NPDC during the first three months against expenditure of US\$82 million
 - Plans are being implemented to ensure timely recovery of outstanding balances

Enquiries:**Seplat Petroleum Development Company Plc**

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Notes to editors

Seplat Petroleum Development Company Plc is a leading indigenous Nigerian oil and gas exploration and production company with a strategic focus on Nigeria, listed on the Main Market of the London Stock Exchange ("LSE") (LSE:SEPL) and Nigerian Stock Exchange ("NSE") (NSE:SEPLAT).

In July 2010, Seplat acquired a 45 percent participating interest in, and was appointed operator of, a portfolio of three onshore producing oil and gas leases in the Niger Delta (OMLs 4, 38 and 41), which includes the producing Oben, Ovhor, Sapele, Okporhuru, Amukpe and Orogho fields. Since acquisition, Seplat has more than tripled production from these OMLs.

In June 2013, Newton Energy Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Pillar Oil Limited to acquire a 40 percent participating interest in the Umuseti/Igbuku marginal field area within OPL 283. In February 2015, Seplat completed the acquisition of a 40 percent operated working interest in OML 53 and a 22.5 percent operated effective working interest in OML 55, Onshore Nigeria.

Seplat is pursuing a Nigeria focused growth strategy and is well-positioned to participate in future divestment programmes by the international oil companies, farm-in opportunities and future licensing rounds. For further information please refer to the company website, <http://seplatpetroleum.com/>

Directors' interest in shares

At 31 March 2015

Directors' interest in shares

The interests of the Directors (and of persons connected with them) in the share capital of the Company (all of which are beneficial unless otherwise stated) as at 31 March 2015, are as follows:

	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue
Ambrosie Bryant Chukwueloka Orjiako ⁽¹⁾	84,736,913	15.32
Ojunekwu Augustine Avuru ⁽²⁾	73,297,011	13.20
William Stuart Connal	14,433	—
Roger Thompson Brown	1	—
Michel Hochard	—	—
Macaulay Agbada Ofurhie	4,806,373	0.87
Michael Richard Alexander	—	—
Charles Okeahalam	400,000	0.07
Basil Omiyi	400,000	0.07
Ifueko Omoigui-Okauru	—	—
Lord Mack Malloch-Brown	—	—
Damian Dinshiya Dodo	—	—

Notes:

- (1) 72,136,912 Ordinary Shares are held by Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family and 12,600,000 Ordinary Shares are held directly by Mr. Orjiako's siblings and 1 Ordinary Share held by A.B.C. Orjiako.
- (2) 27,217,010 Ordinary Shares are held by Professional Support Limited and 1,920,000 Ordinary Shares are held by Abtrust Integrated Services Limited, each of which is an entity controlled by Austin Avuru. 44,160,000 Ordinary Shares, are held by Platform Petroleum Limited, which is an entity in which Austin Avuru has a 23 per cent equity interest and 1 ordinary share held by Mr Augustine O. Avuru.

Substantial interest in shares

The issued and fully paid share capital of the Company As at 31 March 2015 is beneficially owned as follows:

Shareholder	No. of Ordinary Shares	As a percentage of total Ordinary Shares in issue
MPI S.A.	120,400,000	21.76
Shebah Petroleum Development Company Limited	84,736,913	15.31
Austin Avuru and Platform Petroleum Limited	73,297,011	13.25
Citi Bank Custodian [International Tranche]	68,907,884	12.45
Mercuria Capital Partners Limited	24,722,677	4.47
ZPC/SIBTC RSA FUND - MAIN A/C	21,183,951	3.83
Quantum Power International Holdings Limited	19,600,000	3.54
Quantum Capital Partners Fund I LP	19,996,000	3.61
The Blakeney Group	16,000,000	2.89
Stanbic Nominees Nigeria Ltd/C002 - Main	10,517,238	1.90
CIS Plc Trading	29,288,532	5.29
Others	64,660,107	11.82
	553,310,313	100

Directors' interest in shares continued

At 31 March 2015

Notes:

1. 72,136,912 Ordinary Shares are held by Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family and 12,600,000 Ordinary Shares are held directly by Mr. Orjiako's siblings and 1 Ordinary Share held by A.B.C. Orjiako.
- (2) 27,217,010 Ordinary Shares are held by Professional Support Limited and 1,920,000 Ordinary Shares are held by Abtrust Integrated Services Limited, each of which is an entity controlled by Austin Avuru. 44,160,000 Ordinary Shares, are held by Platform Petroleum Limited, which is an entity in which Austin Avuru has a 23 per cent equity interest and 1 ordinary share held by Mr Augustine O. Avuru

The directors confirm that to the best of their knowledge:

- a) The condensed set of financial statements have been prepared in accordance with IAS 34 'Interim Financial Report';
- b) The interim management report includes a fair review of the information required by UK DTR 4.2.7R indication of important events during the first nine months and description of principal risks and uncertainties for the remaining three months of the year and
- c) The interim management report includes a fair review of the information required by UK DTR 4.2.8R disclosure of related parties' transactions and changes therein.



A. B. C. Orjiako
 FRC/2013/IODN/00000003161
 Chairman
 28 April 2015



A. O. Avuru
 FRC/2013/IODN/00000003100
 Chief Executive Officer
 28 April 2015



R.T. Brown
 FRC/2014/IODN/00000007983
 Chief Financial Officer
 28 April 2015

Disclaimer

Certain statements included in these results contain forward-looking information concerning Seplat's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which Seplat operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within Seplat's control or can be predicted by Seplat. Although Seplat believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. Actual results and market conditions could differ materially from those set out in the forward-looking statements. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Seplat or any other entity, and must not be relied upon in any way in connection with any investment decision. Seplat undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Independent auditor's report on review of interim financial information to the members of Seplat Petroleum Development Company plc



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We have reviewed the accompanying consolidated interim financial statements of Seplat Petroleum Development Company Plc and its subsidiaries (the Group), which comprise the consolidated statements of financial position As at 31 March 2015 and profit or loss and other comprehensive income, changes in equity and cash flows for the first quarter then ended, and notes to the consolidated interim financial statements as set out on pages 10 to 16. The company's directors are responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting" and in the manner required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria (FRCN) Act, No. 6, 2011. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". 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. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group As at 31 March 2015, and of the financial performance and its cash flows for the first quarter then ended in accordance with IAS 34, "Interim Financial Reporting" and in the manner required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

Yemi Odutola
For Ernst & Young
Lagos, Nigeria
[FRC/2014/ICAN/0000000141](#)

28 April 2015

Statement of profit or loss and other comprehensive income for the first quarter ended 31 March 2015

		3 months ended 31 Mar 2015	3 months ended 31 Mar 2014	12 months ended 31 Dec 2014	3 months ended 31 Mar 2015	3 months ended 31 Mar 2014	12 months ended 31 Dec 2014
	Note	\$000	\$000	\$000	₦million	₦million	₦million
Revenue	3	131,122	146,213	775,019	25,562	22,722	124,377
Cost of sales	4	(58,404)	(52,883)	(315,590)	(11,386)	(8,218)	(50,647)
Gross profit		72,718	93,330	459,429	14,176	14,504	73,730
General and administrative expenses	5	(28,467)	(38,631)	(151,569)	(5,550)	(6,003)	(24,324)
Other operating income		-	-	-	-	-	-
Gain/(loss) on foreign exchange		(2,005)	1,713	(17,152)	(391)	266	(2,753)
Fair value movement in contingent consideration		(313)	(270)	(1,132)	(61)	(42)	(182)
Operating profit		41,933	56,143	289,576	8,174	8,725	46,471
Finance income		1,121	166	11,996	219	26	1,925
Finance charges	6	(18,297)	(9,642)	(49,319)	(3,567)	(1,498)	(7,915)
Profit before taxation		24,757	46,667	252,253	4,826	7,252	40,481
Taxation		215	-	-	44	-	-
Profit after taxation		24,972	46,666	252,253	4,870	7,252	40,481
Other comprehensive income							
Foreign translation reserve		-	-	(32)	15,976	(1,780)	35,051
Total comprehensive income for the period / year		24,972	46,666	252,221	20,846	5,473	75,532
Profit attributable to non-controlling interest	12	(1,670)	-	-	(326)	-	-
Profit attributable to parent		23,302	46,666	252,221	20,520	5,473	75,532
Earnings per share (\$/₦)	7	\$0.04	\$0.12	\$0.50	₦8.80	₦18.80	₦79

Consolidated statement of financial position

for the first quarter ended 31 March 2015

	As at 31 Mar 2015	As at 31 Mar 2014	As at 31 Dec 2014	As at 31 Mar 2015	As at 31 Mar 2014	As at 31 Dec 2014
Note	\$000	\$000	\$000	₦million	₦million	₦million
Assets						
Non-current assets						
Oil and gas properties	1,394,025	622,772	843,603	237,246	94,472	155,448
Other property, plant and equipment	13,655	8,720	13,459	2,324	1,323	2,480
Intangible assets	24	118	48	5	18	9
Goodwill	9 2,000	-	-	403	-	-
Deferred tax assets	1,021	-	-	206	-	-
Prepayments	39,957	366,084	131,466	8,049	56,835	24,225
Total non-current assets	1,450,682	997,694	988,576	248,233	152,648	182,162
Current assets						
Inventories	49,072	56,256	54,416	9,886	8,734	10,027
Trade and other receivables	10 1,156,508	374,866	1,075,078	232,979	58,198	198,101
Other Current financial assets	891	-	890	179	-	164
Derivatives not designated as hedges	5,432	-	5,432	1,094	-	1,001
Cash and cash at banks	190,922	326,647	285,298	38,461	50,712	52,571
Total current assets	1,402,825	757,769	1,421,114	282,599	117,644	261,864
Total assets	2,853,507	1,755,463	2,409,690	530,832	270,292	444,026
Equity and liabilities						
Equity attributable to shareholders						
Share capital	11 1,798	1,334	1,798	277	200	277
Capital contribution	40,000	40,000	40,000	5,932	5,932	5,932
Share premium	497,457	-	497,457	82,080	-	82,080
Retained earnings	893,163	697,474	869,861	140,369	108,113	135,727
Foreign translation reserve	26	58	26	15,976	(1,780)	35,642
Non-controlling interest	12 3,079	-	-	544	-	-
Total equity	1,435,523	738,866	1,409,142	245,178	112,465	259,658
Non-current liabilities						
Interest bearing loans & borrowings	859,594	524,850	239,767	173,166	81,483	44,181
Deferred tax liabilities	151	-	-	30	-	-
Contingent consideration	28,881	8,514	9,377	5,818	1,322	1,728
Provision for decommissioning	13,138	15,662	12,690	2,647	2,432	2,338
Total non-current liabilities	901,764	549,026	261,834	181,661	85,237	48,247
Current liabilities						
Trade and other payables	341,815	232,837	348,389	68,859	36,148	64,196
Current taxation	655	-	-	132	-	-
Short term borrowings	173,750	234,734	390,325	35,002	36,442	71,924
Total current liabilities	516,220	467,571	738,714	103,993	72,590	136,120
Total liabilities	1,417,984	1,016,597	1,000,548	285,654	157,827	184,368
Total equity and liabilities	2,853,507	1,755,463	2,409,690	530,832	270,292	444,026



A. B. C. Orjiako
FRC/2013/IODN/00000003161
Chairman
28 April 2015



A. O. Avuru
FRC/2013/IODN/00000003100
Chief Executive Officer
28 April 2015



R.T. Brown
FRC/2014/IODN/00000007983
Chief Financial Officer
28 April 2015

Consolidated statement of changes in equity

for the first quarter ended 31 March 2015

	Share Capital \$000	Share Premium \$000	Capital Contribution \$000	Foreign Translation Reserve \$000	Retained Earnings \$000	Total \$000	Non- Controlling interest \$000	Total Equity \$000
At 1 January 2014	1,334	-	40,000	58	690,807	732,199	-	732,199
Profit for the year	-	-	-	-	46,667	46,667	-	46,667
Other comprehensive income	-	-	-	-	-	-	-	-
Dividend to equity holders of the company	-	-	-	-	(40,000)	(40,000)	-	(40,000)
At 31 March 2014	1,334	-	40,000	58	697,474	738,866	-	738,866
Profit for the year	-	-	-	-	205,586	205,586	-	205,586
Other comprehensive income	-	-	-	(32)	-	(32)	-	(32)
Dividend to equity holders of the company	-	-	-	-	(33,199)	(33,199)	-	(33,199)
Increase in Shares	464	534,523	-	-	-	534,987	-	534,987
Transaction costs for shares issued	-	(37,066)	-	-	-	(37,066)	-	(37,066)
At 31 December 2014	1,798	497,456	40,000	26	869,862	1,409,142	-	1,409,142
Profit for the year	-	-	-	-	23,302	23,302	1,670	24,972
Other comprehensive income	-	-	-	-	-	-	-	-
Share capital	-	-	-	-	-	-	1,409	1,409
At 31 March 2015	1,798	497,456	40,000	26	893,164	1,432,444	3,079	1,435,523
	₦million	₦million	₦million	₦million	₦million	₦million	₦million	₦million
At 1 January 2014	200	-	5,932	591	106,993	113,716	-	113,716
Profit for the year	-	-	-	-	7,252	7,252	-	7,252
Other comprehensive income	-	-	-	(2,371)	-	(2,371)	-	(2,371)
Dividend to equity holders of the company	-	-	-	-	(6,132)	(1,955)	-	(1,955)
At 31 March 2014	200	-	5,932	(1,780)	108,113	112,465	-	112,465
Profit for the year	-	-	-	-	33,229	33,229	-	33,229
Other comprehensive income	-	-	-	37,422	-	37,422	-	37,422
Dividend to equity holders of the company	-	-	-	-	(5,615)	(5,615)	-	(5,615)
Increase in Shares	77	88,196	-	-	-	88,273	-	88,273
Transaction costs for shares issued	-	(6,116)	-	-	-	(6,116)	-	(6,116)
At 31 December 2014	277	82,080	5,932	35,642	135,727	259,658	-	259,658
Profit for the year	-	-	-	-	4,642	4,642	326	4,968
Other comprehensive income	-	-	-	(19,666)	-	(19,666)	-	(19,666)
Share capital	-	-	-	-	-	-	218	218
At 31 March 2015	277	82,080	5,932	15,976	140,369	244,634	544	245,178

Consolidated statement of cash flow

for the first quarter ended 31 March 2015

	3 Months to 31 Mar 2015 \$000	3 Months to 31 Mar 2014 \$000	12 months to Dec 2014 \$000	3 Months to 31 Mar 2015 ₦million	3 Months to 31 Mar 2014 ₦million	12 months to Dec 2014 ₦million
Cash Flows from Operations Activities						
Cash generated from operations	(62,261)	4,559	228,171	(12,138)	708	36,607
Income taxes Paid	-	(2,874)	(2,874)	-	(447)	(530)
Net cash inflows from operating activities	(62,261)	1,685	225,297	(12,138)	261	36,077
Cash Flow from Investing Activities						
Investment in Oil and gas properties	(381,352)	(44,818)	(303,214)	(74,343)	(6,966)	(55,872)
Investment in other property, plant and equipment	(196)	(1,167)	(9,870)	(38)	(181)	(1,819)
Acquisition of goodwill and intangible assets	(2,000)	-	-	(390)	-	-
Proceeds from sale of asset	-	-	-	-	-	-
Deposit for Investment	-	(200,000)	(453,190)	-	(31,081)	(83,508)
Aborted acquisition costs	-	-	(26,056)	-	-	(4,182)
Interest received	1,121	658	11,996	219	102	1,925
Net cash outflows from investing activities	(382,427)	(245,327)	(780,334)	(74,553)	(38,126)	(143,456)
Cash Flows from Financing Activities						
Proceeds from issue of shares	-	-	534,987	-	-	88,273
Issue costs	-	-	(37,066)	-	-	(6,116)
Proceeds from bank financing	1,000,000	446,000	446,000	194,947	69,312	71,575
Expenses from bank financing	(32,899)	-	-	(6,413)	-	-
Repayments of bank financing	(598,940)	(39,679)	(119,034)	(116,762)	(6,166)	(19,103)
Loan to subsidiary undertaking	-	-	-	-	-	-
Repayment of shareholder financing	-	-	(48,000)	-	-	(7,703)
Dividends paid	-	-	(73,199)	-	-	(11,747)
Interest paid	(17,849)	(5,493)	(32,847)	(3,480)	(854)	(5,271)
Net cash inflows/(outflows) from financing activities	350,312	(400,828)	670,841	68,292	(62,292)	109,908
Net increase in cash and cash equivalents	(94,376)	157,186	115,805	(18,398)	24,428	2,529
Cash and cash equivalents at beginning of period / year	285,298	169,461	169,461	52,571	26,300	26,300
Net foreign exchange difference	-	-	32	4,288	(16)	23,742
Cash and cash equivalents at end of period / year	190,922	326,647	285,298	38,461	50,712	52,571

Notes to the consolidated financial statements

1. Corporate structure and business

Seplat Petroleum Development Company Plc (“Seplat” or the “Company”), the parent of the Group, was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2013, under the Company and Allied Matters Act 2004. The Company commenced operations on 1 August 2010. The Company is principally engaged in oil and gas exploration and production.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, SPDC, TOTAL and AGIP, a 45 per cent participating interest in the following producing assets:

OML 4, OML 38 and OML 41 located in Nigeria. The total purchase price for these assets was \$340 million paid at the completion of the acquisition on 31 July 2010 and a contingent payment of \$33 million payable 30 days after the second anniversary, 31 July 2012, if the average price per barrel of Brent Crude oil over the period from acquisition up to 31 July 2012 exceeds \$80 per barrel. \$358.6 million was allocated to the producing assets including \$18.6 million as the fair value of the contingent consideration as calculated on acquisition date. The contingent consideration of \$33 million was paid on 22 October 2012.

During 2013, Newton Energy Limited (“Newton Energy”), an entity previously beneficially owned by the same shareholders as Seplat, became a subsidiary of the Company. On 1 June 2013, Newton Energy acquired from Pillar Oil Limited (“Pillar Oil”) a 40 per cent. Participant interest in producing assets: the Umuseti/Igbuku marginal field area located within OPL 283 (the “Umuseti/Igbuku Fields”). The total purchase price for these assets was \$50 million paid at the completion of the acquisition in June 2013 and a contingent payment of \$10 million payable upon reaching certain production milestones. \$57.7 million was allocated to the producing assets including \$7.7 million as the fair value of the contingent consideration as calculated on acquisition date.

On February 5, 2015, Seplat announced the completion of the acquisition of a 40% working interest in OML 53 and, onshore north eastern Niger Delta from Chevron Nigeria Limited. The up-front acquisition cost to Seplat, after adjustments, is \$259.4 million, of which \$69.0 million had previously been paid as a deposit in 2013 and \$190.4 million paid at completion. The adjustments to the up-front acquisition cost include a deferred payment of \$18.75 million contingent on oil prices averaging \$90/bbl. or above for 12 consecutive months over the next five years.

On February 5, 2015, Seplat announced the conclusion of negotiations to purchase 56.25% of the share capital of Belemaoil, a Nigerian special purpose vehicle that has completed the acquisition of a 40.00% interest in the producing OML 55, located in the swamp to coastal zone of south eastern Niger Delta, from Chevron Nigeria Limited. Seplat’s effective working interest in OML55 is 22.5% for a consideration of \$132.2 million after adjustments. The adjustments to the consideration include a deferred payment of \$11.6 million net to Seplat contingent on oil prices averaging US\$90/bbl. or above for 12 consecutive months over the next five years. The Company has also advanced certain loans of \$80.0 million to the other shareholders of Belemaoil to meet their share of investments and costs associated with Belemaoil. In addition, discussions are underway to determine repayment terms for the initial deposit against the acquisition of \$52.5 million that Belemaoil funded with bank debt. This amount may subsequently be added to the total amount loaned to Belemaoil by Seplat. Under the agreed terms Seplat will recover the loaned amounts, together with an uplift premium of up to \$20.6 million and annual interest of 10.00%, from 80.00% of the other shareholders oil lifting entitlements.

The Company’s registered address is: 25a Lugard Avenue, Ikoyi, Lagos, Nigeria.

The Company together with its subsidiary, Newton Energy, and four wholly owned subsidiaries, namely, Seplat Petroleum Development Company UK Limited (“Seplat UK”), which was incorporated on 21 August 2013, Seplat East Onshore Limited (“Seplat East”), which was incorporated on 12 December 2013, Seplat East Swamp Company Limited (“Seplat Swamp”), which was incorporated on 12 December 2013, and Seplat Gas Company Limited (“Seplat Gas”), which was incorporated on 12 December 2013, is referred to as the Group.

Notes to the consolidated financial statements

continued

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial information has been prepared under the going concern assumption and historical cost convention, except for contingent consideration, borrowings on initial recognition and financial instruments - derivatives not designated as hedges that have been measured at fair value. The historical financial information is presented in US dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2015.

This basis is the same adopted for the last audited financials statement as at 31 December 2014.

2.3 Functional and presentation currency

Functional and presentation currency

The Group's financial statements are presented in United States Dollars, which is also the Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within the line item gain/(loss) on foreign exchange, net.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into US\$ at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For statutory reporting purposes, the Naira components of the quarterly consolidated financial statements are derived from the US dollar financial statements translation in which all monetary assets and liabilities are translated at the closing rate, share capital at historical rate while comprehensive income and fixed assets accounts are translated at the average rate for the period. The resulting exchange differences are recognised in other comprehensive income and included as a separate component of equity.

Notes to the consolidated financial statements

continued

3. Revenue

	3 months ended 31 Mar 2015	3 months ended 31 Mar 2014	3 months ended 31 Mar 2015	3 months ended 31 Mar 2014
	\$000	\$000	₦million	₦million
Crude oil sales as invoiced	95,407	163,094	18,599	25,346
Changes in lifting (in line with participating interests of both parties)	24,677	(20,977)	4,811	(3,260)
	120,084	142,117	23,410	22,086
Gas sales	11,038	4,096	2,152	636
Total revenue	131,122	146,213	25,562	22,722

The sole off-taker for crude oil is Shell Western Supply and Trading Limited.

4. Cost of sales

	3 months ended 31 Mar 2015	3 months ended 31 Mar 2014	3 months ended 31 Mar 2015	3 months ended 31 Mar 2014
	\$000	\$000	₦million	₦million
Crude handling fees	5,691	3,084	1,109	479
Royalties	23,682	30,046	4,617	4,669
Depletion, Depreciation and Amortisation	16,100	6,265	3,139	974
Niger Delta Development Commission	2,869	2,322	559	361
Other Rig related Expenses	292	1,134	57	176
Other Field Expenses	9,770	10,032	1,905	1,559
	58,404	52,883	11,386	8,218

5. General and administrative expenses

	3 months ended 31 Mar 2015	3 months ended 31 Mar 2014	3 months ended 31 Mar 2015	3 months ended 31 Mar 2014
	\$000	\$000	₦million	₦million
Depreciation, amortisation and impairment charges	1,286	895	251	139
Employee related cost	5,814	4,653	1,133	723
Professional & Consulting Fees	13,753	18,453	2,681	2,868
Directors Emoluments	770	1,875	150	291
Other General and Admin Expenses	6,844	12,755	1,335	1,982
	28,467	38,631	5,550	6,003

Notes to the consolidated financial statements

continued

6. Finance charges

	3 months ended 31 Mar 2015	3 months ended 31 Mar 2014	3 months ended 31 Mar 2015	3 months ended 31 Mar 2014
	\$000	\$000	₦million	₦million
Bank loan	17,849	9,156	3,480	1,423
Interest on shareholder loan	-	-	-	-
Unwinding of discount on provision for decommissioning	448	486	87	75
	18,297	9,642	3,567	1,498

7. Earnings per share

Basic

Basic earnings per share is calculated on the Company's profit after taxation and on the basis of weighted average of issued and fully paid ordinary shares at the end of the year.

	3 months ended 31 Mar 2015	3 months ended 31 Mar 2014	3 months ended 31 Mar 2015	3 months ended 31 Mar 2014
	\$000	\$000	₦million	₦million
Profit for the year attributable to shareholders (\$000)	24,972	46,666	4,870	7,253
Weighted average number of ordinary shares in issue (in 000)	553,310	398,787	553,310	398,787
	\$	\$	₦	₦
Basic earnings per share (in \$)	0.04	0.12	8.80	18.18
Dividend per share (in \$ and N)	-	-	-	-
Earnings	\$000	\$000	₦million	₦million
Profit attributable to equity holders of the Group	24,972	46,666	4,870	7,253
Profit used in determining diluted earnings per share	24,972	46,666	4,870	7,253

There were no dilutive instruments for the period ended 31 March 2015.

Notes to the consolidated financial statements

continued

8. Related party transactions

8a. Transactions

The following transactions were carried out by related parties on behalf of Seplat:

i) Purchases of goods and services	3 months ended	3 months ended	3 months ended	3 months ended
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
	\$000	\$000	₦million	₦million
Shareholders				
MPI SA	-	300	-	-
Shebah Petroleum Development Company Limited	379	250	74	59
Platform Petroleum Limited	22	33	4	3
	401	583	78	62
Entities under common control				
Abbey Court Petroleum Company Limited	1,470	1,056	287	228
Abtrust Integrated Services	-	50	-	-
Charismond Nigeria Limited	2	150	-	-
Cardinal Drilling Services Limited	5,884	7,627	1,147	914
Keco Nigeria Enterprises	1,287	833	251	200
Ndosumili Ventures Limited	609	655	119	95
Oriental Catering Services Limited	290	163	57	45
ResourcePro Inter Solutions Limited	510	194	100	79
Berwick Nigeria Limited	-	988	-	-
Montego Upstream Services Limited	3,504	1,537	683	545
Neimeth International Pharmaceutical Plc	-	-	-	-
Nerine Support Services Limited	6,963	6,671	1,357	1,082
Nabila Resources & Investment Ltd	-	298	-	-
D.D Dodo & Co	-	-	-	-
Helko Nigeria Limited	-	828	-	-
	20,519	21,050	4,001	3,188
ii) Interest expense				
	3 months ended	3 months ended	3 months ended	3 months ended
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
	\$000	\$000	₦million	₦million
Shareholders				
MPI	-	1,694	-	263

Notes to the consolidated financial statements

continued

8b. Balances

The following balances were receivable from or payable to related parties as at 31 March 2015:

i) Prepayments / receivables	3 months ended	3 months ended	3 months ended	3 months ended
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
	\$000	\$000	₤million	₤million
Under common control				
SEPCOL	-	-	-	-
Cardinal Drilling Services Limited	10,507	7,799	2,117	1,212
Abbeycourt Petroleum Company Limited	-	-	-	-
	-	7,799	-	1,212
ii) Payables				
Shareholders -				
Loan from MPI	-	47,927	-	7,441

9. Goodwill

Seplat, via a wholly owned subsidiary, entered into a share purchase agreement with First Act, Belema Refinery and Petrochemical Ltd, Mr. Jack Tein and Belemaoil (the four shareholders of Belemaoil) to acquire 56.25% of Belemaoil. This sale and purchase agreement was consummated on 5 February 2015 upon Seplat consortium's acquisition of CNL's 40% interest in OMLs 52, 53 and 55. This results in Seplat having an indirect interest of 22.5% in OML 55.

The acquisition of OML 55 is a business combination through its indirect acquisition of the asset and has been accounted for in accordance with IFRS 3R. The fair value of the purchase consideration and the assets acquired are \$139 million and \$137 million respectively, giving rise to a goodwill on acquisition of \$2million (₤403million).

	\$000	₤million
Purchase consideration	139,285	28,059
Fair value of Net assets of Belemaoil	(137,285)	(27,656)
Goodwill	2,000	403

Notes to the consolidated financial statements

continued

10. Trade and other receivables

	As at 31 Mar 2015 \$000	As at 31 Mar 2014 \$000	As at 31 Dec 2014 \$000	As at 31 Mar 2015 ₦million	As at 31 Mar 2014 ₦million	As at 31 Dec 2014 ₦million
Trade receivables	140,264	30,786	119,588	28,256	4,780	22,036
Nigerian Petroleum Development						
Company (NPDC) receivables	498,813	290,608	463,118	100,486	45,117	85,337
Intercompany receivables	-	-	-	-	-	-
Deposit for Investments	453,190	-	453,190	91,295	-	83,508
Advances to related parties	10,507	5,534	10,924	2,117	859	2,013
Prepayments	18,999	16,798	14,224	3,827	2,608	2,621
Under lift	17,649	6,853	2,783	3,555	1,064	513
Advances to suppliers	14,142	24,031	10,934	2,849	3,730	2,015
Other receivables	2,944	256	317	594	40	58
	1,156,508	374,866	1,075,078	232,979	58,198	198,101

Deposit for investment:

By a consortium agreement made amongst parties, Newton Energy Limited (a wholly owned subsidiary of Seplat) agreed to make payments of \$453 million towards an investment in 2014 of which \$408 million was placed into an escrow account. The investment was not consummated as expected, as such and in accordance with agreements signed, Newton has demanded the repayment of the full amount of \$453 million with accrued interest. Newton is also pursuing legal remedies to facilitate the repayment of these sums, including the amounts in the escrow account related to this investment.

Trade receivables / NPDC receivables:

Trade receivables are non-interest bearing and are generally on 30-day terms.

The amount due from NPDC includes \$291 million (₦58.6 billion) that is overdue as at 31 March 2015. The overdue cash calls are not considered impaired based on the credit worthiness of the counterparty and previous experience whereby certain amounts are paid but not in line with the terms as NPDC is required to follow due process.

Notes to the consolidated financial statements

continued

11. Share capital

11a.	As at 31 Mar 2015 \$000	As at 31 Mar 2014 \$000	As at 31 Dec 2014 \$000	As at 31 Mar 2015 ₦million	As at 31 Mar 2014 ₦million	As at 31 Dec 2014 ₦million
Value						
Authorised ordinary share capital						
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	3,335	3,335	3,335	517.8	518	519
Issued and fully paid						
553,310,313 issued shares denominated in Naira of 50 kobo per share	1,798	1,334	1,798	277	200	277

In 2014, the Group issued and allotted 153,310,313 through an initial public offering, resulting in an increase in number of issued and fully paid ordinary shares of 50k each from 400 million to 553 million shares.

11b. Capital contribution

	As at 31 Mar 2015 \$000	As at 31 Mar 2014 \$000	As at 31 Dec 2014 \$000	As at 31 Mar 2015 ₦million	As at 31 Mar 2014 ₦million	As at 31 Dec 2014 ₦million
Additional Contribution	40,000	40,000	40,000	5,932	5,932	5,932
	40,000	40,000	40,000	5,932	5,932	5,932

This represents M&P additional cash contribution to the Company. In accordance with the Shareholders Agreement, the amount was used by the Company for working capital as was required at the commencement of operations. Subsequently, the interest held by M&P was transferred to MPI. All terms and conditions previously held by M&P were re-assigned to MPI.

11c. Share Premium

	As at 31 Mar 2015 \$000	As at 31 Mar 2014 \$000	As at 31 Dec 2014 \$000	As at 31 Mar 2015 ₦million	As at 31 Mar 2014 ₦million	As at 31 Dec 2014 ₦million
Gross Proceeds	534,987	-	534,987	88,273	-	88,273
Share issue	(464)		(464)	(77)	-	(77)
Share Premium	534,523		534,523	88,196	-	88,196
Issue costs	(37,066)		(37,066)	(6,116)	-	(6,116)
Issued share capital proceeds	497,456	-	497,457	82,080	-	82,080

In 2014, net proceeds of \$497.9 million (₦82.1 billion) was received during the initial public offering. 153,310,313 shares of 50k each totaling \$464,000 (₦77million) were transferred to share capital.

Notes to the consolidated financial statements

continued

12. Non-controlling interest

This represents Seplat's non-controlling interest (ie Belema's share -43.75%) of net profits in OML 55 and share capital as at the end of the quarter.

13. Events after the reporting period

At the date of this report there have been no significant events after reporting period, which would have a material effect on the financial statements as presented.

General information

Company secretary	Mirian Kene Kachikwu
Registered office and business	
Address of directors	25a Lugard Avenue Ikoyi Lagos Nigeria
Registered number	RC No. 824838
Registrars	DataMax Registrars Limited 7 Anthony Village Road Anthony P.M.B 10014 Shomolu Lagos, Nigeria
FRC number	FRC/2015/NBA/00000010739
Auditors	Ernst & Young 10th Floor, UBA House 57 Marina Lagos, Nigeria.
Solicitors	Abhulimen & Co. Anaka Ezeoke & Co. D. D. Dodo & Co. Jakpa, Edoge & Co. Ogaga Ovwah & Co. Streamsowers & Kohn Thompson Okpoko & Partners Winston & Strawn London LLP
Bankers	Access Bank Plc African Export-Import Bank BNP Paribas Bank Diamond Bank Plc First Bank of Nigeria Plc GT Bank Plc Skye Bank Plc Stanbic IBTC Bank Plc United Bank for Africa Plc Zenith Bank Plc Union Bank of Nigeria Plc Ecobank Nigeria Plc Citibank Nigeria Limited Standard Chartered Bank Nigeria Limited HSBC Bank