



# Interim management statement and consolidated interim financial results

For the nine months ended 30  
September 2015 (expressed in  
US Dollars and Naira)

26 October 2015

Seplat Petroleum Development Company Plc

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# Seplat Petroleum Development Company Plc

## Interim management statement and consolidated interim financial results for the nine months ended 30 September 2015

Lagos and London, 26 October 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 nine months of 40,012 boepd, up 38% year-on-year and ahead of full year guidance. In addition, there has been a marked improvement in uptime of the Trans Forcados System (“TFS”), with only two days of interruptions recorded in the third quarter, and gas production has been strong with gross sales into the domestic market regularly exceeding 300 MMscfd. These positive factors allowed the Company to reach record levels of daily net working interest production of up to 56,415 boepd in September 2015.

After lifting adjustments, crude revenue was US\$367 million, 36% lower than in 2014 against a 55% decrease in average oil price. Gas revenue increased by 220% year-on-year to US\$53 million as the step-change in gas production, arising from commissioning in June of the Oben gas plant expansion, takes effect.

Gross profit stood at US\$192 million and net profit US\$62 million. Capital investments incurred during the first nine months totaled US\$98 million against operating cash flow before working capital of US\$168 million. Cash at bank was US\$445 million and net debt US\$480 million at period end.

The outstanding NPDC net receivable as at 30 September was US\$461 million, down from US\$504 million at mid-year, the reduction coming primarily as a result of the agreement signed between Seplat and NPDC in July whereby gas revenues attributable to NPDC’s interest in OMLs 4, 38 and 41 are offset against the balance of arrears. Pursuant to the agreement NPDC and Seplat are also engaged with potential counterparties to provide joint venture loan facilities of up to US\$300 million to fund cash calls with effect from January and further accelerate repayment of arrears.

“Our operating performance in the third quarter has been very strong, and has restored momentum to the business after a first half that was heavily impacted by infrastructure downtime. Having gone through a period of sharp adjustment to the drop in oil prices the business is on a sound financial footing, we remain profitable and are on track to deliver our production guidance for the year,” said Austin Avuru, Seplat’s Chief Executive Officer. “But perhaps most notably, it is pleasing to witness the positive impact our gas business is having in Nigeria with the uptick in our gas output correlating directly to an increase in gas fired power generation in July onwards. This is a direct result of the substantial investments we have made at OMLs 4, 38 and 41 that have enabled the full and accelerated development of the blocks’ potential,” 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 nine months increased by 38% to 40,012 boepd (compared to 29,014 boepd for the same period in 2014) and comprised 27,270 bopd liquids and 76.5 MMscfd gas; guidance of 32,000 to 36,000 boepd for the full year is prudently maintained given the scope for interruptions to third party infrastructure that is beyond the Company’s control
- Reported production figures reflect 54 full and 29 partial days of downtime on the third party operated TFS in the first nine months (two days recorded in Q3). There were no shut-ins recorded at OML 53 and OML 55. Excluding downtime, average working interest production in the first nine months was 45,301 boepd (comprising 32,559 bopd liquids and 73.9 MMscfd gas)
- Deliveries to the Warri refinery via the Seplat operated alternative export pipeline were 385,060 bbls (versus 288,661 bbls in Q3 2014)
- During the first nine months, approximately 97% of liquids production from OMLs 4, 38 and 41 was transported through the TFS. This volume was subject to an average of 12.0% reconciliation losses
- Average oil price realisation of US\$49.3/bbl (2014: US\$109.9/bbl), achieving an average US\$1.2/bbl premium to Brent, and an average gas price of US\$2.53/Mscf (2014: US\$1.60/Mscf)

**Working interest production for the first nine months of 2015<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	45.0%	53,525	169.9	81,840	24,086	76.5	36,828
OPL 283	40.0%	2,634	-	2,634	1,054	-	1,054
OML 53	40.0%	1,550	-	1,550	620	-	620
OML 55 <sup>(2)</sup>	22.5%	6,715	-	6,715	1,511	-	1,511
<b>Total</b>		<b>64,423</b>	<b>169.9</b>	<b>92,738</b>	<b>27,270</b>	<b>76.5</b>	<b>40,012</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.

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

**Drilling and capital projects update**

- The Company completed six development wells in the period (four gas wells; two oil wells) and one workover oil well
- Following final commissioning of the new 150 MMscfd Oben gas plant and integration with the old gas plant in the period, engineering designs and procurement for the second phase of gas plant expansion has commenced. The next phase is intended to install an additional 225 MMscfd processing capacity
- Work has progressed on construction of the 2 X 50,000 bbl storage tank at the Amukpe field. One of the tanks has been completed and is now operational. The second tank has been fully tested, is undergoing calibration and expected to be available for use in Q4 on completion of associated ancillaries. The additional storage capacity will allow for gas production and sales to continue even during periods of downtime on the TFS
- Installation of the three 10MMscfd compressors was completed in Q3. The plant was commissioned in September and is currently in a standard 90 days operations and maintenance phase
- Work on the replacement of a 4.2 km section of the Amukpe-Rapele crude export line has progressed to over 90% completion level and the replacement section is place. The work will be completed in Q4 and will prolong pipeline life without disruption to production

**Corporate update**

- In July 2015 the Company entered into a signed agreement with NPDC on terms for the payment of receivables due to Seplat and also for the future structure of joint venture funding to mitigate the risk of the receivable. Pursuant to the agreement outstanding sums owed to Seplat in relation to joint venture, expenditures up to 31 December 2014 will be settled by offsetting gas revenues attributable to NPDC's 55% share of contracted gas sales. Furthermore, NPDC and Seplat have agreed to jointly source loan facilities, up to a limit of US\$300 million, to fund joint venture cash calls with effect from January 2015. Under the agreed structure, once such facilities are in place, NPDC and Seplat will each contribute crude oil production commensurate with their respective obligations. Consequently, the Company has engaged with potential counterparties to implement this arrangement
- Also in July 2015, the Company announced that it had reached agreement for release of the sums from escrow that it had previously been allocated as a refundable deposit against a potential investment by a consortium. The net funds returned to the Company, and reinstated as unrestricted cash at bank, were US\$368 million. A sum of US\$45 million remains in escrow as a deposit with the potential vendors whilst negotiations with the consortium continue, and US\$29 million was placed into a new escrow account in London pending outcome of the ongoing negotiations. The Company also agreed to pay a portion of previously incurred consortium costs, amounting to US\$11 million, US\$3.5 million of which has been paid and US\$7.5 million of which is payable on a deferred basis and is presently also held in the escrow account (total amount in escrow US\$36.5 million)
- In early 2015 the Nigeria Investment Promotional Council ("NIPC") notified oil and gas companies which are in receipt of the pioneer tax incentive, of its intention to test compliance with the conditions under which the incentive was granted to all companies, including Seplat, in order for the final two out of five years of the incentive be received. The Company is currently engaged with NIPC on this process and expects an outcome during the fourth quarter of 2015. The Company considers itself to have met or exceeded all conditions

**Finance update**

- Gross revenue for the first nine months was US\$420 million (₦83.0 billion) (2014: US\$592 million (₦92.0 billion)) lower than for the same period in 2014 mainly due to the significantly lower realised oil price, partially offset by increased gas sales volumes and higher gas pricing
  - Crude revenue (after lifting adjustments) was US\$367 million (₦72.6 billion), a 36% decrease from the same period in 2014 (US\$576 million (₦89.4 billion)) reflecting a -55% decrease in the realised oil

- Gas revenue was US\$53 million (₦10.4 billion), a 220% increase from the same period in 2014 driven by the increased production capacity resulting from new wells and work-overs completed by the Company, a doubling of gas processing capacity at the Oben plant to 300 MMscfd and higher offtake from the gas buyers
- Working interest sales volumes during the first nine months increased to 10.9 MMboe from 7.1 MMboe in 2014. The total volume of crude lifted in the first nine months was 5.1 MMbbls compared to 5.3 MMbbls in 2014. Total gas volume sold was 3.5 MMboe (2014: 1.8 MMboe)
- Nine month net profit was US\$62 million (2014: US\$228 million)
  - Decrease year-on-year is primarily due to the lower realised oil price and increased finance charges offsetting the higher overall sales volumes and reductions in cost of sales and G&A
- Having put in place during April 2015, deferred premium puts covering a volume of 4.4 MMbbls to year-end at a strike price of US\$52.0/bbl, the net amount paid out to end September was US\$3.2 million. Under this arrangement the Company has a volume of 1.6 MMbbls hedged over the fourth quarter. The board and management continue to closely monitor prevailing oil market dynamics, and will consider further measures to provide appropriate levels of cash flow assurance in times of oil price weakness and volatility
- Cash at bank US\$445 million (₦88.6 billion) at 30 September comprising US\$343 million unrestricted funds and US\$102 million held in debt service and escrow accounts
- Debt principal repayments of US\$37 million were made in the third quarter, bringing total repayments in the first nine months to US\$75 million
  - Gross debt at 30 September US\$925 million
  - Net debt at 30 September US\$480 million
- Capital investments of US\$98 million incurred in the first nine months funded by net operating cash flow before working capital of US\$168 million; full year capex expectation is around US\$168 million
- The outstanding NPDC net receivable at 30 September was US\$461 million (₦91.7 billion), consisting of both current year performances and outstanding payments brought forward from prior period performances; of the outstanding receivables balance US\$300 million is approved as cash calls with the remainder still undergoing various discussions and approval levels within NPDC

NPDC receivable movements in 2015	US\$ million
Opening balance at start year	463
Receipts in first nine months	(133)
Payments in first nine months	220
Gas revenues withheld	(40)
<b>Headline receivable at 30 September</b>	<b>510</b>
Crude handling charges withheld	(49)
<b>Net receivable at 30 September</b>	<b>461</b>

### Interim dividend

- In line with its dividend policy, and as a result of a stronger Q3 performance, the board of Seplat has agreed an interim core dividend of US\$0.04 per share. The dividend will be paid on or shortly after 17 November 2015 to shareholders on the register at the close of business on 29 October 2015. The Nigerian shareholder register will be temporarily closed on 30 October 2015 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 depositary, 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  
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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 30 September 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 30 September 2015, are as follows:

	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue
Ambrosie Bryant Chukwueloka Orjiako <sup>(1)</sup>	84,736,913	15.32
Ojunekwu Augustine Avuru <sup>(2)</sup>	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	502,000	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 30 September 2015 is beneficially owned as follows:

Shareholder	No. of Ordinary Shares	As a percentage of total Ordinary Shares in issue
CIS Plc Trading	147,842,455	26.72
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
ZPC/SIBTC RSA FUND - MAIN A/C	21,183,951	3.83
Quantum Power International Holdings Limited	19,600,000	3.54
Vazon Investments Limited	7,366,800	1.33
Stanbic Nominees Nigeria Ltd/C002 - Main	7,178,724	1.30
Others	71,704,459	12.96
	<b>553,310,313</b>	<b>100.00</b>

## Directors' interest in shares continued

At 30 September 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  
 26 October 2015



**A. O. Avuru**  
 FRC/2013/IODN/00000003100  
 Chief Executive Officer  
 26 October 2015



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

## Statement of profit or loss and other comprehensive income for the third quarter ended 30 September 2015


		9 months ended 30 Sep 2015	9 months ended 30 Sep 2014	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014
	Note	\$000	\$000	₦million	₦million
Revenue	3	419,866	592,468	83,004	92,007
Cost of sales	4	(227,855)	(240,646)	(45,045)	(37,364)
Gross profit		192,011	351,822	37,959	54,643
General and administrative expenses	5	(84,214)	(112,237)	(16,648)	(17,430)
Other operating income		-	43	-	-
Gain/(loss) on foreign exchange		7,602	14,819	1,503	2,301
Fair value movement in contingent consideration		(623)	-	(123)	-
Operating profit		114,776	254,447	22,691	39,514
Finance income		15,649	7,085	3,094	1,100
Finance charges	6	(61,962)	(33,593)	(12,249)	(5,217)
Profit before taxation		68,463	227,939	13,536	35,398
Taxation		215	-	43	-
Profit after taxation		68,678	227,939	13,579	35,398
Other comprehensive income					
Foreign translation reserve		-	-	17,383	(6,601)
Total comprehensive income for the period / year		68,678	227,939	30,962	28,797
Profit attributable to non-controlling interest	12	(6,555)	-	(1,296)	-
Profit attributable to parent		62,123	227,939	29,666	28,797
Earnings per share (\$/₦)	7	\$0.12	\$0.46	₦24.54	₦76.67



# Consolidated statement of financial position

for the third quarter ended 30 September 2015

		As at 30 Sep 2015	As at 31 Dec 2014	As at 30 Sep 2015	As at 31 Dec 2014
		Unaudited	Audited	Unaudited	Audited
Note	\$'000	\$'000	₦million	₦million	
<b>Assets</b>					
<b>Non-current assets</b>					
Oil and gas properties		1,407,058	843,603	241,254	155,448
Other property, plant and equipment		12,134	13,459	2,080	2,480
Intangible assets		1	48	-	9
Goodwill	9	2,000	-	399	-
Deferred tax assets		1,021	-	203	-
Prepayments		37,957	131,466	7,563	24,225
<b>Total non-current assets</b>		<b>1,460,171</b>	<b>988,576</b>	<b>251,499</b>	<b>182,162</b>
<b>Current assets</b>					
Inventories		75,741	54,416	15,091	10,027
Trade and other receivables	10	851,598	1,075,078	169,681	198,101
Other Current financial assets		-	890	-	164
Derivatives not designated as hedges		-	5,432	-	1,001
Cash and cash at banks		444,574	285,298	88,581	52,571
<b>Total current assets</b>		<b>1,371,913</b>	<b>1,421,114</b>	<b>273,354</b>	<b>261,864</b>
<b>Total assets</b>		<b>2,832,084</b>	<b>2,409,690</b>	<b>524,852</b>	<b>444,026</b>
<b>Equity and liabilities</b>					
<b>Equity attributable to shareholders</b>					
Share capital	11	1,798	1,798	277	277
Capital contribution		40,000	40,000	5,932	5,932
Share premium		497,457	497,457	82,080	82,080
Retained earnings		882,283	869,861	138,207	135,727
Foreign translation reserve		26	26	17,383	35,642
Non-controlling interest	12	7,964	-	1,515	-
<b>Total equity</b>		<b>1,429,528</b>	<b>1,409,142</b>	<b>245,394</b>	<b>259,658</b>
<b>Non-current liabilities</b>					
Interest bearing loans & borrowings		713,370	239,767	142,139	44,181
Deferred tax liabilities		151	-	30	-
Contingent consideration		29,198	9,377	5,818	1,728
Provision for decommissioning		12,710	12,690	2,532	2,338
<b>Total non-current liabilities</b>		<b>755,429</b>	<b>261,834</b>	<b>150,519</b>	<b>48,247</b>
<b>Current liabilities</b>					
Trade and other payables	13	398,888	390,325	79,478	71,924
Current taxation		656	-	130	-
Short term borrowings		247,583	348,389	49,331	64,196
<b>Total current liabilities</b>		<b>647,127</b>	<b>738,714</b>	<b>128,939</b>	<b>136,120</b>
<b>Total liabilities</b>		<b>1,402,556</b>	<b>1,000,548</b>	<b>279,458</b>	<b>184,368</b>
<b>Total equity and liabilities</b>		<b>2,832,084</b>	<b>2,409,690</b>	<b>524,852</b>	<b>444,026</b>



**A. B. C. Orjiako**  
FRC/2013/IODN/00000003161  
Chairman  
26 October 2015



**A. O. Avuru**  
FRC/2013/IODN/00000003100  
Chief Executive Officer  
26 October 2015



**R.T. Brown**  
FRC/2014/IODN/00000007983  
Chief Financial Officer  
26 October 2015

## Consolidated statement of changes in equity

for the third quarter ended 30 September 2015

	Share Capital	Share Premium	Capital Contribution	Foreign Translation Reserve	Retained Earnings	Total	Non- Controlling interest	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>At 1 January 2015</b>	1,798	497,457	40,000	26	869,861	1,409,142	-	1,409,142
Profit for the year	-	-	-	-	62,123	62,123	6,555	68,678
Other comprehensive income	-	-	-	-	-	-	-	-
Dividend to equity holders of the company	-	-	-	-	(49,701)	(49,701)	-	(49,701)
Share capital	-	-	-	-	-	-	1,409	1,409
<b>At 30 September 2015 (unaudited)</b>	<b>1,798</b>	<b>497,457</b>	<b>40,000</b>	<b>26</b>	<b>882,283</b>	<b>1,421,564</b>	<b>7,964</b>	<b>1,429,528</b>

	₦million	₦million	₦million	₦million	₦million	₦million	₦million	₦million
<b>At 1 January 2015</b>	277	82,080	5,932	35,642	135,727	259,658	-	259,658
Profit for the year	-	-	-	-	12,305	12,305	1,296	13,601
Other comprehensive income	-	-	-	(18,259)	-	(18,259)	-	(18,259)
Dividend to equity holders of the company	-	-	-	-	(9,825)	(9,825)	-	(9,825)
Share capital	-	-	-	-	-	-	219	219
<b>At 30 September 2015 (unaudited)</b>	<b>277</b>	<b>82,080</b>	<b>5,932</b>	<b>17,383</b>	<b>138,207</b>	<b>243,879</b>	<b>1,515</b>	<b>245,394</b>

## for the third quarter ended 30 September 2014

	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>At 1 January 2014</b>	1,334	-	40,000	58	690,807	732,199	-	732,199
Profit for the year	-	-	-	-	227,939	227,939	-	227,939
Other comprehensive income	-	-	-	-	-	-	-	-
Dividend to equity holders of the company	-	-	-	-	(40,000)	(40,000)	-	(40,000)
Increase in shares	464	534,523	-	-	-	534,987	-	534,987
Transaction costs for shares issued	-	(37,066)	-	-	-	(37,066)	-	(37,066)
<b>At 30 September 2014 (unaudited)</b>	<b>1,798</b>	<b>497,456</b>	<b>40,000</b>	<b>58</b>	<b>878,746</b>	<b>1,418,059</b>	<b>-</b>	<b>1,418,059</b>

	₦million	₦million	₦million	₦million	₦million	₦million	₦million	₦million
<b>At 1 January 2014</b>	200	-	5,932	591	106,993	113,716	-	113,716
Profit for the year	-	-	-	-	35,398	35,398	-	35,398
Other comprehensive income	-	-	-	(7,192)	-	(7,192)	-	(7,192)
Dividend to equity holders of the company	-	-	-	-	(6,188)	(6,188)	-	(6,188)
Increase in shares	77	88,196	-	-	-	88,273	-	88,273
Transaction costs for shares issued	-	(6,116)	-	-	-	(6,116)	-	(6,116)
<b>At 30 September 2014 (unaudited)</b>	<b>277</b>	<b>82,080</b>	<b>5,932</b>	<b>(6,601)</b>	<b>136,203</b>	<b>217,891</b>	<b>-</b>	<b>217,891</b>

## Consolidated statement of cash flow

for the third quarter ended 30 September 2015

	9 Months to 30 Sep 2015 \$000	9 Months to 30 Sep 2014 \$000	9 Months to 30 Sep 2015 ₦million	9 Months to 30 Sep 2014 ₦million
<b>Cash Flows from Operations Activities</b>				
Cash generated from operations	10,820	179,649	2,139	27,890
Income taxes Paid	-	(3,153)	-	(490)
Net cash inflows from operating activities	10,820	176,496	2,139	27,400
<b>Cash Flow from Investing Activities</b>				
Investment in Oil and gas properties	(407,613)	(116,403)	(80,582)	(18,071)
Investment in other property, plant and equipment	(2,215)	(6,700)	(438)	(1,040)
Acquisition of goodwill and intangible assets	(2,000)	-	(395)	-
Proceeds from sale of asset	-	-	-	-
(Deposit)/Receipts on Investment	368,160	(453,190)	72,782	(70,358)
Aborted acquisition costs	-	-	-	-
Interest received	7,023	6,887	1,389	1,069
Net cash outflows from investing activities	(36,645)	(569,406)	(7,244)	(88,400)
<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	967,101	446,000	191,187	69,242
Repayments of bank financing	(673,607)	(119,034)	(133,166)	(7,452)
Loan to subsidiary undertaking	-	-	-	-
Repayment of shareholder financing	-	(48,000)	-	(18,480)
Dividends paid	(49,701)	(40,000)	(9,825)	(6,213)
Interest paid	(58,692)	(32,847)	(11,603)	(5,100)
Net cash inflows/(outflows) from financing activities	185,101	658,234	36,593	(102,188)
Net increase in cash and cash equivalents	159,276	265,324	31,488	41,188
Cash and cash equivalents at beginning of period / year	285,298	169,461	52,571	26,387
Net foreign exchange difference	-	-	4,522	(75)
Cash and cash equivalents at end of period / year	444,574	434,785	88,581	67,500

# 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 \$28.9 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 interim condensed consolidated financial statements for the half year ended 30 June 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim 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 annual financial statements as at 31 December 2014.

The historical financial information is presented in US dollars and Nigerian naira and all values are rounded to the nearest thousand (\$000) and million (Nmillion), 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 2015.

This basis is the same adopted for the last audited financial 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

	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014
	\$000	\$000	₦million	₦million
Crude oil sales as invoiced	282,669	576,675	55,881	89,554
Changes in lifting (in line with participating interests of both parties)	84,425	(691)	16,691	(107)
	367,094	575,984	72,572	89,447
Gas sales	52,772	16,484	10,432	2,560
<b>Total revenue</b>	<b>419,866</b>	<b>592,468</b>	<b>83,004</b>	<b>92,007</b>

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

## 4. Cost of sales

	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014
	\$000	\$000	₦million	₦million
Crude handling fees	49,134	14,967	9,713	2,324
Royalties	69,134	129,634	13,667	20,131
Depletion, Depreciation and Amortisation	58,021	25,537	11,470	3,966
Niger Delta Development Commission	7,346	7,914	1,452	1,229
Other Rig related Expenses	6,203	23,276	1,226	3,615
Other Field Expenses	38,017	39,318	7,517	6,099
	<b>227,855</b>	<b>240,646</b>	<b>45,045</b>	<b>37,364</b>

## 5. General and administrative expenses

	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014
	\$000	\$000	₦million	₦million
Depreciation, amortisation and impairment charges	4,131	2,605	817	405
Employee related cost	14,069	17,358	2,781	2,696
Professional & Consulting Fees	38,866	46,669	7,683	7,247
Directors Emoluments	5,333	5,823	1,054	904
Other General and Admin Expenses	21,815	39,782	4,313	6,178
	<b>84,214</b>	<b>112,237</b>	<b>16,648</b>	<b>17,430</b>

## Notes to the consolidated financial statements

continued

### 6. Finance charges

	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014
	\$000	\$000	₦million	₦million
Bank loan	61,942	32,135	12,245	4,990
Interest on shareholder loan	-	-	-	-
Unwinding of discount on provision for decommissioning	20	1,458	4	227
	<b>61,962</b>	<b>33,593</b>	<b>12,249</b>	<b>5,217</b>

### 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.

	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014
	\$000	\$000	₦million	₦million
Profit for the year attributable to shareholders (\$000)	68,678	227,939	13,579	35,398
Weighted average number of ordinary shares in issue (in 000)	553,310	461,666	553,310	398,787
	\$	\$	₦	₦
Basic earnings per share (in \$)	0.12	0.48	24.54	76.67
Dividend per share (in \$ and N)	0.09	0.10	17.79	15.53
<b>Earnings</b>	<b>\$000</b>	<b>\$000</b>	<b>₦million</b>	<b>₦million</b>
Profit attributable to equity holders of the Group	68,678	227,939	13,579	35,398
Profit used in determining diluted earnings per share	68,678	227,939	13,579	35,398

There were no dilutive instruments for the period ended 30 September 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:

Purchases of goods and services	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014
	\$000	\$000	₦million	₦million
<b>Shareholders</b>				
MPI SA	-	300	-	47
Shebah Petroleum Development Company Limited	1,011	1,430	202	222
Platform Petroleum Limited	176	35	35	6
	1,187	1,765	237	274
<b>Entities under common control</b>				
Abbey Court Petroleum Company Limited	2,264	3,151	451	489
Abtrust Integrated Services	-	50	-	8
Charismond Nigeria Limited	11	1,672	2	260
Cardinal Drilling Services Limited	13,851	31,354	2,760	4,868
Keco Nigeria Enterprises	1,815	2,687	362	417
Ndosumili Ventures Limited	1,350	1,911	269	297
Oriental Catering Services Limited	754	521	150	81
ResourcePro Inter Solutions Limited	1,686	1,472	336	229
Berwick Nigeria Limited	-	834	-	130
Montego Upstream Services Limited	8,740	13,265	1,741	2,059
Neimeth International Pharmaceutical Plc	-	21	-	3
Nerine Support Services Limited	16,939	24,133	3,375	3,747
Nabila Resources & Investment Ltd	226	455	45	71
D.D Dodo & Co	322	-	64	-
Helko Nigeria Limited	222	828	44	129
	48,180	91,953	22,387	12,786

## Notes to the consolidated financial statements

continued

### 8b. Balances

The following balances were receivable from or payable to related parties as at 30 September 2015:

i) Prepayments / receivables	9 months ended	9 months ended	9 months ended	9 months ended
	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
	\$000	\$000	₦million	₦million
Under common control				
SEPCOL	-	-	-	-
Cardinal Drilling Services Limited	9,466	9,432	1,886	1,464
Abbeycourt Petroleum Company Limited	-	-	-	-
	9,466	9,432	1,886	1,464
ii) Payables				
Shareholders -				
Loan from MPI	-	-	-	-

### 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 (₦399million).

	\$000	₦million
Purchase consideration	139,285	27,753
Fair value of Net assets of Belemaoil	(137,285)	(27,354)
Goodwill	2,000	399

# Notes to the consolidated financial statements

continued

## 10. Trade and other receivables

	As at 30 Sep 2015 \$000	As at 31 Dec 2014 \$000	As at 30 Sep 2015 ₦million	As at 31 Dec 2014 ₦million
Trade receivables	145,194	119,588	28,930	22,036
<b>Nigerian Petroleum Development</b>				
Company (NPDC) receivables	509,983	463,118	101,614	85,337
Intercompany receivables	-	-	-	-
Deposit for Investments	81,736	453,190	16,286	83,508
Advances to related parties	9,466	10,924	1,886	2,013
Prepayments	11,526	14,224	2,297	2,621
Under lift	77,397	2,783	15,421	513
Advances to suppliers	2,259	10,934	450	2,015
Interest receivable from Belema shareholders	13,912	-	2,772	-
Other receivables	125	317	24	58
	<b>851,598</b>	<b>1,075,078</b>	<b>169,681</b>	<b>198,101</b>

### Trade receivables / NPDC receivables:

An agreement was signed between Seplat and NPDC in July whereby gas revenues attributable to NPDC's interest in OMLs 4, 38 and 41 are offset against the balance of arrears. Pursuant to the agreement NPDC and Seplat are also engaged with potential lenders to provide joint venture loan facilities of up to US\$300 million to fund cash calls with effect from January and further accelerate repayment of arrears. The outstanding receivables balance of US\$300 million is approved as cash calls with the remainder still undergoing various discussions and approval levels within NPDC.

### Deposit for investment:

This represents the net balance after the US\$368m release of sums from escrow that had previously been allocated as a refundable deposit against a potential investment by a consortium. A sum of US\$45 million remains as a deposit with the potential vendors whilst negotiations with the consortium continue and US\$36.5 million was placed into a new escrow account in London pending outcome of the ongoing negotiations.

## Notes to the consolidated financial statements

continued

### 11. Share capital

11a.	As at 30 Sep 2015 \$000	As at 30 Sep 2014 \$000	As at 31 Dec 2014 \$000	As at 30 Sep 2015 ₦million	As at 30 Sep 2014 ₦million	As at 31 Dec 2014 ₦million
<b>Value</b>						
<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	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 30 Sep 2015 \$000	As at 30 Sep 2014 \$000	As at 31 Dec 2014 \$000	As at 30 Sep 2015 ₦million	As at 30 Sep 2014 ₦million	As at 31 Dec 2014 ₦million
<b>Additional Contribution</b>	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 30 Sep 2015 \$000	As at 30 Sep 2014 \$000	As at 31 Dec 2014 \$000	As at 30 Sep 2015 ₦million	As at 30 Sep 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)
<b>Issued share capital proceeds</b>	497,457	-	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. Trade and other payables

	As at 30 Sep 2015 \$000	As at 31 Dec 2014 \$000	As at 30 Sep 2015 ₦million	As at 31 Dec 2014 ₦million
Trade payable	142,026	75,443	28,299	13,902
Accruals and other payables	207,924	267,579	41,429	49,305
Over lift	-	9,811	-	1,808
NDDC levy	19,839	11,327	3,953	2,087
Deferred revenue	1,420	1,420	282	262
Royalties	27,679	24,745	5,515	4,560
	<b>398,888</b>	<b>390,325</b>	<b>79,478</b>	<b>71,924</b>

The accruals balance is mainly composed of other field-related accruals 2015: \$122m (2014: \$219.9m) and NPDC payables of \$49million (2014: \$21m)

### 14. 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

<b>Company secretary</b>	Mirian Kene Kachikwu
<b>Registered office and business</b>	
<b>Address of directors</b>	25a Lugard Avenue Ikoyi Lagos Nigeria
<b>Registered number</b>	RC No. 824838
<b>Registrars</b>	DataMax Registrars Limited 7 Anthony Village Road Anthony P.M.B 10014 Shomolu Lagos, Nigeria
<b>FRC number</b>	FRC/2015/NBA/00000010739
<b>Auditors</b>	Ernst & Young 10th Floor, UBA House 57 Marina Lagos, Nigeria.
<b>Solicitors</b>	Abhulimen & Co. Anaka Ezeoke & Co. D. D. Dodo & Co. Jakpa, Edoge & Co. Ogaga Ovwah & Co. Streamsowers & Kohn Thompson Okpoko & Partners Winston & Strawn London LLP
<b>Bankers</b>	Access Bank Plc 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 Citibank Nigeria Limited Standard Chartered Bank Nigeria Limited HSBC Bank