seplat

A unique investment proposition

Seplat Petroleum Development Company Plc
Full year 2015 financial results

24 March 2016

Announcement

Lagos and London, 24 March 2016: Seplat Petroleum Development Company Plc ("Seplat" or the "Company"), a leading Nigerian indigenous oil and gas company, listed on both the Nigerian Stock Exchange and London Stock Exchange, today announces its full year 2015 financial results and provides and operational update.

Commenting on the results Austin Avuru, Seplat's Chief Executive Officer, said "In 2015 we delivered on what was in our control, posting best-in-class reserves and production growth and taking our gas business across a transformational threshold with further expansion still to come. We acted quickly and decisively in response to the weak oil price environment, adjusting our work programme and cost structures, and against a bleak industry backdrop remained firmly profitable with a strong balance sheet underpinning us. Having started the year strongly, our 2016 full year production expectation has been impacted by the current shut-in of the Forcados terminal. However, we are much better positioned to withstand such interruptions than in prior years. Our gas business takes on additional importance by providing a continuous revenue stream that is de-linked to the oil price and our enlarged portfolio offers us scope for greater diversification. Finally, I would like to re-emphasise our strong focus remains on protecting the business and managing for value through driving further cost reductions, optimising operations, deleveraging and strengthening the balance sheet in preparation for opportunities that will inevitably follow this current downturn."

Full year results highlights

- Working interest 2P reserves at end 2015 independently estimated to be 209 MMbbls and 1,572 Bscf, equivalent to 480 MMboe (+71% year-on-year; organic reserve replacement ratio of production in the year 2x and 14x taking into account inorganic volumes). Working interest 2C resources stand at 57 MMbbls and 238 Bscf, equivalent to 98 MMboe
  - OMLs 4, 38 and 41 reserves up +6% and reserves booked at OML 53 and OML 55 for the first time
- Full year average working interest production of 43,372 boepd ahead of guidance and up +41% year-on-year
  - Liquids production up +20% at 29,003 bopd and gas production up +119% at 86 MMscfd
  - Working interest production from start of year to Forcados terminal shut-in mid-February 2016 was over 52,000 boepd
- Completed Phase I expansion of Oben gas processing facility mid-year – positive financial impact as gas revenues increased +200% year-on-year to US$77 million with full-year benefit to be felt in 2016; additional processing modules ordered for Phase II expansion to take gross processing capacity to minimum of 525 MMscfd from the current 300 MMscfd
- Net profit for 2015 was US$67 million reflecting lower oil price; cash flow from operations before working capital was US$190 million and capital investments US$152 million
- NPDC receivables balance further reduced to US$435 million at end 2015 (from US$504 million at HY 2015) with additional receipts post period end bringing current net balance to around US$350 million
- Cash at bank and net debt at year end stood at US$326 million and US$573 million respectively; successfully completed US$1 billion debt re-financing in January 2015
- Full year 2016 working interest production guidance set at 23,000 to 28,000 bopd oil & condensate and 18,000 to 20,000 boepd gas (overall 41,000 to 48,000 boepd) taking into account current Forcados terminal shut-in and based on full year uptime of 67%; 2016 capital expenditures expected to be around US$130 million
- Recommended final dividend of US$0.04 per share, bringing the total payment for the year to US$0.08 per share

Financial overview

	US$ million			₦ billion	
	2015	2014	% change	2015	2014
Revenue	570	775	-26	113	124
Gross profit	249	459	-46	49	74
Operating Profit	158	290	-45	31	46
Profit before tax	87	252	-65	17	40
Profit attributable to Parent	67	252	-73	13	40
Basic earnings per share	0.12	0.50	-76	0.02	0.08
Cash flow from ops before w/c	190	379	-50	38	61
Working interest production (boepd)	43,372	30,823	+41		
Realised oil price (US$/₦ per bbl)	51.2	97.2	-47	10,138	15,599
Realised gas price (US$/₦ per Mscf)	2.55	1.9	+34	505	305

Announcement continued

Conference call

At 9:00 am GMT (London), 10:00 am WAT (Lagos), Austin Avuru (CEO), Stuart Connal (COO) and Roger Brown (CFO) will host a conference call to discuss the Company's results. Access details are:

Telephone Number: +44 (0)800 694 0257

Conference ID (to be quoted): Seplat Petroleum

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

https://webconnect.webex.com/webconnect/onstage/g.php?MTID=e3658ebe6ebb6348eed301ed6391dc65a

The Company will also host a conference call for US investors at 09:00am EST (US), 02:00pm GMT and 03:00pm WAT. Access details are:

Telephone Number: +1 631 510 7498

Conference ID (to be quoted): Seplat Petroleum

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Notes to editors

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

In July 2010, Seplat acquired a 45 percent participating interest in, and was appointed operator of, a portfolio of three onshore producing oil and gas leases in the Niger Delta (OMLs 4, 38 and 41), which includes the producing Oben, Ovhor, Sapele, Okporhuru, Amukpe and Orogho fields. Since acquisition, Seplat has more than tripled production from these OMLs.

In June 2013, Newton Energy Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Pillar Oil Limited to acquire a 40 percent participating interest in the Umuseti/Igbuku marginal field area within OPL 283. In February 2015, Seplat completed the acquisition of a 40 percent operated working interest in OML 53 and a 22.5 percent operated working interest in OML 55, Onshore Nigeria.

Seplat is pursuing a Nigeria focused growth strategy and is well-positioned to participate in future divestment programmes by the international oil companies, farm-in opportunities and future licensing rounds. For further information please refer to the company website, http://seplatpetroleum.com/

Full year 2015 results overview

Performance summary

Despite the various headwinds the industry has faced over the past year we have again grown reserves and production at our core producing blocks and significantly expanded our inventory of growth opportunities with the addition of two new blocks. Of particular note, 2015 was a transformational year for our gas business as we commissioned the new Oben gas processing facility allowing us to more than double gas supply to the domestic market which means we now supply enough gas to underpin over a third of current power generation in Nigeria. The low oil price has inevitably impacted financial performance, and is reflected in revenues, but we remain profitable and have not booked any material impairment charges, which again, underscores the quality of our portfolio and resilience to the current low oil prices. With a consensus view that low oil prices are set to persist for at least the near term, we remain focused on what is in our control and steps we can take to maximise profitability. Production strength, with past investment strategies translating into the up-tick in output, provides some cushion to lower oil pricing and our gas business takes on additional importance by providing a revenue stream that is de-linked to the oil price together with revenue continuity in the event of disruptions to third party oil export infrastructure. Furthermore, our strong focus remains on protecting the business and managing for value through driving further cost reductions, optimising operations, deleveraging and strengthening the balance sheet in preparation for opportunities that will inevitably follow this current downturn.

Reserves

Working interest 2P reserves as assessed independently by DeGolyer and MacNaughton at 31 December 2015 stood at 480 MMboe, comprising 209 MMbbls of oil and condensate and 1,572 Bscf of natural gas. This represents an increase in overall 2P reserves of +71% year-on-year and since 2010 a compound annual growth rate of 24% for oil and 31% for gas. The key drivers of the upwards revision is the conversion from 2C to 2P as a result of 2015 development activities at OMLs 4, 38 and 41 and the recognition for the first time of 2P reserves associated with OML 53 and OML 55.

Full year average daily production

		Gross			Working Interest		
		Liquids[1]	Gas	Oil equivalent	Liquids	Gas	Oil equivalent
	Seplat %	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45.0%	56,580	192	88,511	25,461	86	39,830
OPL 283	40.0%	2,784	-	2,784	1,113	-	1,113
OML 53	40.0%	1,715	-	1,715	686	-	686
OML 55[2]	22.5%	7,746	-	7,746	1,743	-	1,743
Total		**68,825**	**192**	**100,756**	**29,003**	**86**	**43,372**

1) Liquid production volumes as measured at the LACT unit for OMLs 4, 38 and 41. Volumes stated are subject to reconciliation and will differ from sales volumes within the period. Based on preliminary compilations.

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

2015 full year average working interest production of 43,372 boepd exceeded guidance (set at 32,000 to 36,000 boepd) and represents an overall increase of +41% year-on-year. Within this liquids production was up +20% year-on-year and gas production up +119% year-on-year. The 2015 figures reflect a production uptime level of 79% owing to third party export infrastructure (Trans Forcados System) being shut-in for significant periods of time, particularly in the first half of the year (H1 uptime 65%). Over the second half of the year a marked improvement occurred with uptime of 94% restoring good production momentum to the business. Excluding unplanned downtime, average working interest production in 2015 was approximately 47,537 boepd (comprised of approximately 33,169 bopd of liquids and 86 MMscfd of gas). Overall reconciliation losses arising from use of third party infrastructure were around 12%.

In 2016 the Company expects full year average working interest production of 41,000 to 48,000 boepd (comprising 25,000 to 27,000 bopd and 100 to 125 MMscfd) based on the current work programme. In setting this guidance we have taken into account the current shut-in of the Forcados terminal and a resultant full year uptime assumption of 67%. Prior to the shut-in of the Forcados terminal net working interest production to mid-February averaged over 52,000 boepd. Whilst oil production that would ordinarily be exported via the Forcados Terminal is affected by this shut-in, we have continued to produce and sell gas into the domestic market and utilise the Company operated pipeline to the Warri refinery to access additional storage capacity and also supply the refinery with specification crude. We continue to assess additional measures that could help to further mitigate the impact of such interruptions to third party infrastructure in the future.

Full year 2015 results overview continued

Gas business

We completed the installation and commissioning mid-year of two new 75 MMscfd gas processing modules at the Oben plant taking our overall gross processing capacity to the 300 MMscfd mark. As part of this expansion phase we also pre-invested in the required ancillaries and accommodation space for a further three 75 MMscfd processing modules (225 MMscfd aggregate additional capacity) that have been ordered with delivery and installation expected by year-end which will further increase our overall gross processing capacity to a minimum of 525 MMscfd. This will further cement Seplat's position as the pre-eminent producer of natural gas in Nigeria, and the fact that 100% of volumes are dedicated to supplying key demand centres within the domestic market makes Seplat strategically important to Nigeria's current and future security of gas supply. Another important gas project (aimed at eliminating and monetising associated gas that was previously flared) was completed in 2015 with the installation and commissioning of three 10 MMscfd associated gas compressors and compression station at Oben. A further expansion plan is being developed that will comprise the installation of an additional two compressor units to capture remaining excess associated gas volumes at the Oben station. As a derivative of the increase in gas production, condensate volumes have significantly increased. Produced condensate is ordinarily spiked into the crude oil stream and exported via the Trans Forcados System ('TFS'). Following completion of the two 50,000 barrel storage tanks at the Amukpe field in 2015 we now have the means to store associated condensate volumes and achieve continuity of gas production and sales should the TFS be shut-in.

Rig based activity

In common with the rest of the industry the continued and severe decline in oil prices to the lowest levels we have seen in over ten years meant we had to adjust our work programme to reflect this reality. Having been the most active driller in Nigeria in 2014 when we drilled 23 wells, we reduced our rig-based activity to eight development wells in 2015 (four oil and four gas wells) and one work-over of an oil well, all of which were at OMLs 4, 38 and 41.

New ventures

In February 2015 it was announced that Seplat had acquired a 40.00% working interest in OML 53 from Chevron Nigeria Limited ("CNL"). Simultaneously the Company also announced that it had concluded negotiations to purchase 56.25% of the share capital of Belemaoil Producing Limited ("Belemaoil"), a Nigerian special purpose vehicle that had completed the acquisition of a 40.00% interest in the producing OML 55, also from CNL. Seplat's effective working interest in OML 55 as a result of the acquisition is 22.50%. Pursuant to the Joint Operating Model, Seplat was designated operator of both blocks. However, the full completion and transfer of the blocks was hindered by a litigation brought against CNL and Seplat by one of the counter bidders that also sought to acquire the blocks from CNL and contested the outcome of the sales process. The litigation ultimately reached the Supreme Court, the apex court in Nigeria, in January 2016 when the Supreme Court delivered its judgment and ruled in favour of CNL and Seplat. This ruling allowed CNL to conclude the full transfer and operatorship of the block with immediate effect meaning the Company is free to implement a forward work programme to realise the two block's full potential. OML 53 fits neatly within our strategy of securing, commercialising and monetising natural gas in the Niger Delta to supply the rapidly growing domestic market. OML 55 provides us with a number of attractive opportunities to boost oil and gas output, and is consistent with our strategy of prioritising assets that offer near-term production growth, cash-flow and reserve replacement potential in the onshore and shallow water offshore areas of Nigeria

Finance

Although production was up year-on-year, the significantly lower oil price realisation and downtime of the third party operated TFS adversely impacted revenue and more than offset the higher gas volumes and prices. Consequently, revenue for 2015 was down 26% from 2014 at US$570 million. Net profit for the year stood at US$67 million following one-off costs of US$77 million, including a deferred tax charge of $21m. Normalised for these charges, net profit would have totaled US$144 million. Cash flow from operations before movements in working capital was US$190 million and capital investments US$152 million. Cash at bank and net debt at year end (excluding amounts remaining on deposit for investment and in escrow of US$45 million and US$29 million) stood at US$326 million and US$573 million respectively. At end 2015 the net NPDC receivables balance stood at US$435 million, down from US$463 million at end 2014. Further receipts post period end have reduced the net balance to a current level of around US$350 million. In January the Company successfully refinanced its existing debt facilities with a new US$700 million seven year secured term facility and US$300 million three year secured revolving credit facility. The seven year facility also includes an option to upsize the facility by up to an additional US$700 million for qualifying acquisition opportunities. 2016 capital investments are expected to be around US$130 million.

Recommended full year dividend

The board of Seplat is recommending a final dividend of US$0.04 per share, bringing the total payment for the year to US$0.08 per share. Subject to approval of shareholders, the dividend will be paid on or shortly after the AGM which will be held on 1 June 2016 in Lagos, Nigeria.

Operations review

Seplat's current portfolio of six oil and gas blocks is located in the onshore to swamp areas of the prolific Niger Delta and provides the Company with a robust platform of oil and natural gas reserves, and production together with material upside opportunities through 2C to 2P conversion and exploration and appraisal drilling. We also continue to view the shallow water offshore areas of the Niger Delta as an appealing opportunity set and one we hold ambitions to access in the future.

OMLs 4, 38 and 41

Seplat has a 45% working interest in OMLs 4, 38 and 41 which are located in Edo (OML 4) and Delta (OMLs 38 and 41) States onshore Nigeria. Seplat is operator of the three blocks on behalf of the NPDC/Seplat Joint Venture and, to date, is the only company that has secured NPDC approval for operatorship over blocks acquired as part of recent divestment programmes by the major IOCs. As operator, Seplat is empowered with running the day-to-day operations activities and is able to set production and operational improvement goals and lead exploration activities, subject to the approval of its partner. Production is predominantly from seven fields, namely Amukpe, Oben, Okporhuru, Ovhor, Orogho, Sapele and Sapele Shallow, and the partners aim to bring additional fields onstream in the future.

Since acquiring the blocks in July 2010, the Company has consistently grown oil production, primarily through the drilling of new wells and employing advanced and proven technologies to increase production in mature fields. The Company also became the first operator in the Niger Delta to install a LACT unit, enabling significantly improved measurement of produced oil prior to injection into the Trans Forcados Pipeline system. This has greatly reduced the reconciliation losses applied to the Company's oil production to a level of approximately 10% to 12%, compared to an average of approximately 18% to 20% prior to installation of the LACT unit.

Alongside the oil business, the Company has also prioritised the commercialisation and development of the substantial gas reserves and resources identified at OMLs 4, 38 and 41 and is today a leading supplier of gas to the domestic market in Nigeria. Going forward, Seplat plans to further increase its gas production and processing capacity to help meet Nigeria's growing demand, particularly in the gas to power sector. A major step forward in this respect is the ongoing modular build-up of processing capacity at the Oben facility to create a strategic gas hub ideally located to aggregate and supply gas to Nigeria's main demand centres.

OML 4

Operator:	Seplat
Working interest:	45.0%
Partner:	NPDC
Main fields	Oben (producing)
2015 gross liquids production:	14,753 bopd
2015 gross gas production:	174 MMscfd
Gross remaining 2P oil reserves:	61 MMbbls
Gross remaining 2P gas reserves:	1,240 Bscf
2016 activities:	Production and development

Background

OML 4 covers an area of 267km^2 and is located 78km north east of Warri, Delta State. The Oben field is located in OML 4 and is the main producing field on the block. Facilities on the block include a 60,000 bopd capacity flow station, a 240 MMscfd capacity non-associated gas processing plant and an associated gas compressor station with three 10 MMscfd associated gas ('AG') compressors. Oil exports from the Oben flow station are routed via the Oben – Amukpe pipeline to the Amukpe facilities and onwards to either the Forcados terminal or Warri Refinery. Production operations and facilities are supported by the Oben Field Logistics Base. The Oben field in particular is central to the Company's future gas expansion plans and is strategically located as an important gas hub with access to Nigeria's main gas demand centres. The licence was renewed in 1989 for a further 30 years and is due to expire on 30 June 2019.

Operations review continued

2015 activity

In 2015, the Company executed Phase I of the Oben gas expansion program which included the installation and integration of two new 75 MMscfd processing modules in addition to the pre-existing 90 MMscfd plant, bringing gross combined processing capacity at the Oben facility to 240 MMscfd. The scope of expansion Phase II is the installation of an additional three 75 MMscfd processing modules (225 MMscfd aggregate capacity), to take total gross processing capacity of the Oben plant to a minimum of 465 MMscfd by 2017. The second key project undertaken in 2015, aimed at eliminating and monetising associated gas that was previously flared, was completed with the installation and commissioning of three 10 MMscfd associated gas compressors and compression station at Oben. A further expansion plan is being developed that will comprise the installation of an additional two compressor units to capture remaining excess associated gas volumes at the Oben station. During the year, the partners drilled and completed three gas development wells and one work-over of an oil well on the block.

OML 38

Operator:	Seplat
Working interest:	45.0%
Partner:	NPDC
Main fields	Amukpe, Ovhor, Okporhuru (producing); Mosogar, Orogho and Jesse (discoveries)
2014 gross liquids production:	23,420
2014 gross gas production:	n/a
Gross remaining 2P oil reserves:	104 MMbbls
Gross remaining 2P gas reserves:	129 Bscf
2016 activities:	Production and development

Background

OML 38 covers an area of 2,094km^2 and is located 48km north of Warri, Delta State. There are currently three producing fields on the block, namely Amukpe, Okpohuru and Ovhor (which straddles OML 38 and OML 41). There are three further discoveries in OML 38: the Mosogar, Orogho and Jesse discoveries, which have not yet been brought into production. Facilities on the block include a 45,000 bpd capacity flow station, a Liquid Treatment Facility ('LTF') and two 50,000 bbls crude storage tanks, all located at Amukpe. The licence was renewed in 1989 for a further 30 years, expiring on 30 June 2019.

2015 activity

In 2015, the company constructed and commissioned two new 50,000 bbls crude storage tanks at Amukpe to provide storage for condensate volumes associated with gas production in order to allow the Company to allow continuity of gas production during periods when the third party operated Trans Forcados System may be shut-in. Further to the commissioning of the LTF at Amukpe, the Company commenced a crude quality upgrade project aimed at achieving an export grade specification of 0.5 BS&W MAX, based on the crude handling agreement signed with SPDC. By doing this, Seplat would be eliminating the component of crude handling charges that incurs a charge for exporting wet crude to the Forcados terminal and also free up additional haulage on the export pipeline. On completion of the project, Seplat will also be able to guarantee export quality crude shipments to the Warri refinery. During the year, the partners drilled one gas development well and one oil development well on the block.

Operations review continued

OML 41

Operator:	Seplat
Working interest:	45.0%
Partner:	NPDC
Main fields	Sapele, Ovhor, Sapele Shallow (producing); Ubaleme and Okoporo (discoveries)
2015 gross liquids production:	18,407
2015 gross gas production:	18 MMscfd
Gross remaining 2P oil reserves:	118 MMbbls
Gross remaining 2P gas reserves:	272 Bscf
2016 activities:	Production and development

Background

OML 41 covers an area of 291km^2 and is located 50km from Warri, Delta State. There are currently three producing fields on the block, namely Sapele, Sapele Shallow and Ovhor (which straddles OML 41 and OML 38), and two discoveries with contingent resources, the Ubaleme and Okoporo discoveries. Facilities on the block include a flow station with 60,000 bpd capacity, a 60 MMscfd capacity non associated gas processing plant and a 26 MMscfd NGC owned gas compressor station. Produced oil is exported via the Sapele – Amukpe delivery line to the Amukpe facilities and onwards to either the Forcados terminal or Warri refinery. The condensate stream is combined with the oil for export and produced gas is exported via the NGC owned Oben-Sapele pipeline system which feeds into the Sapele power plant. The licence was renewed in 1989 for a further 30 years expiring on 30 June 2019.

2015 activity

The main focus at OML 41 in 2015 was the initial development of the Sapele-Shallow field. During the year, the partners drilled and completed three oil development wells on the block. The Sapele Shallow field, which overlies the productive reservoirs in the main Sapele field, is considered to hold a significant accumulation of oil (around 500 MMbbls STOIIP) and was brought onstream in 2015 following the completion of three new development wells. Prior to this Sapele-Shallow had remained largely undeveloped due to the heavier nature of the oil (21° API) relative to that in neighbouring blocks. The Company believes that the full development of Sapele-Shallow currently being pursued represents a material upside opportunity.

OPL 283

Operator:	Pillar Oil/OPGC
Working interest:	40.0%
Partner:	Pillar Oil
Main fields	Umuseti and Igbuku
2015 gross liquids production:	2,784 bopd
2015 gross gas production:	n/a
Gross remaining 2P oil reserves:	23 MMbbls
Gross remaining 2P gas reserves:	199 Bscf
2016 activities:	Production

Background

Seplat has a 40% non-operated working interest in the Umuseti/Igbuku Marginal Field Area that is carved out of OML 56. The block is located in the northern onshore depo-belt of the Niger Delta and is operated by Pillar Oil Limited. The block contains one producing field, Umuseti, which came onstream in May 2012 and is currently producing from three development wells. There are 15 identified oil bearing reservoirs in Umuseti with production currently coming from four of these reservoirs. Further development drilling will be required to drain the remaining reservoirs. The Igbuku field contains predominantly gas and condensate and is currently undergoing appraisal prior to development. The block also contains four satellite exploration leads, namely Igbuku North, Igbuku Deep, Umuseti East and Umuseti North-East, which the joint venture partners intend to further evaluate. Facilities on the block include a 5,000 bopd Early Production Facility ('EPF') and two 20,000 bbls crude storage tanks. Umuseti production is evacuated to a Group Gathering Facility ('GGF') where it is metered and thereafter exported either via Agip's Kwale facilities to the Brass terminal or via NPDC's pipeline to Forcados.

Operations review continued

2015 activity

There were no drilling activities during 2015, the operational focus being on production efficiency and minimising operating costs. In the first quarter of 2015, two 20,000 bbls crude storage tanks and a 5 Mbbls fire-water tank were fully commissioned. Following the installation of an additional separator and a de-bottlenecking exercise, production from Umuseti peaked at around 4,650 bopd gross. Export via NPDC's line commenced in June allowing some flexibility should the Agip export route be unavailable. A detailed subsurface study was completed during the year which will be used to define the optimal development strategy to access additional oil reservoirs in the Umuseti Field. Technical work also continued on Igbuku, planning wells and the monetisation of its gas reserves.

Negotiations with contractors for the acquisition of 106 km^2 of 3D seismic data over the southern section of the Igbuku field were concluded during 2015 with the contract planned to be awarded in 2016. The seismic will allow full definition of the Igbuku structure required for future development future drilling activities.

OML 53

Operator:	Seplat
Working interest:	40.0%
Partner:	NNPC
Main fields	Jisike (producing) and Ohaji South (discovery)
2015 gross liquids production:	1,715
2015 gross gas production:	n/a
Gross remaining 2P oil reserves:	115 MMbbls
Gross remaining 2P gas reserves:	1,333 Bscf
2016 activities:	Production and development

Background

OML 53 covers an area of approximately 1,585km^2 and is located onshore in the north eastern Niger Delta. The Jisike oil field, located in the north western area of the block, is currently the only producing field on OML 53. Existing infrastructure at Jisike comprises flow-lines, phase one separation facilities and a flow station with a design capacity of 12,000 bopd and 8 MMscfd. Oil production is sent for further processing at the nearby Izombe facilities on OML 124 from where it is exported via pipeline to the Brass oil terminal. The block also contains the large undeveloped Ohaji South gas and condensate field, the development of which will be coordinated with the SPDC operated Assa North field on adjacent OML 21, together referred to as the ANOS project. The expectation is that future gas production from the ANOS project will supply the domestic market, for which significant work on commercialisation terms and development concepts has been undertaken. There is also shallow oil development potential at Ohaji South that could be pursued as a separate standalone project in the near term. Prior to initiating development of the ANOS project, Seplat expects to focus efforts on increasing oil production at the Jisike field and development of the shallow oil reservoirs in Ohaji South. Pursuant to the Joint Operating Model, Seplat was designated operator of OML 53.

2015 activity

On 5 February 2015, the Company announced that it had acquired a 40.0% working interest in OML 53 from Chevron Nigeria Limited ('CNL'). However, the full completion and transfer of the block and operatorship was hindered by a litigation brought against CNL and Seplat by one of the counter bidders that also sought to acquire the assets from CNL and contested the outcome of the sales process. The litigation ultimately reached the Supreme Court, the apex court in Nigeria, in January 2016 when the Supreme Court delivered its judgment and ruled in favour of CNL and Seplat. This ruling allowed CNL to conclude the full transfer and operatorship of the block to Seplat with immediate effect meaning the Company is now free to implement a forward work programme to realise the block's full potential.

Operations review continued

OML 55

Operator:	Seplat
Working interest:	22.5%
Partner:	NNPC, Belemaoil
Main fields	Robertkiri, Idama and Inda (producing)
2015 gross liquids production:	7,764
2015 gross gas production:	n/a
Gross remaining 2P oil reserves:	74 MMbbls
Gross remaining 2P gas reserves:	768 Bscf
2016 activities:	Production and development

Background

OML 55 covers an area of approximately 840km^2 and is located in the swamp to shallow water offshore areas in the south eastern Niger Delta. The block contains five producing fields (Robertkiri, Inda, [Belema] North, Idama and [Jokka]). The majority of production on the block is from the Robertkiri, Idama and Inda fields. The Robertkiri field is located in swamp at a water depth of five metres and has a production platform and utility platform installed. Production capacity at the Robertkiri facilities is 20,000 bpd and 10 MMscfd. Production facilities at the Idama field comprise a jack-up mobile offshore production unit ('MOPU') and riser platform that have a capacity of 30,000 bpd of total fluids and 34 MMscfd. The Jokka field is produced through a manifold tied-back to the Idama facilities. Production facilities at the Inda field comprise a MOPU with a capacity of 30,000 bpd of total liquids and 34 MMscfd. Overall, the infrastructure on OML 55 comprises four flow stations, a network of flow-lines, and two eight-inch pipelines that connect to third party operated infrastructure. The Belema field is unitised with OML 25 and is produced via a flow station on that block. All produced liquids from OML 55 are delivered via third-party infrastructure to the Bonny terminal for processing and shipping. In addition to the oil potential on the block there is also an opportunity to develop the significant gas resources that have also been identified. Pursuant to the Joint Operating Model, Seplat was designated operator of OML 55.

2015 activity

On 5 February 2015 the Company announced that it had concluded negotiations to purchase 56.25% of the share capital of Belemaoil Producing Limited ('Belemaoil'), a Nigerian special purpose vehicle that had completed the acquisition of a 40.0% interest in the producing OML 55, from CNL. Seplat's effective working interest in OML 55 as a result of the acquisition is 22.5%. However, the full completion and transfer of the block and operatorship was hindered by a litigation brought against CNL and Seplat by one of the counter bidders that also sought to acquire the assets from CNL and contested the outcome of the sales process. The litigation ultimately reached the Supreme Court, the apex court in Nigeria, in January 2016 when the Supreme Court delivered its judgment and ruled in favour of CNL and Seplat. This ruling allowed CNL to conclude the full transfer and operatorship of the block with immediate effect meaning the Company is now free to implement a forward work programme to realise the block's full potential.

Financial review

The Group continued to invest in new wells and surface facilities during the year to increase oil, and in particular, gas production and processing capacity. In 2016 we will appropriately scale our investment programme taking account the prevailing oil price environment and its influence on free cash generation within the underlying business, and will maintain our strict discipline of only allocating capital to the opportunities that offer the greatest returns to deliver shareholder value.

Revenue

Despite reporting a 41% overall increase in production year-on-year (with liquids production up 20% and gas production up 119%) the full effect has not been reflected in revenues primarily due to the continued decline in oil prices throughout the year. Revenues were further impacted by third party operated infrastructure being shut-in for significant periods of time, giving a production uptime level of 79% for the full year. The majority of shut-ins were experienced in the first half when production uptime was 65%, after which we saw a marked improvement in the second half when uptime was restored to a more normalised level of 94%. The increase in gas production and sales in the year did provide a partial offset to the impact of oil price decline, with gas pricing in Nigeria being de-linked to oil price. Consequently, revenue in 2015 was US$570 million, a decrease of 26% from 2014 (2014: US$775 million).

Oil revenues (after stock movements) of US$494 million continued to account for the majority of revenues in 2015 (2014: US$748 million). The global oil price decline has negatively impacted the Group's realised oil price with an achieved average price of US$51.2/bbl (2014: US$97.2/bbl) before royalties. The average premium to Brent achieved in 2015 was US$1.02/bbl (2014: US$2.4/bbl). Working interest liquids production in 2015 increased to 29,003 bopd from 24,252 bopd in 2014. The total volume of crude lifted in the year was 8.129 MMbbls compared to 7.999 MMbbls in 2014. Also in 2015, revenues from OML 53 and OML 55 were recognised from February onwards.

In April, the Group put in place deferred premium puts covering a volume of 4.4 MMbbls to year end at a strike price of US$52.0/bbl. The net amount paid out during the year was US$15.6 million. We will 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. In line with this tactic, we have rolled the hedging programme into 2016 and put in place dated Brent puts covering a volume of 3.3 MMbbls over H1 2016 at a strike price of US$45.0/bbl and have post year end covered an additional 2.2 MMbbls over H2 2016 at a strike price of US$40/bbl.

The shut-in of third party operated infrastructure that we rely on to evacuate produced liquids, together with the associated time required to re-establish full production levels, resulted in deferred liquids production of approximately 2.2 MMbbls assuming all other factors constant. To assist in minimising the impact of future pipeline shut downs, the Group continued efforts to optimise the use of its alternative export route to the Warri Refinery which was commissioned in 2014. A total of 388,000 barrels was sent through this route in 2015.

Gas revenues increased significantly year-on-year to US$76.9 million (2014: US$27.4 million). This trend was driven by a 34% increase in the average realised gas price to US$2.55/Mscf (2014: 1.90/Mscf) and the 119% increase in volumes. Working interest production for the year was 86 MMscfd (31.3 Bscf) compared to 39 MMscfd (14.4 Bscf) in 2014. The increase in volume is a direct result of the successful installation and commissioning of the new 150 MMscfd Oben gas processing facility mid-year that doubled overall gross processing capacity to 300 MMscfd and allowed for a sharp increase in gas sales throughout the second half of the year.

Gross profit

Gross profit for the year was US$249 million, a decrease of 46% on the prior year (2014: US$459 million). This principally reflects the decline in revenue, primarily attributed to the oil price, the additional field costs related to OML 53 and 55 together with the increase in the rate of DD&A. Direct operating costs, being crude handling fees, rig related costs and other field expenses, decreased to US$3.30/boe in 2015 (2014: US$3.52/boe), principally reflecting the decrease in work-over costs and higher production, offset by increased levels of field expenditures and crude handling charges (including a balancing one-off crude handling charge of US$25 million recognised in 2015 for the period 2010 to 2014). Management is aware of the need to operate as efficiently as possible in the current low oil price environment whilst maximising the production and cash flows from existing assets. The DD&A charge for oil and gas assets has increased during 2015 to US$68 million (2014: US$41 million) reflecting field investments made in the year, acquisition costs associated with OML53 and OML55, forecast levels of production and estimates of future capital commitments. These increases were partly offset by the reduction in the level of royalties in 2015, which despite the higher production year-on-year stood at US$102.5 million compared to US$149.7 million in 2014. The reduction in well work-over activities also translated into a decrease in rig related expenses to US$8.64 million in 2015 compared to US$29.9 million in 2014.

Financial review continued

Operating profit

Operating profit for the year was US$157 million, a decrease of 46% on the prior year (2014: US$290 million).

Partially offsetting the impact of lower gross revenues was a 21% decrease in G&A expenses to US$121 million. Included within the reported G&A figure are finance costs of US$24.2 million, depreciation of US$5.5 million and other costs in relation to business development activities and advisory fees totalling US$7.4 million. Additionally, the Group has also taken steps to reduce recurring G&A expenses and in the full year has realised a decrease of US$5 million through reductions in contract labour, travel costs, facilities costs and IT costs.

Tax

The Group continued to benefit from pioneer tax status in 2015 which resulted in the effective tax rate remaining consistent with 2014 (2014: nil%). The Group has completed the first three years of the tax incentive and has applied for the final two years under the provisions of the Industrial Development (Income tax Relief) Act. The Group considers that it has met or exceeded the requirements of the scheme, as evidenced by the investments it has made to develop its blocks and in particular accelerate the expansion of its gas business to supply the domestic market. In 2015, a deferred tax charge of $21m has been recognised in the accounts representing the tax of a timing difference which will reverse in the future.

Profit Attributable to Parent

Profit for the period was US$67 million, a decrease of 73% on the prior year (2014: US$252 million). The resultant EPS for 2015 was US$0.12 (2014: US$0.5). In 2015, adjustments have been made in respect of a balancing crude handling charge reconciling actual capacity usage with reserves capacity for the past five years of US$25 million, payments made in association the Group's successful US$1 billion refinancing of its debt facilities of US$24 million and other costs of US$7 million which mainly include business development costs.

Dividends

The Board has decided to recommend a final dividend of US$0.04 per share (2014: US$0.09 per share) bringing total dividends for the year to US$0.08 per share (2014: US$0.15 per share)

Cash flows and liquidity

Cash flows from operating activities

Operating cash flow before movements in working capital was US$190 million (2014: US$379 million). The outstanding net NPDC receivable at year end, after offsetting NPDC's share of gas revenue and further adjusting for crude handling charges that have also been withheld, stood at US$435 million (2014: US$463 million). In July the Group entered into a signed agreement with NPDC on terms for the payment of receivables due to Seplat and also for the future structure of joint venture funding to mitigate the risk of the receivable. Pursuant to the agreement outstanding sums owed to Seplat in relation to expenditures up to 31 December 2014 will be settled by offsetting gas revenues attributable to NPDC's 55% share of contracted gas sales. Furthermore, NPDC and Seplat have agreed to jointly source loan facilities, up to an envisaged limit of US$300 million, to fund joint venture cash calls with effect from January 2015. Under the agreed structure, once such facilities are in place, NPDC and Seplat will each contribute crude oil production commensurate with their respective obligations.

Reconciliation of net NPDC receivables balance

US$ million	
Opening balance at 31/12/14	463
Receipts in 2015	(163)
Payments in 2015	246
NPDC gas revenues withheld in 2015	(55)
Headline receivable at 31/12/15	491
Crude handling charges withheld in 2015	(56)
Net receivable at 31/12/15	435

Financial review continued

Cash flows from investing activities

Net cash flows from investing activities were US$79 million (2014: US$780 million). In February, the Group closed the acquisition of a direct 40.0% interest in OML 53 and effective 22.5% interest in OML 55 (through the purchase of 56.25% of the share capital of Belemaoil Producing Limited ("Belemaoil")) from Chevron Nigeria Limited. Payments made by the Group at completion amounted to US$190.4 million for OML 53 (for which a deposit of US$69.0 million had previously been paid in 2013) and US$132.2 million for OML 55. Both transactions also carry an element of deferred consideration (US$18.8 million for OML 53 and US$11.6 million for OML55) that is contingent on oil price averaging US$90/bbl or above for 12 consecutive months within the next five years. In respect of OML 55, the Group also advanced certain loans amounting to US$80.0 million to the other shareholders of Belemaoil to meet their share of investments and costs associated with Belemaoil. Under the agreed terms the Group will recover the loaned amounts, together with an uplift premium of up to US$20.6 million and annual interest of Libor plus 10.00%, from 80.00% of the other shareholders oil lifting entitlements.

Capital expenditure (capex) attributed to oil and gas assets in the year amounted to US$152million (2014: US$321 million). These expenditures include drilling costs in relation to seven development and appraisal wells, facility costs in relation to the new Oben gas processing facility, flow lines and additional crude oil and condensate storage tanks installed at the Amukpe field. Other non-drilling and facility related capex of US$4.9 million (2014: US$10 million) includes expenditures for crude oil pumps, generators, motor vehicles, office and IT equipment and other leasehold improvements.

In July, the Group reached agreement for release of the sums from escrow that had previously been allocated as a refundable deposit against a potential investment by a consortium. The net funds returned to the Group, and reinstated as unrestricted cash at bank, were US$368 million. A sum of US$45 million remains in escrow as a deposit with the potential vendors whilst negotiations with the consortium continue, and US$29 million was placed into a new escrow account in London pending outcome of the ongoing negotiations. The Company also agreed to pay a portion of previously incurred consortium costs, amounting to US$11 million, US$3.5 million of which has been paid and US$7.5 million of which is payable on a deferred basis and is presently also held in the escrow account (total amount in escrow US$36.5 million).

Cash flows from financing activities

Net debt at the year-end was US$573 million, compared to US$303 million at December 2014. Net cash inflows from financing activities were US$82 million (2014: US$671 million). These principally reflect the refinancing of the business during the year through the debt markets. In January 2015, the Group successfully refinanced its pre-existing debt facilities with a new US$700 million seven year secured term facility and US$300 million three year secured revolving credit facility. The seven year facility also includes an option for the Group to upsize the facility by up to an additional US$700 million for qualifying acquisition opportunities.

Net debt at 31 December 2015

	US$ Million	Coupon	Maturity
7 year secured term facility	588	L+8.75%	January 2022
3 year secured RCF	275	L+6.00%	January 2018
Gross debt at parent	863		
Net Belemaoil subsidiary debt	36	L+10.5%	
Total gross debt	899		
Cash and cash equivalents	326		
Net debt	573		
Accordion facility (undrawn)	700	L+8.75%	

Financial review continued

Outlook

Our financial strategy continues to be driven by preservation of the financial capability and also flexibility that is required to realise the value of our enlarged asset base. We will continue to closely monitor the oil price, performance of our strongly productive asset base and the implications these factors have on cash generation over the near, medium and long term allowing us to scale and phase our future investments appropriately. Our enlarged asset base provides greater optionality and will allow us to more rigorously benchmark and high grade the extensive inventory of drilling and development opportunities we have, making sure that each dollar invested goes to the highest cash return projects. We will continue to prioritise expansion of our domestic natural gas business which provides a revenue stream that is de-linked from the oil price, and underpinned by the strong fundamentals of high demand and increasing pricing. Continuing to reduce the outstanding NPDC receivables balance remains an absolute priority, and we have measures in place that will achieve this and allow us to further strengthen and improve our balance sheet. The combination of all these factors will ensure we have a sound financial platform from which we can build and grow further, both through organic means and also capitalising on inorganic opportunities as and when they may arise.

Financial Statements

For the year ended 31 December 2015
(Expressed in US Dollars and Naira)

General information
Board of directors:

Ambrosie Bryant Chukwueloka Orjiako	Chairman
Ojunekwu Augustine Avuru	Managing Director and Chief Executive Officer
William Stuart Connal	Chief Operating Officer (Executive Director)
Roger Thompson Brown	Chief Financial Officer (Executive Director)
Michel Hochard	Non-Executive Director
Macaulay Agbada Ofurhie	Non-Executive Director
Michael Richard Alexander	Senior Independent Non-Executive Director
Ifueko Omoigui-Okauru	Independent Non-Executive Director
Basil Omiyi	Independent Non-Executive Director
Charles Okeahalam	Independent Non-Executive Director
Lord Mark Malloch-Brown	Independent Non-Executive Director
Damian Dinshiya Dodo	Independent Non-Executive Director

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
Auditor	Ernst & Young (Chartered Accountants) 10th & 13th Floor, UBA House 57 Marina Lagos
Registrar	DataMax Registrars Limited 7 Anthony Village Road Anthony P.M.B 10014 Shomolu Lagos, Nigeria
Solicitors	Abhulimen & Co. Anaka Ezeoke & Co. D.D. Dodo & Co. Jakpa, Edoge & Co. Ogaga Ovrawah & Co. Streamsowers & Kohn Thompson Okpoko & Partners Winston & Strawn London LLP
Bankers	Access Bank Plc Diamond Bank Plc First Bank of Nigeria Limited GT Bank Plc Skye Bank Plc Stanbic IBTC Bank Plc United Bank for Africa Plc Zenith Bank Plc Citibank Nigeria Limited Standard Chartered Bank HSBC Bank

Report of the directors
For the year ended 31 December 2015

The Directors are pleased to present to the shareholders of the Company their report with the audited financial statements for the year ended 31 December 2015.

Principal activity

The Company is principally engaged in oil and gas exploration and production. The company's registered office address is 25a Lugard Avenue, Ikoyi, Lagos, Nigeria.

Corporate structure and business

SEPLAT Petroleum Development Company Plc (''SEPLAT'' or the ''Company''), the parent of the Group, was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2014, under the Company and Allied Matters Act 2004. The Company commenced operations on 1 August 2010. The Company is principally engaged in oil and gas exploration and production.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, SPDC, TOTAL and AGIP, a 45 percent participating interest in the following producing assets: OML 4, OML 38 and OML 41 located in Nigeria. The total purchase price for these assets was $340 million paid at the completion of the acquisition on 31 July 2010 and a contingent payment of $33 million payable 30 days after the second anniversary, 31 July 2012, if the average price per barrel of Brent Crude oil over the period from acquisition up to 31 July 2012 exceeds $80 per barrel.

$358.6 million was allocated to the producing assets including $18.6 million as the fair value of the contingent consideration as calculated on acquisition date. The contingent consideration of $33 million was paid on 22 October 2012.

Seplat Petroleum Development Company Plc was successfully listed on the Nigerian Stock Exchange and main market of the London Stock Exchange on 14 April 2014.

On 1 June 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''). The total purchase price for these assets was $50 million paid at the completion of the acquisition in June 2013 and a contingent payment of $10 million payable upon reaching certain production milestones.

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

These milestones were not reached as such the contingent consideration has now been reversed and the contingent payment of $10m will not be paid

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

The Company together with its subsidiary, Newton Energy, and four wholly owned subsidiaries, namely, SEPLAT Petroleum Development Company UK Limited (''SEPLAT UK''), which was incorporated on 21 August 2013, SEPLAT East Onshore Limited (''SEPLAT East''), which was incorporated on 12 December 2013, SEPLAT East Swamp Company Limited (''SEPLAT Swamp''), which was incorporated on 12 December 2013, and SEPLAT Gas Company Limited (''SEPLAT GAS''), which was incorporated on 12 December 2013, is referred to as the Group.

Report of the directors continued

Results:

	2015	2014	2015	2014
	$000	$000	N'm	N'm
Profit before taxation	87,079	252,253	17,245	40,481
Tax expense	(21,472)	-	(4,252)	-
Profit after taxation	65,607	252,253	12,993	40,481
Dividend declared for the year	-	-	-	-
Retained profit for the year	65,607	252,253	12,993	40,481

Dividend:

During the year, the directors recommended to members an interim dividend of $0.04 per 50kobo share amounting to $22 million (2014: $33million)

The Directors are recommending to members the payment of a final dividend of $0.04 per 50kobo share amounting to $22.4 million - N4.4billion (2014: $49.8illion @ $0.09 per share, N9.8billion).

Changes in property, plant and equipment

Movements in the Property, plant and equipment and significant additions thereto are shown in note 11 to the financial statements.

Board of directors

The names of the Directors are shown on page 7. In accordance with the provisions of Section 259 of the Companies & Allied Matters Act, CAP C20, Laws of the Federation of Nigeria (LFN) 2004, one third of the directors of the Company shall retire from office. The directors to retire every year shall be those who have been longest in office since their last election. Apart from the Executive Directors and Founding Directors, all other Directors are appointed for a fixed term. At expiration of the terms, they may be eligible for re-appointment.

Report of the directors continued

The Board has the following Committees:

1. **Audit Committee**

Chief Anthony Idigbe, SAN	Committee Chairman
Mrs. Ifueko Omoigui Okauru	Member
Dr. Charles Okeahalam	Member
Mr. Michel Hochard	Member
Dr. Faruk Umar	Member
Sir Sunny Nwosu	Member

2. **Finance Committee**

Dr Charles Okeahalam	Committee Chairman
Mr Michael Alexander	Member
Mrs Ifueko Omoigui Okauru	Member
Lord Mark Malloch-Brown	Member

3. **Nomination and Establishment Committee**

Dr. A.B.C. Orjiako	Committee Chairman
Mr. Basil Omiyi	Member
Mr. Michael Alexander	Member
Mr. Damian Dinshiya Dodo	Member

4. **Remuneration Committee**

Mr. Michael Alexander	Committee Chairman
Mr. Basil Omiyi	Member
Dr. Charles Okeahalam	Member
Mr. Damian Dinshiya Dodo	Member

5. **HSSE and Risk management Committee**

Mr. Basil Omiyi	Committee Chairman
Mr. Macaulay Agbada Ofurhie	Member
Mrs Ifueko Omoigui-Okauru	Member

6. **Corporate Social Responsibility Committee**

Lord Mark Malloch-Brown	Committee Chairman
Mr. Macaulay Agbada Ofurhie	Member
Mrs. Ifueko Omoigui Okauru	Member

Report of the directors continued

Record of attendance of board and committee meetings

In accordance with Section 258 Subsection 2 of the Companies and Allied Matters Act, CAP C20, LFN, 2004 the record of attendance of Directors at Board Meetings and that of its Committees in the year under review is published herewith:

Board of Directors

S/N	Name		No. of Meetings in the year	No. of times in Attendance
1.	Ambrosie Bryant Chukwueloka Orjiako	(Chairman)	6	6
2.	Ojunekwu Augustine Avuru		6	6
3.	William Stuart Connal		6	6
4.	Roger Thompson Brown		6	6
5.	Michel Hochard		6	6
6.	Macaulay Agbada Ofurhie		6	6
7.	Michael Richard Alexander		6	6
8.	Charles Okeahalam		6	6
9.	Basil Omiyi		6	6
10.	Ifueko Omoigui Okauru		6	6
11.	Lord Mark Malloch-Brown		6	4
12.	Damian Dinshiya Dodo		6	4

Finance Committee

S/N	Name		No. of Meetings in the year	No. of times in Attendance
1.	Charles Okeahalam	Chairman	5	5
2.	Michael Alexander		5	5
3.	M. Omoigui-Okauru		5	4
4.	Lord Mark Malloch-Brown		5	5

Nomination and Establishment Committee

S/N	Name	No. of Meetings in the year	No. of times in Attendance
1.	Ambrosie Bryant Chukwueloka Orjiako	3	3
2.	Basil Omiyi	3	2
3.	Michael Richard Alexander	3	3
4.	Damian Dinshiya Dodo	3	3

Report of the directors continued

Board of Directors:

Remuneration Committee

S/N	Name	No. of Meetings in the year	No. of times in Attendance
1.	Michael Richard Alexander	4	4
2.	Basil Omiyi	4	3
3.	Charles Okeahalam	4	4
4.	Damian Dinshiya Dodo	4	4

Risk Management, HSE and Communities Committee

S/N	Name	No. of Meetings in the year	No. of times in Attendance
1.	Mr. Basil Omiyi	4	4
2.	Mr. Macaulay Agbada Ofurhie	4	4
3.	Ifueko M. Omoigui Okauru	4	4

Report of the directors continued

Corporate Social Responsibility Committee

S/N	Name	No. of Meetings in the year	No. of times in Attendance
1.	Lord Mark Malloch-Brown	4	4
2.	Mr. Macaulay Agbada Ofurhie	4	4
3.	Ifueko M. Omoigui Okauru	4	3

Audit Committee

S/N	Name	No. of Meetings in the year	No. of times in Attendance
1.	Chief Anthony Idigbe, SAN	5	5
2.	Mrs. Ifueko Omoigui Okauru	5	5
3.	Dr. Charles Okeahalam	5	3
4.	Mr. Michel Hochard	5	4
5.	Dr. Faruk Umar	5	5
6.	Sir Sunny Nwosu	5	5

Directors' interest in shares

The interests of the Directors (and of persons connected with them) in the share capital of the Company (all of which are beneficial unless otherwise stated) as at 31 December 2015, are as follows:

	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue
Ambrosie Bryant Chukwueloka Orjiako(1)	84,736,913	15.04
Ojunekwu Augustine Avuru(2)	73,297,011	13.00
William Stuart Connal	14,433	–
Roger Thompson Brown	1	–
Michel Hochard	–	–
Macaulay Agbada Ofurhie	4,806,373	0.85
Michael Richard Alexander	–	–
Charles Okeahalam	502,000	0.09
Basil Omiyi	400,000	0.07
Ifueko Omoigui Okauru	–	–
Lord Mark Malloch-Brown	–	–
Damian Dinshiya Dodo	–	–

Notes:

(1) 72,136,912 Ordinary Shares are held by Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family and 12,600,000 Ordinary Shares are held directly by Dr. Orjiako's siblings and 1 Ordinary Share held by A.B.C. Orjiako.

(2) 27,217,010 Ordinary Shares are held by Professional Support Limited and 1,920,000 Ordinary Shares are held by Abtrust Integrated Services Limited, each of which is an entity controlled by Mr Augustine Avuru. 44,160,000 Ordinary Shares, are held by Platform Petroleum Limited, which is an entity in which Mr. Augustine Avuru has a 23 per cent equity interest and 1 ordinary share held by Mr Augustine O. Avuru.

Report of the directors continued

Director's interest in contracts

The Chairman and the Managing Director have disclosable indirect interest in contracts with which the Company was involved as at 31 December 2015 for the purpose of section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria in 2015. These have been disclosed in Note 28.

Substantial interest in shares

The issued and fully paid share capital of the Company as at 31 December 2015 is beneficially owned as follows:

Shareholder	Number	%
MPI S.A.	120,400,000	21.48
Shebah Petroleum Development Company Limited	84,736, 913	15.12
Austin Avuru and Platform Petroleum Limited	73,297,011	13.08
ZPC/SIBTC RSA FUND - MAIN A/C	21,475,235	3.83
STANBIC IBTC TRUSTEE LIMITED/SEPLAT LTIP	10,134,248	1.81
Stanbic Nominees Nigeria Ltd/C002 – Main	6,839,354	1.22
Vazon Investments Limited	7,366,800	1.31
CIS PLC - TRADING	167,880,657	29.95
Others	71,314,343	12.21
	560,576,101	**100**

(1) 72,136,912 Ordinary Shares are held by Shebah Petroleum Development Company Limited, which is an entity controlled by Dr. A.B.C. Orjiako and members of his family and 12,600,000 Ordinary Shares are held directly by Dr. Orjiako's siblings and 1 Ordinary Share held by Dr. A.B.C. Orjiako.

(2) 27,217,010 Ordinary Shares are held by Professional Support Limited and 1,920,000 Ordinary Shares are held by Abtrust Integrated Services Limited, each of which is an entity controlled by Mr Augustine Avuru. 44,160,000 Ordinary Shares, are held by Platform Petroleum Limited, which is an entity in which Mr Augustine Avuru has a 23 per cent equity interest and 1 ordinary share held by Mr Augustine O. Avuru.

Acquisition of own shares:

The company did not acquire any of its shares during the year.

Report of the directors continued

Corporate governance

The Board of Directors of the company is aware of the Code of Corporate Governance issued by the Securities and Exchange Commission in the administration of the company and is ensuring that the company complies with it.

The Board is responsible for keeping proper accounting records with reasonable accuracy. It is also responsible for safe guarding the assets of the company through prevention and detection of fraud and other irregularities.

The Board has a Remuneration Committee made up of four of its members, other committees are:

Finance Committee

Nomination and Establishment Committee

Risk Management, HSE and Communities Committee

Corporate Social Responsibility Committee

Audit Committee

The report of the committee and details of its membership are set out on page 6-7.

Donation

The following donations were made by the company during the year (2014: $158,825).

Name of beneficiary	$
National undergraduate Scholarship Scheme	28,835
Inter Crisis Group for Peace	25,000
Nigeria association of Petroleum explorationists	24,357
Global pacific & partners international ltd	21,697
Mandilas Ent	15,543
Energy institute	10,537
Nigeria Mining and Geosciences Society	9,098
Petroleum technology association of Nigeria	9,000
Image Consultants	7,144
Easy channel	5,974
Radi 8	3,225
Others	9,085
	169,495

Employment and employees

a) Employees involvement and training:

The company continues to observe industrial relations practices such as joint Consultative Committee and briefing employees on the developments in the company during the year under review.

Various incentive schemes for staff were maintained during the year while regular training courses were carried out for the employees.

Educational assistance is provided to members of staff. Different cadres of staff were also assisted with payment of subscriptions to various professional bodies during the year.

The Company will provide appropriate HSE training to all staff, and Personal Protective Equipment (PPE) to the appropriate staff.

Report of the directors continued

b) Health, safety and welfare of employees:

The company continues to enforce strict health and safety rules and practices at the work environment which are reviewed and tested regularly. The company provides free medical care for its employees and their families through designated hospitals and clinics. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises. The company operates Group life Insurance cover for the benefit of its employees. It also complies with the requirements of the Pension Reform Act, 2004 regarding its employees.

c) Employment of disabled or physically challenged persons:

The company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

Auditor

The Auditor, Ernst and Young have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, 1990. A resolution will be proposed authorizing the Directors to fix their remuneration.

By Order of the Board

Mirian Kachikwu
FRC/2015/NBA/00000010739
Company Secretary,
Seplat Petroleum Development Company Plc
25a Lugard Avenue
Ikoyi
Lagos
Nigeria

Date: 24 March 2016

Audit Committee's Report
For the year ended 31 December 2015

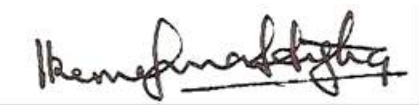
To the members of Seplat Petroleum Development Company Plc

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act 2004, members of the Audit Committee of Seplat Petroleum Development Company Plc hereby report on the financial statements of the company for the year ended 31 December as follows:

- The scope and plan of the audit for the year ended 31 December 2015 were adequate:
- We have reviewed the financial statements and are satisfied with the explanations and comments obtained:
- We have reviewed the external auditors' management letter for the year and are satisfied with the management's responses and that management has taken appropriate steps to address the issues raised by the Auditors:
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.

The external Auditors confirmed having received full co-operation from the Company's management in the course of the statutory audit and that the scope of their work was not restricted in any way.

Dated this 24th day of March 2016



Chief Anthony Idigbe, SAN
Chairman, Audit Committee
FRC/2015/NBA/00000010414

Statement of directors' responsibilities

For the year ended 31 December 2015

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004;
b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act, No 6, 2011.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its financial performance for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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 this statement.

Signed On Behalf Of the Directors By

Ambrosie Bryant Chukwueloka Orjiako
Chairman
FRC/2014/IODN/00000003161.

Ojunekwu Augustine Avuru
Chief Executive Officer
FRC/2014/IODN/00000003100

24 March 2016

Ernst & Young
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Lagos, Nigeria

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Building a better working world

Independent auditor's report to the members of Seplat Petroleum Development Company Plc

We have audited the accompanying consolidated and separate financial statements of Seplat Petroleum Development Company Plc, ("the Company") and its subsidiaries (together "the Group") which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No. 6, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Seplat Petroleum Development Company Plc as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No. 6, 2011.

Independent auditor's report to the members of Seplat Petroleum Development Company Plc continued

Report on other legal and regulatory requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books;

iii) the statement of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

iv) in our opinion, the financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 so as to give a true and fair view of the state of affairs and financial performance.

Yemi Odutola FCA

FRC/2012/ICAN/00000000141

For Ernst & Young
Lagos, Nigeria

24 March 2016

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2015

		The Group			
		2015	2014	2015	2014
	Notes	$000	$000	N'm	N'm
Revenue	3	570,477	775,019	112,972	124,377
Cost of sales	4	(321,694)	(315,590)	(63,705)	(50,647)
Gross profit		248,783	459,429	49,267	73,730
Other operating income	5	15,511	-	3,072	-
Other general and administrative expenses	6	(121,474)	(151,569)	(24,055)	(24,324)
Gain on foreign exchange		7,747	(17,152)	1,534	(2,753)
Fair value movements in contingent consideration	26	7,298	(1,132)	1,445	(182)
Operating profit		157,865	289,576	31,263	46,471
Finance income	7a	12,802	11,996	2,535	1,925
Finance costs	7b	(83,588)	(49,319)	(16,553)	(7,915)
Profit before taxation		87,079	252,253	17,245	40,481
Taxation	8a	(21,472)	-	(4,252)	-
Profit for the year		65,607	252,253	12,993	40,481
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in the subsequent periods					
Foreign translation difference		(299)	(32)	20,540	35,051
Total comprehensive income for the period / year		65,308	-	33,533	-
(Profit)/Loss attributable to non-controlling interest	24	2,154	-	427	-
Profit attributable to parent		67,462	252,221	33,960	75,532
Basic earnings per share EPS ($)	31	0.12	0.50	24	79
Diluted earnings per share ($)	31	0.12	0.50	24	79

Statement of financial position
For the year ended 31 December 2015

		The Group			
		31-Dec 2015	31-Dec 2014	31-Dec 2015	31-Dec 2014
	Notes	$000	$000	N'm	N'm
Assets					
Non-current assets					
Oil & gas properties	11a	1,436,950	843,603	285,723	155,448
Other property, plant and equipment	11b	11,602	13,459	2,307	2,480
Intangible assets	12	1	48	0	9
Goodwill	33	2,000	-	398	-
Prepayments	14	36,754	131,466	7,308	24,225
Total non-current assets		1,487,307	988,576	295,736	182,162
Current assets					
Inventories	16	82,468	54,416	16,398	10,027
Trade and other receivables	17	811,255	1,060,854	161,310	195,480
Prepayments	18	11,639	14,224	2,315	2,621
Cash & short term deposits	19	326,029	285,298	64,828	52,571
Other current financial assets		-	890	-	164
Derivatives not designated as hedges	20	23,194	5,432	4,612	1,001
Total current assets		1,254,585	1,421,114	249,463	261,864
Total assets		**2,741,892**	**2,409,690**	**545,198**	**444,026**
Equity and liabilities					
Equity					
Issued share capital	21a	1,821	1,798	282	277
Share premium	21b	497,457	497,457	82,080	82,080
Share Equity Reserve	21c	8,734	-	1,729	-
Capital contribution	22	40,000	40,000	5,932	5,932
Retained earnings		865,485	869,861	134,919	135,727
Foreign translation reserve	23	325	26	56,182	35,642
Non-controlling Interest	24	(745)		(148)	
Total shareholders' equity		1,413,077	1,409,142	280,976	259,658
Non-current liabilities					
Interest bearing loans and borrowings	25a	608,846	239,767	121,063	44,181
Deferred tax liabilities	9a	21,233	-	4,222	-
Contingent consideration	26	21,900	9,377	4,355	1,728
Provision for decommissioning obligation	27	3,869	12,690	769	2,338
Defined Benefit Plan	28	6,926	-	1,377	-
Total non-current liabilities		662,774	261,834	131,786	48,247
Current liabilities					
Interest bearing loans and borrowings	25b	290,769	348,389	57,817	64,196
Trade and other payables	30	375,033	390,325	74,572	71,924
Current Taxation	8a	239	-	48	-
Total current liabilities		666,041	738,714	132,436	136,120
Total liabilities		**1,328,815**	**1,000,548**	**545,198**	**184,368**
Total shareholder equity and liabilities		**2,741,892**	**2,409,690**	**545,198**	**444,026**

Statement of financial position continued

Notes 1-34 are an integral part of the financial statements

The financial statements of Seplat Development Company Plc for the year ended 31 December 2015 were authorized for issue in accordance with a resolution of the directors on 24 March 2016 and were signed on its behalf by:

A. B. C. Orjiako
FRC/2014/IODN/00000003161
Chairman
24 March 2016

A. O. Avuru
FRC/2014/IODN/00000003100
Chief Executive Officer
24 March 2016

R.T. Brown
FRC/2015/IODN/00000007983
Chief Financial Officer
24 March 2016

Statement of changes in equity
For the year ended 31 December 2015

		The Group – US Dollars								
		Issued Share Capital	Share Premium	Capital Contribution	Share based Reserves	Retained Earnings	Foreign Translation Reserve	Total	Non-controlling Interest	Total Equity
	Notes	$000	$000	$000	$000	$000	$000	$000	$000	$000
At 1 January 2014		1,334	-	40,000	-	690,807	58	732,199	-	732,199
Profit for the year		-	-	-	-	252,253		252,253	-	252,253
Other comprehensive income					-		(32)	(32)	-	(32)
Dividends		-	-	-	-	(73,199)		(73,199)	-	(73,199)
Increase in shares		464	534,523	-	-	-		534,987	-	534,987
Transaction Costs for shares Issued			(37,066)	-	-	-		(37,066)	-	(37,066)
At 31 December 2014		**1,798**	**497,457**	**40,000**	**-**	**869,861**	**26**	**1,409,142**	**-**	**1,409,142**
At 1 January 2015		**1,798**	**497,457**	**40,000**	**-**	**869,861**	**26**	**1,409,142**	**-**	**1,409,142**
Profit for the year						67,462		67,462	(2,154)	65,308
Other comprehensive income							299	299		299
Dividends	32					(71,840)		(71,840)		(71,840)
Share based payments					8,757			8,757		8,757
Acquisition of NCI	24								1,409	1,409
Increase in shares		23			(23)					
At 31 December 2015		**1,821**	**497,457**	**40,000**	**8,734**	**865,485**	**325**	**1,413,823**	**(745)**	**1,413,077**

		The Group – Nigerian Naira								
		Issued Share Capital	Share Premium	Capital Contribution	Share based Reserves	Retained Earnings	Foreign Translation Reserve	Total	Non-controlling Interest	Total
	Notes	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
At 1 January 2014		200	-	5,932		106,993	591	113,716	-	113,716
Profit for the year		-	-	-		40,481		40,481	-	40,481
Other comprehensive income							35,051	35,051	-	35,051
Dividends		-	-	-		(11,747)		(11,747)	-	(11,747)
Increase in shares		77	88,196					88,273	-	88,273
Transaction Costs for shares Issued			(6,116)					(6,116)	-	(6,116)
At 31 December 2014		**277**	**82,080**	**5,932**	**-**	**135,827**	**35,642**	**259,658**	**-**	**259,658**
At 1 January 2015		**277**	**82,080**	**5,932**	**-**	**135,827**	**35,642**	**259,658**	**-**	**259,658**
Profit for the year						13,419		13,419	(427)	12,992
Other comprehensive income							20,540	20,540	-	20,540
Dividends	32					(14,226)		(14,226)	-	(14,226)
Share based payments					1,734			1,734	-	1,734
Acquisition of NCI	24							-	279	279
Increase in Shares		5			(5)					
At 31 December 2015		**282**	**82,080**	**5,932**	**1,729**	**134,919**	**56,182**	**281,124**	**(148)**	**280,976**

Statement of cash flows

For the year ended 31 December 2015

		The Group			
		2015	2014	2015	2014
	Notes	$000	$000	N'm	N'm
Cash flows from operating activities					
Cash generated from operations	10	38,040	228,171	7,533	36, 607
Income taxes paid	8	-	(2,874)	-	(530)
Net cash flows from operating activities		38,040	225,297	7,533	36,077
Cash flows from investing activities					
Investment in oil and gas properties		(366,878)	(303,214)	(72,653)	(55,872)
Investment in other property, plant and equipment		(4,615)	(9,870)	(914)	(1,819)
Acquisition of Subsidiary		(79,409)	-	(15,725)	-
Proceeds from sale of assets		208	-	41	-
Interest received		3,243	11,996	642	1,925
Deposit for investment		-	(453,190)	-	(83,508)
(Deposit)/Receipts from Escrow		368,160		72,907	
Aborted acquisition costs		-	(26,056)	-	(4,182)
Net cash flows from investing activities		(79,291)	(780,334)	(15,702)	(143,456)
Cash flows from financing activities					
Proceeds from issue of shares		-	534,987	-	88,273
Expenses from issue of shares		-	(37,066)	-	(6,116)
Proceeds from bank financing		967,101	446,000	191,515	71,575
Repayments of bank financing		(735,940)	(119,034)	(145,738)	(19,103)
Loan to subsidiary undertaking		-	-		-
Repayment of shareholder financing		-	(48,000)		(7,703)
Dividends paid		(71,840)	(73,199)	(14,226)	(11,747)
Interest paid		(77,338)	(32,847)	(15,315)	(5,271)
Net cash inflows/(outflows) from financing activities		81,983	670,841	16,235	109,908
Net increase/(decrease) in cash and cash equivalents		40,731	115,805	8,066	2,529
Cash and cash equivalents at beginning of year		285,298	169,461	52,571	26,300
Foreign translation reserve			32	4,191	23,742
Cash and cash equivalents at end of year		326, 029	285,298	64,828	52,571

Notes to the consolidated financial statements

1. Corporate information and business

SEPLAT Petroleum Development Company Plc (''SEPLAT'' or the ''Company''), the parent of the Group, was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2014, under the Company and Allied Matters Act 2004. The Company commenced operations on 1 August 2010. The Company is principally engaged in oil and gas exploration and production.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, SPDC, TOTAL and AGIP, a 45 per cent participating interest in the following producing assets:

OML 4, OML 38 and OML 41 located in Nigeria. The total purchase price for these assets was $340 million paid at the completion of the acquisition on 31 July 2010 and a contingent payment of $33 million payable 30 days after the second anniversary, 31 July 2012, if the average price per barrel of Brent Crude oil over the period from acquisition up to 31 July 2012 exceeds $80 per barrel. $358.6 million was allocated to the producing assets including $18.6 million as the fair value of the contingent consideration as calculated on acquisition date. The contingent consideration of $33 million was paid on 22 October 2012.

In 2014, 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 2014, Newton Energy acquired from Pillar Oil Limited (''Pillar Oil'') a 40 per cent Participant interest in producing assets: the Umuseti/Igbuku marginal field area located within OPL 283 (the ''Umuseti/Igbuku Fields''). The total purchase price for these assets was $50 million paid at the completion of the acquisition in June 2014 and a contingent payment of $10 million ($5 million when average daily production of 10,500 bopd of liquid hydrocarbon sustained over a period of one (1) month is achieved and another $5 million when cumulative production of 10 million barrels of liquid hydrocarbons from all fields within OML 56 is achieved) by mid-2015. The fair value of $7.731 million was capitalized to the cost of the asset and a corresponding liability recorded based on the probability. These milestones were not achieved as at mid-2015 and as such the liability was de-recognized during the year.

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

SEPLAT is paying $132.2 million for its 22.50% interest in OML 55, after adjustments. It has also advanced certain loans of $80.0 million to the other shareholders of Belemaoil to meet their share of investments and costs associated with Belemaoil. In addition, SEPLAT said talks are underway to determine repayment terms for the initial deposit against the acquisition of $52.5 million that Belemaoil funded with bank debt, which may be added to the total amount loaned to Belemaoil by SEPLAT.

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

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

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

The Company together with its subsidiary, Newton Energy, and four wholly owned subsidiaries, namely, SEPLAT Petroleum Development Company UK Limited (''SEPLAT UK''), which was incorporated on 21 August 2014, SEPLAT East Onshore Limited (''SEPLAT East''), which was incorporated on 12 December 2014, SEPLAT East Swamp Company Limited (''SEPLAT Swamp''), which was incorporated on 12 December 2014, and SEPLAT Gas Company Limited (''SEPLAT GAS''), which was incorporated on 12 December 2014, is referred to as the Group.

Notes to the consolidated financial statements

Continued

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial information has been prepared under the going concern assumption and historical cost convention, except for contingent consideration, borrowings on initial recognition and financial instruments – derivatives not designated as hedges that have been measured at fair value. The historical financial information is presented in US dollars and Nigerian Naira and all values are rounded to the nearest thousand ($000) and nearest million (₦'m), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial information comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company using consistent accounting policies.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and

Notes to the consolidated financial statements
Continued

- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies
The following are the significant accounting policies applied by the company in preparing its financial statements.

2.3.1 Foreign currency translation
Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income within the line item gain/(loss) on foreign exchange, net.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into the presentation currency at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

2.3.2 Oil and gas accounting
i) Pre-license costs

Pre-license costs are expensed in the period in which they are incurred.

ii) Exploration license costs

Exploration license costs are capitalized within intangible assets. License costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized on a straight-line basis over the life of the permit.

License costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned or the license has been relinquished or has expired, the carrying value of the license is written off through profit or loss.

iii) Acquisition of producing assets

Upon acquisition of producing assets which does not constitute a business combination, the Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The purchase price paid for the group of assets is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

Exploration and evaluation expenditures

Geological and geophysical exploration costs are charged against income as incurred.

Exploration and evaluation expenditures incurred by the entity are accumulated separately for each area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure, but do not include general overheads or administrative expenditure that is not directly related to a particular area of interest. Each area of interest is limited to a size related to a known or probable hydrocarbon resource capable of supporting an oil operation.

Notes to the consolidated financial statements
Continued

Costs directly associated with an exploration well, exploratory stratigraphic test well and delineation wells are temporarily suspended (capitalized) until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs, delay rentals and payments made to contractors. If hydrocarbons ('proved reserves') are not found, the exploration expenditure is written off as a dry hole and charged against income. If hydrocarbons are found, the costs continue to be capitalized. Suspended exploration and evaluation expenditure in relation to each area of interest is carried forward as an asset provided that one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale;
- and exploration and/or evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically
- recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and/or evaluation expenditures which fail to meet at least one of the conditions outlined above is written off. In the event that an area is subsequently abandoned or exploration activities do not lead to the discovery of proved or probable reserves, or if the directors consider the expenditure to be of no value, any accumulated costs carried forward relating to the specified areas of interest are written off in the year in which the decision is made. While an area of interest is in the development phase, amortization of development costs is not charged pending the commencement of production. Exploration and evaluation costs are transferred from the exploration and/or evaluation phase to the development phase upon commitment to a commercial development.

iv) Development expenditures

Development expenditures incurred by the entity is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure directly related to the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment is expected out of revenue to be derived from the sale of production from the relevant development property.

v) Joint operations

SEPLAT is the operator of the assets relating to OML 4, OML 38 and OML 41. The Nigerian Petroleum Development Company Limited (‘‘NPDC’’), a subsidiary of the Nigerian National Petroleum Corporation (‘‘NNPC’’), is the other venturer. SEPLAT holds a 45 per cent interest, while NPDC holds 55 per cent interest in the jointly controlled assets.

The Group also holds a 40 per cent. Interest in the joint operations relating to OPL 283/OML 56 (the Umuseti/Igbuku Fields). Pillar Oil is the other venturer and the operator.

During the year, the group acquired 40% working interest in OML 53, onshore north eastern Niger Delta.

The accounting method specified for a joint operation apportions to each venturer its share of revenues, expenses, assets and liabilities. The Group recognizes its share in its own accounting records as follows:

a. Its share of the mineral properties is shown within property, plant and equipment.
b. Any liabilities that it has incurred including those incurred to finance its share of the asset.
c. Its share of any liabilities incurred jointly with other venturers, including the decommissioning liability of production and field facilities.
d. Any income from its sale or use of its share of the output, together with its share of any expenses incurred by the joint operation.
e. Any expenses that it has incurred in respect of its interest in the venture.

In addition to joint costs, the Group also incurs exclusive costs, which are fully borne by the Group.

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2.3.3 Revenue recognition
Revenue arises from the sale of crude oil and gas. Revenue comprises the realized value of crude oil lifted by customers. Revenue is recognized when crude products are lifted by a third party (buyer) Free on Board (FOB) at the Group's designated loading facility or lifting terminals. At the point of lifting, all risks and rewards are transferred to the buyer. Gas revenue is recognized when gas passes through the custody transfer point.

Over lift and underlift
The excess of the product sold during the period over the participant's ownership share of production is termed as an overlift and is accrued for as a liability and not as revenue. Conversely, an underlift is recognized as an asset and the corresponding revenue is also reported.

Over lifts and under lifts are initially measured at the market price of oil at the date of lifting, consistent with the measurement of the sale and purchase.

2.3.4 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.3.5 Property, Plant and Equipment
Oil and Gas properties and other, plant and equipment are stated at cost; less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the entity, the expenditure is capitalized. Inspection costs associated with major maintenance programs are capitalized and amortized over the period to the next inspection. Overhaul costs for major maintenance programs are capitalized as incurred as long as these costs increase the efficiency of the unit or extend the useful life of the asset. All other maintenance costs are expensed as incurred.

Depreciation
Production and field facilities are depreciated/amortized on a unit-of-production basis over the estimated proved developed reserves. Other property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Depreciation commences when an asset is available for use. The depreciation rate for each class is as follows:

Leasehold improvements	Over the unexpired portion of the lease
Plant and machinery	20%
Office furniture and equipment	33.33%
Motor vehicles	25%
Computer equipment	33.33%

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

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2.3.6 Impairment of non-financial assets

The entity assesses assets or group of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication of impairment exists or when annual impairment testing for an asset group is required, the entity makes an estimate of its recoverable amount. Such indicators include changes in the Group's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

The recoverable amount is the higher of an asset's fair value less costs of disposal (FVLCD) and value in use (VIU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the asset is tested as part of a larger cash generating unit to it belongs. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to the recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss after such a reversal and the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.3.7 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash at banks and at hand and short-term deposits with an original maturity of three months or less.

2.3.8 Inventories

Inventories represent the value of tubulars, casing and wellheads. These are stated at the lower of cost and net realizable value. Cost is determined using the invoice value and all other directly attributable costs to bringing the inventory to the point of use determined on First in first out basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

2.3.9 Financial instruments

i) Financial assets

Financial assets initial recognition and measurement

Financial assets in the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through the statement of profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through the statement of profit or loss which do not include transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables and loan and other receivables.

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Subsequent measurement
The subsequent measurement of financial assets depends on their classification, as follows:

Trade receivables, loans and other receivables
Trade receivables, loans and other receivables, which are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. They are included in the current assets, except for maturities greater than 12 months after the reporting date. The Group's loan and receivables comprise trade and other receivables in the consolidated historical financial information.

Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method net of any impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered as indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of profit or loss. When a trade is uncollectable, it is written off against the allowance account for trade receivables.

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 reorganization 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.

ii) Financial liabilities

Financial liabilities in the scope of IAS 39 are classified as financial liabilities at fair value through the statement of profit or loss, loans and borrowings as appropriate. The Group determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement
The measurement of financial liabilities depends on their classification as described below.

Trade payables, loans and borrowings
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

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Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost while any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of borrowings using the effective interest method.

Fees paid on establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Derecognition of financial liabilities

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss & other comprehensive income.

Derivative financial instruments

The Group uses derivative financial instruments, such as forward exchange contracts, to hedge its foreign exchange risks as well as put options to hedge against its oil price risk. However, such contracts are not accounted for as designated hedges. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss and other comprehensive income, and presented within operating profit.

Commodity contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements fall within the exemption from IAS 32 and IAS 39, which is known as the 'normal purchase or sale exemption'. For these contracts and the host part of the contracts containing embedded derivatives, they are accounted for as executory contracts. The Group recognizes such contracts in its statement of financial position only when one of the parties meets its obligation under the contract to deliver either cash or a non-financial asset. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 18 Financial Instruments.

2.3.10 Fair value of financial instruments

The group measures all financial instruments at initial recognition at fair value and financial instruments carried at fair value through profit and loss such as derivatives at fair value at each balance sheet date. From time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or cash-generating unit (CGU) at FVLCD.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. From time to time external valuers are used to assess FVLCD of the groups' non-financial assets. Involvement of external valuers is decided upon by the valuation committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The valuation committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

Changes in estimates and assumptions about these inputs could affect the reported fair value. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

2.3.11 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognized in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

56.25% of Belemaoil Producing Ltd., a Nigerian special purpose vehicle that bought a 40% interest in the producing OML 55, located in the swamp to coastal zone of south eastern Niger Delta.

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2.3.12 Share capital, earnings and dividends per share

Issued share capital has been translated at the exchange rate prevailing at the date of the transaction and is not retranslated subsequent to initial recognition.

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Dividends on ordinary shares are recognized as a liability in the period in which they are approved.

2.3.13 Post-Employment benefits

Defined contribution scheme

The Group contributes to a defined contribution scheme for its employees in compliance with the provisions of the Pension Reform Act 2004. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic upon commencement of duties at the Group. The Group's contributions to the defined contribution schemes are charged to the profit and loss account in the year to which they relate.

Defined benefits

The Group also operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund. The Group also provides certain additional post-employment benefits to employees. These benefits are unfunded.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

2.3.14 Provisions

Provisions are recognized when (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of economic resources will be required to settle the obligation as a whole; and (iii) the amount can be reliably estimated. Provisions are not recognized for future operating losses.

In measuring the provision:

- risks and uncertainties are taken into account;
- the provisions are discounted where the effects of the time value of money is considered to be material;
- when discounting is used, the increase of the provision over time is recognized as an interest expense;
- future events such as changes in law and technology, are taken into account where there is subjective audit evidence that they will occur; and; gains from expected disposal of assets are not taken into account, even if the expected disposal is closely linked to the event giving rise to the provision; and;
- gains from expected disposal of assets are not taken into account, even if the expected disposal is closely linked to the event giving rise to the provision.

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Decommissioning
Liabilities for decommissioning costs are recognized as a result of the constructive obligation of past practice in the oil and gas industry, when it is possible that an outflow of economic resources will be required to settle the liability and a reliable estimate can be made. The estimated costs, based on current requirements, technology and price levels, prevailing at the reporting date, are computed based on the latest assumptions as to the scope and method of abandonment.

Provisions are measured at the fair value of the expenditures expected to be required to settle the obligation using a pre-tax rate, updated at each reporting date that reflects current market assessments of the time value of money and the risks specific to the obligation. The corresponding amount is capitalized as part of the oil and gas properties and is amortized on a unit-of-production basis as part of the depreciation, depletion and amortization charge. Any adjustment arising from the estimated cost of the restoration and abandonment cost is capitalized, while the charge arising from the accretion of the discount applied to the expected expenditure is treated as a component of finance charges.

If the change in estimate results in an increase in the decommissioning provision and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the revised oil and gas assets net of decommissioning provisions exceed the recoverable value, that portion of the increase is charged directly to expense.

2.3.15 Contingencies
A contingent asset or contingent liability is a possible asset or obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events. The assessment of the existence of the contingencies will involve management judgment regarding the outcome of future events.

2.3.16 Income taxation
Current income tax
The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Taxation on crude oil activities is provided in accordance with the Petroleum Profits Tax Act (PPTA) CAP. P13 Vol. 13 LFN 2004 and on gas operations in accordance with the Companies Income Tax Act (CITA) CAP. C21 Vol. 3 LFN 2004. Education tax is assessed at 2 per cent of the assessable profits.

Deferred tax
Deferred tax is recognized, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated historical financial information and the corresponding tax bases used in the computation of taxable profit.

A deferred income tax charge is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.3.17 New Tax Regime
Effective 1 January 2014, the Company was granted the pioneer tax status incentive by the Nigerian Investment Promotion Commission for an initial three-year period and a further two-year period on approval. For the period the incentive applies, the Company is exempt from petroleum profits tax on crude oil profits (which would be otherwise taxed at 65.75 per cent., to increase to 85 per cent. in 2015), corporate income tax on natural gas profits (currently taxed at 30 per cent.) and education tax of 2 per cent. Newton Energy was also granted pioneer tax status on the same basis. The company has completed its first three-years of the pioneer tax period and applied for the approval of the remaining two years. As at 31 December 2015, the Nigerian Investment promotion Commission is yet to approve the extension. In preparing the financial statements, the Group has assumed that the extension will not be approved and recognized deferred tax liabilities as at the balance sheet date.

Tax incentives do not apply to SEPLAT East Onshore Limited (OML 53) and SEPLAT East Swamp Company Limited (OML 55), hence all taxes have been included in full for these entities in the financial statements.

2.3.18 Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating lease payments and capitalized prepaid operating leases are recognized as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

2.3.19 Share based payments
Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Employees working in the business development group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized in employee benefits expense together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date. Fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that

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increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled transactions
A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model,

2.3.20Retirement benefits
Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. The Group operates a defined contribution plan and it is accounted for based on IAS 19 Employee benefits

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall, in substance, on the employee.

2.4 Significant accounting Judgments, estimates and assumptions
The preparation of the Group's consolidated historical financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated historical financial information:

iii) OML 4, 38 and 41

OML 4, 38, 41 is grouped together as a cash generating unit. This 3 OMLs are grouped together because they cannot independently generate cash flow. Crude oil and gas sold to third parties from these 3 OMLs are invoiced together.

iv) Acquisition of a 40 per cent participating interest in producing assets (note 11a)

The acquisition of a 40 per cent participating interest in OPL 283 (the Umuseti/Igbuku Fields), in 2014, has been accounted for as an acquisition of assets, with the exception of adopting IFRS 3, Business combination, when accounting for the contingent consideration. This is on the basis that the assets don't constitute a business.

v) NPDC receivable (note 18)

NPDC continues to demonstrate its commitment to repay outstanding debts. After significant payments during 2015, the amounts owed by NPDC as at 31 December 2015 was $435million (2014: $463 million), of which $190 million (2014: $248 million) is overdue. The Group considers that the current receivable balance remains fully recoverable as cash payments continue to be received and as at 11 March 2016, solely the amounts relating to 2014 and 2015 are overdue.

vi) Deposit for investment(note 18)

The Group considers that the deposit for investment of $45 million in relation to the acquisition of additional assets is fully recoverable in accordance with the terms of the deposit

Notes to the consolidated financial statements
Continued

vii) Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The group measures the fair value of equity-settled transactions with employees at the grant date, the Group uses a Monte-Carlo model for the global offer, non-executive and long term incentive scheme. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 22c

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

viii) Contingent consideration (note 27)

In 2014, the Group recognized the contingent consideration in relation to its acquisition of a participating interest in assets within OPL 283 (the Umuseti/Igbuku Fields). The contingency criteria are the achievement of certain production milestones. At inception, the present value was capitalized to the cost of the asset and a corresponding liability was recorded. The liability was carried at fair value through profit or loss. These milestones were not achieved as at mid-2015 and as such the liability was de-recognized during the year.

During the year, a part of the consideration paid for OML 53 & 55 is a discount of $39.4 million contingent on oil price rising above $90/bbl. over the next three years. The fair value of this discount is $20.5m, this has been capitalized to the cost of the asset and the corresponding liability recorded based on the probability.

ix) Defined benefit plans (pension benefits)

The cost of the defined benefit retirement plan and the present value of the retirement obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bond in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The rate of mortality assumed for employees are the rates published 67/70 ultimate tables, published jointly by the institute and faculty of actuaries in the UK. Further details about pension obligations are provided in Note 29c.

Oil and gas reserves

Proved oil and gas reserves are used in the units of production calculation for depletion as well as the determination of the timing of well closure and impairment analysis. There are numerous uncertainties inherent in estimating oil and gas reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the consolidated financial statements
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The Group's 2P reserves increased by 41% from 281 MMboe as at 31 December 2014 to 480 MMboe as at 31 December 2015 due to additional 184 MMboe reserves on newly acquired OMLs 53 and 55 and 15 MMboe net revisions on OMLs 4, 38 & 41 and OML 56. The 15 MMboe net revisions on OMLs 4, 38 & 41 is due to Okporhuru and Orogho field developments, Sapele development drilling and performance and issue of Okwefe field development plan and production tests. Also, further developments in Ovhor and Oben oil and gas contribute to the upward reserves movements. The majority of these movements relate to contingent to reserves conversions and in a few cases like Okporhuru development, new reservoir sands were penetrated and in other cases, reservoir performance were turning out better than initially predicted. It is on this that the reserves evaluator should the improvement in the reserves position year-on-year as documented in the CPR and Reserves assessment reports.

x) Provision for decommissioning (note 28)

Provisions for environmental clean-up and remediation costs associated with the Group's drilling operations are based on current constructions, technology, price levels and expected plans for remediation. Actual costs and cash outflows can differ from estimates because of changes in public expectations, prices, discovery and analysis of site conditions and changes in clean-up technology.

xi) Recoverability of assets carrying amount (note 11a)

The Group assesses its property, plant and equipment, including exploration and evaluation assets, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date.

If there are low oil prices or natural gas prices during an extended period the Group may need to recognize significant impairment charges. The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, value in use. Value in use is usually determined on the basis of discounted estimated future net cash flows. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil and natural gas.

In 2015, in response to the significant fall in commodity prices, the Group executed an impairment assessment. The Group used the value in use in determining the recoverable amount of the cash-generating unit. The assessment did not result in an impairment charge. In determining the value, the Group used a recent forward curve for 5 years, reverting to the Group's long term price assumption for impairment testing of $60 per barrel from 1 January 2019. The Group used a pre-tax discount rate of 10% based on the Group weighted average cost of capital.

Management has considered whether a reasonable possible change in one of the main assumptions will cause an impairment and believes no change will cause an impairment.

xii) Contingencies (note 35c)

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

xiii) Income taxes (note 8)

The Group is subject to income taxes only by the Nigerian tax authority, which does not require much judgment in terms of provision for income taxes, but a certain level of judgment is required for recognition of the deferred tax assets. Management is required to assess the ability of the Group to generate future taxable economic earnings that will be used to recover all deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. The estimates are based on the future cash flow from operations taking into consideration the oil and gas prices, volumes produced, operational and capital expenditure.

Notes to the consolidated financial statements
Continued

2.5 Changes in accounting policies and disclosures
New and amended standards and interpretations

There were a number of new standards and interpretations, effective from 1 January 2015 that the Group applied for the first time in the current year. The nature, and the impact of each new standard and amendment that may have an impact on the Group now or in the future, is described below. Several other amendments apply for the first time in 2015; however, they do not impact the annual financial statements of the Group.

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

IFRIC 21 *Levies*
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 consistent with the requirements of IFRIC 21 in prior years.

Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36 Impairment of Assets. The amendment clarifies the disclosures required in relation to the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment to IAS 36 only resulted in certain disclosures being updated.

Annual Improvements *2010-2012 Cycle*
In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately, and thus for periods beginning at 1 January 2015, and clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

2.6 Standards Issued but not effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective

IFRS 9 Financial Instruments:

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date. The Group is currently assessing the impact of IFRS 9.

IFRS 14 Regulatory deferral Accounts
IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

Notes to the consolidated financial statements
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IFRS 15 Revenue from contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalizes their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. The Group is currently assessing the impact of IFRS 15.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group. The Group is currently assessing the impact of the amendments.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods

Notes to the consolidated financial statements
Continued

beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Annual Improvements 2012-2014 Cycle
These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.
These amendments are not expected to have any impact on the Group.

Notes to the consolidated financial statements
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Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position
- may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

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

Notes to the consolidated financial statements
Continued

3. Revenue

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Crude oil sale	459,389	777,601	90,973	124,791
Changes in lifting	34,091	(29,942)	6,751	(4,805)
	493,480	747,659	97,724	119,986
Gas sales	76,997	27,360	15,248	4,391
	570,477	**775,019**	**112,972**	**124,377**

The major crude off-taker is Shell ($368.8million, N73billion) and Mercuria ($94.5 million, N18.7billion). The major off-taker of gas is the Nigerian Gas company - $76milion (N15.1billion)

4. Cost of Sales

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Royalties	102,243	149,748	20,247	24,032
Depletion, depreciation and amortization	68,097	41,249	13,485	6,620
Crude handling fee	64,499	22,056	12,773	3,540
NESS fee	663	822	131	132
Niger Delta Development Commission Levy	7,766	10,236	1,538	1,643
Rig related costs	8,640	29,910	1,711	4,800
Operational & maintenance expenses	69,786	61,569	13,820	9,880
	321,694	**315,590**	**63,705**	**50,647**

Operations and maintenance costs ($58m, N11.5billion), while balance of $12m (N2.4billion) comprises costs for community, HSSE, field logistics and others.

Crude handling includes $25m of excess charges related to 2010-2014

5. Other operating income

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Long stop date income (5a)	2,250	-	446	-
Fair value gain on put Option (Hedging)	13,195		2,613	
Profit on disposal of plant & equipment	66	-	13	-
	15,511	**-**	**3,072**	**-**

5a. Long stop date income

This represents the penalties levied on Azura Energy for failure to take up 100mmscf of gas from 1July 2014. The long stop date period is from 1 July 2014 to 31 December 2015

Notes to the consolidated financial statements
Continued

5b. Fair value gain on put Option (Hedging)

This represents the gains on a new crude oil price hedge of US$45/bbl. for 3.3 million barrels at a cost of $10m (US$3.03/bbl.) secured on 30 November 2015. The gains represent the fair value of the investment as at 31 December 2015.

6. Other general and administrative expenses

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Depreciation and amortization	5,502	4,052	1,090	650
Auditor's remuneration	1,000	716	198	132
Professional and consulting fees	42,788	40,691	8,473	6,513
Directors emoluments (Execs)	6,446	7,740	1,277	1,242
Directors emoluments (Non- Execs)	6,028	-	1,194	-
Donations	210	179	42	29
Employee benefits (note 6a)	24,156	18,205	4,784	2,922
Business development	165	20	33	3
Flights and other travel costs	7,580	8,956	1,500	1,437
Other general expenses	27,599	44,954	5,464	7,214
Aborted acquisition costs	-	26,056	-	4,182
	121,474	**151,569**	**24,055**	**24,324**

Director's emoluments has been split between Exec & Non-Exec in 2015 and includes share based benefits recognized in 2015 and basis of which has been further highlighted in note 22c

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

6a. Salaries and employee related costs include the following:

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Basic salary	8,226	6,733	1,629	1,080
Housing allowance	3,345	2,203	662	354
Share based benefits	4,463	-	884	-
Other allowances	8,122	9,269	1,608	1,488
Total salaries and employee related costs	**24,156**	**18,205**	4,784	**2,922**

Notes to the consolidated financial statements
Continued

7. Finance income/cost

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
7a. Interest income	12,802	11,996	2,535	1,925

This represents interest on shareholder loans at libor plus 10 - $9.5m and interest on Fixed deposits - $3.3m

7b. Finance cost				
Interest on bank loans	83,588	47,375	16,553	7,603
Unwinding of discount on provision for decommissioning (note 24)	-	1,944	-	312
	83,588	**49,319**	**16,553**	**7,915**

8. Taxation

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

8a. Tax on profit

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Current tax:				
Current tax charge for the year	239	-	47	-
Under provision from prior year	-	-	-	-
	239	-	47	-
Deferred tax:				
Net deferred tax in profit or loss	21,233	-	4,205	-
Total tax charge/(credit) in statement of profit or loss	21,472	-	4,252	-
Effective tax rate	0%	0%	0%	0%

8b. Reconciliation of effective tax rate

The applicable tax rates for 2015 were 0 per cent. (2014: 0 per cent).

During 2013, applications were made by SEPLAT and its wholly owned subsidiary, Newton Energy, for the tax incentives available under the provisions of the Industrial Development (Income Tax Relief) Act. In February 2014, SEPLAT was granted the incentives in respect of the tax treatment of OMLs 4, 38 and 41. Newton Energy was also granted similar incentives in respect of the tax treatment of OPL 283/OML56. Under these incentives, the companies' profits are subject to a tax rate of 0% with effect from 1 January 2013 to 31 December 2015 in the first instance and then for an additional 2years for SEPLAT and 1 June 2013 to 31 May 2015 in the first instance and then for an additional 2years for Newton Energy if the 2 companies meet certain conditions included in the NIPC pioneer status award document.

Seplat East onshore and Seplat swamp are exempt from the tax incentives as they had no activities at the time the incentives were granted to Seplat and Newton.

Notes to the consolidated financial statements
Continued

As at the end of the reporting period, the Nigerian Investment Promotion Commission is yet to approve the tax incentives for the additional 2years of the tax holidays. The financial statements have been prepared on the assumption that the tax incentives may not be renewed and hence this forms the basis of the Group's current and deferred taxation in the financial statements.

A reconciliation between income tax expense and accounting profit before income tax multiplied by the applicable statutory tax rate is as follows:

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Profit before taxation	87,079	252,253	17,244	40,481
				-
Under provision from prior year	-	-	-	-
				-
Adjustment in respect of prior periods	-	-	-	-
Impact of tax incentive on deferred tax balances	-	-	-	-
	-	-	-	-

The movement in the current tax (prepayment)/liability is as follows:

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
As at 1 January	(31,623)	(28,749)	(5,827)	(4,462)
Under provision from prior year	-	-	-	-
Tax paid	-	(2,874)	-	(461)
Exchange Difference	-	-	(461)	(904)
Tax prepayment	(31,623)	(31,623)	(6,288)	(5,827)

9. Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Deferred tax asset to be recovered after more than 12 months	-	10,787		1,988
		-		-
Deferred tax liability to be recovered after more than 12 months	(21,233)	(2,996)		(552)
Net deferred tax liability	(21,233)	7,791		1,436

The Group has $21.23million deferred tax liability as at 31 December 2015 (2014: 0 million) in respect of unutilised losses and capital allowances.

Notes to the consolidated financial statements
Continued

9a. Deferred tax liabilities

The Group:	Fixed Asset	Decommissioning provision	Underlift/ Overlift	Defined Benefit	Total
	$000	$000	$000	$000	$000
At 1 January 2015	-	-	-	-	-
Credited/(charged) to profit or loss	(10,449)	2,554	(17,882)	4,554	21,233
At 31 December 2015	(10,449)	2,554	(17,882)	4,554	21,233

Net deferred tax liability at 31 December 2015 is $21.23million (2014: Nil).

The Group:	Fixed Asset	Decommissioning provision	Underlift/ Overlift	Defined Benefit	Total
	N'm	N'm	N'm	N'm	N'm
At 1 January 2015	-	-	-	-	-
Credited/(charged) to profit or loss	(2,078)	(508)	**(3,558)**	**(906)**	4,222
At 31 December 2015	(2,078)	(508)	**(3,558)**	**(906)**	4,222

10. Computation of cash generated from operations

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Profit before tax	87,079	252,253	17,245	40,481
Adjusted for:				
Depreciation and amortization	73,599	45,306	14,575	7,271
Finance Income	(12,802)	(11,996)	(2,535)	(1,925)
Finance Cost	83,588	49,319	16,553	7,915
Fair value movement on contingent consideration	(7,298)	1,132	(1,445)	182
Gain on disposal of property, plant and equipment	(66)	-	(13)	-
Foreign exchange loss/(gain)	(8,046)	17,184	(1,593)	2,753
Current Financial Assets	(17,762)	-	(3,517)	-
Aborted acquisition costs	-	26,056	-	4,182
Share based payments	(8,757)		(1,734)	
Changes in working capital:				
Trade and other receivables	(104,337)	99,222	(20,662)	15,923
Prepayments	(8,145)	-	(1,613)	
Trade and other payable	(10,961)	(239,001)	(2,171)	(38,361)
Inventories	(28,052)	(11,304)	(5,555)	(1,814)
	(49,039)	(24,082)	(9,711)	(3,874)
Net cash from operating activities	38,040	228,171	7,533	36,607

Notes to the consolidated financial statements
Continued

11. Property, Plant and Equipment

11a. Oil and gas properties

US Dollars:	Production and field facilities	Assets under construction	Total
Cost	$000	$000	$000
At 1 January 2014	480,947	235,283	716,230
Addition	-	311,328	311,328
Changes in decommissioning	(4,430)		(4,430)
Transfer from asset under construction	114,031	(114,031)	-
At 31 December 2014	590,548	432,580	1,023,128
Depreciation			
At 1 January 2014	138,276	-	138,276
Charged for the year	41,249	-	41,249
At 31 December 2014	179,525	-	179,525
NBV			
At 31 December 2014	411,023	432,580	843,603

Cost	$000	$000	$000
At 1 January 2015	590,548	432,580	1,023,128
Addition	426,202	-	426,202
Additions from Business combination	244,062		244,062
Changes in decommissioning	(8,821)	-	(8,821)
Transfer from asset under construction	113,760	(113,760)	-
At 31 December 2015	1,365,751	318,820	1,684,571
Depreciation			
At 1 January 2015	179,525	-	179,525
Charged for the year	68,096	-	68,096
At 31 December 2015	247,621	-	247,621
NBV			
At 31 December 2015	1,118,130	318,820	1,436,950

Notes to the consolidated financial statements
Continued

Nigerian Naira:	Production and field facilities	Assets under construction	Total
Cost	N'm	N'm	N'm
At 1 January 2014	74,643	36,516	111,159
Addition	-	57,367	57,367
Changes in decommissioning	(816)	-	(816)
Transfer from asset under construction	21,012	(21,012)	-
Exchange Differences	13,980	6,839	20,818
At 31 December 2015	108,818	79,710	188,528
Depreciation			
At 1 January 2014	21,460	-	21,460
Charged for the year	6,620	-	6,620
Exchange Differences	5,000		5,000
At 31 December 2014	33,080	-	33,080
NBV			
At 31 December 2014	75,738	79,710	155,448

	N'm	N'm	N'm
Cost			
At 1 January	108,818	79,710	155,448
Addition	84,401	-	84,401
Additions from Business combination	48,332	-	48,332
Changes in decommissioning	(1,747)	-	(1,747)
Transfer from asset under construction	22,528	(22,528)	0
Exchange Differences	9,234	6,212	15,447
At 31 December	271,566	63,879	334,960
Depreciation			
At 1 January	33,080	-	33,080
Charged for the year	13,485	-	13,485
Exchange Differences	2,672		2,672
At 31 December	49,237	0	49,237
NBV			
At 31 December 2015	222,329	63,879	285,723

The Group's present and future assets (except jointly owned with NNPC/NPDC) along with all equipment, machinery and immovable property of the Group situated on the property to which the Oil Mining Leases relates are pledged as security for the Syndicated loan (Note 22).

Assets under construction represent costs capitalised in connection with the development of the Group's oil fields and other fixed assets not yet ready for their intended use. These are funded from the Group's operations; hence no borrowing cost was capitalised during the year.

Notes to the consolidated financial statements
Continued

11b. Property, Plant and Equipment

US Dollars:	Plant & machinery	Motor vehicle	Office Furniture and IT equipment	Leasehold improvements	Total
Cost	$000	$000	$000	$000	$000
At 1 January 2014	2,015	2,816	8,152	1,149	14,132
Addition	2,699	2,540	3,317	1,314	9,870
At 31 December 2014	4,714	5,356	11,469	2,463	24,002
Depreciation					
At 1 January 2014	518	1,343	4,273	445	6,579
Charged for the year	573	828	2,163	400	3,964
At 31 December 2014	1,091	2,171	6,436	845	10,543
NBV					
At 31 December 2014	3,623	3,185	5,033	1,618	13,459

Cost	$000	$000	$000	$000	$000
At 1 January 2015	4,714	5,356	11,469	2,463	24,002
Addition	-	1,663	2,146	687	4,496
Disposals	-	(246)	-	-	(246)
Reclassification to AUC	(707)				(707)
At 31 December 2015	4,007	6,773	13,615	3,150	27,545
Depreciation					
At 1 January 2015	1,091	2,171	6,436	845	10,543
Disposals	-	(104)	-	-	(104)
Charged for the year	619	1,443	2,873	568	5,503
At 31 December	1,710	3,510	9,309	1,413	15,943
NBV					
At 31 December 2015	2,297	3,263	4,306	1,737	11,602

Notes to the consolidated financial statements
Continued

Nigerian Naira:	Plant & Machinery	Motor Vehicle	Office Furniture & IT Equipment	Leasehold Improvement	Total
	N'm	N'm	N'm	N'm	N'm
Cost					
At 1 January 2014	313	437	1,265	178	2,193
Addition	497	468	611	242	1,818
Exchange Difference	59	82	237	33	411
At 31 December 2014	869	987	2,113	453	4,422
Depreciation					
At 1 January 2014	80	208	663	69	1,020
Charged for the year	92	133	347	64	636
Exchange Difference	29	59	176	22	286
At 31 December 2014	201	400	1,186	155	1,942
NBV					
At 31 December 2014	668	587	927	298	2,480

Cost	N'm	N'm	N'm	N'm	N'm
At 1 January	869	987	2,113	453	4,422
Addition	-	329	425	136	890
Disposals		(49)	-	-	(49)
Reclassification to AUC	(140)				(140)
Exchange Difference	68	79	169	37	353
At 31 December	797	1,347	2,707	626	5,477
Depreciation					
At 1 January	201	400	1,186	155	1,942
Disposals	-	(21)	-	-	(21)
Charged for the year	123	286	569	112	1,090
Foreign Exchange	16	33	96	13	159
At 31 December	340	698	1,851	281	3,170
NBV					
At 31 December 2015	457	649	856	345	2,307

12. Intangible Assets

	The Group	
	$000	N'm
Cost:		
At 1 January 2015	414	76
Exchange Difference	-	12
At 31 December 2015	414	76
Accumulated Amortization:		
At 1 January 2015	366	67
Charge for the year	47	9
Foreign exchange difference	-	
At 31 December 2015	413	76
NBV:		
At 31 December 2015	1	-
At 31 December 2014	48	9

Intangible assets relate to an oil mining license granted to the Group that is expected to expire in 2019.

Notes to the consolidated financial statements
Continued

13. Business combination

Seplat, via a wholly owned subsidiary, entered into a share purchase agreement with First Act, Belema Refinery and Petrochemical Ltd, Mr. Jack Tein and Belemaoil (the four shareholders of Belemaoil) to acquire 56.25% of Belemaoil. This sale and purchase agreement was consummated on 5 February 2015 upon Seplat consortium's acquisition of CNL's 40% interest in OMLs 52, 53 and 55. This results in Seplat having an indirect interest of 22.5% in OML 55.

The acquisition of OML 55 is a business combination through its indirect acquisition of the asset and has been accounted for in accordance with IFRS 3R. The fair value of the purchase consideration and the assets acquired are $139 million and $137 million respectively, giving rise to a goodwill on acquisition of $2million (₦399million).

	2015	2014	2015	2014
	$'000	$'000	₦million	₦million
Purchase consideration	139,285	-	27,752	-
Fair value of Net assets of Belemaoil	(137,285)	-	(27,354)	-
Goodwill	2,000	-	398	-

Acquisition in 2015.

On 20 January 2015, the group acquired 56.25% of the voting shares of Belemaoil, an unlisted company based in Port-Harcourt, Nigeria and specializing in oil exploration and production, in exchange for the group shares. The group acquired Belemaoil because it significantly enlarges its operation.

The group has elected to measure the non-controlling interest in the acquisition at fair value.

Assets acquired and liabilities assumed

	Fair value recognized on acquisition
Assets	$'000
OML 55	137,285
Non-controlling interest measured at fair value	-
Goodwill on acquisition	2,000
Purchase consideration	139,285

The goodwill of $2,000,000 comprises expected synergies arising from the acquisition. Goodwill recognized is not expected to be deductible for tax purposes.

Notes to the consolidated financial statements
Continued

The fair value of the non-controlling interest has been estimated by applying a discounted earnings technique. The fair value measurement are based on significant inputs that are not observable in the market. The fair value estimate is based on;

From the date of acquisition, Belemaoil contributed $42.7 million to revenue and $4.9 million loss before tax.

Analysis of cash flow on acquisition

Cash paid - $79.4m

14. Prepayment

	The Group			
	31-Dec 2015	31-Dec 2014	31-Dec 2015	31-Dec 2014
	$000	$000	N'm	N'm
Deposit for oil mining license	-	86,362	-	15,914
Tax paid in advance	31,623	31,623	6,288	5,827
Rent	2,760	2,614	549	482
Drilling services	2,371	5,333	471	983
Prepaid fees – NIPC	-	5,519	-	1,017
Prepaid others	-	15	-	2
	36,754	**131,466**	**7,308**	**24,225**

Included in prepayments are the following:

Deposit for oil mining licence
In 2013, Seplat executed a sale and purchase agreement with Chevron Nigeria Limited ('CNL') in relation to producing assets in OML 53, subject to conditions precedent being met ('CNL Assets SPA').

In 2014, an additional $17.4million was advanced to Belemaoil in relation to OML 55.

During the year, the Group completed the acquisition of both OML 53 and 55. See note 1

Tax paid in advance
In 2014, Seplat Petroleum Development Company paid $2.9 million petroleum profit tax instalment in addition to the total instalment sum of $28 million paid in 2013. These payments relate to 2013 and were made prior to obtaining the pioneer status. This was accounted for as a tax credit under non-current prepayment until a future date when the Company will be expected to offset it against its tax liability.

Rent
In 2014, the Group entered into three new commercial leases in relation to three buildings that it occupies in Lagos and Delta states. The Group has prepaid the rent. Two of the non- cancellable leases which relate to buildings in Lagos expire in 2019 and 2018 respectively. The building in Delta state is also non-cancellable and it expires in 2016. The long term portion as at 31 December 2015 is $2.8million

Notes to the consolidated financial statements
Continued

Drilling services
In 2012, SEPLAT signed an agreement with Cardinal drilling Limited with respect to the exclusive use of 2 rigs for 5 years. SEPLAT agreed to pay a $20m advance in relation to the exclusive use of these rigs. This $20m has been recognised as a prepayment and amortised over the life of the agreement (5 years). The long term portion as at 31 December 2015 is $2.4 million.

Prepaid fees - NIPC
This relates to fees for the pioneer period prepaid to Nigerian Investment Promotion Commission (NIPC).

15. Investment in subsidiaries

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

16. Inventories

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Tubular, casing and wellheads	82,468	54,416	16,398	10,027
Foreign exchange difference	-	-	-	-
	82,468	54,416	16,398	10,027

Inventory represents the value of tubulars, casings and wellheads. The inventory is carried at the lower of cost and net realisable value. Included in cost of sales is $0.19 million representing inventory charged to profit or loss during the year.

Notes to the consolidated financial statements
Continued

17. Trade and other receivables

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Trade receivables	133,905	119,588	26,626	22,036
Nigerian Petroleum Development				
Company (NPDC) receivables	491,974	463,118	97,824	85,337
Deposit for Investments	85,236	453,190	16,948	83,508
Advances to related parties (See note 30)	53,175	10,924	10,573	2,013
Underlift	27,063	2,783	5,381	513
Advances to suppliers	2,597	10,934	516	2,015
Hedging receivables	7,585	-	1,508	-
Interest receivable from shareholders of Belema	9,546	-	1,898	-
Other receivables	174	317	35	58
	811,255	**1,060,854**	**161,310**	**195,480**

Trade receivables:

This mainly represents crude receivables on OML 53 & 55 ($36m), Mercuria ($17m), Shell ($15m) and gas receivables from NGC ($62m)

NPDC receivables:

Seplat has not yet remitted the sum of $56.4m due to NPDC on crude handling charges as of 31 Dec 2015, after considering this, net receivables due from NPDC is $435m. Subsequent to year end $115m was received as cash relating to the outstanding debt bringing the net balance to $320m, without considering current expenditure and cash calls

Deposit for investment:

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

a) $45m refundable deposit made towards the investment in 2014 remains with the potential vendors. As at year-end, the investment was not consummated, this remains a deposit whilst negotiation between the parties continue.

b) $36.5m was placed in an escrow account in London related to the same investment pending agreements of final terms. Out of this and in the period under review $3.5m has been paid out in consortium fees. See further note on subsequent events note 39.

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

Notes to the consolidated financial statements
Continued

The ageing analysis of the trade receivables and amounts due from NPDC is as follows:

US Dollars:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	$000	$000	$000	$000	$000	$000	$000
Trade receivables							
31-Dec-15	133,905	79,704	5,261	9,965	6,732	9,039	23,204
31-Dec-14	119,588	89,027	6,230	2,015	6,504	1,556	14,256
NPDC receivables							
31-Dec-15	491,974	274,465	27,213	56,886	10,021	41,842	81,547
31-Dec-14	463,118	207,495	68,097	120,743	36,491	-	30,292

Nigerian Naira:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Trade receivables							
31-Dec-15	26,626	15,848	1,046	1,981	1,339	1,797	4,614
31-Dec-14	22,036	16,405	1,148	371	1,198	287	2,627
NPDC receivables							
31-Dec-15	97,824	54,575	5,411	11,311	1,993	8,321	16,215
31-Dec-14	85,337	38,234	12,548	22,249	6,724	-	5,582

Shell Western Supply and Mercuria Trading Company have subsequently settled the outstanding balance of $15.4 million and $17.2million in January 2016. NPDC has paid a total of $115 million from the outstanding balance subsequent to year-end. The remaining balance is expected to be fully paid during 2016.

18. Prepayments

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Prepayments	11,640	14,224	2,315	2,621

Prepayments relate to prepaid rent and drilling services – See note 15

Notes to the consolidated financial statements
Continued

19. Cash and short term deposits

Cash and short term deposits in the statement of financial position comprise cash at banks and on hand and short term deposits with a maturity of three months or less.

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Cash on hand	50	62	10	11
Cash at bank	325,979	285,236	64,818	52,560
Short-term deposits	-	-	-	-
Cash and cash equivalents	**326,029**	**285,298**	64,828	**52,571**

At 31 December 2015, cash at bank included the debt service reserve of $68.9 million (2014: $46.5 million) deposited pursuant to the covenant in relation to the bank syndicated loan. The debt service reserve account balance is the amount equal to at least the aggregate of the amounts of principal and interest projected to fall due on the next successive principal repayment dates and dates for the payment of interest on the Loans.

20. Financial instruments

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Derivatives not designated as hedges	23,194	5,432	4,612	1,001

In November 2015, management completed a crude oil price hedge of US$45/bbl. for 3.3 million barrels at a cost of $10m (US$3.03/bbl.). The fair value of this hedge as at 31 December 2015 is $23.2million giving rise to fair value gain of $13.2million.

21. Share capital and premium

21a. Share Capital

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Authorized ordinary share capital				
1,000,000,000 ordinary shares denominated in Nigerian Naira of 50k per share	3,335	3,335	500	500
Issued and fully paid				
560,576,101 (2014: 553,310,313) issued shares denominated in Nigerian Naira of 50k per share	1,821	1,798	282	277

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

Fully paid ordinary shares carry one vote per share and carry the right to dividends. During 2013, the company sub-divided its shares from 1 to 0.50 per share resulting in an increase in the number of shares issued from 100 million to 200 million ordinary shares. On 31 July 2013, the number of ordinary shares was increased to 400 million by way of a bonus issue to existing shareholders; these were issued from the revenue reserve. In August 2013 the authorized share capital was increased from 400 million to 1 billion denominated in 0.50 per share.

Notes to the consolidated financial statements
Continued

21b. Share Premium

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Gross Proceeds	-	534,987	-	88,273
Share Issue	-	(464)	-	(77)
Share Premium	-	534,523	-	88,196
Issue costs	-	(37,066)	-	(6,116)
Issued share capital proceeds	**-**	**497,457**	**-**	**82,080**

In 2014, net proceeds of $497.9 million was received from the initial public offering. 153,310,313 shares of 50k each totalling $464,577 were transferred to share capital.

21c. Share Equity Reserve

The Group has made a number of share-based awards under incentive plans since its IPO in 2014; IPO-related grants to Executive and Non-Executive Directors, 2014 deferred bonus awards and 2014/2015 Long-term Incentive plan (LTIP) awards. Shares under these incentive plans were awarded at the IPO on 9th April 2014 and early in 2015 conditional on the Nigerian Stock Exchange ("NSE") approving the share delivery mechanism proposed by the Company

Description of the awards valued

Global Offer Bonus awards

Shares were conditionally awarded, subject to NSE approval, to selected executives to recognise their historic contribution to the Company in the lead up to Admission on the London Stock Exchange on 9th April 2014. The awards operated as follows:
50% of the share bonus was awarded on IPO, there were no performance conditions attached to it, and it fully vested in 2015. The second 50% of the award vested on the first anniversary of the IPO (9th April 2015). The award fully met the performance condition as follows:

- the Company outperformed the median TSR performance level within the 2014 LTIP E&P comparator group, over the one year period from Admission (i.e. to 9th April 2015).
- the reserves growth underpin in FY2014 was met.

The valuation of the Global Offer Bonus awards ignores these conditions because as at the deemed date of grant the conditions were fully met. As a result, the fair value of these awards is the share price at the date of grant.

Seplat 2014 Deferred Bonus Award

25% of each Executive Director's 2014 bonus (paid in 2015) has been deferred into shares and is released on 1 June 2017 subject to continued employment. No performance criteria are attached to this award. As a result the fair value of these awards is the share price at the actual date of grant.

LTIP awards

Under the LTIP Plan, share options are granted to senior employees of the organisation at the end of every year. The exercise price of the share options is equal to the market price of the underlying shares at the date of grant. The share options vest based on the following conditions.

- 50% award vesting where the reserves growth was more than a 10% decrease
- Straight line basis between 50% and 100% where reserves growth was between a 10% decrease and a 10% increase
- 100% award vesting where the reserves growth is equal to or greater than a 10% increase
- If the Group outperforms the median TSR performance level with the LTIP exploration and production comparator group.

Notes to the consolidated financial statements
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After obtaining approval from the NSE for new issued shares, the Company communicated the award levels and conditions to the participants on 14th December 2015 and hence a shared understanding was achieved on that date. Therefore the grant date for the 2014 LTIP is 14th December 2015. The 2015 LTIP awards are still subject to approval by the NSE.

The expense recognised for employee services received during the year is shown in the following table:

	2015	2014	2015	2014
	$'000	$'000	N'm	N'm
Expense arising from equity-settled share-based payment transactions	8,757	-	1,734	-

There were no cancellations or modifications to the awards in 2015 or 2014

The Share options granted to executive directors and confirmed employees are summarised below

Scheme	Deemed grant date	Start of Service Period	End of service period	Number of awards
Global Bonus Offer	November 4, 2015	April 9, 2014	April 9, 2015	6,472,138
Non- Executive Shares	November 4, 2015	April 9, 2014	April 9, 2016	793,650
2014 Deferred Bonus	November 4, 2015	December 14, 2015	June 1, 2017	212,701
2014 Long term incentive Plan	November 14, 2015	December 14, 2015	June 1, 2017	2,173,259
2015 Long term incentive Plan	December 31, 2015	December 14, 2015	April 21, 2018	5,287,354

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in share options during the year

Movements during the year	**2015**	**2015**
	Number	**WAEP**
	000	**$**
Outstanding at 1 January	-	
Granted during the year	14,939	0.97
Forfeited during the year	0	
Exercised during the year	(7,266)	1.18
Expired during the year	0	
Outstanding at 31 December	7,673	1.5
Exercisable at 31 December	7,266	1.18

The weighted average share price at the date of exercise of these options was $1.18.

Notes to the consolidated financial statements
Continued

The weighted average remaining contractual life for the share options outstanding as at 31 December 2015 was 1.3 years.

The weighted average fair value of options granted during the year was $0.97

The exercise prices for options outstanding at the end of the year was $1.18

The following tables list the inputs to the models used for the 4 plans for the years ended 31 December 2015 respectively:

	2015	2015	2015	2015
	Global offer bonus	Non-executive shares bonus	Deferred bonus	LTIP
Weighted average fair values at the measurement date				
Dividend yield (%)	n/a	n/a	n/a	0.00%
Expected volatility (%)	n/a	n/a	n/a	56%
Risk–free interest rate (%)	n/a	n/a	n/a	0.63%
Expected life of share options	nil	nil	1.46	2.35
Weighted average share price (€)	1.5386	1.5386	1.512	1.497
Model used	n/a	n/a	n/a	Monte Carlo

22. Capital contribution

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

23. Foreign translation reserve

Cumulative exchange difference arising from translation of foreign subsidiary is taken to foreign translation reserve through other comprehensive income. The group foreign subsidiary was incorporated in 2014.

24. Non-controlling Interest

On 20 January 2015, the group acquired 56.25% of the voting shares of Belemaoil, an unlisted company based in Port-Harcourt, Nigeria and specializing in the oil exploration and production. The non-controlling interest represents 43.75% of the net profits in OML 55 and share capital of Belemaoil as at the end of the period.

The loss allocated to non-controlling interests of the subsidiary is $2.2m.

Notes to the consolidated financial statements
Continued

Summarized financial information about the subsidiary is included below

Statement of Comprehensive Income	**$'000**
Revenue	42,678
Expenses	(40,285)
Profit/(loss) before Tax	2,393
Tax	(7,334)
Profit/(loss) after tax	(4,942)

Statement of Financial Position	$'000
Non- current Assets	
Producing Asset	238,543
Current Assets	
Trade receivables	26,177
Under lift	16,501
Others	32
	42,710
Total Assets	281,253
Equity	
Share Capital	32
Retained Earnings	(4,942)
	(4,910)
Non-current Liability	
Loans	52,500
Contingent Liability	11,471
Deferred Tax	7,221
	71,192
Current Liability	
Payables	181,507
Accruals	33,351
Current Tax	113
	214,971
Total Liabilities	286,163
Total shareholders' equity and liabilities	281,253

Notes to the consolidated financial statements
Continued

Summarized cash flow information for the year ended 31 December 2015

	$'000
Operating	244,030
Investing	(244,062)
Financing	32
Net increase/(decrease) in cash and cash equivalents	-

25. Interest bearing loans and borrowings

		The Group			
		2015	2014	2015	2014
		$000	$000	N'm	N'm
25a	**Non-Current**				
	Bank borrowings	608,846	239,767	121,063	44,181
25b	**Current**				
	Bank borrowings	290,769	348,389	57,817	64,196

Bank loan

Syndicate credit facility

On 31 December 2014, Seplat signed a USD1.7 billion debt refinancing package, made of the following facilities:

- USD700 million 7 year term loan with an ability to stretch it to USD1.4bn contingent on a qualifying acquisition with a consortium of 5 local banks. This facility has a 7yr maturity period.
- USD300 million 3 year corporate revolver primarily to manage working capital requirements with a consortium of 8 international banks. This facility has a 3yr maturity period.

As at 31 December 2015, SEPLAT had drawn down $1billion of this facility and made principal repayments in 2015. Interest accrues monthly on the principal amount outstanding at the LIBOR rate plus a margin ranging 6.5 and 8.5 per cent. The outstanding balance as of 31 December 2015 is $863million.

As part of the Acquisition of OML 53 & 55, it was agreed with the shareholders of Belemaoil to take over its existing loan of $52.5million debt with sterling bank. This has been consolidated in the Group accounts.

Term Loan	Interest	Current	Non-Current	Total	Current	Non-Current	Total
		$'000	$'000	$'000	N'm	N'm	N'm
SBSA	8.5% + Libor	5,649	16,947	22,596	1,123	3,370	4,493
Stanbic	8.5% + Libor	5,649	16,947	22,596	1,123	3,370	4,493
FBN	8.5% + Libor	37,695	113,085	150,780	7,495	22,486	29,981
UBA	8.5% + Libor	37,695	113,085	150,780	7,495	22,486	29,981
Zenith Bank	8.5% + Libor	60,312	180,936	241,248	11,992	35,977	47,970
		147,000	441,000	588,000	29,229	87,688	116,918

Notes to the consolidated financial statements
Continued

Corporate Loan (US$300M)	Interest	Current	Non-Current	Total	Current	Non-Current	Total
		$'000	$'000	$'000	N'm	N'm	N'm
Citibank Nigeria Limited	6.00% + Libor	8,333	14,583	22,917	1,657	2,900	4,557
Firstrand Bank Limited Acting	6.00% + Libor	10,000	17,500	27,500	1,988	3,480	5,468
JPMorgan Chase Bank N A London	6.00% + Libor	10,000	17,500	27,500	1,988	3,480	5,468
Nedbank Limited, London Branch	6.00% + Libor	10,000	17,500	27,500	1,988	3,480	5,468
Bank Of America Merrill Lynch	6.00% + Libor	10,000	17,500	27,500	1,988	3,480	5,468
Standard Chartered Bank	6.00% + Libor	15,000	26,250	41,250	2,983	5,220	8,202
Citibank N.A.	6.00% + Libor	6,667	11,667	18,333	1,326	2,320	3,646
Natixis	6.00% + Libor	15,000	26,250	41,250	2,983	5,220	8,202
Stanbic Ibtc Bank Plc	6.00% + Libor	7,500	13,125	20,625	1,491	2,610	4,101
The Standard Bank Of South Africa	6.00% + Libor	7,500	13,125	20,625	1,491	2,610	4,101
		100,000	175,000	275,000	19,884	34,797	54,681

Loans	$'000	N'm
Term Loan	588,000	116,918
Corporate loan	275,000	54,681
Sterling bank loan (business combination)	52,500	10,439
Less: Capitalized Loan transaction costs	(15,885)	(3,159)
	899,615	178,880

26. Contingent consideration

	The Group	
	$000	N'm
At 1 January 2014	8,245	1,280
Fair Value movement	1,132	182
Exchange Difference	-	266
At 1 January 2015	9,377	1,728
Fair value movement	3,325	661
Additions	19,198	3,817
Write-off	(10,000)	(1,988)
Exchange Difference	-	137
At 31 December 2015	21,900	4,355

Notes to the consolidated financial statements
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In 2013, the Group entered into an agreement with Pillar Oil to acquire a 40 per cent participating interest in the Umuseti/Igbuku marginal field area in OML 56 (formerly OPL 283). The total consideration payable is $50 million upon signing of the agreement and $10 million payable upon reaching certain production milestones ($5 million when average daily production of 10,500 bopd of liquid hydrocarbon sustained over a period of one (1) month is achieved and another $5 million when cumulative production of 10 million barrels of liquid hydrocarbons from all fields within OML 56 is achieved) by mid-2015. The fair value of $7.731 million was capitalized to the cost of the asset and a corresponding liability recorded based on the probability.
These milestones were not achieved as at mid-2015 and as such the liability was de-recognized during the year.

During the year, a part of the consideration paid for OML 53 & 55 is a discount of $39.4 million contingent on oil price rising above $90/bbl. over the next three years. The fair value of this discount is $19.2m, this has been capitalized to the cost of the asset and the corresponding liability recorded based on the probability.

27. Provision for decommissioning obligation

	The Group	
	$000	N'm
At 1 January 2014	15,176	2,355
Unwinding of discount due to passage of time	1,944	312
Change in estimate	(4,431)	(816)
Exchange Difference	-	487
At 31 December 2014	12,690	2,338
Unwinding of discount due to passage of time	-	-
Change in estimate	(8,821)	(1,754)
Exchange Difference	-	185
At 31 December 2015	3,869	769

The Group makes full provision for the future cost of decommissioning oil production facilities on a discounted basis at the commencement of production. It relates to the removal of assets as well as their associated restoration costs. This obligation is recorded in the period in which the liability meets the definition of a "probable future sacrifice of economic benefits arising from a present obligation," and in which it can be reasonably measured.

The provision represents the present value of estimated future expenditure to be incurred in 2052 which is the current expectation as to when the producing facilities are expected to cease operations. Management engaged a third party to assist with an estimate of the expenditure to be incurred in 2052. These provisions were based on estimation carried out by DeGolyer and MacNaughton based on current assumptions on the economic environment which management believe to be a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates.

The change in estimate in the current year of $8.8million is due to the change of expected cessation of operations from 2035 to 2052 years

The discount rate used in the calculation of unwinding of the provision as at 31 December 2015 was 11.10% per cent (the year ended 31 December 2014: 14.64% per cent). As of 31 December 2015, management has estimated decommissioning expenditure to occur in 2052 (31 December 2014: 2036).

Notes to the consolidated financial statements
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28. Defined Benefit Plan

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Defined benefit Obligation	6,926	-	1,377	-
	6,926	**-**	**1,377**	**-**

The Company commenced its unfunded defined benefit plan (gratuity) in July 2015. The Company makes provisions for gratuity for employees from day one of employment in the Company. The employee qualifies to receive the gratuity on resignation or retirement from the Company after he/she might have spent five (5) years of continuous service. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity liability is adjusted to inflation, interest rate risks, changes in salary and changes in the life expectancy for the beneficiaries. The provision for gratuity was based on independent actuarial valuation performed by HR Nigeria Limited using the projected unit credit method. The company does not maintain any assets for the gratuity plan but ensures that it has sufficient funds for the obligations as they crystallize.

The following tables summarize the components of net benefit expense recognized in the statement of profit or loss and other comprehensive income and; in the statement of financial position for the respective plans:

a) Net benefit expense 2015 (recognized in profit or loss)

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Current Service cost	6,926	-	1,377	-
Interest cost on benefit Obligation	-		-	-
	6,926	**-**	**1,377**	**-**

b) Re-measurement gains/(losses) in other comprehensive income

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Actuarial (gains)/losses	-	-	-	-
	-	-	-	-
	6,926	**-**	**1,377**	**-**

Notes to the consolidated financial statements
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c) Changes in the present value of the defined benefit obligation are, as follows:

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Defined benefit obligation at 1 January	-	-	-	-
Current service cost	6,926	-	1,377	-
Interest cost	-	-	-	-
Benefits paid by the employer	-	-	-	-
Actuarial gains/losses	-	-	-	-
Defined benefit obligation at 31 December	**6,926**	**-**	**1,377**	**-**

d) The principal assumptions used in determining defined benefit obligations for the Company's plans are shown below:

	The Group	
	2015	2014
	%	%
Discount rate	12	-
Average future pay increase	12	-
Average future rate of inflation	9	-

Mortality in Service

Sample Age	Number of deaths in year out of 10,000 lives
25	7
30	7
35	9
40	14
45	26

Notes to the consolidated financial statements
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e) A quantitative sensitivity analysis for significant assumption as at 31 December 2015 is as shown below:

	Discount Rate		Salary increases		Mortality	
Assumptions	1% increase	1% decrease	1% increase	1% decrease	Improved by 10%	Worsens by 10%
	$000	$000	$000	$000	$000	$000
Sensitivity Level: Impact on the net defined benefit obligation						
31 December 2015	6,115	(7,913)	7,939	(6,081)	6,982	(6,885)
31 December 2014	-	-	-	-	-	-
	6,115	(7,913)	7,939	(6,081)	6,982	(6,885)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years out of the defined benefit plan obligation:

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Within the next 12 months (next annual reporting period)	298	-	59	-
Between 2 and 5 years	2,356	-	469	-
Between 5 and 10 years	9,378	-	1,864	-
	12,032	**-**	**2,392**	**-**

29. Employee Benefits - Defined Contribution

The company contributes to a funded defined contribution retirement benefit scheme for its employees in compliance with the provisions of the Pension Reform Act 2004. A defined contribution plan is a pension plan under which the company pays fixed contributions to an approved Pension Fund Administrator (PFA) – a separate entity. The assets of the scheme are managed by various Pension Fund Administrators patronized by employees of the Company. The company's contributions are charged to the profit and loss account in the year to which they relate. The amount payable as at 31 December 2015 was $394,561 (2014:331,958).

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30. Trade and other payables

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Trade payable	125,408	75,443	24,936	13,902
Accruals and other payables	216,265	267,579	43,002	49,305
Over lift	-	9,811	-	1,808
NDDC levy	6,272	11,327	1,247	2,087
Deferred revenue	1,420	1,420	282	262
Royalties	25,668	24,745	5,104	4,560
Intercompany payable	-	-	-	-
	375,033	**390,325**	**74,572**	**71,924**

The accruals balance is mainly composed of other field-related accruals 2015: $97.9m (2014: $219.9m) and NPDC payables - $56.4m

31. Earnings per share

Basic
Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

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

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Profit for the year attributable to shareholders	67,462	252,221	32,360	40,481
	Shares 000	Shares 000	Shares 000	Shares 000
Weighted average number of ordinary shares in issue	560,576	508,120	560,576	508,120
Share options	189	-	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	560,765	508,120	553,445	508,120
	$	$	N	N
Basic earnings per share	0.12	0.50	24	79
Diluted earnings per share	0.12	0.50	24	79
Earnings	$000	$000	N'm	N'm
Profit attributable to equity holders of the Group	67,462	252,221	32,360	40,481
Profit used in determining diluted earnings per share	67,462	252,221	32,360	40,481

Notes to the consolidated financial statements
Continued

32. Dividends paid and proposed

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Cash dividends on ordinary shares declared and paid:				
Interim dividend for 2015: $0.04 per share (2014: $0.06 per share) 553,310,313 shares in issue	22,139	33,199	4,384	5,328
Final dividend for 2014: $0.09 per share (2013: $0.10 per share) 553,310,313 shares in issue (2013:400,000,000 shares in issue)	49,701	40,000	9,842	6,419
	71,840	73,199	14,226	11,747
Proposed dividends on ordinary shares:				
Final cash dividend for 2015: $0.04 per share 560,576,101 shares in issue and fully paid	22,423	49,800	4,440	$49.8million

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognized as a liability as at 31 December 2015.

33. Goodwill

Goodwill acquired through business combinations are allocated to OML 55 for impairment testing. The carrying amount of goodwill is stated below.

	2015	2014	2015	2014
	$'000	$'000	N'm	N'm
At 1 January 2015	-	-	-	-
Acquisition of a subsidiary	2,000	-	398	-
At 31 December 2015	2,000	-	-	-

The Group performed its annual impairment test in December 2015. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2015, the market capitalisation of the Group was above the book value of its equity, indicating no impairment of goodwill.

OML 55

The recoverable amount of the OML, $335million (N66.6billion) as at 31 December 2015, has been determined based on the value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The projected cashflows have been updated to reflect increase in oil price over five years. The pre-tax discount rate applied to cash flow projections is 10% (2014: nil) and cashflows beyond the five year period are extrapolated using 23% growth rate (2014:nil) is the same as the long term average growth rate for OML 55.

Notes to the consolidated financial statements
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It was concluded that the value in use is more than the carrying value of the goodwill. Therefore no impairment charge is recognized in the statement of profit or loss

Key assumptions used in value in use calculation and sensitivity to changes in assumption

The calculation of value in use for OML 55 is most sensitive to the following assumptions

i. Oil Price: Evaluation is based on BP Price of $40 (2016), $50 (2017) and $60 (2018+). Increase in demand for oil leads to a decrease in oil price and vice versa.

ii. Discount rate: The discount rate represents the current market assessment of the risks specific to OML 55 taking into consideration the time value of money and individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the group and it is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the group's investors. The cost of debt is based on the interest bearing borrowings the group is obliged to service. Adjustments to the discount rate are made to factor in the specific amounts and timing of the future cash flows in order to reflect a pre-tax discount rate.

A rise in the pre-tax discount rate to 10.5% (i.e +0.5%) in OML 55 would result in impairment

34. Related party relationships and transactions

The following companies are common control entities as the companies are controlled by close family members:

- Abbey Court Trading Company Limited
- Cardinal Drilling Nigeria Limited
- Abtrust Integrated Services
- Charismond Nigeria Limited
- Keco Nigeria Enterprises
- Ndosumili Ventures Limited
- Oriental Catering Services Limited
- ResourcePro Inter Solutions Limited
- Berwick Nigeria Limited
- Montego Upstream Services Limited
- Neimeth International Pharmaceutical Plc
- Helko Nigeria Limited
- Nerine Support Services Limited
- Nabila Resources & Investment Limited
- Platform Petroleum Limited
- D. D. Dodo & Co
- Belemaoil Producing shareholders

Notes to the consolidated financial statements
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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.

Abtrust Integrated Services: The managing director of SEPLAT's wife is shareholder and director. The company provides bespoke gift hampers to SEPLAT.

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

Charismond Nigeria Limited: The managing director's sister works at Charismond as a general manager. The company provides bespoke gift hampers to SEPLAT.

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

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

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

ResourcePro Inter Solutions Limited: The managing director of SEPLAT's in-law is its UK representative. The company supplies furniture to SEPLAT.

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.

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

Neimeth International Pharmaceutical Plc: The chairman of SEPLAT is also the chairman of this company. The company provides medical supplies and drugs to SEPLAT, which are used in connection with SEPLAT's corporate social responsibility and community healthcare programs.

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.

Nerine Support Services Limited: is a company under common control. The company provides agency and contract workers 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 consolidated financial statements
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Platform Petroleum Limited: The managing director of SEPLAT is a director and shareholder of this company. The managing director, his secretary and driver were originally employees of Platform Petroleum Limited in 2010 when SEPLAT was formed. Their salaries are currently paid by Platform Petroleum Limited, with SEPLAT then wholly reimbursing Platform Petroleum Limited.

D. D. Dodo & Co: The owner is an independent non-executive director of Seplat and also a partner of the law firm that provides legal services to the company (2014: $0.59million).

Belemaoil Producing Limited shareholders: The managing director and certain shareholders of the company are shareholders in Belemaoil Producing Limited. Belemaoil Producing is a sub-sub of Seplat group.

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

d) Transactions:

xiv) Purchases of goods and services

	The Group			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Shareholders:				
MPI	-	299	-	48
Shebah	1,517	1,936	302	311
Platform Petroleum Limited	35	201	7	32
	1,552	2,436	309	391
Entities under common control:			-	
Abbeycourt Trading Company Limited	2,362	4,329	470	695
Abtrust Integrated Services	-	50	-	8
Charismond Nigeria Limited	29	176	6	28
Cardinal Drilling Services Limited	17,244	36,612	3,429	5,875
Keco Nigeria Enterprises	1,896	3,596	377	577
Ndosumili Ventures Limited	1,350	2,759	268	443
Oriental Catering Services Limited	941	598	187	96
ResourcePro Inter Solutions Limited	1,841	2,913	366	467
Berwick Nigeria Limited	27	950	5	152
Montego Upstream Services Limited	9,449	17,328	1,879	2,781
Neimeth International Pharmaceutical Plc		28	-	5
Nerine Support Services Limited	21,015	31,277	4,179	5,019
Nabila Resources & Investment Ltd	226	455	45	73
Helko Nigeria Limited	566	2,379	113	382
D.D Dodo & Co	-	590	-	95
Belemaoil	43,133	-	8,577	-
	101,631	**104,040**	20,208	**16,696**

Notes to the consolidated financial statements
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xv) Interest expense

	2015 $000	2014 $000	2015 N'm	2014 N'm
Shareholders:				
MPI	-	960		154

e) Balances:

Year-end balances arising from related party transactions

xvi) Prepayments / receivables

Under common control:				
Cardinal Drilling Services Limited – current portion	12,632	10,934	1,716	2,015
Carding Drilling Services Limited – noncurrent portion	1,333	5,333	1,060	983
	13,965	16,267	2,776	2,998

xvii) Payables

Shareholders:				
Other payables to MPI	-	1,223	-	225
	-	1,223	-	225

f) Key management compensation:

Key management includes executive and members of the executive committee. The compensation paid or payable to key management for employee services is shown below:

	31 December 2015 $000	31 December 2014 $000	31 December 2015 N'm	31 December 2014 N'm
Salaries and other short-term employee benefits	4,522	5,372	763	990
	4,522	5,372	763	990

Notes to the consolidated financial statements

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35. Commitments and contingencies

35a. Operating lease commitments – group as lessee

The Group has entered into operating leases for the use of drilling rigs.

Future minimum rentals payable under non-cancellable operating leases as at each reporting date are as follows:

	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	$000	$000	N'm	N'm
Within one year	-	30,249	-	5,574
After one year but not more than five years	-	-	-	-
	-	30,249	-	5,574

35b. Commitments

The Group has commitments to OML 53 and 55. See note 34

35c. Contingent liabilities

The Group is involved in a number of legal suits as defendant. The possible liabilities arising from these court proceedings amount to $299.9million (31 December 2014 - $23.2million). 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.

Pursuant to an agreement reached by Newton in connection with a potential acquisition of an asset by a consortium, $31m has been set aside ($20m in an escrow and $11m as prepaid agreed consortium fees) pending a final decision on proceding with the investment. In the event that Newton at its discretion decides not to proceed $31m will be fully paid out and expensed to the parties, otherwise these amounts set aside will be applied as acquisition costs and amounts in Escrow released to Newton.

36. Financial risk management

The Company'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 minimize potential adverse effects on the Company'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.

36.1 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 deposit 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.

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US Dollars

	Effective interest 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-Dec-15							
Variable interest rate borrowings:							
Bank loans:							
Zenith Bank Plc	8.5% + Libor	81,976	70,418	51,200	74,753	24,104	302,452
First Bank of Nigeria Limited	8.5% + Libor	51,235	44,012	32,000	46,721	15,065	189,032
United Bank for Africa Plc	8.5% + Libor	51,235	44,012	32,000	46,721	15,065	189,032
Stanbic IBTC Bank Plc	8.5% + Libor	7,678	6,596	4,796	7,002	2,258	28,329
The Standard Bank of South Africa Limited	8.5% + Libor	7,678	6,596	4,796	7,002	2,258	28,329
Standard Chartered Bank	6.00% + Libor	17,534	27,711				45,245
Natixis	6.00% + Libor	17,534	27,711				45,245
Citibank Nigeria Ltd and Citibank NA	6.00% + Libor	17,534	27,711				45,245
Bank of America Merrill Lynch Int'l Ltd	6.00% + Libor	11,689	18,474				30,163
FirstRand Bank Ltd (Rand Merchant Bank Division)	6.00% + Libor	11,689	18,474				30,163
JP Morgan Chase Bank NA, London Branch	6.00% + Libor	11,689	18,474				30,163
NedBank Ltd, London Branch	6.00% + Libor	11,689	18,474				30,163
Stanbic IBTC Bank Plc	6.00% + Libor	8,767	13,856				22,623
The Standard Bank of South Africa Ltd	6.00% + Libor	8,767	13,856				22,623
Sterling bank		52,500	-				52,500
Trade, other Payables		375,033					375,033
Contingent Consideration		-	-		21,900		21,900
		744,227	356,375	124,792	204,099	58,750	1,488,240

	Effective interest 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-Dec-14							
Variable interest rate borrowings:							
Bank loans:							
Skye Bank Plc	8.00%	68,623	50,616	-	-	-	119,239
United Bank for Africa Plc	7.5% + Libor	56,431	39,052	-	-	-	95,483
First Bank of Nigeria Plc	7.5% + Libor	147,759	87,389	-	-	-	235,148
First Bank of Nigeria Plc	8% + Libor	106,269	0	-	-	-	106,269
Africa Export-Import Bank	7.5% + Libor	101,029	91,732				192,761
Zenith loan	7.5% + Libor	65,455	61,186	56,594	52,955	-	236,190
Trade, other payables	-	389,103	0	-	-	-	389,103
Contingent Consideration		-	9,377	-	-	-	9,377
		934,669	339,352	56,594	52,955	-	1,383,570

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Continued

Nigerian naira

	Effective interest rate	Less than 1 year	1 - 2 year	2 - 3 years	3 - 5 years	After 5 years	Total
	%	N'm	N'm	N'm	N'm	N'm	N'm
31-Dec-15							
Variable interest rate borrowings:							
Bank loans:							
Zenith Bank Plc	8.5% + Libor	16,300	14,002	10,181	14,864	4,793	60,140
First Bank of Nigeria	8.5% + Libor	10,188	8,751	6,363	9,290	2,996	37,587
United Bank for Africa	8.5% + Libor	10,188	8,751	6,363	9,290	2,996	37,587
Stanbic IBTC Bank Plc	8.5% + Libor	1,527	1,312	954	1,392	449	5,633
Standard Bank Plc	8.5% + Libor	1,527	1,312	954	1,392	449	5,633
Standard Chartered Bank	6.00% + Libor	3,486	5,510	-	-	-	8,997
Natixis	6.00% + Libor	3,486	5,510	-	-	-	8,997
Citibank Nigeria Ltd	6.00% + Libor	3,486	5,510	-	-	-	8,997
Bank of America Merrill Lynch Int'l Ltd	6.00% + Libor	2,324	3,673	-	-	-	5,998
First Rand Bank (Merchant Bank Div.)	6.00% + Libor	2,324	3,673	-	-	-	5,998
JP Morgan Chase, London Branch	6.00% + Libor	2,324	3,673	-	-	-	5,998
Ned Bank Ltd London Branch	6.00% + Libor	2,324	3,673	-	-	-	5,998
Stanbic IBTC Bank Plc	6.00% + Libor	1,743	2,755	-	-	-	4,498
The Standard Bank of S/A Ltd	6.00% + Libor	1,743	2,755	-	-	-	4,498
Sterling bank loan	6.00% + Libor	10,439	-	-	-	-	10,439
Trade, other Payables		74,572	-	-	-	-	74,572
Contingent Consideration		-	-	-	4,355	-	4,355
		147,982	70,862	24,814	40,583	11,682	295,922

	Effective interest rate	Less than 1 year	1 - 2 year	2 - 3 years	3 - 5 years	After 5 years	Total
	%	N'm	N'm	N'm	N'm	N'm	N'm
31-Dec-14							
Variable interest rate borrowings:							
Bank loans:							
Skye Bank Plc	8.00%	12,645	9,327				21,972
United Bank for Africa Plc	7.5% + Libor	10,398	7,196				17,594
First Bank of Nigeria Plc	7.5% + Libor	27,227	16,103				43,330
First Bank of Nigeria Plc	7.5% + Libor	19,582	-				19,582
Africa Export-Import Bank	7.5% + Libor	18,616	16,903				35,519
Zenith Loan	7.50%	12,061	11,275	10,428	9,758		43,522
Trade, other payables	-	71,669	-				71,669
Contingent Consideration		-	1,728				
		172,228	62,531	10,428	9,758	-	254,946

Notes to the consolidated financial statements
Continued

36.2 Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as commodity prices, interest rates and foreign exchange rates.

Commodity price risk
The Group is exposed to the risk of fluctuations on crude oil prices. The Group currently hedges against this risk and sells the oil that it produces to Shell Trading and Mercuria at market prices calculated in accordance with the terms of the Off-take Agreement.

The following table summarises the impact on the Group's profit before tax of a 10 per cent change in crude oil prices, with all other variables held constant:

Increase/decrease in Commodity Price	Effect on profit before tax for the year ended 31 December 2015 Increase/(Decrease)	Effect on profit before tax for the year ended 31 December 2014 Increase/(Decrease)	Effect on profit before tax for the year ended 31 December 2015 Increase/(Decrease)	Effect on profit before tax for the year ended 31 December 2014 Increase/(Decrease)
	$'000	$'000	N'm	N'm
+10%	57,048	76,418	11,297	14,081
-10%	(57,048)	(76,418)	(11,297)	(14,081)

Interest rate risk
The Group's exposure to interest rate risk relates primarily to long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates do not expose the Group to market interest rate risk. Most of the Group's borrowings are denominated in US dollars.

The Group is exposed to cash flow interest rate risk on short-term deposits to the extent that the significant reductions in market interest rates would result in a decrease in the interest earned by the Group.

The following table demonstrates the sensitivity to changes in LIBOR rate, with all other variables held constant, of the Group's profit before tax.

	Change in interest rate	Effect on profit before tax	Change in interest rate	Effect on profit before tax
		$000		N'm
2015	1%	773	1%	153
2014	1%	526	1%	97

Foreign exchange risk
The Group has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currency. The Group is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the US dollar.

The Group holds the majority of its cash and cash equivalents in US dollars. However, the Group does maintain deposits in Naira in order to fund ongoing general and administrative activity and other expenditure incurred in this currency.

As at 31 December 2015 the Group held $16.2 million equivalent in Nigerian Naira (31 December 2014: $181.4million).

Notes to the consolidated financial statements
Continued

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities at the reporting date:

Change in foreign exchange rate	Effect on profit before tax	Effect on profit before tax	Effect on profit before tax	Effect on profit before tax
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	$000	$000	N'm	N'm
+5%	(853)	(9,990)	(161)	(1,841)
-5%	853	9,990	161	1,841

36.3 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Company. Credit risk arises from the Company's cash at banks and accounts receivable balances.

The company's trade with Shell Western Supply and Trading Limited, is as specified within the terms of the crude off-take agreement and will run for 5 years until December 31, 2017 with 30 day payment terms. The off-take agreement with Mercuria is also to run for 5 years until July 31, 2020 with a 30 day payment terms. In addition, the Company is exposed to credit risk in relation to its trade with Nigerian Gas Company Limited, a subsidiary of NNPC, the sole customer during the period. The Company monitors receivable balances on an ongoing basis and there has been no significant history of late collections.

The credit risk on cash is limited because the majority of deposits are with a bank that has an acceptable credit rating assigned by an international credit agency. The Company's maximum exposure to credit risk due to default of the counter party is equal to the carrying value of its financial assets.

The accounts receivable balance includes the following related party receivables:

Related Party	Payment Terms	Percentage of total receivables	
		2015	2014
NPDC	14 Days	60%	72%
Cardinal Drilling Services Limited	Receivables relates to Deposits that are expected to be utilized or refunded	1%	3%

The maximum exposure to credit risk as at the reporting date is:	December 2015	December 2014	December 2015	December 2014
	$000	$000	N'm	N'm
Trade and other receivables	811,255	1,060,854	161,310	195,480
Cash and cash at bank	326,029	285,298	64,828	52,571
	1,137,284	**1,346,152**	**226,138**	**248,051**

Notes to the consolidated financial statements
Continued

36.4 Fair value

Set out below is a comparison by category of carrying amounts and fair value of all the Group's financial instruments:

	Carrying amount		Fair value		Carrying amount		Fair value	
	2015	2014	2015	2014	2015	2014	2015	2014
	$000	$000	$000	$000	N'm	N'm	N'm	N'm
Financial liabilities								
Borrowings - Shareholder loan	-	-						-
Borrowings - Bank loans	899,615	588,156	899,615	588,156	178,879	108,377	178,879	108,377
Contingent consideration	21,900	9,377	21,900	9,377	4,355	1,728	4,355	1,728
Derivatives not designated as hedges	23,194	5,432	23,194	5,432	4,612	1,001	4,612	1,001
	944,709	**602,965**	**944,709**	**602,965**	**187,846**	**111,106**	**187,846**	**111,106**

The loans are all LIBOR loans which are re-priced on a pre-determined basis as defined in the loan agreement. As a result, the loans are always carried at market rate and there is no indication of credit spread change or change in credit risk for SEPLAT.

Trade and other payables have not been included in the analysis as the carrying amount per the financial statements approximates fair values.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly commodity forward contracts. The most frequently applied valuation techniques include forward pricing and swap models that use present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying commodity. All derivative contracts are fully cash-funded, thereby eliminating both counterparty and the Group's own non-performance risk. As at 31 December 2015, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on financial instruments recognized at fair value. The fair values of derivative financial instruments are disclosed in Note 18.

Fair Value Hierarchy as at 31 December 2015

Liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	$ 000	$ 000	$ 000	N'm	N'm	N'm
Borrowings - Shareholder loan	-	-	-	-	-	-
Borrowings - Bank loans	-	899,615	-	-	178,879	-
Contingent consideration	-	21,900	-	-	4,355	-
Derivatives not designated as hedges	-	23,194	-	-	4,612	-

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Notes to the consolidated financial statements
Continued

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

There were no transfers between fair value levels during the period.

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Fair values of the Group's interest-bearing loans and borrowings are determined by using discounted cash flow models that uses effective interest rates that reflect the borrowing rate as at the end of the reporting period.

The fair value of the Group's contingent consideration is determined using the discounted cash flow model. The estimate future cash flow was discounted to present value.

Reconciliation of fair value measurements of Level 3 financial instruments

Contingent consideration	$ 000	N'm
At 1 January 2014	8,245	1,280
Additions	-	-
Fair value movement (profit or loss)	1,132	182
Exchange difference	-	266
At 31 December 2014	9,377	1,728
Fair Value movement (Profit or loss)	3,325	661
Additions	19,198	3,817
Write-off	(10,000)	(1,988)
Exchange Difference		137
At 31 December 2015	21,900	4,355

Contingent Consideration Sensitivity

The following table demonstrates the sensitivity to changes in the discount rate of the contingent consideration, with all other variables held constant, of the Group's profit before tax

Increase/decrease in Discount Rate	Effect on profit before tax for the year ended 31 December 2015 Increase/(Decrease)	Effect on profit before tax for the year ended 31 December 2014 Increase/(Decrease)	Effect on profit before tax for the year ended 31 December 2015 Increase/(Decrease)	Effect on profit before tax for the year ended 31 December 2014 Increase/(Decrease)
	$'000	$'000	N'm	N'm
+10%	1,903	56	378	10
-10%	(1,903)	(57)	(378)	(11)

Notes to the consolidated financial statements
Continued

37. Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain optimal capital structure and reduce cost of capital. The net debt ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.

	$000	$000	N'm	N'm
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Borrowings:	899,615	588,156	178,879	108,377
Less: cash and cash equivalents	(326,029)	(285,298)	(64,828)	(52,571)
Net debt	573,586	302,858	114,052	55,806
Total equity	1,413,077	1,409,142	242,320	259,658
Total capital	1,986,663	1,712,000	356,372	315,464
Net debt (net debt / total capital) ratio	29%	18%	29%	18%

As at 31 December 2015, the Company's net debt ratio was 29 per cent in accordance with its policy of maintaining a debt to equity ratio of less than 2 to 1.

38. Information relating to Employees

		2015	2014	2015	2014
		$000	$000	N'm	N'm
a.	**Chairman and Directors' emoluments:**				
	Fees	2,461	2,254	487	415
	Chairman (Non-executive)	1,125	1,092	223	201
	Managing Director	1,645	1,572	326	290
	Executive Directors	2,917	3,073	578	566
	Non-Executive Directors	247	203	49	37
	JV Partner Share	(2,208)	(3,276)	(297)	-604
	Bonus	1,661	1,890	329	322
		7,848	6,808	1,5541	1,229
b.	Highest paid Director	1,645	1,572	326	290

Emoluments are inclusive of income taxes. Subsequent to the year end, the Remuneration committee approved payment of 25% of the bonus $1.66million to the CEO and Executive directors in shares in the company.

c. The number of directors (excluding the Chairman) whose emoluments fell within the following ranges was:-

	2015	2014
	Number	Number
Zero - $65,000	-	4
$65,001 - $378,000	7	-
$378,001 - $516,000	-	-
$516,000 and above	4	6
	11	**10**

Notes to the consolidated financial statements
Continued

d. Employees:
The number of employees of the Company (other than the Directors) whose duties were wholly or mainly discharged within Nigeria, and who earned over N1,000,000, received remuneration (excluding pension contributions) in the following ranges:

	2015	2014
	Number	Number
$6,500 - $16,000	4	-
$16,001 - $32,000	6	1
$32,001 - $48,000	76	39
Above $48,000	303	300
	389	**340**

e. The average number of persons (excluding Directors) employed by the Company during the year was as follows:

Senior Management	19	17
Managers	68	55
Senior Staff	111	93
Junior Staff	191	175
	389	**340**

f. Employee costs:

Seplat's staff Costs (excluding pension contribution) in respect of the above employees amounted to $19.057 million (2014: $21.485 million) as follows:

	2015	2014	2015	2014
	$000	$000	N'm	N'm
Salaries & Wages	19,057	18,205	3,774	3,355
Bonus	-	3,280	-	604
	19,057	21,485	3,774	3,959

39. Events after the reporting period

OML 53 & 55
On 1 February 2016, the Group took over OMLs 53 & 55 from Chevron Nigeria Limited ("CNL") following the ruling of the Supreme Court of Nigeria on Friday which ruled in favor of SEPLAT, Belema Oil Producing Limited and Chevron Nigeria Limited ("CNL") in a litigation brought against the parties by Britannia-U Nigeria Limited.

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2015

		The Company			
		2015	2014	2015	2014
	Notes	$000	$000	N'm	N'm
Revenue	40	497,867	755,508	98,593	121,246
Cost of sales	41	(270,505)	(310,715)	(53,568)	(49,864)
Gross profit		227,362	444,793	45,024	71,382
Other operating income	42	15,511	-	3,072	-
Other general and administrative expenses	43	(106,104)	(118,643)	(21,012)	(19,040)
Gain on foreign exchange		8,985	(20,380)	1,779	(3,271)
Fair value movements in contingent consideration		-	-	-	-
Operating profit		145,753	305,770	28,863	49,071
Finance income	44a	8,133	14,784	1,611	2,373
Finance costs	44b	(77,338)	(49,319)	(15,315)	(7,915)
Profit before taxation		76,549	271,236	15,159	43,529
Taxation	45	(16,384)	-	(3,245)	-
Profit for the year		60,164	271,236	11,914	43,529
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in the subsequent periods					
Foreign translation difference		-	-	9,532	35,506
Total comprehensive income net of tax		60,164	271,236	21,446	79,035
Basic earnings per share ($)	64	0.11	0.53	22	85
Diluted earnings per share ($)	64	0.11	0.53	22	85

Statement of financial position
For the year ended 31 December 2015

		The Company			
		31-Dec 2015	31-Dec 2014	31-Dec 2015	31-Dec 2014
	Notes	$000	$000	N'm	N'm
Assets					
Non-current assets					
Oil & gas properties	48a	850,214	769,331	157,779	141,762
Other property, plant and equipment	48b	11,154	11,527	1,709	2,124
Intangible assets		1	48	-	9
Prepayments	50	36,754	45,104	7,308	8,311
Investment in subsidiaries	51	1,064	1,032	212	190
Total non-current assets		899,187	827,042	167,517	152,396
Current assets					
Inventories	52	78,864	50,582	15,681	9,321
Trade and other receivables	53	1,322,039	1,244,275	262,874	229,279
Prepayments	54	10,679	13,304	2,123	2,451
Cash & short term deposits	55	316,374	278,663	62,908	51,348
Other current financial assets		-	858	-	158
Derivatives not designated as hedges	56	23,194	5,432	4,612	1,001
Total current assets		1,751,150	1,593,114	348,199	293,558
Total assets		**2,650,337**	**2,420,156**	**515,716**	**445,954**
Equity and liabilities					
Equity					
Issued share capital	57a	1,821	1,798	282	277
Share premium	57b	497,457	497,457	82,080	82,080
Equity share reserve		8,734	-	1,729	-
Capital contribution	58	40,000	40,000	5,932	5,932
Retained earnings		877,123	888,798	136,456	138,768
Foreign translation reserve		-	-	45,618	36,086
Total shareholders' equity		1,425,135	1,428,053	272,097	263,143
Non-current liabilities					
Interest bearing loans and borrowings	59a	556,346	239,767	110,624	44,181
Deferred tax liabilities	46	16,384	-	3,258	-
Contingent consideration		-	-	-	-
Provision for decommissioning obligation	60	2,971	9,838	591	1,813
Defined Benefit Plan	61	6,926	-	1,377	-
Total non-current liabilities		582,627	249,605	115,850	45,994
Current liabilities					
Interest bearing loans and borrowings	59b	290,769	348,389	57,817	64,196
Trade and other payables	63	351,806	394,109	69,952	72,621
Total current liabilities		642,575	742,498	127,770	136,817
Total liabilities		**1,225,202**	**992,103**	**243,619**	**182,811**
Total shareholder equity and liabilities		**2,650,337**	**2,420,156**	**515,716**	**445,954**

Statement of financial position continued

Notes 1-34 are an integral part of the financial statements

The financial statements of Seplat Development Company Plc for the year ended 31 December 2015 were authorized for issue in accordance with a resolution of the directors on 24 March 2016 and were signed on its behalf by:

A. B. C. Orjiako
FRC/2014/IODN/00000003161
Chairman
24 March 2016

A. O. Avuru
FRC/2014/IODN/00000003100
Chief Executive Officer
24 March 2016

R.T. Brown
FRC/2015/IODN/00000007983
Chief Financial Officer
24 March 2016

Statement of changes in equity

For the year ended 31 December 2015

	Notes	Issued Share Capital	Share Premium	Equity share reserve	Capital Contribution	Retained Earnings	Total
		$000	$000	$000	$000	$000	$000
At 1 January 2014		1,334	-		40,000	690,761	732,095
Profit for the year		-	-		-	271,236	271,236
Other comprehensive income		-			-	-	-
Dividends		-	-		-	(73,199)	(73,199)
Increase in shares		464	534,523		-	-	534,987
Transaction Costs for shares Issued			(37,066)		-	-	(37,066)
At 31 December 2014		**1,798**	**497,457**	**-**	**40,000**	**888,798**	**1,428,053**
At 1 January 2015		**1,798**	**497,457**	**-**	**40,000**	**888,798**	**1,428,053**
Profit for the year						60,164	60,164
Share based payments				8,757			8,757
Dividends	65					(71,840)	(71,840)
Increase in shares		23		(23)			
At 31 December 2015		**1,821**	**497,457**	8,734	**40,000**	**877,123**	**1,425,135**

	Notes	Issued Share Capital	Share Premium	Equity share reserve	Capital Contribution	Foreign Translation Reserve	Retained Earnings	Total
		N'm	N'm	N'm	N'm	N'm	N'm	N'm
At 1 January 2014		200	-		5,932	580	106,986	113,698
Profit for the year		-	-		-	-	43,529	43,529
Other comprehensive income		-	-		-	35,506	-	35,506
Dividends		-	-		-		(11,747)	(11,747)
Increase in shares		77	88,196				-	88,273
Transaction Costs for shares Issued			(6,116)					(6,116)
At 31 December 2014		277	82,080	-	5,932	36,086	138,768	263,143
At 1 January 2015		277	82,080	-	5,932	36,086	138,768	263,143
Profit for the year							11,914	11,914
Share based payments				1,734				1,734
Other comprehensive income						9,532		9,532
Dividends	65						(14,226)	(14,226)
Increase in shares		5		(5)				
At 31 December 2015		**282**	**82,080**	**1,729**	**5,932**	**45,618**	**136,456**	**272,097**

Statement of cash flows

For the year ended 31 December 2015

		The Company			
		2015	2014	2015	2014
	Notes	$000	$000	N'm	N'm
Cash flows from operating activities					
Cash generated from operations	47	96,918	228,370	19,193	37,387
Income taxes paid	45		(2,874)	-	(530)
Net cash flows from operating activities		96,918	225,496	19,193	36,857
Cash flows from investing activities					
Investment in oil and gas properties		(139,985)	(294,875)	(27,721)	(54,336)
Investment in other property, plant and equipment		(4,656)	(8,510)	(922)	(1,568)
Proceeds from sale of assets		208	-	41	-
Interest received		3,243	14,784	642	2,373
Deposit for investment			-	-	-
Aborted acquisition costs				-	
				-	
Net cash flows from investing activities		(141,190)	(288,601)	(27,960)	(53,531)
Cash flows from financing activities					
Proceeds from issue of shares			534,987	-	85,856
Expenses from issue of shares			(37,066)	-	(5,948)
Proceeds from bank financing		967,101	446,000	191,515	71,575
Repayments of bank financing		(735,940)	(119,034)	(145,738)	(19,103)
Loan to subsidiary undertaking			(479,246)	-	(76,910)
Repayment of shareholder financing			(48,000)	-	(7,703)
Dividends paid		(71,840)	(73,199)	(14,226)	(11,747)
Interest paid		(77,338)	(32,847)	(15,315)	(5,271)
Net cash inflows/(outflows) from financing activities		81,983	191,596	16,235	30,749
Net decrease in cash and cash equivalents		37,711	128,491	7,468	14,075
Cash and cash equivalents at beginning of year		278,663	150,172	51,348	23,307
Foreign translation reserve		-	-	4,092	13,966
Cash and cash equivalents at end of year		316,374	278,663	62,908	51,348

Notes to the consolidated financial statements
Continued

40. Revenue

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Crude oil sale	404,018	764,346	80,008	122,664
Changes in lifting	16,852	(36,198)	3,337	(5,809)
	420,870	728,148	83,345	116,855
Gas sales	76,997	27,360	15,248	4,391
	497,867	**755,508**	98,593	**121,246**

41. Cost of Sales

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Royalties	89,033	149,245	17,631	23,951
Depletion, depreciation and amortization	59,102	39,499	11,704	6,339
Crude handling fee	58,670	20,923	11,618	3,358
Ness fee	521	803	103	129
Niger delta development commission levy	7,552	10,236	1,496	1,643
Rig related costs	8,553	29,910	1,694	4,800
Operations and maintenance costs	47,074	60,099	9,322	9,645
	270,505	**310,715**	**53,568**	**49,864**

Operations and maintenance costs ($47million) and others include community, HSSE, field logistics and others.

42. Other operating income

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Long stop date income (43a)	2,250	-	446	-
Fair value gain on put Option (Hedging)	13,195	-	2,613	-
Profit on disposal of plant & equipment	66	-	13	-
	15,511	**-**	3,072	**-**

42a. Long stop date income

This represents the penalties levied on Azura Energy for failure to take up 100mmscf of gas from 1July 2014. The long stop date period is from 1 July 2014 to 31 December 2015

42b. Fair value gain on put Option (Hedging)

This represents the gains on a new crude oil price hedge of US$45/bbl. for 3.3 million barrels at a cost of $10m (US$3.03/bbl.) secured on 30 November 2015. The gains represent the fair value of the investment as at 31 December 2015.

Notes to the consolidated financial statements
Continued

43. Other general and administrative expenses

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Depreciation and amortization	5,133	3,675	1,016	590
Auditor's remuneration	1,000	604	198	116
Professional and consulting fees	39,898	39,947	7,901	6,392
Directors emoluments (Execs)	4,568	7,480	905	1,200
Directors emoluments (Non- Execs)	5,257	-	1,041	-
Donations	206	179	41	29
Employee benefits (note 43a)	19,753	17,046	3,912	2,736
Business development	165	20	33	3
Flights and other travel costs	6,934	8,849	1,373	1,420
Other general expenses	23,190	40,843	4,592	6,554
Aborted acquisition costs	-	-	-	-
	106,104	**118,643**	**21,012**	**19,040**

Director's emoluments has been split between Exec & Non-Exec in 2015 and includes share based benefits recognized in 2015 and basis of which has been further highlighted in note 22c

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

43a. Salaries and employee related costs include the following:

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Basic salary	3,823	5,574	757	894
Housing allowance	3,345	2,203	662	354
Share benefits	4,463	-	884	-
Other allowances	8,122	9,269	1,608	1,488
Total salaries and employee related costs	**19,753**	**17,046**	3,912	**2,736**

44. Finance income/cost

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
44a Interest income	8,133	14,784	1,611	2,373

This represents interest income on $60m intercompany loan to one of Seplat's subsidiaries (Newton) - $4.9m and interest on Fixed deposits - $3.3m

44b Finance cost				
Interest on shareholders loan	-	-		-
Interest on bank loans	77,338	47,375	(15,315)	7,603
Unwinding of discount on provision for decommissioning (note 24)	-	1,944		312
	77,338	**49,319**	**(15,315)**	**7,915**

Notes to the consolidated financial statements
Continued

45. Taxation

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

45a. Tax on profit

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Current tax:				
Current tax charge for the year	-	-	-	-
Under provision from prior year	-	-	-	-
	-	-	-	-
Deferred tax:				
Net deferred tax in profit or loss	-	-	-	-
Total tax charge/(credit) in statement of profit or loss	-	-	-	-
Effective tax rate	0%	0%	0%	0%

Under provision in 2014 relates to additional tax paid arising from 13th instalment payment of taxes.

45b. Reconciliation of effective tax rate

The applicable tax rates for 2015 were 0 per cent. (2014: 0 per cent).

During 2014, applications were made by SEPLAT and its wholly owned subsidiary, Newton Energy, for the tax incentives available under the provisions of the Industrial Development (Income Tax Relief) Act. In February 2015, SEPLAT was granted the incentives in respect of the tax treatment of OMLs 4, 38 and 41. Newton Energy was also granted similar incentives in respect of the tax treatment of OPL 283/OML56. Under these incentives, the companies' profits are subject to a tax rate of 0% with effect from 1 January 2013 to 31 December 2015 in the first instance and then for an additional 2years for SEPLAT and 1 June 2013 to 31 May 2015 in the first instance and then for an additional 2years for Newton Energy if the 2 companies meet certain conditions included in the NIPC pioneer status award document

The new incentives form the basis of the Group's current and deferred taxation in the financial statements.

A reconciliation between income tax expense and accounting profit before income tax multiplied by the applicable statutory tax rate is as follows:

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Profit before taxation	76,549	271,236	15,159	43,529
				-
Under provision from prior year	-	-	-	-
				-
Adjustment in respect of prior periods	-	-	-	-
Impact of tax incentive on deferred tax balances	-	-	-	-
	-	-	-	-

Notes to the consolidated financial statements
Continued

The movement in the current tax (prepayment)/liability is as follows:

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
As at 1 January	(31,623)	(28,749)	(6,288)	(5,297)
Under provision from prior year	-	-	-	-
Tax paid	-	(2,874)	-	(530)
Tax prepayment	(31,623)	(31,623)	(6,288)	(5,827)

46. Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Deferred tax asset to be recovered after more than 12 months	-	8,362		1,541
Deferred tax liability to be recovered after more than 12 months	16,384	(3,923)		(723)
Net deferred tax asset	16,384	4,439		818

The Company has $16.38million (The Company: Nil) deferred tax liability as at in respect of unutilised losses and capital allowances.

46a. Deferred tax liabilities

The Company:	Fixed Asset	Decommissioning provision	Underlift/ Overlift	Defined Benefit	**Total**
	$000	$000	$000	$000	**$000**
At 1 January 2015	-	-	-	-	**-**
Credited/(charged) to profit or loss	(18,173)	1,953	(4,718)	4,554	**(16,384)**
At 31 December 2015	(18,173)	1,953	(4,718)	4,554	**(16,384)**

Net deferred tax liability at 31 December 2015 is $16.38million (2014: Nil).

Notes to the consolidated financial statements
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The Company:	Fixed Asset	Decommissioning provision	Underlift/ Overlift	Defined Benefit	Total
	N'm	N'm	N'm	N'm	N'm
At 1 January 2015	-	-	-	-	-
Credited/(charged) to profit or loss	(3,614)	388	(925)	906	(3,245)
Exchange difference			(13)		(13)
At 31 December 2015	(3,614)	388	(938)	906	(3,258)

47. Computation of cash generated from operations

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Profit before tax	76,549	271,236	15,159	43,529
Adjusted for:				
Depreciation and amortization	64,236	43,181	12,721	6,930
Finance Income	(8,133)	(14,784)	(1,611)	(2,373)
Finance Cost	77,338	49,319	15,316	7,915
Fair value movement on contingent consideration	-	-		-
Gain on disposal of property, plant and equipment	(66)	-	(13)	-
Financial assets	(17,762)		(3,516)	
Foreign exchange loss/(gain)	(8,985)	20,380	(1,779)	3,271
Share based payments	(8,757)		(1,733)	
Changes in working capital:				
Trade and other receivables	(77,764)	(289,178)	(15,463)	(44,896)
Prepayments	2,625	-	522	-
Trade and other payable	25,291	159,291	5,154	24,730
Inventories	(28,282)	(11,074)	(5,624)	(1,719)
	20,371	(42,865)	3,974	(6,142)
Net cash from operating activities	96,918	228,370	19,133	37,387

Notes to the consolidated financial statements
Continued

48. Property, Plant and Equipment

48a. Oil and gas properties

USD:	Production and field facilities	Assets under construction	Total
Cost	$000	$000	$000
At 1 January	422,618	227,580	650,198
Addition	-	302,778	302,778
Changes in decommissioning	(6,684)	-	(6,684)
Transfer from asset under construction	114,031	(114,031)	-
At 31 December	529,965	416,327	946,292
Depreciation			
At 1 January	137,461	-	137,461
Disposal	-	-	-
Charged for the year	39,500	-	39,500
At 31 December	176, 961	-	176, 961
NBV			
At 31 December 2014	353,004	416,327	769,331

Cost	$000	$000	$000
At 1 January 2015	529,965	416,327	946,292
Addition	146,852	-	146,852
Changes in decommissioning	(6,867)		(6,867)
Transfer from asset under construction	115,083	(115,083)	
At 31 December 2015	785,033	301,244	1,086,277
Depreciation			
At 1 January 2015	176, 961	-	176, 961
Disposal			
Charged for the year	59,102		59,102
At 31 December 2015	236,063	-	236,063
NBV			
At 31 December 2015	548,970	301,244	850,214

Notes to the consolidated financial statements
Continued

Nigerian Naira:	Production and field facilities	Assets under construction	Total
Cost	N'm	N'm	N'm
At 1 January 2014	65,590	35,321	100,911
Addition	-	55,792	55,792
Changes in decommissioning	(1,232)	-	(1,232)
Transfer from asset under construction	21,012	(21,012)	-
Exchange Differences	12,284	6,615	18,899
At 31 December 2014	97,655	76,715	174,370
Depreciation			
At 1 January 2014	21,334	-	21,334
Disposal	-	-	-
Charged for the year	6,339	-	6,339
Exchange Differences	4,935	-	4,935
At 31 December 2014	32,608	-	32,608
NBV			
At 31 December 2014	65,047	76,715	141,762

	N'm	N'm	N'm
Cost			
At 1 January	97,655	76,715	174,370
Addition	29,081	-	29,081
Changes in decommissioning	(1,360)	-	(1,360)
Transfer from asset under construction	22,790	(22,790	-
At 31 December	148,166	53,925	202,091
Depreciation			
At 1 January	32,608	-	32,608
Disposal			
Charged for the year	11,704	-	11,704
At 31 December	44,312	-	44,312
NBV			
At 31 December 2015	103,854	53,925	157,779

The Company's present and future assets (except jointly owned with NNPC/NPDC) along with all equipment, machinery and immovable property of the Group situated on the property to which the Oil Mining Leases relates are pledged as security for the Syndicate loan (Note 54).

Assets under construction represent costs capitalised in connection with the development of the Group's oil fields and other fixed assets not yet ready for their intended use. These are funded from the Group's operations; hence no borrowing cost was capitalised during the year.

Notes to the consolidated financial statements
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48b. Property, Plant and Equipment

US Dollars:	Plant & machinery	Motor vehicle	Office Furniture and IT equipment	Leasehold improvements	Total
Cost	$000	$000	$000	$000	$000
At 1 January 2014	1,830	2,817	7,375	1,148	13,170
Addition	1,492	2,540	3,164	1,314	8,510
At 31 December 2014	3,322	5,357	10,539	2,462	21,680
Depreciation					
At 1 January 2014	504	1,343	4,273	445	6,565
Charged for the year	478	828	1,882	400	3,588
At 31 December	982	2,171	6,155	845	10,153
NBV					
At 31 December 2014	2,340	3,185	4,384	1,618	11,527

Cost	$000	$000	$000	$000	$000
At 1 January 2015	3,322	5,357	10,539	2,462	21,680
Addition	685	1,662	1,867	688	4,902
Disposals		(246)			(246)
At 31 December 2015	4,007	6,773	12,406	3,150	26,336
Depreciation					
At 1 January 2015	982	2,171	6,155	845	10,153
Disposals		(104)			(104)
Charged for the year	724	1,349	2,501	559	5,133
At 31 December	1,706	3,416	8,656	1,404	15,182
NBV					
At 31 December 2015	2,301	3,357	3,750	1,746	11,154
At 31 December 2014					

Notes to the consolidated financial statements
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Nigerian Naira:	Plant & Machinery	Motor Vehicle	Office Furniture & IT Equipment	Leasehold Improvement	Total
Cost	N'm	N'm	N'm	N'm	N'm
At 1 January	284	437	1,145	178	2,044
Addition	275	468	583	242	1,568
Exchange Difference	53	82	214	33	383
At 31 December	612	987	1,942	454	3,995
Depreciation					
At 1 January	78	208	663	69	1,019
Charged for the year	77	133	302	64	576
Exchange Difference	26	59	169	22	276
At 31 December	181	400	1,134	156	1,871
NBV					
At 31 December 2014	431	587	808	298	2,124

Cost	N'm	N'm	N'm	N'm	N'm
At 1 January	612	987	1,942	454	3,995
Addition	136	329	370	136	971
Disposal	-	(49)	-	-	(49)
Exchange Difference	49	79	155	36	320
At 31 December	797	1,347	2,467	626	5,237
Depreciation					
At 1 January	181	400	1,134	156	1,871
Disposal	-	(21)	-	-	(21)
Charged for the year	143	267	495	111	1,016
Exchange difference	15	33	92	12	152
At 31 December	339	679	1,721	279	3,018
NBV					
At 31 December 2015	458	668	746	347	2,218

49. Intangible Assets

	The Company	
	$000	N'm
Cost:		
At 1 January 2015	414	76
Exchange Difference	-	12
At 31 December 2015	414	76
Accumulated Amortization:		
At 1 January 2015	366	67
Charge for the year	47	9
Foreign exchange difference	-	
At 31 December 2015	413	76
NBV:		
At 31 December 2015	1	-
At 31 December 2014	48	9

Intangible assets relate to an oil mining license granted to the Group that is expected to expire in 2019.

Notes to the consolidated financial statements
Continued

50. Prepayment

	The Company			
	31-Dec 2015	31-Dec 2014	31-Dec 2015	31-Dec 2014
	$000	$000	N'm	N'm
Tax paid in advance	31,623	31,623	6,288	5,827
Rent	2,760	2,614	549	482
Drilling services	2,371	5,333	471	983
Prepaid fees – NIPC	-	5,519	-	1,017
Prepaid others	-	15	-	2
	36,754	**45,104**	**7,308**	**8,311**

Included in prepayments are the following:

Tax paid in advance
In 2014, Seplat Petroleum Development Company paid $2.9 million petroleum profit tax instalment in addition to the total instalment sum of $28 million paid in 2013. These payments relate to 2013 and were made prior to obtaining the pioneer status. This was accounted for as a tax credit under non-current prepayment until a future date when the Company will be expected to offset it against its tax liability.

Rent
In 2014, the Group entered into three new commercial leases in relation to three buildings that it occupies in Lagos and Delta states. The Group has prepaid the rent. Two of the non- cancellable leases which relate to buildings in Lagos expire in 2019 and 2018 respectively. The building in Delta state is also non-cancellable and it expires in 2016. The long term portion as at 31 December 2015 is $2.8million

Drilling services
In 2012, SEPLAT signed an agreement with Cardinal drilling Limited with respect to the exclusive use of 2 rigs for 5 years. SEPLAT agreed to pay a $20m advance in relation to the exclusive use of these rigs. This $20m has been recognised as a prepayment and amortised over the life of the agreement (5 years). The long term portion as at 31 December 2015 is $2.4 million.

Notes to the consolidated financial statements
Continued

Prepaid fees - NIPC
This relates to fees for the pioneer period prepaid to Nigerian Investment Promotion Commission (NIPC).

51. Investment in subsidiaries

	The Company			
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	$000	$000	N'm	N'm
Newton Energy Limited	950	950	188	175
Seplat Petroleum Development UK	50	50	10	9
Seplat East Onshore Ltd	32	32	7	6
Seplat East Swamp Ltd	32	-	7	-
	1,064	**1,032**	**212**	**190**

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

52. Inventories

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Tubular, casing and wellheads	78,864	50,582	15,681	9,321
Foreign exchange difference	-	-	-	-
	78,864	50,582	15,681	9,321

Inventory represents the value of tubulars, casings and wellheads. The inventory is carried at the lower of cost and net realisable value. Included in cost of sales is $0.19 million representing Inventory charged to profit or loss during the year.

Notes to the consolidated financial statements
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53. Trade and other receivables

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Trade receivables	95,332	115,116	18,956	21,212
Nigerian Petroleum Development Company (NPDC) receivables	491,974	463,118	97,824	85,337
Intercompany receivables	708,843	643,912	140,946	118,652
Deposit for Investments	-	-	-	-
Advances to related parties	8,632	10,924	1,716	2,013
Underlift	7,041	-	1,400	-
Advances to suppliers	2,498	10,934	497	2,015
Hedging receivables	7,585	-	1,508	-
Other receivables	134	271	27	50
	1,322,039	**1,244,275**	**262,874**	**229,279**

Trade receivables

This mainly represents crude receivables on Mercuria ($17m), Shell ($15m) and gas receivables from NGC ($62m)

NPDC receivables:

Seplat has not yet remitted the sum of $56.4m due NPDC on crude handling charges as of 31 Dec 2015, after considering this, Net receivables due from NPDC is $435m. Subsequent to year end $115m was received as cash relating to the outstanding debt bringing the net balance to $320m, without considering current expenditure and cash calls

Deposit for investment:

c) $45m refundable deposit was made towards an investment in 2014 with potential vendors. This remains a deposit whilst negotiation between the parties continue.

d) $36.5m was placed in an escrow account in London related to the same investment pending agreements of final terms. Out of this and in the period under review $3.5m has been paid out in consortium fees. See further note on subsequent events note 39.

Notes to the consolidated financial statements
Continued

The ageing analysis of the trade receivables and amounts due from NPDC is as follows:

US Dollars:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	$000	$000	$000	$000	$000	$000	$000
Trade receivables							
31-Dec-15	95,332	58,490	5,261	7,165	8,145	9,039	7,232
31-Dec-14	115,116	89,027	1,759	2,015	6,503	1,556	14,256
NPDC receivables							
31-Dec-15	491,974	274,465	27,213	56,886	10,021	41,842	81,547
31-Dec-14	463,118	207,495	68,097	120,743	36,491	0	30,292

Nigerian Naira:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Trade receivables							
31-Dec-15	18,956	11,630	1,046	1,425	1,620	1,797	1,438
31-Dec-14	21,212	16,405	324	371	1,198	287	2,627
NPDC receivables							
31-Dec-15	97,824	54,575	5,411	11,311	1,993	8,320	16,215
31-Dec-14	85,337	38,234	12,548	22,249	6,724	-	5,582

Shell Western Supply and Mercuria Trading Company have subsequently settled the outstanding balance of $15.4 million and $17.2million in January 2016. NPDC has also paid a total of $115million from the outstanding balance after year-end. The remaining balance is expected to be fully paid during 2016.

54. Prepayments

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Prepayments	10,679	13,304	2,123	2,451

Prepayments relate to prepaid rent and drilling services. See note 47

Notes to the consolidated financial statements
Continued

55. Cash and short term deposits

Cash and short term deposits in the statement of financial position comprise cash at banks and on hand and short term deposits with a maturity of three months or less.

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Cash on hand	50	60	10	11
Cash at bank	316,324	278,603	62,898	51,337
Short-term deposits	-	-	-	-
Cash and cash equivalents	**316,374**	**278,663**	**62,908**	**51,348**

At 31 December 2015, cash at bank included the debt service reserve of $68.9 million (2014: $46.5 million) deposited pursuant to the covenant in relation to the bank syndicated loan. The debt service reserve account balance is the amount equal to at least the aggregate of the amounts of principal and interest projected to fall due on the next successive principal payment dates and dates for the payment of interest on the Loans.

56. Financial instruments

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Derivatives not designated as hedges	23,194	5,432	4,612	1,001

In November 2015, management into a crude oil price hedge of US$45/bbl. for 3.3 million barrels at a cost of $10m (US$3.03/bbl.). The fair value of this hedge as at 31 December 2015 is $23.2million giving rise to fair value gain of $13.2million.

Notes to the consolidated financial statements
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57. Share capital and premium

57a. Share Capital

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Authorized ordinary share capital				
1,000,000,000 ordinary shares denominated in Nigerian Naira of 50k per share	3,335	3,335	500	500
Issued and fully paid				
560,576,1011 (2014: 553,310,313) issued shares denominated in Nigerian Naira of 50k per share	1,821	1,798	282	277

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

Fully paid ordinary shares carry one vote per share and carry the right to dividends. In 2014, the company sub-divided its shares from 1 to 0.50 per share resulting in an increase in the number of shares issued from 100 million to 200 million ordinary shares. On 31 July 2013, the number of ordinary shares was increased to 400 million by way of a bonus issue to existing shareholders; these were issued from the revenue reserve. In August 2013 the authorized share capital was increased from 400 million to 1 billion denominated in 0.50 per share.

57b. Share Premium

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Gross Proceeds	-	534,987	-	88,273
Share Issue	-	(464)	-	(77)
Share Premium	-	534,523	-	88,196
Issue costs	-	(37,066)	-	(6,116)
Issued share capital proceeds	**-**	**497,457**	**-**	**82,080**

In 2014, the net proceeds of $497.9 million were received from the initial public offering. 153,310,313 shares of 50k each totalling $464,000 were transferred to share capital.

58. Capital contribution

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

Notes to the consolidated financial statements
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59. Interest bearing loans and borrowings

		The Company			
		2015	2014	2015	2014
		$000	$000	N'm	N'm
59a	**Non-Current**				
	Bank borrowings	556,346	239,767	110,624	44,181
59b	**Current**			-	
	Bank borrowings	290,769	348,389	57,817	64,196

Bank loan

Syndicate credit facility

On 31 December 2014, Seplat signed a USD1.7 billion debt refinancing package, made of the following facilities:

- USD700 million 7 year term loan with an ability to stretch it to USD1.4bn contingent on a qualifying acquisition with a consortium of 5 local banks. This facility has a 7yr maturity period.
- USD300 million 3 year corporate revolver primarily to manage working capital requirements with a consortium of 8 international banks. This facility has a 3yr maturity period.

As at 31 December 2015, SEPLAT had drawn down $1billion of this facility and made principal repayments in 2015. Interest accrues monthly on the principal amount outstanding at the LIBOR rate plus a margin ranging from 6.5 to 8.5 per cent. The outstanding balance as of 31 December 2015 is $863million. As part of the Acquisition of OML 53 & 55, it was agreed with the shareholders of Belemaoil to take over its existing loan of $52.5million debt with sterling bank. This has been consolidated in the Group accounts.

Term Loan	Interest	Current	Non-Current	Total	Current	Non-Current	Total
		$'000	$'000	$'000	N'm	N'm	N'm
SBSA	8.5% + Libor	5,649	16,947	22,596	1,123	3,370	4,493
Stanbic	8.5% + Libor	5,649	16,947	22,596	1,123	3,370	4,493
FBN	8.5% + Libor	37,695	113,085	150,780	7,495	22,486	29,981
UBA	8.5% + Libor	37,695	113,085	150,780	7,495	22,486	29,981
Zenith Bank	8.5% + Libor	60,312	180,936	241,248	11,992	35,977	47,970
		147,000	441,000	588,000	29,229	87,688	116,918

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Corporate Loan (US$300M)	Interest	Current	Non-Current	Total	Current	Non-Current	Total
		$'000	$'000	$'000	N'm	N'm	N'm
Citibank Nigeria Limited	6.00% + Libor	8,333	14,583	22,917	1,657	2,900	4,557
Firstrand Bank Limited Acting	6.00% + Libor	10,000	17,500	27,500	1,988	3,480	5,468
JPMorgan Chase Bank N A London	6.00% + Libor	10,000	17,500	27,500	1,988	3,480	5,468
Nedbank Limited, London Branch	6.00% + Libor	10,000	17,500	27,500	1,988	3,480	5,468
Bank Of America Merrill Lynch	6.00% + Libor	10,000	17,500	27,500	1,988	3,480	5,468
Standard Chartered Bank	6.00% + Libor	15,000	26,250	41,250	2,983	5,220	8,202
Citibank N.A.	6.00% + Libor	6,667	11,667	18,333	1,326	2,320	3,646
Natixis	6.00% + Libor	15,000	26,250	41,250	2,983	5,220	8,202
Stanbic Ibtc Bank Plc	6.00% + Libor	7,500	13,125	20,625	1,491	2,610	4,101
The Standard Bank Of South Africa	6.00% + Libor	7,500	13,125	20,625	1,491	2,610	4,101
		100,000	175,000	275,000	19,884	34,797	54,681

Loans	$'000	N'm
Term Loan	588,000	116,918
Corporate loan	275,000	54,681
Less: Capitalized Loan transaction costs	(15,885)	(3,159)
	847,115	168,441

60. Provision for decommissioning obligation

	The Company	
	$000	N'm
At 1 January 2014	14,578	2,263
Unwinding of discount due to passage of time	1,944	312
Change in estimate	(6,684)	(1,232)
Exchange Difference	-	470
At 31 December 2014	9,838	1,813
Unwinding of discount due to passage of time	-	
Change in estimate	(6,867)	(1,365)
Exchange Difference	-	143
At 31 December 2015	2,971	591

The Company makes full provision for the future cost of decommissioning oil production facilities on a discounted basis at the commencement of production. It relates to the removal of assets as well as their associated restoration costs. This obligation is recorded in the period in which the liability meets the definition of a "probable future sacrifice of economic benefits arising from a present obligation," and in which it can be reasonably measured.

The provision represents the present value of estimated future expenditure to be incurred in 2052 which is the current expectation as to when the producing facilities are expected to cease operations. Management engaged a third party to assist with an estimate of the expenditure to be incurred in 2052. These provisions were based on estimation carried out by DeGolyer and MacNaughton based on current assumptions on the economic environment which management believe to be a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately

Notes to the consolidated financial statements
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depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates.

The discount rate used in the calculation of unwinding of the provision as at 31 December 2015 was 11.1% per cent (the year ended 31 December 2014: 14.64% per cent). As of 31 December 2015, management has estimated decommissioning expenditure to occur in 2052 (31 December 2014: 2036).

61. Defined Benefit Plan

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Defined benefit Obligation	6,926	-	1,377	-
	6,926	**-**	**1,377**	**-**

The Company commenced its defined benefit plan (gratuity) which is unfunded in 2015. The Company makes provisions for gratuity for employees from day one of employment in the Company. The employee qualifies to receive the gratuity on resignation or retirement from the Company after he/she might have spent five (5) years of continuous service. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity liability is adjusted to inflation, interest rate risks, changes in salary and changes in the life expectancy for the beneficiaries. The provision for gratuity was based on independent actuarial valuation performed by HR Nigeria Limited using the projected unit credit method. The company does not maintain any assets for the gratuity plan but ensures that it has sufficient funds for the obligations as they crystallize.

The following tables summarize the components of net benefit expense recognized in the statement of profit or loss and other comprehensive income and; in the statement of financial position for the respective plans:

f) Net benefit expense 2015 (recognized in profit or loss)

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Current Service cost	6,926	-	1,377	-
Interest cost on benefit Obligation	-		-	-
	6,926	**-**	**1,377**	**-**

Notes to the consolidated financial statements

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g) Re-measurement gains/(losses) in other comprehensive income

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Actuarial (gains)/losses	-	-	-	-
	-	-	-	-
	6,926	**-**	**1,377**	**-**

h) Changes in the present value of the defined benefit obligation are, as follows:

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Defined benefit obligation at 1 January	-	-	-	-
Current service cost	6,926	-	1,377	-
Interest cost	-	-	-	-
Benefits paid by the employer	-	-	-	-
Actuarial gains/losses	-	-	-	-
Defined benefit obligation at 31 December	**6,926**	**-**	**1,377**	**-**

i) The principal assumptions used in determining defined benefit obligations for the Company's plans are shown below:

	The Company	
	2015	2014
	%	%
Discount rate	12	-
Average future pay increase	12	-
Average future rate of inflation	9	-

Mortality in Service

Sample Age	Number of deaths in year out of 10,000 lives
25	7
30	7
35	9
40	14
45	26

Notes to the consolidated financial statements
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j) A quantitative sensitivity analysis for significant assumption as at 31 December 2015 is as shown below:

Assumptions	Discount Rate 1% increase	Discount Rate 1% decrease	Salary increases 1% increase	Salary increases 1% decrease	Mortality Improved by 10%	Mortality Worsens by 10%
	$000	$000	$000	$000	$000	$000
Sensitivity Level: Impact on the net defined benefit obligation						
31 December 2015	6,115	(7,913)	7,939	(6,081)	6,982	(6,885)
31 December 2014	-	-	-	-	-	-
	6,115	(7,913)	7,939	(6,081)	6,982	(6,885)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years out of the defined benefit plan obligation:

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Within the next 12 months (next annual reporting period)	298	-	59	-
Between 2 and 5 years	2,356	-	469	-
Between 5 and 10 years	9,378	-	1,864	-
	12,033	**-**	**2,392**	**-**

62. Employee Benefits – Defined Contribution

The company contributes to a funded defined contribution retirement benefit scheme for its employees in compliance with the provisions of the Pension Reform Act 2004. A defined contribution plan is a pension plan under which the company pays fixed contributions to an approved Pension Fund Administrator (PFA) – a separate entity. The assets of the scheme are managed by various Pension Fund Administrators patronized by employees of the Company. The company's contributions are charged to the profit and loss account in the year to which they relate. The amount payable as at 31 December 2015 was $394,561 (2014: $331,958).

Notes to the consolidated financial statements
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63. Trade and other payables

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Trade payable	125,166	75,409	24,888	13,896
Accruals and other payables	169,158	260,026	33,635	47,913
Over lift	-	9,811	-	1,808
NDDC levy	6,272	11,327	1,247	2,087
Deferred revenue	1,420	1,420	282	262
Royalties	25,212	24,413	5,013	4,498
Intercompany payable	24,578	11,703	4,887	2,157
	351,806	**394,109**	69,953	**72,621**

The accruals balance is mainly composed of other field-related accruals 2015: $63.4m (2014: $219.9m) and NPDC payables - $56.4m

64. Earnings per share

Basic

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

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Profit for the year attributable to shareholders	60,164	271,236	11,914	43,529
	Shares 000	Shares 000	Shares 000	Shares 000
Weighted average number of ordinary shares in issue	560,576	508,120	560,576	508,120
Share options	189	-	189	-
Weighted average number of ordinary shares in issue after dilution	560,765	508,120	560,765	508,120
	$	$	N'm	N
Basic earnings per share	0.11	0.53	22	85
Diluted earnings per share	0.11	0.53	22	85
Earnings	$000	$000	N'm	N'm
Profit attributable to equity holders of the Group	60,164	271,236	11,914	43,529
Profit used in determining diluted earnings per share	60,164	271,236	11,914	43,529

Notes to the consolidated financial statements
Continued

65. Dividends paid and proposed

	The Company			
	2015	2014	2015	2014
	$000	$000	N'm	N'm
Cash dividends on ordinary shares declared and paid:				
Interim dividend for 2015: $0.04 per share (2014: $0.06 per share) 553,310,313 shares in issue	22,139	33,199	4,384	5,328
Final dividend for 2014: $0.09 per share (2013: $0.10 per share) 553,310,313 shares in issue (2013:400,000,000 shares in issue)	49,701	40,000	9,842	6,419
	71,840	73,199	14,226	11,747
Proposed dividends on ordinary shares:				
Final cash dividend for 2015: $0.04 per share 560,764,710 issued and fully paid	22,431	49,800	4,460	$49.8million

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognized as a liability as at 31 December 2015.

Notes to the consolidated financial statements
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66. Related party relationships and transactions

The following companies are common control entities as the companies are controlled by close family members:

- Abbey Court Trading Company Limited
- Cardinal Drilling Nigeria Limited
- Abtrust Integrated Services
- Charismond Nigeria Limited
- Keco Nigeria Enterprises
- Ndosumili Ventures Limited
- Oriental Catering Services Limited
- ResourcePro Inter Solutions Limited
- Berwick Nigeria Limited
- Montego Upstream Services Limited
- Neimeth International Pharmaceutical Plc
- Helko Nigeria Limited
- Nerine Support Services Limited
- Nabila Resources & Investment Limited
- Shebah Exploration and Production Company Limited (SEPCOL)
- Platform Petroleum Limited
- D. D. Dodo & Co

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.

Abtrust Integrated Services: The managing director of SEPLAT's wife is shareholder and director. The company provides bespoke gift hampers to SEPLAT.

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

Charismond Nigeria Limited: The managing director's sister works at Charismond as a general manager. The company provides bespoke gift hampers to SEPLAT.

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

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

Notes to the consolidated financial statements
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Oriental Catering Services Limited: The managing director of SEPLAT's spouse is shareholder and director. The company provides catering services to SEPLAT at the staff canteen.

ResourcePro Inter Solutions Limited: The managing director of SEPLAT's in-law is its UK representative. The company supplies furniture to SEPLAT.

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.

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

Neimeth International Pharmaceutical Plc: The chairman of SEPLAT is also the chairman of this company. The company provides medical supplies and drugs to SEPLAT, which are used in connection with SEPLAT's corporate social responsibility and community healthcare programs.

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.

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

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

Platform Petroleum Limited: The managing director of SEPLAT is a director and shareholder of this company. The managing director, his secretary and driver were originally employees of Platform Petroleum Limited in 2010 when SEPLAT was formed. Their salaries are currently paid by Platform Petroleum Limited, with SEPLAT then wholly reimbursing Platform Petroleum Limited.

D. D. Dodo & Co: The owner is an independent non-executive director of Seplat and also a partner of the law firm that provided legal services to the company (2014: $0.59million).

Belemaoil Producing Limited shareholders: The managing director and certain shareholders of the company are shareholders in Belemaoil Producing Limited. Belemaoil Producing is a sub-sub of Seplat group.

Notes to the consolidated financial statements
Continued

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

g) Transactions:

xviii) Purchases of goods and services

	The Company			
	2015	2014	2015	2014
	\$000	\$000	N'm	N'm
Shareholders:				
MPI	-	299	-	48
Shebah	1,517	1,936	302	311
Platform Petroleum Limited	35	201	7	32
	1,552	2,436	309	391
Entities under common control:			-	
Abbeycourt Trading Company Limited	2,362	4,329	470	695
Abtrust Integrated Services	-	50	-	8
Charismond Nigeria Limited	29	176	6	28
Cardinal Drilling Services Limited	17,244	36,612	3,429	5,875
Keco Nigeria Enterprises	1,896	3,596	377	577
Ndosumili Ventures Limited	1,350	2,759	268	443
Oriental Catering Services Limited	941	598	187	96
ResourcePro Inter Solutions Limited	1,841	2,913	366	467
Berwick Nigeria Limited	27	950	5	152
Montego Upstream Services Limited	9,449	17,328	1,879	2,781
Neimeth International Pharmaceutical Plc		28	-	5
Nerine Support Services Limited	21,015	31,277	4,179	5,019
Nabila Resources & Investment Ltd	226	455	45	73
Helko Nigeria Limited	566	2,379	113	382
D.D Dodo & Co	-	590	-	95
Belemaoil	43,133		8,577	
	103,183	**104,040**	20,208	**16,696**

Notes to the consolidated financial statements
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xix) Interest expense

	2015 $000	2014 $000	2015 N'm	2014 N'm
Shareholders:				
MPI	-	960	-	154

h) Balances:

Year-end balances arising from related party transactions

xx) Prepayments / receivables

Under common control:				
Cardinal Drilling Services Limited – current portion	12,632	10,934	1,716	2,015
Carding Drilling Services Limited – noncurrent portion	1,333	5,333	1,060	983
Abbeycourt Petroleum Company Limited	-	-	-	-
	13,965	16,267	2,776	2,998

xxi) Payables

Shareholders:				
Loan from MPI	-	-	-	-
Other payables to MPI	-	1,223	-	225
	-	1,223	-	225

i) Key management compensation:

Key management includes executive and members of the executive committee. The compensation paid or payable to key management for employee services is shown below:

	31 December 2015 $000	31 December 2014 $000	31 December 2015 N'm	31 December 2014 N'm
Salaries and other short-term employee benefits	4,522	5,372	763	990
	4,522	5,372	763	990

Notes to the consolidated financial statements
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67. Commitments and contingencies

67a. Operating lease commitments – group as lessee
The Company has entered into operating leases for the use of drilling rigs.

Future minimum rentals payable under non-cancellable operating leases as at each reporting date are as follows:

	31 December 2015 $000	31 December 2014 $000	31 December 2015 $000	31 December 2014 $000
Within one year	-	30,249	-	5,574
After one year but not more than five years	-	-	-	-
	-	30,249	-	5,574

67b. Commitments
The Group has commitments to OML 53 and 55. See note 34

67c. Contingent liabilities
The Company is involved in a number of legal suits as defendant. The possible liabilities arising from these court proceedings amount to $299.9million (31 December 2015 - $23,229,745). No provision has been made for this potential liability in these financial statements. Management and the Company's solicitors are of the opinion that the Company will suffer no loss from these claims.

Pursuant to an agreement reached by Newton in connection with a potential acquisition of an asset by a consortium, $31m has been set aside ($20m in an escrow and $11m as prepaid agreed consortium fees) pending a final decision on proceeding with the investment. In the event that Newton at its discretion decides not to proceed $31m will be fully paid out and expensed to the parties, otherwise these amounts set aside will be applied as acquisition costs and amounts in Escrow released to Newton.

68. Financial risk management

The Company'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 Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company'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.

68.1 Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Company 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 Company's debt financing plans and covenant compliance. Surplus cash held is transferred to the treasury department which invests in deposit bearing current accounts, time deposits and money market deposits.

The following table details the Company'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 Company can be required to pay.

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	Effective interest rate %	Less than 1 year $000	1 - 2 year $000	2 - 3 years $000	3 - 5 years $000	After 5 years $000	Total $000
31-Dec-15							
Variable interest rate borrowings:							
Bank loans:							
Zenith Bank Plc	8.5% + Libor	81,976	70,418	51,200	74,753	24,104	302,452
First Bank of Nigeria Limited	8.5% + Libor	51,235	44,012	32,000	46,721	15,065	189,032
United Bank for Africa Plc	8.5% + Libor	51,235	44,012	32,000	46,721	15,065	189,032
Stanbic IBTC Bank Plc	8.5% + Libor	7,678	6,596	4,796	7,002	2,258	28,329
The Standard Bank of South Africa Limited	8.5% + Libor	7,678	6,596	4,796	7,002	2,258	28,329
Standard Chartered Bank	6.00% + Libor	17,534	27,711				45,245
Natixis	6.00% + Libor	17,534	27,711				45,245
Citibank Nigeria Ltd and Citibank NA	6.00% + Libor	17,534	27,711				45,245
Bank of America Merrill Lynch Int'l Ltd	6.00% + Libor	11,689	18,474				30,163
FirstRand Bank Ltd (Rand Merchant Bank Division)	6.00% + Libor	11,689	18,474				30,163
JP Morgan Chase Bank NA, London Branch	6.00% + Libor	11,689	18,474				30,163
NedBank Ltd, London Branch	6.00% + Libor	11,689	18,474				30,163
Stanbic IBTC Bank Plc	6.00% + Libor	8,767	13,856				22,623
The Standard Bank of South Africa Ltd	6.00% + Libor	8,767	13,856				22,623
Trade, other Payables		351,806					351,806
Contingent Consideration	-	-					-
		668,497	356,375	124,792	182,199	58,750	1,390,613

	Effective interest rate %	Less than 1 year $000	1 - 2 year $000	2 - 3 years $000	3 - 5 years $000	After 5 years $000	Total $000
31-Dec-14							
Variable interest rate borrowings:							
Bank loans:							
Skye Bank Plc	8.00%	68,623	50,616	-	-	-	119,239
United Bank for Africa Plc	7.5% + Libor	56,431	39,052	-	-	-	95,483
First Bank of Nigeria Plc	7.5% + Libor	147,759	87,389	-	-	-	235,148
First Bank of Nigeria Plc	8% + Libor	106,269	0	-	-	-	106,269
Africa Export-Import Bank	7.5% + Libor	101,029	91,732				192,761
Zenith loan	7.5% + Libor	65,455	61,186	56,594	52,955	-	236,190
Trade, other payables	-	389,103	0	-	-	-	389,103
Contingent Consideration		-	9,377	-	-	-	9,377
		934,669	339,352	56,594	52,955	-	1,383,570

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Nigerian naira

	Effective interest rate	Less than 1 year	1 - 2 year	2 - 3 years	3 - 5 years	After 5 years	Total
	%	N'm	N'm	N'm	N'm	N'm	N'm
31-Dec-15							
Variable interest rate borrowings:							
Bank loans:							
Zenith Bank Plc	8.5% + Libor	16,300	14,002	10,181	14,864	4,793	60,140
First Bank of Nigeria Limited	8.5% + Libor	10,188	8,751	6,363	9,290	2,996	37,587
United Bank for Africa Plc	8.5% + Libor	10,188	8,751	6,363	9,290	2,996	37,587
Stanbic IBTC Bank Plc	8.5% + Libor	1,527	1,312	954	1,392	449	5,633
The Standard Bank of South Africa Limited	6.00% + Libor	1,527	1,312	954	1,392	449	5,633
Standard Chartered Bank	6.00% + Libor	3,486	5,510	-	-	-	8,997
Natixis	6.00% + Libor	3,486	5,510	-	-	-	8,997
Citibank Nigeria Ltd and Citibank NA	6.00% + Libor	3,486	5,510	-	-	-	8,997
Bank of America Merrill Lynch Int'l Ltd	6.00% + Libor	2,324	3,673	-	-	-	5,998
FirstRand Bank Ltd (Rand Merchant Bank Division)	6.00% + Libor	2,324	3,673	-	-	-	5,998
JP Morgan Chase Bank NA, London Branch	6.00% + Libor	2,324	3,673	-	-	-	5,998
NedBank Ltd, London Branch	6.00% + Libor	2,324	3,673	-	-	-	5,998
Stanbic IBTC Bank Plc	6.00% + Libor	1,743	2,755	-	-	-	4,498
The Standard Bank of South Africa Ltd	6.00% + Libor	1,743	2,755	-	-	-	4,498
Trade, other Payables		-	-	-	-	-	-
		119,064	61,244	19,487	30,622	11,135	241,551

	Effective interest rate	Less than 1 year	1 - 2 year	2 - 3 years	3 - 5 years	After 5 years	Total
	%	N'm	N'm	N'm	N'm	N'm	N'm
31-Dec-14							
Variable interest rate borrowings:							
Bank loans:							
Skye Bank Plc	8.00%	12,645	9,327				21,972
United Bank for Africa Plc	7.5% + Libor	10,398	7,196				17,594
First Bank of Nigeria Plc	7.5% + Libor	27,227	16,103				43,330
First Bank of Nigeria Plc	7.5% + Libor	19,582	-				19,582
Africa Export-Import Bank	7.5% + Libor	18,616	16,903				35,519
Zenith Loan	7.50%	12,061	11,275	10,428	9,758		43,522
Trade, other payables	-	71,669	-				71,669
Contingent Consideration		-	1,728				
		172,228	62,531	10,428	9,758	-	254,946

Notes to the consolidated financial statements
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69. Information relating to Employees

		2015	2014	2015	2014
		0	$0	N'm	N'm
a.	**Chairman and Directors' emoluments:**				
	Fees	2,461	2,254	487	415
	Chairman (Executive)	1,125	1,092	223	201
	Managing Director	1,645	1,572	326	290
	Executive Directors	2,917	3,073	578	566
	Non-Executive Directors	-	203	-	37
	JV Partner Share	(2,208)	(3,276)	(437)	(604)
	Bonus	1,661	1,890	329	322
		7,601	6,808	1,505	1,229
b.	Highest paid Director	1,645	1,572	326	290

Emoluments are inclusive of income taxes. Emoluments are inclusive of income taxes. Subsequent to the year end, the Remuneration committee approved payment of 25% of the bonus $1.66million to the CEO and Executive directors in shares in the company.

c. The number of directors (excluding the Chairman) whose emoluments fell within the following ranges was:-

	2015	2014
	Number	Number
Zero - $65,000	-	4
$65,001 - $378,000	7	-
$378,001 - $516,000	-	-
$516,000 and above	4	6
	11	**10**

d. Employees:
The number of employees of the Company (other than the Directors) whose duties were wholly or mainly discharged within Nigeria, and who earned over N1,000,000, received remuneration (excluding pension contributions) in the following ranges:

	2015	2014
	Number	Number
$6,500 - $16,000	4	-
$16,001 - $32,000	6	1
$32,001 - $48,000	76	39
Above $48,000	303	300
	389	**340**

e. The average number of persons (excluding Directors) employed by the Company during the year was as follows:

Senior Management	19	17
Managers	68	55
Senior Staff	111	93
Junior Staff	191	175
	389	**340**

Notes to the consolidated financial statements
Continued

f. Employee costs:

Seplat's staff Costs (excluding pension contribution) in respect of the above employees amounted to $19.057 million (2014: $21.485 million) as follows:

	2015	2014	2015	2014
	$000	$000	N'm	N'm
Salaries & Wages	19,057	18,205	3,774	3,355
Bonus	-	3,280	-	604
	19,057	21,485	3,774	3,959

70. Events after the reporting period

70.1 Investments

On 1 February 2016, Seplat took over OMLs 53 & 55 from Chevron Nigeria Limited ("CNL") following the ruling of the Supreme Court of Nigeria on Friday which ruled in favor of SEPLAT, Belema Oil Producing Limited and Chevron Nigeria Limited ("CNL") in a litigation brought against the parties by Britannia-U Nigeria Limited.

Statement of value added

For the year ended 31 December 2015

	The Group							
	2015		2014		2015		2014	
	$0		$0		N'm		N'm	
Revenue	570,477		775,019		112,972		124,377	
Cost of goods and other services:								
Local	(220,322)		- 295,375		(43,630)		(22,874)	
Foreign	(95,889)		- 126,589		(18,989)		(9,803)	
Other income	15,511		11,996		3,072		91,700	
Valued added	269,777		365,051		53,424		1,925	
Applied as follows:								
		%		%		%		%
To employees:								
- as salaries and labor related expenses	24,156	9	18,205	5	4,784	9	2,922	3
To external providers of capital:								
-as interest	83,588	31	49,319	14	16,553	31	7,915	8
To Government:								
- as company taxes	239	0	-	-	47.32917	0	-	-
Retained for the Company's future:								
- For assets replacement - Depreciation, Depletion & Amortization	73,099	27	45,306	12	14,476	27	7,256	8
Deferred Tax	21,233	8	-		4,205	8		
- Profit for the year	67,462	25	252,221	69	13,359	25	75,532	81
	269,777	100	365,051	100	53,424	100	93,625	100

The value added represents the additional wealth which the company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth to employees, providers of finance, shareholders, government and that retained for the future creation of more wealth.

Statement of value added continued

	The Company							
	2015		2014		2015		2014	
	$'000		$'000		N'm		N'm	
Revenue	497,867		755,508		98,593		121,246	
Cost of goods and other services:								
Local	(186,824)		(272,307)		(36,998)		(18,912)	
Foreign	(88,680)		(116,703)		(17,561)		(8,105)	
Other income	15,511		14,784		3,072		2,373	
Valued added	237,874		380,782		47,106		96,601	
Applied as follows:								
		%		%		%		%
To employees:								
- as salaries and labor related expenses	19,753	8	17,046	4	3,912	8	2,736	3
To external providers of capital:								
-as interest	77,338	33	49,319	13	15,315	33	7,915	8
To Government:								
- as company taxes	-	0	-	-	-	0	-	-
Retained for the Company's future:								
- For assets replacement - Depreciation, Depletion & Amortization	64,235	27	43,181	11	12,720	27	6,915	7
Deferred Tax	16,384	7	-		3,245	7		
- Profit for the year	60,164	25	271,236	72	11,914	25	79,035	82
	237,874	100	380,782	100	47,106	100	96,601	100

The value added represents the additional wealth which the company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth to employees, providers of finance, shareholders, government and that retained for the future creation of more wealth.

Financial summary
For the year ended 31 December 2015

	Notes	The Group 31-Dec-15 $'000	31-Dec-14 $'000	31-Dec-13 $'000	31-Dec-12 $'000	31-Dec-11 $'000	1-Jan-11 $'000
Assets							
Non-current assets							
Oil & gas properties	11a	1,436,950	843,603	577,954	379,931	301,334	351,540
Other property, plant and equipment	11b	11,602	13,459	7,553	6,184	3,411	5,016
Intangible assets	12	1	48	141	234	324	414
Goodwill	13	2,000	-	-	-	-	-
Deferred tax asset		-	-	-	26042	52298	29382
Prepayments	15	36,754	131,466	108,910	14,208	1,000	314
Total non-current assets		1,487,307	988,576	694,558	426,599	358,367	386,666
Current assets							
Inventories	17	82,468	54,416	43,112	24,949	10,903	0
Trade and other receivables	18	811,255	1,060,854	410,430	294,302	100,136	112,521
Prepayments	19	11,640	14,224	-	-	-	-
Cash & short term deposits	20	326,029	285,298	169,461	154,332	201,777	30,368
Other current financial assets		-	890	-	-	-	-
Derivatives not designated as hedges	21	23,194	5,432	-	-	-	-
Total current assets		1,254,586	1,421,114	623,003	473,583	312,816	142,889
Total assets		**2,741,893**	**2,409,690**	**1,317,561**	**900,182**	**671,183**	**529,555**
Equity and liabilities							
Equity							
Issued share capital	22a	1,821	1,798	1,334	690	690	690
Share premium	22b	497,457	497,457	-	0	-	-
Share Equity reserve	22c	8,734	-	-	-	-	-
Capital contribution	23	40,000	40,000	40,000	40,000	40,000	40,000
Retained earnings		865,485	869,861	690,807	141,183	66,084	12,660
Foreign translation reserve	24	325	26	58	-	-	-
Non-controlling Interest	25	(745)	-	-	-	-	-
Total shareholders' equity		**1,413,077**	1,409,142	732,199	181,873	106,774	53,350
Non-current liabilities							
Interest bearing loans and borrowings	26a	608,846	239,767	120,850	146,358	247,281	47,979
Deferred Tax liabilities	9a	21,233	-	-	119,404	54,521	
Contingent consideration	27	21,900	9,377	8,245	-	-	24240
Provision for decommissioning obligation	28	3,869	12,690	15,176	15,727	10,112	8,793
Defined Benefit Plan	29	6,926	-	-	-	-	-
Total non-current liabilities		**662,774**	261,834	144,271	281,489	311,914	81,012
Current liabilities							
Interest bearing loans and borrowings	26b	290,769	348,389	189,753	101,247	189,753	189,753
Contingent consideration		-	-	-	-	32,858	-
Trade and other payables	31	375,033	390,325	251,338	258,355	102,386	97,268
Tax payable		239	0	0	77,218	63,001	25,829
Total current liabilities		**666,041**	**738,714**	**441,091**	**436,820**	**252,495**	**395,193**
Total liabilities		**1,328,815**	**1,000,548**	**585,362**	**718,309**	**564,409**	**476,205**
Total shareholder equity and liabilities		**2,741,893**	**2,409,690**	**1,317,561**	**900,182**	**671,183**	**529,555**

Financial summary continued

	Notes	The Company					
		31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11	1-Jan-11
		$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Non-current assets							
Oil & gas properties	48a	850,213	769,331	512,737	379,931	301,334	351,540
Other property, plant and equipment	48b	11,154	11,527	6,605	6,184	3,411	5,016
Intangible assets		1	48	141	234	324	414
Deferred tax asset			-	-	26042	52298	29382
Prepayments	50	36,754	45,104	108,910	14,208	1,000	314
Investment in subsidiaries	51	1,064	1,032	1,000	0	0	0
Total non-current assets		899,186	827,042	629,393	426,599	358,367	386,666
Current assets							
Inventories	52	78,864	50,582	39,508	24,949	10,903	0
Trade and other receivables	53	1,322,039	1,244,275	471,792	294,302	100,136	112,521
Prepayments	54	10,679	13,304	-	-	-	-
Cash & short term deposits	55	316,374	278,663	150,172	154,332	201,777	30,368
Other current financial assets		-	858	-	-	-	-
Derivatives not designated as hedges	56	23,194	5,432	-	-	-	-
Total current assets		1,751,149	1,593,114	661,472	473,583	312,816	142,889
Total assets		**2,650,335**	**2,420,156**	**1,290,865**	**900,182**	**671,183**	**529,555**
Equity and liabilities							
Equity							
Issued share capital	57a	1,821	1,798	1,334	690	690	690
Share premium	57b	497,457	497,457	-	0	-	-
Equity Share reserve	22c	8,734	-	-	-	-	-
Capital contribution	58	40,000	40,000	40,000	40,000	40,000	40,000
Retained earnings		877,123	888,798	690,761	141,183	66,084	12,660
Total shareholders' equity		1,425,134	1,428,053	732,095	181,873	106,774	53,350
Non-current liabilities							
Interest bearing loans and borrowings	59a	556,346	239,767	120,850	146,358	247,281	47,979
Deferred Tax liabilities	46	16,384	-	-	119,404	54,521	-
Contingent consideration		-	-	-	-	-	24240
Provision for decommissioning obligation	60	2,971	9,838	14,578	15,727	10,112	8,793
Defined benefit Plan	61	6,926					
Total non-current liabilities		582,627	249,605	135,428	281,489	311,914	81,012
Current liabilities							
Interest bearing loans and borrowings	59b	290,769	348,389	189,753	101,247	189,753	189,753
Contingent consideration		-	-	-	-	32,858	-
Trade and other payables	63	351,806	394,109	233,589	258,355	102,386	97,268
Tax payable		**-**	**0**	**0**	**77,218**	**63,001**	**25,829**
Total current liabilities		**642,575**	**742,498**	**423,342**	**436,820**	**252,495**	**395,193**
Total liabilities		**1,225,201**	**992,103**	**558,770**	**718,309**	**564,409**	**476,205**
Total shareholder equity and liabilities		**2,650,335**	**2,420,156**	**1,290,865**	**900,182**	**671,183**	**529,555**

Supplementary financial information (Unaudited)

For the year ended 31 December 2015

1. Estimated Quantities of Proved plus Probable Reserves

	Oil & NGL's MMbbls	Natural Gas Bscf	Oil Equivalent MMboe
At 31/12/14	**138.5**	**827.0**	**281.1**
Revisions	17.0	63.0	27.9
Discoveries and extensions	-	9.8	1.7
Acquisitions	62.8	706.0	184.5
Production	(9.4)	(36.6)	(15.0)
At 31/12/15	**208.9**	**1,573.2**	**480.2**

Reserves are those quantities of crude oil, natural gas and natural gas liquid that, upon analysis of geological and engineering data, appear with reasonable certainty to be recoverable in the future from known reservoirs under existing economic and operating conditions.

As additional information becomes available or conditions change, estimates are revised.

2. Capitalised Costs Related to Oil Producing Activities

	The Group		The Company	
	2015 $000	2014 $000	2015 $000	2014 $000
Capitalized costs:				
Unproved properties	-	-	-	-
Proved properties	1,684,571	1,023,128	1,083,276	946,292
Total capitalized costs	1,684,571	1,023,128	1,083,276	946,292
Accumulated depreciation	(247,621)	(179,525)	(236,062)	(176,961)
Net capitalized costs	**1,436,950**	**843,603**	**850,214**	**769,331**

Capitalized costs include the cost of equipment and facilities for oil producing activities. Unproved properties include capitalized costs for oil leaseholds under exploration, and uncompleted exploratory well costs, including exploratory wells under evaluation. Proved properties include capitalized costs for oil leaseholds holding proved reserves, development wells and related equipment and facilities (including uncompleted development well costs) and support equipment.

Supplementary financial information (Unaudited) continued

3. Concessions

The original, expired and unexpired terms of concessions granted the Group as at 31 December 2015 are:

		Original	Term in Years Expired	Unexpired
Seplat	OML 4, 38 & 41	10	6	4
Newton	OML 56	10	6	4
Seplat East Swamp	OML 53	30	18	12
Seplat Swamp	OML 55	30	18	12

4. Results of Operations for Oil Producing Activities

	The Group		The Company	
	2015	2014	2015	2014
	$000	$000	$000	$000
Revenue	570,477	775,019	497,867	755,508
Other income	15,511	11,996	15,511	14,784
Production and administrative expenses	(430,812)	(489,456)	(377,727)	(455,875)
Depreciation & amortization	(68,097)	(45,306)	(59,102)	(43,181)
Profit before taxation	87,079	252,253	76,548	271,236
Taxation	(21,472)	-	(16,384)	-
Profit after taxation	65,607	252,253	60,164	271,236