



## Seplat Petroleum Development Company Plc

### INTERIM MANAGEMENT STATEMENT AND CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

Lagos and London, 30 October 2014: 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 nine months of 29,014 boepd, up 8% from the same period last year, and maintains average working interest guidance of 29,000 to 33,000 boepd for the full year.

After lifting adjustments, crude revenue was US\$576 million, 8% lower than in 2013 while gas revenue increased by 24% year-on-year to US\$17 million. Net profit stood at US\$228 million following one-off costs of US\$54 million as reported in H1 2014. Absent these charges, net profit would have totaled US\$282 million. The board of Seplat has agreed an interim dividend of US\$0.06 per share. The Company has maintained a strong financial position with cash at bank of US\$435 million at period end.

“We have continued to move the business forward in the third quarter. Production performance is strong and we are well capitalised to take advantage of the current and new growth opportunities available to us,” said Austin Avuru, Seplat’s Chief Executive Officer. “However, like all producers, we are closely monitoring the oil price environment and have challenged ourselves to respond by redoubling efforts to improve efficiency and maximise profitability,” he added. Information contained within this release is unaudited and is subject to further review.

#### Production update

- On track to deliver full year working interest production guidance of 29,000 - 33,000 boepd and target 2014 exit rate of 72,500 bopd
- Nine month working interest production of 29,014 boepd (compared to 26,989 boepd in 2013)
  - Average working interest production during the third quarter 32,237 boepd (comprising 25,128 bopd liquids and 42.7 mmscfd gas)
- Reported production figures reflect 59 days of downtime on the Trans Forcados System (TFS) in the first nine months, of which 14 were in Q3. Excluding un-budgeted downtime of 33 days, average working interest production in the first nine months was 32,336 boepd (comprising 25,183 bopd liquids and 42.9 mmscfd gas)
- Deliveries to the Warri refinery via the new alternative export route, which mitigates sole reliance by the Company on exports via the TFS, increased in the third quarter – gross deliveries in the first nine months stand at 288,661 bbls
- Daily gross liquids production from OMLs 4, 38 and 41 exceeded 70,000 bopd for the first time on 2<sup>nd</sup> October
- During the first nine months, approximately 98% of liquids production from OMLs 4, 38 and 41 was transported through the TFS. This volume was subject to 10.14% reconciliation losses
- Average oil price realisation of US\$109.9/bbl (2013: US\$110/bbl), against an average price for Brent in the period of US\$110.3/bbl (2013: US\$113.86/bbl), and an average gas price of US\$1.55/mscf (2013: US\$1.43/mscf)

#### Working interest production for the first nine months of 2014<sup>(1)</sup>

	Seplat %	Gross			Working Interest		
		Liquids bopd	Gas mmscfd	Oil equivalent boepd	Liquids bopd	Gas mmscfd	Oil equivalent boepd
OMLs 4, 38 & 41	45%	49,249	83.9	63,232	22,162	37.8	28,457
OPL 283	40%	1,392	-	1,392	557	-	557
<b>Total</b>		<b>50,640</b>	<b>83.9</b>	<b>63,624</b>	<b>22,719</b>	<b>37.8</b>	<b>29,014</b>

<sup>(1)</sup> 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.

## Drilling and capital projects update

- High levels of rig based activity continued in Q3 when the Company completed three oil production wells at Oben, one gas work-over well at Oben and one gas work-over well at Sapele
- First oil delivered from the Ovhor – Amukpe gaslift compressor on 11<sup>th</sup> October – commissioning work to enable continuous gaslift is ongoing
- The new 150 mmscfd capacity Oben gas processing plant has arrived in country and site preparation works at the field have been completed
- Modification work is ongoing at the liquid treatment facility to address issues with the composition of separated water to enable full continuous injection
- Construction and installation of two 50,000 bbl storage tanks at the Amukpe field progressing – first tank is nearing completion

## New ventures

- Actively pursuing a number of new venture opportunities that offer near term production, cash flow and reserve replacement potential – committed to maintaining price discipline with a focus on onshore and shallow water offshore areas

## Finance update

- Gross revenue for the first nine months was US\$592.5 million (₦92.0 billion) (2013: US\$642.9 million (₦99.9 billion))
  - Crude revenue (after adjusting for changes in lifting) was US\$575.6 million (₦89.6 billion), an 8% decrease from the same period in 2013 (US\$629.6 million (₦97.8 billion)) mainly due to increased downtime in 2014
  - Gas revenue was US\$16.5 million (₦2.6 billion), a 24% increase from the same period in 2013 mainly due to increased production from well work-overs, upgrade works on the Oben gas plant and higher offtake from the Sapele gas plant
- Working interest sales volumes during the first nine months increased marginally to 7.1 mmboe from 7.0 mmboe in 2013. The total volume of crude lifted in the first nine months was 5.3 MMbbls compared to 5.8 MMbbls in 2013. The 2013 liftings includes 0.74 mmbbls of returned MoU volumes from Shell in relation to settlement of a prior underlift position. Total gas volume sold was 10,223,406 scf (2013: 6,775,152 scf).
- Nine month profit after tax was US\$227.9 million (₦35.4 billion) (2013: US\$442.2 million (₦68.7 billion))
  - Decrease year-on-year due to deferred tax liabilities of US\$92.7 million (₦14.4 billion) released in Q3 2013 as a result of pioneer status being granted to the Group, lower crude revenue in 2014 as explained above and US\$54 million (₦8.4 billion) of one-off general and administration costs in relation to financing, regulatory, procurement and staff costs in 2014
  - On a normalised basis (for costs only) nine month profit after tax was US\$282 million (₦43.8 billion) (2013: US\$349 million (₦54.2 billion))
- Strong financial position – cash at bank US\$435 million with a further US\$453 million placed as a refundable deposit against potential investment; debt repayment of US\$39 million in Q3 reduced gross debt to US\$590 million
- Re-financing and up-sizing of existing debt facilities in progress – engaged with several local and international financial institutions
- Capital investments of US\$123 million in the first nine months funded by net operating cash flow before working capital of US\$283 million; maintain full year capex expectation of around US\$250 million
- The outstanding NPDC receivable at 30 September was US\$418 million (₦64.9 billion), consisting of both current year performances and outstanding payments brought forward from prior period performances
  - US\$232 million (₦36 billion) approved as cash calls for 2014
  - US\$186 million (₦28.9 billion) still undergoing various approval levels within NPDC
  - US\$30 million (₦5 billion) from approved performance in prior years has been bought forward and US\$347 million (₦54 billion) has been added to performance in 2014
  - Total of US\$240 million (₦37 billion) collected by the Company as cash calls from NPDC during the first nine months
  - US\$28 million (₦4.3 billion) has been received post period end. Plans are being implemented to ensure timely recovery of remaining outstanding balances

## Payment of interim dividend

- The board of Seplat has agreed an interim dividend of US\$0.06 per share. The dividend will be paid on or shortly after 24 November 2014 to shareholders on the register at the close of business on 6 November 2014. All shareholders will be paid their dividends in US Dollars. The Nigerian shareholder register will be temporarily closed on 7<sup>th</sup> November 2014 to enable the Company's registrar, DataMax Registrars Limited ("DataMax"), to prepare for the payment of the interim dividend.
- Seplat shareholders who are yet to provide their account details for the direct credit of the interim dividend payment should provide necessary information to DataMax. Holders of Depositary Interests on the London Stock Exchange should contact the Company's UK depository, Computershare.

### **DataMax Registrars Limited**

2c Gbagada Expressway  
Gbagada Phase 1  
Lagos  
Fax: + 234 – 2716095  
Web: [www.datamaxregistrars.com](http://www.datamaxregistrars.com)  
Email address: [misan.kofi-senaya@datamaxregistrars.com](mailto:misan.kofi-senaya@datamaxregistrars.com)

### **Computershare**

The Pavillions  
Bridgewater Road  
Bristol  
BS13 8AE  
Web: [www.computershare.com](http://www.computershare.com)

## Conference call:

At 8:30 am (UK time), 9:30 am (Lagos Time) on 30 October, Austin Avuru (CEO) and Roger Brown (CFO) will host a conference call to discuss the Company's results. Access details are:

Telephone Number: +44 (0) 1452 569393

Conference ID (to be quoted): SEPLAT PETROLEUM

## Enquiries:

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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 per cent participating interest in the Umuseti/Igbuku marginal field area within OPL 283.

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

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 30 September 2014, are as follows:

Name	No. of Ordinary Shares	As a percentage of total Ordinary Shares in issue
A.B.C. Orjiako <sup>(1)</sup>	84,736,913	15.32
Ojunekwu Augustine Avuru <sup>(2)</sup>	73,297,011	13.25
William Stuart Connal <sup>(4)</sup>	1	-
Roger Thompson Brown <sup>(4)</sup>	1	-
Michel Hochard	—	—
Macaulay Agbada Ofurhie <sup>(3)</sup>	4,806,373	0.87
Michael Richard Alexander	—	—
Charles Okeahalam <sup>(4)</sup>	400,000	—
Basil Omiyi <sup>(4)</sup>	400,000	—
Lord Mark Malloch-Brown	—	—
Ifueko M. Omoigui-Okauru	—	—
Damian Dodo	—	—

### Notes:

- 72,036,912 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 12,700,001 Ordinary Shares are held directly by Mr. Orjiako's siblings. In addition, 13,506,800 Ordinary Shares, representing approximately 2.44 percent of the Ordinary Shares (as at the Latest Practicable Date), are held by Vazon Investments Limited (7,366,800 Ordinary Shares) and Hautguard Limited (6,140,000 Ordinary Shares). Both Vazon Investments Limited and Hautguard Limited are controlled by individuals who are also shareholders in Shebah Exploration and Production Company Limited, an entity controlled by A.B.C. Orjiako.
- 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, an entity in which Austin Avuru holds 23.28 percent of the issued share capital.
- Macaulay Agbada Ofurhie also owns 7.28 percent of Platform Petroleum Limited, an entity which holds 44,160,000 Ordinary Shares (approximately 7.98 percent).
- Denotes a shareholding of less than 0.10 per cent.

## SUBSTANTIAL INTEREST IN SHARES

The issued and fully paid share capital of the Company as at 30 September 2014 is beneficially owned as follows:

Name	No. of Ordinary Shares	As a percentage of total Ordinary Shares in issue
A.B.C. Orjiako <sup>(1)</sup>	84,736,913	15.32
Austin Avuru and Platform Petroleum Limited <sup>(2)</sup>	73,297,011	13.25
MPI S.A.	120,400,000	21.76
Citibank Custodian	68,907,884	12.45
Mercuria Capital Partners Limited	24,000,000	4.34
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
Others	126,372,505	22.84
	<b>553,310,313</b>	<b>100.00</b>

### Notes:

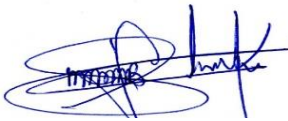
- 72,036,912 Ordinary Shares are held by Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family, and 12,700,000 Ordinary Shares are held directly by Mr. Orjiako's siblings. In addition, 13,506,800 Ordinary Shares, representing approximately 2.44 percent of the Ordinary Shares (as at the Latest Practicable Date), are held by Vazon Investments Limited (7,366,800 Ordinary Shares) and Hautguard Limited (6,140,000 Ordinary Shares). Both Vazon Investments Limited and Hautguard Limited are controlled by individuals who are also shareholders in Shebah Exploration and Production Company Limited, an entity controlled by A.B.C. Orjiako.
- 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 holds 23.28 per cent. of the issued share capital.

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.

By order of the Board,



A.B.C Orjiako  
**FRC/2013/IODN/00000003161**  
**Chairman**

29 October 2014



A.O. Avuru  
**FRC/2013/IODN/00000003100**  
**Group Managing Director/  
Chief Executive Officer**

29 October 2014



R.T. Brown  
**FRC/2014/IODN/00000007983**  
**Group Chief Financial Controller**

29 October 2014

### 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.



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## **INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC**

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 30 September 2014 and profit or loss and other comprehensive income, changes in equity and cash flows for the third quarter then ended, and notes to the consolidated interim financial statements as set out on pages 14 to 26. 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 30 September 2014, and of the financial performance and its cash flows for the third 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, FCA, FRC/2012/ICAN/00000000141  
For: Ernst & Young  
Lagos, Nigeria

29 October 2014

**SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THIRD QUARTER ENDED 30 SEPTEMBER 2014**

	Note	9 months ended 30 Sept 2014 \$000	9 months ended 30 Sept 2013 \$000	12 months ended 31 Dec 2013 \$000	9 months ended 30 Sept 2014 Nmillion	9 months ended 30 Sept 2013 Nmillion	12 months ended 31 Dec 2013 Nmillion
Revenue	3	592,468	642,938	880,227	92,007	99,854	137,060
Cost of sales	4	(240,646)	(236,312)	(330,943)	(37,364)	(36,701)	(51,531)
<b>Gross profit</b>		<b>351,864</b>	<b>406,626</b>	<b>549,284</b>	<b>54,643</b>	<b>63,153</b>	<b>85,529</b>
General and administrative expenses	5	(112,237)	(44,284)	(71,977)	(17,430)	(6,878)	(11,208)
Other operating income		43	320	404	-	50	63
Gain/(loss) on foreign exchange		14,819	(166)	1,473	2,301	(26)	229
Fair value movement in contingent consideration		-	-	(514)	-	-	(80)
<b>Operating profit</b>		<b>254,447</b>	<b>362,496</b>	<b>478,670</b>	<b>39,514</b>	<b>56,299</b>	<b>74,533</b>
Finance income		7,085	1,222	658	1,100	190	102
Finance charges	6	(33,593)	(14,220)	(21,805)	(5,217)	(2,208)	(3,395)
<b>Profit before taxation</b>		<b>227,939</b>	<b>349,498</b>	<b>457,523</b>	<b>35,398</b>	<b>54,281</b>	<b>71,240</b>
Taxation	11	-	92,745	92,745	-	14,399	14,441
<b>Profit after taxation</b>		<b>227,939</b>	<b>442,242</b>	<b>550,268</b>	<b>35,398</b>	<b>68,680</b>	<b>85,681</b>
<b>Other comprehensive income</b>							
Foreign translation reserve		-	-	58	(2,065)	(2,050)	(1,955)
<b>Total comprehensive income for the period / year</b>		<b>227,939</b>	<b>442,242</b>	<b>550,326</b>	<b>33,333</b>	<b>66,630</b>	<b>83,726</b>
<b>Earnings per share (\$/N)</b>	7	<b>\$0.46</b>	<b>\$1.11</b>	<b>\$1.37</b>	<b>N64.15</b>	<b>N171.70</b>	<b>N214.20</b>

**SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014**

Assets	Note	As at 30 Sept 2014 \$000	As at 30 Sept 2013 \$000	As at 31 Dec 2013 \$000	As at 30 Sept 2014 Nmillion	As at 30 Sept 2013 Nmillion	As at 31 Dec 2013 Nmillion
<b>Non-current assets</b>							
Oil and gas properties		753,581	525,244	577,954	114,766	79,301	87,442
Other property, plant and equipment		11,735	7,166	7,553	1,787	1,082	1,176
Intangible assets		71	163	141	11	25	22
Deferred tax assets	11	-	-	-	-	-	-
Prepayments		118,119	36,744	108,910	18,338	5,705	16,958
<b>Total non-current assets</b>		<b>883,506</b>	<b>569,317</b>	<b>694,558</b>	<b>134,902</b>	<b>86,113</b>	<b>105,598</b>
<b>Current assets</b>							
Inventories		55,839	31,762	43,112	8,669	4,931	6,713
Trade and other receivables		533,509	403,322	410,430	82,827	62,620	63,908
Deposit for Investments		453,190	-	-	70,358	-	-
Other Current financial assets	12	-	-	-	-	-	-
Cash and cash at banks		434,785	105,484	169,461	67,500	14,825	26,387
<b>Total current assets</b>		<b>1,477,324</b>	<b>540,568</b>	<b>623,003</b>	<b>229,355</b>	<b>82,376</b>	<b>97,008</b>
<b>Total assets</b>		<b>2,360,829</b>	<b>1,109,885</b>	<b>1,317,561</b>	<b>364,256</b>	<b>168,489</b>	<b>202,606</b>
<b>Equity and liabilities</b>							
<b>Equity attributable to shareholders</b>							
Share capital	13a	1,798	690	1,334	277	107	205
Capital contribution	13b	40,000	40,000	40,000	6,218	6,218	6,218
Share premium	13c	497,456	-	-	77,253	-	-
Retained earnings		878,747	583,424	690,807	136,209	90,346	106,993
Foreign translation reserve		58	-	58	(2,065)	(2,050)	(1,955)
<b>Total equity</b>		<b>1,418,059</b>	<b>624,114</b>	<b>732,199</b>	<b>217,891</b>	<b>94,621</b>	<b>111,461</b>
<b>Non-current liabilities</b>							
Interest bearing loans & borrowings		291,642	159,002	120,850	45,277	23,447	18,818
Deferred tax liabilities	11	-	-	-	-	-	-
Contingent consideration		9,080	7,984	8,245	1,410	1,240	1,284
Provision for decommissioning		16,634	14,989	15,176	2,582	2,328	2,363
<b>Total non-current liabilities</b>		<b>317,356</b>	<b>181,975</b>	<b>144,271</b>	<b>49,269</b>	<b>27,015</b>	<b>22,465</b>
<b>Current liabilities</b>							
Trade and other payables		327,981	203,931	251,338	50,919	31,662	39,135
Short term borrowings		297,434	99,865	189,753	46,177	15,192	29,546
Other Current financial liabilities	12	-	-	-	-	-	-
Current taxation		-	-	-	-	-	-
<b>Total current liabilities</b>		<b>625,415</b>	<b>303,796</b>	<b>441,091</b>	<b>97,096</b>	<b>46,854</b>	<b>68,681</b>
<b>Total liabilities</b>		<b>942,771</b>	<b>485,771</b>	<b>585,362</b>	<b>146,365</b>	<b>73,869</b>	<b>91,146</b>
<b>Total equity and liabilities</b>		<b>2,360,829</b>	<b>1,109,885</b>	<b>1,317,561</b>	<b>364,256</b>	<b>168,490</b>	<b>202,607</b>



A.B.C Orjiako  
**FRC/2013/IODN/00000003161**  
**Chairman**  
 29 October 2014



A.O. Avuru  
**FRC/2013/IODN/00000003100**  
**Group Managing Director/CEO**  
 29 October 2014



R.T. Brown  
**FRC/2014/IODN/00000007983**  
**Group Chief Financial Officer**  
 29 October 2014



SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THIRD QUARTER ENDED 30 SEPTEMBER 2014

	Share Capital \$000	Share Premium \$000	Capital Contribution \$000	Foreign Translation Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>At 1 January 2013</b>	690	-	40,000	-	141,183	181,873
Bonus issues	644	-	-	-	(644)	-
Profit for the period	-	-	-	-	550,268	550,268
Other comprehensive income	-	-	-	58	-	58
<b>At 31 December 2013</b>	<b>1,334</b>	<b>-</b>	<b>40,000</b>	<b>58</b>	<b>690,807</b>	<b>732,199</b>
<b>At 1 January 2014</b>	1,334	497,456	40,000	58	690,807	732,199
Additional issued share (Note 12)	464	-	-	-	-	497,920
Dividend (Note 10)	-	-	-	-	(40,000)	(40,000)
Profit for the period	-	-	-	-	228,578	228,578
<b>At 30 September 2014</b>	<b>1,798</b>	<b>497,456</b>	<b>40,000</b>	<b>58</b>	<b>879,385</b>	<b>1,418,697</b>
	<b>₤million</b>	<b>₤million</b>	<b>₤million</b>	<b>₤million</b>	<b>₤million</b>	<b>₤million</b>
<b>At 1 January 2013</b>	105	-	6,218	-	21,412	27,735
Bonus issues	100	-	-	-	(100)	-
Profit for the period	-	-	-	-	85,681	85,681
Other comprehensive income	-	-	-	(1,955)	-	(1,955)
<b>At 31 December 2013</b>	<b>205</b>	<b>-</b>	<b>6,218</b>	<b>(1,955)</b>	<b>106,993</b>	<b>111,461</b>
<b>At 1 January 2014</b>	<b>205</b>	<b>-</b>	<b>6,218</b>	<b>(1,955)</b>	<b>106,993</b>	<b>111,461</b>
Additional issued share (Note 12)	72	77,252	-	-	-	77,325
Dividend (Note 10)	-	-	-	-	(6,213)	(6,213)
Total comprehensive income/ Profit for the period	-	-	-	-	35,497	35,497
Other comprehensive income	-	-	-	(110)	31	(79)
<b>At 30 September 2014</b>	<b>277</b>	<b>77,252</b>	<b>6,218</b>	<b>(2,065)</b>	<b>136,308</b>	<b>217,991</b>

**SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC**

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THIRD QUARTER ENDED 30 SEPTEMBER 2014**

	9 Months to 30 Sept 2014 \$000	9 Months to 30 Sept 2013 \$000	12 months to Dec 2013 \$000	9 Months to 30 Sept 2014 Million	9 Months to 30 Sept 2013 Million	12 months to Dec 2013 Million
<b>Cash Flows from Operations Activities</b>						
Cash generated from operations	179,649	319,054	397,793	27,890	47,982	61,942
Income taxes Paid	(3,153)	(97,960)	(106,584)	(490)	(15,208)	(16,596)
Net cash inflows from operating activities	176,496	221,094	291,209	27,400	32,774	45,346
<b>Cash Flow from Investing Activities</b>						
Investment in Oil and gas properties	(116,403)	(108,561)	(216,200)	(18,072)	(16,854)	(33,665)
Investment in other property, plant and equipment	(6,700)	(1,733)	(4,503)	(1,040)	(269)	(701)
Proceeds from sale of asset	-	-	85	-	-	13
Deposit for Investment	(453,190)	(60,000)	-	(70,358)	(9,315)	-
Interest received	6,887	1,221	658	1,069	189	102
Net cash outflows from investing activities	(569,406)	(169,073)	(219,960)	(88,400)	(26,249)	(34,251)
<b>Cash Flows from Financing Activities</b>						
Proceeds from issue of shares	497,921	-	-	77,302	-	-
Issue costs	(45,806)	-	-	(7,111)	-	-
Proceeds from bank financing	446,000	60,000	129,000	69,242	9,315	20,087
Repayments of shareholder financing	(48,000)	-	-	(7,452)	-	-
Repayments of bank financing	(119,034)	(49,918)	(68,096)	(18,480)	(7,750)	(10,603)
Dividends paid	(40,000)	-	-	(6,213)	-	-
Interest paid	(32,847)	(12,951)	(18,776)	(5,100)	(2,011)	(2,924)
Net cash inflows/(outflows) from financing activities	658,234	(2,869)	42,128	102,188	(446)	6,560
<b>Net increase in cash and cash equivalents</b>	265,324	49,152	113,377	41,188	6,079	17,655
<b>Cash and cash equivalents at beginning of period / year</b>	169,461	56,332	56,332	26,387	8,746	8,771
<b>Net foreign exchange difference</b>	-	-	(248)	(75)	-	(39)
<b>Cash and cash equivalents at end of period / year</b>	434,785	105,484	169,461	67,500	14,825	26,387

## **1. CORPORATE STRUCTURE AND BUSINESS**

Seplat Petroleum Development Company Plc (“the Company”), the parent of the Group was incorporated on 17 June 2009 as a private limited liability company, under the Company and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and commenced operations on 1 August 2010. The Company was re-registered as a public limited company on 3<sup>rd</sup> October, 2013. The company successfully listed on both the London and Nigeria Stock Exchanges on 14 April 2014. The Company is principally engaged in oil and gas exploration and production.

### **GROUP STRUCTURE AND COMPOSITION**

During 2013, the Company incorporated four new subsidiaries, Seplat Petroleum Development Company UK Limited, which was incorporated on 21 August 2013, Seplat East Onshore Limited, which was incorporated in 12 December 2013, Seplat East Swamp Company Limited, which was incorporated on 12 December 2013 and Seplat Gas Company Limited, which was incorporated on 12 December 2013, these entities are wholly owned subsidiaries of Seplat. On 1 June 2013, Newton Energy Limited a wholly owned subsidiary of Seplat, incorporated on 8<sup>th</sup> November, 2010 acquired from Pillar Oil Limited (“Pillar Oil”) a 40% per cent participant interest in producing assets: the Umuseti and Igbuku marginal field area located in OPL 283. 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.

The Company together with its subsidiaries, Newton Energy Limited, Seplat Petroleum Development Company UK Limited, Seplat East Onshore Limited, Seplat East Swamp Company Limited and Seplat Gas Company Limited and are referred to as the Group.

Except for Newton Energy Limited and Seplat Petroleum Development Company UK Limited, the other three entities had not started operation as at 30 September 2014.

## **2. ACCOUNTING POLICIES**

### **2.1 Basis of preparation**

These consolidated financial statements for the period ended 30 September 2014 are prepared in accordance with the International Financial Reporting Standard (“IFRS”) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for contingent consideration that has been measured at fair value. The accounting policies have not been included, but the accounting policies and methods of computation are consistent with the most recent set of audited financials presented for the year ended 31 December 2013.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The quarterly condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2013.

The consolidated financial statements are presented in US dollar (\$) and Nigerian Naira (₦) rounded to the nearest \$000 and ₦million, 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 30 September 2014.

This basis is the same adopted for the last audited financials statement as at 31 December 2013.

### 2.3. Functional and presentation currency

The US Dollar is the functional currency of the Group. Transactions denominated in currencies other than the US Dollar are deemed to be foreign currencies and recorded at the rates of exchange ruling at the dates of those transactions. The resulting exchange gains or losses are included as foreign translation losses/gains in the statement of profit or loss. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from this method.

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.

## 3. REVENUE

	9 months ended 30 Sept 2014	9 months ended 30 Sept 2013	9 months ended 30 Sept 2014	9 months ended 30 Sept 2013
	\$000	\$000	₦million	₦million
Crude oil sales as invoiced	576,675	640,558	89,554	99,484
Changes in lifting (in line with participating interests of both parties)	(691)	(10,915)	(107)	(1,695)
	-----	-----	-----	-----
	575,984	629,643	89,447	97,789
Gas sales	16,484	13,295	2,560	2,065
	-----	-----	-----	-----
Total revenue	592,468	642,938	92,007	99,854
	=====	=====	=====	=====

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

#### 4. COST OF SALES

	9 months ended 30 Sept 2014 \$000	9 months ended 30 Sept 2013 \$000	9 months ended 30 Sept 2014 Nmillion	9 months ended 30 Sept 2013 Nmillion
Crude handling fees	14,967	15,870	2,324	2,465
Royalties	129,634	139,050	20,131	21,596
Depletion, Depreciation and Amortisation	25,537	20,017	3,966	3,109
Niger Delta Development Commission	7,914	7,226	1,229	1,122
Other Rig related Expenses	23,276	27,043	3,615	4,200
Other Field Expenses	39,320	27,106	6,099	4,209
	-----	-----	-----	-----
	240,646	236,312	37,364	36,701
	=====	=====	=====	=====

#### 5. GENERAL AND ADMINISTRATIVE EXPENSES

	9 months ended 30 Sept 2014 \$000	9 months ended 30 Sept 2013 \$000	9 months ended 30 Sept 2014 Nmillion	9 months ended 30 Sept 2013 Nmillion
Depreciation, amortisation and impairment charges	2,605	1,962	405	305
Employee related cost	17,358	8,977	2,696	1,394
Professional & Consulting Fees	46,669	16,810	7,247	2,611
Directors Emoluments	5,823	3,046	904	473
Other General and Admin Expenses	39,782	13,489	6,178	2,095
	-----	-----	-----	-----
	112,237	44,284	17,430	6,878
	=====	=====	=====	=====

#### 6 FINANCE CHARGES

	9 months ended 30 Sept 2014 \$000	9 months ended 30 Sept 2013 \$000	9 months ended 30 Sept 2014 Nmillion	9 months ended 30 Sept 2013 Nmillion
Bank loan	32,135	8,617	4,990	1,615
Interest on shareholder loan	-	4,335	-	673
Unwinding of discount on provision for decommissioning	1,458	1,268	226	197
	-----	-----	-----	-----
	33,593	14,220	5,217	2,208
	=====	=====	=====	=====

## 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.

	<b>9 months ended 30 Sept 2014 \$000</b>	<b>9 months ended 30 Sept 2013 \$000</b>	<b>9 months ended 30 Sept 2014 ₪million</b>	<b>9 months ended 30 Sept 2013 ₪million</b>
Profit for the year attributable to shareholders (\$000)	228,578 -----	442,241 -----	35,497 -----	68,679 -----
Weighted average number of ordinary shares in issue (in 000)	492,778	400,000	492,778	400,000
	-----	-----	-----	-----
Basic earnings per share (in \$)	\$ 0.46	\$ 1.11	₪ 64.15	₪ 171.70
Dividend per share (in \$ and ₪)	0.10	-	16	-
<b>Earnings</b>	<b>\$000</b>	<b>\$000</b>	<b>₪million</b>	<b>₪million</b>
Profit attributable to equity holders of the Group	227,939 =====	442,241 =====	35,398 =====	68,680 =====
Profit used in determining diluted earnings per share	227,939 =====	442,241 =====	35,398 =====	68,680 =====

There were no dilutive instruments for the period ended 30 September 2014.

## 8. RELATED PARTY TRANSACTIONS

### a. Transactions

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

#### i) Purchases of goods and services

	9 months ended 30 Sept 2014 \$000	9 months ended 30 Sept 2013 \$000	9 months ended 30 Sept 2014 Nmillion	9 months ended 30 Sept 2013 Nmillion
<b>Shareholders</b>				
MPI SA	300	2,767	47	430
Shebah Petroleum Development Company Limited	1,430	757	222	118
Platform Petroleum Limited	176	843	27	131
	-----	-----	-----	-----
	1,906	4,367	296	678
	=====	=====	=====	=====
<b>Entities under common control</b>				
Abbeycourt Trading Company Limited	3,151	1,954	489	303
Cardinal Drilling Services Limited	31,154	24,392	4,836	3,787
Ndosumili Ventures Limited	1,911	1,774	297	275
Berwick Nigeria Limited	1,306	-	203	-
Neimeth International Pharmaceutical Plc	21	-	3	-
Nerine Support Services Limited*	24,133	10,561	3,746	1,639
Shebah Exploration and Production Company Limited (BVI)	1,011	-	157	-
Helko Nigeria Limited	828	101	129	16
	-----	-----	-----	-----
	63,515	38,782	9,860	6,020
	=====	=====	=====	=====

\* \$16.8 million (2013: \$6 million) was paid as salary to Seplat contract staff

**SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued**

**8. RELATED PARTY TRANSACTIONS - Continued**

ii) Interest expense

	9 months ended 30 Sept 2014	9 months ended 30 Sept 2013	9 months ended 30 Sept 2014	9 months ended 30 Sept 2013
	\$000	\$000	<del>N</del> million	<del>N</del> million
Shareholders				
MPI	-	1,694	-	263
	=====	=====	=====	=====

**b. Balances**

The following balances were receivable from or payable to related parties as at 30 September 2014:

(i) Prepayments / receivables

	9 months ended 30 Sept 2014	9 months ended 30 Sept 2013	9 months ended 30 Sept 2014	9 months ended 30 Sept 2013
	\$000	\$000	<del>N</del> million	<del>N</del> million
Under common control				
SEPCOL	-	12,000	-	1,863
Cardinal Drilling Services Limited		19,950	-	3,097
Abbeycourt Petroleum Company Limited	-	-	-	-
	-----	-----	-----	-----
	-	31,950	-	4,960
	=====	=====	=====	=====

(ii) Payables  
Shareholders -  
Loan from MPI

	-	47,927	-	7,441
	=====	=====	=====	=====



**SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued**

**9. COMMITMENTS AND CONTINGENCIES**

There have been no material changes to the Group's commitments or contingent liabilities in the nine month period to 30 September 2014.

**10. DIVIDEND**

The Directors recommended to members the payment of a dividend of \$0.10 per 50 kobo share amounting to \$40 million for the year ended 31 December 2013.

The dividend was approved by the board and paid to members whose names appeared in the Company's register of members as at close of business on 31 December 2013. This was subsequently paid in the first quarter of 2014.

**11. TAXATION**

In 2013, the Company and its wholly owned subsidiary, Newton Energy Limited made applications for the tax incentives available under the provisions of the Industrial Development Income Tax Relief Act (IDITRA). In February 2014, the Company was granted the incentives in respect of the tax treatment of OMLs 4, 38 and 41 effective 1 January 2013. Newton Energy Limited was also granted similar incentives in respect of the tax treatment of OML 56 effective 1 June 2013. Accordingly, the new incentives form the basis of our current and deferred taxation as disclosed in the financial statements. Hence there was no tax expense in the nine months ending 30 September 2014.

**12. SHARE CAPITAL**

<b>12a.</b>	As at 30 Sept 2014	As at 30 Sept 2013	As at 31 Dec 2013	As at 30 Sept 2014	As at 30 Sept 2013	As at 31 Dec 2013
VALUE	\$000	\$000	\$000	Nmillion	Nmillion	Nmillion
<b>Authorised ordinary share capital</b>						
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	3,335	3,335	3,335	517.8	518	519
<b>Issued and fully paid</b>						
553,310,313 issued shares denominated in Naira of 50 kobo per share	1,798	690	1,334	277	107	205

During the year, 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.

**SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued**

**12b Capital contribution**

	As at 30 Sept 2014 \$000	As at 30 Sept 2013 \$000	As at 31 Dec 2013 \$000	As at 30 Sept 2014 Nmillion	As at 30 Sept 2013 Nmillion	As at 31 Dec 2013 Nmillion
Additional Contribution	40,000	40,000	40,000	6,218	6,218	6,218
	-----	-----	-----	-----	-----	-----
	40,000	40,000	40,000	6,218	6,218	6,218
	=====	=====	=====	=====	=====	=====

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.

**12c Share Premium**

	As at 30 Sept 2014 \$000	As at 30 Sept 2013 \$000	As at 31 Dec 2013 \$000	As at 30 Sept 2014 Nmillion	As at 30 Sept 2013 Nmillion	As at 31 Dec 2013 Nmillion
Issued capital proceeds	497,920	-	-	77,325	-	-
Transfer to share capital	(464)	-	-	(72)	-	-
	-----	-----	-----	-----	-----	-----
	497,456	-	-	77,253	-	-
	=====	=====	=====	=====	=====	=====

During the year, net proceeds of \$497.9 million (N77.3 billion) was received during the initial public offering. 153,310,313 shares of 50keach totalling \$464,000 (N76.7 million) were transferred to share capital.

**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.

**SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC (the “Company”)**

**GENERAL INFORMATION**

**COMPANY SECRETARY  
REGISTERED OFFICE AND BUSINESS  
ADDRESS OF DIRECTORS**

Isaiah Adesola Odeleye

25a Lugard Avenue  
Ikoyi  
Lagos  
Nigeria

**REGISTERED NUMBER**

RC No. 824838

**REGISTRARS**

DataMax Registrars Limited  
2c Gbagada Express Way, Gbagada, Lagos.

**FRC NUMBER**

FRC/2014/00000002714

**AUDITORS**

Ernst & Young  
10<sup>th</sup> Floor, UBA House  
57 Marina  
Lagos, Nigeria.

**SOLICITORS**

Abhulimen & Co.  
Anaka Ezeoke & Co.  
D. D. Dodo & Co.  
Jakpa, Edoge & Co.  
Ogaga Ovrawah & Co.  
Streamsowers & Kohn  
Thompson Okpoko & Partners  
Winston & Strawn London LLP

**BANKERS**

Access Bank Plc  
Afrexim Bank  
BNP Paribas  
Diamond Bank Plc  
First Bank Plc  
GTBank Plc  
Skye Bank Plc  
Stanbic IBTC  
United Bank of Africa Plc  
Zenith Bank Plc