Half-yearly results

For the six months ended 30 June 2017 (expressed in US Dollars and Naira)

27 July 2017

Seplat Petroleum Development Company Plc

Seplat Petroleum Development Company Plc

Consolidated financial results for the period ended 30 June 2017

Lagos and London, 27 July 2017: 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 2017 and provides an operational update. Information contained within this release is un-audited and is subject to further review. Details of the Webcast and conference call are set out on page 8 of this release.

Commenting on the results Austin Avuru, Seplat's Chief Executive Officer, said:

"Since the resumption of exports via the Forcados terminal our production has recovered strongly providing us with sufficient confidence to reinstate guidance, which we expect to be in the region of 43,000 to 50,000 boepd net to Seplat in the second half of the year. After 18 difficult months, the Company is now well-placed to secure a long-term return to profitability and growth. We have continued to cut costs, strengthen the balance sheet and establish alternative export routes to insure us against future disruption at Forcados. I believe that we are now a fitter, stronger Company than at any time in our history and look to the future with renewed optimism. If the current operating environment continues, we expect to see a significant improvement in our performance."

Half-yearly results highlights

Return to Strong Production

- Force majeure on exports from the Forcados terminal was subsequently lifted on 6 June.
- After downtime, overall working interest production in H1 across all blocks stood at 9,507 bopd and 101.3 MMscfd, or 26,383 boepd.
- Guidance reinstated with working interest production in H2 after forecasted downtime expected to average 25,000 to 29,000 bopd and 110 to 130 MMscfd (43,000 to 50,000 boepd)

Multiple Export Routes

- Upgrades and repairs now completed as planned on two jetties at the Warri refinery. The upgraded jetties will enable sustained exports of 30,000 bopd gross if required in the future
- Completion of the 160,000 bopd Amukpe to Escravos pipeline prioritised by the Nigerian government and anticipated to be fully operational in Q1 2018.

Robust & Growing Gas Business

- Gas revenues of US$54 million in H1 (41% of total H1 revenues and up 15% year-on-year)
- Actively engaged with counterparties to finalise new GSA's – plan to take gross production towards 400 MMscfd
- Proceeding towards FID at the large scale ANOH gas and condensate development at OML 53

Strengthen Balance Sheet

- One year extension of revolving credit facility ("RCF"), 30% oversubscribed and successfully concluded in June
- US$42 million debt principal repayments made in H1; gross debt at 30 June US$635 million and net debt US$433 million. Cash at bank at 30 June US$202 million and discretion maintained over spend (H1 capex US$11 million)
- NPDC headline receivable at 30 June US$225 million (31 Dec 2016: US$239 million); net receivable US$215 million (31 Dec 2016: US$229 million) after adjusting for impairment.

Return to Operating Profit

- 27% year-on-year reduction in G&A helped drive return to operating profitability
- Low cost production base (H1 production opex US$5.85/boe), diversification of oil export routes and growing contribution of the gas business positions Seplat on trajectory towards increased long term profitability

Financial overview

	US$ million			₦ billion	
	H1 2017	H1 2016	% change[1]	H1 2017	H1 2016
Revenue	132	153[4]	-14%	40	31
Gross Profit	54	69	-22%	16	15
Operating Profit/(Loss)	7	(42)	-116%	2	(10)
Profit / (loss) for the Period	(28)	(61)	-54%	(8)	(13)
Operating cash flow[2]	106	40	165%	32	8
Working interest production (boepd)	26,383	25,695	3%		
Average realised oil price (US$/bbl)[3]	45.0	45.8	-2%		
Average realised gas price (US$/Mscf)	2.97	3.05	-3%		

1) % change year-on-year calculated on US$ amounts; 2) Operating cash flow after movements in working capital; 3) Including sales in the period, stock in tank and hedging proceeds/costs (4) Net hedging fees reclassified to fair value movement

OPERATIONS REVIEW

Production for the first six months ended 30 June 2017

		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%	16,748	225.0	54,250	7,536	101.3	24,413
OPL 283	40.0%	2,656	-	2,656	1,062	-	1,062
OML 53	40.0%	2,271	-	2,271	908	-	908
Total		**21,675**	**225.0**	**59,177**	**9,507**	**101.3**	**26,383**

(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.

Average working interest production during the first six months was 26,383 boepd (compared to 25,695 boepd in 2016) and comprised 9,507 bopd liquids and 101.3 MMscfd gas. These reported production figures reflect the longer than expected suspension of oil production after the terminal operator, Shell Nigeria, declared force majeure at the terminal from 21 February 2016 to 6 June 2017 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 during the force majeure period owing to condensate handling constraints. The recommencement of oil and condensate injection into the Forcados system enabled Seplat to successfully reinstate gross production at OMLs 4, 38 and 41 to pre-Force Majeure working interest levels of around 56,000 boepd, being liquids of around 34,000 bopd and gas volumes of around 130 MMscfd.

In H1 2017, Seplat lifted and a monetised an equivalent of 0.5 MMbbls of oil from OML55, which resulted in a receipt of US$22.6 million. The carrying value of the investment in the balance sheet was reduced from US$250.1 million to US$229 million and a profit of US$1.5 million was taken to the profit and loss in the period.

Looking ahead, the Company is reinstating working interest production guidance (before reconciliation losses) for H2 2017 of 25,000 to 29,000 bopd and 110 to 130 MMscfd, which equates to 43,000 to 50,000 boepd. On a full year 2017 basis, also taking into account H1 actual production, this translates to approximately 17,000 to 19,000 bopd and 105 to 115 MMscfd, or 35,000 to 38,000 boepd. This guidance range is predicated on there being no further prolonged force majeure event and an overall assumed production uptime range of 75% to 85% during H2.

Proactive steps to secure alternative oil export routes

The Company's policy of creating multiple export routes for all of its assets, has resulted in 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 completed repairs and upgrades on two jetties at the Warri refinery that will enable sustained exports of 30,000 bopd (gross) if required in the future. Prior to the repair and upgrade work on the two jetties gross exports via the Warri refinery were around the 15,000 bopd level. Exports via the Warri refinery jetty have incurred barging costs of around US$11/bbl but partially offsetting this, exports via this route are not subject to the reconciliation losses (typically in the order of 10% to 12%) or terminal crude handling and transport charges when exporting via the TFS.

Longer term, the Amukpe to Escravos 160,000 bopd capacity pipeline is set to provide a third export option for liquids production at OMLs 4, 38 and 41. Seplat has agreed with the pipeline owners, NAPIMS (a 100% subsidiary of NNPC) and Pan Ocean Corporation Limited, to a joint operating model. An MOU was signed on 12 July 2017 with the pipeline operator Pan Ocean (and approved by NAPIMS) to work in partnership on completion of the pipeline, negotiation with the Escravos Terminal Operator – Chevron on crude handling and operation & maintenance of the pipeline going forward.

With line of sight on the availability of three independent export routes it is Seplat's ultimate intention to utilise all three to ensure there is adequate redundancy in evacuation routes, reducing downtime which has adversely affected the business over a number of years, significantly de-risking the distribution of production to market.

Continued strong performance of the gas business with production and revenue upside in H2

Alongside its 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. The lifting of force majeure and resumption of full exports via the TFS has removed the condensate handling constraints and translated into an immediate uplift in gross gas production to around the 290 MMscfd level from a previously constrained level of 225 MMscfd. Furthermore, having successfully completed and commissioned the Phase II expansion of the Oben gas processing plant earlier in the year, taking overall operated gas processing capacity to the 525 MMscfd level, the Company is actively engaged with counterparties to increase contracted gas sales with the intention of taking gross production towards the 400 MMscfd level. Of the 525 MMscfd total processing capacity, 465 MMscfd is located at Oben with the remaining 60 MMscfd located at Sapele. The 375 MMscfd expansion at Oben (Phases I and II) was completed by Seplat as a 100% sole risk project. The expansion of gas processing capacity is also designed to allow the Company to receive and tariff third party gas volumes in the future.

The ANOH gas development at OML 53 (and adjacent OML 21 with which the upstream project is unitised) is expected to underpin the next phase of growth for the gas business and Seplat's involvement positions it at the heart of one of the largest greenfield gas and condensate developments onshore the Niger Delta to date. The Company is working with its partners to finalise a framework within which to progress the upstream and midstream elements of the project to FID in H2 2017.

Rig activity and other capital projects

Rig based activity year to date has been limited with just one rig deployed for a workover well in the Orogho field. The workover and re-completion of the Orogho-7 production well commenced in July and is expected to be completed in early August. Upgrades to the liquid treatment infrastructure at OMLs 4,38 and 41 have also been made that will enable Seplat to inject export grade dry crude via alternative routes and at the same time eliminate crude handling charges that have historically been incurred on water in the wet crude injected into the TFS. The Company continues to exercise discretion over spend and, having pulled back on expenditure during the extended period of force majeure, is selectively considering production drilling opportunities in the existing portfolio with a view to reinstating a work programme designed to capture the highest cash return production opportunities whilst diligently preserving a liquidity buffer.

FINANCE REVIEW

Revenue

Gross revenue for H1 2017 was US$132 m illion (₦ 40 billion), a decrease of 14% compared to the same period in 2016 (H1 2016: US$153 million / ₦40 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.

Crude revenue (after stock movements) was US$77 million (N24 billion) for the first six months, a 27% decrease from the same period in 2016 (H1 2016: US$106 million / ₦22 billion). Gas revenue for the period was US$54 million (₦17 billion), a 15% increase from the same period in 2016 (H1 2016: US$47 million / N10 billion).

During the first six months the Group realised an average oil price of US$45.0/bbl(1) (H1 2016: US$45.8/bbl), against an average price for Brent in the period of US$45.1/bbl (H1 2016: US$45.83/bbl), and an average gas price of US$2.97/Mscf (H1 2016: US$3.05/Mscf). Working interest sales volume for the period increased slightly to 4.78 MMboe from 4.67 MMboe during the same period in 2016. Total gas volumes sold were 18.3 Bscf (H1 2016: 15.5 Bscf), while total liquid (crude and condensate) volumes lifted during the first six months were 1.72 MMbbls (H1 2016: 1.5 MMbbls).

Gross profit

Gross profit for the first six months was US$54 million (₦16 billion), a decrease of 22% compared to the same period in 2016 (H1 2016: US$69 million / ₦15 billion). The movement is primarily driven by the reduction in oil revenues recorded in the period, partially offset by the higher gas revenues and lower cost of sales.

Direct operating costs decreased to US$28 million (₦9 billion) in the period (H1 2016: US$39 million / N8 billion), principally as a result of force majeure limiting production activities. Rig related and other field expenses, which form part of direct operating costs decreased by 34% compared to the same period in 2016 at US$28 million (N6 billion) as a result of lower operation & maintenance costs.

Operating profit

Operating profit for the first six months was US$7 million (N2 billion), compared to an operating loss in the same period in 2016 (H1 2016: US$42 million / N10 billion).

Partially offsetting the impact of lower gross revenues was a 27% year-on-year decrease in G&A expenses to US$36 million (N11 billion) during the first six months (H1 2016: US$50 million / N10 billion).

Tax

The Group did not recognise deferred income tax assets of US$235 million (2016: US$192 million) in respect of temporary differences amounting to US$357 million (2016: US$292 million). Out of this, deferred tax asset of US$71 million (2016: US$47 million) relates tax losses of US$109 million (2016: US$71 million). Taxation for the period was US$1.1 million (₦342 million).

Loss for the period

The Group loss after tax for the first six months was US$28 million (₦8 billion), compared to a loss in the same period in 2016 (H1 2016: US$61 million, ₦13 billion). Net finance charges stood at US$34 million ((₦10 billion) compared to US$16 million (₦3 billion) for the same period in 2016 principally as a result of interest accruable on NPDC and NGC receivables recognised as finance income in the prior period.

Cash flows from operating activities

Operating cash flow for the first six months was US$106 million (₦32 billion), up 165% compared to the same period in 2016 (H1 2016: US$40 million, ₦8 billion).

The outstanding net NPDC receivable at period end, after offsetting NPDC's share of gas revenue, crude handling charges and adjusting for impairment stood at US$215 million (2016: US$229 million). In accordance with the agreement signed in 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. NPDC has agreed to pay current year US Dollar cash calls as they fall due and also make further payments for past receivables as well as continuing the arrangement whereby NPDC gas receipts are used to fund current year Naira cash calls as well as offsetting historical balances.

Cash flows from investing activities

Net cash flows from investing activities were US$12 million (N3.6 billion), slightly up from US$9 million (N2.4 billion) during the same period in 2016.

Capital investments for the first six months amounted to US$11 million (N3 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. Committed capital expenditures for the rest of the year amount to US$20 million and relate to completion of the Oben booster compression project, construction activities at the Oben field logistics base and installation of a 20" Oben to NGC gas sales pipeline. Also included is the drilling of the Anagba-1 appraisal well at OPL 283 and costs to progress the upstream and midstream elements of the ANOH project to FID.

Cash flows from financing activities

During the first six months loan repayments on the Company's seven year secured Term Loan amounted to US$16.5 million (₦5 billion) and repayments on its revolving credit facility ("RCF") amounted to US$25 million (₦8 billion). Gross debt at period end was US$635 million (N194 billion). Cash at bank at period end stood at US$202 million (₦62 billion) and net debt US$433 million (N132 billion).

Having re-profiled the seven-year Term Loan in Q3 2016 the Company announced on 3 July that it had successfully concluded an oversubscribed one year extension of the RCF. The RCF, originally due to expire at the end of 2017, now expires on 31 December 2018 and has been successfully amended to amortise the remaining outstanding principal balance of US$150 million in equal instalments over five quarters commencing Q4 2017. Overall, Seplat's aggregate indebtedness under its Term Loan and RCF has reduced by US$365 million from its peak in Q1 2015 of US$1 billion, which is a significant deleveraging of the balance sheet particularly in exceptionally difficult trading conditions over the past 18 months.

Hedging

The Company had in place dated Brent puts covering a volume of 1.99 MMbbls over H1 2017 at a strike price of US$47.0/bbl resulting in a realised hedging loss of US$10 million in the period. Over H2 2017 the Company has in place dated Brent puts covering a volume of 1.70 MMbbls at a strike price of US$50.0/bbl. 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 2016 Annual Report and Accounts. The board has identified the principal risks for the remainder of 2017 to be:

- Third party infrastructure downtime and the corresponding impact on oil and gas production levels
- Niger Delta stability and geo-political risk
- Oil price volatility
- Successful delivery of the planned work programme

Responsibility Statement

The Directors confirm that to the best of their knowledge:

a) The condensed set of financial statements have been prepared in accordance with IAS 34 'Interim Financial Report';
b) The interim management report includes a fair review of the information required by UK DTR 4.2.7R indication of important events during the first 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.

The Directors of Seplat Plc are as listed in the Group's 2016 Annual Report and Accounts. A list of current Directors is included on the company website: www.seplatpetroleum.com.

By order of the Board,

A. B. C. Orjiako
FRC/2013/IODN/00000003161
Chairman
27 July 2017

A. O. Avuru
FRC/2013/IODN/00000003100
Chief Executive Officer
27 July 2017

R.T. Brown
FRC/2014/IODN/00000007983
Chief Financial Officer
27 July 2017

Important notice

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the market Abuse Regulation. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

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.

Building a better working world

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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 2017 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.

Bernard Carrena, FCA
FRC/2013/ICAN/00000000670
For Ernst & Young
Lagos, Nigeria

27 July 2017

Webcast and conference call

At 10:00 am BST (London) / 10:00 am WAT (Lagos), Austin Avuru (CEO) 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=e1dc4d6ca735b539340fecc960acf3f9b

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

Telephone Number (UK toll free): 0844 871 9434 or 0800 073 1340

Telephone number (international access): +44 (0) +44 (0) 1452 569393

Conference title: SEPLAT PETROLEUM DEVELOPMENT COMPANY - INTERIM RESULTS

Conference ID: 52989164

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/

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Notes to editors

Seplat Petroleum Development Company Plc is a leading indigenous Nigerian oil and gas exploration and production company with a strategic focus on Nigeria, listed on the Main Market of the London Stock Exchange ("LSE") (LSE:SEPL) and Nigerian Stock Exchange ("NSE") (NSE:SEPLAT).

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/

Interim Condensed Consolidated Financial Statements (Unaudited)

for the half year ended 30 June 2017

Expressed in Naira ('NGN')

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

for the half year ended 30 June 2017

	Note	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
		Unaudited	Unaudited	Unaudited	Unaudited
		₦'m	₦'m	₦'m	₦'m
Revenue	7	40,317	31,576	25,843	14,991
Cost of sales	8	(23,914)	(16,854)	(15,290)	(6,162)
Gross profit		16,403	14,722	10,553	8,829
General and administrative expenses	9	(11,108)	(10,333)	(5,979)	(6,069)
Loss on foreign exchange - net	10	(264)	(6,382)	(793)	(5,897)
Fair value loss	11	(2,817)	(7,573)	(1,155)	(7,414)
Operating profit/(loss)		2,214	(9,566)	2,626	(10,551)
Finance income	12	270	5,694	206	5,270
Finance costs	12	(10,574)	(8,321)	(5,317)	(3,933)
Loss before taxation		(8,090)	(12,193)	(2,485)	(9,214)
Taxation	13	(342)	(615)	(92)	886
Loss for the period		(8,432)	(12,808)	(2,577)	(8,328)
Loss attributable to equity holders of parent		(8,432)	(13,081)	(2,577)	(9,340)
Profit attributable to non-controlling interest		-	273	-	1,012
Other comprehensive income/(loss):					
Items that may be reclassified to profit or loss:					
Foreign currency translation difference		1,049	113,254	(1,403)	113,784
Total comprehensive (loss)/income for the period		(7,383)	100,446	(3,980)	105,456
(Loss)/profit attributable to equity holders of parent		(7,383)	98,436	(3,980)	102,707
Profit attributable to non-controlling interest		-	2,010	-	2,749
Loss per share (₦)	14	(14.97)	(23.33)	(4.57)	(16.66)
Diluted loss per share(₦)	14	(14.83)	(23.24)	(4.53)	(16.60)

Interim condensed consolidated statement of financial position

As at 30 June 2017

	Note	As at 30 June 2017	As at 31 Dec 2016
		Unaudited	Audited
		₦'m	₦'m
Assets			
Non-current assets			
Oil and gas properties		369,046	373,442
Other property, plant and equipment		1,809	2,430
Other asset	17	70,040	76,277
Prepayments		9,672	10,253
Total non-current assets		450,567	462,402
Current assets			
Inventories		31,229	32,395
Trade and other receivables	18	132,520	119,160
Prepayments		983	2,035
Cash & cash equivalents		61,631	48,684
Total current assets		226,363	202,274
Total assets		676,930	664,676
Equity and liabilities			
Equity			
Issued share capital	19	283	283
Share premium		82,080	82,080
Share based payment reserve	19	3,415	2,597
Capital contribution		5,932	5,932
Retained earnings		76,620	85,052
Foreign currency translation reserve		201,478	200,429
Total equity		369,808	376,373
Non-current liabilities			
Interest bearing loans & borrowings	16	133,163	136,060
Deferred tax liabilities		23	-
Contingent consideration	23	3,957	3,672
Provision for decommissioning obligation		197	182
Defined benefit plan		1,905	1,559
Total non-current liabilities		139,245	141,473
Current liabilities			
Interest bearing loans and borrowings	16	57,867	66,489
Trade and other payables	20	109,114	79,766
Current taxation		896	575
Total current liabilities		167,877	146,830
Total liabilities		307,122	288,303
Total shareholders' equity and liabilities		676,930	664,676

Interim condensed consolidated statement of financial position continued

As at 30 June 2017

The financial statements on pages 10 to 32 were approved and authorised for issue by the board of directors on 20 July 2017 and were signed on its behalf by

A. B. C. Orjiako
FRC/2013/IODN/00000003161
Chairman
27 July 2017

A. O. Avuru
FRC/2013/IODN/00000003100
Chief Executive Officer
27 July 2017

R.T. Brown
FRC/2014/IODN/00000007983
Chief Financial Officer
27 July 2017

Interim condensed consolidated statement of changes in equity continued

for the half year ended 30 June 2017

for the half year ended 30 June 2016

	Issued share capital	Share premium	Capital contribution	Share based payment reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m
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
Total comprehensive loss for the period	-	-	-	-	111,517	(13,081)	98,436	2,010	100,446
Transactions with owners in their capacity as owners:									
Share based payments	-	-	-	375	-	-	375	-	375
Dividends	-	-	-	-	-	(5,118)	(5,118)		(5,118)
Total	-	-	-	375	-	(5,118)	(4,743)	-	(4,743)
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 2017

	Issued share capital	Share premium	Capital contribution	Share based payment reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m
At 1 January 2017	**283**	**82,080**	**5,932**	**2,597**	**200,429**	**85,052**	**376,373**	**-**	**376,373**
Loss for the period	-	-	-	-	-	(8,432)	(8,432)	-	(8,432)
Other comprehensive income	-	-	-	-	1,049	-	1,049	-	1,049
Total comprehensive loss for the period	-	-	-	-	1,049	(8,432)	(7,383)	-	(7,383)
Transactions with owners in their capacity as owners:	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	818	-	-	818	-	818
Dividends	-	-	-	-	-	-	-	-	-
Total	-	-	-	818	-	-	818	-	818
At 30 June 2017 (unaudited)	**283**	**82,080**	**5,932**	**3,415**	**201,478**	**76,620**	**369,808**	**-**	**369,808**

Interim condensed consolidated statement of cash flow
for the half year ended 30 June 2017

	Note	Half year ended 30 June 2017	Half year ended 30 June 2016
		₦'m	₦'m
		Unaudited	Unaudited
Cash flows from operating activities			
Cash generated from operations	21	32,492	8,287
Net cash inflows from operating activities		32,492	8,287
Cash flows from investing activities			
Acquisition of oil and gas properties		(3,424)	(3,091)
Acquisition of other property, plant and equipment		(118)	(246)
Receipts from other asset	17	6,914	-
Interest received		270	5,694
Net cash inflows from investing activities		3,642	2,357
Cash flows from financing activities		-	
Repayments of bank financing		(12,693)	(24,201)
Dividends paid		-	(5,118)
Interest paid		(10,560)	(8,298)
Net cash outflows from financing activities		(23,253)	(37,617)
Net decrease in cash and cash equivalents		12,881	(26,973)
Cash and cash equivalents at beginning of period		48,684	64,828
Effects of exchange rate changes on cash and cash equivalents		66	(13,028)
Cash and cash equivalents at end of period		61,631	24,827

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 Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 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% 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 US$340 million paid at the completion of the acquisition on 31 July 2010 and a contingent payment of US$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 US$80 per barrel. US$358.6 million was allocated to the producing assets including US$18.6 million as the fair value of the contingent consideration as calculated on acquisition date. The contingent consideration of US$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 percent Participant interest in producing assets: the Umuseti/Igbuku marginal field area located within OPL 283 (the ''Umuseti/Igbuku Fields'').

On 27 March 2013, Seplat Energy Limited ("Seplat Energy") was incorporated. The principal activities of the Company is the exploration, development and transportation of petroleum products and Seplat Gas Company Limited ("Seplat Gas") was incorporated on 9 December 2013 as a private limited liability company to engage in oil and gas exploration and production.

In 2015, the Group purchased a 40% participating interest in OML 53, onshore north eastern Niger Delta, from Chevron Nigeria Ltd for US$259.4 million.

In 2017, the Group incorporated a new subsidiary, ANOH Gas Processing Company Limited. The principal activities of the Company is the processing of gas from OML 53.

The Company together with its subsidiary, Newton Energy, and six 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, Seplat Gas Company Limited ('Seplat GAS'), which was incorporated on 12 December 2014, Seplat Energy Limited ('Seplat Energy'), which was incorporated on 27 March 2013 and ANOH Gas Processing Company Limited which was incorporated on 18 January 2017 are collectively referred to as the Group.

Subsidiary	Country of incorporation and place of business	Shareholding %	Principal activities
Newton Energy Limited	Nigeria	100%	Oil & gas exploration and production
Seplat Petroleum Development UK	United Kingdom	100%	Oil & gas exploration and production
Seplat East Onshore Limited	Nigeria	100%	Oil & gas exploration and production
Seplat East Swamp Company Limited	Nigeria	100%	Oil & gas exploration and production
Seplat Gas Company	Nigeria	100%	Oil & gas exploration and production
Seplat Energy Limited	Nigeria	100%	Oil & gas exploration and production
ANOH Gas Processing Company Limited	Nigeria	100%	Gas processing

Notes to the interim condensed consolidated financial statements continued

2. Significant changes in the current reporting period

During the reporting period ended 30 June 2017, the Group renegotiated its lending arrangements resulting in a twelve month extension of its revolving credit facility till 31 December 2018. The Group also significantly increased its production volumes as a result of the lift in the force majeure which had in the previous financial year restricted exports from the Forcados terminal. The Group plans to open up other export lines to ensure sustained growth in production volumes.

Resumption of exports via the Forcados terminal, has strengthened the Group's financial performance and position during the period ended 30 June 2017.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards which are set out below.

3.2 Basis of preparation

i) Compliance with IFRS

The interim condensed consolidated financial statements of the Group for the half year reporting period ended 30 June 2017 have been prepared in accordance with accounting standard IAS 34 Interim financial reporting.

ii) Historical cost convention

The financial information has been prepared under the going concern assumption and historical cost convention, except for contingent consideration, other asset and financial instruments on initial recognition 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 are applicable to both the Company and Group.

iii) Going concern

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of these financial statements.

iv) New and amended standards adopted by the Group

There were a number of new standards and amendments to standards that are effective for annual periods beginning after 1 January 2017; the Group has adopted these new or amended standards in preparing the interim condensed consolidated financial statements. The nature and impact of the new standards and amendments to the standards are described below.

Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

a) Disclosure initiative – Amendments to IAS 7

The Group is now required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Changes in financial assets are included in this disclosure if the cash flows were, or are, included in cash flows from financing activities. This is the case, for example, for assets that hedge liabilities arising from financing liabilities.

The Group may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items are disclosed separately from the changes in liabilities arising from financing activities.

Notes to the interim condensed consolidated financial statements continued

The Group discloses this information in tabular format as a reconciliation from opening and closing balances, but may adopt a different format as the standard does not mandate a specific format.

The Group discloses this information in Note 16.

v) New standards, amendments and interpretations not yet adopted

The Group has the following updates to information provided in the last annual financial statements about the standards issued but not yet effective that may have a significant impact on the Group's consolidated financial statements.

a. Amendments to IFRS 2 Share-based payments

In June 2016, the IASB made amendments to IFRS 2 Share-based payments which clarified the effect of vesting conditions on the measurement of cash-settled share-based payment transactions, the classification of share-based payment transactions with net settlement features and the accounting for a modification of the terms and conditions that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for reporting periods beginning on or after 1 January 2018. The Group will adopt the amendments from 1 January 2018.

b. IFRS 9 Financial Instruments

IFRS 9 Financial instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities, the standard introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt IFRS 9 until it becomes mandatory on 1 January 2018.

The Group is undergoing a detailed assessment of the impact of the new standard on the classification and measurement of its financial assets. From the preliminary results, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reason:

- All of the Group's financial assets are currently classified as loans and receivables and are measured at amortised cost and will satisfy the conditions for classification at amortised cost under IFRS 9.

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 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. The Group does not expect a significant impact on the accounting for its hedging relationships as a result of the adoption of IFRS 9, as they have not formally elected to apply hedge accounting.

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 fair value through OCI (FVOCI), contract assets under IFRS 15: Revenue from Contracts with Customers and lease receivables. Based on assessments undertaken on the Group's portfolio of NPDC receivables, it estimates that should the new rules had been adopted as at 1 January 2017, there would have been an increase to its loss allowance for NPDC receivables of approximately ₦1.2 billion (US$4 million) at that date and retained earnings would decrease by the same amount.

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.

c. 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.

Notes to the interim condensed consolidated financial statements continued

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. The Group will adopt the new standard from 1 January 2018.

Management identified the following areas that are likely to be affected:

- **Accounting for under lifts and over lifts:** IFRS 15 is applicable only if the counterparty to the contract is a customer. The standard defines a customer as a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities. IFRS 15 makes a distinction between customers and partners or collaborators who share in the risks and benefits that result from the activity or process. If the over-lifter does not meet the definition of a customer or the transaction is a non-monetary exchange, then over lifts and under lifts will not be recognised as revenue from contracts with customers. If the Group were to adopt the new rules as at 1 January 2017, it estimates that revenue would have reduced by ₦5 billion (US$16 million) and other operating income would have increased by the same amount.

- **Accounting for consideration payable to the customer:** The standard requires that an entity accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, net of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity. The Group incurs barging costs in the course of the satisfaction of its performance obligations i.e. delivery of crude oil and gas. These costs do not transfer any distinct good or service to Seplat and as such represent consideration payable to customer and will be accounted for as a direct deduction from revenue. If the Group had adopted the new rules as at 1 January 2017, revenue would have reduced by an additional ₦5.5 billion (US$18 million) as a result of barging costs.

- **Presentation of contract assets and contract liabilities in the balance sheet** – IFRS 15 requires separate presentation of contract assets and contract liabilities in the balance sheet. This will result in some reclassifications as of 1 January 2018 in relation to advances for future oil sales which are currently included in deferred revenue.

- Other likely areas of impact are in relation to advances for future oil sales that may have a significant financing component and variable consideration arising from gas pricing based on an index as well as optional pricing on crude oil sold to customers.

d. IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of ₦119 million (US$ 0.39 million). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term leases, while none of the leases will be covered by the exception for low value leases. Some commitments may relate to arrangements that will not qualify as leases under IFRS 16, principally because they are service contracts.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2017.

This basis is the same adopted for the last audited financial statements as at 31 December 2016.

3.4 Functional and presentation currency

The Group's financial statements are presented in United States Dollars, which is also the Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Notes to the interim condensed consolidated financial statements continued

i) 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 such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

ii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences 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.

4. Segment reporting

Segment reporting has not been prepared as the Group operates one segment, being the exploration, development and production of oil and gas related products located in Nigeria. Operations in the different OMLs are integrated due to geographic proximity, the use of shared infrastructure and common operational management.

5. Significant accounting judgements, estimates and assumptions

5.1 Judgements

Management's judgements at the end of the half year are consistent with those disclosed in the recent 2016 Annual financial statements. The following are some of the judgements which have the most significant effect on the amounts recognised in this consolidated financial statements.

i) OMLs 4, 38 and 41

OMLs 4, 38, 41 are grouped together as a cash generating unit for the purpose of impairment testing. These three OMLs are grouped together because they each do not independently generate cash flows. They currently operate as a single block sharing resources for the purpose of generating cash flows. Crude oil and gas sold to third parties from these OMLs are invoiced together.

ii) Advances on investment (note 18)

The Group considers that the advances on investment of ₦20 million (2016: ₦20 million) in relation to the acquisition of additional assets is fully recoverable in accordance with the terms of the deposit.

Notes to the interim condensed consolidated financial statements continued

5.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed in the most recent 2016 annual financial statements.

The following are some of the estimates and assumptions made.

i) 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 has made certain assumptions about the recoverability of financial assets exposed to credit risk from NPDC. These are based on management's past experiences with NPDC, current discussions with NPDC and financial capacity of NPDC. However, wherever these assumptions do not hold, it might have a significant impact on the Group's profit or loss in future.

ii) Defined benefit plans

The cost of the defined benefit retirement plan and the present value of the retirement obligation are determined at the end of the financial year 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. Service and interest costs are recognised at each reporting period based on an estimate of the periodic benefit expense for the financial year.

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 2016 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.

iii) Contingent consideration

The fair value of the contingent consideration arrangement of ₦4 billion (US$12.9 million) was estimated calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 15.45%. Refer to note 23 for further details.

6. Financial risk management

6.1 Financial risk factors

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.

Notes to the interim condensed consolidated financial statements continued

Risk	Exposure arising from	Measurement	Management
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US dollars.	Cash flow forecasting Sensitivity analysis	Match and settle foreign denominated cash inflows with foreign denominated cash outflows.
Market risk - interest rate	Long term borrowings at variable rate	Sensitivity analysis	None
Market risk - commodity prices	Future sales transactions	Sensitivity analysis	Oil price hedges
Credit risk	Cash and cash equivalents, trade receivables and derivative financial instruments.	Aging analysis Credit ratings	Diversification of bank deposits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

6.1.1 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

	Variable rate	Less than 1 year	1 -2 years	2 - 3 years	3 - 5 years	After 5 years	Total
	%	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m
30 June 2017							
Non - derivatives							
Variable interest rate borrowings (bank loans):							
Allan Gray	8.5%+LIBOR	1,324	1,631	1,500	929	-	5,384
Zenith Bank Plc	8.5%+LIBOR	18,141	22,352	20,554	12,734	-	73,781
First Bank of Nigeria	8.5%+LIBOR	10,015	12,339	11,346	7,030	-	40,730
United Bank of Africa Plc	8.5%+LIBOR	11,338	13,970	12,846	7,959	-	46,113
Stanbic IBTC Bank Plc	8.5%+LIBOR	1,699	2,094	1,925	1,193	-	6,911
The Standard Bank of South Africa Limited	8.5%+LIBOR	1,699	2,094	1,925	1,193	-	6,911
Standard Chartered Bank	6.0%+LIBOR	4,545	2,826	-	-	-	7,371
Natixis	6.0%+LIBOR	4,545	2,826	-	-	-	7,371
Citibank Nigeria Limited and Citibank N.A.	6.0%+LIBOR	3,535	2,198	-	-	-	5,733
First Rand Bank (Merchant Bank Division)	6.0%+LIBOR	3,030	1,884	-	-	-	4,914
Nomura International Plc.	6.0%+LIBOR	3,030	1,884	-	-	-	4,914
Ned Bank Ltd London Branch	6.0%+LIBOR	3,030	1,884	-	-	-	4,914
The Mauritius Commercial Bank Plc	6.0%+LIBOR	3,030	1,884	-	-	-	4,914
Stanbic IBTC Bank Plc	6.0%+LIBOR	2,272	1,413	-	-	-	3,685
The Standard Bank of South Africa Limited	6.0%+LIBOR	3,283	2,041	-	-	-	5,324
Other non-derivatives							
Trade and other payables		47,677	-	-	-	-	47,677
Contingent consideration		-	-	5,643	-	-	5,643
		122,193	**73,320**	**55,739**	**31,038**	**-**	**282,290**

Notes to the interim condensed consolidated financial statements continued

	Variable rate	Less than 1 year	1 - 2 year	2 - 3 years	3 - 5 years	After 5 years	Total
	%	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m
31 December 2016							
Non - derivatives							
Variable interest rate borrowings (bank loans):							
Zenith Bank Plc	8.5% + LIBOR	11,409	23,182	21,383	22,715	-	78,689
First Bank of Nigeria Limited	8.5% + LIBOR	7,131	14,489	13,364	14,197	-	49,181
United Bank for Africa Plc	8.5% + LIBOR	7,131	14,489	13,364	14,197	-	49,181
Stanbic IBTC Bank Plc	8.5% + LIBOR	1,069	2,171	2,003	2,128	-	7,371
The Standard Bank of South Africa Limited	8.5% + LIBOR	1,069	2,171	2,003	2,128	-	7,371
Standard Chartered Bank	8.5% + LIBOR	8,452	-	-	-	-	8,452
Natixis	6.00% + LIBOR	8,452	-	-	-	-	8,452
Citibank Nigeria Ltd and Citibank NA	6.00% + LIBOR	8,452	-	-	-	-	8,452
Bank of America Merrill Lynch Int'l Ltd	6.00% + LIBOR	5,635	-	-	-	-	5,635
FirstRand Bank Ltd (Rand Merchant Bank Division)	6.00% + LIBOR	5,635	-	-	-	-	5,635
JP Morgan Chase Bank NA, London Branch	6.00% + LIBOR	5,635	-	-	-	-	5,635
NedBank Ltd, London Branch	6.00% + LIBOR	5,635	-	-	-	-	5,635
Stanbic IBTC Bank Plc	6.00% + LIBOR	4,225	-	-	-	-	4,225
The Standard Bank of South Africa Ltd	6.00% + LIBOR	4,225	-	-	-	-	4,225
Other non - derivatives							
Trade and other payables		49,341	-	-	-	-	49,341
Contingent consideration		-	-	-	5,643	-	5,643
		133,496	**56,502**	**52,117**	**61,008**	**-**	**303,123**

6.2 Fair value measurements

Financial instruments measured at fair value were based on the same assumptions as determined in the 31 December 2016 financial statements. The judgements and estimates made by the Group in determining the fair values of the financial instruments have remained the same since the last annual financial report. There were no transfers of financial instruments between fair value hierarchy levels during this half year.

7. Revenue

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	₦'m	₦'m	₦'m	₦'m
Crude oil sales	34,007	14,503	24,793	7,247
(Over lift)/under lift	(10,317)	7,481	(7,909)	3,585
	23,690	21,984	16,884	10,832
Gas sales	16,627	9,592	8,959	4,159
Revenue	40,317	31,576	25,843	14,991

The major off-taker for crude oil is Mercuria. The major off-taker for gas is the Nigerian Gas Company.

In the prior period to 30 June 2016, realised fair value losses on crude oil hedges of ₦2,271 million were included in Revenue. This is now classified under Fair Value Loss (note 11).

Notes to the interim condensed consolidated financial statements continued

8. Cost of sales

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	₦'m	₦'m	₦'m	₦'m
Crude handling fees	1,531	2,134	1,363	209
Barging cost	1,995	-	1,340	-
Royalties	5,736	2,693	4,223	942
Depletion, depreciation and amortisation	8,861	5,768	5,387	2,003
Niger Delta Development Commission levy	729	591	379	213
Rig related expenses	499	370	193	162
Operations & maintenance expenses	4,563	5,298	2,405	2,633
Cost of sales	23,914	16,854	15,290	6,162

9. General and administrative expenses

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	₦'m	₦'m	₦'m	₦'m
Depreciation	722	560	380	299
Employee benefits	3,296	2,154	1,509	919
Professional and consulting fees	3,449	2,279	2,088	1,156
Auditor's remuneration	94	13	48	-
Directors emoluments (executive)	423	328	245	88
Directors emoluments (non-executive)	476	491	246	309
Rentals	224	206	151	89
Other general expenses	2,424	4,302	1,312	3,209
General and administrative expenses	11,108	10,333	5,979	6,069

Directors' emoluments have been split between executive and non-executive directors. 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. Share based payment expenses are included in the employee benefits expense.

10. Loss on foreign exchange - net

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	₦'m	₦'m	₦'m	₦'m
Exchange loss	(264)	(6,382)	(793)	(5,897)

This is principally as a result of translation of naira denominated monetary assets and liabilities.

Notes to the interim condensed consolidated financial statements continued

11. Fair value loss

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	₦'m	₦'m	₦'m	₦'m
Realised fair value losses on crude oil hedges	(3,006)	(2,271)	(1,478)	(2,271)
Unrealised fair value losses on crude oil hedges	-	(4,792)	-	(4,792)
Fair value loss on contingent consideration	(274)	(510)	(140)	(351)
Fair value gain on other assets	463	-	463	-
Fair value loss	(2,817)	(7,573)	(1,155)	(7,414)

Realised fair value losses on crude oil hedges represent the payments for crude oil price options, while unrealised fair value losses represent losses on crude oil price hedges charged to profit or loss. Fair value loss on contingent consideration arises in relation to remeasurement of contingent consideration on the Group's acquisition of participating interest in its OML 53. The contingency criteria are the achievement of certain production milestones. Fair value gain on other assets arises from the fair value remeasurement of the Group's rights to receive the discharge sum of ₦94 billion (US$308 million).

In the prior period to 30 June 2016, realised fair value loss on crude oil hedges of ₦2,271 million were included Revenue (note 7). This is now classified under Fair Value Loss.

12. Finance income/ (costs)

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	₦'m	₦'m	₦'m	₦'m
Finance income				
Interest income	270	5,694	206	**5**,270
Finance costs				
Interest on bank loan and other bank charges	10,560	8,298	5,310	3,933
Unwinding of discount on provision for decommissioning	14	23	7	
	10,574	8,321	5,317	3,933
Finance (cost)/ income - net	(10,304)	(2,627)	(5,111)	1,337

13. 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 period to 30 June 2017 is 65.75% for crude oil activities and 30% for gas activities. As at 31st December 2016, the tax rates were 65.75% and 30% for crude oil and gas activities respectively.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of ₦72 billion (2016: ₦58 billion) in respect of temporary differences amounting to ₦109 billion (2016: ₦89 billion). Out of this, deferred tax asset of ₦22 billion (2016: ₦14 billion) relates to tax losses of ₦33 billion (2016: ₦22 billion). There are no expiration dates for the tax losses.

Notes to the interim condensed consolidated financial statements continued

14. Loss per share (LPS)

Basic

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

Diluted

Diluted LPS is calculated by dividing the 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 (arising from outstanding share awards in the share based payment scheme) into ordinary shares.

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	₦'m	₦'m	₦'m	₦'m
Loss for the period attributable to equity holders of the parent	(8,432)	(13,081)	(2,577)	(9,340)
	Share '000	Share '000	Share '000	Share '000
Weighted average number of ordinary shares in issue	563,445	560,576	563,445	560,576
Share awards	4,943	2,223	4,943	2,223
Weighted average number of ordinary shares adjusted for the effect of dilution	568,388	562,799	568,388	562,799
	₦	N	₦	₦
Basic loss per share	(14.97)	(23.33)	(4.57)	(16.66)
Diluted loss per share	(14.83)	(23.24)	(4.53)	(16.60)
	₦'m	₦'m	₦'m	₦'m
Loss attributable to equity holders of the parent	(8,432)	(13,081)	(2,577)	(9,340)
Loss used in determining diluted loss per share	(8,432)	(13,081)	(2,577)	(9,340)

15. Dividend

	Half year ended 30 June 2017	Half year ended 30 June 2016
	₦'m	₦'m
Dividend paid during the period	-	5,118
	₦	₦
Dividend per share ($)	-	9.13

16. Interest bearing loans & borrowings

Below is the net debt reconciliation on interest bearing loans and borrowings.

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦'m	₦'m	₦'m
Balance as at 1 January 2017	66,489	136,060	202,549
Effective interest	-	11,169	11,169
Effect of loan restructuring	(8,808)	8,808	-
Repayment	-	(23,253)	(23,253)
Exchange differences	186	379	565
Balance as at 30 June 2017	57,867	133,163	191,030

Notes to the interim condensed consolidated financial statements continued

17. Other asset

	As at 30 June 2017
	₦'m
Initial fair value of investment in OML 55	76,277
Receipts from crude oil lifted	(6,914)
Fair value adjustment as at 30 June 2017	463
Exchange differences	214
Fair value as at 30 June 2017	70,040

Other asset represents the Group's rights to receive the discharge sum of ₦94 billion (2016: ₦100 billion) from the crude oil reserves of OML 55.The asset has been measured at fair value through profit or loss (FVTPL) and receipts from crude oil lifted reduce the value of the asset. At each reporting date, the fair value of the discharge sum is determined using the income approach in line with IFRS 13: Fair Value Measurement. As at 30 June 2017, the fair value of the discharge sum is N70 billion (2016: N76 billion)

18. Trade and other receivables

	As at 30 June 2017	As at 31 Dec 2016
	₦'m	₦'m
Trade receivables	41,100	22,395
Nigerian Petroleum Development Company (NPDC) receivables	68,790	72,049
National Petroleum Investment Management Services	1,835	2,511
Advances on investment	20,096	20,040
Under lift	748	1,372
Advances to suppliers	2,298	2,720
Other receivables	791	346
	-	-
Impairment loss on NPDC receivables	(3,138)	(2,273)
	132,520	119,160

18a. Trade receivables:

Included in trade receivables is an amount due from NGC of ₦27 billion (2016: ₦20 billion) with respect to the sale of gas.

18b. NPDC receivables:

NPDC receivables represent the outstanding cash calls due to Seplat from its JV partner, Nigerian Petroleum Development Company. The receivables have been discounted to reflect the impact of time value of money, and an impairment loss has been recognized in the financial statements. As at 30 June 2017, the undiscounted value of this receivable is ₦69 billion (2016: ₦72 billion).

18c. Advances on investment:

This comprises an advance of ₦13.8 billion (2016: ₦13.8 billion) on a potential investment in OML 25 and ₦6 billion (2016: ₦6 billion) currently held in an escrow account. Proceedings commenced against Newton Energy Limited, a wholly owned subsidiary of Seplat Plc by Crestar Natural Resources relating to the ₦6 billion (2016: ₦6 billion) currently held in an escrow account. The escrow monies relate to the potential acquisition of OML 25 by Crestar which Newton Energy has an option to invest into. These monies were placed in escrow in July 2015 pursuant to an agreement reached with Crestar and the vendor on final terms of the transaction.

Notes to the interim condensed consolidated financial statements continued

19. Share capital

19a. Authorised and issued share capital

	As at 30 June 2017	As at 31 Dec 2016
	₦'m	₦'m
Authorised ordinary share capital		
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	500	500
Issued and fully paid		
563,444,561 (2016: 563,444,561) issued shares denominated in Naira of 50 kobo per share	283	283

19b. Employee share based payment scheme

As at 30 June 2017, the Group had awarded shares of 25,726,262 (2016: 25,448,071 shares) to certain employees and senior executives in line with its share based incentive scheme. During the half year ended 30 June 2017 no shares were vested (31 December 2016: 2,868,460 shares had vested, resulting in an increase in number of issued and fully paid ordinary shares of 50k each from 561 million to 563 million).

20. Trade and other payables

	As at 30 June 2017	As at 31 Dec 2016
	₦'m	₦'m
Trade payables	32,073	32,983
Accruals and other payables	27,136	25,574
NDDC levy	1,574	6
Deferred revenue	37,213	10,727
Royalties	11,118	10,476
	109,114	79,766

Included in accruals and other payables are field-related accruals ₦11 billion (2016: ₦10.7 billion) and other vendor payables of ₦16.2 billion (2016: ₦14.6 billion). Deferred revenue includes advance payments for crude oil sales of ₦37 billion (2016: ₦10 billion) and royalties include accruals in respect of gas sales for which payment is outstanding at the end of the period.

Notes to the interim condensed consolidated financial statements continued

21. Computation of cash generated from operations

	Half year ended 30 June 2017	Half year ended 30 June 2016
	₦'m	₦'m
Loss before tax	(8,090)	(12,193)
Adjusted for:		
Depletion, depreciation and amortisation	9,583	6,328
Interest on bank loan and other bank charges	10,560	8,298
Unwinding of discount on provision for decommissioning	14	23
Interest income	(270)	(5,694)
Fair value loss on contingent consideration	274	510
Unrealised fair value loss on crude oil hedges	-	4,792
Fair value gain on other asset	(463)	-
Unrealised foreign exchange loss	264	6,382
Share based payments expenses	818	375
Defined benefit expenses	341	(185)
Loss on disposal of other property, plant and equipment	25	-
Changes in working capital (excluding the effects of exchange differences):		
Trade and other receivables, including prepayments	(8,133)	14,820
Trade and other payables	26,313	(10,423)
Inventories	1,256	(4,746)
Net cash from operating activities	32,492	8,287

22. Related party relationships and transactions

The Group is controlled by Seplat Petroleum Development Company Plc (the 'parent Company'). As at 30 June 2017, the parent Company is owned 8.39% either directly or by entities controlled by A.B.C. Orjiako ('SPDCL BVI') and members of his family and 13.15% either directly or by entities controlled by Austin Avuru ('Professional Support Limited' and 'Platform Petroleum Limited'). The remaining shares in the parent company are widely held.

22a. Related party relationships

The services provided by the related parties:

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 owned by common shareholders with the parent Company. The company provides drilling rigs and drilling services to Seplat.

Charismond Nigeria Limited: The sister to the CEO works as a General Manager. The company provides administrative services including stationary and other general supplies to the field locations.

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.

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.

Notes to the interim condensed consolidated financial statements continued

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

Nerine Support Services Limited: Is owned by common shareholders with the parent Company. Seplat leases a warehouse from Nerine and 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.

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

Shebah Petroleum Development Company Limited (BVI): The Chairman of Seplat is a director and shareholder of SPDCL (BVI). SPDCL (BVI) provided consulting services to Seplat.

The following transactions were carried by Seplat with related parties:

22b. Related party relationships

i) Purchases of goods and services	Half year ended 30 June 2017	Half year ended 30 June 2016
	₦'m	₦'m
Shareholders of the parent company		
M&P (MPI SA)	-	8
SPDCL (BVI)	172	115
	172	123
Entities controlled by key management personnel:		
Contracts > $1million in 2017		
Nerine Support Services Limited	826	1,238
	826	1,238
Contracts < $1million in 2017		
Abbey Court trading Company Limited	107	36
Charismond Nigeria Limited	10	4
Cardinal Drilling Services Limited	190	1,122
Keco Nigeria Enterprises	22	5
Ndosumili Ventures Limited	170	206
Oriental Catering Services Limited	65	57
ResourcePro Inter Solutions Limited	-	15
Berwick Nigeria Limited	-	6
Montego Upstream Services Limited	-	2,331
Nabila Resources & Investment Limited	-	1
Helko Nigeria Limited		82
	564	3,865
Total	1,390	5,103

* Nerine charges an average mark-up of 7.5% on agency and contract workers assigned to Seplat. The amounts shown above are gross i.e. it includes salaries and Nerine's mark-up. Total costs for agency and contracts during the half year ended 30 June 2017 is ₦795 million.

Notes to the interim condensed consolidated financial statements continued

22c. Balances

The following balances were receivable from or payable to related parties as at 30 June 2017:

i) **Prepayments / receivables**	As at 30 June 2017	As at 31 Dec 2016
	₦'m	₦'m
Entities controlled by key management personnel		
Cardinal Drilling Services Limited	1,896	1,894
	1,896	1,894

ii) **Payables**	As at 30 June 2017	As at 31 Dec 2016
	₦'m	₦'m
Entities controlled by key management personnel		
Cardinal Drilling Services Limited	190	308
Abbey Court Petroleum Company Limited	89	-
Charismond Nigeria Limited	6	-
Ndosumili Ventures Limited	140	-
ResourcePro Inter Solutions Limited	-	-
Nerine Support Services Limited	800	3,480
Montego Upstream Services Limited	-	3,520
	1,225	7,308

23. Commitments and contingencies

23a. Operating lease commitments – Group as lessee

The Group leases drilling rigs, buildings, land, boats and storage facilities. The lease terms are between 1 and 5 years. The operating lease commitments of the Group as at 30 June 2017 are:

Operating lease commitments	As at 30 June 2017	As at 31 Dec 2016
	₦'m	₦'m
Not later than one year	36	36
Later than one year and not later than five years	83	83
	119	119

23b. Contingent consideration

As part of the purchase agreement of OML 53, a portion of the consideration is contingent on the performance of the producing asset. There will be additional cash payments to the previous owners should the oil price rise above US$90/bbl in the three year period following the acquisition date.

Significant unobservable valuation inputs are shown below:
Discount rate 15.45%

A significant increase or decrease in the discount rate would result in a lower/ (higher) fair value of the liability.

The fair value of the contingent consideration determined at 31 December 2016 reflects the current and projected crude oil prices, amongst other factors and a fair value adjustment has been recognised in profit or loss.

A reconciliation of the fair value of the contingent consideration liability is provided below:

Notes to the interim condensed consolidated financial statements continued

	As at 30 June 2017
	₦'m
Initial fair value of the contingent consideration at acquisition date	2,073
Unrealised fair value changes recognised in profit or loss during year ended 31 December 2016	411
Exchange difference	1,188
Financial liability for the contingent consideration as at 31 December 2016	3,672
Fair value adjustment as at 30 June 2017	274
Exchange difference	11
Contingent consideration as at 30 June 2017	3,957

23c. Contingent liabilities

The Group is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities for the period ended 30 June 2017 is ₦53 billion (2016: ₦4.7 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.

24. Events after the reporting period

There was no significant event after the reporting date which could have a material effect on the state of affairs of the Group as at 30 June 2017 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.

25. Compliance with FRC Rule 1

In compliance with the regulatory requirement in Nigeria that the CFO, who signs the Annual Report and Accounts, must be a member of a professional accountancy body recognised by an Act of the National Assembly in Nigeria, the CFO of Seplat, Roger Brown, has been granted a waiver by the Financial Reporting Council of Nigeria to sign the accounts of the Group.

26. Reclassification

Certain comparative figures have been reclassified in line with the current year's presentation.

27. Exchange rates used in translating the accounts to Naira

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

	Basis	30 June 2017 ₦/$	30 June 2016 ₦/$	31 December 2016 ₦/$
Fixed assets – opening balances	Historical rate	Historical	Historical	Historical
Fixed assets - additions	Average rate	305.86	199	308
Fixed assets - closing balances	Closing rate	305.85	283	305
Current assets	Closing rate	305.85	283	305
Current liabilities	Closing rate	305.85	283	305
Equity	Historical rate	Historical	Historical	Historical
Income and Expenses:	Overall Average rate	305.86	213	255

Interim Condensed Consolidated Financial Statements (Unaudited)

for the half year ended 30 June 2017

Expressed in US Dollars ('USD')

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

for the half year ended 30 June 2017

	Note	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
		Unaudited	Unaudited	Unaudited	Unaudited
	Note	$'000	$'000	$'000	$'000
Revenue	7	131,814	153,022	84,515	69,606
Cost of sales	8	(78,187)	(83,742)	(50,003)	(29,962)
Gross profit		53,627	69,280	34,512	39,644
General and administrative expenses	9	(36,315)	(49,592)	(19,556)	(28,143)
Loss on foreign exchange - net	10	(866)	(28,330)	(2,596)	(25,889)
Fair value loss	11	(9,210)	(33,345)	(3,777)	(32,544)
Operating profit/(loss)		7,236	(41,987)	8,583	(46,932)
Finance income	12	883	25,886	673	23,655
Finance costs	12	(34,573)	(41,432)	(17,392)	(19,262)
Loss before taxation		(26,454)	(57,533)	(8,136)	(42,539)
Taxation	13	(1,119)	(3,632)	(300)	3,918
Loss for the period		(27,573)	(61,165)	(8,436)	(38,621)
					-
Loss attributable to equity holders of parent		(27,573)	(62,506)	(8,436)	(43,677)
Profit attributable to non-controlling interest		-	1,341	-	5,056
					-
Other comprehensive income/(loss):					
Items that may be reclassified to profit or loss:		-	-		-
Foreign currency translation difference		-	-	-	-
Total comprehensive loss for the period		(27,573)	(61,165)	(8,436)	(38,621)
		-			-
Loss attributable to equity holders of parent		(27,573)	(62,506)	(8,436)	(43,677)
Profit attributable to non-controlling interest		-	1,341	-	5,056
Loss per share ($)	14	(0.05)	**(0.11)**	(0.01)	**(0.08)**
Diluted loss per share($)	14	(0.05)	**(0.11)**	(0.01)	**(0.08)**

Interim condensed consolidated statement of financial position

As at 30 June 2017

	Note	As at 30 June 2017	As at 31 Dec 2016
		Unaudited	Audited
		$'000	$'000
Assets			
Non-current assets			
Oil and gas properties		1,206,623	1,224,400
Other property, plant and equipment		5,914	7,967
Other asset	17	229,000	250,090
Prepayments		31,624	33,616
Total non-current assets		1,473,161	1,516,073
Current assets			
Inventories		102,106	106,213
Trade and other receivables	18	433,282	390,694
Prepayments		3,215	6,672
Cash & cash equivalents		201,506	159,621
Total current assets		740,109	663,200
Total assets		2,213,270	2,179,273
Equity and liabilities			
Equity			
Issued share capital	19	1,826	1,826
Share premium		497,457	497,457
Share based payment reserve	19	14,808	12,135
Capital contribution		40,000	40,000
Retained earnings		651,349	678,922
Foreign currency translation reserve		3,675	3,675
Total equity		1,209,115	1,234,015
Non-current liabilities			
Interest bearing loans & borrowings	16	435,386	446,098
Deferred tax liabilities		76	-
Contingent consideration	23	12,937	12,040
Provision for decommissioning obligation		644	597
Defined benefit plan		6,228	5,112
Total non-current liabilities		455,271	463,847
Current liabilities			
Interest bearing loans and borrowings	16	189,200	217,998
Trade and other payables	20	356,756	261,528
Current taxation		2,928	1,885
Total current liabilities		548,884	481,411
Total liabilities		1,004,155	945,258
Total shareholders' equity and liabilities		2,213,270	2,179,273

Interim condensed consolidated statement of financial position continued

As at 30 June 2017

The financial statements on pages 34 to 56 were approved and authorised for issue by the board of directors on 20 July 2017 and were signed on its behalf by

A. B. C. Orjiako
FRC/2013/IODN/00000003161
Chairman
27 July 2017

A. O. Avuru
FRC/2013/IODN/00000003100
Chief Executive Officer
27 July 2017

R.T. Brown
FRC/2014/IODN/00000007983
Chief Financial Officer
27 July 2017

Interim condensed consolidated statement of changes in equity continued

for the half year ended 30 June 2017

for the half year ended 30 June 2016

	Issued share capital	Share premium	Capital contribution	Share based payment reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	$'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	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(62,506)	(62,506)	1,341	(61,165)
Transactions with owners in their capacity as owners:									
Share based payments	-	-	-	1,650	-	-	1,650	-	1,650
Dividends	-	-	-	-	-	(22,534)	(22,534)	-	(22,534)
Total	-	-	-	1,650	-	(22,534)	(20,884)	-	(20,884)
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 2017

	Issued share capital	Share premium	Capital contribution	Share based payment reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2017	1,826	497,457	40,000	12,135	3,675	678,922	1,234,015	-	1,234,015
Loss for the period	-	-	-	-	-	(27,573)	(27,573)	-	(27,573)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(27,573)	(27,573)	-	(27,573)
Transactions with owners in their capacity as owners:									
Share based payments	-	-	-	2,673	-	-	2,673	-	2,673
Dividends	-	-	-	-	-	-	-	-	-
Total	-	-	-	2,673	-	-	2,673	-	2,673
At 30 June 2017 (unaudited)	1,826	497,457	40,000	14,808	3,675	651,349	1,209,115	-	1,209,115

Interim condensed consolidated statement of cash flow
for the half year ended 30 June 2017

	Note	Half year ended 30 June 2017 $'000 Unaudited	Half year ended 30 June 2016 $'000 Unaudited
Cash flows from operating activities			
Cash generated from operations	21	106,241	39,907
Net cash inflows from operating activities		106,241	39,907
Cash flows from investing activities		-	
Acquisition of oil and gas properties		(11,202)	(15,519)
Acquisition of other property, plant and equipment		(386)	(1,236)
Receipts from other asset	17	22,604	-
Interest received		883	25,886
Net cash inflows from investing activities		11,899	9,131
Cash flows from financing activities			
Repayments of bank financing		(41,500)	(121,509)
Dividends paid		-	(22,534)
Interest paid		(34,526)	(41,216)
Net cash outflows from financing activities		(76,026)	(185,259)
Net decrease in cash and cash equivalents		42,114	(136,221)
Cash and cash equivalents at beginning of period		159,621	326,029
Effects of exchange rate changes on cash and cash equivalents		(229)	(10,008)
Cash and cash equivalents at end of period		201,506	179,800

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 Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 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% 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 US$340 million paid at the completion of the acquisition on 31 July 2010 and a contingent payment of US$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 US$80 per barrel. US$358.6 million was allocated to the producing assets including US$18.6 million as the fair value of the contingent consideration as calculated on acquisition date. The contingent consideration of US$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 percent Participant interest in producing assets: the Umuseti/Igbuku marginal field area located within OPL 283 (the ''Umuseti/Igbuku Fields'').

On 27 March 2013, Seplat Energy Limited ("Seplat Energy") was incorporated. The principal activities of the Company is the exploration, development and transportation of petroleum products and Seplat Gas Company Limited ("Seplat Gas") was incorporated on 9 December 2013 as a private limited liability company to engage in oil and gas exploration and production.

In 2015, the Group purchased a 40% participating interest in OML 53, onshore north eastern Niger Delta, from Chevron Nigeria Ltd for $ 259.4 million.

In 2017, the Group incorporated a new subsidiary, ANOH Gas Processing Company Limited. The principal activities of the Company is the processing of gas from OML 53.

The Company together with its subsidiary, Newton Energy, and six 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, Seplat Gas Company Limited ('Seplat GAS'), which was incorporated on 12 December 2014, Seplat Energy Limited ('Seplat Energy'), which was incorporated on 27 March 2013 and ANOH Gas Processing Company Limited which was incorporated on 18 January 2017 are collectively referred to as the Group.

Subsidiary	Country of incorporation and place of business	Shareholding %	Principal activities
Newton Energy Limited	Nigeria	100%	Oil & gas exploration and production
Seplat Petroleum Development UK	United Kingdom	100%	Oil & gas exploration and production
Seplat East Onshore Limited	Nigeria	100%	Oil & gas exploration and production
Seplat East Swamp Company Limited	Nigeria	100%	Oil & gas exploration and production
Seplat Gas Company	Nigeria	100%	Oil & gas exploration and production
Seplat Energy Limited	Nigeria	100%	Oil & gas exploration and production
ANOH Gas Processing Company Limited	Nigeria	100%	Gas processing

Notes to the interim condensed consolidated financial statements continued

2. Significant changes in the current reporting period

During the reporting period ended 30 June 2017, the Group renegotiated its lending arrangements resulting in a twelve month extension of its revolving credit facility till 31 December 2018. The Group also significantly increased its production volumes as a result of the lift in the force majeure which had in the previous financial year restricted exports from the Forcados terminal. The Group plans to open up other export lines to ensure sustained growth in production volumes.

Resumption of exports via the Forcados terminal, has strengthened the Group's financial performance and position during the period ended 30 June 2017.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards which are set out below.

3.2 Basis of preparation

i) Compliance with IFRS

The interim condensed consolidated financial statements of the Group for the half year reporting period ended 30 June 2017 have been prepared in accordance with accounting standard IAS 34 Interim financial reporting.

ii) Historical cost convention

The financial information has been prepared under the going concern assumption and historical cost convention, except for contingent consideration, other asset and financial instruments on initial recognition 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 are applicable to both the Company and Group.

iii) Going concern

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of these financial statements.

iv) New and amended standards adopted by the Group

There were a number of new standards and amendments to standards that are effective for annual periods beginning after 1 January 2017; the Group has adopted these new or amended standards in preparing the interim condensed consolidated financial statements. The nature and impact of the new standards and amendments to the standards are described below.

Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

a) Disclosure initiative – Amendments to IAS 7

The Group is now required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Changes in financial assets are included in this disclosure if the cash flows were, or are, included in cash flows from financing activities. This is the case, for example, for assets that hedge liabilities arising from financing liabilities.

The Group may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items are disclosed separately from the changes in liabilities arising from financing activities.

Notes to the interim condensed consolidated financial statements continued

The Group discloses this information in tabular format as a reconciliation from opening and closing balances, but may adopt a different format as the standard does not mandate a specific format.

The Group discloses this information in Note 16.

v) New standards, amendments and interpretations not yet adopted

The Group has the following updates to information provided in the last annual financial statements about the standards issued but not yet effective that may have a significant impact on the Group's consolidated financial statements.

a. Amendments to IFRS 2 Share-based payments

In June 2016, the IASB made amendments to IFRS 2 Share-based payments which clarified the effect of vesting conditions on the measurement of cash-settled share-based payment transactions, the classification of share-based payment transactions with net settlement features and the accounting for a modification of the terms and conditions that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for reporting periods beginning on or after 1 January 2018. The Group will adopt the amendments from 1 January 2018.

b. IFRS 9 Financial Instruments

IFRS 9 Financial instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities, the standard introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt IFRS 9 until it becomes mandatory on 1 January 2018.

The Group is undergoing a detailed assessment of the impact of the new standard on the classification and measurement of its financial assets. From the preliminary results, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reason:

- All of the Group's financial assets are currently classified as loans and receivables and are measured at amortised cost and will satisfy the conditions for classification at amortised cost under IFRS 9.

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 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. The Group does not expect a significant impact on the accounting for its hedging relationships as a result of the adoption of IFRS 9, as they have not formally elected to apply hedge accounting.

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 fair value through OCI (FVOCI), contract assets under IFRS 15: Revenue from Contracts with Customers and lease receivables. Based on assessments undertaken on the Group's portfolio of NPDC receivables, it estimates that should the new rules had been adopted as at 1 January 2017, there would have been an increase to its loss allowance for NPDC receivables of approximately $4 million at that date and retained earnings would decrease by the same amount.

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.

c. 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.

Notes to the interim condensed consolidated financial statements continued

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. The Group will adopt the new standard from 1 January 2018.

Management identified the following areas that are likely to be affected:

- **Accounting for under lifts and over lifts:** IFRS 15 is applicable only if the counterparty to the contract is a customer. The standard defines a customer as a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities. IFRS 15 makes a distinction between customers and partners or collaborators who share in the risks and benefits that result from the activity or process. If the over-lifter does not meet the definition of a customer or the transaction is a non-monetary exchange, then over lifts and under lifts will not be recognised as revenue from contracts with customers. If the Group were to adopt the new rules as at 1 January 2017, it estimates that revenue would have reduced by $16 million and other operating income would have increased by the same amount.

- **Accounting for consideration payable to the customer:** The standard requires that an entity accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, net of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity. The Group incurs barging costs in the course of the satisfaction of its performance obligations i.e. delivery of crude oil and gas. These costs do not transfer any distinct good or service to Seplat and as such represent consideration payable to customer and will be accounted for as a direct deduction from revenue. If the Group had adopted the new rules as at 1 January 2017, revenue would have reduced by an additional $18 million as a result of barging costs.

- **Presentation of contract assets and contract liabilities in the balance sheet** – IFRS 15 requires separate presentation of contract assets and contract liabilities in the balance sheet. This will result in some reclassifications as of 1 January 2018 in relation to advances for future oil sales which are currently included in deferred revenue.

- Other likely areas of impact are in relation to advances for future oil sales that may have a significant financing component and variable consideration arising from gas pricing based on an index as well as optional pricing on crude oil sold to customers.

d. IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $0.39 million. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term leases, while none of the leases will be covered by the exception for low value leases. Some commitments may relate to arrangements that will not qualify as leases under IFRS 16, principally because they are service contracts.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2017.

This basis is the same adopted for the last audited financial statements as at 31 December 2016.

3.4 Functional and presentation currency

The Group's financial statements are presented in United States Dollars, which is also the Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Notes to the interim condensed consolidated financial statements continued

i) 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 such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

ii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences 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.

4. Segment reporting

Segment reporting has not been prepared as the Group operates one segment, being the exploration, development and production of oil and gas related products located in Nigeria. Operations in the different OMLs are integrated due to geographic proximity, the use of shared infrastructure and common operational management.

5. Significant accounting judgements, estimates and assumptions

5.1 Judgements

Management's judgements at the end of the half year are consistent with those disclosed in the recent 2016 Annual financial statements. The following are some of the judgements which have the most significant effect on the amounts recognised in this consolidated financial statements.

i) OMLs 4, 38 and 41

OMLs 4, 38, 41 are grouped together as a cash generating unit for the purpose of impairment testing. These three OMLs are grouped together because they each do not independently generate cash flows. They currently operate as a single block sharing resources for the purpose of generating cash flows. Crude oil and gas sold to third parties from these OMLs are invoiced together.

ii) Advances on investment (note 18)

The Group considers that the advances on investment of US$65.7 million (2016: US$65.7 million) in relation to the acquisition of additional assets is fully recoverable in accordance with the terms of the deposit.

Notes to the interim condensed consolidated financial statements continued

5.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed in the most recent 2016 annual financial statements.

The following are some of the estimates and assumptions made.

i) 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 has made certain assumptions about the recoverability of financial assets exposed to credit risk from NPDC. These are based on management's past experiences with NPDC, current discussions with NPDC and financial capacity of NPDC. However, wherever these assumptions do not hold, it might have a significant impact on the Group's profit or loss in future.

ii) Defined benefit plans

The cost of the defined benefit retirement plan and the present value of the retirement obligation are determined at the end of the financial year 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. Service and interest costs are recognised at each reporting period based on an estimate of the periodic benefit expense for the financial year.

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 2016 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.

iii) Contingent consideration

The fair value of the contingent consideration arrangement of US$12.9 million was estimated calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 15.45%. Refer to note 23 for further details.

6. Financial risk management

6.1 Financial risk factors

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.

Notes to the interim condensed consolidated financial statements continued

Risk	Exposure arising from	Measurement	Management
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US dollars.	Cash flow forecasting Sensitivity analysis	Match and settle foreign denominated cash inflows with foreign denominated cash outflows.
Market risk - interest rate	Long term borrowings at variable rate	Sensitivity analysis	None
Market risk - commodity prices	Future sales transactions	Sensitivity analysis	Oil price hedges
Credit risk	Cash and cash equivalents, trade receivables and derivative financial instruments.	Aging analysis Credit ratings	Diversification of bank deposits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

6.1.1 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

	Variable rate	Less than 1 year	1 -2 years	2 - 3 years	3 - 5 years	After 5 years	Total
	%	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
30 June 2017							
Non - derivatives							
Variable interest rate borrowings (bank loans):							
Allan Gray	8.5%+LIBOR	4,328	5,333	4,904	3,038	-	17,603
Zenith Bank Plc	8.5%+LIBOR	59,315	73,081	67,203	41,636	-	241,235
First Bank of Nigeria	8.5%+LIBOR	32,743	40,343	37,098	22,984	-	133,168
United Bank of Africa Plc	8.5%+LIBOR	37,072	45,676	42,002	26,022	-	150,772
Stanbic IBTC Bank Plc	8.5%+LIBOR	5,556	6,845	6,294	3,900	-	22,595
The Standard Bank of South Africa Limited	8.5%+LIBOR	5,556	6,845	6,294	3,900	-	22,595
Standard Chartered Bank	6.0%+LIBOR	14,859	9,240	-	-	-	24,099
Natixis	6.0%+LIBOR	14,859	9,240	-	-	-	24,099
Citibank Nigeria Limited and Citibank N.A.	6.0%+LIBOR	11,557	7,186	-	-	-	18,743
First Rand Bank (Merchant Bank Division)	6.0%+LIBOR	9,906	6,160	-	-	-	16,066
Nomura International Plc.	6.0%+LIBOR	9,906	6,160	-	-	-	16,066
Ned Bank Ltd London Branch	6.0%+LIBOR	9,906	6,160	-	-	-	16,066
The Mauritius Commercial Bank Plc	6.0%+LIBOR	9,906	6,160	-	-	-	16,066
Stanbic IBTC Bank Plc	6.0%+LIBOR	7,429	4,620		-	-	12,049
The Standard Bank of South Africa Limited	6.0%+LIBOR	10,733	6,674	-	-	-	17,407
Other non-derivatives							
Trade and other payables	-	155,304	-	-	-	-	155,304
Contingent consideration	-	-	-	18,500	-	-	18,500
		398,935	**239,723**	**182,295**	**101,480**		**922,433**

Notes to the interim condensed consolidated financial statements continued

	Variable rate	Less than 1 year	1 - 2 year	2 - 3 years	3 - 5 years	After 5 years	Total
	%	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
31 December 2016							
Non - derivatives							
Variable interest rate borrowings (bank loans):							
Zenith Bank Plc	8.5% + LIBOR	37,406	76,006	70,109	74,477	-	257,998
First Bank of Nigeria Limited	8.5% + LIBOR	23,379	47,504	43,818	46,548	-	161,249
United Bank for Africa Plc	8.5% + LIBOR	23,379	47,504	43,818	46,548	-	161,249
Stanbic IBTC Bank Plc	8.5% + LIBOR	3,504	7,119	6,567	6,976	-	24,166
The Standard Bank of South Africa Limited	8.5% + LIBOR	3,504	7,119	6,567	6,976	-	24,166
Standard Chartered Bank	6.0% + LIBOR	27,711	-	-	-	-	27,711
Natixis	6.0% + LIBOR	27,711	-	-	-	-	27,711
Citibank Nigeria Ltd and Citibank NA	6.0% + LIBOR	27,711	-	-	-	-	27,711
Bank of America Merrill Lynch Int'l Ltd	6.0% + LIBOR	18,474	-	-	-	-	18,474
FirstRand Bank Ltd (Rand Merchant Bank Division)	6.0% + LIBOR	18,474	-	-	-	-	18,474
JP Morgan Chase Bank NA, London Branch	6.0% + LIBOR	18,474	-	-	-	-	18,474
NedBank Ltd, London Branch	6.0% + LIBOR	18,474	-	-	-	-	18,474
Stanbic IBTC Bank Plc	6.0% + LIBOR	13,856	-	-	-	-	13,856
The Standard Bank of South Africa Ltd	6.0% + LIBOR	13,856	-	-	-	-	13,856
Other non - derivatives							
Trade and other payables	-	161,773	-	-	-	-	161,773
Contingent consideration	-	-	-	-	18,500	-	18,500
		437,686	**185,252**	**170,879**	**200,025**	**-**	**993,842**

6.2 Fair value measurements

Financial instruments measured at fair value were based on the same assumptions as determined in the 31 December 2016 financial statements. The judgements and estimates made by the Group in determining the fair values of the financial instruments have remained the same since the last annual financial report. There were no transfers of financial instruments between fair value hierarchy levels during this half year.

Notes to the interim condensed consolidated financial statements continued

7. Revenue

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	$'000	$'000	$'000	$'000
Crude oil sales	111,183	69,952	81,073	33,457
(Over lift)/under lift	(33,732)	35,930	(25,863)	16,334
	77,451	105,882	55,210	49,791
Gas sales	54,363	47,140	29,305	19,815
Revenue	131,814	153,022	84,515	69,606

The major off-taker for crude oil is Mercuria. The major off-taker for gas is the Nigerian Gas Company.

In the prior period to 30 June 2016, realised fair value losses on crude oil hedges of US$9,999 ('000) were included in Revenue. This is now classified under Fair Value Loss (note 11).

8. Cost of sales

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	$'000	$'000	$'000	$'000
Crude handling fees	5,006	10,833	4,458	1,151
Barging cost	6,524	-	4,384	-
Royalties	18,753	13,376	13,809	4,568
Depletion, depreciation and amortisation	28,974	28,509	17,619	9,573
Niger Delta Development Commission levy	2,381	2,961	1,240	1,060
Rig related expenses	1,630	1,813	630	765
Operations & maintenance expenses	14,919	26,250	7,863	12,845
Cost of sales	78,187	83,742	50,003	29,962

9. General and administrative expenses

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	$'000	$'000	$'000	$'000
Depreciation	2,362	2,744	1,244	1,431
Employee benefits	10,776	10,465	4,939	4,252
Professional and consulting fees	11,276	11,174	6,831	5,525
Auditor's remuneration	306	56	156	-
Directors emoluments (executive)	1,382	1,613	800	404
Directors emoluments (non-executive)	1,555	2,395	802	1,480
Rentals	732	1,008	494	418
Other general expenses	7,926	20,137	4,290	14,633
General and administrative expenses	36,315	49,592	19,556	28,143

Directors' emoluments have been split between executive and non-executive directors. 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. Share based payment expenses are included in the employee benefits expense.

Notes to the interim condensed consolidated financial statements continued

10. Loss on foreign exchange - net

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	$'000	$'000	$'000	$'000
Exchange loss	(866)	(28,330)	(2,596)	(25,889)

This is principally as a result of translation of naira denominated monetary assets and liabilities.

11. Fair value loss

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	$'000	$'000	$'000	$'000
Realised fair value losses on crude oil hedges	(9,827)	(9,999)	(4,834)	(9,999)
Unrealised fair value losses on crude oil hedges	-	(20,787)	-	(20,787)
Fair value loss on contingent consideration	(897)	(2,559)	(457)	(1,758)
Fair value gain on other assets	1,514	-	1,514	-
Fair value loss	(9,210)	**(33,345)**	(3,777)	**(32,544)**

Realised fair value losses on crude oil hedges represent the payments for crude oil price options, while unrealised fair value losses represent losses on crude oil price hedges charged to profit or loss. Fair value loss on contingent consideration arises in relation to remeasurement of contingent consideration on the Group's acquisition of participating interest in its OML 53. The contingency criteria are the achievement of certain production milestones. Fair value gain on other assets arises from the fair value remeasurement of the Group's rights to receive the discharge sum of US$308 million.

In the prior period to 30 June 2016, realised fair value losses on crude oil hedges of US$9,999 ('000) were included in Revenue (note 7). This is now classified under Fair Value Loss.

12. Finance income/ (costs)

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	$'000	$'000	$'000	$'000
Finance income				
Interest income	883	25,886	673	23,655
Finance costs			-	-
Interest on bank loan and other bank charges	34,526	41,216	17,368	19,262
Unwinding of discount on provision for decommissioning	47	216	24	-
	34,573	41,432	17,392	19,262
Finance (cost)/ income - net	**(33,690)**	**(15,546)**	**(16,719)**	**4,393**

13. 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 period to 30 June 2017 is 65.75% for crude oil activities and 30% for gas activities. As at 31st December 2016, the tax rates were 65.75% and 30% for crude oil and gas activities respectively.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of US$235

Notes to the interim condensed consolidated financial statements continued

million (2016: US$192 million) in respect of temporary differences amounting to US$357 million (2016: US$292 million). Out of this, deferred tax asset of $71 million (2016: US$47 million) relates tax losses of US$109 million (2016: US$71 million). There are no expiration dates for the tax losses.

14. Loss per share (LPS)

Basic

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

Diluted

Diluted LPS is calculated by dividing the 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 (arising from outstanding share awards in the share based payment scheme) into ordinary shares.

	Half year ended 30 June 2017	Half year ended 30 June 2016	3 months ended 30 June 2017	3 months ended 30 June 2016
	$'000	$'000	$'000	$'000
Loss for the period attributable to equity holders of the parent	(27,573)	(62,506)	(8,436)	(43,677)
	-	Share '000	Share '000	Share '000
Weighted average number of ordinary shares in issue	563,445	560,576	563,445	560,576
Share awards	4,943	2,223	4,943	2,223
Weighted average number of ordinary shares adjusted for the effect of dilution	568,388	562,799	568,388	562,799
	$	$	$	$
Basic loss per share	(0.05)	(0.11)	(0.01)	(0.08)
Diluted loss per share	(0.05)	(0.11)	(0.01)	(0.08)

	$'000	$'000	$'000	$'000
Loss attributable to equity holders of the parent	(27,573)	(62,506)	(8,436)	(43,677)
Loss used in determining diluted loss per share	(27,573)	(62,506)	(8,436)	(43,677)

15. Dividend

	Half year ended 30 June 2017	Half year ended 30 June 2016
	$'000	$'000
Dividend paid during the period	-	22,534
	$	$
Dividend per share ($)	-	0.04

Notes to the interim condensed consolidated financial statements continued

16. Interest bearing loans & borrowings

Below is the net debt reconciliation on interest bearing loans and borrowings.

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	US$'000	US$'000	US$'000
Balance as at 1 January 2017	217,998	446,098	664,096
Effective interest	-	36,515	36,515
Effect of loan restructuring	(28,798)	28,798	-
Repayment	-	(76,025)	(76,025)
Balance as at 30 June 2017	189,200	435,386	624,586

17. Other asset

	As at 30 June 2017
	$'000
Initial fair value of investment in OML 55	250,090
Receipts from crude oil lifted	(22,604)
Fair value adjustment as at 30 June 2017	1,514
Fair value as at 30 June 2017	229,000

Other asset represents the Group's rights to receive the discharge sum of US$308 million (2016: US$330 million) from the crude oil reserves of OML 55.The asset is measured at fair value through profit or loss (FVTPL) and receipts from crude oil lifted reduce the value of the asset. At each reporting date, the fair value of the discharge sum is determined using the income approach in line with IFRS 13: Fair Value Measurement. As at 30 June 2017, the fair value of the discharge sum is US$229 million (2016: US$250 million).

18. Trade and other receivables

	As at 30 June 2017	As at 31 Dec 2016
	$'000	$'000
Trade receivables	134,378	73,427
Nigerian Petroleum Development Company (NPDC) receivables	224,915	239,034
National Petroleum Investment Management Services	6,001	8,233
Advances on investment	65,705	65,705
Under lift	2,445	4,498
Advances to suppliers	7,513	8,921
Other receivables	2,585	1,136
	-	
Impairment loss on NPDC receivables	(10,260)	(10,260)
	433,282	390,694

18a. Trade receivables:

Included in trade receivables is an amount due from NGC of US$87 million (2016: US$67 million) with respect to the sale of gas.

Notes to the interim condensed consolidated financial statements continued

18b. NPDC receivables:

NPDC receivables represent the outstanding cash calls due to Seplat from its JV partner, Nigerian Petroleum Development Company. The receivables have been discounted to reflect the impact of time value of money, and an impairment loss has been recognized in the financial statements. As at 30 June 2017, the undiscounted value of this receivable is US$225 million (2016: US$239 million).

18c. Advances on investment:

This comprises an advance of US$45million on a potential investment in OML 25 and US$20.5 million currently held in an escrow account. Proceedings commenced against Newton Energy Limited, a wholly owned subsidiary of Seplat Plc by Crestar Natural Resources relating to the US$20.5 million currently held in an escrow account. The escrow monies relate to the potential acquisition of OML 25 by Crestar which Newton Energy has an option to invest into. These monies were placed in escrow in July 2015 pursuant to an agreement reached with Crestar and the vendor on final terms of the transaction.

19. Share capital

19a. Authorised and issued share capital

	As at 30 June 2017	As at 31 Dec 2016
	$'000	$'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		
563,444,561 (2016: 563,444,561) issued shares denominated in Naira of 50 kobo per share	1,826	1,826

19b. Employee share based payment scheme

As at 30 June 2017, the Group had awarded shares of 25,726,262 (2016: 25,448,071 shares) to certain employees and senior executives in line with its share based incentive scheme. During the half year ended 30 June 2017, no shares were vested (31 December 2016: 2,868,460 shares had vested, resulting in an increase in number of issued and fully paid ordinary shares of 50k each from 561 million to 563 million).

20. Trade and other payables

	As at 30 June 2017	As at 31 Dec 2016
	$'000	$'000
Trade payables	104,866	108,140
Accruals and other payables	88,724	83,850
NDDC levy	5,145	19
Deferred revenue	121,671	35,170
Royalties	36,350	34,349
	356,756	261,528

Included in accruals and other payables are field-related accruals US$36 million (2016: US$35m) and other vendor payables of US$53m (2016: US$48m). Deferred revenue includes advance payments for crude oil sales of US$120m (2016: US$34m) and royalties include accruals in respect of gas sales for which payment is outstanding at the end of the period.

Notes to the interim condensed consolidated financial statements continued

21. Computation of cash generated from operations

	Half year ended 30 June 2017	Half year ended 30 June 2016
	$'000	$'000
Loss before tax	(26,454)	(57,533)
Adjusted for:		
Depletion, depreciation and amortisation	31,336	31,253
Interest on bank loan and other bank charges	34,526	41,216
Unwinding of discount on provision for decommissioning	47	216
Interest income	(883)	(25,886)
Fair value loss on contingent consideration	897	2,559
Unrealised fair value loss on crude oil hedges	-	20,787
Fair value gain on other asset	(1,514)	-
Unrealised foreign exchange loss	866	28,330
Share based payments expenses	2,673	1,650
Defined benefit expenses	1,116	(930)
Loss on disposal of other property, plant and equipment	82	-
Changes in working capital (excluding the effects of exchange differences):		
Trade and other receivables, including prepayments	(26,589)	74,407
Trade and other payables	86,031	(52,333)
Inventories	4,107	(23,829)
Net cash from operating activities	106,241	39,907

22. Related party relationships and transactions

The Group is controlled by Seplat Petroleum Development Company Plc (the 'parent Company'). As at 30 June 2017, the parent Company is owned 8.39% either directly or by entities controlled by A.B.C. Orjiako ('SPDCL BVI') and members of his family and 13.15% either directly or by entities controlled by Austin Avuru ('Professional Support Limited' and 'Platform Petroleum Limited'). The remaining shares in the parent company are widely held.

22a. Related party relationships

The services provided by the related parties:

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 owned by common shareholders with the parent Company. The company provides drilling rigs and drilling services to Seplat.

Charismond Nigeria Limited: The sister to the CEO works as a General Manager. The company provides administrative services including stationary and other general supplies to the field locations.

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.

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

Notes to the interim condensed consolidated financial statements continued

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 owned by common shareholders with the parent Company. Seplat leases a warehouse from Nerine and 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.

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

Shebah Petroleum Development Company Limited (BVI): The Chairman of Seplat is a director and shareholder of SPDCL (BVI). SPDCL (BVI) provided consulting services to Seplat.

The following transactions were carried by Seplat with related parties:

22b. Related party relationships

ii) Purchases of goods and services	Half year ended 30 June 2017	Half year ended 30 June 2016
	$'000	$'000
Shareholders of the parent company		
M&P (MPI SA)	-	38
SPDCL (BVI)	564	576
	564	614
Entities controlled by key management personnel:		
Contracts > $1million in 2017		
Nerine Support Services Limited	2,700	6,215
	2,700	6,215
Contracts < $1million in 2017		
Abbey Court trading Company Limited	349	183
Charismond Nigeria Limited	31	20
Cardinal Drilling Services Limited	621	5,632
Keco Nigeria Enterprises	73	27
Ndosumili Ventures Limited	554	1,036
Oriental Catering Services Limited	211	284
ResourcePro Inter Solutions Limited	1	77
Berwick Nigeria Limited	-	28
Montego Upstream Services Limited	-	11,704
Nabila Resources & Investment Limited	-	5
Helko Nigeria Limited	-	411
	1,840	19,407
Total	**4,540**	**25,622**

* Nerine charges an average mark-up of 7.5% on agency and contract workers assigned to Seplat. The amounts shown above are gross i.e. it includes salaries and Nerine's mark-up. Total costs for agency and contracts during the half year ended 30 June 2017 is US$2.6 million.

Notes to the interim condensed consolidated financial statements continued

22c. Balances

The following balances were receivable from or payable to related parties as at 30 June 2017:

Prepayments / receivables	As at 30 June 2017	As at 31 Dec 2016
	$'000	$'000
Entities controlled by key management personnel		
Cardinal Drilling Services Limited	6,200	6,211
	6,200	**6,211**

Payables	As at 30 June 2017	As at 31 Dec 2016
	$'000	$'000
Entities controlled by key management personnel		
Cardinal Drilling Services Limited	621	1,009
Abbey Court Petroleum Company Limited	291	-
Charismond Nigeria Limited	21	-
Ndosumili Ventures Limited	457	-
ResourcePro Inter Solutions Limited	1	-
Nerine Support Services Limited	2,616	11,411
Montego Upstream Services Limited	-	11,540
	4,007	**23,960**

23. Commitments and contingencies

23a. Operating lease commitments – Group as lessee

The Group leases drilling rigs, buildings, land, boats and storage facilities. The lease terms are between 1 and 5 years. The operating lease commitments of the Group as at 30 June 2017 are:

Operating lease commitments	As at 30 June 2017	As at 31 Dec 2016
	$'000	$'000
Not later than one year	119	119
Later than one year and not later than five years	271	271
	390	390

23b. Contingent consideration

As part of the purchase agreement of OML 53, a portion of the consideration is contingent on the performance of the producing asset. There will be additional cash payments to the previous owners should the oil price rise above US$90/bbl in the three year period following the acquisition date.

Significant unobservable valuation inputs are shown below:
Discount rate 15.45%

A significant increase or decrease in the discount rate would result in a lower/ (higher) fair value of the liability.

The fair value of the contingent consideration determined at 31 December 2016 reflects the current and projected crude oil prices, amongst other factors and a fair value adjustment has been recognised in profit or loss.

A reconciliation of the fair value of the contingent consideration liability is provided below:

Notes to the interim condensed consolidated financial statements continued

	As at 30 June 2017
	$'000
Initial fair value of the contingent consideration at acquisition date	10,427
Unrealised fair value changes recognised in profit or loss during year ended 31 December 2016	1,613
Financial liability for the contingent consideration as at 31 December 2016	12,040
Fair value adjustment as at 30 June 2017	897
Contingent consideration as at 30 June 2017	12,937

23c. Contingent liabilities

The Group is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities for the period ended 30 June 2017 is US$ 174 million (2016: US$15.5 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.

24. Events after the reporting period

There was no significant event after the reporting date which could have a material effect on the state of affairs of the Group as at 30 June 2017 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.

25. Compliance with FRC Rule 1

In compliance with the regulatory requirement in Nigeria that the CFO, who signs the Annual Report and Accounts, must be a member of a professional accountancy body recognised by an Act of the National Assembly in Nigeria, the CFO of Seplat, Roger Brown, has been granted a waiver by the Financial Reporting Council of Nigeria to sign the accounts of the Group.

26. Reclassification

Certain comparative figures have been reclassified in line with the current year's presentation.

General information

Company secretary	Mirian 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 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	Abraham Uhunmwagho & Co Adepetun Caxton-Martins Agbor & Segun ('ACAS-Law') Austin and Berns Solicitors Chief J.A. Ororho & Co. Consolex LP Freshfields Bruckhaus Deringer LLP G.C. Arubayi & Co. Herbert Smith Freehills LLP J.E. Okodaso & Company Norton Rose Fulbright LLP Ogaga Ovrawah & Co. Olaniwun Ajayi LP O. Obrik. Uloho and Co. Streamsowers & Kohn Thompson Okpoko & Partners V.E. Akpoguma & Co. Winston & Strawn London LLP
Bankers	Citibank Nigeria Limited First Bank of Nigeria Limited HSBC Bank Skye Bank Plc Stanbic IBTC Bank Plc Standard Chartered Bank United Bank for Africa Plc Zenith Bank Plc