

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC
CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2014
(Expressed in US Dollars & Nigerian Naira)

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC ANNOUNCES CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2014 AND UPDATES OPERATIONS

25 July 2014 – Seplat Petroleum Development Company Plc (“Seplat” or the “Company”), a leading Nigerian indigenous oil and gas company listed on both the Nigerian Stock Exchange and London Stock Exchange, today announces its interim financial results for the half year ended 30 June 2014 and provides an update on its operations.

Results summary

- Successful IPO on Nigerian Stock Exchange and main market of the London Stock Exchange on 14 April raising gross proceeds of US\$535 million (NGN 88 billion) at NGN 576 per share (£2.10)
- First half average working interest production⁽¹⁾ 27,375 boepd (compared to 27,183 boepd in the first half of 2013)
 - Excluding unplanned downtime in the period of 28 days (out of 45 days in total) average working interest production was 32,388 boepd
 - Alternative oil evacuation route via the Warri refinery completed and tested, with first deliveries made in March; this should reduce the impact of future third party infrastructure downtime
- Full year average working interest production expected to be 23,000 - 25,000 bopd and 38 - 45 mmscfd; (29,000 – 33,000 boepd); on target to achieve OMLs 4, 38, 41 liquids exit rate of 72,500 bopd gross
- 15-year gas sales agreement concluded with Azura Edo IPP, to supply 116 mmscfd gross at US\$3/mscf commencing in 2017
- First half profit before tax of US\$156 million on revenues of US\$388 million (normalised profit before tax adjusting for one off G&A costs was US\$200 million vs. \$210 million in first half of 2013)
- Capital investments of US\$116 million in the first half funded by net operating cash flow before working capital of US\$180 million; capex in the full year expected to be around \$250 million
- Strong financial position – cash at bank US\$580 million, net debt US\$48 million
- Active new ventures pipeline – material opportunities currently being pursued

Financial Highlights

	June 2014 US\$ million	June 2013 US\$ million	June 2014 N\$ billion	June 2013 N\$ billion	Y-o-Y change
Revenue	388	419	60	65	-7%
Gross profit	247	250	38	39	-1%
Operating profit	173	220	27	34	-22%
Profit before tax	156	210	24	33	-26%
Operating cash flow	265	11	41	2	nm
WI production (boepd) ⁽¹⁾	27,375	27,183	-	-	+1%
Realised oil price (US\$/N per bbl)	110	109	17,085	16,931	-
Realised gas price (US\$/N per mcf)	1.60	1.43	248	222	+12%

⁽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.

Commenting today, Austin Avuru - Chief Executive Officer of SEPLAT, said:

“Seplat performed well during the first half of 2014. Although production in the period was impacted by the shutdown of third party infrastructure, we continue to drive growth – excluding the shut-in days, our gross daily average production from OMLs 4, 38 and 41 was over 60,000 barrels. We plan to have up to seven drilling rigs actively engaged, and are progressing plans at a fast pace to develop our oil and gas reserves and increase production, aiming to build momentum through the second half and into 2015.

The completion of our new pipeline to the Warri refinery provides us with an alternative export option and reduces our exposure to any future downtime of the Trans Forcados system, as well as the reconciliation losses imposed on producers using that system.

In our gas business, the signing of a 15 year gas supply agreement to supply the Azura-Edo IPP is further evidence of our commitment to remain at the forefront of assisting Nigeria to realise its vast natural gas potential.

Seplat is in a strong financial position. Our profitable production base and conservative capital structure give us the necessary financial resources and flexibility to actively pursue a range of attractive, material new business opportunities.”

Webcast and conference call:

At 09:00 am (Lagos and UK time) on 25 July, Austin Avuru, CEO, and Roger Brown, CFO, will host a webcast to present the Company’s results. The webcast can be accessed by using the following link:

<https://webconnect.webex.com/webconnect/onstage/g.php?t=a&d=668671884>

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

Conference call: + 44 (0) 207 192 8000

Conference ID (to be quoted): SEPLAT CONFERENCE CALL

The presentation slides will also be available on the Company’s website www.seplatpetroleum.com

Enquiries:

Seplat Petroleum Development Company plc

Roger Brown, CFO

Andrew Dymond / David Boyd, Investor Relations

Chioma Nwachuku, GM - Corporate Affairs & Business Development

+44 203 725 6500

+234 12 770 400

FTI Consulting

Ben Brewerton / Sara Powell / George Parker

seplat@fticonsulting.com

+44 203 727 1000

Citigroup Global Markets Limited

Tom Reid

+44 207 986 4000

RBC Europe Limited

Stephen Foss / Matthew Coakes

+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 per cent participating interest in, and was appointed operator of, a portfolio of three onshore producing oil and gas leases in the Niger Delta (OMLs 4, 38 and 41), which includes the producing Oben, Ovhor, Sapele, Okporhuru, Amukpe and Orogho fields. Since acquisition, Seplat has more than tripled production from these OMLs. In June 2013, Newton Energy Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Pillar Oil Limited to acquire a 40 per cent participating interest in the Umuseti/Igbuku marginal field area within OPL 283. Seplat is pursuing a Nigeria focused growth strategy and is well-positioned to participate in future divestment programmes by the international oil companies, farm-in opportunities and future licensing rounds.

For further information please refer to the company website, <http://seplatpetroleum.com/>

OPERATIONS REVIEW

Production

	Seplat %	Gross		Working interest		
		Liquids bopd	Gas mmcfd	Liquids bopd	Gas mmcfd	Oil equivalent boepd
OMLs 4, 38, 41	45%	46,579	78.4	20,961	35.3	26,842
OPL 283	40%	1,333	-	533	-	533
Total		47,912	78.4	21,494	35.3	27,375

Note: 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.

Average working interest liquids production from OMLs 4, 38, 41 was 20,961 bopd in the first half, compared to 22,737 bopd in the same period in 2013, reflecting 28 days of unplanned downtime (out of a total of 45 days downtime) of the Trans Forcados system.

Working interest gas production from OMLs 4, 38, 41 was 35.3 mmcfd compared to 25.8 mmcfd in the same period last year. Gas production was also shut in due to the Trans Forcados system downtime but this was more than offset by higher gas production on the remaining days, primarily due to significantly more reliable customer offtake, which triggered the work over of two gas wells during the period.

Seplat's total working interest production was 27,375 boepd, slightly ahead of the 27,183 boepd in the first half of last year. As well as higher gas production on OML's 4, 38, 41 this reflected the acquisition of the 40% interest in the Pillar marginal fields in June 2013, from which Seplat's working interest production in the first half of 2014 was 533 bopd. The impact of the higher gas production and inclusion of Pillar production offset the reduction in OML 4, 38, 41 liquids production. Excluding the unplanned days when the fields were shut in, Seplat's total average working interest production was 32,388 boepd (comprising 25,428 bopd and 41.8 mmcfd).

Seplat's 2014 full-year average daily liquids production from OMLs 4, 38, 41 and Pillar is expected to be in the range 23,000 – 25,000 bopd and average daily gas production for the full year in the range 38 - 45 mmcfd (equivalent in total to 29,000 – 33,000 boepd).

During the first half 98.7% of OML 4, 38, 41 production was transported through the Trans Forcados system. This volume was subject to 10.8% reconciliation losses.

Drilling programme

During the first half three heavy land rigs, one light rig and one swamp rig were in continuous operation, completing eight new wells. All of these rigs are intended to remain fully active through the second half of 2014.

The opportunity arose to contract a second swamp rig for a six-month period from April, and this completed a ninth new well in the first half and will drill a further well in the second half of the year.

To deliver its full year production target the Company is in the process of acquiring an additional rig which is planned to commence operations this year. Eleven new wells in total are planned to be completed by the year-end, taking the total of completed new wells in the year to 20.

Following completion of these new wells, which are mainly oil producers, the focus of the drilling campaign at the end of the second half will switch to gas production, with three new gas wells planned to be spudded in the fourth quarter and completed in 2015.

Exploration

An exploration well was drilled on the Ogegere prospect in OML 38 and oil bearing sands were encountered. The well was suspended for further evaluation, including assessment of a potential new play at depths greater than the original target. Due to the emphasis on recovery of deferred production and acceleration of gas development in the second half, the Company plans to spud its next exploration well in the first half of 2015.

Surface facilities & infrastructure projects

Oben Gas Plant Expansion

A key strategic focus of the Company is to increase gas production to meet the growing domestic demand, in particular for use in gas-to-power projects. Seplat is currently investing to increase gas processing capacity by 150 mmscfd, to 300 mmscfd in 2015. This represents the first phase of a programme to expand gas processing to at least 450 mmscfd by 2017. A new unit, with a capacity to process 150 mmscfd, is currently being shipped to the Company's Oben facility, where civil works are at an advanced stage. Installation of the new plant remains on target for completion by the end of this year.

Warri Refinery Pipeline

Seplat's new 12" x 7 km pipeline to the Warri refinery was completed and tested in March. The pipeline has a capacity of 100,000 bopd and Seplat also has access to storage capacity at the refinery. The Company now plans to install a LACT unit on this pipeline, for which land has been acquired and civil works are well advanced.

Liquid Treatment Facility

The new facility has been commissioned and a quantity of dry crude was delivered to the Warri refinery in March. Further process modification work is continuing, to address issues around the composition of the separated water, and enable full continuous re-injection to commence in the second half of the year.

Crude Storage Tank

Work is well advanced on construction of two 50,000 bbl storage tanks at Amukpe, and these are expected to be completed early in 2015.

Integrated Amukpe AG flare-out and Ovhor gas-lift

The project will provide artificial lift in the Ovhor field for improved oil recovery, by re-injecting associated gas produced at Amukpe. The project is well advanced, with pipeline installation near completion and processing and compression equipment delivered to site. Completion and commissioning is scheduled by the end of the year.

New Ventures

In May the Company announced that its bid for OMLs 29 and 24 was not the highest price offer, and therefore did not lead to the selection of Seplat as preferred bidder. In line with its strategy, which is to maintain price discipline and prioritise opportunities in the onshore and shallow waters offshore Nigeria that offer near-term production, cash-flow and reserve replacement potential, the Company is actively pursuing a number of other acquisition and farm-in opportunities. These include one such opportunity that

may become available for which the Company has placed \$453 million as a refundable deposit against the potential investment. There is no commitment on Seplat to proceed and no certainty that an investment will be made until all definitive agreements have been concluded and conditions required by Seplat have been satisfied fully.

HSSE & Community

The Company's extensive HSSE campaigns have proved effective with a reduction in work place incidents compared to the same period in 2013. No oil spills were recorded and almost two million man-hours were worked without a recorded LTI.

The Company continued to implement sustainable development programs in the host and impact communities, focusing on skills acquisition, capacity building, health care delivery and community infrastructure. Notable projects include the "Eye Can See" health care programme in March, which impacted over 7,000 people, and the first phase of the third annual 'Seplat Pearls Quiz' for students in Delta and Edo states. In addition, a scholarship programme was launched nationwide in June. In terms of infrastructural development, twelve community projects were completed, including water scheme, housing, and town hall projects.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

MANAGEMENT REPORT – Continued

FOR HALF YEAR ENDED 30 JUNE 2014

FINANCIAL REVIEW

Result For The Period

Revenue

Gross revenue for H1 2014 is \$388.2million (~~₦~~60.3 billion) (H1 2013, \$419.4million - ~~₦~~65.1 billion) which is 7% lower than the comparative period in prior year. Crude revenue (after adjusting for changes in lifting) were US\$ 378.6 million (~~₦~~58.8 billion) for the H1 2014, an 8% decrease from the H1 2013 US\$ 413.1 million (~~₦~~64.2 billion) mainly due to 45 days downtime in H1 2014. Gas revenue for the period was US\$9.6 million (~~₦~~1.5 billion), a 54% increase from the equivalent period in 2013 mainly due to increased production from work-over wells and finalisation of the upgrade works on the Oben gas plant and higher offtake from the Sapele gas plant.

Working interest sales volume for the period increased to 4.7 mmboepd from 3.9 mmboepd in H1 2013, mainly due to the shut in of production as a result of the shutdown of the TFP for repairs for 45 days in 2014.

As at the end of H1 2014, the Group realised an average oil price of US\$110/bbl (H1 2013: US\$109/bbl.), and an average gas price of US\$1.6/mscf (H1 2013: US\$1.4/mscf), against an average price for Brent in the period of US\$110.3/bbl (H1 2013: US\$113.86/bbl). Total gas volume sold was 6,144,750 scf (H1 2013: 5,307,810 scf), while total volume of crude lifted as at H1 2014 was 3.6 mmbbls (H1 2013: 3.0 mmbbls).

Gross profit

Gross profit for the H1 2014 was US\$247.2 million (~~₦~~38.4 billion), which represents a 1% decrease over H1 2013 US\$250.3 million (~~₦~~38.9 billion). Variance is mainly driven by lower revenue in H1 2014 due to lifting adjustments over working interest of 302 mbbbls. This was partly offset by lower costs of sales as a result of the reduction in crude handling fees by 25% and royalties by 19%. The work-over costs on the existing wells as at H1 2014 were US\$12.7 million (~~₦~~2.0 billion), this represents a decrease of 56% compared to H1 2013. This decrease was due to a switch from work-overs to development drilling program.

Profit for the period

Profit after tax for the H1 2014 was US\$156.0 million (~~₦~~24.3 billion) (H1 2013: US\$303.3 million, ~~₦~~47.1 billion), a 94% decrease over the comparative period in 2013, mainly attributed to deferred tax liabilities of US\$92.7m (~~₦~~14.4billion) released in H1 2013 as a result of pioneer status granted to the group, and lower revenue due to downtime on the TFP for 45 days. This was partly offset by a reduction in work-overs (US\$16.4 million, ~~₦~~2.5 billion) and DDA costs (US\$2.8 million, ~~₦~~435 million), royalties (US\$18.3 million, ~~₦~~2.8 billion) and Crude handling (US\$4.5 million, ~~₦~~699.0 million).

General and administration expenses increased by US\$54.6 million (~~₦~~8.5 billion) as at the end of H1 2014 compared to H1 2013, this is mainly due to commitment and arrangement fees paid to banks for the new loan facility - US\$12 million (~~₦~~1.8 billion), higher staff costs due to increase in head count (included in this amount is a onetime payment of IPO bonus to staff, in line with the Prospectus of US\$5.0 million), US\$12 million, regulatory payment of US\$14 million (~~₦~~2.5 billion), which is also a onetime cost that will not re-occur in future periods, costs for the accounting and procurement system change US\$7 million (~~₦~~1.0 billion) and new business development costs for evaluation of prospect for new ventures.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

MANAGEMENT REPORT – Continued

FOR HALF YEAR ENDED 30 JUNE 2014

Profit for the period

Finance costs as at end of H1 2014 were US\$21.6 million, (~~₦~~3.4 billion) (H1 2013: \$10.7 million, ~~₦~~1.7 billion). The increase in finance costs in H1 2014 is due to higher outstanding debts due to draw down of the balance of US\$215 million (~~₦~~33.4 billion) on the US\$550 million (~~₦~~85.4 billion) loan and additional new loan of US\$200 million (~~₦~~31.0 billion) compared to the same period in 2013.

There is no income tax expense in the H1 2014 as well as H1 2013 as a result of the pioneer status granted to the Group in 2013.

Financing the Company's activities

Cash generated from operating activities after movements in working capital as at end of H1 2014 was US\$265.1 million, ~~₦~~41.1 billion (H1 2013: US\$10.9 million, ~~₦~~1.7 billion), after providing cash of US\$12.7 million (~~₦~~1.9 billion) to fund the Group's investments in work-overs and US\$116.4 million (~~₦~~18.0 billion) for other CAPEX cost.

Loan repayments as at the end of H1 2014 were US\$79.4 million, (~~₦~~12.3 billion) (H1 2013: US\$13.6 million, ~~₦~~2.1 billion).

Cash in bank and hand as at 30 June 2014 was US\$580.9 million (~~₦~~90.1 billion). The movement up until 30 June 2014 reflects net revenue received IPO proceeds; draw down of both existing and new loans. This is partially offset by movements on the Group's loan facilities, payments for capital expenditure and operating expenses. In line with what was contained in our Prospectus relating the use of the IPO proceeds, the Group has paid the shareholders loan of \$48 million (~~₦~~7.5 billion) and will use the balance for new ventures, including \$453 million set aside as a refundable cash deposit in relation to an opportunity that may potentially become available.

The outstanding NPDC receivable was \$292 million (~~₦~~ 45.5 billion). This is mainly outstanding payments brought forward from prior period performances. A total of \$148.0million (~~₦~~ 23.0billion) from the total outstanding have been approved as cash calls for 2014 and actual payment is currently awaited while a total of \$144million (N22.5billion) is still undergoing various approval levels within NPDC. Plans are already under way to recover these costs. A total of \$220 million (~~₦~~ 33.9 billion) was collected as cash call from NPDC during the period while \$229 million (~~₦~~ 35.5 billion) was added to performance.

Related party transactions

Related party transactions are described in Note 8 of the condensed financial statement. There have been no material changes in these relationships in the six month period to 30 June 2014.

Principal risks and uncertainties to 2014 performance

The Directors do not consider that the principal risks and uncertainties of the Group have changed since the recently presented consolidated financial statements for the year ended 31 December 2013. The principal risks faced by SEPLAT relate to: operational risks involving field delivery risks, exploration failure, environmental and safety incidents, unfulfilled work and / or JV obligations and detrimental changes to the conditions of our licences; external risks including geo-political risks, security incidents, host community action and oil price volatility; and financial risk including changes to tax regimes and other legislation, and treasury management.

Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, being a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Financial Strategy and Outlook

Our financial strategy continues to be to maintain the flexibility required to support the significant appraisal and development activities in Nigeria. In addition to the significantly cash generative nature of our growing production base, we have maintained our relationships with the lending banks.

DIRECTORS' INTEREST IN SHARES

The interests of the Directors (and of persons connected with them) in the share capital of the Company (all of which are beneficial unless otherwise stated) as at 30 June 2014, are as follows:

Name	No. of Ordinary Shares	As percentage total Shares in issue	a of Ordinary
A.B.C. Orjiako ⁽¹⁾	84,736,913	15.31	
Ojunekwu Augustine Avuru ⁽²⁾	73,297,011	13.25	
William Stuart Connal ⁽⁴⁾	1	-	
Roger Thompson Brown ⁽⁴⁾	1	-	
Michel Hochard	—	—	
Macaulay Agbada Ofurhie ⁽³⁾	4,806,373	0.87	
Michael Richard Alexander	—	—	
Charles Okeahalam ⁽⁴⁾	400,000	0.07	
Basil Omiyi ⁽⁴⁾	400,000	0.07	
Lord Mark Malloch-Brown	—	—	
Ifueko Omoigui-Okauru	—	—	
Damien Dodo	—	—	

Notes:

1. 72,036,912 Ordinary Shares are held by Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family, and 12,700,001 Ordinary Shares are held directly by Mr. Orjiako's siblings. In addition, 13,506,800 Ordinary Shares, representing approximately 3.38 per cent. of the Ordinary Shares (as at the Latest Practicable Date), are held by Vazon Investments Limited (7,366,800 Ordinary Shares) and Hautguard Limited (6,140,000 Ordinary Shares). Both Vazon Investments Limited and Hautguard Limited are controlled by individuals who are also shareholders in Shebah Exploration and Production Company Limited, an entity controlled by A.B.C. Orjiako.
2. 19,200,000 Ordinary Shares are held by Professional Support Limited and 1,920,000 Ordinary Shares are held by Abtrust Integrated Services Limited, each of which is an entity controlled by Austin Avuru. 44,160,000 Ordinary Shares are held by Platform Petroleum Limited, an entity in which Austin Avuru holds 23.28 per cent. of the issued share capital.
3. Macaulay Agbada Ofurhie also owns 7.28 per cent. of Platform Petroleum Limited, an entity which holds 44,160,000 Ordinary Shares (approximately 11.04 per cent.).
4. Denotes a shareholding of less than 0.10 per cent.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

MANAGEMENT REPORT – Continued

FOR HALF YEAR ENDED 30 JUNE 2014

SUBSTANTIAL INTEREST IN SHARES

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

Name	No. of Ordinary Shares	As a percentage of total Ordinary Shares in issue
A.B.C. Orjiako ⁽¹⁾	84,736,913	15.31
Austin Avuru and Platform Petroleum Limited ⁽²⁾	73,297,011	13.25
MPI S.A.	120,400,000	21.76
Citibank Custodian	68,907,884	12.45
Mercuria Capital Partners Limited	24,000,000	4.34
Quantum Power International Holdings Limited	19,600,000	3.54
Quantum Capital Partners Fund I LP	19,996,000	3.61
The Blakeney Group	16,000,000	2.89
Others	126,372,505	22.83

Notes:

- (1) 72,036,912 Ordinary Shares are held by Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family, and 12,700,000 Ordinary Shares are held directly by Mr. Orjiako's siblings. In addition, 13,506,800 Ordinary Shares, representing approximately 3.38 per cent. of the Ordinary Shares (as at the Latest Practicable Date), are held by Vazon Investments Limited (7,366,800 Ordinary Shares) and Hautguard Limited (6,140,000 Ordinary Shares). Both Vazon Investments Limited and Hautguard Limited are controlled by individuals who are also shareholders in Shebah Exploration and Production Company Limited, an entity controlled by A.B.C. Orjiako.
- (2) 19,200,000 Ordinary Shares are held by Professional Support Limited and 1,920,000 Ordinary Shares are held by Abtrust Integrated Services Limited, each of which is an entity controlled by Austin Avuru. 44,160,000 Ordinary Shares, are held by Platform Petroleum Limited, which is an entity in which Austin Avuru holds 23.28 per cent. of the issued share capital.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

DIRECTORS' RESPONSIBILITY STATEMENT

FOR HALF YEAR ENDED 30 JUNE 2014

The directors confirm that to the best of their knowledge:

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

By order of the Board,



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

25 July 2014



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

25 July 2014



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

25 July 2014

Disclaimer

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

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

We have reviewed the accompanying consolidated interim financial statements of Seplat Petroleum Development Company Plc and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at 30 June 2014 and profit or loss and other comprehensive income, changes in equity and cash flows for the half year then ended, and notes to the consolidated interim financial statements as set out on pages 14 to 26. The company's directors are responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting" and in the manner required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council (FRC) Act of Nigeria. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2014, and of the financial performance and its cash flows for the half year then ended in accordance with IAS 34, "Interim Financial Reporting" and in the manner required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria and the Financial Reporting Council (FRC) Act of Nigeria.



Yemi Odutola, FCA
FRC/2012/ICAN/00000000141
For: Ernst & Young
Lagos, Nigeria

25 July 2014

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR HALF YEAR ENDED 30 JUNE 2014

	Note	6 months ended 30 June 2014	6 months ended 30 June 2013	12 months ended 31 Dec 2013	6 months ended 30 June 2014	6 months ended 30 June 2013	12 months ended 31 December 2013
		\$000	\$000	\$000	N million	N million	N million
Revenue	3	388,185	419,363	880,227	60,294	65,142	137,060
Cost of sales	4	(141,019)	(169,067)	(330,943)	(21,904)	(26,262)	(51,531)
Gross profit		247,166	250,296	549,284	38,390	38,880	85,529
General and administrative expenses	5	(83,426)	(28,872)	(71,977)	(12,958)	(4,485)	(11,208)
Other operating income		-	-	404	-	-	63
(Loss)/gain on foreign exchange		9,706	(1,246)	1,473	1,508	(194)	229
Fair value movement in contingent consideration		-	-	(514)	-	-	(80)
Operating profit		173,446	220,178	478,670	26,940	34,201	74,533
Finance income		4,165	1,071	658	647	166	102
Finance charges	6	(21,643)	(10,715)	(21,805)	(3,362)	(1,664)	(3,395)
Profit before taxation		155,968	210,534	457,523	24,225	32,703	71,240
Taxation	11	-	92,737	92,745	-	14,397	14,441
Profit after taxation		155,968	303,271	550,268	24,225	47,100	85,681
Other comprehensive income							
Foreign translation reserve		-	-	58	(2,061)	(2,032)	(1,955)
Total comprehensive income for the period / year		155,968	303,271	550,326	22,164	45,068	83,726
Earnings per share	7	0.33	0.65	1.38	0.05	0.10	0.21

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

Assets	Note	As at 30 June 2014 \$000	As at 30 June 2013 \$000	As at December 2013 \$000	31	As at 30 June 2014 Nmillion	As at 30 June 2013 Nmillion	As at December 2013 Nmillion	31
Non-current assets									
Oil and gas properties		674,160	494,397	577,954		102,388	74,473	87,442	
Other property, plant and equipment		10,181	6,459	7,553		1,581	1,003	1,176	
Intangible assets		94	189	141		15	29	22	
Deferred tax assets	11	-	-	-		-	-	-	
Prepayments		108,957	23,394	108,910		16,916	3,632	16,958	
Total non-current assets		793,392	524,439	694,558		120,900	79,137	105,598	
Current assets									
Inventories		64,439	24,106	43,112		10,004	3,742	6,713	
Trade and other receivables		386,208	527,385	410,430		59,959	81,877	63,908	
Deposit for Investments		453,190	-	-		70,358	-	-	
Other Current financial assets	12	379	-	-		59	-	-	
Cash and cash at banks		580,496	29,274	169,461		90,122	4,545	26,387	
Total current assets		1,484,712	580,765	623,003		230,502	90,164	97,008	
Total assets		2,278,104	1,105,204	1,317,561		351,402	169,301	202,606	
Equity and liabilities									
Equity attributable to shareholders									
Share capital	13a	1,798	690	1,334		277	105	205	
Capital contribution	13b	40,000	40,000	40,000		6,218	6,218	6,218	
Share premium	13c	497,456	-	-		77,267	-	-	
Retained earnings		806,776	444,455	690,807		125,005	68,746	106,993	
Foreign translation reserve		58	-	58		(2,061)	(2,032)	(1,955)	
Total equity		1,346,088	485,145	732,199		206,706	73,037	111,461	
Non-current liabilities									
Interest bearing loans & borrowings		348,517	178,923	120,850		54,107	27,778	18,818	
Deferred tax liabilities	11	-	-	-		-	-	-	
Contingent consideration		8,793	7,731	8,245		1,365	1,200	1,284	
Provision for decommissioning		16,147	14,204	15,176		2,507	2,205	2,363	
Total non-current liabilities		373,457	200,858	144,271		57,979	31,183	22,465	
Current liabilities									
Trade and other payables		275,823	231,964	251,338		42,822	36,012	39,135	
Short term borrowings		279,934	120,715	189,753		43,460	18,741	29,546	
Other Current financial liabilities	12	2,802	-	-		435	-	-	
Current taxation		-	66,522	-		-	10,328	-	
Total current liabilities		558,559	419,201	441,091		86,717	65,081	68,681	
Total liabilities		932,016	620,059	585,362		144,696	96,264	91,146	
Total equity and liabilities		2,278,104	1,105,204	1,317,561		351,402	169,301	202,606	



A.B.C Orjiako
FRC/2013/IODN/00000003161
Chairman
25 July 2014



A.O. Avuru
FRC/2013/IODN/00000003100
Group Managing Director/CEO
25 July 2014



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

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR HALF YEAR ENDED 30 JUNE 2014

	Share Capital \$000	Share Premium	Capital Contribution \$000	Foreign Translation Reserve \$000	Retained Earnings \$000	Total Equity \$000
At 1 January 2013	690	-	40,000	-	141,183	181,873
Bonus issues	644	-	-	-	(644)	-
Total comprehensive income for the year	-	-	-	-	550,268	550,268
Other comprehensive income	-	-	-	58	-	58
At 31 December 2013	1,334	-	40,000	58	690,807	732,199
At 1 January 2014	1,334	-	40,000	58	690,807	732,199
Additional issued share (Note 12)	464	497,456	-	-	-	497,920
Dividend (Note 10)	-	-	-	-	(40,000)	(40,000)
Total comprehensive income for the period	-	-	-	-	155,968	155,968
At 30 June 2014	1,798	497,456	40,000	58	806,775	1,346,087
	Nmillion	Nmillion	Nmillion	Nmillion	Nmillion	Nmillion
At 1 January 2013	105	-	6,218	-	21,662	27,985
Bonus issues	100	-	-	-	(100)	-
Total comprehensive income for the year	-	-	-	-	85,431	85,431
Other comprehensive income	-	-	-	(1,955)	-	(1,955)
At 31 December 2013	205	-	6,218	(1,955)	106,993	111,461
At 1 January 2014	205	-	6,218	(1,955)	106,993	111,461
Additional issued share (Note 12)	72	77,267	-	-	-	77,339
Dividend (Note 10)	-	-	-	-	(6,213)	(6,213)
Total comprehensive income for the period	-	-	-	-	24,225	24,225
Other comprehensive income	-	-	-	(106)	-	(106)
At 30 June 2014	277	77,267	6,218	(2,061)	125,005	206,705

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

CONSOLIDATED STATEMENT OF CASH FLOW

FOR HALF YEAR ENDED 30 JUNE 2014

	6 Months to 30 June 2014 \$000	6 Months to 30 June 2013 \$000	12 months to December 2013 \$000	6 Months to 30 June 2014 A\$million	6 Months to 30 June 2013 A\$million	12 months to December 2013 A\$million
Cash Flows from Operations Activities						
Cash generated from operations	268,204	33,781	397,793	41,639	5,245	61,940
Income taxes Paid	(3,153)	(22,813)	(106,584)	(490)	(3,542)	(16,596)
	-----	-----	-----	-----	-----	-----
Net cash flows from operating activities	265,051	10,968	291,209	41,149	1,703	45,344
	-----	-----	-----	-----	-----	-----
Cash Flow from Investing Activities						
Investment in Oil and gas properties	(112,111)	(79,813)	(216,200)	(17,405)	(12,391)	(33,665)
Investment in other property, plant and equipment	(4,280)	(1,510)	(4,503)	(664)	(234)	(701)
Proceeds from sale of asset	-	-	85	-	-	13
Deposit for Investment	(453,190)	-	-	(70,358)	-	-
Interest received	1,432	1,072	658	222	166	102
	-----	-----	-----	-----	-----	-----
Net cash flows from investing activities	(568,149)	(80,251)	(219,960)	(88,205)	(12,459)	(34,251)
	-----	-----	-----	-----	-----	-----
Cash Flows from Financing Activities						
Proceeds from issue of shares	497,921	-	-	77,302	-	-
Issue costs	(45,806)	-	-	(7,111)	-	-
Proceeds from bank financing	446,000	60,000	129,000	69,242	9,315	20,087
Repayments of shareholder financing	(48,000)	-	-	(7,452)	-	-
Repayments of bank financing	(79,356)	(13,563)	(68,096)	(12,320)	(2,106)	(10,603)
Dividends paid	(40,000)	-	-	(6,210)	-	-
Interest paid	(16,627)	(4,183)	(18,776)	(2,581)	(649)	(2,924)
	-----	-----	-----	-----	-----	-----
Net cash flows from financing activities	714,133	42,254	42,128	110,870	6,560	6,560
	-----	-----	-----	-----	-----	-----
Net increase/(decrease) in cash and cash equivalents	411,035	(27,029)	113,377	63,813	(4,196)	17,654
Cash and cash equivalents at beginning of period / year	169,461	56,332	56,332	26,309	8,746	8,771
Net foreign exchange difference	-	(29)	(248)	-	(5)	(39)
	=====	=====	=====	=====	=====	=====
Cash and cash equivalents at end of period / year	580,496	29,274	169,461	90,122	4,545	26,387
	=====	=====	=====	=====	=====	=====

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 JUNE 2014

1. CORPORATE STRUCTURE AND BUSINESS

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

GROUP STRUCTURE AND COMPOSITION

During 2013, the Company incorporated four new subsidiaries, Seplat Petroleum Development Company UK Limited, which was incorporated on 21 August 2013, Seplat East Onshore Limited, which was incorporated in 12 December 2013, Seplat East Swamp Company Limited, which was incorporated on 12 December 2013 and Seplat Gas Company Limited, which was incorporated on 12 December 2013, these entities are wholly owned subsidiaries of SEPLAT. On 1 June 2013, Newton Energy Limited a wholly owned subsidiary of SEPLAT, incorporated on 8th November, 2010 acquired from Pillar Oil Limited (“Pillar Oil”) a 40% per cent participant interest in producing assets: the Umuseti and Igbuku marginal field area located in OPL 283. The total purchase price for these assets was \$50 million paid at the completion of the acquisition in June 2013 and a contingent payment of \$10 million payable upon reaching certain production milestones.

\$57.7 million was allocated to the producing assets including \$7.7 million as the fair value of the contingent consideration as calculated on acquisition date.

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

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

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements for the period ended 30 June 2014 are prepared in accordance with the International Financial Reporting Standard (“IFRS”).

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

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

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

The consolidated financial statements are presented in US dollar (\$) and Nigerian Naira (₦) and all values are rounded to the nearest thousand (\$000 and ₦million), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014.

These basis are the same adopted for the last audited financials statement as at 31 December 2013.

2.3. Functional and presentation currency

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

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

3. REVENUE

	6 months ended 30 June 2014 \$000	6 months ended 30 June 2013 \$000	6 months ended 30 June 2014 ₦million	6 months ended 30 June 2013 ₦million
Crude oil sales as invoiced	403,714	330,020	62,706	51,264
Changes in lifting (in line with participating interests of both parties)	(25,081)	83,127	(3,896)	12,913
	-----	-----	-----	-----
	378,633	413,147	58,810	64,177
Gas sales	9,552	6,216	1,484	965
	-----	-----	-----	-----
Total revenue	388,185	419,363	60,294	65,142
	=====	=====	=====	=====

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

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

4. COST OF SALES

	6 months ended 30 June 2014 \$000	6 months ended 30 June 2013 \$000	6 months ended 30 June 2014 Nmillion	6 months ended 30 June 2013 Nmillion
Crude handling fees	9,131	12,201	1,418	1,895
Royalties	76,249	94,547	11,843	14,686
Depletion, Depreciation and Amortisation	15,905	13,097	2,470	2,034
Niger Delta Development Commission	4,644	4,717	721	733
Other Rig related Expenses	12,703	29,056	1,973	4,513
Other Field Expenses	22,387	15,449	3,479	2,401
	----- 141,019 =====	----- 169,067 =====	----- 21,904 =====	----- 26,262 =====

5. GENERAL AND ADMINISTRATIVE EXPENSES

	6 months ended 30 June 2014 \$000	6 months ended 30 June 2013 \$000	6 months ended 30 June 2014 Nmillion	6 months ended 30 June 2013 Nmillion
Depreciation, amortisation and impairment charges	1,691	1,229	263	191
Employee related cost	9,813	6,327	1,524	983
Professional & Consulting Fees	39,975	12,776	6,209	1,985
Directors Emoluments	4,653	2,338	723	363
Other General and Admin Expenses	27,294	6,202	4,239	963
	----- 83,426 =====	----- 28,872 =====	----- 12,958 =====	----- 4,485 =====

6 FINANCE CHARGES

	6 months ended 30 June 2014 \$000	6 months ended 30 June 2013 \$000	6 months ended 30 June 2014 Nmillion	6 months ended 30 June 2013 Nmillion
Bank loan	20,670	8,241	3,211	1,280
Interest on shareholder loan	-	1,695	-	263
Unwinding of discount on provision for decommissioning	973	779	151	121
	----- 21,643 =====	----- 10,715 =====	----- 3,362 =====	----- 1,664 =====

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

7. EARNINGS PER SHARE

Basic

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

	6 months ended 30 June 2014 \$000	6 months ended 30 June 2013 \$000	6 months ended 30 June 2014 Nmillion	6 months ended 30 June 2013 Nmillion
Profit for the year attributable to shareholders (\$000)	155,968	303,271	24,225	47,100
Weighted average number of ordinary shares in issue (in 000)	461,666	461,666	461,666	461,666
Basic earnings per share (in \$)	0.33	0.46	0.05	0.11
Dividend per share (in \$ and ₦)	0.10			
Earnings (\$000)				
Profit attributable to equity holders of the Group	155,968	303,271	24,225	47,100
Profit used in determining diluted earnings per share	155,968	303,271	24,225	45,069

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

8. RELATED PARTY TRANSACTIONS

The Group receives goods and services from companies that are controlled by close family members of the directors or are subsidiaries of the Company's shareholder. Details of related party transactions can be found below.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

8. Related Party transactions - Continued

Transactions

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

i) Purchases of goods and services

	6 months ended 30 June 2014 \$000	6 months ended 30 June 2013 \$000	6 months ended 30 June 2014 Nmillion	6 months ended 30 June 2013 Nmillion
Shareholders				
MPI SA	300	1,476	47	229
Shebah Petroleum Development Company Limited	759	583	183	91
Platform Petroleum Limited	145	567	23	88
	-----	-----	-----	-----
	1,204	2,626	253	408
	=====	=====	=====	=====
Entities under common control				
Abbeycourt Trading Company Limited	2,089	1,352	324	210
Abtrust Integrated Services	50	-	8	-
Charismond Nigeria Limited	155	143	24	22
Cardinal Drilling Services Limited	20,227	16,569	3,140	2,572
Keco Nigeria Enterprises	1,778	1,022	276	159
Ndosumili Ventures Limited	1,071	1,168	166	181
Oriental Catering Services Limited	332	296	52	46
ResourcePro Inter Solutions Limited	710	431	110	67
Berwick Nigeria Limited	988	148	153	23
Montego Upstream Services Limited	8,811	3,513	1,368	545
Neimeth International Pharmaceutical Plc	8	-	1	-
Nerine Support Services Limited	14,079	9,152	2,186	1,421
Shebah Exploration and Production Company Limited	-	-	-	-
Nabila Resources & Investment Ltd	354	115	55	18
Helko Nigeria Limited	828	101	129	16
	-----	-----	-----	-----
	51,480	34,010	7,992	5,280
	=====	=====	=====	=====

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

8. Related Party Transactions - Continued

ii) Interest expense

	6 months ended 30 June 2014	6 months ended 30 June 2013	6 months ended 30 June 2014	6 months ended 30 June 2013
	\$000	\$000	N million	N million
Shareholders				
MPI	-	1,694	-	263
	=====	=====	=====	=====

Balances

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

(i) Prepayments / receivables

	6 months ended 30 June 2014	6 months ended 30 June 2013	6 months ended 30 June 2014	6 months ended 30 June 2013
	\$000	\$000	N million	N million
Under common control				
SEPCOL	-	12,000	-	1,863
Cardinal Drilling Services Limited		19,950	-	3,097
Abbeycourt Petroleum Company Limited	38	-	6	-
	-----	-----	-----	-----
	38	31,950	6	4,960
	=====	=====	=====	=====

(i) Payables

Shareholders -				
Loan from MPI	-	47,927	-	7,441
	=====	=====	=====	=====

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

9. COMMITMENTS AND CONTINGENCIES

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

10. DIVIDEND

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

The dividend was approved by the board and paid to members whose names appeared in the Company's register of members as at close of business on 31 December, 2013. This was subsequently paid in the first quarter of 2014. No dividend has been approved or paid for the period.

11. TAXATION

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

12. OTHER CURRENT FINANCIAL ASSETS AND LIABILITIES

These represent financial instruments other than cash and short term deposits held by the group as at 30 June 2014:

	6 months to 30 June 2014 \$000	12 months to 31 December 2013 \$000	6 months to 30 June 2014 Nmillion	12 months to 31 December 2013 Nmillion
Financial asset				
Derivatives not designated as hedges				
Foreign exchange Forward contract	379	-	59	-
	-----	-----	-----	-----
	379	-	59	-
	=====	=====	=====	=====
Financial Liabilities				
Derivatives not designated as hedges				
Foreign exchange forward contracts	2,802	-	435	-
	-----	-----	-----	-----

2,802	-	435	-
=====	=====	=====	=====

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

12. OTHER CURRENT FINANCIAL ASSETS AND LIABILITIES - Continued

As a result of the company international activities, the Group is exposed to foreign currency risk. In order to reduce the risk, the Group determines its net exposure to the primary currencies (USD, GBP and Nigeria Naira). The Group then enters into foreign currency forward contracts to hedge those exposures.

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally for one month. Consequently, all changes in the fair values of such foreign currency forward contracts are recognised in the statement of profit or loss.

The six month period ended 30 June 2014 experienced volatility in the Naira exchange rates against the US Dollar and the British pound, resulting in net losses on related foreign currency forward contract recorded in profit or loss.

13. SHARE CAPITAL

13a.	As at 30 June 2014 \$'000	As at 30 June 2013 \$'000	As at 31 December 2013 \$'000	As at 30 June 2014 Nmillion	As at 30 June 2013 Nmillion	As at 31 December 2013 Nmillion
Authorised ordinary share capital						
1,000,000,000 ordinary shares denominated in Naira of 50K per share	3,335	3,335	3,335	517.8	518	519
Issued and fully paid						
553,310,313 issued shares Denominated in Nigerian Naira Of 50K per share	1,798	690	1,334	277	105	205

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

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

13b Capital contribution

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

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

13c Share Premium

	As at 30 June 2014	As at 30 June 2013	As at 31 December 2013	As at 30 June 2014	As at 30 June 2013	As at 31 December 2013
	\$000	\$000	\$000	Nmillion	Nmillion	Nmillion
Issue Capital	497,920	-	-	77,339	-	-
Transfer to share capital	(464)	-	-	(72)	-	-
	-----	-----	-----	-----	-----	-----
	497,456	-	-	77,267	-	-
	=====	=====	=====	=====	=====	=====

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

14. Events after the reporting period

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

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC (the “Company”)

GENERAL INFORMATION

COMPANY SECRETARY	Isaiah Adesola Odeleye
REGISTERED OFFICE AND BUSINESS ADDRESS OF DIRECTORS	25a Lugard Avenue Ikoyi Lagos Nigeria
REGISTERED NUMBER	RC No. 824838
REGISTRARS	DataMax Registrars Limited 2C Gbagada Express Way, Gbagada, Lagos.
FRC NUMBER	FRC/2014/00000002714
AUDITORS	Ernst & Young 10 th Floor, UBA House 57 Marina Lagos, Nigeria.
SOLICITORS	Abhulimen & Co. Anaka Ezeoke & Co. D. D. Dodo & Co. Jakpa, Edoge & Co. Ogaga Ovrawah & Co. Streamsowers & Kohn Thompson Okpoko & Partners Winston & Strawn London LLP
BANKERS	Access Bank Plc Afrexim Bank BNP Paribas Diamond Bank Plc First Bank Plc GTBank Plc Skye Bank Plc Stanbic IBTC United Bank of Africa Plc Zenith Bank Plc

GLOSSARY OF TERMS

Mbopd – million barrels of oil per day

Mmscfd – million metric standard cubic feet per day