seplat

Half-yearly results

For the six months ended 30 June 2016 (expressed in US Dollars and Naira)

28 July 2016

Seplat Petroleum Development Company Plc

Seplat Petroleum Development Company Plc

Consolidated financial results for the period ended 30 June 2016

Lagos and London, 28 July 2016: 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 its consolidated half-yearly financial results for the period ended 30 June 2016 and provides an operational update. Information contained within this release is un-audited and is subject to further review.

"The shut-in and suspension of oil exports at the Forcados terminal since mid-February means we have faced significant challenges in the first half of the year. However, our underlying fundamentals remain strong and we continue to invest to grow our gas business at a rapid rate" said Austin Avuru, Seplat's Chief Executive Officer. He explained that "the first half results have been heavily impacted by events outside of the Company's control at third party operated infrastructure. We expect the second half to see a resumption of exports via the Forcados terminal and concurrently a regular offtake schedule established via the Warri refinery jetty, which in turn will also help ensure gas sales into the domestic market are de-constrained. Meanwhile, Phase II expansion of the Oben gas processing plant remains on track and is set to increase our gross processing capacity from the current 300MMscfd to a minimum of 525MMscfd by year end. Although 2016 to date has proven challenging, we remain committed to our long-term strategy of maximising production and cash flows from our operated blocks to deliver value for our stakeholders."

Half-yearly results highlights

- Working interest production of 25,695 boepd for the first six months down -21% year-on-year due to shut-in of the Forcados export terminal from mid-February. Liquids production down -51% year-on-year at 11,526 bopd; gas production up 59% year-on-year at 85 MMscfd
  - Continuity of gas production achieved throughout the period, albeit at managed levels due to constraints associated with handling condensate volumes
  - FY 2016 production guidance issued in Q1 is no longer valid. Guidance will be re-set and communicated once force majeure is lifted and exports have resumed from the Forcados terminal
- Alternative crude oil evacuation route established via the Warri refinery and first cargo sold FOB from the Warri refinery jetty (funds received post period end on 8 July) to Seplat's offtaker Mercuria. Following the successful initiation of barging operations the Company's intention is to establish a regularised offtake pattern on a longer-term basis. This alternative liquids export solution will allow gas supply to be de-constrained
- Phase II expansion of the Oben gas processing facility remains on track. 3 x 75 MMscfd new processing modules have arrived in country with installation and commissioning expected by year-end to take overall Company processing capacity to a minimum of 525 MMscfd (gross)
- Continuing progress towards substantially reducing the NPDC receivables balance – confirmation received from Minister of State for Petroleum that 2016 cash calls will be paid current by NPDC. New funding protocol also agreed with additional crude oil allocation equivalent to around US$100 million due to Seplat in 2016 to offset against legacy balance. Seplat will also continue to withhold NPDC gas revenues. Additional oil entitlement to be assigned by NPDC's funding partner, Seven Energy, to Seplat in 2017 onwards which will be monetised through Seplat's offtaker Mercuria to fund future cash calls (initial arrangement to run for period of up to two years). The net receivable at 30 June was US$344million (N98billion)
- Net loss for the first six months was US$61million on gross revenue of US$143 million; cash flow from operations before movements in working capital was US$42 million, against capital investments incurred of US$17 million
- Cash at bank and net debt at period end stood at US$180 million and US$598 million respectively. Owing to the prolonged shut-in of the Forcados terminal the Company has taken a prudent approach and entered discussions with lenders in the seven year secured term facility to amend the existing "front-ended" sculpted principal repayment profile to a more balanced repayment schedule over the remaining loan life

Financial overview

	US$ million			₦ billion	
	H1 2016	H1 2015	% change[1]	H1 2016	H1 2015
Revenue	143	248	-42%	29	49
Gross Profit	59	109	-46%	12	21
Operating Profit/(Loss)	(42)	71	n/c	(10)	14
Profit / (loss) for the Period	(63)	34	n/c	(13)	7
Basic earnings per share (US$/₦ per sh)	(0.11)	0.06	n/c	(23.33)	11.98
Operating cash flow[2]	42	92	-54%	9	18
Working interest production (boepd)	25,695	32,580	-21%		
Average realised oil price (US$/bbl)[3]	45.8	53.3	-14%		
Average realised gas price (US$/Mscf)	3.05	2.75	11%		

1) % change year-on-year calculated on US$ amounts
2) Operating cash flow before movements in working capital
3) Including sales in the period, stock in tank and hedging proceeds/costs

Webcast and conference call

At 9:00 am BST (London) / 9:00 am WAT (Lagos), Austin Avuru (CEO), Stuart Connal (COO), and Roger Brown (CFO) will host a webcast and conference call to discuss the Company's results.

The webcast can be accessed via the Company's website **http://seplatpetroleum.com/** or at the following address:

https://webconnect.webex.com/webconnect/onstage/g.php?MTID=e43dfb78a0a51732bec385a2a0adf492d

To listen to the audio commentary only, participants can use the following telephone number:

Telephone Number (UK toll free): 0800 073 1340

Telephone number (international access): +44 (0) 1452 569 393

Conference title: Seplat Petroleum Development Company -Interim Results

If you are listening to the audio commentary and viewing the webcast, you may notice a slight delay to the rate the slides change on the webcast. If this is affecting you, please download the pdf slide pack from the Company's website **http://seplatpetroleum.com/**

Enquiries

Seplat Petroleum Development Company Plc	
Roger Brown, CFO	+44 203 725 6500
Andrew Dymond, Head of Investor Relations	+44 203 725 6500
Chioma Nwachuku, GM – External Affairs and Communications	+234 12 770 400
FTI Consulting	
Ben Brewerton/Sara Powell/George Parker	+44 203 727 1000
seplat@fticonsulting.com	
Citigroup Global Markets Limited	
Tom Reid/Luke Spells	+44 207 986 4000
RBC Europe Limited	
Matthew Coakes/Daniel Conti	+44 207 653 4000

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 increased daily liquids and gas production capability from these OMLs to record levels and doubled gas processing capacity. All of Seplat's gas production is sold into the domestic market.

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 an effective 22.5 percent operated 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/**

Production for the first six months ended 30 June 2016

		Gross			Working Interest		
		Liquids[1]	Gas	Oil equivalent	Liquids[1]	Gas	Oil equivalent
	Seplat %	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45.0%	17,730	188.9	49,217	7,979	85.0	22,148
OPL 283	40.0%	1,712	-	1,712	685	-	685
OML 53	40.0%	2,908	-	2,908	1,163	-	1,163
OML 55[2]	22.5%	7,553	-	7,553	1,699	-	1,699
Total		**29,903**	**188.9**	**61,390**	**11,526**	**85.0**	**25,695**

(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

Average working interest production during the first six months was 25,695 boepd (compared to 32,580 boepd in 2015) and comprised 11,526 bopd liquids and 85 MMscfd gas. These 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. Despite this, the Company achieved continuity of gas production to supply the domestic market, albeit at managed levels owing to condensate handling constraints.

Owing to the disruption caused by the longer than expected suspension of oil exports at the Forcados terminal where force majeure remains in effect, full year 2016 working interest production guidance of 41,000 to 48,000 boepd that was set in Q1 is no longer valid. Guidance for the full year will be re-set and communicated once force majeure is lifted and exports have resumed from the Forcados terminal.

The average oil price realisation in the first six months was US$45.8/bbl (2015: US$53.3/bbl), and the average gas price realisation was US$3.05/Mscf (2015: US$2.75/Mscf)

Alternative liquids export route via the Warri refinery

The Company is actively pursuing alternative crude oil evacuation options for production at OMLs 4, 38 and 41 and potential strategies to further grow and diversify production in order to reduce any over-reliance on one particular third party operated export system. In line with this objective the Company has successfully trialled an interim export solution whereby crude oil production from OMLs 4, 38 and 41 is sent via the Company's own 100,000 bopd capacity pipeline to available storage tanks at the Warri refinery and sold FOB to Seplat's offtaker Mecuria at the Warri refinery jetty. At period end a net volume of 389,000 barrels has been monetised via this route (Seplat's equity barrels), with the target being to export an average 30,000 bopd on a gross basis. The Company is also working on upgrades to liquid treatment infrastructure to be able to increase volumes. It is Seplat's intention to keep this alternative export route available for the foreseeable future and run in parallel with exports via the Forcados terminal when it becomes available again and full production can be resumed. Exports via the Warri refinery jetty will not be subject to the reconciliation losses (typically in the order of 10% to 12%) or crude handling charges which the Company is subject to when exporting via the Trans Forcados System.

Phase II Oben gas plant expansion

Alongside the oil business, the Company has also prioritised the commercialisation and development of the substantial gas reserves and resources identified at its blocks and is today a leading supplier of gas to the domestic market in Nigeria. Going forward, Seplat plans to further increase its gas production and processing capacity to help meet Nigeria's growing demand, particularly in the gas to power sector. A major step forward in the growth of Seplat's gas business is the modular build-up of processing capacity at the Oben facility to create a strategic gas hub ideally located to aggregate and supply gas to Nigeria's main demand centres. Phase I expansion of the Oben gas processing facility was successfully completed in mid 2015 when the new 150 MMscfd processing plant was installed and commissioned, doubling gross Company processing capacity to 300 MMscfd. Further to this the Company is embarking on its Phase II expansion project that will see a further 3 x 75 MMscfd processing modules installed at the new plant location (adding an additional 225 MMscfd aggregate processing capacity) that will take gross Company processing capacity to a minimum of 525 MMscfd around year-end.

The new processing modules arrived in-country in June and clearing/site delivery is expected to be completed in August. Installation of the new modules and commissioning activities will be carried out in Q3/Q4 2016. An associated 2 x 50,000 barrel condensate storage tank project at Oben is also being pursued as part of Seplat's Production Deferment Curtailment Strategy (SPDCS). This will further provide additional support for gas and condensate production endurance in the event of prolonged interruptions on the export line. The Front End Engineering Design ("FEED") for the tanks was completed in May 2016 and the proposed project location has been secured.

Rig activity and other capital projects

Rig based activity during the period was limited with one rig deployed for a workover well in Sapele field. The re-completion of Sapele-4 as a water disposal well commenced in May 2016 and is expected to be completed in Q3 2016.

Pre-drilling activities and site preparation work is ongoing 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). Due to some slippage in pad preparation schedule, the well is now expected to spud in early October 2016.

The Electrostatic Heater Treater ("EHT") project which is intended for crude oil quality upgrade is underway. Following the completion of EHT fabrication, delivery of the equipment and all ancillary modules at the site was made in June. Installation has commenced and the EHT is expected to be completed and commissioned in Q3 2016. Upon completion of this project, Seplat will be able to guarantee export grade quality crude, free up additional haulage on the export pipeline for dry crude and also generate savings on crude handling charges by eliminating costs incurred from injecting wet crude into the export pipeline.

Following the installation of 3 x 10 MMscfd associated gas ("AG") compressors in 2015, plans are underway to install an additional 2 x 10 MMscfd compressors to further capture available AG at the Oben flow station. The project is geared towards elimination of routine flares and monetisation of AG. FEED for the project was completed in Q2 2016. Seplat's focus on gas monetisation also includes the Sapele non associated gas ("NAG") plant upgrade project which is aimed at upgrading the NAG plant and electrical control systems. In house engineering design is currently ongoing.

Finance review

Revenue

Gross revenue for H1 2016 was US$143 million (₦29 billion), a decrease of 42% compared to the same period in 2015 (H1 2015: US$247.6 million / ₦48.8 billion). The suspension of exports at the Forcados terminal and consequently lower oil sales together with lower oil prices in the period have offset the year-on-year increase in gas production rates and step-up in gas revenues resulting from commissioning of the new 150 MMscfd Oben gas processing facility and higher gas pricing.

Crude revenue (after stock movements) was US$96million (₦19 billion) for the first six months, a 57% decrease from the same period in 2015 (H1 2015: US$221.1 million / ₦43.5 billion). Gas revenue for the period was US$47 million (₦10 billion), a 78% increase from the same period in 2015 (H1 2015: US$26.5 million / ₦5.2 billion). Working interest sales volume for the period was maintained fairly flat at 4.2 MMboe from 4.1 MMboe during the same period in 2015. Expected increases in the period were halted, primarily due to the impact of shut-in of the Forcados terminal on production and lifting schedules for liquids production from OMLs 4, 38 and 41.

During the first six months the Group realised an average oil price of US$45.8/bbl(1) (H1 2015: US$53.3/bbl), and an average gas price of US$3.05/Mscf (H1 2015: US$2.75/Mscf), against an average price for Brent in the period of US$42.1/bbl (H1 2015: US$51.0/bbl). Total gas volumes sold were 15.5 Bscf (H1 2015: 9.6 Bscf), while total liquid (crude and condensate) volumes lifted during the first six months were 1.5 MMbbls (H1 2015: 2.5 MMbbls).

Gross profit

Gross profit for the first six months was US$59 million (₦12 billion), a decrease of 45% compared to the same period in 2015 (H1 2015: US$108.6 million / ₦21.4 billion). The movement is primarily driven by the significantly lower revenues recorded in the period out-weighing a 39% reduction in cost of sales.

Direct operating costs decreased to US$39 million (₦8billion) in the period (H1 2015: US$63.4 million / ₦12.5 billion), principally as a result of the shut-down of the Trans Forcados terminal. Rig related and other field expenses, which form part of direct operating costs increased by 3% compared to the same period in 2015 at US$28 million (₦6 billion) as a result of higher operation & maintenance costs.

Operating profit

Operating loss for the first six months was US$42 million (₦10billion), compared to an operating profit in the same period in 2015 (H1 2015: US$70.6 million / ₦13.9 billion).

Partially offsetting the impact of lower gross revenues was a 2% year-on-year decrease in G&A expenses to US$50 million (₦10.3 billion) during the first six months (H1 2015: US$50.7 million / ₦9.9 billion). During the year, an impairment of $10.5m was recognised in G&A resulting from discounting NPDC receivables. But for this item, G&A expenses declined by 22% in 2016.

Tax

Whilst the Company awaits the outcome of a review by the 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 six months excluding the effect of pioneer tax status which correspondingly forms the basis of the current and deferred taxation of US$3.6 million (N0.7 billion) compared to US$0.2 million (N0.43 billion) for the same period in 2015.

Profit for the period

The Group loss after tax for the first six months was US$61.2 million (₦12.8 billion), compared to a profit in the same period in 2015 (H1 2015: US$41.5 million, ₦8.1 billion). Net finance charges decreased by 47% to US$15.5million (N3 billion) compared to the same period in 2015 (H1 2015: US$29.3 million / N5.8 billion) owing to the decrease in gross debt following US$124 million of principal repayments to date against the US$700 million seven year term facility and US$300 million three year revolving credit facilities secured by the Company in January 2015. In addition, Interests accruable on NPDC and NGC receivables were recognised as finance income in the period.

After adjusting for net profits attributable to non-controlling interests in OML 55 (Belemaoil) of US$1.3 million (₦0.3 billion), the net loss attributable to the Group was US$62.5 million (₦13.1 billion) resulting in a loss for the first six months of US$0.11 per share.

1) Including sales in the period, stock in tank and hedging proceeds/costs

Cash flows from operating activities

Operating cash flow before movements in working capital for the first six months was US$42 million (₦9billion), down 54% compared to the same period in 2015 (H1 2015: US$91.8 million, ₦18.1 billion).

The outstanding net NPDC receivable at period end, after offsetting NPDC's share of gas revenue and further adjusting for crude handling charges that have also been withheld, stood at US$344 million (2015: US$435 million). Pursuant to the signed agreement entered into during July 2015 with NPDC on terms for the payment of receivables due to Seplat the Company has continued to withhold and offset gas revenues attributable to NPDC's 55% share of contracted gas sales. Confirmation has also been received from Minister of State for Petroleum that 2016 cash calls will be paid current by NPDC. Furthermore, a new funding protocol has also been agreed between NPDC, its funding partner Seven Energy and Seplat whereby an additional crude oil allocation equivalent to around US$100 million is due to Seplat in 2016 that will also be offset against the legacy receivables balance. The new protocol will also see an additional oil entitlement assigned to Seplat in 2017 onwards which we expect to monetise through Seplat's offtaker Mercuria to fund future cash calls as well as retiring legacy costs (initial arrangement to run for period of up to two years).

Reconciliation of net NPDC receivables balance

US$ million	
Headline receivable at 31/12/15	492
Receipts in H1 2016	(91)
Payments in H1 2016	59
NPDC gas revenues withheld in H1 2016	59
Headline receivable at 30/06/16	401
Crude handling charges withheld in H1 2016	(58)
Net receivable at 30/06/16	343

Cash flows from investing activities

Net cash flows from investing activities were US$9 million (₦2 billion), down from US$397.7 million (₦78.3 billion) during the same period in 2015.

Capital investments for the first six months amounted to US$17 million (₦5 billion) and reflects the limited levels of operational activity owing to the extended shut-in of the Forcados terminal. The vast majority of the Group's capital expenditures are discretionary and it has the flexibility to align spend with cash flow on a rolling basis. As such the full year capital expenditure guidance of US$130 million that was set in Q1 is no longer valid and a revised capital expenditure guidance will be communicated when force majeure is lifted and exports have resumed from the Forcados terminal. Committed capital expenditures in H2 2016 amount to US$20 million and primarily relate to the Phase II expansion of the Oben gas processing facility.

Cash flows from financing activities

During the first six months loan repayments on the US$700 million seven year secured facility amounted to US$74 million (₦14 billion) and repayments on the US$300 million three year revolving credit facility amounted to US$50 million (N10 billion). Gross debt at period end was US$778 million. Cash at bank at period end stood at US$180 million (₦51 billion) and net debt US$598 million (₦169 billion).

Taking into account the extended period over which the Forcados terminal has been shut-in and, the inevitable impact on revenues, the Company is engaged in discussions with its lenders in the US$700 million seven year term facility to re-align H2 2016 and 2017 debt service obligations within the existing tenor. Having re-financed in January 2015 and set a sculpted repayment schedule which was front-ended (ie. three years average life for a seven year facility) the Company is seeking to set a more evenly balanced repayment schedule over the remaining loan life which runs out to 2021. The amendment is subject to lender consent with the target completion date being before the next servicing of principal at the end of Q3.

Hedging

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, 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 net amount paid out under these arrangements to end June was US$10.3 million. 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.

Principal risks and uncertainties

The Board of Directors is responsible for setting the overall risk management strategy of the Company and the determination of what level of risk is acceptable for Seplat to bear. The principal risks and uncertainties facing Seplat at the year-end are detailed in the risk management section of the 2015 Annual Report and Accounts. The board has identified the principal risks for the remainder of 2016 to be:

- Third party infrastructure downtime
- Oil price volatility
- Successful delivery of the planned work programme

Directors’ interest in shares

At 30 June 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 30 June 2016, are listed below:

	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue
Ambrosie Bryant Chukwueloka Orjiako[(1)]	85,614,413	15.19
Ojunekwu Augustine Avuru[(2)]	74,064,823	13.15
William Stuart Connal	657,289	0.12
Roger Thompson Brown	535,715	0.10
Michel Hochard	95,238	0.02
Macaulay Agbada Ofurhie	4,901,611	0.87
Michael Richard Alexander	95,238	0.02
Charles Okeahalam	597,238	0.11
Basil Omiyi	495,238	0.09
Ifueko Omoigui-Okauru	95,238	0.02
Lord Mark Malloch-Brown	31,746	0.01
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 Vitol Energy (Bermuda) Limited 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 30 June 2016

Shareholder	No. of Ordinary Shares	As a percentage of total Ordinary Shares in issue
CIS Plc Trading	175,484,580	31.14
M&P (MPI S.A.)	120,400,000	21.37
Shebah Petroleum Development Company Limited[(1)]	85,614,413	15.19
Austin Avuru and Platform Petroleum Limited[(2)]	74,064,823	13.15
ZPC/SIBTC RSA FUND - MAIN A/C	21,475,235	3.81
STANBIC IBTC TRUSTEE LIMITED/SEPLAT LTIP[(3)]	8,488,936	1.51
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	57,327,539	10.17
	563,444,561	**100.00**

Directors' interest in shares continued

At 30 June 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 Vitol Energy (Bermuda) Limited 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 lAS 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
28 July 2016

A. O. Avuru
FRC/2013/IODN/00000003100
Chief Executive Officer
28 July 2016

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

Ernst & Young
10th Floor, UBA House
57, Marina
Lagos, Nigeria

Tel: +234 (01) 844 996 2/3
Fax: +234 (01) 463 0481
Email: services@ng.ey.com
www.ey.com

Report on review of interim condensed consolidated financial statements to the shareholders of Seplat Petroleum Development Company Plc

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Seplat Petroleum Development Company Plc and its subsidiaries (the Group), which comprise the interim condensed consolidated statements of financial position at 30 June 2016 and profit or loss and other comprehensive income, changes in equity and cash flows for the half year then ended, and explanatory notes. The company's directors are responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting and in the manner required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria (FRCN) Act, No. 6, 2011. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Odutola

Yemi Odutola
For Ernst & Young
Lagos, Nigeria
FRC/2014/ICAN/00000000141

28 July 2016

Interim condensed consolidated financial statements (unaudited)

For the half year ended 30 June 2016
Expressed in US Dollars ('USD')

Interim condensed consolidated statement of profit or loss and other comprehensive income

for the half year ended 30 June 2016

	Note	Half year ended 30 June 2016	Half year ended 30 June 2015
		Unaudited	Unaudited
		$'000	$'000
Revenue	6	143,023	247,586
Cost of sales	7	(83,742)	(138,963)
Gross profit		59,281	108,623
General and administrative expenses	8	(49,592)	(50,738)
(Losses)/gains on foreign exchange	9	(28,330)	13,363
Fair value (losses)	10	(23,346)	(629)
Operating (loss)/profit		(41,987)	70,619
Finance income	11	25,886	10,880
Finance charges	11	(41,432)	(40,238)
(Loss) /profit before taxation		(57,533)	41,261
Taxation	12	(3,632)	215
(Loss) /profit after taxation		(61,165)	41,476
Profit attributable to:			
(Loss)/profit attributable to equity holders of parent		(62,506)	33,669
(Loss)/profit attributable to non-controlling interest		1,341	7,807
Other comprehensive income			
Foreign currency translation difference		-	-
Total comprehensive (loss) /income for the period		(61,165)	41,476
(Loss)/profit attributable to equity holders of parent		(62,506)	33,669
(Loss)/profit attributable to non-controlling interest		1,341	7,807
(Loss) /Earnings per share ($)	**13**	**($0.11)**	**$0.06**
Diluted (Loss) /Earnings per share ($)	**13**	**($0.11)**	**$0.06**

Interim condensed consolidated statement of financial position

As at 30 June 2016

	Note	As at 30 June 2016	As at 31 Dec 2015
		Unaudited	Audited
		$'000	$'000
Assets			
Non-current assets			
Oil and gas properties		1,421,819	1,436,951
Property, plant and equipment		10,094	11,602
Goodwill	15	2,000	2,000
Prepayments		34,957	36,754
Total non-current assets		1,468,870	1,487,307
Current assets			
Inventories		106,297	82,468
Trade and other receivables	16	722,313	811,255
Prepayments		7,688	11,639
Derivatives not designated as hedges		1,940	23,194
Cash and short-term deposits		179,800	326,029
Total current assets		1,018,038	1,254,585
Total assets		**2,486,908**	**2,741,892**
Equity and liabilities			
Equity attributable to shareholders			
Share capital	17a	1,821	1,821
Capital contribution	17c	40,000	40,000
Share premium		497,457	497,457
Share equity reserve		10,384	8,734
Retained earnings		780,445	865,485
Foreign currency translation reserve		325	325
Non-controlling interest		596	(745)
Total equity		1,331,028	1,413,077
Non-current liabilities			
Interest bearing loans & borrowings		531,106	608,846
Deferred tax liabilities		9,884	21,233
Contingent consideration		24,459	21,900
Provision for decommissioning		1,943	3,869
Defined benefit plan		5,996	6,926
Total non-current liabilities		573,388	662,774
Current liabilities			
Trade and other payables	18	320,272	375,033
Current taxation	12	15,220	239
Interest bearing loans and borrowings		247,000	290,769
Total current liabilities		**582,492**	**666,041**
Total liabilities		1,155,880	**1,328,815**
Total equity and liabilities		**2,486,908**	**2,741,892**

Interim condensed consolidated statement of financial position continued

As at 30 June 2016

The financial statements on pages 11 to 31 were approved and authorised for issue by the board of directors on 28 July 2016 and were signed on its behalf by

A. B. C. Orjiako
FRC/2013/IODN/00000003161
Chairman
28 July 2016

A. O. Avuru
FRC/2013/IODN/00000003100
Chief Executive Officer
28 July 2016

R.T. Brown
FRC/2014/IODN/00000007983
Chief Financial Officer
28 July 2016

Interim condensed consolidated statement of changes in equity

for the half year ended 30 June 2016

	Share Capital	Share premium	Capital contribution	Share based payment reserves	Foreign currency 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	1,413,822	(745)	1,413,077
(Loss)/profit for the period	-	-	-	-	-	(62,506)	(62,506)	1,341	(61,165)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	1,650	-	-	1,650	-	1,650
Dividend to equity holders of the company	-	-	-	-	-	(22,534)	(22,534)	-	(22,534)
At 30 June 2016 (unaudited)	**1,821**	**497,457**	**40,000**	**10,384**	**325**	**780,445**	**1,330,432**	**596**	**1,331 ,028**

for the half year ended 30 June 2015

	Share Capital	Share premium	Capital contribution	Share based payment reserves	Foreign currency translation reserve	Retained earnings	Total equity	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2015	1,798	497,457	40,000	-	26	869,861	1,409,142	-	1,409,142
Profit for the period	-	-	-	-	-	33,669	33,669	7,807	41,476
Other comprehensive income	-	-	-	-	-	-	-	-	-
Dividend to equity holders of the company	-	-	-	-	-	(49,701)	(49,701)	-	(49,701)
Acquisition of subsidiary	-	-	-	-	-	-	-	1,409	1,409
At 30 June 2015 (unaudited)	**1,798**	**497,457**	**40,000**	**-**	**26**	**853,829**	**1,393,110**	**9,216**	**1,402,326**

Interim condensed consolidated statement of cash flow
for the half year ended 30 June 2016

	Note	Half year ended 30 June 2016 $'000 Unaudited	Half year ended 30 June 2015 $'000 Unaudited
Cash Flows from Operations Activities			
Cash generated from/utilised in operations	22	39,907	(36,554)
Income taxes paid		-	-
Net cash inflows/(outflows) from operating activities		39,907	(36,554)
Cash Flow from Investing Activities			
Investment in oil and gas properties		(15,519)	(406,076)
Acquisition of property, plant and equipment		(1,236)	(547)
Acquisition of subsidiaries		-	(2,000)
Interest received		25,886	10,880
Net cash inflows/(outflows) from investing activities		9,131	(397,743)
Cash Flows from Financing Activities			
Proceeds from bank financing		-	967,101
Repayments of bank financing		(121,509)	(636,274)
Dividends paid		(22,534)	(33,631)
Interest paid		(41,216)	(38,577)
Net cash (outflows)/inflows from financing activities		(185,259)	258,619
Net decrease in cash and cash equivalents		(136,221)	(175,678)
Cash and cash equivalents at beginning of period		326,029	285,298
Exchange losses on cash and cash equivalents		(10,008)	-
Cash and cash equivalents at end of period		**179,800**	**109,620**

Notes to the interim condensed 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’s registered address is: 25a Lugard Avenue, Ikoyi, Lagos, Nigeria.

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 $182 million to Chevron on behalf of the Belemaoil entity, including its 22.50% interest in OML 55. It also advanced certain loans and costs of $43 million to the other shareholders of Belemaoil to meet their share of investments and costs associated with Belemaoil. In addition, Seplat maintained discussions to determine the 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. $11.25m was paid by Seplat in the past year as service fees towards this debt.

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 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 interim condensed consolidated financial statements continued

Subsidiary	Location	Shareholding %
Newton Energy Limited	(Nigeria)	100%
Seplat Petroleum Development UK	(United Kingdom)	100%
Seplat East Onshore Limited	(Nigeria)	100%
Seplat East Swamp Company Limited	(Nigeria)	100%
Seplat Gas Company Limited	(Nigeria)	100%
Belemaoil Producing Limited	(Nigeria)	56.25%

2. Accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with accounting standard IAS 34 Interim financial reporting. The financial information has been prepared under the going concern assumption and historical cost convention, except for contingent consideration, borrowings on initial recognition and financial instruments – derivatives not designated as hedges that have been measured at fair value. The historical financial information is presented in US dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated. The accounting policies where applicable to both Company and Group.
The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (see note 12) and the adoption of new and amended standards as set out below:

(a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) Impact of standards issued but not yet applied by the entity

(i) IFRS 9 Financial instruments

IFRS 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The group is currently assessing whether it should adopt IFRS 9 before its mandatory date.

While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities.

The de-recognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the group is yet to undertake a detailed assessment, it would appear that the group's current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in earlier recognition of credit losses.

Notes to the interim condensed consolidated financial statements continued

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(ii) IFRS 15 Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will make more detailed assessments of the effect over the next twelve months. The group does not expect to adopt the new standard before 1 January 2018.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 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 the Nigerian Naira as required by the Financial Reporting Council of Nigeria. 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 period-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 average exchange rates for the reporting period. 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.

3. Segment reporting

The Group operates one segment, being the exploration, development and production of oil and gas related products located in Nigeria. Therefore, no segment reporting has been prepared.

Notes to the interim condensed consolidated financial statements continued

4. Critical accounting estimates and judgements

4.1 Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Management made certain assumptions about the recoverability of financial assets exposed to credit risk from NPDC. This was based on management's past experiences with NPDC and financial capacity of NPDC, the outcome of impairments has been consistent with management assumptions over time. However, wherever these assumptions do not hold, it might have a significant impact on the Group's profit or loss in future.

4.2 Defined benefit plans (pension benefits)

The cost of the defined benefit retirement plan and the present value of the retirement obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

The defined benefit obligation recognised in this period has been based on the same assumptions as in the previous financial year. The subsequent financial year end balance was estimated as at 31 December 2015 and has been recognised in this half year period on a pro rata basis. Therefore, no actuarial gains or losses have been recognised given that last year's assumptions have been adopted.

4.3 Investment in Belemaoil

Seplat Group, through its wholly owned subsidiary, Seplat East Swamp Company Limited, in 2014 signed a share purchase and loan agreement with Belemaoil to purchase 56.25% of Belemaoil. Seplat paid $182 million to Chevron on behalf of the Belemaoil entity including its 22.50% interest in OML 55. It also advanced certain loans and costs of $43 million to the other shareholders of Belemaoil to meet their share of investments and costs associated with Belemaoil. In addition, Seplat maintained discussions to determine the 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. $11.25m was paid by Seplat in the past year as service fees towards this debt. By virtue of this, Seplat East acquired an economic interest in OML 55.

On 13th January 2015, the NNPC appointed Seplat as the operator of OML 55, pursuant to the Joint Operating Model approved by the Honourable Minister of Petroleum Resources. Further to this appointment, on 27th January 2015, Seplat was confirmed operator of OML 55 by a Deed of Novation amongst Chevron Nigeria Limited, NNPC and Belemaoil.

As at this reporting period, the minority shareholders of Belemaoil have begun to dispute the shareholding of Seplat Group and steps were purportedly and illegally taken recently to unilaterally withdraw the shares held by Seplat East Swamp Company Limited. The Group filed an action at the Federal High Court challenging this purported withdrawal. The suit is currently pending and except determined otherwise by the courts, Seplat remains the majority shareholder in Belamaoil.

On 3rd June 2016, Seplat received a letter from Chevron Nigeria Limited stating that it had discontinued the provision of support services on the production operations in OML 55 effective on 2nd June 2016 and had handed over the custody of OML 55 operations to Belemaoil. On 7th June 2016, Seplat filed a legal injunction restraining Chevron from engaging with Belemaoil, in the capacity of operator of OML 55, pending the case before the Federal High Court.

Notes to the interim condensed consolidated financial statements continued

Key stakeholders including the NNPC and NAPIMS have continued to engage Seplat as the recognised operator of OML 55.

Based on these facts, the Group continues to consolidate Belemaoil until further proceedings have been executed as it believes it still exercises control over Belemaoil. The Group also believes the resolutions on the legal suits will be in its favour. The Group will again reassess the existence of control over Belemaoil at the next reporting date.

5. Financial risk management

The Group's activities expose it to a variety of financial risks such as market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long-term and short-term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow projections take into consideration the Group's debt financing plans and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest bearing current accounts, time deposits and money market deposits.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay.

Notes to the interim condensed consolidated financial statements continued

USD $ '000

	Effective interest rate %	Less than 1 year	1 -2 years	2 - 3 years	3 - 5 years	After 5 years	Total
30 June 2016							
Variable interest rate borrowings:							
Bank loans:							
Zenith Bank Plc	8.5%+LIBOR	30,156	54,568	40,208	63,184	22,976	211,092
First Bank of Nigeria	8.5%+LIBOR	18,848	34,105	25,130	39,490	14,360	131,933
United Bank of Africa Plc	8.5%+LIBOR	18,848	34,105	25,130	39,490	14,360	131,933
Stanbic IBTC Bank Plc	8.5%+LIBOR	2,825	5,111	3,766	5,918	2,152	19,772
The Standard Bank of South Africa Limited	8.5%+LIBOR	2,825	5,111	3,766	5,918	2,152	19,772
Standard Chartered Bank	6.0%+LIBOR	7,500	26,250	-	-	-	33,750
Natixis	6.0%+LIBOR	7,500	26,250	-	-	-	33,750
Citibank Nigeria Ltd	6.0%+LIBOR	7,500	26,250	-	-	-	33,750
Bank of America Merrill Lynch Int'l Ltd	6.0%+LIBOR	5,000	17,500	-	-	-	22,500
First Rand Bank (Merchant Bank Division)	6.0%+LIBOR	5,000	17,500	-	-	-	22,500
JP Morgan Chase Bank NA, London Branch	6.0%+LIBOR	5,000	17,500	-	-	-	22,500
Ned Bank Ltd London Branch	6.0%+LIBOR	5,000	17,500	-	-	-	22,500
Stanbic IBTC Bank Plc	6.0%+LIBOR	3,750	13,125	-	-	-	16,875
The Standard Bank of South Africa Limited	6.0%+LIBOR	3,750	13,125	-	-	-	16,875
Sterling Bank Loan		52,500					52,500
Trade payables		131,195					131,195
Contingent consideration					39,375		39,375
		307,197	**308,000**	**98,000**	**193,375**	**56,000**	**962,572**

Notes to the interim condensed consolidated financial statements continued

USD $ '000

	Effective interest rate %	Less than 1 year	1 -2 years	2 - 3 years	3 - 5 years	After 5 years	Total
31 December 2015							
Variable interest rate borrowings:							
Bank loans:							
Zenith Bank Plc	8.5%+LIBOR	81,976	70,418	51,200	74,753	24,104	302,451
First Bank of Nigeria	8.5%+LIBOR	51,235	44,012	32,000	46,721	15,065	189,033
United Bank of Africa Plc	8.5%+LIBOR	51,235	44,012	32,000	46,721	15,065	189,033
Stanbic IBTC Bank Plc	8.5%+LIBOR	7,678	6,596	4,796	7,002	2,258	28,330
The Standard Bank of South Africa Limited	8.5%+LIBOR	7,678	6,596	4,796	7,002	2,258	28,330
Standard Chartered Bank	6.0%+LIBOR	17,534	27,711	-	-	-	45,245
Natixis	6.0%+LIBOR	17,534	27,711	-	-	-	45,245
Citibank Nigeria Ltd	6.0%+LIBOR	17,534	27,711	-	-	-	45,245
Bank of America Merrill Lynch Int'l Ltd	6.0%+LIBOR	11,689	18,474	-	-	-	30,163
First Rand Bank (Merchant Bank Division)	6.0%+LIBOR	11,689	18,474	-	-	-	30,163
JP Morgan Chase Bank NA, London Branch	6.0%+LIBOR	11,689	18,474	-	-	-	30,163
Ned Bank Ltd London Branch	6.0%+LIBOR	11,689	18,474	-	-	-	30,163
Stanbic IBTC Bank Plc	6.0%+LIBOR	8,767	13,856	-	-	-	22,623
The Standard Bank of South Africa Limited	6.0%+LIBOR	8,767	13,856	-	-	-	22,623
Sterling Bank Loan	-	52,500	-	-	-	-	52,500
Trade and other payables	-	375,033	-	-	-	-	375,033
Contingent consideration	-	-	-	-	21,900	-	21,900
		744,227	**356,375**	**124,792**	**204,099**	**58,750**	**1,488,243**

Fair value measurements

Financial instruments measured at fair value were based on the same assumptions as determined in the 31 December 2015 financial statements. There were no updates on the judgements and estimates made by the group in determining the fair values of the financial instruments since the last annual financial report. There were no transfers of financial instruments between fair value hierarchy levels during this half year period.

Notes to the interim condensed consolidated financial statements continued

6. Revenue

	Half year ended 30 June 2016	Half year ended 30 June 2015
	$'000	$'000
Crude oil sales	59,953	135,629
Underlift	35,930	85,454
	95,883	221,083
Gas sales	47,140	26,503
Total revenue	**143,023**	**247,586**

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

7. Cost of sales

	Half year ended 30 June 2016	Half year ended 30 June 2015
	$'000	$'000
Crude handling and barging fees	10,833	36,132
Royalties	13,376	37,860
Depletion, Depreciation and Amortisation	28,509	31,467
Niger Delta Development Commission	2,961	6,260
Other Rig related Expenses	1,813	5,497
Operations & Maintenance Costs	26,250	21,747
	83,742	**138,963**

8. General and administrative expenses

	Half year ended 30 June 2016	Half year ended 30 June 2015
	$'000	$'000
Depreciation	2,744	2,566
Employee benefit expense	10,465	9,759
Professional & Consulting Fees	11,174	20,076
Audit fees	56	267
Directors Emoluments (Execs)	1,613	1,573
Directors Emoluments (Non- Execs)	2,395	1,764
Rentals	1,008	800
Other General and Admin Expenses	20,137	13,933
	49,592	**50,738**

Directors' emoluments were been split between Exec & Non-Exec. Executive directors' emoluments includes share based benefits recognised in 2016.

There were no non-audit services rendered by the group's auditors during the period.

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

Notes to the interim condensed consolidated financial statements continued

9. (Losses)/gains on foreign exchange

	Half year ended 30 June 2016	Half year ended 30 June 2015
	$'000	$'000
Foreign exchange (losses) /gains	(28,330)	13,363
	(28,330)	**13,363**

This arose from translation of naira denominated monetary assets and liabilities.

10. Fair value (losses)

	Half year ended 30 June 2016	Half year ended 30 June 2015
	$'000	$'000
Fair value loss on hedging commodity derivatives	(20,787)	-
Fair value loss on contingent consideration	(2,559)	(629)
	(23,346)	**(629)**

Hedging commodity derivatives loss represents the losses on crude oil price hedge charged to profit or loss. Contingent consideration loss arises in relation to its acquisition of participating interest in its OML's. The contingency criteria are the achievement of certain production milestones.

11. Finance income/charges

	Half year ended 30 June 2016	Half year ended 30 June 2015
	$'000	$'000
Finance income		
Interest income	**25,886**	**10,880**
Finance charges		
Interest on bank loan and other bank charges	41,216	39,502
Unwinding of discount on provision for decommissioning	216	736
	41,432	**40,238**

12. Taxation

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2016 is 65.75% for crude oil activities and 30% for gas activities, compared to 0% for oil and 0% for gas activities for the half year ended 30 June 2015. The zero tax rate in prior years was as a result of tax incentive granted.

Notes to the interim condensed consolidated financial statements continued

13. Earnings per share

Basic

Basic earnings per share is calculated on the Group's profit or loss after taxation attributable to the parent entity and on the basis of weighted average of issued and fully paid ordinary shares at the end of the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent (by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Half year ended 30 June 2016	Half year ended 30 June 2015
	$'000	$'000
(Loss)/Profit for the period attributable to shareholders ($'000)	(62,506)	33,669
Weighted average number of ordinary shares in issue (in 000)	560,576	553,310
Share Options (in 000)	2,223	-
Weighted average number of ordinary shares adjusted for the effect of dilution (in 000)	562,799	553,310
	$	$
Basic (loss)/earnings per share	(0.11)	0.06
Diluted (loss)/earnings per share	(0.11)	0.06
(Loss)/earnings	**$'000**	**$'000**
(Loss)/profit attributable to equity holders of the Group	(62,506)	33,669
(Loss)/profit used in determining diluted earnings per share	(62,506)	33,669

14. Dividend

	Half year ended 30 June 2016	Half year ended 30 June 2015
	$'000	$'000
Dividend paid during the period	22,534	33,631
	$	$
Dividend per share($)	0.04	0.09

15. 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 resulted in Seplat having an indirect interest of 22.5% in OML 55.

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.

Notes to the interim condensed consolidated financial statements continued

Impairment test for goodwill

Management reviews the business performance of BelemaOil based on the reserve and production forecast. Goodwill is monitored by the management at the level of one operating segment.

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on reserve, production and financial forecasts approved by management.

	Belema Oil & gas
	Half year ended 30 June 2016
	$'000
Opening	2,000
Addition	-
Disposal	
Impairment	-
Other adjustments	-
Closing	2,000

16. Trade and other receivables

	As at 30 June 2016	As at 31 Dec 2015
	$'000	$'000
Trade receivables	99,765	133,905
Nigerian Petroleum Development Company (NPDC) receivables	412,093	491,974
Deposit for Investments	85,204	85,236
Advances to other parties	44,574	53,175
Under lift	62,994	27,063
Advances to suppliers	10,060	2,597
Hedging receivables	-	7,585
Interest receivable from shareholders of BelemaOil	14,753	9,546
Other receivables	3,411	174
Impairment loss on (NPDC) receivables	(10,541)	-
	722,313	**811,255**

Notes to the interim condensed consolidated financial statements continued

Trade receivables / NPDC receivables:

Trade receivables:

Included in trade receivables are crude receivables from Chevron/NAPIMS of $36 million (2015:$36 million), Mercuria of $17 million (2015: $17 million), Shell $ 0.261 million (2015: $15 million) and gas receivables NGC $43 million (2015: $62 million).

NPDC receivables:

NPDC receivables represent the outstanding cash calls due from the Nigerian National Petroleum Corporation (NNPC). The receivables have been discounted to reflect the impact of time value of money. The resulting adjustment has been recognized in the statement of comprehensive income. As at 30 June 2016, the undiscounted value of this receivables is $412.0 million (2015: $491.9 billion)

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 an Escrow account set up for this purpose in respect of this investment.

a) $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.
b) $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 as previously agreed $7.5m has been paid out in consortium fees, $8.5 million has been released back to Seplat and the balance of $20.5 million remains in Escrow. The deal is still ongoing with the parties concerned.

17. Share capital

17a Authorised and issued share capital

	As at 30 June 2016 $'000	As at 31 Dec 2015 $'000
Authorised ordinary share capital		
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	3,335	3,335
Issued and fully paid		
560,571,101 (2015: 560,576,101) issued shares denominated in Naira of 50 kobo per share	1,821	1,821

17b Share options

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. During the half year ended 30 June 2016 no shares were vested (31 December 2015: 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).

Notes to the interim condensed consolidated financial statements continued

17c. Capital contribution

	As at 30 June 2016 $'000	As at 31 Dec 2015 $'000
Cash Contribution	40,000	40,000
	40,000	40,000

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.

18. Trade and other payables

	As at 30 June 2016 $'000	As at 31 Dec 2015 $'000
Trade payable	131,195	125,408
Accruals and other payables	160,328	216,265
NDDC levy	12,800	6,272
Deferred revenue	1,420	1,420
Royalties	14,529	25,668
	320,272	**375,033**

19. Related party transactions

The group is controlled by Seplat Petroleum Development Company Plc. The group does not have an ultimate parent.

19a. Transactions

The Service provided by related parties are:

Abbeycourt Trading Company Limited: the Chairman of Seplat is a director and shareholder. The company provides diesel supplies to Seplat in respect of Seplat's rig operations.

Berwick Nigeria Limited: The chairman of Seplat is a shareholder and director. The company provides construction services to Seplat in relation to a field base station in Sapele.

Cardinal Drilling Services Limited (formerly Caroil Drilling Nigeria Limited): is a company under common control. The company provides drilling rigs and drilling services to Seplat.

Charismond Nigeria Limited: The Chief Executive Officer's sister works at Charismond as a general manager. The company provides bespoke gift hampers to Seplat.

Helko Nigeria Limited: The chairman of Seplat is shareholder and director. The company owns the lease to Seplat's main office at 25A Lugard Avenue, Lagos, Nigeria.

Keco Nigeria Enterprises: The Chief Executive Officer's sister is shareholder and director. The company provides diesel supplies to Seplat in respect of its rig operations.

Notes to the interim condensed consolidated financial statements continued

Montego Upstream Services Limited: The chairman's nephew is shareholder and director. The company provides drilling and engineering services to Seplat.

Nabila Resources & Investment Ltd: The chairman's in-law is a shareholder and director. The company provides lubricant to Seplat.

Ndosumili Ventures Limited: is a subsidiary of Platform Petroleum Limited. The company provides transportation services to Seplat.

Nerine Support Services Limited: is a company under common control. The company provides agency and contract workers to Seplat.

Oriental Catering Services Limited: The Chief Executive Officer of Seplat's spouse is shareholder and director. The company provides catering services to Seplat at the staff canteen.

Platform Petroleum Limited: The Chief Executive Officer of Seplat is a director and shareholder of this company. The company seconded support staff to Seplat..

ResourcePro Inter Solutions Limited: The Chief Executive Officer of Seplat's in-law is its UK representative. The company supplies furniture to Seplat.

Shebah Exploration and Production Company Limited ('SEPCOL'): The Chairman of Seplat is a director and shareholder of SEPCOL. SEPCOL provided consulting services to Seplat.

The following transactions were carried by Seplat with related parties:

Purchases of goods and services	Half year ended 30 June 2016	Half year ended 30 June 2015
	$'000	$'000
Shareholders		
M&P (MPI SA)	38	-
Shebah Exploration & Production Development Company Limited	576	759
Platform Petroleum Limited	-	35
	614	794
Entities controlled by key management personnel		
Abbey Court Trading Company Limited	183	1,476
Charismond Nigeria Limited	20	6
Cardinal Drilling Services Limited	5,632	7,388
Keco Nigeria Enterprises	27	1,316
Ndosumili Ventures Limited	1,036	616
Oriental Catering Services Limited	284	482
ResourcePro Inter Solutions Limited	77	511
Berwick Nigeria Limited	28	-
Montego Upstream Services Limited	11,704	2,905
Nerine Support Services Limited	6,215	12,642
Nabila Resources & Investment Ltd	5	-
Helko Nigeria Limited	411	2
	25,622	**27,344**

Notes to the interim condensed consolidated financial statements continued

19b. Balances

The following balances were receivable from or payable to related parties as at 30 June 2016:

Prepayments / receivables	Half year ended 30 June 2016	Half year ended 30 June 2015
	$'000	$'000
Under common control		
Cardinal Drilling Services Limited	7,299	10,091
	7,299	10,091

Payables	Half year ended 30 June 2016	Half year ended 30 June 2015
	$'000	$'000
Under common control		
Cardinal Drilling Services Limited	3,167	-
ResourcePro	197	-
	3,364	-

20. Commitments and contingencies

There was no significant commitments during this half year period.

The Group is involved in a number of legal suits as defendant. The possible liabilities arising from these court proceedings amount to $2.5 million (31 December 2015: $299.9 million). No provision has been made for this potential liability in these financial statements. Management and the Group's solicitors are of the opinion that the Group will suffer no loss from these claims.

21. Events after the reporting date

There was no significant event after the statement of financial position date which could have a material effect on the state of affairs of the Company as at 30 June 2016 and on the profit or loss for the half year ended on that date, which have not been adequately provided for or disclosed in these financial statements.

Notes to the interim condensed consolidated financial statements continued

22. Reconciliation of net profit to cash from operating activities

Cash provided by operating activities	Half year ended 30 June 2016 $'000	Half year ended 30 June 2015 $'000
(Loss)/profit before taxation	(57,533)	41,261
Adjusted for:		
Depreciation and amortization	31,253	34,039
Interest expense	41,432	40,239
Interest income	(25,886)	(10,880)
Fair value loss	23,346	629
Unrealised foreign exchange loss/(gains)	28,330	(13,363)
Non-cash employee benefits expense – share based payments	1,650	-
Non-cash post-employment benefit expense	(930)	-
Changes in working capital (excluding the effects of exchange differences):		
Trade and other receivables and prepayments	74,407	(187,658)
Trade and other payables	(52,333)	56,269
Inventory	(23,829)	2,910
Net cash provided by operating activities	39,907	(36,554)

Interim condensed consolidated financial statements (unaudited)

For the half year ended 30 June 2016
Expressed in Nigerian Naira ('NGN')

Interim condensed consolidated statement of profit or loss and other comprehensive income

for the half year ended 30 June 2016

	Note	Half year ended 30 June 2016 Unaudited	Half year ended 30 June 2015 Unaudited
		₦million	₦million
Revenue	28	29,305	48,761
Cost of sales	29	(16,854)	(27,368)
Gross profit		12,451	21,393
General and administrative expenses	30	(10,333)	(9,993)
(Losses)/gains on foreign exchange	31	(6,382)	2,632
Fair value losses	32	(5,302)	(124)
Operating (loss) /profit		(9,566)	13,908
Finance income	33	5,694	2,143
Finance charges	33	(8,321)	(7,925)
(Loss) /profit before taxation		(12,193)	8,126
Taxation	34	(615)	43
(Loss) /profit after taxation		(12,808)	8,169
(Loss) /profit is attributable to equity holders of parent		(13,081)	6,631
(Loss) /profit is attributable to non-controlling interests		273	1,538
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		113,254	(18,729)
Other comprehensive income/(loss) for the half-year, net of tax		113,254	(18,729)
Total comprehensive income/(loss) for the period		100,446	(10,560)
Profit/(loss) attributable to parent		98,436	(12,098)
Profit attributable to non-controlling interest		2,010	1,538
(Loss) /earnings per share (₦)	**35**	**(₦23.33)**	**₦11.98**
Diluted (loss) /earnings per share (₦)	**35**	**(₦23.24)**	**₦11.98**

Interim condensed consolidated statement of financial position

As at 30 June 2016

	Note	As at 30 June 2016 Unaudited ₦million	As at 31 Dec 2015 Audited ₦million
Assets			
Non-current assets			
Oil and gas properties		402,374	285,723
Property, plant and equipment		2,857	2,307
Goodwill	37	566	398
Prepayments		9,893	7,308
Total non-current assets		**415,690**	**295,736**
Current assets			
Inventories		30,082	16,398
Trade and other receivables	38	204,413	161,310
Prepayments		2,176	2,315
Derivatives not designated as hedges		549	4,612
Cash and short-term deposits		50,883	64,828
Total current assets		288,103	249,463
Total assets		**703,793**	545,199
Equity and liabilities			
Equity attributable to shareholders			
Share capital	39a	282	282
Capital contribution	39c	5,932	5,932
Share premium		82,080	82,080
Share equity reserve		2,104	1,729
Retained earnings		116,720	134,919
Foreign currency translation reserve		167,699	56,182
Non-controlling interest		1,862	(148)
Total equity		376,679	280,976
Non-current liabilities			
Interest bearing loans & borrowings		150,303	121,063
Deferred tax liabilities		2,797	4,222
Contingent consideration		6,922	4,355
Provision for decommissioning		550	769
Defined benefit plan		1,697	1,377
Total non-current liabilities		162,269	131,786
Current liabilities			
Trade and other payables	40	90,637	74,572
Current taxation	34	4,307	48
Interest bearing loans and borrowings		69,901	57,817
Total current liabilities		164,845	132,437
Total liabilities		**327,114**	**264,223**
Total equity and liabilities		**703,793**	**545,199**

Interim condensed consolidated statement of financial position continued

As at 30 June 2016

The financial statements on pages 33 to 53 were approved and authorised for issue by the board of directors on 28 July 2016 and were signed on its behalf by

A. B. C. Orjiako
FRC/2013/IODN/00000003161
Chairman
28 July 2016

A. O. Avuru
FRC/2013/IODN/00000003100
Chief Executive Officer
28 July 2016

R.T. Brown
FRC/2014/IODN/00000007983
Chief Financial Officer
28 July 2016

Interim condensed consolidated statement of changes in equity

for the half year ended 30 June 2016

	Share capital	Share premium	Capital contribution	Share based reserves	Foreign currency translation reserve	Retained earnings	Total equity	Non-controlling interest	Total
	₦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
(Loss)/profit for the period	-	-	-	-	-	(13,081)	(13,081)	273	(12,808)
Other comprehensive income	-	-	-		111,517	-	111,517	1,737	113,254
Share based payments	-	-	-	375	-	-	375	-	375
Dividend to equity holders of the company	-	-	-		-	(5,118)	(5,118)	-	(5,118)
At 30 June 2016 (unaudited)	**282**	**82,080**	**5,932**	**2,104**	**167,699**	**116,720**	**374,817**	**1,862**	**376,679**

for the half year ended 30 June 2015

	Share capital	Share premium	Capital contribution	Share based reserves	Foreign currency translation reserve	Retained earnings	Total equity	Non-controlling interest	Total
	₦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 period	-	-	-	-	-	6,631	6,631	1,538	8,169
Other comprehensive loss	-	-	-	-	(18,729)	-	(18,729)	-	(18,729)
Dividend to equity holders of the company	-	-	-	-	-	(9,788)	(9,788)	-	(9,788)
Acquisition of subsidiary	-	-	-	-	-	-	-	219	219
At 30 June 2015 (unaudited)	**277**	**82,080**	**5,932**	**-**	**16,913**	**132,570**	**237,772**	**1,757**	**239,529**

Interim condensed consolidated statement of cash flow
for the half year ended 30 June 2016

	Note	Half year ended 30 June 2016 ₦million Unaudited	Half year ended 30 June 2015 ₦million Unaudited
Cash Flows from Operations Activities			
Cash generated from/utilised in operations	44	8,287	(7,199)
Income taxes paid		-	-
Net cash inflows/(outflows) from operating activities		8,287	(7,199)
Cash Flow from Investing Activities			
Investment in oil and gas properties		(3,091)	(79,975)
Acquisition of property, plant and equipment		(246)	(108)
Acquisition of subsidiaries		-	(394)
Interest received		5,694	2,143
Net cash inflows/(outflows) from investing activities		2,357	(78,334)
Cash Flows from Financing Activities			
Proceeds from bank financing		-	190,468
Repayments of bank financing		(24,201)	(125,312)
Dividends paid		(5,118)	(6,624)
Interest paid		(8,298)	(7,598)
Net cash (outflows)/inflows from financing activities		(37,617)	50,934
Net decrease in cash and cash equivalents		(26,973)	(34,599)
Cash and cash equivalents at beginning of period		64,828	52,571
Net foreign currency exchange difference		13,028	3,860
Cash and cash equivalents at end of period		**50,883**	**21,832**

Notes to the Interim condensed consolidated financial statements

23. 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's registered address is: 25a Lugard Avenue, Ikoyi, Lagos, Nigeria.

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 $182 million to Chevron on behalf of the BelemaOil entity, including its 22.50% interest in OML 55. It also advanced certain loans and costs of $43 million to the other shareholders of Belemaoil to meet their share of investments and costs associated with Belemaoil. In addition, Seplat maintained discussions to determine the 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. $11.25m was paid by Seplat in the past year as service fees towards this debt.

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 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 Interim condensed consolidated financial statements continued

Subsidiary	Location	Shareholding %
Newton Energy Limited	(Nigeria)	100%
Seplat Petroleum Development UK	(United Kingdom)	100%
Seplat East Onshore Limited	(Nigeria)	100%
Seplat East Swamp Company Limited	(Nigeria)	100%
Seplat Gas Company Limited	(Nigeria)	100%
Belemaoil Producing Limited	(Nigeria)	56.25%

24. Accounting policies

24.1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with accounting standard IAS 34 Interim financial reporting. 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 Nigerian Naira and all values are rounded to the nearest million (₦'m), except when otherwise indicated. The accounting policies where applicable to both Company and Group.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (see note 34) and the adoption of new and amended standards as set out below:

(a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) Impact of standards issued but not yet applied by the entity

(i) IFRS 9 Financial instruments

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The group is currently assessing whether it should adopt IFRS 9 before its mandatory date.

While the group is yet to undertake a detailed assessment of the classification and measurement of financial assets, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities.

The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the group is yet to undertake a detailed assessment, it would appear that the group's current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the group has not yet undertaken a

Notes to the interim condensed consolidated financial statements continued

detailed assessment of how its impairment provisions would be affected by the new model, it may result in earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(ii) IFRS 15 Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will make more detailed assessments of the effect over the next twelve months. The group does not expect to adopt the new standard before 1 January 2018.

24.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2016.

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

24.3 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 the Nigerian Naira as required by the Financial Reporting Council of Nigeria. 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 period-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 average exchange rates for the reporting period. 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 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 is 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 Interim condensed consolidated financial statements continued

25. Segment reporting

The Group operates one segment, being the exploration, development and production of oil and gas related products located in Nigeria. Therefore, no segment reporting has been prepared.

26. Critical accounting estimates and judgements

26.1 Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Management made certain assumptions about the recoverability of financial assets exposed to credit risk from NPDC. This was based on management's past experiences with NPDC and financial capacity of NPDC, the outcome of impairments has been consistent with management assumptions over time.
However, wherever these assumptions do not hold, it might have a significant impact on the Group's profit or loss in future.

26.2 Defined benefit plans (pension benefits)

The cost of the defined benefit retirement plan and the present value of the retirement obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

The defined benefit obligation recognised in this period has been based on the same assumptions as in the previous financial year. The subsequent financial year end balance was estimated as at 31 December 2015 and has been recognised in this half year period on a pro rata basis. Therefore, no actuarial gains or losses have been recognised given that last year's assumptions have been adopted.

26.3 Investment in BelemaOil

Seplat Group, through its wholly owned subsidiary, Seplat East Swamp Company Limited, in 2014 signed a share purchase and loan agreement with BelemaOil to purchase 56.25% of BelemaOil. Seplat paid $182 million to Chevron on behalf of the BelemaOil entity including its 22.50% interest in OML 55. It also advanced certain loans and costs of $43 million to the other shareholders of Belemaoil to meet their share of investments and costs associated with Belemaoil. In addition, Seplat maintained discussions to determine the 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. $11.25m was paid by Seplat in the past year as service fees towards this debt. By virtue of this, Seplat East acquired an economic interest in OMl 55.

On 13th January 2015, the NNPC appointed Seplat as the operator of OML 55, pursuant to the Joint Operating Model approved by the Honorable Minister of Petroleum Resources. Further to this appointment, on 27th January 2015, Seplat was confirmed operator of OML55 by a Deed of Novation amongst Chevron Nigeria Limited, NNPC and BelemaOil.

As at this reporting period, the minority shareholders of BelemaOil have begun to dispute the shareholding of Seplat Group and steps were purportedly and illegally taken recently to unilaterally withdraw the shares held by Seplat East Swamp Company Limited. The Group filed an action at the Federal High Court challenging this purported withdrawal. The suit is currently pending and except determined otherwise by the courts, Seplat remains the majority shareholder in Belamaoil.

Notes to the interim condensed consolidated financial statements continued

On 3rd June 2016, Seplat received a letter from Chevron Nigeria Limited stating that it had discontinued the provision of support services on the production operations in OML 55 effective on 2nd June 2016 and had handed over the custody

of OML 55 operations to BelemaOil. On 7th June 2016, Seplat filed a legal injunction restraining Chevron from engaging with BelemaOil, in the capacity of operator of OML 55, pending the case before the Federal High Court.

Key stakeholders including the NNPC and NAPIMS have continued to engage Seplat as the recognized operator of OML 55.

Based on these facts, the Group continues to consolidate BelemaOil until further proceedings have been executed as it believes it still exercises control over BelemaOil. The Group also believes the resolutions on the legal suits will be in its favour. The Group will again reassess the existence of control over BelemaOil at the next reporting date.

27. Financial risk management

The Group's activities expose it to a variety of financial risks such as market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long-term and short-term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow projections take into consideration the Group's debt financing plans and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest bearing current accounts, time deposits and money market deposits.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay.

Notes to the interim condensed consolidated financial statements continued

Nigerian ₦ million

	Effective interest rate %	Less than 1 year	1 -2 years	2 - 3 years	3 - 5 years	After 5 years	Total
30 June 2016							
Variable interest rate borrowings:							
Bank loans:							
Zenith Bank Plc	8.5%+LIBOR	8,534	15,443	11,379	17,881	6,502	59,739
First Bank of Nigeria	8.5%+LIBOR	5,334	9,652	7,112	11,176	4,064	37,338
United Bank of Africa Plc	8.5%+LIBOR	5,334	9,652	7,112	11,176	4,064	37,338
Stanbic IBTC Bank Plc	8.5%+LIBOR	799	1,446	1,066	1,675	609	5,595
The Standard Bank of South Africa Limited	8.5%+LIBOR	799	1,446	1,066	1,675	609	5,595
Standard Chartered Bank	6.0%+LIBOR	2,123	7,429	-	-	-	9,552
Natixis	6.0%+LIBOR	2,123	7,429	-	-	-	9,552
Citibank Nigeria Ltd	6.0%+LIBOR	2,123	7,429	-	-	-	9,552
Bank of America Merrill Lynch Int'l Ltd	6.0%+LIBOR	1,415	4,953	-	-	-	6,368
First Rand Bank (Merchant Bank Division)	6.0%+LIBOR	1,415	4,953	-	-	-	6,368
JP Morgan Chase Bank NA, London Branch	6.0%+LIBOR	1,415	4,953	-	-	-	6,368
Ned Bank Ltd London Branch	6.0%+LIBOR	1,415	4,953	-	-	-	6,368
Stanbic IBTC Bank Plc	6.0%+LIBOR	1,061	3,714	-	-	-	4,775
The Standard Bank of South Africa Limited	6.0%+LIBOR	1,061	3,714	-	-	-	4,775
Sterling bank	-	14,858	-	-	-	-	14,858
Trade payables	-	37,128	-	-	-	-	37,128
Contingent consideration	-	-	-	-	11,143	-	11,143
		86,937	**87,166**	**27,735**	**54,726**	**15,848**	**272,412**

Fair value measurements

Financial instruments measured at fair value were based on the same assumptions as determined in the 31 December 2015 financial statements. There were no updates on the judgements and estimates made by the group in determining the fair values of the financial instruments since the last annual financial report. There were no transfers of financial instruments between fair value hierarchy levels during this half year period

Notes to the interim condensed consolidated financial statements continued

	Effective interest rate %	Less than 1 year	1 -2 years	2 - 3 years	3 - 5 years	After 5 years	Total
31 December 2015							
Variable interest rate borrowings:							
Bank loans:							
Zenith Bank Plc	8.5%+LIBOR	16,300	14,002	10,181	14,864	4,793	60,140
First Bank of Nigeria	8.5%+LIBOR	10,188	8,751	6,363	9,290	2,996	37,588
United Bank of Africa Plc	8.5%+LIBOR	10,188	8,751	6,363	9,290	2,996	37,588
Stanbic IBTC Bank Plc	8.5%+LIBOR	1,527	1,312	954	1,392	449	5,634
The Standard Bank of South Africa Limited	8.5%+LIBOR	1,527	1,312	954	1,392	449	5,634
Standard Chartered Bank	6.0%+LIBOR	3,486	5,510	-	-	-	8,996
Natixis	6.0%+LIBOR	3,486	5,510	-	-	-	8,996
Citibank Nigeria Ltd	6.0%+LIBOR	3,486	5,510	-	-	-	8,996
Bank of America Merrill Lynch Int'l Ltd	6.0%+LIBOR	2,324	3,673	-	-	-	5,997
First Rand Bank (Merchant Bank Division)	6.0%+LIBOR	2,324	3,673	-	-	-	5,997
JP Morgan Chase Bank NA, London Branch	6.0%+LIBOR	2,324	3,673	-	-	-	5,997
Ned Bank Ltd London Branch	6.0%+LIBOR	2,324	3,673	-	-	-	5,997
Stanbic IBTC Bank Plc	6.0%+LIBOR	1,743	2,755	-	-	-	4,498
The Standard Bank of South Africa Limited	6.0%+LIBOR	1,743	2,755	-	-	-	4,498
Sterling Bank Loan	-	10,439	-	-	-	-	10,439
Trade and other payables	-	74,572	-	-	-	-	74,572
Contingent consideration	-	-	-	-	4,355	-	4,355
		147,981	**70,860**	**24,815**	**40,583**	**11,683**	**295,922**

Notes to the interim condensed consolidated financial statements continued

28. Revenue

	Half year ended 30 June 2016 ₦million	Half year ended 30 June 2015 ₦million
Crude oil sales	12,232	26,712
Underlift	7,481	16,829
	19,713	43,541
Gas sales	9,592	5,220
Total revenue	**29,305**	**48,761**

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

29. Cost of sales

	Half year ended 30 June 2016 ₦million	Half year ended 30 June 2015 ₦million
Crude handling and barging fees	2,134	7,116
Royalties	2,693	7,456
Depletion, Depreciation and Amortisation	5,768	6,197
Niger Delta Development Commission	591	1,233
Other Rig related Expenses	370	1,083
Operations & Maintenance Costs	5,298	4,283
	16,854	**27,368**

30. General and administrative expenses

	Half year ended 30 June 2016 ₦million	Half year ended 30 June 2015 ₦million
Depreciation	560	506
Employee benefit expense	2,154	1,923
Professional & Consulting Fees	2,279	3,954
Audit fees	13	52
Directors Emoluments (Execs)	328	310
Directors Emoluments (Non- Execs)	491	347
Rentals	206	157
Other General and Admin Expenses	4,302	2,744
	10,333	**9,993**

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

There were no non-audit services rendered by the group's auditors during the period.

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

Notes to the interim condensed consolidated financial statements continued

31. (Losses)/gains on foreign exchange

	Half year ended 30 June 2016	Half year ended 30 June 2015
	₦million	₦million
Foreign exchange (losses)/gains	(6,382)	2,632
	(6,382)	**2,632**

This arose from translation of naira denominated monetary assets and liabilities.

32. Fair value losses

	Half year ended 30 June 2016	Half year ended 30 June 2015
	₦million	₦million
Fair value loss on hedging commodity derivatives	(4,792)	-
Fair value loss on contingent consideration	(510)	(124)
	(5,302)	**(124)**

Hedging commodity derivatives loss represents the losses on crude oil price hedge charged to profit or loss. Contingent consideration arises in relation to its acquisition of participating interest in its OML's. The contingency criteria are the achievement of certain production milestones.

33. Finance income/charges

	Half year ended 30 June 2016	Half year ended 30 June 2015
	₦million	₦million
Finance income		
Interest income	**5,694**	**2,143**
Finance charges		
Interest on bank loan and other bank charges	8,298	7,780
Unwinding of discount on provision for decommissioning	23	145
	8,321	**7,925**

34. Taxation

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2016 is 65.75% for crude oil activities and 30% for gas activities, compared to 0% for oil and 0% for gas activities for the half year ended 30 June 2015. The zero tax rate in prior years was as a result of tax incentive granted.

Notes to the interim condensed consolidated financial statements continued

35. Earnings per share

Basic

Basic earnings per share is calculated on the Group's profit or loss after taxation attributable to the parent entity and on the basis of weighted average of issued and fully paid ordinary shares at the end of the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the half year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Half year ended 30 June 2016 ₦million	Half year ended 30 June 2015 ₦million
(Loss)/Profit for the period attributable to owners of the parent (Nmillion)	(13,081)	6,631
Weighted average number of ordinary shares in issue (in 000)	560,576	553,310
Share Options (in 000)	2,223	-
Weighted average number of ordinary shares adjusted for the effect of dilution (in 000)	562,799	553,310
	₦	₦
Basic (loss)/earnings per share	(23.33)	11.98
Diluted (loss)/earnings per share	(23.24)	11.98

(Loss) /Earnings	**₦million**	**₦million**
(Loss)/Profit attributable to equity holders of the Group	(13,081)	6,631
(Loss)/Profit used in determining diluted earnings per share	(13,081)	6,631

36. Dividend

	Half year ended 30 June 2016 ₦million	Half year ended 30 June 2015 ₦million
Dividend paid during the period	5,118	6,624
	₦	₦
Dividend per share	9.13	17.69

37. 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 resulted in Seplat having an indirect interest of 22.5% in OML 55.

The fair value of the purchase consideration and the assets acquired were ₦27.7 billion and ₦27.3 billion respectively, which gave rise to a goodwill on acquisition of ₦398million

Notes to the interim condensed consolidated financial statements continued

Impairment test for goodwill

Management reviews the business performance of BelemaOil based on the reserve and production forecast. Goodwill is monitored by the management at the level of one operating segment.

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on reserve, production and financial forecasts approved by management.

	BelemaOil Oil & gas
	Half year ended 30 June 2016
	₦million
Opening	398
Addition	-
Disposal	
Impairment	-
Exchange differences	168
Closing	566

38. Trade and other receivables

	As at 30 June 2016	As at 31 Dec 2015
	₦million	₦million
Trade receivables	28,233	26,626
Nigerian Petroleum Development Company (NPDC) receivables	116,033	97,824
Deposit for Investments	24,113	16,948
Advances to other parties	12,614	10,573
Under lift	17,827	5,381
Advances to suppliers	2,847	516
Hedging receivables	-	1,508
Interest receivable from shareholders of BelemaOil	4,175	1,898
Other receivables	965	36
Impairment loss on NPDC receivables	(2,394)	-
	204,413	**161,310**

Notes to the interim condensed consolidated financial statements continued

Trade receivables / NPDC receivables:

Trade receivables:

Included in trade receivables are receivables from Chevron/NAPIMS of ₦10.2 billion (2015: ₦7.2 billion), Mercuria of ₦4.78billion (2015: ₦4.81billion), Shell ₦73.86 million (2015:₦4.25billion) and gas receivables from NGC ₦12.3 billion (2015: ₦17.55billion).

NPDC receivables:

NPDC receivables represent the outstanding cash calls due from the Nigerian National Petroleum Corporation (NNPC). The receivables have been discounted to reflect the impact of time value of money. The resulting adjustment has been recognized in the statement of comprehensive income. As at 30 June 2016, the undiscounted value of this receivables is ₦116.0 billion (2015: ₦97.8 billion)

Deposit for investment:

By a consortium agreement made amongst parties, Newton Energy Limited (a subsidiary of Seplat) agreed to make payments of ₦128.2 billion towards an investment in 2014. In 2015, ₦103.9 billion was received from an Escrow account set up for this purpose in respect of this investment.

a) ₦12.7 billion 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.

b) ₦10.3 billion 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 as previously agreed ₦2.1 billion has been paid out in consortium fees, ₦2.4 billion has been released back to Seplat and the balance of ₦5.8 billion remains in Escrow. The deal is still ongoing with the parties concerned.

39. Share capital

39a. Authorised and issued share capital

Value	As at 30 June 2016 ₦million	As at 31 Dec 2015 ₦million
Authorised ordinary share capital		
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	500	500
Issued and fully paid		
560,576,101 (2015: 560,576,101) issued shares denominated in Naira of 50 kobo per share	282	282

39b. Share options

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. During the half year ended 30 June 2016 no shares were vested (31 December 2015: 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).

Notes to the interim condensed consolidated financial statements continued

39c. Capital contribution

	As at 30 June 2016 ₦million	As at 31 Dec 2015 ₦million
Cash Contribution	5,932	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.

40. Trade and other payables

	As at 30 June 2016 ₦million	As at 31 Dec 2015 ₦million
Trade payable	37,128	24,936
Accruals and other payables	45,373	43,003
NDDC levy	3,622	1,247
Deferred revenue	402	282
Royalties	4,112	5,104
	90,637	**74,572**

41. Related party transactions

The group is controlled by Seplat Petroleum Development Company Plc. The group does not have an ultimate parent.

41a. Transactions

The Service provided by related parties are:

Abbeycourt Trading Company Limited: the Chairman of Seplat is a director and shareholder. The company provides diesel supplies to Seplat in respect of Seplat's rig operations.

Berwick Nigeria Limited: The chairman of Seplat is a shareholder and director. The company provides construction services to Seplat in relation to a field base station in Sapele.

Cardinal Drilling Services Limited (formerly Caroil Drilling Nigeria Limited): is a company under common control. The company provides drilling rigs and drilling services to Seplat.

Charismond Nigeria Limited: The Chief Executive Officer's sister works at Charismond as a general manager. The company provides bespoke gift hampers to Seplat.

Helko Nigeria Limited: The chairman of Seplat is shareholder and director. The company owns the lease to Seplat's main office at 25A Lugard Avenue, Lagos, Nigeria.

Notes to the interim condensed consolidated financial statements continued

Keco Nigeria Enterprises: The Chief Executive Officer's sister is shareholder and director. The company provides diesel supplies to Seplat in respect of its rig operations.

Montego Upstream Services Limited: The chairman's nephew is shareholder and director. The company provides drilling and engineering services to Seplat.

Nabila Resources & Investment Ltd: The chairman's in-law is a shareholder and director. The company provides lubricant to Seplat.

Ndosumili Ventures Limited: is a subsidiary of Platform Petroleum Limited. The company provides transportation services to Seplat.

Nerine Support Services Limited: is a company under common control. The company provides agency and contract workers to Seplat.

Oriental Catering Services Limited: The Chief Executive Officer of Seplat's spouse is shareholder and director. The company provides catering services to Seplat at the staff canteen.

Platform Petroleum Limited: The Chief Executive Officer of Seplat is a director and shareholder of this company. The company seconded support staff to Seplat.

ResourcePro Inter Solutions Limited: The Chief Executive Officer of Seplat's in-law is its UK representative. The company supplies furniture to Seplat.

Shebah Exploration and Production Company Limited ('SEPCOL'): The Chairman of Seplat is a director and shareholder of SEPCOL. SEPCOL provided consulting services to Seplat.

The following transactions were carried out by Seplat with related parties:

Purchases of goods and services	Half year ended 30 June 2016	Half year ended 30 June 2015
	₦million	₦million
Shareholders		
M&P (MPI SA)	8	-
Shebah Exploration & Production Development Company Limited	115	149
Platform Petroleum Limited	-	7
	123	156
Entities controlled by key management personnel		
Abbey Court Trading Company Limited	36	291
Charismond Nigeria Limited	4	1
Cardinal Drilling Services Limited	1,122	1,455
Keco Nigeria Enterprises	5	259
Ndosumili Ventures Limited	206	121
Oriental Catering Services Limited	57	95
ResourcePro Inter Solutions Limited	15	101
Berwick Nigeria Limited	6	-
Montego Upstream Services Limited	2,331	572
Nerine Support Services Limited	1,238	2,490
Nabila Resources & Investment Ltd	1	-
Helko Nigeria Limited	82	-
	5,103	**5,385**

Notes to the interim condensed consolidated financial statements continued

41b. Balances

The following balances were receivable from or payable to related parties as at 30 June 2016:

Prepayments / receivables	Half year ended 30 June 2016	Half year ended 30 June 2015
	₦million	₦million
Under common control		
Cardinal Drilling Services Limited	2,066	2,010
	2,066	2,010

Payables	Half year ended 30 June 2016	Half year ended 30 June 2015
	₦million	₦million
Under common control		
Cardinal Drilling Services Limited	896	-
ResourcePro	56	-
	952	-

42. Commitments and contingencies

There was no significant commitments during this half year period.

The Group is involved in a number of legal suits as defendant. The possible liabilities arising from these court proceedings amount to ₦700 million (31 December 2015: ₦59.6 billion). No provision has been made for this potential liability in these financial statements. Management and the Group's solicitors are of the opinion that the Group will suffer no loss from these claims.

43. Events after the reporting date

There was no significant event after the statement of financial position date which could have a material effect on the state of affairs of the Group as at 30 June 2016 and on the profit or loss for the half year ended on that date, which have not been adequately provided for or disclosed in these financial statements.

Notes to the interim condensed consolidated financial statements continued

44. Reconciliation of net profit to cash from operating activities

Cash provided by operating activities	Half year ended 30 June 2016 ₦million	Half year ended 30 June 2015 ₦million
(Loss)/profit before taxation	(12,193)	8,126
Adjusted for:		
Depreciation and amortisation	6,328	6,704
Interest expense	8,321	7,925
Interest income	(5,694)	(2,143)
Fair value loss	5,302	124
Unrealised foreign exchange loss/ (gains)	6,382	(2,632)
Non-cash employee benefits expense – share based payments	375	-
Non-cash post-employment benefit expense	(185)	-
Changes in working capital (excluding the effect of exchange differences):		
Trade and other receivables and prepayments	14,820	(36,958)
Trade and other payables	(10,423)	11,082
Inventory	(4,746)	573
Net cash provided by operating activities	8,287	(7,199)

45. Exchange rates used in translating accounts to Naira

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

	Basis	₦/$
Fixed assets - opening balances	Historical rate	Historical
Fixed assets - additions	Average rate	199.17
Fixed assets - closing balances	Closing rate	283.00
Current assets	Closing rate	283.00
Current liabilities	Closing rate	283.00
Equity	Historical rate	On the date of issue
Income and Expenses:		
Jan- May	Average rate	199.17
June	June average rate	227

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) 10th & 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 Ovrawah & 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 Skye Bank Plc Stanbic IBTC Bank Plc United Bank for Africa Plc Zenith Bank Plc Citibank Nigeria Limited Standard Chartered Bank HSBC Bank