



Interim management statement and consolidated interim financial results

For the three months ended 31
March 2016 (expressed in
US Dollars and Naira)

29 April 2016

Seplat Petroleum Development Company Plc

Seplat Petroleum Development Company Plc

Interim management statement and consolidated interim financial results for the three months ended 31 March 2016

Lagos and London, 29 April 2016: Seplat Petroleum Development Company Plc (“Seplat” or the “Company”), a leading Nigerian independent oil and gas company listed on both the Nigerian Stock Exchange and London Stock Exchange, today announces its first quarter results.

Average total working interest production for the first three months stood at 34,179 boepd, down 5% year-on-year and reflective of the shut-in and suspension of oil exports at the Forcados terminal from mid-February onwards as a result of damage to pipeline infrastructure at the loading arm. Prior to this, the Company’s working interest production was averaging around 52,130 boepd. Repairs are currently on-going to expedite the resumption of exports from the terminal. The Company has, however, continued to produce and sell gas into the domestic market meaning it is better positioned to withstand such interruptions than in prior years. Gas production in the first quarter was 100.7 MMscfd, up 113% year-on-year.

Total revenue in the period was US\$83 million. Within this, crude revenue after lifting adjustments was US\$56 million, 53% lower than the same period in 2015. Gas revenue increased by 145% year-on-year to US\$27 million as the step-change in gas production arising from the Oben gas plant expansion, and higher pricing, continue to take effect. Gross profit stood at US\$30 million and net loss after tax US\$19 million, reflecting the lower realised oil price and shut-in of the Forcados terminal. Capital investments incurred during the first three months totaled US\$9 million against cash generated from operations of US\$64 million. Cash at bank was US\$298 million and net debt US\$540 million at period end. The outstanding NPDC net receivable as at 31 March was US\$353 million, down from US\$435 million at end 2015.

“Our first quarter results reflect the impact of the shut-in and suspension of oil exports at the Forcados terminal from mid-February onwards,” said Austin Avuru, Seplat’s Chief Executive Officer. “However, we are in the final stages of establishing a temporary export solution via the Warri refinery jetty with our off-taker Mercuria to resume oil production, albeit at reduced levels, which will enable us to de-constrain gas sales into the domestic market back to normalised levels. Longer term it remains an absolute priority of ours to secure reliable alternative export options and achieve greater diversification through development of the wider portfolio. Despite these challenging circumstances I am pleased to report that we continued to supply an average gross rate of 224 MMscfd sales gas into the domestic market and that the business remains on a sound financial footing with strong fundamentals that together provide resilience to such setbacks” he added.

Information contained within this release is un-audited and is subject to further review.

Production update

- Total average working interest production during the first three months decreased by 5% to 34,179 boepd (compared to 35,811 boepd for the same period in 2015).
 - liquids production down 38% year-on-year at 17,392 bopd
 - gas production up 113% year-on-year at 100.7 MMscfd
- Reported production figures reflect the longer than expected suspension of oil production following the terminal operator, Shell Nigeria, declaring force majeure at the terminal on 21 February following disruption in production and exports caused by a spill on the Forcados Terminal subsea crude export pipeline. Repairs are ongoing to expedite the resumption of normal operations and exports.
- The Company is actively pursuing alternative crude oil evacuation options for production at its Western Assets and potential strategies to further grow and diversify production in order to reduce any over-reliance on one particular third party export system. In line with this objective the Company is in the final stages of establishing one such option whereby crude oil exports will be sold FOB at the Warri refinery jetty to Seplat’s off-taker Mercuria. This barging solution is initially being implemented on a trial basis to restore gas production to normalised levels, with a view to determining whether it can be adopted as a longer term alternative alongside exports via the Trans Forcados System when the terminal reopens.
- Liquid production transported via the Trans Forcados System (“TFS”) in the first three months was subject to an average reconciliation loss of 12%.
- Full-year 2016 production guidance of 41,000 to 48,000 boepd is maintained (comprising 23,000 to 28,000 bopd liquids and 18,000 to 20,000 boepd gas) and based on an overall uptime assumption of 67%.
- Average oil price realisation of US\$35.4/bbl (2015: US\$52.8/bbl) and an average gas price of US\$2.98/Mscf (2015: US\$2.60/Mscf).

Working interest production for the first three months of 2016⁽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%	28,873	223.8	66,177	12,993	100.7	29,780
OPL 283	40.0%	2,406	-	2,406	962	-	962
OML 53	40.0%	2,862	-	2,862	1,145	-	1,145
OML 55 ⁽²⁾	22.5%	10,187	-	10,187	2,292	-	2,292
Total		44,328	223.8	81,632	17,392	100.7	34,179

⁽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

Drilling and capital projects update

- Phase II of the Oben Gas Plant Expansion ("OGPE") project remains on track. Offsite fabrication of the three x 75 MMscfd processing modules has been completed. The Company expects to take delivery of the new processing modules in Q3 and to complete installation and commissioning by year-end, taking the Company's gross operated gas processing capacity to a minimum of 525 MMscfd (from the current level of 300 MMscfd). Concept selection and front-end design work for two additional 10MMscfd associated gas compressors was also completed in Q1. Additionally, the Company is progressing plans to install another two 50,000 barrel storage tanks at the Oben field that will provide further support to achieving continuity of gas production in the event of export line interruptions.
- Fabrication of the Electrostatic Heater treater ("EHT") intended to upgrade produced oil at OMLs 4, 38 and 41 to export quality was completed in Q1 together with civil foundation works required on site. Upon completion this project will generate savings on crude handling charges by eliminating costs incurred by injecting wet crude and freeing up additional capacity for dry crude. In association with this project the Company expects to re-complete the Sapele-4 well as a water injection well in Q2.
- Pre-drilling activities and site preparation work has commenced for the Pillar Oil operated Anagba-1 appraisal well on OPL 283 (Marginal Field Area). The well is intended to appraise a structure that straddles adjacent OML 60 (where it is in production) and is expected to spud around mid-year.

Corporate update

- In January the Company announced that the Supreme Court of Nigeria had delivered its judgement in favour of Seplat and Chevron Nigeria Limited ("CNL") in a litigation brought against both parties by Britannia-U Nigeria Limited ("Brittania-U") that had until then prevented the full transfer to Seplat of a 40.00% working interest in OML 53 and effective 22.5% working interest in OML 55 (held through 56.25% ownership of the share capital of Belemaoil Producing Limited) that the Company had acquired from CNL in February 2015. The ruling allowed CNL to conclude the full transfer and operatorship of the blocks to Seplat with immediate effect.

Finance update

- Gross revenue for the first three months was US\$83 million (N16.6 billion), down 36% year-on-year (2015: US\$131 million (N25.6 billion)) reflecting lower oil price realisations and shut-in of the Forcados terminal, partially offset by increased gas sales following completion of OGPE Phase I and higher gas pricing.
 - Crude revenue (after lifting adjustments) was US\$56 million (N11.1 billion), down 53% year-on-year (US\$120 million (N23.4 billion))
 - Gas revenue was US\$27 million (N5.4 billion), up 145% year-on-year (2015: US\$11 million (N2.2 billion))
- Working interest sales volumes during the first three months increased to 2.7 MMboe from 2.5 MMboe in 2015. The total volume of crude lifted in the first three months was 1.1 MMbbls compared to 1.8 MMbbls in 2015. Total gas volume sold was 1.6 MMboe (2015: 0.7 MMboe).
- Whilst the Company awaits the outcome of a review by Nigerian Investment Promotion Commission on whether an extension of the pioneer tax incentive will be granted beyond the initial three year period (which concluded at the end of 2015) the Company has prepared its financial statements for the first quarter excluding the effect of pioneer tax status which correspondingly forms the basis of the current and deferred taxation of US\$7.6 million (N1.5 billion) compared to US\$0.2 million (N0.04 billion) for Q1 2015.
- Primarily as a consequence of the shut-in of the Forcados terminal and suspension of exports from mid-February onwards, combined with the effect of lower oil prices partially offset by reductions in cost of sales and G&A, the Company is reporting a net loss for the first three months of US\$19 million (N4.3 billion) compared to a net profit of US\$23 million (N20.5 billion) in 2015.

- Having put in place at the end of 2015 dated Brent puts covering a volume of 3.3 MMbbls to June 2016 at a strike price of US\$45.0/bbl, the net amount paid out to end March was US\$8.3 million. In March 2016, the Company extended its hedging by entering into dated Brent puts covering a further volume of 2.7 MMbbls hedged at a strike price US\$40.0/bbl over the second half of the year. 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 stood at US\$298 million (₦59.2 billion) at 31 March and comprises US\$228 million unrestricted funds and US\$70million held in restricted accounts as required under the debt loan agreements.
- Debt principal repayments of US\$62 million were made in the first three months.
 - Gross debt at 31 March US\$839 million
 - Net debt at 31 March US\$541 million
- Capital investments of US\$9 million were incurred in the first three months funded by cash flows from operations of US\$64 million; full year capex guidance is maintained at US\$130 million.
- The outstanding NPDC net receivable at 31 March was US\$353 million (₦70.1 billion) a reduction of US\$82 million from the outstanding net receivable of US\$435m (₦86.5 billion) at end 2015.

Final dividend

- On 24 March 2016, Seplat announced its intention to pay a 2015 final dividend of US\$0.04 per share. The default currency for the dividend will depend on whether the shareholder has a Nigerian Certificate for Capital Importation ("CCI") and is determined as follows:
 - Shareholders holding their shares on the Nigerian Stock Exchange and do not hold a valid CCI will be paid their dividend in Naira
 - Shareholders holding their shares on the Nigerian Stock Exchange with a valid CCI will be paid their dividend in US dollars as the default currency. However, those shareholders may instead elect to receive their entire dividend payment in Naira (partial elections are not permissible)
 - Shareholders holding their shares through depository interests on the London Stock Exchange will be paid their dividend in US dollars as the default currency. However, those shareholders may instead elect to receive their entire dividend payment in pounds sterling. Partial elections are not permissible.
- The exchange rate for the Naira or pounds sterling amounts payable will be determined by reference to the relevant exchange rates applicable to the US dollar on 19 May 2016 and will be communicated by the Company on 20 May 2016.
- Shareholders who have the option to elect to be paid their dividends in a currency other than their default currency must make the election to the Company's registrars by 25 May 2016, otherwise the dividend will be paid in the default currency. The election form will be sent out to the relevant shareholders and can also be found on the company website at <http://seplatpetroleum.com/investor-centre/corporate-governance/circulars/>. Those shareholders holding their shares on the Nigerian Stock Exchange who hold a valid CCI should notify Seplat's Nigerian registrars, DataMax Registrars Limited ("DataMax"), of that fact.
- The 2015 final dividend of US\$0.04 per share is subject to shareholder approval at the Annual General Meeting to be held in Lagos, Nigeria on 1 June 2016. If approved, the final dividend is to be paid on or shortly after 9 June 2016 to shareholders on the register as of 19 May 2016. The Nigerian shareholder register will be temporarily closed on 20 May 2016 to enable the Company's registrar, DataMax, to prepare for the payment of the final 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 Depository Interests on the London Stock Exchange should contact the Company's UK depository, Computershare.

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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 2016

Directors' interest in shares

The interests of the Directors (and of persons connected with them) in the share capital of the Company as at 31 March 2016, are listed below:

	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue
Ambrosie Bryant Chukwueloka Orjiako ⁽¹⁾	85,175,663	15.12
Ojunekwu Augustine Avuru ⁽²⁾	73,680,917	13.08
William Stuart Connal	335,861	0.06
Roger Thompson Brown	267,858	0.05
Michel Hochard	95,238	—
Macaulay Agbada Ofurhie	4,901,611	0.87
Michael Richard Alexander	95,238	—
Charles Okeahalam	597,238	0.11
Basil Omiyi	495,238	0.09
Ifueko Omoigui-Okauru	95,238	—
Lord Mark Malloch-Brown	31,746	—
Damian Dinshiya Dodo	—	—

Notes:

- (1) 53,636,883 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, 18,500,000 Ordinary Shares are held by Constant Petroleum for the benefit of Shebah Petroleum Development Company Limited, 12,600,000 Ordinary Shares are held directly by Mr. Orjiako's siblings and 1 Ordinary Share held by A.B.C. Orjiako and 438,750 ordinary shares are held in the Seplat employee trust.
- (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 383,906 ordinary shares are held in the Seplat employee trust.

Substantial interest in shares

The list below represents substantial interest of shareholders of the Company as at 31 March 2016

Shareholder	No. of Ordinary Shares	As a percentage of total Ordinary Shares in issue
CIS Plc Trading	169,708,232	30.12
M&P (MPI S.A.)	120,400,000	21.37
Shebah Petroleum Development Company Limited ⁽¹⁾	85,175,663	15.12
Austin Avuru and Platform Petroleum Limited ⁽²⁾	73,680,917	13.08
ZPC/SIBTC RSA FUND - MAIN A/C	21,475,235	3.81
STANBIC IBTC TRUSTEE LIMITED/SEPLAT LTIP ⁽³⁾	9,311,592	1.65
Vazon Investments Limited	7,366,800	1.31
Stanbic Nominees Nigeria Ltd/C002 - Main	7,082,235	1.26
Hautguard Limited	6,140,000	1.09
Others	63,103,887	11.19
	563,444,561	100.00

Directors' interest in shares continued

At 31 March 2016

Notes:

- (1) 53,636,883 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, 18,500,000 Ordinary Shares are held by Constant Petroleum for the benefit of Shebah Petroleum Development Company Limited, 12,600,000 Ordinary Shares are held directly by Mr. Orjiako's siblings and 1 Ordinary Share held by A.B.C. Orjiako and 438,750 ordinary shares are held in the Seplat employee trust.
- (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 383,906 ordinary shares are held in the Seplat employee trust.
- (3). Shares held by Stanbic IBTC Trustee Limited relate to shares awarded to executives and non-executives as of reporting period.

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 three months and description of principal risks and uncertainties for the remaining nine 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
29 April 2016



A. O. Avuru
FRC/2013/IODN/00000003100
Chief Executive Officer
29 April 2016



R.T. Brown
FRC/2014/IODN/00000007983
Chief Financial Officer
29 April 2016

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.

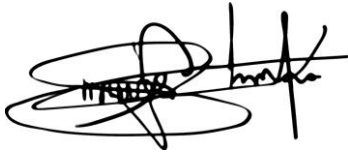
Statement of profit or loss and other comprehensive income for the first quarter ended 31 March 2016

		3 months ended 31 Mar 2016	3 months ended 31 Mar 2015	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015
	Note	\$000	\$000	₦million	₦million
Revenue	3	83,416	131,122	16,585	25,562
Cost of sales	4	(53,780)	(58,404)	(10,692)	(11,386)
Gross profit		29,636	72,718	5,893	14,176
General and administrative expenses	5	(21,449)	(28,467)	(4,264)	(5,550)
Other operating income		-	-	-	-
Gain/(loss) on foreign exchange		(2,441)	(2,005)	(485)	(391)
Fair value movement in contingent consideration		(801)	(313)	(159)	(61)
Operating profit		4,945	41,933	985	8,174
Finance income		2,700	1,121	537	219
Finance charges	6	(22,639)	(18,297)	(4,501)	(3,567)
Profit before taxation		(14,994)	24,757	(2,979)	4,826
Taxation		(7,550)	215	(1,501)	44
Profit after taxation		(22,544)	24,972	(4,480)	4,870
Other comprehensive income					
Foreign translation reserve		-	-	(530)	15,976
Total comprehensive income for the period / year		(22,544)	24,972	(5,010)	20,846
(Profit)/Loss attributable to non-controlling interest	11	3,715	(1,670)	739	(326)
Profit/(Loss) attributable to parent		(18,829)	23,302	(4,274)	20,520
Earnings per share (\$/₦)	7	(\$0.03)	\$0.04	(₦7.62)	₦8.80
Diluted Earnings per share (\$/₦)	7	(\$0.03)	\$0.04	(₦7.61)	₦8.80

Consolidated statement of financial position

for the first quarter ended 31 March 2016

		As at 31 Mar 2016	As at 31 Dec 2015	As at 31 Mar 2016	As at 31 Dec 2015
		Unaudited	Audited	Unaudited	Audited
Note		\$'000	\$'000	₦million	₦million
Assets					
Non-current assets					
Oil and gas properties		1,426,485	1,436,950	283,100	285,723
Other property, plant and equipment		11,168	11,602	2,216	2,307
Intangible assets		1	1	-	0
Goodwill		2,000	2,000	397	398
Prepayments		35,957	36,754	7,136	7,308
Total non-current assets		1,475,611	1,487,307	292,849	295,736
Current assets					
Inventories		87,693	82,468	17,404	16,398
Trade and other receivables	9	721,381	811,255	143,165	161,310
Prepayments		8,006	11,639	1,589	2,315
Derivatives not designated as hedges		20,121	23,194	3,993	4,612
Cash and short-term deposits		298,387	326,029	59,218	64,828
Total current assets		1,135,588	1,254,585	225,369	249,463
Total assets		2,611,199	2,741,892	518,218	545,198
Equity and liabilities					
Equity attributable to shareholders					
Share capital	10a	1,821	1,821	282	282
Capital contribution	10b	40,000	40,000	5,932	5,932
Share premium	10c	497,457	497,457	82,080	82,080
Share equity reserve		9,539	8,734	1,890	1,729
Retained earnings		846,656	865,485	131,175	134,919
Foreign translation reserve		325	325	55,652	56,182
Non-controlling interest	11	(4,460)	(745)	(887)	(148)
Total equity		1,391,338	1,413,077	276,124	280,976
Non-current liabilities					
Interest bearing loans & borrowings		559,000	608,846	110,939	121,063
Deferred tax liabilities		20,552	21,233	4,079	4,222
Contingent consideration		22,701	21,900	4,505	4,355
Provision for decommissioning		4,554	3,869	904	769
Defined benefit plan		6,926	6,926	1,375	1,377
Total non-current liabilities		613,733	662,774	121,802	131,786
Current liabilities					
Trade and other payables	12	326,069	375,033	64,712	74,572
Current taxation		199	239	39	48
Interest bearing loans and borrowings		279,860	290,769	55,541	57,817
Total current liabilities		606,128	666,041	120,292	132,436
Total liabilities		1,219,861	1,328,815	242,094	264,222
Total equity and liabilities		2,611,199	2,741,892	518,218	545,198



A. B. C. Orjiako
FRC/2013/IODN/00000003161
Chairman
29 April 2016



A. O. Avuru
FRC/2013/IODN/00000003100
Chief Executive Officer
29 April 2016



R.T. Brown
FRC/2014/IODN/00000007983
Chief Financial Officer
29 April 2016

Consolidated statement of changes in equity

for the first quarter ended 31 March 2016

	Share Capital	Share Premium	Capital Contribution	Share based reserves	Foreign Translation Reserve	Retained Earnings	Total Equity	Non- Controlling interest	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 January 2016	1,821	497,457	40,000	8,734	325	865,485	1,413,823	(745)	1,413,077
Profit for the year	-	-	-	-	-	(18,829)	(18,829)	(3,715)	(22,544)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	805	-	-	805	-	805
Dividend to equity holders of the company	-	-	-	-	-	-	-	-	-
Share capital	-	-	-	-	-	-	-	-	-
At 31 March 2016 (unaudited)	1,821	497,457	40,000	9,539	325	846,656	1,395,798	(4,460)	1,391,338

	₦million	₦million	₦million	₦million	₦million	₦million	₦million	₦million	₦million
At 1 January 2016	282	82,080	5,932	1,729	56,182	134,919	281,124	(148)	280,976
Profit for the year	-	-	-	-	-	(3,744)	(3,744)	(739)	(4,482)
Other comprehensive income	-	-	-	-	(530)	-	(530)	-	(530)
Share based payments	-	-	-	161	-	-	161	-	161
Dividend to equity holders of the company	-	-	-	-	-	-	-	-	-
Share capital	-	-	-	-	-	-	-	-	-
At 31 March 2016 (unaudited)	282	82,080	5,932	1,890	55,652	131,175	277,011	(887)	276,124

for the first quarter ended 31 March 2015

		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 January 2015	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	-	-	-	-	-	-	-	-	-
Dividend to equity holders of the company	-	-	-	-	-	-	-	-	-
Increase in shares	-	-	-	-	-	-	-	-	-
Share capital	-	-	-	-	-	-	-	1,409	1,409
At 31 March 2015 (unaudited)	1,798	497,456	40,000	-	26	893,164	1,432,444	3,079	1,453,523

	₦million	₦million	₦million	₦million	₦million	₦million	₦million	₦million	₦million
At 1 January 2015	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)
Dividend to equity holders of the company	-	-	-	-	-	-	-	-	-
Increase in shares	-	-	-	-	-	-	-	-	-
Share capital	-	-	-	-	-	-	-	218	218
At 31 March 2015 (unaudited)	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 2016

	3 Months to 31 Mar 2016 \$000	3 Months to 31 Mar 2015 \$000	3 Months to 31 Mar 2016 ₦million	3 Months to 31 Mar 2015 ₦million
Cash Flows from Operations Activities				
Cash generated from operations	64,051	(62,261)	12,734	(12,138)
Income taxes Paid	-	-	-	-
Net cash inflows from operating activities	64,051	(62,261)	12,734	(12,138)
Cash Flow from Investing Activities				
Investment in Oil and gas properties	(8,472)	(381,352)	(1,684)	(74,343)
Investment in other property, plant and equipment	(844)	(196)	(168)	(38)
Acquisition of goodwill and intangible assets	-	(2000)	-	(390)
Proceeds from sale of asset	-	-	-	-
(Deposit)/Receipts on Investment	-	-	-	-
Aborted acquisition costs	-	-	-	-
Interest received	97	1,121	19	219
Net cash outflows from investing activities	(9,219)	(382,427)	(1,833)	(74,552)
Cash Flows from Financing Activities				
Proceeds from issue of shares	-	-	-	-
Issue costs	-	-	-	-
Proceeds from bank financing	-	1,000,000	-	194,947
Expenses from bank financing	-	(32,899)	-	(6,413)
Repayments of bank financing	(61,750)	(598,940)	(12,277)	(116,762)
Loan to subsidiary undertaking	-	-	-	-
Repayment of shareholder financing	-	-	-	-
Dividends paid	-	-	-	-
Interest paid	(20,724)	(17,849)	(4,120)	(3,480)
Net cash inflows/(outflows) from financing activities	(82,474)	350,312	(16,397)	68,292
Net increase in cash and cash equivalents	(27,642)	(94,376)	(5,496)	(18,398)
Cash and cash equivalents at beginning of period / year	326,029	285,298	64,828	52,571
Net foreign exchange difference	-	-	(114)	4,288
Cash and cash equivalents at end of period / year	298,387	190,922	59,218	38,461

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 2014, 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.

In 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 2014 and a contingent payment of \$10 million (\$5 million when average daily production of 10,500 bopd of liquid hydrocarbon sustained over a period of one (1) month is achieved and another \$5 million when cumulative production of 10 million barrels of liquid hydrocarbons from all fields within OML 56 is achieved) by mid-2015. The fair value of \$7.731 million was capitalised to the cost of the asset and a corresponding liability recorded based on the probability. These milestones were not achieved as at mid-2015 and as such the liability was de-recognised during the year.

In 2015, the Group purchased a 40% working interest in OML 53, onshore north eastern Niger Delta, from Chevron Nigeria Ltd. for \$259.4 million. It also concluded negotiations to buy 56.25% of Belemaoil Producing Ltd., a Nigerian special purpose vehicle that has bought a 40% interest in the producing OML 55, located in the swamp to coastal zone of south eastern Niger Delta. NNPC holds the remaining 60.00% interest in OML 55, and Seplat’s effective working interest in OML 55 as a result of the acquisition is 22.50%.

Seplat paid \$132.2 million for its 22.50% interest in OML 55, after adjustments. It 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, Seplat are in discussions to determine repayment terms for the initial deposit against the acquisition of \$52.5 million that Belemaoil funded with bank debt, to be considered as the total amount loaned to Belemaoil by Seplat.

Current gross production at OML 55 is 8,000 barrels of oil per day. Seplat has been designated operator of OML 55. The Group will also act as technical services provider to Belemaoil.

Seplat estimates net recoverable hydrocarbon volumes attributable to its 40% working interest in OML 53 is 51 million barrels of oil and condensate and 611 billion square cubic feet of gas. Seplat has been designated operator of OML 53.

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 2014, Seplat East Onshore Limited (“Seplat East”), which was incorporated on 12 December 2014, Seplat East Swamp Company Limited (“Seplat Swamp”), which was incorporated on 12 December 2014, and Seplat Gas Company Limited (“Seplat Gas”), which was incorporated on 12 December 2014, 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 of the group 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 Nigerian Naira and all values are rounded to the nearest thousand (\$000) and nearest million (N'm), 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 2016.

This basis is the same adopted for the last audited financial statement as at 31 December 2015.

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 and Nigerian Naira. 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 the presentation currency 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 2016	3 months ended 31 Mar 2015	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015
	\$000	\$000	₦million	₦million
Crude oil sales	36,495	95,407	7,256	18,599
Changes in lifting (in line with participating interests of both parties)	19,596	24,677	3,896	4,811
	56,091	120,084	11,152	23,410
Gas sales	27,325	11,038	5,433	2,152
Total revenue	83,416	131,122	16,585	25,562

The off-takers for crude oil is Shell Western Supply and Trading Limited and Mercuria.

4. Cost of sales

	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015
	\$000	\$000	₦million	₦million
Crude handling fees	9,682	5,691	1,925	1,109
Royalties	8,808	23,682	1,751	4,617
Depletion, Depreciation and Amortisation	18,936	16,100	3,765	3,139
Niger Delta Development Commission	1,901	2,869	378	559
Other Rig related Expenses	1,048	292	208	57
Operations & Maintenance Costs	13,405	9,770	2,665	1,905
	53,780	58,404	10,692	11,386

Operations and maintenance costs (\$9million, N1.8billion), while balance of \$4million (N0.8billion) comprises costs for community, HSE, field logistics and others

5. General and administrative expenses

	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015
	\$000	\$000	₦million	₦million
Depreciation	1,313	1,286	261	251
Employee related cost	6,213	5,814	1,235	1,133
Professional & Consulting Fees	5,649	13,753	1,123	2,681
Directors Emoluments (Execs)	1,209	429	240	84
Directors Emoluments (Non- Execs)	915	341	182	66
Other General and Admin Expenses	6,150	6,844	1,223	1,335
	21,449	28,467	4,264	5,550

Director's emoluments has been split between Exec & Non-Exec. Executive director's emoluments includes share based benefits recognised in 2016.

Other general expenses relate to costs such as office maintenance costs, rentals, telecommunication costs, logistics costs and others

Notes to the consolidated financial statements

continued

6. Finance charges

	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015
	\$000	\$000	Nmillion	Nmillion
Bank loan	21,954	17,849	4,365	3,480
Unwinding of discount on provision for decommissioning	685	448	136	87
	22,639	18,297	4,501	3,567

7. Earnings per share

Basic

Basic earnings per share is calculated on the Company's profit/(loss) 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 2016	3 months ended 31 Mar 2015	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015
	\$000	\$000	Nmillion	Nmillion
(Loss)/Profit for the year attributable to shareholders (\$000)	(18,829)	23,302	(4,274)	4,870
Weighted average number of ordinary shares in issue (in 000)	560,576	553,310	560,576	553,310
Share Options	189	-	189	-
Weighted average number of ordinary shares adjusted for the effect of dilution	560,765	553,310	560,765	553,310
	\$	\$	N	N
Basic earnings per share (in \$ and N)	(0.03)	0.04	(7.62)	8.80
Diluted earnings per share (in \$ and N)	(0.03)	0.04	(7.61)	8.80
Earnings	\$000	\$000	Nmillion	Nmillion
(Loss)/Profit attributable to equity holders of the Group	(18,829)	23,302	(4,274)	4,870
(Loss)/Profit used in determining diluted earnings per share	(18,829)	23,302	(4,274)	4,870

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	3 months ended	3 months ended	3 months ended	3 months ended
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	\$000	\$000	₦million	₦million
Shareholders				
M&P (MPI SA)	-	-	-	-
Shebah Petroleum Development Company Limited	239	379	47	74
Platform Petroleum Limited	-	22	-	4
	239	401	47	78
Entities under common control				
Abbey Court Petroleum Company Limited	137	1,470	27	287
Charismond Nigeria Limited	6	2	1	-
Cardinal Drilling Services Limited	1300	5,884	258	1,147
Keco Nigeria Enterprises	27	1,287	5	251
Ndosumili Ventures Limited	297	609	59	119
Oriental Catering Services Limited	52	290	10	57
ResourcePro Inter Solutions Limited	74	510	15	100
Berwick Nigeria Limited	28	-	6	-
Montego Upstream Services Limited	558	3,504	111	683
Nerine Support Services Limited	2,925	6,963	581	1,357
Nabila Resources & Investment Ltd	5	-	1	-
	5,409	20,519	1,074	4,001

Notes to the consolidated financial statements

continued

8b. Balances

The following balances were receivable from or payable to related parties as at 31 March 2016:

Prepayments / receivables	3 months ended	3 months ended	3 months ended	3 months ended
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	\$000	\$000	₦million	₦million
Under common control				
Cardinal Drilling Services Limited	8,007	10,507	1,589	2,117
	8,007	10,507	1,589	2,117

9. Trade and other receivables

	As at 31 Mar	As at 31 Dec	As at 31 Mar	As at 31 Dec
	2016	2015	2016	2015
	\$000	\$000	₦million	₦million
Trade receivables	104,248	133,905	20,689	26,626
Nigerian Petroleum Development				
Company (NPDC) receivables	413,234	491,974	82,010	97,824
Deposit for Investments	85,236	85,236	16,916	16,948
Advances to related parties	8,007	8,633	1,590	1,716
Advances to other parties	44,542	44,542	8,839	8,857
Under lift	46,063	27,063	9,142	5,381
Advances to suppliers	4,072	2,597	808	516
Hedging receivables	3,581	7,585	711	1,508
Interest receivable	12,149	9,546	2,411	1,898
Other receivables	249	174	49	35
	721,381	811,255	143,165	161,310

Trade receivables / NPDC receivables:

Trade receivables:

This mainly represents crude receivables on OML 53 & 55 (\$36million), Pillar (\$2million) and gas receivables from NGC (\$64million)

NPDC receivables:

Seplat has not yet remitted the sum of \$60.1million due to NPDC on crude handling charges as of 31 March 2016, after considering this, net receivables due from NPDC on past costs is \$353million.

Notes to the consolidated financial statements

continued

Deposit for investment:

By a consortium agreement made amongst parties, Newton Energy Limited (a subsidiary of Seplat) agreed to make payments of \$453million towards an investment in 2014. In 2015, \$367 million was received from the Escrow account in respect of this investment.

- \$45m refundable deposit made towards the investment in 2014 remains with the potential vendors. As at year-end, the investment was not consummated, this remains a deposit whilst negotiation between the parties continue.
- \$36.5m was placed in an escrow account in London related to the same investment pending agreements of final terms. Out of this and in the period under review \$3.5m has been paid out in consortium fees.

In the event the negotiations do not lead to a consummation of investment, these funds will be returned to the Group

10. Share capital

10a.	As at 31 Mar	As at 31 Dec	As at 31 Mar	As at 31 Dec
	2016	2015	2016	2015
Value	\$000	\$000	₦million	₦million
Authorised ordinary share capital				
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	3,335	3,335	518	500
Issued and fully paid				
560,576,101 (Q1 2015: 553,310,313) issued shares denominated in Naira of 50 kobo per share	1,821	1,821	282	282

In 2015, the Company gave share options (14,939,102 shares) to certain employees and senior executives in line with its share based incentive scheme. As at 31 March 2016, 7,265,788 shares had vested, resulting in an increase in number of issued and fully paid ordinary shares of 50k each from 553 million to 561 million

10b. Capital contribution

	As at 31 Mar	As at 31 Dec	As at 31 Mar	As at 31 Dec
	2016	2015	2016	2015
	\$000	\$000	₦million	₦million
Additional Contribution	40,000	40,000	5,932	5,932
	40,000	40,000	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.

Notes to the consolidated financial statements

continued

10c. Share Premium

	As at 31 Mar 2016 \$000	As at 31 Dec 2015 \$000	As at 31 Mar 2016 ₦million	As at 31 Dec 2015 ₦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	497,457	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 50keach totaling \$464,000 (₦77million) were transferred to share capital.

11. Non-controlling interest

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

12. Trade and other payables

	As at Mar 2016 \$000	As at 31 Dec 2015 \$000	As at Mar 2016 ₦million	As at 31 Dec 2015 ₦million
Trade payable	111,045	125,408	22,038	24,936
Accruals and other payables	191,057	216,265	37,917	43,002
NDDC levy	10,034	6,272	1,991	1,247
Deferred revenue	1,420	1,420	282	282
Royalties	12,513	25,668	2,484	5,104
	326,069	375,033	64,712	74,572

The accruals mainly comprise of other field-related accruals \$108m (N21.5 billion) and NPDC payables of \$60.1million (N11.9billion)

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.

Notes to the consolidated financial statements

continued

14. Exchange rates used in translating accounts to Naira

The table below shows the exchange rates used in translating the accounts into Naira.

Description	Basis	₦/\$
Fixed assets - opening balances	Historical rate	Historical
Fixed assets - additions	Average rate	198.82
Fixed assets - closing balances	Closing rate	198.46
Current assets	Closing rate	198.46
Current liabilities	Closing rate	198.46
Equity	Historical rate	On the date of issue
Income and Expenses	Average rate	198.82

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
FRC number	FRC/2015/NBA/00000010739
Auditors	Ernst & Young (Chartered Accountants) 10 th & 13th Floor, UBA House 57 Marina Lagos.
Registrars	DataMax Registrars Limited 7 Anthony Village Road Anthony P.M.B 10014 Shomolu Lagos, Nigeria
Solicitors	Olaniwun Ajayi LP Adepetun Caxton-Martins Agbor & Segun ("ACAS-Law") Herbert Smith Freehills LLP Freshfields Bruckhaus Deringer LLP Norton Rose Fulbright LLP Chief J.A. Ororho & Co. Ogaga Ovwah & Co. Consolex LP J.E. Okodaso & Company O. Obrik. Uloho and Co. V.E. Akpoguma & Co. Thompson Okpoko & Partners G.C. Arubayi & Co.
Bankers	First Bank of Nigeria Limited GT Bank Plc Skye Bank Plc Stanbic IBTC Bank Plc United Bank for Africa Plc Zenith Bank Plc Citibank Nigeria Limited Standard Chartered Bank HSBC Bank